OFFERING CIRCULAR SUPPLEMENT January 26, 2007
(To Offering Circular dated July 19, 2006)

U.S.$1,178,000
CALYON
14.00% Reverse Convertible Notes due January 31, 2008, Series 2006-23
Payment of all amounts due and payable under the Notes unconditionally and irrevocably guaranteed by Calyon New York Branch
Structured U.S. Medium-Term Note Program

The Notes offered will have the terms described in this Offering Circular Supplement and the Offering Circular. Terms used but not defined herein are defined in the Offering Circular. To the extent any information in this Offering Circular Supplement is inconsistent with the Offering Circular, you should rely on the information in this Offering Circular Supplement.

Issuer:	Calyon
Guarantor:	The payments of all amounts due and payable under the Notes will be unconditionally and irrevocably guaranteed by Calyon, acting through its New York Branch (the "Guarantor").
Issue Date:	January 31, 2007
Maturity Date:	January 31, 2008
Reference Shares; Reference Issuer:	The common stock of Arch Coal, Inc. (NYSE: ACI) (the "Reference Issuer").
Redemption Amount:	At maturity, for each Note you will receive 100% of the principal amount of the Note unless: (a) the Closing Price (as defined below) of the Reference Shares on the Valuation Date (the "Final Share Price") is less than the Initial Share Price; and (b) the Closing Price of the Reference Shares on any Scheduled Trading Day (as defined below) from the Initial Fixing Date to, and including, the Valuation Date (the "Observation Period") is less than or equal to the Barrier Price. If the conditions described in both (a) and (b) occur, at maturity you will receive for each Note, instead of 100% of the principal amount of the Note, the number of Reference Shares equal to the Physical Delivery Amount. Fractional shares for each Note will be paid in cash in an amount equal to the Fractional Share Amount. **The market value of the Physical Delivery Amount and Fractional Share Amount will be less than 100% of the principal amount of the Note, and may be zero.**
Valuation Date:	January 28, 2008, subject to adjustment as described herein.
Initial Share Price:	U.S.$29.31, the price of the Reference Shares determined on the Initial Fixing Date. Please note that the Initial Share Price may not equal the Closing Price of the Reference Shares on the Initial Fixing Date.
Initial Fixing Date:	January 26, 2007
Barrier Price:	U.S.$21.98, which equals 75.00% of the Initial Share Price.
Physical Delivery Amount:	34 Reference Shares, which equals 100% of the principal amount of the Note divided by the Initial Share Price, rounded down to the nearest whole number.
Fractional Share Amount:	An amount in cash equal to the product of 0.118048 (representing the fractional shares) times (ii) the Final Share Price, rounded down to the nearest cent.
Coupon; Coupon Payment Date:	On the last calendar day of each month, commencing on February 28, 2007 and ending on the Maturity Date (each, a "Coupon Payment Date"), a Coupon will be paid on each Note in an amount equal to the product of (i) the denomination of the Note times (ii) 14.00% per annum, (the "Coupon Rate"), calculated on the basis of a 360-day year consisting of twelve 30-day months.
Denominations:	The Notes are issuable only in minimum denominations of $1,000 and integral multiples in excess thereof.
Ratings:	Standard & Poor's, a division of The McGraw-Hill Companies, Inc., has given the Structured U.S. Medium-Term Note Program (the "Program") a rating of "AA-/A-1+". Moody's Investors Services, Inc. has given the Program a rating of "Aa2/P1". These credit ratings relate only to the creditworthiness of the Issuer and the Guarantor, do not affect or enhance the performance of the Notes and are not indicative of the risks associated with the Notes.
CUSIP:	13170KAD4

You should read the more detailed description of the Notes in this Offering Circular Supplement and in the Offering Circular.

INVESTING IN THE NOTES INVOLVES CERTAIN RISKS. YOU SHOULD CAREFULLY CONSIDER THE INFORMATION SET FORTH UNDER "*RISK FACTORS*" HEREIN BEGINNING ON PAGE S-4 AND IN THE OFFERING CIRCULAR BEGINNING ON PAGE 7 THEREIN.

The Notes and the Guarantee are not required to be, and have not been, registered under the Securities Act of 1933, as amended (the "Securities Act") or the state securities laws of any state of the United States or the securities laws of any other jurisdiction. The Notes are being offered pursuant to an exemption from registration provided by Section 3(a)(2) of the Securities Act.

The Notes have not been registered with, recommended, approved or disapproved by the Securities and Exchange Commission (the "Commission") or any other federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not passed upon the accuracy or determined the adequacy of this Offering Circular Supplement or the Offering Circular. Any representation to the contrary is a criminal offense.

The Notes and the Guarantee are not bank deposits and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency or entity.

OFFERING PRICE: U.S.$ 1,000 PER NOTE

The Issuer has appointed Calyon Securities (USA) Inc. ("Calyon Securities") as the initial Dealer for the sale of the Notes. The initial Dealer has arranged for the sales of the Notes through other registered broker-dealers (collectively, the "Dealers") and the Dealers will receive a commission of up to 3.00% of the aggregate principal amount of the Notes being sold by the Issuer as a result of the services of the Dealers.

The Notes are expected to be delivered through the facilities of The Depository Trust Company on or about the Issue Date.

CALYON SECURITIES (USA) INC. (USA) INC.

The information contained in this Offering Circular Supplement and the Offering Circular was obtained from the Issuer and other sources that the Issuer believes to be reliable, but no assurance can be given as to the accuracy or completeness of such information. In making an investment decision, you must rely on your own examination of the Issuer, the Guarantor and the terms of the offering, including the merits and risks involved. The contents of this Offering Circular Supplement and the Offering Circular are not to be construed as legal, business or tax advice. You should consult your own attorney, business advisor or tax advisor for legal, business or tax advice.

Neither the delivery of this Offering Circular Supplement or the Offering Circular nor the offering, sale or delivery of any Note shall create any implication that the information contained herein or in the Offering Circular is correct at any time after the respective dates hereof and of the Offering Circular or that there has been no change in the Issuer's, the Guarantor's or Reference Issuer's business, financial condition, results of operations or prospects since the date hereof and thereof. The Dealers expressly do not undertake to review the financial conditions or affairs of the Issuer, the Guarantor or the Reference Issuer during the life of the Program or to advise any investor in the Notes of any information coming to their attention.

All inquiries relating to this Offering Circular Supplement and the Offering Circular and the offering contemplated herein should be directed to Calyon Securities (USA) Inc. or any of the other Dealers. You may obtain additional information from the Issuer or the Guarantor that you may reasonably require in connection with your decision to purchase any of the Notes.

Each purchaser of the Notes from the Dealers will be furnished a copy of this Offering Circular Supplement and the Offering Circular and any related amendments or supplements to this Offering Circular Supplement and the accompanying Offering Circular. By receiving this Offering Circular Supplement and the accompanying Offering Circular you acknowledge that (i) you have been afforded an opportunity to request from the Issuer and the Guarantor, and have received, all additional information you consider to be necessary to verify the accuracy and completeness of the information herein and in such Offering Circular, (ii) you have reviewed all additional information you consider to be necessary to verify the accuracy and completeness of the information herein and in such Offering Circular, (iii) you have not relied on the Dealers or any person affiliated with the Dealers in connection with your investigation of the accuracy of such information or your investment decision and in this Offering Circular Supplement and the Offering Circular and (iv) except as provided pursuant to clause (i) above, no person has been authorized to give any information or to make any representation concerning the Notes offered hereby other than those contained herein and in the Offering Circular and, if given or made, such other information or representation should not be relied upon as having been authorized by the Issuer, the Guarantor or the Dealers.

No Dealer has independently verified the information contained herein or in the Offering Circular. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by any Dealer as to the accuracy or completeness of the information contained or incorporated in this Offering Circular Supplement, the Offering Circular or any other information provided by the Issuer or the Guarantor in connection with the Program.

Each purchaser of the Notes should have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of investing in and holding the Notes. Investments in the Notes should only be made by purchasers who are able and prepared to bear the substantial risks of investment herein. In making an investment decision, the purchaser must rely on its own examination of the Issuer, the Guarantor, the Reference Issuer, the terms of the Notes and the offering, including the merits and risks involved. The Notes are not appropriate for all investors and involve important legal and tax consequences and investment risks that should be discussed by purchasers with their professional advisors. By accepting delivery of this Offering Circular Supplement and the Offering Circular, prospective purchasers will be deemed to have acknowledged the need to conduct their own investigation and to exercise their own due diligence before considering an investment in the Notes.

It is not possible to predict whether the Notes will trade in a secondary market or, if they do, whether such market will be liquid or illiquid. Calyon Securities (USA) Inc. (or an affiliate of Calyon Securities (USA) Inc.) reserves the right from time to time to enter into agreements with one or more of the holders of the Notes to provide a market for the Notes but is not obligated to do so or to make any market for the Notes.

