



Press conference

January 13th 2010



Press conference

Content

- ▶ **CADES in 2009**
 - ▶ Reminder on CADES
 - ▶ Acknowledged credibility
 - ▶ CADES review as of 31/12/2009
 - ▶ Funding data in 2009

- ▶ **CADES in 2010**
 - ▶ Voted measures in 2010 Social Security Finance Act
 - ▶ CADES position
 - ▶ 2010 issuing strategy

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



Press conference

Content

- ▶ **CADES in 2009**
 - ▶ Reminder on CADES
 - ▶ Acknowledged credibility
 - ▶ CADES review as of 31/12/2009
 - ▶ Funding data in 2009

- ▶ **CADES in 2010**
 - ▶ Voted measures in 2010 Social Security Finance Act
 - ▶ CADES position
 - ▶ 2010 issuing strategy

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



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 two 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. »

- ▶ 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

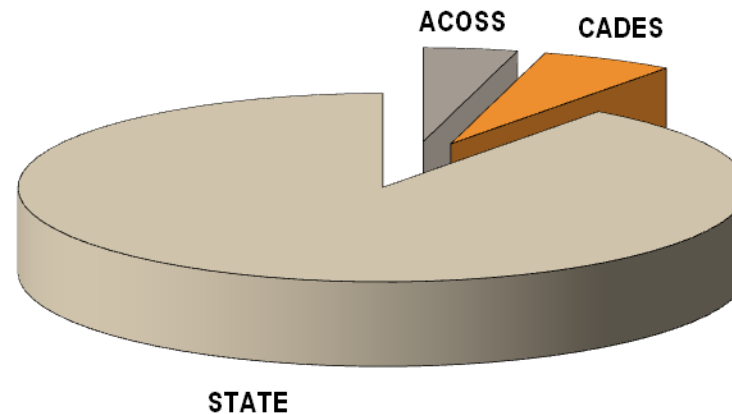
- ▶ Organisation and management of a financial body
- ▶ Issues in euros, inflation linked, private placements, issues in other currencies (USD, CAD, AUD, GBP), ensuring that a major French issuer is present in these markets
- ▶ Cost / volatility trade-off optimized through asset/liability management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

► Inclusion in French public debt

Social security debt:

- MLT CADES : €91.9bn

- ST ACOSS* : < €65 bn



► Legislative disclosure coordinated since creation of Ministry of Public Accounts

* ACOSS : Agence Centrale des Organismes de Sécurité Sociale



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. Vitel
 - ▶ 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

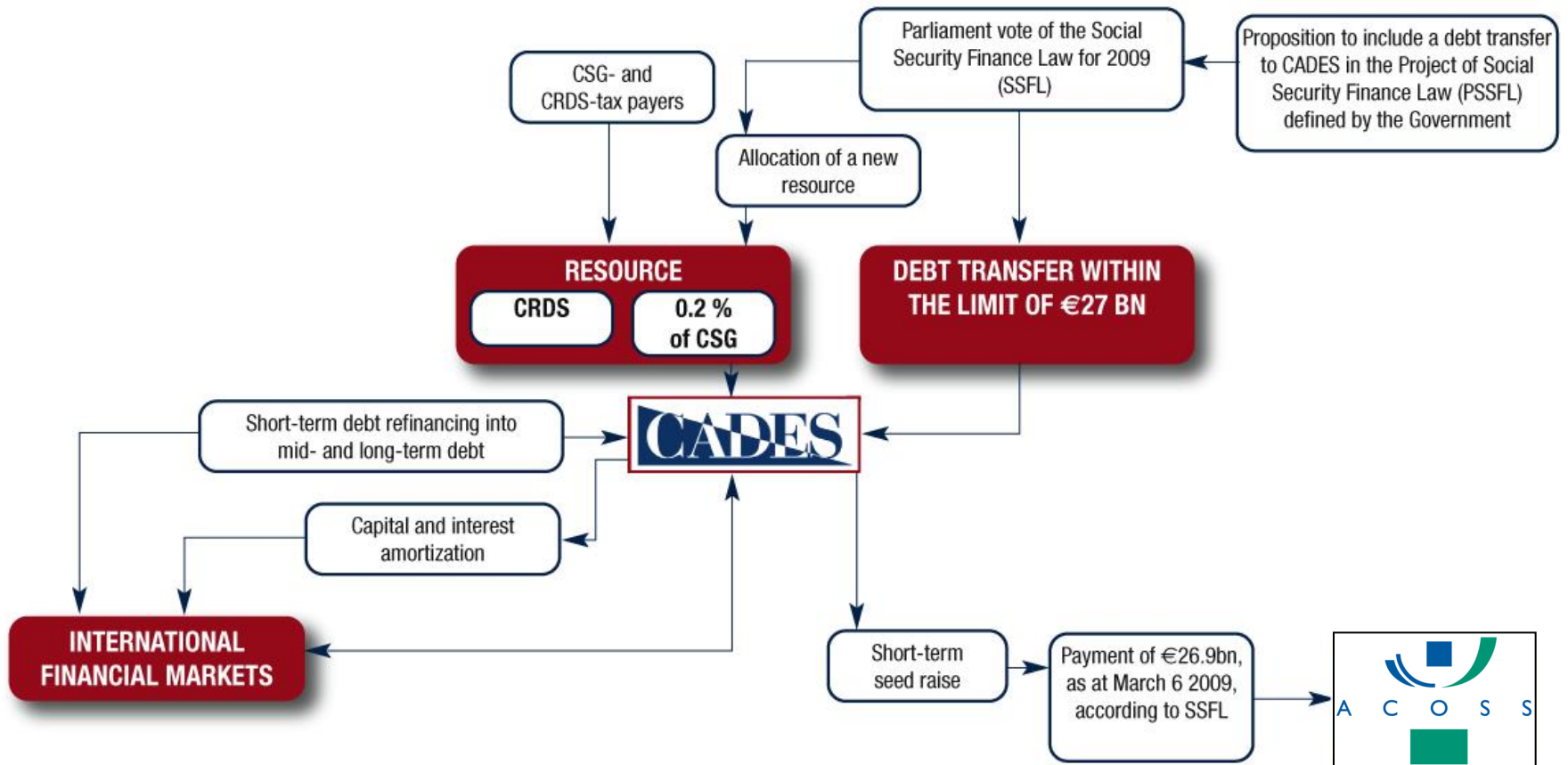
- ▶ Superior ratings:
 - ▶ Long-term: Aaa/AAA/AAA (Moody's, S&P, FitchRatings)
 - ▶ Short-term: P-1 / A-1+ / F1+ (Moody's, S&P, Fitch Ratings)

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

- ▶ Debt transfer up to €27 bn:
 - ▶ Health branch for 2007 et 2008: €8.9 bn
 - ▶ Elderly branch from 2005 to 2008: €14.1 bn
 - ▶ Accumulated loss from accumulated deficit from «Fonds de Solidarité Vieillesse»: €4 bn

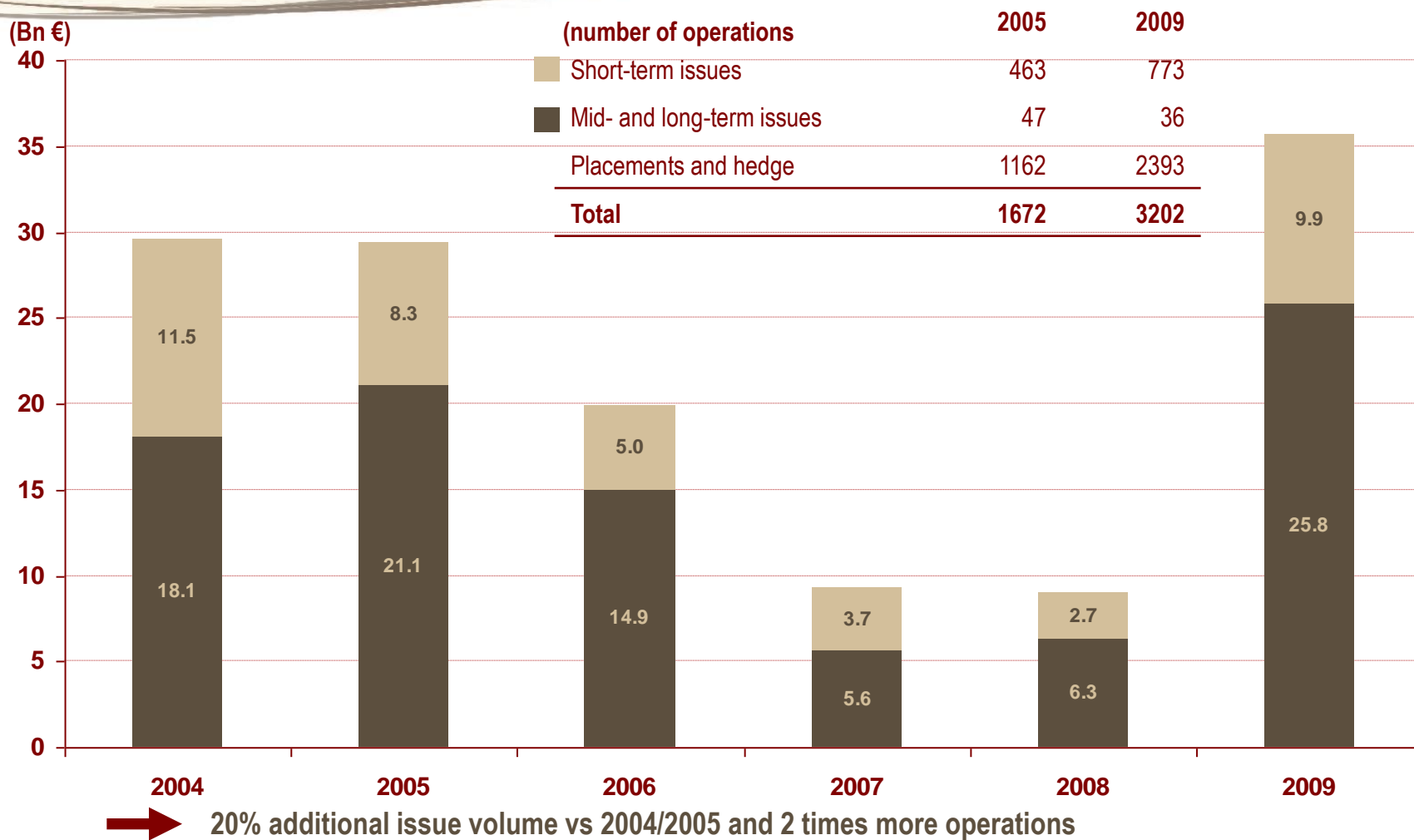
- ▶ 3 successive payments to ACOSS: €10bn, €10bn, €7bn (decree 2008-1375 of December 19th 2008)

