



CAISSE D'AMORTISSEMENT DE LA DETTE SOCIALE

Établissement public national administratif (*French national public entity*)

(Established in Paris, France)

EURO 30,000,000,000

DEBT ISSUANCE PROGRAMME

Under the Debt Issuance Programme (the "**Programme**"), described in this base prospectus (the "Base Prospectus"), Caisse d'amortissement de la dette sociale (the "**Issuer**" or "**CADES**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue debt instruments (the "**Notes**"). The aggregate nominal amount of Notes outstanding will not at any time exceed euro 30,000,000,000 (or the equivalent in other currencies) unless the amount of the Programme is increased following the date hereof.

Notes issued under the Programme may be admitted to trading on and/or quotation by such stock exchanges, listing authorities and/or quotation systems as may be agreed between the Issuer and the relevant Dealer(s), or may be unlisted, in each case as specified in the relevant Final Terms. This Base Prospectus has been submitted to the *Autorité des Marchés Financiers* (the "**AMF**") and has received from AMF visa n°05-741 on 26 October 2005.

Notes shall be governed by French law and may be issued either in dematerialised form ("**Dematerialised Notes**") or in materialised form ("**Materialised Notes**") as more fully described herein. Dematerialised Notes will at all times be in book entry form in compliance with Article L.211-4 of the French *Code monétaire et financier*. No physical document of title will be issued in respect of the Dematerialised Notes.

Notes issued under the Programme have, at the request of the Issuer, been rated Aaa and P1 by Moody's Investors Service, AAA and A1+ by Standard & Poor's Ratings Services, a Division of the McGraw – Hill Companies, Inc. and AAA and F1+ by Fitch Ratings, in respect of the Issuer's long-term and short-term debt, respectively. Tranches of Notes (as defined in "**Summary of the Programme**") issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the ratings assigned to the Notes. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Furthermore, the Issuer may at any time reduce the number of rating agencies from which it requests ratings.

The price and the amount of the relevant Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer based on their prevailing market conditions at the time of the issue of such Notes and will be set out in the relevant Final Terms.

This Base Prospectus (together with any Supplements hereto (each a "Supplement" and together the "Supplements") comprises a prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the "Prospectus Directive") and for the purpose of giving information with regard to CADES and the Notes which, according to the particular nature of the Issuer and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.

The Issuer having taken all reasonable care to ensure that such is the case, confirms that the information contained in this Base Prospectus with respect to it and the Notes in the context of the issue and offering of such Notes, is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. The Issuer accepts responsibility for the information contained in this Base Prospectus accordingly.

No person has been authorised to give any information or to make any representation other than those contained in this Base Prospectus in connection with the issue or offering of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers (as defined in "Summary of the Programme"). Neither the delivery of this Base Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Base Prospectus or any Final Terms and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus comes are required by the Issuer and any relevant Dealer to inform themselves about and to observe any such restriction. For a description of certain restrictions on offers and sales of Notes and on distribution of this Base Prospectus, see "Subscription and Sale".

The Notes have not been registered under the U.S. Securities Act of 1933 or under any other applicable securities laws and may include Materialised Notes in bearer form that are subject to U.S. tax law requirements. Therefore, the Notes may not be offered or sold within the United States or to, or for the account or benefit of, any U.S. person unless the offer or sale would qualify for registration exemption from the U.S. Securities Act of 1933 and the securities laws of any other applicable jurisdiction. Accordingly, the Notes may only be offered: (1) to "qualified institutional buyers", as defined in Rule 144A of the U.S. Securities Act of 1933, and/or (2) outside the United States in reliance on Regulation S under the U.S. Securities Act of 1933. Prospective purchasers are hereby notified that the seller of the Notes will be relying on the exemptions from provisions of Section 5 of the U.S. Securities Act of 1933 provided by Rule 144A and Regulation S.

This Base Prospectus is being provided for informational use in connection with consideration of a purchase of the Notes (i) on a confidential basis to "qualified institutional buyers" as defined in Rule 144A under the U.S. Securities Act, and/or (ii) to qualified purchasers in offshore transactions complying with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act. Its use for any other purpose is not authorised. In the United States this Base Prospectus is confidential, and may not be distributed or copies made of it without the Issuer's prior written consent other than to people whom investors may have retained to advise them in connection with any offering.

Neither the U.S. Securities and Exchange Commission (the "SEC") nor any other securities commission, governmental agency or regulatory authority, has approved or disapproved of the Notes or determined if this Base Prospectus is truthful or complete. Any representation to the contrary is a criminal offence.

Neither this Base Prospectus nor any Final Terms constitute, and neither this Base Prospectus nor any Final Terms may be used for the purposes of, an offer, invitation or solicitation by anyone in any jurisdiction or in any circumstances in which such offer, invitation or solicitation is not authorised or to any person to whom it is unlawful to make such offer, invitation or solicitation and no action is being taken to permit an offering of the Notes or the distribution of this Base Prospectus or any Final Terms in any jurisdiction where such action is required.

No Dealer has separately verified the information contained in this Base Prospectus. No Dealer makes any representation, express or implied, or accepts any responsibility or liability, with respect to the accuracy or completeness at any time of any of the information in this Base Prospectus or any Final Terms. Neither this Base Prospectus nor any Final Terms nor any other financial statements are intended to provide the basis of any credit or other evaluation and neither this Base Prospectus, nor any Final Terms nor any other financial statements should be considered as a recommendation by the Issuer or any Dealer that any recipient of this Base Prospectus and/or any Final Terms and/or any such other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Base Prospectus and/or any Final Terms and its purchase of Notes should be based upon such investigation, as it deems necessary. No Dealer undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Base Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any Dealer.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the relevant Final Terms may over allot Notes (provided that, in the case of any Tranche of Notes to be admitted to trading on a regulated market of the European Union, the aggregate principal amount of Notes allotted does not exceed 105 per cent. of the aggregate principal amount of the relevant Tranche or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes.

In this Base Prospectus, unless otherwise specified or the context otherwise requires, references to "U.S.\$", "USD" and "U.S. dollars" are to the currency of the United States of America, and references to "euro", "EUR" or "€" are to the single currency of the participating Member States of the European Union.

NOTICE TO NEW HAMPSHIRE RESIDENTS

Neither the fact that a registration statement or an application for a license has been filed under Chapter 421-B of the New Hampshire Revised Statutes Annotated 1995, as amended (the "**RSA**"), with the State of New Hampshire nor the fact that a security is effectively registered or a person is licensed in the State of New Hampshire constitutes a finding by the secretary of state of New Hampshire that any document filed under RSA 421-B is true, complete and not misleading. Neither any such fact nor the fact that an exemption or exception is available for a security or a transaction means that the secretary of state of New Hampshire has passed in any way upon the merits or qualifications of, or recommended or given approval to, any person security or transaction. It is unlawful to make, or cause to be made, to any prospective investor, customer or client any representation inconsistent with the provision of this paragraph.

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SUMMARY

This summary (the "Summary") is provided for the purposes of the issue of Notes of a denomination of less than Euro 50,000 (or its equivalent in other currencies). Investors in Notes of a denomination equal to or greater than Euro 50,000 should not rely on this summary in any way and the Issuer accepts no liability to such investors. This summary must be read as an introduction to this Base Prospectus. Any decision to invest in any Notes should be based on a consideration of this Base Prospectus as a whole by any investor. The Issuer may have civil liability in respect of this summary, if it is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus. Where a claim relating to information contained in this Base Prospectus is brought before a court in a European Economic Area State (an "EEA State"), the plaintiff may, under the national legislation of the EEA State where the claim is brought, be required to bear the costs of translating this Base Prospectus before the legal proceedings are initiated. The following summary is qualified in its entirety by the remainder of this Base Prospectus.

Words and expressions defined in "Terms and Conditions of the Notes" below shall have the same meanings in this summary.

Essential characteristics and risks associated with the Issuer

The Issuer

In December 1995 law No 95-1348 was adopted authorising the French government to take a series of measures by way of legislation by ordinances over the subsequent four month period to reform the social benefits system. One such measure was to define the conditions for consolidating and paying off the debts accumulated by the general social security system.

Accordingly, the *Caisse d'amortissement de la dette sociale* (CADES) was created with effect from 1st January, 1996 by ordinance No 96-50 of 24th January, 1996 and by decree No 96-353 of 24th April 1996 as amended by the law No 97-1164 of 19th December, 1997 (the "Ordinance") as a national administrative public agency (*établissement public national à caractère administratif*) under the control of the minister in charge of economy and finance and the minister in charge of social security. Initially CADES had a duration of thirteen years and one month that was extended to eighteen years and one month by law No 97-1164 of 19th December 1997. Law No 2004-810 of 13th August 2004 extended CADES' duration until it has fulfilled its purpose.

The purpose of CADES is:

- to pay off the cumulative debt of the central social security administration (the *Agence centrale des organismes de sécurité sociale*) to the *Caisse des dépôts et consignations*, of an aggregate amount of euro 34.15 billion (FRF 224 billion), corresponding to the financing of the deficits for the fiscal years 1994 to 1998;
- to pay euro 1.9 billion (FRF 12.5 billion) to the French state every year from 1996 to 2008 (now modified to 4 annual payments of euro 3 billion every year from 2002 to 2005) in connection with the transfer to CADES of the repayment debt of the social security system in the amount of euro 16.8 billion assumed by the French state in January 1994 and previously assumed by the National Fund for the elderly *Fonds de Solidarité Vieillesse (F.S.V.)*; and
- in addition, to pay during 1996 only, an aggregate amount of euro 0.45 billion (FRF 3 billion) to the National fund for health insurance of non-wage earning persons in non-agricultural professions (*Caisse Nationale d'Assurance Maladie et Maternité des Travailleurs Non-Salariés des Professions Non-Agricoles*).

The Budget bills for the Social Benefits System per fiscal year 2003 and 2004 provide for an exceptional payment of Euro 1.28 billion in 2003 and Euro 1.1 billion in 2004 to various social security funds.

Law No 2004-810 of 13th August 2004 provides for a transfer of the debt of the health insurance arm of Euro 35 billion to CADES in 2004 and for the transfer of up to Euro 15 billion of the projected deficits for the fiscal years 2005 and 2006. This health insurance arm will allocate its future surpluses to CADES.

Essential risks associated with the Issuer

Payment risks

Credit risk in relation to CADES is limited, because of the fact that the State is ultimately responsible for the solvency of CADES and because of the allocation of resources to CADES by the government.

Market risks

CADES faces interest rate risks, exchange rate risks and counterparty risks. These risks are hedged by the limits fixed by the board of directors that bring the exchange rate risks to a residual level. Otherwise, CADES does not face any liquidity risk as a result its status as administrative public agency (*établissement public national à caractère administratif*).

Other debt instruments

Similar listed debt instruments to the Notes, which could be issued under this Base Prospectus, are currently listed on the Paris Stock Exchange and the Luxembourg Stock Exchange.

Legal risks

CADES is subject to all laws and regulations governing public agencies and in particular to the law on public procurements (*Code des marchés publics*). CADES appoints specialised law firms for drafting its issuance programmes.

Essential characteristics of the Programme and the Notes and risks associated with the Notes

The Programme and the Notes

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| Description: | Debt Issuance Programme |
| Programme Size: | Up to euro 30,000,000,000 aggregate principal amount of Notes outstanding at any one time (or the equivalent in other currencies calculated as set out below). The euro equivalent of the aggregate principal amount of Notes outstanding at any one time and denominated in a currency other than euro (which, in the case of Dual Currency Notes, shall be the currency in which the subscription moneys are received by the Issuer) shall be determined on the basis of the official rate of exchange published by the European Central Bank of euro for the relevant currency at any time selected by the Issuer during the five-day period ending on the date of agreement to issue such Notes. |
| Dealers: | <p>There are no Dealers appointed permanently in respect of the Programme. The Issuer may from time to time appoint one or more dealers in respect of any Tranches of Notes. References in this Base Prospectus to "Dealers" are to all persons appointed as a dealer in respect of any Tranches.</p> <p>Only credit institutions and investment firms incorporated in a member state of the European Union and which are authorised to lead-manage bond issues in such member state may act as Dealers in respect of non-syndicated issues of Notes denominated in euro and as lead manager of syndicated issues of Notes denominated in euro.</p> |
| Method of Issue: | The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a "Series") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a "Tranche") on the same or different issue dates with no minimum issue size. The specific terms of |

each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in the final terms to this Base Prospectus (the "**Final Terms**").

Form of Notes:

Notes may be issued as Dematerialised Notes or Materialised Notes.

Dematerialised Notes will at all times be in book entry form in compliance with Article L.211-4 of the *Code monétaire et financier*.

Dematerialised Notes may, at the option of the Issuer, be issued either (i) in bearer dematerialised form (*au porteur*) inscribed as from the issue date in the books of Euroclear France which shall credit the accounts of Account Holders including Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**") and the depository bank for Clearstream Banking, *société anonyme* ("**Clearstream Luxembourg**") or (ii) in registered dematerialised form (*au nominatif*) and, in such case, at the option of the relevant Noteholder, in either *au nominatif pur* or *au nominatif administré* form. No physical documents of title will be issued in respect of Dematerialised Notes.

Materialised Notes will be in bearer materialised form only. A Temporary Global Certificate will be issued initially in respect of each Tranche of Materialised Notes. Such Temporary Global Certificate will be exchanged for Definitive Materialised Notes with, where applicable, coupons for interest attached on a date expected to be on or after the 40th day after the issue date of the Notes (subject to postponement) upon certification as to non-US beneficial ownership as more fully described herein.

Temporary Global Certificates will (a) in the case of a Tranche intended to be cleared through Euroclear and/or Clearstream, Luxembourg, be deposited on the issue date with a common depository on behalf of Euroclear and/or Clearstream, Luxembourg and (b) in the case of a Tranche intended to be cleared through a clearing system other than or in addition to Euroclear and/or Clearstream, Luxembourg or delivered outside a clearing system, be deposited as agreed between the Issuer and the relevant Dealer. Materialised Notes may only be issued outside France.

Indexation

The Notes may be linked to any Fixed or Floating Rate, any Index, Commodity price, or formula or any structure which itself contain Fixed or Floating Rate, Index, Commodity price or any formula.

Clearing Systems:

Euroclear France as central depository in relation to Dematerialised Notes and, in relation to Materialised Notes, Clearstream, Luxembourg and Euroclear or any other clearing system that may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer.

Currencies:

Subject to compliance with all relevant laws, regulations and directives, Notes may be issued, without limitation, in Australian dollars, Canadian dollars, Danish krone, euro, Hong Kong dollars, Japanese yen, New Zealand dollars, Norwegian krone, pounds sterling, South African rand, Swedish krone, Swiss francs, U.S. dollars and in any other currency as may be agreed between the Issuer and the relevant Dealers.

Denomination:

Definitive Notes will be in such denominations as may be agreed between the Issuer and the relevant Dealer and specified in the relevant Final Terms, to the extent permitted by then current laws, regulations and directives.

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| Status of Notes: | The Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will rank <i>pari passu</i> among themselves all as described in "Terms and Conditions of the Notes – Status". |
| Negative Pledge: | The terms and conditions of the Notes will contain a negative pledge provision as described in "Terms and Conditions of the Notes – Negative Pledge". |
| Cross-Default: | The terms and conditions of the Notes will not contain a cross-default provision. |
| Ratings: | Notes issued under the Programme have, at the request of the Issuer, been rated Aaa and P1 by Moody's Investors Service, AAA and A1+ by Standard & Poor's Ratings Services, a Division of the McGraw – Hill Companies, Inc. and AAA and F1+ by Fitch Ratings in respect of the Issuer's long-term and short-term debt, respectively. Tranches of Notes (as defined in "Summary of the Programme") issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the ratings assigned to the Notes. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Furthermore, the Issuer may at any time reduce the number of rating agencies from which it requests ratings. |
| Withholding Tax: | <p>Payments in respect of the Notes will be made without withholding or deduction for, or on account of, taxes imposed by or on behalf of the Republic of France as provided by Article 131 <i>quater</i> of the French General Tax Code, to the extent that the Notes are issued (or deemed to be issued) outside France.</p> <p>Notes constituting <i>obligations</i> under French law will be issued (or deemed to be issued) outside France (i) in the case of syndicated or non-syndicated issues of Notes, if such Notes are denominated in euro, (ii) in the case of syndicated issues of Notes denominated in currencies other than euro, if, <i>inter alia</i>, the Issuer and the relevant Dealers agree not to offer the Notes to the public in the Republic of France and such Notes are offered in the Republic of France only through an international syndicate to qualified investors (<i>investisseurs qualifiés</i>) as described in Article L.411-2 of the French <i>Code monétaire et financier</i> or (iii) in the case of non-syndicated issues of Notes denominated in currencies other than euro, if each of the subscribers of the Notes is domiciled or resident for tax purposes outside the Republic of France, in each case as more fully set out in the circular of the <i>Direction Générale des Impôts</i> dated 30th September, 1998.</p> <p>The tax regime applicable to Notes which do not constitute obligations, will be set out in the relevant Final Terms, and as the case may be in the relevant Supplemental Prospectus.</p> |
| Consolidation: | Notes of one Series may be consolidated with those of another Series, all as described in "Terms and Conditions of the Notes – Further Issues and Consolidation". |
| Governing Law: | French law. |
| Listing: | Notes issued under the Programme may be admitted to trading on and/or quotation by such stock exchanges, listing authorities and/or quotation systems as may be agreed between the Issuer and the relevant Dealer, or may be unlisted, in each case as specified in the relevant Final Terms. |
| Selling Restrictions: | For a description of certain restrictions on offers, sales and deliveries of Notes and on distribution of offering material, see "Subscription and Sale" below. |

Essential risks associated with the Notes

The trading market for debt securities may be volatile and may be adversely impacted by many events.

The market for debt securities issued by issuers is influenced by economic and market conditions and, to varying degrees, interest rates, currency exchange rates and inflation rates in other European and other industrialised countries.

An active trading market for the Notes may not develop.

There can be no assurance that an active trading market for the Notes will develop, or, if one does develop, that it will be maintained. If an active trading market for the Notes does not develop or is not maintained, the market or trading price and liquidity of the Notes may be adversely affected.

Any early redemption at the option of the Issuer, if provided for in any Final Terms for a particular issue of Notes, could cause the yield received by Noteholders to be considerably less than anticipated.

The Final Terms for a particular issue of Notes may provide for early redemption at the option of the Issuer. As a consequence, the yields received upon redemption may be lower than expected, and the redeemed face amount of the Notes may be lower than the purchase price for the Notes paid by the Noteholder. As a consequence, part of the capital invested by the Noteholder may be lost.

Investors will not be able to calculate in advance their rate of return on Floating Rate Notes.

Interest income on Floating Rate Notes cannot be anticipated. Due to varying interest income, investors are not able to determine a definite yield of Floating Rate Notes at the time they purchase them, so that their return on investment cannot be compared with that of investments having longer fixed interest periods.

Zero Coupon Notes are subject to higher price fluctuations than non-discounted bonds.

Due to their leverage effect, Zero Coupon Notes are a type of investment associated with a particularly high price risk. Further, if market interest rates increase, Zero Coupon Notes can suffer higher price losses than other Notes having the same maturity and credit rating.

Investments in Index linked Notes entail significant risks and may not be appropriate for investors lacking financial expertise.

An investment in Index Linked Notes entails significant risks that are not associated with similar investments in a conventional fixed or floating rate debt security. In particular, Index Linked Notes where the principal and/or interest is linked to a rate of inflation may be subject to considerable volatility.

Please see "Risk factors" below for further details.

TRADUCTION EN FRANCAIS DU RÉSUMÉ

Ce résumé n'est fourni qu'à des fins d'émission de Titres d'une valeur nominale de moins de 50 000 euros (ou tout montant équivalent dans une devise). Les investisseurs souscrivant des Titres d'une valeur nominale au moins égale à 50 000 euros ne doivent pas tenir compte de ce résumé et la responsabilité de l'Émetteur ne pourra en aucun cas être retenue à l'encontre de ces investisseurs au titre dudit résumé. Ce résumé doit être lu comme une introduction au Prospectus de Base. Toute décision d'investir dans les Titres doit être fondée sur un examen exhaustif par tout investisseur de l'intégralité de ce Prospectus de Base. L'Émetteur pourra voir sa responsabilité civile engagée au titre de ce résumé s'il est trompeur, inexact ou contradictoire par rapport aux autres parties de ce Prospectus de Base. Lorsqu'une action concernant l'information contenue dans ce Prospectus de Base est intentée devant un tribunal d'un État membre de l'Espace Économique Européen (un "État EEE"), le plaignant peut, selon la législation nationale de l'État EEE dans lequel l'action est intentée, avoir à supporter les frais de traduction du Prospectus de Base avant le début de la procédure judiciaire. L'intégralité du résumé qui suit est présenté sous réserve des informations figurant dans le reste de ce Prospectus de Base.

Les mots et expressions définies dans les "Termes et Conditions des Titres" ci-dessous auront la même signification dans ce résumé.

Caractéristiques essentielles et risques de l'Émetteur

L'Émetteur

En décembre 1995 a été adoptée la loi n°95-1348 autorisant le gouvernement français à prendre, durant les quatre mois suivants, une série de mesures par voie d'ordonnances afin de réformer le système de sécurité sociale. Une des mesures a consisté à définir les conditions pour consolider et apurer les dettes accumulées par le régime général de sécurité sociale.

C'est ainsi que la Caisse d'amortissement de la dette sociale (CADES) a été créée, avec effet au 1^{er} janvier 1996, par l'ordonnance n° 96-50 du 24 janvier 1996 et par le décret n° 96-353 du 24 avril 1996 tels que modifiés par la loi n° 97-1164 du 19 décembre 1997 (l'"Ordonnance"), en tant qu'établissement public national à caractère administratif placé sous la tutelle du ministre chargé de l'économie et des finances et du ministre chargé de la sécurité sociale. Initialement la CADES avait été créée pour une durée de treize ans et un mois, durée allongée à dix-huit ans et un mois par la loi n° 97-1164 du 19 décembre 1997. La loi n°2004-810 du 13 août 2004 a étendu la durée de vie de la CADES jusqu'à l'extinction de ses missions.

La CADES a pour missions:

- d'apurer la dette de l'Agence centrale des organismes de sécurité sociale à l'égard de la Caisse des dépôts et consignations, pour un montant cumulé de 34,15 milliards d'euros (224 milliards de FRF), correspondant au financement des déficits des exercices 1994 à 1998;
- d'effectuer un versement de 1,9 milliards d'euros à l'État français chaque année de 1996 à 2008 (désormais remplacé par 4 versements annuels de 3 milliards d'euros chaque année de 2002 à 2005) représentatif du remboursement de la reprise de la dette de 16,8 milliards d'euros du régime général de sécurité sociale par l'État français intervenue en janvier 1994 et auparavant assuré par le Fonds de Solidarité Vieillesse (F.S.V.); et
- en outre, de verser, au cours de la seule année 1996, un montant cumulé de 0,45 milliards d'euros (3 milliards de FRF) à la Caisse Nationale d'Assurance Maladie et Maternité des Travailleurs Non-Salariés des Professions Non-Agricoles.

Les lois de financement de la sécurité sociale pour les exercices 2003 et 2004 ont prévu un versement exceptionnel de 1,28 milliards d'euros en 2003 et de 1,1 milliards d'euros en 2004 à différentes caisses de sécurité sociale.

La loi n°2004-810 du 13 août 2004 prévoit un transfert de dette de la branche maladie de 35 milliards d'euros à la CADES en 2004 et le transfert des déficits prévisionnels pour les exercices 2005 et 2006 dans la limite de 15 milliards d'euros. La branche maladie affectera ses excédents futurs à la CADES.

Risques essentiels de l'Émetteur

Risques de paiement

Le risque de crédit que présente la CADES est limité en raison du rôle de l'État de garant de la solvabilité de la CADES et en raison de l'affectation de ressources à la CADES par le Gouvernement.

Risques de Marché

La CADES est confrontée aux risques de taux, de change et aux risques de contrepartie. Ces risques sont encadrés dans un cahier des limites adopté par le conseil d'administration qui limite le risque de change à un niveau résiduel. Par ailleurs, le statut d'établissement public national à caractère administratif supprime tout risque de liquidité.

Autres titres de créance

Des titres de créance similaires aux Notes qui pourraient être émises dans le cadre de ce Prospectus de Base, sont actuellement admis à la cotation sur les Bourses de Paris et de Luxembourg.

Risques juridiques

La CADES est soumise à la réglementation applicable aux établissements publics et en particulier au Code des marchés publics. La CADES fait appel à des cabinets d'avocats spécialisés pour la rédaction de ses programmes d'émission.

Caractéristiques essentielles du Programme et des Titres et risques des Titres

Le Programme et les Titres

| | |
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| Description: | Programme d'émission de dette |
| Taille du Programme: | Jusqu'à 30 000 000 000 euros de montant principal cumulé des Titres en circulation à tout instant (ou l'équivalent en devises). |
| Agents Placeurs: | <p>Le Programme ne conduit pas à la nomination de manière permanente d'agents placeurs. L'Émetteur se réserve toutefois le droit de nommer de manière ponctuelle un ou plusieurs agent(s) placeur(s) sur n'importe quelle Tranche des Titres.</p> <p>Seuls les établissements de crédit et les entreprises d'investissement dont le siège social est situé dans un des États membres de l'Union européenne et qui sont autorisés à superviser-gérer des émissions d'obligations dans ledit État membre peuvent agir en qualité d'Agents Placeurs sur des émissions non syndiquées de Titres libellés en euros et en qualité de chef de file sur des émissions syndiquées de Titres libellés en euros.</p> |
| Méthode d'émission: | Les Titres seront émis de manière syndiquée ou non. Les Titres seront émis par série (chacune une « Série ») ayant une ou plusieurs date(s) d'émission et présentant des conditions identiques (ou identiques à part le premier paiement des intérêts), les Titres de chaque série étant censés être interchangeables avec les autres Titres de cette Série. Chaque Série pourra être émise par tranches (chacune une "Tranche") à des dates similaires ou différentes et, ce, sans contrainte de volume minimal d'émission. Les conditions spécifiques de chaque Tranche (qui pourraient avoir des modalités supplémentaires et, sauf en ce qui concerne la date d'émission, le prix d'émission, le premier paiement d'intérêts et la valeur nominale de la Tranche, seront identiques aux conditions des autres Tranches de la même Série) seront fixées dans les conditions définitives à ce Prospectus de Base (les " Conditions Définitives "). |

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| Forme des Titres: | <p>Les Titres pourront être émis en tant que Titres Dématérialisés ou en tant que Titres Matérialisés.</p> <p>Les Titres Dématérialisés seront à tout instant inscrits en compte conformément à l'article L.211-4 du Code monétaire et financier.</p> <p>Les Titres Dématérialisés peuvent, au choix de l'Émetteur, être émis soit (i) au porteur inscrits à leur date d'émission dans les livres d'Euroclear France qui créditera les comptes des Titulaires de Compte, y compris Euroclear Bank S.A./N.V., en sa qualité d'opérateur du Système Euroclear ("Euroclear") et la banque dépositaire pour Clearstream Banking, société anonyme ("Clearstream Luxembourg") soit (ii) au nominatif et, dans cette hypothèse, au choix du Détenteur de Titre concerné, soit au nominatif pur soit au nominatif administré. Aucun titre physique ne sera émis en relation avec les Titres Dématérialisés.</p> <p>Les Titres Matérialisés seront exclusivement au porteur. Un Certificat Global Temporaire sera initialement émis en relation avec chaque Tranche de Titres Matérialisés. Ce Certificat Global Temporaire sera échangé contre les Titres Matérialisés Définitifs avec, lorsque pertinent, des coupons pour des intérêts dus à une date censée être le ou après le 40^{ème} jour suivant la date d'émission des Titres (sujette à retardement) sur certification de l'absence de détention par des ressortissants des Etats-Unis telle que décrite plus amplement ci-après.</p> <p>Les Certificats Globaux Temporaires seront (a) dans l'hypothèse d'une Tranche censée être compensée par l'intermédiaire d'Euroclear et/ou de Clearstream Luxembourg, déposés à la date d'émission avec un dépositaire commun au nom d'Euroclear et/ou de Clearstream, Luxembourg et (b) dans l'hypothèse d'une Tranche censée être compensée par l'intermédiaire d'un système de compensation autre que ou s'ajoutant à Euroclear et/ou Clearstream, Luxembourg ou livré en dehors d'un système de compensation, déposés comme convenu entre l'Émetteur et l'Agent Placeur concerné. Les Titres Matérialisés ne pourront être émis qu'en dehors de France.</p> |
| Systèmes de Compensation: | Euroclear France en qualité de dépositaire central et, pour ce qui est des Titres Matérialisés, Clearstream, Luxembourg et Euroclear ou tout autre système de compensation qui pourrait être convenu entre l'Émetteur, l'Agent Financier et l'Agent Placeur concerné. |
| Monnaies: | Sous réserve de la conformité aux lois, réglementations et directives applicables, les Titres pourront être émis, sans limitation, en couronnes danoises, couronnes norvégiennes, couronnes suédoises, dollars américains, dollars australiens, dollars canadiens, dollars de Hong Kong, dollars néo-zélandais, euros, francs suisses, livres sterling, rands sud-africains, yens japonais et dans toute autre monnaie convenue d'un commun accord entre l'Émetteur et les Agents Placeurs concernés. |
| Dénomination: | Les Titres Définitifs seront dans les dénominations convenues d'un commun accord entre l'Émetteur et l'Agent Placeur concerné et indiquées dans les Conditions Définitives applicables, dans la mesure de ce qui est permis par les lois, réglementations et directives en vigueur. |
| Rang des Titres: | Les Titres constitueront des obligations directes, inconditionnelles, non subordonnées et chirographaires de l'Émetteur et partageront entre elles le même rang conformément à ce qui est énoncé dans la rubrique "Termes et Conditions des Titres – Rang". |
| Maintien de l'emprunt à | Les termes et conditions des Titres contiendront une clause de maintien de l'emprunt à son rang conformément à ce qui est énoncé dans la rubrique "Termes et |

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| son rang: | Conditions des Titres – Maintien de l'emprunt à son rang". |
| Défaut Croisé: | Les termes et conditions des Titres ne contiendront pas de clause de défaut croisé. |
| Notations: | Les Titres émis dans le cadre du Programme ont fait l'objet d'une notation Aaa et P1 par Moody's Investors Service, AAA et A1+ par Standard & Poor's Ratings Services, une Division de McGraw – Hill Companies, Inc. et AAA and F1+ par Fitch Ratings pour ce qui est de la dette de l'Émetteur, respectivement, à long terme et à court terme. Les Tranches des Titres (telles que définies dans le "Résumé du Programme") émises dans le cadre du Programme ont pu faire et ont pu ne pas faire l'objet d'une notation. Quand une Tranche de Titres fait l'objet d'une notation, cette notation ne sera pas forcément la même que celles attribuées aux Titres. La notation d'une valeur mobilière ne constitue pas une recommandation à l'achat, à la vente ou la conservation de ladite valeur mobilière et peut être à tout instant suspendue, abaissée ou retirée par l'agence de notation l'ayant fixée. |
| Prélèvements à la source: | <p>Les paiements relatifs aux Titres seront réalisés sans qu'un quelconque prélèvement à la source ne soit imposé par l'État français conformément à l'article 131 <i>quater</i> du Code général des impôts et, ce, à condition que les Titres soient émis (ou réputés être émis) hors de France.</p> <p>Les Titres constituant des obligations au regard du droit français seront émis (ou réputés être émis) hors de France (i) dans l'hypothèse d'émissions syndiquées ou non syndiquées de Titres, si lesdits Titres sont libellés en euros, (ii) dans l'hypothèse d'émissions syndiquées de Titres libellés en devises, si, <i>inter alia</i>, l'Émetteur et les Agents Placeurs concernés conviennent que les Titres ne feront pas l'objet d'un appel public à l'épargne en France et que lesdits Titres seront offerts en France que par l'intermédiaire d'un syndicat international à des investisseurs qualifiés tels que décrits à l'article L.411-2 du Code monétaire et financier ou (iii) dans l'hypothèse d'émissions non syndiquées de Titres libellés en devises, si chacun des souscripteurs des Titres n'est pas résident fiscal français, dans chaque hypothèse tel que précisé dans la circulaire de la Direction Générale des Impôts du 30 septembre 1998.</p> <p>Le régime fiscal applicable aux Titres qui ne constituent pas des obligations sera exposé dans les Conditions Définitives applicables, et le cas échéant dans le supplément au Prospectus concerné.</p> |
| Consolidation: | Les Titres d'une Série pourront être consolidés avec ceux d'une autre Série, conformément à ce qui est énoncé dans la rubrique "Termes et Conditions des Titres – Émissions supplémentaires et Consolidation". |
| Droit applicable: | Droit français. |
| Cotation: | Les Titres émis dans le cadre du Programme pourront être admis à la négociation et/ou être cotés par toutes bourses, toutes autorités de cotation et/ou tous systèmes de cotation qui seront convenus d'un commun accord entre l'Émetteur et l'Agent Placeur concerné, ou pourront ne pas faire l'objet d'une cotation, dans chaque hypothèse tel qu'indiqué dans les Conditions Définitives applicables. |
| Restrictions à la Vente: | Pour une description de certaines restrictions faites à l'offre, la vente et la livraison de Titres et à la distribution de la documentation afférente à l'offre, voir la rubrique « Souscription et Vente » ci-dessous. |

Risques essentiels des Titres

Le marché des titres de créance peut s'avérer volatile et être pénalisé par de nombreux événements.

