Information memorandum

GROUPE VYV
Entrepreneur du mieux-vivre

Information Memorandum dated 28 June 2019

UMG Groupe VYV

(*an Union Mutualiste de Groupe incorporated in France*)

€500,000,000 1.625 per cent. Bonds due 2 July 2029

Issue Price: 99.198 per cent.

The €500,000,000 1.625 per cent. Bonds due 2 July 2029 (the "**Bonds**") of UMG Groupe VYV (the "**Issuer**") will mature on 2 July 2029 (the "**Maturity Date**").

Interest on the Bonds will accrue at the rate of 1.625 per cent. *per annum* from 2 July 2019 (the "**Issue Date**") and will be payable in Euro annually in arrear on 2 July in each year, commencing on 2 July 2020. Payments of principal and interest on the Bonds will be made without deduction for or on account of taxes of the Republic of France (See "Terms and Conditions of the Bonds – Taxation").

Unless previously purchased and cancelled, the Bonds may not be redeemed prior to the Maturity Date. The Bonds may, and in certain circumstances shall, be redeemed, in whole but not in part, at their principal amount together with accrued interest in the event that certain French taxes are imposed (See "Terms and Conditions of the Bonds – Redemption and Purchase"). The Issuer may, at its option, redeem all (but not some only) of the outstanding Bonds (i) from (and including) 2 April 2029 to (but excluding) the Maturity Date, on any such date, at their principal amount together with accrued interest, as described under "Terms and Conditions of the Bonds – Redemption and Purchase - Issuer's Residual Maturity Redemption" and (ii) at any time prior to their Maturity Date, if eighty (80) per cent. or more of the Bonds have been redeemed or purchased and cancelled, in accordance with the provisions set out in "Terms and Conditions of the Bonds – Redemption and Purchase –Clean-Up Call Option".

If a Restructuring Event occurs, each Bondholder will have the option to require the Issuer to redeem or repurchase all or part of the Bonds held by such Bondholder on the Optional Redemption Date at their principal amount together with interest accrued up to but excluding such date of redemption or repurchase all as defined and more fully described in "Terms and Conditions of the Bonds – Redemption and Purchase – Redemption at the option of Bondholders following a Restructuring Event".

The Bonds will, upon issue on the Issue Date, be inscribed (*inscription en compte*) in the books of Euroclear France which shall credit the accounts of the Account Holders (as defined in "Terms and Conditions of the Bonds – Form, Denomination and Title") including Euroclear Bank S.A./N.V. ("**Euroclear**") and the depositary bank for Clearstream Banking, S.A. ("**Clearstream, Luxembourg**").

The Bonds will be in dematerialised bearer form in the denomination of €100,000. The Bonds will at all times be represented in book-entry form (*dématérialisé*) in the books of the Account Holders in compliance with Articles L.211-3 and R.211-1 of the French *Code monétaire et financier*. No physical document of title (including *certificats représentatifs* pursuant to Article R.211-7 of the French *Code monétaire et financier*) will be issued in respect of the Bonds.

Application will be made to Euronext Growth, a market of Euronext in Paris ("**Euronext Growth**") for the Bonds to be listed and admitted to trading on Euronext Growth. Euronext Growth is a multilateral trading facility and is not a regulated market within the meaning of Directive 2014/65/EC of the European Parliament and of the Council on markets in financial instruments, as amended.

The Issuer is rated A (stable outlook) by Fitch France S.A.S. ("**Fitch**") and the Bonds are expected to be assigned a rating of A- by Fitch.

The credit rating included or referred to in this Information Memorandum have been issued by Fitch, which is established in the European Union and registered under Regulation (EC) No. 1060/2009 on credit ratings agencies (the "**CRA Regulation**"), as amended, and included in the list of credit rating agencies registered in accordance with the CRA Regulation published on the European Securities and Markets Authority's website (www.esma.europa.eu/supervision/credit-rating-agencies/risk) as of the date of this Information Memorandum. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency.

IMPORTANT NOTICE

This information memorandum (the "**Information Memorandum**") does not constitute a prospectus within the meaning of article 5.3 of and for the purpose of Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003, as amended from time to time. No such prospectus will be approved by the *Autorité des marchés financiers* for the purpose of the listing and admission to trading of the Bonds on Euronext Growth.

The Bonds will not be offered to the public in any jurisdiction (including France) and are offered by way of a private placement made exclusively to qualified investors (*investisseurs qualifiés*), other than individuals, acting for their own account and/or persons providing investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), as defined in, and in accordance with, articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier*.

Copies of this Information Memorandum will be available on the website of the Issuer (https://www.groupe-vyv.fr/actualites/).

Prospective investors should have regard to the factors described in the section headed "Risk Factors" in this Information Memorandum before purchasing any Bond.

Sole Bookrunner

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*This Information Memorandum has been prepared for the purpose of giving information with regard to the Issuer and the entities which are comprised in the Issuer's combined group (the "**Combined Group**") and the Bonds which is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position and profit and losses of the Issuer and the Combined Group.*

This Information Memorandum is to be read in conjunction with all the documents which are incorporated herein by reference.

*This Information Memorandum does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Sole Bookrunner (as defined in "Subscription and Sale" below) to subscribe or purchase, any of the Bonds. The distribution of this Information Memorandum and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Information Memorandum comes are required by the Issuer and the Sole Bookrunner to inform themselves about and to observe any such restrictions. The Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"). Subject to certain exceptions, the Bonds may not be offered or sold within the United States or to, or of the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")).*

*For a description of certain restrictions on offers and sales of Bonds and on distribution of this Information Memorandum, see "**Subscription and Sale**".*

No person is authorised to give any information or to make any representation not contained in this Information Memorandum and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer or the Sole Bookrunner. Neither the delivery of this Information Memorandum nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Combined Group since the date hereof or the date upon which this Information Memorandum has been most recently amended or supplemented or that there has been no material adverse change in the financial position of the Issuer or the Combined Group since the date hereof or the date upon which this Information Memorandum has been most recently amended or supplemented or that the information contained or incorporated by reference in it or any other information supplied in connection with the Bonds is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

To the extent permitted by law, the Sole Bookrunner accepts no responsibility whatsoever for the content of this Information Memorandum or for any other statement in connection with the Issuer or the Combined Group.

The Sole Bookrunner has not separately verified the information or representations contained or incorporated by reference in this Information Memorandum in connection with the Issuer or the Combined Group. The Sole Bookrunner does not have any fiduciary duties to investors and therefore assume no liability or obligation to investors. The Sole Bookrunner does not make any representation, express or implied, nor accept any responsibility, with respect to the sincerity, accuracy or completeness of any of the information in this Information Memorandum in connection with the Issuer or the Combined Group. Neither this Information Memorandum nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer or the Sole Bookrunner that any recipient of this Information Memorandum or any other financial statements should purchase the Bonds. Each potential purchaser of Bonds should determine for itself the relevance of the information contained in this Information Memorandum and its purchase of Bonds should be based upon such investigation and assessment as it deems necessary.

Each potential purchaser of Bonds should consult its own advisers as to legal, tax, financial, credit and related aspects of an investment in the Bonds. The Sole Bookrunner does not undertake to review the financial condition or affairs of the Issuer or the Combined Group during the life of the arrangements contemplated by this Information Memorandum nor to advise any investor or potential investor in the Bonds of any information coming to the attention of the Sole Bookrunner.

See "Risks Factors" below for certain information relevant to an investment in the Bonds.

PRIIPS REGULATION / PROHIBITION OF SALES TO EEA RETAIL INVESTORS *– The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2016/97/EU (the "**IDD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014, as amended (the "**PRIIPs Regulation**") for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.*

MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET *– Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Bonds, taking into account the five categories referred to in item 18 of the Guidelines on MiFID II product governance requirements published by ESMA dated 5 February 2018, has led to the conclusion that: (i) the target market for the Bonds is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Bonds (a "**Distributor**") should take into consideration the manufacturer's target market assessment; however, a Distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.*

In this Information Memorandum, unless otherwise specified, references to a "Member State" are references to a Member State of the European Economic Area, references to "EUR" or "euro" or "€" are to the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended.

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RISK FACTORS

The following are certain risk factors of the offering of the Bonds of which prospective investors should be aware. The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Bonds. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with Bonds are also described below. The Issuer believes that the factors described below represent the principal risks inherent in investing in the Bonds, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Bonds may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Bonds are exhaustive. Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this Information Memorandum, including in particular the following risk factors detailed below. The prospective investors should make their own independent evaluations of all risk factors and should also read the detailed information set out elsewhere in this Information Memorandum (including any information incorporated by reference therein).

The terms defined in "Terms and Conditions of the Bonds" shall have the same meaning where used below.

Risks Factors related to the Issuer and the Combined Group

The Issuer risks are monitored under the current regulatory framework for solvency requirements, known as "Solvency II". As a consequence, it is required to evaluate its solvency risks and it publishes solvency and financial condition reports for its Prudential Group. Prospective investors should consider the detailed information set out in the 2017 and 2018 Prudential Group SFCR, as referred to in section "Documents incorporated by reference" of this Information Memorandum.

1.1 Underwriting risks

1.2 The Group is exposed in all its insurance activities (including health and protection activities, as further described in the section "Description of the Issuer and the Group" of this Information Memorandum) to underwriting risks, in particular the risk of loss or adverse change in the value of insurance liabilities following inadequate assumptions made in terms of pricing or provisions.

1.3 These underwriting risks may be impacted by the occurrence of significant changes in the invalidity, longevity, morbidity and mortality of the persons insured by the Group, as well as the occurrence of any catastrophe or pandemic risk. Indeed, any such changes may expose the Group to greater than expected liabilities and may result in the occurrence of a pricing risk, provision risk and drift in claims risk, as described below, and thus negatively affect the financial results and solvency of the Group.

1.4 These underwriting risks may further be impacted by the "100% Health" reform beginning in 2019 introduced by article 51 of the Social Security Financing Act for 2019 and which is gradually being rolled out, with a basket of offers increasingly well reimbursed, reaching full reimbursement, with no remaining costs for the insured person, by 2021 in the fields of optics, dentistry and hearing aids. These three items currently represent almost half of the gross written premiums for supplementary insurance contracts for group health contracts. This reform may therefore have significant impacts on the balance of health portfolios, induce compliance costs, in particular those related to changes in information systems, and lead to the standardization of health offers, which could lead to a termination risk and a change in behaviour of insured persons of the Group.

1.5 For further information on underwriting risks, please see section C.1 of the 2018 Prudential Group SFCR.

1. Pricing risk

Pricing risk is the risk of premiums being too low to meet the Group's commitments. It includes the risk of wrong assessment of the characteristics of the persons covered (*assurés*) and the risk of wrong evaluation of the premium. Such assessments are based on a number of assumptions and may lead to the occurrence of a pricing risk if such assumptions turn out to be incorrect. This risk is increased in the case of launch of new products or changes to existing products. While the Group uses both its experience and industry data to develop new products and to estimate future claims, including information used in pricing the insurance products and establishing the related actuarial liabilities, there can be no assurance that actual experience will match these estimates and that emerging risks would not result in losses inconsistent with the Group's pricing assumptions. The occurrence of such a risk could negatively affect the financial results and solvency of the Group.

2. Provision risk

This risk may arise if insufficient provision is made to meet commitments due to poor assessment of available data, subsequent modification of the risk factors or inappropriate calculation parameters. In other words, it covers the risk that the provisions are inadequate to cover all of the obligations linked to the claims that arise. The Group's reserve levels are based on assumptions and estimates established thanks to actuarial projection techniques. Assumptions made by the Group are based on a variety of factors including social, economic and demographic trends (including long term risks, such as invalidity risks), covered persons (*assurés*) behaviour, court decisions, changes in laws and regulations, inflation, investment returns and underwriting expenses and such factors are subject to change. Actual losses may thus differ materially from the original loss reserves established. If the loss reserves established by the Group were to become insufficient, the Group's earnings and assets could be adversely affected, which could in turn negatively affect the financial results and solvency of the Issuer and the Group.

Drift in claims risk

The risk related to a drift in claims experience is a risk related to changes in the behaviour and the characteristics of the insured population which would be unfavourable to the Group. This risk would result in a technical imbalance with the pricing made, particularly when pricing is made according to the age of an insured person when they subscribe to a policy.

Concentration risk related to its health insurance activity

As described in the section "Description of the Issuer and the Group" of this Information Memorandum, the main activity of the Group is health insurance. The Group therefore faces a concentration risk on such activity, despite the fact that its insured population is diversified. A significant reduction in this activity could potentially reduce premium volumes and net income.

1.6 Market Risks

As described in the section "Description of the Issuer and the Group" of this Information Memorandum, the Group's portfolio is mainly composed of fixed incomed products, government bonds and corporate bonds, but also of equities and real estate investments, which are subject to the following market risks. Bonds and bonds investment funds products represent 66.6 per cent. of the Prudential Group's portfolio as at 31 December 2018. On the basis of the nature of these investments and of the activities of the Group, the market risks primarily concern the equity risk, the credit spread risk and the real estate risk as described further below, which together represent 93 per cent. of the gross market SCR (before diversification) as at 31 December 2018. In addition, adverse economic conditions such as those mentioned below may lead to declines in the valuation and performance of such investment portfolio. For further information on market risks, please see section C.2 of the 2018 Prudential Group SFCR.

Equity risk

Investment in equities by the Group are mainly made through investment funds. The value of the investment in equities is likely to be affected by risks which affect the market as a whole (uncertainty on economic conditions in general, such as anticipated changes in growth, inflation, interest rate fluctuations, sovereign risk, etc.) and/or by risks which influence a single asset or a small number of assets. This may lead to a decrease in prices of the equities held by the Group and may reduce its own funds and have a material adverse effect on the Group's results of operations or financial condition.

Real estate risk

The value of investments in real estate assets is exposed to risks arising primarily from a variation in the real estate market valuation, but also to the risk of regulatory obsolescence of properties and a change in rental market conditions.

Credit spread and interest rate risks

The Group′s exposure to credit spreads primarily relates to market price and cash flow variability associated with changes in credit spreads. A widening of credit spreads will generally reduce the value of fixed income securities the Group holds and increase the Group′s investment income used for purchases of new fixed income securities in the Issuer′s investment portfolios. Conversely, credit spread tightening will generally increase the value of fixed income securities the Group holds and reduce the Group′s investment income used for new purchases of fixed income securities in the Group′s investment portfolios.

Changes in prevailing interest rates may also negatively affect the Group′s business. The Group′s exposure to interest rate risk relates primarily to the market price and cash flow variability associated with changes in interest rates. Changes in the interest rates may negatively affect the value of the Group′s assets and the Group′s ability to realise gains or avoid losses from the sale of those assets, all of which also ultimately affect earnings.

During periods of declining interest rates, the Group′s investment earnings may decrease due to a decline in interest earnings on the Group′s fixed income investments. Conversely, in periods of increasing interest rates, there may be a decrease in the estimated fair value of certain fixed income securities the Group holds in its investment portfolios, resulting in reduced levels of unrealised capital gains available to the Group, which could negatively impact the Group′s solvency margin position and net income.

Ongoing volatility in interest rates and credit spreads, individually or in tandem with other factors (such as lack of market liquidity, declines in equity prices and the strengthening or weakening of foreign currencies against the Euro, and/or structural reforms or other changes made to the Euro, the euro-zone or the European Union), could have a material adverse effect on the Group′s results of operations, financial position or cash flows through realised losses, impairments, and changes in unrealised gains and loss positions.

Currency exchange rates risks

Each of the Issuer and the Group publishes its financial statements in Euro. The value of the Issuer's and the Group's assets and liabilities denominated in currencies other than Euro may be subject to foreign currency exchange rate fluctuations. Fluctuations in the exchange rates may have an impact on the Issuer′s and the Group's results of operations, cash flows and solvency.

Concentration risks

Investments made by the Group, in particular in fixed income products, such as government or corporate bonds, may be subject to a concentration risk, resulting from a lack of diversification of the assets portfolio of the Group or from a significant exposure to the credit risk of a specific issuer or a group of issuers (with similar activities for example) of such fixed income products.

Market fluctuations and general economic, market and political conditions may adversely affect the Group′s business and profitability.

The Group′s (as defined in the section "Description of the Issuer and the Group" of this Information Memorandum) business and results of operations are materially affected by conditions in the global financial markets and by economic conditions in France and the other markets where the Group operates.

Extreme market events, such as the global financial crisis during 2008 and 2009, have at times led, and could in the future lead, to a lack of liquidity, highly volatile markets, a steep depreciation in asset values across all classes, an erosion of investor and public confidence, and a widening of credit spreads. Although markets have stabilised since the global financial crisis, a wide variety of factors continue to negatively impact economic conditions and consumer confidence in Europe and contribute to continuing volatility in financial markets. These factors include, among others, concerns over the creditworthiness of certain sovereign issuers, particularly in Europe, the access to capital markets of certain European Union member states, including Italy and Portugal (where the Group has a certain amount of assets and activities), the impact of the decision of the United Kingdom to leave the European Union, the strengthening or weakening of foreign currencies against the Euro, the availability and cost of credit, the stability and solvency of certain financial institutions and other companies, the risk of future inflation as well as deflation in certain markets, central bank intervention in the financial markets, volatile energy costs, and geopolitical issues. These factors may adversely affect liquidity, increase volatility, decrease asset prices, erode confidence and lead to wider credit spreads. Difficult economic conditions could also result in increased unemployment and a severe decline in business across a wide range of industries and regions. These market and economic factors could have a material adverse effect on the Group's businesses, results of operations, financial condition and liquidity.

