



€1,000,000,000

**SOCIÉTÉ GÉNÉRALE**

4.196 per cent Undated Deeply Subordinated Fixed to Floating Rate Notes

Issue Price: 100 per cent

The €1,000,000,000 4.196 per cent Undated Deeply Subordinated Fixed to Floating Rate Notes (the "**Notes**") of Société Générale (the "**Issuer**") will be issued outside the Republic of France and, subject as provided in "Terms and Conditions of the Notes – Interest and Interest Suspension" and "Loss Absorption and Return to Financial Health" below, will bear interest at a fixed rate of 4.196 per cent per annum from and including 26 January 2005 (the "**Issue Date**") to but excluding the First Call Date payable annually in arrear on 26 January in each year, commencing on 26 January 2006 and thereafter at a floating rate of 3 month Euribor plus 1.53 per cent per annum payable quarterly in arrear on 26 January, 26 April, 26 July and 26 October in each year, commencing on 26 April 2015. (See "Terms and Conditions of the Notes – Interest and Interest Suspension" herein).

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 Interest Payment Date (as defined in "Terms and Conditions of the Notes – Definitions" herein), with a view to restoring its regulatory capital in order to ensure the continuity of its activities. Any interest not paid on such date shall be forfeited and no longer be due and payable by the Issuer. (See "Terms and Conditions of the Notes – Interest and Interest Suspension" herein).

The Notes are undated and have no final maturity. The Notes may, at the option of the Issuer but subject to the prior approval of the *Secrétariat général de la Commission bancaire*, be redeemed (in whole or in part) on the First Call Date and on any Interest Payment Date thereafter. The Notes may be, and in certain circumstances, shall be redeemed (in whole but not in part) at any time prior to the First Call Date. (See "Terms and Conditions of the Notes – Redemption and Purchase" herein.)

Application has been made to list the Notes on the Luxembourg Stock Exchange. The Notes are expected to be assigned a rating of A by Standard & Poor's Rating Services, A1 by Moody's Investors Service Inc. and A+ by Fitch Ratings. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension, reduction or withdrawal at any time by the relevant rating agency.

**See "Investment Considerations" below for certain information relevant to an investment in the Notes.**

The Notes have been accepted for clearance through Euroclear France S.A., Clearstream Banking, *société anonyme*, Luxembourg ("**Clearstream Luxembourg**") and Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**"). The Notes will on the Issue Date be inscribed in the books of Euroclear France which shall credit the accounts of the Account Holders (as defined in "Terms and Conditions of the Notes - Form, Denomination and Title" below) including the depository banks for Euroclear and Clearstream Luxembourg.

The Notes will be issued in dematerialised bearer form in the denomination of €1,000 each. The Notes will at all times be represented in book entry form (*inscription en compte*) in the books of the Account Holders in compliance with article L.211-4 of the French *Code monétaire et financier*. No physical document of title will be issued in respect of the Notes.

**Joint-Lead Manager and Sole Bookrunner**

**SOCIÉTÉ GÉNÉRALE BANK & TRUST**

**Joint-Lead Manager**

**UBM-UniCredit Banca Mobiliare S.p.A.**

**Co-Lead Managers**

**Barclays Capital  
Credit Suisse First Boston  
Lehman Brothers  
Morgan Stanley**

**Citigroup  
JPMorgan  
Merrill Lynch International**

The Issuer, having made all reasonable enquiries, confirms that this Offering Circular contains all information with respect to the Issuer, the Issuer and its subsidiaries and affiliates taken as a whole (the "**Issuer Group**") and the Notes which is material in the context of the issue and offering of the Notes, the statements contained in this Offering Circular relating to the Issuer, the Issuer Group and the Notes are in every material particular true and accurate and not misleading, the opinions and intentions expressed in this Offering Circular with regard to the Issuer and the Issuer Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, that there are no other facts in relation to the Issuer, the Issuer Group or the Notes the omission of which would, in the context of the issue of the Notes, make any information or statement in this Offering Circular misleading in any material respect and all reasonable enquiries have been made by the Issuer to ascertain such facts and matters and to verify the accuracy of all such information and statements. The Issuer accepts responsibility accordingly.

This Offering Circular does not constitute an offer of, or an invitation or solicitation by or on behalf of the Issuer or the Managers (as defined in "Subscription and Sale" below) to subscribe or purchase, any of the Notes. The distribution of this Offering Circular and the offering or sale of the Notes in certain jurisdictions, including the United States, the United Kingdom and the Republic of France, 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. For a description of certain restrictions on offers and sales of Notes and distribution of this Offering Circular, see "Subscription and Sale" below. No person is authorised to give any information or to make any representation other than those contained in this Offering Circular in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Issuer or the Managers. The delivery of this Offering Circular at any time does not imply that the information contained in it is correct as at any time subsequent to its date. In making an investment decision regarding the Notes, prospective investors must rely on their own independent investigation and appraisal of the Issuer, its 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. The Managers have not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Managers as to the accuracy or completeness of the information contained or incorporated by reference in this Offering Circular or any other information provided by the Issuer in connection with the Notes or their distribution.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"). Subject to certain exceptions, 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**")).

In this Offering Circular, unless otherwise specified or the context requires, references to "euro", "EUR" and "€" are to the single currency of the participating member states of the European Economic and Monetary Union.

*In connection with this issue Société Générale Bank & Trust (the "Stabilising Agent") 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 the Stabilising Agent or any agent of the Stabilising Agent 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.*

## TABLE OF CONTENTS

<i>SUMMARY OF THE TERMS AND CONDITIONS OF THE NOTES</i> .....	5
<i>INCORPORATION BY REFERENCE</i> .....	10
<i>INVESTMENT CONSIDERATIONS</i> .....	11
<i>TERMS AND CONDITIONS OF THE NOTES</i> .....	13
<i>USE OF PROCEEDS</i> .....	37
<i>INFORMATION RELATING TO SOLVENCY RATIOS AND ISSUES OF SECURITIES QUALIFYING AS TIER 1</i> .....	38
<i>DESCRIPTION OF THE ISSUER GROUP</i> .....	42
<i>CONSOLIDATED ANNUAL FINANCIAL STATEMENTS OF THE ISSUER</i> .....	54
<i>UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE ISSUER AS AT 30 JUNE 2004</i> .....	59
<i>CAPITALISATION TABLE OF THE ISSUER</i> .....	63
<i>SUBSCRIPTION AND SALE</i> .....	65
<i>GENERAL INFORMATION</i> .....	68

## SUMMARY OF THE TERMS AND CONDITIONS OF THE NOTES

*The following summary is qualified in its entirety by the more detailed information included elsewhere in this Offering Circular. Capitalised terms used but not defined in this summary shall bear the respective meanings ascribed to them under “Terms and Conditions of the Notes”. Prospective investors should also consider carefully, amongst other things, the factors set out under “Investment Considerations”.*

<b>Issuer:</b>	Société Générale
<b>Description:</b>	€1,000,000,000 4.196 per cent Undated Deeply Subordinated Fixed to Floating Rate Notes
<b>Joint-Lead Managers:</b>	Société Générale Bank & Trust and UniCredit Banca Mobiliare S.p.A.
<b>Co-Lead Managers:</b>	Barclays Bank PLC, Citigroup Global Markets Limited, Credit Suisse First Boston (Europe) Limited, J.P. Morgan Securities Ltd., Lehman Brothers International (Europe), Merrill Lynch International and Morgan Stanley & Co. International Limited
<b>Amount:</b>	€1,000,000,000
<b>Issue Price:</b>	100 per cent
<b>Fiscal Agent and Principal Paying Agent:</b>	Société Générale Bank & Trust
<b>Paying Agent in Luxembourg:</b>	Société Générale Bank & Trust
<b>Calculation Agent:</b>	Société Générale
<b>Paris Paying Agent</b>	Société Générale
<b>Denomination:</b>	€1,000
<b>Maturity:</b>	The Notes are undated perpetual obligations in respect of which there is no fixed redemption date.
<b>Status of the Notes:</b>	The Notes are deeply subordinated notes issued pursuant to the provisions of article L. 228-97 of the French <i>Code de commerce</i> , as amended by law n° 2003-706 on financial security dated 1 August 2003.

The principal and interest on the Notes (which constitute *obligations*) are direct, unconditional, unsecured and deeply subordinated obligations of the Issuer and rank and will rank *pari passu* among themselves and with all other present and future Support Agreement Claims and Tier 1 Subordinated Notes but shall be subordinated to the present and future *prêts participatifs* granted to the Issuer and present and future *titres participatifs*, Ordinarily Subordinated Obligations and Unsubordinated Obligations of the Issuer. In the event of liquidation, the Notes shall rank in priority to any payments to holders of any classes of share capital and of any other equity securities issued by the Issuer.

There will be no limitations on issuing debt, at the level of the Issuer or of any consolidated subsidiaries.

**Regulatory Treatment:**

The proceeds of the issue of the Notes will be eligible for regulatory purposes as consolidated *fonds propres de base* for the Issuer. *Fonds propres de base* ("**Tier 1 Capital**") shall have the meaning given to it in Article 2 of *règlement* n° 90-02 dated 23 February 1990, as amended, of the *Comité de la Réglementation Bancaire et Financière* (the "**CRBF Regulation**"), or otherwise recognised as *fonds propres de base* by the *Secrétariat général de la Commission bancaire* ("**SGCB**"). The CRBF Regulation should be read in conjunction with the press release of the Bank for International Settlements dated 27 October 1998 concerning instruments eligible for inclusion in Tier 1 Capital (the "**BIS Press Release**"). The French language version of the BIS Press Release is attached to the report published annually by the SGCB entitled "*Modalités de calcul du ratio international de solvabilité*".

**Negative Pledge:**

There is no negative pledge in respect of the Notes.

**Events of Default:**

There will be no events of default in respect of the Notes, except in the case of liquidation of the Issuer.

**Interest:**

Each Note bears interest on its Current Principal Amount at a fixed rate of 4.196 per cent per annum from and including the Issue Date to but excluding the First Call Date payable annually in arrear on 26 January in each year, commencing on 26 January 2006 until the First Call Date (included) and thereafter at a floating rate of 3 month Euribor plus 1.53 per cent per annum payable quarterly in arrear on 26 January, 26 April, 26 July and 26 October in each year, commencing on 26 April 2015.

Payment of interest will only be compulsory on a Compulsory Interest Payment Date.

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 on any Optional Interest Payment Date, in particular with a view to restoring its regulatory capital in order to ensure the continuity of its activities. Any interest not paid on an Optional Interest Payment Date shall be forfeited and no longer be due and payable by the Issuer.

**Loss Absorption Upon Supervisory Event:** The amount of Broken Interest, if any, and thereafter, if necessary, of the Current Principal Amount of the Notes may be reduced following a Supervisory Event, on a semi-annual basis, so as to enable the Issuer to absorb losses in order to ensure the continuity of its activities.

**Supervisory Event:** Supervisory Event means the first date on which either of the following events occurs:

- (a) the total risk-based consolidated capital ratios of the Issuer and its consolidated subsidiaries and affiliates, calculated in accordance with the Applicable Banking Regulations, falls below the minimum percentage required in accordance with the then Applicable Banking Regulations; or
- (b) the notification by the SGCB, in its sole discretion, to the Issuer, that it has determined, in view of the deteriorating financial condition of the Issuer, that the foregoing clause (a) would apply in the near term.

**End of Supervisory Event:** End of Supervisory Event means, following a Supervisory Event, the first date on which either of the following events occurs:

- (a) if the Supervisory Event has occurred pursuant to paragraph (a) of the definition of Supervisory Event, the total risk-based consolidated capital ratios of the Issuer and its consolidated subsidiaries and affiliates, calculated in accordance with the Applicable Banking Regulations, complies with the minimum percentage required in accordance with Applicable Banking Regulations; or

(b) if the Supervisory Event has occurred pursuant to paragraph (b) of the definition of Supervisory Event, the notification by the SGCB, in its sole discretion, to the Issuer that it has determined, in view of the then financial condition of the Issuer, that the circumstances which resulted in the Supervisory Event have ended.

**Return to Financial Health:** Return to Financial Health means a positive Consolidated Net Income recorded for at least two consecutive financial years following the End of Supervisory Event. The Current Principal Amount of the Notes will be reinstated on one or more occasions following a Return to Financial Health, to the extent any such reinstatement does not trigger the occurrence of a Supervisory Event.

Whether or not a Return to Financial Health has occurred, the Issuer shall increase the Current Principal Amount of the Notes up to the Original Principal Amount in certain circumstances.

**Early Redemption:** The Notes may be redeemed (in whole or in part) on the First Call Date and on any Interest Payment Date thereafter, at the option of the Issuer. Any such redemption will be at the Original Principal Amount.

The Issuer will also have the right to redeem the Notes at any time prior to the First Call Date (in whole but not in part), for certain tax and regulatory reasons. In certain circumstances for tax reasons, the Issuer will be required to redeem the Notes. Any such redemption will be at the Early Redemption Amount.

Any early redemption is subject to the prior approval of the SGCB.

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

**Representation of Noteholders:** The Noteholders will be grouped automatically for the defence of their respective common interests in a *masse* governed by the provisions of the French *Code de commerce* and by French *décret* n° 67-236 of 23 March 1967 subject to certain exceptions and provisions.

<b>Form of Notes:</b>	<p>The Notes will, upon issue on 26 January 2005, be entered in the books of Euroclear France which shall credit the accounts of the Account Holders including the depositary bank for Clearstream Banking, <i>société anonyme</i>, Luxembourg ("<b>Clearstream Luxembourg</b>") and Euroclear Bank S.A./N.V., as operator of the Euroclear System ("<b>Euroclear</b>").</p> <p>The Notes will be issued in bearer dematerialised form (<i>au porteur</i>) and will at all times be represented in book entry form in compliance with article L.211-4 of the <i>Code monétaire et financier</i>.</p>
<b>Listing:</b>	Application has been made to list the Notes on the Luxembourg Stock Exchange.
<b>Selling Restrictions:</b>	There are restrictions on the sale of the Notes and the distribution of offering material in various jurisdictions.
<b>Ratings:</b>	The Notes are expected to be assigned a rating of A by Standard & Poor's Rating Services, A1 by Moody's Investors Service Inc. and A+ by Fitch Ratings. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension, reduction or withdrawal at any time by the relevant rating agency.
<b>Governing Law:</b>	French law

### **INCORPORATION BY REFERENCE**

The annual reports of the Issuer for the years ended 31 December 2001, 31 December 2002 and 31 December 2003, including the audited non-consolidated and consolidated financial statements of the Issuer as at, and for the years ended, 31 December 2001, 31 December 2002 and 31 December 2003 and the related notes thereto as well as the interim financial statements of the Issuer as at and for the interim periods ended, 30 June 2003 and 30 June 2004 and the related notes thereto are incorporated by reference in this Offering Circular.

All documents incorporated by reference in this Offering Circular may be obtained, free of charge, at the specified office of each of the Paying Agents set out below during normal business hours so long as any of the Notes is outstanding, as described in "General Information" below.

## 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 and incorporated by reference in this Offering Circular, including in particular the 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 "Terms and Conditions of the Notes" below 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, ranking *pari passu* among themselves and with all other present and future claims against the Issuer by any of its subsidiaries pursuant to Support Agreements and Tier 1 Subordinated Notes of the Issuer and subordinated to and ranking behind the claims of all other unsubordinated and ordinarily 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 and any other equity securities of the Issuer.

### **Securities eligible as Tier 1 capital**

The Notes are being issued for regulatory capital adequacy purposes with the intention and purpose of being eligible as Tier 1 capital for the Issuer. See "Terms and Conditions of the Notes - Status of the Notes and Subordination" and "Information relating to Solvency Ratios and Issues of Securities Qualifying as Tier 1" below. Such eligibility depends upon a number of conditions being satisfied and which are reflected in the terms and conditions of the Notes. One of these relates to the ability of the Notes and the proceeds of their issue to be available to absorb any losses of the Issuer. Accordingly, in certain circumstances and/or upon the occurrence of certain events, payments of interest under the Notes may be restricted and, in certain cases, forfeited and the amount of Broken Interest and the Current Principal Amount of the Notes may be reduced, on a semi-annual basis.

### **Restrictions on Payment**

If the Issuer's financial condition were to deteriorate, the Noteholders could suffer direct and materially adverse consequences, including a suspension of payment of interest and a reduction of interest and principal and, if the Issuer were liquidated (whether voluntarily or involuntarily), loss by Noteholders of their entire investment.

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 Interest Payment Date, with a view to restoring its regulatory capital in order to ensure the continuity of its activities. Any interest not so paid on any such Interest Payment Date shall be forfeited and shall therefore no longer be due and payable by the Issuer, save as otherwise provided. See "Terms and Conditions of the Notes – Interest and Interest Suspension".

In addition, in certain circumstances, payment of Broken Interest will be suspended automatically and no interest will accrue upon the occurrence of a Supervisory Event. See "Terms and Conditions of the Notes – Interest and Interest Suspension".

The Broken Interest and the Current Principal Amount of the Notes may be reduced, as required, on one or more occasions following a Supervisory Event, on a semi-annual basis. See "Terms and Conditions of the Notes – Loss Absorption and Return to Financial Health".

### **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.

### **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 (except as provided in "Terms and Conditions of the Notes – Redemption and Purchase").

The Noteholders have no right to require redemption of the Notes, except if a judgment is issued for the insolvent judicial liquidation (*liquidation judiciaire*) of the Issuer or if the Issuer is liquidated for any other reason. See "Terms and Conditions of the Notes - Event of Default" below.

### **Redemption Risk**

The Notes are undated perpetual obligations in respect of which there is no fixed redemption date. Nevertheless, the Notes may be redeemed at the option of the Issuer (i) in whole or in part, on the First Call Date and on any Interest Payment Date thereafter and (ii) in whole but not in part, at any time prior to the First Call Date for certain tax or regulatory reasons. See "Terms and Conditions of the Notes – Redemption and Purchase".

In certain circumstances for tax reasons (see "Terms and Conditions of the Notes – Redemption and Purchase"), the Issuer will be required to redeem the Notes in whole (but not in part).

