



Assurances Générales de France

(A société anonyme established under the laws of the Republic of France)

Issue of €400,000,000 Fixed to Floating Rate Undated Deeply Subordinated Notes

Issue Price: 99.926 per cent. of the aggregate Nominal Amount

The €400,000,000 aggregate nominal amount of Fixed to Floating Rate undated Deeply Subordinated Notes (the **Notes**) of Assurances Générales de France (the **Issuer**, or **AGF** or the **Company**) will be issued outside the Republic of France on 10 February 2005.

The Notes are undated Deeply Subordinated Notes (as defined herein) and have no fixed maturity. The Issuer shall have the right (subject to the prior approval of the Relevant Supervisory Authority if such approval is then required by the Applicable Capital Regulations) to redeem the Notes, in whole but not in part, on any Interest Payment Date from and including 10 June 2015, as further specified in “Terms and Conditions — Redemption and Purchase”. Otherwise, the Issuer shall have the right (subject to the prior approval of the Relevant Supervisory Authority if then required under the Applicable Capital Regulations) to redeem the Notes at any time for taxation reasons or for regulatory reasons, as set out in “Terms and Conditions — Redemption and Purchase”.

The Notes and any related coupons constitute direct, unconditional, unsecured and undated Deeply Subordinated Obligations of the Issuer and rank and will rank *pari passu* among themselves and *pari passu* with all other present and future Deeply Subordinated Obligations of the Issuer, but shall be subordinated to all present and future *titres participatifs* issued by, and *prêts participatifs* granted to, the Issuer, Ordinary Subordinated Obligations of the Issuer and Unsubordinated Obligations of the Issuer, as set out in “Terms and Conditions — Status”.

Each Note bears interest on its then Nominal Amount at a fixed rate of 4.625 per cent. per annum from (and including) 10 February 2005 (the **Issue Date**) to (but excluding) 10 June 2015 (the **Fixed Rate Period**) payable annually in arrear on 10 June and thereafter (the **Floating Rate Period**) at a variable rate per annum payable quarterly in arrear on or about 10 June, 10 September, 10 December and 10 March in each year, commencing on or about 10 September 2015, as set out in “Terms and Conditions — Interest”.

Payment of interest on the Notes may or shall, in certain circumstances, be suspended, as set out in “Terms and Conditions of the Notes — Interest — Compulsory Interest and Optional Interest”. Any interest not paid on such dates will be lost and will therefore no longer be due and payable by the Issuer.

Payments in respect of the Notes will be made without deduction for, or on account of, French taxes to the extent set out in “Terms and Conditions of the Notes — Taxation”.

Application has been made to list the Notes on the Luxembourg Stock Exchange.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended, (the **Securities Act**) and may not be offered or sold in the United States or to, or for the benefit of, U.S. persons unless the Notes are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available.

The Notes will be issued in bearer form in the denomination of €1,000 each and will at all times, in compliance with Article L.211-4 of the French *Code monétaire et financier*, be represented in book-entry form (*dématérialisé*) in the books of the Account Holders (as defined in “Terms and Conditions of the Notes — Form, Denomination and Title”) on the Issue Date. No physical documents of title will be issued in respect of the Notes. The Notes will, upon issue, be inscribed in the books of Euroclear France which shall credit the accounts of the Account Holders, including Euroclear Bank S.A./N.V., as operator of the Euroclear System and the depositary banks for Clearstream Banking, société anonyme.

The Notes are expected to be assigned on issue a rating of BBB by Standard & Poor’s Ratings Services and Baa1 by Moody’s Investors Services, Inc. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the relevant rating agency. A suspension, withdrawal or reduction of the ratings assigned to the Notes may adversely affect the market price of the Notes.

For a description of certain matters that prospective investors should consider, see “Investment Considerations”.

Joint Bookrunners

LEHMAN BROTHERS BNP PARIBAS DRESDNER KLEINWORT WASSERSTEIN
(Structuring Adviser)

Co-Lead Manager

ODDO & CIE

The Issuer confirms that this Offering Circular contains all information with respect to the Issuer and the Issuer and its affiliated entities and subsidiaries taken as a whole (the **Group** or **AGF Group**) and the Notes which is material in the context of the issue and offering of the Notes; the statements contained in it relating to the Issuer, the Group and the Notes are in all material respects true and accurate and not misleading; the opinions and intentions expressed in this Offering Circular with regard to the Issuer and the Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; and there are no other material facts in relation to the Issuer, the Group or the Notes, the omission of which would, in the context of the issue and offering of the Notes, make any statement in this document misleading in any material respect.

In making an investment decision regarding the Notes, prospective investors should rely on their own independent investigation and appraisal of the Issuer and the Group, their business and the terms of the offering, including the merits and risks involved. The contents of this Offering Circular are not to be construed as legal, business or tax advice. Each prospective investor should consult its own advisers as to legal, tax, financial, credit and related aspects of an investment in the Notes.

In connection with the issue and offering of the Notes, no person has been authorised to give any information or to make any representation other than those contained in this Offering Circular and, if given or made, such information or representation must not be relied upon as having been authorised by BNP Paribas, Dresdner Bank Aktiengesellschaft, Lehman Brothers International (Europe) or Oddo & Cie (the **Managers**) or the Issuer. Neither the delivery of this Offering Circular, nor any sale made in connection with the issue of the Notes shall, under any circumstances, create any implication that the information in this Offering Circular is correct or complete as of any time subsequent to its date.

The distribution of this Offering Circular and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer and the Managers to inform themselves about and to observe any such restrictions.

This Offering Circular does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone to any person to whom it is unlawful to make such offer or solicitation. No action has been or will be taken by the Issuer, the Managers or any other person that would permit a public offering of the Notes or the distribution of this Offering Circular or any other offering material relating to the Notes, in any country or jurisdiction where regulatory action for that purpose is required.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**) or the securities laws of any U.S. state, and the Notes may not be offered or sold 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**)) unless an exemption from such registration is available.

The Notes are being offered and sold only outside the United States to non-U.S. persons, in reliance upon an exemption from registration under the Securities Act pursuant to Regulation S. Purchasers may not resell or otherwise transfer the Notes in the United States except pursuant to registrations under or exemptions from the registration requirements of the Securities Act and applicable securities laws of states within the United States. For a description of this and certain further restrictions on offers, sales and transfers of the Notes, and the distribution of this Offering Circular, see "Subscription and Sale".

THIS OFFERING CIRCULAR HAS NOT BEEN APPROVED BY, OR REGISTERED OR FILED WITH, THE FRENCH AUTORITÉ DES MARCHÉS FINANCIERS. THE NOTES MAY NOT BE OFFERED OR SOLD TO THE PUBLIC IN FRANCE AND NEITHER THIS OFFERING CIRCULAR, NOR ANY OTHER OFFERING MATERIAL OR INFORMATION CONTAINED THEREIN, MAY BE RELEASED, ISSUED OR DISTRIBUTED OR CAUSED TO BE RELEASED, ISSUED OR DISTRIBUTED TO THE PUBLIC IN FRANCE, OR USED IN CONNECTION WITH ANY OFFER FOR SUBSCRIPTION OR SALE OF NOTES TO THE PUBLIC IN FRANCE. SUCH OFFERS, SALES AND DISTRIBUTIONS SHALL BE MADE IN FRANCE ONLY TO QUALIFIED INVESTORS (INVESTISSEURS QUALIFIES) ACTING FOR THEIR OWN ACCOUNT, AS DEFINED IN ARTICLE L.411-2 OF THE CODE MONÉTAIRE ET FINANCIER AND DÉCRET NO. 98-880 DATED 1 OCTOBER, 1998. PERSONS INTO WHOSE POSSESSION THIS OFFERING

CIRCULAR COMES MUST INFORM THEMSELVES ABOUT AND OBSERVE ANY SUCH RESTRICTIONS. THIS OFFERING CIRCULAR DOES NOT CONSTITUTE, AND MAY NOT BE USED FOR OR IN CONNECTION WITH, AN OFFER TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR A SOLICITATION BY ANYONE NOT AUTHORISED TO SO ACT.

Unless otherwise specified or the context requires, references herein to “Euro”, “euro” and “€” are to the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community.

Any discrepancies in any table in this Offering Circular between totals and the sums of the amounts listed in such table are due to rounding. References to “billions” are to thousands of millions.

Unless otherwise indicated, statements in this Offering Circular relating to market share, ranking and data are derived from Issuer management estimates based on independent industry publications, reports by market research firms or other published independent sources.

In connection with the issue and distribution of the Notes, Lehman Brothers International (Europe), or any person acting for it, may over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period. However, there may be no obligation on Lehman Brothers International (Europe), or any agent of it, to do this. Such stabilising, if commenced, may be discontinued at any time, must be brought to an end after a limited period and will be carried out in compliance with all applicable laws and regulations.

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SUMMARY OF THE TERMS AND CONDITIONS OF THE NOTES

The following summary refers to certain provisions of the Terms and Conditions of the Notes and is qualified by the more detailed information contained elsewhere in this Offering Circular. Defined terms used herein have the meaning given to them in “Terms and Conditions of the Notes”.

Issuer	Assurances Générales de France
Issue Size	€400,000,000
Issue Price	99.926%
Denomination	€1,000
Maturity	The Notes are undated Deeply Subordinated Notes and have no fixed maturity.
Form of the Notes	The Notes are issued in bearer form in the denomination of €1,000 each and will at all times, in compliance with Article L.211-4 of the French <i>Code monétaire et financier</i> , be represented in book-entry form (<i>dématérialisé</i>) in the books of the Account Holders. No physical documents of title (including <i>certificats représentatifs</i> pursuant to Article 7 of <i>décret</i> no. 83-359 of 2 May 1983) will be issued in respect of the Notes.
Status of the Notes	<p>The Notes are undated Deeply Subordinated Notes (<i>obligations</i>). The subordination provisions of the Notes are governed by Article L.228-97 of the French <i>Code de commerce</i>.</p> <p>The Notes and any related coupons constitute direct, unconditional, unsecured and undated Deeply Subordinated Obligations of the Issuer and rank and will rank <i>pari passu</i> among themselves and <i>pari passu</i> with all other present and future Deeply Subordinated Obligations of the Issuer, but shall be subordinated to all present and future <i>titres participatifs</i> issued by, and <i>prêts participatifs</i> granted to, the Issuer, Ordinary Subordinated Obligations of the Issuer and Unsubordinated Obligations of the Issuer.</p> <p>The Notes shall rank in priority to any class of share capital, whether represented by ordinary shares or preference shares (actions de préférence) issued by the Issuer.</p>
Loss Absorption	<p>In the event of the occurrence of a Solvency Event (as defined below), the <i>Conseil d'Administration</i> (board of directors) of the Issuer undertakes to convene an extraordinary shareholders' meeting during the 3 month period immediately following the occurrence of the Solvency Event to propose to its shareholders a share capital increase or any other measure to remedy such Solvency Event.</p> <p>If then,</p> <ul style="list-style-type: none"> (i) the share capital increase or any other proposed measures are not accepted by the extraordinary shareholders' meeting of the Issuer, or

- (ii) the share capital increase adopted by such extraordinary shareholders' meeting is insufficiently subscribed to remedy the Solvency Event, or
- (iii) the amount of the losses has not been totally set off against the increase of the shareholders' equity (capitaux propres) of the Issuer, or
- (iv) in any event, the Solvency Event remains on the last day of the financial half year following the extraordinary shareholders' meeting, (notwithstanding the implementation of the measures adopted by the *Conseil d'Administration* (board of directors) of the Issuer or the extraordinary shareholders' meeting, as the case may be and as described above),

the *Conseil d'Administration* of the Issuer will implement, within 10 days following the last day of the financial half year following such extraordinary shareholders' meeting, a reduction of the then Nominal Amount of the Notes (**Loss Absorption**) to off-set its losses and thereafter, to enable it to continue operating its business on a going concern basis. A Loss Absorption will be implemented by a partial or full reduction of the then Nominal Amount.

The amount by which the then Nominal Amount as aforesaid is reduced to enable the Issuer to continue operating its business on a going concern basis without weakening its financial structure will be the lower of:

- (i) the amount of losses not set off against a share capital increase implemented as provided above; and
- (ii) the amount of the then Nominal Amount immediately prior to such reduction.

Any such reduction shall be applied in respect of each Note equally and, in the event the Issuer has other Deeply Subordinated Notes outstanding, such reduction will be applied on a pro-rata basis among them.

The aggregate Nominal Amount of the Notes shall be adjusted accordingly.

A **Solvency Event** will be deemed to have occurred if the Issuer's Consolidated Solvency Margin level has fallen below 100 per cent of the minimum Consolidated Solvency Margin level.

Reinstatement

If following a Loss Absorption, a positive Consolidated Net Income is recorded by the Issuer for at least two consecutive financial years following the End of Solvency Event (a **Return to Financial Health**), the Issuer shall increase the then Nominal Amount of the Notes up to such maximum amount (either up to the Original Nominal Amount or up to any other amount lower than the Original Nominal Amount) (a **Reinstatement**) to the extent that any such Reinstatement does not trigger the occurrence of a Solvency Event.

Such Reinstatement shall be made on one or more occasions in the conditions described above until the then Nominal Amount of the Notes has been reinstated to the Original Nominal Amount as from the Return to Financial Health (save in the event of occurrence of another Solvency Event).

The amount of the Reinstatement will not exceed the amount of the latest Consolidated Net Income of the Issuer.

Interest

Each Note will bear interest on its then Nominal Amount at a fixed rate of 4.625 per cent. per annum from (and including) the Issue Date to (but excluding) 10 June 2015 (the **Fixed Rate Period**), payable annually in arrear on 10 June.

Thereafter (the **Floating Rate Period**), each Note will bear interest at a Floating Rate (3 Month Euribor plus a margin of 1.98 per cent.) per annum payable quarterly in arrear on or about 10 June, 10 September, 10 December and 10 March in each year, commencing on or about 10 September 2015.

Compulsory Interest and Optional Interest

(1) On any Interest Payment Date that is not a Compulsory Interest Payment Date (i.e. an **Optional Interest Payment Date**), the Issuer may, at its option, elect not to pay interest with a view to allowing the Issuer to ensure the continuity of its activities without weakening its financial structure.

Any interest not paid on such dates will be lost and will therefore no longer be due and payable by the Issuer.

The amount of interest payable on Optional Interest Payment Date will always be calculated on the basis of the then current Nominal Amount.

(2) On any Compulsory Interest Payment Date, the Issuer shall pay interest on the then Nominal Amount of the Notes. **Compulsory Interest Payment Date** means each Interest Payment Date prior to which in the absence of a Mandatory Non-Payment of Interest Event (as defined below), at any time during a period of one year prior to such Interest Payment Date, any of the following events has occurred:

- (i) the Issuer has declared or paid a dividend in any form, or made a payment of any nature, on any class of shares (whether represented by ordinary shares or preference shares);
- (ii) the Issuer has made a payment on any other Deeply Subordinated Obligations unless such payment was a compulsory interest payment under the terms of any such other Deeply Subordinated Obligations issued by the Issuer;
- (iii) the Issuer has redeemed, repurchased or otherwise acquired any class of its share capital (whether such shares are represented by ordinary shares or preference shares), by any means (except shares repurchased by the Issuer in the context of its own

buy-back programme (*programme de rachat d'actions*), under any equity derivative hedge structure or transaction or, under any hedging of stock options programme or any other compensation benefit programme); or

- (iv) the Issuer has redeemed, repurchased or otherwise acquired any Deeply Subordinated Obligations in accordance with their terms.

However, a Compulsory Interest Payment Date will not exist if a Mandatory Non-Payment of Interest Event has occurred prior to an Interest Payment Date and is continuing.