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



In € bn	2007	2008	2009
Debt assumed	-	10.0	17.0
Total revenues	5.7	6.0	8.0
Amortised principal	2.6	2.9	5.2
Interest paid	3.1	3.1	2.8
Net position, end of period	73.0	80.1	91.9

2009 funding programme : record volume

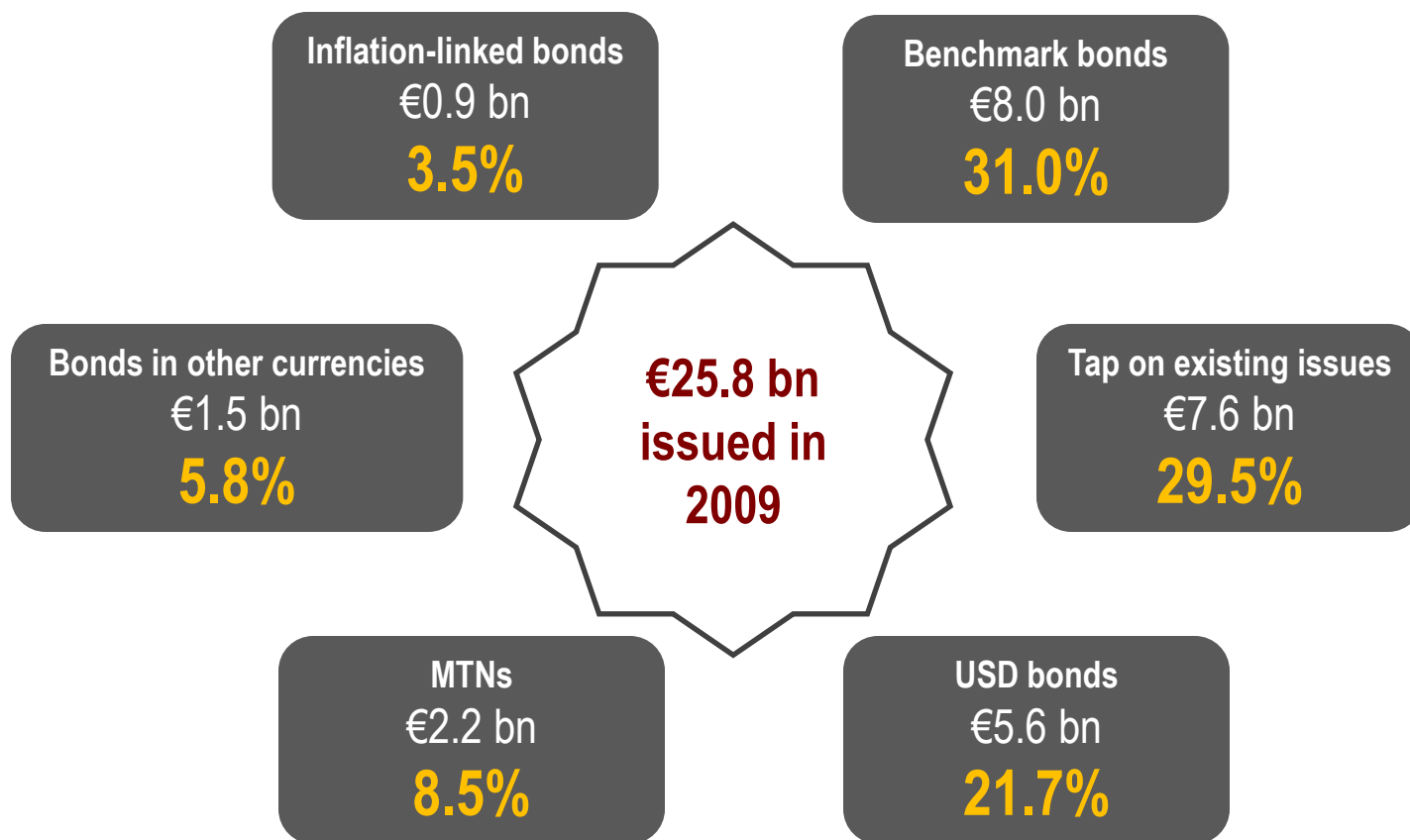


2009 funding programme: execution

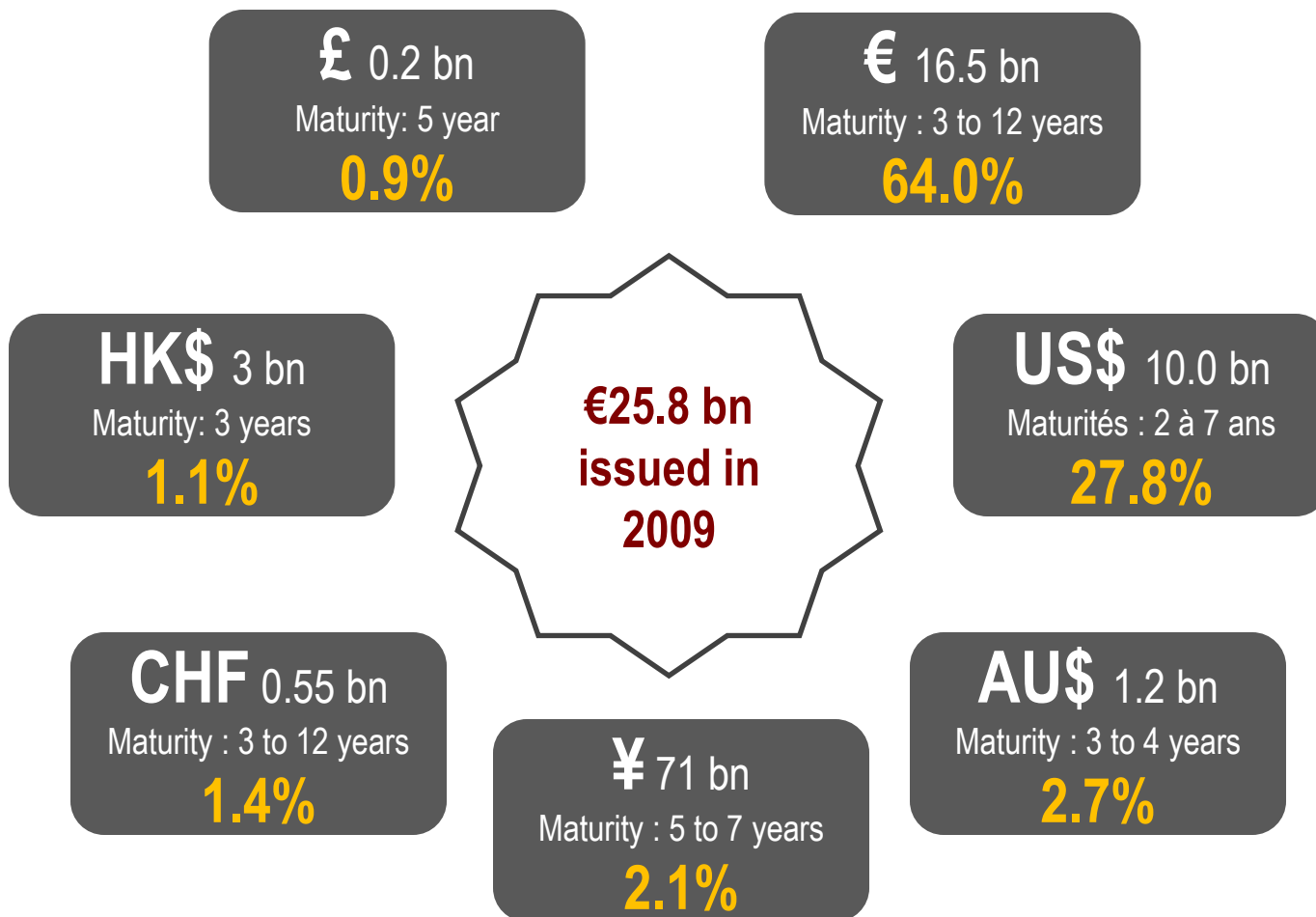
In €	Announced ↓	Carried-out ↓	
Euro benchmarks (2012, 2015 and 2020)	9 - 15 bn (3-5)	8 bn (3)	} €: 16.5 bn
Tap on existing issues (2012, 2016, 2017, 2019, 2020 and 2021)	1 - 2 bn (2-4)	7.6 bn (7)	
Inflation-linked bonds (i2019)	0.5 - 1.5 bn (1-3)	0.9 bn (1)	
USD benchmarks (2011, 2012, 2014)	2.4 - 3.9 bn (3-5)	5.56 bn (6)	} Other currencies: 9.3 Mds
Other currencies benchmarks (SWF JPY, GBP AUD)	0.9 - 2.4 bn (2-6)	1.54 Mds (8)	
Private and structured issues (USD, AUD and HKD)	1 - 2 bn (10-20)	2,16 bn (9)	
TOTAL MID- AND LONG-TERM FUNDING	14.8 - 26.8 bn	25.8 bn (34)	
Short-term issues outstanding (as at 31/12/2009)	18.3 - 6.3 bn	9.9 bn (773)	
	33.1 bn	35.7 bn	

