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Base Prospectus dated 1 March 2011

UNEDIC



€12,000,000,000

**EURO MEDIUM TERM NOTE PROGRAMME
WITH OR WITHOUT THE GUARANTEE OF THE FRENCH STATE**

Under the Euro Medium Term Note Programme (the "**Programme**") described in this base prospectus (the "**Base Prospectus**"), UNEDIC (the "**Issuer**" or "**UNEDIC**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue Euro Medium Term Notes (the "**Notes**"). The Final Terms (as defined in "Terms and Conditions of the Notes", a form of which is included in this Base Prospectus) prepared in respect of any issue of Notes will specify whether or not the Notes will benefit from the guarantee of the French State (the "**Guaranteed Notes**"). The aggregate nominal amount of Notes outstanding shall not at any one time exceed €12,000,000,000 at any date of issue.

Under certain circumstances, a request for admission to trading on Euronext Paris ("**Euronext Paris**") may be presented. Euronext Paris is a regulated market for the purposes of the Directive 2004/39/EC dated 21 April 2004 (a "**Regulated Market**"). Notes may also be admitted to trading on any other Regulated Market in a Member State of the European Economic Area ("**EEA**") in accordance with the Prospectus Directive (as defined below), or on a non regulated market, or may be unlisted. The Final Terms prepared in respect of any issue of Notes will specify whether or not such Notes will be admitted to trading and, if so, on which relevant Regulated Market(s). Notes admitted to trading on a Regulated Market of the European Union shall have a minimum denomination of at least €100,000, or such higher amount as may be allowed or required by the relevant monetary authority or any applicable laws or regulations.

This Base Prospectus has been submitted to the clearance procedures of the *Autorité des marchés financiers* (the "**AMF**") and received the visa No. 11-061 on 1 March 2011.

Notes will be issued in dematerialised form and may, at the option of the Issuer, be issued in either bearer form (*au porteur*) or in registered form (*au nominatif*), as more fully described herein. Notes will be in book entry form in compliance with Articles L.211-3 *et seq.* of the French *Code monétaire et financier*. No physical documents evidencing title to the Notes will be issued in respect of the Notes. Notes issued in bearer form (*au porteur*) shall be inscribed as from their issue date in the books of Euroclear France (acting as central depository) which shall credit the accounts of the Account Holders (as defined in "Terms and Conditions of the Notes - Form, Denomination and Title") including Euroclear Bank S.A./N.V., ("**Euroclear**") and the depository bank for Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**"). Notes issued in registered form (*au nominatif*) may, at the option of the relevant Noteholder (as defined in "Terms and Conditions of the Notes - Form, Denomination and Title"), either be (a) in fully registered form (*au nominatif pur*), in which case they will be inscribed in an account maintained by the Issuer or a registration agent (designated in the relevant Final Terms) acting on behalf of the Issuer or (b) in administered registered form (*au nominatif administré*) in which case they will be inscribed in the accounts of the Account Holder designated by the relevant Noteholder.

The Issuer is rated AAA by Standard & Poor's Rating Services, Aaa by Moody's Investors Service and AAA by Fitch Ratings. Each of these rating agencies is established in the European Union and has applied to be registered under Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies. Notes issued under the Programme may, or may not, be rated. The rating of Notes (if any) will be specified in the relevant Final Terms. The rating of Notes will not necessarily be the same as the rating assigned to the Issuer, it being understood that a rating does not constitute a recommendation to buy, sell or hold Notes and may be subject to suspension, change, or withdrawal at any time by the assigning rating agency.

This Base Prospectus and the documents incorporated by reference in this Base Prospectus will be available on the websites of the Issuer (www.unedic.org) and the AMF (www.amf-france.org).

Prospective investors are invited to take into account the risks described in the "Risk Factors" section before deciding to invest in the Notes issued under the Programme.

ARRANGERS AND PERMANENT DEALERS

BNP PARIBAS

**CREDIT AGRICOLE CORPORATE AND
INVESTMENT BANK**

HSBC

NATIXIS

This Base Prospectus (together with any supplements thereto), which contains or incorporates by reference all relevant information concerning the Issuer as well as the basic terms and conditions of the Notes to be issued under the Programme, constitutes a base prospectus for the purposes of Article 5.4 of the Directive 2003/71/EC of the European Parliament and Council dated 4 November 2003 (the "Prospectus Directive"). Each Tranche (as defined in "General Description of the Programme") of Notes will be issued pursuant to the relevant provisions described in "Terms and Conditions of the Notes", as supplemented by the provisions of the relevant Final Terms determined by the Issuer and the relevant Dealers (as defined in "General Description of the Programme") at the time of the issue of such Tranche. The Base Prospectus (together with any supplement thereto) and the Final Terms will together constitute a prospectus for the purposes of Article 5.1 of the Prospectus Directive.

The Issuer represents that, after having taken all reasonable measures to this effect, all information contained or incorporated by reference in this Base Prospectus is, to its knowledge, in accordance with the facts and does not contain any omission likely to affect its import. It contains all relevant information necessary for prospective investors to knowingly assess the assets, activities, financial position, results and prospects of the Issuer, as well as the rights attached to the securities. The Issuer assumes the responsibility thereto.

None of the Arrangers, nor any of the Dealers has verified the information contained or incorporated by reference in this Base Prospectus. Neither any of the Arrangers nor any of the Dealers makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information contained or incorporated by reference in this Base Prospectus. Neither this Base Prospectus nor any other information supplied in connection with the Programme is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Arrangers or the Dealers that any recipient of this Base Prospectus or any other financial statements should purchase the Notes. Each prospective investor of Notes shall determine the relevance of the information contained or incorporated by reference in this Base Prospectus on its own and its purchase of Notes should be based upon such investigation as it deems necessary. Neither any of the Arrangers nor any of the Dealers undertake to review the financial or general condition of the Issuer during the life of the arrangements contemplated by this Base Prospectus nor to advise any investor or prospective investor of any information that may come to their attention.

This Base Prospectus may only be used for the purposes for which it has been published.

No person is or has been authorised to give any information or to make any representation other than those contained or incorporated by reference in this Base Prospectus in connection with the issue or sale of Notes. If given or made, such information or representation shall not be relied upon as having been authorised by the Issuer, any of the Arrangers or any of the Dealers. Neither the delivery of this Base Prospectus nor any sale made in connection herewith shall, under any circumstances, imply that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Base Prospectus has most recently been supplemented, or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Base Prospectus has most recently been supplemented, or that any other information supplied in connection with the Programme 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.

The Notes and any related guarantee 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 United States. Subject to certain exceptions, the Notes may not be offered within the United States. The Notes are being offered and sold outside the United States of America to non-U.S. persons in reliance on Regulation S under the Securities Act ("Regulation S").

This Base Prospectus does not constitute an offer of, nor an invitation by or on behalf of the Issuer, the Arrangers or the Dealers to subscribe for, or purchase, any Notes.

The distribution of this Base Prospectus and the offering or sale of Notes may, in certain jurisdictions, be restricted by law. Neither the Issuer nor the Dealers represent that this Base Prospectus will be distributed in compliance with the law, or that the Notes will be offered in compliance with the law, any relevant registration or any requirement of any competent authority or by virtue of any exemption that would be applicable, and shall not be liable for facilitating such distribution or such offer. In particular, neither the Issuer nor the Dealers have taken any action for the Notes to be offered to the public or the distribution of

this Base Prospectus on the territory of a competent authority that would require such an action to be taken. As a result, Notes shall not be offered or sold, directly or indirectly, and neither this Base Prospectus nor any offering document shall be distributed or published on the territory of a competent authority, other than compliance with any relevant laws or regulation of such territory. Persons into whose possession this Base Prospectus comes or that would be interested in subscribing to the Notes are required to inform themselves about and to observe the restriction relating to the distribution of this Base Prospectus and the offer and sale of Notes which are applicable to them. Restrictions on the distribution of this Base Prospectus and the offer and sale of Notes notably exist in the United States of America and the European Economic Area (notably in France and the United Kingdom).

For a description of the applicable restrictions on offers, sales and transfers of Notes and on distribution of this Base Prospectus, see "Subscription and Sale".

Neither the Dealer nor the Issuer makes any representation to a prospective investor of Notes on the legality of its investment pursuant to the laws applicable to that prospective investor. Any prospective investor of Notes shall be capable of bearing the economic risk of its investment in the Notes for an undetermined period of time.

In connection with the issue of any Tranche (as defined in "General Description of the Programme"), the Dealer, if any, named as the stabilising manager in the relevant Final Terms (the "Stabilising Manager") (or persons acting on behalf of any Stabilising Manager(s)) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of a Stabilising Manager(s)) will undertake such stabilisation actions. Such stabilisation actions may begin on or after the date on which adequate public disclosure of the final terms of the offer of the relevant Tranche is made and, if begun, may be ended at any time, but it must end no later than the earlier of thirty (30) days after the issue date of the relevant Tranche and sixty (60) days after the date of the allotment of the relevant Tranche. Any stabilisation action or over-allotment shall be conducted in accordance with all applicable laws and rules.

In this Base Prospectus, unless otherwise specified or the context otherwise requires, references to "€", "Euro", "EUR" and "euro" are to the lawful currency of the member states of the European Union that have adopted the single currency in accordance with the Treaty establishing the European Community, as amended.

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GENERAL DESCRIPTION OF THE PROGRAMME

Words and expressions defined in "Terms and Conditions of the Notes" below shall have the same meanings in this general description.

The Notes, except as otherwise provided, will be issued pursuant to the "Terms and Conditions of the Notes" referred to in pages 16 to 27, as supplemented by the provisions of the relevant Final Terms agreed upon by the Issuer and the relevant Dealer(s). The following section shall be read subject to the other information contained in this Base Prospectus.

Issuer:	UNEDIC.
Guarantee:	If the relevant Final Terms specify that the Notes benefit from the guarantee of the French State, any payment of principal or interest due by the Issuer in respect of the Guaranteed Notes will benefit from a guarantee of the French State, under the terms described in "Description of the Guarantee" and the relevant Final Terms.
Programme:	Euro Medium Term Note Programme. The Notes constitute <i>obligations</i> under French law.
Arrangers:	BNP Paribas, Crédit Agricole Corporate and Investment Bank, HSBC France and NATIXIS.
Dealers:	BNP Paribas, Crédit Agricole Corporate and Investment Bank, HSBC France and NATIXIS, as well as any other Dealer appointed pursuant to the Dealer Agreement (<i>Contrat de Placement</i>), as defined in "Subscription and Sale". In accordance with the terms of the Dealer Agreement (<i>Contrat de Placement</i>), the Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Base Prospectus to " Permanent Dealers " are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to " Dealers " are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.
Fiscal Agent and Principal Paying Agent:	BNP Paribas Securities Services.
Maximum Amount of the Programme:	The aggregate nominal amount of Notes outstanding shall not, at any given time, exceed €12,000,000,000.
Method of Issue:	Notes may be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a " Series "), each Series including one or more tranches (each a " Tranche ") issued on the same issue date or at different issue dates. The Notes of each Series are interchangeable with all other Notes of that Series, the specific terms of each Tranche issued from one Series being identical to the terms of the other Tranches of such Series (other than in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche). The specific terms of each Tranche will be determined by the Issuer and the relevant Dealer(s) at the time of the issue and will be set out in the relevant Final Terms supplementing this Base Prospectus.
Form of the Notes:	The Notes will be issued in dematerialised form and may, at the option of the

Issuer, be issued in bearer form (*au porteur*) or in registered form (*au nominatif*), and in such latter case, at the option of the relevant Noteholder, either in fully registered form (*au nominatif pur*) or in administered registered form (*au nominatif administré*). No physical document evidencing title to the Notes will be issued in respect of the Notes.

Issue Price:	The Notes may be issued at par, below par or with an issue premium, as specified in the relevant Final Terms.
Maturities:	Subject to compliance with all relevant laws, regulations and directives, Notes shall have a maturity of at least one (1) month (included) from the date of original issue, as provided for in the relevant Final Terms.
Currency:	Subject to compliance with all relevant laws, regulations and directives, Notes shall be issued in Euro.
Denomination:	Notes shall be issued in the denomination specified in the relevant Final Terms, it being understood that there may only be one denomination per Series. Notes admitted to trading on a Regulated Market of the European Union shall have a minimum denomination of at least €100,000, or such higher amount as may be allowed or required by the relevant monetary authority or any applicable laws or regulations.
Status of the Notes:	Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will rank <i>pari passu</i> and without any preference among themselves and (subject to such exceptions as are from time to time mandatory under French law) equally and rateably with all other present or future unsecured and unsubordinated debt of the Issuer.
Negative Pledge:	The terms and conditions of the Notes include a negative pledge, as more fully described in Condition 4 "Terms and Conditions of the Notes – Negative Pledge".
Events of Default:	The terms and conditions of the Notes include events of default, as more fully described in Condition 10 "Terms and Conditions of the Notes – Events of Default".
Redemption Amount:	Subject to any applicable laws, regulations and directives, the relevant Final Terms will specify the basis for calculating the redemption amounts payable.
Optional Redemption:	The relevant Final Terms will state whether the Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part), and if so the terms applicable to such redemption.
Early Redemption:	Except as provided in paragraph "Optional Redemption" above, Notes will only be redeemable at the option of the Issuer prior to their stated maturity in instances provided for in Condition 7 "Terms and Conditions of the Notes – Redemption, Purchase and Options".
Withholding Tax:	All payments of principal and interest by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within France or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. For a detailed description of the withholding tax, see "Taxation" section.
Interest Rate:	The interest rate applicable to the Notes shall be the fixed rate specified in the relevant Final Terms and will be payable in arrear on the date or dates specified in the relevant Final Terms.

- Governing Law:** The Terms and Conditions of the Notes and the Guarantee will be governed by French law.
- Clearing Systems:** Euroclear France, acting as central depository, and/or any other clearing system that may be agreed upon between the Issuer, the Fiscal Agent and the relevant Dealer.
- Initial Delivery of Notes:** The *Lettre comptable* relating to each Tranche of Notes shall be deposited with Euroclear France, acting as central depository, at least, one (1) Paris business day before the issue date of such Tranche.
- Admission to Trading:** On Euronext Paris and/or on any other Regulated Market in accordance with the Prospectus Directive or on a non regulated market as specified in the relevant Final Terms. The relevant Final Terms may specify that a Series of Notes will not be admitted to trading on any market.
- Rating:** The Issuer has been initially rated AAA by Standard & Poor's Rating Services, Aaa by Moody's Investors Service and AAA by Fitch Ratings in 2009. This rating has been renewed by the above-mentioned agencies in 2010. Each of the above-mentioned agencies is established in the European Union and has applied to be registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies. Notes issued under the Programme may, or may not, be rated. The rating of Notes (if any) will be specified in the relevant Final Terms and will not necessarily be the same as the one assigned to the Issuer.
- A rating does not constitute a recommendation to buy, sell or hold Notes and may be subject to suspension, change, or withdrawal at any time by the assigning rating agency.
- Selling Restrictions:** There are restrictions on the offer, sale or transfer of Notes as well as on the distribution of offering material in various jurisdictions, as more fully described in "Subscription and Sale". In connection with the offering and sale of a specific Tranche, additional selling restrictions may be imposed and will then be specified in the relevant Final Terms.
- The Issuer is Category 2 for the purposes of Regulation S under the United States Securities Act of 1933, as amended.
- Notes being issued in dematerialised form, they do not require compliance with the TEFRA rules pursuant to the Programme.

RISK FACTORS

The Issuer believes that the following factors are relevant for Noteholders to decide whether to invest in the Notes and/or may affect the Issuer's ability to fulfil its obligations towards investors under the Notes. These risks 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.

The Issuer believes that the risk factors described below represent, as at the date of this Base Prospectus, the principal risks inherent in investing in Notes issued under the Programme. The list of risk factors set out below is not intended to be exhaustive and investors may be affected by other factors. Other risks and uncertainties which, on the date of this Base Prospectus, are not known to the Issuer, or are considered non-relevant, may have a significant impact on the investment in the Notes. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and have their own opinion prior to making any investment decision. Investors should in particular conduct their own assessment of the risks relating to the Notes before making such an investment.