Each Note will be represented initially by a global Note (a "Global Note") registered in the name of a nominee of The Depository Trust Company (together with any successor, "DTC"). Beneficial interests in Global Notes

represented by a global security will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its participants. Global Notes will not be issuable in definitive form, except under the circumstances described under "*Book Entry Procedure*" in the Offering Circular.

The distribution of this Offering Circular Supplement and the Offering Circular and the offer, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular Supplement and the accompanying Offering Circular may come are required to inform themselves about and to observe any such restrictions. The Issuer, Guarantor and Dealers do not represent that this Offering Circular Supplement or the Offering Circular may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any application registration or other requirement in any such jurisdiction, or pursuant to an exemption available thereunder, nor do they assume any responsibility for facilitating any such distribution or offering. This Offering Circular Supplement and the Offering Circular do not constitute an offer to sell or the solicitation of an offer to buy the Notes in any jurisdiction in which such offer or solicitation is unlawful.

Any reproduction or distribution of this Offering Circular Supplement or the Offering Circular, in whole or in part, or any disclosure of its contents or use of any of its information for purposes other than evaluating a purchase of the Notes is prohibited without the express prior written consent of the Issuer.

The Issuer, the Guarantor and the Dealers reserve the right to withdraw, cancel or modify the offering of the Notes described herein, reject any orders in whole or in part and sell less than the aggregate principal amount of Notes issued hereby.

IRS CIRCULAR 230 NOTICE

THIS OFFERING CIRCULAR SUPPLEMENT WAS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF AVOIDING U.S. FEDERAL, STATE OR LOCAL TAX PENALTIES. THIS OFFERING CIRCULAR SUPPLEMENT WAS WRITTEN AND PROVIDED BY THE ISSUER IN CONNECTION WITH THE PROMOTION OR MARKETING BY THE ISSUER AND/OR DEALERS OF THE NOTES. EACH PROSPECTIVE INVESTOR SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

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SUMMARY

The following summary highlights selected information from this Offering Circular Supplement and the accompanying Offering Circular and is qualified in its entirety by the detailed information contained elsewhere in this Offering Circular Supplement and the Offering Circular. You should carefully read the entire Offering Circular Supplement and the Offering Circular to fully understand the terms of the Notes, certain information regarding the Reference Shares and other considerations that are important in making a decision about whether to invest in the Notes. In particular, you should carefully review the section entitled "Risk Factors" herein which highlights certain risks to determine whether an investment in the Notes is appropriate.

What are the Notes?

The Notes are a series of direct, unconditional, unsecured and unsubordinated obligations of the Issuer and the payments of all amounts due and payable thereunder are guaranteed by the Guarantor. The Notes will rank *pari passu* with all other direct, unconditional, unsecured and unsubordinated obligations of the Issuer, except for obligations given priority by law. The Guarantee will rank *pari passu* with all other direct, unconditional, unsecured and unsubordinated obligations of the Guarantor, except for obligations given priority by law. The Notes will mature on the Maturity Date set forth on the front cover, subject to adjustments as described herein in the event of a Disrupted Day. The Notes are not redeemable by you or the Issuer prior to the Maturity Date.

The Notes pay a Coupon on each Coupon Payment Date set forth on the front cover. See "*Description of the Notes – Coupon Payment*" for more details.

The Notes will be issued in minimum denominations of U.S.$1,000 and integral multiples in excess thereof. The minimum investment in the Notes is U.S.$1,000 (one Note), with amounts in excess thereof in integral multiples of U.S.$1,000. Any Dealer may set its own minimum amount for the purchase of Notes in excess that amount. The Notes may only be transferred in amounts of U.S. $1,000 (one Note) or greater and the transferor shall hold at least $1,000 (one Note) after any transfer or shall have transferred all of its Notes.

Each Note will be represented initially by a global Note (a "Global Note") registered in the name of a nominee of The Depository Trust Company (together with any successor, "DTC"). Beneficial interests in Global Notes will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its participants. Global Notes will not be issuable in definitive form, except under the circumstances described under "*Book Entry Procedure*" in the Offering Circular.

What Will I Receive at Maturity?

At maturity, the amount you will receive for each Note will be the Redemption Amount, which equals 100% of the principal amount of the Note unless:

(a) the Closing Price (as defined below) of the Reference Shares on the Valuation Date (the "Final Share Price") is less than the Initial Share Price; and

(b) the Closing Price of the Reference Shares on any Scheduled Trading Day (as defined below) from the Initial Fixing Date to, and including, the Valuation Date (the "Observation Period") is less than or equal to the Barrier Price.

If the conditions described in both (a) and (b) occur, at maturity you will receive for each Note, instead of 100% of the principal amount of the Note, the number of Reference Shares equal to the Physical Delivery Amount. The Physical Delivery Amount equals 100% of the principal amount of the Note divided by the Initial Share Price, rounded down to the nearest whole number (the amount by which such quotient is rounded down is the "Fractional Share"). Fractional Shares for each Note will be paid in cash in an amount equal to the Fractional Share Amount. The Fractional Share Amount equals the product of (i) the Fractional Share times (ii) the Final Share Price, rounded down to the nearest cent. Because the Maturity Date is also the final Coupon Payment Date, you will also receive a Coupon on the Maturity Date as described below. **If you are to receive the Physical Delivery Amount, the market value of the Reference Shares you receive at maturity will be less than 100% of the principal amount of your Notes and may be zero. Accordingly, you may lose the entire principal amount of your Notes.**

The Issuer may, under certain circumstances to be determined in its sole discretion, pay investors, in lieu of the Physical Delivery Amount, the cash equivalent of such shares with a per share price equal to the Final Share Price. However, the Issuer currently expects to deliver the Physical Delivery Amount and not cash in lieu of the Physical Delivery Amount.

Market Disruption

If the Valuation Date is not a Scheduled Trading Day (as defined below), the Closing Price of the Reference Shares will be determined on the first following day that is a Scheduled Trading Day. To the extent a Disrupted Day (as defined below) exists on a day on which the Final Share Price is to be determined, the Closing Price of the Reference Shares will be determined on the first following Scheduled Trading Day on which a Disrupted Day does not exist with respect to the Reference Shares, provided that if a Disrupted Day exists on eight consecutive Scheduled Trading Days, the eighth Scheduled Trading Day shall be the Valuation Date, and the Calculation Agent shall determine the Final Share Price on such date in good faith and in its sole discretion. In the event that the Valuation Date is postponed, the Maturity Date shall also be postponed to the fourth Business Day (as defined below) following the postponed Valuation Date.

Will There Be Coupon Payments?

On each Coupon Payment Date, you will receive a Coupon. The Coupon paid on each Note will equal the product of (i) the denomination of the Note times (ii) the Coupon Rate. The Calculation Agent will calculate the Coupon for each Coupon Payment Date on the basis of a 360-day year consisting of twelve 30-day months. The Coupon payable on the Notes will be the interest accrued from and including the Issue Date (or the previous applicable Coupon Payment Date) to but excluding the applicable Coupon Payment Date. Any Coupon payable on the Notes that would otherwise be due on a day that is not a Business Day may instead be paid on the next day that is a Business Day, unless that day falls in the next calendar month, in which case the applicable Coupon Payment Date will be the first preceding day that is a Business Day. The Coupon will be payable on each Coupon Payment Date in arrears.

Does the Issuer Have the Ability to Call the Notes Prior to the Maturity Date?

The Notes are not subject to redemption at the option of the Issuer.

Does the Holder of the Note Have the Ability to Put Its Notes Prior to the Maturity Date?

The Notes are not subject to redemption at the option of the holder of the Notes.

Who Should Consider Purchasing the Notes?

The Notes are designed for investors who seek a potential return greater than that for ordinary debt securities, that are willing to accept the risk of investing in equities in general and the Reference Shares in particular and that believe that the price of the Reference Shares will (i) remain unchanged (ii) increase only to a limited degree or (iii) not decrease below the Barrier Price during the term of the Notes. Unlike ordinary debt securities, the Notes do not guarantee any return of principal at maturity. Therefore, the Notes are designed for investors that are willing to forego any principal protection on their Notes. If the Final Share Price is less than the Initial Share Price and the Closing Price of the Reference Shares was less than or equal to the Barrier Price on any Scheduled Trading Day during the Observation Period, investors may lose up to their entire investment in the Notes, other than the Coupon payments. Also, investors should realize that even if the value of the Reference Shares increases relative to the Initial Share Price, the return on a Note will not reflect the value of the Reference Shares in excess of the Initial Share Price.

What are the Reference Shares and How Have They Performed Historically?

For a description of the Reference Shares, see Annex A to this Offering Circular Supplement. Annex A hereto also contains historical data regarding the Reference Shares. The tables in Annex A specifically show the highest and lowest closing prices, as well as end-of-quarter prices, of the Reference Shares for each quarter since 2004, as well as a hypothetical illustration of the Notes containing the Redemption Amount, any Coupon and the total return on the Notes based on the hypothetical performance of the Reference Shares during the Observation Period. **This information has been provided to help you evaluate the behavior of the Notes in various economic environments; however, past performance is not necessarily indicative of how the Reference Shares will perform in the future**. For more information, see "*Risk Factors – Risks Relating to the Reference Shares*."