Interest payable on a Compulsory Interest Payment Date will always be calculated on the basis of the then current Nominal Amount.

(3) On any Mandatory Non-Payment of Interest Event, the Issuer shall not pay interest. A Mandatory Non-Payment of Interest Event will be deemed to have occurred if:

- (i) a Solvency Event has occurred prior to such Interest Payment Date and is continuing; or
- (ii) in the fiscal year immediately preceding such Interest Payment Date, (a) the reported Consolidated Net Income of the Issuer is less than or equal to zero and (b) such negative Consolidated Net Income exceeds the accumulated retained earnings (**Retained Earnings**) of the Issuer for the two (2) financial years immediately preceding the financial year for which such negative Consolidated Net Income was reported. Retained Earnings for this purpose shall be Consolidated Net Income less annual dividends declared for each of those two (2) financial years.

Any interest not paid on such dates will be lost and will therefore no longer be due and payable by the Issuer.

Optional Redemption Date

The Issuer may redeem all the Notes, but not some only, on any Interest Payment Date from and including 10 June 2015 at their Original Nominal Amount together in each case with all interest accrued up to (but excluding) the date of redemption.

Redemption following a Capital Disqualification Event

If at any time the Issuer determines that a Capital Disqualification Event has occurred with respect to the Notes, the Notes will be redeemable in whole but not in part at the option of the Issuer on any Interest Payment Date at their Make Whole Redemption Price.

Taxation

The Notes will upon issue benefit from an exemption from deduction of tax at source. If French law should require any such deduction, the Issuer shall, to the extent permitted by law and subject to certain exceptions, pay additional amounts.

The Issuer has the option to redeem the Notes if a Tax Event occurs. A **Tax Event** will occur if (i) the Issuer is under the obligation to pay the additional amounts mentioned in the above first paragraph, (ii) any French law or regulation prohibit the payment of such additional amounts or (iii) on the occasion of the next payment due under the Notes, interest payable thereunder is not tax-deductible by the Issuer in France.

The redemption amount shall be equal to (a) the Original Nominal Amount of the Notes together with all accrued interest up to (but excluding) the date fixed for redemption where the event mentioned in (i), (ii) or (iii) of the definition of Tax Event above results from a Tax Law Change and (b) the Make Whole Redemption Price where this event results from an event other than a Tax Law Change, all as further specified in Condition 6.

Tax Law Change means a change in or proposed change in, or amendment or proposed amendment to, the laws or regulations of France or any political subdivision or authority therein or thereof having the power to tax, including any treaty to which France is a party, or any change in the application of official or generally published interpretation of such laws including a decision of any court or tribunal, or any interpretation or pronouncement by any relevant tax authority that provides for a position with respect to such laws or regulations that differs from the previously generally accepted position in relation to similar transactions or which differs from any specific written confirmation given by a tax authority in respect of the Notes, which change or amendment (x) (subject to (y)) becomes, or would become, effective on or after 10 February 2005, or (y) in the case of a change or proposed change in law or regulation (including any position of the tax authorities) if such change is enacted (or, in the case of a proposed change, is expected to be enacted) by French Parliament or government or tax authorities.

**Capital Disqualification Event
and Tax Event Substitution**

The Issuer may without any requirement for the consent or approval of the Noteholders, substitute at any time all (and not some only) of the Notes for, or vary the terms of the Notes (i) if a Tax Event occurs, so that no Tax Event exists after such substitution or variation or (ii) if a Capital Disqualification Event occurs so that the Notes or the substituted Notes become Qualifying Tier 1 Equivalent Securities or Qualifying Upper Tier 2 Equivalent Securities.

In connection with any substitution or variation in accordance with Condition 5(g), the Issuer shall comply with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or admitted to trading, and (for so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of such exchange require) shall publish appropriate supplement, any

listing particulars or offering circular in connection therewith.

In addition, any substitution or variation of the Notes is (i) subject to giving at least six months' prior written notice to, and receiving no objection from, the Relevant Supervisory Authority (or such shorter period of notice as the Relevant Supervisory Authority may accept and so long as such notice is required to be given), (ii) subject to the Issuer being in compliance with the capital resources requirements applicable to it from time to time (and a certificate from the *Directeur Général* of the Issuer confirming such compliance shall be conclusive evidence of such compliance) and (iii) conditional on all interest amounts accrued and due on the relevant Interest Payment Date (if any) being satisfied in full on or prior to the date thereof.

“Qualifying Tier 1 Equivalent Securities” means securities issued by the Issuer that: (a) have terms taken as a whole not less favourable to an investor (as reasonably determined by the Issuer, and provided that a certification to such effect of the *Directeur Général* of the Issuer shall have been delivered to the Representative prior to the issue or variation of the relevant securities) than the terms of the Notes, provided that they shall include a ranking at least equal to that of the Notes and the same Interest Rate from time to time applying to the Notes, and further provided that they shall comply with the then current requirements of the Relevant Supervisory Authority in relation to the equivalent for insurance companies of Tier 1 Capital (whatever terminology may be retained); and (b) are listed on the Luxembourg Stock Exchange, the Paris Stock Exchange or the Frankfurt Stock Exchange as selected by the Issuer.

“Qualifying Upper Tier 2 Equivalent Securities” means securities issued by the Issuer that: (a) have terms taken as a whole not less favourable to an investor (as reasonably determined by the Issuer, and provided that a certification to such effect of the *Directeur Général* of the Issuer shall have been delivered to the Representative prior to the issue or variation of the relevant securities) than the terms of the Notes provided that (1) they shall contain terms which comply with the then current requirements of the Relevant Supervisory Authority in relation to the equivalent for insurance companies of Upper Tier 2 Capital (whatever terminology may be retained), (2) the same Interest Rate from time to time applying to the Notes and (3) they are listed on the Luxembourg Stock Exchange, the Paris Stock Exchange or the Frankfurt Stock Exchange as selected by the Issuer.

Representation of Noteholders

The Noteholders will be grouped automatically for the defence of their respective common interests in a *masse*. The *Masse* will be governed by those provisions of the French *Code de Commerce* and by *décret* No. 67-236 of 23 March 1967, subject to certain exceptions.

	<p>The Masse will be a separate legal entity acting in part through two (2) representatives and in part through a general assembly of the Noteholders.</p>
Clearing Systems	<p>The Notes have been accepted for clearance through Euroclear France, Clearstream, Luxembourg and Euroclear.</p>
Listing	<p>Application has been made to list the Notes on the Luxembourg Stock Exchange.</p>
Ratings	<p>The Notes are expected to be assigned on issue a rating of BBB by Standard & Poor's Ratings Services and Baa1 by Moody's Investors Services, Inc. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the relevant rating agency. A suspension, withdrawal or reduction of the ratings assigned to the Notes may adversely affect the market price of the Notes.</p>
Governing law	<p>French law.</p>

INCORPORATION BY REFERENCE

The annual report of the Issuer in respect of the year ended 31 December 2003 (which includes the audited annual consolidated and non-consolidated financial statements of the Issuer and which has been registered under no. D.04-0615 with the *Autorité des marchés financiers* as the Issuer's *Document de Référence* dated 29 April 2004), the semi-annual report of the Issuer for the period ended 30 June 2003 (which has been registered under no. D.03-0592-A02 with the *Autorité des marchés financiers* as the Issuer's *Actualisation du Document de Référence* dated 16 October 2003) and the semi-annual report of the Issuer for the period ended 30 June 2004 (which includes the consolidated semi-annual unaudited financial statements of the Issuer and its subsidiaries and which has been registered under no. D.04-0615-A01 with the *Autorité des marchés financiers* as the Issuer's *Actualisation du Document de Référence* dated 8 October 2004) giving further information in relation to the Issuer and the Group are incorporated by reference herein.

AVAILABLE INFORMATION

So long as any of the Notes remain outstanding, the documents referred to in paragraph "Incorporation by Reference" above together with copies of the latest annual report (containing consolidated and non-consolidated audited financial statements) and the latest unaudited consolidated semi-annual financial statements of the Issuer may be obtained, and copies of the Agency Agreement and of the *statuts* of the Issuer are available for inspection during normal business hours as soon as they are available, free of charge, at the specified offices for the time being of the Fiscal Agent and the Paying Agent.

INVESTMENT CONSIDERATIONS

The following is a summary of certain aspects of the offering of the Notes of which prospective investors should be aware. Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this Offering Circular, including in particular the following investment considerations detailed below. This summary is not intended to be exhaustive and prospective investors should make their own independent evaluations of all investment considerations and should also read the detailed information set out elsewhere in this Offering Circular. Terms defined in the terms and conditions shall have the same meaning where used below.

The Notes are Deeply Subordinated Obligations

The Issuer's obligations under the Notes are deeply subordinated obligations of the Issuer which are the most junior debt instruments of the Issuer, subordinated to and ranking behind the claims of all other unsubordinated and ordinary subordinated creditors of the Issuer, lenders in relation to *prêts participatifs* granted to the Issuer and holders of *titres participatifs* issued by the Issuer. The Issuer's obligations under the Notes rank in priority only to any classes of shares of the Issuer.

Undated Securities

The Notes are undated securities with no specified maturity date. The Issuer is under no obligation to redeem the Notes at any time. The Noteholders have no right to require redemption of the Notes, except if a judgment is issued for the judicial liquidation (*liquidation judiciaire*) of the Issuer or if the Issuer is liquidated for any other reason.

Restrictions on Payment

Interest

For so long as the compulsory interest provisions do not apply, the Issuer may elect, and in certain circumstances shall be required, not to pay interest falling due on the Notes on any Optional Interest Payment Date, with a view to allowing the Issuer to ensure the continuity of its activities without weakening its financial structure or if a Mandatory Non-Payment of Interest Event exists. Any interest not so paid on any such Optional Interest Payment Date or if a Mandatory Non-Payment of Interest Event exists shall be forfeited and shall therefore no longer be due and payable by the Issuer, save as otherwise provided.

Principal

As further specified under Condition 2(c) (Loss Absorption and Reinstatement) below:

- (i) the Original Nominal Amount or then Nominal Amount of the Notes may be reduced, as required, on one or more occasions following a Solvency Event; and
- (ii) following any such reductions, the then Nominal Amount of the Notes may be increased, as required, on one or more occasions following a Return to Financial Health.

In the event of the occurrence of a Solvency Event, the *Conseil d'Administration* of the Issuer undertakes to convene an extraordinary shareholders' meeting during the 3 month period immediately following the occurrence of the Solvency Event to propose to its shareholders a share capital increase or any other measure to remedy such Solvency Event. If no satisfactory measure is taken in order to fully cure the Solvency Event, a Loss Absorption will be implemented by a partial or full reduction of the then Nominal Amount, all as further specified in Condition 2(c).

No Limitation on Issuing Debt

There is no restriction on the amount of debt which the Issuer may issue or guarantee. The Issuer and its subsidiaries and affiliates may incur additional indebtedness or grant guarantees in respect of indebtedness of third parties, including indebtedness or guarantees that rank senior in priority of payment to the Notes. If the Issuer's financial condition were to deteriorate, the Noteholders could suffer direct and materially

adverse consequences, including reduction of the Original Nominal Amount or then Nominal Amount of the Notes, loss of interest and, if the Issuer were liquidated (whether voluntarily or involuntarily), loss by Noteholders of their entire investment.

Redemption Risk

The Notes are undated securities with no specified maturity date. Nevertheless, the Notes may be redeemed in whole (but not in part), at the option of the Issuer, (i) on 10 June 2015 and on any Interest Payment Date thereafter or (ii) at any time for certain tax or regulatory reasons.

There can be no assurance that, at the relevant time, Noteholders will be able to reinvest the amounts received upon redemption at a rate that will provide the same return as their investment in the Notes.

No prior market for the Notes

There is currently no existing market for the Notes, and there can be no assurance that any market will develop for the Notes or that Noteholders will be able to sell their Notes in the secondary market. There is no obligation to make a market in the Notes. Application has been made to list the Notes on the Luxembourg Stock Exchange.

Future Regulatory and Accounting Changes

The introduction of proposed regulatory and accounting changes may affect AGF's financial statements.

No tax advice

Prospective purchasers of the Notes should consult their own tax advisers concerning the consequences of ownership and disposal of the Notes.

TERMS AND CONDITIONS OF THE NOTES

The issue outside the Republic of France of the €400,000,000 fixed to floating rate undated Deeply Subordinated Notes (the **Notes**) of Assurances Générales de France (the **Issuer**) has been authorised pursuant to a resolution of the ordinary general meeting (*Assemblée Générale Ordinaire*) of the shareholders of the Issuer adopted on 30 May 2000, a resolution of the *Conseil d'Administration* of the Issuer adopted on 6 December 2004 and a decision of Mr Jean-Philippe Thierry, the *Président Directeur Général* of the Issuer made on 8 February 2005. The Notes are issued with the benefit of a fiscal and paying agency agreement (the **Agency Agreement**) dated 8 February 2005 between the Issuer, BNP Paribas Securities Services, as fiscal agent, principal paying agent, agent bank and BNP Paribas Securities Services, Luxembourg Branch as paying agent. The fiscal agent, principal paying agent, agent bank and the paying agent for the time being are referred to in these Conditions as the **Fiscal Agent**, the **Principal Paying Agent**, the **Agent Bank** and the **Paying Agents** (which expression shall include the Principal Paying Agent), respectively. Each of such expressions shall include the successors from time to time of the relevant persons, in such capacities, under the Agency Agreement, and are collectively referred to as the **Agents**. Holders of the Notes (the **Noteholders**) are deemed to have notice of the provisions of the Agency Agreement applicable to them. Certain statements in these Terms and Conditions are summaries of, and are subject to, the detailed provisions of the Agency Agreement, copies of which are available for inspection during usual business hours at the specified offices of the Paying Agents. References below to **Conditions** are, unless the context otherwise requires, to the numbered paragraphs below.

1. Form, Denomination and Title

The Notes are issued in bearer form in the denomination of €1,000 each and will at all times, in compliance with Article L.211-4 of the French *Code monétaire et financier*, be represented in book-entry form (*dématérialisé*) in the books of the Account Holders. No physical documents of title (including *certificats représentatifs* pursuant to Article 7 of *décret* no. 83-359 of 2 May 1983) will be issued in respect of the Notes. The Notes will, upon issue, be inscribed in the books of Euroclear France which shall credit the accounts of the Account Holders.

For the purpose of these Conditions, **Account Holder** shall mean any authorised financial intermediary institution entitled to hold accounts on behalf of its customers with Euroclear France, and includes Euroclear Bank S.A./N.V., as operator of the Euroclear System (**Euroclear**) and the depositary banks for Clearstream Banking société anonyme (**Clearstream**).

Title to the Notes shall be evidenced by entries in the books of Account Holders and will pass upon, and transfer of Notes may only be effected through, registration of the transfer in such books.

2. Status, rights of Noteholders in the event of liquidation, Loss Absorption and Reinstatement

(a) Status

The Notes are undated Deeply Subordinated Notes (*obligations*). The subordination provisions of the Notes are governed by Article L.228-97 of the French *Code de commerce* (the **Code**).

The Notes and any related coupons constitute direct, unconditional, unsecured and undated Deeply Subordinated Obligations of the Issuer and rank and will rank *pari passu* among themselves and *pari passu* with all other present and future Deeply Subordinated Obligations of the Issuer, but shall be subordinated to all present and future *titres participatifs* issued by, and *prêts participatifs* granted to, the Issuer, Ordinary Subordinated Obligations of the Issuer and Unsubordinated Obligations of the Issuer.