(x) : Number of issues carried out

2009 funding programme : type of instruments

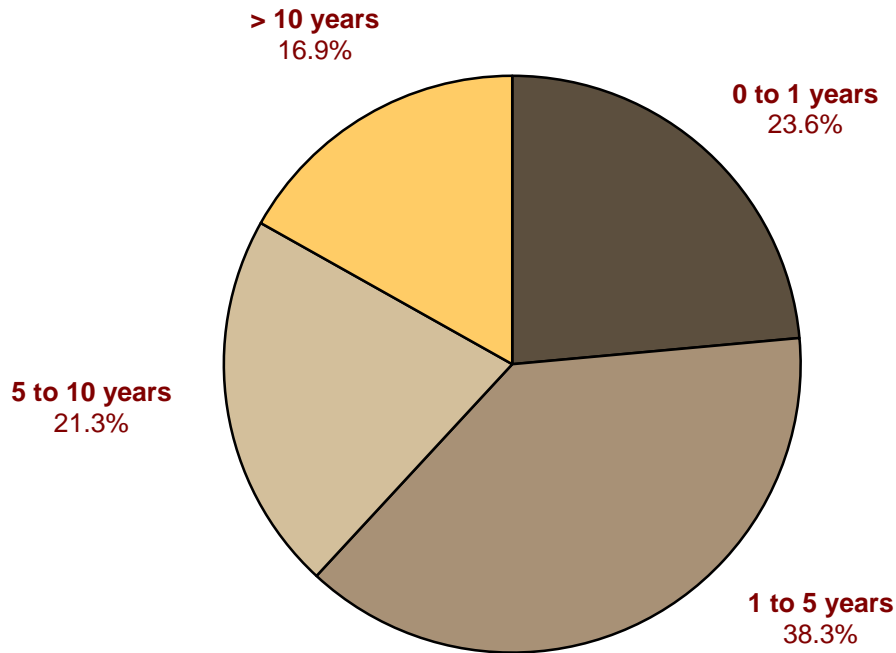


2009 funding programme : range of currencies

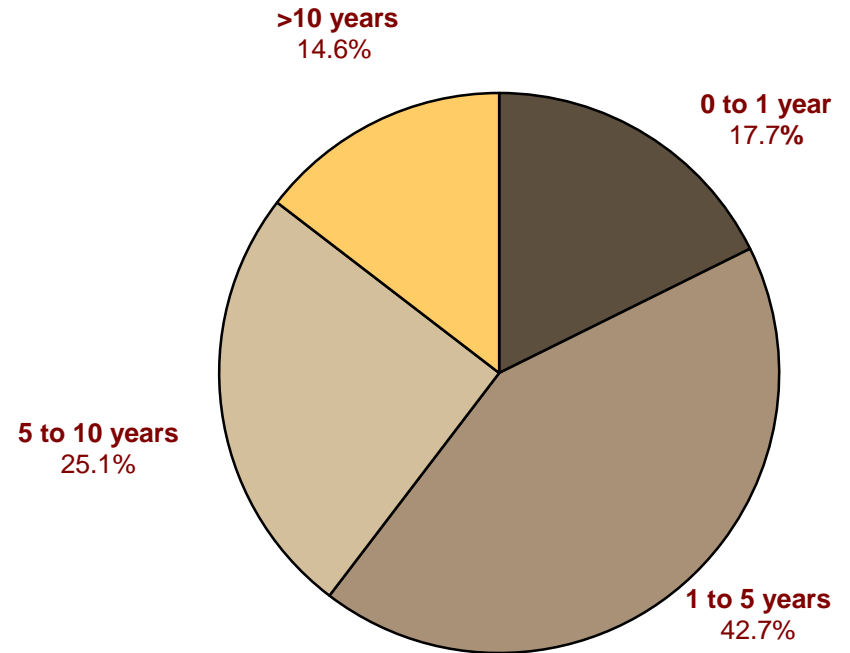


2009 funding programme : bond maturities

As at 31/12/2008



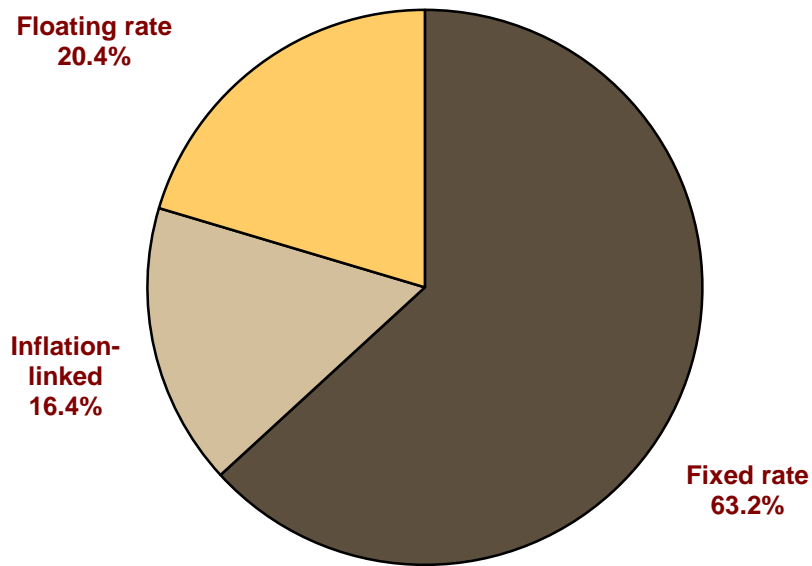
As at 31/12/2009



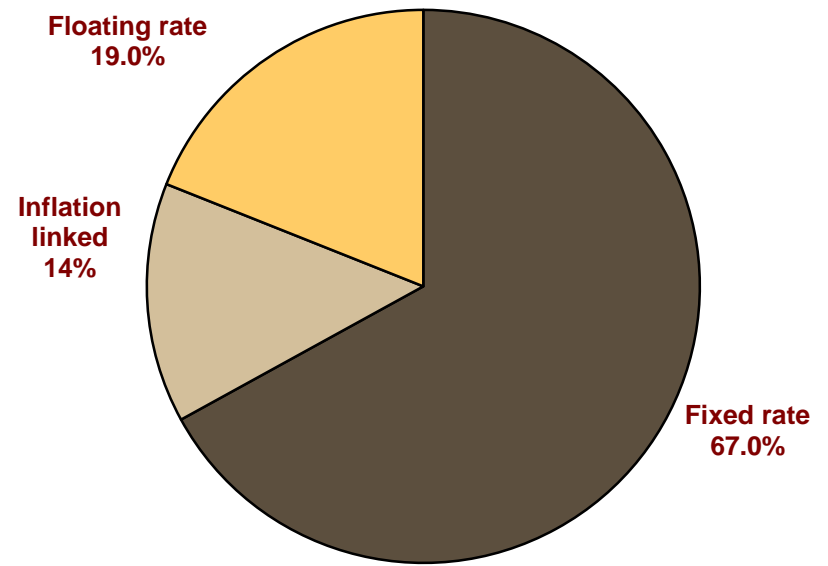
➔ Debt structure is stable, short-term debt decreased

