

**FIRST SUPPLEMENT DATED 24 MARCH 2006  
TO THE BASE PROSPECTUS DATED 30 NOVEMBER 2005**



**CAISSE NATIONALE DES CAISSES D'ÉPARGNE ET DE PRÉVOYANCE**

Euro 25,000,000,000  
Euro Medium Term Note Programme  
for the issue of Notes

Due from one month from the date of original issue

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This Prospectus Supplement (the “**Supplement**”) is supplemental to and must be read in conjunction with the Base Prospectus dated 30 November 2005 (the “**Base Prospectus**”), prepared in relation to the €25,000,000,000 Euro Medium Term Note Programme of Caisse Nationale des Caisses d’Épargne et de Prévoyance (the “**Issuer**”).

On 30 November 2005 , the *Commission de Surveillance du Secteur Financier* (the “**CSSF**”) approved the Base Prospectus as a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the “**Prospectus Directive**”) and Article 8.4 of the Luxembourg Law on prospectuses for securities dated 10 July 2005 (the “**Luxembourg Law**”).

Terms defined in the Base Prospectus have the same meaning when used in this Supplement.

To the best knowledge of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in the Supplement is in accordance with the facts and contains no omission likely to affect its import. The Issuer accepts responsibility accordingly.

This Supplement has been prepared pursuant to Article 16 of Prospectus Directive and Article 13 of Luxembourg Law for the following purposes:

- 1) Insertion of a press release relating to the 2005 results of the issuer published by the Issuer on 22 March 2006 (the “**Press Release**”) which is reproduced in point 1 “Press Release” below;
- 2) Update of the “Recent Developments” section on pages 392, 393 and 394 of the Base Prospectus with the text inserted under point 2 “Recent development” below;
- 3) Update of the “Luxembourg Taxation” on page 395 of the Base Prospectus with the text inserted under point 3 “Luxembourg Taxation” below.

Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus since the publication of the Base Prospectus.

## **1) PRESS RELEASE**

The following is the wording from a press release issued by the Issuer on 22 March 2006 in relation to the 2005 results of the Issuer:

### **Earning capacity: well past the €2bn mark The Group demonstrates its commercial dynamism and financial strength**

*(Paris, March 22, 2006)* --- The 2005 results of Groupe Caisse d'Épargne, presented today at a meeting of the Supervisory Board of the Caisse Nationale des Caisses d'Épargne (CNCE), show considerable growth over the previous year without any significant change in the Group's structure, unlike 2004.

Earning capacity has increased by 22% to reach a total of €2.2bn. ROE stands at almost 12% on the basis of significantly increased capital funds providing a Tier One capital ratio of 9.6%.

The structure of the Group's results reflects the new balance existing between GCE's core business lines, which now include the activities of its investment-banking arm.

Groupe Caisse d'Épargne, a universal bank, has for the first time completed a full financial year following the consolidation of its investment banking subsidiaries and the inclusion of its new commercial banking structures (Banque Palatine and Entenial, in particular). The Group's financial strength is given concrete expression in the continuous growth of its capital funds, which rose from €8.8bn in 1999 (the year of its first major strategic plan) to €19.4bn at the end of 2005. Its portfolio of business activities, reinforced by the Group's prudent risk management policy, allows it to enjoy one of the best profiles in the entire French banking industry. At the same time, the results generated by its activities more than tripled over the 1999-2005 period, with an earning capacity rising from €665m in 1999 to €2.2bn today.

The exclusive negotiations launched in March 2006 with Banques Populaires within the framework of the NATIXIS project represent a new phase in the growth dynamic pursued by Groupe Caisse d'Épargne.

### **Financial results reflecting the growth dynamic and financial strength of the Group**

<i>(in millions of euros)</i>	2004 pro forma	2005	Change 05/04
<i>Net banking income</i>	9,742	10,301	+ 6%
<b>Gross operating income</b>	2,595	2,758	+ 6%
<b>Net ordinary income before tax</b>	2,439	2,864	+ 17%
<b>Earning capacity*</b>	1,770	2,154	+ 22%
<b>Capital funds (excluding minority interests) in €bn</b>	18.0	19.4	+ 7.8%
<b>Return on equity</b>	10.0%	11.9%	+ 1.9 pt

\* Earning capacity = net income (excluding minority interests) + amounts allocated to the reserve for general banking risks (excluding minority interests).

