



Unédic

Investor Presentation

November 2011





Unédic at a glance

- Unédic is the public related entity in charge of managing the compulsory French unemployment insurance system:
 - Strategic role within the French Welfare system
 - The law has mandated the main trade unions and employers' organizations (social partners) to manage the compulsory unemployment insurance system
 - The system is managed by Unédic, established in 1958 by the social partners as a non-profit organization
- Key financial facts:
 - AAA (Aaa) rating of Unédic by rating agencies (Standard & Poor's, Moody's, Fitch)
 - 0% risk weighted under Basel II and ECB eligible
 - Debt issued by Unédic is consolidated in that of the Republic of France (Maastricht criteria)
 - Unédic distributes about €28 bn per year in unemployment benefits





Table of content

Statute and Governance

Organization and Mission

Financial conditions

Capital markets activities





Unédic is the public related entity in charge of managing the compulsory unemployment insurance system in France

- The law has mandated the main trade unions and employers' organizations (social partners) to manage the compulsory unemployment insurance system
- The system is managed by Unédic, established in 1958 by the social partners as a non-profit organization
- The law requires that both employees and employers must pay salary-based contributions to Unédic
- In 2011, the system covered 16.5 million people out of 26 million active workers. Civil servants and entrepreneurs are excluded.





Unédic is closely related to the government

- Unédic operates in a strictly regulated environment :
 - Unemployment policies are designed by the social partners, and are formally approved by the Government
 - The law lays out that the unemployment insurance system is compulsory
- Whilst not part of the public administration, Unédic benefits from strong state support:
 - Under exceptional circumstances, such as financial distress, the Government would step in to ensure the continuity of the national unemployment insurance system



The governance of Unédic

- Unédic's Board is composed of representatives from the social partners:
 - Representatives from the 3 main employers' organizations : Medef, CGPME, UPA
 - Representatives from the 5 main trade unions : CFDT, CFE-CGC, CFTC, CGT, CGT-FO
- Trade unions and employer's organizations are equally represented
- The government is represented on Unédic's board
- The Board:
 - Meets regularly (usually once a month)
 - Authorizes borrowing programs, if any
 - Approves annual financial statements