In each case, early redemption of the Notes is subject to the prior approval of the *Secrétariat général de la Commission bancaire*.

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.

## TERMS AND CONDITIONS OF THE NOTES

The issue outside the Republic of France of the €1,000,000,000 4.196 per cent Undated Deeply Subordinated Fixed to Floating Rate Notes (the "**Notes**") of Société Générale (the "**Issuer**") was decided on 13 January 2005 by the Chief Executive Officer of the Issuer, acting pursuant to a resolution of the board of directors (*conseil d'administration*) of the Issuer dated 29 July 2004. The Notes are issued with the benefit of a fiscal agency agreement (the "**Fiscal Agency Agreement**") dated 26 January 2005 between the Issuer, Société Générale Bank & Trust, as fiscal agent and principal paying agent (the "**Fiscal Agent**", which expression shall, where the context so admits, include any successor for the time being of the Fiscal Agent), the other paying agents named therein (together, the "**Paying Agents**", which expression shall, where the context so admits, include the Fiscal Agent and any successors for the time being of the Paying Agents or any additional paying agents appointed thereunder from time to time) and Société Générale, as calculation agent (the "**Calculation Agent**", which expression shall, where the context so admits, include any successor for the time being of the Calculation Agent). Reference below to the "**Agents**" shall be to the Fiscal Agent, the Paying Agents and/or the Calculation Agent, as the case may be. Copies of the Fiscal Agency Agreement are available for inspection at the specified offices of the Paying Agents. References below to "**Conditions**" are, unless the context otherwise requires, to the numbered paragraphs below.

### 1. DEFINITIONS

For the purposes of these Conditions:

"**Account Holders**" has the meaning set forth in Condition 2.

"**Accrued Interest**" means any interest accrued and due.

"**Actual/Actual-ISMA**" has the meaning set forth in Condition 4.2.

"**Adjusted Yield**" means the Bond Yield plus 0.30 per cent.

"**Alternative Representative**" has the meaning set forth in Condition 10.2.

"**Applicable Banking Regulations**" means, at any time, the capital adequacy regulations then in effect of the regulatory authority in France (or if the Issuer becomes domiciled in a jurisdiction other than France, such other relevant jurisdiction) having authority to adopt capital adequacy regulations with respect to the Issuer.

"**BIS Press Release**" has the meaning set forth in Condition 3.

"**Bond Yield**" means the rate per annum equal to the annual yield to maturity of the Comparable Bond Issue, assuming a price equal to the Comparable Bond Price for the Calculation Date.

"**Broken Interest**" is only applicable with respect to an Interest Period whose Interest Payment Date is an Optional Interest Payment Date and means, with respect to the period from (and including) the immediately preceding Interest Payment Date (or in the case of the first Interest Payment Date, the Issue Date) to (but excluding) the date of the occurrence of a Supervisory Event, the amount of interest accrued on the Notes during such period as calculated by the Calculation Agent.

"**Business Day**" has the meaning set forth in Condition 7.2.

"**Calculation Date**" means the third TARGET Business Day prior to the Early Redemption Date.

"**Comparable Bond Issue**" means, with respect to any Early Redemption Date, the bond selected by the Quotation Agent that would be used, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes from the Early Redemption Date to the First Call Date.

"**Comparable Bond Price**" means (a) the average of five Reference Bond Dealer Quotations, after excluding the highest and lowest such Reference Bond Dealer Quotations, or (b) if the Quotation Agent obtains fewer than five such Reference Bond Dealer Quotations, the average of all such Reference Bond Dealer Quotations.

"**Compulsory Interest Payment Date**" means each Interest Payment Date prior to which, at any time during a period of one year prior to such Interest Payment Date:

- (i) the Issuer declared or paid a dividend (whether in cash, shares or any other form, but not including a dividend consisting solely of additional shares), or more generally made a payment of any nature, on any Issuer Shares; or
- (ii) the Issuer made a payment of any nature (whether in cash, shares or any other form, but not including a dividend consisting solely of Issuer Shares) on any Tier 1 Subordinated Notes, any Support Agreement or any other securities issued by the Issuer or any loans granted to the Issuer which rank *pari passu* with the Notes, *provided that*, in each case, such payment was not itself compulsorily required to be paid solely as a result of a dividend or other payment having been made on any Parity Securities, any Issuer Shares, the Notes, any Tier 1 Subordinated Notes, any Support Agreement or any other securities issued by the Issuer or any loans granted to the Issuer which rank *pari passu* with the Notes; or
- (iii) any subsidiary of the Issuer which has issued Parity Securities declared or paid a dividend on such Parity Securities, *provided that* such dividend was not itself compulsorily required to be paid solely as a result of a dividend or other payment having been made on such Parity Securities, any other Parity Securities, any Issuer Shares, the Notes, any Tier 1 Subordinated Notes, any Support Agreement or any other securities issued by the Issuer or any loans granted to the Issuer which rank *pari passu* with the Notes.

For the avoidance of doubt, there will be no Compulsory Interest Payment Date in the event of a redemption or repurchase by the Issuer or any subsidiary of the Issuer of any Parity Securities, Tier 1 Subordinated Notes (including the Notes) or any other securities issued by the Issuer or any loans granted to the Issuer which rank *pari passu* with the Notes or in the event of a redemption, repurchase or other acquisition by the Issuer of any class of its share capital or of its other equity securities.

**"Consolidated Net Income"** means the consolidated net income (excluding minority interests) of the Issuer, as calculated and set out in the audited annual consolidated accounts of the Issuer adopted by the Issuer's shareholders' general meeting.

**"CRBF Regulation"** has the meaning set forth in Condition 3.

**"Current Principal Amount"** means at any time the principal amount of each Note, calculated on the basis of the Original Principal Amount of such Note as such amount may be reduced, on one or more occasions pursuant to the application of the Loss Absorption mechanism and/or reinstated on one or more occasions following a Return to Financial Health, as the case may be, pursuant to Conditions 5.1 and 5.2.

**"Early Redemption Amount"** means an amount payable in respect of each Note which shall be the higher of (a) the Original Principal Amount together with any Accrued Interest to the Early Redemption Date and (b) the Make Whole Amount.

**"Early Redemption Date"** has the meaning set forth in Condition 6.2(b).

**"End of Supervisory Event"** means, following a Supervisory Event, the first date on which either of the following events occurs:

- (a) if the Supervisory Event has occurred pursuant to paragraph (a) of the definition of Supervisory Event, the total risk-based consolidated capital ratios of the Issuer and its consolidated subsidiaries and affiliates, calculated in accordance with the Applicable Banking Regulations, complies with the minimum percentage required in accordance with Applicable Banking Regulations; or
- (b) if the Supervisory Event has occurred pursuant to paragraph (b) of the definition of Supervisory Event, the notification by the SGC, in its sole discretion, to the Issuer that it has determined, in view of the then financial condition of the Issuer, that the circumstances which resulted in the Supervisory Event have ended.

**"Euro-zone"** means the region comprised of member states of the European Union which have adopted or adopt the Euro in accordance with the Treaty establishing the European Community, as amended.

**"Existing Support Agreements"** means the support agreements executed by the Issuer in connection with the following issues of securities:

- (i) the \$800,000,000 7.64% Noncumulative Preferred Securities, Series A, issued by SocGen Real Estate Company L.L.C. on 3 September 1997;
- (ii) the €500,000,000 7.875% Noncumulative Trust Preferred Securities issued by SG Capital Trust I on 22 February 2000;
- (iii) the \$90,000,000 Floating Rate Noncumulative Company Preferred Securities, Class B-1 and the \$335,000,000 6.302% Noncumulative Company Preferred Securities, Class B-2 issued by SG Preferred Capital II, L.L.C. on 27 November 2001; and

(iv) the €50,000,000 5.419% Noncumulative Trust Preferred Securities issued by SG Capital Trust III on 10 November 2003.

**"First Call Date"** means 26 January 2015.

**"Fixed Interest Rate"** has the meaning set forth in Condition 4.

**"Fixed Rate Interest Amount"** has the meaning set forth in Condition 4.

**"Fixed Rate Interest Payment Date"** has the meaning set forth in Condition 4.

**"Fixed Rate Interest Period"** means the period beginning on (and including) the Issue Date and ending on (but excluding) the first Fixed Rate Interest Payment Date and each successive period beginning on (and including) a Fixed Rate Interest Payment Date and ending on (but excluding) the next succeeding Fixed Rate Interest Payment Date.

**"Floating Interest Rate"** has the meaning set forth in Condition 4.

**"Floating Rate Interest Amount"** has the meaning set forth in Condition 4.

**"Floating Rate Interest Determination Date"** has the meaning set forth in Condition 4.

**"Floating Rate Interest Period"** means the period beginning on (and including) the First Call Date and ending on (but excluding) the first Floating Rate Interest Payment Date and each successive period beginning on (and including) a Floating Rate Interest Payment Date and ending on (but excluding) the next succeeding Floating Rate Interest Payment Date.

**"Floating Rate Interest Payment Date"** has the meaning set forth in Condition 4.

**"Interest Amount"** means a Fixed Rate Interest Amount and/or a Floating Rate Interest Amount, as the case may be.

**"Interest Payment Date"** means a Fixed Rate Interest Payment Date or a Floating Rate Interest Payment Date, as the case may be.

**"Interest Period"** means a Fixed Rate Interest Period or a Floating Rate Interest Period, as the case may be.

**"Issuer Shares"** means any classes of share capital or other equity securities issued by the Issuer.

**"Loss Absorption"** has the meaning set forth in Condition 5.

**"Make Whole Amount"** means an amount in Euro rounded to the nearest cent (half a cent being rounded upwards), as determined by the Calculation Agent, equal to the sum of (x) the then present value of the Original Principal Amount, (y) the then present values of the scheduled interest amounts, calculated on the basis of the Original Principal Amount, from (and including) the Early Redemption Date to the First Call Date. The present values of (x) and (y) shall be calculated by discounting the Original Principal Amount and the scheduled interest amounts from the Early Redemption Date to the First Call Date at the Adjusted Yield on an Actual/Actual-ISMA annual basis.

"**Noteholders**" means the holders of the Notes.

"**Optional Interest Payment Date**" means any Interest Payment Date other than a Compulsory Interest Payment Date.

"**Ordinarily Subordinated Obligations**" means direct, unconditional, unsecured and subordinated obligations of the Issuer which rank in priority to the *prêts participatifs* granted to the Issuer, the *titres participatifs* issued by the Issuer, Support Agreement Claims, Tier 1 Subordinated Notes and the Notes.

"**Original Principal Amount**" means the nominal amount of each Note on the Issue Date (i.e. €1,000) not taking into account any Loss Absorption or Reinstatement, pursuant to Conditions 5.1 and 5.2.

"**Parity Securities**" means any preferred securities or preferred or preference shares issued by any subsidiary of the Issuer, the proceeds of which are eligible as consolidated *fonds propres de base* for the Issuer, to the extent that such subsidiary benefits from any Support Agreement.

"**Primary Bond Dealer**" means any credit institution or financial services institution that regularly deals in bonds and other debt securities.

"**Quotation Agent**" means Société Générale and its successors, provided, however, that if the foregoing shall cease to be a Primary Bond Dealer, the Issuer will be entitled to appoint another Quotation Agent that is a Primary Bond Dealer in the Euro-zone.

"**Reduction Amount**" has the meaning set forth in Condition 5.

"**Reference Bond Dealer**" means either the Quotation Agent, or any other Primary Bond Dealer selected by the Quotation Agent after consultation with the Issuer.

"**Reference Bond Dealer Quotations**" means the average, as determined by the Quotation Agent, of the bid and ask prices for the Comparable Bond Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Quotation Agent by such Reference Bond Dealer at 11:00 am (London time) on the Calculation Date.

"**Regular Period**" has the meaning set forth in Condition 4.2.

"**Reinstatement**" has the meaning set forth in Condition 5.2.

"**Relevant Date**" has the meaning set forth in Condition 8.

"**Representative**" has the meaning set forth in Condition 10.1.

"**Return to Financial Health**" has the meaning set forth in Condition 5.

"**SGCB**" means the *Secrétariat général de la Commission bancaire* which reference shall, where applicable, include any other authority (a "**Replacement Supervisory Authority**") having supervisory authority with respect to the Issuer.

"**Supervisory Event**" means the first date on which either of the following events occurs:

- (a) the total risk-based consolidated capital ratios of the Issuer and its consolidated subsidiaries and affiliates, calculated in accordance with the Applicable Banking Regulations, falls below the minimum percentage required in accordance with the then Applicable Banking Regulations; or
- (b) the notification by the SGCB, in its sole discretion, to the Issuer, that it has determined, in view of the deteriorating financial condition of the Issuer, that the foregoing clause (a) would apply in the near term.

"**Support Agreement**" means the Existing Support Agreements and any other guarantee, support agreement or other agreement or instrument with an effect similar to the Existing Support Agreements, if claims under such guarantee, support agreement or other agreement or instrument rank behind present and future *prêts participatifs* granted to the Issuer, *titres participatifs* issued by the Issuer, Ordinarily Subordinated Obligations and Unsubordinated Obligations and in priority to any payments to holders of any classes of share capital and of any other equity securities issued by the Issuer.

"**Support Agreement Claim**" means any claim against the Issuer by any subsidiary of the Issuer pursuant to a Support Agreement.

"**TARGET Business Day**" means a day on which the TARGET System is operating.

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

"**Tier 1 Capital**" has the meaning set forth in Condition 3.

"**Tier 1 Subordinated Notes**" means direct, unconditional, unsecured and deeply subordinated notes of the Issuer issued pursuant to the provisions of Article L.228-97 of the French *Code de commerce*, as amended by law n° 2003-706 on financial security dated 1 August 2003, eligible as consolidated *fonds propres de base* for the Issuer, which rank *pari passu* among themselves and with the Notes and behind the *prêts participatifs* granted to the Issuer, the *titres participatifs* issued by the Issuer, Ordinarily Subordinated Obligations and Unsubordinated Obligations.

"**Unsubordinated Obligations**" means direct, unconditional, unsecured and unsubordinated obligations of the Issuer which rank in priority to Ordinarily Subordinated Obligations.

## **2. FORM, DENOMINATION AND TITLE**

The Notes are issued in dematerialised bearer form (*au porteur*) in the denomination of €1,000. Title to the Notes will be evidenced in accordance with article L.211-4 of the French *Code monétaire et financier* by book-entries (*inscription en compte*). No physical document of title (including *certificats représentatifs* pursuant to Article 7 of French *décret* n° 83-359 dated 2 May 1983) will be issued in respect of the Notes.

The Notes will, upon issue, be inscribed in the books of Euroclear France S.A. ("**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, directly or indirectly, accounts on behalf of its customers with Euroclear France, and includes the depositary banks for Euroclear Bank S.A./N.V. as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, *société anonyme*, Luxembourg ("**Clearstream Luxembourg**").

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.

### **3. STATUS OF THE NOTES AND SUBORDINATION**

The Notes are deeply subordinated notes of the Issuer issued pursuant to the provisions of article L. 228-97 of the French *Code de commerce*, as amended by law n°2003-706 on financial security dated 1 August 2003.

The proceeds of the issue of the Notes will be eligible for regulatory purposes as consolidated *fonds propres de base* for the Issuer. *Fonds propres de base* ("**Tier 1 Capital**") shall have the meaning given to it in Article 2 of *règlement* n° 90-02 dated 23 February 1990, as amended, of the *Comité de la Réglementation Bancaire et Financière* (the "**CRBF Regulation**"), or otherwise recognised as *fonds propres de base* by the SGCB. The CRBF Regulation should be read in conjunction with the press release of the Bank for International Settlements dated 27 October 1998 concerning instruments eligible for inclusion in Tier 1 Capital (the "**BIS Press Release**"). The French language version of the BIS Press Release is attached to the report published annually by the SGCB entitled "*Modalités de calcul du ratio international de solvabilité*".

The principal and interest on the Notes (which constitute *obligations*) are direct, unconditional, unsecured and deeply subordinated obligations of the Issuer and rank and will rank *pari passu* among themselves and with all other present and future Support Agreement Claims and Tier 1 Subordinated Notes but shall be subordinated to the present and future *prêts participatifs* granted to the Issuer and present and future *titres participatifs*, Ordinarily Subordinated Obligations and Unsubordinated Obligations of the Issuer.

The Notes shall rank in priority to any class of share capital or other equity securities issued by the Issuer. In the event of liquidation, the Notes shall rank in priority to any payments to holders of Issuer Shares.

### **4. INTEREST AND INTEREST SUSPENSION**

#### **4.1 General**

Each Note bears interest on its Current Principal Amount at a fixed rate of 4.196 per cent per annum (the "**Fixed Interest Rate**") from (and including) 26 January 2005 (the "**Issue Date**") to but excluding the First Call Date, payable annually in arrear on 26 January in each year (each, a "**Fixed Rate Interest Payment Date**"), commencing on 26 January 2006 until the First Call Date and thereafter at a floating rate of 3 month Euribor plus 1.53 per cent per annum (the "**Floating Interest Rate**") as determined by the Calculation Agent in accordance with Condition 4.3 below payable quarterly in arrear on 26 January,

26 April, 26 July and 26 October in each year (each a "**Floating Rate Interest Payment Date**"), commencing on 26 April 2015.

Interest will cease to accrue on each Note on the due date for redemption thereof unless, upon such due date, payment of principal is improperly withheld or refused or if default is otherwise made in respect of payment thereof. In such event, interest will continue to accrue at the relevant rate as specified in the preceding paragraph (as well after as before judgment) on the Original Principal Amount of such Note until the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder.

#### 4.2 Fixed Interest Rate

4.2.1 The amount of interest (the "**Fixed Rate Interest Amount**") payable on each Note on each Fixed Rate Interest Payment Date will be the product of the Current Principal Amount of such Note and the Fixed Interest Rate, multiplied by the Actual/Actual-ISMA day count fraction and rounding the resulting figure, if necessary, to the nearest cent (half a cent being rounded upwards).