How Does an Investment in the Notes Differ From an Investment in the Reference Shares?

By investing in the Notes you will assume the risk that the Final Share Price of the Reference Shares may fall below the Initial Share Price on the Valuation Date and the Closing Price may equal or fall below the Barrier Price on any Scheduled Trading Day during the Observation Period, resulting in the Redemption Amount being less than 100% of the principal amount of the Notes. Therefore, as for an investment in the Reference Shares, you will be exposed to the risk of the decline in the price of the Reference Shares during the term of the Notes. However, unlike an investment in the Reference Shares, you will not be entitled to benefit from any increase in the value of the Reference Shares over the Initial Share Price and you will only be entitled to receive 100% of the principal amount of your Notes at maturity in addition to any Coupon payments. In addition, you will not be a beneficial owner of the Reference Shares and therefore will not be entitled to receive any dividends or similar amounts paid on the Reference Share and you will also not be entitled to any voting rights or other control rights that holders of the Reference Shares may have with respect to the Reference Issuer. Instead, you will be receiving a higher Coupon than would generally be paid on Notes of the Issuer or an issuer with a comparable credit rating.

The Reference Issuer is not an affiliate of the Issuer and is not involved in this offering in any way. The obligations represented by the Notes are debt obligations of the Issuer and the Guarantor described below and are not obligations of the Reference Issuer.

What are the Tax Consequences of Purchasing the Notes?

See "*U.S. Federal Income Tax Considerations*" in the Offering Circular and "*Certain U.S. Federal Income Tax Considerations*" herein for a discussion of the tax consequences of purchasing the Notes.

What About Liquidity and Will the Notes be Listed?

The Notes are most suitable for purchase and holding until the Maturity Date. The Notes will not be listed on any U.S. securities exchange or quotation system. It is impossible to determine whether a secondary market for the Notes will develop or that, if it develops, such market will prove to be liquid or illiquid. While Calyon Securities (USA) Inc. (or an affiliate of Calyon Securities (USA) Inc.) intends to make a market in the Notes, under ordinary market conditions, for some or all of the period during which the Notes are outstanding, it is not required to make a market. If Calyon Securities (USA) Inc. (or an affiliate of Calyon Securities (USA) Inc.) does choose to make a market, it may discontinue making a market at any time without notice. For more information, see "*Risk Factors – Potential Illiquidity of Secondary Market*" and "*Plan of Distribution*" below.

Are There Risks Associated With an Investment in the Notes?

Yes. Please review the sections "*Risk Factors*" in this Offering Circular Supplement and "*Risk Factors*" in the Offering Circular for risks associated with an investment in the Notes.

RISK FACTORS

An investment in the Notes involves a number of risks not associated with similar investments in a conventional debt security. You should carefully consider all of the information below and in the section "Risk Factors" in the Offering Circular regarding these risks, together with the other information in this Offering Circular Supplement and the Offering Circular before investing in the Notes. These Risk Factors and any applicable Risk Factors in the Offering Circular do not disclose all possible risks associated with an investment in the Notes, and additional risks may arise after the date of this Offering Circular Supplement.

Your Investment in the Notes May Result in a Loss.

The Notes do not guarantee any return of principal. Your return of principal is not protected. If the Final Share Price declines from the Initial Share Price and the Closing Price of the Reference Stock during the Observation Period has declined, as compared to the Initial Share Price, to or below the Barrier Price, you will receive at maturity a number of Reference Shares equal to the Physical Delivery Amount and you will also receive the Fractional Share Amount. **If you are to receive the Physical Delivery Amount, the market value of the Reference Shares you receive at maturity will be less than 100% of the principal amount of your Notes and may be zero. Accordingly, you may lose the entire principal amount of your Notes.**

Because You Will Not Benefit From Any Appreciation in the Reference Shares Above the Initial Share Price, You Will Not Receive More Than Your Principal Amount at Maturity.

At maturity, you will receive no more than 100% of the principal amount of your Notes plus the final Coupon payment, and the total payment you receive over the term of the Notes will not exceed 100% of the principal amount of your Notes plus the Coupons. Accordingly, if the Final Share Price exceeds the Initial Share Price, for each $1,000 principal amount of Notes, you will not receive a total payment over the term of the Notes of more than 100% of the principal amount plus the Coupon payments as specified herein, regardless of any appreciation in the value of the Reference Shares.

No Beneficial Interest in the Reference Shares.

You will not be a beneficial owner of the Reference Shares and therefore will not be entitled to receive any dividends or similar amounts paid on the Reference Shares. Moreover, you will not be entitled to any voting rights or other control rights that holders of the Reference Shares may have with respect to the Reference Issuer. The Redemption Amount does not reflect the payment of dividends on the Reference Shares. The return on the Notes will not reflect the return you would realize if you actually owned the Reference Shares and received dividends, if any, paid on those securities.

Your Yield May Be Lower Than the Yield on Other Debt Securities of Comparable Maturity.

The yield that you will receive on your Notes may be less than the return you could earn on other investments. Your yield may be less than the yield you would earn if you bought a traditional interest bearing debt security with the same stated Maturity Date, including those of the Issuer. Your investment may not reflect the full opportunity cost to you when you take into account factors that affect the time value of money.

There is Limited Antidilution Protection.

The Calculation Agent will adjust the Initial Share Price, the Physical Delivery Amount, the Fractional Share Amount, the Barrier Price or any other variable (or combination thereof) for stock splits, reverse stock splits, stock dividends, extraordinary dividends and other corporate events that affect capital structure of the Reference Issuer, but only in the situations and in the manner described in "*Description of the Notes – Antidilution Adjustments*". The Calculation Agent is not required to make an adjustment for every corporate event that may affect the Reference Shares. Those events or other actions by the Reference Issuer or a third party may nevertheless adversely affect the Closing Price of the Reference Shares and, therefore, adversely affect the value of the Notes. The Reference Issuer or a third party could make an offering or exchange offer, or the Reference Issuer could take any other action, that adversely affects the value of the Reference Shares and the Notes but does not result in an adjustment. Furthermore, some corporate events may lead to an acceleration of the Maturity Date.

Risks Relating to the Reference Shares.

The Notes are subject to the risks of any investment in shares of a company, including the risk that general prices of the share prices may decline. The future performance of the Reference Shares can not be predicted based on their historical performance. The Closing Price of the Reference Shares will be influenced by both complex and interrelated political, economic, financial and other factors that can affect the capital markets generally and the equity trading markets on which the Reference Shares are traded, and the various circumstances that can influence the Closing Price of the Reference Shares in a specific market segment. It is impossible to predict what effect these factors will have on the value of the Reference Shares and thus, the return on the Notes.

The Issuer Has No Affiliation with the Reference Issuer.

The Reference Issuer is not an affiliate of the Issuer and is not involved in the offering of the Notes in any way. Consequently, we have no control of the actions of the Reference Issuer, including any corporate actions of the type that would require the Calculation Agent to adjust the payment to you at maturity. The Reference Issuer has no obligation to consider your interest as an investor in the Notes in taking any corporate actions that might affect the value of your Notes and may take actions that could adversely affect the value of the Notes. None of the money you pay for the Notes will go to the Reference Issuer.

We Cannot Assure You that the Public Information Provided on the Reference Issuer is Accurate or Complete.

All disclosures contained herein regarding the Reference Issuer and the Reference Shares are derived from publicly available documents and other publicly available information. Neither the Issuer nor the Dealers have participated in the preparation of such documents or made any due diligence inquiry with respect to the Reference Issuer in connection with the offering of the Notes. Neither the Issuer nor the Dealers make any representation that such publicly available documents or any other publicly available information regarding the Reference Issuer are accurate or complete, and are not responsible for public disclosure of information by the Reference Issuer, whether contained in filings with the Securities and Exchange Commission or otherwise. Furthermore, neither the Issuer nor the Dealers can give any assurance that all events occurring prior to the date of this Offering Circular Supplement, including events that would affect the accuracy or completeness of the public filings of the Reference Issuer or the Closing Price of the Reference Shares, will have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning the Reference Issuer could affect the amount you will receive at maturity of the Notes and, therefore, the trading value of the Notes. Neither the Issuer nor the Dealers have any obligation to disclose any information about the Reference Issuer or the Reference Shares after the date of this Offering Circular Supplement. Any prospective purchaser of the Notes should undertake an independent investigation of the Reference Issuer as in its judgment is appropriate to make an informed decision with respect to an investment in the Notes.

Historical Performance Of The Reference Shares Does Not Guarantee Future Performance.

Although the Reference Shares have a trading history, historical performance of the Reference Shares does not guarantee the future performance of the Reference Shares and it is impossible to predict whether the value of the Reference Shares will rise or fall during the term of the Notes.

The Notes are Designed to be Held to Maturity.

The Notes are not designed to be trading instruments. The price at which you will be able to sell your Notes prior to maturity, if at all, may be at a substantial discount from the principal amount of the Notes, even in cases where the Reference Shares have appreciated since the date of the issuance of Notes.

