

## CADES annual result in line with objectives considering the exceptional payment made to social security funding organizations in 2003 CADES continues to pay down assumed debt

### PRESS RELEASES

In a meeting chaired by Mr. Patrice Ract Madoux, the CADES Board of Directors assembled on April 8, 2004 to approve the financial statements for the year ended December 31, 2003.

A public agency whose purpose is primarily financial, CADES is subject to the accounting policies applicable to lending and financial institutions in France. Consequently, its financial statements are submitted to the approval of the Minister in charge of Economy and Finance, and the Minister in charge of Social Security.

<i>In ?millions</i>	December 31, 2003	December 31, 2002
Result	- 987	227
Material items:		
CRDS revenues	4,721	4,645
Interest expense	- 1,432	- 1,433
Payments to the government	- 3,000	- 3,000
Payment provided for in Social Security Finance Act for 2003	- 1,283	

CRDS revenues totaled €4.721 billion in 2003, in line with forecasts.

The scheduled exceptional payment to social security funding organization of €1.283 billion, provided for in the Social Security Finance Act for 2003, had a significant impact on results for 2003 (-€988 million, versus +€227 million in 2002).

In the Social Security Finance Act for 2004, the second and last installment of the exceptional payment to French social security funding organizations has been set at €1.1 billion, slightly lower than the prior year payment. This payment will be charged against the accounting result for the next fiscal year.

Interest expense was stable in 2003, at €1.432 billion (versus €1.433 billion in 2002). This stability reflects the agency's disciplined management style and access to low-cost refinancing.

The year's result also includes a €5 million capital gain realized on the sale in late 2003 of the last of the real-estate assets transferred to CADES. The real-estate asset divestiture program, which is now complete, has contributed €480 million in cash revenues since it was introduced in 1996.

The principal issuances completed by CADES during the year ended include the tap-up of two earlier issues linked to French inflation: Cades i 2006, in two transactions totaling €870 million, and Cadesi 2011, in two transactions totaling €1.05 billion.

At the December 31, 2003 reporting date, the redemption value of CADES' debt was €29.972 billion, versus €29.146 billion one year prior.

Of the €53.8 billion in debt that CADES has assumed since it was established in 1996, which includes off-balance sheet payments to the government of €3 billion in 2004 and 2005 and the second installment of the exceptional payment (€1.1 billion) to various social security funding organizations, debt outstanding and payable by January 2014 was €38.25 billion at year-end 2003.

In light of the foregoing, the present value of future cash flows as calculated by CADES and submitted to the Board of Directors confirms that, barring changes in legislation and using reasonable GDP and interest rate hypotheses over the remaining duration, CADES expects to be able to fulfill its stated mission of paying down assumed social security debt by January 31, 2014.

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**CADES: A BENCHMARK ISSUER IN THE EUROPEAN MARKET**

*Created in 1996, CADES is an administrative public agency under the authority of the French government. CADES enjoys the highest ratings by the principal international rating agencies (AAA/A1+, Aaa/P1, AAA/F1+), and a 0% Basel ratio weighting, which makes CADES one of the five largest non-government issuers in Europe.*

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Information about CADES and its issues can be found on its website ([www.cades.fr](http://www.cades.fr)), or on the Reuters and Bloomberg pages.