The Notes shall rank in priority to any class of share capital, whether represented by ordinary shares or preference shares (*actions de préférence*) issued by the Issuer.

For the purposes of these Conditions:

Deeply Subordinated Obligations means any Deeply Subordinated Notes (including the Notes) or other Obligations of the Issuer which rank, or are expressed to rank, *pari passu* with the Notes.

Deeply Subordinated Notes means all and any bonds or notes of the Issuer which constitute direct, unconditional, unsecured and lowest ranking subordinated obligations (*titres subordonnés de dernier rang*) of the Issuer, including bonds or notes the subordination provisions of which are governed by the provisions of Article L.228-97 of the French *Code de commerce*, as amended and which rank and will rank *pari passu* among themselves and *pari passu* with all other present and future Deeply Subordinated Obligations of the Issuer, but behind all present and future *prêts participatifs* granted to the Issuer and *titres participatifs* issued by the Issuer and behind Ordinary Subordinated Obligations of the Issuer and Unsubordinated Obligations of the Issuer.

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

Ordinary Subordinated Obligations means any Obligations of the Issuer which constitute direct, unconditional, unsecured and subordinated obligations of the Issuer and which rank and will rank in priority to all present and future *titres participatifs* issued by the Issuer, *prêts participatifs* granted to the Issuer and Deeply Subordinated Obligations of the Issuer.

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

Original Nominal Amount means the nominal value of each Note on the Issue Date, without taking into account any Loss Absorption or Reinstatement (as described in Condition 2(c) below).

Nominal Amount means the nominal value of each Note at any time taking into account any reduction or increase in accordance with the Loss Absorption or Reinstatement provisions (as described in Condition 2(c) below).

(b) Rights of Noteholders in the event of liquidation

The rights of the Noteholders in the event of the judicial liquidation (*liquidation judiciaire*) of the Issuer will be calculated on the basis of the then Nominal Amount of the Notes together with accrued interest (if any) and any other outstanding payments under the Notes.

If the Original Nominal Amount has been reduced in the context of one or more Loss Absorption(s) (as defined below), the rights of the Noteholders are calculated on the basis of the Original Nominal Amount, to the extent that all other creditors of the Issuer (including holders of Unsubordinated Obligations of the Issuer, holders of Ordinary Subordinated Obligations of the Issuer, lenders in relation to *prêts participatifs* granted to the Issuer and holders of *titres participatifs* issued by the Issuer) have been or will be fully reimbursed, as ascertained by the liquidator.

The rights of the Noteholders in the event of the liquidation of the Issuer for any other reason than judicial liquidation (*liquidation judiciaire*) will be calculated on the basis of the Original Nominal Amount of the Notes together with accrued interest and any other outstanding payments under the Notes.

(c) Loss Absorption and Reinstatement

(1) Loss Absorption

In the event of the occurrence of a Solvency Event (as defined below), the *Conseil d'Administration* of the Issuer undertakes to convene an extraordinary shareholders' meeting during the 3 month period immediately following the occurrence of the Solvency Event to propose to its shareholders a share capital increase or any other measure to remedy such Solvency Event.

If then,

- (i) the share capital increase or any other proposed measures are not accepted by the extraordinary shareholders' meeting of the Issuer, or
- (ii) the share capital increase adopted by such extraordinary shareholders' meeting is insufficiently subscribed to remedy the Solvency Event, or

- (iii) the amount of the losses has not been totally set off against the increase of the shareholders' equity (*capitaux propres*) of the Issuer, or
- (iv) in any event, the Solvency Event remains on the last day of the financial half year following the extraordinary shareholders' meeting (notwithstanding the implementation of the measures adopted by the *Conseil d'Administration* of the Issuer or the extraordinary shareholders' meeting, as the case may be and as described above),

the *Conseil d'Administration* of the Issuer will implement, within 10 days following the last day of the financial half year following such extraordinary shareholders' meeting, a reduction of the then Nominal Amount of the Notes (**Loss Absorption**) to off-set its losses and thereafter, to enable it to continue operating its business on a going concern basis. A Loss Absorption will be implemented by a partial or full reduction of the then Nominal Amount.

The amount by which the then Nominal Amount as aforesaid is reduced to enable the Issuer to continue operating its business on a going concern basis without weakening its financial structure will be the lower of:

- (i) the amount of losses not set off against a share capital increase implemented as provided above; and
- (ii) the amount of the then Nominal Amount immediately prior to such reduction.

Any such reduction shall be applied in respect of each Note equally and, in the event the Issuer has other Deeply Subordinated Notes outstanding, such reduction will be applied on a pro-rata basis among them.

The aggregate Nominal Amount of the Notes shall be adjusted accordingly.

The Nominal Amount of the Notes pursuant to the above provision may be reduced on one or more occasions, as required save that any reductions may not result in the Nominal Amount of each Note to become less than one cent of a Euro.

(2) *Reinstatement*

If following a Loss Absorption, a positive Consolidated Net Income is recorded by the Issuer for at least two consecutive financial years following the End of Solvency Event (a **Return to Financial Health**), the Issuer shall increase the then Nominal Amount of the Notes up to such maximum amount (either up to the Original Nominal Amount or up to any other amount lower than the Original Nominal Amount) (a **Reinstatement**) to the extent that any such Reinstatement does not trigger the occurrence of a Solvency Event.

Such Reinstatement shall be made on one or more occasions in the conditions described above until the then Nominal Amount of the Notes has been reinstated to the Original Nominal Amount as from the Return to Financial Health (save in the event of occurrence of another Solvency Event).

The amount of the Reinstatement will not exceed the amount of the latest Consolidated Net Income of the Issuer.

For the purposes of these Conditions:

A **Solvency Event** will be deemed to have occurred if the Issuer's Consolidated Solvency Margin level has fallen below 100 per cent of the minimum Consolidated Solvency Margin level.

Consolidated Solvency Margin means the *marge de solvabilité* in the sense of the French *Code des Assurances* and calculated for this purpose as if the Issuer were not a member of an EU-regulated financial group (currently the Allianz Group) but was itself the ultimate parent undertaking in an EU-regulated financial group.

Consolidated Net Income means the consolidated net income (excluding minority interests) of the Issuer as calculated in the consolidated accounts approved by the Issuer's shareholders' general meeting.

End of Solvency Event means that, following a Solvency Event, the Issuer is no longer in breach of the Consolidated Solvency Margin.

(3) *Notification*

The occurrence of a Solvency Event, End of Solvency Event or Return to Financial Health shall be notified by the Issuer to the Noteholders in accordance with Condition 9 not later than seven (7) Business Days following its occurrence.

Any reduction or increase of the Nominal Amount of the Notes shall be notified to the Noteholders in accordance with Condition 9 not later than seven (7) Business Days following its occurrence.

3. Interest

(a) Interest Payment Dates

Each Note will bear interest on its then Nominal Amount at a fixed rate of 4.625 per cent. per annum (the **Fixed Rate**) from (and including) 10 February 2005 (the **Issue Date**) to (but excluding) 10 June 2015 (the **Fixed Rate Period**), payable annually in arrear on 10 June (each a **Fixed Rate Payment Date**).

If interest is required to be calculated for a period within the Fixed Rate Period of less than one year, it will be calculated on the basis of the actual number of days elapsed in the relevant period from and including the date from which interest begins to accrue to, but excluding, the date on which it falls due, divided by the actual number of days in the Fixed Rate Period in which the relevant period falls (including the first such day but excluding the last) and rounding the resultant figure to the nearest €0.01 (0.005 being rounded upwards).

Thereafter (the **Floating Rate Period**), each Note will bear interest at a Floating Rate (as defined in Condition 3(c)) per annum payable quarterly in arrear on or about 10 June, 10 September, 10 December and 10 March in each year, commencing on or about 10 September 2015 (each a **Floating Rate Payment Date** and together with the Fixed Rate Payment Dates, an **Interest Payment Date**). If any Floating Interest Payment Date would otherwise fall on a day which is not a Business Day (as defined below) it shall be postponed to the next day which is a Business Day unless it would then fall into the next calendar month in which event it shall be brought forward to the immediately preceding Business Day.

(b) Interest Accrual

Each Note will cease to bear interest from and including the due date for redemption unless payment of the principal in respect of the Note is improperly withheld or refused on such date or unless default is otherwise made in respect of the payment.

(c) Floating Rate

The variable rate of interest payable in respect of the Notes (the **Floating Rate**, together with the Fixed Rate, the **Interest Rate**) for each Floating Rate Period will be determined on the basis of the following provisions:

- (i) On each **Interest Determination Date**, namely the second Business Day before the commencement of the Floating Rate Period for which the rate will apply, the Agent Bank will determine the Reference Rate (as defined below) as at or about 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If the Reference Rate is unavailable, the Agent Bank will request each of the Reference Banks (as defined below) to provide the Agent Bank with its offered quotation to prime banks in the Euro-zone (as defined below) interbank market for Euro deposits for a period of three (3) months commencing on the first day of the relevant Floating Rate Period, as at or about 11.00 a.m. (Brussels time) on the Interest Determination Date in question. The Floating Rate for the Floating Rate Period shall be the Reference Rate plus the Margin (as defined below) or, if the Reference Rate is unavailable, the arithmetic average (rounded upwards if necessary to the nearest fifth decimal place with 0.000005 being rounded upwards) of the offered quotations as established by the Agent Bank plus the Margin.
- (ii) If on any Interest Determination Date the Reference Rate is unavailable and two (2) or three (3) only of the Reference Banks provide offered quotations, the Floating Rate for the relevant Floating Rate Period shall be determined in accordance with the provisions of paragraph (i) on the basis of the offered quotations of those Reference Banks providing the offered quotations.

- (iii) If on any Interest Determination Date the Reference Rate is unavailable and less than two (2) Reference Banks provide offered quotations, the Floating Rate for the relevant Floating Rate Period shall be the rate per annum which the Agent Bank determines to be the sum of the Margin and the arithmetic mean (rounded upwards if necessary to the nearest fifth decimal place with 0.000005 being rounded upwards) of the Euro lending rates quoted by major banks in the Euro-Zone (selected by the Agent Bank after prior consultation with the Issuer and being at least two (2) in number) at or about 11.00 a.m. (Brussels time) on the Interest Determination Date in question for loans in Euro to leading European banks for a period of three (3) months commencing on the first day of the relevant Floating Rate Period, except that if the banks so selected by the Agent Bank are not quoting on such Interest Determination Date, the Floating Rate for the relevant Floating Rate Period shall be the Floating Rate in effect for the last preceding Floating Rate Period to which one of paragraphs (i) or (ii) of this Condition 3(c) shall have applied.
- (iv) The Margin (the **Margin**) in respect of each Floating Rate Period is 1.98 per cent. per annum.
- (v) For the purposes of these Conditions:

Business Day means any day (other than a Saturday or a Sunday) which is a TARGET Settlement Day;

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

Reference Banks means the principal Euro-zone office of four (4) major banks in the Euro-zone interbank market selected by the Agent Bank after prior consultation with the Issuer;

Reference Rate means the offered rate, expressed as a rate per annum, for three (3) month Euro deposits commencing on the first day of the relevant Floating Rate Period, as calculated by Bridge Information Systems on behalf of the European Banking Federation and the International Foreign Exchange Dealers' Association, which appears, for information purposes only, at or about 11.00 a.m. (Brussels time) on the display designated as page "248" on Bridge/Telerate (or such other page or service as may replace it for the purpose of displaying Euribor);

TARGET Settlement Day means any day on which the TARGET System is operating; and

TARGET System means the Trans-European Automated Real-Time Gross Settlement Express Transfer System.

(d) Determination of Floating Rate and Interest Amount with respect to the Floating Rate Period

The Agent Bank shall, as soon as practicable after 11.00 a.m. (Brussels time) on each Interest Determination Date determine the Floating Rate and amount of interest (each an **Interest Amount**) payable in respect of the denomination of the Notes for the relevant Floating Rate Period.

The Interest Amounts shall be determined by applying the Floating Rate to such denomination multiplying the sum by the actual number of days in the Floating Rate Period concerned divided by 360 and rounding the resultant figure to the nearest cent (half a cent being rounded upwards).

(e) Publication of Floating Rate and Interest Amount with respect to the Floating Rate Period

The Agent Bank shall cause the Floating Rate and the Interest Amount for each Floating Rate Period and the relevant Interest Payment Date to be notified (a) to the Issuer, the Fiscal Agent (if different from the Agent Bank) and each other Paying Agent (if any) and to any stock exchange on which the Notes are at the relevant time listed not later than 3.00 p.m. (Brussels time) on the Interest Determination Date and (b) to the Noteholders in accordance with Condition 9 as soon as possible after their determination but in no event later than the second Business Day thereafter. The Interest Amount and Interest Payment Date so published may subsequently be amended by the Agent Bank (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Floating Rate Period. If the Notes become due and payable under Condition 6(c) or under Condition 8 other than on a Floating Rate Payment Date, the Floating Rate and the Interest Amount shall nevertheless continue to be calculated as

previously by the Agent Bank in accordance with this Condition 3 but no publication of the Floating Rate and the Interest Amount so calculated need be made.

(f) Notifications, etc. to be final

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

(g) Agent Bank

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

(h) Compulsory Interest and Optional Interest

(1) Optional Non-Payment of Interest

On any Interest Payment Date that is not a Compulsory Interest Payment Date (i.e. an Optional Interest Payment Date), the Issuer may, at its option, elect not to pay interest on such Interest Payment Date with a view to allowing the Issuer to ensure the continuity of its activities without weakening its financial structure.

Any interest not paid on such dates will be lost and will therefore no longer be due and payable by the Issuer.

Interest payable on Optional Interest Payment Date will always be calculated on the basis of the then current Nominal Amount.

(2) Compulsory Interest Payment

On any Compulsory Interest Payment Date, the Issuer shall pay interest on the then Nominal Amount of the Notes. **Compulsory Interest Payment Date** means each Interest Payment Date prior to which in the absence of a Mandatory Non-Payment of Interest Event (as defined below), at any time during a period of one year prior to such Interest Payment Date, any of the following events has occurred:

- (i) the Issuer has declared or paid a dividend in any form, or made a payment of any nature, on any class of shares (whether represented by ordinary shares or preference shares);
- (ii) the Issuer has made a payment on any other Deeply Subordinated Obligations unless such payment was a compulsory interest payment under the terms of any such other Deeply Subordinated Obligations issued by the Issuer;
- (iii) the Issuer has redeemed, repurchased or otherwise acquired any class of its share capital (whether such shares are represented by ordinary shares or preference shares), by any means (except shares repurchased by the Issuer in the context of its own buy-back programme (programme de rachat d'actions), under any equity derivative hedge structure or transaction or, under any hedging of stock options programme or any other compensation benefit programme); or
- (iv) the Issuer has redeemed, repurchased or otherwise acquired any Deeply Subordinated Obligations in accordance with their terms.

However, a Compulsory Interest Payment Date will not exist if a Mandatory Non-Payment of Interest Event has occurred prior to an Interest Payment Date and is continuing.

Interest payable on Compulsory Interest Payment Date will always be calculated on the basis of the then current Nominal Amount.

(3) Mandatory Non-Payment of Interest

On any Mandatory Non-Payment of Interest Event, the Issuer shall not pay interest. A Mandatory Non-Payment of Interest Event will be deemed to have occurred if:

- (i) a Solvency Event has occurred prior to such Interest Payment Date and is continuing; or
- (ii) in the fiscal year immediately preceding such Interest Payment Date, (a) the reported Consolidated Net Income of the Issuer is less than or equal to zero and (b) such negative Consolidated Net Income exceeds the accumulated retained earnings (**Retained Earnings**) of the Issuer for the two (2) financial years immediately preceding the financial year for which such negative Consolidated Net Income was reported. Retained Earnings for this purpose shall be Consolidated Net Income less annual dividends declared for each of those two (2) financial years.

