CADES News

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ÉDITORIAL

Patrice RACT MADOUX
Chairman, CADES

CADES has just closed the books on a particularly active year. Taking advantage of favorable market conditions throughout 2006, CADES made use of a broad array of financial instruments in its quest to amortize the French social security debt. It issued benchmark bonds of the following amounts in the following currencies: 6.5 billion in euros, 4.25 billion in US dollars, 1 billion in Australian dollars and 400 million in Canadian dollars. It also issued 1.65 billion euros of debt pegged to French inflation and 2.39 billion euros in private placements and medium-term notes.

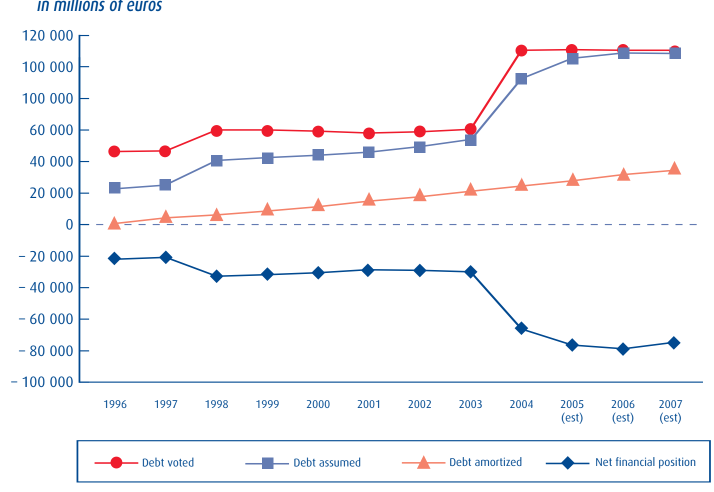
At year-end 2006, the estimated net financial position of CADES was 75.7 billion euros. Statistically, CADES has one chance out of two to accomplish its stated mission of fully paying down the debt in sixteen years, i.e. in 2023. In 2006, the CRDS – which is the only resource available to CADES – brought in revenue of 5.4 billion euros. For eleven years now, the French have consecrated 0.5% to their revenue to this special tax.

Since its founding in 1996, CADES has amortized 32 billion euros of the 107.7 billion euros of debt entrusted to it under a series of Social Security reform acts. In 2007, CADES plans to pursue its goal of amortizing the social security debt, and will execute a borrowing program that is as diversified and flexible as that carried out in 2006.

CADES estimates its financing requirements for 2007 to be 14.5 billion euros, to be funded by the CRDS (for 5.6 billion euros) and a debt issuance program totaling around 9 billion euros. This program includes benchmark bonds in euros (3 to 6 billion euros), bonds pegged to French inflation (1 to 2 billion euros), benchmark issues in other currencies (1 to 2 billion euros), as well as private placements and MTNs (0.5 to 1 billion euros).

This year, its twelfth, CADES will leverage its status as a quasi-sovereign issuer to continue assuming with confidence the mission that was entrusted to it, and intends to once again demonstrate the efficiency of its amortization process.

Debt voted, assumed and amortized, and net financial position of CADES
in millions of euros



A sought-after, liquid, flexible issuer
At December 31, 2006, total voted debt was €110.4 billion.

Total debt assumed : €107,7 billion

Focus
At December 31, 2006 : CADES has amortized 32 billion euros of debt

Amortization €32 billion

An issuer of quality
CADES enjoys a triple-A rating and a 0% Basel ratio weighting.

AAA/A1+
Aaa/P1
AAA/F1+
0 %

CADES pursues its mission in 2007

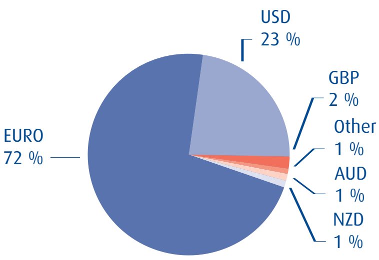
Year-end 2006

in millions of euros

Total debt voted	**110,4**	
Debt assumed	**107,7**	**(1)**
Total CRDS collected (i)	**49,8**	**(2)**
• Amortized principal (estimated)	32	
• Interest paid (estimated)	17,8	
Net financial position (estimated)	**– 75,7**	**(1) – (2)**

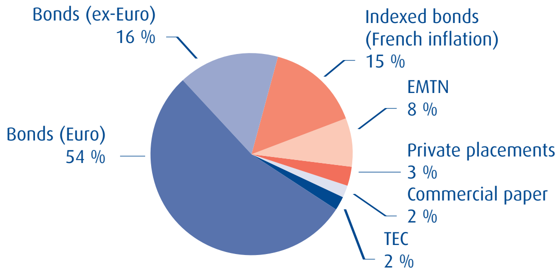
Analysis of issued debt outstanding (February 7, 2007)

Composition by currency



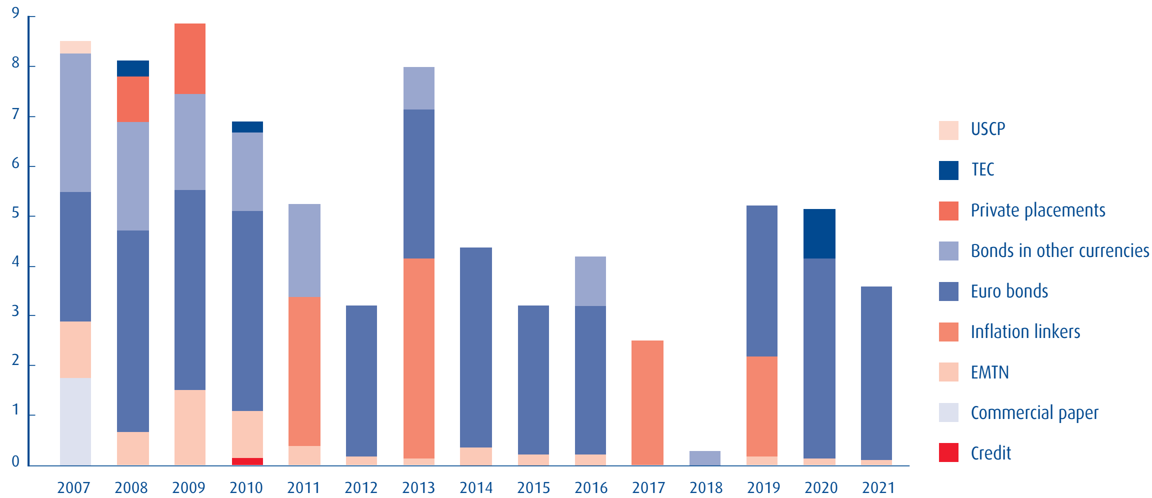
77 Md€

Composition by instrument



Bond maturities

In billion of euros



Active market makers

18 MTS primary dealers

- ABN Amro
- Barclays Capital
- BNP-Paribas
- Calyon
- Citigroup
- Credit Suisse
- Deutsche Bank
- Dresdner Kleinwort
- HSBC
- JP Morgan
- Lehman Brothers
- Merrill Lynch
- Morgan Stanley
- Natixis
- Nomura
- RBS
- Société Générale
- UBS

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Address:
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75012 Paris
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CADES AND INFORMATION

Geneviève GAUTHEY
Administrative manager
Tél. : 01 55 78 58 07
genevieve.gauthey@cades.fr

Magali CLAVIER
Chairman's secretary and webmaster
Tél. : 01 55 78 58 00

www.cades.fr

Bloomberg	**CADES <GO>**
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