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***U.S.\$1,100,000,000 Floating Rate Notes due 2014***

Issue price 99.846%

Interest payable February 7, May 7, August 7 and November 7

We are offering U.S.\$1,100,000,000 aggregate principal amount of our Floating Rate Notes due February 7, 2014 (the “notes”). We will pay interest on the notes quarterly in arrears on February 7, May 7, August 7 and November 7 (or if not a Business Day, on the date as determined under “—Description of Notes—Principal, Maturity and Interest”) of each year, beginning May 9, 2011.

We may redeem the notes at par if certain tax-related events occur (as described in more detail in this offering memorandum). Otherwise, we may not redeem the notes prior to maturity.

The notes will be unsecured and unsubordinated obligations of our company and will rank equally with our unsecured and unsubordinated indebtedness. The notes will be issued in minimum denominations of U.S.\$100,000 and integral multiples of U.S.\$1,000 in excess thereof.

The notes are expected to be assigned a rating of “Aa3” (outlook stable) by Moody’s Investor Services, Inc. (“Moody’s”), “A+” (outlook stable) by Standard & Poor’s Ratings Services (“Standard & Poor’s”) and “A+” (outlook stable) by Fitch Inc. (“Fitch”).

**See “Risk Factors” beginning on page 11 for a discussion of certain risks that you should consider in connection with an investment in the notes.**

The notes have not been and will not be registered under the Securities Act of 1933, as amended (the “Securities Act”) or the securities laws of any other jurisdiction. Accordingly, we are offering the notes only (1) to qualified institutional buyers (“QIBs”) in reliance on Rule 144A under the Securities Act (“Rule 144A”) and (2) outside the United States in accordance with Regulation S under the Securities Act (“Regulation S”). For certain restrictions on transfer, see “Transfer Restrictions.”

Delivery of the notes in book-entry form will be made on or about February 7, 2011 (the “Closing Date”) through The Depository Trust Company (“DTC”) for the accounts of its participants, including Euroclear Bank S.A./N.V. (“Euroclear”) and Clearstream Banking, *société anonyme* (“Clearstream, Luxembourg”).

**Joint Book-Running Managers**

**Barclays Capital**

**J.P. Morgan**

**Natixis**

**RBS**

The date of this offering memorandum is January 31, 2011.

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We are responsible for the information contained and incorporated by reference in this offering memorandum. We have not authorized anyone to give you any other information, and we take no responsibility for any other information that others may give you. The information contained or incorporated by reference in this offering memorandum is accurate only as of the date hereof, regardless of the time of delivery or of any sale of the notes. It is important for you to read and consider all information contained in this offering memorandum, including the documents incorporated by reference herein, in making your investment decision. You should also read and consider the information in the documents to which we have referred you under the caption “Documents Incorporated by Reference” in this offering memorandum.

This offering memorandum has been prepared by us solely for use in connection with the placement of the notes. We and the initial purchasers reserve the right to reject any offer to purchase for any reason.

**Neither the Securities and Exchange Commission, or SEC, any state securities commission nor any other regulatory authority, has approved or disapproved of the securities; nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of this offering memorandum. Any representation to the contrary is a criminal offense.**

The distribution of this offering memorandum and the offering and sale of the notes in certain jurisdictions may be restricted by law. BPCE and the initial purchasers require persons in whose possession this offering memorandum comes to inform themselves about and to observe any such restrictions. This offering memorandum does not constitute an offer of, or an invitation to purchase, any of the notes in any jurisdiction in which such offer or invitation would be unlawful.

We are offering to sell, and are seeking offers to buy, the notes only in jurisdictions where offers and sales are permitted. This offering memorandum does not constitute an offer to sell, or a solicitation of an offer to buy, any notes by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation. Neither the delivery of this offering memorandum nor any sale made under it implies that there has been no change

in our affairs or that the information contained or incorporated by reference in this offering memorandum is correct as of any date after the date of this offering memorandum.

You must:

- comply with all applicable laws and regulations in force in any jurisdiction in connection with the possession or distribution of this offering memorandum and the purchase, offer or sale of the notes; and
- obtain any consent, approval or permission required to be obtained by you for the purchase, offer or sale by you of the notes under the laws and regulations applicable to you in force in any jurisdiction to which you are subject or in which you make such purchases, offers or sales; and neither we nor the initial purchasers shall have any responsibility therefor.

The notes are subject to restrictions on transfer. See “Transfer Restrictions.” By purchasing notes, you will be deemed to have made the acknowledgements, representations, warranties and agreements described under the heading “Transfer Restrictions” in this offering memorandum. You should understand that you may be required to bear the financial risks of your investment for an indefinite period of time.

You acknowledge that:

- you have not relied on the initial purchasers or any person affiliated with the initial purchasers in connection with your investigation of the accuracy of such information or your investment decision; and
- no person has been authorized to give any information or to make any representation concerning us or the notes, other than as contained or incorporated by reference in this offering memorandum and, if given or made, any such other information or representation should not be relied upon as having been authorized by us or the initial purchasers.

In making an investment decision, you must rely on your own examination of us and the terms of this offering, including the merits and risks involved.

The initial purchasers are not making any representation or warranty, express or implied, as to the accuracy or completeness of the information contained or incorporated by reference in this offering memorandum. You should not rely upon the information contained or incorporated by reference in this offering memorandum, as a promise or representation, whether as to the past or the future. The initial purchasers assume no responsibility for the accuracy or completeness of such information.

None of us or the initial purchasers, nor any of our and their respective representatives, is making any representation to you regarding the legality of an investment in the notes. You should consult with your own advisors as to legal, tax, business, financial and related aspects of an investment in the notes. You must comply with all laws applicable in any place in which you buy, offer or sell the notes or possess or distribute this offering memorandum, and you must obtain all applicable consents and approvals. None of us or the initial purchasers shall have any responsibility for any of the foregoing legal requirements.

This offering memorandum is highly confidential and has been prepared by us solely for use in connection with the proposed private placement of the notes described in this offering memorandum. We and the initial purchasers reserve the right to withdraw this offering at any time before closing, to reject any offer to purchase, in whole or in part, for any reason, or to sell less than the amount of notes offered by this offering memorandum.

This offering memorandum is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire notes. Distribution of this offering memorandum to any person other than the offeree and those persons, if any, retained to advise such offeree with respect thereto is

unauthorized, and any disclosure of any of its contents, without our prior written consent, is prohibited. Each prospective purchaser, by accepting this offering memorandum, agrees to the foregoing and to make no photocopies of this offering memorandum or any documents referred to in this offering memorandum. Each offeree will notify its advisors of the restrictions imposed by the U.S. federal securities laws on the purchase and sale of securities and on the communication of confidential information to any other person.

Notwithstanding anything herein to the contrary, investors may disclose to any and all persons, without limitation of any kind, the U.S. federal or state income tax treatment and tax structure of this offering and all materials of any kind (including opinions or other tax analyses) that are provided to the investors relating to such tax treatment and tax structure. However, any information relating to the U.S. federal income tax treatment or tax structure shall remain confidential (and the foregoing sentence shall not apply) to the extent reasonably necessary to enable any person to comply with applicable securities laws. For this purpose, "tax structure" means any facts relevant to the U.S. federal or state income tax treatment of this offering but does not include information relating to the identity of the issuer of the securities, the issuer of any assets underlying the securities, or any of their respective affiliates that are offering the notes.

## NOTICE TO NEW HAMPSHIRE RESIDENTS

**NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE UNIFORM SECURITIES ACT (“RSA 421-B”) WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.**

## NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA

This offering memorandum has been prepared on the basis that all offers of in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State) will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of the placement contemplated in this Offering Memorandum may only do so in circumstances in which no obligation arises for us or any of the initial purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither we nor the initial purchasers have authorized, nor do they authorize, the making of any offer of Notes in circumstances in which an obligation arises for us or the initial purchasers to publish a prospectus for such offer. The expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression 2010 PD Amending Directive means Directive 2010/73/EU.

## ENFORCEABILITY OF CIVIL LIABILITIES

BPCE is a *société anonyme* incorporated under the laws of France. All of our directors and officers reside outside the United States, principally in France. In addition, a large portion of our assets and the assets of our directors and officers is located outside of the United States. As a result, U.S. investors may find it difficult in a lawsuit based on the civil liability provisions of the U.S. federal securities laws:

- to effect service within the United States upon us or our directors and officers located outside the United States;
- to enforce in U.S. courts or outside the United States judgments obtained against us or those persons in the U.S. courts;
- to enforce in U.S. courts judgments obtained against us or those persons in courts in jurisdictions outside the United States; and
- to enforce against us or those persons in France, whether in original actions or in actions for the enforcement of judgments of U.S. courts, civil liabilities based solely upon the U.S. federal securities laws.

## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

In this offering memorandum, references to “€” are to euros, the currency of the countries participating in the third stage of the European Economic and Monetary Union, and references to “\$” or “U.S.\$” are to U.S. dollars,

the currency of the United States of America. BPCE publishes its consolidated financial statements in euros. See “Exchange Rate and Currency Information.”

Financial information for Groupe BPCE and Groupe BPCE SA for the financial year ended December 31, 2008 and for the six month period ended June 30, 2009 has been prepared on a pro forma basis, as if the Combination Transactions (defined herein) had taken place prior to their actual closing date of July 31, 2009. The unaudited pro forma consolidated financial information is presented for illustration purposes only based on a number of assumptions, and does not reflect the results that would have been realized had Groupe BPCE and Groupe BPCE SA operated on a consolidated basis during the periods presented.

Consolidated financial information for Groupe BPCE and Groupe BPCE SA as of and for the year ended December 31, 2009 have been presented on the basis of merger accounting, based on the January 1, 2009 effective date of the Combination Transactions for accounting purposes.

In this offering memorandum, various figures and percentages have been rounded and, accordingly, may not total.

## CERTAIN TERMS USED IN THIS OFFERING MEMORANDUM

The following terms will have the meanings set forth below when used in this offering memorandum:

“**Banques Populaires**” means 20 Banques Populaires (made up of 18 regional banks, CASDEN Banque Populaire and Crédit Coopératif).

“**BFBP**” means the Banque Fédérale des Banques Populaires, the former central body of the Groupe Banque Populaire.

“**Groupe Banque Populaire**” means the consolidated group formed by BFBP, its consolidated subsidiaries and associates, the Banques Populaires and certain affiliated entities, in each case prior to the Combination Transactions.

“**Caisses d’Epargne**” means the 17 Caisses d’Epargne et de Prévoyance.

“**CNCE**” means the Caisse Nationale des Caisses d’Epargne et de Prévoyance, the former central body of the Groupe Caisse d’Epargne.

“**Groupe Caisse d’Epargne**” means the consolidated group formed by CNCE, its consolidated subsidiaries and associates, the Caisses d’Epargne and certain affiliated entities, in each case prior to the Combination Transactions.

“**Combination Transactions**” means the contribution by CNCE and BFBP of certain assets and businesses to BPCE, and certain related transactions, all of which took place on July 31, 2009, all as further described in the BPCE Registration Document (defined under “Documents Incorporated by Reference”).

“**BPCE**” means BPCE, a French *société anonyme*.

“**Groupe BPCE SA**” means BPCE and its consolidated subsidiaries and associates.

“**Groupe BPCE**” means Groupe BPCE SA, the Banques Populaires, the Caisses d’Epargne and certain affiliated entities.

## DOCUMENTS INCORPORATED BY REFERENCE

We have incorporated by reference in this offering memorandum certain information that we have made publicly available, which means that we have disclosed important information to you by referring you to those documents. The information incorporated by reference is an important part of this offering memorandum.

This offering memorandum should be read and construed in conjunction with the following documents which have been previously published or are published simultaneously with this offering memorandum, which shall be incorporated in, and form part of, this offering memorandum (together, the “Documents Incorporated by Reference”), excluding the documents incorporated by reference in those documents:

- (a) pages 197 to 486 of the English translation of the Groupe Caisse d’Epargne 2008 registration document (*document de référence*) (the “GCE 2008 Annual Report”), a French version of which was filed with the *Autorité des marchés financiers* (“AMF”) under registration N° D.09-0212, dated April 8, 2009;
- (b) pages 179 to 554 of the English translation of the Groupe Banque Populaire 2008 registration document (*document de référence*) (the “GBP 2008 Annual Report”), a French version of which was filed with the AMF under registration N° D.09-0315, dated April 27, 2009;
- (c) the English translation of the BPCE registration document 2009-02 (*document de référence*) (the “BPCE Registration Document”), a French version of which was filed with the AMF under registration number N°R.10-035, dated May 10, 2010;
- (d) the English translation of the first update to the BPCE Registration Document 2009-02 (*actualisation du document de référence*) (the “BPCE First Update”), a French version of which was filed with the AMF under registration N°D.10-0169-A01, dated May 20, 2010;
- (e) the English translation of the second update to the BPCE Registration Document 2009-02 (*actualisation du document de référence*) (the “BPCE Second Update”), a French version of which was filed with the AMF under registration N°D. 10-0169-A02, dated August 31, 2010;
- (f) the English translation of the third update to the BPCE Registration Document 2009-02 (*actualisation du document de référence*) (the “BPCE Third Update”), a French version of which was filed with the AMF under registration N°D. 10-0169-A03, dated November 15, 2010; and
- (g) the slide presentation entitled “Groupe BPCE’s 2010-2013 strategic plan: ‘Together,’” dated February 25, 2010.

The document described in paragraph (g) contains forward-looking statements that are subject to significant uncertainty. See “Forward-Looking Statements” and “Risk Factors” for a discussion of certain factors that may cause the actual results of Groupe BPCE and Groupe BPCE SA to differ from these forward-looking statements.

The forward-looking financial information included in the slide presentation referred to in paragraph (f) above has been prepared by, and is the responsibility of, BPCE’s management. The statutory auditors have neither examined, compiled nor performed any procedures with respect to the accompanying prospective financial information and, accordingly, they do not express an opinion or any other form of assurance with respect thereto. The statutory auditors’ reports incorporated by reference in this offering memorandum relate to the Issuer’s historical financial information. They do not extend to the forward-looking financial information and should not be read to do so.

Notwithstanding the foregoing, the following statements shall not be deemed incorporated herein:

- the statements by Mr. François Pérol, Président of the Directoire of the Issuer, on page 617 of the BPCE Registration Document;
- the statements by Mr. François Pérol, Président of the Directoire of the Issuer, on page 32 of the BPCE First Update;
- the statements by Mr. François Pérol, Président of the Directoire of the Issuer, on page 110 of the BPCE Second Update; and
- the statements by Mr. François Pérol, Président of the Directoire of the Issuer, on page 54 of the BPCE Third Update.

Any statement made in any document incorporated by reference herein shall be deemed to be modified or superseded for purposes of this offering memorandum to the extent that a statement contained in this document modifies or supersedes such statement. Any statement that is modified or superseded shall not be deemed, except as modified or superseded, to constitute a part of this offering memorandum.

We will provide, without charge, to each person to whom a copy of this offering memorandum is delivered, on the written or oral request of such person, a copy of any document this offering memorandum incorporates by reference, until the date notes offered hereunder are delivered. Requests should be directed to: Group Funding & Investor Relations Department, Tel: +33 (0) 1.58.40.69.15, email: [investor.relations@bpce.fr](mailto:investor.relations@bpce.fr). These incorporated documents may also be consulted at the website of BPCE at <http://www.bpce.fr>. Other information contained on our website is not a part of this offering memorandum.

## FORWARD-LOOKING STATEMENTS

Many statements made or incorporated by reference in this offering memorandum are forward-looking statements that are not based on historical facts and are not assurances of future results. Many of the forward-looking statements contained in this offering memorandum may be identified by the use of forward-looking words, such as “believe,” “expect,” “anticipate,” “should,” “planned,” “estimate” and “potential,” among others.

Because these forward-looking statements involve risks and uncertainties, there are important factors that could cause actual results to differ materially from those expressed or implied by these forward-looking statements. These factors include:

- Risks that Groupe BPCE may not achieve the financial objectives in its announced strategic plan;
- Risks that BPCE and Groupe BPCE may not achieve the expected synergies from the Combination Transactions;
- Risks that integration process may be difficult and could disrupt operations or could prove to be more costly than anticipated;
- Risks relating to the guarantee in favor of Natixis provided by BPCE;
- Risks inherent to banking activities including credit risks, market, liquidity and financing risks, operational risks and insurance risks;
- Risks relating to adverse global economic and market conditions;
- Risks that legislative action and other measures taken by governments and regulators in France or globally may have a significant impact on French and international financial institutions;
- Risks that BPCE may be required to contribute funds to the entities that are part of the financial solidarity mechanism that encounter financial difficulties, including some entities in which BPCE holds no economic interest;
- A substantial increase in new provisions or losses greater than the level of previously recorded provisions could adversely affect BPCE’s results of operations and financial condition; and
- Other factors described under “Risk Factors”.

These statements are not guarantees of future performance and are subject to certain risks, uncertainties and assumptions that are difficult to predict. Therefore, BPCE’s actual results and those of Groupe BPCE could differ materially from those expressed or forecast in any forward-looking statements as a result of a variety of factors, including those in “Risk Factors” set forth in this offering memorandum. Investors should carefully consider the section “Risk Factors” beginning on page 11 of this offering memorandum for a discussion of risks that should be considered in evaluating the offer made hereby.

All forward-looking statements attributed to BPCE or a person acting on its behalf are expressly qualified in their entirety by this cautionary statement. BPCE undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or future events or for any other reason.

## SUMMARY

*The following summary highlights selected information contained elsewhere or incorporated by reference in this offering memorandum. Accordingly, this summary may not contain all of the information that may be important to you. We urge you to carefully read and review this document, the BPCE Reference Document and its updates and the other documents incorporated by reference herein in order to fully understand our company. You should also read the “Risk Factors” section to determine whether an investment in the notes is appropriate for you.*

### BPCE

BPCE is the central body of Groupe BPCE, a leading French mutual banking group. Groupe BPCE had €1,028.8 billion of consolidated assets and €47.8 billion of consolidated shareholders equity (€44.0 billion group share), in each case as of December 31, 2009. It recorded €21.2 billion of consolidated net banking income for the year ended December 31, 2009.

Groupe BPCE was created through the July 2009 combination of the Groupe Banques Populaires and the Groupe Caisse d’Epargne, two leading French mutual banking groups. Groupe BPCE has two core business lines:

- **Commercial Banking and Insurance** (74% of 2009 net banking income of the core business lines). The commercial banking and insurance business line includes the activities of the Banques Populaires and Caisses d’Epargne retail banking networks, activities relating to real estate financing (mainly through Crédit Foncier de France) and insurance, international banking and certain other banking activities.

The two retail networks are at the heart of this business line. Together they constitute the second largest retail banking group in France (excluding the French Postal Bank), based on data for customer loans, deposits and savings.

- The Banques Populaires network, which includes 20 banks known as the “Banques Populaires” (18 regional banks, CASDEN Banque Populaire and Crédit Coopératif), has a leading position with small and medium enterprises, professional customers as well as individuals. The Banques Populaires had outstanding loans of €39.8 billion and customer savings and deposits (including life insurance and mutual fund savings) of €75.8 billion as of December 31, 2009, and they recorded €5.9 billion of net banking income in 2009.
- The Caisses d’Epargne network, which includes 17 regional banks known as the “Caisses d’Epargne et de Prévoyance” (or the “Caisses d’Epargne”), has a leading role with individual customers as well as professionals, and a strong historic presence in regional development banking (primarily public sector financing and public housing). The Caisses d’Epargne had outstanding loans of €37.3 billion and customer savings and deposits (including life insurance and mutual fund savings, as well as *Livret A* savings deposits) of €327.1 billion as of December 31, 2009, and they recorded €6.1 billion of net banking income in 2009.
- **Corporate and Investment Banking, Savings and Financial Services** (26% of 2009 net banking income of the core business lines). This business line includes the core businesses of Natixis, Groupe BPCE’s investment bank. The Natixis group has three core business lines: corporate and investment banking, savings (including asset management, insurance and private banking) and specialized financial services (primarily solutions for individuals, professionals and SMEs, distributed mainly through the two retail networks). Natixis also owns 20 per cent non-voting interests in the regional banks in the Banques Populaires and Caisses d’Epargne networks. Natixis is listed on Euronext Paris. BPCE holds approximately 71.5% of the share capital of Natixis (excluding treasury shares), and the remainder is held by the public.

In addition to the core business lines, Groupe BPCE has equity investments in a number of other entities, including two leading French real estate services companies (Nexity, Foncia), Coface, a world leader in receivables management, and the Natixis private equity business (part of which is in the process of being sold, as described

below). Natixis also has a segregated Workout Portfolio Management segment that includes activities affected by the financial crisis, managed in run-off mode. The remainder of Groupe BPCE's business consists of corporate center activities (including BPCE's activities as central body of Groupe BPCE).

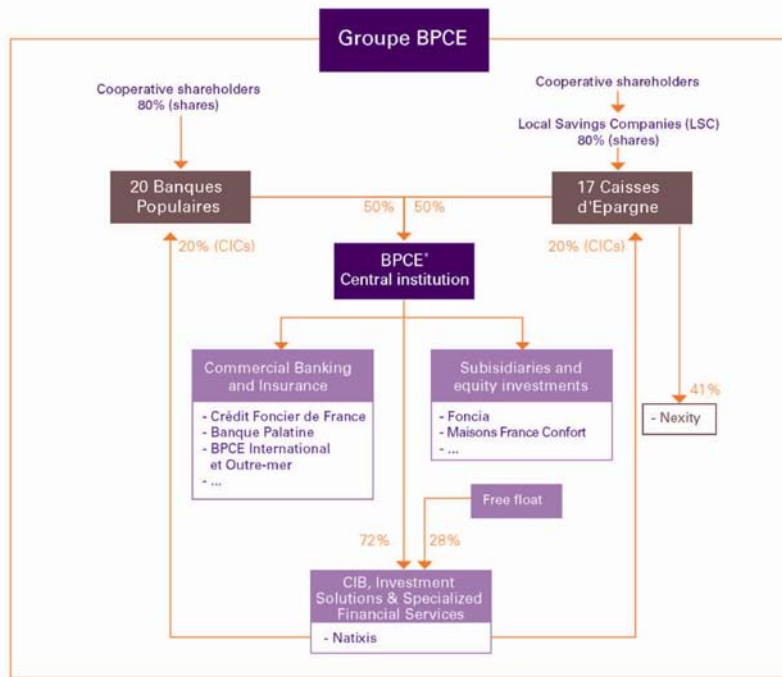
### Groupe BPCE Structure

Groupe BPCE is a mutual banking group. All of the voting shares of BPCE are owned by the regional Banques Populaires and Caisses d'Epargne banks (50% for each network), which are in turn owned directly or indirectly by approximately 7.7 million cooperative shareholders, who are primarily customers. BPCE owns interests in subsidiaries and affiliates such as Natixis (71.5%) and Crédit Foncier de France. It does not hold any direct financial interest in the regional banks, although it holds an indirect interest through Natixis, which holds 20% non-voting equity interests in each of the regional banks.

