



Press conference

January 14th 2009



Press conference

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- ▶ **CADES in 2008**
 - ▶ Reminder on CADES
 - ▶ Acknowledged credibility
 - ▶ CADES review as of 31/12/2008

- ▶ **CADES in 2009**
 - ▶ Voted measures in 2009 Social Security Finance Act
 - ▶ CADES position
 - ▶ A new resource to face new commitments
 - ▶ 2009 issuing strategy

- ▶ **Appendices**
 - ▶ Refinancing rates evolution
 - ▶ Key figures
 - ▶ CADES organisation chart
 - ▶ Contact details



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CADES: a French national public body

- ▶ Legal definition: public company acting under specific competencies

- ▶ Liable to public law which leads to specific rights:
 - ▶ Cannot file for bankruptcy
 - ▶ No limit on life span
 - ▶ Able to take executive decisions without recourse to a judge

- ▶ Regulatory texts:
 - ▶ Decree 53 -1227 of December 10th1953
 - ▶ Instructions 96 -011- M91 of February 1st 1996 and 02- 037- M91 April 30th 2002



A body created by political will

- ▶ Founded in 1996, inside the central government, under supervision of Economy Ministry, as a basic mechanism for social debt amortisation with the status of an administrative public body
 - ▶ guarantee of liquidity – Law n°2001-692 of August 1st 2001
 - ▶ Access to State liquidity (CADES Treasury Notes can be bought by the State through AFT according to articles in the Finance Act)
 - ▶ guarantee of solvency – Law n°80-539 of July 16th 1980

...endowed from the start with 2 additional assets:

- ▶ Creation of an exclusive and allocated resource: CRDS (chapter 2 from law n°96-50)
- ▶ Guarantee of resources (article 7 from law n°96-50)
 - ▶ « If annual forecast of earnings and expenses of CADES under its existence show it could not meet its commitments, Government will request Parliament to take the necessary measures to assume payment of principal and interest at the due dates. »



Successive enhancements

- ▶ Regulatory protection
 - ▶ Integration of CADES into social sphere SSFA
 - ▶ Annual amortisation objectives defined in the Social Security Finance Act since 2004
 - ▶ Law of 2004 : no limit on life span. CADES will operate until mission is achieved

- ▶ Resource protection (According to organic law of August 2nd 2005, any new debt transfer to CADES should be followed with revenue increase in order not to increase life span)

- ▶ Access to State liquidity (CADES Treasury Notes can be bought by the State through AFT according to articles in the Finance Act)



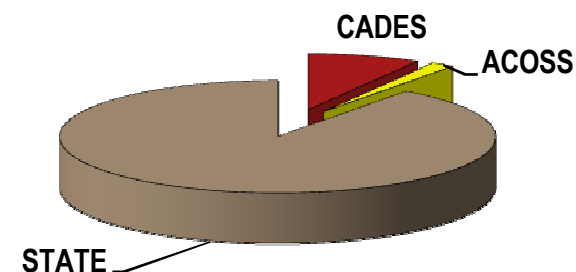
CADES: adapted steering

- ▶ Organisation and management of a financial body
- ▶ Issues in euros, inflation linked, private placements, issues in other currencies (USD, CAD, AUD, GBP), ensuring that a major French issuer is present in these markets
- ▶ Cost / volatility trade-off optimized through asset/liability management model
- ▶ Currency risk systematically eliminated
- ▶ Counterparty credit risk significantly reduced via daily margin calls



CADES: transparency disclosed

- Inclusion in French public debt
Social security debt:
 - MLT CADES : €97.0bn
 - ST ACOSS* : < €18.9bn
- Legislative disclosure coordinated since creation of Ministry of Public Accounts



LFSS 2009



CADES amortization target : €bn4

ACOSS overdraft ceiling: €bn18.9

LF 2009



AFT* Government over-one-year debt increase
authorized ceiling: €bn 24

* ACOSS : Agence comptable des organismes de sécurité sociale AFT* : Agence France Trésor



Exemplary and effective governance

- ▶ The CADES board is where major players in the French debt business meet
- ▶ CADES participates in the inter-ministerial committee of the treasury for public administration
- ▶ Supervisory Board composed of :
 - ▶ 4 legislators : J.J.Jégou, A. Vasselle, G. Bapt and P. Vite
 - ▶ Representatives of various Social Security institutions
- ▶ CADES Chairman gives annual testimony to the Parliamentary Commissions for Social Affairs and Finance
- ▶ Issue program is subject to approval by the Ministry of the Economy



CADES : acknowledged credibility

- ▶ Superior ratings:
 - ▶ Long-term: Aaa/AAA/AAA (Moody's, S&P, FitchRatings)
 - ▶ Short-term: P-1 / A-1+ / F1+ (Moody's, S&P, Fitch Ratings)

- ▶ 0% solvency ratio weighting, as a central government agency



2008: positive results

- ▶ 2008 annual amortisation: €2.8bn
 - ▶ in accordance with the annual target of SSFA
- ▶ 2008 accumulated amortisation: €37.5bn
- ▶ Outstanding debt position after debt assumed: €70.1bn



Execution of 2008 program

**Benchmark in €:
€3bn to €6bn**

Issue volume, MLT
Commercial paper outstanding
Total

€7bn
€1.6bn
€8.6bn





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2009 SSFA key measures

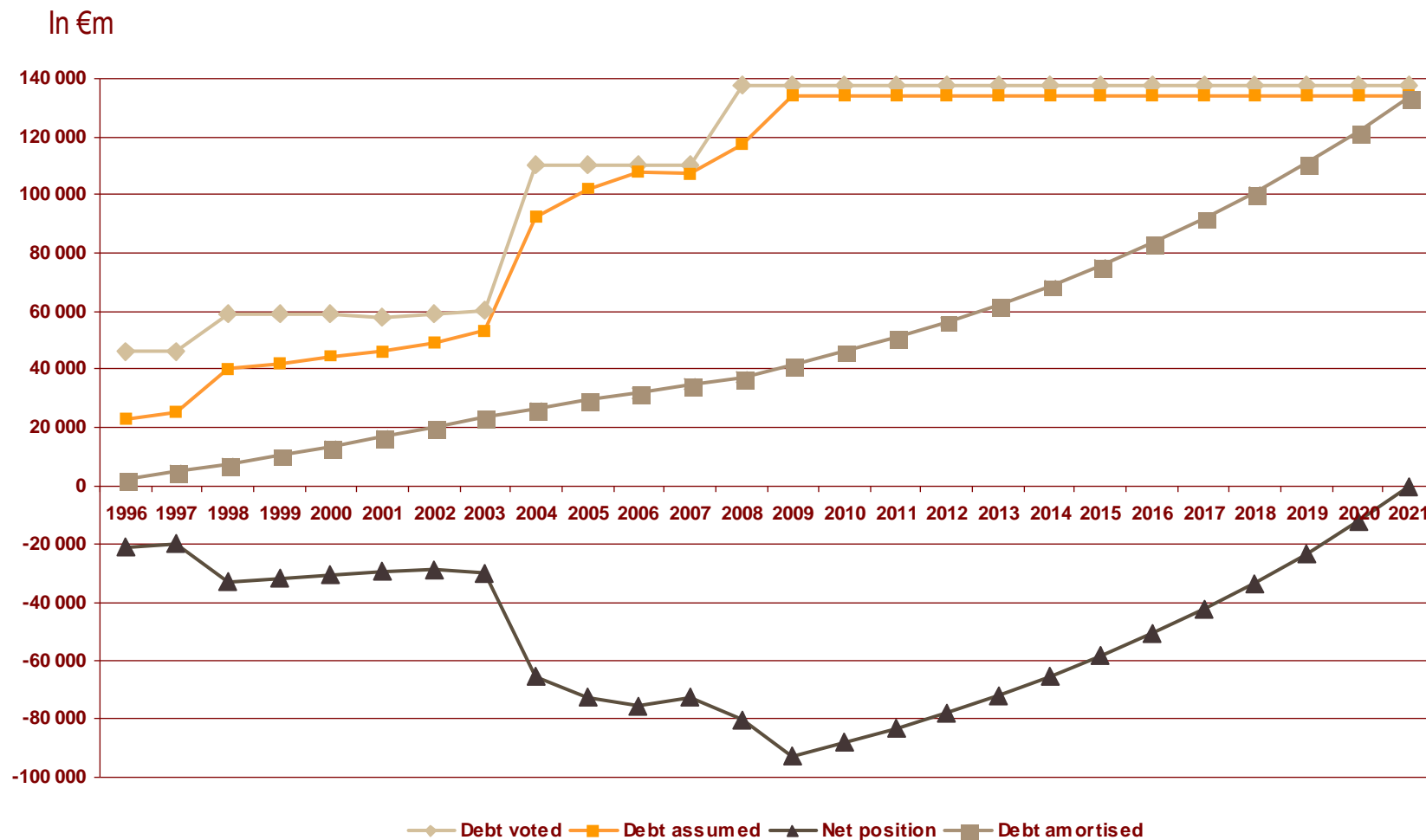
- ▶ Debt transfer up to €27 bn:
 - ▶ Health branch for 2007 et 2008: €8.8 bn
 - ▶ Elderly branch from 2005 to 2008: €14.1 bn
 - ▶ Accumulated loss from accumulated deficit from «Fonds de Solidarité Vieillesse»: €4 bn