Le marché des titres de créance émis par les émetteurs est influencé par les conditions économiques et les conditions de marché et, à des degrés divers, par les taux intérêts, les taux de change et les taux d'inflation dans les autres pays européens et les autres pays industrialisés.

Le marché des Titres est susceptible de rester atone.

Il ne peut être garanti que les Titres feront l'objet de volume d'échanges importants ni que, dans l'hypothèse où de tels volumes apparaîtraient, ils se maintiennent à un tel niveau. Un manque de volumes d'échanges sur les Titres risque de pénaliser leurs cours et leur liquidité.

Tout remboursement anticipé réalisé de manière discrétionnaire par l'Émetteur, si permis conformément aux Conditions Définitives d'une émission de Titres, pourrait conduire à ce que le rendement finalement obtenu par les Porteurs de Titres soit nettement inférieur à celui qu'ils attendaient.

Les Conditions Définitives d'une émission de Titres peuvent octroyer à l'Émetteur une faculté de remboursement anticipé. Par conséquent, les rendements obtenus au moment du remboursement sont susceptibles d'être inférieurs à ceux attendus et la valeur faciale de remboursement des Titres est susceptible d'être inférieure au prix d'achat des Titres payé par le Porteur de Titres. Il en résulterait, pour le Porteur de Titre, une perte d'une partie du capital investi.

Les Investisseurs ne pourront pas calculer par avance leur taux de retour sur les Titres à Taux Variable.

Les revenus des intérêts servis sur les Titres à Taux Variable ne peuvent être anticipés. En raison des fluctuations de leurs revenus d'intérêts, les investisseurs ne peuvent pas fixer un rendement définitif des Titres à Taux Variable au moment où ils les achètent et ne peuvent pas comparer le retour sur investissement de ces Titres à Taux Variable avec celui des investissements ayant des périodes d'intérêts fixes plus longues.

Les Titres à Coupon Zéro sont sujets à des fluctuations de prix plus importantes que les obligations donnant lieu à paiements d'intérêts.

En raison de leur effet de levier, les Titres à Coupon Zéro sont un type d'investissement présentant un risque de prix particulièrement élevé. En outre, si les taux d'intérêt augmentent, les Titres à Coupon Zéro peuvent conduire à des pertes de prix plus importantes que les autres Titres ayant la même maturité et la même notation.

Les investissements dans les Titres Indexés présentent des risques significatifs et ne sont pas forcément appropriés pour des investisseurs manquant d'expertise financière.

Un investissement dans un Titre Indexé présente des risques significatifs qu'on ne retrouve pas dans des investissements similaires dans des titres de créance conventionnels à taux fixe ou à taux variable. En particulier, les Titres Indexés pour lesquels le principal et/ou l'intérêt est lié à un taux d'inflation peut être sujet à une très forte volatilité.

Voir la rubrique "Facteurs de risques" ci-dessous pour davantage d'explications.

RISK FACTORS

The Issuer believes that the following factors ("Risk factors relating to the Issuer") may affect its ability to fulfil its obligations under Notes issued under the Programme. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below ("Risk factors relating to the Notes").

The Issuer believes that the factors (although not exhaustive) described below represent the principal risks inherent in investing in Notes issued under the Programme, but the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. The risks described below are not the only risks an investor faces. Additional risks and uncertainties not currently known to the Issuer or that it currently believes to be immaterial could also have a material impact on the risks relating to holding the Notes. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and in the Final Terms and reach their own views prior to making any investment decision. In particular, investors should make their own assessment as to the risks associated with the Notes prior to investing in Notes issued under the Programme.

The Issuer believes that Notes should only be purchased by investors who are, or who are purchasing under the guidance of, financial institutions or other professional investors that are in a position to understand the special risks that an investment in the Notes involves.

Risk Factors relating to the Issuer

Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme

Payment risks

Credit risk in relation to CADES is limited, because of the fact that the State is ultimately responsible for the solvency of CADES (see "Description of CADES – 6. Solvency" and "7. Liquidity" below) and because of the allocation of resources to CADES by the government (see "Description of CADES - Source of Funds" below).

Market risks

CADES faces interest rate risks, exchange rate risks and counterparty risks. These risks are hedged by the limits fixed by the board of directors that bring the exchange rate risk to a residual level. Otherwise, CADES does not face any liquidity risk as a result its status as administrative public agency (*établissement public national à caractère administratif*).

An external auditor checks on a quarterly basis whether the limits and procedures, in particular those regarding the division of responsibilities between market operators and post-market operators, are adhered to. So far no external auditor has been appointed for a period longer than 3 consecutive years.

Counterparty risk mainly results from the dealing in over-the-counter derivative contracts. A counterparty can only be accepted if it executes a guarantee agreement with margins calls with CADES.

Exchange rate risk may lie in CADES' issues in foreign currencies. The limits fixed by the board of directors require that all interest and principal payments be fully hedged from the outset. Any other operation that may generate an exchange rate risk is prohibited. The only remaining exchange rate risk lies in the fees paid, on a quarterly basis and partly in USD, to the intermediaries in the commercial paper market.

Equity securities risk does not affect CADES as it does not operate in these markets.

Interest rate risks result from the difference in nature between CADES' assets (consisting of a tax) and its liabilities, consisting of financial debts. The management of interest rate risks is based on an asset/liability management model developed internally and approved in April 2001 by external advisers. This model is currently being reviewed to take into account the modifications introduced by Law No 2004-810 of 13 August 2004 which eliminates the notion of a final date for CADES.

This model's functions are the following:

- modelling the main non-independent factors (growth rate of the CRDS tax, interest rate, inflation excluding tobacco) governing the evolution of the various elements of the balance sheet, by projecting it onto CADES' likely duration under various scenarios generated by simulations carried out under the Monte Carlo method, the econometric method or by specific cases,
- proposing a range of debt portfolios by category (fixed rate, variable rate, inflation indexed) and by maturity,
- ranking portfolios' performances according to the expectation and variation of representative elements of CADES, and with a risk-aversion function.

The results are sent on a weekly basis to the Chairman and on a monthly basis to the other members of the board of directors.

The debt portfolio on 31 August 2005 is as follows: inflation indexed rate: 22.6%; fixed rate: 47%; variable rate: 30.4%.

Other debt instruments

Similar listed debt instruments to the Notes, which could be issued under this Base Prospectus, are currently listed on the Paris Stock Exchange and the Luxembourg Stock Exchange.

Legal risks

CADES is subject to all laws and regulations governing public agencies and in particular to the law on public procurements (*Code des marchés publics*). CADES appoints specialised law firms for drafting its issuance programmes.

Risk Factors relating to the Notes

The trading market for debt securities may be volatile and may be adversely impacted by many events.

The market for debt securities issued by issuers is influenced by economic and market conditions and, to varying degrees, interest rates, currency exchange rates and inflation rates in other European and other industrialised countries. There can be no assurance that events in France, Europe or elsewhere will not cause market volatility or that such volatility will not adversely affect the price of Notes or that economic and market conditions will not have any other adverse effect.

An active trading market for the Notes may not develop.

There can be no assurance that an active trading market for the Notes will develop, or, if one does develop, that it will be maintained. If an active trading market for the Notes does not develop or is not maintained, the market or trading price and liquidity of the Notes may be adversely affected. The Issuer is entitled to buy the Notes, as described in Condition 5(f), and the Issuer may issue further Notes, as described in Condition 12. Such transactions may favourably or adversely affect the price development of the Notes. If additional and competing products are introduced in the markets, this may adversely affect the value of the Notes.

Any early redemption at the option of the Issuer, if provided for in any Final Terms for a particular issue of Notes, could cause the yield received by Noteholders to be considerably less than anticipated.

The Final Terms for a particular issue of Notes may provide for early redemption at the option of the Issuer. As a consequence, the yields received upon redemption may be lower than expected, and the redeemed face amount of the Notes may be lower than the purchase price for the Notes paid by the Noteholder. As a consequence, part of the capital invested by the Noteholder may be lost, so that the Noteholder in such case would not receive the total amount of the capital invested. In addition, investors that choose to reinvest monies they receive through an early redemption may be able to do so only in securities with a lower yield than the redeemed Notes.

Investors will not be able to calculate in advance their rate of return on Floating Rate Notes.

A key difference between Floating Rate Notes and Fixed Rate Notes is that interest income on Floating Rate Notes cannot be anticipated. Due to varying interest income, investors are not able to determine a definite yield of Floating Rate Notes at the time they purchase them, so that their return on investment cannot be compared with that of investments having longer fixed interest periods. If the terms and conditions of the Notes provide for frequent interest payment dates, investors are exposed to the reinvestment risk if market interest rates decline. That is, investors may reinvest the interest income paid to them only at the relevant lower interest rates then prevailing.

Zero Coupon Notes are subject to higher price fluctuations than non-discounted bonds.

Changes in market interest rates have a substantially stronger impact on the prices of Zero Coupon Notes than on the prices of ordinary Notes because the discounted issue prices are substantially below par. If market interest rates increase, Zero Coupon Notes can suffer higher price losses than other Notes having the same maturity and credit rating. Due to their leverage effect, Zero Coupon Notes are a type of investment associated with a particularly high price risk.

Investments in Index linked Notes entail significant risks and may not be appropriate for investors lacking financial expertise.

An investment in Index Linked Notes entails significant risks that are not associated with similar investments in a conventional fixed or floating rate debt security. These risks include, among other things, the possibility that:

- such index or indices may be subject to significant changes, whether due to the composition of the index itself, or because of fluctuations in value of the indexed assets;
- the resulting interest rate will be less (or may be more) than that payable on a conventional debt security issued by the Issuer through the Issuer at the same time;
- the repayment of principal can occur at times other than that expected by the investor;
- the holder of an Index Linked Note could lose all or a substantial portion of the principal of such Note (whether payable at maturity or upon redemption or repayment) if the principal of such Notes is linked to such an index, and, if the principal is lost, interest may cease to be payable on the Index Linked Note;
- an investment in an Index Linked Note where the principal and/or interest is linked to a rate of inflation may be subject to considerable volatility;
- the risks of investing in an Index Linked Note encompasses both risks relating to the underlying indexed securities or commodities and risks that are unique to the Note itself;
- any Index Linked Note that is indexed to more than one type of underlying asset, or on formulae that encompass the risks associated with more than one type of asset, may carry levels of risk that are greater than Notes that are indexed to one type of asset only;
- it may not be possible for investors to hedge their exposure to these various risks relating to Index Linked Notes; and
- a significant market disruption could mean that the index on which the Index Linked Notes are based ceases to exist.

In addition, the value of Index Linked Notes on the secondary market is subject to greater levels of risk than is the value of other Notes. The secondary market, if any, for Index Linked Notes will be affected by a number of factors, independent of the creditworthiness of the Issuer and the value of the applicable currency, commodity, stock, interest rate or other index, including the volatility of the applicable currency, commodity, stock, interest rate or other index, the time remaining to the maturity of such Notes, the amount outstanding of such Notes and market interest rates. The value of the applicable currency, commodity, stock or interest rate index depends on a number of interrelated factors, including economic, financial and political events, over which the Issuer has no

control. Additionally, if the formula used to determine the amount of principal, premium and/or interest payable with respect to Index Linked Notes contains a multiplier or leverage factor, the effect of any change in the applicable currency, commodity, stock, interest rate or other index will be increased. The historical experience of the relevant currencies, commodities, stocks or interest rate indices should not be taken as an indication of future performance of such currencies, commodities, stock, interest rate or other indices during the term of any Index Linked Note. Additionally, there may be regulatory and other ramifications associated with the ownership by certain investors of certain Index Linked Notes.

The credit ratings assigned to the Issuer's Programme are a reflection of the credit status of the Issuer, and in no way are a reflection of the potential impact of any of the factors discussed above, or any other factors, on the market value of any Index Linked Note. Accordingly, prospective investors should consult their own financial and legal advisors as to the risks entailed by an investment in Index Linked Notes and the suitability of such Notes in light of their particular circumstances.

Various transactions by the Issuer could impact the performance of any Index Linked Notes, which could lead to conflicts of interest between the Issuer and holders of its Index Linked Notes.

Exchange rate risks and exchange controls.

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

DOCUMENTS INCORPORATED BY REFERENCE

This Base Prospectus should be read and construed in conjunction with the following document which have been previously published and that have been filed with the AMF and are incorporated in, and form part of, this Base Prospectus:

the 2003 and 2004 "Document de Référence" (n° D-04-658 and D-05-496) in the French language, filed with the AMF on 7 May 2004 and 20 April 2005 respectively, relating to CADES containing the audited consolidated annual financial statements (including the auditors' report thereon and notes thereto) of CADES for the financial years ended 31 December 2003 and 2004.

The Issuers will, at the specified offices of the Paying Agents set out at the end of this Base Prospectus, make available, free of charge, a copy of any or all the documents deemed to be incorporated herein by reference. All documents incorporated by reference in this Base Prospectus will also be available on the website of the AMF (www.amf-france.org).

In relation to each issue of Notes, this Base Prospectus shall be completed by the applicable Final Terms.

| Information Incorporated by Reference | Reference |
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| CADES audited consolidated annual financial statements for the year ended 31 December 2003 – Income Statement | 2003 <i>Doc de Réf</i> page 12 |
| Balance Sheet relating to the above | 2003 <i>Doc de Réf</i> page 11 |
| Cash Flow statement relating to the above | 2003 <i>Doc de Réf</i> page 41 |
| Notes relating to the above | 2003 <i>Doc de Réf</i> pages 19-35 |
| Accounting principles relating to the above | 2003 <i>Doc de Réf</i> pages 15-18 |
| Audit Report relating to the above | 2003 <i>Doc de Réf</i> page 43 |
| CADES audited consolidated annual financial statements for the financial year ended 31 Dec 2004 – Income Statement | 2004 <i>Doc de Réf</i> page 16-17 |
| Balance Sheet relating to the above | 2004 <i>Doc de Réf</i> page 15 |
| Cash Flow statement relating to the above | 2004 <i>Doc de Réf</i> page 45 |
| Notes relating to the above | 2004 <i>Doc de Réf</i> pages 22-38 |
| Accounting principles relating to the above | 2004 <i>Doc de Réf</i> pages 19-21 |
| Audit Report relating to the above | 2004 <i>Doc de Réf</i> page 46-47 |

GENERAL DESCRIPTION OF THE PROGRAMME

The following summary is qualified in its entirety by the remainder of this Base Prospectus.

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| Issuer: | Caisse d'amortissement de la dette sociale |
| Description: | Debt Issuance Programme |
| Programme Size: | Up to euro 30,000,000,000 aggregate principal amount of Notes outstanding at any one time (or the equivalent in other currencies calculated as set out below). |

The euro equivalent of the aggregate principal amount of Notes outstanding at any one time and denominated in a currency other than euro (which, in the case of Dual Currency Notes, shall be the currency in which the subscription moneys are received by the Issuer) shall be determined on the basis of the official rate of exchange published by the European Central Bank which normally takes place each Business Day at 2.15 p.m. (CET time) on the European Central Bank's website (Statistics page) of euro for the relevant currency at any time selected by the Issuer during the five-day period ending on the date of agreement to issue such Notes.

For the purpose of the above calculation, the principal amount of Notes issued at a premium or at a discount shall equal their principal amount or, in the case of Notes the redemption amount of which is a variable amount, and if at such time such amount is calculable, their Redemption Amount (failing which their principal amount) or, in the case of Notes issued at a discount and if defined and provided for in the Terms and Conditions of such Notes, their Amortised Face Amount as at such time. The principal amount of partly-paid Notes as at any time shall equal the amount of subscription moneys paid up as at such time.

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| Dealers: | There are no Dealers appointed permanently in respect of the Programme. The Issuer may from time to time appoint one or more dealers in respect of any Tranches of Notes. References in this Base Prospectus to "Dealers" are to all persons appointed as a dealer in respect of any Tranches. |
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Only credit institutions and investment firms incorporated in a member state of the European Union and which are authorised to lead-manage bond issues in such member state may act as Dealers in respect of non-syndicated issues of Notes denominated in euro and as lead manager of syndicated issues of Notes denominated in euro.

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| Fiscal Agent and Principal Paying Agent: | Citibank, N.A., London branch |
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| Paris Paying Agent: | Citibank International, Paris branch |
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| Method of Issue: | The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a "Series") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a " Tranche ") on the same or different issue dates with no minimum issue size. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions set out in a Supplemental Prospectus and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in the final terms to this Base Prospectus (the " Final Terms "). |
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| Redenomination: | Notes issued in the currency of any Member State of the EU which participates in EMU may be redenominated into euro pursuant to the provisions of " Terms and Conditions of the Notes – Form, Denomination, Title and Redenomination " below (see also " Consolidation " below). |
| Issue Price: | Notes may be issued at their nominal amount or at a premium over, or a discount to, their nominal amount and either on a fully-paid or partly-paid basis. The issue price of partly-paid Notes will be payable in two or more instalments. |
| Form of Notes: | Notes may be issued as Dematerialised Notes or Materialised Notes. Title to Dematerialised Notes will be evidenced in accordance with Article L.211-4 of the French <i>Code monétaire et financier</i> by book entries (<i>inscriptions en compte</i>). No physical document of title (including <i>certificats représentatifs</i> pursuant to Article 7 of Decree no. 83-359 of 2 May 1983) will be issued in respect of the Dematerialised Notes. Dematerialised Notes are issued, at the option of the Issuer, either (i) in bearer dematerialised form (<i>au porteur</i>), which will be inscribed as from the issue date in the books of Euroclear France which shall credit the accounts of Account Holders including Euroclear Bank S.A./N.V., as operator of the Euroclear System (" Euroclear ") and the depositary bank for Clearstream Banking, <i>société anonyme</i> (" Clearstream Luxembourg "), or (ii) in registered dematerialised form (<i>au nominatif</i>) and, in such case, at the option of the relevant Noteholders in either administered registered form (<i>au nominatif administré</i>) inscribed in the books of an Account Holder or in fully registered form (<i>au nominatif pur</i>) inscribed in an account in the books of Euroclear France maintained by the Issuer or the registration agent designated in the relevant Final Terms acting on behalf of the Issuer (the " Registration Agent "). Materialised Notes will be in bearer materialised form only. A Temporary Global Certificate will be issued initially in respect of each Tranche of Materialised Notes. Such Temporary Global Certificate will be exchanged for Definitive Materialised Notes with, where applicable, coupons for interest attached on a date expected to be on or after the 40 th day after the issue date of the Notes (subject to postponement) upon certification as to non-US beneficial ownership as more fully described herein. Temporary Global Certificates will (a) in the case of a Tranche intended to be cleared through Euroclear and/or Clearstream, Luxembourg, be deposited on the issue date with a common depositary on behalf of Euroclear and/or Clearstream, Luxembourg and (b) in the case of a Tranche intended to be cleared through a clearing system other than or in addition to Euroclear and/or Clearstream, Luxembourg or delivered outside a clearing system, be deposited as agreed between the Issuer and the relevant Dealer. Materialised Notes may only be issued outside France. |
| Clearing Systems: | Euroclear France as central depositary in relation to Dematerialised Notes and, in relation to Materialised Notes, Clearstream, Luxembourg and Euroclear or any other clearing system that may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer. |
| Initial Delivery of Dematerialised Notes: | One Paris business day before the issue date of each Tranche of Dematerialised Notes, the <i>lettre comptable</i> relating to such Tranche shall be deposited with Euroclear France as central depositary. |

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| Initial Delivery of Materialised Notes: | On or before the issue date for each Tranche of Materialised Notes, the Temporary Global Certificate issued in respect of such Tranche shall be deposited with a common depository for Euroclear and Clearstream, Luxembourg or with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Fiscal Agent and the relevant Dealer. |
| Currencies: | <p>Subject to compliance with all relevant laws, regulations and directives, Notes may be issued, without limitation, in Australian dollars, Canadian dollars, Danish krone, euro, Hong Kong dollars, Japanese yen, New Zealand dollars, Norwegian krone, pounds sterling, South African rand, Swedish krone, Swiss francs, U.S. dollars and in any other currency as may be agreed between the Issuer and the relevant Dealers.</p> <p>Each Dealer and the Issuer will, in relation to issues of Notes denominated in euro, comply with the guidelines provided by the letter dated 1st October, 1998 from the French Minister of the Economy, Finance and Industry to the President of the <i>Association Française des établissements de crédit et des entreprises d'investissement</i> (the "Euro Guidelines").</p> <p>Issues of Notes denominated in sterling shall comply with all applicable laws and regulations (as amended from time to time) of United Kingdom authorities.</p> |
| Maturities: | Subject to compliance with all relevant laws, regulations and directives, any maturity. |
| Denomination: | <p>Definitive Notes will be in such denominations as may be agreed between the Issuer and the relevant Dealer and specified in the relevant Final Terms, to the extent permitted by then current laws, regulations and directives.</p> <p>Notes in respect of which the proceeds are to be accepted by the Issuer in the United Kingdom, having a maturity of less than one year, shall (a) have a redemption value of not less than £100,000 (or an amount of equivalent value denominated wholly or partly in a currency other than sterling), and (b) provide that no part of any such Note may be transferred unless the redemption value of that part is not less than £100,000 (or such equivalent amount).</p> |
| Fixed Interest Rate Notes: | Fixed interest will be payable in arrear (unless otherwise specified in the applicable Final Terms) on the date or dates in each year specified in the relevant Final Terms. |
| Floating Rate Notes: | <p>Floating Rate Notes will bear interest at a rate set separately for each Series as follows:</p> <ul style="list-style-type: none"> (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2000 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., or the relevant FBF (<i>Fédération Bancaire Française</i>) definitions incorporated among others in the <i>Additifs Techniques</i> to the FBF Master-Agreement relating to transactions on forward financial instruments, or (ii) by reference to LIBOR, LIBID, LIMEAN or EURIBOR (or such other Reference Rate as may be specified in the relevant Final Terms) as adjusted for any applicable margin. <p>Interest periods will be specified in the relevant Final Terms.</p> |

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| Zero Coupon Notes: | Zero coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest other than in the case of late payment. |
| Interest Periods and Interest Rates: | The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Final Terms. |
| Dual Currency Notes: | Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based upon such rates of exchange, as the Issuer and the relevant Dealers may agree (as indicated in the relevant Final Terms). |
| Index Linked Notes: | Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula, such as an inflation index or an equity index, as may be specified in the relevant Final Terms, or as the case may be in a supplement to the Base Prospectus. |
| Other Notes: | Terms applicable to high-interest Notes, low-interest Notes, step-up Notes, stepdown Notes, partly-paid Notes and any other type of Note that the Issuer and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Final Terms or in a supplement to the Base Prospectus. |
| Redemption: | <p>The Final Terms issued in respect of each Tranche of Notes will indicate either that the Notes of that Tranche cannot be redeemed prior to their stated maturity (other than in specified instalments (see below) or following an Event of Default), or that such Notes will be redeemable prior to such stated maturity at the option of the Issuer and/or the holders of such Notes upon giving irrevocable notice to the relevant Noteholders or the Issuer, as the case may be, within the time limits set out in the Final Terms, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be indicated in the relevant Final Terms.</p> <p>The relevant Final Terms may provide that the Notes may be redeemed in two or more instalments in such amounts and on such dates and on such other terms as may be indicated in such Final Terms.</p> <p>Notes in respect of which the proceeds are to be accepted by the Issuer in the United Kingdom having a maturity of less than one year, shall (a) have a redemption value of not less than £100,000 (or an amount of equivalent value denominated wholly or partly in a currency other than sterling), and (b) provide that no part of any such Note may be transferred unless the redemption value of that part is not less than £100,000 (or such equivalent amount).</p> |
| Redemption by Instalments: | The Final Terms issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed. |
| Status of Notes: | The Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will rank <i>pari passu</i> among themselves all as described in " Terms and Conditions of the Notes – Status ". |

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| Negative Pledge: | The terms and conditions of the Notes will contain a negative pledge provision as described in " Terms and Conditions of the Notes – Negative Pledge ". |
| Cross-Default: | The terms and conditions of the Notes will not contain a cross-default provision. |
| Ratings: | Notes issued under the Programme have, at the request of the Issuer, been rated Aaa and P1 by Moody's Investors Service, AAA and A1+ by Standard & Poor's Ratings Services, a Division of the McGraw – Hill Companies, Inc. and AAA and F1+ by Fitch Ratings in respect of the Issuer's long-term and short-term debt, respectively. Tranches of Notes (as defined in "General Description of the Programme") issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the ratings assigned to the Notes. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Furthermore, the Issuer may at any time reduce the number of rating agencies from which it requests ratings. |
| Withholding Tax: | <p>Payments in respect of the Notes will be made without withholding or deduction for, or on account of, taxes imposed by or on behalf of the Republic of France as provided by Article 131 <i>quater</i> of the French General Tax Code, to the extent that the Notes are issued (or deemed to be issued) outside France.</p> <p>Notes constituting obligations under French law will be issued (or deemed to be issued) outside France (i) in the case of syndicated or non-syndicated issues of Notes, if such Notes are denominated in euro, (ii) in the case of syndicated issues of Notes denominated in currencies other than euro, if, <i>inter alia</i>, the Issuer and the relevant Dealers agree not to offer the Notes to the public in the Republic of France and such Notes are offered in the Republic of France only through an international syndicate to qualified investors (<i>investisseurs qualifiés</i>) as described in Article L.411-2 of the French Code <i>monétaire et financier</i> or (iii) in the case of non-syndicated issues of Notes denominated in currencies other than euro, if each of the subscribers of the Notes is domiciled or resident for tax purposes outside the Republic of France, in each case as more fully set out in the circular of the <i>Direction Générale des Impôts</i> dated 30th September, 1998.</p> <p>The tax regime applicable to Notes which do not constitute <i>obligations</i> will be set out in the relevant Final Terms, and as the case may be in the relevant Supplemental Prospectus.</p> |
| Consolidation: | Notes of one Series may be consolidated with those of another Series, all as described in " Terms and Conditions of the Notes – Further Issues and Consolidation ". |
| Governing Law: | French law. |
| Listing: | Notes issued under the Programme may be admitted to trading on and/or quotation by such stock exchanges, listing authorities and/or quotation systems as may be agreed between the Issuer and the relevant Dealer, or may be unlisted, in each case as specified in the relevant Final Terms. |
| Selling Restrictions: | <p>United States, European Economic Area, United Kingdom, France, Japan and the Netherlands. See "Subscription and Sale". The Issuer is Category 2 for the purposes of Regulation S under the Securities Act.</p> <p>Materialised Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the "D Rules") unless (i) the relevant Final Terms state that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(c) (the "C Rules") or</p> |

(ii) the Materialised Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**"), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.

Dematerialised Notes do not require compliance with the TEFRA Rules.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, subject to completion in accordance with the provisions of the relevant Final Terms, shall be applicable to the Notes. In the case of Dematerialised Notes, the text of the terms and conditions will not be endorsed on physical documents of title but will be constituted by the following text as completed by the relevant Final Terms. In the case of Materialised Notes, either (i) the full text of these terms and conditions together with the relevant provisions of the Final Terms or (ii) these terms and conditions as so completed or amended, supplemented or varied shall be endorsed on or attached to Definitive Materialised Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Final Terms. References in the Conditions to the "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

The Notes are the subject of an agency agreement dated 27 October 2005 between the Issuer, Citibank N.A, London, as, *inter alia*, fiscal agent and the other parties named in it (as amended and/or supplemented and/or restated as at the date of issue of the Notes (the "Issue Date"), the "Agency Agreement"). The fiscal agent, the paying agent(s), the redenomination agent, the consolidation agent and the calculation agent(s) for the time being (if any) are referred to below respectively as the "Fiscal Agent", the "Paying Agents" (which expression shall include the Fiscal Agent), the "Redenomination Agent", the "Consolidation Agent", the "Transfer Agent", and the "Calculation Agent(s)". The Noteholders (as defined below) are deemed to have notice of all of the provisions of the Agency Agreement applicable to them.

Copies of the Agency Agreement are available for inspection at the specified offices of each of the Paying Agents. The material provisions of the Agency Agreement are incorporated in the Base Prospectus.

1. Form, Denomination, Title and Redenomination

- (a) *Form*: Notes may be issued either as Dematerialised Notes or Materialised Notes.
- (i) Title to Dematerialised Notes will be evidenced in accordance with Article L.211-4 of the *Code monétaire et financier* by book entries (*inscriptions en compte*). No physical document of title (including *certificats représentatifs* pursuant to Article 7 of Decree no. 83-359 of 2 May 1983) will be issued in respect of the Dematerialised Notes.

Dematerialised Notes are issued, at the option of the Issuer, either (i) in bearer dematerialised form (*au porteur*), which will be inscribed in the books of Euroclear France which shall credit the accounts of Account Holders, or (ii) in registered dematerialised form (*au nominatif*) and, in such case, at the option of the relevant Noteholders in either administered registered form (*au nominatif administré*) inscribed in the books of an Account Holder or in fully registered form (*au nominatif pur*) inscribed in an account in the books of Euroclear France maintained by the Issuer or the registration agent designated in the relevant Final Terms acting on behalf of the Issuer (the "Registration Agent").

- (ii) Materialised Notes are issued in bearer form. Materialised Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment Notes are issued with one or more Receipts attached.
- (iii) In accordance with Article L.211-4 of the *Code monétaire et financier*, securities (such as the Notes) which are governed by French law and are in materialised form must be issued outside the French territory.

- (b) *Denomination(s)*: Notes shall be issued in Specified Denomination(s). Dematerialised Notes shall be issued in one Specified Denomination only.

- (c) *Title*:

- (i) Title to Dematerialised Notes in bearer dematerialised form (*au porteur*) and in administered registered form (*au nominatif administré*) shall pass upon, and transfer of such Notes may only be effected through,

registration of the transfer in the accounts of Account Holders. Title to Dematerialised Notes in fully registered form (*au nominatif pur*) shall pass upon, and transfer of such Notes may only be effected through, registration of the transfer in the accounts of the Issuer or the Registration Agent.