Table of content

Organization and Mission

Statute and Governance

Financial conditions

Capital markets activities





Unédic holds a strategic position in the French Public Service of Employment

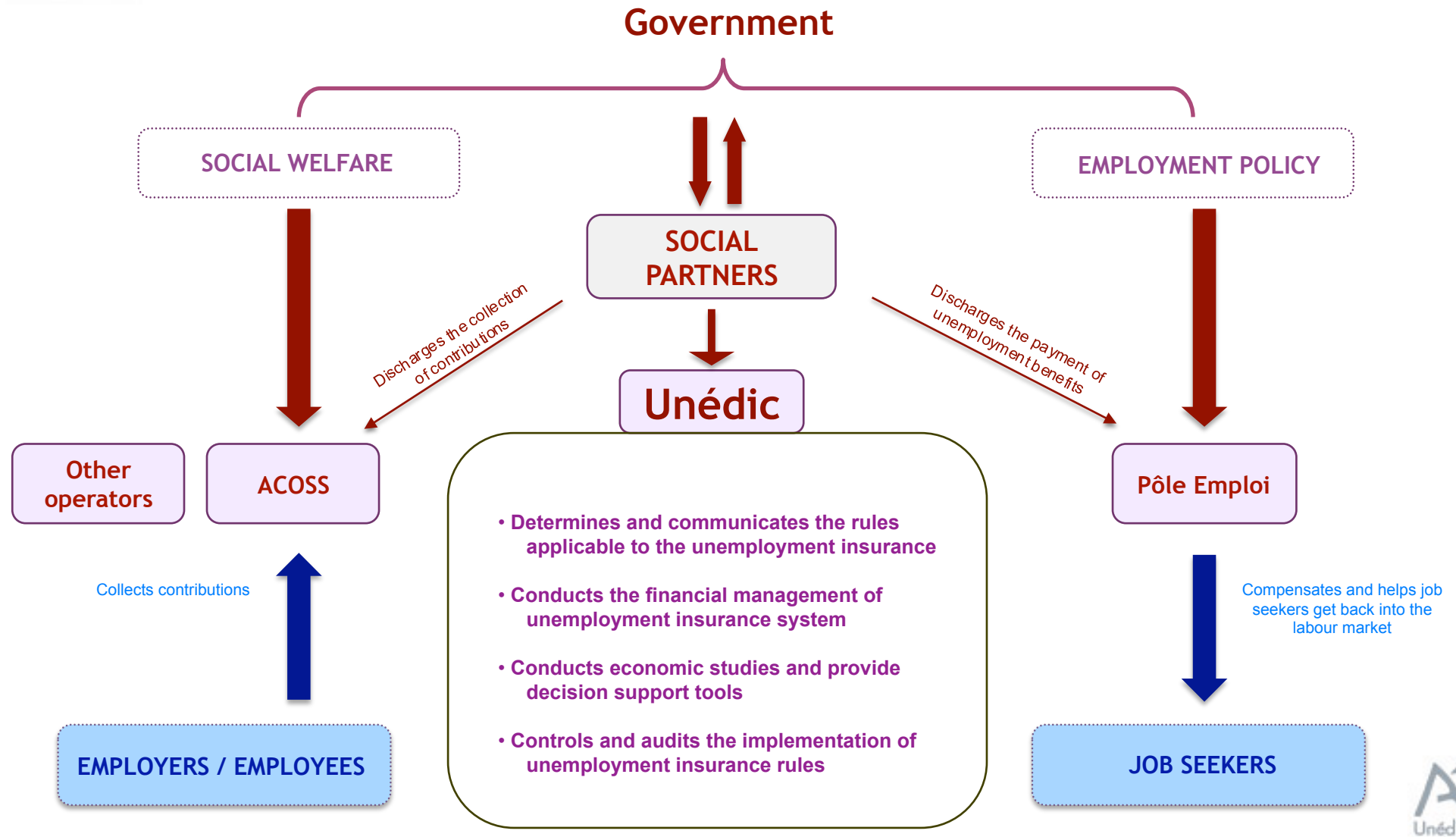




Table of content

Financial conditions

Statute and Governance

Organization and Mission

Capital markets activities





Unédic's financials are closely linked to the macroeconomic situation

- Financials of Unédic are very cyclical:
 - The current economic situation and rising unemployment in France are weakening Unédic's balance sheet due to higher benefit disbursements and lower contribution levels
 - Thus, after 3 consecutive years of surpluses we see the insurance scheme has shifted into a period of deficit

Years	2007	2008	2009	2010	2011	2012
Net outstanding debt at year end (€ bn)	9.7	4.7	5.6	8.5*	11*	12.8*