Factors such as consumer spending, business investment, government spending, regulation, the volatility and strength of the capital markets, and inflation all affect the business and economic environment and, ultimately, the Group′s activities and the profitability of the Group′s business. In an economic downturn characterised by higher unemployment, lower family income, lower corporate earnings, lower business investment and lower consumer spending, the demand for the Group′s insurance and non-insurance products could be adversely affected. In addition, the Group′s insured persons (*assurés*) may choose to defer paying insurance premiums or stop paying insurance premiums altogether.

Given the fact that the Group predominantly operates in France, a significant deterioration in French economic conditions would have a greater impact on the Group′s results of operations and financial condition than would be the case for an issuer with more internationally diversified activities.

Recent economic and financial conditions in Europe have had and may continue to have an adverse impact on the Group and the markets in which it operates

European markets have recently experienced significant disruptions that have affected economic growth. Initially originating from concerns regarding the ability of certain countries in the euro-zone to refinance their debt obligations, these disruptions have created uncertainty more generally regarding the near-term economic prospects of countries in the European Union, as well as the quality of debt obligations of some sovereign debtors in the European Union. There has also been an indirect impact on financial markets in Europe and worldwide.

Over the last years, a number of European sovereigns and major European financial institutions have been downgraded by credit rating agencies in light of the continuing uncertainty stemming from the European debt crisis and future of the Euro, including in the Group′s home market of France, which saw its sovereign obligations downgraded by certain rating agencies in 2011, 2012, 2013, 2014 and 2015. Continuing or worsening of the euro-zone crisis could have a material adverse effect on the Issuer′s results of operations or financial condition. Any future crisis of the Euro-zone could have a material adverse effect on the Group's results of operations or financial condition.

1.7 Credit Risks

1.8 For further information on credit risks, please see section C.3 of the 2018 Prudential Group SFCR.

Counterparty risk in managing the treasury of the Group

The Group is exposed to the risk of losing all or part of any cash deposited with banks in the event that such bank is no longer able, due to insolvency, to honour its commitments (e.g. following liquidation) and to the risk of default from its debtors.

Increased reinsurance costs or the default of a reinsurer could adversely affect net income

Members of the Group enter into reinsurance contracts. Under these arrangements, other reinsurers assume a portion of the claims and related expenses in connection with insurance policies members of the Group write. The availability, amount and cost of reinsurance depend on prevailing market conditions, in terms of price and available capacity, which may vary significantly.

While the purpose of reinsurance agreements is to transfer a portion of losses and related expenses to other insurers, they do not eliminate the requirement for the members of the Group acting as direct insurer to settle claims. In this regard, these members of the Group are thus subject to the solvency risk of their reinsurers at the time that sums due are recovered from them.

1.9 Liquidity risks

(i) For further information on liquidity risks, please see section C.4 of the 2018 Prudential Group SFCR.

(ii) The Group is exposed to a liquidity risk in the event that it cannot sell a financial asset at its true value or cannot sell it at all. It also faces the risk that it cannot meet its obligations, such as being able to reimburse the policyholders requesting it. The liquidity risk exposure highly depends on the typology of liabilities and associated insurance activities and exists in particular for saving products. The saving activity is the most exposed activity due to the existence of a surrender option for most saving products in euro funds and which authorises the early withdrawal of insured persons.

1.10 Risks relating to Operations

1.11 For further information on risks relating to operations, please see section C.5 of the 2018 Prudential Group SFCR

Cybercrime risk

The Group, like other companies, faces the risk of the inadequate adaption to new technologies and their operational implications (digitalisation, dematerialisation of processes, etc.), and in particular the risk of cybercrime. A cyber-attack on its information systems could have the following prejudicial consequences to the Group: the disclosure of sensitive and personal data relating to insured persons (eg, bank details, medical data), the deterioration of the Group's image, a loss of confidence on the part of the insured persons and potential judicial, administrative and/or disciplinary sanctions, which could result in a decline in turnover and profit.

Outsourcing risk

The Group outsources certain of its activities, mainly IT functions, asset management and contracts management. Outsourcing critical activities can expose the Group to the risk of loss of internal knowledge and skills, and ultimately control of outsourced activities, dependence on external subcontractors, the deterioration of service quality or inadequate adaption to changes of the insured persons' needs, the subcontractor's failure to control operational risks, and the risk of non-compliance with applicable laws and regulations. The occurrence of such risk could have an impact on the operations, on the financial results and on the reputation of the Group.

Inadequate or failed processes or systems, human factors, strategic decisions or external events may adversely affect the Group's profitability, reputation or operational effectiveness

Operational risk is inherent in the Group′s business and can manifest itself in various ways, including business interruption, poor vendor performance or default (including under significant outsourcing arrangements), information systems malfunctions or failures, hacking incidence and/or other unauthorised intrusions into the Group′s websites and/or information systems, regulatory breaches, human errors, employee misconduct, and external fraud. The Group also faces the risk of operational failure or termination of any of the clearing agents, exchanges, clearing houses or other financial intermediaries the Group uses to facilitate securities transactions. These events can potentially result in financial loss, impairment to the Issuer′s liquidity, a disruption of the Group′s businesses, regulatory sanctions or damage to the Group′s reputation. Inappropriate decisions in the context of the definition and implementation of strategic orientations may also have an adverse effect on the Group's business, profits and financial situation.

Litigation risk

In the normal course of its activities, the Group could be involved in legal and/or administrative, and/or arbitral, and/or regulatory proceedings, with its insured persons, with competitors or with supervisory or regulatory authorities or the State, the adverse outcome of which could have an adverse impact on the Group.

1.12 Risks relating to Regulation and Organisation

1.13 French insurance recovery and resolution regime

Since the Ordinance n°2017-1608 of 27 November 2017 (the "**Ordinance**"), decree no. 2018-179 dated 13 March 2018 and Order (*arrêté*) of 10 April 2018, a resolution framework was introduced for insurance undertakings, by offering a wide range of mechanisms aiming to reduce the negative impact of a potential crisis. The Ordinance introduces a new aspect to the already existing crisis prevention mechanism (preventive recovery and resolution plans, injunction power) by granting resolution powers to the resolution college of the ACPR. The new insurance recovery and resolution regime is set to enable the resolution college of the *Autorité de contrôle prudentiel et de résolution* ("**ACPR**") to have increased powers over insurance companies that are failing or likely to fail (as defined in the Ordinance), so as to anticipate the negative consequences of a possible bankruptcy in this sector for policyholders, financial stability, the economy or public finances.

Under the Ordinance, powers are granted to the ACPR to implement resolution measures with respect to an insurance undertaking and certain of its affiliates (each a relevant entity) in circumstances in which the resolution conditions are met – namely that the institution is failing or likely to fail and no reasonable actions preventing failure are available or may be implemented within a reasonable timeframe so implementing resolution measures is deemed necessary in particular to ensure the continuity of the undertaking and the reduction of the impact of such failure on the financial stability. The value of the assets of the entity in resolution must also be higher than the value of its debts. The Ordinance contains resolution tools which could be applied to an insurance undertaking, including, among others:

(i) a transfer of the portfolio of insurance contracts to a third-party insurer;

(ii) in case of failure of this resolution measure, a transfer to a bridge institution (*établissement-relais*) or to an asset management vehicle (*structure de gestion des actifs)* of all or part of the relevant entity's assets, rights and obligations; and

(iii) the appointment by the ACPR of a resolution administrator (*administrateur de résolution*) to whom all the administration, management and representation powers may be transferred.

For the avoidance of doubt, the resolution powers do not contain any bail-in power as for credit institutions under the bank recovery and resolution directive.

Where the statutory conditions for use of resolution powers have been met, the ACPR would be expected to exercise the powers without the consent of holders of the Bonds.

The impact of the Ordinance on insurance undertakings and its current implementation could materially affect the rights of the holders of the Bonds, the activity and financial condition of the Issuer, the value of the Bonds and could lead to holders losing some or all of the value of their investment in such Bonds.

Changes in government policy, regulation or legislation may affect the Group's profitability

The Group is subject to extensive regulation and supervision in the various jurisdictions in which it does business. The Group must comply with national (in particular in France), supra-national (such as regulations and directives of the European Union) and international laws and regulations. Applicable regulations relate to a range of matters, including licensing and supervision, rate setting, trade practices, policy reforms, limitations on the nature and amount of certain investments, underwriting and claims practices, adequacy of the Group′s claims provisions, capital and surplus requirements, insurer solvency and underwriting standards. Such regulation may also include consumer protection legislation, data protection regulation and insurance distribution regulation. Such regulation and supervision is primarily for the benefit and protection of policyholders and not for the benefit of investors. As the amount and complexity of these regulations increase, so will the cost of compliance and the risk of non-compliance. If the Group does not meet regulatory or other requirements, the Group may suffer penalties including fines, suspension or cancellation of its insurance licenses which could adversely affect the Group′s ability to do business. In addition, significant regulatory action against the Group could have material adverse financial effects, cause significant reputational harm or harm the Group′s business prospects.

In addition, the Group may be adversely affected by changes in government policy or legislation applying to companies in the insurance industry. These include possible changes in regulations covering pricing and benefit payments for certain statutory classes of business, the deregulation and nationalisation of certain classes of business, the regulation of selling practices, the regulations covering policy terms and the imposition of new taxes and assessments or increases in existing taxes and assessments. Regulatory changes may affect the Group′s existing and future businesses by, for example, causing customers to cancel or not renew existing policies or requiring the Group to change its range of products or to provide certain products and services, redesign its technology or other systems, retrain its staff, pay increased tax or incur other costs. It is not possible to determine what changes in government policy or legislation will be adopted in any jurisdiction in which the Group operates and, if so, what form they will take. Insurance laws or regulations that are adopted or amended may be more restrictive than the Group′s current requirements, may result in higher costs or limit the Group′s growth or otherwise adversely affect the Group′s operations.

Similarly, changes to the tax laws, in particular in France, may have adverse consequences on some of the Group's products and reduce their attractiveness.

Investors have recourse only to the Issuer, which is a group mutualist union

The Bonds are the liabilities of the Issuer only, and investors will therefore only have recourse to the Issuer for payments due under the Bonds. There are no guarantees provided by the members of the Group or any other persons in relation to the Bonds and the Bonds do not benefit from any security. Investors must therefore make an informed assessment of the creditworthiness of the Issuer.

In addition, the Issuer is a group mutualist union whose funding relies on the payment of contributions by each affiliated entity, as further described in the section "Description of the Issuer and the Group" of this Information Memorandum. It does not have any share capital and no shareholders and does not benefit from the payment of dividends from the affiliated entities. Its financial resources therefore depend on contributions paid by its affiliated entities and therefore its capacity to pay the coupons and redeem the Bonds depends on the creditworthiness of the affiliated entities and their capacity to comply with their undertaking to pay such contributions.

Furthermore, the Group faces the risk of termination of its affiliation by any affiliated entity, which could thus impact the financial strength and resources of the Group.

Solvency capital ratios

As further described in paragraph 5.3 of section "Description of the Issuer and the Group" of this Information Memorandum, the Issuer is required, pursuant to Solvency II, to maintain eligible own funds sufficient to meet solvency capital requirements (and lower minimum regulatory capital requirements) calculated in the manner set forth in the applicable rules. The Issuer's solvency capital ratios are sensitive to capital market conditions and evolving regulatory interpretations as well as a variety of other factors.

In addition, the solvency capital requirement coverage ratio ("**SCR**") and the minimum consolidated group solvency capital requirement are calculated at the level of the Prudential Group, which has a different perimeter than the combination perimeter and the affiliation perimeter, as described in paragraph 2 (*Group Structure*) of section "Description of the Issuer and the Group").

Integration risk

The Issuer results from the merger by absorption in 2017 of the UMG Groupe Harmonie by the UMG Istya, themselves composed of multiple, well-established *mutuelles*. While the integration of former MGEN and former Harmonie Mutuelle legacy organisations, as well as of newly affiliated entities, is underway, this integration may fail to create a common culture and common ways of working leading to lower commitment and high turnover of talent, as well as to create an effective organization structure supported by clear processes. The potential failure to operationally and culturally create a single group may impact overall operational and financial performances of the Group and/or the implementation of the Group's strategy.

1.14 Competition and related risks

The Group faces strong competition

There is substantial competition among general insurance companies in France and the other jurisdictions in which the Group does business. The Group′s competitors include not only insurance companies, but also health mutuals and provident institutions (*institution de prévoyance*).

In addition, development of alternative distribution channels for certain types of insurance products, including through the internet, and the development of new actors such as fintech companies and credit institutions through their "*bancassurance*" activities, may result in increasing competition as well as pressure on margins for certain types of products. While the Group seeks to maintain premium rates at targeted levels, the effect of competitive market conditions may have a material adverse effect on the Group′s market share and financial condition. These competitive pressures could result in increased pricing pressures on a number of the Group′s products and services, particularly as competitors seek to win market share, which could harm the Group′s ability to market certain products profitably.

MGEN is subject to a risk of changes in the public service delegation regime in accordance to which it manages the mandatory health insurance for public servants

Pursuant to a public service delegation (*délégation de service public*) from the French State, MGEN, which is one of the significant entities of the Group, manages the mandatory health insurance (*régime obligatoire de la Sécurité Sociale*) under the social security scheme of the civil servants of certain ministries (as further described in the section "Description of the Issuer"). This public service delegation is funded by management fees (*remise de gestion*) received from the French social security system. The economic balance of this activity is subject to a pluriannual management contract entered into with the French social security system and may be impacted by reforms of the French social security system, including the review of its accounts. Amendments or the termination of such pluriannual management contracts or changes to the French social security system could have a negative effect on this activity of the Group.

The Group's turnover in supplementary health and protection insurance may decrease in the event of the non-renewal or the termination of referencing agreements

Entities of the Group, such as MGEN, Harmonie Fonction Publique and MGEFI, have been referenced as providers of supplementary health and protection insurance for civil servants of ministries, local authorities and other public entities for seven-year periods. Upon expiry of each of these referencing periods, the attribution of such a referencing role to more than one provider, or to a competitor of the Group, cannot entirely be excluded and may have a negative effect on the turnover of the Group.

Risks Factors related to the Bonds

The Bonds may not be a suitable investment for all investors

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Information Memorandum or any applicable supplement;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets;

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks; and

(vi) consult their legal advisers in relation to possible legal, tax, accounting, regulatory and related aspects of any investment in the Bonds.

Legality of Purchase

Neither the Issuer, the Sole Bookrunner nor any of its respective affiliates has or assumes responsibility for the lawfulness of the subscription or acquisition of the Bonds by a prospective investor in the Bonds, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective investor with any law, regulation or regulatory policy applicable to it.

A Bondholder's actual yield on the Bonds may be reduced from the stated yield by several costs

When Bonds are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the current price of the security. These incidental costs may significantly reduce or even exclude the profit potential of the Bonds. For instance, credit institutions as a rule charge their clients for own commissions which are either fixed minimum commissions or prorata commissions depending on the order value. To the extent that additional – domestic or foreign – parties are involved in the execution of an order, including but not limited to domestic dealers or brokers in foreign markets, Bondholders must take into account that they may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs). In addition to such costs directly related to the purchase of securities (direct costs), Bondholders must also take into account any follow-up costs (such as custody fees). Investors should inform themselves about any additional costs incurred in connection with the purchase, custody or sale of the Bonds before investing in the Bonds.

Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

The secondary market generally

An investment in the Bonds should be considered primarily with a view to holding them until their maturity. The Bonds may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Bonds in the secondary market in which case the market or trading price and liquidity may be adversely affected or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Bonds in Euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than Euro. These include the risk that exchange rates may change significantly (including changes due to devaluation of Euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Euro would decrease (i) the Investor's Currency-equivalent yield on the Bonds, (ii) the Investor's Currency-equivalent value of the principal payable on the Bonds and (iii) the Investor's Currency-equivalent market value of the Bonds.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

The Bonds bear interest at a fixed rate. Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.

Credit risk

The value of the Bonds will also depend on the credit worthiness of the Issuer. If the credit worthiness of the Issuer deteriorates, the value of the Bonds may decrease and investors may lose all or part of their investment.

Potential Conflicts of Interest

The Sole Bookrunner (as defined in section "Subscription and Sale") and its affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and its affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Sole Bookrunner and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. The Sole Bookrunner or its affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, the Sole Bookrunner and its affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Bonds to be issued hereunder. Any such short positions could adversely affect future trading prices of Bonds to be issued hereunder. The Sole Bookrunner and its affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

The Bonds may be redeemed prior to maturity

The Issuer reserves the right to purchase Bonds in the open market or otherwise at any price in accordance with applicable regulations. Such transactions shall have no impact on the normal repayment schedule of outstanding Bonds, but they decrease the yield of the Bonds so purchased and then redeemed by the Issuer prior to their stated maturity and potentially reduce the liquidity of the Bonds.

In the event that the Issuer would be obliged to pay additional amounts payable in respect of any Bonds due to any withholding as provided in Condition 5(b), the Issuer may redeem all outstanding Bonds in accordance with such Terms and Conditions.

In addition, the Issuer has the option (i) from and including 2 April 2029 to but excluding the Maturity Date, to redeem all but not some only of the Bonds outstanding at par plus accrued interest, and (ii) at any time prior to their Maturity Date, if eighty (80) per cent. or more of the Bonds have been redeemed or purchased and cancelled, as provided in Condition 5(c) and (d).

During a period when the Issuer may elect to redeem Bonds, the Bonds may feature a market value not above the price at which they can be redeemed. If the market interest rates decrease, the risk to Bondholders that the Issuer will exercise its right of early redemption increases. As a consequence, the yields received upon such early redemption may be lower than expected, and the redeemed face amount of the Bonds may be lower than the purchase price paid for such Bonds by the Bondholder where the purchase price was above par. As a consequence, part of the capital invested by the Bondholder may be lost, so that the Bondholder in such case would not receive the total amount of the capital invested. However, the redeemed face amount of the Bonds may not be below par. In addition, investors that choose to reinvest monies they receive through an early redemption may be able to do so only in securities with a lower yield than such redeemed Bonds.