- (ii) Title to Definitive Materialised Notes having, where appropriate, Coupons, Receipt(s) and/or a Talon attached thereto on issue shall pass by delivery.
 - (iii) Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, or an interest in it, any writing on it or its theft or loss and no person shall be liable for so treating the holder.
 - (iv) In these Conditions, "**holder of Notes**", "**holder of any Note**" or "**Noteholder**" means (i) in the case of Dematerialised Notes, the person whose name appears in the account of the relevant Account Holder or the Issuer or the Registration Agent (as the case may be) as being entitled to such Notes and (ii) in the case of Materialised Notes, the bearer of any Definitive Materialised Note and the Receipts, Coupons ("**Receiptholder**" and "**Couponholder**" being construed accordingly), or Talon relating to it, and capitalised terms have the meanings given to them in the relevant Final Terms, the absence of any such meaning indicating that such term is not applicable to the Notes.
- (d) *Redenomination:*

The Issuer may (if so specified in the relevant Final Terms) without the consent of the holder of any Note, and, if applicable, Receipt, Coupon or Talon, by giving at least 30 days' notice in accordance with Condition 13, redenominate on any Interest Payment Date all, but not some only, of the Notes of any Series on or after the date on which the Member State of the European Union in whose national currency such Notes are denominated has become a participant member in the third stage of the European economic and monetary union ("EMU") in accordance with such arrangements as the Issuer may decide, after consultation with the Redenomination Agent, and the terms of which shall be included in any such notice given pursuant to Condition 13, or as more fully provided in the relevant Final Terms.

2. Status

The Notes and, if applicable, any Receipts and Coupons constitute (subject to Condition 3) direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* among themselves and, save for those preferred by mandatory provisions of French law and subject to Condition 3, equally with all other present or future unsecured and unsubordinated obligations of the Issuer.

3. Negative Pledge

The Issuer undertakes that, so long as any of the Notes or, if applicable, Receipts or Coupons remain outstanding (as defined below), it shall not create on any of its present or future assets or revenues any mortgage, pledge or other encumbrance to secure any Publicly Issued External Financial Indebtedness of the Issuer unless the Issuer's obligations under the Notes or, if applicable, Receipts and Coupons shall also be secured by such mortgage, pledge or other encumbrance equally and rateably therewith.

"outstanding" means, in relation to Notes of any Series, all the Notes issued other than (a) those that have been redeemed in accordance with these Conditions, (b) those in respect of which the date for redemption has occurred and the redemption moneys (including all interest accrued on such Notes to the date for such redemption, and any interest payable after such date) have been duly paid as provided in Condition 6, (c) those which have become void or in respect of which claims have become prescribed, (d) those which have been purchased and cancelled as provided in the Conditions, (e) in the case of Definitive Materialised Notes (i) those mutilated or defaced Definitive Materialised Notes that have been surrendered in exchange for replacement Definitive Materialised Notes, (ii) (for the purpose only of determining how many such Definitive Materialised Notes are outstanding and without prejudice to their status for any other purpose) those Definitive Materialised Notes alleged to have been lost, stolen or destroyed and in respect of which replacement Definitive Materialised Notes have been issued and (iii) any

Temporary Global Certificate to the extent that it shall have been exchanged for one or more Definitive Materialised Notes, pursuant to its provisions.

"Publicly Issued External Financial Indebtedness" is defined to mean any present or future marketable indebtedness represented by bonds, Notes or any other publicly issued debt securities (i) which are expressed or denominated in a currency other than euro or which are, at the option of the person entitled to payment thereof, payable in a currency other than euro and (ii) which are, or are capable of being, traded or listed on any stock exchange or over-the-counter or other similar securities market.

4. **Interest and Other Calculations**

(a) *Interest on Fixed Rate Notes:*

Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest such interest being payable in arrear (unless otherwise specified in the relevant Final Terms) on each Interest Payment Date.

If a Fixed Coupon Amount or a Broken Amount is specified in the relevant Final Terms, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount or, if applicable, the Broken Amount so specified and in the case of the Broken Amount will be payable on the particular Interest Payment Date(s) specified in the relevant Final Terms.

(b) *Interest on Floating Rate Notes and Index Linked Interest Notes:*

- (i) *Interest Payment Dates:* Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. Such Interest Payment Date(s) is/are either shown in the relevant Final Terms as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown in the relevant Final Terms, Interest Payment Date shall mean each date which falls the number of months or other period shown in the relevant Final Terms as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.
- (ii) *Business Day Convention:* If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.
- (iii) *Rate of Interest for Floating Rate Notes:* The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified in the relevant Final Terms and the provisions below relating to either ISDA Determination, FBF Determination or Screen Rate Determination shall apply, depending upon which is specified in the relevant Final Terms.
- (iv) *ISDA and FBF Definitions:* ISDA Definitions or FBF Definitions and *Additifs techniques* may be requested to the Calculation Agent, free of charge.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate plus or minus (as indicated in the relevant Final Terms) the Margin (if any). For the purposes of this sub-paragraph (A), "ISDA Rate" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (a) the Floating Rate Option is as specified in the relevant Final Terms;
- (b) the Designated Maturity is a period specified in the relevant Final Terms; and
- (c) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified in the relevant Final Terms.

For the purposes of this sub-paragraph (A), "Floating Rate", "Calculation Agent", "Floating Rate Option", "Designated Maturity", "Reset Date" and "Swap Transaction" have the meanings given to those terms in the ISDA Definitions.

(B) FBF Determination for Floating Rate Notes

Where FBF Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Agent as a rate equal to the relevant FBF Rate plus or minus (as indicated in the relevant Final Terms) the Margin (if any). For the purposes of this sub-paragraph (B), "FBF Rate" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Agent under a swap transaction (*Échange*) made pursuant to an FBF master agreement (*convention cadre FBF*) and the Interest and Currency Technical Annex (*Échange de conditions d'Intérêt ou de Devises – Additif Technique*) (the "FBF Definitions") and under which:

- (x) the Floating Rate is as specified in the relevant Final Terms and
- (y) the Floating Rate Determination Date is as specified in the relevant Final Terms

For the purposes of this sub-paragraph (B), "Floating Rate", "Agent" and "Floating Rate Determination Date" are translations of the French terms "*Taux Variable*", "*Agent*" and "*Date de Détermination du Taux Variable*", respectively, which have the meanings given to those terms in the FBF *Additifs techniques*, and "FBF" means *the Fédération Bancaire Française*.

(C) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent at or about the Relevant Time on the Interest Determination Date in respect of such Interest Accrual Period in accordance with the following:

- (x) if the source for the Floating Rate is a Screen Page, subject as provided below, the Rate of Interest shall be:
 - (I) the Relevant Rate (where such Relevant Rate on such Screen Page is a composite quotation or is customarily supplied by one entity); or
 - (II) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Screen Page, in each case appearing on such Screen Page at the Relevant Time on the

Interest Determination Date; if the source for the Floating Rate is Reference Banks or if sub-paragraph; or

(x)(I) applies and no Relevant Rate appears on the Screen Page at the Relevant Time on the Interest Determination Date or if sub-paragraph (x)(II) applies and fewer than two Relevant Rates appear on the Screen Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the arithmetic mean of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Business Centre at the Relevant Time on the Interest Determination Date, as determined by the Calculation Agent;

(y) if paragraph (x) above applies, the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) that the Calculation Agent determines to be the rates (being the nearest equivalent to the Reference Rate) in respect of a Representative Amount of the Specified Currency that at least two out of five leading banks selected by the Calculation Agent in the principal financial centre of the country of the Specified Currency or, if the Specified Currency is euro, in the Euro-Zone (as selected by the Calculation Agent) (the "Principal Financial Centre") are quoting at or about the Relevant Time on the date on which such banks would customarily quote such rates for a period commencing on the Effective Date for a period equivalent to the Specified Duration

(z) Rate of Interest for Index Linked Interest Notes: The Rate of Interest in respect of Index Linked Interest Notes for each Interest Accrual Period shall be determined in the manner specified in the relevant Final Terms and interest will accrue by reference to an Index or Formula as specified in the relevant Final Terms.

(c) *Rate of Interest on Zero Coupon Note*

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 5(b)).

(d) *Dual Currency Notes*

In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified in the relevant Final Terms or in a Supplemental Prospectus as the case may be.

(e) *Partly Paid Notes*

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the relevant Final Terms.

(f) *Accrual of Interest*

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (as well after as before judgment) at the Rate of Interest in the manner provided in this Condition 4 until, and including, whichever is the earlier of (i) the day on which all sums due in respect of the Notes are received by or on behalf of the relevant holder and (ii) the day of receipt by or on behalf of Euroclear France of all sums due in respect of the Notes (the "**Relevant Date**")

(g) *Margin, Maximum/Minimum Interest Rates, Instalment Amounts and Redemption Amounts, Rate Multipliers and Rounding*

- (i) If any Margin or Rate Multiplier is specified in the relevant Final Terms (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with (b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin or multiplying by such Rate Multiplier, subject always to the next paragraph;
- (ii) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified in the relevant Final Terms, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be;
- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "unit" means, the lowest amount of such currency that is available as legal tender in the countries of such currency.

(h) *Calculations*

The amount of interest payable in respect of any Note for any period shall be calculated by multiplying the product of the Rate of Interest and the outstanding nominal amount of such Note by the Day Count Fraction, unless an Interest Amount (or a formula for its calculation) is specified in respect of such period, in which case the amount of interest payable in respect of such Note for such period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period shall be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.

- (i) *Determination and Publication of Rates of Interest, Interest Amounts, Final Optional Redemption Amounts, Early Redemption Amounts, Redemption Amounts and Instalment Amounts*

As soon as practicable after the Relevant Time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quote or make any determination or calculation, it shall determine such rate and calculate the Interest Amounts in respect of each Specified Denomination of the Notes for the relevant Interest Accrual Period, calculate the Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain any quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules applicable to such exchange or other relevant authority so require, such exchange or the relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of an Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 4(b), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 9, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(j) *Definitions*

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“Amortised Face Amount” means the amount determined as described in paragraph 5 (b) of the Terms and Conditions of the Notes.

"Business Centre" means, with respect to any Floating Rate to be determined in accordance with a screen rate determination on an Interest Determination Date, the business centre as may be specified as such in the relevant Final Terms or, if none is so specified, the financial centre with which the relevant Reference Rate is most closely connected, (which, in the case of EURIBOR, shall be the Euro-zone).

"Business Day" means:

- (i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency and/or
- (ii) in the case of euro, a day on which the Target System is operating (a **"TARGET Business Day"**) and/or
- (iii) in the case of a currency and/or one Business Centre a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre or, if no currency is specified, generally in each of the Business Centres.

"Day Count Fraction" means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period, the "Calculation Period"):

- (i) if **"Actual/365"** or **"Actual/Actual-ISDA"** is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365)
- (ii) if **"Actual/365 (Fixed)"** is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 365
- (iii) if **"Actual/360"** is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 360
- (iv) if **"30/360"**, **"360/360"** or **"Bond Basis"** is specified in the relevant Final Terms, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)) and
- (v) if **"30E/360"** or **"Eurobond Basis"** is specified in the relevant Final Terms, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of a Calculation Period ending on the Maturity Date, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)

- (vi) if "**Actual/365 (Sterling)**" is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (vii) if "**Actual/Actual-ISMA**" is specified in the relevant Final Terms,
- (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
- (b) if the Calculation Period is longer than one Determination Period, the sum of:
 - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
 - (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

"Determination Period" means the period from and including a Determination Date in any year to but excluding the next Determination Date.

"Determination Date" means the date specified as such in the relevant Final Terms or, if none is so specified, the Interest Payment Date.

"Effective Date" means, with respect to any Floating Rate to be determined on an Interest Determination Date, the date specified as such in the relevant Final Terms or, if none is so specified, the first day of the Interest Accrual Period to which such Interest Determination Date relates.

"Euro-Zone" means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended.

"Interest Accrual Period" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

"Interest Amount" means the amount of interest payable, and in the case of Fixed Rate Notes, means the Fixed Coupon Amount or Broken Amount, as the case may be.

"Interest Commencement Date" means the Issue Date or such other date as may be specified in the relevant Final Terms.

"Interest Determination Date" means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such in the relevant Final Terms or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (ii) the day falling two TARGET Business Days for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is Euro or (iii) the day falling two Business Days in the city specified in the relevant Final Terms for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is not Euro.

"Interest Period" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

"Specified Interest Payment Date" means each Interest Payment Date unless otherwise specified in the relevant Final Terms.

"**ISDA Definitions**" means the 2000 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified in the relevant Final Terms.

"**Screen Page**" means such page, section, caption, column or other part of a particular information service (including, but not limited to, the Reuters Markets 3000. ("**Reuters**") and Bridge/Telerate ("**Telerate**")) as may be specified for the purpose of providing a Relevant Rate, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to that Relevant Rate.

"**Rate of Interest**" means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions in the relevant Final Terms.

"**Reference Banks**" means the institutions specified as such in the relevant Final Terms or, if none, four major banks selected by the Calculation Agent in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the Reference Rate (which, if EURIBOR is the relevant Reference Rate, shall be the Euro-zone).

"**Reference Rate**" means the reference rate specified in the relevant Final Terms for the purposes of calculating the Relevant Rate in respect of Floating Rate Notes.

"**Relevant Rate**" means the Reference Rate for a Representative Amount of the Specified Currency for a period (if applicable or appropriate to the Reference Rate) equal to the Specified Duration commencing on the Effective Date.

"**Relevant Time**" means, with respect to any Interest Determination Date, the local time in the Business Centre specified in the relevant Final Terms or, if none is specified, the local time in the Business Centre at which it is customary to determine bid and offered rates in respect of deposits in the Specified Currency in the interbank market in the Business Centre and for this purpose "local time" means, with respect to Europe and the Euro-zone as a Business Centre, 11.00 hours, Brussels Time.

"**Representative Amount**" means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the amount specified as such in the relevant Final Terms or, if none is specified, an amount that is representative for a single transaction in the relevant market at the time.

"**Specified Currency**" means the currency specified as such in the relevant Final Terms or, if none is specified, the currency in which the Notes are denominated.

"**Specified Duration**" means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the duration specified in the relevant Final Terms or, if none is specified, a period of time equal to the relative Interest Accrual Period, ignoring any adjustment pursuant to Condition 5(b).

"**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System or any successor thereto.

(k) *Calculation Agent and Reference Banks*

The Issuer shall procure that there shall at all times be four Reference Banks (or such other number as may be required) with offices in the Business Centre and one or more Calculation Agents if provision is made for them in the relevant Final Terms and for so long as any Note is outstanding (as defined in Condition 3 "Negative Pledge" above). If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank, then the Issuer shall appoint another Reference Bank with an office in the Business Centre to act as such in its place. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Period or to calculate any Interest Amount,

Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal Paris office or any other office).

5. Redemption, Purchase and Options

(a) *Redemption by Instalments and Final Redemption*

(i) Unless previously redeemed, purchased and cancelled as provided in this Condition 5 or the relevant Instalment Date (being one of the dates so specified in the relevant Final Terms) is extended pursuant to any Issuer's or Noteholder's option in accordance with Condition 5(c) or 5(d), each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified in the relevant Final Terms. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused on presentation of the related Receipt, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.

(ii) Unless previously redeemed, purchased and cancelled as provided below or its maturity is extended pursuant to any Issuer's or Noteholder's option in accordance with Condition 5(c) or 5(d), each Note shall be finally redeemed on the Maturity Date specified in the relevant Final Terms at its Final Redemption Amount (which, unless otherwise provided, is its nominal amount) or, in the case of a Note falling within paragraph (i) above, its final Instalment Amount.

(b) *Early Redemption*

(i) Zero Coupon Notes

(A) The Early Redemption Amount payable in respect of any Zero Coupon Note that does not bear interest prior to the Maturity Date, the Early Redemption Amount of which is not linked to an index and/or a formula, upon it becoming due and payable as provided in Condition 9, shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified in the relevant Final Terms.

(B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown in the relevant Final Terms, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

(C) If the Redemption Amount payable in respect of any such Note upon it becoming due and payable as provided in Condition 9 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the reference therein to the date on which the Note becomes due and payable were replaced by a reference to the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 4(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown in the relevant Final Terms.

(ii) Other Notes:

The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon it becoming due and payable as provided in Condition 9, shall be the Final Redemption Amount unless otherwise specified in the relevant Final Terms.

(c) *Redemption at the Option of the Issuer and Exercise of Issuer's Options*

If the Call Option is specified in the relevant Final Terms as being applicable, the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date at the relevant Optional Redemption Amount on the Issuer's giving not less than 5 nor more than 90 days' notice to the Noteholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date at the Optional Redemption Amount plus accrued interest (if any) to such date).

(i) In the case of a partial redemption or a partial exercise of an Issuer's option in respect of Materialised Notes, the notice to holders of such Materialised Notes shall also contain the number of the Definitive Materialised Notes to be redeemed or in respect of which such option has been exercised, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange requirements.

(ii) In the case of a partial redemption of or a partial exercise of an Issuer's option in respect of Dematerialised Notes, the redemption may be effected, at the option of the Issuer, either (i) by reducing the nominal amount of all such Dematerialised Notes in a Series in proportion to the aggregate nominal amount redeemed or (ii) by redeeming in full some only of such Dematerialised Notes and, in such latter case, the choice between those Dematerialised Notes that will be fully redeemed and those Dematerialised Notes of any Series that will not be redeemed shall be made in accordance with Article 9 of Decree no. 83-359 of 2 May 1983 and the provisions of the relevant Final Terms, subject to compliance with any other applicable laws and stock exchange requirements.

(d) *Redemption at the Option of Noteholders and Exercise of Noteholders' Options*

If the Put Option is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of the holder of any Note redeem such Note on the Optional Redemption Date specified in the relevant Put Option Notice at the relevant Optional Redemption Amount together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 5(d), the holder of a Note must, not less than 5 nor more than 30 days before the relevant Optional Redemption Date, in the case of Dematerialised Notes, transfer, or cause to be transferred, the Dematerialised Notes to be redeemed to the account of the Paris Paying Agent specified in the Put Option Notice, in the case of a Materialised Note, deposit with any Paying Agent such Note together with all unmatured Coupons relating thereto, and a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which a Note is so deposited or transferred shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note, once deposited or transferred, with a duly completed Put Option Notice in accordance with this Condition 5(d), may be withdrawn; provided, however, that if, prior to the relevant Optional Redemption Date, any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date, payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing or transferring Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing or transferring Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 5(d), the depositor of such Note and not such Paying Agent shall be deemed to be the holder of such Note for all purposes.

(e) *Partly Paid Notes*

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the provisions specified in the relevant Final Terms.

(f) *Purchases*

The Issuer may, pursuant to the relevant rules, at any time purchase Notes (provided that, in the case of Materialised Notes, all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.

(g) *Cancellation*

All Notes purchased by or on behalf of the Issuer must be cancelled, in the case of Dematerialised Notes, by transfer to an account in accordance with the rules and procedures of Euroclear France, and, in the case of Materialised Notes by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Fiscal Agent and if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

6. Payments and Talons

(a) *Dematerialised Notes:*

Payments of principal and interest in respect of Dematerialised Notes shall (in the case of Dematerialised Notes in bearer dematerialised form or administered registered form) be made by transfer to the account denominated in the relevant currency of the relevant Account Holders for the benefit of the Noteholders and, (in the case of Dematerialised Notes in fully registered form), to an account denominated in the relevant currency with a bank designated by the Noteholders. All payments validly made to such Account Holders will be an effective discharge of the Issuer in respect of such payments.

(b) *Materialised Notes:*

(i) *Method of payment*

Subject as provided below, payments in a Specified Currency will be made by credit or transfer to an account denominated in the relevant Specified Currency, or to which the Specified Currency may be credited or transferred (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is euro, shall be any country in the Euro-zone, and, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland, respectively).

(ii) *Presentation and surrender of Definitive Materialised Notes and Coupons*

Payments of principal in respect of Definitive Materialised Notes will (subject as provided below) be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of partial payment of any sum due, annotation) of such Notes, and payments of interest in respect of Definitive Materialised Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, annotation) of the relevant Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Fixed Rate Notes in definitive form should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the

sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon before 1 January of the fourth year following the date on which such amount fell due but in no event thereafter.

Upon any Fixed Rate Note in definitive form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof.

If the due date for redemption of any Definitive Materialised Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against presentation and surrender (if appropriate) of the relevant Definitive Materialised Note.

(c) *Payments in the United States*

Notwithstanding the foregoing, if any Materialised Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(d) *Payments subject to Fiscal Laws*

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) *Appointment of Agents*

The Fiscal Agent, the Paying Agents, the Calculation Agent, the Redenomination Agent and the Consolidation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Fiscal Agent, the Paying Agents, the Calculation Agent, the Redenomination Agent and the Consolidation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or, if applicable, Couponholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, the Calculation Agent, the Redenomination Agent or the Consolidation Agent and to appoint additional or other Paying Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) one or more Calculation Agent(s) where the Conditions so require, (iii) a Redenomination Agent and a Consolidation Agent where the Conditions so require, (iv) a Paying Agent having a specified office in Paris for so long as the Notes are listed on the Euronext Paris S.A. and the rules applicable to such Exchange so require and (v) such other agents as may be required by any other stock exchange on which the Notes may be listed.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Materialised Notes denominated in U.S. dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders in accordance with Condition 13.

(f) *Non-Business Days*

If any date for payment in respect of any Note or, if applicable, Coupon is not a business day, the Noteholder or, if applicable, Couponholder shall not be entitled to payment until the next following business day unless otherwise

specified in the relevant Final Terms, nor to any interest or other sum in respect of such postponed payment. In this paragraph, "**business day**" means a day (other than a Saturday or a Sunday) (A) (i) in the case of Dematerialised Notes, on which Euroclear France is open for business or (ii) in the case of Materialised Notes, on which banks and foreign exchange markets are open for business in the relevant place of presentation, (B) on which banks and foreign exchange markets are open for business in such jurisdictions as shall be specified as "**Financial Centres**" in the relevant Final Terms and (C) (i) in the case of a payment in a currency other than Euro, where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency or (ii) in the case of a payment in Euro, which is a TARGET Business Day.

7. **Taxation**

(a) *Tax Exemption*

Interest and other revenues with respect to Notes which constitute *obligations* which are being issued, or are deemed to be issued, outside the Republic of France benefit under present law from the exemption provided for in Article 131 *quater* of the *Code Général des Impôts* (General Tax Code) from deduction of tax at source. Accordingly, such payments do not give the right to any tax credit from any French source. The tax regime applicable to Notes which do not constitute *obligations* will be set out in the relevant Final Terms.

(b) *Additional Amounts*

All payments of principal and interest in respect of the Notes and, if applicable, the Receipts and the Coupons shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of France or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law, in which case the Issuer shall pay no additional amounts.

8. **Prescription**

Claims against the Issuer for payment of principal, interest or any other amounts in respect of the Notes and, if applicable, Receipts and Coupons (which for this purpose shall not include Talons) shall be prescribed and become void unless made within four years after the 1st January following the appropriate Relevant Date in respect of them.

9. **Events of Default**

If any of the following events (hereinafter referred to as an "Event of Default") shall occur and be continuing:

- (a) there is a default in the payment of any principal or interest for more than 30 days in the payment of any interest due and payable on or in respect of any Note; or
- (b) the Issuer defaults in the due performance and observance of any other provision contained in the Notes and such default (if capable of remedy) remains unremedied for 90 days after written notice thereof shall have been given to the Issuer at the specified office of the Fiscal Agent by any Noteholder; or
- (c) the Issuer is dissolved or ceases to be an *établissement public* prior to the repayment in full of the Notes or the payment in full of all sums due under the Notes unless its activities and debts are validly transferred to another *établissement public* or assumed by the French State,

then the Representative (as defined in Condition 10), upon request of any Noteholder, or in the absence of a Representative, any Noteholder may, upon written notice to the Fiscal Agent, before all defaults shall have been remedied, cause all the Notes (but not some only) held by such Noteholder to become immediately due and payable, whereupon the Notes shall become immediately due and payable at their Early Redemption Amount, without any other formality.

10. Meeting of Noteholders and Modifications

Meetings of Noteholders:

Except as otherwise provided by the relevant Final Terms, Noteholders will, in respect of all Tranches in any Series, be grouped automatically for the defence of their common interests in a *masse* (in each case, the "**Masse**").

The Masse will be governed by the provisions of the French Code of Commerce with the exception of Articles L.228-48 and L.228-59 and by the decree no. 67-236 of 23 March 1967, with the exception of Articles 218, 222 and 224 subject to the following provisions:

(a) *Legal Personality*

The Masse will be a separate legal entity and will act in part through a representative (the "**Representative**") and in part through a general meeting of the Noteholders (the "**General Meeting**").

The Masse alone, to the exclusion of all individual Noteholders, shall exercise the common rights, actions and benefits which now or in the future may accrue respectively with respect to the Notes.

(b) *Representative*

The office of Representative may be conferred on a person of any nationality. However, the following persons may not be chosen as Representatives:

- (i) the Issuer, the members of its Board of Directors (*Conseil d'administration*), its statutory auditors, or its employees as well as their ascendants, descendants and spouse; or
- (ii) companies having 10 per cent. or more of their share capital held by the Issuer; or
- (iii) persons to whom the practice of banker is forbidden or who have been deprived of the right of directing, administering or managing an enterprise in whatever capacity.

The names and addresses of the initial Representative of the Masse and its alternate will be set out in the relevant Final Terms. The Representative appointed in respect of the first Tranche of any Series of Notes will be the Representative of the single Masse of all Tranches in such Series.

The Representative will be entitled to such remuneration in connection with its functions or duties as set out in the relevant Final Terms.

In the event of death, retirement or revocation of appointment of the Representative, such Representative will be replaced by another Representative. In the event of the death, retirement or revocation of appointment of the alternate Representative, an alternate will be elected by the General Meeting.

All interested parties will at all times have the right to obtain the names and addresses of the initial Representative and the alternate Representative at the head office of the Issuer and the specified offices of any of the Paying Agents.

(c) *Powers of Representative*

The Representative shall (in the absence of any decision to the contrary of the General Meeting) have the power to take all acts of management necessary in order to defend the common interests of the Noteholders.

All legal proceedings against the Noteholders or initiated by them, must be brought by or against the Representative.

The Representative may not be involved in the management of the affairs of the Issuer.

(d) *General Meeting*

A General Meeting may be held at any time, on convocation either by the Issuer or by the Representative. One or more Noteholders, holding together at least one-thirtieth of the principal amount of the Notes outstanding, may address to the Issuer and the Representative a demand for convocation of the General Meeting. If such General Meeting has not been convened within two months after such demand, the Noteholders may commission one of their members to petition a competent court in Paris to appoint an agent (*mandataire*) who will call the General Meeting.

Notice of the date, time, place and agenda of any General Meeting will be published as provided under Condition 13.

Each Noteholder has the right to participate in a General Meeting in person or by proxy. Each Note carries the right to one vote or, in the case of Notes issued with more than one Specified Denomination, one vote in respect of each multiple of the lowest Specified Denomination comprised in the principal amount of the Specified Denomination of such Note.

(e) *Powers of the General Meetings*

The General Meeting is empowered to deliberate on the dismissal and replacement of the Representative and the alternate Representative and also may act with respect to any other matter that relates to the common rights, actions and benefits which now or in the future may accrue with respect to the Notes, including authorising the Representative to act at law as plaintiff or defendant.

The General Meeting may further deliberate on any proposal relating to the modification of the Conditions including any proposal, whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions, it being specified, however, that the General Meeting may not increase amounts payable by Noteholders, nor establish any unequal treatment between the Noteholders nor decide to convert Notes into shares.

General Meetings may deliberate validly on first convocation only if Noteholders present or represented hold at least a quarter of the principal amount of the Notes then outstanding. On second convocation, no quorum shall be required. Decisions at meetings shall be taken by a simple majority of votes cast by Noteholders attending such General Meetings or represented thereat.

Decisions of General Meetings must be published in accordance with the provisions set forth in Condition 13.

(f) *Information to Noteholders*

Each Noteholder or representative thereof will have the right, during the 15-day period preceding the holding of each General Meeting, to consult or make a copy of the text of the resolutions which will be proposed and of the reports which will be presented at the General Meeting, all of which will be available for inspection by the relevant Noteholders at the registered office of the Issuer, at the specified offices of any of the Paying Agents and at any other place specified in the notice of the General Meeting.

(g) *Expenses*

The Issuer will pay all expenses relating to the operation of the Masse, including expenses relating to the calling and holding of General Meetings and, more generally, all administrative expenses resolved upon by the General Meeting, it being expressly stipulated that no expenses may be imputed against interest payable under the Notes.

(h) *Single Masse*

The holders of Notes of the same Series, and the holders of Notes of any other Series which have been assimilated with the Notes of such first mentioned Series in accordance with Condition 12, shall, for the defence of their respective common interests, be grouped in a single Masse. The Representative appointed in respect of the first Tranche of any Series of Notes will be the Representative of the single Masse of all such Series.

Modification of Agency Agreement:

The Issuer shall only permit any modification (including for the purposes of giving effect to the provisions of Conditions 1(d) and 12) of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders.

11. Replacement of Definitive Materialised Notes, Receipts, Coupons and Talons

If, in the case of any Materialised Notes, a Definitive Materialised Note, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange regulations, at the specified office of the Fiscal Agent or such other Paying Agent as may from time to time be designated by the Issuer for this purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Definitive Materialised Note, Receipts Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Definitive Materialised Notes, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Materialised Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

12. Further Issues and Consolidation

The Issuer may from time to time without the consent of the Noteholders or, if applicable, Receiptholders or Couponholders create and issue further Notes ranking *pari passu* with the Notes and having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that the same shall be consolidated and form a single series with such Notes, and references in these Conditions to "Notes" shall be construed accordingly. Such further Notes shall be consolidated (*assimilables*) with the Notes as regards their financial service.

The Issuer may also from time to time without the consent of the holders of the Notes or, if applicable, Receipts or Coupons of any Series, consolidate the Notes with the Notes of one or more other series issued by it provided that, in respect of all periods subsequent to such consolidation, the Notes of all such other Series are denominated in the same currency as such Notes (irrespective of the currency in which any Notes of such other series were originally issued) and otherwise have the same terms and conditions as such Notes. Notice of any such consolidation will be given to the Noteholders in accordance with Condition 13.

With effect from their consolidation, the Notes and the Notes of such other Series will (if listed prior to such consolidation) be listed on at least one European stock exchange on which either such Notes or the Notes of such other Series were listed immediately prior to consolidation.

The Issuer shall in dealing with the holders of such Notes following a consolidation pursuant to this Condition 12 have regard to the interests of the holders and the holders of the Notes of such other Series, taken together as a class, and shall treat them alike.

13. Notices

- (a) Notices from the Issuer to the holders of Dematerialised Notes in registered form (*au nominatif*) shall be valid if either, (i) they are mailed to them at their respective addresses, in which case they will be deemed to have been given on the fourth Business Day (being a day other than a Saturday or a Sunday) after the mailing, or, (ii) at the option of the Issuer, they are published in a leading daily financial newspaper of general circulation in Europe (which is expected to be the Financial Times); provided that, so long as such Notes are listed on any stock exchange(s) and the rules applicable to such stock exchange so require, notices shall be valid if published in a daily financial newspaper with general circulation in the city/ies where the stock exchange(s) on which such Notes is/are listed, which in the case of the Paris Stock Exchange, is expected to be *La Tribune* or *Les Echos*.

