



Unédic

March 2011





- 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 Basle 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 2008, 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

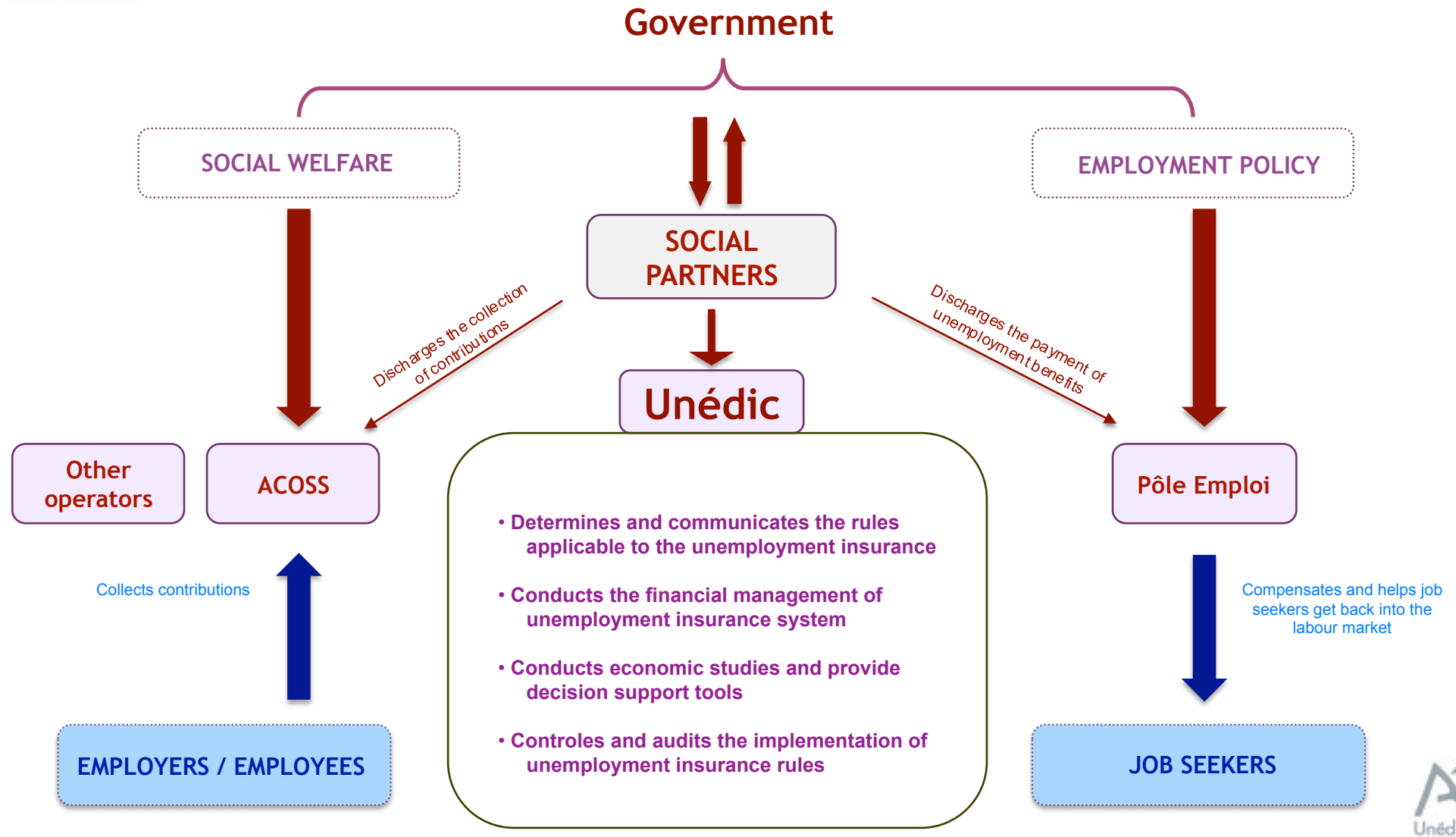




Table of content

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
Funding requirement (€ bn)	9.7	4.7	5.6	8.5*	11*

