



**CAISSE D'AMORTISSEMENT DE LA DETTE SOCIALE**

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

*(Established in Paris, France)*

**EURO 130,000,000,000**

**DEBT ISSUANCE PROGRAMME**

This first prospectus supplement (the "**Supplement**") which has obtained visa n°11-452 on 13 October 2011 from the *Autorité des marchés financiers* (the "**AMF**") is supplemental to and must be read in conjunction with the Base Prospectus dated 30 May 2011 granted visa n°11-193 on 30 May 2011 by the AMF, (the "**Base Prospectus**") prepared by the *Caisse d'Amortissement de la Dette Sociale* ("**CADES**" or the "**Issuer**") with respect to the Euro 130,000,000,000 Debt Issuance Programme (the "**Programme**"). Terms defined in the Base Prospectus have the same meaning when used in this Supplement.

This Supplement has been prepared pursuant to Article 16.1 of Directive 2003/71/EC (the "**Prospectus Directive**") and article 212-25 of the AMF's General Regulation.

By virtue of this Supplement, CADES is providing the following information: (i) the semi-annual financial statements as at and for the period ended 30 June 2011, (ii) an updated list of the members of the *comité de surveillance* and (iii) an updated list of the members of the *conseil d'administration*.

Copies of this Supplement will be available without charge (i) on the website of the AMF ([www.amf-france.org](http://www.amf-france.org)) and (ii) on the website of the Issuer ([www.cades.fr](http://www.cades.fr)).

Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus which is capable of affecting the assessment of Notes issued under the Programme since the publication of the Base Prospectus.

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## THE BOARD OF DIRECTORS

The section '*Description of Issuer – Organisational Structure - The Board of Directors*' on page 61 of the Base Prospectus is deleted in its entirety and replaced by the following:

According to the CADES Law, the Board of Directors is composed of six members: the Chairman, three representatives of the Minister of the Economy, Industry and Employment and two representatives of the Ministers in charge of Social Security. The members of CADES' Board of Directors are appointed by decree by the applicable ministries. These directors may also be revoked using the same method. The Chairman is appointed by a decree signed by the President of the Republic of France and the Prime Minister on the joint recommendation of the Minister of the Economy, Industry and Employment and the Ministers in charge of Social Security. Mr Patrice Ract Madoux was appointed the Chairman of the Board of Directors by presidential decree on 9 September 1999, and has since then been reappointed. The last presidential decree appointing Mr Patrice Ract Madoux was published on 16 December 2008.

At the date hereof, the members of the Board of Directors, nominated by decrees, are as follows:

<i>Chairman</i>	Patrice Ract Madoux
<i>Members of the Board of Directors representing the Minister of the Economy, Industry and Employment</i>	Maya Atig, General Director of Treasury, or her deputy Sébastien Raspiller, Deputy Director;  François Tanguy, Deputy Director of Public Accountancy, or his deputy Grégory Berthelot, Chef de Bureau; and  Philippe Mills, General Director of Agence France Trésor, or his deputy Anthony Requin, Chef de Bureau.
<i>Members of the Board of Directors representing the Minister of Labour, Social Affairs, Family and Solidarity</i>	Dominique Libault, Social Security Director, or his deputy Jean-François Chadelat, General Inspector of Social Affairs; and  Jonathan Bosredon, Deputy Director of Social Security Funding, or his deputy Damien Vergé.

According to the CADES Law as amended by the Organic Laws, and as from the date of publication of and subject to the law in relation to the financing of the social security system for 2011 (*loi de financement de la sécurité sociale pour 2011*) (the "**2011 FSS Law**"), the number of members of the Board of Directors will be increased by eight members and will compose a total of fourteen members including:

- the chairman and the vice-chairman of the board of directors of the ACOSS or their respective deputy nominated by this board;
- each of the chairmen of the boards of the CNAMTS<sup>1</sup>, CNAVTS<sup>2</sup>, and of the CNAF<sup>3</sup> or the vice-chairmen nominated by these boards as the case may be;
- the chairman of the board of the *Caisse nationale du régime social des indépendants* or its deputy nominated amongst the vice-chairmen of this board;
- the chairman of the board of the *Caisse centrale de la mutualité sociale agricole* or the first vice-chairman of this board, designated as such;
- two people chosen by the French ministry in charge of the Economy and Finances or their respective deputies, nominated by order (*arrêté*) signed by this ministry;
- two people chosen by the French ministry in charge of the social security or their respective deputies, nominated by order (*arrêté*) signed by this ministry;

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<sup>1</sup> Caisse Nationale de l'Assurance Maladie des Travailleurs Salariés

<sup>2</sup> Caisse Nationale de l'Assurance Vieillesse des Travailleurs Salariés

<sup>3</sup> Caisse Nationale des Allocations Familiales

- a representative of the ministry in charge of the budget or his deputy, both nominated by order of this ministry;
- a representative of the supervisory board of the *Fonds de Réserve pour les Retraites* or his deputy, designated by the president of this supervisory board amongst the representatives of the *assurés sociaux* or independent workers and employers.

The Board of Directors oversees CADES' borrowing programme. The Board of Directors has the capacity, pursuant to Article 5-II of the CADES Law, to delegate to the Chairman any power to implement the borrowing programme by deciding any issuance or borrowing.

## THE SUPERVISORY COMMITTEE

The section '*Description of Issuer – Organisational Structure - The Supervisory Committee*' on page 62 of the Base Prospectus is deleted in its entirety and replaced by the following:

The Supervisory Committee reviews and comments on CADES' annual report and may assist the Board of Directors on any matter at the request of the Board of Directors, according to the CADES Law.

The Supervisory Committee is composed of four members of Parliament, including two deputies and two senators, the chairmen of national social security funds (*Caisses nationales de sécurité sociale*), the general secretary of the social security accounting commission, and representatives of ministries and members of the boards of directors of national entities of the general regime of the French social security and of the *Caisse nationale d'assurance maladie et maternité des travailleurs non salariés des professions non agricoles*.

At the date hereof, the members of the Supervisory Committee are:

- Philippe Vitel, Deputy, named by the *Président* of the National Assembly (*Assemblée Nationale*);
- Gérard Bapt, Deputy, named by the *Président* of the National Assembly (*Assemblée Nationale*);
- Alain Vasselle, Senator, named by the *Président* of the French Senate (*Sénat*);
- Jean-Jacques Jégou, named by the *Président* of the French Senate (*Sénat*);
- Julien Dubertret, named by the Ministry of the Economy, Industry and Employment;
- Ramon Fernandez, named by the Ministry of the Economy, Industry and Employment;
- François Tanguy, named by the Ministry of the Economy, Industry and Employment;
- Bernard Billon, named by the Ministry in charge of Social Security;
- Dominique Libault, named by the Ministry in charge of Social Security;
- Jean Picot, named by the Ministry in charge of Social Security;
- François de la Gueronnière, named by the Ministry in charge of Agriculture;
- Catherine Demier, member of the *Cour des Comptes*;
- Véronique Hespel, member of the *Inspection Générale des Finances*;
- Michel Laroque, general secretary of the commission in charge of social security accounts;
- François Monier, general secretary of the accounting committee for social security;
- Michel Regereau, chairman of the CNAMTS;
- Daniele Karniewicz, chairman of the CNAVTS;
- Jean-Louis Deroussen, chairman of the CNAF;
- Pierre Burban, chairman of the ACOSS;
- Franck Gambelli, president of the commission in charge of accidents at work and occupational diseases; and
- Gérard Quevillon, president of the specific social regime of independent workers (RSI).

According to the CADES Law as amended by the Organic Laws and as from the date of publication of and subject to the 2011 FSS Law, the Supervisory Committee will be removed.

## SEMI-ANNUAL FINANCIAL STATEMENTS

The following semi-annual financial statements will be incorporated into the Base Prosepctus immediately following page 165. These semi-annual financial statements have been prepared by CADES and have been subject to a limited review by KPMG Audit.

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## GENERAL INFORMATION

### 1. MISSION STATEMENT

Ordinance No. 96-50 dated 24 January 1996<sup>4</sup> established the Social Security Debt Repayment Fund (*Caisse d'Amortissement de la Dette Sociale – CADES*) on 1 January 1996. CADES is an administrative public agency (*Etablissement Public à Caractère Administratif - EPA*) supervised by the French Minister of the Economy and Finance 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 (*Agence Centrale des Organismes de Sécurité Sociale - ACOSS*); and
- Make payments to various social security funds and organizations.

CADES' mandate has been extended beyond 31 January 2014 as decided initially 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 social security debt repayment contribution (*Contribution pour le Remboursement de la Dette Sociale – CRDS*), introduced in Chapter 2 of the aforementioned Ordinance. It also received the proceeds from the sale of property assets owned and leased by the national agencies falling under the basic social security scheme and ACOSS.

A 0.2% share of the supplementary social security contribution (*contribution sociale généralisée - CSG*) has been paid to CADES since 2009. As from the 2011 financial year, this share will increase to 0.48% for the CSG on employment income and employment income replacements, taxable property and investments and to 0.28% for income from gaming.

Two new sources of income have been allocated to CADES as from the 2011 financial year: a 1.3 percentage point share of the 2.2% social security contributions from property and investment income, corresponding to 59% of such contributions, and, until and including the 2024 financial year, an annual €2.1 billion payment from the retirement reserve fund (*Fonds de réserve pour les retraites - FRR*).

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

Moreover, CADES benefits from repayments of receivables from foreign social security agencies to the national health insurance fund for salaried workers (*Caisse Nationale d'Assurance Maladie des Travailleurs Salariés – CNAMTS*).

Lastly, in accordance with Law No. 2004-810 of 13 August 2004, any future surpluses generated by the health insurance branch of the French social security system will be allocated to CADES. A Social

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<sup>4</sup> As modified by Social Security Finance Law No. 97-1164 of 19 December 1997, Law no. 98-1194 of 23 December 1998, the 2001, 2002, and 2006 Finance Laws, the 2003, 2004, 2006 and 2008 Social Security Finance Laws, Law No. 2004-810 of 13 August 2004 relating to health insurance, Organic Law No. 2005-881 of 2 August 2005, Law No. 2008-1249 of 1 December 2008, Ordinance No. 2009-80 of 22 January 2009, Law no. 2009-1646 of 24 December 2009, Law no. 2010-476 of 12 May 2010, Organic Law No. 2010-1380 of 13 November 2010, Law no. 2010-1594 of 20 December 2010, Law no. 2010-1657 of 29 December 2010 and Law no. 2010-1658 of 29 December 2010.

Security Finance Act will define the terms under which this transfer will take place.

## **2. ORGANIZATION OF THE AGENCY**

CADES is overseen by a Board of Directors and a Supervisory Board.

The composition of the Board of Directors was modified by Decree no. 2011-458 of 26 April 2011. It now comprises a majority of representatives from the social security bodies, whereas before it comprised solely representatives of the State.

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

Pursuant to the provisions of the aforementioned Decrees, financial and accounting transactions fall under the responsibility of Mr. Patrice Ract Madoux, the Authorizing Officer of CADES and Chairman of the Board of Directors, and Mr. Frank Mordacq, its Chief Accounting Officer and Head of CBCM Finances.

- CADES' annual budget is drawn up by 30 November of the previous year by the Board of Directors and approved by the ministers who supervise the agency.
- Financing is limited to appropriated funds, excluding expenses related to the repayment of loans, financial management costs, and assessment and collection charges.
- The Board of Directors reviews and signs off the accounts drawn up by the Chief Accounting Officer. The financial statements are then forwarded to the General Director of the Public Finances Directorate (*Direction Générale des Finance Publiques – DGFIP*) prior to submission to the Government Audit Office (*Cour des Comptes*).
- 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 and CSG 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 of 19 May 2009; and
- Audits carried out by the Government Audit Office.

Accounting transactions are recorded by CADES in an information system managed using software that is shared by the Authorizing Officer and the Chief Accounting Officer. The system is networked and features a single database. Authorizations for displaying and processing data have been clearly defined so as to enable the Chief Accounting Officer and the Authorizing Officer to exercise their respective powers.

## **3. GENERAL PROVISIONS FOR RECORDING ACCOUNTING AND FINANCIAL TRANSACTIONS**



## **Accounting framework**

Article 7 of Decree No. 96-353 of 24 April 1996, relating 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 Finances).

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

Consequently, both the transactions and the annual financial statements submitted by the Chief Accounting Officer are presented in accordance with standards specific to credit institutions. In addition, separate financial statements are drawn up in accordance with the regulatory standard set out in Instruction M 9-1, for submission to audit bodies.

This specific accounting framework was recommended by an independent consulting firm and approved by the Authorizing Officer, the Chief Accounting Officer, the General Directorate of Public Accounting and the French Accounting Standards Board (*Conseil National de la Comptabilité – CNC*) (Opinion No. 99-04, plenary session of 18 March 1999).

## **Transactions executed by the Chief Accounting Officer**

Transactions executed by CADES' Chief Accounting Officer differ from those traditionally executed by Accounting Officers at other administrative public agencies. Due to CADES' status as a market participant, specific structures have been set up in conformity with the agency's mission. For example, financing transactions are distinguished from administrative transactions.

## **1. Financing transactions**

The administrative workflow of financing transactions reflects the existence of Front Office, Middle Office and Back Office services.

The Front Office is responsible for transactions in the financial, interest rate and currency markets, in accordance with defined limits and procedures. These routine transactions relate to financing, investment and the management of interest rate and foreign exchange exposures.

A sequentially numbered ticket is issued for each transaction, describing its main features, and validated by the Front Office. The Back Office then verifies and validates the ticket before forwarding it to the Chief Accounting Officer.

The Middle Office gathers information on cash positions, draws up forecasts, provides repayment schedules, and performs a first-level plausibility check of Front Office transactions.

The Back Office records and validates the transactions processed by the Front Office after verifying that formal presentation and threshold requirements are met. The Back Office monitors risk, produces reports and liaises with the Accounting Departments.

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

## **2. Administrative transactions**

Performance of the administrative section of the budget is done in compliance with the provisions of the Decree of 29 December 1962, which sets forth general public-sector accounting policies. Administrative expenses are evidenced by payment orders and income by receipt 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, items of expenditure and income are recognized in the accounts and the amounts are paid or collected.

## **3. Cash movements**

CADES has opened a euro-denominated deposit account in the books of CBCM Finances that is listed in the register of government accounts.

In the books of CADES, entries to the debit of this account record expenses falling within the administrative budget. Only the Chief Accounting Officer may authorize these payments. Entries to the credit of this account record CRDS and CSG revenue paid over by the Public Treasury network. This takes the form of daily transfers from General Treasury offices.

Since 1 September 2005, CADES has had its own account with the Banque de France that is distinct

from the dedicated Treasury account. Movements to this account comprise all euro-denominated financial transactions completed by CADES and all CRDS and CSG revenue paid over by ACOSS. Once again, only the Chief Accounting Officer may authorize expenditures.

The balance on the deposit account is transferred to CADES' own account twice weekly.