- (b) Notices to the holders of Materialised Notes and Dematerialised Notes in bearer form (*au porteur*) shall be valid if published in a daily leading financial newspaper of general circulation in Europe (which is expected to be the Financial Times) and so long as such Notes are listed on any stock exchange and the applicable rules to that stock exchange so require, in a leading daily financial newspaper with general circulation in the city/ies where the stock exchange(s) on which such Notes are listed, which in the case of the Paris Stock Exchange, is expected to be *La Tribune* or *Les Echos*.
- (c) If any such publication is not practicable, notice shall be validly given if published in a leading daily financial newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Materialised Notes in accordance with this Condition.
- (d) Notices required to be given to the holders of Dematerialised Notes (whether in registered or in bearer form) (*au porteur* or *au nominatif*) pursuant to these Conditions may be given by delivery of the relevant notice to Euroclear France, and any other clearing system through which the Notes are for the time being cleared in substitution for the mailing and publication as required by Conditions 13 (a), (b), (c), above; except that (i) so long as such Notes are listed on any stock exchange(s) and the applicable rules to that stock exchange so require, notices shall also be published in a daily financial newspaper with general circulation in the city/ies where the stock exchange(s) on which such Notes are listed and (ii) notices relating to the convocation and decision(s) of the General Meetings pursuant to Condition 10 shall also be published in a leading financial newspaper of general circulation in Europe.

14. **Governing Law and Jurisdiction**

(a) *Governing Law*

The Notes and all matters arising from or connected with the Notes are governed by, and shall be construed in accordance with, French law.

(b) *French courts*

The courts of France have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising from or connected with the Notes.

TEMPORARY GLOBAL CERTIFICATES ISSUED IN RESPECT OF MATERIALISED NOTES

Each Tranche of Materialised Notes will initially be in the form of a temporary global certificate (the "**Temporary Global Certificate**"), without interest coupons. Each Temporary Global Certificate will be deposited on or around the issue date of the relevant Tranche of the Notes with a depositary or a common depositary for Euroclear Bank S.A./N.V. as operator of the Euroclear System ("**Euroclear**") and/or Clearstream Banking, *société anonyme*, Luxembourg ("**Clearstream, Luxembourg**") and/or any other relevant clearing system.

The relevant Final Terms will specify whether United States Treasury Regulation §1.163-5(c)(2)(i)(C) (the "**TEFRA C Rules**") or United States Treasury Regulation §1.163-5(c)(2)(i)(D) (the "**TEFRA D Rules**") are applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

Temporary Global Certificate exchangeable for Definitive Materialised Notes

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Certificate exchangeable for Definitive Materialised Notes" and also specifies that the TEFRA C Rules are applicable or that neither the TEFRA C Rules or the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Certificate which will be exchangeable, in whole but not in part, for Definitive Materialised Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes.

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Certificate exchangeable for Definitive Materialised Notes" and also specifies that the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Certificate which will be exchangeable, in whole or in part, for Definitive Materialised Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever the Temporary Global Certificate is to be exchanged for Definitive Materialised Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Materialised Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Temporary Global Certificate to the bearer of the Temporary Global Certificate against the surrender of the Temporary Global Certificate at the Specified Office of the Fiscal Agent within 30 days of the bearer requesting such exchange.

RULE 144A NOTES

The Notes will not be eligible for clearance with the Depository Trust Company.

Transfer and Exchange

The following procedure shall apply for purposes of identifying Notes initially sold within the United States to "qualified institutional buyers" pursuant to Rule 144A under the U.S. Securities Act (the "**Rules 144A Notes**") and Notes initially sold outside the United States pursuant to Regulation S under the U.S. Securities Act (the "**Reg S Notes**").

Rule 144A Notes may be transferred to a person who takes delivery in the form of Reg S Notes only upon delivery by the transferor of a written certification to the effect that such transfer is being made in accordance with Regulation S under the U.S. Securities Act. Reg S Notes may be transferred to a person who takes delivery in the form of Rule 144 A Notes only upon the delivery by the transferor of a written certification to the effect that such transfer is being made to a person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with any applicable transfer restrictions and any applicable securities laws.

All transfer requests shall be made pursuant to a transfer notice obtainable from the person appointed as transfer agent in respect of an issue of 144A Notes (the "**Transfer Agent**"). In the case of a request for transfer of Rule 144A Notes to a person who takes delivery in the form of Reg S Notes, the transferor will transfer the Rule 144A Notes to the Euroclear France account of the Transfer Agent. Upon receipt of the transfer notice (together with the aforementioned written certification delivered by the transferor) and of the Rule 144A Notes, the Transfer Agent will then instruct Euroclear France to mark down the Rule 144A Notes issuing account of Euroclear France and mark up the Reg S Notes issuing account of Euroclear France, in each case, in the amount of the Rule 144A Notes transferred. Euroclear France will debit the Rule 144A Notes and will credit the Reg S Notes in the securities account of the Transfer Agent, in each case, in the amount of the Rule 144A Notes transferred. Upon confirmation of the credit of the Reg S Notes to its securities account, the Transfer Agent shall credit the securities account of the transferee in the amount of the newly created Reg S Notes.

In the case of a request for transfer of Reg S Notes to a person who takes delivery in the form of Rule 144A Notes, the transferor will transfer the Reg S Notes to the Euroclear France account of the Transfer Agent. Upon receipt of the transfer notice (together with the aforementioned written certification delivered by the transferor) and of the Reg S Notes, the Transfer Agent will then instruct Euroclear France to mark down the Reg S Notes issuing account of Euroclear France and mark up the Rule 144A Notes issuing account of Euroclear France, in each case, in the amount of the Reg S Notes transferred. Euroclear France will debit the Reg S Notes and will credit the Rule 144A Notes in the securities account of the Transfer Agent, in each case, in the amount of the Reg S Notes transferred. Upon confirmation by the Transfer Agent of the credit of the Rule 144A Notes to its account, the Transfer Agent shall credit the securities account of the transferee in the amount of the newly credited Rule 144A Notes.

Any Rule 144A Note that is so transferred will, upon transfer, cease to be a Rule 144A Note and will become a Reg S Note and any Reg S Note that is so transferred will, upon transfer, cease to be a Reg S Note and will become a Rule 144A Note, in each case, resulting in the newly recorded Notes becoming subject to all transfer restrictions applicable to such Notes.

It is expected that Euroclear France, Euroclear or Clearstream will take any action permitted to be taken by a holder of Notes, only at the direction of one or more participants to whose account the Notes are credited and only with respect to such portion of the aggregate principal amount of Notes or interest in Notes as to which a participant or participants has or have given such direction.

Payment

Payments of any amounts due and payable in respect of the Notes will be made by the Issuer to the Paris Paying Agent. The Paris Paying Agent will, in turn, make such payments to any additional paying agent, which will in turn distribute such payments to Approved Intermediaries (including, among others, Euroclear and Clearstream) in

accordance with customary procedures established from time to time by Euroclear France. With respect to Notes held in Euroclear France by Euroclear and Clearstream for their respective participants, payment will be made by Euroclear and Clearstream to their respective participants in accordance with customary procedures established from time to time by Euroclear and Clearstream.

Global Clearance and Settlement Procedures

Initial settlement for the Notes will be made immediately available in the currency of the Notes (i.e., on the date of delivery of the Notes). Customary settlement procedures applicable to eurobonds in bearer form only will be followed for participants of each clearance system at initial settlement. Notes are expected to be credited to initial purchasers' securities custody accounts on the settlement date against payment in immediately available funds on the settlement date.

Investors electing to hold their Notes through Euroclear France accounts will follow the settlement procedures applicable to eurobonds in dematerialised bearer form. Notes will be credited to the securities custody accounts of Approved Intermediaries on the settlement date against payment for value on the settlement date.

Investors electing to hold their Notes through Euroclear or Clearstream accounts will follow the settlement procedures applicable to eurobonds in dematerialised bearer form. The Notes will be credited to the securities custody accounts of Euroclear and Clearstream participants on the settlement date against payment for value on the settlement date.

None of Euroclear France, Euroclear or Clearstream is under any obligation to perform or continue to perform the procedures described above, and such procedures may be discontinued at any time. Neither the Issuer, the Transfer Agent, the Fiscal Agent, any paying agent or any of their respective affiliates will have any responsibility for the performance by Euroclear France, Euroclear, Clearstream or their respective direct or indirect participants or account holders of their respective obligations under the rules and procedures governing their operations or for the sufficiency for any purpose of the arrangements described hereunder.

The Clearing Systems

The information in this section includes information from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

The Issuer has been advised by Euroclear France, Euroclear and Clearstream as follows:

Euroclear France. Euroclear France holds securities for its direct participants, which include banks, securities brokers and dealers (including certain of the initial purchasers involved in this offering of the Notes), other professional intermediaries and foreign depositaries, and facilitates the clearance and settlement of securities transactions between Euroclear France participants through electronic book-entry changes in accounts of Euroclear France participants.

Clearstream and Euroclear. Euroclear and Clearstream hold securities for participating organisations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organisations. Indirect access to Euroclear or Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodian relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Clearstream and Euroclear customers are worldwide financial institutions including underwriters, securities brokers and dealers, trust companies and clearing corporations. Indirect access to Clearstream and Euroclear is available to other institutions that clear through or maintain a custodial relationship with a direct participant of either system.

No owner of a Note will be able to transfer that interest except in accordance with the applicable procedures of Euroclear France, Euroclear or Clearstream.

The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations and such laws may impair the ability to own, transfer or pledge interests in the Notes.

USE OF PROCEEDS

The net proceeds from the issue of the Notes will be used for the general financing purposes of the Issuer.

DESCRIPTION OF CADES

1. Purpose and Authority

In December 1995 law No 95-1348 was adopted authorising the French government to take a series of measures by way of legislation by ordinances over the subsequent four month period to reform the social benefits system. One such measure was to define the conditions for consolidating and paying off the debts accumulated by the general social security system.

Accordingly, the Caisse d'amortissement de la dette sociale (CADES) was created with effect from 1st January, 1996 by ordinance No 96-50 of 24th January, 1996 and by decree No 96-353 of 24th April 1996 as amended by law No 97-1164 of 19th December, 1997 as an administrative public agency (*établissement public national à caractère administratif*) under the control of the Minister in charge of economy and finance and the Minister in charge of social security. Initially CADES had a duration of thirteen years and one month that was extended to eighteen years and one month by law No 97-1164 of 19th December, 1997. Law No 2004-810 of 13th August, 2004 extended CADES' duration until it has fulfilled its purpose.

The purpose of CADES is:

- to pay off the cumulative debt of the central social security administration (the *Agence centrale des organismes de sécurité sociale*) to the *Caisse des dépôts et consignations*, of an aggregate amount of euro 34.15 billion (FRF 224 billion), corresponding to the financing of the deficits for the fiscal years 1994 to 1998;
- to pay euro 1.9 billion (FRF 12.5 billion) to the French state every year from 1996 to 2008 (now modified to 4 annual payments of euro 3 billion every year from 2002 to 2005) in connection with the transfer to CADES of the repayment debt of the social security system in the amount of euro 16.8 billion assumed by the French state in January 1994 and previously assumed by the National Fund for the elderly *Fonds de Solidarité Vieillesse (F.S.V.)*; and
- in addition, to pay during 1996 only, an aggregate amount of euro 0.45 billion (FRF 3 billion) to the National fund for health insurance of non-wage earning persons in non-agricultural professions (*Caisse Nationale d'Assurance Maladie et Maternité des Travailleurs Non-Salariés des Professions Non-Agricoles*).

The budget bills for the social security system for the fiscal years 2003 and 2004 provide for an exceptional payment of EUR 1.28 billion in 2003 and EUR 1.1 billion in 2004 to various social security funds.

Law No 2004-810 of 13th August, 2004 provides for a transfer of the debt of the health insurance sector of EUR 35 billion to CADES in 2004 and for the transfer of up to EUR 15 billion of the projected deficits for the fiscal years 2005 and 2006. This health insurance sector will allocate its future surpluses to CADES.

In order to raise the funds to fulfil its purposes, CADES has been entitled, since its creation, to proceed with public issues and to issue negotiable debt instruments. Pursuant to the provisions of Article 12 of decree No 96-353 of 24th April 1996, CADES is entitled to proceed with future transactions, FX transactions, interest rates swaps or options, security lending and borrowing of notes issued by the French State or of its own notes. CADES is also entitled to proceed with debt repurchases or exchanges.

2. Structure and Organisation

Decree No 96-353 of 24th April, 1996, issued in application of Ordinance No 96-50 of 24th January, 1996, sets out the organisational and operating rules of CADES.

The Decree of 16 October 2002, as amended on 18 March 2003, 29 July 2004 and 15 April 2005, appoints the members of CADES' Board of Directors representing the Minister in charge of social security.

As it is the case with every French administrative public agency, CADES is a separate entity from the French State. It is placed directly under the authority of the Minister in charge of the economy and finance and the Minister in charge of social security.

As an *établissement public national à caractère administratif*, CADES does not have any general assembly. The board of directors deliberates upon any question concerning the functioning of CADES, and notably on its budget and financial statements.

In addition to its Chairman, nominated by a decree signed by the President and the Prime Minister on the joint recommendation of the Minister in charge of the economy and finance and the Minister in charge of social security, the board of directors consists exclusively of State representatives, three representatives of the Minister in charge of the economy and finance and two representatives of the Minister in charge of social security.

The members of the board of directors, nominated by decree dated 24 October 2005, are as follows:

- Board members representing the Minister in charge of economy and finance:
 - o Xavier Musca, Director of Treasury and of economic policy, or his deputy Hervé de Villeroché, Deputy Director
 - o Bruno Soulié, Deputy Director of Public Accountancy, or his deputy Marie-Hélène Dupin, *Chef de Bureau*.
 - o Benoît Coeuré, Deputy Chief Executive of *Agence France Trésor*, or his deputy Valéry Jost, *Chef de Bureau*,
- Board members representing the Minister in charge of social security:
 - o Dominique Libault, Social Security Director, or his deputy Jean-François Chadelat, General Inspector of Social Affairs
 - o Jean-Louis Rey, Deputy Social Security Director, or his deputy Marianne Kermoal, *Chef de Bureau*.

The board determines CADES' borrowing programme. The board is entitled, pursuant to article 5-II of ordinance No 96-50 of 24 January 1996, to delegate to the Chairman any power in order to implement the programme.

The Government shall, on an annual basis and in a specific report, give the Parliament an account of how the operations are carried out by CADES pursuant to Article 11 of ordinance No 96-50 of 24 January 1996.

The board of directors is assisted by a supervisory committee made up of members of Parliament, the chairmen of the boards of the national social security funds, the permanent general secretary of the social security accounting committee (*Commission des Comptes de la Sécurité Sociale*) and French State representatives. The supervisory committee renders its opinion on the CADES annual business report and may be consulted in all matters by the board of directors.

The contact address of the persons above is the same as that of the Issuer.

Conflict of interest

To the knowledge of the Issuer, there is no potential conflict of interest between any duties to the issuing entity of the persons above and their private interests and or other duties.

3. Control

As far as the operations of administrative management are concerned, CADES is under the control of a financial auditor appointed by and answerable to the Minister in charge of economy and finance.

As far as market transactions are concerned, the board of directors of CADES fixes the internal audit rules.

The internal audit system at CADES is run according to the following 3 elements:

- 1) Approval by the board of directors of the limit in terms of all interest rate risks, foreign exchange risks, liquidity risks and counterparty risks that can be taken by CADES concerning its market operations;
- 2) A daily report concerning the transactions carried out by CADES is given to the Chairman; and
- 3) A monthly report summarising the transactions carried out during the relevant period as well as CADES' position in relation to the limits fixed by the board of directors.

In addition to this internal audit, an external and independent audit firm that reports to the board of directors on a quarterly basis also scrutinises CADES' market transactions.

Like any other administrative public agency, CADES is subject to the same budgetary and accounting rules as the French state. Decree No 62-1587 of 29th December, 1962 on the general regulation of public accounting rules stipulates that collections and disbursements must be carried out by a government accountant under the control of the French state audit office (*Cour des Comptes*).

Certain decisions of the board of directors require express approval the Minister in charge of economy and finance and the Minister in charge of social security before they become effective, e.g., budget, financial accounts, management agreements, etc. In addition, CADES' borrowing programme requires approval of the Minister in charge of economy and finance (article 5.I of Ordinance No 96-50 of 24 January, 1996).

The French State services are closely involved in the management of CADES. The Minister in charge of economy and finance has been charged with the setting-up of the operations of CADES. Subsequently, CADES may by agreement, entrust its ongoing administrative and financial management to the French State.

4. **Accounts**

As required by decree No 62-1587 of 29th December, 1962 on the general regulation of public accounting rules, the accounts of CADES are prepared in accordance with accounting principles established by the French public sector accounting rules and are therefore presented in a format which may differ from that generally used by private sector companies. Such accounts are prepared by CADES annually and made available not later than 31st August in each year. These accounts are not included in this Prospectus. In order to take account of the fact that the activities of CADES are essentially financial in nature and to ensure that the information provided to the financial community is more familiar to investors, the board of directors of CADES decided, on 11 October 1996, to restate its accounts to conform with the accounting principles and procedures generally applicable to credit and financial institutions. On 18 April 2005, CADES' restated accounts relating to the year ended 31st December, 2004 were approved by the board of directors and on 29 September 2005, CADES' semi-annual accounts relating to the first six month period of 2005 ended 30 June 2005 were approved by the board of directors.

5. **Source of Funds**

The principal source of CADES' revenues is the income from a broad based tax assessed on all categories of income, entitled the "social debt reimbursement contribution" ("*contribution au remboursement de la dette sociale*" or "*CRDS*"). The CRDS, which shall remain in place until any social debt has been paid off, is currently assessed at the rate of 0.5 per cent. per annum. The assessment base of the CRDS consists of 97% earned income. In addition, CADES has also received the proceeds from the sale of part of the real estate property owned by the national funds of the general social security system and the central social security administration.

It is anticipated that CADES' revenues described above should enable CADES to service its debt.

Net revenue from the CRDS was EUR 2.327 billion for the first six month period ended 30 June 2005, an increase of 4.5 per cent. in comparison with the figure for the first six month period ended 30 June 2004 and EUR 4.986 billion for the twelve month period ended 31 December 2004, an increase of 3.7 per cent. in comparison with the figure for the twelve month period ended 31 December 2003.

Provisions relating to an exemption from the CRDS charge for retired and unemployed persons were adopted in the budget bill for the fiscal year 2001.

At a similar assessment base, it is anticipated that the revenues from the CRDS should increase at a rate close to household income, the long-term growth rate of which may be considered analogous to GDP.

The resources of CADES shall first be allocated to payments due on the borrowings (including any securities issued by CADES) contracted by CADES (paragraph one of article 7 of Ordinance No 96-50 of 24th January, 1996).

Should the annual revenue and expenditure forecasts of CADES for the remainder of the period for which CADES is created demonstrate that CADES would not be able to meet its financial commitments, the government will submit to Parliament the necessary measures to ensure payment of principal and interests of the debt at the scheduled dates (paragraph two of article 7 of Ordinance No 96-50 of 24th January, 1996).

6. **Solvency**

As with all national public agencies, the State is ultimately responsible for the solvency of CADES in application of law No 80-539 of 16th July, 1980 (the "Law of 1980") on the execution of judgments on public entities. In the event that a public agency defaults, the Law of 1980 assigns responsibility to the supervisory authority (which in the case of CADES is the Minister in charge of economy and finance and the Minister in charge of social security) which must either provide the agency with new resources or automatically approve the sums for which the public agency is held liable by court order.

Moreover, court-ordered reorganisation and liquidation proceedings do not apply to public agencies. Article L.620-2 of the French Commercial Code (formerly, Article 2 of law No 85-98 of 25th January, 1985) (the "Law of 1985") on court-ordered reorganisation and liquidation of businesses, which stipulates that "*court-ordered reorganisation may be imposed on any trader, any person registered in the trades register and any legal entity under private law*", excludes public agencies from its sphere of application. France's Supreme Court (the *Cour de cassation*) has ruled out application of the Law of 1985 whenever an entity's bylaws contain provisions rooted in public law (Cass Soc 17th April, 1991 -Bull 1991 – V No 199).

Finally, were a public agency to be dissolved, its assets and liabilities, as a whole, would be transferred to the authority responsible for its creation. Consequently, the French State would directly have to service the public agency's debt if CADES were dissolved.

7. **Liquidity**

In the event that there is insufficient credit and the public agency is unable to generate or create new resources, the supervisory authority is obliged to do so in application of the above mentioned Law of 1980. Thus, subject to a prior court decision, these provisions provide the agency's creditors with the assurance that the debtor enjoys the backing of the French State.

In fact, pending legislative measures or any judicial decision, the French State may at all times grant cash advances to national public agencies to ensure their liquidity, in application of Ordinance No 59-2 of 2nd January 1959 on budget acts.

The high credit ratings, the weighting of 0% in terms of solvency risks ratio and the closeness to the French State provide CADES with an access to liquidity at the best conditions.

8. **Credit Ratings**

The following rating agencies have assigned CADES the following highest long and short-term ratings:

- AAA and A1+ for Standard and Poor's Ratings Services
- Aaa and P1 for Moody's Investors Services
- AAA and F1+ for FitchRatings – France S.A. It must be noted that FitchRatings – France S.A. mentioned to CADES that it deems it appropriate for banks to treat CADES as zone-A central government risk.

The *Banque de France* has decided that CADES' indebtedness will have a 0 per cent. international solvency ratio pursuant to the Basle agreement applied by all G-10 countries.

9. Recent Developments

- **Instalment to the French State**

2005 is the final year in which CADES is required to pay the annual instalment to the French State in an amount of EUR 3 billion.

- **Financial transactions**

Issues:

CADES issued in May 2005 EUR 4 billion 3.75 per cent. Bonds due 25 October 2020. CADES also issued in April 2005 USD 1.250 billion 4^{1/8}th per cent. Notes with a maturity on 15 July 2008.

In addition to the bonds, Notes issued under an EMTN programme in EUR, JPY, USD, AUD, GBP and NZD enabled CADES to borrow, after transformation, EUR 1.214 billion.

Instalments:

One bond fell due in July 2005, of EUR 2.332 billion.

Macro hedging:

CADES put into place hedging transactions using Bund and Bobl futures contracts for a notional amount of approximately EUR 1.3 billion on the 10 years maturity and EUR 1 billion on the 5 years maturity.

- **Revolving Credit Facilities**

CADES has renewed EUR 10 billion of a EUR 20 billion multi-currency credit line executed on 9th August, 2004.

- **Financial innovations for the year 2004**

The board of directors decided to extend the list of foreign currencies CADES is allowed to use to the Turkish Lira and the Mexican Peso. This applies to EMTN and ECP programmes.

On 29 September 2005, CADES had the following financing capacities:

- a EUR 20 billion domestic "*Billets de Trésorerie*" programme, so far used up to around EUR 1.2 billion,
- a global commercial paper programme, issued in USD in the American market and in multi-currency in the international market, for a maximum amount of EUR 25 billion, so far used up to around EUR 10.3 billion,
- a negotiable debt securities (*bons à moyen terme négociables*) programme for a maximum amount of EUR 1.52 billion, so far used up to EUR 39 million, and a EMTN programme for a maximum amount of EUR 15 billion, so far used up to EUR 11.5 billion,
- 2 multi-currency credit facilities for one year for an amount of EUR 11.5 billion,
- 3 credit facilities with day-to-day late overdrawing for an amount of EUR 550 million.

Pursuant to Article 20 of the law relating to the financing of the French social security system (*Loi organique n°2005-881 du 2 août 2005 relative aux lois de financement de la sécurité sociale*) which was published on 3 August 2005, the Ordinance establishing CADES has been amended to provide that if any new debts are transferred to CADES, the resources of CADES will be increased accordingly so as to avoid prolonging the duration of the repayment of its debt.

Pursuant to article 76 of the law no. 2004-810 dated 13 August 2004 relating to health insurance (*loi no.2004-810 du 13 Août 2004 relative à l'assurance maladie*), the cover for projected Health Service deficits for 2005 and 2006 practices will be insured by transfers from CADES to ACOSS of up to Euro 15 billion.

Pursuant to article 76, the sum to be transferred between CADES and ACOSS, in order to cover the projected deficit for the 2005 exercise, will be fixed at Euro 8.3 billion.

The transfer from CADES to ACOSS in 2004 regularised the gap between the total amount of transfers carried out in 2004 relating to deficits accrued at the end of 2003 and the projected deficit for 2004 above-mentioned. Taking the figure as foreseen by the 2005 social security finance law of Euro 35 billion on the one side and the recorded accrued deficit of Euro 33.31 billion on the other side, a figure of Euro 1.69 billion is deduced in relation to this operation.

The net sum to be transferred is, therefore, a figure of Euro 6.61 billion. The payment of this amount will take place on 7 October 2005.

The law no. 2005-842 dated 26 July 2005 (*loi du 26 juillet 2005 no.2005-842 pour la confiance et la modernisation de l'économie*) for the trust and modernisation of the economy is impacting on the reduction in life insurance contracts. The result means, at least for the short term, a fall in receipts in CADES' accounts. This is due to the double effect of a social reduction in such life insurance contracts and an increase in exempt contracts due to deaths of subscribers. CADES estimates the fall to be Euro 50 million in 2006.

Article 11 of the future 2006 social security finance law (*projet de loi de financement de la Sécurité Sociale pour 2006*) foresees a change in the methods of deduction on financial products relating to the home-buyers' saving scheme. The deductions will be put into place in advance; on 1 January 2006 for saving schemes older than 10 years or on the date of the tenth anniversary of the scheme, when that date falls later. An annual withholding from social security deductions from 1 January 2006 is equally foreseen for the 10-year plans. This measure is estimated to increase CRDS' returns by Euro 65 million.

SEMI ANNUAL STATEMENTS 2005

SEMI ANNUAL STATEMENTS 2005

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EXECUTIVE SUMMARY

1. MISSION STATEMENT

Ordinance No. 96-50 dated January 24, 1996¹ established the *Caisse d'Amortissement de la Dette Sociale*, or Social Security Debt Repayment Fund (CADES) on January 1, 1996. CADES is an administrative public agency (*établissement public à caractère administratif*, or EPA) supervised by the French Minister of the Economy, Finance and Industry and the Minister in charge of Social Security.

CADES' mission is to:

- Amortize the social security debt transferred to it, i.e. the cumulative deficits of the Central Agency of Social Security Bodies (ACOSS);
- Contribute EUR 3 Bn to the general budget of the French government each year until 2005;
- Make payments to various social security funds and organizations.

CADES' lifetime has been extended beyond the former January 31, 2014, deadline, to until such date as the social security debt transferred to it has been fully extinguished.

In the furtherance of its mission, CADES receives the proceeds of a special tax known as the CRDS (social security debt repayment contribution), legally introduced in Chapter 2 of the aforementioned Ordinance. It also received the proceeds from the sale of real-estate assets owned and leased by the national agencies falling under the basic social security scheme and ACOSS.

CADES is authorized to borrow funds, in particular via public offerings and the issuance of negotiable debt securities.

Finally, CADES benefits from repayments of receivables from foreign social security agencies to the national health insurance fund for salaried workers (CNAMTS).

Lastly, in accordance with Act No. 2004-810 dated August 13, 2004, any future surpluses generated by the health insurance branch of the French social security system will be allocated to CADES. The Social Security Finance Act will set out the terms governing this allocation.

2. CADES' ORGANIZATIONAL STRUCTURE

CADES is governed by a Board of Directors and a Supervisory Board. It is subject to the provisions and subsequent amendments of Decree no. 53-1227 dated December 10, 1953, pertaining to the accounting policies applicable to French administrative public agencies, and Decree No. 62-1587 dated December 29, 1962, and amendments thereto, providing general public-sector accounting rules, subject to the legal provisions and regulations specific to CADES (aforementioned Ordinance of January 24, 1996, and Decree No. 96-353 dated April 24, 1996).

Pursuant to these provisions, financial and accounting transactions fall under the responsibility of CADES' Authorizing Officer and Chairman, Mr. Patrice Ract Madoux, and its Chief Accounting Officer, Mr. Jean-Jacques Francois, General Tax Receiving Officer and Central Treasury Accounting Officer.

- CADES' budget for each year is established by November 30th of the previous year by the Board of Directors and approved by the supervising ministers.
- Financing is limited to appropriated funds, excluding expense related to the repayment of loans, financial management costs and assessment and collection charges.
- The Board of Directors reviews and signs off on the accounts drawn up by the Accounting Officer. The financial statements are then transmitted to the General Directorate of Public Accounting (DGCP) prior to submission to the *Cour des Comptes* (Government Audit Office).
- CADES' Board of Directors examines and approves the accounts. In parallel, the Board ensures that CADES maintains a healthy underlying financial basis over its scheduled lifetime by updating CRDS revenue forecasts on the basis of changes in the amortization schedule of the debt carried on the balance sheet as a liability and debt servicing charges.

Accounting procedures and principles are subject to a contractual, independent audit. In addition, CADES is subject to:

- Financial audits conducted by the government, in accordance with the Order dated October 29, 1996, for its administrative management and monitoring of the collection of CRDS revenues, the management and disposal of real-estate property owned by national social security agencies, and repayments obtained from foreign social security agencies.

¹ As amended by the Social Security Finance Act No. 97-1164, dated December 19, 1997, the 2001 and 2002 Finance Acts, the 2003 and 2004 Social Security Finance Acts and Act No. 2004-810 of August 13, 2004 on health insurance.

- External audits performed by a private audit firm for market transactions, in accordance with the Order dated May 22, 1998.
- Audits carried out by the *Cour des Comptes*.

CADES records accounting transactions on an information system installed on a network. The system uses a single database and is managed by software shared by the Authorizing Officer and the Accounting Officer. Clearance to read and modify data has been clearly defined so as to enable the Accounting Officer and the Authorizing Officer to exercise their respective powers.

3. GENERAL PROVISIONS FOR THE RECORDING OF FINANCIAL AND ACCOUNTING TRANSACTIONS

Accounting framework

Article 7 of Decree No. 96-353 dated April 24, 1996, pertaining to CADES, calls for the adoption of a special chart of accounts, drawn up in accordance with the standard chart of accounts for administrative public agencies (Instruction M 9-1 from the General Directorate of Public Accounting).

This standard, modeled on the general chart of accounts, was found to be poorly suited to CADES' activity. Consequently, the Board of Directors agreed on October 10, 1996 to adopt the chart of accounts used by credit institutions.

Since then, both routine transactions and the annual financial statements submitted by the Accounting Officer are presented in accordance with credit institution standards. In addition, financial statements are also drawn up in accordance with the regulatory standard set out in Instruction M 9-1, for submission to audit organizations.

This particular accounting framework was recommended by an independent consulting firm and validated by the Accounting Officer, the General Directorate of Public Accounting and the *Conseil National de la Comptabilité*, the French accounting standards board (Opinion No. 99-04, plenary session held on March 18, 1999).

Transactions performed by the Accounting Officer

Transactions performed by CADES' Accounting Officer vary from those traditionally performed by Accounting Officers in other administrative public agencies.

Due to CADES' status as a market participant, specific structures have been set up in conformity with the mission of the agency. For example, financing transactions are distinguished from administrative transactions.

1. Financing transactions

The administrative workflow of financing transactions is organized into Front Office, Middle Office and Back Office services.

The Front Office is responsible for developing the Fund's asset liability management strategy and carrying out transactions in the financial, interest-rate and currency markets, in accordance with defined limits and procedures. These routine transactions are related to financing, investment and the management of interest-rate and foreign exchange exposures.

A sequentially numbered transaction ticket is issued for each transaction, describing its main features, and validated by the Front Office. The Back Office then double-checks and certifies the ticket before sending it to the Accounting Officer.

The Middle Office gathers information on cash exposures, draws up forecasts, provides repayment schedules, and performs an initial plausibility check of Front Office transactions.