* 2010 estimate, 2011 projection

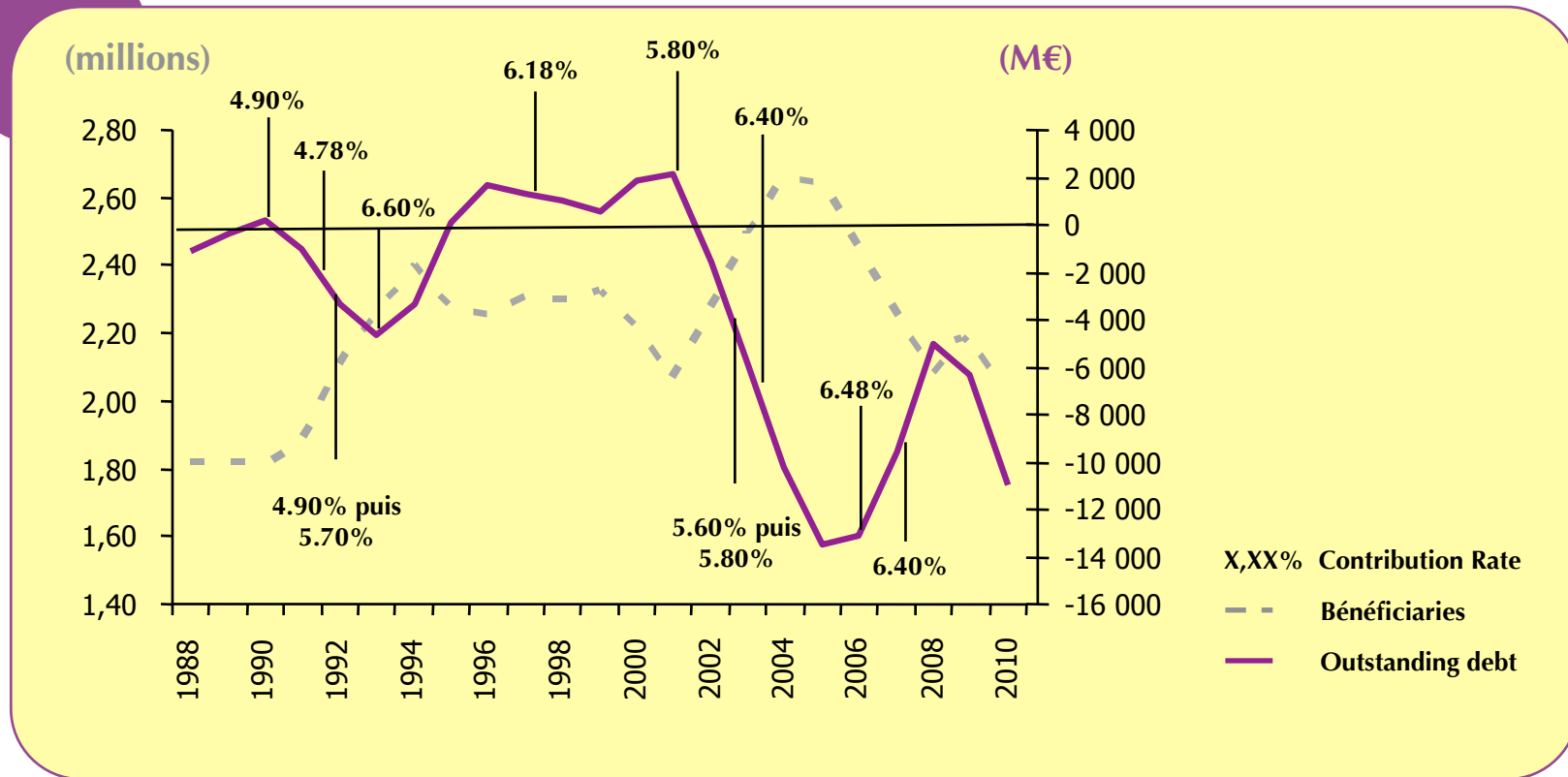
- Therefore, Unédic's financial forecasts are based on strong economic analysis, using robust economic models and reliable data sources:
 - Financial forecasts are regularly monitored
 - Financial forecasts represent a major input in Unédic's cash management policy decisions