As the central body (*organe central*) of Groupe BPCE, BPCE's role (defined by French Law no. 2009-715 dated June 18, 2009) is to coordinate policies and exercise certain supervisory functions with respect to the regional banks and other affiliated French banking entities, and to ensure the liquidity and solvency of the entire group. BPCE has established a financial solidarity mechanism, supported by a dedicated guarantee fund which stood at €20 million at the end of 2009, under which each network bank and each affiliated French credit institution in Groupe BPCE (including BPCE) benefits from an undertaking from all of the network banks and BPCE to provide financial support as needed. As a result, BPCE's credit is effectively supported by the financial strength of the entire group.

Approximately 8% of the share capital of BPCE (after taking into account a partial redemption which occurred on October 15, 2010) is held in the form of non-voting preference shares issued to the *Société de Prise de Participation de l'Etat* ("SPPE"), a company that is wholly-owned by the French State, which also holds warrants and deeply subordinated notes issued by BPCE.

Groupe BPCE's structure is illustrated in the following chart:



In this offering memorandum, reference is made both to the “Groupe BPCE” and the “Groupe BPCE SA.” Groupe BPCE includes BPCE, its consolidated subsidiaries and associates, as well as the regional network banks. Groupe BPCE SA includes only BPCE and its consolidated subsidiaries and associates, but not the regional banks (except for the 20% non-voting interests held by Natixis, accounted for by the equity method). Groupe BPCE SA had consolidated net banking income of €6.5 billion in 2009, consolidated assets of €603.8 billion as of December 31, 2009 and consolidated shareholders equity of €28.5 billion (€23.2 billion group share) as of December 31, 2009.

### **Groupe BPCE 2010-2013 Strategic Plan**

In February 2010, BPCE announced a strategic plan for the period from 2010 to 2013, which bears the title “Together.” The principal components of the strategic plan are the following:

- Focusing on the group’s core business lines, banking and insurance, becoming the preferred banking institutions of the French and their companies.
- Taking full advantage of the creation of the new group following the July 2009 Combination Transactions, with 2013 cost synergy targets of €1 billion per year and 2013 revenue synergy targets (principally synergies between the two networks and Natixis) of €810 million per year.
- Simplification of the group’s structure, including the elimination of holding companies that were created as part of the Combination Transactions.
- Setting ambitious targets for the group’s employees focused on customer service, with a view to returning to a normal level of profitability (which was previously affected by the financial crisis, including in the complex derivatives and structured credit businesses of Natixis, which are now part of the Workout Portfolio Management run-off activity), and strengthening equity capital, allowing the group to complete the reimbursement of the investments by the French State and to enhance capital adequacy.

Groupe BPCE made significant progress in pursuing the objectives of the strategic plan in 2010, including the following:

- The two holding companies, BP Participations and CE Participations, merged on August 5, 2010, simplifying the group’s organizational structure.
- The cost synergy initiatives were successfully launched, with €245 million achieved through June 30, 2010, in line with the objectives of the plan.
- The group also achieved significant revenue synergies between Natixis and the two networks, with approximately €103 million realized in the first half of 2010.
- The group achieved a significant reduction in its risk profile through the disposal of assets in the Natixis Workout Portfolio Management segment (close-out of positions in convertibles, reduction of structured credit outstandings in excess of \$2 billion before currency impact, agreement to dispose of most of the complex credit derivatives positions).
- The group refocused on its core business activities, with the sale by Natixis of its French private equity activities to AXA.

Certain of the foregoing information (as well as the related information concerning the “Together” strategic plan in the documents incorporated herein by reference) constitute forward-looking statements that are subject to significant uncertainty. See “Forward-Looking Statements” and “Risk Factors” for more information relating to these uncertainties.

### **Capital Adequacy Ratios**

The estimated core Tier 1 and Tier 1 capital ratios of Groupe BPCE as of September 30, 2010 (based on Basel II / CRD Standards) were 7.7% and 9.8%, respectively, compared to 6.9% and 9.1% respectively at December 31, 2009.

### **Recent Developments**

#### ***Redemption of Preference Shares and TSS held by the French State***

On August 6, 2010, BPCE redeemed €1.2 billion of preference shares and €600 million of deeply subordinated notes (*titres super-subordonnés*, or TSS) held by the French State (through SPPE). BPCE used a portion of the proceeds of the sale of SMC (as described in the BPCE Third Update incorporated by reference herein) to redeem an additional €600 million of preference shares on October 15, 2010.

On December 10, 2010, BPCE bought back deeply subordinated notes held by SPPE for a total of €700 million, lowering the balance of deeply subordinated notes issued by BPCE and held by SPPE to a total of €1 billion. This buyback was made possible by improvements in the group’s solvency ratios (see “—Capital Adequacy Ratios” above). The buyback of these notes will result in a reduction of 0.2 percentage points in the Tier 1 ratio of Groupe BPCE (9.6% instead of 9.8%) on the basis of September 30, 2010 figures. It has no impact, however, on the Core Tier 1 ratio, as the deeply subordinated notes are included in Tier 1 capital but not in Core Tier 1 capital. BPCE has thus bought back 75% of the deeply subordinated notes it previously issued and which had been subscribed to by SPPE. As stated by François Pérol, Chairman of the Management Board of BPCE on December 2, 2010, the group intends to buy back with or without refinancing the remaining deeply subordinated notes held by SPPE by the end of 2012.

#### ***Change in BPCE Corporate Governance***

BPCE has a two-tier governance structure, with a supervisory board with 18 members that are elected by the voting shareholders, and a management board that is appointed by the supervisory board. Under a protocol signed by BPCE’s predecessors and the French State on June 24, 2009 (the “BPCE Protocol”), the French State nominated four members of the supervisory board (two of whom must be independent). The remaining members were nominated by the regional banks, with equal numbers nominated by the banks in each network. The reimbursement, effective on October 15, 2010, of more than one half of the preference shares subscribed to by the French State has resulted in the resignation, in compliance with BPCE’s bylaws, of the directors representing the French government. The two representatives of the French State have been replaced by two outside directors. The Supervisory Board is now comprised of eighteen members: seven directors from each of the Caisse d’Epargne and Banque Populaire networks and four outside directors. The presence of these four directors from outside the group ensures respect of the interests of the French State as long as it holds preference shares in BPCE. The Supervisory Board also decided to give permanent status to this board structure by including it in the bylaws of BPCE. The presence of four outside directors will ensure a system of open governance, in keeping with the size of BPCE, which provides more than 20% of the funding granted to the French economy. An extraordinary general meeting of shareholders will be convened to appoint the new outside directors and to proceed with the corresponding amendment of the company’s bylaws.

#### ***Buyback by Natixis of €1,350 million Super Subordinated Securities held by BPCE***

On December 10, 2010, Natixis announced that it is buying back €1,350 million Super Subordinated Securities (SSS) currently held by BPCE. The buyback includes €1,150 million in securities issued on December 11, 2008, bearing interest at 9.14% per year and €200 million in securities issued on June 26, 2009, bearing interest

at 9.01% per year. This buyback by Natixis was made possible by the strong improvement of Natixis' solvency ratios (Tier 1 ratio: 11.2% at September 30, 2010).

This early complementary reimbursement enables Natixis to avoid a €12.6 million reimbursement premium increase which would have been due from December 11, 2010. The buyback will improve the profit per share with a pre-tax interest reduction amounting to approximately to €7 million in 2010 and approximately €123 million in 2011.

#### ***CEBS Stress Tests***

On July 23, 2010, the Committee of European Banking Supervisors (CEBS) announced the results of the "stress tests" that were designed to measure whether the capital base of European banks is sufficient to withstand various hypothetical financial shocks. The stress test confirmed the financial strength of BPCE, which was shown to have a buffer of €1.7 billion of capital compared to the 6% minimum level in the worst-case stress scenario. While the results of this test do not guarantee that BPCE will be able to withstand a real financial shock, they do demonstrate a strong degree of resistance in the hypothetical scenarios conceived for purposes of the stress tests.

#### ***Complaint filed by Madoff Investment Securities***

By press release dated December 8, 2010, Irving H. Picard, the Trustee for the liquidation of Bernard L. Madoff Investment Securities LLC ("BMIS") announced the filing of complaints under seal in the United States Bankruptcy Court for the Southern District of New York against seven banking institutions, including U.S.\$400 million in claims against Natixis. As of the date of this offering memorandum, Natixis has not yet received the complaint filed by the BMIS Trustee, however, in a press release dated December 9, 2010, Natixis denied the allegations made and stated that it intends to take all steps to defend its position and preserve its rights. Natixis itself has started a criminal action in Paris.

## SUMMARY OF THE OFFERING

The following is a brief summary of the terms of this offering. For a more complete description of the terms of the notes, see “Description of Notes” in this offering memorandum.

Issuer .....	BPCE
Notes offered .....	U.S.\$1,100,000,000 in principal amount of Floating Rate Notes due 2014 (the “notes”)
Issue price .....	99.846% of the principal amount
Maturity .....	February 7, 2014
Interest rate .....	The notes will bear interest at the rate of 3-month U.S. dollar LIBOR plus 1.75% from February 7, 2011 based upon the actual number of days in the Interest Period divided by 360.
Interest payment dates .....	Interest on the notes will be payable quarterly in arrears on February 7, May 7, August 7 and November 7 (or if not a Business Day, on the date as determined under “—Description of Notes— Principal, Maturity and Interest”) of each year, commencing on May 9, 2011.
Ranking.....	The notes will be unsecured and unsubordinated obligations of BPCE and will rank <i>pari passu</i> among themselves and (save for certain obligations required to be preferred by French law) equally with all other present or future unsecured and unsubordinated obligations of BPCE, from time to time outstanding.
Additional Amounts .....	We will pay additional amounts in respect of any payments of interest or principal so that the amount you receive after French withholding tax (or withholding tax by a jurisdiction in which a successor company is organized) will equal the amount that you would have received if no withholding tax had been applicable, subject to some exceptions as described under “Description of Notes — Payment of Additional Amounts.”
Covenants .....	The terms of the notes contain restrictions on our ability to pledge assets and to merge with other entities. For a more complete description see “Description of Notes” in this offering memorandum.
Redemption.....	We may not redeem the notes prior to maturity, except in connection with certain tax-related events.

If, due to changes in French tax treatment (or treatment of any jurisdiction in which a successor to, or substitute obligor of, our company is organized or resident for tax purposes) occurring after the issuance date of the notes (or after the date of succession or substitution), we would be required to pay additional amounts as described under “Description of Notes — Payment of Additional Amounts,” we may redeem the notes in whole but not in part at a redemption price equal to 100% of the principal amount of the notes plus accrued interest to the redemption date.

	We and our affiliates may purchase notes in the open market or otherwise.						
Further issuances .....	We reserve the right, without the consent of the holders of the notes, to create and issue additional notes ranking equally with the notes in all respects (except for the issue price and the issue date), so that such additional notes will be consolidated and form a single series with the notes; <i>provided</i> that such additional notes will be issued with no more than <i>de minimis</i> original issue discount for U.S. federal income tax purposes or be part of a qualified reopening for U.S. federal income tax purposes.						
Use of proceeds .....	We intend to use the net proceeds from the sale of the notes for general corporate purposes.						
Transfer restrictions .....	The notes have not been and will not be registered under the Securities Act and are subject to restrictions on transfer as described under “Transfer Restrictions.”						
Listing .....	The notes will not be listed.						
Fiscal agent, paying agent, transfer agent, calculation agent and registrar .....	Citibank N.A., London Branch						
Rating .....	The notes are expected to be assigned a rating of “Aa3” (outlook stable) by Moody’s, “A+” (outlook stable) by Standard & Poor’s and “A+” (outlook stable) by Fitch. Ratings are not a recommendation to purchase, hold or sell notes, inasmuch as the ratings do not comment as to market price or suitability for a particular investor. The ratings are based upon current information furnished to the rating agencies by us and information obtained by the rating agencies from other sources. The ratings are only accurate as of the date thereof and may be changed, superseded or withdrawn as a result of changes in, or unavailability of, such information, and therefore a prospective purchaser should check the current ratings before purchasing the notes. Each rating should be evaluated independently of any other rating.						
Governing law .....	The fiscal agency agreement and the notes will be governed by the laws of the State of New York.						
Risk Factors .....	See “Risk Factors” and the other information included or incorporated by reference in this offering memorandum for a discussion of the factors you should carefully consider before investing in the notes.						
Global Certificate Codes .....	<table border="0"> <tr> <td><i>Rule 144A Global Certificate</i></td> <td><i>Regulation S Global Certificate</i></td> </tr> <tr> <td>CUSIP: 05571AAG0</td> <td>CUSIP: F11494AJ4</td> </tr> <tr> <td>ISIN: US05571AAG04</td> <td>ISIN: USF11494AJ45</td> </tr> </table>	<i>Rule 144A Global Certificate</i>	<i>Regulation S Global Certificate</i>	CUSIP: 05571AAG0	CUSIP: F11494AJ4	ISIN: US05571AAG04	ISIN: USF11494AJ45
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CUSIP: 05571AAG0	CUSIP: F11494AJ4						
ISIN: US05571AAG04	ISIN: USF11494AJ45						

## SUMMARY FINANCIAL INFORMATION

The following summary historical consolidated information as of and for the year ended December 31, 2009, and summary unaudited consolidated pro forma financial information as of and for the year ended December 31, 2008, have been derived from the consolidated financial statements of Groupe BPCE and Groupe BPCE SA as of and for the year ended December 31, 2009, which were prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union and which are included in the BPCE Registration Document incorporated by reference herein.

The consolidated financial statements of Groupe BPCE and Groupe BPCE SA as of and for the year ended December 31, 2009 were prepared on the basis of merger accounting, based on the January 1, 2009 effective date of the Combination Transactions for accounting purposes. As a combination of mutual entities, the provisions of IFRS 3 do not apply to the Combination Transactions. As a result, the Combination Transactions were recorded on the basis of the historical book value of the assets and liabilities of the two groups.

The following summary unaudited consolidated financial information as of and for the six months ended June 30, 2010, and the summary unaudited consolidated pro forma financial information as of and for the six months ended June 30, 2009, have been derived from the unaudited consolidated financial statements of Groupe BPCE and Groupe BPCE SA, respectively, as of and for the six months ended June 30, 2010, which are included in the BPCE Second Update, incorporated by reference herein.

The following summary unaudited interim consolidated financial information for Groupe BPCE as of and for the nine months ended September 30, 2010, and the summary unaudited consolidated financial information as of and for the nine months ended September 30, 2009, have been derived from the unaudited interim consolidated management accounts of Groupe BPCE as of and for the nine months ended September 30, 2010. Quarterly financial information for Groupe BPCE SA is not available.

The summary unaudited consolidated pro forma financial information was prepared as if the Combination Transactions had occurred prior to the date on which they actually occurred. The unaudited pro forma consolidated financial information is presented for illustration only based on a number of assumptions, and does not reflect the results that would have been realized had Groupe BPCE and Groupe BPCE SA operated on a consolidated basis during the periods presented.

**Groupe BPCE SA**

**Summary Consolidated Historical and Unaudited Pro Forma Balance Sheet Data for Groupe BPCE SA**

<i>in millions of euros</i>	As of December 31, 2008 (pro forma) (unaudited)	As of December 31, 2009	As of June 30, 2010 (unaudited)
Financial assets at fair value through profit or loss .....	298,594	180,928	224,507
Available-for-sale financial assets .....	37,723	39,637	40,016
Loans and receivables due from banks .....	154,170	191,197	202,888
Loans and receivables due from customers .....	127,487	118,658	133,738
Held-to-maturity financial assets .....	6,411	5,485	5,189
Other assets .....	66,018	67,943	89,940
<b>Total Assets .....</b>	<b>690,403</b>	<b>603,848</b>	<b>696,278</b>
Financial liabilities at fair value through profit or loss .....	275,190	180,632	217,293
Amounts due to banks .....	138,620	151,196	175,438
Amounts due to customers.....	68,349	56,080	67,624
Debt securities .....	96,562	108,196	112,417
Technical reserves of insurance companies.....	34,070	37,114	39,231
Provisions .....	1,678	1,803	1,825
Other liabilities .....	34,773	25,809	38,370
Subordinated debt .....	21,802	14,548	14,217
Minority interests .....	5,096	5,303	5,670
Shareholders' equity (Group share) .....	14,263	23,167	24,193
<b>Total Liabilities and Shareholders' Equity .....</b>	<b>690,403</b>	<b>603,848</b>	<b>696,278</b>

**Summary Consolidated Historical and Unaudited Pro Forma Income Statement Data for Groupe BPCE SA**

<i>in millions of euros</i>	Year ended December 31, 2008 (pro forma) (unaudited)	Year ended December 31, 2009	Six month period ended June 30, 2009 (pro forma)      2010 (unaudited)	
<b>Net banking income .....</b>	<b>4,012</b>	<b>6,501</b>	<b>2,764</b>	<b>3,982</b>
<b>Gross operating income.....</b>	<b>(1,930)</b>	<b>819</b>	<b>(136)</b>	<b>1,296</b>
Cost of risk .....	(1,884)	(2,788)	(2,358)	(239)
<b>Operating income .....</b>	<b>(3,814)</b>	<b>(1,969)</b>	<b>(2,494)</b>	<b>1,057</b>
Share of income from associates .....	388	572	287	334
Minority interests.....	769	494	762	(230)
<b>Net income, group share.....</b>	<b>(1,796)</b>	<b>(69)</b>	<b>(512)</b>	<b>787</b>

## Groupe BPCE

### Summary Consolidated Historical and Unaudited Pro Forma Balance Sheet Data for Groupe BPCE

<i>in millions of euros</i>	As of December 31, 2008 (pro forma) (unaudited)	As of December 31, 2009	As of June 30, 2010 (unaudited)	As of September 30, 2010 (unaudited)
Financial assets at fair value through profit or loss .....	304,730	194,713	232,716	222,868
Available-for-sale financial assets .....	59,305	65,853	68,239	68,749
Loans and receivables due from banks .....	155,270	146,448	148,290	146,048
Loans and receivables due from customers .....	512,363	517,440	544,633	554,206
Held-to-maturity financial assets .....	9,167	8,851	9,115	9,103
Other assets .....	102,844	95,497	120,986	105,247
<b>Total Assets .....</b>	<b>1,143,679</b>	<b>1,028,802</b>	<b>1,123,979</b>	<b>1,106,221</b>
Financial liabilities at fair value through profit or loss .....	273,876	183,067	219,076	217,022
Amounts due to banks .....	136,256	115,730	129,470	103,701
Amounts due to customers.....	371,053	367,717	382,148	393,102
Debt securities .....	207,834	204,410	214,089	221,503
Technical reserves of insurance companies.....	38,104	41,573	44,138	45,501
Provisions .....	5,042	5,285	5,249	5,167
Other liabilities .....	54,281	48,245	64,783	57,208
Subordinated debt .....	22,022	14,981	14,551	14,174
Minority interests .....	3,698	3,806	4,041	3,914
Shareholders' equity (Group share) .....	31,513	43,988	46,434	44,929
<b>Total Liabilities and Shareholders' Equity .....</b>	<b>1,143,679</b>	<b>1,028,802</b>	<b>1,123,979</b>	<b>1,106,221</b>

### Summary Consolidated Historical and Unaudited Pro Forma Income Statement Data for Groupe BPCE

<i>in millions of euros</i>	Year ended December 31, 2008 (pro forma) (unaudited)	Year ended December 31, 2009	Six month period ended June 30, 2009 (pro forma) (unaudited)		Nine month period ended September 30, 2009 (pro forma) (unaudited)	
			2010 (unaudited)	2010 (unaudited)	2010 (unaudited)	2010 (unaudited)
<b>Net banking income .....</b>	<b>16,096</b>	<b>21,227</b>	<b>9,694</b>	<b>11,946</b>	<b>15,128</b>	<b>17,407</b>
<b>Gross operating income...</b>	<b>(241)</b>	<b>4,868</b>	<b>1,653</b>	<b>4,008</b>	<b>3,121</b>	<b>5,654</b>
Cost of risk .....	(3,146)	(4,145)	(2,990)	(970)	(3,578)	(1,215)
<b>Operating income .....</b>	<b>(3,387)</b>	<b>723</b>	<b>(1,337)</b>	<b>3,038</b>	<b>(457)</b>	<b>4,439</b>
Minority interests.....	849	612	832	(193)	760	(263)
<b>Net income, group share.....</b>	<b>(1,847)</b>	<b>537</b>	<b>(757)</b>	<b>1,945</b>	<b>(310)</b>	<b>2,782</b>

## RISK FACTORS

In addition to other information contained in this offering memorandum, you should consider carefully the risks described below. These risks are not the only ones we face. Additional risks not currently known to us or that we currently believe immaterial may also impair our business operations. Our business, financial condition or results of operations could be materially adversely affected by any of these risks.

This offering memorandum contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks we face as described below and elsewhere in this offering memorandum. See “Forward-looking Statements.”

### **Risks Relating to the Issuer**

#### **Risks Relating to the Combination Transactions and Groupe BPCE’s Strategic Plan**

##### ***Groupe BPCE may not realize the objectives in its recently announced strategic plan***

On February 25, 2010, Groupe BPCE announced a strategic plan for 2010-2013 that contemplates a number of initiatives, including a focus on commercial banking activities and the core customer-based business of Natixis, the implementation of significant cost and revenue synergies, and the simplification of Groupe BPCE’s structure. In connection with the strategic plan, Groupe BPCE announced a number of financial targets. These financial objectives were established primarily for purposes of planning and allocation of resources, are based on a number of assumptions, and do not constitute projections or forecasts of anticipated results. The actual results of Groupe BPCE are likely to vary (and could vary significantly) from these targets for a number of reasons, including the materialization of one or more of the risk factors described in the present section. If Groupe BPCE does not realize its objectives, then its financial condition and the value of the notes could be adversely affected.

##### ***BPCE and Groupe BPCE may not achieve the expected synergies from the Combination Transactions.***

The group intends to seek significant synergies from the Combination Transactions, which it hopes will result in lower aggregate costs, more efficient operations and better opportunities for business development. If Groupe BPCE does not achieve the expected synergies from the Combination Transactions, the actual benefits will be lower than anticipated, and the results of operations and financial condition of Groupe BPCE SA and Groupe BPCE will be adversely affected.

