

# CADES

## Letter

N°21 - FEBRUARY 2008

ca des 5,125 % octobre 2008  
 cades: 3,15 % juillet 2013  
 cades: 3,8 % juillet 2006  
 cades 5,25 % octobre 2012  
 cades: 3,4 % juillet 2011

### É D I T O R I A L



**Patrice RACT MADOUX**  
 Chairman of CADES

In 2007, CADES once again demonstrated its ability to efficiently fulfill the mission that was entrusted to it by law.

The mechanism set up by CADES to pay down the debt is working as it should: all the debt that was voted in 1996, i.e. 46 billion euros, would have been totally redeemed in 2007, two years before the initial due date of 2009, had its mission not been extended by law in 1998 and 2004.

Despite a year that was marred by the financial market crisis, CADES was able to continue the process of efficiently amortizing its social security debt in accordance with the objective set by the social security financing law (€2.6 billion), thanks to its exclusive CRDS resource, which amounted to 5.7 billion euros in 2007.

In the 12 years since it was founded, CADES has paid down debt of 34.7 billion euros out of the 107.6 billion euros entrusted to it by a series of social security reforms. On December 31, 2007, the outstanding debt, as represented by the agency's net accounting position, was 72.9 billion euros.

CADES continued to pursue a variety of activities in order to respond to the demands of investors: 3 billion euros in the form of benchmark issues in euros, 2 billion euros worth of benchmark USD issues, 0.75 billion euros indexed to French inflation, and 0.461 billion euros in private placements and MTN (Medium Term Notes).

In 2008, CADES plans to pursue its mission of amortizing the social security debt in order to reach the target of 2.8 billion euros set by the Social Security Finance Act for 2008.

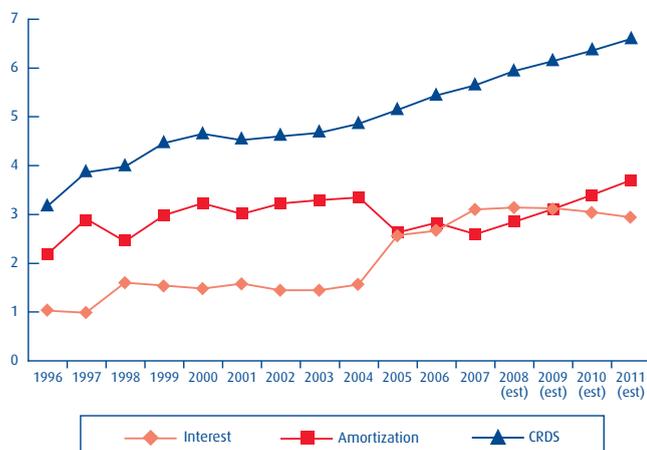
The issue program will be as diversified and flexible as in 2007. For 2008, the CADES' financing needs are an estimated 14.9 billion euros, partly financed by the CRDS (€5.9 bn) and by a program of issues that should reach 9 billion euros. CADES expects to give preference to benchmark issues in euros (€3 to 6 billion), issues pegged to French inflation (€1 to 2 billion), benchmark issues in currencies other than the euro (€1 to 2 billion), and private placements and MTN (Medium Term Notes) (€0.5 to €1 billion).

Faithful to the spirit of its founders who, by separating the management of the social security debt from that of the general public debt, made transparency the centerpiece of its mission, CADES intends in the thirteenth year of its existence to actively pursue the mission entrusted to it by Parliament: that of paying down the social security debt and, in so doing, demonstrating its efficiency.

*P Ract Madoux*

#### Annual CRDS and distribution between interest paid and amortized debt

In bns of euros



#### A sought-after, rare and liquid issuer

At December 31, 2007, total voted debt was €110.4 billion.

**Total debt assumed  
 €107.6 billion**

#### An issuer of quality

CADES enjoys a triple-A rating and a 0% Basel ratio weighting.

**AAA/A1+  
 Aaa/P1  
 AAA/F1+  
 0%**

At December 31, 2007, amortization was 34.7 billion euros.

