BASE PROSPECTUS 30 May 2011

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

Under the Debt Issuance Programme (the "**Programme**"), described in this base prospectus (the "**Base Prospectus**"), *Caisse d'amortissement de la dette sociale* (the "**Issuer**" or "**CADES**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue debt instruments (the "**Notes**"). The aggregate nominal amount of Notes outstanding will not at any time exceed euro 130,000,000,000 (or the equivalent in other currencies) unless the amount of the Programme is increased following the date hereof.

Notes issued under the Programme may be admitted to trading on and/or quotation by such stock exchanges, listing authorities and/or quotation systems as may be agreed between the Issuer and the relevant Dealer(s), or may be unlisted, in each case as specified in the relevant Final Terms. This Base Prospectus has been submitted to the *Autorité des Marchés Financiers* (the "**AMF**") and has received from AMF visa n°11-193 on 30 May 2011.

Notes shall be governed by French law and may be issued either in dematerialised form ("**Dematerialised Notes**") or in materialised form ("**Materialised Notes**") as more fully described herein. Dematerialised Notes will at all times be in book entry form in compliance with Article L.211-3 of the French *Code monétaire et financier*. No physical document of title will be issued in respect of the Dematerialised Notes.

Notes issued under the Programme have, at the request of the Issuer, been rated Aaa and P-1 by Moody's Investors Service, AAA and A-1+ by Standard & Poor's Ratings Services, a Division of the McGraw – Hill Companies, Inc. and AAA and F1+ by Fitch Ratings, in respect of the Issuer's long-term and short-term debt, respectively. Tranches of Notes (as defined in "**Summary of the Programme**") issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the ratings assigned to the Notes. Whether or not each credit rating applied for in relation to a relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under Regulation (EU) No 1060/2009 (the "**CRA Regulation**") will be disclosed in the Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Furthermore, the Issuer may at any time reduce the number of rating agencies from which it requests ratings.

The price and the amount of the relevant Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer based on their prevailing market conditions at the time of the issue of such Notes and will be set out in the relevant Final Terms. Notes will be in such denomination(s) as may be specified in the relevant Final Terms, save that the minimum denomination of each Note listed and admitted to trading on a Regulated Market or offered to the public in a Member State of the European Economic Area ("**EEA**") in circumstances which require the publication of a prospectus under the Prospectus Directive will be €1,000 and, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency at the issue date, or such higher amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant specified currency.

This Base Prospectus and the Final Terms related to Notes listed and admitted to trading on any regulated market will be published on the websites of the AMF (www.amf-france.org), and the Issuer (www.cades.fr).

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

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

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

The distribution of this Base Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus comes are required by the Issuer, the Dealers and the Arrangers to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") or with any securities regulatory authority of any state or other jurisdiction of the United States and the Notes may include Materialised Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or, in the case of Materialised Notes in bearer form, delivered within the United States. For a description of certain restrictions on offers and sales of Notes and on distribution of this Base Prospectus, see "Subscription and Sale".

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

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

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

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

Notes or the distribution of this Base Prospectus or any Final Terms in any jurisdiction where such action is required.

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

The expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**")), and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

In connection with the issue of any Tranche, and unless otherwise agreed between the Issuer and the Relevant Dealer(s), the Relevant Dealer or, in the case of a Syndicated Issue, the Lead Manager shall act as a stabilising manager (the "**Stabilising Manager**"); provided that a different Stabilising Manager may not act upon the issue of a further Tranche of an existing Series until all previous stabilisation activity in respect of that Series has terminated. The Stabilising Manager may, to the extent permitted by applicable laws and directives, over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail, but in doing so the Stabilising Manager shall not act as agent of the Issuer and any loss resulting from over-allotment and stabilisation shall be borne, and any profit arising from them shall be beneficially retained, by the Stabilising Manager or, as the case may be, the Relevant Dealers in the manner agreed between them. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the relevant Tranche is made and, if begun, may be ended at any time, but it must end no later than the earlier of (i) 30 days after the issue date of the relevant Tranche and (ii) 60 days after the date of the allotment of the relevant Tranche. Such stabilisation shall be carried out in accordance with applicable laws and regulations and the Issuer shall not be liable in respect thereof.

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

NOTICE TO NEW HAMPSHIRE RESIDENTS

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

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SUMMARY (ENGLISH VERSION)

*This summary (the "**Summary**") is provided for the purposes of the issue of Notes of a denomination of less than Euro 50,000 (or its equivalent in other currencies). Investors in Notes of a denomination equal to or greater than Euro 50,000 should not rely on this summary in any way and the Issuer accepts no liability to such investors. This summary must be read as an introduction to this Base Prospectus. Any decision to invest in any transactions or financial instruments should be based on a consideration of this Base Prospectus. Where a claim relating to information contained in the Base Prospectus is brought before a court, the plaintiff may, under the national legislation of the European Economic Area State (an "EEA State"), be required to bear the costs of translating this Base Prospectus before the legal proceedings are initiated. Persons who have tabled the summary, including its translation if any, and who have requested its modification further to article 212-42 of the AMF General Regulations, would be subject to civil liability if such summary is misleading, inaccurate or inconsistent when read together with theo ther parts of the Base Prospecuts.*

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

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

Overview of the Issuer

The Caisse d'Amortissement de la Dette Sociale is an administrative public agency (*établissement public national à caractère administratif*) created by a specific statute and owned and controlled by the French State. CADES is responsible for financing and repaying a portion of the accumulated debt of France's social security system. CADES finances this debt by borrowing primarily in the debt capital markets and using the proceeds of social security taxes imposed on French taxpayers' earnings to service interest payments and repay principal on the amounts borrowed.

CADES was established in 1996 as part of a series of measures to reform the French social security system with the aim of repaying the debt it accumulated between 1994 and 1996. The French State has since transferred additional social security debt to CADES on several occasions, and, pursuant to the 2011 Social Security Financing Act dated 20 December 2010 (*loi de financement de la sécurité sociale pour 2011*), will transfer a total of approximately Euro 130 billion of social security debt to CADES between 2011 and 2018. The French State has also from time to time increased the revenue base of social security taxes to provide CADES with the revenue necessary to service such additional indebtedness. Since 2005, the French State has been legally required to match any increase in the social security debt it transfers to CADES with increased resources for CADES. See "Historical Evolution of Debt and Resources" below.

As at 31 December 2010, the cumulative amount of social security debt transferred to CADES totalled Euro 134.6 billion, of which, as of that date, CADES had repaid Euro 47.9 billion and Euro 86.7 billion was outstanding, and had paid interest for an amount equal to Euro 29.9 billion. For the six months ended 30 June 2010, CADES received Euro 3.860 billion in revenue from social security taxes and incurred interest expenses of Euro 1.586 billion in connection with servicing its borrowings, net of interest received on deposits. For the year ended 31 December 2009, CADES received Euro 8.082 billion in revenue from social security taxes (compared with Euro 5.98 billion for the year ended 31 December 2008 and Euro 5.681 billion for the year ended 31 December 2007) and incurred interest expenses of Euro 2.822 billion in connection with servicing its borrowings, net of interest received on deposits (compared with Euro 3.093 billion for the year ended 31 December 2008 and Euro 3.101 billion for the year ended 31 December 2007).

CADES' principal sources of revenue are allocated to it by law and paid automatically in part on a daily basis and in part on an annual basis. They are (i) a specifically earmarked social security levy (the *contribution au remboursement de la dette sociale* or "**CRDS**"), and (ii) a portion of another social security tax (the *contribution sociale généralisée* or "**CSG**"), both of which are allocated to CADES on a permanent basis until CADES' purpose has been fulfilled. Pursuant to the 2011 Social Security Financing Act CADES will receive an additional annual cash transfer of Euro 2.1 billion from the French Pension Fund (*Fonds de Réserve pour les Retraités* or "**FRR**") from 2011 through 2024 and additional tax revenue equal to 1.3 per cent. of the 2 per cent. tax collected on capital and investment, amounting to approximately Euro 1.5 billion. CADES will receive this funding annually until 2024. See "Sources of Revenue" below.

CADES' registered office is located at 15-17 rue Marsollier 75002 Paris – France and its telephone number is +33 1 55 78 58 32.

Risk Factors

There are certain factors that may affect the ability of the Issuer to fulfil its obligations under the Notes and certain factors that are material for the purpose of assessing the market risks associated with the Notes. A detailed discussion of such risks is set forth in the section headed "Risk Factors". The following is a list of these risk factors:

Risks relating to the Issuer

- Payment risks
- The French State has transferred additional social security debt to the Issuer in the past and may do so in the future
- The revenues of CADES from the social security taxes it receives may vary
- The Issuer faces various market risks

Risk Factors relating to the Notes

- The Notes may not be a suitable investment for all investors
- None of the Issuer, any Dealer or any of their affiliates has or assumes any responsibility for the lawfulness of the acquisition of the Notes
- The trading market for debt securities may be volatile and may be adversely impacted by many events
- An active trading market for the Notes may not develop
- Any early redemption at the option of the Issuer, if provided for in any Final Terms for a particular issue of Notes, could cause the yield received by any Noteholders to be considerably less than anticipated
- The Notes may be subject to restrictions on transfer which may adversely affect their value
- The Notes contain limited events of default and covenants
- A Noteholder's actual yield on the Notes may be reduced from the stated yield due to transaction costs
- A Noteholder's effective yield on the Notes may be diminished due to the tax impact on that Noteholder of its investment in the Notes
- Investors will not be able to calculate in advance their rate of return on Floating Rate Notes
- The Issuer's ability to convert the interest rate of Fixed to Floating Rate Notes may affect the secondary market and the market value of the Notes
- Zero Coupon Notes are subject to higher price fluctuations than non-discounted bonds
- Foreign currency bonds expose investors to foreign-exchange risk as well as to issuer risk
- Structured Notes may entail significant risks not associated with similar investments in a conventional debt security
- Investments in Index Linked Notes entail significant risks and may not be appropriate for investors lacking financial expertise

- The Notes may be subject to exchange rate risks
- The Notes are subject to interest rate risks
- Holdings of less than the minimum Specified Denomination may be affected if the Notes are traded in denominations that are not integral multiples of the Specified Denomination
- Taxes, charges and duties may be payable in respect of purchases of the Notes
- Member States may be required to provide details of payments of interest under the EU Savings Directive and neither the Issuer nor any Paying Agent will pay any additional amount with respect to any Note as a result of the imposition of withholding tax by another Member State
- The Issuer shall not pay any additional amounts in respect of Grossing-Up in case of withholding
- The decision of the majority of Noteholders may bind all holders of the Notes
- The Notes may be affected by changes in law
- The credit ratings assigned to the Notes may not reflect all factors that could affect the value of the Notes

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

The Programme and the Notes

Description: Debt Issuance Programme

Programme Size: Up to euro 130,000,000,000 aggregate principal amount of Notes outstanding at any one time (or the equivalent in other currencies calculated as set out below). The euro equivalent of the aggregate principal amount of Notes outstanding at any one time and denominated in a currency other than euro (which, in the case of Dual Currency Notes, shall be the currency in which the subscription moneys are received by the Issuer) shall be determined on the basis of the official rate of exchange published by the European Central Bank of euro for the relevant currency at any time selected by the Issuer during the five-day period ending on the date of agreement to issue such Notes.

Dealers: There are no Dealers appointed permanently in respect of the Programme. The Issuer may from time to time appoint one or more dealers in respect of any Tranches of Notes. References in this Base Prospectus to "Dealers" are to all persons appointed as a dealer in respect of any Tranches.

Only credit institutions and investment firms incorporated in a member state of the European Union and which are authorised to lead-manage bond issues in such member state may act as Dealers in respect of non-syndicated issues of Notes denominated in euro and as lead manager of syndicated issues of Notes denominated in euro.

Method of Issue: The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a "**Series**") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a "Tranche") on the same or different issue dates with no minimum issue size. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in the final terms to this Base

Prospectus (the "**Final Terms**").

Form of Notes: Notes may be issued as Dematerialised Notes or Materialised Notes.

Dematerialised Notes will at all times be in book entry form in compliance with Article L.211-3 of the *Code monétaire et financier*.

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

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

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

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

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

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

Denomination: Definitive Notes will be in such denominations as may be agreed between the Issuer and the relevant Dealer and specified in the relevant Final Terms, save that:

(i) in the case of any Notes admitted to trading on a Regulated Market or offered to the public within the territory of any EEA State in circumstances which require the publication of a prospectus under the Prospectus Directive, the minimum denomination shall be €1,000 (or its equivalent in any other currency or currencies as at the date of issue of those Notes); and

(ii) the minimum denominationof each Note will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant specified currency.

Status of Notes: The Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will rank *pari passu* among themselves all as described in "Terms and Conditions of the Notes – Status".

Negative Pledge: The terms and conditions of the Notes will contain a negative pledge provision as described in "Terms and Conditions of the Notes – Negative Pledge".

Cross-Default: The terms and conditions of the Notes will not contain a cross-default provision.

Ratings: Notes issued under the Programme have, at the request of the Issuer, been rated Aaa and P-1 by Moody's Investors Service, AAA and A-1+ by Standard & Poor's Ratings Services, a Division of the McGraw – Hill Companies, Inc. and AAA and F1+ by Fitch Ratings in respect of the Issuer's long-term and short-term debt, respectively. Tranches of Notes (as defined in "Summary of the Programme") issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the ratings assigned to the Notes. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency**.** Furthermore, the Issuer may at any time reduce the number of rating agencies from which it requests ratings.

Withholding Tax: 1. All payments of principal and interest by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within France or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

2. Notes issued on or after 1 March 2010 (except Notes that are issued on or after 1 March 2010 and which are to be assimilated (*assimilées*) and form a single Series with Notes issued before 1 March 2010 having the benefit of Article 131 *quater* of the French General Tax Code (the "**French General Tax Code**")) fall under the new French withholding tax regime pursuant to the French *loi de finances rectificative pour 2009 no. 3* (n°2009-1674 dated 30 December 2009), applicable as from 1 March 2010 (the "**Law**"). Payments of interest and other revenues made by the Issuer on such Notes will not be subject to the withholding tax set out under Article 125 A III of the French General Tax Code unless such payments are made outside France in a noncooperative State or territory (*Etat ou territoire non coopératif*) within the meaning of Article 238-0 A of the French General Tax Code (a "**Non-Cooperative State**"). If such payments under the Notes are made in a Non-Cooperative State, a 50% withholding tax will be applicable (subject to certain exceptions described below and the more favourable provisions of any applicable double tax treaty) by virtue of Article 125 A III of the French General Tax Code.

Furthermore, interest and other revenues on such Notes will no longer be deductible from the Issuer's taxable income, as from the fiscal years starting on or after 1 January 2011, if they are paid or accrued to persons established in a Non-Cooperative State or paid in such a Non-Cooperative State. Under certain conditions, any such non-deductible interest and other revenues may be recharacterised as constructive dividends pursuant to Article 109 of the French General Tax Code, in which case such non-deductible interest and other revenues may be subject to the withholding tax set out under Article 119 *bis* of the French

General Tax Code, at a rate of 25% or 50%.

Notwithstanding the foregoing, the Law provides that neither the 50% withholding tax nor the non-deductibility will apply in respect of a particular issue of Notes if the Issuer can prove that the principal purpose and effect of such issue of Notes was not that of allowing the payments of interest or other revenues to be made in a Non-Cooperative State (the "**Exception**"). Pursuant to the ruling (*rescrit*) No. 2010/11 (FP et FE) of the *Direction générale des impôts* published on 22 February 2010, an issue of Notes will benefit from the Exception without the Issuer having to provide any proof of the purpose and effect of such issue of Notes, if such Notes are:

(i) offered by means of a public offer within the meaning of Article L.411-1 of the French *Code monétaire et financier* or pursuant to an equivalent offer in a State other than a Non-Cooperative State. For this purpose, an "equivalent offer" means any offer requiring the registration or submission of an offer document by or with a foreign securities market authority; or

(ii) admitted to trading on a regulated market or on a French or foreign multilateral securities trading system provided that such market or system is not located in a Non-Cooperative State, and the operation of such market is carried out by a market operator or an investment services provider, or by such other similar foreign entity, provided further that such market operator, investment services provider or entity is not located in a Non-Cooperative State; or

(iii) admitted, at the time of their issue, to the operations of a central depositary or of a securities clearing and delivery and payments systems operator within the meaning of Article L.561-2 of the French *Code monétaire et financier*, or of one or more similar foreign depositaries or operators provided that such depositary or operator is not located in a Non-Cooperative State.

3. Interest and other revenues on (i) Notes issued (or deemed issued) outside France as provided under Article 131 *quater* of the French General Tax Code, prior to 1 March 2010 or (ii) Notes that are issued after 1 March 2010 and which are to be assimilated (*assimilées*) and form a single series with such Notes will continue to be exempt from the withholding tax set out under Article 125 A III of the French General Tax Code.

Notes, issued prior to 1 March 2010, constituting, or considered by the French tax authorities as falling into a similar category to, *obligations* under French law will be issued (or deemed to be issued) outside France within the meaning of Article 131 *quater* of the French General Tax Code, as more fully set out in the circular of the *Direction Générale des Impôts* dated 30 September 1998 and the *Rescrit* No. 2007-59 FP dated 8 January 2008 as amended by the *Rescrit* No. 2009/23 FP dated 7 April 2009.

In addition, interest and other revenues paid by the Issuer on Notes issued before 1 March 2010 (or Notes issued after 1 March 2010 and which are to be consolidated (*assimilables* for the purpose of French law) and form a single series with such Notes) will not be subject to the withholding tax set out in Article 119 *bis* of the French General Tax Code solely on account of their being paid in a Non-Cooperative State or accrued or paid to persons established or domiciled in a Non-Cooperative State.

The tax regime applicable to Notes which do not constitute obligations, will be set out in the relevant Final Terms, and as the case may be in the relevant Supplement.

Consolidation: Notes of one Series may be consolidated with those of another Series, all as described in "Terms and Conditions of the Notes – Further Issues and Consolidation".

Governing Law: French law.

Listing: Notes issued under the Programme may be admitted to trading on and/or quotation by such stock exchanges, listing authorities and/or quotation systems as may be agreed between the Issuer and the relevant Dealer, or may be unlisted, in each case as specified in the relevant Final Terms.

Selling Restrictions: For a description of certain restrictions on offers, sales and deliveries of Notes and on distribution of offering material, see "Subscription and Sale" below.

Summary Financial Information

(in millions of euro)	**As at 31 December 2010**	**As at 31 December 2009**
Treasury bills and other bills eligible for refinancing with central banks	**12,166.95**	**2,284.57**
Total assets and liabilities	**17,212.37**	**6,966.54**
Sub-total - Debts	**103,888.14**	**98,777.00**
Sub-total - Reserves	**(86,675.95)**	**(91,810.62)**
Net profit for the period	**5,134.67**	**5,260.02**

TRADUCTION EN FRANCAIS DU RÉSUMÉ

Ce résumé n'est fourni qu'à des fins d'émission de Titres d'une valeur nominale de moins de 50 000 euros (ou tout montant équivalent dans une devise). Les investisseurs souscrivant des Titres d'une valeur nominale au moins égale à 50 000 euros ne doivent pas tenir compte de ce résumé et la responsabilité de l'Émetteur ne pourra en aucun cas être retenue à l'encontre de ces investisseurs au titre dudit résumé. Ce résumé doit être lu comme une introduction au Prospectus de Base. Toute décision d'investir dans les instruments financiers qui font l'objet de l'opération doit être fondée sur un examen exhaustif de ce Prospectus de Base. Lorsqu'une action concernant l'information contenue dans le Prospectus de Base est intentée devant un tribunal, l'investisseur plaignant peut, selon la législation nationale des Etats membres de la Communauté européenne ou parties à l'accord sur l'Espace économique européen, avoir à supporter les frais de traduction du Prospectus de Base avant le début de la procédure judiciaire. Les personnes qui ont présenté le resumé, y compris le cas écheant sa traduction et en ont demandé la notification au sens de l'article 212-42 du règlement général de l'AMF, n'engagent leur responsabilitié civile que si le contenu du résumé est trompeur, inexact ou contradictoire par rapport aux autres parties de ce Prospectus de Base.

Le résumé suivant ne peut être lu que dans le contexte de l'ensemble de ce Prospectus de Base.

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

Description générale de l'Émetteur

La Caisse d'Amortissement de la Dette Sociale ("**CADES**") est un établissement public national à caractère administratif créé par une loi spécifique, qui est contrôlé et détenu en totalité par l'Etat français. La CADES a pour mission de financer et de rembourser une partie de la dette accumulée par le système français de sécurité sociale. La CADES finance cette dette en empruntant principalement sur les marchés obligataires et en utilisant les ressources tirées des prélèvements sociaux, afin de payer les intérêts d'emprunt et d'assurer le remboursement du principal des montants empruntés.

La CADES a été créée en 1996 à la suite d'une série de mesures prises pour réformer le système de sécurité sociale français, dans le but de rembourser la dette sociale accumulée entre 1994 et 1996. Depuis cette date, L'Etat français a transféré de la dette sociale supplémentaire à CADES à plusieurs occasions, et, en application de la loi de financement de la sécurité sociale pour 2011 du 20 décembre 2010, prévoit de transférer un montant d'environ 130 milliards d'euros de dette sociale à la CADES entre 2011 et 2018. L'Etat français a également à plusieurs reprises augmenté la base d'imposition des prélèvements sociaux pour permettre à la CADES de disposer des ressources nécessaires à la satisfaction de ces engagements additionnels. Depuis 2005, l'Etat français a une l'obligation légale d'accompagner tout transfert additionnel de dette sociale vers la CADES de ressources supplémentaires pour la CADES. Voir la rubrique "*Historical Evolution of Debt and Resources*" ci-dessous.

Au 31 décembre 2010, le montant cumulé de la dette sociale transférée à la CADES est de 134,6 milliards d'euros, sur lesquels, à cette date, la CADES a remboursé 47,9 milliards d'euros ce qui laissait un capital restant dû de 86,7 milliards d'euros, et a payé les intérêts pour un montant égal à 29,9 milliards d'euros. Au cours des six premiers mois de l'année 2010, la CADES a perçu 3,860 milliards d'euros au titre des prélèvements sociaux et a supporté des intérêts d'un montant de 1,586 milliards d'euros, relatifs à ses emprunts, nets des intérêts reçus des dépôts. Au 31 décembre 2009, la CADES a perçu 8,082 milliards d'euros au titre des prélèvements sociaux (en comparaison la CADES avait perçu 5,98 milliards d'euros au 31 décembre 2008 et 5,681 milliards d'euros au 31 décembre 2007) et a supporté des intérêts d'un montant de 2,822 milliards d'euros, relatifs à ses emprunts, nets des intérêts reçus des dépôts (comparativement à 3,093 milliards d'euros au 31 décembre 2008 et 3,101 milliards d'euros au 31 décembre 2007).

Les principales ressources de la CADES lui sont attribuées en vertu de la loi et payées automatiquement, pour partie quotidiennement et pour partie annuellement. Ces ressources sont (i) la contribution au remboursement de la dette sociale ("**CRDS**") et (ii) une partie de la contribution sociale généralisée ("**CSG**"), ces deux ressources étant allouées à la CADES de manière permanente, jusqu'à ce que l'objet de la CADES ait été rempli. En application de la loi de financement de la sécurité sociale pour 2011, la CADES percevra un transfert annuel additionnel de trésorerie de 2,1 milliards d'euros en provenance du Fonds de Réserve pour les Retraites ("**FRR**"), de 2011 à

2024, et des recettes fiscales additionnelles égales à 1,3% des 2% de l'impôt prélevé sur le capital et l'investissement, s'élevant approximativement à 1,5 milliards d'euros. La CADES percevra ce financement annuellement jusqu'en 2024. Voir la rubrique "*Sources of Revenue*" ci-dessous.

Le siège social de la CADES est situé au 15-17 rue Marsollier 75002 Paris - France et son numéro de téléphone est le +33 1 55 78 58 32.

Facteurs de Risques

Il existe certains facteurs pouvant affecter la capacité de l'Emetteur à remplir ses obligations relatives aux Titres et certains facteurs qui sont significatifs en ce qui concerne l'évaluation des risques de marché associés aux Titres. Une présentation détaillée de ces risques est décrite dans la section intitulée "Facteurs de Risques". Ce qui suit est une liste de ces facteurs de risques :

Risques liés à l'Emetteur

- Risques de paiement
- L'Etat français a transféré de la dette sociale additionnelle à l'émetteur dans le passé et pourrait en faire de même à l'avenir
- Les recettes tirées par CADES des prélèvements sociaux pourraient varier
- L'Emetteur fait face à des risques de marché divers

Facteurs de risque liés aux Titres

- Les Titres pourraient ne pas représenter un investissement adapté à tous les investisseurs
- Ni l'Emetteur, ni aucun Agent Placeur ou l'une de leurs filiales ou succursales n'engagera sa responsabilité en ce qui concerne la légalité de l'acquisition des Tires
- Le marché obligataire peut s'avérer volatile et pourrait être pénalisé par de nombreux évènements
- Le marché des Titres est susceptible de rester atone
- Tout remboursement anticipé sur option de l'Emetteur, s'il est prévu dans les Conditions Définitives d'une émission particulière de Titres, pourrait conduire à ce que le rendement obtenu par les Porteurs de Titres soit nettement inférieur à ce qu'ils avaient initialement anticipé
- Le transfert des Titres pourrait faire l'objet de restrictions qui pourraient impacter négativement leur valeur
- Les Titres contiennent des cas de défaut et des engagements limités
- Le rendement réel des Titres pour un Porteur peut être moins élevé que le rendement affiché, en raison des coûts de la transaction
- Le rendement effectif des Titres pour un Porteur peut être diminué en raison des conséquences fiscales pour le Porteur sur son investissement dans les Titres
- Les investisseurs ne pourront pas calculer par avance leur taux de retour sur les Titres à Taux Variable
- La possibilité ouverte à l'Emetteur de convertir le Taux Fixe des Titres en Taux Variable pourrait affecter le marché secondaire et la valeur de marché des Titres
- Les Titres à Coupon Zéro sont soumis à des fluctuations de prix plus importantes que les obligations donnant lieu à paiement d'intérêts
- Les obligations libellées en devises étrangères exposent les investisseurs à des risques de taux de change ainsi qu'à des risques liés à l'Emetteur

- Les investissements dans les Titres Structurés présentent des risques significatifs, qui ne se rencontrent pas pour des investissements similaires dans des obligations classiques
- Les investissements dans les Titres Indexés présentent des risques significatifs et ne sont pas forcément appropriés pour des investisseurs ne disposant pas de compétence financière
- Les Titres peuvent être sujets à des risques sur taux de change
- Les Titres sont sujets à des risques de taux d'intérêt
- Les détentions inférieures à la Valeur Nominale pourraient être affectés si les Titres sont négociés à des valeurs qui ne sont pas des multiples entiers de la Valeur Nominale
- Des taxes, frais et charges pourraient être exigibles à l'occasion de l'acquisition des Titres
- Les Etats Membres pourraient être obligés de fournir des détails quant au paiement des intérêts en application de la Directive Epargne et ni l'Emetteur ni aucun Agent Payeur ne payera de somme supplémentaire au regard d'un Titre à la suite d'une retenue à la source effectuée par un autre Etat Membre
- L'Emetteur ne paiera aucun montant additionnel lié aux majorations fiscales en cas de retenue à la source
- La décision de la majorité des Porteurs de Titres peut contraindre la totalité des Porteurs de Titres
- Les Titres pourraient être affectés par des changements législatifs ou réglementaires
- Les notations de crédit attribuées aux Titres peuvent ne pas intégrer tous les facteurs qui pourraient affecter la valeur des Titres

Caractéristiques essentielles du Programme et des Titres et risques des Titres

Le Programme et les Titres

Description: Programme d'émission de dette

Taille du Programme: Jusqu'à 130 000 000 000 euros de montant principal cumulé des Titres en circulation à tout instant (ou l'équivalent en devises).

Agents Placeurs: Le Programme ne conduit pas à la nomination de manière permanente d'agents placeurs. L'Émetteur se réserve toutefois le droit de nommer de manière ponctuelle un ou plusieurs agent(s) placeur(s) sur n'importe quelle Tranche des Titres.

Seuls les établissements de crédit et les entreprises d'investissement dont le siège social est situé dans un des États membres de l'Union européenne et qui sont autorisés à superviser-gérer des émissions d'obligations dans ledit État membre peuvent agir en qualité d'Agents Placeurs sur des émissions non syndiquées de Titres libellés en euros et en qualité de chef de file sur des émissions syndiquées de Titres libellés en euros.

Méthode d'émission: Les Titres seront émis de manière syndiquée ou non. Les Titres seront émis par série (chacune une « **Série** ») ayant une ou plusieurs date(s) d'émission et présentant des conditions identiques (ou identiques à part le premier paiement des intérêts), les Titres de chaque série étant censés être interchangeables avec les autres Titres de cette Série. Chaque Série pourra être émise par tranches (chacune une « **Tranche** ») à des dates similaires ou différentes et, ce, sans contrainte de volume minimal d'émission. Les conditions spécifiques de chaque Tranche (qui pourraient avoir des modalités supplémentaires et, sauf en ce qui concerne la date d'émission, le prix d'émission, le premier paiement d'intérêts et la valeur nominale de la Tranche, seront identiques aux conditions des autres Tranches de la même Série) seront fixées dans les conditions définitives à ce Prospectus de Base (les « **Conditions Définitives** »).

Forme des Titres: Les Titres pourront être émis en tant que Titres Dématérialisés ou en tant que Titres Matérialisés.

Les Titres Dématérialisés seront à tout instant inscrits en compte conformément à l'article L.211-3 du Code monétaire et financier.

Les Titres Dématérialisés peuvent, au choix de l'Émetteur, être émis soit (i) au porteur inscrits à leur date d'émission dans les livres d'Euroclear France qui créditera les comptes des Titulaires de Compte, y compris Euroclear Bank S.A./N.V., en sa qualité d'opérateur du Système Euroclear (« **Euroclear** ») et la banque dépositaire pour Clearstream Banking, société anonyme (« **Clearstream Luxembourg** ») soit (ii) au nominatif et, dans cette hypothèse, au choix du Détenteur de Titre concerné, soit au nominatif pur soit au nominatif administré. Aucun titre physique ne sera émis en relation avec les Titres Dématérialisés.

Les Titres Matérialisés seront exclusivement au porteur. Un Certificat Global Temporaire sera émis à l'origine en relation avec chaque Tranche de Titres Matérialisés. Ce Certificat Global Temporaire sera échangé contre les Titres Matérialisés Définitifs et, le cas échéant, des coupons pour les intérêts dus à une date censée être le ou après le 40ème jour suivant la date d'émission des Titres (sujette à retardement) sur certification de l'absence de détention par des ressortissants des Etats-Unis telle que décrite plus amplement ci-après.

Les Certificats Globaux Temporaires seront (a) dans l'hypothèse d'une Tranche censée être compensée par l'intermédiaire d'Euroclear et/ou de Clearstream Luxembourg, déposés à la date d'émission avec un dépositaire commun au nom d'Euroclear et/ou de Clearstream, Luxembourg et (b) dans l'hypothèse d'une Tranche censée être compensée par l'intermédiaire d'un système de compensation autre que ou s'ajoutant à Euroclear et/ou Clearstream, Luxembourg ou livré en dehors d'un système de compensation, déposés comme convenu entre l'Émetteur et l'Agent Placeur concerné. Les Titres Matérialisés ne pourront être émis qu'en dehors de France.

Systèmes de Compensation: Euroclear France en qualité de dépositaire central et, pour ce qui est des Titres Matérialisés, Clearstream, Luxembourg et Euroclear ou tout autre système de compensation qui pourrait être convenu entre l'Émetteur, l'Agent Financier et l'Agent Placeur concerné.

Monnaies: Sous réserve de la conformité aux lois, réglementations et directives applicables, les Titres pourront être émis, sans limitation, en couronnes danoises, couronnes norvégiennes, couronnes suédoises, dollars américains, dollars australiens, dollars canadiens, dollars de Hong Kong, dollars néo-zélandais, euros, francs suisses, livres sterling, rands sud-africains, yens japonais et dans toute autre monnaie convenue d'un commun accord entre l'Émetteur et les Agents Placeurs concernés.

Dénomination: Les Titres Définitifs seront dans les dénominations convenues d'un commun accord entre l'Émetteur et l'Agent Placeur concerné et indiquées dans les Conditions Définitives applicables, sous réserve que :

(i) dans l'hypothèse où des Titres devant être admis aux négociations sur un Marché Réglementé ou offerts au public sur le territoire d'un Etat Membre de l'Espace Economique Européen, dans des conditions qui requièrent de publier un prospectus en application de la Directive Prospectus, ceux-ci devront avoir une valeur nominale mimimum de €1.000 (ou son équivalent dans une autre devise à la date de l'émission de ces Titres) ; et

(ii) la valeur nominale minimum de chaque Titre sera celle autorisée ou requise à tout moment par la banque centrale compétente (ou tout autre autorité équivalente) ou par toute loi ou règlement applicables à la devise spécifiée.