## **The Group's results**

The Group's net banking income rose 6% and passed the €10bn mark to reach a total of €10.3bn at the end of 2005. Commercial banking activities contributed €7.2bn to this total while investment banking business contributed €2.7bn.

Against a background of rapid growth in the Group's activities and core business lines – resulting in significant capital expenditure in both the commercial and investment banking arms – general operating expenses rose by 5.5% (€7.5bn). This increase also includes, for 2005, expenses related to investments made, firstly, in connection with new regulations (IFRS, Basel II reform) and, secondly, to reinforce the monitoring and management of risk.

Gross operating income rose 6% to reach a total of €2.8bn.

As a result, the operating efficiency ratio is marginally down at 73.2%.

Net additions to provisions having an impact on the Group's results have been reduced by €155m to stand at an aggregate €192m. If account is taken of the impact on net worth of the new methods to determine the net present value of provisions, almost 60% of the value of non-performing loans was covered by specific provisions at December 31, 2005.

Net income (excluding minority interests) – which also benefits from exceptional items (fiscal impact resulting from the revaluation of the Group's pension commitments, realization of capital gains on equity investments) – rose by 25% to €2.1bn, while the Group's earning capacity increased by 22% to reach a total of €2.2bn. The Group has consistently pursued its drive to improve its financial results since the launch of its 1999 strategic plan: after doubling its earning capacity between 1999 (€665m) and 2003 (€1,356m), the Group has achieved further growth of almost 60% in the space of two years, equal to a 3-fold increase over the past six years.

As a result, the Group's capital funds (excluding minority interests) rose almost 8% to reach a total of €19.4bn, thereby further consolidating the Group's financial strength. This strength must be viewed in the light of changes in accounting methods\*, leading to a €20m deduction from consolidated capital funds and reserves on January 1<sup>st</sup>, 2005. While maintaining its capital adequacy ratios well above regulatory requirements (the capital adequacy ratio stands at 152% and the equivalent Tier One capital ratio is equal to 9.6%), the Group has improved its ROE to 11.9%.

The credit rating attributed to Groupe Caisse d'Epargne – Fitch Ratings (AA), Moody's (Aa2) and Standard & Poor's (AA) – remained one of the highest enjoyed by any French banking institution in 2005.

*\* Related to the appraisal of pension commitments, the calculation of credit risk and the amortization of fixed assets.*

## **Commercial banking**

The commercial banking arm – Groupe Caisse d'Epargne's traditional core business activity – was marked in 2005 by major initiatives and restructuring operations affecting its two divisions: retail banking and the specialist bank for regional development.

The payment of interest on current accounts, launched on April 14, 2005, made it possible to speed up growth in the volume of banking services and products distributed to customers. Individual customers took out more than 1.1 million new service packs in 2005, and the net total of new accounts opened (411,000) increased by 150% compared with 2004; a total of 180,000 new customers joined the French savings banks.

In the retail market, the deployment of the *Fréquence Clients* programme was actively pursued with the renovation of nearly 700 branches.

2005 was also marked by the launch of the Group's financial market investment product *Bourse 'Esprit Ecureuil'*, awarded an Innovation Prize by the *Forum de l'investissement* investment forum.

Lastly, the strategic partnership with the Macif/Maif mutual insurance companies made significant progress with the structuring of the Group's offering in the new market for personal care services. The creation of a joint platform – known as 'Séréna' – enabled the Caisses d'Epargne to offer these services from the moment they were officially launched at the beginning of 2006.

At the same time, the creation of La Compagnie 1818 organized the Group's private banking arm and, more generally, gave a new structure for all its private asset management activities.

The corporate customer segment, now organized around Banque Palatine (formerly Banque Sanpaolo), makes it possible to reinforce the Group's ability to accompany the developments in the regional economic fabric through a more structured and more highly developed range of products and services.