- ▶ 3 successive payments to ACOSS: €10bn, €10bn, €6.9bn (decree 2008-1375 of December 19th 2008)

- ▶ Additional resource of 0.2 pt from CSG (Contribution Sociale Généralisée)



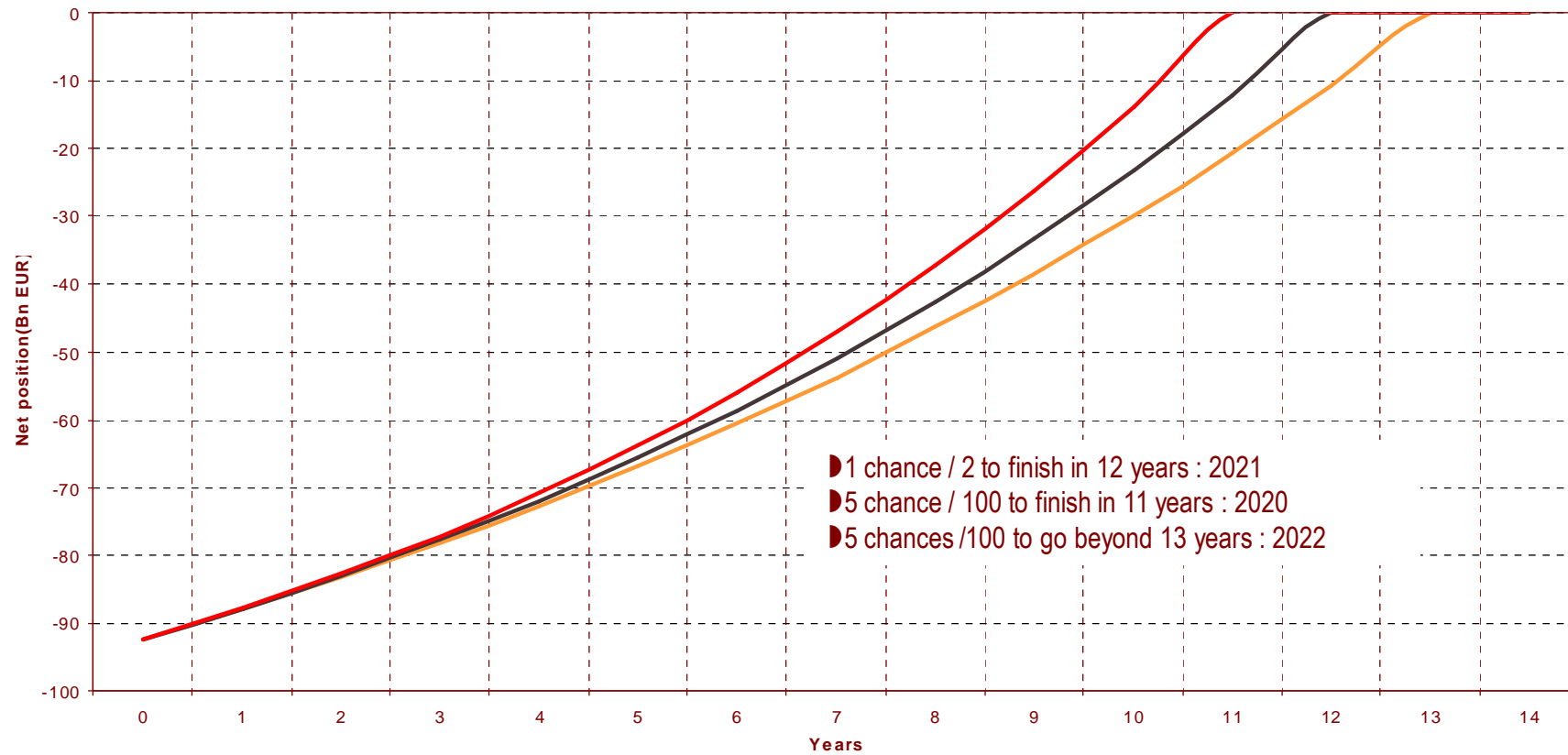
Debt voted, assumed and amortized after new assumed debt





Sample amortization profiles

Net position by level of risk(*)





Estimated net position at the beginning of 2009, after new assumed debt

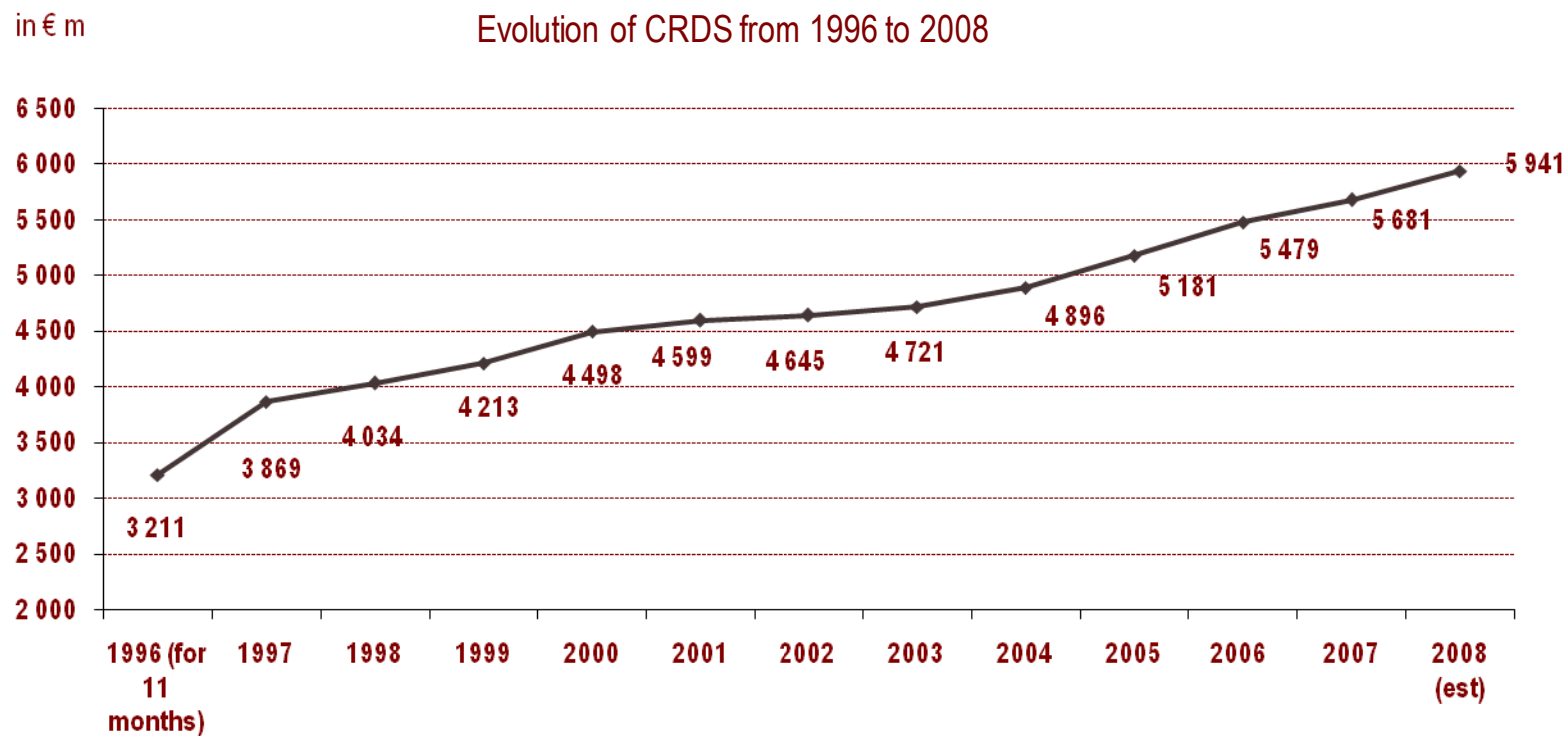
	In € Bn	
Total debt voted	137.4	
Debt assumed	134.5	(1)
Total CRDS collected (i)	61.5	
Amortized principal	37.5	(2)
Interest paid	24.0	
Net position after debt assumed	97.0	(1) - (2)
Net position at the end of 2008 before debt assumed	70.1	
Annual amortisation objective voted in 2009 SSFA : €4bn		