In addition, CADES has opened accounts with foreign financial institutions in New York, London and Frankfurt.

These are intended to be zero-balance accounts. They record all transactions related to CADES issues in currencies other than the euro and their transformation into euro-denominated structures on the international markets.

Due to management constraints attributable primarily to the time lag between the European, Asian, American and Australian markets, CADES has been dispensed from applying the provision of the Decree of 29 December 1962, which states that only public accounting officers may authorize transactions affecting the financial accounts. Accordingly, the Back Office carries out transactions on CADES' foreign currency accounts.

## FINANCIAL HIGHLIGHTS

### NET DEBT AT REPAYMENT VALUE (in millions of euros) (\*)

At 30 June 2011	<b>135,343</b>
At 30 June 2010	<b>88,921</b>
At 31 December 2010	<b>86,299</b>

(in millions of euros) (*)	30 June 2011	30 June 2010	31 December 2010
<b>NET PROFIT</b>	<b>5,017</b>	<b>2,274</b>	<b>5,135</b>
Primarily reflecting the following items:			
CRDS and CSG net revenue	<b>5,484</b>	<b>3,860</b>	<b>8,151</b>
2.2% social security contributions	<b>370</b>	-	-
Retirement reserve fund (FRR)	<b>1,050</b>	-	-
Payments to the French State	-	-	-
Payments to social security agencies	-	-	-
Interest expenses	<b>(1,887)</b>	<b>(1,586)</b>	<b>(3,016)</b>

## BALANCE SHEET

At (in millions of euros)	30 June 2011	30 June 2010	31 December 2010
<b>ASSETS</b>			
Cash in hand, balances with central banks and post office banks (Note 1)	207.58	6,550.66	1,200.34
Treasury bills and other bills eligible for refinancing with central banks (Note 1)	0.00	0.00	12,166.95
Loans and advances to credit institutions (Note 1)		0.00	
- Repayable on demand	17.33	0.81	0.29
- Repayable at maturity	7,312.39	5,984.68	1,129.48
Intangible assets (Note 2)	0.01	0.00	0.00
Tangible assets (Note 2)	0.18	0.19	0.17
Property assets (Note 13.1)	0.00	0.00	0.00
Other assets (Note 3)	163.56	70.79	49.41
Prepayments and accrued income (Note 4)	2,597.54	4,551.61	2,665.73
<b>TOTAL ASSETS</b>	<b>10,298.59</b>	<b>17,158.74</b>	<b>17,212.37</b>
<b>LIABILITIES</b>			
Amounts owed to credit institutions (Note 5)			
- Payable on demand	0.00	0.00	0.00
- Payable at maturity	20.00	248.27	0.00
Debts evidenced by certificates (Note 6)			
- Negotiable debt instruments	33,024.55	8,846.57	8,446.45
- Bonds and similar instruments	109,676.72	93,687.05	92,798.48
- Other debts evidenced by certificates	0.00	0.00	0.00
Other liabilities (Note 7)	672.82	3,381.81	2,018.54
Accruals and deferred income (Note 8)	3,562.72	531.74	624.67
<b>Sub-total - Debts</b>	<b>146,956.81</b>	<b>106,695.44</b>	<b>103,888.14</b>
Provisions (Note 8.1)	<b>0.21</b>	<b>0.18</b>	<b>0.18</b>
Property endowment	181.22	181.22	181.22
Profit and loss account brought forward	-141,857.17	-91,991.83	-91,991.84
Profit for the period	5,017.52	2,273.73	5,134.67
<b>Sub-total - Reserves</b>	<b>-136,658.43</b>	<b>-89,536.88</b>	<b>-86,675.95</b>
<b>TOTAL LIABILITIES</b>	<b>10,298.59</b>	<b>17,158.74</b>	<b>17,212.37</b>

## PROFIT AND LOSS ACCOUNT

Period ended (in millions of euros)	30/06/2011	30 June 2010	31 December 2010
<b>Interest receivable and similar income (Note 9)</b>	<b>156.63</b>	<b>191.52</b>	<b>350.79</b>
- From transactions with credit institutions	31.57	10.25	29.51
. From bonds and other fixed income securities	10.46	0.40	12.28
. Other interest receivable and similar income	114.60	180.87	309.00
<b>Interest payable and similar charges (Note 10)</b>	<b>-1,998.74</b>	<b>-1,770.01</b>	<b>-3,347.19</b>
. On transactions with credit institutions	-51.03	-3.94	-11.04
. On bonds and other fixed income securities	-1,947.71	-1,766.07	-3,336.15
<b>Fees payable (Note 10)</b>	<b>-43.62</b>	<b>-6.54</b>	<b>-17.37</b>
<b>Gains and losses on trading securities (Note 11)</b>	<b>0.14</b>	<b>-0.01</b>	<b>-0.28</b>
. Net profit (loss) on foreign exchange transactions	0.14	-0.01	-0.28
<b>Gains and losses on investment securities (Note 11.1)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
. Net profit (loss) on investment securities	0.00	0.00	0.00
<b>Other operating income – banking</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Other operating charges – banking</b>	<b>-0.01</b>	<b>-0.01</b>	<b>-0.02</b>
<b>NET BANKING INCOME</b>	<b>-1,885.60</b>	<b>-1,585.05</b>	<b>-3,014.07</b>
<b>General operating charges (Note 13)</b>	<b>-1.40</b>	<b>-1.14</b>	<b>-2.50</b>
. Staff costs	-0.56	-0.47	-0.89
. Other administrative expenses	-0.84	-0.67	-1.61
<b>Depreciation and provisions - intangible and tangible assets</b>	<b>-0.02</b>	<b>-0.02</b>	<b>-0.04</b>
<b>Other operating income</b>	<b>6,934.36</b>	<b>3,879.34</b>	<b>8,312.03</b>
. Income related to CRDS and CSG (Notes 12.1 and 12.1.2)	5,512.05	3,879.34	8,312.03
. Income related to 2.2%-rate social security deductions (Note 12.2.1)	371.88	0.00	0.00
. Income from the retirement reserve fund (Note 12.3)	1,050.00	0.00	0.00
. Income from property (Note 13.1)	0.43	0.00	0.00
<b>Other operating charges</b>	<b>-29.82</b>	<b>-19.40</b>	<b>-160.75</b>
. Charges related to CRDS and CSG (Notes 12.1 and 12.1.1)	-27.73	-19.40	-86.83
. Charges related to 2.2%-rate social security deductions (Note 12.2.1)	-2.09	0.00	0.00
. Payments to the State (Note 14)	0.00	0.00	0.00
. Payments to social security agencies (Note 14)	0.00	0.00	0.00
. Provision for doubtful debts relating to CRDS and CSG (Notes 12.1 and 12.1.2)	0.00	0.00	-73.92
. Charges related to property (Note 13.1)	0.00	0.00	0.00
<b>GROSS OPERATING PROFIT</b>	<b>5,017.52</b>	<b>2,273.73</b>	<b>5,134.67</b>
<b>OPERATING PROFIT</b>	<b>5,017.52</b>	<b>2,273.73</b>	<b>5,134.67</b>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>5,017.52</b>	<b>2,273.73</b>	<b>5,134.67</b>
. Exceptional income (Note 15)	0.00	0.00	0.00
<b>NET PROFIT FOR THE PERIOD</b>	<b>5,017.52</b>	<b>2,273.73</b>	<b>5,134.67</b>

## CASH FLOW STATEMENT

(in millions of euros)

Cash flow (At)	30 June 2011	31 Dec. 2010	31 Dec. 2009
<b>(in millions of euros)</b>			
<b>Net banking income</b>	<b>-1,886</b>	<b>-3,014</b>	<b>-2,820</b>
Inflation premiums	245	170	-18
Provisions for financial instruments	0	0	-6
Amortization of premiums and balancing payments	16	-15	-32
Accrued interest	348	98	152
<b>Net cash from (used in) banking activities (A)</b>	<b>-1,277</b>	<b>-2,760</b>	<b>-2,724</b>
<b>Net operating income</b>	<b>6,904</b>	<b>8,151</b>	<b>8,082</b>
(Increase) decrease in accrued income from CRDS and CSG	-249	88	-284
(Increase) decrease in accrued income from 2.2% social security deductions	-92	0	0
(Increase) decrease in other accrued income	6	-2	36
Prepayments by FRR	1,050	0	0
<b>Net cash from (used in) operating activities (B)</b>	<b>7,619</b>	<b>8,237</b>	<b>7,835</b>
<b>Net cash from (used in) banking and operating activities (C=A+B)</b>	<b>6,342</b>	<b>5,477</b>	<b>5,111</b>
<b>Net cash from (used in) financing activities (D)</b>	<b>41,698</b>	<b>4,066</b>	<b>12,445</b>
<b>Debt assumed (E)</b>	<b>-55,000</b>	<b>0</b>	<b>-17,000</b>
<b>Net cash flow for the year (C+D+E)</b>	<b>-6,960</b>	<b>9,543</b>	<b>557</b>
<b>Cash and cash equivalents at start of period</b>	<b>14,497</b>	<b>4,955</b>	<b>4,398</b>
<b>Cash and cash equivalents at close of period</b>	<b>7,537</b>	<b>14,497</b>	<b>4,955</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>-6,960</b>	<b>9,543</b>	<b>557</b>

The cash flow statement takes into account the following items:

- A - net cash from (used in) banking activities

This is net banking income (debts plus income from derivatives and cash instruments) less income and expenses with no effect on the cash position (provisions, amortization of issuance and redemption premiums, accrued interest, revaluation of index-linked bonds, etc.).

- B - net cash from (used in) operating activities

This is the operating profit or loss (mainly CRDS, CSG and FRR income) less income and expenses with no effect on the cash position (accrued income or deferred expenses).

- C - net cash from (used in) banking and operating activities

This consists of net cash from (used in) banking and operating activities (C = A + B).

- D - net cash from (used in) financing activities

These are the cash flows resulting from debt issuance and debt repayment during the period.

- E - social security debt assumed

Social security debt assumed represents the disbursements made during the period by CADES in respect of debt assumed from social security funding organizations.

The net change in cash and cash equivalents reflects the following cash flows:

- net cash from (used in) banking and operating activities (C),
- net cash from (used in) financing activities (D), and

- social security debt assumed (E).



## OFF BALANCE SHEET COMMITMENTS

At (in millions of euros) (Notes 16 to 18)	30/06/2011	30/06/2010	31/12/2010
<b>COMMITMENTS GIVEN</b>			
<b>Financing commitments</b>			
. Annual payment to the State (Article 4.IV of Ordinance no. 96-50 of 24 January 1996)	-	-	-
. Payments to social security funding organizations (Article 4.IV of Ordinance no. 96-50 of 24 January 1996)	75,000.00	-	130,000.00
. Other commitments given (repurchase agreements)	97.00	-	-
<b>COMMITMENTS RECEIVED</b>			
<b>Financing commitments</b>			
. From credit institutions (Note 18)	13,700.00	700.00	700.00
. From banks for the purchase of treasury notes (Note 18)	6,000.00	-	-
. Sundry credit lines (Note 18)	2,054.07	-	-
. ECP and USCP agreements (Note 18)	17.30		
. Retirement reserve fund ( <i>Fonds de Réserve des Retraites</i> )	27,300.00	-	29,400.00

## NOTES TO THE FINANCIAL STATEMENTS

### HIGHLIGHTS OF THE PERIOD

- **Social security debts assumed**

Under the 2011 Social Security Funding Act (*Loi de Financement de la Sécurité Sociale - LFSS*) 2010-1594 of 20 December 2010, CADES is required to take on the following debts:

The deficits of 2009 and 2010 and the forecast deficit for 2011 for the health, maternity, incapacity and death insurance branch, the senior citizens, widows and widowers insurance branch and the family insurance branch of the French social security system, up to a maximum of €68 billion, by 31 December 2011 at the latest.

Decree 2011-20 of 5 January 2011 stipulating the dates and amounts to be paid sets the provisional transfer amount at €5.3 billion.

The deficits of 2011 to 2018 for the senior citizens, widows and widowers insurance branch of the French social security system, subject to an overall maximum of €2 billion and a yearly maximum of €10 billion. These payments are to be made by 30 June each year as from 2012. The dates and amounts to be paid will be set subsequently by decree.

At 31 December 2010, in accordance with the accounting policies CADES applies, all future deficits to be assumed have been recognized in off-balance sheet items as commitments given, in the amount of €30 billion.

Following payments of €5 billion in favour of ACOSS in the first half of 2011, this amount stood at €75 billion as at 30 June 2011.

- **New resources allocated to debt coverage**

Act 2010-1594 of 20 December 2010 provides for the allocation of the following additional resources to CADES as from 2011:

A larger share of the supplementary social security contribution (Contribution Sociale Généralisée - CSG), which will increase from 0.2% to 0.48% for CSG on employment income and employment income replacements, taxable property and investments and to 0.28% for income from gaming;

A 1.3 percentage point share of social security contributions on property and investment income, for which the rate is set at 2.2%, corresponding to 59% of such contributions;

Until and including the 2024 financial year, an annual €1 billion payment from the retirement reserve fund (Fonds de réserve pour les retraites - FRR) in accordance with an agreement drawn up between the two institutions setting out the timing of payments. The first payment was made on 26 April 2011.

- **Financing transactions**

#### Issues

CADES borrowed €2.09 billion via:

- 3 issues made under the UK programme for a total of €3.27 billion, (2 in EUR and 1 in USD);
- 12 issues made under the French programme for a total of €1.90 billion (4 in EUR, 3 in USD, 3 in GBP and 2 in CHF);
- 12 tap issues made under the French programme for a total of €6.92 billion (10 in EUR and 2 in GBP).

### **Redemptions**

In the first half of 2011, CADES reimbursed three issues made under the French programme for a total amount of €4.02 billion.

### **Inflation swaps**

Eight inflation swaps totalling €305 million matured during the first half of the year.

- **Credit lines**

Commitments received in the first half of 2011 comprise:

- four backup credit lines totalling €700 million that are cancellable by the counterparty at 30 days' notice;
- five bilateral commitments to purchase commercial paper issued by CADES for a total amount of €6 billion (€2 billion maturing on 23 August 2011, €1 billion maturing on 17 January 2012, €1 billion maturing on 9 March 2012, €1 billion maturing on 22 March 2012 and €1 billion maturing on 14 April 2012);
- a €2 billion credit line maturing on 1 February 2012;
- a €1 billion credit line maturing on 22 February 2012.

## ACCOUNTING POLICIES AND METHODS

### **1. Basis of valuation and presentation**

The accounting policies adopted by CADES meet two requirements.

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

The presentation of the interim financial statements complies with amended Regulation 91-01 of 16 January 1991 issued by the French Banking and Financial Regulatory Committee (*Comité de la Réglementation Bancaire et Financière – CRBF*) relating to the preparation and publication of the individual accounts of credit institutions. The French National Accounting Board (*Conseil National de la Comptabilité – CNC*) decided in Opinion 99-04 that CADES could present certain transactions in a specific manner. Accordingly, in its profit and loss account, CADES records operating income and expenses, which are mainly composed of the revenue drawn from the CRDS and CSG and from property transactions, and payments to the State and social security funding organizations.