Potential Illiquidity of the Secondary Market.

The Notes are most suitable for purchase and holding until maturity. The Notes will be new securities for which currently there is no trading market. The Issuer does not intend to apply for listing of the Notes on any securities exchange, for quotation through the Nasdaq Stock Market System or for trading in the PORTAL market. The Issuer cannot assure you whether there will be a secondary market in the Notes or, if there were to be such a secondary market, that it would be liquid. In addition, the Issuer may issue the Notes in a larger aggregate principal amount than it is able to sell initially in an offering. Any such additional Notes could be held by the initial purchasers or one or more of their affiliates indefinitely, or subsequently sold to investors or surrendered to the Issuer for cancellation. A reduction in the aggregate amount of the Notes actually sold to investors could decrease the liquidity of any secondary market for the Notes. If the secondary market for the Notes is limited, there may be few or no buyers if a holder decides to sell its Notes before maturity. This may affect the amount, if any, received by such holder. Calyon Securities (USA) Inc. (or an affiliate of Calyon Securities (USA) Inc.) reserves the right from time to time to enter into agreements with one or more holders of Notes to provide a market for the Notes but is not obligated to do so or to make any market for the Notes.

Trading Value of the Notes Influenced By Unpredictable Factors.

We believe that the value of the Notes prior to maturity is expected to depend primarily on the relative performance of the Reference Shares and various other factors that interrelate in complex ways, including interest rates and the volatility of the Reference Shares. The effect of one factor may offset or magnify a change in the trading value of the Notes caused by another factor. The price at which you will be able to sell the Notes prior to maturity may be at a discount, which could be substantial, from the principal amount thereof, based upon one or more of the factors described below. The following paragraphs describe the expected impact on the trading value of the Notes given a change in a specific factor, assuming all other conditions remain constant.

Closing Price of the Reference Shares. The Issuer believes that the market value of the Notes will likely depend substantially on the performance of the Reference Shares achieved through the time of the secondary market sale. If at any time the Closing Price of the Reference Shares has declined relative to its Initial Share Price (particularly if it is at or below the Barrier Price), the secondary market price at which the Notes will trade is likely to be limited, especially when the trading price for the Reference Shares is currently less than the Initial Share Price. Where the Redemption Amount achieved from the Issue Date through the time of the secondary market sale would result in delivery of (based upon an application of the methodology for calculating the Redemption Amount which is substantially the same as that which would be used for calculating the Redemption Amount on the Valuation Date) 100% of the principal amount of the Notes, an investor selling its Notes under such circumstances may receive an amount that reflects substantially less than the full amount of its principal investment because of the expectation that the Closing Price of the Reference Shares will decline (especially if the expectation is that the Closing Price of the Reference Shares will decline to or below the Barrier Price) until scheduled maturity. If an investor decides to sell its Notes when the Redemption Amount achieved through the time of the secondary market sale would result in delivery of (based upon an application of the methodology for calculating the Redemption Amount which is substantially the same as that which would be used for calculating the Redemption Amount on the Valuation Date) the Physical Delivery Amount, such investor may receive less than the initial principal amount for each Note.

Interest Rates. We expect that the trading value of the Notes will be affected by changes in interest rates as the Notes contain a bond component. In general, if U.S. interest rates increase, the trading value of the Notes may be adversely affected.

Volatility of the Reference Shares. Volatility is the term used to describe the size and frequency of market fluctuations. If the volatility of the Closing Price for the Reference Shares increases or decreases, the trading value of the Notes may be affected.

Dividend Yields. We expect that if dividends yields on the Reference Shares increase, the trading value of the Notes may be adversely affected as the Notes do not incorporate the value of such payments.

Credit Ratings. Actual or anticipated changes in the credit rating, financial conditions or results of the Issuer or Guarantor may affect the trading value of the Notes.

Economic, Financial, Political and Judicial Events. Economic, financial, political and judicial events may affect the Reference Issuer, interest rates, the Issuer or the Guarantor generally and therefore affect the trading value of the Notes.

The Inclusion of Commissions and Projected Profit from Hedging in the Original Price of the Notes. The price, if any, at which Calyon Securities (USA) Inc. is willing to purchase the Notes in secondary market transactions will likely be lower than the original price of the Notes, since the original price included, and secondary market prices are likely to exclude, commissions paid with respect to the Notes, as well as the projected profit included in the cost of hedging the Issuer's obligations under the Notes. In addition, any such prices may differ from values determined by pricing models used by Calyon Securities (USA) Inc. as a result of dealer discounts, mark-ups or other transaction costs.

Secondary Market Note Value. Investors should understand that any market-making price quoted by Calyon Securities (USA) Inc. will be net of all or a portion of the commission paid to the Dealers.

If you sell your Notes prior to maturity, you may have to sell them at a substantial discount from their principal amount if the Closing Price of the Reference Shares is less than the Initial Share Price and particularly if the Closing Price of the Reference Shares was at or below the Barrier Price at any time from the Initial Fixing Date to the date of such sale.

Hedging Activities.

On or prior to the Issue Date, the Issuer or one of its affiliates may hedge some or all of its anticipated exposure in connection with the Notes by taking or modifying positions in the Reference Shares, exchange traded and over the counter options on the Reference Shares, or futures contracts on the Reference Shares and options on such futures contracts or by taking positions in any other instruments that it may wish to use in connection with such hedging. The Issuer or one of its affiliates is likely to modify its hedge position throughout the life of the Notes, including on the Valuation Date, by purchasing and selling the securities and instruments listed above and other available securities and instruments. The Issuer and its affiliates may also from time to time buy or sell the Reference Shares or derivative instruments related to the Reference Shares in connection with their normal business practices. Although the Issuer and Calyon Securities (USA) Inc. do not believe that such activities will have a material impact on the price of such options, stocks, futures contracts, and options on futures contracts or on the value of the Reference Shares, there can be no assurance that the Issuer or its affiliates will not affect such prices as a result of such activities.

Certain Business Activities May Create Conflicts of Interest with Holders.

The Issuer or one or more of its affiliates may trade the Reference Shares and/or stocks and other financial instruments relating to the Reference Shares that are not for Noteholders' accounts or on the behalf of Noteholders. These trading activities may present a conflict of interest between a Holder's interest in the Notes and the interests that the Issuer and its affiliates may have in their proprietary account. In addition, the Issuer or one or more of its affiliates, at present or in the future, may engage in business activities with the Reference Issuer and/or its affiliates. Such business activities may include, but shall not be limited to, advisory services, prime brokerage business, financing transactions or the entry into derivative transactions. In the course of these business activities, the Issuer and/or its affiliates may receive information about the Reference Issuer that will not be divulged to Noteholders or other third parties. Any of these trading and/or business activities may affect value of the Reference Shares and thus could be adverse to a Noteholder's return on the Notes.

Issuer and Guarantor Credit Risk

Investors are subject to the credit risk of the Issuer and Guarantor. The credit ratings assigned to the Program relate to the creditworthiness of the Issuer and Guarantor. These ratings do not affect or enhance the performance of the Notes and are not indicative of the risks associated with the Notes. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

Notes and Guarantee Not Registered Securities.

The Notes and the Guarantee are not registered under the Securities Act or under any state securities laws. Neither the Commission nor any state securities commission or regulatory authority has recommended or approved the Notes or the Guarantee, nor has any such commission or regulatory authority reviewed or passed upon the accuracy or adequacy of the Offering Circular or this Offering Circular Supplement.

Notes and Guarantee Not Insured.

The Notes and the Guarantee are not bank deposits and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency or entity.

Identity of the Issuer and Calculation Agent.

Because the Calculation Agent is the Issuer, potential conflicts of interest may exist between the Calculation Agent and you, including with respect to certain determinations and judgments that the Calculation Agent must make as provided herein and in the Offering Circular.

DESCRIPTION OF THE NOTES

The Notes will be issued pursuant to an Indenture dated as of May 5, 2006, between Calyon and The Bank of New York, as trustee (the "Indenture"). The payments of all amounts due and payable under the Notes will be unconditionally and irrevocably guaranteed by the Guarantor pursuant to the terms of a Guarantee dated as of May 5, 2006 issued by the Guarantor in regards to all series of Notes (the "Guarantee").

The following description of the Notes sets forth the terms and provisions of the Notes offered pursuant to this Offering Circular Supplement. To the extent inconsistent with the Offering Circular, the terms and conditions set forth in this Offering Circular Supplement shall replace the description contained in the Offering Circular.

The following also briefly summarizes the material provisions of the Indenture and Guarantee and does not purport to be complete. You should read the Indenture and Guarantee in their entirety, including the defined terms, for provisions that may be important to you because the Indenture and Guarantee, and not these summaries, defines your rights as a holder of the Notes issued under the Indenture. The terms of the Indenture and Guarantee are incorporated into this Offering Circular Supplement by reference. Unless otherwise specified in this Offering Circular Supplement or the Offering Circular, capitalized terms used in this summary description of the Notes have the meanings specified in the Indenture.

