

Prospectus dated 19 April 2013



## LA MONDIALE

### US\$600,000,000 Reset Undated Subordinated Notes

**Issue Price: 100 per cent.**

The US\$600,000,000 Reset Undated Subordinated Notes (the **Notes**) of La Mondiale (**La Mondiale** or the **Issuer**) will be issued outside the Republic of France on 23 April 2013 (the **Issue Date**).

The obligations of the Issuer under the Notes in respect of principal, interest and other amounts, constitute (subject to certain limitations described in "Terms and Conditions of the Notes - Status of the Notes – Payment on the Notes in the Event of Liquidation of the Issuer") direct, unconditional, unsecured and Ordinary Subordinated Obligations and rank and shall at all times rank without any preference among themselves (save for certain obligations required to be preferred by French law) and equally and rateably with any other existing or future Ordinary Subordinated Obligations, in priority to Deeply Subordinated Obligations, *prêts participatifs* granted to, and *titres participatifs* issued by the Issuer, but behind Unsubordinated Obligations as set out in the "Terms and Conditions of the Notes - Status of the Notes".

The Notes will bear interest (i) from (and including) the Issue Date, to (but excluding) 23 April 2019 (the **First Call Date**), at a fixed rate of 7.625 per cent. per annum, payable semi-annually in arrear on 23 October and 23 April in each year commencing on 23 October 2013, and (ii) for the first successive six year period commencing on (and including) the First Call Date, at a reset rate calculated on the basis of the mid swap rates for U.S. Dollar swap transactions with a maturity of six years plus a margin of 6.53 per cent., payable semi-annually in arrear on 23 October and 23 April in each year commencing on 23 October 2019, and (iii) from 23 April 2025 and every six years thereafter in respect of each successive six year period, at a reset rate calculated on the basis of the mid swap rates for U.S. Dollar swap transactions with a maturity of six years plus a margin of 7.53 per cent., payable semi-annually in arrear.

Payment of interest on the Notes may be deferred at the option of the Issuer, or shall, be deferred under certain circumstances, as set out in "Terms and Conditions of the Notes - Interest - Interest Deferral".

The Issuer will have the right to redeem the Notes in whole, but not in part, on the First Call Date or on any Interest Payment Date thereafter, as defined and further described in "Terms and Conditions of the Notes - Redemption and Purchase - Optional Redemption from the First Call Date". The Issuer may also, at its option, redeem the Notes upon the occurrence of certain events, including a Gross-up Event, a Tax Deductibility Event, a Regulatory Event or a Rating Methodology Event, as further described in "Terms and Conditions of the Notes - Redemption and Purchase".

Application has been made for approval of this Prospectus to the *Autorité des marchés financiers* (the **AMF**) in France in its capacity as competent authority pursuant to Article 212-2 of its *Règlement Général* which implements the Directive 2003/71/EC of 4 November 2003 as amended (which includes the amendments made by Directive 2010/73/EU) (the **Prospectus Directive**).

Application has been made to Euronext Paris for the Notes to be listed and admitted to trading on Euronext Paris. Euronext Paris is a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC, appearing on the list of regulated markets issued by the European Commission (a **Regulated Market**).

The Notes will initially be represented by a temporary global note (the **Temporary Global Note**), without interest coupons, which will be deposited on or about 23 April 2013 (the **Closing Date**) with a common depository for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking, société anonyme (**Clearstream, Luxembourg**). Interests in the Temporary Global Note will be exchangeable for interests in a permanent global note (the **Permanent Global Note** and, together with the Temporary Global Note, the **Global Notes**), without interest coupons, on or after 24 June 2013 (the **Exchange Date**), upon certification as to non-U.S. beneficial ownership. Interests in the Permanent Global Note will be exchangeable for definitive Notes only in certain limited circumstances - see "Summary of Provisions relating to the Notes while represented by the Global Notes".

The Notes are expected to be rated BBB- by Standard & Poor's Ratings Services (**Standard & Poor's**). Standard & Poor's is established in the European Union and registered under Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies as amended by Regulation (EU) No. 513/2011 (the **CRA Regulation**) and included in the list of credit rating agencies registered in accordance with the CRA Regulation published on the European Securities and Markets Authority's website ([www.esma.europa.eu/page/List-registered-and-certified-CRAs](http://www.esma.europa.eu/page/List-registered-and-certified-CRAs)) as of the date of this Prospectus. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension, change or withdrawal at any time by the assigning rating agency.

*Prospective investors should have regard to the risk factors described under the section headed "Risk Factors" in this Prospectus, in connection with any investment in the Notes.*

*Global Co-ordinators and Structuring Arrangers*

**DEUTSCHE BANK**

**HSBC**

*Joint Lead Managers*

**BNP PARIBAS**

**DEUTSCHE BANK**

**HSBC**

*This Prospectus should be read and construed in conjunction with any supplement, that may be published between the date of this Prospectus and the date of the admission to trading of the Notes on Euronext Paris, and with all documents incorporated by reference herein (see "Documents Incorporated by Reference") (together, the **Prospectus**).*

*This Prospectus constitutes a prospectus for the purposes of Article 5.3 of Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 as amended and the relevant implementing measures in France, in respect of, and for the purposes of giving information with regard to, the Issuer and the Group (as defined below) and the Notes which, according to the particular nature of the Issuer and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer and the Group.*

*Certain information contained in this Prospectus and/or documents incorporated herein by reference have been extracted from sources specified in the sections where such information appears. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by the above sources, no facts have been omitted which would render the information reproduced inaccurate or misleading. The Issuer has also identified the source(s) of such information.*

*References herein to the **Issuer** are to La Mondiale. References to the **Group** are to the Issuer, together with its fully consolidated subsidiaries taken as a whole.*

*No person has been authorised to give any information or to make any representation other than those contained in this Prospectus in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Joint Lead Managers (each as defined in "Subscription and Sale"). Neither the delivery of this Prospectus nor any offering or sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or those of the Group since the date hereof or the date upon which this Prospectus has been most recently supplemented or that there has been no adverse change in the financial position of the Issuer or that of the Group since the date hereof or the date upon which this Prospectus has been most recently supplemented or that any other information supplied in connection with the issue of the Notes is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.*

*This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer and the Joint Lead Managers do not represent that this Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Joint Lead Managers which would permit a public offering of the Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations and the Joint Lead Managers (each as defined in "Subscription and Sale") have represented that all offers and sales by them will be made on the same terms. Persons into whose possession this Prospectus comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restriction. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States, the United Kingdom, Hong Kong, Singapore, Switzerland, France and Italy, see the section entitled "Subscription and Sale".*

**THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED OR WITH ANY SECURITIES REGULATORY AUTHORITY**

*OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. SUBJECT TO CERTAIN EXCEPTIONS, NOTES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS, except in transactions exempt from or not subject to the registration requirements of the Securities Act and in compliance with any applicable state securities laws. FOR A DESCRIPTION OF CERTAIN RESTRICTIONS ON OFFERS AND SALES OF NOTES AND ON DISTRIBUTION OF THIS PROSPECTUS, SEE "SUBSCRIPTION AND SALE".*

*The Joint Lead Managers have not separately verified the information contained in this Prospectus. None of the Joint Lead Managers makes any representation, warranty or undertaking, express or implied, or accepts any responsibility or liability, with respect to the accuracy or completeness of any of the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer in connection with the issue and sale of the Notes. In making an investment decision regarding the Notes, prospective investors must rely on their own independent investigation and appraisal of the (a) the Issuer, the Group, its business, its financial condition and affairs and (b) the terms of the offering, including the merits and risks involved. The contents of this Prospectus are not to be construed as legal, business or tax advice. Each prospective investor should subscribe for or consult its own advisers as to legal, tax, financial, credit and related aspects of an investment in the Notes. None of the Joint Lead Managers undertakes to review the financial condition or affairs of the Issuer or the Group after the date of this Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Joint Lead Managers. Potential investors should, in particular, read carefully the section entitled "Risk Factors" set out below before making a decision to invest in the Notes.*

*Neither this Prospectus nor any other information supplied in connection with the issue and sale of the Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or the Joint Lead Managers that any recipient of this Prospectus or any other information supplied in connection with the issue and sale of the Notes should purchase any Notes. Neither this Prospectus nor any other information supplied in connection with the issue and sale of the Notes constitutes an offer or invitation by or on behalf of the Issuer or the Joint Lead Managers to any person to subscribe for or to purchase any Notes.*

*The consolidated financial statements of the Issuer and the Group (as defined as the Issuer and its fully consolidated subsidiaries) for the years ended 31 December 2011 and 31 December 2010 have been prepared in accordance with IFRS as adopted by the European Union.*

*In this Prospectus, unless otherwise specified or the context otherwise requires, references to **€**, **Euro**, **EUR** or **euro** are to the single currency of the participating member states of the European Economic and Monetary Union which was introduced on 1 January 1999 and references to **\$**, **US\$**, **USD** and **U.S. Dollars** are to the lawful currency of the United States of America.*

## **FORWARD-LOOKING STATEMENTS**

Certain statements contained herein are forward-looking statements including, but not limited to, statements with respect to the Issuer's business strategies, expansion and growth of operations, plans or objectives, trends in its business, competitive advantage and regulatory changes, based on certain assumptions and include any statement that does not directly relate to a historical fact or current fact. Forward-looking statements are typically identified by words or phrases such as, without limitation, "anticipate", "assume", "believe", "continue", "estimate", "expect", "foresee", "intend", "project", "anticipate", "seek", "may increase" and "may fluctuate" and similar expressions or by future or conditional verbs such as, without limitation, "will", "should", "would" and "could". Undue reliance should not be placed on such statements, because, by their nature, they are subject to known and unknown risks, uncertainties, and other factors and actual results may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Please refer to the section entitled "Risk Factors" below.

The Issuer expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Issuer's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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## **RISK FACTORS**

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.*

*Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with the Notes are also described below.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding the Notes are exhaustive. Prospective investors should read the entire Prospectus. The following is a disclosure of risk factors that are material to the Notes in order to assess the market risk associated with these Notes and risk factors that may affect the Issuer's ability to fulfil its obligations under the Notes. Prospective investors should consider these risk factors before deciding to purchase Notes. The following statements are not exhaustive. Prospective investors should consider all information provided in this Prospectus and consult with their own professional advisers if they consider it necessary. In addition, investors should be aware that the risks described may combine and thus intensify one another. The occurrence of one or more risks may have a material adverse effect on the own funds, the financial position and the operating result of the Issuer.*

*Each of the risks highlighted below could have a material adverse effect on the business, operations, financial conditions or prospects of the Issuer or the Group, which in turn could have a material adverse effect on the amount of principal and interest which investors will receive in respect of the Notes. In addition, each of the risks highlighted below could adversely affect the trading price of the Notes or the rights of investors under the Notes and, as a result, investors could lose some or all of their investment.*

*Words and expressions defined in the section entitled "Terms and Conditions of the Notes" herein shall have the same meanings in this section.*

*The order in which the following risks factors are presented is not an indication of the likelihood of their occurrence.*

### **RISK FACTORS RELATING TO THE ISSUER**

The occurrence of any of the risks described below may affect the Issuer's capacity to repay, and/or adversely affect the market price of the Notes and lead to Noteholders suffering loss when they sell their Notes. Investors are therefore at risk of losing all or part of their investment.

#### **Financial risks**

La Mondiale and its Group is exposed to the following financial risks:

##### *Market risks*

The market risk affects the yield of the assets backing the core capital and technical provisions of the Issuer. Market levels and returns on investment constitute a significant part of the overall profitability of the Group and fluctuations in financial markets may have a material effect on operating results. Global debt and equity market have experienced historical levels of volatility and the outlook is uncertain. Any decline in the financial markets could have an adverse effect on the financial situation, operating results and cash flow of the Issuer.

Fluctuations in interest rates may affect the yields on and the market value of notes.

- During periods when interest rates are going up, the price of fixed income securities tends to decrease and gains on sale of such securities are lower or losses greater.
- If the interest rates are low for a long time, investment could be affected in a sense that it would not match the liability requirement.

Likewise, the yield on assets representing technical commitments is key in the definition of beneficiary participations attributed to the policy holders. Variations in interest rates and returns on equity markets may also have an impact on policy holders' behaviour. This phenomenon is particularly seen in our life insurance and savings business.

In addition, La Mondiale invests part of its assets in shares (the percentage of general assets invested in shares as at 31 December 2011 was 7%) which are generally exposed to volatility risks.

Investment risk on life insurance portfolios is sometimes borne by the policy holders in the case of unit-linked life insurance policies. In these cases, fluctuations of the price of underlying securities will directly or indirectly affect the financial results of the life insurance business operations. Furthermore such fluctuations could affect the solvency of the Group, in particular the level of unrealised gains eligible to cover the solvency margin requirement.

#### *Currency risk*

This risk relates to the sensitivity of assets to changes in the currency in which assets are recorded on the balance sheet. La Mondiale mainly faces this risk since it holds assets denominated in U.S. dollars, Yen, Sterling, Swiss Francs and other currencies.

#### *Credit risk*

La Mondiale is exposed to counterparty risk in its relations with third parties. La Mondiale is mainly exposed to credit risk through its financial assets, and securities lending. A default by any of its counterparties could have an effect on its financial situation.

A solvency default by a counterparty could generate significant liquidity problems and cause other institutions to default. Stability of such institutions depends greatly on the trends in the market, notably through credit and other financial flows linking these institutions together. This risk can adversely affect the financial intermediaries, banks and depositories with which La Mondiale operates daily which may therefore adversely affect its income, returns and solvency.

#### *Liquidity risk*

There is a risk that La Mondiale cannot sell a financial asset at its true value or cannot sell it at all. La Mondiale also faces the risk that it cannot meet its obligations, such as being able to reimburse the policy holders requesting it.

### **Insurance risks**

The Group is exposed to the following insurance risks:

#### *Pricing risk*

This risk may arise as a result of premiums being too low to meet the commitments (risk of wrong assessment of the characteristics of the policy holder risk, risk of wrong evaluation of the premium). The launch of new products or changes to existing products may lead to the occurrence of this type of risk.

### *Provision risk*

This risk may arise if insufficient provision is made to meet commitments due to poor assessment of available data, subsequent modification of the risk factors or inappropriate calculation parameters.

### *Disaster risk*

The risk for an insurer of the sudden occurrence of an incident involving very large claims or an accumulation of incidents due to a single event (for example, a pandemic risk).

### *Longevity, mortality and morbidity risk*

The company may be affected by significant change in statistics of longevity, mortality or morbidity of its policyholders.

### *Lapse and transfer risk*

The company may be affected by significant change in lapse of life insurance contracts or by transfer of group pension contracts to another insurer.

### *Reinsurance risk*

La Mondiale has exposure to its reinsurers through its reinsurance treaties. In such treaties, the other insurers assume part of the cost, losses and expenses associated with incidents, and losses whether or not carried over, in exchange for a proportion of the premiums. The ability to make a claim under, and the amount and cost of, the reinsurance depends on general market conditions and may vary significantly. Any decrease in the amount of reinsurance cover purchased will increase the risk of loss for La Mondiale. When reinsurance is put in place, La Mondiale remains liable for transferred risks if the reinsurer does not fulfil its obligations. Default by a reinsurer could therefore affect La Mondiale's profits and financial situation.

## **Operational risks**

The Group defines operational risk as the risk of loss due to inappropriate or failure of procedures, individuals or systems or loss resulting from external events.

Operational risks can be classified into the following categories:

- Risk of internal or external fraud: from an employee or a third party, whether a customer, a beneficiary or a partner. La Mondiale has introduced controls and procedures in the most vulnerable areas.
- Human resources and skills risk: this relates to the inadequacy between the available skills and the needs (key-men, training), errors in setting hiring, salaries and careers management policies, social relations in relation to employees representation or negotiation processes.
- The risks relating to information systems which include risks relating to the planning of systems development, risk of design, development and maintenance of applications, risks attached to the use of applications and softwares.
- Risks attached to the conduct of operations: information reliability, compliance of procedures, reliability of deliverables, human errors and monitoring of activities.
- Risks relating to operational organisation: this relates to the inadequacy between the strategy and the organisation of the Issuer, the inefficiency of defined processes or inappropriate definition of interfaces.

- Security risks: continuity and resuming activities (establishment of a business continuity plan), security relating to information systems, goods and individuals.
- Risks relating to outsourcing and suppliers: dysfunction or termination of commercial relations with a sub-contractor, contractualisation and compliance of obligations.
- Commercial and partnership risks: risks regarding the default of a partner, the sharing of responsibilities, commissioning, products distribution, knowledge of clients' needs and ethics.
- Development risks: adequacy between offer and the market, internal or external growth, risks relating to external communications.
- Risks relating to the sector: risks regarding competition or the evolution of the sector, reputational risks relating to relations with clients and third parties.
- Risks relating to professional conduct: failure to comply with professional conducts when dealing with clients. La Mondiale closely follows and has implemented the ethical principles of the *Fédération Française des Sociétés d'Assurance* and the *Autorité des marchés financiers*.
- Risks relating to anti-money laundering: La Mondiale has set up anti-money laundering policies in order to efficiently prevent money laundering. New regulations in 2009 have led the Group to update and adjust their internal policies in that respect.
- Insurance and risk hedging: La Mondiale has set up and periodically updates an insurance program to protect its assets. Subscribed insurance policies relate to insurances regarding damage to goods, civil liability insurances and individuals insurances. The subscribed insurances and levels of self-insurance vary depending on the activities, the size and claim rates of the related entities.

**The risk management policies, procedures and methods may leave La Mondiale exposed to unforeseen or unidentified risks.**

The Group has engaged significant resources to develop evaluation policies, procedures and methods to manage operational, liquidity, credit and market risks and plans to continue making efforts in this direction in the future.

However the Group's risk management strategies and techniques may not be entirely effective in mitigating exposure to risk in all market environments or against all types of risks, including those risks that the Group has not yet identified or anticipated.

If potential or existing customers believe that the risk management procedures and policies of the Group are not appropriate, the Issuer's reputation as well as its revenues and profits may be adversely affected.

**Other strategic or environmental risks**

**A downgrade in our rating may increase policy cancellations and non-renewals, adversely affect relationships with distributors and negatively impact new business.**

The insurer financial strength rating of La Mondiale is an important factor in establishing and maintaining our competitive position. The rating agency regularly reviews our rating. Future downgrades in the rating (or the potentiality of such a downgrade) could, among other things, materially increase the number of policy cancellations and non-renewals, adversely affect relationships with the distributors of our products and services, including new sales of our products, and negatively impact the level of our premiums and adversely affect our ability to obtain reinsurance at reasonable prices or at all. This could adversely affect our businesses, financial condition, results of operations and our cost of capital.

**Changes in government policy, regulation or legislation in the countries in which La Mondiale operates may affect our profitability.**

La Mondiale is subject to extensive regulation and supervision in the jurisdictions in which it does business. This includes, notably, matters relating to licensing and examination, rate setting, trade practices, policy reforms, limitations on the nature and amount of certain investments, underwriting and claims practices, mandated participation in shared markets and guarantee funds, adequacy of our claims provisions, capital and surplus requirements, insurer solvency, transactions between affiliates, the amount of dividends that may be paid and underwriting standards. Such regulation and supervision is primarily for the benefit and protection of policyholders and not for the benefit of investors. In some cases, regulation in one country may affect business operations in another country. As the amount and complexity of these regulations increase, the cost of compliance and the risk of non-compliance will also increase. If La Mondiale does not meet regulatory or other requirements, La Mondiale may suffer penalties including fines, suspension or cancellation of our insurance licenses which could adversely affect our ability to do business. In addition, significant regulatory action against us could have material adverse financial effects, cause significant reputational harm or harm our business prospects.