Source: CADES
(i) Including €0.5 bn for total disposal of real estate assets



A new resource to face new commitments

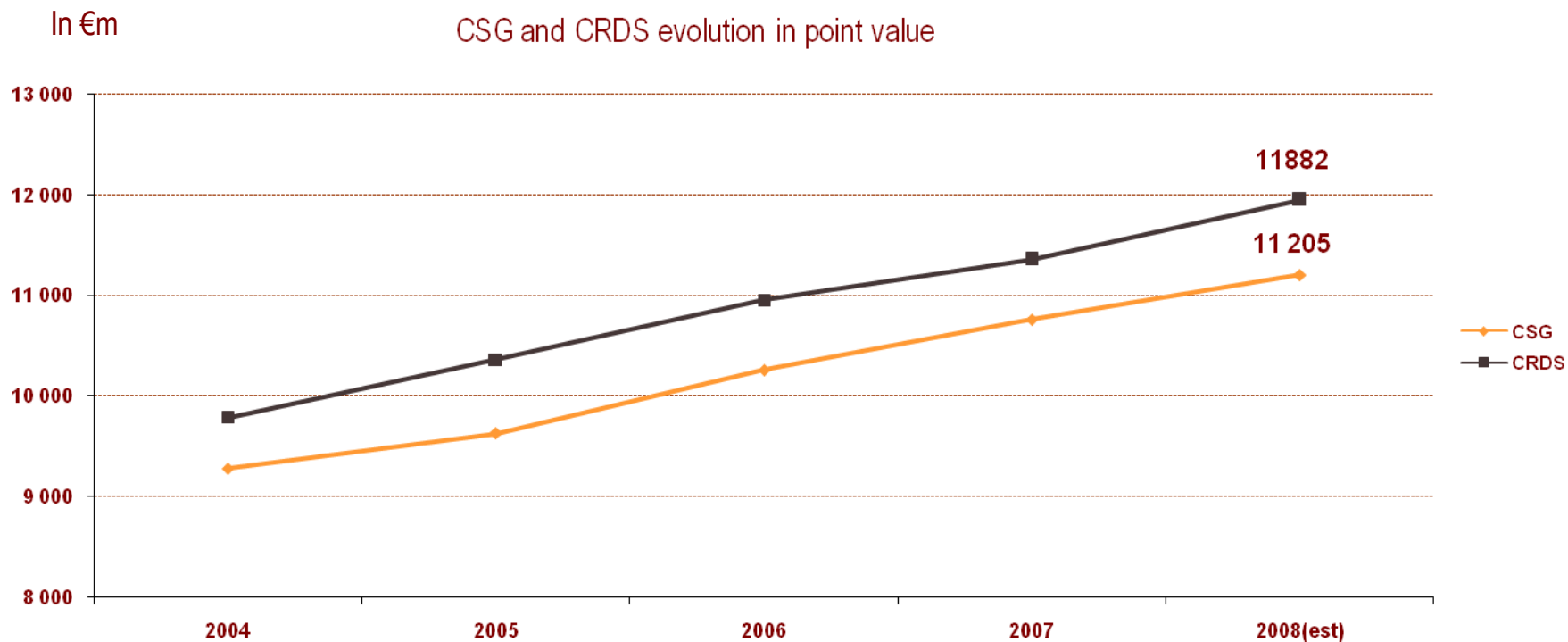
An historical resource: CRDS





A new resource to face new commitments

A new resource : 0.2 pt of CSG,
which increases under same conditions as CRDS

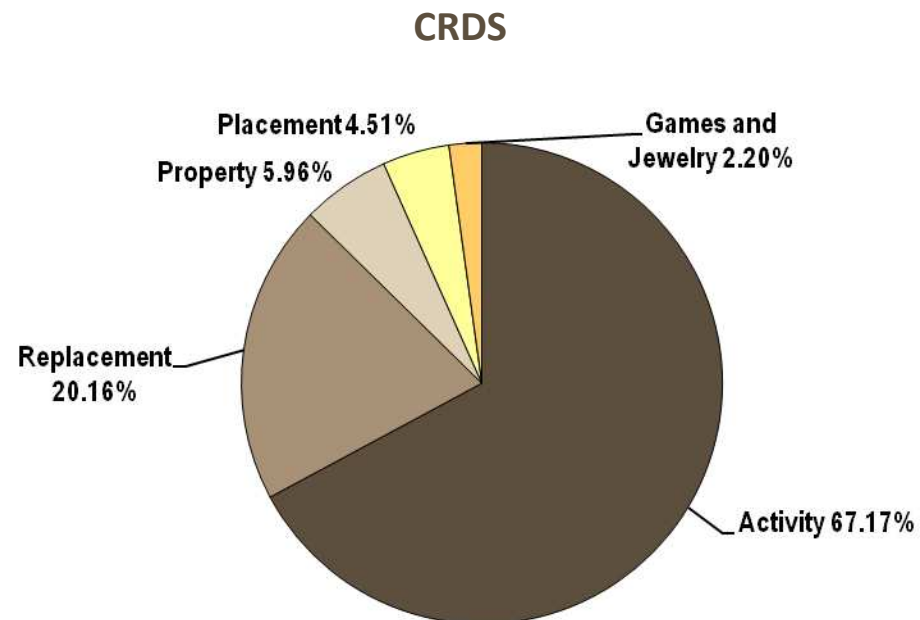
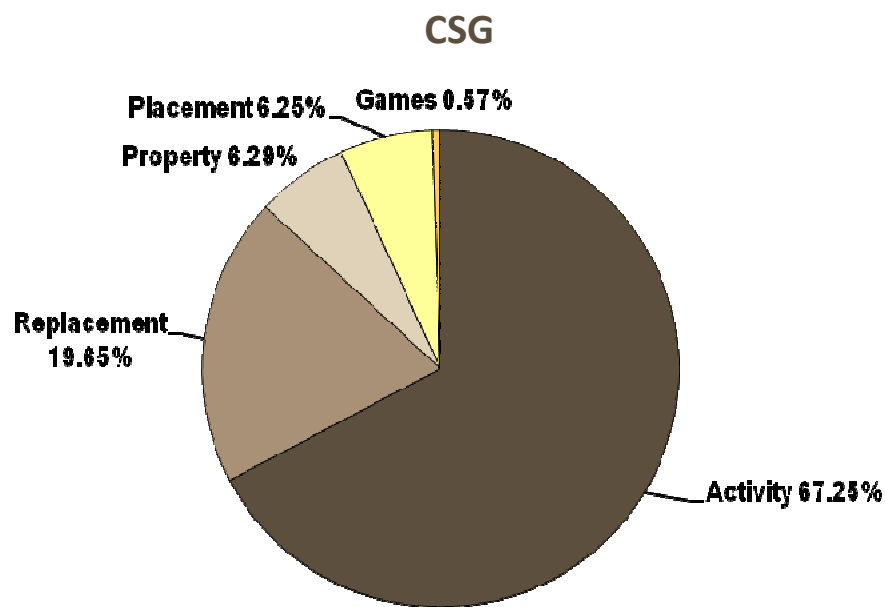