The Back Office records and validates the transactions handled by the Front Office after verifying the formal presentation and observance of limits. The Back Office is in charge of monitoring risk, producing reports and liaising with the accounting departments.

The Accounting Officer then records transaction tickets as income or expenses.

2. Administrative transactions

Transactions are recorded in the administrative section of the budget in compliance with the provisions of the Decree dated December 29, 1962, which sets forth general public sector accounting policies. Administrative expenses are evidenced by payment orders, accompanied by the appropriate supporting vouchers and documents.

After due completion of the control procedures described in Articles 12 and 13 of the aforementioned decree, expenses are booked and paid.

3. Cash flows

CADES holds a deposit account with the Treasury Central Accounting Agency (ACCT). The account, listed in the register of government accounts, is stated in euros. Only the Accounting Officer may authorize payments that fall within the administrative budget, and only after examining the supporting vouchers and documents

Cash flows related to CADES' financing transactions are carried out via ministerial dispensations and joint decisions by the Treasury Director and the DGCP, supported by one or more of the following, depending on the transaction in question:

- Statements of financial flows certified by the Treasury Directorate
- EUROCLEAR statements
- A recap statement certified by members of the Treasury Directorate authorized to carry out transactions on the Treasury's current account with the Banque de France, in accordance with the agreement signed on March 29, 1994 by and between the French government and the Banque de France.

CADES also holds accounts with foreign financial institutions in New York and London.

These accounts are intended to maintain a net balance of zero. Income stated in foreign currencies, derived from issues in the US and Euromarkets, is paid into these accounts, immediately translated into euros, and then transferred to CADES' account with the Treasury.

Due to management constraints that are primarily attributable to the time lag between the European and US markets, CADES has been waived from the requirement set forth in the Decree of December 29, 1962, which grants public accounting officers alone the right to authorize movements in the financial accounts. In the case of CADES, the Back Office carries out transactions on its foreign currency accounts.

FINANCIAL HIGHLIGHTS

| millions(*) | In EUR |
|---|---------------|
| NET DEBT IN TERMS OF REPAYMENT VALUE | |
| At 06/30/2005 | 65 321 |
| At 06/30/2004 | 30 412 |
| At 12/31/2004 | 65 813 |

| | 06/30/05 | 06/30/04 | 12/31/04 |
|---|---------------|----------------|---------------|
| NET RESULT: | -490 | - 1 066 | -752 |
| <i>-primarily reflecting the following items:</i> | | | |
| CRDS net revenues: | 2 327 | 2 226 | 4 896 |
| Payment to the Government: | -1 500 | -1 500 | -3 000 |
| Payments to Social Security funds | - | -1 097 | -1 097 |
| Interest expense: | -1 320 | -693 | -1 554 |

(*) Throughout this document, m shall represent million and Bn shall represent Billion.

| BALANCE SHEET | | | |
|---|-------------------|-------------------|-------------------|
| in millions of euros | At 06/30/2005 | At 06/30/2004 | At 12/31/2004 |
| ASSETS | | | |
| Cash in hand, central banks, national giro (note 1) | 0.59 | 0.42 | 1.69 |
| Government paper and similar securities (note 1) | | | |
| Loans and advances to credit institutions (note 1) | | | |
| . repayable on demand | 1.05 | 0.05 | 1.82 |
| . repayable at maturity | 5 909.60 | 6 527.29 | 3 150.65 |
| Intangible assets (note 2) | 0.01 | 0.02 | 0.01 |
| Tangible assets (note 2) | 0.06 | 0.07 | 0.07 |
| Real estate assets (note 13a) | | | |
| Other assets (note 3) | 75.36 | 37.11 | 299.30 |
| Accrued income and prepaid expenses (note 4) | 1 836.06 | 770.64 | 1 065.99 |
| TOTAL ASSETS | 7 822.73 | 7 335.60 | 4 519.53 |
| LIABILITIES | | | |
| Amounts owed to credit institutions (note 5) | | | |
| . repayable on demand | | | |
| . repayable at maturity | 2 092.71 | 2 118.60 | 11 643.49 |
| Debts evidenced by certificates (note 6) | | | |
| . Negotiable debt securities | 11 160.13 | 2 224.38 | 15 091.96 |
| . Bonds and related securities | 59 232.77 | 33 166.33 | 42 141.43 |
| . Other debts evidenced by certificates | | | |
| Other liabilities (note 7) | 1 098.11 | 394.65 | 74.86 |
| Accrued expenses and deferred income (note 8) | 465.63 | 481.17 | 1 304.11 |
| Sub-total liabilities | 74 049.35 | 38 385.13 | 70 255.85 |
| Provisions for contingencies and losses (note 8) | 0.10 | 0.21 | 0.08 |
| Property endowment | 181.22 | 181.22 | 181.22 |
| Retained balance brought forward | -65 917.62 | -30 165.44 | -65 165.44 |
| Balance for the period ended | -490.33 | -1 065.52 | -752.18 |
| Net liability position | -66 226.73 | -31 049.74 | -65 736.40 |
| TOTAL LIABILITIES | 7 822.73 | 7 335.60 | 4 519.53 |

| INCOME STATEMENT | | | |
|---|------------------|------------------|------------------|
| in millions of euros | 06/30/2005 | 06/30/2004 | 12/31/2004 |
| Interest receivable and similar income (note 9) | 144.74 | 129.80 | 313.96 |
| . Interest receivable and similar income on transactions with credit institutions | 62.66 | 22.69 | 82.63 |
| . Interest receivable and similar income on bonds and other fixed-income securities | 0 | 0 | 0 |
| . Autres intérêts et produits assimilés | 82.08 | 107.11 | 231.33 |
| Interest payable and equivalent expenses (note 10) | -1 439.52 | -823.19 | -1 842.31 |
| . Interest payable and equivalent expenses on transactions with credit institutions | -80.69 | -59.77 | -157.27 |
| . Interest payable and equivalent expenses on bonds and other fixed-income securities | -1 358.83 | -763.42 | -1 685.04 |
| Commissions payable (note 10) | -25.51 | -2.90 | -25.41 |
| Net profit or loss on sales of trading account securities and similar transactions (note 11) | -0.07 | -0.01 | 0.12 |
| . Net gain or loss from foreign exchange transactions | -0.07 | -0.01 | 0.12 |
| Other income from banking operations | 0.00 | 0.00 | 0.00 |
| Other expenses from banking operations | -0.02 | -0.01 | -0.03 |
| NET INCOME FROM BANKING OPERATIONS | -1 320.38 | -696.31 | -1 553.67 |
| General operating expenses (note 13) | -1.23 | -0.96 | -2.29 |
| . Payroll expense | -0.39 | -0.39 | -0.78 |
| . Other administrative expenses | -0.84 | -0.57 | -1.51 |
| Depreciation and provisions for depreciation of intangible and tangible assets | -0.02 | -0.02 | -0.04 |
| Other operating income | 2 353.70 | 2 250.06 | 4 960.81 |
| . CRDS-related income (note 12) | 2 353.64 | 2 249.88 | 4 960.52 |
| . Property sales (note 13a) | 0.06 | 0.18 | 0.29 |
| Other operating expenses | -1 522.40 | -2 618.29 | -4 157.26 |
| . CRDS-related expenses (note 12) | -22.36 | -20.91 | -57.74 |
| . Payment to the government (note 14) | -1 500.00 | -1 500.00 | -3 000.00 |
| . Payments to social security funds (note 14) | 0.00 | -1 097.31 | -1 097.31 |
| . Expense on property sales (note 13a) | -0.04 | -0.07 | -2.21 |
| GROSS RESULT OF ORDINART ACTIVITIES | -490.33 | -1 065.52 | -752.45 |
| LOSS ON ORDINARY ACTIVITIES | -490.33 | -1 065.52 | -752.45 |
| PRE-TAX LOSS ON ORDINARY ACTIVITIES | -490.33 | -1 065.52 | -752.45 |
| . Non-recurring income (note 15) | 0.00 | | 0.27 |
| NET RESULT FOR PERIOD ENDED | -490.33 | -1 065.52 | -752.18 |

OFF-BALANCE SHEET ITEMS

| in millions of euros (notes 16 to 18) | At 06/30/2005 | At 06/30/2004 | At 12/31/2004 |
|--|----------------------|----------------------|----------------------|
| COMMITMENTS GRANTED | | | |
| Financing commitments | | | |
| . Annual payment to government (Article 4, IV of Ordinance No.96-50 of January 24, 1996) | 1 500.00 | 4 500.00 | 3 000.00 |
| . Payments to various social security funding organizations (Article 4, V and VI of Ordinance No. 96-50 of January 24, 1996) | 15 000.00 | - | 15 000.00 |
| COMMITMENTS RECEIVED | | | |
| Financing commitments | | | |
| . Commitments from credit institutions (note 18) | 22 050.00 | 700.00 | 11 050.00 |

NOTES TO THE FINANCIAL STATEMENTS

OPERATING HIGHLIGHTS OF THE PERIOD

◆ Health insurance reform

Pursuant to the terms of Article 76 of the Act of August 13, 2004, which modify Ordinance no. 96-50, the social security deficits for 2005 and 2006, up to a maximum of EUR15 Bn, are transferred to CADES. At the June 30, 2005 reporting date, they were recorded as off-balance sheet items, under commitments granted. They are carried in the balance sheet under results carried forward when the transfers are made. According to the most recently available information, the portion of the EUR15 Bn to be assumed in 2005 should give rise to a payment of between EUR6 and 8 Bn in the second half of the year.

◆ Payment to the government

Half of the annual payment to the government of EUR3 000m, payable under the terms of Article 38 of the Finance Act for 2002 modifying Ordinance no. 96-50, was recorded in the half-year financial statements (EUR1 500m).

◆ Financing transactions

Issues:

A new benchmark bond was issued in February 2005. This issue allowed CADES to borrow EUR3 Bn over 10 years for a face value of 3.625%. CADES also issued a EUR4 Bn bond in March 2005, maturing in 5 years, for a face value of 3.125%, and a EUR4 Bn bond in May 2005, maturing in 15 years, for a face value of 3.75%. As for inflation-linked bonds, CADES issued an assimilation of CADESI 2013 of EUR600 m in April 2005 and an assimilation of CADESI 2019 of EUR300 m in January 2005. After transformation, EMTN issued denominated in EUR, JPY, USD, HKD, AUD, GBP, NZD and TRY allowed CADES to borrow an additional EUR3 884 m.

Redemptions:

Fourteen EMTN (EUR645 m) were redeemed in the first six months of 2005.

Macro hedging:

At the 06/30/2005 reporting date, swap macro hedges totaled EUR2.22 Bn, comprised exclusively of inflation swaps.

The total nominal amount of financial futures (Euro Bund Future and Euro Bobl Future) was EUR2.16 Bn for the first six months of 2005.

◆ Financial futures transactions on the EUREX

Since February 2005, CADES has been using financial instruments employed in the EUREX futures market: EURO BUND FUTURES and EURO BOBL FUTURES. These are contracts involving German government bonds maturing in 10 and 5 years, respectively.

The stated goal is to hedge against a possible rise in interest rates over these durations.

Structurally, CADES holds a seller position.

Transactions in the EUREX market are carried out by an intermediary who acts on behalf of CADES to receive, transmit, execute orders issued by CADES, perform account and record-keeping duties and settle orders in the futures market.

◆ New financing transaction in the first half of 2005

- Use of a new currency as a financing support: the Board of Directors authorized CADES to expand the list of currencies used to include the Turkish lira (TRY). This decision applies to the Euro-MTN and ECP programs.
- Preparation for the opening of a CADES account with the Banque de France, separate and distinct from the exclusive Treasury account for the second half of 2005.

◆ Property management (CNAVTS/CADES agreement)

The property management agreement between CNAVTS and CADES expired on 12/31/2004. A new agreement pertaining to pending disputes related to the sale of real estate assets was entered into during the first six months of 2005 for a one-year period, renewable thereafter.

Under the terms of this agreement, CADES undertakes to pay an advance to CNAV to enable the latter to make the required settlements. At the end of each quarter and upon receipt of the necessary supporting documents from CNAV, CADES will replenish this advance. Quarterly, an adversarial review of the actions undertaken is performed jointly by CNAV and the CADES accounting officer.

1 – General valuation and presentation principles

The accounting principles adopted by CADES meet two requirements:

Given that CADES' activity is essentially financial in nature, the annual financial statements are prepared in accordance with accounting regulations applicable to credit and financial institutions, as well as with accounting principles generally accepted in France. In particular, the accrual and conservatism principles are applied.

The annual financial statements also comply with Regulation No. 91.01 adopted by the *Comité de la Réglementation Bancaire et Financière* (CRBF) on January 16, 1991, governing the preparation and publication of the individual annual accounts of credit institutions. This regulation was amended by CRC Regulation 2000.03 of July 4, 2000, incorporating into French law the European directive of December 8, 1996, pertaining to the annual and consolidated financial statements of banks and other financial institutions. However, in light of the latter regulation, the CNC considered that CADES could maintain the adaptations called for in CNC opinion 99-04 with respect to the presentation of transactions that are specific to it. Consequently, CADES' income statement records operating income and expenses, which are mainly comprised of CRDS revenues, proceeds from the sale of real-estate assets and payments made to the government.

In accordance with Instruction M 9-1, these accounts are then aggregated to comply with the chart of accounts applicable to administrative public agencies and then submitted to the *Cour des Comptes*.

2 – Specific to CADES

CADES' mission is to amortize the debt that has been allocated to it. CADES' results measure its ability to reduce its own debt.

When reading CADES' income statement, it is important to bear in mind that its primary mission is to extinguish a debt over its scheduled term.

3 – Changes in accounting methods and principles compared to prior periods

No changes in accounting methods were made in the first six months of 2005.

4 – Social security debt repayment contribution

- Revenue explicitly allocated to CADES

The social security debt repayment contribution (CRDS) defined by Ordinance No. 96-50 of January 24, 1996, was explicitly created to provide resources to CADES: "The proceeds of the contributions created in Chapter 2 of this Ordinance on repayment of the social security debt shall be allocated to the Caisse d'Amortissement de la Dette Sociale (Article 6 of the Ordinance)."

- A broad-based tax

The CRDS is levied on multiple sources of income:

- Earned and unearned income such as wages, unemployment and retirement benefits (under certain conditions), retirement and disability pensions, sickness and maternity benefits, housing grants, family allowances and childcare subsidies for young children.
- Capital gains from property, investments, the sale of precious metals and stones and gaming.

Contributions assessed on the basis of earned and unearned income are paid daily by ACOSS to CADES as and when they are collected.

Government financial agencies (tax collection agencies, Treasury offices and customs offices) centralize contributions assessed on other income before they are turned over to CADES.

- Collection costs borne by CADES

Pursuant to Article 8 of the Order dated January 24, 1996, assessment and collection costs are borne by CADES. They consist of a flat amount defined jointly by the Minister of the Economy, Finance and Industry and the Minister in charge of Social Security.

Collection agencies deduct a 0.5% levy from contributions turned over to CADES.

CRDS contributions from capital gains entered in the tax assessment register by the Treasury offices are paid to CADES on the basis of the register entries and not the amounts actually collected. In return, a 4.1% levy is deducted from the sums paid to CADES to cover assessment and collection costs (0.5%) as well as the cost of tax reductions and waivers (3.6%), as provided for under Article 1641 of the General Tax Code.

Amounts actually collected by CADES in respect of the CRDS are recorded in the income statement under other operating income. Assessment and collection costs are recorded under other operating expenses.

- **Accrual principle**

CADES applies the accrual principle in accordance with the accounting standards applicable to credit institutions and the Decree of May 23, 1996. This decree amended the Social Security Code and introduced the application of the accrual principle for agencies falling under the basic social security scheme.

Accordingly, amounts of CRDS paid to collecting agencies in respect of the year then ended are included in that year's accounts, regardless of the date on which these amounts were actually collected. The collecting agencies assess and notify CADES of the amounts relating to the year ended that have not yet been collected and receivables on unpaid CRDS that remain to be collected by ACOSS, so that CADES can record these amounts as accrued income.

At the half-year reporting date, the amount of accrued income recorded represents the estimated CRDS due for July 2005.

ACOSS notifies CADES of receivables on unpaid CRDS, calculated using a statistical rate based on the age of the claim. These amounts are deducted from the gross amounts receivable carried as Fund assets.

5 – Payments to the government and social security agencies

Ordinance No. 96-50 of January 24, 1996, which established CADES, stipulates that the latter will provide an annual contribution to the general budget of the French government. This payment is prorated and expensed over each annual accounting period.

The outstanding balance of payments to be made by CADES is recorded as an off-balance sheet commitment.

6 – Private rental real estate

CADES completed the sale of the real estate portfolio that was transferred to it on January 1, 2000, in accordance with Article 9 of Ordinance No. 96-50 of January 24, 1996, and recorded under property endowment in the capital account.

On behalf of CADES, CNAVTS managed the remaining rights and obligations related to these real estate properties until the expiration of the agreement.

The December 1999 agreement signed with CNAVTS, under which the latter agreed to carry out all property management operations as needed, expired on December 31, 2004.

A new agreement pertaining to pending disputes related to the sale of real estate assets (involving both tenants and buyers) was entered into during the first six months of 2005 for a one-year period, renewable annually thereafter after the annual accounting cut-off.

CADES' Accounting Officer records expenses and revenues on the basis of the monthly budget statements submitted and certified by CNAVTS.

7 – Foreign exchange transactions

Foreign exchange transactions are recorded on a multi-currency basis and recorded in compliance with the following principles:

- Transactions on balance sheet and off-balance sheet accounts are translated into euros at the exchange rate prevailing at the year-end reporting date.

- Prevailing currency exchange rates on 06/30/05 (source: ECB)

| | |
|--------------|---------------|
| USD: 1.20920 | JPY: 133.9500 |
| GBP: 0.67420 | HKD: 9.39900 |
| CHF: 1.54990 | NZD: 1.73870 |
| NOK: 7.91550 | TRY: 1.61940 |
| AUD: 1.58850 | |

- Income and expenses denominated in foreign currencies are translated into euros at the exchange rate prevailing at the date they were recorded in the income statement.
- Realized and unrealized exchange gains and losses are recorded in the income statement as income or expenses from banking transactions.

8 - Repos with securities delivered

CADES temporarily purchases top-grade securities under repos for the purpose of investing cash assets.

Securities received are recorded under loans and advances to credit institutions.

9 - Tangible and intangible fixed assets

Fixed assets are valued and carried at historical cost. They are amortized over their estimated useful life.

Tangible fixed assets mainly consist of office and IT equipment.

Intangible fixed assets include software.

10 - Bond issues

Bonds issued by CADES, plus any related debts, are recorded as a balance sheet liability at their nominal value (if they are redeemed at par). Bonds issued in foreign currencies are translated into euros at the prevailing exchange rate on the balance sheet reporting date.

Inflation-indexed bonds (pegged to the French consumer price index (CPI) excluding tobacco for all households in metropolitan France) are revalued on the basis of the inflation index at the balance sheet reporting date, and a redemption premium is recorded under liabilities.

- Inflation indexes:

| | |
|--------------------|-----------|
| CPI at 06/30/2005: | 111.09333 |
| Cadesi 2006 index: | 1.104310 |
| Cadesi 2011 index: | 1.05549 |
| Cadesi 2013 index: | 1.1090 |
| Cadesi 2019 index: | 1.01632 |

Bond premiums are treated as deferred expenses, and as such are recorded under accrued income and prepaid expenses on the asset side of the balance sheet. Premiums are amortized over the life of the bonds. The amount amortized is recorded under operating expenses from banking transactions.

Bond discounts are recorded under deferred income and amortized over the life of the bonds. The amount amortized is recorded under operating income from banking transactions.

All expenses relative to bond issues are charged against income on the date of the issue, under commissions payable.

11 - Interest-rate and currency swaps

Swap transactions carried out to manage interest-rate or foreign exchange exposure are recorded in accordance with regulations issued by the *Comité de la Réglementation Bancaire et Financière* (CRBF). Commitments resulting from swap transactions are recorded as off-balance sheet items for the nominal value of such contracts. They are accounted for on the basis of the type of instrument and the exposure being hedged.

The hedging transactions carried out are primarily interest-rate and currency swaps. Interest-rate swaps are concluded in conformity with the risk management policy defined by the Board of Directors. Currency swaps are concluded for the sole purpose of hedging CADES' foreign exchange exposures.

Income and expense related to swap transactions that are set up to hedge and manage global interest-rate exposures of the savings fund are prorated over the period and recorded in the income statement.

Gains and losses on hedges are recorded in the income statement as interest receivable and similar income, or interest payable and equivalent expenses, symmetrically to the income and expenses of the item being hedged.

For cash payments, the portion covering the expenses related to the issue of the underlying security is recorded in the income statement in full, at the time the cash payment is made. This treatment allows for an accurate view of the net worth of issues transformed by a swap agreement carrying these cash payments, with the results that the equivalent in issue fees is smoothed out over the same timeframe.

12 - Financial futures

Firm macro-hedging transactions on regulated markets (German Bund et Bobl bonds) are recorded in accordance with CRBF regulations. Sales of Euro Bund Future and Euro Bobl Future financial futures contracts are recorded off-balance sheet at their nominal value.

Margin calls are recorded to or against income. Deposits are carried in the balance sheet under security deposits paid. Finally, brokerage fees are charged against income. They correspond to trading fees on the sale or purchase of Bunds and Bobls.

13 - Provision for contingencies and losses

CADES does not establish a general allowance for contingencies and losses. Where appropriate, allowances are set aside based on identified risks, in compliance with applicable accounting principles.

14 - Taxation

CADES is not subject to business taxes (corporate income tax, value added tax, local business tax) or the apprenticeship tax. The only tax to which it is subject is the payroll tax.

Furthermore, proceeds from the sale of real estate transferred by the social security agencies do not generate a taxable capital gain.

15 – Counterparty risk management

CADES' exposure to counterparty risk is limited to two types of transactions: investments and off-balance sheet transactions.

For both types of transactions, CADES has signed market agreements similar to the *Fédération Bancaire Française (FBF)* convention with all its counterparties. These agreements provide for daily (short-term investments) and weekly (off-balance sheet transactions) margin calls.

CADES primarily invests its cash in securities delivered under repos. In exchange for the loan extended to a counterparty, CADES receives full ownership of a government security (OAT, BTAN, BTF) or guaranteed security for the lifetime of the repo. Repos are carried out exclusively with French primary dealers (SVTs), intermediaries in French government securities (IVTs), or counterparties with a rating of at least AA.

Moreover, CADES has set up daily margin calls to ensure greater protection against significant fluctuations in the market prices of securities received as collateral.

In order to hedge interest-rate and foreign exchange exposures, CADES trades in a number of financial instruments, such as forward foreign currency purchases, interest-rate swaps and currency swaps. No transaction may be completed until the counterparty has signed a futures market agreement. Such agreements provide for weekly margin calls.

By using different margin call thresholds depending on the rating of its counterparties, CADES drastically reduces the residual risk of potential delivery default.

NOTES

BALANCE SHEET

The closing balance for the half-year ended 06/30/05 was EUR 7.82 Bn, with a total debt of EUR 74.05 Bn and a net liability position of EUR -66.23 Bn.

ASSETS

Note 1: Treasury and interbank transactions

| in millions of euros | At 06/30/2005 | At 06/30/2004 | At 12/31/2004 |
|---|------------------------|------------------------|------------------------|
| CENTRAL BANKS, NATIONAL GIRO | <u>0.59</u> | <u>0.42</u> | <u>1.69</u> |
| Central banks | 0.59 | 0.42 | 1.69 |
| CLAIMS ON CREDIT INSTITUTIONS | <u>5 910.65</u> | <u>6 527.34</u> | <u>3 152.47</u> |
| Repayables on demand | 1.05 | 0.05 | 1.82 |
| Ordinary debit accounts | 1.05 | 0.05 | 0.81 |
| Securities received under repo agreements | 0.00 | | 1.00 |
| Related receivables | 0.00 | | 0.00 |
| Repayable at maturity | 5 909.60 | 6 527.29 | 3 150.65 |
| TSecurities received under repo agreements (< 3 months) | | | |
| . Treasury bills | 2 088.92 | 3 070.48 | 1 730.68 |
| . Bonds | 3 527.83 | 3 448.54 | 1 301.84 |
| . Own securities | 285.90 | | 115.00 |
| Related amounts receivable | 6.95 | 8.27 | 3.13 |
| TOTAL | 5 911.24 | 6 527.76 | 3 154.16 |

The amount recorded under central banks represents cash deposits available in CADES' euro account with the Banque de France via the Treasury Central Accounting Agency (ACCT).

Note 2: Tangible and intangible fixed assets

| In millions of euros | At 06/30/2005 | | | At 06/30/2004 | | At 12/31/03 | | |
|--------------------------|------------------|-------------|-------------|--------------------|-----------------------------|---------------------------|---------------------------|---------------------------|
| | Cost on 01/01/05 | Purchases | Sales | Cost on 06/30/2005 | Depreciation and Provisions | Net book value 06/30/2005 | Net book value 06/30/2004 | Net book value 12/31/2004 |
| INTANGIBLE ASSETS | 0.22 | 0.01 | 0.00 | 0.23 | 0.21 | 0.01 | 0.02 | 0.01 |
| Software | 0.22 | 0.01 | 0.00 | 0.23 | 0.21 | 0.01 | 0.02 | 0.01 |
| TANGIBLE ASSETS | 0.42 | 0.00 | 0.00 | 0.42 | 0.36 | 0.06 | 0.07 | 0.07 |
| Sundry equipment | 0.42 | 0.00 | 0.00 | 0.42 | 0.36 | 0.06 | 0.07 | 0.07 |
| TOTAL | 0.64 | 0.01 | 0.00 | 0.65 | 0.57 | 0.07 | 0.09 | 0.08 |

Intangible and tangible assets reflect the value of software and hardware acquired by CADES, net of amortization.

Note 3: Other assets

| in millions of euros | At 06/30/2005 | At 06/30/2004 | At 12/31/2004 |
|--|---------------|---------------|---------------|
| SUNDRY DEBTORS | 75.36 | 37.11 | 299.30 |
| Security deposits | 45.21 | 6.81 | 268.23 |
| Security deposits paid | 45.20 | 6.81 | 267.95 |
| Related receivables | 0.01 | 0.00 | 0.28 |
| Amounts receivable on unpaid CRDS to be collected by FACOSS | 30.09 | 28.46 | 30.97 |
| Gross amounts receivable | 146.57 | 152.46 | 151.77 |
| Provisions | -116.49 | -124.00 | -120.80 |
| Other sundry debtors on financial transactions | | | |
| Other sundry debtors on operating expenses | | | |
| Other sundry debtors (CNAV) | 0.07 | 1.84 | 0.09 |
| Gross amounts receivable | 2.22 | | 2.25 |
| Provisions/Sundry debtors | -2.15 | | -2.15 |
| TOTAL | 75.36 | 37.11 | 299.30 |

Other assets reflect:

- Security deposits paid in connection with forward contracts concluded to hedge counterparty risk (EUR 45.20 m). The amount indicated includes security deposits paid on forward hedges (EUR 24.66 m) concerning the Euro Bund Future and Euro Bobl Future contracts.
- Unpaid CRDS receivables to be collected by ACOSS, totaling EUR 30.09 m. Based on the information provided by ACOSS on June 30, 2005, provisions amounting to EUR 116.49 m (79.5% of the total) are deducted from the gross amounts receivable of EUR 146.57 m.
- Unpaid receivables of EUR 2.22 m in damages claimed from a buyer who reneged on a commitment to purchase a group of buildings (EUR 1.84 m), as well as EUR 0.3Mm in receivables from a number of debtors (tenants and buyers) which are currently being disputed. This dispute is being managed by CNAVTS, and provisions for the unpaid amounts were established at year-end 2004.

The following table shows the changes in provisions for unpaid CRDS to be collected:

| in millions of euros | At 06/30/2005 | At 06/30/2004 | At 12/31/2004 |
|--|---------------|---------------|---------------|
| Provisions at the start of the period | 122.95 | 127.34 | 127.34 |
| Provisions (CNAV) | 0.00 | 0.00 | 2.15 |
| Releases of provisions (CRDS) | -4.31 | -3.34 | -6.54 |
| Provisions at the end of the period | 118.64 | 124.00 | 122.95 |

Note 4: Accrued income and prepaid expenses

| in millions of euros | At 06/30/2005 | At 06/30/2004 | At 12/31/2004 |
|--|----------------------|----------------------|----------------------|
| ACCRUED INCOME | 782.83 | 659.94 | 785.34 |
| On forward interest rate instruments | 147,33 | 184,93 | 125,59 |
| On forward foreign exchange transactions | 187,94 | 34,81 | 72,98 |
| On CRDS revenues (Art. 6 of Ordinance No. 96-50) | 447,56 | 440,20 | 586,36 |
| On property sales (Art. 6 of Ordinance No. 96-50) | | | |
| Other accrued incomes | 0,00 | | 0,41 |
| POTENTIAL LOSSES AND LOSSES TO BE SPREAD ON FORWARD FINANCIAL INSTRUMENTS | 6,39 | 1,61 | 6,58 |
| DEFERRED EXPENSES | 211.93 | 91.32 | 176.91 |
| Premiums on bonds and EMTN issues | 211,93 | 91,32 | 176,91 |
| Other deferred expenses | | | |
| PREPAID EXPENSES | 66.37 | 8.72 | 91.34 |
| Prepaid expenses on payments of administrative costs | 0,06 | 0,08 | 0,04 |
| Prepaid expenses on short term negotiable debt instruments | 66,31 | 8,64 | 91,30 |
| Other prepaid expenses | | | |
| OTHER ADJUSTMENT ACCOUNTS | 768,54 | 9,05 | 5,82 |
| Foreign currency adjustment accounts | 768,45 | 8,23 | 5,82 |
| Rental management adjustment account | | 0,82 | |
| Miscellaneous | 0,09 | 0,00 | 0,00 |
| TOTAL | 1 836,06 | 770,64 | 1 065,99 |

Accrued income and prepaid expenses include transactions that affect net income independently of their impact on cash flow, primarily:

- Accrued income on CRDS revenues (EUR 447.56 m), interest rate swaps (EUR 147.33 m) and currency swaps (EUR 187.94 m)
- Cash payments on swap transactions to be amortized, totaling EUR 6.39 m
- Premiums on bonds and EMTN issues to be amortized, totaling EUR 211.93 m
- Adjustment accounts in foreign currencies totaling EUR 768.45 m (technical accounts enabling the revaluation of off-balance sheet accounts to be integrated into net income).
- Prepaid expenses (EUR 66.31 m) that primarily relate to discounted interest on the issue of negotiable debt securities

LIABILITIES

Liabilities distinguish CADES' net liability position from other items in liabilities.

CADES' net liability position, taking into account the retained balance brought forward, the net income for the year ended and property endowment, was EUR -66 226.7 m. It is equivalent to the debt transferred to CADES (EUR 34 148.5 m and EUR 35 000 m resulting from the Act of August 13, 2004) less CADES' cumulative income (EUR 2 740.6 m since 1996) and the property endowment of January 1, 2000 (EUR 181.2 m).

Net debt, which totals EUR 74 049.3 m, primarily reflects amounts owed to credit institutions (EUR 2 092.7 m), debts evidenced by certificates (EUR 70 392.9 m) accrued expenses and deferred income (EUR 465.6 m) and other liabilities (EUR 1 098.1 m).

