

FCC ODYSSEE

DEBT MUTUAL FUND WITH SUB-FUNDS (FONDS COMMUN DE CRÉANCES A COMPARTIMENTS)

(Act no.1201 of 23 December 1988, as amended)

ESPACE SUB-FUND

€217 391 000

€200 000 000 of Priority units with projected redemption 2006

(Public placing/Issue price: 100 %)

€17 381 000 of Subordinate Units with projected redemption 2006

(Private placing/Issue price: 100 %)

€10 000 of Residual Units

FINAREF in its capacity as depository (the "*Depository*") and ABC GESTION in its capacity as management company (the "*Management Company*") draw the attention of potential investors, subscribers and unit holders to the following issues:

The Debt Mutual Fund FCC ODYSSEE (the *FCC*) is a debt mutual fund with sub-funds governed by the provisions of Act n° 88-1201 of 23 December 1988 (as amended) relating to undertakings for collective investment in transferable securities and which created debt mutual funds (the *Act*), established for the purpose of acquiring loans from entities (in France and elsewhere) which form part of the PINAULT PRINTEMPS REDOUTE group (the *PPR Group*) or which are either suppliers to the PPR group or have been designated as important trading partners by the PPR group. At the time of the formation and bringing into operation of the ESPACE Sub-fund (the *Sub-fund*), the FCC will proceed with the acquisition of loans (the *Loans*) derived from the consumer credit business of FINAREF (the *Originator*) with the intention of transferring them, wholly and exclusively, to the Sub-fund.

The Sub-fund will issue preference units with a total nominal value of €200 000 000 (the *Priority Units*) and subordinate units with a total nominal value of €17 381 000 (the *Subordinate Units*). Application will be made for these units to be admitted to the Paris Bourse (PARISBOURSE^{SBF} S.A.) (FCC section), within the classification "*Units reserved for qualifying investors and non-resident investors*" in the case of the Subordinate Units. Application will be made for the Priority Units and the Subordinate Units to be cleared through Sicovam S.A. (*Sicovam*), Clearstream Banking (formerly *CedelBank*) and Euroclear (*Euroclear*).

The interest due on the Priority Units and the Subordinate Units is payable by reference to consecutive interest periods (an *Interest Payment Period*). The Priority Units and the Subordinate Units carry interest payable quarterly on the 20th calendar day of the months of October, January, April and July each year (with adjustments being made for Stock Exchange trading days as set out below) (a *Quarterly Payment Date*) or if such a day is not a Stock Exchange trading day (as defined below) the following Stock Exchange trading day unless this day falls into the next month, in which case the relevant trading day would be the preceding trading day. Each Interest Period in respect of the Priority Units and the Subordinate Units begins on a Quarterly Payment Date (inclusive) and ends on the next Quarterly Payment Date (exclusive). The Priority Units and the Subordinate Units carry interest at an annual rate equal to the sum of the rate offered on the interbank market of the *Euro Zone* (as defined below) (*EURIBOR*) for a fixed period of three months and the corresponding margin. (the *Margin*). The Priority Units carry interest on the total of the Outstanding Principal (as defined below) at the EURIBOR 3 month rate increased by a Margin of 0.30% per year. The Subordinate Units carry interest on the amount of the Outstanding Principal (as defined below) at the EURIBOR 3 month rate increased by a Margin of 1.03 % per year.

The Priority Units and the Subordinate Units will be offered for subscription to investors between 28 June 2000 and 13 July 2000. The net proceeds from the issue of the Priority Units, the Subordinate Units and the Residual Units (the *Units*) will be specifically allocated by the *Management Company*, acting for and on behalf of the Sub-fund of the FCC, to the acquisition of the Loans from the *Originator* at the Formation Date of the Sub-fund. The *Management Company* will proceed with the allocation of the Loans, wholly and exclusively, to the Sub-fund. After the Formation Date of the Sub-fund, additional eligible Loans may be acquired from the *Originator* where appropriate to replace Loans over the course of a period which may not exceed three years from the Formation Date of the Sub-fund, that is the period ending at the latest on 21 July 2003 (the *Replacement Period*).

The redemption of the Priority Units and the Subordinate Units will begin on the first Quarterly Payment Date following the Replacement Period, that is at the latest 21 July 2003. Unless an Accelerated Redemption Situation (as defined below) occurs, the Priority Units and the Subordinate Units will be redeemed in full on the Quarterly Payment Date falling in the month of October 2006 (the *Projected Redemption Date*). The Subordinate Units will be the subject of a private placing and only qualifying investors or non-resident investors may subscribe for or acquire the units. It is the responsibility of financial advisors to verify the eligibility of the investors for whom they act.

In accordance with the provisions of the Act, the Sub-fund issues the Units in exchange for the Loans acquired from the *Originator* and which are allocated to it by the *Management Company*, to the exclusion of all other loans which could be acquired by the FCC at the time of the formation and/or bringing into operation of any other sub-fund of the FCC. In accordance with the Regulations governing the FCC, the Unit holders are only liable for the debts of the FCC up to an amount equal to the assets allocated to the Sub-fund and in proportion to their share in the Sub-fund. Consequently, the Sub-fund remains strictly autonomous and distinct from the other sub-funds of the FCC which are set up after the Formation Date of the FCC (which is the same as the Formation Date of the Sub-fund).

The Priority Units have been given a provisional rating of Aaa by MOODY'S FRANCE S.A. (*MOODY'S* or the *Rating Agency*). The Subordinate Units have been given a provisional rating of A3 by MOODY'S. Such a rating does not constitute a recommendation to subscribe, to sell or to buy the Priority Units or the Subordinate Units and could be subject to revision, suspension or withdrawal.

Potential subscribers and investors are invited to refer to the sections "*General Warning*" and "*Identification of Risk Factors - Description of the Mechanisms for Protection*" on pages 14 and 87 respectively of this Issue Memorandum.

DEBT MUTUAL FUND WITH SUB-FUNDS

ESTABLISHED UNDER THE JOINT LEADERSHIP OF

ABC GESTION
Management Company

FINAREF
Depository

Underwriter

CRÉDIT LYONNAIS

Organisation and Implementation of the Undertaking carried out by

WARNING

THIS DOCUMENT IS A TRANSLATION OF THE NOTE D'EMISSION WHICH HAS BEEN APPROVED BY THE COMMISSION DES OPERATIONS DE BOURSE ON 27 JUNE 2000.

NEITHER CREDIT LYONNAIS NOR ABC GESTION NOR FINAREF S.A. MAY BE HELD RESPONSIBLE FOR ITS CONTENT OR ANY ERRORS IT MAY CONTAIN. THIS DOCUMENT HAS NOT BEEN SUBMITTED TO THE COMMISSION DES OPERATIONS DE BOURSE FOR APPROVAL. ONLY THE NOTE DE REFERENCE IN FRENCH RECORDED WITH THE COMMISSION DES OPERATIONS DE BOURSE ON 20 JUNE 2000 AND THE NOTE D'EMISSION APPROVED BY THE COMMISSION DES OPERATIONS DE BOURSE ON 27 JUNE 2000 MAY BE RELIED UPON.

*This Issue Memorandum was drawn up in conjunction with the General Reference Note relating to FCC ODYSSEE and registered with the Stock Exchange Operations Commission (**COMMISSION DES OPÉRATIONS DE BOURSE**) on 20 June 2000. No one is authorised to give any information or to make any representations whatsoever other than those contained in the General Reference Note and in this Issue Memorandum and, should this occur, such information or representations must not be regarded as authorised by **FINAREF** or **ABC GESTION**.*

*The distribution of this Issue Memorandum could be subject to legal restrictions in certain jurisdictions. Any persons coming into possession of this Issue Memorandum must inform themselves of any such possible restrictions and, where appropriate, comply with such restrictions. In addition, in accordance with Article 35 paragraph 2 of Act No. 88-1201 of 23 December 1988 (as amended) relating to undertakings for collective investment in transferable securities and which created debt mutual funds the **FCC** may not be sold by way of solicited brokerage.*

This Issue Memorandum does not constitute in any way an offer or solicitation for the subscription, purchase or sale of Units in any country or from any country to any persons to whom it would be illegal to make such an offer or solicitation in the said country or from the said country.

The information contained in this Issue Memorandum, in so far as it concerns the description of certain elements relating to the Transaction Documents, is only intended to be a summary and does not constitute an exhaustive description.

*Neither the circulation of this Issue Memorandum nor any sale made under the terms of the offer for sale of any Priority Units or of any Subordinate Units implies, in any circumstances, that no modification could be made to the information relating to the **Originator** contained in this Issue Memorandum after the date of this Issue Memorandum or that such information is accurate at any date following the date of this Issue Memorandum.*

*The Units constitute an obligation of the FCC relating exclusively to the **Sub-fund**. Neither the Units issued by the FCC in exchange for the Loans acquired by the FCC and allocated exclusively to the Sub-fund, nor even the said Loans are or will be guaranteed by **FINAREF** or **ABC GESTION**. The Units constitute neither an interest in the **Management Company**, the **Depository**, the **Originator** or the **Collector** or in any entity within their respective groups nor an obligation of the **Management Company**, the **Depository**, the **Originator** or the **Collector** or of any entity within their respective groups.*

*In the case of non-payment of any sum whatsoever relating to the Units, the Unit holders will have recourse only to the **Management Company**, and then only in the case of a failure on its part to respect any of its obligations as stipulated in the Regulations of the FCC. Only the **Management Company** is authorised to defend the rights of the Unit holders as against third parties. The obligations of the **Management Company**, the **Depository**, the **Originator**, and the **Collector** as regards the Units are exclusively limited to those ensuing from the Transaction Documents relating to the Espace Sub-fund without prejudice to the legal and regulatory provisions applicable to them.*

*This Issue Memorandum must not be considered as a recommendation made by **FINAREF** or **ABC GESTION** such that anyone with knowledge of this Issue Memorandum or of the information relating to the Priority Units or to the Subordinate Units ought to subscribe or acquire Priority Units or Subordinate Units. It is the responsibility of each investor who is considering acquiring Priority Units or Subordinate Units to form his own judgement as to the financial status and the solvency of the **Espace Sub-fund** and his own assessment of the legal, taxation, and accounting consequences and the degree of risk associated with an investment in Priority Units or Subordinate Units. In particular, the attention of investors is drawn to the provisions of Article 26 of Act No. 88-1201 of 23 December 1988 (as amended) relating to undertakings for collective investment in transferable securities and which created debt mutual funds and to Articles 8 and 9 of decree No. 89-158 of 9 March 1989 which implemented Articles 26 and 34 to 42 of the aforementioned Act No. 88-1201 of 23 December 1988 (as amended).*

*With the exception of an application for admission and for a public placing for the Priority Units and of an application for admission and for a private placing for the Subordinate Units on the Premier Marché (Main Market) of the **PARIS BOURSE** (**PARISBOURSE^{SBF} S.A.**, FCC section) no other course of action has been taken by the **Management Company** or the **Depository**, and no course of action will be taken of a nature which would permit a public offer of the Priority Units or the Subordinate Units.*

*Within the context of the placing of the Priority Units and the Subordinate Units, no assurances can be given to potential investors, subscribers and holders of the Priority Units and the Subordinate Units as to the creation or development of a secondary market for the Priority Units and for the Subordinate Units as a consequence of their admission to the Premier Marché of the **PARIS BOURSE**.*

This Issue Memorandum will be available for inspection by the public at the registered offices of the [Depository](#) and the [Management Company](#).

PROCEDURE FOR ISSUE AND PLACING OF UNITS, SELECTION OF LOANS AND INFORMATION FOR THE PUBLIC

This Issue Memorandum together with the General Reference Note constitute a Prospectus, which has been approved by the Stock Exchange Operations Commission. This Issue Memorandum comes within the general framework of the procedure for the placing of units in debt mutual funds, as governed by the provisions of regulation no. 94-01 (as amended) of the Stock Exchange Operations Commission (**COMMISSION DES OPERATIONS DE BOURSE**) relating to debt mutual funds and of the directive given to implement the said regulation.

The aim of this Issue Memorandum is to present (i) the general characteristics of the assets and liabilities of the Sub-fund, (i) the rules governing the Loans and their corresponding ancillary rights, which can be obtained from **FINAREF** in respect of the Sub-fund, and (iii) the general rules regarding the structuring and operation of the Sub-fund.

GENERAL REGULATIONS AND SPECIFIC REGULATIONS

The General Reference Note relating to the FCC was registered with the Stock Exchange Operations Commission (**COMMISSION DES OPERATIONS DE BOURSE**) on 20 June 2000 under number FCC R 00-01.

The subscription or acquisition of a Unit issued by the FCC in respect of the Sub-fund entails total compliance (i) with the General Regulations of the FCC and (ii) with the Specific Regulations of the Sub-fund as agreed between the **Depository** and the **Management Company**.

This Issue Memorandum contains the main stipulations of the Specific Regulations of the Sub-fund. Anyone wishing to obtain a copy of the Specific Regulations of the Sub-fund will be able to request one from the **Management Company**, once this Issue Memorandum has been circulated.

DEFINITIONS

For the purposes of this Issue Memorandum, the terms defined and beginning with a capital shall have the meaning given to them in Annexe I of this Issue Memorandum.

APPROVAL OF THE STOCK EXCHANGE OPERATIONS COMMISSION

In accordance with Articles 6 and 7 of Order No. 67-833 of 28 September 1967,
the Stock Exchange Operations Commission (**COMMISSION DES OPERATIONS DE BOURSE**)
approved the Prospectus on 27 June 2000 under FCC approval No. 00-02.

PROSPECTUS

This Issue Memorandum forms part of a Prospectus which comprises (i) the General Reference Note registered with the Stock Exchange Operations Commission (**COMMISSION DES OPERATIONS DE BOURSE**) under number FCC R00-01 dated 20 June 2000, (ii) the Reference Note registered with the Stock Exchange Operations Commission (**COMMISSION DES OPERATIONS DE BOURSE**) under number FCC RC 00-01 dated 20 June 2000 and (iii) an Operations Memorandum. This Issue Memorandum consists of the Reference Note and the Operations Memorandum.

The General Reference Note and the Issue Memorandum will be available for inspection by the public at the registered offices of the [Depository](#), the [Management Company](#) and the [Underwriter](#).

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PERSONS RESPONSIBLE FOR THE PROSPECTUS

PERSONS WHO ASSUME RESPONSIBILITY FOR THE PROSPECTUS

As far as we are aware, the information contained in this Prospectus is accurate: it includes all such information as may be required for investors to make their own assessment of the rules governing the ESPACE Sub-fund of the debt mutual fund FCC ODYSSEE, its financial position as well as the financial conditions of the undertaking and the rights attached to the units offered. There are no other facts the omission of which would render such information misleading.

Paris, 22 June 2000.

ABC GESTION

Management Company

Jean-Pierre de Cormis

Chief Executive Officer

FINAREF

Depository

Alain Van Groenendael

Chairman

PERSONS RESPONSIBLE FOR THE ACCOUNTING PRINCIPLES AND FOR AUDITING THE ACCOUNTS

The accounting principles used in this Prospectus comply with the recommendations of the French National Accounting Board (**CONSEIL NATIONAL DE LA COMPTABILITÉ**) for debt mutual funds with sub-funds.

PRICEWATERHOUSECOOPERS

Statutory Auditors

Jacques Lévi

32, rue Guersant - 75017 Paris

Date of commencement of first appointment: June 2000

Duration and expiry date of appointment: 6 years, June 2006

DESCRIPTION OF THE GENERAL MECHANISMS OF SECURITISATION, OF FCC ODYSSEE AND OF THE ESPACE SUB-FUND

Legislative Framework

The FCC is a debt mutual fund with sub-funds created jointly by FINAREF, acting in its capacity as Depository, and by ABC GESTION acting in its capacity as Management Company, established for the purpose of acquiring loans from entities (in France and elsewhere) which form part of the PPR Group or which are either suppliers to the PPR Group or have been designated as important trading partners by the PPR Group. The FCC will be constituted in accordance with the provisions of Act No. 88-1201 of 23 December 1988 relating to undertakings for collective investment in transferable securities and which created debt mutual funds as amended, in particular, by Act No. 99-532 of 25 June 1999 relating to savings and financial security.

General Regulations and Specific regulations

The Depository and the Management Company signed, on the Formation Date of the FCC, the General Regulations the stipulations of which provide, in particular, (i) the general rules of operation of the FCC, (ii) the general rules for the formation, operation and liquidation of the sub-funds of the FCC and (iii) the respective roles, obligations, prerogatives and responsibilities of the Management Company and of the Depository.

In accordance with the stipulations of the General Regulations, each sub-fund of the FCC will formulate specific regulations the purpose of which will be to determine, in particular, (i) the specific rules for the formation, operation and liquidation of the sub-fund concerned, (ii) the characteristics of the loans acquired by the FCC with a view to their allocation to the said sub-fund and of the units issued in exchange for the said loans, (iii) the rules for the priority attribution of the assets allocated to the said sub-fund, (iv) the mechanisms for the protection and enhancement of credit in operation in respect of the said sub-fund together with (v) the specific obligations of all those involved with the sub-fund concerned in addition to the Management Company and the Depository.

In accordance with the stipulations of the General Regulations, it is expressly provided that the FCC will only be able to acquire from the PPR Group debts which are sound with a view to their allocation to the different sub-funds of the FCC and that all the sub-funds of the FCC will be the subject of a public placing.

Principles governing the Sub-funds

On implementation of the provisions of Article 34 paragraph 2 of the Act, the FCC can consist of two or more sub-funds established jointly by the Depository and the Management Company. In accordance with the Act and subject to the stipulations of the General Regulations, each sub-fund issues, through the FCC, units in exchange for the debts which are allocated to it. The proceeds of the issue of the units realised by the FCC in respect of the sub-fund are used by the Management Company to acquire relevant debts from the PPR Group, at the time of the formation and initial operation of the said sub-fund, and which are allocated by the Management Company exclusively to the said sub-fund. Consequently, the cash flows received in respect of the loans which were allocated to a particular sub-fund are used exclusively by the Management Company for the payment of principal, interest, commission and expenses which will be owed to the said sub-fund, to the exclusion of all other sub-funds. In the same way, the defaults on the loans allocated to a particular sub-fund will be borne by the said sub-fund, to the exclusion of all other sub-funds of the FCC, since it is specified that the General Regulations provide that the unit holders of the said sub-fund are only liable for the debts of the FCC up to an amount equal to the assets allocated to the sub-fund and in proportion to their share in the said sub-fund.

The mechanisms for the protection and enhancement of credit which are in operation in respect of a given sub-fund benefit only the holders of the units which were issued by the FCC at the time of the formation or initial operation of the said sub-fund. Likewise, the assets allocated to each sub-fund, in accordance with the stipulations of each specific regulation, within the context of those of the General Regulations, are distinct from the assets allocated to other sub-funds with the result that the assets allocated to a given sub-fund are only available to satisfy the obligations of the said sub-fund.

At the date of formation the FCC consists of the first sub-fund. Each sub-fund shall remain autonomous and distinct from the other sub-funds. As a result, the Management Company will be able to make use of its option to liquidate a

given sub-fund, in accordance with Article 34 of the Act and of Article 6 of the Decree, without the exercise of such an option resulting in the liquidation of another sub-fund of the FCC, or, which would be more likely, of the FCC in its entirety.

As from the Formation Date of the FCC, and in accordance with the provisions of the Act, the FCC and its different sub-funds are managed exclusively by only one management company. Similarly, there is only one depository for the assets of the FCC for the whole duration of the FCC and for all its sub-funds. The same applies as regards the auditors of the FCC's accounts, who are appointed by the [Management Company](#).

Accounts are prepared for the FCC as a whole, but in addition separate accounts are prepared for each sub-fund.

Limitation and abandonment of recourse

Without limiting the scope of the obligations and of the recourse of the FCC, represented by the [Management Company](#), the holders of Units issued by the FCC recognise that they can have no recourse, under any circumstances, directly to the debtors of the loans acquired by the FCC, and that this is the case regardless of the sub-fund to which the said loans were exclusively allocated.

Furthermore, the holders of the units which were issued at the time of the formation or of the initial operation of any sub-fund:

- (a) Acknowledge expressly and irrevocably that their rights over the assets of the FCC are limited to those allocated to the said sub-fund, such rights resulting in particular from the principles described in the General Regulations and from the stipulations of the specific regulations which are relevant;
- (b) Acknowledge expressly and irrevocably that they have no right whatsoever over the assets allocated to another sub-fund of the FCC;
- (c) Renounce expressly and irrevocably any right to recourse against the said assets referred to in paragraph (b) above, regardless of the circumstances or the means; and
- (d) Renounce expressly and irrevocably any right to any contractual claim against the FCC.

Finally, the [Management Company](#) undertakes expressly and irrevocably to make arrangements to ensure that, at the time of the making of agreements, for and on behalf of the FCC, with all parties involved in respect of all sub-funds, each party:

- (i) renounces expressly and irrevocably any right to recourse against the FCC within the terms of paragraph (d) above or, failing this,
- (ii) acknowledges expressly and irrevocably that his rights against the FCC are limited to the assets allocated to the said sub-fund within the terms of paragraphs (a), (b) and (c) above.

The Espace Sub-fund

The Espace Sub-fund was created jointly by the [Depository](#) and the [Management Company](#). The sub-fund effects the completion, at the Formation Date of the Sub-fund, of the Specific Regulations between the [Depository](#) and the [Management Company](#).

The proceeds of the issue of the Units realised by the FCC in respect of the Sub-fund are used for the acquisition of Loans generated by the [Originator](#) during the course of its normal credit business, and which are exclusively allocated by the [Management Company](#) to the said sub-fund. The Loans result from advances classified as "ESPACE" which constitute consumer credit transactions governed by the relevant provisions of the Consumer Credit Legislation. The Loans are more fully described in the section "General Characteristics of Contracts for Loans and Advances" on page 25 of this Issue Memorandum.

The FCC will not proceed with the issue of new units, in respect of the Sub-fund, after the Formation Date of the Sub-fund. However, the [Management Company](#), acting for and on behalf of the FCC, in connection with the Sub-fund, can acquire new eligible Loans from the [Originator](#) after the Formation Date of the Sub-fund and during a maximum period of three (3) years from the said Formation Date (the ***Replacement Period***). At the end of the Replacement Period, the issued units begin to be partially redeemed, quarterly, at a rate which is related to the effective repayment of the Loans which have been or will be allocated to the Sub-fund.

The assets exclusively allocated by the [Management Company](#) to the Sub-fund at the time of its formation and initial operation are, and will be, available to satisfy only the obligations of the FCC which relate to this Sub-fund, to the exclusion of all other sub-funds. On the same principle, the assets exclusively allocated by the [Management Company](#) to other sub-funds at the time of their formation or initial operation will not be available to satisfy the obligations of the FCC which relate to this Sub-fund. Moreover, it is contractually provided, by applying the mechanisms of limitation and/or abandonment of recourse mentioned in the section “*Limitation and abandonment of recourse*” on page 11 of this Issue Memorandum, that the Unit holders are only liable for the debts of the FCC up to an amount equal to the assets allocated to the Sub-fund and in proportion to their share in the Sub-fund.

SPECIFIC ISSUES

General Warning

Act No. 99-532 of 25 June 1999 on savings and financial security amended the Act in order to introduce the notion of Sub-funds within debt mutual funds. Since the concept of sub-funds was new and resulted in the establishment of a financial product which is different from all pre-existing products, certain provisions of At No.99-532 of 25 June 1999 can be open to interpretation. The same applies to the provisions of the Act which stipulate specifically the means of allocation of assets to a given sub-fund and of the issue of units representing these assets and to those provisions which govern the liabilities of the debt mutual fund.

However, in the event of certain provisions of the Act being interpreted in such a way that this would not result in an appropriate allocation of assets and liabilities to each sub-fund, independently from each other, the Transaction Documents stipulate specifically the mechanisms of limitation and/or abandonment of recourse, as set out in the section “Limitation and abandonment of recourse” on page 11 of this Issue Memorandum, which establishes, on a contractual basis, the apportionment of the expenses and debts of the Sub-fund and of each sub-fund of the FCC, in such a way that the Sub-fund and each sub-fund of the FCC is financially independent of the others.

Whilst the composition of the FCC and of the Sub-fund constitutes a completely new type of entity and, in the absence, to date, of precedent, case law, decisions or official opinion from any regulatory body, certain stipulations of the Transaction Documents could be open to interpretation, none of this affects the validity of the constitution of the FCC and the Sub-fund.

Limited Protection

The value of an investment in Priority Units is liable to change, particularly as a result of alterations in the economic climate. This could have repercussions on the rate of default and of losses in relation to the advances making up the Loans. A certain level of default and losses affecting the Loans would result in a reduction, or even an elimination, in the protection provided by (A) the difference between the real rate of interest generated by the Loans, net of commissions and expenses borne by the Sub-fund, and the average rate of interest paid in respect of the Units and (B) (i) the credit balance on the Reserve Account and, where appropriate, (ii) the credit balance on the Frozen Margin Account. In the case of the elimination of this protection, the holders of Residual Units and of Subordinate Units and, where appropriate, the holders of Priority Units will suffer the risk of loss, of principal and of interest, affecting the Loans.

Limited Recourse

The Units constitute neither an interest in the [Management Company](#), the [Depository](#), the [Originator](#) or the [Collector](#) or in any entity within their respective groups nor an obligation of the [Management Company](#), the [Depository](#), the [Originator](#) or the [Collector](#) or of any entity within their respective groups. The Units do not benefit from any guarantee or assurance, with the exception of the guarantees specifically described in the section “Identification of risk factors – Description of the protection mechanisms” on page 11 of this Issue Memorandum, whether from a public or private entity including [FINAREF](#), [ABC GESTION](#) or from any entity whatsoever within their respective groups. The Loans and the contingent ancillary rights attached to them together with the contingent payment flows to be received from [CRÉDIT LYONNAIS](#) acting in its capacity as rate swap counterparty (the *Rate Swap Counterparty*) in respect of Financial Instruments Transactions and the placing of sums available for a short time and pending allocation, constitute the only sources allowing the payment of sums due to the Unit holders.

Without limiting the scope of the obligations and of the recourse of the [Management Company](#), the Unit holders recognise that they can have no recourse, under any circumstances, directly to the Debtors of the Loans. Moreover, the Unit holders acknowledge expressly that their rights over the assets of the FCC, including in this their rights to exercise any recourse over the said assets, are limited according to the terms of the section “Limitation and abandonment of recourse” on page 11 of this Issue Memorandum, in accordance with the stipulations of the General Regulations.

Limitation

After the Final Redemption Date of the Units (the 20 January 2010), any part possibly unpaid of the nominal value of the Units and of the interest is legitimately cancelled so that the Unit holders will have no rights to assert in this regard against the FCC, in respect of the Sub-fund, regardless of the possible amounts remaining unpaid after the Final Redemption Date of the Units.

Term

The average effective life of the Units will depend on (i) the Early Repayments applicable to the portfolio of Loans, (ii) the amount of the Receipts collected in respect of the Loans, where appropriate, (iii) the occurrence of a Case of Accelerated Redemption, (iv) the existence of a Case of Modified Normal Redemption or (v) the use by the [Management Company](#) of its option for early liquidation of the Sub-fund by means of a transfer of the Loans exclusively allocated to it within the conditions defined in the section “*Conditions for Transfer of Loans, for Dissolution and for Liquidation of the Sub-fund*” on page 96 of this Issue Memorandum.

Penal Interest

In the event of one or more categories of Units suffering arrears of interest, the arrears shall not bear interest.

Yield

The level of Early Repayments, the exceeding of the Final Redemption Date of the Units, the occurrence of a Case of Accelerated Redemption or of a Case of Modified Normal Redemption or of the use by the [Management Company](#) of its option for early liquidation of the Sub-fund by means of a transfer of the Loans exclusively allocated to it would be likely to influence the average life and the yield of the Priority and Subordinate Units.

Projected Redemption and Return of the Priority Units and of the Subordinate Units

Normal Redemption Period

The sub-fund is structured in such a way that:

- (a) the Priority Units are redeemed at each intervening Quarterly Payment Date from, at the latest, 21 July 2003 (inclusive) until 20 October 2006;
- (b) the Subordinate Units are redeemed at each intervening Quarterly Payment Date from, at the latest, 21 July 2003 (inclusive) until 20 October 2006;
- (c) the Residual Units are redeemed at the effective redemption date of the Subordinate Units and, at the latest, at the Liquidation Date of the Sub-fund,

and it is prescribed that the Normal Redemption Period begins at the time of the occurrence of a Stoppage of Replacement within the conditions described in the section “Stoppage of Replacement” on page of this Issue Memorandum subject to the absence of the occurrence of an Accelerated Redemption Situation.

Modified Normal Redemption Situation

In the case of the occurrence of a Case of Modified Redemption, such as is described in the section “*Amended Normal Redemption Situation*” on page 73 of this Issue Memorandum, a Normal Redemption situation shall begin. In a Modified Normal Redemption situation, the principal collected in respect of the Loans is allocated to the redemption of the Priority Units, in accordance with the provisions of paragraph 3(b)3 of the section “*Definition of the Priority Units*” on page 52 of this Issue Memorandum.

The occurrence of a Case of Modified Redemption and of a Modified Redemption Situation as regards the Sub-fund could not have any impact whatsoever on the functioning of any other sub-fund of the FCC. In particular, the other sub-funds of the FCC would not, in such a case, be in an amended redemption situation.

Accelerated Redemption Period

In the case of the occurrence of a Case of Accelerated Redemption, such as is described in the section “*Accelerated Redemption Period*” on page 83 of this Issue Memorandum, the Accelerated Redemption Period will begin and the priority Units will be redeemed and remunerated on a quarterly basis at each Accelerated Payment Date. The Subordinate Units will be remunerated quarterly and will begin to be redeemed quarterly as from the full redemption of the Priority Units. The Accelerated Redemption Period is by its nature irreversible. In such a case, the Sub-fund will be unable to revert to a Normal Redemption Period.

The occurrence of a Case of Accelerated Redemption and the commencement of the Accelerated Redemption Period in the case of the Sub-fund could not have any impact whatsoever on the functioning of any other sub-fund of the FCC. In

particular, the other sub-funds of the FCC would not find themselves, in such a case, in an accelerated redemption period.

Borrowing

The Sub-fund will not utilise the option offered to it, in implementing the provisions of Article 34 paragraph 4 of the Act and the stipulations of the General Regulations, to have recourse to borrowing.

ENTITIES PARTICIPATING IN THE TRANSACTION

ABC GESTION : Management Company

ABC GESTION, incorporated in France as a limited company [*Société Anonyme*] with registered share capital of 1 500 000 francs, whose registered office is at 19, Boulevard des Italiens - 75002 Paris, entered on the Paris trade and company register under number 353 716 160, is involved in this transaction in its capacity as Management Company. ABC GESTION is approved by the Stock Exchange Operations Commission (COMMISSION DES OPÉRATIONS DE BOURSE) in its capacity as management company for debt mutual funds under reference SG-FCC-96-01. ABC GESTION is governed by Act No. 66-537 (as amended) of 24 July 1966 relating to trading companies and by Act No. 88-1201 (as amended) of 23 December 1988 relating to undertakings for collective investment in transferable securities and which created debt mutual funds. As at 31 December 1999, ABC GESTION had assets totalling 10 476 870 francs.

The Unit holders can have access to the annual accounts of the Management Company at the Clerk's Office at the Commercial Court of Paris.

Role of the Management Company

ABC GESTION, in its capacity as Management Company, participates, jointly with the Depository, in the formation of the FCC and of each sub-fund. The Management Company is common, throughout the life of the FCC, to all the sub-funds. It represents each sub-fund and, more generally, the FCC towards third parties in any legal action, both as plaintiff and as defendant. The Management Company attends to the management of the FCC and of each sub-fund, and more generally of the FCC.

In accordance with the stipulations of the Specific Regulations within the context of those of the General Regulations, the Management Company is, more specifically as regards the Sub-fund, responsible for:

- (a) ensuring, taking into account the information provided to it, the observance by:
 - (i) the Originator of the stipulations of the Loans Transfer Agreement;
 - (ii) the Collector of the stipulations of the Agreement for the Management and Collection of Loans;
 - (iii) the Substitute Collector, in the event of a replacement of the Collector, of its obligations as regards its duties of management and of collection of the Loans;
- (b) carrying out the allocation, within the meaning of the Act, of the assets, and in particular of the Loans, to the Sub-fund at any Transfer Date in exchange for which the Units will be issued by the FCC at the Formation Date of the Sub-fund, in accordance with the stipulations of the Specific Regulations, within the context of those of the General Regulations;
- (c) carrying out the allocation of the costs, expenses or debts attributable to the Sub-fund, in accordance with the stipulations of the Specific Regulations, within the context of those of the General Regulations;
- (d) verifying that the total of the amounts received by the FCC in respect of the Sub-fund is in accordance with the amounts due by virtue of the assets which have been allocated to it and, where appropriate, asserting the rights of the Sub-fund with regard to the Loans Transfer Agreement and the Agreement for the Management and Collection of Loans;
- (e) providing the necessary information and instructions to the Depository to enable the latter to manage the accounts of the Sub-fund open in the books of the Settlement Bank in accordance with the stipulations of the Specific Regulations and the relevant Orders of Priority;
- (f) attributing all amounts received in respect of the Sub-fund derived from the assets which are exclusively allocated to it, in accordance with the stipulations of the Specific Regulations;
- (g) determining at each Interest Determination Date the rates of interest to be used to calculate the amounts of interest due to the holders of the Priority Units and the Subordinate Units at the next Payment Date ;

- (h) finalising and updating, jointly with the [Depository](#) and the other parties involved, the Transaction Documents necessary for the creation and operation of the Sub-fund;
- (i) appointing the auditors of the FCC's accounts, after agreement with the Stock Exchange Operations Commission ([COMMISSION DES OPÉRATIONS DE BOURSE](#)) and providing, if necessary, for their replacement on the same terms;
- (j) drawing up, under the control of the [Depository](#), all of the documents required under the Act and the Decree and the other legal or regulatory provisions then applicable to provide information, as necessary, for the Stock Exchange Operations Commission ([COMMISSION DES OPÉRATIONS DE BOURSE](#)), the [BANQUE DE FRANCE](#) and any other relevant authority, market trading entity (in particular [PARISBOURSE SBF S.A.](#)), relevant clearing systems (in particular [SICOVAM](#), [CLEARSTREAM BANKING](#) and [EUROCLEAR](#)), Unit holders, the [Rating Agency](#) and the public. In particular, the [Management Company](#) draws up the various documents designed to give periodic information to the Unit holders, in accordance with the stipulations of the Specific Regulations;
- (k) taking the decision to liquidate the Sub-fund in the circumstances specified by the legislative and regulatory provisions then in force and subject to the stipulations of the General Regulations and the Specific Regulations;
- (l) providing, if necessary, for the substitution of the [Collector](#), within the circumstances and confines provided by the applicable legislation in force at the time of such a replacement and by the Agreement for the Management and Collection of Loans, given that it is stipulated that any eventual replacement of the [Collector](#) can only occur insofar as:
 - (i) the new collector assumes in substance all of the rights and obligations of the original [Collector](#) as regards the management and collection of the Loans and of the operation of the Sub-fund and renounces irrevocably any right to exercise any contractual claim against the FCC;
 - (ii) the Stock Exchange Operations Commission ([COMMISSION DES OPÉRATIONS DE BOURSE](#)) has been informed beforehand;
 - (iii) the [Rating Agency](#) has been notified beforehand and has confirmed that this substitution will not result in a deterioration or withdrawal in the rating of the Units then in force or that the said substitution has the effect of limiting such a deterioration or avoiding such a withdrawal; and
 - (iv) the [Depository](#) gives its prior and express agreement to such a substitution and to the identity of the new collector;
- (m) providing if necessary for the substitution of the [Settlement Bank](#), the [Cashflow Manager](#) or the [Replacement Collector](#), within the circumstances and confines provided by the applicable legislation in force at the time of such a substitution and by the Cash Management Agreement or the Accounting Convention, respectively, according to the procedure and subject to paragraph (1) above; and
- (n) controlling the placing of the Cash of the Sub-fund, carried out by the [Cashflow Manager](#), into eligible financial instruments (the *Authorised Investments*) in accordance with the stipulations of the Specific Regulations and the Cash Management Agreement; and
- (o) providing, together with the [Depository](#), for and on behalf of the FCC in connection with the Sub-fund, the Replacement of Loans, according to circumstances, in accordance with the stipulations of the Specific Regulations and the Loans Transfer Agreement.

Performance of duties

The [Management Company](#) acts in all circumstances in the interests of the Unit holders. It renounces irrevocably any right to exercise any third-party claim as against the FCC. In particular, the [Management Company](#) will have no recourse to the FCC or the assets allocated to the Sub-fund as a result of non-payment, for whatever reason, of all or part of the amounts due in respect of its remuneration.

The [Management Company](#) will be able to subcontract or delegate all or part of its functions as regards the management of the Sub-fund or even appoint a third party to carry out some or all of the said functions, subject to:

- (a) the **Management Company** obtaining from any party to whom it has subcontracted or delegated functions or appointed to carry out some or all of its functions an irrevocable renunciation of any right to exercise any contractual claim against the FCC;
- (b) any such subcontracting, delegation or full or partial replacement by a third party being in accordance with the legislative and regulatory provisions then in force;
- (c) the Stock Exchange Operations Commission (**COMMISSION DES OPÉRATIONS DE BOURSE**) being informed beforehand;
- (d) the **Rating Agency** being notified beforehand and confirming that any such subcontracting, delegation, or full or partial replacement will not result in a deterioration or withdrawal of the rating of the Units then in force or that this occurrence has the effect of limiting any such deterioration or avoiding any such withdrawal; and
- (d) the **Depository** giving its prior and express agreement to such subcontracting, delegation, or full or partial replacement and to the identity of the new entity concerned. Such agreement may not be refused without real, serious and legitimate grounds,

given that it has been stipulated that any such subcontracting or delegation or full or partial replacement will not exonerate the **Management Company** from its responsibilities towards the Unit holders and the **Depository** in respect of the General Regulations and the Specific Regulations.