* 2010 estimate, 2011,12 projection

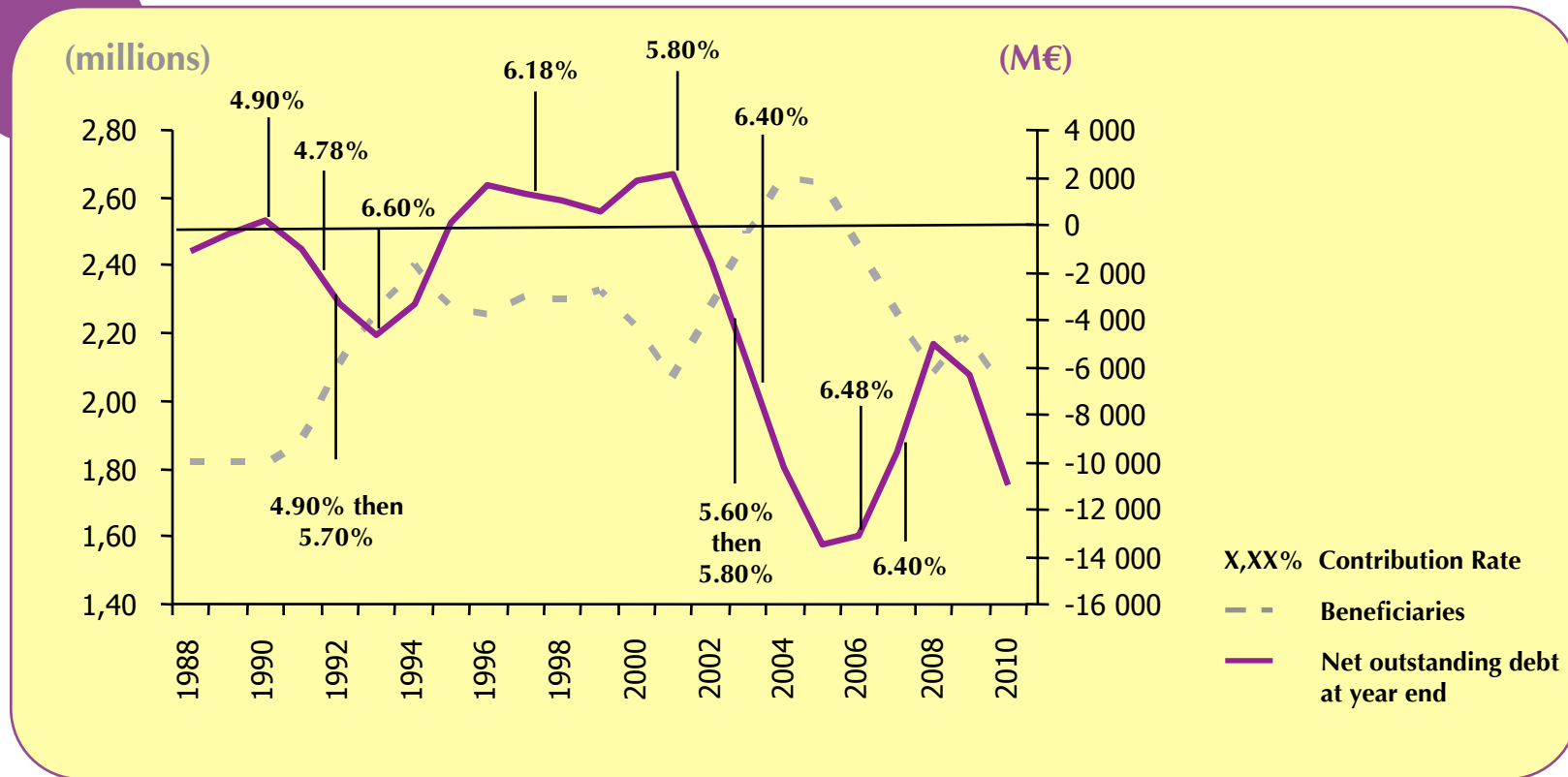
- Therefore, Unédic's financial forecasts are based on strong economic analysis, using robust economic models and reliable data sources:
 - Financial forecasts are regularly monitored
 - Financial forecasts represent a major input in Unédic's cash management policy decisions





The Board monitors Unédic's revenues and debt levels

- 2 types of adjustments can be made to address the financial situation:
 - Change in the contribution rate (fixed percentage of salary paid as unemployment insurance premium)
 - Change in the level of unemployment benefits





Unédic has implemented conservative and prudent liquidity policies

- Access to a mix of cost efficient resources from capital markets in order to address Unédic's needs and efficiently manage the interest rate exposure
 - EMTN Program
 - CP Program

- Rigorous management of the CP Program
 - Benchmarking of duration and maturity split
 - Setting of back-up lines
 - Equivalent of 2 months' worth of liquidity as a buffer against market disruption