Note 5: Treasury and interbank transactions

| in millions of euros | At 06/30/2005 | | | | At 06/30/2004 | At 12/31/2004 | |
|--|---------------|----------------------|---------------------|---------------|-----------------|-----------------|------------------|
| | <= 3 months | > 3 months <= 1 year | > 1 year <= 5 years | > 5 years | Total | Total | |
| CENTRAL BANKS | | | | | 0 | 0 | 0 |
| AMOUNTS OWED TO CREDIT INSTITUTIONS | 0.03 | 54.12 | 1 891.78 | 146.78 | 2 092.71 | 2 118.60 | 11 643.49 |
| Payable on demand | | | | | | | |
| Ordinary deposits | 0.00 | | | | 0,00 | 0,00 | 0.00 |
| Payable at maturity | | | | | | | |
| Securities pledged under repo agreements | | | | 0,00 | 0,00 | 24,24 | 0.00 |
| Term accounts and borrowings | | | | | | | |
| .in euros | 0.00 | | 1 891.78 | 50.00 | 1 941.78 | 1 941.78 | 11 441.78 |
| .in foreign currencies | | | | 96.78 | 96.78 | 98,41 | 97.22 |
| Related debts | 0.03 | 54.12 | | | 54.15 | 54.17 | 104.49 |
| TOTAL | 0.03 | 54.12 | 1 891.78 | 146.78 | 2 092.71 | 2 118.60 | 11 643.49 |

Amounts owed to credit institutions consist of repos and private placements, broken down as follows:

Medium-term debt (from 1 to 5 years)

- DEM 1 Bn (EUR511m) at step-up rates (4.47% from 12/29/97 to 12/29/2000 then 5.885% until 12/29/2008)
- DEM 700 m (EUR358m) at step-up rates (4.18% from 01/09/98 to 01/09/2001 then 5.715% until 01/09/2009)
- DEM 500 m (EUR256m) at step-up rates (4.18% from 01/07/98 to 01/07/2001 then 5.72% until 01/07/2009)
- DEM 1.5 Bn (EUR767m) at step-up rates (4.47% from 01/05/98 to 01/05/2001 then 5.885% until 01/05/2009)

Long-term debt (> 5 years)

- A floating-rate issue at 1-month LIBORCHF -0.31% for CHF 150 m, maturing on 06/30/2010
- A floating-rate issue at 1-month EURIBOR -0.23% for EUR50 m, maturing on 06/21/2010

Total debt is EUR 2.09 Bn, of which EUR 54.15 m of related debts.

Note 6: Debts evidenced by certificates

| In millions of euros | At 06/30/2005 | | | | At 06/30/04 | At 12/31/04 | |
|---|------------------|----------------------|---------------------|------------------|------------------|------------------|------------------|
| | <= 3 months | > 3 months <= 1 year | > 1 year <= 5 years | > 5 years | Total | Total | |
| | | | | | | | |
| NEGOTIABLE DEBT INSTRUMENTS | 7 258.11 | 3 854.11 | 0.00 | 47.91 | 11 160.13 | 2 224.38 | 15 091.96 |
| Domestic treasury bills issued in euros | 118.00 | 1 150.00 | | | 1 268.00 | | 4 192.00 |
| Debt issued in foreign currencies | 0.00 | | | | 0.00 | 27.97 | 11.01 |
| BMTN issued in euros | | | | 38.97 | 38.97 | 433.00 | 38.97 |
| CP issued in euros | 971.50 | 202.00 | | | 1 173.50 | 1 756.47 | 2 434.00 |
| CP issued in foreign currencies | 6 168.61 | 2 502.11 | | | 8 670.72 | | 8 408.04 |
| Other NDI issued in foreign currencies | | | | | | | |
| Related debt | | | | 8.94 | 8.94 | 6.94 | 7.94 |
| BOND ISSUES | 3 022.61 | 888.81 | 22 780.30 | 32 541.04 | 59 232.77 | 33 166.33 | 42 141.43 |
| Bonds issued in euros | 2 332.32 | | 14 447.43 | 28 457.49 | 45 237.24 | 29 024.90 | 33 154.91 |
| Bonds issued in foreign currencies | | | 756.45 | | 756.45 | 760.34 | 723.35 |
| EMTN issued in euros | 0.00 | 0.00 | 476.16 | 1 017.00 | 1 493.16 | 891.16 | 1 938.16 |
| EMTN issued in foreign currencies | | 162.17 | 7 100.26 | 3 066.55 | 10 328.98 | 1 461.61 | 5 819.13 |
| Related debts | 690.29 | 726.64 | | | 1 416.93 | 1 028.32 | 505.88 |
| TOTAL | 10 280.72 | 4 742.92 | 22 780.30 | 32 588.95 | 70 392.90 | 35 390.71 | 57 233.39 |

Breakdown of debts evidenced by certificates:

Debts evidenced by certificates reflect:

- EUR 11 160.13 m of short-term negotiable debt instruments
- EUR 59 232.77 m of bonds and assimilated securities

1. Bond issues

Short-term debt (< 1 year)

- A 6% issue maturing on July 25, 2005, for EUR2 332.3 m (ISIN FR0000571291)

Medium-term debt (from 1 to 5 years)

- A bond maturing in 2006 (ISIN FR0000498248) indexed to French inflation excluding tobacco, for EUR4 085.9 m after assimilations and taking into account a redemption premium of EUR385.9 m, readjusted in accordance with the last published inflation index at 06/30/06. Based on market expectations, CADES has calculated an estimated redemption premium of EUR465.5 m when the bond matures.
- A 6.25% bond maturing on October 25, 2007 (ISIN FR0000571283), for EUR2 610.4 m.
- A 6.25% bond denominated in GBP maturing on March 5, 2008 (ISIN XS0084856664), for GBP510 m.
- A 4.71% bond maturing on May 11, 2008 (ISIN FR000020912), for EUR304.9 m
- A euro-fungible issue, 5.125% maturing October 25, 2008 (ISIN FR0000571259), for EUR4 044.5 m.
- A non-redenominated issue at stepped-up rates (4.63% from 12/17/1997 to 12/17/2001, then 5.94% until 12/17/2008), (ISIN XS0082832493), for FRF2 635 m (EUR401.7 m). This bond was issued with a par value redemption option for the bearer at the end of the fourth year that was not exercised.
- A 3.75 bond maturing on July 12, 2009 (ISIN FR0010093377), for EUR3 000m.

Long-term debt (> 5 years)

- A 3.125 issue maturing on July 12, 2010, for EUR 4 Bn (ISIN FR0010173773)
- A 4.6% issue maturing on July 15, 2010, for EUR 228.675 m (ISIN FR0000209611)
- An issue pegged to the French consumer price index (excluding tobacco) maturing in 2011 for EUR 2 691.5 m (ISIN FR0000489734). This amount factors in additional taps and a redemption premium of EUR 141.5 m readjusted using the latest inflation index published at 06/30/2005. Based on market expectations, CADES has calculated an estimated redemption premium of EUR 481.7 m at maturity.
- A euro-fungible 5.25% issue maturing on October 25, 2012, for EUR 3 000 m (ISIN FR0000571366)
- An issue pegged to the French consumer price index (excluding tobacco) maturing in 2013 for EUR 3 216.1 m. This amount factors in additional taps and a redemption premium of EUR 316.1 m revalued using the latest inflation index known at 06/30/2005. Based on market expectations, CADES has calculated an estimated redemption premium of EUR 879.6 m at maturity.
- A 4% issue maturing October 2014 (ISIN FR0010120410), for EUR4 000m.
- A 3.625% issue maturing on April 25, 2015 (ISIN FR0010163329), for EUR3 000m.
- A bond maturing in 2019 (ISIN FR0010137554), pegged to the French consumer price index (excluding tobacco), for EUR1 321.2 m. This amount factors in additional taps and a redemption premium of EUR21.2 m readjusted using the latest inflation index published at 06/30/2005. Based on market expectations, CADES has calculated an estimated redemption premium of EUR470.2 m at maturity.
- A 4% issued maturing October 2019 (ISIN FR0010143743), for EUR3 000m.
- A 3.750% issue maturing on October 25, 2020 (ISIN FR0010198036), for EUR4 000m.

2. Other bond issues

- Assimilated securities are EMTN (Euro Medium Term Notes) issued by CADES as part of the issue program limited to EUR 10 Bn and then raised to 15 Bn, initiated in 1998 with a pool of banks. At 06/30/05, there were 91 outstanding EMTN issues in euros and foreign currencies (GBP, HKD, USD, JPY, NOK, AUD, NZD), totaling EUR 11 822 Bn.

Debt maturing in less than one year totaled EUR 15 024 m versus EUR 18 347 m at 12/31/2004. Debt maturing in more than five years totaled EUR 32 589 m compared with EUR 19 426 m at 12/31/2004. Debt maturing at between one and five years increased from EUR 19 460 m to EUR 22 780 m in the first half of 2005.

Compared with prior years, CADES' debt structure at the end of the first half of 2005 shows an increase in long-term debt, reflecting the issue of bonds maturing in 2015, 2019 and 2020. The issuance of short-term debt has decreased since year-end 2004:

| Debt | 06/30/05 | 06/30/04 | 12/31/04 |
|-----------------------|----------|----------|----------|
| Short-term (< 1 year) | 21.3% | 21.8% | 32.1% |
| Medium-term | 32.4% | 43.4% | 34.0% |
| Long-term (> 5 years) | 46.3% | 34.8% | 33.9% |

The change in the percentage of debt issued in foreign currencies versus euros at 06/30/2005 reflects the high volume of EMTN issued in foreign currencies:

| Debt | 06/30/05 | 06/30/04 | 12/31/04 |
|-----------------------|----------|----------|----------|
| In foreign currencies | 28% | 11.2% | 27.1% |
| In euros | 72% | 88.8% | 72.9% |

Note 6a: Analysis of transactions in euros and foreign currencies before and after hedging

This note analyzes the effect of hedging transactions on the initial debt structure and on floating/fixed rates.

| in millions of euros | Initial debt | | Hedging | | Final debt | |
|-------------------------------------|--------------|--------------------------------|---------|--------------------------------|------------|---------------|
| | Forex | Euros | Forex | Euros | Forex | Euros |
| Debt in euros | | 51 153 | | 19 057 | | 70 210 |
| Debt in foreign currencies | | Counter-value At 06/30/2005 | | Counter-value At 06/30/2005 | | |
| CHF | 370 | 238 | -370 | -238 | 0 | 0 |
| GBP | 1 215 | 1 802 | -1 215 | -1 802 | 0 | 0 |
| JPY | 47 600 | 355 | -47 600 | -355 | 0 | 0 |
| USD | 20 419 | 16 887 | -20 419 | -16 887 | 0 | 0 |
| HKD | 300 | 32 | -300 | -32 | 0 | 0 |
| AUD | 130 | 82 | -130 | -82 | 0 | 0 |
| NZD | 713 | 410 | -713 | -410 | 0 | 0 |
| TRY | 75 | 46 | -75 | -46 | | |
| Sub-total foreign currencies | | 19 852 | | -19 852 | | 0 |
| Total | | 71 005 | | -795 | | 70 210 |

The first table provides a breakdown of the initial nominal debt between issues in euros or foreign currencies. Since all transactions in foreign currencies were hedged, CADES' final debt is denominated only in euros. These hedging transactions enabled CADES to neutralize the impact of exchange rate fluctuations on its debt, estimated at EUR 795 m on 06/30/05.

The second table shows the breakdown of debt between fixed and floating rate instruments. After hedging, fixed-rate issues account for 48%, floating-rate issues for 33%, and inflation-indexed issues for 19% of debt.

| in millions of euros | Initial debt | | | | Impact of hedging | | | | Final debt | | | |
|----------------------------|---------------|---------------|---------------|------------|-------------------|---------------|----------|---------------|---------------|------------|--|--|
| | Forex | Euros | Total | % | Forex | Euros | Forex | Euros | Total | % | | |
| Fixed rate | | | | | | | | | | | | |
| TCN | | 28 | 28 | | | -28 | 0 | 0 | 0 | | | |
| Euro-MTN | 8 303 | 426 | 8 729 | | -8 303 | -426 | 0 | 0 | 0 | | | |
| Bonds | 756 | 33 922 | 34 678 | | -756 | -78 | 0 | 33 844 | 33 844 | | | |
| Private placements | | 1 892 | 1 892 | | | | 0 | 1 892 | 1 892 | | | |
| Macro-hedging swaps | | | | | | -2 225 | 0 | -2 225 | -2 225 | | | |
| Total fixed rate | 9 059 | 36 268 | 45 327 | 64 | -9 059 | -2 757 | 0 | 33 511 | 33 511 | 48 | | |
| Floating rate | | | | | | | | | | | | |
| TCN | 8 671 | 2 453 | 11 124 | | -8 671 | 8 262 | 0 | 10 714 | 10 714 | | | |
| Euro-MTN | 2 026 | 1 067 | 3 093 | | -2 026 | 10 375 | 0 | 11 442 | 11 442 | | | |
| Bonds | | | 0 | | 0 | 857 | 0 | 857 | 857 | | | |
| Private placements | 97 | 50 | 147 | | -97 | 96 | 0 | 146 | 146 | | | |
| Macro-hedging swaps | | | | | | | 0 | 0 | 0 | | | |
| Total floating rate | 10 794 | 3 570 | 14 363 | 20 | -10 794 | 19 590 | 0 | 23 159 | 23 159 | 33 | | |
| Indexed rate | | | | | | | | | | | | |
| Bonds | | 11 315 | 11 315 | | | | | 11 315 | 11 315 | | | |
| Macro-hedging swaps | | | | | | 2 225 | | 2 225 | 2 225 | | | |
| Total indexed rate | 0 | 11 315 | 11 315 | 16 | 0 | 2 225 | 0 | 13 540 | 13 540 | 19 | | |
| Total | 19 853 | 51 152 | 71 005 | 100 | | -795 | 0 | 70 210 | 70 210 | 100 | | |

Note 7: Other liabilities

| in millions of euros | At 06/30/2005 | At 06/30/2004 | At 12/31/2004 |
|--|-----------------|---------------|---------------|
| SECURITY DEPOSITS RECEIVED | 774.59 | 88.22 | 53.14 |
| Security deposits received | 774.42 | 88.14 | 53.13 |
| Related debts | 0.17 | 0.08 | 0.01 |
| OTHER CREDITORS ON FINANCIAL TRANSACTIONS | 2.70 | 0.35 | 1.99 |
| OTHER CREDITORS ON OPERATING TRANSACTIONS | 320.82 | 306.08 | 19.73 |
| Payment to the government | 300.00 | 300.00 | |
| Tax liabilities | 0.00 | 0.02 | 0.02 |
| Social liabilities | 0.15 | 0.12 | 0.13 |
| Suppliers | 0.00 | 0.01 | 0.01 |
| Other sundry creditors (ACOSS) | 20.67 | 5.93 | 19.57 |
| Other sundry creditors (CNAV) | 0.01 | 0.00 | 0.01 |
| TOTAL | 1 098.11 | 394.65 | 74.86 |

Other liabilities include:

- Security deposits made in connection with financial futures contracts and repo agreements concluded to hedge the counterparty credit risk (EUR774.59 m);
- Amounts owed to ACOSS (EUR20.67 m, including credits indicated by ACOSS);
- Commissions payable and operating debt.

Note 8: Accrued expenses and deferred income and provision for contingencies and losses

| in millions of euros | At 06/30/2005 | At 06/30/2004 | At 12/31/2004 |
|--|---------------|---------------|-----------------|
| ACCRUED EXPENSES | 167.99 | 122.03 | 154.94 |
| On forward interest rate instruments | 133.79 | 106.09 | 115.17 |
| On forward foreign exchange transactions | 31.10 | 13.24 | 36.18 |
| Fees payable on market trading instruments | 0.00 | 0.12 | 0.00 |
| Accrued operating expenses | 0.36 | 0.17 | 0.29 |
| Expenses on CRDS revenues | 2.61 | 2.28 | 3.21 |
| Other accruals | 0.13 | 0.13 | 0.09 |
| POTENTIAL INCOME & INCOME TO BE SPREAD ON FORWARD FINANCIAL INSTRUMENTS | 40.71 | 15.38 | 32.95 |
| DEFERRED INCOME | 247.34 | 208.80 | 185.26 |
| Discounts on bond issues | 247.34 | 208.80 | 185.26 |
| Other deferred income | | | |
| OTHER ADJUSTMENT ACCOUNTS | 9.59 | 134.96 | 930.96 |
| Foreign currency adjustment accounts | 9.53 | 134.91 | 930.95 |
| Miscellaneous | 0.06 | 0.05 | 0.01 |
| TOTAL | 465.63 | 481.17 | 1 304.11 |

Accrued income and deferred expenses total EUR 465.63 m and include transactions that affect net expenses independently of their impact on cash flow, primarily:

- Accrued expenses on interest-rate swaps (EUR 133.79 m), CRDS revenues (EUR 2.61 m), the euro leg of currency swaps (EUR 31.10 m) and other expenses
- Cash payments on currency swaps to be amortized (EUR 40.71 m)
- Deferred income from bond discounts (EUR 247.34 m)
- Adjustment accounts in foreign currencies (EUR 9.53 m). These are technical accounts enabling the revaluation of off-balance sheet accounts to be integrated into net expenses.

The following table shows changes in provision for losses, mainly related to layoff bonuses:

| In millions of euros | At 06/30/2005 | At 12/31/2004 | Allowance | Release |
|--|---------------|---------------|-------------|-------------|
| Provisions for losses | 0.10 | 0.08 | 0.02 | 0.00 |
| provision for compensation for dismissal | 0.10 | 0.08 | 0.02 | - |
| TOTAL | 0.10 | 0.08 | 0.02 | 0.00 |

INCOME STATEMENT

The income statement separates net income from banking transactions and other operating income and expenses, showing net profit for the year ended.

| | |
|--|-----------------------|
| Net income from banking transactions | EUR - 1 320.38 m |
| Other operating income and expenses | EUR - <u>830.05 m</u> |
| Gross result from ordinary activities = net result for year ended | EUR - 490.33 m |

CADES' mission is to amortize the debt allocated to it. Its results measure its ability to reduce this debt. CADES' half-year results demonstrate that the Fund was required to increase its own debt in order to meet its commitments.

Net income from banking transactions

Net income from banking transactions includes income from Treasury transactions, debt financing costs and net profit on financial transactions.

Note 9: Income from treasury transactions

| in millions of euros | At 06/30/2005 | At 06/30/2004 | At 12/31/2004 |
|--|---------------|---------------|---------------|
| INTEREST RECEIVABLE AND EQUIVALENT ON INCOME FROM TRANSACTIONS WITH CREDIT INSTITUTIONS | 62.66 | 22.69 | 82.63 |
| Interest on sight transactions | | | |
| Interest on ordinary debit accounts | 0.05 | 0.00 | 0.01 |
| Interest on loans | | | |
| Interest on securities received under repo agreements | 0.10 | 0.04 | 0.41 |
| Interest on forward transactions | | | |
| Interest on loans denominated in euros | | | |
| Interest on loans denominated in foreign currencies | | | |
| Interest on securities received under repo agreements | 32.09 | 22.12 | 77.43 |
| Other interest | 30.42 | 0.53 | 4.78 |
| OTHER INTEREST AND EQUIVALENT INCOME | 82.08 | 107.11 | 231.33 |
| Amortization of bond discounts | 32.57 | 28.96 | 58.08 |
| Income from hedging transactions | 49.51 | 78.15 | 173.25 |
| Gains from redemption of securities issued | | | |
| TOTAL | 144.74 | 129.80 | 313.96 |

This income includes:

- Interest and other income received on transactions with credit institutions (EUR62.66 m), including returns on the investment of cash surpluses in repos with securities delivered (EUR 32.09 m)
- Amortization of bond discounts on bonds issued (EUR 32.57 m)
- Income from currency and interest-rate swaps (EUR 49.51 m), comprised mainly of the gain on currency swaps (EUR94.57 m), the loss on inflation swaps (-EUR4.67 m), the loss on interest rates financial futures transactions (EUR-69.45 m), and the gain on swaps on bonds and equivalent (EUR22.49 m).

Note 10: Debt financing costs

| in millions of euros | At 06/30/2005 | At 06/30/2004 | At 12/31/2004 |
|--|-----------------|---------------|-----------------|
| INTEREST PAYABLE AND EQUIVALENT EXPENSES ON TRANSACTIONS WITH CREDIT INSTITUTIONS | 80.69 | 59.77 | 157.27 |
| Interest on sight debt | | | |
| Interest on ordinary creditor accounts | 0.02 | 0.00 | 0.01 |
| Interest on overnight loans | 0.00 | 0.00 | 0.00 |
| Interest on repos with securities delivered | 0.01 | 0.02 | 0.03 |
| Interest on term debt | | | |
| Interest on CDC loan (debt transfer) | | | |
| Interest on multi-currency syndicated loan | 20.60 | | 25.28 |
| Interest on repose with securities delivered | 0.14 | 0.12 | 0.29 |
| Interest on private placements | 55.88 | 55.61 | 111.34 |
| Other interest payable and similar charges | 4.04 | 4.02 | 20.32 |
| INTEREST PAYABLE AND EQUIVALENT EXPENSES ON BONDS AND OTHER FIXED-INCOME SECURITIES | 1 358.83 | 763.42 | 1 685.04 |
| Expenses on debt evidenced by certificates | | | |
| Interest on negotiable debt instruments issued in euros | 55.79 | 1.50 | 47.07 |
| Interest on negotiable debt instruments issued in foreign currencies | 121.97 | 3.83 | 70.62 |
| Interest on bonds and assimilated securities issued in euros | 852.49 | 620.12 | 1 267.35 |
| Interest on bonds and assimilated securities issued in foreign currencies | 190.32 | 48.76 | 123.29 |
| Other expenses on debt evidenced by certificates | 138.25 | 89.21 | 176.70 |
| Other interest payable and equivalent expenses | 0.01 | 0.00 | 0.01 |
| COMMISSIONS | 25.51 | 2.90 | 25.41 |
| Commissions on term loans extended by credit institutions | 0.23 | 0.04 | 0.23 |
| Commissions on negotiable debt instruments issued | 1.43 | 0.22 | 2.50 |
| Commissions on bonds | 23.58 | 2.57 | 22.52 |
| Other commissions on securities transactions | 0.28 | 0.07 | 0.16 |
| Autres commissions | | | |
| TOTAL | 1 465.03 | 826.09 | 1 867.72 |

Financing costs on the social security debt rose by 77.3% versus 06/30/2004, reflecting the increase in debt at year-end 2004 (payments called for under the Act of August 13, 2004). They can be broken down as follows:

- EUR1 358.83 m in debt servicing charges
- EUR80.69 m in interest on transactions with credit institutions (interest on private placements, repos with securities delivered and margin calls)
- EUR25.51 m in commissions.

The most significant change concerns interest and related charges on bonds and other fixed-income securities, which increased by EUR600 m. This increase was due to the rise in interest expense, which was due to the assumption of additional debt enacted by the Act of August 13, 2004. Consequently, and in light of the issuance of three bonds during the six-month period ended June 30, 2005 for a total face amount of EUR11 Bn, two tap-ups on bonds pegged to inflation, and the significant increase in negotiable debt securities compared with the corresponding prior period, commissions increased by EUR22.61 m.

Note 11: Profit or loss on trading portfolio

| in millions of euros | At 06/30/2005 | At 06/30/2004 | At 12/31/2004 |
|--|---------------|---------------|---------------|
| NET PROFIT ON FOREIGN EXCHANGE TRANSACTIONS | 0.07 | 0.01 | 0.12 |
| Other forex transactions | 0.07 | 0.01 | 0.12 |
| TOTAL | 0.07 | 0.01 | 0.12 |

In accordance with the provisions of CRC Regulation 2000-03 on the preparation of financial statements, profit or loss on interest-rate and currency swaps are recorded under "Interest receivable and similar income" or "Interest payable and equivalent expenses" (see note 9). This item only reflects the net profit or loss determined during the periodic evaluation of unhedged foreign currency transactions.

Other operating income and expenses

Other operating income and expenses mainly consist of the specific income and expenses provided for in Ordinance No. 96-50 of January 24, 1996 (CRDS, sale of real-estate assets and payments to the government and various social security funds), general operating expenses and accrued depreciation of fixed assets.

Note 12: Net revenues allocated to CADES by Ordinance No. 96-50 of January 24, 1996

This note presents the revenues allocated to CADES by Article 6 of the Ordinance No. 96-50 of January 24, 1996, after deduction of assessment and collection costs and losses on CRDS receivables (write-offs, waivers and cancellations of debt):

| in millions of euros | At 06/30/2005 | At 06/30/2004 | At 12/31/2004 |
|---|-----------------|-----------------|-----------------|
| NET CRDS REVENUES (Article 6) | 2 326.97 | 2 225.63 | 4 896.25 |
| RACOSS CRDS revenues (on wages and salaries) | 2 166.29 | 2 072.80 | 4 306.89 |
| CRDS revenues on assets | 14.88 | 8.48 | 272.58 |
| CRDS revenues on investment income | 88.78 | 90.25 | 192.43 |
| CRDS revenues on the sale of precious stones metals | 1.32 | 1.29 | 2.56 |
| CRDS revenues on gaming | 55.70 | 52.81 | 121.79 |

Article 6: CRDS

- CRDS revenues, net of collection costs, is EUR 2 326.97 m, up 4.5% compared with 06/30/2004. The following table shows the breakdown of CRDS revenues and related expenses.
- CRDS collected by ACOSS on the basis of salaries and wages accounts for 93% of the total. The remaining CRDS proceeds are collected by the Treasury offices, mainly on capital gains (assets and investment income) and gaming.
- Accrued income booked on 06/30/05 represents gross CRDS collections for the month of July.
- Debt repayments made prior to 12/31/1999 (pursuant to CEE Community Regulations and Social Security Bilateral Agreements) by foreign countries: As of 12/31/1997, these payments are transferred by the CNAMTS to CADES provided that this does not create a deficit for the CNAMTS or aggravate an existing shortfall. Given the losses recorded by CNAMTS from 1998 to 2004, the EUR 216.54 m collected during these years were not turned over to CADES.

In millions of euros

| CRDS-RELATED REVENUES: | (I) | CRDS-RELATED EXPENSES | (II) | Net revenues (I) - (II) |
|--|-----------------|---|--------------|----------------------------|
| CRDS dues pursuant to Article 14 (wages and salaries) | 2 187.29 | Write-offs, cancellations of debt and waivers | 10.07 | |
| | | Assessment and collection costs | 10.92 | 2 166.30 |
| CRDS due pursuant to Article 15 (assets) | 15.51 | Assessment and collection costs | 0.64 | 14.87 |
| CRDS due pursuant to Article 16 (investment income) | 89.22 | Assessment and collection costs | 0.44 | 88.78 |
| CRDS due pursuant to Article 17 (sale of precious stones and metals) | 1.33 | Assessment and collection costs | 0.01 | 1.32 |
| CRDS due pursuant to Article 18 (gaming gains) | 55.98 | Assessment and collection costs | 0.28 | 55.70 |
| | | Total net revenues | | 2 326.97 |
| Release of provisions for unpaid CRDS receivables | 4.31 | Provisions for unpaid CRDS receivables | - | |
| TOTAL | 2 353.64 | TOTAL | 22.36 | |

Note 13: General operating expenses

| in millions of euros | At 06/30/2005 | At 06/30/2004 | At 12/31/2004 |
|--------------------------------------|---------------|---------------|---------------|
| PAYROLL EXPENSE | 0.39 | 0.39 | 0.78 |
| Salaries and wages | 0.29 | 0.29 | 0.57 |
| Social contributions | 0.10 | 0.10 | 0.21 |
| OTHER ADMINISTRATIVE EXPENSES | 0.84 | 0.57 | 1.51 |
| Taxes | 0.03 | 0.03 | 0.07 |
| Outsourced services | 0.81 | 0.54 | 1.44 |
| TOTAL | 1.23 | 0.96 | 2.29 |

General operating expenses correspond to the use of the administrative budget, excluding the acquisition and amortization of fixed assets (see note 2). The rise in these expenses (+28% compared with 06/30/2004) is primarily due to the increased use of outsourced services (consulting, advertising and communications fees and IT services in connection with the upgrade of the back-up system) as a result of the stepped up issue program.

WORKFORCE TABLE AT 06/30/2005

Contractual government workers:

- 1 market operations manager (category A)
- 3 deputy market operations managers (category A)
- 1 back office operations manager (category A)
- 1 deputy back office operations manager (category A)
- 1 bilingual executive assistant (category C)

Permanent government employees:

- 1 general office manager (category A)
- 1 administrative manager (category B)

This table is unchanged since the second half of 2002.

Note 13a: Note relative to real-estate assets and management thereof

| in millions of euros | At 06/30/2005 | At 06/30/2004 | At 12/31/2004 |
|--|---------------|---------------|---------------|
| Revenues from real estate assets: | 0.06 | 0.18 | 0.29 |
| Proceeds from sales | 0.00 | 0.00 | 0.00 |
| Proceeds from rents | 0.06 | 0.18 | 0.29 |
| Exceptional income | 0.00 | 0.00 | 0.00 |
| Expenses related to real estate assets: | 0.04 | 0.07 | 2.21 |
| Expense on sales | 0.00 | 0.03 | 0.00 |
| Change in inventory | 0.00 | 0.00 | 0.00 |
| Personnel expense | 0.00 | 0.00 | 0.01 |
| Outsourced services | 0.03 | 0.16 | 0.18 |
| Taxes | 0.00 | 0.00 | 0.00 |
| Exceptional expenses | 0.01 | 0.01 | 0.13 |
| Provisions for contingencies and losses | 0.00 | 0.00 | 2.12 |
| Release of provisions for contingencies and losses | 0.00 | -0.13 | -0.23 |

The real estate property portfolio transferred to CADES on January 1, 2000, was entirely disposed of in the three years following the transfer. CNAVTS continues to carry out the remaining transactions related to the last properties sold in 2003 and manage disputes. Income totals EUR0.06 m. Expenses amount to EUR0.04 m.

Note 14: Other non-banking charges

| in millions of euros | At 06/30/2005 | At 06/30/2004 | At 12/31/2004 |
|---|-----------------|-----------------|-----------------|
| Payment to the government | 1 500.00 | 1 500.00 | 3 000.00 |
| Payments to social security funding organizations | 0.00 | 1 097.31 | 1 097.31 |
| TOTAL | 1 500.00 | 2 597.31 | 4 097.31 |

Pursuant to Article 38 of the 2002 Finance Act, modifying Ordinance No. 96-50, half the annual EUR 3 Bn payment to the government was recorded in the financial statements for the six months ended June 30, 2005.

Note 15: Non-recurring income

No non-recurring income was recorded in the first half of 2005.

| in millions of euros | At 06/30/2005 | At 06/30/2004 | At 12/31/2004 |
|---|---------------|---------------|---------------|
| Debt prescriptions on administrative budget | 0.00 | 0.00 | 0.08 |
| Debt prescriptions on financing budget | 0.00 | 0.00 | 0.19 |
| Expenses on CRDS revenues | 0.00 | 0.00 | 0.00 |
| Non-recovery of CRDS payables | 0.00 | 0.00 | 0.00 |
| Depreciation allowance on CRDS receivables | 0.00 | 0.00 | 0.00 |
| TOTAL | 0.00 | 0.00 | 0.27 |

OFF-BALANCE SHEET COMMITMENTS

Recorded off-balance sheet commitments are presented on the basis of whether they are "granted" or "received" (financing commitments, guarantees, collateral, pledges on securities, etc.). Some commitments are not recorded, however, such as those relating to currency transactions and futures instruments. Information on these commitments is provided in Notes 16 and 17.