These accounts are then aggregated to comply with the chart of accounts applicable to administrative public undertakings in accordance with the requirements of Instruction M9-1, before being submitted to the Government Audit Office.

### **2. Specific characteristics of CADES**

CADES has been tasked with paying down the debt transferred to it. The profit or loss therefore measures its capacity to reduce its own debt, and corresponds to the resources allocated to it less the financial costs relating to its debt with third parties.

The profit and loss account should be interpreted in light of the specific mission entrusted to CADES, the sole purpose of which is to extinguish a debt over its scheduled term.

### **3. Changes in accounting policies and methods compared with previous years**

No changes were made to accounting principles and methods in the first half of 2011.

### **4. Debts assumed from social security funding organizations**

The payments CADES makes in respect of debts assumed from social security funding organizations in accordance with the social security deficit funding acts are recognized through reserves against the

profit and loss account brought forward.

Debts assumed in accordance with legal stipulations but for which payments have not yet been made to the organizations are recorded as off-balance sheet commitments (see Note 18).

## **5. CADES' resources**

### **5.1 - Contribution to the repayment of the social security debt**

#### ▪ Revenue explicitly allocated to CADES

The social security debt repayment contribution (CRDS) defined by Ordinance No. 96-50 of 24 January 1996 was explicitly created to provide resources to CADES. Article 6 of said Ordinance states that “the proceeds of the contributions created in respect of Chapter 2 of said Ordinance on repayment of the social security debt shall be allocated to Caisse d’Amortissement de la Dette Sociale”.

#### ▪ A broad-based tax

The tax is levied on multiple sources of income. One can distinguish:

- On the one hand, employment income and employment income replacements: salaried income, redundancy payments and retirement indemnities (under certain conditions), retirement and disability pensions, sickness and maternity benefits, housing benefits, family allowances, and child-care benefits, etc., and
- On the other hand, revenue from property, from investments, from the sale of precious metals and jewellery, and from gaming.

Contributions assessed on employment income and employment income replacements are paid over daily by ACOSS to CADES as and when they are collected by the central agency.

Contributions assessed on other revenues are centralized by the State’s financial agencies (tax collection offices, treasuries and customs and excise agencies) before being paid over to CADES.

#### ▪ Collection costs borne by CADES

Article 8 of the Ordinance of 24 January 1996 stipulates that CADES shall bear assessment and collection costs. These costs consist of a flat amount defined jointly by the Minister of the Economy and Finance and the Minister in charge of Social Security.

Collection agencies deduct a 0.5% withholding from the contribution paid over to CADES.

CRDS contributions levied on revenue from property entered in the tax assessment register by the Public Finances Directorate (DGFIP) are paid over to CADES on the basis of register entries and not the amounts actually collected. In return, a 4.1% withholding is applied to the sums paid over to

CADES to cover assessment and collection costs (0.5%) and the cost of tax reductions and bad debts (3.6%), as provided for by Article 1641 of France's Tax Code (*Code Général des Impôts*).

Amounts collected by CADES in respect of the CRDS are reported under "Other operating income" in the profit and loss account. Assessment and collection costs are recorded under "Other operating charges".

- Accrual basis accounting

CADES applies the accruals principle in accordance with accounting standards applicable to credit institutions and Articles L114-5 and D-114-4-4 of the Social Security Code establishing the principle whereby social security agencies shall maintain accounting records on a receivable-payable basis.

Accordingly, CRDS contributions paid to collecting agencies are included in the accounts for the period regardless of the date on which these amounts were actually collected. So as to be able to recognise this income at the balance sheet date, CADES accrues this income on the basis of a notification provided by the collecting agencies indicating amounts assessed for the period not collected at the balance sheet date and CRDS contributions not yet collected by ACOSS. Not having received a notification from the collecting agencies for the six months under review, CADES has estimated the income based on the payments it received in July.

Provisions against outstanding CRDS contributions are notified to CADES by ACOSS. These provisions are calculated on a statistical basis applying an annual rate determined by reference to an aged analysis of the receivables. They are deducted from gross amounts receivable as reported in the balance sheet. Not having received a notification from ACOSS at 30 June 2011, CADES has calculated provisions against outstanding CRDS contributions on the same basis as that used at the previous year-end.

Regarding the collection of the CRDS contributions, it should be noted that at no time does CADES act as primary collector; the resources to which it is entitled are remitted by third parties, first and foremost ACOSS, followed by the Public Finances Directorate (DGFIP).

CADES's responsibility is confined to verifying that the sums transferred agree to the accounting vouchers raised. The primary collecting agencies are responsible for transferring the funds, for verifying the tax base, for adjusting tax bases when applicable and for recovering past dues, in return for which these agencies receive a remuneration equivalent to 0.5% of the sums collected.

Accordingly, CADES's responsibility at revenue level is limited to substantive verifications of the accounting vouchers produced by the collecting agencies.

## **5.2 - Supplementary social security contribution**

Law No. 2008-1330 on the funding of the social security system for 2009 extended the mission of CADES by entrusting to it a further €27 billion of debt in respect of the health insurance deficit (€4.1 billion), retirement pension deficit (€8.8 billion) and retirement solidarity fund (€1 billion).

In accordance with the Organic Law of 2 August 2005, the French Parliament voted an increase in resources so as not to extend the life of CADES. This new resource corresponds to a share of the supplementary social security contribution (*Contribution Sociale Généralisée – CSG*). Paid to CADES at the rate of 0.2% since the 2009 financial year, this share was increased from 2011 to

0.48% for CSG on employment income and employment income replacements, taxable property and investments and to 0.28% for income from gaming.

This is a broad-based tax levied on employment income and employment income replacements as well as revenue from property, investments and gaming.

The difference in tax base between the CRDS and GSG is that in the latter case it does not include revenue from the sale of precious metals and jewellery.

The payment circuits and methods of accounting for the CSG are the same as for the CRDS.

### **5.3 - Social security contributions on income from property and investments set at 2.2%**

Act no. 2010-1594 of 20 December 2010 provides for the allocation to CADES, as from 2011, of a 1.3 percentage point share of the 2.2% social security contributions on property and investment income, as specified in Article 241-14 of the French social security code (*Code de la Sécurité Sociale*). This share corresponds to 59% of such contributions.

### **5.4 - Resources from the retirement reserve fund**

Under the 2011 Social Security Funding Act (*Loi de Financement de la Sécurité Sociale - LFSS*) 2010-1594 of 20 December 2010, the retirement reserve fund (*Fonds de réserve pour les retraites - FRR*) is required to pay CADES a total of €29.4 billion in yearly instalments of €2.1 billion no later than 31 October, with effect from 1 January 2011 until 2024. The two institutions concerned have drawn up an agreement laying down the timing and terms and conditions governing these payments.

The annual income of €2.1 billion to be paid by the FRR as from 2011 will be recognized under income for the period concerned. This payment is made in April each year.

The amount recognized under income at 30 June 2011 corresponded to half of the annual payment, i.e. €1.05 billion.

FRR's commitment to pay amounts for the subsequent years will be recognized off-balance sheet under Financing commitments received – Retirement reserve fund.

## **6. Private rental property**

CADES has sold all the property transferred to it on 1 January 2000 in application of Article 9 of Ordinance No. 96-50 of 24 January 1996 and recorded under "Property endowment" as a component of reserves.

Acting on behalf of CADES, CNAVTS managed the residual rights and obligations related to this property until the expiration of the agreement between the two parties on 31 December 2006. Signed in December 1999, this agreement empowered CNAVTS to do all that was necessary in connection

with the administration of the properties.

Since 1 January 2007, disputes and claims have been managed internally by CADES.

CADES' Chief Accounting Officer records expenses and revenue on the basis of the supporting documents submitted by the Authorizing Officer.

## **7. Transactions denominated in foreign currencies**

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

- Foreign currency transactions involving balance sheet and off balance sheet items are measured in euros at the rate of exchange ruling on the balance sheet date.

The rates used at 30 June 2011, which correspond to the reference rates communicated by the European Central Bank, are indicated in the table below:

USD:	1.4453	SEK:	9.1739	GBP:	0.90255
AUD:	1.3485	NOK:	7.7875	MXN:	16.9765
CHF:	1.2071	NZD:	1.7468	HKD:	11.2475
CAD:	1.3951	TRY:	2.3500	JPY:	116.25
ZAR:	9.8569				

- Foreign currency income and charges are converted into euros at the exchange rate ruling on the date when they were recognized in the profit and loss account.
- Realized and unrealized foreign exchange gains and losses are recognized in the profit and loss account as operating income from banking transactions or operating charges on banking transactions.

## **8. Repurchase agreements with securities delivered**

Top-grade securities are acquired by CADES under repurchase agreements for the purpose of investing available cash balances.

Securities received under these agreements are reported under loans and advances to credit institutions.

## **9. Tangible and intangible fixed assets**

Fixed assets are accounted for under the historical cost convention. Tangible fixed assets are depreciated and intangible fixed assets amortized over their estimated useful life.



Tangible fixed assets consist mainly of office equipment and computer equipment.

Intangible fixed assets consist of software.

## **10. Bonds**

Bonds issued by CADES are reported as a liability in the balance sheet at their nominal value (if redeemed at par) plus accrued interest. Foreign currency bonds are converted into euros at the rate of exchange prevailing on the balance sheet date.

Bonds indexed to inflation (French consumer price index excluding tobacco for all households in Metropolitan France) are measured by reference to a predefined inflation benchmark on the balance sheet date, resulting in the recognition of a redemption premium that is reported as a liability.

Inflation benchmarks:

Consumer price index on 30 June 2011:	122.306
Cadesi 2011 index:	1.16202
Cadesi 2013 index:	1.22093
Cadesi 2017 index:	1.07847
Cadesi 2019 index:	1.11889
Cadesi 2021 index:	1.01915

When bonds are issued at a premium, this premium is accounted for as deferred charges and is therefore reported under prepayments and accrued income in the balance sheet. These charges are recognized to the profit and loss account over the life of the bonds under banking operating charges.

When bonds are issued at a discount, this discount is accounted for as deferred income. This income is recognized to the profit and loss account over the life of the bonds under banking operating income.

All costs relating to bond issues are charged to the profit and loss account on the date of issue and reported under fees payable.

## **11. Interest rate and currency swaps**

Transactions involving forward financial instruments, entered into for the purpose of hedging interest rate and currency exposure, are recognized in accordance with the regulations issued by the French Banking and Financial Regulatory Committee. Commitments in respect of these transactions are reported as off balance sheet commitments at the contract's nominal value. Accounting principles applied differ according to the nature of these instruments and management intention at inception.

Transactions consist mainly of interest rate swaps and currency swaps entered into for hedging purposes. Interest rate swaps are entered into in compliance with the risk management policy defined by the Board of Directors. Currency swaps are entered into only for the purpose of hedging CADES'

foreign exchange exposures.

Income and charges arising on forward financial instruments entered into for the purpose of hedging or managing the global interest rate exposure are recognized to profit or loss *pro rata temporis*.

Gains and losses on hedging designed to reduce the risk resulting from a particular asset or liability are taken to profit or loss and included under interest receivable and similar income or interest payable and similar charges to match income or charges recognized in respect of the hedged item.

As regards balancing cash payments arising from swaps entered into to hedge a debt instrument on inception, the portion covering issuance costs in respect of the underlying instrument is taken to profit and loss when the cash payment is recognized. This accounting method fairly reflects the asset value of issues transformed by entering into swaps involving cash payments and results in the amount equivalent to the issuance costs being recognized to profit and loss *pro rata temporis*.

## **12. Interest rate futures**

Firm macro hedging transactions on organized markets (German Bund and Bobl) are recognized in accordance with the regulations issued by the French Banking and Financial Regulatory Committee. Sales of financial futures (Euro Bund and Euro Bobl futures) are recognized as off balance sheet items for their nominal value.

Margin calls are recognized directly to profit or loss. Initial margins are accounted for as deposits paid and reported as assets in the balance sheet. Finally, brokerage fees – which represent trading fees on the sale or purchase of Bunds or Bobls – are recognized directly to profit or loss.

## **13. Provisions**

No general provisions for liabilities and charges are recognized by CADES. When appropriate, provisions in respect of identified risks are set aside in accordance with applicable accounting principles.

## **14. Taxation**

CADES is not assessed to business taxes (corporation tax, value added tax and local business tax) or to apprenticeship tax. The only tax it pays is the payroll tax.

Note that profits on the sale of property transferred by the social security agencies did not give rise to the payment of corporation tax.

## **15. Counterparty risk**

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

For both types of transactions, CADES has signed market agreements modelled on the master agreement drawn up by the French Banking Association (*Fédération Bancaire Française – FBF*) providing for daily margin calls (for investment transactions) and weekly margin calls (for off balance sheet transactions).

### 1. Investment transactions

CADES invests cash balances mainly in securities delivered under repurchase agreements but may also buy government securities outright. In exchange for the loan extended to a counterparty, CADES receives full ownership of a government security (OAT, BTAN, BTF) or government-guaranteed security over the term of the repurchase agreement. Most repurchase agreements are negotiated with French Treasury bond dealers (*Spécialiste en Valeurs du Trésor – SVT*) or counterparties with an AA rating.

Margins calls are carried out daily by CADES to provide additional protection against significant fluctuations in market prices for the securities received as collateral.

### 2. Off balance sheet transactions

To manage its interest rate risk and eliminate the currency risk, CADES enters into transactions in the derivatives markets involving instruments such as interest rate swaps, currency swaps and asset swaps.

By using triggers set by reference to each counterparty's rating and by carrying out weekly margin calls, CADES significantly reduces the residual risk of default for these instruments.

## **16. Transactions involving investment securities**

The portfolio of investment securities is valued in accordance with Regulation 90-01 (as amended) issued by the French Banking and Financial Regulatory Committee. This portfolio, which consists of fixed income government securities, is reported under treasury bills and other bills eligible for refinancing with central banks in the balance sheet.

Securities are reported at their cost of acquisition in the balance sheet. Interest income is reported under interest receivable and similar income from bonds and other fixed income securities.

Unrealized losses give rise to a provision for impairment determined by reference to the most recent quoted price. These provisions are determined individually.

Provisions for impairment set aside and reversed and gains and losses on the sale of investment securities are reported under "gains and losses on investment securities in the profit and loss account".

## NOTES

### BALANCE SHEET

At 30 June 2011, the balance sheet showed total assets of €10.30 billion for a total debt of €146.96 billion resulting in negative reserves of €136.66 billion.