The Issuer considers that the Notes shall only be purchased by investors which are (or are advised by) financial institutions or other professional investors who are in a position to assess the specific risks involved by an investment in the Notes.

Any references thereunder to a Condition refers to a numbered condition in the "Terms and Conditions of the Notes" section.

1. Risk factors relating to the Issuer and its activities

It should be recalled at the outset that the Issuer, being a non-profit association governed by the non-profit associations Act of 1 July 1901, exhibits numerous specific features that distinguish it from all other associations governed by that Act of 1 July 1901.

This is because the Issuer was instituted at the initiative of the social partners and its affairs are consistently managed on a joint basis. Its activities of managing the unemployment insurance scheme in France (which is compulsory in the sense that all employers in the private sector are required to include their employees in the scheme pursuant to Article L. 5422-13 of the French Code du Travail) make it the cornerstone of the French unemployment insurance system, conferring upon it a role in society which has no equivalent elsewhere in France.

Its method of governance and its usefulness to society intrinsically link the Issuer to the social partners and the government authorities which organise the unemployment insurance scheme in the public interest. At the date of this Base Prospectus, the predominance of the Issuer as an institution in the public employment service has not been called in question by the national actors in employment policy.

Impact of the macroeconomic environment on the Issuer

The Issuer, as manager of the unemployment insurance scheme, is particularly sensitive to national and international macroeconomic trends. The main factors influencing the Issuer's financial position are the growth rate in the French Gross Domestic Product with its knock-on effects on employment among subscribers to the scheme, the employment policies of the Government and of businesses, and the effect of decisions by the social partners on the rules for compensating those seeking work and on contribution rates.

In view of the macroeconomic environment at the date of this Base Prospectus, the Issuer's activity shows a worsening of its financial position. The recovery in the Issuer's financial situation begun in 2008 (positive result of €4.974 billion) was adversely affected by the financial crisis that has been weighing on the world economy since September 2008.

The scissor effect caused by the increase in number of job seekers (a fall in the number of contributors and an increase in the cost of benefit payments) will negatively impact the Issuer's results in the coming years; any improvement in the economic situation will result in the opposite scissor effect, contributing to the improvement in the Issuer's financial situation.

Authorisation of the unemployment insurance agreement may be withdrawn for failure to maintain the financial equilibrium of the unemployment insurance scheme

Articles L. 5422-13 and following of the French *Code du Travail* lay down the principle of the existence of a compulsory unemployment insurance scheme. The measures implementing these rules which were set by the legislator are enacted by way of agreements concluded by the social partners and, for those measures to be binding and applicable, they must be approved by the Minister with responsibility for Employment¹. This authorisation represents the agreement given by the Minister with responsibility for Employment for the application of the unemployment insurance agreement to all employers and employees in the private sector.

Authorisation may be withdrawn where the stipulations of the agreement or the conditions for its application cease to be in conformity with the legal provisions². The legal provisions in question include in particular those providing for the contribution and benefit rates to be calculated so as to guarantee the financial equilibrium of the unemployment insurance scheme³.

Accordingly, adjustments in the financial situation of the unemployment insurance scheme must be covered by an agreement of all the social partners managing the Issuer, and this agreement is subject to the authorisation of the State. In the event that economic conditions make it impossible to continue ensuring the financial equilibrium of the scheme, the social partners must take all necessary measures to restore that financial equilibrium, particularly by revising the parameters for unemployment compensation (contribution rates, benefit entitlement rules). These decisions are designed to ensure the financial equilibrium of the unemployment insurance scheme during medium-term cycles "accommodating" the economic situation, allowing for the lag between economic developments and their impact on employment.

The Conseil d'Etat took the view that when the Minister with responsibility for Employment regards the financial equilibrium of the unemployment insurance scheme or the protection of the rights of job seekers as not guaranteed by the agreement of the social partners, the State may, by virtue of its powers of appraisal, object in the general interest to the authorisation sought for the unemployment insurance agreement⁴.

In the absence of that authorisation, or in the event of its withdrawal, the French *Code du Travail* provides for the State, under a management agreement, to confer upon any Private bodies that it chooses the management of the unemployment insurance scheme, including the payment of unemployment benefit and the collection of contributions. However, in the absence of such a management agreement, the management of the unemployment insurance scheme is entrusted to a national public corporation of administrative character [quasi-government]⁵.

While a risk therefore exists that the Issuer may have its authorisation withdrawn, so that it no longer has charge of managing the unemployment insurance scheme, mechanisms exist to forestall such a risk. This is because the Issuer is subject to inspection by the Inspection Générale des Finances [General Finance Inspectorate] and by the Treasury auditors⁶, and is also subject to the supervision of a member of the "corps du contrôle général économique et financier" [general economic and financial inspectorate] who attends the meetings of the Issuer's Executive Committee and Board of Directors. Government is thus involved in the management decisions made by the Issuer and may object to them and withdraw its authorisation if it takes the view that the Issuer's management fails to fulfil the statutory obligation to ensure the scheme's financial equilibrium.

It results from these provisions that the continuity of the unemployment insurance scheme in any event, including notably when the measures provided under the agreement that are necessary to guarantee its equilibrium or return to its equilibrium cannot be taken.

The authorisation given to the unemployment benefit agreement of 19 February 2009 illustrates this situation: whereas the unemployment insurance scheme is in deficit, the State approved the provisions of the agreement negotiated by the social partners even though in the economic context, those provisions could not be applied without recourse to borrowing by the Issuer, illustrating the fact that the government authorities provide the support for the undertakings subscribed by the Issuer, where those undertakings are made with due regard to the prospects for restoring the Issuer's financial situation in the medium term.

¹Art. L. 5422-21 *Code du Travail*.

²Art. R.5422 -16, para. 2 *Code du Travail* .

³Art. L. 5422-12 *Code du Travail* .

⁴Conseil d'Etat, 11 July 2001, req. [application] No. 224586 and following.

⁵Art. L. 5427-7 *Code du Travail* .

⁶Art. L. 5427-6 *Code du Travail* .

Applicability of Article L. 213-15 of the Monetary and Financial Code

Article L. 213-15 of the Monetary and Financial Code provides in particular that when, as a result of the cumulative losses recognised in the accounting records, the net worth of a non-profit association has fallen by more than half of the amount outstanding at the end of the financial year preceding that of the issue, the general meeting, the Board of Directors for purposes of the Issuer since under the Articles of association that Board exercises the powers and duties usually assigned to the general meetings must meet within four months of the approval of the financial statements recording such losses, for the purpose of deciding whether to continue the association's activity or to dissolve it.

If it is decided not to dissolve, the association is required, no later than the end of the second financial year following the one in which the losses were recognised, to reconstitute its net worth.

In the event of the activity continuing, but without the net worth being reconstituted within the required time limit, or failing any valid decision as to whether the association's activity should be continued, the association is no longer entitled to issue new securities and any holder of securities already issued may apply to the courts for immediate refund of the whole outstanding amount. The court may nevertheless grant the association 6 months in which to remedy the situation; the court may not order immediate reimbursement if, on the date of its ruling on the merits, the situation has been remedied.

However, investors' attention is drawn to the fact that the applicability of Article L. 213-15 of the Monetary and Financial Code depends on several factors, which remain undetermined at the date of this Base Prospectus, in particular the following: (i) the change in the amount of the Issuer's net worth compared with the amount obtained at the end of the financial year preceding that of the issue, and (ii) the maturity periods of the issues to be carried out under the Programme detailed in this Base Prospectus.

Article 107§2 of the law No.2004-1485 of 30 December 2004 (French *loi de finances rectificative pour 2004*) provides that the loss of the right to issue new securities and the option offered to any holder to apply to the courts for immediate refund of the whole amount issued is not applicable to the Issuer's issues when such issues benefit from the guarantee of the French State. Pursuant to Article 97 of the No. 2010-1658 of 29 December 2010 (French *loi de finances rectificative pour 2010*), the Minister for Economy is expressly authorized to grant the guarantee of the French State to the borrowings subscribed by the Issuer in 2011, in terms of principal and interest, subject to a maximum amount of €7.5 billion in principal. It results from the preliminary discussions over this law that the members of the *Assemblée Nationale* (French National Assembly) and of the *Sénat* (French Senate) intended by this Article 97 to avoid application of the provisions of the second sentence of Article L. 213-15§6 to any issues that could be made by the Issuer in 2011, subject still to a maximum amount of €7.5 billion in principal.

A large proportion of the Issuer's activities is carried out by Pôle Emploi and by the Agence centrale des organismes de sécurité sociale (ACOSS) on behalf of the Issuer

Under the terms of the two agreements between the Issuer and Pôle Emploi on 19 December 2008 and of the quadripartite agreement currently getting executed between the Issuer, Pôle Emploi, the AGS and ACOSS, Pôle Emploi and ACOSS perform a number of missions on the Issuer's behalf, which actually constitute the Issuer's operational activities. It should be pointed out that Pôle Emploi is a public body created on 19 December 2008.

Under the terms of these agreements, Pôle Emploi and ACOSS collect the contributions payable under the unemployment insurance scheme and the contributions payable under the scheme for guaranteeing amounts payable to employees, as well as paying unemployment benefit to jobseekers.

Accordingly, investors' attention is drawn to the fact that these Issuer's operational activities are performed by third parties which the Issuer's main role consists of prescribing. In parallel, the Issuer created structures enabling it, within the framework of negotiated agreements, to carry out the necessary controls to check compliance with the rules it prescribes, with respect to unemployment benefit payment and to the rates and bases of unemployment insurance contributions.

2. Risk factors relating to the Notes

The following paragraphs describe the principal risks factors that the Issuer believes are material with respect to the Notes to be admitted to trading in order to assess the risks associated with these Notes. Prospective investors should consult their own financial and legal advisers about risks associated with investments in a specific Series of Notes and the suitability of such investment in light of their particular circumstances. The risk factors may be supplemented in the Final Terms of the relevant Notes for each Tranche.

Prescription of the Guarantee

The limitation period applicable to the guarantee of the French State is different from the one applicable to the Notes.

Pursuant to Article 1 of law no. 68-1250 dated 31 December 1968 on prescription periods including those relating to claims on the French State, any demand for payment by the French State, and therefore including demands for payments pursuant to the Guarantee, is extinguished following a period of four years as from the 1st of January in the year following the date on which the guaranteed amounts become due. No claim for payment in respect of the Guarantee instituted after that date could be honoured.

Claims against the Issuer for payment in respect of the Notes shall be prescribed and become void unless made within ten (10) years (in the case of principal) or five (5) years (in the case of interest) from their respective due date.

The Notes may not be a suitable investment for all investors

Each prospective investor must determine, based on its personal assessment and with the help of any adviser he may find to be useful depending on the circumstances, the suitability of an investment in the Notes in light of its own circumstances. In particular, each prospective investor should:

- (i) have sufficient knowledge and experience to make a meaningful assessment of the Notes, the merits and risks of investing in the relevant Notes and the information contained in this Base Prospectus or in any supplement to this Base Prospectus as well as in the relevant Final Terms;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its own financial position and of its sensitivity to the risk, an investment in the relevant Notes and the impact the relevant Notes may have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the prospective investor's currency;
- (iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to assess (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate or any other factor that may affect its investment and its ability to face the applicable risks.

A prospective investor should not invest in Notes unless it has the expertise (either alone or with the help of a financial adviser) to assess how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact of this investment will have on its overall investment portfolio.

Each prospective investor should consult its own legal, tax, accounting and/or financial advisers before investing in the Notes.

Legal restrictions may limit certain investments

Certain prospective investors are governed by investment laws and regulations, or by examinations or regulations from certain regulatory or controlling authorities. Such prospective investors shall consult their legal advisers to determine if and how (1) the law authorises them to invest in the Notes, (2) the Notes may be used as a security for other types of borrowings, and (3) if other restrictions relating to the Notes are applicable. The financial institutions shall consult their legal advisers or the relevant regulatory authorities to determine the

treatment applicable to the Notes with respect to balanced equity ratios depending on risks and other similar rules.

The decision to invest in the Notes should depend on the investor's sole judgment

A prospective investor cannot rely on the Issuer, the Arrangers or their respective affiliates (nor on their employees, directors, officers or external advisers) for determining the legality of his investment in the Notes, nor for appreciating the risk factors mentioned in this section. The Issuer, the Arrangers or their respective affiliates (as well as their employees, directors, officers and external advisers) are not responsible for the compliance by a prospective investor with the applicable legislation and regulation when investing in the Notes, whether such laws come from the jurisdiction where he is registered or, if different, from the one where it operates its business, nor is he responsible for the compliance by such prospective investor with the laws, regulations or recommendations applicable to him.

The debt securities market can be volatile and negatively impacted by many events

The market for debt securities is influenced by economic and market conditions and, to varying degrees, by interest, exchange and inflation rates in other European and industrialized countries. There can be no guarantee that events in France, Europe or elsewhere will not create market volatility or that such market volatility will not negatively impact the market value of the Notes or that economic and market conditions will not have some other negative effect.

An active market for the Notes may not develop or continue

There can be no guarantee that an active market for the Notes will develop or, if one does, that it will continue. If an active market for the Notes does not develop or does not continue, the market price and liquidity of the Notes may be negatively affected. As a result, investors might not be able to easily sell their Notes or to sell them at a price that would offer a yield on similar products for which an active market would have developed.

The Issuer has the right to purchase Notes pursuant to the terms defined in Condition 7(e) and the Issuer may issue new Notes, pursuant to the terms defined in Condition 13. Such transactions may affect the course of the price of the Notes, either positively or negatively. The introduction of additional or competing products on the markets could negatively affect the value of the Notes.

The Notes may be redeemed prior to maturity

If at the time of repayment of principal or interest, the Issuer is obligated to pay additional amounts pursuant to Condition 9(b), it may then redeem all the Notes at the Early Redemption Amount together with, unless otherwise specified in the relevant Final Terms, any interest accrued to the date established for redemption.

Any early redemption option for the benefit of the Issuer, provided in the Final Terms for a given issue of Notes may result, for the Noteholders, in a yield that is considerably lower than anticipated

The Final Terms for a given Tranche may provide an early redemption option for the benefit of the Issuer. As a result, the yield at the time of redemption may be lower than anticipated by Noteholders and the value of the amount of the Notes redeemed may be lower than the Noteholder's purchase price. As a result, part of the Noteholders' capital invested could be lost which means Noteholders might not receive the full amount of the capital invested. Furthermore, in case of early redemption, Noteholders who choose to reinvest the funds they receive might only be able to reinvest in financial instruments with yields below those of the redeemed Notes.

Risk related to fluctuation of rates and inflation

The interest rate applicable to the Notes being a fixed rate, it cannot be guaranteed that the market value of such Notes will not be adversely affected by future fluctuations on the interest rate market or by inflation.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in Euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than Euro. These risks notably consist in exchange rates significantly changing (including changes due to devaluation of the Euro or revaluation of the Investor's Currency) and in authorities

with jurisdiction over the Investor's Currency imposing or modifying exchange controls. An appreciation in the value of the Investor's Currency relative to the Euro would decrease (1) the Investor's Currency-equivalent yield on the Notes in the Investor's Currency, (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 having jurisdiction on the Issuer's Currency may impose (as some have done in the past) exchange control measures that could adversely affect exchange rates. As a result, investors may receive lower interest or principal amounts than anticipated, or even no interest or principal at all.

Risk relating to credit ratings

Independent credit rating agencies may assign credit ratings to the Notes issued under the Programme. Such rating does not necessarily reflect the potential impact of the risk factors described in this section, and other risk factors that may affect the value of the Notes issued under the Programme. A credit rating does not constitute a recommendation to buy, sell or hold Notes and may be revised, suspended, modified or withdrawn by the rating agency at any time.

