



(a société anonyme incorporated in the Republic of France)

**Euro 500,000,000 Undated Deeply Subordinated  
Fixed to Floating Rate Notes**

**Issue Price: 99.259 per cent.**

This document comprises a securities note (the "**Securities Note**") and a summary (the "**Summary**") relating to the Securities Note and the Registration Document (as defined below), for the purposes of Article 5.3 of Directive 2003/71/EC (the "**Prospectus Directive**") and the Luxembourg law of 10 July 2005 implementing the Prospectus Directive (the "**Luxembourg Law**"). The Summary is contained on pages 4 to 13 of this document. The Securities Note and the Summary contained in this document are together referred to herein as the "**Securities Note and Summary**". This Securities Note and Summary contains information relating to the issue by Thomson S.A. (the "**Issuer**") of its Euro 500,000,000 Undated Deeply Subordinated Fixed to Floating Rate Notes (the "**Notes**") and must be read in conjunction with the registration document (the "**Registration Document**") dated 23 September 2005 containing information in respect of the Issuer, as prepared for the purposes of Article 5.3 of the Prospectus Directive and Article 8.3 of the Luxembourg Law. Together, the Registration Document and this Securities Note and Summary comprise a prospectus (the "**Prospectus**") in connection with the issue of the Notes, prepared for the purposes of Article 5.1 of the Prospectus Directive and Article 8.1 of the Luxembourg Law.

The Notes will be issued outside the Republic of France and will bear interest (i) at a fixed rate of 5.75 per cent. per annum from, and including, 26 September 2005 (the "**Issue Date**") to, but excluding, 25 September 2015, and (ii) thereafter at a rate equal to 3.625 per cent. above the European inter-bank offered rate for three-month deposits in Euro ("**EURIBOR**"). If, however, a Change of Control Event is deemed to have occurred and the Issuer has elected not to redeem the Notes, interest will accrue on each Note from the date of the Change of Control Event at a rate of 5 per cent. per annum above the relevant Rate of Interest, as more fully described in "Terms and Conditions of the Notes – Change of Control – Rate of Interest following a Change of Control Event".

Interest will be payable annually in arrear at the Fixed Rate of Interest on 25 September in each year, commencing on 25 September 2006, until 25 September 2015, and thereafter quarterly in arrear at the Floating Rate of Interest, on 25 December, 25 March, 25 June and 25 September in each year, commencing on 25 December 2015, subject in each case to Change of Control Event provisions of the Conditions, as more fully described in "Terms and Conditions of the Notes – Interest and Interest Interruption – General" and "Terms and Conditions of the Notes – Change of Control – Rate of Interest following a Change of Control Event", herein. Interest payments under the Notes may, in certain circumstances, be suspended at the option of the Issuer in which case such payments shall not be paid and shall be forfeited. (See "Terms and Conditions of the Notes – Interest and Interest Interruption" herein).

The principal and interest on the Notes constitute direct, unconditional, unsecured and Deeply Subordinated Obligations of the Issuer and rank and will rank *pari passu* among themselves and *pari passu* with all other present and future Deeply Subordinated Obligations of the Issuer, but shall be subordinated to the *titres participatifs* issued by, and *prêts participatifs* granted to, the Issuer, and to Ordinary Subordinated Obligations and Unsubordinated Obligations of, or issued by, the Issuer (as all such terms are defined in "Terms and Conditions of the Notes – Definitions"). (See "Terms and Conditions of the Notes – Status of the Notes and Subordination" herein).

The Notes are undated and have no final maturity. The Issuer may, at its option, redeem all, but not some only, of the Notes on the Interest Payment Date falling on 25 September 2015 or on any subsequent Floating Rate Interest Payment Date, as set out in "Terms and Conditions of the Notes – Redemption and Purchase – General Call Option of the Issuer". In addition, the Issuer may, and in certain circumstances shall, redeem all, but not some only, of the Notes for certain tax reasons. (See "Terms and Conditions of the Notes – Redemption and Purchase" herein). The Issuer may also, at any time, redeem all, but not some only, of the Notes pursuant to a Change of Control Event. (See "Terms and Conditions of the Notes – Change of Control – Optional Redemption upon a Change of Control").

See "Risk Factors" on page 14 of this document for certain information relevant to an investment in the Notes.

Application has been made to the Luxembourg Stock Exchange for the Notes to be listed and traded on the market of the Luxembourg Stock Exchange appearing on the list of regulated markets issued by the European Commission. Application has been made to the *Commission de Surveillance de Secteur Financier* (the "**CSSF**") for approval of this Prospectus.

The Notes have been accepted for clearance through Euroclear France, Clearstream Banking, société anonyme ("**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 (inscription en compte) 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 depositary 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 (*dématérialisé*) 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.

The Notes have been assigned a rating of BBB- by Standard & Poor's Ratings Services, a division of the McGraw Hill Companies, and Baa3 by Moody's Investors Service. A rating is not a recommendation to buy, sell or hold Notes and may be subject to revision, suspension, reduction or withdrawal at any time by the relevant rating agency.

**Joint Bookrunner and Structuring Adviser**

**Barclays Capital**

**Joint Bookrunners**

**Citigroup**

**Deutsche Bank**

**SG Corporate & Investment  
Banking**

**Co-Managers**

**BNP Paribas**

**Calyon Corporate & Investment  
Bank**

**HVB Corporates & Markets**

The Issuer accepts responsibility for the information contained in this Securities Note and Summary. To the best of the knowledge and belief of the Issuer, having taken all reasonable care to ensure that such is the case, the information contained in this Securities Note and Summary is in accordance with the facts and does not omit anything likely to affect the import of such information.

The delivery of this Securities Note and Summary at any time does not imply that any information contained herein is correct at any time subsequent to the date hereof.

In connection with the issue and sale of the Notes, no person is authorised to give any information or to make any representation not contained in the Registration Document or this Securities Note and Summary, and neither the Issuer nor any of the Managers (as defined in "Subscription and Sale" below) accepts responsibility for any information or representation so given that is not contained in the Registration Document or this Securities Note and Summary. Neither the Registration Document nor this Securities Note and Summary constitutes an offer of Notes, and neither may be used for the purposes of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised, or to any person to whom it is unlawful to make such offer or solicitation and no action is being taken to permit an offering of the Notes or the distribution of the Registration Document and/or this Securities Note and Summary in any jurisdiction where any such action is required except as specified herein.

The distribution of the Registration Document and this Securities Note and Summary and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession the Registration Document and this Securities Note and Summary comes are required by the Issuer to inform themselves about, and to observe, and such restrictions.

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

A further description of the restrictions on offers and sales of the Notes in the United States or to, or for the benefit of, U.S. persons, and in certain other jurisdictions, is set forth below under "Subscription and Sale".

In connection with the issue of the Notes, Barclays Bank PLC, Citigroup Global Markets Limited, Deutsche Bank AG, London Branch and Société Générale will act as stabilising managers (the "**Stabilising Managers**") under the coordination of Barclays Bank PLC. The Stabilising Managers may over-allot Notes (provided that the aggregate principal amount of Notes allotted does not exceed 105 per cent. of the aggregate nominal amount of the Notes) or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Managers will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes.

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## SUMMARY

SUMMARY dated 23 September 2005



*(a société anonyme incorporated in the Republic of France)*

Euro 500,000,000 Undated Deeply Subordinated  
Fixed to Floating Rate Notes

*This summary must be read as an introduction to the registration document dated 23 September 2005 (the "**Registration Document**") and the securities note dated 23 September 2005 (the "**Securities Note**" and together with the Registration Document and this summary, the "**Prospectus**" ), prepared by the Issuer in connection with the issue of its euro 500,000,000 Undated Deeply Subordinated Fixed to Floating Rate Notes (the "**Notes**"). Any decision to invest in the Notes should be based on a consideration of the Prospectus as a whole, including the documents incorporated by reference therein, and the Securities Note prepared in connection with the Notes. Following the implementation of the relevant provisions of the Prospectus Directive in each Member State of the European Economic Area no civil liability will attach to the Issuer in any such Member State in respect of this summary, including any translation hereof, unless it is misleading, inaccurate or inconsistent when read together with the Registration Document and the Securities Note. Where a claim relating to information contained in the Registration Document and/or the Securities Note is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Registration Document and/or the Securities Note before the legal proceedings are initiated.*

*Words and expressions defined in the Registration Document and the Securities Note, including the documents incorporated by reference in the Registration Document, shall have the same meanings in this summary.*

A full description of Thomson and its consolidated subsidiaries (the "**Group**") is set out in Form 20-F 2004 and Form H-1 2005, each incorporated by reference in the Prospectus, as supplemented by the "Recent Developments" herein.

### General information

Thomson is a French corporation (*société anonyme*) with a Board of Directors. It is registered in the Register of Commerce and Companies (*Registre du Commerce et des Sociétés*) of Nanterre under No. 333 773 174 and its APE code, which identifies a company's type of business and activities, is 741J, corresponding to the business of corporate administration.

Thomson was formed on 24 August 1985. It was registered on 7 November 1985 for a term of 99 years, expiring, unless previously extended, on 6 November 2084.

Following the cancellation of 7,305,476 treasury shares on October 19, 2004, Thomson's share capital is as of 31 March 2005 €1,024,905,120 composed of 273,308,032 shares each with a nominal value of €3.75.

Thomson's by-laws (*statuts*) specify that its corporate affairs are governed by the Title II of the French Commercial Code and the *statuts* themselves. Thomson's corporate purpose, as defined in Article 2 of its *statuts*, is:

- the taking of equity holdings or interests in any business of any nature in any form whatsoever, whether in existence or to be created;
- the acquisition, management, and transfer of all manner of real property rights and assets and of all manner financial instruments, as well as the execution of all manner of financing transactions;
- the acquisition, transfer and exploitation of all manner of intellectual property rights, licenses or processes; and

- the manufacture, purchase, importation, sale, exportation, anywhere of all manner of materials and products, as well as the rendering of all manner of services.

Thomson may act directly or indirectly for its own account or for the account of third parties, whether alone or by equity holding, under agreement, in joint venture, or in partnership with any other legal entity or individual, and it may carry out, whether in France or abroad, in any manner whatsoever, all manner of financial, commercial, industrial, real property, and personal property transactions within its corporate purpose or involving similar or related matters.

Copies of the *statuts* of Thomson (with an English translation thereof) and of this Registration Document and all documents incorporated herein by reference can be obtained, without charge, from the office of Thomson at 46, Quai Alphonse Le Gallo 92100 Boulogne-Billancourt France.

The auditors of Thomson are Barbier Frinault & Autres (Ernst & Young) and Mazars & Guérard.

## **Principal activities and markets**

### ***Information on the Company***

Thomson provides technology, systems & equipment and services to help its Media and Entertainment clients – content creators, content distributors and users of its technology – realize their business goals and optimize their performance in a rapidly changing technology environment. The Group intends to become the preferred partner to the Media & Entertainment industries through its Technicolor®, Grass Valley®, RCA® and THOMSON® brands.

Thomson and its predecessor companies, RCA and Technicolor, have a long history in the development of technologies for the broadcast of radio and television, as well as for the colorization and processing of cinema film content. These technologies remain important for the Group today. However, in 2000, many of Thomson's activities and clients were focused on consumer electronics products and on the manufacturing and assembling of components. In the second half of 2000, the Group started to reposition itself beyond the traditional consumer electronics market to benefit increasingly from its technological expertise. The Group made several acquisitions as part of this repositioning strategy, including Technicolor®, Philips' professional broadcast business and Grass Valley®. Furthermore, the Group continued in 2004 to reduce its historical consumer electronics focus and reshape its Consumer Products and Components businesses with the creation of TTE, into which substantially all of Thomson's television businesses were transferred, and the decision in 2004 to pursue a partnership strategy for the displays activity, which comprise the television tubes and related components business.

Thomson's strategy is to build on its position as a preferred partner of the Media & Entertainment ("M&E") industries, to take advantage of the expected growth in this sector. Several key steps occurred in the second half of 2004 to accelerate the implementation of this strategy: the presentation of a "Five Point Plan" by the Board of Directors on 20 July 2004, approved by the shareholders' meeting on 15 September 2004; the definition of five strategic priorities, announced on 21 October 2004; and the development of a "Two-Year Plan" to implement these strategic priorities, defined on 30 November 2004 and approved by the Board of Directors.

Thomson implemented effective from 1 January 2005 a new divisional structure that is designed to better address its different M&E customers' needs. Thomson's customers include content makers (e.g., film studios, broadcasters, game developers and advertisers), content distributors (e.g., broadcasters, cable and satellite providers, telecommunications providers and ISPs, cinemas and retailers) and users of its technologies (e.g., consumer electronics manufacturers and IT industries). For these customers, Thomson created the following divisions for each of its capabilities, each with a simple and flexible organizational and management structure:

#### **(i) Services**

This division offers end-to-end management of services for Thomson's customers in the M&E industries in the following areas:

- physical media, comprising film and DVD (as well as CD and VHS) services, including content preparation, replication and distribution services;
- electronic media, comprising archiving, media asset management, Video-on-Demand and digital cinema, in addition to the increasingly electronic nature of the post-production services Thomson provides; and
- network operations services, comprising "out-of-home" advertising and broadcast play-out and other related services outsourced by broadcasters.

(ii) *Systems & Equipment*

This division plays a strategic role at both ends of the M&E distribution chain, interfacing with content makers through the provision of video-focused systems and equipment such as television broadcast cameras and outside broadcast vans, on one end of the chain, and with retailer and end-consumers, through sales of equipment such as set-top boxes, at the other end. This division comprises:

- Broadcast & Networks (Grass Valley);
- Access Platforms & Gateways; and
- Connectivity.

(iii) *Technology*

Thomson established this new division to strengthen its focus on media technologies and to consolidate the realignment of research and development with its long-term strategy. In addition, in order to help the technology intensity of the Group's activities, a high-level Scientific Council comprising prestigious outside experts has been established to make annual recommendations directly to the Chairman and Chief Executive Officer. The division includes the following activities:

- research through eight laboratories;
- licensing of patents and trademarks;
- silicon solutions, comprising IC design, tuners and optical modules; and
- software and technology solutions, comprising security, user interface, imaging and networking software services, including Thomson's remote control businesses and other technologies.

(iv) *Displays & Consumer Electronics Partnerships*

Thomson also established this fourth activity to implement the Group's strategy to participate in the consolidation of the television tubes industry which led to the announcement on 28 June 2005 of the disposal of the bulk of this activity (see "Recent Events" section for further details). It is also responsible for Thomson's consumer electronics partnerships, in particular TTE.

In fiscal year 2004, the Group generated net sales of approximately €7,994 million, of which €5.9 billion related to its Media & Entertainment clients. At 31 December 2004, the Group had approximately 49,000 employees in more than thirty countries.

Operating income in 2004 was €434 million (5.4% of net sales in 2004), while Thomson recorded a net loss of €636 million due to restructuring charges recognized in 2004, including a charge of €742 million related primarily to the Displays business. In 2003, the Group recorded operating income of €508 million (6% of net sales), while the Group recorded a net income of €26 million in 2003 and a €217 million restructuring charge.

Thomson's net loss per share was €2.32 in 2004, compared to net income per share of €0.09 in 2003.

Thomson paid a dividend of €0.285 per share in respect of 2004, a 10% increase on the dividend in respect of 2003 of €0.26 per share.

**Trends**

The Group's strategic priorities and Two-Year Plan objectives are based on its vision of how the M&E industries may develop by 2010. Thomson believes the most significant long-term trends include the following:

- (i) some consolidation will occur in the European M&E industries, while significant M&E groups and markets will emerge in Asia, particularly China;
- (ii) the Group's M&E clients will have outsourced many of their activities;
- (iii) China and India will have become mainstream M&E markets;
- (iv) the transition to High Definition will be complete;
- (v) mobile video will be pervasive;
- (vi) intellectual property will remain a key differentiator and significant source of direct and indirect revenues;

- (vii) security technologies and services to combat piracy will have been implemented;
- (viii) China will have become a technology standards-setter;
- (ix) electronic delivery of content into the home will have emerged; consumers will continue to buy pre-recorded content at retail, but will also be purchasing or renting content (events, etc.) directly from home;
- (x) in addition to film print, digital delivery of movies to cinemas will have developed;
- (xi) network operators will have largely switched to Internet Protocol technologies;
- (xii) all networks will have "triple play" (voice, data, video) offerings;
- (xiii) "connected products" will be ubiquitous inside and outside the home; and
- (xiv) home networking will have been implemented.

