

CADES

News

N°20 - OCTOBER 2007

ca des 5,125 % octobre 2008
 cades 3,15 % juillet 2013
 cades 5,25 % octobre 2012
 cades 3,8 % juillet 2006
 cades 3,4 % juillet 2011

É D I T O R I A L



Patrice RACT MADOUX
 Chairman of CADES

Since its inception, CADES has now paid down 33.1 billion euros of the 107.7 billion euros of social security debt entrusted to it by votes of the French Parliament.

In the first half of 2007, the reputation of CADES as a quasi-sovereign issuer and the expertise of our staff helped the agency to achieve the objectives set by Parliament under the best possible conditions.

So far this year, CADES has made use of a diversified range of instruments: the €750 million tap-up of the inflation-linked issue due in 2017, a new benchmark issue of €3 billion, and several EMTNs.

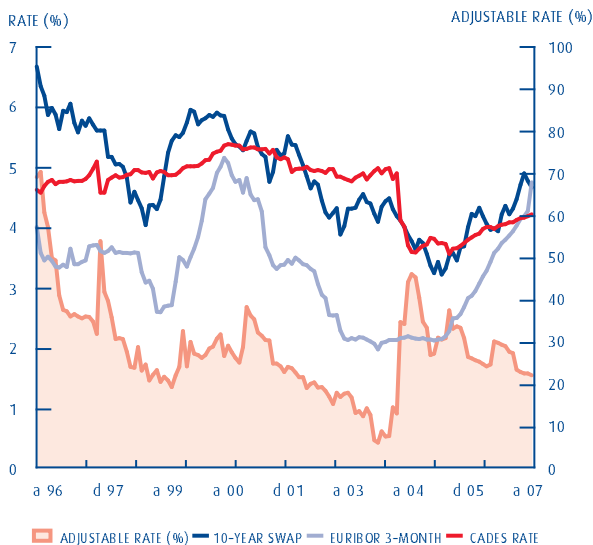
During the first half of this year, a slight increase in the CRDS and net interest expense of €1,546 million made it possible for CADES to directly allocate its entire operating surplus of €1,017 million to the amortization of the debt.

The increase in net interest paid reflects the combined impact of the increase in outstanding debt redeemable (€74.6 billion at June 30, 2007, versus €71.4 billion at June 30, 2006) and the increase in the average debt refinancing rate, which went from 3.88% at the end of June 2006 to 4.15% at the end of June 2007.

Throughout the recent period of market turmoil, CADES issues continued to be quoted under the same conditions as those of Europe's two other principal agencies of the same type — KfW (*Kasse für Wiederaufbau*) and the EIB (European Investment Bank).

More aligned than ever with the intent of its founders, which was to separate the management of the social security debt from that of the public debt, making transparency its number one obligation, CADES is squarely focused on its stated mission and is actively pursuing the amortization of the social security debt entrusted to it by the French Parliament.

Change in refinancing rate



P Ract Madoux

A sought-after, rare and liquid issuer

At December 31, 2006, total voted debt was €110.4 billion.

Total debt assumed
 €107.7 billion

Focus

At June 30, 2007, amortization was 33.1 billion euros

Amortization
 €33.1 billion

An issuer of quality

CADES enjoys a triple-A rating and a 0% Basel ratio weighting.

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

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At June 30, 2007: 33.1 billion euros of debt amortized

Results in line with the objectives assigned to CADES

Condensed table of results for the six months ended June 30, 2007

<i>in millions of euros</i>	June 30, 2007	June 30, 2006
CRDS revenue	2 565	2 515
Financial result	(1 546)	(1 261)
Operating surplus	1 017	1 253
Result	1 017	1 253

CRDS revenue rose slightly, increasing from €2,515 million to €2,565 million. The most recent assumptions of debt, related to the health insurance reform of 2004, took place in late 2006. Accordingly, the net interest payment was €1,546 million, compared with €1,261 million in 2006. As a result, the operating surplus for the first half of 2007 was €1,017 million.

This surplus, or result, of €1,017 million, which is automatically allocated to the amortization of the debt, allows CADES to pursue its stated mission. At the June 30, 2007 reporting date, of the €1,07.7 billion in social security debt it had assumed since 1996, €33.1 billion euros of debt had already been paid down.

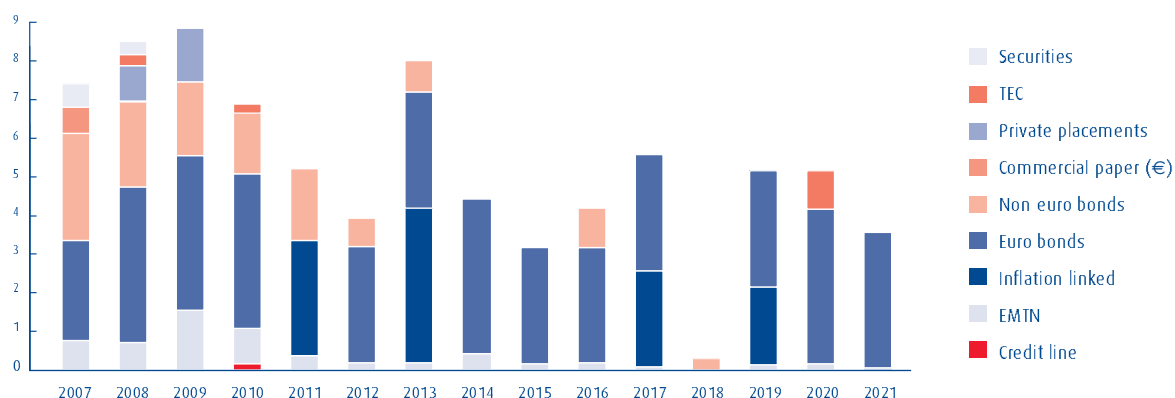
Appointments

Supervisory Board: Gerard Bapt, Deputy from the Haute Garonne and Philippe Vitel, Deputy from the Var (*Journal de l'Assemblée Nationale*, August 2, 2007).

Board of Directors: Fabrice Pesin, replacing Hervé de Villeroché (by decree dated August 3, 2007).

Amortization schedule of medium- and long-term debt

in billions of euros



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