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



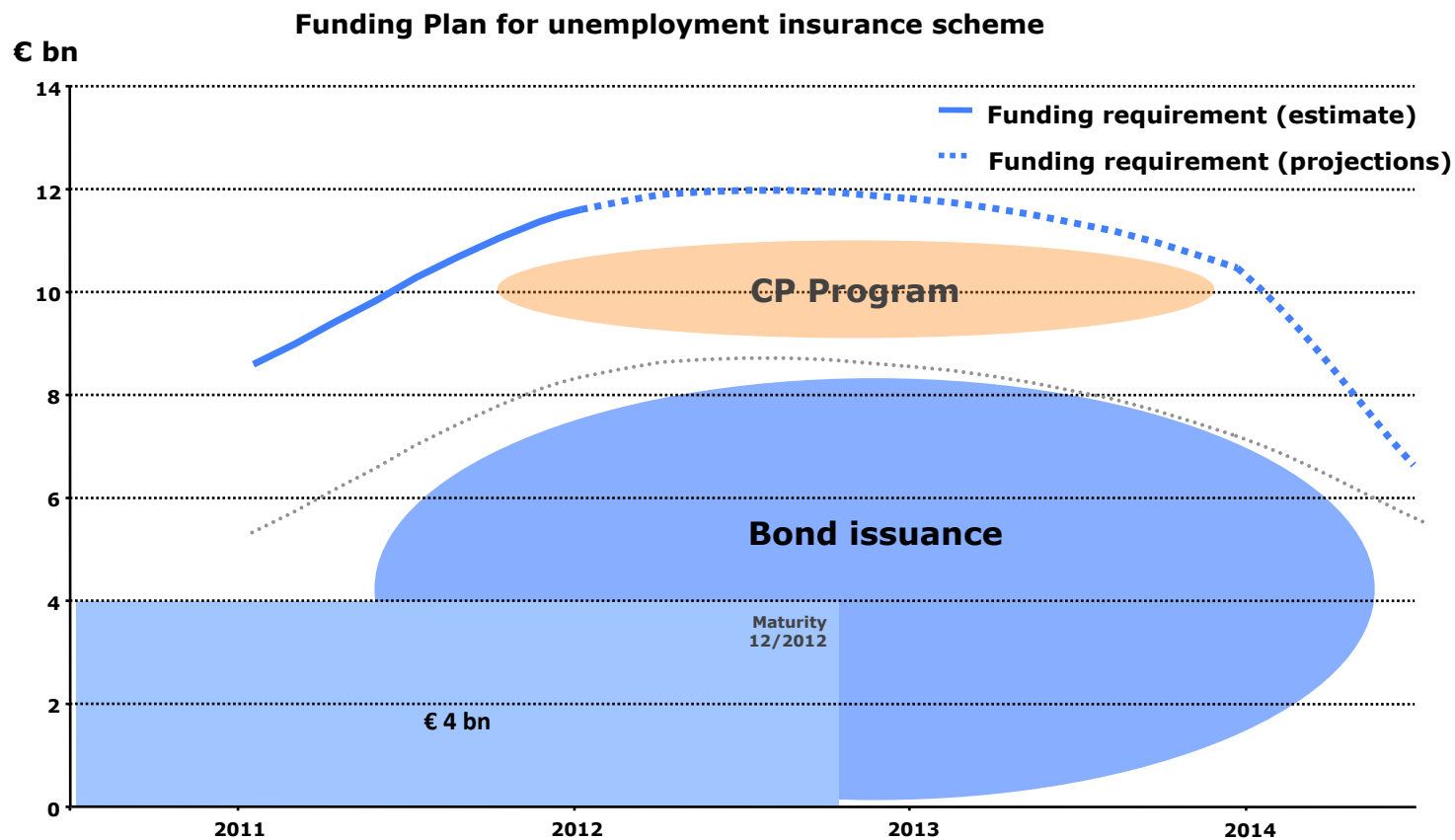
Unédic has implemented instruments to sustain its funding requirement