- ▶ 10 bn → 0.07 pt of CRDS
- ▶ 27 bn → 0.189 pt of CRDS
- ▶ 0.189pt of CRDS = 0.2 pt of CSG



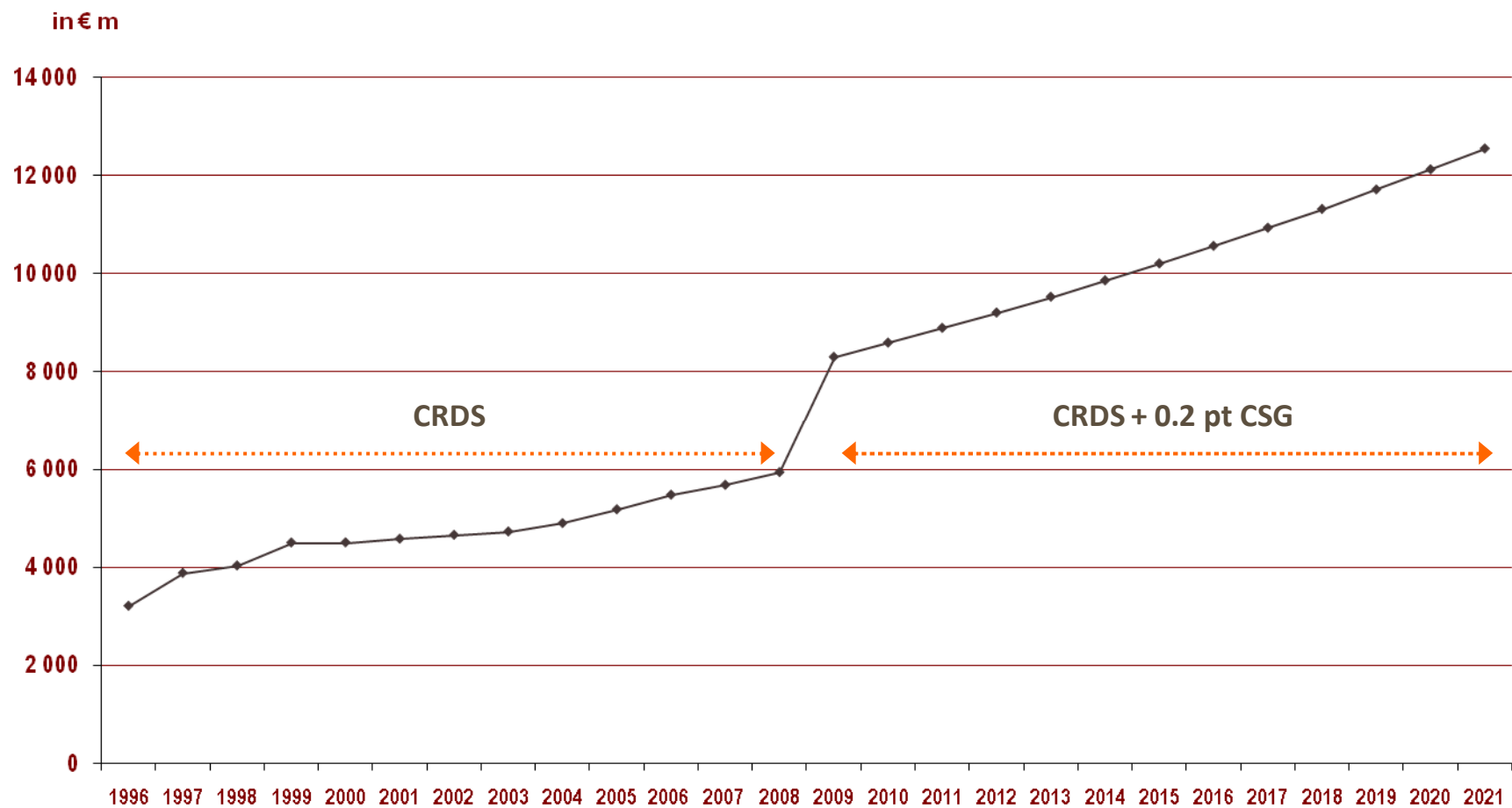
A new resource to face new commitments

...which comes essentially from activity revenues like the CRDS





CADES revenue evolution





Funding strategy in 2009

Our financing programme depends on :

- ▶ Estimating of financing requirements for 2009
> statement of source and application of funds
- ▶ Transforming short-term funding to long-term debt
- ▶ Analysing financing conditions and economic context ...
- ▶ ... and best combining range of financial instruments and financing sources



Statement of cash flows for 2009

Short term redemptions	1.6
Bond redemptions	8.6
Interest rate payment (est.)	4.3
Payment to ACOSS	26.9

€41.4 bn

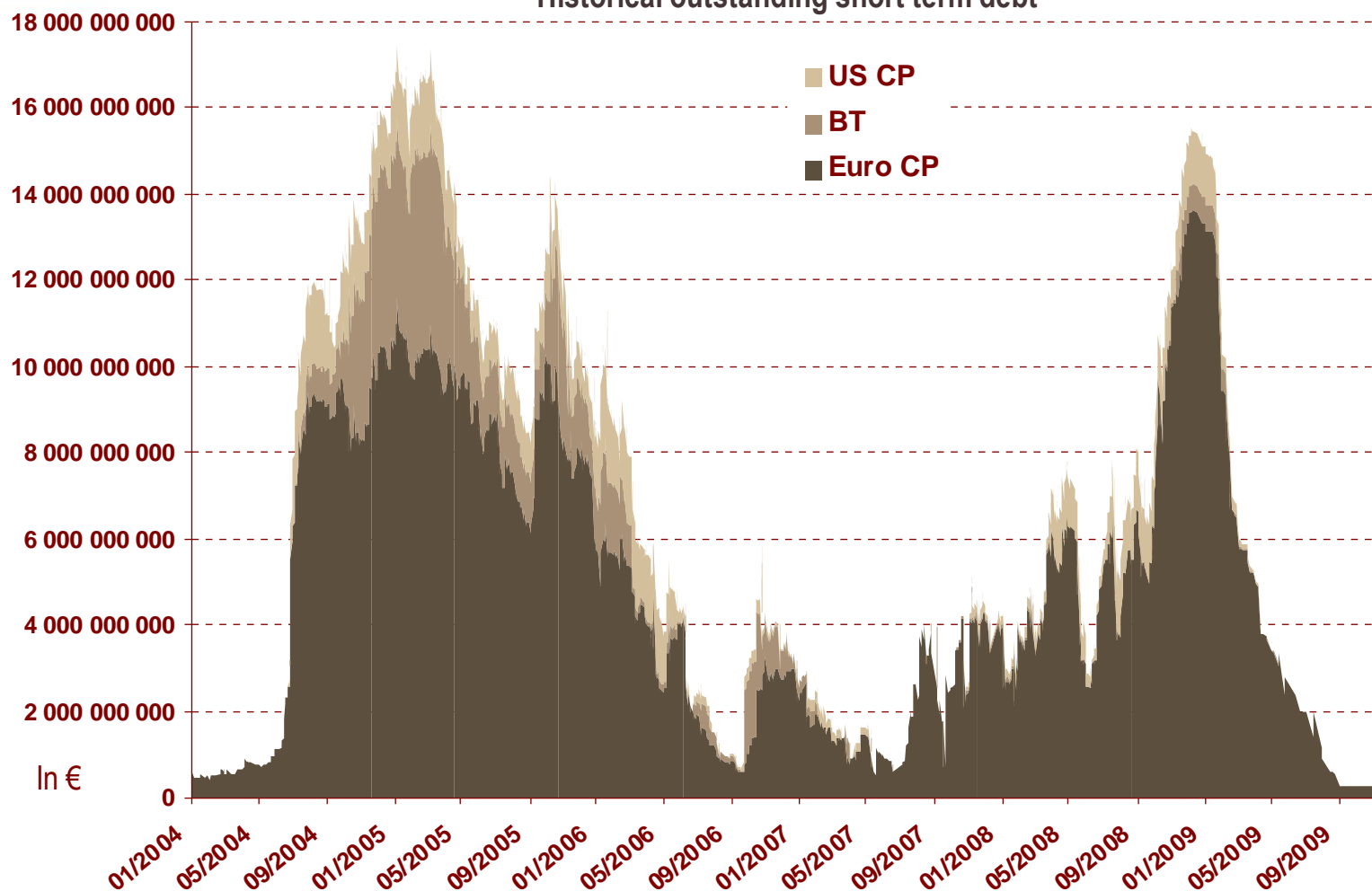
CRDS+CSG revenues (est.)	8.3
Funding programme	33.1

€41.4 bn



Starting with short-term funding....

