

3Y 9% p.a. USD Sweet Reverse Convertible Note on Petroleo Brasileiro

Receive a guaranteed coupon of 9% p.a., i.e. 9% paid every year, and protect 100% of your capital if the Underlying does not decrease to a level equal to or below 80% of its initial value at maturity.

This 3-year maturity "Sweet" Reverse Convertible, denominated in USD, entitles the investor to a coupon of 9%, paid every year.

{ If the Underlying does not trade on valuation date below a level equal to 80% of its initial value, each unit will automatically be redeemed at 100% of the nominal, which means the capital will be **fully** guaranteed.

{ Otherwise, it will be redeemed automatically converted into shares. Therefore investor may lose part of its investment.

Therefore "Sweet" Reverse Convertibles are **defensive** Reverse Convertibles, with a lower risk of being redeemed at less than the invested amount.

ISSUER	:	Calyon Financial Products (Guernsey) Ltd.
GUARANTOR	:	Calyon (AA-/Aa2)
INSTRUMENT	:	Euro Medium Term Note
TRADE DATE	:	July 5 th , 2006
PAYMENT DATE	:	July 14 th , 2006
VALUATION DATE	:	July 10 th , 2009
REDEMPTION DATE	:	July 14 th , 2009
CURRENCY	:	USD
UNDERLYING	:	Petroleo Brasileiro (Bloomberg code: PBR UN)
NOMINAL	:	USD 1,000
STRIKE	:	USD 86.02
PARITY	:	1 note for 11.625203 (i.e. Nominal / PBR <i>initial</i> , USD 86.02, the strike price of the underlying on the issue Date)
ISSUE SIZE	:	USD 1,000,000 (being equal to 1,000 notes)
ISSUE PRICE	:	100% of the nominal
GUARANTEED COUPON	:	Each unit distributes 1 guaranteed coupon equal to USD 90.00 (9% p.a.) of denomination, paid every year.
CAPITAL PROTECTION	:	No
BARRIER LEVEL	:	USD 68.816 (80% of PBR <i>initial</i>)
REDEMPTION	:	At maturity, each unit will be redeemed according to PBR _{final} , the official closing price of the Underlying on Maturity Date on New York Stock Exchange: If PBR_{final} is above 80% of its initial level: redemption in cash at 100% of Denomination If PBR_{final} is at or below 80% of its initial level redemption in shares, with delivery of a number of shares according to the Parity of Conversion (with fractions paid in cash).
SECONDARY MARKET	:	CALYON will quote a Bid/Offer price with a 1% spread on Reuters & Bloomberg
QUOTATION	:	Accrued coupon / Flat price
SELLING CONDITIONS	:	This issue does not constitute a public offer of securities and has not been subject to the clearance procedures of the competent authorities. Selling restrictions: USA and other countries (refer to Pricing Supplement)
APPLICABLE LAW	:	English Law
ISIN	:	XS0260545248

IMPORTANT

These "Sweet Reverse Convertible Notes" (hereafter "the Securities") are instruments which involve an optional component intended for sale to investors who have the sufficient knowledge and experience required to make such an investment and assess risks.

The public is informed of the possibility of a payment of the principal of the Securities below the nominal amount, depending on the evolution of the underlying share. The amount paid may, depending on the performance of the underlying share or depending on the market conditions at maturity, be noticeably inferior to the amount invested originally.

Before making an investment decision, you may refer to the information set out in the sales prospectus.

Consequently, any investor who purchases or sells Securities is deemed to understand and assess the terms, conditions and risks attached to Securities.

Each of CALYON Financial Products (Guernsey) Limited, CALYON and any of their officers represents that it is not acting as adviser for such investors.

Each of them recommends to each investor to consult with its own legal, regulatory, tax, business, investment, financial and accounting advisors to the extent it has deemed necessary.

This issue does not constitute a public offer of securities in the United States."