### Commercial banking: key figures

<i>in millions of euros</i>	<b>2004</b>	<b>2005</b>	<b>Change</b>	<b><i>Change restated to account for adverse impact on regulated savings</i></b>
	<b>pro forma</b>			
<b>Net banking income</b>	6,960	7 191	+ 3%	+ 5%
<b>Gross operating income</b>	1,778	1 819	+ 2%	+ 7%
<b>Net ordinary income before tax</b>	1,843	1 964	+ 7%	+ 11%
<b>Earning capacity</b>	1,272	1 310	+ 3%	+ 7%
<b>Loans outstanding (€bn)</b>	152	166	+ 10%	
<b>Total savings deposits + demand deposits (€bn)</b>	294	309	+ 5%	

The net banking income generated by the commercial banking arm stands at €7.2bn, equal to growth of 3% despite an adverse environment vis-à-vis interest rates and major changes related to regulated savings products: two consecutive reductions in *Livret A* passbook accounts commission rates, the rate of regulated savings funds (Codevi), and a decline in interest rates paid to savings account holders on February 1, 2005. Restated to account for these effects, growth in net banking income would have been 5%.

Gross operating income rose 2%, to reach a total of €1.8bn. The operating efficiency ratio remains stable, at 74.7% (+ 0.2 percentage point), reflecting the investments required by the growth dynamic in the commercial banking subsidiaries. In the individual Caisses d'Epargne, the operating efficiency rate continued to improve, and was reduced by 1 percentage point; it now stands at 66.6%.

Net ordinary income before tax reached a total of almost €2bn, equal to growth of 7%.

With overall new loan production of €40bn, the Group confirms its dynamism in commercial banking activities. This positive trend is also visible in the strong performance achieved by the property loan activity (+ 19% for the Caisse d'Epargne reporting entity alone) and consumer credit (+ 11%). The loans outstanding position enjoyed strong growth in 2005, reaching a total of €166bn. This increase

was achieved both in retail banking (+ 10%) as well as in areas served by the bank for regional development (+ 9%).

Despite the fact that liquid savings were penalized by changes in the regulatory environment (savings deposits only grew by 2%), aggregate savings nevertheless rose 5% to reach a total of €309bn, driven by investment savings, which achieved overall growth of 11%. Life insurance, in particular, continued to drive deposits with a positive inflow of €5bn: life funds now represent a total of €70bn.

### **Investment banking**

2005 was the first time that investment-banking activities had been pursued by Groupe Caisse d'Épargne during a full financial year.

On January 1<sup>st</sup>, 2005, all activities related to investor services were spun off within IXIS Investor Services. This first step made it possible to bring negotiations with Crédit Agricole SA to a successful conclusion and, in the summer of 2005, to create CACEIS, one of the front-ranking players in these market segments.

IXIS Corporate & Investment Bank continued its development in the capital markets and in the area of financing solutions by reinforcing its international presence with the creation of subsidiaries or branches in Milan and Luxembourg, the increase of its shareholding in Nexgen and the acquisition of an equity stake in the Chinese company TX Investment Consulting. IXIS CIB also strengthened its strategic partnership with Lazard, especially in the primary equities market, and acquired an equity interest in the investment bank within the framework of its IPO.

The asset management business achieved good commercial results in 2005. The management team of the French asset management company was reorganized in the course of the year.

### **Investment banking: key figures**

<i>in millions of euros</i>	<b>2004 pro forma</b>	<b>2005</b>	<b>Change</b>
<b>Net banking income</b>	2,324	2,695	+ 16%
<b>Gross operating income</b>	725	818	+ 13%
<b>Net ordinary income before tax</b>	694	861	+ 24%
<b>Earning capacity</b>	469	548	+ 17%
<b>Assets under management (€bn)</b>	368	433	+ 18%*
<b>Assets under custody (€bn)</b>	1,334	1,547	+ 16%

\* + 11% at constant exchange rates

The net banking income generated by the investment-banking arm rose 16% to a total of €2.7bn, driven in particular by the strong performance of the asset management businesses. The United States accounts for 45% of the aggregate total.

