

Technip

Société anonyme

with registered capital of de €84,508,909.71

Registered Office: 89 avenue de la Grande Armée

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**SUPPLEMENTARY REPORT FROM THE CHAIRMAN AND CHIEF
EXECUTIVE OFFICER ON THE ISSUANCE OF BONDS CONVERTIBLE
INTO AND/OR EXCHANGEABLE FOR NEW OR EXISTING TECHNIP
SHARES**

In accordance with articles L.225-129-5 and R.225-116 of the *Code de commerce* (French Commercial Code), the Chairman and Chief Executive Officer of Technip (the « Company ») has issued a report which supplements the Board of Directors' report to the Shareholders' Combined General Meeting held on April 28, 2011 (the « General Meeting ») describing the conditions under which the Board of Directors and, upon delegation from the Board, the Chairman and Chief Executive Officer have used the authorizations approved under the fourteenth resolution of the General Meeting.

I. Delegation by the Shareholders' General Meeting

The Chairman recalls that the Shareholders' General Meeting has:

- In its fourteenth resolution (*Authorization granted to the Board of Directors to increase the share capital and to issue securities giving rights to the grant of debt securities, without the preferential subscription rights of shareholders (with the option to provide a priority period) and by way of a public offering*), in accordance with articles L.225-129 to L.225-129-6, L.225-135, L.225-136, L.225-148, L.228-91 to L. 228-93 of the French Commercial Code :
 1. Authorized the Board of Directors to issue, without the preferential subscription rights of shareholders by way of a public offering or as the case may be, subject to the positive vote of a specific resolution in this respect by the Shareholders' Meeting by way of an offering referenced in Article L.411-2, II, of the French Monetary and Financial Code, on one or more occasions, in the amounts and at the times that it shall decide, in France or abroad, shares as well as any other securities giving access to the Company's share capital, such shares to have the same rights as previously-issued shares, with the exception of dividend entitlement dates; it being specified that the Board of Directors may delegate to the Chief Executive Officer, or with the Chief Executive Officer's agreement, to one or more executive vice presidents, in accordance with applicable law, all powers necessary to decide the share capital increase;
 2. Authorized the Board of Directors to decide (1) the issuance of the Company's shares as well as any other securities giving access to the Company's share capital, following the issuance by a company in which the Company holds directly or indirectly more than one-half of the capital, of the securities giving access to the Company's share and (2) the issuance of shares or securities by the Company giving access to a company's share capital in which it holds directly or indirectly more than one-half of the capital.

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3. Decides to expressly exclude any issuance of preference shares or securities giving rights to preference shares;
4. Decided that the nominal amount of the share capital increases that may be carried out either immediately or in the future pursuant to this resolution may not exceed a total nominal amount of €8 million, it being specified that this amount shall be applied toward the total nominal maximum amount of €40 million set forth in the thirteenth resolution in this Shareholders' Meeting and that this amount does not take into account any adjustments that may be carried out pursuant to applicable law or regulations and, as applicable, any contractual provisions providing for other cases of adjustment, to preserve the rights of holders of securities or other rights giving access to the share capital;
5. Also authorized the Board of Directors to issue securities giving rights to the Company's debt securities;
6. Decided that the total amount of securities representing debt securities, or which give access to the share capital or to debt securities of the Company, which may be issued pursuant to this resolution is limited to a maximum of €2.5 billion or its equivalent in the event of issuances in foreign currency or units set in reference to multiple currencies, it being specified that this amount shall be applied toward the limit of €2.5 billion set forth in the thirteenth resolution of this Shareholders' Meeting;
7. Decided to eliminate the preferential subscription rights of shareholders with respect to the securities to be issued pursuant to this resolution. The Board of Directors may, however, grant the shareholders a priority period regarding all or part of the issuance for the time period and subject to the conditions that it shall determine in accordance with the provisions of the second paragraph of Article L.225-135 of the French Commercial Code. This priority period will not give rise to the creation of negotiable rights;
8. Acknowledges that this resolution automatically acts, in favor of the holders of securities issued pursuant to this resolution and giving access to the Company's share capital, as a waiver by the shareholders of their preferential subscription rights with respect to the shares to which such securities give right;
9. Decided that:
 - The issuance price of the shares will be at least equal to the minimum provided for by the regulations applicable as of the day of issuance, *i.e.*, as of today, to the weighted average of the share prices over the three trading days preceding the determination of the issuance price, with the possibility of being reduced by a maximum discount of 5%, after correcting for, as applicable, any difference in dividend entitlement dates;
 - The issuance price of the securities giving access to the Company's share capital will be such that the amount immediately received by the Company, increased, as applicable, by such amount as may be received subsequently by the Company, will be equal, for each share issued as a result of the issuance of these securities, to at least the minimum issuance price described in the section above.