Furthermore, if eighty (80) per cent. or more of the initial aggregate nominal amount of the Bonds have been redeemed or purchased and cancelled, the Issuer will have the option to redeem all of the outstanding Bonds at their principal amount plus accrued interest as provided in Condition 5(d). In particular, there is no obligation for the Issuer to inform the Bondholders if and when this percentage has been reached or is about to be reached, and the Issuer's right to redeem will exist notwithstanding that immediately prior to the serving of a notice in respect of the exercise of this option, the Bonds may have been trading significantly above par, thus potentially resulting in a loss of capital invested.

Redemption at the option of Bondholders following a Restructuring Event – Exercise of put option in respect of certain Bonds may affect the liquidity of the Bonds in respect of which such put option is not exercised

Depending on the number of Bonds in respect of which the put option provided in Condition 5(e) is exercised, any trading market in respect of those Bonds in respect of which such put option is not exercised may become illiquid. In addition, investors may not be able to reinvest the moneys they receive upon such early redemption in securities with the same yield as the redeemed Bonds.

The Bonds are not protected by restrictive covenants and do not prevent the Issuer from incurring additional indebtedness including indebtedness that would come prior to or rank equally with the Bonds

The Terms and Conditions of the Bonds contain a negative pledge that prohibits the Issuer in certain circumstances from creating security over assets but only to the extent that such is used to secure other bonds or similar debt instruments which are listed or capable of being listed. See "Terms and Conditions of the Bonds –Negative Pledge". The Terms and Conditions of the Bonds do not contain any other covenants restricting the operations of the Issuer.

Subject to this negative pledge, the Issuer may incur significant additional debt that could be considered before or rank equally with the Bonds. Accordingly, if the Issuer incurs significant additional debt ranking equally with the Bonds, it will increase the number of claims that would be entitled to share rateably with the Bondholders in any proceeds distributed in connection with an insolvency, bankruptcy or similar proceeding.

Market value of the Bonds

The market value of the Bonds will be affected by the creditworthiness of the Issuer and by a number of additional factors related to economic and market conditions, including, but not limited to, volatility of the market, interest rates, currency exchange rates and inflation rates and the time remaining to the maturity date.

The value of the Bonds depends on a number of interrelated factors, including economic, financial and political events in France, in Europe or elsewhere, including factors affecting capital markets generally and the stock exchanges on which the Bonds are traded. The price at which a holder of Bonds will be able to sell the Bonds prior to maturity may be at a discount, which could be substantial, from the issue price or the purchase price paid by such purchaser. There can be no assurance that events in France, in Europe or elsewhere will not cause market volatility or that such volatility will not adversely affect the price of the Bonds or that economic and market conditions will not have any other adverse effect.

Modification and waivers

The Terms and Conditions of the Bonds contain provisions for calling meetings of Bondholders or consulting them by way of written resolutions to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not express a vote at the relevant meeting or consultation and Bondholders who voted in a manner contrary to the majority.

Credit Rating may not reflect all risks

The Bonds are expected to be assigned a rating of A- by Fitch France S.A.S.. The rating assigned by the Rating Agency to the Bonds may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Bonds. A rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the Rating Agency at any time.

The Issuer is rated A (stable outlook) by Fitch France S.A.S.. The credit ratings of the Issuer are an assessment of its ability to pay its obligations, including those arising from the Bonds. Consequently, actual or anticipated declines in the credit ratings of the Issuer may affect the market value of the Bonds.

Change of law

The Terms and Conditions of the Bonds are based on the laws of France in effect as at the date of this Information Memorandum. No assurance can be given as to the impact of any possible judicial decision or change to the laws of France or administrative practice after the date of this Information Memorandum. Furthermore, the Issuer operates in a heavily regulated environment and has to comply with extensive regulations in France and elsewhere. No assurance can be given as to the impact of any possible judicial decision or change to laws or administrative practices after the date of this Information Memorandum.

French insolvency law

Under French insolvency law, holders of debt securities are automatically grouped into a single assembly of holders (the "**Assembly**") in order to defend their common interests if a preservation procedure (*procédure de sauvegarde*), an accelerated preservation procedure (*procédure de sauvegarde accélérée*), an accelerated financial preservation procedure (*procédure de sauvegarde financière accélérée*) or a judicial reorganisation procedure (*procédure de redressement judiciaire*) is opened in France with respect to the Issuer. The Assembly comprises holders of all debt securities issued by the Issuer (including the Bonds) regardless of their governing law. The Assembly deliberates on the proposed preservation plan (*projet de plan de sauvegarde*), proposed accelerated preservation plan (*projet de plan de sauvegarde accélérée*), proposed accelerated financial preservation plan (*projet de plan de sauvegarde financière accélérée*) or judicial reorganisation plan (*projet de plan de redressement*) applicable to the Issuer and may further agree to:

- increase the liabilities (*charges*) of holders of debt securities (including the Bondholders) by rescheduling due payments and/or partially or totally writing off receivables in form of debt securities;
- establish an unequal treatment between holders of debt securities (including the Bondholders) as appropriate under the circumstances; and/or
- convert debt securities (including the Bonds) into securities that give or may give right to share capital.

Decisions of the Assembly will be taken by a two-third majority (calculated as a proportion of the debt securities held by the holders expressing a vote). No quorum is required to convoke the Assembly.

The procedures, as described above or as they will or may be amended, could have an adverse impact on holders of the Bonds seeking repayment in the event that the Issuer or its subsidiaries were to become insolvent.

For the avoidance of doubt, the provisions relating to the Representation of the Bondholders described in the Terms and Conditions of the Bonds set out in this Information Memorandum will not be applicable in these circumstances.

Taxation

Potential purchasers and sellers of the Bonds should be aware that they may be required to pay taxes or documentary charges or duties in accordance with the laws and practices of the jurisdiction where the Bonds are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for innovative financial instruments such as the Bonds. Potential investors are advised not to rely upon the tax summary contained in this Information Memorandum but to ask for their own tax adviser's advice on their individual taxation with respect to the subscription, acquisition, holding, disposal and redemption of the Bonds. Only these advisors are in a position to duly consider the specific situation of each potential investor. This investment consideration has to be read in connection with the taxation sections of this Information Memorandum.

Each prospective investor should consult its own advisers as to legal, tax and related aspects of an investment in the Bonds.

A Bondholder's effective yield on the Bonds may be diminished by the tax impact on that Bondholder of its investment in the Bonds.

The proposed European financial Transaction Tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's proposal**") for a Directive for a common FTT in Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain (the "**Participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's proposal has very broad scope and could, if introduced, apply to certain dealings in the Bonds (including secondary market transactions) in certain circumstances.

Under the Commission's proposal, the FTT could apply in certain circumstances to persons both within and outside of the Participating Member States. Generally, it would apply to certain dealings in the Bonds where at least one party is a financial institution, and at least one party is established in a Participating Member State. A financial institution may be, or be deemed to be, "established" in a Participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a Participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a Participating Member State.

However, the Commission's proposal remains subject to negotiation between the Participating Member States (excluding Estonia). It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate and/or Participating Member States may decide to withdraw.

If the FTT or any similar tax were adopted, transactions in the Bonds could be subject to higher costs, and the liquidity of the market for the Bonds may be diminished. The Issuer or any Paying Agent will in any case not be required to pay or indemnify the Bondholders for any cost incurred as the case may be in respect of the FTT.

Prospective holders of the Bonds are advised to seek their own professional advice in relation to the FTT.

DOCUMENTS INCORPORATED BY REFERENCE

This Information Memorandum should be read and construed in conjunction with the following sections identified in the cross-reference table below which are incorporated by reference in, and shall be deemed to form part of, this Information Memorandum and which are included in the following documents:

(i) the 2018 financial report, in the French language, including the audited combined financial statements of the Combined Group for the year ended 31 December 2018, including the auditors' report thereon (the "**2018 Combined Group Financial Report**");

(ii) the 2017 financial report, in the French language, including the audited combined financial statements of the Combined Group for the year ended 31 December 2017, including the auditors' report thereon (the "**2017 Combined Group Financial Report**");

(iii) the 2018 financial report, in the French language, including the audited financial statements of the Issuer for the year ended 31 December 2018, including the auditors' report thereon (the "**2018 Issuer Financial Report**");

(iv) the 2017 financial report, in the French language, including the audited financial statements of the Issuer for the year ended 31 December 2017, including the auditors' report thereon (the "**2017 Issuer Financial Report**");

(v) the 2018 solvency and financial condition report of the Prudential Group, in the French language (the "**2018 Prudential Group SFCR**");

(vi) the 2017 solvency and financial condition report of the Prudential Group, in the French language (the "**2017 Prudential Group SFCR**"); and

(vii) the 2018 Combined Group Management report for the year ended 31 December 2018 (the "**2018 Combined Group Management report**").

Any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Information Memorandum.

The documents incorporated by reference in this Information Memorandum, as well as non-official English translations of such documents, will be published on the website of the Issuer (https://www.groupe-vyv.fr/actualites/). These documents are available for information purposes only and are not incorporated by reference in this Information Memorandum.

TERMS AND CONDITIONS OF THE BONDS

*The terms and conditions of the Bonds (the "**Conditions**") will be as follows:*

The issue of the € 500,000,000 1.625 per cent. Bonds due 2 July 2029 (the "**Bonds**") by UMG Groupe VYV, a French law *union mutualiste de groupe,* registered under SIRENE number 532 661 832, (the "**Issuer**") was authorised pursuant to a resolution of the general meeting (*Assemblée Générale*) of the Issuer dated 4 June 2019 and resolutions of the Board of Directors (*Conseil d'administration*) of the Issuer dated 4 June 2019 and a decision of the Chief Executive Officer (*Directeur Général*) of the Issuer dated 26 June 2019. The Issuer has entered into a fiscal agency agreement to be dated 28 June 2019 (the "**Fiscal Agency Agreement**") with CACEIS Corporate Trust as fiscal agent and paying agent (the "**Fiscal Agent**" and the "**Paying Agent**", which expressions shall, where the context so admits, include any successor for the time being as fiscal agent or paying agent). Copies of the Fiscal Agency Agreement are available, without charge, for inspection, during normal business hours at the specified offices of the Fiscal Agent. References below to "**Conditions**" are, unless the context otherwise requires, to the numbered paragraphs below. In these Conditions, "**holder of Bonds**", "**holder of any Bond**" or "**Bondholder**" means the person whose name appears in the account of the relevant Account Holder (as defined below) as being entitled to such Bonds.

1. Form, Denomination and Title

The Bonds are issued on 2 July 2019 (the "**Issue Date**") in dematerialised bearer form (*au porteur*) in the denomination of €100,000 each. Title to the Bonds will be evidenced in accordance with Articles L.211-3 *et seq.* and R.211-1 *et seq.* of the French *Code monétaire et financier* by book entries (*inscription en compte*). No physical document of title (including *certificats représentatifs* pursuant to Article R.211-7 of the French *Code monétaire et financier*) will be issued in respect of the Bonds.

The Bonds will, upon issue, be inscribed in book entry form in the books of Euroclear France ("**Euroclear France**"), which shall credit the accounts of the Account Holders. For the purpose of these Conditions, "**Account Holders**" shall mean any intermediary institution entitled to hold, directly or indirectly, accounts on behalf of its customers with Euroclear France, and includes depositary banks for Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**") and Euroclear Bank S.A./N.V. ("**Euroclear**").

Title to the Bonds shall be evidenced by entries in the books of Account Holders and will pass upon, and transfer of Bonds may only be effected through, registration of the transfer in such books, and only in the denomination of €100,000.

2. Status

The principal and interest in respect of the Bonds constitute direct, unconditional, unsubordinated and (subject to Condition 3 "Negative Pledge" below) unsecured obligations of the Issuer and rank *pari passu* without any preference among themselves and (subject to such exceptions as are mandatory under French law) equally and rateably with all other present or future unsecured and unsubordinated obligations of the Issuer.

3. Negative Pledge

So long as any of the Bonds remains outstanding, the Issuer undertakes that it will not create or permit to subsist any Security upon the whole or any part of the Issuer's present or future assets or revenues for the benefit of any holders of any Relevant Debt to secure (a) a payment of any sum in respect of any such Relevant Debt, or (b) any payment under any guarantee relating to any Relevant Debt, unless on the same date the Bonds are equally and rateably secured by such Security.

"**outstanding**" means in relation to the Bonds, all the Bonds issued other than (i) those which have been redeemed on their due date or otherwise in accordance with the Conditions, (ii) those in respect of which claims have been prescribed under Condition 9 and (iii) those which have been purchased and cancelled in accordance with the Conditions.

"**Relevant Debt**" means any indebtedness for borrowed money of the Issuer in the form of or represented by bonds, notes or other debt securities, which are for the time being, or are capable of being, listed and/or admitted to trading, on any stock exchange.

"**Security**" means any mortgage, charge, lien, pledge or other similar form of security interest (*sûreté réelle*).

4. Rate of interest

4.1 Interest Payment Dates

The Bonds bear interest from, and including, 2 July 2019 (the "**Interest Commencement Date**") to, but excluding, 2 July 2029 (the "**Maturity Date**") at the rate of 1.625 per cent. *per annum* payable annually in arrear on 2 July in each year (each an "**Interest Payment Date**"). The first payment of interest will be made on 2 July 2020 and the last on 2 July 2029.

4.2 Interest Payments

Each Bond will cease to bear interest from the due date for redemption, unless payment of principal is improperly withheld or refused on such date. In such event, interest on such Bond shall continue to accrue at the same rate of interest (both before and after judgment) until the calendar day (included) on which all sums due in respect of such Bond up to that calendar day are received by or on behalf of the relevant holder.

If interest is required to be calculated for a period of less than one year, it will be calculated on an Actual/Actual (ICMA) basis for each period, that is to say the actual number of calendar days elapsed during the relevant period divided by 365 (or by 366 if a 29 February is included in such period), the result being rounded to the nearest cent (half a cent being rounded upwards).

5. Redemption and Purchase

The Bonds may not be redeemed otherwise than in accordance with this Condition 5 or with Condition 8.

(a) Final Redemption

Unless previously redeemed or purchased and cancelled, the Bonds will be redeemed by the Issuer in full at their principal amount on the Maturity Date.

(b) Redemption for Taxation Reasons

(i) If, by reason of a change in French law or regulation, or any change in the official application or interpretation of such law or regulation, becoming effective after the Issue Date, the Issuer would, on the occasion of the next payment of principal or interest due in respect of the Bonds, not be able to make such payment without having to pay additional amounts (whether in respect of some of, or all, the Bonds) as specified in Condition 7, the Issuer may at any time, subject to having given not more than forty-five (45) nor less than thirty (30) calendar days' prior notice to the Bondholders in accordance with Condition 11 (which notice shall be irrevocable), redeem all, but not some only, of the Bonds outstanding at their principal amount, together with all interest accrued to the date fixed for redemption, provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable Interest Payment Date on which the Issuer could make payment of principal or interest without withholding or deduction for French taxes.

(ii) If the Issuer would on the occasion of the next payment of principal or interest in respect of the Bonds be prevented by French law from making payment to the Bondholders of the full amount then due and payable, notwithstanding the undertaking to pay additional amounts contained in Condition 7, then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and the Issuer shall, subject to having given not less than seven (7) calendar days' prior notice to the Bondholders in accordance with Condition 11 (which notice shall be irrevocable), redeem all, but not some only, of the Bonds at their principal amount, together with all interest accrued to the date fixed for redemption of which notice hereunder may be given, provided that the due date for redemption shall be no earlier than the latest practicable date on which the Issuer could make payment of the full amount of principal or interest payable in respect of the Bonds or, if such date has passed, as soon as practicable thereafter.

(c) Issuer’s Residual Maturity Redemption

The Issuer may, at its option, on any day from and including 2 April 2029 to, but excluding, the Maturity Date, subject to having given not more than forty-five (45) nor less than thirty (30) calendar days' prior notice to the Bondholders in accordance with Condition 11 (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all, but not some only, of the outstanding Bonds, at their principal amount together with any accrued interest to, but excluding, the date fixed for redemption specified in the notice.

(d) Clean-Up Call Option

In the event that eighty per cent. (80%) or more of the initial aggregate nominal amount of the Bonds (including any further bonds to be assimilated with the Bonds pursuant to Condition 12) have been redeemed or purchased (and consequently cancelled), the Issuer may, at its option, subject to having given not more than forty-five (45) nor less than thirty (30) calendar days' prior notice to the Bondholders in accordance with Condition 11 (which notice shall be irrevocable), redeem in whole but not in part, the outstanding Bonds, at their principal amount plus accrued interest up to, but excluding, the date fixed for redemption specified in the notice.

(e) Redemption at the option of Bondholders following a Restructuring Event

If at any time while any Bond remains outstanding, (a) a Restructuring Event occurs and (b) within the Restructuring Period, a Rating Downgrade occurs or has occurred as a result of such Restructuring Event, the holder of such Bond will have the option (the "**Put Option**") (unless, prior to the giving of the Put Event Notice, the Issuer gives notice of its intention to redeem the Bonds under Condition 5(b) (*Redemption for taxation reasons*)) to require the Issuer to redeem or, at the Issuer's option, to procure the purchase of that Bond, on the Optional Redemption Date at its principal amount together with (or where purchased, together with an amount equal to) interest accrued to, but excluding, the Optional Redemption Date.

"**Combined Group**" means the combined group (*groupe combiné*) of UMG Groupe VYV, taken as a whole and as it may evolve from time to time.