Thanks to the implementation of a determined growth policy (recruitment, creation of a presence in overseas markets, IT resources, etc.), gross operating income reached a total of €818m in 2005, (+ 13%) while the operating efficiency ratio stood at 69.6%. Net ordinary income before tax grew by 24% overall, while the earning capacity rose 17% to €548m.

IXIS Corporate & Investment Bank (IXIS CIB) posted economic net banking income of €1.4bn (+ 11%) thanks, in particular, to the strong performance achieved by activities related to fixed-income products (+ 21%), equity funds (+ 19%) and structuring products (+ 39%). Gross operating income reached €560m (+ 5%). At the same time, the operating efficiency ratio rose slightly (59.2%),

reflecting the major investments made during the financial year. The subsidiary's earning capacity rose 6% to a total of €338m. IXIS Asset Management Group enjoyed a particularly fine year as far as asset management activities are concerned, enabling its net banking income to exceed the one billion euro mark (€1.12bn, reflecting growth of 27%). Revenues generated by business activities rose by 15%. With a gross operating income of €258m, the operating efficiency ratio improved by 5.8 percentage points (77%). The group's earning capacity rose 33% to a total of €164m. Business in the United States (accounting for 40% of assets) was the principal motor driving the revenue growth enjoyed by IXIS AM Group; Ecureuil Gestion (retail) and IXIS AEW Europe (real estate) performed strongly in Europe. Assets under management grew by 18% to reach a total of €433bn, reinforcing the company's benchmark position both in the French and international markets.

The scope of the activity providing financial services to institutional investors and major corporations changed during the year. CACEIS, a joint Caisse d'Epargne-Crédit Agricole subsidiary, ended the 2005 financial year with net banking income of €192m and net income of €27m. At December 31, 2005, assets under custody reached a total of €1,547bn (+ 16%), putting CACEIS in the top-ranking position in the French market and making it one of the Top 10 worldwide for institutional custodian services.

Lastly, the financial guaranty activity (CIFG), which was created from scratch in 2003, is continuing to ramp up its activities with 73% growth in outstanding guaranties to a total of \$43bn. Net banking income amounts to €48m (+ 55%), while the activity's earning capacity stands at €18m.

### **The CNCE**

The consolidated accounts of Caisse Nationale des Caisses d'Epargne, the central institution, banker to, and holding company of, the Group, recorded a 16% increase in its net banking income, which reached a total of €4.6bn, reflecting the strategic relevance of the diversification of the portfolio of commercial banking and investment banking activities. The CNCE's earning capacity stood at €1.1bn, equal to growth of 20%.

The financial strength of the consolidated CNCE is confirmed in 2005, with Tier One capital of €2.8bn and a capital adequacy ratio of 177%.

Groupe Caisse d'Epargne has long pursued its ambition to possess a publicly listed vehicle capable of supporting its continued development. In September 2005, Charles Milhaud, Chairman of the Management Board of the CNCE, accelerated the timetable, giving the end of 2006 as a deadline for preparing the company for listing on the stock exchange, with a view to giving it the necessary resources to proceed with major growth operations. Preparatory work has already made it possible to make progress in a number of key areas (strategy, performance, financial communications, organization, etc.).

When he announced, on March 13, 2006, the NATIXIS initiative taken with Banques Populaires, Charles Milhaud reiterated that the Group is simultaneously pursuing both of its key ambitions through this single project: *“to possess a listed structure and to carry out a major operation, making the Group sufficiently large to play an active role in the consolidation of the banking industry.”*

## **2) RECENT DEVELOPMENTS**

The text under « Recent Development » on pages 392, 393 and 394 of the Base Prospectus shall be completed with the following press release concerning certain recent developments:

### **Press releases dated December 22, 2005**

**Lanson International** – At its meeting convened on December 22, 2005, the Supervisory Board of the Caisse Nationale des Caisses d'Epargne (CNCE) unanimously approved plans to sell the shares held by Groupe Caisse d'Epargne in Lanson International. This operation forms part of a sale organised jointly with the majority shareholder.