Change in legislation

The Terms and Conditions of the Notes and the provisions relating to the Guarantee are governed by French law as at the date of this Base Prospectus. No representation is made as to the impact of a judicial or administrative court decision or a change in French laws or regulations (or the manner in which they are construed by competent authorities) as of any latter date.

DOCUMENTS INCORPORATED BY REFERENCE

This Base Prospectus shall be read and construed in conjunction with the 2007, 2008 and 2009 financial statements of the Issuer, in the French language, for the years ended 31 December 2007, 2008 and 2009 which have been filed with the AMF, and which are incorporated by reference in, and shall be deemed to form part of, this Base Prospectus:

Copies of the documents incorporated by reference are available without charge (i) on the website of the AMF (www.amf-france.org), (ii) the website of the Issuer (www.unedic.org) and (iii) upon request at the registered office of the Fiscal Agent or Paying Agent during normal business hours so long as Notes are outstanding, as described in "General Information" below.

Information incorporated by reference in this Base Prospectus shall be read in connection with the cross reference list below.

Cross-reference list

Information incorporated by reference (Annex IX of Regulation 809/2004/EC)	Reference		
	<i>2007 financial statement</i>	<i>2008 financial statement</i>	<i>2009 financial statement</i>
Financial information concerning the Issuer's assets and liabilities, financial position and profits and losses <u>Historical Financial Information</u> <u>Financial Statements</u>			
- Consolidated Balance Sheet	Page 6	Page 6	Page 6
- Consolidated Profit and loss account	Page 7	Page 7	Page 7
- Cash Flow	Page 8	Page 8	Page 8
- Notes	Pages 9 <i>et seq.</i>	Pages 9 <i>et seq.</i>	Pages 9 <i>et seq.</i>
<u>Auditing of historical annual financial information</u> Statutory auditors' report	Pages 28 and 29	Pages 28 and 29	Pages 26 and 27

SUPPLEMENT TO THE BASE PROSPECTUS

Any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus, which would be capable of affecting the assessment of the Notes and would occur or would be witnessed after the date of this Base Prospectus, shall be mentioned in a supplement to the Base Prospectus as provided by Article 212-25 of the General Regulation of the AMF.

Any supplement to this Base Prospectus will be published on the websites of (i) the AMF (www.amf-france.org), (ii) the Issuer (www.unedic.org) and (iii) any other relevant regulatory authority and will be available for review, without charge, at the normal business hours any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Fiscal Agent or Paying Agent, where copies may be obtained.

TERMS AND CONDITIONS OF THE NOTES

The following sets forth the terms and conditions of the Notes that, subject to later completion or amendment and as supplemented or varied in accordance with the provisions of the relevant Final Terms, shall be applicable to the Notes (the "Terms and Conditions"). All capitalised terms that are not defined in these Terms and Conditions will have the meanings given to them in the relevant Final Terms of a given Tranche. References below to "Conditions" are, unless the context requires otherwise, to the numbered paragraphs below. References in the Terms and Conditions to "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme. References to "Guaranteed Notes" in the Terms and Conditions refer to the Notes benefiting from the guarantee of the French State.

The Notes are issued by UNEDIC (the "**Issuer**" or "**UNEDIC**") in series (each a "**Series**"), each Series including one or more tranches (each a "**Tranche**") issued on the same or different issue dates. The specific terms of each Tranche (including the aggregate nominal amount, issue price, redemption price, and interest payable) will be determined by the Issuer and the relevant Dealer(s) and will be specified in the final terms of such Tranche (the "**Final Terms**").

The Notes are issued with the benefit of an agency agreement dated 1 March 2011 (as amended, the "**Agency Agreement**") and entered into between the Issuer and BNP Paribas Securities Services as fiscal agent and principal paying agent. The fiscal agent and the paying agent for the time being are referred to below respectively as the "**Fiscal Agent**" and the "**Paying Agent**" (which expression shall include the Fiscal Agent).

For the purposes of these Terms and Conditions, "**Regulated Market**" means any regulated market located in a member state of the European Economic Area ("**EEA**"), as defined in the Directive 2004/39/EC.

1. **Form, denomination and title**

(a) **Form**

Notes will be issued in dematerialised form. Title to the Notes will be evidenced in accordance with Articles L.211-3 *et seq.* of the French *Code monétaire et financier* by book entries (*inscriptions en compte*). No physical document evidencing title to the Notes (including *certificats représentatifs* pursuant to Article R.211-7 of the French *Code monétaire et financier*) will be issued in respect of the Notes.

Notes will be issued, at the option of the Issuer, as described in the relevant Final Terms, in either bearer form (*au porteur*), which will be inscribed in the books of Euroclear France ("**Euroclear France**") (acting as central depository) which shall credit the accounts of the Account Holders, or in registered form (*au nominatif*) and, in such latter case, at the option of the relevant Noteholder in either administered registered form (*au nominatif administré*), inscribed in the books of an Account Holder designated by the relevant Noteholder, or in fully registered form (*au nominatif pur*) inscribed in an account maintained by the Issuer or a registration agent (designated in the relevant Final Terms) acting on behalf of the Issuer (the "**Registration Agent**").

For the purpose of these Terms and Conditions, "**Account Holder**" means any intermediary institution entitled to hold securities accounts, directly or indirectly, with Euroclear France, and includes Euroclear Bank S.A./N.V. ("**Euroclear**") and the depository bank for Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**").

(b) **Denomination**

Notes from a Series shall be issued in the denomination specified in the relevant Final Terms (the "**Denomination**"), it being understood that there can only be one Denomination per Series. Notes admitted to trading on a Regulated Market of the European Union will have a minimum denomination of at least €100,000, or such higher amount as may be allowed or required by any relevant competent authority or any applicable laws or regulations.

(c) **Title**

Title to the Notes in bearer form (*au porteur*) and in administered registered form (*au nominatif*)

administré) shall pass upon registration of the transfer of the Notes in the accounts of the Account Holders. Title to Notes in fully registered form (*au nominatif pur*) shall only pass upon registration of the transfer of the Notes in the accounts maintained by the Issuer or by the Registration Agent.

Except as ordered by a judicial or administrative court decision or as required by applicable laws or regulations, the Noteholder (as defined below), shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, or any interest in it, and no person shall be liable for so treating the Noteholder.

In these Terms and Conditions, "**Noteholder**" means the individual or entity whose name appears in the account of the relevant Account Holder, the Issuer or the Registration Agent (as the case may be) as being entitled to such Notes.

2. Conversions and exchanges of Notes

Notes issued in bearer form (*au porteur*) may not be converted for Notes in registered form (*au nominatif*), whether in fully registered form (*au nominatif pur*) or in administered registered form (*au nominatif administré*).

Similarly, Notes issued in registered form (*au nominatif*) may not be converted for Notes in bearer form (*au porteur*).

Notes issued in fully registered form (*au nominatif pur*) may, at the option of the relevant Noteholder, be converted into Notes in administered registered form (*au nominatif administré*), and *vice versa*. The exercise of any such option by such Noteholder shall be made in accordance with Article R.211-4 of the French *Code monétaire et financier*. Any such conversion shall be effected at the cost of such Noteholder.

3. Status

The Notes constitute direct, unconditional, unsubordinated and (subject to Condition 4 below) unsecured obligations of the Issuer and rank and will rank *pari passu* without any preference among themselves and (subject to such exceptions as are from time to time mandatory under French law) equally and rateably with all other present or future unsecured and unsubordinated debt of the Issuer.

4. Negative pledge

The Issuer represents, until all the Notes have been redeemed, that he will not grant or permit to subsist any security interest (*sûreté réelle*) (which includes any mortgage, pledge, charge, lien or other interest) upon all or part of its assets and revenues, present or future, to secure indebtedness of, or guaranteed by, the Issuer, and represented by bonds, commercial paper, other securities or other financial instruments within the meaning of Article L.211-1 of the French *Code monétaire et financier*, whether listed or not, unless the Notes are equally and rateably secured therewith.

5. Guarantee

Under Article 97 of the law no. 2010-1658 dated 29 December 2010 (French *loi de finances rectificative pour 2010*), the borrowing subscribed by the Issuer in 2011 may benefit from the guarantee of the French State in principal and interest, up to a maximum amount of €7.5 billion in principal.

The Final Terms prepared in respect of any issue of Notes will specify whether or not the Notes will benefit from the guarantee of the French State (the "**Guarantee**"), pursuant to a decree of the Minister for Economy, adopted pursuant to Article 97 of the above-mentioned law, under the terms described in "Description of the Guarantee" and in the relevant Final Terms.

The obligations of the French State under the Guarantee will rank *pari passu* with present, future, direct, unconditional, unsubordinated and unsecured obligations of the French State.

Pursuant to Article 1 of law no. 68-1250 dated 31 December 1968 on prescription periods including those relating to claims on the French State, any demand for payment by the French State, and therefore including

demands for payments pursuant to the Guarantee, is extinguished following a period of four years as from the 1st of January in the year following the date on which the guaranteed amounts become due. Under French law at the date of this Base Prospectus, the French State's assets cannot be subject to execution or other enforcement proceedings of private law in France.

6. Calculation of interest and other calculations

(a) Definitions

In these Terms and Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"Business Day" means a day on which the Trans European Automated Real Time Gross Settlement Express Transfer using a unique and shared platform launched on 19 November 2007 (TARGET2) (the **"TARGET System"**), or any successor thereto, is operating (a **"TARGET Business Day"**).

"Day Count Fraction" means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period, the **"Calculation Period"**):

- (i) if **"Actual/365**, **"Actual/365-FBF"** or **"Actual/Actual-ISDA"** is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if **"Actual/Actual-ICMA"** is specified in the relevant Final Terms:
 - (A) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any calendar year; and
 - (B) if the Calculation Period is longer than one (1) Determination Period, the sum of:
 - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any calendar year; and
 - (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any calendar year,

in each case where

"Determination Period" means the period from and including a Determination Date in any calendar year to but excluding the next Determination Date, and

"Determination Date" means the date specified in the relevant Final Terms or, if none is so specified, the Interest Payment Date;

- (iii) if **"Actual/Actual-FBF"** is specified in the relevant Final Terms, the fraction whose numerator is the actual number of days elapsed during such period and whose denominator is 365 (or 366 if 29 February falls within the Calculation Period). If the Calculation Period is of a duration of more than one (1) year, the basis shall be calculated as follows:
 - (x) the number of complete years shall be counted back from the last day of the Calculation Period;
 - (y) this number shall be increased by the fraction for the relevant period calculated as set out in the

first paragraph of this definition;

- (iv) if "**Actual/365 (Fixed)**" is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 365;
- (v) if "**Actual/360**" is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 360;
- (vi) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified in the relevant Final Terms, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with twelve (12) 30-day months (unless (a) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month));
- (vii) if "**30/360-FBF**" or "**Actual 30A/360 (American Bond Basis)**" is specified in the relevant Final Terms, in respect of each Calculation Period, the fraction whose denominator is 360 and whose numerator is the number of days calculated as for 30E/360-FBF, subject to the following exception:

where the last day of the Calculation Period is the 31st and the first day is neither the 30th nor the 31st, the last month of the Calculation Period shall be deemed to be a month of thirty-one (31) days,

using the same abbreviations as defined below for 30E/360-FBF, the fraction is:

If $dd2 = 31$ and $dd1 \neq (30,31)$

then:

$$\frac{1}{360} \times [(yy2 - yy1) \times 360 + (mm2 - mm1) \times 30 + (dd2 - dd1)]$$

or

$$\frac{1}{360} \times [(yy2 - yy1) \times 360 + (mm2 - mm1) \times 30 + \text{Min}(dd2, 30) - \text{Min}(dd1, 30)];$$

- (viii) if "**30E/360**" or "**Eurobond Basis**" is specified in the relevant Final Terms, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with twelve (12) 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of a Calculation Period ending on the Maturity Date, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month);
- (ix) if "**30E/360-FBF**" is specified in the relevant Final Terms, in respect of each Calculation Period, the fraction whose denominator is 360 and whose numerator is the number of days elapsed during such period, calculated on the basis of a year comprising twelve (12) months of thirty (30) days, subject to the following the exception:

if the last day of the Calculation Period is the last day of the month of February, the number of days elapsed during such month shall be the actual number of days,

where:

D1 (dd1, mm1, yy1) is the date of the beginning of the period

D2 (dd2, mm2, yy2) is the date of the end of the period

the fraction is:

$$\frac{1}{360} \times [(yy2 - yy1) \times 360 + (mm2 - mm1) \times 30 + \text{Min}(dd2, 30) - \text{Min}(dd1, 30)].$$

"Interest Accrual Period" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

"Interest Amount" means the Fixed Coupon Amount or Broken Amount, as the case may be.

"Interest Commencement Date" means the Issue Date or such other date as may be specified in the relevant Final Terms.

"Interest Payment Date" means the date(s) specified in the relevant Final Terms.

"Interest Period" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

"Interest Period Date" means each Interest Payment Date unless otherwise specified in the relevant Final Terms.

"Issue Date" means for each relevant Tranche the closing date of the Notes for such Tranche.

"Rate of Interest" means the rate of interest payable *per annum* in respect of the Notes of a similar Series and that is specified in the relevant Final Terms.

"Relevant Date" means, in respect of any Note, the date on which payment in respect of it first became due or (if any amount due is unduly unpaid or its payment is unduly delayed) the date on which payment in full of the amount outstanding is made.

(b) Interest on the Notes

Each Note bears fixed rate interest calculated on its outstanding nominal amount from the Interest Commencement Date at the rate *per annum* (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date, except as otherwise provided in the relevant Final Terms.

If a fixed amount of interest ("**Fixed Coupon Amount**") or a broken amount of interest ("**Broken Amount**") is specified in the relevant Final Terms, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount or, if applicable, the Broken Amount so specified and in the case of the Broken Amount will be payable on the particular Interest Payment Date(s) specified in the relevant Final Terms.

(c) Accrual of interest

Interest shall cease to accrue on each Note on the due date for redemption, unless on such due date payment is improperly withheld or refused, in which event interest shall continue to accrue (as well after as before a potential court decision) at the Rate of Interest in the manner provided in this Condition to the Relevant Date.

(d) Maximum/Minimum Redemption Amounts and Rounding:

(i) Maximum/Minimum Redemption Amounts

If any Maximum or Minimum Redemption Amount is specified in the relevant Final Terms, then any Redemption Amount shall be subject to such maximum or minimum, as the case may be.

(ii) Rounding

For the purposes of any calculations required pursuant to these Terms and Conditions (unless otherwise specified), all percentages resulting from such calculations shall be rounded, if necessary, to the nearest fifth decimal (with halves being rounded up) and all figures shall be rounded to seven figures (with halves being rounded up).

(e) Calculations

The amount of interest payable in respect of any Note for any period shall be calculated by multiplying the product of the Rate of Interest and the outstanding nominal amount of each Note by the Day Count Fraction, unless an Interest Amount (or a formula for its calculation) is specified in respect of such period, in which case the amount of interest payable in respect of such Note for such period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period shall be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.

(f) Determination and publication of Interest Amounts, Final Redemption Amounts, Early Redemption Amounts and Optional Redemption Amounts

The Fiscal Agent shall calculate the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, pursuant to the Terms and Conditions of the Notes and the terms of the Agency Agreement (*Contrat de Service Financier*). He shall notify the Issuer, Paying Agent and Noteholders, in accordance with Condition 14, of the Coupon Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, upon receipt of such information.

If the Notes are admitted to trading on a Regulated Market and the rules of such Regulated Market so require, he shall also notify such Regulated Market as soon as possible after their determination and in any event no later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such Regulated Market of an Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 6(g) below, the Coupon Amount and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. Each determination or calculation by the Paying Agent shall (in the absence of manifest error) be final and binding upon the Issuer, the Paying Agent and the Noteholders.

(g) Business Day Conventions

If a date referred to in these Terms and Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (B) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (C) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day. Notwithstanding the foregoing, where the applicable Final Terms specify that the relevant Business Day Convention is to be applied on an "unadjusted" basis, the Interest Amount payable on any date shall not be affected by the application of that Business Day Convention.