"**Principal Affiliate**" means Harmonie Mutuelle, a French *mutuelle,* registered under SIRENE number 538 518 473, or MGEN, a French *mutuelle*, registered under SIRENE number 775 685 399.

"**Rating Agency**" means any of the following: (a) Fitch France S.A.S.; or (b) any other rating agency of equivalent international standing established in the European Union and registered under Regulation (EC) No. 1060/2009 as amended and requested from time to time by the Issuer to grant a rating and, in each case, their respective successors or affiliates.

A "**Rating Downgrade**" shall be deemed to have occurred in respect of a Restructuring Event (a) if within the Restructuring Period, the credit rating previously assigned to the Issuer by any Rating Agency and solicited by the Issuer is (i) withdrawn or (ii) changed from an investment grade rating (BBB-, or its equivalent for the time being, or better) to a non-investment grade rating (BB+, or its equivalent for the time being, or worse) or (iii) if the rating previously assigned to the Issuer by any Rating Agency solicited by the Issuer was below an investment grade rating (as described above), lowered by at least one full rating notch (for example, from BB+ to BB; or their respective equivalents) or (b) if, on the Relevant Announcement Date, no credit rating is assigned to the Issuer and, within the Restructuring Period, no Rating Agency assigns an investment grade rating to the Issuer (the "**Non Investment Grade Rating**") or (c) if, on the Relevant Announcement Date, no credit rating is assigned to the Issuer and, within the Restructuring Period, no Rating Agency assigns a rating to the Issuer, provided that, with respect to (a) and (b) above, a Rating Downgrade otherwise arising by virtue of a particular change in rating shall be deemed not to have occurred in respect of a particular Restructuring Event, as the case may be, if the Rating Agency making the change in rating or assigning the Non Investment Grade Rating does not publicly announce or publicly confirm that the Non Investment Grade Rating or the reduction or withdrawal was the result, in whole or in part, of the Restructuring Event, as the case may be.

"**Restructuring Event**" is deemed to have occurred if any Principal Affiliate ceases to (i) exist for any reason or (ii) be an affiliate (*affilié*) of the Issuer or (iii) carry on all or substantially all of its business, except if the business of such Principal Affiliate is continued within the Combined Group.

"**Restructuring Period**" means the period commencing on the date of the first public announcement of the occurrence of the relevant Restructuring Event (the "**Relevant Announcement Date**") and ending on the date which is 180 calendar days after the date of the first public announcement of the occurrence of the relevant Restructuring Event (or such longer period for which the solicited rating of the Issuer is under consideration (such consideration having been announced publicly within the period ending 180 calendar days after the Restructuring Event) for rating review or, as the case may be, rating by a Rating Agency).

Promptly upon the Issuer becoming aware that a Restructuring Event has occurred, the Issuer shall give notice (a "**Put Event Notice**") to the Bondholders in accordance with Condition 11 specifying the nature of the Restructuring Event and the procedure for exercising the Put Option contained in this Condition 5(e).

To exercise the Put Option to require redemption or, as the case may be, purchase of the Bonds following a Restructuring Event, a Bondholder must transfer or cause to be transferred its Bonds to be so redeemed or purchased to the account of the Fiscal Agent specified in the Put Option Notice (as defined below) for the account of the Issuer within the period (the "**Put Period**") of forty-five (45) calendar days after the Put Event Notice is given together with a duly signed and completed notice of exercise (a "**Put Option Notice**") and in which the holder may specify a bank account to which payment is to be made under this Condition 5(c).

A Put Option Notice once given shall be irrevocable. The Issuer shall redeem or, at the option of the Issuer procure the purchase of, the Bonds in respect of which the Put Option has been validly exercised as provided above and subject to the transfer of such Bonds to the account of the Fiscal Agent for the account of the Issuer, on the date which is the fifth business day following the end of the Put Period (the "**Optional Redemption Date**"). Payment in respect of such Bonds will be made on the Optional Redemption Date by transfer to the bank account specified in the Put Option Notice and otherwise subject to the provisions of Condition 6.

For the avoidance of doubt, the Issuer shall have no responsibility for any breakage of costs which the Bondholder may incur as a result of or in connection with such Bondholder's exercise or purported exercise of, or otherwise in connection with, any Put Option (whether as a result of any purchase or redemption arising there from or otherwise). The Issuer shall be responsible for any administrative costs e.g. notices etc arising as a result of in connection with any Bondholder's exercise or purported exercise of, or otherwise in connection with, any Put Option.

(f) Purchases

The Issuer may at any time purchase Bonds (together with rights to interest relating thereto) in the open market or otherwise (including by way of tender or exchange offer) at any price and on any condition, subject to compliance with any applicable laws.

Bonds so purchased by the Issuer may be held and resold in accordance with applicable laws and regulations for the purpose of enhancing the liquidity of the Bonds.

(g) Cancellation

All Bonds which are redeemed or purchased for cancellation by the Issuer pursuant to this Condition 5 will forthwith be cancelled and accordingly may not be reissued or resold.

6. Payments

6.1 Method of Payment

Payments of principal, interest and other amounts in respect of the Bonds will be made in euro, by credit or transfer to an account denominated in euro (or any other account to which euro may be credited or transferred) specified by the payee with a bank in a city in which banks use the TARGET System (as defined in Condition 6.2 below). Such payments shall be made for the benefit of the Bondholders to the Account Holders and all payments made to such Account Holders in favour of Bondholders will be an effective discharge of the Issuer and the Fiscal Agent, as the case may be, in respect of such payment.

Payments of principal, interest and other amounts in respect of the Bonds will be made subject to any fiscal or other laws and regulations applicable thereto, but without prejudice to the provisions of Condition 7. No commission or expenses shall be charged by the Issuer to the Bondholders in respect of such payments.

6.2 Payments on Business Days

If any due date for payment of principal, interest or any other amount in respect of any Bond is not a Business Day (as defined below), then the Bondholder shall not be entitled to payment of the amount due until the next following calendar day which is a Business Day and the Bondholder shall not be entitled to any interest or other additional sums in respect of such postponed payment.

For the purposes of these Conditions, "**Business Day**" means any calendar day, not being a Saturday or a Sunday, (i) on which foreign exchange markets and commercial banks are open for business in Paris (ii) on which Euroclear France is operating and (iii) on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) system (the "**TARGET System**") or any successor thereto is operating.

6.3 Fiscal Agent and Paying Agent

The name and specified office of the initial Fiscal Agent and Paying Agent are as follows:

Fiscal Agent and Paying Agent

CACEIS CORPORATE TRUST
14, rue Rouget de Lisle
92130 Issy-les-Moulineaux
France

The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent or the Paying Agent and/or appoint a substitute Fiscal Agent and additional or other

Paying Agents or approve any change in the office through which the Fiscal Agent or Paying Agent acts, provided that, so long as any Bond is outstanding, there will at all times be (i) a Fiscal Agent having a specified office in a major European city and (ii) so long as the Bonds are admitted to trading on Euronext Growth and the rules of that exchange so require, a Paying Agent ensuring financial services in France (which may be the Fiscal Agent). Any termination or appointment shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not more than forty-five (45) nor less than thirty (30) calendar days' notice thereof shall have been given to the Bondholders by the Issuer in accordance with Condition 11.

7. Taxation

7.1 Withholding Taxes

All payments of principal, interest and other revenues by or on behalf of the Issuer in respect of the Bonds shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed, levied, collected, withheld or assessed by or within France or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

7.2 Additional Amounts

If, pursuant to French laws or regulations, payments of principal, interest or other revenues in respect of any Bond become subject to withholding or deduction in respect of any present or future Taxes, the Issuer shall, to the fullest extent then permitted by law, pay such additional amounts as may be necessary in order that the holder of each Bond, after such withholding or deduction, will receive the full amount then due and payable thereon in the absence of such withholding or deduction; provided, however, that the Issuer shall not be liable to pay any such additional amounts in respect of any Bond to, or to a third party on behalf of, a Bondholder who is subject to such Taxes by reason of his having some connection with France other than the mere holding of such Bond.

Any reference in these Conditions to principal and/or interest shall be deemed to include any additional amounts which may be payable under this Condition 7.

8. Events of Default

Any Bondholder (as defined in Condition 10), may, upon written notice to the Issuer (copy to the Fiscal Agent and the Representative), cause all, but not some only, of the Bonds held by such Bondholder to become immediately due and payable, at their principal amount together with any accrued interest thereon until their actual redemption date:

(a) if the Issuer defaults in any payment of principal or interest on any Bond on the due date thereof and such default has not been remedied within ten (10) Business Days of such due date; or

(b) if there is a default by the Issuer in the due performance of any other provision of the Conditions, and such default has not been cured within twenty (20) Business Days after receipt by the Issuer of written notice of such default; or

(c) to the extent permitted by applicable law, if the Issuer or any Principal Subsidiary (as defined below) makes any proposal for a general moratorium in relation to its debts, or a judgment is rendered for the judicial reorganisation (*redressement judiciaire*), or for the judicial liquidation (*liquidation judiciaire*) or for a judicial transfer of the whole or part of the business (*cession totale ou partielle de l'entreprise*) of the Issuer or Principal Subsidiary or, to the extent permitted by applicable law, if the Issuer is subject to any other similar insolvency or bankruptcy proceedings; or

(d) (i) any present or future indebtedness of the Issuer or any of the Principal Subsidiaries for borrowed monies in excess of €25,000,000 (or its equivalent in any other currency), whether individually or in the aggregate, becomes, following, where applicable, after the delivery of any notice and/or the expiry of any originally applicable grace period, due and payable (*exigible*) prior to its stated maturity as a result of a default thereunder, or any such indebtedness shall not be paid when due or, as the case may be, within any originally applicable grace period therefor, or (ii) any guarantee or indemnity given by the Issuer for, or in respect of, any such indebtedness of others shall not be honoured when due and called upon; or

(e) if the Issuer or any Principal Subsidiary is wound up or dissolved or ceases to exist for any reason or to carry on all or substantially all of its business or disposes of all or substantially all of its business.

"**Principal Subsidiary**" means a Subsidiary which has (i) a turnover (excluding intra-group items) representing at least 5 per cent. or more of the turnover of the Combined Group, calculated on a combined basis; and (ii) gross assets (including intra-group items) representing 5 per cent. or more of the gross assets of the Combined Group, calculated on a combined basis.

"**Subsidiary**" means in relation to any person or entity at any time, any other person or entity (whether or not now existing) controlled directly or indirectly by such person or entity within the meaning of Article L.233-3 I 1° and 2° of the French *Code de commerce*.

9. Prescription

Claims against the Issuer for the payment of principal and interest in respect of the Bonds shall become prescribed ten (10) years (in the case of principal) and five (5) years (in the case of interest) from the due date for payment thereof.

10. Representation of the Bondholders

The Bondholders will be grouped automatically for the defence of their common interests in a *masse* (hereinafter referred to as the "**Masse**") which will be governed by the provisions of the French *Code de commerce* as amended by this Condition. To the extent that there is any inconsistency between the provisions of the *Code de commerce* relating to the Masse and any term of this Condition, the term of this Condition shall prevail.

(a) Legal Personality

The *Masse* will be a separate legal entity, by virtue of Article L.228-46 of the French *Code de commerce* acting in part through a representative (the "**Representative**") and in part through collective decisions of the Bondholders (the "**Collective Decisions**").

The *Masse* alone, to the exclusion of all individual Bondholders, shall exercise the common rights, actions and benefits which now or in the future may accrue with respect to the Bonds.

(b) Representative

The Representative shall be:

Association de Représentation des Masses de Titulaires de Valeurs mobilières

Association Loi 1901 / SIREN 830 898 037 / SIRET 830 898 037 00015
Centre Jacques Ferronnière
CS 30812
44308 Nantes cedex 3
France

The alternative representative (the "**Alternative Representative**") shall be:

Association de Représentation des Masses de Titulaires de Valeurs mobilières

Association Loi 1901 / SIREN 830 898 037 / SIRET 830 898 037 00015
Centre Jacques Ferronnière
CS 30812
44308 Nantes cedex 3
France

In the event of death, incompatibility, resignation or revocation of the Representative, such Representative will be replaced by the Alternative Representative. The Alternative Representative shall have the same powers as the Representative.

In the event of death, incompatibility, resignation or revocation of the Alternative Representative, a replacement will be designated by a Collective Decision.

The Issuer shall pay to the appointed Representative an amount of € 300 *per annum* (VAT excluded).

All interested parties will have the right to obtain the names and the addresses of the Representative at the head office of the Issuer and at the offices of any of the Paying Agents.

(c) Powers of the Representative

The Representative shall (in the absence of any Collective Decision to the contrary) have the power to take all acts of management necessary in order to defend the common interests of the Bondholders.

All legal proceedings against the Bondholders or initiated by them must be brought against the Representative or by it, and any legal proceedings which shall not be brought in accordance with this provision shall not be legally valid.

The Representative may not interfere in the management of the affairs of the Issuer. The remainder of Article L.228-55 of the French *Code de commerce* shall not apply to the Bonds.

(d) Collective decisions

Collective Decisions are adopted either in a general meeting (the "**General Meeting**") or by consent following a written consultation.

In accordance with Article R.228-71 of the French *Code de commerce*, the rights of each Bondholder to participate in Collective Decisions will be evidenced by the entries in the books of the Registration Agent of the name of such Bondholder as of 0:00 Paris time, on the second (2nd) Business Day preceding the date set for the Collective Decision.

Collective Decisions must be published in accordance with Condition 10(d)(v).

The Issuer shall hold a register of the Collective Decisions and shall make it available, upon request, to any subsequent holder of any of the Bonds.

(i) General Meeting

General Meetings may be held at any time, on convocation either by the Issuer or the Representative. One or more Bondholders, holding together at least one-thirtieth (1/30) of the principal amount of the Bonds outstanding may address to the Issuer and the Representative a demand for convocation of the General Meeting, together with the proposed agenda for such General Meeting. If such General Meeting has not been convened within two (2) months after such demand, the Bondholders may commission one of themselves to petition the competent court in Paris to appoint an agent (*mandataire*) who will call the General Meeting.

General Meetings may deliberate validly on first convocation only if Bondholders present or represented hold at least a fifth (1/5) of the aggregate nominal amount of the Bonds then outstanding. On second convocation, no quorum shall be required. Decisions at meetings shall be taken by a simple majority of votes cast by Bondholders attending such General Meetings or represented thereat.

Notice of the date, times, place, agenda and quorum requirements of any General Meeting will be published as provided in Condition 11 not less than fifteen (15) calendar days prior to the date of such General Meeting on the first convocation and not less than five (5) calendar days prior to the date of the General Meeting on second convocation.

Each Bondholder has the right to participate in General Meetings in person, by proxy, correspondence.

The General Meeting is chaired by the Representative. In the event of the absence of a representative at the start of a General Meeting and if no Bondholder is present or represented at the General Meeting, the Issuer may, notwithstanding the provisions of Article L.228-64 of the French *Code de commerce*, designate a provisional chairman until a new Representative has been appointed.

(ii) Consultation in Writing

Pursuant to article L.228-46-1 of the French *Code de commerce*, the Issuer shall be entitled in lieu of the holding of a General Meeting to seek approval of a resolution from the Bondholders by way of a consultation in writing (a "**Consultation in Writing**"). Any such resolution shall, for all purposes, have the same effect as a resolution passed at a General Meeting of the Bondholders. Subject to the following sentence, a Consultation in Writing may be contained in one document or in several documents in like form, each signed by or on behalf of one or more of the Bondholders holding at least a fifth (1/5) of the aggregate nominal amount of the Bonds then outstanding, on first notice or, on second notice, by any one or more of the Bondholders holding any nominal amount of the Bonds outstanding. Pursuant to articles L.228-46-1 and R.225-97 of the French *Code de commerce*, approval of a Consultation in Writing may also be given by way of electronic communication allowing the identification of Bondholders ("**Electronic Consent**").

Notice seeking the approval of a Consultation in Writing (including by way of Electronic Consent) will be published as provided under Condition 10(d)(iv) not less than fifteen (15) days prior to the date fixed for the passing of such Consultation in Writing (the "**Consultation Date**") on first notice and five (5) days prior to the Consultation Date on second notice. Notices seeking the approval of a Consultation in Writing will contain the conditions of form and time-limits to be complied with by the Bondholders who wish to express their approval or rejection of such proposed Consultation in Writing. Bondholders expressing their approval or rejection before the Consultation in Writing Date will undertake not to dispose of their Bonds until after the Consultation Date.

A Consultation in Writing will be deemed to have been approved if Bondholders expressing their approval hold more than fifty (50) per cent. of the nominal amount of the Bonds outstanding.

(iii) Information to Bondholders

Each Bondholder or representative thereof will have the right, during the fifteen (15) calendar day period preceding the holding of each General Meeting or the date fixed for the passing of each Consultation in Writing and, in the case of an adjourned General Meeting or Consultation in Writing, during the five (5) day period preceding the holding of such adjourned General Meeting or the passing of such adjourned Consultation in Writing, to consult or make a copy of the text of the resolutions which will be proposed and of the reports which will be presented at the meeting, all of which will be available for inspection by the relevant Bondholders at the registered office of the Issuer, at the specified offices of any of the Paying Agents and at any other place specified in the notice of meeting or in the Consultation in Writing.

(iv) Expenses

The Issuer will pay all duly evidenced and reasonable expenses incurred in the operation of the *Masse*, including expenses relating to the calling and holding Collective Decisions and, more generally, all administrative expenses resolved upon by Collective Decisions, it being expressly stipulated that no expenses may be imputed against interest payable under the Bonds.

(v) *Notice of Decisions*

Decisions of the meetings shall be published in accordance with the provisions set out in Condition 11 not more than ninety (90) days from the date thereof.