4.2.2 If interest is required to be calculated in respect of a Fixed Rate Interest Period where the Current Principal Amount of a Note is less than its Original Principal Amount, it shall be calculated by the Calculation Agent by applying the Fixed Interest Rate to the then Current Principal Amount of such Note and multiplying such product by the Actual/Actual-ISMA day count fraction and rounding the resulting figure, if necessary, to the nearest cent (half a cent being rounded upwards). The Calculation Agent will cause such Fixed Rate Interest Amount to be notified to the Issuer, the Fiscal Agent and the Luxembourg Stock Exchange and will cause the publication thereof in accordance with Condition 11 as soon as possible after its determination but in no event later than the fourth TARGET Business Day thereafter.

For the purposes of this Condition:

"**Actual/Actual-ISMA**" means, in respect of any period, the number of days in the relevant period, from (and including) the first day in such period to (but excluding) the last day in such period, divided by the number of days in the Regular Period in which the relevant period falls; and

"**Regular Period**" means each period from (and including) the Issue Date or any Fixed Rate Interest Payment Date to (but excluding) the next Fixed Rate Interest Payment Date.

#### 4.3 Floating Rate

4.3.1 The Notes bear interest at the Floating Interest Rate from the First Call Date, payable on each Floating Rate Interest Payment Date, *provided, however, that*, if any Floating Rate Interest Payment Date would otherwise fall on a date which is not a TARGET Business Day, it will be postponed to the next TARGET Business Day unless it would thereby fall into the next calendar month, in which case it will be brought forward to the preceding TARGET Business Day.

The Floating Interest Rate for each Floating Rate Interest Period will be determined by the Calculation Agent on the following basis:

- (a) the Calculation Agent will determine the rate for deposits in Euro for a period equal to the relevant Floating Rate Interest Period which appears on the display page designated 248 on the Telerate Service (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor, for the purpose of displaying comparable rates) as of 11:00 a.m., (Brussels time), on the second TARGET Business Day before the first day of the relevant Floating Rate Interest Period (the "**Floating Rate Interest Determination Date**");
- (b) if such rate does not appear on that page, the Calculation Agent will:
  - (A) request the principal Euro-zone office of each of four major banks in the Euro-zone interbank market to provide a quotation of the rate at which deposits in Euro are offered by it at approximately 11.00 a.m. (Brussels time) on the Floating Rate Interest Determination Date to prime banks in the Euro-zone interbank market for a period equal to the relevant Floating Rate Interest Period and in an amount that is representative for a single transaction in that market at that time; and
  - (B) determine the arithmetic mean (rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, 0.000005 being rounded upwards) of such quotations; and
- (c) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean (rounded, if necessary, as aforesaid) of the rates quoted by major banks in the Euro zone, selected by the Calculation Agent, at approximately 11.00 a.m. (Brussels time) on the first day of the relevant Floating Rate Interest Period for loans in Euro to leading European banks for a period equal to the relevant Floating Rate Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Floating Interest Rate for such Floating Rate Interest Period shall be the sum of 1.53 per cent. per annum and the rate or (as the case may be) the arithmetic mean so determined; *provided, however, that* if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Floating Rate Interest Period, the Floating Interest Rate applicable to the Notes during such Floating Rate Interest Period will be the sum of 1.53 per cent per annum and the rate or (as the case may be) arithmetic mean last determined in relation to the Notes in respect of a preceding Floating Rate Interest Period.

#### 4.3.2 Determination of Floating Interest Rate and Calculation of Floating Rate Interest Amount by the Calculation Agent

The Calculation Agent will, as soon as practicable after 11.00 a.m. (Brussels Time) on each Floating Rate Interest Determination Date in relation to each Floating Rate Interest Period, calculate the amount of interest (the "**Floating Rate Interest Amount**") payable in respect of each Note for such Floating Rate Interest Period. The Floating Rate Interest Amount will be calculated by applying the Floating Interest Rate for such Floating Rate Interest Period to the Current Principal Amount of such Note, multiplying the product by the actual number of days in such Interest Period divided by 360 and rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

#### 4.3.3 Publication of Floating Interest Rate and Floating Rate Interest Amount

The Calculation Agent will cause the Floating Interest Rate and the Floating Rate Interest Amount for each Floating Rate Interest Period and the relevant Floating Rate Interest Payment Date to be notified to the Issuer, the Fiscal Agent and the Luxembourg Stock Exchange and any other stock exchange on which the Notes are for the time being listed and the Calculation Agent will cause publication thereof in accordance with Condition 11 as soon as possible after their determination but in no event later than the fourth TARGET Business Day thereafter. The Floating Rate Interest Payment Date so published may subsequently be amended (or appropriate arrangements made by way of adjustment). If the Notes become due and payable under Condition 6.2(b) or 6.3 or under Condition 9 after the First Call Date other than on a Floating Rate Interest Payment Date, the Accrued Interest and the Floating Interest Rate payable in respect of the Notes shall nevertheless continue to be calculated as previously described by the Calculation Agent in accordance with this Condition 4 but no publication of the Floating Interest Rate or the Floating Rate Interest Amount so calculated need be made.

#### 4.4 Compulsory Interest and Optional Interest

##### 4.4.1 On any Compulsory Interest Payment Date

The Issuer shall, on each Compulsory Interest Payment Date, for so long as the compulsory interest provisions apply (as set out in the definition of "Compulsory Interest Payment Date"), pay interest in respect of the Notes accrued to that date in respect of the Interest Period ending immediately prior to such Compulsory Interest Payment Date.

Interest on each Note with respect to, and falling due on, any Compulsory Interest Payment Date will be calculated on the basis of its Current Principal Amount.

Accrued Interest payable on any Compulsory Interest Payment Date is not subject to reduction in accordance with Condition 5.1.

#### 4.4.2 On any Optional Interest Payment Date

For so long as the compulsory interest provisions do not apply, the Issuer may elect not to pay interest on any Optional Interest Payment Date in particular with a view to restoring its regulatory capital in order to ensure the continuity of its activities.

On any Optional Interest Payment Date, the Issuer may, at its option, pay interest in respect of the Notes accrued to that date in respect of the Interest Period ending immediately prior to such Optional Interest Payment Date, but the Issuer shall have, subject to such election and decision having been made as described above, no obligation to make such payment and any such failure to pay shall not constitute a default by the Issuer under the Notes or for any other purpose.

Interest on each Note with respect to, and falling due on, any Optional Interest Payment Date will be calculated on the basis of its Current Principal Amount.

Notice of non-payment of all or any interest under the Notes on any Optional Interest Payment Date shall be given to the Noteholders in accordance with Condition 11 and (for so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require) to the Luxembourg Stock Exchange. Such notice shall be given at least seven Business Days prior to the relevant Optional Interest Payment Date.

Save as otherwise provided, any interest not paid on an Optional Interest Payment Date will be forfeited and accordingly will no longer be due and payable by the Issuer.

The amount of Broken Interest in respect of the Interest Period ending immediately prior to any Optional Interest Payment Date may be reduced following a Supervisory Event, as provided in Condition 5.1.

Payment of interest will automatically be suspended upon the occurrence of a Supervisory Event (and until the occurrence of an End of Supervisory Event).

#### 4.5 Optional Interest and Supervisory Event

##### 4.5.1 Interest Payable on Optional Interest Payment Dates following the occurrence of a Supervisory Event

In the event that a Supervisory Event has occurred during the Interest Period immediately preceding an Optional Interest Payment Date:

- (x) the payment of Broken Interest, if any, in respect of each Note shall automatically be suspended. In addition, the amount of Broken Interest may be reduced to absorb losses in accordance with Condition 5.1; and
- (y) no interest on the Notes shall accrue nor be payable by the Issuer with respect to the remaining period in such Interest Period or any other

Interest Period during the period starting on the date of the Supervisory Event and ending on the date of the End of Supervisory Event.

4.5.2 Interest Payable on Optional Interest Payment Dates after End of Supervisory Event

At the option of the Issuer, any Broken Interest, to the extent not reduced to absorb losses in accordance with Condition 5.1, may be paid on the first Optional Interest Payment Date falling on or after the date of the End of Supervisory Event. Any Broken Interest not paid by the Issuer on such first Optional Interest Payment Date will be forfeited.

In respect of any Optional Interest Payment Date which occurs on or after the End of Supervisory Event, interest on each Note will recommence accruing on its Current Principal Amount, on the basis of the number of days elapsed during the period from (and including) the date of End of Supervisory Event to (but excluding) the next succeeding Optional Interest Payment Date as calculated by the Calculation Agent in accordance with Condition 4.2 or, as the case may be, 4.3. At the option of the Issuer, such interest may be paid on the next succeeding Optional Interest Payment Date occurring as from the date of the End of Supervisory Event (inclusive). Any such Interest not paid by the Issuer on such first Optional Interest Payment Date will be forfeited.

**5. LOSS ABSORPTION AND RETURN TO FINANCIAL HEALTH**

5.1 Loss Absorption

In the event of the occurrence of a Supervisory Event, the board of directors of the Issuer will convene an extraordinary shareholders' meeting during the 3 months following the occurrence of the Supervisory Event in order to propose a share capital increase or any measure regarded as necessary or useful to remedy the Supervisory Event. The convening of an extraordinary shareholders' meeting may not be necessary if the board of directors has the power to decide such share capital increase. If the share capital increase or any proposed measures are not accepted by the extraordinary shareholders' meeting or if the share capital increase is not sufficiently subscribed to remedy the Supervisory Event, or if the Supervisory Event remains on the last day of the financial half year during which the Supervisory Event has occurred, the board of directors of the Issuer will implement, within 10 Business Days following the last day of this financial half year, a reduction of the amount of Broken Interest, if any, and thereafter, if necessary, of the Current Principal Amount of the Notes ("**Loss Absorption**"). A Loss Absorption will firstly be implemented by partially or fully reducing the amount of the Broken Interest, if any. If the total reduction of Broken Interest is not sufficient for the purpose of the Loss Absorption, a further Loss Absorption will be implemented by partially or fully reducing the Current Principal Amount of the Notes. Such reductions will be recorded as a profit in the Issuer's consolidated accounts (whether audited annual or unaudited semi-annual).

The amounts by which Broken Interest and, as the case may be, the Current Principal Amount of the Notes are reduced (the "**Reduction Amounts**") to enable the Issuer to absorb losses in order to ensure the continuity of its activities, will be the lower of (i) the

amount of losses of the Issuer which, following a Supervisory Event, have not been allocated to its shareholders funds (*capitaux propres*) as set out in its consolidated accounts and (ii) the sum of the amounts of Broken Interest, if any, and the Current Principal Amount of the Notes before such reduction.

Notwithstanding any other provision, the Current Principal Amount of each Note shall never be reduced to an amount lower than one cent.

For the avoidance of doubt, the first remedy to the Supervisory Event will be the share capital increase pursuant to the issue by the Issuer of any classes of shares and of any other equity securities, as the case may be, in relation to the measures adopted by the extraordinary shareholders' meeting of the Issuer to remedy such Supervisory Event. To the extent such increase of share capital is not sufficient, the Loss Absorption will be applied first against the amount of Broken Interest, if any, and thereafter, if necessary, against the Current Principal Amount of the Notes as herein described.

Broken Interest and the Current Principal Amount of the Notes pursuant to the above provision may be reduced on one or more occasions, as required.

In the event that other Tier 1 Subordinated Notes which would be subject to such reductions are outstanding, such reductions will be applied on a pro-rata basis among the Notes and such other Tier 1 Subordinated Notes.

Accrued Interest payable on any Compulsory Interest Payment Date is not subject to reduction.

Notice of any Supervisory Event and of any End of Supervisory Event shall be given to the Noteholders in accordance with Condition 11 and (for so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require) the Luxembourg Stock Exchange. Such notice shall be given as soon as practicable following the occurrence of a Supervisory Event and of any End of Supervisory Event.

Notice of any reduction of the Current Principal Amount of the Notes shall be given to the Noteholders in accordance with Condition 11 and (for so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require) the Luxembourg Stock Exchange. Such notice shall be given at least seven Business Days prior to the relevant reduction of the Current Principal Amount.

## 5.2 Return to Financial Health

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

Whether or not a Return to Financial Health has occurred, the Issuer shall increase the Current Principal Amount of the Notes up to the Original Principal Amount prior to:

- (i) any declaration or payment by the Issuer of a dividend (whether in cash, shares or any other form, but not including a dividend consisting solely of additional shares), or more generally any payment of any nature, by the Issuer on any classes of share capital or on other equity securities issued by the Issuer ("**Issuer Shares**"); or
- (ii) any payment of any nature by the Issuer (whether in cash, shares or any other form, but not including a dividend consisting solely of Issuer Shares) on any Tier 1 Subordinated Notes, any Support Agreement or any other securities issued by the Issuer or any loans granted to the Issuer which rank *pari passu* with the Notes, *provided that*, in each case, such payment was not itself compulsorily required to be paid solely as a result of a dividend or other payment having been made on any Parity Securities, any Issuer Shares, the Notes, any Tier 1 Subordinated Notes, any Support Agreement or any other securities issued by the Issuer or any loans granted to the Issuer which rank *pari passu* with the Notes; or
- (iii) any declaration or payment by any subsidiary of the Issuer which has issued Parity Securities of a dividend on such Parity Securities, *provided that* such dividend was not itself compulsorily required to be paid solely as a result of a dividend or other payment having been made on such Parity Securities, any other Parity Securities, any Issuer Shares, the Notes, any Tier 1 Subordinated Notes, any Support Agreement or any other securities issued by the Issuer or any loans granted to the Issuer which rank *pari passu* with the Notes; or
- (iv) any optional redemption by the Issuer of the Notes.

No such Reinstatement shall be made in the event of a redemption or repurchase by the Issuer or any subsidiary of the Issuer of any Parity Securities, other Tier 1 Subordinated Notes or any other securities issued by the Issuer or any loans granted to the Issuer which rank *pari passu* with the Notes or in the event of a redemption, repurchase or other acquisition by the Issuer of any class of its share capital or of its other equity securities.

Any Reinstatement shall be recorded by the Issuer in its consolidated accounts as a loss of an amount corresponding to such Reinstatement.

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

For the avoidance of doubt, any Reinstatement shall be made up to such maximum amount, to the extent any such Reinstatement does not trigger the occurrence of a Supervisory Event.

In the event that other Tier 1 Subordinated Notes are outstanding and may also benefit from a reinstatement or an increase of their Current Principal Amount in accordance with their terms, any Reinstatement will be applied on a pro-rata basis with other reinstatements made on such other Tier 1 Subordinated Notes.

Such Reinstatement shall be made on one or more occasions in the conditions described above until the Current Principal Amount of the Notes has been reinstated to the Original Principal Amount (save in the event of occurrence of another Supervisory Event).

Notice of any Return to Financial Health shall be given to the Noteholders in accordance with Condition 11 and (for so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require) the Luxembourg Stock Exchange. Such notice shall be given as soon as practicable, following the occurrence of a Return to Financial Health.

Notice of any Reinstatement shall be given to the Noteholders in accordance with Condition 11 and (for so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require) to the Luxembourg Stock Exchange. Such notice shall be given at least seven Business Days prior to the relevant Reinstatement.

## **6. REDEMPTION AND PURCHASE**

The Notes may not be redeemed otherwise than in accordance with this Condition 6.

### **6.1 No Final Redemption**

The Notes are undated perpetual obligations in respect of which there is no fixed redemption date.

### **6.2 Issuer's Call Options**

#### **(a) General Call Option**

On the First Call Date and on any Interest Payment Date thereafter, the Issuer, subject to having given not less than 30, and not more than 45, calendar days' prior notice to the Noteholders (which notice shall be irrevocable) in accordance with Condition 11, and subject to prior approval of the SGCB, may, at its option, redeem all or some of the Notes at their Original Principal Amount, together with any amounts outstanding thereon, including Accrued Interest.

In the case of a partial redemption of the Notes, the redemption may be effected on a prorata basis, at the option of the Issuer, either (i) by reducing the Original Principal Amount of all such Notes in proportion to the aggregate nominal amount redeemed or (ii) by redeeming in full only some of such Notes and, in such latter case, the choice between those Notes that will be fully redeemed and those that will not be redeemed shall be made in accordance with Article 9 of French *décret* n° 83-359 of 2 May 1983, subject to compliance with any other applicable laws and stock exchange requirements.

The Issuer shall, once in each year in which there has been a partial redemption of the Notes, cause a notice specifying the aggregate Original Principal Amount of Notes outstanding to be given to the Noteholders in accordance with Condition 11.

#### **(b) Redemption for Taxation Reasons or Regulatory Reasons**

(i) If by reason of any change in French law, any change in Applicable Banking Regulations, or any change in the official application or interpretation of such laws or regulations, becoming effective on or after the Issue Date, the proceeds of the Notes cease to be eligible as Tier 1

Capital for the Issuer, the Issuer may, at its option, at any time prior to the First Call Date, subject to having given not more than 45 nor less than 30 calendar days' notice to Noteholders (which notice shall be irrevocable) in accordance with Condition 11, and subject to the prior approval of the SGCB, redeem all, but not some only, of the Notes at their Early Redemption Amount provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest date on which the proceeds of the Notes could qualify as Tier 1 Capital (an "**Early Redemption Date**").

- (ii) If by reason of any change in the laws or regulations of the Republic of France, or any political subdivision therein or any authority thereof or therein having power to tax, any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), or any other change in the tax treatment of the Notes, becoming effective on or after the Issue Date, interest payment under the Notes was but is no longer tax-deductible by the Issuer for French corporate income tax (*impôts sur les bénéfices des sociétés*) purposes, the Issuer may, at its option, at any time prior to the First Call Date, subject to having given not more than 45 nor less than 30 calendar days' notice to Noteholders (which notice shall be irrevocable) in accordance with Condition 11, and subject to the prior approval of the SGCB, redeem all, but not some only, of the Notes at their Early Redemption Amount provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable date on which the Issuer could make such payment with interest payable being tax deductible for French corporate income tax (*impôts sur les bénéfices des sociétés*) purposes (an "**Early Redemption Date**").
- (iii) If by reason of a change in the laws or regulations of the Republic of France, or any political subdivision therein or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), becoming effective on or after the Issue Date, the Issuer would on the occasion of the next payment of principal or interest due in respect of the Notes, not be able to make such payment without having to pay additional amounts as specified under Condition 8, the Issuer may, at any time prior to the First Call Date, subject to having given not more than 45 nor less than 30 calendar days' prior notice to the Noteholders (which notice shall be irrevocable), in accordance with Condition 11, and subject to the prior approval of the SGCB, redeem all, but not some only, of the Notes at their Early Redemption Amount provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable date on which the Issuer could make payment of principal and interest without withholding

for French taxes or, if such date has passed, as soon as practicable thereafter (an "**Early Redemption Date**").