2009 funding programme: debt structure

As at 31/12/2008

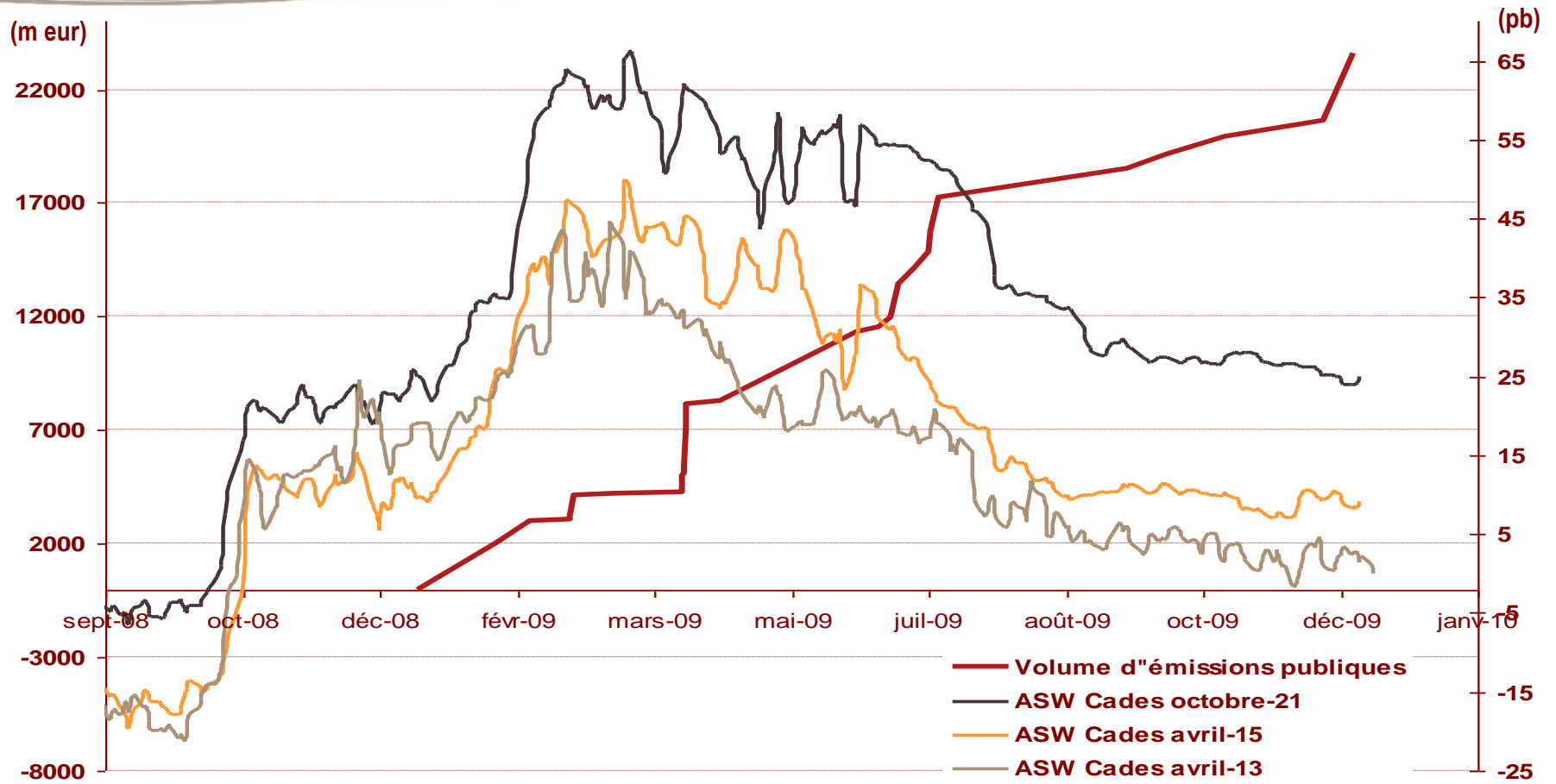


As at 31/12/2009



➔ More fixed rate at historically low level

2009 funding programme: sequencing



➔ Two thirds of the programme carried from June

10-year bond

5-year bond

Before crisis / lowest appetite for risk

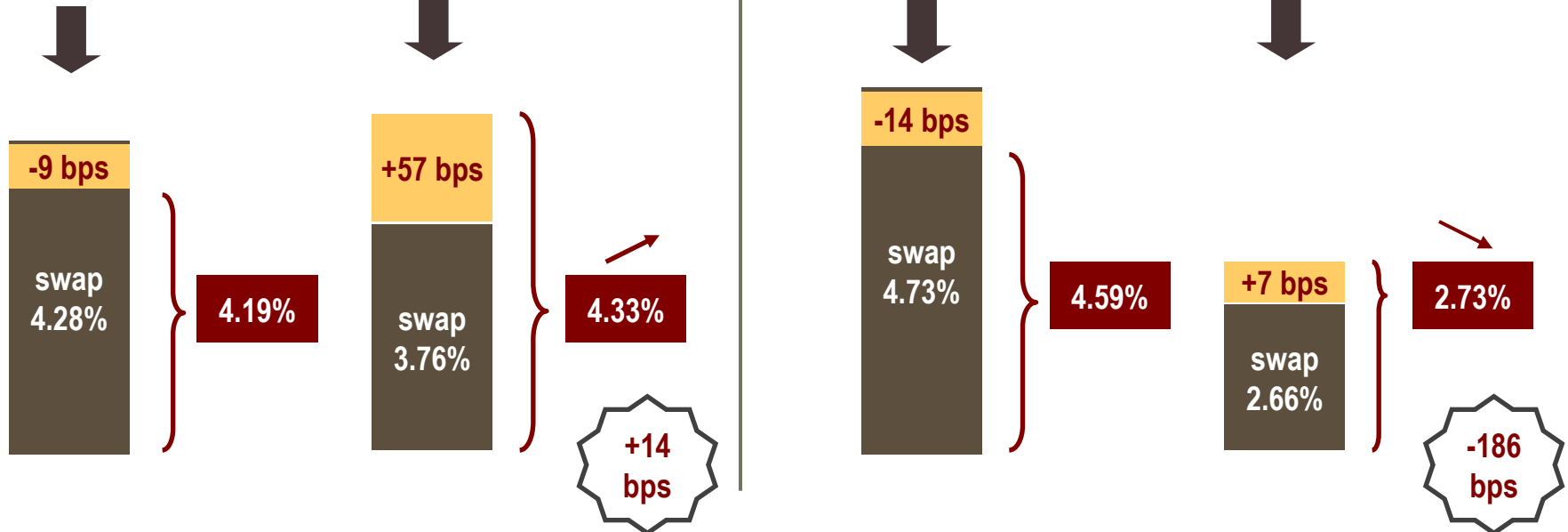
Before Lehman collapsed / after central bank intervention

March 2007

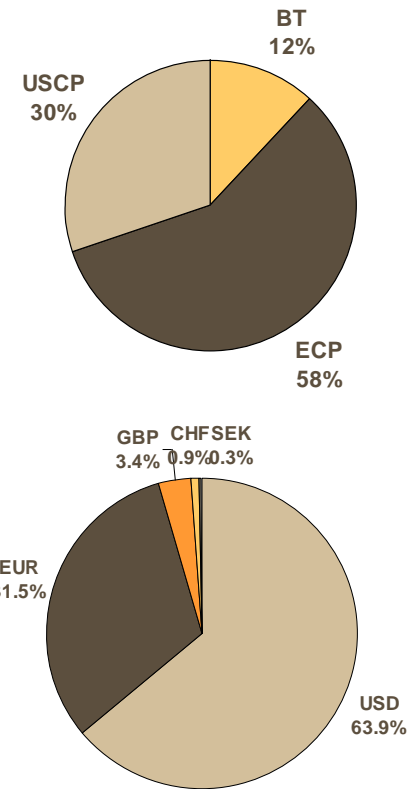
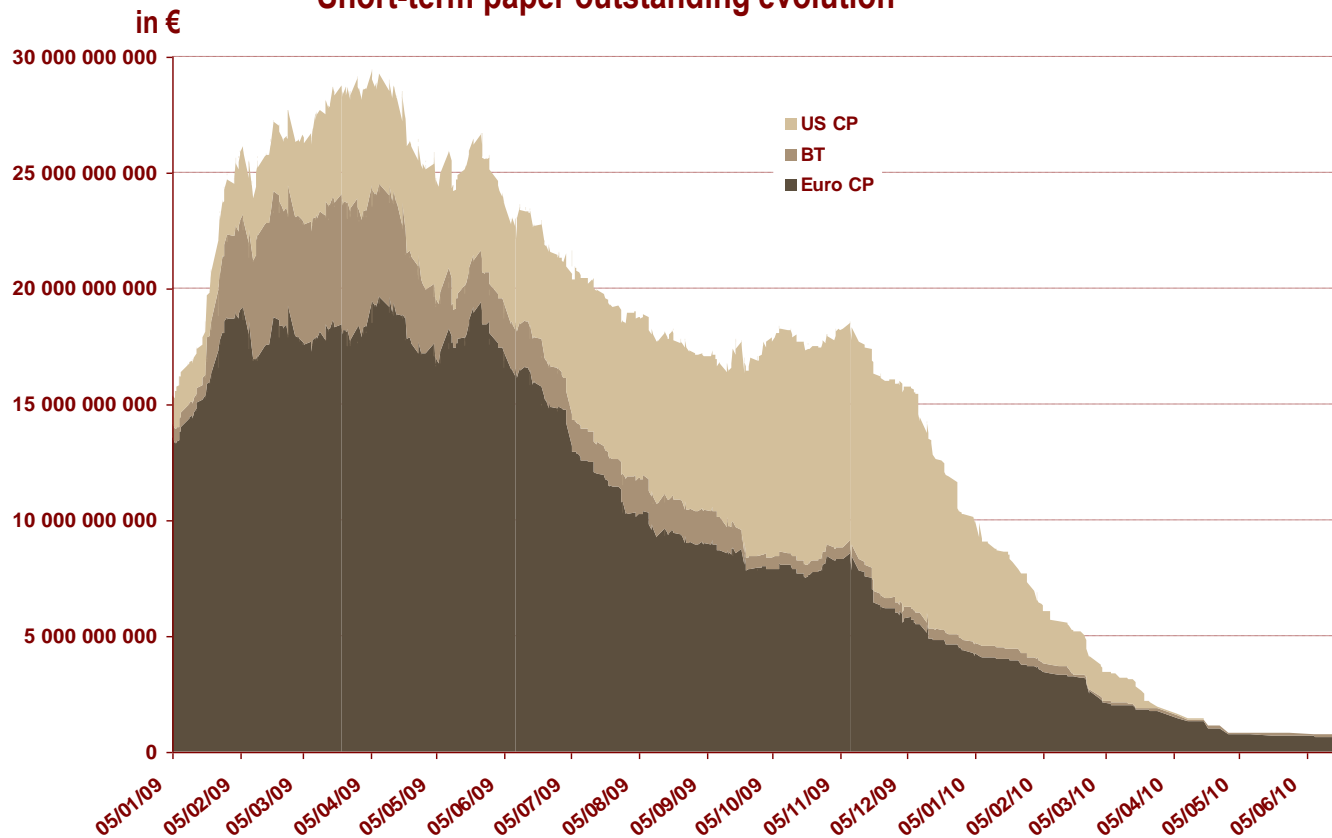
June 2009

August 2008

December 2009



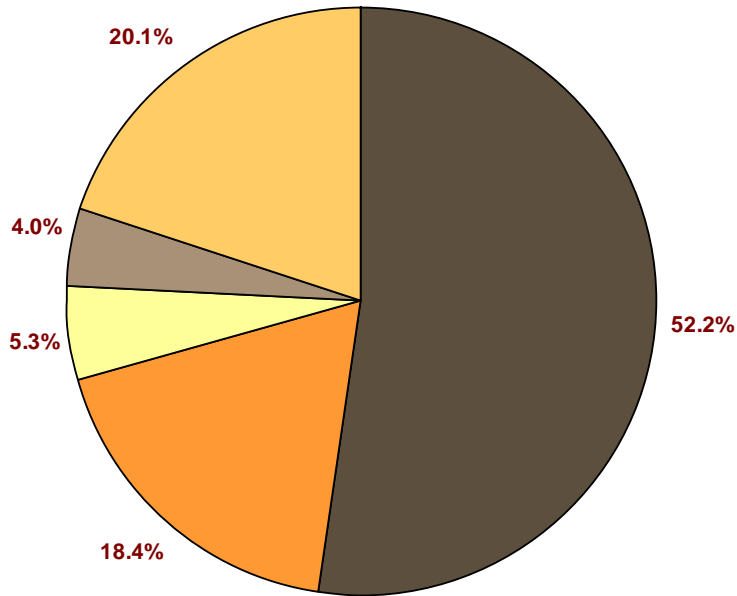
Short-term paper outstanding evolution



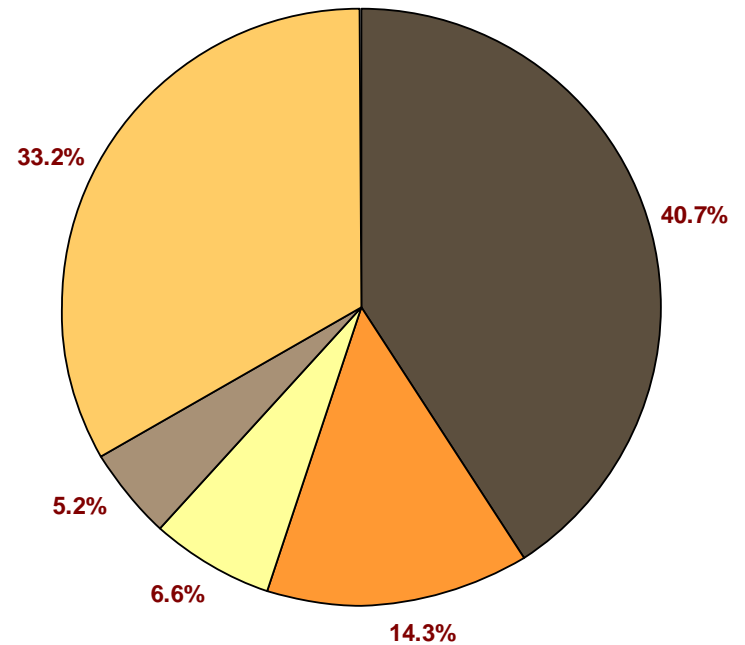
➔ Issue volume of €61 bn, average length of 112 days, average rate of 0.76%, Eonia of 0,07%, Euribor of 0,74%