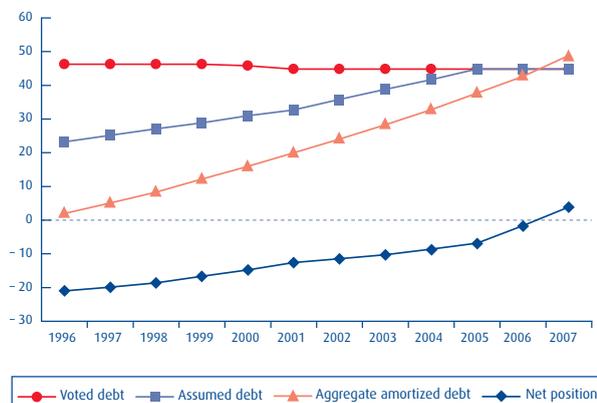
**Amortization  
 €34.7 billion**



# The original CADES would have completed its mission in 2007

## A mechanism that works: the original CADES

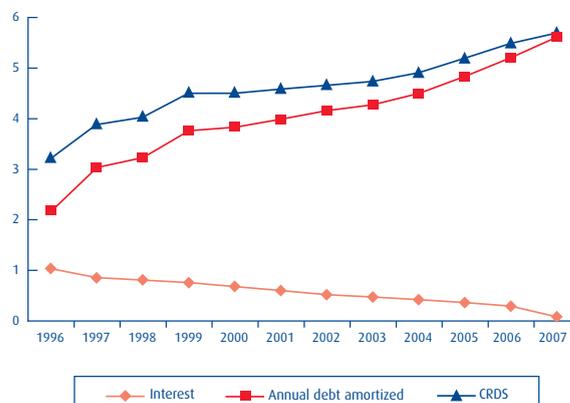
In billions of euros



## The original CADES

### Distribution of the CRDS: interest and amortization

In billions of euros



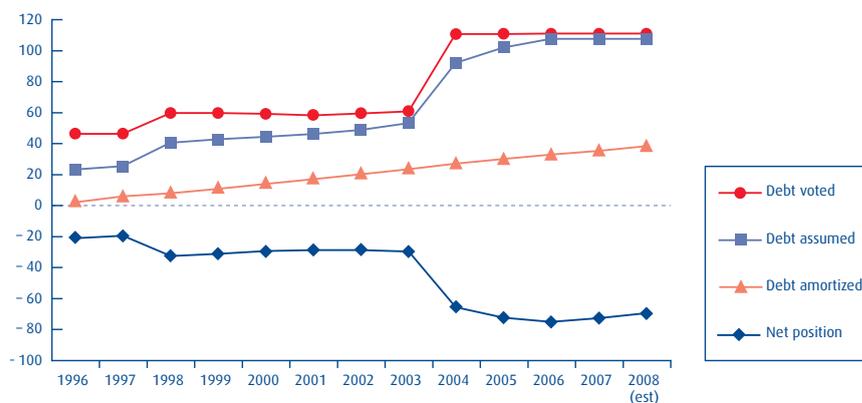
### CADES: An amortization mechanism that works

CADES has demonstrated the efficiency of its mechanism for amortizing the debt: all of the debt that was entrusted to it in 1996 was amortized in 2007 – two years before the initial due date in 2009 that was set by law. Supplementary debt assignments in 1998 and 2004 extended its existence.

# CADES will pursue its mission in 2008

## Debt voted, assumed and amortized, and net position of CRDS

In billions of euros



## At December 31, 2007

In millions of euros

Total debt voted	110.4	
Debt assumed	107.6	(1)
Total CRDS revenue	55.4	
• Estimated principal amortized	34.7	(2)
• Estimated interest paid	20.7	
Estimated net position	- 72.9	(1) - (2)

### Appointments

Philippe MILLS, replacing Benoît COEURE;  
Nicolas VANNIEUWENHUYZE, replacing  
Marie-Hélène DUPIN (Decree dated February  
6, 2008)

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75012 Paris

Web site  
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Patrice Ract Madoux

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### CADES AND INFORMATION

Geneviève GAUTHEY  
Administrative Manager  
Phone: 33 (1) 55 78 58 07  
Email: [genevieve.gauthey@cales.fr](mailto:genevieve.gauthey@cales.fr)

Magali CLAVIER  
Chairman's Office and Webmaster  
Phone: 33 (1) 55 78 58 00

[www.cades.fr](http://www.cades.fr)

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