7. Redemption, purchase and options**(a) Final redemption**

Unless previously redeemed, purchased and cancelled as provided below or its maturity is extended pursuant to the exercise of an option by the Issuer in accordance with Condition 7(b), each Note shall be finally redeemed on the Maturity Date specified in the relevant Final Terms at its Final Redemption Amount (which, unless otherwise provided, is its nominal amount).

(b) Redemption at the option of the Issuer, Exercise of Issuer's Options and Partial Redemption

If a Call Option is specified in the relevant Final Terms, the Issuer may, subject to compliance with all relevant laws, regulations and directives and on giving to the Noteholders not less than fifteen (15) nor more than thirty (30) calendar days' irrevocable notice in accordance with Condition 14 (or such other notice period as may be specified in the relevant Final Terms) redeem or exercise any Issuer's option in relation to all or, if so provided, some of the Notes on any Optional Redemption Date or Option Exercise Date, as the case may be. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption, if any, in accordance with the relevant Final Terms. Any partial redemption or exercise will relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed as specified in the relevant Final Terms and no greater than the Maximum Redemption Amount to be redeemed as specified in the relevant Final Terms.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

The redemption may be effected, at the option of the Issuer, either (i) by reducing the nominal amount of the Notes in a Series in proportion to the aggregate nominal amount redeemed or (ii) by redeeming in full some only of the Notes and, in such latter case, the choice between those Notes that will be fully redeemed and those that will not shall be made in accordance with Article R.213-16 of the French *Code monétaire et financier* and the provisions of the relevant Final Terms, subject to compliance with any other applicable laws and Regulated Market requirements.

(c) Early redemption

The Early Redemption Amount payable in respect of any Note, upon redemption of such Note pursuant to Condition 7(d) or 7(g) or upon it becoming due and payable as provided in Condition 10 shall be the Final Redemption Amount together with interest accrued to the date fixed for redemption unless otherwise specified in the relevant Final Terms.

(d) Redemption for taxation reasons

(i) If, by reason of any change in French law or regulation, or any change in the official application or interpretation of such law or regulation by French competent authorities, 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 under Condition 9(b) below, the Issuer may, at its option, on any Interest Payment Date or, if so specified in the relevant Final Terms, at any time, subject to having given not more than sixty (60) nor less than thirty (30) days' notice to the Noteholders (which notice shall be irrevocable), in accordance with Condition 14, redeem all, but not some only, of the Notes at their Early Redemption Amount together with, unless otherwise specified in the relevant Final Terms, any interest accrued to the date set for redemption provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable date on which the Issuer could make payment of principal and interest without withholding for French taxes.

(ii) If the Issuer would, on the next payment of principal or interest in respect of the Notes, be prevented by French law from making payment to the Noteholders of the full amounts then due and payable, notwithstanding the undertaking to pay additional amounts contained in Condition 9(b) below, then the Issuer shall forthwith give notice of such fact to the Fiscal Agent. The Issuer shall upon giving not less than seven (7) days' prior notice to the Noteholders in accordance with Condition 14, redeem all, but not some only, of the Notes then outstanding (as defined above) at their Early Redemption Amount together with, unless otherwise specified in the Final Terms, any interest accrued to the date set for redemption on (A) the latest practicable Interest Payment Date on which the Issuer could make payment of the full amount then due and payable in respect of the Notes, provided that if such notice would expire after such Interest Payment Date, the date for redemption pursuant to such notice of Noteholders be the later of (i) the latest practicable date on which the Issuer could make payment of the full amount then due and payable in respect of the Notes and (ii) fourteen (14) days after giving notice to the Fiscal Agent as aforesaid or (B) if so specified in the relevant Final Terms, at any time, provided that the due date for redemption of which notice hereunder shall be given shall be the latest practicable date at which the Issuer could make payment

of the full amount payable in respect of the Notes or, if that date is passed, as soon as practicable thereafter.

(e) Purchases

The Issuer shall have the right at all times to purchase Notes in the open market or otherwise (including by tender offer) at any price, subject to the applicable laws and regulations.

All the Notes purchased by or on behalf of the Issuer may at its sole option, be held or cancelled in accordance with applicable laws and regulations, unless otherwise specified in the relevant Final Terms.

(f) Cancellation

The Notes purchased by the Issuer for cancellation will be cancelled by transfer to an account in accordance with the rules and procedures of Euroclear France. If so transferred or surrendered, the relevant Notes shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all rights relating to payment of interest and other amounts relating to such Notes). Any Notes so cancelled or, where applicable, transferred and surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

(g) Illegality

If, by reason of any coming into effect of a new law or regulation in France, a change in French law or any mandatory French provision, or any change in the official judicial or administrative application or interpretation of such law by any competent authority, becoming effective after the Issue Date, it would become unlawful for the Issuer to perform or comply with its obligations under the Notes, the Issuer will redeem all, but not some only, of the Notes at their Early Redemption Amount together with any interest accrued to the date set for redemption in a notice to Noteholders, which shall be published in accordance with Condition 14 not more than forty-five (45) nor less than thirty (30) calendar days' prior to such payment (which notice shall be irrevocable).

8. Payments

(a) Method of Payment

Any Payment of principal and interest in respect of Notes shall (i) in the case of Notes in bearer form (*au porteur*) or administered registered form (*au nominatif administré*), be made by transfer to the account denominated in Euro of the relevant Account Holders for the benefit of the Noteholders and, (ii) in the case of Notes in fully registered form (*au nominatif pur*), to an account denominated in Euro with a Bank (as defined below) designated by the relevant Noteholder. All payments validly made to such Account Holders or Bank will be an effective discharge of the Issuer in respect of such payments.

(b) Payments subject to applicable laws

All payments are subject to any applicable fiscal or other laws, regulations and directives but without prejudice to Condition 9. No commission or expenses shall be charged to the Noteholders in respect of such payments.

(c) Appointment of Agents

The Fiscal Agent and the Paying Agent initially appointed by the Issuer and their respective specified offices are listed at the end of this Base Prospectus. The Fiscal Agent, the Paying Agent and the Registration Agent act solely as agents of the Issuer and, under no circumstances shall act as agents of any Noteholder (unless otherwise specified). The Issuer may at any time vary or terminate the appointment of the Fiscal Agent, any Paying Agent or Registration Agent and appoint other Fiscal Agent(s), Paying Agent(s) or Registration Agent(s) or additional Paying Agent(s) or Registration Agent(s), provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) a Paying Agent having specified offices in at least two major European cities (including Paris so long as the Notes are admitted to trading on Euronext Paris and that the rules applicable to that Regulated Market so require and so long as Notes are admitted to trading on any Regulated Market of the EEA, any other city where the Notes are

admitted to trading), (iii) in the case of Notes in fully registered form, a Registration Agent and (iv) such other agent as may be required by the rules of any other Regulated Market on which the Notes may be admitted to trading.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders in accordance with Condition 14.

(d) Business Days for payment

If any date for payment in respect of any Note or Coupon is not a business day, the Noteholder shall not be entitled to payment until the next following business day unless otherwise specified in the relevant Final Terms, nor to any interest or other sum in respect of such postponed payment. In this paragraph, "**business day**" means a day (other than a Saturday or a Sunday) (i) on which Euroclear France is open for business, (ii) on which banks and foreign exchange markets are open for business in such jurisdictions as shall be specified as "**Financial Centre(s)**" in the relevant Final Terms and (iii) which is a TARGET Business Day.

(e) Bank

For the purpose of this Condition 8, "**Bank**" means a bank in a city in which banks have access to the TARGET System.

9. Taxation

(a) Tax exemption

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

(b) Additional amounts

If French law should require that payments of principal or interest in respect of any Note be subject to deduction or withholding in respect of any present or future taxes or duties whatsoever, the Issuer will, to the fullest extent then permitted by law, pay such 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 :

(i) Other connection

to, or to a third party on behalf of, a Noteholder who is liable to such taxes or duties by reason of his having some connection with the Republic of France other than the mere holding of the Note; or

(ii) Payment to individuals

where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26 and 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.

References in these Conditions to (a) "**principal**" shall be deemed to include any premium payable in respect of the Notes, all Early Redemption Amounts, Optional Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 8 or any amendment or supplement to it, and (b) "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 7 or any amendment or supplement to it.

10. Events of Default

The Representative (as defined in Condition 12), upon request of any Noteholder, or in the event the Noteholders of any Series have not been grouped in a *Masse*, any Noteholder, may, upon written notice addressed by registered letter with acknowledgment of receipt to the Fiscal Agent (with copy to the Issuer) given before all defaults shall have been cured, cause all the Notes (but not some only) held by such Noteholder to become immediately due and payable at their principal amount, together with any accrued interest thereon, as of the date on which such notice is received by the Fiscal Agent, if any of the following events (each an "**Event of Default**") shall occur:

- (i) default in any payment when due of principal of, or interest on, any of the Notes (including the payment of additional amounts mentioned in Condition 9) by the Issuer, and the continuance of any such default for a period of ten (10) calendar days thereafter; or
- (ii) default in the performance of, or compliance with, any other obligation of the Issuer under the Terms and Conditions of the Notes, if such default shall not have been remedied within twenty (20) calendar days after receipt by the Issuer of notice of such default given by the Representative (as defined in Condition 12) or a Noteholder; or
- (iii) one or more, present or future, indebtedness of the Issuer for borrowed money, whether individually or collectively in excess of Euro 200,000,000 (or its equivalent in any other currency), shall become or might become due and payable prior to its stated maturity as a result of a default thereunder by the Issuer, or if any such indebtedness shall not be paid when due or, as the case may be, at the expiry of any applicable grace period thereof, or if a security thereto is implemented, or in the event of a payment default of any amount in connection with a guaranteed debt of a third party by the Issuer; or
- (iv) if the Issuer is liquidated, dissolved, merged, split or absorbed, before full redemption of the Notes, except if the obligations of the Issuer under the Notes are transferred to the surviving entity pursuant to such liquidation, dissolution, merger, split or absorption, as the case may be;
- (v) if the Issuer proposes a general moratorium in relation to its debt; is subject to a safeguard procedure (*procédure de sauvegarde*) or applies for the appointment of a *conciliateur* or a *mandataire ad hoc* (except when such appointment is due to statutory requirements of the Issuer or to a management assignment), or is subject to such an application, or enters into an amicable settlement (*procédure de conciliation*) with its creditors; or a judgement is issued for the judicial liquidation (*liquidation judiciaire*) of the Issuer; or, to the extent permitted by applicable law, is subject to similar proceedings; or the Issuer makes any conveyance, assignment or other arrangement for the benefit of, or enters into a composition with, its creditors; or
- (vi) regarding only the Guaranteed Notes, if the Guarantee ceases to be valid or to be in full force and effect for any reason.

11. Prescription

Claims against the Issuer for payment of any sums payable with respect to the Notes shall be prescribed within ten (10) years (in the case of principal) or five (5) years (in the case of interest) from their due date.

The prescription period applicable to the Guarantee is described in Condition 5.

12. Representation of Noteholders

Noteholders will, in respect of all Tranches in one Series, be grouped automatically for the defence of their common interests in a *masse* (in each case, the "*Masse*").

In accordance with Article L.213-17 of the French *Code monétaire et financier*, the *Masse* will be governed by the provisions set out in articles L.228-46 to L.228-89 of the French *Code de commerce* applicable to associations and will act through an initial representative (the "**Representative**") and an alternate representative, whose names and remuneration with respect to such appointment will be specified in the relevant Final Terms.

13. Further issues

Unless otherwise provided in the relevant Final Terms, the Issuer may from time to time without the consent of the Noteholders create and issue further Notes to be assimilated (*assimilées*) with the Notes already issued provided such Notes and the further Notes carry rights identical in all respects (or identical in all respects save as to the issue date, issue price and first payment of interest specified in the relevant Final Terms) and that the terms of such Notes provide for such assimilation, and references in these Conditions to "Notes" shall be construed accordingly.

14. Notices

- (a) Notices to the holders of Notes in registered form (*au nominatif*) shall be valid if either, (i) they are mailed to them at their respective addresses, in which case they will be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the mailing, or (ii) they are published in a leading economic and financial daily newspaper of general circulation in Europe (which is expected to be the *Financial Times*). It is specified that so long as such Notes are admitted to trading on any Regulated Market and that the rules applicable to such Regulated Market so require, notices will only be deemed to be valid if they are published on the website of any relevant regulatory authority, in a leading economic and financial daily newspaper with general circulation in the city/ies where such Notes are admitted to trading, which in the case of Euronext Paris, shall be, *La Tribune* or *Les Echos*, and by any other means required, as the case may be, by the rules applicable to such Regulated Market.
- (b) Notices to the holders of Notes in bearer form (*au porteur*) shall be valid if published (i) in a leading economic and financial daily newspaper of general circulation in Europe (which is expected to be the *Financial Times*) and (ii) so long as such Notes are admitted to trading on a Regulated Market and that the rules applicable to such Regulated Market so require, notices shall also be published in a leading economic and financial daily newspaper with general circulation in the city/ies where such Notes are admitted to trading, which in the case of Euronext Paris, shall be, *La Tribune* or *Les Echos*, and by any other means required, as the case may be, by the rules applicable to such Regulated Market.
- (c) If any such publication is not practicable, notice shall be validly given if published in another leading economic and financial daily newspaper with general circulation in Europe. Any notice given to the Noteholders by publication 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 as provided above.
- (d) Notices required to be given to the Noteholders (whether in registered or in bearer form) (*au porteur* or *au nominatif*) pursuant to these Terms and Conditions 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 in substitution for the mailing and publication as required by Conditions 14(a), (b) et (c) above; provided that so long as such Notes are admitted to trading on any Regulated Market(s) and the rules applicable to that Regulated Market so require, notices shall also be published in a leading economic and financial daily newspaper with general circulation in the city/ies where such Notes are admitted to trading, which in the case of Euronext Paris, shall be, *La Tribune* or *Les Echos*, and by any other means required, as the case may be, by the rules applicable to such Regulated Market.

15. Governing law and jurisdiction

(a) Governing law

The Terms and Conditions of the Notes and the Guarantee are governed by, and shall be construed in accordance with, French law.

(b) Jurisdiction

Any claim against the Issuer in connection with any Notes or against the Guarantor in connection with the Guarantee may be brought before any competent court in Paris.

USE OF PROCEEDS

The net proceeds of the issue of Notes will be used to support the Issuer's financing needs unless otherwise specified in the relevant Final Terms.

DESCRIPTION OF THE ISSUER

History and development of the Issuer

The Issuer is a jointly-managed body created under the National inter-industry agreement of 31 December 1958 to manage the unemployment insurance scheme. At that time, the scope of the unemployment insurance scheme was confined to the activity sectors represented on the Conseil National du Patronat Français (French national employers' association – CNPF). The scheme was progressively widened to include all trades and professions in the private sector. The following are the milestones in the widening of its scope:

1959	Inclusion of the industrial and commercial sectors represented on the Conseil National du Patronat Français (CNPF)
1967	Inclusion of all industrial and commercial sectors and optional membership for industrial and commercial public corporations (utilities)
1974 - 1977	Inclusion of the agricultural scheme
1979 - 1980	Inclusion of domestic servants and child minders
1987	Optional, revocable membership of local government and administrative public corporations other than those of the State, for non-established staff
1999	Optional, revocable membership of universities, major higher training institutions (grandes écoles) and scientific and technological public corporations

Issuer's corporate name and business name

The Issuer's name is "Union nationale interprofessionnelle pour l'emploi dans l'industrie et le commerce - UNEDIC".

Registration place and number of the Issuer

The Issuer is registered with the Paris Trade and Corporate Register under the unique identification number 775 671 878 RCS Paris.

Formation and term of the Issuer

The Issuer filed its articles of association with the non-profit associations office of the Préfecture de police [police headquarters] on 23 January 1959 and began its activity on 5 February 1959. The Issuer was subsequently registered with the Paris Trade and Corporate Register on 20 January 1994 for an unlimited term.

Its financial year begins on 1 January and ends on 31 December each year.