(vi) *Single Masse*

The Bondholders and the bondholders of any other series which have been assimilated with the Bonds of such first mentioned series in accordance with Condition 12, shall, for the defence of their respective common interests, be grouped in a single *Masse*.

11. Notices

Any notice to the Bondholders will be duly given if delivered to Euroclear France or published, so long as the Bonds are admitted to trading on Euronext Growth and the rules of that stock exchange so require, in a leading daily newspaper having general circulation in France (which is expected to be the *Les Echos*).

Any notice to the Bondholders shall be deemed to have been given on the date of such publication or if published on different dates, on the date of the first publication.

Notices relating to the convocation of the Collective Decisions pursuant to Condition 10 and pursuant to Articles R.228-61, R.228-67, R. 228-79 and R. 236-11 of the French *Code de commerce* shall only be given by delivery of the relevant notice to Euroclear France, Euroclear, Clearstream and any other clearing system through which the Bonds are for the time being cleared and on the website of the Issuer (https://www.groupe-vyv.fr/actualites/).

12. Further Issues and Assimilation

The Issuer may from time to time without the consent of the Bondholders issue further bonds to be assimilated (*assimilables*) with the Bonds as regards their financial service, provided that such further bonds and the Bonds shall carry rights identical in all respects (or in all respects save for the issue price and the first payment of interest thereon) and that the terms of such further bonds shall provide for such assimilation.

In the event of such assimilation, the Bondholders and the holders of such further bonds will be grouped together in a single *masse* for the defence of their common interests. References in these Conditions to the Bonds include any other bonds issued pursuant to this Condition and assimilated with the Bonds.

13. Governing Law and Jurisdiction

The Bonds are governed by, and shall be construed in accordance with, the laws of France.

Any claim arising out of or in connection with the Bonds will be submitted to the *Tribunal de commerce* in Paris.

USE OF PROCEEDS

The net proceeds from the issue of the Bonds will be €494,740,000 and will be used by the Issuer for general corporate purposes.

DESCRIPTION OF THE ISSUER

1. GENERAL INFORMATION ABOUT THE ISSUER

The UMG Groupe VYV (the "**UMG**" or the "**Issuer**") is a union in the form of a group mutualist union (*union mutualiste de groupe*) within the meaning of Article L.111-4-2 of the French *Code de la mutualité* and governed by Book I of the same Code. It is registered in France on the SIRENE register under the number 532 661 832. The LEI number of the Issuer is 969500E0I6R1LLI4UF62.

A union under Article L.111-2 of the French *Code de la mutualité* is a private law non-profit organization with legal personality (*personne morale de droit privé à but non lucratif*) created by several *mutuelles*[1] or unions. More particularly, a group mutualist union develops and manages strong and sustainable financial relationships with mutualist entities governed by the French *Code de la mutualité* and other entities governed by the French *Code des assurances* or the French *Code de la sécurité sociale*.

The corporate purpose of the Issuer as stated in article 1.6 of its articles of association (*statuts*) includes in particular the following missions: *"(i) define*, *together with affiliated members the policy and strategic orientations necessary to its development and the development of its affiliated members, (ii) coordinate actions and initiatives of its affiliated members in the case where such actions or initiatives compete with, contradict or neutralize each other, (iii) define and implement a centralized governance structure, including risk management, internal audit, compliance and actuarial functions (…), (iv) exercise a dominant influence with a centralized coordination on decisions, including financial decisions of its affiliated members, as well as control and sanction of such affiliated members".*

The Issuer was created on 13 September 2017, from the merger by absorption of the UMG Groupe Harmonie by the UMG Istya. It is supervised by the French banking and insurance authority *(Autorité de contrôle prudentiel et de résolution)* (the "**ACPR**") (see paragraph 4.3.2.1.1 below in relation to the regulated activities operated in France).

The Issuer's registered office is located at Tour Montparnasse, 33 avenue du Maine, 75015 Paris, France.

2. GROUP STRUCTURE

2.1. Relationship of the Issuer with its affiliated entities

Each entity which is affiliated to the UMG has entered into an affiliation agreement (*convention d'affiliation*) with the Issuer, each of which drafted in substantially the same terms. These affiliation agreements provide the respective undertakings of the UMG and the affiliated entities.

Pursuant to these affiliation agreements, the UMG undertakes, in particular, to implement a strategic coordination and a mutualization of means for the benefit of its affiliated entities and for its own benefit, to establish key functions (risk management, internal audit, compliance and actuarial function) and, to set up group policies for such key functions ensuring the

[1] The relevant *mutuelles* are private law non-profit organisation with legal personality governed by the French *Code de la mutualité*.

harmonization of such policies with the affiliated entities, to implement the financial solidarity mechanism in its interest, as well as in the interests of its affiliated entities.

This financial solidarity mechanism is intended to ensure the liquidity and solvency of the affiliated entities, and is triggered for the benefit of an affiliated entity in case its Solvency Capital Requirement ("**SCR**") coverage ratio within the meaning of Solvency II legislation falls below 110%. Upon deposit of an application from an affiliated entity to benefit from such financial solidarity mechanism, the Board of Directors of the UMG may decide to (i) finance this entity by using the solidarity fund (as described below), including to subscribe securities issued by the relevant affiliated entity or to contribute own funds to the benefit of this entity, (ii) finance this entity by the subscription of securities by other affiliated entities, or (iii) any other financial measure, including through reinsurance assignments or transfer of all or part of the relevant affiliated entity's portfolio.

Conversely, the affiliated entities undertake, in particular, to align their articles of association with those of the UMG, to comply with decisions taken by the Board of Directors or the General Assembly of the UMG, to contribute to both the operating and the investment budgets of the UMG, and to pay their annual membership contribution.

The current affiliation agreements have taken effect as from the affiliation date while further affiliation agreements will take effect on 1 January of the year following the signing date, for a period up to 31 December of the same year. Such agreements are extended by tacit renewal for a twelve-month period. In accordance with article R. 115-6 of the French *Code de la mutualité,* any change to the affiliation agreement and any termination thereof has to be approved by the general meeting of both the UMG and the relevant affiliated entity. In accordance with article L. 111-4-2 of the French *Code de la mutualité*, the termination of an affiliation agreement is subject to the prior information to the ACPR which is granted the power to object to such a termination, within a limited timeframe.

As at 31 December 2018, the affiliated entities (the "**Affiliated Entities**") are the following entities, each of which being *mutuelles* governed by Book II of the French *Code de la mutualité* :

1. **Harmonie Mutuelle**, which offers supplementary health and protection (*prévoyance*) solutions;

2. **MGEN**, which offers mandatory health insurance and supplementary health and social protection to civil servants, in particular to the National Education;

3. **MGEN Filia**, which offers supplementary health insurance policies to private sector members, as well as collective health protection products for private businesses and associations;

4. **MGEN Vie**, which offers supplementary insurance policies to civil servants;

5. **Mutuelle Nationale Territoriale (MNT)**, which offers supplementary health and protection solutions to civil servants of the French local authorities;

6. **Harmonie Fonction Publique**, which offers supplementary health and social protection to civil servants, in particular to the Ministry of Agriculture and the Ministry of Armed Forces;

7. **MGEFI**, which offers supplementary health and protection solutions to civil servants of the French Ministry of Economy; and

8. **Mutuelle Mare Gaillard,** which offers supplementary health and protection solutions in Guadeloupe and Martinique.

Unless otherwise specified, the term MGEN shall be used to refer to MGEN, together with MGEN Filia and MGEN Vie, when used in this section "Description of the Issuer and the Group".

As an UMG governed by the French *Code de la mutualité*, the Issuer has no share capital and therefore no shareholders, but it benefits from an establishment fund *(fonds d'établissement)* and a solidarity fund *(fonds de solidarité)* contributed to by each affiliated entity.

Contributions by the affiliated entities at the time of affiliation are distributed between the establishment fund (*fonds d'établissement*) and the solidarity fund (*fonds de solidarité*). As set forth in the affiliation agreements, 60 per cent. of contributions are assigned to the establishment fund and 40 per cent. are assigned to the solidarity fund.

For each new affiliated entity, the General Assembly of the Issuer determines the amount of their contributions to both the establishment and the solidarity funds.

Establishment fund

The establishment fund is designed to provide the Issuer with stable resources to conduct the necessary investments and operations to achieve its purpose.

As at 31 December 2018, the fund stands at 63,920,000 euros. It can be increased by the Issuer's General Assembly.

Solidarity fund

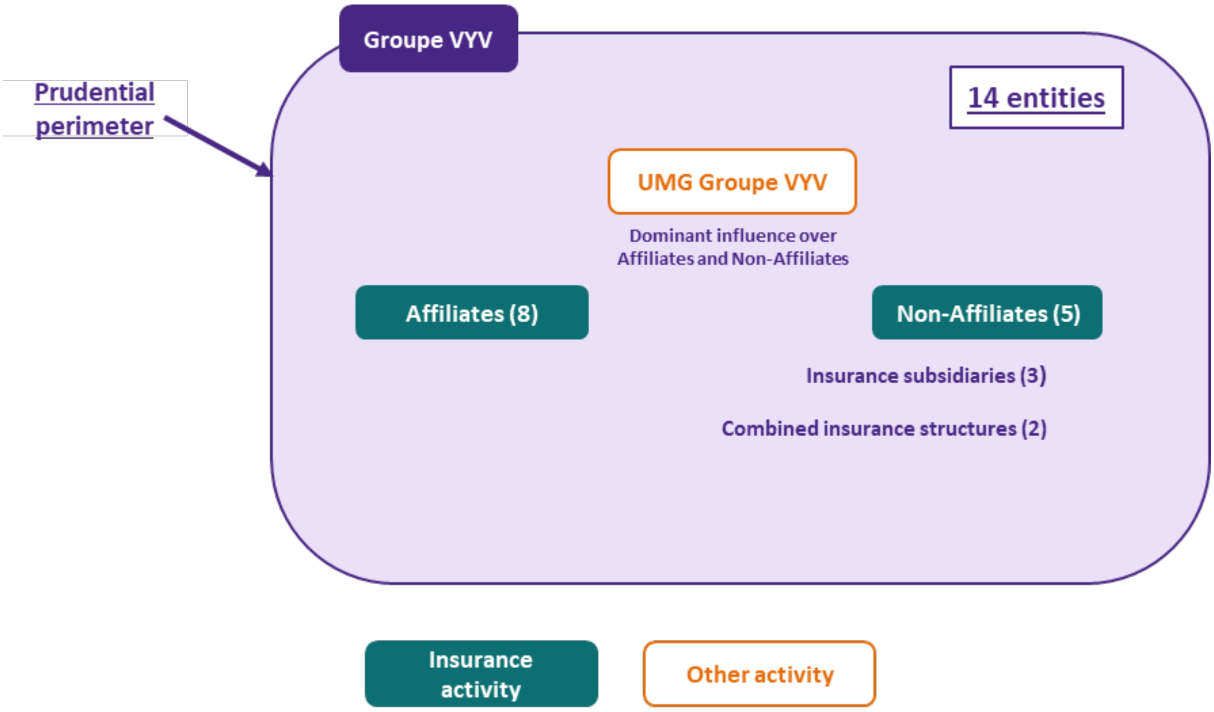
The solidarity fund's purpose is to contribute to the financing of the financial solidarity mechanism set up between the affiliated entities in accordance with the provisions of the affiliation agreements.

As at 31 December 2018, the fund stands at 45,880,000 euros. It can be increased or reconstituted in accordance with the provisions of the affiliation agreements.

2.2. Presentation of the prudential perimeter of the group

In addition to being central to the affiliation mechanism described above, the Issuer is the central entity of the Affiliated Entities and other non-affiliated entities constituting the prudential perimeter of the group (the "**Prudential Group**").

Structure chart of the Prudential Group



As at 31 December 2018, the perimeter of the Prudential Group is characterised by strong and sustainable financial relations with, and a dominant influence on, the following fourteen (14) entities:

(a) UMG Groupe VYV

(b) The eight (8) Affiliated Entities referred to in paragraph 2.1;

(c) Five (5) non-affiliated entities having combination or capital ties with the Issuer:

1. Three (3) insurance subsidiaries:

(i) **Mutex SA**, which is a *société anonyme* held at 51 per cent. by Harmonie Mutuelle – fully consolidated in the Combined Group's accounts;

(ii) **Sphéria Vie**, which is a *société anonyme* held at 100 per cent. by Harmonie Mutuelle – fully consolidated in the Combined Group's accounts;

(iii) **Parnasse Garanties**, which is a *société anonyme* held at 20 per cent. by MGEN – consolidated in the Combined Group's accounts based on the equity method.

2. Two (2) combined insurance structures (*structures assurantielles combinées*):

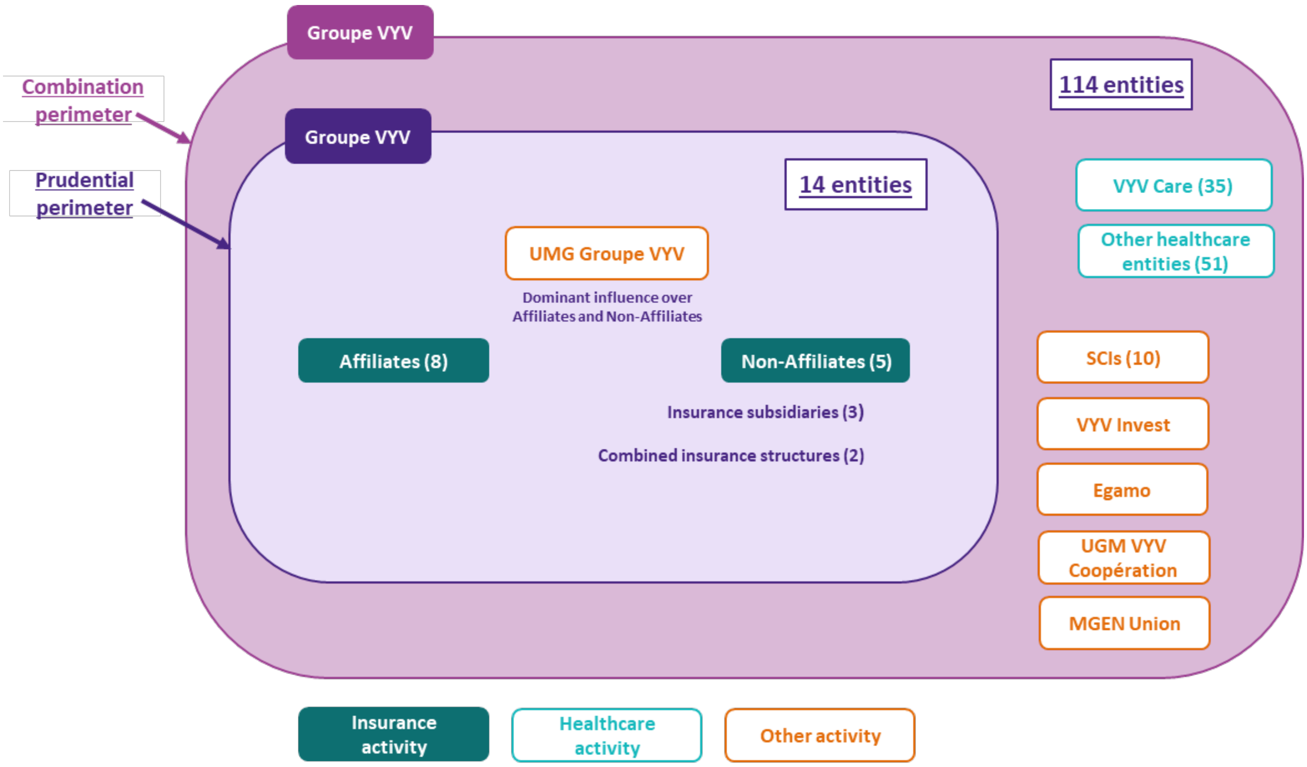
(i) **Ressources Mutuelles Assistance (RMA)**, which is a union dedicated to assistance activities, governed by Book II of the French *Code de la mutualité*;

(ii) **Union Harmonie Mutualité (UHM)**, which is a union governed by Book II of the French *Code de la mutualité*, controlled by Harmonie Mutuelle.

2.3. Presentation of the combination perimeter of the group

The Issuer further combines the accounts of the above entities and additional entities described below, having common interests and decision centers permitting such combination (the "**Combined Group**").

Structure chart of the Combined Group



As at 31 December 2018, the perimeter of the Combined Group encompasses the entities included in the prudential perimeter listed above, as well as 100 additional entities which can be categorized as follows:

- *Mutuelles* and unions governed by Book III of the French *Code de la mutualité:*
  - **VYV Care**, an entity managing the group-wide strategy regarding sanitary, social and medico-social activites, which is itself a *union des services de soins et d'accompagnement mutualistes* composed of 35 entities;
- Companies governed by the French *Code de commerce*:
  - **Groupe HGO**, an entity managing clinics, which is itself a *société par actions simplifiées* composed of 14 entities;
  - **Groupe HDS**, an entity carrying out medical transportation and medical supplies distribution, which is itself a *société par actions simplifiées* composed of 4 entities;

– **Hospitalia**, an entity managing clinics, which is itself a *société par actions simplifiées* composed of 3 entities;

– **SAFM**, an entity carrying out funeral activities, which is itself a *société anonyme* composed of 30 entities,

- Other activities:

– **Groupe Foncière HGO**, which is itself *a société par actions simplifiées* composed of 5 entities owning clinics' real estate;

– Five (5) operating property investment partnerships (S*ociétés Civiles Immobilières*) held by the *mutuelles*;

– **VYV Invest,** which is a holding company managing the Group's strategical entities;

– **Egamo,** which is an asset management company;

– **MGEN Union**, which is a union governed by Book I of the French *Code de la mutualité*; and

– **UGM VYV Cooperation**, which is a *union de groupe mutualiste* governed by Book I of the French *Code de la mutualité.*

Hence, the Issuer, as combining entity (*entité combinante*), establishes combined financial statements (*comptes combinés*) for the entities referred to above.