Note 16: Foreign currency transactions

| in millions of euros | At 06/30/2005 | | At 06/30/2004 | | At 12/31/2004 | |
|-----------------------------------|---------------------------------|----------------------------------|---------------------------------|----------------------------------|---------------------------------|----------------------------------|
| | Currencies to be received | Currencies to be delivered | Currencies to be received | Currencies to be delivered | Currencies to be received | Currencies to be delivered |
| FORWARD TRANSACTIONS | 20 321.92 | - | 4 368.19 | - | 15 208.33 | - |
| OTC hedging transactions | | | | | | |
| Forex against EUR | 9 063.54 | - | 1 971.66 | - | 8 492.47 | - |
| < 1 year | 9 063.54 | | 1 950.27 | | 8 492.47 | |
| 1 to 5 years | 0.00 | | 21.39 | | 0.00 | |
| > 5 years | | | | | | |
| Currency swaps against EUR | 11 258.38 | - | 2 396.53 | - | 6 715.86 | - |
| < 1 year | 162.17 | | 118.53 | | 70.92 | |
| 1 to 5 years | 8 029.66 | | 1 279.68 | | 4 604.58 | |
| > 5 years | 3 066.55 | | 998.32 | | 2 040.36 | |
| Other OTC transactions | | | | | | |
| Forex transactions | - | - | - | - | - | - |
| Currency swaps against EUR | | | | | | |
| < 1 year | | | | | | |

Forward exchange contracts against euros are forward contracts entered into for the purpose of hedging commercial paper. At 06/30/05, forward exchange contracts (EUR 9 063.54 m) are greater than negotiable debt instruments issued in foreign currencies (see note 6) because contracts were set up at the end of June to hedge negotiable debt instruments issued in early July 2005.

The increase in currency swaps against euros reflects the rise in EMTN issues in foreign currencies.

in million of euros

At 06/30/2005 At 06/30/2004 At 12/31/2004

INTEREST-RATE INSTRUMENTS

| | At 06/30/2005 | At 06/30/2004 | At 12/31/2004 |
|---|-----------------|-----------------|-----------------|
| Regulated and similar markets | 2 160.00 | | |
| Firm hedging transactions | | | |
| Euro Bobl Future contracts (5 years) | 930.00 | | |
| Euro Bund Future contracts (10 years) | 1 230.00 | | |
| Other firm transactions | | | |
| Optional hedging transactions | | | |
| Other optional transactions | | | |
| OTC transactions | 4 203.98 | 6 439.93 | 4 708.99 |
| Firm hedging transactions | | | |
| . Interest-rate swaps in euros | 4 203.98 | 6 439.93 | 4 708.99 |
| . Micro-hedging | 1 978.55 | 3 376.55 | 2 423.55 |
| < 1 year | 0.00 | 2 418.00 | 393.00 |
| 1 to 5 years | 704.90 | 684.90 | 756.90 |
| > 5 years | 1 273.65 | 273.65 | 1 273.65 |
| . Macro-hedging | 2 225.43 | 3 063.38 | 2 285.44 |
| < 1 year | 0.00 | 85.00 | 103.38 |
| 1 to 5 years | 775.00 | 495.00 | 818.53 |
| > 5 years | 1 450.43 | 2 483.38 | 1 363.53 |
| . Interest-rate swaps in foreign currencies | | | |
| < 1 year | | | |
| 1 to 5 years | | | |
| > 5 years | | | |

Interest-rate swaps set up by CADES:

- Macro-hedging declined as a result of the maturity of an inflation swap for a nominal amount of EUR60 m at the beginning of the year.
- The decrease in micro-hedging swaps reflects the maturity of two EUR393 m swaps backing two EMTNs that matured in the first half of 2005.
- Firm macro-hedging transactions in organized markets (EUR2 160 m) represent the sale of Euro Bund Future and Euro Bobl Future contracts.

Note 18: Other off-balance sheet commitments

| in millions of euros | At 06/30/2005 | At 06/30/2004 | At 12/31/2004 |
|---|---------------|---------------|---------------|
| FINANCING COMMITMENTS | | | |
| Commitments received | | | |
| From credit institutions: | | | |
| . Back-up lines | 550.00 | 200.00 | 550.00 |
| . Multi-currency credit lines | 20 000.00 | 500.00 | 10 500.00 |
| . Credit lines | 1 500.00 | 0.00 | 0.00 |
| Commitments granted | | | |
| Payment to the government | 1 500.00 | 4 500.00 | 3 000.00 |
| Payments to social security funding organizations | 15 000.00 | 0.00 | 15 000.00 |

Other off-balance sheet commitments include 4 back-up lines contracted in 2004 for EUR550 m, the multi-currency credit convention for EUR20 000 m entered into in 2004, and a line of credit with CCF in February 2005 for EUR1 500 m.

Other financing commitments granted are the aggregate of CADES' remaining payments to the government in 2005 (EUR1.5 Bn), and EUR15 Bn payable to ACOSS in respect of the projected social security deficits for 2005 and 2006, pursuant to Article 4 of Ordinance No. 96-50 as amended and the Health Insurance Act of August 13, 2004. Under this same Act, future surpluses of the Social Security system will be allocated to CADES as a matter of priority.

Payments to the government:

These payments represent the phased repayment of an accrued social security debt of EUR 16.77 Bn (FRF 110 Bn) that was transferred to the French government. Pursuant to Article 7 of Ordinance No. 96-50 dated January 24, 1996, which stipulates that CADES' resources be subordinated to the payment of principal and interest on CADES' existing obligations, the total amount of payments has been recorded in the off-balance sheet.

The amortization of this debt was first carried out according to Schedule A (1996-2008) in accordance with Article 4 of the Ordinance, representing a gross yield to maturity of 6.10%. This schedule of payments was adhered to until year-end 2000, at which time the remaining outstanding principal due was EUR 11.78 Bn.

The 2001 Finance Act, which amended Ordinance No. 96-50, reduces CADES' remaining payments to the government to 2008 from EUR 1 905 to EUR 1 852 m per annum. This reduction was intended to offset the loss in revenue resulting from the decision to exempt the non-tax-paying unemployed from the CRDS contribution. The total commitment therefore decreased by EUR 427 m, bringing the gross yield to maturity down to 5.39% (see Schedule B).

Schedule B was in force in 2001 only. At year-end, the remaining outstanding principal was EUR 10.5 Bn.

Article 38 of the 2002 Finance Act replaced the remaining seven annual payments of EUR 1 852 m (a total of EUR 12 966 m) set forth in Schedule B with four payments of EUR 3 Bn (a total of EUR 12 000). The breakdown between principal and interest (at the implicit interest rate of 5.28%) is provided in Schedule C (2002-2005). The off-balance sheet commitment was therefore reduced to EUR 12 Bn at December 31, 2001.

REDEMPTION PROFILES OF FRF 110 BN (EUR 16.77 BN) BEFORE AND AFTER MEASURES

| A) INITIAL PROFILE | | | | B) POST 2001 MEASURES | | | | C) POST 2002 MEASURES | | | |
|--------------------|--------------|--------|-----------------------|-----------------------|--------------|--------|-----------------------|-----------------------|--------------|--------|-----------------------|
| Rate: 6.102% | | | | Rate: 5.389% | | | | Rate: 5.282% | | | |
| Outst. principal | Interest | Amort. | Installments | Outst. principal | Interest | Amort. | Installments | Outst. principal | Interest | Amort. | Installments |
| 16.769 | 1.02334 | 0.882 | 1.906 1996 | 16.769 | 1.023335 | 0.882 | 1.906 1996 | 16.769 | 1.02334 | 0.882 | 1.906 1996 |
| 15.887 | 0.96995 | 0.936 | 1.906 1997 | 15.887 | 0.969495 | 0.936 | 1.906 1997 | 15.887 | 0.96995 | 0.936 | 1.906 1997 |
| 14.951 | 0.91237 | 0.993 | 1.906 1998 | 14.951 | 0.91237 | 0.993 | 1.906 1998 | 14.951 | 0.91237 | 0.993 | 1.906 1998 |
| 13.958 | 0.85176 | 1.054 | 1.906 1999 | 13.958 | 0.851758 | 1.054 | 1.906 1999 | 13.958 | 0.85176 | 1.054 | 1.906 1999 |
| 12.904 | 0.78745 | 1.118 | 1.906 2000 | 12.904 | 0.787448 | 1.118 | 1.906 2000 | 12.904 | 0.78745 | 1.118 | 1.906 2000 |
| 11.786 | 0.71921 | 1.185 | 1.906 2001 | 11.786 | 0.635 | 1.217 | 1.852 2001 | 11.786 | 0.635 | 1.217 | 1.852 2001 |
| 10.599 | 0.64681 | 1.259 | 1.906 2002 | 10.569 | 0.569 | 1.283 | 1.852 2002 | 10.569 | 0.558 | 2.442 | 3.000 2002 |
| 9.341 | 0.57 | 1.336 | 1.906 2003 | 9.286 | 0.500 | 1.352 | 1.852 2003 | 8.127 | 0.429 | 2.571 | 3.000 2003 |
| 8.005 | 0.48949 | 1.417 | 1.906 2004 | 7.934 | 0.428 | 1.425 | 1.852 2004 | 5.956 | 0.293 | 2.707 | 3.000 2004 |
| 6.588 | 0.40201 | 1.504 | 1.906 2005 | 6.509 | 0.351 | 1.502 | 1.852 2005 | 2.849 | 0.151 | 2.849 | 3.000 2005 |
| 5.084 | 0.31026 | 1.595 | 1.906 2006 | 5.008 | 0.270 | 1.582 | 1.852 2006 | 0.000 | - | - | - |
| 3.489 | 0.2129 | 1.693 | 1.906 2007 | 3.425 | 0.185 | 1.668 | 1.852 2007 | | | | |
| 1.796 | 0.10951 | 1.796 | 1.906 2008 | 1.758 | 0.095 | 1.758 | 1.852 2008 | | | | |
| 0.000 | | | | 0.000 | | | | | | | |
| TOTAL: | 16.77 | | 24.77 bn euros | TOTAL: | 16.77 | | 24.35 bn euros | TOTAL: | 16.77 | | 23.38 bn euros |

Barring further amendments made to Ordinance No. 96-50, the initial debt of EUR 16.77 Bn (FRF 110 Bn) will be fully repaid by year-end 2005. Thereafter, substantially all of CADES' resources will be able to be dedicated to the service and repayment of the social security debt.

CONDENSED BALANCE SHEET AT 06/30/2005

in millions of euros

| | |
|--|------------------|
| DEBT CARRYOVER at 01/01/2005 | -65 917,6 |
| DEFICIT AT 06/30/05 | -490,3 |
| PROPERTY ENDOWMENT | 181,2 |
| OUTSTANDING DEBT AT 06/30/2005 | -66 226,7 |
| Breakdown of debt: | |
| - <u>Liabilities contracted with third parties</u> | |
| .Financing debt < 1 year | 16 969,5 |
| .Financing debt > 1 year | 55 516,1 |
| .Accruals, deferred income and sundries | 1 563,7 |
| - <u>Less assets held</u> : | |
| .Financial investments | 5 911,2 |
| .Prepayment, accrued income and sundries | 1 911,4 |

CONDENSED INCOME STATEMENT AT 06/30/2005

In millions of euros

| | |
|------------------------------------|------------------|
| NET REVENUES FROM THE CRDS | 2 331.3 |
| NET PROCEEDS FROM PROPERTY | 0.00 |
| Interest expense | -1 439.5 |
| Commissions | -25.5 |
| Interest income | 144.7 |
| NET FINANCIAL RESULTS | -1 320.38 |
| General operating expenses | -1.25 |
| OPERATING SURPLUS | 1 009.7 |
| Payment to the government | -1 500.0 |
| Payments provided for in 2004 SSFA | 0.0 |
| Non-recurring income | 0.0 |
| DEFICIT AT 06/30/2005 | -490,3 |

OTHER INFORMATION

In connection with the adoption of IFRS international accounting standards, CADES provides the following information in terms of market value, comparing the market value of net debt to its book value on the June 30, 2005 reporting date. The balance sheet and income statement will be present in conformity with IFRS standards in an upcoming report.

Net debt in terms of market value is equal to the sum of the following aggregates:

- a. Value of fixed-rate and inflation-indexed bonds, determined on the basis of the average market rate observed at June 30, 2005.
- b. Value of unlisted securities issued, obtained using a CADES zero-coupon curve at June 30, 2005. Options included with certain of these securities are valued using an internal model that was built using standard valuation software developed and marketed by an outside provider.
- c. Value of derivatives used to transform a portion of the debt into micro-hedging instruments. Options included with certain of these securities are valued using the same internal model.
- d. Value of macro-hedging derivatives.
- e. Discounted value at June 30, 2005 of collateral, securities received under resale agreements and bank deposits.

In millions of euros:

| | NET DEBT IN TERMS OF REPAYMENT VALUE AT MATURITY | NET DEBT IN TERMS OF REPAYMENT VALUE AT 06/30/2005 REPORTING DATE | NET DEBT IN TERMS OF MARKET VALUE AT 06/30/2005 |
|-----------------------|--|---|---|
| ≤ 1 YEAR | 7 819.94 | 8 275.18 | 7 917.57 |
| 1 TO 5 YEARS | 24 796.46 | 24 414.11 | 26 498.71 |
| > 5 YEARS | 33 838.58 | 32 631.79 | 35 252.89 |
| SWAPS | 34.46 | | 34.46 |
| TOTAL | 66 489.44 | 65 321.08 | 69 703.63 |
| REVISABLE RATE | 17 971.48 | 18 270.04 | 17 893.25 |
| INDEXED RATE | 12 747.15 | 11 314.76 | 12 829.27 |
| FIXED RATE | 35 736.35 | 35 736.28 | 38 946.65 |
| SWAPS | 34.46 | | 34.46 |

Differences in value:

Differences in the market and repayment value of net debt are attributable to the following factors:

- . The market value of fixed-rate issues increased due to a decline in interest rates.
- . Market value takes into account revalued future coupons, while repayment value only takes the nominal coupon payment into account.
- . Gains or losses related to macro-hedging swaps or swaps to hedge against inflation both impact market value.

This data, which is being provided for information only, covers a significant portion of CADES' primary activity, which is to amortize the debt it contracts on financial markets under the best possible terms and conditions.

The data must be read in relation to other factors, such as the payment to the government and estimated CRDS revenues, which were not recorded in this presentation.



SALUSTRO REYDEL
8, avenue Delcassé
75378 Paris Cedex 08
France

Téléphone : +33 (0)1 53 77 38 00
Télécopie : +33 (0)1 53 77 39 38
Site internet : www.kpmg.fr

This is a free translation into English of the auditor's report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

CADES
4 bis boulevard Diderot – 75012 Paris

Translation of the auditor's limited review report

For the period from January 1, 2005 to June 30, 2005

In accordance with appointment by your letter dated September 6, 2004, we have conducted:

- a limited review of the accompanying half-year financial statements of Caisse d'Amortissement de la Dette Sociale (CADES), for the six-month period ended June 30, 2005.

These financial statements have been prepared under the responsibility of the Agent Comptable of CADES. Our responsibility is to draw a conclusion on these financial statements, based on our limited review.

We conducted our review in accordance with auditing standards generally accepted in France. Those standards require that we perform a review, which is more limited in scope than an audit but sufficient to provide reasonable assurance that the half year consolidated financial statements are free of material misstatement. A review of this type excludes certain audit procedures and consists primarily of analytical procedures and inquiries of group management and other personnel to obtain the information that we deemed necessary.

Based on our limited review, we have not found any material misstatements that cause to believe that the half year financial statements, prepared in accordance with accounting principles generally accepted in France, do not present fairly, in all material aspects, the results of operations for the six-month period and the financial position at that date.

Paris, September 19, 2005

Salustro Reydel
Member of KPMG International

Isabelle Goalec
Partner

Hubert de Vaumas
Partner

Salustro Reydel cabinet français membre de KPMG International,
une coopérative de droit suisse.

Société anonyme d'expertise
comptable - commissariat aux
comptes.
Inscrite au Tableau de l'ordre
à Paris sous le n° 14.3016890-01
et à la Compagnie des
Commissaires aux Comptes
sous le numéro 5907

Siège social
Salustro Reydel
8, avenue Delcassé
75378 Paris Cedex 08
Capital : 3 824 000 €
Code APE 741 C
652044371 R.C.S. Paris
TVA Union Européenne
FR 85 65 20 44 371



SALUSTRO REYDEL
8, avenue Delcassé
75378 Paris Cedex 08
France

Téléphone : +33 (0)1 53 77 38 00
Télécopie : +33 (0)1 53 77 39 38
Site internet : www.kpmg.fr

CADES
4 bis boulevard Diderot – 75012 Paris

Rapport d'examen limité du commissaire aux comptes

Période du 1^{er} janvier 2005 au 30 juin 2005

Mesdames, Messieurs,

En exécution de la mission qui nous a été confiée par lettre en date du 6 septembre 2004, nous avons procédé à :

- l'examen limité des comptes semestriels de la Caisse d'Amortissement de la Dette Sociale (CADES), relatifs à la période du 1^{er} janvier 2005 au 30 juin 2005, tels qu'ils sont joints au présent rapport.

Ces comptes ont été établis sous la responsabilité de l'Agent Comptable de la CADES. Il nous appartient, sur la base de notre examen limité, d'exprimer notre conclusion sur ces comptes.

Nous avons effectué cet examen selon les normes professionnelles applicables en France ; ces normes requièrent la mise en œuvre de diligences limitées conduisant à une assurance, moins élevée que celle résultant d'un audit, que les comptes intermédiaires ne comportent pas d'anomalies significatives. Un examen de cette nature ne comprend pas tous les contrôles propres à un audit, mais se limite à mettre en œuvre des procédures analytiques et à obtenir des dirigeants et de toute personne compétente les informations que nous avons estimées nécessaires.

Sur la base de notre examen limité, nous n'avons pas relevé d'anomalies significatives de nature à remettre en cause, au regard des règles et principes comptables français, la régularité et la sincérité des comptes intermédiaires et l'image fidèle qu'ils donnent du résultat des opérations du semestre ainsi que de la situation financière et du patrimoine de l'établissement à la fin de cette période.

Paris, le 19 septembre 2005

Salustro Reydel
Membre de KPMG International

Isabelle Goalec
Associée

Hubert de Vaumas
Associé

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NOTICES TO INVESTORS

The Notes have not been registered under the U.S. Securities Act or any securities laws of any other jurisdiction, and may not be offered or sold within the United States or to U.S. Persons (as such terms are defined under the U.S. Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of, the U.S. Securities Act and any other applicable securities laws. Accordingly, the Notes may be offered hereby only (1) to "qualified institutional buyers" (as defined in Rule 144A, under the U.S. Securities Act) in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Rule 144A, and/or (2) outside of the United States in reliance upon Regulation S under the U.S. Securities Act to non-U.S. persons who will be required to make certain representations to the Issuer and others prior to investing in the Notes.

Each purchaser of the Notes that might purchase in a sale made in reliance on Rule 144A or Regulation S will be deemed to have represented and agreed as follows:

- (1) the purchaser is either
 - (a) (i) a qualified institutional buyer and is aware that the sale to it is being made in reliance on Rule 144A and (ii) acquiring such Notes for its own account or for the account of another qualified institutional buyer, or
 - (b) not a U.S. person, as such term is defined in Rule 902 under the U.S. Securities Act, and is purchasing the Notes in accordance with Regulation S.
- (2) The purchaser understands that the Notes are being offered in transactions not involving any public offering in the United States within the meaning of the U.S. Securities Act, that the Notes have not been registered under the U.S. Securities Act or any securities laws of any other jurisdiction and that:
 - (a) the Notes may be offered, resold, pledged or otherwise transferred only (i) to a qualified institutional buyer in a transaction meeting the requirements of Rule 144A, (ii) in a transaction meeting the requirements of Rule 144, if available, (iii) outside the United States to a non-U.S. Person in a transaction meeting the requirements of Rule 904 under the U.S. Securities Act or (iv) pursuant to an effective registration statement and, in each case, in accordance with any applicable securities laws of any state of the United States or any other applicable jurisdiction, and
 - (b) the purchaser will, and each subsequent holder is required to, notify any subsequent purchaser from it of the resale restrictions set forth in (a) above.
- (3) The purchaser confirms that:
 - (a) such purchaser has such knowledge and experience in financial and business matters, such purchaser is capable of evaluating the merits and risks of purchasing the Notes, and such purchaser and any accounts for which it is acting are each able to bear the economic risks of its or their investment,
 - (b) such purchaser is not acquiring the Notes with a view towards any distribution thereof in a transaction that would violate the U.S. Securities Act or the securities laws of any state of the United States or any other applicable jurisdiction; provided that the disposition of its property and the property of any accounts for which such purchaser is acting as fiduciary shall remain at all times within its control, and

- (c) such purchaser has received a copy of the Base Prospectus and acknowledges that such purchaser has had access to such financial and other information, and has been afforded the opportunity to ask such questions of our representatives and receive answers thereto, as it deemed necessary in connection with its decision to purchase the Notes.
- (4) If a qualified institutional buyer, the purchaser understands that the Notes offered in reliance on Rule 144A will be represented by a dematerialised Notes *au porteur*. If any such Notes are offered, sold, pledged, or otherwise transferred to a person who is not a qualified institutional buyer, the transferee will be required to provide the transfer agent with a written certification as to compliance with the transfer restriction referred to above.
- (5) The purchaser agrees that it will deliver to each person to whom it transfers Notes notice of any restrictions on transfer of the Notes.
- (6) The purchaser understands that no representation is made as to the availability of the exemption from registration provided by Rule 144 for the resale of the Notes.
- (7) The purchaser acknowledges that the transfer agent and the relevant clearing systems will not be required to accept for registration or transfer any Notes acquired by it, except upon presentation of evidence satisfactory to the Issuer and the transfer agent that the restrictions set forth in this Base Prospectus have been complied with.
- (8) The purchaser acknowledges that neither the Issuer nor the initial purchaser or any person representing the Issuer or the initial purchasers have made any representation to it with respect to the Issuer or the offering and sale of the Notes other than the information contained in this Base Prospectus, which has been delivered to it. It is relying on the information contained in this Base Prospectus in making its investment decision with respect to the Notes.
- (9) The purchaser acknowledges that the Issuer and the initial purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of the foregoing acknowledgements, representations and agreements deemed to have been made by it are no longer accurate, it shall promptly notify the initial purchasers. If such purchaser is acquiring the Notes as a fiduciary or agent for one or more investor accounts, such purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

The Notes may not be sold or transferred to, and each purchaser, by its purchase of the Notes, shall be deemed to have represented and covenanted that it is not acquiring the Notes for or on behalf of, and will not transfer the Notes to, any employee benefit plan subject to Title 1 of the U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), or Section 4975 of the U.S. Internal Revenue Code of 1986, as amended ("**IRC**"), except that such purchase and holding of Notes for or on behalf of a pension or welfare plan shall be permitted:

- (1) to the extent such purchase and holding is by a bank collective investment fund in which, at any time the Notes are outstanding, no plan (together with any other plans maintained by the same employer or employee organisation) has an interest in excess of 10% of the total assets in such collective investment fund and the conditions of Section III of Prohibited Transaction Class Exemption 91-38 issued by the U.S. Department of Labor are satisfied;
- (2) to the extent such purchase and holding is by an insurance company pooled separate account maintained by the purchaser in which, at any time while the Notes are outstanding, no plan (together with any other plans maintained by the same employer or employee organisation) has an interest in excess of 10% of the total of all assets in such pooled separate account and the conditions of Section III of Prohibited Transaction Class Exemption 90-I issued by the U.S. Department of Labor are satisfied;

- (3) to the extent such purchase and holding is by an insurance company using assets of its general account and the conditions of Sections I and IV of Prohibited Transaction Class Exemptions 95-60 by the U.S. Department of Labor are satisfied;
- (4) to the extent such purchase and holding is made on behalf of a plan by (i) an investment advisor registered under the Investment Act of 1940 that had as of the last day of its most recent fiscal year total assets under its management and control in excess of \$ 50,000,000 and had members' or partners' equity in excess under its management and control in excess of \$ 750,000, as shown in its most recent balance sheet prepared in accordance with generally accepted accounting principles, (ii) a bank as defined in Section 202(a)(2) of the U.S. Investment Advisers Act of 1940 with equity capital in excess of \$ 1,000,000 as of the last day of its most recent fiscal year, or (iii) an insurance company which is qualified under the laws of more than one state to manage, acquire or dispose of any assets of a pension or welfare plan, which insurance company had as of the last day of its most recent fiscal year net worth in excess of \$ 1,000,000 and which is subject to supervision and examination by state authorities having supervision over insurance companies and, in any case, such investment adviser, bank or insurance company is otherwise a qualified professional asset manager, as such term is used in Prohibited Transaction Class Exemption 84-14 issued by the U.S. Department of Labor, and the assets of such plan when combined with the assets of other plans established or maintained by the same employer (or affiliate thereof) or employee organisation and managed by such investment adviser, bank or insurance company do not represent more than 20% of the total client assets managed by such investment adviser, bank or insurance company, and the conditions of Section I of such exemption are otherwise satisfied;
- (5) to the extent such plan is a governmental plan (as defined in Section 3 of ERISA) which is not subject to the provisions of Title I or ERISA or Section 4975 of the IRC;
- (6) to the extent such purchaser and holding is made on behalf of a plan by an in-house asset manager and the conditions of Part I of the Prohibited Transaction Class Exemption 96-23 issued by the U.S. Department of Labor are satisfied and such purchase does not involve a transaction described in Sections 406(b)(1) or (3) or ERISA or Section 4975(c)(1)(E) or (F) of the IRC; or
- (7) to the extent such purchase and holding will not give rise to any transaction described in Section 406 of ERISA or Section 4975[®](1) of the IRC for which a statutory or administrative exemption is not available.

SUBSCRIPTION AND SALE

Summary of the Master Dealer Agreement

Subject to the terms and on the conditions contained in the Master Dealer Agreement dated 27 October 2005 (as amended and/or supplemented and/or restated from time to time, the "**Master Dealer Agreement**") the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Master Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are underwritten by two or more Dealers.

The Issuer could pay each relevant Dealer a commission as will be agreed between the Issuer and such Dealer in respect of Notes subscribed by it or whose subscription has been procured by it. The commissions in respect of an issue of Notes on a syndicated basis will be stated in the relevant Final Terms.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Master Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

SELLING RESTRICTIONS

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Materialised Notes having a maturity of more than one year are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

Each Dealer will be required to agree that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver the Notes of any identifiable Tranche, (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of such Tranche as determined, and certified to the Issuer, by the Fiscal Agent, or in the case of Notes issued on a syndicated basis, the Lead Manager, within the United States or to, or for the account or benefit of, U.S. persons, other than, in the case of 144A Notes, pursuant to Rule 144A and it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons other than, in the case of 144A Notes, pursuant to Rule 144A.

In addition, until 40 days after the commencement of the offering of any identifiable Tranche of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made other than in accordance with an applicable exemption from registration under the Securities Act.

If so agreed with the Issuer in relation to a particular transaction, Dealers may propose to offer the Notes for resale in transactions not requiring registration under the U.S. Securities Act or any other applicable securities laws, including (1) to "qualified institutional buyers" in reliance on Rule 144A under the Securities Act and (2) outside the United States in reliance on Regulation S under the Securities Act. Notes sold pursuant to Regulation S may not be offered or resold in the United States or to U.S. persons (as defined in Regulation S), except pursuant to an available exemption from the registration requirements of the Securities Act or pursuant to a registration statement declared effective under the Securities Act.

European Economic Area

In respect of Notes the denomination per unit of which is less than Euro 50,000 (or its equivalent in another currency):

in relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), each Dealer appointed in relation to any Tranche of Notes will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date") it has not made and will not make an offer of Notes to the public in that Relevant Member State except that it may, unless otherwise provided in the selling restrictions relating to a particular Member State, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State:

- (a) in (or in Germany, where the offer starts within) the period beginning on the date of publication of a prospectus in relation to those Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive and ending on the date which is 12 months after the date of such publication;
- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or
- (d) at any time in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

United Kingdom

Each Dealer will be required to agree that:

- (i) *Financial Promotions*: It has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "FSMA")) received by it in connection with the issue or sale of such Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer;
- (ii) *General Compliance*: It has complied with and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom; and
- (iii) *Accepting Deposits in the United Kingdom*: In relation to any Notes which have a maturity of less than one year (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent)

for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the FSMA by the Issuer.

Republic of France

In order to benefit from the withholding tax exemption provided by Article 131 *quater* of the *Code Général des Impôts* (General Tax Code), the Issuer has agreed, and each Dealer will be required to agree, to comply with the following restrictions:

In respect of syndicated issues of Notes constituting *obligations* (except issues of Notes denominated in Euro), each Dealer will be required to represent and agree, and the Issuer has represented and agreed, that, in connection with their initial distribution, it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in the Republic of France and that offers of Notes will be made in the Republic of France only to qualified investors in accordance with Article L411.1 of the *Code Monétaire et Financier* (the "**Code**") and Article D.411-1 of the Code. In respect of non-syndicated issues (except issues of Notes denominated in Euro), each Dealer will be required to further represent and agree, and the Issuer has further represented and agreed, that, in connection with their initial distribution, it has not offered or sold and will not offer or sell, directly or indirectly, Notes in the Republic of France and that each subscriber of Notes will be domiciled or resident for tax purposes outside the Republic of France.

In respect of issues (whether syndicated or non-syndicated) of Notes constituting *obligations* denominated in Euro, each Dealer will be required to further represent and agree, and the Issuer has represented and agreed that, in connection with their initial distribution, it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in the Republic of France and that offers and sales of Notes in the Republic of France will be made only in accordance with the Code relating to offers to a restricted circle of investors and/or qualified investors.

In addition, each Dealer will be required to further represent and agree, and the Issuer has represented and agreed that, in connection with their initial distribution, it has not distributed or caused to be distributed and will not distribute or cause to be distributed in the Republic of France, the Base Prospectus or any other offering material relating to the Notes other than to those investors (if any) to whom offers and sales of the Notes in the Republic of France may be made as described above.

Japan

The Notes have not been and will not be registered under the Securities and Exchange Law of Japan (the "Securities and Exchange Law"). Accordingly, each Dealer will be required to represent and agree that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law and other relevant laws and regulations of Japan. As used in this paragraph, "resident of Japan" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

Netherlands

Zero coupon Notes in definitive form and other Notes in definitive form on which interest does not become due and payable during their term but only at maturity (savings certificates or *spaarbewijzen* as defined in the Dutch Savings Certificates Act or *Wet inzake spaarbewijzen*, the "**SCA**") may only be transferred and accepted, directly or indirectly, within, from or into the Netherlands through the mediation of either the Issuer or a member of Euronext Amsterdam N.V. with due observance of the provisions of the SCA and its implementing regulations (which include registration requirements). No such mediation is required, however, in respect of (i) the initial issue of such Notes to the first holders thereof, (ii) the transfer and acceptance by individuals who do not act in the conduct of a profession or business, and (iii) the issue and trading of such Notes if they are physically issued outside the Netherlands and are not immediately thereafter distributed in The Netherlands.

(e) *Each Dealer has furthermore represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that Notes with a maturity of less than 12 months*

which qualify as money market instruments will only be offered, directly or indirectly, in a or from the Netherlands, (i) if they each have a minimum denomination (or minimum aggregate purchase price) of €50,000 or the equivalent thereof in another currency; or (ii) solely to persons who trade or invest in securities in the conduct of their profession or business (which includes banks, securities firms, investment institutions, insurance companies, pension funds, other institutional investors, and finance companies and large enterprises which as an ancillary activity regularly invest in securities); or (iii) in circumstances where another exception to or exemption or dispensation from the prohibition of section 3 subsection 4 of the Dutch Act on the Supervision of the Securities Trade 1995 (Wet toezicht effectenverkeer 1995) applies.

