SOCIETE DE FINANCEMENT DE L'ECONOMIE FRANCAISE
FRENCH FINANCING CORPORATION

Press Release

Société de Financement de l'Economie Française, French Financing Corporation successfully launched yesterday its inaugural public bond issue

Paris, 13th November, 2008 – The French Financing Corporation (Société de Financement de l'Economie Française – SFEF) launched yesterday its inaugural debt offering, guaranteed by the French state and rated AAA/Aaa/AAA. The EUR 5 billion issue matures on 24 November 2011, pays a coupon of 3.5%, and was priced at a spread of 5 bp over the 3-year mid-swap rate. Joint lead managers are BNP Paribas, Calyon, HSBC, Natixis and Société Générale CIB.

Background

- Following the summit of Heads of State and Governments of the EU in Paris on 12th October 2008, and within the framework of the French plan to ensure the financing of, and restore confidence in the economy, the Government set up the SFEF on 17th October 2008.
- The SFEF's mission is to provide loans to eligible credit institutions in France with the aim of supporting the financing of households, companies, local authorities and investment.
- With a robust capital[1], a broad, representative governance[2], an explicit guarantee from the French State ensuring a Aaa/AAA/AAA rating at the outset from Moody's, Standard & Poor's and Fitch respectively and a 0% risk weighting, the SFEF's bonds offer several benefits to both French and international investors.

Execution

- The SFEF announced its inaugural transaction referred to above on Tuesday 4th November, with the intention of launching the issue the second week of November following investor meetings and subject to market conditions.
- Thierry Coste, SFEF's Chief Executive, met with over 160 targeted investors in Paris on Friday 7th November and held a global conference call with interested international investors on Monday 10th November. He explained the specifics of the French plan, the characteristics of the SFEF and presented its inaugural 3-year Euro-denominated benchmark issue.
- The book building process started at 10:30 CET on Wednesday 12th November, with an initial price guidance of 5 to 10 bp over the 3-year mid-swap rate.
- The transaction attracted very strong interest from the onset and the order books grew rapidly, with over EUR 5 billion of orders received in the first hour. In the wake of this exceptionally rapid response, the decision was taken to accelerate the process.

[1] 34% held by the French state and 66% by the banking sector split equally between Banques Populaires, BNP Paribas, Caisses d'Epargne, Crédit Agricole, Crédit Mutuel, HSBC France and Société Générale, with 9.43% each.
[2] 10 Administrators: 2 State Administrators, 1 Administrator from each of the 7 shareholders banks, 1 independent Administrator, 1 Government Commissioner (the Head of French Treasury and Economic Policy or his representative) and 1 censor (the Governor of the Banque de France or his representative).

- Books closed around 12:30 CET on Wednesday 12th November with total orders of EUR 12 billion. The lead-managers priced the transaction on the same day around 17:45 CET, at a spread of 5 bp over the 3-year mid-swap rate and with an amount of EUR 5 billion.

Investors' response

- The investors' response to the transaction was such that it ended up being more than two times oversubscribed and priced at the tightest level versus swap achieved by AAA-rated issuers in a public syndicated transaction in Euro in the last three weeks. This highlights the strength of the French credit on the international markets, and shows investors' preference for the re-financing scheme implemented by France.
- The scheme allows investors to buy government-guaranteed paper via a single issuer, which will benefit from liquidity of the bonds in the secondary market, thanks to a specific market making commitment from the lead managers and eligibility of the issue to be traded on MTS France.
- This rapid response is an indicator of confidence from the investor community in the French economy and shows a very positive signal in light of future potential issuance from the SFEF.

Distribution

- Over 160 investors participated in an oversubscribed book.
- While French demand was certainly solid at 45% of the allocated orders, final distribution was well balanced across Europe, with a noteworthy participation from Asian and Middle Eastern investors.
- Also in terms of investor type, the transaction was very well spread out, with participation from Central Banks and other Official Institutions at around 25%, higher than in recently executed government-guaranteed issues. Participation from asset managers as well as banks was also strong, at 32% and 29% respectively. The remainder was taken up by insurance companies and pension funds, with a small proportion of the bonds allocated to corporations.

Issuer's comment

Michel Camdessus, Chairman of the SFEF board declared: "The SFEF's inaugural issue has been a tremendous success, notwithstanding the enduring difficult market conditions. We are especially pleased with the level of demand by international investors and the tight pricing achieved. This clearly highlights the strength of the unconditional guarantee of the French State on the international capital markets and the effectiveness of choosing the SFEF as the main financing vehicle for eligible credit institutions in France."