2009 funding programme : by region

Since 2004



In 2009



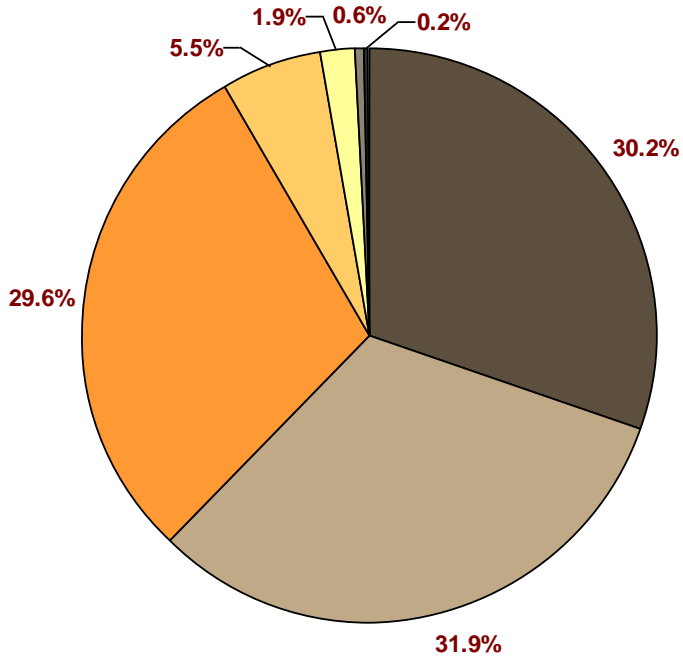
- Europe
- Asia
- Middle East
- Americas
- France



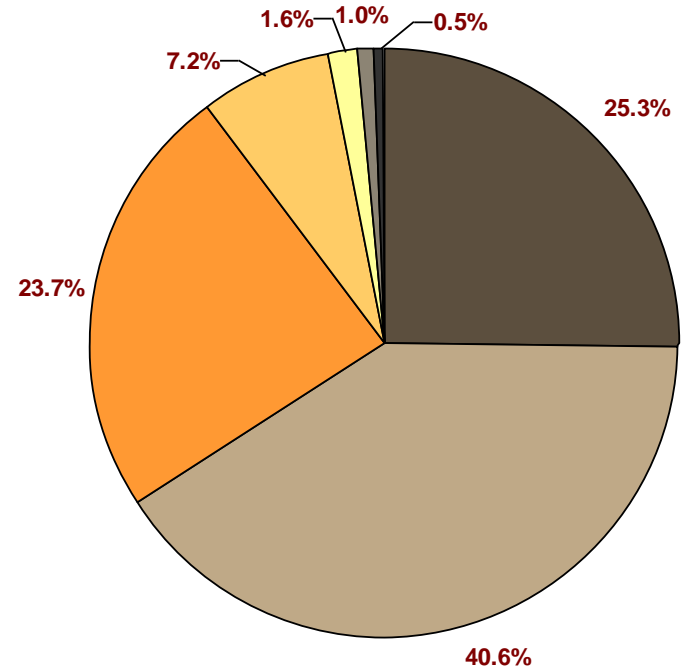
Comeback of domestic investors, slight decrease of Asian contribution

2009 funding programme : by type of investor

Since 2004



In 2009



- Fund management
- Retail banks
- Central banks
- Insurance companies
- Pension funds
- Wealth Management
- Companies

➔ More retail banks (ALM, Investment portfolio, cash), less central banks

Estimated net position at the beginning of 2009

	In € bn
Total debt voted	137.4
Debt assumed	134.6
Total resources collected (i)	69.5
Amortised principal	42.7
Interest paid	26.8
Net position at the end of 2009	91.9
Annual amortisation objective voted in 2010 SSFA : €5 bn	

Source: CADES

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



Press conference

Content

- ▶ **CADES in 2009**
 - ▶ Reminder on CADES
 - ▶ Acknowledged credibility
 - ▶ CADES review as of 31/12/2009
 - ▶ Funding data in 2009

- ▶ **CADES in 2010**
 - ▶ Voted measures in 2010 Social Security Finance Act
 - ▶ CADES position
 - ▶ 2010 issuing strategy

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

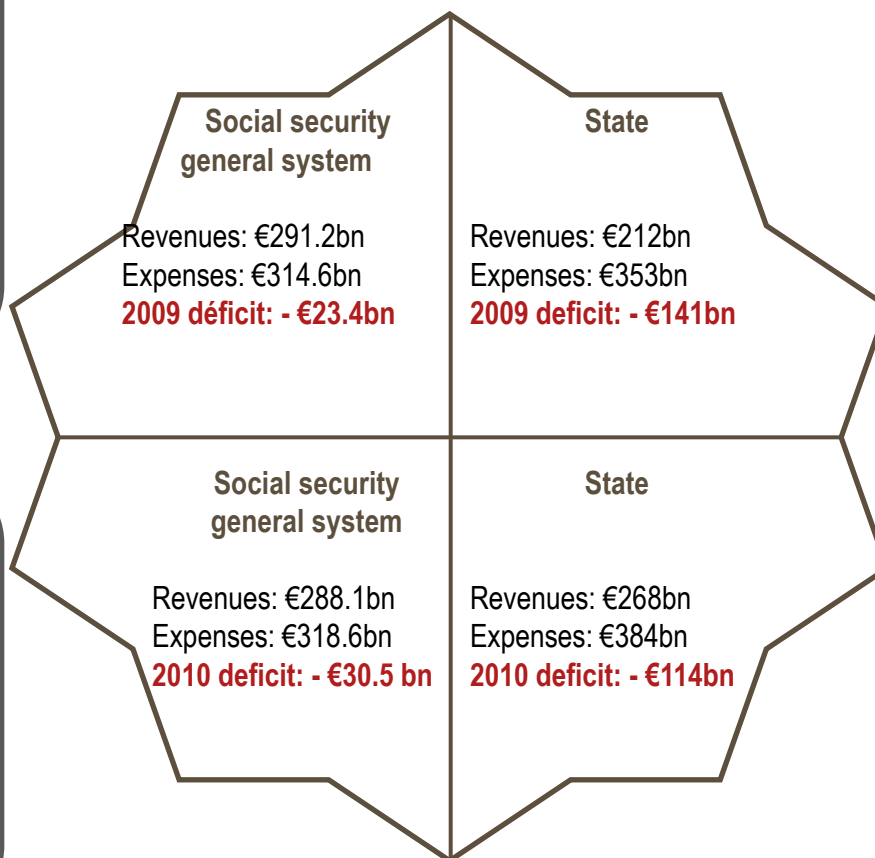
- ▶ Increase of ACOSS overdraft ceiling to €65 bn
- ▶ Annual CADES amortisation objective : €5 bn
- ▶ Measures related to social taxes:
 - ▶ Capital gains are taxed from the first euro
 - ▶ End of exemption which benefited from life insurance in case of beneficiary death
 - ▶ Diverse measures on retirements gifts
- ▶ Creation of a Parliamentary commission at the beginning of 2010 which findings will be included in the 2011 SSFA

SSFA for 2009

- ▶ Amended CADES annual amortisation objective : €5.1bn
- ▶ CADES assumed debt in 2009: € 27bn
- ▶ ACOSS overdraft ceiling: €29bn

SSFA for 2010

- ▶ CADES annual amortisation objective: €5bn
- ▶ CADES assumed debt in 2010: 0
- ▶ ACOSS overdraft ceiling: €65bn