- (iv) If the Issuer would on the next payment of principal or interest in respect of the Notes be prevented by French Law from making payment to the Noteholders of the full amount then due and payable, notwithstanding the undertaking to pay additional amounts contained in Condition 8, then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and the Issuer shall upon giving not less than ten Business Days' prior notice to the Noteholders in accordance with Condition 11, and subject to the prior approval of the SGCB, redeem all, but not some only, of the Notes then outstanding at their Early Redemption Amount provided that the due date for redemption of which notice hereunder shall be given shall be no earlier than the latest practicable date on which the Issuer could make payment of the full amount of principal and interest payable without withholding for French taxes or, if such date has passed, as soon as practicable thereafter (an "**Early Redemption Date**").

### 6.3 Purchases

The Issuer may at any time purchase Notes in the open market or otherwise at any price provided that the prior approval of the SGCB shall have to be obtained:

- (a) if the total aggregate Current Principal Amount of Notes so purchased shall exceed 10 per cent of the original aggregate Current Principal Amount of the Notes, and
- (b) in the case of an *offre publique d'achat* (a Public Cash-Tender Offer Bid) or an *offre publique d'échange* (a Public Exchange Tender Offer) in relation to the Notes.

### 6.4 Cancellation

All Notes which are purchased or redeemed by the Issuer pursuant to paragraphs 6.2 to 6.3 of this Condition 6 will be cancelled and accordingly may not be reissued or sold.

## 7. PAYMENTS AND CALCULATIONS

### 7.1 Method of Payment

Payments in respect of principal and interest on the Notes will be made in Euro by credit or 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 (including the depositary banks for Euroclear and Clearstream Luxembourg) and all payments validly made to such Euroclear France Account Holders in favour of Noteholders will be an effective discharge of the Issuer and the Fiscal Agent, as the case may be, in respect of such payment.

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 but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged by the Issuer, the Fiscal Agent or any Paying Agent to the Noteholders in respect of such payments.

## 7.2 Payments on Business Days

If the due date for payment of any amount in respect of any Note is not a Business Day (as defined below), payment shall not be made of the amount due and credit or transfer instructions shall not be given in respect thereof until (i) in respect of any amount of principal or any Fixed Rate Interest Amount, the next TARGET Business Day and (ii) in respect of any Floating Rate Interest Amount, the next TARGET Business Day unless it would thereby fall into the next calendar month, in which case it will be brought forward to the preceding TARGET Business Day, and the Noteholder shall not be entitled to any interest or other sums in respect of such postponed payment.

For the purposes of this Condition, "**Business Day**" means any day, not being a Saturday or a Sunday, (i) on which exchange markets and commercial banks are open for business in Paris and Luxembourg, (ii) on which Euroclear France, Euroclear and Clearstream Luxembourg are operating and (iii) which is a TARGET Business Day.

## 7.3 Fiscal Agent, Paying Agents and Calculation Agent

The name and specified office of the initial Fiscal Agent, the name and specified office of the other initial Paying Agent and the name and specified office of the initial Calculation Agent are as follows:

### FISCAL AGENT, PRINCIPAL PAYING AGENT

Société Générale Bank & Trust  
11, avenue Emile Reuter  
L-2420 Luxembourg  
Luxembourg

### CALCULATION AGENT AND PARIS PAYING AGENT

Société Générale  
29, boulevard Haussmann  
75009 Paris  
France

The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, Paying Agent(s), Calculation Agent and/or appoint a substitute Fiscal Agent, Paying Agent, Calculation Agent and additional or other Paying Agents or approve any change in the office through which the Fiscal Agent, the Calculation Agent or any Paying Agent acts, provided that there will at all times be (i) a Fiscal Agent having a specified office in a European city, (ii) so long as the Notes 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 Fiscal Agent), and (iii) so long as any Note is outstanding, a Calculation Agent having a specified office in a

European city. If the Calculation Agent is unable or unwilling to continue to act as such or if the Calculation Agent fails to make any calculations in relation to the Notes, the Issuer shall appoint some other leading European bank engaged in the Euro inter-bank market (acting through its principal Paris or Luxembourg office) to act in its place, subject to having given notice to the Noteholders in accordance with Condition 11 not more than 45 nor less than 30 calendar days prior to such appointment. The Calculation Agent may not resign its duties without a successor having been so appointed. Any notice of a change in Fiscal Agent, Paying Agent, Calculation Agent or their specified office shall be given to Noteholders as specified in Condition 11.

#### 7.4 Certificates to be final

All certificates, communications, opinion, determinations, calculation, quotations and decisions given, expressed, made or obtained for the purpose of the provisions of these Conditions whether by the Calculation Agent or the relevant banks in the Euro-zone interbank market (or any of them) shall (in the absence of wilful default or manifest error) be binding on the Issuer, the Calculation Agent, the Paying Agents, the Fiscal Agent, the relevant banks in the Euro-zone interbank market, and all the Noteholders. No Noteholder shall (in the absence as aforesaid) be entitled to proceed against the Calculation Agent or any of them in connection with the exercise or non-exercise by them of their powers, duties and discretions.

### 8. TAXATION

#### 8.1 Withholding Tax Exemption

The Notes constituting *obligations* under French law and being denominated in Euro and accordingly deemed to be issued outside France for taxation purposes, payments of interest and other revenues made by the Issuer in respect of the Notes to non-French tax residents benefit under present law (as interpreted in the *Instruction* of the *Direction Générale des Impôts* 5 I-11-98 dated 30 September 1998) from the exemption provided for in article 131 *quater* of the French *Code Général des Impôts* (General Tax Code) from deduction of tax at source. Accordingly, such payments do not give the right to any tax credit from any French source.

#### 8.2 Additional Amounts

If French law should require that payments of principal or interest in respect of any Note be subject to deduction or withholding in respect of any present or future taxes, 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 deduction or withholding; provided, however, that the Issuer shall not be liable to pay any such additional amounts in respect of any Note to a Noteholder (or beneficial owner (*ayant droit*)):

- (a) who is subject to such taxes, duties, assessments or other governmental charges in respect of such Note by reason of his having some present or former connection with the Republic of France other than the mere holding of such Note; or
- (b) who is not, at the time of the payment, established or domiciled in a country which has entered into a double tax treaty with France; or
- (c) more than 30 calendar days after the Relevant Date (as defined below), except to the extent that the holder thereof would have been entitled to such additional amounts on the last day of such period of 30 calendar days; or
- (d) where such deduction or withholding is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusion of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive.

For this purpose, the "**Relevant Date**" in relation to any Note means whichever is the later of (A) the date on which the payment in respect of such Note first becomes due and payable, and (B) if the full amount of the moneys payable on such date in respect of such Note has not been received by the Fiscal Agent on or prior to such date, the date on which notice is given in accordance with Condition 11 to Noteholders that such moneys have been so received.

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 8.

## 9. EVENT OF DEFAULT

If any judgement is issued for the insolvent 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 a liquidation of the Issuer will be calculated on the basis of the Original Principal Amount of the Notes together with Accrued Interest and any other outstanding payments under the Notes. No payments will be made to the Noteholders before all amounts due, but unpaid, to all other creditors of the Issuer (including Unsubordinated Creditors of the Issuer, Ordinarily Subordinated Creditors of the Issuer, lenders in relation to *prêts participatifs* granted to the Issuer and holders of *titres participatifs* issued by the Issuer) have been paid by the Issuer, as ascertained by the judicial liquidator.

No payments will be made to holders of shares of any class whatsoever of the share capital of the Issuer before all amounts due, but unpaid, to all Noteholders under the Notes have been paid by the Issuer, as ascertained by the judicial liquidator.

## 10. REPRESENTATION OF THE NOTEHOLDERS

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 the provisions of the French *Code de commerce* (with the exception of the provisions of articles L. 228-48, L. 228-59, L.228-61 paragraphs 3, 4 and 5 and L.228-65-II thereof) and by French *décret* n° 67-236 dated 23 March 1967, as amended (with the exception of the provisions of Articles 218, 222, 224 and 226 thereof) subject to the following provisions.

### 10.1 Legal Personality

The *Masse* will be a separate legal entity and will be acting in part through one representative (hereinafter called "**Representative**") 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 respectively with respect to the Notes.

### 10.2 Representative

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

- (a) the Issuer, the members of its board of directors (*conseil d'administration*), its general managers (*directeurs généraux*), its statutory auditors, or its employees as well as their ascendants, descendants and spouse; or
- (b) companies guaranteeing all or part of the obligations of the Issuer, their respective managers (*gérants*), general managers (*directeurs généraux*), depute general managers (*directeurs généraux délégués*), members of their board of directors, executive board, or supervisory board, their statutory auditors, or employees, as well as their ascendants, descendants and spouse; or
- (c) companies holding 10 per cent. or more of the share capital of the Issuer or companies having 10 per cent. or more of their share capital held by the Issuer; or
- (d) persons to whom the practice of banker is forbidden or who have been deprived of the right of directing, administering or managing an enterprise in whatever capacity.

The following person is designated as Representative:

Vanessa Demarcq-Hernot  
23, avenue de Saint-Germain  
78600 Maisons-Laffitte

The alternative representative (the "**Alternative Representative**") shall be:

Damien Rol  
8, avenue Mozart  
75016 Paris  
France

In the event of death, incompatibility, resignation or revocation of the Representative, such Representative will be replaced by the Alternative Representative and all references to the "Representative" will be deemed to be references to the "Alternative Representative". The Alternative Representative shall have the same powers as the Representative.

In the event of death, incompatibility, resignation or revocation of the Alternative Representative, a replacement will be elected by a meeting of the general assembly of the Noteholders.

The Issuer shall pay to the Representative an amount of €305 per year payable on the anniversary of the Issue Date in each year, commencing on the first such anniversary in 2005. The Alternative Representative will only become entitled to the annual remuneration of €305 if it exercises the duties of Representative on a permanent basis; such remuneration will accrue from the day on which it assumes such duties.

All interested parties will at all times have the right to obtain the name and address of the Representative and the Alternative Representative at the head office of the Issuer and at the offices of any of the Paying Agents.

### 10.3 Powers of the Representative

The Representative 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, must be brought against the Representative or by it.

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

### 10.4 General Assemblies of Noteholders

General assemblies of the Noteholders may be held at any time, on convocation either by the Issuer or by the Representative. One or more Noteholders, holding together at least one-thirtieth of outstanding Notes may address to the Issuer and the Representative a demand for convocation of the general assembly. If such general assembly has not been convened within two months from such demand, such Noteholders may commission one of themselves to petition a Court sitting in the jurisdiction of the Court of Appeal of Paris to appoint an agent (*mandataire*) who will call the meeting.

Notice of the date, hour, place, agenda of any general assembly will be published as provided under Condition 11.

Each Noteholder has the right to participate in general assemblies in person or by proxy. Each Note carries the right to one vote.

#### 10.5 Powers of General Assemblies

A general assembly is empowered to deliberate on the fixing of the remuneration of the Representative and the Alternative Representative and 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 Representative to act as plaintiff or defendant.

A general assembly may further deliberate on any proposal relating to the modification of the Terms and Conditions of the Notes including any proposal, whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions, it being specified, however, that a general assembly may not increase amounts payable by 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 a quarter 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.

Decisions of the general assemblies must be published in accordance with the provisions set forth in Condition 11.

#### 10.6 Information to the Noteholders

Each Noteholder or representative thereof will have the right, during the 15 day period preceding the holding of each 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 general assembly, which will be available for inspection at the head office of the Issuer, at the specified offices of the Paying Agents and at any other place specified in the notice of the general assembly given in accordance with Condition 11.

#### 10.7 Expenses

The Issuer will pay all expenses incurred in the operation of the *Masse*, including expenses relating to the calling and holding of general assemblies and the expenses which arise by virtue of the remuneration of the Representative, and, notwithstanding the provisions of article L.228-71 of the French *Code de commerce*, more generally all normal administrative expenses resolved upon by a general assembly of the Noteholders, it being expressly stipulated that no normal expenses may be imputed against interest payable on the Notes.

## **11. NOTICES**

Any notice to the Noteholders will be valid if delivered to the Noteholders through Euroclear France, Euroclear or Clearstream Luxembourg, for so long as the Notes are cleared through such clearing systems. So long as the Notes are listed on the Luxembourg Stock Exchange and the rules of such exchange so require, any notice shall also be published in a leading daily newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort* or the *Tageblatt*). If any such publication is not practicable, notice shall be validly given if published 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.

## **12. PRESCRIPTION**

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

## **13. FURTHER ISSUES**

The Issuer may from time to time, subject to the prior written approval of the SGCB but without the consent of the Noteholders and subject to there being no Supervisory Event in existence, 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 Noteholders 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.

## **14. GOVERNING LAW AND JURISDICTION**

The Notes are governed by, and shall be construed in accordance with, the laws of the Republic of France.

In relation to any legal action or proceeding arising out of or in connection with the Notes, the Issuer irrevocably submits to the jurisdiction of the competent courts in Paris.

## **USE OF PROCEEDS**

The net proceeds of the issue of the Notes amount to €92,500,000 and will be used by the Issuer for general corporate purposes.

## **INFORMATION RELATING TO SOLVENCY RATIOS AND ISSUES OF SECURITIES QUALIFYING AS TIER 1**

### **European Solvency Ratio Equivalent ("ESR Equivalent")**

The ESR Equivalent (equal to 8% of the CAD Coverage Ratio as defined below) of the Issuer Group as of 31 December 2003 was 12.5 per cent, including a Tier 1 Ratio Equivalent (equal to 8% of the Tier 1 Coverage Ratio as defined below) of 8.66 per cent.

### **Capital adequacy**

In 1988, the Basle Committee on Banking Regulations and Supervisory Practices (the "**Basle Committee**"), consisting of representatives of the central banks and supervisory authorities from the "Group of ten countries" (comprised today of Belgium, Canada, France, Germany, Italy, Japan, the Netherlands, Spain, Sweden, the UK and the US) and from Luxembourg and Switzerland, recommended the adoption of a set of standards for risk-weighting and minimum desired levels of regulatory capital. Under these recommendations, international credit institutions must maintain capital equal to a minimum of 8% of their total credit risks (also known as the Cooke ratio), 4% of which must be Tier 1 capital. In 1989, the Council of the European Community adopted two regulatory directives that set the framework of capital adequacy with respect to credit risks (also known as the European solvency ratio or ESR) within the European Community.

Two significant amendments have since been made to the standards previously introduced: first, at European level, by the "**European Capital Adequacy Directive**", and second, at the international level, by the Basle Committee's adoption of revised BIS (Bank for International Settlements) standards.

### ***The European Capital Adequacy Directive***

#### **General features**

In 1993, the European capital adequacy directives applying to investment firms and credit institutions extended the scope of application of the European capital adequacy regulations to include market risks.

In France, these directives have been implemented through a series of regulations successively adopted by the *Comité de la Réglementation Bancaire et Financière* (collectively referred to as the "**CAD Regulations**").

Since 1 January 1996, under CAD Regulations, French banks have been subject to capital adequacy requirements with respect to their trading activities that are supplemental to those in force in respect of their commercial banking activities.

In addition to credit risk, the CAD Regulations specify standards for investment entities' trading activities designed to reflect interest rate risk, market risk and settlement risk. The CAD Regulations also require banks to maintain additional capital measured by reference to the foreign exchange risk of all their activities, including commercial banking and trading. Under the CAD Regulations, a French bank's capital adequacy ratio ("**CAD Coverage Ratio**") is calculated by dividing the total available capital (including capital classified as Tier 1 and Tier 2

and certain other items) by the amount of capital required in respect of the different types of risk to which it is exposed, each type of risk being evaluated on the basis of specific weightings whose rates are fixed according to a predetermined scale. In compliance with CAD Regulations, the CAD Coverage Ratio must be at least equal to 100%.

At 31 December 2003, the Issuer Group's CAD Coverage Ratio and ESR Equivalent stood at 156.7 per cent and 12.5 per cent respectively (compared with 154.3 per cent and 12.3 per cent respectively at 31 December 2002).

### **Issuer Group / CAD Coverage Ratio**

<b>In 000' €</b>	<b>31/12/2003</b>	<b>31/12/2002</b>	<b>31/12/2001</b>	<b>31/12/2000</b>
<b>Credit risks</b>				
Total weighted risks	185,325	177,312	173,262	153,650
Capital requirement for credit risk	14,826	14,185	13,861	12,292
<b>Market risks</b>	<b>771</b>	<b>844</b>	<b>876</b>	<b>931</b>
<b>Total capital requirement</b>	<b>15,597</b>	<b>15,029</b>	<b>14,737</b>	<b>13,223</b>
<b>Available Capital</b>				
Tier 1	16,941	15,259	15,337	14,701
Tier 2	8,949	9,219	8,842	8,295
Tier 3	0	0	0	0
Deductions	(1,449)	(1,295)	(1,073)	(1,123)
<b>Total available capital</b>	<b>24,441</b>	<b>23,183</b>	<b>23,106</b>	<b>21,873</b>
<b>Ratios</b>				
CAD	156.7 %	154.3%	156.8%	165.4%
ESR Equivalent	12.5%	12.3%	12.5%	13.2%

### ***The International Solvency Ratio***

#### **General features**

In 1996, the Basle Committee significantly amended the BIS standards to provide a specific capital cushion for market risks in addition to banks' credit risks. This amendment defines market risks as (i) the risks pertaining to interest rate-related instruments and equity positions in a bank's trading book; and (ii) foreign exchange risks and commodities risks held on the bank's books. As amended in 1996 and refined in September 1997 by the Basle Committee, the revised BIS standards continue to require a capital ratio with respect to credit risks. In addition, they require a credit institution to quantify its market risks in figures equivalent to credit risks and to maintain a capital ratio of 8% with respect to the sum of its credit and market risks. The

French *Commission bancaire* (Banking Commission) regularly issues guidelines regarding the application and calculation of the International Solvency Ratio ("*Notices Méthodologiques*"). Nevertheless, the International Solvency Ratio has no regulatory force.