Any interest not paid on such dates will be lost and will therefore no longer be due and payable by the Issuer.

(4) Notice of Non-Payment

The suspension of payment and accrual of interest in accordance with this Condition 3(h) shall be notified by the Issuer to the Noteholders in accordance with Condition 9 and to the Luxembourg Stock Exchange not later than seven (7) Business Days prior to the relevant Interest Payment Date.

4. Payments

(a) Method of Payment

Payments of principal and interest in respect of the Notes will be made in Euro by transfer to a Euro denominated account (or any other account to which Euro may be credited or transferred) specified by the payee with a bank, in a country within the TARGET System. Such payments shall be made for the benefit of the Noteholders to the Account Holders.

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

Payments in respect of principal and interest on the Notes will, in all cases, be made subject to any fiscal or other laws and regulations or orders of courts of competent jurisdiction applicable in respect of such payments to the Issuer, the relevant Paying Agent, the relevant Account Holder or, as the case may be, the person shown in the records of Euroclear France, Euroclear or Clearstream, Luxembourg as the holder of a particular nominal amount of Notes, but without prejudice to the provisions of Condition 6.

(b) Payments on Business Days

If the due date for payment of any amount of principal, interest or other amounts in respect of any Note is not a Business Day, payment shall not be made of the amount due and credit or transfer instructions shall not be given in respect thereof until the next following Business Day and the holder shall not be entitled to any interest or other sums in respect of such postponed payment.

(c) Fiscal Agent, Agent Bank and Paying Agents

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

**Fiscal Agent, Principal Paying Agent and Agent Bank
BNP Paribas Securities Services**

Les Collines de l'Arche
75450 Paris Cedex
France

**Paying Agent and Luxembourg Listing Agent
BNP Paribas Securities Services, Luxembourg Branch**

23, Avenue de la Porte Neuve
L-2085 Luxembourg
Luxembourg

The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, Paying Agent, Agent Bank and/or appoint additional or other Agents or approve any change in the office through which any such Agent acts, provided that there will at all times be (i) a Fiscal Agent and a Principal Paying Agent having a specified office in a European city and (ii) so long as the Bonds are listed on the Luxembourg Stock Exchange and the rules of that exchange so require, a Paying Agent having a specified office in Luxembourg (which may be the Principal Paying Agent). The Issuer undertakes that it will ensure that it maintains a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26 and 27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive.

Any termination or appointment shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not more than forty five (45) nor less than thirty (30) calendar days' notice thereof shall have been given to the Noteholders by the Issuer in accordance with Condition 9.

5. Redemption and Purchase

(a) Undated Notes

The Notes are undated Deeply Subordinated Notes and have no fixed maturity.

(b) Optional Redemption Date

The Issuer may, having given not less than thirty (30) nor more than sixty (60) days' notice to the Noteholders in accordance with Condition 9 (which notice shall be irrevocable), redeem all the Notes, but not some only, on any Interest Payment Date from and including 10 June 2015 (the **Optional Redemption Date**) at their Original Nominal Amount together with all interest accrued up to (but excluding) the date of redemption.

(c) Redemption following a Capital Disqualification Event

If at any time the Issuer determines that a Capital Disqualification Event (as defined below) has occurred with respect to the Notes, the Notes will be redeemable in whole but not in part at the option of the Issuer on any Interest Payment Date at their Make Whole Redemption Price.

For the purposes of these Conditions:

Capital Disqualification Event means that

- (i) under Applicable Capital Regulations the Notes cannot be included in calculating the Issuer's Consolidated Solvency Margin; or
- (ii) the Notes are not eligible for inclusion in the Issuer's core capital for the purpose of the determination of its solvency margin or capital adequacy ratio on a consolidated or non-consolidated basis under Future Capital Regulations or an official application or interpretation of those regulations including a decision of a court or tribunal.

Applicable Capital Regulations means at any time the solvency margin, capital adequacy regulations or any other regulatory capital rules then in effect in France and/or any other relevant jurisdiction as applied and construed by the Relevant Supervisory Authority and applicable to the Issuer or, as the case may be, to the Issuer as if it was the ultimate parent undertaking in an EU-regulated financial group.

Relevant Supervisory Authority means any relevant regulator having jurisdiction over the Issuer, as long as the Issuer's insurance activities are regulated and the Issuer is required by Applicable Capital Regulations to comply with certain applicable minimum solvency margins, capital adequacy levels or any other capital adequacy rules on a consolidated or non-consolidated basis. The current Relevant Supervisory Authority is the Commission de *Contrôle des Assurances, des Mutuelles et des Institutions de Prévoyance* (CCAMIP).

Future Capital Regulations means the solvency margin or capital adequacy regulations which may in the future be introduced into France and/or any other relevant jurisdiction and applicable to the Issuer, if and when the same will be in effect in such jurisdiction and which would lay down the requirements to be fulfilled by financial instruments for inclusion in the equivalent of Tier 1 capital for insurance companies or insurance groups or core capital as opposed to Tier 2 capital or supplementary capital (whatever the terminology that may be retained) when those regulations are introduced in France or in such other jurisdiction (as the case may be).

Make Whole Redemption Price means, in respect of each Note, (a) the Original Nominal Amount of such Note together with all interest accrued up to (but excluding) the date of redemption or, if this is higher, (b) the sum of (i) the Original Nominal Amount of such Note together with all interest accrued up to (but excluding) the date of redemption and (ii) the Make Whole Premium.

Make Whole Premium means the excess, if any, of (i) the present value of the future Debt Service on the Note (assuming for this purpose that the Notes are to be redeemed at the Original Nominal Amount on the first Optional Redemption Date) discounted at 0.60 per cent. above the then current yield on the 3.75 per cent. German *Bundesobligationen* due January 2015 (or, if such security is no longer in issue, such other German *Bundesobligationen* in issue on or about the Reference Date as the Agent Bank may, with the advice of the Reference Market Makers, determine to be appropriate by way of substitution for the 3.75 per cent. German *Bundesobligationen* due January 2015) over (ii) the Original Nominal Amount of such Note all as determined by the Agent Bank.

Debt Service means, in respect of a Note, all payments of principal and interest on such Note (where principal and interest payments are based on the Original Nominal Amount).

Reference Rate means the date which is three Business Days prior to the date fixed for redemption pursuant to the relevant Condition.

Reference Market Makers means three brokers or market makers of European government bonds selected by the Agent Bank or such other three persons operating in the European government bonds market as are selected by the Agent Bank in consultation with the Issuer.

(d) Redemption for tax reasons

The Issuer may (and, in certain cases, shall) redeem all of the Notes as set forth in Condition 6.

(e) Redemption Conditions

Any redemption of the Notes is subject to the prior approval of the Relevant Supervisory Authority, if then required by the Applicable Capital Regulations.

(f) Miscellaneous

The Issuer, or any of its subsidiaries, may at any time purchase any Notes for cash consideration or otherwise (including, without limitation, by means of exchange) in the open market or otherwise, at any price and on any conditions, subject to the Issuer having given prior written notice to, and receiving no objections from the Relevant Supervisory Authority (if required at such time).

All Notes which are (i) redeemed or (ii) purchased by or on behalf of the Issuer will forthwith be cancelled and accordingly may not be reissued or resold.

(g) Capital Disqualification Event and Tax Event Substitution

The Issuer may (subject to the following provisions of this Condition 5(g)), without any requirement for the consent or approval of the Noteholders, and having given not less than 30 nor more than 60 days' notice to the Fiscal Agent, the Paying Agents, the Agent Bank and, in accordance with Condition 9, the Noteholders (which notice shall be irrevocable), substitute at any time all (but not some only) of the Notes for, or vary the terms of the Notes (i) if a Tax Event occurs, so that no Tax Event exists after such substitution or variation or (ii) if a Capital Disqualification Event occurs so that the Notes or the substituted Notes become Qualifying Tier 1 Equivalent Securities or Qualifying Upper Tier 2 Equivalent Securities. The amount of Qualifying Tier 1 Equivalent Securities or Qualifying Upper Tier 2 Equivalent Securities to be given in substitution will be equal to the Original Nominal Amount of the Notes. The substitution shall be implemented by the inscription of the substituted Notes in books the Account Holders in place of the existing Notes.

A **Tax Event** will occur if (i) the Issuer is under the obligation to pay the additional amounts mentioned in Condition 6(b), (ii) any French law or regulation prohibit the payment of such additional amounts (as described in Condition 6(c)) or (iii) on the occasion of the next payment due under the Notes, interest payable thereunder is not tax-deductible by the Issuer in France (as described in Condition 6(d)).

Prior to the publication of any notice of substitution or variation pursuant to this Condition 5(g) the Issuer shall deliver to the Representatives, the Fiscal Agent and, so long as the Bonds are listed on the Luxembourg Stock Exchange, the Paying Agent in Luxembourg, a certificate signed by the *Directeur Général* of the Issuer (the **Certificate**) stating that a Capital Disqualification Event or a Tax Event, has occurred and is continuing as at the date of the Certificate, and such Certificate shall be deemed to constitute sufficient evidence of the occurrence and continuation of a Capital Disqualification Event or Tax Event in which event it shall be conclusive and binding on the Noteholders. Upon expiry of such notice the Issuer shall either vary or substitute the Notes, as the case may be.

In connection with any substitution or variation in accordance with this Condition 5(g), the Issuer shall comply with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or admitted to trading, and (for so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of such exchange require) shall publish appropriate supplement, listing particulars or offering circular in connection therewith.

In addition, any substitution or variation of the Notes is (i) subject to giving at least six months' prior written notice to, and receiving no objection from, the Relevant Supervisory Authority (or such shorter period of notice as the Relevant Supervisory Authority may accept and so long as such notice is required to be given) if the approval of the Relevant Supervisory Authority on such substitution or variation of the Notes is then required by the Applicable Capital Regulations, (ii) subject to the Issuer being in compliance with the capital resources requirements applicable to it from time to time taking into account, as the case may be, the variation or substitution of the Notes pursuant to the provisions herein (and the Certificate confirming such compliance shall be conclusive evidence of such compliance) and (iii) conditional on all interest amounts accrued as from the last Interest Payment Date, subject to Optional Non-Payment of Interest or Mandatory Non-Payment of Interest, and due on the relevant Interest Payment Date (if any) being satisfied in full on or prior to the date thereof.

Qualifying Tier 1 Equivalent Securities means securities issued by the Issuer that: (a) have terms taken as a whole not less favourable to a Noteholder (as reasonably determined by the Issuer, and provided that a certification to such effect of the *Directeur Général* of the Issuer shall have been delivered to the Representatives prior to the issue or variation of the relevant securities) than the terms of the Notes, provided that they shall include a ranking at least equal to that of the Notes and the same Interest Rate from time to time applying to the Notes, and further provided that they shall comply with the then current requirements of the Relevant Supervisory Authority in relation to the equivalent for insurance companies

of Tier 1 Capital (whatever terminology may be retained); and (b) are listed on the Luxembourg Stock Exchange, the Paris Stock Exchange or the Frankfurt Stock Exchange as selected by the Issuer.

Qualifying Upper Tier 2 Equivalent Securities means securities issued by the Issuer that: (a) have terms taken as a whole not less favourable to a Noteholder (as reasonably determined by the Issuer, and provided that a certification to such effect of the *Directeur Général* of the Issuer shall have been delivered to the Representatives prior to the issue or variation of the relevant securities) than the terms of the Notes provided that (1) they shall contain terms which comply with the then current requirements of the Relevant Supervisory Authority in relation to the equivalent for insurance companies of Upper Tier 2 Capital (whatever terminology may be retained), (2) the same Interest Rate from time to time applying to the Notes and (3) they are listed on the Luxembourg Stock Exchange, the Paris Stock Exchange or the Frankfurt Stock Exchange as selected by the Issuer.

6. Taxation

- (a) The Notes being denominated in Euro and therefore deemed to be issued outside the Republic of France, interest and other revenues in respect of the Notes benefit under present law from the exemption provided for in Article 131 *quater* of the *Code Général des Impôts* (General Tax Code) from deduction of tax at source.
- (b) 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, duties, assessments or other governmental charges of whatever nature imposed or levied by or on behalf of the Republic of France or any authority therein or thereof having power to tax, the Issuer shall, to the fullest extent then permitted by law, pay such additional amounts as may be necessary in order that the holder of each Note, after such deduction or withholding, will receive the full amount then due and payable thereon in the absence of such withholding; provided, however, that the Issuer shall not be liable to pay any such additional amounts in respect of any Note (i) to a holder (or beneficial owner (*ayant droit*)) who is subject to such taxes, duties, assessments or governmental charges in respect of such Note by reason of his having some connection with the Republic of France other than the mere holding of such Note or (ii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to the European Council Directive 2003/48/EEC or any other European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26 and 27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive; provided, however, that the Issuer may, in such event, having given not less than thirty (30) nor more than sixty (60) days' notice to the Noteholders in accordance with Condition 9 (which notice shall be irrevocable), redeem all (but not some only) of the outstanding Notes on any Interest Payment Date, provided that the due date for redemption shall be no earlier than the latest practicable Interest Payment Date on which the Issuer could make payment of principal or interest without such deduction or withholding. The redemption amount shall be equal to (i) the Original Nominal Amount of the Notes together with all accrued interest up to (but excluding) the date fixed for redemption where the obligation to pay the additional amounts results from a Tax Law Change and (ii) the Make Whole Redemption Price where the obligation to pay the additional amounts results from an event other than a Tax Law Change.

For the purposes of these Conditions:

Tax Law Change means a change in or proposed change in, or amendment or proposed amendment to, the laws or regulations of France or any political subdivision or authority therein or thereof having the power to tax, including any treaty to which France is a party, or any change in the application of official or generally published interpretation of such laws including a decision of any court or tribunal, or any interpretation or pronouncement by any relevant tax authority that provides for a position with respect to such laws or regulations that differs from the previously generally accepted position in relation to similar transactions or which differs from any specific written confirmation given by a tax authority in respect of the Notes, which change or amendment (x) (subject to (y)) becomes, or would become, effective on or after 10 February 2005, or (y) in the case of a change or proposed change in law or regulation (including any position of the tax authorities) if

such change is enacted (or, in the case of a proposed change, is expected to be enacted) by French Parliament or government or tax authorities.

References in these Conditions to principal and interest shall be deemed also to refer to any additional amounts which may be payable under the provisions of this Condition.

- (c) In the event that any French law or regulation should prohibit the payment of the additional amounts mentioned in paragraph (b) above, the Issuer has the option, in lieu of making any such payments, to redeem all outstanding Notes at their Original Nominal Amount, together with accrued interest up to (but excluding) the date fixed for redemption, on the latest practicable date on which the Issuer could make payment of the full amount of principal or interest payable in respect of the Notes or, if such date is past, as soon as practicable thereafter. The redemption amount shall be equal to (i) the Original Nominal Amount of the Notes together with all accrued interest up to (but excluding) the date fixed for redemption where the prohibition to pay the additional amounts results from a Tax Law Change and (ii) the Make Whole Redemption Price where the prohibition to pay the additional amounts results from an event other than a Tax Law Change.
- (d) If on the occasion of the next payment due under the Notes, interest payable thereunder is not tax-deductible by the Issuer in France, the Issuer has the option to redeem all outstanding Notes on the latest practicable date on which the Issuer could make such payment with interest payable being tax deductible in France or, if such date is past, as soon as practicable thereafter. The redemption amount shall be equal to (i) the Original Nominal Amount of the Notes together with all accrued interest up to (but excluding) the date fixed for redemption where the absence of tax deductibility results from a Tax Law Change and (ii) the Make Whole Redemption Price where the absence of tax deductibility results from an event other than a Tax Law Change.
- (e) The Issuer shall give the Fiscal Agent notice of any redemption pursuant to paragraphs (b), (c) or (d) above not less than thirty (30) nor more than sixty (60) days before the date fixed for redemption and the Fiscal Agent shall promptly thereafter publish a notice of redemption in accordance with Condition 9.