General

The Notes are a series of direct, unconditional, unsecured and unsubordinated obligations of the Issuer and the payments of all amounts due and payable thereunder are guaranteed by the Guarantor. The Notes will rank *pari passu* with all other direct, unconditional, unsecured and unsubordinated obligations of the Issuer, except for obligations given priority by law. The Guarantee will rank *pari passu* with all other direct, unconditional, unsecured and unsubordinated obligations of the Guarantor, except for obligations given priority by law. The Notes will mature on the Maturity Date set forth on the front cover. The Notes are not redeemable by you or the Issuer prior to the Maturity Date.

The Notes will be issued in minimum denominations of U.S.$1,000 and integral multiples in excess thereof. The minimum investment in the Notes is U.S.$1,000 (one Note), with amounts in excess thereof in integral multiples of U.S.$1,000. Any Dealer may set its own minimum amount for the purchase of Notes in excess that amount. The Notes may only be transferred in amounts of U.S. $1,000 (one Note) or greater and the transferor shall hold at least $1,000 (one Note) after any transfer or shall have transferred all of its Notes.

Each Note will be represented initially by a global Note (a "Global Note") registered in the name of a nominee of The Depository Trust Company (together with any successor, "DTC"). Beneficial interests in Global Notes will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its participants. Global Notes will not be issuable in definitive form, except under the circumstances described under "*Book Entry Procedure*" in the Offering Circular. A further description of DTC's procedures with respect to the Global Notes is set forth in the Offering Circular under "*Book Entry Procedure*".

Coupon Payments

On each Coupon Payment Date, you will receive a Coupon which will equal the product of (i) the denomination of the Note times (ii) the Coupon Rate. The Calculation Agent will calculate the Coupon for each Coupon Payment Date on the basis of a 360-day year consisting of twelve 30-day months. The Coupon payable on the Notes will be the interest accrued from and including the Issue Date (or the previous applicable Coupon Payment Date) to but excluding the applicable Coupon Payment Date. The Coupon will be payable on each Coupon Payment Date in arrears. If the Maturity Date is extended as described due to the existence of a Disrupted Day, you will not be paid any interest from the originally scheduled Maturity Date until the extended Maturity Date. In the case of an acceleration of the maturity of the Notes, interest will be paid on the Notes through and excluding the related date of accelerated payment. Any Coupon payable on the Notes that would otherwise be due on a day that is not a Business Day may instead be paid on the next day that is a Business Day, unless that day falls in the next calendar month, in which case the applicable Coupon Payment Date will be the first preceding day that is a Business Day.

The regular record date relating to a Coupon Payment Date for the Notes will be the third Business Day preceding a Coupon Payment Date, provided that for a Coupon Payment Date that is also the Maturity Date, the Coupon payable on that date will be payable to the person to whom the principal is payable. For the purpose of determining the holder at the close of business on a regular record date when business is not being conducted, the close of business will mean 5:00 p.m., New York City time, on that day.

Payment at Maturity

At maturity, whether scheduled or upon acceleration, the amount you will receive for each Note will be the Redemption Amount, which equals 100% of the principal amount of the Note unless:

(a) the Closing Price of the Reference Shares on the Valuation Date (the "Final Share Price") is less than the Initial Share Price; and

(b) the Closing Price of the Reference Shares on any Scheduled Trading Day during the Observation Period is less than or equal to the Barrier Price.

If the conditions described in both (a) and (b) occur, at maturity you will receive for each Note, instead of 100% of the principal amount of the Note, the number of Reference Shares equal to the Physical Delivery Amount. The Physical Delivery Amount equals 100% of the principal amount of the Note divided by the Initial Share Price, rounded down to the nearest whole number (the amount by which such quotient is rounded down is the "Fractional Share"). Fractional Shares for each Note will be paid in cash in an amount equal to the Fractional Share Amount. The Fractional Share Amount equals the product of (i) the Fractional Share times (ii) the Final Share Price, rounded down to the nearest cent. Because the Maturity Date is also the final Coupon Payment Date, you will also receive a Coupon on the Maturity Date as described below. **If you are to receive the Physical Delivery Amount, the market value of the Reference Shares you receive at maturity will be less than 100% of the principal amount of your Notes and may be zero. Accordingly, you may lose the entire principal amount of your Notes.**

"Closing Price" means as of any Scheduled Trading Day, (i) if the Relevant Exchange (as defined below) is the NASDAQ Stock Market ("NASDAQ"), the Closing Price of the Reference Shares will be the NASDAQ official closing price (NOCP), or (ii) if the NASDAQ is not the Relevant Exchange, the Closing Price of the Reference Shares will be the official closing price of the Reference Shares on the Relevant Exchange, in each case as of the close of the regular trading session of such exchange and as reported in the official price determination mechanism for such exchange. If the Reference Shares are not listed or traded as described above for any reason other than a Disrupted Day, then the Closing Price for the Reference Shares on any Scheduled Trading Day will be the average, as determined by the Calculation Agent, of the bid prices for the Reference Shares obtained from as many dealers in the Reference Shares selected by the Calculation Agent as will make those bid prices available to the Calculation Agent. The number of dealers need not exceed three and may include the Calculation Agent or any of its or the Issuer's affiliates.

"Business Day" means any day other than (i) a Saturday or Sunday or (ii) a day on which banking institutions in the cities of Paris, France and New York, New York are authorized or obligated by law or executive order to be closed.

Market Disruption

If the Valuation Date is not a Scheduled Trading Day (as defined below), the Closing Price of the Reference Shares will be determined on the first following day that is a Scheduled Trading Day. To the extent a Disrupted Day (as defined below) exists on a day on which the Final Share Price is to be determined, the Closing Price of the Reference Shares will be determined on the first following Scheduled Trading Day on which a Disrupted Day does not exist with respect to the Reference Shares, provided that if a Disrupted Day exists on eight consecutive Scheduled Trading Days, the eighth Scheduled Trading Day shall be the Valuation Date. The Calculation Agent shall determine the Final Share Price as of any such postponed date in good faith and in its sole discretion. In the event that the Valuation Date is postponed, the Maturity Date shall also be postponed to the fourth Business Day following the postponed Valuation Date.

A "Disrupted Day" is any Scheduled Trading Day on which a Relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred and is continuing which the Calculation Agent determines is material, where:

- "Market Disruption Event" means, with respect to the Reference Shares:
  (a) the occurrence or existence of a condition specified below at any time which the Calculation Agent determines is material:

(i) any suspension of or limitation imposed on trading by the Relevant Exchange or any Related Exchange or otherwise, and whether by reason of movements in price exceeding limits permitted by the Relevant Exchange or any Related Exchanges or otherwise, (A) relating to the Reference Shares or (B) in futures or options contracts relating to the Reference Shares, on any relevant Related Exchange; or

(ii) any event (other than an event described in (b) below) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (A) to effect transactions in, or obtain market values the Reference Shares or (B) to effect transactions in, or obtain market values for, futures or options contracts relating to the Reference Shares, on any relevant Related Exchange; or

(b) the closure on any Scheduled Trading Day of the Relevant Exchange relating the Reference Shares or any Related Exchange prior to its Scheduled Closing Time unless such earlier closing time is announced by the Relevant Exchange or such Related Exchange at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on the Relevant Exchange or such Related Exchange on such Scheduled Trading Day for the Relevant Exchange or such Related Exchange and (ii) the submission deadline for orders to be entered into the relevant exchange system for execution at the close of trading on such Scheduled Trading Day for the Relevant Exchange or such Related Exchange.

- "Related Exchange" means, with respect to the Reference Shares, each exchange or quotation system on which futures or options contracts relating to the Reference Shares are traded, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the futures or options contracts relating to Reference Shares has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to the Reference Shares on such temporary substitute exchange or quotation system as on the original Related Exchange).

- "Relevant Exchange" means the primary exchange or market of trading of Reference Shares.

- "Scheduled Closing Time" means, with respect to the Relevant Exchange or a Related Exchange, on any Scheduled Trading Day, the scheduled weekday closing time of the Relevant Exchange or such Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

- "Scheduled Trading Day" means any day on which the Relevant Exchange and each Related Exchange are scheduled to be open for trading for the Reference Shares.

Antidilution Adjustments

In the case of any Merger Event, Tender Offer, Insolvency, Delisting Event or Potential Adjustment Event (each as defined below), the Calculation Agent will adjust any or all of the Initial Share Price, the Physical Delivery Amount, the Barrier Price or any other variable relating to the Notes as described below. The adjustments described below do not cover all corporate events that could affect the value of the Notes. We describe the risks relating to corporate events above under "Risk Factors."

If one of the corporate events described below occurs, the Calculation Agent will determine whether such corporate event will have a material effect on the Reference Shares or the Notes, or in the case of a Potential Adjustment Event, whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of one Reference Share. To the extent the Calculation Agent makes such a determination, the Calculation Agent will make the adjustments and computations described below. The Calculation Agent will also determine the effective date of that adjustment, and the replacement of the Reference Shares, if applicable. Upon making any such adjustment, the Calculation Agent will give notice as soon as practicable to the Trustee, stating the adjustment made.

