

Press Release : Act of August 13, 2004 reforming the public health insurance system.

PRESS RELEASE

Act No. 2004-810 of August 13, 2004, reforming the public health insurance system, has just been published in the Official Journal of August 17, 2004. Article 76 of the Act broadens the remit of the *Caisse d'amortissement de la dette sociale* (CADES).

The legislation transfers an additional €35 billion debt to CADES, which represents the deficit accumulated by the French social security system from 2002 to 2004. CADES is due to assume the first €10 billion of this debt on September 1, 2004. In a second and last installment, another €25 billion will be transferred by December 31, 2004. In addition, the projected deficits for 2005-2006, up to a maximum of €15 billion, will also be allocated to CADES.

To fulfill its enlarged mission, CADES's lifespan has been extended past the January 31, 2014, deadline, until such date as the social security debt transferred to it has been fully extinguished. Since its creation in 1996, CADES has assumed a debt of €103.8 billion. Of this sum, €17.5 billion have already been paid down.

These additional obligations and the changes they imply reinforce CADES's profile. In fact, the extension of the lifetime of CADES and, concurrently, the *Contribution au remboursement de la dette sociale* (CRDS) levy beyond January 31, 2014, enable CADES to dig into financial resources that are no longer stamped with an expiration date. These extensions can only serve to underpin CADES's issuer standing by opening up new opportunities in the financial markets.

CADES has shown diligence in gearing up for this new challenge, drawing on its experience to take the required measures. In record time and attractive market conditions, CADES has already ensured the refinancing of the €35 billion debt to ACOSS, calling on the commercial paper and short-term domestic market (*billets de trésorerie*) as well as the loan market. With ten banks, CADES secured a club deal for a one-year, €20 billion credit facility. To complement these resources, CADES also negotiated bilateral lines of credit totaling €15 billion with several institutions in the market.

These bank credit facilities are destined to be progressively refinanced on the bond and EMTN markets. CADES boasts solid expertise in this sector, attested to by the success of the refinancing campaigns it led on the bond markets in 1996 and again in 1997.

CADES: A BENCHMARK ISSUER IN THE INTERNATIONAL 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.

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