Substitution of the Management Company – Withdrawal of Approval

The terms and conditions of the substitution of the **Management Company** on its own initiative or on the initiative of the **Depository**, and those relating to a withdrawal of approval of the **Management Company** by the Stock Exchange Operations Commission (**COMMISSION DES OPÉRATIONS DE BOURSE**), are described in annexe 1 of the General Regulations.

In the event of the substitution of the **Management Company** as regards the Sub-fund, any such substitution will have to be complete and will involve an automatic and legitimate substitution by the new management company in the rights and obligations of the **Management Company** as regards the management of all the sub-funds of the FCC and, more generally, of the FCC.

FINAREF : Depository, Originator and Collector

FINAREF, incorporated in France as a limited company [*Societe Anonyme*] with registered share capital of 89 546 751 francs, whose registered office is at 6, rue Emile Moreau, 59100 Roubaix, entered on the Roubaix trade and company register under number 305 207 706, and having the status of credit institution approved by the Committee for Credit and Investment Institutions (**COMITÉ DES ÉTABLISSEMENTS DE CRÉDIT ET DES ENTREPRISES D'INVESTISSEMENT**) in its capacity as an investment company, is involved in this operation in its capacity as **Depository**, **Originator** and **Collector**.

FINAREF, a Finance Company specialising in the finance of domestic supplies is the lead manager of the Credit and Financial Services Division of the PPR Group. The main business of **FINAREF** is the conception, marketing, distribution and management of credit and of financial products aimed at individuals.

The consumer credit business of **FINAREF** develops around three types of products:

- permanent credit facilitating the financing of purchases in the outlets of the PPR Group which are supported, in particular, by the Kangourou, Printemps and Fnac cards;
- permanent credit available mainly by the placing at disposal of funds, due to the Mistral and Challenger accounts; and
- Espace repayable personal loans designed to finance all types of private venture.

On 31 December 1999, **FINAREF** had 28 sites in 6 countries mainly in the form of subsidiaries. On that date, it employed about 1250 staff. The balance sheet total of **FINAREF** was EUR 5 742 354 000 including 513 064 000 of equity capital. On that same date, the profits reported by **FINAREF** totalled EUR 132 697 000.

Role of the Depository

FINAREF, in its capacity as **Depository**, participates jointly with the **Management Company**, in the formation of the FCC and of each sub-fund. The FCC and all its sub-funds have the same **Depository** throughout their lives. It is depository for the assets of the FCC allocated to each sub-fund and, in particular, for the Loans exclusively allocated to the Sub-fund and for the Cash position of the Sub-fund. As regards the Sub-fund, the **Depository** will have to ensure the equability of the decisions of the **Management Company**. In particular, it will be responsible for supervising the **Management Company** as regards the preparation by the latter of the financial statements relating to the Sub-fund and, generally, for supervising the information published by the **Management Company** relating to all the sub-funds of the FCC and to the FCC as a whole, to the exclusion of additional information published by the **Management Company** in the circumstances described in the section “*Additional Information*” on page 104 of this Issue Memorandum.

Performance of duties of the Depository

The **Depository** acts in all circumstances in the interests of the Unit holders. The **Depository** renounces irrevocably any right to exercise any contractual claim as against the FCC.

In order to enable the **Depository** to carry out its supervisory duties, the **Management Company** undertakes to provide to the Depository:

- (a) a management report for the Sub-fund, the contents of which will be determined by the **Depository** in the light of events which have taken place;
- (b) all the information which will have been provided to it by the **Collector**, the **Substitute Collector**, the **Settlement Bank**, the **Cashflow Manager**, in accordance with the Agreement for the Management and Collection of Loans, the Accounting Convention and the Cashflow Management Agreement;
- (c) all the calculations carried out by the **Management Company** on the basis of the said information in order to effect the payments in respect of the Sub-fund.

In addition, more generally and as a result of a request from the **Depository**, the **Management Company** undertakes to provide to the **Depository**, before any distribution to third parties, all material, information or document relating to the assets allocated to the Sub-fund, or more generally to the FCC, with a view to enabling it to complete successfully its supervisory duties as defined above.

The **Depository** will be able to subcontract or delegate all or part of its functions as regards its duties towards the Sub-fund or even appoint a third party to carry out some or all of the said functions, subject to:

- (i) the **Depository** obtaining from any party to whom it has subcontracted or delegated functions or appointed to carry out some or all of its functions an irrevocable renunciation of any right to exercise any contractual claim against the FCC;
- (ii) any such subcontracting, delegation or full or partial substitution by a third party being in accordance with the legislative and regulatory provisions then in force;
- (iii) the Stock Exchange Operations Commission (**COMMISSION DES OPÉRATIONS DE BOURSE**) being informed beforehand;
- (iv) the **Rating Agency** being notified beforehand and confirming that any such subcontracting, delegation, or full or partial replacement will not result in a deterioration or withdrawal of the rating of the Units then in force or that this occurrence has the effect of limiting any such deterioration or avoiding any such withdrawal; and
- (v) the **Management Company** giving its prior and express agreement to such subcontracting, delegation, or full or partial replacement. Such agreement may not be refused without real, serious and legitimate grounds and any such refusal must be in the interest of the Unit holders,

given that it is stipulated that any such subcontracting or delegation or full or partial replacement will not exonerate the **Depository** from its responsibilities towards the Unit holders and the **Depository** in respect of the General Regulations and the Specific Regulations.

Substitution of the Depository

The terms and conditions of the substitution of the **Depository** in respect of its duties as regards the Sub-fund are described in annexe 2 of the General Regulations. In the event of the substitution of the **Depository** as regards the Sub-fund, any such substitution will have to be complete and will involve an automatic and legitimate substitution of the new management company in the rights and obligations of the **Depository** as regards the preservation of the assets allocated to all of the sub-funds of the FCC and, more generally, of the FCC.

Role of the Originator

In its capacity as **Originator**, and in accordance with the stipulations of the Loans Transfer Agreement, **FINAREF** transfers to the FCC with a view to their exclusive allocation to the Sub-fund, at the Initial Transfer Date, and will be able to transfer, if necessary, on the Replacement Dates, the Loans constituting the major part of the assets of the FCC allocated exclusively to the Sub-fund.

Role of the collector

In its capacity as **Collector**, and in accordance with the stipulations of the Agreement for the Management and Collection of Loans, **FINAREF** provides the management and collection of the Loans transferred to the FCC and allocated exclusively to the Sub-fund. The procedures for collection include the management and collection of, and providing information on, the Debtors as well as the management of the Loans.

The **Collector** has undertaken to manage the Loans (i) in accordance with the Agreement for the Management and Collection of Loans and (ii) in accordance with the procedures currently used in this regard by the **Originator**, and which can depend, in particular, on a change in the Consumer Credit Legislation or in any other relevant legislation as well as directives emanating from any regulatory authority.

The rules applicable to the management and collection of the Loans are set out in greater detail in the section “*Procedures for the management and collection of Loans*” on page 39 of the Issue Memorandum.

CAISSE CENTRALE DE RÉESCOMPTE : Settlement Bank and Cashflow Manager

The **CAISSE CENTRALE DE RÉESCOMPTE**, incorporated in France as a limited company [*société anonyme à directoire et conseil de surveillance*] with registered share capital of EUR 47949 800, whose registered office is at 44, rue Washington, 75008 Paris, having the status of credit institution approved by the Committee for Credit and Investment Institutions (**COMITÉ DES ÉTABLISSEMENTS DE CRÉDIT ET DES ENTREPRISES D'INVESTISSEMENT**) in its capacity as a bank, is involved in this operation in its capacity as **Settlement Bank** and as **Cashflow Manager**.

Role of the Settlement Bank

The **CAISSE CENTRALE DE RÉESCOMPTE**, in its capacity as **Settlement Bank**, is the institution in whose books the **Depository**, acting at the request of the **Management Company**, opened the Accounts of the Sub-fund at the Formation Date of the Sub-fund by implementing the Accounting Convention. The **Settlement Bank** is responsible for the administration of the movements of funds in the Sub-fund Account.

At the time this Issue Memorandum was drawn up, **MOODY'S** had not provided a rating for the **CAISSE CENTRALE DE RÉESCOMPTE**. However, the obligations of the **CAISSE CENTRALE DE RÉESCOMPTE** in its capacity as **Settlement Bank** in respect of the credit balances of the General Account, the Frozen Margin Account and the Reserve Account are irrevocably and unconditionally guaranteed at the Formation Date of the Sub-fund by a credit institution with a rating no lower than P-1 by **MOODY'S**.

Role of the Cashflow Manager

The **CAISSE CENTRALE DE RÉESCOMPTE**, in its capacity as **Cashflow Manager**, is the institution responsible for managing and investing funds temporarily available and pending allocation in accordance with the stipulations of the Cashflow Management Agreement and the provisions set out in the section “*Cashflow of the Sub-fund and rules for investment*” on page 94 of this Issue Memorandum.

CRÉDIT LOGEMENT: Replacement Collector

CRÉDIT LOGEMENT, having the status of credit institution approved by the Committee for Credit and Investment Institutions (COMITÉ DES ÉTABLISSEMENTS DE CRÉDIT ET DES ENTREPRISES D'INVESTISSEMENT) in its capacity as a bank, is involved in this operation in its capacity as Replacement Collector. The Replacement Collector has made a commitment to the Management Company to provide the management and collection of the Loans transferred to the FCC and allocated exclusively to the Sub-fund in the event of a substitution of FINAREF as collector.

CRÉDIT LYONNAIS : Rate Swap Counterparty, Paying Agent, Underwriter

Rate Swap Counterparty

In its capacity as Rate Swap Counterparty, CRÉDIT LYONNAIS has drawn up, with the Management Company, at the Formation Date of the Sub-fund, the Priority Rate Financial Instrument Transactions and the Subordinate Rate Financial Instrument Transactions (the *Financial Instrument Transactions*). The object of the Financial Instrument Transactions is to convert the fixed rate cash flows emanating from the Loans into variable rate cash flows linked to the 3 month EURIBOR rate in order to enable the FCC, represented by the Management Company, and with respect to the Sub-fund, to proceed with the payments of interest due to the holders of the Priority Units and to the holders of the Subordinate Units on the appropriate Payment Dates. CRÉDIT LYONNAIS is involved with the Financial Instrument Transactions within the context of the *Credit Lyonnais Derivatives Programme* (the terms of the *Credit Lyonnais Derivatives Programme* are more fully described in the section “Financial Instrument Transactions” on page 88 of this Issue Memorandum) which is a programme put in place by CRÉDIT LYONNAIS, by virtue of which the obligations of its New-York branch with respect to derivatives are guaranteed by CLFG CORP., *ad hoc* subsidiary of FINANCIAL SECURITY ASSURANCE HOLDINGS, LTD. and governed by the laws of the State of Delaware (United States of America), with the result that the obligations thus guaranteed are given an Aaa rating by MOODY'S and an AAA rating by STANDARD AND POOR'S RATINGS SERVICES.

Role of the Paying Agent

In its capacity as Paying Agent, CRÉDIT LYONNAIS takes care of the administration of the holdings of Units and the accounting function for the Priority Units and the Subordinate Units in accordance with the stipulations of the Paying Agent Agreement.

Role of the Underwriter

In its capacity as Underwriter, CRÉDIT LYONNAIS has undertaken to underwrite the Priority Units and the Subordinate Units in accordance with the Underwriting Agreement for the Priority Units and the Underwriting Agreement for the Subordinate Units in the event of the said Subordinate Units not being fully taken up at the Formation Date of the Sub-fund.

MOODY'S FRANCE S.A. : Rating Agency

MOODY'S FRANCE S.A., whose registered office is at 4, rue Auber, 75009 Paris, and which is a rating agency authorized to evaluate debt mutual funds by implementing Article 35 of the Act, is involved in this operation in order to give a rating to the Priority Units and the Subordinate Units issued by the FCC in respect of the Sub-fund. The rating document for the Priority Units and the Subordinate Units drawn up by MOODY'S is included in Annexe III of this Issue Memorandum.

PRICEWATERHOUSECOOPERS : Auditors

The auditors of the FCC's accounts are PRICEWATERHOUSECOOPERS, of 32, rue Guersant, 75017 Paris.

In accordance with the provisions of Article 40-VI of the Act, the auditors are appointed for six accounting periods, following agreement with the Stock Exchange Operations Commission (COMMISSION DES OPÉRATIONS DE BOURSE) and of the Depositary, via the board of directors of the Management Company. The auditors are appointed for the first time on the Formation Date of the FCC and, throughout the life of the FCC, all the sub-funds will share the same auditors. They carry out the inspections and checks stipulated by the Act and in particular certify, each time they are produced, the truth and fairness of the accounts and verify the accuracy of the information contained in the annual report and in the documents published by the Management Company.

In accordance with Article 40-V of the Act, accounts are prepared for the FCC as a whole, but in addition separate accounts are prepared for the Sub-fund.

The auditors notify the directors of the [Management Company](#) and the Stock Exchange Operations Commission ([COMMISSION DES OPÉRATIONS DE BOURSE](#)) of any irregularities and inaccuracies which come to light during the performance of their duties.

The auditors' fees are the responsibility of the [Management Company](#) and are included in the commission paid to the [Management Company](#).

FRESHFIELDS : Legal Advisors for the Formation of the FCC

The legal advisors for the formation of the FCC are the solicitors **FRESHFIELDS**, 69, Boulevard Haussmann, 75008 Paris.

DESCRIPTION OF THE ASSETS ALLOCATED TO THE SUB-FUND

This passage describes in particular the assets exclusively allocated to the Sub-fund by the Management Company in accordance with the stipulations of the Specific Regulations, within the context of the General Regulations.

GENERAL COMPOSITION OF THE ASSETS ALLOCATED TO THE SUB-FUND

Assets Allocated to the Sub-fund

General description of the Assets Allocated to the Sub-fund

The assets exclusively allocated to the Sub-fund by the **Management Company** at a Transfer Date (the *Assets Allocated to the Sub-fund*) are principally composed of fixed rate Loans acquired by the FCC, represented by the **Management Company**, from the **Originator** on implementation of the Loans Transfer Agreement.

In addition, the Assets Allocated to the Sub-fund include a deposit arranged by the **Originator** at the Formation Date of the Sub-fund (the *Deposit*) credited to the Reserve Account (able, where necessary, of being increased at the option of the **Originator**), the credit balance of the Frozen Margin Account (in the event of the effective formation of the said Frozen Margin Account by means of a deduction from the General Account in the circumstances specified in the section « *Frozen Margin Account* » on page 92 of this Issue Memorandum) as well as the cash flows to be received by the FCC in respect of the Sub-fund on implementation of the Financial Instrument Transactions entered into with the **Rate Swap Counterparty** (see the section « *Financial Instrument Transactions* » on page 88 of this Issue Memorandum). The Assets Allocated to the Sub-fund will also include sums temporarily available and pending allocation which constitute the Cashflows allocated to the Sub-fund (see the section « *Cashflows of Sub-fund and Rules for Investment* » on page 94 of this Issue Memorandum).

Allotment of cashflows emanating from the Assets Allocated to the Sub-fund

The cashflows emanating from the Assets Allocated to the Sub-fund will be exclusively allotted by the **Management Company** to payments of commission, interest, principal and possible arrears due, in particular, to the recipients of Commissions Base and to the Unit holders, in respect of the Sub-fund. In accordance with the stipulations of the General Regulations, the **Management Company** will on no account be allowed to allocate all or part of the said cashflows to the payment of all or part of the amounts due in respect of any of the other sub-funds of the FCC.

The Loans

The Loans were originally advances granted by **FINAREF** within the context of its Espace product.

The Loans are derived from fixed rate consumer loans granted by **FINAREF** within the context of its normal credit business (the *Loan Contracts*). The Debtors in respect of the Loans are exclusively individuals domiciled in France. In general, although this is not the intention, in view of the nature and non-allotment of the advances, and of the lack of any detailed verification by the **Originator**, the income from these advances is used by the Debtors in particular for the financing of personal ventures such as the acquisition of consumer goods and household equipment. None of the Loans results from leasing transactions. None of the Loans was the subject of the taking of a guarantee at the date it was granted. The optional insurance taken regarding some of the Loan Contracts provides compulsory cover in the case of death or industrial disability of the relevant Debtor. The insurance premiums covering death and industrial disability are fixed and paid monthly with reference to the maturity. These optional insurance contracts were taken out when the relevant loan contracts were entered into. These optional insurance contracts were taken out with an insurance company authorised to issue such insurance policies in accordance with the relevant provisions of the Insurance Code.

GENERAL CHARACTERISTICS OF LOANS AND ADVANCES CONTRACTS

In accordance with the stipulations of the Loans Transfer Agreement, the **Originator** guarantees that the Loan Contracts and the Loans derived from them will comply, at the Initial Transfer Date or, according to the particular case, the Replacement Dates, with the characteristics and eligibility criteria defined respectively in the sections “*Characteristics of the Loan Contracts*” and “*Eligibility criteria of Loans and guarantees from the Originator*” of this Issue Memorandum

Characteristics of the Loan Contracts

At the Initial Transfer Date or, according to the particular case, the Replacement Dates, the Loan Contracts will have to comply with the following characteristics:

- (a) the Loan Contracts have been granted by **FINAREF** as part of its normal credit business such that **FINAREF**: (i) is the sole creditor of the corresponding Debtors, (ii) has legal ownership of the Loans and (iii) has not transferred or pledged, directly or indirectly, in full or in part, the Loans before the relevant Transfer Date;
- (b) the Loan Contracts from which the Loans are derived are managed by the **Originator** in accordance with its usual management procedures for this type of advance;
- (c) none is the subject of a franchise agreement or, in the case of any such agreements, the franchise period has ended;
- (d) the stipulations of the Loan Contracts do not allow any deferral of payment; and
- (e) the procedures for the granting of the Loan Contracts, for the management and collection by the **Originator** are legal, appropriate and prudent.

Description of the Loans at the Initial Transfer Date

In accordance with the stipulations of the Loans Transfer Agreement, **FINAREF** has made a commitment to the **Management Company**, acting for and on behalf of the FCC with regard to the Sub-fund, that at the Initial Transfer Date the Loans will conform to the provisions of the Consumer Credit Legislation and will satisfy each of the eligibility criteria defined below (the *Eligibility Criteria*).

Eligibility Criteria of the Loans

The pool of eligible loans earmarked for the selection of those Loans to be transferred to the FCC and allocated exclusively to the Sub-funds at the Initial Transfer Date has been constituted according to the following Eligibility Criteria. The Loans acquired by the FCC and exclusively allocated to the Sub-fund at the Initial Transfer Date will need, in particular, to satisfy each of the following Eligibility Criteria:

1. the **Originator** has full legal ownership of the Loans and anything attaching to them. The Loans are not subject to, either fully or partly, any transfer, assignment or pledging, nor to any garnishee-order, stoppage, or impediment of any kind, with the result that there can be no hindrance to their transfer;
2. the interest rates applying to the Loans and the monthly redemption payments are fixed (subject to roundings) and the monthly redemption amounts are payable on the 5th calendar day of the month;
3. all of the legal or regulatory provisions applicable to the Loans have been adhered to such that the said Loans constitute legally valid contractual obligations which have force of law and can be enforced against third parties;
4. the Loans are neither doubtful, nor contested, nor immobilized, nor overdue, nor dishonoured;
5. the Loans are not subject to any renegotiation procedure;
6. in accordance with the provisions of the Consumer Credit Legislation which govern the Loans, the Debtors have the option to repay the said Loans early, in part or in whole (subject to the application of any legal penalties in respect of possible early repayments);
7. the Loans will not have caused, to the knowledge of the **Originator**, the bringing into operation of a contractual recovery plan within the framework of an arbitration procedure on the part of a commission for the examination of overindebtedness of individuals or of jurisdiction, whether in application of the provisions of Clause III of Division III of the Consumer Code or of Article 1244-1 of the civil code;
8. the Loans are not subject to any litigation or delay in payment, deduction or payment default of whatever nature, including any in respect of insurance premiums;
9. no Loan, to the knowledge of the **Originator**, is the object of a demand for early repayment, in full or in part, on the part of the relevant Debtor;
10. no Debtor in respect of a Loan can raise any objection in law to the **Originator**, in respect of the payment of any amount relating to the said Loan;

11. each of the Debtors in respect of the loans must have paid to the **Originator** at least one monthly instalment;
12. the Loans have a minimum nominal fixed rate of interest of 7.42%, a nominal average rate weighted according to the Outstanding Principal of approximately 10.83% and a life of between 1 and 78 months;
13. each Loan has a minimum rate of return of 7.42%;
14. the most distant contractual repayment date of the Loans will not exceed 20 January 2010.

Additional Characteristics of the Loans at the Replacement Dates

During the Replacement Period and at any corresponding Replacement Date, the FCC will have the option of acquiring new eligible Loans with a view to their allocation exclusively to the Sub-fund. The Loans which will be acquired by the FCC and exclusively allocated to the Sub-fund at any Replacement Date will have to satisfy the Eligibility Criteria mentioned in the section “*Description of Loans at the Initial Transfer Date*” above. In addition to the said Eligibility Criteria, the new Loans will have to satisfy the following additional eligibility criteria (the **Additional Eligibility Criteria**):

- (a) the Loans which may be acquired at any Replacement Date will have to be of the same type as the Loans acquired at the Initial Transfer Date and satisfy the Eligibility Criteria with the exception, however, of criteria no. 12;
- (b) the Loans which may be acquired as replacement loans will have to have an average rate of return, weighted according to their respective Outstanding Principal, equal to or greater than 10.5%.

LACK OF CONFORMITY OF LOANS AND GUARANTEES OF ORIGINATOR

In accordance with the stipulations of the Loans Transfer Agreement, the **Management Company**, acting for and on behalf of the FCC in connection with the Sub-fund, will proceed with the acquisition of the Loans and with their allocation to the Sub-fund, as described in the section “*Eligibility Criteria of the Loans and guarantees of the Originator*” on page 25 of this Issue Memorandum. The Loans will be acquired by the FCC and exclusively allocated to the Sub-fund by the **Management Company** taking into account the declarations, guarantees and commitments of the **Originator** as to their conformity with their characteristics.

The **Management Company** will not carry out any investigations or verifications concerning the conformity of the declarations made by **FINAREF** in the Loans Transfer Agreement nor is the **Management Company** obliged to do so. In consequence, the **Management Company** will be able to look to the declarations and guarantees made by the **Originator**

Procedure for the substitution of Loans

Commitment of the Originator

In the case of error or of non-conformity of a Loan with any characteristic with regard to the Eligibility Criteria or the Additional Eligibility Criteria formulated by the **Management Company** or the **Originator**, the party which is the first to notice this error or non-conformity will inform the other without delay. This error or lack of conformity, (which could relate to (i) the nature and characteristics of a Loan, (ii) the validity of a Loan transferred as regards its definition and its description or (iii) the guarantees given by the **Originator**), will be, within the limits indicated below, at the choice of the **Originator**, in agreement with the **Management Company**, corrected by the **Originator**:

- (a) as far as possible, by any appropriate means and with all the diligence necessary to rectify any such error;
- (b) by proceeding with the indemnification of the FCC, with regard to the Sub-fund, within the context of a cancellation of the transfer of the Loan, given that it is stipulated that at the time of any such indemnification, the **Originator** will pay to the FCC, represented by the **Management Company**, the amount of the Principal Outstanding of the Loan at the date of indemnification increased by any unpaid principal, interest or other amounts due in respect of the period under consideration of the said Loan at the date of the said indemnification; or
- (c) by proceeding with the cancellation of the transfer of the non-conforming Loan then by substituting for the said Loan one or more other loans (the **Substitute Loan**) held by the **Originator**, of the same type, and satisfying the Eligibility Criteria and, depending on the circumstances, the Additional Eligibility Criteria, given that it is stipulated that at the time of such a substitution, if the outstanding principal of the Substitute Loan is less than

the Outstanding Principal of the non-conforming Loan, the **Originator** will pay to the FCC, represented by the **Management Company**, and in respect of the Sub-fund, the difference existing between:

- (i) the Outstanding Principal of the former non-conforming Loan, increased by any unpaid principal, interest or other amounts due in respect of the period under consideration of the said Loan at the date of substitution ; and
- (ii) the outstanding principal of the Substitute Loan.

Such an indemnification of the FCC on the part of the **Originator**, or any such substitution, will have to take place at the latest during the quarter following the request for indemnification, or substitution, of the **Management Company**. The amounts which will be received by the FCC in respect of this section will be exclusively allocated by the **Management Company** to the Sub-fund and credited to the General Account.

Supplementary Commitment of the Originator

In implementing the stipulations of the Loans Transfer Agreement, the **Originator** will vouch to the FCC in respect of the Sub-fund that there will be no alteration in the contractual terms of the Loans which would result in (i) a reduction in the contractual interest rates of a Loan below an interest rate of the said Loan allocated to the Sub-fund of 10.5% or (ii) a postponement in the final maturity date of the Loan beyond 20 January 2010.

In the event of there being nevertheless an amendment in the contractual terms of the Loan within the conditions of the paragraph above, the Originator will proceed, according to the circumstances and at the choice of the aforementioned, in agreement with the Management Company:

- (d) with the indemnification of the FCC, in respect of the Sub-fund, within the context of a cancellation of the transfer of the Loan concerned, given that it is stipulated that at the time of any such indemnification, the **Originator** will pay to the FCC, represented by the **Management Company**, the amount of the Outstanding Principal of the Loan at the date of indemnification, increased by any unpaid principal, interest or other amounts due in respect of the period under consideration of the said Loan at the date of the said indemnification. The **Management Company** will proceed with the allocation of the said amount to the Sub-fund;

- (e) with the cancellation of the transfer of the Loan by substituting for the said Loan one or more loans held by the **Originator** and satisfying the Eligibility Criteria and the Additional Eligibility Criteria, given that it is stipulated that at the time of such a substitution, if the Outstanding Principal of the substitute loan (or loans) is greater than the Outstanding Principal of the said Loan, the **Originator** will pay to the FCC, represented by the **Management Company**, in respect of the Sub-fund the difference existing between;

- (i) the Outstanding Principal of the said Loan, increased by any unpaid principal, interest or other amounts due in respect of the period under consideration in respect of the said Loan at the date of substitution; and

- (ii) the Outstanding Principal of the substitute loan (or loans) within the limits of a total commitment of the Originator which may not exceed, at any time, 5% per year of the total Outstanding Principal of the Loans at the Initial Transfer Date.

Any such indemnification of the FCC in respect of the Sub-fund on the part of the **Originator**, or any such substitution, must take place during the quarter following the request for indemnification, or substitution, of the **Management Company**. The amounts which will be received by the FCC in respect of this sub-fund will be exclusively allocated by the **Management Company** to the Sub-fund and credited to the General Account.

Limits of the commitments of the Originator

The guarantee of the **Originator** given under the terms of this section is limited to only those cases set out in paragraphs (a), (b), (c), (d) and (e) above. In no case may any supplementary indemnity be claimed from the **Originator** in respect of the said guarantee. In particular, the **Originator** does not guarantee the solvency of the Debtors of the Loans acquired by the FCC and exclusively allocated to the Sub-fund nor the effectiveness of any ancillary rights attaching to them. Moreover, the declarations, guarantees and commitments of the **Originator** do not in any way allow the Unit holders to assert any rights whatsoever directly against the **Originator**, the **Management Company** being alone enabled by Article 40-I of the Act to represent the Sub-fund and, more generally, the FCC as regards third parties and in any legal action.

Applicable Legislation

The Loans, together with any ancillary rights, acquired by the FCC and allocated exclusively by the [Management Company](#) to the Sub-fund will be governed by and must be construed in accordance with the provisions of the Consumer Credit Legislation and other relevant provisions of French law.

Legal prohibitions

In accordance with Article 34 of the Act, the FCC may not (i) transfer the Loans allocated to the Sub-fund as long as they have not reached or exceeded their term, other than in case of early liquidation of the Sub-fund within the conditions set out in the section *“Conditions for transfer of loans, for dissolution and for liquidation of the Sub-fund”* on page 96 of this Issue Memorandum or in the case of transfer of the said Loans in the conditions set out in the section *“Transfer of Loans which have exceeded their term”* on page 40 of this Issue Memorandum (ii) or pledge the Loans allocated to the Sub-fund.

Cancellation of the Loans Transfer Agreement

The Loans Transfer Agreement will be cancelled, according to the circumstances and to the extent allowed by law, by the [Management Company](#) or [FINAREF](#), in particular in the event of the following:

- (a) [FINAREF](#) is subject to a recovery plan or liquidation subject to court supervision; or
- (b) at the latest, and in any case, at the Date of Liquidation of the Sub-fund.

PRE-SELECTION OF THE ELIGIBLE LOANS AT THE FORMATION DATE OF THE SUB-FUND

Rules for selection of Loans

For the purposes of this Issue Memorandum, loans similar to the Loans to be transferred to the FCC with a view to their exclusive allocation by the [Management Company](#) to the Sub-fund, were selected during the month of May 2000 by [FINAREF](#). This selection comprised around 45 618 loans the Outstanding Principal of which totalled, on 19 July 2000, 1 443 951 067.28 francs, or EUR 220 128 921.

The selection of the Loans was carried out by [FINAREF](#) in accordance with the following provisions:

- (a) the loans were pre-selected from a large pool by means of a random sorting carried out from a pre-selection of loans satisfying the Eligibility Criteria;
- (b) in the event of one of the pre-selected loans being the subject of early repayment, of an exceeding of its term, of a dispute or of a demand for a delay in payment by the debtor or more generally not conforming with the Eligibility Criteria, between the selection date and the Initial Transfer Date, [FINAREF](#) will proceed with the replacement of the said loan by one or more new loans satisfying the Eligibility Criteria; and
- (c) the total amount of debt selected will be reached by means of a whole number of loans. Failing this, the adjustment will be made by means of a loan whose individual value will enable the said amount of selected loans to be exceeded.

General financial description

At the Date of Selection of the Loans (19 July 2000) the Loans will comprise around 45 618 loans. The Outstanding Principal at the Date of Selection of the Loans is approximately 1 443 951 067.28 francs or EUR 220 128 921. The Loans will carry contractual interest at a fixed annual rate greater than 7.42%. The average annual rate of interest of the loans, weighted according to their Outstanding Principal, is 10.83%. At the Date of Selection of the Loans, the average Outstanding Principal of the Loans was around 31 653.10 francs or EUR 4 825.48. At the Date of Selection of the Loans, the average age of the Loans (considered since the date of granting of the corresponding Loan Contracts) is around 11.61 years and the weighted average residual life of the Loans is around 4.35 years. The most distant contractual maturity of the Loans is 20 January 2010.

STATISTICAL INFORMATION RELATIVE TO THE LOANS PROVISIONALLY SELECTED DURING MAY 2000

STATISTICS ON THE LOANS PROVISIONALLY PRE-SELECTED

Capital outstanding:	1 600 005 604.19
Number of loans:	50 584
Weighted gross rate:	10.79%
Minimum gross rate:	7.42%
Maximum gross rate:	15.00%
Average capital	31 630.67
Minimum capital:	53.00
Maximum capital	140 000.00
Weighted maturity in months:	51.8
Minimum maturity in months:	1
Maximum maturity in months:	78

DISTRIBUTION OF LOANS BY OUTSTANDING PRINCIPAL

	Number of loans	Number as %	Total outstanding capital	Total outstanding capital
0 - 10000	9 494	18.8%	52 730 972	3.3%
10000 - 20000	11 323	22.4%	176 688 129	11.0%
20000 - 30000	9 423	18.6%	236 109 657	14.8%
30000 - 40000	5 025	9.9%	175 865 838	11.0%
40000 - 50000	7 245	14.3%	332 210 204	20.8%
50000 - 60000	2 682	5.3%	141 801 574	8.9%
60000 - 70000	1 376	2.7%	89 857 198	5.6%
70000 - 80000	974	1.9%	72 507 878	4.5%
80000 - 90000	757	1.5%	64 295 981	4.0%
90000 - 100000	626	1.2%	58 859 943	3.7%
100000 - 110000	393	0.8%	41 301 991	2.6%
110000 - 120000	365	0.7%	41 733 993	2.6%
120000 - 130000	512	1.0%	64 489 250	4.0%
130000 - 140000	382	0.8%	50 572 997	3.2%
140000 - 150000	7	0.0%	980 000	0.1%
Total	50 584	100.0%	1 600 005 604	100.0%

GEOGRAPHICAL DISTRIBUTION OF LOANS (BY DÉPARTEMENTS)

Département	Number of loans	Number as %	Outstanding capital	Outstanding Capital as %
1	325	0.6%	10 729 473	0.7%
2	595	1.2%	18 588 828	1.2%
3	306	0.6%	9 920 631	0.6%
4	168	0.3%	5 024 833	0.3%
5	100	0.2%	3 413 797	0.2%
6	1 136	2.2%	32 711 176	2.0%
7	179	0.4%	5 016 800	0.3%
8	307	0.6%	8 805 760	0.6%
9	83	0.2%	2 632 468	0.2%
10	273	0.5%	8 136 707	0.5%
11	311	0.6%	9 602 276	0.6%
12	111	0.2%	3 824 020	0.2%
13	2 097	4.1%	61 788 729	3.9%
14	550	1.1%	16 639 791	1.0%
15	98	0.2%	3 622 686	0.2%
16	277	0.5%	8 615 841	0.5%
17	468	0.9%	14 481 735	0.9%
18	281	0.6%	8 456 377	0.5%
19	205	0.4%	6 380 713	0.4%
20	650	1.3%	19 668 686	1.2%
21	359	0.7%	10 938 915	0.7%
22	299	0.6%	9 275 764	0.6%
23	110	0.2%	3 209 062	0.2%
24	366	0.7%	10 422 208	0.7%
25	291	0.6%	9 031 692	0.6%
26	341	0.7%	9 925 252	0.6%
27	564	1.1%	17 462 552	1.1%
28	346	0.7%	11 142 836	0.7%
29	411	0.8%	13 275 861	0.8%

30	567	1.1%	16 876 378	1.1%
31	736	1.5%	23 429 082	1.5%
32	115	0.2%	4 047 702	0.3%
33	1 209	2.4%	40 178 867	2.5%
34	844	1.7%	24 900 119	1.6%
35	410	0.8%	11 707 831	0.7%
36	213	0.4%	6 201 727	0.4%
37	431	0.9%	12 437 132	0.8%
38	761	1.5%	25 801 033	1.6%
39	137	0.3%	4 076 176	0.3%
40	319	0.6%	11 230 351	0.7%
41	297	0.6%	8 672 286	0.5%
42	494	1.0%	14 933 831	0.9%
43	104	0.2%	3 487 155	0.2%
44	645	1.3%	19 981 649	1.2%
45	469	0.9%	14 773 671	0.9%
46	103	0.2%	3 703 801	0.2%
47	202	0.4%	6 128 689	0.4%
48	30	0.1%	1 058 147	0.1%
49	467	0.9%	13 202 989	0.8%
50	387	0.8%	11 619 586	0.7%
51	489	1.0%	16 387 810	1.0%
52	173	0.3%	5 238 780	0.3%
53	127	0.3%	3 779 376	0.2%
54	552	1.1%	16 787 799	1.0%
55	147	0.3%	5 145 405	0.3%
56	309	0.6%	9 304 780	0.6%
57	746	1.5%	23 880 069	1.5%
58	230	0.5%	6 676 476	0.4%
59	2 944	5.8%	84 440 951	5.3%
60	809	1.6%	26 769 792	1.7%
61	200	0.4%	6 327 651	0.4%

62	1 510	3.0%	44 801 248	2.8%
63	435	0.9%	13 201 486	0.8%
64	521	1.0%	16 424 606	1.0%
65	176	0.3%	5 610 365	0.4%
66	429	0.8%	12 842 600	0.8%
67	604	1.2%	19 266 412	1.2%
68	369	0.7%	11 688 677	0.7%
69	1 114	2.2%	32 430 786	2.0%
70	182	0.4%	5 624 778	0.4%
71	421	0.8%	12 908 271	0.8%
72	357	0.7%	11 352 337	0.7%
73	213	0.4%	7 224 730	0.5%
74	366	0.7%	11 813 128	0.7%
75	2 066	4.1%	68 509 734	4.3%
76	1 245	2.5%	37 655 336	2.4%
77	1 320	2.6%	49 811 789	3.1%
78	1 169	2.3%	40 896 769	2.6%
79	191	0.4%	5 436 833	0.3%
80	569	1.1%	17 093 494	1.1%
81	207	0.4%	8 305 446	0.5%
82	149	0.3%	5 261 870	0.3%
83	1 157	2.3%	34 221 816	2.1%
84	515	1.0%	15 349 444	1.0%
85	278	0.5%	8 306 510	0.5%
86	321	0.6%	10 323 922	0.6%
87	284	0.6%	7 797 051	0.5%
88	303	0.6%	9 338 846	0.6%
89	344	0.7%	10 241 892	0.6%
90	108	0.2%	2 992 443	0.2%
91	1 078	2.1%	40 285 782	2.5%
92	1 341	2.7%	44 895 044	2.8%
93	1 490	2.9%	52 476 084	3.3%

94	1 239	2.4%	44 964 417	2.8%
95	1 240	2.5%	44 719 098	2.8%
Total	50 584	100.0%		100.0%