As at 31 December 2003, the Issuer Group's International Solvency Ratio stood at 11.68 per cent (compared with 11.13 per cent at 31 December 2002).

### **Reform of BIS standards**

Since 1998, the Basle Committee has been studying a reform of its recommendations with regard to the international bank solvency ratios. This reform will replace the current agreement by a new one based on a more qualitative approach to the measurement of risk exposure. Credit risk will be assessed on the basis of one of the following two methods: a "standard" method relying on a weighting matrix depending on external ratings of counterparties, distinguished between governments, banks, public bodies and business enterprises; and the second, "alternative", method relying on banks' internal scoring methods, which are required to take into account the probability of default, risk exposure and loan recovery rates. In addition, the new ratio will cover banks' operational risks, i.e. risks of malfunction and legal risks. The reform also stresses the role of internal capital adequacy control procedures and the disclosure obligations regarding the structure and allocation of capital and on risk exposure.

Following consultation initiated in January 2001, the Basle Committee received more than 250 comments and therefore decided to launch a study, between October and December 2002, of the impact of the envisaged new mechanism on data at 31 March 2002. Further consultations with the banking industry have taken place in the second quarter of 2003, based on a consultative document circulated in May 2003.

On 26 June 2004, the central bank governors and heads of bank supervisory authorities in the "Group of ten countries" endorsed the publication of the new BIS standards, the "International Convergence of Capital Measurement and Capital Standards: a Revised Framework".

For banks applying IRBF method, introduction is planned for 31 December 2006, following a year (2006) in which both ratios (the existing Cooke ratio and the McDonough reform) will be calculated.

For banks applying IRBA method, introduction is planned for 31 December 2007, after 2 years (2006 and 2007) with calculation of both ratios.

The total available capital of the Issuer Group, based on the international solvency regulations, can be detailed as follows:

<b>In 000' €</b>	<b>31/12/2003</b>
Capital	16,877
Paid dividends	(1,021)
Minority interests	1,847
Reserve for general banking risks	312
Preference shares	2,120
Deductions of intangible assets and goodwill	<u>(3,194)</u>
<b>TIER 1</b>	<b>16,941</b>
<b>TIER 2</b>	<b>9,066</b>
<b>TIER 3</b>	<b>0</b>
<b>Deductions of holdings in credit institutions</b>	<b>(3,164)</b>
<b>Total available capital</b>	<b><u>22,843</u></b>

## DESCRIPTION OF THE ISSUER GROUP

Detailed information in relation to Société Générale (the "**Bank**") and the Issuer Group is contained in its *Document de Référence* deposited with the *Autorité des Marchés Financiers* ("**AMF**") under registration number D 04-311 on 22nd March, 2004 and in the *note d'information* registered with the AMF under number 04-820 dated 6th October 2004.

### 1. Introduction

The Issuer Group is a major international banking and financial services group based in France, and the Bank, one of France's leading banks, represents its most important constituent entity.

The Société Générale was founded in 1864 to attract private savings at a time when industrial growth and economic expansion required large amount of capital. It was nationalized in 1945. Pursuant to the law enacted in July 1986, ownership of Société Générale was returned to the private sector in July 1987 through offerings of shares in France and abroad. In 2004, Société Générale has reorganized its three operating divisions: Retail Banking and Financial Services, Global Investment Management & Services (Asset Management, Private Banking and the recently created securities division GSSI) and Corporate and Investment Banking.

The purpose of the Bank is to engage in banking, finance and credit operations in France and outside France with all persons, corporate entities, and public and local authorities in accordance with the regulations applicable to *Etablissements de Crédit* (Credit Institutions). Its extensive network of domestic and international branches, agencies and other offices, which at the end of September 2004 consisted of approximately 2,750 offices in France, serve the Issuer Group's customers.

At September 30, 2004, the Issuer Group had total assets of €13.3 billion, total customer loans of €93.2 billion, and total customer deposits of €69.5 billion.

At September 30, 2004, Issuer Group shareholders' equity was €7.9 billion.

The Issuer Group employed, at September 30, 2004, approximately 90,700 employees.

The medium/long term senior debt of the Bank is rated AA- by Standard and Poor's Rating Services, Aa2 by Moody's Investors Services Inc. and AA- by Fitch Ratings.

### 2. The Issuer Group's business

**Société Générale's Retail Banking** arm offers universal banking services to all retail customers, including private individuals, self-employed professionals, non-profit organizations, local government and businesses. In France, these services are offered to 8.5 million individual customers through 2,100 Société Générale branches and 650 Crédit du Nord branches. The Issuer Group is the leading non-mutual retail banking group in France. The Retail Banking

division contributed €2.4 billion to the Issuer Group's gross operating income for the first 9 months of 2004.

Outside France, retail banking services are provided by non-specialist branches as well as leasing, consumer lending and other specialized subsidiaries. The Issuer Group currently serves over 5.7 million customers outside France.

In Financial Services, the Société Générale strategy is to achieve sustainable and profitable growth in Europe, to develop a pan-European offering in vendor finance, vehicle leasing and fleet management and Information Technology asset leasing for businesses and to continue to develop partnerships and promote skills sharing with the Issuer Group's other business lines. The Issuer Group is n°1 in Europe in equipment finance and vendor finance, n°2 in Europe in operational vehicle leasing and fleet management and n°1 in Europe in multi-brand Information Technology asset leasing and management. The Issuer Group successfully completed the integration of Elcon's equipment finance and factoring business during the third quarter of 2004 and is also currently undertaking exclusives negotiations for the acquisition of a 75% stake in the consumer credit company Hanseatic Bank, a subsidiary of the Otto mail order group.

**Global Investment Management & Services** is composed of Société Générale Asset Management, Société Générale's Private Banking arm and Global Securities Services for Investors. The division contributed €0.4 billion to the Issuer Group's gross operating income for the first 9 months of 2004.

Société Générale Asset Management (SGAM), a wholly-owned subsidiary of Société Générale since January 1st 1997, is one of the leading mutual fund managers in France thanks to its good product performance, sound risk management and a solid, well-balanced development model. It had €64 billion in assets under management at September 30th 2004.

Société Générale's Private Banking arm offers a domestic and international clientele of high net-worth individuals with investment and tax-planning advice tailored to their personal needs. The service is built around the expertise of multi-disciplinary teams made up of specialists in asset management, financial engineering and market transactions and is supported by strictly defined investment processes. It had €49 billion in assets under management at September 30th 2004.

Société Générale Global Securities Services for Investors provides complete investor services in securities and listed derivatives covered by the Issuer Group around the world. SG GSSI groups together:

- the activities carried out by Fimat, the Issuer Group's broker specialized in listed derivatives
- investor services for corporates, asset managers, investment banks, brokers and individual customers
- securities and employee savings services for businesses.

SG GSSI was voted best global custodian in 2004<sup>1</sup>. FIMAT ranked as one of the top 10 global prime brokers in new Hedge Fund mandates in the first half of 2004<sup>2</sup>.

**Société Générale's Corporate & Investment Banking arm (SGCIB)** offers a clientele of multinational corporations, institutional investors, local authorities and financial institutions a coordinated service approach that brings together teams from the various business lines, all of whom are renowned for the quality of their specialist skills. Its capital market expertise, skills in the use of hedging techniques and advisory experience are a valuable complement to its lending capabilities. Corporate and Investment Banking contributed €1.3 billion to the Issuer Group's gross operating income for the first 9 months of 2004.

### 3. Strategy

The Issuer Group's development strategy in France and abroad is focused along three main axes:

#### *Reinforce our centers of excellence*

The Issuer Group's French Retail Banking Networks have an exceptional franchise, which the Issuer Group strives to serve with increasing skill and effectiveness. The new customer relationship management tools of the Issuer Group and its customer service units will further bolster the dynamic commercial development and the quality of the customer relationships of the Issuer Group. SGCIB will continue to implement its strategy of profitable growth while harnessing synergies with the Issuer Group's other business lines by drawing on its three core competency businesses, by focusing its geographical development on Europe and by enhancing even further the offering aimed at financial institution groups.

#### *Develop the growth drivers of the Issuer Group through a combination of organic growth, partnership and selective acquisitions*

The Issuer Group shall continue to expand its customer bases in Retail Banking outside France by pursuing its strategy of organic growth and acquisitions (in the enlarged EU and emerging countries) and by reinforcing synergies between entities (information systems, sales practices, risk management). The Financial Services activities of the Issuer Group, which have taken on a truly pan-European dimension, will extend their coverage within the enlarged EU in its four core activities. The Global Investment Management arm of the Issuer Group will continue to give priority to strengthening its presence on high-potential product segments and to seek opportunities for partnerships and acquisitions, notably in Europe and Asia.

#### *Lower the breakeven*

Reducing costs and improving productivity remains a top priority for the Issuer Group. The continued implementation of its major cost-cutting programs will be reflected in increased efficiency of its back offices, rationalization and pooling of cross-business processes and tighter

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<sup>1</sup> Source, Global Custodian

<sup>2</sup> Source, EUROHEDGE

control of external expenditure by developing a common approach to purchasing and relations with suppliers across the Issuer Group's businesses.

#### **4. Issuer Group financial information of the third quarter and 9 month results**

The Issuer Group recorded strong results in the third quarter. Gross operating income stood at EUR 1,340 million, up 7.9% when adjusted for changes in Issuer Group structure and at constant exchange rates, compared to the third quarter of 2003, while net income rose by 10.3% to EUR 739 million.

Commenting on these results at the meeting of the Board of Directors of Société Générale on November 8th 2004, Daniel Bouton, Chairman, emphasised the Issuer Group's strong performance over the quarter, particularly the sustained growth in Retail Banking outside France, Financial Services and Global Investment Management & Services, together with the excellent results achieved by the Corporate & Investment Banking arm. The Issuer Group has yet again demonstrated its capacity to deliver consistent, profitable growth despite continued economic uncertainty.

*Retail Banking in France* continued to grow steadily, with a net increase of +111,300 in the number of current accounts between September 30th 2003 and September 30th 2004, of which +48,300 in the third quarter. Inflows in savings and investment products remained strong, particularly in life insurance and structured products (1,600 million euros). In terms of credit activities, mortgage loan issuance continued to increase (+10% vs. the high benchmark of the third quarter of 2003). This dynamic performance was also seen on the business customer segment, even though the reduced draw-downs on short-term corporate credit facilities weighed on the growth of outstanding credits (+ 3.8% vs. the third quarter of 2003).

The two domestic networks recorded a +4% increase in NBI compared to the first nine months of 2003 and +2.1% compared to the third quarter of 2003. Growth in operating expenses was limited to +2% compared to the third quarter 2003, notwithstanding the continued implementation of regional middle and back-office platforms in the Société Générale network. The increase over nine months stood at 3.1%, in line with the Issuer Group's forecasts. The cost/income ratio declined to 69.3%, vs. 70.0% for the first nine months of 2003. Gross quarterly operating income stood at EUR 458 million, up by +2.5% in relation to the third quarter of 2003. The cost of risk continued to decline and stood at a low 31 basis points in relation to outstanding credits. Net income stood at EUR 245 million, up 8.9% over the previous quarter. It stood at EUR 701 million in the first nine months of 2004, up +9.2%. ROE after tax stood at 20.4%, versus 19.8% one year ago. It stood at 19.8% over 9 months, versus 19.3% for the first nine months of 2003.

*Retail Banking outside France* has pursued the implementation of ambitious organic growth plans, mainly in member states of the European Union (Czech Republic) or in the acceding countries (Romania and Bulgaria). Investment programmes are also underway in Russia and Egypt. Restructuring is being implemented at General Bank of Greece. Furthermore, disposal of the retail banking business in Argentina, a non-strategic market for the Issuer Group, was announced on November 3 and should take effect early next year. The business line continued to

notch up sustained growth in its franchises, attracting a net 449,000 new individual customers since September 30th 2003 when adjusted for changes in Issuer Group structure (+10%). Over the same period, customer deposits and outstanding loans rose by 6.5% and 9% respectively when adjusted for changes in Issuer Group structure and at constant exchange rates. This growth was underpinned by recognised quality of service: Komerční Banka was awarded the “Bank of the Year” Award at the MasterCard Bank of the Year contest for providing the best financial services to individual customers in the Czech Republic.

Revenues rose sharply by 8.7% compared to the third quarter of 2003, when adjusted for changes in Issuer Group structure and at constant exchange rates, and by 18.6% in absolute terms. Quarterly net banking income stood at EUR 511 million, representing 12.5% of total Issuer Group revenues. Over nine months, net banking income rose by 7.6% when adjusted for changes in Issuer Group structure and at constant exchange rates, and by 14.9% in absolute terms. Operating expenses rose by 4.3% when adjusted for changes in Issuer Group structure and at constant exchange rates, i.e. well below the increase in revenues, despite increased business spending. Risk provisioning was very low at EUR 36 million for the quarter, down by 16.3% compared to the third quarter of 2003. Operating income rose sharply by 23.3% over the quarter (+26.0% when adjusted for changes in Issuer Group structure and at constant exchange rates) for a high ROE after tax of 34.9%. Over nine months, operating income rose by 18.8% (+18.1% when adjusted for changes in Issuer Group structure and at constant exchange rates). The ROE after tax came out at 31.9%.

The Issuer Group’s *Financial Services* activities mainly comprise two business lines: Specialised Financing and Life Insurance.

In the consumer credit business, new loan issuance was strong (up 9% on the third quarter of 2003), with solid performances in Germany and Italy. Furthermore the Issuer Group announced on November 2nd that it is holding exclusive discussions with Otto, the German mail order company, in order to take a 75% stake in its banking subsidiary Hanseatic Bank, the fourth largest player in the German consumer credit market .

Regarding the vendor and equipment finance business, the production of SG Equipment Finance fell compared to the third quarter of 2003 in Western Europe but remained buoyant in Eastern Europe; interest margins held up well and the risk environment is favourable. In August 2004 the equipment financing and factoring activities of Elcon, the leading Norwegian player in this market, were consolidated; SGEF has thus completed its structure in Scandinavia and is confirming its position as market leader in this area in Europe.

In operational vehicle leasing and fleet management, ALD Automotive continued to expand its international network, with the launch of its activities in Switzerland and Russia. The size of the fleet managed rose by 8% over one year.

ECS, the Issuer Group’s Information Technology asset leasing and management subsidiary, posted a 5% rise in the number of new contracts compared to the third quarter of 2003.

In the Life Insurance business, SOGECAP recorded premium income slightly above that of the third quarter 2003, which represented a high base. Over 9 months, premium income rose by 24% compared to last year, outstripping growth in the bancassurance market as a whole (+18%).

Overall, the Financial Services arm notched up 25.0% growth in operating income when adjusted for changes in group structure and at constant exchange rates, confirming its capacity for profitable growth. Its ROE after tax stood at 15.7% for the quarter, vs. 14.3% in the third quarter of 2003.

Over 9 months, the arm's operating income rose by 30.4% when adjusted for changes in Issuer Group structure and at constant exchange rates, while the ROE after tax came out at 15.1%, versus 13.4% over 9 months 2003.

The *Global Investment Management & Services* arm displayed strong growth momentum: net inflows stood at a record level of EUR 21,100 million since the beginning of the year, i.e. up by a factor of 2.6 compared with the first nine months of last year; at September 30th 2004, assets under management stood at EUR 313,000 million<sup>1</sup>. Assets under custody at the securities business stood at EUR 1,103 million, up 9% over the year. Volume handled by Fimat over 9 months 2004 stood at 455 million contracts (+25% compared to 9 months 2003).

The arm's financial results also showed a sharp improvement, with operating income up 21.1% when adjusted for changes in Issuer Group structure and at constant exchange rates on the third quarter of 2003 (+20.0% in absolute terms), and net income up 9.3% at EUR 82 million. Over nine months, net income rose 37.5% to stand at EUR 275 million.

The contribution of the *Corporate & Investment Banking* arm to the Issuer Group's net income increased sharply to EUR 374 million (+36.5% compared to the third quarter of 2003). Over 9 months, net income increased by 35.4% to EUR 1,048 million. The Corporate & Investment Banking arm posted profitability in excess of 30% for the sixth consecutive quarter: ROE after tax came out at 41.3% over the quarter, vs. 30.4% for the third quarter 2003. Over 9 months, ROE after tax stood at 39.2%, versus 28.6% over 9 months 2003.

The quarterly revenue of the Corporate and Fixed Income business was up 9% over the last quarter. When compared to the third quarter 2003, representing a high base, revenues of the Corporate Banking and Fixed Income arm were down slightly in a more challenging market environment (-6.2% when adjusted for changes in Issuer Group structure and at constant exchange rates), particularly in terms of fixed income and corporate bond issuance where volumes were down. Treasury and structured credit issuance businesses (asset backed securities, CDOs) delivered strong performance, while structured finance activities held up well, underpinned by the commodity and leveraged finance businesses. Relative value trading activity in the United States suffered from less favourable market conditions.

The results of the Equity and Advisory arm were up compared to the third quarter of 2003 (+12.8% when adjusted for changes in Issuer Group structure and at constant exchange rates) and second quarter of 2004. The Equity Derivatives business delivered excellent performance, particularly in arbitrage activities and continued development of client-driven business, in particular flow products. Cash Equity and Advisory business was also very good in the primary

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<sup>1</sup> Excluding assets managed by Lyxor Asset Management (EUR 42 billion at September 30th 2004), whose results are consolidated in the Equity and Advisory business line, and the assets of customers managed directly by the French networks (approximately EUR 70 billion held by customers with investible assets exceeding EUR 150,000).

market: the Issuer Group was appointed lead manager for the two largest deals in France for the quarter (placement of France Télécom shares and convertibles, placement of Total shares previously held by EDF).