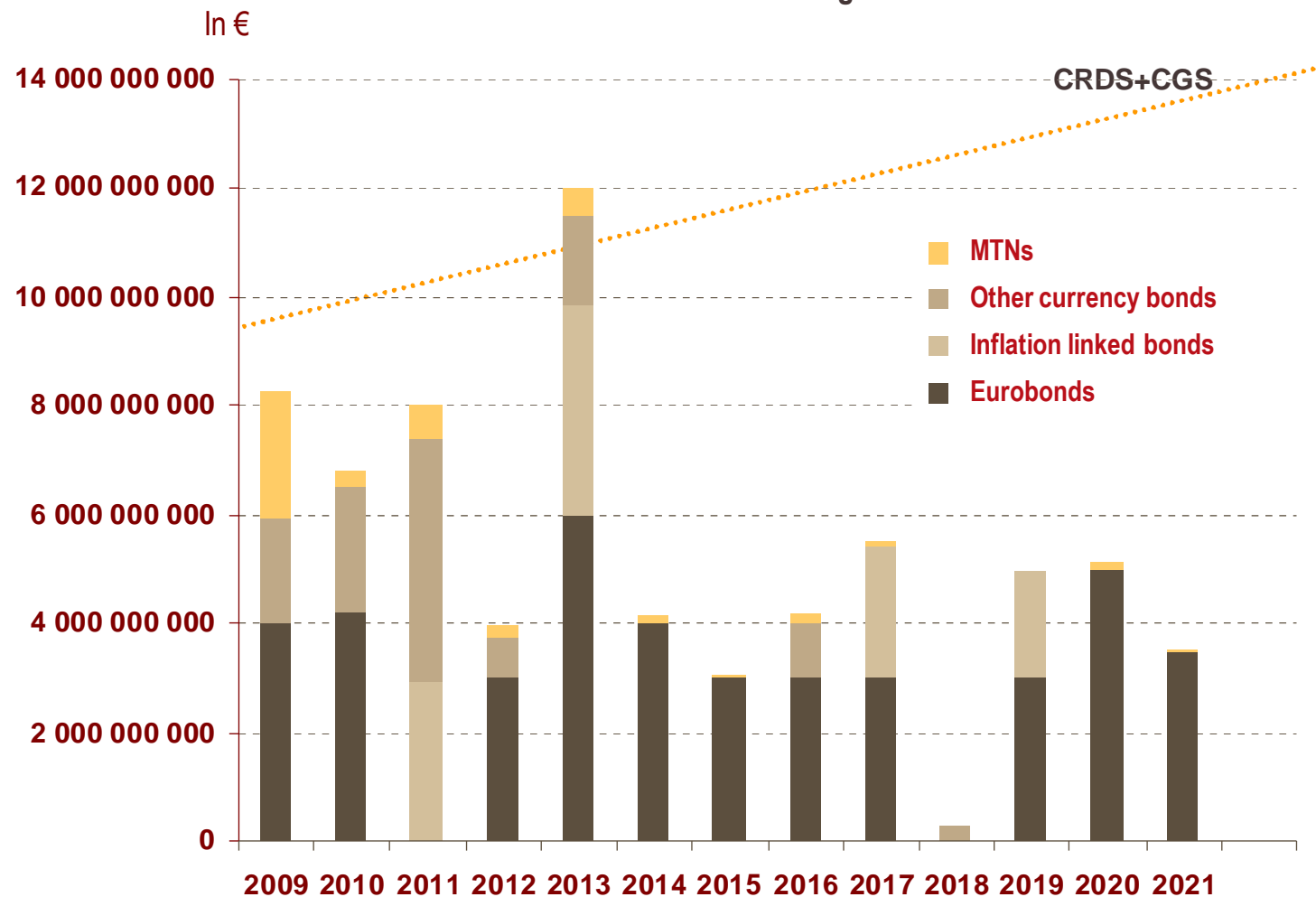
Historical outstanding short term debt





...transformed into long-term debt

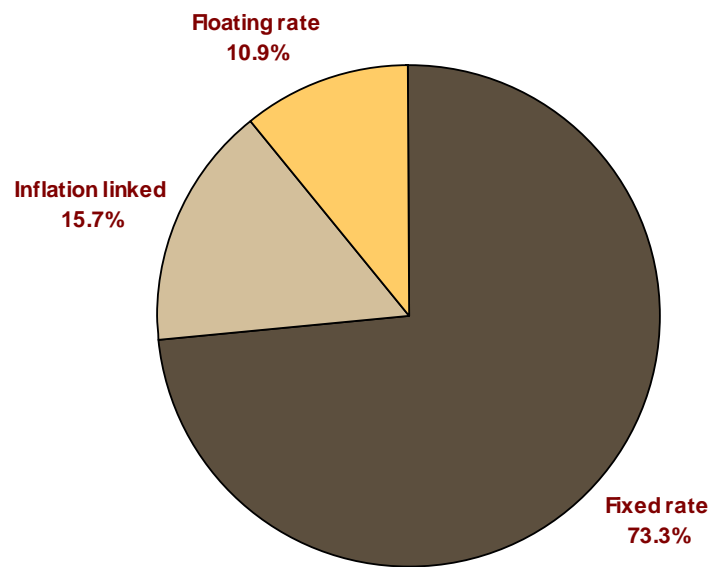
Outstanding bonds



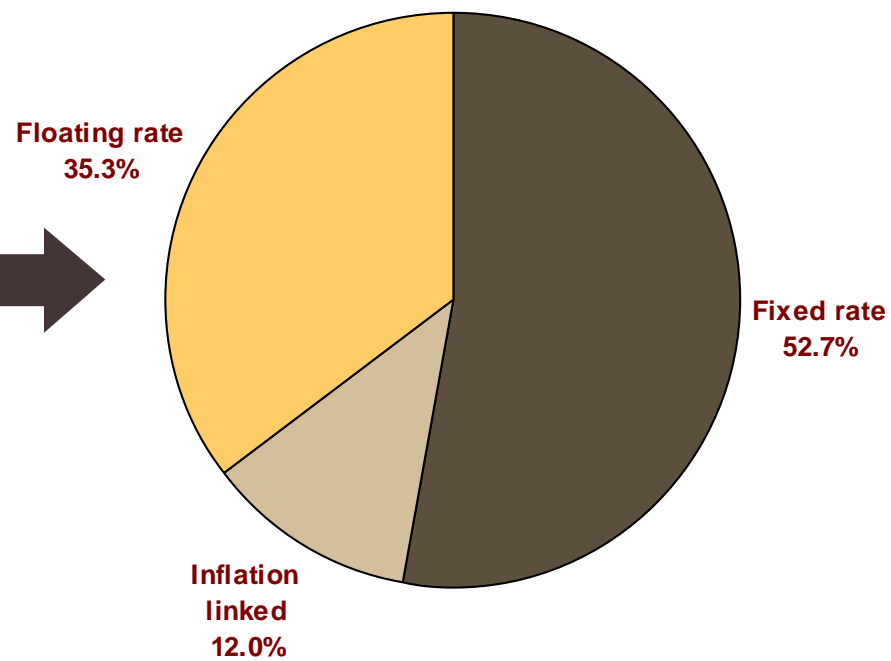


... mainly on a fixed rate basis

Type of rate paid on the former debt



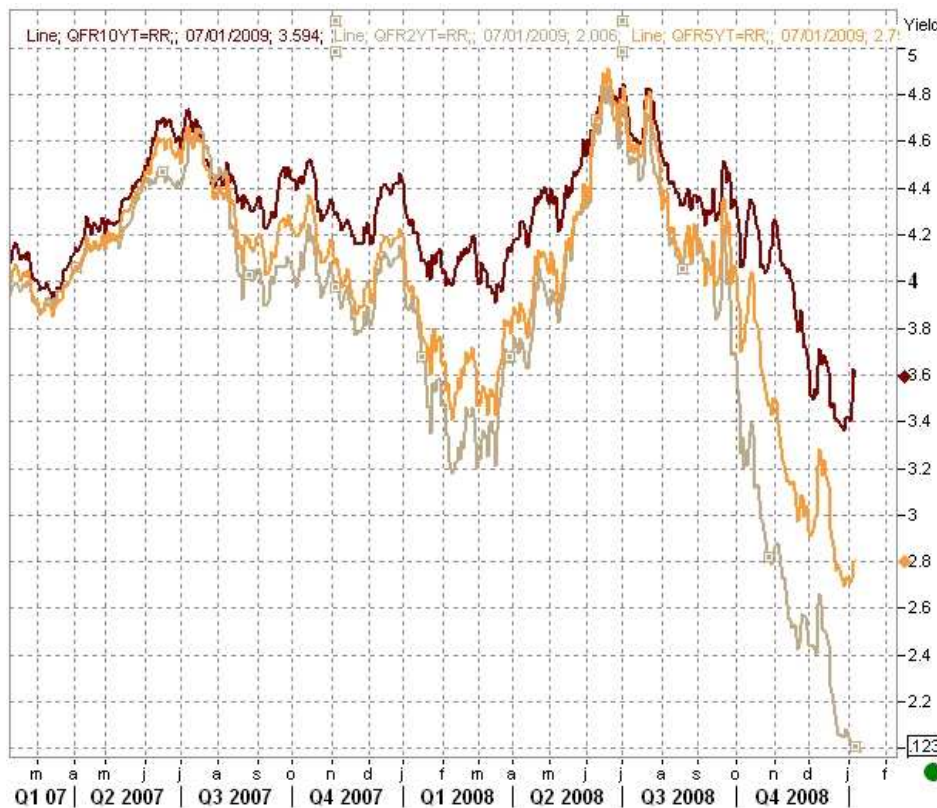