DISTRIBUTION OF LOANS BY INITIAL MATURITY

	Number of loans	Number as %	Outstanding Capital	Outstanding Capital as %
0 - 3	2	0.0%	635	0.0%
3 - 6	13	0.0%	13 389	0.0%
6 - 9	18	0.0%	25 378	0.0%
9 - 12	24	0.0%	39 823	0.0%
12 - 15	425	0.8%	2 583 723	0.2%
15 - 18	110	0.2%	789 795	0.0%
18 - 21	595	1.2%	4 032 251	0.3%
21 - 24	252	0.5%	1 713 372	0.1%
24 - 27	3 266	6.5%	26 124 124	1.6%
27 - 30	390	0.8%	3 975 486	0.1%
30 - 33	845	1.7%	9 642 937	0.6%
33 - 36	279	0.6%	3 232 596	0.2%
36 - 39	7 095	14.0%	112 961 790	7.1%
39 - 42	696	1.4%	10 137 478	0.6%
42 - 45	509	1.0%	8 624 794	0.5%
45 - 48	319	0.6%	6 062 282	0.4%
48 - 51	11 093	21.9%	286 634 597	17.9%
51 - 54	481	1.0%	10 588 637	0.7%
54 - 57	547	1.1%	14 893 750	0.9%
57 - 60	245	0.5%	7 585 449	0.5%
60 - 63	9 984	19.7%	400 345 396	25.0%
63 - 66	124	0.2%	6 656 004	0.4%
66 - 69	778	1.5%	29 041 205	1.8%
69 - 72	639	1.3%	13 159 060	0.8%
72 - 75	4 971	9.8%	211 005 438	13.2%
75 - 78	152	0.3%	8 672 149	0.5%
78 - 81	219	0.4%	11 117 521	0.7%
81 - 84	84	0.2%	4 214 528	0.3%
84 - 87	6 411	12.7%	405 540 182	25.3%

87 - 90	2	0.0%	74 740	0.0%
90 - 93	1	0.0%	56 954	0.0%
96 - 99	15	0.0%	460 145	0.0%
Total	50 584	100.0%	1 600 005 604	100.0%

DISTRIBUTION OF LOANS BY RESIDUAL MATURITY

	Number of loans	Number as %	Outstanding Capital	Outstanding Capital as %
0 - 3	864	1.7%	971 708	0.1%
3 - 6	1 162	2.3%	3 513 590	0.2%
6 - 9	1 313	2.6%	6 721 950	0.4%
9 - 12	1 463	2.9%	10 612 032	0.7%
12 - 15	1 508	3.0%	13 905 961	0.9%
15 - 18	1 541	3.0%	17 290 464	1.1%
18 - 21	1 646	3.3%	21 477 676	1.3%
21 - 24	1 919	3.8%	29 823 944	1.9%
24 - 27	1 867	3.7%	31 743 141	2.0%
27 - 30	1 953	3.9%	37 002 953	2.3%
30 - 33	2 265	4.5%	45 625 852	2.9%
33 - 36	2 355	4.7%	55 142 475	3.4%
36 - 39	2 300	4.5%	57 278 969	3.6%
39 - 42	2 386	4.7%	71 809 622	4.5%
42 - 45	3 147	6.2%	101 170 925	6.3%
45 - 48	2 903	5.7%	102 759 758	6.4%
48 - 51	2 646	5.2%	99 120 289	6.2%
51 - 54	2 074	4.1%	83 631 525	5.2%
54 - 57	2 853	5.6%	128 511 270	8.0%
57 - 60	2 665	5.3%	123 951 563	7.7%
60 - 63	2 086	4.1%	96 653 239	6.0%
63 - 66	1 534	3.0%	75 723 313	4.7%
66 - 69	1 722	3.4%	87 525 421	5.5%
69 - 72	1 552	3.1%	85 708 139	5.4%
72 - 75	1 223	2.4%	79 454 721	5.0%
75 - 78	1 182	2.3%	93 343 603	5.8%
78 - 81	455	0.9%	39 531 500	2.5%
Total	50 584	100.0%	1 600 005 604	100.0%

DISTRIBUTION OF LOANS BY AGE

	Number of loans	Number as %	Outstanding Principal	Outstanding Principal as %
0 - 3	8 181	16.2%	285 460 608	17.8%
3 - 6	7 724	15.3%	264 800 678	16.5%
6 - 9	7 980	15.8%	316 810 853	19.8%
9 - 12	5 779	11.4%	207 216 311	13.0%
12 - 15	4 218	8.3%	126 574 341	7.9%
15 - 18	3 035	6.0%	69 588 682	4.3%
18 - 21	2 217	4.4%	58 954 199	3.7%
21 - 24	2 304	4.6%	53 053 774	3.3%
24 - 27	2 198	4.3%	60 927 452	3.8%
27 - 30	1 407	2.8%	33 581 583	2.1%
30 - 33	968	1.9%	21 997 094	1.4%
33 - 36	1 362	2.7%	28 305 363	1.8%
36 - 39	1 383	2.7%	33 610 692	2.1%
39 - 42	658	1.3%	15 303 080	1.0%
42 - 45	453	0.9%	8 753 925	0.5%
45 - 48	386	0.8%	6 686 150	0.4%
48 - 51	77	0.2%	2 168 654	0.1%
51 - 54	69	0.1%	1 679 351	0.1%
54 - 57	66	0.1%	1 976 192	0.1%
57 - 60	64	0.1%	1 216 661	0.1%
60 - 63	41	0.1%	982 255	0.1%
63 - 66	6	0.0%	176 307	0.0%
66 - 69	4	0.0%	102 562	0.0%
69 - 72	4	0.0%	78 836	0.0%
Total	50 584	100.0%	1 600 005 604	100.0%

DISTRIBUTION OF LOANS BY INTEREST RATE (excluding insurance)

	Number of loans	Number as %	Outstanding Capital	Outstanding Capital as %
7 - 7.5	1	0.0%	32 111	0.0%
7.5 - 8	7	0.0%	300 138	0.0%
8 - 8.5	408	0.8%	32 672 039	2.0%
8.5 - 9	111	0.2%	2 945 252	0.2%
9 - 9.5	376	0.7%	18 337 957	1.1%
9.5 - 10	3 184	6.3%	308 968 169	19.3%
10 - 10.5	536	1.1%	32 312 124	2.0%
10.5 - 11	20 211	40.0%	708 337 236	44.3%
11 - 11.5	12 057	23.8%	303 998 875	19.0%
11.5 - 12	2 750	5.4%	56 620 693	3.5%
12 - 12.5	6 341	12.5%	100 721 470	6.3%
12.5 - 13	1 206	2.4%	16 230 548	1.0%
13 - 13.5	2 532	5.0%	10 605 748	0.7%
13.5 - 14	628	1.2%	6 448 691	0.4%
14 - 14.5	112	0.2%	174 441	0.0%
14.5 - 15	107	0.2%	1 287 404	0.1%
15 - 15.5	17	0.0%	12 707	0.0%
Total	50 584	100.0%	1 600 005 604	100.0%

PROCEDURE FOR MANAGEMENT AND COLLECTION OF LOANS

General considerations

Appointment of Collector

At the Formation Date of the Sub-fund, **FINAREF** will be appointed as initial **Collector** and will be given responsibility by the **Management Company**, in agreement with the **Depository**, for the management and collection of the Loans. The **Originator** will continue to look after the management and collection of the Loans transferred to the FCC and exclusively allocated to the Sub-fund, in its capacity as **Collector**, in accordance with the stipulations of the Agreement for the Management and Collection of Loans. To that end, the **Collector** will open in its books, at the Formation Date of the Sub-fund, the Collection Account into which will be credited at each Monthly Payment Date the book value of the Collections in respect of the corresponding Collection Period.

Appointment of Substitute Collector

At the Formation Date of the Sub-fund, **CRÉDIT LOGEMENT** will be appointed as **Substitute Collector** and will be given responsibility by the **Management Company**, in agreement with the **Depository**, for the management and collection of the Loans in the event of a cancellation of the Agreement for the Management and Collection of Loans invoked by the **Management Company**.

Collections

Determination of Collections

At each Monthly Payment Date, the **Collector** (or, where necessary, the **Substitute Collector**) will debit the Collection Account with the book value of the Collections of the corresponding Collection Period. During the course of the Collections Determination Period, the **Management Company** will calculate the Collections relating to the corresponding Collection Period. The amount of the Collections will be the total of

- (a) expected Maturities of capital and interest during the said Collection Period in respect of the Loans which were Active Loans at the corresponding Settlement Date;
- (b) Early Repayments relating to the said corresponding Collection Period;
- (c) amounts collected during the corresponding Collection Period in respect of those Loans which were declared to be in default by the **Collector** (or, where appropriate, by the **Substitute Collector**);
- (d) reduced by amounts previously paid to the FCC by the **Collector** (or, where appropriate, the **Substitute Collector**) and exclusively allocated to the Sub-fund by the **Management Company** in respect of the monthly instalments and other amounts assumed to have been paid during the preceding Collection Periods but in respect of which the **Collector** has noted and proven to the **Management Company** that these amounts had not actually been paid during the Collection Period under consideration by the corresponding Debtor; and
- (e) increased by other amounts received during the corresponding Collection Period in respect of all other amounts not referred to in (a), (b) and (c) above and relating to the Loans and any associated amounts (with the exception however of insurance premiums relating to the Loans), in particular the proceeds from the cancellation of the transfer of the Loans not satisfying the Eligibility Criteria and/or the Additional Eligibility Criteria at a corresponding Transfer Date or the proceeds of the eventual transfer of Loans in default.

Paying back of insurance premiums

In accordance with the stipulations of the Loans Transfer Agreement, the profit from insurance policies is assigned, at the Initial Transfer Date and at Replacement Dates, by the **Originator** to the FCC for the exclusive benefit of the Sub-fund. The insurance premiums are credited by the **Collector** to the General Account, at each Monthly Payment Date, at the same time as the other amounts due in respect of the Collections and are then paid back, at the next Payment Date of Adjustment on Collections, to the **Originator** by means of a debit to the General Account

Functions of the Collector

Collection of the Loans

In accordance with the stipulations of the Agreement for the Management and Collection of Loans, the **Collector** has, in particular, undertaken to take, or have taken, the necessary measures for the security of the Loans and of any ancillary rights which guarantee them, where appropriate, as it would do for its own Loans. To this purpose, the **Collector** will keep in force all registrations and other forms of recording which are required or could be required by any of the laws applicable to the Loans. Moreover, the **Collector** has undertaken to devote to the management and collection of the Loans the care which a prudent and well-informed manager would devote, and the diligence at least equal to that which it would devote to the management and collection of its own loans.

Safeguarding of documents and securities

The **Depository**, in the interests of the management and collection of the Loans, has entrusted to the **Collector**, in accordance with the stipulations of the Agreement for the Management and Collection of Loans, the task of safeguarding the contracts, deeds and documents which constitute the supporting documents, whether in the form of hard copy or on computer disk, of the Loans, given that it is stipulated that the **Depository** remains responsible for the safeguarding of the said contracts, deeds or documents with regard to the Unit holders.

Renegotiations

General points

Within the framework of the legislative and regulatory provisions applicable to them, and in particular of the provisions of the Consumer Credit Legislation, and in accordance with the stipulations of the Agreement for the Management and Collection of the Loans, the **Collector** (or, where appropriate, the **Substitute Collector**) will be able to implement the renegotiations relative to the Loans allocated to the Sub-fund within the circumstances and confines set out below.

Processing of renegotiations

In the event of the **Collector** (or, where appropriate, the **Substitute Collector**) implementing a renegotiation of a Loan, the said Loan will be considered as being subject to an Early Repayment and will be treated as such. A new loan will be derived from it, which will be liable to be transferred to the FCC at a Replacement Date with a view to its exclusive allocation to the Sub-fund, insofar as such a loan satisfies the Eligibility Criteria and the Additional Eligibility Criteria.

Transfer of Loans in default

In the event of (i) a Loan being declared by the **Collector** (or, where appropriate, the **Substitute Collector**) as being in default and (ii) the **Management Company** wishing to transfer the said Loan, the **Management Company** acting for and on behalf of the Sub-fund will have to offer to acquire the Loan from the **Originator** (or any other entity it designates) within the context of the repurchase offer (the **Repurchase Offer**). The transfer price at which the **Management Company** will have to offer to acquire the said Loan from the **Originator** (or any other entity it designates) will have to correspond to the market price for this type of loan in the same circumstances, given that it is stipulated that this price will take into account, insofar as is possible, its Outstanding Principal and all other amounts accrued and payable in respect of the said Loan. The transfer price for the Loans and the corresponding ancillary rights will be credited to the General Account. The **Originator** will still have the option of not putting into operation the Repurchase Offer made to it by the **Management Company** acting for and on behalf of the FCC in connection with the . The transfer of a Loan in default within the aforementioned conditions will only be able to occur insofar as the Rating Agency confirms beforehand that such a transfer will not result in a deterioration or withdrawal of the rating of the Units then in force.

Commitments of the Collector

The **Collector** has guaranteed that the procedure which it applies and will apply to the management and collection of the Loans are and will remain in accordance with the laws and regulations in force. The **Management Company** has given authority to the **Collector** to ensure on behalf of the FCC, in connection with the Sub-fund, the actions and procedures, judicial, extra-judicial or amicable necessary for the management and collection of the Debts and any corresponding ancillary rights, as well as the actions and procedures necessary, where appropriate, for the renegotiation of the contractual provisions of the Loans, subject to the aforementioned obligations being respected.

The **Collector** undertakes to credit all amounts collected in respect of the Loans and corresponding ancillary rights to the General Account within the timescale contractually agreed with the **Management Company** such that there will be

no delays in payment of any amounts of principal or interest due to the Unit holders at any time. The **Collector** will provide the **Management Company** with any information which could reasonably be requested by the **Management Company** with regard to the Loans or which the latter could reasonably judge to be required to enable the **Management Company** to fulfil its obligations in respect of the Transaction Documents. The **Depository** and the **Management Company** will be able to ask the **Collector** to provide them with, at any time, all the information relating to the collection of the Loans and to their enforcement.

In the event of the **Management Company** executing the cancellation of the Agreement for the Management and Collection of Loans, the **Collector** undertakes, at his own expense, to provide the **Substitute Collector** with all the information relating to the Loans which the latter could need in order to satisfy its obligations in respect of its duties of management and collection of the Loans.

Commitments of the Substitute Collector

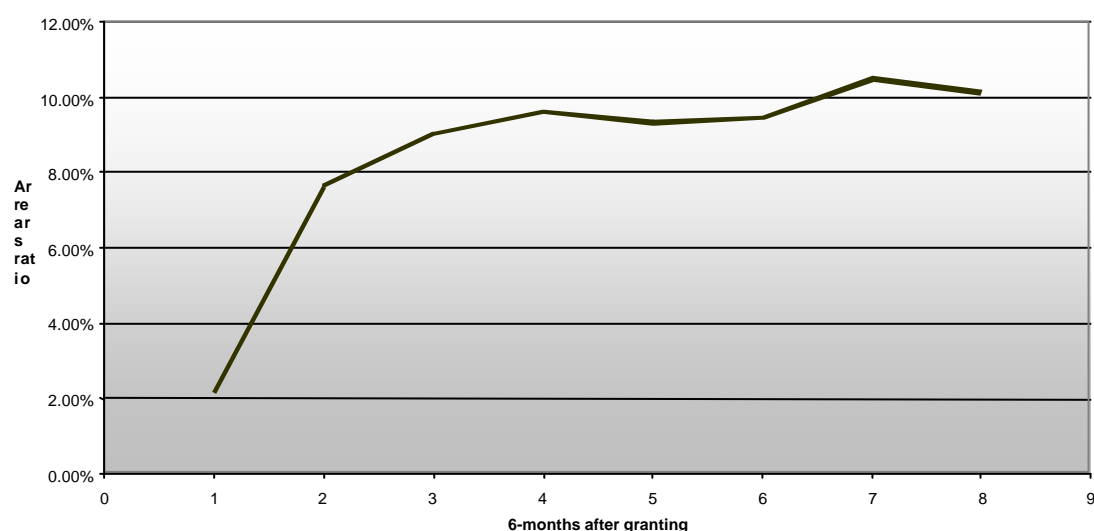
In respect of its duties, the **Substitute Collector** has undertaken, in particular, to take or ensure are taken the necessary measures for the security of the Loans and any ancillary rights which guarantee them, where appropriate, as it would do in respect of its own loans.

Outstanding payments

First months	6	First months	12	First months	18	First months	24	First months	30	First months	36	First months	42	First months	48
2.16%		7.66%		9.07%		9.64%		9.32%		9.45%		10.50%		10.13%	

The above figures are produced from half-yearly information produced regarding the Espace loans. This half-yearly information is prepared for the period from January 1996 to December 1998 (information prior to January 1996 has been consolidated.) They reflect the incidence on average of outstanding payment after the number of months shown at the top of the table.

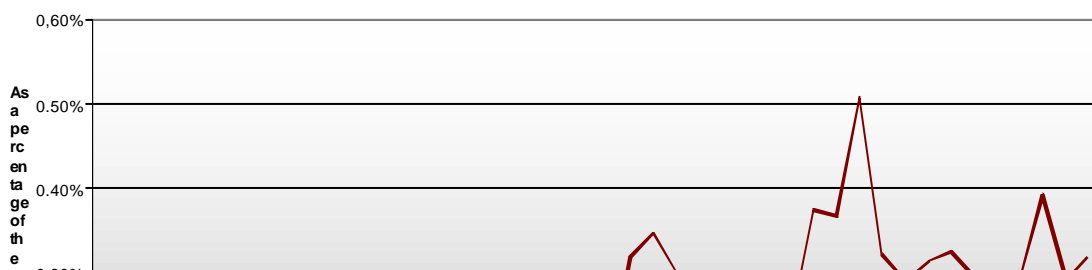
AVERAGE CUMULATIVE ARREARS BY SIX-PERIOD (SIX-MONTHLY FROM JANUARY 1996 TO DECEMBER 1998)



Acceleration of payments

June-96	0.06%	April-98	0.19%
July-96	0.24%	May-98	0.32%
Aug-96	0.15%	June-98	0.35%
Sept-96	0.18%	July-98	0.30%
Oct-96	0.16%	Aug-98	0.25%
Nov-96	0.28%	Sept-98	0.25%
Dec-96	0.24%	Oct-98	0.29%
Jan-97	0.19%	Nov-98	0.27%
Feb-97	0.17%	Dec-98	0.24%
Mar-97	0.29%	Jan-99	0.37%
April-97	0.17%	Feb-99	0.37%
May-97	0.14%	Mar-99	0.51%
June-97	0.14%	April-99	0.32%
July-97	0.20%	May-99	0.29%
Aug-97	0.17%	June-99	0.31%
Sept-97	0.15%	July-99	0.33%
Oct-97	0.19%	Aug-99	0.30%
Nov-97	0.18%	Sept-99	0.27%
Dec-97	0.29%	Oct-99	0.29%
Jan-98	0.26%	Nov-99	0.39%
Feb-98	0.23%	Dec-99	0.29%
Mar-98	0.19%	Jan-00	0.32%

The above figures reflect the accumulated monthly percentages of amounts in default in relation to the accumulated trade balances outstanding.

Recourses to legal action

Collection of loans in default

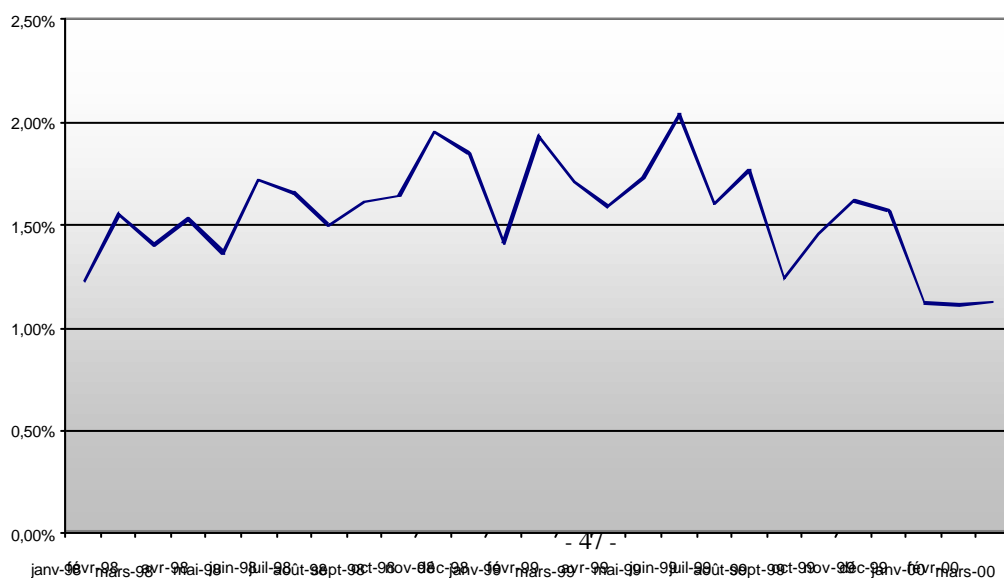
The collections from loans in default are on average greater than 50% 42 months after they have been declared as being in default.

Early repayments

Jan-98	1.22%	Mar-99	1.71%
Feb-98	1.56%	April-99	1.59%
Mar-98	1.41%	May-99	1.73%
April-98	1.53%	June-99	2.04%
May-98	1.37%	July-99	1.60%
June-98	1.72%	Aug-99	1.77%
July-98	1.66%	Sept-99	1.24%
Aug-98	1.50%	Oct-99	1.45%
Sept-98	1.61%	Nov-99	1.62%
Oct-98	1.64%	Dec-99	1.57%
Nov-98	1.95%	Jan-00	1.12%
Dec-98	1.85%	Feb-00	1.11%
Jan-99	1.41%	Mar-00	1.13%
Feb-99	1.94%		

The above rates are the early monthly repayments in relation to the trade balances outstanding from the beginning of the period.

Early monthly repayments



DEFINITION OF UNITS ISSUED

This section describes in particular the Units issued by the FCC under the Sub-fund representing Loans which will be assigned exclusively to the Sub-fund by the **Management Company** in accordance with the stipulations of the Specific Regulations, within the context of those of the General Regulations.

GENERAL PROVISIONS APPLICABLE TO UNITS

The Units are stocks and shares in the legal sense. The Units are financial instruments under the terms of Article 1 of Act n° 96-597 of 2 July 1996 concerning modernisation of financial activities (as amended).

In accordance with Article 94-I of Act n° 81-1160 of 30 December 1981, the Units are issued as dematerialised securities and give rise to an account registration.

Transfer of Registered Units

The ownership of registered Units results in the account registration by the broker. The transfer of registered Units is effected with regard to the FCC, in the name of the Sub-fund, and third parties by a transfer from the account of the Originator to the account of the transferee on production of a transfer order signed by the Originator or his proxy. The possible transfer prices of the said Units are the responsibility of the Originator, except for an agreement to the contrary between Originator and transferee.

Prudential Treatment of Units

For credit institutions subject to French law holding Units which are not classified in their transaction portfolio, the weighting applicable to the Units for the calculation of the solvency ratio is carried out in accordance with the regulations of the Banking and Finance Sector Regulation Committee (**COMITÉ DE LA RÉGLEMENTATION BANCAIRE ET FINANCIÈRE**) n° 91-05 (as amended) dated 15 February 1991.

The principles of the regulations of 15 February 1991 are liable to be affected by any legal and regulatory modification or any change in their application by the supervisory authorities arising after the publication of this Memorandum. It is the responsibility of any potential subscriber or purchaser of Units to make enquiries about the accounting and prudential consequences of such a subscription or acquisition, of the holding and transfer of Units under French law or any other law which might be applicable.

DESCRIPTION OF UNITS ISSUED BY THE FCC UNDER THE ESPACE SUB-FUND

At the Constitution Date of the Sub-fund and in accordance with the stipulations of the General Regulations and the Specific Regulations, the Sub-fund shall give rise to the issuing, in representation of the Loans which will be exclusively allocated at the Initial Transfer Date, in a single issue, of three distinct categories of Units:

- (a) the Priority Units will be the subject of a public placing and an application for admission to the Premier Marché of the **PARIS STOCK EXCHANGE (PARISBOURSE^{SBF} S.A., FCC section)**;
- (b) the Subordinate Units that will be the subject of a private placing from investors qualified under the terms of Article 6 of the Order. The Subordinate Units will be the subject of an application for admission to the **PARIS STOCK EXCHANGE (PARISBOURSE^{SBF} S.A., FCC section, heading "Units reserved for qualified investors and non-resident investors")**; and
- (c) the Residual Units that will be the subject of a private placing and will be fully underwritten by the **Originator**.

The Priority Units are principally intended for qualified investors; nevertheless, natural persons and other categories of investors can subscribe or purchase them.

The Subordinate Units and the Residual Units are Specific Units under the terms of Article 9 of the Decree; in accordance with the provisions of the Decree, the said Specific Units can be subscribed or held only by qualified investors under the terms of Article 6 of the Order, by non-resident investors or by the **Originator**. In accordance with the Order, the undertakings for collective investment in transferable securities (UCITS) governed by the Act are considered as acting as qualified investors. Natural persons subject to French regulations can neither subscribe nor hold Specific Units.

In accordance with the Paying Agent Convention entered into on 28 June 2000 between the **Management Company**, the **Depository** and the **Paying Agent**, the payments of interest (the **Priority Interest Amounts** and the **Subordinate Interest Amounts**) and the payments of principal (the **Priority Principal Amounts** and the **Subordinate Principal Amounts**) and the possible corresponding arrears owed to holders of Priority Units and holders of Subordinate Units on the corresponding Payment Dates will be carried out by the **Paying Agent**.

The Units are representative of the Loans acquired at the Transfer Dates from the **Originator** by the FCC and exclusively allocated to the Sub-fund by the **Management Company**.

Allocation of the Revenue from Issue of the Units

The total revenue generated by the issue of Units amounts to EUR 219 677 736 and, on the Settlement Date, will be allocated in particular by the **Management Company**, acting for and on behalf of the FCC within the framework of the Sub-fund, for the acquisition of the Loans from **FINAREF** on the Initial Transfer Date. The said Loans will be assigned exclusively by the **Management Company** to the Sub-fund.

Rating of Units

The Priority Units at the time of their issue will be given a Provisional **MOODY'S** rating of Aaa.

The Subordinate Units at the time of their issue will be given a Provisional **MOODY'S** rating of A3.

The Residual Units shall not be rated.

The principles governing the rating of Priority Units and Subordinate Units are defined in Annexe II of this Memorandum. The document relating (i) to the assessment of the characteristics of Priority Units and Subordinate Units and (ii) to the evaluation of the risks that the latter present, as provided for by Article 35 of Act n° 88-1201 of 23 December 1988 relating to undertakings for collective investment in transferable securities and leading to creation of debt mutual funds (as amended) gives **MOODY'S** figure in Annexe III of this Memorandum.

Secondary Market

Although the **Underwriter** intends to act as counterparty on the market for Priority Units and Subordinate Units, no assurances can be given as to the creation or development of a secondary market for the Priority Units and for the Subordinate Units or as to the liquidity of an investment in Priority Units or Subordinate Units because of the possible existence of such a market or as a consequence of the admission of the Priority Units and the Subordinate Units to the dealings of the *Premier Marché* of the **BOURSE DE PARIS (PARISBOURSE^{SBF} S.A.**, FCC section, heading "Units reserved for qualified investors and non-resident investors" for the Subordinate Units).

EXPLANATORY TABLE OF UNITS

	PRIORITY UNITS	SUBORDINATE UNITS	RESIDUAL UNITS
TYPE OF UNITS	Priority	Specific	Specific
NUMBER OF UNITS	200 000	17 381	10
NOMINAL VALUE PER UNIT	EUR 1 000	EUR 1 000	EUR 1 000
TOTAL INITIAL NOMINAL VALUE	EUR 200 000 000	EUR 17 381 000	EUR 10 000
SUBSCRIPTION PERIOD	From 28 June 2000 to 13 July 2000	From 28 June 2000 to 13 July 2000	13 July 2000
ISSUE PRICE PER UNIT	at par	at par	-
ISSUE BONUS	-	-	EUR 2 286 736
SETTLEMENT DATE	20 July 2000	20 July 2000	20 July 2000
DUE DATE	20 July 2000	20 July 2000	20 July 2000
ANNUAL PAR VALUE*	EURIBOR 3 months + 0.30 % (1)	EURIBOR 3 months + 1.03 % (1)	Unspecified
FREQUENCY OF INTEREST PAYMENTS	Quarterly	Quarterly	Quarterly
DATES OF INTEREST PAYMENTS	20 January, 20 April, 20 July, 20 October	20 January, 20 April, 20 July, 20 October	20 January, 20 April, 20 July, 20 October
RATE OF REDEMPTION	Quarterly (3)	Quarterly (3)	<i>In fine</i>
AVERAGE DURATION AT ISSUE (2) (4)	4,54 years	4,97 years	Unspecified
PROVISIONAL REDEMPTION DATES(2)	20 October 2006	20 October 2006	Date of Liquidation of Sub-fund
FINAL REDEMPTION DATES	20 January 2010	20 January 2010	20 January 2010
REDEMPTION PRICE PER UNIT (5)	EUR 1 000	EUR 1 000	EUR 1 000
MOODY'S RATING (6)	Aaa	A3	Not rated
FORM OF UNITS	Registered or holder	Registered or holder	Registered
PLACING OF UNITS	Public	Private	Private
QUOTATION	The Priority Units and the Subordinate Units are the subject of an application for admission to the PARIS STOCK EXCHANGE (FCC SECTION)		Not quoted
COMPENSATION SYSTEMS	SICOVAM, CLEARSTREAM BANKING, EUROCLEAR	SICOVAM, CLEARSTREAM BANKING, EUROCLEAR	Not applicable
SICOVAM CODES	[●]	[●]	Not applicable

COMMON CODES	[●]	[●]	Not applicable
ISIN CODES	FR[●]	FR[●]	Not applicable

- (1) The EURIBOR 3-month rate published on 27 June 2000, namely 4.53125 %, supposed firm on the life expectancy of Priority Units and Subordinate Units, and the conditions of flotation and remuneration of the said Priority Units and Subordinate Units, is used to determine the current margin at the flotation of the said Priority Units and Subordinate Units appearing in the above table.
- (2) Unless in the following circumstances: (i) Stoppage of Replacement occurs (see section " *Stoppage of Replacement* "), (ii) the Smoothed Arrears Ratio exceeds 20 % in the course of the Reference Period, (iii) the Smoothed Arrears Ratio exceeds 16 % during seven consecutive calendar months, (iv) the Smoothed Net Losses Ratio exceeds 0.45 % noted in the course of one calendar month and (v) an Accelerated Redemption Situation arises.
- (3) At the latest dating from the Quarterly Payment Date arising on 20 October 2003, on condition of the non-occurrence of an Accelerated Redemption Situation under the circumstances referred to at (3) above.
- (4) Provisional figures calculated on the basis of provisional schedules shown at paragraphs 3(c) of the sections " *Definitions of Priority Units* " and " *Definition of Subordinate Units* " on page 52 and 59, respectively, of this Memorandum.
- (5) Within the limit of Disposable Funds.
- (6) Provisional Rating.

DEFINITION OF PRIORITY UNITS

1. FORM AND DENOMINATION

The 200 000 Priority Units are issued as dematerialised securities and to the holder for a total nominal value of EUR 200 000 000 and bear on issue an annual interest rate equal to the sum of the EURIBOR 3-month rate (as defined in paragraph 2(b)1(B) below) increased by a Margin of 0.30 % payable quarterly in arrears at each Payment Date. The said Priority Units are issued at the unit price of EUR 1 000.

2. REMUNERATION

2(a) Payment Dates and Interest Periods

INTEREST IN A REPLACEMENT PERIOD AND NORMAL REDEMPTION PERIOD

2(a)1 Each Priority Unit produces interest on the amount of its Outstanding Principal (as defined in paragraph 2(b)2(iii) below) as from the Constitution Date of the Sub-fund (20 July 2000) (inclusive) up to the Provisional Redemption Date (non-inclusive) (subject to the provisions of paragraph 2(a)5(ii)) unless an Accelerated Redemption Situation arises in a Replacement Period or in a Normal Redemption Period. The interest amounts due in respect of the Priority Units are payable quarterly in arrears, with reference to the Successive Interest Periods (as defined in paragraph 2(a)4), on the Quarterly Payment Dates corresponding to the 20th calendar day of the months October, January, April and July of each year. If a Quarterly Payment Date is not a Stock Exchange trading day, these Quarterly Payment Dates will be the following Stock Exchange trading day unless this day falls into the next month, in which case the relevant trading day would be the preceding trading day.

Interest in a situation of Modified Normal Redemption

2(a)2 In the event of a Modified Normal Redemption Situation, the Priority Units will bear interest in accordance with the provisions of paragraph 2(a)1 above payable quarterly in arrears at the corresponding Quarterly Payment Dates on the 20th calendar day of the months October, January, April and July of each year. If a Quarterly Payment Date is not a Stock Exchange trading day, these Quarterly Payment Dates will be the following Stock Exchange trading day unless this day falls into the next month, in which case the relevant trading day would be the preceding trading day.

Interest in an Accelerated Redemption Period

2(a)3 In the event of an Accelerated Redemption Situation, the Priority Units will bear interest determined in accordance with the provisions of paragraph 2(a)1 above payable quarterly in arrears on the Accelerated Payment Dates arising on the 20th calendar day of the months of October, January, April and July of each year. If an Accelerated Payment Date is not a Stock Exchange trading day, these Accelerated Payment Dates will be the following Stock Exchange trading day unless this day falls into the next month, in which case the relevant trading day would be the preceding trading day.

Interest Period

2(a)4 An Interest Period signifies (i) for a given Quarterly Payment Date in a Normal Redemption Period or (ii) for an Accelerated Payment Date in an Accelerated Redemption Period, the period between (x) the preceding Quarterly Payment Date or the preceding Accelerated Payment Date (inclusive) and (y) the said Quarterly Payment Dates or Accelerated Payment Date (non-inclusive). The final Interest Period comes to an end on the Quarterly Payment Date arising in the month of October 2006 (the Provisional Redemption Date) (or the last Accelerated Payment Date in the event of an Accelerated Redemption Situation).

2(a)5 The Priority Units produce no further interest :

- (i) from the date on which the Outstanding Principal of the said Priority Units has been redeemed in full ; or
- (ii) as from the Final Redemption Date of the Units.

2(b) Interest Rate of Priority Units

2(b)1 The Interest Rate (the **Interest Rate**) applicable to the Priority Units will be determined by the **Management Company** at each Interest Determination Date preceding each Interest Period according to the following provisions.

The Interest Rate applicable to the Priority Units at each Interest Period shall be a result of the sum of:

- (A) a Margin of 0.30 % a year ; and
- (B) *the corresponding EURIBOR 3-month rate determined by the **Management Company** for each Interest Period in accordance with the paragraphs below :*
 - (i) two TARGET Days preceding each Quarterly Payment Date (the said TARGET Day constituting a **Interest Determination Date**), the **Management Company** will determine the Interest Rate applicable to the deposits in Euro for a period of three months offered on the European Interbank Market (the **Euro Zone**) as published on Telerate Page 248 (or any other page of such a service publishing such information) at around 11 o'clock (Paris time) on the corresponding Interest Determination Date;
 - (ii) if, at any Interest Determination Date, no Interest rate is published on Telerate Page 248, the **Management Company** will determine the Interest Rate applicable to the deposits in Euro for a period of three months as published (aa) on any other information page replacing Page 248 for the purposes of publishing such information or (bb) if this service ceases to publish such information, any page published by an equivalent service publishing such information. If more than one rate is published and if the said rates are not identical, the Interest Rate applicable will be the result of the mathematical average of the rates thus published (rounded, if necessary, to the fifth decimal place below zero; 0.000005 being rounded up);
 - (iii) in the event that, on any Interest Determination Date, the EURIBOR 3-month rate is not be published on Telerate Page 248 (or any other page), the **Management Company** will request the head office in Paris of the **Reference Banks** to inform them of the interest rates that they applied for a period of three months up to the Date of Determination under consideration. The EURIBOR rate applicable at the Interest Period concerned will be determined by the **Management Company** as being the mathematical average (rounded, if necessary, to the fifth decimal place below zero; 0.000005 being rounded up) of the interest rates applied by the **Reference Banks** and notified to the **Management Company** for the period concerned. Where one of the **Reference Banks** has not notified its rate to the **Management Company** at around 11 o'clock (Paris time) on an Interest Determination Date, the EURIBOR 3-month rate will be determined by the **Management Company** on the basis of the interest rates notified by the other **Reference Banks**. The Interest Rate applicable will be determined by the **Management Company** in accordance with the provisions of the sub-paragraph (i) on the basis of the interest rates offered by the said **Reference Banks**. If, on any Interest Determination Date, any one of the **Reference Banks** does not notify a rate to the **Management Company**, the **Management Company** shall appoint two additional credit institutions (or, if one **Reference Bank** has notified its rate, one additional credit institution) for the purposes of furnishing it with such a rate and the interest rates applicable at the corresponding Interest Period will be determined by the **Management Company** on the basis of the rates offered by the said credit institutions. If, on the said Interest Determination Date, no credit institution is selected by the **Management Company** or no credit institution furnishes any rate, then the EURIBOR 3-month rate applicable at the corresponding Interest Period will be the effective Interest Rate of the preceding Interest Period for which the provisions of the sub-paragraph (i) or the provisions of this sub-paragraph (iii) are applied; and
 - (iv) there will be no maximum or minimum applicable to the Interest Rate.

A **Stock Exchange Trading Day** is a day during which the credit institutions in Paris are open for the settlement of interbank transactions and the determination of current market prices and which is a TARGET day.

A **TARGET Day** is a day during which the TARGET system is open.

The **Euro Zone** is the area comprising the Member States of the European Union having adopted the single European currency in accordance with the Treaty of the European Union.