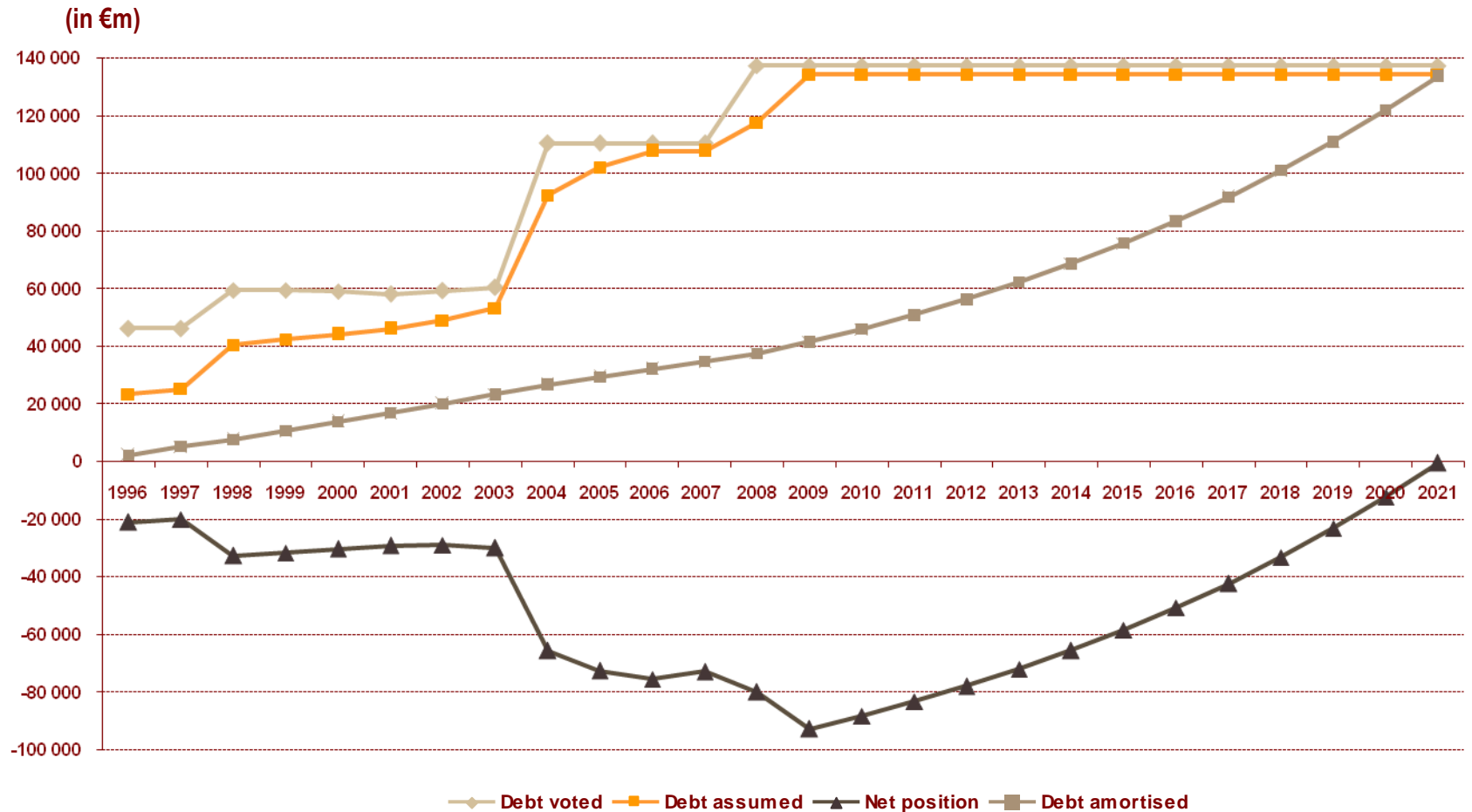
2009 financing law

- ▶ AFT* : State negotiable debt net change ceiling : €44.7bn

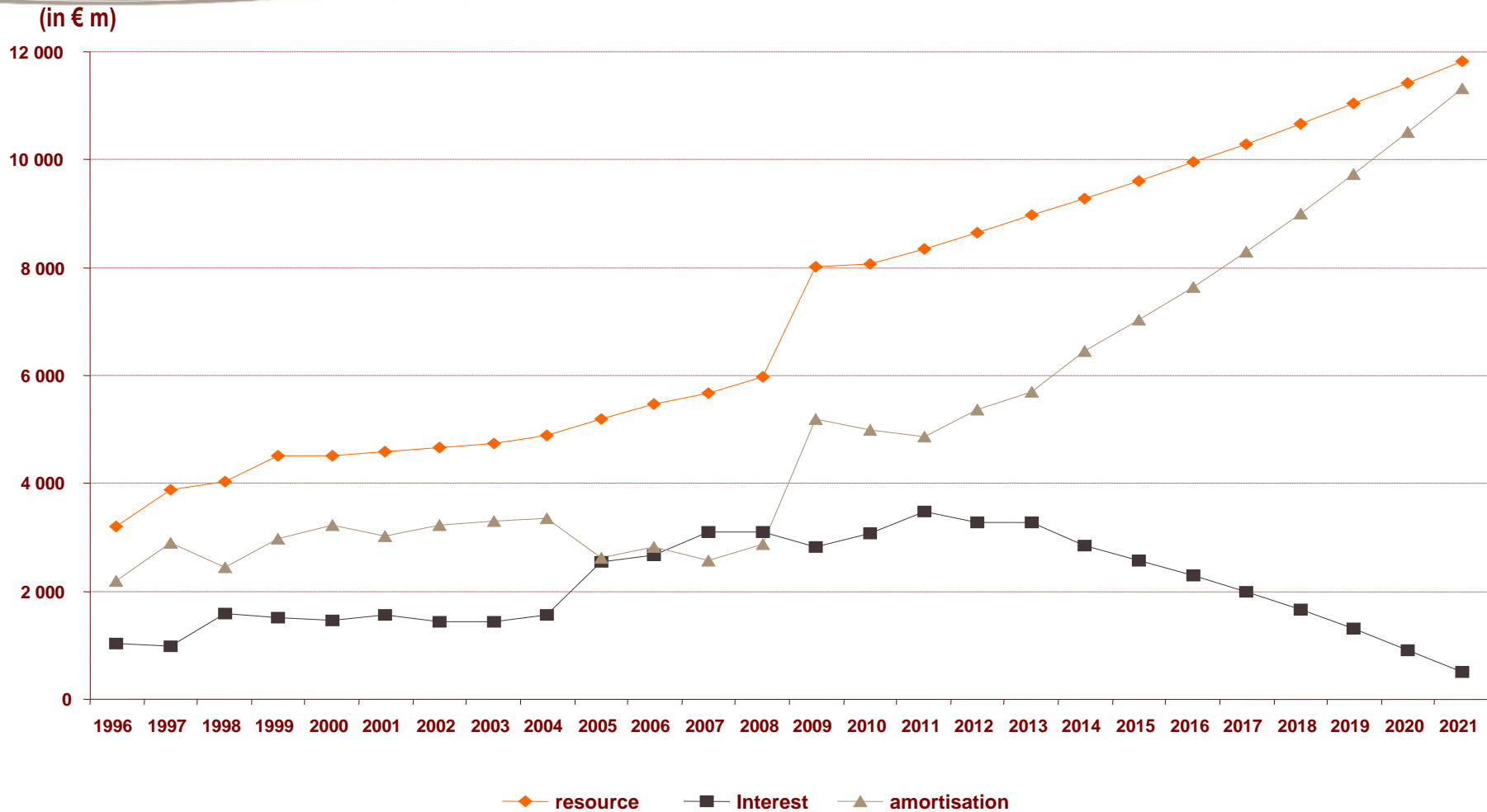
2010 financing law

- ▶ AFT* : State negotiable net change ceiling (over 1 year) : €83.1€

Debt voted, assumed and amortised



Breakdown between amortisation and interest



Sample amortisation profiles

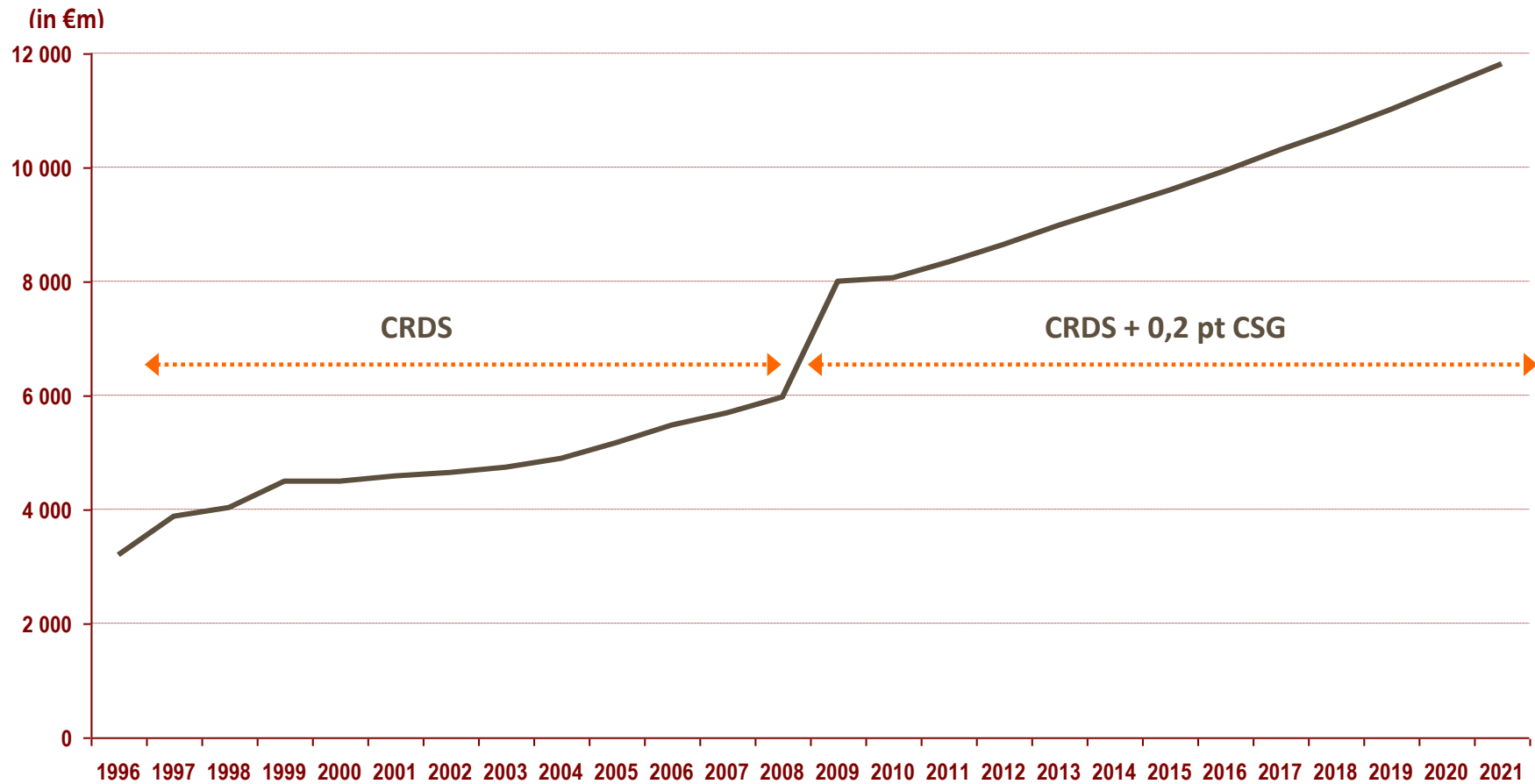
Net position by level of risk(*)