#### ASSETS

##### Note 1: Treasury and interbank transactions

At (in millions of euros)	30/06/2011	30/06/2010	31/12/2010
<b>CENTRAL BANKS</b>	<b>207.58</b>	<b>6,550.66</b>	<b>1,200.34</b>
Central banks	207.58	6,550.66	1,200.34
<b>TREASURY BILLS AND OTHER BILLS ELIGIBLE FOR REFINANCING WITH CENTRAL BANKS</b>	<b>0.00</b>	<b>0.00</b>	<b>12,166.95</b>
Government securities with a maturity of less than 3 months	0.00	0.00	12,157.00
Accrued interest	0.00	0.00	9.95
<b>LOANS AND ADVANCES TO CREDIT INSTITUTIONS</b>	<b>7,329.72</b>	<b>5,985.49</b>	<b>1,129.77</b>
<b>Repayable on demand</b>	<b>17.33</b>	<b>0.81</b>	<b>0.29</b>
Debit balances on ordinary accounts	2.33	0.81	0.29
Securities received under open repurchase agreements	15.00	0.00	0.00
Accrued interest	0.00	0.00	0.00
<b>Repayable at maturity</b>	<b>7,312.39</b>	<b>5,984.68</b>	<b>1,129.48</b>
Securities received under term repurchase agreements with a maturity of less than 3 months	7,310.75	5,983.86	1,129.34
Of which: Treasury bills	451.23	154.20	0.00
Bonds	3,248.01	2,526.51	403.41
Own securities	3,611.51	3,303.15	725.93
Accrued interest	1.64	0.82	0.14
<b>TOTAL</b>	<b>7,537.30</b>	<b>12,536.15</b>	<b>14,497.06</b>

Balances with central banks correspond to the euro-denominated account opened by CADES at Banque de France.

Government securities with a maturity of less than three months consisted at 31 December 2010 of treasury bills issued by ACOSS.

##### Note 2: Intangible and tangible fixed assets

(in millions of euros)	Gross value at 1 January 2011	Increase	Decrease	Gross value at 30 June 2011	Amortization and depreciation	Net book value at 30 June 2011	Net book value at 30 June 2010	Net book value at 31 December 2010
<i>Intangible assets</i>	<b>0.22</b>	<b>0.01</b>	<b>0.00</b>	<b>0.23</b>	<b>0.22</b>	<b>0.01</b>	<b>0.00</b>	<b>0.00</b>
<i>Software</i>	0.22	0.00	0.00	0.22	0.22	0.00	0.00	0.00
<i>Sundry</i>	0.00	0.01	0.00	0.01	0.00	0.01	0.00	0.00
<i>Tangible assets</i>	<b>0.69</b>	<b>0.03</b>	<b>0.00</b>	<b>0.72</b>	<b>0.54</b>	<b>0.18</b>	<b>0.19</b>	<b>0.17</b>
<i>Sundry equipment</i>	0.69	0.03	0.00	0.72	0.54	0.18	0.19	0.17
<b>TOTAL</b>	<b>0.91</b>	<b>0.04</b>	<b>0.00</b>	<b>0.95</b>	<b>0.76</b>	<b>0.19</b>	<b>0.19</b>	<b>0.17</b>

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

### **Note 3: Other assets**

(in millions of euros)	30/06/2011	30/06/2010	31/12/2010
<b>SUNDRY DEBTORS</b>	<b>163.56</b>	<b>70.79</b>	<b>49.41</b>
Deposits paid by way of initial margins	114.15	23.59	0.00
<i>Deposits</i>	113.80	23.59	0.00
<i>Accrued interest</i>	0.35	0.00	0.00
Outstanding CRDS and CSG contributions to be collected by ACOSS	49.41	47.20	49.41
<i>Gross amounts receivable</i>	392.65	316.52	392.65
<i>Provisions</i>	-343.24	-269.32	-343.24
Other debtors in respect of financial transactions	0.00	0.00	0.00
Other debtors in respect of operating charges	0.00	0.00	0.00
Other sundry debtors – CNAV	0.00	0.00	0.00
<i>Gross amounts receivable</i>	1.31	1.61	1.61
<i>Provisions</i>	-1.31	-1.61	-1.61
<b>TOTAL</b>	<b>163.56</b>	<b>70.79</b>	<b>49.41</b>

Other assets include:

- Deposits paid by way of initial margins in connection with forward contracts entered into to hedge counterparty risk amounting to €14.15 million.

- Outstanding CRDS and GSG contributions to be collected by ACOSS amounting to €49.41 million. Provisions totalling €343.24 million have been deducted from the gross amounts receivable of €392.65 million.
- A receivable of €1.31 million, consisting of the balance of damages, amounting to €1.17 million, claimed from a buyer who reneged on a commitment to purchase a group of buildings and sundry debtor balances totalling €0.14 million due from tenants and buyers for which legal proceedings are being managed by CNAVTS. These amounts were provisioned in full at 30 June 2011.

Movements in provisions against outstanding CRDS and CSG contributions to be collected by ACOSS and in respect of sundry debtors are detailed in the table below:

At (in millions of euros)	30/06/2011	30/06/2010	31/12/2010
<b>Provisions brought forward</b>	<b>344.85</b>	<b>270.93</b>	<b>270.93</b>
Provisions set aside – property	0.00	0.00	0.00
Provisions set aside – CRDS and CSG	0.00	0.00	73.92
Provisions reversed – property	-0.30	0.00	0.00
Provisions reversed – CRDS and CSG	0.00	0.00	0.00
<b>Provisions carried forward</b>	<b>344.55</b>	<b>270.93</b>	<b>344.85</b>

#### **Note 4: Prepayments and accrued income**

(in millions of euros)	30/06/2011	30/06/2010	31/12/2010
<b>ACCRUED INCOME</b>	<b>1,727.15</b>	<b>1,435.30</b>	<b>1,315.90</b>
On forward interest rate instruments	164.85	215.04	225.09
On forward currency instruments	450.60	479.85	320.30
On CRDS and CSG revenues	1,020.01	739.07	770.51
On income from 2.2%-rate social security contributions	91.69	0.00	0.00
On property sales	0.00	0.00	0.00
Other accrued income	0.00	1.34	0.00
<b>CONTINGENT LOSSES AND LOSSES TO BE SPREAD ON FORWARD FINANCIAL INSTRUMENTS</b>	<b>19.25</b>	<b>16.30</b>	<b>13.34</b>
<b>DEFERRED CHARGES</b>	<b>315.26</b>	<b>250.79</b>	<b>237.74</b>
Issuance premiums on bonds and EMTN	315.26	250.79	237.74
Other deferred charges	0.00	0.00	0.00
<b>PREPAYMENTS</b>	<b>34.32</b>	<b>11.65</b>	<b>12.01</b>
Prepaid administrative expenses	0.12	0.13	0.01
Prepaid interest on negotiable debt instruments	34.20	11.52	12.00
Other prepayments	0.00	0.00	0.00
<b>OTHER</b>	<b>501.56</b>	<b>2,837.57</b>	<b>1,086.74</b>
Currency adjustment accounts	501.37	2,837.57	1,086.54
Property rental adjustment account	0.00	0.00	0.00
Sundry	0.19	0.00	0.20
<b>TOTAL</b>	<b>2,597.54</b>	<b>4,551.61</b>	<b>2,665.73</b>

Prepayments and accrued income consist of transactions affecting the profit and loss account independently of the date on which the corresponding expense or income is paid or collected. They include:

- accrued income relating to CRDS and CSG contributions for €1,020.01 million, to the 2.2% social security contributions for €91.69 million and to financial instruments amounting to €164.85 million for interest rate instruments and to €450.60 million for currency instruments.
- issuance premiums on bonds and EMTN amounting to €315.26 million to be recognised to profit and loss over time.
- prepayments amounting to €34.32 million, which consist mainly of prepaid interest on the issue of negotiable debt instruments.
- currency adjustment accounts amounting to €501.37 million, being technical accounts used to recognise to profit and loss adjustments arising on the measurement of off balance sheet commitments.

## LIABILITIES

Liabilities draw a distinction between the reserves and the other liabilities of CADES.

Reserves consist of the profit and loss account brought forward, the profit or loss for the period and the property endowment. At 30 June 2011, CADES had negative reserves of €136,658.43 million. These negative reserves correspond to the debt transferred to CADES amounting to €34,148.5 million, €47,310 million pursuant to the Law of 13 August 2004, €27,000 million pursuant to the Law of 17 December 2008 and €5,000 million pursuant to the Law of 20 December 2010, less amounts that have been credited to reserves and which are composed of the accumulated profits generated by CADES since 1996 amounting to €26,554.15 million, the property endowment on 1 January 2000 amounting to €81.22 million, and the payment received from ACOSS amounting to €64.7 million by way of an adjustment of the deficits assumed by CADES from 1999 to 2006.

Liabilities, which amounted to €146,956.81 million at 30 June 2011, consist of amounts due to credit institutions totalling €20 million, debts evidenced by certificates totalling €142,701.27 million, and accruals and deferred income totalling €4,235.54 million.

### Note 5: Treasury and interbank transactions

At	30/06/2011				30/06/2011	30/06/2010	31/12/2010
(in millions of euros)	Up to 3 months	Over 3 months and up to 1 year	Over 1 year and up to 5 years	Over 5 years	Total	Total	Total
<b>AMOUNTS OWED TO CENTRAL BANKS</b>							
<b>Amounts owed to credit institutions</b>	<b>20.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>20.00</b>	<b>248.27</b>	<b>0.00</b>
<b>Repayable on demand</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Credit balances on ordinary accounts	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Repayable at maturity</b>	<b>20.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>20.00</b>	<b>248.27</b>	<b>0.00</b>
Securities given under repurchase agreements	20.00	0.00	0.00	0.00	20.00	248.24	0.00
Accounts and loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Of which: Euro	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other currencies	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accrued interest	0.00	0.00	0.00	0.00	0.00	0.03	0.00
<b>TOTAL</b>	<b>20.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>20.00</b>	<b>248.27</b>	<b>0.00</b>

### Note 6: Debts evidenced by certificates



At	30/06/2011				30/06/2010	31/12/2010	
(in millions of euros)	Up to 3 months	Over 3 months and up to 1 year	Over 1 year and up to 5	Over 5 years	Total	Total	Total
<b>NEGOTIABLE DEBT INSTRUMENTS</b>	<b>12,441.28</b>	<b>20,572.28</b>	<b>11.00</b>	<b>-</b>	<b>33,024.55</b>	<b>8,846.57</b>	<b>8,446.45</b>
Treasury bills denominated in euros	1,378.30	1,195.50	0.00	0.00	2,573.80	0.00	10.00
Treasury bills denominated in other currencies	96.91	95.29	0.00	0.00	192.20	12.22	0.00
MTN denominated in euros	0.00	0.00	11.00	0.00	11.00	11.00	11.00
Commercial paper denominated in euros	810.10	496.86	0.00	0.00	1,306.95	186.00	0.00
Commercial paper denominated in other currencies	4,264.46	5,037.31	0.00	0.00	9,301.77	8,637.35	8,425.45
Other negotiable debt instruments denominated in foreign currencies	5,891.51	13,747.32	0.00	0.00	19,638.83	0.00	0.00
Accrued interest	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>BONDS</b>	<b>6,431.93</b>	<b>6,093.71</b>	<b>53,784.17</b>	<b>43,366.91</b>	<b>109,676.72</b>	<b>93,687.05</b>	<b>92,798.48</b>
Bonds and EMTN denominated in euros	3,115.15	3,500.00	33,134.88	40,566.32	80,316.35	67,921.99	65,656.21
Bonds and EMTN denominated in other currencies	2,460.78	1,650.52	20,649.29	2,800.59	27,561.18	23,978.06	25,773.15
Accrued interest	856.00	943.19	0.00	0.00	1,799.19	1,787.00	1,369.12
<b>TOTAL</b>	<b>18,873.21</b>	<b>26,665.99</b>	<b>53,795.17</b>	<b>43,366.91</b>	<b>142,701.27</b>	<b>102,533.62</b>	<b>101,244.93</b>

Note that one €200 million bond maturing in 2025 which was the subject of a €100 million tap issue can be redeemed early by the counterparty as from 2021.

#### **Debts evidenced by certificates are analysed below:**

They comprise

- Negotiable debt instruments totalling €3,024.55 million; and
- Bonds and similar instruments totalling €109,676.72 million.

Issues of bonds and equivalent instruments are made under:

- a French issue programme whose limit is €75 billion;
- a UK issue programme whose limit is €65 billion;
- an Australian issue programme, whose limit is AUD 6 billion;
- stand alone bond/private/MTN placements.

All in all, debts evidenced by certificates maturing within 1 year totalled €45,539.20 million at 30 June 2011 (€20,819.31 million at 31 December 2010), while €53,795.17 million will mature between 1 and 5 years (€42,039.33 million at 31 December 2010) and €43,366.91 million after 5 years (€38,386.29 million at 31 December 2010).

The following tables show debt issues broken down by programme.

(in millions of euros)

Programme	Issue date	Maturity date	Face value in foreign currency	Currency	Type	Nominal interest rate	ISIN code
Australian	28/07/2006	28/07/2011	500	AUD	EMTN	6.25%	AU300CADE012
	10/12/2009	10/12/2012	500	AUD	EMTN	BBSW+0.4%	AU3FN0009650
	28/02/2008	28/02/2013	1,000	AUD	EMTN	7.5%	AU3CB0058196
Non-programme	20/06/2002	25/07/2011	2,555	EUR	EO	CADESI 3.4%	FR0000489734
	27/03/1998	25/10/2012	3,000	EUR	EO	5.25%	FR0000571366
	01/04/1999	25/07/2013	3,100	EUR	EO	CADESI 3.15%	FR0000492308
	11/10/2004	25/10/2014	4,000	EUR	EO	4.00%	FR0010120410
	09/02/2005	25/04/2015	3,000	EUR	EO	3.625%	FR0010163329
	09/12/2004	25/07/2019	2,400	EUR	EO	CADESI 1.85%	FR0010137554
	21/12/2004	25/10/2019	5,000	EUR	EO	4.00%	FR0010143743
	27/05/2005	25/10/2020	4,000	EUR	EO	3.75%	FR0010198036
UK	19/07/2004	30/12/2013	11	EUR	BMTN	Euribor 3 month-0.17%	FR0107096036
	06/09/2006	06/09/2011	19	USD	EMTN	2.55%	XS0266174050
	18/09/2003	19/09/2011	17	EUR	EMTN	Variable depending on formula	XS0176319696
	14/10/2008	14/10/2011	300	USD	EMTN	Libor USD 3 month+0.01%	XS0392950670
	17/10/2008	17/10/2011	200	USD	EMTN	3.7%	XS0391762548
	22/11/2004	22/11/2011	100	USD	EMTN	4.13%	XS0205620056
	09/12/2004	09/12/2011	1,000	USD	EMTN	4.125%	XS0206819269
	27/01/2009	27/01/2012	200	USD	EMTN	1.97%	XS0410258916
	13/04/2004	13/04/2012	100	USD	EMTN	3.72%	XS01899224003
	16/04/2004	16/04/2012	100	USD	EMTN	3.8%	XS0190054618
	23/12/2002	20/12/2012	26	USD	EMTN	0.5%	XS0159498640
	06/08/2007	06/03/2013	50	EUR	EMTN	4.442%	XS0314647149
	25/11/2008	25/10/2013	200	USD	EMTN	3.4%	XS0400917349
	15/12/2004	16/12/2013	100	USD	EMTN	4.51%	XS0207591271
	15/12/2008	16/12/2013	250	USD	EMTN	2.66%	XS040503800
	17/03/2011	17/03/2014	500	EUR	EO	1.09%	XS0605979870
	30/06/2005	30/06/2015	25	AUD	EMTN	5.64%	XS0222727058
	31/03/2011	31/03/2016	2,500	USD	EO	2.375%	US12802DAA46
	07/03/2011	07/03/2018	1,000	EUR	EO	3.25%	XS0599789343
	27/06/2007	27/06/2020	10	EUR	EMTN	Variable depending on formula	XS0306775528
27/06/2007	27/12/2021	20	EUR	EMTN	Variable depending on formula	XS0307053271	