2(b)2 Determination of the Interest Rate and calculation of the Priority Interest Amounts

- (i) The **Management Company** will calculate at each Interest Determination Date the Interest Rates applicable at the corresponding Interest Period and the Interest amount payable in respect of each Priority Unit (the **Priority Interest Amount**) at the Quarterly Payment Date or the corresponding Accelerated Payment Date (a **Payment Date**).
- (ii) The Priority Interest Amount payable at any Payment Date in respect of each Priority Unit will be the result of multiplication (i) of the said Interest Rate (ii) by the Outstanding Principal of the said Priority Unit as determined by the **Management Company** at the beginning of the corresponding Interest Period, (iii) on the basis of the exact number of days of the said Interest Period and (iv) of a year of 360 days. The **Management Company** will inform the **Paying Agent** as quickly as possible (i) of the Interest Rate applicable and (ii) the Priority Interest Amount due in respect of the corresponding Interest Period at the next Payment Date.
- (iii) At any Payment Date, the Outstanding Principal of a Priority Unit is equal to the initial nominal amount of the said Priority Unit (EUR 1 000) reduced by the Priority Principal Amounts paid to holders of Priority Units on the previous Payment Dates. The Priority Principal Amounts shall be calculated by the **Management Company** in accordance with the redemption formulas applicable respectively (i) to a Normal Redemption Period, (ii) to a situation of Modified Normal Redemption and (iii) to an Accelerated Redemption Period and defined in paragraph 3(b) below.
- (iv) The calculations and determinations thus carried out and notified by the **Management Company** or the **Reference Banks** will be considered as final and will be recognised by the **Settlement Banks**, the **Paying Agent** and holders of Priority Units (with the exception of any fraud or clerical error).
- (v) Until the Priority Units have been redeemed in full, the **Management Company** will endeavour to ensure that the four **Reference Banks** are effectively able to inform it at any Interest Determination Date of an interest rate applicable to the deposits in Euro for a period of three months. However, the **Management Company** will have the power to substitute any other credit institution for the **Reference Banks** and notify the **Paying Agent** of such a substitution.

3. REDEMPTION OF PRIORITY UNITS

3(a) Provisional Redemption Date

Replacement Period

3(a)1 In a Replacement Period, the Priority Units give rise only to payments in respect of interest at Quarterly Payment Dates and are not the subject of any redemption provided that neither (i) a Modified Normal Redemption Situation, (ii) an Accelerated Redemption Situation arises nor, should the occasion arise, (iii) a Stoppage of Replacement as stipulated in the section "*Stoppage of Replacement*" on page 71 of this Memorandum. The Replacement Period is the period between the Constitution Date of the Sub-fund (inclusive) and the Replacement Date arising at the latest on 21 July 2003 (inclusive).

Normal Redemption Period

3(a)2 In a Normal Redemption Period, including during the occurrence of a Modified Normal Redemption Situation, the Priority Units are redeemed at each Quarterly Payment Date arising at the end of the Replacement Period and shall be redeemed at the corresponding Provisional Redemption Date, that is 20 October 2006, provided that no Accelerated Redemption Situation occurs.

Accelerated Redemption Period

3(a)3 As from the occurrence of an Accelerated Redemption Situation, the Priority Units are redeemed at each Accelerated Payment Date arising as from the first Accelerated Payment Date following the date on which the said Accelerated Redemption Situation occurred up to the Final Redemption Date of Units, in accordance with the Orders of Priority applicable.

3(b) Determination of redemption formulas for Priority Units

3(b)1 In a Replacement Period, provided that (i) the FCC is able to actually effect the acquisition of new eligible Loans from the **Originator** with a view to their exclusive allocation to the Sub-fund and (ii) (x) that no Modified Normal Redemption Situation or (y) Accelerated Redemption Situation takes place, the Priority Units will not be redeemed, the holders of Priority Units receiving only payments in respect of interest.

3(b)2 In a Normal Redemption Period, provided (i) that the FCC has actually carried out during the Replacement Period the acquisition of new eligible Loans from the **Originator** with a view to their exclusive allocation to the Sub-fund and (ii) that no Modified Normal Redemption Situation or (y) Accelerated Redemption Situation takes place, the Priority Units are redeemed in part at each Quarterly Payment Date arising at the latest as from 21 July 2003 (inclusive) up to the Provisional Redemption Date.

The amount of principal repayable in respect of Priority Units at each Quarterly Payment Date (*the Priority Principal Amounts*) will be calculated by the **Management Company** in accordance with the following redemption formula:

$$\text{Priority Principal Amount} = \text{amount of principal of the Repayments} \times \left(\frac{\text{PRD (Pa)}}{\text{PRD (Pa + Pb + Pr)}} \right) + \text{RA} + \text{DDT},$$

where:

- (i) the above redemption formula will be applied as long as the subordination rate (*the Subordination Rate*) is less than 2 x the Subordination Rate (expressed as a percentage) existing on the Constitution Date of the Sub-fund (that is 8 %) ;
- (ii) where the Subordination Rate is equal to 2 x the Subordination Rate (expressed as a percentage) existing on the Constitution Date of the Sub-fund, the Priority Principal Amount will be calculated by the Management Company in accordance with the following formula:

$$\text{Priority Principal Amount} = 84 \% \times (\text{amount of Principal of the Repayments} + \text{RA} + \text{DDT}) ;$$

- (iii) at any date, the Subordination Rate = $\frac{\text{PRD (Pb + Pr)}}{\text{PRD (Pa + Pb + Pr)}} \times 100$; and

- (iv) the abbreviations above signify the following :

PRD	:	Outstanding Principal, as calculated in accordance with, according to the case, paragraph 2(b)2(iii) of this section for Priority Units and paragraph 2(b)2(iii) of the section " <i>Definition of Subordinate Units</i> " for the Subordinate Units below ; at any date, the PRD of a Residual Unit is equal to EUR 1 000 ;
Pa	:	Priority Units ;
Pb	:	Subordinate Units ;
Pr	:	Residual Units ;
RA	:	Early Repayments Amounts noted by the Collector (or, where applicable, by the Substitute Collector) ;
DDT	:	Outstanding Principal of Loans having been the subject of an acceleration declared by the Collector or, where applicable, the Substitute Collector .

3(b)3 In a situation of Modified Normal Redemption, and provided that the FCC has actually carried out the acquisition of new eligible Loans from the **Originator** during the Replacement Period with a view to their exclusive allocation to the Sub-fund, the Priority Units are redeemed at each Quarterly Payment Date arising as from 21 July 2003 (inclusive) up to the Provisional Redemption Date.

The Priority Principal Amount payable at each Quarterly Payment Date in respect of the Priority Units will be calculated by the **Management Company** in accordance with the following redemption formula:

$$\text{Priority Principal Amount} = \text{amount of principal of Repayments} + \text{RA} + \text{DDT} + \text{Residual Coupon amount that should have been paid to the holders of Residual Units},$$

as long as the Subordination Rate is less than 2 x the Subordination Rate (expressed as a percentage) existing on the Constitution Date of the Sub-fund (that is 8 %).

Where the Subordination Rate is equal to 2 x the Subordination Rate (expressed as a percentage) existing on the Constitution Date of the Sub-fund, the Priority Principal Amount shall be calculated by the [Management Company](#) in accordance with the redemption formula intended in paragraph 3(b)2(ii), that is:

Priority Principal Amount = 84 % x (amount of principal of Repayments + RA + DDT).

3(b)4 In an Accelerated Redemption Period, from the occurrence of an Accelerated Redemption Situation and up to the Final Redemption Date of Units, the Priority Units are redeemed at each Accelerated Payment Date until redemption in full, within the Available Funds limit, in accordance with the Orders of Priority applicable.

3(b)5 The amount of principal repayable in respect of each Priority Unit (the ***Repayable Priority Principal Amount***) at any Payment Date will be the result of the Priority Principal Amount (as calculated by the [Management Company](#) in accordance with paragraphs 3(b)2 and 3(b)3 above) divided by the number of Priority Units (rounded to the nearest hundred), where the Repayable Priority Principal Amount cannot exceed the Outstanding Principal of a Priority Unit as calculated by the [Management Company](#) on the preceding Payment Date. The Outstanding Principal of a Priority Unit will be equal, at any date, to the difference between (x) EUR 1 000 and (y) the sum of the Repayable Priority Principal Amounts payable paid to the holders of Priority Units before the said date.

3(c) Provisional Overall Schedule of Repayments of Priority Units in a Normal Redemption Period

Payment Date Quarterly	Outstanding principal	Distributable Principal	Priority Interest Amounts
20 October 2000	200 000 000	0.00	1 287 778
20 January 2001	200 000 000	0.00	1 942 222
20 April 2001	200 000 000	0.00	1 900 000
20 July 2001	200 000 000	0.00	1 921 111
20 October 2001	200 000 000	0.00	1 942 222
20 January 2002	200 000 000	0.00	1 942 222
20 April 2002	200 000 000	0.00	1 900 000
20 July 2002	200 000 000	0.00	1 921 111
20 October 2002	200 000 000	0.00	1 942 222
20 January 2003	200 000 000	0.00	1 942 222
20 April 2003	200 000 000	0.00	1 900 000
20 July 2003	200 000 000	0.00	1 921 111
20 October 2003	183 175 361	16 824 639	1 942 222
20 January 2004	159 978 685	23 196 677	1 778 836
20 April 2004	138 854 977	21 123 707	1 536 684
20 July 2004	119 796 750	19 058 227	1 333 779

20 October 2004	102 633 164	17 163 587	1 163 360
20 January 2005	87 050 212	15 582 952	996 682
20 April 2005	72 969 604	14 080 608	826 977
20 July 2005	60 393 206	12 576 398	700 914
20 October 2005	49 151 459	11 241 747	586 485
20 January 2006	38 994 402	10 157 057	477 315
20 April 2006	29 898 747	9 095 656	370 447
20 July 2006	22 093 164	7 805 583	287 194
20 October 2006	15 544 270	6 548 893	214 549

The provisional Schedule of Repayments above was established at the Constitution Date of the Sub-fund on the basis of the following assumptions: (i) a rate of Early Repayments of 20 % per year, (ii) an Arrears Ratio of 8.3 %, (iii) a Smoothed Net Losses Ratio of 0.31 %, (iv) replacements of eligible Loans during the Replacement Period and (v) no occurrence of a situation of Modified Normal Redemption.

The amounts of Priority Interest are calculated (i) on the basis of the Outstanding Principal of Priority Units determined provisionally on the basis of the above assumptions and (ii) supposing the Interest Rate based on the EURIBOR 3-month rate stated on 18 July 2000 is firm.

3(d) Calculations carried out by the Management Company

The [Management Company](#) will determine in due time before each Interest Period, (A) (i) the amount of principal of Repayments, (ii) the Early Repayments and (iii) the amount of Outstanding Principal of Loans having been the subject of an acceleration declared by the [Collector](#), in accordance with the stipulations of the Agreement for the Management and Collection of Loans (or, where applicable, by the [Substitute Collector](#)), (B) (i) the Outstanding Principal of Priority Units and (ii) the corresponding Priority Principal Amount.

3(e) Final Redemption Date of Priority Units

The Final Redemption Date of Priority Units is 20 January 2010.

3(f) Non-redemption of Priority Units

In accordance with Article 34 paragraph 6 of the Law, the Priority Units cannot give rise to the request by their holders for buy-back by the FCC, in respect of the Sub-fund or any other Sub-fund.

4. MODIFIED NORMAL REDEMPTION SITUATION AND ACCELERATED REDEMPTION SITUATION

4(a) Modified Normal Redemption Situation

4(a)1 In the case of the occurrence of a Modified Normal Redemption Situation during the Normal Redemption Period, the Priority Units will be redeemed at each Quarterly Payment Date in accordance with the Orders of Priority applicable in the situation of Modified Normal Redemption.

4(a)2 A Modified Normal Redemption Situation takes place if (A) the Smoothed Arrears Ratio in a Normal Redemption Period (x) exceeds 20 % during seven consecutive calendar months or (y) 30 % during a Reference Period or (B) the Smoothed Net Losses Ratio exceeds 0.45 % recorded during one calendar month, in a Replacement Period or (ii) in a Normal Redemption Period, with the proviso that where the Smoothed Arrears Ratio is (i) greater than 16 % in a Replacement Period or (ii) greater than 20 % in a Normal Redemption Period, the [Management Company](#) will credit the Frozen Margin Account by debiting the General Account under the conditions defined in the section "*Frozen Margin Account*" on page 92 of this Memorandum.

4(a)3 As a result of a Modified Normal Redemption Situation occurring, the rate of redemption of Priority Units and Subordinate Units will be changed by the modification of the Subordination Rate under the conditions mentioned in paragraph 3(b)3 above.

4(b) Accelerated Redemption Situation

4(b)1 In the case of the occurrence of an Accelerated Redemption Situation during the Normal Redemption Period, the Priority Units will be redeemed at each Accelerated Payment Date in accordance with the Orders of Priority applicable in the Accelerated Redemption Period.

4(b)2 An Accelerated Redemption Situation arises where (i) the Smoothed Net Losses Ratio is greater than 0.45 % during a period of three consecutive calendar months or (ii) **FINAREF** is the subject of a legal settlement procedure or liquidation.

5. PRESCRIPTION

After the Final Redemption Date of Priority Units, any outstanding part of the nominal value of the Priority Units and the interest amounts is cancelled automatically so that the holders of Priority Units have no right to claim in this respect against the FCC in respect of the Sub-fund, whatever the possible amounts remaining outstanding.

6. SUBSEQUENT ISSUES

In accordance with the stipulations of the Specific Regulations, no subsequent issue of Priority Units will be effected by the FCC in respect of the Sub-fund after the Constitution Date of the Sub-fund.

7. APPLICABLE LAW AND ASSIGNMENT OF JURISDICTION

7(a) Applicable law

The Priority Units, the Priority Coupons and the corresponding Transaction Documents are governed by and must be interpreted in accordance with French law.

7(b) Assignment of jurisdiction

Any dispute arising in respect of Priority Units, Priority Coupons and corresponding Transaction Documents shall be brought before the Commercial Court [*Tribunal de Commerce*] in Paris.

DEFINITION OF SUBORDINATE UNITS

1. FORM AND DENOMINATION

The 17 381 Subordinate Units are issued as dematerialised securities and to the holder for a total nominal value of EUR 17 381 000 and bear on issue an annual interest rate equal to the sum of the EURIBOR 3-month rate (as defined in paragraph 2(b)1(B) below) increased by a Margin of 1.03 % per year payable for each one quarterly in arrears at each Payment Date. The said Subordinate Units are issued at a unit price of EUR 1 000.

2. PAYMENT

2(a) Payment Dates and Interest Periods

Interest in a Replacement Period and in a Normal Redemption Period

2(a)1 Each Subordinate Share produces interest on the amount of its Outstanding Principal (as defined in paragraph 2(b)2(iv) below) dating from the Settlement Date (20 July 2000) (inclusive) up to the Provisional Redemption Date (non-inclusive) (subject to the provisions of paragraph 2(a)5(ii)) unless an Accelerated Redemption Situation occurs in a Normal Redemption Period. The interest amounts due in respect of Subordinate Units are payable quarterly in arrears, in reference to the successive Interest Periods (as defined in paragraph 2(a)4), on the Quarterly Payment Dates corresponding to the 20th calendar day of the months of October, January, April and July of each year. If a Quarterly Payment Date is not a Stock Exchange trading day, these Quarterly Payment Dates will be the following Stock Exchange trading day unless this day falls into the next month, in which case the relevant trading day would be the preceding trading day.

Interest in situation of Modified Normal redemption

2(a)2 In the case of the occurrence of a Modified Normal Redemption Situation, the Subordinate Units will carry interest determined in accordance with the provisions of paragraph 2(a)1 above payable quarterly in arrears on the Quarterly Payment Dates corresponding to the 20th calendar day of the months of October, January, April and July of each year. If a Quarterly Payment Date is not a Stock Exchange trading day, these Quarterly Payment Dates will be the following Stock Exchange trading day unless this day falls into the next month, in which case the relevant trading day would be the preceding trading day.

Interest in an Accelerated Redemption Period

2(a)3 In the case of occurrence of an Accelerated Redemption Situation, the Subordinate Units shall bear interest determined in accordance with the provisions of paragraph 2(a)1 below payable quarterly in arrears on the Accelerated Payment Dates corresponding to the 20th calendar day of the months October, January, April and July of each year. If an Accelerated Payment Date is not a Stock Exchange trading day, these Accelerated Payment Dates will be the following Stock Exchange trading day unless this day falls into the next month, in which case the relevant trading day would be the preceding trading day.

Interest Period

2(a)4 An Interest Period signifies (i) for a given Quarterly Payment Date in a Normal Redemption Period or (ii) for an Accelerated Payment Date in an Accelerated Redemption Period, the period between (x) the preceding Quarterly Payment Date or the preceding Accelerated Payment Date (inclusive) and (y) the said Quarterly Payment Dates or Accelerated Payment Date (non-inclusive). The final Interest Period ends on the Quarterly Payment Date occurring in the month of October 2006 (the Provisional Redemption Date) (or the final Accelerated Payment Date in the case of occurrence of an Accelerated Redemption Situation).

2(a)5 The Subordinate Units no longer produce Interest :

- (i) from the date on which the Outstanding Principal of the said Subordinate Units has been redeemed in full;
or
- (ii) as from the Final Share Redemption Date.

2(b) Interest Rate of Subordinate Units

2(b)1 The interest rate (the **Interest Rate**) applicable to the Subordinate Units will be determined by the **Management Company** at each Interest Determination Date preceding each Interest Period according to the following provisions.

The Interest Rate applicable to the Subordinate Units at each Interest Period will be the result of the sum of:

- (A) a Margin of 1.03 % per year; and
- (B) *the corresponding EURIBOR 3-month rate determined by the **Management Company** for each Interest Period in accordance with the paragraphs below :*
 - (i) two TARGET days preceding each Quarterly Payment Date (the said TARGET day constituting a **Interest Determination Date**), the **Management Company** will determine the Interest Rate applicable to the deposits in Euro for a period of three months offered on the European Interbank Market (the **Euro Zone**) as published on Telerate Page 248 (or any other page of such a service publishing such information) at around 11 o'clock (Paris time) on the corresponding Interest Determination Date ;
 - (ii) if, at any Interest Determination Date, no Interest Rate is published on Telerate Page 248, the **Management Company** will determine the Interest Rate applicable to the deposits in Euro for a period of three months as published (aa) on any other information page replacing Page 248 for the purposes of publishing such information or (bb) if this service ceases to publish such information, any page published by an equivalent service publishing such information. If more than one rate is published and if the said rates are not identical, the Interest Rate applicable will be the result of the mathematical average of the rates thus published (rounded, if necessary, to the fifth decimal place below zero; 0.000005 being rounded up);
 - (iii) where, at any Interest Determination Date, the EURIBOR 3-month rate is not published on Telerate Page 248 (or any other page), the **Management Company** will ask the head office in Paris of the **Reference Banks** to inform them of the Interest Rates they have applied for a period of three months from the Date of Determination considered. The EURIBOR rate applicable to the Interest Period concerned will be determined by the **Management Company** as being the mathematical average (rounded, if necessary, to the fifth decimal place below zero; 0.000005 being rounded up) of the Interest Rates thus applied by the **Reference Banks** and notified to the **Management Company** for the period concerned. In the event of one of the **Reference Banks** not having communicated its rate to the **Management Company** at approximately 11 o'clock (Paris time) on an Interest Determination Date, the EURIBOR 3-month rate will be determined by the **Management Company** on the basis of the interest rates passed on by the other **Reference Banks**. The interest rate applicable will be determined by the **Management Company** in accordance with the provisions of the sub-paragraph (i) on the basis of the Interest Rates offered by the said **Reference Banks**. If, at any Interest Determination Date, one or any of the **Reference Banks** has not passed on a rate to the **Management Company**, the **Management Company** will appoint two additional credit institutions (or, if one **Reference Bank** has passed on its rate, one additional credit institution) for the purposes of furnishing it with such a rate and the interest rate applicable to the corresponding Interest Period will be determined by the **Management Company** on the basis of the rates offered by the said credit institutions. If, on the said Interest Determination Date, no credit institution has been selected by the **Management Company** or no credit institution furnishes any rate, then the EURIBOR 3-month rate applicable to the corresponding Interest Period will be the effective interest rate of the preceding Interest Period for which the provisions of the sub-paragraph (i) or the provisions of the present sub-paragraph (iii) are applied; and
 - (iv) there will be no maximum or minimum applicable to the Interest Rate.

A **Stock Exchange Trading Day** is a day during which the credit institutions are open in Paris for the settlement of interbank transactions and the determination of current market prices and which is a TARGET day.

A **TARGET day** is a day during which the TARGET System is open.

The **Euro Zone** signifies the area comprising the Member States of the European union having adopted the single European currency in accordance with the Treaty of the European Union.

2(b)2 Determination of the Interest Rate and calculation of the Subordinate Interest Amounts

- (i) The **Management Company** will effect at each Interest Determination Date calculation of the Interest Rates applicable at the corresponding Interest Period and the interest amount which shall be payable in respect of each Subordinate Unit (the **Subordinate Interest Amount**) at the Quarterly Payment Date or the corresponding Accelerated Payment Date (a **Payment Date**).
- (ii) The Subordinate Interest Amount payable at any Payment Date in respect of each Subordinate Unit shall be the result of the multiplication (i) of the said Interest Rate by (ii) the Outstanding Principal of the said Subordinate Unit as determined by the **Management Company** at the beginning of the corresponding Interest Period, (iii) on the basis of the exact number of days of the said Interest Period and (iv) of a year of 360 days. The **Management Company** shall notify the **Paying Agent** (i) as quickly as possible of the Interest Rate applicable and (ii) the Subordinate Interest Amount due in respect of the corresponding Interest Period at the next Payment Date.
- (iii) On any Payment Date, the Outstanding Principal of a Subordinate Unit is equal to the initial nominal amount of the said Subordinate Unit (EUR 1 000) reduced by the amounts of Subordinate Principal paid to the holders of Subordinate Units on the preceding Payment Dates. The Subordinate Principal Amounts shall be calculated by the **Management Company** in accordance with the redemption formulas applicable (i) in a Normal Redemption Period, (ii) in situation of Modified Normal Redemption and (iii) in an Accelerated Redemption Period respectively and defined in paragraph 3(b) below.
- (iv) The calculations and determinations carried out in this way and notified by the **Management Company** or the **Reference Banks** will be considered as definitive and will be imposed on the **Settlement Banks**, the **Paying Agent** and holders of Subordinate Units (with the exception of any fraud or clerical error).
- (v) Until the Subordinate Units have been redeemed in full, the **Management Company** will endeavour to ensure that the four **Reference Banks** are able to notify it on any Interest Determination Date of an Interest Rate applicable to the deposits in Euro for a period of three months. However, the **Management Company** will have the power to substitute any other credit institution for the **Reference Banks** and will notify the **Paying Agent** of such a substitution.

3. REDEMPTION OF SUBORDINATE UNITS

3(a) Provisional Redemption Date

Replacement Period

3(a)1 In the Replacement Period, the Subordinate Units only give rise to payments in respect of interest on Quarterly Payment Dates and are not the subject of any redemption provided that there is no occurrence of either (i) a Modified Normal Redemption Situation, (ii) an Accelerated Redemption Situation nor, where applicable, (iii) a Stoppage of Replacement as stipulated in the section "*Stoppage of Replacement*" on page 71 of this Memorandum. The Replacement Period is the period between the Constitution Date of the Sub-fund (inclusive) and the Replacement Date taking place at the latest on the 21 July 2003 (inclusive).

Normal Redemption Period

3(a)2 In Normal Redemption Period, including at the time of the occurrence of a Modified Normal Redemption Situation, the Subordinate Units are redeemed at each Quarterly Payment Date arising at the close of the Replacement Period and shall be redeemed on the corresponding Provisional Redemption Date, that is 20 October 2006, provided that no Accelerated Redemption Situation occurs.

Accelerated Redemption Period

3(a)3 As from the occurrence of an Accelerated Redemption Situation, the Subordinate Units are redeemed at each Accelerated Payment Date occurring as from the first Accelerated Payment Date following the date on which the said

Accelerated Redemption Situation occurred up to the Final Redemption Date of Units, in accordance with the Orders of Priority applicable.

3(b) Determination of the redemption formulas of Subordinate Units

3(b)1 In a Replacement Period, provided that (i) the FCC is able to actually carry out the acquisition of new eligible Loans from the [Originator](#) with a view to their exclusive allocation to the Sub-fund and (ii) that no Modified Normal Redemption Situation or no Accelerated Redemption Situation occurs, the Subordinate Units will not be redeemed, the holders of Subordinate Units only receiving payments in respect of the interest.

3(b)2 In a Normal Redemption Period and in an Accelerated Redemption Period, the quarterly redemption rate of Subordinate Units will depend on the quarterly redemption rate of Priority Units at each corresponding Payment Date. The amount of repayable principal at each Payment Date in respect of Subordinate Units (the ***Subordinate Principal Amount***) will be calculated by the [Management Company](#) in accordance with the following redemption formulas:

- (i) in a Normal Redemption Period, provided (i) that the FCC has effectively carried out during the Replacement Period the acquisition of new eligible Loans from the [Originator](#) in view of their exclusive allocation to the Sub-fund and (ii) (x) no Modified Normal Redemption Situation or (y) Accelerated Redemption Situation occurs, the Subordinate Units are redeemed in part at each Quarterly Payment Date arising at the latest as of 21 July 2003 (inclusive) until the Provisional Redemption Date.

The Subordinate Principal Amount will be determined as follows by the [Management Company](#):

Subordinate Principal Amount = Amount of Principal of Repayments + RA + DDT - Priority Principal Amount;

- (ii) in a Situation of Modified Normal Redemption, the Subordinate Principal Amount will be determined as follows by the [Management Company](#) :

Subordinate Principal Amount = Amount of Principal of Repayments + RA + DDT - Priority Principal Amount + amount of Residual Coupon that should have been paid to the holders of Residual Units,

where:

RA : Early Repayments Amounts noted by the [Collector](#) or, where applicable, the [Substitute Collector](#);

DDT : Outstanding Principal of Loans having been the subject of an acceleration declared by the [Collector](#) or, where applicable, the [Substitute Collector](#).

- (iii) in an Accelerated Redemption Period, the Subordinate Units are redeemed after complete redemption of Priority Units, up to the Final Redemption Date of the Units at each Accelerated Payment Date, within the Available Funds limit up to redemption in full in accordance with the Orders of Priority applicable.

- (iv) The Priority Principal Amount referred to in paragraph 3(b)2(iii) above and applicable for the calculation of the Subordinate Principal Amount will be determined beforehand by the [Management Company](#) in accordance with the provisions of paragraph 3(b) of the section " *Definition of Priority Units* " on page 52 this Memorandum, depending on whether the Sub-fund is (i) in a Replacement Period, (ii) in a Normal Redemption Period, (iii) in situation of Modified Normal Redemption or (iv) in an Accelerated Redemption Period.

3(b)3 The amount of repayable Principal in respect of each Subordinate Unit (the *Repayable Subordinate Principal Amount*) at any Payment Date will be the result of the Subordinate Principal Amount (as calculated by the [Management Company](#) in accordance with paragraph 3(b)2 above) divided by the number of Subordinate Units (rounded down to the nearest hundred), where the Repayable Subordinate Principal Amount may not exceed the Outstanding Principal of a Subordinate Unit as calculated by the [Management Company](#) at the preceding Payment Date. The Outstanding Principal of a Subordinate Unit will be equal, on any date, to the difference between (x) EUR 1 000 and (y) the sum of the Repayable Subordinate Principal Amounts payable paid to the holders of Subordinate Units before the said date.

3(c) Provisional Overall Schedule of Repayments of Subordinate Units in a Normal Redemption Period

Quarterly Payment Date	Outstanding principal	Distributable Principal	Subordinate Interest
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			Amounts
20 October 2000	17 381 000	0.00	1 282 774
20 January 2001	17 381 000	0.00	1 282 774
20 April 2001	17 381 000	0.00	1 268 831
20 July 2001	17 381 000	0.00	1 254 888
20 October 2001	17 381 000	0.00	1 282 774
20 January 2002	17 381 000	0.00	1 282 774
20 April 2002	17 381 000	0.00	1 268 831
20 July 2002	17 381 000	0.00	1 254 888
20 October 2002	17 381 000	0.00	1 282 774
20 January 2003	17 381 000	0.00	1 282 774
20 April 2003	17 381 000	0.00	1 268 831
20 July 2003	17 381 000	00	1 254 888
20 October 2003	15 249 000	2 132 000	1 282 774
20 January 2004	13 289 000	1 960 000	1 185 820
20 April 2004	11 510 000	1 779 000	1 077 396
20 July 2004	9 909 000	1 601 000	983 880
20 October 2004	8 463 000	1 446 000	903 199
20 January 2005	7 151 000	1 312 000	814 108
20 April 2005	5 968 000	1 183 000	718 396
20 July 2005	4 914 000	1 054 000	626 491
20 October 2005	3 939 000	945 000	557 454
20 January 2006	3 114 000	855 000	476 354
20 April 2006	2 357 000	757 000	391 605
20 July 2006	1 714 000	643 000	311 071
20 October 2006	0,0	0,0	245 710

The above Provisional schedule of repayments was defined on the Constitution Date of the Sub-fund on the basis of the following assumptions: (i) an Anticipated Redemption rate of 20 % per year, (ii) an Arrears Ratio of 8.3 %, (iii) a Smoothed Net Losses Ratio of 0.31 %, (iv) replacement of eligible Loans during the Replacement Period and (v) non-occurrence of a situation of Modified Normal Redemption.

The Subordinate Interest Amounts are calculated (i) on the basis of the Outstanding Principal of Subordinate Units determined provisionally according to the above assumptions and (ii) supposing the Interest Rate to be firm on the basis of the EURIBOR 3-month rate as recorded on 18 July 2000.

3(d) Calculations carried out by the Management Company

The **Management Company** will determine in due course before each Interest Period, (A) (i) the Amount of Repayments, (ii) the Early Repayments and (iii) the amount of Outstanding Loan Principal having been the subject of an acceleration declared by the **Collector**, in accordance with the stipulations of the Agreement for the Management and Collection of Loans (or, where applicable, by the **Substitute Collector**), (B) (i) the Outstanding Principal of Subordinate Units and (ii) the corresponding Subordinate Principal Amount.

3(e) Final Redemption Date of Subordinate Units

The Final Redemption Date of Subordinate Units is 20 January 2010.

3(f) Non-redemption of Subordinate Units

In accordance with Article 34 paragraph 6 of the Act, the Subordinate Units cannot give rise to a request by their holders for buy-back by the FCC, in respect of the Sub-fund or any other Sub-fund.

4. MODIFIED NORMAL REDEMPTION SITUATION AND ACCELERATED REDEMPTION SITUATION

4(a) Modified Normal Redemption Situation

4(a)1 In case of occurrence of a Modified Normal Redemption Situation in the course of the Normal Redemption Period, the Subordinate Units shall be redeemed at each Quarterly Payment Date in accordance with the Orders of Priority applicable in a situation of Modified Normal redemption.

4(a)2 A Modified Normal Redemption Situation takes place where (A) the Smoothed Arrears Ratio in a Normal Redemption Period exceeds (x) 20 % during seven consecutive calendar months or (y) 30 % in the course of a Reference Period or (B) the Smoothed Net Losses Ratio exceeds 0.45 % recorded in the course of one calendar month, in a Replacement Period or (ii) in a Normal Redemption Period, with the proviso that where the Smoothed Arrears Ratio is (i) greater than 16 % in a Replacement Period or (ii) greater than 20 % in a Normal Redemption Period, the **Management Company** will credit the Frozen Margin Account by debiting the General Account under the conditions defined in the section " *Frozen Margin Account* " on page 92 of this Memorandum.

4(a)3 As a result of a Modified Normal Redemption Situation occurring, the rate of redemption of Priority Units and Subordinate Units will be changed by the modification of the Subordination Rate under the conditions specified in paragraph 3(b)3 of the section " *Definition of Priority Units* " above.

4(b) Accelerated Redemption Situation

4(b)1 In the case of the occurrence of an Accelerated Redemption Situation during the Normal Redemption Period, Subordinate Units will be redeemed at each Accelerated Payment Date in accordance with the Orders of Priority applicable in an Accelerated Redemption Period.

4(b)2 An Accelerated Redemption Situation arises where (i) the Smoothed Net Losses Ratio is greater than 0.45 % during a period of three consecutive calendar months or (ii) **FINAREF** is the subject of a legal recovery procedure or liquidation.

5. PRESCRIPTION

After the Final Redemption Date of Subordinate Units, any possible unpaid part of the nominal value of Subordinate Units and interest is cancelled automatically so that the holders of Subordinate Units have no right to claim in this respect against the FCC in respect of the Sub-fund, whatever the possible amounts remaining unpaid.

6. SUBSCRIPTION AND TRANSFER RESTRICTIONS

In accordance with Article 9 of the Decree, the Subordinate Units cannot be subscribed or held except by (x) qualified investors under the terms of Article 6 of the Order, (y) non-resident investors or (z) the **Originator**. It is the responsibility of any provider of investment services to assure himself of the integrity of the investor on whose behalf he acts. Undertakings for collective investment in transferable securities are reputed to act as qualified investors.

7. SUBSEQUENT ISSUES

In accordance with the stipulations of the Specific Regulations, no later issue of Subordinate Units will be carried out by the FCC in respect of the Sub-fund after the Constitution Date of the Sub-fund.

8. APPLICABLE LAW AND ASSIGNMENT OF JURISDICTION

8(a) Applicable law

The Subordinate Units, the Subordinate Coupons and the corresponding Transaction Documents are governed and must be interpreted in accordance with French Law.

8(b) Attribution of jurisdiction

Any disagreement arising in respect of Subordinate Units, Subordinate Coupons and corresponding Transaction Documents shall be brought before the Commercial Court [*Tribunal de Commerce*] in Paris.

TAX REGULATIONS APPLICABLE TO THE HOLDERS OF UNITS

(in force at 20 June 2000)

		NATURAL PERSONS LIABLE FOR TAX IN FRANCE	ENTERPRISES AND COMPANIES SUBJECT TO CT	NON-PROFIT ORGANISATIONS	NON RESIDENTS	UCITS
Proceeds from Units		<i>Not opting for the standard deduction:</i>	Assessment under ordinary conditions and tax rate.	Proceeds from shares are taxable at the company tax rate of 10 % mentioned in Article 219 para I of the Inland Revenue Code.	Proceeds from shares are exempt from compulsory contributions (currently at the rate of 15 %) subject to presentation by the beneficiary of an address for tax purposes or a head office outside France.	Proceeds from shares, distributed to holders resident in France are determined according to the qualification of each stockholder or UCITS shareholder, according to the principles displayed in the columns opposite.
Possible issue bonus		application of the graduated tax scale on the income. Possibility to benefit from allowance on the income from stocks and bonds stated in Article 158-3 of General Tax Code under usual terms. <i>In cases opting for standard deduction :</i> assessment at rate of 25 % including the CSG* (7.5%), the CRDS* (0.5%). [* supplementary social security contribution and tax]	According to the administrative principle, the FCC Units must be assessed at their market value at the end of each tax year (article 209-OA.I of the Inland Revenue Code). The issue bonus is assessed in accordance with provisions of Article 238, seven E of Inland Revenue Code, when it exceeds 10 % of nominal amount of Units and when duration of share issue is greater than 5 years			Subject to application of international agreements, the proceeds distributed by a Unit Trust to non-residents are subject to a deduction at source at the rate of 25 % .

	NATURAL PERSONS LIABLE FOR TAX IN FRANCE	ENTERPRISES AND COMPANIES SUBJECT TO CT	NON-PROFIT ORGANISATIONS	NON RESIDENTS	UCITS
Unit transfer gains.	<p>The transfer gains relating to Units issued for a period greater than five years are assessed at the rate of 26 %.</p> <p>The tax threshold is FRF 50 000.</p> <p>The transfer gains relating to Units issued for a period greater than five years are subject to graduated tax except in case of option for standard deduction.</p>	Profits or losses made at time of transfer of Units are taken into account in the taxable earnings and assessed at the ordinary rate.	Non-taxable.	Tax exempt in France.	<p>The transfer gains on the Units, distributed to holders resident in France are determined according to the qualification of each stockholder or UCITS Shareholder, according to the principles displayed in the columns opposite.</p> <p>Application of the allowance of F. 50.000 is however according to the nature of the UCITS assets held.</p>

The principles described below, in force at the date of this Memorandum, are taken in particular from the Instructions 5 I-3-89 of 17 October 1989 and 4 A-13-93 of 26 March 1993 of the **DEPARTMENT OF TAX LEGISLATION** and the provisions of the subsequent financial laws concerning the taxation system for shares of debt mutual funds. These principles assume that Units are redeemed in full at their respective Provisional Redemption Date.

These principles are not exhaustive and are liable to be amended by any legal or regulatory modification or any change in their application by the tax authorities occurring after the date of this Memorandum. Every potential subscriber or purchaser of Units should seek information from his usual advisor as to the tax consequences of such a subscription or acquisition, of the holding or transmission of Units in accordance with French Law and any other applicable law.

The FCC is jointly owned and has no legal entity. It therefore does not come under the scope of application of corporation tax, in accordance with the provisions of Article 42 of the Act. The FCC in connection with the will be in no way obliged to make an additional payment, in interest or principal, in respect of the Units where there is a modification of the applicable tax legislation or any change the in administrative interpretation of this legislation.

OPERATING PRINCIPLES OF THE SUB-FUND, PAYMENT AND REDEMPTION OF SHARES ACCORDING TO PERIODS

This section describes in particular the operating principles of the Sub-fund according to different periods existing or liable to occur from the Constitution Date of the Sub-fund. The section has no meaning except in relation to the provisions of the section " Orders of Priority of Allocations and Distribution " on page 75 of this Memorandum.

SUB-FUND ACCOUNTS

At the Constitution Date of the Sub-fund, the **Management Company** will, in application of the stipulations of the Accounting Convention, proceed to open the Sub-fund Accounts in the journals of the **CAISSE CENTRALE DE RÉESCOMPTE** in its capacity as **Settlement Bank**. The Sub-fund Accounts are opened in the name of the **FCC** and assigned exclusively to the Sub-fund. The Sub-fund Accounts are composed of (i) the General Account, (ii) the Frozen Margin Account and (iii) the Reserve Account. Each of these accounts will be exclusively allocated to the functioning of the Sub-fund in accordance with the stipulations of the Accounting Convention and of the Specific Regulations. None of these accounts may be used, directly or indirectly in the operating or payment of monies due in respect of another Sub-fund of the FCC. The **Management Company** may not pledge, transfer, delegate or more generally grant any right in any capacity to any third party on the Sub-fund Accounts.