The ability of the group to realize anticipated synergies will depend on a number of factors, many of which are beyond the control of BPCE and the entities in Groupe BPCE. The group may fail to achieve expected synergies for any number of reasons, including difficulties encountered in the integration process, disruptions caused by the unique structure of the group or the materialization of risks relating to ordinary banking activities. Any of these factors, among others, could result in the actual level of business development and/or cost synergies being lower than anticipated.

##### ***The integration process may be difficult and could disrupt operations or could prove to be more costly than anticipated.***

While the Caisses d’Epargne and the Banques Populaires continue to operate autonomously with separate brands and product development strategies, they are integrating a number of functions (such as performing market studies and certain information technology functions). Realization of the anticipated benefits from the Combination Transactions depends in part upon whether the operations of the Caisses d’Epargne Group and the Banques Populaires Group in these areas can be integrated in an efficient and effective manner. Integrating the operations of a combined business, even in limited areas, is a complex and lengthy process. Successful integration requires, among other things, the satisfactory coordination of business efforts, the retention of key management personnel and professionals, effective hiring and training policies and the alignment of information and software systems. Difficulties may be encountered in combining operations that could result in higher integration costs and lower

savings or revenues than expected. Moreover, the integration of the operations of the Groupe Caisse d'Épargne with those of the Groupe Banque Populaire in the targeted areas could interfere with the activities of one or more of their businesses and divert management's attention from other aspects of their operations, which could have an adverse effect on their operations and results.

### **Risks Relating to the Structure of Groupe BPCE SA and Groupe BPCE**

***BPCE may be required to contribute funds to the entities that are part of the financial solidarity mechanism if they encounter financial difficulties, including some entities in which BPCE holds no economic interest.***

As the central body of Groupe BPCE, BPCE guarantees the liquidity and solvency of each of the regional banks (the Caisses d'Épargne and the Banques Populaires), as well as the other members of the affiliated group that are credit institutions subject to regulation in France. The affiliated group includes BPCE affiliates such as Natixis, Crédit Foncier de France and Banque Palatine (a more complete list is included in the BPCE Reference Document). While each of the regional banks and the other members of the affiliated group are required to provide similar support to BPCE, there can be no assurance that the benefits of the financial solidarity mechanism for BPCE will outweigh its costs.

To assist BPCE in assuming its central body liabilities and to ensure mutual support within Groupe BPCE, a guarantee fund has been established to cover liquidity and solvency risks, with an amount of €20 million at the end of 2009. The regional banks and the entities in the affiliated group will be required to make additional contributions to the guarantee fund from their future profits. While the guarantee fund provides a substantial source of resources to fund the financial solidarity mechanism, there can be no assurance that it will be sufficient for this purpose. If the guarantee fund turns out to be insufficient, BPCE will be required to make up the shortfall.

***BPCE does not have voting rights in shareholders meetings of the Caisses d'Épargne and the Banques Populaires.***

BPCE's financial strength is derived in significant part from the regional retail banks, both as a result of the support undertakings in the financial solidarity mechanism, and as a result of BPCE's non-voting equity interest in the regional retail banks (through Natixis, which holds 20% non-voting equity interests in the regional retail banks). While BPCE has significant powers to monitor and supervise the regional retail banks in its capacity as central body of Groupe BPCE, it does not have any voting power in respect of decisions that require the consent of shareholders of the regional banks.

***In the event of a disagreement between the Banques Populaires, the Caisses d'Épargne and/or the French State, the business or operations of Groupe BPCE SA could be subject to significant disruptions.***

A protocol signed by BPCE's predecessors and the French State on June 24, 2009 (the "BPCE Protocol"), established a mechanism for the appointment of members of the supervisory board and of the management board of BPCE, as well as the implementation of various corporate governance measures. Of the 18 members of the BPCE Supervisory Board, seven have been nominated by the Caisses d'Épargne, seven have been nominated by the Banques Populaires, and four are outside directors (two of whom are to be appointed at the next extraordinary general meeting of shareholders.) In addition, the BPCE Protocol provides (and the bylaws of BPCE provide) that certain decisions deemed essential require the approval of 15 out of 18 members of the supervisory board (meaning a favorable vote from at least one representative of each of the Caisses d'Épargne and the Banques Populaires and from among the outside directors). These "essential decisions" include the removal of the Chairman of the Management Board; any purchase of equity interests, other investments or divestitures involving an amount greater than €1 billion; any increase in BPCE's authorized capital with a waiver of preferential subscription rights; any merger, contribution or spin-off transactions to which BPCE is a party; any proposal to BPCE's shareholders to modify BPCE's bylaws, corporate governance or the rights of holders of preference shares; and any other decision involving a significant change to the Supervisory Board's functions that would affect the rights of holders of BPCE's preference shares. The BPCE Protocol does not (and BPCE's bylaws do not) contain a mechanism for definitively resolving any disagreement. In the event of deadlock, the management board may be unable to obtain supervisory board approval to proceed with planned actions. The business of Groupe BPCE SA or Groupe BPCE

may therefore be subject to significant disruptions in the event that the Banques Populaires, the Caisses d'Épargne and/or the French State are unable to resolve any differences concerning the relevant group's development.

***BPCE is subject to certain risks as a result of the guarantee in favor of Natixis provided by BPCE.***

BPCE has provided Natixis with a guarantee to protect Natixis from the risk of future losses and the volatility of results linked to a segregated portfolio of sensitive and non-strategic assets that is being managed by Natixis in run-off mode. The guarantee, which is in part in the form of a total return swap and in part in the form of a financial guarantee, was provided in order to reduce the impact of future value adjustments and provisions in respect of these assets on the financial results of Natixis, which have been significantly affected by such value adjustments and provisions since the beginning of the global financial crisis. The principal terms of the guarantee are described in the BPCE First Update, which is incorporated by reference in this offering memorandum. See "Documents Incorporated by Reference."

The effect of the guarantee is to shift the large majority of the risk of future value adjustments and provisions from Natixis to BPCE. Because Natixis is a consolidated subsidiary of BPCE, the guarantee will not have any impact on the consolidated net banking income, operating income or cost of risk of Groupe BPCE or Groupe BPCE SA. However, the guarantee will have an impact on the share of net income attributable to minority interests and, correspondingly, to net income attributable to equity holders of the parent and shareholders' equity. As a result, the results of operations and financial condition of Groupe BPCE and Groupe BPCE SA could be adversely affected if significant value adjustments and provisions are recorded in respect of the underlying assets in the future.

**Risks Relating to the Activities of BPCE**

***BPCE is subject to several categories of risks inherent in banking activities.***

There are four main categories of risks inherent in BPCE's activities (including those of Groupe BPCE SA and Groupe BPCE), which are summarized below. The risk factors that follow elaborate on or give specific examples of these different types of risks (including the impact of the recent financial crisis), and describe certain additional risks faced by BPCE.

- ***Credit Risk.*** Credit risk is the risk of financial loss relating to the failure of a counterparty to honor its contractual obligations. The counterparty may be a bank, a financial institution, an industrial or commercial enterprise, a government and its various entities, an investment fund, or a physical person. Credit risk arises in lending activities and also in various other activities where BPCE is exposed to the risk of counterparty default, such as its trading, capital markets, derivatives and settlement activities. Credit risk also arises in connection with the factoring businesses of BPCE, although the risk relates to the credit of the counterparty's customers, rather than the counterparty itself.
- ***Market and Liquidity Risk.*** Market risk is the risk to earnings that arises primarily from adverse movements of market parameters. These parameters include, but are not limited to, foreign exchange rates, bond prices and interest rates, securities and commodities prices, derivatives prices, credit spreads on financial instruments, and prices of other assets such as real estate.

Liquidity is also an important component of market risk. In instances of little or no liquidity, a market instrument or transferable asset may not be negotiable at its estimated value (as was the case for some categories of assets in the recent disrupted market environment). A lack of liquidity can arise due to diminished access to capital markets, unforeseen cash or capital requirements or legal restrictions.

Market risk arises in trading portfolios and in non-trading portfolios. In non-trading portfolios, it encompasses:

- the risk associated with asset and liability management, which is the risk to earnings arising from asset and liability mismatches in the banking book or in the insurance business; this risk is driven primarily by interest rate risk;
- the risk associated with investment activities, which is directly connected to changes in the value of invested assets within securities portfolios, which can be recorded either in the income statement or directly in shareholders equity; and
- the risk associated with certain other activities, such as real estate, which is indirectly affected by changes in the value of negotiable assets held in the normal course of business.
- *Operational Risk.* Operational risk is the risk of losses due to inadequate or failed internal processes, or due to external events, whether deliberate, accidental or natural occurrences. Internal processes include, but are not limited to, human resources and information systems, risk management and internal controls (including fraud prevention). External events include floods, fires, windstorms, earthquakes or terrorist attacks.
- *Insurance Risk.* Insurance risk is the risk to earnings due to mismatches between expected and actual claims. Depending on the insurance product, this risk is influenced by macroeconomic changes, changes in customer behavior, changes in public health, pandemics, accidents and catastrophic events (such as earthquakes, windstorms, industrial disasters, or acts of terrorism or war).

***Disruptions in global financial markets have had, and may in the future have, an adverse impact on BPCE's earnings and financial condition.***

The activities, earnings and financial condition of the entities in Groupe BPCE SA and Groupe BPCE (particularly Natixis and, to a lesser extent, CNCE) have been affected, and those of Groupe BPCE SA and Groupe BPCE could in the future be affected, by the significant and unprecedented recent disruptions in the financial markets, in particular in the primary and secondary debt markets, and by the recent global economic recession. While these disruptions have eased somewhat in recent months, if adverse market conditions return, or if the market recovery is slower or less robust than expected, Groupe BPCE SA and Groupe BPCE's results of operations could be adversely affected.

In 2007, 2008 and 2009, reflecting concern about the stability of the financial markets generally and the strength of counterparties, many lenders and institutional investors reduced or ceased providing funding to borrowers, including to other financial institutions. This market turmoil and the tightening of credit led to an increased level of commercial and consumer delinquencies, a lack of consumer confidence, increased market volatility, steep declines in stock market indices and a widespread reduction of business activity generally. Conditions in the debt markets included reduced liquidity and increased credit risk premiums, which significantly increased the cost of debt funding. The significant disruption of the secondary debt market exacerbated these conditions and reduced the availability of financing for new loan production.

The disruptions in the financial markets included the disappearance of trading markets for many complex assets, particularly those based on subprime mortgage loans. The resulting uncertainty regarding asset values led to substantial write-downs on the books of global financial institutions, including Groupe BPCE SA and Groupe BPCE. Other asset categories were also affected as institutions sold them to meet liquidity needs. Adverse conditions spread to the economy generally as the lack of liquidity in financial markets affected the cost and availability of financing for businesses.

While a gradual recovery from the financial crisis appears to be underway, volatility in financial markets and a relatively fragile economic recovery, including lingering unemployment, credit shortages and overcapacity, could continue or worsen. A significant renewal of the recent market disruptions could have an adverse impact on the results of operations and financial condition of Groupe BPCE SA and Groupe BPCE.

***Natixis may not be able to fully and efficiently wind down those of its operations that are impacted by the financial crisis.***

Natixis is in the process of phasing down certain activities that were affected by the financial crisis, particularly corporate and investment banking activities that involved incurring proprietary risks, including exposure to structured product risks and complex derivatives. The phase-down has included and may include in the future the sale of assets affected by the crisis to the extent market conditions permit. Natixis may find itself unable to phase down these remaining activities as quickly or efficiently as it hopes, either because there are no buyers willing to pay a reasonable price for the relevant assets or activities, or because there is no liquid market for the relevant assets, or because the ongoing obligations of Natixis make a sale or phase-down impracticable. In some cases, Natixis may dispose of assets and positions by entering into offsetting or hedging transactions with third parties, in which case Natixis will bear the credit risk of those third parties. If Natixis is unable to wind down these businesses as planned, then it will not achieve (or will only partially achieve) its objective of reducing its exposure to market volatility and diversifying its revenue and income base. This could have a material adverse effect on the results of operations and financial condition of Groupe BPCE SA.

***Legislative action and regulatory measures in response to the global financial crisis may materially impact BPCE and the financial and economic environment in which it operates.***

Legislation and regulations recently have been enacted or proposed with a view to introducing a number of changes in the global financial environment. While the objective of these new measures is to avoid a recurrence of the financial crisis, the impact of the new measures could be to change substantially the environment in which BPCE and other financial institutions operate.

The new measures that have been or may be adopted include more stringent capital requirements, taxes on financial transactions, bank assets and liabilities and on employee compensation over specified levels, limits on the types of activities that commercial banks can undertake (particularly proprietary trading), restrictions on certain types of financial products such as derivatives, and the creation of new and strengthened regulatory bodies. In many countries, the vast majority of these topics are treated only in proposals that are under discussion and that are subject to revision, and need adapting to each country's framework by national regulators. Even in countries in which comprehensive legislation has been adopted (such as the United States), numerous regulations must be adopted by government agencies, and the potential impact of those regulations is subject to significant uncertainty. As a result, it is not possible to predict which new measures will ultimately be adopted, what their final form will be or what impact they will have on Groupe BPCE or Groupe BPCE SA.

***Recent conditions in the European financial markets may have an impact on the markets in which Groupe BPCE and Groupe BPCE SA operate.***

European markets have recently experienced significant disruptions as a result of concerns regarding the ability of certain countries in the euro-zone to refinance their debt obligations. These disruptions have caused volatility in the exchange rate of the euro against other major currencies, affected the levels of stock market indices and created uncertainty regarding the near-term economic prospects of countries in the European Union. There has also been an indirect impact on financial markets worldwide.

While the impact of these events on Groupe BPCE and Groupe BPCE SA has been relatively limited so far (given that Groupe BPCE has relatively few activities that involve the most affected countries), if economic conditions in Europe were to deteriorate further, or if the recent disruptions were to impair the capacity of the European or global markets to recover from the recent worldwide financial crisis, then the impact on the Issuer may become more significant.

***BPCE and its corporate and investment banking subsidiary, Natixis, must maintain high credit ratings, or their business and profitability could be adversely affected.***

Credit ratings are important to the liquidity of BPCE and its affiliates that are active in financial markets (principally the corporate and investment banking subsidiary, Natixis). A downgrade in credit ratings could

adversely affect the liquidity and competitive position of BPCE or Natixis, increase borrowing costs, limit access to the capital markets or trigger obligations under certain bilateral provisions in some trading, derivatives and collateralized financing contracts. BPCE's cost of obtaining long-term unsecured funding, and that of Natixis, is directly related to their respective credit spreads (the amount in excess of the interest rate of government securities of the same maturity that is paid to debt investors), which in turn depend in large part on their credit ratings. Increases in credit spreads can significantly increase BPCE's or Natixis' cost of funding. Changes in credit spreads are continuous, market-driven, and subject at times to unpredictable and highly volatile movements. Credit spreads are also influenced by market perceptions of creditworthiness. In addition, credit spreads may be influenced by movements in the cost to purchasers of credit default swaps referenced to BPCE's or Natixis' debt obligations, which is influenced both by the credit quality of those obligations, and by a number of market factors that are beyond the control of BPCE and Natixis.

***A substantial increase in new provisions or losses greater than the level of previously recorded provisions could adversely affect BPCE's results of operations and financial condition.***

In connection with its lending activities, the entities in Groupe BPCE periodically establish provisions for loan losses, which are recorded in their income statement under cost of risk. Their overall level of provisions is based upon their assessment of prior loss experience, the volume and type of lending being conducted, industry standards, past due loans, economic conditions and other factors related to the recoverability of various loans. For further information on provisioning policies and its treatment of doubtful loans of the entities in Groupe BPCE, see the discussions of risk management in the BPCE Reference Document and its updates. Although the entities in the group endeavors to establish an appropriate level of provisions, the group's lending businesses may have to increase their provisions for loan losses in the future as a result of increases in non-performing assets, deteriorating economic conditions leading to increases in defaults and bankruptcies, or for other reasons. Any significant increase in provisions for loan losses or a significant change in the group's estimate of the risk of loss inherent in its portfolio of non-impaired loans, as well as the occurrence of loan losses in excess of the provisions allocated with respect thereto, would have an adverse effect on BPCE's results of operations and financial condition.

***The ability of the entities in Groupe BPCE to attract and retain qualified employees is critical to the success of the group's business and failure to do so may materially affect its performance.***

The employees of the entities in Groupe BPCE are the group's most important resource. In many areas of the financial services industry, competition for qualified personnel is intense. BPCE's results depend on the ability of the group to attract new employees and to retain and motivate its existing employees. Changes in the business environment (including taxes or other measures designed to limit compensation of banking sector employees) may cause the group to move employees from one business to another or to reduce the number of employees in certain of its businesses; this may cause temporary disruptions as employees adapt to new roles and may reduce the group's ability to take advantage of improvements in the business environment. This may impact the group's ability to take advantage of business opportunities or potential efficiencies.

***Future events may be different than those reflected in the management assumptions and estimates used in the preparation of the financial statements of the entities in Groupe BPCE, which may cause unexpected losses in the future.***

Pursuant to IFRS rules and interpretations in effect as of the present date, the entities in Groupe BPCE SA and Groupe BPCE are required to use certain estimates in preparing their financial statements, including accounting estimates to determine loan loss reserves, reserves related to future litigation, and the fair value of certain assets and liabilities, among other items. Should the estimated values for such items prove substantially inaccurate, particularly because of significant and unexpected market movements, or if the methods by which such values were determined are revised in future IFRS rules or interpretations, Groupe BPCE SA and Groupe BPCE may experience unexpected losses.

***Groupe BPCE SA, particularly Natixis, may incur significant losses on its trading and investment activities due to market fluctuations and volatility.***

As part of its trading and investment activities, Natixis maintains positions in the fixed income, currency, commodity and equity markets, as well as in unlisted securities, real estate and other asset classes (the same is true of other Groupe BPCE SA entities, although to a lesser extent). These positions can be adversely affected by volatility in financial and other markets, that is, the degree to which prices fluctuate over a particular period in a particular market, regardless of market levels. Volatility can also lead to losses relating to a broad range of other trading and hedging products Natixis uses, including swaps, futures, options and structured products, if they prove to be insufficient or excessive in relation to Natixis' expectations.

To the extent that Natixis owns assets, or has net long positions, in any of those markets, a downturn in those markets can result in losses due to a decline in the value of its net long positions. Conversely, to the extent that Natixis has sold assets that it does not own, or has net short positions, in any of those markets, an upturn in those markets can expose it to losses as it attempts to cover its net short positions by acquiring assets in a rising market. Natixis may from time to time have a trading strategy of holding a long position in one asset and a short position in another, from which it expects to earn net revenues based on changes in the relative value of the two assets. If, however, the relative value of the two assets changes in a direction or manner that Natixis did not anticipate or against which it is not hedged, Natixis might realize a loss on those paired positions. Such losses, if significant, could adversely affect Natixis' results of operations and financial condition, and therefore those of Groupe BPCE SA.

***Groupe BPCE SA and Groupe BPCE may generate lower revenues from brokerage and other commission and fee-based businesses during market downturns.***

Market downturns, such as the current one, are likely to lead to a decline in the volume of transactions that group entities execute for their customers and as a market maker, and, therefore, to a decline in net banking income from these activities. In addition, because the fees that group entities charge for managing their customers' portfolios are in many cases based on the value or performance of those portfolios, a market downturn that reduces the value of its customers' portfolios or increases the amount of withdrawals would reduce the revenues such entities receive from the distribution of mutual funds and other financial savings products (for the Caisses d'Epargne and Banques Populaires), or from asset management businesses (for Natixis).

Even in the absence of a market downturn, below-market performance by the group's mutual funds and other products may result in increased withdrawals and reduced inflows, which would reduce the revenues the group receives from its asset management business.

***Protracted market declines can reduce liquidity in the markets, making it harder to sell assets and possibly leading to material losses.***

In some of the group's businesses, protracted market movements, particularly asset price declines, can reduce the level of activity in the market or reduce market liquidity. These developments can lead to material losses if the group cannot close out deteriorating positions in a timely way. This may especially be the case for assets that BPCE holds for which the markets are not very liquid to begin with. Assets that are not traded on stock exchanges or other public trading markets, such as derivatives contracts between banks, may have values that the group calculates using models other than publicly-quoted prices. Monitoring the deterioration of prices of assets like these is difficult and could lead to losses that the group did not anticipate.

***Significant interest rate changes could adversely affect BPCE's net banking income or profitability.***

The amount of net interest income earned by Groupe BPCE SA and Groupe BPCE during any given period significantly affects its overall net banking income and profitability for that period. In addition, significant changes in credit spreads, such as the widening of spreads experienced recently, can impact the results of operations of the groups. Interest rates are highly sensitive to many factors beyond the control of group entities. Changes in market interest rates could affect the interest rates charged on interest-earning assets differently than the interest rates paid

on interest-bearing liabilities. Any adverse change in the yield curve could cause a decline in net interest income from lending activities. In addition, increases in the interest rates at which short-term funding is available and maturity mismatches may adversely affect the profitability of the groups. Increasing or high interest rates and/or widening credit spreads, especially if such changes occur rapidly, may create a less favorable environment for certain banking businesses.

***Changes in exchange rates can significantly affect BPCE's results.***

The entities in Groupe BPCE SA conduct a significant portion of their business in currencies other than the euro, in particular in the United States dollar, and their net banking income and results of operations can be affected by exchange rate fluctuations. While the group incurs expenses in currencies other than the euro, the impact of these expenses only partially compensates for the impact of exchange rate fluctuations on net banking income. Natixis is particularly vulnerable to fluctuations in the exchange rate between the United States dollar and the euro, as a significant portion of its net banking income and results of operations is earned in the United States. In the context of its risk management policies, BPCE and its affiliates enter into transactions to hedge exposure to exchange rate risk. However, these transactions may not be fully effective to offset the effects of unfavorable exchange rates on operating income; they may even, in certain hypothetical situations, amplify these effects.

***An interruption in or a breach of the information systems of entities in Groupe BPCE, or those of third parties, may result in lost business and other losses.***

As with most other banking groups, Groupe BPCE SA and Groupe BPCE rely heavily on communications and information systems to conduct their business, as their activities require them to process a large number of increasingly complex transactions. Any failure or interruption or breach in security of these systems could result in failures or interruptions in customer relationship management, general ledger, deposit, trading and/or loan organization systems. If the information systems failed, even for a short period of time, the affected group entities would be unable to serve some customers' needs in a timely manner and could thus lose their business. Likewise, a temporary shutdown of information systems, despite back-up recovery systems and contingency plans, could result in considerable information retrieval and verification costs, and even a decline in proprietary businesses if, for instance, such a shutdown occurs during the implementation of hedging policies. The inability of the group's systems to accommodate an increasing volume of transactions could also constrain its ability to expand its businesses. The groups also face the risk of operational failure or termination of any of the clearing agents, exchanges, clearing houses, depositaries or other financial intermediaries or outside vendors they use to execute or facilitate its securities transactions. As their interconnectivity with customers grows, group entities may also increasingly face the risk of operational failure with respect to its customers' systems.