The Supervisory Board of the CNCE has officially approved plans to sell the 44% stake held by Groupe Caisse d'Epargne in the capital of Lanson International to the Boizel Chanoine Champagne (BCC) Group.

The Management Board of the CNCE will therefore proceed with the sale of this equity interest that will be completed once the ongoing consultation process of Lanson International employees has been concluded. The finalisation of the operation, however, remains subject to the approval of the relevant competition authorities.

The aim of the Groupe Caisse d'Epargne was to allow Lanson International to join forces with a new shareholder possessing the financial and industrial resources capable of giving it strategic visibility. After examining the different offers received, the BCC Group was selected and exclusive negotiations began on December 12. The acquisition contract should be signed in January 2006 and the operation is expected to be finalised in the first quarter of 2006.

Groupe Caisse d'Epargne will accompany Lanson International and its new shareholder in their development, and will continue to pursue its growth policy in the champagne industry.

**Green light for the acquisition of an equity interest in a Moroccan bank** – At its meeting convened on December 22, 2005, the Supervisory Board of CNCE unanimously approved plans to acquire an equity interest in *Crédit Immobilier et Hôtelier* (CIH), one of the front-ranking specialists in property loans in Morocco. This investment will take the form of a joint control agreement: two-thirds CDG and one-third CNCE. This operation will be accompanied by a mechanism designed to ringfence CIH's outstanding loans.

The aim of the acquisition of this equity interest, subject to the prior approval of the Moroccan monetary authorities, is to work closely with the *Caisse de Dépôt et de Gestion* (CDG) Group to help CIH to move towards a business model based on retail banking activities devoted to the family, with a major role to play in promoting the extension of banking services in the Kingdom of Morocco<sup>1</sup>.

The agreement with CDG provides for the creation of a mechanism designed to ringfence CIH's outstanding loans in a company in which CNCE does not intend to hold any shares.

### **Press release dated January 25, 2006**

**Signature of a memorandum of understanding between the Caisse de Dépôt et de Gestion Group and Groupe Caisse d'Epargne formalizing their joint project related to Crédit Immobilier et Hôtelier.**

- Mustapha Bakkoury, Managing Director of Caisse de Dépôt et de Gestion (CDG – Morocco), and Charles Milhaud, Chairman of the Management Board of the Caisse Nationale des Caisses d'Epargne (CNCE – France), today signed an agreement formalizing their joint project related to *Crédit Immobilier et Hôtelier* (CIH) in Morocco.

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<sup>1</sup> The extension of banking services to private individuals is enjoying extremely rapid growth in Morocco, rising from 16% in 2000 to 25% last year, with a growth rate of 50% in urban areas.

- The agreement provides for the creation of a joint holding company in which CDG and Groupe Caisse d'Epargne will own a 65% and 35% interest respectively.

Today, Wednesday, January 25, 2006, Mustapha Bakkoury, Managing Director of CDG, and Charles Milhaud, Chairman of the Management Board of the CNCE, signed an agreement in the presence of Fathallah Oualalou, Minister of Finance and Privatization in the Moroccan Government, to formalize their joint project related to Crédit Immobilier et Hôtelier (CIH).

Under the terms of this agreement between the two financial institutions – signed following the official go-ahead given by the Moroccan *Comité des Etablissements de Crédit* (Committee of Credit Institutions) – CDG will set up a holding company to which its entire interest in CIH will be transferred. CDG will then transfer 35% of the capital of this holding company to the CNCE and retain 65% for itself. The agreement also provides for a mechanism to ringfence CIH's outstanding loans.

At an industrial level, both partners intend to deploy all the necessary steps, and to take full advantage of synergies, to move CIH towards a business model based on retail banking activities chiefly devoted to the family and residential property financing, with a major role to play in promoting the extension of banking services in Morocco.

CIH is particularly well placed as far as the financing of the housing market is concerned, a sector where it enjoys a market share in excess of 20%. The CDG Group, which is a major player in the financial market, is also a front-ranking player in the different segments of the property market, working through its specialized subsidiaries active in real-estate development, the management of rental property, and regional and urban development. Groupe Caisse d'Epargne, for its part, boasts expertise as a universal bank with front-ranking references in retail banking and a special understanding of property financing and re-financing mechanisms.