(*) risk= probability to fail to reach an average pay back ratio level





CADES revenue evolution



Statement of cash flow for 2010

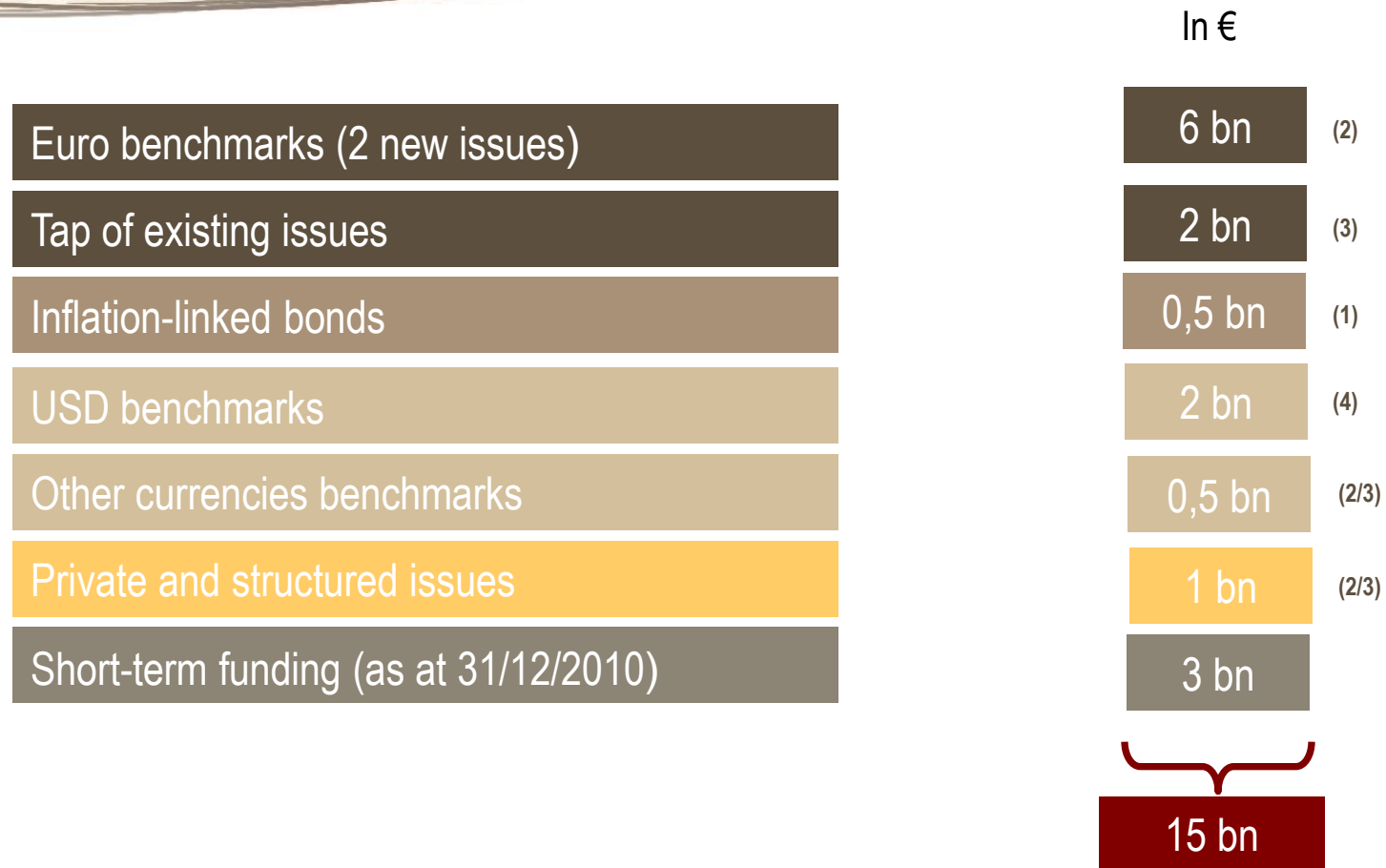
(In €bn)

Short-term redemption	10
Mid- and long-term redemption	7
Interest payment	3.1
Cash reserve	3.0

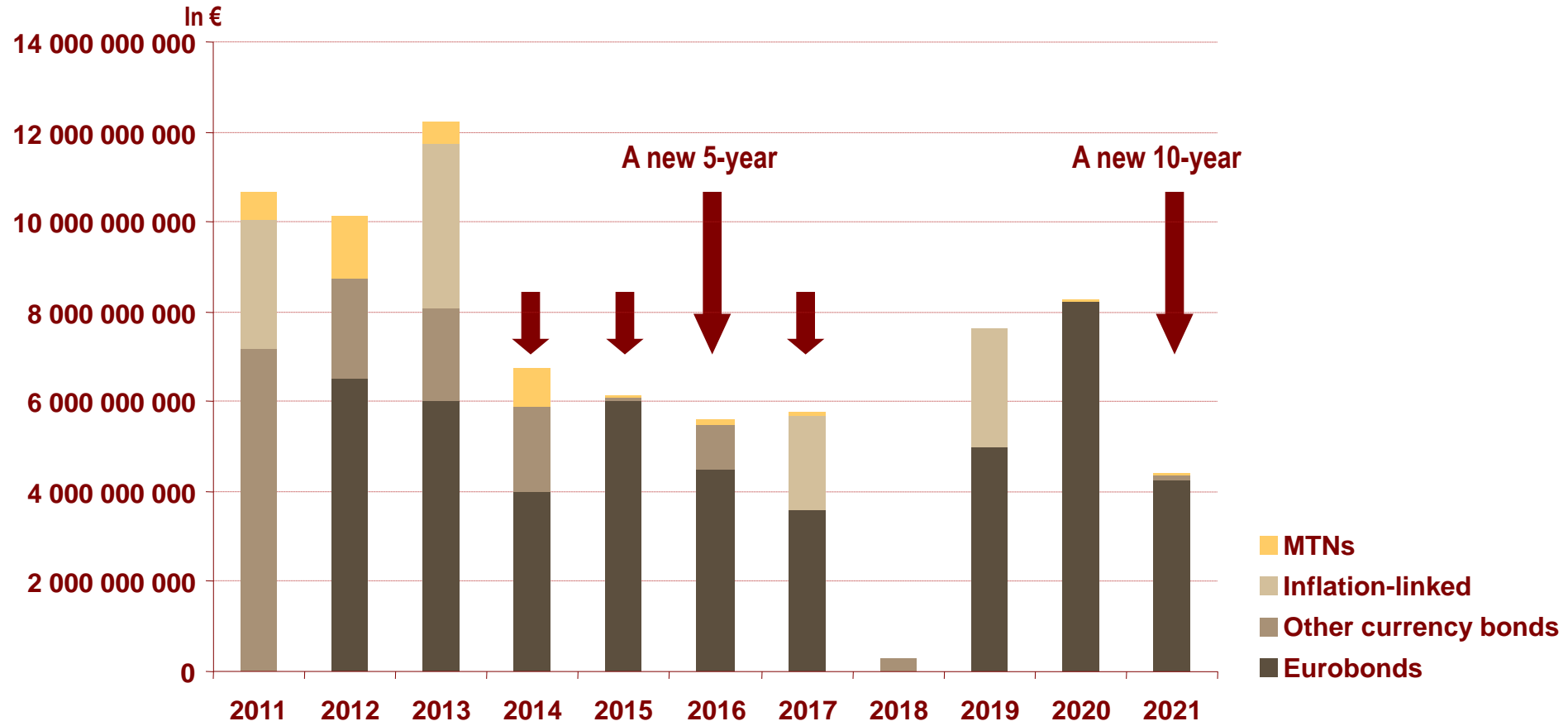
Revenues	8.1
Funding programme	15



➔ Most of the cash needed is concentrated at the beginning of H2



(x) : Number of issues to be carried out in 2010





Press conference

Content

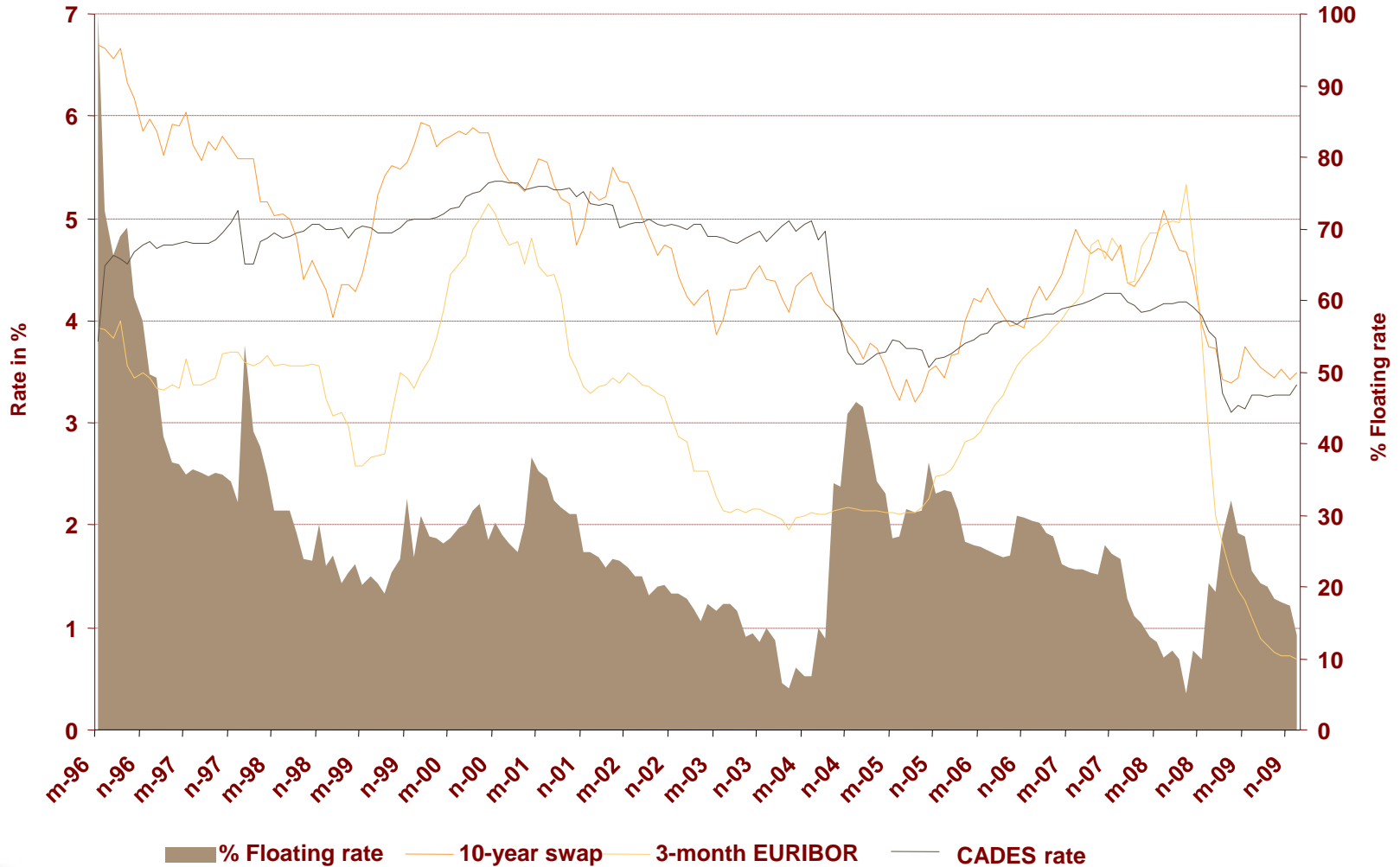
- ▶ **CADES in 2009**
 - ▶ Reminder on CADES
 - ▶ Acknowledged credibility
 - ▶ CADES review as of 31/12/2009
 - ▶ Funding data in 2009

