

First half of 2005: results

PRESS RELEASE

- CADES results reflect its expanded remit
- Active issuance program

The CADES board of directors, meeting on September 29, 2005 under the chairmanship of Mr. Patrice Ract Madoux, signed off on the financial statements for the first six months of 2005.

<i>in millions of euros</i>	June 30, 2005	June 30, 2004
CRDS revenue	2 331.0	2 229.3
Financial result	- 1 320.4	- 696.3
Operating surplus	1 009.7	1 531.8
Payment to the French government	- 1 500	- 1 500
Payment provided for under SS Finance Act for 2 004		-1 097
Result	- 490.3	- 1 065.5

Results in line with forecasts

The financial result showed significant change due to the assumption at year-end 2004 of an additional 35 billion euros of debt, as provided for under the Health Insurance Act of August 13, 2004 . Net interest expense paid increased accordingly, from 696 million euros to 1 320 million euros.

Expenses generated by the additional issuance activity brought the operating surplus to 1 009.7 million euros, versus 1 531.8 at the June 30, 2004 reporting date. Payment to the French government of 1 500 million euros represents half of the annual 3 billion euro contribution made by CADES to the government's general operating budget. 2005 is the last year in which such payments are to be made, in accordance with Article 38 of the 2002 Finance Act.

Results at the June 30, 2005 half-year mark (-490 million euros) show a clear improvement over those for the corresponding period one year prior. Last year's half-year results were adversely impacted by the one-off payment of 1 097 million euros to various social security organizations provided for under the Social Security Finance Act.

Very active issuance schedule over first half 2005

The major transactions over the first half year include the issuance of a total of 11 billion euros in benchmark euro notes with 5, 10 and 15 year maturities. In addition, two existing inflation-linked bonds were tapped up (Cades i 2013 and 2019) for a total of 900 million euros.

Three benchmark issues in USD were launched for 2.7 billion euros, as well as 1.1 billion euros in private placements.

CADES is pursuing its mission of amortizing the French social security debt: **as of June 30, 2005 , CADES had amortized 27.64 billion euros** out of the 110.4 billion euros in debt that it has assumed since it was established in 1996.

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.