Rang des Titres:	Les Titres constitueront des obligations directes, inconditionnelles, non subordonnées et chirographaires de l'Émetteur et partageront entre elles le même rang conformément à ce qui est énoncé dans la rubrique "Termes et Conditions des Titres – Rang".
Maintien de l'emprunt à son rang:	Les termes et conditions des Titres contiendront une clause de maintien de l'emprunt à son rang conformément à ce qui est énoncé dans la rubrique "Termes et Conditions des Titres – Maintien de l'emprunt à son rang".
Défaut Croisé:	Les termes et conditions des Titres ne contiendront pas de clause de défaut croisé.
Notations:	Les Titres émis dans le cadre du Programme ont fait l'objet d'une notation Aaa et P-1 par Moody's Investors Service, AAA et A-1+ par Standard & Poor's Ratings Services, une Division de McGraw – Hill Companies, Inc. et AAA and F1+ par Fitch Ratings pour ce qui est de la dette de l'Émetteur, respectivement, à long terme et à court terme. Les Tranches des Titres (telles que définies dans le « **Résumé du Programme** ») émises dans le cadre du Programme ont pu faire et ont pu ne pas faire l'objet d'une notation. Quand une Tranche de Titres fait l'objet d'une notation, cette notation ne sera pas forcément la même que celles attribuées aux Titres. La notation d'une valeur mobilière ne constitue pas une recommandation à l'achat, à la vente ou la conservation de ladite valeur mobilière et peut être à tout instant suspendue, abaissée ou retirée par l'agence de notation l'ayant fixée.
Prélèvement à la source:	1.Tous les paiements d'intérêts ou remboursements du principal effectués par l'Emetteur, ou au nom de celui-ci, doivent être effectués libres et nets de tout prélèvement ou retenue à la source au titre d'un quelconque impôt, droit, charge ou taxe de quelque nature que ce soit qui serait imposé, prélevé, collecté ou retenu en France, ou par la France, ou bien encore par toute autre autorité disposant de prérogatives en matière fiscale, sauf si ledit prélèvement ou ladite retenue à la source est requise par la loi. 2. Les Titres émis au 1er mars 2010 ou ultérieurement (à l'exception des Titres émis au 1er mars 2010 ou ultérieurement qui sont assimilés et forment une Série unique avec les Titres émis antérieurement au 1er mars 2010 bénéficiant de l'article 131 *quater* du Code Général des Impôts (le « **Code Général des Impôts** »)) entrent dans le champ d'application du nouveau régime français de retenue à la source en vertu de la loi de finances rectificative pour 2009 n°3 (n°2009-1674, en date du 30 décembre 2009), entrant en application à compter du 1er mars 2010 (la « **Loi** »). Les paiements d'intérêts et d'autres revenus effectués par l'Emetteur au titre desdits Titres ne seront pas soumis à la retenue à la source prévue par l'article 125A III du Code Général des Impôts, sauf si lesdits paiements sont effectués hors de France dans un Etat ou territoire non-coopératif au sens de l'article 238-0 A du Code Général des Impôts (un « **Etat Non-Coopératif** »). Si lesdits paiements au titre des Titres sont effectués dans un Etat Non-Coopératif, une retenue à la source de 50% sera applicable (sous réserve de certaines exceptions décrites ci-dessous et des dispositions plus favorables de tout traité de non double imposition) en application de l'article 125 A III du Code Général des Impôts. En outre, les intérêts et autres revenus versés au titre desdits Titres ne seront désormais plus déductibles des revenus imposables de l'Emetteur à compter des exercices fiscaux débutant au 1er janvier 2011 ou ultérieurement, dès lors qu'ils sont versés ou à verser à des personnes établies dans un Etat Non-Coopératif ou payés dans un Etat Non-Coopératif. Lorsque certaines conditions sont réunies, toute somme non-déductible versée à titre d'intérêts ou de revenus pourrait être requalifiée en revenus réputés distribués en application de l'article 109 du Code Général des Impôts. Dans un tel cas, les sommes non-déductibles versées à titre d'intérêts ou de revenus pourraient être soumises à la retenue à la source prévue par l'article 119 *bis* du Code Général des Impôts, laquelle s'élève à un taux de 25% ou de 50%. Nonobstant ce qui précède, la Loi énonce que tant la retenue à la source de 50% que la non-déductibilité ne s'appliqueront pas à une émission de Titres donnée dès lors que l'Emetteur démontre que l'émission en question a principalement un objet et un effet autres que de

permettre que soient effectués des paiements d'intérêts ou d'autres revenus dans un Etat Non-Coopératif (l'« **Exception** »). Conformément au rescrit n°2010/11 (FP et FE) émis par la Direction Générale des Impôts le 22 février 2010, il est admis que les trois catégories de titres suivantes bénéficient de l'Exception sans que le l'Emetteur ait à apporter la preuve tenant à l'objet et à l'effet de l'émission de Titres en question, si lesdits Titres sont :

(i) distribués par voie d'offre au public au sens de l'article L.411-1 du Code monétaire et financier ou par voie d'une offre équivalente dans un Etat autre qu'un Etat Non- Coopératif. A cette fin, une "offre équivalente" signifie ici toute offre nécessitant l'enregistrement ou le dépôt d'un document d'offre auprès d'une autorité de marchés financiers étrangère ; ou

(ii) admis à la négociation sur un marché réglementé ou sur un système multilatéral de négociation français ou étranger, sous réserve que ledit marché ou système ne soit pas situé dans un Etat Non-Coopératif, et que la négociation sur ledit marché soit effectuée par un opérateur de marché ou un prestataire de services d'investissement, ou par toute autre entité étrangère similaire. sous réserve que ledit opérateur de marché, prestataire de services d'investissement ou entité ne soit pas situé dans une Etat Non-Coopératif ; ou

(iii) admis, à la date de leur émission, aux opérations d'un dépositaire central ou d'un gestionnaire de systèmes de règlement et de livraison d'instruments financiers au sens de l'article L.561-2 du Code monétaire et financier français, ou bien encore d'un ou plusieurs dépositaires ou gestionnaires étrangers, sous réserve que ledit opérateur ou gestionnaire ne soit pas situé dans un Etat Non-Coopératif.

3. En application de l'article 131 *quater* du Code Général des Impôts, les intérêts et revenus issus (i) des Titres émis (ou présumés émis) hors de France avant le 1er mars 2010 ou (ii) les Titres émis après le 1er mars 2010 et qui sont assimilés et qui forment une Série unique avec lesdits Titres continueront à être exonérés de la retenue à la source prévue par l'article 125 A III du Code Général des Impôts.

Les Titres émis avant le 1er mars 2010 qui constituent des obligations au sens du droit français ou qui sont fiscalement assimilés à des obligations par l'administration fiscale française, sont émis (ou réputés émis) hors de France au sens de l'article 131 *quater* du Code Général des Impôts, tel que plus amplement décrit dans l'Instruction 5 I-11-98 de la Direction Générale des Impôts du 30 septembre 1998 et dans les Rescrits n°2007/59 (FP) du 8 janvier 2008 et n°2009/23 (FP) du 7 avril 2009.

De plus, les intérêts et autres revenus payés par l'Emetteur au titre des Titres émis antérieurement au 1er mars 2010 ou les Titres émis après le 1er mars 2010 et qui sont assimilés et qui forment une Série unique avec lesdits Titres ne seront pas soumis à la retenue à la source prévue par l'article 119 *bis* du Code Général des Impôts du seul fait qu'ils sont payés dans un Etat Non-Coopératif ou bien payés ou à payer à une personne établie ou domiciliée dans un Etat Non-Coopératif.

Le régime fiscal applicable aux Titres qui ne constituent pas des obligations sera exposé dans les Conditions Définitives applicables, et le cas échéant dans le supplément au Prospectus concerné.

Consolidation: Les Titres d'une Série pourront être consolidés avec ceux d'une autre Série, conformément à ce qui est énoncé dans la rubrique « Termes et Conditions des Titres – Émissions supplémentaires et Consolidation ».

Droit applicable: Droit français.

Cotation: Les Titres émis dans le cadre du Programme pourront être admis à la négociation et/ou être cotés par toutes bourses, toutes autorités de cotation et/ou tous systèmes de cotation qui seront convenus d'un commun accord entre l'Émetteur et l'Agent Placeur concerné, ou pourront ne pas faire l'objet d'une cotation, dans chaque hypothèse tel qu'indiqué dans les

Conditions Définitives applicables.

Restrictions à la Vente: Pour une description de certaines restrictions faites à l'offre, la vente et la livraison de Titres et à la distribution de la documentation afférente à l'offre, voir la rubrique « Souscription et Vente » ci-dessous.

Résumé des Informations Financières

(en millions d'euros)	**Au 31 décembre 2010**	**Au 31 décembre 2009**
Bons du Trésor et autres bons éligibles pour le refinancement auprès des banques centrales	**12.166,95**	**2.284,57**
Total actifs et passifs	**17.212,37**	**6.966,54**
Sub-total - Dettes	**103.888,14**	**98.777,00**
Sub-total - Réserves	**(86.675,95)**	**(91.810,62)**
Résultat net pour la période	**5.134,67**	**5.260,02**

RISK FACTORS

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

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

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

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

Risk Factors relating to the Issuer

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

Payment risks

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

The French State has transferred additional social security debt to the Issuer in the past and may do so in the future

The French State transferred to CADES social security debt of Euro 44.7 billion in 1996, Euro 13.3 billion in 1998, Euro 1.3 billion in 2003, Euro 48.4 billion from 2004 to 2006, Euro 10 billion in 2008 and Euro 17 billion in 2009. Pursuant to the 2011 Social Security Financing Act (*loi de financement de la sécurité sociale pour 2011*), the French State will transfer an additional Euro 130 billion in social security debt to CADES between 2011 and 2018 (see “Description of Issuer –– Historical evolution of debt and resources”). These debt transfers have increased and will continue to increase CADES’ funding requirements in the debt capital markets and its exposure to the volatility of those markets. Increased interest rates or reduced liquidity in the debt capital markets could adversely affect CADES and its Noteholders. In addition, the French State may carry out further debt transfers in the future, which would increase CADES’ funding requirements and debt capital markets exposure. Although the French Government is required by law to provide CADES with additional funding in connection with debt transfers, there can be no assurance that CADES will be able to obtain the funding necessary to fully amortise its debt by 2025.

The revenues of CADES from the social security taxes it receives may vary

CADES' revenue sources (the CRDS and the CSG) are mainly based on the salaries of French taxpayers (*masse salariale*). Tax receipts from the CRDS are closely correlated with France's nominal gross domestic product (“**GDP**”). For the year ended 31 December 2009, CADES received Euro 5.895 billion from the CRDS. This represented a decrease from the year ended 31 December 2008, in which CADES received Euro 5.980 billion from the CRDS. Although for periods after 1 January 2009, CADES has acquired the right to a portion of the tax receipts of the CSG in addition to the CRDS, there can be no guarantee that tax receipts from either tax will not be subject to further fluctuation and/or reduction or that CADES’ revenues from such taxes will be sufficient to meet its debt servicing requirements.

The Issuer faces various market risks

CADES faces interest rate risks and counterparty risks, as described below.

Counterparty risk may result mainly from the exposure of CADES to the credit risk of banking counterparties when dealing in over-the-counter derivative contracts, and the risk of default of such counterparties. See "Description of Issuer – Risk Management – Counterparty risk".

Interest rate risks may result from CADES' exposure to fluctuations in market interest rates. See "Description of Issuer – Risk Management – Interest rate risks".

Risk Factors relating to the Notes

The Notes may not be a suitable investment for all investors

Each potential investor should determine the suitability of investing in the Notes in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to meaningfully evaluate the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained in this Base Prospectus;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the currency in which such potential investor's financial activities are principally denominated;

(iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes that are complex financial instruments unless it has the expertise (either alone or with the assistance of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

None of the Issuer, any Dealer or any of their affiliates has or assumes any responsibility for the lawfulness of the acquisition of the Notes

None of the Issuer, any Dealer or any of their affiliates has or assumes any responsibility for the lawfulness of the acquisition of the Notes by a prospective investor, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective investor with any law, regulation or regulatory policy applicable to it.

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

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

An active trading market for the Notes may not develop.

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

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

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

The Notes may be subject to restrictions on transfer which may adversely affect their value.

The Notes have not been and will not be registered under the Securities Act or any United States state securities laws and the Issuer has not undertaken to effect any exchange offer for the Notes in the future. The Notes may not be offered in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable United States state securities laws, or pursuant to an effective registration statement. The Notes and the Agency Agreement will contain provisions that will restrict the Notes from being offered, sold or otherwise transferred except pursuant to the exemptions available pursuant to Rule 144A and Regulation S, or other exceptions, under the Securities Act in transactions that will not cause the Issuer to become required to be registered as an investment company under the Investment Company Act. Furthermore, the Issuer has not registered the Notes under any country's securities laws. Investors must ensure that their offers and sales of the Notes within the United States and other countries comply with applicable securities laws. See “Transfer Restrictions”

The Notes contain limited events of default and covenants.

The holder of any Note may only give notice that such Note is immediately due and repayable in a limited number of events. Such events of default do not include, for example, a cross-default of the Issuer’s other debt obligations.

A Noteholder’s actual yield on the Notes may be reduced from the stated yield due to transaction costs.

When Notes are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the current price of the security. These incidental costs may significantly reduce or even exclude the profit potential of the Notes. For instance, credit institutions generally charge their clients either a fixed minimum or a pro-rata commission, depending on the order value. Noteholders should take into account that, to the extent that additional parties, whether domestic or foreign, are involved in executing an order, including but not limited to domestic dealers or brokers in foreign markets, they may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs).

In addition to such costs directly related to the purchase of securities (direct costs), Noteholders must also take into account any follow-up costs (such as custody fees). Investors should inform themselves about any additional costs incurred in connection with the purchase, custody or sale of the Notes before investing in the Notes.

A Noteholder’s effective yield on the Notes may be diminished due to the tax impact on that Noteholder of its investment in the Notes.

Payments of interest on the Notes, or profits realised by the Noteholder upon the sale or repayment of the Notes, may be subject to taxation in the Noteholder’s home jurisdiction or in other jurisdictions in which it is required to pay taxes. The general tax impact on Noteholders in France is described under "Taxation" below; however, the tax impact on an individual Noteholder may differ from the situation described for Noteholders generally. The Issuer advises all investors to contact their own tax advisors for advice on the tax impact of an investment in the Notes.

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

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

The Issuer's ability to convert the interest rate of Fixed to Floating Rate Notes may affect the secondary market and the market value of the Notes.

Fixed to Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of the Notes, since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the fixed to floating Rate Notes may be less favourable than then prevailing spreads on comparable floating rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

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

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

Foreign currency bonds expose investors to foreign-exchange risk as well as to issuer risk.

As purchasers of foreign currency bonds, investors are exposed to the risk of changing foreign exchange rates. This risk is in addition to any performance risk that relates to the issuer or the type of Note being issued.

Structured Notes may entail significant risks not associated with similar investments in a conventional debt security

An investment in Notes the premium and/or the interest on or principal of which is determined by reference to the value of one or more currencies, commodities, interest rates or other indices or formulae, either directly or inversely, may entail significant risks not associated with similar investments in a conventional debt security, including the risks that the resulting interest rate will be less than that payable on a conventional debt security at the same time and/or that an investor could lose all or a substantial portion of the principal of its Notes. Neither the current nor the historical value of the relevant currencies, commodities, interest rates or other indices or formulae should be taken as an indication of future performance of such currencies, commodities, interest rates or other indices or formulae during the term of any Note.

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

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

- such index or indices may be subject to significant changes, whether due to the composition of the index itself, or because of fluctuations in value of the indexed assets;
- the resulting interest rate will be less (or may be more) than that payable on a conventional debt security issued by the Issuer through the Issuer at the same time;

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

In addition, the value of Index Linked Notes on the secondary market is subject to greater levels of risk than is the value of other Notes. The secondary market, if any, for Index Linked Notes will be affected by a number of factors, independent of the creditworthiness of the Issuer and the value of the applicable currency, commodity, stock, interest rate or other index, including the volatility of the applicable currency, commodity, stock, interest rate or other index, the time remaining to the maturity of such Notes, the amount outstanding of such Notes and market interest rates. The value of the applicable currency, commodity, stock or interest rate index depends on a number of interrelated factors, including economic, financial and political events, over which the Issuer has no control. Additionally, if the formula used to determine the amount of principal, premium and/or interest payable with respect to Index Linked Notes contains a multiplier or leverage factor, the effect of any change in the applicable currency, commodity, stock, interest rate or other index will be increased. The historical experience of the relevant currencies, commodities, stocks or interest rate indices should not be taken as an indication of future performance of such currencies, commodities, stock, interest rate or other indices during the term of any Index Linked Note. Additionally, there may be regulatory and other ramifications associated with the ownership by certain investors of certain Index Linked Notes.

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

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

The Notes may be subject to exchange rate risks

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (for example, due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls which could adversely affect an applicable exchange rate. The Issuer does not have any control over the factors that generally affect these risks, such as economic, financial and political events and the supply and demand for applicable currencies. In recent years, exchange rates between certain currencies have been volatile, and could continue to be volatile in the future. However, past fluctuations between currencies are not necessarily indicative of future fluctuations. An appreciation in the value of the Investor's Currency relative to the

Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

The Notes are subject to interest rate risks

Investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes.

Holdings of less than the minimum Specified Denomination may be affected if the Notes are traded in denominations that are not integral multiples of the Specified Denomination

To the extent permitted by the applicable law(s) and in relation to any issue of Notes that have a denomination consisting of a minimum Specified Denomination plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of the Specified Denomination (or its equivalent) that are not integral multiples of the Specified Denomination (or its equivalent). In such a case, a Noteholder that, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination will not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

Taxes, charges and duties may be payable in respect of purchases of the Notes

Potential purchasers and sellers of the Notes should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred or the laws and practices of other jurisdictions. In some jurisdictions, official statements of the tax authorities or court decisions may not be available for financial instruments such as the Notes. Potential investors are advised not to rely exclusively upon the tax summary contained in this Base Prospectus and to ask for their own tax adviser's advice on their individual tax liabilities with respect to the acquisition, holding, sale and redemption of the Notes. Only these advisors are in a position to duly consider the specific situation of potential investors.

Member States may be required to provide details of payments of interest under the EU Savings Directive and neither the Issuer nor any Paying Agent will pay any additional amount with respect to any Note as a result of the imposition of withholding tax by another Member State

On 3 June 2003, the European Council of Economics and Finance Ministers adopted a directive 2003/48/EC regarding the taxation of savings income in the form of interest payments (the "**Directive**"). The Directive requires Member States, subject to a number of conditions being met, to provide to the tax authorities of another Member State details of payments of interest and other similar income made by a person located within their jurisdiction to an individual resident in that other Member State, except that, for a transitional period, Luxembourg and Austria will instead withhold an amount on interest payments unless the relevant beneficial owner of such payment elects otherwise and authorises the paying agent to disclose the above information. A number of non-EU countries and territories have adopted similar measures, including Switzerland, which has a withholding system. See "Taxation – EU Taxation".

If a payment were to be made or collected through a Member State that has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. If a withholding tax is imposed on a payment made by a Paying Agent, the Issuer will be required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Directive.

The Issuer shall not pay any additional amounts in respect of Grossing-Up in case of withholding

In the event of any withholding or deduction for reason of French taxes required by applicable law on any payments made by the Issuer under the Notes, the Issuer shall not, nor shall it be required to, pay any additional amounts in respect of any such withholding or deduction nor shall the Issuer be entitled or obliged to redeem any such Notes.

The decision of the majority of Noteholders may bind all holders of the Notes

The terms and conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Notes may be affected by changes in law

The Notes are governed by English law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decisions or change to English (or any other relevant) law after the date of this Base Prospectus, nor can any assurance be given as to whether any such change could adversely affect the ability of the Issuer to make payments under the Notes.

The credit ratings assigned to the Notes may not reflect all factors that could affect the value of the Notes

One or more independent credit rating agency may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. **A credit rating is not a recommendation to buy, sell or hold securities, does not address the likelihood or timing of repayment and may be revised, suspended or withdrawn by the rating agency at any time**.

GENERAL DESCRIPTION OF THE PROGRAMME

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

Issuer:	Caisse d'amortissement de la dette sociale
Description:	Debt Issuance Programme
Programme Size:	Up to euro 130,000,000,000 aggregate principal amount of Notes outstanding at any one time (or the equivalent in other currencies calculated as set out below). The euro equivalent of the aggregate principal amount of Notes outstanding at any one time and denominated in a currency other than euro (which, in the case of Dual Currency Notes, shall be the currency in which the subscription moneys are received by the Issuer) shall be determined on the basis of the official rate of exchange published by the European Central Bank which normally takes place each Business Day at 2.15 p.m. (CET time) on the European Central Bank's website (Statistics page) of euro for the relevant currency at any time selected by the Issuer during the five-day period ending on the date of agreement to issue such Notes. For the purpose of the above calculation, the principal amount of Notes issued at a premium or at a discount shall equal their principal amount or, in the case of Notes the redemption amount of which is a variable amount, and if at such time such amount is calculable, their Redemption Amount (failing which their principal amount) or, in the case of Notes issued at a discount and if defined and provided for in the Terms and Conditions of such Notes, their Amortised Face Amount as at such time. The principal amount of partly-paid Notes as at any time shall equal the amount of subscription moneys paid up as at such time.
Dealers:	There are no Dealers appointed permanently in respect of the Programme. The Issuer may from time to time appoint one or more dealers in respect of any Tranches of Notes. References in this Base Prospectus to "Dealers" are to all persons appointed as a dealer in respect of any Tranches. Only credit institutions and investment firms incorporated in a member state of the European Union and which are authorised to lead-manage bond issues in such member state may act as Dealers in respect of non-syndicated issues of Notes denominated in euro and as lead manager of syndicated issues of Notes denominated in euro.
Fiscal Agent and Principal Paying Agent:	Citibank, N.A., London branch
Paris Paying Agent:	Citibank International, Paris branch
Method of Issue:	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a "**Series**") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a "**Tranche**") on the same or different issue dates with no minimum issue size. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions set out in a Supplement and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in the final terms to this Base Prospectus (the "**Final Terms**").

Redenomination: Notes issued in the currency of any Member State of the EU which participates in EMU may be redenominated into euro pursuant to the provisions of "**Terms and Conditions of the Notes – Form, Denomination, Title and Redenomination**" below (see also "**Consolidation**" below).

Issue Price: Notes may be issued at their nominal amount or at a premium over, or a discount to, their nominal amount and either on a fully-paid or partly-paid basis. The issue price of partly-paid Notes will be payable in two or more instalments.

Form of Notes: Notes may be issued as Dematerialised Notes or Materialised Notes.

Title to Dematerialised Notes will be evidenced in accordance with Article L.211-3 of the French *Code monétaire et financier* by book entries (*inscriptions en compte*). No physical document of title (including *certificats représentatifs* pursuant to Article R.211-7 of the French *Code monétaire et financier*) will be issued in respect of the Dematerialised Notes.

Dematerialised Notes are issued, at the option of the Issuer, either (i) in bearer dematerialised form (*au porteur*), which will be inscribed as from the issue date in the books of Euroclear France which shall credit the accounts of Account Holders including Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**") and the depositary bank for Clearstream Banking, *société anonyme* ("**Clearstream Luxembourg**"), or (ii) in registered dematerialised form (*au nominatif*) and, in such case, at the option of the relevant Noteholders in either administered registered form (*au nominatif administré*) inscribed in the books of an Account Holder or in fully registered form (*au nominatif pur*) inscribed in an account in the books of Euroclear France maintained by the Issuer or the registration agent designated in the relevant Final Terms acting on behalf of the Issuer (the "**Registration Agent**").

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

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

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

Initial Delivery of Dematerialised Notes: One Paris business day before the issue date of each Tranche of Dematerialised Notes, the *lettre comptable* relating to such Tranche shall be deposited with Euroclear France as central depositary.

Initial Delivery of Materialised Notes: On or before the issue date for each Tranche of Materialised Notes, the Temporary Global Certificate issued in respect of such Tranche shall be deposited with a common depositary for Euroclear and Clearstream, Luxembourg or with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Fiscal Agent and the relevant Dealer.

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

Maturities: Subject to compliance with all relevant laws, regulations and directives, any maturity.

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

Notes in respect of which the proceeds are to be accepted by the Issuer in the United Kingdom, having a maturity of less than one year, shall (a) have a redemption value of not less than £100,000 (or an amount of equivalent value denominated wholly or partly in a currency other than sterling), and (b) provide that no part of any such Note may be transferred unless the redemption value of that part is not less than £100,000 (or such equivalent amount).

Fixed Interest Rate Notes: Fixed interest will be payable in arrear (unless otherwise specified in the applicable Final Terms) on the date or dates in each year specified in the relevant Final Terms.

Floating Rate Notes: Floating Rate Notes will bear interest at a rate set separately for each Series as follows:

(i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2000 or, as the case may be, the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., or the relevant FBF (*Fédération Bancaire Française*) definitions incorporated among others in the *Additifs Techniques* to the FBF Master-Agreement relating to transactions on forward financial instruments, or

(ii) by reference to LIBOR, LIBID, LIMEAN or EURIBOR (or such other Reference Rate as may be specified in the relevant Final Terms) as adjusted for any applicable margin.

Interest periods will be specified in the relevant Final Terms.

Zero Coupon Notes: Zero coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest other than in the case of late payment.

Interest Periods and Interest Rates: The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Final Terms.

Dual Currency Notes: Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based upon such rates of exchange, as the Issuer and the relevant Dealers may agree (as indicated in the relevant Final Terms).

Index Linked Notes: Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula, such as an inflation index or an equity index, as may be specified in the relevant Final

Terms, or as the case may be in a supplement to the Base Prospectus.

Other Notes:	Terms applicable to high-interest Notes, low-interest Notes, step-up Notes, stepdown Notes, partly-paid Notes and any other type of Note that the Issuer and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Final Terms or in a supplement to the Base Prospectus.
Redemption:	The Final Terms issued in respect of each Tranche of Notes will indicate either that the Notes of that Tranche cannot be redeemed prior to their stated maturity (other than in specified instalments (see below) or following an Event of Default), or that such Notes will be redeemable prior to such stated maturity at the option of the Issuer and/or the holders of such Notes upon giving irrevocable notice to the relevant Noteholders or the Issuer, as the case may be, within the time limits set out in the Final Terms, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be indicated in the relevant Final Terms. The relevant Final Terms may provide that the Notes may be redeemed in two or more instalments in such amounts and on such dates and on such other terms as may be indicated in such Final Terms. Notes in respect of which the proceeds are to be accepted by the Issuer in the United Kingdom having a maturity of less than one year, shall (a) have a redemption value of not less than £100,000 (or an amount of equivalent value denominated wholly or partly in a currency other than sterling), and (b) provide that no part of any such Note may be transferred unless the redemption value of that part is not less than £100,000 (or such equivalent amount).
Redemption by Instalments:	The Final Terms issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.
Status of Notes:	The Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will rank *pari passu* among themselves all as described in "**Terms and Conditions of the Notes – Status**".
Negative Pledge:	The terms and conditions of the Notes will contain a negative pledge provision as described in "**Terms and Conditions of the Notes – Negative Pledge**".
Cross-Default:	The terms and conditions of the Notes will not contain a cross-default provision.
Ratings:	Notes issued under the Programme have, at the request of the Issuer, been rated Aaa and P-1 by Moody's Investors Service, AAA and A-1+ by Standard & Poor's Ratings Services, a Division of the McGraw – Hill Companies, Inc. and AAA and F1+ by Fitch Ratings in respect of the Issuer's long-term and short-term debt, respectively. Tranches of Notes (as defined in "General Description of the Programme") issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the ratings assigned to the Notes. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Furthermore, the Issuer may at any time reduce the number of rating agencies from which it requests ratings.
Withholding Tax:	1. All payments of principal and interest by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within France or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

2. Notes issued on or after 1 March 2010 (except Notes that are issued on or after 1 March 2010 and which are to be assimilated (*assimilées*) and form a single Series with Notes issued before 1 March 2010 having the benefit of Article 131 *quater* of the French General Tax Code (the "**French General Tax Code**")) fall under the new French withholding tax regime pursuant to the French *loi de finances rectificative pour 2009 no. 3* (n°2009-1674 dated 30 December 2009), applicable as from 1 March 2010 (the "**Law**"). Payments of interest and other revenues made by the Issuer on such Notes will not be subject to the withholding tax set out under Article 125 A III of the French General Tax Code unless such payments are made outside France in a noncooperative State or territory (*Etat ou territoire non coopératif*) within the meaning of Article 238-0 A of the French General Tax Code (a "**Non-Cooperative State**"). If such payments under the Notes are made in a Non-Cooperative State, a 50% withholding tax will be applicable (subject to certain exceptions described below and the more favourable provisions of any applicable double tax treaty) by virtue of Article 125 A III of the French General Tax Code.

Furthermore, interest and other revenues on such Notes will no longer be deductible from the Issuer's taxable income, as from the fiscal years starting on or after 1 January 2011, if they are paid or accrued to persons established in a Non-Cooperative State or paid in such a Non-Cooperative State. Under certain conditions, any such non-deductible interest and other revenues may be recharacterised as constructive dividends pursuant to Article 109 of the French General Tax Code, in which case such non-deductible interest and other revenues may be subject to the withholding tax set out under Article 119 *bis* of the French General Tax Code, at a rate of 25% or 50%.

Notwithstanding the foregoing, the Law provides that neither the 50% withholding tax nor the non-deductibility will apply in respect of a particular issue of Notes if the Issuer can prove that the principal purpose and effect of such issue of Notes was not that of allowing the payments of interest or other revenues to be made in a Non-Cooperative State (the "**Exception**"). Pursuant to the ruling (*rescrit*) No. 2010/11 (FP et FE) of the *Direction générale des impôts* published on 22 February 2010, an issue of Notes will benefit from the Exception without the Issuer having to provide any proof of the purpose and effect of such issue of Notes, if such Notes are:

(i) offered by means of a public offer within the meaning of Article L.411-1 of the French *Code monétaire et financier* or pursuant to an equivalent offer in a State other than a Non-Cooperative State. For this purpose, an "equivalent offer" means any offer requiring the registration or submission of an offer document by or with a foreign securities market authority; or

(ii) admitted to trading on a regulated market or on a French or foreign multilateral securities trading system provided that such market or system is not located in a Non-Cooperative State, and the operation of such market is carried out by a market operator or an investment services provider, or by such other similar foreign entity, provided further that such market operator, investment services provider or entity is not located in a Non-Cooperative State; or

(iii) admitted, at the time of their issue, to the operations of a central depositary or of a securities clearing and delivery and payments systems operator within the meaning of Article L.561-2 of the French *Code monétaire et financier*, or of one or more similar foreign depositaries or operators provided that such depositary or operator is not located in a Non-Cooperative State.

3. Interest and other revenues on (i) Notes issued (or deemed issued) outside France as provided under Article 131 *quater* of the French General Tax Code, prior to 1 March 2010 or (ii) Notes that are issued after 1 March 2010 and which are to be assimilated (*assimilées*) and form a single series with such Notes will continue to be exempt from the withholding tax

set out under Article 125 A III of the French General Tax Code.

Notes, issued prior to 1 March 2010, constituting, or considered by the French tax authorities as falling into a similar category to, *obligations* under French law will be issued (or deemed to be issued) outside France within the meaning of Article 131 *quater* of the French General Tax Code, as more fully set out in the circular of the *Direction Générale des Impôts* dated 30 September 1998 and the *Rescrit* No. 2007-59 FP dated 8 January 2008 as amended by the *Rescrit* No. 2009/23 FP dated 7 April 2009.

In addition, interest and other revenues paid by the Issuer on Notes issued before 1 March 2010 (or Notes issued after 1 March 2010 and which are to be consolidated (*assimilables* for the purpose of French law) and form a single series with such Notes) will not be subject to the withholding tax set out in Article 119 *bis* of the French General Tax Code solely on account of their being paid in a Non-Cooperative State or accrued or paid to persons established or domiciled in a Non-Cooperative State.

The tax regime applicable to Notes which do not constitute *obligations* will be set out in the relevant Final Terms, and as the case may be in the relevant Supplement.

Consolidation: Notes of one Series may be consolidated with those of another Series, all as described in "**Terms and Conditions of the Notes – Further Issues and Consolidation**".

Governing Law: French law.

Listing: Notes issued under the Programme may be admitted to trading on and/or quotation by such stock exchanges, listing authorities and/or quotation systems as may be agreed between the Issuer and the relevant Dealer, or may be unlisted, in each case as specified in the relevant Final Terms.

Selling Restrictions: United States, European Economic Area, United Kingdom, France, Japan and the Netherlands. See "**Subscription and Sale**". The Issuer is Category 2 for the purposes of Regulation S under the Securities Act.

Materialised Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the "**D Rules**") unless (i) the relevant Final Terms state that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(c) (the "**C Rules**") or (ii) the Materialised Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**"), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.

Dematerialised Notes do not require compliance with the TEFRA Rules.

TERMS AND CONDITIONS OF THE NOTES

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

The Notes are the subject of an agency agreement dated 30 May 2011 between the Issuer, Citibank N.A, London, as, *inter alia*, fiscal agent and the other parties named in it (as amended and/or supplemented and/or restated as at the date of issue of the Notes (the "**Issue Date**"), the "**Agency Agreement**"). The fiscal agent, the paying agent(s), the redenomination agent, the consolidation agent and the calculation agent(s) for the time being (if any) are referred to below respectively as the "**Fiscal Agent**", the "**Paying Agents**" (which expression shall include the Fiscal Agent), the "**Redenomination Agent**", the "**Consolidation Agent**", the "**Transfer Agent**", and the "**Calculation Agent(s**)". The Noteholders (as defined below) are deemed to have notice of all of the provisions of the Agency Agreement applicable to them.

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

1. **Form, Denomination, Title and Redenomination**

(a) *Form*: Notes may be issued either as Dematerialised Notes or Materialised Notes.