In addition, prior to the publication of any notice of redemption pursuant to paragraph (d) above, the Issuer shall deliver to the Fiscal Agent (i) a Certificate stating that the Issuer is entitled to effect such redemption and that payments of interest under the Notes will no longer be tax-deductible as aforesaid and (ii) an opinion of independent legal advisers of recognised standing to such effect.

7. Prescription

Claims against the Issuer for the payment of principal and interest in respect of the Notes shall become prescribed ten (10) years (in the case of principal) and five (5) years (in the case of interest) from the due date for payment thereof.

8. Enforcement

- (a) If any judgement is issued for the judicial liquidation (*liquidation judiciaire*) of the Issuer or if the Issuer has been liquidated for any other reason, then the Notes shall become immediately due and payable as described below.

The rights of the Noteholders in the event of the judicial liquidation (*liquidation judiciaire*) of the Issuer will be calculated on the basis of the then Nominal Amount of the Notes together with accrued interest (if any) and any other outstanding payments under the Notes.

If the Original Nominal Amount has been reduced in the context of one or more Loss Absorption(s), the rights of the Noteholders are calculated on the basis of the Original Nominal Amount, to the extent that all other creditors of the Issuer (including holders of Unsubordinated Obligations of the Issuer, holders of Ordinary Subordinated Obligations of the Issuer, lenders in relation to *prêts participatifs* granted to the Issuer and holders of *titres participatifs* issued by the Issuer) have been or will be fully reimbursed, as ascertained by the liquidator.

The rights of the Noteholders in the event of the liquidation of the Issuer for any other reason than judicial liquidation (*liquidation judiciaire*) will be calculated on the basis of the Original Nominal Amount of the Notes together with accrued interest and any other outstanding payments under the Notes.

- (b) The holder of any Note may give written notice to the Fiscal Agent that the Note is, and it shall accordingly forthwith become, immediately due and repayable at its then Nominal Amount, together with accrued interest thereon, if any, to the date of payment, if default is made in the payment of any principal, interest or other amount due in respect of this Note and the default continues for a period of five (5) days in the case of principal or ten (10) days in the case of interest or any other amount.

9. Notices

Any notice to the Noteholders will be valid if published so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that stock exchange so require, in a leading daily newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which such publication is made.

In addition, notices required to be given to the Noteholders pursuant to these Conditions may also be given by delivery of the relevant notice to Euroclear France, Euroclear, Clearstream and/or any other clearing system through which the Notes are for the time being cleared in substitution for the publications as aforesaid if prior approval is obtained from the competent authority of any stock exchange on which the Notes are listed. Any such notice shall be deemed to have been given on the third Business Day following delivery of the notice to the relevant clearing system.

10. Representation of the Noteholders

(a) *The Masse*

The Noteholders will be grouped automatically for the defence of their respective common interests in a masse (hereinafter referred to as the **Masse**).

The Masse will be governed by those provisions of the Code with the exception of the provisions of Articles L.228-48, L.228-59 and L.228-65 II of the Code and by *décret* No. 67-236 of 23 March 1967 (as modified or re-enacted from time to time) (the **Decree**) with the exception of Articles 218, 222, 224 and 226 of the Decree, as amended by the conditions set forth below.

(b) *Legal Personality*

The Masse will be a separate legal entity, by virtue of Article L.228-46 of the Code acting in part through two (2) representatives (the **Representatives**) and in part through a general assembly of the Noteholders.

The Masse alone, to the exclusion of all individual Noteholders, shall exercise the common rights, actions and benefits which now or in the future may accrue with respect to the Notes.

(c) *Representatives*

The office of Representative may be conferred on a person of any nationality. However, the following persons may not be chosen as Representatives:

- (i) the Issuer and its employees and their ascendants, descendants and spouses;
- (ii) companies possessing at least ten (10) per cent. of the share capital of the Issuer or of which the Issuer possesses at least ten (10) per cent. of the share capital;
- (iii) companies guaranteeing all or part of the obligations of the Issuer; and
- (iv) persons to whom the practice of banker is forbidden or who have been deprived of the right of directing, administering or managing a business in whatever capacity.

The initial Representatives shall be:

Suzanne Caillaut, 85 rue Petit, 75019 Paris, France

Odile Albasser, Les Cavaliers, Quartier Cartlet, 84400 Saignon, France

In the event of death, retirement or revocation of one or both initial Representatives, the replacement Representatives shall be:

Jocelyne Bendriss, Lehman Brothers, 25 Bank Street, London E14 5LE

Constance Minc, Lehman Brothers, 25 Bank Street, London E14 5LE

In the event of death, retirement or revocation of one or both replacement Representatives, a replacement will be elected by a meeting of the general assembly of Noteholders.

The Issuer shall pay to each Representative an amount of €305 per year, payable on the Interest Payment Date falling on, or nearest to 10 June of each year during the issue.

All interested parties will at all times have the right to obtain the names and the addresses of the Representatives at the head office of the Issuer and at the offices of any of the Paying Agents.

(d) Powers of the Representatives

The Representatives shall, in the absence of any decision to the contrary of the general assembly of Noteholders, have the power to take all acts of management to defend the common interests of the Noteholders.

All legal proceedings against the Noteholders or initiated by them in order to be justifiable, must be brought against the Representatives or by them, and any legal proceedings which shall not be brought in accordance with this provision shall not be legally valid.

The Representatives may not interfere in the management of the affairs of the Issuer.

(e) General Assemblies of Noteholders

General assemblies of the Noteholders may be held at any time, on convocation either by the Issuer or by the Representatives. One or more Noteholders, holding together at least one-thirtieth (1/30) of outstanding Notes may address to the Issuer and the Representatives a demand for convocation of the general assembly; if such general assembly has not been convened within two (2) months from such demand, such Noteholders may commission one of themselves to petition the competent court in Paris to appoint an agent who will call the meeting.

Notice of the date, hour, place, agenda and quorum requirements of any meeting of a general assembly will be published as provided under Condition 9 not less than fifteen (15) calendar days prior to the date of the general assembly on first convocation and six (6) calendar days on second convocation.

Each Noteholder has the right to participate in meetings of the Masse in person or by proxy. Each Note carries the right to one vote.

(f) Powers of General Assemblies

A general assembly is empowered to deliberate on the fixing of the remuneration of the Representatives and on their dismissal and replacement, and also may act with respect to any other matter that relates to the common rights, actions and benefits which now or in the future may accrue with respect to the Notes, including authorising the Representatives to act as law as plaintiff or defendant.

A general assembly may further deliberate on any proposal relating to the modification of the Conditions of the Notes, including:

- (i) any proposal, whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions; and
- (ii) any proposal relating to the issue of securities carrying a right of preference compared to the rights of the Noteholders;

it being specified, however, that a general assembly may not increase amounts payable by the Noteholders, nor establish any unequal treatment between the Noteholders, nor decide to convert the Notes into shares.

Meetings of a general assembly may deliberate validly on first convocation only if Noteholders present or represented hold at least one quarter (1/4) of the Nominal Amount of the Notes then outstanding. On second convocation, no quorum shall be required. Decisions at meetings shall be taken by a simple majority of votes cast by the Noteholders attending such meeting or represented thereat.

(g) Notice of Decisions

Decisions of the meetings must be published in accordance with the provisions set out in Condition 9 not more than ninety (90) days from the date thereof.

(h) Information to the Noteholders

Each Noteholder or representative thereof will have the right, during the fifteen (15) day period preceding the holding of each meeting of a general assembly, to consult or make a copy of the text of the resolutions which will be proposed and of the reports which will be presented at the meeting, which will be available for inspection at the principal office of the Issuer, at the offices of the Paying Agents and at any other place specified in the notice of meeting.

(i) Expenses

The Issuer will pay all reasonable expenses incurred in the operation of the Masse, including expenses relating to the calling and holding of meetings and the expenses which arise by virtue of the remuneration of the Representatives, and more generally all administrative expenses resolved upon by a general assembly of the Noteholders, it being expressly stipulated that no expenses may be imputed against interest payable on the Notes.

11. Further Issues

The Issuer may from time to time without the consent of the Noteholders issue further notes to be assimilated (*assimilables*) with the Notes as regards their financial service, provided that such further notes and the Notes shall carry rights identical in all respects (or in all respects except for the first payment of interest thereon) and that the terms of such further notes shall provide for such assimilation. In the event of such assimilation, the holders of Notes and the holders of any assimilated (*assimilables*) notes will for the defence of their common interests be grouped in a single Masse having legal personality.

12. Governing Law and Submission to Jurisdiction

The Notes and the Agency Agreement are governed by the laws of the Republic of France.

Any action against the Issuer in connection with the Notes will be submitted to the exclusive jurisdiction of the competent courts in Paris.

USE OF PROCEEDS

The net proceeds of the issue are expected to be €395,584,000 and will be used by the Issuer for general corporate purposes, in particular to reduce short-term debt and strengthen its balance sheet.

CAPITALISATION AND INDEBTEDNESS OF AGF

The following table sets out the consolidated capitalisation and indebtedness of the Issuer, as extracted without adjustment from the Issuer's unaudited interim accounts as at 30 June 2004 and as adjusted to reflect the issue of the Fixed to Floating Rate Undated Deeply Subordinated Notes.

There has been no material change in the authorised and issued share capital of the Issuer and no material change in the indebtedness of the Issuer or the Group since 30 June 2004.

	As at 30 June 2004	As adjusted for issue of Notes
	€m	€m
Equity Capital		
Share Capital.....	862	862
Share Premium Account	2,685	2,685
Reserves, Group share	3,613	3,613
Net income, Group share	532	532
Translation adjustment.....	(274)	(274)
Treasury shares.....	(684)	(684)
	<u>6,734</u>	<u>6,734</u>
Group Shareholders'equity	6,734	6,734
Minority Interest.....	445	445
	<u>7,179</u>	<u>7,179</u>
Total Equity	7,179	7,179
	<u>10</u>	<u>10</u>
Fund for general banking risks	10	10
	<u>7,189</u>	<u>7,189</u>
Total "Equity Capital"	7,189	7,189

All non-banking financial debt is consisting wholly of obligations arising from financing decisions and is considered as indebtedness. All debt, due to banking activity – mainly from Banque AGF – is thus not regarded as, indebtedness and therefore not included in the table displayed below.

	As at 30 June 2004 ¹	As adjusted for issue of Notes
	€m	€m
Indebtedness		
Subordinated Debt (non banking activities)		
Euro 6.625 per cent for the first 10 years/Euribor 3 months +178 bps from the 11th year. Fixed/Floating Rate Subordinated Notes due to 2020.....	225	225
Euribor 3 months +78 bps for the first 10 years/Euribor 3 months +178 bps from the 11th year. Floating Rate Subordinated Notes due to 2020	225	225
Euro 5.445 per cent for the first 10 years/Euribor 3 months +183 bps from the 11th year. Floating Rate Subordinated Notes due to 2020.	700	700
Euro 4.625 per cent for the first 10 years/Euribor 3 months + 198 bps from the 11th year. Fixed/Floating Rate Subordinated Notes.....	0	400
	<u>1,150</u>	<u>1,550</u>
	€m	€m
Debt evidenced by certificates (non banking activities)		
Negotiable debt	570	570
Bonds	1	1
	<u>571</u>	<u>571</u>
Amounts owed to Credit Institutions (non banking activities)		
Term deposits	478	478
Ordinary demand deposits	461	461
	<u>939</u>	<u>939</u>
Other debt (non banking activities)		
Term deposits	32	32
Debt with maturity of more than one year	30	30
Other financial debt	209	209
	<u>271</u>	<u>271</u>

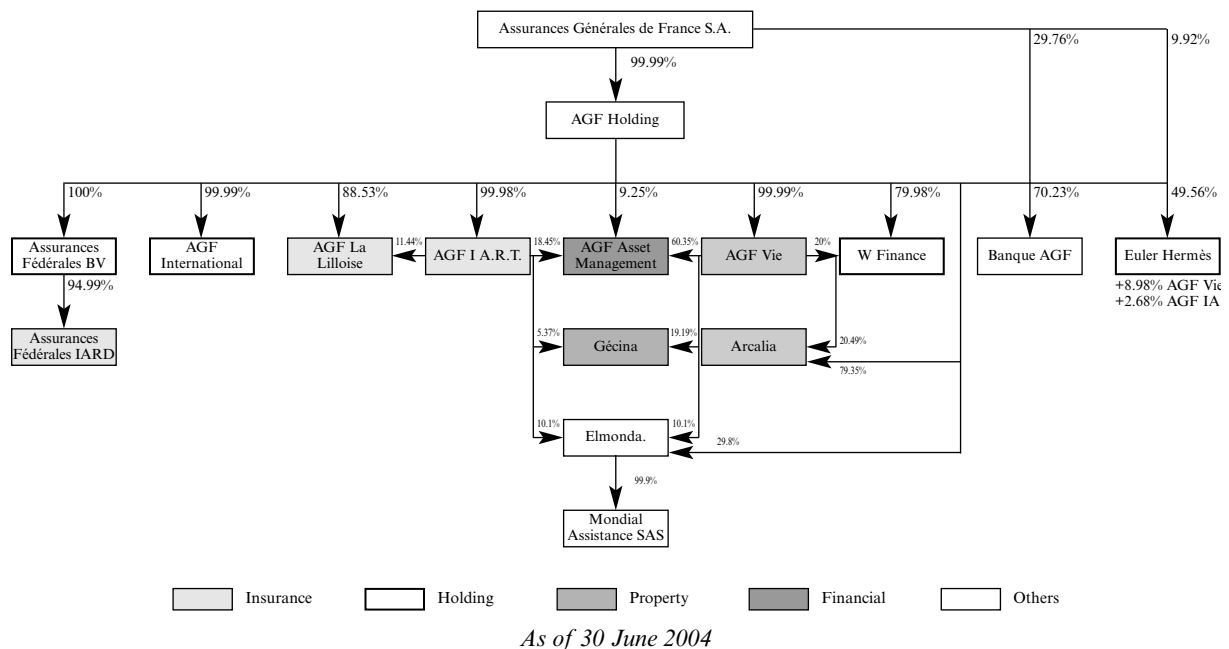
1 As of 30 June 2004, total accrued interest in respect of AGF's subordinated loans amounted to €29 million.

DESCRIPTION OF AGF

I INTRODUCTION

AGF and its consolidated subsidiaries (“AGF” or the “Group”) is a major player in insurance and financial services, both in France and in more than twenty countries around the world. Owned by the number 12 in European insurance, Allianz AG, of which it is a major subsidiary, AGF is a multi-line insurance company offering life, health, property and liability insurance, as well as banking and asset management services. Its main insurance operating companies are AGF Vie for life insurance business and AGF IART for non-life business. AGF is also a world leader in credit insurance with Euler Hermes and in assistance and travel insurance with Mondial Assistance. Allianz has given AGF the responsibility for developing business on the parent group’s behalf in a number of countries and regions where for the most part AGF has historical ties. They include: France, Benelux, Spain, South America, Africa and the Middle East.