GENERAL REMARKS

The rights to payments of principal and interest due in respect of the Units are determined according to the periods of the Sub-fund as defined below. These different periods include a Replacement Period followed by a Normal Redemption Period possibly including, where applicable, a situation of Modified Normal Redemption (which is an integral part of the Normal Redemption Period). Should an Accelerated Redemption Situation occur in the course of the Replacement Period or in the course of the Normal Redemption Period, the Accelerated Redemption Period will commence irreversibly.

THE DIFFERENT PERIODS OF THE SUB-FUND

Replacement Period

General remarks

The structuring of the Sub-fund provides, first and foremost, and as from the Constitution Date of the Sub-fund, for a Replacement Period in the course of which the FCC may carry out the acquisition of new eligible Loans from the **Originator**, in view of their exclusive allocation by the **Management Company** to the Sub-fund, in accordance with the stipulations of the Agreement for the Transfer of Loans and of the Specific Regulations.

Operating principles

Provisional duration of the Replacement Period

Provided that none of the following events occurs: (i) a Stoppage of Replacement occurs under the conditions specified in the section " *Stoppage of Replacement* " on page 71 of this Memorandum, (ii) the Smoothed Arrears Ratio exceeds, in a Replacement Period (x) 20 % in the course of a Reference Period or (y) 16 % during seven consecutive calendar months, (iii) the Smoothed Net Losses Ratio exceeds 0.45 % recorded in the course of one calendar month in a Replacement Period or (iv) an Accelerated Redemption Situation occurs, the Replacement Period is the period between (x) the Constitution Date of the Sub-fund and (y) the Replacement Date arising at the latest on 21 July 2003 (inclusive).

Operation of the Sub-fund during the Replacement Period

The operating principles of the Sub-fund during the Replacement Period are as follows:

- (a) at each Quarterly Payment Date occurring as from the Constitution Date of the Sub-fund, the holders of Priority Units and the holders of Subordinate Units only receive payments in respect of interest where, if the Available Funds are insufficient:
 - (i) to pay the entire (aa) Priority Interest Amounts and (bb) the Subordinate Interest Amounts due at a Quarterly Payment Date, the Priority Interest Amounts will be paid as a priority in relation to the Subordinate Interest Amounts ; and

- (ii) to pay the entire Priority Interest Amounts at a Quarterly Payment Date, the said Priority Interest Amounts would then be paid to the holders of Priority Units on a *pari passu* basis,

the **Management Company** will determine, if necessary, (i) the difference existing between (x) the Priority Interest Amounts payable at a Quarterly Payment Date and (y) the interest amounts actually paid on the said Quarterly Payment Date to the holders of Priority Units (the ***Priority Interest Amounts Arrears***) and (ii) the difference existing between (x) the Subordinate Interest amounts payable at a Quarterly Payment Date and (y) the interest amounts actually paid on the said Quarterly Payment Date to the holders of Subordinate Units (the ***Subordinate Interest Amounts Arrears***). The Priority Interest Amounts Arrears and the Subordinate Interest Amounts Arrears will be paid respectively to the holders of Priority Units and to the holders of Subordinate Units, within the limit of the Available Funds, on the Quarterly Payment Dates following, where any Priority Interest Amounts Arrears and any Subordinate Interest Amounts Arrears will not produce interest;

- (b) the sums that must be returned to the holders of Priority Units and to the holders of Subordinate Units in respect of principal are credited at each Monthly Payment Date to the General Account in order to be allocated, if necessary, to the acquisition of new eligible Loans in view of their exclusive allocation to the Sub-fund by the **Management Company**, in accordance with the stipulations of the Agreement for the Transfer of Loans and of the Specific Regulations, it being specified that :

- (i) where, in a Replacement Period, the Smoothed Arrears Ratio exceeds 16 %, the **Management Company** will proceed to constitute the Frozen Margin Account at the next Payment Date by debiting the General Account in accordance with the provisions of the section "*Frozen Margin Account*" on page 92 of this Memorandum;

- (ii) where, in a Replacement Period, the Smoothed Arrears Ratio exceeds (x) 16 % during seven consecutive calendar months or (y) 20 % in the course of a Reference Period, the **Management Company**, in accordance with the stipulations of the Agreement for the Transfer of Loans, will terminate all Replacement of Loans (see section "*Stoppage of Replacement*") and the Normal Redemption Period will begin on the Quarterly Payment Date following;

- (c) in due course before each Replacement Date, the **Originator** will, where applicable, have selected the Loans satisfying the Eligibility Criteria and the Additional Eligibility Criteria and will recommend to the **Management Company**, acting for and on behalf of the FCC in connection with the Sub-fund, the acquisition of the said Loans (the ***Replaced Loans***) in view of their exclusive allocation to the Sub-fund under the conditions set out below:

- (i) the transfer price (the ***Transfer Price***) of the Replaced Loans will be equal to the Outstanding Principal of the said Replaced Loans and the said Transfer Price will be paid to the **Originator** by debiting the General Account ;

- (ii) in the event that the credit balance of the General Account is insufficient to pay (aa) the whole of the Transfer Price and, where applicable, (bb) in the case where the Replacement Date immediately precedes or corresponds to a Quarterly Payment Date, in order to pay (x) the Base Commissions, (y) the Priority Interest Amounts (and the Subordinate Interest Amounts) and (z) the possible Priority Interest Amounts Arrears (and the possible Subordinate Interest Amounts Arrears), the **Management Company** may, in agreement with the **Originator** carry forward payment of the part of the Transfer Price of the Replaced Loans which may not be paid in full to the **Originator** on the Replacement Date concerned (the ***Deferred Monthly Payment***) to the Replacement Dates following in accordance with the Orders of Priority applicable in a Replacement Period, it being specified that :

- (aa) the Deferred Monthly Payment may not exceed the sum of the Outstanding Principal of Subordinate Units and the balance of the Reserve Account; and

- (bb) the carrying forward of the Deferred Monthly Payment may not exceed three consecutive Replacement Dates, without the prior agreement of the **Originator** (the occurrence of one or other of these two circumstances constituting a case of Stoppage of Replacement) (see section "*Stoppage of Replacement*" on page 71 of this Memorandum) ;

- (iii) the **Management Company** will carry out the exclusive allocation of the Replaced Loans to the Sub-fund;

- (d) two Stock Exchange Trading Days before each Quarterly Payment Date, the **Management Company** will give the Settlement Bank, under the supervision of the Depository, instructions so that the latter effects the payment of the Deposit by direct payment to the **Originator** of the Amount of Financial Income resulting from the investment of sums credited to the Reserve Account;
- (e) at each Quarterly Payment Date, the holder of Residual Units receives payments only in respect of interest in accordance with the Orders of Priority applicable; and
- (f) in the event of the occurrence of an Accelerated Redemption Situation, the Replacement Period will be interrupted automatically and the Sub-fund will enter an Accelerated Redemption Period.

Replacement procedure

Preliminary Conditions

In accordance with Article 34 paragraph 4 of the Act, with the stipulations of the Specific Regulations and of the Agreement for the Transfer of Loans, the FCC may acquire new eligible Loans from the **Originator**, in view of their exclusive allocation to the Sub-fund by the **Management Company**, which agrees to sell them to it. The new eligible Loans will be acquired during the Replacement Period and may, according to the circumstances, be contained in the holding of the **Originator** as it stands after the Initial Transfer Date of the Loans, or be part of a new production of the **Originator**. As a consequence, the **Originator** and the **Management Company**, acting for and on behalf of the FCC in connection with the Sub-fund, agree to proceed, within the context of the Law on Replacement under the conditions defined below. The first Replacement Date shall provisionally fall on 20 September 2000.

In this respect, the **Management Company** will ascertain:

- (a) that no Accelerated Redemption Situation has occurred before the Replacement Date;
- (b) that no case of suspension or stoppage of Replacement of Loans (as specified below) has occurred before the Replacement Date ; and
- (c) that the acquisition by the FCC of new eligible Loans in view of their allocation to the Sub-fund, within the context of a Replacement, will not lead to a fall in the level of security offered to the holders of Units.

Methods of Replacement

At each Replacement Date at which a Replacement of Loans may be effected within the Sub-fund, the acquisition conditions of new eligible Loans are defined as follows:

1. The **Originator** will have informed the FCC of his intention to transfer the eligible Loans on the said Replacement Date and will inform it, at the latest on the said Replacement Date, of the total Outstanding Principal of the new Loans and their acquisition price, it being specified that the said price will not exceed the Outstanding Principal of the said Loans.
2. The amount of eligible Loans that may be recharged will be equal to the sum:
 - (a) of the principal amounts of the Repayments of the Collection Period;
 - (b) the Accelerated Repayments of the preceding Collection Period ;
 - (c) of the amount of Loans previously acquired by the FCC for assignment to the Sub-fund and having been the subject of an acceleration declared by the **Collector** in accordance with the stipulations of the Agreement for the Management and Collection of Loans (or, where applicable, declared by the **Substitute Collector**) in the course of the preceding Collection Period; and
 - (d) the outstanding principal paid by the **Originator** in respect (i) of the Loans the transfer of which is the subject of a resolution expressed by the **Management Company** in accordance with the provisions of the section " *Non-conformity of Loans to the required characteristics and guarantees of the Originator* " on page 27 of the Reference Note or (ii) of the Loans renegotiated contrary to the commitments and guarantees of the **Originator**, in the course of the preceding Collection Period.

3. The Transfer Price of Replaced Loans will be deducted by the **Management Company**, acting for and on behalf of the FCC in connection with the Sub-fund, from the General Account. In this respect, and subject to the provisions of paragraph (c)(ii) of the section "*Operation of the Sub-fund during the Replacement Period*" above, the **Management Company**, acting for and on behalf of the FCC in connection with the Sub-fund, will give the **Depository** and the **Settlement Bank** the necessary instructions so that the said Transfer Price of the Replaced Loans is debited from the General Account at the corresponding Replacement Date.
4. The **Management Company**, acting for and on behalf of the FCC in connection with the Sub-fund, will ensure that the Loans satisfy the Additional Eligibility Criteria featured in the section "*Additional characteristics of Loans at Replacement Dates*" on page 27 of this Memorandum.

Suspension of Replacement

On every Replacement Date, the Replacement of Loans will be suspended where a Loan does not satisfy, temporarily or partially, the Eligibility Criteria and the Additional Eligibility Criteria. In such an event, the Available Funds which could have been allocated by the **Management Company** to purchasing new eligible Loans in view of their exclusive allocation to the Sub-fund will be retained and credited to the General Account during a maximum period of two consecutive Interest Periods in anticipation of a subsequent Replacement.

Stoppage of Replacement

No Replacement can take place if, on a Replacement Date, one or other of the following events arises:

- (a) the Sub-fund has been constituted for more than three (3) years;
- (b) the Smoothed Arrears Ratio exceeds 20 % in the course of a Reference Period or 16 % during a period of seven consecutive calendar months ;
- (c) the Smoothed Net Losses Ratio exceeds 0.45 % recorded in the course of one calendar month;
- (d) the Replacement of Loans is the subject of a suspension for a period greater than two consecutive Interest Periods;
- (e) the Deferred Monthly Payment relating to the Replaced Loans (i) reaches an amount greater than the sum (x) of the Outstanding Principal of Subordinate Units and (x) of the credit balance of the Reserve Account or (ii) the extension of the Deferred Monthly Payment exceeds three consecutive Replacement Dates, without the prior agreement of the Originator; or
- (f) an Accelerated Redemption Situation occurs.

In case of occurrence of one or other of these events, the Replacement Period will come to an end. The sums available on the General Account which could have been allocated to purchasing new eligible Loans had one of these events not occurred, will be allocated in accordance with the Orders of Priority applicable for the Normal Redemption Period, or where applicable, the Accelerated Redemption Period.

Moreover, in the event that the Smoothed Net Losses Ratio exceeds 0.45 % recorded in the course of one calendar month, a situation of Modified Normal Redemption will commence. The Priority Units and the Subordinate Units will be progressively redeemed in accordance with the Orders of Priority applicable in a Normal Redemption Period subject to the adjustment of the Subordination Rate as specified in paragraph 3(b)3 of the section "*Definition of Priority Units*" on page 55 of this Memorandum.

Constitution of the Frozen Margin Account

In the event that the Smoothed Arrears Ratio exceeds 16 %, the **Management Company** will proceed to progressive constitution of the Frozen Margin Account by debiting the General Account under the conditions more fully defined in the section "*Frozen Margin Account*" on page 92 of this Memorandum. The Frozen Margin Account will be constituted within the limit set out in the section "*Frozen Margin Account*" on page 92 of this Memorandum.

Normal Redemption Period

General remarks

The Normal Redemption Period can include, if necessary, a situation of Modified Normal Redemption (see section " *Situation of Modified Normal Redemption* " on page 73 of this Memorandum).

Operating Principles

Provisional duration of the Normal Redemption Period

Provided that an Accelerated Redemption Situation does not occur, the Normal Redemption Period is the period between (i) the Quarterly Payment Date arising as of 21 July 2003 (inclusive) and the Provisional Redemption Date. The Normal Redemption Period can include, if and as necessary, the constitution of the Frozen Margin Account or a situation of Modified Normal Redemption under the conditions defined below.

Operating of the Sub-fund during the Normal Redemption Period

The operating principles of the Sub-fund during the Normal Redemption Period are as follows:

- (a) in accordance with the stipulations of the Agreement for the Transfer of Loans and of the Specific Regulations, the **Management Company**, acting for and on behalf of the FCC in connection with the Sub-fund, no longer carries out the acquisition of new eligible Loans from the **Originator**;
- (b) at each Quarterly Payment Date, the holders of Priority Units and the holders of Subordinate Units receive, subject to the Orders of Priority applicable in a Normal Redemption Period, payment of Priority Interest Amounts and corresponding Subordinate Interest Amounts as calculated by the **Management Company** in accordance with the provisions of the sections " *Definition of Priority Units* " and " *Definition of Subordinate Units* " on page 52 and page 59, respectively, of the Reference Note,

where it is specified that, if the Available Funds are insufficient:

- (i) to pay the whole of (aa) the Priority Interest Amounts and (bb) the Subordinate Interest Amounts due at a Quarterly Payment Date, the Priority Interest Amounts will be paid as a matter of priority in relation to the Subordinate Interest Amounts; and
- (ii) to pay the whole of the Priority Interest Amounts at a Quarterly Payment Date, the said Priority Interest Amounts will be paid to the holders of Priority Units on a *pari passu* basis,

the **Management Company** will determine, if necessary, (i) the difference existing between (x) the Priority Interest Amounts payable at a Quarterly Payment Date and (y) the interest amounts actually paid on the said Quarterly Payment Date to the holders of Priority Units (the **Priority Interest Amounts Arrears**) and (ii) the difference existing between (x) the Subordinate Interest Amounts payable at a Quarterly Payment Date and (y) the interest amounts actually paid on the Quarterly Payment Date to the holders of Subordinate Units (the **Subordinate Interest Amounts Arrears**). The Priority Interest Amounts Arrears and the Subordinate Interest Amounts Arrears will be paid to the holders of Priority Units and to the holders of Subordinate Units, within the limits of Available Funds and according to the Orders of Priority applicable, on the Quarterly Payment Dates following,

where it is specified that :

- (i) in accordance with the Orders of Priority applicable in a Normal Redemption Period, the payments of Subordinate Interest Amounts and, if necessary, of Subordinate Interest Amounts Arrears, shall have priority, at any Quarterly Payment Date, in relation to the payments of Priority Interest Amounts and of possible Priority Interest Amounts Arrears; and
- (ii) the possible Priority Interest Amounts Arrears and the possible Subordinate Interest Amounts Arrears shall not produce interest ;
- (c) at each Quarterly Payment Date occurring as from 20 October 2003 (inclusive), the holders of Priority Units and the holders of Subordinate Units receive respectively, subject to the Orders of Priority applicable in a Normal Redemption Period, payment of Priority Principal Amounts and Subordinate Principal Amounts (within the limit of the credit balance of the General Account, of the Frozen Margin Account and, where applicable, of the Reserve Account, as calculated by the **Management Company** in accordance with the provisions of paragraphs 3(b) of the sections " *Definition of Priority Units* " and " *Definition of Subordinate Units* " on page 52 and page 59, respectively, of this Memorandum,

where it is stipulated that, if the Available Funds are insufficient:

- (i) to pay the whole of (aa) the Priority Principal Amounts and (bb) the Subordinate Principal Amounts due at a Quarterly Payment Date, the Priority Principal Amounts will be paid as a matter of priority in relation to the Subordinate Principal Amounts; and
- (ii) to pay the whole of the Priority Principal Amounts at a Quarterly Payment Date, the said Priority Principal Amounts will be paid to the holders of Priority Units on a *pari passu* basis,

the **Management Company** will determine, if necessary, (i) the difference existing between (x) the Priority Principal Amounts payable at a Quarterly Payment Date and (y) the principal amounts actually paid on the said Quarterly Payment Date to the holders of Priority Units (the **Priority Principal Amounts Arrears**) and (ii) the difference existing between (x) the Subordinate Principal Amounts payable at a Quarterly Payment Date and (y) the principal amounts actually paid on the said Quarterly Payment Date to the holders of Subordinate Units (the **Subordinate Principal Amounts Arrears**). The Priority Principal Amounts Arrears and the Subordinate Principal Amounts Arrears will be paid to the holders of Priority Units and to the holders of Subordinate Units, within the limit of the Available Funds and according to the Orders of Priority applicable, on the following Quarterly Payment Dates,

where it is specified that :

- (i) in accordance with the Orders of Priority applicable in a Normal Redemption Period, the payments of Priority Principal Amounts and, where applicable, of Priority Principal Amounts Arrears, shall have priority, at any Quarterly Payment Date, in relation to the payments of the Subordinate Principal Amounts and any Subordinate Principal Amounts Arrears; and
 - (ii) the Priority Principal Amounts Arrears and the possible Subordinate Principal Amounts Arrears shall not produce interest ;
- (d) two Stock Exchange Trading Days before each Quarterly Payment Date, the **Management Company** effects payment of the Deposit by payment to the **Originator** of the amount of Financial Income resulting from the investment of sums credited to the Reserve Account ; and
- (e) at each Quarterly Payment Date, the Management Company will effect payment of the Residual Coupon, in accordance with the Orders of Priority applicable.

Constitution of the Frozen Margin Account

Where the Smoothed Arrears Ratio exceeds 20 %, the **Management Company** will proceed to the progressive constitution of the Frozen Margin Account by debiting the General Account under the conditions more fully defined in the section "Frozen Margin Account " on page 92 of this Memorandum. The Frozen Margin Account will be constituted within the limits set out in the section " Frozen Margin Account " on page 92 of this Memorandum.

Situation of Modified Normal redemption

If (A) the Smoothed Arrears Ratio were to exceed, in a Normal Redemption Period (x) 20 % during seven consecutive calendar months or (y) 30 % in the course of a Reference Period or (B) the Smoothed Net Losses Ratio exceeds 0.45 % recorded in the course of one calendar month in a Replacement Period or in a Normal Redemption Period (a **Modified Normal Redemption Situation**), the Orders of Priority applicable will be those which are applicable during the Normal Redemption Period, with the exception of the Order of Priority 12(a). However, the Subordination Rate will accordingly be increased in accordance with the provisions of paragraph 3(b)3 of the section " *Definition of Priority Units* " in order to strengthen the protection offered to the holders of Priority Units.

Accelerated Redemption Period

General remarks

The Accelerated Redemption Period is the period that commences from the Payment Date occurring immediately after the occurrence of an Accelerated Redemption Situation and comes to an end on the Final Redemption Date of Units.

Accelerated Redemption Situation

An Accelerated Redemption Situation occurs in the event of the following:

- (a) the Smoothed Net Losses Ratio is greater than 0.45 % during three consecutive calendar months; or
- (b) **FINAREF** is the subject of a legal recovery procedure or liquidation.

Operating Principles

If an Accelerated Redemption Situation arises, the Replacement Period or the Normal Redemption Period, according to the case, will come to an end immediately and the Accelerated Redemption Period will commence. During the Accelerated Redemption Period, the operating principles of the Sub-fund would be as follows:

- (a) if the Sub-fund is in a Replacement Period, the **Management Company**, acting for and on behalf of the FCC in connection with the Sub-fund, will not carry out any Replacement of new eligible Loans ;
- (b) at each Accelerated Payment Date, the holders of Priority Units and the holders of Subordinate Units will receive, subject to the Orders of Priority applicable in an Accelerated Redemption Period, payment of corresponding Priority Interest Amounts and Subordinate Interest Amounts as calculated by the **Management Company** in accordance with the provisions of the sections " *Definition of Priority Units* " and " *Definition of Subordinate Units* " on page 52 and on page 59, respectively, of the Reference Note,

where it is stipulated that if the Available Funds are insufficient:

- (i) to pay the whole of (aa) the Priority Interest Amounts and (bb) the Subordinate Interest Amounts due at an Accelerated Payment Date, Priority Interest Amounts will be paid as a matter of priority in relation to the Subordinate Interest Amounts; and
- (ii) to pay the whole of Priority Interest Amounts at an Accelerated Payment Date, the said Priority Interest Amounts will be paid to the holders of Priority Units on a *pari passu* basis,

the said Priority Interest Amounts and the said Subordinate Interest Amounts will be paid on the following Accelerated Payment Dates within the limit of Available Funds ;

- (c) at each Accelerated Payment Date, the holders of Priority Units and the holders of Subordinate Units will receive, subject to the Orders of Priority applicable in an Accelerated Redemption Period, payment of the Priority Principal Amounts and the Subordinate Principal Amounts as calculated by the **Management Company** in accordance with the provisions of the sections " *Definition of Priority Units* " and " *Definition of Subordinate Units* " on page 52 and on page 59, respectively, of this Memorandum,

where it is stipulated that if the Available Funds are insufficient:

- (i) to pay the whole of (aa) the Priority Principal Amounts and (bb) the Subordinate Principal Amounts due at a Quarterly Payment Date, the Priority Principal Amounts will be paid as a matter of priority in relation to the Subordinate Principal Amounts; and
- (ii) to pay the whole of the Priority Principal Amounts at a Quarterly Payment Date, the said Priority Principal Amounts will be paid to the holders of Priority Units on a *pari passu* basis,

the said Priority Principal Amounts and the said Subordinate Principal Amounts will be paid on the Accelerated Payment Dates following within the limit of Available Funds ;

- (d) provided that the Priority Units and the Subordinate Units have been redeemed in full, the Available Funds will be allocated to the payment, if necessary, of the Deposit to the **Originator**; and
- (e) subject to the payment of the whole of the sums due in accordance with the Orders of Priority in an Accelerated Redemption Period, the existing Available Funds are allocated in full to the holder of Residual Units in respect of final payment and redemption.

AVAILABLE FUNDS INSUFFICIENT

Where the **Management Company** notes, in good time before any Quarterly Payment Date in a Replacement Period or in a Normal Redemption Period (with the exception of any Accelerated Redemption Period), that the Available Funds are insufficient to pay all or part of the interest amounts and, where applicable, of the principal due to the holders of Priority Units and to the holders of Subordinate Units, the **Management Company** may apply to the **Originator** or the **Collector** (or, according to the situation, to any other body designated thereby) in order to agree on the provisions to be implemented, if necessary, to ensure the continuity of payments due to the Shareholders. However, the **Originator** or the **Collector** will always have the right to refuse to take up the request of the **Management Company**, in which case the operating rules set out in this Memorandum shall apply.

ORDERS OF PRIORITY OF THE ALLOCATIONS AND OF THE ALLOTMENTS

This section is only of significance with reference to the supplementary information set out in this Memorandum and, in particular, to the provisions of the section " Operating Principles of the Sub-fund, of payment and redemption of Units according to the periods " on page 68 of this Memorandum.

General Provisions

Instructions of the Management Company

In order to satisfy the allocations, allotments and payments that have to be effected respectively, in accordance with the Orders of Priority defined in the Specific Regulations, (i) in a Replacement Period, (ii) in a Normal Redemption Period (as necessary, in a situation of Modified Normal Redemption) and, if and as necessary, (iii) in an Accelerated Redemption Period, respectively, the **Management Company**, acting for and on behalf of the FCC in connection with the Sub-fund, gives the necessary instructions to the **Depository**, the **Settlement Bank**, the **Collector** (or, where applicable, the **Substitute Collector**), the **Cashflow Manager**, the **Rate Swap Counterparty** and the **Paying Agent**.

Sub-fund Accounts

The said allocations will be effected exclusively within the limit of the credit balance of each of the Sub-fund accounts. Within the Orders of Priority defined below, the debiting of the Frozen Margin Account is pertinent only insofar as the said Frozen Margin Account would have been the subject of a preliminary allocation by the **Management Company** by deduction from the General Account in accordance with the provisions of the section " *Frozen Margin Account* " on page 92 of this Memorandum.

Transmission of Information

In accordance with the stipulations of the Agreement for the Management and Collection of Loans, the **Collector** (or, where applicable, the **Substitute Collector**) is committed to furnishing the **Management Company** with the necessary information relating to the payments of principal, interest and expenditure in respect of the Loans allocated exclusively to the Sub-fund, in particular in order to enable the **Management Company** (A) to effect calculation (i) of the Arrears Ratio, (ii) the Smoothed Arrears Ratio, (iii) the Net Losses Ratio and (iv) the Smoothed Net Losses Ratio and (B) to determine, if need be, (i) the need to constitute the Frozen Margin Account by debiting the General Account (or, as applicable, suggesting to the **Originator** that a Supplementary Deposit be provided), (ii) the occurrence of a Modified Normal Redemption Situation or (iii) the occurrence of an Accelerated Redemption Situation.

Calculations and Determinations - Mission of the Management Company

In accordance with the stipulations of the Specific Regulations, and according to the Orders of Priority that have to be fulfilled, it is the responsibility of the **Management Company** (i) to calculate at each Interest Determination Date, the Interest Rates, the Priority Interest Amounts and the Subordinate Interest Amounts in respect of each Interest Period, (ii) to determine, in due course before each Payment Date, the priority Principal Amount and the Subordinate Principal Amount respectively payable on the said Payment Date and the Outstanding Principal Amounts in respect of the Priority Units and the Subordinate Units and (iii) to carry out the transfers of funds and allocations of funds detailed in the sections " *Specific calculations and allocations in a Replacement Period* ", " *Calculations and allocations in a Normal Redemption Period* " and " *Calculations and allocations in an Accelerated Redemption Period* " below, in the order in which they appear within the said sections of this Memorandum.

The **Management Company** is responsible for making sure that each Order of Priority is executed in accordance with the provisions of this section.

CALCULATIONS AND ALLOCATIONS IN A REPLACEMENT PERIOD

In Replacement Period, the Orders of Priority applicable are as follows:

1. Payment of Collections

At each Monthly Payment Date, the **Collector** (or, where applicable, the **Substitute Collector**) will pay to the credit of the General Account the theoretical amount of the Collections of the corresponding Collection Period.

2. Payment of Financial Income

Two Stock Exchange Trading Days before each Quarterly Payment Date, the **Cashflow Manager** will pay to the credit of the General Account the Financial Income resulting from the investment of the Sub-fund cashflow during the corresponding Interest Period, where it is specified that the Financial Income resulting from the placing of the sums constituting the Deposit (and, where applicable, the Supplementary Deposit) will be paid directly by the **Cashflow Manager** to the **Originator** in his capacity as settlor of the said Deposit (see section " *Payment of the Guarantee Deposit* " on page 90 of this Memorandum).

3. Return of insurance premiums

The amount of the insurance premiums relating to Current Loans will be paid by the **Originator** to the credit of the General Account at the same time as the amounts due in respect of the theoretical amount of the Collections at any Monthly Payment Date and reversed by the Management Company, acting for and on behalf of the FCC in connection with the Sub-fund, at the next Payment Date of Adjustments on Collections to the **Originator** by debiting of the General Account.

4. Adjustment on Collections

In the course of each Collections Determination Period, the **Management Company**, acting for and on behalf of the FCC in connection with the Sub-fund, will determine the adjustment to the Collections that must take place on the corresponding Payment Date of Adjustments on Collections, either to the advantage of the FCC in respect of the Sub-fund or to the advantage of the **Originator**.

The amount of the adjustment to Collections thus determined will be paid by crediting or debiting the General Account, as appropriate.

5. Deferred Monthly Payment

Where a Deferred Monthly Payment exists (see section " *Replacement Period - Operating of the Sub-fund during the Replacement Period* ", paragraph (c)(ii) on page 68 of this Memorandum), the said Deferred Monthly Payment will be paid to the **Originator** on the following Replacement Date by debiting of the General Account, where it is specified that if the said Deferred Monthly Payment existed at the close of the Replacement Period, it would be paid as a matter of priority at the time of the next Payment Date.

6. Replacement of Loans

On every Replacement Date, and in accordance with the stipulations of the Agreement for the Transfer of Loans, the **Management Company** will proceed to purchase new Loans satisfying the Eligibility Criteria and the Additional Eligibility Criteria from the **Originator**. In accordance with the stipulations of the Specific Regulations, the Replaced Loans will be exclusively assigned by the **Management Company** to the Sub-fund. The **Management Company**, acting for and on behalf of the FCC in connection with the Sub-fund, will proceed to purchase the Loans in accordance with the provisions of the section " *Replacement Period* " on page 68 of this Memorandum.

7. Payment of the Base Commissions

On every Quarterly Payment Date, the **Management Company** will effect the following payments and allocations:

- (a) payment of the Base Commissions to the corresponding beneficiaries and, if need be, with priority over payment of the said Base Commissions, payment of any Base Commissions Arrears assessed by the **Management Company** at the preceding Payment Date. In this respect, the **Management Company** will effect the said payments by debiting (i) the General Account, then, in cases of an insufficient credit balance of the said General Account, (ii) by debiting of the Frozen Margin Account, and then, in cases of an insufficient credit balance of the Frozen Margin Account, (iii) by debiting of the Reserve Account; and
- (b) where the Available Funds are insufficient to pay the whole of the Base Commissions and, as applicable, the whole of the Base Commissions Arrears on a Quarterly Payment Date, the said Base Commissions Arrears and the said Base Commissions will be settled by the **Management Company** to their beneficiaries on a *pari passu* basis within the limit of the Available Funds.

8. Payments to the Rate Swap Counterparty and remuneration of Priority Units

8(a) Payments to the Rate Swap Counterparty

On every Quarterly Payment Date, the **Management Company** will effect the following payments and allocations:

- (a) payment of the Fixed Amount (or of the resulting Net Amount of the equalisation applied on the corresponding Quarterly Payment Date between the Fixed Amounts and the Variable Amounts owed by the **Rate Swap Counterparty**) to the **Rate Swap Counterparty** and, if necessary, with priority over the payment of the said Fixed Amount, payment of the Fixed Amount Arrears assessed by the **Management Company** on the preceding Quarterly Payment Date. In this respect, the **Management Company** will effect the said payments by debiting (i) of the General Account, then, in cases of an insufficient credit balance of the said General Account, (ii) by debiting of the Frozen Margin Account, then, in cases of an insufficient credit balance of the Frozen Margin Account, (iii) by debiting of the Reserve Account;
- (b) where the Available Funds are insufficient to pay the whole of the Fixed Amount or the Net Amount to the **Rate Swap Counterparty**, the resulting Fixed Amount Arrears will be paid to the **Rate Swap Counterparty** at the next Quarterly Payment Date ; and
- (c) where a Variable Amount or a Net Amount is owed by the **Rate Swap Counterparty**, the **Management Company** will verify the payments and assign the corresponding sum to the credit of the General Account.

8(b) Remuneration of Priority Units

On every Quarterly Payment Date, the **Management Company** will effect the following payments and allocations:

- (a) payment to the **Paying Agent** of Priority Interest Amounts reverting to the holders of Priority Units, increased by the **Paying Agent's** commission, and, where applicable, with priority over the payment of the said Priority Interest Amounts, payment of the Priority Interest Amounts Arrears assessed by the **Management Company** at the preceding Quarterly Payment Date. In this respect, the **Management Company** will effect the said payments by debiting (i) of the General Account, then, in cases of an insufficient credit balance of the said General Account, (ii) by debiting of the Frozen Margin Account, and then, in cases of an insufficient credit balance of the Frozen Margin Account, (iii) by debiting of the Reserve Account; and
- (b) where the Available Funds are insufficient to pay the **Paying Agent** the whole of the Priority Interest Amounts Arrears and Priority Interest Amounts reverting to the holders of Priority Units, the resulting Priority Interest Amounts Arrears will be paid to the **Paying Agent** at the next Quarterly Payment Date ;

where it is specified that the **Management Company** will calculate the Priority Interest Amounts in accordance with the provisions of paragraph 2(b) of the section " *Definition of Priority Units* " on page 52 of this Memorandum.

9. Payments to the Rate Swap Counterparty and remuneration of Subordinate Units

9(a) Payments to the Rate Swap Counterparty

On every Quarterly Payment Date, the **Management Company** will effect the following payments and allocations:

- (a) payment of the Fixed Amount (or of the Net Amount resulting from the equalisation applied on the corresponding Quarterly Payment Date between the Fixed Amounts and the Variable Amounts owed by the **Rate Swap Counterparty**) to the **Rate Swap Counterparty** and, where applicable, with priority over the payment of the said Fixed Amount, payment of the Fixed Amount Arrears assessed by the **Management Company** at the preceding Quarterly Payment Date. In this respect, the **Management Company** will effect the said payments by debiting (i) of the General Account, then, in cases of an insufficient credit balance of the said General Account, (ii) by debiting of the Frozen Margin Account, and then, in cases of an insufficient credit balance of the Frozen Margin Account, (iii) by debiting of the Reserve Account;
- (b) where the Available Funds are insufficient to pay the whole of the Fixed Amount or the Net Amount to the **Rate Swap Counterparty**, the resulting Fixed Amount Arrears will be paid to the **Rate Swap Counterparty** on the next Quarterly Payment Date; and
- (c) where a Variable Amount or a Net Amount is owed by the **Rate Swap Counterparty**, the **Management Company** will verify the payments and assign the corresponding sum to the credit of the General Account.

9(b) Remuneration of Subordinate Units

On every Quarterly Payment Date, the **Management Company** will effect the following payments and allocations:

- (a) payment to the **Paying Agent** of the Subordinate Interest Amounts reverting to the holders of Subordinate Units, increased by the **Paying Agent's** commission and, where applicable, with priority over the payment of the said Subordinate Interest Amounts, payment of the Subordinate Interest Amounts Arrears assessed by the **Management Company** at the preceding Quarterly Payment Date. In this respect, the **Management Company** will effect the said payment by debiting (i) of the General Account, then, in cases of an insufficient credit balance of the said General Account, (ii) by debiting of the Frozen Margin Account, and then, in cases of an insufficient credit balance of the Frozen Margin Account, (iii) by debiting of the Reserve Account; and
- (b) where the Available Funds are insufficient to pay the **Paying Agent** the whole of the Subordinate Interest Amounts Arrears and Subordinate Interest Amounts reverting to the holders of Subordinate Units, the resulting Subordinate Interest Amounts Arrears will be paid to the **Paying Agent** at the next Quarterly Payment Date ;

where it is specified that the **Management Company** will calculate the Subordinate Interest Amounts in accordance with the provisions of paragraph 2(b) of the section " *Definition of Subordinate Units* " on page 59 of this Memorandum.

10. Constitution and restitution of the Frozen Margin Account

10(a) Constitution of the Frozen Margin Account

Under the conditions set out in the section "*Frozen Margin Account* " on page 92 of this Memorandum, the **Management Company** will proceed, if necessary, at a Quarterly Payment Date, to constitute the Frozen Margin Account by debiting of the General Account within the limit of the Credit Reserve Threshold.

10(b) Restitution of the Frozen Margin Account

In the event that, after the constitution of the Frozen Margin Account, the Smoothed Arrears Ratio becomes less than 16 % during a period of three consecutive calendar months, the credit balance of the Frozen Margin Account will be raised progressively to credit the General Account by the **Management Company**, at the rate at which it had been constituted, and the said sums will follow the Orders of Priority applicable at the Replacement Period.

Where (i) the sum of the respective balances (x) of the Reserve Account and (y) of the Frozen Margin Account are greater than (ii) the Credit Reserve Threshold, the **Management Company**, acting for and on behalf of the FCC in connection with the Sub-fund, will credit the General Account by debiting of the Frozen Margin Account, then by debiting of the Reserve Account in such a way that the sum of the said balances of the Frozen Margin Account and of the Reserve Account is equal to the Credit Reserve Threshold applicable.

11. Payment of Residual Units

On every Quarterly Payment Date, the **Management Company** pays to the holders of Residual Units the Residual Coupon by debiting of the General Account.

CALCULATIONS AND ALLOCATIONS IN A NORMAL REDEMPTION PERIOD

In the event that a Case of Modified Normal Redemption arises, a situation of Modified Normal Redemption will commence. The Orders of Priority applicable in a Normal Redemption Period will not be modified since there is no modification of the Subordination Rate as defined in paragraph 3(b)2 of the section " *Definition of Priority Units* " on page 55 of this Memorandum.

In a Normal Redemption Period, the Orders of Priority applicable are as follows:

1. Payment of Collections

At each Monthly Payment Date, the **Collector** (or, where applicable, the **Substitute Collector**) will credit the General Account with the theoretical amount of the Collections for the corresponding Collection Period.

2. Payment of Financial Income

Two Stock Exchange Trading Days before each Quarterly Payment Date, the **Cash Manager** will credit the General Account with the Financial Income resulting from investment of the Sub-fund cashflow in the course of the corresponding Interest Period, where it is specified that the Financial Income resulting from the placing of the sums constituting the Guarantee Deposit (and, where applicable, the Supplementary Deposit) will be paid directly by the **Cash Manager** to the **Originator** in his capacity as settlor of the said Deposit (see section " *Payment of the Guarantee Deposit* " on page 90 of this Memorandum).