Overall, the net banking income of the Corporate & Investment Banking arm remained stable (-1.1% compared to the third quarter of 2003 in absolute terms, +1.7% when adjusted for changes in Issuer Group structure and at constant exchange rates). Over 9 months, net banking income posted a limited decline (-3.0% compared to the first 9 months 2003). The division's operating expenses increased by 3.3% compared to the third quarter of 2003 in absolute terms, reflecting continued investment in targeted product and client segments, aimed at establishing diversified growth drivers and bolstering our market share in high potential growth areas in which the Issuer Group is a recognised player. The cost/income ratio came out at a low level of 62.8% over the quarter and 61.5% over 9 months. Overall, gross operating income held up very well (-4.1% compared to the third quarter of 2003 when adjusted for changes in Issuer Group structure and at constant exchange rates). In a very favourable credit risk environment, the Corporate & Investment Banking arm booked a net write-back of provisions of EUR 37 million in the third quarter (net write-back of EUR 23 million over 9 months): very few provisions were booked on new loans, while the conservative provisioning policy implemented in the past and the favourable credit risk environment enabled the write-back of specific provisions, either due to favourable developments in counterparties' financial position, or because the credit was repaid or sold under the bank's policy of actively managing its loan book. A tight rein was kept on market risks: average VaR remained relatively low at EUR 26 million, vs. EUR 23.6 million in the second quarter. This slight increase was due to a lower offsetting effect at Issuer Group level.

## 5. Dividend History:

Over the last five years, the Issuer Group has paid out the following dividends:

Net Dividends	1999	2000	2001	2002	2003
	1.55	2.1	2.1	2.1	2.5

From 1999 to 2003, Issuer Group's dividend pay-out rose by an average of 13% per year

## 6. Board of Directors and Management

Pursuant to the *Statuts*, the business affairs of Société Générale are administered by the Board of Directors, which is composed of at least nine and no more than fifteen Directors elected by the shareholders and three Directors elected by the employees of Société Générale. The Directors elected by the shareholders are appointed for a term of maximum four years. The Directors representing the employees are elected in compliance with the *Statuts* and in compliance with the provisions of articles L.225-27 to L.225-34 of the French *Code de commerce*. They are appointed for a three-year term.

The Board of Directors elects a Chairman from among its members and sets the duration of its term of office, which may not exceed that of his term of office as Director. The General Management of the Bank is the responsibility of either the Chairman of the Board of Directors, or any other individual appointed by the Board of Directors to act as Chief Executive Officer. The Board of Directors chooses between the two general management structures. The Board of Directors sets the duration of the Chief Executive Officer's term, which may not exceed that of the dissociation of functions of Chairman and Chief Executive Officer nor, where applicable, the term of his Directorship. On recommendation by the Chief Executive Officer, the Board of Directors can appoint up to five persons to assist the Chief Executive Officer, who shall have the title of Chief Executive Officer “délégué”.

The Board of Directors of Société Générale as at 29th April, 2004 is as follows:

<b>Daniel Bouton</b>	<i>Chairman and Chief Executive Officer of Société Générale</i>
<b>Philippe Citerne</b>	<i>Chief Executive Officer of Société Générale</i>
<b>Marc Viénot</b>	<i>Honorary Chairman of Société Générale</i>
<b>Jean Azéma</b>	<i>Chief Executive Officer of Groupama</i>
<b>Euan Baird</b>	<i>Independent director</i> <i>Corporate director</i>
<b>Yves Cannac</b>	<i>Independent director</i> <i>Member of Conseil économique et social</i>
<b>Michel Cicurel</b>	<i>Independent director</i> <i>Chairman of the executive board of Cie financière Edmond de Rotschild</i>
<b>Elie Cohen</b>	<i>Independent director</i> <i>Professor at the Université de Paris-Dauphine</i>
<b>Robert A. Day</b>	<i>Chairman and Chief Executive of TCW Group Inc.</i>
<b>Antoine Jeancourt Galignani</b>	<i>Independent director</i> <i>Chairman of Gecina</i>
<b>Elisabeth Lulin</b>	<i>Independent director</i> <i>Founder and CEO of Paradigmes et Caetera (company specialised in benchmarking and public policy forecasting)</i>
<b>Meiji Yasuda Life Insurance Company</b>	<i>represented by Kenjiro Hata, Senior Corporate Advisor of Meiji Yasuda Life Insurance Company</i>
<b>Patrick Ricard</b>	<i>Independent director</i> <i>Chairman and Chief Executive Officer of Pernod-Ricard</i>

<b>Anthony Wyand</b>	<i>Corporate director</i>
<b>Gérard Baude</b>	<i>Employee in Means of Payment department of the Aix-en-Provence branch (director elected by employees of Société Générale)</i>
<b>Philippe Pruvost</b>	<i>Asset manager advisor at the Annemasse branch (director elected by employees of Société Générale)</i>
<b>Marc Sonnet</b>	<i>In charge of social activities at the Aix-en-Provence branch (director elected by employees of Société Générale)</i>

The Executive Committee of Société Générale as at 31st March, 2004 is as follows:

<b>Daniel Bouton</b>	<i>Chairman and Chief Executive Officer</i>
<b>Philippe Citerne</b>	<i>Chief Executive Officer</i>
<b>Didier Alix</b>	<i>Chief Executive Officer of Retail Banking</i>
<b>Jean-Pierre Mustier</b>	<i>Chief Executive Officer of SG Corporate and Investment Banking</i>
<b>Philippe Collas</b>	<i>Chief Executive Officer, SG Global Investment Management and Services</i>
<b>Alain Py</b>	<i>Chairman and Chief Executive Officer, Crédit du Nord</i>
<b>Frédéric Oudéa</b>	<i>Senior Executive Vice-President, Group Chief Financial Officer</i>
<b>Christian Schricke</b>	<i>Senior Executive Vice President, Corporate Secretary</i>
<b>Bernard de Talancé</b>	<i>Senior Executive Vice-President, Corporate Resources and Human Relations</i>

*Members of the Executive Committee for subjects within their domains:*

<b>René Querret</b>	<i>Senior Executive Vice-President, Group Chief Information Officer</i>
<b>Hervé Saint-Sauveur</b>	<i>Senior Advisor to the Chairman and Chief Executive Officer</i>

*Members attending the meetings of the Executive Committee:*

<b>Didier Haugel</b>	<i>Head of Group Risk Management</i>
<b>Hugues Le Bret</b>	<i>Head of Group Communications</i>

General Management Committee:

<b>Daniel Bouton</b>	<i>Chairman and Chief Executive Officer</i>
<b>Philippe Citerne</b>	<i>Chief Executive Officer</i>
<b>Didier Alix</b>	<i>Chief Executive Officer of Retail Banking</i>
<b>Jean-Pierre Mustier</b>	<i>Chief Executive Officer of SG Corporate and Investment Banking</i>
<b>Philippe Collas</b>	<i>Chief Executive Officer, SG Global Investment Management and Services</i>
<b>Alain Py</b>	<i>Chairman and Chief Executive Officer, Crédit du Nord</i>
<b>Frédéric Oudéa</b>	<i>Senior Executive Vice-President, Group Chief Financial Officer</i>
<b>Christian Schricke</b>	<i>Senior Executive Vice President, Corporate Secretary</i>
<b>Bernard de Talancé</b>	<i>Senior Executive Vice-President, Corporate Resources and Human Relations</i>
<b>Yves-Claude Abescat</b>	<i>Head of Investment Banking for Mid Caps</i>
<b>Bernard Beauflis</b>	<i>Chief Executive Officer, Crédit du Nord</i>
<b>Jacques Bouhet</b>	<i>Deputy Head, SG Corporate and Investment Banking</i>
<b>Marc Breillout</b>	<i>Global Head of Debt Finance</i>
<b>Yannick Chagnon</b>	<i>Head of SG Payment Services</i>
<b>Alain Closier</b>	<i>Global Head of Securities Services for Investors</i>
<b>Alain Clot</b>	<i>Chief Executive Officer of SG Asset Management</i>
<b>Michel Douzou</b>	<i>Deputy Head of Retail Banking Société Générale France</i>
<b>Kim Fennebresque</b>	<i>Global Head of Investment Banking</i>
<b>Jean-François Gautier</b>	<i>Head of Specialised Financial Services</i>
<b>Didier Hauguel</b>	<i>Head of Group Risk Management</i>
<b>Alexis Juan</b>	<i>Chairman of the Board and Chief Executive Officer, Komercni Banka</i>
<b>Maurice Kouby</b>	<i>Head of Information Systems of Retail Banking Société Générale</i>
<b>Hugues Le Bret</b>	<i>Head of Group Communications</i>
<b>Jean-Pierre Lesage</b>	<i>Chief Financial Officer, SG Corporate and Investment Banking</i>
<b>Pierre Mathé</b>	<i>Global Head of Private Banking</i>
<b>Jean-Louis Mattei</b>	<i>Head of International Retail Banking</i>

<b>Inès Mercereau</b>	<i>Head of Corporate Strategy</i>
<b>Christophe Mianné</b>	<i>Global Head of Equity Derivatives</i>
<b>Philippe Miecret</b>	<i>Head of Group Internal Audit</i>
<b>Jean-Jacques Ogier</b>	<i>Head of Retail Banking Société Générale France</i>
<b>Christian Poirier</b>	<i>Head of Strategy and Marketing, Retail Banking</i>
<b>René Querret</b>	<i>Group Chief Information Officer</i>
<b>Hervé Saint-Sauveur</b>	<i>Senior Advisor to the Chairman and Chief Executive Officer</i>
<b>Jean-François Sammarcelli</b>	<i>Head of Corporate and Institutions, SG Corporate and Investment Banking</i>
<b>Patrick Soulard</b>	<i>Deputy Head, SG Corporate and Investment Banking</i>
<b>Catherine Théry</b>	<i>Chief Operating Officer, Global Securities Services for Investors</i>
<b>Yves Thieffry</b>	<i>Chief Operating Officer, SG Corporate and Investment Banking</i>

## **7. Censeurs**

One or two Censeurs may be appointed for a term of four years by the Board of Directors on the proposal of the Chairman. The Censeurs are entitled to attend all meetings of the Board of Directors and assist in an advisory function.

## **8. Auditors**

In accordance with French law, Société Générale is required to have two statutory auditors (*commissaires aux comptes*) and two substitute statutory auditors.

The statutory auditors are currently:

- Ernst & Young Audit (represented by Christian Mouillon) 11, allée de l'Arche, 92400 Courbevoie (France); and
- Deloitte & Associés (represented by José-Luis Garcia) 185, avenue Charles de Gaulle, 92200 Neuilly-sur-Seine (France) since 22nd April, 2003.

The statutory auditors who have audited the financial statements for the year 2001 and 2002 are:

- Barbier, Frinault & Autres – Arthur Andersen (represented by Philippe Peuch-Lestrade and Isabelle Santenac) 41, rue Ybry, 92576 Neuilly-sur-Seine (France) was auditor until 22nd April, 2003; and
- Ernst & Young Audit (represented by Christian Mouillon) 11, allée de l'Arche, 92400 Courbevoie (France).

## **9. General Meetings of Shareholders**

The annual general meeting of shareholders is convened and held in accordance with legal provisions in force and in accordance with its implementing regulation.

Société Générale, being a credit institution, is obliged by virtue of Article 8 of French *décret* n° 84-708 of 24th July, 1984 to submit its annual financial statements at the general meeting of shareholders before 31st May, of each year, unless otherwise authorised by the "*Commission bancaire*" (Banking Commission).

## **10. Share capital**

As of 13th January, 2005, the fully-paid capital of Société Générale amounted to EUR 556,441,448.75, divided into 445,153,159 ordinary shares with a nominal value of EUR 1.25 each.

## **11. Risk Management**

See pages 111 to 126 of the *Document de Référence* deposited with the AMF and registered under number D 04-311 on 22nd March, 2004.

**CONSOLIDATED ANNUAL FINANCIAL STATEMENTS OF THE ISSUER**

**CONSOLIDATED BALANCE SHEET AT DECEMBER 31, 2003**

**ASSETS**

<i>(in millions of euros at December 31)</i>	<b>2003</b>	<b>2002</b>	<b>2001</b>
Cash, due from central banks and post office accounts . . . . .	6,755	5,090	6,979
Due from banks (Note 3) . . . . .	60,282	54,354	63,548
Customer loans (Note 4) . . . . .	193,547	184,769*	182,738*
Lease financing and similar agreements (Note 5) . . . . .	18,321	17,351	16,634*
Treasury notes and similar securities (Note 6) . . . . .	30,610	28,010	38,648
Bonds and other debt securities (Note 6) . . . . .	67,772	65,295	52,361
Shares and other equity securities (Note 6) . . . . .	46,864	34,852	37,420
Treasury Stock (Short term investment portfolio) (Note 6) . . . . .	163	167	168
Investments of insurance companies (Note 7) . . . . .	42,884	37,257	35,361
Investments in non consolidated subsidiaries and affiliates and other long term equity investments (Note 8) . . . . .	5,274	6,267	6,479
Investments in subsidiaries and affiliates accounted for by the equity method . . . . .	554	591	701
Tangible and intangible fixed assets (Note 9) . . . . .	7,663	5,740	5,781*
Goodwill (Note 10) . . . . .	2,150	2,154	2,462
Accruals, other accounts receivable and other assets (Note 11) . . . . .	56,548	59,495	63,219
<b>Total</b> . . . . .	<b>539,387</b>	<b>501,392</b>	<b>512,499</b>
<b>OFF-BALANCE SHEET ITEMS</b>			
Loan commitments granted (Note 19) . . . . .	86,656	82,154	99,603
Guarantee commitments granted (Note 19) . . . . .	46,336	44,590*	39,546*
Commitments granted on securities . . . . .	12,474	7,206	6,359
Foreign exchange transactions (Note 20) . . . . .	318,862	349,409	342,685
Forward financial instrument commitments (Note 21) . . . . .	5,546,999	5,187,753	5,290,456
Insurance commitments granted . . . . .	354	342	348

(The accompanying notes are incorporated by reference and are an integral part of the consolidated financial statements).

\* Amounts restated in relation to those given in 2002 and 2001 annual reports.

## LIABILITIES AND SHAREHOLDERS' EQUITY

<i>(in millions of euro at December 31)</i>	<b>2003</b>	<b>2002</b>	<b>2001</b>
Due to central banks and post office accounts . . . . .	2,827	1,478	1,847
Due to banks (Note 12) . . . . .	83,608	69,239	85,124
Customer deposits (Note 13) . . . . .	196,090	196,085	200,316
Securitized debt payables (Note 14) . . . . .	82,917	77,877	62,974
Underwriting reserves of insurance companies (Note 15) . . . . .	41,164	35,760	34,134
Accruals, other accounts payable and other liabilities (Note 16) . . . . .	97,726	87,767	95,280
Negative goodwill (Note 10) . . . . .	1	–	7
Provisions for general risks and commitments (Note 17) . . . . .	2,849	2,474*	2,396
Subordinated debt (Note 18) . . . . .	10,945	11,199	10,483
General Reserve for Banking Risks . . . . .	312	207	366
Preferred shares . . . . .	2,120	1,668	1,890
Minority interests . . . . .	1,951	1,904	1,932
<b>SHAREHOLDERS' EQUITY</b>			
Common stock . . . . .	548	538	539
Additional paid-in capital . . . . .	4,200	3,819	3,980
Treasury stock . . . . .	(1,139)	(924)	(1,162)
Retained earnings . . . . .	10,776	10,904	10,239
Net income . . . . .	2,492	1,397	2,154
<b>Sub-total</b> . . . . .	<b>16,877</b>	<b>15,734</b>	<b>15,750</b>
<b>Total</b> . . . . .	<b>539,387</b>	<b>501,392</b>	<b>512,499</b>
<b>OFF-BALANCE SHEET ITEMS</b>			
Loan commitments received . . . . .	2,782	3,739	3,765
Guarantee commitments received . . . . .	34,898	33,723	33,029
Commitments received on securities . . . . .	10,438	7,185	8,279
Foreign exchange transactions (Note 20) . . . . .	321,435	351,801	344,428
Insurance commitments received . . . . .	177	140	117

(The accompanying notes are incorporated by reference and are an integral part of the consolidated financial statements).

\* Amounts restated in relation to those given in 2002 annual report.

## CONSOLIDATED INCOME STATEMENT

<i>(in millions of euros at December 31)</i>	<b>2003</b>	<b>2002</b>	<b>2001</b>
<b>Net interest income from:</b>			
Transactions with banks (Note 24) .....	(1,176)	(1,224)	(1,318)
Transactions with customers (Note 25) .....	4,374	4,224	3,073
Bonds and other debt securities .....	1,632	1,291	1,545
Other interest and similar revenues .....	295	102	552
Net income from lease financing and similar agreements (Note 26) .....	1,488	1,374	1,234
<b>Sub-total</b> .....	<b>6,613</b>	<b>5,767</b>	<b>5,086</b>
Dividend income (Note 27) .....	582	291	211
Dividends paid on preferred shares (Note 1) .....	(120)	(131)	(109)
<b>Net interest and similar income</b> .....	<b>7,075</b>	<b>5,927</b>	<b>5,188</b>
<b>Net fee income (Note 28)</b> .....	<b>5,084</b>	<b>4,993*</b>	<b>5,008*</b>
<b>Net income from financial transactions (Note 29)</b> .....	<b>3,002</b>	<b>3,263</b>	<b>3,258</b>
<b>Other net operating income</b> .....	<b>478</b>	<b>390</b>	<b>512</b>
<i>Gross margin of insurance business (Note 30)</i> .....	<i>45</i>	<i>51</i>	<i>136</i>
<i>Net income from other activities (Note 31)</i> .....	<i>284</i>	<i>99</i>	<i>146</i>
<b>Net banking income</b> .....	<b>15,637</b>	<b>14,573</b>	<b>13,966</b>
Personnel expenses (Note 32) .....	(6,323)	(6,179)*	(5,897)*
Other operating expenses .....	(3,580)	(3,669)	(3,698)
Depreciation and amortization .....	(665)	(678)	(601)
<b>Total operating expenses</b> .....	<b>(10,568)</b>	<b>(10,526)</b>	<b>(10,196)</b>
<b>Gross operating income</b> .....	<b>5,069</b>	<b>4,047</b>	<b>3,770</b>
Cost of risk (Note 33) .....	(1,226)	(1,301)	(1,067)
<b>Operating income</b> .....	<b>3,843</b>	<b>2,746</b>	<b>2,703</b>
Net income from companies of accounted for by the equity method (Note 34) .....	43	48	(18)
Net income from long-term investments (Note 35) .....	397	(299)	474
<b>Earnings before exceptional items and tax</b> .....	<b>4,283</b>	<b>2,495</b>	<b>3,159</b>
Exceptional items (Note 36) .....	(46)	(170)	(17)
Income tax (Note 37) .....	(1,161)	(649)	(739)
Amortization of goodwill .....	(217)	(184)	(76)
Allowance/Reversal from the General Reserve for Banking Risks .....	(104)	159	-
<b>Net income before minority interests</b> .....	<b>2,755</b>	<b>1,651</b>	<b>2,327</b>
Minority interests .....	(263)	(254)	(173)
<b>Net income</b> .....	<b>2,492</b>	<b>1,397</b>	<b>2,154</b>
<b>Earnings per share in euros<sup>(1)</sup></b> .....	<b>6.07</b>	<b>3.41</b>	<b>5.35</b>
<b>Diluted earnings per share in euros<sup>(1)</sup></b> .....	<b>6.02</b>	<b>3.41</b>	<b>5.35</b>

(The accompanying notes are incorporated by reference and are in integral part of the consolidated financial statements).