(i) Title to Dematerialised Notes will be evidenced in accordance with Article L.211-3 of the *Code monétaire et financier* by book entries (*inscriptions en compte*). No physical document of title (including *certificats représentatifs* pursuant to Article R.211-7 of the French *Code monétaire et financier*) will be issued in respect of the Dematerialised Notes.

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

(ii) Materialised Notes are issued in bearer form. Materialised Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment Notes are issued with one or more Receipts attached.

(iii) In accordance with Article L.211-3 of the *Code monétaire et financier*, securities (such as the Notes) which are governed by French law and are in materialised form must be issued outside the French territory.

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

(c) *Title*:

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

(ii) Title to Definitive Materialised Notes having, where appropriate, Coupons, Receipt(s) and/or a Talon attached thereto on issue shall pass by delivery.

(iii) Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, or an interest in it, any writing on it or its theft or loss and no person shall be liable for so treating the holder.

(iv) In these Conditions, "**holder of Notes**", "**holder of any Note**" or "**Noteholder**" means (i) in the case of Dematerialised Notes, the person whose name appears in the account of the relevant Account Holder or the Issuer or the Registration Agent (as the case may be) as being entitled to such Notes and (ii) in the case of Materialised Notes, the bearer of any Definitive Materialised Note and the Receipts, Coupons ("**Receiptholder**" and "**Couponholder**" being construed accordingly), or Talon relating to it, and capitalised terms have the meanings given to them in the relevant Final Terms, the absence of any such meaning indicating that such term is not applicable to the Notes.

(d) *Redenomination*:

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

2. Status

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

3. Negative Pledge

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

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

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

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

4. **Interest and Other Calculations**

(a) *Interest on Fixed Rate Notes:*

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

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

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

(i) *Interest Payment Dates:* Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. Such Interest Payment Date(s) is/are either shown in the relevant Final Terms as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown in the relevant Final Terms, Interest Payment Date shall mean each date which falls the number of months or other period shown in the relevant Final Terms as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) *Business Day Convention:* If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) *Rate of Interest for Floating Rate Notes:* The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified in the relevant Final Terms and the provisions below relating to either ISDA Determination, FBF Determination or Screen Rate Determination shall apply, depending upon which is specified in the relevant Final Terms.

(iv) *ISDA and FBF Definitions:* ISDA Definitions or FBF Definitions and *Additifs techniques* may be requested to the Calculation Agent, free of charge.

(A) ISDA Determination for Floating Rate Notes

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

1. the Floating Rate Option is as specified in the relevant Final Terms;

2. the Designated Maturity is a period specified in the relevant Final Terms; and

3. the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified in the relevant Final Terms.

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

(B) FBF Determination for Floating Rate Notes

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

1. the Floating Rate is as specified in the relevant Final Terms, and

2. the Floating Rate Determination Date is as specified in the relevant Final Terms

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

(C) Screen Rate Determination for Floating Rate Notes

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

1. if the source for the Floating Rate is a Screen Page, subject as provided below, the Rate of Interest shall be :

    I. the Relevant Rate (where such Relevant Rate on such Screen Page is a composite quotation or is customarily supplied by one entity); or

    II. the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Screen Page, in each case appearing on such Screen Page at the Relevant Time on the Interest Determination Date; or

    III. if the source for the Floating Rate is Reference Banks or if sub-paragraph (x)(I) applies and no Relevant Rate appears on the Screen Page at the Relevant Time on the Interest Determination Date or if sub-paragraph (x)(II) applies and fewer than two Relevant

Rates appear on the Screen Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the arithmetic mean of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Business Centre at the Relevant Time on the Interest Determination Date, as determined by the Calculation Agent;

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

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

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

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

(d) *Dual Currency Notes*

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

(e) *Partly Paid Notes*

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

(f) *Accrual of Interest*

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

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

(i) If any Margin or Rate Multiplier is specified in the relevant Final Terms (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with (b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin or multiplying by such Rate Multiplier, subject always to the next paragraph;

(ii) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified in the relevant Final Terms, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be;

(iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "unit" means, the lowest amount of such currency that is available as legal tender in the countries of such currency.

(h) *Calculations*

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

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

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

(j) *Definitions*

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

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

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

"**Business Day**" means:

(i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency and/or

(ii) in the case of euro, a day on which the Target System is operating (a "**TARGET Business Day**") and/or

(iii) in the case of a currency and/or one Business Centre a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre or, if no currency is specified, generally in each of the Business Centres.

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

(i) if "**Actual/365**" or "**Actual/Actual-ISDA**" is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365)

(ii) if "**Actual/365 (Fixed)**" is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 365

(iii) if "**Actual/360**" is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 360

(iv) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified in the relevant Final Terms, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)) and

(v) if "**30E/360**" or "**Eurobond Basis**" is specified in the relevant Final Terms, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of a Calculation Period ending on the Maturity Date, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)

(vi) if "**Actual/365 (Sterling)**" is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(vii) if "**Actual/Actual-ISMA**" is specified in the relevant Final Terms,

(a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(b) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

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

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

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

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

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

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

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

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

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

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

"**ISDA Definitions**" means the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc.).

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

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

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

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

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

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

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

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

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

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

(k) *Calculation Agent and Reference Banks*

The Issuer shall procure that there shall at all times be four Reference Banks (or such other number as may be required) with offices in the Business Centre and one or more Calculation Agents if provision is made for them in the relevant Final Terms and for so long as any Note is outstanding (as defined in Condition 3 “Negative Pledge” above). If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank, then the Issuer shall appoint another Reference Bank with an office in the Business Centre to act as such in its place. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap or over- the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal Paris office or any other office).

5. Redemption, Purchase and Options

(a) *Redemption by Instalments and Final Redemption*

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

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

(b) *Early Redemption*

(i) Zero Coupon Notes

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

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

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

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

(ii) Other Notes:

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

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

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

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

(ii) In the case of a partial redemption of or a partial exercise of an Issuer's option in respect of Dematerialised Notes, the redemption may be effected, at the option of the Issuer, either (i) by reducing the nominal amount of all such Dematerialised Notes in a Series in proportion to the aggregate nominal amount redeemed or (ii) by redeeming in full some only of such Dematerialised Notes and, in such latter case, the choice between those Dematerialised Notes that will be fully redeemed and those Dematerialised Notes of any Series that will not be redeemed shall be made in accordance with Article R.213-16 of the French *Code monétaire et financier* and the provisions of the relevant Final Terms, subject to compliance with any other applicable laws and stock exchange requirements.

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

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

(e) *Partly Paid Notes*

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

(f) *Purchases*

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

(g) *Cancellation*

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

6. **Payments and Talons**

(a) *Dematerialised Notes:*

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

(b) *Materialised Notes:*

(i) Method of payment

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

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

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

Fixed Rate Notes in definitive form should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon before 1 January of the fourth year following the date on which such amount fell due but in no event thereafter.

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

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

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

(c) *Payments in the United States*

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

(d) *Payments subject to Fiscal Laws*

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

(e) *Appointment of Agents*

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

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

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

(f) *Non-Business Days*

If any date for payment in respect of any Note or, if applicable, Coupon is not a business day, the Noteholder or, if applicable, Couponholder shall not be entitled to payment until the next following business day unless otherwise specified in the relevant Final Terms, nor to any interest or other sum in respect of such postponed payment. In this paragraph, "**business day**" means a day (other than a Saturday or a Sunday) (A) (i) in the case of Dematerialised Notes, on which Euroclear France is open for business or (ii) in the case of Materialised Notes, on which banks and foreign exchange markets are open for business in the relevant place of presentation, (B) on which banks and foreign exchange markets are open for business in such jurisdictions as shall be specified as "**Financial Centres**" in the relevant Final Terms and (C) (i) in the case of a payment in a currency other than Euro, where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency or (ii) in the case of a payment in Euro, which is a TARGET Business Day.

7. Taxation

1. All payments of principal and interest by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within France or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

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

8. Prescription

Claims against the Issuer for payment of principal, interest or any other amounts in respect of the Notes and, if applicable, Receipts and Coupons (which for this purpose shall not include Talons) shall be prescribed and become void unless made within four years after the 1 January following the appropriate Relevant Date in respect of them (in accordance with the Law n°68-1250 dated 31 December 1968).

9. Events of Default

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

(a) *there is a default in the payment of any principal or default for more than 30 days in the payment of any interest due and payable on or in respect of any Note; or*

(b) the Issuer defaults in the due performance and observance of any other provision contained in the Notes and such default (if capable of remedy) remains unremedied for 90 days after written notice thereof shall have been given to the Issuer at the specified office of the Fiscal Agent by any Noteholder; or

(c) the Issuer is dissolved or ceases to be an *établissement public* prior to the repayment in full of the Notes or the payment in full of all sums due under the Notes unless its activities and debts are validly transferred to another *établissement public* or assumed by the French State,

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

10. Meeting of Noteholders and Modifications

Meetings of Noteholders:

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

The Masse will be governed by the provisions of the French Code of Commerce with the exception of Articles L.228-48, L.228-59, L.228-65 II, R.228-63, R.228-67 and R.228-69 subject to the following provisions:

(a) *Legal Personality*

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

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

(b) *Representative*

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

(i) the Issuer, the members of its Board of Directors (*Conseil d'administration*), its statutory auditors, or its employees as well as their ascendants, descendants and spouse; or

(ii) companies having 10 per cent. or more of their share capital held by the Issuer; or

(iii) persons to whom the practice of banker is forbidden or who have been deprived of the right of directing, administering or managing an enterprise in whatever capacity.

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

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

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

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

(c) *Powers of Representative*

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

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

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

(d) *General Meeting*

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

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

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

(e) *Powers of the General Meetings*

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

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

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

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

(f) *Information to Noteholders*

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

(g) *Expenses*

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

(h) *Single Masse*

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

Modification of Agency Agreement:

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

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

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

12. Further Issues and Consolidation

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

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

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

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

13. Notices

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

2. Notices to the holders of Materialised Notes and Dematerialised Notes in bearer form (*au porteur*) shall be valid if published in a daily leading financial newspaper of general circulation in Europe (which is expected to be the Financial Times) and so long as such Notes are listed on any stock exchange and the applicable rules to that stock exchange so require, in a leading daily financial newspaper with general circulation in the city/ies where the stock exchange(s) on

which such Notes are listed, which in the case of the Paris Stock Exchange, is expected to be *La Tribune* or *Les Echos*.

3. If any such publication is not practicable, notice shall be validly given if published in a leading daily financial newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Materialised Notes in accordance with this Condition.

4. Notices required to be given to the holders of Dematerialised Notes (whether in registered or in bearer form) (*au porteur* or au *nominatif*) pursuant to these Conditions may be given by delivery of the relevant notice to Euroclear France, and any other clearing system through which the Notes are for the time being cleared in substitution for the mailing and publication as required by Conditions 13 (a), (b), (c), above; except that (i) so long as such Notes are listed on any stock exchange(s) and the applicable rules to that stock exchange so require, notices shall also be published in a daily financial newspaper with general circulation in the city/ies where the stock exchange(s) on which such Notes are listed and (ii) notices relating to the convocation and decision(s) of the General Meetings pursuant to Condition 10 shall also be published in a leading financial newspaper of general circulation in Europe.

14. Method of publication of the Base Prospectus and the Final Terms

The Base Prospectus and any Supplement related to Notes listed and admitted to trading on any regulated market will always be published on the websites of (a) the AMF (www.amf-france.org) and (b) CADES (www.cades.fr).

The Final Terms related to Notes listed and admitted to trading on any regulated market will always be published on the websites of (a) the AMF (www.amf-france.org) and (b) CADES (www.cades.fr).

In addition, should the Notes be listed and admitted trading on a regulated market other than Euronext Paris S.A., the Final Terms related to those Notes will provide whether this Base Prospectus and the relevant Final Terms will be published on the website of (x) such regulated market or (y) the competent authority of the Member State in the EEA where such regulated market is situated.

A copy of the Base Prospectus may be sent free of charge by CADES to any person who requests one.

15. Governing Law and Jurisdiction

(a) *Governing Law*

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

(b) *French courts*

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

TEMPORARY GLOBAL CERTIFICATES ISSUED IN RESPECT OF MATERIALISED NOTES

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

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

Temporary Global Certificate exchangeable for Definitive Materialised Notes

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

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

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

USE OF PROCEEDS

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

DESCRIPTION OF ISSUER

OVERVIEW

The Caisse d'Amortissement de la Dette Sociale is an administrative public agency (*établissement public national à caractère administratif*) created by a specific statute and owned and controlled by the French State. CADES is responsible for financing and repaying a portion of the accumulated debt of France's social security system. CADES finances this debt by borrowing primarily in the debt capital markets and using the proceeds of social security taxes imposed on French taxpayers' earnings to service interest payments and repay principal on the amounts borrowed.

CADES was established in 1996 as part of a series of measures to reform the French social security system with the aim of repaying the debt it accumulated between 1994 and 1996. The French State has since transferred additional social security debt to CADES on several occasions, and, pursuant to the 2011 Social Security Financing Act dated 20 December 2010 (*loi de financement de la sécurité sociale pour 2011*), will transfer a total of approximately Euro 130 billion of social security debt to CADES between 2011 and 2018. The French State has also from time to time increased the revenue base of social security taxes to provide CADES with the revenue necessary to service such additional indebtedness. Since 2005, the French State has been legally required to match any increase in the social security debt it transfers to CADES with increased resources for CADES. See “Historical Evolution of Debt and Resources” below.

As at 31 December 2010, the cumulative amount of social security debt transferred to CADES totalled Euro 134.6 billion, of which, as of that date, CADES had repaid Euro 47.9 billion and Euro 86.7 billion was outstanding, and had paid interest for an amount equal to Euro 29.9 billion. For the year ended 31 December 2009, CADES received Euro 8.082 billion in revenue from social security taxes (compared with Euro 5.98 billion for the year ended 31 December 2008) and incurred interest expenses of Euro 2.822 billion in connection with servicing its borrowings, net of interest received on deposits (compared with Euro 3.093 billion for the year ended 31 December 2008).

CADES' principal sources of revenue are allocated to it by law and paid automatically in part on a daily basis and in part on an annual basis. They are (i) a specifically earmarked social security levy (the *contribution au remboursement de la dette sociale* or “**CRDS**”), and (ii) a portion of another social security tax (the *contribution sociale généralisée* or “**CSG**”), both of which are allocated to CADES on a permanent basis until CADES' purpose has been fulfilled. Pursuant to the 2011 Social Security Financing Act, CADES will receive an additional annual cash transfer of Euro 2.2 billion from the French Pension Fund (*Fonds de Réserve pour les Retraités* or “**FRR**”) from 2011 through 2024 and additional tax revenue equal to 1.3 per cent. of the taxes raised by the French capital and investment tax (which is a tax levied at the rate of 2.2 per cent.), which is expected to provide approximately Euro 1.5 billion per year. See “Sources of Revenue” below.

CADES' registered office is located at 15-17 rue Marsollier 75002 Paris – France and its telephone number is +33 1 55 78 58 00.

PURPOSE AND AUTHORITY

CADES was established by the French State by order n° 96-50, dated 24 January 1996 (*ordonnance n° 96-50 relative au remboursement de la dette sociale* or the “**CADES Law**”) as an administrative public agency (*établissement public national à caractère administratif*). CADES' main purpose, as set out in Article 2 of the CADES Law, is to repay a portion of the cumulative debt of the French central social security administration (*Agence centrale des organismes de sécurité sociale* or “**ACOSS**”). CADES was originally intended to have a duration through 2009 only. Its existence was subsequently extended to 2014, and finally extended until such date as CADES' purpose has been fulfilled and its outstanding debt has been repaid. Pursuant to the Organic Law n◦ 2010-1380 on social security debt dated 13 November 2005 (*loi organique n◦2010-1380 du 13 novembre 2010 relative a la gestion de la dette sociale*) and the 2011 Social Security Financing Act, CADES’ debt repayment deadline has been extended by four years, to 2025.

While CADES is an entity separate from the French State, it is nonetheless subject to its control and supervision. In addition, CADES’ solvency and liquidity are largely dependent on the French State (see "Strengths" below).

As a public administrative agency, CADES is not required to comply with the French law corporate governance regime.

HISTORICAL EVOLUTION OF DEBT AND RESOURCES

At its establishment in 1996, CADES was responsible for Euro 44.7 billion of social security debt transferred to it by ACOSS and the French State. Further transfers of social security debt were made to CADES in 1998 (Euro 13.3 billion) and 2003 (Euro 1.3 billion). From 2004 to 2006, the French health insurance system transferred an additional Euro 48.4 billion of debt to CADES, and the French State increased the taxable assessment base for the CRDS from 95 per cent. to 97 per cent. of taxable income of French taxpayers. This additional debt was transferred to CADES as follows: Euro 36.1 billion in 2004, Euro 6.6 billion in 2005 and Euro 5.7 billion in 2006. Since 2005, the French State has been legally required by Organic Law n◦ 2005-881 on social security funding dated 2 August 2005 *(loi organique n◦ 2005 – 881 du 2 août 2005 relative aux lois de financement de la sécurité sociale)* to match any increase in the social security debt it transfers to CADES with increased resources for CADES.

Pursuant to the 2009 Social Security Financing Act dated 17 December 2008 *(loi n◦ 2008 – 1330 du 17 décembre 2008 de financement de la sécurité sociale pour 2009)*, the cumulative deficits of the French health insurance system as at 31 December 2008 (Euro 8.9 billion), the French old-age pension system (Euro 14.1 billion) and the *Fonds de Solidarité Vieillesse* (Euro 4 billion) were financed by transfers from CADES to ACOSS. The transfers were made in three instalments, the first in December 2008 for Euro 10 billion, the second in February 2009 for Euro 10 billion, and the balance of Euro 7 billion in March 2009. CADES financed the transfers by issuing debt securities in the capital markets.

Pursuant to the 2011 Social Security Financing Act, the French State will transfer additional debt to CADES in two steps: (i) approximately Euro 68 billion of social security debt, consisting of the deficits relating to 2009, 2010 and the expected amount for 2011, will be transferred to CADES no later than 31 December 2011 and (ii) a total of approximately Euro 62 billion in anticipated deficits for the pension system will be transferred to CADES by 2018 in a series of transfers at a rate of approximately Euro 10 billion a year, commencing no later than 30 June 2012 (together, the "**Euro 130 Billion Transfer**"). The current pension reforms in France are aimed at eliminating pension deficits beyond 2018. These increases in debt will be amortised using additional financing sources allocated to CADES by the 2011 Social Security Financing Act, including: (i) an increase in CADES' CSG allocation from 0.2 per cent. to 0.48 per cent. (which is expected to provide approximately Euro 3.2 billion per year), (ii) an annual cash transfer of Euro 2.1 billion from the FRR from 2011 through 2024 and (iii) additional tax revenue equal to 1.3 per cent. of the taxes raised by the French capital and investment tax (which is a tax levied at the rate of 2.2 per cent.), which is expected to provide approximately Euro 1.5 billion per year. CADES has also received an extension in its debt repayment deadline from 2021 to 2025.

CADES was assigned an annual debt repayment target under the 2006 Social Security Financing Act dated 19 December 2005 *(loi n◦ 2005 – 1579 du 19 décembre 2005 de financement de la sécurité sociale pour 2006)* and has met this target each year since. CADES has been assigned new debt repayment targets in connection with the Euro 130 Billion Transfer.

If the French State does not transfer any additional debt to CADES without corresponding resources, and depending on a number of variables, including, among other things, assumed increases in the CRDS and interest rate variations, CADES currently expects to have paid off all of the social security debt transferred to it by 2025. However, if such assumptions with respect to debt transfers, tax receipts and interest rates prove to be incorrect, CADES may not pay off all its accumulated debt by that date. See "Risk Factors – Risk factors relating to the Issuer – The French State has transferred additional social security debt to the Issuer in the past and may do so in the future".

STRENGTHS

State support for solvency and liquidity

CADES' status as an administrative public agency entitles it to State support in respect of its solvency and liquidity. Pursuant to the CADES Law, in the event that CADES is unable to meet its financial commitments, the

French Government would be required by law to submit to Parliament the necessary measures to ensure that principal and interest on CADES' debt is paid on the scheduled payment dates.

Solvency

In the event CADES fails to meet its payment obligations under its bonds or notes, the French Government has a legal obligation to ensure its solvency. Law No. 80-539 of 16 July 1980 on the execution of judgments on public entities (*loi n°80-539 du 16 juillet 1980 relative aux astreintes prononcées en matière administrative et à l'exécution des jugements par les personnes morales de droit public* or the "**Law of 1980**"), which applies to all national public agencies, provides that in case of default, a public supervisory authority (in the case of CADES, the Minister in charge of the Economy, Finance and Industry and the Ministers in charge of Social Security) must approve the sums for which the public agency is held liable by court order and provide the agency with new resources.

Court-ordered reorganisation and liquidation proceedings do not apply to public agencies such as CADES. The French Commercial Code excludes public agencies from its sphere of application, including with respect to court-ordered reorganisation and liquidation of businesses. Furthermore, France's Supreme Court (*Cour de cassation*) has ruled out the application of insolvency proceedings whenever an entity's bylaws contain provisions rooted in public law.

If an administrative public agency, such as CADES, were dissolved, its assets and liabilities as a whole would be transferred to the authority responsible for its creation. Thus, the French State would be required to service CADES' debt directly upon its dissolution.

Liquidity

CADES' liquidity position is supported by the French State. While CADES faces potential liquidity risk due to the nature of its activities (refinancing and repaying social security debt), in the event that there are insufficient funds and CADES is unable to access new resources, the French Government will at all times grant cash advances to CADES in order to ensure its liquidity, according to Organic Law No. 2001-692 dated 1 August 2001 on funding laws (*loi organique n°2001-692 du 1 août 2001 relative aux lois de finances*). Furthermore, pursuant to the Law of 1980, if the French State failed to grant the aforementioned cash advances, it would be required to advance funds to CADES and support its liquidity. The French State has never had to advance such funds to CADES.

Resources linked to the payroll

Part of CADES' revenue (i.e., CRDS and CSG) is based on the salaries of French taxpayers (*masse salariale*), which are subject to withholding at source by the French State. The CRDS and CSG are also levied on certain other revenues, which are not necessarily subject to withholding at source but are nonetheless subject to reporting (see "Sources of Revenue" and "Risk Factors – Risk factors relating to the Issuer").

CADES has met its debt repayment targets

Each year since 2005, pursuant to the social security financing law (*loi de financement de la sécurité sociale*) for the relevant year, the French Parliament assigns to CADES a target for the amount of debt to be repaid by CADES. CADES has met this target each year.

SOURCES OF REVENUE

CADES' principal sources of revenue are two specifically earmarked social security levies collected by the French State: the CRDS and, since 1 January 2009, the CSG. For the year ended 31 December 2010, CADES received Euro 5,962,560,000 from the CRDS and Euro 2,262,640,000 from the CSG. For the year ended 31 December 2009, CADES received Euro 5.895 billion from the CRDS and Euro 2.187 billion from the CSG. For the year ended 31 December 2008, CADES received Euro 5.980 billion from the CRDS. In connection with the Euro 130 Billion Transfer, CADES will receive an additional annual cash transfer of Euro 2.1 billion from the FRR from 2011 through 2024 and additional tax revenue equal to 1.3 per cent. of the 2.2 per cent. tax collected on capital and investment, which is expected to provide approximately Euro 1.5 billion per year. For the full year 2011, total estimated resources are around EUR 15.2 billion distributed as follows : CRDS 40.2 per cent., CSG 36.0 per cent., Levy Tax on capital income 9.9 per cent. and FRR Payment 13.8 per cent.

CRDS

The CRDS levy is a broad-based tax on all earned and unearned (investment and other) income of French individuals. The CRDS is currently assessed at the rate of 0.5 per cent. per annum on 97 per cent. of the earned income of individuals. The CRDS was introduced specifically for CADES in 1996, and CRDS revenue is allocated exclusively to CADES. The CADES Law provides that the CRDS is to be deducted from the income of individuals until the French social security debt has been paid off. The 2011 Social Security Financing Act has capped individuals' CRDS taxable income to four times the annual threshold amount (*plafond annuel de la sécurité sociale*). In 2011, this cap will equal Euro 141,408 pursuant to the order (*arrêté*) of the Minister in charge of the budget, public accounts, and State works dated 26 November 2010.

The CRDS is paid to CADES (i) in part on a daily basis by ACOSS acting as collector of the CRDS with respect to income from gambling activities, jewellery sales, investment revenues (including capital gains), wages and replacement revenues, which include financial support paid in case of unemployment, maternity leave, work related sickness, accidents at work and pension income and (ii) in part annually on 15 December by the French Treasury (*le Trésor*) acting as collector of the CRDS deducted from property revenues (*revenus du patrimoine*).

The French State passes on CRDS collection costs to CADES. These costs are currently fixed at (i) 0.5 per cent. of the CRDS levied on gambling activities, jewellery sales, investment revenues (including capital gains), wages and replacement revenues and (ii) 4.1 per cent. of the CRDS deducted from property revenues (*revenus du patrimoine*). These percentages may be modified by an order (*arrêté*) of the French Government, but they have not been modified as of the date of this Base Prospectus.

The table below sets out the breakdown of sectors from which the levy is derived and shows the evolution and growth of the CRDS.

	CRDS *(in per cent.)*	
	2010	**2009**
Wages	67.3	67.2
Replacement revenues	21.4	20.2
Property revenues	3.8	6.0
Investment revenues	5.3	4.5
Gambling activities	2.1	2.1
Jewellery sales	0.1	0.1

Source : CADES.

CSG

The CSG, like the CRDS, is mainly collected through payroll deductions from French taxpayers' earned income, and has experienced historical growth similar to the CRDS. The portion of the CSG allocated to CADES was, through 2010, 0.2 per cent. of the income from which the CSG is deducted. Pursuant to the 2011 Social Security Financing Act, the portion of the CSG allocated to CADES increased to 0.48 per cent. of the income from which the CSG is deducted (except for CSG assessed on gambling activities, for which the percentage allocated to CADES increased to 0.28 per cent.), effective as of 2011.

The CSG is mainly levied on wages and replacement revenues (Euro 2,035 million of CSG allocated to CADES as at 31 December 2010). It also applies to capital and investment (Euro 232.85 million allocated to CADES as at 31 December 2010), and gambling activities (Euro 4.2 million allocated to CADES as at 31 December 2010).

As with the CRDS, the CSG is paid to CADES (i) in part on a daily basis by ACOSS acting as collector of the CSG with respect to income from gambling activities, jewellery sales, investment revenues (including capital gains), wages and replacement revenues, which include financial support paid in case of unemployment, maternity leave, work related sickness, accidents at work and pension income and (ii) in part annually on 15 December by the French Treasury (*le Trésor*) acting as collector of the CSG deducted from property revenues (*revenus du patrimoine*).

As with the CRDS, the CSG collection costs are borne by CADES. These collection costs are equal in percentage terms to those of the CRDS.

The following table describes the breakdown of CSG levy by sectors for the years ended 31 December 2010 and 2009.

	CSG *(in per cent.)*	
	2010	**2009**
Wages	71.6	67.2
Replacement revenues	18.2	19.6
Property revenues	4.1	6.3
Investment revenues	5.9	6.2
Gambling activities	0.2	0.6
Jewellery sales	-	-

Source: CADES

FRR

Pursuant to the 2011 Social Security Financing Act and Organic Law No. 2010-1380 on social security debt it is provided that CADES will receive an additional annual cash transfer of Euro 2.1 billion from the FRR from 2011 through 2024.

Social charges on capital and investment (*prélèvements sociaux sur les revenus du patrimoine et des produits de placement*)

Pursuant to the 2011 Social Security Financing Act it is provided that CADES will receive, until 2024, 1.3 per cent. of the revenues from the capital and investment tax (*prélèvements sociaux sur les revenus du patrimoine et des produits de placement*) (the "**Social Charges**") initially attributed to the FRR.

Selected Financial Statement Data

The table below sets out selected financial data of CADES for the years ended 31 December 2010, 2009 and 2008.

	For the year ended 31 December (in Euro billion) (audited)		
	2010	**2009**	**2008**
Revenues (CRDS & CSG) after charges	8.151	8.082	5.980
Net interest expense (on capital markets borrowings) plus general operating charges	(3.016)	(2.822)	(3.093)
Total available for principal repayments on debt	**5.135**	**5.260**	**2.885**

Source: CADES

THE SOCIAL SECURITY DEBT

The total social security debt transferred to CADES by the French Parliament consisted of Euro 44.7 billion in 1996, Euro 13.3 billion in 1998, Euro 1.3 billion in 2003, Euro 48.4 billion from 2004 to 2006, Euro 10 billion in 2008 and Euro 17 billion in 2009. In addition, a total of Euro 130 billion will be transferred between 2011 and 2018 pursuant to the 2011 Social Security Financing Act.

The table below sets out the aggregate amount of social security debt transferred to CADES, or that will be transferred to CADES, by the various social security funds and organisations since CADES' creation through 2011. As at 31 December 2010, the total debt that had been transferred to CADES since its creation was Euro 134.6 billion, the debt repaid was Euro 45.1 billion, and the residual year end deficit, which is the difference between the debt transferred and the debt repaid, was Euro 89.5 billion.

In 2005, 2006 and 2007, ACOSS reimbursed Euro 1.7 billion, Euro 0.3 billion and Euro 0.1 billion respectively to CADES in relation to amounts overpaid by CADES in the respective previous years. In 2009 ACOSS reimbursed Euro 0.1 billion to CADES in relation to an amount overpaid the same year.

Transfer of the social security debt to CADES since its creation (in Euro billion)

Entity Making Transfer	1996	1998	2003	2004	2005	2006	2007	2008	2009	2011	Total By Entity
ACOSS	20.9	13.3		35	8.3	6.0		10	17	68	**176.4**
					-1.7	-0.3	-0.1				
French Government	23.4										**23.4**
CANAM	0.5										**0.5**
FOREC			1.3	1.1							**2.4**
Total By Year	**44.8**	**13.3**	**1.3**	**36.1**	**6.6**	**5.7**	**-0.1**	**10**	**17**	**68**	**202.7**

CANAM*: Caisse Nationale d'Assurance Maladie et Maternité des Travailleurs non salariés des professions non agricoles*
FOREC: *Fonds de Financement de la réforme des cotisations patronales de Sécurité Sociale*

Source: CADES.

CADES' BORROWING PROGRAMME

In order to finance the social security debt that has been transferred to it, CADES borrows funds principally through debt capital markets issuances, and then repays those borrowings over time with the revenues it receives from the FRR, the CRDS and the CSG.

CADES' borrowing programme consists of issuances of bonds or notes to qualified investors, and/or loans granted by financial institutions. CADES intends to further develop its borrowing programme in response to the Euro 130 Billion Transfer.

Specific debt securities issuance programmes

In addition to the Euro 130,000,000,000 Debt Issuance Programme described in this Base Prospectus, as at 31 December 2010, CADES had the following debt issuance programmes:

- a Euro 15 billion French domestic treasury bills (*billets de trésorerie*) programme, under which an aggregate principal amount of Euro 10 million had been issued and was outstanding;
- a Euro 60 billion global commercial paper programme, issued in USD in the United States of America and in multiple currencies in the international markets, under which an aggregate principal amount of approximately Euro 8.488 billion had been issued and was outstanding;
- a Euro 5 billion French negotiable debt securities (*bons à moyen terme négociables*) programme, under which an aggregate principal amount of Euro 11 million had been issued and was outstanding;
- a Euro 65 billion Global Medium Term Note Programme, governed by English law, under which an aggregate principal amount of Euro 3.187 billion had been issued and was outstanding; and
- an AUD 5 billion "Kangaroo programme", an Australian debt issuance programme, under which an aggregate principal amount of AUD 1.5 billion (Euro 1.194 million) had been issued and was outstanding.

During 2010, CADES raised Euro 11.1 billion in medium- and long-term debt issues under the programmes described above.

Other borrowing capacities and facilities

CADES' borrowing programme also consists of:

- a standalone bond issuance capacity for a maximum amount of Euro 35 billion, of which an aggregate principal amount of Euro 33.315 billion had been issued and was outstanding; and
- four back-up credit facilities for an amount of Euro 750 million.

CADES' borrowing programme is carried out according to principles of dynamic management of the debt portfolio and using a range of capital market instruments. CADES has no fixed issuance schedule and is flexible in the methods by which it raises funds, including using the short term markets, for example under its US commercial paper programme. CADES uses a range of financial instruments, including Euro and US commercial paper, syndicated loans, bond issues, and MTN programmes. In addition, CADES enters into futures transactions, foreign exchange transactions, interest rate swaps or options, securities lending, and the borrowing of bonds and other debt securities issued by the French State or of CADES' own bonds and other debt securities. CADES also carries out debt repurchases and exchanges.

Allocation of Resources

In accordance with the CADES Law, the resources of CADES must be allocated to payments due on the borrowings incurred by CADES (including any securities issued by CADES). CADES aims to keep excess cash to a minimum and places any such excess cash temporarily in French State securities.

DEBT ISSUANCE PROFILE

The following information gives an indication of the profile of CADES' existing capital markets debt.

Debt by currencies and instruments

The table below sets out the profile of CADES' debt in terms of different currencies and debt instruments as at 31 December 2010.

Bonds in Euro	Bonds in other currencies	Inflation linked bonds/notes	Commercial paper	MTN private placements
55.0%	22.2%	12.8%	5.3%	4.7%

Source of the above table: CADES.