***Unforeseen events can interrupt BPCE's operations and cause substantial losses and additional costs.***

Unforeseen events like severe natural disasters, pandemics, terrorist attacks or other states of emergency can lead to an abrupt interruption of operations of entities in Groupe BPCE SA and Groupe BPCE, and, to the extent not partially or entirely covered by insurance, can cause substantial losses. Such losses can relate to property, financial assets, trading positions and key employees. Such unforeseen events may additionally disrupt the group's infrastructure, or that of third parties with which it conducts business, and can also lead to additional costs (such as relocation costs of employees affected) and increase' costs (such as insurance premiums). Such events may also make insurance coverage for certain risks unavailable and thus increase the group's global risk.

***Groupe BPCE SA may be vulnerable to political, macroeconomic and financial environments or circumstances specific to the countries where it does business.***

Certain entities in Groupe BPCE SA are subject to country risk, which is the risk that economic, financial, political or social conditions in a foreign country will affect its financial interests. Natixis in particular does business throughout the world, including in developing regions of the world commonly known as emerging markets. In the past, many emerging market countries have experienced severe economic and financial disruptions, including devaluations of their currencies and capital and currency exchange controls, as well as low or negative economic growth. The group's businesses and revenues derived from operations and trading outside the European Union and the United States, although limited, are subject to risk of loss from various unfavorable political, economic and legal

developments, including currency fluctuations, social instability, changes in governmental policies or policies of central banks, expropriation, nationalization, confiscation of assets and changes in legislation relating to local ownership.

***BPCE is subject to extensive supervisory and regulatory regimes in France and in the many countries around the world in which the group operates; regulatory actions and changes in these regulatory regimes could adversely affect the group's business and results.***

A variety of supervisory and regulatory regimes apply to entities in Groupe BPCE SA and Groupe BPCE in each of the jurisdictions in which they operate. Non-compliance could lead to significant intervention by regulatory authorities and fines, public reprimand, damage to reputation, enforced suspension of operations or, in extreme cases, withdrawal of authorization to operate. The financial services industry has experienced increased scrutiny from a variety of regulators in recent years, as well as an increase in the penalties and fines sought by regulatory authorities, a trend that may be accelerated in the current financial context. The businesses and earnings of group entities can be materially adversely affected by the policies and actions of various regulatory authorities of France, other European Union or foreign governments and international agencies. Such constraints could limit the ability of group entities to expand their businesses or to pursue certain activities. The nature and impact of future changes in such policies and regulatory action are unpredictable and are beyond the group's control. Such changes could include, but are not limited to, the following:

- the monetary, interest rate and other policies of central banks and regulatory authorities;
- general changes in government or regulatory policy that may significantly influence investor decisions in particular markets in which group entities operate;
- general changes in regulatory requirements, for example, prudential rules relating to the capital adequacy framework, such as those that are being proposed as part of the Basel III process;
- changes in rules and procedures relating to internal controls;
- changes in the competitive environment and pricing practices;
- changes in the financial reporting environment;
- limitations on employee compensation;
- expropriation, nationalization, price controls, exchange controls, confiscation of assets and changes in legislation relating to foreign ownership; and
- any adverse change in the political, military or diplomatic environments creating social instability or an uncertain legal situation capable of affecting the demand for the products and services offered by the group.

***Tax laws and their interpretation in France and in the countries in which BPCE does business may significantly affect BPCE's results.***

As a multinational banking group involved in complex and large-scale cross-border transactions, Groupe BPCE SA (particularly Natixis) is subject to tax legislation in a number of countries. Groupe BPCE SA structures its business globally in order to optimize its effective tax rate. Modifications to the tax regime by the competent authorities in those countries may have a significant effect on the results of Groupe BPCE SA. The group manages its business so as to create value from the synergies and commercial capacities of its different entities. It also endeavors to structure the financial products sold to its clients in a tax-efficient manner. The structures of intragroup transactions and of the financial products sold by group entities are based on the group's own interpretations of applicable tax laws and regulations, generally relying on opinions received from independent tax counsel, and, to the

extent necessary, on rulings or specific guidance from competent tax authorities. There can be no assurance that the tax authorities will not seek to challenge such interpretations, in which case group entities could become subject to tax claims.

***A failure of or inadequacy in BPCE's risk management policies, procedures and methods may leave it exposed to unidentified or unanticipated risks, which could lead to material losses.***

The risk management techniques and strategies of Groupe BPCE SA and Groupe BPCE may not effectively limit its risk exposure in all economic market environments or against all types of risk, including risks that the group fails to identify or anticipate. The group's risk management techniques and strategies may also not effectively limit its risk exposure in all market patterns. These techniques and strategies may not be effective against certain risks, particularly those that the group has not previously identified or anticipated. Some of the group's qualitative tools and metrics for managing risk are based upon its use of observed historical market behavior. The group's risk managers apply statistical and other tools to these observations to arrive at quantifications of its risk exposures. These tools and metrics may fail to predict future risk exposures. These risk exposures could, for example, arise from factors the group did not anticipate or correctly evaluate in its statistical models or from unexpected and unprecedented market movements. This would limit the group's ability to manage its risks. The group's losses could therefore be significantly greater than the historical measures indicate. In addition, the group's quantified modeling does not take all risks into account. The group's qualitative approach to managing those risks could prove insufficient, exposing it to material unanticipated losses. In addition, while no material issue has been identified to date, the risk management systems are subject to the risk of operational failure, including fraud. See "Risk Management" and the related sections of the BPCE Reference Document and its updates for a more detailed discussion of the policies, procedures and methods that group entities use to identify, monitor and manage its risks.

***BPCE's hedging strategies may not prevent losses.***

If any of the variety of instruments and strategies that the group uses to hedge its exposure to various types of risk in its businesses is not effective, the group may incur losses. Many of its strategies are based on historical trading patterns and correlations. For example, if the group holds a long position in an asset, it may hedge that position by taking a short position in an asset where the short position has historically moved in a direction that would offset a change in the value of the long position. However, the group may only be partially hedged, or these strategies may not be fully effective in mitigating the group's risk exposure in all market environments or against all types of risk in the future. Unexpected market developments, such as the ones experienced in international financial markets since the second half of 2007, may also affect the group's hedging strategies. In addition, the manner in which gains and losses resulting from certain ineffective hedges are recorded may result in additional volatility in reported earnings.

***BPCE may have difficulty in identifying, executing and integrating an external growth policy in its acquisitions or joint ventures.***

BPCE's development strategy may include external growth transactions in the medium term, particularly in the European and international retail banking sector. Even though BPCE expects to review the companies it will acquire or joint ventures into which it will enter, it is generally not feasible for these reviews to be comprehensive in all respects. As a result, BPCE may have to assume unanticipated liabilities, an acquisition or joint venture may not perform as well as expected, the synergies expected may not be realized in whole or in part, or the transaction may give rise to costs that are higher than foreseen. In addition, it might have difficulty integrating any entity with which it combines its operations. Failure to complete announced business combinations or failure to integrate acquired businesses or joint ventures successfully into the businesses of BPCE could materially adversely affect the group's profitability. It could also lead to departures of key employees, or lead to increased costs and reduced profitability if BPCE felt compelled to offer them financial incentives to remain. In the case of joint ventures, BPCE is subject to additional risks and uncertainties in that it may be dependent on, and subject to liability, losses or reputational damage relating to, systems, controls and personnel that are not under its control. In addition, conflicts or disagreements between BPCE and its joint venture partners may negatively impact the benefits intended to be achieved by the joint venture.

***Intense competition, both in BPCE's home market of France, where it has the largest single concentration of its businesses, as well as internationally, could adversely affect the group's net banking income and profitability.***

Competition is intense in all of the primary business areas of Groupe BPCE in France and in the other countries in which the group conducts business. The group competes on the basis of a number of factors, including transaction execution, its products and services, innovation, reputation and price. The group also faces increased competition due to consolidation and new entrants. Consolidation has created a number of firms, in particular in the the European financial services markets, that, like the group, have the ability to offer a wide range of products, from insurance, loans and deposit taking to brokerage, investment banking and asset management services. If the group is unable to continue to respond to the competitive environment in France or in its other major markets with attractive product and service offerings that are profitable, it may lose market share in important areas of its business or incur losses on some or all of its activities. In addition, downturns in the global economy or in the economy of the group's major markets could add to the competitive pressure, through, for example, increased price pressure and lower business volumes for the group and its competitors.

***BPCE's profitability and business prospects could be adversely affected by reputational and legal risk.***

Various issues may give rise to reputational risk and cause harm to group entities and their business prospects. These issues include inappropriately dealing with potential conflicts of interest, legal and regulatory requirements, competition issues, ethical issues, money laundering laws, information security policies and sales and trading practices (including practices relating to disclosures to customers). Failure to address these issues appropriately could also give rise to additional legal risk, which could increase the number of litigation claims and the amount of damages asserted against group entities, or subject group entities to regulatory sanctions.

### **Risks related to the Offering**

***There is no prior market for the notes and at any point in time there may or may not be an active trading market for BPCE's notes.***

There is currently no existing market for the notes, and there can be no assurance that any market will develop for the notes or that holders will be able to sell their notes in the secondary market. There is no obligation to make a market in the notes. The notes will not be listed on any regulated exchange or quotation system. If any of the notes are traded after their initial issuance, they may trade at a discount from their initial offering price. Factors that could cause the notes to trade at a discount rate are:

- an increase in prevailing interest rates;
- a decline in our credit worthiness;
- a weakness in the market for similar securities; and
- declining general economic conditions.

## CAPITALIZATION

The table below sets forth the unaudited consolidated capitalization of Groupe BPCE as of June 30, 2010 (i) on a historical basis, (ii) as adjusted for the redemption of €1.26 billion of preference shares and €600 million of deeply subordinated notes (TSS) authorized on August 6, 2010, €641 million of preference shares which occurred on October 15, 2010, the issuance and sale on October 6, 2010 of U.S.\$750,000,000 aggregate principal amount of 2.375% Notes due 2013, the issuance and sale on October 28, 2010 of U.S.\$500,000,000 aggregate principal amount of 2.375% Notes due 2013 (together, the “2013 Notes”), and the redemption of €700 million of deeply subordinated notes (TSS) on December 10, 2010, and (iii) as further adjusted for the offering made hereby. The historical unaudited consolidated data was derived from the unaudited interim condensed consolidated financial statements of Groupe BPCE as of and for the six-month period ended June 30, 2010, prepared using IFRS as adopted by the European Union. Except as set forth in this section, there has been no material change in the consolidated capitalization of Groupe BPCE since June 30, 2010.

<i>in millions of euros</i>	June 30, 2010		
	Historical (unaudited)	As adjusted for Preference Share and TSS Redemptions and the issuance of the 2013 Notes (unaudited) <sup>1</sup>	As further adjusted for this offering (unaudited) <sup>2</sup>
Debt securities in issue .....	214,089	214,997	215,805
Subordinated debt .....	14,551	13,251	13,251
<b>Total debt</b> .....	<b>228,640</b>	<b>228,948</b>	<b>229,756</b>
Shareholders' Equity (group share):			
<i>Share capital and premium</i> .....	27,962	26,059	26,059
<i>Consolidated reserves</i> .....	17,227	17,227	17,227
<i>Unrealized or deferred gains or losses</i> .....	(700)	(700)	(700)
<i>Net income</i> .....	1,945	1,945	1,945
<b>Total shareholders' equity (group share)</b> .....	<b>46,434</b>	<b>44,531</b>	<b>44,531</b>
Minority interests.....	4,041	4,041	4,041
<b>Total capitalization</b> .....	<b>279,115</b>	<b>276,820</b>	<b>277,628</b>

<sup>1</sup> The issuance on October 6, 2010 of U.S.\$750,000,000 2.375% Notes due 2013 was translated from U.S. dollars into euro using the September 29, 2010 rate published by Bloomberg at approximately 1:30 p.m. Paris time of €1=\$1.3613, for a total amount of approximately €50,943,951. The issuance on October 28, 2010 of U.S.\$500,000,000 2.375% Notes due 2013 was translated from U.S. dollars into euro using the October 21, 2010 rate published by the European Central Bank of €1=\$1.4016, for a total amount of approximately €356,735,160.

<sup>2</sup> As adjusted to reflect the issuance of the notes offered hereby, translated from U.S. dollars into euro using the January 28, 2011 rate published by the European Central Bank of €1=\$1.3607, for a total amount of approximately €808,407,437.

The consolidated share capital and premium of Groupe BPCE includes the cooperative shares issued by the Banques Populaires and the local Caisse d'Epargne societies, the non-voting cooperative investment certificates of the Banques Populaires and Caisses d'Epargne held by Natixis, and the preference shares held by SPPE, plus in each case the related share premium. The shares of BPCE held by the Banques Populaires and the Caisses d'Epargne are eliminated in consolidation. The cooperative investment certificates issued by the Banque Populaire banks and Caisses d'Epargne are eliminated from retained earnings based on the percentage owned by the Group in Natixis and the balance from minority interests.

As of January 5, 2011, BPCE had 33,722,117 fully paid up shares with a par value of €15 each (total share capital was €505,831,755 million), including 15,574,232 voting shares held by the Caisses d'Epargne, 15,574,232 voting shares held by the Banques Populaires and 2,573,653 non-voting preference shares held by SPPE.

The aggregate outstanding amount of bonds issued by BPCE as at December 31, 2010 was €30,434 million compared with €24,308 million as at December 31, 2009 (and €27,238 million as at June 30, 2010 and €27,827 million at September 30, 2010). The aggregate outstanding amount of the subordinated debt of BPCE as at December 31, 2010 was €14,640 million compared with €15,835 million as at December 31, 2009 (and €15,738 million as at June 30, 2010 and €15,534 million at September 30, 2010). The foregoing figures are determined in accordance with French generally accepted accounting principles, which are used for BPCE's unconsolidated financial statements and which differ in certain respects from IFRS as adopted by the European Union, which are used for the consolidated financial statements.

## **USE OF PROCEEDS**

The net proceeds from the sale of the notes are expected to be approximately U.S.\$1,097 million after deduction of the initial purchasers' commission and estimated expenses payable by us. We intend to use the net proceeds from the sale of the notes for general corporate purposes.

## EXCHANGE RATE AND CURRENCY INFORMATION

In this offering memorandum, references to “euro,” “EUR” and “€” refer to the 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 by the Treaty on European Union and as amended by the Treaty of Amsterdam. References to “\$” and “dollars” are to United States dollars. References to “cents” are to United States cents. Certain financial information contained herein is presented in euros. On January 28, 2011, the exchange rate as published by Bloomberg at approximately 1:30 p.m. (Paris time) was \$1.3607 per one euro.

The following table shows the period-end, average, high and low Noon Buying Rates in New York City for cable transfers payable in foreign currencies as certified by the Federal Reserve Bank of New York (the “Noon Buying Rates”) for the euro, expressed in dollars per one euro, for the periods and dates indicated.

	<b>Noon Buying Rate</b>			
	<b>Period End</b>	<b>Average<sup>(1)</sup></b>	<b>High</b>	<b>Low</b>
<b>Year:</b>				
2006.....	1.3197	1.2661	1.3327	1.1860
2007.....	1.4603	1.3797	1.4862	1.2904
2008.....	1.3919	1.4695	1.6010	1.2446
2009.....	1.4332	1.3936	1.5100	1.2547
2010.....	1.3231	1.3276	1.3751	1.2970
2011 (through January 28).....	1.3607	1.3352	1.3688	1.2944
<b>Month:</b>				
July 2010.....	1.3069	1.2811	1.3069	1.2464
August 2010.....	1.2680	1.2932	1.3282	1.2680
September 2010.....	1.3754	1.3103	1.3638	1.2708
October 2010.....	1.3919	1.3891	1.4066	1.3688
November 2010.....	1.3036	1.3658	1.4205	1.3036
December 2010.....	1.3269	1.3221	1.3395	1.3089
January 2011 (through January 28).....	1.3607	1.3352	1.3688	1.2944

\* The average of the Noon Buying Rates on the last business day of each month (or portion thereof) during the relevant period for annual averages; on each business day of the month (or portion thereof) for monthly average.

Source: Federal Reserve Bank of New York.

Fluctuations in exchange rates that have occurred in the past are not necessarily indicative of fluctuations in exchange rates that may occur at any time in the future. No representations are made herein that the euro or dollar amounts referred to herein could have been or could be converted into dollars or euros, as the case may be, at any particular rate.

## BUSINESS

### Introduction

BPCE is the central body of Groupe BPCE, a leading French mutual banking group. Groupe BPCE had €1,028.8 billion of consolidated assets and €47.8 billion of consolidated shareholders equity (€44.0 billion group share), in each case as of December 31, 2009. It recorded €21.2 billion of consolidated net banking income for the year ended December 31, 2009.

Groupe BPCE has two core business lines: commercial banking and insurance (primarily the Banques Populaires and Caisses d'Épargne retail banking networks, as well as real estate financing through Crédit Foncier de France, insurance, international banking and certain other banking activities), and Corporate and Investment Banking, Savings and Financial Services (conducted through the Natixis group).

In addition to the core business lines, Groupe BPCE has equity investments in two leading French real estate services companies (Nexity and Foncia), Coface, a world leader in receivables management, and the Natixis private equity business (part of which is in the process of being sold). Natixis also has a segregated Workout Portfolio Management segment that includes activities affected by the financial crisis, managed in run-off mode. The remainder of Groupe BPCE's business consists of corporate center activities (including BPCE's activities as central body of Groupe BPCE).

As the central body (*organe central*) of Groupe BPCE, BPCE's role (defined by French Law no. 2009-715 dated June 18, 2009) is to coordinate policies and exercise certain supervisory functions with respect to the regional banks and other affiliated French banking entities, and to ensure the liquidity and solvency of the entire group. BPCE has established a financial solidarity mechanism, supported by a dedicated guarantee fund which stood at €20 million at the end of 2009, under which each network bank and each affiliated French credit institution in Groupe BPCE (including BPCE) benefits from an undertaking from all of the network banks and BPCE to provide financial support as needed. As a result, BPCE's credit is effectively supported by the financial strength of the entire group.

### The Core Business Lines

#### *Commercial Banking and Insurance*

The commercial banking and insurance business line includes the activities of the Banques Populaires and Caisses d'Épargne retail banking networks, activities relating to real estate financing (mainly through Crédit Foncier de France) and insurance, international banking and certain other banking activities.

#### *Banques Populaires and Caisses d'Épargne networks*

The Banques Populaires and Caisses d'Épargne networks are at the heart of the retail banking activity of the two groups. The Banques Populaires network is comprised of 20 Banques Populaires banks, as well as 45 mutual guarantee companies (whose sole corporate purpose is guaranteeing loans issued by Banques Populaires banks). The Caisses d'Épargne network is comprised of 17 Caisses d'Épargne et de Prévoyance and Local Savings Companies.

The two retail networks are highly complementary, with the Caisses d'Épargne network having a historically strong position in individual banking and regional development banking (public sector financing and public housing authorities), and the Banques Populaires network having a historically strong position with SMEs and professionals and individual entrepreneurs. The customer bases of the two networks are also complementary, with Banques Populaires customers generally being younger and having higher incomes than those of the Caisses d'Épargne. In addition, Caisses d'Épargne branches are located largely in working class neighborhoods, while Banques Populaires branches are typically located in more upscale urban residential or suburban areas. Both individually and together, they represent a powerful force in the French retail banking market:

- The Banques Populaires network is a leader among SMEs, with a 38% penetration rate<sup>1</sup> in this segment as of December 31, 2009, and ranks second among professionals and individual entrepreneurs, with a 24% penetration rate as of the same date. In the individual customer market, it has a wealthier individual customer base than most of its competitors and a strong position in certain segments, especially among teachers, with a specialized bank (CASDEN Banque Populaire) dedicated to their requirements. It also has high-quality individual customers in the professional and SME market, where it seeks to develop relationships with business leaders.
- The Caisses d'Epargne network is one of the leading banking networks in France for individuals. It counts almost one out of every two people in France as a customer, and it is the everyday bank for one out of five French people. The Caisses d'Epargne network is the second largest player in the French individual customer domestic market. The Caisses d'Epargne network also has a strong position in regional development banking, with a position of co-leader among local authorities, a number one position with public housing organizations and, more recently, an increasing presence among local businesses.

The following chart summarizes key information about the networks of the Banques Populaires and the Caisses d'Epargne as of December 31, 2009.



**The leading principal bank of SMEs in France and 2nd in the professional market**

**Customers**

7.5 million customers  
3.6 million cooperative shareholders

**Advantages**

Leading banker for SMEs in France  
Leading bank in the professional market  
Strong presence among individuals CSP+  
Active partnerships (SOCAMA, Chambers of Commerce)

**Resources**

3,430 branches  
37,087 employees

**Outstandings**

€175.8 billion in savings deposits<sup>1</sup>  
€139.8 billion in outstanding loans

<sup>1</sup> Includes financial savings products such as life insurance and the *Livret A* passbook savings account, a regulated savings account developed by the French government to finance publicly subsidized housing.



**The largest customer base in France**

**Customers**

27 million customers  
4.1 million cooperative shareholders

**Advantages**

2<sup>nd</sup> largest player in the French individual customer domestic market  
2<sup>nd</sup> largest distributor of banking products for non-financial agents (14% market share)  
3<sup>rd</sup> largest player in home mortgages for individual customers (10% market share)<sup>1</sup>

**Resources**

4,323 branches  
41,424 employees

**Outstandings**

€27.1 billion in savings deposits<sup>1</sup>  
€37.3 billion in outstanding loans

### *Real Estate Financing*

Groupe BPCE's real estate financing activity is conducted through Crédit Foncier de France, a leading French bank in real estate financing and public housing lending that works closely with the Caisses d'Epargne network. Its subsidiary, Compagnie de Financement Foncier, is one of the world's leading private bond issuers.

<sup>1</sup> The "penetration rate" is the percentage of all French banking customers in the relevant category that have accounts with the group.

Crédit Foncier de France had net banking income of €99 million in 2009. As of the end of 2009, it had outstanding direct loans to individual customers of €46.1 billion.

#### *Insurance, International Banking and Other Networks*

*Insurance.* Groupe BPCE is France's second largest bancassurer, according to FFSA/G11. The insurance business is built around specialized subsidiaries and partnerships with insurers who have developed expertise in their fields. The group satisfies the day-to-day needs of network customers, offering a wide range of life, non-life, provident and payment-protection insurance.