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

**Significant legal proceedings and litigation may adversely affect our business, financial condition and results of operations.**

All insurance companies are exposed to litigation relating to claims on policies they underwrite. Accordingly, La Mondiale is currently involved in such legal proceedings relating to claims lodged by policyholders, some of which involve claims for substantial damages and other relief. Judicial decisions may expand coverage beyond our pricing and reserving assumptions by widening liability on our policy wording or by restricting the application of policy exclusions. There can be no assurance that the outcome of any of our judicial proceedings will be covered by our existing provisions for outstanding claims or our reinsurance protections or that litigation would not otherwise have a material adverse effect on our businesses, financial condition and results of operations.

**Changes in tax laws and regulations, including elimination of tax benefits for our products, may adversely affect sales of our insurance and investment advisory products, and also impact our deferred tax assets and liabilities.**

Changes to tax laws may affect the attractiveness of certain of our products, which currently have favourable tax treatment. From time to time, governments in the jurisdictions in which La Mondiale operates, consider or implement proposals for changes in tax law that could adversely affect the attractiveness of the insurance, asset management and other products La Mondiale offers. In addition, changes in tax laws or regulations or an operating performance below currently anticipated levels may lead to an impairment of deferred tax assets, in which case La Mondiale could be obligated to write off certain tax assets. Tax assets may also need to be written down if certain assumptions of profitability prove to be incorrect, as losses incurred for longer

than expected will make it more unlikely that La Mondiale would be able to use our tax assets. Any such changes could be detrimental to our results of operations, financial condition and liquidity, and could impact the costs and profitability of our transactions.

**Our businesses, and therefore our results of operation, financial condition and liquidity may be adversely affected by the disruption in the global financial markets.**

Global credit and equity markets experienced extreme disruption from 2007 to 2011, particularly in the United States and Europe, and these markets have not fully recovered. This disruption included greater volatility, significantly less liquidity, widening of credit spreads and a lack of price transparency in certain markets. These conditions resulted in the failure of a number of financial institutions and unprecedented action by governmental authorities and central banks around the world. Recently, there have been concerns over access to capital markets and the solvency of certain European Union member states, including Greece, Spain, Portugal, Ireland, Italy and Cyprus, unrest in the Middle East and North Africa, which has led to higher oil prices, and market volatility. If disruption to the global financial markets continues, it could adversely affect our business, financial condition, results of operations and profitability in future periods. In addition, companies in our industry have become subject to increased litigation and regulatory and governmental scrutiny as a result of these events.

**The European Union is currently in the process of introducing a new regime governing solvency requirements, technical reserves, and other requirements for insurance companies, the effect of which is uncertain**

The European Union is in the process of developing and implementing a new regime in relation to solvency requirements and other matters, affecting the financial strength of insurers (**Solvency II**) within each Member State. It is intended that the new regime for insurers domiciled in the European Union will inter alia apply more risk sensitive standards to capital requirements and will effect a full revision of the insurance industry's solvency framework, prudential regime and supervision mechanisms.

The European Parliament and Council of the European Union approved the directive containing the framework principles of Solvency II on 22 April and 10 November 2009, respectively. This directive will be amended by the Omnibus II directive which will introduce transitional measures. At present, it is expected that the regime will become binding on insurers within each Member State from 1 January 2014, although it is likely that these timelines may not be achieved. The Commission is expected to publish the "level two" implementing measures and "level three" guidance in 2013, and possibly in 2014, and implementation of Solvency II by the European Union Member States could be postponed until 2015 - 2016.

While the overall intention and process for implementing Solvency II are known, the future landscape of EU solvency regulation is still evolving, and the precise interpretation of the rules is still being developed. At this stage, significant uncertainties with respect to some of the implementing measures remain.

There is a continuing risk that the effect of the final measures adopted could depart from the initial objective of the directive and end up more focused on prudence driven principles which could be adverse for the Issuer or its Group in many respects including potentially imposing a significant increase in the capital required to support existing business. Further, Solvency II may have a pro-cyclical effect on insurers and increase the impact of any existing or future crisis on the Issuer's solvency.

***Sociétés de Groupe d'Assurance Mutuelle (SGAM)***

La Mondiale is a member of a mutual insurance groups taking the form of a *Société de Groupe d'Assurance Mutuelle (SGAM)* together with AG2R Prévoyance under which it has committed to financial solidarity with the members of the SGAM as described under "Description of the Issuer". There is a management organisation for all the members of the SGAM and means are shared between them (eg management, IT,

support functions, sales network...). La Mondiale's financial position and solvency could be affected should  
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it be requested to participate in such financial solidarity. That solidarity is capped to a maximum amount of 10% of La Mondiale's consolidated equity capital, as long as it does not prevent La Mondiale from fulfilling its regulatory requirements.

## **RISK FACTORS RELATING TO THE NOTES**

### **1. General Risks relating to the Notes**

#### *Independent review and advice*

Each prospective investor in the Notes must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Notes is fully consistent with its financial needs, objectives and condition, complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it and is a fit, proper and suitable investment for it, notwithstanding the clear and substantial risks inherent in investing in or holding the Notes.

Each prospective investor should consult its own advisers as to legal, tax and related aspects of an investment in the Notes. A prospective investor may not rely on the Issuer or the Joint Lead Managers or any of their respective affiliates in connection with its determination as to the legality of its acquisition of the Notes or as to the other matters referred to above.

#### *The Notes may not be a suitable investment for all investors*

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

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Notes are complex financial instruments. Sophisticated institutional investors generally purchase complex financial instruments as part of a wider financial structure rather than as stand alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Notes unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting

effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

### ***Legality of purchase***

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

### ***Modification, waivers and substitution***

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend or were not represented at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

### ***Regulatory and legal investment considerations may restrict certain investments***

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

### ***Taxation***

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

### ***U.S. Foreign Account Tax Compliance Act Withholding***

The U.S. "Foreign Account Tax Compliance Act" (or "FATCA") imposes a new reporting regime and, potentially, a 30% withholding tax with respect to (i) certain payments from sources within the United States, (ii) "foreign passthru payments" made to certain non-U.S. financial institutions that do not comply with this new reporting regime, and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating non-U.S. financial institution. The Issuer is classified as a financial institution for these purposes. If an amount in respect of such withholding tax were to be deducted or withheld from interest, principal or other payments made in respect of the Notes, neither the Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive less interest or principal than expected. Prospective investors should refer to the section "*Taxation – U.S. Foreign Account Tax Compliance Act.*"

### ***EU Savings Directive***

On 3 June 2003, the European Council of Economics and Finance Ministers adopted a directive 2003/48/EC on the taxation of savings income under the form of interest payments (the **Savings Directive**). The Savings Directive requires Member States, to provide to the tax authorities of other Member States details of payments of interest and other similar income made by a paying agent located within their jurisdiction to an individual resident in that other Member State and to certain limited types of entities established in that other Member State, except that, for a transitional period, Luxembourg and Austria will instead withhold an amount on interest payments unless the relevant beneficial owner elects otherwise and authorises the paying agent to disclose the above information (see "Taxation"). The European Commission has proposed certain amendments to the Savings Directive which may, if implemented, amend or broaden the scope of the requirements described above.

Pursuant to the Terms and Conditions of the Notes, if a payment were to be made or collected through a Member State which has opted for a withholding system under the Savings Directive and an amount of, or in respect of, tax is withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note, as a result of the imposition of such withholding tax. In addition, the Issuer will be required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Savings Directive.

### ***Change of law***

The Terms and Conditions of the Notes are based on English and French laws in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in French laws or administrative practice or in the official application or interpretation of French law after the date of this Prospectus.

### ***French insolvency law***

Under French insolvency law, holders of debt securities are automatically grouped into a single assembly of holders (the **Assembly**) in order to defend their common interests if a preservation procedure (*procédure de sauvegarde*), an accelerated financial preservation procedure (*procédure de sauvegarde financière accélérée*) or a judicial reorganisation procedure (*procédure de redressement judiciaire*) is opened in France with respect to the Issuer.

The Assembly comprises holders of all debt securities issued by the Issuer (including the Notes) and regardless of their governing law.

The Assembly deliberates on the draft safeguard plan (*projet de plan de sauvegarde*), draft accelerated financial safeguard plan (*projet de plan de sauvegarde financière accélérée*) or judicial reorganisation plan (*projet de plan de redressement*) applicable to the Issuer and may further agree to:

- increase the liabilities (*charges*) of holders of debt securities (including the Noteholders) by rescheduling and/or writing-off debts;
- establish an unequal treatment between holders of debt securities (including the Noteholders) as appropriate under the circumstances; and/or
- decide to convert debt securities (including the Notes) into shares or securities that give or may give access to share capital.

Decisions of the Assembly will be taken by a two-third majority (calculated as a proportion of the debt securities held by the holders attending such Assembly or represented thereat). No quorum is required on convocation of the Assembly.

For the avoidance of doubt, the provisions relating to the Representation of the Noteholders described in the Terms and Conditions of the Notes set out in this Prospectus will not be applicable in these circumstances.

#### ***Liquidity risks and market value of the Notes***

The development or continued liquidity of any secondary market for the Notes will be affected by a number of factors such as general economic conditions, political events in France or elsewhere, including factors affecting capital markets generally and the stock exchanges on which the Notes or the reference rate are traded, the financial condition and the creditworthiness of the Issuer and/or the Group, and the value of any applicable reference rate, as well as other factors such as the complexity and volatility of the reference rate, the method of calculating the return to be paid in respect of such Notes, the outstanding amount of the Notes, any redemption features of the Notes and the level, direction and volatility of interest rates generally. Such factors also will affect the market value of the Notes. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market, and in extreme circumstances such investors could suffer loss of their entire investment.

#### ***An active trading market for the Notes may not develop***

There can be no assurance that an active trading market for the Notes will develop, or, if one does develop, that it will be maintained. If an active trading market for the Notes does not develop or is not maintained, the market or trading price and liquidity of the Notes may be adversely affected. The Issuer or its subsidiaries are entitled to buy the Notes, which shall then be cancelled or caused to be cancelled, and to issue further Notes. Such transactions may favourably or adversely affect the price development of the Notes. If additional and competing products are introduced into the market, this may adversely affect the value of the Notes.

#### ***Exchange rate risks and exchange controls***

Payments of principal and interest on the Notes will be made in U.S. Dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than U.S. Dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of U.S. Dollars or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to U.S. Dollars would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

## **2. Risks relating to the structure of the Notes**

#### ***The Notes are subordinated obligations of the Issuer***

The obligations of the Issuer under the Notes in respect of principal, interest and other amounts, constitute direct, unconditional, unsecured and Ordinary Subordinated Obligations and rank and shall at all times rank without any preference among themselves (save for certain obligations

required to be preferred by French law) and equally and rateably with any other existing or future Ordinary Subordinated Obligations, in priority to present and future Deeply Subordinated Obligations, *prêts participatifs* granted to, and *titres participatifs* issued by the Issuer, but behind Unsubordinated Obligations.

If any judgement is rendered by any competent court declaring the judicial liquidation (*liquidation judiciaire*) or, following an order of judicial rehabilitation (*redressement judiciaire*), the sale of the whole business (*cession totale de l'entreprise*) of the Issuer, or if the Issuer is liquidated for any reason, the rights of the Noteholders in respect of principal, interest (including any outstanding Arrears of Interest and/or Additional Interest Amount) will be subordinated to the payments of claims of other creditors of the Issuer ranking in priority to the Noteholders including insurance companies and entities referred to in article R.322-132 of the French *Code des Assurances* reinsured by the Issuer, and holders of insurance policies issued by such entities and creditors with respect to Unsubordinated Obligations.

In the event of incomplete payment of creditors ranking senior to holders of the Notes (in the context of voluntary or judicial liquidation of the Issuer, bankruptcy proceedings or any other similar proceedings affecting the Issuer) the obligations of the Issuer in connection with the Notes and relative interest will be terminated.

Thus, the Noteholders face a higher performance risk than holders of unsubordinated obligations of the Issuer.

***Notes having a denomination that is not an integral multiple of USD200,000 may be illiquid and difficult to trade (if definitive Notes are subsequently required to be issued)***

As the Notes have denominations consisting of a minimum denomination of USD200,000 plus integral multiples of USD1,000, it is possible that such Notes may be traded in amounts that are not integral multiples of USD200,000. In such a case a holder who, as a result of trading such amounts, holds an amount which is more than USD200,000 in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to USD200,000.

Notes of one denomination may not be exchanged for Notes of the other denomination.

#### ***Restrictions on interest payment***

On any Optional Interest Payment Date (as defined in the Terms and Conditions of the Notes), the Issuer may elect to defer payment of all (but not some only) of the interest accrued to that date, and the Issuer shall not have any obligation to make such payment and any failure to pay shall not constitute a default by the Issuer for any purpose, unless the Interest Payment Date constitutes a Compulsory Interest Payment Date (as defined in the Terms and Conditions of the Notes) in which case interest on the Notes will be payable and may not be deferred, unless such Interest Payment Date constitutes a Mandatory Interest Deferral Date.

On any Mandatory Interest Deferral Date (as defined in the Terms and Conditions of the Notes), the Issuer will be obliged, as a result of the occurrence of a Regulatory Deficiency (as defined in the Terms and Conditions of the Notes) or in order to prevent the occurrence of any such Regulatory Deficiency, to defer payment of all (but not some only) of the interest accrued to that date, provided however that if the Relevant Supervisory Authority accepts that interest accrued in respect of the Notes during such Interest Period can be paid (to the extent the Relevant Supervisory Authority can give such consent in accordance with the Applicable Regulations or the Future Capital Instruments

Regulations as applicable), the relevant Interest Payment Date will not be a Mandatory Interest Deferral Date.

Any interest not paid on an Optional Interest Payment Date or a Mandatory Interest Deferral Date and deferred shall so long as the same remains outstanding constitute Arrears of Interest and shall be payable as outlined in Condition 4.6(iii) of the Terms and Conditions of the Notes.

Any deferral of interest payments will be likely to have an adverse effect on the market price of the Notes. In addition, as a result of the above provisions of the Notes, the market price of the Notes may be more volatile than the market prices of other debt securities on which interest accrues that are not subject to the above provisions and may be more sensitive generally to adverse changes in the Issuer's financial condition.

### ***Early Redemption Risk***

Subject to the Prior Approval of the Relevant Supervisory Authority, the Issuer may redeem the Notes in whole, but not in part, on the Interest Payment Date falling on the First Call Date or on any Interest Payment Date thereafter.

The Issuer may also, at its option but subject to certain conditions, redeem the Notes upon the occurrence of certain events, including a Gross-up Event, a Tax Deductibility Event, or Rating Methodology Event and a Regulatory Event see risk factor below "*Future capital adequacy requirements for "tier two" instruments: Solvency II*", as further described in "Terms and Conditions of the Notes - Redemption and Purchase".

Such redemption options will be exercised at the principal amount of the Notes together with interest accrued to the date of redemption (including, for the avoidance of doubt, any Arrears of Interest and Additional Interest Amounts (if any) thereon at such date).

The redemption at the option of the Issuer may affect the market value of the Notes. During any period when the Issuer may elect to redeem the Notes, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to the First Call Date.

The Issuer may also be expected to redeem the Notes when its cost of borrowing is lower than the interest rate on the Notes. There can be no assurance that, at the relevant time, Noteholders will be able to reinvest the amounts received upon redemption at a rate that will provide the same return as their investment in the Notes. Potential investors should consider reinvestment risk in light of other investments available at that time.

### ***Optional Redemption, exchange or variations of the Notes***

The Notes will be issued for capital adequacy regulatory purposes with the intention of being eligible, (x) before the implementation of the Solvency II Directive, for the purpose of the determination of the solvency margin or capital adequacy levels of the Issuer or (y) following the implementation of the Solvency II Directive, at least as "tier two" own funds regulatory capital (or, if different, whatever terminology is employed by future regulations) for the purpose of the determination of the regulatory capital of the Issuer. If as a result of any change in the relevant laws and regulations, or any change in the official interpretation thereof, the proceeds of the Notes would cease being eligible as provided for under (x) or (y) above (a Regulatory Event), the Issuer reserves the right to exchange or vary subject to not being prejudicial to the interest of the Noteholders without the consent of the Noteholders the Notes so that after such exchange or variation they would be so eligible. Alternatively, the Issuer reserves the right, under the same circumstances, to redeem the Notes early.

The Notes may also be redeemed, exchanged or varied without the consent of the Noteholders further to a change in the methodology of a Rating Agency as a result of which the equity content of the Notes is materially reduced (a Rating Methodology Event). However, there shall be no right to redeem, exchange or vary the Notes for rating reasons if, following the implementation of the Solvency II Directive, such right would prevent the inclusion of the Notes for the purpose of the determination of the solvency margin or capital adequacy levels of the Issuer and/or the Group as at least "tier two" own funds (or if different, whatever terminology is employed by future regulations).

***There are no events of default under the Notes***

The Conditions of the Notes do not provide for events of default allowing acceleration of the Notes if certain events occur. Accordingly, if the Issuer fails to meet any obligations under the Notes, including the payment of any interest, investors will not have the right of acceleration of principal. Upon a payment default, the sole remedy available to Noteholders for recovery of amounts owing in respect of any payment of principal or interest on the Notes will be the institution of proceedings to enforce such payment. Notwithstanding the foregoing, the Issuer will not, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

***No limitation on issuing or guaranteeing debt ranking senior or "pari passu" with the Notes***

There is no restriction on the amount of debt which the Issuer may issue or guarantee. The Issuer and its subsidiaries and affiliates may incur additional indebtedness or grant guarantees in respect of indebtedness of third parties, including indebtedness or guarantees that rank *pari passu* or senior to the obligations under and in connection with the Notes. If the Issuer's financial condition were to deteriorate, the Noteholders could suffer direct and materially adverse consequences, including deferral of interest and, if the Issuer were liquidated (whether voluntarily or not), the Noteholders could suffer loss of their entire investment.

***Credit ratings may not reflect all risks***

The Notes are expected to be rated BBB- by Standard & Poor's Ratings Services (**Standard & Poor's**). The rating may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

***Any decline in the credit ratings of the Issuer may affect the market value of the Notes***

The Issuer has been assigned a rating of BBB+ by Standard & Poor's. Standard & Poor's or any other rating agency may change its methodologies for rating securities with features similar to the Notes in the future. This may include the relationship between ratings assigned to an issuer's senior securities and ratings assigned to securities with features similar to the Notes, sometimes called "notching". If the rating agencies were to change their practices for rating such securities in the future and the ratings of the Notes were to be subsequently lowered, this may have a negative impact on the trading price of the Notes.

***Interest rate risk***

Interest on the Notes before the First Call Date involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes.

Interest on the Notes for each Relevant Six Year Period shall be calculated on the basis of the mid swap rates for U.S. Dollar swap transactions with a maturity of six years plus a Margin. These mid

swap rates are not pre-defined for the lifespan of the Notes. Higher mid swap rates for U.S. Dollar swap transactions mean a higher interest and lower mid swap rates for U.S. Dollar swap transactions with a maturity of six years mean a lower interest.