Programme	Issue date	Maturity date	Face value in foreign currency	Currency	Type	Nominal interest rate	ISIN code
French	23/06/2008	15/07/2011	2,000	USD	EMTN	4%	FR0010634410
	25/07/2006	01/08/2011	1,000	USD	EMTN	5.5%	FR0010348094
	02/08/2006	02/08/2011	135	EUR	EMTN	4.07%	FR0010359695
	29/01/2009	25/04/2012	3,500	EUR	EO	2.625%	FR0010718338
	22/06/2009	22/06/2012	2,000	HKD	EMTN	Hibor 3 month+0.05%	FR0010772442
	23/06/2009	25/06/2012	1,000	HKD	EMTN	Hibor 3 month+0.05%	FR0010772459
	06/07/2009	06/07/2012	1,000	USD	EMTN	2.25%	FR0010776674
	17/07/2007	17/07/2012	1,000	USD	EMTN	5.375%	FR0010500843
	25/02/2009	25/07/2012	200	CHF	EO	1.5%	CH0012600398
	27/10/2009	26/10/2012	700	USD	EMTN	Libor USD 3 month	FR0010816264
	27/11/2009	27/11/2012	1,000	USD	EMTN	1.625%	FR0010827246
	23/03/2006	15/01/2013	1,000	USD	EMTN	5%	FR0010306340
	21/01/2010	21/03/2013	500	EUR	EMTN	2.125%	FR0010844563
	04/11/2005	25/04/2013	3,000	EUR	EO	3.25%	FR0010249763
	17/06/2011	17/06/2013	600	GBP	EO	Libor GBP 3 month +0.15%	FR0011062504
	08/04/2008	15/07/2013	1,000	USD	EMTN	3.25%	FR0010606442
	28/07/2010	29/07/2013	2,000	USD	EO	1.375%	FR0010925446
	04/09/2008	04/09/2013	3,000	EUR	EO	4.5%	FR0010660100
	15/10/2010	15/10/2013	1,500	USD	EO	0.875%	FR0010950675
	25/01/2011	27/01/2014	2,500	USD	EO	1.375%	FR0010998104
	12/03/2009	12/03/2014	12,000	JPY	EMTN	Libor JPY 3 month+0.45%	FR0010734327
	25/02/2011	17/03/2014	1,500	USD	EO	1.625%	FR0011012731
	18/03/2011	18/03/2014	1,000	USD	EO	Libor USD 3 month + 0.125%	FR0011023126
	08/04/2009	08/04/2014	34,000	JPY	EMTN	Libor JPY 3 month+0.55%	FR0010745299
	30/06/2011	30/06/2014	400	GBP	EO	Libor GBP 3 month + 0.25%	FR0011071323
	01/07/2009	01/07/2014	1,000	USD	EMTN	3.5%	FR0010775239
	02/07/2009	02/07/2014	1,200	USD	EMTN	Libor USD 3 month+0.4%	FR0010776054
	18/06/2009	08/09/2014	400	GBP	EMTN	3.75%	FR0010770511
	22/10/2009	22/10/2014	1,250	USD	EMTN	2.875%	FR0010815332
	08/12/2009	15/01/2015	3,000	EUR	EO	2.625%	FR0010831669
	26/01/2010	26/01/2015	95	GBP	EMTN	Libor GBP 3 month+0.02%	FR0010850156
	25/02/2009	25/02/2015	150	CHF	EO	2.125%	CH0012601446
	02/03/2010	02/03/2015	1,000	USD	EO	2.875%	FR0010862581
	22/04/2010	22/04/2015	156	AUD	EMTN	BBSW+0.28%	FR0010889725
	15/09/2010	15/09/2015	1,500	USD	EMTN	1.875%	FR0010941732
	16/09/2010	07/12/2015	700	GBP	EMTN	2.25%	FR0010942086
	08/04/2009	08/04/2016	25,000	JPY	EMTN	Libor JPY 3 month+0.65%	FR0010745307
	16/02/2011	25/02/2016	4,000	EUR	EO	3%	FR0011008366
	08/03/2006	25/04/2016	5,300	EUR	EO	3.625%	FR0010301747
	02/11/2006	02/11/2016	1,250	USD	EMTN	5.25%	FR0010394452
	14/12/2009	14/12/2016	150	USD	EMTN	Libor USD 3 month +55bp	FR0010831891
20/03/2007	20/03/2017	450	MXN	EMTN	7.93%	FR0010449355	
12/04/2007	25/04/2017	3,600	EUR	EO	4.125%	FR0010456434	
28/07/2006	25/07/2017	2,000	EUR	EO	CADESI 1.85%	FR0010359679	
07/03/2008	20/12/2017	35	GBP	EMTN	Libor GBP 3 month-0.3705%	FR0010594366	

Programme	Issue date	Maturity date	Face value in foreign currency	Currency	Type	Nominal interest rate	ISIN code
French	20/01/2011	15/10/2018	300	GBP	EO	3.75%	FR0010994376
	26/10/2006	26/10/2018	400	CAD	EMTN	4.45%	FR0010386110
	10/06/2009	25/04/2020	4,250	EUR	EO	4.25%	FR0010767566
	02/07/2010	02/07/2020	200	EUR	EMTN	Euribor 3 month+0.23%	FR0010917534
	25/10/2004	25/07/2020	1,000	EUR	EMTN	Max[0;((1+TEC100-1%)^0.25)-1]	FR0010120436
	26/10/2010	26/10/2020	1,000	USD	EO	3.00%	FR0010956565
	21/04/2009	21/04/2021	200	CHF	EO	3.00%	CH0100525382
	29/06/2010	25/04/2021	5,750	EUR	EO	3.375%	FR0010915660
	10/02/2011	25/07/2021	2,300	EUR	EO	CADESI	FR0011003672
	25/07/2006	25/10/2021	4,750	EUR	EO	4.375%	FR0010347989
	19/04/2011	19/04/2023	200	CHF	EO	2.375%	CH0127860192
	18/04/2011	25/04/2023	3,500	EUR	EO	4.125%	FR0011037001
	09/03/2011	09/12/2025	150	CHF	EO	2.5%	CH0124739902
01/04/2011	20/12/2025	300	EUR	EO	3.8%	FR0011027929	

### **Note 6.1: Analysis of transactions in euro and foreign currencies before and after hedging**

This note analyzes the effect of hedging transactions on the initial debt and breaks down interest rates before and after hedging. It provides both accounting and financial information related to the value and hedging of instruments at maturity.

(in millions of euros)	Initial debt		Hedging transactions		Final debt	
	Foreign currencies	Euros	Foreign currencies	Euros	Foreign currencies	Euros
<b>Euro-denominated</b>		<b>84,208</b>		<b>58,164</b>		<b>142,372</b>
<b>Foreign currency-denominated debt</b>		<b>Value in euros at 30 June 2011</b>		<b>Value in euros at 30 June 2011</b>		
CHF	1,034	857	-1,034	-857	0	0
GBP	3,530	3,911	-3,530	-3,911	0	0
JPY	71,000	611	-71,000	-611	0	0
USD	70,491	48,772	-70,491	-48,772	0	0
HKD	3,000	267	-3,000	-267	0	0
SEK	0	0	0	0	0	0
AUD	2,518	1,867	-2,518	-1,867	0	0
NZD	130	74	-130	-74	0	0
ZAR	0	0	0	0	0	0
CAD	430	308	-430	-308	0	0
MXN	450	27	-450	-27	0	0
<b>Sub-total foreign currencies</b>		<b>56,694</b>		<b>-56,694</b>		<b>0</b>
<b>Total</b>		<b>140,902</b>		<b>1,470</b>		<b>142,372</b>

The table above provides a breakdown of the initial nominal debt between issues in euros and those in foreign currencies. Since all transactions in foreign currencies have been hedged, the debt of CADES is effectively entirely in euros. Hedging transactions have enabled CADES to eliminate the impact of

exchange rate fluctuations on its debt.

The table below shows the breakdown of debt between fixed and floating rate instruments. Hedging impacts the initial breakdown, such that in the final analysis 74% of the debt bears fixed rates, 16% floating rates and 10% rates indexed to inflation.

(in millions of euros)	Initial debt			Hedging transactions			Final debt			
	Foreign currencies	Euros	Total	%	Foreign currencies	Euros	Foreign currencies	Euros	Total	%
<b>Fixed rates</b>										
Negotiable debt instruments	25,853	3,048	28,901		-25,853	26,513	0	29,561	29,561	
Bonds and EMTN	22,627	64,635	87,262		-22,627	11,981	0	76,616	76,616	
Private placements	0	0	0		0	0	0	0	0	
Macro hedging swaps	0	0	0		0	0	0	0	0	
<b>Total fixed rates</b>	<b>48,480</b>	<b>67,683</b>	<b>116,163</b>	<b>82</b>	<b>-48,480</b>	<b>38,494</b>	<b>0</b>	<b>106,177</b>	<b>106,177</b>	<b>74</b>
<b>Floating rates</b>										
Negotiable debt instruments	3,280	844	4,124		-3,280	3,295	0	4,139	4,139	
Bonds and EMTN	4,934	1,747	6,681		-4,934	16,375	0	18,122	18,122	
Private placements		0	0		0	0	0	0	0	
Macro hedging swaps		0	0		0	0	0	0	0	
<b>Total floating rates</b>	<b>8,214</b>	<b>2,591</b>	<b>10,805</b>	<b>8</b>	<b>-8,214</b>	<b>19,670</b>	<b>0</b>	<b>22,261</b>	<b>22,261</b>	<b>16</b>
<b>Indexed rates</b>										
Bonds		13,934	13,934		0	0	0	13,934	13,934	
Macro hedging swaps		0	0		0	0	0	0	0	
<b>Total indexed rates</b>	<b>0</b>	<b>13,934</b>	<b>13,934</b>	<b>10</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13,934</b>	<b>13,934</b>	<b>10</b>
<b>Total</b>	<b>56,694</b>	<b>84,208</b>	<b>140,902</b>	<b>100</b>		<b>1,470</b>	<b>0</b>	<b>142,372</b>	<b>142,372</b>	<b>100</b>

- (1) Includes €6,564 million that corresponds to the hedging of swaps cancellable at the initiative of the counterparties. If the swap is cancelled by the counterparty, the hedged position reverts to a variable rate. Based on market rates at 30 June 2011, the swap cancellation options held by counterparties were a long way out of the money, making the likelihood of a reversion to a variable rate at that date virtually nil.

## **Note 7: Other liabilities**

At (in millions of euros)	30/06/2011	30/06/2010	31/12/2010
<b>DEPOSITS RECEIVED BY WAY OF INITIAL MARGINS</b>	<b>621.16</b>	<b>3,332.81</b>	<b>1,971.38</b>
Deposits	620.88	3,331.90	1,970.82
Accrued interest	0.28	0.91	0.56
<b>OTHER CREDITORS IN RESPECT OF FINANCIAL TRANSACTIONS</b>	<b>6.75</b>	<b>1.75</b>	<b>2.24</b>
<b>OTHER CREDITORS IN RESPECT OF OPERATING CHARGES</b>	<b>44.91</b>	<b>47.25</b>	<b>44.92</b>
Due to the State	0.00	0.00	0.00
Tax	0.00	0.00	0.02
Social security	0.08	0.08	0.07
Trade creditors	0.00	0.00	0.00
Sundry creditors – ACOSS	44.83	47.17	44.83
Other sundry creditors	0.00	0.00	0.00
<b>TOTAL</b>	<b>672.82</b>	<b>3,381.81</b>	<b>2,018.54</b>

Other liabilities correspond to:

- Deposits received by way of initial margins in respect of contracts on forward markets and repurchase agreements put in place to hedge counterparty risk, amounting to €20.88 million at 30 June 2011;
- Accrued interest on margin calls amounting to €0.28 million;
- Commission payable on commercial paper amounting to €6.75 million;
- A credit balance with ACOSS amounting to €44.83 million, consisting of credit notes received from ACOSS;
- Social security contributions payable amounting to €0.08 million.

## Note 8: Accruals, deferred income and provisions

At (in millions of euros)	30/06/2011	30/06/2010	31/12/2010
<b>ACCRUALS</b>	<b>376.93</b>	<b>336.06</b>	<b>354.06</b>
Accruals on forward interest rate instruments	267.32	301.96	286.57
Accruals on forward currency instruments	66.80	30.12	59.70
Fees payable in respect of market transactions	0.00	0.00	0.01
Accruals in respect of operating charges	0.18	0.14	0.24
Accruals in respect of CRDS and CSG collection costs	5.27	3.69	4.53
Accruals in respect of 2.2% contribution collection costs	0.68	0.00	0.00
Other accruals	36.68	0.15	3.01
<b>CONTINGENT GAINS AND GAINS TO BE SPREAD ON FORWARD FINANCIAL INSTRUMENTS</b>	<b>51.60</b>	<b>28.87</b>	<b>34.21</b>
<b>DEFERRED INCOME</b>	<b>1,326.41</b>	<b>164.83</b>	<b>214.61</b>
Issuance premiums on bonds	276.41	164.83	201.65
Issuance premiums on government securities	0.00	0.00	12.96
Other deferred income	1,050.00	0.00	0.00
<b>OTHER</b>	<b>1,807.78</b>	<b>1.98</b>	<b>21.79</b>
Currency adjustment accounts	1,807.62	1.87	21.71
Sundry	0.16	0.11	0.08
<b>TOTAL</b>	<b>3,562.72</b>	<b>531.74</b>	<b>624.67</b>

Accruals and deferred income consist of transactions affecting the profit and loss account independently of the date on which the corresponding expense or income is paid or collected.

They include notably:

- Accrued expenses in respect of interest rate swaps amounting to €67.32 million and on the euro leg of currency swaps amounting to €66.80 million, commission payable in respect of commercial paper amounting to €36.86 million and accruals in respect of CRDS and CSG collection costs amounting to €5.27 million and the 2.2% contribution collection costs amounting to €0.68 million.
- Balancing cash payments on currency swaps amounting to €51.60 million that are to be spread.
- Deferred income amounting to €276.41 million, corresponding to premiums on bond issues and on government securities.
- Deferred income amounting to €1,050 million, corresponding to retirement reserve fund (FRR) payments.
- Currency adjustment accounts amounting to €1,807.78 million, being technical accounts used to recognise to profit and loss adjustments arising on the measurement of off balance sheet commitments.