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10. Decides that the Board of Directors may use this authorization for the purposes of compensating securities tendered to a public exchange offer initiated by the Company, within the limits and subject to the conditions provided for in Article L.225-148 of the French Commercial Code;
 11. Decides that this resolution voids the authorization granted by the Extraordinary Shareholders' Meeting of April 30, 2009 in its sixteenth resolution.
- Decided that this authorization is valid for a period of 26 months starting from this Shareholders' Meeting date.

II. Delegation by the Board of Directors

In its meeting held on October 25, 2011, the Board ruled as follows:

- By virtue of the delegation of authority conferred by the fourteenth and fifteenth resolutions of the Shareholders' Combined General Meeting on April 28, 2011, the Board of Directors decided on the issuance by the Company, by way of a public offering and/or an offering referenced in Article L411-2,II, of the French Monetary and Financial Code without the preferential rights of shareholders and without a priority period, of Bonds convertible into and/or exchangeable for new or existing shares (the "Bonds") for up to a maximum principal amount of €550 million (this amount would include the over-allotment option that could be provided for), the total amount of the capital increase that could, as the case may be, result from the conversion, on one or more occasions, of the Bonds into new shares of the Company being set up at €8 million, the amount to which must be added the par value of the additional shares that may be issued in order to maintain the rights of the Bondholders pursuant to applicable law and regulation and terms and conditions of the Bonds;
- The Board of Directors delegates to its Chairman and Chief Executive Officer, with the option to sub-delegate to the extent provided under applicable law, including but not limited to all of the powers needed to carry out the following:
 - o Decide to proceed with the issue of Bonds and more generally to announce and launch the transaction or, as the case may be, to decide not to carry out the issuance, based in particular on market conditions;
 - o Determine the timeframe for the issuance of Bonds within the limits approved by the Shareholders' Combined General Meeting on April 28, 2011 and this Board decision;
 - o Determine the number and principal amount of the Bonds, as well as the total principal amount of the capital increases that may be carried out in the event of a conversion of the Bonds, depending upon the distribution of existing and new shares to be decided by him or her, within the limits approved by the Shareholders' Combined General Meeting on April 28, 2011 and this Board decision; determine the amount of the conversion premium and the rights entitlement date, even retroactive, of the shares that will be issued;

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- Determine the terms and features of the Bonds that will be issued;
- Determine their price and their terms and conditions, in particular the applicable interest rate, the term of the borrowing and the terms of its redemption;
- Establish the terms for the repurchase and redemption at maturity and, if applicable, the early redemption of the Bonds as well as the terms that will apply to a decision by the Company to hold, cancel, transfer, sell or grant as guarantees any Bonds that it redeems;
- Establish the terms in the event of an exchange or conversion into new or existing shares, determine at its sole discretion, in the event of the exercise of the conversion or exchange option by any Bondholder, whether new shares should be issued or existing treasury shares should be delivered, proceed with the acquisition of shares of the Company within the limits established in the applicable resolutions of the Shareholders' General Meeting, in accordance with applicable law and regulations, and determine at its sole discretion the origin of the existing shares that are to be delivered;
- Establish the terms that will apply to the maintenance of the Bondholders' Rights;
- Determine the terms of the report provided for in Article R.225-116 of the French Commercial Code;
- Obtain all authorizations, enter into any agreements (including in particular the underwriting agreement that is to be executed with the banking institutions that will be handling the placement of the Bonds and the financial services agreement) and prepare and sign all documents that are necessary for the completion of the transaction, in particular any prospectus relating to this transaction and any information documents relating thereto;
- Perform any filings, formalities, necessary procedures and notifications, in particular with the stock market authorities; and
- Generally take any useful measures to ensure the success of the Bond issue, the listing and the servicing of the securities that are issued, as well as the resulting adjustments, and to record the increase(s) of capital resulting from any issue of new shares as a result of the conversion of the Bonds into shares of the Company, make any corresponding modifications of the by-laws and request the listing of the Bonds and the new shares of the Company on Euronext Paris, and/or, if needed, on any other regulated securities market;
- Decided also that its Chairman and Chief Executive Officer should decide the issuance of the Bonds at the latest on June 30, 2012;
- Remind that this authorization involves automatically in favor of the Bondholders, as a waiver by the existing shareholders of their preferential subscription rights with respect to the shares which should be issued by the Bondholders thanks to their conversion rights;