***Future capital adequacy requirements for "tier two" instruments: Solvency II***

The Notes will be issued for capital adequacy regulatory purposes in accordance with applicable French "Solvency I" regulations, which are at the moment under a fundamental review. The Solvency II Directive was published in the Official Journal of the European Union on December 17, 2009 and is expected to enter into force on January 1, 2014, but its implementing measures have yet to be finalised. The current draft of some of the implementing measures could, if it were adopted without being amended, have adverse consequences on the Noteholders. In particular:

- (a) the Issuer would be obliged to defer interest payments if the "tier two" own funds regulatory capital (or, if different, whatever terminology is employed by future regulations) of the Issuer is not sufficient to cover its capital requirement;
- (b) in the same circumstances the redemption of the Notes would be only permitted subject to the Prior Approval of the Supervisory Authority.

The Issuer's expectation is based on its review of available information relating to the implementation of Solvency II. However, such information has not been finalised and is subject to change prior to its implementation.

In particular, there continue to be material uncertainties around the impact of the more detailed technical requirements of Solvency II. The new framework will, among other things, cover the definition of "own funds" capital and, accordingly, will set out the features which any capital must have in order to qualify as regulatory capital. These features are not expected to be settled until, at the earliest, "level two" implementation measures and "level three" guidance relating to Solvency II are finalised in 2013 and there can be no assurance that, following their initial publication, the "level two" implementation measures and "level three" guidance will not be amended. Moreover, there is considerable uncertainty as to how regulators, including the French *Autorité de Contrôle Prudentiel*, will interpret the "level two" implementation measures and/or "level three" guidance and apply them to the Issuer or the Group.

## DOCUMENTS ON DISPLAY

For so long as the Notes are outstanding:

1. the following documents will be available, during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), for inspection and, in the case of documents listed under (iii) to (vi), collection free of charge, at the office of the Fiscal Agent and the Paying Agents:
  - (i) the Fiscal Agency Agreement;
  - (ii) the constitutive documents (*statuts*) of La Mondiale;
  - (iii) the 2010 Consolidated Financial Statements (as defined in section “Documents Incorporated by Reference”);
  - (iv) the 2011 Consolidated Financial Statements (as defined in section “Documents Incorporated by Reference”);
  - (v) a copy of this Prospectus together with any supplement to this Prospectus; and
  - (vi) all reports, letters and other documents, balance sheets, valuations and statements by any expert, any part of which is extracted or referred to in this Prospectus in respect of the issue of the Notes.
2. a copy of this Prospectus together with any supplement to this Prospectus and any document incorporated by reference (a) may be obtained, free of charge, at the registered office of the Issuer during normal business hours and (b) will be available on the websites of the Issuer ([www.ag2rlamondiale.fr](http://www.ag2rlamondiale.fr)) and the *Autorité des marchés financiers* ([www.amf-france.org](http://www.amf-france.org)).

## INFORMATION INCORPORATED BY REFERENCE

This Prospectus shall be read and construed in conjunction with the following documents which have been previously published and filed with the AMF and which are incorporated in, and shall be deemed to form part of, this Prospectus:

- (1) the audited consolidated financial statements of the Issuer for the year ended 31 December 2010 in the French language and the report of the statutory auditors on such accounts (the **2010 Consolidated Financial Statements**); and
- (2) the audited consolidated financial statements of the Issuer for the year ended 31 December 2011 in the French language and the report of the statutory auditors on such accounts (the **2011 Consolidated Financial Statements**).

Such documents shall be deemed to be incorporated in, and form part of this Prospectus, save that any statement contained in this Prospectus or in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained in any document which is subsequently incorporated by reference herein by way of a supplement prepared in accordance with Article 16 of the Prospectus Directive modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

Copies of the documents incorporated by reference in this Prospectus (a) may be obtained, free of charge, at the registered office of the Issuer during normal business hours and (b) will be available on the website of the Issuer ([www.ag2ramondiale.fr](http://www.ag2ramondiale.fr)) and the *Autorité des marchés financiers* ([www.amf-france.org](http://www.amf-france.org)).

The cross-reference list below set out the relevant page references for the information incorporated herein by reference. Any information incorporated by reference in this Prospectus but not listed in the cross-reference table below shall not form part of this Prospectus and is not relevant for investors.

Rule	Prospectus Regulation – Annex IX	2010 Consolidated Financial Statements (page number)	2011 Consolidated Financial Statements (page number)
<b>3.</b>	<b>RISK FACTORS</b>		
3.1	Prominent disclosure of risk factors that may affect the issuer's ability to fulfil its obligations under the securities to investors in a section headed "Risk Factors".		Pages 74 to 87
<b>11.</b>	<b>FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES</b>		
11.1.	<u>Historical Financial Information</u> Audited historical financial information covering the latest 2 financial years (or such shorter period that the issuer has been in operation), and the audit report in respect of each year If the audited financial information is prepared according to national accounting standards, the financial information required under this heading must include at least the following:		
	(a) the balance sheet	Pages 30 to 38	Pages 32 to 40
	(b) the income statement	Page 32	Page 34
	(c) the accounting policies and explanatory notes	Pages 40 to 71	Pages 42 to 74

<b>Rule</b>	<b>Prospectus Regulation – Annex IX</b>	<b>2010 Consolidated Financial Statements (page number)</b>	<b>2011 Consolidated Financial Statements (page number)</b>
11.2	<u>Financial statements</u> If the issuer prepares both own and consolidated financial statements, include at least the consolidated financial statements in the registration document.	Pages 30 to 38	Pages 32 to 40
11.3.	<u>Auditing of historical annual financial information</u>		
11.3.1.	A statement that the historical financial information has been audited. If audit reports on the historical financial information have been refused by the statutory auditors or if they contain qualifications or disclaimers, such refusal or such qualifications or disclaimers, must be reproduced in full and the reasons given.	Pages 28 and 29	Pages 30 and 31
11.3.2.	An indication of other information in the registration document which has been audited by the auditors.	N/A	N/A
11.3.3	Where financial data in the registration document is not extracted from the issuer's audited financial statements, state the source of the data and state that the data is unaudited.	N/A	N/A
11.4	<u>Age of latest financial information</u>		
11.4.1	The last year of audited financial information may not be older than 18 months from the date of the registration document.	N/A	N/A

## GENERAL DESCRIPTION OF THE NOTES

*This overview of the terms and conditions of the Notes must be read as an introduction to this Prospectus and any decision to invest in any Notes should be based on a consideration of this Prospectus as a whole, including the Documents Incorporated by Reference. Following the implementation of the relevant provisions of the Prospectus Directive in each Member State of the European Economic Area, no civil liability will attach to the Issuer in any such Member State in respect of this Summary, including any translation hereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus. Where a claim relating to information contained in this Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Prospectus before the legal proceedings are initiated.*

*Capitalised terms used but not defined in this summary shall bear the respective meanings ascribed to them in the section entitled "Terms and Conditions of the Notes".*

<b>Issuer:</b>	La Mondiale.
<b>Description:</b>	US\$600,000,000 Reset Undated Subordinated Notes (the <b>Notes</b> ).
<b>Global Co-ordinators and Structuring Arrangers:</b>	Deutsche Bank AG, London branch HSBC Bank plc
<b>Joint Lead Manager:</b>	BNP Paribas Deutsche Bank AG, London branch HSBC Bank plc
<b>Fiscal and Principal Paying Agent:</b>	Deutsche Bank AG, London branch
<b>Use of proceeds:</b>	The net proceeds of the issue of the Notes, after deduction of any applicable commission, will be used by the Issuer to (fully or partially) redeem outstanding subordinated securities. The remaining net proceeds will be used for general corporate purposes.
<b>Maturity date:</b>	The Notes are undated obligations of the Issuer and have no fixed maturity date, but may be redeemed at the option of the Issuer under certain circumstances (see Redemption provisions below).
<b>Denomination:</b>	\$200,000 and integral multiples of \$1,000 in excess thereof up to and including \$399,000.
<b>Form of the Notes:</b>	The Notes will be issued in bearer form and will initially be in the form of the Temporary Global Note, without Coupons, which will be deposited on or around the Issue Date with a common depository for Euroclear and Clearstream Banking, société anonyme. Interests in the Temporary Global Note will be exchangeable for interests in the Permanent Global Note, without Coupons, on or after the Exchange Date, upon certification as to non-U.S. beneficial ownership. Interests in the Permanent Global Note will be exchangeable for Definitive Bearer Notes only in certain limited circumstances in accordance with the terms of the Permanent Global Note.

**Ranking:**

The principal and interest of the Notes constitute direct, unconditional, unsecured and undated Subordinated Obligations of the Issuer and rank (i) *pari passu* among themselves, (ii) *pari passu* with all other present and future Ordinary Subordinated Obligations, but in priority to all present and future Deeply Subordinated Obligations, *titres participatifs* issued by the Issuer, *prêts participatifs* granted to the Issuer, but behind Unsubordinated Obligations of the Issuer.

**Deeply Subordinated Obligations** means all and any bonds or borrowings or any other Obligations of the Issuer which constitute direct, unconditional, unsecured and lowest ranking subordinated obligations of the Issuer, including bonds or borrowings, the subordination provisions of which are governed by the provisions of Article L. 228-97 of the French *Code de commerce*, and which rank and will rank (i) *pari passu* among themselves, (ii) *pari passu* with all other present and future Deeply Subordinated Obligations of the Issuer, but (iii) shall be subordinated to all present and future *prêts participatifs* granted to the Issuer, *titres participatifs* issued by the Issuer, Ordinarily Subordinated Obligations of the Issuer and Unsubordinated Obligations of the Issuer.

**Obligations** means any payment obligation expressed to be assumed by, or imposed on, the Issuer under, or arising as a result of, any contract, agreement, document, instrument, conduct, relationship or by operation of law.

**Ordinary Subordinated Obligations** means any Obligations of the Issuer which constitute direct, unconditional, unsecured and subordinated obligations of the Issuer and which rank and will at all times rank equally and rateably with any other existing or future Ordinary Subordinated Obligations but in priority to all present and future *titres participatifs* issued by the Issuer, *prêts participatifs* granted to the Issuer and Deeply Subordinated Obligations of the Issuer.

**Unsubordinated Obligations** means any Obligations of the Issuer which are unsubordinated.

**Rights of Noteholders in the event of liquidation:**

In the event of incomplete payment of less subordinated creditors, the Issuer's obligations with respect to the Notes shall be terminated.

**Negative pledge:**

There will be no negative pledge in respect of the Notes.

**Events of default:**

There will be no events of default in respect of the Notes.

**Interest:**

Each Note will bear interest on its Principal Amount at a fixed rate of 7.625 per cent. per annum (the **Initial Interest Rate**) from (and including) 23 April 2013 (the **Issue Date**) to (but excluding) 23 April 2019, payable semi-annually in arrear on 23 April and 23 October in each year, commencing on 23 October 2013.

Thereafter in respect of each successive six-year period (each a

**Relevant Six Year Period**) each Note will bear interest on its Principal Amount at a reset rate equal to the Relevant Six Year Reset Rate, calculated on the basis of the mid swap rates for U.S. Dollar swap transactions with a maturity of six years displayed on Bloomberg page "ISDAFIX1" (or such other page as may replace that page), plus a Margin per annum (the **Reset Rate**), payable semi-annually, in arrear on 23 April and 23 October in each year, commencing on 23 October 2019.

**Margin** means 6.53 per cent. for the first Relevant Six Year Period and 7.53 per cent. thereafter (from and including 23 April 2025).

The yield in respect of the Notes from the issue date to 23 April 2019 (the **First Call Date**) is 7.625 per cent. per annum and is calculated on the basis of the issue price of the Notes.

**Interest Deferral:**

1. On any interest payment date other than a Compulsory Interest Payment Date or a Mandatory Interest Deferral Date (an **Optional Interest Payment Date**), the Issuer may, at its option, elect to defer payment of all (but not some only) of the interest accrued to that date and any failure to pay shall not constitute a default by the Issuer for any purpose.
2. On any interest payment date in respect of which the Issuer has given written notice confirming that (i) a Regulatory Deficiency is continuing or (ii) the payment of such interest would in itself cause a Regulatory Deficiency (a **Mandatory Interest Deferral Date**), the Issuer will be obliged to defer payment of all of the interest accrued to that date unless the Relevant Supervisory Authority accepts that interest accrued can be paid.
3. Any interest not paid on a Mandatory Interest Deferral Date or an Optional Interest Payment Date shall constitute **Arrears of Interest**. Arrears of Interest (including any Additional Interest Amount) on all outstanding Notes shall become due in full following the occurrence of certain circumstances and shall bear interest in accordance with Article 1154 of the French Civil Code.
4. Payment of interest on any Interest Payment Date will only be compulsory if, during a period of six months prior to such Interest Payment Date, a Compulsory Payment Event has occurred (a **Compulsory Interest Payment Date**), unless such interest payment date constitutes a Mandatory Interest Deferral Date.

**Regulatory Deficiency** means:

- (i) before the implementation of the Solvency II Directive, the consolidated solvency margin of the Issuer and/or the Group falls below 100 per cent. of the required consolidated solvency margin or capital adequacy level; or

- (ii) following the implementation of the Solvency II Directive, the own funds regulatory capital of the Issuer and/or the Group is not sufficient to cover its capital requirements and a deferral of interest is required or a redemption or repayment of principal is prohibited under the then applicable regulations; or
- (iii) the *Autorité de Contrôle Prudentiel* or any other relevant supervisory authority (the **Relevant Supervisory Authority**) has notified the Issuer that it has determined, in view of the financial condition of the Issuer, that the Issuer must take specified action in relation to payments of interest and principal under the Notes.

**Solvency II Directive** means Directive 2009/138/EC of the European Union of 25 November 2009 on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II) as amended from time to time, the further legislative acts of the European Union enacted in relation thereto and the French legislation implementing the same.

**Taxation:**

All payments in respect of the Notes shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of any jurisdiction or any political subdivision or any authority thereof or therein having power to tax unless such withholding or deduction is required by law.

**Additional Amounts:**

If applicable law should require that payments of principal or interest made by the Issuer in respect of any Note be subject to deduction or withholding in respect of any present or future taxes or duties whatsoever levied by the Republic of France, the Issuer, will, to the fullest extent then permitted by law, pay such additional amounts (**Additional Amounts**) as shall result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Amounts shall be payable with respect to any Note in certain circumstances.

**Optional Early Redemption as from First Call Date**

The Issuer may, subject to the Prior Approval of the Relevant Supervisory Authority, redeem the Notes in whole, but not in part, at their Principal Amount, together with all interest accrued (including Arrears of Interest and any Additional Interest Amount) to the date fixed for redemption on the First Call Date or on any Interest Payment Date falling thereafter.

**Optional Early Redemption following a Gross-Up Event**

If at any time, by reason of a change in any French law or regulation, or any change in the official application or interpretation thereof, becoming effective after the Issue Date, the Issuer would, on the occasion of the next payment of principal or interest due in respect of the Notes, not be able to make such payment without having to pay

additional amounts (a **Gross-Up Event**), the Issuer may, subject to the Prior Approval of the Relevant Supervisory Authority, on any Interest Payment Date, redeem the Notes in whole, but not in part, at their Principal Amount, together with all interest accrued (including Arrears of Interest and any Additional Interest Amount) to the date fixed for redemption.

If the Issuer would on the next payment of principal or interest in respect of the Notes be obliged to pay additional amounts and the Issuer would be prevented by French law from making payment to the Noteholders of the full amount then due and payable, notwithstanding the undertaking to pay additional amounts, then the Issuer shall, subject to the Prior Approval of the Relevant Supervisory Authority, redeem the Notes in whole, but not in part, at their Principal Amount, together with all interest accrued (including Arrears of Interest and any Additional Interest Amount) to the date fixed for redemption.

**Optional Early Redemption in case of Tax Deductibility Event:**

If an opinion of a recognised law firm of international standing has been delivered to the Issuer and the Fiscal Agent, stating that by reason of a change in French law or regulation, or any change in the official application or interpretation of such law, becoming effective after the Issue Date, the tax regime of any payments under the Notes is modified and such modification results in payments of interest payable by the Issuer in respect of the Notes being no longer deductible in whole or in part (a **Tax Deductibility Event**), so long as this cannot be avoided by the Issuer taking reasonable measures available to it at the time, the Issuer may, subject to the Prior Approval of the Relevant Supervisory Authority, redeem the Notes in whole, but not in part, at their Principal Amount together with all interest accrued (including Arrears of Interest and any Additional Interest Amount) to the date fixed for redemption, on the latest practicable date on which the Issuer could make such payment with interest payable being tax deductible in France or, if such date is past, as soon as practicable thereafter.

**Optional Early Redemption for Regulatory Reasons:**

If at any time, the Issuer determines that a Regulatory Event has occurred with respect to the Notes on or after the Issue Date, the Issuer may, subject to the Prior Approval of the Relevant Supervisory Authority, redeem the Notes in whole, but not in part, at their Principal Amount plus any accrued interest (including Arrears of Interest and any Additional Interest Amount) to the date fixed for redemption.

**Regulatory Event** means that after the Issue Date, the Issuer (i) is subject to consolidated regulatory supervision by the Relevant Supervisory Authority, and (ii) is not permitted to treat the aggregate net proceeds of such Notes that are outstanding as eligible for the purpose of the determination of the solvency margin or capital adequacy levels of the Issuer and/or Group as at least "tier two" own funds regulatory capital (or, if different, whatever terminology is employed by the Existing Regulations or the Future Capital Instruments Regulations as applicable, including any grandfathering provision thereof), except as a result of the application of the limits on inclusion of such securities in the regulatory capital.

**Optional Early Redemption for Rating Reasons:**

If at any time, the Issuer determines that a Rating Methodology Event has occurred with respect to the Notes, the Issuer may, subject to the Prior Approval of the Relevant Supervisory Authority, redeem in whole, but not in part, the Notes on any Interest Payment Date, at their Principal Amount plus any accrued interest (including Arrears of Interest and any Additional Interest Amount) to the date fixed for redemption.

**Rating Methodology Event** will be deemed to occur upon a change in the methodology of the Rating Agency (as defined below) (or in the interpretation of such methodology) on or after the Issue Date as a result of which the equity content previously assigned by such Rating Agency to the Notes is, in the reasonable opinion of the Issuer, materially reduced when compared to the equity content assigned by such Rating Agency at or around the Issue Date.

**Rating Agency** means Standard & Poor's or any successor.

**Conditions to Redemption:**

The Notes may not be redeemed pursuant to any of the redemption provisions referred to above if (i) a Regulatory Deficiency has occurred and is continuing on the redemption date or (ii) such redemption would itself cause a Regulatory Deficiency, except if the Prior Approval of the Relevant Supervisory Authority has been obtained.

**Exchange/Variation:**

Further to a Regulatory Event or a Rating Methodology Event the Issuer would be entitled, without the consent or approval of the Noteholders, to exchange or vary the Notes, subject to a number of conditions including not being prejudicial to the interest of the Noteholders, so that after such exchange or variation the Notes would be eligible.

