

The Letter

N°28 DECEMBER 2010

2011 is set to be a new step for CADES, the state agency charged with funding France's social security debt, after it successfully raised €35.7 billion in 2009, and €13.4 billion in 2010, on international markets.



Patrice Ract Madoux
Chairman of the Board

At the end of November, the French Parliament passed Social Security Financing Law (SSFL) transferring a maximum of €68 billion of general social security debt accumulated for the period 2009-11.

In addition, the law effectively transferred a maximum of €62 billion of new debt to CADES, representing the expected balance of French Retirement Plan financing, to cover the whole period 2012-18.

To help CADES finance this new debt, the French Government asked Parliament to extend its life span for four extra years and to endow it with additional income. In total, €15.2 billion will be allocated to CADES in 2011.

This new income will reassure international investors that they will continue to benefit from excellent financing conditions that CADES has always offered them and that CADES' bonds will still be rated triple-A from international ratings agency as it has always been the case.

Close and long-term relationships with investors, superior ratings for its issues, and strong capacity to adapt and to react quickly are all great assets that will support CADES in its task to amortize French social security debt until 2025.



UPDATE

On November 19th, the Board of Directors, chaired by Patrice Ract Madoux, agreed the CADES budget for 2011.

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

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

Assumed debt
€134.6 bn

A sought-after, rare and liquid issuer
As of November 30, 2010, total assumed debt was €134.6 bn

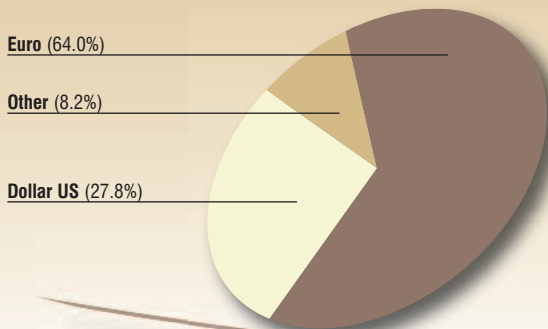
Aggregate
amortized debt
€47.8 bn

As of November 30, 2010, CADES had amortized €47.8 bn

Still to amortize
€86.8 bn

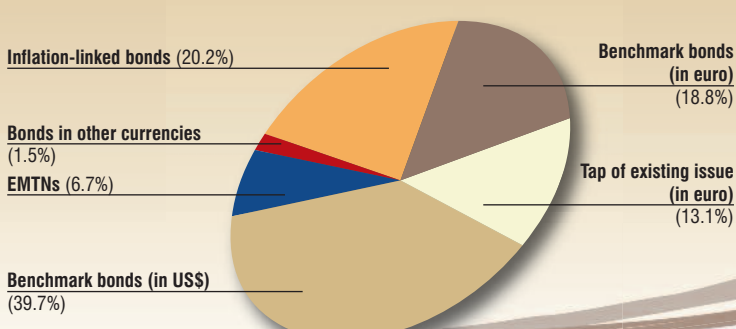
ANALYSIS OF THE DEBT ISSUED BY CURRENCY

As of 30 November 2010



ANALYSIS OF THE DEBT ISSUED BY INSTRUMENT

As of 30 November 2010



DETAIL OF FUNDING PROGRAMME CARRIED OUT IN 2010

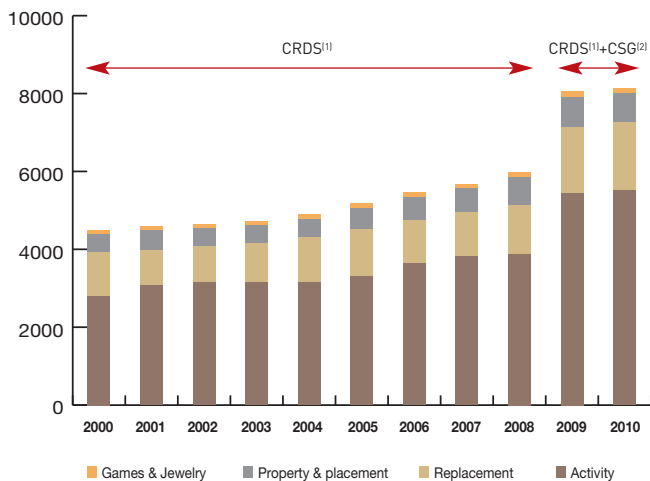
in € billion	2009	2010
Euro benchmarks	(3) 8.0	(1) 2.5
Tap of existing issues	(7) 7.6	(2) 1.8
Inflation-linked issues	(1) 0.9	(0) 0
USD benchmarks	(6) 5.6	(5) 5.3
Other currencies benchmarks	(8) 1.5	(1) 0.2
Private and structured issues	(9) 2.2	(5) 0.9
Sub-total mid- and long-term issues	25.8	10.65
Short term funding (as at 31/12/2010)	(773) 9.9	2.7
TOTAL volume of issues	35.7	13.4

In euros : €4.3 bn
In other currencies : €5.5 bn

(x) : number of issues carried-out

EVOLUTION OF INCOME SINCE 2000

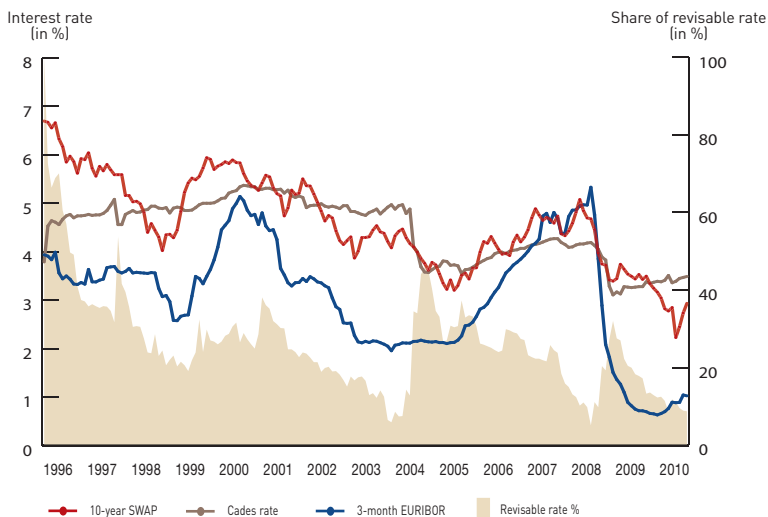
In € million



(1) CRDS: Contribution au Remboursement de la Dette Sociale

(2) CSG: Contribution Sociale Généralisée

REFINANCING RATE EVOLUTION



INFORMATION ABOUT CADES

Geneviève GAUTHEY

Budget and Media Manager

Tel: +33(0)1 55 78 58 07

genevieve.gauthey@caedes.fr

Magali CLAVIER

Assistant to the Chairman and webmaster

Tel: +33(0)1 55 78 58 00

www.cades.fr

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CADES information letter

15 rue Marsollier - 75002 Paris

Website: <http://www.cades.fr>

Director of Publication

Patrice Ract Madoux

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