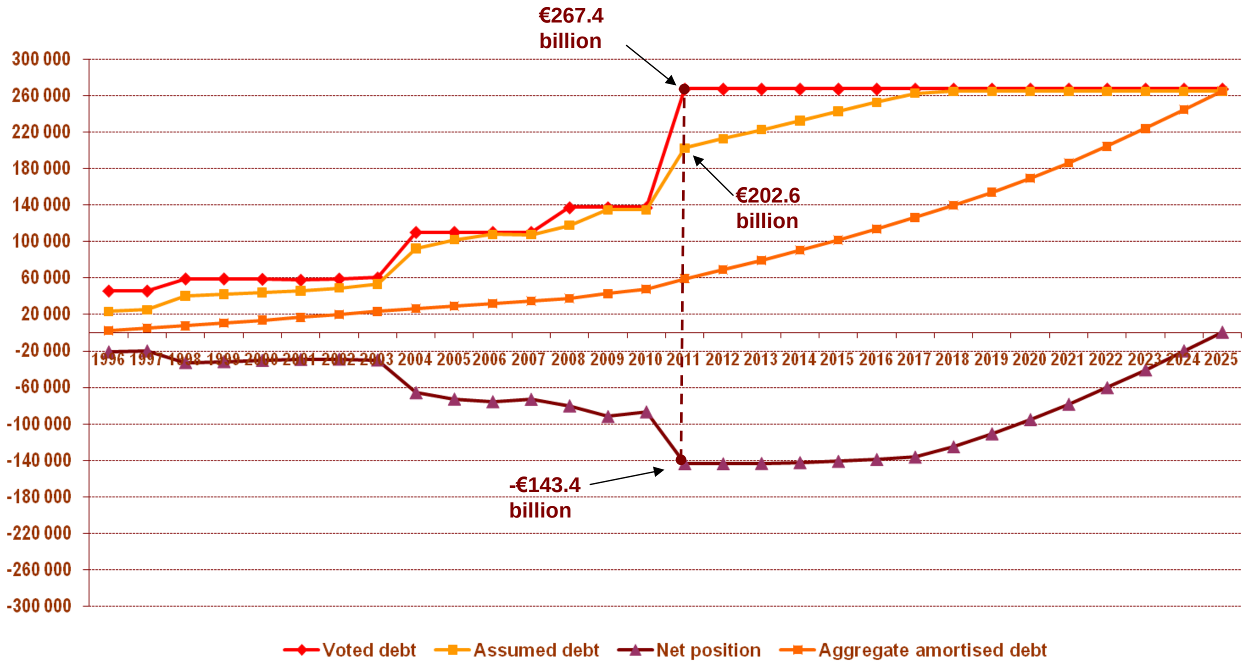
As at 31 December 2010, CADES’ debt profile, broken down by currency, was as follows: 67.8 per cent. of CADES' tradable debt was Euro–denominated, 29.9 per cent. was U.S. Dollar-denominated, and 2.3 per cent. was denominated in other currencies. As at 31 December 2009, CADES’ debt profile, broken down by currency, was as follows: 69 per cent. of CADES' tradable debt was Euro–denominated, 28 per cent. was U.S. Dollar-denominated, and 3 per cent. was denominated in other currencies.

CADES seeks to manage interest rate exposure through a combination of instruments (see "Risk management – Interest rate risk" below). As at 31 December 2010 CADES’ total debt instruments were broken down as follows: bonds and notes outstanding at fixed rates accounted for 77.1 per cent. of the total, while those at floating rates accounted for 8.9 per cent. and inflation-indexed bonds accounted for 13.9 per cent. As at 31 December 2009 CADES’ total debt instruments were broken down as follows: bonds and notes outstanding at fixed rates accounted for 63.2 per cent. of the total, while those at floating rates accounted for 16.4 per cent. and inflation-indexed bonds accounted for 20.4 per cent. CADES seeks to manage interest rate exposure through a combination of instruments (see "Risk management – Interest rate risk" below).

As at 31 December 2010, CADES' debt by maturity was as follows: 17.7 per cent. of CADES' debt had a maturity shorter than one year, 47.1 per cent. had a maturity between one and five years, 27.2 per cent. had a maturity between five to ten years and 8.0 per cent. had a maturity longer than ten years.

DEBT ASSUMPTION AND AMORTIZATION PROFILE

The following chart below sets out as at 31 December 2010 CADES' voted, assumed and amortised debt after debt assumption and an estimate of such voted, assumed and amortised debt until 2025.



Source: CADES.

"voted" means that the French Parliament has voted the transfer of such debt to CADES.

"assumed" means that such debt has been transferred to CADES.

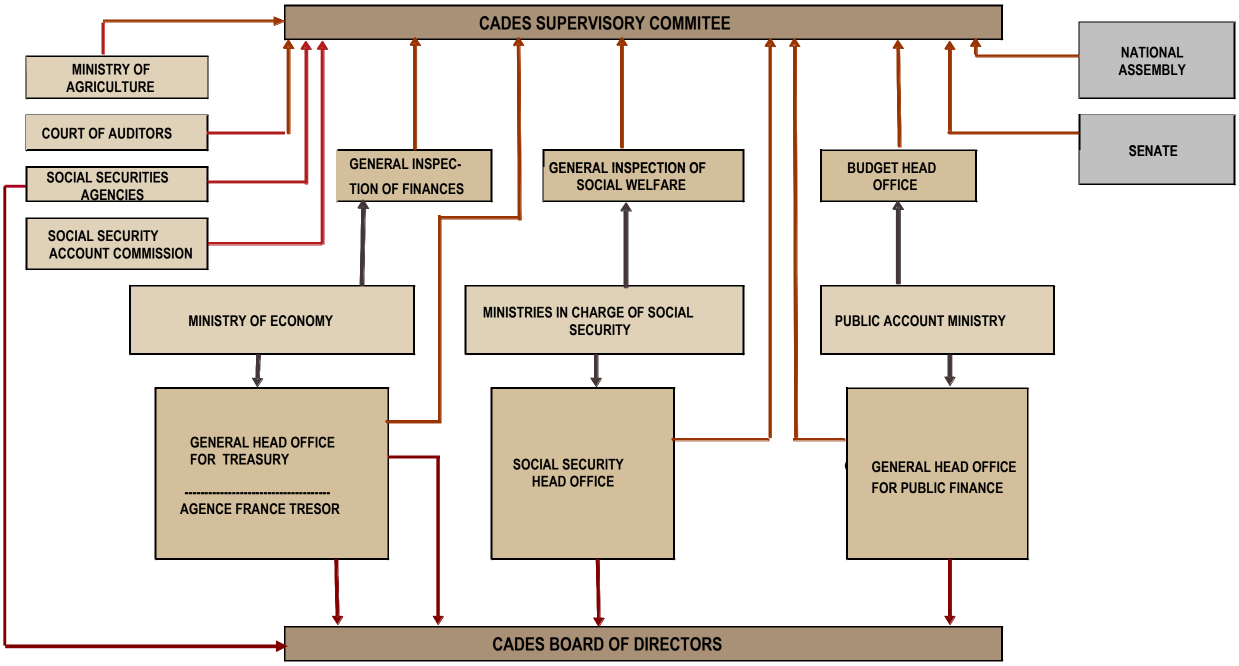
"amortised" means that such debt has been repaid by CADES.

ORGANISATIONAL STRUCTURE

The CADES Law sets out the organisational and operating rules of CADES. As a French administrative public agency, CADES is separate from, but under the control and authority of, the French State. It is directly under the dual authority of the Minister in charge of the Economy, Finance and Industry and the Ministers in charge of Social Security. CADES has no shareholders.

CADES' management structure consists of (i) a board of directors (*conseil d'administration*) (the "**Board of Directors**") responsible for the management of CADES and oversight of CADES' budget and financial statements and (ii) a supervisory committee (*comité de surveillance*) (the "**Supervisory Committee**"), which gives its views on the annual report and whom the Board of Directors may consult for any issue. The contact address of the members of the Board of Directors and the Supervisory Committee is 15-17 rue Marsollier, 75002 Paris.

The chart below provides a brief overview of the relations between, *inter alia*, the Board of Directors and the Supervisory Committee.



The Board of Directors

According to the CADES Law, certain members of CADES' Board of Directors are appointed by the relevant 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 10 May 2011.

In addition to Patrice Ract Madoux, Chairman, the CADES' Board of Directors includes the following members:

- the chairman and the vice-chairman of the board of directors of the ACOSS or their respective deputies nominated by the ACOSS board;
- each of the chairmen of the boards of the *Caisse nationale de l'assurance maladie des travailleurs salariés* (CNAMTS), *Caisse nationale de l'assurance vieillesse des travailleurs salariés* (CNAVTS) and of the *Caisse nationale des allocations familiales* (CNAF) 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 representatives chosen by the French ministry in charge of the Economy and Finances or their respective deputies, nominated by order (*arrêté*) of this ministry;
- two representatives chosen by the French ministry in charge of the social security or their respective deputies, nominated by order (*arrêté*) of this ministry;
- 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 from among 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

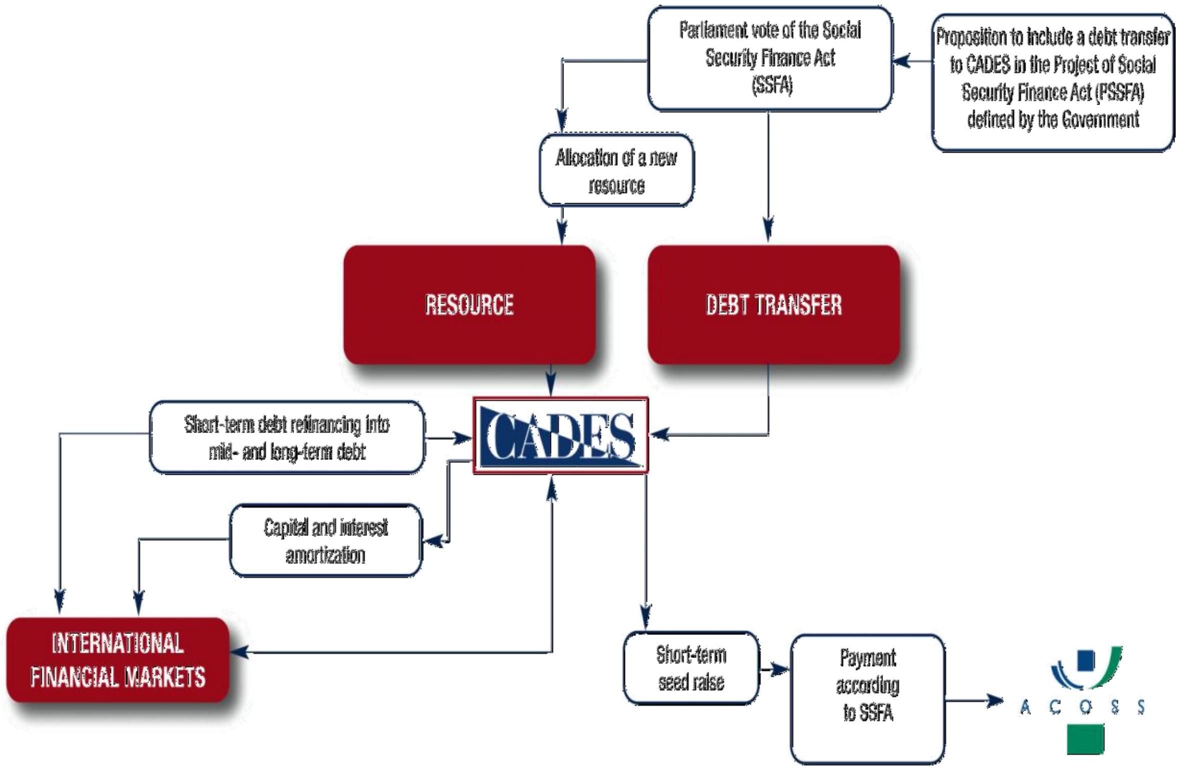
The Supervisory Committee reviews and comments on CADES' annual report and may assist the Board of Directors on any matter at the request of the Board of Directors, according to the CADES Law.

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 system and of the national health insurance and maternity funds for non-salaried employees in non-agricultural professions (*Caisse nationale d'assurance maladie et maternité des travailleurs non salariés des professions non agricoles*).

At the date of this Base Prospectus, the members of the Supervisory Committee are:

- Jean-Jacques Jégou, Chairman, named by the *Président* of the French Senate (*Sénat*);
- Alain Vasselle, Senator, named by the *Président* of the French Senate (*Sénat*);
- 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*);
- Philippe Josse, named by the Ministry in charge of the Economy, Finance and Industry;
- Ramon Fernandez, named by the Ministry in charge of the Economy, Finance and Industry;
- François Tanguy, named by the Ministry in charge of the Economy, Finance and Industry;
- Jacques Lenain, 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;
- Denis Morin, member of the French State Audit Office;
- Véronique Hespel, member of the Office of the Inspector General of Finance;
- Michel Laroque, Member of the Social Affairs Monitoring Department;
- Michel Regereau, Chairman of the Board of the Salaried Workers' Health Insurance Authority;
- Danièle Karniewicz, Chairman of the Board of the Salaried Workers' Pensions Authority;

- Jean-Louis Deroussen, chairman of the National Family Allowance Fund;
- Pierre Burban, chairman of the ACOSS;
- Franck Gambelli, Chairman of the Industrial Injuries and Occupational Diseases Commission; and
- Gérard Quevillon, Chairman of the Board of the Independent Non-agricultural Workers' Health and Maternity Insurance Authority.



Conflicts

Save as disclosed in this Base Prospectus, there are no potential conflicts of interest between any duties owed by any of the members of the Board of Directors or the Supervisory Committee towards CADES and their private interests and/or other duties.

Control and Supervision

Owing to its administrative public agency status, CADES is subject to the supervision of the French Government and to the same budgetary and accounting rules as the French State. In particular, Decree No. 62-1587 of 29 December 1962 on the general regulation of public accounting rules (*décret n°62-1587 du 29 décembre 1962 portant règlement général sur la comptabilité publique*) stipulates that collections and disbursements must be carried out by a Government accountant under the control of the French state audit office (*cour des comptes*). CADES also publishes its accounts in accordance with standard accounting methods used by French banks and finance companies (see "Presentation of Financial Information" below).

Certain decisions of the Board of Directors require approval of the Minister in charge of the Economy, Finance and Industry and the Minister in charge of Social Security before they become effective, including decisions related to the budget, financial accounts, and management agreements. In addition, CADES' borrowing programme requires the approval of the Minister in charge of the Economy, Finance and Industry in accordance with Article 5.I of the CADES Law.

Risk Management

CADES faces various market risks, in particular interest rate risks, exchange rate risks and counterparty risks as described below.

Counterparty risk

CADES manages counterparty risk by requiring that a new counterparty can be accepted only if it executes a guarantee agreement with margins calls with CADES.

Exchange rate risk

CADES maintains a programme of hedging arrangements in respect of its issues of debt instruments denominated in currencies other than Euro by means of derivatives in order to avoid exchange rate risk.

Interest rate risks

CADES seeks to manage interest rate exposure through a combination of instruments, including futures transactions and interest rate swaps, and by issuing debt instruments with a variety of interest rate bases.

Auditing CADES' management operations

CADES' management operations are subject to a periodic audit by the French state audit office (*Cour des Comptes*) pursuant to Decree No. 62-1587 of 29 December 1962 on the general regulation of public accounting rules (*décret no. 62-1587 du 29 décembre 1962 portant réglement général sur la comptabilité publique)*. CADES is also subject to financial audits conducted by the government in accordance with the Order of 29 October 1996, on its administrative management and collection of CRDS revenues, the management and disposal of property owned by national social security agencies and repayments obtained from social security agencies.

In addition, market transactions are subject to internal audit rules established by the Board of Directors. CADES' internal audit process consists of three elements:

- Determination by the Board of Directors of the maximum interest rate risks, foreign exchange risks, liquidity risks, and counterparty risks that can be taken by CADES in its market operations;
- A daily report concerning the transactions carried out by CADES to be given to the Chairman; and
- A monthly report summarising the transactions carried out during the relevant period, as well as CADES' position in relation to the risk limits fixed by the Board of Directors given to all members of the Board of Directors.

In addition to this internal audit, an external and independent audit firm that reports to the Board of Directors on a quarterly basis also scrutinises CADES' market transactions and determines compliance on a quarterly basis with the limits and procedures, in particular those regarding the division of responsibilities between market operators and post-market operators. KPMG and Harmony Baker Tilly conduct the external audit. To date, no external auditor has been appointed for a period longer than three consecutive years.

PRESENTATION OF FINANCIAL INFORMATION

As required by Decree No. 62-1587 of 29 December 1962 on the general regulation of public accounting rules, the accounts of CADES are prepared annually by CADES in accordance with accounting principles established by the French public sector accounting rules and are therefore presented in a format that may differ from that generally used by private sector companies. In order to take account of the fact that the activities of CADES are essentially financial in nature, and to ensure that the information provided to the financial community is more familiar to investors, the Board of Directors of CADES has decided to restate its accounts to conform with the accounting principles and procedures generally accepted in France applicable to credit and financial institutions. On 26 April 2010, CADES restated accounts relating to the year ended 31 December 2009 were approved by the Board of Directors and are publicly available.

Financial Information of the Issuer

The information set forth below should be read in conjunction with the audited and interim unaudited financial statements of CADES included elsewhere in this Base Prospectus.

Balance Sheet

At (in million of euro)	31 December 2010	31 December 2009	31 December 2008
ASSETS			
Cash in hand, balances with central banks and post office banks	1,200.34	983.44	2,718.64
Treasury bills and other bills eligible for refinancing with central banks	12,166.95	2,284.57	678.69
Loans and advances to credit institutions			
- Repayable on demand	0.29	0.37	1.31
- Repayable at maturity	1,129.48	1,686.34	1,000.51
Intangible assets	-	-	-
Tangible assets	0.17	0.21	0.23
Property assets	-	-	-
Other assets	49.41	260.42	357.38
Prepayments and accrued income	2,665.73	1,751.19	1,489.99
Total assets	**17,212.37**	**6,966.54**	**6,246.75**
LIABILITIES			
Amounts owed to credit institutions			
- Payable on demand	-	-	-
- Payable at maturity	-	151.11	1,610.55
Debts evidenced by certificates			
- Negotiable debt instruments	8,446.45	10,587.56	14,936.49
- Bonds and similar instruments	92,798.48	86,366.93	67,739.18
- Other debts evidenced by certificates	-	-	-
Other liabilities	2,018.54	222.10	133.54
Accruals and deferred income	624.67	1,449.30	1,891.80
Sub-total - Debts	**103,888.14**	**98,777.00**	**86,311.56**
Provisions	0.18	0.16	5.83
Property endowment	181.22	181.22	181.22
Profit and loss account brought forward	(91,991.84)	(97,251.86)	(83,136.67)
Profit for the period	5,134.67	5,260.02	2,884.81
Sub-total - Reserves	**(86,675.95)**	**(91,810.62)**	**(80,070.64)**
Total liabilities	**17,212.37**	**6,966.54**	**6,246.75**

Profit and Loss Account

Period ended (in million of euro)	31 December 2010	31 December 2009	31 December 2008
Interest receivable and similar income	**350.79**	**279.63**	**320.66**
- From transactions with credit institutions	29.51	44.70	284.51
- From bonds and other fixed income securities	12.28	1.97	3.05
- Other interest receivable and similar income	309.00	232.96	33.10
Interest payable and similar charges	**(3,347.19)**	**(3,050.50)**	**(3,403.95)**
- On transactions with credit institutions	(11.04)	(46.15)	(189.80)
- On bonds and other fixed income securities	(3,336.15)	(3,004.35)	(3,214.15)
Fees payable	**(17.37)**	**(48.41)**	**(9.33)**
Gains and losses on trading securities	**(0.28)**	**(0.30)**	**(0.37)**

Period ended (in million of euro)	31 December 2010	31 December 2009	31 December 2008
- Net profit (loss) on foreign exchange transactions	(0.28)	(0.30)	(0.37)
Gains and losses on investment securities	**-**	**-**	**-**
- Net profit (loss) on investment securities	-	-	-
Other operating income - banking	**-**	**-**	**-**
Other operating charges - banking	**(0.02)**	**(0.02)**	**(0.01)**
NET BANKING INCOME	**(3,014.07)**	**(2,819.60)**	**(3,093.00)**
General operating charges (Note 13)	**(2.50)**	**(2.63)**	**(2.40)**
- Staff costs	(0.89)	(0.85)	(0.78)
- Other administrative expenses	(1.61)	(1.78)	(1.63)
Depreciation and provisions - intangible and tangible assets	**(0.04)**	**(0.04)**	**(0.03)**
Other operating income	**8,312.03**	**8,253.66**	**6,059.86**
- Income related to CRDS and CSG (Notes 12 and 12.1)	8,312.03	8,253.66	6,059.67
- Income from property (Note 13.1)	-	-	0.19
Other operating charges	**(160.75)**	**(171.37)**	**(79.62)**
- Charges related to CRDS and CSG (Notes 12 and 12.1)	(86.83)	(80.78)	(76.26)
- Payments to the State (Note 14)	-	-	-
- Payments to social security agencies (Note 14)	-	-	-
- Provision for doubtful debts relating to CRDS and CSG (Notes 12 and 12.1)	(73.92)	(90.58)	(3.46)
- Charges related to property (Note 13.1)	-	(0.01)	0.10
GROSS OPERATING PROFIT	**5,134.67**	**5,260.02**	**2,884.81**
OPERATING PROFIT	**5,134.67**	**5,260.02**	**2,884.81**
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	**5,134.67**	**5,260.02**	**2,884.81**
- Exceptional income (Note 15)	-	-	-
NET PROFIT FOR THE PERIOD	**5,134.67**	**5,260.02**	**2,884.81**

CASH FLOW STATEMENTS OF THE ISSUER

The cash flow table for the years ended 31 December 2009 and 31 December 2010 below is based on the audited financial statements of the Issuer for the years ending 31 December 2009 and 31 December 2010 and the method of calculation and the calculations themselves have been approved by the auditors of the Issuer.

Statement of cash flows (in million of euro)	31 December 2010	31 December 2009
Net banking income	**-3,014**	**-2,820**
Inflation impact	-170	-18
Net provision on financial instruments	-	-6
Net amortization of deferred incomes	-15	-32
Accrued interests	88	152
Net banking cash flows (A)	***-3,111***	***-2,724***
Operating profit	**8,151**	**8,080**

Accrued incomes on CSG/CRDS revenues	88	-284
Others	-2	36
Net operating cash flows (B)	***8,237***	***7,832***
Net cash flows from operating activities (C=A+B)	***5,126***	***5,108***
Net cash flows from financing activities (D)	***4,417***	***12,448***
Assumed social debt (E)	***-***	***-17,000***
Change in net cash flows (C+D+E)	***9,543***	***556***
Net cash position at the beginning of the year	***4,955***	***4,398***
Net cash position at the end of the year	***14,497***	***4,954***
Change in net cash position	**9,543**	**556**

RECENT DEVELOPMENTS

From 1st January 2011 until 6 May 2011, CADES redeemed the equivalent of EUR 10.2 billion (including USD 10 million). During the same period, CADES issued the following debt instruments:

- On 11 April 2011, CADES issued a €2bn 4.125 per cent. bond with a 12-year maturity
- On 5 April 2011, CADES issued a tap of €100mn private placement with a 14-year and 8-months maturity.
- On 31 March 2011, CADES issued a 200mn CHF benchmark bond with a 12-year maturity.
- On 31 March 2011, CADES issued a tap of €500mn benchmark bond with a 10-year and 7-months maturity.
- On 23 March 2011, CADES issued a US$2.5bn 2.375 per cent. benchmark bond with a 5-year maturity.
- On 22 March 2011, CADES issued a €200mn private placement with a 14-year and 9-months maturity.
- On 11 March 2011, CADES issued a US$1bn FRN private placement with a 3-year maturity.
- On 10 March 2011, CADES issued a tap of €300mn inflation linked bond with a 10-year and 5 months maturity.
- On 10 March 2011, CADES issued a €500mn FRN bond with a 3-year maturity.
- On 7 March 2011, CADES issued a tap of €500mn benchmark bond with a 10-year and 1 month maturity.
- On 2 March 2011, CADES issued a tap of €700mn inflation linked bond with a 10-year and 5 months maturity.
- On 28 February 2011, CADES issued a €1bn 3.25 per cent. bond with a 7-year maturity.
- On 17 February 2011, CADES issued a US$1.5bn 1.625 per cent. benchmark bond with a 3-year and 1 month maturity.
- On 15 February 2011, CADES issued a tap of £200mn benchmark bond with a 3-year and 7 months maturity.
- On 9 February 2011, CADES issued a €3.5bn 3 per cent. benchmark bond with a 5-year and 1 month maturity.

- On 8 February 2011, CADES issued a 150mn CHF benchmark bond with a 14-year and 9 months maturity.
- On 2 February 2011, CADES issued a “Facilité de Crédit Renouvelable” of €12bn.
- On 1 February 2011, CADES issued a €750mn inflation linked bond with a 10-year and 6 months maturity.
- On 27 January 2011, CADES issued a tap of £200mn benchmark bond with a 4-year and 10 months maturity.
- On 26 January 2011, CADES issued a tap of €800mn benchmark bond with a 5-year and 3 months maturity.
- On 18 January 2011, CADES issued a US$2.5bn 1.375 per cent. benchmark bond with a 3-year maturity.
- On 13 January 2011, CADES issued a £300mn 3.75 per cent. benchmark bond with a 7-year and 9 months maturity.

For 2011, CADES aims to issue debt instruments for an amount estimated between EUR 70 to EUR 75 billion.

ANNUAL STATEMENTS 2009

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GENERAL INFORMATION

1. MISSION STATEMENT

Ordinance No. 96-50 dated 24 January 1996[1] 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.

From 2009, CADES has access to a new resource corresponding to 0.2 point of the supplementary social security contribution (*Contribution Sociale Généralisée - CSG*).

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. The Social 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. 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.

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[1] As modified by Social Security Finance Law No. 97-1164 of 19 December 1997, 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 and Ordinance No. 2009-80 of 22 January 2009.

- 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 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 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 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 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 organizations.

This specific accounting framework was recommended by an independent consulting firm and approved by the Authorizing Officer, the 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 Accounting Officer

Transactions executed by CADES' 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 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 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 Accounting Officer may authorize these payments. Entries to the credit of this account record CRDS 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 revenue paid over by ACOSS. Once again, only the Accounting Officer may authorize expenditures.

The balance on the deposit account is transferred to CADES' own account whenever it reaches a pre-defined threshold.
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

1. NET DEBT AT REPAYMENT VALUE

(in millions of euros) (*)

At 31 December 2009	**91,660**
At 31 December 2008	**79,861**
At 31 December 2007	**72,658**

(in millions of euros) (*)	**31 December 2009**	**31 December 2008**	**31 December 2007**
Net profit	**5,260**	**2,885**	**2,578**
Primarily reflecting the following items:			
CRDS and CSG net revenue	**8,082**	**5,980**	**5,681**
Payments to the French State	**-**	**-**	**-**
Payments to social security agencies	**-**	**-**	**-**
Interest expenses	**(2,822)**	**(3,095)**	**(3,101)**

(*)Throughout this document, the letter m is used to denote million and bn to denote billion

BALANCE SHEET

At (in millions of euros)	31 December 2009	31 December 2008	31 December 2007
ASSETS			
Cash in hand, balances with central banks and post office banks (Note 1)	983.44	2,718.64	10.85
Treasury bills and other bills eligible for refinancing with central banks (Note 1)	2,284.57	678.69	1,370.17
Loans and advances to credit institutions (Note 1)			
- Repayable on demand	0.37	1.31	0.28
- Repayable at maturity	1,686.34	1,000.51	333.46
Intangible assets (Note 2)	-	-	-
Tangible assets (Note 2)	0.21	0.23	0.02
Property assets (Note 13.1)	-	-	-
Other assets (Note 3)	260.42	357.38	654.44
Prepayments and accrued income (Note 4)	1,751.19	1,489.99	1,340.34
Total assets	**6,966.54**	**6,246.75**	**3,709.56**
LIABILITIES			
Amounts owed to credit institutions (Note 5)			
- Payable on demand	-	-	-
- Payable at maturity	151.11	1,610.55	2,111.68
Debts evidenced by certificates (Note 6)			
- Negotiable debt instruments	10,587.56	14,936.49	3,480.48
- Bonds and similar instruments	86,366.93	67,739.18	68,611.11
- Other debts evidenced by certificates	-	-	-
Other liabilities (Note 7)	222.10	133.54	19.69
Accruals and deferred income (Note 8)	1,449.30	1,891.80	2,441.94
Sub-total - Debts	**98,777.00**	**86,311.56**	**76,664.90**
Provisions (Note 8.1)	0.16	5.83	0.11
Property endowment	181.22	181.22	181.22
Profit and loss account brought forward	(97,251.86)	(83,136.67)	(75,714.63)
Profit for the period	5,260.02	2,884.81	2,557.96
Sub-total - Reserves	**(91,810.62)**	**(80,070.64)**	**(72,955.45)**
Total liabilities	**6,966.54**	**6,246.75**	**3,709.56**

PROFIT AND LOSS ACCOUNT

Period ended (in millions of euros)	**31 December 2009**	**31 December 2008**	**31 December 2007**
Interest receivable and similar income (Note 9)	**279.63**	**320.66**	**238.96**
- From transactions with credit institutions	44.70	284.51	135.38
- From bonds and other fixed income securities	1.97	3.05	21.16
- Other interest receivable and similar income	232.96	33.10	82.42
Interest payable and similar charges (Note 10)	**(3,050.50)**	**(3,403.95)**	**(3,332.92)**
- On transactions with credit institutions	(46.15)	(189.80)	(116.63)
- On bonds and other fixed income securities	(3,004.35)	(3,214.15)	(3,216.29)
Fees payable (Note 10)	**(48.41)**	**(9.33)**	**(7.51)**
Gains and losses on trading securities (Note 11)	**(0.30)**	**(0.37)**	**0.02**
- Net profit (loss) on foreign exchange transactions	(0.30)	(0.37)	0.02
Gains and losses on investment securities (Note 11.1)	**-**	**-**	**-**
- Net profit (loss) on investment securities	-	-	-
Other operating income - banking	**-**	**-**	**-**
Other operating charges - banking	**(0.02)**	**(0.01)**	**(0.01)**
NET BANKING INCOME	**(2,819.60)**	**(3,093.00)**	**(3,101.45)**
General operating charges **(Note 13)**	**(2.63)**	**(2.40)**	**(2.06)**
- Staff costs	(0.85)	(0.78)	(0.74)
- Other administrative expenses	(1.78)	(1.63)	(1.32)
Depreciation and provisions - intangible and tangible assets	**(0.04)**	**(0.03)**	**(0.02)**
Other operating income	**8,253.66**	**6,059.86**	**5,814.76**
- Income related to CRDS and CSG (Notes 12 and 12.1)	8,253.66	6,059.67	5,814.76
- Income from property (Note 13.1)	-	0.19	-
Other operating charges	**(171.37)**	**(79.62)**	**(133.27)**
- Charges related to CRDS and CSG (Notes 12 and 12.1)	(80.78)	(76.26)	(69.09)
- Payments to the State (Note 14)	-	-	-
- Payments to social security agencies (Note 14)	-	-	-
- Provision for doubtful debts relating to CRDS and CSG (Notes 12 and 12.1)	(90.58)	(3.46)	(64.17)
- Charges related to property (Note 13.1)	(0.01)	0.10	(0.01)
GROSS OPERATING PROFIT	**5,260.02**	**2,884.81**	**2,577.96**
OPERATING PROFIT	**5,260.02**	**2,884.81**	**2,577.96**
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	**5,260.02**	**2,884.81**	**2,577.96**
- Exceptional income (Note 15)	-	-	-
NET PROFIT FOR THE PERIOD	**5,260.02**	**2,884.81**	**2,577.96**

OFF BALANCE SHEET COMMITMENTS

At **(in millions of euros)**	**31 December 2009**	**31 December 2008**	**31 December 2007**
COMMITMENTS RECEIVED			
Loan commitments by other credit institutions			
- Backup credit lines	700.00	700.00	550.00
- Multi-currency credit lines	-	-	5,000.00
- Other credit lines	-	2,500.00	2,000.00
COMMITMENTS GIVEN			
- Payment to the State	-	-	-
- Payment to social security funding organizations	-	17,000.00	-

NOTES TO THE FINANCIAL STATEMENTS

HIGHLIGHTS OF THE YEAR

♦ **€27 billion of debt taken on**

The last three transfers under the 2009 Social Security Funding Act (*Loi de Financement de la Sécurité Sociale - LFSS*) have been completed, in the amounts of €10 billion on 6 February 2009, €6.9 billion on 6 March 2009 and €100 million on 4 August 2009.

♦ **New resource corresponding to 0.2 point of supplementary social security contribution**

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 0.2 point of the supplementary social security contribution (*Contribution Sociale Généralisée - CSG*).

♦ **Financing transactions**

Issues

Six new benchmark bond issues were arranged in January, February, April, July and December 2009, which enabled CADES to borrow €8.36 billion.

Eleven bond issues were tapped for €8.50 billion in total, including one bond indexed to inflation (CADESi) for €0.9 billion.

Seventeen issues of Euro Medium Term Notes (EMTN) in EUR, JPY, USD, HKD, GBP and AUD enabled CADES to borrow €8.08 billion after transformation.

Lastly, two bond issues in AUD and USD were tapped for €0.83 billion.

Redemptions

In 2009, CADES completed the early redemption of fifteen EMTN and a further sixteen reached maturity, for a total of €4.41 billion.