**Automatic Disapplication for Regulatory Reasons:**

In the event that, following the implementation of the Solvency II Directive, the option of the Issuer (i) to redeem the Notes for tax reasons or further to the occurrence of a Rating Methodology Event or (ii) to exchange the Notes or vary the terms of the Notes further to the occurrence of a Regulatory Event or a Rating Methodology Event, would prevent at any time before the First Call Date, the Notes from being treated under the Future Capital Instruments Regulations as applicable (including, for the avoidance of doubt, for the purpose of compliance with any grandfathering provisions thereof) as at least "tier two" own funds regulatory capital (or, if different, whatever terminology is employed by the Existing Regulations or the Future Capital Instruments Regulations as applicable) of the Issuer and/or the Group for the purposes of the determination of the Issuer's solvency margin or regulatory capital, the terms of the Notes shall automatically be varied by the Issuer to exclude the relevant option(s). In any such event: (a) the Prior Approval of the Relevant Supervisory Authority will be obtained, if such approval is required at the time, and (b) notice will be given to Noteholders in compliance with the rules of the relevant stock exchange. However, certain conditions to the Exchange/Variation referred to above will not apply to such variation.

<b>Purchase:</b>	The Issuer or any of its affiliated entities may at any time, subject to the Prior Approval of the Relevant Supervisory Authority, purchase Notes (provided that all unmatured Coupons and Talons relating thereto are purchased therewith) in the open market or otherwise at any price. Notes so purchased by the Issuer may be (i) held and resold in accordance with Articles L.213-1-A and D.213-1-A of the French <i>Code monétaire et financier</i> for the purpose of enhancing the liquidity of the Notes or (ii) cancelled in accordance with Article L.228-74 of the French <i>Code de commerce</i> .
<b>Meetings of Noteholders and Modifications:</b>	<p>The Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.</p> <p>The Issuer may also, subject to the Prior Approval of the Relevant Supervisory Authority, make any modification to the Notes which is not prejudicial to the interests of the Noteholders without the consent of the Noteholders. Any such modification shall be binding on the Noteholders.</p>
<b>Listing:</b>	Application has been made for the Notes to be admitted to listing and to trading on Euronext Paris.
<b>Rating:</b>	The Notes are expected to be rated BBB- by Standard & Poor's.
<b>Clearing:</b>	The Notes have been accepted for clearance through Clearstream Banking, société anonyme and Euroclear Bank SA/N.V.
<b>Selling Restrictions:</b>	There are restrictions on the offer and sale of the Notes and the distribution of offering material, including in the United States of America, the United Kingdom, Hong Kong, Singapore, Switzerland, France and Italy.
<b>Governing Law:</b>	English law, other than the provisions of " <i>Terms and Conditions of the Notes – Status of the Notes</i> " which shall be governed by, and construed in accordance with, French law.

## TERMS AND CONDITIONS OF THE NOTES

*The terms and conditions of the Notes (which, subject to modification, will be endorsed on each Note in definitive form) are as follows:*

The issue outside the Republic of France of the US\$600,000,000 Reset Undated Subordinated Notes (the **Notes**) of La Mondiale (the **Issuer**) was authorised pursuant to a resolution of the *Assemblée Générale* of the policyholders (*sociétaires*) of the Issuer adopted on 1 June 2012 and the resolutions of the Board of Directors (*Conseil d'administration*) of the Issuer dated 17 April 2013. The Issuer has entered into a fiscal agency agreement (such agreement as amended and/or supplemented and/or restated from time to time, the **Fiscal Agency Agreement**) dated 23 April 2013 with Deutsche Bank AG, London branch as fiscal agent and principal paying agent. The Notes are issued subject to and with the benefit of the Fiscal Agency Agreement. The fiscal agent, the principal paying agent and the calculation agent for the time being and the paying agents are referred to in these Conditions as the **Fiscal Agent**, the **Principal Paying Agent**, the **Calculation Agent** and the **Paying Agents** (which expression shall include the Principal Paying Agent and any future paying agent duly appointed by the Issuer in accordance with the Fiscal Agency Agreement), each of which expression shall include the successors from time to time of the relevant persons, in such capacities, under the Fiscal Agency Agreement, and are collectively referred to as the **Agents**. Copies of the Fiscal Agency Agreement are available for inspection at the specified offices of the Paying Agents. References to **Conditions** are, unless the context otherwise requires, to the numbered paragraphs below.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Agency Agreement. Copies of the Agency Agreement are available for inspection during normal business hours by the holders of the Notes (the **Noteholders**) and the holders of the interest coupons and the talons (**Talons**) for further interest coupons appertaining to the Notes (the **Couponholders** and the **Coupons** which expressions shall in these Conditions, unless the context otherwise requires, include the holders of the Talons and the Talons respectively) at the specified office of each of the Paying Agents. The Noteholders and the Couponholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. References in these Conditions to the Fiscal Agent and the Paying Agents shall include any successor appointed under the Agency Agreement.

### 1. **Form, Denomination and Title**

#### 1.1 **Form and Denomination**

The Notes are in bearer form, serially numbered, in the denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof (up to and including U.S.\$399,000) with Coupons and one Talon attached on issue. Notes of one denomination may not be exchanged for Notes of the other denomination.

#### 1.2 **Title**

Title to the Notes and to the Coupons will pass by delivery.

#### 1.3 **Holder Absolute Owner**

The Issuer and any Paying Agent may (to the fullest extent permitted by applicable laws) deem and treat the bearer of any Note or Coupon as the absolute owner for all purposes (whether or not the Note or Coupon shall be overdue and notwithstanding any notice of ownership or writing on the Note or Coupon or any notice of previous loss or theft of the Note or Coupon).

## 2. Status of the Notes

### 2.1 Ordinary Subordinated Obligations

The Notes are ordinary subordinated notes issued in accordance with the provisions of Article L. 228-97 of the French *Code de commerce* and Article L. 322-2-1 of the French *Code des assurances*.

The principal and interest of the Notes constitute direct, unconditional, unsecured and undated Ordinary Subordinated Obligations of the Issuer and rank (i) *pari passu* among themselves, (ii) *pari passu* with all other present and future Ordinary Subordinated Obligations, but (iii) in priority to Deeply Subordinated Obligations, *prêts participatifs* granted to, and *titres participatifs* issued by, the Issuer, but behind Unsubordinated Obligations.

***Pursuant to Article L. 327-2 of the French Code des assurances, a lien over the assets of the Issuer is granted for the benefit of the Issuer's policyholders (sociétaires). Noteholders, even if they are policyholders (sociétaires) of the Issuer, do not have the benefit of such lien in relation to amounts due under the Notes.***

For the purposes of these Conditions:

**Deeply Subordinated Obligations** means all and any bonds or borrowings or any other Obligations of the Issuer which constitute direct, unconditional, unsecured and lowest ranking subordinated obligations of the Issuer, including bonds or borrowings, the subordination provisions of which are governed by the provisions of Article L. 228-97 of the French *Code de commerce*, and which rank and will rank (i) *pari passu* among themselves, (ii) *pari passu* with all other present and future Deeply Subordinated Obligations of the Issuer, but (iii) shall be subordinated to all present and future *prêts participatifs* granted to the Issuer, *titres participatifs* issued by the Issuer, Ordinarily Subordinated Obligations of the Issuer and Unsubordinated Obligations of the Issuer.

**Obligations** means any payment obligation expressed to be assumed by, or imposed on, the Issuer under, or arising as a result of, any contract, agreement, document, instrument, conduct, relationship or by operation of law.

**Ordinary Subordinated Obligations** means any Obligations of the Issuer which constitute direct, unconditional, unsecured and subordinated obligations of the Issuer and which rank and will at all times rank equally and rateably with any other existing or future Ordinary Subordinated Obligations but in priority to all present and future *titres participatifs* issued by the Issuer, *prêts participatifs* granted to the Issuer and Deeply Subordinated Obligations of the Issuer.

**Unsubordinated Obligations** means any Obligations of the Issuer which are unsubordinated.

### 2.2 Payment on the Notes in the event of the liquidation of the Issuer

If any judgement is rendered by any competent court declaring the judicial liquidation (*liquidation judiciaire*) or, following an order of *redressement judiciaire*, the sale of the whole business (*cession totale de l'entreprise*) of the Issuer, or if the Issuer is liquidated for any reason, the rights of the Noteholders in respect of principal, interest (including any outstanding Arrears of Interest and/or Additional Interest Amount) will be subordinated to the payments of claims of other creditors of the Issuer (other than subordinated claims) including insurance companies and entities referred to in article R.322-132 of the French *Code des Assurances* reinsured by the Issuer, holders of insurance policies issued by such entities and creditors with respect to Unsubordinated Obligations.

In the event of incomplete payment of creditors ranking senior to holders of the Notes (in the context of voluntary or judicial liquidation of the Issuer, bankruptcy proceedings or any other similar

proceedings affecting the Issuer) the obligations of the Issuer in connection with the Notes and relative interest will be terminated.

### 3. **Negative Pledge**

There will be no negative pledge in respect of the Notes.

### 4. **Interest**

#### 4.1 **General**

The Notes shall bear interest on their Principal Amount from (and including) 23 April 2013 (the **Issue Date**), to (but excluding) the First Call Date (as defined below), at a fixed rate of 7.625 per cent. per annum (the **Initial Interest Rate**), payable semi-annually in arrear on 23 April and 23 October in each year (each an **Initial Interest Rate Interest Payment Date**), commencing on 23 October 2013 until (and including) the First Call Date;

and thereafter in respect of each successive six-year period (each a **Relevant Six Year Period**) from (and including) the First Call Date, the first Relevant Six Year Period commencing on (and including) the First Call Date and ending on (but excluding) the sixth anniversary of that date, the Notes shall bear interest on their Principal Amount at a reset rate equal to the Relevant Six Year Reset Rate plus a Margin per annum (the **Reset Rate**) payable semi-annually in arrear on 23 April and 23 October in each year (each a **Reset Rate Interest Payment Date** and together with any Initial Interest Rate Interest Payment Date, an **Interest Payment Date**), commencing on 23 April 2019;

*provided, however, that* if any Interest Payment Date would otherwise fall on a date which is not a Business Day, it will be postponed to the next Business Day unless it would thereby fall into the next calendar month, in which case it will be brought forward to the preceding Business Day.

For the purpose hereof:

**Business Day** means any day (other than a Saturday or a Sunday) which is a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in New York and a TARGET 2 Settlement Day.

**First Call Date** means the Interest Payment Date falling on 23 April 2019.

**Margin** means 6.53 per cent for the first Relevant Six Year Period and 7.53 per cent thereafter (from and including 23 April 2025).

**Relevant Six Year Reset Rate** means the mid swap rate for U.S. Dollar swap transactions with a maturity of six years displayed on Bloomberg page "ISDAFIX1" (or such other page as may replace that page on Bloomberg, or such other service as may be nominated by the person providing or sponsoring the information appearing there for the purposes of displaying comparable rates) at or around 11.00 a.m. (New York time) on the Reset Rate Determination Date. If the correct mid swap rate does not appear on that page, the six year U.S. Dollar mid swap rate shall instead be determined by the Calculation Agent on the basis of (i) quotations provided by the principal office of each of four major banks in the U.S. Dollar swap market of the rates at which swaps in U.S. Dollar are offered by it at approximately 11.00 a.m. (New York time) on the Reset Rate Determination Date to participants in the U.S. Dollar swap market for a six-year period and (ii) the arithmetic mean expressed as a percentage and rounded, if necessary, to the nearest 0.0001 per cent. (0.00005 per cent. being rounded upwards) of such quotations.

**Reset Rate Determination Date** means, in respect of the first Relevant Six-Year Period, the second Business Day prior to the First Call Date and, in respect of each Relevant Six-Year Period thereafter, the second Business Day prior to the first day of each such Relevant Six-Year Period.

**TARGET 2 Settlement Day** means any day on which the TARGET 2 System is operating.

**TARGET 2 System** means the Trans-European Automated Real-Time Gross Settlement Express Transfer System or any successor thereto.

#### **4.2 Interest Accrual**

The Notes will cease to bear interest from and including the due date for redemption unless payment of the principal in respect of the Notes is improperly withheld or refused on such date or unless default is otherwise made in respect of the payment. In such event, the Notes will continue to bear interest at the relevant rate as specified in this Condition 4 on their remaining unpaid amount until the day on which all sums due in respect of the Notes up to that day are received by or on behalf of the relevant Noteholders.

#### **4.3 Interest Rate**

The amount of interest payable on each Note and on each Interest Payment Date will be the product of the Principal Amount of such Note and the Initial Interest Rate or, as the case may be, the Reset Rate, multiplied by the 30/360 Day Count Fraction and rounding the resulting figure, if necessary, to the nearest cent (half a cent being rounded upwards).

**30/360 Day Count Fraction** means the interest shall be calculated on the basis of a 360-days consisting of 12 months of 30 days each and in the case of an incomplete month, the number of days elapsed on the basis of a month of 30 days.

#### **4.4 Notifications, etc. to be final**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4, by the Calculation Agent, will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Calculation Agent, the Fiscal Agent and all Noteholders and (in the absence of wilful default, bad faith or manifest error) no liability to the Issuer or the Noteholders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions under this Condition.

#### **4.5 Calculation Agent**

The Agency Agreement provides that the Issuer may at any time terminate the appointment of the Calculation Agent and appoint a substitute Calculation Agent provided that so long as any of the Notes remain outstanding, there shall at all times be a Calculation Agent for the purposes of the Notes having a specified office in a major European city. In the event of the appointed office of any bank being unable or unwilling to continue to act as the Calculation Agent or failing duly to determine the Reset Rate and the interest amount for any Relevant Six Year Period, the Issuer shall appoint the European office of another leading bank engaged in the Euro-zone or London interbank market to act in its place. The Calculation Agent may not resign its duties or be removed without a successor having been appointed. The Calculation Agent shall act as an independent expert and not as agent for the Issuer or the Noteholders.

The Calculation Agent shall cause the Reset Rate, the Margin and the interest amount for each Relevant Six Year Period and the relevant Reset Rate Interest Payment Date to be notified to the

Issuer, the Fiscal Agent (if different from the Calculation Agent) and each other Paying Agent (if any), to any stock exchange on which the Notes are at the relevant time listed and to the Noteholders as soon as possible after their determination.

Notice of any change of Calculation Agent or any change of specified office shall promptly be given as soon as reasonably practicable to the Noteholders in accordance with Condition 12 and, so long as the Notes are listed on Euronext Paris and if the rules applicable to such stock exchange so require, to such stock exchange.

**Euro-zone** means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community as amended by the Treaty on European Union.

#### **4.6 Interest Deferral**

On each Interest Payment Date, the Issuer shall pay interest on the Notes accrued to that date ending immediately prior to such Interest Payment Date, subject to the provisions of the following paragraphs. The interest to be paid will be calculated on the basis of the Principal Amount of the Notes outstanding.

(i) *Optional Interest Payment Dates*

On any Optional Interest Payment Date (as defined below), the Issuer may elect, by notice to (x) the Noteholders in accordance with Condition 12 and (y) the Fiscal Agent pursuant to sub-paragraph (v) below, to defer payment of all (but not some only) of the interest accrued to that date, and the Issuer shall not have any obligation to make such payment and any failure to pay shall not constitute a default by the Issuer for any purpose, unless the Interest Payment Date constitutes a Compulsory Interest Payment Date (as defined below) in which case interest on the Notes will be payable.

Any interest not paid on an Optional Interest Payment Date and deferred in accordance with this paragraph shall so long as the same remains outstanding constitute **Arrears of Interest** and shall be payable as outlined below. In the case of Notes exchanged in accordance with Condition 5.5 or 5.6, Arrears of Interest (together with any Additional Interest Amount) (as defined below) accrued on the Notes originally issued will be transferred to, and assumed by the Issuer under, such exchanged Notes.

(ii) *Mandatory Interest Deferral Dates*

On any Mandatory Interest Deferral Date (as defined below), the Issuer will be obliged, by notice to (x) the Noteholders in accordance with Condition 12 and (y) the Fiscal Agent pursuant to sub-paragraph (v) below, to defer payment of all (but not some only) of the interest accrued to that date, unless the Relevant Supervisory Authority accepts that interest accrued in respect of the Notes can be paid (to the extent the Relevant Supervisory Authority can give such consent in accordance with the Existing Regulations or the Future Capital Instruments Regulations as applicable), the relevant Interest Payment Date will not be a Mandatory Interest Deferral Date.

Any interest not paid on a Mandatory Interest Deferral Date and deferred in accordance with this paragraph shall so long as the same remains outstanding constitute **Arrears of Interest** and shall be payable as outlined below. In the case of Notes exchanged in accordance with Condition 5.5 or 5.6, Arrears of Interest (together with any Additional Interest Amount, as defined below) accrued on the Notes originally issued will be transferred to, and assumed by the Issuer under, such exchanged Notes.

(iii) *Arrears of Interest*

Arrears of Interest (together with the corresponding Additional Interest Amount) may, subject to the fulfilment of the Conditions to Settlement, at the option of the Issuer, be paid in whole or in part at any time but all Arrears of Interest (together with the corresponding Additional Interest Amount) in respect of all Notes for the time being outstanding shall become due in full on whichever is the earliest of:

- (A) the next Interest Payment Date which is a Compulsory Interest Payment Date; or
- (B) the date of any redemption of the Notes in accordance with the provisions relating to redemption of the Notes; or
- (C) the date upon which a judgment is made by a competent court for the judicial liquidation of the Issuer (*liquidation judiciaire*) or for the sale of the whole of the business (*cession totale de l'entreprise*) following an order of judicial reorganisation (*redressement judiciaire*) in respect of the Issuer or in the event of the liquidation of the Issuer for any other reason.

**Conditions to Settlement** are satisfied on any day with respect to any payment of Arrears of Interest and Additional Interest Amounts, if any, if (i) no Regulatory Deficiency has occurred and is continuing or would be caused by the payment of the Arrears of Interest, unless the Prior Approval of the Relevant Supervisory Authority has been given (to the extent such consent is required by, and may be given under, the Existing Regulations or Future Capital Instruments Regulations), and (ii) the Solvency II Directive has been implemented on or prior to such day, the Prior Approval of the Relevant Supervisory Authority has been given, but only to the extent that under the Future Capital Instruments Regulations such consent is required at the time in order for the Notes to qualify at least as “tier two” own funds regulatory capital (or, if different, whatever terminology is employed by the Future Capital Instruments Regulations) of the Issuer and/or the Group for the purposes of the determination of its regulatory capital.

Each amount of Arrears of Interest shall bear interest, in accordance with Article 1154 of the French Civil Code, as if it constituted the nominal amount of the Notes at a rate which corresponds to the Rate of Interest from time to time applicable to the Notes and the amount of such interest (the **Additional Interest Amount**) with respect to Arrears of Interest shall be due and payable pursuant to this provision and shall be calculated by the Calculation Agent applying the Rate of Interest to the amount of the Arrears of Interest and otherwise *mutatis mutandis* as provided in the foregoing provisions hereof. The Additional Interest Amount accrued up to any Interest Payment Date shall be added, to the extent permitted by applicable law and for the purpose only of calculating the Additional Interest Amount accruing thereafter, to the amount of Arrears of Interest remaining unpaid on such Interest Payment Date as if such amount constituted Arrears of Interest.

(iv) *Definitions*

In this Condition 4.6 and for the purposes of the Conditions:

**Compulsory Interest Payment Date** means each Interest Payment Date prior to which during a period of six months prior to such Interest Payment Date a Compulsory Interest Payment Event occurred; unless such Interest Payment Date constitutes a Mandatory Interest Deferral Date.