General

These selling restrictions may be modified by the agreement of the Issuer and any Dealer(s) following a change in a relevant law, regulation or directive. Any such modification will be set out in the Final Terms issued in respect of the issue of Notes to which it relates or in a supplement to this Base Prospectus.

No action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Base Prospectus or any other offering material in relation to the Notes or any Final Terms, in any country or jurisdiction where action for that purpose is required.

Each Dealer will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it acquires, purchases, offers, sells or delivers Notes or has in its possession or distributes the Base Prospectus, any other offering material or any Final Terms and neither the Issuer nor any other Dealer shall have responsibility therefore.

PRO FORMA FINAL TERMS

PRO FORMA FINAL TERMS FOR USE IN CONNECTION WITH ISSUES OF SECURITIES WITH A DENOMINATION OF LESS THAN €50,000 TO BE ADMITTED TO TRADING ON AN EU REGULATED MARKET AND/OR OFFERED TO THE PUBLIC IN THE EUROPEAN ECONOMIC AREA¹

Final Terms dated [•]

CADES (Caisse d'Amortissement de la Dette Sociale)

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the **30,000,000,000 Debt Issuance Programme**

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus received from the AMF visa n°05-741 on 26 October 2005 [and the supplemental Prospectus received from the AMF visa n° • on •] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus. The Prospectus is available for viewing on the AMF website and copies may be obtained from the Issuer. The supplemental Prospectus[es] [is] [are] available for viewing at [address] [and] [website] and copies may be obtained from [address].]

The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Prospectus dated [original date] [and the supplemental Prospectus]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**) and must be read in conjunction with the Prospectus [and the supplemental Prospectus dated •], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Prospectus [and the supplemental Prospectus] and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectuses dated [original date] and [current date] [and the supplemental Prospectuses dated • and •]. The Prospectus is available for viewing on the AMF website and copies may be obtained from the Issuer. The supplemental Prospectus[es] [is] [are] available for viewing at [address] [and] [website] and copies may be obtained from [address].]

¹ The Final Terms may be asked to the Calculation Agent and are available on the AMF website.

1. Issuer: Caisse d'amortissement de la dette sociale
2. [(i) Series Number: []
 [(ii) Tranche Number: []
- (If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).]
3. Specified Currency or Currencies: []
4. Aggregate Nominal Amount: []
 [(i) Series: []
 [(ii) Tranche: []]
5. Issue Price: [] per cent of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (*if applicable*)]
6. Specified Denominations: [] (*one denomination only for Dematerialised Notes*)
 []
7. [(i) Issue Date: []
 [(ii) Interest Commencement Date []
8. Maturity Date: [*specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year*]
9. Interest Basis: [• % Fixed Rate]
 [*specify reference rate*] +/- • % Floating Rate]
 [Zero Coupon]
 [Index Linked Interest]
 [Other (*specify: a supplemental Prospectus may be necessary*)]
 (further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]
 [Index Linked Redemption]
 [Dual Currency]
 [Partly Paid]
 [Instalment]
 [Other (*specify a supplemental Prospectus may be necessary*)]
11. Change of Interest or Redemption/Payment Basis: [*Specify details of any provision for convertibility of Notes into another interest or redemption/ payment basis*]
12. Put/Call Options: [Investor Put]
 [Issuer Call]
 [(further particulars specified below)]

13. [(i)] Status of the Notes: [Senior/[Dated/Perpetual]]
- [(ii)] [Date [Board] approval for issuance of Notes obtained: [] [and []], respectively]]
(N.B Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related Guarantee)]

14. Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. **Fixed Rate Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Rate(s) of Interest: [] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [] in each year [adjusted in accordance with *[specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"]*/not adjusted]
- (iii) Fixed Coupon Amount(s): [] per [] in Nominal Amount
- (iv) Broken Amount(s): *[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount(s)]*
- (v) Day Count Fraction: [30/360 / Actual/Actual ([ISMA]/ISDA) / other]
- (vi) Determination Dates: [] in each year *(insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual ([ISMA]))*
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/*give details: a supplemental Prospectus may be necessary*]

16. **Floating Rate Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Interest Period(s) []
- (ii) Representative Amount: []
- (iii) Effective Date: [] *(if applicable)*/ Not Applicable
- (iv) Specified Duration: []
- (v) Specified Interest Payment Dates: []
- (vi) Business Day Convention: [Floating Rate Business Day Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ other (give details: a supplemental Prospectus may be necessary)]
- (vii) Calculation Agent: []

- (viii) Business Centre(s): []
- (ix) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/other (give details: a supplemental Prospectus may be necessary)]
- (x) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the [Agent]): []
- (xi) FBF Determination (Condition 4(c)(iii)(A)):
- Floating Rate (*Taux Variable*): [●]
 - Floating Rate Determination Date (*Date de Détermination du Taux Variable*): [●]
 - FBF Definitions (if different from those set out in the Conditions): [●] (*specify how rate determined (e.g. relevant Screen Page) if different or not specified in FBF Definitions*)
- (xii) Screen Rate Determination:
- Reference Rate: []
 - Interest Determination Date(s): []
 - Relevant Time: []
 - Screen Page: []
 - Reference Banks: []
 - Primary Source: []
- (xiii) ISDA Determination:
- Floating Rate Option: []
 - Designated Maturity: []
 - Reset Date: []
 - Business Centre: []
- (xiv) Margin(s): [+/-][] per cent per annum
- (xv) Minimum Rate of Interest: [] per cent per annum
- (xvi) Maximum Rate of Interest: [] per cent per annum
- (xvii) Day Count Fraction: []
- (xviii) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate []

Notes, if different from those set out in the Conditions:

17. **Zero Coupon Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) [Amortisation/Accrual] Yield: [] per cent per annum
- (ii) Any other formula/basis of determining amount payable: []
- (iii) Day Count Fraction: []
18. **Index-Linked Interest Note/other variable-linked interest Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Index/Formula/other variable: [give or annex details: a supplemental Prospectus may be necessary]
- (ii) Calculation Agent responsible for calculating the interest due: []
- (iii) Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable: []
- (iv) Determination Date(s): []
[]
- (v) Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: []
- (vi) Interest or calculation period(s): []
- (vii) Specified Interest Payment Dates: []
- (viii) Business Day Convention: [Floating Rate Business Day Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
- (ix) Business Centre(s): []
- (x) Minimum Rate/Amount of Interest: [] per cent per annum
- (xi) Maximum Rate/Amount of Interest: [] per cent per annum
- (xii) Day Count Fraction: []
19. **Dual Currency Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(i) Rate of Exchange/method of calculating Rate of Exchange: [give details]

(ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due: []

(iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:

(iv) Person at whose option Specified Currency(ies) is/are payable: []

PROVISIONS RELATING TO REDEMPTION

20. **Call Option** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(i) Optional Redemption Date(s): []

(ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [] per Note of [] specified denomination

(iii) If redeemable in part:

(a) Minimum Redemption Amount: []

(b) Maximum Redemption Amount: []

(iv) Notice period: []

21. **Put Option** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(i) Optional Redemption Date(s): []

(ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [] per Note of [] specified denomination

(iii) Notice period: []

22. **Final Redemption Amount of each Note** [[] per Note of [] specified denomination /other/see Appendix]

In cases where the Final Redemption Amount is Index-Linked or other variable-linked:

(i) Index/Formula/variable: [give or annex details]

(ii) Calculation Agent responsible for calculating the Final Redemption Amount: []

- (iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: []
- (iv) Determination Date(s): []
- (v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: []
- (vi) Payment Date: []
- (vii) Minimum Final Redemption Amount: []
- (viii) Maximum Final Redemption Amount: []

23. Early Redemption Amount

- Early Redemption Amount(s) of each Note payable on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions): []

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. Form of Notes: [Dematerialised Notes/ Materialised Notes] (*Materialised Notes are only in bearer form*) [Delete as appropriate]
- (i) Form of Dematerialised Notes: [Applicable/Not Applicable [if Applicable specify whether bearer form (*au porteur*) / administered registered form (*au nominatif administré*) / fully registered form (*au nominatif pur*)]
- (ii) Registration Agent [Not applicable/if Applicable give name and details] (*Note that a registration agent must be appointed in relation to fully registered Dematerialised Notes only*)
- (iii) Temporary Global Certificate: [Not Applicable/Temporary Global Certificate exchangeable for Definitive Materialised Notes on [] (the "**Exchange Date**"), being 40 days after the Issue Date subject to postponement as specified in the Temporary Global Certificate]
- (iv) Applicable TEFRA exemption: [C Rules/D Rules/Not Applicable] (*Only applicable to Materialised Notes*)
25. Financial Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/give details. Note that this item relates to the date and place of payment, and not interest period end dates, to which items 15 (ii), 16(iiv) and 18(ix) relates]
26. Talons for future Coupons or Receipts [Yes/No. If yes, give details]

to be attached to Definitive Notes (and dates on which such Talons mature):

27. Details relating to Partly Paid Notes: [Not Applicable/*give details*]
amount of each payment comprising the Issue Price and date on which each payment is to be made [and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment]:
28. Details relating to Instalment Notes: [Not Applicable/*give details*]
amount of each instalment, date on which each payment is to be made:
29. Redenomination, renominatisation and reconventioning provisions: [Not Applicable/The provisions [in Condition •] apply]
30. Consolidation provisions: [Not Applicable/The provisions [in Condition •] apply]
31. Masse [Applicable/ Not Applicable]
The name of the representative of the masse is:
[name/ address]
The fees to be paid to the representative(s) are : euros[]
32. Other final terms: [Not Applicable/*give details*]
(When adding any other final terms consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)

DISTRIBUTION

33. (i) If syndicated, names and addresses of Managers and underwriting commitments: [Not Applicable/*give names, addresses and underwriting commitments*]
(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)
- (ii) Date of [Subscription] Agreement: []
- (iii) Stabilising Manager(s) (if any): [Not Applicable/*give name*]
34. If non-syndicated, name and address of Dealer: [Not Applicable/*give name and address*]
35. Total commission and concession: [] per cent. of the Aggregate Nominal Amount
36. Additional selling restrictions: [Not Applicable/*give details*]

[LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the Euro 30,000,000,000 Debt Issuance Programme of].

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms.

Signed on behalf of the Issuer:

By:

Duly authorised

PART B – OTHER INFORMATION

1. LISTING

(i) Listing: [(specify)/None]

(ii) Admission to trading: [Application has been made for the Notes to be admitted to trading on [●] with effect from []]. [Not Applicable.]

(Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)

2. RATINGS

Ratings: The Notes to be issued have been rated:

[S & P: []]

[Moody's: []]

[Fitch]: []]

[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

3. [NOTIFICATION]

The *Autorité des Marchés Financiers* [has been requested to provide/has provided - include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues] the [include names of competent authorities of host Member States] with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive.]

4. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

"Save as discussed in ["Subscription and Sale"], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer."

5. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

[(i) Reasons for the offer []
(See ["Use of Proceeds"] wording in Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)]

[(ii)] Estimated net proceeds: ●
(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)

[(iii)] Estimated total expenses: ●. [Include breakdown of expenses.]
(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)

6. [Fixed Rate Notes only – YIELD

Indication of yield: ●
Calculated as [include details of method of calculation in summary form] on the Issue Date.

As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

7. [Floating Rate Notes only - HISTORIC INTEREST RATES

Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [the relevant national Central Bank or as the case may be from the European Central Bank].

8. [Index-Linked or other variable-linked Notes only – PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING

Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.[Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information.]

9. [Dual Currency Notes only – PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT

Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]

10. OPERATIONAL INFORMATION

ISIN Code: []

Common Code: []

Any clearing system(s) other than [Not Applicable/*give name(s) and number(s)*]
Euroclear Bank S.A./N.V. and
Clearstream Banking Société
Anonyme and the relevant
identification number(s):

Delivery: Delivery [against/free of] payment

Names and addresses of additional []
Paying Agent(s) (if any):

Names and addresses of relevant
Dealer(s):

Date of the [Dealer Accession Letter/ []
Subscription Agreement]

PRO FORMA FINAL TERMS

PRO FORMA FINAL TERMS FOR USE IN CONNECTION WITH ISSUES OF SECURITIES WITH A DENOMINATION OF AT LEAST €50,000 TO BE ADMITTED TO TRADING ON AN EU REGULATED MARKET ²

Final Terms dated •

CADES (Caisse d'Amortissement de la Dette Sociale)

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the **30,000,000,000 Debt Issuance Programme**

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus received from the AMF visa n°05-741 on 26 October 2005 [and the supplemental Prospectus received from the AMF visa n° • on •] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus. The Prospectus is available for viewing on the AMF website and copies may be obtained from the Issuer. The supplemental Prospectus[es] [is] [are] available for viewing at [address] [and] [website] and copies may be obtained from [address].]

The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Prospectus dated [original date] [and the supplemental Prospectus]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**) and must be read in conjunction with the Prospectus [and the supplemental Prospectus dated •], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Prospectus [and the supplemental Prospectus] and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectuses dated [original date] and [current date] [and the supplemental Prospectuses dated • and •]. The Prospectus is available for viewing on the AMF website and copies may be obtained from the Issuer. The supplemental Prospectus[es] [is] [are] available for viewing at [address] [and] [website] and copies may be obtained from [address].]

² The Final Terms may be asked to the Calculation Agent and are available on the AMF website.

1. [(i)] Issuer: Caisse d'Amortissement de la Dette Sociale
2. [(i)] Series Number: []
 [(ii)] Tranche Number: []
 (If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).]
3. Specified Currency or Currencies: []
4. Aggregate Nominal Amount of Notes admitted to trading: []
 [(i)] Series: []
 [(ii)] Tranche: []
5. Issue Price: [] per cent of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (if applicable)]
6. Specified Denominations: [] (*one denomination only for Dematerialised Notes*)
 []
7. [(i)] Issue Date: []
 [(ii)] Interest Commencement Date []
8. Maturity Date: [*specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year*]
9. Interest Basis: [• % Fixed Rate]
 [*specify reference rate*] +/- • % Floating Rate]
 [Zero Coupon]
 [Index Linked Interest]
 [Other (*specify: a supplement to the Base Prospectus may be necessary*)]
 (further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]
 [Index Linked Redemption]
 [Dual Currency]
 [Partly Paid]
 [Instalment]
 [Other (*specify: a supplement to the Base Prospectus may be necessary*)]
11. Change of Interest or Redemption/Payment Basis: [*Specify details of any provision for convertibility of Notes into another interest or redemption/ payment basis*]
12. Put/Call Options: [Investor Put]
 [Issuer Call]
 [(further particulars specified below)]
13. [(i)] Status of the Notes: [Senior/[Dated/Perpetual]/ Subordinated]

[(ii)] [Date [Board] approval for issuance of Notes [and Guarantee] obtained: [] [and [], respectively]]
(N.B Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related Guarantee)]

14. Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. **Fixed Rate Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Rate[(s)] of Interest: [] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [] in each year [adjusted in accordance with [specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"]/not adjusted]
- (iii) Fixed Coupon Amount[(s)]: [] per [] in Nominal Amount
- (iv) Broken Amount(s): [Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount[(s)]]
- (v) Day Count Fraction: [30/360 / Actual/Actual ([ISMA] /ISDA) / other]
- (vi) Determination Dates: [] in each year (insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual ([ISMA]))
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/give details: a supplement to the Base Prospectus may be necessary]

16. **Floating Rate Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Interest Period(s) []
- (ii) Representative Amount: []
- (iii) Effective Date: [] if applicable/ Not Applicable
- (iv) Specified Duration []
- (v) Specified Interest Payment Dates: []
- (vi) Business Day Convention: [Floating Rate Business Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ other (give details: a supplement to the Base Prospectus may be necessary)]
- (vii) Calculation Agent:
- (viii) Business Centre(s): []
- (ix) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA]

Determination/other (give details: a supplement to the Base Prospectus may be necessary)]

- (x) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the [Agent]): []
- (xi) FBF Determination (Condition 4(c)(iii)(A)):
- Floating Rate (Taux Variable): [●]
 - Floating Rate Determination Date (Date de Détermination du Taux Variable): [●]
 - FBF Definitions (if different from those set out in the Conditions): [●] (specify how rate determined (e.g. relevant Screen Page) if different or not specified in FBF Definitions)
- (xii) Screen Rate Determination:
- Reference Rate: []
 - Interest Determination Date(s): []
 - Relevant Time: []
 - Screen Page: []
 - Reference Banks: []
 - Primary Source: []
- (xiii) ISDA Determination:
- Floating Rate Option: []
 - Designated Maturity: []
 - Reset Date: []
 - Business Centre: []
- (xiv) Margin(s): [+/-][] per cent per annum
- (xv) Minimum Rate of Interest: [] per cent per annum
- (xvi) Maximum Rate of Interest: [] per cent per annum
- (xvii) Day Count Fraction: []
- (xviii) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: []

17. **Zero Coupon Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) [Amortisation/Accrual] Yield: [] per cent per annum
- (ii) Any other formula/basis of determining amount payable: []
- (iii) Day Count Fraction: []
18. **Index-Linked Interest Note/other variable-linked interest Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Index/Formula/other variable: [give or annex details: a supplement to a Prospectus may be necessary]
- (ii) Calculation Agent responsible for calculating the interest due: []
- (iii) Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable: []
- (iv) Determination Date(s): []
- (v) Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: []
- (vi) Interest or calculation period(s): []
- (vii) Specified Interest Payment Dates: []
- (viii) Business Day Convention: [Floating Rate Business Day Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
- (ix) Business Centre(s): []
- (x) Minimum Rate/Amount of Interest: [] per cent per annum
- (xi) Maximum Rate/Amount of Interest: [] per cent per annum
- (xii) Day Count Fraction: []
19. **Dual Currency Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(i) Rate of Exchange/method of calculating Rate of Exchange: [give details]

(ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due: []

(iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:

(iv) Person at whose option Specified Currency(ies) is/are payable: []

PROVISIONS RELATING TO REDEMPTION

20. **Call Option** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(i) Optional Redemption Date(s): []

(ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [] per Note of [] specified denomination

(iii) If redeemable in part:

(a) Minimum Redemption Amount: []

(b) Maximum Redemption Amount: []

(iv) Notice period []

21. **Put Option** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(i) Optional Redemption Date(s): []

(ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [] per Note of [] specified denomination

(iii) Notice period []

22. **Final Redemption Amount of each Note** [[] per Note of [] specified denomination /other/see Appendix]

In cases where the Final Redemption Amount is Index-Linked or other variable-linked:

(i) Index/Formula/variable: [give or annex details: a supplement to the Base Prospectus may be necessary]

(ii) Calculation Agent responsible for calculating the Final Redemption Amount: []

- (iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: []
- (iv) Determination Date(s): []
- (v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: []
- (vi) Payment Date:
- (vii) Minimum Final Redemption Amount: []
- (viii) Maximum Final Redemption Amount: []

23. Early Redemption Amount

- Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions): []

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. Form of Notes:
- (i) Form of Dematerialised Notes: [Applicable/Not Applicable *[if Applicable specify whether bearer form (au porteur) / administered registered form (au nominatif administré) / fully registered form (au nominatif pur)]*]
- (ii) Registration Agent [Not applicable/if Applicable *give name and details*] (Note that a registration agent must be appointed in relation to fully registered Dematerialised Notes only)
- (iii) Temporary Global Certificate: [Not Applicable/Temporary Global Certificate exchangeable for Definitive Materialised Notes on [] (the "**Exchange Date**"), being 40 days after the Issue Date subject to postponement as specified in the Temporary Global Certificate]
- (iv) Applicable TEFRA exemption: [C Rules/D Rules/Not Applicable] (*Only applicable to Materialised Notes*)
25. Financial Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/*give details. Note that this item relates to the date and place of payment, and not interest period end dates, to which items 15 (ii), 16(iv) and 18(ix) relates*]
26. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. *If yes, give details*]

27. Details relating to Partly Paid Notes: [Not Applicable/*give details*]
amount of each payment comprising
the Issue Price and date on which each
payment is to be made and
consequences (if any) of failure to pay,
including any right of the Issuer to
forfeit the Notes and interest due on
late payment:
28. Details relating to Instalment Notes: [Not Applicable/*give details*]
amount of each instalment, date on
which each payment is to be made:
29. Redenomination, renominatisation and [Not Applicable/The provisions [in Condition •] apply]
reconventioning provisions:
30. Consolidation provisions: [Not Applicable/The provisions [in Condition •] apply]
31. Masse [Applicable/ Not Applicable]
The name of the representative of the masse is:
[name/ address]
The fees to be paid to the representative(s) are : euros[]
32. Other final terms: [Not Applicable/*give details*]
*(When adding any other final terms consideration should be given
as to whether such terms constitute a "significant new factor" and
consequently trigger the need for a supplement to the Prospectus
under Article 16 of the Prospectus Directive.)*

DISTRIBUTION

33. (i) If syndicated, names of [Not Applicable/*give names*]
Managers:
- (ii) Stabilising Manager(s) (if [Not Applicable/*give name*]
any):
34. If non-syndicated, name of Dealer: [Not Applicable/*give name*]
35. Additional selling restrictions: [Not Applicable/*give details*]

[LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the Euro 30,000,000,000 Debt Issuance Programme of •.]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms.

Signed on behalf of the Issuer:

By:

Duly authorised

[Signed on behalf of the Guarantor:

By:

Duly authorised]

PART B – OTHER INFORMATION

1. LISTING

- (i) Listing: [(specify)/None]
- (ii) Admission to trading: [Application has been made for the Notes to be admitted to trading on [] with effect from [].] [Not Applicable.]
- (iii) Estimate of total expenses related to admission to trading: ●.

2. RATINGS

- Ratings: The Notes to be issued have been rated:
- [S & P: []]
- [Moody's: []]
- [[Other]: []]

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

3. [NOTIFICATION]

The *Autorité des Marchés Financiers* [has been requested to provide/has provided - include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues] the [include names of competent authorities of host Member States] with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive.]

4. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

"Save as discussed in ["Subscription and Sale"], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer."

[5. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- [(i) Reasons for the offer []
(See ["Use of Proceeds"] wording in Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons

here.)]

[(ii)] Estimated net proceeds:

●
(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)

[(iii)] Estimated total expenses:

●. *[Include breakdown of expenses.]*

*(Only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)]**

6. [Fixed Rate Notes only – YIELD

Indication of yield:

●.

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

7. [Floating Rate Notes only - HISTORIC INTEREST RATES

Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [the relevant national Central Bank or as the case may be from the European Central Bank].

8. [Index-linked or other variable-linked Notes only – PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING

Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident. [Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information.]

9. [Dual Currency Notes only – PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT

Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]

10. OPERATIONAL INFORMATION

ISIN Code: []

Common Code: []

Any clearing system(s) other than Euroclear Bank S.A./N.V. and [Not Applicable/give name(s) and number(s)]

Clearstream Banking Societe
Anonyme and the relevant
identification number(s):

Delivery: Delivery [against/free of] payment

Names and addresses of additional []
Paying Agent(s) (if any):

GENERAL INFORMATION

1. The Issuer has obtained all necessary consents, approvals and authorisations in France in connection with the issue and performance of its obligations under the Notes. The issue of the Notes was duly authorised pursuant to a resolution of *Conseil d'administration* of the Issuer dated 28 June 2005 authorising the Issuer's borrowing programme and delegating all powers to issue Notes under the programme to its chairman, and the approval of the Issuer's borrowing programme by the Minister of Economy, Finance and Industry on 2nd August 2005.
2. Except as disclosed in this Base Prospectus, there has been no significant change in the financial or trading position of the Issuer since 31st December 2004, and no material adverse change in the financial position, affairs or prospects of the Issuer since 31st December 2004
3. The Issuer has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Base Prospectus which may have or have had in the recent past significant effects, in the context of the issue of the Notes, on the financial position or profitability of the Issuer.
4. Each Materialised Note with a maturity of more than 12 months and each Receipt, Coupon and Talon relating thereto will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code of 1986".
5. Notes have been accepted for clearance through Euroclear France, Euroclear and Clearstream, Luxembourg. The Common Code and the International Securities Identification Number (ISIN) for each Series of Notes will be set out in the relevant Final Terms.
6. The Issuer may also from time to time, without the consent of the Noteholders, consolidate Notes with one or more issues of other Notes issued by it, whether or not originally issued in euro, provided that such other Notes have been redenominated into euro (if not originally denominated in euro) and otherwise have, in respect of all periods subsequent to such consolidation, the same terms and conditions as the Notes.
7. Copies of the latest annual financial statements of the Issuer (and all reports, if any, relating to any review thereof as referred to in paragraph 9 below) may be obtained, and copies of the *Ordinance* which established the Issuer and the Agency Agreement will be available for inspection, at the specified offices of each of the Paying Agents during normal business hours, so long as any of the Notes is outstanding. Copies of this Base Prospectus and documents incorporated by reference, any addendum or supplement hereto and any Final Terms will be obtainable free of charge, at the office of the Paris Paying Agent or available on the AMF website. Although the Issuer does not normally publish interim semi-annual financial statements on a regular basis, copies of any such statements which are published for any reason in the future may be obtained at the specified offices of each of the Paying Agents during normal business hours, so long as any of the Notes is outstanding. See also "Description of CADES – Accounts".
8. The Issuer's public accountant (*Trésorier Payeur Général Agent Comptable de la CADES*) is responsible for the preparation of its statutory accounts and financial statements. Such accounts and financial statements are also approved by the Minister of the Economy, Finance and Industry and the Minister of Employment and Solidarity and are controlled periodically by the Court of Accounts (*Cour des Comptes*), which has authority to accept or reject the accounts presented. The Issuer has, in relation to its 2003 and 2004 annual financial statements, requested Mazars & Guérard to carry out a contractual audit of such financial statements restated in the form appearing in "Financial Statements of CADES". The report issued by Mazars & Guérard in respect of such financial statements is also included in the "Auditors Report". While the Issuer will restate its future financial statements in the manner of the 2004 annual financial statements referred to above, there is no commitment on the Issuer's part to require Mazars & Guérard or any other accounting firm to carry out any review of such financial statements or to produce any report in respect thereof.

9. On 3 June 2003, the Council of the European Union adopted a Directive on the taxation of savings income (2003/48/EC) (the "Directive"). If a number of important conditions are met it is expected that the Member States will be required to provide the tax authorities of another Member State details of payments of interest as defined in the Directive (namely, interest, remuneration, margin or other similar income on debt) paid by a paying agent within its jurisdiction to an individual or to certain organisations or entities with separate legal personalities in that other Member State ("Information Exchange").

The term "paying agent" shall be widely defined and shall include in particular any economic entity which is responsible for the payment of interest as defined in the Directive to individual beneficiaries.

However, during a transitional period certain Members States (Belgium, Luxembourg and Austria) will instead of the information exchange system applied by the other Member States be required to operate a withholding system in relation to such payments of interest.

The amount of such withholding will be 15% for the first three years, 20% for the following three years and 35% thereafter until the end of the transitional period.

The transitional period shall come to an end if and when the European Union concludes information exchange agreements with several third party states (the United States of America, Switzerland, Liechtenstein, Saint-Marino, Monaco and Andorra) and once the withholding of the interest payments paid out by the paying agents in certain of these states (Switzerland, Liechtenstein, Saint-Marino, Monaco and Andorra) to beneficiaries resident in Member States is implemented.

The Directive applies from 1 July 2005.

The Directive was implemented into French law by the Amended Finance Law for 2003, which imposes on paying agents based in France an obligation to report to the French tax authorities certain information with respect to interest payments made to beneficial owners domiciled in another Member State, including, among other things, the identity and address of the beneficial owner and a detailed list of the different categories of interest paid to that beneficial owner. These reporting obligations will enter into force with respect to interest payments made on 1 July 2005, but paying agents are required to identify the beneficial owners of such payments as from 1 January 2004, as set forth in decree No. 2005-132 of 15 February 2005.

CADES is one of the entities listed in the Annex to the Directive and refers to in Article 15 of this Directive as being a "*related entity acting as a public authority by an institutional treaty*". As a result, the Issuer may issue Notes, which are fungible with notes first issued prior to 1st March 2001.

RESPONSIBILITY FOR BASE PROSPECTUS
Individuals assuming responsibility for the Base Prospectus

In the name of the Issuer

Having taken all reasonable measures for this purpose, we declare that the information contained in this Base Prospectus is true to our knowledge. All the information necessary for investors to be able to base their judgments on the business, activity, financial situation, income and outlook of the Issuer and on the rights attached to financial instruments is included in the Base Prospectus and there has been no omission of material facts.'

Caisse d'Amortissement de la Dette Sociale

Representative

Agent Comptable

On 26 October 2005

On 26 October 2005

Autorité des marchés financiers

In accordance with articles L.411-1 and L.621-8 of the French *Code monétaire et financier* and with the General Regulations (*Règlement général*) of the *Autorité des marchés financiers* (AMF), in particular articles 212-31 to 212-33, the AMF has granted to this Base Prospectus the *visa* n°05-741 on 26 October 2005. This document may only be used for the purposes of a financial transaction if completed by Final Terms. It was prepared by the Issuer and its signatories assume responsibility for it. In accordance with article L.621-8-1-I of the French *Code monétaire et financier*, the *visa* was granted following an examination by the AMF of "whether the document is complete and comprehensible, and whether the information it contains is coherent". It does not imply that the AMF has verified the accounting and financial data set out in it. This *visa* has been granted subject to the publication of Final Terms in accordance with article 212-32 of the AMF's General Regulations, setting out the terms of the securities being issued.

RESPONSABILITÉ DU PROSPECTUS DE BASE

Personnes qui assument la responsabilité du présent Prospectus de Base

Au nom de l'émetteur

Après avoir pris toutes mesures raisonnables à cet effet, nous déclarons que les informations contenues dans le présent Prospectus de Base sont, à notre connaissance, conformes à la réalité. Elles comprennent toutes les informations nécessaires aux investisseurs pour fonder leur jugement sur le patrimoine, l'activité, la situation financière, les résultats et les perspectives de l'Emetteur ainsi que sur les droits attachés aux instruments financiers et qu'elles ne comportent pas d'omission de nature à en altérer la portée.

Caisse d'Amortissement de la Dette Sociale

Représentant

Agent Comptable

le 26 Octobre 2005

le 26 Octobre 2005

Autorité des marchés financiers

En application des articles L.412-1 et L.621-8 du Code monétaire et financier et de son règlement général, notamment des articles 212-31 à 212-33, l'Autorité des marchés financiers a visé le présent prospectus de base le 26 Octobre 2005 sous le numéro n°05-741. Ce document ne peut être utilisé à l'appui d'une opération financière que s'il est complété par des conditions définitives. Il a été établi par l'émetteur et engage la responsabilité de ses signataires. Le visa, conformément aux dispositions de l'article L.621-8-1-I du code monétaire et financier, a été attribué après que l'AMF a vérifié "*si le document est complet et compréhensible, et si les informations qu'il contient sont cohérentes*". Il n'implique pas l'authentification par l'AMF des éléments comptables et financiers présentés. Ce visa est attribué sous la condition suspensive de la publication de conditions définitives établies, conformément à l'article 212-32 du règlement général de l'AMF, précisant les caractéristiques des titres émis.

REGISTERED OFFICE OF THE ISSUER

Caisse d'amortissement de la dette sociale

4 bis, boulevard Diderot
75012 Paris
France

**FISCAL AGENT, PRINCIPAL PAYING AGENT,
REDENOMINATION AGENT AND CONSOLIDATION AGENT**

Citibank, N.A., London Branch

5 Carmelite Street,
London, EC4Y 0PA,
United Kingdom

PARIS PAYING AGENT

Citibank International, Paris Branch

Citicentre,
19, le Parvis,
La Défense 7, Cedex 36
92073 Paris,
France

LEGAL ADVISERS

Clifford Chance Europe LLP

112, avenue Kléber
BP 163 Trocadero
75770 Paris Cedex 16
France