



Jean-Louis REY
Chairman of the Board

Dear Sir, Dear Madam,

I am delighted to be writing to you for the first time as Chairman of the Board of CADES, having succeeded Patrice Ract Madoux in May this year. Over the past 18 years, Mr. Ract Madoux has worked enthusiastically to position CADES globally as a first-tier bond issuer, building trustworthy and long-term relationships with international investors along the way. I am determined to preserve what has been achieved and to work, with the help of the Board and the Supervisory Committee, to ensure the continuity of the CADES operation.

With this in mind, the Board ratified two new agreements on July 6th, to bring together the operational expertise of the CADES and AFT teams.

The new agreements transfer operational responsibility for all of CADES' funding activities and execution of its issuance programme to AFT. As such, AFT will operate on behalf of and for CADES, making CADES' staff available when appropriate.

I see multiple benefits from these agreements. First is that this team merger creates a unified center of excellence for French public debt issuance. In addition, it enables us to be even more competitive in the active sovereign debt market.

Furthermore, this merger mitigates the operational risk as we move closer to the end of CADES' mandate in 2024, in terms of risk control, associated in particular with responsibilities borne by key members of the team. The enlarged team resulting from this merger, on which responsibilities will now rely, will ensure continuity of the French institution's activities under all circumstances.

Finally, CADES' success in fulfilling its mission would not have been possible without the hard work and skill of its staff, and the French State wanted to allow them to continue to work within the institution and preserve those skills.

Despite these changes, CADES and AFT will remain independent legal entities, operating under the same conditions. French social debt will remain under CADES' scope, and CADES' income will remain the same. The State and CADES' signatures stay unchanged, debts will be kept separate and the French State's and CADES' funding programmes will remain unchanged.

I assure you that we will remain engaged and committed to pursuing our mission and will continue to offer our investors a diversified range of financial instruments, in terms of currencies as well as maturities.

AS AT END OF JUNE 2017

- **€131.9 billion** of estimated amortised debt on €260.5 billion assumed
- A confirmed amortisation objective of €14.9 billion euros in 2017
- **€6.1 billion** mid- and long-term debt raised
- **€17.2 billion** of outstanding short-term bonds
- Refinancing rate of 1.64%

BOARD OF DIRECTORS

By decree of the President of the Republic, dated 3 May 2017, Mr. Jean-Louis Rey was appointed Chairman of the Board of directors of the Caisse d'Amortissement de la Dette Sociale (Decree of 3 May 2017, published in the J.O. of 5 May 2017).

THE NEW COMPOSITION OF CADES' BOARD OF DIRECTORS

- **ACOSS**⁽¹⁾: Jean-Eudes TESSON, Chairman of the Board (substitute: Jean-Claude GUÉRY) et Pierre-Yves CHANU, Vice-Chairman of the Board (substitute: Serge CIGANA)
- **CNAMTS**⁽¹⁾: William GARDEY, Chairman of the Board (substitute: Yves LAQUEILLE)
- **CNAVTS**⁽¹⁾: Gérard RIVIERE, Chairman of the Board (substitute: Pierre BURBAN)
- **CNAF**⁽¹⁾: Jean-Louis DEROUSSEN, Chairman of the Board (substitute: Jean-Marie ATTARD)
- **CNRSI**⁽¹⁾: Louis GRASSI, Chairman of the Board
- **CCMSA**⁽¹⁾: Pascal CORMERY, Chairman of the Board (substitute: Thierry MANTEN)
- **FRR**⁽¹⁾: Philippe SOUBIROUS (substitute: Philippe PIHET)
- Representatives from Ministry of Economy and Finance: Emmanuel BRETIN, Deputy director of employment and social policy (substitute: Thierry GRIGNON) and Anthony REQUIN, Chief executive of Agence France Trésor (substitute: Antoine DERUENNES)
- Representatives from Ministry of Budget: Olivier TOUVENIN, Deputy Director of Public Accountancy and operators (substitute: Jean-Philippe ESPIC)
- Representatives from Minister in charge of Social Security: Mathilde LIGNOT-LELOUP, Director of Social Security (substitute: Morgan DELAYE) and Marie DAUDÉ, Service chief, Deputy director (substitute: David HOYRUP)

(1) **ACOSS**: Agence centrale des organismes de sécurité sociale, **CNAMTS**: Caisse nationale de l'assurance maladie des travailleurs salariés, **CNAVTS**: Caisse nationale d'assurance vieillesse des travailleurs salariés, **CNAF**: Caisse nationale des allocations familiales, **CNRSI**: Caisse nationale du régime social des Indépendants, **CCMSA**: Caisse centrale de la mutualité sociale agricole, **FRR**: Fonds de réserve pour les retraites, **MEDEF**: Mouvement des Entreprises de France.

Following legislative elections in June, and senatorial elections planned in September, the Supervisory Committee will be renewed and will meet this Fall.

DETAILED PROGRAMME OF FUNDING FOR 2017

In € billion

	Carried out in 2016	Planned in 2017	Already carried-out as at 30/06/2017
Euro-benchmark issue	4.5	3.0	4.0
Tap of existing issues	1.35	0.5	-
Inflation-linked issues	-	0.5	-
USD-benchmark issues	6.16	3.5	2.1
Other currencies-benchmark issues and private placements	1.78	1.5	-
TOTAL MID- AND LONG-TERM ISSUES	13.79	9.0	6.1
Short-term funding outstanding	13.2	4.0	17.2
TOTAL	26.99	13.0	23.3

During the period, CADES carried out the following mid- and long-term issues:

- A €4.0-billion benchmark bond with a 5-year maturity, placed abroad for almost 70% of the deal;
- A \$2.25-billion benchmark bond with a 3-year maturity, issued in accordance with rule 144A/3C7 of the U.S. Securities Act of 1933 of the United States.

In the short-term market, volume of issues amounted to €21.9 billion, mostly in USD currency (76%) with the following features:

- Average length: 131 days
- Average rate: -0.62%

INFORMATION ABOUT CADES

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