Provisions for liabilities and charges include a provision for redundancy indemnities. The provision in respect of unrealised losses on swaps designated as isolated open positions was reversed after the swaps in question were rescinded.

At (in millions of euros)	31/12/2010	Set aside	Reversed	30/06/2011
<b>Provisions</b>	<b>0.18</b>	<b>0.02</b>	<b>0.00</b>	<b>0.21</b>
Provision for redundancy indemnities	0.18	0.02	0.00	0.21
Provision for liabilities	0.00	0.00	0.00	0.00
<b>TOTAL</b>	<b>0.18</b>	<b>0.02</b>	<b>0.00</b>	<b>0.21</b>



## PROFIT AND LOSS ACCOUNT

In arriving at the profit for the period, net banking income is reported separately from other operating income and charges.

(in millions of euros)

Net banking income:	(1,885.60)
Other operating income and charges:	<u>6,903.12</u>
Gross operating profit and net profit for the period:	5,017.52

A specific mission has been entrusted to CADES, which is to extinguish a debt over its scheduled term. The profit for the year measures its capacity to redeem its debt.

### Net banking income

Net banking income consists of the cost of debt, the income generated from cash positions and the net profit or loss on financial transactions.

#### Note 9: Banking income

Period ended (in millions of euros)	30/06/2011	30/06/2010	31/12/2010
<b>INTEREST RECEIVABLE AND SIMILAR INCOME ON TRANSACTIONS WITH CREDIT INSTITUTIONS</b>	<b>31.57</b>	<b>10.25</b>	<b>29.51</b>
<b>Interest receivable - Demand loans and advances and open repurchase agreements</b>	<b>1.68</b>	<b>2.71</b>	<b>4.71</b>
Interest on ordinary accounts in debit	1.02	2.68	4.43
Interest on loans	0.00	0.00	0.00
Interest on securities delivered under repurchase agreements	0.66	0.03	0.28
<b>Interest receivable - Term loans, advances and repurchase agreements</b>	<b>24.99</b>	<b>4.51</b>	<b>14.48</b>
Interest on loans denominated in euros	0.00	0.00	0.00
Interest on loans denominated in other currencies	0.00	0.00	0.00
Interest on securities delivered under repurchase agreements	24.99	4.51	14.48
<b>Other interest receivable</b>	<b>4.90</b>	<b>3.03</b>	<b>10.32</b>
<b>INTEREST RECEIVABLE AND SIMILAR INCOME ON BONDS AND OTHER FIXED INCOME SECURITIES</b>	<b>10.46</b>	<b>0.40</b>	<b>12.28</b>
Interest on fixed income securities	0.00	0.00	0.00
Interest on government securities	10.46	0.40	12.28
<b>OTHER INTEREST RECEIVABLE AND SIMILAR INCOME</b>	<b>114.60</b>	<b>180.87</b>	<b>309.00</b>
Amortization of premiums on issue	30.58	24.78	51.56
Net profit on hedging transactions	84.02	156.09	257.44
Profit on repurchase of own securities	0.00	0.00	0.00
<b>TOTAL</b>	<b>156.63</b>	<b>191.52</b>	<b>350.79</b>

Banking income, which amounted to €156.63 million, includes:

- Net profit on hedging transactions amounting to €84.02 million;
- Interest receivable and similar income from transactions with credit institutions amounting to €1.57 million, of which €4.99 million from investing surplus cash balances via repurchase agreements with delivery of the securities;
- Interest from fixed income securities amounting to €10.46 million; and
- The amortization of bond premiums on issue amounting to €30.58 million.

## Note 10: Cost of debt

Period ended (in millions of euros)	30/06/2011	30/06/2010	31/12/2010
<b>INTEREST PAYABLE AND SIMILAR CHARGES ON TRANSACTIONS WITH CREDIT INSTITUTIONS</b>	<b>51.03</b>	<b>3.94</b>	<b>11.04</b>
<b>Interest payable - Demand loans and open repurchase agreements</b>	<b>0.01</b>	<b>0.02</b>	<b>0.04</b>
Interest on ordinary accounts in credit	0.01	0.02	0.03
Interest on overnight loans	0.00	0.00	0.00
Interest on securities delivered under repurchase agreements	0.00	0.00	0.01
<b>Interest receivable - Term loans and repurchase agreements</b>	<b>0.11</b>	<b>0.11</b>	<b>0.22</b>
Interest on CDC loan (transfer of debt)	0.00	0.00	0.00
Interest on multi-currency credit	0.00	0.00	0.00
Interest on securities delivered under repurchase agreements	0.11	0.06	0.17
Interest on private placements	0.00	0.05	0.05
<b>Other interest payable and similar charges</b>	<b>50.91</b>	<b>3.81</b>	<b>10.78</b>
<b>INTEREST PAYABLE AND SIMILAR CHARGES ON BONDS AND OTHER FIXED INCOME SECURITIES</b>	<b>1,947.71</b>	<b>1,766.07</b>	<b>3,336.15</b>
<b>Interest on debts evidenced by certificates</b>	<b>1,947.71</b>	<b>1,766.07</b>	<b>3,336.15</b>
Interest on negotiable debt instruments denominated in euros	9.18	2.64	2.94
Interest on negotiable debt instruments denominated in other currencies	32.85	10.85	24.85
Interest on bonds and equivalents denominated in euros	1,276.79	1,162.53	2,334.51
Interest on bonds and equivalents denominated in other currencies	356.39	406.84	753.05
Other charges on debt instruments evidenced by certificates	272.50	183.21	220.80
<b>Other interest payable and similar charges</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>FEES PAYABLE</b>	<b>43.62</b>	<b>6.54</b>	<b>17.37</b>
Fees on term loans from credit institutions	2.86	0.01	0.00
Fees on negotiable debt instruments issued	8.17	1.17	2.75
Fees on bond issues	32.46	5.32	14.49
Other fees on securities transactions	0.13	0.04	0.13
Other fees	0.00	0.00	0.00
<b>TOTAL</b>	<b>2,042.36</b>	<b>1,776.55</b>	<b>3,364.56</b>

Interest payable and similar charges on CADES's debt, which amounted to €2,042.36 million, increased by 14.97% compared with the six months to 30 June 2010 and consists of:

- Charges amounting to €1,947.71 million in respect of debts;
- Interest amounting to €1.03 million on transactions with credit institutions, consisting of interest on private placements, securities delivered under repurchase agreements and margin calls; and
- Fees amounting to €43.62 million.

The increase in interest payable and similar charges payable compared with the six months to 30 June 2010 was due partly to the effect of inflation and partly to new bond issues.

**Note 11: Gains and losses on trading securities**

Period ended (in millions of euros)	30/06/2011	30/06/2010	31/12/2010
<b>NET PROFIT ON FOREIGN EXCHANGE TRANSACTIONS</b>	<b>0.14</b>	<b>-0.01</b>	<b>-0.28</b>
Other foreign exchange transactions	0.14	-0.01	-0.28
<b>TOTAL</b>	<b>0.14</b>	<b>-0.01</b>	<b>-0.28</b>

In accordance with the requirements of Regulation 2000-03 on the presentation of financial statements issued by the French Accounting Standards Committee, gains and losses on instruments used to hedge interest rate and currency risks are reported under interest receivable and similar income or interest payable and similar charges (see Note 9). The net profit on foreign exchange transactions comprises solely gains and losses determined on the periodic measurement of foreign currency accounts that have not been hedged.

**Note 11.1: Gains and losses on investment securities**

Period ended (in millions of euros)	30/06/2011	30/06/2010	31/12/2010
<b>Gains (losses) on investment securities</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Net profit on investment securities	0.00	0.00	0.00

## Other operating income and charges

Other operating income and charges consist mainly of specific income and charges dealt with by Ordinance No. 96-50 of 24 January 1996 (CRDS contributions, property asset sales, and payments to the State and social security funding organizations), of general operating charges, and of fixed asset amortization and depreciation charges.

### Note 12: CRDS revenues

The table below details revenue allocated to CADES under Article 6 of Ordinance No. 96-50 of 24 January 1996 after deducting assessment and collection costs and losses on outstanding CRDS contributions (write-offs, waivers, cancellation and forgiveness of debt).

Period ended (in millions of euros)	30/06/2011	30/06/2010	31/12/2010
<b>NET CRDS REVENUES (Article 6)</b>	<b>2,946.12</b>	<b>2,848.62</b>	<b>5,962.56</b>
CRDS contributions levied on wages and salaries (ACOSS)	2,729.34	2,600.21	5,278.07
CRDS contributions levied on property assets	2.41	0.00	230.95
CRDS contributions levied on investment income	141.71	182.69	321.86
CRDS contributions levied on sale of precious metals and jewellery	2.58	2.12	4.04
CRDS contributions on gaming proceeds	70.08	63.60	127.11
CRDS exemption offsets (travel vouchers and voluntary community services)	0.00	0.00	0.53

CRDS revenues, net of collection costs, amounted to €2,946.12 million.

CRDS levied on wages and salaries (which is collected by ACOSS) represents 92.64% of the total. The remaining CRDS proceeds (which are collected by the Public Finances Directorate) are levied mainly on capital (property and investment income) and on gaming.

Repayments relating to amounts written off prior to 31 December 1999 (pursuant to EC regulations and bilateral social security agreements) received from foreign countries have been paid over by CNAMTS to CADES since 31 December 1997 to the extent this does not create a new or increase an existing deficit in the books of CNAMTS. Given that CNAMTS has been in deficit from 1998 to 2010, the €16.77 million recovered during this period was not paid over to CADES.

Since Law No. 2004-810 of 13 August 2004 no surplus has been generated by the health insurance branch of the French social security system.

## Note 12.1

The table below provides a breakdown of income and charges relating to the CRDS.

<b>CRDS REVENUES (in millions of euros)</b>	<b>(a) CRDS COSTS</b>		<b>(b)</b>	<b>Net revenues (a-b)</b>
CRDS levied on wages and salaries (ACOSS)	2,743.06	Write-offs, waivers, cancellation and forgiveness of debt	0.00	<b>2,729.34</b>
CRDS levied on property assets	2.51	Assessment and collection costs	13.72	<b>2.41</b>
CRDS levied on investment income	142.42	Assessment and collection costs	0.10	<b>141.71</b>
CRDS levied on sale of precious metals and jewellery	2.59	Assessment and collection costs	0.71	<b>2.58</b>
CRDS levied on gaming proceeds	70.43	Assessment and collection costs	0.01	<b>70.08</b>
CRDS exemption offsets (travel vouchers and voluntary community services)	0.00		0.35	<b>0.00</b>
Reversal of provisions on outstanding CRDS contributions	0.00	Provisions on outstanding CRDS contributions	0.00	<b>0.00</b>
<b>TOTAL</b>	<b>2,961.01</b>	<b>TOTAL</b>	<b>14.89</b>	<b>2,946.12</b>

### Note 12.1.1: CSG revenues

Supplementary social security contributions (*Contribution Sociale Généralisée – CSG*) are a resource allocated to CADES at the rate of 0.48% since 1 January 2011.

The tax base is the same as for the CRDS, with the exception, especially, that no contributions are levied on the sale of precious metals and jewellery.

Period ended (in millions of euros)	<b>30/06/2011</b>	<b>30/06/2010</b>	<b>31/12/2010</b>
<b>NET CSG REVENUES (Article 6)</b>	<b>2,538.19</b>	<b>1,011.32</b>	<b>2,262.64</b>
CSG contributions levied on wages and salaries (ACOSS)	2,398.23	953.97	2,035.38
CSG contributions levied on property assets	2.24	0.00	91.70
CSG contributions levied on investment income	131.94	53.11	131.15
CSG contributions on gaming proceeds	5.78	4.24	4.20
CSG exemption offsets	0.00	0.00	0.21

CSG revenues, net of collection costs, amounted to €2,538.19 million.

CSG levied on wages and salaries (which is collected by ACOSS) represents 94.49% of the total. The remaining CSG proceeds (which are collected by the Public Finances Directorate) are levied mainly on investment income and gaming proceeds, these proceeds representing respectively 5.2% and 0.23% of the total.

### Note 12.1.2

The table below provides a breakdown of income and charges relating to the CSG.

<b>CSG REVENUES (in millions of euros)</b>	<b>(a)</b>	<b>CSG COSTS</b>	<b>(b)</b>	<b>Net revenues (a-b)</b>
CSG levied on wages and salaries (ACOSS)	2,410.28	Write-offs, waivers, cancellation and forgiveness of debt	0.00	<b>2,398.23</b>
		Assessment and collection costs	12.05	
CSG levied on property assets	2.34	Assessment and collection costs	0.10	<b>2.24</b>
CSG levied on investment income	132.60	Assessment and collection costs	0.66	<b>131.94</b>
CSG levied on gaming proceeds	5.81	Assessment and collection costs	0.03	<b>5.78</b>
CSG exemption offsets	0.00		0.00	<b>0.00</b>
Reversal of provisions on outstanding CSG contributions	0.00	Provisions on outstanding CSG contributions	0.00	<b>0.00</b>
<b>TOTAL</b>	<b>2,551.03</b>	<b>TOTAL</b>	<b>12.84</b>	<b>2,538.19</b>

### Note 12.2: 2.2% social security contributions on property and investment income

Social security contributions on property and investment income for which the rate is set at 2.2% are a new resource allocated to CADES as from January 2011. CADES receives 1.3 percentage points of these contributions, corresponding to 59% of such contributions.

Period ended (in millions of euros)	<b>30/06/2011</b>	<b>30/06/2010</b>	<b>31/12/2010</b>
<b>NET REVENUES FROM 2.2% SOCIAL SECURITY CONTRIBUTIONS</b>	<b>369.79</b>	<b>0.00</b>	<b>0.00</b>
2.2% social security contributions on property assets	6.04	0.00	0.00
2.2% social security contributions on investment income	363.75	0.00	0.00

### Note 12.2.1

The following table shows a breakdown of revenues and costs related to the 2.2% social security contributions.

<b>REVENUES RELATED TO 2.2% SOCIAL SECURITY CONTRIBUTIONS</b> (in millions of euros)	<b>(a)</b>	<b>COSTS RELATED TO 2.2% SOCIAL SECURITY CONTRIBUTIONS</b>	<b>(b)</b>	<b>Net revenues (a - b)</b>
2.2% social security contributions on property assets	6.30	Assessment and collection costs	0.03	<b>6.04</b>
		Write-offs, waivers, cancellation and forgiveness of debt	0.23	
2.2% social security contributions on investment income	365.58	Assessment and collection costs	1.83	<b>363.75</b>
<b>TOTAL</b>	<b>371.88</b>	<b>TOTAL</b>	<b>2.09</b>	<b>369.79</b>



### **Note 12-3: Payments from the retirement reserve fund**

On 26 April 2011, the retirement reserve fund (*Fonds de réserve pour les retraites - FRR*) paid €2.10 billion in respect of 2011. Deferred income in the amount of €1.05 billion was booked on 30 June 2011.

