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Calyon confirms its global leadership in structured finance

Calyon's Structured Finance division is one of the bank's areas of excellence and thanks to its diversified and balanced coverage of more than 55 countries Calyon is one of the world's leaders in this business. The unit handles finance for aviation, shipping, leverage, telecoms, projects, real estate and trade.

In 2006, the Structured Finance division's net banking income grew 10% to EUR 1,221 million, accounting for **22% of Calyon's total corporate and investment banking net banking income**. Foreign operations generated 56% of these revenues and the division has set new targets for each of its areas of activity bringing the goal to more than 60%. Structured Finance generates a return on equity of more than 30% for the bank.

Calyon's expertise in **aviation finance** has been widely recognised for more than 30 years by airlines, leasing companies, manufacturers and airports, and Calyon continues to be one of the world's leaders in this field. Last year the bank financed more than 100 aircraft and won the "**Aircraft Finance House of the Year 2006**" award from *Jane's Transport Finance*.

Calyon offers its clients – airlines, leasing companies and companies involved in activities related to air transportation – advisory services, all types of financing, finance, tax and operating leases, and products, particularly capital market products, for hedging risk. The bank fully intends to maintain its lead in 2007, notably in the financing of aircraft with high added value.

Shipping finance is one of Calyon's historical businesses and it is ranked among the top five global banks with a portfolio of gross commitments totaling more than USD 12 billion. Last year the unit financed 288 ships from its five commercial locations in London, Piraeus, Oslo, Hong Kong and Paris to bring its diversified and balanced portfolio to more than 1,000 ships. It finances all types of ships and 90% of its financing packages are backed by assets less than 10 years old.

Significant deals in 2006 included the financing of three ships to be delivered by the Aker-Alstom Shipyard to Switzerland's **MSC**, the financing of 20 new product tankers for the Japanese ship owner **CIDO** and the financing of four oil tankers for **Teekay**.

With robust global demand, Calyon intends to maintain its position as one of the world's leaders in the sector by, among other things, developing financing solutions to meet the needs of increasingly sought-after international ship owners.

Calyon is also one of Europe's leading banks in **leverage finance**, which includes the financing of leveraged buyouts and large corporations' acquisitions. Calyon was ranked **first Bookrunner for LBOs in France by Dealogic** and **first Mandated Lead Arranger by Thomson Financial**, in particular because of large deals such as those involving **Elior**, **Pages Jaunes**, **Picard** and **Europcar**. Calyon provides a full range of financing products and services, including senior and mezzanine debt and high-yield bonds.

2006 was another record year for LBOs in France in terms of both the number of deals and total funds raised. Under highly favorable market conditions, Calyon succeeded in closing 27 deals for a total of EUR 6 billion, accounting for 18% of the French market according to *Dealogic*.

Elsewhere in Europe, Calyon was also the Mandated Lead Arranger in many large deals including Ferrovial's acquisition of **BAA**, the refinancing of **Fiat Avio** in Italy and the **Iglo-Birds Eye** acquisition in the United Kingdom.

With its dedicated organisation for following financial sponsors, in 2007 Calyon wants to increase its share of the financing market, a key segment for relationships with financial sponsors while offering a complete range of services including fund-raising, M&A, ECM and financing.

Calyon is actively positioned in **telecom finance** on all five continents and has specialised units in the main financial markets. As in previous years, in 2006 Calyon was ranked the **sixth Bookrunner for the Europe, Middle East and Africa (EMEA) region by Dealogic**.

Calyon recorded exceptional growth in this area last year thanks to its financing of acquisitions such as **Softbank's** takeover of **Vodafone Japan** and the purchase of **TeleDanemark** by buyout funds. Calyon was also involved in the consolidation in the cable industry in both Europe (**NTL** in the United Kingdom and **Ypso-Numéricable** in France) and the United States (**Time Warner Cable**).

In 2007, by increasing its product mix, Calyon will continue to be an active player in the mergers and acquisition related to the sector's ongoing global consolidation.

Calyon also maintained its position as a global leader in **project finance** and was the only bank to be ranked in the top five in all geographic regions. Its specialised and decentralised sales, origination and structuring units are based in seven regional hubs and propose a global range of advisory services and non-recourse financing in all major sectors – oil and gas, metals and mining, electricity, transportation infrastructure, water supply and treatment, industrial projects and public-private partnerships.

In 2006, Calyon was ranked the **first global Mandated Lead Arranger by Dealogic** with 51 transactions during the year and was named **Global Finance Bank of the Year by Project Finance International**. In addition it was designated **Best Arranger of Syndicated Loans for Project Finance by Euroweek**.

Calyon made significant progress in 2006 in the infrastructure sector and public-private partnerships, which has become the largest segment of the non-recourse financing market. Calyon played leading roles in deals involving **Uejongbu** in South Korea, **Reliance Petroleum** in India (named Deal of the Year by *Finance Asia* and Asia Pacific Petrochemical Deal of the Year by *Project Finance International*), the **North South Bypass Tunnel** in Australia (named Asia Pacific Infrastructure Deal of the Year by *Project Finance International*), **Optimep** and **Vinci Park** in France, the

Birmingham M6 in the United Kingdom and **Sonangol Sinopec** in Angola (named EMEA Oil & Gas Deal of the Year by *Project Finance International*). Calyon also expanded its advisory franchise with deals won from **Gazprom**, **Alcan Aramco** and **Total**.

In the coming year, Calyon will build on its areas of specialised sector expertise to further expand its presence in all of the major markets and to carve out positions in new markets such as Russia.

Calyon has unrivalled global expertise in **real estate and hotel finance**. It manages its operations in 14 countries from its base in Paris, providing financing solutions to all of the sector's players.

Last year, Calyon was ranked **first bank for real estate finance in France and Spain and fourth commercial bank worldwide** (*Euromoney's 2006 Real Estate Poll*).

Calyon also distinguished itself as Mandated Lead Manager in numerous transactions in 2006 including the **Citylife** real estate development project in Italy, the takeover of **Fairmont Hotels & Resorts Inc.** in the United States by **Colony Capital** and **Kingdom Hotels International**, the acquisition of **Hilton International** by **Hilton Hotels Corporation** in the United States and **Starwood Capital's** acquisition of **Taittinger** in France.

Calyon's success is closely linked to the broad range of solutions it provides including advisory services (for mergers and acquisitions and strategic development), debt instruments (for corporate and structured finance, asset-backed financing deals and syndications), fixed income products (swaps and derivatives) and balance-sheet and tax engineering (securitisation and deconsolidation).

In 2007, Calyon plans to develop new local operations as opportunities arise in countries with sufficiently liquid assets.

As its name indicates, **trade and commodity finance** covers the two major global businesses of financing and securing international trade and financing commodities. In these areas, Calyon is among the world's leaders. Ranked **fourth global Bookrunner in the EMEA region by Dealogic**, Calyon also won **Deal of the Year Awards** for transactions involving **Orascom Telecom in Algeria** (*Global Trade Review*), **MAV in Hungary** (*Trade Finance*) and **China Oil & Gas Fund** (*Global Trade Review and Trade Finance*).

In the coming year, Calyon will strive to develop cross-selling, for example combined export and trade loans, and will continue to expand its international operations by developing local expertise in high-growth regions and strengthening its coverage of North and South America.

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