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- Decide that the Chairman and Chief Executive Officer should report to the Board of Directors of the use of these issuance powers.

The Board of Directors deliberations are attached to this supplementary report as an annex.

III. Decisions by the Chairman

The Chairman and Chief Executive Officer, by the powers granted to him by the Board of Directors in the above-mentioned delegation decided notably:

- In a decision dated December 7, 2011 at 7:45 a.m. and in accordance with the preliminary terms and conditions contained in the launch press release attached to the decision as an annex, to carry out an issuance of Bonds in a nominal principal amount of approximately €400 million which may be increased to a maximum of €500 million principal amount pursuant to the Company's ability to extend and an over-allotment option in accordance with the preliminary terms and conditions, including those stipulating an interest rate of between 0.25% and 0.875% and a conversion premium of between 30% and 35%;
- In a decision dated December 7, 2011 at 12:30 a.m., following a bookbuilding process, to set the final terms and conditions of the offering and, in particular, the nominal amount of this offering (*i.e.*, €449,999,943.81 before exercise of the over-allotment option), the number of Bonds to be issued (*i.e.*, 4,683,109 Bonds before exercise of the over-allotment option), the par value of each Bond (*i.e.*, €96.09 each, representing an issue premium of 35% over the volume-weighted average price of Technip's shares from the beginning of trading on December 7, 2011, until the setting of the final terms of the Bonds (*i.e.*, €71.18), the issuance price of the Bonds (at par, *i.e.*, €96.09, payable in one installment on the Issue Date), the gross annual yield (*i.e.*, 0.25%) and the annual interest rate (0.25% per annum). Interest will be payable annually in arrears on January 31 of each year or on the following business day if such date is not a business day, the first interest payment being made on January 31, 2012;
- In a decision dated December 13, 2011, to increase the size of the insurance to €497,597,740.95 represented by 5,178,455 Bonds, in light of the underwriters' decision to exercise their over-allotment option.

These decisions dated December 7, 2011 at 7:45 a.m, December 7, 2011 at 12:30 a.m. and December 13, 2011 were duly reported to the Board and are attached to this supplementary report as an annex.

IV. Methodology and Justification of determination of issuance price

The Bonds' issuance price and the bases of conversion were determined by taking into account all of the relevant parameters, such as the trends in general securities markets and especially trends in the Company's shares, interest rate differentials vis-à-vis the reference bond market, the various options that the Company benefits from (early redemption, possible conversion into existing shares), and financial conditions for

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comparable securities observed on the Paris Euronext market. The issue price represents an issue premium of 35% over the reference price of €71.18 per share used for this issuance (which was based on the volume-weighted average of the Company's share prices quoted on Euronext Paris from the opening of the market on December 7, 2011 until the final terms of the Bonds were determined the same day).

In accordance with applicable law and regulation, the issuance price of the shares issued upon conversion of the Bonds will be at least equal to the weighted average of the Company's share prices over the three trading days preceding the launch of the offer, with the possibility of being reduced by a maximum discount of 5%.