Period ended (in millions of euros)	30/06/2011	30/06/2010	31/12/2010
<b>RETIREMENT RESERVE FUND REVENUES</b>	<b>1,050.00</b>	<b>0.00</b>	<b>0.00</b>
Revenues for the current financial period	1,050.00	0.00	0.00

### **Note 13: General operating charges**

Period ended (in millions of euros)	30/06/2011	30/06/2010	31/12/2010
<b>STAFF COSTS</b>	<b>0.57</b>	<b>0.47</b>	<b>0.89</b>
Wages and salaries	0.42	0.34	0.64
Social security charges	0.15	0.13	0.25
<b>OTHER ADMINISTRATIVE EXPENSES</b>	<b>0.83</b>	<b>0.67</b>	<b>1.61</b>
Taxes and duties	0.04	0.04	0.08
External services	0.79	0.63	1.53
<b>TOTAL</b>	<b>1.40</b>	<b>1.14</b>	<b>2.50</b>

General operating charges correspond to expenditure falling within the scope of the administrative budget. They do not include the acquisition and the amortization and depreciation of fixed assets (see Note 2). They increased by 22.80% compared with the six months to 30 June 2010.

### **List of staff positions at 30 June 2011**

#### Non-civil servant employees:

- 1 senior front office manager (grade A)
- 1 assistant front office manager (grade A)
- 2 market operators (grade A)
- 1 asset-liability matching strategist (grade A)
- 1 senior back office manager (grade A)
- 1 assistant back office manager (grade A)
- 1 bilingual executive secretary (grade C)

Civil servants:

- 1 general secretariat manager (grade A)
- 1 administrative manager (grade A)

**Note 13.1: Property assets and property management**

Period ended (in millions of euros)	30/06/2011	30/06/2010	31/12/2010
<b>REVENUES FROM PROPERTY ASSETS</b>	<b>0.43</b>	-	-
Property sales	-	-	-
Rental income	-	-	-
Exceptional income	0.13	-	-
Provisions reversed	0.30	-	-
<b>CHARGES ON PROPERTY ASSETS</b>	<b>0.00</b>	-	-
Expenses on property sales	-	-	-
Change in unsold inventory	-	-	-
Staff costs	-	-	-
External services	-	-	-
Taxes	-	-	-
Exceptional charges	-	-	-
Provisions set aside	-	-	-

All the properties transferred to CADES on 1 January 2000 were sold over the next three years. Since 2007 CADES has managed the run-off of the last properties and of disputes.

**Note 14: Other non-banking operating charges**

Period ended (in millions of euros)	30/06/2011	30/06/2010	31/12/2010
Payments to the State	-	-	-
Payments to social security agencies	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Note 15: Exceptional income**

Period ended (in millions of euros)	30/06/2011	30/06/2010	31/12/2010
Statutory limitation of debt – administrative budget	-	-	-
Statutory limitation of debt – financing budget	-	-	-
Other exceptional income	-	-	-
<b>TOTAL</b>	-	-	-

## OFF BALANCE SHEET COMMITMENTS

Off balance sheet commitments, as reported, distinguish between commitments given and commitments received and are analyzed between financing commitments, guarantee commitments and guarantees on securities. Certain commitments are not, however, reported as such, being commitments in respect of currency transactions and forward financial instruments. Information regarding these commitments is provided in Notes 16 and 17 below.

### **Note 16: Currency transactions**

At (in millions of euros)	30/06/2011		30/06/2010		31/12/2010	
	Currencies to be received	Currencies to be delivered	Currencies to be received	Currencies to be delivered	Currencies to be received	Currencies to be delivered
<b>FORWARD TRANSACTIONS:</b>						
<b>foreign currency financing commitments given</b>	<b>56,693.64</b>	-	<b>32,957.68</b>	-	<b>34,197.24</b>	-
<b>Hedging transactions over the counter</b>						
<b>Currency forwards against euros</b>	<b>25,948.91</b>	-	<b>8,979.62</b>	-	<b>8,425.44</b>	-
Up to 1 year	25,948.91	-	8,979.62	-	8,425.44	-
From 1 to 5 years	-	-	-	-	-	-
Over 5 years	-	-	-	-	-	-
<b>Currency swaps against euros</b>	<b>30,744.73</b>	-	<b>23,978.06</b>	-	<b>25,771.80</b>	-
Up to 1 year	7,294.85	-	6,367.56	-	7,953.50	-
From 1 to 5 years	20,649.29	-	15,707.50	-	15,264.00	-
Over 5 years	2,800.59	-	1,903.00	-	2,554.30	-
<b>FORWARD TRANSACTIONS:</b>						
<b>foreign currency financing commitments received</b>	<b>2,071.37</b>	<b>2,071.37</b>	-	-	-	-
<b>Hedging transactions over the counter</b>						
<b>Currency forwards against euros</b>	<b>17.30</b>	<b>17.30</b>	-	-	-	-
Up to 1 year	-	17.30	-	-	-	-
From 1 to 5 years	17.30	-	-	-	-	-
<b>Currency swaps against euros</b>	<b>2,054.07</b>	<b>2,054.07</b>	-	-	-	-
Up to 1 year	-	2,054.07	-	-	-	-
From 1 to 5 years	1,951.34	-	-	-	-	-
Over 5 years	102.73	-	-	-	-	-

Forward exchange contracts against euros correspond to forward purchases entered into for the purpose of hedging commercial paper denominated in foreign currencies. The 289.16% increase in outstandings in the first six months of 2011 compared with the first six months of 2010 is due to an increase in the level of debt (assumption of ACOSS debts).

The increase in currency swaps against euros is attributable to the increase in foreign currency EMTN issues.

Forward transactions on foreign currency financing commitments received correspond to a currency forward purchased on 30 June with a value date of 1 July 2011 for an amount of USD 25 million (or €17.30 million) and three currency swaps entered into on 30 June, one with a value date of 12 July 2011 for an amount of NOK 800 million (or €102.73 million), one with a value date of 11 July 2011 for an amount of USD 2.5 billion (or €1.73 billion) and one with a value date of 7 July 2011 for an

amount of GBP 200 million (or €221.59 million).

## Note 17: Forward financial instruments

At (in millions of euros)	30/06/2011	30/06/2010	31/12/2010
<b>INTEREST RATE INSTRUMENTS</b>			
<b>Organized markets and equivalents</b>	-	-	-
Firm transactions entered into for hedging purposes	-	-	-
Euro Bobl futures contracts (5 years)	-	-	-
Euro Bund futures contracts (10 years)	-	-	-
Other firm transactions	-	-	-
Options entered into for hedging purposes	-	-	-
Other options	-	-	-
<b>Over the counter</b>	<b>14,791.12</b>	<b>17,519.38</b>	<b>17,496.71</b>
Firm transactions entered into for hedging purposes			
. Interest rate swaps in euros	<b>14,791.12</b>	<b>17,519.38</b>	<b>17,496.71</b>
. Micro hedging	<b>14,035.98</b>	<b>16,285.85</b>	<b>16,306.57</b>
- Up to 1 year	4,438.32	4,793.04	6,708.91
- From 1 to 5 years	8,042.12	10,137.27	8,042.12
- Over 5 years	1,555.54	1,355.54	1,555.54
. Macro hedging	<b>755.14</b>	<b>1,233.53</b>	<b>1,190.14</b>
- Up to 1 year	100.00	435.00	435.00
- From 1 to 5 years	655.14	798.53	755.14
- Over 5 years	-	-	-
. Isolated positions	-	-	-
- Up to 1 year	-	-	-
- From 1 to 5 years	-	-	-
- Over 5 years	-	-	-
. Currency swaps	-	-	-
- Up to 1 year	-	-	-
- From 1 to 5 years	-	-	-
- Over 5 years	-	-	-

Interest rate swaps entered into by CADES at 30 June 2011 include:

- Inflation-linked swaps amounting to €755.14 million entered into for macro hedging purposes, of which eight have matured; and
- Swaps amounting to €14,035.98 million entered into for micro hedging purposes, of which €6,564 million in cancellable swaps.

In 2007 and 2008, CADES entered into swaps on which it receives three-month Euribor less a haircut in exchange for payment of a fixed rate. These swaps may be cancelled by the counterparties six months after the transaction and every three months thereafter.

These cancellable swaps, which were entered into for micro hedging purposes, transform structured, revisable rate transactions previously entered into by CADES into transactions bearing a fixed interest rate for at least six months. They are therefore strictly matched to individual swaps that are already part of the CADES portfolio.

If these swaps are cancelled, CADES will revert to the original refinancing terms.

These swaps were approved by the Board of Directors on 28 November 2007. They qualify as allocated hedging transactions in accordance with French banking regulations (Category b – regulation nos. 90-15 and 88-02).



## Note 18: Other off balance sheet commitments

At (in millions of euros)	30/06/2011	30/06/2010	31/12/2010
<b>FINANCING COMMITMENTS</b>			
<b>Commitments received</b>			
<i>From credit institutions:</i>			
. Backup credit lines	700.00	700.00	700.00
. Multi-currency credit lines	-	-	-
. Treasury bill credit lines	6,000.00	-	-
. Other credit lines	13,000.00	-	-
<i>Sundry</i>			
. Retirement reserve fund	27,300.00	-	29,400.00
. Current borrowings	2,054.07	-	-
. ECP and USCP agreements	17.30	-	-
<b>Commitments given</b>			
Payments to the State	-	-	-
Payments to social security agencies	75,000.00	-	130,000.00
Financing commitments given (repurchase agreements)	97.00	-	-

Commitments received consist of:

- Four backup credit lines totalling €700 million that are cancellable by the counterparty at 30 days' notice.
- five bilateral commitments to purchase commercial paper issued by CADES for a total amount of €6 billion (€2 billion maturing on 23 August 2011, €1 billion maturing on 17 January 2012, €1 billion maturing on 9 March 2012, €1 billion maturing on 22 March 2012 and €1 billion maturing on 14 April 2012).
- a credit line for an amount of €12 billion maturing on 1 February 2012;
- a credit line for an amount of €1 billion maturing on 22 February 2012;
- payments from the retirement reserve fund for a total amount of €27.3 billion, corresponding to annual payments of €2.1 billion from 2012 to 2024, as provided for in the 2011 Social Security Funding Act (*Loi de Financement de la Sécurité Sociale - LFSS*) 2010-1594 of 20 December 2010;
- three foreign currency borrowings entered into on 30 June 2011, one with a value date of 7 July 2011 for an amount of GBP 200 million (or €21.59 million), one with a value date of 11 July 2011 for an amount of USD 2.5 billion (or €1.73 billion) and one with a value date of 12 July 2011 for an amount of NOK 800 million
- an ECP agreement entered into in June with a value date of 1 July 2011 for an amount of USD 25 million (or €17.30 million)

Commitments given correspond to debts assumed as from the second half of 2011 in accordance with the 2011 Social Security Funding Act (*Loi de Financement de la Sécurité Sociale - LFSS*) 2010-1594 of 20 December 2010, namely:

- the deficits of 2009, 2010 and 2011 for the health, maternity, incapacity and death insurance branch, the senior citizens, widows and widowers insurance branch and the family insurance branch of the French social security system, up to a maximum of €68 billion.

Decree 2011-20 of 5 January 2011 set the following dates and amounts to be paid in respect of social security debts assumed:

Payments by CADES to ACOSS		Allocation by ACOSS of the amounts paid by CADES to the branches and funds concerned			
Date	Amount (in millions of euros)	General system			Funds mentioned in Article L.135-1 of the social security code
		Branch mentioned in paragraph 1 of Article L.200-2 of the social security code	Branch mentioned in paragraph 3 of Article L.200-2 of the social security code	Branch mentioned in paragraph 4 of Article L.200-2 of the social security code	
10/01/2011	5,000	2,217	1,594	465	724
25/01/2011	5,000	2,217	1,594	465	724
09/02/2011	5,000	2,217	1 594	465	724
25/02/2011	3,000	1,330	956	279	435
09/03/2011	5,000	2,217	1,594	465	724
25/03/2011	3,000	1,330	956	279	435
11/04/2011	5,000	2,217	1,594	465	724
21/04/2011	4,000	1,773	1,275	372	580
09/05/2011	10,000	4,433	3,188	930	1,449
27/05/2011	5,000	2,217	1,594	465	724
09/06/2011	5,000	3,621	375	832	172
09/09/2011	4,000	3,244	0	756	0
10/10/2011	4,000	3,244	0	756	0
09/12/2011	2,300	1,865	0	435	0
Total	65,300	34,142	16,314	7,429	7,415

- the deficits of 2011 to 2018 for the senior citizens, widows and widowers insurance branch (branch 3) of the French social security system, subject to an overall maximum of €62 billion and a yearly maximum of €10 billion. These payments are to be made by 30 June each year as from 2012. The dates and amounts to be paid will be set by decree.
- two repurchase agreements entered into on 30 June with a value date of 1 July 2011 for an amount of €7 million.

**Note 19: Abridged statements**

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<b>SUMMARY BALANCE SHEET AT 30 JUNE 2011</b>	(in millions of euros)
<b>PROFIT AND LOSS ACCOUNT BROUGHT FORWARD AT 1 JANUARY 2011</b>	<b>-141,857.17</b>
<b>PROFIT FOR THE SIX MONTHS ENDED 30 JUNE 2011</b>	<b>5,017.52</b>
<b>PROPERTY ENDOWMENT</b>	<b>181.22</b>
<b>DEBT TO BE REPAID AT 30 JUNE 2011</b>	<b>-136,658.43</b>
<b>Represented by:</b>	
Liabilities towards third parties	
- Borrowings falling due within 1 year	<b>45,559.19</b>
- Borrowings falling due after 1 year	<b>97,162.08</b>
- Other creditors, accruals and deferred income	<b>4,235.54</b>
Less assets held by CADES	
- Financial investments	<b>7,537.29</b>
- Other debtors, prepayments and accrued income	<b>2,761.09</b>
<hr/>	
<b>SUMMARY PROFIT AND LOSS ACCOUNT FOR THE SIX MONTHS TO 30 JUNE 2011</b>	At (in millions of euros)
<hr/>	
<b>NET CRDS, CSG AND 2.2% CONTRIBUTION REVENUES</b>	<b>5,854.11</b>
<b>NET FRR REVENUES</b>	<b>1,050.00</b>
<b>NET REVENUES FROM PROPERTY</b>	<b>0.13</b>
Interest payable and similar charges	<b>-1,998.75</b>
Fees	<b>-43.61</b>
Interest receivable and similar income	<b>156.78</b>
<b>NET FINANCIAL CHARGES</b>	<b>-1,885.58</b>
<b>Operating charges</b>	<b>-1.44</b>
<b>OPERATING PROFIT</b>	<b>5,017.22</b>
Payments to the State	<b>0.00</b>
Exceptional income	<b>0.00</b>
<hr/>	
<b>NET PROFIT FOR THE SIX MONTHS ENDED 30 JUNE 2011</b>	<b>5,017.22</b>
<hr/>	

## OTHER INFORMATION

The table below provides information on market value, comparing the debt at repayment value as at 30 June 2011 to the debt at market value.