**Compulsory Interest Payment Event** means any of the following events has occurred:

- (i) the Issuer has made a payment on any other Ordinary Subordinated Obligations, unless such payment was a mandatory payment under the terms of any such other Ordinary Subordinated Obligations of the Issuer;
- (ii) the Issuer has made a payment on any securities ranking junior to Ordinary Subordinated Obligations unless such payment was a mandatory payment under the terms of any such securities;
- (iii) the Issuer has redeemed, purchased or acquired any Ordinary Subordinated Obligations by any means unless such redemption, purchase or acquisition was a mandatory redemption, purchase or acquisition under the terms of any such securities;
- (iv) the Issuer has redeemed, purchased or acquired any securities ranking junior to Ordinary Subordinated Obligations (including any partial prepayment of such securities) by any means unless such redemption, purchase or acquisition was a mandatory redemption, purchase or acquisition under the terms of any such securities; or
- (v) the Issuer has for the current fiscal year, allocated to insurance contracts a Beneficiary Participation which amounts to more than ninety (90)%.

**Beneficiary Participation** means, with respect to a given fiscal year, the ratio of (i) the Allocated Investments Income to (ii) the Total Investments Net Income.

**Allocated Investments Income** means, with respect to a given fiscal year, the amount of financial income allocated to all insurance contracts entered into by the Issuer, being the gross amount of the item "Investment income" (*Produits des placements*) less the total constituted by the gross amounts of items "Investment charges" (*Charges des placements*) and "Transferred investments' income" (*Produits de placements transférés*) and the net amount of item "Technical result of life insurance" (*Résultat technique de l'assurance vie*), all as they appear in the Issuer's annual statutory profit and loss accounts.

**Total Investments Net Income** means, with respect to a given fiscal year, the gross amount of the item "Investments income" (*Produits des placements*) less the amount of the item "Investments charges" (*Charges des placements*), all as they appear in the Issuer's annual statutory profit and loss accounts.

**Existing Regulations** means, from the Issue Date to the date of implementation of Future Capital Instruments Regulations, the solvency margin, capital adequacy regulations or any other regulatory capital rules (including the guidelines and recommendations of the European Insurance and Occupational Pensions Authority, the official application or interpretation of the Relevant Supervisory Authority and any applicable decision of any court or tribunal) then in effect in France (or if the Issuer becomes domiciled in a jurisdiction other than France, such other jurisdiction) and/or any other relevant jurisdiction as applied and construed by the Relevant Supervisory Authority and applicable to the Issuer and/or the Group.

**Future Capital Instruments Regulations** means the solvency margin or capital adequacy regulations which may be introduced after the Issue Date into France in relation to the Solvency II Directive (or if the Issuer and/or the Group becomes domiciled in a jurisdiction other than France, such other jurisdiction) and applicable to the Issuer and/or the Group

(including the guidelines and recommendations of the European Insurance and Occupational Pensions Authority, the official application or interpretation of the Relevant Supervisory Authority and any applicable decision of any court or tribunal), which would lay down the requirements to be fulfilled by financial instruments for inclusion in at least "tier two" own funds regulatory capital as opposed to "tier one" own funds regulatory capital or "tier three" own funds regulatory capital (or, if different, whatever terminology may be retained), including any grandfathering provision thereof, for single solvency and group solvency purposes of the Issuer. For the avoidance of doubt, Applicable Supervisory Regulations include, without limitation, any future implementing measures of the Solvency II Directive in France (or if the Issuer becomes domiciled in a jurisdiction other than France, such other jurisdiction).

**Mandatory Interest Deferral Date** means each Interest Payment Date in respect of which the Noteholders and the Principal Paying Agent have received written notice from the Issuer pursuant to sub-paragraph (v) below confirming that (i) a Regulatory Deficiency has occurred and such Regulatory Deficiency is continuing on such Interest Payment Date or (ii) the payment of such interest would in itself cause a Regulatory Deficiency.

**Optional Interest Payment Date** means any Interest Payment Date other than a Compulsory Interest Payment Date or a Mandatory Interest Deferral Date.

**Prior Approval of the Relevant Supervisory Authority** means the prior written approval of the Relevant Supervisory Authority, if such approval is required at the time under any Existing Regulations or any Future Capital Instruments Regulations, and provided that such approval has not been withdrawn by the date set for redemption, exchange, variation or payment, as the case may be.

**Regulatory Deficiency** means:

- (i) before the implementation of the Solvency II Directive, the consolidated solvency margin of the Issuer and/or the Group falls below 100 per cent. of the required consolidated solvency margin or any applicable solvency margin or capital adequacy levels as applicable under Existing Regulations; or
- (ii) following the implementation of the Solvency II Directive, the own funds regulatory capital (or whatever the terminology employed by Future Capital Instruments Regulations) of the Issuer and/or the Group is not sufficient to cover its capital requirements (or whatever the terminology employed by Future Capital Instruments Regulations) and a deferral of interest is required under Future Capital Instruments Regulations; or
- (iii) the Relevant Supervisory Authority has notified the Issuer that it has determined, in view of the financial condition of the Issuer, that in accordance with applicable regulations at such time, the Issuer must take specified action in relation to payments of principal and interest under the Notes.

**Relevant Supervisory Authority** means any relevant regulator having jurisdiction over the Issuer and/or the Group, in the event that the Issuer and/or the Group is required to comply with certain applicable solvency margins or capital adequacy levels. The current Relevant Supervisory Authority is the *Autorité de Contrôle Prudentiel* (the **ACP**).

**Solvency II Directive** means Directive 2009/138/EC of the European Union of 25 November 2009 on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II) as amended from time to time, the further legislative acts of the European Union enacted in relation thereto and the French legislation implementing the same.

(v) *Notice of Deferral and Payment of Arrears of Interest*

The Issuer shall give not less than five (5) nor more than thirty (30) Business Days' prior notice to the Noteholders in accordance with Condition 12 and to the Fiscal Agent:

- (A) of any Optional Interest Payment Date on which the Issuer elects to defer interest as provided in sub-paragraph (i) above;
- (B) of any Mandatory Interest Deferral Date and specifying that interest will not be paid due to a Regulatory Deficiency continuing on the next Interest Payment Date, provided that if the Regulatory Deficiency occurs less than five (5) Business Days before such Interest Payment Date, the Issuer shall give notice of the interest deferral as soon as practicable under the circumstances before such Mandatory Interest Deferral Date; and
- (C) of any date upon which amounts in respect of Arrears of Interest and/or Additional Interest Amounts shall become due and payable.

So long as the Notes are listed on the regulated market of Euronext Paris and the rules of such stock exchange so require, notice of any such deferral or suspension shall also be given as soon as reasonably practicable to such stock exchange.

(vi) *Partial Payment of Arrears of Interest and Additional Interest Amounts*

If amounts in respect of Arrears of Interest and Additional Interest Amounts are paid in part:

- (A) all unpaid amounts of Arrears of Interest shall be payable before any Additional Interest Amounts;
- (B) Arrears of Interest accrued for any period shall not be payable until full payment has been made of all Arrears of Interest that have accrued during any earlier period and the order of payment of Additional Interest Amounts shall follow that of the Arrears of Interest to which they relate; and
- (C) the amount of Arrears of Interest or Additional Interest Amounts payable in respect of any Note in respect of any period, shall be *pro rata* to the total amount of all unpaid Arrears of Interest or, as the case may be, Additional Interest Amounts accrued in respect of that period to the date of payment.

## 5. **Redemption and Purchase**

The Notes may not be redeemed otherwise than in accordance with this Condition.

### 5.1 **General provisions**

The Notes are undated obligations of the Issuer and have no fixed maturity date, but may be redeemed at the option of the Issuer under certain circumstances as set out below.

## 5.2 Optional Redemption from the First Call Date

The Issuer may, subject to the Prior Approval of the Relevant Supervisory Authority, subject to having given not more than 45 nor less than 30 days' prior notice to the Noteholders in accordance with Condition 12 (which notice shall be irrevocable), redeem the Notes in whole, but not in part, at their Principal Amount, together with all interest accrued (including Arrears of Interest and any Additional Interest Amount) to the date fixed for redemption on the First Call Date or on any Interest Payment Date falling thereafter.

## 5.3 Redemption for Taxation Reasons

- (1) If, at any time, by reason of a change in any French law or regulation, or any change in the official application or interpretation thereof, becoming effective after the Issue Date, the Issuer would, on the occasion of the next payment of principal or interest due in respect of the Notes, not be able to make such payment without having to pay Additional Amounts as specified in Condition 7 (a **Gross-Up Event**), the Issuer may, on any Interest Payment Date, subject to the Prior Approval of the Relevant Supervisory Authority, subject to having given not more than 45 nor less than 30 days' prior notice to the Noteholders in accordance with Condition 12 (which notice shall be irrevocable), redeem the Notes in whole, but not in part, at their Principal Amount, together with all interest accrued (including Arrears of Interest and any Additional Interest Amount) to the date fixed for redemption, provided that the due date for redemption shall be no earlier than the latest practicable Interest Payment Date on which the Issuer could make payment of principal or interest without withholding for French taxes.
- (2) If, the Issuer would on the next payment of principal or interest in respect of the Notes be obliged to pay Additional Amounts as specified under Condition 7 and the Issuer would be prevented by French law from making payment to the Noteholders of the full amount then due and payable, notwithstanding the undertaking to pay Additional Amounts contained in Condition 7, then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and the Issuer shall, subject to the Prior Approval of the Relevant Supervisory Authority and upon giving not less than 7 days' prior notice to the Noteholders in accordance with Condition 12 (which notice shall be irrevocable), redeem the Notes in whole, but not in part, at their Principal Amount, together with all interest accrued (including Arrears of Interest and any Additional Interest Amount) to the date fixed for redemption on the latest practicable date on which the Issuer could make payment of the full amount of principal or interest payable in respect of the Notes or, if such date is past, as soon as practicable thereafter.
- (3) If, an opinion of a recognised law firm of international standing has been delivered to the Issuer and the Fiscal Agent, stating that by reason of a change in French law or regulation, or any change in the official application or interpretation of such law, becoming effective after the Issue Date, the tax regime of any payments under the Notes is modified and such modification results in payments of interest payable by the Issuer in respect of the Notes being no longer deductible in whole or in part (a **Tax Deductibility Event**), so long as this cannot be avoided by the Issuer taking reasonable measures available to it at the time, the Issuer may, subject to the Prior Approval of the Relevant Supervisory Authority, redeem the Notes in whole, but not in part, at their Principal Amount together with all interest accrued (including Arrears of Interest and any Additional Interest Amount) to the date fixed for redemption, on the latest practicable date on which the Issuer could make such payment with interest payable being tax deductible in France or, if such date is past, as soon as practicable thereafter. The Issuer shall give the Fiscal Agent notice of any such redemption not less than 30 nor more than 45 days before the date fixed for redemption and the Fiscal Agent shall promptly thereafter publish a notice of redemption in accordance with Condition 12.

#### 5.4 Optional Redemption for Regulatory Reasons

If at any time, the Issuer determines that a Regulatory Event has occurred with respect to the Notes on or after the Issue Date, the Issuer may, subject to the Prior Approval of the Relevant Supervisory Authority, redeem the Notes in whole, but not in part, subject to having given not more than 45 nor less than 30 days' prior notice to the Noteholders in accordance with Condition 12, at their Principal Amount plus any accrued interest (including Arrears of Interest and any Additional Interest Amount) to the date fixed for redemption.

For the purpose of this Condition 5.4 and Condition 5.5 below, **Regulatory Event** means that after the Issue Date, the Issuer (i) is subject to consolidated regulatory supervision by the Relevant Supervisory Authority, and (ii) is not permitted to treat the aggregate net proceeds of such Notes that are outstanding as eligible for the purpose of the determination of the solvency margin or capital adequacy levels of the Issuer and/or Group as at least "tier two" own funds regulatory capital (or, if different, whatever terminology is employed by the Existing Regulations or the Future Capital Instruments Regulations as applicable, including any grandfathering provision thereof), except as a result of the application of the limits on inclusion of such securities in the regulatory capital.

#### 5.5 Exchange and/or Variation for Regulatory Reasons

If at any time the Issuer determines that a Regulatory Event has occurred on or after the Issue Date, the Issuer may, as an alternative to Condition 5.4 above, on any Interest Payment Date, without the consent of the Noteholders, (i) exchange the Notes for new notes replacing the Notes (the **Exchanged Notes**), or (ii) vary the terms of the Notes (the **Varied Notes**), so that in either case the aggregate nominal amount of the Exchanged Notes or Varied Notes (as the case may be) is treated under Existing Regulations (including, for the avoidance of doubt, for the purpose of compliance with any grandfathering provisions thereof) or Future Capital Instruments Regulations as at least "tier two" own funds regulatory capital (or whatever the terminology employed by Future Capital Instruments Regulations) of the Issuer and/or the Group for the purposes of the determination of the Issuer's regulatory capital. Any such exchange or variation is subject to the following conditions:

- (i) the Issuer giving not less than 30 nor more than 45 days' notice to the Noteholders in accordance with Condition 12;
- (ii) the Prior Approval of the Relevant Supervisory Authority being obtained;
- (iii) the Issuer complying with the rules of any stock exchange (or any other relevant authority) on which the Notes are for the time being listed or admitted to trading, and (for so long as the rules of such exchange require) the publication of any appropriate supplement, listing particulars or offering circular in connection therewith, and the Exchanged or Varied Notes continue to be listed or admitted on the same stock exchange as the Notes if they were listed immediately prior to the relevant exchange and/or variation;
- (iv) the Exchanged Notes or Varied Notes should maintain the same ranking in liquidation, same interest rate and interest payment dates; same First Call Date and early redemption rights (provided that the relevant exchange or variation may not itself trigger any early redemption right); same rights to accrued or Arrears of Interest; same rights to principal and interest without any additional principal loss absorption via a write-down or conversion into ordinary shares of the principal amount; if publicly rated by the Rating Agency immediately prior to such exchange and/or variation, at least the same credit rating by the Rating Agency as compared to the relevant rating immediately prior to such exchange and/or variation (as determined by the Issuer using reasonable measures available to it including discussions with the Rating Agency to the extent practicable);

- (v) the terms of the exchange or variation not being prejudicial to the interests of the Noteholders, including compliance with (iv) above, as certified to the benefit of the Noteholders by a director of the Issuer, having consulted with an independent investment bank of international standing (for the avoidance of doubt the Fiscal Agent shall accept the certificates of the Issuer as sufficient evidence of the occurrence of a Regulatory Event and that such exchange or variation to the terms of the Notes are not prejudicial to the interest of the Noteholders); and
- (vi) the issue of legal opinions addressed to the Fiscal Agent for the benefit of the Noteholders from one or more international law firms of good reputation confirming (x) that, in respect of French law, the Issuer has capacity to assume all rights and obligations under the Exchanged Notes or Varied Notes and has obtained all necessary corporate or governmental authorisation to assume all such rights and obligations and (y) in respect of English law, the legality, validity and enforceability of the Exchanged Notes or Varied Notes.

Any such exchange or variation shall be binding on the Noteholders and shall be notified to them in accordance with Condition 12 as soon as practicable thereafter.

For the purposes of this Condition, **Rating Agency** means Standard & Poor's Ratings Services (**Standard & Poor's**) or any successor thereto.

## 5.6 Optional Redemption, Exchange or Variation for Rating Reasons

- (i) Optional Redemption for Rating Reasons

If at any time the Issuer determines that a Rating Methodology Event has occurred with respect to the Notes, such Notes will, subject to the Prior Approval of the Relevant Supervisory Authority, be redeemable in whole, but not in part, at the option of the Issuer having given not less than 30 nor more than 45 days' notice to the Noteholders in accordance with Condition 12 on any Interest Payment Date at their Principal Amount plus any accrued interest (including Arrears of Interest and any Additional Interest Amount) to the date fixed for redemption.

- (ii) Exchange and/or variation for Rating Reasons

If at any time the Issuer determines that a Rating Methodology Event has occurred with respect to the Notes on or after the Issue Date, the Issuer may, as an alternative to paragraph (i) above, on any Interest Payment Date, without the consent of the Noteholders, (a) exchange the Notes for **Exchanged Notes**, or (b) vary the terms of the Notes (the **Varied Notes**) so as to cure such Rating Methodology Event, subject to and in accordance with the conditions set out in sub-paragraphs 5.5(i) to (vi) above, which shall apply *mutatis mutandis* with respect to such Rating Methodology Event.

Any such exchange or variation shall be binding on the Noteholders and shall be notified to them in accordance with Condition 12 as soon as practicable thereafter.

For the purposes of this Condition, a **Rating Methodology Event** will be deemed to occur upon a change in the methodology of the Rating Agency (as defined above) (or in the interpretation of such methodology) as a result of which the equity content previously assigned by the Rating Agency to the Notes is, in the reasonable opinion of the Issuer, materially reduced when compared to the equity content assigned by the Rating Agency at or around the Issue Date.

## **5.7 Automatic Disapplication for Regulatory Reasons**

In the event that, following the implementation of the Solvency II Directive, the option of the Issuer (i) to redeem the Notes for tax reasons or further to the occurrence of a Rating Methodology Event or (ii) to exchange the Notes or vary the terms of the Notes further to the occurrence of a Regulatory Event or a Rating Methodology Event, would prevent at any time before the First Call Date, the Notes from being treated under the Future Capital Instruments Regulations as applicable (including, for the avoidance of doubt, for the purpose of compliance with any grandfathering provisions thereof) as at least “tier two” own funds regulatory capital (or, if different, whatever terminology is employed by the Existing Regulations or the Future Capital Instruments Regulations as applicable) of the Issuer and/or the Group for the purposes of the determination of the Issuer’s solvency margin or regulatory capital, the terms of the Notes shall automatically be varied by the Issuer to exclude the relevant option(s). In any such event: (a) the Prior Approval of the Relevant Supervisory Authority will be obtained, if such approval is required at the time, and (b) notice will be given to Noteholders in compliance with the rules of the relevant stock exchange. However, sub-paragraphs (v) and (vi) of Condition 5.5 above will not apply to such variation.

## **5.8 Purchases**

The Issuer or any of its affiliated entities may at any time, subject to the Prior Approval of the Relevant Supervisory Authority, purchase Notes (provided that all unmatured Coupons and Talons relating thereto are purchased therewith) in the open market or otherwise at any price. Notes so purchased by the Issuer may be (i) held and resold in accordance with Articles L.213-1-A and D.213-1-A of the French *Code monétaire et financier* for the purpose of enhancing the liquidity of the Notes or (ii) cancelled in accordance with Article L.228-74 of the French *Code de commerce*.

## **5.9 Cancellation**

All Notes which are purchased for cancellation by the Issuer pursuant to this Condition 5 will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith).

Any Notes so cancelled may not be resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

## **5.10 Conditions to Redemption**

Any redemption of the Notes is subject to the conditions (amongst others as described herein) that (i) no Regulatory Deficiency has occurred and is continuing on the date due for redemption or (ii) such redemption would not itself cause a Regulatory Deficiency, in each case unless the Issuer has obtained the Prior Approval of the Relevant Supervisory Authority.

Should a Regulatory Deficiency occur after a notice for redemption has been made to the Noteholders, such redemption notice would become automatically void and notice thereof would be made promptly by the Issuer in accordance with Condition 12.

## **6. Payments and Exchanges of Talons**

### **6.1 Payments in respect of Notes**

Payments of principal and interest in respect of each Note will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the Note, except that payments of interest due on an Interest Payment Date will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the relevant Coupon, in each case at the specified office outside the United States of any of the Paying Agents.