Life insurance is a significant product for the financial savings business of the network banks. Groupe BPCE provides life insurance to its customers from several companies in which it holds interests. Groupe BPCE, together with La Poste (the French national postal service), owns 35.5% of CNP Assurances, France's leading personal insurer. CNP Assurances designs and manages insurance distributed by the Caisses d'Épargne network. Natixis Assurances provides life insurance products for the Banques Populaires and independent financial advisors.

For non-life and provident insurance, Groupe BPCE provides products through Natixis Assurances, in partnership with MAAF, and GCE Assurances, in partnership with Macif and MAIF (MAAF, Macif and MAIF are major French insurance groups).

Groupe BPCE also provides payment-protection insurance and guarantees through Natixis Assurances (working with CNP Assurances) and Compagnie Européenne de Garantie et Cautions, a Natixis subsidiary that is the second largest provider of loan guarantees in the French market.

*International Banking.* The international banking activities of Groupe BPCE reflect the historical businesses of Groupe Banque Populaire and Groupe Caisse d'Épargne, which have had long-standing interests in banking groups in Central and Eastern Europe, Central Africa, the Mediterranean basin and the French overseas departments and territories. The international banking subsidiaries and affiliates of Groupe BPCE are organized under a specialized affiliate, BPCE International & Outremer. The principal subsidiaries and affiliates are the following:

- Volksbank International AG, which is present in nine Central and Eastern European countries. The group has a 24.5% stake in VBI.
- BCI (100%) and BICEC (59.72%), which conduct banking activities in Congo (Brazzaville) and Cameroon, respectively.
- BPCE IOM (International et Outre-mer) (100%), formerly Financière Océor, which through subsidiaries conducts banking activities in a number of countries and territories, including Tunisia, Morocco, Luxembourg and the French overseas territories of Guadeloupe, Martinique and La Réunion.

*Other Networks.* In addition to the two principal retail banking networks, Groupe BPCE is present in France through Banque Palatine (100%), which provides banking services tailored to managers of small businesses.

#### ***Corporate and Investment Banking, Savings and Financial Services (Natixis)***

The Natixis group has three core business lines: Corporate and Investment Banking (focused on structured finance and capital markets), Savings (including Asset Management, Insurance and Private Banking) and Specialized Financial Services (mainly dedicated to the development of the commercial banking networks). Natixis also owns non-voting cooperative investment certificates representing 20% interests in each of the regional banks in the Banques Populaires and Caisses d'Épargne networks. Natixis is listed on Euronext Paris. BPCE holds 71.5% of the share capital of Natixis (excluding treasury shares) and the remainder is held by the public.

The results of Natixis in 2008 and 2009 were significantly affected by writedowns and provisions in complex derivatives and proprietary trading activities resulting from the financial crisis, mainly due to the decline in the European and U.S. housing and commercial real estate markets and the deterioration in the quality of protection purchased from credit enhancers (monolines and CDPC). Natixis continues to implement strategic initiatives that are intended to address the issues resulting from the financial crisis, including terminating the activities that were no longer in line with its strategy, and managing the related assets in run-off mode. The run-off assets (known as the Workout Portfolio Management segment) are not part of the core business line of Groupe BPCE.

Despite the impact of the financial crisis, the Natixis group enjoys a position of strength in its other business lines: corporate and investment banking, which now mainly focuses on client-related activities rather than proprietary trading and complex derivatives; asset management, where Natixis is among the European leaders; and specialized financial services, including insurance, lease financing, consumer credit, employee benefits planning, electronic banking and international services. Natixis serves large companies, institutional investors and the public sector, working also in cooperation with the group's retail banking networks, which are the primary distributors of the products and services of the specialized financial services segment.

### *Corporate and Investment Banking*

In Corporate and Investment Banking, Natixis is a banking partner of nearly all of the largest companies in France and is a leader on an international level as well. The Corporate and Investment Banking activities include Commercial Banking, Capital Markets and Structured Finance.

*Commercial Banking* includes conventional financing, cash flow solutions and mergers & acquisitions advisory services. In Commercial Banking, Natixis serves more than 2,000 large European companies, almost 1,000 institutional investors, including 300 key accounts based in Europe, and 700 international banks.

Natixis' *Capital Markets* business mainly includes equity capital markets, debt capital markets, fixed income, credit and commodities markets. The Capital Markets business recently adjusted its strategy relating to equity markets, moving from a multi-niche strategy towards an extended offer of integrated products, in order to take into account clients' changing demands.

In *Structured Finance*, Natixis is among the leaders in France and internationally. Natixis has developed renowned expertise in several specialized fields: export loans, project finance, aviation, commodities, energy, acquisitions and strategic finance, syndication and securitization.

### *Savings*

The Savings business line includes three leading activities: Asset Management, Insurance and Private Banking.

In *Asset Management*, Natixis Global Asset Management is among the European leaders with €32 billion in assets under management as of June 30, 2010, with strong positions in Europe (mainly France), as well as in the United States, and a growing presence in Asia and the Middle East. Natixis Global AM is organized as a "one stop shop" with twenty asset management companies using differing investment approaches. Its global distribution structure provides it with a strong presence in Europe, the United States, the Asia-Pacific region and the Middle East.

The *Insurance* business is a source of significant potential future synergies with the retail banking networks, as well as one of France's leading private banking activities. Natixis Assurances designs and manages a comprehensive range of individual and collective life insurance, provident insurance and non-life insurance products. It is present internationally in partnership with local banks. It manages almost 1.3 million individual and collective life insurance contracts and 795,000 non-life contracts.

*Private Banking* in France is provided by Banque Privée 1818, which resulted from the 2009 merger of Banque Privée Saint-Dominique and Compagnie 1818 Banquiers Privées. Natixis Private Banking International also provides private banking services in Europe. Private banking offers financial and wealth management solutions

to suit the needs of major private investors, particularly entrepreneurs and managers. It serves its own customers and offers its services to Groupe BPCE network banks and to independent asset management advisors. As of June 30, 2010, the private banking segment had €14.6 billion of assets under management.

### *Specialized Financial Services*

The Natixis *Specialized Financial Services* segment covers Financial Services and Specialized Financing through seven businesses, which combined cover insurance, lease financing, consumer credit, employee benefits planning, electronic banking and international services, product design and transaction management. Some of the businesses provide services primarily for customers of the Caisses d'Épargne and Banques Populaires retail networks: insurance and sureties, specialized financing (lease finance and consumer credit), employee benefits planning, and international services (such as payment services for international transactions). The other businesses are securities services (including institutional and retail custodian services), and electronic banking.

### **Equity Investments**

This segment, which is not part of the core business lines, is comprised of real estate services and the receivables management business. Real estate services are provided primarily through Groupe BPCE's equity investments in entities such as Nexity (leader in the real estate market), Foncia (specialized in residential property management and transactions), Maisons France Confort (one of the leading builders of single-family homes in France) and Eurosic (real estate company). Groupe BPCE's receivables management business is serviced primarily through Natixis' equity investments in Coface (world leader in receivables management). At the beginning of October, Natixis finalized the sale of the majority of its proprietary private equity activities in France to a fund advised by AXA Private Equity.

### **The Role of BPCE as Central Body of Groupe BPCE**

BPCE's role as central body of Groupe BPCE is defined by French Law no. 2009-715 dated June 18, 2009 (the "BPCE Law"). Under the BPCE Law, BPCE's role includes the following:

- determining the policies and the strategic orientations of the Affiliated Group (as defined below), as well as the two retail networks;
- coordinating the commercial policies of the networks and taking any measures necessary for the development of the Affiliated Group;
- representing the Affiliated Group and each of the networks in banking associations and negotiating national or international agreements on their behalf;
- taking all steps required in order to ensure the liquidity of the Affiliated Group and the networks, including determining policies for liquidity and treasury management, financing, securitization and financial relations with other credit institutions (it is pursuant to this provision that BPCE will act as central bank of the group, as discussed in more detail below);
- taking all steps required to ensure the solvency of the Affiliated Group and the networks, by implementing appropriate financial solidarity mechanisms and by setting up a common guarantee fund for both networks (see "— The Financial Solidarity Mechanism");
- determining internal control policies and risk management policies (including risk limits) for the Affiliated Group and the networks, and ensuring the effective supervision of compliance with these policies; and
- confirming the appointment of key policy-making executives of the affiliated institutions.

As part of its role as central body, BPCE acts as the central bank for the Affiliated Group and the network banks. Its role includes making loans and advances to, and taking deposits of excess cash balances of, these entities. BPCE is responsible for raising financing in the interbank and bond markets, and thus effectively ensures the asset and liability management role for the group. As an exception, certain affiliates that had autonomous financing and asset-liability functions (primarily Natixis and Crédit Foncier de France) continue to manage certain of these matters, subject to the internal control and risk management policies and procedures in place for the group.

In accordance with the BPCE Law, the “Affiliated Group” may include any French credit institution in which BPCE or one or more of the Caisses d’Epargne or the Banques Populaires holds exclusive or joint control. The entities in the Affiliated Group include BPCE, Natixis, and the affiliates of Groupe BPCE that are French credit institutions.

### **The Financial Solidarity Mechanism**

In accordance with the BPCE Law, BPCE established a financial solidarity mechanism to ensure the liquidity and solvency of the Caisses d’Epargne and Banques Populaires networks and of all entities in the Affiliated Group. The solidarity mechanism is a specific regime applicable to mutual banking groups, pursuant to which BPCE and each of the retail network banks is required to support the others (as well as each member of the Affiliated Group, in the case of BPCE) in case of temporary cash shortage (liquidity guarantee) or in order to prevent and/or cope with severe financial failings (solvency guarantee). Each retail network bank thus effectively acts as a guarantor of the obligations of BPCE and of the other retail network banks, and BPCE effectively acts as guarantor of the obligations of the retail network banks and the other entities in the Affiliated Group. The solidarity mechanism is internal to the group and does not constitute a guarantee that is enforceable by third parties, although French banking regulators may require the mechanism to be used if needed.

In order to support the financial solidarity mechanism, the retail network banks established a guarantee fund that BPCE may use for purposes of providing financial support to network members and entities in the Affiliated Group. The guarantee fund had €20 million in total assets at the end of 2009, with an equal amount coming from each network. The retail network banks will make additional contributions to the guarantee fund (in amounts equal to a percentage of their net income), so that the guarantee fund will grow over time unless it is used for purposes of providing support. The guarantee fund is available only for internal support, and third parties will not have access to the guarantee fund for purposes of satisfying liabilities of network members or entities in the Affiliated Group.

## GOVERNMENT SUPERVISION AND REGULATION IN FRANCE

### The French Banking System

The French banking system consists primarily of privately-owned banks and financial institutions, as well as a number of state-owned banks and financial institutions, all of which are subject to the same banking laws and regulations.

All French credit institutions are required to belong to a professional organization or central body affiliated with the French Credit Institutions and Investment Firms Association (*Association française des établissements de crédit et des entreprises d'investissement*), which represents the interests of credit institutions and investment firms in particular with the public authorities, provides consultative advice, disseminates information, studies questions relating to banking and financial services activities and makes recommendations in connection therewith. All registered banks, including BPCE, are members of the French Banking Federation (*Fédération Bancaire Française*).

### French Supervisory Bodies

The French Monetary and Financial Code (*Code monétaire et financier*) sets forth the conditions under which credit institutions, including banks, may operate. The French Monetary and Financial Code vests related supervisory and regulatory powers in certain administrative authorities.

The Financial Sector Consultative Committee (*Comité consultatif du secteur financier*) is made up of representatives of credit institutions, investment firms, insurance companies and insurance brokers and customer representatives. The committee is a consultative organization that studies the relations between credit institutions, investment firms and insurance companies and their respective clientele and proposes appropriate measures in this area.

The Consultative Committee on Financial Legislation and Regulations (*Comité consultatif de la législation et de la réglementation financières*) reviews, at the request of the Minister of the Economy, any draft bill or regulations, as well as any draft EU regulations relating to the insurance, banking and investment service industry other than those draft regulations issued by the *Autorité des marchés financiers*.

Pursuant to Ordinance No 2010-76 dated January 21, 2010, a new independent administrative authority, the Prudential Control Authority (*Autorité de contrôle prudentiel*) has been established and was formed by the merger of the four previous banking and insurance licensing and supervisory authorities (the banking commission (*Commission bancaire*), the insurance firms and mutuals' regulator (*Autorité de contrôle des assurances et des mutuelles - ACAM*), and the two authorities responsible for the licensing of banking firms (*Comité des établissements de crédit et des entreprises d'investissement - CECEI*) and insurance firms and mutuals (*Comité des entreprises d'assurance - CEA*). The college of the *Autorité de contrôle prudentiel* is chaired by the Governor of the Banque de France, assisted by a Vice-Chairman from the insurance sector.

It is responsible for preserving the stability of the financial system (prudential supervision) and protecting banking and insurance customers of the entities it supervises. To that effect, the *Autorité de contrôle prudentiel* is active in four areas:

- it is the new licensing authority responsible for granting credit institutions, investment firms (other than portfolio management companies) and insurance companies the licenses required to conduct banking and insurance business;
- It monitors on a permanent basis the financial position and operating conditions of the firms concerned, having regard to the solvency and liquidity rules applicable to their activities;

- It is responsible for monitoring compliance by entities subject to its authority with the rules providing for the protection of customers: legal and regulatory provisions, best practice within the industry, and the findings or outcome of its recommendations. It also checks the adequacy of the procedures and resources put in place by the entities to this effect; and
- It contributes to the achievement of national and European financial stability and business practice convergence objectives. It takes account of best practice and of recommendations issued by the various European community supervisory bodies, and cooperates with the competent authorities in other Member States. In particular, it provides support to the various institutions operating within the European Union.

Banks are required to submit periodic accounting reports to the *Autorité de contrôle prudentiel*. The *Autorité de contrôle prudentiel* may also request additional information that it deems necessary and may carry out on-site inspections. These reports and controls allow a close monitoring of the condition of each bank and also facilitate computation of the total deposits of all banks and their use. In order to effectively carry out its missions, the *Autorité de contrôle prudentiel* has the power to initiate administrative investigations, issue sanctions and bring to the public's attention any information that it deems appropriate, without being bound by professional secrecy rules. Where regulations have been violated, the *Autorité de contrôle prudentiel* may act as an administrative court and impose sanctions, which may include deregistration of a bank, resulting in its winding-up.

The *Autorité de contrôle prudentiel* also has the power to appoint a temporary administrator to provisionally manage a bank that it deems to be mismanaged. The decisions of the *Autorité de contrôle prudentiel* may be appealed to the French Administrative Supreme Court (*Conseil d'Etat*).

## **Banking Regulations**

BPCE must comply with minimum capital ratio requirements. In addition to these requirements, the principal regulations applicable to deposit banks concern risk diversification and liquidity, monetary policy, restrictions on equity investments and reporting requirements. In the various countries in which the Issuer or its subsidiaries operate, it complies with the specific regulatory ratio requirements in accordance with procedures established by the relevant supervisory authorities.

In France, BPCE must comply with the norms of financial management set by the Minister of the Economy, the purpose of which is to ensure the creditworthiness and liquidity of French credit institutions.

Each French credit institution is required to calculate, as of the end of each month, the ratio of the weighted total of certain short-term and liquid assets to the weighted total of short-term liabilities. This liquidity ratio (*coefficient de liquidité*) is required to exceed 100%.

French credit institutions must satisfy, on a consolidated basis, certain restrictions relating to concentration of risks (*ratio de contrôle des grands risques*). The aggregate of a French credit institution's loans and a portion of certain other exposure (*risques*) to a single customer may not exceed 25% of the credit institution's regulatory capital as defined by French capital ratio requirements. In addition, the aggregate amount of individual exposures exceeding 10% of the credit institution's regulatory capital may not exceed eight times such regulatory capital.

French credit institutions are required to maintain on deposit with the European Central Bank a certain percentage of various categories of demand and short-term deposits. Deposits with a maturity of more than two years are not included in calculating the amount required to be deposited. The required reserves are remunerated at a level corresponding to the average interest rate over the maintenance period of the main refinancing operations of the European System of Central Banks.

BPCE's commercial banking operations in France are also significantly affected by monetary policies established from time to time by the European Central Bank in coordination with the *Banque de France*. Commercial banking operations, particularly in their fixing of short-term interest rates, are also affected in practice by the rates at which the *Banque de France* intervenes in the French domestic interbank market.

French credit institutions are subject to restrictions on equity investments and, subject to various specified exemptions for certain short-term investments and investments in financial institutions and insurance companies, “qualifying shareholdings” held by credit institutions must comply with the following requirements: (a) no qualifying shareholding may exceed 15% of the regulatory capital of the concerned credit institution, and (b) the aggregate of such qualifying shareholdings may not exceed 60% of the regulatory capital of the concerned credit institution. An equity investment is a qualifying shareholding for the purposes of these provisions if (i) it represents more than 10% of the share capital or voting rights of the company in which the investment is made, or (ii) it provides, or is acquired with a view to providing, a “significant influence” (*influence notable*, presumed when the credit institution controls directly or indirectly at least 20% of the voting rights) in such company.

French regulations permit only licensed credit institutions to engage in banking activities on a regular basis. Similarly, institutions licensed as banks may not, on a regular basis, engage in activities other than banking, bank related activities and a limited number of non-banking activities determined pursuant to the regulations issued by the Minister of the Economy. A regulation issued in November 1986 by the CRBF (*Comité de la Réglementation Bancaire et Financière*) and amended from time to time sets forth an exhaustive list of such non-banking activities and requires annual revenues from those activities to be limited in the aggregate to a maximum of 10% of total net banking incomes.

### **Examination**

The principal means used by the *Autorité de contrôle prudentiel* to ensure compliance by large deposit banks with applicable regulations is the examination of the detailed periodic (monthly or quarterly) financial statements and other documents that these banks are required to submit to the *Autorité de contrôle prudentiel*. In the event that any examination were to reveal a material adverse change in the financial condition of a bank, an inquiry would be made, which could be followed by an inspection. The *Autorité de contrôle prudentiel* may also inspect banks on an unannounced basis.

### **Reporting Requirements**

In addition to providing the *Autorité de contrôle prudentiel* with the detailed monthly report mentioned above, credit institutions must also report monthly (and, with respect to lease financings, quarterly) to the *Banque de France* the names and related amounts of certain customers (only for companies and individuals engaged in commercial activities) having loan utilization exceeding approximately €25,000. The *Banque de France* then returns to each credit institution a list stating, as to that credit institution’s customers, total loan utilizations from all reporting credit institutions.

Credit institutions must make periodic reports, collectively referred to as *états périodiques*, to the *Autorité de contrôle prudentiel*. The *états périodiques* comprise principally (a) a statement of the activity of the concerned institution during the relevant period (*situation*), to which is attached exhibits that provide a more detailed breakdown of the amounts involved in each category, (b) a statement of income, together with exhibits, and (c) certain additional data relating to operations (*indicateurs d’activité*) such as the number of employees, customer accounts and branches.

### **Deposit Guarantees**

All credit institutions operating in France are required by law to be a member of the deposit guarantee fund (*Fonds de garantie des dépôts*), except branches of European Economic Area banks that are covered by their home country’s guarantee system. Domestic customer deposits denominated in euro and currencies of the European Economic Area are covered up to an amount of €70,000 per customer and per credit institution. The contribution of each credit institution is calculated on the basis of the aggregate deposits, the number of credit institutions of which the deposit basis is null, and of the risk exposure of such credit institution.

The Governor of the *Banque de France*, as chairman of the *Autorité de contrôle prudentiel*, can request that the shareholders of a credit institution in financial difficulty fund the institution in an amount that may exceed their initial capital contribution. However, credit institution shareholders have no legal obligation in this respect and, as a

practical matter, such a request would likely be made to holders of a significant portion of the institution's share capital.

### **Internal Control Procedures**

French credit institutions are required to establish appropriate internal control systems, including with respect to risk management and the creation of appropriate audit trails.

French credit institutions are required to have a system for analyzing and measuring risks in order to assess their exposure to credit, market, global interest rate, intermediation, liquidity and operational risks. Such a system must set forth criteria and thresholds allowing the identification of significant incidents revealed by internal control procedures. Any fraud generating a gain or loss of a gross amount superior to 0.5% of a credit institution's Tier 1 capital is deemed significant provided that such amount is greater than €10,000.

With respect to credit risks, each credit institution must have a credit risk selection procedure and a system for measuring credit risk that permit, among other things, centralization of the institution's on- and off-balance sheet exposure and for assessing different categories of risk using qualitative and quantitative data. With respect to market risks, each credit institution must have systems for monitoring, among other things, its proprietary transactions that permit the institution to record on at least a day-to-day basis foreign exchange transactions and transactions in the trading book, and to measure on at least a day-to-day basis the risks resulting from trading positions in accordance with the capital adequacy regulations. The institution must prepare an annual report for review by the institution's board of directors and the *Autorité de contrôle prudentiel* regarding the institution's internal procedures and the measurement and monitoring of the institution's exposure. With respect to norms relating to solvency, each credit institution may be authorized to use its internal approach for evaluating risks.

As part of their risk management obligations, French credit institutions are required to take into account the risks they incur when setting their remuneration policy, including bonus schemes, and bonus schemes paid to market professionals are subject to certain restrictions (e.g., the payment of a significant portion of such bonuses must be deferred and must be made in equity securities and the payment of the deferred portion must be contingent on the concerned activities remaining profitable).

### **Money Laundering**

French credit institutions are required to report, all amounts registered in their accounts that they suspect come from drug trafficking or organized crime, unusual transactions in excess of certain amounts, as well as amounts and transactions that they suspect to be the result of an offence punishable by a minimum sentence of at least one year of imprisonment or that could be involved in the financing of terrorism, to a special government agency (TRACFIN) under the authority of the Minister of the Economy.

## DESCRIPTION OF NOTES

### General

We will issue the notes under a fiscal agency agreement dated as of the Closing Date, between us and Citibank N.A., London Branch, as fiscal agent, paying agent, transfer agent, calculation agent and registrar. The following is a summary of the material provisions of the fiscal agency agreement and the notes, which does not purport to be complete and is qualified in its entirety by reference to all of the provisions of the fiscal agency agreement and the notes, copies of which will be available for inspection during normal business hours at any time after the Closing Date at the offices of the fiscal agent, which are currently located at 14<sup>th</sup> Floor, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom. Any capitalized term used herein but not defined shall have the meaning assigned to such term in the fiscal agency agreement.

In this section, references to “we,” “us” and “our” are to BPCE only and do not include our subsidiaries or affiliates. References to “holders” mean the owners shown in the records of Euroclear, Clearstream, Luxembourg and DTC of book-entry interests in notes, except that for purposes of payments in respect of the notes, “holder” means the person or entity in whose name notes are registered in the register maintained for this purpose pursuant to the fiscal agency agreement.