... and expected as of March 2009





... in favourable rate environment

French State bonds historical yields



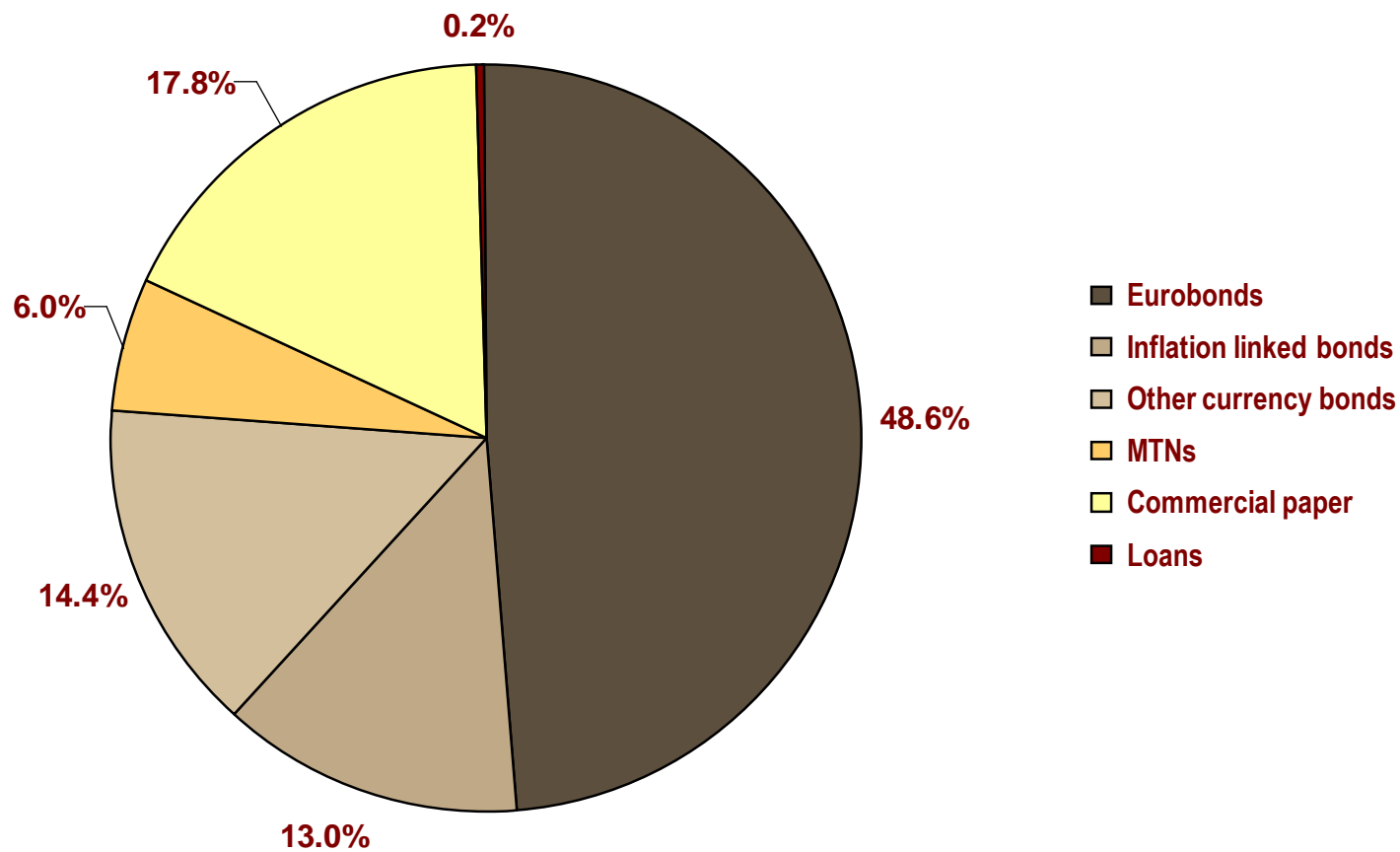
CADES bonds - historical spreads vs swaps





.... in a large range of instruments

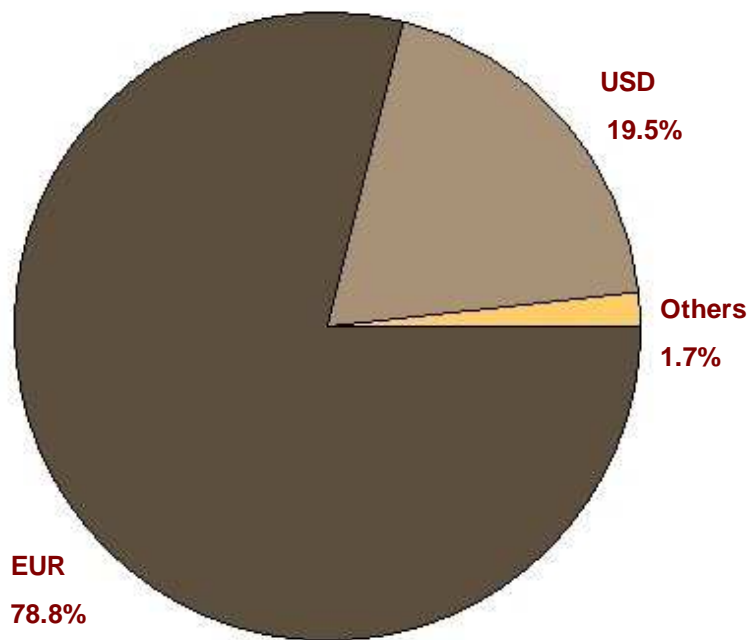
Outstanding debt by type of instrument as of 31st December 2008