- Prudent risk management framework:
 - No currency risk: all borrowings are denominated in Euro
 - Control of interest rate : mix of long term and short term financing instruments
 - Exposure to bank counterparties is regularly monitored





Table of content

Statute and Governance

Organization and Mission

Financial conditions

Capital markets activities





Unédic's funding objectives

- Fund the annual deficit, if any, between the collection of contributions and the payment of unemployment benefits
- Provide cost efficient resources

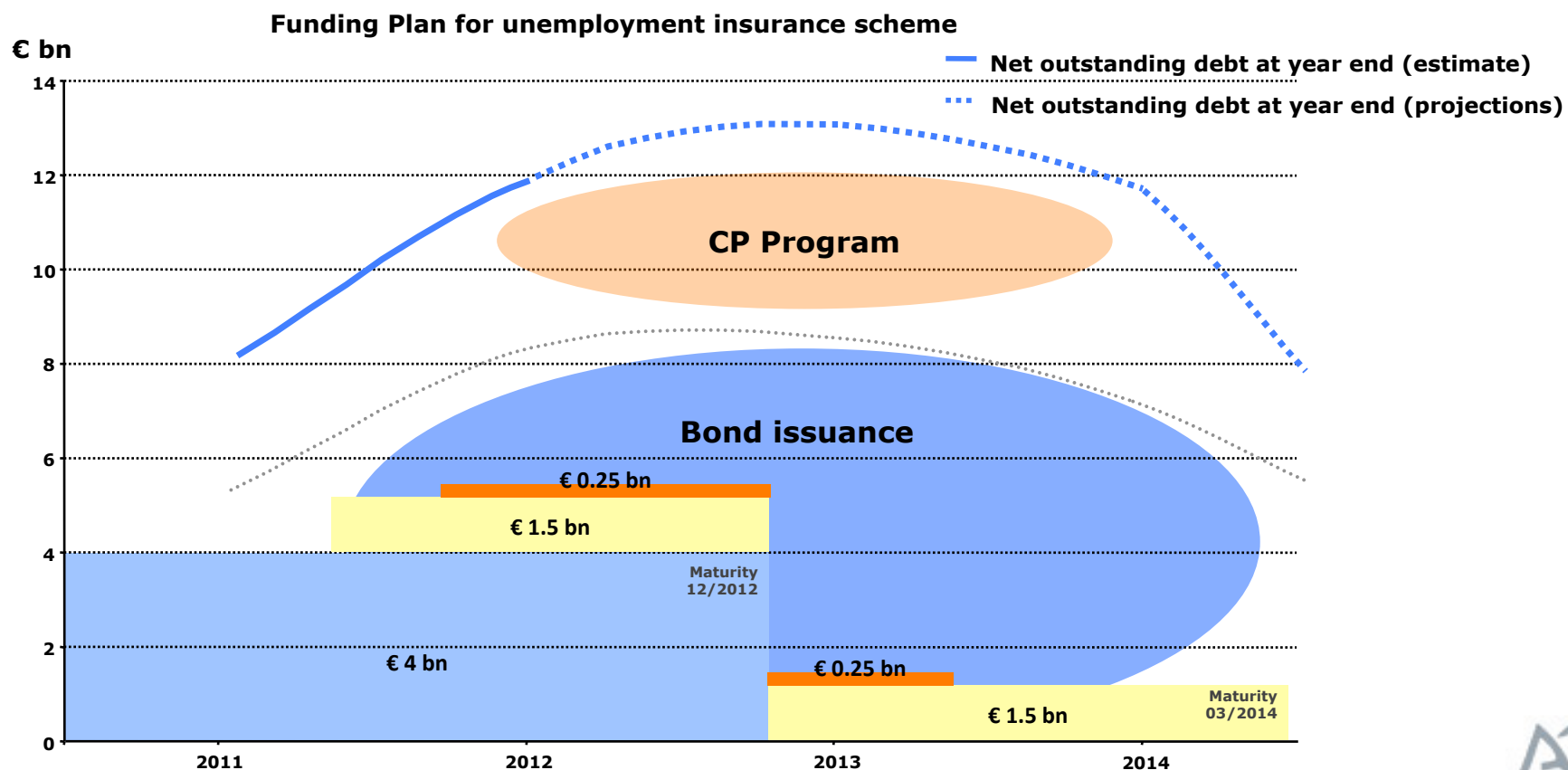
Unédic funding instruments overview

EMTN Programme

- € 12 bn size
- Institutional investors targeted
- Public benchmark approach
- Proceeds on a fixed rate basis