- ▶ **CADES in 2010**
 - ▶ Voted measures in 2010 Social Security Finance Act
 - ▶ CADES position
 - ▶ 2010 issuing strategy

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



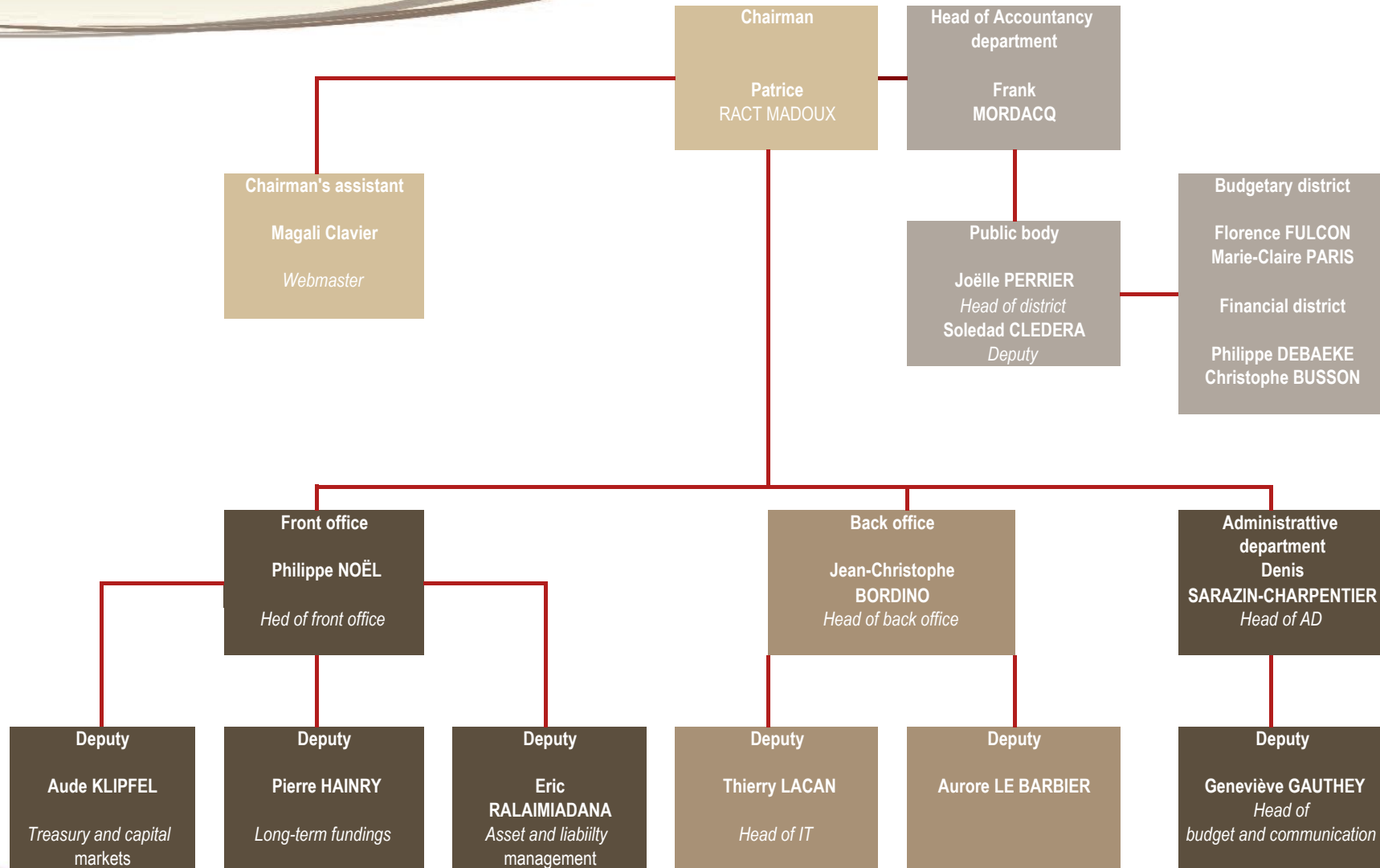
Refinancing rate evolution



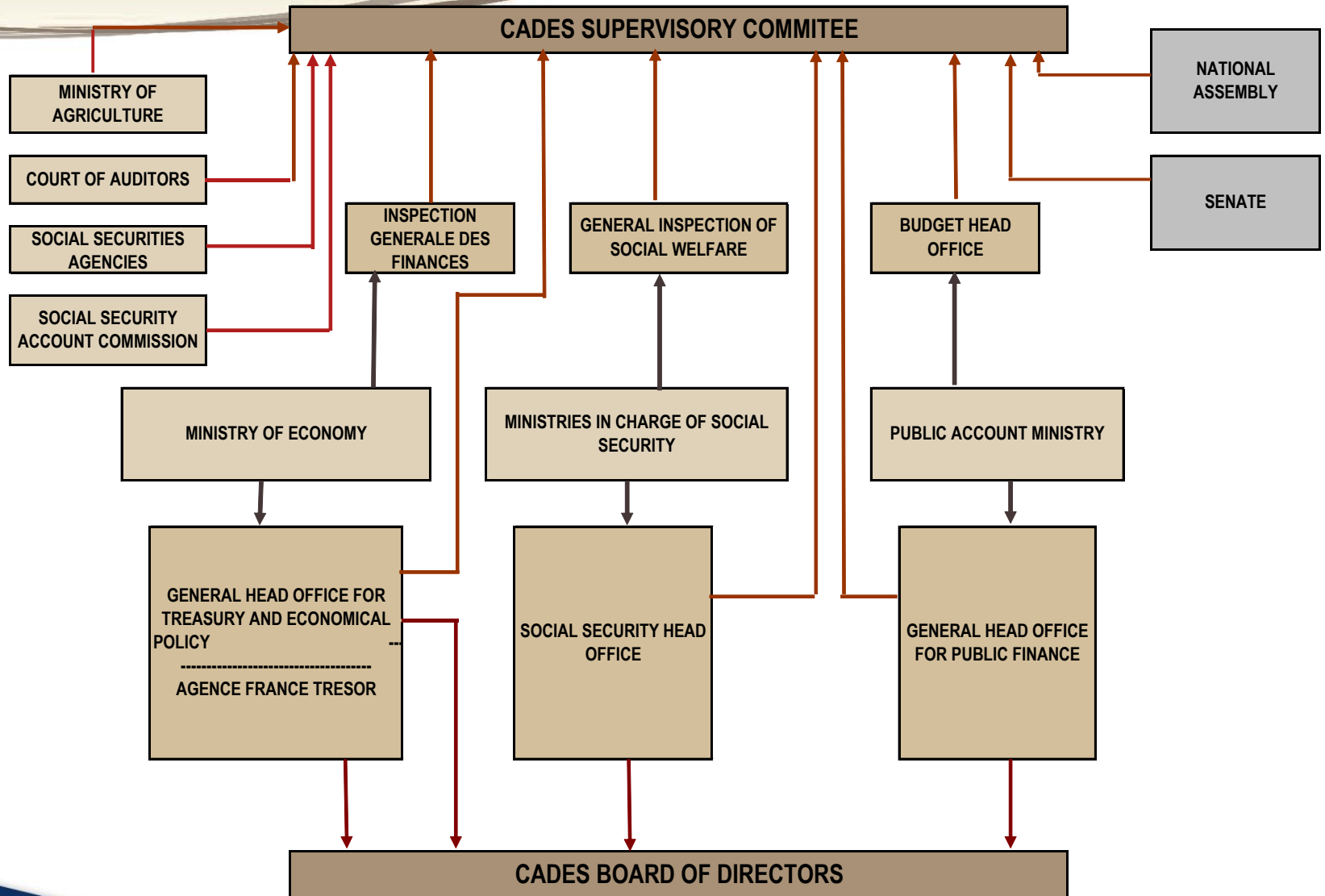
Key figures

	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	3 095	5 980	2 885	-80 070	37 541	2 885
2009	17 000						137 366	134 611	2 818	8 006	5 188	-91 882	42 729	5 188
2010 (est)							137 366	134 611	3 071	8 068	4 997	-86 885	47 726	4 997
Total	108 394	457	2 380	0	0	23 380	137 366	134 611	29 857	77 583	21 327	-86 885	47 726	47 726

CADES organisation chart



CADES governance chart





Contact details



15 rue Marsollier
75002 Paris, France

 +33 1 55 78 58 00

www.cades.fr

actifin

76-78 rue Saint Lazare
75009 Paris, France

 +33 1 56 88 11 11

www.actifin.fr

Chairman

patrice.ract-madoux@cades.fr

Markets

philippe.noel@cades.fr

pierre.hainry@cades.fr

aude.klipfel@cades.fr

Communication

genevieve.gauthey@cades.fr

Press relations

Charlène Masson

cmasson@actifin.fr

 +33 1 56 88 11 28