Three private placements matured in January 2009 for a total of €1.38 billion, followed in July by a bond issue, for €3 billion.

Inflation macro hedging

At 31 December 2009, swaps entered into for macro hedging purposes totalled €1,364 million, nine swaps having matured during the year.

Cancellable swaps

In 2007 and 2008, CADES entered into swaps under which it receives 3-month Euribor less a haircut and pays a fixed rate. These swaps may be rescinded by the counterparties six months after inception and then every three months.

These cancellable swaps, which qualify as micro hedges, are used to transform CADES's variable rate structured transactions into fixed rate transactions for at least six months. Each swap is therefore systematically backed to a swap already held in portfolio by CADES. If the swaps are cancelled, CADES reverts to its initial refinancing level.

These swaps were authorized by the Board of Directors on 28 November 2007. They are designated as micro hedges (Category b of Regulations No. 90-15 and 88-02) pursuant to French banking regulations (*Règlementation Bancaire*).

At 31 December 2009, these swaps amounted to €10,212 million.

Pre-hedging swaps

Six pre-hedging swaps maturing 25 October 2019, with a total nominal value of €1,250 million and designated as isolated open positions in accordance with the regulations issued by the French Banking and Financial Regulatory Committee (*Comité de la Règlementation Bancaire et Financière - CRBF*) (category a of Regulation 90-15) were rescinded on 5 June 2009 following the issue of €3 billion of 4.25 per cent. bonds maturing 25 April 2020.

Commitments in respect of these transactions, which had been reported as off balance sheet items, were derecognised. The provision for liabilities and charges recognised in respect of unrealised losses was reversed in full. Balances on termination of these swaps were dealt with in profit and loss.

Contracts entered into with Lehman Brothers

CADES entered into currency swaps with Lehman Brothers International (Europe) offering perfect hedging of its currency-denominated loans. Following the investment bank's collapse on 14 September 2008, CADES terminated all derivative financial instruments with this counterparty pursuant to the master agreement governing these transactions. It has since entered into new agreements with other bank counterparties. The characteristics of these agreements are identical to those that were terminated, as a result of which the currency and interest rate exposures continue to be hedged totally efficiently. These transactions did not have a material impact on the accounts of CADES.

PricewaterhouseCoopers, who are acting as administrators for Lehman Brothers, accepted the valuations produced by CADES in a letter dated 4 August 2009, finally bringing this matter to a close.

♦ **Credit lines**

Commitments received in 2009 comprise:

- Four backup credit lines totalling €700 million that are cancellable by the counterparty at 30 days' notice; and
- A credit facility amounting to €10 billion arranged on 2 February 2009, which expired on 31 December 2009 and was not renewed for 2010.

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 Regulation 91-01 of 16 January 1991 issued by the French Banking and Financial Regulatory Committee (*Comité de la Règlementation Bancaire et Financière - CRBF*) relating to the preparation and publication of the annual individual accounts of credit institutions, as modified by Regulation 2000-03 of 4 July 2000 issued by the French Accounting Standards Committee (*Comité de la Réglementation Comptable - CRC*), itself modified by Regulations 2005-04 of 3 November 2005 and 2007-05 of 14 December 2007. With respect to the last regulation, the French National Accounting Board (*Conseil National de la Comptabilité - CNC*) decided that CADES could continue to use the adaptations set forth in Opinion 99-04 relating to the presentation of those transactions specific to CADES. 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 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.

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 2009.

4. 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-keeping 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 per cent. withholding from the contribution paid over to CADES.

CRDS contributions levied on revenue from property entered in the tax assessment register by the Treasury offices are paid over to CADES on the basis of register entries and not the amounts actually collected. In return, a 4.1 per cent. withholding is applied to the sums paid over to CADES to cover assessment and collection costs (0.5 per cent.) and the cost of tax reductions and bad debts (3.6 per cent.), as provided for by Article 1641 of France's General 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.

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 ageing analysis of the receivables. They are deducted from gross amounts receivable as reported in the balance sheet.

Regarding the collection of the CRDS contributions, it will be recalled 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 French Treasury.

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 per cent. 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.

4.1 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 (€14.1 billion), old age pension deficit (€8.8 billion) and old age solidarity fund (€4 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 0.2 point of the supplementary social security contribution (*Contribution Sociale Généralisée - CSG*).

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. Private rental property

CADES has sold all the property transferred on 1 January 2000 to CADES 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, to which end it has entered into an agreement with the lawyer responsible for handling these cases.

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

6. 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 euro at the rate of exchange ruling on the balance sheet date.

The rates used at 31 December 2009, which correspond to the reference rates communicated by the European Central Bank, are indicated in the table below:

USD:	1.4406	JPY:	133.16
GBP:	0.8881	HKD:	11.1709
CHF:	1.4836	NZD:	1.9803
AUD:	1.6008	TRY:	2.1547
ZAR:	10.6660	CAD:	1.5128
MXN:	18.9223	SEK	10.2520

- 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.

7. 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.

8. 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 include software.

9. 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 31 December 2009:	118.22645
Cadesi 2011 index:	1.12326
Cadesi 2013 index:	1.18021
Cadesi 2017 index:	1.04250
Cadesi 2019 index:	1.08157

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.

10. 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.

11. 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.

12. 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.

13. 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.

14. 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. All repurchase agreements are negotiated with French Treasury bond dealers (*Spécialiste en Valeurs du Trésor - SVT*) or with counterparties with an at least double-A 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.

15. 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 31 December 2009, the balance sheet showed total assets of €6.97 billion for a total debt of €98.78 billion resulting in negative reserves of €91.81 billion.

ASSETS

Note 1: Treasury and interbank transactions

At (in millions of euros)	**31 December 2009**	**31 December 2008**	**31 December 2007**
CENTRAL BANKS AND POST OFFICE BANKS	**983.44**	**2,718.64**	**10.85**
Central banks	983.44	2,718.64	10.85
TREASURY BILLS AND OTHER BILLS ELIGIBLE FOR REFINANCING WITH CENTRAL BANKS	**2,284.57**	**678.69**	**1,370.18**
Government securities with a maturity of less than 3 months	2,284.10	677.84	1,366.35
Accrued interest	0.47	0.85	3.83
LOANS AND ADVANCES TO CREDIT INSTITUTIONS	**1,686.71**	**1,001.82**	**333.74**
Repayable on demand	**0.37**	**1.31**	**0.28**
Debit balances on ordinary accounts	0.37	1.31	0.28
Securities received under open repurchase agreements	-	-	-
Accrued interest	-	-	-
Repayable at maturity	**1,686.34**	**1,000.51**	**333.46**
Securities received under term repurchase agreements with a maturity of less than 3 months	1,686.16	1,000.00	333.28
Of which: Treasury bills	442.67	-	-
Bonds	1,163.74	1,000.00	333.28
Own securities	79.75	-	-
Accrued interest	0.18	0.51	0.18
Total	**4,954.72**	**4,399.15**	**1,714.77**

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

Note 2: Intangible and tangible fixed assets

At (in millions of euros)	*Gross value at 1 January 2009*	*Increase*	*Decrease*	*Gross value at 31 December 2009*	*Amortization and depreciation*	*31 December 2009 Net book value*	*31 December 2008 Net book value*	*31 December 2007 Net book value*
Intangible assets	***0.22***	**-**	**-**	***0.22***	***(0.22)***	**-**	**-**	**-**
Software	0.22	-	-	0.22	(0.22)	-	-	-
Tangible assets	***0.67***	***0.02***	**-**	***0.69***	***(0.48)***	***0.21***	***0.23***	***0.02***
Sundry equipment	0.67	0.02	-	0.69	(0.48)	0.21	0.23	0.02
Total	***0.89***	***0.02***	**-**	***0.91***	***(0.70)***	***0.21***	***0.23***	***0.02***

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

At (in millions of euros)	31 December 2009	31 December 2008	31 December 2007
SUNDRY DEBTORS	**260.42**	**357.38**	**654.44**
Deposits paid by way of initial margins	213.22	310.46	606.37
- Deposits	212.99	310.38	604.71
- Accrued interest	0.23	0.08	1.66
Outstanding CRDS and CSG contributions to be collected by ACOSS	47.20	46.92	48.07
- Gross amounts receivable	316.52	226.08	224.34
- Provisions	(269.32)	(179.16)	(176.27)
Other debtors in respect of financial transactions	-	-	-
Other debtors in respect of operating charges	-	-	-
Other sundry debtors - CNAV	-	-	-
- Gross amounts receivable	1.61	1.62	2.10
- Provisions	(1.61)	(1.62)	(2.10)
Total	**260.42**	**357.38**	**654.44**

Other assets include:

- Deposits paid by way of initial margins in connection with forward contracts entered into to hedge counterparty risk amounting to €213.22 million.
- Outstanding CRDS and GSG contributions to be collected by ACOSS amounting to €47.20 million. Provisions totalling €269.32 million have been deducted from the gross amounts receivable of €316.52 million.
- A receivable of €1.61 million, consisting of damages amounting to €1.47 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 31 December 2009.

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)	31 December 2009	31 December 2008	31 December 2007
Provisions brought forward	**180.77**	**178.37**	**119.20**
Provisions set aside - property	-	-	-
Provisions set aside - CRDS and CSG	90.58	3.45	64.20
Provisions reversed - property	-	(0.48)	(0.06)
Provisions reversed - CRDS and CSG	0.42	(0.57)	(4.97)
Provisions carried forward	**271.77**	**180.77**	**178.37**

Note 4: Prepayments and accrued income

At (in millions of euros)	31 December 2009	31 December 2008	31 December 2007
ACCRUED INCOME	**1,384.73**	**1,189.10**	**1,116.39**
On forward interest rate instruments	221.39	330.78	233.45
On forward currency instruments	305.04	283.78	293.20
On CRDS and CSG revenues	858.30	574.54	589.74
On property sales	-	-	-
Other accrued income	-	-	-
CONTINGENT LOSSES AND LOSSES TO BE SPREAD ON FORWARD FINANCIAL INSTRUMENTS	**19.22**	**0.04**	**0.73**
DEFERRED CHARGES	**268.51**	**189.62**	**206.09**
Issuance premiums on bonds and EMTN	268.51	189.62	206.09
Other deferred charges	-	-	-
PREPAYMENTS	**8.16**	**85.48**	**11.32**
Prepaid administrative expenses	0.05	0.01	0.01
Prepaid interest on negotiable debt instruments	8.11	85.47	11.31
Other prepayments	-	-	-
OTHER	**70.57**	**25.75**	**5.82**
Currency adjustment accounts	70.40	15.03	5.82
Property rental adjustment account	-	-	-
Sundry	0.17	10.72	-
Total	**1,751.19**	**1,489.99**	**1,340.35**

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

- accrued income relating to CRDS and CSG contributions for €858.30 million and to financial instruments amounting to €221.39 million for interest rate instruments and to €305.04 million for currency instruments.
- issuance premiums on bonds and EMTN amounting to €268.51 million to be recognised to profit and loss over time.
- prepayments amounting to €8.16 million, which consist mainly of prepaid interest on the issue of negotiable debt instruments.
- currency adjustment accounts amounting to €70.40 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 31 December 2009, CADES had negative reserves of €91,810.62 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 and €27,000 million pursuant to the Law of 17 December 2008, less amounts that have been credited to reserves and which are composed of the accumulated profits generated by CADES since 1996 amounting to €16,401.98 million, the property endowment on 1 January 2000 amounting to €181.2 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 €98,777.00 million at 31 December 2009, consist mainly of debts evidenced by certificates totalling €96,954.49 million, accruals and deferred income totalling €1,449.30 million, amounts due to credit institutions totalling €151.11 million, and other liabilities totalling €222.10 million.

Note 5: Treasury and interbank transactions

At			**31 December 2009**		**31 December 2009**	**31 December 2008**	**31 December 2007**
(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**
AMOUNTS OWED TO CENTRAL BANKS							
Amounts owed to credit institutions	**-**	**151.11**	**-**	**-**	**151.11**	**1,610.55**	**2,111.68**
Repayable on demand	-	-	-	-	-	-	-
Credit balances on ordinary accounts	-	-	-	-	-	-	-
Repayable at maturity	**-**	**151.11**	**-**	**-**	**151.11**	**1,610.55**	**2,111.68**
Securities given under repurchase agreements	-	-	-	-	-	-	-
Accounts and deposits	-	151.11	-	-	151.11	1,531.50	2,032.43
Of which: Euro	-	50.00	-	-	50.00	1,430.49	1,941.78
Other currencies	-	101.11	-	-	101.11	101.01	90.65
Accrued interest	-	-	-	-	-	79.05	79.25
Total	**-**	**151.11**	**-**	**-**	**151.11**	**1,610.55**	**2,111.68**

The €151.11 million owed to credit institutions corresponds to the following private placements:
- CHF 150 million at floating rate indexed to 1-month Libor CHF (-0.31 per cent.) maturing 30 June 2010; and
- €50 million at floating rate indexed to 1-month Euribor (-0.23 per cent.) maturing 21 June 2010.

__Note 6: Debts evidenced by certificates__

At			**31 December 2009**			**31 December 2008**	**31 December 2007**
(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**
NEGOTIABLE DEBT INSTRUMENTS	**8,612.63**	**1,963.93**	**11.00**	**-**	**10,587.56**	**14,936.49**	**3,480.48**
Treasury bills denominated in euro	-	100.00	-	-	100.00	603.00	60.00
Treasury bills denominated in other currencies	348.98	-	-	-	348.98	-	-
EMTN denominated in euro	-	-	11.00	-	11.00	11.00	11.00
Commercial paper denominated in euro	736.80	542.50	-	-	1,279.30	7,196.50	185.34
Commercial paper denominated in other currencies	7,526.85	1,321.43	-	-	8,848.28	7,125.99	3,224.14
Other negotiable debt instruments denominated in foreign currencies	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-
BONDS	**1,742.68**	**6,064.90**	**39,502.38**	**39,056.97**	**86,366.93**	**67,739.18**	**68,611.11**
Bonds denominated in euro	-	4,228.68	23,022.96	36,280.77	63,532.41	49,981.96	51,462.11
Bonds denominated in other currencies	-	-	134.81	235.91	370.72	-	695.44
EMTN denominated in euro	-	-	202.00	1,030.00	1,232.00	2,667.00	2,788.16
EMTN denominated in other currencies	716.68	1,606.55	16,142.61	1,510.29	19,976.13	14,052.89	12,615.62
Accrued interest	1,026.00	229.67	-	-	1,255.67	1,037.33	1,049.78
Total	**10,355.31**	**8,028.83**	**39,513.38**	**39,056.97**	**96,954.49**	**82,675.67**	**72,091.59**

__Debts evidenced by certificates are analysed below:__

They comprise

- Negotiable debt instruments totalling €10,585.26 million; and
- Bonds and similar instruments totalling €86,369.23 million.

1. __Bonds__

__Short term (up to 1 year)__

- 3.125% bonds maturing July 2010 (ISIN code FR0010173773) amounting to €4,000 million;

- 4.6% bonds maturing July 2010 (ISIN code FR0000209611) amounting to €228.68 million.

__Medium term (over 1 year and up to 5 years)__

- Bonds indexed to French inflation excluding tobacco maturing July 2011 (ISIN code FR0000489734) amounting to €2,864.31 million taking into account tap issues and a €314.31 million redemption premium (measured by reference to the most recent inflation index published at 31 December 2009);

- 2.625% bonds maturing April 2012 (ISIN code FR0010718338) amounting to €3,500 million;

- 1.5% bonds maturing July 2012 (ISIN code CH0012600398) amounting to CHF200 million (€134.81 million at 31 December 2009);

- Euro-fungible 5.25% bonds maturing October 2012 (ISIN code FR0000571366) amounting to €3,000 million;
- 3.25% bonds maturing April 2013 (ISIN code FR0010249763) amounting to €3,000 million; and

- Bonds indexed to French inflation excluding tobacco maturing July 2013 (ISIN code FR0000492308) amounting to €3,658.65 million taking into account tap issues and a €558.65 million redemption premium (measured by reference to the most recent inflation index published at 31 December 2009);

- 4.5% bonds maturing September 2013 (ISIN code FR0010660100) amounting to €3,000 million; and

- 4% bonds maturing October 2014 (ISIN code FR0010120410) amounting to €4,000 million.

Long term (over 5 years)

- 2.625% bonds maturing January 2015 (ISIN code FR0010831669) amounting to €3,000 million;

- 2.125% bonds maturing February 2015 (ISIN code CH0012601446) amounting to CHF150 million (€101.11 million at 31 December 2009);

- 3.625% bonds maturing April 2015 (ISIN code FR0010163329) amounting to €3,000 million;

- 3.625% bonds maturing April 2016 (ISIN code FR0010301747) amounting to €4,500 million;

- 4.125% bonds maturing April 2017 (ISIN code FR0010456434) amounting to €3,600 million;

- Bonds indexed to French inflation excluding tobacco maturing July 2017 (ISIN code FR0010359679) amounting to €2,085 million taking into account tap issues and an €85 million redemption premium (measured by reference to the most recent inflation index published at 31 December 2009);

- Bonds indexed to French inflation excluding tobacco maturing July 2019 (ISIN code FR0010137554) amounting to €2,595.77 million taking into account tap issues and a €195.77 million redemption premium (measured by reference to the most recent inflation index published at 31 December 2009);

- 4% bonds maturing October 2019 (ISIN code FR0010143743) amounting to €5,000 million;

- 4.25% bonds maturing April 2020 (ISIN code FR0010767566) amounting to €4,250 million;

- 3.750% bonds maturing October 2020 (ISIN code FR0010198036) amounting to €4,000 million;

- 3% bonds maturing April 2021 (ISIN code ISIN CH0100525382) amounting to CHF200 million (€134.81 million at 31 December 2009); and

- 4.375% bonds maturing October 2021 (ISIN code FR0010347989) amounting to €4,250 million taking into account tap issues.

2. Bond equivalents

Bond equivalents are Euro Medium Term Notes (EMTN) issued as part of a programme arranged in 1998 with a pool of banks, for which the ceiling was raised in 2008 from €10 billion to €25 billion. At 31 December 2009 there were 57 outstanding EMTN in euro and in other currencies (GBP, USD, JPY, AUD, CAD, HKD and MXN) totalling €21,208.14 million.

All in all, debts evidenced by certificates maturing within 1 year totalled €18,384.14 million at 31 December 2009 (€22,476 million at 31 December 2008), while €39,513.38 million will mature between 1 and 5 years (€30,281 million at 31 December 2008) and €39,056.97 million after 5 years (€29,919 million at 31 December 2008).

Compared with prior years, there was a relative increase in long-term debt at 31 December 2009, as indicated by the table below:

Debt	**31 December 2009**	**31 December 2008**	**31 December 2007**
Short-term (under 1 year)	18.96%	27.2%	16.5%
Medium-term	40.76%	36.6%	31.4%
Long-term (over 5 years)	40.28%	36.2%	52.1%

As regards the breakdown between debts denominated in euro and other currencies, there was a relative increase in foreign currency debt at **31 December 2009** compared with 2008, as indicated by the table below:

Debt	**31 December 2009**	**31 December 2008**	**31 December 2007**
In foreign currencies	30.47%	25.6%	24.4%
In euros	69.53%	74.4%	75.6%

__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.

	Initial debt		**Hedging transactions**		**Final debt**	
(in millions of euros)	**Foreign currencies**	**Euros**	**Foreign currencies**	**Euros**	**Foreign currencies**	**Euros**
Euro-denominated debt		**66,204**		**30,450**		**96,654**
Foreign currency-denominated debt		**Value in euro at 31 December 2009**		**Value in euro at 31 December 2009**		
CHF	745	502	(745)	(502)	-	-
GBP	556	626	(556)	(626)	-	-
JPY	75,000	563	(75,000)	(563)	-	-
USD	37,582	26,089	(37,582)	(26,089)	-	-
HKD	3,000	269	(3,000)	(269)	-	-
SEK	-	-	-	-		
AUD	2,083	1,301	(2,083)	(1,301)	-	-
NZD	-	-	-	-	-	-
ZAR	-	-	-	-	-	-
CAD	409	270	(409)	(270)	-	-
MXN	450	24	(450)	(24)	-	-
Sub-total foreign currencies		**29,644**		**(29,644)**		**-**
Total		**95,848**		**806**		**96,654**

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 70 per cent. of the debt bears fixed rates, 18 per cent. floating rates and 12 per cent. rates indexed to inflation.

Breakdown of debt in euro and foreign currencies before and after hedging

(in millions of euros)	Initial debt				Hedging transactions		Final debt			
	Foreign currencies	**Euros**	**Total**	**%**	**Foreign currencies**	**Euros**	**Foreign currencies**	**Euros**	**Total**	**%**
Fixed rates										
Negotiable debt instruments	-	-	-			-	-	-	-	
EMTN	17,184	185	17,369		(17,184)	15,442	-	15,627	15,627	(1)
Bonds	371	52,328	52,699		(371)	136	-	52,464	52,464	
Private placements	-	-	-		-	-	-	-	-	
Macro hedging swaps	-	-	-		-	-	-	-	-	
Total fixed rates	**17,555**	**52,513**	**70,068**	**73**	**(17,555)**	**15,578**	**-**	**68,091**	**68,091**	**70**
Floating rates										
Negotiable debt instruments	9,196	1,390	10,586		(9,196)	9,152	-	10,542	10,542	
EMTN	2,792	1,047	3,839		(2,792)	5,395	-	6,442	6,442	
Bonds	-	-	-		-	229	-	229	229	
Private placements	101	50	151		(101)	96	-	146	146	
Macro hedging swaps	-	-	-		-	-	-	-	-	
Total floating rates	**12,089**	**2,487**	**14,576**	**15**	**(12,089)**	**14,872**	**-**	**17,359**	**17,359**	**18**
Indexed rates										
Bonds	-	11,204	11,204		-	-	-	11,204	11,204	
Macro hedging swaps	-	-	-		-	-	-	-	-	
Total indexed rates	**-**	**11,204**	**11,204**	**12**	**-**	**-**	**-**	**11,204**	**11,204**	**12**
Total	**29,644**	**66,204**	**95,848**	**100**	**-**	**806**	**-**	**96,654**	**96,654**	**100**

(1) Includes €10,212 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 31 December 2009, 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 virtually nil.

Note 7: Other liabilities

At (in millions of euros)	31 December 2009	31 December 2008	31 December 2007
DEPOSITS RECEIVED BY WAY OF INITIAL MARGINS	**173.16**	**119.23**	**0.02**
- Deposits	173.14	116.66	-
- Accrued interest	0.02	2.57	0.02
OTHER CREDITORS IN RESPECT OF FINANCIAL TRANSACTIONS	**1.67**	**2.27**	**0.82**
OTHER CREDITORS IN RESPECT OF OPERATING CHARGES	**47.27**	**12.04**	**18.85**
Payments to the State	-	-	-
Tax	0.02	0.02	-
Social security	0.07	0.06	-
Trade creditors	0.01	-	-
Sundry creditors - ACOSS	47.17	11.96	18.83
Other sundry creditors	-	-	0.02
Total	**222.10**	**133.54**	**19.69**

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 €173.14 million at 31 December 2009;
- Accrued interest on margin calls amounting to €0.02 million;
- Commission payable on commercial paper amounting to €1.67 million;
- Credit balance with ACOSS amounting to €47.17 million, consisting of credit notes received from ACOSS;
- Social security payable amounting to €0.07 million;
- Tax payable amounting to €0.02 million; and
- Amounts owed to suppliers totalling €0.01 million.

__Note 8: Accruals, deferred income and provisions__

At **(in millions of euros)**	**31 December 2009**	**31 December 2008**	**31 December 2007**
ACCRUALS	**351.57**	**441.70**	**330.04**
Accruals on forward interest rate instruments	297.82	320.20	210.16
Accruals on forward currency instruments	46.02	107.94	116.22
Fees payable in respect of market transactions	0.01	-	-
Accruals in respect of operating charges	0.14	0.20	0.22
Accruals in respect of CRDS and CSG collection costs	4.90	3.37	3.22
Other accruals	2.68	9.98	0.22
CONTINGENT GAINS AND GAINS TO BE SPREAD ON FORWARD FINANCIAL INSTRUMENTS	**33.25**	**54.52**	**49.90**
DEFERRED INCOME	**190.40**	**124.62**	**156.10**
Issuance premiums on bonds	189.61	123.01	156.10
Issuance premiums on government securities	0.79	1.61	-
Other deferred income	-	-	-
OTHER	**874.08**	**1,270.96**	**1,905.90**
Currency adjustment accounts	874.04	1,270.93	1,905.90
Sundry	0.04	0.03	-
Total	**1,449.30**	**1,891.80**	**2,441.94**

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

- Accrued expenses in respect of interest rate swaps amounting to €297.82 million and on the euro leg of currency swaps amounting to €46.02 million, commission payable in respect of commercial paper amounting to €2.82 million and accruals in respect of CRDS and CSG collection costs amounting to €4.90 million.
- Balancing cash payments on currency swaps amounting to €33.25 million that are to be spread.
- Deferred income amounting to €190.40 million, corresponding to premiums on bond issues and on government securities.
- Currency adjustment accounts amounting to €874.08 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 retirement 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 December 2008	Set aside	Reversed	31 December 2009
Provisions	**5.83**	**0.02**	**(5.70)**	**0.16**
Provision for retirement indemnities	0.13	0.02	-	0.16
Provision for liabilities	5.70	-	(5.70)	-
Total	**5.83**	**0.02**	**(5.70)**	**0.16**

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:	(2,819.60)
Other operating income and charges:	8,079.62
Gross operating profit and net profit for the period:	5,260.02

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)**	**31 December 2009**	**31 December 2008**	**31 December 2007**
INTEREST RECEIVABLE AND SIMILAR INCOME FROM TRANSACTIONS WITH CREDIT INSTITUTIONS	**44.70**	**284.51**	**135.38**
Interest receivable - Demand loans and advances and open repurchase agreements	**5.22**	**28.53**	**0.49**
Interest from ordinary accounts in debit	5.09	28.24	0.15
Interest from loans	-	-	-
Interest from securities delivered under repurchase agreements	0.13	0.29	0.34
Interest receivable - Term loans, advances and repurchase agreements	**33.55**	**225.47**	**92.20**
Interest from loans denominated in euros	-	-	-
Interest from loans denominated in other currencies	-	-	-
Interest from securities delivered under repurchase agreements	33.55	225.47	92.20
Other interest receivable	**5.93**	**30.51**	**42.69**
INTEREST RECEIVABLE AND SIMILAR INCOME FROM BONDS AND OTHER FIXED INCOME SECURITIES	**1.97**	**3.05**	**21.16**
Interest from fixed income securities	-	2.20	21.16
Interest from government securities	1.97	0.85	-
OTHER INTEREST RECEIVABLE AND SIMILAR INCOME	**232.96**	**33.10**	**82.42**
Amortization of premiums on issue	39.89	33.10	37.17
Net profit on hedging transactions	193.07	-	45.25
Profit on repurchase of own securities	-	-	-

Total	**279.63**	**320.66**	**238.96**

Banking income, which amounted to €279.63 million, includes:

- Net profit on hedging transactions amounting to €193.07 million;
- Interest receivable and similar income from transactions with credit institutions amounting to €44.70 million, of which €33.55 million from investing surplus cash balances via repurchase agreements with delivery of the securities;
- Interest from fixed income securities amounting to €1.97 million; and
- The amortization of bond premiums on issue amounting to €39.89 million.

Note 10: Cost of debt

Period ended (in millions of euros)	**31 December 2009**	**31 December 2008**	**31 December 2007**
INTEREST PAYABLE AND SIMILAR CHARGES ON TRANSACTIONS WITH CREDIT INSTITUTIONS	**46.15**	**189.80**	**116.63**
Interest payable - Demand loans and open repurchase agreements	**0.05**	**0.10**	**0.16**
Interest on ordinary accounts in credit	0.03	0.01	0.13
Interest on overnight loans	-	0.03	0.03
Interest on securities delivered under repurchase agreements	0.02	0.06	-
Interest receivable - Term loans and repurchase agreements	**1.95**	**116.90**	**116.06**
Interest on CDC loan (transfer of debt)	-	-	-
Interest on multi-currency credit	-	-	1.45
Interest on securities delivered under repurchase agreements	0.35	2.80	0.51
Interest on private placements	1.60	114.10	114.10
Other interest receivable	**44.15**	**72.80**	**0.41**
INTEREST PAYABLE AND SIMILAR CHARGES ON BONDS AND OTHER FIXED INCOME SECURITIES	**3,004.35**	**3,214.15**	**3,216.29**
Interest on debts evidenced by certificates	**3,004.35**	**3,173.58**	**3,216.28**
Interest on negotiable debt instruments denominated in euros	86.65	64.88	8.50
Interest on negotiable debt instruments denominated in other currencies	115.45	127.64	99.95
Interest on bonds and equivalents denominated in euros	2,126.42	2,045.54	2,157.94
Interest on bonds and equivalents denominated in other currencies	648.98	626.73	726.70
Other charges on debt instruments evidenced by certificates	26.85	308.79	223.19
Other interest payable and similar charges	**-**	**40.57**	**0.01**
FEES PAYABLE	**48.41**	**9.33**	**7.51**
Fees on term loans with credit institutions	4.67	0.10	0.14
Fees on negotiable debt instruments issued	6.35	3.32	0.68
Fees on bonds	37.21	5.75	6.60
Other fees on securities transactions	0.18	0.16	0.09
Other fees	-	-	-
Total	**3,098.91**	**3,413.28**	**3,340.43**

Interest payable and similar charges on CADES's debt, which amounted to €3,098.91 million, declined by 9.21 per cent. from 31 December 2008 and consists of:

- Charges amounting to €3,004.35 million in respect of debts;
- Interest amounting to €46.15 million on transactions with credit institutions, consisting of interest on private placements, securities delivered under repurchase agreements and margin calls; and
- Fees amounting to €48.41 million.

The increase in fees, other interest payable and similar charges payable from 31 December 2008 was due to bond issues arranged in 2009.

Note 11: Gains and losses on trading securities

Period ended (in millions of euros)	31 December 2009	31 December 2008	31 December 2007
NET PROFIT ON FOREIGN EXCHANGE TRANSACTIONS	**(0.30)**	**(0.37)**	**0.02**
Other foreign exchange transactions	(0.30)	(0.37)	0.02
Total	**(0.30)**	**(0.37)**	**0.02**

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)	31 December 2009	31 December 2008	31 December 2007
Gains (losses) on investment securities	**-**	**-**	**-**
Net profit on investment securities	-	-	-

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)	**31 December 2009**	**31 December 2008**	**31 December 2007**
NET CRDS REVENUES (Article 6)	**5,950.94**	**5,982.85**	**5,740.69**
CRDS contributions levied on wages and salaries (ACOSS)	5,276.78	5,135.55	5,020.63
CRDS contributions levied on property assets	251.82	363.22	338.59
CRDS contributions levied on investment income	298.12	360.39	256.27
CRDS contributions levied on sale of precious metals and jewellery	2.68	2.74	2.83
CRDS contributions on gaming proceeds	121.47	120.95	122.24
CRDS exemption offsets (travel vouchers and voluntary community services)	0.07	-	0.13

CRDS revenues, net of collection costs, amounted to €5,950.94 million, a decrease of 0.54% from 31 December 2008.

CRDS levied on wages and salaries (which is collected by ACOSS) represents 88.67% of the total. The remaining CRDS proceeds (which are collected by the Treasury offices) are levied mainly on capital (property and investment income) and on gambling.

Income receivable at 31 December 2009 corresponds to CRDS levied on property assets, investment income and gaming proceeds, as notified by the budget department. The amounts relating to jewellery and precious metals correspond to gross CRDS amounts collected in January 2009.

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 2009, the €216.77 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.

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

CRDS REVENUES (in millions of euros)	**(a)**	**CRDS COSTS**	**(b)**	**Net revenues (a-b)**
CRDS levied on wages and salaries (ACOSS)	5,328.74	Write-offs, waivers, cancellation and forgiveness of debt	25.61	**5,276.78**
		Assessment and collection costs	26.35	
CRDS levied on property assets	262.59	Assessment and collection costs	10.77	**251.82**
CRDS levied on investment income	299.62	Assessment and collection costs	1.50	**298.12**
CRDS levied on sale of precious metals and jewellery	2.69	Assessment and collection costs	0.01	**2.68**
CRDS levied on gaming proceeds	122.08	Assessment and collection costs	0.61	**121.47**
CRDS exemption offsets (travel vouchers and voluntary community services)	0.07		-	**0.07**
Reversal of provisions on outstanding CRDS	0.42	Provisions on outstanding CRDS	56.52	**(56.10)**
Total	**6,016.21**	**Total**	**121.37**	**5,894.84**

<u>Note 12.1: CSG revenues</u>

Supplementary social security contributions (*Contribution Sociale Généralisée - CSG*) are a new resource allocated to CADES starting in 2009. They correspond to 0.2 point of the tax base.
The tax base is the same as for the CRDS, with the exception that no contributions are levied on the sale of precious metals and jewellery.

Period ended (in millions of euros)	**31 December 2009**	**30 June 2008**	**31 December 2008**
NET CSG REVENUES (Article 6)	**2,221.52**	**951.42**	**-**
CSG contributions levied on wages and salaries (ACOSS)	1,987.67	899.71	-
CSG contributions levied on property assets	99.24	0.10	-
CSG contributions levied on investment income	123.74	45.78	-
CSG contributions on gaming proceeds	10.84	5.83	-
CSG exemption offsets	0.03	-	-

CSG revenues, net of collection costs, amounted to €2,221.52 million.