V. Impact of the issuance

1. Impact of the issuance on shareholders' proportion of equity

By way of illustration, the impact of the issuance and of the conversion into new shares or exchange into existing shares of all of the Bonds on the consolidated shareholders' equity per share attributable to the Group (calculated on the basis of the consolidated shareholders' equity per share of the Company attributable to the Group as of June 30, 2011 as reflected in the consolidated financial statements as of June 30, 2011, and the number of shares comprising the share capital of the Company as of such date, after deduction of treasury shares held by the Company) would be as follows:

	Consolidated Shareholders' Equity per share Attributable to the Group (in €)	
	Non-diluted basis	Diluted basis ⁽¹⁾
Before issuance of Bonds	31	33.67
After issuance and conversion or exchange of 5,178, 455 Bunds ⁽²⁾	33.97	36.20

⁽¹⁾ *Potentially dilutive instruments are described on pages 88 to 90, 109 to 113, 157 to 162, 190 to 192 of the Reference Document.*

⁽²⁾ *If the over-allotment option is exercised in full.*

2. Impact of the issuance on shareholders' situation

By way of illustration, the impact of the issuance and of the conversion into new shares of all of the Bonds on the equity interest of a shareholder holding 1% of the Company's share capital prior to the issue and not subscribing to the issue (calculated based on the number of shares comprising the share capital of the Company as of June 30, 2011) would be as follows:

	Holding of the Shareholder (as a %)	
	Non-diluted basis	Diluted basis ⁽¹⁾
Before issuance of Bonds	1.00 %	0.89 %
After issuance and conversion or exchange of 5,178, 455 Bunds ⁽²⁾	0.96 %	0.85 %

⁽¹⁾ *Potentially dilutive instruments are described on pages 88 to 90, 109 to 113, 157 to 162, 190 to 192 of the Reference Document.*

⁽²⁾ *If the over-allotment option is exercised in full.*

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3. Impact of the issuance on the market price of Technip shares

By the way of illustration, the theoretical impact of the issuance and conversion into new shares of all the Bonds on the current market price of Technip shares, *i.e.*, €66.27 (the volume-weighted average price of Technip shares over the 20 trading days preceding December 7, 2011) would, in the absence of any adjustments, be as follows:

	Number of shares (as of June 30, 2011)	Market price per shares (in €)
Before issuance of Bonds (after deduction of treasury shares)	108,105,053	66.27
After issuance and conversion of the Bonds ⁽²⁾ (non-diluted basis)	113,283,508	67.60
After issuance and conversion of the Bonds ⁽²⁾ (diluted basis ⁽¹⁾)	127,948,912	65.97

⁽¹⁾ *i.e.*, a total number of 122,770,457 as of June 30, 2011 (after deduction of treasury shares) on a fully-diluted basis, given the conversion of all potentially dilutive and non-dilutive financial instruments issued by the Company outstanding as of June 30, 2011, *i.e.*, 8,046,873 share subscription or share purchase options not yet exercised as well as 6,618,531 bonds convertible into and/or exchangeable for new or existing shares issued November 17, 2010 by the Company.

⁽²⁾ *Including Bonds resulting from the exercise of the over-allocation option.*

The market price (on a non-diluted basis) was obtained by taking the market capitalization prior to the transaction, corresponding to the volume-weighted average share price of Technip shares over the 20 trading days preceding December 7, 2011 (*i.e.*, €66,27) multiplied by the number of shares outstanding (*i.e.*, 108,105,053 shares as at June 30, 2011 (after deduction of treasury shares), plus the net estimated proceeds from the issuance (*i.e.*, €493,484,410.95) and divided that sum by 113,283,508, which corresponds to the sum of the number of shares outstanding at June 30, 2011 (*i.e.*, 108,105,053 after deduction of treasury shares) and the total number of shares underlying the Bonds after the exercise of the over-allotment option (*i.e.*, 5,178,455 shares).

This report, as well as the supplementary report of the statutory auditors, was prepared in accordance with article R.225-116 of the French Commercial Code and is held at the disposition of the shareholders at the Company's headquarters and will be brought to the attention of the shareholders at the next Shareholders' General Meeting.

Signed in Paris on December 15, 2011

Chairman and Chief Executive Officer
Thierry Pilenko