3. Return of insurance premiums

The amount of insurance premiums relating to Current Loans will be paid by the **Originator** by crediting the General Account at the same time as the amounts due in respect of the theoretical amount of the Collections at any Monthly Payment Date and reversed by the **Management Company**, acting for and on behalf of the FCC in connection with the Sub-fund, at the next Payment Date of Adjustment on Collections to the **Originator** by debiting the General Account.

4. Adjustment on Collections

In the course of each Collections Determination Period, the **Management Company**, acting for and on behalf of the FCC in connection with the Sub-fund, will determine the adjustment on Collections that has to take place on the corresponding Payment Date of Adjustment on Collections, either to the advantage of the FCC in respect of the Sub-fund or to the advantage of the **Originator**.

The Amount of the adjustment on the Collections thus determined will be paid, according to the case, by crediting or debiting of the General Account.

5. Payment of Base Commissions

On every Quarterly Payment Date, the **Management Company** will effect the following payments and allocations:

- (a) payment of the Base Commissions to the corresponding beneficiaries and, where applicable, as a matter of priority over payment of the said Base Commissions, payment of any Base Commissions Arrears assessed by the **Management Company** at the preceding Payment Date. In this respect, the **Management Company** will effect the said payments by debiting (i) of the General Account, then, in cases of an insufficient credit balance of the said General Account, (ii) by debiting of the Frozen Margin Account, and then, in cases of an insufficient credit balance of the Frozen Margin Account, (iii) by debiting of the Reserve Account; and
- (b) where the Available Funds are insufficient to pay the whole of the Base Commissions and, if need be, the whole of the Base Commissions Arrears at a Quarterly Payment Date, the said Base Commissions Arrears and the said Base Commissions will be paid by the **Management Company** to their beneficiaries on a *pari passu* basis within the limit of the Available Funds.

6. Payments to the Rate Swap Counterparty and remuneration of Priority Units

6(a) Payments to the Rate Swap Counterparty

On every Quarterly Payment Date, the **Management Company** will effect the following payments and allocations:

- (a) payment of the Fixed Amount (or of the Net Amount resulting from the equalisation applied on the corresponding Quarterly Payment Date between the Fixed Amounts and the Variable Amounts owed by the **Rate Swap Counterparty**) to the **Rate Swap Counterparty** and, where applicable, with priority over the payment of the said Fixed Amount, payment of the Fixed Amount Arrears assessed by the **Management Company** at the preceding Quarterly Payment Date. In this respect, the **Management Company** will effect the said payments by debiting (i) of the General Account, then, in cases of an insufficient credit balance of the said General Account, (ii) by debiting of the Frozen Margin Account, and then, in cases of an insufficient credit balance of the Frozen Margin Account, (iii) by debiting of the Reserve Account;
- (b) where the Available Funds are insufficient to pay the whole of the Fixed Amount or the Net Amount to the **Rate Swap Counterparty**, the resulting Fixed Amount Arrears will be paid to the **Rate Swap Counterparty** at the next Quarterly Payment Date ; and
- (c) where a Variable Amount or a Net Amount is owed by the **Rate Swap Counterparty**, the **Management Company** will verify the payments and assign the corresponding sum to the credit of the General Account

6(b) *Remuneration of Priority Units*

On every Quarterly Payment Date, the **Management Company** will effect the following payments and allocations:

- (a) payment to the **Paying Agent** of the Priority Interest Amounts that must revert to the holders of Priority Units, increased by the **Paying Agent's** commission, and, where applicable, with priority over the payment of the said Priority Interest Amounts, payment of the Priority Interest Amounts Arrears assessed by the **Management Company** at the preceding Quarterly Payment Date. In this respect, the **Management Company** will effect the said payments by debiting (i) of the General Account, then, in cases of an insufficient credit balance of the said General Account, (ii) by debiting of the Frozen Margin Account, and then, in cases of an insufficient credit balance of the Frozen Margin Account, (iii) by debiting of the Reserve Account;
- (b) where the Available Funds are insufficient to pay the **Paying Agent** the whole of the Priority Interest Amounts Arrears and Priority Interest Amounts that must revert to the holders of Priority Units, the resulting Priority Interest Amounts Arrears will be paid to the **Paying Agent** at the next Quarterly Payment Date,

where it is specified that the **Management Company** will calculate the Priority Interest Amounts in accordance with the provisions of paragraph 2(b) of the section " *Definition of Priority Units* " on page 52 of this Memorandum.

7. *Payments to the Rate Swap Counterparty and remuneration of Subordinate Units*

7(a) *Payments to the Rate Swap Counterparty*

On every Quarterly Payment Date, the **Management Company** will effect the following payments and allocations:

- (a) payment of the Fixed Amount (or of the Net Amount resulting from the equalisation applied on the corresponding Quarterly Payment Date between the Fixed Amounts and the Variable Amounts owed by the **Rate Swap Counterparty**) to the **Rate Swap Counterparty** and, where applicable, with priority over the payment of the said Fixed Amounts, payment of the Fixed Amount Arrears assessed by the **Management Company** at the preceding Quarterly Payment Date. In this respect, the **Management Company** will effect the said payments by debiting (i) of the General Account, then, in cases of an insufficient credit balance of the said General Account, (ii) by debiting of the Frozen Margin Account, and then, in cases of an insufficient credit balance of the Frozen Margin Account, (iii) by debiting of the Reserve Account;
- (b) where the Available Funds are insufficient to pay the whole of the Fixed Amount or the Net Amount to the **Rate Swap Counterparty**, the resulting Fixed Amount Arrears will be paid to the **Rate Swap Counterparty** at the next Quarterly Payment Date; and
- (c) where a Variable Amount or a Net Amount is owed by the **Rate Swap Counterparty**, the **Management Company** will verify the payments and assign the corresponding sum to the credit of the General Account.

7(b) *Remuneration of Subordinate Units*

On every Quarterly Payment Date, the **Management Company** will effect the following payments and allocations:

- (a) payment to the **Paying Agent** of the Subordinate Interest Amounts that must revert to the holders of Subordinate Units, increased by the **Paying Agent's** commission and, if need be, and with priority over the payment of the said Subordinate Interest Amounts, payment of the Subordinate Interest Amounts Arrears assessed by the **Management Company** at the preceding Quarterly Payment Date. In this respect, the **Management Company** will effect the said payments by debiting (i) of the General Account, then, in cases of an insufficient credit balance of the said General Account, (ii) by debiting of the Frozen Margin Account, and then, in cases of an insufficient credit balance of the Frozen Margin Account, (iii) by debiting of the Reserve Account;
- (b) where the Available Funds are insufficient to pay the **Paying Agent** the whole of the Subordinate Interest Amounts Arrears and Subordinate Interest Amounts that must revert to the holders of Subordinate Units, the resulting Subordinate Interest Amounts Arrears will be paid to the **Paying Agent** at the next Quarterly Payment Date,

where it is specified that the **Management Company** will calculate the Subordinate Interest Amounts in accordance with the provisions of paragraph 2(b) of the section " *Definition of Subordinate Units* " on page 59 of this Memorandum.

8. Redemption of Priority Units

On every Quarterly Payment Date, the **Management Company** will effect the following payments and allocations:

- (a) payment to the **Paying Agent** of the Priority Principal Amounts that must revert to the holders of Priority Units, increased by the **Paying Agent's** commission and, where applicable, with priority over the payment of the said Priority Principal Amounts, payment of the Priority Principal Amounts Arrears assessed by the **Management Company** at the preceding Quarterly Payment Date. In this respect, the **Management Company** will effect the said payments by debiting (i) of the General Account, then, in cases of an insufficient credit balance of the said General Account, (ii) by debiting of the Frozen Margin Account, and then, in cases of an insufficient credit balance of the Frozen Margin Account, (iii) by debiting of the Reserve Account;
- (b) where the Available Funds are insufficient to pay the **Paying Agent** the whole of the Priority Principal Amounts Arrears and the Priority Principal Amounts that must revert to the holders of Priority Units, the resulting Priority Principal Amounts Arrears will be paid to the **Paying Agent** at the next Quarterly Payment Date;

where it is specified that the **Management Company** will calculate the Priority Principal Amounts in accordance with the provisions of paragraph 3(b) of the section " *Definition of Priority Units* " on page 55 of this Memorandum.

9. Redemption of Subordinate Units

On every Quarterly Payment Date, the **Management Company** will effect the following payments and allocations:

- (a) payment to the **Paying Agent** of the Subordinate Principal Amounts that must revert to the holders of Subordinate Units, increased by the **Paying Agent's** commission and, where applicable, with priority over the payment of the said Subordinate Principal Amounts, payment of the Subordinate Principal Amounts Arrears assessed by the **Management Company** at the Quarterly Payment Date preceding. In this respect, the **Management Company** will effect the said payments by debiting (i) of the General Account, then, in cases of an insufficient credit balance of the said General Account, (ii) by debiting of the Frozen Margin Account, and then, in cases of an insufficient credit balance of the Frozen Margin Account, (iii) by debiting of the Reserve Account;
- (b) where the Available Funds are insufficient to pay the **Paying Agent** the whole of the Priority Principal Amounts Arrears and the Subordinate Principal Amounts that must revert to the holders of Subordinate Units, the resulting Subordinate Principal Amounts Arrears will be paid to the **Paying Agent** at the next Quarterly Payment Date ,

where it is specified that the **Management Company** will calculate the Subordinate Principal Amounts in accordance with the provisions of paragraph 3(b) of the section " *Definition of Subordinate Units* " on page 62 of this Memorandum.

10. Constitution and restitution of the Frozen Margin Account

10(a) Constitution of the Frozen Margin Account

Under the conditions set out in the section " *Frozen Margin Account* " on page 92 of this Memorandum, the Management Company will proceed, if necessary, at a Quarterly Payment Date, to constitute the Frozen Margin Account by debiting of the General Account.

10(b) Restitution of the Frozen Margin Account

Where, after the constitution of the Frozen Margin Account, the Smoothed Arrears Ratio becomes less than 20 % during a period of three consecutive calendar months, the credit balance of the Frozen Margin Account will be progressively brought to the credit of the General Account by the **Management Company**, at the rate at which it was constituted, and the said sums will follow the Orders of Priority applicable at the Normal Redemption Period.

Where (i) the sum of the respective balances (x) of the Reserve Account and (y) of the Frozen Margin Account is greater than (ii) the Credit Reserve Threshold, the **Management Company**, acting for and on behalf of the FCC in connection with the Sub-fund, will credit the General Account by debiting of the Frozen Margin Account, then by debiting of the Reserve Account in such a way that the sums of the said balances of the Frozen Margin Account and of the Reserve Account are equal to the Credit Reserve Threshold applicable.

11. Payment of Residual Units

On every Quarterly Payment Date, the [Management Company](#) will pay the Residual Coupon to the holders of Residual Units by debiting of the General Account.

12. Restitution of the Guarantee Deposit

12(a) Periodic Restitution of the Guarantee Deposit

At any date on which the [Management Company](#) notes that 50 % of the initial nominal amount of Priority Units has actually redeemed, the [Management Company](#) will effect the reimbursement of 50 % of the amount of the Guarantee Deposit to the [Originator](#) by debiting of the Reserve Account within the limit of the credit balance of the said Reserve Account and only during the Normal Redemption Period.

12(b) Final Restitution of the Guarantee Deposit

After complete payment of the Priority Interest Amounts Arrears, the Priority Interest Amounts, the Subordinate Interest Amounts Arrears, the Subordinate Interest Amounts and complete redemption of the Priority Units and of the Subordinate Units, the [Management Company](#) will effect the restitution to the [Originator](#) of the Guarantee Deposit (and, where applicable, of the Supplementary Deposit) by debiting of the Reserve Account within the limit of the credit balance of the said Reserve Account.

13. Redemption of Residual Units – Payment of the Liquidation Dividend

After restitution of the Guarantee Deposit to the [Originator](#), the [Management Company](#) will effect the redemption of Residual Units by allocation of any Liquidation Dividend at the Liquidation Date of the Sub-fund.

CALCULATIONS AND ALLOCATIONS DURING THE ACCELERATED REDEMPTION PERIOD

In the event of an Accelerated Redemption Situation, the Sub-fund will immediately enter an Accelerated Redemption Period. If the Accelerated Redemption Situation should occur during the Replacement Period, the FCC will no longer be able to acquire new eligible Credits for the [Originator](#) for exclusive allocation to the Sub-fund.

In an Accelerated Redemption Period, the applicable Orders of Priority are as follows:

1. Payment of Collections

On each Monthly Payment Date, the [Collector](#) (or, where applicable, the [Substitute Collector](#)) will credit the General Account with the theoretical amount of the Collections for the corresponding Period of Collection.

2. Payment of Financial Income

Two Stock Exchange Trading Days before each Quarterly Payment Date, the [Cashflow Manager](#) will credit the General Account with the Financial Income resulting from the investment of the Sub-fund Cashflow during the corresponding Interest Period, it being specified that the Financial Income resulting from the investment of sums constituting the Guarantee Deposit (and, where applicable, the Complementary Guarantee Deposit) will be paid directly by the [Cashflow Manager](#) to the [Originator](#) in his capacity as settlor of the said Guarantee Deposit (see the section "*Remuneration of the Guarantee Deposit*" on page 90 of this Issue Memorandum).

3. Return of insurance premiums

The amount of the insurance premiums accruing to the Current Loans will be paid by the [Originator](#) to the credit of the General Account at the same time as the amounts due under the theoretical amount of Collections at each Monthly Payment Date and paid back by the Management Company, acting in the name of and on behalf of the FCC in connection with the Sub-fund, at the next Payment Date of Adjustment on Collections to the [Originator](#) by debiting the General Account.

4. Adjustment on Collections

In the course of each Collections Determination Period, the [Management Company](#), acting in the name of and on behalf of the FCC in connection with the Sub-fund, will proceed to the determination of the Adjustment on Collections which are due to be paid on the corresponding Payment Date of Adjustment on Collections, either to the FCC in connection with the Sub-fund or to the [Originator](#).

The amount of the adjustment on the Collections thus determined will be paid by crediting or debiting the General Account, as appropriate.

5. Payment of Base Commissions

On every Accelerated Payment Date, the [Management Company](#) will make the following payments and allocations:

- (a) payment of Base Commissions to the corresponding beneficiaries and, if applicable, with priority over the payment of the said Base Commissions, payment of any Arrears of Base Commissions assessed by the [Management Company](#) on the preceding Accelerated Payment Date (or if applicable, on the last Quarterly Payment Date). The [Management Company](#) will make the said payments by debiting (i) the General Account, then, in the event of an insufficient credit balance on the said General Account, (ii) by debiting the Frozen Margin Account, and then, if there is an insufficient credit balance on the said Frozen Margin Account, (iii) by debiting the Reserve Account; and
- (b) where the Available Funds are insufficient to pay the Base Commissions in full, and where applicable, the Base Commissions Arrears, on the Accelerated Payment Date, the said Base Commissions Arrears and the said Base Commissions will be paid by the [Management Company](#) to their beneficiaries on a *pari passu* basis within the limit of Available Funds.

6. Payments to the Rate-Swap Counterparty and payment of Priority Units

6(a) Payments to the Rate-Swap Counterparty

On every Accelerated Payment Date, the [Management Company](#) will make the following payments and allocations:

- (a) payment of the Fixed Amount (or the Net Amount resulting from the equalisation applied on the Accelerated Payment Date corresponding to the difference between the Fixed Amounts and the Variable Amounts due by the [Rate-Swap Counterparty](#)) to the [Rate-Swap Counterparty](#) and, where applicable, with priority over the payment of the said Fixed Amount, and payment of Fixed Amount Arrears assessed by the [Management Company](#) on the preceding Accelerated Payment Date (or, where applicable, on the last Quarterly Payment Date). In this respect, the [Management Company](#) will make the said payments by debiting (i) the General Account, then, if there is an insufficient credit balance on the said General Account, (ii) by debiting the Frozen Margin Account, and then, if there is an insufficient credit balance in the Frozen Margin Account, (iii) by debiting the Reserve Account;
- (b) where the Available Funds are insufficient to pay the full Fixed Amount or Net Amount to the [Rate-Swap Counterparty](#), the resulting Fixed Amount Arrears will be paid to the [Rate-Swap Counterparty](#) on the next Accelerated Payment Date; and
- (c) in the event of a Variable Amount or a Net Amount being due by the [Rate-Swap Counterparty](#), the [Management Company](#) will verify the payments and assign the corresponding sum to the credit of the General Account.

6(b) Remuneration of the Priority Units

On every Accelerated Payment Date, the [Management Company](#) will make the following payments and allocations:

- (a) payment to the [Paying Agent](#) of the Priority Interest Amounts due to the holders of Priority Units, increased by the [Paying Agent's](#) commission, and, where necessary, with priority over the payment of the said Priority Interest Amounts, payment of the Priority Interest Amounts Arrears assessed by the [Management Company](#) on the preceding Accelerated Payment Date (or where applicable, on the last Quarterly Payment Date). In this respect, the [Management Company](#) will make the said payment by debiting (i) the General Account, then, if there is an insufficient credit balance on the said General Account, (ii) by debiting the Frozen Margin Account, and then, if the credit balance in the Frozen Margin Account is insufficient, (iii) by debiting the Reserve Account;

- (b) where the Available Funds are insufficient to pay the [Paying Agent](#) the full Priority Interest Amounts Arrears and the Priority Interest Amounts due to be paid to the holders of the Priority Units, the resulting Priority Interest Amounts Arrears will be paid to the [Paying Agent](#) on the next Accelerated Payment Date,

it being specified that the [Management Company](#) will calculate the Priority Interest Amounts in accordance with the provisions of paragraph 2(b) of the section "*Definition of Priority Units*" on page **Error! Bookmark not defined.** of this Issue Memorandum.

7. Payments to the Rate-Swap Counterparty and remuneration of Subordinate Units

7(a) *Payments to the Rate-Swap Counterparty*

On every Accelerated Payment Date, the [Management Company](#) will make the following payments and allocations:

- (a) payment of the Fixed Amount (or the Net Amount resulting from the compensation applied on the Accelerated Payment Date corresponding to the difference between the Fixed Amounts and the Variable Amounts due by the [Rate-Swap Counterparty](#)) to the [Rate-Swap Counterparty](#) and, where applicable, with priority over the payment of the said Fixed Amounts, payment of the Fixed Amount Arrears assessed by the [Management Company](#) on the preceding Accelerated Payment Date (or, where applicable, the last Quarterly Payment Date). In this respect, the [Management Company](#) will make the said payments by debiting (i) the General Account, then, if the credit balance of the said General Account is insufficient, (ii) by debiting the Frozen Margin Account, and then, if there is an insufficient credit balance in the Frozen Margin Account, (iii) by debiting the Reserve Account;
- (b) where the Available Funds are insufficient to pay the full Fixed Amount or the Net Amount to the [Rate-Swap Counterparty](#), the resulting Fixed Amount Arrears will be paid to the [Rate-Swap Counterparty](#) on the next Accelerated Payment Date; and
- (c) in the event of a Variable Amount or a Net Amount being due by the [Rate-Swap Counterparty](#), the [Management Company](#) will verify the payments and assign the corresponding sum to the credit of the General Account.

7(b) *Remuneration of the Subordinate Units*

On every Accelerated Payment Date, the [Management Company](#) will make the following payments:

- (a) payment to the [Paying Agent](#) of the Subordinated Interest Amounts due to be paid to the holders of Subordinate Units, plus the [Paying Agent's](#) commission and, where applicable, with priority over the payment of the said Subordinated Interest Amounts, payment of the Subordinated Interest Amounts Arrears assessed by the [Management Company](#) on the preceding Accelerated Payment Date (or where applicable, on the last Quarterly Payment Date). In this respect, the [Management Company](#) will make the said payments by debiting (i) the General Account, then, if there is an insufficient credit balance on the said General Account, (ii) by debiting the Frozen Margin Account, and then, if the credit balance on the Frozen Margin Account is insufficient, (iii) by debiting the Reserve Account;
- (b) where the Available Funds are insufficient to pay the [Paying Agent](#) the full Subordinated Interest Amounts Arrears and the Subordinated Interest Amounts due to the holders of Subordinate Units, the resulting Subordinated Interest Amounts Arrears will be paid to the [Paying Agent](#) on the next Accelerated Payment Date,

it being specified that the [Management Company](#) will calculate the Subordinated Interest Amounts in accordance with the provisions of paragraph 2(b) of the section "*Definition of Subordinate Units*" on page **Error! Bookmark not defined.** of this Issue Memorandum.

8. Redemption of the Priority Units

On every Accelerated Payment Date, the [Management Company](#) will make the following payments and allocations:

- (a) payment to the [Paying Agent](#) of the full Outstanding Principal of the Priority Units due to the holders of Priority Units. In this respect, the [Management Company](#) will make the said payment by debiting the General Account, then, if the credit balance of the said General Account is insufficient, (ii) by debiting the Frozen

Margin Account, and then, if the credit balance of the Frozen Margin Account is insufficient, (iii) by debiting the Reserve Account;

- (b) if the Available Funds are insufficient to pay the [Paying Agent](#) the full amount of the Outstanding Principal due to the holders of Priority Units, the unredeemed Outstanding Principal will be paid on the following Accelerated Payment Date; and
- (c) the [Management Company](#) will pay the Outstanding Principal due to the holders of Priority Units to the [Paying Agent](#) until the full amount of the said Outstanding Principal is paid.

9. Redemption of the Subordinate Units

On every Accelerated Payment Date, after the full Redemption of the Priority Units, the [Management Company](#) will make the following payments and allocations:

- (a) payment to the [Paying Agent](#) of the full amount of the Outstanding Principal of the Subordinate Units due to the holders of Subordinate Units. In this respect, the [Management Company](#) will make the payment by debiting the General Account, then, if the credit balance in the said General Account is insufficient, (ii) by debiting the Frozen Margin Account, and then, if the credit balance of the Frozen Margin Account is insufficient, (iii) by debiting the Reserve Account;
- (b) if the Available Funds are insufficient to pay the [Paying Agent](#) the full amount of the Outstanding Principal due to the holders of Subordinate Units, the unredeemed Outstanding Principal will be paid on the following Accelerated Payment Date; and
- (c) the [Management Company](#) will pay the Outstanding Principal due to the holders of Subordinate Units to the [Paying Agent](#) until the full amount of the said Outstanding Principal is paid.

10. Repayment of the Guarantee Deposit

After full payment of the Priority Interest Amounts Arrears, the Priority Interest Amounts, the Subordinated Interest Amounts Arrears, and the Subordinated Interest Amounts, and full redemption of the Priority Units and Subordinate Units, the [Management Company](#) will repay the Guarantee Deposit to the [Originator](#) (and, where applicable, the Supplementary Guarantee Deposit) by debiting the Reserve Account.

11. Redemption and remuneration of Residual Units

After the Deposit has been repaid to the [Originator](#), the [Management Company](#) will pay the remuneration and Redemption of the Residual Units by debiting (i) the General Account, then, if there is an insufficient credit balance on the said General Account, (ii) by debiting the Frozen Margin Account.

IDENTIFICATION OF THE RISK FACTORS, DESCRIPTION OF PROTECTION MECHANISMS

An investment in Units involves a certain level of risk of which investors should be aware of when subscribing or purchasing Priority Units or Subordinate Units. The structure of the Sub-fund provides for the use of various protection mechanisms for Unitholders and for credit enhancement. These protection mechanisms and credit enhancement only benefit the holders of Priority Units, and where applicable, Subordinate Units, issued by the FCC in connection with the Sub-fund and cannot, directly or indirectly, benefit holders of units issued by the FCC in connection with other compartments.

IDENTIFICATION OF THE RISKS BORNE BY UNITHOLDERS

Risk of Modified Normal Redemption

Unitholders are exposed to a risk of Modified Normal Redemption in the possible occurrence of a Modified Normal Redemption Situation in a Normal Redemption Period. The Orders of Priority applicable in a Modified Normal situation are defined in the section "*Modified Normal Redemption Situation*" on page 72. of this Issue Memorandum.

Risk of Accelerated Redemption

Unitholders are exposed to a risk of Accelerated Redemption in the possible event of an Accelerated Redemption Situation in a Replacement Period or in a Normal Redemption Period. The Orders of Priority applicable to the Accelerated Period of Redemption are defined in the section "*Period of Accelerated Redemption*" on page 73. of this Issue Memorandum.

Other risks

Apart from the risk of Modified Normal Redemption or the risk of Accelerated Redemption of Units to which Unitholders are subject and the liquidity risk of Units on the secondary market (see section "*Marché secondaire*" on page **Error! Bookmark not defined.** of this Issue Memorandum), the principal risks to which Unitholders are exposed are as follows.

Interest rate exposure

Interest rate exposure resulting from the fact that the Loans generate fixed-rate interest while:

- (i) the Priority Units bear a variable interest rate referenced on the EURIBOR 3-month rate; and
- (ii) the Subordinate Units bear a variable interest rate referenced on the EURIBOR 3-month rate.

Liquidity risk

The liquidity risk associated with the possibility of late payment by Loan Debtors, necessary delays in the forced collection of Debts, the compulsory execution of possible ancillary rights, payment delays that the examining magistrate may grant to certain Debtors, resulting in the Sub-fund not having sufficient funds to make all the payments of interest and principal due to Unitholders on the Payment Dates.

Cashflow risk

Interest rate exposure associated with Sub-fund Cashflow replacement during the Replacement Period.

Credit risk

The credit risk associated with any level of default among Debtors and the risk of reduced return on Current Loans.

GUARANTEES AND HEDGE MECHANISMS

Guarantees attached to Loans acquired by the FCC and assigned to the Sub-fund

In accordance with the provisions of the Loans Transfer Agreement, Loans acquired by the FCC on the Transfer Dates and exclusively assigned by the [Management Company](#) to the Sub-fund are covered by guarantees and declarations

from the **Originator** as to their legal and financial characteristics, without the said guarantees or declarations making the **Originator** the guarantor of the solvency of the Debtors of the said Loans. The said guarantees and declarations of the **Originator** are detailed in the section "General characteristics of Contracts for Loans and Credits" on page 25. of this Issue Memorandum.

Financial Instruments Transactions

*Financial Instruments Transactions are concluded between the FCC, in connection with the Sub-fund, represented by the **Management Company** and **CRÉDIT LYONNAIS** in its capacity as **Rate-Swap Counterparty** in the framework of the **Convention-Cadre AFB** and the **Credit Lyonnais Derivatives Program**.*

*Financial Instruments Transactions may give rise to the payment of a cash adjustment to the **Rate-Swap Counterparty** by the FCC in connection with the Sub-fund. The payment of the said cash adjustment will be made by the **Management Company**, acting in the name and on behalf of the FCC for the Sub-fund, by debiting the General Account on the Constitution Date of the Sub-fund, using the revenue from the issue premium of the Residual Units on the said date.*

Convention-Cadre AFB

For the sole purpose of enabling the FCC, in connection with the Sub-fund, to meet its obligations for payment of interest to the holders of Priority Units and the holders of Subordinate Units, two operations to swap interest rate conditions (the **Priority Interest Rate Financial Instruments Transaction** and the **Subordinated Interest Rate Financial Instruments Transaction**, constitute the sum of the **Financial Instruments Transactions**) governed by the 1994 framework agreement of the **ASSOCIATION FRANÇAISE DES BANQUES** relative to futures market operations (**Convention-Cadre AFB**), will be concluded on the Constitution Date of the Sub-fund between (i) the FCC, in connection with the Sub-fund, represented by the **Management Company** and (ii) **CRÉDIT LYONNAIS**, in its capacity as **Rate-Swap Counterparty**. The **Convention-Cadre AFB** is supplemented (i) by the corresponding annexe signed on 28 June 2000 between the **Rate-Swap Counterparty** and the **Management Company**, acting in the name of and on behalf of the FCC, in connection with the Sub-fund, and (ii) by the two confirmations of interest rate swaps for each of the two **Financial Instruments Transactions**. The aim of the **Financial Instruments Transactions** is to protect the FCC, in connection with the Sub-fund, against interest rate exposure resulting from the differential between (i) the variable rate of interest referenced on the EURIBOR 3-month rate due to (x) the Priority Units and (y) the Subordinate Units on each Payment Date and (ii) the fixed rate of interest earned by the Loans assigned by the **Management Company** to the Sub-fund. Monies in Euro which the **Rate-Swap Counterparty** has agreed to pay to the FCC in application of the **Financial Instruments Transactions** (depending on the case, **Variable Amounts** and **Net Amounts**, as defined below) will be exclusively assigned to the Sub-fund by the **Management Company** and applied in accordance with the Orders of Priority defined in the section "Orders of Priority for Allocations and Distributions" on page 76. of this Issue Memorandum.

Credit Lyonnais Derivatives Program

*The description below does not claim to be totally comprehensive and only presents the core elements of the **Credit Lyonnais Derivatives Program** in the context of **Financial Instruments Transactions**.*

Under the **Financial Instruments Transactions**, **CRÉDIT LYONNAIS** is involved through the intermediary of its New York subsidiary (**CLNY**) in the context of the **Credit Lyonnais Derivatives Program** (the **Programme**) (see the section "**CRÉDIT LYONNAIS - Rate-Swap Counterparty**" on page 23 of this Issue Memorandum). The **Financial Instruments Transactions** are governed by French law and are subject to the jurisdiction of the Commercial Court [*Tribunal de Commerce*] in Paris. In the context of the **Programme**, **CLNY**'s obligations under the **Financial Instruments Transactions** are irrevocably and unconditionally guaranteed by **CLFG CORP.** (**CLFG Guarantee**), *ad hoc* subsidiary of **FINANCIAL SECURITY ASSURANCE HOLDINGS, LTD. (FSA)** and governed by the law of the State of Delaware (United States of America), the obligations thus guaranteed being rated Aaa by **MOODY'S** and AAA by **STANDARD AND POOR'S RATINGS SERVICES** (a division of the **MCGRAW-HILL COMPANIES, INC**) (**S&P**).

CLFG CORP.'s obligations under the **CLFG Guarantee** are guaranteed by (i) securing as a guarantee (collateralisation) an amount determined weekly by applying the terms of the **Programme**, deposited into a separate account in the books of an authorised holder (*trustee*) to enable the said guarantee obligations of **CLFG CORP.** towards **CLNY** to be assured, (ii) pledging the flows of net payments paid by guaranteed counterparties and (iii) a policy of unconditional and irrevocable insurance for an initial sum of USD200,000,000 (which may be increased to USD500,000,000) issued by **FSA** (whose long-term shares are rated Aaa by **MOODY'S** and AAA by **S&P**). The **CLFG Guarantee** is governed by the law of New York State and any litigation relating to it is subject to the jurisdiction of New York State. The collateralisation defined in (i) above is composed of liquid securities having a rating comparable with that of **MOODY'S** Aaa and **S&P** AAA of the **Programme**. In the event that **FSA** (i) is put under surveillance, (ii) its rating is suspended,

downgraded below **MOODY'S** Aaa or **S&P** AAA, or withdrawn or (iii) becomes insolvent, CLNY must within three business days (x) secure additional guarantees for a market value at least equivalent to the amount of the policy specified above so that **MOODY'S** and **S&P** can confirm FSA's Aaa and AAA rating or (y) substitute FSA by another company having **MOODY'S** Aaa or **S&P** AAA rating, which will issue a new policy.

In accordance with the stipulations of the CLFG Guarantee, **CLFG CORP.** has agreed to pay the FCC the full net amounts (*Guaranteed Net Amount*) due by **CRÉDIT LYONNAIS** to the FCC, in connection with the Sub-fund, in the context of the Financial Instruments Transactions in the event of default by **CRÉDIT LYONNAIS**. **CLFG CORP.** has agreed to pay the FCC, represented by the **Management Company**, the Guaranteed Net Amount within three trading days in New York and Paris after receiving a payment demand presented by the **Management Company**, acting in the name of and on behalf of the FCC in connection with the Sub-fund, in the event of default by **CRÉDIT LYONNAIS** in the context of the Financial Instruments Transactions. In the event that the *Credit Lyonnais Derivatives Program* rating is downgraded, the **Management Company**, acting in the name of and on behalf of the FCC in connection with the Sub-fund, has the option (i) of continuing the Financial Instruments Transactions under the contractual conditions in force or (ii) terminating the Financial Instruments Transactions at their full replacement value. The costs associated with the termination of the Financial Instruments Transactions and the intervention of a new eligible counterparty will be the responsibility of **CRÉDIT LYONNAIS**, New York branch.

Interest rate exposure on Priority Units and Financial Instruments Transaction on Priority Interest Rates

For the sole purpose of enabling the FCC, in connection with the Sub-fund, to meet its commitments to holders of Priority Units, a Financial Instruments Transaction on Priority Interest Rates will be agreed between the **Management Company**, acting in the name of and on behalf of the FCC in connection with the Sub-fund, and **CRÉDIT LYONNAIS**, in its capacity as **Rate-Swap Counterparty**.

Determination of the Notional Amount

The notional amount of the Financial Instruments Transaction on Priority Interest Rates will be a function of the rate of effective Redemption of the Priority Units and will on each date be equal to the Outstanding Principal of the said Priority Units as calculated by the **Management Company** in accordance with the provisions of paragraph 2(b)2(iii) of the section "Definition of Priority Units" on page 54 of this Issue Memorandum. On each Payment Date, the **Rate-Swap Counterparty** will credit the General Account with the Variable Amount referenced on the EURIBOR 3-month rate for the corresponding Interest Period (*Variable Rate*) and the **Management Company**, acting in the name of and on behalf of the FCC in connection with the Sub-fund, will pay the Fixed Amount of 5% (*Fixed Rate*), it being specified that the difference between (i) the Variable Amounts and (ii) the Fixed Amounts (*Net Amount*) will be equalised so that the party concerned will only pay the other party the Net Amount resulting from the said equalisation. The payment of the Net Amount by the **Management Company** to the **Rate-Swap Counterparty**, under the Financial Instruments Transaction on Priority Interest Rates, will be made on each Payment Date in accordance with the corresponding Orders of Priority and defined in the section "Orders of Priority for Allocations and Distributions" on page 75 of this Issue Memorandum.

Carry forward in the case of insufficient Available Funds

In the event that, on any Payment Date, the **Management Company** estimates that there are insufficient Available Funds to enable the FCC, acting for the Sub-fund, to pay the **Rate-Swap Counterparty** the full Net Amount, the said insufficiency shall constitute a Net Amount arrears which will be paid to the **Rate-Swap Counterparty** on the following Payment Date. The existence of such arrears does not constitute a cause for termination of the Financial Instruments Transaction on Priority Interest Rates.

Interest rate exposure on Subordinate Units and Financial Instruments Transaction on Subordinated Interest Rates

For the sole purpose of enabling the FCC, acting for the Sub-fund, to meet its commitments towards holders of Subordinate Units, a Subordinated Interest Rate Financial Instruments Transaction will be agreed between the **Management Company**, acting in the name of and on behalf of the FCC in connection with the Sub-fund, and **CRÉDIT LYONNAIS**, in its capacity as **Rate-Swap Counterparty**.

Determination of the Notional Amount

The notional amount of the Financial Instruments Transaction on Subordinated Interest Rates will be a function of the rate of effective Redemption of the Subordinate Units and will on each date be equal to the Outstanding Principal of the said Subordinate Units as calculated by the **Management Company** in accordance with the provisions of paragraph 3(b) of the section "Definition of Priority Units" on page 54 of this Issue Memorandum. On each Payment Date, the **Rate-Swap Counterparty** will credit the General Account with the Variable Amount referenced on the EURIBOR 3-month

rate for the corresponding Interest Period (**Variable Rate**) and the **Management Company**, acting in the name of and on behalf of the FCC in connection with the Sub-fund, will pay the Fixed Amount of 5% (**Fixed Rate**), it being specified that the difference between (i) the Variable Amounts and (ii) the Fixed Amounts (**Net Amount**) will be equalised in such a way that the party concerned will only pay the other party the Net Amount resulting from the said equalisation. The payment of the Net Amount by the **Management Company** to the **Rate-Swap Counterparty**, under the Financial Instruments Transaction on Subordinated Interest Rates, will be made on each Payment Date in accordance with the corresponding Orders of Priority and defined in the section "*Orders of Priority for Allocations and Distributions*" on page 75 of this Issue Memorandum.

Carry forward in the case of insufficient Available Funds

In the event that, on any Payment Date, the **Management Company** estimates that there are insufficient Available Funds to enable the FCC, acting for the Sub-fund, to pay the **Rate-Swap Counterparty** the full Net Amount, the said insufficiency shall constitute a Net Amount arrears which will be paid to the **Rate-Swap Counterparty** on the following Payment Date. The existence of such arrears does not constitute a cause for termination of the Subordinated Interest Rate Financial Instruments Transaction.

Reserve Account and Guarantee Deposit

The structure of the Sub-fund provides for the constitution of an initial Guarantee Deposit by the **Originator**. The said Guarantee Deposit will give rise to remuneration for the **Originator** and, where applicable, this will be paid to the **Originator** in accordance with the following provisions and with the applicable Orders of Priority defined in the section "*Orders of Priority for Allocations and Distributions*" on page 75 of this Issue Memorandum. The initial Guarantee Deposit may, if acceptable to the **Originator**, be supplemented at the request of the **Management Company**.

Constitution of the Guarantee Deposit

The Guarantee Deposit will be constituted by the **Originator** on the Constitution Date of the Sub-fund under the provisions of Article 7 of Regulation No. 93-06 of the **COMITÉ DE LA RÉGLEMENTATION BANCAIRE ET FINANCIÈRE** dated 21 December 1993 relative to accounting for securitisation operations.

The initial amount of the Deposit is 2.80% of the total initial nominal amount of the Priority Units and the Subordinate Units, i.e. EUR 6,086,668. The amount of the Residual Units does not enter into the definition of the initial amount of the Guarantee Deposit. The Guarantee Deposit is transferred to the credit of the Reserve Account. The aim of the Guarantee Deposit is to cover losses resulting from possible default by Loan Debtors and insufficient Collections, within the limit of its amount.