The notes will be issued outside the Republic of France in an aggregate principal amount of U.S.\$1,100,000,000, subject to our ability to issue additional notes as described below under “— Additional notes.”

The fiscal agency agreement and the notes do not limit the amount of indebtedness that may be incurred or the amount of notes that may be issued by us, and contain no financial or similar restrictions on us, except as described below under “— Negative Pledge”, “— Limitation on Mergers and Consolidations” and “Redemption and Repurchase”.

The notes will be issued in registered, book-entry form only without interest coupons in denominations of \$100,000 and integral multiples of \$1,000 in excess thereof.

### Principal, Maturity and Interest

The notes will mature on February 7, 2014, and will bear interest at a rate equal to the then applicable three-month U.S. Dollar LIBOR rate, which will be reset quarterly on the first day of each interest period (as defined below), plus 0.175%, as determined by the calculation agent.

Interest on the notes will be paid on February 7, May 7, August 7 and November 7 of each year (each an “Interest Payment Date”), beginning on May 9, 2011, to the holders of the notes registered as such as of the close of business on the relevant record date immediately preceding the relevant Interest Payment Date. Except as described below for the first interest period, on each Interest Payment Date, we will pay interest on the notes for the period commencing on and including the immediately preceding Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date. We will refer to this period as an “interest period.” The first interest period will begin on and include February 7, 2011 and will end on but exclude the first Interest Payment Date. If an Interest Payment Date or the Maturity Date in respect of the notes is not a Business Day, the interest or principal, as the case may be, will be paid on the next Business Day unless the next Business Day is in the next calendar month, in which case the interest or principal, as the case may be, will be paid on the first preceding day that is a Business Day.

As long as any notes are outstanding, we will maintain a calculation agent for calculating the interest rates.

The rate of interest on the notes will reset on each Interest Payment date (each also an “Interest Reset Date”). The interest rate set on a particular Interest Reset Date will remain in effect during the interest period commencing on that Interest Reset Date.

The calculation agent will determine the interest rate applicable to the notes in any interest period on the second London Business Day immediately preceding the Interest Reset Date for that period (each an “Interest Determination Date”). The interest rate determined on an Interest Determination Date will become effective on and

as of the next interest period; *provided* that the interest rate applicable during the first interest period will become effective from and including the issue date.

The calculation agent will calculate the accrued interest payable on the Notes for any interest period by multiplying the principal amount of the notes by an accrued interest factor, which will equal the interest rate for the interest period times a fraction, the numerator of which is the number of days in the period and the denominator of which is 360.

The calculation agent will determine the applicable three-month U.S. Dollar LIBOR rate for any interest period according to the following provisions:

The three-month U.S. Dollar LIBOR rate (expressed as a percentage per annum) will be the offered rate for three-month deposits in U.S. dollars beginning on the Interest Reset Date for that interest period as it appears on the Reuters Screen "LIBOR 01" Page, or any successor service (or any other service or services of major banks for the purpose of displaying the London interbank offered rates for U.S. dollar deposits) ("Designated LIBOR Page") at approximately 11:00 a.m., London time, on the Interest Determination Date for that interest period.

If, on the Interest Determination Date, the three-month U.S. Dollar LIBOR rate does not appear on the indicated Designated LIBOR Page, or if that Designated LIBOR Page is unavailable then the calculation agent will determine LIBOR as follows:

- The calculation agent will select (after consultation with us) the principal London offices of four major banks in the London interbank market. The calculation agent will then request each bank to provide its offered quotation of its rate of interest for deposits in U.S. dollars with a three-month maturity (expressed as a percentage per annum) beginning on the Interest Reset Date to prime banks in the London interbank market at approximately 11:00 a.m., London time, on the Interest Determination Date.
- If at least two of these banks provide a quotation, the calculation agent will compute LIBOR as the arithmetic mean of the quotations provided.
- If fewer than two of these banks provide a quotation, the calculation agent will request (after consultation with us) from three major banks in New York City at approximately 11:00 a.m., New York time, on the Interest Determination Date, quotations of their rates of interest for three-month loans (expressed as a percentage per annum), in U.S. dollars to leading European banks, beginning on the Interest Reset Date. If the calculation agent receives at least two of these quotations, the calculation agent will compute LIBOR as the arithmetic mean of the quotations provided.
- If none of these banks provide a quotation as mentioned, LIBOR will be the rate determined on the immediately preceding Interest Determination Date.

The interest rate payable on the notes will not be higher than the maximum rate permitted by New York state law as modified by U.S. law of general application.

The calculation agent will, upon the request of any holder of a note, provide the interest rate for the current interest period and the amount of interest to be paid on such note for such interest period. The calculations of the calculation agent will, in the absence of manifest error, be conclusive for all purposes and binding on the holders of the notes.

All percentages resulting from any of the above calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with five one-millionths of a percentage point being rounded upwards (e.g., 9.876545% (or .09876545) being rounded to 9.87655% (or .0987655)) and all dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one-half cent being rounded upwards).

### *Redemption at Maturity*

Unless previously redeemed or purchased by us and cancelled, we will repay the notes in cash at 100% of their principal amount together with accrued and unpaid interest thereon at maturity. Interest will cease to accrue on the notes on the due date for their redemption, unless, upon such due date, payment of principal is improperly withheld or refused or if default is otherwise made in respect of payment of principal, in which case interest will continue to accrue on the notes at the rates set forth above, as the case may be, until the earlier of (a) the day on which all sums due in respect of such notes up to that day are received by the relevant holder or (b) the day falling five days after the fiscal agent has notified the holders of receipt of all sums due in respect of the such notes up to such fifth day.

We will pay principal of and interest on the notes in U.S. dollars. The notes will not be redeemable by us, except as described below under “— Redemption and Repurchase”.

If an interest payment date or the maturity date in respect of the notes is not a Business Day, we will pay interest or principal, as the case may be, on the next Business Day unless the next Business Day is in the next calendar month, in which case the interest or principal, as the case may be, will be paid on the first preceding day that is a Business Day. The term “Business Day” means any day other than a Saturday or Sunday or a day on which applicable law authorizes or requires banking institutions in The City of New York, New York, Paris or London to close.

### **Additional notes**

We may, without the consent of the holders, create and issue additional notes ranking equally with the notes in all respects (except for the issue price and the issue date), including having the same CUSIP number, so that such additional notes will be consolidated and form a single series with the notes and will have the same terms as to status, redemption or otherwise as the notes; *provided*, that such additional notes will be issued with no more than *de minimis* original issue discount for U.S. federal income tax purposes or be part of a qualified reopening for U.S. federal income tax purposes.

### **Status of the Notes**

The notes will be unsecured and unsubordinated obligations and will rank *pari passu* among themselves and (save for certain obligations required to be preferred by French law) equally with all of our other present or future unsecured and unsubordinated obligations, from time to time outstanding.

### **Payment of Additional Amounts**

We will make all payments on the notes without deducting or withholding any taxes unless otherwise required to do so by the law, or its interpretation or administration, of the Republic of France or any other jurisdiction in which we, or our successor, following a merger or similar event, are organized or resident for tax purposes (each, a “Relevant Jurisdiction”). If we are required by law to make such withholding or deduction in the Relevant Jurisdiction we will pay you additional amounts so that the net amount you receive will be the amount specified in the note that you would have received in the absence of such withholding or deduction.

We will not have to pay additional amounts under any of the following circumstances:

- The holder of the notes (or a third party holding on behalf of the holder) is subject to such tax or governmental charge by reason of having some connection to the Relevant Jurisdiction requiring such withholding or deduction, other than the mere holding of the note.
- Any tax that is imposed or levied by reason of the failure of such holder or beneficial owner to present (where presentation is required) its note within 30 calendar days after we have made available to such holder or beneficial owner a payment under the notes (excluding any additional amounts to which such

holder or beneficial owner would have been entitled had its notes been presented on any day within such 30 calendar day period).

- The tax or governmental charge is on account of an estate, inheritance, gift, sale, transfer, personal property or similar tax or other governmental charge.
- The tax or governmental charge is payable in a manner that does not involve withholding or deduction.
- The tax or governmental charge is imposed or withheld because the holder or beneficial owner failed:
  - to provide information about the nationality, residence or identity of the holder or beneficial owner; or
  - to make a declaration or satisfy any information requirements that the statutes, treaties, regulations or administrative practices of the Relevant Jurisdiction require as a precondition to exemption from all or part of such tax or governmental charge.
- The withholding or deduction is imposed pursuant to the European Union Directive 2003/48/EC regarding the taxation of savings income, or any other directive amending, supplementing or replacing such directive, or any law implementing or complying with, or introduced in order to conform to, such directive or directives.
- The withholding or deduction is imposed on a holder or beneficial owner who could have avoided such withholding or deduction by presenting its notes (where presentation is required) to another paying agent.
- The holder is a fiduciary or partnership or an entity that is not the sole beneficial owner of the payment of the principal of, or any interest on, any note, and the laws of the Relevant Jurisdiction require the payment to be included in the income of a beneficiary or settlor for tax purposes with respect to such fiduciary or a member of such partnership or a beneficial owner who would not have been entitled to such additional amounts had it been the holder of such security.

Whenever there is mentioned in any context the payment of principal of, and any premium or interest on, any note, such mention will be deemed to include payment of additional amounts provided for in the fiscal agency agreement to the extent that in such context, additional amounts are, were or could be payable in respect thereof.

### **Redemption and Repurchase**

Other than as provided for below under “— Redemption for tax reasons,” we may not redeem the notes prior to maturity. You have no right to require us to redeem the notes. Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the notes or portions thereof called for redemption.

In addition, we or our affiliates may purchase notes from investors who are willing to sell from time to time, either in the open market at prevailing prices or in private transactions at negotiated prices.

#### ***Final redemption***

Unless previously redeemed by us or purchased by us or our affiliates, and cancelled, the notes will mature and become due and payable on February 7, 2014 in an amount equal to their principal amount, with accrued and unpaid interest to such date.

#### ***Redemption for tax reasons***

We have the option to redeem the notes on any Interest Payment Date if, upon the occurrence of any “Change in Law”, as defined below, of a Relevant Jurisdiction occurring after the issuance date of the notes (but, in the case of a Change in Law of any jurisdiction in which a successor to, or substitute obligor of, our company is organized or resident for tax purposes, only in the case of a Change in Law occurring after the date of such succession or substitution), we would be required to pay additional amounts as described above under “— Payment of Additional Amounts”, in which case we may redeem the notes in whole but not in part at a redemption price equal to 100% of the principal amount of the notes plus accrued interest and additional amounts, if any, to the redemption date. “Change in Law” is defined as any change in or amendment to the laws, or any regulations or rulings promulgated under the laws of the Relevant Jurisdiction (as defined above under “— Payment of Additional Amounts”) or of any political subdivision or taxing authority of or in the Relevant Jurisdiction affecting taxation or any change in official position regarding the application or interpretation of the laws, regulations or rulings referred to above. Furthermore, we must give you between 30 and 60 days’ notice before redeeming the notes.

The applicable redemption date will not be earlier than 30 days prior to the earliest date on which we would be obligated to pay such additional amounts if a payment in respect of the notes were actually due on such date, provided that such obligation to pay such additional amounts remains in effect at the time of the redemption notice.

### **Negative Pledge**

So long as any of the notes remain outstanding (as defined in the fiscal agency agreement), we will not create or permit to subsist any mortgage, charge, pledge or other security interest upon any of our assets or revenues, present or future, to secure any relevant indebtedness (as defined below) incurred or guaranteed by us (whether before or after the issue of the notes) unless the notes are equally and ratably secured so as to rank *pari passu* with such relevant indebtedness or the guarantee thereof.

For the purposes of this condition, “relevant indebtedness” means any indebtedness for borrowed money, whether or not represented by notes or other securities (including securities initially privately placed) which are for the time being, or are capable of being quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter-market or other securities market.

### **Limitation on Mergers and Consolidations**

We are generally permitted to consolidate or merge with another company or firm. We are also permitted to sell or lease substantially all of our assets to another corporation or other entity or to buy or lease substantially all of the assets of another corporation or other entity.

No vote by holders of notes approving any of these actions is required, unless as part of the transaction we make changes to the notes requiring your approval, as described below under “— Modification and Waiver”. We may take these actions as part of a transaction involving outside third parties or as part of an internal corporate reorganization. We may take these actions even if they result in:

- a lower credit rating being assigned to the notes; or
- additional amounts becoming payable in respect of withholding tax or other adverse tax consequences to investors.

Except as provided below, we have no obligation to seek to avoid these results, or any other legal or financial effects that are disadvantageous to you, in connection with a merger, consolidation or sale or lease of assets that is permitted under the fiscal agency agreement. However, we may not take any of these actions unless all the following conditions are met:

- Where we merge out of existence or sell or lease substantially all of our assets, the other entity must be duly organized and validly existing under the laws of its jurisdiction of incorporation.

- The merger, sale or lease of assets or other transaction, must not cause a default on the notes, and we must not already be in default. For purposes of this no-default test, a default would include an event of default that has occurred and not been cured, as described below under “— Events of Default”. A default for this purpose would also include any event that would be an event of default if the requirements for giving us default notice or our default having to continue for a specific period of time were disregarded.
- If we merge out of existence or sell or lease substantially all of our assets, the other entity must assume our obligations under the fiscal agency agreement and notes, including our obligation to pay additional amounts described above under “— Payment of Additional Amounts”. In the event the jurisdiction of incorporation or tax residence of the successor or substitute obligor is not the Republic of France, such successor or substitute obligor will also agree to be bound to the obligations described above under “— Payment of Additional Amounts” and “— Redemption for tax reasons” but shall substitute the successor’s or substitute obligor’s jurisdictions of incorporation and tax residence for the Republic of France.

## Events of Default

You will have special rights if an event of default occurs and is not cured, as described later in this subsection.

Any holder may, upon written notice to us and the fiscal agent, request the immediate reimbursement of notes held by such holder at their principal amount, plus accrued interest to the date of payment and, where applicable, any arrears of interest, without any other formality, if any of the following events (each an “Event of Default”) occurs:

- we are in default for more than thirty (30) days for the payment of principal of, or interest on, the notes (including the payment of any additional amounts mentioned above under “— Payment of Additional Amounts”), when the same shall become due and payable; or
- we are in default in the performance of any of our other obligations under the notes and such default has not been cured within forty-five (45) days after the receipt by the fiscal agent and us of written notice of default given by the holder; or
- any of our indebtedness in excess of Euro 50,000,000 or any guarantee by us of any such indebtedness shall become due and is not paid on the date which is the later of (i) its stated maturity, and (ii) the expiration of applicable grace periods (the term “indebtedness” as used herein shall mean any note or other debt instrument issued by us or any credit facility granted to us by banks); or
- we sell, transfer or otherwise dispose of, directly or indirectly, the whole or a substantial part of our assets, or we enter into, or commence any proceedings in furtherance of, forced or voluntary liquidation or dissolution, except in the case of a disposal, dissolution, liquidation, merger or other reorganization in which all of or substantially all of our assets are transferred to a legal entity which simultaneously assumes all of our debt and liabilities including the notes and whose main purpose is the continuation of, and which effectively continues, our activities; or
- the performance of any of our obligations under the notes contravenes any legal provisions entered into force after the date hereof or contravenes any provision entered into force after the date hereof or contravenes any provision in effect at the date hereof due to a change of interpretation of such provisions by any competent authority; or
- we apply for or are subject to the appointment of a *mandataire ad hoc* under French bankruptcy law or enter into a conciliation procedure (*procédure de conciliation*) with our creditors, a safeguard procedure (*procédure de sauvegarde*) or a judicial recovery procedure (*redressement judiciaire*) or a judgment is rendered for our judicial liquidation (*liquidation judiciaire*) or for a transfer of the whole of our business (*cession totale de l’entreprise*) or if we make any conveyance for the benefit of, or enter into any agreement with, our creditors or cannot meet our current liabilities out of our current assets.

## **Modification and Waiver**

We may at any time call a meeting of the holders of notes to seek their approval of the modification of or amendment to, or obtain a waiver of, any provision of such notes. This meeting will be held at the time and place determined by us and specified in a notice of such meeting furnished to the holders. This notice must be given at least 30 days and not more than 60 days prior to the meeting.

If at any time the holders of at least 10% in principal amount of the then outstanding notes request the fiscal agent to call a meeting of the holders of notes for any purpose, by written request setting forth in reasonable detail the action proposed to be taken at the meeting, the fiscal agent will call the meeting for such purpose. This meeting will be held at the time and place determined by us, and specified in a notice of such meeting furnished to such holders. This notice must be given at least 30 days and not more than 60 days prior to the meeting.

Holders who hold a majority in principal amount of the then outstanding notes will constitute a quorum at a holders' meeting. In the absence of a quorum, a meeting may be adjourned for a period of at least 20 days and not more than 45 days. At the reconvening of a meeting adjourned for lack of quorum, there shall be no quorum requirement. Notice of the reconvening of any meeting may be given only once, but must be given at least ten days and not more than 15 days prior to the meeting.

At any meeting when there is a quorum present, if applicable, holders of at least 50% in principal amount of the notes represented and voting at the meeting may approve the modification or amendment of, or a waiver of compliance for, any provision of the notes except for specified matters requiring the consent of each holder, as set forth below. Modifications, amendments or waivers made at such a meeting will be binding on all current and future holders. In addition, modifications, waivers or amendments may be made without a meeting by written consent of holders of a majority of the principal amount of the outstanding notes.

Notwithstanding the procedures mentioned above, no amendment or modification will apply to the notes, without the consent of each holder of notes, with respect to the following matters:

- to change the maturity of the notes;
- to change the stated interest rate on the notes;
- to reduce the principal amount of or interest on the notes;
- to change the due dates for interest on the notes;
- to change the status of the notes so as to further subordinate principal or interest thereon;
- to change the currency or place of payment of principal or interest on the notes; and
- to impair the right to institute suit for the enforcement of any payment in respect of the notes.

In addition, no such amendment or notification may, without the consent of each holder of notes (the above items being, for the purposes of this condition, "Reserved Matters"), reduce the percentage of principal amount of notes outstanding necessary to make these modifications or amendments to the notes.

It shall not be necessary for any act of holders under this condition to approve the particular form of any proposed amendment, modification or waiver, but it shall be sufficient if such act shall approve the substance thereof.

Without prejudice to the provisions hereof relating to the Reserved Matters, no consent of the holders is or will be required for any modification or amendment requested by us to:

- surrender any of our rights or powers in respect of the notes;

- cure any ambiguity in any provision, or correct any defective provision, of the notes; or
- change the terms and conditions of the notes or the fiscal agency agreement in any manner which we and the fiscal agent mutually deem necessary or desirable so long as any such change does not, and will not, adversely affect the rights or interest of the holders as a class.

## **Notices**

Any notice to the holders will be validly given (i) so long as the notes are represented by Global Certificates, by delivery of the relevant notice to DTC and any other relevant securities clearing system, for communication by each of them to entitled participants, or (ii) if mailed by first-class mail, postage prepaid, to the address for each holder appearing in the note register.

## **Consent to Service, Submission to Jurisdiction; Enforceability of Judgments**

In the fiscal agency agreement, we will appoint CT Corporation System as its agent for service of process in any action brought by a holder based on the fiscal agency agreement or the notes, as applicable, instituted in any state or federal court in the Borough of Manhattan, The City of New York.

We will irrevocably submit to the non-exclusive jurisdiction of any state or federal court in the Borough of Manhattan, The City of New York in respect of any action brought by a holder based on the notes or the fiscal agency agreement. We will also irrevocably waive, to the extent permitted by applicable law, any objection to the venue of any of these courts in an action of that type of holders of the notes may, however, be precluded from initiating actions based on the notes or the fiscal agency agreement in courts other than those mentioned above.

We will, to the fullest extent permitted by law, irrevocably waive and agree not to plead any immunity from the jurisdiction of any of the above courts in any action based upon the notes or the fiscal agency agreement.

Since a substantial portion of our assets are outside the United States, any judgment obtained in the United States against us, including judgments with respect to the payment of principal, interest and any redemption price and any purchase price with respect to the notes may not be collectable within the United States.

## **Fiscal Agent and Calculation Agent**

The duties of the fiscal agent will be governed by the fiscal agency agreement. We may replace the fiscal agent. We may maintain deposit accounts and conduct other banking transactions in the ordinary course of business with the fiscal agent. The fiscal agent is our agent and is not a trustee for the holders of the notes and does not have the same responsibilities or duties to act for such holders as would a trustee.

The fiscal agent will be responsible for:

- maintaining a record of the aggregate holdings of notes;
- ensuring that payments of principal and interest in respect of the notes received by the fiscal agent from us are duly credited to the holders of the notes; and
- transmitting to us any notices from the holders of the notes, or, as described above under “— Notices”, transmitting notices from us to holders of the notes.

The fiscal agent will also act as the calculation agent in respect of the notes.

## **Payment and Paying Agents**

Payments in respect of the notes will be made by Citibank N.A., London Branch, in its capacity as paying agent to the registered holder(s). The paying agent will treat the persons in whose name the Global Certificates

representing the notes are registered as the owners thereof for purposes of making such payments and for any other purposes whatsoever. We must notify you through the fiscal agent of changes in the paying agent.

Regardless of who acts as paying agent, all money that we pay to a paying agent that remains unclaimed at the end of two years after the amount is due to direct holders will be repaid to us. After that two-year period, you may look only to us for payment and not to the fiscal agent, any other paying agent or anyone else.

### **Governing Law**

The fiscal agency agreement and the notes shall be governed by and construed in accordance with the laws of the State of New York, without regard to principles of conflicts of laws thereof.

## FORM OF NOTES, CLEARANCE AND SETTLEMENT

### General

The notes are being offered and sold only:

- to qualified institutional buyers in reliance on Rule 144A (“Rule 144A notes”), or
- to persons other than “U.S. persons” (as defined in Regulation S) in offshore transactions in reliance on Regulation S (“Regulation S notes”).

The notes will be issued in fully registered global form in minimum denominations of US\$100,000 and integral multiples of US\$1,000 in excess thereof. notes will be issued on the Issue Date therefor only against payment in immediately available funds.

The Rule 144A notes will be represented by one permanent global certificate (which may be subdivided) in definitive, fully registered form without interest coupons (the “Rule 144A Global note”). The Rule 144A Global note will be deposited upon issuance with Citibank, N.A., London Branch, as custodian (the “Custodian”) for DTC and registered in the name of Cede & Co. for credit to an account of a direct or indirect participant in DTC (including Euroclear and Clearstream, Luxembourg as described below under “—Depository Procedures”).