\* Amounts restated in relation to those given in 2002 and 2001 annual reports.

(1) Earnings per share (EPS) are calculated on the basis of the average number of outstanding shares over the financial year, after deducting treasury stock from shareholders' equity.

Diluted EPS also takes into account the existence of stock options that have been awarded but not yet exercised.

## CHANGES IN SHAREHOLDERS' EQUITY

<i>(in millions of euros)</i>	Common stock and additional paid-in capital <sup>(1)</sup>	Treasury stock & assimilated <sup>(2)</sup>	Retained earnings	Revaluation and reassessment reserves
<b>Balance at December 31, 2001</b>	<b>4,519</b>	<b>(1,162)</b>	<b>11,996</b>	<b>397</b>
Increase in common stock <sup>(1)</sup>	(163)			
Net income for the period			1,397	
Dividends paid			(871)	
Revaluation and reassessment reserves				(15)
Treasury stock <sup>(2)</sup>		222	17	
Société Générale shares in escrow account <sup>(2)</sup>		16		
Translation differences and other <sup>(4)</sup>			(558)	
Restatement of underwriting reserves of insurance companies			(61)	
Goodwill charged <sup>(1)</sup>				
<b>Balance at December 31, 2002</b>	<b>4,356</b>	<b>(924)</b>	<b>11,920</b>	<b>382</b>
Increase in common stock <sup>(1)</sup>	321			
Net income for the period			2,492	
Dividends paid			(864)	
Revaluation and reassessment reserves				(104)
Treasury stock <sup>(2)</sup>		(215)	18	
Translation differences and other <sup>(4)</sup>	71		(576)	
Restatement of underwriting reserves of insurance companies				
Goodwill charged <sup>(1)</sup>				
<b>Balance at December 31, 2003</b>	<b>4,748</b>	<b>(1,139)</b>	<b>12,990</b>	<b>278</b>

<i>(in millions of euros)</i>	Shareholders' equity	General reserve for banking risks <sup>(5)</sup>	Minority interests	Preferred shares <sup>(3)</sup>
<b>Balance at December 31, 2001</b>	<b>15,750</b>	<b>366</b>	<b>1,932</b>	<b>1,890</b>
Increase in common stock <sup>(1)</sup>	(163)			
Net income for the period	1,397		254	
Dividends paid	(871)		(133)	
Revaluation and reassessment reserves	(15)			
Treasury stock <sup>(2)</sup>	239			
Société Générale shares in escrow account <sup>(2)</sup>	16			
Translation differences and other <sup>(4)</sup>	(558)	(159)	(149)	(222)
Restatement of underwriting reserves of insurance companies	(61)			
Goodwill charged <sup>(1)</sup>	-			
<b>Balance at December 31, 2002</b>	<b>15,734</b>	<b>207</b>	<b>1,904</b>	<b>1,668</b>
Increase in common stock <sup>(1)</sup>	321			
Net income for the period	2,492		263	
Dividends paid	(864)		(127)	
Revaluation and reassessment reserves	(104)			
Treasury stock <sup>(2)</sup>	(197)			
Translation differences and other <sup>(4)</sup>	(505)	105	(89)	452
Restatement of underwriting reserves of insurance companies	-			
Goodwill charged <sup>(1)</sup>	-			
<b>Balance at December 31, 2003</b>	<b>16,877</b>	<b>312</b>	<b>1,951</b>	<b>2,120</b>

- (1) At December 31, 2003, Société Générale's fully paid-up capital stock amounted to EUR 548,043,436 and was made up of 438,434,749 shares with a nominal value of EUR 1.25.
- During the year 2003, Société Générale's carried out capital increases for a total amount of EUR 10.3 million, with EUR 310.4 million of additional paid-in capital, as follows:
- EUR 9.2 million, with EUR 284.1 million of additional paid-in capital, was the result of employees subscribing to shares under the Employee Share Ownership Plan;
  - EUR 1.1 million, with EUR 26.3 million of additional paid-in capital, resulted from the exercise by employees of options granted by the Board of Directors.
- Goodwill on acquisitions that were financed by the conversion into shares of the convertible bonds issued in May 1993 were charged in 1998 against the additional capital arising on this capital increase, in proportion to the part of the total acquisition cost covered by the capital increase.
- If the goodwill relating to these transactions had not been charged against shareholders' equity, it would have given rise to an amortization expense of EUR 20 million for the 2003 financial year and an exceptional amortization expense of EUR 84 million.
- It would have been booked on the assets side of the consolidated balance sheet for a net amount of EUR 57 million at December 31, 2003.
- (2) Treasury stock held by Group companies at December 31, 2003 (26,688,579 shares; EUR 1,139 million) represented 6.09% of Société Générale's capital stock.
- Société Générale bought back its own shares for a net amount (after deduction of disposals) of EUR 211 million.
- Moreover, the 2,116,427 Société Générale shares deposited in an escrow account to enable possible adjustments to the acquisition price paid for TCW were returned to Société Générale.
- These shares, which were deducted from shareholders' equity in the opening balance for an amount of EUR 117 million, were reincorporated into treasury stock at their market value on the day of their return corresponding to EUR 121 million.
- Net capital losses on treasury stock in 2003 have been charged against the shareholders' equity for an amount of EUR 1.2 million. Dividend income on these shares (EUR 18.9 million) has been eliminated from consolidated income.
- (3) In 1997, Société Générale issued USD 800 million of preferred shares in the United States through its subsidiary SooGen Real Estate Company LLC. Société Générale repeated this operation in 2000 by issuing EUR 500 million of preferred shares through its subsidiary SG Capital Trust, and in 2001 by issuing USD 425 million through SG Americas.
- In 2003, Société Générale issued a further EUR 650 million of preferred shares in the United States through its subsidiary SG Capital Trust III. These preferred shares are included in Tier-one capital for the purpose of determining Société Générale's prudential ratios.
- (4) At December 31, 2003, currency translation differences related to foreign branches of Group banks and consolidated companies with the euro zone amounted to EUR (4) million.
- The variation in the currency translation difference at group level over the financial year 2003 was EUR (571) million, and can be attributed to the fall against the euro of the dollar in the amount of EUR (368) million, to the fall of Sterling in the amount of EUR (46) million, to the fall of the Egyptian pound in the amount of EUR (33) million and to the fall of the Czech Koruna in the amount of EUR (24) million.
- Given the strong probability of recovery, SG Cowen booked deferred taxes in 2003 relating to the amortization of the goodwill generated in 1998 when it was acquired by Société Générale. The contra entries of these deferred taxes were apportioned in the respective amounts of EUR 18 million and EUR 70 million to the income statement and capital stock according to the same distribution ratio as that used when the goodwill was originally booked in the consolidated accounts.
- (5) A reversal of EUR 159 million was made in 2002 from the General Reserve for Banking Risks and of EUR 45.6 million in 2003 to cover charges and allowances linked to a fraud affecting Cowen's former private client brokerage division. An allocation of EUR 150 million was also made to the general reserve over the financial year 2003 (see Note 1).

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**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE ISSUER  
AS AT 30 JUNE 2004**

**ASSETS**

<i>(in millions of euros)</i>	<b>June 30 2004</b>	<b>June 30 2003</b>	<b>December 31 2003</b>
Cash, due from central banks and post office accounts . . . . .	7,037	8,069	6,755
Due from banks (Note 3) . . . . .	66,664	65,729	60,282
Customer loans (Note 4) . . . . .	208,682	186,127*	193,547
Lease financing and similar agreements (Note 5) . . . . .	18,303	17,374*	17,886*
Treasury notes and similar securities (Note 6) . . . . .	41,558	30,329	30,610
Bonds and other debt securities (Note 6) . . . . .	75,903	68,279	67,772
Shares and other equity securities (Note 6) . . . . .	58,714	37,535	46,864
Treasury stock (short-term investment portfolio) (Note 6) . . . . .	159	166	163
Investments of insurance companies (Note 7) . . . . .	46,508	39,613	42,884
Investments in non-consolidated subsidiaries and affiliates and other long-term equity investments (Note 8) . . . . .	4,990	5,882	5,274
Investments in subsidiaries and affiliates accounted for by the equity method . . . . .	320	534	554
Tangible and intangible fixed assets (Note 9) . . . . .	8,405	7,806*	8,098*
Goodwill (Note 10) . . . . .	2,149	2,138	2,150
Accruals, other accounts receivable and other assets (Note 11)	62,623	57,902	56,548
<b>Total</b> . . . . .	<b>602,015</b>	<b>527,483</b>	<b>539,387</b>
<b>OFF-BALANCE SHEET ITEMS</b>			
Loan commitments granted (Note 19) . . . . .	97,970	84,827	86,656
Guarantee commitments granted (Note 19) . . . . .	51,326	45,409*	46,336
Commitments granted on securities . . . . .	40,744	31,264	12,474
Foreign exchange transactions (Note 20) . . . . .	511,981	403,859	318,862
Forward financial instrument commitments (Note 21) . . . . .	7,152,204	5,856,167*	5,546,999
Insurance commitments granted . . . . .	442	322	354

(The accompanying notes are incorporated by reference and are an integral part of the consolidated financial statements).

\* Amounts restated in relation to those given in the 2003 half-yearly financial statements and annual report.

## LIABILITIES AND SHAREHOLDERS' EQUITY

<i>(in millions of euros)</i>	<b>2004</b>	<b>June 30 2003</b>	<b>December 31 2003</b>
Due to central banks and post office accounts	3,151	1,871	2,827
Due to banks (Note 12)	99,231	73,147	83,608
Customer deposits (Note 13)	204,601	195,933	196,090
Securitized debt payables (Note 14)	101,973	89,044	82,917
Underwriting reserves of insurance companies (Note 15)	44,371	38,271	41,164
Accruals, other accounts payable and other liabilities (Note 16)	111,770	95,395	97,726
Negative goodwill	–	–	1
Provisions for general risks and commitments (Note 17)	2,956	2,635*	2,849
Subordinated debt (Note 18)	12,319	11,597	10,945
General reserve for banking risks	312	331	312
Preferred shares	2,158	1,572	2,120
Minority interests	1,975	1,825	1,951
<b>SHAREHOLDERS' EQUITY</b>			
Common stock	549	547	548
Additional paid-in capital	4,223	4,105	4,200
Treasury stock	(1,584)	(1,037)	(1,139)
Retained earnings	12,460	11,069	10,776
Net income	1,550	1,178	2,492
<b>Sub-total</b>	<b>17,198</b>	<b>15,862</b>	<b>16,877</b>
<b>Total</b>	<b>602,015</b>	<b>527,483</b>	<b>539,387</b>
<b>OFF-BALANCE SHEET ITEMS</b>			
Loan commitments received	9,672	4,130	2,782
Guarantee commitments received	40,330	31,958	34,898
Commitments received on securities	42,469	33,938	10,438
Foreign exchange transaction (Note 20)	512,793	405,808	321,435
Insurance commitments received	232	162	177

(The accompanying notes are incorporated by reference and are an integral part of the consolidated financial statements).

\* Amounts restated in relation to those given in the 2003 half-yearly financial statements.

## CONSOLIDATED INCOME STATEMENT

<i>(in millions of euros)</i>	<b>June 30</b>	<b>December 31</b>	
	<b>2004</b>	<b>2003</b>	<b>2003</b>
<b>Net interest income from:</b>			
Transactions with banks (Note 23) .....	(703)	(439)*	(1,316)*
Transactions with customers (Note 24) .....	2,224	2,019	4,374
Bonds and other debt securities .....	626	894	1,632
Other interest and similar revenues .....	(178)	87	295
Net income from lease financing and similar agreements .....	801	724	1,488
<b>Sub-total</b> .....	<b>2,770</b>	<b>3,285</b>	<b>6,473</b>
Dividend income .....	261	192	582
Dividends paid on preferred shares .....	(71)	(58)	(120)
<b>Net interest and similar income</b> .....	<b>2,960</b>	<b>3,419</b>	<b>6,935</b>
<b>Net fee income (Note 25)</b> .....	<b>2,653</b>	<b>2,386</b>	<b>5,084</b>
<b>Net income from financial transactions</b> .....	<b>2,190</b>	<b>1,720*</b>	<b>3,142*</b>
<b>Other net operating income</b> .....	<b>216</b>	<b>330</b>	<b>476</b>
<b>Net banking income</b> .....	<b>8,019</b>	<b>7,855</b>	<b>15,637</b>
Personnel expenses (Note 26) .....	(3,267)	(3,149)	(6,323)
Other operating expenses .....	(1,782)	(1,707)	(3,580)
Depreciation and amortization .....	(312)	(315)	(665)
<b>Total operating expenses</b> .....	<b>(5,361)</b>	<b>(5,171)</b>	<b>(10,568)</b>
<b>Gross operating income</b> .....	<b>2,658</b>	<b>2,684</b>	<b>5,069</b>
Cost of risk (Note 27) .....	(324)	(707)	(1,226)
<b>Operating income</b> .....	<b>2,334</b>	<b>1,977</b>	<b>3,843</b>
Net income from companies accounted for by the equity method (Note 28) .....	17	22	43
Net income from long-term investments (Note 29) .....	179	127	397
<b>Earnings before exceptional items and tax</b> .....	<b>2,530</b>	<b>2,126</b>	<b>4,283</b>
Exceptional items (Note 30) .....	(20)	(26)	(46)
Income tax (Note 31) .....	(698)	(577)	(1,161)
Amortization of goodwill .....	(104)	(100)	(217)
Allowance for the General reserve for banking risks .....	-	(124)	(104)
<b>Net income before minority interests</b> .....	<b>1,708</b>	<b>1,299</b>	<b>2,755</b>
Minority interests .....	(158)	(121)	(263)
<b>Net income</b> .....	<b>1,550</b>	<b>1,178</b>	<b>2,492</b>
<b>Earning share in euros<sup>(1)</sup></b> .....	<b>3.79</b>	<b>2.88</b>	<b>6.07</b>
<b>Diluted earnings per share in euros<sup>(1)</sup></b> .....	<b>3.76</b>	<b>2.86</b>	<b>6.02</b>

(The accompanying notes are incorporated by reference and are an integral part of the consolidated financial statements).

\* Amounts restated in relation to those given in the 2003 half-yearly financial statements and annual report.

(1) Earnings per share (EPS) are calculated on the basis of the average number of outstanding shares over the financial period, after deducting treasury stock from shareholders' equity.

Diluted EPS also takes into account the existence of stock options that have been awarded but not yet exercised.

## CHANGES IN SHAREHOLDERS' EQUITY

<i>(in millions of euros)</i>	Common stock and additional paid-in-capital <sup>(1)</sup>	Treasury stock & assimilated <sup>(2)</sup>	Retained earnings	Revaluation and reassessment reserves	Shareholders' equity
<b>Balance at June 30, 2003</b>	4,652	(1,037)	11,960	287	15,862
Increase in common stock <sup>(1)</sup>	25				25
Net income for the period			1,314		1,314
Dividends paid					-
Revaluation and reassessment reserves				(9)	(9)
Treasury stock <sup>(2)</sup>		(102)			(102)
Translation differences and other <sup>(4)</sup>	71		(284)		(213)
<b>Balance at December 31, 2003</b>	4,748	(1,139)	12,990	278	16,877
Increase in common stock <sup>(1)</sup>	24				24
Net income for the period			1,550		1,550
Dividends paid			(1,031)		(1,031)
Revaluation and reassessment reserves				(11)	(11)
Treasury stock <sup>(2)</sup>		(445)	31		(414)
Translation differences and other <sup>(4)</sup>			203		203
<b>Balance at June 30, 2004</b>	4,772	(1,584)	13,743	267	17,198

<i>(in millions of euros)</i>	Shareholders' equity	General reserve for banking risks	Minority interests	Preferred shares <sup>(3)</sup>	Total equity
<b>Balance at June 30, 2003</b>	15,882	331	1,825	1,572	19,590
Increase in common stock <sup>(1)</sup>	25				25
Net income for the period	1,314		142		1,456
Dividends paid	-		(1)		(1)
Revaluation and reassessment reserves	(9)				(9)
Treasury stock <sup>(2)</sup>	(102)				(102)
Translation differences and other <sup>(4)</sup>	(213)	(19)	(15)	548	301
<b>Balance at December 31, 2003</b>	16,877	312	1,951	2,120	21,260
Increase in common stock <sup>(1)</sup>	24				24
Net income for the period	1,550		158		1,708
Dividends paid	(1,031)		(189)		(1,220)
Revaluation and reassessment reserves	(11)				(11)
Treasury stock <sup>(2)</sup>	(414)				(414)
Translation differences and other <sup>(4)</sup>	203		55	38	296
<b>Balance at June 30, 2004</b>	17,198	312	1,975	2,158	21,643

(1) At June 30th 2004, Société Générale's fully paid-up capital stock amounted to EUR 549,088,990 and was made up of 439,271,192 shares with a normal value of EUR 1.25. During the first half of 2004, Société Générale carried out capital increases for a total amount of EUR 1 million, with EUR 22.8 million of additional paid-in capital, as a result of the exercise by employees of options granted by the Board of Directors.