- End -

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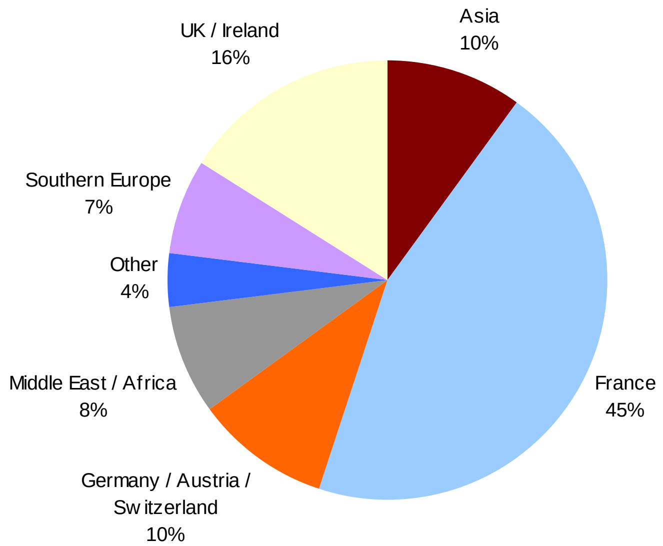
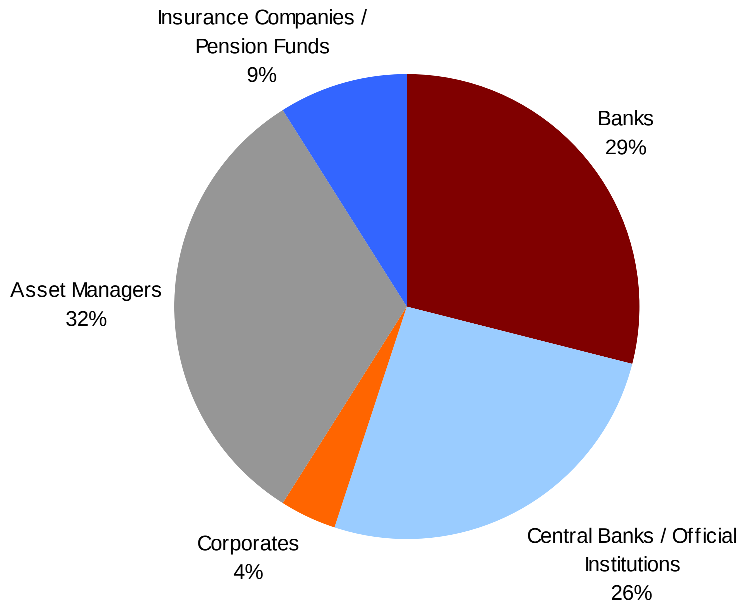
ANNEXES

Geographical distribution



Distribution by investor type



SOCIETE DE FINANCEMENT DE L'ECONOMIE FRANCAISE
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3.5% BENCHMARK ISSUE DUE 24 NOVEMBER 2011

FINAL TERMS AND CONDITIONS

Issuer:	Société de Financement de l'Economie Française – French Financing Corporation
Rating	Aaa (Moody's) / AAA (S&P) / AAA (Fitch)
Issue Amount:	EUR 5,000,000,000
Issue Type:	Fixed Rate
Format:	Standalone
Status of the Notes:	Senior Unsecured Guaranteed
Launch Date:	12 November 2008
Pricing Date:	12 November 2008
Settlement Date:	24 November 2008
Maturity Date:	24 November 2011
Reference rate:	3-year EUR mid-swap rate = 3.472%
Re-offer Spread vs. midswap:	+ 5 bps
Re-offer Yield:	3.522%
Annual Coupon (Act/Act):	3.5%
Issue/Re-offer Price:	99.938%
Redemption Price:	100%
ISIN Code:	FR0010687707
Listing:	Euronext Paris
Denominations:	EUR 1,000
Governing Law:	French Law
Joint Bookrunners:	BNP Paribas, Calyon, HSBC, Natixis, Société Générale CIB

BNP PARIBAS Corporate & Investment Banking CALYON CRÉDIT AGRICOLE CIB HSBC NATIXIS SOCIETE GENERALE Corporate & Investment Banking