### **6.2 Method of Payment**

Payments of principal, interest (including, for the avoidance of doubt, any Additional Interest Amounts) and other amounts in respect of the Notes will be made in the manner provided in Condition 6.1 in U.S. Dollars, by credit or transfer to an account denominated in U.S. Dollars (or any other account to which U.S. Dollars may be credited or transferred) specified by the payee in a country within the TARGET2 System. Such payments shall be made to, or to the order of, the Fiscal Agent for the benefit of the Noteholders and all payments so made will be an effective discharge of the Issuer and the Fiscal Agent, as the case may be, in respect of such payment.

None of the Issuer, the Fiscal Agent, the Calculation Agent or the Paying Agents shall be liable to any Noteholder or other person for any commission, costs, losses or expenses in relation to, or resulting from, the credit or transfer of U.S. Dollars, or any currency conversion or rounding effect in connection with such payment being made in U.S. Dollars.

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto.

### **6.3 Payments on Business Days**

A holder shall be entitled to present a Note or Coupon for payment only on a Presentation Date and shall not, except as provided in Condition 4, be entitled to any further interest or other payment if a Presentation Date is after the due date.

**Presentation Date** means a day which (subject to Condition 8) is or falls after the relevant due date;

is a Business Day in the place of the specified office of the Paying Agent at which the Note or Coupon is presented for payment; and

in the case of payment by credit or transfer to a U.S. Dollar account as referred to above, is a TARGET2 Settlement Day and a Business Day in New York City.

In this Condition, **Business Day** means, in relation to any place, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in that place.

#### **6.4 Missing Unmatured Coupons**

Each Note should be presented for payment together with all relative unmatured Coupons (which expression shall, for the avoidance of doubt, include Coupons falling to be issued on exchange of matured Talons). Upon the date on which any Note becomes due and repayable, all unmatured Coupons appertaining to the Note (whether or not attached) shall become void and no payment shall be made in respect of such Coupons.

#### **6.5 Exchange of Talons**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon comprised in the Coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further Coupon sheet (including any appropriate further Talon), subject to the provisions of Condition 8. Each Talon shall, for the purposes of these Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the relative Coupon sheet matures.

#### **6.6 Fiscal Agent, Paying Agents and Calculation Agent**

The names of the initial Agents and their specified offices are set out below:

**Fiscal Agent, Principal Paying Agent and Calculation Agent**

Deutsche Bank AG, London Branch

Winchester House

1 Great Winchester Street

London EC2N 2DB

United Kingdom

The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent or a Paying Agent and/or appoint additional or other Paying Agents or approve any change in the office through which any such Agent acts, provided that there will at all times be a Fiscal Agent and a Principal Paying Agent having a specified office in a European city. Notice of any such change or any change of specified office shall promptly be given as soon as reasonably practicable to the Noteholders in accordance with Condition 12 and, so long as the Notes are listed on Euronext Paris and if the rules applicable to such stock exchange so require, to such stock exchange.

Any termination or appointment shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not more than forty five (45) nor less than thirty (30) calendar days' notice thereof shall have been given to the Noteholders by the Issuer in accordance with Condition 12.

#### **7. Taxation**

All payments in respect of the Notes and/or Coupons shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of any jurisdiction or any political subdivision or any authority thereof or therein having power to tax unless such withholding or deduction is required by law.

If applicable French law should require that payments of principal or interest made by the Issuer in respect of any Note or Coupon be subject to deduction or withholding in respect of any present or future taxes or duties whatsoever levied by the Republic of France, the Issuer, will, to the fullest extent then permitted by law, pay such additional amounts (**Additional Interest Amounts**) as shall result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Amounts shall be payable with respect to any Note or Coupon, as the case may be:

- (i) **Other connection:** to, or to a third party on behalf of, a Noteholder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of his having some connection with the Republic of France other than the mere holding of the Note or Coupon; or
- (ii) **Presentation more than thirty (30) days after the Relevant Date:** presented for payment more than thirty (30) days after the Relevant Date except to the extent that the Noteholder would have been entitled to such Additional Amounts on presenting it for payment on the last day of such period of 30 days assuming that day to have been a Presentation Date (as defined in Condition 6.3); or
- (iii) **Payment to individuals or residual entities:** where such withholding or deduction is imposed on a payment to an individual or a residual entity and is required to be made pursuant to European Council Directive 2003/48/EC or any other EU Directive implementing the conclusions of the ECOFIN Council Meeting of 26-27 November 2000 on the taxation of savings income, or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (iv) **Payment by another Paying Agent:** presented for payment by or on behalf of a holder who would be able to avoid such withholding or deduction by presenting the relevant Note or interest coupon to another Paying Agent in a Member State of the EU.

As used in these Conditions, **Relevant Date** in respect of any Note or Coupon means the date on which payment in respect of it first becomes due and payable or (if any amount of the money payable is improperly withheld or refused) the date on which the full amount of monies payable on such date in respect of such Note or Coupon is paid to the Paying Agent.

Supply of Information: Each holder of Notes shall be responsible for supplying to the Paying Agent, in a reasonable and timely manner, any information as may be required in order to comply with the identification and reporting obligations imposed on it by the European Council Directive 2003/48/EC or any other European Directive implementing the conclusions of the ECOFIN Council Meeting dated 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to such Directive.

Any reference in these Conditions to principal and/or interest shall be deemed to include any Additional Amounts.

## 8. Prescription

Notes and Coupons (which for this purpose shall not include Talons) will become void unless presented for payment within periods of 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date in respect of the Notes or, as the case may be, the Coupons, subject to the provisions of Condition 6. There shall not be included in any Coupon sheet issued upon exchange of a Talon any Coupon which would be void upon issue under this Condition or Condition 6.

## **9. Enforcement Events**

There will be no events of default in respect of the Notes. However, each Note shall become immediately due and payable at its Principal Amount, together with accrued interest thereon, if any, to the date of payment and any Arrears of Interest (including any Additional Interest Amounts thereon), in the event that a judgment is rendered by any competent court declaring the judicial liquidation (*liquidation judiciaire*) of the Issuer, or in the event of a transfer of the whole of the business of the Issuer (*cession totale de l'entreprise*) subsequent to the opening of a judicial recovery procedure, or if the Issuer is liquidated for any other reason.

## **10. Replacement of Notes and Coupons**

Should any Note or Coupon be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Fiscal Agent upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

## **11. Meetings of Noteholders and Modification**

### **11.1 Meetings of Noteholders**

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the modification by Extraordinary Resolution of any of these Conditions or any of the provisions of the Agency Agreement. The quorum at any meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing more than 50 per cent. in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons present whatever the principal amount of the Notes held or represented by him or them, except that at any meeting the business of which includes the modification of certain of these Conditions the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than two-thirds, or at any adjourned meeting not less than one-third, of the principal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders will be binding on all Noteholders, whether or not they are present at the meeting, and on all Couponholders.

For purpose of this Condition 11.1, the term "outstanding" does not include notes repurchased and held by the Issuer in accordance with Condition 5.7.

### **11.2 Modification**

The Fiscal Agent may agree, without the consent of the Noteholders or Couponholders, to any modification of any of these Conditions or any of the provisions of the Agency Agreement either (i) for the purpose of curing any ambiguity or of curing, correcting or supplementing any manifest or proven error or any other defective provision contained herein or therein or (ii) in any other manner which is not materially prejudicial to the interests of the Noteholders. Any modification shall be binding on the Noteholders and the Couponholders and, unless the Fiscal Agent agrees otherwise, any modification shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 12.

Any modifications of any of these Conditions shall be subject to the Prior Approval of the Relevant Supervisory Authority.

## **12. Notices**

- (a) Notices required to be given to the Noteholders may be given by delivery of the relevant notice to Euroclear France, Euroclear, Clearstream, Luxembourg and any other clearing system through which the Notes are for the time being cleared; except that so long as the Notes are listed and admitted to trading on Euronext Paris and the rules of such regulated market so require, notices shall also be published in a leading daily newspaper of general circulation in France (which is expected to be *Les Echos* or such other newspaper as the Fiscal Agent shall deem necessary to give fair and reasonable notice to the Noteholders).
- (b) If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe.
- (c) Notices will, if published more than once, be deemed to have been given on the date of the first publication as provided above.
- (d) Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this Condition.

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

## **13. Further Issues**

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes in all respects or in all respects except for the first payment of interest on them so that the same shall be consolidated and form a single series with such Notes. For the purposes of French law, such further notes shall be consolidated (*assimilables*) with the Notes as regards their financial service. References in these Conditions to “Notes” shall be construed accordingly.

## **14. Contracts (Rights of Third Parties) Act 1999**

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

## **15. Governing Law and Jurisdiction**

### **15.1 Governing Law**

The Agency Agreement, the Notes and the Coupons are governed by, and will be construed in accordance with, English law, other than the provisions of Condition 2 which shall be governed by, and construed in accordance with, French law.

### **15.2 Jurisdiction of English Courts**

The Issuer has irrevocably agreed for the benefit of the Noteholders and the Couponholders that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes or the Coupons and accordingly has submitted to the exclusive jurisdiction of the English courts. The Issuer waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum.

The Noteholders and the Couponholders may take any suit, action or proceeding arising out of or in connection with the Notes or the Coupons respectively (together referred to as **Proceedings**) against the Issuer in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

### **15.3 Appointment of Process Agent**

The Issuer irrevocably appoints Law Debenture Corporate Services Limited currently at Fifth Floor, 100 Wood Street, London EC2V, 7EX to receive, for it and on its behalf, service of process in any Proceedings in England. Such service shall be deemed completed on delivery to such process agent (whether or not it is forwarded to and received by the Issuer). If for any reason such process agent ceases to be able to act as such or no longer has an address in London, the Issuer irrevocably agrees to appoint a substitute process agent. Nothing shall affect the right to serve process in any manner permitted by law.

### **15.4 Other Documents**

The Issuer has in the Agency Agreement submitted to the jurisdiction of the English courts and appointed an agent in England for service of process, in terms substantially similar to those set out above.

## SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE REPRESENTED BY THE GLOBAL NOTES

*The following is a summary of the provisions to be contained in the Temporary Global Note and the Permanent Global Note (together the **Global Notes**) which will apply to, and in some cases modify, the Terms and Conditions of the Notes while the Notes are represented by the Global Notes.*

### 1. Exchange

The Permanent Global Note will be exchangeable in whole but not in part (free of charge to the holder) for definitive Notes only if:

- (a) An enforcement event (as set out in Condition 9) has occurred and is continuing; or
- (b) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available; or
- (c) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes in definitive form.

The Issuer will promptly give notice to Noteholders if an Exchange Event occurs. In the case of (a) or (b) above, the holder of the Permanent Global Note, acting on the instructions of one or more of the Accountholders (as defined below), may give notice to the Issuer and the Fiscal Agent and, in the case of (c) above, the Issuer may give notice to the Fiscal Agent of its intention to exchange the Permanent Global Note for definitive Notes on or after the Exchange Date (as defined below).

On or after the Exchange Date the holder of the Permanent Global Note may or, in the case of (c) above, shall surrender the Permanent Global Note to or to the order of the Fiscal Agent. In exchange for the Permanent Global Note the Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of definitive Notes (having attached to them all Coupons in respect of interest which has not already been paid on the Permanent Global Note), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in the Agency Agreement. On exchange of the Permanent Global Note, the Issuer will procure that it is cancelled and, if the holder so requests, returned to the holder together with any relevant definitive Notes.

For these purposes, **Exchange Date** means a day specified in the notice requiring exchange falling not less than 60 days after that on which such notice is given, being a day on which banks are open for general business in the place in which the specified office of the Fiscal Agent is located and, except in the case of exchange pursuant to (b) above, in the place in which the relevant clearing system is located.

### 2. Payments

Payments of principal and interest in respect of Notes represented by a Global Note will, subject as set out below, be made to the bearer of such Global Note and, if no further payment falls to be made in respect of the Notes, against surrender of such Global Note to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Noteholders for such purposes. A record of each payment made will be endorsed on the appropriate part of the schedule to the relevant Global Note by or on behalf of the Fiscal Agent, which endorsement shall be *prima facie* evidence that such payment has been made in respect of the Notes. Payments of interest on the Temporary Global Note

(if permitted by the first sentence of this paragraph) will be made only upon certification as to non-U.S. beneficial ownership unless such certification has already been made.

### **3. Notices**

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to the relative Accountholders rather than by publication as required by Condition 12, provided that, so long as the Notes are listed and admitted to trading on Euronext Paris and the rules of such regulated market so require, notice will also be given by publication in a leading daily newspaper of general circulation in France (which is likely to be *Les Echos* or such other newspaper as the Fiscal Agent shall deem necessary to give fair and reasonable notice to Noteholders). Any such notice shall be deemed to have been given to the Noteholders on the second day after the day on which such notice is delivered to Euroclear and/or Clearstream, Luxembourg (as the case may be) as aforesaid.

Whilst any of the Notes held by a Noteholder are represented by a Global Note, notices to be given by such Noteholder may be given by such Noteholder (where applicable) through Euroclear and/or Clearstream, Luxembourg and otherwise in such manner as the Fiscal Agent and Euroclear and Clearstream, Luxembourg may approve for this purpose.

### **4. Accountholders**

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular principal amount of Notes (each an **Accountholder**) (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes) shall be treated as the holder of that principal amount for all purposes (including but not limited to, for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of the Noteholders other than with respect to the payment of principal and interest on the principal amount of such Notes, the right to which shall be vested, as against the Issuer solely in the bearer of the relevant Global Note in accordance with and subject to its terms. Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the bearer of the relevant Global Note.

### **5. Prescription**

Claims against the Issuer in respect of principal and interest on the Notes represented by a Global Note will be prescribed after 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date (as defined in Condition 7).

### **6. Cancellation**

Cancellation of any Note represented by a Global Note and required by the Terms and Conditions of the Notes to be cancelled following its redemption or purchase will be effected by endorsement by or on behalf of the Fiscal Agent of the reduction in the principal amount of the relevant Global Note on the relevant part of the schedule thereto.

**7. Euroclear and Clearstream, Luxembourg**

Notes represented by a Global Note are transferable in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as appropriate. References in the Global Notes and this summary to Euroclear and/or Clearstream, Luxembourg shall be deemed to include references to any other clearing system (including, without limitation, Euroclear France and any relevant financial intermediary entitled to hold, directly or indirectly, accounts on behalf of its customers therewith) through which interests in the Notes are held.

## **USE OF PROCEEDS**

The net proceeds of the issue of the Notes, after deduction of any applicable commission, will be used by the Issuer to (fully or partially) redeem outstanding subordinated securities. The remaining net proceeds will be used for general corporate purposes.

## DESCRIPTION OF THE ISSUER

*This section shall be read and construed in conjunction with the relevant sections of the 2011 Annual Report and, the 2010 Annual Report relating to the financial statements (see section "Documents Incorporated by Reference") which are incorporated in, and shall be deemed to form part of, this Prospectus.*

### LEGAL ENVIRONMENT OF LA MONDIALE

#### **Legal form, legal and commercial name**

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La Mondiale is a Mutual Life and Pension Insurance Company (*société d'assurance mutuelle sur la vie et de capitalisation*), administered by a board of directors under the French *Code des assurances* and registered at the *Registre du Commerce et des Sociétés* of Lille under reference number 775 625 635. The legal name of La Mondiale is "La Mondiale" and its commercial name is "AG2R LA MONDIALE". Its registered office is currently 32, avenue Emile Zola, 59370 Mons-en-Baroeul, France and its telephone number is +33 (0)1 44 94 67 00 and +33 (0)3 20 67 37 00.

#### **History**

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La Mondiale was founded in 1905 in Lille by seven entrepreneurs from the North of France in order to service complementary retirement of SME payrolls and independent workers. Its statutes were registered on 16 December 1905 and approved by the first general assembly on 18 December 1905.

First registered as an "insurance company with a mutual form" approved by a public decree published on 13 March 1907, La Mondiale became a Mutual Life and Pension Insurance Company (*société d'assurance mutuelle sur la vie et de capitalisation*) with the 1989 reform of the French *Code des assurances* enacted by the insurance law of 31 December 1989. La Mondiale is regulated by the French *Autorité de Contrôle Prudentiel (ACP)*.

La Mondiale was initially constituted for 99 years. It is now established until 31 December 2082.

Its fiscal year ends on 31 December in each year.

La Mondiale acquired La Henin Vie (now La Mondiale Partenaire) in 1999. In 2002, La Mondiale set up a partnership with Aegon regarding supplementary retirement schemes.

Since 2008, La Mondiale is a member of SGAM AG2R LA MONDIALE, a mutual insurance group owned by its members and taking the form of a *Société de Groupe d'Assurance Mutuelle (SGAM)* together with AG2R Prévoyance.

In 2009, AG2R and La Mondiale formed the group AG2R LA MONDIALE. The core business of La Mondiale is specialised in savings and retirement related and the core business of AG2R Prévoyance is specialised in protection, health and pension servicing on behalf of the public pension system.

#### **Activities permitted by the by laws**

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La Mondiale is permitted to engage in all life insurance and reinsurance operations including savings plans, capitalisation, annuities, pension plans, single or regular premium. Major life insurance products in France are split between savings-type products and pension-type products. Savings-type products benefit from a tax advantage and give a guarantee, for a certain period or for the whole life of the product, of capital denominated either in currency or in units (unit-linked contracts). Most savings-type products are single premium although additional premiums can also be made. Pension-type products also benefit from a tax advantage but the guarantee is given on a minimum annuity. These products are generally sold for the whole

life of the insured. Premiums are paid regularly by the insured until retirement after which a pension or an annuity is paid to the insured until death.

La Mondiale is also allowed to engage in health and disability coverage.

### **Board of Directors of the Issuer**

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Mr. Jean CASTAGNE, Chairman

Chairman of the Investment Committee, permanent guest of the Strategic Committee and of the Appointments & Remunerations Committee, of the Audit & Accounts Committee and of the Risks Committee

- Vice-Chairman of the Supervisory Board of Arial assurance
- Director and member of SGAM AG2R LA MONDIALE & of La Mondiale Participations
- Other functions & directorships in the Group AG2R LA MONDIALE

Mr. Jean-François DUTILLEUL, Director and Vice-Chairman

Member of the Investment Committee and of the Appointments & Remunerations Committee and permanent guest of the Strategic Committee, of the Audit & Accounts Committee and of the Risks Committee.