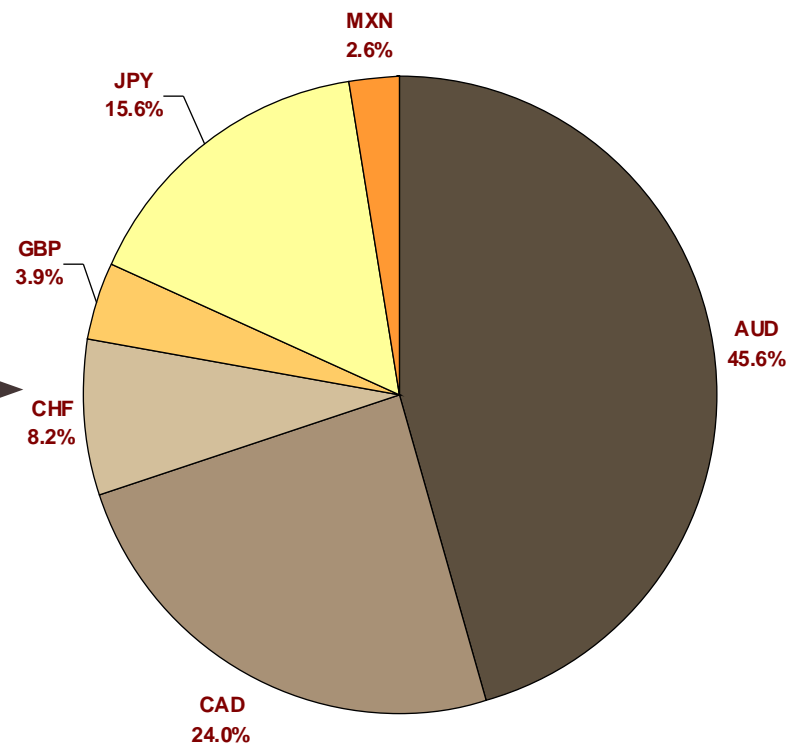


...and with diversified sources of funding

Outstanding debt by currency

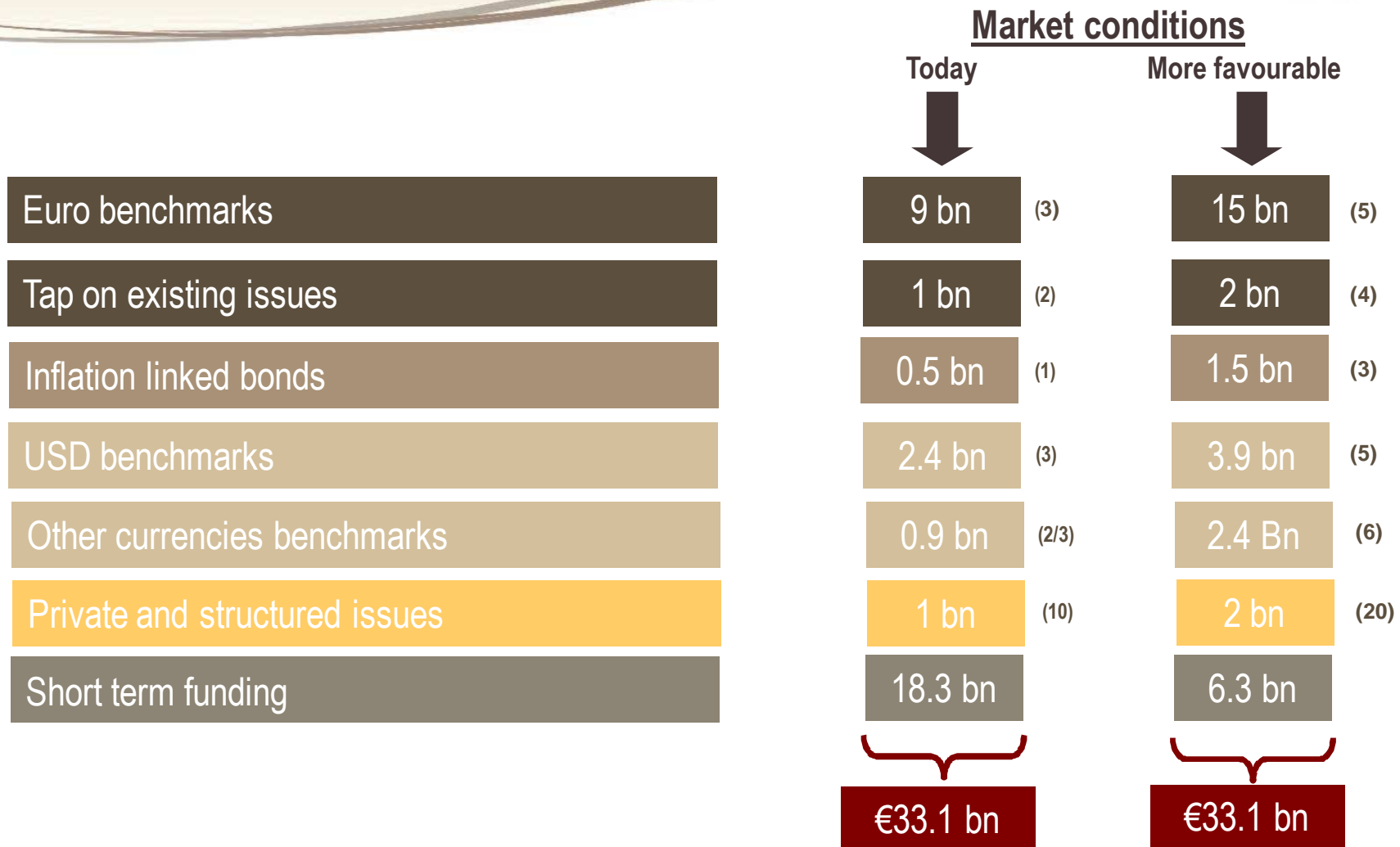


...excluding EUR and USD





Funding programme for 2009





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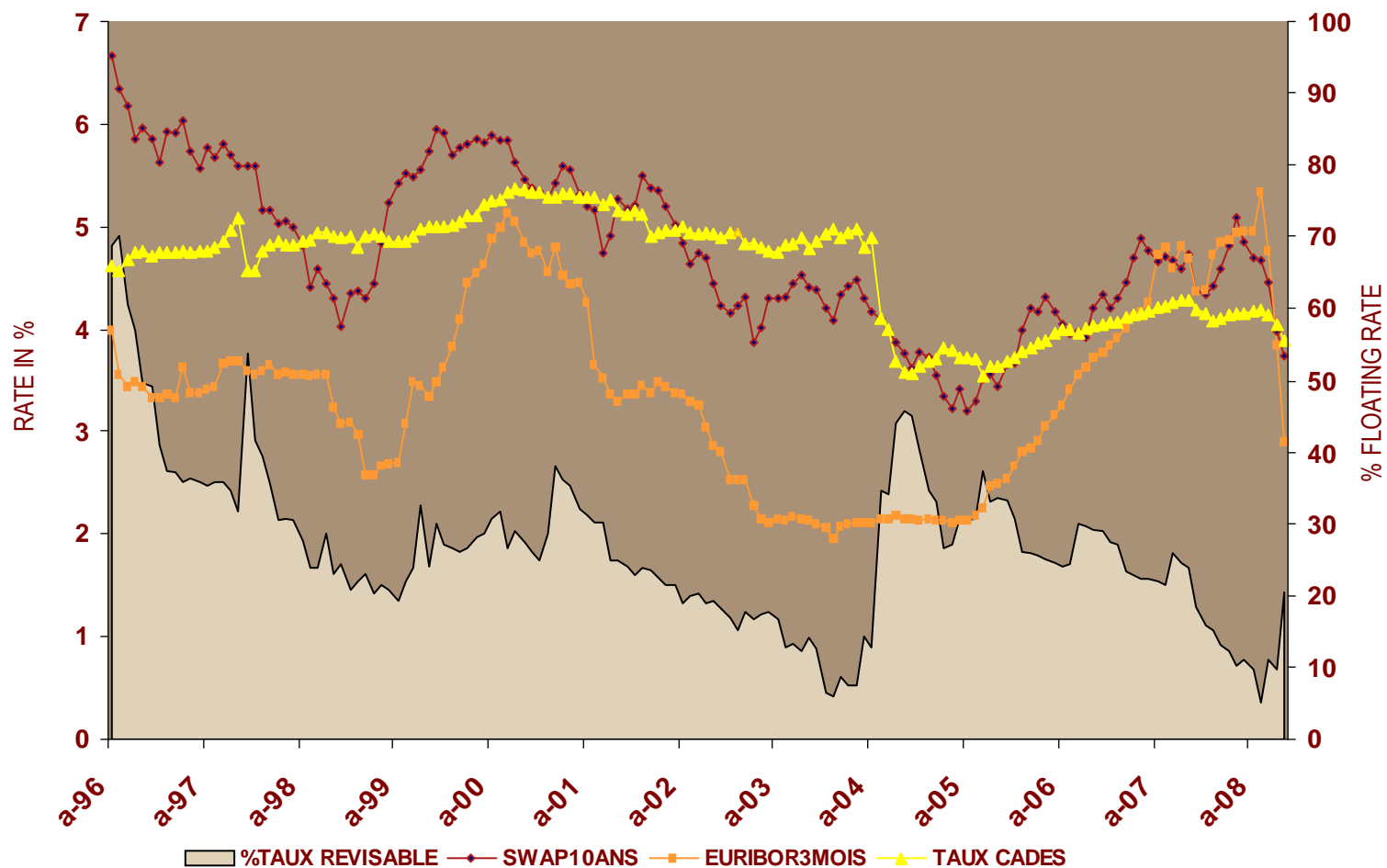
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Refinancing rate evolution



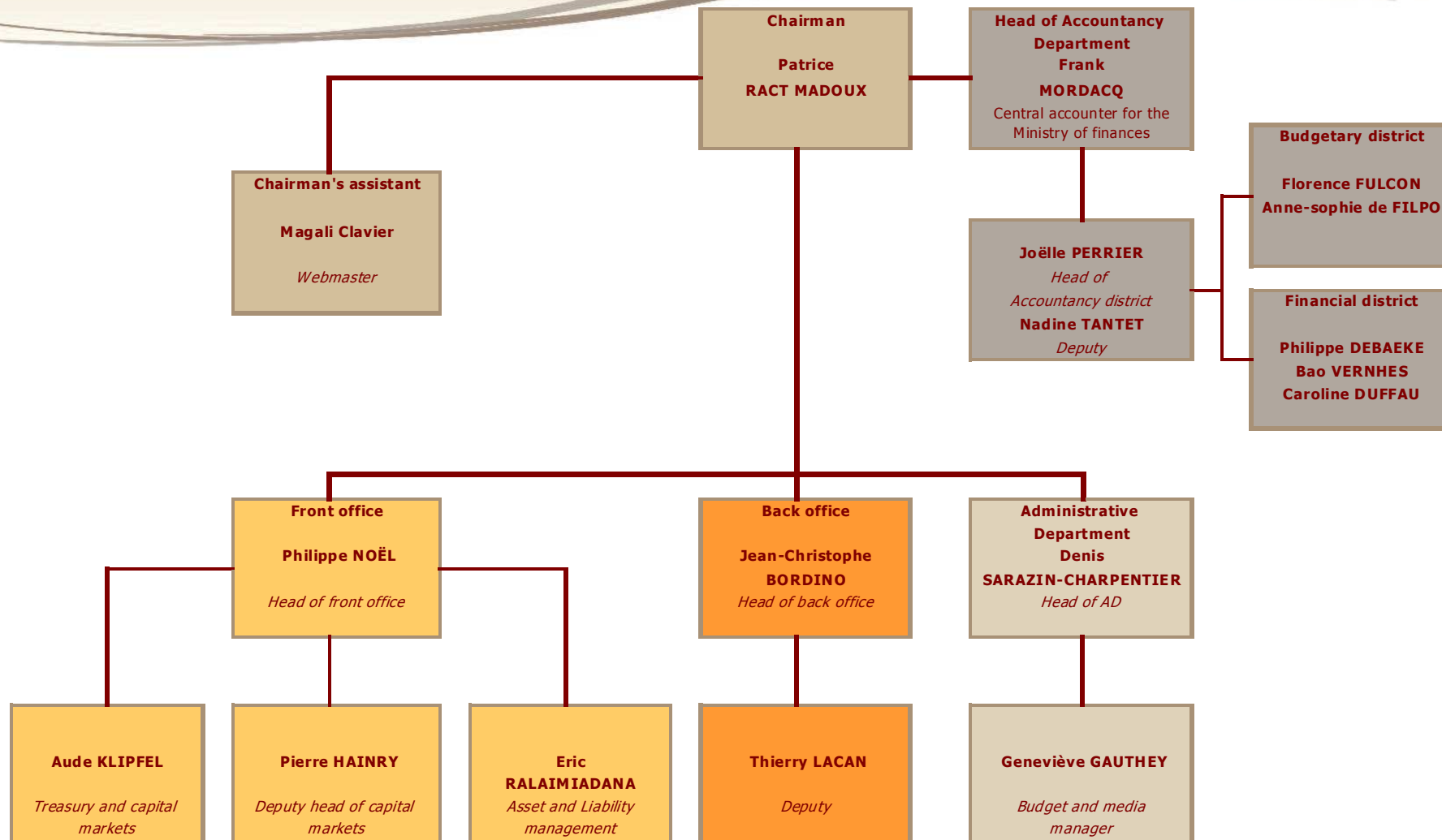


CADES: key figures

	Payment expressed as amount carried forward	CANAM payment	Payment under SSFA	Govt off balance sheet	SS off balance sheet	Government payment	Voted debt	Assumed debt	Payment of interest/borrowings	Resources (CRDS +CSG+ real estate)	Result	Net situation	Estimate of aggregate amortized debt	Estimate of annual amortized debt
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
				24 773										
1996	20 886	457		22 867		1 906	46 116	23 249	1 027	3 211	-179	-21 065	2 184	2 184
1997				20 962		1 906	46 116	25 154	976	3 883	1 001	-20 063	5 091	2 907
1998	13 263			19 056		1 906	59 379	40 323	1 590	4 034	538	-32 788	7 535	2 444
1999				17 150		1 906	59 379	42 228	1 524	4 504	1 074	-31 713	10 515	2 980