If more than one corporate event requiring adjustment occurs, the Calculation Agent will make such an adjustment for each event in the order in which the events occur, and on a cumulative basis. Thus, having adjusted the Initial Share Price, the Barrier Price, the Physical Delivery Amount or any other variable for the first corporate event, the Calculation Agent will adjust the appropriate variables for the second event, applying the required adjustment cumulatively.

To the extent the Calculation Agent makes an adjustment, it will make the adjustment with a view to offsetting, to the extent practical, any change in your economic position relative to the Notes that results solely from that corporate event. The Calculation Agent may, in its sole discretion, modify the antidilution adjustments as necessary to ensure an equitable result.

The following corporate events are those that may require an adjustment:

Merger Events and Tender Offers

Merger Events. A "Merger Event" shall mean, in respect of the Reference Shares, any (i) reclassification or change of such Reference Shares that results in a transfer of or an irrevocable commitment to transfer all of the outstanding Reference Shares to another person or entity, (ii) consolidation, amalgamation, merger or binding share exchange of the Reference Issuer with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Reference Issuer is the continuing entity and which does not result in a reclassification or change of all of such Reference Shares outstanding), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100% of the outstanding Reference Shares (other than such Reference Shares owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Reference Issuer or its subsidiaries with or into another entity in which the Reference Issuer is the continuing entity and which does not result in a reclassification or change of the Reference Shares outstanding but results in the outstanding Reference Shares (other than Reference Shares owned or controlled by such other entity) immediately following such event collectively representing less than 50% of the outstanding Reference Shares immediately prior to such event (a "Reverse Merger"), in each case if the closing date of the Merger Event is on or before the Valuation Date.

Tender Offers. A "Tender Offer" shall mean, in respect of the voting shares of the Reference Issuer, any takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, not less than 10% of the outstanding voting shares of the Reference Issuer as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant.

If a Merger Event or a Tender Offer occurs and the consideration for the Reference Shares consists solely of new shares that are publicly quoted, traded or listed on the New York Stock Exchange, American Stock Exchange, NASDAQ or any other exchange that is a participant in an effective national market system plan (the "New Reference Shares"), then the Reference Shares will be adjusted to comprise the number of New Reference Shares to which a holder of one Reference Share immediately prior to the occurrence of the Merger Event or Tender Offer, as the case may be, would be entitled upon consummation of such Merger Event or Tender Offer, and the Calculation Agent shall adjust any or all of the Initial Share Price, the Barrier Price, the Final Share Price, the Physical Delivery Amount or any other variable for such New Reference Shares.

If a Merger Event or a Tender Offer occurs and distributions of property, other than New Reference Shares, are made on the Reference Shares, in whole or in part, then the Calculation Agent shall accelerate the Maturity Date to the day which is four Business Days after the Approval Date (as defined below). On the Maturity Date, the Issuer shall pay to each holder of a Note the Redemption Amount and for the purposes of such calculation, the Final Share Price will be deemed to be the value of all consideration received (or that would be received) in respect of such event; the Valuation Date will be deemed to be the Approval Date. In addition, the Calculation Agent shall adjust the Redemption Amount for the value of the imbedded options that would preserve the economic equivalent of any remaining payment obligations with respect to the Notes hereunder. The "Approval Date" is the closing date of a Merger Event, or, in the case of a Tender Offer, the date on which the person or entity making the Tender Offer acquires or acquires the right to obtain the relevant percentage of the voting shares of the Reference Issuer, or if such date is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day.

Nationalization, Delisting and Insolvency

Nationalization. "Nationalization" shall mean all the assets or substantially all the assets of the Reference Issuer are nationalized, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity.

Insolvency. "Insolvency" shall mean that, by reason of the voluntary or involuntary liquidation, bankruptcy or insolvency of, or any analogous proceeding involving, the Reference Issuer, (i) any of the Reference Shares of the Reference Issuer are required to be transferred to a trustee, liquidator or other similar official or (ii) holders of any of the Reference Shares become legally prohibited from transferring the Reference Shares.

Delisting Event. A "Delisting Event" shall occur, with respect to the Reference Shares, if the Relevant Exchange announces that pursuant to the rules of the Relevant Exchange, the Reference Shares cease (or will cease) to be listed, traded or publicly quoted on the Relevant Exchange for any reason (other than a Merger Event or Tender Offer) and is not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Relevant Exchange.

If a Nationalization, Insolvency or Delisting Event relating to the Reference Shares occurs, the Calculation Agent shall accelerate the Maturity Date to the day which is four Business Days after the Announcement Date (as defined below). On the Maturity Date, the Issuer shall pay to each holder of a Note the Physical Delivery Amount and for the purposes of such calculation, the Final Share Price will be deemed to be the closing price on the Scheduled Trading Day immediately prior to the Announcement Date. In addition, the Calculation Agent shall adjust the Physical Delivery Amount for the value of the imbedded options that would preserve the economic equivalent of any remaining payment obligations with respect to the Notes hereunder. The "Announcement Date" means (i) in the case of a Nationalization, the day of the first public announcement by the relevant government authority that all or substantially all of the assets of the Reference Issuer are to be nationalized, expropriated or otherwise transferred to any governmental agency, authority or entity, (ii) in the case of a Delisting Event, the day of the first public announcement by the Relevant Exchange that the Reference Shares will cease to trade or be publicly quoted on such exchange, or (iii) in the case of an Insolvency, the day of the first public announcement of the institution of a proceeding or presentation of a petition or passing of a resolution (or other analogous procedure in any jurisdiction) that leads to an Insolvency with respect to the Reference Issuer. In the case of an acceleration of the maturity of the Notes, interest will be paid on the Notes through and excluding the related date of accelerated payment.

Potential Adjustment Events

Potential Adjustment Events. A "Potential Adjustment Event" shall mean, with respect to the Reference Shares, any of the following (i) a subdivision, consolidation or reclassification of the Reference Shares (other than a Merger Event or Tender Offer), or a free distribution or distribution of Reference Shares to existing holders by way of bonus, capitalization or similar issue; (ii) a distribution to existing holders of the Reference Shares of (A) Reference Shares, (B) other capital or securities granting the right to payment of distributions and/or proceeds of liquidation of the Reference Issuer equal, proportionate or senior to such payments to holders of such Reference Shares or (C) any other type of securities, rights or warrants or other assets, in any case for payments (cash or other) at less than the prevailing market price, as determined by the Calculation Agent; (iii) an extraordinary distribution paid by the Reference Issuer; (iv) a call by the Reference Issuer in respect of Reference Shares that are not fully paid; (v) a repurchase of Reference Shares or securities convertible into or exchangeable for Reference Shares, by the Reference Issuer whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or (vi) any other similar event that may have a diluting or concentrative effect on the theoretical value of the Reference Shares other than Insolvency, Merger Event or Tender Offer, in each case if the Potential Adjustment Event occurs before the Valuation Date.

If a Potential Adjustment Event shall occur, then the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of one Reference Share and, if so, will (i) make the corresponding adjustment(s), if any, to the Initial Share Price, the Barrier Price, the Physical Delivery Amount and any other variable (or any combination thereof) as the Calculation Agent determines appropriate to account for that diluting or concentrative effect, and (ii) determine the effective date(s) of the adjustment(s).

For the purposes of making an adjustment required by any of the foregoing corporate events, the Calculation Agent will determine the value of each type of property distributed in the distribution. If a holder of shares of the Reference Issuer elects to receive different types or combinations of types of property in the reorganization event, such property will consist of the types and amounts of each type distributed to a holder that makes no election, as determined by the Calculation Agent. The Calculation Agent will provide information about the adjustments it makes upon your written request.

Cash Equivalent In Lieu of Physical Delivery Amount

The Issuer may, under certain circumstances to be determined by, and at the sole option of, the Issuer, pay you, in lieu of the Physical Delivery Amount, the cash equivalent of such shares with a per share price equal to the Final Share Price. However, the Issuer currently expects to deliver the Physical Delivery Amount and not cash in lieu of the Physical Delivery Amount.

Optional Redemption

The Notes are not subject to redemption at the option of the Issuer or the holders of the Notes prior to maturity.