#### Financial information

The following selected consolidated financial data has been derived from the Group's consolidated financial statements for the five-year period ended 31 December 2004.

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in France ("**French GAAP**").

	2003	2004
	(in € millions except share and per-share data)	
Income Statement Data:		
Net sales	8,459	7,994
Cost of sales	(6,536)	(6,284)
Gross margin	1,923	1,710
Operating income	508	434
Interest income (expense), net	(9)	(24)
Other financial expense, net	(70)	(55)
Other income (expense), net	(249)	(769)
Income tax	(63)	(88)
Net income	26	(636)
Basic net income per share	0.09	(2.32)
Weighted average number of shares basic outstanding	276,796,602	273,646,869
Dividend paid	(62)	(71)

	2003	2004
	(in € millions)	
Balance Sheet Data:		
Intangible assets, net	1,935	2,206
Property, plant and equipment, net	1,474	1,054
Total investments and other non-current assets	185	280

Total fixed assets	3,594	3,540
Inventories	744	569
Other current assets	2,559	2,510
Cash and cash equivalents	2,383	1,906
<b>Total assets</b>	<b>9,280</b>	<b>8,525</b>
Reserves for retirement benefits	653	589
Restructuring reserves	118	104
Other reserves	206	176
Financial debt (short-term and long-term)	2,128	2,501
Total current liabilities	2,583	2,465
Minority interests	9	20
Shareholders' equity	3,583	2,670
<b>Total liabilities, shareholders' equity and minority interests</b>	<b>9,280</b>	<b>8,525</b>

### Research, licenses, patents, trademarks and customer relationships

Thomson has extensive research and development operations and has a portfolio of over 45,000 patents, which underlie the licensing programmes within the Technology division's licensing business. Thomson also licenses in technology where required for its products. Thomson uses various trademarks in its business, in particular THOMSON, Technicolor, Grass Valley and RCA. Thomson also has a number of key customer relationships, some of which are reflected under the heading "Intangible assets" in the balance sheet. In the consolidated balance sheet at 31 December 2004 the net book value of "Patents, trademarks and customer relationships" was €749 million (within which the largest items related to the Technicolor trademark, €169 million, and Technicolor customer relationships, €220 million) and the net book value of "Other intangibles" was €215 million (within which the largest item related to DIRECTV customer relationships, €175 million).

### Organisational structure

#### Shareholding Structure

The table below shows our shareholding structure, to the best of Thomson's knowledge, at 30 June 2005 (the majority of shares are held in bearer form).

At 30 June 2005		
Shareholders	Number of shares held	% of shares held
Public	252,821, 255	92.5%
Employees	8,170, 429	2.9%
TSA (ex-Thomson SA)	5,264,876	1.9%
Microsoft	1,693,621	0.6%
Thomson	5,357,851	1.9%
<b>TOTAL</b>	<b>273,308,032</b>	<b>100%</b>



## Related-party transactions

Thomson disclosed as a note to its accounts for the year ended 31 December 2004 related party transactions with DIRECTV, Microsoft, France Telecom, TTE Corporation, Silver Lake Partners, TSA, Alcatel, NEC Corporation and A Novo Comlink Espana.

## Management

The Board of Directors consisted of 16 members: Frank E. Dangeard (Chairman and Chief Executive Officer), Christian Blanc, Eric Bourdals de Charbonnière, Catherine Cavallari, Loic Desmouceaux, Eddy W. Hartenstein, Igor Landau, Pierre Lescure, Didier Lombard, Gerard Meymarian, Paul Murray, Jean de Rotalier, Marcel Roulet, David Roux and Henry P. Vigil.

The Executive Committee is the central management body of the Company. It encompasses 15 members: Frank E. Dangeard (Chairman and Chief Executive Officer), Jean-Charles Hourcade, Lanny Raimondo, Didier Trutt, Julian Waldron, Tom Carson, Marie-Ange Debon, Eric Bachellereau, Christain Lescuyer, Willy Shih, Quentin Lilly, Jean-Georges Micol, Mike D. O'Hara, Béatrix de Russé and Marc Valentin.

## Recent Developments

The Board of Directors of Thomson met on 26 July 2005 to review and approve the Group's half year 2005 results published on July 28th 2005:

<b>Summary of Core Business consolidated results 1H05 (unaudited<sup>(1)</sup>)</b>				
<i>In € million unless otherwise stated</i>	1H05	1H05	1H04	% change
	<b>Actual</b>	<b>At cst currency<sup>(2)</sup></b>		
<b>Core Net Sales</b>	<b>2,775</b>	<b>2,852<sup>(2)</sup></b>	<b>2,550</b>	<b>+11.8%<sup>(2)</sup></b>
<i>o/w Services Division</i>	<i>1,069</i>	<i>1,095</i>	<i>1,061</i>	<i>+3.2%<sup>(2)</sup></i>
<i>o/w Systems &amp; Equipment Division</i>	<i>1,427</i>	<i>1,472<sup>(2)</sup></i>	<i>1,240</i>	<i>+18.7%<sup>(2)</sup></i>
<i>o/w Technology Division</i>	<i>260</i>	<i>266</i>	<i>246</i>	<i>+ 8.1%<sup>(2)</sup></i>
<i>o/w Corporate Costs</i>	<i>19</i>	<i>20</i>	<i>3</i>	<i>Nm</i>
<b>Core EBIT</b>	<b>176.4</b>		<b>166</b>	<b>+6.2%</b>
<b>Core EBIT Margin (%)</b>	<b>6.4%</b>		<b>6.5%</b>	<b>Nm</b>
<b>Pro-forma Net Income<sup>(3)</sup></b>	<b>65</b>		<b>52</b>	<b>+25%</b>
<b>Core Free Cash-Flow<sup>(4)</sup></b>	<b>132.5</b>		<b>89.8</b>	<b>+47.5%</b>

- (1) 1H05 results have been prepared in accordance with IFRS and are subject to a limited review by Thomson's auditors
- (2) At constant currency. The average €/US\$ rate for 1H05 was 1.28 (1H04 1.22), with 1H05 Systems & Equipment Division constant currency revenues adjusted for Cable Modems (€13 million)
- (3) Including estimated pro-forma 1H04 financial charges adjusted for first-time application of IAS 32/39 at €75 million
- (4) Free Cash-Flow is defined as Cash-Flow from Operations less net capex

**Group 1H05 results – Group income statement adjusted for 2005 discontinued operations, notably Tubes**  
*In € million otherwise stated*

	1H05 Actual	1H04
<b>Reported Group Net Sales</b>	<b>2,968</b>	<b>3,376</b>
<i><b>o/w Core Business Net Sales</b></i>	<i><b>2,775</b></i>	<i><b>2,550</b></i>
<i><b>o/w Non-Core Business Net Sales</b></i>	<i><b>193</b></i>	<i><b>826</b></i>
<b>Reported EBIT</b>	<b>65</b>	<b>97</b>
<i><b>o/w Non-Core Business EBIT<sup>(1)</sup></b></i>	<i><b>(112)<sup>(1)</sup></b></i>	<i><b>(70)</b></i>
<b>Financial Result</b>	<b>(71)</b>	<b>(23)</b>
<b>Income Tax</b>	<b>(49)</b>	<b>(39)</b>
<b>Profit from continued operations after tax and financial cost<sup>(2)</sup></b>	<b>(62)</b>	<b>34</b>
<b>Discontinued operations<sup>(3)</sup></b>	<b>(400)</b>	<b>(225)</b>
<b>Group consolidated net income<sup>(3)</sup></b>	<b>(462)</b>	<b>(191)</b>

(1) Includes €44 million of restructuring of plants to be discontinued

(2) Includes results from equity consolidated affiliates

(3) Excludes minority interests

On July 28th 2005, Thomson announced that it has entered into a definitive agreement to acquire PRN Corporation (PRN), the leader in the fast-growing market of out-of-home video advertising networks. This acquisition furthers Thomson's expansion into the implementation and management of video networks for a broad range of customers spanning broadcasters, cinemas and now retailers. PRN will be part of Thomson's Network Operations Services business unit in the Services Division.

On June 28th 2005 Thomson announced that a definitive agreement has been reached for the disposal of its Cathode Ray Tube ("Tube") activities in China, Mexico and Poland to Indian group Videocon. The disposal of the Tube activities marks the completion of a process that began in 2001 to transform Thomson into the preferred partner to the Media & Entertainment industries. It was one of the key strategic priorities set out by the Group in October 2004 as an integral part of its Two-Year Plan.

The agreement between Thomson and Videocon is in two parts. Thomson will receive a cash payment of €240 million for its Tube activities, transferred on a debt and cash-free basis. Thomson has also agreed to invest €240 million in two listed Videocon companies, €225 million through a placement in Videocon Industries, a company mainly active in energy, and €15 million in Videocon International. Following these private placements, Thomson will hold approximately 14 per cent. in each of the two Videocon companies.

The cathode ray tubes glass activity, Videoglass, at Bagneaux-sur-Loing, France, which was not covered by this disposal process, will be taken over by the Spanish glass group Rioglass under an agreement signed on 1 July 2005. Rioglass intends to set up a glass-conversion activity for the automotive industry on the site. Rioglass specializes in glass parts for the car and transport industries, and operates six factories in Spain, Belgium and Brazil. The agreement with Rioglass, which is subject to French employee information and consultation procedures, is expected to take effect in the fourth quarter of 2005.

## Essential characteristics of the Notes

Description:	Euro 500,000,000 Undated Deeply Subordinated Fixed to Floating Rate Notes
Joint Bookrunner and Structuring Adviser	Barclays Bank PLC
Joint Bookrunners	Citigroup Global Markets Limited, Deutsche Bank AG, London Branch and Société Générale
Co-Managers	Bayerische Hypo und Vereinsbank AG, BNP Paribas, Calyon
Amount:	Euro 500,000,000
Issue Price:	99.259%
Denomination:	Euro 1,000
Maturity:	The Notes are undated perpetual obligations in respect of which there is no fixed redemption date.
Form of the Notes:	The Notes are issued in dematerialised bearer form and title to the Notes will be evidenced in accordance with article L.211-4 of the French <i>Code monétaire et financier</i> by book-entries in the books of Euroclear France which shall credit, upon issue, the accounts of the Account Holders. Transfer of Notes may only be effected through registration of the transfer in such books. No physical document of title will be issued in respect of the Notes.
Status of the Notes:	<p>The Notes are Deeply Subordinated Notes (as defined in Condition 1 of the Terms and Conditions of the Notes). The subordination provisions of the Notes are governed by the provisions of article L. 228-97 of the French <i>Code de Commerce</i>, as amended in particular by law n° 2003-706 on financial security dated 1 August 2003.</p> <p>The principal and interest of the Notes constitute direct, unconditional, unsecured and lowest ranking subordinated obligations (<i>titres subordonnés de dernier rang</i>) of the Issuer and rank and will rank <i>pari passu</i> among themselves and <i>pari passu</i> with all other present and future Deeply Subordinated Obligations (as defined in Condition 1 of the Terms and Conditions of Notes) of the Issuer, but behind the <i>titres participatifs</i> issued by, and <i>prêts participatifs</i> granted to, the Issuer, and behind the Ordinary Subordinated Obligations and the Unsubordinated Obligations (all as defined in Condition 1 of the Terms and Conditions of the Notes) of or issued by the Issuer. The Notes shall rank in priority to any classes of Share Capital Securities (as defined in Condition 1 of the Terms and Conditions) issued by the Issuer.</p>
Negative Pledge:	There will be no negative pledge in respect of the Notes.
Events of Default:	There will be no events of default in respect of the Notes.
Interest:	Each Note bears interest on its principal amount (i) at a fixed rate of 5.75 per cent. per annum from, and including, the Issue Date to, but excluding, 25 September 2015 and shall be payable annually in arrear on 25 September in each year commencing on 25 September 2006, and (ii) thereafter at a floating rate of 3.625 per cent. per annum above the European inter-bank offered rate for three-month deposits in Euro (“EURIBOR”) payable quarterly in arrear on 25 December, 25 March, 25 June and 25 September in each year, commencing on 25 December 2015, as more fully described in Condition 4(a) of the Terms and Conditions of the Notes. If, however, a Change of Control Event is deemed to have occurred and the Issuer has elected not to redeem the Notes, interest will accrue on each Note from the date of the Change of Control Event at a rate of 5 per cent. per annum above the relevant Rate of Interest, as more fully described in “Terms and Conditions of the Notes – Change of Control – Rate of Interest following a Change of Control Event”.
Payment of Interest:	Payment of interest will be optional on any Interest Payment Date (as defined in Condition 1 of the Terms and Conditions of the Notes) in relation to which (i) the Issuer has not at the general meeting of shareholders of the Issuer immediately

preceding such Interest Payment Date declared a dividend, or more generally since the date of such general meeting and prior to such Interest Payment Date declared or made a payment, on or in respect of any Equity Securities (as defined in Condition 1 of the Terms and Conditions of the Notes), unless such payment was a compulsory interest payment required by the terms of any Deeply Subordinated Obligation (as defined in Condition 1 of the Terms and Conditions of the Notes) of the Issuer other than the Notes and (ii) at any time during the 6-month period prior to such Interest Payment Date, neither the Issuer has redeemed, repurchased, repaid or otherwise acquired, nor any of its Subsidiaries (as defined in the Terms and Conditions) has purchased or otherwise acquired, any Equity Securities other than in connection with the satisfaction by the Issuer of its obligations under any existing or future employee benefit plan or any associated hedging transaction.

On any Optional Interest Payment Date (as described in the preceding paragraph and defined in Condition 4(e) of the Terms and Conditions of the Notes), the Issuer may, following a decision of its *Conseil d'Administration* or its *Président-Directeur Général* or, as the case may be, *Directeur Général*, elect not to pay interest in respect of the Notes accrued to that date. Any interest not paid on such date shall be forfeited and no longer be due and payable by the Issuer.

Early Redemption (including at the option of the Issuer):

The Notes are undated perpetual obligations in respect of which there is no fixed redemption date. However, the Notes may be redeemed (in whole but not in part) (i) on the Interest Payment Date falling on 25 September 2015 or on any Floating Rate Interest Payment Date thereafter, or (ii) at any time pursuant to a Change of Control Event, in each case at the option of the Issuer. See Conditions 5(b) and 6(a) of the Terms and Conditions of the Notes.

The Issuer will also have the right to redeem the Notes (in whole but not in part), for certain tax reasons (including if interest on the Notes was but is no longer tax deductible by the Issuer for French corporate income tax purposes). In certain circumstances for tax reasons, the Issuer will be required to redeem the Notes, as more fully described in Condition 5(c)(B) of the Terms and Conditions.

The Issuer intends to fund any redemption of the Notes (other than pursuant to Condition 6(a)) from the proceeds of the sale of common equity or issue of securities issued on, or within a period of 6 months prior to, the relevant redemption date of the Notes. See further the paragraph at the end of Condition 5 of the Terms and Conditions of the Notes.

Taxation:

The Notes will, upon issue, benefit from an exemption from deduction of French 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.

See Condition 8 of the Terms and Conditions of the Notes.

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* no. 67-236 of 23 March, 1967 as amended, subject to certain exceptions and provisions. See Condition 10 of the Terms and Conditions of the Notes.

Use of proceeds:

The net proceeds of the issue of the Notes amount to Euro 492,761,500 and will be used for the Issuer's general corporate purposes.

Governing Law:

French law

Initial Delivery of the Notes:

At least one Paris business day before the issue date of the Notes, a *Lettre Comptable* relating to the Notes shall be deposited with Euroclear France as central depositary.

Clearing Systems:

The Notes have been accepted for clearance through Euroclear France and Clearstream, Luxembourg and Euroclear.

Listing:

Application has been made for the Notes to be listed and admitted to trading on the regulated market of the Luxembourg Stock Exchange.

Fiscal Agent, Principal Paying Agent and Calculation Agent: BNP Paribas Securities Services

Paying Agent in Luxembourg: BNP Paribas Securities Services - Luxembourg Branch

Selling Restrictions: There are restrictions on the sale of the Notes and the distribution of offering material in various jurisdictions, including the United States and the EEA (including the United Kingdom, France and Italy). See further "Subscription and Sale" below.

Ratings: The Notes have been assigned a rating of BBB- by Standard & Poor's Ratings Services, a division of the McGraw Hill Companies, and Baa3 by Moody's Investors Service. 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.