Registered office, legal form, legislation governing the activities of the Issuer, country of origin, address and telephone number of the registered office

Legal form and registered office

The Issuer is a private-law, non-profit association formed under the non-profit association Act of 1 July 1901. The Issuer was instituted pursuant to the National inter-industry agreement of 31 December 1958 creating a national, inter-industry unemployment insurance scheme, signed between the national employers' organisations and the national trade-union organisations of employees, representative at inter-industry level.

The following is the contact information for the Issuer's registered office: 80, rue de Reuilly, 75605 Paris CEDEX 12, France, tel.: +33 (0)1.44.87.64.00, website: www.unedic.org, it being specified that the Issuer's registered office shall shortly be transferred to 4, rue Traversière, 75012 Paris, France.

Legislation governing the Issuer's activities

The Issuer is governed by the provisions of the non-profit associations Act of 1 July 1901 and by the provisions of the French *Code du Travail* and of the aforementioned national agreements concerning the unemployment-

insurance institutions and the unemployment insurance scheme which apply to all employers in the private sector.

The Issuer implements the provisions of relevance to unemployment insurance.

- Agreements concerning the unemployment insurance institutions
The agreement of 31 December 1958 was succeeded by the agreement of 24 February 1984, then by that of 22 March 2001 relating to institutions concluded for an indefinite term, both maintaining the institutions created in 1958. The agreement of 22 March 2001 currently governs the Issuer's internal operation, supplementing its articles of association.
- The unemployment insurance agreements

Since 1984, the social partners have concluded unemployment insurance agreements for fixed terms to take account in particular the financial position of the unemployment insurance scheme. These agreements are then approved by the national authorities competent in employment matters to make those agreements binding upon all employers and employees in the private sector. The Issuer is tasked with the responsibility of implementing these unemployment insurance agreements.

The latest unemployment insurance agreement is dated 19 February 2009 and is applicable as from 1 April 2009. Attached to this agreement is a set of rules for awarding benefits and redeployment assistance and collection of the contributions to fund the unemployment insurance scheme. This agreement and the appended rules were approved by order of the Minister for the Economy, Industry and Employment dated 30 March 2009⁷. The provisions of the agreement dated 19 February 2009 apply to employees whose contract ends on or after 1 April 2009, it being specified that the situation of employees whose employment contract ends prior to 1 April 2009 is governed by the unemployment insurance agreements, particularly the agreement dated 18 January 2006.

Recent events specific to the Issuer and significantly influencing assessment of its solvency

The level of unemployment for which the Issuer paid benefit increased by 18.7% in 2009 as a result of the sharp slowdown in activity, with annual average GDP growth dropping from +0.2% in 2008 to -2.5% in 2009 (source: INSEE), difficulty in obtaining funding and a lack of a clear future business outlook caused a fall in the number of salaried jobs covered by unemployment insurance, resulting in a reduction of 1.5% at 31 December 2009.

The net worth at the end of the 2009 financial year, allowing for the negative result for the financial year (-€1,165.4 million), was negative at -€5,903.4 million as at 31 December 2008.

Faced by an uncertain economic climate and mindful of the financing needs which might arise, the Issuer assured its capacity to raise new resources on the market, while confirming the long-term rating obtained in 2009 by the main rating agencies (AAA from Standard & Poor's Rating Services, Aaa from Moody's Investors Services and AAA from Fitch Ratings). These ratings were confirmed from fall 2010.

Overview of the Issuer's activities

Issuer's main activities

(A) Issuer's corporate object

Pursuant to Article 2 of its articles of association dated 24 March 2003, the corporate object of the Issuer is:

- (1) to conduct all studies and research in the field of employment, nationally and internationally;
- (2) to liaise as necessary with the public services and agencies whose activity concerns employment and to provide its cooperation as necessary; with this aim in view, the Executive Committee [Bureau] appoints certain institutions to coordinate regionally with the government agencies concerned;

⁷Official Journal of the French Republic - JORF No. 0077 of 1 April 2009

- (3) to manage any scheme and any funds necessary for the fulfilment of the missions assigned or to be assigned to it, whose rules and regulations it undertakes to apply; To this end, it ensures the economic, legal and social unity of the mechanisms and resources implemented;
- (4) to take all appropriate initiatives conducive to the return to employment of workers deprived of work against their will;
- (5) to set the number of institutions and determine their territorial competence;
- (6) to supervise the activity of the Assédic and Garp agencies, and for this purpose to give them the necessary instructions and guidelines and to satisfy itself of the orderliness of their management;
- (7) to institute a function for coordinating the management of the institutions of the départements d'outre-mer ([French overseas départements] Antilles-Guyane) and to create in the Saint-Pierre-et-Miquelon territorial community a delegation of UNEDIC including a joint management body composed of representatives of the National employers' organisations and of trade unions, both having presence at inter-industry level;
- (8) particularly for this purpose, to define their rules regarding operation and administrative management; to take all measures to ensure consistent management of staff, real estate or computer operations, procurement and other contracts and, generally, the management budgets;
- (9) to appoint the managers of the institutions;
- (10) to consolidate in computerised national files all personal information gathered by the institutions under the scheme in fulfilment of the missions imparted to them, for management, statistical or audit purposes;
- (11) to defend, with respect to any person not having the capacity of a founder member or appointed member, the interests of the unemployment insurance scheme before any jurisdiction under the conditions provided by the agreement governing the institutions;
- (12) to promote the quality of the services provided to workers deprived of employment against their will and to businesses;
- (13) to implement the proposals of the joint national monitoring group (Groupe paritaire national de suivi) created by Article 4, paragraph 2 of the agreement of 1 January 2001 on assistance for return to employment and on unemployment benefit;
- (14) to conclude on behalf of the unemployment insurance institutions contracts for the procurement of work, supplies and services.

These Articles of association should be amended shortly in order to take account of the new organisation of the public employment service (creation of Pôle emploi, abolition of the Groupe paritaire national de suivi [the monitoring body in § 13 above], etc.).

- (B) The Issuer manages (i) the contractual and jointly-managed unemployment insurance scheme and (ii) other mechanisms provided under the agreements.

(1) The contractual unemployment insurance scheme

- Unemployment insurance

The unemployment insurance scheme introduced by the national inter-industry agreement of 31 December 1958 is a contractual scheme of which the principles are laid down by statute. The Issuer manages on a jointly-representative basis the contractual provisions for compensating employees deprived of employment in France against their will.

Under the scheme, unemployment benefit is paid to employees deprived of employment against their will who fulfil the conditions of age and of previous activity that has given rise to the payment of unemployment insurance contributions. Unemployment insurance benefits are calculated on the basis of the average gross salary for the last twelve (12) months of an employee deprived of employment against his will. The period for which benefit is paid depends on the length of the earlier activity having given rise to membership of the unemployment insurance scheme and on the age of the employee deprived of employment.

At the outset, the unemployment insurance scheme concerned only businesses that were members of a trade association. However, it was widened in successive stages to all private-sector businesses and today has become an inter-industry scheme. It is a compulsory basic scheme: all employers in the private sector must subscribe to the unemployment insurance scheme to cover all their employees⁸.

The unemployment insurance scheme is funded by compulsory contributions from employers and employees in accordance with the principle of professional solidarity. Today, on a transitional basis, these contributions are collected by *Pôle emploi* on behalf of the Issuer⁹. These resources are managed by the Issuer. Their amount is laid down by the social partners in the agreement of 19 February 2009 on unemployment benefit, and changes in accordance with the expenditure to cover. Today, the contribution rate is set at 6.4%, of which 4% is payable by the employer and 2.4% by the employees.

The contributions are used to finance the benefits paid to employees who are deprived of employment and have paid sufficient contributions. Pursuant to Article L. 5422-24 of the French *Code du Travail*, 10% of these contributions are paid to Pôle Emploi for its operating expenses and investment costs, and its assistance in finding employment for workers deprived of employment.

- In order to enable *Pôle emploi* to carry on the missions previously performed by the unemployment insurance institutions, two service agreements were entered into on 19 December 2008 between the Issuer and Pôle emploi concerning the payment of unemployment insurance benefit and the collection of contributions on a transitional basis.

Under these terms, the Issuer prescribes, particularly to *Pôle emploi*, the rules concerning payment of unemployment benefit, and implements the unemployment insurance financial policy defined by the social partners. For this purpose, the Issuer drafts instructions and disseminates, among others, circulars, instructions, printed material and operating forms nationwide. In addition, it monitors disputes on questions of principle and manages the finances and cash of the unemployment insurance scheme.

With a view to simplifying formalities by employers in the context of payment of unemployment benefit insurance contributions, by reducing specifically the number of declarations and interlocutors, these service agreements were subsequently incorporated in the context of a quadri-partite agreement currently being signed by the Issuer, *Pôle Emploi*, AGS and ACOSS regarding the collection of contributions and subscriptions due from employers. The missions of the Issuer as referred to in the previous paragraph are incorporated and detailed in this new agreement.

The agreement also describes in detail the conditions according to which *Pôle Emploi* and ACOSS collect on behalf of the Issuer, contributions due for unemployment insurance and subscriptions to guarantee employees' claims, as well as payment of unemployment benefit to jobseekers.

- The convention de reclassement personnalisé [individualised return-to-work agreement]

The *convention de reclassement personnalisé* (CRP) is designed for employees who are made redundant (*licenciés pour motif économique*). It is compulsory for businesses with a workforce of less than 1000 employees or those in receivership or judicial liquidation. It features intensive support and advice for the employees concerned and payment of an allowance equal to 80% of their former salary for twelve (12) months. It is financed by the employer and the Issuer. In addition the intensive support and advice provided to the beneficiaries by Pôle Emploi is financed by the Issuer and the State.

(2) The other schemes

⁸ Art. L. 5422-13 *Code du Travail*.

⁹ Under Article 4, Act No. 2008-126 of 13 February 2008, responsibility for collecting contributions is to be transferred to URSSAF (social-security collecting agency) by 1 January 2012.

The Issuer also carries out other missions on behalf of third parties under management agreements with the State and the AGS (Association pour la Gestion du régime d'assurance des créanciers des Salariés – Association managing the scheme insuring amounts owed to employees).

- The UNEDIC-AGS agreement

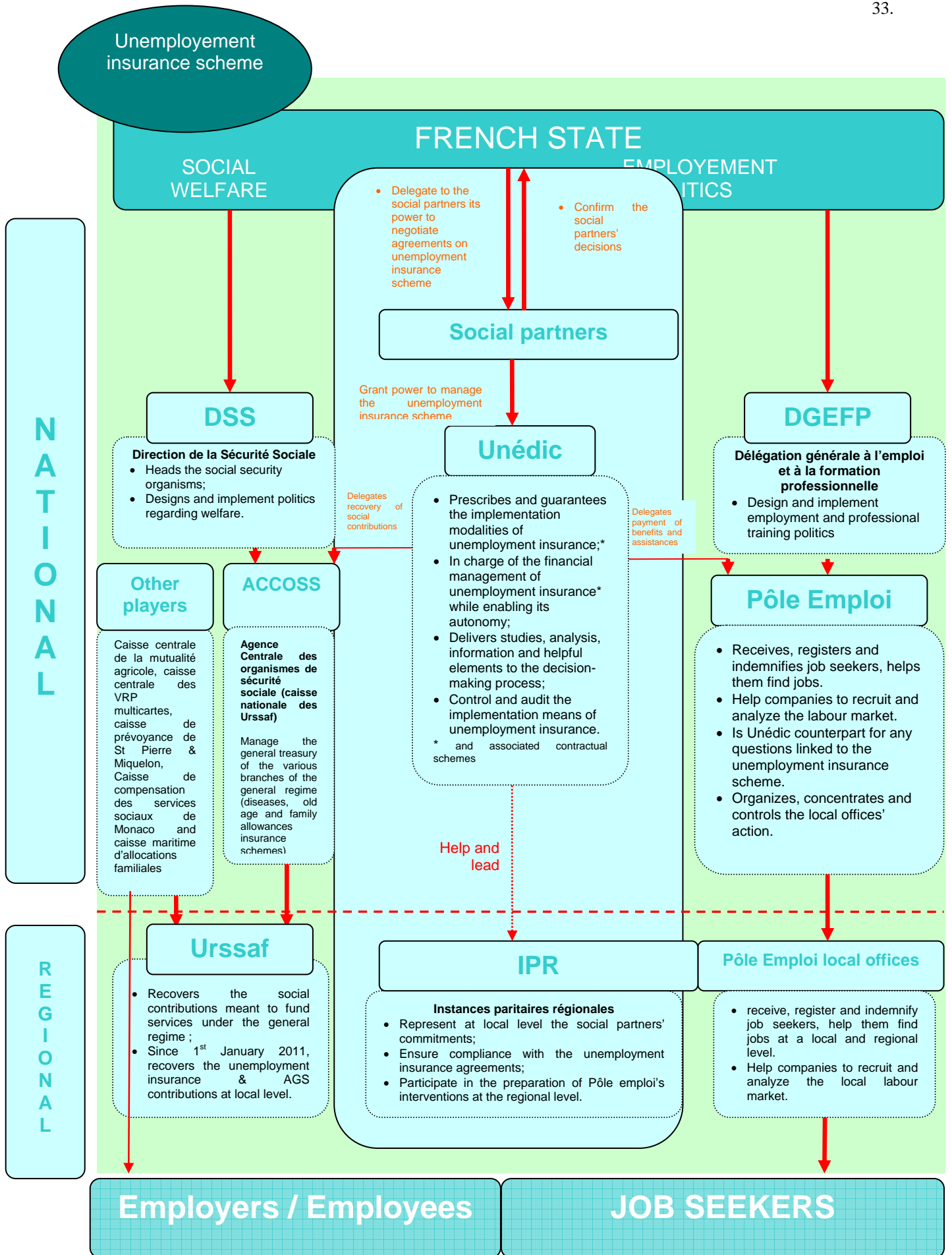
The AGS is the employers' organisation financed by businesses, created in early 1974; it pays the debts arising from the employment contract in the event of a business going into receivership or judicial liquidation. A management agreement was concluded between AGS and the Issuer; the latter is responsible for collecting the contributions, making the necessary funds available to the appointed agents and judicial administrators, recovering sums advanced and keeping accounts of the transactions involved.

- The State-UNEDIC agreement on compensation for short-time working

In response to the economic difficulties encountered by businesses, an alternative to short-time working has been instituted, turned "activité partielle à longue durée" (long-term part-time working). This scheme may provide for the payment, under a part-time working agreement, of additional benefits for short-time working to employees whose working time is reduced below the legal or contractual period for a long period, with counterpart job-maintenance and training guarantees. These benefits are funded jointly by the business, the State and the unemployment insurance scheme. The scheme contributes to the financing of the arrangement up to a maximum of €150 million, with the aim of avoiding as many redundancies as possible, for which it would have to assume financial responsibility. The State's participation is in addition to its existing participation in the special short-time working benefit.

Flowchart

Place of the Issuer in the organisational scheme of the public employment service.



The unemployment insurance scheme is a protection scheme with rules adopted by the social partners. The Issuer has been put in charge of administering these contractual rules.

The Issuer is joint-representation body managing the unemployment insurance scheme; on behalf of the social partners, it also performs the role of research and expertise in subjects related to employment and unemployment. For this purpose, it provides to the social partners or to its management bodies analytical information required by them to develop their projects and conduct their activities (using indicators, studies, surveys, simulations, estimates, underwriting balance and assessments, benefit forecasts, etc.).

(A) The Issuer and Pôle emploi

Act No. 2008-126 of 13 February 2008 reforming the organisation of the public employment service organised the merging of the Agence nationale pour l'emploi (ANPE – National employment agency) and the unemployment insurance operating network (the Assédic and Garp agencies) and provided for the creation of a new public corporation called Pôle emploi. This new institution was created on 19 December 2008.