EMTN Programme

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

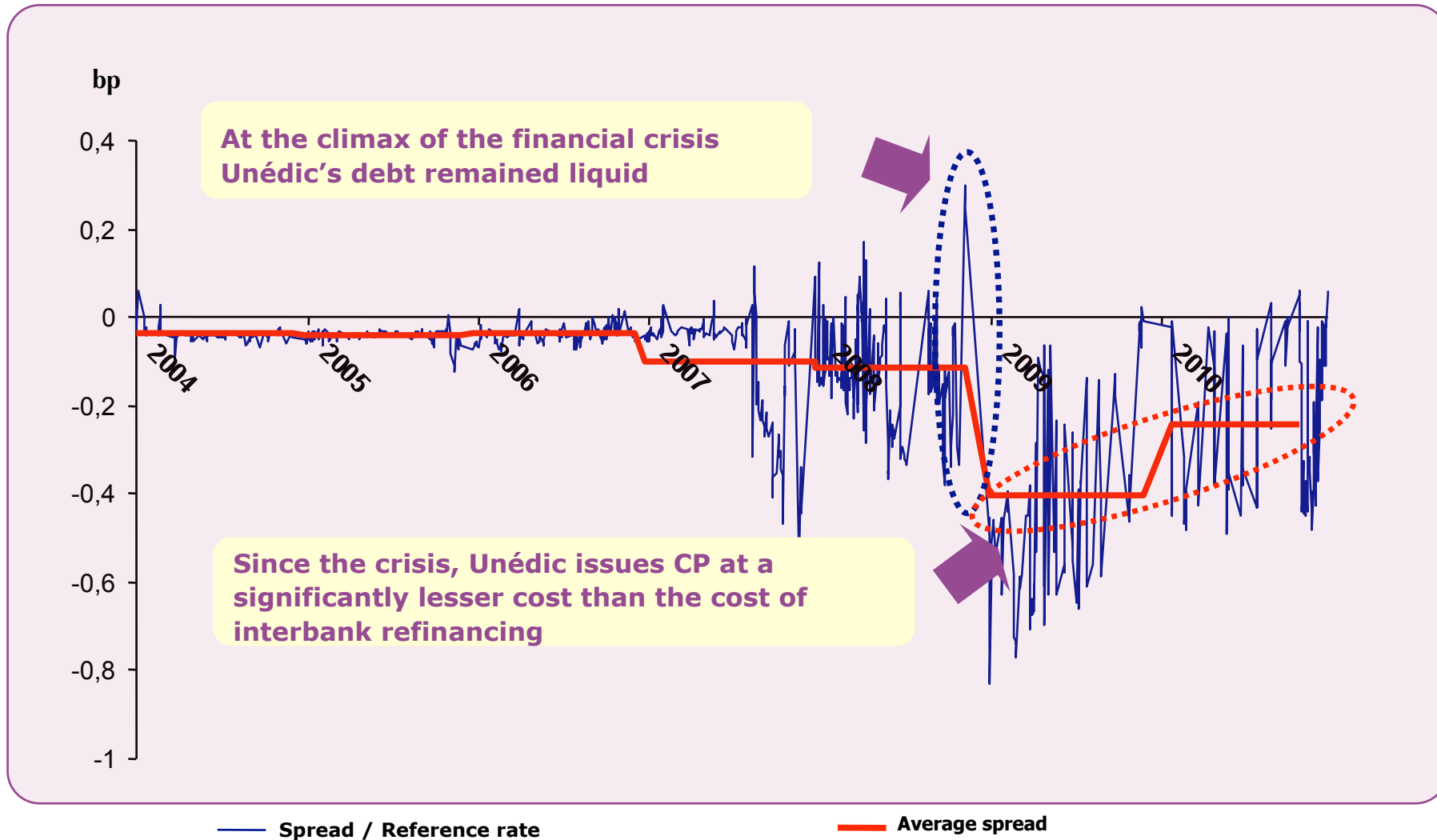
Commercial Paper Programme

- € 6 bn size
- Active management





The 2008 financial crisis has raised the attractiveness of debt instruments issued by Unédic