The Regulation S notes will be represented by one permanent global certificate (which may be subdivided) in definitive, fully registered form without interest coupons (the “Regulation S Global note”, together with the Rule 144A Global note, the “Global notes” and each a “Global note”). The Regulation S Global note will be deposited upon issuance with the Custodian for DTC and registered in the name of Cede & Co. for credit to an account of a direct or indirect participant in DTC, including Euroclear and Clearstream, Luxembourg, as described below under “—Depository Procedures”. Prior to the 40<sup>th</sup> day after the later of the commencement of the offering and the Issue Date of the notes (the “Distribution Compliance Period”), interests in the Regulation S Global note may only be held by non-US persons (as defined in Regulation S).

Except as set forth below, the Global notes may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominee. Beneficial interests in the Global notes may not be exchanged for notes in certificated form except in the limited circumstances described in Condition 2.

The notes will bear a restrictive legend as described in the Fiscal Agency Agreement. In addition, transfers of beneficial interests in the Global notes will be subject to the applicable rules and procedures of DTC and its direct or indirect participants (including, if applicable, those of Euroclear or Clearstream, Luxembourg), which may change from time to time.

### Exchanges Between the Regulation S Global Note and Rule 144A Global Note

During the Distribution Compliance Period, beneficial interests in the Regulation S Global note may be exchanged for beneficial interests in the Rule 144A Global note only if such exchange occurs in connection with a transfer of the notes pursuant to Rule 144A and the transferor first delivers to the Paying Agent a written certificate to the effect that the notes are being transferred to a person who the transferor reasonably believes is a qualified institutional buyer within the meaning of Rule 144A under the Securities Act, purchasing for its own account or the account of a qualified institutional buyer in a transaction meeting the requirements of Rule 144A and in accordance with all applicable securities laws of the States of the United States and other jurisdictions.

Beneficial interests in the Rule 144A Global note may be transferred to a person who takes delivery in the form of an interest in the Regulation S Global note, whether before or after the expiration of the Distribution Compliance Period, only if the transferor first delivers to the Paying Agent a written certificate to the effect that such transfer is being made in accordance with Rule 903 or Rule 904 of Regulation S.

Transfers involving an exchange of a beneficial interest in the Regulation S Global note for a beneficial interest in the Rule 144A Global note or vice versa will be effected in DTC by means of an instruction originated by the Paying Agent.

Any beneficial interest in one of the Global notes that is transferred to a person who takes delivery in the form of an interest in the other Global note will, upon transfer, cease to be an interest in such Global note and will become an interest in the other Global note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to a beneficial interest in such other Global note for so long as it remains such an interest.

### **Depository Procedures**

The following description of the operations and procedures of DTC, Euroclear and Clearstream, Luxembourg are provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to changes by them. The Issuer takes no responsibility for these operations and procedures and urges investors to contact the systems or their participants directly to discuss these matters.

DTC is a limited-purpose trust company created to hold securities for its participating organizations (collectively, the “Participants”) and facilitate the clearance and settlement of transactions in those securities between Participants through electronic book-entry changes in accounts of its Participants. The Participants include securities brokers and dealers (including the Initial Purchasers), banks, trust companies, clearing corporations and certain other organizations. Access to DTC’s system is also available to other entities such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Participant, either directly or indirectly (collectively, the “Indirect Participants”). Persons who are not Participants may beneficially own securities held by or on behalf of DTC only through Participants or Indirect Participants. DTC has no knowledge of the identity of beneficial owners of securities held by or on behalf of DTC. DTC’s records reflect only the identity of Participants to whose accounts securities are credited. The ownership interests and transfer of ownership interests of each beneficial owner of each security held by or on behalf of DTC are recorded on the records of the Participants and Indirect Participants.

Pursuant to procedures established by DTC:

- upon deposit of the Global notes, DTC will credit the accounts of Participants designated by the Initial Purchasers with portions of the principal amount of the Global notes, and
- ownership of such interests in the Global notes will be maintained by DTC (with respect to the Participants) or by the Participants and the Indirect Participants (with respect to other owners of beneficial interests in the Global notes).

Investors in the Global notes may hold their interests therein directly through DTC, if they are Participants in such system, or indirectly through organizations (including, in case of the Regulation S Global note, Euroclear and Clearstream, Luxembourg) that are Participants or Indirect Participants in such system. Euroclear and Clearstream, Luxembourg will hold interests in the Regulation S Global note on behalf of their participants through customers’ securities accounts in their respective names on the books of their respective depositories. The depositories, in turn, will hold interests in the Global notes in customers’ securities accounts in the depositories’ names on the books of DTC.

All interests in the Global notes, including those held through Euroclear or Clearstream, Luxembourg, will be subject to the procedures and requirements of DTC. Those interests held through Euroclear or Clearstream, Luxembourg will also be subject to the procedures and requirements of these systems. The laws of some states require that certain persons take physical delivery of certificates evidencing securities they own. Consequently, the ability to transfer beneficial interests in a Global note to such persons will be limited to that extent. Because DTC can act only on behalf of Participants, which in turn act on behalf of Indirect Participants, the ability of beneficial owners of interests in the Global notes to pledge such interests to persons or entities that do not participate in the

DTC system, or otherwise take actions in respect of such interests, may be affected by the lack of a physical certificate evidencing such interests. For certain other restrictions on the transferability of the notes, see Condition 2.

**Except as described below, owners of interests in the Global notes will not have notes registered in their names, will not receive physical delivery of notes in certificated form and will not be considered the registered owners or holders thereof for any purpose.**

Payments in respect of the principal of and premium, if any, and interest on a Global note registered in the name of DTC or its nominee will be payable by the Paying Agent to DTC in its capacity as the registered holder under the Fiscal Agency Agreement. The Issuer and the Paying Agent will treat the persons in whose names the notes, including the Global notes, are registered as the owners thereof for the purpose of receiving such payments and for any and all other purposes whatsoever. Consequently, none of the Issuer, the Paying Agent or any agent of the Issuer or the Paying Agent has or will have any responsibility or liability for:

- any aspect of DTC's records or any Participant's or Indirect Participant's records relating to, or payments made on account of beneficial ownership interests in, the Global notes, or for maintaining, supervising or reviewing any of DTC's records or any Participant's or Indirect Participant's records relating to the beneficial ownership interests in the Global notes, or
- any other matter relating to the actions and practices of DTC or any of its Participants or Indirect Participants.

DTC has advised the Issuer that its current practice, upon receipt of any payment in respect of securities such as the notes (including principal and interest), is to credit the accounts of the relevant Participants with the payment on the payment date in amounts proportionate to their respective holdings in the principal amount of the relevant security as shown on the records of DTC, unless DTC has reason to believe it will not receive payment on such payment date. Payments by the Participants and the Indirect Participants to the beneficial owners of notes will be governed by standing instructions and customary practices and will be the responsibility of the Participants or the Indirect Participants and will not be the responsibility of DTC, the Paying Agent or the Issuer. Neither the Issuer nor the Paying Agent will be liable for any delay by DTC or any of its Participants in identifying the beneficial owners of the notes, and the Issuer and the Paying Agent may conclusively rely on and will be protected in relying on instructions from DTC or its nominee for all purposes.

Except for trades involving only Euroclear and Clearstream, Luxembourg participants, interests in the Global notes are expected to be eligible to trade in DTC's Same-Day Funds Settlement System and secondary market trading activity in such interests will therefore settle in immediately available funds, subject in all cases to the rules and procedures of DTC and its Participants.

Subject to the transfer restrictions described under "Transfer Restrictions," cross-market transfers between Participants in DTC, on the one hand, and Euroclear or Clearstream, Luxembourg participants, on the other hand, will be effected through DTC in accordance with DTC's rules on behalf of Euroclear or Clearstream, Luxembourg, as the case may be, by their depositaries. Cross-market transactions will require delivery of instructions to Euroclear or Clearstream, Luxembourg, as the case may be, by the counterparty in that system in accordance with the rules and procedures and within the established deadlines (Brussels time) of that system. Euroclear or Clearstream, Luxembourg, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositaries to take action to effect final settlement on its behalf by delivering or receiving interests in the Regulation S Global note in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear and Clearstream, Luxembourg participants may not deliver instructions directly to the depositaries for Euroclear or Clearstream, Luxembourg.

Because of time zone differences, the securities account of a Euroclear or Clearstream, Luxembourg participant purchasing an interest in a Global note from a Participant in DTC will be credited and reported to the relevant Euroclear or Clearstream, Luxembourg participant, during the securities settlement processing day (which must be a business day for Euroclear and Clearstream, Luxembourg) immediately following the settlement date of DTC. DTC has advised the Issuer that cash received in Euroclear or Clearstream, Luxembourg as a result of sales of

interests in a Global note by or through a Euroclear or Clearstream, Luxembourg participant to a Participant in DTC will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream, Luxembourg cash account only as of the business day for Euroclear or Clearstream, Luxembourg following DTC's settlement date.

Transfers between holders of Regulation S notes and rule 144A notes will be effected through the Registrar, the Paying Agent and the Custodian receiving instructions (and where appropriate certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. Settlement between such a buyer and seller cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC has advised the Issuer that it will take any action permitted to be taken by a holder of notes only at the direction of one or more Participants to whose account with DTC interests in a Global note are credited and only in respect of such portion of the aggregate principal amount of the notes as to which such Participant or Participants has or have given such direction.

Although DTC, Euroclear and Clearstream, Luxembourg have agreed to the foregoing procedures to facilitate transfers of interests in the Global note among participants in DTC, Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or to continue to perform such procedures, and the procedures may be discontinued at any time. Neither the Issuer nor the Paying Agent will have any responsibility for the performance by DTC, Euroclear or Clearstream, Luxembourg or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

The information in this section concerning DTC, Euroclear and Clearstream, Luxembourg and their book-entry systems has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

#### **Exchange of Book-Entry notes for Certificated notes**

The Global notes are exchangeable for certificated notes in definitive, fully registered form without interest coupons only in the following limited circumstances:

- DTC notifies us that it is unwilling or unable to continue as depository for the Global notes or DTC ceases to be a clearing agency registered under the Exchange Act at a time when DTC is required to be so registered in order to act as depository, and in each case we fail to appoint a successor depository within 90 days of such notice;
- we, at our option, notify the fiscal agent in writing that we elect to cause the issuance of notes in definitive form under the fiscal agency agreement subject to the procedures of the depository;
- if there shall have occurred and be continuing an Event of Default (as defined in the fiscal agency agreement) with respect to the notes (see "Description of Notes"), and DTC representing a majority in aggregate principal amount of the then outstanding notes so advises the fiscal agent in writing;
- we have or will become subject to adverse tax consequences which would not be suffered were the Global notes represented in certificated form.

In all cases, certificated notes delivered in exchange for any Global note or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by or on behalf of DTC (in accordance with its customary procedures) and will bear the applicable restrictive legend referred to in "Transfer Restrictions," unless we determine otherwise in accordance with the fiscal agency agreement and in compliance with applicable law.

## BENEFIT PLAN INVESTOR CONSIDERATIONS

The Employee Retirement Income Security Act of 1974, as amended (“ERISA”), and Section 4975 of the Internal Revenue Code of 1986, (the “Code”), impose certain requirements on (a) employee benefit plans subject to Title I of ERISA, (b) individual retirement accounts, Keogh plans or other arrangements subject to Section 4975 of the Code, (c) entities whose underlying assets include “plan assets” by reason of any such plan’s or arrangement’s investment therein (we refer to the foregoing collectively as “Plans”) and (d) persons who are fiduciaries with respect to Plans. In addition, certain governmental, church and non-U.S. plans (“Non-ERISA Arrangements”) are not subject to Section 406 of ERISA or Section 4975 of the Code, but may be subject to other laws that are substantially similar to those provisions (each, a “Similar Law”).

In addition to ERISA’s general fiduciary standards, Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of a Plan and persons who have specified relationships to the Plan, *i.e.*, “parties in interest” as defined in ERISA or “disqualified persons” as defined in Section 4975 of the Code (we refer to the foregoing collectively as “parties in interest”) unless exemptive relief is available under an exemption issued by the U.S. Department of Labor. Parties in interest that engage in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and Section 4975 of the Code. We, and our current and future affiliates, may be parties in interest with respect to many Plans. Thus, a Plan fiduciary considering an investment in the notes should also consider whether such an investment might constitute or give rise to a prohibited transaction under ERISA or Section 4975 of the Code. For example, the notes may be deemed to represent a direct or indirect sale of property, extension of credit or furnishing of services between us and an investing Plan which would be prohibited if we are a party in interest with respect to the Plan unless exemptive relief were available under an applicable exemption.

In this regard, each prospective purchaser that is, or is acting on behalf of, a Plan, and proposes to purchase the notes, should consider the exemptive relief available under the following prohibited transaction class exemptions, or PTCEs: (A) the in-house asset manager exemption (PTCE 96-23), (B) the insurance company general account exemption (PTCE 95-60), (C) the bank collective investment fund exemption (PTCE 91-38), (D) the insurance company pooled separate account exemption (PTCE 90-1) and (E) the qualified professional asset manager exemption (PTCE 84-14). In addition, ERISA Section 408(b)(17) and Section 4975(d)(20) of the Code may provide a limited exemption for the purchase and sale of the notes and related lending transactions, provided that neither the issuer of the notes nor any of its affiliates have or exercise any discretionary authority or control or render any investment advice with respect to the assets of the Plan involved in the transaction and provided further that the Plan pays no more, and receives no less, than adequate consideration in connection with the transaction (the so-called “service provider exemption”). There can be no assurance that any of these statutory or class exemptions will be available with respect to transactions involving the notes.

Each acquirer or holder of a note, and each fiduciary who causes any entity to purchase or hold a note, shall be deemed to have represented and warranted, on each day such purchaser or holder holds such notes, that either (i) it is neither a Plan nor a Non-ERISA Arrangement and it is not purchasing or holding the notes on behalf of or with the assets of any Plan or Non-ERISA arrangement; or (ii) its purchase, holding and subsequent disposition of such notes shall not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA, Section 4975 of the Code or any provision of Similar Law.

Fiduciaries of any Plans and Non-ERISA Arrangements should consult their own legal counsel before purchasing the notes. We also refer you to the portions of the offering circular addressing restrictions applicable under ERISA, the Code and Similar Law.

Each purchaser of a note will have exclusive responsibility for ensuring that its purchase, holding and subsequent disposition of the note does not violate the fiduciary or prohibited transaction rules of ERISA, the Code or any Similar Law. Nothing herein shall be construed as a representation that an investment in the notes would meet any or all of the relevant legal requirements with respect to investments by, or is appropriate for, Plans or Non-ERISA Arrangements generally or any particular Plan or Non-ERISA Arrangement.

## TRANSFER RESTRICTIONS

The notes are subject to restrictions on transfer as summarized below. By purchasing notes, you will be deemed to have made the following acknowledgements, representations to and agreements with us and the initial purchasers:

(1) You acknowledge that:

- the notes have not been registered under the Securities Act or any other securities laws and are being offered for resale in transactions that do not require registration under the Securities Act or any other securities laws; and
- unless so registered, the notes may not be offered, sold or otherwise transferred except under an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or any other applicable securities laws, and, if applicable, in compliance with the conditions for transfer set forth in paragraph (4) below.

(2) You represent that you are not an affiliate (as defined in Rule 144) of ours, that you are not acting on our behalf and that either:

- you are a qualified institutional buyer (as defined in Rule 144A) and are purchasing the notes for your own account or for the account of another qualified institutional buyer, and you are aware that the initial purchasers are selling the notes to you in reliance on Rule 144A; or
- you are not a U.S. person (as defined in Regulation S) or purchasing for the account or benefit of a U.S. person and you are purchasing notes in an offshore transaction in accordance with Regulation S.

(3) You acknowledge that neither we nor the initial purchasers nor any person representing us or the initial purchasers has made any representation to you with respect to us or the offering of the notes, other than the information contained or incorporated by reference in this offering memorandum. You represent that you are relying only on this offering memorandum in making your investment decision with respect to the notes. You agree that you have had access to such financial and other information concerning us and the notes as you have deemed necessary in connection with your decision to purchase notes, including an opportunity to ask questions of and request information from us.

(4) If you are a purchaser of notes pursuant to Rule 144A, you represent that you are purchasing notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case not with a view to, or for offer or sale in connection with, any distribution of the notes in violation of the Securities Act, subject to any requirement of law that the disposition of your property or the property of that investor account or accounts be at all times within your or their control and subject to your or their ability to resell the notes pursuant to Rule 144A or any other available exemption from registration under the Securities Act. You further agree, and each subsequent holder of the notes by its acceptance of the notes will agree, that the notes may be offered, sold or otherwise transferred only:

(A) to a person who the seller reasonably believes is a qualified institutional buyer within the meaning of Rule 144A under the Securities Act purchasing for its own account or for the account of a qualified institutional buyer or buyers in a transaction meeting the requirements of Rule 144A;

(B) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S;

(C) pursuant to an exemption from registration pursuant to Rule 144 (if available); or

(D) pursuant to an effective registration statement under the Securities Act,

provided that as a condition to registration of transfer of the notes, we or the fiscal agent may require delivery of any documents or other evidence that we or the fiscal agent each, in our or its discretion, deems necessary or appropriate to evidence compliance with one of the exemptions referred to above, and, in each case, in accordance with the applicable securities laws of the states of the United States and other jurisdictions.

You also acknowledge that each Rule 144A note will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE OFFERED, SOLD, PLEDGED, OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE ACQUIRER:

(1) REPRESENTS THAT IT, AND ANY ACCOUNT FOR WHICH IT IS ACTING, IS A "QUALIFIED INSTITUTIONAL BUYER" (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT) AND THAT IT EXERCISES SOLE INVESTMENT DISCRETION WITH RESPECT TO EACH SUCH ACCOUNT; AND

(2) AGREES FOR THE BENEFIT OF THE COMPANY THAT IT WILL NOT OFFER, SELL, PLEDGE, OR OTHERWISE TRANSFER THIS SECURITY OR ANY BENEFICIAL INTEREST HEREIN PRIOR TO THE RESALE RESTRICTION TERMINATION DATE (AS DEFINED IN THE NEXT PARAGRAPH), EXCEPT:

(A) TO THE COMPANY OR ANY SUBSIDIARY THEREOF;

(B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BECOME EFFECTIVE UNDER THE

SECURITIES ACT;

(C) TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT; OR

(D) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT OR ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

THE RESALE RESTRICTION TERMINATION DATE WILL BE THE DATE: (1) THAT IS AT LEAST ONE YEAR AFTER THE LAST ORIGINAL ISSUE DATE HEREOF; AND (2) ON WHICH THE COMPANY DETERMINES THAT THIS LEGEND (OTHER THAN THE FIRST PARAGRAPH HEREOF) SHALL BE DEEMED REMOVED FROM THIS SECURITY.

PRIOR TO THE REGISTRATION OF ANY TRANSFER IN ACCORDANCE WITH PARAGRAPH 2(D) ABOVE, THE COMPANY AND THE FISCAL AGENT RESERVE THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS, OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT THE PROPOSED TRANSFER IS BEING MADE IN

COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF ANY EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.\*

(3) REPRESENTS AND WARRANTS THAT EITHER (I) NO PORTION OF THE ASSETS USED BY SUCH ACQUIRER TO PURCHASE AND HOLD A NOTE CONSTITUTES ASSETS OF ANY EMPLOYEE BENEFIT PLAN SUBJECT TO TITLE I OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“ERISA”), ANY PLAN, INDIVIDUAL RETIREMENT ACCOUNT OR OTHER ARRANGEMENT SUBJECT TO SECTION 4975 OF THE CODE OR PROVISIONS UNDER ANY FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAWS OR REGULATIONS THAT ARE SIMILAR TO SUCH PROVISIONS OF ERISA OR THE CODE, OR ANY ENTITY WHOSE UNDERLYING ASSETS ARE CONSIDERED TO INCLUDE “PLAN ASSETS” OF ANY SUCH PLAN, ACCOUNT OR ARRANGEMENT OR (II) THE PURCHASE, HOLDING AND SUBSEQUENT DISPOSITION OF A NOTE BY SUCH ACQUIRER WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR A VIOLATION UNDER ANY APPLICABLE SIMILAR LAW.

*\*This legend shall be deemed removed from the face of this Security without further action of the Company, the fiscal agent, or the holders of this Security at such time as the Company instructs the fiscal agent to remove such legend.*

(5) If you are a purchaser of the notes under Regulation S, you will be deemed to:

(A) acknowledge that the notes have not been and will not be registered under the Securities Act or with any securities regulatory authority in any jurisdiction and, until so registered, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below and

(B) agree that if you should resell or otherwise transfer the notes prior to the expiration of a distribution compliance period (defined as 40 days after the later of the closing date with respect to the notes and the completion of the distribution of the notes), you will do so only (i)(A) outside the United States in compliance with Rule 903 or 904 under the Securities Act or (B) to a QIB in compliance with Rule 144A and (ii) in accordance with all applicable securities laws of the states of the United States or any other jurisdictions.

You also acknowledge that each Regulation S note will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), AND MAY NOT BE OFFERED, SOLD, PLEDGED, OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE ACQUIRER:

(1) REPRESENTS THAT IT IS NOT A US PERSON, IS NOT ACQUIRING THIS SECURITY FOR THE ACCOUNT OR BENEFIT OF A US PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION,

(2) AGREES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY ONLY (A) TO THE COMPANY OR ANY AFFILIATE THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BECOME EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE NOTES ARE ELIGIBLE FOR RESALE

PURSUANT TO RULE 144A UNDER THE SECURITIES ACT (“RULE 144A”), TO A PERSON IT REASONABLY BELIEVES IS A “QUALIFIED INSTITUTIONAL BUYER” AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR 904 UNDER REGULATION S UNDER THE SECURITIES ACT OR (E) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION AND (3) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS RESTRICTIVE LEGEND. THIS LEGEND WILL BE REMOVED AFTER 40 CONSECUTIVE DAYS BEGINNING ON AND INCLUDING THE LATER OF (A) THE DAY ON WHICH THE NOTES ARE OFFERED TO PERSONS OTHER THAN DISTRIBUTORS (AS DEFINED IN REGULATION S) AND (B) THE DATE OF THE CLOSING OF THE ORIGINAL OFFERING. AS USED HEREIN, THE TERMS “OFFSHORE TRANSACTION,” “UNITED STATES” AND “US PERSON” HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT.