CSG levied on wages and salaries (which is collected by ACOSS) represents 89.47% of the total. The remaining CSG proceeds (which are collected by the Treasury offices) are levied mainly on investment income and income from property assets, these proceeds representing respectively 5.57% and 4.47% of the total.

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

CSG REVENUES (in millions of euros)	(a)	CSG COSTS	(b)	Net revenues (a-b)
CSG levied on wages and salaries (ACOSS)	1,998.68	Write-offs, waivers, cancellation and forgiveness of debt	1.13	**1,987.66**
		Assessment and collection costs	9.89	
CSG levied on property assets	103.48	Assessment and collection costs	4.24	**99.24**
CSG levied on investment income	124.37	Assessment and collection costs	0.62	**123.75**
CSG levied on gaming proceeds	10.89	Assessment and collection costs	0.05	**10.84**
CSG exemption offsets	0.03		-	**0.03**
Reversal of provisions on outstanding CSG	-	Provisions on outstanding CSG	34.06	(34.06)
Total	**2,237.45**	**Total**	**49.99**	**2,187.46**

Note 13: General operating charges

Period ended (in millions of euros)	31 December 2009	31 December 2008	31 December 2007
STAFF COSTS	**0.85**	**0.78**	**0.73**
Wages and salaries	0.61	0.56	0.53
Social security charges	0.24	0.22	0.20
OTHER ADMINISTRATIVE EXPENSES	**1.78**	**1.63**	**1.33**
Taxes and duties	0.07	0.07	0.07
External services	1.71	1.56	1.26
Total	**2.63**	**2.41**	**2.06**

General operating charges correspond to expenditure falling with 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 9.13% from 31 December 2008.

List of staff positions at 31 December 2009

Non-civil servant employees:

- 1 senior front office manager (grade A)
- 3 assistant front office managers (grade A)
- 1 senior back office manager (grade A)
- 2 assistant back office managers (grade A)
- 1 bilingual executive secretary (grade C)

Civil servants:

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

Note 13.1: Property assets and property management

Period ended (in millions of euros)	**31 December 2009**	**31 December 2008**	**31 December 2007**
REVENUES FROM PROPERTY ASSETS	**-**	**0.19**	**-**
Property sales	-	-	-
Rental income	-	0.19	-
Exceptional income	-	-	-
CHARGES ON PROPERTY ASSETS	**0.01**	**(0.10)**	**0.01**
Expenses on property sales	-	-	-
Change in unsold inventory	-	-	-
Staff costs	-	-	-
External services	0.01	0.01	0.04
Taxes	-	-	-
Exceptional charges	-	0.37	0.03
Provisions set aside	-	-	-
Provisions reversed	-	(0.48)	(0.06)

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)	**31 December 2009**	**31 December 2008**	**31 December 2007**
Payments to the State	-	-	-
Payments to social security agencies	-		-
Total	**-**	**-**	**-**

Note 15: Exceptional Income

Period ended (in millions of euros)	**31 December 2009**	**31 December 2008**	**31 December 2007**
Statutory limitation of debt - administrative budget	-	-	-
Statutory limitation of debt - financing budget	-	-	-
Other exceptional income	-	-	-
Total	**-**	**-**	**-**

OFF BALANCE SHEET COMMITMENTS

Off balance sheet commitments, as reported, distinguish between commitments given and commitments received and are analyzed between loan commitments, guarantee obligations and guarantees on securities. Certain commitments are not recorded on the face of the accounts, 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)	31 December 2009 Currencies to be received	 Currencies to be delivered	31 December 2008 Currencies to be received	 Currencies to be delivered	31 December 2007 Currencies to be received	 Currencies to be delivered
FORWARD TRANSACTIONS	**29,644.04**	**-**	**21,279.89**	**-**	**16,687.59**	**-**
Hedging transactions over the counter	**-**	**-**	**-**	**-**	**-**	**-**
Forward exchanges against euros	**9,196.08**		**7,125.99**	**-**	**3,224.14**	**-**
Up to 1 year	9,196.08		7,125.99	-	3,224.14	-
From 1 to 5 years	-	-	-	-	-	-
Over 5 years	-	-	-	-	-	-
Currency swaps against euros	**20,447.96**	**-**	**14,153.90**	**-**	**13,463.45**	**-**
Up to 1 year	2,424.34	-	2,337.77	-	1,823.63	-
From 1 to 5 years	16,277.42	-	10,414.17	-	8,989.46	-
Over 5 years	1,746.20	-	1,401.96	-	2,650.36	-

Forward exchange contracts against euros correspond to forward purchases entered into for the purpose of hedging commercial paper denominated in foreign currencies, which increased strongly in 2009.

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

__Note 17: Forward financial instruments__

At **(in millions of euros)**	**31 December 2009**	**31 December 2008**	**31 December 2007**
INTEREST RATE INSTRUMENTS			
Organized markets and equivalents	**-**	**-**	**-**
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	-	-	-
Over the counter	**17,910.30**	**14,014.44**	**5,096.63**
Firm transactions entered into for hedging purposes			
Interest rate swaps in euros	**17,910.30**	**14,014.44**	**5,096.63**
Micro hedging	**16,546.77**	**12,107.53**	**2,939.58**
- Up to 1 year	2,500.87	175.00	349.90
- From 1 to 5 years	12,690.36	10,316.99	1,249.68
- Over 5 years	1,355.54	1,615.54	1,340.00
Macro hedging	**1,363.53**	**1,906.91**	**2,157.05**
- Up to 1 year	130.00	500.00	120.00
- From 1 to 5 years	1,233.53	1,406.91	1,165.00
- Over 5 years	-	-	872.05
Isolated positions	**-**	**1,000.00**	**-**
- Up to 1 year	-	-	-
- From 1 to 5 years	-	-	-
- Over 5 years	-	1,000.00	-
Currency swaps	**-**	**-**	**-**
- Up to 1 year	-	-	-
- From 1 to 5 years	-	-	-
- Over 5 years	-	-	-

As regards interest rate swaps entered into by CADES, they include:

- Swaps amounting to €16,546.77 million entered into for micro hedging purposes, including swaps cancellable by counterparties of €10,212 million; and
- Swaps entered into for macro hedging purposes, consisting of inflation swaps amounting to €1,363.53 million.

Note 18: Other off balance sheet commitments

At **(in millions of euros)**	**31 December 2009**	**31 December 2008**	**31 December 2007**
LOAN COMMITMENTS			
Commitments received from credit institutions			
- Backup credit lines	700.00	700.00	550.00
- Multi-currency credit lines	-	-	5,000.00
- Other credit lines	-	2,500.00	2,000.00
Commitments given			
Payments to the State	-	-	-
Payments to social security agencies	-	17,000.00	-

Commitments received consist of four backup credit lines totalling €700 million that are cancellable by the counterparty at 30 days' notice.

Commitments given have been settled, payments having been made amounting to €10 billion on 6 February 2009, €6.9 billion on 6 March 2009, and, for the balance, €0.1 billion on 4 August 2009. These payments were made following the assumption of €27 billion of debt under the 2009 Social Security Funding Act (*Loi de Financement de la Sécurité Sociale - LFSS*).

Note 19: Abridged statements

BALANCE SHEET

At (in millions of euros)	**31 December 2009**
PROFIT AND LOSS ACCOUNT BROUGHT FORWARD AT 1 JANUARY 2009	**(97,251.86)**
PROFIT FOR THE YEAR ENDED 31 DECEMBER 2009	**5,260.02**
PROPERTY ENDOWMENT	**181.22**
DEBT TO BE REPAID AT 31 DECEMBER 2009	**(91,810.62)**
Represented by:	
Liabilities towards third parties	
- Borrowings falling due within 1 year	**18,535.25**
- Borrowings falling due after 1 year	**78,570.35**
- Other creditors, accruals and deferred income	**1,671.40**
Less assets held by CADES	
- Financial investments	**4,954.72**
- Other debtors, prepayments and accrued income	**2,011.66**

PROFIT AND LOSS ACCOUNT

At (in millions of euros)	**31 December 2009**
NET CRDS AND CSG REVENUES	**8,082.30**
NET REVENUES FROM PROPERTY	**-**
Interest payable and similar charges	**(3,050.50)**
Fees	**(48.43)**
Interest receivable and similar income	**279.33**
NET FINANCIAL CHARGES	**(2,819.60)**
Operating charges	**(2.68)**
OPERATING PROFIT	**5,260.02**
Payments to the State	**-**
Exceptional income	**-**
NET PROFIT FOR THE YEAR ENDED 31 DECEMBER 2009	**5,260.02**

OTHER INFORMATION

The table below provides information on market value, comparing the debt at repayment value as at 31 December 2009 to the debt at market value.

Debt at repayment value as at 31 December 2009 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 perfect transformation of foreign currency-denominated borrowings into euro-denominated borrowings.

(c) The accrued nominal value of inflation indexed bonds as at 31 December 2009.

Debt at repayment value at maturity 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 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 31 December 2009.

(b) The value of unlisted securities issued by CADES obtained using the CADES zero coupon curve as at 31 December 2009. 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 31 December 2009 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 31 December 2009**	**At 31 December 2009**	**At 31 December 2009**
Up to 1 year	12,488.66	12,488.58	12,638.85	(120.31)
From 1 to 5 years	40,308.83	39,968.48	42,184.26	(203.56)
Over 5 years	40,323.29	39,202.87	40,758.12	(37.80)
Swaps	(26.16)	-	(26.16)	26.16
Total	**93,094.62**	**91,659.93**	**95,555.07**	**(335.51)**
Variable/revisable rates	12,364.91	12,364.83	12,333.79	18.02
Indexed rates	12,664.50	11,203.73	12,100.59	-

Fixed rates	68,091.37	68,091.37	71,146.85	(379.69)
Swaps	(26.16)	-	(26.16)	26.16
Total	**93,094.62**	**91,659.93**	**95,555.07**	**(335.51)**

<u>Explanation of variances</u>:

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

- The market value of fixed rate loans increased because of the decline in interest rates;

- Market value factors in the present value of future coupons whereas the repayment value is on a flat basis; and

- 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.

AUDITOR'S REPORT

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CADES

Rapport de l'auditeur indépendant

Exercice clos le 31 Décembre 2009
CADES
15, rue Marsollier - 75002 Paris
Ce rapport contient 36 pages
Référence : HV-102-01

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15, rue Marsollier - 75002 Paris

Rapport de l'auditeur indépendant

Exercice clos le 31 Décembre 2009

Mesdames, Messieurs,

Rapport sur les états financiers

En exécution de la mission qui nous a été confiée par lettre en date du 21 août 2007, nous avons effectué l'audit des états financiers ci-joints de la Caisse d'Amortissement de la Dette Sociale (CADES) comprenant le bilan au 31 décembre 2009 ainsi que le compte de résultat pour l'exercice clos à cette date, et des notes contenant un résumé des principales méthodes comptables et d'autres notes explicatives.

Responsabilité de la direction dans l'établissement et la présentation des états financiers

Ces états financiers ont été établis sous la responsabilité de l'Agent Comptable de la CADES conformément au Plan Comptable des Etablissements de Crédit, applicable à la CADES, en vertu de l'avis 99-04 du CNC. Cette responsabilité comprend : la conception, la mise en place et le suivi d'un contrôle interne relatif à l'établissement et la présentation sincère d'états financiers ne comportant pas d'anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs, ainsi que la détermination d'estimations comptables raisonnables au regard des circonstances.

Responsabilité de l'auditeur

Notre responsabilité est d'exprimer une opinion sur ces états financiers sur la base de notre audit. Nous avons effectué notre audit selon les Normes Internationales d'Audit. Ces normes requièrent de notre part de nous conformer aux règles d'éthique et de planifier et de réaliser l'audit pour obtenir une assurance raisonnable que les états financiers ne comportent pas d'anomalies significatives.

Un audit implique la mise en œuvre de procédures en vue de recueillir des éléments probants concernant les montants et les informations fournies dans les états financiers. Le choix des procédures relève du jugement de l'auditeur, de même que l'évaluation du risque que les états financiers contiennent des anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs. En procédant à ces évaluations du risque, l'auditeur prend en compte le contrôle interne en vigueur dans l'entité relatif à l'établissement et la présentation sincère des états financiers afin de définir des procédures d'audit appropriées en la circonstance, et non dans le but d'exprimer une opinion sur l'efficacité de celui-ci.

Un audit comporte également l'appréciation du caractère approprié des méthodes comptables retenues et le caractère raisonnable des estimations comptables faites par la direction, de même que l'appréciation de la présentation d'ensemble des états financiers.

Nous estimons que les éléments probants recueillis sont suffisants et appropriés pour fonder notre opinion.

Opinion

A notre avis, les états financiers donnent une image fidèle de la situation financière de l'établissement au 31 décembre 2009, ainsi que du résultat de ses opérations pour l'exercice clos à cette date, conformément au Plan Comptable des Etablissements de Crédit, applicable à la CADES, en vertu de l'avis 99-04 du CNC.

Sans remettre en cause la conclusion exprimée ci-dessus, nous attirons votre attention sur le paragraphe 4 des principes et méthodes comptables qui précisent les modalités de comptabilisation de la contribution au remboursement de la dette sociale (CRDS) et de la contribution sociale généralisée (CSG). Les revenus de CRDS, les revenus de CSG et les montants à recouvrer comptabilisés sont issus des notifications envoyées à la CADES par l'ACOSS et le Trésor Public qui sont les organismes collecteurs de la CRDS et de la CSG. Les compétences de la CADES en matière de recettes se limitent à une vérification comptable formelle des pièces produites par les organismes recouvreurs.

Paris La Défense, le 26 avril 2010

KPMG Audit
Département de KPMG S.A.

H. de Vaumas

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Associé

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

CADES
15, rue Marsollier - 75002 Paris

English translation of the Independent Auditors' Report

Period ended December 31, 2009

Report on the Financial Statements

In accordance with your arrangement letter dated August 21, 2007, we have audited the accompanying financial statements of Caisse d'Amortissement de la Dette Sociale (CADES), which comprise the balance sheet as at December 31, 2009, and the income statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

The "Agent Comptable de la CADES" is responsible for the preparation and fair presentation of these financial statements in accordance with the "Plan Comptable des Etablissements de Crédit", which applies to CADES by reason of notice no. 99-04 of the Conseil National de la Comptabilité. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of CADES as at December 31, 2009, and of the results of its operations for the year then ended in accordance with the "Plan Comptable des Etablissements de Crédit", which applies to CADES by reason of notice no. 99-04 of the Conseil National de la Comptabilité.

Without qualifying our opinion expressed above, we draw attention to the note 4 of the accounting principles and methods which describes the applicable accounting treatment of the social security debt repayment contribution (CRDS) and the generalised social contribution (CSG). The revenues of CRDS and CSG recorded which also includes the amounts relating to the year ended that have not yet been collected are provided by ACOSS and Public Treasury which are the collectors of CRDS and CSG. The role of CADES in connection to the revenues of CRDS and CSG only consists of ensuring that the amounts included in the supports provided by the collectors are properly recorded.

Paris La Défense, 26 April 2010

KPMG Audit
A division of KPMG S.A.

H de Vaumas

Hubert de Vaumas
Partner

ANNUAL STATEMENTS 2010

CONTENTS

GENERAL INFORMATION

1. MISSION STATEMENT

Ordinance No. 96-50 dated 24 January 1996[2] 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.

From 2009, CADES has access to a new resource corresponding to 0.2 point of the supplementary social security contribution (*Contribution Sociale Généralisée - CSG*).

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. The Social 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. 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.

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[2] As modified by Social Security Finance Law No. 97-1164 of 19 December 1997, 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 and Ordinance No. 2009-80 of 22 January 2009.

- The Board of Directors reviews and signs off the accounts drawn up by the 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 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 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 modeled 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 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 organizations.

This specific accounting framework was recommended by an independent consulting firm and approved by the Authorizing Officer, the 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 Accounting Officer

Transactions executed by CADES' 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 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 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 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 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 euro) (*)

At 31 December 2010	**86,299**
At 31 December 2009	**91,660**
At 31 December 2008	**79,861**

▪ **(in millions of euro) (*)**	**31 December 2010**	**31 December 2009**	**31 December 2008**
Net profit	**5,135**	**5,260**	**2,885**
Primarily reflecting the following items:			
CRDS and CSG net revenue	**8,151**	**8,082**	**5,980**
Payments to the French State	**-**	**-**	**-**
Payments to social security agencies	**-**	**-**	**-**
Interest expenses	**(3,016)**	**(2,822)**	**(3,095)**

(*)Throughout this document, the letter m is used to denote million and bn to denote billion

BALANCE SHEET

At (in millions of euro)	31 December 2010	31 December 2009	31 December 2008
ASSETS			
Cash in hand, balances with central banks and post office banks (Note 1)	1,200.34	983.44	2,718.64
Treasury bills and other bills eligible for refinancing with central banks (Note 1)	12,166.95	2,284.57	678.69
Loans and advances to credit institutions (Note 1)			
- Repayable on demand	0.29	0.37	1.31
- Repayable at maturity	1,129.48	1,686.34	1,000.51
Intangible assets (Note 2)	-	-	-
Tangible assets (Note 2)	0.17	0.21	0.23
Property assets (Note 13.1)	-	-	-
Other assets (Note 3)	49.41	260.42	357.38
Prepayments and accrued income (Note 4)	2,665.73	1,751.19	1,489.99
Total assets	**17,212.37**	**6,966.54**	**6,246.75**
LIABILITIES			
Amounts owed to credit institutions (Note 5)			
- Payable on demand	-	-	-
- Payable at maturity	-	151.11	1,610.55
Debts evidenced by certificates (Note 6)			
- Negotiable debt instruments	8,446.45	10,587.56	14,936.49
- Bonds and similar instruments	92,798.48	86,366.93	67,739.18
- Other debts evidenced by certificates	-	-	-
Other liabilities (Note 7)	2,018.54	222.10	133.54
Accruals and deferred income (Note 8)	624.67	1,449.30	1,891.80
Sub-total - Debts	**103,888.14**	**98,777.00**	**86,311.56**
Provisions (Note 8.1)	0.18	0.16	5.83
Property endowment	181.22	181.22	181.22
Profit and loss account brought forward	(91,991.84)	(97,251.86)	(83,136.67)
Profit for the period	5,134.67	5,260.02	2,884.81
Sub-total - Reserves	**(86,675.95)**	**(91,810.62)**	**(80,070.64)**
Total liabilities	**17,212.37**	**6,966.54**	**6,246.75**

PROFIT AND LOSS ACCOUNT

Period ended **(in millions of euro)**	**31 December 2010**	**31 December 2009**	**31 December 2008**
Interest receivable and similar income (Note 9)	**350.79**	**279.63**	**320.66**
- From transactions with credit institutions	29.51	44.70	284.51
- From bonds and other fixed income securities	12.28	1.97	3.05
- Other interest receivable and similar income	309.00	232.96	33.10
Interest payable and similar charges (Note 10)	**(3,347.19)**	**(3,050.50)**	**(3,403.95)**
- On transactions with credit institutions	(11.04)	(46.15)	(189.80)
- On bonds and other fixed income securities	(3,336.15)	(3,004.35)	(3,214.15)
Fees payable (Note 10)	**(17.37)**	**(48.41)**	**(9.33)**
Gains and losses on trading securities (Note 11)	**(0.28)**	**(0.30)**	**(0.37)**
- Net profit (loss) on foreign exchange transactions	(0.28)	(0.30)	(0.37)
Gains and losses on investment securities (Note 11.1)	**-**	**-**	**-**
- Net profit (loss) on investment securities	-	-	-
Other operating income - banking	**-**	**-**	**-**
Other operating charges - banking	**(0.02)**	**(0.02)**	**(0.01)**
NET BANKING INCOME	**(3,014.07)**	**(2,819.60)**	**(3,093.00)**
***General operating charges* (Note 13)**	**(2.50)**	**(2.63)**	**(2.40)**
- Staff costs	(0.89)	(0.85)	(0.78)
- Other administrative expenses	(1.61)	(1.78)	(1.63)
Depreciation and provisions - intangible and tangible assets	**(0.04)**	**(0.04)**	**(0.03)**
Other operating income	**8,312.03**	**8,253.66**	**6,059.86**
- Income related to CRDS and CSG (Notes 12 and 12.1)	8,312.03	8,253.66	6,059.67
- Income from property (Note 13.1)	-	-	0.19
Other operating charges	**(160.75)**	**(171.37)**	**(79.62)**
- Charges related to CRDS and CSG (Notes 12 and 12.1)	(86.83)	(80.78)	(76.26)
- Payments to the State (Note 14)	-	-	-
- Payments to social security agencies (Note 14)	-	-	-
- Provision for doubtful debts relating to CRDS and CSG (Notes 12 and 12.1)	(73.92)	(90.58)	(3.46)
- Charges related to property (Note 13.1)	-	(0.01)	0.10
GROSS OPERATING PROFIT	**5,134.67**	**5,260.02**	**2,884.81**
OPERATING PROFIT	**5,134.67**	**5,260.02**	**2,884.81**
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	**5,134.67**	**5,260.02**	**2,884.81**
- Exceptional income (Note 15)	-	-	-
NET PROFIT FOR THE PERIOD	**5,134.67**	**5,260.02**	**2,884.81**

CASH FLOW STATEMENT

Cash flow (in millions of euro)	**Period ended**	**31 December 2010**	**31 December 2009**	**31 December 2008**
Net banking income		**(3,014)**	**(2,820)**	**(3,093)**
Inflation premiums		(170)	(18)	271
Provisions for financial instruments		-	(6)	6
Amortization of premiums and balancing payments		(15)	(32)	16
Accrued interest		88	152	(3)
Net cash from (used in) banking activities	***(A)***	***(3,111)***	***(2,724)***	***(2,803)***
Net operating income		**8,151**	**8,082**	**5,978**
(Increase) decrease in accrued income from CRDS and CSG		88	(284)	15
(Increase) decrease in other accrued income		(2)	36	(5)
Net cash from (used in) operating activities	***(B)***	***8,237***	***7,835***	***5,988***
Net cash from (used in) banking and operating activities	***(C=A+B)***	***5,126***	***5,111***	***3,185***
Net cash from (used in) financing activities	***(D)***	***4,417***	***12,445***	***9,508***
Debt assumed	***(E)***	**-**	***(17,000)***	***(10,000)***
Net cash flow for the year	***(C+D+E)***	***9,543***	***557***	***2,693***
Cash and cash equivalents at 31 December Y-1		*4,955*	*4,398*	*1,711*
Cash and cash equivalents at 31 December Y		*14,497*	*4,955*	*4,398*
Net increase (decrease) in cash and cash equivalents		***9,543***	***557***	***2,687***

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 and CSG 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 year.

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 euro)**	**31 December 2010**	**31 December 2009**	**31 December 2008**
FINANCING COMMITMENTS			
Commitments received			
From credit institutions			
- Backup credit lines	700.00	700.00	700.00
- Multi-currency credit lines	-	-	-
- Other credit lines	-	-	2,500.00
Other			
- Retirement reserve fund (*Fonds de Réserve des Retraites*)	29,400.00	-	-
Commitments given			
- Payment to the State	-	-	-
- Payments to social security funding organizations	130,000.00	-	17,000.00

NOTES TO THE FINANCIAL STATEMENTS

HIGHLIGHTS OF THE YEAR

♦ **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. The dates and amounts to be paid will be set by decree subsequently.

  Decree 2011-20 of 5 January 2011 stipulating the dates and amounts to be paid sets the provisional transfer amount at €65.3 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 €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 subsequently.

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 €130 billion.

♦ **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%;
- A 1.3% share of the social security contributions mentioned in Articles L.245-14 and L.245-15, for which the rate is set at 2.2%;
- Every year with effect from 1 January 2011 until 2024, no later than 31 October, the Retirement reserve fund will pay CADES €2.1 billion as a contribution towards the deficits of 2011 to 2018 for the senior citizens, widows and widowers insurance branch of the French social security system. The two institutions concerned will draw up an agreement setting out the timing and terms and conditions governing these payments.

♦ **Financing transactions**

Issues

CADES borrowed €10.72 billion via the following issues made under the French program:

- 11 new issues (3 in EUR, 5 in USD, 2 in GBP and 1 in AUD) for a total amount of €8.68 billion;
- 3 tap issues (2 in EUR and 1 in GBP) for a total amount of €2.04 billion.

Redemptions

CADES reimbursed the following for a total amount of €6.91 billion:

- 8 issues made under the UK program for a total of €1.84 billion, including one early redemption;
- 1 issue made under the French program for a total of €0.69 billion;
- 2 issues made under the stand-alone program for a total of €4.23 billion;
- 2 matured private placements for a total of €0.15 billion.

Pre-hedging swaps

Three pre-hedging swaps maturing on 26 April 2021, with a total nominal value of €500 million and designated as isolated open positions in accordance with the regulations issued by the French Banking and Financial Regulatory

Committee (*Comité de la Réglementation Bancaire et Financière - CRBF*) (category a of Regulation 90-15) were entered into on 24 May, 27 May and 3 June 2010 and rescinded on 23 June 2010 following the issue of €2.5 billion of 3.375% bonds maturing on 25 April 2021.
Balances on termination of these swaps for an immaterial amount were recognized in profit and loss according to the relevant accounting policies.

- **Credit lines**

Commitments received in 2010 comprise four back-up credit lines totaling €700 million that are cancellable by the counterparty at 30 days' notice.

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 financial statements complies with 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 annual individual accounts of credit institutions, as modified by Regulation 2000-03 of 4 July 2000 issued by the French Accounting Standards Committee (*Comité de la Réglementation Comptable - CRC*), itself modified by Regulations 2005-04 of 3 November 2005 and 2007-05 of 14 December 2007. With respect to the last regulation, the French National Accounting Board (*Conseil National de la Comptabilité - CNC*) decided that CADES could continue to use the adaptations set forth in Opinion 99-04 relating to the presentation of those transactions specific to CADES. 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 2010.

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 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-minding benefits, etc., and

- On the other hand, revenue from property, from investments, from the sale of precious metals and gems, 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 Treasury offices 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 General 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 recognize 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. For the six-monthly closing at 30 June, as CADES receives no notification from the collecting agencies it estimates accrued income based on payments 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 ageing analysis of the receivables. They are deducted from gross amounts receivable as reported in the balance sheet. As CADES receives no notification from ACOSS for the position as at 30 June, it determines provisions against outstanding contributions on the same basis as at the previous year end.

Regarding the collection of the CRDS contributions, it will be recalled that at no time does CADES act as primary collector; all the resources to which it is entitled are remitted by third parties, first and foremost ACOSS, followed by the French Treasury.
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 (€14.1 billion), old age pension deficit (€8.8 billion) and old age solidarity fund (€4 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 0.2 point of the supplementary social security contribution (*Contribution Sociale Généralisée - CSG*).

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 gems.

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

5.3 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 installments of €2.1 billion no later than 31 October each year, with effect from 1 January 2011 until 2024. The two institutions concerned will draw up an agreement setting out 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 is recognized under income for the period. FRR's commitment to pay amounts for subsequent years is recognized in off-balance sheet items under Other commitments received – Retirement reserve fund.

6. Private rental property

CADES has sold all the property transferred on 1 January 2000 to CADES 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, to which end it has entered into an agreement with the lawyer responsible for handling these cases.

CADES' 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 euro at the rate of exchange ruling on the balance sheet date.

  The rates used at 31 December 2010, which correspond to the reference rates communicated by the European Central Bank, are indicated in the table below:

USD:	1.3362	JPY:	108.65
GBP:	0.86075	HKD:	10.3856
CHF:	1.2504	NZD:	1.7200
AUD:	1.3136	TRY:	2.0694
ZAR:	8.8625	CAD:	1.3322
MXN:	16.5475	SEK	8.9655

- Foreign currency income and charges are translated into euro 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 include 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 translated into euro at the exchange rate 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 31 December 2010:	120.02516
Cadesi 2011 index:	1.14035
Cadesi 2013 index:	1.19817
Cadesi 2017 index:	1.05836
Cadesi 2019 index:	1.09803

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 modeled 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 with counterparties with a double-A 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 on 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 in the balance sheet under treasury bills and other bills eligible for refinancing with central banks.

Securities are reported in the balance sheet at their acquisition cost. 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 in the profit and loss account under gains and losses on investment securities.

NOTES

BALANCE SHEET

At 31 December 2010, the balance sheet showed total assets of €17.21 billion for total debt of €103.89 billion resulting in negative reserves of €86.68 billion.

ASSETS

Note 1: Treasury and interbank transactions

At (in millions of euro)	31 December 2010	31 December 2009	31 December 2008
CENTRAL BANKS AND POST OFFICE BANKS	**1,200.34**	**983.44**	**2,718.64**
Central banks	1,200.34	983.44	2,718.64
TREASURY BILLS AND OTHER BILLS ELIGIBLE FOR REFINANCING WITH CENTRAL BANKS	**12,166.95**	**2,284.57**	**678.69**
Government securities with a maturity of less than 3 months	12,157.00	2,284.10	677.84
Accrued interest	9.95	0.47	0.85
LOANS AND ADVANCES TO CREDIT INSTITUTIONS	**1,129.77**	**1,686.71**	**1,001.82**
Repayable on demand	**0.29**	**0.37**	**1.31**
Debit balances on ordinary accounts	0.29	0.37	1.31
Securities received under open repurchase agreements	-	-	-
Accrued interest	-	-	-
Repayable at maturity	**1,129.48**	**1,686.34**	**1,000.51**
Securities received under term repurchase agreements with a maturity of less than 3 months	1,129.34	1,686.16	1,000.00
Of which: Treasury bills	-	442.67	-
Bonds	403.41	1,163.74	1,000.00
Own securities	725.93	79.75	-
Accrued interest	0.14	0.18	0.51
Total	**14,497.06**	**4,954.72**	**4,399.15**

Balances with central banks correspond to the euro-denominated account opened by CADES at Banque de France. The Government securities line consists of treasury bills issued by ACOSS with a maturity of less than one month at 31 December 2010.

Note 2: Intangible and tangible fixed assets

At (in millions of euro)	Gross value at 1 January 2010	Increase	Decrease	Gross value at 31 December 2010	Amortization and depreciation	31 December 2010 Net book value	31 December 2009 Net book value	31 December 2008 Net book value
Intangible assets	**0.22**	**-**	**-**	**0.22**	**(0.22)**	**-**	**-**	**-**
Software	*0.22*	-	-	*0.22*	*(0.22)*	-	-	-
Tangible assets	**0.69**	**-**	**-**	**0.69**	**(0.52)**	**0.17**	**0.21**	**0.23**
Sundry equipment	*0.69*	-	-	*0.69*	*(0.52)*	*0.17*	*0.21*	*0.23*
Total	**0.91**	**-**	**-**	**0.91**	**(0.74)**	**0.17**	**0.21**	**0.23**

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

<u>Note 3: Other assets</u>

At (in millions of euro)	**31 December 2010**	**31 December 2009**	**31 December 2008**
SUNDRY DEBTORS	**49.41**	**260.42**	**357.38**
Deposits paid by way of initial margins	-	213.22	310.46
- Deposits	-	212.99	310.38
- Accrued interest	-	0.23	0.08
Outstanding CRDS and CSG contributions to be collected by ACOSS	49.41	47.20	46.92
- Gross amounts receivable	392.65	316.52	226.08
- Provisions	(343.24)	(269.32)	(179.16)
Other debtors in respect of financial transactions	-	-	-
Other debtors in respect of operating charges	-	-	-
Other sundry debtors - CNAV	-	-	-
- Gross amounts receivable	1.61	1.61	1.62
- Provisions	(1.61)	(1.61)	(1.62)
Total	**49.41**	**260.42**	**357.38**

Other assets include:

- Deposits paid by way of initial margins in connection with forward contracts entered into to hedge counterparty risk amounting to €1,324.81 million.
- Outstanding CRDS and GSG contributions to be collected by ACOSS amounting to €49.41 million. Provisions totaling €343.24 million have been deducted from the gross amounts receivable of €392.65 million.
- A receivable of €1.61 million, consisting of damages amounting to €1.47 million claimed from a buyer who reneged on a commitment to purchase a group of buildings and sundry debtor balances totaling €0.14 million due from tenants and buyers for which legal proceedings are being managed by CNAVTS. These amounts were provisioned in full at 31 December 2010.

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 euro)	**31 December 2010**	**31 December 2009**	**31 December 2008**
Provisions brought forward	**270.93**	**180.77**	**178.37**
Provisions set aside - property	-	-	-
Provisions set aside - CRDS and CSG	73.92	90.58	3.45
Provisions reversed - property	-	-	(0.48)
Provisions reversed - CRDS and CSG	-	(0.42)	(0.57)
Provisions carried forward	**344.85**	**270.93**	**180.77**

Note 4: Prepayments and accrued income

At (in millions of euro)	31 December 2010	31 December 2009	31 December 2008
ACCRUED INCOME	**1,315.90**	**1,384.73**	**1,189.10**
On forward interest rate instruments	225.09	221.39	330.78
On forward currency instruments	320.30	305.04	283.78
On CRDS and CSG revenues	770.51	858.30	574.54
On property sales	-	-	-
Other accrued income	-	-	-
CONTINGENT LOSSES AND LOSSES TO BE SPREAD ON FORWARD FINANCIAL INSTRUMENTS	**13.34**	**19.22**	**0.04**
DEFERRED CHARGES	**237.74**	**268.51**	**189.62**
Issuance premiums on bonds and EMTN	237.74	268.51	189.62
Other deferred charges	-	-	-
PREPAYMENTS	**12.01**	**8.16**	**85.48**
Prepaid administrative expenses	0.01	0.05	0.01
Prepaid interest on negotiable debt instruments	12.00	8.11	85.47
Other prepayments	-	-	-
OTHER	**1,086.74**	**70.57**	**25.75**
Currency adjustment accounts	1,086.54	70.40	15.03
Property rental adjustment account	-	-	-
Sundry	0.20	0.17	10.72
Total	**2,665.73**	**1,751.19**	**1,489.99**

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

- accrued income relating to CRDS and CSG contributions for €770.51 million and to financial instruments amounting to €225.09 million for interest rate instruments and €320.30 million for currency instruments.
- issuance premiums on bonds and EMTN amounting to €237.74 million to be recognized to profit and loss over time.
- prepayments amounting to €12.01 million, which consist mainly of prepaid interest on the issue of negotiable debt instruments.
- currency adjustment accounts amounting to €1,086.54 million, being technical accounts used to recognize to profit and loss adjustments arising on the measurement of off-balance sheet commitments. The increase in these accounts is attributable to the euro’s significant depreciation against other currencies.