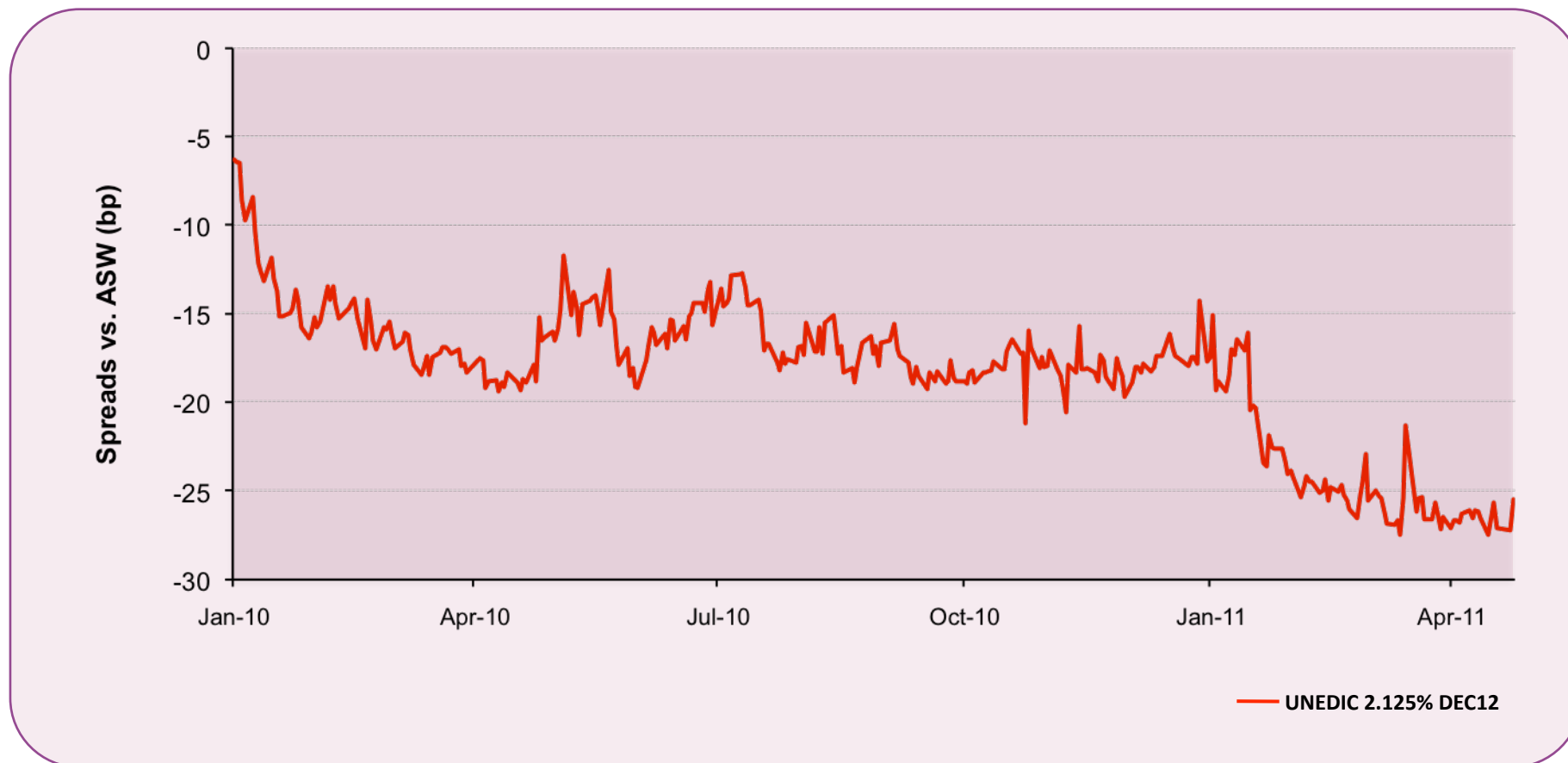
Commercial Paper Programme

- € 9 bn size
- Active management





Performance of Unédic €4bn 2.125% benchmark due Dec-2012 (issued in 2009)





Explicit State Guarantee

- The Monetary and Financial Code is strongly constraining for associations issuing bonds (art. L213-15)
- The current legal framework (Loi de Finances Rectificative 30/12/2004 art.107) entails that a state guarantee would overcome these constraints
- Unédic, while awaiting for the pending change of the Monetary and Financial Code, sought and obtained the explicit guarantee from French Minister of the Economy, Finance and Employment
- Every bond issued by Unédic in 2011 will receive explicit state guarantee from the French Republic



The bonds (obligations) issued by Unedic in 2011 under the Euro 12 billion issuance programme approved by the decision of its board of directors dated 26 June 2009, as amended by the decisions dated 29 June 2010 and 4 November 2010, will benefit from the unconditional and irrevocable first demand guarantee of the French State. The guarantee is granted for borrowings up to a maximum global amount of Euro 4.5 billion in principal, plus any interests and fees related thereto.



- Unédic is currently the only public entity benefiting from explicit French guarantee





2011 issuance strategy