Mustapha Bakkoury and Charles Milhaud expressed their satisfaction with the signature of this agreement, which gives concrete expression to *“a project that will lend fresh dynamism to a bank whose two principal shareholders will provide all the necessary resources to ensure its ambitious development”*.

### **Press release dated March 13, 2006**

**Groupe Banque Populaire and Groupe Caisse d'Epargne have entered into exclusive negotiations for the creation of NATIXIS.**

Groupe Banque Populaire and Groupe Caisse d'Epargne, each one representing over 3,000,000 member stakeholders, have just signed a letter opening exclusive negotiations, which shall end at the latest 1 June 2006, for the combination of some of their respective businesses.

This ambitious project is designed to constitute a significant player in the finance and investment banking and banking services sector, whilst safeguarding each of the partners' own retail banking models.

The project dovetails naturally into both groups' current development strategies. For Groupe Caisse d'Epargne, this is a natural extension of their current re-organisation. For Groupe Banque Populaire, it provides their finance and investment banking business with the necessary growth to take it to new dimensions.

There are three guiding principles to the negotiations underway between the two groups:

- respect for the identity and independence of each of the two networks regional banks and their head office organisations.

- the implementation of cross stockholdings between the BFBP (Banque Fédérale des Banques Populaires) and the CNCE (Caisse Nationale des Caisses d'Épargne)<sup>2</sup> so as to reinforce the overall cohesion of the new entity.
- the combination of all their investment and finance banking and banking services in one single vehicle. The name of the legal entity will be NATIXIS. It is listed and will be jointly and equally controlled by Groupe Banque Populaire and Groupe Caisse d'Épargne.

### **NATIXIS, a major player in finance and investment banking and in banking services**

The new entity NATIXIS, will be a leader in a number of sectors in France (especially employee savings, asset management, automated payment systems and bancassurance). It will be a subsidiary of Caisse Nationale des Caisses d'Épargne and Banque Fédérale des Banques Populaires and will have its own client base and strong distribution networks based on a high quality service platform designed to deliver best practices aimed at achieving the best performance on the market.

NATIXIS will be created by the combination of Natexis Banques Populaires and various Caisse Nationale des Caisses d'Épargne contributed subsidiaries in the finance and investment banking sector (IXIS Corporate & Investment Bank, IXIS Asset Management Group and CIFG), and in the specialist banking services sector (Credit Foncier and CEFI) and private asset management (Compagnie 1818). Existing strategic partnerships at Groupe Banque Populaire and at Groupe Caisse d'Épargne, in particular CNP, will not be brought into the new entity.

Caisse Nationale des Caisses d'Épargne and Banque Fédérale des Banques Populaires will have equal stakes (34 % each) in NATIXIS. This parity will be achieved by the combination of assets, the issue of co-operative investment certificates and cash contributions, where necessary. NATIXIS will have a free float of at least 25% and market capitalisation of more than 20 billion euros. It will have the resources necessary to take part in consolidation moves currently underway in the industry. Both parties aim to propose a rate of dividend payout of 50% of NATIXIS' consolidated net profits subject to profits, sufficient free reserves are to hand, then, after taking into account all regulatory capital requirements.

NATIXIS corporate governance will be conducted through a Supervisory Board and a Management Board. Both groups will have equal representation on the Supervisory Board and the chairmanship will alternate between representatives of each group. Mr Charles Milhaud will be the first chairman of the Supervisory Board. The chairman of the Management Board, appointed by the Supervisory Board, will be selected by mutual agreement between the two groups. Mr Philippe Dupont will be the first chairman of the Management Board.

### **Close ties between the two groups**

The intention is to strengthen ties between the two groups by putting in place cross equity holdings, within the constraints of current legislation and regulations, between Caisse Nationale des Caisses d'Épargne and Banque Fédérale des Banques Populaires. The chief executive of each group will have a seat on the board of the other party with the title of Vice-chairman. The first Groupe Banque Populaire representative on Caisse Nationale des Caisses d'Épargne Supervisory Board will be Philippe Dupont and the first Caisse Nationale des Caisses d'Épargne representative on Banque Fédérale des Banques Populaires Board of Directors will be Charles Milhaud.