Events of Default and Acceleration

If an Event of Default (as defined in the Indenture) with respect to the Notes outstanding occurs and is continuing, either the Indenture trustee or the holders of at least 25% in aggregate principal amount of the outstanding Notes may declare the Redemption Amount and all accrued but unpaid interest on all the Notes to be due and payable immediately, by a written notice to the Issuer (and to the Indenture trustee, if given by holders), and upon such a declaration such Redemption Amount and interest shall become immediately due and payable. The Redemption Amount declared due and payable will be determined by the Calculation Agent, and the Redemption Amount will be calculated in the same general manner as described above under "*Description of the Notes – Redemption Amount*". In such case, the Scheduled Trading Day preceding the date of acceleration (or, if a Disrupted Day exists on such Scheduled Trading Day, the first following day that is a Scheduled Trading Day on which a Disrupted Day does not exist) will be used as the Valuation Date for calculating the accelerated Final Share Price (provided that if a Disrupted Day exists on eight consecutive Scheduled Trading Days, the eighth Scheduled Trading Day Shall be the Valuation Date, and the Calculation Agent shall determine the Final Share Price on such date in good faith and in its sole discretion) and the accelerated Maturity Date will be the fourth Business Day following such accelerated Valuation Date. At any time after a declaration of acceleration with respect to Notes has been made, but before a judgment or decree for payment of the money due has been obtained, the holders of a majority in principal amount of outstanding Notes may, under certain circumstances, rescind and annul the declaration and its consequences, if all Events of Default have been cured, or if permitted, waived, and all payments due (other than those due as a result of acceleration) have been made or provided for.

For a further description of Events of Default and Acceleration, see "Description of the Notes – Events of Default" in the Offering Circular.

Guarantee

The payment of all amounts due and payable under the Notes by the Issuer will be guaranteed by the Guarantor, pursuant to the Guarantee. The Guarantor's obligations under the Guarantee constitute unconditional, unsecured and unsubordinated obligations of the Guarantor and will rank *pari passu* with all present and future direct, unconditional, unsecured and unsubordinated obligations of the Guarantor, except for obligations given priority by law.

USE OF PROCEEDS AND HEDGING

The Issuer's head office or any of its branches or subsidiaries will use the net proceeds it receives from any offering of the Notes for general corporate purposes. The Issuer or one or more of its affiliates may use a portion of the proceeds from the sale of the Notes to hedge the Issuer's exposure to payments the Issuer may have to make on the Notes, including transactions with affiliated counterparties.

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

This summary supplements the discussion contained in the Offering Circular under the heading "U.S. Federal Income Tax Considerations", and should be read in conjunction therewith. To the extent any information in this Offering Circular Supplement is inconsistent with the Offering Circular, you should rely on the information in this Offering Circular Supplement.

The following summary was not intended or written to be used, and cannot be used, for the purpose of avoiding U.S. federal, state, or local tax penalties. The following summary was written in connection with the promotion or marketing of the Notes by the Issuer and/or Dealers. Each holder should seek advice based on its particular circumstances from an independent tax advisor.

The Issuer intends to treat each Note as a put option written by the holder (the "Put Option") that permits the Issuer to (1) sell the Reference Shares to the holder on the Maturity Date for an amount equal to the Deposit (as defined below), or (2) "cash settle" the Put Option (i.e., require the holder to pay the Issuer at the maturity date the difference between the Deposit and the Final Share Price), if certain conditions are satisfied, and a deposit with the Issuer of cash in an amount equal to the issue price of the Note (the "Deposit") to secure the holder's potential obligation under the Put Option as described in "U.S. Federal Income Tax Considerations – Certain Equity Securities" section in the Offering Circular. If the Issuer elects to cash settle the Put Option, a U.S. Holder should generally recognize a short-term capital gain or loss with respect to the Put Option equal to (i) the amount of cash received at maturity plus the total Put Option premium received less (ii) the amount of the Deposit, plus accrued but unpaid interest, acquisition discount, or original issue discount on the Deposit. Because the term of a Note is less than one year, the Deposit should be treated as a short-term obligation. See "U.S. Federal Income Tax Considerations – Short-Term Notes" in the Offering Circular. Although the Issuer intends to treat the Notes as described above, other treatments are possible. See "U.S. Federal Income Tax Considerations—Certain Equity Securities" in the Offering Circular.

For purposes of dividing the 14.00% stated Coupon Rate per annum on the Notes among interest on the Deposit and Put Premium, 5.32% constitutes interest on the Deposit and 8.68% constitutes premium of the Put Option.

ERISA CONSIDERATIONS

The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), imposes certain restrictions on employee benefit plans ("ERISA Plans") that are subject to ERISA and on persons who are fiduciaries with respect to such Plans. In accordance with ERISA's general fiduciary requirements, a fiduciary with respect to any such Plan who is considering the purchase of Notes on behalf of such Plan should determine whether such purchase is permitted under the governing Plan documents and is prudent and appropriate for the Plan in view of its overall investment policy and the composition and diversification of its portfolio. Other provisions of ERISA and Section 4975 of the Internal Revenue Code of 1986, as amended (the "Code") prohibit certain transactions between an ERISA Plan or other plan subject to Section 4975 of the Code (such plans and ERISA Plans, "Plans") and persons who have certain specified relationships to the Plan ("parties in interest" within the meaning of ERISA or "disqualified persons" within the meaning of Section 4975 of the Code). Thus, a Plan fiduciary considering the purchase of Notes should consider whether such a purchase might constitute or result in a prohibited transaction under ERISA or Section 4975 of the Code.

The Issuer or Dealers selling Notes may be considered a "party in interest" or a "disqualified person" with respect to many Plans. The purchase of Notes by a Plan that is subject to the fiduciary responsibility provisions of ERISA or the prohibited transaction provisions of Section 4975 of the Code (including individual retirement accounts and other plans described in Section 4975(c)(1) of the Code) and with respect to which the Issuer or the Dealers selling Notes is a party in interest or a disqualified person may constitute or result in a prohibited transaction under ERISA or Section 4975 of the Code, unless such Notes are acquired pursuant to and in accordance with an applicable exemption, such as Prohibited Transaction Class Exemption ("PTCE") 84-14 (an exemption for certain transactions determined by an independent qualified professional asset manager), PTCE 91-38 (an exemption for certain transactions involving bank collective investment finds), PTCE 95-60 (an exemption for certain transactions involving life insurance general accounts), PTCE 96-23 (an exemption for certain transactions determined by in house investment managers), or PTCE 90-1 (an exemption for certain transactions involving insurance company pooled separate accounts). By purchase of the Notes, a Plan will be deemed to represent that such purchase and the subsequent holding of the Notes will not result in a non exempt prohibited transaction. Any pension or other employee benefit plan proposing to acquire any Notes should consult with its counsel.

By its purchase of any offered Note, the purchaser or transferee thereof will be deemed to represent, on each day from the date on which the purchaser or transferee acquires the offered Note through and including the date on which the purchaser or transferee disposes of its interest in such offered Note, either that (a) it is not a Plan, an entity whose underlying assets include the assets of any Plan, or a governmental or church plan which is subject to any federal, state or local law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code or (b) its purchase, holding and disposition of such offered Note will not result in a prohibited transaction under Section 406 of ERISA or Section 4975 of the Code (or in the case of a governmental or church plan, any substantially similar federal, state or local law) unless an exemption is available with respect to such transactions and all the conditions of such exemption have been satisfied.

Any person proposing to acquire any Notes on behalf of a Plan should consult with counsel regarding the applicability of the prohibited transaction rules and the applicable exemptions thereto and all other relevant considerations.

PLAN OF DISTRIBUTION

The Notes are being offered by the Dealers, as and if issued by the Issuer. The issuance of the Notes is subject to certain conditions specified in the Distribution Agreement dated as of May 5, 2006 between the Issuer and Calyon Securities (USA) Inc. and the Selected Dealer Agreements entered into between Calyon Securities (USA) Inc. and the other Dealers.

The Dealers will receive a commission as set forth on the cover page of this Offering Circular Supplement. The Notes will initially be offered to investors at the price set forth on the cover page of this Offering Circular Supplement. The Issuer may issue the Notes in a larger principal amount than it is able to sell initially in this offering. Any such additional Notes could be held by the Dealers or one or more of their affiliates indefinitely, or subsequently sold to investors or surrendered to the Issuer for cancellation.

The Issuer has been advised by Calyon Securities (USA) Inc. that it or one of its affiliates intends, under ordinary market conditions, to make a secondary market in the Notes, but they are not obligated to do so and may discontinue making a market at any time without notice. For secondary market transactions, the bid-ask spread will likely be no greater than 1.00% of the principal balance of a Note. If Calyon Securities (USA) Inc. determines to make a market, the bid and offer prices for the Notes will be displayed on Bloomberg under the symbol CLED. Calyon Securities (USA) Inc. will determine its market making prices in its sole discretion. You should understand that any market making price quoted by Calyon Securities (USA) Inc. will be net of all or a portion of the commission paid to the Dealers. Other Dealers also may, but are not obligated to, make a market in the Notes, and any such market making may be discontinued by the other Dealers at any time without notice. This Offering Circular Supplement and the Offering Circular may be used by Calyon Securities (USA) Inc. or its affiliates in connection with offers and sales related to secondary market transactions in the Notes. Such sales, if any, will be made at prices related to prevailing prices at the time of a sale.

The Issuer will have the sole right to accept offers to purchase Notes and may reject any proposed purchase of Notes in whole or in part. Each Dealer will have the right, in its discretion reasonably exercised, to reject any proposed purchase of Notes through it in whole or in part. The Issuer has reserved the right to sell Notes through one or more other dealers or agents in addition to the Dealers and directly to investors on its own behalf in those jurisdictions where it is authorized to do so.