#### **Essential risks associated with the Issuer**

Certain factors may affect the business and activities, results or financial condition of Thomson, such as: relationship and contractual arrangements with customers, development of innovative products and services, adaptation to trends of Media & Entertainment industries, acquisition and partnership strategy, reliance on third-party suppliers, patent licensing, intellectual property rights protection and access, economic and geopolitical conditions, currency exchange rate fluctuation, material defaulting products, key personnel retention or share price volatility. Most of these factors are contingencies which may or may not occur and Thomson is not in a position to express a view on the likelihood of any such contingency occurring. Thomson does not represent that the factors described in "Risk Factors" of Form 20-F 2004 are exhaustive.

#### **Essential risks associated with the Notes**

*Deeply Subordinated Obligations* : The Issuer's obligations under the Notes are deeply subordinated obligations of the Issuer and are the most junior debt instruments of the Issuer.

*Undated Securities* : The Notes are undated securities, with no specified maturity date. Noteholders have no right to require redemption of the Notes, except if a judgment is issued for the liquidation of the Issuer.

*Early Redemption at the Issuer's Option* : The Notes may be redeemed at the option of the Issuer on the Interest Payment Date falling on 25 September 2015 or on any Floating Rate Interest Payment Date thereafter or at any time for certain tax reasons. The issuer may also redeem the Notes at any time pursuant to a Change of Control Event.

*Interest Interruption* : The Issuer has the option to decide not to pay interest on the Notes on any Interest Payment Date, subject to certain conditions being fulfilled.

*Equity Securities under IFRS* :The definition of Equity Securities in Condition 1 is based upon the treatment of such securities as equity for accounting purposes under IFRS in the Issuer's consolidated financial statements. Certain securities falling within such definition might be treated as equity or debt in the Issuer's non-consolidated accounts. Similarly, certain securities classified as equity in the Issuer's non-consolidated accounts may be classified as debt under IFRS.

*No Prior Market for the Notes; Resale Restrictions* : There is no existing market for the Notes, and there can be no assurance that any market will develop for the Notes.

*Interest Rate* : Subsequent changes in interest rates where the Notes bear interest at the Fixed Rate of Interest may adversely affect the value of the Notes. In addition, investors will not be able to calculate in advance their rate of return on the Notes in respect of Floating Rate Interest Periods.

*No restrictive covenant in respect of indebtedness* :The Issuer has not entered into any restrictive covenants in connection with the issuance of the Notes regarding its ability to incur additional indebtedness ranking *pari passu* or senior to the obligations under or in connection with the Notes.

*No Events of Default* :The terms of the Notes do not contain any events of default provisions.

*See further "Risk Factors Relating to the Notes" above for a more detailed description of the risk factors in relation to the Notes.*

## RISK FACTORS RELATING TO THE NOTES

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

*Further risk factors relating to the Issuer and its activities are contained on pages 10 to 18 of Form 20-F 2004 incorporated by reference in the Registration Document.*

### **Deeply Subordinated Obligations**

The Issuer's obligations under the Notes are deeply subordinated obligations of the Issuer and are the most junior debt instruments of the Issuer, subordinated to and ranking behind the claims of all other unsubordinated and 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 the Share Capital Securities (as defined in "Terms and Conditions of the Notes – Definitions") of the Issuer.

### **Undated Securities**

The Notes are undated securities, with no specified maturity date. The Issuer is under no obligation to redeem the Notes at any time, except as provided in "Terms and Conditions of the Notes – Redemption and Purchase – Liquidation" and "Terms and Conditions of the Notes – Redemption and Purchase – Redemption for Taxation Reasons". See also "Early Redemption at the Issuer's Option" below.

The Noteholders have no right to require redemption of the Notes, except if a judgment is issued for the judicial liquidation (*liquidation judiciaire*) of the Issuer or, following an order of *redressement judiciaire*, the sale of the whole of the business (*cession totale de l'entreprise*) of the Issuer, or in the event of the voluntary dissolution of the Issuer or if the Issuer is liquidated for any other reason. See "Terms and Conditions of the Notes – Status of the Notes" and "Terms and Conditions of the Notes – Redemption and Purchase – Liquidation".

### **Early Redemption at the Issuer's Option**

The Notes may be redeemed in whole (but not in part), at the option of the Issuer, at their principal amount together with accrued interest (i) on the Interest Payment Date (as defined and described in "Terms and Conditions of the Notes – Interest and Interest Interruption – General") falling on 25 September 2015 or on any Floating Rate Interest Payment Date thereafter, (ii) at any time pursuant to a Change of Control Event (as defined and described in "Terms and Conditions of the Notes – Change of Control – Optional Redemption upon a Change of Control"), or (iii) at any time for certain tax reasons. In addition, the Notes may be redeemed in whole (but not in part), at the option of the Issuer, (x) (if such redemption occurs before the First Call Date) at the greater of (a) their principal amount together with accrued interest and (b) their Make Whole Amount, or (y) (if such redemption occurs after the First Call Date) at their principal amount together with accrued interest, in each case if the Notes were but are no longer tax-deductible by the Issuer for French income tax purposes. See "Terms and Conditions of the Notes – Redemption and Purchase". Investors may be able to reinvest monies they receive upon such early redemption in securities with a lower yield than the redeemed Notes.

### **Interest Interruption**

The Issuer has the option to decide not to pay interest on the Notes on any Interest Payment Date provided it has not at the general meeting of shareholders of the Issuer immediately preceding such Interest Payment Date declared a dividend or more generally since the date of such general meeting and prior to such Interest Payment Date declared or made a payment of any nature, on its Equity Securities, and provided, at any time during the 6-month period prior to such Interest Payment Date, neither the Issuer has redeemed, repurchased, repaid or otherwise acquired, nor any of its Subsidiaries has purchased or otherwise acquired, any Equity Securities, as more fully described in "Terms and Conditions of the Notes – Interest and Interest Interruption". The interest payment provisions of the Notes are non-cumulative. Accordingly, any interest not paid on the Notes as a result of the valid exercise by the Issuer of such option will be forfeited and accordingly will no longer be due and payable by the Issuer.

### **Equity Securities under IFRS**

The definition of Equity Securities in Condition 1 of the Notes is based upon the treatment of such securities as equity for accounting purposes under IFRS in the Issuer's consolidated financial statements. Certain securities falling within such definition might be treated as equity or debt in the Issuer's non-consolidated accounts. Similarly, certain securities classified as equity in the Issuer's non-consolidated accounts may be classified as debt under IFRS. For example, certain redeemable preference shares (if issued by Thomson in the future) would form part of the Issuer's share capital in the Issuer's non-consolidated accounts under current French GAAP, but may be treated as debt in the Issuer's consolidated financial statements under IFRS. Such accounting treatment does not affect the legal status of the Notes in relation to Share Capital Securities, which is described in Condition 3 of the Notes.

### **No voting rights**

The Notes are non voting.

### **No Prior Market for the Notes; Resale Restrictions**

There is no existing market for the Notes, and there can be no assurance that any market will develop for the Notes or that holders of the Notes will be able to sell their Notes in the secondary market in which case the market or trading price and liquidity of the Notes may be adversely affected.

### **Fixed Rate Interest Periods**

Subsequent changes in interest rates where the Notes bear interest at the Fixed Rate of Interest may adversely affect the value of the Notes.

### **Floating Rate Interest Periods**

Investors will not be able to calculate in advance their rate of return on the Notes in respect of Floating Rate Interest Periods.

A key difference between the Floating Rate of Interest and the Fixed Rate of Interest under the Notes is that interest income in respect of Floating Rate Interest Periods cannot be anticipated. Due to varying interest income, investors are not able to determine a definite yield on the Notes in respect of Floating Rate Interest Periods. As the terms and conditions of the Notes provide for quarterly interest payment dates in respect of the Floating Rate of Interest, investors are exposed to the reinvestment risk if market interest rates decline. That is, investors may reinvest the interest income paid to them only at the relevant lower interest rates then prevailing.

### **No limitation on the Issuer to incur additional indebtedness ranking senior or *pari passu* with the Notes**

The Issuer has not entered into any restrictive covenants in connection with the issuance of the Notes regarding its ability to incur additional indebtedness ranking *pari passu* or senior to the obligations under or in connection with the Notes. The incurrence of any such additional indebtedness may increase the likelihood of a deferral of interest payments under the Notes and/or may reduce the amount recoverable by Noteholders in the event of an insolvency or liquidation of the Issuer.

**No Events of Default**

The terms of the Notes do not contain any events of default provisions.



## TERMS AND CONDITIONS OF THE NOTES

The issue outside the Republic of France of the €500,000,000 Undated Deeply Subordinated Fixed to Floating Rate Notes (the "**Notes**") of Thomson S.A. (the "**Issuer**" ) has been authorised pursuant to a decision of the *Président-Directeur Général* of the Issuer dated 20 September 2005 acting pursuant to a resolution of the *Conseil d'administration* of the Issuer dated 24 June 2005. The Notes are issued with the benefit of an agency agreement (the "**Agency Agreement**") dated 23 September 2005 between the Issuer, BNP Paribas Securities Services 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 as Fiscal Agent) and as calculation agent (the "**Calculation Agent**", which expression shall, where the context so admits, include any successor for the time being as Calculation Agent) and 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). 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 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:

"**Deeply Subordinated Notes**" means any bonds or notes of the Issuer which constitute direct, unconditional, unsecured and lowest ranking subordinated obligations (*titres subordonnés de dernier rang*) of the Issuer and which rank and will rank *pari passu* among themselves and *pari passu* with all other present and future Deeply Subordinated Obligations, but junior to the *titres participatifs* issued by, and *prêts participatifs* granted to, the Issuer, and junior to the Ordinary Subordinated Obligations and Unsubordinated Obligations of the Issuer.

"**Deeply Subordinated Obligations**" means any Deeply Subordinated Notes (including the Notes) or other Obligations or lowest ranking Obligations (*engagements subordonnés de dernier rang*) of the Issuer which rank, or are expressed to rank, *pari passu* with the Notes.

"**Equity Securities**" means any Share Capital Securities, Deeply Subordinated Obligations and any other securities issued by the Issuer, in each case which are classified under IFRS as equity capital of the Issuer in its consolidated financial statements (other than bonds issued by, and convertible into shares of, the Issuer, and not otherwise constituting Deeply Subordinated Obligations of the Issuer).

"**First Call Date**" means the Interest Payment Date falling on 25 September 2015.

"**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 (as defined in Condition 4(a)) 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 Rate Interest Period**" means the period beginning on (and including) the Interest Payment Date falling on 25 September 2015 and ending on (but excluding) the first Floating Rate Interest Payment Date (as defined in Condition 4(a)) 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.

"**IFRS**" means the International Financial Reporting Standards, as amended from time to time.

"**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.

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

**"Obligations"** means, in respect of any person, any financial obligation expressed to be assumed by or imposed on it under or arising as a result of any contract, agreement, guarantee, document, instrument, conduct or relationship or directly by law.

**"Ordinary Subordinated Creditors"** means any person(s) to whom/which the Issuer owes an Ordinary Subordinated Obligation.

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

**"Share Capital Securities"** means any ordinary shares (*actions ordinaires*) or preference shares (*actions de préférence*) issued by the Issuer.

**"Subsidiary"** means, in relation to any person or entity at any time, any other person or entity (whether or not now existing) as defined in Article L.233-1 of the French Code of Commerce.

**"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.

**"Unsubordinated Creditors"** means any person(s) to whom/which the Issuer owes an Unsubordinated Obligation.

**"Unsubordinated Obligation"** means any Obligation of the Issuer which is unsubordinated.

## **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 Decree no. 83-359 of 2 May 1983) will be issued in respect of the Notes.

The Notes will, upon issue, be inscribed in the books of Euroclear France which shall credit the accounts of the Account Holders. For the purpose of these Conditions, **"Account Holder"** shall mean any authorised financial intermediary institution entitled to hold accounts, directly or indirectly, 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* (**"Clearstream, Luxembourg"**).

Title to the Notes shall be evidenced by entries in the books of Euroclear France 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. The subordination provisions of the Notes are governed by the provisions of Article L. 228-97 of the French *Code de Commerce*, as amended in particular by law no. 2003-706 on financial security dated 1 August 2003.

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

The Notes shall rank in priority to any classes of Share Capital Securities issued by the Issuer.

If any judgment is issued by any competent court for the judicial liquidation (*liquidation judiciaire*) of the Issuer or, following an order of *redressement judiciaire*, the sale of the whole of the business (*cession totale de l'entreprise*) of the Issuer or in the event of the voluntary dissolution of the Issuer or if the Issuer has been liquidated for any other reason, the rights of the Noteholders will be calculated on the basis of the principal amount of the Notes together with accrued interest and to the extent that all other creditors of the Issuer (including Unsubordinated Creditors, Ordinary Subordinated Creditors, lenders in relation to *prêts participatifs* granted to the Issuer and holders of *titres participatifs* issued by the Issuer) ranking in priority to the Noteholders have been or will be fully reimbursed, as ascertained by the liquidator.

On a liquidation of the Issuer, no payments will be made to holders of Share Capital Securities before all amounts due, but unpaid, to all Noteholders under the Notes have been paid by the Issuer.

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

#### **4 Interest and Interest Interruption**

##### **(a) General**

Subject to the provisions of Condition 6(b), each Note bears interest on its principal amount at a fixed rate of 5.75 per cent. per annum (the "**Fixed Rate of Interest**") from (and including) 26 September 2005 (the "**Issue Date**") to (but excluding) 25 September 2015, payable annually in arrear on 25 September in each year commencing on 25 September 2006 (each a "**Fixed Rate Interest Payment Date**"), and thereafter at a floating rate of 3.625 per cent. per annum above the Floating Rate of Interest (as defined in Condition 4(d)(i) below), payable quarterly in arrear on 25 December, 25 March, 25 June and 25 September in each year, commencing on 25 December 2015 (each a "**Floating Rate Interest Payment Date**"), provided that if any Floating Rate Interest Payment Date is not a TARGET Business Day, it shall be postponed until the next following day which is a TARGET Business Day unless the next such day falls in the next calendar month in which case such Floating Rate Interest Payment Date shall be brought forward to the immediately preceding day which is a TARGET Business Day.

##### **(b) Interest Payments**

Interest payments will be made subject to and in accordance with Condition 7. In the case of redemption as provided in Condition 5, interest will cease to accrue on each Note on the Early Redemption Date or, as the case may be, the Liquidation Redemption Date (as defined in Condition 5(d)), unless, upon such date, payment of the relevant Early Redemption Amount or, as the case may be, the amount due on the Liquidation Redemption Date is improperly withheld or refused or if default is otherwise made in respect of payment thereof. In such event, such Note shall continue to bear interest in accordance with this Condition 4 (as well after as before judgment) 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.

##### **(c) Fixed Rate of Interest**

The amount of interest payable on the Notes on each Fixed Rate Interest Payment Date will be an amount equal to the product of the principal amount of the Notes multiplied by the Fixed Rate of Interest calculated for the relevant Fixed Rate Interest Period on an Actual/Actual-ISMA annual basis (the "**Fixed Rate Interest Amount**").

For the purpose of these Conditions:

**"Actual/Actual-ISMA"** means:

- (a) if the Calculation Period is equal to or shorter than the Fixed Rate Interest Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Fixed Rate Interest Period and (y) the number of Fixed Rate Interest Periods normally ending in any year; and

- (b) if the Calculation Period is longer than one Fixed Rate Interest Period, the sum of:
  - (x) the number of days in such Calculation Period falling in the Fixed Rate Interest Period in which it begins divided by the product of (1) the number of days in such Fixed Rate Interest Period and (2) the number of Fixed Rate Interest Periods normally ending in any year; and
  - (y) the number of days in such Calculation Period falling in the next Fixed Rate Interest Period divided by the product of (1) the number of days in such Fixed Rate Interest Period and (2) the number of Fixed Rate Interest Periods normally ending in any year.

**"Calculation Period"** means any period of time (from and including the first day of such period to but excluding the last) in respect of the calculation of an amount of interest on any Note.

