2004 Hlighlihgts include french health insurance act and end of payments to social security under finance act

PRESS RELEASE

The CADES board of directors, meeting on April 18, 2005 under the chairmanship of Mr. Patrice Ract Madoux, signed off on the financial statements for fiscal 2004. These statements are subject to the approval of the Minister of Economy and Finance and the Minister of Social Security.

In € millions	**December 31, 2003**	December 31, 2004
Result	- 987	-752
significant items:		
CRDS revenue	4 721	4 896
Interest expense	- 1 432	- 1 554
Payment to the government	- 3 000	- 3 000
Payment provided for under SS Finance Act	- 1 283	- 1 097

2004 results

CRDS revenue increased by 3.7%, to 4.9 billion euros.

In 2004, CADES made the second and last part of the payment to the various social security funds provided for under the Social Security Finance Acts of 2003 and 2004. This installment totaled 1 097 million euros (compared with 1 283 million euros in 2003), and had a direct impact on the year's result, which was -752 million euros. This payment process has now ended.

Interest expense rose by 8.5% in 2004, reflecting the additional debt assumed as of September 2004.

Also in 2004, CADES made its second-to-last payment of 3 billion euros to the French government.

CADES having sold off the remaining real-estate assets entrusted to it for disposal in late 2003, no proceeds from such sales had an impact in 2004.

Health Insurance Act of August 2004:

The social security reform finalized in the summer of 2004 enlarged the scope of CADES' mission.

- CADES assumed additional debt of 50 billion euros (35 billion already transferred in 2004, a maximum of 15 billion euros of the projected deficits for 2005-2006). In all, CADES has assumed debt totaling 103.8 billion euros (including the projected deficit amounts) since it was established.

In return:

- The CADES mandate, previously set to expire on January 31, 2014 , has been extended until such time as the entrusted debt has been paid down.
- The CRDS has also been extended until the debt has been fully extinguished, and is now levied on 97% of all gross wages (versus 95% previously). Any future healthcare surpluses will be paid over to CADES.

Due to the assumption of these deficits, the issued debt outstanding increased from 31.2 billion euros on December 31, 2003 to 67.3 billion euros at year-end 2004.

Principal financing transactions in 2004:

Short-term: As a result of the transfer of 35 billion euros in late 2004, CADES arranged for a significant short-term facility (20 billion euros) and bilateral lines of credit totalling 15 billion euros.

As part of its rich 2004 issuance program (41 billion euros), CADES completed several significant transactions, including the issuance of a fixed-rate euro note due 2019 with a face value of 3 billion euros, the issuance of a €1-billion French inflation-indexed note due 2019, and the tap-up of dollar issues (one for $1 billion due 2007, and a second for $1 billion due 2011).

Principally concentrated over the second half of the year, all of these transactions were carried out under excellent financial market conditions due to the very low level of the yield curve and strong investor demand.

2005:

CADES intends to pursue a sustained program in 2005, and expects to issue around 39 billion euros worth of debt using all of the financing tools at its disposal.

In terms of resources, the CRDS is expected to generate revenue of more than 5 billion euros for the first time.

2005 will also be marked by the absence of payments to various social security funding organizations and by the final 3-billion euro installment to the French government.

CADES: A BENCHMARK ISSUER IN THE EUROPEAN MARKETS