Remuneration of the Guarantee Deposit

In accordance with the provisions of the Cashflow Management Agreement, it is the responsibility of the **Cashflow Manager** to invest the monies which may be available for short periods pending allocation, showing to the credit of the Sub-fund's accounts, in Authorised Investments (as defined in the section "*Cash in the Sub-fund and investment rules*"). The Financial Income resulting from the investment of sums constituting the Guarantee Deposit registered to the credit of the Reserve Account will be paid by the **Cashflow Manager** directly to the **Originator** two Stock Exchange Trading Days before each Payment Date in accordance with the respectively applicable Orders of Priority.

Optional supplement to the Guarantee Deposit

In the case of a Frozen Margin Account being constituted under the conditions described in the section "*Frozen Margin Account*" below, the **Management Company**, acting in the name of and on behalf of the FCC in connection with the Sub-fund, may apply to the **Originator** to propose that the **Originator** supplement the initial Guarantee Deposit by a supplementary deposit (**Supplementary Guarantee Deposit**). The **Originator** is entitled to refuse to accede to this request presented by the **Management Company**. In this event, the **Management Company** will credit, or as may be the case, supplementarily credit the Frozen Margin Account by debiting the General Account in accordance with the section "*Frozen Margin Account*" on page 92 of this Issue Memorandum.

In the event that the **Originator** agrees to the request presented by the **Management Company**, the maximum amount of the Supplementary Guarantee Deposit will be such that the sum of the balance of the Guarantee Deposit (as shown to the credit of the Reserve Account) and the maximum amount of the Supplementary Guarantee Deposit does not exceed the applicable Credit Reserve Threshold.

In the event that the conditions for repayment of the Frozen Margin Account as described in the section "*Repayment of the Frozen Margin Account*" on page 92 of this Issue Memorandum are met, the Management Company will refund the Supplementary Guarantee Deposit at the rate under which it was constituted, by debiting the Reserve Account.

Repayment of the Guarantee Deposit

The credit balance of the Reserve Account will be paid back by the [Originator](#) in a Normal Redemption Period or an Accelerated Redemption Period in accordance with the corresponding Orders of Priority. The credit balance of the Reserve Account is not subject to repayment by the [Originator](#) during the Replacement Period.

In a Normal Redemption Period, the [Management Company](#), acting in the name of and on behalf of the FCC in connection with the Sub-fund, will pay back the amount equivalent to 50% of the amount of the Guarantee Deposit once 50% of the initial nominal amount of the Priority Units has been effectively redeemed, as long as a Modified Normal Redemption Situation does not occur.

Frozen Margin Account

On the Constitution Date of the Sub-fund, the balance of the Frozen Margin Account is nil.

Constitution of the Frozen Margin Account

In the event that the Smoothed Arrears Ratio exceeds (A) 16% in a Replacement Period or (B) 20% in a Normal Redemption Period, the [Management Company](#) will progressively constitute the Frozen Margin Account by debiting the General Account. In this respect, the [Management Company](#) will retain all the funds which would have been made as payment for the Residual Coupon by applying the appropriate Orders of Priority, depending on the case, in a Replacement Period or Normal Redemption Period. The said funds will be paid progressively on each Quarterly Payment Date for the credit of the Frozen Margin Account so that the sum of the credit balance of the said Frozen Margin Account and the credit balance of the Reserve Account is equal to the Credit Reserve Threshold.

However, in the event that the [Originator](#) agrees to the request presented by the [Management Company](#) to add to the Guarantee Deposit by a Supplementary Guarantee Deposit under the conditions set out in the section "*Optional supplement to the Guarantee Deposit*" on page 90 of this Issue Memorandum, the [Management Company](#) will not constitute the Frozen Margin Account.

Repayment of the Frozen Margin Account

In the event that, subsequent to the constitution of the Frozen Margin Account under the conditions described above, the Smoothed Arrears Ratio is, (A) less than 16% in a Replacement Period or (B) less than 20% in a Normal Redemption Period, the credit balance of the Frozen Margin Account will be progressively transferred to the credit of the General Account by the [Management Company](#), at the rate at which it was constituted, and the said sums will follow the applicable Orders of Priority, depending on the case, to the Replacement Period or the Normal Redemption Period.

Subordination of the Subordinate Units

The rights of holders of Subordinate Units to receive payments in principal (i) on each Quarterly Payment Date in a Normal Redemption Period and (ii) on each Accelerated Payment Date in an Accelerated Redemption Period relating to Loans are subordinated to the rights of holders of Priority Units to receive payments of principal according to the terms described hereafter. The object of this subordination, in relation to Orders of Priority of payments defined in the section "*Orders of Priority for Allocations and Distributions*" on page 75 of this Issue Memorandum, is (i) to ensure, within the limits of the rights attached to the Subordinate Units, the regularity of payments of principal and interest to the holders of Priority Units and (ii) to increase the probability of payments of principal and interest under the Priority Units on each Payment Date. In accordance with the provisions of Article 9 of the Decree, the said Subordinate Units may only be subscribed to or held by qualified investors pursuant to Article 6 of the Order, by non-resident investors or by the [Originator](#). UCITS investment funds governed by the Order are deemed to act as qualified investors. Individuals subject to French regulations may not subscribe to or hold Subordinate Units.

The advantage from which holders of Priority Units benefit due to this subordination consists of a preferential right to be paid on each Payment Date:

- (a) all payments of interest in priority over payments of interest due to holders of Subordinate Units; and
- (b) all payments of principal in priority over all payments of principal due to holders of Subordinate Units,

it being specified, nevertheless, that payments of principal to holders of Priority Units are subordinated to payments of interest due to holders of Subordinate Units.

CREDIT ENHANCEMENT

Priority Units

Enhanced credit for Priority Units will be constituted by (i) the Guarantee Deposit, (ii) the subordination of payments of principal due to the Subordinate Units and (iii) the possible constitution of the Frozen Margin Account under the conditions specified in the section "*Frozen Margin Account*" above. In addition to the said protection, and in the event of the occurrence of a Modified Normal Redemption Situation, the holders of Priority Units will benefit from a modification of the Subordination Rate under the conditions set out in paragraph 3(b)3 of the section "*Definition of Priority Units*" on page 55 of this Issue Memorandum.

Subordinate Units

Enhanced credit for Subordinate Units will be constituted by (i) the Guarantee Deposit and (ii) the possible constitution of the Frozen Margin Account. Nevertheless, in the event of the occurrence of a Modified Normal Redemption Situation, the holders of Subordinate Units will be subject to the increase of the Subordination Rate in favour of holders of Priority Units.

LEVEL OF GUARANTEES

On the Constitution Date of the Sub-fund, the issue of Subordinate Units and Residual Units and the constitution of a Guarantee Deposit by the [Originator](#) enable holders of Priority Units to benefit from a guarantee level of 11.20% of the total initial nominal value of Units issued by the FCC in connection with the Sub-fund.

SUB-FUND CASHFLOW AND INVESTMENT RULES

In accordance with the stipulations of the Cashflow Management Agreement made between the **Cashflow Manager**, **Management Company**, **Depository**, and **Settlement Bank**, the **Management Company** has given the **CAISSE CENTRALE DE RÉESCOMPTE**, in the capacity of **Cashflow Manager**, the task of investing monies available for short periods pending allocation, which constitute the Sub-fund's Cashflow and show as a credit on the Sub-fund Account. The **Cashflow Manager** has agreed to manage the Sub-fund's Cashflow in accordance with the following management rules.

AUTHORISED INVESTMENTS

A share account is attached to the Sub-fund Account in the books of the **Settlement Bank**.

The **Cashflow Manager** may invest any sums that are available for short periods pending allocation, which constitute the Sub-fund's Cashflow, in:

- (a) government bonds denominated in Euro;
- (b) debt securities noted in 2 of Article 1 of Act No. 96-597 of 2 July 1996 on modernisation of financial activities (as amended) denominated in Euro, as long as they are admitted for trading on a regulated stock market located in a State which is party to the European Economic Area agreement, except for securities giving access directly or indirectly to a company's capital, rated by **MOODY'S** as follows according to the maximum length of time envisaged for the investment in question:
 - (i) investment for a term of up to 1 month: the issuer of the securities shall be rated at least A2 or P-1 by **MOODY'S**;
 - (ii) investment for a term of up to 3 months: the issuer of the securities shall be rated A-1 and P-1 by **MOODY'S**;
 - (iii) investment for a term of up to 6 months: the issuer of the securities shall be rated at least Aa3 and P-1 by **MOODY'S**;
- (c) tradable debt securities denominated in Euro: the issuer of the said securities shall be rated Aaa (for long-term securities) or P-1 (for short-term securities) by **MOODY'S** or A2 for long-term securities with a residual term of less than one month;
- (d) SICAV [unit trust] shares or mutual fund shares principally invested in securities noted in 1, 2 and 3 of Article 4 of the Decree, denominated in Euro and rated Aaa by **MOODY'S**, except for funds specified in Articles 22 and 23 of the Act; and
- (e) shares in debt mutual funds (except, however, for shares issued by the FCC) denominated in Euro ranked Aaa by **MOODY'S**; and
- (f) any other investment subsequently authorised by **MOODY'S**,

on the understanding that the **Management Company** will check that the **Cashflow Manager** conforms to the investment rules described below.

These sums may also be received by a credit institution or the **CAISSE DES DÉPÔTS ET CONSIGNATIONS** in the form of term accounts maturing at least within one month, as long as the short-term securities issued by this credit institution are ranked P-1 by **MOODY'S**.

INVESTMENT RULES

The **Management Company** will appoint the **Cashflow Manager** to undertake the investment of sums that are available for short periods pending allocation and will ensure that the **Cashflow Manager** carries out the management of the Sub-fund's Cashflow in accordance with the investment criteria set out in the section "*Authorised Investments*" above, it being specified that the **Management Company** will remain responsible with regard to the Unitholders for the surveillance and verification of the investment rules.

These investment rules are aimed at excluding any capital risk and they provide for the selection of financial instruments whose credit quality will not call into question the rating assigned to the Units by the [Rating Agency](#). No investment may be made for a maturity date later than the Trading Day preceding the Payment Date following the date of the said investment, or disposed of before reaching maturity, unless exceptionally justified by a concern to protect the interests of Unitholders, especially with regard to a concern for the situation of the issuer of the securities whose disposal is envisaged or any risk of upset on the financial markets (resulting particularly in suspension or significant limitation in trading) or interbank payments on the maturity date of the securities.

With the exception of any shares in SICAV monetary unit trusts and mutual funds, securities must have a maturity date and may not be disposed of before their due date, unless, exceptionally by order of the Management Company, justified by a concern to protect the interests of Unitholders, due in particular to a concern for the situation of the issuer of the securities whose disposal is envisaged or any risk of upset in the financial markets or interbank payments on the maturity date of the securities.

CONDITIONS FOR TRANSFERRING LOANS, DISSOLVING AND LIQUIDATING THE SUB-FUND

This section describes, in particular, the cases of dissolving the Sub-fund, the terms of liquidation of the Sub-fund and the obligations of the Management Company in this respect, in accordance with the stipulations of the Specific Regulations, within the context of those of the General Regulations.

GENERAL PROVISIONS

The **Management Company**, acting in the name of and on behalf of the FCC in connection with the Sub-fund, may or, where applicable, must make use of the early liquidation facility of the Sub-fund resulting from Article 34 paragraph 7 of the Act and Article 6 of the Decree, it being specified that the exercise of such a facility will not cause the liquidation of the other Sub-funds of the FCC or of the FCC as a whole. The Sub-fund may be dissolved in the event of the occurrence of one of the dissolution cases listed below (*Cases of Dissolution of the Sub-fund*). The Sub-fund will be dissolved on the Liquidation Date of the Sub-fund which is an unspecified date at the latest six months after extinction of the last Loan assigned to the Sub-fund by the **Management Company**.

In accordance with the provisions of the General Regulations and the Specific Regulations (and the provisions of the specific regulations for each Sub-fund that will be constituted between the **Depository** and the **Management Company**), the dissolution and liquidation of the Sub-fund will not cause the liquidation of the other Sub-funds of the FCC or of the FCC as a whole.

Case of obligatory liquidation

The **Management Company**, acting in the name of and on behalf of the FCC in connection with the Sub-fund, shall, if at that time it is in the interest of the Unitholders, declare the dissolution of the Sub-fund and proceed to its liquidation in any of the following Cases of Dissolution of the Sub-fund:

- (a) if the Liquidity Ratio is greater than 60% of the Assets Assigned to the Sub-fund over a six-month period;
- (b) a new circumstance occurs, independent from the assessed level of Loan Debtors' defaults assigned to the Sub-fund, likely to cause a reduction in the level of security offered to holders of Units issued to represent the said Loans; or
- (c) the Loans could not be acquired after the Constitution Date of the Sub-fund in accordance with the provisions of the Specific Regulations and the Loans Transfer Agreement.

Case of voluntary liquidation

The **Management Company**, acting in the name of and on behalf of the FCC in connection with the Sub-fund, may declare the dissolution of the Sub-fund and proceed to its liquidation in one of the following Cases of Dissolution of the Sub-fund:

- (a) if the Outstanding Principal of unmatured Loans assigned by the Sub-fund is less than 10% of the maximum Outstanding Principal of unmatured Loans assigned to the Sub-fund, assessed after the Constitution Date of the Sub-fund;
- (b) if the Units issued in connection with the Sub-fund are held only by one holder and he so requests; or
- (c) if the Units issued in connection with the Sub-fund are held only by the **Originator** and he so requests.

TERMS AND CONDITIONS FOR THE DISSOLUTION OF THE SUB-FUND

In accordance with the stipulations of the Loans Transfer Agreement, the **Management Company** will propose to the **Originator**, under a repurchase offer (*Repurchase Offer*), to take over the Loans assigned to the Sub-fund and any accessory rights attached to them under the terms and conditions set out below.

Transfer of Loans assigned to the Sub-fund

Repurchase Offer

In accordance with the provisions of the Loans Transfer Agreement, in the event of the occurrence of any of the Cases of Dissolution of the Sub-fund specified in the section "*Cases of Dissolution of the Sub-fund*" above, the **Management Company**, acting in the name of and on behalf of the FCC in connection with the Sub-fund, shall offer to the **Originator** (or any other entity designated by him) to buy, under a Repurchase Offer, in a single transaction and in their entirety, the remaining Loans to the credit of and exclusively assigned to the Sub-fund. The transfer price which the **Management Company** shall offer the **Originator** (or any other entity appointed by him) to purchase the said Loans shall correspond to the market price for this type of Loan under the same conditions, it being specified that the price will take into account their Outstanding Principal and any other outstanding amounts payable with regard to the said Loans.

The transfer of the Loans and any accessory rights remaining to the credit of and exclusively assigned to the Sub-fund under the conditions specified above will take place on a Monthly Payment Date, at the earliest on the first Monthly Payment Date following the Closing Date on which the Case of Dissolution of the Sub-fund arose. The cost of transferring the Loans and corresponding accessory rights shall be borne by the General Account.

The **Originator** may refuse to accept the Repurchase Offer presented by the **Management Company**. Failing the transfer of the Loans and accessory rights of the **Originator** under the conditions specified above, for any reason whatsoever, the **Management Company** will offer to transfer the balance of the Loans remaining to the credit of and exclusively assigned to the Sub-fund, and any accessory rights, to any credit institution or entity authorised to acquire Loans, under the same conditions and subject to the specific stipulations of the Loans Transfer Agreement.

Cost of Transferring the Loans

The cost of transferring the Loans under the conditions specified above must be sufficient so that, after the transfer of the said Loans and taking into account any available Cash in hand, the FCC, in connection with the Sub-fund, has available the necessary monies to pay all sums of principal and interest due to the holders of Priority Units and Subordinate Units after payment of any other sums due by the FCC in connection with the Sub-fund, having a rank precedent to the Units, in accordance with the Orders of Priority for allocation of payments between the Units as defined in the section "*Specific Calculations and Allocations in an Accelerated Redemption Period*" on page 76 of this Issue Memorandum. In the event that the cost of transfer specified above is not sufficient for all these payments to be effected, the transfer of the Loans may not be made.

EARLY DISSOLUTION OF THE SUB-FUND

Whatever the Case of Dissolution of the Sub-fund, the **Management Company** is responsible, in accordance with the stipulations of the Specific Regulations, for the operations for liquidation of the Sub-fund. The company is invested with the widest powers to (i) realise the Assets Assigned to the Sub-fund, composed particularly of Loans, and possible accessory rights and, where applicable, residual Cash, (ii) pay the Unitholders and any creditors in accordance with the priorities for application of payments and (iii) distribute any available balance.

The Auditors and the **Depository** will continue to carry out their functions until the operations for liquidation of the Sub-fund have been completed.

The full amount of any Liquidation Dividend shall be paid to holders of Residual Units in final remuneration and total Redemption of the said Units, *pro rata* the number of the said Residual Units.

The Sub-fund shall be dissolved on the Liquidation Date of the Sub-fund.

SYSTEM FOR AMENDMENTS RELATED TO THE OPERATION

The public will be informed of any amendment to the specifications contained in this Issue Memorandum by a notice submitted in advance to the Stock Exchange Operations Commission (**COMMISSION DES OPÉRATIONS DE BOURSE**) and with prior notification to the **Rating Agency**. This notice will be annexed to this Issue Memorandum and to the subsequent activity report. These amendments may be opposed by Unitholders within three days of their being informed.

COMPETENT COURTS - APPLICABLE LAW

Competent courts

Any dispute that may arise during the constitution, the operation of the FCC and the Sub-fund, or at the time of liquidation of the Sub-fund, whether between Unitholders and the [Management Company](#) or the [Depository](#), shall be brought before the Tribunal de Commerce [Commercial Court] in Paris.

Applicable law

The Units, Loans and corresponding Transaction Documents are regulated by and shall be interpreted in accordance with French law.

GENERAL ACCOUNTING PRINCIPLES FOR THE SUB-FUND

The accounts of the Sub-fund and, more generally of the FCC, are presented in accordance with the advice of the **CONSEIL NATIONAL DE LA COMPTABILITÉ** issued in its Recommendations dated 15 December, 1989.

In accordance with Article 40 V paragraph 2 of the Act, the Sub-fund is subject to separate accounting within the FCC's accounting procedures.

Secured loans and remuneration

Loans are entered in the Sub-fund's balance sheet at their nominal value. Any difference assessed between the acquisition cost and the nominal value of the loans, whether positive or negative, is carried to a corrective account also shown in the balance sheet assets. This difference is carried over to the profit and loss account, *pro rata* the Redemption of the Loans.

Interest on Loans is entered in the income statement, *pro rata temporis*. Interest earned or due but not collected shows on the balance sheet assets in the apportioned loans account.

Loans that are paid late or are in default are not shown on the balance sheet but are detailed in the annexe.

Loans that are in default are accounted for as a loss in an account for unrecoverable debts.

Issued Units and remuneration

The Priority Units, Subordinate Units and Residual Units are entered at their nominal value and presented separately in the balance sheet liabilities. Any differences assessed, whether positive or negative, between the issue price and nominal value of the Units are entered in a corrective account in the balance sheet liabilities. These differences are carried over to the profit and loss account *prorata* the Redemption of the Loans.

Interest due under the Units is entered in the profit and loss account, *pro rata temporis*. Interest accrued or due but not paid shows on the balance sheet liabilities in an account for apportioned debts.

Expenses, commissions and remuneration associated with the operation of the Sub-fund

The different commissions and remunerations paid to the [Depository](#), the [Management Company](#), [Collector](#), [Paying Agent](#), [Cashflow Manager](#) and the [Settlement Bank](#) are accounted *pro rata temporis* for the period under consideration.

All costs for constitution of the Sub-fund are the responsibility of the [Originator](#).

Unit investment costs

The Unit investment costs are the responsibility of the [Originator](#).

Financial Instruments Transactions

The flow of interest received and interest paid under a single Financial Instruments Transaction are accounted for on the profit and loss account under their Net Amount. Unmatured accrued interest to be paid or received is accounted for in the profit and loss account *pro rata temporis*. Unmatured accrued interest for a single Financial Instruments Transaction shows on the balance sheet, in an account for associated receivables or payables, depending on the case.

Guarantee Deposit

The Guarantee Deposit is entered as a liability on the balance sheet to the credit of the Reserve Account.

Cashflow

Income arising from the investment of Cash in hand is accounted for in the profit and loss account *pro rata temporis*.

Income

Net income is carried forward.

Liquidation Dividend

The Liquidation Dividend is constituted by the income from liquidation and the carry forward.

Length of accounting periods

The Sub-fund's accounting period lasts 12 months, starting 1 January and ending 31 December each year. Exceptionally, the Sub-fund's first accounting period will start on the Constitution Date of the Sub-fund and end on 31 December 2001.

FCC accounting information

Accounting information relative to the FCC is drawn up by the Management Company, under the Depository's supervision, in the framework of its financial year activity report and its half-year activity report, in accordance with applicable accounting rules and practices in this respect.

On the Constitution Date of the FCC, the application of the said rules and practices leads to the production of the FCC's aggregate accounts, it being specified that the said accounts will be subject to certification by the FCC's statutory auditors.

Accounting information for the Sub-fund

Accounting information relative to the Sub-fund, and more generally to each FCC Sub-fund, is drawn up by the Management Company, under the Depository's supervision, in the framework of its financial year activity report and its half-year activity report relative to the Sub-fund, in accordance with applicable accounting rules and practices in this respect and as detailed in the corresponding Specific Regulations.

The accounts of the Sub-fund will be subject to certification by the FCC's statutory auditors.

EXPENSES AND COMMISSIONS

Expenses and commissions to be borne by the FCC in connection with the Sub-fund are as follows:

(a) Constitution of the Sub-fund, issue and placement expenses of the Units

In accordance with the provisions of the Loans Transfer Agreement, the Priority Units Underwriting Agreement and the Subordinate Units Underwriting Agreement, the [Originator](#) has agreed to pay expenses relating to the constitution of the Sub-fund and the issue of Units.

(b) Depository

The [Depository](#) is entitled to receive commission payable on each Payment Date. This commission is 0.02% per annum (inc. tax) of the Outstanding Principal of Current Loans as calculated on the previous Payment Date. The Depository commission is included in the Commissions Base.

(c) Management Company

The [Management Company](#) is entitled to receive commission payable on each Payment Date. This commission is 0.04% per annum (inc. tax) of the Outstanding Principal of Current Loans as calculated on the previous Payment Date. The [Management Company](#) commission is included in the Commissions Base.

(d) Collector

The [Collector](#) is entitled to receive commission payable on each Payment Date. This commission is 0.60% per annum (inc. tax) of the Outstanding Principal of Current Loans as calculated on the previous Payment Date. The [Collector's](#) commission also includes the engagement commission of the Substitute Collector, payable on each Payment Date, amounting to 0.0135% per annum (inc. tax) of the Outstanding Principal of Current Loans as calculated on the previous Payment Date. The [Collector's](#) commission is one of the components of the Commissions Base.

(e) Substitute Collector

Once the [Collector](#) is replaced by the [Substitute Collector](#) in the role of management and Loans collection, the [Substitute Collector](#) will be entitled to receive on each Payment Date commission equal to 0.60% per annum (inc. tax) of the Outstanding Principal of Current Loans as calculated on the previous Payment Date. The [Substitute Collector](#) commission is included in the Commissions Base.

(f) Settlement Bank

The [Settlement Bank](#) commission is included in the commission paid to the [Cashflow Manager](#).

(g) Paying Agent

The [Paying Agent](#) is entitled to receive commission payable on each Payment Date. This commission is 0.015% per annum (ex. tax) of the amounts of principal and interest paid to holders of Priority Units and Subordinate Units.

(h) Cashflow Manager

The [Cashflow Manager](#) is entitled to receive, two Stock Exchange Trading Days before each Payment Date, a flat-rate management commission equal to the difference between the rate of return on Financial Income guaranteed by the [Cashflow Manager](#) and the actual rate of the said Financial Income return.

INFORMATION RELATING TO THE SUB-FUND

The **Management Company** will publish information relating to the Sub-fund to comply with the regulations in force and instructions dated June 15, 1999, in application of the **COMMISSION DES OPÉRATIONS DE BOURSE** Regulation No. 94-01 with regard to debt mutual funds (as amended).

ANNUAL INFORMATION

Within four months of each financial year-end, the **Management Company**, in accordance with Article 26 of the **COMMISSION DES OPÉRATIONS DE BOURSE** Regulation No. 94-01, under the supervision of the **Depository**, will prepare and publish a report on the year, comprising:

1. Annual accounting documents drawn up by the **Management Company**, under the terms stipulated in Article 25 of the above-mentioned Regulation, with a certification notice from the statutory auditors.

The accounting documents are as follows:

- (a) Inventory of the Assets Assigned to the Sub-fund to include:
 - (i) the inventory of the Loans portfolio assigned to the Sub-fund; and
 - (ii) the amount and distribution of the Sub-fund's Cashflow;
 - (b) Annual accounts to include:
 - (i) the balance sheet of the Sub-fund;
 - (ii) the profit and loss account of the Sub-fund; and
 - (iii) an appendix specifying the accounting methods retained, and a detailed statement of the Sub-fund's debts, if any, and guarantees received.
2. A management report to include:
 - (a) the type, amount and percentage of sundries and commissions borne by the Sub-fund during the year;
 - (b) the position of the Sub-fund's Cashflow;
 - (c) a description of the transactions made by the Sub-fund during the year; and
 - (d) information relating to the Loans.
 3. Any amendments made to rating documents for the Units and key points of the Prospectus as well as any events that may have an effect on the Units issued by the FCC in connection with the Sub-fund.

The auditors certify the fair representation of the information contained in the annual activity report.

HALF-YEAR INFORMATION

Within three months of the end of the first six-month period of each financial year, the **Management Company** prepares and publishes, in accordance with the above-mentioned Article 26 of the **COMMISSION DES OPÉRATIONS DE BOURSE** Regulation No. 94-01, under the supervision of the **Depository**, a report on the half year, comprising:

1. Financial statements prepared by the **Management Company** with a statement from the statutory auditors confirming their limited examination of them; these financial statements are presented as a picture of the half-year position including the inventory of assets as defined in paragraph 1(a) above and the liabilities position.

2. The information listed in paragraphs (b), (c) and (d) of the section “*Annual Information*” above.
3. Any amendments made to the rating documents for the Units and key points of the Prospectus as well as any events that may have an effect on the Units issued by the FCC in connection with the Sub-fund.

The statutory auditors confirm the fair representation of the information contained in the half-year document.

The half-year and annual activity reports and any other information documents published by the [Management Company](#) in connection with the Sub-fund are sent by the [Management Company](#) to Unitholders who so request, and they are available for public consultation at the offices of the [Depository](#).

ADDITIONAL INFORMATION

The [Management Company](#) may publish on its Internet site, or any other medium which seems the most appropriate, any information regarding the [Originator](#), Loans, Units and management of the Sub-fund which it considers significant in terms of providing the most relevant and accurate information to Unitholders of the Sub-fund concerned.

Additional information, depending on any circumstances that may have a bearing on the Sub-fund, shall be published by the [Management Company](#) as frequently as it considers necessary, under its exclusive responsibility.

In all cases, such information may only be made available with prior approval from the [Depository](#).

SUBSCRIPTION, LISTING AND GENERAL INFORMATION

Underwriting guarantee

Priority Units

In accordance with the Priority Units Underwriting Agreement dated 28 June 2000 (i), **CRÉDIT LYONNAIS** in its capacity as **Underwriter** has guaranteed to underwrite the issue of Priority Units.

Subordinate Units

In accordance with the Priority Units Underwriting Agreement dated 28 June 2000 (i), **CRÉDIT LYONNAIS** in its capacity as **Underwriter** has guaranteed to underwrite the issue of Subordinate Units. The **Underwriter** particularly agrees to respect the restrictions applicable to the subscription of the Subordinate Units as specified in Article 9 of the Decree and detailed in paragraph 6, entitled "*Restrictions on subscription and transfer*" in the section "*Definition of Subordinate Units*".

Subscription period for Units

The subscription period for Priority Units and Subordinate Units begins on 28 June 2000 and ends on 13 July 2000 at the latest.

Institution responsible for centralising subscriptions

CRÉDIT LYONNAIS

19, Boulevard des Italiens – 75002 Paris, France.

Listing of Units

An application has been made for the Priority Units and Subordinate Units to be listed on the **PARIS BOURSE** (**PARISBOURSE^{SBF} S.A.**, FCC SECTION). The Subordinate Units will be admitted under the heading "*Units reserved for qualified and non-resident investors*" of the **PARIS BOURSE Mutual Loan Fund** section.

Apart from a request for admission and the public placement of Priority Units and a request for admission and the private placing of Subordinate Units on the *Premier Marché* of the **PARIS BOURSE** (**PARISBOURSE^{SBF} S.A.**, FCC section) no other procedure has been entered into by the **Management Company** or the **Depository**, and no other procedure will be entered into, which would lead to a public offering of the Priority Units or the Subordinate Units.

Date of admission of the Priority Units and Subordinate Units on the Paris Bourse (**PARISBOURSE^{SBF} S.A.**)

20 July 2000.

Dealing codes - ISIN numbers

The Priority Units and Subordinate Units will be admitted for **SICOVAM S.A.** dealing operations under numbers [●] and [●], respectively. The Priority Units and Subordinate Units will be admitted for **CLEARSTREAM BANKING** (formerly **CEDELBANK**) and **EUROCLEAR SYSTEM** dealing under the common codes [●] and [●], respectively.

The ISIN (*International Securities Identification Number*) for the Priority Units is FR[●] and the ISIN for the Subordinate Units is FR[●].

PROVISIONAL TIMETABLE

The provisional timetable below gives an illustration of the flow of payments and information applicable to the Priority Units and Subordinate Units issued by the FCC in connection with the Sub-fund during the Replacement Period, the Normal Redemption Period, and the Accelerated Redemption Period.

REPLACEMENT PERIOD

6 July 2000: Date from which Loans interest begins to run.

19 July 2000: Loans Selection Date.

20 July 2000: Date of Initial Transfer of Loans Settlement Constitution Date of the Sub-fund. Date

7 August 2000: First Payment Date of Adjustment on Collections.

Subsequent Payment Dates of Adjustment on Collections take place, for each Collection Period, on the 5th business day of the corresponding Collections Determination Period after the last business day of the previous calendar month.

7 August 2000: First Date of Monthly Payment.

Subsequent Monthly Payment Dates take place, for each Collection Period, on the 5th calendar day of each month (or the next business day if the said day is not a business day).

6 September 2000: Date from which interest begins to run on the first Replaced Loans.

Subsequent Dates from which interest begins to run for Replaced Loans, during the Replacement Period, take place on the 6th calendar day of each month (or the next business day if the said day is not a business day).

20 September 2000: First Replacement Date

Subsequent Replacement Dates, during the Replacement Period, take place on the 20th calendar day of each month (or the next business day if the said day is not a business day).

18 October 2000: Interest Determination Date.

Subsequent Interest Determination Dates take place two TARGET Days before each Interest Payment Date.

20 October 2000: First Quarterly Payment Date.

Subsequent Quarterly Payment Dates take place on 20 January, 20 April, 20 July and 20 October in each calendar year.

The various Monthly Payment Dates, Payment Dates of Adjustment on Collections, Interest Determination Dates and Quarterly Payment Dates take place, at the above-specified intervals, between 21 October 2000 and 21 July 2003, the date on which the last Loan Replacement takes place.

NORMAL REDEMPTION PERIOD

Unless an Accelerated Redemption Situation takes place, the Normal Redemption Period starts from the end of the Replacement Period.

7 July 2003: Monthly Payment Date.

17 July 2003: Interest Determination Date.

21 July 2003: Quarterly Payment Date.

The various Monthly Payment Dates, Collection Determination Dates, Interest Determination Dates and Quarterly Payment Dates will take place at the above-specified intervals, between 22 July 2003 and 5 October 2006.

5 October 2006:	Monthly Payment Date.
18 October 2006:	Interest Determination Date.
20 October 2006:	Quarterly Payment Date.
20 January 2010	Date of Final Redemption of Units.

ANNEXE I – DEFINITIONS

<i>ABC Gestion</i>	denotes the FCC ODYSSEE management company;
<i>Assets Assigned to the Sub-fund</i>	denotes (i) Loans transferred to the FCC in application of the Loans Transfer Agreement and exclusively assigned to the Sub-fund by the Management Company and (ii) Cashflow. Assets assigned to the Sub-fund are described more fully in the section " <i>Description of Assets Assigned to the Sub-fund</i> " on page 25 of this Issue Memorandum;
<i>Rating Agency</i>	denotes MOODY'S FRANCE S.A. , in its capacity as institution charged with the issue of an evaluation document for Loans assigned to the Sub-fund and the rating of the Priority Units and Subordinate Units issued by the FCC in connection with the Sub-fund. This document is presented in Annexe III of this Issue Memorandum, in accordance with Article 35 of the Act;
<i>Paying Agent</i>	denotes the credit institution proposed by the Management Company and accepted by the Depository under the terms of the Paying Agent Convention for the purpose of paying the amounts of interest and the amounts of principal due to the holders of Priority Units and Subordinate Units on the corresponding Payment Dates. On the Constitution Date of the Sub-fund, the Paying Agent is CRÉDIT LYONNAIS ;
<i>Accelerated Redemption</i>	denotes the procedure for Accelerated Redemption of Units and cash payments in accordance with the applicable Orders of Priority in an Accelerated Redemption Situation;
<i>Normal Redemption</i>	denotes the procedure for Normal Redemption of Units and cash payments in accordance with the applicable Orders of Priority;
<i>Modified Normal Redemption</i>	denotes the situation of Modified Normal Redemption of Units and allocation of funds in accordance with the applicable Orders of Priority, if a Modified Normal Redemption Situation occurs;
<i>Base Commissions Arrears</i>	denotes the amounts of Base Commissions not fully paid to their beneficiaries on previous Payment Dates;
<i>Priority Interest Amounts Arrears</i>	denotes the difference between (a) Priority Interest Amounts due on a Payment Date and (b) Priority Interest Amounts actually paid to holders of Priority Units on that Payment Date;
<i>Subordinated Interest Amounts Arrears</i>	denotes the difference between (a) the Subordinated Interest Amounts due on a Payment Date and (b) the Subordinated Interest Amounts actually paid to holders of Subordinate Units on that Payment Date;
<i>Fixed Amount Arrears</i>	denotes, on a Payment Date, the Fixed Amount not fully paid by the FCC, in connection with the Sub-fund, to the Rate-Swap Counterparty ;
<i>Priority Principal Amounts Arrears</i>	denotes the difference between (a) the Priority Principal Amounts due on a Payment Date and (b) the Priority Principal Amounts actually paid on that Payment Date to holders of Priority Units;
<i>Subordinated Principal Amounts Arrears</i>	denotes the difference between (a) the Subordinated Principal Amounts due on a Payment Date and (b) the Subordinated Principal Amounts actually paid on that Payment Date to holders of Subordinate Units;
<i>Reference Banks</i>	denotes (i) BNP PARIBAS , (ii) CRÉDIT LYONNAIS , (iii) SOCIÉTÉ GÉNÉRALE and (iv) CAISSE NATIONALE DE CRÉDIT AGRICOLE (or any other reference bank(s) substituted by the Management Company);
<i>Settlement Bank</i>	denotes the credit institution in whose books the Sub-fund Accounts have been opened by the Depository. On the Constitution Date of the Sub-fund, the Settlement Bank is the CAISSE CENTRALE DE RÉESCOMPTE . The Management Company has the

option at any time during the life of the Sub-fund, to substitute another credit institution in the place of the credit institution initially chosen, in accordance with and subject to the provisions of the Accounting Convention;

Liquidation Dividend

denotes the possible positive sum resulting from liquidation and carry forward, after closure of the Sub-fund's liquidation operations. Any liquidation dividend will be paid to the holder of Residual Units not redeemed on the Liquidation Date of the Sub-fund;

Accelerated Redemption Situation

denotes the occurrence of one of the events provided in the section "*Accelerated Redemption Situation*" on page 73 of this Issue Memorandum;

Modified Normal Redemption Situation

denotes the occurrence of one of the following events: (A) the Smoothed Arrears Ratio in a Normal Redemption Period exceeds (x) 20% for seven consecutive calendar months or (y) 30% in a Reference Period or (B) the Smoothed Net Losses Ratio exceeds 0.45% assessed during a calendar month in a Replacement Period or Normal Redemption Period;

Case of Dissolution of the Sub-fund

denotes the cases of dissolution of the Sub-fund listed in the section "*Conditions for Transfer of Loans, Dissolution and Liquidation of the Sub-fund*" on page 97 of this Issue Memorandum;

Originator

denotes **FINAREF**, a French *société anonyme* [limited company] having the status of authorised credit institution as a financial company, with registered office at 6, rue Emile Moreau, 59100 Roubaix, France, registered at the Commercial and Companies Registry in Roubaix under number 305 207 706, in its capacity as originator of Loans which are exclusively assigned to the Sub-fund;

Base Commissions

denotes the commissions paid by the **Management Company**, acting in the name of and on behalf of the FCC in connection with the Sub-fund, to (i) the **Depository**, (ii) the **Management Company** (iii) the **Collector** and (iv), where applicable, the **Substitute Collector**, in the case where the **Collector** is substituted for the management and collection of Loans;

Sub-fund

denotes the **ESPACE** Sub-fund of the **FCC ODYSSEE**, governed by the Act, the Decree and all other provisions applicable to debt mutual funds and by the General Regulations of the FCC. In accordance with the Law, the Sub-fund gives rise to the issue of Units representing the assets of the FCC which are exclusively assigned to it and, specifically, the Loans acquired from the **Originator** on any Assignment Date, in accordance with and subject to the provisions of the Specific Regulations;