- Vice-Chairman of SGAM AG2R LA MONDIALE
- Chairman of the Management Board of Rabot Dutilleul Investissement SAS

Mr. André RENAUDIN, Director and Chief Executive Officer

Permanent guest of the Strategic Committee, of the Appointments & Remunerations Committee, of the Risks Committee and of the Investment Committee

- General Delegate of the Association sommitale AG2R LA MONDIALE
- Chief Executive Officer of SGAM AG2R LA MONDIALE
- Chief Executive Officer of AG2R Prévoyance
- Chairman and Chief Executive Officer of La Mondiale Participations
- Chairman of the Supervisory Board of Arial assurance
- Other functions & directorships in the Group AG2R LA MONDIALE

Mr. Thierry JEANTET, Director

Member of the Strategic Committee and Chairman of the Risks Committee

- Chief Executive Officer of Euresa Holding SA (Luxembourg)
- Director of SGAM AG2R LA MONDIALE
- Vice-Chairman of the Supervisory Board of Mutavie

Mr. Philippe LAMBLIN, Director

Chairman of the Remuneration and Appointments Committee

- Director of Human resources of Groupe Sofiprotéol
- Director of SGAM AG2R LA MONDIALE
- Member of the Board of Directors of Natixis NGAM SA
- Director of Natixis Interépargne SA

Mr. Serge FAUTRÉ, Director

Member of the Strategic Committee, of the Remuneration and Appointments Committee and of the Investment Committee

- Director & Chairman of the Executive Committee of AG Real Estate SA (Belgique)
- Director of SGAM AG2R LA MONDIALE

Mr. Patrick PEUGEOT, Director and Honorary Chairman

Member of the Strategic Committee and the Risks Committee

- Director of SGAM AG2R LA MONDIALE

- Director of La Mondiale Partenaire SA

Mr. André-Paul BAHUON, Director  
Chairman of the Audit and Accounts Committee

- Chairman of Créatis Groupe SAS
- Director of SGAM AG2R LA MONDIALE

Mrs. Sylvie REULET, Director  
Member of the Risks Committee

- Lawyer, member of the Bar in Bordeaux
- Director of SGAM AG2R LA MONDIALE

Mr. Christian GOLLIER, Director  
Member of the Investment Committee

- Professor – Chair of Insurance of IDEI
- Director of Toulouse School of Economics
- Director of SGAM AG2R LA MONDIALE

Mr. Gilles GUITTON, Director  
Member of the Audit and Accounts Committee

- Chairman of the Conseil de Direction du Groupement des Cartes Bancaires
- Chairman and Chief Executive Officer of CB Investissements
- Director of SGAM AG2R LA MONDIALE

Mr. Guy ROULET, Director  
Member of the Audit and Accounts Committee

- Accountant
- Director of SGAM AG2R LA MONDIALE

Mr. Pierre GEIRNAERT, Director representing the employees  
Member of the Audit and Accounts Committee

- Internal conciliator Group
- Director of SGAM AG2R LA MONDIALE
- Director of La Mondiale Participations
- Other directorships in the Group AG2R LA MONDIALE

Mr. Paul RAGUIN, Director  
Member of the Strategic Committee and the Risks Committee

- Chairman of the Management Board of SAS Financière de l’Ombree
- Director of SGAM AG2R LA MONDIALE
- Director of Financière Koala

Mrs. Joëlle PREVOT-MADERE, Director  
Member of the Risks Committee

- Manager of a transport company in Guyana
- Director of SGAM AG2R LA MONDIALE

Mrs. Odette JARIEL, Director  
Member of the Investment Committee

- Consultant, administration and business management
- Director of SGAM AG2R LA MONDIALE

Mr. Henri CAPDEVILLE, Director  
Member of the Strategic Committee

- Managing Director of Henri Capdeville Management

Mr. Didier RIBADEAU-DUMAS, Director  
Chairman of the Strategic Committee

- Member of the Supervisory Board of the Banque Postale
- Associate of DRD Conseil

The business address of the members of Board of Directors is 104- 110 Boulevard Haussmann – 75008 Paris – France.

### **Executive Committee**

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Mr. André RENAUDIN, Chief Executive Officer of La Mondiale

- Chief Executive Officer of AG2R LA MONDIALE

Mr. Sylvain DE FORGES, Deputy Chief Executive Officer of La Mondiale

- Finances, Investments, Risks, prospective and strategy
- Deputy Executive Director of SGAM AG2R LA MONDIALE
- Deputy Executive Director and Director of La Mondiale Participations
- Chairman of La Mondiale Partenaire
- Chairman of the Supervisory Board of La Mondiale Gestion d'Actifs
- Other directorships in the Group AG2R LA MONDIALE

- Member of the Supervisory Board of the Banque Postale

Mr. Patrick MONTEIL, Deputy Chief Executive Officer of La Mondiale

- Operations and Information System
- Deputy Executive Director of SGAM AG2R LA MONDIALE
- Member of the Supervisory Board of Arial Assurance
- Other directorships in the Group AG2R LA MONDIALE

Mr. Yves BRETON, Deputy Chief Executive Officer of La Mondiale

- General secretary, logistic and communication

Mr. Philippe DABAT, Deputy Chief Executive Officer of La Mondiale

- Local Market and Network, Risk insurance, Pension Retirement Enterprises
- Chief Executive of Prima

- Other directorships in the Group AG2R LA MONDIALE

Mrs. Paule ARCANGELI, Deputy Executive Director,

- Human Resources

### **Auditors**

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Deloitte & Associés  
185, avenue Charles de Gaulle  
92200 Neuilly-sur-Seine  
France

KPMG Audit, Département de KPMG SA  
1, Cours Valmy  
92923 Paris La Défense Cedex  
France

## General description and Business overview of La Mondiale

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In relation to savings and pension plan products, which are highly competitive products, the business policy of AG2R LA MONDIALE has been successful. Because of the multiplication of offers, the synergies conducted between the commercial networks and the diversification of distribution channels, the Group has strengthened its position in relation to savings sector and confirmed its leading position for pension plan products.

In 2011, AG2R LA MONDIALE had the following competitive positions : n°1 for supplementary retirements benefits (Source: *FFSA*), n°1 for collective supplementary retirements benefits (Source: *FFSA*), n°2 for "Madelin" retirement benefits (Source: *FFSA*), n°5 for collective health insurance (Source: *Argus de l'assurance*), n°4 for collective personal protection insurance (Source: *Argus, 2010*), n°3 in long term care (Source: *FFSA*).

AG2R LA MONDIALE completed its 2009-2011 business plan, in which it:

- shaped the Group's new identity;
- finalised its efficiency operational program and better satisfied its customers;
- strengthened its position in relation to health insurance by developing synergies.

Since 2008, SGAM AG2R LA MONDIALE is a group mutual insurance company which encompasses all the Group's insurance activities through its two members : AG2R Prévoyance and La Mondiale.

La Mondiale is a mutual life and pension insurance company founded in 1905 and the holding company of the consolidated group La Mondiale.

La Mondiale is one of the leading operators in each sector of the insurance industry in which it operates.

In 2011, La Mondiale was the 10th largest insurance company in France with a 3.3 per cent. market share (source: *FFSA*). Premiums paid have decreased by 11 per cent. to € 5.2 bn in 2011 and total assets have reached € 58 bn, representing an increase of 3 per cent.. At 31 December 2011, La Mondiale had a surplus (equivalent to shareholders' equity) of € 1.739 bn (excluding minority interests), consolidated net profit of € 226,6 mio and solvency capital (admitted surplus + unrealised capital gains + subordinated debt) of € 2.322 bn, representing 1.36 times the minimum required solvency ratio. La Mondiale had 2,749 employees at the end of 2011.

La Mondiale specialises in three sectors in relation to insurance products through four companies: individual pension and life insurance, group pension and insurance and wealth insurance product management.

### • Individual pension and life insurance – La Mondiale

La Mondiale is one of the leading operators in individual pension insurance in France. La Mondiale mainly offers retirement related (individual or group) as well as savings and pension products, through a sales force of more than 1,000 professionals targeting self-employed workers and small size firms.

In 2011, savings related activity of the Group La Mondiale recorded a decrease in subscriptions of 13.8 per cent. compared to 2010, amounting to Euro 3,607 million.

In 2011, individual pension plan related activity recorded to Euro 694 million of subscriptions, with an increase of 3.7 per cent. compared to 2010.

- **Group pension and insurance (through Arial Assurance)**

As part of the La Mondiale and AG2R Prévoyance partnership which has been established since 2003, Arial Assurance is a major player in group health insurance.

In relation to the insurance of company-related liabilities, Arial Assurance offers a wide range of tailor made solutions as well as standard contracts distributed mainly by brokers, consulting firms and through stockholders' networks and major partnerships.

In 2011, the subscriptions for the Arial Assurance's group pension plans represent 2/3 of Group's total subscriptions of group pension plans. The customer profile of Arial Assurance which subscribes for group pension plans is mainly composed of large companies. Such subscriptions showed a decrease of 16.7 per cent. in 2011 compared to 2010 according the IFRS rules.

In the group insurance market, La Mondiale is ranked number one, in front of AXA, with a 16 per cent. market share in 2011 (source: *FFSA*).

- **Wealth insurance product management (through La Mondiale Partenaire and La Mondiale Europartner)**

La Mondiale Partenaire is a *société anonyme* founded in 1979 and operating life insurance products. It offers pension related products distributed through private banking arms of large banks and independent financial advisers (portfolio and asset managers).

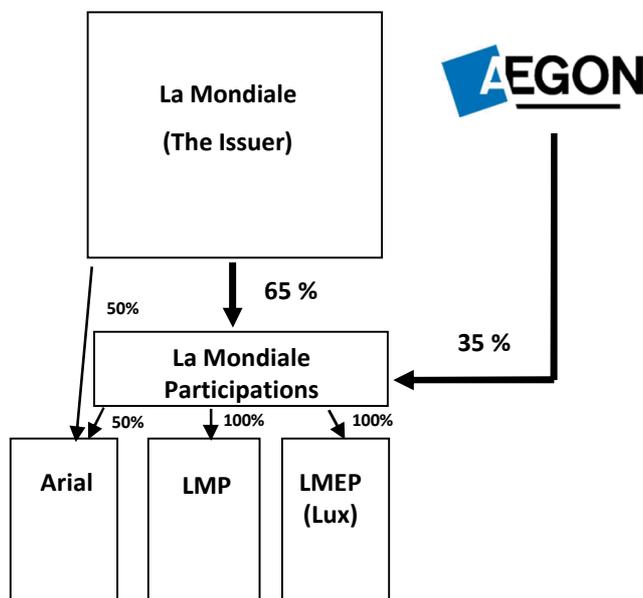
In wealth insurance product management, La Mondiale Partenaire is one of the market leaders for dedicated insurance contracts for private banking clients. In the individual pension market for independent entrepreneurs, La Mondiale Partenaire is competing with BNP Cardif, AXA and Generali.

La Mondiale Partenaire mainly conducts its business in France, with operations in Spain and Luxembourg representing 21 per cent. of premiums in 2011.

Historically sales have been generated through a network of salaried agents, but La Mondiale Partenaire has developed and expanded its sales strategy. La Mondiale Partenaire now focuses on targeting specific products and sales teams to clearly defined market sectors.

## Group Structure as of the date of this Prospectus

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With the aim of complying with the trend of simplification of the Group structure, one major operation was completed:

- La Mondiale acquired in December 2012 50% of the shares of Arial Assurance held by AG2R Prévoyance for an amount of Euro 143 million. This allows Arial to be 100% consolidated in La Mondiale consolidation business.

La Mondiale's business is organised into four business units, each targeting a distinct market sector: La Mondiale, Arial Assurance, La Mondiale Partenaire and La Mondiale Europartner.

### 1. La Mondiale

La Mondiale's premiums amounted to Euro 4,570 million (Euro 3.160 million for premiums accepted in respect of its subsidiaries and Euro 1410 million excluding these internal acceptances) for the period ending on 31 December 2011, which constitutes an 11.7 per cent. decrease compared to the period ending on 31 December 2010. Such decrease is to be compared with the global life insurance market in France, whose revenues decreased by 13.8 per cent. in 2011 compared to the same period in 2010.

### 2. Arial Assurance

In 2011, the premiums of Arial Assurance decreased by 34.6 per cent. compared to 2010 and amounted to Euro 659.9 million.

In addition to the premiums of Arial Assurance and in order to give a clear view of the overall group pension activity of the Group, it is to be noted that revenues of La Mondiale which resulted from businesses brought by Arial Assurance were amounted to Euro 63 million, an increase of 0.6 per cent. compared to 2010.

2011 shows a decrease of 90 per cent. in subscription of capitalisation contracts compared to 2010. Such activity in 2010 was exceptional. Consequently, such decrease aside, total revenues of Aerial Assurance decreased by 15.2 per cent. in 2011.

### 3. La Mondiale Partenaire

La Mondiale Partenaire, created in 1979 with the acquisition of La Henin Vie, distributes mainly high net worth life insurance contracts through external networks.

La Mondiale Partenaire's premiums amounted to Euro 2,170 million for the period ending on 31 December 2011, with a 19 per cent. decrease compared to the period ending on 31 December 2010. A 53 per cent. increase in services amounting to Euro 2,399 million led to a negative amount of net collect revenue of Euro 238 million in 2011.

### 4. La Mondiale Europartner

La Mondiale Europartner, a Luxemburg subsidiary of the Group, offers a range of high-end life insurance and wealth management solutions. La Mondiale Europartner is a renowned operator specialising in the concept, development and management of retirement and pension products, including patrimonial and group pension activities through non affiliated intermediaries which target cross border market customers, specially through the partnership with Aegon.

During 2011, La Mondiale Europartner continued to follow its development plan initiated three years earlier. In 2011, the Luxemburg office of the Group managed a total amount of revenue of over Euro 4 billion, which constitutes an 18 per cent. increase compared to 2010.

Premiums of La Mondiale Europartner amounted to Euro 1,097.7 million in 2011, compared to Euro 825.6 million in 2010, showing an increase of 33 per cent. 75.3 per cent. of the 2011 premiums were reinsured, mainly by the general fund of La Mondiale.

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## Ownership

As of 31 December 2012, La Mondiale had around 393 632 policyholders (*sociétaires*). Each policyholder has the same voting rights.

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## Strategic Objectives

To improve adaptability, the AG2R LA MONDIALE group launched in 2012 its 2012-2014 business plan. Presented to the Group's employees in January 2012, it is called "priority to customers" and shows the Group's intention to put the customers at the centre of all decisions. In order to implement such a business plan, two key factors have been identified: reliance on the Group's core values and the ambition of profitability.

In the previous strategic plan La Mondiale had three main objectives: clear market segmentation and product distribution, efficient operational management and distribution partnerships.

**Segmentation / Distribution:** La Mondiale's first objective was to develop innovative products which differ from the traditional standard saving products of the "bancassurance" network (i.e. insurance companies which are subsidiaries of banks). La Mondiale owes part of its results to its ability to identify market sectors with high growth potential and to develop these sectors through the sale of innovative and quality products and services. La Mondiale's distribution strategy consists of focusing on three sectors through three

distribution channels. This has proven to be successful, as demonstrated by the performance over the past few years in terms of growth and penetration of these markets.

**Efficient operational management:** La Mondiale has built an efficient value-added distribution network for the individual pension and life operations, which has succeeded in steadily increasing the average regular premium value.

**Partnerships:** La Mondiale has reinforced its distribution partnerships.

The aim of the 2012-2014 strategic plan is to reinforce the competitive position of La Mondiale :

- increasing market shares on markets selected for their profitability
- increasing the level of assets in 2014
- increasing the return on capital equity.

This will be done by:

- focusing sales network on profitable targets
- increasing multichannel distribution, beyond traditional distribution partnerships, including direct or internet distribution
- committing to quality of service, specially related to delay in answering requests or paying claims.

## **Partnerships**

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### **1. Strategic partnerships**

**Partnership Aegon:** Aegon, the Dutch Insurance Company with mutual origins, is particularly active in life insurance. A partnership was established with the group La Mondiale, to jointly develop activities of individual life insurance and retirement, especially abroad.

Aegon is a minority shareholder and affiliate of the group La Mondiale, which owns the wealth management activities (La Mondiale Partenaire, La Mondiale Europartner) and supplementary retirement (Arial). Operational interactions between the two groups are mainly in relation to the international activities (La Mondiale Europartner).

### **2. Commercial partnerships**

**Banking partnerships:** Through its subsidiaries La Mondiale Partenaire and La Mondiale Europartner, La Mondiale has built distribution partnerships (wealth management) with the main distributors of the market :

- Private banking subsidiaries of the main French banks : Indosuez Private Banking, LCL (Groupe Crédit Agricole), Banque Privée 1818, Banque Palatine (Groupe BPCE), BNP;
- The main platforms of CGPI : Nortia, Olympia, Crystal Finance;
- Wealth management banks or institutions: Oddo, Lazard, UBS, Rothschild.

This activity has generated a turnover in 2012 of more than € 3 billion.

**Distribution or prescription partnerships:** La Mondiale has also built distribution partnerships with local groups such as La Mutuelle de Poitiers, and prescription partnerships with the main networks of auditors : In Extenso, Befec, Gran Thornton, CCEF.

## **Risk management**

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La Mondiale manages certain key risks through 4 committees of the Board:

- **The investment committee**

The investment committee reviews and validates the general investment policy, the limits, the scope of the universe of possible investments, the guidelines of asset allocation to be approved by the Board.

- **The audit committee**

The audit committee reviews and validates the annual accounts, the internal audit plan, the financing and solvency issues to be approved by the Board

- **The risk committee**

The audit committee reviews and validates the risk management policy and the internal control processes, issues to be approved by the Board

- **The strategic committee**

The strategic committee reviews and validates strategic and development issues related to M&A or partnerships, to be approved by the Board.

- **Anti-money laundering mission**

The objective of La Mondiale's anti-money laundering procedure is to fight against laundering of the proceeds of drug trafficking, fraud against the financial interests of the European Community, corruption, organised criminal activities or those which may be used to finance terrorism.

This procedure breaks down operationally into the following:

- seminars to inform collaborators and raise awareness amongst new collaborators;
- reviewing agreements with partners setting out requirements;
- conducting controls to ensure procedures are being implemented and complied with;
- declarations when suspicions have been raised;
- preparing a compliance report.

The head of anti-money laundering monitors risks associated with payments in and payments out, risks in partnership agreements setting out requirements, non-compliance with procedures by sales managers and advisers. At present, transactions that are identified risks include payments exceeding a threshold of €150,000, overseas subscriptions, relinquishments, withdrawals, repurchases and premature advances.

- **Insurance and risk cover**

La Mondiale has put in place and periodically updates an insurance programme to protect its asset base. The insurance policies include:

- insurance covering damage to property: all building risks, all computer risks;
- civil liability insurance;
- personal insurance (assistance).

The insurances subscribed and the level of self-insurance depends upon the business activity, the size and rate of occurrence of incidents of the principal entities of the Group.

These insurance policies have been subscribed with insurance companies of international repute.

## **Financial Results**

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At 31 December 2011, La Mondiale had consolidated assets of € 58 billion of which 24 per cent. are unit-linked products. The 76 per cent. remaining are guaranteed products invested in General Funds split between bonds (83 per cent.), equities (9 per cent.) and real estate (8 per cent.).

Consolidated equity capital at 31 December 2011, increased € 182 million to € 2 223 million (including € 259 million minority interests including € 241 million of deeply subordinated Notes classified as equities according IFRS rules). Subordinated obligations amounted to € 439 million of which € 424 million are on a perpetual basis with a call option. The solvency coverage of La Mondiale is 1.36 times the minimum regulatory requirement. Consolidation accounting, which eliminates dividends and intra-group borrowings, facilitates the measurement of the Group's solvency level. The margins required by the various entities of the Group (after the elimination of intra-group reinsurance transactions) amount to € 1 705 million, which is covered 1.36 times by the Group's equity capital (net of intangible items and deferred acquisition costs), subordinated debt and unrealised capital gains.

The components of the Group margin are lower than those of the parent company in so far as the regulations place a ceiling on the amount of unrealised capital gains permitted in the margin requirements for each company in the Group. Moreover, the Group's equity capital is adjusted for deferred acquisition costs net of deferred tax.