In 2003, AGF generated turnover of more than €18 billion, broken down between life and health insurance (39 per cent.), property and casualty insurance (39 per cent.), financial services (9 per cent.), credit insurance (10 per cent.) and assistance (3 per cent.). AGF employed more than 34,000 people around the world. More than 90 per cent. of its business was concentrated in Europe of which 64 per cent. was in France. AGF managed nearly €80 billion of assets and its Net Asset Value amounted to €7.07 billion.



II BACKGROUND

The origins of the Group date back to 1818. Its main constituent companies were nationalised in 1946 and regrouped in 1968, with the formation of four large state owned insurers in France (these were UAP, GAN, AGF and Mutuelles du Mans). AGF was privatised in May 1996 through an IPO.

In 1998, Allianz acquired a majority stake in AGF as a result of a take-over battle involving Generali of Italy and Athéna, a smaller French insurer, which was eventually split up between AGF and Generali. Among a series of complex transactions which settled the take-over battle, AGF sold its interests in the German insurer AMB to Generali and acquired Royal Nederland. In addition, a number of Allianz operations were transferred to AGF, mainly in France and Spain, the latter being 50 per cent. – 50 per cent. owned jointly with RAS SpA, the Italian member of the Allianz Group.

In 1998, Allianz eventually obtained 51.7 per cent. ownership of AGF, representation on the Board and entered into an agreement relating to the future corporate governance of AGF. The remaining 48.3 per cent. of the shares was retained by institutional and private investors.

III PROFILE AND STRATEGY

As a result of the turmoil in the financial and insurance markets in 2001, AGF implemented a new strategy and launched new initiatives in 2003 in three major areas:

1. to continue the improvement in operating profitability;
2. to simplify the Group organisation;
3. to strengthen and protect the Group's financial solidity;

and lastly, as part of its strong commitment to a policy of sustainable development, AGF also intends:

4. to sustain the growth of its businesses and the competitiveness of its networks.

1. Continue the improvement in operating profitability

After two difficult years in 2001 and 2002, 2003 marked the return of operating profitability³ which reached more than 12 per cent. In casualty and liability insurance, the Group initiated technical and cost reduction measures to lower both the claims and cost ratios. These two initiatives are hoped to yield a combined ratio below 100 per cent. for 2004.

The Group's strategy was to combine individual life and financial services in order to build a broad offer protecting people and their assets, while meeting the challenges of bank competition. This combination ought to give rise to a substantial reduction in administrative and distribution costs (approximately €75 million in 2004) and also improve business productivity. The latter will occur through wider distribution of unit-linked products, a unified marketing approach and new business synergy.

In Health and Group, the improvement in profitability will occur through a reactive adaptation to a changing environment. The rise in health expenses and supplementary retirement needs requires rate increases and constant product innovation. The Group is strongly committed to unify Health and Group businesses in order to create a consistent ensemble that can respond to future challenges and seize growth opportunities.

AGF plans to strengthen its world leadership position in the specialty businesses. In commercial credit insurance, the Euler Hermes Group will complete the integration of Hermes, the success of which has already given rise to operating profitability of 14 per cent. in 2003. In assistance and travel insurance, the leader⁴, Mondial Assistance, has shown the strength of its business model despite poor economic conditions, dollar weakness and a depressed tourism sector.

2. Simplify the Group organisation

AGF is involved in a process of Group simplification and operating modernisation.

Subsequent to mergers of AGF, Athéna and Allianz France in 1999 and 2000, the Group had a more complex organisation. The following initiatives were implemented in order to achieve efficiencies:

- Renew and rejuvenate management teams, such as Executive Committee, General Management Committee, by gathering individuals with complementary skills.
- In France, create 3 major business units:
 - Property and Casualty;
 - Individual Life and Financial Services;
 - Health and Group.
- Outside France, pursue the simplification of organisation and refocusing in order to maintain profitable growth;
- Lastly, separate the business units responsible for product design from the units distributing products in order to maintain necessary tension between profitability and growth targets.

3 Operating profitability calculated as Return on Allocated Capital (ROAC)

4 Ranking based on premium income

3. Strengthen and protect the financial solidity of the Group

The insurance industry suffered from equity investments during the market downturn in 2002 (-34 per cent. in 2002), while the emergence of new risks, growth in claims expenses, storms, floods, industrial and bodily accidents generated new expenses.

Due to the cautious stance adopted at the end of 2002 (nearly €1 billion of asset write-downs), and owing to financial transactions carried out in 2003 under favourable terms and conditions (with Crédit Lyonnais, Pechiney, Entenial, Sophia, etc.) and active management of its portfolios and commitments, the Group enjoyed a stronger financial position at the end of 2003. The asset mix consisted of 80 per cent. fixed income, 12 per cent. equities and 8 per cent. property in 2003 compared to 69 per cent. fixed income, 21 per cent. equities and 10 per cent. property in 2001.

The Group intends to pursue its efforts and consolidate its financial strength by actively managing its allocated capital and risks. The consolidated solvency margin as of 30 June 2004 was 207 per cent., against 177 per cent. at the end of 2002.

4. Sustain the growth of the businesses and the competitiveness of AGF's networks

AGF is strongly committed to a policy of sustainable growth while preserving the competitiveness of its networks.

The Group has taken active measures to relaunch the competitiveness of its networks by developing cross-selling and providing them with an innovative and client-targeted product range. The Group is also actively preparing for the current reforms in the retirement and health systems in France in order to seize new growth opportunities.

This entire strategy is rolled out throughout the Group via major projects that are already well underway. AGF intends to reach its 2005 objective of being "a profitable, healthy, less risky Group refocused on growth activities".

IV ORGANISATION

AGF Group executive management at the date of this document is as follows:

1. Board of Directors

Jean-Philippe Thierry	Yves Cannac	Anita Mac-Auliffe
Michael Diekmann	Hans-Dieter Kalscheuer	Mariano Sorolla
Diethart Breipohl	André Levy-Lang	Vincent Schittulli
Detlev Bremkamp	Dominique Ferrero	
Antoine Jeancourt-Galignani	Béatrice Majnoni D'Intignano	
Hervé De Veyrac		

The business address of each of the directors referred to above is AGF, 87 rue de Richelieu, 75002 Paris.

2. Senior Management

(a) Executive Committee

Jean-Philippe Thierry, *Chairman and CEO*

Laurent Mignon, *Managing Director*, responsible for life insurance and financial services

François Thomazeau, *Managing Director*, responsible for international activities and central support functions

Jean-François Lequoy, *Deputy Managing Director*, responsible for the financial division

Louis de Montferrand, *Deputy Managing Director*, responsible for property and casualty insurance

Secretarial support to the Executive Committee is provided by: Jean-Michel Mangeot, *General Secretary*

(b) General Management Committee

Jean-Philippe Thierry,	Alain Burtin,	Gilles Johanet,
Laurent Mignon,	Jacques Caba,	Philippe Michel Labrosse,
François Thomazeau,	Michel Campéanu,	Xavier Lehman,
Jean-François Lequoy,	Jean-Claude Chaboseau,	Murielle Lemoine,
Louis de Montferrand,	Monique Chézalviel,	Bertrand Letamendia,
Jean-Claude Chollet,	Alain Demissy,	Jean-Michel Mangeot,
Paul-Camille Bentz,	Patrick Dixneuf,	Patrick Mortagne,
René Bergère,	Laurent Doubrovine,	Jean-Marc Paroissien,
Gilles-Emmanuel Bernard,	Guilhem Ducouret,	Hugues de Roquette-Buisson,
Richard Bonfils,	Danniel Fortuit,	Vicente Tardio,
Gérard Bonnet,	Robert Franssen,	Henri J-E-J Van Lent,
Géraud Brac de La Perrière,	Hervé Gloaguen,	Clemens Von Weichs.
Jean-François Bruno,	Michaël Hörr,	

V INFORMATION ON SHARE CAPITAL

At 31 December 2003⁵, the share capital of AGF stood at €860,602,016.60, represented by 188,172,639 shares with a par value of €4.57347051712.

The shareholding structure at 31 December 2003 as a per cent. of share capital was:

- Allianz AG = 58.5 per cent.,
- CDC Group = 1.7 per cent. (as part of the free float⁶),
- The remaining proportion being part of the free float.

The free float (i.e. the shares of AGF which are not held by Allianz) stood at 41.5 per cent. of share capital or 78,039,369 shares as at 31 December 2003.

VI COMPANY LINES OF BUSINESS

AGF is a multi-line insurance and financial services company providing life, health, property and casualty insurance, mainly in France, but also in the Netherlands, Belgium, Spain and South America. Additional core businesses also include asset management and banking as well as credit insurance and assistance companies.

For the first half of 2004, the Group earned 44 per cent. of its revenues through life, financial services and health, 43 per cent. through property and casualty and 13 per cent. through credit insurance and assistance. More than 90 per cent. of revenues was generated in Europe.

1. France

(a) Property and Casualty Insurance

In France, AGF is a leader in the property and casualty insurance market with a wide offer of products that meet individual, professional and corporate needs. In 2003, it ranked⁷:

- #3 for Individual Businesses with a market share of 10 per cent.;
- #2 for Small and Mid-sized Businesses with a market share of 18 per cent.;
- #2 for large Corporates Businesses with a market share of 25 per cent.

Products are distributed through general agents of AGF Assurances, brokers and other partners.

⁵ TPI: *Titre au porteur identifiable* study at 31 December 2003

⁶ AGF Treasury Shares are considered as part of free float

⁷ Ranking based on premium income

AGF Assurances

The 2,500 general agents organised within the specifically dedicated unit AGF Assurances and their 5,000 employees are located at 2,850 sites throughout France. The premium income generated by the general agent network stood at €3,299 million in 2003 including €2,271 million from property and casualty, a rise of 8.1 per cent. from 2002. AGF Assurances' 6 regional offices give close support to the network while focusing on client relationships.

Brokerage

AGF Espace Courtage is an organisation devoted exclusively to brokers. It includes the brokerage activities of AGF IART and AGF La Lilloise, an AGF subsidiary based in Wasquehal. The premium income of AGF Espace Courtage rose by 6.3 per cent. to €1,675 million for the year 2003. AGF Espace Courtage includes:

- "Courtage Local" (local brokerage), which embraces corporate and professional, individual and aggravated auto risk, fleets, and affinity group markets. The latter is managed by the sector leader, AGF la Lilloise. The premium income of local brokerage was €902 million for the year 2003.
- "Courtage Global" (global brokerage) includes major accounts and works in close collaboration with Allianz Global Risks. Premium income for the year 2003 amounted to €773 million.

(b) Life Insurance and Financial Services

1. Individual life

AGF had a market share of 1.97 per cent. in household savings in 2003 (1 per cent. in 1990).

Life products are distributed by salaried networks, general agents, brokers and partnerships with third-party distributors.

Salaried network

The salaried network – AGF Assurfinance – distributes individual life products (savings and personal protection), Banque AGF's banking, financial and loan products, as well as the employee savings and retirement products of AGF Collectives, AGF's group insurance business unit. This very wide range of products allows them to respond to the requirements of individuals, merging life and financial services in a new business unit and achieving additional reinforced efficiency and synergies.

General agents

AGF is very keen for the involvement of its network of general agents in the rapidly expanding life, retirement and family protection markets.

Therefore, general agents distribute a range of life products for individuals comprised mainly of the multi-support Tellus (savings, investment and retirement) products and a line of personal protection products.

Their own portfolio of non-life customers, which includes more than 3,000,000 individuals, professionals and directors of very small, small and mid-sized companies represent a unique opportunity for cross-selling products.

Brokerage and life partnerships

In 2003, AGF merged the life brokerage and life partnerships business units, to build a coherent platform dedicated to partners, brokers and independent financial advisors – 1,200 business developers in total –, which have similar demands in products and services.

Such reorganisation should enhance the products offered, improve the quality of service and increase profitability.

2003 also marked the strong development of Génération Vie, the subsidiary jointly owned with Oddo et Compagnie, whose 2003 growth in terms of premium income, stood at 113 per cent.

2. *Financial Services*

Banque AGF

Banque AGF has strengthened AGF's strategy as a provider of financial services which provides overall protection of individuals, their property and their assets. It organises the marketing of its products through the Group networks. Its objective is also to assist the networks in identifying integrated banking needs for individual and professional customers. This product range concentrates on a limited line of savings and loans products that are managed or sub-contracted based on the best economic returns. In addition, Banque AGF offers bank accounts for high net worth customers, supporting the commercial strategy of the Group.

AGF Asset Management

At 31 December 2003, the assets managed by AGF Asset Management totalled €60.8 billion up from €53.5 billion at the end of 2002, i.e. a rise of nearly 14 per cent. achieved as a result of a significant net inflow of funds and the upturn in financial markets.

W Finance

Founded over thirty years ago in the Worms Group, W Finance is a wholly-owned financial subsidiary of AGF focused on the design, management and distribution of wealth solutions for high net worth individual customers.

AGF Immobilier

AGF Immobilier manages the Group's property assets. 2003 continued in the same depressed vein as 2002 in terms of office rentals. The housing market continued to move forward, average house prices increased by 13 per cent. in 2003 (compared to 2002).

(c) *Health and Group Insurance*

In France, AGF is a leader in the Health and Group Insurance market, offering a wide range of products adapted to the needs of individuals and employees. AGF ranked #3 in Employee Benefits with a market share of 11 per cent. and # 4 in Group Retirement with a market share of 10 per cent.

Individual Health

The individual health division offers a product range that is concentrated on the supplementary health business. The division posted a 2003 premium income of €462 million, an increase of 17 per cent. over 2002. This rise was mainly due to strong sales and to rate increases subsequent to higher levels of claims in 2002 and 2003.

Group Insurance

AGF Collectives, the Group insurance business unit, had premium income of €1,912 million in 2003, a rise of nearly 9 per cent. compared to 2002. This was broken down into 43 per cent. in personal protection products, 31 per cent. in group pensions, 15 per cent. in creditor insurance and 11 per cent. in products designed for expatriates.

2. *INTERNATIONAL*

(a) *Europe*

Belgium

In Belgium, the Group ranked⁸ #7 in non-life and #7 in life. The company decided to concentrate on a single distribution channel: independent professional brokerage. The premium income of AGF Belgium amounted to €864.3 million in fiscal year 2003, a rise of 6 per cent. from 2002.

8 Ranking based on premium income

The Netherlands

The Group ranked¹ #3 in life and #10 in non-life in the Netherlands. In 2003, the premium income of Allianz Nederland amounted to €1,629 million, up nearly 6.5 per cent. from 2002, broken down as Life and Health (40 per cent.) and Property and Casualty (60 per cent.)

Spain

Allianz Seguros ranked¹ #2 in non-life and #7 in life on the Spanish market. Equally owned (50 per cent. – 50 per cent.) by AGF and RAS, the Italian subsidiary of Allianz, Allianz Seguros earned premium income of €1,444 million (AGF share) in 2003.

(b) South America

AGF has had a presence in South America for more than a century. It concentrates its business in two main countries – Brazil and Colombia – and two secondary countries – Argentina and Venezuela. 2003 premium income stood at €707 million.

3. SPECIALTY BUSINESSES

Credit insurance – Euler Hermes

The world credit insurance leader, Euler Hermes serves the business development of companies in their domestic markets as well as in respect of exports. Focused on credit insurance, the Euler Hermes service is based on an outstanding knowledge of markets and dynamic management of company risk.

As at 31 December 2004, AGF held 68.3 per cent. of Euler Hermes share capital and 71.0 per cent. of voting rights.

In 2003, Euler Hermes performed exceptionally well with net results, of €146.1 million versus €52.1 million in 2002. The revenues of Euler Hermes rose by 21.4 per cent. to €1,864 million over the same period.