**(d) Floating Rate of Interest**

*(i) Method of determination of the Floating Rate of Interest*

The Floating Rate of Interest applicable in respect of the Notes (the **"Floating Rate of Interest"**) will be determined by the Calculation Agent on the following basis:

- (A) On the second TARGET Business Day before the beginning of each Floating Rate Interest Period (the **"Interest Determination Date"**) the Calculation Agent will obtain the European inter-bank offered rate for three-month deposits in Euro (**"EURIBOR"**), as calculated by Bridge Information Systems on behalf of the European Banking Federation and the International Foreign Exchange Dealers Association and published on Telerate page 248 (or such other page or service as may replace either for the purposes of displaying European inter-bank offered rates of leading reference banks for deposits in euro) (the **"EURIBOR Page"**), as at 11.00 am (Brussels Time) on such Interest Determination Date. The Floating Rate of Interest for such Floating Rate Interest Period shall be the aggregate of 3.625 per cent. per annum and the rate which so appears as determined by the Calculation Agent.
- (B) If, for any reason, on any Interest Determination Date, no rate is calculated and is published on the EURIBOR Page, the Calculation Agent will request any four major banks selected by it in the European inter-bank market (the **"Reference Banks"**) to provide it with their respective quotations of the rates offered by such banks at approximately 11.00 am (Brussels time) on such Interest Determination Date, to prime banks in the European inter-bank market for three-month deposits for Euro in an amount that is, in the reasonable opinion of the Calculation Agent, representative for a single transaction in the relevant market at the relevant time. The Rate of Interest for such Interest Period shall be the aggregate of 3.625 per cent. per annum and the arithmetic mean (rounded if necessary, to the nearest second decimal place, with 0.005 being rounded downwards) of the rates so quoted.
- (C) If only two or three rates are so quoted on any Interest Determination Date, the Calculation Agent will determine the arithmetic mean (rounded, if necessary, to the nearest second decimal place, with 0.005 being rounded downwards) of the rates so quoted and the Floating Rate of Interest for such Floating Rate Interest Period shall be the aggregate of 3.625 per cent. per annum and such arithmetic mean. If fewer than two rates are so quoted on any Interest Determination Date, the Floating Rate of Interest in respect of such Floating Rate Interest Payment Date shall be the Floating Rate of Interest already in effect on such Interest Determination Date.

*(ii) Determination of Floating Rate of Interest and Calculation of Floating Rate Interest Amount by the Calculation Agent*

The Calculation Agent will, as soon as practicable after 11.00 a.m. (Paris time) on each Interest Determination Date, determine the Floating Rate of Interest and calculate the amount of interest payable in respect of each Note (the **"Floating Rate Interest Amount"**)

for the relevant Floating Rate Interest Period. The Floating Rate Interest Amount in respect of the Notes shall be calculated by applying the Floating Rate of Interest to the aggregate principal amount of the Notes and multiplying such product by the actual number of days in the Floating Rate Interest Period concerned divided by 360 (rounded to the nearest half cent, with half of cent being rounded downwards)

(iii) *Publication of Floating Rate of Interest and Floating Rate Interest Amount*

The Calculation Agent will cause the Floating Rate of Interest, 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 may for the time being be 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 (as defined and described in Condition 4(a)) so published may subsequently be amended (or appropriate arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Floating Rate Interest Period. If the Notes become due and payable under Conditions 5(b), 5(c), 5(d) or 6(a) other than on a Floating Rate Interest Payment Date, the accrued interest and the Floating Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously by the Calculation Agent in accordance with this Condition 4 and Condition 6(b) but no publication of the Floating Rate of Interest or the Floating Rate Interest Amount so calculated need be made.

(e) **Interruption of Interest**

On any Optional Interest Payment Date, the Issuer may, at its option, pay interest in respect of the Notes accrued to that date, pursuant to the provisions of Conditions 4(a) and, as the case may be, 6(b), 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 by its *Conseil d'administration* or its *Président-Directeur Général* or, as the case may be, *Directeur Général* and subject further to notice of election of non-payment to the Noteholders as provided below, 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.

Notice of non-payment of any interest under the Notes on any Optional Interest Payment Date shall be given to the Noteholders in accordance with Condition 11 at least ten (10) business days prior to such Optional Interest Payment Date. Notice of any such non-payment shall, so long as the Notes are listed on the regulated market of the Luxembourg Stock Exchange, be given as soon as reasonably practicable to such stock exchange and for so long as the rules of such stock exchange so require.

Any interest not paid on an Optional Interest Payment Date as provided by this Condition 4(e) will be forfeited and accordingly will no longer be due and payable by the Issuer.

On each Interest Payment Date which is not an Optional Interest Payment Date, the Issuer shall pay interest in respect of the Notes accrued to that date with respect to the Interest Period ending immediately prior to such Interest Payment Date.

For the purposes of these Conditions:

**"Optional Interest Payment Date"** means each Interest Payment Date in relation to which :

- (v) the Issuer has not at the general meeting of shareholders of the Issuer immediately preceding such Interest Payment Date declared a dividend (whether in cash, shares or any other form) or more generally since the date of such general meeting and prior to such Interest Payment Date declared or made a payment of any nature, on or in respect of any Equity Securities, unless such payment was a compulsory interest payment required by the terms of any Deeply Subordinated Obligation of the Issuer other than the Notes; and

- (vi) at any time during the 6-month period prior to such Interest Payment Date, neither the Issuer has redeemed, repurchased, repaid or otherwise acquired, nor any of its Subsidiaries has purchased or otherwise acquired, any Equity Securities other than in connection with the satisfaction by the Issuer of its obligations under any existing or future employee benefit plan or any associated hedging transaction.

## **5 Redemption and Purchase**

### **(a) No Final Redemption**

The Notes may not be redeemed otherwise than in accordance with this Condition 5 or Condition 6(a).

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

### **(b) General Call Option of the Issuer**

On the First Call Date and on any Floating Rate 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, may redeem all, but not some only, of the Notes at their Early Redemption Amount. The Luxembourg Stock Exchange will be informed of any such redemption.

### **(c) Redemption for Taxation Reasons**

- (A) 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 judgment 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, subject to having given not more than 45 nor less than 30 days' prior notice to the Noteholders (which notice shall be irrevocable), in accordance with Condition 11, redeem all, but not some only, of the Notes outstanding 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;
- (B) 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 seven days' prior notice to the Noteholders in accordance with Condition 11, 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;
- (C) 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 judgment 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 payments under the Notes were but are 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, subject to having given not more than 45 nor less than 30 day's notice to Noteholders

(which notice shall be irrevocable) in accordance with Condition 11, 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.

Before the publication of any notice of redemption pursuant to this Condition 5(c)(C), the Issuer shall deliver to the Fiscal Agent a certificate signed by the *Président-Directeur Général* or another member of the *Conseil d'administration* of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of the facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred.

For the purposes of this Condition:

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

**"Comparable OAT"** means the OAT selected by the Calculation Agent as being that which would, in its reasonable opinion, be used at the time of selection, and in accordance with customary financial practice, for the purpose of pricing similar issues of securities with a maturity comparable to the period between the Early Redemption Date and the First Call Date.

**"Comparable OAT Yield"** means (a) the average of five SVT Quotations, after excluding the highest and the lowest of such quotations, and (b) if the Calculation Agent obtains less than five such quotations, the average of all such quotations so obtained.

**"Early Redemption Amount"** means an amount payable in respect of each Note on the date set for redemption (the **"Early Redemption Date"**), which shall be (x) in respect of any redemption falling prior to the First Call Date other than pursuant to Conditions 5(c)(A) and (B) or 6(a), the greater of (i) its principal amount together with any interest accrued to the Early Redemption Date and (ii) its Make Whole Amount, or (y) in the case of any redemption falling (i) at any time pursuant to Conditions 5(c)(A) and (B) or 6(a), or (ii) on or following the First Call Date, its principal amount together with any interest accrued to the Early Redemption Date.

**"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 principal amount, (y) the then present values of the scheduled interest amounts, calculated on the basis of the principal amount, from (and including) the First Call Date to the Early Redemption Date. The present values of (x) and (y) shall be calculated by discounting the principal amount and the scheduled interest amounts from the First Call Date to the Early Redemption Date at the OAT Adjusted Yield on an Actual/Actual-ISMA annual basis.

**"OAT Adjusted Yield"** means (i) the Comparable OAT Yield to maturity plus (ii) 0.50 per cent..

**"SVT"** means a *Spécialiste en Valeurs du Trésor* as selected by the Calculation Agent.

**"SVT Quotations"** means the average, as determined by the Calculation Agent, of the bid and ask prices for the Comparable OAT by each relevant SVT quoted to the Calculation Agent at or about 11.00 (Paris time) on the Calculation Date.

**(d) Liquidation**

In accordance with Condition 3, if any judgment is issued by any competent court for the judicial liquidation (*liquidation judiciaire*) of the Issuer or, following an order of *redressement judiciaire*, the sale of the whole of the business (*cession totale de l'entreprise*) of the Issuer or in the event of the voluntary dissolution of the Issuer or if the Issuer is liquidated for any other reason, then the Notes will become immediately due and payable at their principal amount together with accrued interest to the date of redemption (the **"Liquidation Redemption Date"**).

**(e) Purchases**

The Issuer may at any time purchase all or some of the Notes, in the open market or otherwise or by means of an *offre publique d'achat* (a public cash-tender offer bid) or an *offre publique d'échange* (a public exchange tender offer), in accordance with applicable laws and regulations.

**(f) Cancellation**

All Notes which are purchased or redeemed by the Issuer pursuant to paragraphs (b) to (e) of this Condition 5 will cease to be considered to be outstanding and shall be cancelled and accordingly may not be reissued or sold.

Given the Issuer's intention that the equity content of the Notes forms a permanent part of its capital structure, the Issuer intends to fund any redemption of the Notes (other than pursuant to Condition 6(a) below) from the proceeds of the sale of common equity or issue of securities (ranking *pari passu* with or junior to the Notes and with same terms and conditions regarding maturity, deferral, timing and amount of step-up and replacement provision language, and having equal or greater equity content) issued on, or within a period of 6 months prior to, the relevant redemption date of the Notes.

**6 Change of Control**

**(a) Optional Redemption upon a Change of Control**

If at any time while any of the Notes remains outstanding, a Change of Control Event occurs, then the Issuer may at its sole discretion redeem all, but not some only, of the Notes at their Early Redemption Amount (as defined in Condition 5 above). The Luxembourg Stock Exchange will be informed of any such redemption.

The Issuer shall notify the Noteholders promptly upon becoming aware of the occurrence of a Change of Control Event (and in any event no later than the fifth TARGET Business Day after so becoming aware), in accordance with Condition 11. Such notice shall state, *inter alia*, the date the Change of Control Event occurred and either the date on which redemption of the Notes will take place or the Issuer's election not to redeem the Notes. If the Issuer elects to redeem the Notes, such redemption will take place not less than 30, and not more than 45, calendar days following such notification by the Issuer to the Noteholders of the occurrence of a Change of Control Event.

**(b) Rate of Interest following a Change of Control Event**

If a Change of Control Event is deemed to have occurred and the Issuer has elected not to redeem the Notes in accordance with the provisions of Condition 6(a) above, interest will accrue on each Note from the date of the Change of Control Event (i) (if a Change of Control Event occurs during a Fixed Rate Interest Period) at the aggregate of the Change of Control Margin and the Fixed Rate of Interest, during each Fixed Rate Interest Period, and thereafter (ii) (if a Change of Control Event occurs during a Floating Rate Interest Period) at a floating rate equal to the aggregate of the Change of Control Margin and the relevant Floating Rate of Interest, during each Floating Rate Interest Period.

For the purposes of this Condition 6:

A "**Change of Control**" will be deemed to have occurred at each time (whether or not approved by the *Conseil d'administration* of the Issuer) that any person or persons acting in concert (*personnes agissant de concert*, as defined in Article L.233-10 of the French *Code de Commerce* as amended from time to time) or any person or persons acting on behalf of any such person(s), at any time directly or indirectly owns or acquires, (A) more than 50 per cent. of the ordinary share capital of the Issuer or (B) such number of the shares in the capital of the Issuer carrying more than 50 per cent. of the voting rights normally exercisable at an ordinary general meeting of the Issuer.

A "**Change of Control Event**" will be deemed to have occurred if either (i) in anticipation of a Change of Control or (ii) during the Change of Control Period, there is a Negative Rating Event, *provided that*, in the case of an anticipated Change of Control, a Change of Control Event will be deemed to have occurred only if and when a Change of Control subsequently occurs.



**"Change of Control Margin"** means 5 per cent per annum.

**"Change of Control Period"** means, in respect of a Change of Control, the period ending 90 calendar days after the first public announcement (*décision et information*) by the *Autorité des marchés financiers* (or its successor) of the Change of Control.

**"Rating Agency"** means Standard & Poor's Rating Services, a division of The McGraw Hill Companies, Inc. and its successors ("**S&P**"), Moody's Investors Service, Inc. and its successors ("**Moody's**").

A "**Negative Rating Event**" shall be deemed to have occurred in respect of a Change of Control Event if the rating assigned to any of the Issuer's senior unsecured obligations by a Rating Agency, whether at the invitation of the Issuer or by the relevant Rating Agency's own volition, (i) is reduced by at least one full rating notch, provided such reduction results in a rating of the Issuer's senior unsecured obligations below Baa3 by Moody's and/or BBB- by S&P or (ii) is withdrawn, *provided that*, in each such case, the relevant Rating Agency publicly announces that any such Negative Rating Event is directly linked to such Change of Control.

## **7 Payments and Calculations**

### **(a) 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 city in which banks have access to 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.

### **(b) Payment Subject to Fiscal Laws**

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.

### **(c) Payments on Business Days**

If the due date for payment of any amount of principal or interest 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 the next following business day and the relevant Noteholder shall not be entitled to any interest or other sums in respect of such postponed payment.

For the purposes of these Conditions, "**business day**" means any day, not being a Saturday or a Sunday, (i) on which foreign 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.

### **(d) Fiscal Agent, Paying Agents and Calculation Agent**

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

## **FISCAL AGENT, PRINCIPAL PAYING AGENT AND CALCULATION AGENT**

### **BNP Paribas Securities Services**

Immeuble Tolbiac  
25 quai Panhard Levassor  
75450 Paris Cedex 09  
France

### **LUXEMBOURG PAYING AGENT**

#### **BNP Paribas Securities Services - Luxembourg Branch**

23 avenue de la Porte Neuve  
L-2085 Luxembourg

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, 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 Regulated Market of 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 for the purposes of the Notes 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 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 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.

#### **(e) Certificates to be final**

All certificates, communications, opinions, determinations, calculation, quotations and decisions given, expressed, made or obtained for the purpose of the provisions of these Conditions whether by the Calculation Agent, the Swap Reference Dealers or the Reference Banks (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 Swap Reference Dealers, the Reference Banks, and all the Noteholders. All calculations and determinations carried out by the Calculation Agent pursuant to these Conditions must be made in good faith. No Noteholder shall (in the absence as aforesaid) be entitled to proceed against the Calculation Agent, the Swap Reference Dealers or the Reference Banks or any of them in connection with the exercise or non-exercise by them of their powers, duties and discretions.

## **8 Taxation**

### **(a) Withholding Tax Exemption**

The Notes being denominated in Euro and deemed issued outside the Republic of France, interest and other revenues in respect of the Notes 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 *Code Général des Impôts* (General Tax Code) from withholding tax on interest payments set out under Article 125A III of the *Code Général des Impôts*. Accordingly, such payments do not give the right to any tax credit from any French source.

### **(b) Additional Amounts**

If French law should require that payments of principal or interest in respect of any Note be subject to deduction or withholding in respect of any present or future taxes, 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 each Noteholder, 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*)):

- (i) 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
- (ii) more than 30 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 days; or
- (iii) 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 of 3 June 2003 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 the purpose of this Condition 8, "**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 No Events of Default**

For the avoidance of doubt, there are no events of default in respect of the Notes.

## **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 Commercial Code (with the exception of the provisions of Articles L. 228-48 and L. 228-59 thereof) and by French *décret* no. 67-236 of 23 March 1967, as amended (with the exception of the provisions of Articles 222, 224 and 226 thereof) as amended by the provisions set out below and provided that notices calling for any general assembly of the Noteholders, resolutions passed at any general assembly and any other decision to be published pursuant to French legal and regulatory provisions will be published as provided under Condition 11.

### **(a) Legal Personality**

The *Masse* will be a separate legal entity, by virtue of Article L.228-46 of the French Commercial Code 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.