Sub-fund Accounts

denotes the accounts of the Sub-fund open in the books of the **Settlement Bank** on the Constitution Date of the Sub-fund in application of the Accounting Convention. The Sub-fund Accounts include the following accounts: (i) the General Account, (ii) the Reserve Account and (iii) the Frozen Margin Account;

Collection Account

denotes the collection account opened by the **Collector** in his own books on the Constitution Date of the Sub-fund for the purposes of receiving Collections for the Loans and generally any other amounts of principal, interest, incidentals and expenses due by the Debtors;

General Account

denotes one of the Sub-fund Accounts designed, specifically, to be credited with Collections and debited with an amount equal to the Outstanding Principal of the Loans on every Assignment Date;

Frozen Margin Account

denotes one of the Sub-fund Accounts designed to be credited by debiting the General Account or debited for the credit of the General Account in the circumstances listed in the "*Frozen Margin Account*" section on page 92 of this Issue Memorandum. On the Constitution Date of the Sub-fund, the balance of the Frozen Margin Account is nil;

<i>Reserve Account</i>	denotes one of the Sub-fund Accounts designed to be credited by the amount of the Guarantee Deposit on the Constitution Date of the Sub-fund (and, where applicable, the Supplementary Guarantee Deposit) and debited according to the applicable Orders of Priority;
<i>Loan Contract</i>	denotes any "Espace" loan contract granted by FINAREF in connection with its normal credit activity and concluded with one of the Debtors;
<i>Rate-Swap Counterparty</i>	denotes CRÉDIT LYONNAIS acting through the intermediary of its New York branch in connection with the <i>Credit Lyonnais Derivatives Program</i> and in connection with the Financial Instruments Transactions;
<i>Paying Agent Convention</i>	denotes the agreement made on 28 June 2000 between the Management Company , acting in the name of and on behalf of the FCC in connection with the Sub-fund, the Depository and the Paying Agent and relating to the financial accounts of the Priority Units and Subordinate Units;
<i>Loans Transfer Agreement</i>	denotes the agreement made on 28 June 2000 between the Management Company , acting in the name of and on behalf of the FCC in connection with the Sub-fund, the Depository and the Originator for the purposes of determining, especially, the terms and conditions for assigning the Loans which will be exclusively assigned to the Sub-fund on the Transfer Dates;
<i>Accounting Convention</i>	denotes the agreement made on 28 June 2000 between the Management Company , the Depository , the Settlement Bank and the Cashflow Manager relating to the opening and operation of the Sub-fund Accounts opened in the books of the Settlement Bank ;
<i>Agreement for the Management and Collection of Loans</i>	denotes the agreement made on 28 June 2000 between the Management Company , acting in the name of and on behalf of the FCC in connection with the Sub-fund, the Depository and the Collector for the purposes of determining, in particular, the terms and conditions for the management and collection of Loans by the Collector ;
<i>Cashflow Management Agreement</i>	denotes the agreement made on 28 June 2000 between the Management Company , acting in the name of and on behalf of the FCC in connection with the Sub-fund, the Depository , the Settlement Bank and the Cashflow Manager for the particular purposes of determining the terms and conditions for the management and investment of Cashflow;
<i>Priority Units Underwriting Agreement</i>	denotes the agreement made on 28 June 2000 between the Underwriter , the Originator , the Management Company and the Depository , relative to the placement of the Priority Units;
<i>Subordinate Units Underwriting Agreement</i>	denotes the agreement made on 28 June 2000 between the Underwriter , the Originator , the Management Company and the Depository , relative to the placement of the Subordinate Units;
<i>Loan</i>	denotes any loan resulting from lending by FINAREF through a Loan Contract acquired from the Originator by the FCC for its exclusive allocation to the Sub-fund on the Initial Assignment Date, by means of the revenue from issuing Units, or on any Replacement Date, in accordance with the stipulations of the Loans Transfer Agreement;
<i>Replaced Loan</i>	denotes any loan satisfying the Eligibility Criteria and the Additional Eligibility Criteria, which is transferred to the FCC on any Replacement Date by the Originator to be exclusively assigned to the Sub-fund by the Management Company ;
<i>Substituted Loan</i>	denotes any loan substituted for a Loan in the context of a substitution procedure implemented under the Originator's guarantees;
<i>Current Loan</i>	denotes any Loan which has not reached maturity;

<i>Priority Coupon</i>	denotes, on a Payment Date, the Priority Interest Amounts and, where applicable, the Priority Interest Amounts Arrears, due to the holders of Priority Units;
<i>Residual Coupon</i>	denotes the amount of interest paid to the holder of Residual Units on each Payment Date in accordance with the Orders of Priority;
<i>Subordinated Coupon</i>	denotes, on a Payment Date, the Subordinated Interest Amounts and, where applicable, the Subordinated Interest Amounts Arrears, due to the holders of Subordinate Units;
<i>Eligibility Criteria</i>	denotes the criteria which must be satisfied by the Loans on the Initial Assignment Date as specified in the section " <i>Description of Loans on the Initial Assignment Date</i> " on page 26 of this Issue Memorandum;
<i>Additional Eligibility Criteria</i>	denotes the criteria which must be satisfied by the Loans on the Replacement Dates, in addition to the Eligibility Criteria;
<i>Provisional Redemption Date</i>	<p>denotes the date on which it is anticipated that (i) the Priority Units and (ii) the Subordinate Units will be fully redeemed, i.e.:</p> <ul style="list-style-type: none"> (a) 20 October 2006, for the Priority Units; (b) 20 October 2006 for the Subordinate Units; and (c) 20 October 2006 or the Liquidation Date of the Sub-fund, for the Residual Units, <p>it being specified that if a Provisional Redemption Date does not correspond to a Stock Exchange Trading Day, the Principal Amounts due to the holders of Priority Units and Subordinate Units will be paid on the next Trading Day, unless that Trading Day does not take place until the following calendar month, in which case, the said Provisional Redemption Date will take place on the previous Trading Day;</p>
<i>Closing Date</i>	denotes the last business day of each calendar month;
<i>Assignment Date</i>	denotes the Initial Assignment Date or a Replacement Date;
<i>Initial Assignment Date</i>	denotes the date on which the Loans are acquired by the FCC through the revenue from issuing Units and exclusively assigned to the Sub-fund by the Management Company . The Initial Assignment Date is the same as the Constitution Date of the Sub-fund;
<i>Constitution Date of the Sub-fund</i>	denotes the date on which the Loans are assigned to the FCC and allocated to the Sub-fund by the Management Company on the Initial Assignment Date, in accordance with the Loans Transfer Agreement. The Constitution Date of the Sub-fund is the same as the Initial Assignment Date and the Settlement Date. The Constitution Date of the Sub-fund is 20 July 2000;
<i>Constitution Date of the FCC</i>	denotes the constitution date of the first Sub-fund of the FCC, i.e. 20 July 2000 (corresponding to the Constitution Date of the Sub-fund);
<i>Interest Determination Date</i>	denotes, for each category of Unit (except Residual Units), two TARGET Days before, depending on the case, (i) the Constitution Date of the Sub-fund for the first Interest Period and (ii) any Payment Date for subsequent Interest Periods, on which the Management Company determines the Interest Rate applicable to calculate the Interest Amounts which are to be paid to holders of Priority Units and Subordinate Units on the next Payment Date;
<i>Liquidation Date of the Sub-fund</i>	denotes the date six months after the extinction of the last of the Loans assigned to the Sub-fund or the date on which the Management Company transfers the Loans assigned to the Sub-fund in the event of early liquidation of the Sub-fund in accordance with the stipulations of the Specific Regulations;

<i>Payment Date</i>	denotes, depending on the case, (i) a Quarterly Payment Date in a Normal Redemption Period or in a Modified Normal Redemption Situation or (ii) an Accelerated Payment Date in an Accelerated Redemption Period, it being specified that if a Payment Date does not correspond to a Trading Day, the sums due to beneficiaries will be paid on the next Trading Day unless the said Trading Day occurs in the next calendar month, in which case, the said Payment Date will take place on the preceding Trading Day;
<i>Accelerated Payment Date</i>	denotes, in an Accelerated Redemption Period, 20 October, 20 January, 20 April and 20 July each year (subject to necessary adjustments for Trading Days);
<i>Quarterly Payment Date</i>	denotes, in a Replacement Period and in a Normal Redemption Period, 20 October, 20 January, 20 April and 20 July each year (subject to necessary adjustments for Trading Days);
<i>Replacement Date</i>	denotes, during the Replacement Period, the 20th day (subject to necessary adjustments for Trading Days) of each calendar month in which Loans are transferred by the Originator to the FCC and exclusively assigned to the Sub-fund by the Management Company , in accordance with the provisions of the Loans Transfer Agreement, in the context of Replacement. The first Replacement Date will provisionally be 20 September 2000;
<i>Settlement Date</i>	denotes 20 July 2000;
<i>Payment Date of Adjustment on Collections</i>	denotes the date on which the Management Company pays the Adjustment on Collections determined during the corresponding Collections Determination Period, depending on the case, by debiting or crediting the General Account, it being specified that the said date corresponds to the 5th business day of the Collections Determination Period;
<i>Limit Date for Redemption of Units</i>	denotes 20 January 2010;
<i>Monthly Payment Date</i>	denotes the 5th of each calendar month (subject to the said day being a business day) on which the Collector (or where applicable, the Substitute Collector) pays the theoretical amount of the Collections for the corresponding Collection Period to the General Account;
<i>Debtor</i>	denotes, for a given Loan, (i) its principal debtor, (ii) its joint debtors and (iii) any joint co-debtors;
<i>Decree</i>	denotes the French State Decree No. 89-158 dated 9 March 1989 (as amended) implementing Articles 26 and 34 to 42 of the Act, including any future amendment;
<i>Depository</i>	denotes FINAREF in its capacity as founder of the FCC and depository for the Assets Assigned to the Sub-fund and, more generally, the assets of the FCC, in accordance with the provisions of the General Regulations and the Specific Regulations;
<i>Guarantee Deposit</i>	denotes the Guarantee Deposit constituted by the Originator on the Constitution Date of the Sub-fund and paid to the credit of the Reserve Account and, where applicable, the Supplementary Guarantee Deposit;
<i>Supplementary Guarantee Deposit</i>	denotes the supplementary amount of the Guarantee Deposit which may be constituted by the Originator in accordance with the section " <i>Optional Supplement to the Deposit</i> " on page 90 of this Issue Memorandum;
<i>Transaction Documents</i>	denotes (i) the General Regulations, (ii) the Specific Regulations, (iii) the Loans Transfer Agreement, (iv) the Agreement for the Management and Collection of Loans, (v) the Cashflow Management Agreement, (vi) the Financial Instruments Transactions, (vii) the Accounting Convention, (viii) Paying Agent Convention, (ix) the Priority Units Underwriting Agreement and (x) the Subordinate Units

Underwriting Agreement;

Due Date

denotes, on any date, the monthly instalment of principal and interest on any Loan, in accordance with the contractual Redemption schedule in force on that date, owed by the corresponding Debtor on the 5th calendar day of each month;

Collections

denotes, for a given Collection Period, the collection of all sums due under the Loans from their Debtors, made up of the theoretical amount of the Collections paid on each Monthly Payment Date, increased, or as applicable, decreased by the Adjustment on Collections made on each Payment Date of Adjustment on Collections;

Outstanding Principal

denotes, for a given Current Loan on a given date, the amount of principal remaining due under the Current Loan on that date, according to the contractual Redemption Schedule in force on that date, excluding any amounts of principal due but unpaid;

Euro

denotes the Euro, the single European currency instituted by the States participating in **ECONOMIC AND MONETARY UNION** in application of the European Union Treaty and being legal tender in the **REPUBLIC OF FRANCE**;

EURIBOR

denotes:

- (a) *European Interbank Offered Rate*, the interbank rate applicable to the States participating in **ECONOMIC AND MONETARY UNION** (i) calculated by the **EUROPEAN UNION BANKING FEDERATION**, based on the interbank rates used by credit institutions retained for this purpose by the **EUROPEAN UNION BANKING FEDERATION**, (ii) published by the **EUROPEAN CENTRAL BANK** as being the rate applicable to each Interest Period on which deposits in Euro are offered on the European interbank market (the *Euro-zone*). EURIBOR is published on the Telerate screen (page 248) (or (i) any other page which may be used to replace page 248 of this service for the purpose of publishing such information or (ii) if this service ceases to publish such information, any page published by an equivalent service publishing such information). EURIBOR applicable (A) to the Priority Units and (B) to the Subordinate Units is determined (i) two TARGET Days (an *Interest Determination Date*) before each Quarterly Payment Date in a Replacement Period, Normal Redemption Period or in a Modified Normal Redemption situation or (ii) two TARGET Days (an *Interest Determination Date*) before each Accelerated Payment Date in an Accelerated Redemption Period; or
- (b) in the event that, on any Interest Determination Date, the EURIBOR 3-month rate is not published on Telerate screen page 248, the **Management Company** will determine the EURIBOR 3-month rate as being the arithmetical average (rounded up or down, if necessary, to the fifth decimal point below zero; 0.000005 being rounded up) of the interest rates set by the Reference Banks and communicated to the **Management Company** for the period concerned. In the event that one of the **Reference Banks** has not communicated its rate to the **Management Company** by around 11 a.m. (Paris time) on that day, the EURIBOR 3-month rate will be determined by the **Management Company** on the basis of the interest rates communicated by the other **Reference Banks**. The rate of interest applicable will be determined by the **Management Company** in accordance with the provisions of sub-paragraph (a) on the basis of the interest rates offered by the said **Reference Banks**. If on any Interest Determination Date only one **Reference Bank** (or none) communicates a rate to the **Management Company**, the **Management Company** will appoint an additional credit institution for the purpose of providing it with such a rate and the interest rate applicable to the corresponding Interest Period will be determined by the **Management Company** on the basis of the rates offered by the said credit institutions. If on the said Interest Determination Date, no credit institution is selected by the **Management Company** or if no credit institution provides such a quotation, then the EURIBOR 3-month rate applicable to the corresponding Interest Period will be the rate of interest effective for the previous Interest Period to which the provisions of sub-paragraph (a) or the

provisions of the present sub-paragraph (b) will have been applied,

the **Euro-zone** denotes the region comprising the Member States of the European Union which have adopted the single European currency in accordance with the European Union Treaty;

FCC	denotes the FCC ODYSSEE debt mutual fund with sub-sections, constituted jointly by ABC GESTION in the capacity of Management Company and FINAREF in the capacity of Depository, acting together as Founders, governed by the General Regulations and the Specific Regulations of each Sub-fund and the Act, Decrees and any other provisions of any kind applicable to debt mutual funds. The FCC ODYSSEE is the issuer of the Priority Units, Subordinate Units and Residual Units in connection with the ESPACE Sub-fund;
Finaref	denotes the limited liability company FINAREF, authorised as a credit institution, acting as Depository, Originator and Collector;
Founders	denotes ABC GESTION, as Management Company, and FINAREF, as Depository;
Available Funds	denotes on any given date, the sum (i) of the Collections received by the Collector (or where applicable, the Substitute Collector) for the corresponding Collection Period, subject to adjustments made on the corresponding Payment Date of Adjustment on Collections, (ii) of the revenue from the resolution of the transfer of any non-compliant Loans (iii) in the event of liquidation of the Sub-fund following a Takeover Offer presented by the Management Company, the revenue from the transfer of Loans allocated to the Sub-fund, excluding insurance premiums attached to the Loans which are repaid to the Originator on each Payment Date of Adjustment on Collections and any possible Monthly Deferred Payment;
Underwriter	denotes CRÉDIT LYONNAIS in its capacity as underwriting guarantor for (i) the Priority Units under the Priority Units Underwriting Agreement and (ii) the Subordinate Units under the Subordinate Units Underwriting Agreement;
CLFG Guarantee	denotes the unconditional and irrevocable guarantee provided by the CLFG CORP. under the obligations of the Rate-Swap Counterparty in the context of the Credit Lyonnais Derivatives Program;
Cashflow Manager	denotes the CAISSE CENTRALE DE REESCOMPTE, the credit institution proposed by the Management Company and accepted by the Depository in accordance with the Cashflow Management Agreement;
PPR Group	denotes the company PINAULT PRINTEMPS REDOUTE S.A., and any French or foreign entity of which it owns, directly or indirectly, 10% of the equity capital and voting rights;
Authorised Investments	denotes the eligible financial instruments specified in the section "Authorised Investments" on page 94 of this Issue Memorandum, in which the Cashflow of the Sub-fund is invested;
Stock Exchange Trading Day	denotes a day on which the banks are open for settling interbank operations and determining market rates in Paris, and which is a TARGET day;
TARGET Day	denotes a day on which the TARGET System is open;
Consumer Credit Legislation	denotes all the legal and regulatory provisions applicable to Loans and in particular the provisions of Chapter II (Articles L. 312-1 <i>et seq.</i>) of the Consumer Code;
Act	denotes French Act No. 88-1201 dated 23 December 1988 relative to undertakings in collective investment in transferable securities concerning debt mutual funds (as amended), including any possible future amendments;
Margin	denotes (i) 0.30% for Priority Units and (ii) 1.03% for Subordinate Units;

Fixed Amount		denotes the amount of fixed interest paid to the Rate-Swap Counterparty by debiting the General Account on each Payment Date;
Guaranteed Amount		denotes the amount that CLFG CORP. will pay to the FCC in the event of default by the Rate-Swap Counterparty ;
Variable Amount		denotes the amount of variable interest based on the EURIBOR 3-month rate paid by the Rate-Swap Counterparty to the General Account on each Payment Date;
Priority Interest Amounts		denotes the amount of interest paid to holders of Priority Units on the corresponding Payment Dates as defined in the sections " <i>Definition of Priority Units</i> " and " <i>Principles for the Operation of the Sub-fund, Remuneration and Redemption of Units by Periods</i> " and " <i>Orders of Priority for Allocations and Distributions</i> " on pages 52, 68 and 75, respectively, of this Issue Memorandum;
Subordinated Amounts	Interest	denotes the amounts of interest paid to holders of Subordinate Units on the corresponding Payment Dates as defined in the sections " <i>Definition of Subordinate Units</i> " and " <i>Principles for the Operation of the Sub-fund, Remuneration and Redemption of Units by Periods</i> " and " <i>Orders of Priority for Allocations and Distributions</i> " on pages 59, 68 and 75, respectively, of this Issue Memorandum;
Net Amount		denotes the amount resulting from the equalisation of the Variable Amount and the Fixed Amount under the Financial Instruments Transactions;
Principal Amounts		denotes, depending on the case, the (i) Priority Principal Amounts or (ii) the Subordinated Principal Amounts paid to holders of Priority Units and holders of Subordinate Units on the corresponding Payment Date in accordance with the applicable Orders of Priority. During the Replacement Period, the Priority Principal Amounts and the Subordinated Principal Amounts are nil;
Priority Principal Amounts		denotes the amounts of principal paid to holders of Priority Units on the corresponding Payment Dates determined in accordance with the Redemption formulae set out in paragraph 3(b) of the section " <i>Definition of Priority Units</i> " on page 55 of this Issue Memorandum;
Priority Repayable Principal Amounts		denotes, for each Priority Unit, the amount of principal which will be paid to the corresponding holder on each Quarterly Payment Date in a Normal Redemption Period as calculated by the Management Company in accordance with paragraph 3(b)5 of section " <i>Definition of Priority Units</i> " of this Issue Memorandum;
Subordinated Amounts	Principal	denotes the amounts of principal paid to holders of Subordinate Units on the corresponding Payment Dates determined according to the Priority Principal Amounts paid on the said Payment Date in accordance with the provisions of paragraph 3(b) of the section " <i>Definition of Subordinate Units</i> " on page 62 of this Issue Memorandum;
Subordinated Principal Amounts	Repayable	denotes, for each Priority Unit, the amount of principal which will be paid to the corresponding holder on each Quarterly Payment Date in a Normal Redemption Period as calculated by the Management Company in accordance with paragraph 3(b)3 of section " <i>Definition of Subordinate Units</i> " of this Issue Memorandum;
Moody's		denotes MOODY'S FRANCE S.A. (a subsidiary of MOODY'S INVESTORS SERVICE LIMITED), a rating agency authorised to assess debt mutual funds under application of Article 35 of the Act, its registered office located at 4, rue Auber, 75009 Paris, whose rating document is included in Annexe III of this Issue Memorandum;
Issue Memorandum		denotes the present issue memorandum. The Issue Memorandum comprises the Reference Note and the Operation Note;
Prospectus		denotes the prospectus drawn up jointly by the Depository and the Management Company in accordance with Article 15 of the COMMISSION DES OPÉRATIONS DE BOURSE Regulation No. 94-01 relative to debt mutual funds (as amended) and to the

COMMISSION DES OPÉRATIONS DE BOURSE instruction in application of the said regulation, comprised as a whole by the General Reference Note and this Issue Memorandum. The Prospectus was certified by the COMMISSION DES OPÉRATIONS DE BOURSE on 27 June 2000 under number FCC 00-02;

<i>Operation Note</i>	denotes the operation note relating to the Reference Note, drawn up jointly by the Depository and the Management Company in accordance with Article 37 paragraph 3 of the Act, Article 18 of COMMISSION DES OPÉRATIONS DE BOURSE Regulation No. 94-01 relative to debt mutual funds (as amended) and to the COMMISSION DES OPÉRATIONS DE BOURSE instruction dated 15 June 1999 in application of the said regulation;
<i>Reference Note</i>	denotes the reference note, drawn up jointly by the Depository and the Management Company in accordance with Article 37 paragraph 3 of the Act, Article 18 of COMMISSION DES OPÉRATIONS DE BOURSE No. 94-01 relative to debt mutual funds (as amended) and the COMMISSION DES OPÉRATIONS DE BOURSE instruction dated 15 June 1999 in application of the said regulation. The Reference Note was registered by the COMMISSION DES OPÉRATIONS DE BOURSE under number FCC RC 00-01 on 20 June 2000;
<i>General Reference Note</i>	denotes the FCC ODYSSEE reference note, drawn up jointly by the Depository and the Management Company . The General Reference Note was registered by the COMMISSION DES OPÉRATIONS DE BOURSE under number FCC R 00-01 on 20 June 2000;
<i>Repurchase Offer</i>	denotes the offer presented by the Management Company to FINAREF or any other authorised entity to acquire the Loans designated by FINAREF for the purposes of (i) transferring the Loans declared in default and (ii) transferring the Loans in the event of early liquidation of the Sub-fund in accordance with the terms specified in the section “ <i>Conditions for the transfer of Loans, dissolution and liquidation of the Sub-fund</i> ” on page 96 of this Issue Memorandum;
<i>Orders of Priority</i>	denotes the orders for allocating the funds and payments respectively applicable to the (i) Replacement Period, (ii) Normal Redemption Period or (iii) Accelerated Redemption Period;
<i>OPCVM (UCITS)</i>	denotes undertakings in collective investment in transferable securities governed by Law;
<i>Financial Transactions</i>	<p>Instruments Denotes, depending on the case, and under the provisions of paragraphs 1 to 3 and 5 of Article 3 of Act No. 96-597 dated 2 July 1996 on the modernisation of financial activities (as amended) and the framework agreement of the ASSOCIATION FRANÇAISE DES BANQUES relative to futures markets operations:</p> <ul style="list-style-type: none"> (i) the Priority Interest Rate Financial Instruments Transaction; and (ii) the Subordinated Interest Rate Financial Instruments Transaction, <p>taking place on the Constitution Date of the Sub-fund between the Management Company, acting in the name of and on behalf of the FCC, in connection with the Sub-fund, and the Rate-Swap Counterparty, entered into under the <i>Credit Lyonnais Derivatives Program</i>;</p>
<i>Priority rate Financial Instrument Transaction</i>	Denotes the interest rate swap conditions entered into between the FCC, represented by the Management Company , in connection with the Sub-fund, and the Rate-Swap Counterparty on 28 June 2000 concerned with transforming fixed rate funds from Loans into variable rate funds based on the EURIBOR 3-month rate of the corresponding Interest Period to enable the FCC to make the interest payments due to the holders of Priority Units;
<i>Subordinated Rate Financial</i>	Denotes the interest rate swap conditions entered into between the FCC, represented by the Management Company , in connection with the Sub-fund, and the Rate-Swap

<i>Instrument Transaction</i>	Counterparty on 28 June 2000 concerned with transforming fixed rate funds from Loans into variable rate funds based on the EURIBOR 3-month rate of the corresponding Interest Period to enable the FCC to make the interest payments due to the holders of Subordinate Units;
<i>Order</i>	Denotes Order No. 67-833 dated 28 September 1967, setting up the COMMISSION DES OPÉRATIONS DE BOURSE [to regulate the Paris stock exchange] with regard to information to holders of transferable securities and the publishing of certain stock exchange operations (as amended);
<i>Deferred Monthly Payment</i>	denotes the unpaid portion of the Transfer price of Replaced Loans which may be carried forward under the conditions described in paragraph (c)(ii) in the section "Replacement Procedure - Operation of the Sub-fund during the Replacement Period" on page 71 of this Issue Memorandum;
<i>Unit</i>	denotes one of the units issued by the FCC in connection with the Sub-fund, as described in particular in the section "Definition of Issued Units" on page 48 of this Issue Memorandum;
<i>Priority Unit</i>	denotes all priority units issued by the FCC in connection with the Sub-fund, as bearer or registered shares, as chosen by the investor;
<i>Subordinate Unit</i>	denotes all subordinate units issued by the FCC in connection with the Sub-fund, as bearer or registered shares, as chosen by the investor, as described in the section "Definition of Subordinate Units" on page 59 of this Issue Memorandum;
<i>Residual Unit</i>	denotes all residual units issued by the FCC, in connection with the Sub-fund, to the holder and underwritten by the Originator on the Constitution Date of the Sub-fund;
<i>Accelerated Redemption Period</i>	denotes the period which begins during the Replacement Period or the Normal Redemption Period starting from the Payment Date which arises after the Accelerated Redemption Situation occurs;
<i>Normal Redemption Period</i>	denotes the period following the Replacement Period which begins at the latest on the Quarterly Payment Date taking place on 21 July 2003 (inclusive) and ending on the Provisional Redemption Date, unless an Accelerated Redemption Situation arises;
<i>Collections Determination Period</i>	denotes the period during the course of which the Management Company and the Collector (or, where applicable, the Substitute Collector) determine the amount of adjustment to be made on the Collections on the Payment Date of Adjustment on Collections, it being specified that the said period commences on the last business day of the calendar month during which the corresponding Monthly Payment Date occurs and ending on the 5th business day following the last business day of the preceding calendar month.
<i>Collection Period</i>	denotes any calendar month in the life of the Sub-fund;
<i>Interest Period</i>	denotes the period defined respectively in the paragraphs 2(a)4 of the sections "Definition of Priority Units" and "Definition of Subordinate Units" of this Issue Memorandum;
<i>Replacement Period</i>	denotes the period during which the sums due to be paid to the holders of Priority Units and Subordinate Units for the payment of principal are allocated by the Management Company, in accordance with the applicable Orders of Priority, to the acquisition of new eligible Loans for the purpose of assigning them exclusively to the Sub-fund, in accordance with the stipulations of the Specific Regulations and the Loans Transfer Agreement;
<i>Reference Period</i>	denotes any period of six (6) consecutive calendar months beginning on the 1st day of the calendar month following the month during the course of which the Smoothed

Arrears Ratio exceeds 16%;

Outstanding Principal

denotes, on any given Payment Date, the amount of principal remaining due with regard to the Priority Units and the Subordinate Units resulting from the difference between (i) the initial amount of the said Units on the Constitution Date of the Sub-fund and (ii) reduced by the amounts of principal paid to the holders of the said Units on the previous Payment Dates as specified respectively in paragraphs 2(b)(iii) of the sections "*Definition of Priority Units*" and "*Definition of Subordinate Units*", respectively, of this Issue Memorandum;

Transfer price

denotes the purchase cost of the Replaced Loans which will be paid to the **Originator** by debiting the General Account;

Financial Income

denotes, on any date two Stock Exchange Trading Days before a given Payment Date, the financial revenue (dividends, interest, capital gains, rate or margin differentials – this list is not exhaustive) generated since the preceding Payment Date by all the investments made by the **Cashflow Manager** in accordance with the Cashflow Management Agreement corresponding to investment of cash in hand;

Arrears Ratio

denotes the ratio calculated by the **Management Company** on each Closing Date and for each Collection Period resulting from the relationship between (i) the Outstanding Principal of Loans not in default which present at least one unpaid and (ii) the Outstanding Principal of Current Loans;

Smoothed Arrears Ratio

denotes the mathematical average of the last three Arrears Ratios calculated by the **Management Company**;

Liquidity Ratio

denotes, on any date, the relationship between:

- (a) the Sub-fund's Cash in hand; and
- (b) the Assets Assigned to the Sub-fund.

The **Management Company** will calculate the Liquidity Ratio, checked by the **Depository**, on each Closing Date. The Liquidity Ratio will be noted in the activity reports in accordance with the provisions in force;

Net Losses Ratio

denotes the ratio calculated by the **Management Company** on each Closing Date and for each Collection Period (subject to the application of a period exempt from calculation for six (6) calendar months from the Constitution Date of the Sub-fund) resulting from the relationship between (i) the difference (x) between the Outstanding Principal of the Loans which are in default, declared by the **Collector** (or, where applicable, the **Substitute Collector**) during the corresponding Collection Period and (y) the recoveries received during the corresponding Collection Period for the Loans which are in default declared by the **Collector** (or, where applicable, the **Substitute Collector**) and (ii) the Outstanding Principal of the Current Loans;

Smoothed Net Losses Ratio

denotes the mathematical average for the last three Net Losses Ratios calculated by the **Management Company**;

Replacement

denotes the acquisition, during the Replacement Period, on any Replacement Date, of new eligible Loans for the **Originator** by the FCC for the purpose of their exclusive assignment to the Sub-fund by the **Management Company**;

Collector

denotes the establishment responsible for carrying out the management and recovery of Loans assigned to the FCC and assigned exclusively to the Sub-fund on any Assignment Date, in application of the Agreement for the Management and Collection of Loans. The initial **Collector** of Loans is the **Originator**. The **Management Company** will have the option, throughout the life of the Sub-fund, of substituting another institution for the **Collector** initially chosen by it, in accordance with and subject to the provisions of the Agreement for the Management and

Collection of Loans;

Substitute Collector

denotes the establishment of the mandate, authorised by the **Management Company** for the purposes of carrying out the management and collection of debts in the event of termination by the **Management Company**, acting in the name of and on behalf of the FCC in connection with the Sub-fund, for the Management and Collection of debts. This mandate is entrusted to the **Collector** in application of the Agreement for the Management and Substitution of Loans. On the Constitution Date of the Sub-fund, the **Substitute Collector** is **CRÉDIT LOGEMENT**;

FCC Regulations

denotes the overall constitution of:

- (a) the General Regulations coming into force on the Constitution Date of the FCC between the **Management Company** and the **Depository**, acting in the capacity of founders of the FCC, in accordance with Article 40 of the Act, concerning the constitution and functioning of the FCC; and
- (b) each specific regulation relative to each Sub-fund of the FCC,

it being specified that in the event of the stipulations of any Specific Regulations being contrary to those of the General Regulations, the stipulations of the General Regulations will prevail over those of the Specific Regulations concerned;

General Regulations

denotes the general regulations of the FCC entered into on the Constitution Date of the FCC between the **Management Company** and the **Depository**, acting in the capacity of Founders, in accordance with Article 40 of the Act, concerning the constitution and functioning of the FCC;

Specific Regulations

denotes the specific regulations for the Sub-fund entered into on the Constitution Date of the Sub-fund between the **Management Company** and the **Depository**, acting in the capacity of **Founders**, in accordance with Article 40 of the Act, concerning the constitution and functioning of the Sub-fund;

Early Repayments

denotes, for a given Loan, (i) the repayment by the corresponding Debtor of all or part of the outstanding principal of the said Loan or (ii) the repayment resulting from renegotiation of the Loan;

Credit Reserve Threshold

denotes, on any given date, 3.20% of the Outstanding Principal of the Loans on the Constitution Date of the Sub-fund;

Management Company

denotes **ABC GESTION** in its capacity as co-founder of the FCC and the FCC **ODYSSEE** management company;

TARGET System

denotes the *Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System*;

Fixed Rate

denotes the fixed rate that the FCC, represented by the **Management Company**, in connection with the Sub-fund, agrees to pay to the **Rate-Swap Counterparty** on the Quarterly Payment Dates in application of the Financial Instruments Transactions;

Interest Rate

denotes, for any Interest Period and for the Priority Units and Subordinate Units, the interest rate calculated by the Management Company on each Interest Determination Date in accordance with paragraphs 2(b)1 of the sections "Definition of Priority Units" and "Definition of Subordinate Units" in pages 53 and 60, respectively, of this Issue Memorandum. The Interest Rate results from the sum (i) of the EURIBOR 3-month rate applicable as determined by the **Management Company** and (ii) of the corresponding Margin;

Subordination Rate

denotes, on any date in a Replacement Period and in a Normal Redemption Period, the product of (A) of the relationship between (i) the sum of the Outstanding Principal (x) of the Subordinate Units and (y) the Residual Units and (ii) the sum of the Outstanding Principal (x) of the Priority Units, (y) of the Subordinate Units and

(z) of the Residual Units and (B) 100. The [Management Company](#) will increase the Subordination Rate in favour of the holders of Priority Units in the event that a Modified Normal Redemption Situation occurs in accordance with the provisions of paragraph 3(b)3 of the section "*Definition of Priority Units*";

Variable Rate

denotes the variable rate that the [Rate-Swap Counterparty](#) agrees to pay to the FCC, represented by the [Management Company](#), in connection with the Sub-fund, in application of the Financial Instruments Transactions;

Cashflow

denotes cash assigned to the Sub-fund and constituted, at any time during the life of the Sub-fund, of the sums available at a given time and allocation instance, registered to the credit of the Sub-fund Accounts, the management of which is guaranteed by the [Cashflow Manager](#) in application of the Cashflow Management Agreement.

ANNEXE II - PRINCIPLES GOVERNING RATING

ABC GESTION, acting in its capacity as founder and legal representative of the FCC, and FINAREF, acting in its capacity as founder and Depository, decided to ask MOODY'S FRANCE S.A. in its capacity as Rating Agency, appearing on the list established by the Order of 23 August 1991, to provide a rating for (i) the Priority Units and (ii) the Subordinate Units and to draw up the document specified in Article 35 of Act No. 88-1201 of 23 December 1988 (as amended) relative to collective investment organisations concerning the creation of debt mutual funds.

The Rating Agency's task consists in producing a document containing an assessment of the Loans exclusively assigned to the Sub-fund, those of the Units and the risks attached to them, as well as rating the Units and the guarantees put in place to ensure the protection of Unitholders. The rating inherently only constitutes the expression of an opinion on the level of credit risks (default and delayed payment) associated with the Units.

The assessment of the Priority Units, expressed by MOODY'S FRANCE by the rating Aaa, and the assessment of the Subordinate Units, expressed by MOODY'S FRANCE by the rating A3, relates to the payment of interest on the Payment Dates and the payment of the principal promised at the latest by the Limit Date for Redemption of the Units (20 January 2010). The assessments by MOODY'S FRANCE do not relate to the repayment of the principal of the Priority Units and Subordinate Units on the Provisional Redemption Date.

This assessment takes into account the nature and features of the Loans, the regularity and the continuity of cashflow in the operation, legal aspects of the Units and the nature and extent of the credit risk coverage associated with the Units. The rating of the Priority Units and Subordinate Units does not include any assessment on the actuarial rate of return that the holders of Priority Units and Subordinate Units are likely to receive.

The initial ratings given by the Rating Agency, and any revision, suspension, or withdrawal of the initial ratings that the Rating Agency reserves the right to make in the future, as a result of any information brought to their attention:

- are formulated by the Rating Agency from information communicated to it, the accuracy and totality of which are not guaranteed by the Rating Agency, so that the Rating Agency cannot in any way be held responsible, except in the case of malicious intent or grave error shown on its part; and
- do not constitute and cannot be interpreted hence, in any way, as constituting for the subscribers and holders of Units, an invitation, recommendation or encouragement to undertake any operations involving the Units, and especially in this respect, acquiring, holding, retaining, pledging or selling the Units.

A decision by the Rating Agency to downgrade, suspend or withdraw the ranking of the Priority Units or Subordinate Units issued by the FCC in connection with the Sub-fund, will not have any affect on the rating of the units issued by the FCC in connection with other Sub-funds. Similarly, a decision by the Rating Agency to downgrade, suspend or withdraw the ranking of units issued by the FCC in connection with one or more other Sub-funds, or where applicable, any other rating agency involved in the rating of the said units, will not affect the rating of the Priority Units or Subordinate Units issued by the FCC in connection with the Sub-fund.

ANNEXE III - RATING DOCUMENT DRAWN UP BY MOODY'S**Moody's Investors Service**

DEPOSITORY, ORIGINATOR, COLLECTOR

Finaref

6, rue Emile Moreau

59100 Roubaix

MANAGEMENT COMPANY

ABC Gestion

19, Boulevard des Italiens

75002 Paris

**SETTLEMENT BANK,
CASHFLOW MANAGER**

Caisse Centrale de Réescompte

44, rue Washington

75008 Paris

**PAYING AGENT,
RATE-SWAP COUNTERPARTY**

Crédit Lyonnais

19, Boulevard des Italiens

75002 Paris

SUBSTITUTE COLLECTOR

Crédit Logement

50, boulevard de Sébastopol

75003 Paris

UNDERWRITER

Crédit Lyonnais

19, Boulevard des Italiens

75002 Paris

DESIGN AND IMPLEMENTATION OF THE FCC

Crédit Lyonnais

19, Boulevard des Italiens

75002 Paris

RATING AGENCY

Moody's France S.A.

4, rue Auber

75009 Paris

STATUTORY AUDITORS

PricewaterhouseCoopers

32, rue Guersant

75017 Paris

CONSULTANT FOR THE CONSTITUTION OF THE FCC

Freshfields

69, Boulevard Haussmann