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 31 December 2010, CADES had negative reserves of €86,675.95 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 and €27,000 million pursuant to the Law of 17 December 2008, less amounts that have been credited to reserves and which are composed of the accumulated profits generated by CADES since 1996 amounting to €21,536.63 million, the property endowment on 1 January 2000 amounting to €181.22 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 €103,888.14 million at 31 December 2010, consist mainly of debts evidenced by certificates totaling €101,244.93 million and accruals and deferred income totaling €2,643.21 million.

Note 5: Treasury and interbank transactions

At			**31 December2010**		**31 December 2010**	**31 December 2009**	**31 December 2008**
(in millions of euro)	**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**
AMOUNTS OWED TO CENTRAL BANKS							
Amounts owed to credit institutions	**-**	**-**	**-**	**-**	**-**	**151.11**	**1,610.55**
Repayable on demand	-	-	-	-	-	-	-
Credit balances on ordinary accounts	-	-	-	-	-	-	-
Repayable at maturity	**-**	**-**	**-**	**-**	**-**	**151.11**	**1,610.55**
Securities given under repurchase agreements	-	-	-	-	-	-	-
Accounts and deposits	-	-	-	-	-	151.11	1,531.50
Of which: Euro	-	-	-	-	-	50.00	1,430.49
Other currencies	-	-	-	-	-	101.11	101.01
Accrued interest	-	-	-	-	-	-	79.05
Total	**-**	**-**	**-**	**-**	**-**	**151.11**	**1,610.55**

Note 6: Debts evidenced by certificates

At 31 December 2010						**31 December 2009**	**31 December 2008**
(in millions of euro)	**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**
NEGOTIABLE DEBT INSTRUMENTS	**4,387.00**	**4,048.45**	**11.00**	**-**	**8,446.45**	**10,587.56**	**14,936.49**
Treasury bills denominated in euro	10.00	-	-	-	10.00	100.00	603.00
Treasury bills denominated in other currencies	-	-	-	-	-	348.98	-
MTN denominated in euro	-	-	11.00	-	11.00	11.00	11.00
Commercial paper denominated in euro	-	-	-	-	-	1,279.30	7,196.50
Commercial paper denominated in other currencies	4,377.00	4,048.45	-	-	8,425.45	8,848.28	7,125.99
Other negotiable debt instruments denominated in foreign currencies	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-
BONDS	**3,559.02**	**8,824.84**	**42,028.33**	**38,386.29**	**92,798.48**	**86,366.93**	**67,739.18**
Bonds and EMTN denominated in euro	-	3,059.89	26,764.33	35,831.99	65,656.21	64,764.41	52,648.96

Bonds and EMTN denominated in other currencies	2,432.27	5,522.58	15,264.00	2,554.30	25,773.15	20,346.85	14,052.89
Accrued interest	1,126.75	242.37	-	-	1,369.12	1,255.67	1,037.33
Total	**7,946.02**	**12,873.29**	**42,039.33**	**38,386.29**	**101,244.93**	**96,954.49**	**82,675.67**

Debts evidenced by certificates are analyzed below:

They comprise negotiable debt instruments totaling €8,446.45 million, and bonds and similar instruments totaling €92,798.48 million.

Bonds and similar instruments are issued under:

- a French issuance program for which the ceiling was raised to €75 billion in the first half of 2010;
- a UK issuance program for which the ceiling was €25 billion at 30 June 2010. This ceiling was raised to €65 billion in July 2010;
- an Australian issuance program for which the ceiling was AUD6 billion at 31 December 2010;
- a stand-alone program consisting of private placements and MTN issues.

All in all, debts evidenced by certificates maturing within one year totaled €20,819.31 million while those evidenced by certificates maturing in more than five years totaled €38,386.29 million, compared with €18,384.14 million and €39,056.97 million respectively at 31 December 2009. As at 31 December 2010, €42,039.33 million were due to mature between one and five years (€39,513.38 million at 31 December 2009).

The tables below detail borrowings by program.

In millions of euro

Programme	Issue date	Maturity date	Nominal value	Currency	Nominal interest rate	ISIN code
Australia	28/07/2006	28/07/2011	500	AUD	6.25%	AU300CADE012
	10/12/2009	10/12/2012	500	AUD	BBSW+0.4%	AU3FN0009650
	28/02/2008	28/02/2013	1,000	AUD	7.50%	AU3CB0058196
Stand-alone and MTN	20/06/2002	25/07/2011	2,555	EUR	CADESI 3.4%	FR0000489734
	27/03/1998	25/10/2012	3,000	EUR	5.25%	FR0000571366
	01/04/1999	25/07/2013	3,100	EUR	CADESI 3.15%	FR0000492308
	11/10/2004	25/10/2014	4,000	EUR	4.00%	FR0010120410
	09/02/2005	25/04/2015	3,000	EUR	3.625%	FR0010163329
	09/12/2004	25/07/2019	2,400	EUR	CADESI 1.85%	FR0010137554
	21/12/2004	25/10/2019	5,000	EUR	4.00%	FR0010143743
	27/05/2005	25/10/2020	4,000	EUR	3.75%	FR0010198036
	19/07/2004	30/12/2013	11	EUR	3 month Euribor – 0.17%	FR0107096036
UK	06/09/2006	06/09/2011	19	USD	2.55%	XS0266174050
	18/09/2003	19/09/2011	17	EUR	Formula-based variable rate	XS0176319696
	14/10/2008	14/10/2011	300	USD	3 month USD Libor + 0.01%	XS0392950670
	17/10/2008	17/10/2011	200	USD	3.70%	XS0391762548
	22/11/2004	22/11/2011	100	USD	4.13%	XS0205620056
	09/12/2004	09/12/2011	1,000	USD	4.125%	XS0206819269
	27/01/2009	27/01/2012	200	USD	1.97%	XS0410258916
	13/04/2004	13/04/2012	100	USD	3.72%	XS01899224003
	16/04/2004	16/04/2012	100	USD	3.80%	XS0190054618
	23/12/2002	20/12/2012	26	USD	0.50%	XS0159498640
	06/08/2007	06/03/2013	50	EUR	4.442%	XS0314647149
	25/11/2008	25/10/2013	200	USD	3.40%	XS0400917349
	15/12/2004	16/12/2013	100	USD	4.51%	XS0207591271
	15/12/2008	16/12/2013	250	USD	2.66%	XS040503800
	30/06/2005	30/06/2015	25	AUD	5.64%	XS0222727058
	27/06/2007	27/06/2020	10	EUR	Formula-based variable rate	XS0306775528
	27/06/2007	27/12/2021	20	EUR	Formula-based variable rate	XS0307053271

In millions of euro

Programme	Issue date	Maturity date	Nominal value (issue currency)	Currency	Nominal interest rate	ISIN code
France	11/02/2009	14/02/2011	1,250	USD	1.875%	FR0010722017
	21/02/2008	21/02/2011	2,000	USD	2.625%	FR0010585992
	09/04/2009	14/04/2011	2,250	USD	1.75%	FR0010746313
	23/06/2008	15/07/2011	2,000	USD	4%	FR0010634410
	25/07/2006	01/08/2011	1,000	USD	5.50%	FR0010348094
	02/08/2006	02/08/2011	135	EUR	4.07%	FR0010359695
	29/01/2009	25/04/2012	3,500	EUR	2.625%	FR0010718338
	22/06/2009	22/06/2012	2,000	HKD	3 month Hibor + 0.05%	FR0010772442
	23/06/2009	25/06/2012	1,000	HKD	3 month Hibor + 0.05%	FR0010772459
	06/07/2009	06/07/2012	1,000	USD	2.25%	FR0010776674
	17/07/2007	17/07/2012	1,000	USD	5.375%	FR0010500843
	25/02/2009	25/07/2012	200	CHF	1.50%	CH0012600398
	27/10/2009	26/10/2012	700	USD	3 month USD Libor	FR0010816264
	27/11/2009	27/11/2012	1,000	USD	1.625%	FR0010827246
	23/03/2006	15/01/2013	1,000	USD	5%	FR0010306340
	21/01/2010	21/03/2013	500	EUR	2.125%	FR0010844563
	04/11/2005	25/04/2013	3,000	EUR	3.25%	FR0010249763
	08/04/2008	15/07/2013	1,000	USD	3.25%	FR0010606442
	28/07/2010	29/07/2013	2,000	USD	1.375%	FR0010925446
	04/09/2008	04/09/2013	3,000	EUR	4.500%	FR0010660100
	15/10/2010	15/10/2013	1,500	USD	0.875%	FR0010950675
	12/03/2009	12/03/2014	12,000	JPY	3 month JPY Libor + 0.45%	FR0010734327
	08/04/2009	08/04/2014	34,000	JPY	3 month JPY Libor + 0.55%	FR0010745299
	01/07/2009	01/07/2014	1,000	USD	3.50%	FR0010775239
	02/07/2009	02/07/2014	1,200	USD	3 month USD Libor + 0.4%	FR0010776054
	18/06/2009	08/09/2014	200	GBP	3.750%	FR0010770511
	22/10/2009	22/10/2014	1,250	USD	2.875%	FR0010815332
	08/12/2009	15/01/2015	3,000	EUR	2.625%	FR0010831669
	26/01/2010	26/01/2015	95	GBP	3 month GBP Libor + 0.02%	FR0010850156
	25/02/2009	25/02/2015	150	CHF	2.125%	CH0012601446
	02/03/2010	02/03/2015	1,000	USD	2.875%	FR0010862581
	22/04/2010	22/04/2015	156	AUD	BBSW + 0.28%	FR0010889725
	15/09/2010	15/09/2015	1,500	USD	1.875%	FR0010941732
	16/09/2010	07/12/2015	500	GBP	2.250%	FR0010942086
	08/04/2009	08/04/2016	25,000	JPY	3 month JPY Libor + 0.65%	FR0010745307
	08/03/2006	25/04/2016	4,500	EUR	3.625%	FR0010301747
	02/11/2006	02/11/2016	1,250	USD	5.25%	FR0010394452
	14/12/2009	14/12/2016	150	USD	3 month USD Libor + 55bp	FR0010831891
	20/03/2007	20/03/2017	450	MXN	7.93%	FR0010449355
	12/04/2007	25/04/2017	3,600	EUR	4.125%	FR0010456434
	28/07/2006	25/07/2017	2,000	EUR	CADESI 1.85%	FR0010359679
	07/03/2008	20/12/2017	35	GBP	3 month GBP Libor - 0.3705%	FR0010594366
	26/10/2006	26/10/2018	400	CAD	4.45%	FR0010386110
	10/06/2009	25/04/2020	4,250	EUR	4.250%	FR0010767566
	02/07/2010	02/07/2020	200	EUR	3 month Euribor + 0.23%	FR0010917534
	25/10/2004	25/07/2020	1,000	EUR	Max. [0;((1+TEC100-1%)^0.25)-1]	FR0010120436
	26/10/2010	26/10/2020	1,000	USD	3.00%	FR0010956565
	21/04/2009	21/04/2021	200	CHF	3.00%	CH0100525382
	29/06/2010	25/04/2021	4,250	EUR	3.375%	FR0010915660
	25/07/2006	25/10/2021	4,250	EUR	4.375%	FR0010347989

<u>Note 6.1: Analysis of transactions in euro and foreign currencies before and after hedging</u>

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 euro)	Initial debt		Hedging transactions		Final debt	
	Foreign currencies	Euro	Foreign currencies	Euro	Foreign currencies	Euro
Euro-denominated debt		**65,677**		**33,138**		**98,815**
Foreign currency-denominated debt		**Value in euro at 31 December 2010**		**Value in euro at 31 December 2010**		
CHF	550	440	(550)	(440)	-	-
GBP	869	1,010	(869)	(1,010)	-	-
JPY	71,000	653	(71,000)	(653)	-	-
USD	39,710	29,719	(39,710)	(29,719)	-	-
HKD	3,000	289	(3,000)	(289)	-	-
SEK	500	56	(500)	(56)	-	-
AUD	2,205	1,679	(2,205)	(1,679)	-	-
NZD	-	-	-	-	-	-
ZAR	-	-	-	-	-	-
CAD	435	327	(435)	(327)	-	-
MXN	450	27	(450)	(27)	-	-
Sub-total foreign currencies		**34,199**		**(34,199)**		**-**
Total		**99,876**		**(1,061)**		**98,815**

The table above provides a breakdown of the initial nominal debt by issuance currency. Since all transactions in foreign currencies have been hedged, the debt of CADES is effectively entirely in euro. Hedging transactions have enabled CADES to eliminate the impact of exchange rate fluctuations on its debt.

The table below shows the breakdown of debt by interest rate type. Hedging impacts the initial breakdown, such that in the final analysis, 69% of the debt bears fixed rates, 20% floating rates and 11% rates indexed to inflation.

Breakdown of debt in euro and foreign currencies before and after hedging

(in millions of euro)	Initial debt				Hedging transactions		Final debt			
	Foreign currencies	Euro	Total	%	Foreign currencies	Euro	Foreign currencies	Euro	Total	%
Fixed rates										
Negotiable debt instruments	-	-	-		-	-	-	-	-	
Bonds and EMTN	22,422	53,035	75,457		(22,422)	14,795	-	67,830	67,830	
Private placements	-	-	-		-	-	-	-	-	
Macro hedging swaps	-	-	-		-	-	-	-	-	
Total fixed rates	**22,422**	**53,035**	**75,457**	**76**	**(22,422)**	**14,795**	**-**	**67,830**	**67,830**	**69**
Floating rates										
Negotiable debt instruments	8,426	21	8,447		(8,426)	8,446	-	8,467	8,467	
Bonds and EMTN	3,351	1,247	4,598		-	6,546	-	11,144	11,144	
Private placements	-	-	-		-	-	-	-	-	
Macro hedging swaps	-	-	-		-	-	-	-	-	
Total floating rates	**11,777**	**1,268**	**13,045**	**13**	**(8,426)**	**14,992**	**-**	**19,611**	**19,611**	**20**
Indexed rates										
Bonds	-	11,374	11,374		-	-	-	11,374	11,374	
Macro hedging swaps	-	-	-		-	-	-	-	-	
Total indexed rates	**-**	**11,374**	**11,374**	**11**	**-**	**-**	**-**	**11,374**	**11,374**	**11**
Total	**34,199**	**65,677**	**99,876**	**100**		**(1,061)**	**-**	**98,815**	**98,815**	**100**

(1) Includes €7,940 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 31 December 2010, the swap cancellation options held by counterparties were significantly out of the money, making the likelihood of a reversion to a variable rate virtually nil.

Note 7: Other liabilities

At (in millions of euro)	31 December 2010	31 December 2009	31 December 2008
DEPOSITS RECEIVED BY WAY OF INITIAL MARGINS	**1,971.38**	**173.16**	**119.23**
- Deposits	1,970.82	173.14	116.66
- Accrued interest	0.56	0.02	2.57
OTHER CREDITORS IN RESPECT OF FINANCIAL TRANSACTIONS	**2.24**	**1.67**	**2.27**
OTHER CREDITORS IN RESPECT OF OPERATING CHARGES	**44.92**	**47.27**	**12.04**
Payments to the State	-	-	-
Tax	0.02	0.02	0.02
Social security	0.07	0.07	0.06
Trade creditors	-	0.01	-
Sundry creditors - ACOSS	44.83	47.17	11.96
Other sundry creditors	-	-	-
Total	**2,018.54**	**222.10**	**133.54**

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 €1,970.82 million at 31 December 2010;
- Accrued interest on margin calls amounting to €0.56 million;
- Commission payable on commercial paper amounting to €2.24 million;
- Credit balance with ACOSS amounting to €44.83 million, consisting of taxpayer credit notes received from ACOSS;
- Social security payable amounting to €0.07 million;
- Tax payable amounting to €0.02 million.

Note 8: Accruals, deferred income and provisions

At (in millions of euro)	31 December 2010	31 December 2009	31 December 2008
ACCRUALS	**354.06**	**351.57**	**441.70**
Accruals on forward interest rate instruments	286.57	297.82	320.20
Accruals on forward currency instruments	59.70	46.02	107.94
Fees payable in respect of market transactions	0.01	0.01	-
Accruals in respect of operating charges	0.24	0.14	0.20
Accruals in respect of CRDS and CSG collection costs	4.53	4.90	3.37
Other accruals	3.01	2.68	9.98
CONTINGENT GAINS AND GAINS TO BE SPREAD ON FORWARD FINANCIAL INSTRUMENTS	**34.21**	**33.25**	**54.52**
DEFERRED INCOME	**214.61**	**190.40**	**124.62**
Issuance premiums on bonds	201.65	189.61	123.01
Issuance premiums on government securities	12.96	0.79	1.61
Other deferred income	-	-	-
OTHER	**21.79**	**874.08**	**1,270.96**
Currency adjustment accounts	21.71	874.04	1,270.93
Sundry	0.08	0.04	0.03
Total	**624.67**	**1,449.30**	**1,891.80**

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

- Accrued expenses in respect of interest rate swaps amounting to €286.57 million and on the euro leg of currency swaps amounting to €59.70 million, commission payable in respect of commercial paper amounting to €3.25 million and accruals in respect of CRDS and CSG collection costs amounting to €4.53 million.
- Balancing cash payments on currency swaps amounting to €34.21 million that are to be spread.
- Deferred income amounting to €214.61 million, corresponding to premiums on bond issues and on government securities.
- Currency adjustment accounts amounting to €21.71 million, being technical accounts used to recognize 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 unrealized losses on swaps designated as isolated open positions was reversed after the swaps in question were rescinded.

At (in millions of euro)	31 December 2009	Set aside	Reversed	31 December 2010
Provisions	**0.16**	**0.02**	**-**	**0.18**
Provision for redundancy indemnities	0.16	0.02	-	0.18
Provision for liabilities	-	-	-	-
Total	**0.16**	**0.02**	**-**	**0.18**

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 euro)	
Net banking income:	(3,014.07)
Other operating income and charges:	8,148.74
Gross operating profit and net profit for the period:	5,134.67

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 reduce its own 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 euro)**	**31 December 2010**	**31 December 2009**	**31 December 2008**
INTEREST RECEIVABLE AND SIMILAR INCOME FROM TRANSACTIONS WITH CREDIT INSTITUTIONS	**29.51**	**44.70**	**284.51**
Interest receivable - Demand loans and advances and open repurchase agreements	**4.71**	**5.22**	**28.53**
Interest from ordinary accounts in debit	4.43	5.09	28.24
Interest from loans	-	-	-
Interest from securities delivered under repurchase agreements	0.28	0.13	0.29
Interest receivable - Term loans, advances and repurchase agreements	**14.48**	**33.55**	**225.47**
Interest from loans denominated in euro	-	-	-
Interest from loans denominated in other currencies	-	-	-
Interest from securities delivered under repurchase agreements	14.48	33.55	225.47
Other interest receivable	**10.32**	**5.93**	**30.51**
INTEREST RECEIVABLE AND SIMILAR INCOME FROM BONDS AND OTHER FIXED INCOME SECURITIES	**12.28**	**1.97**	**3.05**
Interest from fixed income securities	-	-	2.20
Interest from government securities	12.28	1.97	0.85
OTHER INTEREST RECEIVABLE AND SIMILAR INCOME	**309.00**	**232.96**	**33.10**
Amortization of premiums on issue	51.56	39.89	33.10
Net profit on hedging transactions	257.44	193.07	-
Profit on repurchase of own securities	-	-	-
Total	**350.79**	**279.63**	**320.66**

Banking income, which amounted to €350.79 million, includes:

- Net profit on hedging transactions amounting to €257.44 million;
- Interest receivable and similar income from transactions with credit institutions amounting to €29.51 million, of which €14.48 million from investing surplus cash balances via repurchase agreements with delivery of the securities;
- Interest from fixed income securities amounting to €12.28 million; and
- The amortization of bond premiums on issue amounting to €51.56 million.

Note 10: Cost of debt

Period ended **(in millions of euro)**	**31 December 2010**	**31 December 2009**	**31 December 2008**
INTEREST PAYABLE AND SIMILAR CHARGES ON TRANSACTIONS WITH CREDIT INSTITUTIONS	**11.04**	**46.15**	**189.80**
Interest payable - Demand loans and open repurchase agreements	**0.04**	**0.05**	**0.10**
Interest on ordinary accounts in credit	0.03	0.03	0.01
Interest on overnight loans	-	-	0.03
Interest on securities delivered under repurchase agreements	0.01	0.02	0.06
Interest payable - Term loans and repurchase agreements	**0.22**	**1.95**	**116.90**
Interest on CDC loan (transfer of debt)	-	-	-
Interest on multi-currency credit	-	-	-
Interest on securities delivered under repurchase agreements	0.17	0.35	2.80
Interest on private placements	0.05	1.60	114.10
Other interest payable	**10.78**	**44.15**	**72.80**
INTEREST PAYABLE AND SIMILAR CHARGES ON BONDS AND OTHER FIXED INCOME SECURITIES	**3,336.15**	**3,004.35**	**3,214.15**
Interest on debts evidenced by certificates	**3,336.15**	**3,004.35**	**3,173.58**
Interest on negotiable debt instruments denominated in euro	2.94	86.65	64.88
Interest on negotiable debt instruments denominated in other currencies	24.85	115.45	127.64
Interest on bonds and equivalents denominated in euro	2,334.51	2,126.42	2,045.54
Interest on bonds and equivalents denominated in other currencies	753.05	648.98	626.73
Other charges on debt instruments evidenced by certificates	220.80	26.85	308.79
Other interest payable and similar charges	**-**	**-**	**40.57**
FEES PAYABLE	**17.37**	**48.41**	**9.33**
Fees on term loans with credit institutions	-	4.67	0.10
Fees on negotiable debt instruments issued	2.75	6.35	3.32
Fees on bonds	14.49	37.21	5.75
Other fees on securities transactions	0.13	0.18	0.16
Other fees	-	-	-
Total	**3,364.56**	**3,098.91**	**3,413.28**

Interest payable and similar charges on CADES's debt, which amounted to €3,364.56 million, increased by 8.57% from 31 December 2009 and consists of:

- Charges amounting to €3,336.15 million in respect of debts;
- Interest amounting to €11.04 million on transactions with credit institutions, consisting of interest on private placements, securities delivered under repurchase agreements and margin calls; and
- Fees amounting to €17.37 million.

The increase in interest and similar charges payable compared with 2009 was due partly to inflation and partly to new bond issues.

Note 11: Gains and losses on trading securities

Period ended (in millions of euro)	31 December 2010	31 December 2009	31 December 2008
NET PROFIT ON FOREIGN EXCHANGE TRANSACTIONS	**(0.28)**	**(0.30)**	**(0.37)**
Other foreign exchange transactions	(0.28)	(0.30)	(0.37)
Total	**(0.28)**	**(0.30)**	**(0.37)**

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 euro)	31 December 2010	31 December 2009	31 December 2008
Gains (losses) on investment securities	**-**	**-**	**-**
Net profit on investment securities	-	-	-

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 euro)	**31 December 2010**	**31 December 2009**	**31 December 2008**
NET CRDS REVENUES (Article 6)	**5,962.56**	**5,950.94**	**5,982.85**
CRDS contributions levied on wages and salaries (ACOSS)	5,278.07	5,276.78	5,135.55
CRDS contributions levied on property assets	230.95	251.82	363.22
CRDS contributions levied on investment income	321.86	298.12	360.39
CRDS contributions levied on sales of precious metals and gems	4.04	2.68	2.74
CRDS contributions on gaming proceeds	127.11	121.47	120.95
CRDS exemption offsets (travel vouchers and voluntary community services)	0.53	0.07	-

CRDS revenues, net of collection costs, amounted to €5,962.56 million.

CRDS levied on wages and salaries (which is collected by ACOSS) represents 88.52% of the total. The remaining CRDS proceeds (which are collected by the Treasury offices) are levied mainly on capital (property and investment income) and on gambling.

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 deficit or increase an existing deficit in the books of CNAMTS. Given that CNAMTS has been in deficit from 1998 to 2010, the €216.77 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.

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

CRDS REVENUES (in millions of euro)	**(a)**	**CRDS COSTS**	**(b)**	**Net revenues (a-b)**
CRDS levied on wages and salaries (ACOSS)	5,335.79	Write-offs, waivers, cancellation and forgiveness of debt	31.40	**5,278.07**
		Assessment and collection costs	26.32	
CRDS levied on property assets	240.83	Assessment and collection costs	9.87	**230.96**
CRDS levied on investment income	323.47	Assessment and collection costs	1.62	**321.85**
CRDS levied on sale of precious metals and gems	4.06	Assessment and collection costs	0.02	**4.04**
CRDS levied on gaming proceeds	127.75	Assessment and collection costs	0.64	**127.11**
CRDS exemption offsets (travel vouchers and voluntary community services)	0.53		-	**0.53**
Reversal of provisions on outstanding CRDS	-	Provisions on outstanding CRDS	45.23	**(45.23)**
Total	**6,032.43**	**Total**	**115.10**	**5,917.33**

Note 12.1: CSG revenues

Supplementary social security contributions (*Contribution Sociale Généralisée - CSG*) are a new resource allocated to CADES starting in 2009. They correspond to 0.2 point of the tax base.
The tax base is the same as for the CRDS, with the exception that no contributions are levied on the sale of precious metals and gems.

Period ended (in millions of euro)	**31 December 2010**	**30 December 2009**	**31 December 2008**
NET CSG REVENUES (Article 6)	**2,262.64**	**2,221.52**	**-**
CSG contributions levied on wages and salaries (ACOSS)	2,035.38	1,987.67	-
CSG contributions levied on property assets	91.70	99.24	-
CSG contributions levied on investment income	131.15	123.74	-
CSG contributions on gaming proceeds	4.20	10.84	-
CSG exemption offsets	0.21	0.03	-

CSG revenues, net of collection costs, amounted to €2,262.64 million.

CSG levied on wages and salaries (which is collected by ACOSS) represents 89.96% of the total. The remaining CSG (which is collected by the Treasury offices) is levied mainly on investment income and gaming income, this income representing respectively 5.79% and 0.18% of the total.

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

CSG REVENUES (in millions of euro)	**(a)**	**CSG COSTS**	**(b)**	**Net revenues (a-b)**
CSG levied on wages and salaries (ACOSS)	2,047.74	Write-offs, waivers, cancellation and forgiveness of debt	2.32	**2,035.38**
		Assessment and collection costs	10.04	
CSG levied on property assets	95.62	Assessment and collection costs	3.92	**91.70**
CSG levied on investment income	131.81	Assessment and collection costs	0.66	**131.15**
CSG levied on gaming proceeds	4.22	Assessment and collection costs	0.02	**4.20**
CSG exemption offsets	0.21		-	**0.21**
Reversal of provisions on outstanding CSG	-	Provisions on outstanding CSG	28.69	(28.69)
Total	**2,279.60**	**Total**	**45.65**	**2,233.95**

Note 13: General operating charges

Period ended (in millions of euro)	**31 December 2010**	**31 December 2009**	**31 December 2008**
STAFF COSTS	**0.89**	**0.85**	**0.78**
Wages and salaries	0.64	0.61	0.56
Social security charges	0.25	0.24	0.22
OTHER ADMINISTRATIVE EXPENSES	**1.61**	**1.78**	**1.63**
Taxes and duties	0.08	0.07	0.07
External services	1.53	1.71	1.56
Total	**2.50**	**2.63**	**2.41**

General operating charges correspond to expenditure falling with the scope of the administrative budget. They do not include the acquisition and the amortization and depreciation of fixed assets (see Note 2). They decreased by 4.94% compared with 2009.

List of staff positions at 31 December 2010

Non-civil servant employees:

- 1 senior front office manager (grade A)
- 3 assistant front office managers (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 office manager (grade A)
- 1 administrative manager (grade A)

Note 13.1: Property assets and property management

Period ended (in millions of euro)	**31 December 2010**	**31 December 2009**	**31 December 2008**
REVENUES FROM PROPERTY ASSETS	**-**	**-**	**0.19**
Property sales	-	-	-
Rental income	-	-	0.19
Exceptional income	-	-	-
CHARGES ON PROPERTY ASSETS	**-**	**0.01**	**(0.10)**
Expenses on property sales	-	-	-
Change in unsold inventory	-	-	-
Staff costs	-	-	-
External services	-	0.01	0.01
Taxes	-	-	-
Exceptional charges	-	-	0.37
Provisions set aside	-	-	-
Provisions reversed	-	-	(0.48)

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 euro)	**31 December 2010**	**31 December 2009**	**31 December 2008**
Payments to the State	-	-	-
Payments to social security agencies	-		-
Total	**-**	**-**	**-**

Note 15: Exceptional income

Period ended (in millions of euro)	**31 December 2010**	**31 December 2009**	**31 December 2008**
Statutory limitation of debt - administrative budget	-	-	-
Statutory limitation of debt - financing budget	-	-	-
Other exceptional income	-	-	-
Total	**-**	**-**	**-**

OFF-BALANCE SHEET COMMITMENTS

Off-balance sheet commitments, as reported, distinguish between commitments given and commitments received and are analyzed between loan commitments, guarantee obligations and guarantees on securities. Certain commitments are not recorded on the face of the accounts, 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 euro)	**31 December 2010 Currencies to be received**	**31 December 2010 Currencies to be delivered**	**31 December 2009 Currencies to be received**	**31 December 2009 Currencies to be delivered**	**31 December 2008 Currencies to be received**	**31 December 2008 Currencies to be delivered**
FORWARD TRANSACTIONS	**34,197.24**	**-**	**29,644.04**	**-**	**21,279.89**	**-**
Hedging transactions over the counter	**-**	**-**	**-**	**-**	**-**	**-**
Forward exchange against euro	**8,425.44**		**9,196.08**		**7,125.99**	**-**
Up to 1 year	8,425.44		9,196.08		7,125.99	-
From 1 to 5 years	-	-	-	-	-	-
Over 5 years	-	-	-	-	-	-
Currency swaps against euro	**25,771.80**	**-**	**20,447.96**	**-**	**14,153.90**	**-**
Up to 1 year	7,953.50	-	2,424.34	-	2,337.77	-
From 1 to 5 years	15,264.00	-	16,277.42	-	10,414.17	-
Over 5 years	2,554.30	-	1,746.20	-	1,401.96	-

Forward exchange contracts against euro correspond to forward purchases entered into for the purpose of hedging commercial paper denominated in foreign currencies, which decreased in 2010.

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

Note 17: Forward financial instruments

At (in millions of euro)	**31 December 2010**	**31 December 2009**	**31 December 2008**
INTEREST RATE INSTRUMENTS			
Organized markets and equivalents	**-**	**-**	**-**
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	-	-	-
Over the counter	**17,496.71**	**17,910.30**	**14,014.44**
Firm transactions entered into for hedging purposes			
Interest rate swaps in euro	**17,496.71**	**17,910.30**	**14,014.44**
Micro hedging	**16,306.57**	**16,546.77**	**12,107.53**
- Up to 1 year	6,708.91	2,500.87	175.00
- From 1 to 5 years	8,042.12	12,690.36	10,316.99
- Over 5 years	1,555.54	1,355.54	1,615.54
Macro hedging	**1,190.14**	**1,363.53**	**1,906.91**
- Up to 1 year	435.00	130.00	500.00
- From 1 to 5 years	755.14	1,233.53	1,406.91
- Over 5 years	-	-	-
Isolated positions	**-**	**-**	**1,000.00**
- Up to 1 year	-	-	-
- From 1 to 5 years	-	-	-
- Over 5 years	-	-	1,000.00
Currency swaps	**-**	**-**	**-**
- Up to 1 year	-	-	-
- From 1 to 5 years	-	-	-
- Over 5 years	-	-	-

Interest rate swaps entered into by CADES as at 31 December 2010 comprise:

- Swaps entered into for macro hedging purposes, consisting of inflation swaps amounting to €1,190.14 million, two having matured; and
- Swaps amounting to €16,306.57 million entered into for micro hedging purposes, including swaps cancellable by counterparties of €7,940 million.

In 2007 and 2008, CADES entered into swaps under which it receives 3-month Euribor less a haircut and pays a fixed rate. These swaps may be rescinded by the counterparties six months after inception and then every three months.
These cancellable swaps, which qualify as micro hedges, are used to transform CADES's adjustable rate structured transactions into fixed rate transactions for at least six months. Each swap is therefore systematically backed to a swap already held in portfolio by CADES. If the swaps are cancelled, CADES reverts to its initial refinancing level.

These swaps were authorized by the Board of Directors on 28 November 2007. They are designated as micro hedges (Category b of Regulations No. 90-15 and 88-02) pursuant to French banking regulations (*Réglementation Bancaire*).