Assistance – Mondial Assistance Group

The world leader in assistance and travel insurance, the Mondial Assistance Group, is owned by AGF and RAS through a 50 per cent. – 50 per cent. joint venture.

In a depressed international tourism environment in 2003, the Mondial Assistance Group posted premium income of €995.5 million very slightly less than in 2002 (-1.2 per cent.). The Mondial Assistance Group maintained its profitability and reported positive net results of €15.6 million.

VII FINANCIAL ITEMS AT 30th June 2004

1. Revenues in the First Half of 2004

	1H 2004	1H 2003	Change	Changes proforma ⁹
	<i>(in Euro, million)</i>			
Life and health insurance	3,766	3,485	8.0%	11.5%
France.....	2,772	2,512	10.4%	10.4%
International.....	993	974	2.0%	14.9%
Non-life insurance	3,932	4,026	-2.3%	-1.7%
France.....	2,346	2,434	-3.6%	-3.6%
International.....	1,586	1,593	-0.4%	1.2%
Assistance	273	245	11.8%	11.9%
Credit insurance	955	940	1.6%	1.1%
Consolidated premium income from insurance	8,926	8,697	2.6%	4.2%
Other activities.....	15	16	-5.5%	-5.5%
Banking.....	280	825	-66.0%	-3.5%
Total Revenues	<u>9,222</u>	<u>9,538</u>	<u>-3.3%</u>	<u>3.9%</u>

2. Distribution of Underlying Profit¹⁰ by Activity and Country

	1H 2004	1H 2003	Change
	<i>(in Euro, million)</i>		
France	339	593	-42% ¹¹
Life in France.....	94	203	-53%
Health in France.....	37	59	-37%
Non-life France.....	208	331	-37%
International	259	79	+228% ¹²
International Life.....	68	35	+94%
International Health.....	13	6	+117%
International Non-life.....	178	38	+368%
Assistance	7	7	0%
Credit insurance	95	42	+126%
Insurance	<u>700</u>	<u>721</u>	<u>-2.9%</u>
Asset Management & Banking	52	63	—
AM&Banking in France.....	44	52	-15%
AM&Banking International.....	8	11	-27%
Other Activities	7	11	—
Other activities France.....	3	7	-57%
Other activities international.....	4	4	0%
TOTAL	<u>759</u>	<u>795</u>	<u>-4.5%</u>

9 Proforma revenues consist in calculating the revenues for the prior fiscal year based on the scope of consolidation of the year under review. The revenues of companies exiting consolidation is deducted from published revenues which are increased by the revenues that entered consolidation during the period.

10 Underlying profit of insurance companies and banks before holding companies income, taxes, goodwill and exceptional items.

11 1H 2003 underlying profit included €904 mn of capital gains (reflecting the sale of AGF's stake in Crédit Lyonnais), whereas AGF charged a complementary allowance of €120 mn to the Policyholders profit sharing reserves of which €114 mn in accordance with notice n° 2001-01 of June, 26 2001 of the National Accounting Council

12 No asset impairment provision was booked in 1H 2004 whereas these had been material in 1H 2003.

3. Distribution of International Underlying Profit (Life/Health/Non-life)

	1H 2004	1H 2003	Change
	<i>(in Euro, million)</i>		
South America	29	22	+32%
Spain	97	13	+646%
Netherlands	82	8	+925%
Belgium	36	9	+300%
Other	15	27	-44%
Total	259	79	+228%

4. Structure of Results

	1H 2004	1H 2003	Change
	<i>(in Euro, million)</i>		
Underlying profit ¹³	759	795	-4.5%
Holding companies ¹⁴	-91	-101	-9.9%
Income Taxes	-133	-115	+15.7%
Goodwill	-38	-72	-47.2%
Exceptional items	35	-16	—
Net Income, group share	532	491	+8.4%

5. Net Income and Profitability

	1H 2004	1H 2003
	<i>(in Euro, million)</i>	
Net income	532	491
ROE	16.3	13.2
ROAC	16.3	12.2

13 of insurance companies and banks, pre-tax

14 pre-tax

RECENT DEVELOPMENTS

HIGHLIGHTS OF THE FIRST HALF OF 2004

Life and health insurance

In health insurance, AGF plans to transfer its management of the national health plan for unsalaried workers to Ram-Gamex. The plan calls for Ram-Gamex to take over the AGF employees on a voluntary basis. The others will be offered a transfer within the Group. At the conclusion of this operation, AGF plans to concentrate its resources on the growth of its business as a supplementary health insurer.

Under the reform of the retirement system in France, AGF launched the PERP “AGF Pleine Retraite” and the PERCo “AGF Stimeo”. The PERP is an individual retirement saving product, launched in May 2004.

International

In July 2004, AGF, through its subsidiary Allianz Nederland, sold a portion of its supplementary health insurance portfolio in the Netherlands to ONVZ. However, Allianz Nederland and ONVZ will continue to co-operate in selling health products under the Allianz Nederland name to customers of Allianz Nederland.

Premium income reported for supplementary health insurance in 2003 stood at nearly €100 million, or nearly 15 per cent. of premium income in life and health, and underwriting reserves amounted to €89 million. The subsidiary was removed from the consolidated accounts of the Group with effect from 1 January 2004.

Sophia

During the first half of 2004, AGF tendered its 26.54 per cent. share that the Group held in the share capital of Sophia, in the context of the offer by GE Real Estate Investissement. The consolidated capital gain amounted to €131 million.

HIGHLIGHTS OF THE SECOND HALF OF 2004

Acquisition of AVIP

On 16 December 2004, AGF acquired from Dresdner Bank Gestion France (DBGF), a subsidiary of Dresdner Bank, 100 per cent. of the share capital of AVIP, a French life insurance company with more than 16,000 customers that reported life premium income in 2003 of €220 million, and predominantly uses independent management advisors.

Divestment of Eurofactor

In September, AGF, through its 71.1 per cent. subsidiary Euler Hermes, signed an agreement relating to the divestment of its 49.09 per cent. share in Eurofactor, a factoring company, to Crédit Agricole

Sale of the Chilean subsidiary

On 19 August 2004, AGF sold to Liberty International, a subsidiary of Liberty Mutual, the holding company AGF Chile SA, which held the Chilean insurance subsidiary AGF Allianz Chile Generales, for a consideration of €39 million.

Increase of share capital reserved for employees

AGF increased its share capital by issuing new shares to employees on 13 August 2004. The total number issued, with rights of ownership retroactive to 1 January 2004, stood at 787,675 for a payment of €31.3 million (€39.75 per share). This issue brought the total number of shares in issue to 189,222,114 and the portion of share capital held by Group employees to approximately 2.7 per cent.

Sale of the Tour Mirabeau

On 1 October 2004, AGF sold the Tour Mirabeau, a business tower located in Quai André Citroën in the 15th district of Paris, to the fund DEGI International. The proceeds of the transaction amounted to €220 million.

Increase of the interest of Crédit Agricole in Assurances Fédérales IARD

On 23 December 2004, AGF and Crédit Agricole signed an agreement under which Pacifica, the property and casualty insurance subsidiary of Crédit Agricole, is to acquire 35 per cent. of the share capital of Assurances Fédérales IARD. The agreement is subject to the approval of the committee of insurance companies (comité des entreprises d'assurance) and would become effective in 2005. Assurances Fédérales would then be 60 per cent. owned by AGF and 40 per cent. by Crédit Agricole. The AGF Group would hold a put on its 60 per cent. of the share capital, exercisable at any time until 30 June 2007.

Nine month Results

Total turnover for the nine months to 30 September 2004 rose by 2.1 per cent. to €13.1 billion. Insurance premium income rose by 2.2 per cent. to €12.7 billion. Life and Health rose by 6.5 per cent. to €5.4 billion, while Property and Casualty decreased by 2.1 per cent. to €5.5 billion.

Following the strong performance of the Group in the third quarter, AGF anticipates being able to meet its objectives for 2004.

In France

In individual life and financial services, individual life revenues stood at €2.43 bn (+5.7 per cent. over the same period in 2003). Global receipts from savings (including investment products) rose by 11.7 per cent. to €3,392 million. The reorganisation of the salaried network initiated in the summer facilitated the upturn of sales during September, with sales up about 18 per cent. for general agents and more than 6.5 per cent. for the salaried network in October.

In Health and Group Insurance, premium income was sustained by rate increases in health, reaching €1,729 million (+3.3 per cent.) for the nine month period.

In property and casualty, the policy of maintaining profitability in major risks weighed heavily on premium income, which dropped to €3,263 million for the nine month period (-4.6 per cent. over the same period in 2003). However this business was heavily reinsured, hence a marginal impact on net premium income.

International

Outside France, premium income stood at €3,588 million, a rise of 4.3 per cent. on a comparable basis¹⁵. This rise was mainly sustained by the sharp rise in life and health activities in Europe, premium income from which stood at €1,169 million, a rise of 10.0 per cent. This ascent confirmed the potential for the internal growth of the Group in Europe. Property and casualty continued to profit from the application of rate increases. Premium income rose 1.7 per cent. on a comparable basis to €2,209 million for Europe for this period.

AGF's share in premium income from the assistance and travel insurance business of Mondial Assistance since the beginning of the year stood at €421 million, an increase of 13.5 per cent. from the same period last year, owing to the recovery of tourism after a difficult 2003 for the industry worldwide.

The premium income of Euler Hermes held steady in the third quarter.

AGF has sold its 42.08 per cent. stake in the Tunisian insurance company Astrée on the Tunis stock exchange. The sale of this unconsolidated entity was concluded at a price of 20.536 million Tunisian dinars (ca. €12.7m), resulted in a capital gain of €0.6m and was part of the Group's strategy of simplifying its structure.

15 Pro forma (consist in calculating the premium income for the prior fiscal year based on the scope of consolidation of the year under review) and at constant foreign exchange rate

CONSOLIDATED BALANCE SHEETS AND PROFIT AND LOSS STATEMENTS OF AGF

AS AT 31 DECEMBER 2003 AND 30 JUNE 2004

Summarised consolidated profit and loss account

	For the year ended 31 December	
	2003	2002 pro forma ¹
	€m	€m
Premiums written	16,194	15,130
Change in unearned premiums	(57)	(109)
Premiums earned	16,137	15,021
Gross banking income	1,698	1,654
Revenue from other activities	33	34
Other operating income (net of expenses)	489	418
Net investment income	3,628	1,506
Total operating revenue	21,985	18,633
Insurance claims	(14,660)	(12,385)
Net income or expense of reinsurance ceded	(618)	(280)
Banking expenses	(1,234)	(1,388)
Expenses of other activities	(186)	(117)
Administrative costs	(4,192)	(3,985)
Total operating expense	(20,890)	(18,155)
Total Income from Operations	1,095	478
Other income (net)	(59)	(43)
Exceptional items (net)	(19)	(72)
Corporate income taxes	(112)	27
Net Income from Consolidated Companies	905	390
Share in earnings of equity-accounted companies	144	89
Goodwill amortization	(222)	(157)
Consolidated Net Income	827	322
Minority interests	(64)	(54)
Net Income (group share)	763	268

¹ Pro forma resulting from changes in segmentation and to the reclassification of a €23 million provision between “other net income” and “Net financial income”

Summarised consolidated balance sheet

	As at 31 December	
	2003	2002
	€m	€m
Assets		
Goodwill	1,547	1,881
Intangible assets:	1,015	1,045
– portfolio of policies	82	93
– other	933	952
Insurance company investments	61,602	58,775
Investments representing unit-linked policies	8,301	8,194
Banking sector investments	3,266	4,011
Investments of other companies	949	1,054
Companies accounted for under the equity method	1,030	922
Reinsurers' share in underwriting reserves	3,404	3,819
Direct insurance and reinsurance receivables	3,088	3,650
Due from banking sector companies	13,949	13,506
Due from banking sector institutions	2,651	2,005
Other receivables	1,660	1,966
Other assets	787	759
Pre-payments and accrued income	3,705	3,451
– deferred acquisition costs	1,656	1,656
– other	2,049	1,795
Total assets	<u>106,954</u>	<u>105,038</u>

	As at 31 December	
	2003	2002
	€m	€m
Liabilities		
Group shareholders' equity:	6,526	5,970
– Share capital.....	861	855
– Share premium account.....	2,677	2,639
– Reserves, group share	3,266	3,173
– Net income, group share.....	763	268
– other	(1,041)	(965)
Minority interests:	584	547
– Share in Reserves.....	520	493
– Share in income	64	54
Fund for general banking risks	18	21
Subordinated debt	1,502	1,579
Underwriting reserves:	64,779	63,198
– Life underwriting reserves	47,800	45,968
– Non-life underwriting reserves	16,979	17,230
Underwriting reserves on unit-linked policies	8,274	8,233
Provisions for contingencies and losses	1,411	1,288
Direct insurance and reinsurance payables	1,565	1,718
Due to banking customers	3,166	4,235
Debt evidenced by certificates	13,205	12,523
Due to banking sector companies	2,827	2,513
Other due	2,617	2,575
Accruals and deferred income	480	638
Total Liabilities	<u>106,954</u>	<u>105,038</u>

Summarised consolidated profit and loss account

	For the six months ended 30 June	
	2004	2003
	€m	€m
Premiums written	8,741	8,529
Change in unearned premiums	(597)	(654)
Premiums earned	8,144	7,875
Gross banking income	280	825
Revenue from other activities	15	16
Other operating income (net of expenses)	243	234
Net investment income	1,948	2,455
Total operating revenue	10,630	11,405
Insurance claims	(7,449)	(7,636)
Net income or expense of reinsurance ceded	(322)	(310)
Banking expenses	(161)	(636)
Expenses of other activities	(68)	(82)
Administrative costs	(1,920)	(2,044)
Total operating expense	(9,920)	(10,708)
Total Income from Operations	710	697
Other income (net)	(15)	(60)
Exceptional items (net)	53	(8)
Corporate income taxes	(164)	(130)
Net Income from Consolidated Companies	584	499
Share in earnings of equity-accounted companies	27	96
Goodwill amortisation	(44)	(84)
Consolidated Net Income	567	511
Minority interests	(35)	(20)
Net Income (group share)	532	491

Summarised consolidated balance sheet

	As at 30 June	
	2004	2003
	€m	€m
Assets		
Goodwill	1,465	1,812
Intangible assets:	985	1,039
– portfolio of policies	77	87
– other	908	952
Insurance company investments	63,006	59,841
Investments representing unit-linked policies	8,755	8,045
Banking sector investments	1,386	3,315
Investments of other companies	976	1,177
Companies accounted for under the equity method	776	967
Reinsurers' share in underwriting reserves	3,613	3,717
Direct insurance and reinsurance receivables	3,406	3,882
Due from banking sector companies	2,573	13,792
Due from banking sector institutions	3,216	3,310
Other receivables	1,456	1,827
Other assets	525	952
Pre-payments and accrued income	3,309	3,490
– deferred acquisition costs	1,768	1,719
– other	1,541	1,771
Total assets	<u>95,447</u>	<u>107,166</u>

	As at 30 June	
	2004	2003
	€m	€m
Liabilities		
Group shareholders' equity:	6,734	6,238
– Share capital.....	862	855
– Share premium account.....	2,685	2,639
– Reserves, group share	3,613	3,248
– Net income, group share.....	532	491
– other	(958)	(995)
Minority interests:	445	547
– Share in Reserves.....	410	527
– Share in income	35	20
Fund for general banking risks	10	21
Subordinated debt	1,285	1,509
Underwriting reserves:	66,278	65,044
– Life underwriting reserves	48,513	47,312
– Non-life underwriting reserves	17,765	17,732
Underwriting reserves on unit-linked policies	8,765	8,098
Provisions for contingencies and losses	1,246	1,160
Direct insurance and reinsurance payables	1,697	1,758
Due to banking customers	2,021	4,131
Debt evidenced by certificates	2,200	12,201
Due to banking sector companies	1,628	2,775
Other due	2,503	3,002
Accruals and deferred income	635	682
Total Liabilities	<u>95,447</u>	<u>107,166</u>

Report of the statutory auditors on the shelf registration document

This is a free translation into English of the statutory auditors' report on the shelf registration document issued in the French language and is provided solely for the convenience of English speaking readers. The statutory auditors' reports on financial statements and consolidated financial statements, referred to in this report, include information specifically required by French law in all audit reports, whether qualified or not, and this is presented after the Opinion on the financial statements. This information includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the annual and consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the annual and consolidated financial statements. This report should be read in conjunction with, and construed in accordance with French law and professional auditing standards applicable in France.