The Combined Group, including the Prudential Group, and the Issuer, taken as a whole, constitute the "**Group**".

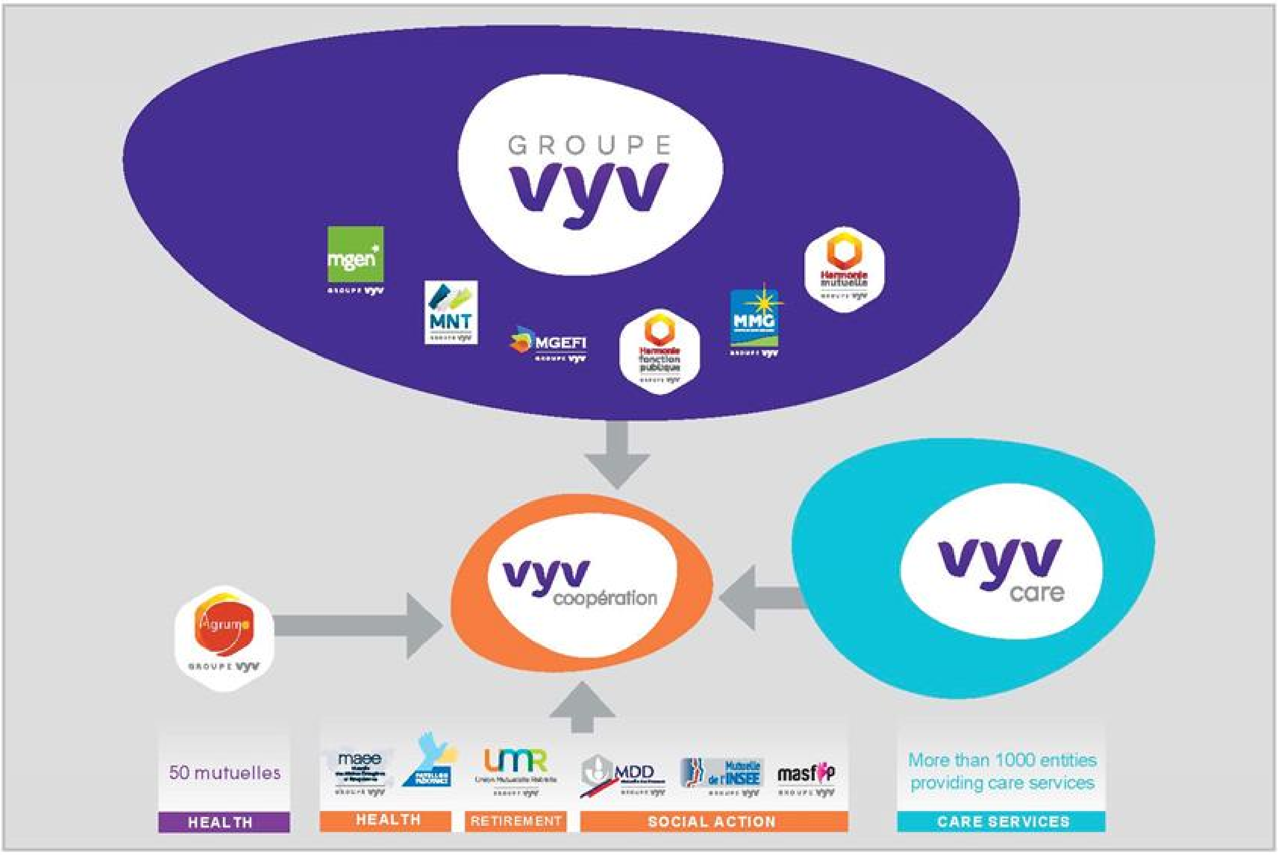
2.4. Relationship of the Group with other entities outside the prudential and combination perimeters

The Group has further established partnerships in particular through the UGM VYV Cooperation, whose purpose is to organize synergies between entities. In this context, UGM VYV Cooperation aims to facilitate, develop and coordinate the activities of entities which are members to the union.

The purpose of an *union de groupe mutualiste* (an "**UGM**") is to facilitate and develop its members' activities, such members remaining entirely responsible for their commitments. In contrast with an UMG, an UGM does not include a financial solidarity mechanism and each *mutuelle* remains free to make its own decisions.

Entities participating to the UGM VYV Cooperation, as at 31 December 2018, are the following: Union Mutualiste Retraite, Pavillon Prévoyance, VYV Partenariat, Mutuelle des douanes (MDD), Mutuelle de l'Insee, Mutuelle d'Action Sociale des Finances Publiques (MASFIP), VYV Care and the Issuer. In particular, VYV Partenariat, previously named Agrume Groupe VYV, is a *union de groupe mutualiste (UGM),* within the meaning of article L. 111-4-1 of the French *Code de la mutualité,* composed of 51 *mutuelles*.

A broad overview of the Group's environment, as at 31 December 2018, is as follows:



3. HISTORY OF THE ISSUER AND THE GROUP

The Issuer results primarily from the merger by absorption in 2017, under the French legal structure of *union mutualiste de groupe*, of the UMG Groupe Harmonie by the UMG Istya, themselves composed of multiple, well-established *mutuelles*.

The UMG Istya included in particular the following *mutuelles*: MGEN, MNT and MGEFI and was controlled by MGEN and its group (the "**MGEN Group**"), while the UMG Groupe Harmonie included in particular the following *mutuelles*: Harmonie Mutuelle, Harmonie Fonction Publique and Mare Gaillard and was controlled by Harmonie Mutuelle.

In January 2017, the representatives of the *mutuelles* of the MGEN, Harmonie Mutuelle and Istya groups have expressed their ambition to create a common social protection group, with the intention of providing solutions to companies and public sector employees and contributing to the renovation of the social protection system.

The creation of this group was subject to the approvals of two competent authorities, namely the French competition authority (*Autorité de la concurrence*) and the French banking and insurance authority, the ACPR. Both the approvals were granted in July 2017.

The General Assembly of 13 September 2017 gathering representatives from all the entities of MGEN, Harmonie and Istya groups endorsed the creation of the current Group. Consequently, the assembly modified the articles of association of the UMG Istya, particularly to change its legal name to Groupe VYV.

MGEN

MGEN was created in 1946 at the congress of the teachers' national union (*Syndicat national des instituteurs*) in the context of the creation of the French social security system, with the objective of unifying all the *mutuelles* operating in health insurance in the field of education and obtaining the management of the mandatory health insurance for civil servants of the Ministry of National Education (*Ministère de l'Éducation Nationale*).

Over the years, the MGEN Group was also entrusted with the management of the mandatory health insurance of civil servants of the Ministry of Higher Education and Research (*Ministère de l'Enseignement supérieur et de la Recherche*), the Ministry of Culture and Communication (*Ministère de la Culture et de la Communication*) and the Ministry of Youth and Sports (*Ministère de la Jeunesse et des Sports*), as well as local authorities.

In 2017, it was announced that civil servants of the Ministry of National Education, the Ministry of Higher Education, the Ministry of Research and Innovation (*Ministère de la Recherche et de l'Innovation*), the Ministry of Culture and Sports (*Ministère de la Culture et des Sports*) would benefit from three complementary social protection (*protection sociale complémentaire*) providers, MGEN being one of them. This new convention, entered into for a seven-year period, was applicable as from 1 January 2018. In addition, MGEN remained in charge of the mandatory health insurance (*assurance maladie obligatoire*) for civil servants.

Harmonie Mutuelle

Harmonie Mutuelle results from the merger of several interprofessional *mutuelles*.

As a first important step, in 2007, the already existing Union Harmonie Mutualité merged with its members to create the *mutuelle* Harmonie Mutualité.

Subsequently, on 1 January 2013, the Mutuelle Harmonie Mutualité, Préviadès and three other *mutuelles* merged to create Harmonie Mutuelle.

4. BUSINESS OF THE ISSUER AND THE GROUP

4.1. Overview and market position

The Group is a leading health and social protection insurance group in France[2] with €8,686 million in turnover, €79 million in operating result, €67 million in net income and €325 million in net investment income in 2018. For further information on the Group's financial results for 2018, please refer to the 2018 Combined Group Financial Report (as defined in section "Documents incorporated by reference"), in particular to sections 1.1 and 1.2 for the balance sheet, section 1.3 for the profit and loss statement, sections 2.5.3 and 2.5.4 for the Group's entities' investments, section 2.6.1 for the net financial income and section 2.6.5 for the balance sheet and profit and loss statement allocated between the activities of the Group.

The French health insurance market is predominantly covered by the public mandatory social security system, while the private sector is operated by insurers, *mutuelles* and protection

[2] According to Fitch Ratings

institutions (*institutions de prévoyance*). In 2018, the Group was ranked thirteenth insurance and social protection group in France, with a total of € 8.4 billion in turnover[3].

The Group benefits from a large network of healthcare and services offerings and relies on several long-established and well-recognised insurance brands in France, among which those of Harmonie Mutuelle, MGEN and Mutex. As at 31 December 2018, Harmonie Mutuelle was the largest *mutuelle* in France with €2.5 billion of gross earned premiums at end-2018 and 4.6 million persons covered, while MGEN was the second largest *mutuelle* in France, and with €2.3 billion of gross earned premiums and over 4 million persons covered.

Harmonie Mutuelle is a *mutuelle* with multiple business lines, including prevention, health and protection activities, to the benefit of its members (*adhérents*) and its client entreprises. It has a significant interprofessional activity, as illustrated by the fact that over 60,000 of the 88,000 client entreprises of the Group are brought by Harmonie Mutuelle.

MGEN has a specific focus on civil servants, in particular by being in charge of the management of mandatory health insurance for civil servants of certain ministries, and also provides individual and collective supplementary health insurance and protection insurance for all publics including civil servants (see paragraph 4.4 below).

The Group further includes Mutex S.A. which is the first protection contributor of the Group with €1 billion of gross earned premiums.

The Group operates predominantly in France, with around 36,018 employees as at 31 December 2018. As at 31 December 2018, the Group's activities cover a total of approximately over 10 million persons covered (*assurés*).

4.2. Strategy

The Issuer relies on the range of offers provided by its affiliated entities and the mutualization of resources and investments to amplify the synergies and therefore gain additional market shares in health and protection.

The Issuer has set up a strategic transformation plan which intends to further develop services, in particular in terms of protection, assistance, healthcare and services, relying on the complementarity of its various activities. The Issuer aims to use such a complementarity to offer a better coverage to its clients and leverage on economies of scale.

It further intends to offer packages of tailored healthcare and other services, including on the basis of partnerships, at a chosen time in the life of its customers. As such, the Group provides the full spectrum of health and protection services to accompany its members at each stage of their life and each step of their care needs.

The Issuer's strategy relies on the following objectives:

- **Reinforcement of the insurance activities**: the Group plans to assist private sector and public sector companies, to improve its offers in terms of life insurance through partnerships and to build a dedicated healthcare offer tailored to the needs of young people, more particularly students. The Group also aims to develop, either internally or

[3] Source: La Tribune de l'assurance – Ranking of the top 20 insurance and social protection groups in France – 2018, it being specified that this ranking is based on 2017 data.

through partnerships, the multi-protection of current customers, on an individual as well as on a collective basis, with a focus on protection, pension and others such as dependency or property and casualty;

- **Services innovation and strategy**: the Issuer will amplify the offers already implemented by its affiliated entities and grant them additional financing to enhance their development perspectives. The Group also considers investing in innovative solutions such as SeniorAdom analyzing habits to anticipate risks for fragile, aging or handicaped persons or MesDocteurs providing teleconsultation services, in which the Group has already invested. In addition, the Group has recently announced its intention to build an innovative social housing model in collaboration with Groupe Arcade and to enshrine housing as the third pillar of the Group, alongside its insurance activities and its non insurance activities, the latter covering mainly healthcare and related services;

- **Development of VYV Care**: VYV Care is the central and strategical entity for the development of the Group's healthcare and related services offer. VYV Care's ambition is to anticipate working habits evolutions and their health implications, invest in digital innovation to build the future health organizations and structures and to contribute to the elaboration of a tailored health and services offer;

- **Expansion into new markets**: the Group intends to extend its presence abroad relying on its existing local installations and to develop its offer in terms of international benefits for expatriates. The company VYV Invest SAS (*société par actions simplifiées*) was created to support the investment and development initiatives of the Group in order to allow enhanced offers of products and services to be put together for members and customers of the *mutuelles*.

The implementation of the aforementioned objectives will rely on major transversal priorities, in particular the optimization and development of the Group's distribution capabilities, a pooling of resources to manage costs and the interoperability of the Group's systems.

4.3. Activities

4.3.1. The Issuer

The Issuer is the strategical and prudential entity of the Group.

As such, it gathers and mutualises the means and know-how of its entities to allow the conception of shared tools and to undertake significant investments to the benefit of the Group. The Issuer also coordinates the intervention of the Group's entities on different markets or market sectors.

4.3.2. The Group

The activities of the Group should be distinguished between the insurance activities and the non-insurance activities, the latter comprising healthcare and related services.

As at 31 December 2018, the turnover resulting from the insurance activities represented 79.8 per cent. of the Group's turnover, while the non-insurance activities represent 20.2 per cent. of the Group's turnover, as shown in the below table:

	Revenues (EUR Million)	Distribution of revenues (%)	Operating income (EUR Million)	Net result (EUR Million)
Insurance	**6,933**	**79.8**	**64**	**56**
Non-insurance	**1.753**	**20.2**	**15**	**12**
Healthcare and related services	1,701	19.6	-14	-12
Other	52	0.6	29	24
Total	**8,686**	**100**	**79**	**67**

4.3.2.1. Insurance activities

Within the Group's insurance activities, the turnover resulting from health activities represent circa 78 per cent. of the Group's insurance turnover, while the protection and other activities represent the remaining 22 per cent. of the Group's insurance turnover.

The Group's entities providing health services are the following: (i) the eight affiliated entities (Harmonie Mutuelle, MGEN, MGEN Filia, MGEN Vie, MGEFI, MNT, Harmonie Fonction Publique and Mare Gaillard) and (ii) Mutex, Union Harmonie Mutualité and Sphéria Vie.

4.3.2.1.1. Activities in France

The majority of the Group's premiums are underwritten in France as these represent 99.6 per cent. of the gross earned premiums in 2018.

The Group's insurance activities can be classified in the three following risk categories: health, protection *(prévoyance)* and other activities.

The split of the health, protection and other activities, in terms of gross earned premiums, as at 31 December 2018, between the different entities of the Group is as follows:

EUR Million	Health	Protection	Other	Total
Harmonie Mutuelle	2,470	55	11	2,535
MGEN MGEN Filia MGEN Vie	1,882	361	20	2,262
MNT	495	154	2	651
Harmonie Fonction Publique	142	0	1	142
MGEFI	211	19	-	229
MMG	9	9	-	17
Mutex	198	724	102	1,024
Sphéria Vie	23	20	0	43
RMA	-	-	21	21
UHM	-	5		4
Total (2018)	**5,430**	**1,346**	**157**	**6,933**

An overview, as at 31 December 2018, of the sectors in which entities of the Group are licensed in France is set out below:

	Sectors	Insurance activities		
		Health	Protection	Other
1	Accident	x	x	
2	Sickness	x	x	
15	Suretyship			x
18	Assistance			x
20	Life-death		x	
21	Marriage-birth	x	x	
22	Investment funds			x

Health

The health activity covers health insurances. Such services are designed to support customers with the consequences of health issues by supplementing the reimbursement from the Social Security, as well as bearing the cost of benefits not covered by the mandatory scheme *(régime obligatoire)*.

In 2018, the health activity represented a total of €5,430 million of gross earned premiums.

The Group offers such health services on an individual as well as on a collective basis.

Individual

The Group's ambition is to accompany its members (*adhérents*) on their daily or incidental health needs. The Group provides, through its affiliated entities, a global offer of health services. Such an offer of health services is designed to cover all the different categories of the population and to tailor to their particular needs, whether they be employees from the private sector, civil servants, young people or students, retired or aging persons.

As at 31 December 2018, the sector of individual health insurance provided by the Group collects €3,902 million in gross earned premiums.

Collective

The collective health insurance offer of the Group is designed to meet the needs of employees or civil servants. The Issuer and its affiliated entities advise companies and other entities on the implementation of complete and innovative health guarantees, taking into account their specificities, branch of activity and conventional requirements.

As at 31 December 2018, the sector of collective health insurance provided by the Group collects €1,528 million in gross earned premiums.

Protection

The protection activity aims at providing solutions allowing customers to face unpredictable situations such as death, work stoppage, incapacity, invalidity and dependency with insurance as well as funeral financing.

Beyond health, the Issuer defines protection as a strategic activity considering, notably, the current insufficient coverage of the population against risks linked to death, incapacity or invalidity. Particularly, the challenges incurred by the aging population lead the Group to strengthen its solutions in terms of pensions as well as guarantees against loss of autonomy.

Mutex S.A. plays a central and strategical role in the development of the protection activities of the Group. It is the first protection contributor of the Group in terms of gross earned premiums. The other entities of the Group rely on its expertise and contribute to the creation of a common protection services offer to be made available to the Group's *mutuelles*. In addition to its protection activities, Mutex further has a pension activity, to the benefit of individuals, professionals (in particular Madelin offerings), entreprises or other structures.

In 2018, the protection activity represented a total of €1,346 million of gross earned premiums.

The Group offers such protection services on an individual as well as on a collective basis.

Individual

The Group's ambition is to accompany its members on their life long journey relying on the synergies between the affiliated entities to build a global offer of protection, as well as the coverage of all the individuals to tailor to their particular protection needs and challenging times.