### **(b) Representative**

The office of Representative may be conferred on a person of any nationality who agrees to perform such function. However, the following persons may not be chosen as Representative:

- (i) the Issuer, the members of the Board of Directors (*Conseil d'administration*), its general managers (*directeurs généraux*), its statutory auditors, its employees and their ascendants, descendants and spouse; or
- (ii) (ii) companies guaranteeing all or part of the obligations of the Issuer their respective managers (*gérants*), general managers (*directeurs généraux*), members of their Board of Directors (*Conseil d'administration*), Executive Board (*Directoire*), or Supervisory Board (*Conseil de Surveillance*), their statutory auditors, or employees as well as their ascendants, descendants and spouse; or
- (iii) companies of which the Issuer possesses at least 10 per cent. of the share capital or, companies possessing at least 10 per cent. of the share capital of the Issuer; or
- (iv) 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 initial Representative:

Cyrille Noree  
46, allée Lamoricière  
93270 Sevran

The following person is designated as alternate Representative :

Séverine Magnien  
2, villa Dupont  
75016 Paris

The acting Representative shall receive no remuneration.

In the event of death, retirement or revocation of appointment of the initial Representative, such Representative will be replaced by the alternate Representative. In the event of the death, retirement or revocation of appointment of the alternate Representative, a substitute will be elected by the General Meeting. The substitute Representative will only become entitled to the annual remuneration set out above if it exercises the duties of the initial 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 names and addresses of the Representative at the head office of the Issuer and at the offices of any of the Paying Agents.

**(c) 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.

**(d) 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 the competent court in Paris to appoint an agent (*mandataire*) who will call the meeting.

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

Each Noteholder has the right to participate in general assemblies in person, by proxy, correspondence, or, if the *statuts* of the Issuer so specify<sup>1</sup>, videoconference or any other means of telecommunication allowing the identification of the participating Noteholders. Each Note carries the right to one vote.

**(e) Powers of General Assemblies of Noteholders**

A general assembly of Noteholders is empowered to deliberate on the fixing of the remuneration of the initial and alternate Representatives 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 of Noteholders 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 authorise or accept a postponement in the maturity for the payment of interest or a modification of the terms of repayment or of the rate of interest on the Notes, 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 two-third majority of votes cast by the Noteholders attending such meeting or represented thereat.

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

**(f) 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 registered 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.

**(g) 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 more generally all administrative expenses resolved upon by a general assembly of the Noteholders, it being expressly stipulated that no expenses may be imputed against interest payable on the Notes. Accordingly, the second sentence of the first paragraph of Article L.228-71 of the French Commercial Code shall not apply to the Notes.

## **11 Notices**

Any notice to the Noteholders will be valid if published, so long as the Notes are listed on the regulated market of the Luxembourg Stock Exchange and the rules of that regulated market so require, in a leading daily newspaper having general circulation in Luxembourg (which is expected to be the *d'Wort* or the *Tageblatt*) or on the Luxembourg Stock Exchange website ([www.bourse.lu](http://www.bourse.lu)). 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

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<sup>1</sup> At the date of this Offering Circular the *statuts* of the Issuer do not contemplate the right for a Noteholder to participate in a General Meeting by videoconference or any other means of telecommunication allowing the identification of the participating Noteholders.

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, without the consent of the Noteholders issue further Notes to be assimilated (*assimilables*) with the Notes as regards their financial service, provided that such further Notes and the Notes shall carry rights identical in all respects (or in all respects except for the first payment of interest thereon) and that the terms of such further Notes shall provide for such assimilation. In the event of such assimilation, the 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.

Any legal action or proceeding arising out of or in connection with the Notes will be irrevocably submitted to the jurisdiction of the competent courts in Paris.

## **USE OF PROCEEDS**

The net proceeds of the issue of Notes amount to €492,761,500 and will be used for the Issuer's general corporate purposes.

## RECENT DEVELOPMENTS

Significant recent events are as follows:

1. Thomson's H1 results;
2. Acquisition of PRN;
3. Agreement to dispose of non-core assets;
4. Swap of TTE shares.

*The following are extracts of press releases published by Thomson in relation to the above:*

### 1 Thomson's H1 results

*Set out below is Thomson's press release of 28 July 2005 regarding its first half 2005 IFRS results excluding the provisional consolidated interim statement of cash flows. Also set out below is Thomson's consolidated interim statement of cash flows after amendment of the provisional figures announced on 28 July.*

#### **"Thomson's First Half 2005 IFRS Results**

*Core Business shows growth in revenues and cash-flow at stable margins – in line with Two-Year Plan objectives*

- **12 % headline Core Business revenue growth at constant currency**
- **11% like-for-like revenue growth, and IFRS EBIT margins for Core Business stable at 6.4% - in line with objectives**
- **Core Business Free Cash Flow generation at €133m, up strongly on 1H04**
- **Strong contributions from "growth engines": DVD Services and Set-Top Boxes**
- **With acquisition of leading in-store digital network operator, PRN, (see separate press release) announced today, key elements of Two-Year Plan in place**
- **Disposal of Tube business and related charges accelerated into 2Q ahead of schedule, with main activities discontinued. Overall H1 net loss excluding "Discontinued Operations" was €(62) million**

**Paris, 28 July 2005** – The Board of Directors of Thomson (Euronext Paris: 18453, NYSE :TMS), chaired by Frank Dangeard, met on 26 July 2005 to review and approve the Group's half year 2005 results published today.

"During the first half of 2005, and including the announcements made today, we were able to put in place most of the essential pieces of our Two-Year Plan," said Frank E. Dangeard, Chairman & CEO of Thomson. "In particular, we took the decision to accelerate the exit from Displays and related activities." Commenting specifically on the results, he added: "Our Core Business delivered a strong performance in the first half, with growth in revenues across all Two-Year Plan activities, stable margins and significantly increased free cash-flow. This performance confirms the attractive financial profile of our Core Business."

*Full results are disclosed in the unaudited financial statements, which are posted on Thomson's website. All data given in this press release is accounted under IFRS unless otherwise noted, whereas financial information given by Thomson previously was accounted under French GAAP. Differences between the two are material and Thomson has published financial information reconciling previously published French GAAP financial statements to IFRS. References to "EBIT" refer to the IFRS caption of "Profit from Continuing Operations". Since November 2004, Thomson has managed its business between its Core Business Media & Entertainment Divisions and Non-Core Assets in Displays and CE Partnerships. First half results are presented according to this split.*



## Summary of Core Business consolidated results 1H05 (unaudited<sup>(1)</sup>)

In € million unless otherwise stated

	1H05	1H05 At cst currency <sup>(2)</sup>	1H04	% change
	Actual			
<b>Core Net Sales</b>	<b>2,775</b>	<b>2,852<sup>(2)</sup></b>	<b>2,550</b>	<b>+11.8%<sup>(2)</sup></b>
<i>o/w Services Division</i>	<i>1,069</i>	<i>1,095</i>	<i>1,061</i>	<i>+3.2%<sup>(2)</sup></i>
<i>o/w Systems &amp; Equipment Division</i>	<i>1,427</i>	<i>1,472<sup>(2)</sup></i>	<i>1,240</i>	<i>+18.7%<sup>(2)</sup></i>
<i>o/w Technology Division</i>	<i>260</i>	<i>266</i>	<i>246</i>	<i>+ 7.9%<sup>(2)</sup></i>
<i>o/w Corporate Costs</i>	<i>19</i>	<i>20</i>	<i>3</i>	<i>Nm</i>
<b>Core EBIT</b>	<b>176.4</b>		<b>166</b>	<b>+6.2%</b>
<b>Core EBIT Margin (%)</b>	<b>6.4%</b>		<b>6.5%</b>	<b>Nm</b>
<b>Pro-forma Net Income<sup>(3)</sup></b>	<b>65</b>		<b>52</b>	<b>+25%</b>
<b>Core Free Cash-Flow<sup>(4)</sup></b>	<b>132.5</b>		<b>89.8</b>	<b>+47.5%</b>

(1) 1H05 results are subject to a limited review by Thomson's auditors

(2) At constant currency. The average €/US\$ rate for 1H05 was 1.28 (1H04 1.22), with 1H05 Systems & Equipment Division constant currency revenues adjusted for Cable Modems (€13 million)

(3) Including estimated pro-forma 1H04 financial charges adjusted for first-time application of IAS 32/39 at €75 million

(4) Free Cash-Flow is defined as Cash-Flow from Operations less net capex

### Core Business 1H05 highlights

- Revenue growth at constant currency on 2004 base was 11% compared to FY objective of 10%.
- In Services, the strong performance from DVD services, Network Operations Services and good organic growth in Post-production were offset by weaker VHS and film volumes. Cost-cutting and positive mix effect helped improve margins year-on-year (EBIT margin was 6.1% in 1H05 vs 5.3% in 1H04).
- In Systems & Equipment, the solid performance of Set-Top Boxes within Access Platforms & Gateways, and of Broadcast & Networks, was offset by poor performance in Audio/Video products within Connectivity. Margins grew in Set-Top Boxes and were broadly stable in other activities except Audio/Video.
- In Technology, margins for the Division grew nearly 4 pts year-on-year, from 46.0% in 1H04 to 49.9% in 1H05 on the back of an excellent performance in Licensing.
- The Group met its commitment to increase research spending with an additional €20 million invested in Core Research and Product Development within the first half of 2005 (equivalent to 0.7% point of core margin), while maintaining the core margins stable year-on-year.
- Strong cash generation at €133 million, ahead of last year.
- Tax and pro-forma IFRS financial charges were stable.
- Pro-forma net income was €65 million.

### Progress on Implementation of the Two-Year Plan

- Decision to accelerate the exit from Tubes and related activities (Tubes, Bagneaux and TTE arrangements) in 1H05.

- **All essential pieces of the Two-Year Plan in place, except in Broadcast. Growth engines, combining DVD & Film Services and Set-Top Boxes, tracking to plan.**
- **New customer wins in Services, for example in DVD and Film, and in Systems & Equipment, leading to increased diversification of clients and activities.**
- **Post-Production, Telecoms and Network Operations Services strategies in place.**
- **Build-up of technology positions in HD-DVD/BD formats and in watermarking. Significant involvement in European programs.**

### **2005 Core Business Outlook**

1H05 performance, taken together with new business initiatives and contracts, confirms our Core Business objectives for the Two-Year Plan period. The Group continues to drive for 2005 growth in its Core Business revenues of around 10% at constant currency, compared to the 2004 base level. The mix of growth will change in 2H05 with higher growth coming from the Services Division, given the underlying market dynamics and customer wins. The Systems & Equipment Division will grow more slowly compared to a very strong 2H04 and given the weaker Audio/Video activity. The Core Business is expected to show further progress towards the Two-Year Plan growth objectives and the Group will continue to invest in its R&D for growth in 2006 and beyond.

### **Closing of Non-Core assets transactions**

The sale of Tube plants to Videocon and the TTE transaction are expected to close in 3Q05 and the disposal of Bagneaux in 4Q05. The remaining charges to be booked in 2H05 relate to Bagneaux and are estimated at €30 million.

### **Group 1H05 results – Group income statement adjusted for 2005 discontinued operations, notably Tubes**

Overall Group results reflect previously announced charges for the exit from the Tubes activities, as well as non-cash charges related to the renegotiation of service agreements with TTE. **Certain of these activities are classified as “discontinued operations” under IFRS (Anagni and the other assets recently sold to Videocon), whereas some are expected to be treated as discontinued operations on definitive closure of the binding agreements signed in 1H05.** However, in order to assist in the assessment of Thomson’s Core Business in 1H05, results from all these activities are presented in this press release as part of the Non-Core Business.

Comparison of Non-Core Business sales year-on-year is not meaningful, as some activities are now treated as discontinued operations. Losses from Non-Core Business activities reflect operating losses including those from discontinued operations and exceptional charges related to the exit from these activities.

### **Financial charges**

Thomson applied IAS32/29 for the first time in 2005. Applying IAS32/39 to H104 would have increased H104 financial charges by approximately €50 million. On a like-for-like basis, therefore, financial charges were broadly stable, reflecting the repayment of convertible bonds with a high notional interest rate in January 2005, partially offset by higher interest rates.

<i>In € million otherwise stated</i>	1H05 <b>Actual</b>	1H04
<b>Reported Group Net Sales</b>	<b>2,968</b>	<b>3,376</b>
<b><i>o/w Core Business Net Sales</i></b>	<b>2,775</b>	<b>2,550</b>
<b><i>o/w Non-Core Business Net Sales</i></b>	<b>193</b>	<b>826</b>
<b>Reported EBIT</b>	<b>65</b>	<b>97</b>
<b><i>o/w Non-Core Business EBIT<sup>(1)</sup></i></b>	<b>(112)<sup>(1)</sup></b>	<b>(70)</b>
<b>Financial Result</b>	<b>(71)</b>	<b>(23)</b>
<b>Income Tax</b>	<b>(49)</b>	<b>(39)</b>
<b>Profit from continued operations after tax and financial cost<sup>(2)</sup></b>	<b>(62)</b>	<b>34</b>
<b>Discontinued operations<sup>(3)</sup></b>	<b>(400)</b>	<b>(225)</b>
<b>Group consolidated net income<sup>(3)</sup></b>	<b>(462)</b>	<b>(191)</b>

(1) Includes €44 million of restructuring of plants to be discontinued

(2) Includes results from equity consolidated affiliates

(3) Excludes minority interests

## CORE BUSINESS DIVISIONAL REVIEW

**Adjusted sales** at constant currency grew by 12%. Currency movements reduced core business sales during the half by €64 million. Thomson's Core Businesses reported net sales for 1H05 of €2,775 million (1H04, €2,550 million). Acquisitions made in 2005 added €25 million to net sales, all in the Systems & Equipment Division. All divisions reported like-for-like growth in revenues at constant currency.

**Cash-Flow** from operations before financial charges and tax increased to €219 million in 1H05 versus €176 million in 1H04, predominantly due to a strong increase in operating cash-flow as well as moderate restructuring cash costs compared to the same period last year.

## SERVICES

1H05 sales reached €1,069 million (1H04, €1,061 million). Currency movements reduced sales during the quarter by €26 million. Sales excluding currency movements grew by 3%, or 1% including currency movements, reflecting 7.7% growth in 1Q and a 1.3% decline in 2Q.

### Home Entertainment Services

The replication of DVD units grew by 48 million units (+9% year-on-year) to approximately 556 million units. 2Q unit growth was 9%, in line with the 1Q level. This positive performance reflects particularly good growth in Europe, some market share gains (Thomson's growth is estimated to have outperformed market growth), and good catalog volumes. DVD releases included *National Treasure*, *Cinderella*, *Ray in the US*, *The Incredibles*, *Shark Tale*, *Bridget Jones – Edge of Reason* in Europe, as well as worldwide. VHS duplication fell 65% year-on-year to approximately 29 million units, which materially reduced the Division's overall growth rate. The split of DVD to VHS units now stands at 95%/5% versus 88%/12% a year ago.

### Film Services

Film Services had a weak half. Film footage reached 2.3bn feet in 1H05 against 2.5bn feet in 1H04. Q2 was slightly stronger than Q1. Volumes were impacted by a lower overall number of film releases in the half.

Film releases included *Batman Begins*, *War of the Worlds*, *Kingdom of Heaven*, *Madagascar*, and *Cinderella Man*.

### **Post-Production**

The Post-Production business grew organically in the first half. The service set offered by the Group broadened to include expansion in broadcast post-production as well as in international versioning, on top of the consolidation of its expertise in Digital Intermediates. Major studio releases supported by Thomson included *Kingdom of Heaven*, *Kinky Boots Factory* and *The Fantastic Four* as well as *War of the Worlds*. In addition, Thomson targeted a broader Media & Entertainment client base for its post-production activities with a particular emphasis on TV and advertising content. The activity also maintained its growth in the games segment with the first ties being concluded with customers in interactive gaming services. The visual effects activities centered around The Moving Picture Company performed in line with expectations.

### **Network Operations Services and Electronic Content Distribution Services**

The Network Operations Services business unit recorded strong growth in the half. Both Cinema advertising and playout services grew during the half. The US digital cinema advertising roll-out is underway and progressing as planned with over 500 screens equipped at end-June. After the successful integration of Corinthian TV (UK), the Group is expanding geographically in the playout services activity through the recent acquisition of a controlling stake in VCF Thématiques, a leading service provider on the French market.