Goodwill on acquisitions that were financed by the conversion into shares of convertible bonds issued in May 1993 was charged against the additional capital arising on this capital arising on this capital increase in 1998, in proportion to the part of the total acquisition cost covered by the capital increase. If the goodwill relating to these transactions had not been charged against shareholders' equity, it would have given rise to an amortization expense of EUR 5.25 million for the first half of 2004.

It would have been booked on the assets side of the consolidated balance sheet for a net amount of EUR 53 million at June 30th 2004.

(2) Treasury stock held by Group companies at June 30th 2004 (32,958,508 shares, or EUR 1,584 million) represents 7.50% of Société Générale's capital stock.

In the first half of 2004, Société Générale bought back shares for a net amount (after deduction of disposals) of EUR 445 million.

Net capital gains on treasury stock in the first half of 2004 have been charged against shareholders' equity for an amount of EUR 8.9 million.

Dividend income on these shares (EUR 22.5 million) has been eliminated from consolidated income.

(3) In 1997, Société Générale issued USD 800 million of preferred shares in the United States through its subsidiary SocGen Real Estate Company LLC.

Société Générale repeated this operation in 2000 by issuing EUR 500 million of preferred shares through its subsidiary SG Capital Trust, and in 2001 by issuing USD 425 million through SG Americas.

In 2003, Société Générale issued a further EUR 650 million of preferred shares in the United States through its subsidiary SG Capital Trust III.

These preferred shares are included in Tier-one capital for the purpose of determining Société Générale's prudential ratios.

(4) At June 30th 2004, currency translation differences related to foreign branches of Group banks and consolidated companies within the euro zone amounted to EUR (4) million.

The variation in the currency translation difference at Group level over the first half of 2004 was EUR 200 million.

EUR 104 million of this change can be attributed to the rise of the Dollar against the Euro, EUR 32 million to the rise of Sterling, EUR 19 million to the Czech Koruna and EUR (6.5) million to the fall of the Malagasy Franc against the Euro.

The impact of the liquidation of BSGI (which reported in Indonesian Rupiah) amounted to EUR 53 million.

capital stock amounted to 548,043,436 euros and was made up of 438,434,748 shares with a nominal value of 1.25 euros.

- (2) In accordance with French bank regulatory practice, the Bank debt is classified depending on its initial term to maturity as short-term (less than one year), medium-term (one to seven years) and long-term (more than seven years). Medium- and long-term debt of the Bank, other than its long-term subordinated debt and undated subordinated capital notes, ranks equally with deposits.
- (3) Includes only debt in the form of debt securities (*obligations*). In addition to debt securities, Société Générale regularly sells to its customers term notes and certificates of deposit with varying maturities. Term notes have maturities similar to medium- and long-term unsubordinated debt and rank equally with such debt.
- (4) Principal amounts of debt denominated in foreign currencies have been translated to Euros at the indicative exchange rates for such currencies released by the Banque de France on December 31, 2003 (first column) and on September 30, 2004 (second column).

Rate of conversion:	31/12/2003	30/09/2004
Exchange Rate AUD:	1.68020	1.72120
Exchange Rate USD:	1.26300	1.24090
Exchange Rate JPY:	135.05000	137.17000
Exchange Rate HKD:	9.80490	9.67450
Exchange Rate GBP:	0.70480	0.68680
Exchange Rate CAD:	1.62340	1.57400
Exchange Rate CHF:	1.55790	1.55240
Exchange Rate ZAR:	8.32760	7.97920
Exchange Rate DKK:	7.44500	7.44160

- (5) Société Générale issued in 1985 EUR 69,657,004, in 1986 USD 247,800,000, in 1994 JPY 15,000,000,000, in 1996 GBP 100,000,000, USD 310,000,000, AUD 65,000,000, JPY 10,000,000,000, in 1997 USD 400,000,000, EUR 228,673,525, in 2000 EUR 500,000,000 and in 2003 EUR 45,000,000, EUR 215,000,000 Undated Subordinated Floating Rate Notes. The issues of notes have no fixed maturity date (although they may be redeemed at the option of Société Générale), and Société Générale may defer payment of interest on either issue in any year during which Société Générale does not declare a dividend. The issues of notes become due and payable upon any liquidation of Société Générale, after all unsubordinated creditors have been paid in full.

## SUBSCRIPTION AND SALE

Société Générale Bank & Trust and UniCredit Banca Mobiliare S.p.A. (the "**Joint-Lead Managers**"), Barclays Bank PLC, Citigroup Global Markets Limited, Credit Suisse First Boston (Europe) Limited, J.P. Morgan Securities Ltd., Lehman Brothers International (Europe), Merrill Lynch International and Morgan Stanley & Co. International Limited (the "**Co-Lead Managers**") and together, with the Joint-Lead Managers, the "**Managers**") have, pursuant to a subscription agreement dated 25 January 2005 (the "**Subscription Agreement**"), jointly and severally agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe and pay for the Notes at a price equal to 100 per cent of their Original Principal Amount less a total commission of 0.75 per cent of such Original Principal Amount. The Issuer has agreed to reimburse the Managers in respect of certain of its 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**

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, prospectus, 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.

### **Republic of France**

The Managers and the Issuer have acknowledged that the Notes have represented and agreed that (i) they have not offered or sold and will not offer or sell, directly or indirectly, the 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 French *décret* n° 98-880 dated 1 October 1998, acting for their own account. In addition, the Managers and the Issuer have represented and agreed that they have not distributed or caused to be distributed and will not distribute or cause to be distributed, in the Republic of France this 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 as above.

### **United States**

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

The Managers have agreed that they will not offer or sell the Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of

the offering and the date of issue of the Notes, within the United States or to, or for the account or benefit of, U.S. persons and they will have sent to each dealer to which they sell Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

The Notes are being offered and sold only outside of the United States to non-U.S. persons in reliance on Regulation S.

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

Terms used in this section have the meanings given to them by Regulation S.

### **United Kingdom**

The Managers have represented, warranted and agreed that:

- (i) they have not offered or sold and, prior to the expiry of a period of six months from the issue date 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 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 or the Financial Services and Markets Act 2000 (the "FSMA");
- (ii) they have only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA received by them in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (iii) they has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

### **Italy**

The offering of the Notes has not been registered pursuant to the Italian securities legislation and, accordingly, each Manager has represented and agreed that it has not offered or sold, and will not offer or sell, any Notes in the Republic of Italy in a solicitation to the public, and that sales of the Notes in the Republic of Italy shall be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulations.

Each of the Managers has represented and agreed that it will not offer, sell or deliver any Notes or distribute copies of this Offering Circular or any other document relating to the Notes in the republic of Italy except to "**Professional Investors**", as defined in Article 31.2 of CONSOB Regulation No. 11522 of 2 July 1998 as amended ("**Regulation No. 11522**"), pursuant to Article 30.2 and 100 of Legislative Decree No. 58 of 24 February 1998 as amended ("**Decree No. 58**"),

or in any other circumstances where an expressed exemption to comply with the solicitation restrictions provided by Decree No. 58 or Regulation No. 11971 of 14 May 1999 as amended applies, provided, however, that any such offer, sale or delivery of the Notes or distribution of copies of this Offering Circular or any other document relating to the Notes in the Republic of Italy must be:

- (a) made by investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 385 of 1 September 1993 as amended ("**Decree No. 385**"), Decree No. 58, CONSOB Regulation No. 11522 and any other applicable laws and regulations;
- (b) in compliance with Article 129 of Decree No. 385 and the implementing instructions of the Bank of Italy (Istruzioni di Vigilanza della Banca d'Italia), pursuant to which the issue, offer, trading or placement of securities in Italy is subject to a prior notification to the Bank of Italy, unless an exemption, depending, inter alia, on the aggregate amount and the characteristics of the Notes issued, offered, traded or placed in the Republic of Italy, applies; and
- (c) in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy.

## GENERAL INFORMATION

1. The Notes have been accepted for clearance through Euroclear France, Clearstream Luxembourg and Euroclear. The Common Code number for the Notes is 020654481. The International Securities Identification Number (ISIN) for the Notes is FR0010136382.
2. In connection with the application for the listing of the Notes on the Luxembourg Stock Exchange, the legal notice relating to the issue of the Notes and copies of the constitutive documents of the Issuer have been lodged with the Trade Register in Luxembourg (*Registre de Commerce et des Sociétés à Luxembourg*) prior to the listing thereof, where such documents are available for inspection and where copies thereof can be obtained.
3. The issuance of the Notes was authorised pursuant to a decision of the Chief Executive Officer of the Issuer dated 13 January 2005 and acting pursuant to a resolution of the board of directors (*conseil d'administration*) of the Issuer dated 29 July 2004.
4. Save as disclosed in the Offering Circular, there has been no material adverse change in the financial or trading position of the Issuer or the Issuer Group since 31 December 2003.
5. The Issuer is not involved in any litigation, arbitration or administrative proceedings relating to claims or amounts which are material in the context of the present issue nor, to the best of the knowledge and belief of the Issuer, are there any threatened litigation, arbitration or administrative proceedings relating to claims or amounts which are material in the context of the present issue which would in either case jeopardize its ability to discharge its obligations in respect of the present issue.

Risks arising out of material litigation matters initiated against the Issuer Group are subject to a quarterly review. To this end, the managers of the subsidiaries and the branches, in France and abroad, draw up a report every quarter setting forth these litigations and assessing the potential loss if any. These reports are forwarded to the Parisian Headquarters where they are reviewed by a committee headed by the Corporate Secretary and composed of members of the Financial, Legal and Risks Departments. This committee gives grounded advice on the basis of which the General management decides the reserves' amount or its reversal.

Like many financial institutions, Société Générale is subject to numerous litigations, including securities class actions lawsuits in the U.S., and to regulatory investigations. The consequences, as assessed on December 31, 2003, of those that are liable to have or have recently had a significant impact on the financial condition of the Issuer Group, its results or its business have been provisioned in the Issuer Group's financial statements. Except as set forth below, other litigation matters have no material effect on the Issuer Group's financial condition or it is still too early to determine at this stage whether they may have such an impact or not.

On 19th January, 2000, High Risk Opportunities Hub Fund Ltd. (HRO), a hedge fund in receivership, represented by its receivers, commenced a lawsuit against Société Générale (and another bank), before the Supreme Court of the State of New York asserting two

claims for breach of contract relating to a series of non-deliverable USD/Russian ruble foreign exchange transactions.

On one cause of action, which has been dismissed by the court and potentially could be appealed, HRO seeks consequential damages of at least \$1 billion. On the second cause of action, with respect to which both HRO and Societe Generale have moved for summary judgement, HRO seeks compensatory damages of more than \$190 million. In April 2003, Société Générale and HRO entered into a settlement agreement that is subject to the approval of the Grand Court of the Cayman Islands, which is presiding over HRO's bankruptcy proceedings. In July 2003, the Grand Court refused to approve the settlement with the understanding that it would reconsider the propriety of the settlement if additional supporting evidence were subsequently presented. HRO appealed that ruling which was reversed in April 2004. The April decision is subject to a possible further appeal. The settlement agreement between Société Générale and HRO remains in effect while the proceeding is underway. Société Générale has established provisions for this matter.

The lawsuit filed against SG Cowen Securities Corporation (SG Cowen) before the United States Court for the District of Massachusetts by the New England Teamsters and Trucking Industry Pension Fund, was settled in late 2003. Insurance carriers funded the full amount of the settlement. The lawsuit has been dismissed.

In January 2002, Société Générale was informed that Frank Gruttadauria ("Gruttadauria"), a former employee of SG Cowen's retail brokerage business that was sold in October 2000, had defrauded numerous customers and misappropriated their assets at various firms that had employed him, including SG Cowen. Gruttadauria has been convicted and sentenced in federal court in Ohio to a seven-year term of imprisonment for his crimes. Numerous former customers of SG Cowen have commenced or threatened to commence lawsuits and arbitrations against Société Générale and SG Cowen arising out of Gruttadauria's fraudulent conduct. Société Générale and SG Cowen have reached settlements with many former customers and are attempting to resolve the remaining disputes with their former customers, but many lawsuits and arbitrations filed by former customers are ongoing. SG Cowen has reimbursed former customers for the out-of-pocket losses they incurred resulting from Gruttadauria's misconduct.

In August 2003, SG Cowen entered into consent orders with the New York Stock Exchange ("NYSE") and the U.S. Securities and Exchange Commission ("SEC"), under which SG Cowen was charged with failure to supervise Gruttadauria during the 27-month period he was employed by SG Cowen, and violations of the federal securities laws arising out of SG Cowen's failure to maintain accurate and complete books and records during the same time period. Pursuant to the orders, SG Cowen agreed, among other things: to a censure imposed by the SEC; to pay a total of \$5 million in fines to the NYSE and the SEC ; to undertake a review of certain firm policies, procedures, practices, and supervisory systems ; and to participate in an expedited arbitration procedure to resolve the claims of former customers who choose to take advantage of the procedure.

On December 16, 2003, SG Cowen entered into an agreement with the Cuyahoga County (Ohio) Prosecutor under which the Prosecutor agreed not to file any civil, criminal or administrative charges against SG Cowen relating to the criminal activities of Gruttadauria while he was an employee of the firm from July 1998 through October 13, 2002. SG Cowen agreed to pay a total of \$4.5 million to Cuyahoga County and the State of Ohio, representing the forfeiture of certain fees generated by Gruttadauria and the cost of the Prosecutor's investigation.

Société Générale has established provisions for all the financial consequences of this matter. This provision has been set off by a reversal for the same amount from the Reserve for General Banking Risks (Fonds pour risques bancaires généraux).

SG Cowen is one of several defendants named in lawsuits arising out of the accounting fraud that caused the collapse of Lernout & Hauspie Speech Products, N.V. ("L&H"), a former client of SG Cowen.

In one lawsuit pending in federal court in Boston, the former owners of Dragon Systems, Inc. allege that SG Cowen violated federal securities and state laws by making material misrepresentations to the plaintiffs while SG Cowen was advising L&H in connection with its acquisition of Dragon and published materially misleading research on L&H. Discovery is under way in that case.

In another lawsuit pending in the same court, the Trustee of the Dictaphone Litigation Trust alleges that SG Cowen made material misrepresentations to Dictaphone while SG Cowen was a financial advisor to L&H on its acquisition of Dictaphone, and published materially misleading research on L&H, in violation of various federal and state laws. SG Cowen has moved to dismiss the amended complaint filed in that lawsuit. In another L&H lawsuit pending in federal court in New Jersey, short-sellers of L&H stock allege that SG Cowen participated in a scheme to artificially inflate L&H's stock price through allegedly false and misleading research reports published by SG Cowen, in violation of federal securities laws and state laws. SG Cowen's motion to dismiss the complaint is pending.

Société Générale has established reserves for these matters.

After conducting investigations on tax frauds allegedly committed by buyers of certain types of companies in Belgium since 1997, the Belgian State and the liquidator of one of these companies have brought actions against the various participants in these transactions in an attempt to recuperate the eluded tax or to seek damages. Société Générale and one of its affiliate were implicated in 2004, because of the role played as counsel in several transactions by an ex-employee of the bank, now deceased, who concealed from Société Générale that he continued to play this role in spite of the prohibition notified to him by this supervisor several years ago, after the risks of such transactions had been identified. Société Générale fully cooperated with the Belgian State's investigations. A provision has been made.

In July 2004, the European Commission sent a "communication des griefs" (statement of objections) to nine French banks including Société Générale, and to "Groupement des

cartes bancaires”. The objections relate to an alleged secret and anticompetitive agreement on bank payment cards by which the banks, with the help of the “Groupement des cartes bancaires”, are alleged to have shared out the market for the issuance of payment cards in France in order to restrict competition from new entrants. In the Commission’s view, the agreement would severely limit the scope for lower card prices and technical innovation. Société Générale is studying these objections and intends to demonstrate that the tariff reform decided in late 2002 and which was suspended when the Commission launched an investigation is justified.

6. The Issuer publishes (i) audited annual consolidated and non-consolidated accounts and (ii) semi-annual consolidated and non-consolidated accounts. Copies of the latest and future published financial report of the Issuer, including its consolidated and non-consolidated accounts, and the latest and future published unaudited semi-annual consolidated and non-consolidated accounts of the Issuer, may be obtained from, and copies of the Fiscal Agency Agreement and the constitutive documents of the Issuer will be available for inspection at, the specified offices for the time being of each of the Paying Agents during normal business hours, so long as any of the Notes is outstanding.
7. Ernst & Young Audit and Deloitte & Associés have audited and rendered unqualified audit reports on the non-consolidated and consolidated financial statements of the Issuer for the financial years ended 31 December 2001, 2002 and 2003.
8. On 3 June 2003, the European Council has adopted a new directive regarding the taxation of savings income (the “**Directive**”). Subject to certain conditions being met, it is proposed that Member States will be required as from 1 July 2005, the expected date of implementation of the Directive, to provide to the tax authorities of another Member State details of payments of interest within the meaning of the Directive (interest, products, premiums or other debt income) made by a paying agent within its jurisdiction to or for the benefit of an individual resident in that other Member State (the “**Disclosure of Information Method**”).

In this way, the term “paying agent” would be defined widely and would include in particular any economic operator who is responsible for making interest payments, within the meaning of the Directive, for the immediate benefit of individuals.

However, throughout a transitional period, certain Member States (the Grand-Duchy of Luxembourg, Belgium and Austria) would withhold an amount on interest payments instead of using the Disclosure of Information Method used by other Member States. The rate of such withholding tax would equal 15 per cent. as from 1 July 2005, 20 per cent. as from 1 July 2008, and 35 per cent. as from 1 July 2011.

According to the agreement reached by ECOFIN Council, such transitional period would end if and when the European Community enters into agreements on exchange of information upon request with several jurisdictions (the United-States, Switzerland, Liechtenstein, San Marino, Monaco and Andorra).

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**J.P. Morgan Securities Ltd.**

**Lehman Brothers International (Europe)**

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