Debt at repayment value as at the accounts closing date comprises the following elements:

- (a) The nominal value of fixed rate, variable rate and revisable rate borrowings in euros.
- (b) The nominal value of the fixed rate, variable rate and revisable rate euro legs of basis swaps representing the perfect transformation of foreign currency-denominated borrowings into euro-denominated borrowings.
- (c) The accrued nominal value of inflation indexed bonds as at 30 June 2011.
- (d) Accrued interest not due is not included in the repayment value of debt.

Debt at repayment value at the maturity date comprises the following elements:

- (a) The nominal value of fixed rate, variable rate and revisable rate borrowings in euros.
- (b) The nominal value of the fixed rate, variable rate and revisable rate euro legs of swaps representing the perfect transformation of foreign currency-denominated borrowings into euro-denominated borrowings.
- (c) The projected nominal value at maturity of inflation indexed bonds.
- (d) The market value of swaps used for macro hedging.

Debt at market value comprises the following elements:

- (a) The value of the fixed rate bonds and inflation indexed bonds based on the average market price on 30 June 2011.
- (b) The value of unlisted securities issued by CADES obtained using the CADES zero coupon curve as at 30 June 2011. Options embedded in certain of these securities are valued using an internal model based on standard valuation software developed and marketed by an independent service provider.
- (c) The value of derivatives used to transform part of the debt through micro hedging. Options embedded in certain of these instruments are valued using the same internal model.
- (d) The value of derivatives used for macro hedging.

- (e) The present value at 30 June 2011 of collateral, repurchase agreements and bank balances.

(in millions of euros)	DEBT AT REPAYMENT VALUE		DEBT AT MARKET VALUE	MARKET VALUE OF HEDGING TRANSACTIONS
	AT MATURITY	AT 30 JUNE 2011	AT 30 JUNE 2011	AT 30 JUNE 2011
UP TO 1 YEAR	37,491.46	37,465.35	37,451.12	-506.86
FROM 1 TO 5 YEARS	54,537.77	54,387.30	56,369.02	-191.05
OVER 5 YEARS	45,050.01	43,490.57	45,389.09	33.81
SWAPS	-1.36	0.00	-1.36	-1.36
<b>TOTAL</b>	<b>137,077.88</b>	<b>135,343.22</b>	<b>139,207.86</b>	<b>-665.45</b>
REVISABLE RATES	45,054.61	44,793.18	44,880.80	-808.42
INDEXED RATES	15,647.87	13,934.36	14,761.42	0.00
FIXED RATES	76,376.76	76,615.68	79,567.00	144.33
SWAPS	-1.36	0.00	-1.36	-1.36
<b>TOTAL</b>	<b>137,077.88</b>	<b>135,343.22</b>	<b>139,207.86</b>	<b>-665.45</b>

Compared with previous years, the debt breakdown at 30 June 2011 shows a sharp increase in short-term debt:

Debt	30/06/2011	30/06/2010	31/12/2010
Short-term (under 1 year)	27.68%	13.62%	7.67%
Medium-term	40.18%	43.61%	47.93%
Long-term (over 5 years)	32.13%	42.77%	44.40%

The breakdown of foreign currency and euro-denominated issues at 30 June 2011 shows a decrease in euro borrowings compared with 30 June 2010:

Debt	30/06/2011	30/06/2010	31/12/2010
In foreign currencies	40.85%	32.39%	34.24%
In euros	59.15%	67.61%	65.76%

Lastly, the debt structure in the table below shows a decrease in fixed-rate issues and an increase in revisable rate issues compared with the previous year:

<b>Debt</b>	<b>30/06/2011</b>	<b>30/06/2010</b>	<b>31/12/2010</b>
Revisable rate	33.10%	8.69%	8.12%
Indexed rate	10.30%	12.78%	12.98%
Fixed rate	56.61%	78.53%	78.90%

Explanation of variances:

The difference between the market value of the debt and its book value is explained by the following factors:

1. - The market value of fixed rate loans increased because of the decline in interest rates;
2. - Market value factors in the present value of future coupons whereas the repayment value is on a flat basis; and
3. - Gains and losses on macro hedging and inflation swaps impact market value one way or the other.

The above information covers a significant part of CADES' main activity, which is to repay in the best possible conditions the debt it raises on the financial markets.

**RESPONSIBILITY FOR PROSPECTUS SUPPLEMENT**  
**Individual assuming responsibility for the Prospectus Supplement**

**In the name of the Issuer**

I declare, having taken all reasonable measures for this purpose, that the information contained in this Supplement is true to my knowledge and there has been no omission of material facts.

The semi-annual accounts which are contained in this Supplement have been subject to a limited review by the independent auditor. The report of the independent auditor, on pages 62 to 67 of this Supplement, confirms the scope of CADES's role in connection with revenues and prescribes that the accrued income booked on 30 June 2011 corresponds to gross amounts collected in July 2011.

**Caisse d'Amortissement de la Dette Sociale**

*President*

Patrice RACT MADOUX

On 13 October 2011

***Autorité des marchés financiers***

In accordance with articles L.412-1 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 Supplement the *visa* n°11-452 on 13 October 2011. This document 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 any approval of the opportunity of the operation or authentication of the accounting and financial data set out in it. In accordance with article 212-32 of the AMF's General Regulations, any issue or admission of the securities under the terms of this prospectus will lead to a publication of the final terms.

## **RESPONSABILITÉ DU SUPPLÉMENT AU PROSPECTUS**

### **Personne qui assume la responsabilité du présent Supplément au Prospectus**

#### **Au nom de l'émetteur**

J'atteste, après avoir pris toutes mesures raisonnables à cet effet, que les informations contenues dans le présent Supplément au Prospectus, sont, à ma connaissance, conformes à la réalité et ne comportent pas d'omission de nature à en altérer la portée.

Les comptes semestriels incorporés dans le présent Supplément au Prospectus ont fait l'objet d'un rapport de l'auditeur indépendant figurant en pages 62 à 67, lequel contient une observation qui rappelle les compétences de la CADES en matière de recettes et précise que les produits à recevoir inscrits au 30 juin 2011 correspondent aux encaissements du mois de juillet 2011.

#### **Caisse d'Amortissement de la Dette Sociale**

*Président*

Patrice RACT MADOUX

Le 13 octobre 2011

#### ***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 supplément au prospectus de base le 13 octobre 2011 sous le numéro 11-452. Ce document 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 ni approbation de l'opportunité de l'opération, ni authentification des éléments comptables et financiers présentés. Conformément à l'article 212-32 du règlement général de l'AMF, toute émission ou admission de titres réalisée sur la base de ce prospectus donnera lieu à la publication de conditions définitives.



**REGISTERED OFFICE OF THE ISSUER**

**Caisse d'amortissement de la dette sociale**

15-17 rue Marsollier

75002 Paris

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REDENOMINATION AGENT AND CONSOLIDATION AGENT**

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**Citibank International, Paris Branch**

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**CADES**

**Rapport de l'auditeur  
indépendant sur l'examen  
limité des comptes semestriels**

Période du 1<sup>er</sup> janvier 2011 au 30 juin 2011

**CADES**

15, rue Marsollier – 75002 Paris

*Ce rapport contient 40 pages*

Référence : HV-114-01

**-62-**

KPMG S.A.,  
société française membre du réseau KPMG  
constitué de cabinets indépendants adhérents de  
KPMG International Cooperative, une entité de droit suisse.

Société anonyme d'expertise  
comptable et de commissariat  
aux comptes à directeur et  
conseil de surveillance.  
Inscrite au Tableau de l'Ordre  
à Paris sous le n° 14-30080101  
et à la Compagnie Régionale  
des Commissaires aux Comptes  
de Versailles.

Siège social :  
KPMG S.A.  
Immeuble Le Palatin  
3 cours du Triangle  
92939 Paris La Défense Cedex  
Capital : 5 497 100 €  
Code APE 69202  
775 726 417 R.C.S Nanterre  
TVA Union Européenne  
FR 77 775 726 417



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**CADES**  
15, rue Marsollier  
75002 Paris

## **Rapport de l'auditeur indépendant sur l'examen limité des comptes semestriels de la CADES**

Période du 1<sup>er</sup> janvier 2011 au 30 juin 2011

Mesdames, Messieurs,

En exécution de la mission qui nous a été confiée par lettre en date du 30 juillet 2010, nous avons effectué un examen limité des comptes semestriels de la Caisse d'Amortissement de la Dette Sociale (CADES), relatifs à la période du 1<sup>er</sup> janvier 2011 au 30 juin 2011, 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 notre examen limité selon les normes de l'IFAC qui s'appliquent à un examen limité (International Standard on Review Engagements 2410). Un examen limité de comptes intermédiaires consiste à obtenir les informations estimées nécessaires, principalement auprès des personnes responsables des aspects comptables et financiers, et à mettre en œuvre des procédures analytiques ainsi que tout autre procédure appropriée. Un examen de cette nature ne comprend pas tous les contrôles propres à un audit effectué selon les normes professionnelles applicables en France. Il ne permet donc pas d'obtenir l'assurance d'avoir identifié tous les points significatifs qui auraient pu l'être dans le cadre d'un audit et, de ce fait, nous n'exprimons pas une opinion d'audit.

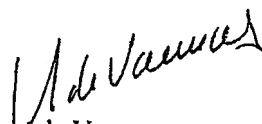
-63-

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.

Sans remettre en cause la conclusion exprimée ci-dessus, nous attirons votre attention sur le paragraphe 5 des principes et méthodes comptables et la note 12 qui précisent les modalités de comptabilisation de la contribution au remboursement de la dette sociale (CRDS), de la contribution sociale généralisée (CSG), et des prélèvements sociaux de 1,3% sur les revenus du patrimoine et les produits de placement. Les revenus de CRDS, les revenus de CSG et les revenus sur prélèvements sociaux sur les revenus du patrimoine et les produits de placement comptabilisés sont issus des notifications envoyées à la CADES par l'ACOSS et la direction générale des finances publiques (DGFIP) qui sont les organismes collecteurs. Les compétences de la CADES en matière de recettes se limitent à une vérification comptable formelle des pièces produites par les organismes recouvreurs. Les produits à recevoir inscrits au 30 juin 2011 correspondent aux encaissements du mois de juillet 2011.

Paris la Défense, le 5 octobre 2011

KPMG Audit  
Département de KPMG S.A.



Hubert de Vaumas  
Associé



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## CADES

# English translation of the Independent auditor's report on limited review of Half-Year Financial Statements

For the period from 1 January 2011 to 30 June 2011

CADES

15, rue Marsollier – 75002 Paris

*This report contains 40 pages*

Reference : HV-114-02

-65-

KPMG S.A.,  
société française membre du réseau KPMG  
constitué de cabinets indépendants adhérents de  
KPMG International Cooperative, une entité de droit suisse.

Société anonyme d'expertise  
comptable et de commissariat  
aux comptes à directeur et  
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Inscrite au Tableau de l'Ordre  
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This is a free translation into English of the auditor's report on limited review of Interim Financial Statements 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**

15, rue Marsollier – 75002 Paris

### **English translation of the Independent auditor's report on limited review of Half-Year Financial Statements**

For the period from 1 January 2011 to 30 June 2011

As appointed by you in the letter dated July 30, 2010, 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 30 June 2011.

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 IFAC standards for a limited review (ISRE 2410). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



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.

Without qualifying our conclusion expressed above, we draw the attention to the note 5 of the accounting principles and methods and to the note 12 which describe the applicable accounting treatment of the social security debt repayment contribution (CRDS), the generalised social contribution (CSG) and the 1.3% levy tax on capital income. The revenues of CRDS, CSG and 1.3% levy tax on capital income recorded are provided by ACOSS and DGFIP which are the collectors. The role of CADES in connection to the revenues of CRDS, CSG and 1.3% levy tax on capital income only consists of ensuring that the amounts included in the supports provided by the collectors are properly recorded. Accrued income booked on 30 June 2011 corresponds to gross amounts collected in July 2011.

Paris la Défense, 5 October 2011

KPMG Audit  
*A division of KPMG S.A.*

Hubert de Vaumas  
*Partner*

**RESPONSIBILITY FOR PROSPECTUS SUPPLEMENT**  
**Individual assuming responsibility for the Prospectus Supplement**

**In the name of the Issuer**

I declare, having taken all reasonable measures for this purpose, that the information contained in this Supplement is true to my knowledge and there has been no omission of material facts.

The semi-annual accounts which are contained in this Supplement have been subject to a limited review by the independent auditor. The report of the independent auditor, on pages 62 to 67 of this Supplement, confirms the scope of CADES's role in connection with revenues and prescribes that the accrued income booked on 30 June 2011 corresponds to gross amounts collected in July 2011.

**Caisse d'Amortissement de la Dette Sociale**

*President*

Patrice RACT MADOUX

On 13 October 2011

***Autorité des marchés financiers***

In accordance with articles L.412-1 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 Supplement the *visa* n°11-452 on 13 October 2011. This document 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 any approval of the opportunity of the operation or authentication of the accounting and financial data set out in it. In accordance with article 212-32 of the AMF's General Regulations, any issue or admission of the securities under the terms of this prospectus will lead to a publication of the final terms.



## **RESPONSABILITÉ DU SUPPLÉMENT AU PROSPECTUS**

### **Personne qui assume la responsabilité du présent Supplément au Prospectus**

#### **Au nom de l'émetteur**

J'atteste, après avoir pris toutes mesures raisonnables à cet effet, que les informations contenues dans le présent Supplément au Prospectus, sont, à ma connaissance, conformes à la réalité et ne comportent pas d'omission de nature à en altérer la portée.

Les comptes semestriels incorporés dans le présent Supplément au Prospectus ont fait l'objet d'un rapport de l'auditeur indépendant figurant en pages 62 to 67, lequel contient une observation qui rappelle les compétences de la CADES en matière de recettes et précise que les produits à recevoir inscrits au 30 juin 2011 correspondent aux encaissements du mois de juillet 2011.

#### **Caisse d'Amortissement de la Dette Sociale**

*Président*

Patrice RACT MADOUX

Le 13 octobre 2011

#### ***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 supplément au prospectus de base le 13 octobre 2011 sous le numéro 11-452. Ce document 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 ni approbation de l'opportunité de l'opération, ni authentification des éléments comptables et financiers présentés. Conformément à l'article 212-32 du règlement général de l'AMF, toute émission ou admission de titres réalisée sur la base de ce prospectus donnera lieu à la publication de conditions définitives.

**REGISTERED OFFICE OF THE ISSUER**

**Caisse d'amortissement de la dette sociale**

15-17 rue Marsollier

75002 Paris

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