Pôle emploi enjoys legal personality and financial independence. On behalf of the issuer, it is responsible for carrying out the missions of the public employment service including placement, payment of benefit, job finding, training, support and advice for job seekers. In accordance with Article L. 5312-1 of the French *Code du Travail*, the six (6) missions of Pôle emploi consist of the following:

- (1) prospecting the labour market, developing expertise in trends in the job market and in skills, collecting job offers, assisting and advising businesses in their recruitment, matching job offers with jobseekers and participating actively in combating hiring discrimination and in campaigning for professional equality;
- (2) receiving, informing, guiding, supporting and advising persons regardless of whether they are in work, who are seeking work, training or professional advice, prescribing all actions conducive to developing their professional skills and improving their employability, facilitating their return to work and professional betterment, facilitating their geographical and professional mobility and contributing to their finding work and a place in society;
- (3) taking registrations on the list of jobseekers, keeping that list up-to-date and ascertaining whether jobseekers are duly seeking work;
- (4) on the Issuer's behalf, paying the unemployment insurance benefit and on behalf of the State or the Solidarity fund, paying the Solidarity benefits, return-to-work bonus, the lump-sum bonus and any other benefit or assistance the state requires it to pay under contract;
- (5) collecting, processing, disseminating and making available to the relevant State and Issuer services, data concerning the labour market and payment of benefits to jobseekers; and
- (6) implementing all actions entrusted to it by the State, local and regional government and the unemployment insurance scheme of relevance to its mission.

On the other hand, the law¹⁰ provides for Pôle emploi to collect contributions as a transitional measure; this task will be handed over to the URSSAF social-security collection agency by 1 January 2012.

The Issuer prescribes the rules concerning payment of unemployment benefit and any assistance negotiated by the social partners. The relevant instructions are transmitted to Pôle emploi for payment on the Issuer's behalf of benefits to jobseekers who have been subscribed to the unemployment insurance scheme.

The Issuer also defines, specifies and forwards the necessary instructions for collection of employers' and employees' contributions and participates in the implementation of other contractual mechanisms.

The Issuer ensures that Pôle emploi is compliant in fulfilling its instructions, pursuant to the tripartite, multi-year agreement signed between UNEDIC, the State and Pôle emploi on 2 April 2009¹¹.

¹⁰See note 9.

¹¹Art L. 5312-3 *Code du Travail*

The Issuer also the main contributor to Pôle emploi's budget, with financing to within 10% of contributions received (amounting to €2.9 billion 2009)¹².

(B) The Issuer and the regional joint bodies

Article L. 5312-10 of the French *Code du Travail*, in its drafting as arising pursuant to Act No. 2008-126 of 13 February 2008 reforming the organisation of the public employment service, institutes regional joint bodies within the regional management entities of Pôle emploi. Those bodies have the following missions:

- (1) Delivering an opinion on programming of Pôle emploi action at the relevant territorial level; and
- (2) Overseeing the implementation of the unemployment insurance agreement.

The multi-year agreement provided in Article L. 5312-3 of the French *Code du Travail*, signed between the State, UNEDIC and Pôle emploi on 2 April 2009 provides for the regional joint bodies to exercise a role of alerting the Issuer as part of their remit of overseeing due implementation of the unemployment insurance agreement. Moreover, "*in the event of difficulty in interpreting the unemployment insurance regulations, the regional joint bodies may where necessary consult the UNEDIC technical services*".

The regional joint bodies, regarded as the local or regional arm of the social partners managing the unemployment insurance scheme, had their terms of reference specified by the agreement of 19 February 2009 concerning unemployment benefit and its implementing instruments. The regional joint bodies are thus partly substituted for the joint boards (commissions paritaires) and local offices of the Assédic unemployment benefit agencies.

The Issuer coordinates the action of the regional joint bodies, supporting and advising them in the fulfilment of their mission.

Subsidiaries of the Issuer

UNEDIC currently owns 99.99% each of the following subsidiaries:

- SCI Reuilly 1, a French non-trading real-estate investment company with registered capital of €3,000, whose registered office is situated at 231, avenue Clément Ader, 34170 Castelnau-le-Lez, France, unique business identification No. 438 580 193 in the Montpellier trade and corporate register;

This company's object is to carry the €3.79 million finance lease contracted for a term of twelve (12) years, maturing on 1 August 2014, to finance the building occupied by the Montpellier IT production centre used by Pôle emploi;

- SCI Reuilly 2, a French non-trading real-estate investment company with registered capital of €3,000, whose registered office is situated at 280, avenue Clément Ader, 34170 Castelnau-le-Lez, France, unique business identification No. 499 282 648 in the Montpellier trade and corporate register;

This organisation has never exercised any activity, holds no capital and is about to be dissolved.

- GIE SI Convergence Emploi, a French-law economic interest group (Consortium in course of dissolution) whose registered office is situated at 77, rue de Miromesnil, 75008 Paris, France, unique business identification number 494 973 738 in the Paris trade and corporate register;

This economic interest group was created to manage the joint IT projects of the unemployment insurance scheme and the Agence nationale pour l'emploi (ANPE – National employment agency). Owing to the creation of Pôle emploi, no new mission has been given to this economic interest group at present.

¹²Arts. L. 5312-7 and L. 5422-24 *Code du Travail*

Administrative and management bodies

Description & composition of the Issuer's administration and management bodies

The Issuer is a jointly managed institution featuring equal representation on its management bodies between the representatives of national organisations representing employers and the representations of inter-industry organisations representing employees. It is administered by a Board of Directors and an Executive Committee. The Issuer's general management functions are performed by a Managing Director.

(A) Description of the Issuer's administration and management bodies

(1) The Board of Directors

The Board of Directors has joint and even-handed representation of a panel of employers and a panel of employees each consisting of twenty-five (25) representatives.

The panel of employers is composed of the Mouvement des Entreprises de France (MEDEF), the Confédération Générale des Petites et Moyennes Entreprises (CGPME) and the Union Professionnelle Artisanale (UPA).

The employees' panel is composed of the Confédération Française Démocratique du Travail (CFDT), the Confédération Française de l'Encadrement - Confédération Générale des Cadres (CFE-CGC), the Confédération Française des Travailleurs Chrétiens (CFTC), the Confédération Générale du Travail (CGT), and the Confédération Générale du Travail - Force Ouvrière (CGT-FO).

The Board of Directors enjoys the widest powers for operations in keeping with the Issuer's corporate object. In particular, it may draw up all internal regulations for implementing the issuer's articles of association, make any amendments to the articles of association, enforce those articles of association and regulations in particular cases that may arise, manage the resources of the Association and any fund to aid workers deprived of employment. The Board of Directors, pursuant to the Articles and Memorandum of Association, also performs the duties ordinarily incumbent on the General Meetings.

(2) The Executive Committee

The Executive Committee is composed with equal representation of the social partners of a maximum of ten (10) members chosen by the Board of Directors from among its members every two (2) years. It is chaired in the framework of alternating 2-year terms by a representative of the national employers' organisations and the representation of the employees' national trade union organisations.

The Chairman, failing whom a second or a third Deputy Chairman belonging to the same panel, ensures the smooth running of the Issuer, in accordance with the articles of association and its regulations and chairs the meetings of the Executive Committee and the Board of Directors, signs all the instruments, deliberations or agreements and represents the Issuer before the courts and in the acts of civil society.

The Executive Committee takes all the measures necessary for the smooth running of the Issuer's administrative affairs, sees to the due dispatch of its ordinary business, exercises any powers delegated to it by the Board of Directors and appoints the Managing Director.

(3) The Managing Director

The Issuer's Managing Director, appointed by the Executive Committee, is in charge of the proper operation of the Issuer's services. He performs his duties and represents the Issuer under powers delegated to him by the Executive Committee. He concludes collective labour agreements for application to all categories of staff covered by the unemployment insurance scheme and chairs the meetings of the staff representative bodies.

(4) The State supervisor

The Issuer is supervised by a State supervisor who sits on the Issuer's Board of Directors and Executive Committee in a consultative capacity.

(B) Composition of the Issuer's administrative and management bodies

(1) Board of Directors

- Panel of employers sitting on the Board of Directors

MEDEF

Incumbent Panel Members:

M. William BURTIN
 Mme Monique FILLON
 Martine MARANDEL
 Gérard PERNETTE
 Bernard LEVACHER
 Catherine MARTIN
 Geoffroy ROUX de BEZIEUX
 Jean-Charles SAVIGNAC
 Dominique TELLIER
 Jean-Louis TERDJMAN
 Eric VERHAEGHE
 François ROUX
 Maryvonne LABELLE
 Emmanuel PARIS
 Fanny FAVOREL-PIGE
 Jean-Marie LUZINIER
 Jean-François PILLIARD

Alternate Panel Members

M. Philippe PANGAULT
 M. Nicolas BRONNER
 Michel TAILLEFER.
 Gilbert GRASSER
 Elodie WARNERY
 Claude COUTON
 Daniel BOULIN
 Pierre BATUT

CGPME

Incumbent Panel Members

Alain AUBERT
 Josiane ROSIER
 Françoise IZARD
 Georges TISSIE
 Geneviève ROY

Alternate Panel Members

Rémy YVERNEAU
 Hervé DUBOSCQ
 Paul Even du FOU
 Zohra GALLARD
 Jean-Pierre DE GUIDIS

UPA

Incumbent Panel Members

Philippe THOURON
 Michel CARNEJAC
 Patrick LIEBUS

Alternate Panel Members

Pierre BURBAN
 Dominique PERROT

- Panel of employees sitting on the Board of Directors

CFDT

Incumbent Panel Members

Gaby BONNAND
 Patrick GAPENNE
 Martine LEBLANC

Alternate Panel Members

Laurent CARON
 Patricia FERRAND
 Pascal CATTO

Marie-Pierre SINOÛ
Sophie CAZARD

CFE-CGC

Incumbent Panel Members

Didier DERNONCOURT
Pierre-Malo HECQUET
Bernard LACHAUX
Marie-Françoise LEFLON
Patrick FILIOL

Alternate Panel Members

Michèle BAILLEUL
Franck BOISSART
William SARRAUTE

CFTC

Incumbent Panel Members

Frédéric BERDEAUX
Jean-Marie DUFOURNET
Maryse FOURCADE
Yves RAZZOLI
Gabrielle SIMON

Alternate Panel Members

Hervé CAILLIAU
A.-S. DELETOMBE
Jean-Marc BRUNAUT

CGT

Incumbent Panel Members

Eric AUBIN
Dominique KALINSKI
Jean-François KIEFER
Denis GRAVOUIL
Philippe BENAICH

Alternate Panel Members

Linda BENSALLA
Lionel PASTRE
Sahila BOURDIEU

CGT-FO

Incumbent Panel Members

Michel BEAUGAS
Joseph BELLANCA
Nicolas CARMi
Stéphane LARDY
Hervé PERIER

Alternate Panel Members

Michel CAMERA
Paule MATHON
Frédéric VAVASSEUR

Gaby BONNAND is the Chairman of UNEDIC's Board of Directors.

Geoffroy ROUX de BEZIEUX is the 1st Deputy Chairman of UNEDIC's Board of Directors.

The members of the Issuer's Board of Directors can be contacted at the Issuer's registered office: 80, rue de Reuilly, 75605 Paris CEDEX 12, France.

(2) The Executive Committee

Gaby BONNAND - CFDT
Geoffroy ROUX de BEZIEUX - MEDEF
Marie-Françoise LEFLON – CFE - CGC
Geneviève ROY - CGPME
Patrick LIEBUS – UPA
Gabrielle SIMON - CFTC

Chairman
1st Deputy Chairman
2nd Deputy Chairman
3rd Deputy Chairman
Treasurer
Deputy Treasurer

Jean-François PILLIARD - MEDEF

Assessor

Catherine MARTIN – MEDEF	Assessor
Stéphane LARDY – CGT – FO	Assessor
Eric AUBIN – CGT	Assessor

(3) General management

Vincent DESTIVAL is the Managing Director since his appointment by the Issuer's Executive Committee on 21 July 2010, with effect from 27 September 2010.

Mr. Michel MONIER is the Issuer's Deputy Managing Director.

The members of the Issuer's Executive Committee and Board of Directors can be contacted at the Issuer's registered office: 80, rue de Reuilly, 75605 Paris CEDEX 12, France.

(4) State Supervisor

The issuer is under the supervision of Mrs. Elisabeth KAHN.

Overall remuneration of the members of the Issuer's management and control bodies

The representatives of the Issuer's management and control bodies comprising the Executive Committee and the Board of Directors do not receive any remuneration for the duties they perform for the Issuer. The organisations to which they belong receive an indemnity to offset the costs incurred while fulfilling their mandates on behalf of the public unemployment benefits service.

Office held by members of the Issuer's management and control bodies in other businesses

Ms. Françoise Izard	- SEEH (Société Européenne pour l'Equipement de l'Habitat) – Manager
Mr. Geoffroy Roux de Bézieux	- Omer Telecom Limited – Chairman - Finacom SAS – Chairman - Peugeot SA – Director - IMS (International Metal Service) – Director - IMS (International Metal Service) – Director - Seloger.com – Director - Parrot – Director

Conflicts of interest – agreements between the Issuer and any legal entity having common senior managers with the Issuer

The Issuer has not identified any person who is a member of its administrative and management bodies who may have a conflict of interest between (i) its duties to the Issuer and (ii) that person's private interests among others.

It should be noted that the Issuer has issued internal regulations governing procurement and other contracts in order to prevent any conflict of interest particularly within its administrative and management bodies. These internal regulations contain a number of recommendations and specify a number of incompatibilities for purposes of the award by the Issuer of procurement and other contracts.

Expenses incurred according to agreements on the Issuer's financial contribution to Trade Union and employers' costs incurred through their employees' participation in the management of the public unemployment benefits service are the subject of a special Auditors' report approved by the Board of Directors' meeting of 29 June 2010. During that Board of directors' meeting the agreements were renewed for expenses incurred in 2010.

Neither the Issuer nor any of its subsidiaries has concluded any agreement with the companies/enterprises listed in the above-mentioned paragraph.

Main shareholders

Nil.

Financial information concerning the Issuer's net assets, financial position and results

Date of latest financial information

The latest elapsed financial year of the Issuer for which the annual financial statements and consolidated annual financial statements have been audited by the statutory auditors is the year ended 31 December 2009.

Amount of net worth not carried forward from the end of the last financial year

The amount of net worth not carried forward at the end of the Issuer's last financial year consists solely of its loss carried forward of €5,903,381,348 at 31 December 2009.

Total amount of the issuer's commitments and the breakdown by maturity

Maturity on 31 December 2009 of the balance on debts and provisions at 31 December 2009

<i>in millions of Euros</i>	Current charges considered as maturing in less than 1 year	Maturing in between 1 and 5 years	Maturing after more than 5 years	TOTAL
Provisions for risks and charges	16.1	12.7	4.2	33
Debts	8825.4	5148.6	188.7	14162.7
Debenture loans	2266.6	4000		6266.6
Bank and credit establishment loans	2625.6	1.6	0	2627.2
Bank overdrafts	34.9			34.9
Misc. financial debts	13.8			13.8
Creditor affiliates	102.7			102.7
Debtor beneficiaries	2345.8			2345.8
Tax and social welfare debts	63.2			63.2
Trade debts	15.3			15.3
Other debts	1357.5	1147	188.7	2693.2
Prepayments	21.1			21.1
Total debts and prepayments	8846.5	5148.6	188.7	14183.8
TOTAL	8862.6	5161.3	192.9	14216.8

The total outstanding benefits due from the Public Unemployment Benefits Service to eligible beneficiaries registered at the end of the 2009 financial year has been evaluated by the Department of Studies and Analysis of UNEDIC to be 22.6 billion Euros. This amount does not include benefits due to those who are beneficiaries of a compensation maintenance scheme until their retirement.

Outstanding benefits due from Public Unemployment Benefits Service to beneficiaries entitled to retain indemnification concern jobseekers who may under certain circumstances, continue receiving benefits until retirement age. The total benefits due to these beneficiaries registered at the end of the 2009 financial year has been evaluated by the Department of Studies and Analysis of UNEDIC to be 0.7 billion Euros.

Collateral provided for securities previously issued by the Issuer

No bond issues not redeemed at the date of this Base Prospectus are the subject of any guarantees.