### **Project to be launched end 2006**

The timetable provides for the project to be implemented in the course of December 2006, after the period of exclusive negotiation, which will end at the latest on 1 June 2006 with the signature of the final agreements following the required consultations and agreement from the appropriate bodies in each group and in accordance with the commitments to and rights of shareholders. In this respect, it shall be noted that Caisse des Dépôts et Consignations, which holds a 35% stake in Caisse Nationale des Caisses d'Épargne, has specific shareholders rights pursuant to the shareholders agreement dated 30 June 2004. Consequently, when required, Caisse des Dépôts et Consignations will have to take a position on the proposed transaction to allow the execution of the final agreements. To date, Caisse des Dépôts et Consignations has stated it is opposed to this project.

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<sup>2</sup> 65% and 35% of the equity of Caisse Nationale des Caisses d'Épargne is held by Caisses d'Épargne and Caisse des Dépôts et Consignations respectively.

Groupe Banque Populaire will be assisted in this project by Citigroup, Rothschild & Cie and Philippe Villin Conseil. Groupe Caisse d'Épargne is assisted by Bucéphale Finance, Lazard Frères & Cie and Merrill Lynch.

Building on the strengths and mutual society culture of each group, the implementation of this project should result in the creation of NATIXIS, a strong player in the finance and investment banking sector and banking services sector in its French domestic market and with the capability to develop in Europe and beyond.

### **3) LUXEMBOURG TAXATION**

The text under « Luxembourg Taxation » on page 395 of the Base Prospectus shall be deleted and replaced with the following :

#### **Luxembourg Tax Considerations**

*The following is a general description of certain Luxembourg tax considerations relating to the Notes. It specifically contains information on taxes on the income from the securities withheld at source. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in Luxembourg or elsewhere. Prospective purchasers of the Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of the Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of Luxembourg. This summary is based upon the law as in effect on the date of this Prospectus. The information contained within this section are limited to certain taxation issues, and prospective investors should not apply any information set out below to other areas, including (but not limited to) the legality of transactions involving the Notes.*

#### **Withholding Tax**

##### *Luxembourg non-residents*

Under Luxembourg tax law currently in effect and subject to the application of the Luxembourg laws dated 21 June 2005 (the "Laws") implementing the European Council Directive 2003/48/EC on the taxation of savings income (the "Savings Directive") and several agreements concluded between Luxembourg and certain dependent territories of the European Union, there is no withholding tax on payments of interest (including accrued but unpaid interest) made to Luxembourg non-resident Noteholders. There is also no Luxembourg withholding tax, subject to the application of the Laws, upon repayment of principal or upon redemption, repurchase or exchange of the Notes.

Under the Savings Directive, a Luxembourg based paying agent (within the meaning of the Savings Directive) is required since 1 July 2005 to withhold tax on interest and other similar income paid by it to (or under certain circumstances, to the benefit of) an individual resident in another Member State, unless the beneficiary of the interest payments elects for an exchange of information. The same regime applies to payments to individuals resident in certain dependent territories.

The withholding tax rate is initially 15 per cent., increasing steadily to 20 per cent. and to 35 per cent. The withholding tax system will only apply during a transitional period, the ending of which depends on the conclusion of certain agreements relating to information exchange with certain third countries.

##### *Luxembourg residents*

A 10% withholding tax has been introduced, as from 1 January, 2006 on interest payments made by Luxembourg paying agents (defined in the same way as in the Savings Directive) to Luxembourg individual residents. Only interest accrued after 1 July, 2005 falls within the scope of this withholding tax. Income (other than interest) from investment funds and from current accounts provided that the interest rate is not higher than 0,75% are exempt from the withholding tax. Furthermore, interest which is accrued once a year on savings accounts (short and long term) and which does not exceed €250 per person and per paying agent is exempted from the withholding tax.