As at 31 December 2018, the sector of individual protection provided by the Group collects €746 million in gross earned premiums.

Collective

The collective protection offer of the Group consists in the management of collective protection plans for employees or civil servants. Therefore, the Issuer, through its affiliated entities, advises companies and other entities on the implementation of collective protection plans anticipating sickness, workstoppage, invalidity or any other unpredictable event to the benefit of covered employees or civil servants.

As at 31 December 2018, the sector of collective protection provided by the Group collects €600 million in gross earned premiums.

Other activities

The other activities provided by the Group include products such as life insurance, as well as assistance insurance and surety.

4.3.2.1.2. International activities

The international activities of the Group are carried out (i) in Italy, via the Italian branch of Harmonie Mutuelle and (ii) in Portugal, on the basis of the freedom to provide services via Europamut.

In Italy, Harmonie Mutuelle has reached a total of € 11 million gross earned premiums.

In Portugal, Europamut has reached a total of € 14 million gross earned premiums and over 29,000 members (*adhérents*) in 2018.

4.3.2.2. Non-insurance activities

4.3.2.2.1. Non-insurance activities in France

4.3.2.2.1.1 Healthcare and related services

As part of its non-insurance activities, the Group's healthcare and related services' activities include medico-social services, management of clinics, medical transportation, health services, funeral services while the remainder is mostly medical supplies distribution.

These activities are centralised and have been monitored since 2018 through the holding company VYV Care and its entities, previously named Harmonie Services Mutualistes. These activities are complementary to the health insurance business, as the group is able to combine insurance and various care products within its offering. The Group, in addition to expanding and diversifying its insurance business, views healthcare and related services as a strategic area of development.

VYV Care is one of the pillar of the Group as the central entity for healthcare and related services. It intends to invest in innovative and digital solutions to build the future health practices and organisations. In addition, the healthcare and related services offerings will aim to be more individualized given the increasingly personnalised medical information, prevention and patient care.

The Group's entities providing healthcare and related services are the following: VYV Care, Groupe HGO, Groupe HDS, Groupe SAFM and Groupe Hospitalia.

4.3.2.2.1.2 Other activities

The Group's entities providing other non-insurance activities are the following: UGM VYV Cooperation, MGEN Union, property investment partnerships held by the *mutuelles* of the Group and Groupe Foncière HGO. The property investment partnerships (*sociétés civiles immobilières*) are French legal structures constituted for the sole purpose of the ownership and management of real estate property.

VYV Cooperation is an *union de groupe mutualiste,* as further described in paragraph 2.4 above. As such, its purpose is to facilitate and develop its members' activities, such members remaining entirely responsible for their commitments. MGEN Union is in charge of the management, coordination and control of the activities of its *mutuelles*, theses entities having a combination link but no capital tie.

Further, the Group manages investments and assets through two dedicated entities: VYV Invest and Egamo, which are described below in paragraph 5.1 (*Investment policies*).

4.3.2.2.2. International activities

Non-insurance activities are carried out throughout the world, through coverage offered to expatriates throughout the world via VYV International Benefits products and through the Group's international assistance and risk management platform, VYV International Assistance which offers a complete range of services adapted to international medical and financial issues.

4.4. Mandatory health insurance and supplementary health and protection insurance for public servants

The Group has a unique position towards public servants in France, to which it provides mandatory health insurance, as well as supplementary health and protection insurance.

4.4.1. Mandatory health insurance for public servants

Pursuant to a public service delegation (*délégation de service public*) from the French State, MGEN manages the mandatory health insurance (*régime obligatoire de la Sécurité Sociale*) under the social security scheme of the active civil servants of the French ministries:

- the Ministry of National Education (*Ministère de l'Éducation Nationale*);
- the Ministry of Higher Education and Research (*Ministère de l'Enseignement supérieur et de la Recherche*);
- the Ministry of Solidary and Ecological Transition (*Ministère de la Transition Ecologique et Solidaire*);
- the Ministry of Territories and Local Authorities (*Ministère de la Cohésion des territoires et des Relations avec les collectivités territoriales*);
- the Ministry of Culture and Communication (*Ministère de la Culture et de la Communication*); and
- the Ministry of Youth and Sports (*Ministère de la Jeunesse et des Sports*).
- MGEN's role in managing the mandatory health insurance of the aforementioned civil servants is subject to a pluriannual management contract (*Contrat Pluriannuel de Gestion*) entered into with the French social security system. Harmonie Fonction Publique transferred its activities in relation to the management of the mandatory health insurance regime for public servants to the French public entity managing the mandatory health insurance, the *Caisse Nationale de l'Assurance Maladie* (CNAM).

4.4.2. Supplementary health and protection insurance for public servants

Entities of the Group act as providers of supplementary health insurance (*régime complémentaire*) for active and retired civil servants and their relatives. These entities provide to these civil servants and their relatives all products from their health insurance and protection insurance activities.

Pursuant to referencing agreements, the following entities are referenced for a seven year period as provider of supplementary health and/or protection insurance for civil servants of, amongst others, the ministries and public entities mentioned below:

- MGEN is referenced for the ministries referred to in paragraph 4.2.1 above;
- Harmonie Fonction Publique is referenced for the Ministry of Agriculture, the French Institute for Horses and Horseriding (*Institut Français du cheval et de l'équitation*), National Office for the Forests (*Office national des forêts*), France Agrimer, National Institute for origin and quality (*Institut national de l'origine et de la qualité*), Office for the development of overseas agricultural economy (*Office de développement de l'économie Agricole d'Outre-mer*), National institute for the research in sciences and technologies for the environment and the agriculture (*Institut national de recherches en sciences et technologies pour l'environnement et l'agriculture*), and the Services and payment agency (*Agence des services et de paiement*); and
- MGEFI is referenced for the Economy and Finance Ministry (*Ministère de l'Economie et des Finances*).

In addition, MNT provides such supplementary health and protection insurance to local authorities' civil servants.

The above mentioned entities of the Group may collaborate to propose common offers, as for example Harmonie Fonction Publique and MGEN which have been retained by social ministries, resulting in the establishment of a new referencing agreement entered into force on 1 July 2018.

Civil servants may opt out for another supplementary health insurance provider of their choice.

4.5. Distribution

The distribution networks used by the Group are the following: (i) for the very large accounts, the network of the UMG, (ii) for Harmonie Mutuelle's customers, a more classic pattern, through intermediaries such as agencies and salespeople, (iii) for the public administration, more specific schemes, including the involvement of field activists and (iv) for Mutex's customers, through partnerships established with several *mutuelles*.

5. INVESTMENTS, FUNDING AND LIQUIDITY AND SOLVENCY AND OWN FUNDS

5.1. Investment policies

The Group's activities naturally expose it to risks over long periods of time. As a result, the Group invests a significant proportion of its assets in stable and long-term securities - mainly fixed income products, government bonds and corporate bonds.

Its portfolio is also composed of equities and real estate investments, which generally provide higher returns than fixed income investments, as well as other miscellaneous assets such as mutual fund units and cash for instance.

As at 31 December 2018, the Group's portfolio was composed as follows:

EUR Million	Net book value	Market value	Unrealised gains and losses
Bonds	11,354	12,993	1,639
Equities	472	638	166
Properties	890	1,479	590
Others	755	756	1
Total	**13,470**	**15,866**	**2,395**

The split of the financial result, as at 31 December 2018, between the three main insurance entities and the other insurance entities of the Group, showing the revenues resulting from investments, is as follows:

EUR Million	Harmonie Mutuelle	MGEN	Mutex	Other entities	**Total**
Financial revenues	64,004	128,296	259,755	43,428	495,483
Participations	*2,959*	*-0,001*	*0,170*	*-*	*3,128*
Properties	*6,448*	*12,451*	*82,193*	*31,591*	*132,683*
Realized gains	*28,565*	*85,731*	*23,467*	*5,820*	*143,583*
Others	*26,032*	*30,115*	*153,925*	*6,017*	*216,089*
Financial expenses	-49,360	-25,055	-64,739	-31,033	-170,187
Total	14,644	103,241	195,016	12,395	325,296

VYV Invest, created on 13 November 2018, is a company, a *société par actions simplifiées*, whose share capital is held by the Issuer and its affiliated entities. The company's portfolio encompasses holdings in nine (9) companies which were contributed by the Issuer, Harmonie Mutuelle and MGEN, as well as holdings in three (3) companies in which VYV Invest has invested directly.

This company has allowed to mutualize subsidiaries and holdings to ensure a global strategic and economic management at the level of the Group and intends to pursue its investments to enhance the range of products and services offered to members and customers of the Group. As such, VYV Invest is designed to contribute to the development of the Group. It is entrusted with a €133.3 million budget to allow the implementation of investment policies in the following fields: innovation, services, international, healthcare offer, insurance and housing.

Egamo SA, a *société anonyme* which was previously a subsidiary of MGEN, is a subsidiary of VYV Invest since November 2018. Egamo is an asset management company taking part in discretionary management and collective investment undertaking management on behalf of the entities of the Group. The affiliated entities are gradually transferring their assets under management to Egamo, with the aim that the majority of assets will be managed by Egamo as from 2019. Egamo S.A. was managing €8.2 billion of assets under management as at 30 June 2018..

Further information on the Group's investment policies is available in paragraph C.3.1.1 of the 2018 Prudential Group SFCR (as defined in the section "Documents incorporated by reference").

5.2. Funding and Liquidity

The Issuer has not to-date issued subordinated or senior debt. As a UMG, its funding relies on contributions at the time of affiliation and annual membership contributions by its affiliated entities. Pursuant to the affiliation agreements, the affiliated entities have undertaken to pay any contribution requested by the Issuer.

The Issuer does not have shareholders but only affiliated members that are *mutuelles* with no shareholders either. Therefore, there is no dividend distribution at the Issuer's level nor at the affiliated members' level: earnings are fully retained within the Group and strengthen its own funds.

The financial debt leverage, as calculated by Fitch Ratings, was 6% at end-2017.

5.3. Solvency and own funds

The Issuer's solvency risks are monitored under the current regulatory framework for solvency requirements, known as "Solvency II".

The Issuer verifies the availability and eligibility of its own funds and of those of its affiliated entities to cover the group's SCR. The fungible and transferable nature of the own funds of the Issuer are analysed taking into account the financial solidarity mechanism as specified in the affiliation agreements of the Issuer applicable at the end of 2018.

The regulatory view does not take into account the changes in the affiliation agreements which were revised on 1 January 2018, in particular in order to strengthen the solidarity links between the affiliated entities of the UMG, thereby increasing the capital eligible for the group's SCR.

The Issuer completes the analysis with a so-called "aggregated" approach in which 100% of the available own funds of the affiliated entities are allowed (without taking into account the financial solidarity mechanism).

Solvency Capital Requirement and Minimum Capital Requirement

As at 31 December 2018, the Prudential Group's SCR coverage ratio was 160 per cent., with a solvency capital requirement of €2,447 million with the following breakdown by risk sub-module:

EUR Million	**SCR**
Market SCR	1,558
Default SCR	173
Life SCR	393
Non-life SCR	12
Health SCR	1,363
Diversification	-968
Intangible SCR	1
BSCR	**2,531**
Operational SCR	215
Adjustment	307
SCR	**2,439**
NCP SCR	8
OFS SCR	-
Consolidated SCR	**2,447**

As at 31 December 2018, the Prudential Group's minimum consolidated group solvency capital requirement was € 876 million.

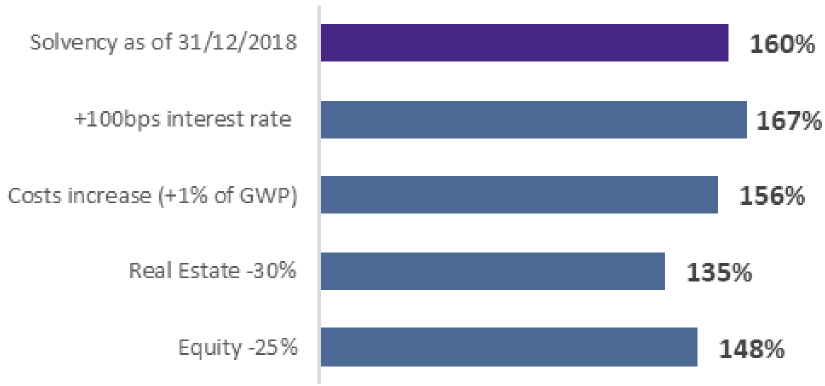
Own funds and subordinated liabilities

As at 31 December 2018, the Prudential Group's total amount of available and eligible own funds to cover the solvency capital requirement was €3,920 million.

The comparison of the SCR and the available and eligible own funds of the Prudential Group using the prudential approach and the aggregated approach, as at 31 December 2018, is as follows:

EUR Million	Aggregated approach	Regulatory approach
Eligible own funds	5,520	3,920
Consolidated SCR	2,447	2,447
SCR coverage (%)	**226**	**160**

The Prudential Group's Solvency II sensitivities, as at 31 December 2018, are the following (it being specified that these are calculated without taking into account SMACL Assurances, Mutuelle Mare Gaillard, RMA and Sphéria Vie):



5.4. Ratings

On 28 January 2019, Fitch Ratings ("**Fitch**") has issued two ratings with regards to the Issuer and the Group's main operating entities.

Fitch assigned to the Group's main operating entities (Harmonie Mutuelle, MGEN, Mutex SA, MGEFI, MNT) an Insurer Financial Strength (IFS) rating of A+ (Strong).

Fitch has also assigned to the Issuer a Long-Term Issuer Default Rating (IDR) of A.

The outlooks for both ratings are stable. Fitch indicated that "the ratings reflect Groupe VYV's strong business profile, very strong capitalization and leverage, low profitability and moderate asset risk".

6. ISSUER'S BOARD OF DIRECTORS AND MANAGEMENT OF THE ISSUER

6.1. Board of Directors of the Issuer

Composition and powers of the Board of Directors

The Issuer is administered by a board of directors (the "**Board of Directors**") which is granted all powers, within the limits set by the applicable regulation and the articles of association, other than those expressly reserved to the general assembly (*Assemblée générale*), to make decisions necessary or useful to the management and the development of the Issuer and to ensure their implementation.

The Board of Directors was composed, as at 31 December 2018, of 25 members which have been elected by the general assembly for a six-year mandate. There are as many Board members as affiliated entities, with an additional member for each affiliated entity reaching a 3.8 million euros threshold of cumulated contributions to the establishment fund by affiliated entities or family of affiliated entities.

Committees of the Board of Directors

The Board of Directors relies on various committees. These are subcommittees of the Board of Directors and therefore solely comprise directors of the Issuer, apart from the audit committee which may include experts who are not directors. They are dedicated to compliance with the regulatory framework and in particular Solvency II, and compliance with good governance practices.

The Board of Directors has five committees: (i) the audit committee, (ii) the risk committee, (iii) the finance committee, (iv) the remuneration committee and (v) the appointments committee.

6.2. Management of the Issuer by two executive managers

In accordance with the provisions of the French *Code de la mutualité*, the management of unions is ensured by at least two persons. The Chairman of the Board of Directors and the Chief Executive Officer are the persons who effectively run the Issuer *(dirigeants effectifs)* within the meaning of article R. 211-15 of the French *Code de la mutualité*.

The Issuer's Chairman of the Board of Directors (*Président*) is Mr Thierry BEAUDET.

The Issuer's Chief Executive Officer (*Directeur Général*) is Mr Stéphane DEDEYAN.

6.3. Executive Committee

The Executive Committee is responsible for the operational implementation of the strategy defined by the Board of Directors.

The Executive Committee is composed of Stéphane Dedeyan (Chief Executive Officer), Philippe Cotta (Head of Healthcare and Housing), Catherine Touvrey (Head of Insurance and Financial Protection, and Chief Executive Officer of Harmonie Mutuelle), Isabelle Hébert (Head of Services and Chief Executive Officer of MGEN), Jean-Philippe Allory (Head of Group Collective development), Isabelle Dréno (Group Chief Financial and Risk Officer), Romain Rouquette (Head of Group General Secretariat), Franck Hertzberg (Head of Group Human Resources), Jean-Yves Larour (Head of Group Communications), Christian Pasquetti (Head of Information Systems and Chief Executive Officer of MGEFI) and Laurent Adouard (Head of Distribution and Chief Executive Officer of MNT).

The Head of Strategical Transformation is also a member of the Executive Committee, but this function is currently vacant.

6.4. Risk management framework

The Issuer's risk management system is part of an overall framework involving various players.

The Board of Directors has an overall view and ensures that the strategy defined is implemented in each entity. The Executive committee also has a cross-functional view and receives regular reports on all of the group's businesses. Finally, the group key functions provide overall coordination of the work carried out in the other entities, in particular by the dedicated committees of the Board of Directors as described in paragraph 6.1.

More particularly, the Risk Management key function is responsible for leading the Group's risk management system. As such, it is in charge of identifying major risks, monitoring the risk profile, and conducting the group's Own Risk Self-Assessment ("**ORSA**"). In association with its counterparts in the entities, it is responsible for coordinating methods and drawing up the group reports (Solvency and Financial Condition Report and ORSA).

7. HISTORICAL FINANCIAL INFORMATION AND STATUTORY AUDITORS

The Issuer establishes its own financial statements on an annual basis. Its financial year starts on 1 January and ends on 31 December of each year.

As combining entity (*entité combinante*), the Issuer also establishes combined financial statements (*comptes combinés*) for the entities included in the combination perimeter as described in paragraph 2 *(Group structure)* above.

Both the combined and the Issuer's financial statements are audited by:

- Valerie DAGANNAUD, auditor from Grant Thornton, 29, rue du Pont, 92200 Neuilly sur Seine; and
- Pascal PARANT, auditor from Mazars, 61, avenue Henri Regnault, 92075 Paris La Défense.