### **Profitability and margins**

The Services Division 1H05 EBIT reached €65 million, compared to €57 million last year. The EBIT margin increased from 5.3% to 6.1% in 1H05. This positive margin evolution reflects DVD unit growth, higher contribution from post-production and cost-cutting measures, offsetting the weaker volumes in VHS and Film, start-up costs in Electronic Content Distribution Services, and raw materials costs.

### **Cash-Flow**

The Services Division Free Cash-Flow before interest and taxes reached €117 million against €100 million in 1H04, mostly attributable to improved operational performance, the moderate advances paid on contracts and a slight improvement in the net working capital variation.

## **SYSTEMS & EQUIPMENT**

Adjusted 1H05 sales reached €1,427 million at constant currency (1H04, €1,240 million). Currency movements reduced sales during the quarter by €32 million. Sales excluding currency movements grew by 18%, or 15% including currency movements, reflecting 27% growth in 1Q and over 10% growth in 2Q. The integration of Inventel and Cirpack added €25 million to net sales during the half.

### **Access Platforms & Gateways**

Revenues grew very strongly in the half and were again very strong in 2Q. Overall, Thomson sold approximately 6 million decoders during the half, compared to 3 million last year, including 2.7 million in 2Q05 compared to 1.8 million in 2Q04. This strong growth was underpinned by additional volumes from DirecTV under the supply agreement signed in June 2004. In addition, however, the business unit significantly expanded its footprint on other markets, gaining new customers and market shares in Europe (including in cable and Free-to-Air) and notably in the Asia Pacific region. A more comprehensive range of devices was also available, although still a relatively small component of volumes.

The business unit significantly expanded its offering to telecom operators seeking to broaden their customer offerings particularly to include video services. The acquisitions of Inventel and Cirpack were completed in the second quarter and enable Thomson to offer a range of video, voice and data boxes, related implementation and command and control software, devices and skills. In particular, Thomson further

expanded its expertise in Triple-Play and developed the first integrated Triple-Play cable box. These developments enabled Thomson to expand its market shares in these growing markets.

### **Broadcast & Networks**

The business unit continued to gain market shares, notably in networks and systems integration during the half. Revenue trends were slightly slower in 2Q than in 1Q but by contrast the order backlog had significantly increased by the end of the half compared to year-end 2004.

### **Connectivity**

Both Telephony and Home Networking Accessories had satisfactory half years and improving 2Q revenues on a constant currency basis. The business models and product roadmaps in these two activities is being progressively integrated into the operator-led model on which the Systems & Equipment Division is based. By contrast, the Audio/Video activities had a poor 2Q and 1H below expectations and targets.

### **Profitability and margins**

1H05 EBIT for the Systems & Equipment Division reached €23 million, compared to €33 million last year. The contribution from Access Platforms & Gateways increased significantly during the half, with those from Broadcast and Telephony/Home Networking Accessories were stable. The Group invested significantly more in 1H05 in research and development expenses, notably in set-top boxes and telecoms products and services. The contribution from Audio/Video declined given its poor sales performance.

### **Cash-Flow**

The Systems & Equipment Division Free Cash-Flow before interest and taxes reached €83 million against €(6) million in 1H04, mostly driven by a strong contribution of working capital in Access Platforms & Gateways.

## **TECHNOLOGY**

1H05 sales reached €260 million (1H04, €246 million). Currency movements reduced sales during the quarter by €6 million. Sales excluding currency impacts grew by 8%, being (10)% in 1Q and 30% in 2Q (mostly linked to IFRS treatments of 1Q04 and 2Q04 as already highlighted on previous presentations). Perimeter effects were immaterial.

### **Licensing**

Revenues in 1H05 were €212 million (first half 2004 €191 million under IFRS), an increase of 11.5% compared to 1H04. This strong performance reflects resilience in the main core digital licensing programs, as well as success in launching new licensing programs, for example around digital TV.

### **Software & Technology Solutions / Silicon Solutions**

In Software & Technology Solutions, the Group strengthened its position in content security and anti-piracy technologies and intellectual property through complementary investments in Mediasec (key watermarking patents) and Nextamp (video watermarking solutions for applications such as post-production masters, dailies, pre-release material, broadcast, VOD and digital cinema.)

Silicon Solutions recorded internal and external sales of €34 million and continues to invest to strengthen and broaden its silicon design offering to in-house and external customers.

### **Research**

The Group met its commitment to increased spending on research and development in 1H05. Across the Group, R&D spending increased by €20 million of which €4 million in core research within the Technology Division. As a whole, R&D represented 4.6% of total core business sales in 1H05 compared to 5.4% in 1H04.

### **Profitability and margins**

1H05 EBIT reached €130 million, compared to €113 million last year. EBIT margin improved to 49.9% from 46.0% last year despite the significant increase in R&D spend. This improvement is due to a strong performance in licensing.

### **Cash-Flow**

The Technology Division's Free Cash-Flow before interest and taxes reached €87 million in 1H05 versus €150 million in 1H04.

## **CORPORATE COSTS, FINANCIAL CHARGES AND TAX**

### **Corporate**

Although increasing compared to 1H04, Corporate costs were stable, with the last 12 months bearing the costs of compliance with IFRS changeover and Sarbanes Oxley compliance.

### **Financial charges**

Thomson applied IAS32/29 for the first time in 2005. Applying IAS32/39 to 1H04 would have increased 1H04 financial charges by approximately €50 million. On a like-for-like basis, therefore, financial charges were broadly stable, reflecting the repayment of convertible bonds with a high notional interest rate in January 2005, partially offset by higher interest rates.

### **Tax**

Tax charges amounted to €49 million in 1H05 versus €39 million in 1H04.

## **NON-CORE BUSINESS COMMENTS**

### **Displays process completed**

During the period under review, the Group finalized ahead of schedule the execution of one of its strategic priorities, namely the disposal of its Tubes and related activities.

Following the effective transfer of its CRT plant in Italy at Anagni at the end of February 2005, the group further announced on 28 June the sale of its remaining Tube assets covering its four major production sites (Poland, Mexico and in China) and the associated R&D and central functions to the major Indian consumer electronics and energy group, Videocon. Completion of this transaction, as previously stated, is expected within the course of 3Q05.

These activities are classified as "discontinued" under IFRS for 1H05.

Thomson also signed agreements under which the Spanish glass group Rioglass will take over its glass CRT glass activity at Bagneaux-sur-Loing, France. Charges relating to this activity are included in "Activities to be discontinued" within continuing operations in 1H05, while operating results of this activity are also within continuing operations in 1H05. Bagneaux is expected to be classified as a discontinued activity when the related transaction is closed, but is classified as continuing under IFRS for 1H05.

### **CE partnerships – TTE renegotiation**

Thomson signed definitive agreements in July for the transfer of its TV marketing and sales organization to TTE, for changes in the subcontracting arrangements at Angers and for increases to future trademark license revenues. Certain non-cash charges relating to these changes have been taken to the P&L in 1H05.

### **Non-Core Business results**

1H05 revenues are not comparable with prior periods. Reported 1H05 revenues of the Non-Core business were €193 million, but perimeter changes are material, including TV deconsolidation and discontinuation of a substantial part of operations in Tubes. Underlying revenues in Tubes declined, reflecting difficult markets.

Total losses (classified under “discontinued” and “continuing” operations and including exceptional charges related to the exit from these activities) for the Non-Core Business were €517 million. This reflects notably operating losses in Tubes plus exceptional charges relating to the Tubes transactions noted above and the TTE renegotiation as well as deal costs.

### **Cash costs of the Non-Core Business**

Most of the charges recorded in the EBIT losses are of a non-cash nature, reflecting asset write-downs. Non-Core free cash-flow amounted to around €(230) million, whereas cash costs associated with the exit of the Tubes business remained in line with the Group’s previously defined estimated cash expectations.

### **Net Result – pro-forma and as reported**

**The pro-forma net result** for the Core Business on a full-year tax and financed basis is estimated at €65 million. The Group net result before discontinued operations was €(62) million.

The Group consolidated net result, including the negative impact of the Non-Core Business was €(462) million.

## **GROUP BALANCE SHEET**

The Core Business contributed €219 million of Free Cash Flow before Interest and Taxes in 1H05. The Non-Core Business used €229 of Free Cash Flow before Interest and Taxes in the half. Total tax and interest payments used €86 million of cash in the half.

**Capex spending on the core business** remained stable and is on a downward trend on a like-for-like basis. Capex spending for tangible assets amounted to €108 million in 1H05.

The Group also limited **capital expenditures** on the Non-Core Business to €29 million compared to €60 million in 1H04.

**Acquisitions** totaled €240 million in the first half of 2005, compared with €664 million in 2004: the most significant items were the payment of the final Technicolor promissory note, and the acquisitions of Inventel and Cirpack in France, which were acquired partly in cash and partly in shares. **The net cash used by investing activities** include the impact of Thomson’s recapitalization of the Italian Videocolor subsidiary (€103 million).

### **Share buyback**

As of 30 June, Thomson had repurchased a net total of €89 million of shares pursuant to its share buyback programme, which was launched on 16 September 2004.

### **Debt repayments**

During the semester, the group changed significantly its debt profile with the repayment of the majority of the OCEANE 2008 for €587m, the repayment of the Mexicali lease for €174 million as well as the last installment of the Technicolor debt for €86 million. Debt was repaid out of cash and increase in short term borrowings via French commercial paper program. As a consequence the **cash balance** amounted to €717 million at the end of June 2005 versus €1,906 million at the end of December 2004.

Accordingly, **Net Debt** amounted to €1,296 million at the end of June 2005 versus €679 million at the end of December 2004.

## CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS

(€ in millions)	Six months ended		Year ended
	June 30, 2005 unaudited	June 30, 2004 unaudited	December 31, 2004 audited
<b>Continuing operations:</b>			
Revenues	2,968	3,376	6,986
Cost of sales	(2,281)	(2,602)	(5,322)
Gross margin	<b>687</b>	<b>774</b>	<b>1,664</b>
Selling, general, administrative expenses and others	(451)	(540)	(1,032)
Research and development expense	(127)	(137)	(235)
Restructuring of plants to be discontinued	(44)	-	-
<b>Profit from continuing operations and before tax and finance costs</b>	<b>65</b>	<b>97</b>	<b>397</b>
Interest expense	(33)	(5)	(19)
Other financial income (expense)	(38)	(18)	(26)
<b>Financial costs</b>	<b>(71)</b>	<b>(23)</b>	<b>(45)</b>
Loss from associates	(7)	(1)	(21)
Income tax	(49)	(39)	(86)
<b>Profit (loss) from continuing operations</b>	<b>(62)</b>	<b>34</b>	<b>245</b>
<b>Discontinued operations:</b>			
Profit (loss) from discontinued operations	(409)	(224)	(795)
Net income (loss)	<b>(471)</b>	<b>(190)</b>	<b>(550)</b>
Attributable to			
Equity Holders	(462)	(191)	(551)
Minority interests	(9)	1	1
	<b>Six months ended</b>	<b>June 30, 2004</b>	<b>Year ended</b>
	<b>June 30, 2005</b>	<b>unaudited</b>	<b>December 31,</b>
	<b>Unaudited</b>		<b>2004</b>
			<b>Audited</b>
	(in euro, except number of shares)		
Weighted average number of shares outstanding – basic net of treasury stock (*)	270,017,384	274,240,438	273,646,869
<b>Earnings per share from continuing operations attributable to the equity holders of the Group</b>			
- basic	(0.23)	0.13	0.90
- diluted	(0.23)	0.13	0.85
<b>Earnings per share from discontinued operations attributable to the equity holders of the Group</b>			
- basic	(1.48)	(0.82)	(2.91)
- diluted	(1.48)	(0.82)	(2.91)



## CONSOLIDATED INTERIM BALANCE SHEETS

<i>(€ in millions)</i>	<u>As of June 30, 2005 unaudited</u>	<u>As of December 31, 2004 Audited</u>
<b>ASSETS:</b>		
<b>Non-current assets :</b>		
Property, plant and equipment	877	1,051
Goodwill	1,505	1,178
Intangible assets	1,079	924
Investment in associates	283	260
Investment in other companies	103	77
Available-for-sale financial assets	76	36
Derivative financial instruments	-	-
Other financial assets	145	140
Contract advances	151	179
Deferred tax assets	296	306
<b>Total non-current assets</b>	<u><b>4,515</b></u>	<u><b>4,151</b></u>
<b>Current assets :</b>		
Inventories	504	568
Trade accounts and notes receivable	1,039	1,180
Current accounts with affiliated companies	210	183
Derivative financial instruments	9	-
Other receivables	535	615
Cash and cash equivalents	717	1,906
<b>Total current assets</b>	<u><b>3,014</b></u>	<u><b>4,452</b></u>
Assets classified as held for sale	<u><b>438</b></u>	<u><b>-</b></u>
<b>Total assets</b>	<u><b>7,967</b></u>	<u><b>8,603</b></u>

## CONSOLIDATED INTERIM BALANCE SHEETS

(€ in millions)	As of June 30, 2005 Unaudited	As of December 31, 2004 Audited
<b>LIABILITIES, SHAREHOLDERS' EQUITY AND MINORITY INTERESTS</b>		
Shareholders' equity:		
Common stock (273,308,032 shares, nominal value €3.75 per share at June 30, 2005 and December 31, 2004)	1,025	1,025
Treasury shares	(48)	(55)
Additional paid in capital	1,765	1,751
Fair value adjustments and other reserves	20	(23)
Retained earnings	(647)	(117)
Cumulative translation adjustment	60	(98)
Shareholders' equity	<b>2,175</b>	<b>2,483</b>
Minority interests	1	20
<b>Total equity</b>	<b>2,176</b>	<b>2,503</b>
<b>Non-current liabilities:</b>		
Borrowings	1,030	1,597
Reserve for post-employment benefits	805	785
Other provision	154	55
Deferred tax liabilities	39	36
Other non-current liabilities	129	129
<b>Total non-current liabilities</b>	<b>2,157</b>	<b>2,602</b>
<b>Current liabilities :</b>		
Borrowings	983	904
Derivative financial instruments	109	-
Reserve for post-employment benefits	70	65
Restructuring provisions	84	75
Other provision	122	120
Trade accounts and notes payable	1,047	1,226
Accrued employee expenses	155	165
Income tax payable	51	60
Other creditors and accrued liabilities	732	799
Debt related to Technicolor acquisition	-	84
<b>Total current liabilities</b>	<b>3,353</b>	<b>3,498</b>
<b>Liabilities directly associated with assets classified as held for sale</b>	<b>281</b>	<b>-</b>
<b>Total liabilities, shareholders' equity and minority interests</b>	<b>7,967</b>	<b>8,603</b>

## CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

<i>(€ in millions)</i>	As of June 30, 2005 unaudited	Year ended December 31, 2004 audited
Cash flows from operating activities:		
Cash generated from operations	172	591
Interest paid	(53)	(47)
Interest received	10	10
Dividend received	-	-
Income tax paid	(49)	(124)
<b>Net cash (used in) / generated from operating activities</b>	<b>80</b>	<b>430</b>
Cash flows from investing activities:		
Acquisition of subsidiaries, associates and investment, net of cash acquired	(240)	(664)
Proceeds from sale of investment in other companies	(127)	61
Purchases of property, plant and equipment (PPE)	(137)	(309)
Proceeds from sale of PPE	4	49
Purchases of intangible assets	(53)	(68)
Proceeds from sale of intangible assets	5	-
Loans reimbursed by related parties	42	-
<b>Net cash (used in) / generated from investing activities</b>	<b>(506)</b>	<b>(931)</b>
Cash flows from financing activities:		
Proceeds from issuance of ordinary shares	-	-
Purchase of treasury shares	(89)	(58)
Proceeds from issuance of convertible bond	-	403
Proceeds from borrowings	258	274
Repayments of borrowings	(886)	(540)
Dividends paid to Company's shareholders	(77)	(71)
Dividends paid to minority interests	(1)	(3)
<b>Net cash (used in) / generated from financing activities</b>	<b>(795)</b>	<b>5</b>
<b>Net (decrease)/increase in cash and bank overdrafts:</b>	<b>(1,221)</b>	<b>(496)</b>
Cash and bank overdrafts at beginning of period	<b>1,906</b>	<b>2,383</b>
Exchange gains/(losses) on cash and bank overdrafts	32	19
Cash and bank overdrafts at end of period	<b>717</b>	<b>1,906</b>

## 2 Acquisition of PRN

### **"Thomson to Acquire PRN Corporation, the Leading Operator of In-Store Digital Video Networks"**

**Paris, France and Camarillo, CA July 28, 2005** – Thomson (Euronext 18453; NYSE: TMS) has entered into a definitive agreement to acquire PRN Corporation (PRN), the leader in the fast-growing market of out-of-home video advertising networks. This acquisition furthers Thomson's expansion into the implementation and management of video networks for a broad range of customers spanning broadcasters, cinemas and now retailers. PRN will be part of Thomson's Network Operations Services business unit in the Services Division.