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





2011 issuance program

- In 2011, Unédic plans to issue up to €4.5 bn in one or multiple issuance
- 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
- Bonds issued by Unédic in 2011 will receive explicit state guarantee from French Government



La garantie autonome à première demande inconditionnelle et irrévocable de l'Etat est accordée aux obligations émises en 2011 par l'Unédic dans le cadre du programme d'émissions de 12 milliards d'euros approuvé par son conseil d'administration par décision du 26 juin 2009, modifié par décisions des 29 juin 2010 et 4 novembre 2010. La garantie porte sur un encours maximum en principal de quatre milliards cinq cents millions d'euros auquel s'ajoutent tous intérêts et frais y afférents.





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.

”





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



Unédic
4 rue Traversière
75 012 Paris
France

Phone : +33 1 44 87 64 00
Fax : +33 1 46 28 04 71

www.unedic.org

Contact :

Philippe Eberschweiler,
Chief Financial Officer
Email : investors@unedic.fr
Phone : +33 1 44 87 64 47

For more information,
visit www.unedic.org





Disclaimer

This document is a draft for discussion purposes only, it is highly confidential and proprietary and should not be transmitted to any person other than its original addressee(s) without the prior written consent of Unédic. Prices and margin are meant to be indicative only and are subject to change at any time depending on market conditions. Unédic cannot be held responsible for any financial loss or other consequences of the implementation of the transactions described in this document. The French Autorité des Marchés financiers granted its visa under number 11-061 dated 2 March 2011 with respect to a base prospectus (hereinafter referred to as the “Base Prospectus”) which details this operation. The Base Prospectus is available at no cost at Unédic registered office, 4, rue de Traversière, 75012 Paris, France and on its website www.unedic.org. You are invited to report to the section “risks” of the Base Prospectus before taking a decision with respect to the implementation of the transactions described in this document or in the Base Prospectus. Should you so require, you should contact your financial, legal or tax advisor, or any other specialist, in order to confirm that any decision taken is consistent with your personal financial situation.

Ce document est la présentation d'une opération à des fins de discussion, ce document est confidentiel et les informations qu'il contient sont la propriété de l'Unédic et ne saurait être transmis à quiconque sans l'accord préalable et écrit de l'Unédic. Les informations de prix et/ou de marges sont indicatifs et sont susceptibles d'évolution à tout moment, notamment en fonction des conditions de marché. L'Unédic ne saurait être tenue responsable des conséquences d'une quelconque décision prise au regard des éléments d'une transaction décrite dans le présent document. L'Autorité des Marchés financiers a apposé le visa n° 11-061 en date du 2 mars 2011 sur un prospectus de base (ci-après le « Prospectus de Base ») présentant cette opération. Le Prospectus de Base est disponible sans frais au siège de l'Unédic, 4, rue Traversière, 75012 Paris et sur le site internet www.unedic.org. Vous êtes invité à lire la rubrique « facteurs de risques » du Prospectus de Base avant toute décision prise au regard des éléments d'une transaction décrite dans le présent document ou dans le Prospectus de Base. En tout état de cause, il vous appartient de requérir, si nécessaire, les avis internes et / ou externe de la part de juristes, fiscalistes ou analystes financier pour vérifier de l'adéquation de cette transaction avec les objectifs et contraintes de votre groupe.



FREE TRANSLATION - FOR INFORMATION PURPOSES ONLY

WS0101.11522483.1

Decree of the French Minister for Economy dated 16 March 2011 granting the guarantee of the French State to the borrowings subscribed by Unedic in 2011

The Minister for Economy,

Pursuant to Article 97 of the law no. 2010-1658 dated 29 December 2010 (French *loi de finances rectificative pour 2010*),

Decides:

Article 1. - 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.

Article 2. - This decree shall be published in the *Journal Officiel* of the Republic of France.

Made on 16 March 2011.

CHRISTINE LAGARDE