(3) REPRESENTS AND WARRANTS THAT EITHER (I) NO PORTION OF THE ASSETS USED BY SUCH ACQUIRER TO PURCHASE AND HOLD A NOTE CONSTITUTES ASSETS OF ANY EMPLOYEE BENEFIT PLAN SUBJECT TO TITLE I OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“ERISA”), ANY PLAN, INDIVIDUAL RETIREMENT ACCOUNT OR OTHER ARRANGEMENT SUBJECT TO SECTION 4975 OF THE CODE OR PROVISIONS UNDER ANY FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAWS OR REGULATIONS THAT ARE SIMILAR TO SUCH PROVISIONS OF ERISA OR THE CODE, OR ANY ENTITY WHOSE UNDERLYING ASSETS ARE CONSIDERED TO INCLUDE “PLAN ASSETS” OF ANY SUCH PLAN, ACCOUNT OR ARRANGEMENT OR (II) THE PURCHASE, HOLDING AND SUBSEQUENT DISPOSITION OF A NOTE BY SUCH ACQUIRER WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR A VIOLATION UNDER ANY APPLICABLE SIMILAR LAW.

(6) You acknowledge that we, the initial purchasers and others will rely upon the truth and accuracy of the above acknowledgments, representations and agreements. You agree that if any of the acknowledgments, representations or agreements you are deemed to have made by your purchase of notes is no longer accurate, you will promptly notify us and the initial purchasers. If you are purchasing any notes as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each of those accounts and that you have full power to make the above acknowledgments, representations and agreements on behalf of each account.

For a discussion of the requirements to effect exchanges or transfers of interests in the Global notes, see “Form of Notes, Clearance and Settlement — Exchanges Between a Regulation S Global note and Rule 144A Global Note.”

## TAXATION

The following summary contains a description of certain French and U.S. federal income tax consequences of the purchase, ownership and disposition of the notes, but does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase the notes. This summary (other than the discussion of the European Union Savings Directive described below) does not describe any tax consequences arising under the laws of any state, locality or taxing jurisdiction other than the United States and the Republic of France.

This summary is based on the tax laws of the Republic of France and the United States as in effect on the date of this offering memorandum (including the tax treaty entered into by the Republic of France and the United States), as well as on rules and regulations of the Republic of France and regulations, rulings and decisions of the United States available on or before such date and now in effect. All of the foregoing are subject to change, which change could apply retroactively and could affect the continued validity of this summary.

**Persons considering the purchase of notes should consult their tax advisors as to the French, United States or other tax consequences of the purchase, ownership and disposition of the notes, including, in particular, the application to their particular situations of the tax considerations discussed below, as well as the application of state, local or other tax laws.**

### European Union Tax Considerations

On June 3, 2003, the European Council of Economic and Finance Ministers adopted the Directive 2003/48/EC on the taxation of savings income (the “Savings Directive”). Pursuant to the Savings Directive and subject to a number of conditions being met, Member States are required, since July 1, 2005, to provide to the tax authorities of another Member State, *inter alia*, details of payments of interest within the meaning of the Savings Directive (interest, premiums or other debt income) made by a paying agent located within its jurisdiction to, or for the benefit of, an individual resident or certain limited types of entities established in that other Member State (the “Disclosure of Information Method”).

For these purposes, the term “paying agent” is defined widely and includes in particular any economic operator who is responsible for making interest payments, within the meaning of the Savings Directive, for the immediate benefit of individuals.

However, throughout a transitional period, certain Member States (Luxembourg and Austria), instead of using the Disclosure of Information Method used by other Member States, unless the relevant beneficial owner of such payment elects for the Disclosure of Information Method or for the tax certificate procedure, withhold an amount on interest payments. The rate of such withholding is currently 20 per cent for a period of three years, starting on July 1, 2008, and 35 per cent thereafter.

Such transitional period will end at the end of the first full fiscal year following the later of (i) the date of entry into force of an agreement between the European Community, following a unanimous decision of the European Council, and the last of Switzerland, Liechtenstein, San Marino, Monaco and Andorra, providing for the exchange of information upon request as defined in the OECD Model Agreement on Exchange of Information on Tax Matters released on April 18, 2002 (the “OECD Model Agreement”) with respect to interest payments within the meaning of the Savings Directive, in addition to the simultaneous application by those same countries of a withholding tax on such payments at the rate applicable for the corresponding periods mentioned above and (ii) the date on which the European Council unanimously agrees that the United States of America is committed to exchange of information upon request as defined in the OECD Model Agreement with respect to interest payments within the meaning of the Savings Directive.

A number of non-EU countries and dependent or associated territories have agreed to adopt similar measures (transitional withholding or exchange of information) with effect since July 1, 2005.

On November 13, 2008 the European Commission published a detailed proposal for amendments to the Savings Directive, which included a number of suggested changes. The European Parliament approved an amended

version of this proposal on April 24, 2009. If any of these proposed changes are made in relation to the Savings Directive they may amend or broaden the scope of the requirements described above.

## **French Tax Considerations**

The following is a summary of certain tax considerations that may be relevant to holders of notes who (i) are non-French residents, (ii) do not hold their notes in connection with a business or profession conducted in France, as a permanent establishment or with a fixed base in France, and (iii) do not currently hold shares of BPCE.

### ***Payments on the notes***

The Savings Directive, implemented pursuant to Article 242-ter of the *Code général des impôts* (French General Tax Code) and Articles 49 I-ter to 49 I-sexies of Schedule III of the *Code général des impôts*, imposes an obligation on paying agents based in France to report to the French tax authorities certain information with respect to interest payments made to beneficial owners domiciled in another Member State, including, among other things, the identity and address of the beneficial owner and a detailed list of the different categories of interest paid to that beneficial owner.

The Amended Finance Act of 2009 (*loi de finances rectificative pour 2009*) has amended the withholding tax regime applicable to payments made by us to holders in respect of the notes.

Pursuant to the amended Article 125 A III of the *Code général des impôts*, payments of interest and other securities income made by a debtor with respect to certain debt securities (including debt in the form of bonds) are not subject to withholding tax unless such payments are made outside France in a non-cooperative State or territory within the meaning of Article 238-0 A of the *Code général des impôts* (a “**Non-Cooperative State**”), in which case a 50% withholding tax is applicable, subject to exceptions (certain of which are set forth below), and to the favorable provisions of any applicable double tax treaty. The 50% withholding tax is applicable irrespective of the tax residence of the holder of the notes. The list of Non-Cooperative States is published by a ministerial executive order, which is updated on a yearly basis.

Furthermore, according to Article 238 A of the *Code général des impôts*, interest and other securities income will not be deductible from our taxable income, as from the fiscal years starting on or after January 1, 2011, if they are paid or accrued to persons domiciled or established in a Non-Cooperative State or paid to a bank account opened in a financial institution located in a Non-Cooperative State. Under certain conditions, any such non-deductible interest or other securities income may be re-characterized as constructive dividends pursuant to Articles 109 *et seq.* of the *Code général des impôts*, in which case it may be subject to the withholding tax provided under Article 119-bis 2 of the same Code, at a rate of 25% or 50%, subject to more favorable provisions of any applicable double tax treaty.

Notwithstanding the foregoing, neither the 50% withholding tax provided by Article 125 A III of the *Code général des impôts*, the non-deductibility of the interest and other securities income nor the withholding tax provided set out Article 119-bis 2 of the same Code that may be levied as a result of such non-deductibility, to the extent the relevant interest or income relates to genuine transactions and is not in an abnormal or exaggerated amount, will apply in respect of a particular issue of notes provided that the debtor can prove that the main purpose and effect of such issue of notes is not that of allowing the payments of interest or income to be made in a Non-Cooperative State (the “**Exception**”).

In addition, under Ruling (*rescrit*) 2010/11 (FP and FE) of the *Direction générale des finances publiques* dated February 22, 2010, an issue of notes benefits from the Exception without the debtor having to provide any evidence supporting the main purpose and effect of such issue of notes, if such notes are:

- (i) offered by means of a public offer within the meaning of Article L. 411-1 of the *Code monétaire et financier* or pursuant to an equivalent offer in a State other than a Non-Cooperative State. For this purpose, an “equivalent offer” means any offer requiring the registration or submission of an offer document by or with a foreign securities market authority; or

- (ii) admitted to trading on a regulated market or on a French or foreign multilateral securities trading system provided that such market or system is not located in a Non-Cooperative State, and the operation of such market is carried out by a market operator or an investment services provider, or by such other similar foreign entity, provided further that such market operator, investment services provider or entity is not located in a Non-Cooperative State; or
- (iii) admitted, at the time of their issue, to the operations of a central depository or of a securities clearing and delivery and payments systems operator within the meaning of Article L. 561-2 of the *Code monétaire et financier*, or of one or more similar foreign depositories or operators provided that such depositories or operators are not located in a Non-Cooperative State.

As the notes are admitted at the time of their issue to the operations of a central depository, payments of interest or other securities income made by or on our behalf with respect to the notes will not be subject to the withholding tax set out under Article 125 A III of the *Code général des impôts*. In addition, they will be subject neither to the non-deductibility set out under Article 238 A of the *Code général des impôts* nor to the withholding tax set out under Article 119-bis 2 of the same Code solely on account of their being paid to a bank account opened in a financial institution located in a Non-Cooperative State or accrued or paid to persons established or domiciled in a Non-Cooperative State.

### ***Sale, disposition or redemption***

Non-French resident holders of notes who do not hold the notes in connection with a business or profession conducted in France, as a permanent establishment or with a fixed base situated in France, will not be subject to any French income tax or capital gains tax on the sale, disposal or redemption of notes. In addition, no stamp or registration fee or duty or similar taxes will be payable in France in connection with the sale, disposition or redemption of notes by non-French resident holders thereof.

### **United States Tax Considerations**

PURSUANT TO U.S. TREASURY DEPARTMENT CIRCULAR 230, YOU ARE HEREBY INFORMED THAT (A) THIS DISCUSSION IS NOT INTENDED AND WAS NOT WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING PENALTIES UNDER THE U.S. FEDERAL TAX LAWS THAT MAY BE IMPOSED ON THE TAXPAYER, (B) THIS DISCUSSION WAS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING OF THE NOTES TO BE ISSUED OR SOLD PURSUANT TO THIS OFFERING MEMORANDUM, AND (C) EACH TAXPAYER SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

The following is a summary of certain United States federal income tax considerations that may be relevant to a beneficial owner of notes that is a citizen or individual resident of the United States or a domestic corporation or otherwise subject to United States federal income tax on a net income basis in respect of the notes (a "U.S. Holder"). It does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase notes.

In general, this summary assumes that holders acquire the notes at original issuance and will hold the notes as capital assets. It does not discuss special tax considerations that may apply to certain types of taxpayers, including banks or other financial institutions, insurance companies, tax-exempt entities, real estate investment trusts, regulated investment companies, grantor trusts, partners of partnerships (or other entities treated as partnerships for U.S. federal income tax purposes), brokers or dealers in securities or currencies or traders in securities electing to mark to market, persons that will hold the notes as a position in a "straddle" or as part of a "synthetic security" or other integrated transaction or as a part of a "hedging," "conversion," or other risk-reduction transaction for U.S. federal income tax purposes, U.S. Holders that have a functional currency other than the U.S. dollar, or certain former citizens or long-term residents of the United States.

Moreover, this discussion does not address the U.S. federal estate and gift tax or alternative minimum tax consequences of the acquisition, ownership, or disposition of notes. Each prospective purchaser should consult its

tax advisor with respect to the U.S. federal, state, local and foreign tax consequences of acquiring, holding and disposing of notes.

This discussion is based on the Internal Revenue Code of 1986, as amended (the “Code”), U.S. Treasury regulations and judicial and administrative interpretations thereof, in each case as of the date hereof. All of the foregoing is subject to change, and any such change may apply retroactively and could affect the tax consequences described below.

## **Tax Treatment of U.S. Holders**

### *Payments of Interest and Additional Amounts.*

It is anticipated, and this discussion assumes, the notes will not be issued with original issue discount for U.S. federal income tax purposes. Interest on a note will be taxable to U.S. Holders as ordinary income at the time it is paid or accrued in accordance with such U.S. Holder’s method of tax accounting. U.S. Holders will also be required to include in income any additional amounts (as described in “Description of Notes — Payment of Additional Amounts”) and any tax withheld from the payments they receive.

Interest income (including taxes withheld from the interest payments and any additional amounts) on a note generally will be foreign source income for purposes of computing the foreign tax credit allowable to U.S. Holders under U.S. federal income tax laws. The rules relating to foreign tax credits and the timing thereof are complex, and U.S. Holders should consult their tax advisors with regard to the availability of foreign tax credits and the application of the foreign tax credit limitations to their particular situation.

### *Sale, Exchange or Other Disposition.*

Upon the sale, exchange or other disposition of a note, a U.S. Holder generally will recognize gain or loss equal to the difference between the amount realized on the sale, exchange or other disposition (less any amount allocable to any accrued but unpaid interest, which will be taxable as interest income as discussed above to the extent not previously included in income by the U.S. Holder) and the U.S. Holder’s tax basis in such note. A U.S. Holder’s tax basis in a note generally will equal the cost of such note to such holder.

Such gain or loss will be U.S. source capital gain or loss, and will be a long-term capital gain or loss if the U.S. Holder held the note for more than one year. Long-term capital gains may be taxed at a lower rate than ordinary income for certain non-corporate U.S. Holders. The deduction of capital losses is subject to limitations.

### *Information Reporting and Backup Withholding.*

Information returns may be required to be filed with the Internal Revenue Service (“IRS”) with respect to payments made to certain U.S. Holders of notes. In addition, certain U.S. Holders may be subject to backup withholding tax in respect of such payments if they do not provide an accurate taxpayer identification number on an IRS Form W-9 or otherwise satisfy the requirements of the backup withholding rules.

Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a U.S. Holder’s U.S. federal income tax liability so long as the required information is timely furnished to the IRS.

## **Tax Treatment of Non-U.S. Holders**

A holder or beneficial owner of notes that is not a U.S. Holder (a “Non-U.S. Holder”) of the notes generally will not be subject to U.S. federal income or withholding tax on interest or additional amounts received on the notes, or gain from the sale, exchange or other disposition of a note unless (1) such income or gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business in the United States (and an applicable income tax treaty does not provide otherwise), (2) in the case of any gain realized on the sale, exchange or other disposition of a note by an individual Non-U.S. Holder, that holder is present in the U.S. for 183 days or more in the taxable year of

the sale, exchange or other disposition and certain other conditions are met, or (3) such Non-U.S. Holder is subject to certain U.S. federal income tax laws regarding expatriates. Non-U.S. Holders of notes are urged to consult their own tax advisors regarding the conditions of such U.S. federal withholding tax exemption.

Non-U.S. Holders of the notes may also be required to comply with applicable certification procedures to establish that they are not U.S. persons in order to avoid the application of information reporting requirements and backup withholding tax.

## PLAN OF DISTRIBUTION

Subject to the terms and conditions in the purchase agreement, dated January 31, 2011, among us and Barclays Capital Inc., J.P. Morgan Securities LLC, Natixis Securities North America Inc. and RBS Securities Inc., as representatives of the initial purchasers, each initial purchaser named below has severally agreed to purchase from us, and we have agreed to sell to such initial purchaser the principal amounts of the notes set forth opposite its name below.

Initial Purchasers	Principal Amount of the notes
Barclays Capital Inc.....	\$275,000,000
J.P. Morgan Securities LLC.....	\$275,000,000
Natixis Securities North America Inc. ....	\$275,000,000
RBS Securities Inc.....	\$275,000,000
<b>Total .....</b>	<b>\$1,100,000,000</b>

The initial purchasers initially propose to offer the notes for resale at the issue price that appears on the cover of this offering memorandum. After the initial offering, the initial purchasers may change the issue price and any other selling terms. The initial purchasers may offer and sell notes through certain of their affiliates. The offering of the notes by the initial purchasers is subject to receipt and acceptance and subject to the initial purchasers' right to reject any order in whole or in part.

In the purchase agreement, we have agreed that we will indemnify the initial purchasers against certain liabilities, including liabilities under the Securities Act, or contribute to payments that the initial purchasers may be required to make in respect of those liabilities.

The notes have not been registered under the Securities Act or the securities laws of any other place. Accordingly, the notes are subject to restrictions on resale and transfer as described under "Transfer Restrictions." In the purchase agreement, each initial purchaser has agreed that:

- the notes may not be offered or sold within the United States or to US persons except pursuant to an exemption from the registration requirements of the Securities Act or in transactions not subject to those registration requirements; and
- during the initial distribution of the notes, it will offer or sell notes only to QIBs in compliance with Rule 144A and outside the United States in compliance with Regulation S.

In addition, until 40 days following the commencement of this offering, an offer or sale of notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act unless the dealer makes the offer or sale in compliance with Rule 144A or another exemption from registration under the Securities Act.

Each purchaser of the notes will be deemed to have made the acknowledgements, representations and agreements as described under "Transfer Restrictions".

We do not intend to apply for the notes to be listed on any securities exchange or to arrange for the notes to be quoted on any quotation system. The initial purchasers have advised us that they intend to make markets in the notes, but they are not obligated to do so. The initial purchasers may discontinue any market-making in the notes at any time in their sole discretion. Accordingly, we cannot assure you that liquid trading markets will develop for the notes, that you will be able to sell your notes at a particular time or that the prices that you receive when you sell will be favorable.

In connection with the offering of the notes, the initial purchasers may engage in over-allotment, stabilizing transactions and syndicate covering transactions. Over-allotment involves sales in excess of the offering size, which creates a short position for the initial purchaser. Stabilizing transactions involve bids to purchase the notes in the

open market for the purpose of pegging, fixing or maintaining the prices of the notes. Syndicate covering transactions involve purchases of the notes in the open market after the distribution has been completed in order to cover short positions. Overallotments, stabilizing transactions and syndicate covering transactions may cause the prices of the notes to be higher than it would otherwise be in the absence of those transactions. If the initial purchasers engage in overallotment, stabilizing or syndicate covering transactions, they may discontinue them at any time.

The initial purchasers also may impose a penalty bid. This occurs when a particular initial purchaser repays to the initial purchasers a portion of the underwriting discount received by it because the initial purchasers (or its affiliates) have repurchased notes sold by or for the account of such initial purchaser in stabilizing or syndicate covering transactions.

Neither we nor the initial purchasers make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the prices of the notes. In addition, neither we nor the initial purchasers make any representation that anyone will engage in such transactions or that such transactions, once commenced, will not be discontinued without notice.

The initial purchasers and their affiliates from time to time have provided certain investment banking, commercial banking and financial advisory services to us, for which they have received customary fees, commissions and other payments, and they may provide these services to us in the future, for which they would receive customary fees, commissions and other payments.

It is expected that delivery of the notes will occur on or about February 7, 2011, which will be the fifth business day following the initial date of trading of the notes (such settlement cycle being referred to as (“T+5”)). Under applicable rules and regulations, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade notes on the initial trading date of the notes and the next succeeding business day will be required, by virtue of the fact that the notes initially will settle in T+5, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of notes who wish to trade notes on the initial date of trading of the notes or the next succeeding business day should consult their own advisor.

#### **Notice to Prospective Investors in the European Economic Area**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), each initial purchaser has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date), it has not made and will not make an offer of notes to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of notes to the public in that Relevant Member State at any time:

- to any legal entity which is a qualified investor as defined in the Prospectus Directive; or
- to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 Prospectus Directive Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the initial purchasers for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive

provided, that no such offer of notes shall require us or any of the initial purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an offer of notes to the public in relation to any notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe the

notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression 2010 PD Amending Directive means Directive 2010/73/EU.

### **Notice to Prospective Investors in the United Kingdom**

This communication is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”) or (iii) high net worth companies, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “relevant persons”). The notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such notes will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Each initial purchaser has represented and agreed that:

- it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000, or the FSMA) received by it in connection with the issue or sale of the notes in circumstances in which Section 21(1) of the FSMA does not apply to the Company; and
- it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the notes in, from or otherwise involving the United Kingdom.

### **Notice to Prospective Investors in France**

Each initial purchaser has represented and agreed that:

- no prospectus has been prepared in connection with the offering of the notes that has been approved by the *Autorité des marchés financiers* or by the competent authority of another State that is a contracting party to the Agreement on the European Economic Area and notified to the *Autorité des marchés financiers*;
- it has not offered or sold and will not offer or sell, directly or indirectly, any notes to the public in the French Republic;
- it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in the French Republic, this offering memorandum or any other offering materials relating to the notes; and
- such offers, sales and distributions have been and will only be made in the French Republic to persons licensed to provide the investment service of portfolio management for the account of third parties, qualified investors (*investisseurs qualifiés*) investing for their own account, all as defined in Articles L. 411-2, and D. 411-1 to D. 411-4 of the French *Code monétaire et financier*. The direct or indirect distribution to the public in the French Republic of any notes so acquired may be made only in accordance with the provisions of Articles L. 411-1 to L. 411-4, L. 412-1 and L. 621-8 to L. 621-8-3 of the *Code Monétaire et Financier* and applicable regulations thereunder.

## **Notice to Prospective Investors in Japan**

The notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (the “Financial Instruments and Exchange Act”). Accordingly, each of the initial purchasers has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to others for reoffering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

## **Notice to Prospective Investors in Singapore**

Each initial purchaser has acknowledged that this offering memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each initial purchaser has represented and agreed that it has not offered or sold any notes or caused such notes to be made the subject of an invitation for subscription or purchase and will not offer or sell such notes or cause such notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this offering memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(IA), and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where notes are subscribed or purchased under Section 275 by a relevant person which is:

- (a) a corporation (which is not an accredited investor) (as defined in Section 4A of the SFA) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the notes pursuant to an offer made under Section 275 except:

- (i) to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;
- (ii) where no consideration is or will be given for the transfer; or
- (iii) where the transfer is by operation of law.

## **Notice to Prospective Investors in Hong Kong**

Each initial purchaser has represented and agreed that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any notes other than (a) to “professional investors” as defined in the Securities and Futures Ordinance

(Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the offering memorandum being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

## **LEGAL MATTERS**

The validity of the notes offered and sold in this offering will be passed upon for BPCE by Cleary Gottlieb Steen & Hamilton LLP and for the initial purchasers by Davis Polk & Wardwell LLP.

## **INDEPENDENT AUDITORS**

Groupe BPCE SA and Groupe BPCE's consolidated financial statements as of and for the year ended December 31, 2009 have been audited by Mazars, PricewaterhouseCoopers Audit and KPMG Audit, a division of KPMG S.A., its statutory auditors. Mazars, PricewaterhouseCoopers Audit and KPMG Audit, a division of KPMG S.A., are members of the *Compagnie Régionale des Commissaires aux comptes de Versailles*.

Groupe Banque Populaire's consolidated financial statements as of and for the year ended December 31, 2008 have been audited by PricewaterhouseCoopers Audit and KPMG Audit, a division of KPMG S.A. Groupe Caisse d'Épargne's consolidated financial statements as of and for the year ended December 31, 2008 have been audited by PricewaterhouseCoopers Audit and Mazars.

**ISSUER**

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