PRN is a privately-owned U.S. company headquartered in San Francisco, California. PRN manages in-store television networks in over 6,000 locations across leading retailers including Wal-Mart, Sam's Club, Costco, Albertsons; Best Buy and Circuit City. PRN offers a comprehensive range of services including installation and management of electronic media infrastructure, conversion and preparation of electronic video content, video content aggregation, including media sales and management of thousands of playlists addressing 34,000 customer viewing areas. PRN is the undisputed leader in the fast-growing market of dynamic digital signage at the point of sale reaching 200 million viewers every month.

Out-of-home video networks are attracting a growing share of US advertising spend with a projected annual growth of over 25%. The growth of this market segment has been accelerated by advertisers' demand for alternative media reaching more engaged audiences compared to traditional TV advertising. In addition, this segment has benefited by the improving quality of data measuring the effectiveness of such out-of-home networks, and by the falling prices of networking infrastructure and flat-panel displays.

Thomson's Services Division encompasses a wide range of activities enabling the management of electronic content flows for a variety of distribution channels including broadcast, cinema, corporate and retail. These services include also Thomson's state-of-the-art post-production and content preparation activities, and the management of digital media centres and playout. PRN will extend the reach of this activity towards retail and advertising clients and networks.

The purchase price is approximately \$285 million payable in cash, including a normalized level of working capital. Bearing in mind PRN's strong growth and profitability, the business meets Thomson's return and price criteria. The acquisition is subject to the usual regulatory requirements and is expected to close during the fourth quarter. PRN is expected to be accretive to earnings in 2006.

"The acquisition of PRN will reinforce Thomson's expertise in electronic media and further extend our services towards advertisers and retailers. In addition, we are delighted to welcome the seasoned and successful PRN team who will contribute to the development of our network operations business. Thomson is making significant progress in extending the reach of its digital network management activity. Network Operations Services, one of the Group's primary boosters, is now well equipped to deliver its Two-Year Plan objective," said Lanny Raimondo, Senior Executive Vice President of Thomson, in charge of the Services Division.

Charlie Nooney, CEO of PRN commented, "We are excited to be a part of Thomson. This is an important strategic step for PRN. The depth of Thomson's media capabilities and their international presence will provide numerous opportunities for us to better serve our retail and advertiser partners." "

*The acquisition of PRN was completed at the end of August.*

## 3 Agreement to dispose of non-core assets

### **"Thomson Transfers its Videoglass Business in France to Spanish Glass Group, Rioglass"**

**Paris, July 1st, 2005** – Thomson today signed agreements under which the Spanish glass group Rioglass will take over its glass cathode ray tubes glass activity, Videoglass, situated at Bagneaux-sur-Loing in France. Rioglass intends to set up a glass-conversion activity for the automotive industry on the site.

Rioglass specializes in glass parts for the car and transport industries, and has a prestigious client base, including Aston Martin, Audi, BMW, Seat, Skoda and Volkswagen. The group operates six factories in Spain, Belgium and Brazil.

The Rioglass transfer meets Thomson's objective of maintaining a glass manufacturing activity at Bagneaux-sur-Loing. The Spanish group will convert the Videoglass business into a windshield, rear-view window and car-window manufacturing activity. Rioglass is well-positioned in this strong growth market, and will employ at least 300 of the 445 people on the site. Application of the Group's early retirement agreement and a voluntary redundancy scheme will allow Thomson to find solutions for all Videoglass employees.

*"Rioglass, a well-known manufacturer for the car industry, has a project which allows Bagneaux-sur-Loing to maintain manufacturing jobs and an activity based on the site's long-standing expertise in glass," said Didier Trutt, Executive Vice President at Thomson. "Today's agreement represents a unique opportunity which Thomson is determined to finalise in cooperation with the local authorities and employee representatives."*

The Rioglass project, which follows Thomson's disposal of its cathode ray tube activities to the Indian group, Videocon, is in line with the financial position confirmed by the group on 28 June 2005. The agreement allows Thomson to achieve its objective of identifying an alternative manufacturing activity for the site in 2005, rather than by 2007 as originally planned.

The agreement with Rioglass, which is subject to French employee information and consultation procedures, is expected to take effect in the fourth quarter of 2005."

#### **"Thomson Completes its Transformation through Disposal of Cathode Ray Tube Activities to Indian Group Videocon**

**Paris, France – June 28th 2005 – Thomson** (Euronext Paris : 18453 ; NYSE : TMS) today announced that a definitive agreement has been reached for the disposal of its Cathode Ray Tube ("Tube") activities in China, Mexico and Poland to Indian group Videocon. The two groups will sign the agreement today in New Delhi, in the presence of the Finance Minister of India and the French Ambassador to India,.

#### **Thomson's Transformation Complete**

The disposal of the Tube activities marks the completion of a process that began in 2001 to transform Thomson into the preferred partner to the Media & Entertainment industries. It was one of the key strategic priorities set out by the Group in October 2004 as an integral part of its Two-Year Plan. Thomson's activities are now aligned with its strategy to focus on providing services, systems and equipment and technologies to the Media & Entertainment industries.

*"Thomson is delighted to have finalised an agreement of this importance with Videocon, a leading Indian group which is growing internationally," said Frank E. Dangeard, Chairman & CEO of Thomson. "The Group is ahead of schedule in achieving the strategic objective set last October. With this agreement Thomson completes its transformation and can fully focus on its core Media & Entertainment business."*

#### **The Agreement between Thomson and Videocon**

The agreement between Thomson and Videocon is in two parts. Thomson will receive a cash payment of €240 million for its Tube activities, transferred on a debt and cash-free basis. Thomson has also agreed to invest €240 million in two listed Videocon companies, €225 million through a placement in Videocon Industries, a company mainly active in energy, and €15 million in Videocon International. Following these private placements, Thomson will hold approximately 14 per cent. in each of the two Videocon companies.

The Videoglass activity at Bagneaux-sur-Loing, France, which had not been concerned by this disposal process, will benefit from a long-term supply agreement with the Tube business transferred. Thomson is currently examining various options regarding the future of this activity, with the objective of accelerating to 2005 its reindustrialisation, which was originally set to run up to 2007.

### **Accounting Treatment and Financial Impact**

This definitive agreement enables Thomson to reaffirm its estimate of overall cash costs associated with its exit from the Tube activities of approximately €250 million, which may be reduced depending on the level of future proceeds from the Videocon holdings. The Group will however register an additional non-cash write-off linked to the disposal of approximately €70 million. These activities will be treated as “discontinued” for fiscal year 2005.

The disposal of the Tube activities has been achieved ahead of schedule, despite a more difficult market environment than expected in the first half, leading to higher losses in the Tube activities year-on-year.

### **The Choice of Videocon**

Of the different options examined by Thomson, Videocon’s proposal was the most coherent for the development of the Tube activities outside Thomson, fulfilling Thomson’s objective to secure a long term future for the Tube business. The disposal follows the transfer of Thomson’s Italian Tube manufacturing site to Videocon in February 2005.

The agreement also strengthens the international expansion strategy of Videocon, a leader in consumer electronics and white goods in India. It will allow it to develop its global manufacturing base through the integration of Thomson’s four major Tube manufacturing plants (Foshan and Dongguan in China; Mexicali in Mexico and Piaseczno in Poland) which together employ around 11,500 people.

The transaction, which is subject to the approval of the relevant regulatory authorities, is expected to close at the end of the third quarter 2005. UBS acted as sole financial adviser to Thomson.

Following this agreement, Thomson and Videocon intend to develop partnerships in the Indian market and internationally.”

## **4 Swap of TTE shares**

### **"Thomson confirms the swap of its TTE Corporation shares into TCL Multimedia shares**

**Paris, 11 August 2005** - Thomson (Euronext Paris: 18453, NYSE :TMS) confirms it received 1,144,182,095 shares of TCL Multimedia Technology Holdings Ltd (HKSE: 1070), pursuant to the agreements in connection with the formation of TTE."

## AUDITORS' REPORT ON IFRS RECONCILIATION

MAZARS & GUERARD

MAZARS

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75012 Paris

S.A. au capital de €8.320.000

Commissaire aux Comptes

Membre de la compagnie

régionale de Paris

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S.A.S. au capital variable de €37.000

Commissaire aux Comptes

Membre de la compagnie

régionale de Versailles

*(Free translation of a French language original for convenience purpose only. Accounting principles and auditing standards and their application in practice vary among nations. The accompanying interim consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries other than the one adopting IFRS. In addition, the procedures and practices utilized by the statutory auditors in France with respect to the interim consolidated financial statements contained in this document may differ from those generally accepted and applied by auditors in other countries. Accordingly, these IFRS consolidated financial statements and the auditors' report of which a translation for convenience purpose only is presented in this document are for use by those knowledgeable about IFRS, auditing standards and their application in practice.)*

## Thomson

Special purpose audit report of the statutory auditors on the IFRS statements of reconciliation for the year ended 2004.

To the shareholders of Thomson,

At your request and in our capacity as statutory auditors of Thomson S.A. ("the Company"), we have audited the accompanying statements of reconciliation, which present the impact of Thomson's conversion to IFRS as adopted in the European Union on the consolidated shareholders' equity as of January 1 and December 31, 2004 and net income for the year ended December 31, 2004 ("IFRS statements of reconciliation").

The IFRS statements of reconciliation is the responsibility of the Board. It has been prepared as part of the company's conversion to IFRS as adopted in the European Union in respect of the preparation of the 2005 consolidated financial statements. These IFRS statements of reconciliation are based on the consolidated accounts ("the consolidated accounts") for the year ended December 31, 2004 prepared in accordance with the French generally accepted accounting principles which we have audited in accordance with French professional standards. Based on our audit, we issued an unqualified opinion on such consolidated accounts. Our responsibility is to express an opinion on these IFRS statements of reconciliation based on our audit.

We conducted our audit in accordance with the professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the IFRS statements of reconciliation are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in this reconciliation. An audit also includes assessing the accounting principles used and significant estimates made by management for the preparation of the restated consolidated accounts, as well as evaluating the overall presentation of the restated consolidated accounts. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the IFRS statements of reconciliation have been prepared, in all material respects, in accordance with the basis set out in the notes, which describe how IFRS 1 and the other International Financial and Reporting Standards as adopted in the European Union, have been applied, including the assumptions management has made about the standards and interpretations expected to be effective, and the policies expected to be adopted for the preparation of the 2005 consolidated financial statements in accordance with IFRS as adopted in the European Union.

Without qualifying our opinion, we draw your attention to the fact that Note 3.6.1. explains why the accompanying IFRS statements of reconciliation may require adjustment before their inclusion as comparative information in the consolidated financial statements for the year ended December 31, 2005 when the Company prepares its first set of consolidated financial statements in accordance with IFRS as adopted in the European Union.

Besides, we remind you that, in respect of the preparation of the 2005 consolidated financial statements under IFRS as adopted in the European Union, the IFRS statements of reconciliation do not constitute consolidated financial statements presented according to IFRS standards as adopted in the European Union, which would be necessary to provide, in accordance with these standards, a fair view of the assets, liabilities, financial position and results of the consolidated group of companies.

Paris and Neuilly-sur-Seine, April 22, 2005

The Statutory Auditors

MAZARS & GUERARD  
MAZARS

BARBIER FRINAULT & AUTRES  
ERNST & YOUNG

Thierry de Baillencourt

Jérôme Guirauden



**RAPPORT SPECIFIQUE DES COMMISSAIRES AUX COMPTES  
SUR LES ETATS DE RAPPROCHEMENTS IFRS DE L'EXERCICE 2004**

MAZARS & GUERARD

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S.A. au capital de €8.320.000

Commissaire aux Comptes

Membre de la compagnie

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Membre de la compagnie

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## Thomson

Rapport spécifique des commissaires aux comptes  
sur les états de rapprochements IFRS de l'exercice 2004

Mesdames, Messieurs les Actionnaires,

A la suite de la demande qui nous a été faite et en notre qualité de commissaires aux comptes de la société Thomson, nous avons effectué un audit des états de rapprochement présentant l'impact du passage au référentiel IFRS tel qu'adopté dans l'Union européenne sur les capitaux propres et le résultat consolidés de la société, pour l'exercice clos le 31 décembre 2004 (les "rapprochements IFRS"), tels qu'ils sont joints au présent rapport.

Les rapprochements IFRS ont été établis sous la responsabilité du conseil d'administration, dans le cadre du passage au référentiel IFRS tel qu'adopté dans l'Union européenne pour l'établissement des comptes consolidés de l'exercice 2005, à partir des comptes consolidés de l'exercice clos le 31 décembre 2004 préparés en conformité avec les règles et principes comptables français (les "comptes consolidés"), qui ont fait l'objet de notre part d'un audit selon les normes professionnelles applicables en France. Notre audit nous a conduit à exprimer une opinion sans réserve sur ces comptes consolidés. Il nous appartient, sur la base de notre audit, d'exprimer une opinion sur les rapprochements IFRS.

Nous avons effectué notre audit selon les normes professionnelles applicables en France ; ces normes requièrent la mise en oeuvre de diligences permettant d'obtenir l'assurance raisonnable que les rapprochements IFRS ne comportent pas d'anomalies significatives. Un audit consiste à examiner, par sondages, les éléments probants justifiant les données contenues dans ces rapprochements. Il consiste également à apprécier les principes comptables suivis et les estimations significatives retenues pour leur établissement et à apprécier leur présentation d'ensemble. Nous estimons que nos contrôles fournissent une base raisonnable à l'opinion exprimée ci-après.

A notre avis, les rapprochements IFRS ont été établis, dans tous leurs aspects significatifs, conformément aux règles d'élaboration décrites dans les notes annexes, lesquelles précisent comment la norme IFRS 1 et les autres normes comptables internationales adoptées dans l'Union européenne ont été appliquées et indiquent les normes, interprétations, règles et méthodes comptables qui, selon la direction, devraient être applicables pour l'établissement des comptes consolidés de l'exercice 2005 selon le référentiel IFRS tel qu'adopté dans l'Union européenne.

Sans remettre en cause l'opinion exprimée ci-dessus, nous attirons votre attention sur la note 3.6.1 qui expose les raisons pour lesquelles les rapprochements IFRS relatifs à l'exercice 2004 présentés dans les comptes consolidés de l'exercice 2005 pourraient être différents des rapprochements IFRS joints au présent rapport.

Par ailleurs, nous rappelons que, s'agissant de préparer le passage au référentiel IFRS tel qu'adopté dans l'Union européenne pour l'établissement des comptes consolidés de l'exercice 2005, les rapprochements IFRS ne constituent pas des comptes consolidés établis selon le référentiel IFRS tel qu'adopté dans l'Union européenne, permettant de donner, au regard de ce référentiel, une image fidèle du patrimoine, de la situation financière et du résultat de l'ensemble constitué par les entreprises comprises dans la consolidation.

Paris et Neuilly-sur-Seine, le 22 avril 2005

Les Commissaires aux Comptes

MAZARS & GUERARD  
MAZARS

BARBIER FRINAULT & AUTRES  
ERNST & YOUNG

Thierry de Bailliencourt

Jérôme Guirauden

**AUDITORS' LIMITED REVIEW REPORT ON THOMSONS' IFRS FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2005**

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Membre de la compagnie  
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TRANSLATED FROM FRENCH

*(Free translation of a French language original for convenience purpose only. Accounting principles and auditing standards and their application in practice vary among nations. The accompanying interim consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries other than the one adopting IFRS. In addition, the procedures and practices utilized by the statutory auditors in France with respect to the interim consolidated financial statements contained in this document may differ from those generally accepted and applied by auditors in other countries. Accordingly, these IFRS consolidated financial statements and the auditors' report of which a translation for convenience purpose only is presented in this document are for use by those knowledgeable about IFRS, auditing standards and their application in practice.)*

Review report on the interim consolidated financial statement

(Articles L. 232-7 du Code de commerce)

Period from January 1, 2005 to June 30, 2005

To the shareholders of Thomson

In our capacity as statutory auditors of Thomson ("the Company"), and in accordance with Article L.232-7 of French Company Law (Code de Commerce), we have performed the following procedures:

- a review of the accompanying summary of operations and income statement as they appear in the interim consolidated financial statements for the six-month period ended June 30, 2005.
- an examination of the information provided in the Company's interim report.

