

CADES announces 3 billion euro note issue

PRESS RELEASE

CADES today announces the issuance of a 3-billion euro note, instead of the initially planned 2-billion euro issue. The higher face amount comes in response to strong investor demand.

As announced in the issuance program released last January, this bond will be quoted on MTS France and MTS quasi-sovereign, replacing the 2004 and NLG lines maturing this July.

Due July 2009, this latest issue offers a gross yield to maturity 3.75% and a spread of –3 bp. Versus the swap curve, the spread is equal to a 7bp spread versus government issues, one of the narrowest in CADES history.

BNP-Paribas, JP Morgan Chase and UBS are joint-boorunners. CADES has awarded co-lead mandates to ABN-AMRO, BARCLAYS CAPITAL, DRESDNER KLEINWORT WASSERTEIN, CALYON, CDC IXIS, CSFB, HSBC-CCF, LEHMAN BROTHERS, NOMURA and SG.

Thanks to the price terms, this CADES issue met with great success, stimulating stronger than anticipated investor demand, in an economic environment destabilized by the threat of interest rate hikes, and in markets that are not highly liquid.

Subscribers primarily include investors from UK (38%) and France (19%), with other European and Asian investors accounting for the rest. Financial institutions purchased 41% of the available issue, while 37% has been sold to investment funds and 20% to governmental organizations and central banks.

CADES: a sovereign issuer

Founded by government order on January 24, 1996 to facilitate the financing portion of social security reform in France, CADES operates under the joint supervision of the ministries of social security and finance. Its Supervisory Committee is made up of four congressmen – two members of parliament (Eric Besson and Philippe Vitel) and two senators (Adrien Gouteyron and Alain Vasselle) – as well as the presidents of the *Caisses Nationales de la Sécurité Sociale*, the secretary-general of the *Commission des Comptes de la Sécurité Sociale*, and several representatives of French government ministries and regulatory agencies.

The stated missions of CADES are defined by law. Draft legislation amending the role of CADES will be submitted to the heads of government ministries in France on June 16, 2004. Included in this draft are the amount of the debt assumed in 2004 (35 billion euros) and the allocation of related CRDS resources (by extending the life of Cades to the completion of its stated mission of amortization).

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% Basil ratio weighting, which makes CADES one of the five largest non-government issuers in Europe.

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