- Unedic has planned to issue up to €4.5bn in 2011
- Unédic issued a €1.5bn 3 years fixed rate bond in March (spread vs. mid swap : -8bp)
- Stand alone issuer is respectively rated AAA, Aaa and AAA by Fitch Rating, Moody's Investors Service and Standard & Poor's. The issuance will take place within the framework of a rated EMTN program (AAA, Aaa, AAA)
- Maturity of the issuance(s) will vary between 3 and 5 years



Unédic is rated AAA by Standard & Poor's, Moody's Investors Service and Fitch Ratings

**STANDARD
& POOR'S**

“ [...] During its more than four decades of existence, Unédic has never experienced a loss of investor confidence in its credit quality.

”

Fitch Ratings

“ The ratings on Unédic reflect its mission as the sole manager of the French unemployment insurance system, its close supervision by the state and its prudent financial management.

”



Moody's Investors Service

“ [...] the base credit assessment is also underpinned by the high level of comfort provided by Unedic's special status and its strictly regulated institutional framework.

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For more information, feel free to contact us and visit our website



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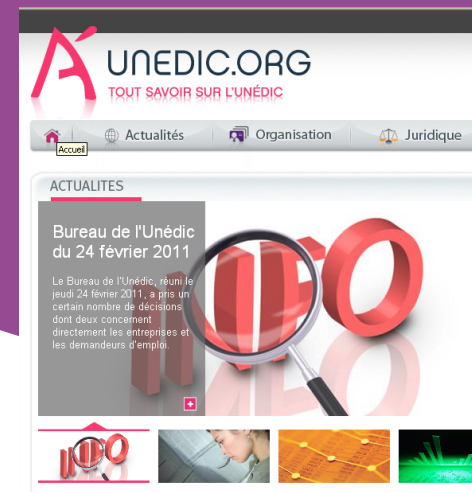
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