Significant information extracted from the issuer's provisional financial statements

The Issuer does not draw provisional financial statements.

Significant changes in the Issuer's financial or commercial situation

There has been no change in the Issuer's financial or commercial situation since 31 December 2009 of significance for the issue of the Notes. It should nevertheless be recalled that, in France, the Issuer is a unique institution responsible for managing the unemployment insurance scheme. Consequently, the Issuer is permanently affected by national and even international macroeconomic trends. The Issuer is directly affected by French general economic trends. Since 31 December 2009 (the date of its latest audited and published financial statements), the trends affecting the Issuer were as follows:

- the increase in the French unemployment rate and hence the increase in the number of recipients of unemployment benefits; and
- the slight improvement in the economic growth rate in France, namely 1.6% for 2010 according to the latest estimates published by the Ministry for Economy and Finance and hence the fall in the amount of contributions paid to the Issuer.
- Finance for supplementary needs generated by these developments (evaluated as an amount in the order of €3 billion for 2010) required (i) taking out on 5 November 2010 and for a period of six months, a loan for a maximum amount in principal of €3 billion (stipulated equally with Crédit Agricole Corporate and Investment Bank, BNP Paribas, Natixis and HSBC) of which €650 million was drawn-down on 31 December 2010 and (ii) maintaining the Issuer's commercial bills programme (details of use at 31 December 2010 shown hereunder). The taking out of the aforementioned loan sets forth that the Issuer shall comply with some financial ratios, notably as regards its technical profits and losses. Such loan is intended to ensure the Issuer's liquidity pending the next bond issues, of which the income shall as a priority be allocated to redeeming sums outstanding when the loan is taken out.

Significant agreements

The following are the significant agreements (other than agreements concluded in the normal course of business) to which the Issuer is a party and that may confer on the Issuer a right or obligation with significant incidence on the Issuer's capacity to fulfil the obligations incumbent on it under this Base Prospectus:

Previous bond issue

On 3 December 2009 the Issuer made a bond issue of €4,000,000,000 bearing interest at an annual rate of 2.125%, and maturing on 3 December 2012. This issue was made in the context of the present Programme.

Credit facility agreements

In addition to the additional requirements, the Issuer has concluded several agreements for the provision of credit facilities intended as backup lines for its commercial bills programme. Such facilities agreements set forth that the Issuer shall comply with some financial ratios, notably as regards its technical profits and losses. To date, these credit lines have not been taken up. The main features are set out in the table below:

Banks		Amount of issue (€ million)	
		For each Bank	Total
Banking syndicate	BNP	365	1500
	Crédit Agricole Corporate and Investment Bank	365	
	SG	365	
	CIC	100	
	HSBC/CCF	205	
	BFCM	100	
Banking syndicate	Natixis	500	1000
	CFF	250	

	CEIDF	250	
HSBC CDN			250 250

Commercial Paper issue

The Issuer has a commercial paper programme whose current amount is €6,000,000,000 and used, as at December 31, 2010, up to an amount of €5,280,000,000. As required by the regulations, annual updates regarding this programme have been supplied to the Banque de France. It is currently rated A1+ (Standard & Poor's), P-1 (Moody's) and F1+ (Fitch Ratings).

DESCRIPTION OF THE GUARANTEE

Under Article 97 of the law no. 2010-1658 dated 29 December 2010 (French *loi de finances rectificative pour 2010*), the borrowing subscribed by the Issuer in 2011 may benefit from the guarantee of the French State in principal and interest, up to a maximum amount of €7.5 billion in principal.

The Final Terms prepared in respect of any issue of Notes will specify whether or not the Notes will benefit from the guarantee of the French State, pursuant to a decree of the Minister for Economy, adopted pursuant to Article 97 of the above-mentioned law, under the terms described in "Description of the Guarantee" and in the relevant Final Terms.

In respect of this guarantee (the "**Guarantee**"), if the Issuer does not fulfil its obligations to repay the principal or pay any amount of interest due in respect of the Notes, the French State will fulfil these repayment and payment obligations on first demand as they become due.

The obligations of the French State under the Guarantee will rank *pari passu* with present, future, direct, unconditional, unsubordinated and unsecured obligations of the French State.

Pursuant to Article 1 of law no. 68-1250 dated 31 December 1968 on prescription periods including those relating to claims on the French State, any demand for payment by the French State, and therefore including demands for payments pursuant to the guarantee, is extinguished following a period of four years as from the 1st of January in the year following the date on which the guaranteed amounts become due. Under French law at the date of this Base Prospectus, the French State's assets cannot be subject to execution or other enforcement proceedings of private law in France.

FORM OF FINAL TERMS**Final Terms dated [●]**

[LOGO, if document is printed]

UNEDIC

Issue of [**Aggregate Nominal Amount of Tranche**] [**Title of Notes**]
[**benefiting from the guarantee of the French State**]¹³
under the €12,000,000,000 Euro Medium Term Note Programme
of UNEDIC

Series No.: [●]**Tranche No.: [●]**

Issue Price: [●] per cent.

[Name(s) of Dealer(s)]

¹³ Only applicable to Guaranteed Notes.

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions set forth in the Base Prospectus dated 1 March 2011 (which received the visa of the *Autorité des marchés financiers* number 11-061 dated 1 March 2011) [and the supplement to the Base Prospectus dated [●]] (which received the visa of the *Autorité des marchés financiers* number [●] dated [●]) which [together] constitute[s] a base prospectus for the purposes of the Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 (the "**Prospectus Directive**").

This document constitutes the Final Terms relating to the issue of the notes (the "**Notes**") for the purposes of Article 5.4 of the Prospectus Directive 2003/71/EC and contains the definitive terms of the Notes. These Final Terms supplement the Base Prospectus dated 1 March 2011 [and the supplement to the Base Prospectus dated [●]] relating to the Programme of issuance and must be read in conjunction therewith.

The Base Prospectus [and the supplement to the Base Prospectus] [is/are] available for viewing on the websites of (a) the *Autorité des marchés financiers* (www.amf-france.org) and (b) the Issuer (www.unedic.org), and during normal business hours at the registered office of the Issuer and at the specified office of the Paying Agent(s) where copies may be obtained. [In addition¹⁴, the Base Prospectus [and the supplement to the Base Prospectus] [is] [are] available for viewing [on/at] [●].]

[The following is applicable if the first tranche of an issue, which amount has been increased has been issued under a Base Prospectus with an earlier date].

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions set forth in the Base Prospectus dated [original date] (which received the visa of the *Autorité des marchés financiers* (the "**AMF**") number [●] dated [●]) [and the supplement to the Base Prospectus dated [●]] (which received the visa of the AMF number [●] dated [●]) ([together] the "**Original Base Prospectus**") which [together] constitute[s] a base prospectus for the purposes of the Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 (the "**Prospectus Directive**"). This document constitutes the Final Terms relating to the issue of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus dated 1 March 2011 [and the supplement to the Base Prospectus dated [●]] ([together] the "**Current Base Prospectus**"), except in respect of the Conditions which are extracted from the Original Base Prospectus and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms, the Original Base Prospectus and the Current Base Prospectus. The Final Terms, the Original Base Prospectus and the Current Base Prospectus are available for viewing on the websites of (a) the AMF (www.amf-france.org) and (b) the Issuer (www.unedic.org) and during normal business hours at the registered office of the Issuer and at the specified office of the Paying Agent(s) where copies may be obtained. [In addition¹⁵, the Final Terms, the Original Base Prospectus and the Current Base Prospectus are available for viewing [on/at] [●].]

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote guidance for completing the Final Terms.]

[When completing final terms or adding any other final terms or information consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive, the publication of which would in turn trigger the investors' right to withdraw their acceptances within a forty-eight (48)-hour time period from the date of such publication.]

¹⁴ If the Notes are admitted to trading on a Regulated Market other than Euronext Paris.

¹⁵ If the Notes are admitted to trading on a Regulated Market other than Euronext Paris.

1. **Issuer:** UNEDIC
2. **Guarantee:** [Applicable/Not Applicable]
(If applicable, include the paragraph below)
 [Guarantee of the French State granted under Article 97 of the law no. 2010-1658 dated 29 December 2010 (French *loi de finances rectificative pour 2010*) and Article [●] of the decree of the Minister for Economy dated [●] published in the *Journal Officiel* of the Republic of France on [●] 2011. *(Specify the provisions of the decree of the Minister for Economy).*]
3. [(i)] **Series Number:** [●]
 [(ii)] **Tranche Number:** [●]
(If fungible with an existing Tranche, details of that Series, including the date on which the Notes become fungible)
4. **Currency:** Euros ("€")
5. **Aggregate Nominal Amount:**
 [(i)] **Series:** [●]
 [(ii)] **Tranche:** [●]
6. **Issue proceeds:**
 (i) **Gross issue proceeds:** [●]
 (ii) **Estimated net issue proceeds:** [●]
7. **Issue Price:** [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* *(for fungible issues if applicable)*]
8. **Denomination:** €[●]
9. **Number of Notes issued:** [●]
10. (i) **Issue Date:** [●]
 (ii) **Interest Commencement Date:** *[Specify/Issue Date/Not Applicable]*
11. **Maturity Date:** [●]
12. **Interest Rate:** [●] per cent. Fixed Rate
13. **Redemption/Payment Basis:** Redemption at par
14. **Change of Interest Rate or Redemption/Payment Basis:** *[Specify details of any provision for convertibility of Notes into another interest rate or redemption/payment basis]*
15. **Option:** [Issuer Call / Not Applicable]
16. (i) **Status of the Notes:** Senior
 (ii) **Date of authorisations for issuance of Notes:** Decision of the Board of directors dated [●]
(Pursuant to Article D.213-19 of the French Code monétaire et financier, describe the decision of the Board of directors and how long it is valid for)
17. **Method of distribution:** [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST PAYABLE

- 18. Rate of Interest:** [●] per cent. *per annum* [payable [annually / semi-annually / quarterly / monthly / other (*specify*)] in arrear]
- 19. Interest Payment Date(s):** [●] in each year
[Unadjusted/*specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"*]
- 20. Fixed Coupon Amount(s):** €[●] per €[●] in Denomination
- 21. Broken Amount(s):** [Not Applicable / *Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount(s)*]
- 22. Day Count Fraction:** [30/360 / Actual/Actual (ICMA/ISDA) / other]
- 23. Determination Dates:** [●] in each year
(*insert regular Interest Payment Dates, ignoring Issue Date or Final Maturity Date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA)*)
- 24. Other terms relating to the method of calculating interest:** [Not Applicable/*give details*]

PROVISIONS RELATING TO REDEMPTION

- 25. Call Option:** [Applicable/Not Applicable]
(*If not applicable, delete the remaining subparagraphs of this paragraph*)
- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): €[●] per Note of €[●] Denomination
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [●]
- (b) Maximum Redemption Amount: [●]
- (iv) Exercise date(s): [●]
- (v) Description of any other Issuer option: [●]
- (vi) Notice period¹⁶: [●]

¹⁶ If setting notice periods which are different to those provided in the terms and conditions, consider the practicalities of distribution of information through intermediaries, for example clearing systems, as well as any other notice requirements which may apply, for example as between the Issuer and the Fiscal Agent.

26. **Final Redemption Amount of each Note¹⁷:** [€[●] per Note of €[●] Denomination/Other (specify)]
27. **Early Redemption Amount:**
Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or on event of default or other early redemption and/or the method of calculating the same and/or any other terms (if required or if different from that set out in the Conditions): [●]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

28. Form of Notes:

- (i) Form of Notes: Dematerialised Notes in [bearer form (*au porteur*)/ administered form (*au nominatif*)]
- (ii) Registration Agent: [Not Applicable/if applicable give name and address] (*Note that a Registration Agent can be appointed in relation to dematerialised Notes in fully registered form only*)

29. Financial Centre(s) or other special provisions relating to payment dates for the purposes of Condition 8(d):

[Not Applicable/Give details. Note that this paragraph relates to the date and place of payment, and not interest period and dates, to mentioned in sub-paragraph 19]

30. Masse (Condition 12):

The name and address of the initial Representative of the *Masse* are:

[●]

The name and address of the alternate Representative of the *Masse* are:

[●]

The Representative of the *Masse* [will perceive a remuneration of € [●] *per annum* with respect to its appointment as Representative / will not be remunerated with respect to its appointment as Representative].

31. Other final terms:

[Not Applicable/give details]
(When adding any other final terms consideration should be given as to whether such terms constitute a "significant new factor" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)

¹⁷ If the Final Redemption Amount is different than one hundred per cent. (100%) of the nominal value, the Notes will constitute derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation No. 809/2004 will apply. This form of Final Terms has been annotated to indicate where the key additional requirements of Annex XII are dealt with. Note that some regulatory authorities may require the inclusion of information or placeholders addressing Paragraph 5 of Annex XII even though (noting that such information is not required by Annex XIII) the denomination of the Notes is €100,000 or more. Where Annex XII is not applicable but income on the Notes is linked to an underlying, nevertheless consider including disclosure in relation to the underlying.

DISTRIBUTION

32. (i) **If syndicated, names of Managers:** [Not Applicable/*give names*]
 (ii) **Date of [subscription agreement]:** [●]¹⁸
 (iii) **Stabilising Manager(s) (if any):** [Not Applicable/*give name*]
33. **If non-syndicated, name of Dealer:** [Not Applicable/*give name*]
34. **Additional selling restrictions:** [Not Applicable/*give details*]

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue and admission to trading on the [*specify relevant regulated market*] of the Notes described herein pursuant to the Euro 12,000,000,000 Euro Medium Term Note Programme of UNEDIC.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. [*Relevant third party information*] has been extracted from (*specify source*). 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 (*specify source*), no facts have been omitted which would render the reproduced information inaccurate or misleading.]¹⁹

Signed on behalf of UNEDIC:

By:

Duly authorised

¹⁸ Required only for derivative securities to which Annex XII to the Prospectus Directive Regulation applies.

¹⁹ Include if third party information is provided, for example in compliance with Annex XII of the Prospectus Directive Regulation in relation to an index or its components, an underlying security or the issuer of an underlying security.

PART B – OTHER INFORMATION

1. RISK FACTORS

[Insert any risk factors that are material to the Notes being admitted to trading in order to assess the market risk associated with such Notes and that may affect the Issuer's ability to fulfil its obligations under the Notes and which are not covered under the "Risk Factors" section of the Base Prospectus. If any such additional risk factors need to be included consideration should be given as to whether they constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]

2. ADMISSION TO TRADING

- (i) (a) Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [Euronext Paris/[●] specify the relevant regulated market] with effect from [●].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [specify relevant regulated market]] with effect from [●].] [Not Applicable]
(Where documenting a fungible issue need to indicate that original Notes are already admitted to trading.)
- (b) Regulated Markets or equivalent markets on which, to the knowledge of the Issuer, securities of the same class of the Notes to be admitted to trading are already admitted to trading: [[●]/Not Applicable]
- (ii) Estimate of total expenses related to admission to trading: [[●]/Not Applicable]
- (iii) Additional publication of Base Prospectus and Final Terms: [●] *(See paragraph [●] of the section "General Information" of this Base Prospectus which provides that the relevant Base Prospectus and Final Terms will be published on the website of the Autorité des marchés financiers and that the Final Terms relating to the Notes admitted to trading on a Regulated Market will be published on the website of the Autorité des marchés financiers. Please provide for additional methods of publication in respect of an admission to trading on a Regulated Market other than Euronext Paris.)*

3. RATINGS

Ratings: The Issuer is rated AAA by Standard & Poor's Rating Services, Aaa by Moody's Investors Service and AAA by Fitch Ratings. Each agency is established in the European Union and has applied to be registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies.

[The Notes to be issued have been rated:
[S & P: [●]]
[Moody's: [●]]

[Fitch: [●]]

[[Other]: [●]]

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

4. [NOTIFICATION]

The *Autorité des marchés financiers*, which is the French competent authority for the purpose of the Prospectus Directive [has been requested to provide/has provided - *include first alternative for an issue which is contemporaneous with the update of the Programme and the second alternative for subsequent issues*] the [*include names of competent authorities of host Member States*] with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive.]