2000				14 818		1 906	58 952	44 134	1 462	4 688	1 138	-30 393	13 741	3 226
2001				12 000		1 852	57 986	45 986	1 560	4 581	1 169	-29 224	16 762	3 021
2002				9 000	1 283	3 000	59 269	48 986	1 433	4 660	227	-28 997	19 989	3 227
2003			1 283	6 000	1 097	3 000	60 366	53 269	1 432	4 728	-987	-29 984	23 285	3 296
2004	35 000		1 097	3 000	15 000	3 000	110 366	92 366	1 554	4 899	-752	-65 736	26 630	3 345
2005	6 610				6 700	3 000	110 366	101 976	2 548	5 181	-367	-72 713	29 263	2 633
2006	5 700						110 366	107 676	2 664	5 479	2 815	-75 598	32 078	2 815
2007	-65						110 366	107 611	3 103	5 681	2 578	-72 955	34 656	2 578
2008	10 000						137 366	117 611	3 129	5 941	2 812	-80 143	37 468	2 812
2009	16 900						137 366	134 511	4 285	8 308	4 023	-93 020	41 491	4 023
Total	108 294	457	2 380	0	0	23 380	137 366	134 511	28 287	69 778	15 092	-93 020	41 491	41 491



CADES: organisation chart





Contact details



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Bloomberg: CADES <Go>,
CADX1<GO> Short term
CADX2<GO> EMTN

Reuters: CADES (CADET, CADEU, CADEV)

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