La Mondiale's consolidated reported 2011 operating income of € 333 million compared to € 327 million the previous year. La Mondiale generated consolidated net income of € 227 million in 2011, down 32 per cent. compared to 2010.

As at 31 December 2012, La Mondiale's consolidated subordinated debt amounted to € 694 million compared to € 680 million on 31 December 2011.

## **Beneficiary Participation**

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Over the past five fiscal years, the items used for the determination of the "Beneficiary Participation", as defined in clause 3.(h) (4) (*Mandatory payment of interest*) of the Conditions of the Notes, has evolved as follows:

In millions of Euros	2011	2010	2009	2008	2007
Investments income allocated to insurance contracts	1 269	1 522	1 321	1 096	1 088
Total net investments income for the fiscal year	1 279	1 566	1 370	1 140	1 122
Beneficiary Participation	99.1%	97.2%	96.4%	96.2%	96.9%

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### **Conflict of Interest**

To the Issuer's knowledge, there are no conflicts of interest between the duties of the directors and members of executive management with regard to La Mondiale and their private interests.

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### **Change of Control**

To the Issuer's knowledge, there is no arrangement, the operation of which may at a subsequent date result in a change in control of the Issuer.

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### **Important Contracts**

There are, at the date of this Prospectus, no material contracts entered into in the ordinary course of the Issuer's business, which could result in any member of the Issuer's Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Noteholders in respect of the Notes being issued.

## RECENT DEVELOPMENTS

*Attention is drawn to the fact that the figures and items related to this press release are those of the whole SGAM AG2R La Mondiale and not only La Mondiale itself. The comparison of the annual reports of the different perimeters may allow a better appreciation of the past contribution of La Mondiale to the whole SGAM AG2R La Mondiale figures.*

### **Press release dated 20 December 2012 relating to AG2R La Mondiale**

#### IN 2012, AG2R LA MONDIALE INCREASES ITS MARKET SHARE AND ITS SOLVENCY

Boards of directors of AG2R Prévoyance, La Mondiale and SGAM AG2R La Mondiale held meetings, successively, on 18 and 19 December 2012. These meetings were an opportunity to take stock of the health insurance business in 2012, from both a commercial and financial perspective.

With regard to overall activity, revenues\* amounted to Euro 8.2 billion, which constitutes a **10 per cent. increase** over the prior year.

In the life insurance and retirement savings segments, revenues increased by 12 per cent. (whereas the life insurance market suffered an 11 per cent. decrease at the end of October (Source: FSA)). AG2R LA MONDIALE realises a positive net inflows in savings and retirement above **Euro 1 billion**, in a market affected by net outflows.

Health insurance and retirement, contributions are increasing (+6 per cent.). This result is due to the new profitable businesses achieved by the network in the frame of branch agreements and companies' market.

The **combined net income\* for 2012** will significantly progress compared to 2011 and the last few years, so the Group, which enjoys increased activity, can reinforce his solvency margin. Therefore, the self-financing ratio\*\* 2012 will be above 200 per cent.

Moreover, the Group benefited from financial market performance in 2012 (shares and rates) due to its qualified assets; it has reconstituted its unrealised gains to a higher level from that before the 2008 crisis.

The combined **solvency ratio\*\*\*** will increase from **146 per cent. in 2011 to 230 per cent in 2012**, bringing the **net solvency surplus** to almost **Euro 3 billion** in relation to current statutory requirements.

"The results of the last six years reinforced the Group's solvency on a continuous basis. **Our regulatory capital\* should be higher than Euro 3.1 billion**, which constitutes an increase of Euro 1.4 billion for this period. This own funds increase fully complies with the future Solvency II requirements" **highlights Andre Renaudin, CEO.**

In a challenging economic environment, AG2R LA MONDIALE consolidated its competitive position and has shown itself to be a leader in insurance and wealth management, in a position for continued growth.

\* estimate under IFRS

\*\*results reported to the increased need for solvency margin, under French rules

\*\*\* French rules estimation

## TAXATION

*The following is a general description of certain tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in France or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date.*

### EU Savings Directive

On 3 June 2003, the European Council of Economics and Finance Ministers adopted Directive 2003/48/EC on the taxation of savings income (the **Savings Directive**). Pursuant to the Savings Directive, Member States are required, since 1 July 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, premium or other debt income) made by a paying agent located within their jurisdiction to, or for the benefit of, an individual resident in that other Member State or to 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 or certain entities.

However, throughout a transitional period, certain Member States (the Grand-Duchy of Luxembourg and Austria), instead of using the Disclosure of Information Method used by other Member States, unless the relevant beneficial owner elects for the Disclosure of Information Method, withhold an amount on interest payments. The rate of such withholding tax is currently 35%.

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 18 April 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 1 July 2005.

The European Commission has proposed certain amendments to the Savings Directive which may, if implemented, amend or broaden the scope of the requirements described above.

### France

The descriptions below are intended as a basic summary of certain French withholding tax aspects applicable to holders of Notes who are not concurrently shareholders of the Issuer.

## *Withholding Tax*

Following the introduction of the French *loi de finances rectificative pour 2009 n°3* (n°2009-1674 dated 30 December 2009) (the **Law**), payments of interest and other assimilated revenues made by the Issuer with respect to the Notes will not be subject to the withholding tax set out under Article 125 A III of the French *Code général des impôts* unless such payments are made outside France in a non-cooperative State or territory (*Etat ou territoire non coopératif*) within the meaning of Article 238-0 A of the French *Code général des impôts* (a **Non-Cooperative State**). If such payments under the Notes are made in a Non-Cooperative State, a 75% withholding tax will be applicable by virtue of Article 125 A III of the French *Code général des impôts* (subject to certain exceptions and to the more favourable provisions of an applicable double tax treaty).

Furthermore, in application of Article 238 A of the French *Code général des impôts*, interest and other assimilated revenues on such Notes are not deductible from the Issuer's taxable income, if they are paid or accrued to persons established or domiciled in a Non-Cooperative State or paid in such a Non-Cooperative State (the **Deductibility Exclusion**). Under certain conditions, any such non-deductible interest and other revenues may be recharacterised as constructive dividends pursuant to Article 109 of the French *Code général des impôts*, in which case such non-deductible interest and other revenues may be subject to the withholding tax set out under Article 119 *bis* of the French *Code général des impôts*, at a rate of 30% or 75% (subject, if applicable, to the more favourable provisions of a tax treaty).

Notwithstanding the foregoing, the Law provides that neither the 75% withholding tax set out under Article 125 A III of the French *Code général des impôts* nor the Deductibility Exclusion will apply in respect of the Notes if the Issuer can prove that the principal purpose and effect of the issue of the Notes was not that of allowing the payments of interest or other revenues to be made in a Non-Cooperative State (the **Exception**). Pursuant to the *Bulletin Officiel des Finances Publiques-Impôts* BOI-ANNX-000366-20120912 and BOI-ANNX-000364-20120912, the Notes will benefit from the Exception without the Issuer having to provide any proof of the purpose and effect of the issue of the Notes, if the Notes are:

- (i) 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
- (ii) admitted, at the time of their issue, to the clearing 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 French *Code monétaire et financier*, or of one or more similar foreign depositories or operators provided that such depository or operator is not located in a Non-Cooperative State.

Consequently, payments of interest and other revenues made by the Issuer under the Notes are not subject to the 75% withholding tax set out under Article 125 A III of the French *Code général des impôts* and the Deductibility Exclusion does not apply to such payments.

Pursuant to Article 9 of the 2013 Finance Law (*loi de finances pour 2013*, n° 2012-1509 du 29 December 2012) subject to certain limited exceptions, interest and other revenues received as from 1 January 2013 by individuals who are fiscally domiciled (*domiciliés fiscalement*) in France are subject to a 24% withholding tax, which is deductible from their personal income tax liability in respect of the year in which the payment has been made. Social contributions (CSG, CRDS and other related contributions) are also levied by way of withholding tax at an aggregate rate of 15.5% on interest and similar revenues paid to individuals who are fiscally domiciled (*domiciliés fiscalement*) in France.

## *EU Savings Directive*

The Savings Directive has been implemented into French law under Article 242 *ter* of the French *Code général des impôts*, which imposes on paying agents based in France an obligation 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.

## **United States of America**

### **U.S. Foreign Account Tax Compliance Act**

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (**FATCA**) impose a new reporting regime and potentially a 30% withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a "foreign financial institution", or **FFI** (as defined by FATCA)) that does not become a **Participating FFI** by entering into an agreement with the U.S. Internal Revenue Service (**IRS**) to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States account" of the Participating FFI (a **Recalcitrant Holder**). The Issuer is classified as an FFI.

The new withholding regime will be phased in beginning 1 January 2014 for payments from sources within the United States and will apply to "**foreign passthru payments**" (a term not yet defined) no earlier than 1 January 2017.

The United States and a number of other jurisdictions have announced their intention to negotiate intergovernmental agreements to facilitate the implementation of FATCA (each, an **IGA**). Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a **Reporting FI** not subject to withholding under FATCA on any payments it receives. Further, an FFI in a Model 1 IGA jurisdiction would not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being **FATCA Withholding**) from payments it makes (unless it has agreed to do so under the U.S. "qualified intermediary," "withholding foreign partnership," or "withholding foreign trust" regimes). The Model 2 IGA leaves open the possibility that a Reporting FI might in the future be required to withhold as a Participating FFI on foreign passthru payments and payments that it makes to Recalcitrant Holders. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. The United States and France have announced an intention to enter into an agreement (a **US-France IGA**).

The Issuer expects to be treated as a Reporting FI pursuant to a US-France IGA and does not anticipate being obliged to deduct any FATCA Withholding on payments it makes. There can be no assurance, however, that the Issuer will be treated as a Reporting FI, or that it would in the future not be required to deduct FATCA Withholding from payments it makes. Accordingly, the Issuer and financial institutions through which payments on the Notes are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Notes is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

If an amount in respect of FATCA Withholding were to be deducted or withheld from interest, principal or other payments made in respect of the Notes, neither the Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive less interest or principal than expected.

**FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form.**

**TO ENSURE COMPLIANCE WITH IRS CIRCULAR 230, EACH TAXPAYER IS HEREBY NOTIFIED THAT: (A) ANY TAX DISCUSSION HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY THE TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL INCOME TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (B) ANY SUCH TAX DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) THE TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.**

## SUBSCRIPTION AND SALE

### Subscription Agreement

Deutsche Bank AG, London Branch, HSBC Bank plc (the **Global Co-ordinators and Structuring Arrangers**) and BNP Paribas (together with the Global Co-ordinators and Structuring Arrangers, the **Joint Lead Managers**) have entered into a Subscription Agreement dated 19 April 2013 (the **Subscription Agreement**) according to which the Joint Lead Managers have jointly and severally agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe for the Notes at an issue price equal to 100 per cent. of the principal amount of the Notes. In addition, the Issuer will pay certain costs incurred by it and the Joint Lead Managers in connection with the issue of the Notes.

The Joint Lead Managers are entitled to terminate the Subscription Agreement in certain circumstances prior to the issue of the Notes. The Issuer has agreed to indemnify the Joint Lead Managers against certain liabilities in connection with the offer and sale of the Notes.

The Issuer and the Joint Lead Managers have agreed that commissions may be payable to certain third party intermediaries on the principal amount of their purchase in connection with the initial sale and distribution of the Notes.

### Selling Restrictions for the jurisdictions outside the European Economic Area

#### United States

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**), or with any securities regulatory authority of any state or other jurisdiction of the U.S., and may not be offered or sold within the United States, or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act and in compliance with any applicable state securities laws. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act (**Regulation S**).

Each Joint Lead Manager has agreed that it has not offered or sold, and will not offer or sell, the Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of the Notes as determined, and certified to the Issuer by the Lead Manager, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each distributor or dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting out the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the preceding sentence have the meanings given to them by Regulation S.

The Notes are being offered and sold outside the United States to non-U.S. persons in compliance with Regulation S.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

#### Hong-Kong

Each Joint Lead Manager 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 (except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong) other than (i) to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance or (ii) in other

circumstances which do not result in the document 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.

## **Singapore**

Each Joint Lead Manager has acknowledged that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the 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 Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the 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 to any person pursuant to Section 275(1A), 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 the Notes are subscribed or purchased under Section 275 of the SFA 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,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law; or
- (iv) as specified in Section 276(7) of the SFA.

## **Switzerland**

This document is not intended to constitute an offer or solicitation to purchase or invest in the Notes described herein. The Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the Notes constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the

Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland and neither this Prospectus nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

## **Selling Restrictions for the jurisdictions inside the European Economic Area**

### **Public Offer Selling Restriction under the Prospectus Directive**

In relation to each Member State of the European Economic Area that has implemented the Prospectus Directive (each a **Relevant Member State**), each Joint Lead Manager 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 which are the subject of the offering contemplated by the Prospectus 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:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Joint Lead Managers; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in paragraphs (a) to (c) above shall require the Issuer or any Joint Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 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 and 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 each Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EC.

### **United Kingdom**

Each Joint Lead Manager has represented and agreed that:

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

## France

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

## Italy

The offering of the Notes has not been registered with CONSOB (the Italian Securities Exchange Commission) pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (a) to qualified investors (*investitori qualificati*), as defined in Article 100 of Legislative Decree No. 58 of 24 February 1998 as amended (the “Financial Services Act”) and the relevant implementing CONSOB regulations, as amended from time to time, and in Article 2 of Directive No. 2003/71/EC of 4 November 2003 as amended; or
- (b) in circumstances which are exempted from the rules on solicitation of investments pursuant to Article 100 of the Financial Services Act and Article 33, first paragraph, of CONSOB Regulation No. 11971 of 14 May 1999, as amended (Regulation No. 11971).

Any offer, sale or delivery of the Notes or distribution of copies of the Prospectus or any other document relating to the Notes in the Republic of Italy under (A) or (B) above must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993 as amended;
- (ii) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and
- (iii) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or other Italian authority.

***Please note that in accordance with Article 100-bis of the Financial Services Act, where no exemption from the rules on public offerings applies under (i) and (ii) above, the subsequent distribution of the Notes on the secondary market in Italy must be made in compliance with the public offer and the prospectus requirement rules provided under the Financial Services Act and Regulation No. 11971. Failure to comply with such rules may result in the sale of such Notes being declared null and void and in the liability of the intermediary transferring the financial instruments for any damages suffered by the investors.***

## **General**

No action has been taken in any jurisdiction that would permit an offer to the public of any of the Notes. Neither the Issuer nor any of the Joint Lead Managers represents that Notes may at any time lawfully be resold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such resale.

Each Joint Lead Manager has agreed that it will (to the best of its knowledge and belief) comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Prospectus or any other offering material relating to the Notes and obtain any consent, approval or permission required for the purchase, offer or sale of the Notes under the laws and regulations in force in any jurisdiction in which it makes such purchase, offer or sale and none of the Issuer or any Joint Lead Manager shall have responsibility therefore.

## GENERAL INFORMATION

- (1) Listing and admission to trading: Application has been made to the AMF to approve this document as a prospectus and this Prospectus has received visa n°13-171 from the AMF on 19 April 2013. Application has been made for the Notes to be listed on, and admitted to trading on the regulated market (within the meaning of Directive 2004/39/EC) of Euronext Paris.
- (2) Corporate authorisations: The Issuer has obtained all necessary corporate and other consents, approvals and authorisations in the Republic of France in connection with the issue of the Notes.

The issue of the Notes has been authorised by the shareholders general meeting dated 1 June 2012 and the resolutions of the *Conseil d'administration* of the Issuer, on 17 April 2013.

- (3) Trend information: Except as disclosed in this Prospectus, there has been no material adverse change in the prospects of the Issuer or the Group since 31 December 2011 being the date of its last published audited financial statements.
- (4) Significant change in the Issuer's and the Group's financial or trading position: Except as disclosed in this Prospectus, there has been no significant change in the financial or trading position of the Issuer or the Group since 31 December 2011 being the end of the last financial period for which interim financial information has been published.
- (5) Legal and arbitration proceedings: Except as disclosed in this Prospectus, there has been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the period 12 months immediately preceding the date of this Prospectus which have had in the recent past a significant effect on the Issuer's or the Group's financial position or profitability.
- (6) Clearing and settlement: The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The International Securities Identification Number (ISIN) for the Notes is XS0919401751. The Common Code for the Notes is 091940175.

The address of Euroclear is Euroclear Bank SA/NV, 1 boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 avenue JF Kennedy, L-1855 Luxembourg.

- (7) Auditors: The statutory auditors of the Issuer are KPMG Audit, Département de KPMG S.A. and Deloitte & Associés.

KPMG Audit, Département de KPMG S.A. and Deloitte & Associés have audited and rendered an unqualified report on the consolidated financial statements of the Issuer for the financial year ended 31 December 2010 and 31 December 2011.

KPMG Audit, Département de KPMG S.A. and Deloitte & Associés are members of the professional body *compagnie régionale des commissaires aux comptes de Versailles* and are regulated by the *Haut Conseil du Commissariat aux Comptes*.

- (8) Expenses: The estimated costs for the admission to trading of the Notes are €17,500.
- (9) Yield: The yield in respect of the Notes from the issue date to the First Call Date is 7.625 per cent. per annum and is calculated on the basis of the issue price of the Notes.

- (10) Interest of natural and legal persons involved in the issue: As far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the issue. The Managers are paid commissions in relation to the issue of the Notes. Any such Manager and its affiliates may also have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.

## PERSONS RESPONSIBLE FOR THE INFORMATION CONTAINED IN THE PROSPECTUS

I declare, after taking all reasonable measures for this purpose and to the best of my knowledge, that the information contained in this Prospectus is in accordance with the facts and that it makes no omission likely to affect its import.

**LA MONDIALE**  
32, avenue Emile Zola  
Mons-En-Baroeul  
59896 Lille Cedex 9  
France

Duly represented by:  
Sylvain de Forges (*Directeur général délégué*)

Made in Paris, on 19 April 2013



### *Autorité des marchés financiers*

In accordance with Articles L. 412-1 and L. 621-8 of the French *Code monétaire et financier* and with the General Regulations (*Règlement Général*) of the *Autorité des marchés financiers* (the AMF), in particular Articles 211-1 to 216-1, the AMF has granted to this Prospectus the visa no. 13-171 on 19 April 2013. This document was prepared by the Issuer and its signatories assume responsibility for it. In accordance with Article L. 621-8-1-I of the French *Code monétaire et financier*, the visa was granted following an examination by the AMF of "whether the document is complete and comprehensible, and whether the information it contains is coherent". It does not imply any approval of the opportunity of the operation or authentication of the accounting and financial data set out in it.

**Issuer**

**La Mondiale**  
32, avenue Emile Zola  
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59896 Lille Cedex 9  
France

**Global Co-ordinators and Structuring Arrangers**

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London EC2N 2DB  
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**HSBC Bank plc**

8 Canada Square  
London E14 5HQ  
United Kingdom

**Joint Lead Managers**

**BNP Paribas**

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London NW1 6AA  
United Kingdom

**Deutsche Bank AG, London  
Branch**

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London EC2N 2DB  
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**HSBC Bank plc**

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London E14 5HQ  
United Kingdom

**Fiscal Agent, Principal Paying Agent and Calculation Agent**

**Deutsche Bank AG, London Branch**

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1 Great Winchester Street  
London EC2N 2DB  
United Kingdom

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**Legal Advisers**

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