Each Dealer has agreed that (i) in respect of syndicated issues of Notes constituting *obligations* under French law, it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in the Republic of France (*appel public à l'épargne*) and that offers of Notes will be made in the Republic of France only to qualified investors acting for their own account in accordance with L.411-1 of the *Code monétaire et financier* and their implementing *décret* and (ii) in respect of non-syndicated issues of Notes or in respect of syndicated issues of Notes not constituting *obligations* under French law, it has not offered or sold and will not offer or sell, directly or indirectly, Notes in the Republic of France and that each subscriber of Notes will be domiciled or resident for tax purposes outside the Republic of France.

Calyon Securities (USA) Inc., the initial Dealer for the Notes offered hereby, is a subsidiary of Calyon and an affiliate of the Guarantor and the Issuer. Any distribution of the Notes offered hereby will be made in compliance with applicable provisions of rule 2720 of the National Association of Securities Dealers, Inc. (the "NASD"), which provides that, among other things, when a NASD member participates in such an offering, it may not execute transactions in any discretionary account without the prior specific written approval of the customer.

LEGAL MATTERS

Certain legal matters relating to the Notes and the Guarantee will be passed upon for the Issuer and the Guarantor by Cadwalader, Wickersham & Taft LLP, New York, New York, counsel to the Issuer and the Guarantor.

ANNEX A

DESCRIPTION OF THE REFERENCE SHARES; CERTAIN UNITED STATES TAX CONSIDERATIONS; AND SENSITIVITY ANALYSIS

DESCRIPTION OF THE REFERENCE SHARES

Neither the Issuer nor any of its affiliates assumes any responsibility for the adequacy or accuracy of the information about the Reference Issuer contained in this Offering Circular Supplement or in any publicly available filings made by the Reference Issuer. You should make your own investigation into the Reference Issuer.

Arch Coal, Inc.; Publicly Available Information

According to publicly available information, Arch Coal, Inc. (the "Company") engages in mining, processing, and marketing bituminous and sub-bituminous coal with low sulfur content in the eastern and western United States. As of December 31, 2005, the Company operated 21 active mines and controlled approximately 3.1 billion tons of proven and probable coal reserves, located in the Central Appalachia, the Powder River Basin, and the Western Bituminous regions. The Company primarily serves producers of electric power, steel producers, and industrial facilities. The Company was founded in 1969 and is headquartered in St. Louis, Missouri.

The Reference Shares are registered under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Companies with securities registered under the Exchange Act are required to file periodically certain financial and other information specified by the Commission. Information provided to or filed with the Commission can be inspected and copied at the public reference facilities maintained by the Commission at Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549 or at its Regional Offices located at Suite 1400, Citicorp Center, 500 West Madison Street, Chicago, Illinois 60661 and at the Woolworth Building, 233 Broadway, New York, New York 10279, and copies of such material can be obtained from the Public Reference Section of the Commission, 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. In addition, information provided to or filed with the Commission electronically can be accessed through a website maintained by the Commission. The address of the Commission's website is http://www.sec.gov. In addition, information regarding the Company may be obtained from other sources including, but not limited to, press releases, newspaper articles and other publicly disseminated documents. We make no representation or warranty as to the accuracy or completeness of such reports.

This Offering Circular Supplement relates only to the Notes offered hereby and does not relate to the Reference Shares or other securities of the Reference Issuer. The Issuer has derived all disclosures contained in this Offering Circular Supplement regarding the Reference Issuer from the publicly available documents described in the preceding paragraph. Neither the Issuer nor the Dealers have participated in the preparation of such documents or made any due diligence inquiry with respect to the Reference Issuer in connection with the offering of the Notes. Neither the Issuer nor the Dealers make any representation that such publicly available documents or any other any other publicly available information regarding the Reference Issuer are accurate or complete. Furthermore, the Issuer cannot give any assurance that all events occurring prior to the date hereof (including events that would affect the accuracy or completeness of the publicly available documents described in the preceding paragraph) that would affect the trading price of Reference Shares (and therefore the Initial Share Price and the Physical Delivery Amount) have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning the Reference Issuer could affect the value received on any date with respect to the Notes and, therefore, the trading prices of the Notes. Neither the Issuer nor the Dealers have any obligation to disclose any information about the Reference Issuer or the Reference Shares after the date of this Offering Circular Supplement.

Historical Performance of the Reference Shares

The following table sets forth the high, low and end-of-period closing prices of the Reference Shares for each calendar quarter in the period from January 3, 2004 to December 29, 2006, as well as from January 3, 2007 to January 26, 2007. The Reference Share closing prices listed below were obtained from the Bloomberg Financial Service, without independent verification by the Issuer. The historical prices of the Reference Shares should not be taken as an indication of future performance, and no assurance can be given that the price of the Reference Shares will not decrease to or below the Barrier Price during the term of the Notes. In addition, no assurance can be given that the price of the Reference Shares will perform sufficiently from year to year to cause the holders of the Notes to receive 100% of the principal amount of the Notes.

Reference Share Closing Prices*

	High	Low	Period End**
2004			
First Quarter	16.23	13.31	15.70
Second Quarter	18.30	14.04	18.30
Third Quarter	18.30	15.06	17.75
Fourth Quarter	19.12	15.94	17.77
2005			
First Quarter	23.18	16.82	21.51
Second Quarter	27.73	20.25	27.24
Third Quarter	34.53	26.50	33.75
Fourth Quarter	40.34	31.16	39.75
2006			
First Quarter	43.65	34.71	37.97
Second Quarter	54.94	37.78	42.37
Third Quarter	43.42	26.45	28.91
Fourth Quarter	36.12	26.74	30.03
2007			
January 3, 2007 to January 26, 2007	30.00	27.42	29.31

* All historical prices are denominated in USD and rounded to the nearest penny.

** All historical prices were calculated as of the last Scheduled Trading Day of the relevant quarter.

The closing price of the Reference Shares on January 26, 2007 was $29.31.

EXAMPLES OF THE HYPOTHETICAL PAYMENTS AT MATURITY AND REDEMPTION AMOUNT ON THE SECURITIES

The following examples and charts are provided for illustration purposes only and are hypothetical; they also do not purport to be representative of every possible scenario concerning increases or decreases in the value of the Reference Shares. You should not take these examples or the data included in the charts contained in "*—Historical Performance of the Reference Shares*" above as an indication or assurance of the expected performance of the Notes or the Reference Shares.

The following tables illustrate hypothetical payments at maturity and total payments over the term of the Notes (which include both payments at maturity and the total Coupons paid on the Notes) on a $1,000 investment in the Notes, based on a number of assumed variables. These examples are provided for illustration purposes only and assume an Initial Share Price of $29.31 per share and therefore a Barrier Price of $21.98 per share. The actual payment amounts received by investors will depend on several variables, including, but not limited to, (a) whether the Closing Price of the Reference Shares on the Relevant Exchange is equal to or less than the Barrier Price on any day from but not including the Initial Fixing Date to and including the Valuation Date and (b) the Final Share Price.

TABLE 1: This table represents the hypothetical payment at maturity and the total payment over the term of the Notes on a $1,000 investment in the Notes if the Closing Price of the Reference Shares on the Relevant Exchange <u>is equal to or less than</u> the Barrier Price on any Scheduled Trading Day from but not including the Initial Fixing Date to and including the Valuation Date. All figures are denominated in USD and are rounded to the nearest cent.

Hypothetical Share Price at Valuation Date*	Value of Cash or Physical Delivery Amount at Maturity	Total Coupon Payments	Value of Total Payment
0.00	$0.00	$140.00	$140.00
21.00	$716.48	$140.00	$856.48
22.00	$750.60	$140.00	$890.60
25.00	$852.95	$140.00	$992.95
27.00	$921.19	$140.00	$1,061.19
29.31	$1,000.00	$140.00	$1,140.00
31.00	$1,000.00	$140.00	$1,140.00
33.00	$1,000.00	$140.00	$1,140.00

* These examples are provided for illustration purposes only. The actual Final Share Price will be determined on the Valuation Date.

TABLE 2: This table represents the hypothetical payment at maturity and the total payment over the term of the Notes on a $1,000 investment in the Notes if the Closing Price of the Reference Shares on the Relevant Exchange is <u>never equal to or less than</u> the Barrier Price on any Scheduled Trading Day from but not including the Initial Fixing Date to and including the Valuation Date. All figures are denominated in USD and are rounded to the nearest cent.

Hypothetical Share Price at Valuation Date*	Value of Cash or Physical Delivery Amount at Maturity	Total Coupon Payments	Value of Total Payment
22.00	$1,000.00	$140.00	$1,140.00
25.00	$1,000.00	$140.00	$1,140.00
27.00	$1,000.00	$140.00	$1,140.00
29.31	$1,000.00	$140.00	$1,140.00
31.00	$1,000.00	$140.00	$1,140.00
33.00	$1,000.00	$140.00	$1,140.00

* These examples are provided for illustration purposes only. The actual Final Share Price will be determined on the Valuation Date.