8. MATERIAL CONTRACTS

There are no material contracts that are not entered into the ordinary course of the Issuer's business which could result in the Issuer being under an obligation or entitlement that would be material to the Issuer's ability to meet its obligation to Bondholders in respect of the Bonds being issued, other than as described in this section "Description of the Issuer and the Group".

9. RECENT DEVELOPMENTS

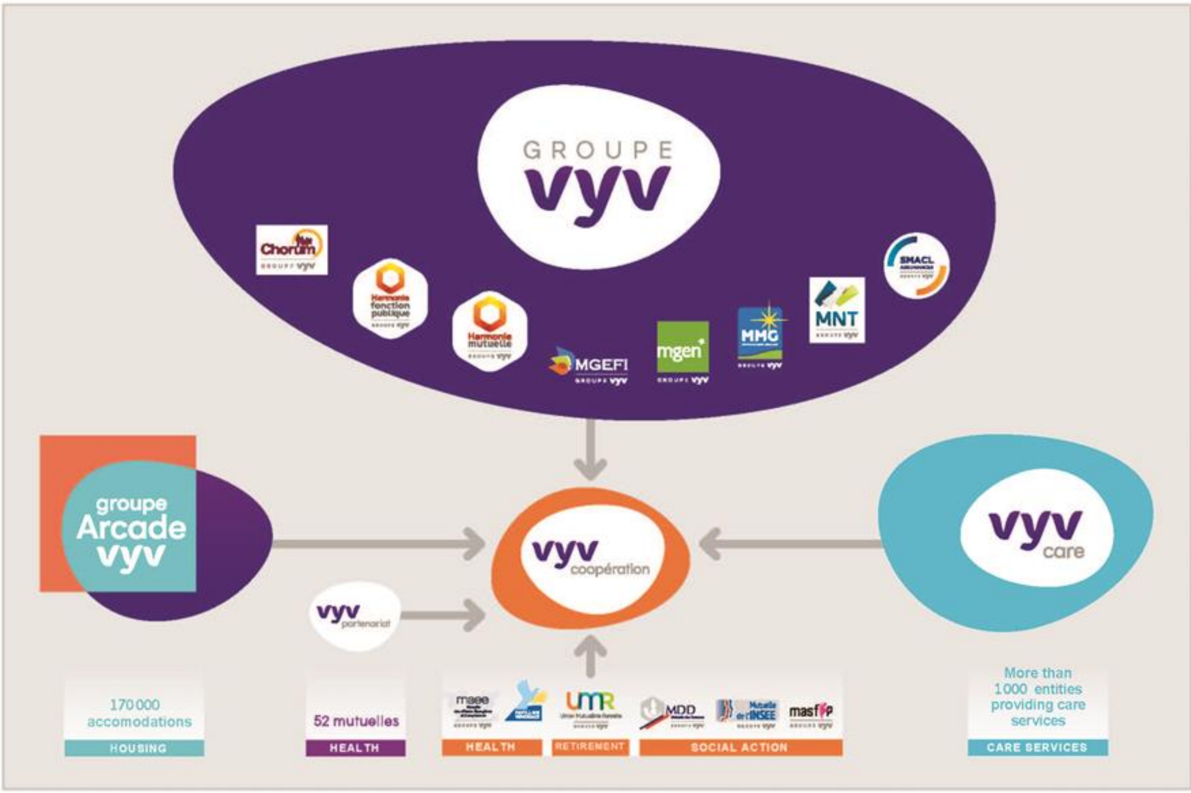
In January 2019, the Issuer has welcomed two new affiliated entities, Chorum and SMACL Assurances:

- **Chorum** is the Group's reference *mutuelle* dedicated to social and solidarity-based economy professionals. It provides companies and employees of such a sector with a global range of insurance and services tailored to their needs in terms of health, healthcare, savings, property and casualties insurance, pension and social engineering; and
- **SMACL Assurances** is a *société d'assurance mutuelle* for local authorities, public entities and elected representatives. Due to its expertise in terms of damage and goods insurance, it is the Group's reference entity for property and casualties insurance.

At the time of their affiliation to the UMG, Chorum has contributed €0.6 million to the establishment fund and €0.4 million to the solidarity fund, while SMACL Assurances has contributed €2.16 million to the establishment fund and €1.44 million to the solidarity fund.

In addition, the Group has announced in January 2019 its intention to contribute to housing services in collaboration with Groupe Arcade. This partnership is expected to be implemented in June 2019. The common offer of Groupe Arcade-VYV will bring together social protection and housing expertises to build an innovative social housing model. In particular, the partnership intends to develop housing models tailored to the needs of different categories of the population such as dedicated and scalable housing for aging persons or student housing. While the synergies between the groups still have to be analysed, the following have already been identified: common values, territorial coverage and complementary expertise. Upon implementation of this partnership, the Group's housing activities will constitute a third pillar of the Group's activities, coming in addition to its existing two pillars relating to its insurance activities and its non insurance activities, the latter covering mainly healthcare and related services.

A broad overview of the Group's environment including the affiliated entities Chorum and SMACL Assurances, and with Groupe Arcade VYV is as follows:



TAXATION

The following is an overview addressing certain withholding tax considerations in France relating to the holding of the Bonds. This overview is based on the tax laws and regulations of France as in force and applied by the French tax authorities at the date of this Information Memorandum, all of which may be subject to change or to different interpretation, potentially with a retroactive effect. This overview is for general information and does not purport to address all French tax considerations that may be relevant to specific Bondholders in light of their particular situation. Persons considering the purchase of Bonds should consult their own tax advisers as to French tax considerations relating to the purchase, ownership and disposition of Bonds in light of their particular situation.

Withholding taxes on payments made outside France

Payments of interest and other revenues made by the Issuer with respect to the Bonds will not be subject to the withholding tax set out under Article 125 A III of the French *Code général des impôts* unless such payments are made outside France in certain non-cooperative States or territories (*Etats ou territoires non coopératifs*) within the meaning of Article 238-0 A of the French *Code général des impôts* (a "**Non-Cooperative State**" or "**Non-Cooperative States**"). If such payments under the Bonds are made outside France in certain Non-Cooperative States, a 75 per cent. withholding tax will be applicable (subject to certain exceptions and to the more favourable provisions of an applicable double tax treaty) by virtue of Article 125 A III of the French *Code général des impôts*.

Furthermore, in application of Article 238 A of the French *Code général des impôts*, interest and other revenues on the Bonds are not deductible from the Issuer's taxable income if they are paid or accrued to persons domiciled or established in a Non-Cooperative State or paid to an account held with a financial institution established in such a Non-Cooperative State (the "**Deductibility Exclusion**"). Under certain conditions, any such non-deductible interest and other revenues may be recharacterised as constructive dividends pursuant to Articles 109 et seq. of the French *Code général des impôts*, in which case such non-deductible interest and other revenues may be subject to the withholding tax set out under Article 119 *bis* 2 of the French *Code général des impôts*, at a rate of (i) 30 per cent. (to be aligned on the standard corporate income tax rate set forth in Article 219-I of the French *Code général des impôts* for fiscal years beginning as from 1 January 2020) for payments benefiting legal persons who are not French tax residents, (ii) 12.8 per cent. for payments benefiting individuals who are not French tax residents or (iii) 75 per cent. for payments made outside France in certain Non-Cooperative States (subject to certain exceptions and to the more favourable provisions of an applicable double tax treaty).

Notwithstanding the foregoing, neither the 75 per cent. withholding tax set out under Article 125 A III of the French *Code général des impôts* nor, to the extent that the relevant interest and other revenues relate to genuine transactions and are not in an abnormal or exaggerated amount, the Deductibility Exclusion (and therefore the withholding tax set out under Article 119 *bis* 2 of the French *Code général des impôts* that may be levied as a result of the Deductibility Exclusion) will apply in respect of the Bonds if the Issuer can prove that the main purpose and effect of the issue of the Bonds were not that of allowing the payments of interest or other revenues to be made in a Non-Cooperative State (the "**Exception**"). Pursuant to the *Bulletin Officiel des Finances Publiques-Impôts* BOI-INT-DG-20-50-20140211 n°550 and 990, BOI-RPPM-RCM-30-10-20-40-20140211 n°70 and 80 and BOI-IR-DOMIC-10-20-20-60-20150320 n°10, the Bonds will benefit from the Exception without the Issuer having to provide any proof of the purpose and effect of the issue of the Bonds if the Bonds are *inter* *alia* admitted, at the time of their issue, to the operations of a central depositary or of a securities payment and delivery systems operator within the meaning of Article L.561-2 of the French *Code monétaire et financier*, or of one or more similar foreign depositaries or operators provided that such depositary or operator is not located in a Non-Cooperative State.

Since the Bonds will be admitted, at the time of their issue, to the operations of Euroclear France, the Bonds will benefit from the Exception and will therefore be exempt from the withholding tax set out under Article 125 A III of the French *Code général des impôts*. In addition, they will be subject neither to the Deductibility Exclusion nor to the withholding tax set out under Article 119 *bis* 2 of the same *Code* solely on account of their being paid to an account opened in a financial institution established in a Non-Cooperative State or accrued or paid to persons domiciled or established in a Non-Cooperative State.

Withholding taxes on payments made to individuals fiscally domiciled in France

Where the paying agent (*établissement payeur*) is established in France, pursuant to Article 125 A I of the French *Code général des impôts* and subject to certain exceptions, interest and other similar revenues received by individuals who are fiscally domiciled (*domiciliés fiscalement*) in France are subject to a 12.8 per cent. withholding tax, which is deductible from their personal income tax liability in respect of the year in which the payment has been made. Social contributions (CSG, CRDS and solidarity levy) are also levied by way of withholding at a global rate of 17.2 per cent. on such interest and other similar revenues paid to individuals who are fiscally domiciled (*domiciliés fiscalement*) in France, subject to certain exceptions.

All prospective Bondholders should seek independent advice as to their tax positions.

SUBSCRIPTION AND SALE

Subscription Agreement

Natixis (the "**Sole Bookrunner**") has, pursuant to a subscription agreement dated 28 June 2019 (the "**Subscription Agreement**"), agreed with the Issuer, subject to the satisfaction of certain conditions, to procure subscriptions and payment for, and failing which, to subscribe for the Bonds at an issue price equal to 99.198 per cent. of the principal amount of the Bonds, less any applicable commission. In addition, the Issuer will pay certain costs incurred by it and the Sole Bookrunner in connection with the issue of the Bonds.

The Sole Bookrunner is entitled to terminate the Subscription Agreement in certain limited circumstances prior to the issue of the Bonds.

General Selling Restrictions

The Sole Bookrunner has agreed to observe all applicable laws and regulations in each jurisdiction in or from which it may acquire, offer, sell or deliver Bonds or have in its possession or distribute this Information Memorandum or any other offering material relating to the Bonds. No action has been, or will be, taken in any country or jurisdiction that would, to the best of the Sole Bookrunner's knowledge, permit a public offering of the Bonds, or the possession or distribution of this Information Memorandum or any other offering material relating to the Bonds, in any country or jurisdiction where action for that purpose is required. Accordingly, the Bonds may not be offered or sold, directly or indirectly, and neither this Information Memorandum nor any circular, information memorandum, form of application, advertisement or other offering material relating to the Bonds may be distributed in or from, or published in, any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations and all offers and sales of Bonds by it will be made on the same terms.

Prohibition of Sales to EEA Retail Investors

The Sole Bookrunner has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds to any retail investor in the EEA. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

(ii) a customer within the meaning of the IDD, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

France

The Sole Bookrunner has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, any Bonds to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, directly or indirectly, the Information Memorandum or any other offering material relating to the Bonds and such offers, sales and distributions have been and will be made in France only to (a) persons providing investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), and/or (b) qualified investors (*investisseurs qualifiés*), other than individuals, acting for their own account, as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier*

United Kingdom

The Sole Bookrunner has represented and agreed that:

(i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "FSMA")) received by it in connection with the issue or sale of the Bonds in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

(ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

United States

The Bonds have not been and will not be registered under the Securities Act or the securities law of any U.S. state, and may not be offered or sold, directly or indirectly, in the United States of America or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or such state securities laws. The Bonds are being offered and sold only outside of the United States to non-U.S. persons in reliance upon an exemption from registration under the Securities Act pursuant to Regulation S.

The Sole Bookrunner has represented and agreed that:

(i) it has not offered or sold, and will not offer or sell, the Bonds (a) as part of their distribution at any time or (b) otherwise until forty (40) calendar days after the later of the commencement of the offering and the issue date of the Bonds, within the United States or to, or for the account or benefit of, U.S. persons and,

(ii) it will have sent to each distributor or dealer to which it sells Bonds during such forty (40) calendar days' period a confirmation or other notice setting forth the restrictions on offers and sales of the Bonds within the United States or to, or for the account or benefit of, U.S. persons.

Terms used in this paragraph and not otherwise defined in this Information Memorandum have the meanings given to them in Regulation S.

In addition, until forty (40) calendar days after the commencement of the offering of the Bonds, an offer or sale of Bonds within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

GENERAL INFORMATION

1. The Bonds have been accepted for clearance through Euroclear France, Clearstream and Euroclear. The International Securities Identification Number (ISIN) for the Bonds is FR0013430840. The Common Code number for the Bonds is 202068707.

2. The address of Euroclear France is 66, rue de la Victoire, 75009 Paris, France. The address of Euroclear is 1 boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream is 42 avenue John Fitzgerald Kennedy, L-1855 Luxembourg, Grand-Duchy of Luxembourg.

3. Application has been made to Euronext Growth for the Bonds to be admitted to trading on Euronext Growth on 2 July 2019.

4. The issue of the Bonds was authorised by a resolution of the general meeting (*Assemblée Générale*) of the Issuer dated 4 June 2019 and resolutions of the Board of Directors (*Conseil d'administration*) of the Issuer dated 4 June 2019 and a decision of the Chief Executive Officer (*Directeur Général*) of the Issuer dated 26 June 2019.

5. Copies of:

   (i) the *statuts* of the Issuer;

   (ii) the Fiscal Agency Agreement;

   (iii) this Information Memorandum; and

   (iv) the documents incorporated by reference in this Information Memorandum,

   will be available for inspection during the usual business hours on any week day (except Saturdays, Sundays and public holidays) at the registered office of the Issuer.

   This Information Memorandum and the documents incorporated by reference in this Information Memorandum will be published on the website of the Issuer (https://www.groupe-vyv.fr/actualites/).

6. Save as disclosed in the Information Memorandum, there has been no significant change in the financial or trading position of the Issuer or of the Combined Group since 31 December 2018. Save as disclosed in the Information Memorandum, there has been no material adverse change in the prospects of the Issuer since 31 December 2018.

7. Save as disclosed in the Information Memorandum, the Issuer is not involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), during the twelve (12) months preceding the date of this Information Memorandum which may have, or have had in the recent past, significant effects on the Issuer or the Combined Group's financial position or profitability.

8. Mazars (Tour Exaltis, 61, rue Henri Regnault, 92075 La Défense cedex, France) and Grant Thornton (29, rue du Pont, 92200 Neuilly, France) are the statutory auditors of the Issuer. Mazars and Grant Thornton have audited, and rendered unqualified reports on, the consolidated financial statements of the Issuer as at, and for the two years ended, 31 December 2017 and 31 December 2018. Grant Thornton and Mazars are registered as *Commissaires aux Comptes*

(members of the *Compagnie Nationale des Commissaires aux Comptes* and the *Compagnie Régionale de Versailles*) and are regulated by the *Haut Conseil du Commissariat aux Comptes*.

9. The estimated costs for the admission to trading are €9,600.

10. The yield in respect of the Bonds is 1.625 per cent. *per annum* and is calculated on the basis of the issue price of the Bonds. It is not an indication of future yield.

11. The Issuer is rated A (stable outlook) and the Bonds are expected to be assigned a rating of A- by Fitch France S.A.S.. The credit rating included or referred to in this Information Memorandum have been issued by Fitch France S.A.S., which is established in the European Union and registered under the CRA Regulation, as amended, and included in the list of credit rating agencies registered in accordance with the CRA Regulation published on the European Securities and Markets Authority's website (www.esma.europa.eu/supervision/credit-rating-agencies/risk) as of the date of this Information Memorandum. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency.

12. This Information Memorandum contains certain statements that are forward-looking including statements with respect to the Issuer's and the Combined Group's business strategies, expansion and growth of operations, trends in the business, competitive advantage, and technological and regulatory changes, information on exchange rate risk and generally includes all statements preceded by, followed by or that include the words "believe", "expect", "project", "anticipate", "seek", "estimate" or similar expressions. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in the forward-looking statements as a result of various factors. Potential investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date hereof.

13. In connection with the issue of the Bonds, Natixis (the "**Stabilising Manager**") (or any person acting on behalf of the Stabilising Manager) may over-allot Bonds or effect transactions with a view to supporting the market price of the Bonds at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Bonds is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 calendar days after the Issue Date and 60 calendar days after the date of the allotment of the Bonds. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager (or any person acting on behalf of the Stabilising Manager) in accordance with all applicable laws and regulations.

14. The Issuer's Legal Entity Identifier is 969500E0I6R1LLI4UF62.

PERSONS RESPONSIBLE FOR THE INFORMATION GIVEN IN THE INFORMATION MEMORANDUM

I hereby certify, after having taken all reasonable care to ensure that such is the case, that the information contained or incorporated by reference in this Information Memorandum is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

UMG Groupe VYV

33, avenue du Maine
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75755 Paris Cedex 15
France

Duly represented by:
Stéphane Dedeyan
Chief Executive Officer (*Directeur Général*)
Dated 28 June 2019

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