These interim consolidated financial statements are the responsibility of the Board of Directors. Our responsibility is to issue a limited review report on these interim consolidated financial statements based on our review.

These interim consolidated financial statements have been prepared in the process of application of IFRS as adopted in the European Union for 2005 consolidated financial statements, using IFRS accounting and measurement methods expected to be effective in the European Union and applied by the Company for 2005 consolidated financial statements, as described in Note 2 to the financial statements, and disclosure of interim financial statements defined by Règlement Général of AMF. They include, for comparison purpose, information related to 2004 fiscal year and 2004 first half restated using the same rules, except for IAS 32-39 and IFRS 5, which in conformity with the option of IFRS 1 have been applied as from January 1, 2005.

We conducted our review in accordance with French professional standards. These standards require that we plan and perform the review to obtain moderate assurance, lesser than that which would result from an

audit, as to whether the interim consolidated financial statements are free from material misstatements. The review excluded certain audit procedures and was limited to performing analytical procedures and to obtaining information from Company management and other appropriate sources.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements do not conform, in all material respects, with the IFRS accounting and measurement methods expected to be effective in the European Union and applied by the Company for 2005 consolidated financial statements as described in note 2 to the financial statements and disclosures of interim financial statements defined by Règlement Général of AMF .

Without qualifying our conclusion, we draw your attention to Note 2 which: -

- presents the options used for disclosure of interim consolidated financial statements which, pursuant to the provisions of article 221-5 of Règlement Général of AMF, do not include all the information required in the notes by IFRS as adopted in the European Union.
- presents the reasons why the accompanying half year consolidated financial statements may require adjustment before their inclusion as comparative information in the consolidated financial statement as at December 31, 2005 and in the half year consolidated financial statements as at June 30, 2006.
- describes the IASB standards and IFRIC interpretations, not yet adopted in the European Union, and not compliant with current applicable framework , that management has anticipated as of June 30, 2005 for consistency purpose with the accounting framework planned to be applied as of December 31, 2005 (revised IAS 19 and IAS 39).
- mentions that, following the exemption available under IFRS 1, Thomson interim consolidated financial statements as of June 30, 2005 and Thomson consolidated financial statements as of December 31, 2004 can not be compared due to the first application of IAS 32, IAS 39 and IFRS 5 as from January 1st 2005.

We have also examined, in accordance with French professional standards, the information contained in the interim report on the interim consolidated financial statements that were the subject to our review.

We have nothing to report with respect to the fairness of such information and its consistency with the interim consolidated financial statements.

September 13, 2005

#### Statutory auditors

MAZARS & GUERARD  
MAZARS

BARBIER FRINAULT & AUTRES  
ERNST & YOUNG

Frédéric Allilaire

Jérôme Guirauden

Thierry de Baillencourt

**RAPPORT DES COMMISSAIRES AUX COMPTES SUR L'INFORMATION SEMESTRIELLE 2005 -  
PERIODE DU 1 JANVIER AU 30 JUIN 2005**

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Membre de la compagnie  
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Membre de la compagnie  
régionale de Versailles

## Thomson

Rapport des commissaires aux comptes sur l'information semestrielle 2005

(Articles L. 232-7 du Code de commerce et 297-1 du décret du 23 mars 1967)  
Période du 1er janvier au 30 juin 2005

Mesdames, Messieurs les Actionnaires,

En notre qualité de commissaires aux comptes et en application de l'article L. 232-7 du Code de commerce, nous avons procédé à :

- l'examen limité du tableau d'activité et de résultats présenté sous la forme de comptes semestriels consolidés de la société Thomson, relatifs à la période du 1er janvier au 30 juin 2005, tels qu'ils sont joints au présent rapport ;
- la vérification des informations données dans le rapport semestriel.

Ces comptes semestriels consolidés ont été établis sous la responsabilité du conseil d'administration. Il nous appartient, sur la base de notre examen limité, d'exprimer notre conclusion sur ces comptes.

Dans la perspective du passage au référentiel IFRS tel qu'adopté dans l'Union européenne, pour l'établissement des comptes consolidés de l'exercice 2005, les comptes semestriels consolidés ont été préparés pour la première fois en appliquant, d'une part, les principes de comptabilisation et d'évaluation des normes IFRS qui devraient être applicables dans l'Union européenne et appliquées par la société pour l'établissement des comptes consolidés de l'exercice 2005, tels que décrits dans la note 2 de l'annexe et, d'autre part, les règles de présentation et d'information applicables aux comptes intermédiaires, telles que définies dans le Règlement général de l'AMF. Ils comprennent à titre comparatif des données relatives à l'exercice 2004 et au premier

semestre 2004 retraitées selon les mêmes règles, à l'exception des normes IAS 32, IAS 39 et IFRS 5 qui, conformément à l'option offerte par la norme IFRS 1, sont appliquées depuis le 1<sup>er</sup> janvier 2005.

Nous avons effectué notre examen limité selon les normes professionnelles applicables en France ; ces normes requièrent la mise en œuvre de diligences limitées conduisant à une assurance, moins élevée que celle résultant d'un audit, que les comptes intermédiaires consolidés ne comportent pas d'anomalies significatives. Un examen de cette nature ne comprend pas tous les contrôles propres à un audit, mais se limite à mettre en œuvre des procédures analytiques et à obtenir des dirigeants et de toute personne compétente les informations que nous avons estimées nécessaires.

Sur la base de notre examen limité, nous n'avons pas relevé d'anomalies significatives de nature à remettre en cause la conformité, dans tous leurs aspects significatifs, des comptes semestriels consolidés au regard, d'une part, des principes de comptabilisation et d'évaluation des normes IFRS qui devraient être applicables dans l'Union européenne et appliquées par la société pour l'établissement des comptes consolidés de l'exercice 2005, tels que décrits dans la note 2 de l'annexe, et, d'autre part, les règles de présentation et d'information applicables aux comptes intermédiaires, telles que définies dans le Règlement général de l'AMF.

Sans remettre en cause la conclusion exprimée ci-dessus, nous attirons votre attention sur la note 2 de l'annexe qui :

- expose les options retenues pour la présentation des comptes semestriels consolidés qui, conformément aux dispositions de l'article 221-5 du règlement AMF dans le cadre de l'option des règles de comptabilisation et d'évaluation des normes IFRS, n'incluent pas toutes les informations de l'annexe exigées par le référentiel IFRS tel qu'adopté dans l'Union européenne ;
- expose les raisons pour lesquelles l'information comparative qui sera présentée dans les comptes consolidés au 31 décembre 2005 et dans les comptes consolidés semestriels au 30 juin 2006 pourrait être différente des comptes joints au présent rapport ;
- décrit les normes de l'IASB et les interprétations de l'IFRIC, non encore adoptées dans l'Union européenne et non compatibles avec le référentiel en vigueur, appliquées par anticipation au 30 juin 2005 dans une optique de cohérence avec le référentiel comptable qu'il est prévu d'utiliser pour l'exercice (IAS 19 et IAS 39 révisées) ;
- expose l'option offerte par la norme IFRS 1, et retenue par la société, de ne pas retraiter les informations comparatives relatives à l'application des normes IAS 32, IAS 39 et IFRS 5 à compter du 1<sup>er</sup> janvier 2005.

Nous avons également procédé, conformément aux normes professionnelles applicables en France, à la vérification des informations données dans le rapport semestriel commentant les comptes semestriels consolidés sur lesquels a porté notre examen limité.

Nous n'avons pas d'observation à formuler sur leur sincérité et leur concordance avec les comptes intermédiaires consolidés.

Paris et Neuilly-sur-Seine, le 13 septembre 2005

Les Commissaires aux Comptes

Statutory auditors

MAZARS & GUERARD  
MAZARS

BARBIER FRINAULT & AUTRES  
ERNST & YOUNG

Frédéric Allilaire

Jérôme Guirauden

Thierry de Baillencourt

## SUBSCRIPTION AND SALE

Pursuant to a subscription agreement dated 23 September 2005 (the "**Subscription Agreement**"), Barclays Bank PLC, Citigroup Global Markets Limited, Deutsche Bank AG, London Branch, Société Générale, Bayerische Hypo-und Vereinsbank AG, BNP Paribas and Calyon (the "**Managers**") have jointly and severally agreed with the Issuer, subject to the satisfaction of certain conditions contained therein, to subscribe and pay for the Notes at an issue price of 99.259 per cent. of the aggregate principal amount of the Notes less a combined management and underwriting commission of 0.7067 per cent. of their principal amount. The Subscription Agreement entitles the Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

### General

No action has been or will be taken by the Managers that would permit a public offering of the Notes or possession or distribution of any offering material in relation to the Notes in any jurisdiction where action for that purpose is required. No offers, sales or deliveries of the Notes, or distribution of any offering material relating to the Notes, may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and will not impose any obligations on the Issuer.

Each Manager has represented and agreed that, in making any offers or sales of Securities or distributing any offering materials relating thereto in any country or jurisdiction, it has complied and will comply with all applicable laws in such country or jurisdiction.

### 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.

Each of the Managers has agreed that, except as permitted by the Subscription Agreement, it 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 Issue date, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, for the account or benefit of, U.S. persons.

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

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

### European Economic Area

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

- (a) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (b) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or



- (c) at any time in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

### **Republic of France**

Each of the Managers and the Issuer has acknowledged that the Notes are being issued outside the Republic of France and, accordingly each of the Managers and the Issuer has represented and agreed that (i) it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public (*appel public à l'épargne*) in the Republic of France and (ii) offers and sales of Notes in the Republic of France will be made to providers of investment services relating to portfolio management for the account of third parties and/or qualified investors (*investisseurs qualifiés*) as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier*.

The Prospectus has not been admitted to the clearance procedures of the *Autorité des marchés financiers*.

In addition, each of the Managers and the Issuer has represented and agreed that, it has not distributed or caused to be distributed and will not distribute or cause to be distributed in the Republic of France, the Prospectus (comprised of the Securities Note, the Registration Document and the Summary) or any other offering material relating to the Notes other than to those investors (if any) to whom offers and sales of the Notes in the Republic of France may be made as described above.

### **United Kingdom**

Each of the Managers has represented and agreed that:

- (a) it has only communicated or caused to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the “**FSMA**”)) received by it in connection with the issue or sale of the Securities in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Securities in, from or otherwise involving the United Kingdom.

### **Republic of Italy**

The offering of the Notes has not been registered with the *Commissione Nazionale per la Società e la Borsa* (“**CONSOB**”) (the Italian securities exchange commission) pursuant to the Italian securities legislation and, accordingly, the Notes cannot be offered, sold or distributed nor any copies of the Prospectus or any other document relating to the Notes can be distributed in the Republic of Italy (“**Italy**”) in a solicitation to the public at large (*sollecitazione all'investimento*), and the Notes in Italy shall only be:

- (i) offered or sold to professional investors (*operatori qualificati*), as defined in Article 31, second paragraph of CONSOB Regulation No 11522 of 1 July 1998 (the “**Regulation No 11522**”), as amended, and effected in compliance with the terms and procedures provided therein; or
- (ii) offered or sold in circumstances which are exempted from the rules of solicitation of investments pursuant to Article 100 of Legislative Decree No 58 of 24 February 1998 (the “**Financial Services Act**”) and Article 33, first paragraph, of CONSOB Regulation No 11971 of 14 May 1999 (the “**Regulation No 11971**”), and shall in any event be effected in accordance with all relevant Italian securities, tax and exchange control and other applicable laws and regulations.

Moreover and subject to the foregoing, the Notes may not be offered, sold or delivered and neither the Prospectus nor any other material relating to the Notes may be distributed or made available in Italy unless such offer, sale or delivery of Notes or distribution or availability of copies of the Prospectus or any other material relating to the Notes in the Italy is:

- (a) made by investment firms, banks or financial intermediaries permitted to conduct such activities in Italy in accordance with the Financial Services Act, Legislative Decree No 385 of 1 September, 1993 (the "**Italian Banking Act**"), the Regulation No 11522, the Regulation No 11971 and any other applicable laws and regulations; and
- (b) in compliance with Article 129 of the Italian Banking Act and the implementing instructions of the Bank of Italy, pursuant to which the issue, trading or placement of securities (e.g., Notes) in Italy is subject to prior notification to the Bank of Italy, unless an exemption, depending *inter alia* on the amount of the issue and the characteristics of the securities, applies, and
- (c) in compliance with any other applicable requirement or limitation which may be imposed from time to time by CONSOB or the Bank of Italy.

Insofar as the requirements above are based on laws which are superseded at any time pursuant to the implementation of the Prospectus Directive, such requirements shall be replaced by the applicable requirements under the Prospectus Directive.

## GENERAL INFORMATION

1. The Prospectus is available on the Luxembourg Stock Exchange website ([www.bourse.lu](http://www.bourse.lu)).
2. The Notes have been accepted for clearance through Euroclear France and Clearstream, Luxembourg and Euroclear with the Common Code number of 023062267. The International Securities Identification Number (ISIN) for the Notes is FR0010237016. The address of Euroclear France is 155, rue Réaumur, 75081 Paris Cedex 02 France.
3. The issue of the Notes has been authorised pursuant to a decision of the *Président-Directeur Général* of the Issuer dated 20 September 2005, acting pursuant to a resolution of the *Conseil d'Administration* of the Issuer dated 24 June 2005.
4. Except as disclosed in the Prospectus, there has been no significant change in the financial or trading position, and no material adverse change in the prospects, of the Issuer or the Group since 31 December 2004.
5. Except as disclosed in the Prospectus, neither the Issuer nor any member of the Group is or has been involved in any governmental litigation or arbitration proceedings (including such proceedings which are pending or threatened of which the Issuer or the Group is aware) during the last 12 months preceding the date of this Prospectus which may have or have had in the recent past a significant effect, in the context of the issue of the Notes, on the financial position or profitability of the Issuer and/or the Group.
6. The Issuer publishes (i) audited annual consolidated and non-consolidated accounts and (ii) semi-annual unaudited consolidated accounts. The Issuer's statutory auditors carry out a limited review of such semi-annual accounts. The Issuer does not currently publish semi-annual non-consolidated accounts.
7. So long as any of the Notes are outstanding, the following documents will be available during usual business hours on any weekday (except Saturdays, Sundays and public holidays) for inspection and, in the case of documents listed at (ii) and (iii) collection free of charge, at the specified office each of the Paying Agents:
  - (i) the Subscription Agreement;
  - (ii) the Agency Agreement;
  - (iii) this Securities Note and Summary;
  - (iv) the Registration Document and the documents incorporated by reference therein; and
  - (v) the *statuts* of the Issuer.
8. *The following statements regarding withholding tax in Luxembourg are based on the laws in force in the Grand Duchy of Luxembourg as of the date hereof and are subject to any subsequent changes in law. Such statement does not purport to be a comprehensive description of withholding or other tax considerations which may be relevant to a decision to purchase, own or dispose of the Notes. Each prospective holder or beneficial owner of Notes should consult its tax advisor as to the Luxembourg tax consequences of the ownership and disposal of the Notes.*

The EU has adopted a Directive regarding the taxation of savings income. Member States will be required from a date not earlier than 1 July 2005 to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a person to an individual in another Member State, except that Austria, Belgium and Luxembourg will instead impose a withholding system for a transitional period unless during such period they elect otherwise. On 12 April 2005, the Luxembourg Parliament adopted a law implementing the Directive.

Although under current Luxembourg law there is no withholding tax on payments to Luxembourg resident Noteholders, a tax on interest payments made to individual Luxembourg residents may be introduced in the future.

9. To the knowledge of the Issuer, there is no conflicting interest between any duties to the Issuer owed by the persons involved in the offer of the Notes and their private and other duties

## **REGISTERED OFFICE OF THE ISSUER**

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## **MANAGERS**

### **Joint Bookrunner and Structuring Adviser**

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### **Joint Bookrunners**

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**Société Générale**  
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### **Co-Managers**

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## **FISCAL AGENT AND PRINCIPAL PAYING AGENT**

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## **CALCULATION AGENT**

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**LISTING AGENT IN LUXEMBOURG**

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***To the Issuer***

*(as to French law)*

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***To the Managers***

*(as to French law)*

**Linklaters**

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