In our capacity as statutory auditors of AGF S.A. and in compliance with the COB⁽¹⁾ Regulation n° 98-01, we have verified, in accordance with French professional standards, the information in respect of the financial position and historical financial statements included in the accompanying Shelf Registration Document (*Document de Référence*).

This Shelf Registration Document is the responsibility of Mr Jean-Philippe Thierry, *Chairman of the Board of Directors*. Our responsibility is to issue an opinion on the fairness of the information contained therein with respect to the financial position and financial statements.

We conducted our review in accordance with French professional standards. This review consisted in assessing the fairness of the information on the financial position and financial statements and in verifying their consistency with the audited accounts. We also reviewed other financial information contained in the Shelf Registration Document in order to identify any significant inconsistency with information in respect of the financial position and financial statements and to bring to your attention any obvious misstatements we noted based on our general understanding of the company gained through our audit. The forecasts provided in the Document are the application of the expectations and intentions of Management's strategy. As the prospective information has been properly prepared, our review took into account management's assumptions on which the prospective information is based.

We issued an unqualified opinion on the annual and consolidated financial statements for the years ended 31 December 2003, 31 December 2002 and 31 December 2001, drawn up by the Board of Directors, in accordance with French professional standards, with the following observations:

The observations mentioned in our report on the consolidated financial statements for the year ended 31 December 2003 making reference to the following notes:

- Note 4.1 concerning the change in accounting policy regarding Goodwill and Network value of foreign subsidiaries in compliance with the AMF⁽¹⁾ recommendations.
- Note 4.4 concerning the treatment of the provision for unrealised capital loss exposures in compliance with notice 2004-B of 21 January 2004 of the issues task force of the National Accounting Council (*Comité d'urgence du Conseil National de la Comptabilité*).
- Note 4.5 concerning the change in amounts and allocations of the first consolidation differences related to Hermes definitively set within one year as permitted under notice 97-B of the issues task force of the National Accounting Council (*Comité d'urgence du Conseil National de la Comptabilité*).
- Note 4.2.1 concerning the change in accounting principles relating to the provision for major repairs in compliance with regulation 2003-07 of the Accounting Regulation Committee (*Comité de la Réglementation Comptable*).

The observations mentioned in our report on the consolidated financial statements for the year ended 31 December 2002 making reference to the following notes:

- Note 4.1 concerning the change in accounting policy regarding the provision for unrealised capital loss exposures.

(1) French Stock Exchange Regulatory Body, since renamed the Autorité des Marchés Financiers (AMF)

- Note 4.2 concerning the maintenance in the consolidated financial statements of the provision for unrealised capital loss exposures booked in the statutory accounts of French subsidiaries and totalling 95.6 million euros.
- Note 4.6 concerning the accounting treatment for the equalisation provisions relative to credit insurance.
- Note 4.3.1, which explains that the amount and allocations of the first consolidation differences resulting from Euler's acquisition of the Hermes Group in 2002 are provisional and will be set definitively within one year as permitted under notice 97-B of the issues task force of the National Accounting Council (*Conseil National de la Comptabilité*).

An observation mentioned in our report on the consolidated financial statements as of 31 December 2001, making reference to notes 4 and 15 of the annex, which set forth changes in accounting methods due to the application of new consolidation rules defined by regulation CRC 00-05 of the Accounting Regulation Committee (*Comité de la Réglementation Comptable*).

In accordance with the requirements of article L. 225-235 of Commercial Code, introduced by the Financial Security Act of 1 August 2003 and which came into effect for the first time this year, we reported on the justification of our assessments in our report on the annual and consolidated financial statements.

Annual financial statements:

The assets of your company are principally comprised of investments in participating interests for which the measurement method is set out in the notes to the financial statements.

We reviewed the measurement method used by the company, as described in the notes to the financial statements, with respect to these assets and, on the basis of elements currently available, performed tests to verify the application of these measurement methods and the consistency of the assumptions used with the prospective data prepared by the company.

Our work relating to significant estimates made by the management enabled us to assess their reasonable nature.

Consolidated financial statements:

Accounting changes

Within the context of the accounting rules and principles applied by your company, we performed assessments of the soundness of the change in accounting principles mentioned above and of their overall presentation.

Accounting estimates

Certain accounting principles applied require AGF Group management to make a significant number of judgements and estimates founded partly on prospective data.

The use of these judgements and estimates, for which detailed information is given in the notes to the consolidated financial statements, relates mainly to technical reserves and deferred acquisition costs valuation (notes 3-2 to 3-4), the accounting methodology used for subsequent measurement of goodwill and network value (notes 2-6 and 6-1-2 concerning the accelerated amortization of goodwill from South American subsidiaries), measurement methods used for deferred tax assets (notes 2-9 and 18) and provision for impairment in the value of investments (notes 3-8-2 and 32-1).

We performed an assessment of measurement approaches and methodologies applied, described in the notes to the financial statements mentioned above, and, on the basis of elements currently available, performed tests in order to verify the application of these measurement methods and the consistency of the assumptions used with the prospective data prepared by the Group.

Our work relating to significant judgements and estimates made by Management enabled us to assess their reasonable nature.

The assessments were made in the context of our audit of the financial statements, taken as a whole, and therefore contributed to the formation of the unqualified opinion expressed in our reports on annual and consolidated financial statements.

We have nothing to report with respect to the fairness of the information on the financial position and financial statements contained in the Shelf Registration Document (*Document de Référence*).

Paris, 28 April 2004

The statutory auditors

KPMG Audit
Division of KPMG S.A.
Francine Morelli

ERNST & YOUNG Audit
Dominique Duret-Ferrari

TAXATION

1. On 3 June 2003, the European Council of Economics and Finance Ministers adopted a Directive on the taxation of savings income under which Member States will be required, from a date not earlier than 1 January 2005, to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State, except that, for a transitional period, Belgium, Luxembourg and Austria will instead be required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries).
2. The Notes being denominated in Euro and therefore deemed to be issued outside the Republic of France are entitled to the exemption from deduction of tax at source provided by Article 131 quater of the *Code Général des Impôts* (French general tax code). Accordingly, such payments do not give the right to any tax credit.
3. Transfers of Notes will not be subject to any stamp duty or other transfer taxes imposed in France.

SUBSCRIPTION AND SALE

Underwriting Arrangements

BNP Paribas, Dresdner Bank Aktiengesellschaft, Lehman Brothers International (Europe) and Oddo & Cie (the **Managers**) have pursuant to a Subscription Agreement dated 8 February 2005 (the **Subscription Agreement**), agreed with the Issuer, subject to satisfaction of certain conditions, to procure subscription, failing which, to subscribe and pay for the Notes at a price equal to 99.926 per cent. of their Nominal Amount less underwriting commission and structuring fees of 1.00 per cent. of such Nominal Amount. In addition, the Issuer has agreed to reimburse the Managers in respect of certain of their legal and other expenses incurred in connection with the issue of the Notes. The Subscription Agreement entitles the Managers to terminate it in certain circumstances prior to payment being made to the Issuer. The Issuer has agreed to indemnify the Managers against certain liabilities in connection with the offer and sale of the Notes.

General Restrictions

Each Manager has agreed to observe all applicable laws and regulations in each jurisdiction in or from which it may acquire, offer, sell or deliver Notes or have in its possession or distribute this Offering Circular or any other offering material relating to the Notes. No action has been, or will be, taken in any country or jurisdiction that would permit a public offering of the Notes, or the possession or distribution of this Offering Circular or any other offering material relating to the Notes, in any country or jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any circular, Offering Circular, form of application, advertisement or other offering material relating to the Notes may be distributed in or from, or published in, any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms.

France

Each of the Managers and the Issuer represented and agreed that (i) it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in the Republic of France, and (ii) offers and sales of Notes in the Republic of France will be made only to qualified investors (*investisseurs qualifiés*) as defined in and in accordance with Article L.411-2 of the French *Code monétaire et financier* and *décret* no. 98-880 dated 1 October 1998 relating to offers to qualified investors. In addition, each of the Managers and the Issuer has represented and agreed that it has not distributed or caused to be distributed and will not distribute or cause to be distributed in the Republic of France, the Offering Circular or any other offering material relating to the Notes other than to investors to whom offers and sales of Notes in the Republic of France may be made as described above.

United States

The Notes have not been and will not be registered under the Securities Act or the securities law of any U.S. state, and may not be offered or sold, directly or indirectly, in the United States of America or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or such state securities laws. The Notes are being offered and sold only outside of the United States to non-U.S. persons in reliance upon an exemption from registration under the Securities Act pursuant to Regulation S.

Each Manager has represented and agreed that:

- (i) it has not offered or sold, and will not offer or sell, the Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering and the issue date of the Notes, within the United States or to, or for the account or benefit of, U.S. persons; and
- (ii) it will have sent to each distributor or dealer to which it sells Notes during such 40-day period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

Terms used in this paragraph and not otherwise defined in this Offering Circular have the meanings given to them in Regulation S.

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

United Kingdom

Each Manager has represented, warranted and agreed that:

- (i) it has not offered or sold and, prior to the expiry of the period six months from the date of issue of the Notes, will not offer or sell, any Notes to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise to persons who fall within the exemptions of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995;
- (ii) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 and any regulation or order thereunder or pursuant thereto with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and
- (iii) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, any invitation or inducement to engage in an investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000) received by it in connection with the issue or sale of any Notes only under circumstances in which Section 21(1) of the Financial Services and Markets Act 2000 does not apply to the Issuer.

Italy

The offer and issue of the Notes is not being made in the Republic of Italy and has not been submitted to the clearance procedure of *Commissione Nazionale per le Società e la Borsa (CONSOB)* or the Bank of Italy pursuant to Italian laws and regulations. Accordingly, Italian residents or persons located in the Republic of Italy may not subscribe or purchase, directly or indirectly, the Notes nor may the Notes be offered, sold or delivered directly or indirectly, in the Republic of Italy and the Offering Circular, or any other offering material relating to the offer and issue of the Notes may not be distributed or made available in the Republic of Italy.

Netherlands

Each Manager represents and agrees that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell in the Netherlands any Notes other than to persons who trade or invest in securities in the conduct of a profession or business (which include banks, stockbrokers, insurance companies, investment undertakings, pension funds, other institutional investors and finance companies and treasury departments of large enterprises).

GENERAL INFORMATION

1. The Notes have been accepted for clearance through Euroclear France, Clearstream, Luxembourg and Euroclear. The International Securities Identification Number (ISIN) for the Notes is FR0010161067. The Euroclear and Clearstream Common Code is 021146927.
2. Application has been made for the Notes to be listed on the Luxembourg Stock Exchange. In connection with the application to list the Notes on the Luxembourg Stock Exchange, copies of the articles of incorporation of AGF and a legal notice relating to the issue of the Notes (*Notice Légale*) will be deposited prior to listing with the *Registre du Commerce et des Sociétés de Luxembourg*, where such documents may be inspected and copies obtained upon request so long as any of the Notes are outstanding.
3. The issue of the Notes was authorised pursuant to a resolution of the ordinary general meeting (*Assemblée Générale Ordinaire*) of the shareholders of the Issuer adopted on 30 May 2000, a resolution of the *Conseil d'Administration* of the Issuer adopted on 6 December 2004 and a decision of Mr Jean-Philippe Thierry, the *Président Directeur Général* of the Issuer made on 8 February 2005.
4. Except as disclosed in this Offering Circular, there has been no change (nor any development or event likely to involve a prospective change) which is materially adverse to the condition (financial or other), prospects, results of operations or general affairs of the Issuer or the Group since 31 December 2003.
5. Except as disclosed in this Offering Circular, there are no pending actions, arbitration, suits or proceedings against or affecting the Issuer or any of its subsidiaries or affiliates which, if determined adversely to the Issuer or any such subsidiary, would individually or in the aggregate have a material adverse effect on the condition (financial or other), prospects, results of operations or general affairs of the Issuer or the Group and, to the best of the Issuer's knowledge, no such actions, arbitration, suits or proceedings are threatened or contemplated.
6. Copies of the latest annual report of the Issuer, including its consolidated audited financial statements, the latest unaudited interim consolidated accounts and the *statuts* of the Issuer may be obtained from, and copies of the Agency Agreement will be available for inspection at, the specified offices for the time being of the Paying Agents during normal business hours, so long as any of the Notes are outstanding.
7. KPMG SA and Ernst & Young Audit have audited and rendered unqualified audit reports on the consolidated financial statements of the Issuer and its subsidiaries for each of the financial years ended 31 December 2001, 2002 and 2003.
8. Legal opinions in connection with the issue of the Notes will be given by De Pardieu Brocas Maffei legal advisers of the Issuer, and by Allen & Overy LLP, legal advisers to the Managers as to French law.
9. Pursuant to European regulation n°1606/2002 and in compliance with IFRS 1, "Adoption of IFRS as accounting referential", the consolidated financial statements of the Group for the fiscal year ended 31 December 2005 will be based on international accounting standards (IFRS) in effect at 31 December 2005 with comparative statements for fiscal year 2004 based upon the same standards. Prospective investors should refer to the relevant information already provided in the documents incorporated herein by reference.
10. It is AGF's intention (although there is no obligation to do so nor any guarantee of future behaviour) to redeem the Notes in accordance with Condition 5(b), in whole (but not in part) only to the extent AGF or any of its subsidiaries has raised funds in the period of six (6) months preceding such redemption by the issuance of any securities ranking *pari passu* or junior (including any class of share capital) to the Notes, in an aggregate amount at least equal to the aggregate Original Nominal Amount of the Notes. Furthermore, the Issuer intends the Notes to be its most junior form of capital apart from its share capital and would not intend to issue any instruments that would rank junior to the Notes.

REGISTERED OFFICE OF THE ISSUER

AGF
87, rue de Richelieu
75002 Paris
France

PAYING AGENT and LUXEMBOURG LISTING AGENT

BNP Paribas Securities Services, Luxembourg Branch
23, Avenue de la Porte Neuve
L-2085 Luxembourg
Luxembourg

FISCAL AGENT, PRINCIPAL PAYING AGENT, LISTING AGENT and AGENT BANK

BNP Paribas Securities Services
Les Collines de l'Arche
75450 Paris Cedex
France

LEGAL ADVISERS

To AGF

De Pardieu Brocas Maffei
64-66, avenue d'Iéna
75016 Paris
France

To the Managers

Allen & Overy LLP
26, boulevard des Capucines
75009 Paris
France

STATUTORY AUDITORS

KPMG SA
2, bis rue de Villiers
92300 Levallois-Perret
France

Ernst & Young Audit
Tour Ernst and Young
Faubourg de l'Arche
92037 Paris La Défense Cedex
France