5. [THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST²⁰]

If advisors are mentioned in these Final Terms, specify the capacity in which the advisors have acted.

Specify other information mentioned in the Final Terms which has been audited or reviewed by auditors and where auditors have produced a report. Insert the report or, with permission of the competent authority, a summary of the report.

Where a statement or report attributed to a person as an expert is included in these Final Terms in respect of the Issuer or the Notes, provide such person's name, business address, qualifications and material interest if any in the Issuer. If the report has been produced at the Issuer's request a statement to that effect that such statement or report is included, in the form and context in which it is included, with the consent of that person who has authorised the contents of that part in respect of the Issuer or the Notes.

Where information has been sourced from a third party, provide a confirmation that this information has been accurately reproduced and that as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

In addition, the Issuer shall identify the source(s) of the information.]

6. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE]

Need to include a description of any interest, including conflicting ones, that is material to the issue, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement: "Save as discussed in "Subscription and Sale", so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer."

[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]

7. REASONS FOR THE OFFER

(i) Reasons for the offer:

[●]

(See "Use of Proceeds" wording in Base Prospectus – if reasons for offer different from general corporate purposes will need to include those reasons here.)

²⁰ Please note that some regulatory authorities may require the inclusion of that information even though the denomination of the Notes is €100,000 or more.

8. YIELD

Yield:

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

9. OPERATIONAL INFORMATION

ISIN Code:

Common Code:

Depositories: Euroclear France to act as Central Depository

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s):

[Not Applicable/*give name(s) and number(s) and address(es)*]

Delivery: Delivery [against/free of] payment

Names and addresses of initial Paying Agent(s): **BNP Paribas Securities Services**

Les Grands Moulins de Pantin
9, rue du Débarcardère
93500 Pantin
France

Names and addresses of additional Paying Agent(s) (if any):

/Not Applicable]

TAXATION

The following is a summary limited to certain tax considerations in France relating to payments made with respect to the Notes that may be issued under this Programme. It contains specific information on taxes on the income from the securities withheld at source. This summary is based on the laws in force in France as of the date of this Base Prospectus and as applied by the French tax authorities, such laws being subject to any changes or differences in their interpretation. It does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the Notes. Each investor or beneficial owner of Notes should consult its tax advisor as to the tax consequences of any investment in or ownership and disposition of the Notes in light with its personal situation.

EU savings Directive

The EC Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments (the "**Directive**") requires each Member State as from 1 July 2005 to provide to the tax authorities of another Member State details of payments of interest and other similar income within the meaning of the Directive made by a paying agent within its jurisdiction to (or under circumstances to the benefit of) an individual resident in that other Member State, except that Luxembourg and Austria will instead impose a withholding system for a transitional period unless the beneficiary of interest payment elects for the exchange of information.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of tax were to be 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.

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the Directive, which included the Commission's advice on the need for changes to the Directive. On 13 November 2008, the European Commission published a detailed proposal for amendments to the Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of those proposed changes are made in relation to the Directive they may amend or broaden the scope of the requirements described above.

France

1. Following the introduction of the French *loi de finances rectificative pour 2009 n° 3* (no. 2009-1674 dated 30 December 2009) (the "**Law**"), payments of interest and other revenues made by the Issuer with respect to Notes issued (other than Notes which are consolidated (assimilables for the purpose of French law) and form a single series with Notes issued before 1 March 2010 having the benefit of Article 131 quater of the French Code général des impôts) 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 50% withholding tax will be applicable (subject to certain exceptions and to the more favourable provisions of any applicable double tax treaty) by virtue of Article 125 A III of the French *Code général des impôts*.

Furthermore, interest and other revenues on such Notes will no longer be deductible from the Issuer's taxable income if they are paid or accrued to persons established in a Non-Cooperative State or paid in such a Non-Cooperative State. 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 25% or 50%.

Notwithstanding the foregoing, the Law provides that neither the 50% withholding tax nor the non-deductibility will apply in respect of a particular issue of Notes if the Issuer can prove that the principal purpose and effect of such issue of 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 ruling (*rescrit*) no. 2010/11 (FP and FE) of the *Direction générale des impôts* dated 22 February 2010, an issue of Notes will benefit from the Exception without the Issuer having to provide any proof of the purpose and effect of such issue of Notes if such Notes are:

- (i) offered by means of a public offer within the meaning of Article L.411-1 of the French *Code monétaire et financier* or pursuant to an equivalent offer in a State or territory other than a Non-Cooperative State. For this purpose, an "equivalent offer" means any offer requiring the registration or submission of an offer document by or with a foreign securities market authority; or
 - (ii) admitted to trading on a regulated market or on a French or foreign multilateral securities trading system provided that such market or system is not located in a Non-Cooperative State, and the operation of such market is carried out by a market operator or an investment services provider, or by such other similar foreign entity, provided further that such market operator, investment services provider or entity is not located in a Non-Cooperative State; or
 - (iii) admitted, at the time of their issue, to the operations of a central depository or of a securities clearing and delivery and payments systems operator within the meaning of Article L.561-2 of the 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.
2. Pursuant to Article 131 *quater* of the French *Code général des impôts*, payments of interest and other revenues with respect to Notes which are consolidated (*assimilables* for the purpose of French law) and form a single series with Notes issued before 1 March 2010, will continue to be exempt from the withholding tax set out under Article 125 A III of the French *Code général des impôts*.

Notes issued before 1 March 2010, whether denominated in Euro or in any other currency, and constituting *obligations* under French law, or *titres de créances négociables* within the meaning of rulings (*rescrits*) no. 2007/59 (FP) and 2009/23 (FP) of the *Direction générale des impôts* dated 8 January 2008 and 7 April 2009, respectively, or other debt securities issued under French or foreign law and considered by the French tax authorities as falling into similar categories, are deemed to be issued outside the Republic of France for the purpose of Article 131 *quater* of the French *Code général des impôts*, in accordance with Circular 5 I-11-98 of the *Direction générale des impôts* dated 30 September 1998 and the aforementioned rulings (*rescrits*) no. 2007/59 (FP) and 2009/23 (FP).

In addition, interest and other revenues paid by the Issuer on Notes which are to be consolidated (*assimilables* for the purpose of French law) and form a single series with Notes issued before 1 March 2010 will not be subject to the withholding tax set out in Article 119 *bis* of the French *Code général des impôts* solely on account of their being paid in a Non-Cooperative State or accrued or paid to persons established in a Non-Cooperative State.

SUBSCRIPTION AND SALE

Subject to the terms and on the conditions contained in a dealer agreement (*Contrat de Placement*) in the French language dated 1 March 2011 entered into between the Issuer, the Arrangers and the Permanent Dealers (the "**Dealer Agreement**"), the Notes will be continuously offered by the Issuer to the Permanent Dealers. However, the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Dealer Agreement (*Contrat de Placement*) also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it, unless otherwise agreed. The Issuer has agreed to reimburse the Arrangers and the Dealers for certain of their expenses incurred in connection with the update of the Programme.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement (*Contrat de Placement*) entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

Selling restrictions

General

These selling restrictions may be modified by the agreement of the Issuer and the Dealers in particular following a change in a relevant law, regulation or directive. Any such modification will be set out in the Final Terms issued in respect of the issue of Notes to which it relates or in a supplement to this Base Prospectus.

Each Dealer agrees that it will 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 the Base Prospectus, any other offering material or any Final Terms and neither the Issuer nor any Dealer shall be liable for another Dealer's actions.

European Economic Area

In relation to each Member State of the EEA which has implemented the Prospectus Directive (a "**Relevant Member State**"), each Dealer has represented and agreed, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) at any time to qualified investors 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 relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

and provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer 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, (a) 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, (b) the expression "**Prospectus Directive**" means Directive

2003/71/EC of the European Parliament and of the Council of 4 November 2003 (and the amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure of such Directive in each Relevant Member State and (c) the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU of the European Parliament and of the Council of 24 November 2010.

United States of America

The Notes and any related guarantee have not been and will not be registered under the United States securities act of 1933, as amended (the "**Securities Act**") and, subject to certain exceptions, may not be offered or sold, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. persons, as defined in Regulation S under the Securities Act ("**Regulation S**"). Each Dealer agrees and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Dealer Agreement, it will not offer nor sell Notes of any identifiable Tranche within the United States.

Each Dealer has agreed, except as permitted by the Dealer Agreement, it will not offer nor sell Notes of any identifiable Tranche within the United States or within its possessions, or to, or for the account or benefit of U.S. Persons (i) as part of their distribution at any time or (ii) otherwise until forty (40) days after completion of the distribution of such Tranche as determined, and certified to the Issuer, by the Fiscal Agent, or in the case of Notes issued on a syndicated basis, the Lead Manager. Each Dealer shall send to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or within its possessions or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph 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 reliance on Regulation S. In addition, until forty (40) days after the commencement of the offering of any identifiable Tranche of Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering of such Tranche of Notes) may violate the registration requirements of the Securities Act.

This Base Prospectus has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Base Prospectus does not constitute an offer to any person in the United States. Distribution of this Base Prospectus outside the United States by a U.S. Person to any U.S. person or to any other person within the United States is unauthorised and any disclosure without prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States, is prohibited.

United Kingdom

Each Dealer has represented and agreed that:

- (a) in relation to any Notes which have a maturity of less than one (1) year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the "**FSMA**") by the Issuer;
- (b) 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 FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

France

Each of the Dealers and the Issuer has represented and agreed that [during the initial distribution of the Notes]²¹ it has not offered or sold and will not offer or sell, directly or indirectly, 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, this Base Prospectus, the relevant Final Terms 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 (i) providers of 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 (ii) qualified investors (*investisseurs qualifiés*) and/or (iii) a restricted circle of investors (*cercle restreint d'investisseurs*), all as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 to D.411-4 of the French *Code monétaire et financier*.

These selling restrictions may be amended in the relevant Final Terms.

²¹ Only applicable for Notes admitted to trading on Euronext Paris

GENERAL INFORMATION

- (1) The Issuer has obtained all corporate and other consents, approvals and authorisations required in France for the issue of Notes under the Programme, notably a resolution of the Board of directors of the Issuer dated 4 November 2010.

Any issuance of Notes under the Programme, to the extent that such Notes constitute *obligations* under French law, requires a resolution of the Board of directors (*Conseil d'administration*) of the Issuer.

- (2) Under Article 97 of the law no. 2010-1658 dated 29 December 2010 (French *loi de finances rectificative pour 2010*), the borrowing subscribed by the Issuer in 2011 may benefit from the guarantee of the French State in principal and interest, up to a maximum amount of €7.5 billion in principal.

The Final Terms prepared in respect of any issue of Notes will specify whether or not the Notes will benefit from the guarantee of the French State, pursuant to a decree of the Minister for Economy, adopted pursuant to Article 97 of the above-mentioned law, under the terms described in "Description of the Guarantee" and in the relevant Final Terms.

- (3) Except as disclosed in this Base Prospectus, there has been no adverse change in the financial position or prospects of the Issuer since 31 December 2009 which is significant with respect to the Programme.
- (4) The Issuer is not nor has been involved in any governmental, legal or arbitration proceedings and is not aware of similar proceedings which are pending or threatened, during a period covering at least the previous twelve (12) months, which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer or its business.
- (5) Application may be made for Notes to be accepted for clearance through Euroclear France (115 rue Réaumur, 75081 Paris cedex 02, France) and/or Euroclear (boulevard du Roi Albert II, 1210 Bruxelles, Belgique) and Clearstream, Luxembourg (42 avenue JF Kennedy, 1855 Luxembourg, Luxembourg). The common Code and the International Securities Identification Number (ISIN) or the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Final Terms.
- (5) Cabinet FCN Alexandre, 83-85, boulevard de Charonne, 75011 Paris, France and Deloitte et Associés, 185, avenue Charles de Gaulle, 92200 Neuilly-sur-Seine, France have audited and rendered audit reports on the financial statements of the Issuer for the years ended 31 December 2007, 2008 and 2009.

Mr. Patrick VICENS, 6 impasse des Ifs, 91300 Massy, France, has been appointed as alternate statutory auditor for Cabinet FCN Alexandre and Mr. Alain Pons, 99 rue de Sèvres, 75006 Paris has been appointed as alternate statutory auditor of Deloitte et Associés.

The statutory auditors' appointment mentioned above has been renewed for the years 2006 to 2011 by a resolution of the Board of directors (*Conseil d'administration*) of the Issuer dated 5 July 2006.

- (6) This Base Prospectus as well as any supplement to this Base Prospectus will be published on the websites of (a) the *Autorité des marchés financiers* (www.amf-france.org), (ii) the Issuer (www.unedic.org) and (iii) any other applicable regulatory authority and will be available for viewing, without charge, during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Fiscal Agent or Paying Agent, where copies may be obtained. The Final Terms related to Notes admitted to trading on any Regulated Market of the EEA, in accordance with the Prospectus Directive, will be published on the websites of (i) *Autorité des marchés financiers* (www.amf-france.org), (ii) the Issuer (www.unedic.org) and (iii) any other applicable regulatory authority.
- (7) So long as Notes are outstanding under this Programme, copies of the following documents will, when published, be available, without charge, during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted), at the registered office of the Fiscal Agent and Paying Agent:
- (i) a copy of the *statuts* of the Issuer;
 - (ii) the audited financial statements of the Issuer in respect of the financial years ended 31 December

2007, 2008 and 2009;

- (iii) a copy of this Base Prospectus together with any supplement to this Base Prospectus or further base prospectus;
- (iv) a copy of the Agency Agreement (*Contrat de Service Financier*) (which includes a form of *Lettre Comptable*);
- (v) any Final Terms with respect to Notes admitted to trading on Euronext Paris or on any other Regulated Market of the EEA; and
- (vi) all reports, letters and other documents, historical financial information, valuations and statements prepared by any expert at the Issuer's request any part of which is included or referred to in this Base Prospectus.

RESPONSIBILITY WITH RESPECT TO THE BASE PROSPECTUS**Person responsible for the information given in the Base Prospectus****In the name of the Issuer**

I represent that, having taken all reasonable care to ensure that such is the case, the information contained or incorporated by reference in this Base Prospectus is, to my knowledge, in accordance with the facts and contains no omission likely to affect its import.

The historical financial information incorporated by reference in this Base Prospectus have been audited by the statutory auditors of the Issuer, which reports are included in pages 28 and 29 of the financial statements for the years ended 31 December 2007 and 2008 and in pages 26 and 27 of the financial statement for the year ended 31 December 2009, and contain observations.

Paris, 1 March 2011

UNEDIC
80 rue de Reuilly
75605 Paris Cedex 02
France

Represented by:
Mr. Vincent DESTIVAL, Chief Executive Officer

Issuer

UNEDIC
80 rue de Reuilly
75605 Paris Cedex 12
France

**Arrangers and
Permanent Dealers**

BNP Paribas
10 Harewood Avenue
London NW1 6AA
Royaume-Uni

Crédit Agricole Corporate and Investment Bank
9 quai du Président Paul Doumer
92920 Paris La Défense Cedex
France

HSBC France
103 avenue des Champs-Élysées
75008 Paris
France

Natixis
30 avenue Pierre Mendès-France
75013 Paris
France

Fiscal Agent and Principal Paying Agent

BNP Paribas Securities Services
France
Les Grands Moulins de Pantin
9, rue du Débarcardère
93500 Pantin
France

Statutory Auditors

Cabinet FCN Alexandre
83-85 boulevard de Charonne
75011 Paris
France

Deloitte et Associés
185 avenue Charles de Gaulle
82200 Neuilly-sur-Seine
France

Legal Advisers**to the Issuer**

de Gaulle Fleurance & Associés
9 rue Boissy d'Anglas
75008 Paris
France

to the Permanent Dealers

Gide Loyrette Nouel A.A.R.P.I.
26 cours Albert 1^{er}
75008 Paris
France