



The Letter

N°29 MAY 2011

The CADES board of directors approved the financial statements for 2010 on April 28th. Revenues reached €8.1 billion and allowed us to amortise debt for €5.1 billion, in accordance with the fixed legal amortisation objectives for 2010. A total of €3 billion was paid in interest to bearers of CADES' bonds.



Patrice Ract Madoux
Chairman of the Board

CADES enjoyed a strong position on the international market and raised €11.1 billion in mid and long term bonds in 2010, which puts us among the top-ranked issuers in the market.

Since the beginning of the year, we have continued to benefit from this dynamic and have raised €17.4 billion using different financial instruments. This is over half of the amount we planned to raise for 2011.

Our marketing strategy revolves around growing issues in foreign currencies, mainly in US dollars. Overall, half of this programme will take place in euros, and the dollar will be the second source of financing. For this reason, we have registered specific judicial documentation (144A) which will allow qualified investors based in the USA to subscribe to our bonds.

Our objective is to access new sources of finance and enlarge the number of investors, with the aim of writing down a portion of the French national debt as defined by the government.

P Ract Madoux

FINANCIAL HIGHLIGHTS AS AT DECEMBER 31ST

<i>In € million</i>	2008	2009	2010
Earnings	5,980	8,082	8,151
Financial charges	- 3,093	- 2,820	- 3,016
Annual amortisation of the French social debt	2,885	5,260	5,135

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

An issuer of quality
Cades is awarded triple-A rating and a 0% basel ratio weighting.

**ACOSS payment for 2011
€45 bn**

As at May 9th 2011, CADES paid to ACOSS €45bn on the €68bn defined in the Social Security Financing Act for 2011

**Aggregate amortised debt
€86.7 bn**

As of December 31, 2009, CADES had amortized €86.7 billion.

COMPOSITION OF CADES' BOARD OF DIRECTORS AS AT 11 MAY 2011 *[by ministerial order of May 10th, 2011]*

- **Chairman of the Board** : Patrice RACT MADOUX (by decree of May 10th, 2011)
- Pierre BURBAN, Chairman of the Board of **ACOSS**⁽¹⁾ *(substitute: Jean-Claude Guery)* and Pierre-Yves CHANU, Vice-Chairman of the Board *(substitute : Serge Cigana)*
- Michel REGEREAU, Chairman of the Board of **CNAMTS**⁽¹⁾ *(substitute: Jean-Marc Lamère)*
- Danièle KARNIEWICZ, Chairman of the Board of **CNAVTS**⁽¹⁾ *(substitute: Marcel Lesca)*
- Jean-Louis DEROUSSSEN, Chairman of the Board of **CNAF**⁽¹⁾ *(substitute: Roselyne Lecoultre)*
- Gérard QUEVILLON, Chairman of the Board of **CNRSI**⁽¹⁾ *(substitute: Louis Grassi)*
- Gérard PELHATE, Chairman of the Board of **CCMSA**⁽¹⁾ *(substitute: Jean-François Belliard)*
- Representative from the Supervisory Board of the **FRR**⁽¹⁾: Valérie CORMAN, director of the Business and social environment division of the MEDEF⁽¹⁾, *(substitute: Emilie Martinez)*
- **Representatives from Ministry of Economy**: Maya ATIG, Deputy Director at General Head Office for Treasury *(substitute: Sébastien Raspiller)* and Philippe MILLS, Deputy Chief Executive of Agence France Trésor *(substitute: Anthony Requin)*
- **Representatives from Ministry of Budget**: François TANGUY, Deputy Director of Public Accountancy Head Office *(substitute: Grégory Berthelot)*
- **Representatives from Minister in charge of Social Security**: Dominique LIBAULT, Director of Social Security *(substitute: Jean-François Chadelat)* and Jonathan BOSREDON, Deputy Director of Social Security *(substitute: Damien Vergé)*

2011 INDICATIVE FUNDING PROGRAMME

In € billion

Euro benchmarks	9	(3)	} in € : €14.5 to €16 billion
Tap on existing issues	5-6	(6-10)	
Inflation linked bonds	0,5-1	(1)	
USD benchmarks	12-14	(8-12)	} In other currencies : €13.5 à €16 billion
Other currencies bonds	1,5-2	(8-10)	
Others bonds and EMTNs	2-3	(12-15)	} €68 to 70 billion
TOTAL MID- AND LONG-TERM ISSUES	30-35		
Short-term issues outstanding (as at 31/12/2011)	33-38	(+1000)	

(x) number of issues to be carried out in 2011

Since the beginning of the year, the programme has been carried out smoothly. Market perception for risk is flat considering yield spread of CADES securities over swaps, notwithstanding issues frequency and volume increase. CADES carried out half of its mid- and long-term programme, issuing so far €17.4 billion. Short-term issuing programme were very active with an outstanding amount of €30 billion as at May 13th 2011.

EVOLUTION OF REFINANCING RATE



Refinancing rate decreased from 3.47% in October 2010 to 3.02% in April 2011 due to the increase of revisable and variable rate indebtedness contribution. This increase results from the payment of €45 billion to ACOSS linked to debt assumed in 2011 refinanced on a short-term basis.

⁽¹⁾ **ACOSS** : Agence centrale des organismes de sécurité sociale, **CNAMTS** : Caisse nationale de l'assurance maladie des travailleurs salariés, **CNAVTS** : Caisse nationale d'assurance vieillesse des travailleurs salariés, **CNAF** : Caisse nationale des allocations familiales, **CNRSI** : Caisse nationale du régime social des Indépendants, **CCMSA** : Caisse centrale de la mutualité sociale agricole, **FRR** : Fonds de réserve pour les retraites, **MEDEF** : Mouvement des Entreprises de France.

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