Note 18: Other off-balance sheet commitments

At (in millions of euro)	31 December 2010	31 December 2009	31 December 2008
FINANCING COMMITMENTS			
Commitments received			
From credit institutions			
- Back-up credit lines	700.00	700.00	700.00
- Multi-currency credit lines	-	-	-
- Other credit lines	-	-	2,500.00
Sundry			
- Retirement reserve fund (*Fonds de Réserve des Retraites*)	29,400.00	-	-
Commitments given			
Payments to the State	-	-	-
Payments to social security agencies	130,000.00	-	17,000.00

Commitments received consist of:

- four back-up credit lines totaling €700 million that are cancellable by the counterparty at 30 days' notice;
- a total of €29.4 billion in payments from the Retirement reserve fund, corresponding to annual payments of €2.1 billion for the period from 2011 to 2024, pursuant to the 2011 Social Security Funding Act 2010-1594 of 20 December 2010.

Commitments given correspond to debts assumed pursuant to the 2011 Social Security Funding Act 2010-1594 of 20 December 2010, namely:

- 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. 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			
		General system			Funds mentioned in Article L.135-1 of the social security code
Date	Amount (in millions of euro)	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.

Note 19: Abridged statements

BALANCE SHEET

At **(in millions of euro)**	**31 December 2010**
PROFIT AND LOSS ACCOUNT BROUGHT FORWARD AT 1 JANUARY 2010	**(91,991.84)**
PROFIT FOR THE YEAR ENDED 31 DECEMBER 2010	**5,134.67**
PROPERTY ENDOWMENT	**181.22**
DEBT TO BE REPAID AT 31 DECEMBER 2010	**(86,675.95)**
Represented by:	
Liabilities towards third parties	
- Borrowings falling due within 1 year	**20,819.31**
- Borrowings falling due after 1 year	**80,425.62**
- Other creditors, accruals and deferred income	**2,643.21**
Less assets held by CADES	
- Financial investments	**14,497.06**
- Other debtors, prepayments and accrued income	**2,715.13**

PROFIT AND LOSS ACCOUNT

Period ended **(in millions of euro)**	**31 December 2010**
NET CRDS AND CSG REVENUES	**8,151.28**
NET REVENUES FROM PROPERTY	**-**
Interest payable and similar charges	**(3,347.19)**
Fees	**(17.37)**
Interest receivable and similar income	**350.51**
NET FINANCIAL CHARGES	**(3,014.05)**
Operating charges	**(2.57)**
OPERATING PROFIT	**5,134.67**
Payments to the State	**-**
Exceptional income	**-**
NET PROFIT FOR THE YEAR ENDED 31 DECEMBER 2010	**5,134.67**

OTHER INFORMATION

The table below provides information on market value, comparing the debt at repayment value as at 31 December 2010 with the debt at market value.

Debt at repayment value as at 31 December 2010 comprises the following elements:

(a) The nominal value of fixed rate, variable rate and adjustable rate borrowings in euro.

(b) The nominal value of the fixed rate, variable rate and adjustable rate euro legs of basis swaps representing perfect transformation of foreign currency-denominated borrowings into euro-denominated borrowings.

(c) The accrued nominal value of inflation indexed bonds as at 31 December 2010.

Debt at repayment value at maturity comprises the following elements:

(a) The nominal value of fixed rate, variable rate and adjustable rate borrowings in euro.

(b) The nominal value of the fixed rate, variable rate and adjustable rate euro legs of swaps representing 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 31 December 2010.

(b) The value of unlisted securities issued by CADES obtained using the CADES zero coupon curve as at 31 December 2010. 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 31 December 2010 of collateral, repurchase agreements and bank balances.

(in millions of euro)	Debt at repayment value		Debt at market value	Market value of hedging transactions
	At maturity	**At 31 December 2010**	**At 31 December 2010**	**At 31 December 2010**
Up to 1 year	6,648.84	6,617.70	6,810.23	429.01
From 1 to 5 years	41,555.57	41,363.83	43,591.25	915.26
Over 5 years	39,232.81	38,317.61	40,501.10	206.94
Swaps	(28.58)	-	(28.58)	28.58
Total	**87,408.64**	**86,299.15**	**90,874.00**	**1,579.79**
Adjustable rates	7,095.17	7,004.05	7,084.28	521.39
Indexed rates	12,512.20	11,203.73	12,090.32	-
Fixed rates	67,829.85	68,091.37	71,727.99	1,029.82
Swaps	(28.58)	-	(28.58)	28.58
Total	**87,408.64**	**86,299.15**	**90,874.01**	**1,579.79**

Compared with prior years, there was a relative increase in medium-term debt at 31 December 2010, as indicated by the table below:

Debt	31 December 2010	31 December 2009	31 December 2008
Short-term (under 1 year)	7.67%	13.62%	23.89%
Medium-term	47.93%	43.61%	38.46%
Long-term (over 5 years)	44.40%	42.77%	37.65%

As regards the breakdown between issues denominated in euro and other currencies, there was a relative decrease in euro debt at 31 December 2010 compared with 31 December 2009, as indicated by the table below:

Debt	31 December 2010	31 December 2009	31 December 2008
In foreign currencies	34.24%	30.47%	25.60%
In euro	65.76%	69.53%	74.40%

Lastly, the table below shows the relative decrease in adjustable rate issues compared with fixed rate issues compared with the previous two years:

Debt	31 December 2010	31 December 2009	31 December 2008
Adjustable rate	8.12%	13.49%	21.93%
Indexed rate	12.98%	12.22%	12.84%
Fixed rate	78.90%	74.29%	65.23%

Explanation of variances between market value and repayment value of debt:

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

- The market value of fixed rate loans increased because of the decline in interest rates;
- Market value factors in the present value of future coupons whereas the repayment value excludes coupons; and
- 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's main activity, which is to repay in the best possible conditions the debt it raises on the financial markets.

AUDITOR'S REPORT

KPMG

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CADES

Rapport de l'auditeur indépendant

Exercice clos le 31 Décembre 2010
CADES
15, rue Marsollier - 75002 Paris
Ce rapport contient 39 pages
Référence : HV-112-01

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CADES
15, rue Marsollier - 75002 Paris

Rapport de l'auditeur indépendant sur les états financiers

Exercice clos le 31 Décembre 2010

Mesdames, Messieurs,

En exécution de la mission qui nous a été confiée par lettre en date du 30 Juillet 2010, nous avons effectué l'audit des états financiers ci-joints de la Caisse d'Amortissement de la Dette Sociale (CADES) comprenant le bilan au 31 décembre 2010 ainsi que le compte de résultat pour l'exercice clos à cette date, et des notes contenant un résumé des principales méthodes comptables et d'autres notes explicatives.

Responsabilité de la direction dans l'établissement et la présentation des états financiers

Ces états financiers ont été établis sous la responsabilité de l'Agent Comptable de la CADES conformément au Plan Comptable des Etablissements de Crédit, applicable à la CADES, en vertu de l'avis 99-04 du CNC. Cette responsabilité comprend : la conception, la mise en place et le suivi d'un contrôle interne relatif à l'établissement et la présentation sincère d'états financiers ne comportant pas d'anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs, ainsi que la détermination d'estimations comptables raisonnables au regard des circonstances.

Responsabilité de l'auditeur

Notre responsabilité est d'exprimer une opinion sur ces états financiers sur la base de notre audit. Nous avons effectué notre audit selon les Normes Internationales d'Audit. Ces normes requièrent de notre part de nous conformer aux règles d'éthique et de planifier et de réaliser l'audit pour obtenir une assurance raisonnable que les états financiers ne comportent pas d'anomalies significatives.

Un audit implique la mise en œuvre de procédures en vue de recueillir des éléments probants concernant les montants et les informations fournies dans les états financiers. Le choix des procédures relève du jugement de l'auditeur, de même que l'évaluation du risque que les états financiers contiennent des anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs. En procédant à ces évaluations du risque, l'auditeur prend en compte le contrôle interne en vigueur dans l'entité relatif à l'établissement et la présentation sincère des états financiers afin de définir des procédures d'audit appropriées en la circonstance, et non dans le but d'exprimer une opinion sur l'efficacité de celui-ci.

Un audit comporte également l'appréciation du caractère approprié des méthodes comptables retenues et le caractère raisonnable des estimations comptables faites par la direction, de même que l'appréciation de la présentation d'ensemble des états financiers.

Nous estimons que les éléments probants recueillis sont suffisants et appropriés pour fonder notre opinion.

Opinion

A notre avis, les états financiers donnent une image fidèle de la situation financière de l'établissement au 31 décembre 2010, ainsi que du résultat de ses opérations pour l'exercice clos à cette date, conformément au Plan Comptable des Etablissements de Crédit, applicable à la CADES, en vertu de l'avis 99-04 du CNC.

Sans remettre en cause la conclusion exprimée ci-dessus, nous attirons votre attention sur le paragraphe 5.1 des principes et méthodes comptables qui précisent les modalités de comptabilisation de la contribution au remboursement de la dette sociale (CRDS) et de la contribution sociale généralisée (CSG). Les revenus de CRDS, les revenus de CSG et les montants à recouvrer comptabilisés sont issus des notifications envoyées à la CADES par l'ACOSS et le Trésor Public qui sont les organismes collecteurs de la CRDS et de la CSG. Les compétences de la CADES en matière de recettes se limitent à une vérification comptable formelle des pièces produites par les organismes recouvreurs.

Paris La Défense, le 28 avril 2011

KPMG Audit
Département de KPMG S.A.

H de Vaumas

Hubert de Vaumas
Associé

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CADES

English translation of the independent Auditors' Report

Period ended December 31, 2010
CADES
15, rue Marsollier - 75002 Paris
This report contains 39 pages
Reference : HV-112-02

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

CADES
15, rue Marsollier - 75002 Paris

English translation of the independent Auditors' Report on the Financial Statements

Period ended December 31, 2010

In accordance with your arrangement letter dated July 30, 2010, we have audited the accompanying financial statements of Caisse d'Amortissement de la Dette Sociale (CADES), which comprise the balance sheet as at December 31, 2010, and the income statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

The "Agent Comptable de la CADES" is responsible for the preparation and fair presentation of these financial statements in accordance with the "Plan Comptable des Etablissements de Crédit", which applies to CADES by reason of notice no. 99-04 of the Conseil National de la Comptabilité. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of CADES as at December 31, 2010, and of the results of its operations for the year then ended in accordance with the "Plan Comptable des Etablissements de Crédit", which applies to CADES by reason of notice no. 99-04 of the Conseil National de la Comptabilité.

Without qualifying our opinion expressed above, we draw attention to the note 5.1 of the accounting principles and methods which describes the applicable accounting treatment of the social security debt repayment contribution (CRDS) and the generalised social contribution (CSG). The revenues of CRDS and CSG recorded which also includes the amounts relating to the year ended that have not yet been collected are provided by ACOSS and Public Treasury which are the collectors of CRDS and CSG. The role of CADES in connection to the revenues of CRDS and CSG only consists of ensuring that the amounts included in the supports provided by the collectors are properly recorded.

Paris La Défense, 28 April 2011

KPMG Audit
A division of KPMG S.A.

H. de Vaumas

Hubert de Vaumas
Partner

SUBSCRIPTION AND SALE

Summary of the Master Dealer Agreement

Subject to the terms and on the conditions contained in the Master Dealer Agreement dated 30 May 2011 (as amended and/or supplemented and/or restated from time to time, the "**Master Dealer Agreement**") the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Master Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are underwritten by two or more Dealers.

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

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

SELLING RESTRICTIONS

United States

The Notes have not been and will not be registered under the U.S. Securities Act of 1933 as amended (the "**Securities Act**"). Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons. Each of the Dealers has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will not offer, sell or, in the case of Materialised Notes in bearer form, deliver any Notes within the United States except as permitted by the Dealer Agreement.

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

In addition, until 40 days after the commencement of the offering of any identifiable tranche of Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

European Economic Area

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

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

(a) in (or in Germany, where the offer starts within) the period beginning on the date of publication of a prospectus in relation to those Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive and ending on the date which is 12 months after the date of such publication;

(b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(c) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(d) at any time in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

United Kingdom

Each Dealer will be required to agree that:

(i) *Financial Promotions:* It has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) received by it in connection with the issue or sale of such Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer;

(ii) *General Compliance:* It has complied with and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom; and

(iii) *Accepting Deposits in the United Kingdom:* In relation to any Notes which have a maturity of less than one year (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the FSMA by the Issuer.

Republic of France

The following selling restrictions relate only to Notes constituting *obligations*, or other debt securities considered by the French tax authorities as falling into similar categories. The selling restrictions relevant to Notes which do not constitute *obligations* or other debt securities considered by the French tax authorities as falling into similar categories will be set out in the relevant Final Terms.

Each of the Dealers has represented and agreed that:

(a) it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France and that offers and sales of Notes have been and shall only be made in France to (a) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*) and/or (b) qualified investors (*investisseurs qualifiés*) acting for their own account, all as defined in Articles L.411-2, D.411-1, D. 411-2 and D.411-3 of the French *Code monétaire et financier* (the "**Code**") and other applicable regulations, except that "qualified investors" shall not include individuals.

(b) it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Base Prospectus or any other offering material relating to the Notes other than to those investors (if any) to whom offers and sales of the Notes in France may be made, as described above.

(c) Materialised Notes may only be issued outside of France.

If necessary these selling restrictions will be amended or deleted in the relevant Final Terms.

Japan

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

Netherlands

Zero Coupon Notes (as defined below) in definitive form may only be transferred and accepted, directly or indirectly, within, from or into The Netherlands through the mediation of either the Issuer or a Member of Euronext Amsterdam N.V., in full compliance with the Dutch Savings Certificates Act (*Wet inzake spaarbewijzen*) of 21 May 1985 (as amended) and its implementing regulations. No such mediation is required: (a) in respect of the transfer and acceptance of rights representing an interest in a Zero Coupon Note in global form, or (b) in respect of the initial issue of Zero Coupon Notes in definitive form to the first holders thereof, or (c) in respect of the transfer and acceptance of Zero Coupon Notes in definitive form between individuals not acting in the conduct of a business or profession, or (d) in respect of the transfer and acceptance of such Zero Coupon Notes within, from or into The Netherlands if all Zero Coupon Notes (either in definitive form or as rights representing an interest in a Zero Coupon Note in global form) of any particular Series are issued outside The Netherlands and are not distributed into The Netherlands in the course of initial distribution or immediately thereafter. As used herein "**Zero Coupon Notes**" are Notes that are in bearer form and that constitute a claim for a fixed sum against the Issuer and on which interest does not become due during their tenor or on which no interest is due whatsoever.

Each Dealer has furthermore represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that Notes with a maturity of less than 12 months which qualify as money market instruments will only be offered, directly or indirectly, in a or from the Netherlands, (i) if they each have a minimum denomination (or minimum aggregate purchase price) of Euro 50,000 or the equivalent thereof in another currency; or (ii) solely to persons who trade or invest in securities in the conduct of their profession or business (which includes banks, securities firms, investment institutions, insurance companies, pension funds, other institutional investors, and finance companies and large enterprises which as an ancillary activity regularly invest in securities); or (iii) in circumstances where another exception to or exemption or dispensation from the prohibition of section 3 subsection 4 of the Dutch Act on the Supervision of the Securities Trade 1995 (Wet *toezicht effectenverkeer* 1995) applies.

General

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

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

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

PRO FORMA FINAL TERMS

PRO FORMA FINAL TERMS FOR USE IN CONNECTION WITH ISSUES OF SECURITIES WITH A DENOMINATION OF LESS THAN [€100,000/50,000] [3] TO BE ADMITTED TO TRADING ON AN EU REGULATED MARKET AND/OR OFFERED TO THE PUBLIC IN THE EUROPEAN ECONOMIC AREA[4]

Final Terms dated [•]

CADES (Caisse d'Amortissement de la Dette Sociale)
Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the ***130,000,000,000*** **Debt Issuance Programme**

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the base prospectus received from the *Autorité des marchés financiers* ("**AMF**") visa n°11-193 on 30 May 2011 (the "**Base Prospectus**") [and the Supplement received from the AMF visa n° [•] on [•]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**") **[**as amended by Directive 2010/73/EC (the "**2010 PD Amending Directive**")**]**. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing on the AMF website and copies may be obtained from the Issuer. The Supplement[s] [is] [are] available for viewing at [address] [and] [website] and copies may be obtained from [address].]

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

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Prospectus dated [original date] [and the Supplement]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**) **[**as amended by Directive 2010/73/EC (the "**2010 PD Amending Directive**")**]** and must be read in conjunction with the Prospectus [and the Supplement dated [•]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Prospectus [and the Supplement] and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectuses dated [original date] and [current date] [and the Supplement dated [•] and [•]]. The Prospectus is available for viewing on the

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[3] This Form of Final Terms is to be used for Notes with a denomination of less than €100,000 if the 2010 PD Amending Directive (as defined below) has been implemented in the Relevant Member State. Furthermore, this Form of Final Terms is to be used for Notes with a denomination of less than €100,000 in all cases where the issue is likely to be the subject of a subsequent fungible issue.

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

AMF website and copies may be obtained from the Issuer. The Supplement[s] [is] [are] available for viewing at [address] [and] [website] and copies may be obtained from [address].]

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

13.	[(i)] Status of the Notes:	[Senior]
	[(ii)] [Date [Board] approval for issuance of Notes obtained:	[ ] [and [ ], respectively]] *(N.B Only relevant where Board (or similar) authorisation is required for the particular tranche of Note)]*
14.	Method of distribution:	[Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15.	**Fixed Rate Note Provisions**	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i) Rate[(s)] of Interest:	[ ] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
	(ii) Interest Payment Date(s):	[ ] in each year [adjusted in accordance with *[specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"]*/not adjusted]
	(iii) Fixed Coupon Amount[(s)]:	[ ] per [ ] in Nominal Amount
	(iv) Broken Amount(s):	[*Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount[(s)]*]
	(v) Day Count Fraction:	[30/360 / Actual/Actual ([ISMA]/ISDA) / other]
	(vi) Determination Dates:	[ ] in each year (*insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual ([ISMA]))*
	(vii) Other terms relating to the method of calculating interest for Fixed Rate Notes:	[Not Applicable/*give details: a Supplement Prospectus may be necessary*]
16.	**Floating Rate Note Provisions**	[Applicable [5]/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i) Interest Period(s)	[ ]
	(ii) Representative Amount:	[ ]
	(iii) Effective Date:	[ ] *(if applicable)/* Not Applicable
	(iv) Specified Duration:	[ ]
	(v) Specified Interest Payment Dates:	[ ]
	(vi) Business Day Convention:	[Floating Rate Business Day Convention/ Following Business

[5] if ISDA Definitions are applicable, please mentionned if the 2000 ISDA Definitions or the 2006 ISDA Definitions are applicable.

	Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ other (give details: a Supplement may be necessary)]
(vii) Calculation Agent:	[ ]
(viii) Business Centre(s):	[ ]
(ix) Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination/other (give details: a Supplement may be necessary)]
(x) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the [Agent]):	[ ]
(xi) FBF Determination (Condition 4(c)(iii)(A)):	
- Floating Rate (*Taux Variable*):	[●]
- Floating Rate Determination Date (*Date de Détermination du Taux Variable*):	[●]
- FBF Definitions (if different from those set out in the Conditions):	[●] (*specify how rate determined (e.g. relevant Screen Page) if different or not specified in FBF Definitions*)
(xii) Screen Rate Determination:	
– Reference Rate:	[ ]
– Interest Determination Date(s):	[ ]
– Relevant Time:	[ ]
– Screen Page:	[ ]
– Reference Banks:	[ ]
– Primary Source	[ ]
(xiii) ISDA Determination:	
– Floating Rate Option:	[ ]
– Designated Maturity:	[ ]
– Reset Date:	[ ]
– Business Centre:	[ ]
(xiv) Margin(s):	[+/-][ ] per cent per annum
(xv) Minimum Rate of Interest:	[ ] per cent per annum
(xvi) Maximum Rate of Interest:	[ ] per cent per annum

	(xvii) Day Count Fraction:	[ ]
	(xviii) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[ ]
17.	**Zero Coupon Note Provisions**	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Amortisation Yield:	[ ] per cent per annum
	(ii) Any other formula/basis of determining amount payable:	[ ]
	(iii) Day Count Fraction:	[ ]
18.	**Index-Linked Interest Note/other variable-linked interest Note Provisions**	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Index/Formula/other variable:	[*give or annex details: a Supplement may be necessary*]
	(ii) Calculation Agent responsible for calculating the interest due:	[ ]
	(iii) Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable:	[ ]
	(iv) Determination Date(s):	[ ]
	(v) Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted:	[ ]
	(vi) Interest or calculation period(s):	[ ]
	(vii) Specified Interest Payment Dates:	[ ]
	(viii) Business Day Convention:	[Floating Rate Business Day Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
	(ix) Business Centre(s):	[ ]
	(x) Minimum Rate/Amount of Interest:	[ ] per cent per annum
	(xi) Maximum Rate/Amount of Interest:	[ ] per cent per annum

	(xii) Day Count Fraction:	[ ]
19.	**Dual Currency Note Provisions**	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i) Rate of Exchange/method of calculating Rate of Exchange:	*[give details*]
	(ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due:	[ ]
	(iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	
	(iv) Person at whose option Specified Currency(ies) is/are payable:	[ ]

PROVISIONS RELATING TO REDEMPTION

20.	**Call Option**	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i) Optional Redemption Date(s):	[ ]
	(ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[ ] per Note of [ ] specified denomination
	(iii) If redeemable in part:	
	(a) Minimum Redemption Amount:	[ ]
	(b) Maximum Redemption Amount:	[ ]
	(iv) Notice period:	[ ]
21.	**Put Option**	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Optional Redemption Date(s):	[ ]
	(ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[ ] per Note of [ ] specified denomination
	(iii) Notice period:	[ ]
22.	**Final Redemption Amount of each Note**	[[ ] per Note of [ ] specified denomination /other/see Appendix]
	In cases where the Final Redemption Amount is Index-Linked or other variable-linked:	

(i) Index/Formula/variable:	[*give or annex details*]
(ii) Calculation Agent responsible for calculating the Final Redemption Amount:	[ ]
(iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable:	[ ]
(iv) Determination Date(s):	[ ]
(v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted:	[ ]
(vi) Payment Date:	[ ]
(vii) Minimum Final Redemption Amount:	[ ]
(viii) Maximum Final Redemption Amount:	[ ]

23. **Early Redemption Amount**

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

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. Form of Notes:	[Dematerialised Notes/ Materialised Notes] (*Materialised Notes are only in bearer form*) [*Delete as appropriate*]
(i) Form of Dematerialised Notes:	[Applicable/Not Applicable [*if Applicable specify whether bearer form (au porteur) / administered registered form (au nominatif administré) / fully registered form (au nominatif pur)*]
(ii) Registration Agent	[Not applicable/if Applicable *give name and details*] (*Note that a registration agent must be appointed in relation to fully registered Dematerialised Notes only*)
(iii) Temporary Global Certificate:	[Not Applicable/Temporary Global Certificate exchangeable for Definitive Materialised Notes on [●] (the "**Exchange Date**"), being 40 days after the Issue Date subject to postponement as specified in the Temporary Global Certificate]
(iv) Applicable TEFRA exemption:	[C Rules/D Rules/Not Applicable] *(Only applicable to Materialised Notes)*

25.	Financial Centre(s) or other special provisions relating to Payment Dates:	[Not Applicable/*give details. Note that this item relates to the date and place of payment, and not interest period end dates, to which items 15 (ii), 16iiv) and 18(ix) relates*]
26.	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes/No. *If yes, give details*]
27.	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made [and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment]:	[Not Applicable/*give details*]
28.	Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made:	[Not Applicable/*give details*]
29.	Redenomination, renominalisation and reconventioning provisions:	[Not Applicable/The provisions [in Condition •] apply]
30.	Consolidation provisions:	[Not Applicable/The provisions [in Condition •] apply]
31.	Masse	[Applicable/ Not Applicable] The name of the representative of the masse is: [name/ address] The fees to be paid to the representative(s) are : euros[ ]
32.	Other final terms:	[Not Applicable/*give details*] *(When adding any other final terms consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)*

DISTRIBUTION

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

35.	Total commission and concession:	[ ] per cent. of the Aggregate Nominal Amount
36.	Additional selling restrictions:	[Not Applicable/*give details*]

[LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the Euro 130,000,000,000 Debt Issuance Programme of the Issuer.

RESPONSIBILITY

I accept responsibility for the information contained in these Final Terms.

Signed on behalf of the Issuer:

By: ………………………………………

Duly authorised

PART B – OTHER INFORMATION

1. LISTING

(i) Listing:	[Bourse de Luxembourg/ Euronext Paris/(*specify*)/None]
(ii) Admission to trading:	[Application has been made for the Notes to be admitted to trading on [●] with effect from [ ].] [Not Applicable.] *(Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)*
(iii) Estimate of total expenses related to admission to trading:	[●]
(iv) Regulated markets or equivalent markets on which, to the knowledge of the issuer, securities of the same class of the securities to be offered or admitted to trading are already admitted to trading:	[●]

2. RATINGS

Ratings:	The Notes to be issued have been rated: [S & P: [ ]] [Moody's: [ ]] [Fitch]: [ ]] *[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]* (*The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.*) [Each such credit rating agency is established in the European Union and has applied for registration under Regulation (EU) No 1060/2009 (the "**CRA Regulation**") although notification of the corresponding registration decision has not yet been provided by the relevant competent authority.]

3. [NOTIFICATION

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

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

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

"So far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer."

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

[(i) Reasons for the offer	[●] (S*ee ["Use of Proceeds"] wording in Base Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)*]
[(ii)] Estimated net proceeds:	[●] *(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient* to *fund all proposed uses state amount and sources of other funding.*)
[(iii)] Estimated total expenses:	[●]. *[Include breakdown of expenses.]* *(Only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)*]

6. [*Fixed Rate Notes only* – YIELD

Indication of yield:	[●] Calculated as [*include details of method of calculation in summary form*] on the Issue Date. As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

7. [*Floating Rate Notes only* - HISTORIC INTEREST RATES

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

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

Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident and any market disruption or settlement disruption events that affect the underlying. Include details of rules with relation to events concerning the underlying.] [Where the underlying is *an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information.]]*

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

Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained, the underlying on which it is based and of the method used to relate the two, a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident and any market disruption or settlement disruption events that affect the underlying. Include details of rules with relation to events concerning the underlying.]

10. OPERATIONAL INFORMATION

ISIN Code:	[ ]
Common Code:	[ ]
Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking Société Anonyme and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)]*
Delivery:	Delivery [against/free of] payment
Names and addresses of additional Paying Agent(s) (if any):	[ ]
Names and addresses of relevant Dealer(s):	
Date of the [Dealer Accession Letter/ Subscription Agreement]	[ ]

PRO FORMA FINAL TERMS

PRO FORMA FINAL TERMS FOR USE IN CONNECTION WITH ISSUES OF SECURITIES WITH A DENOMINATION OF AT LEAST [€100,000/50,000][6] TO BE ADMITTED TO TRADING ON AN EU REGULATED MARKET [7]

Final Terms dated •

CADES (Caisse d'Amortissement de la Dette Sociale)
Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the ***130,000,000,000*** **Debt Issuance Programme**

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the base prospectus received from the *Autorité des marchés financiers* ("**AMF**") visa n°11-193 on 30 May 2011 (the "**Base Prospectus**") [and the Supplement received from the AMF visa n° [•] on [•]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**") **[**as amended by Directive 2010/73/EC (the "**2010 PD Amending Directive**")**]**. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing on the AMF website and copies may be obtained from the Issuer. The Supplement[s] [is] [are] available for viewing at [address] [and] [website] and copies may be obtained from [address].]

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

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Prospectus dated [original date] [and the Supplement]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**) **[**as amended by Directive 2010/73/EC (the "**2010 PD Amending Directive**")**]** and must be read in conjunction with the Base Prospectus [and the Supplement dated [•]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Base Prospectus [and the Supplement] and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectuses dated [original date] and [current date] [and the Supplements dated [•] and [•]]. The Base Prospectus is available for viewing on the AMF website and copies may be obtained from the Issuer. The Supplement[s] [is] [are] available for viewing at [address] [and] [website] and copies may be obtained from [address].]

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[6] This Form of Final Terms is to be used for Notes with a denomination of at least €100,000 if the 2010 PD Amending Directive (as defined below) has been implemented in the Relevant Member State.

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

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

[(ii)] [Date [Board] approval for issuance of Notes obtained:	[ ] [and [ ], respectively]] *(N.B Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)]*
14. Method of distribution:	[Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. **Fixed Rate Note Provisions**	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
(i) Rate[(s)] of Interest:	[ ] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
(ii) Interest Payment Date(s):	[ ] in each year [adjusted in accordance with *[specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"]*/not adjusted]
(iii) Fixed Coupon Amount[(s)]:	[ ] per [ ] in Nominal Amount
(iv) Broken Amount(s):	[*Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount[(s)]*]
(v) Day Count Fraction:	[30/360 / Actual/Actual ([ISMA] /ISDA) / other]
(vi) Determination Dates:	[ ] in each year (*insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual ([ISMA]))*
(vii) Other terms relating to the method of calculating interest for Fixed Rate Notes:	[Not Applicable/*give details: a supplement to the Base Prospectus may be necessary*)]
16. **Floating Rate Note Provisions**	[Applicable [8]/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph)*
(i) Interest Period(s)	[ ]
(ii) Representative Amount:	[ ]
(iii) Effective Date:	[ ] *if applicable/* Not Applicable
(iv) Specified Duration	[ ]
(v) Specified Interest Payment Dates:	[ ]
(vi) Business Day Convention:	[Floating Rate Business Day Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ other (*give details: a supplement to the Base Prospectus may be necessary*)]

8 if ISDA Definitions are applicable, please mentionned if the 2000 ISDA Definitions or the 2006 ISDA Definitions are applicable

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

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

Interest:

	(xii) Day Count Fraction:	[ ]
19.	**Dual Currency Note Provisions**	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i) Rate of Exchange/method of calculating Rate of Exchange:	*[give details*]
	(ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due:	[ ]
	(iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	
	(iv) Person at whose option Specified Currency(ies) is/are payable:	[ ]

PROVISIONS RELATING TO REDEMPTION

20.	**Call Option**	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i) Optional Redemption Date(s):	[ ]
	(ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[ ] per Note of [ ] specified denomination
	(iii) If redeemable in part:	
	(a) Minimum Redemption Amount:	[ ]
	(b) Maximum Redemption Amount:	[ ]
	(iv) Notice period	[ ]
21.	**Put Option**	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Optional Redemption Date(s):	[ ]
	(ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[ ] per Note of [ ] specified denomination
	(iii) Notice period	[ ]
22.	**Final Redemption Amount of each Note**	[[ ] per Note of [ ] specified denomination /other/see Appendix]

In cases where the Final Redemption Amount is Index-Linked or other variable-linked:	
(i) Index/Formula/variable:	[*give or annex details: a supplement to the Base Prospectus may be necessary*]
(ii) Calculation Agent responsible for calculating the Final Redemption Amount:	[ ]
(iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable:	[ ]
(iv) Determination Date(s):	[ ]
(v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted:	[ ]
(vi) Payment Date:	[ ]
(vii) Minimum Final Redemption Amount:	[ ]
(viii) Maximum Final Redemption Amount:	

23. **Early Redemption Amount**

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

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. Form of Notes:

(i) Form of Dematerialised Notes:	[Applicable/Not Applicable [*if Applicable specify whether bearer form (au porteur) / administered registered form (au nominatif administré) / fully registered form (au nominatif pur)*]
(ii) Registration Agent	[Not applicable/if Applicable *give name and details*] (*Note that a registration agent must be appointed in relation to fully registered Dematerialised Notes only*)
(iii) Temporary Global Certificate:	[Not Applicable/Temporary Global Certificate exchangeable for Definitive Materialised Notes on [●] (the "**Exchange Date**"), being 40 days after the Issue Date subject to postponement as specified in the Temporary Global Certificate]
(iv) Applicable TEFRA exemption:	[C Rules/D Rules/Not Applicable] *(Only applicable to Materialised Notes)*

25. Financial Centre(s) or other special provisions relating to Payment Dates:	[Not Applicable/*give details. Note that this item relates to the date and place of*

		payment, and not interest period end dates, to which items 15 (ii), 16(iv) and 18(ix) relates]
26.	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes/No. *If yes, give details*]
27.	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	[Not Applicable/*give details*]
28.	Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made:	[Not Applicable/*give details*]
29.	Redenomination, renominalisation and reconventioning provisions:	[Not Applicable/The provisions [in Condition •] apply]
30.	Consolidation provisions:	[Not Applicable/The provisions [in Condition •] apply]
31.	Masse	[Applicable/ Not Applicable] The name of the representative of the masse is: [name/ address] The fees to be paid to the representative(s) are : euros[ ]
32.	Other final terms:	[Not Applicable/*give details*] *(When adding any other final terms consideration should be given as to whether such terms constitute a "significant new factor" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)*

DISTRIBUTION

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

[LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the Euro 130,000,000,000 Debt Issuance Programme of the Issuer.

RESPONSIBILITY

I accept responsibility for the information contained in these Final Terms.

Signed on behalf of the Issuer:

By: ....
Duly authorised

PART B – OTHER INFORMATION

1. LISTING

(i) Listing:	[Bourse de Luxembourg/ Euronext Paris / (*specify*)/None]
(ii) Admission to trading:	[Application has been made for the Notes to be admitted to trading on [ ] with effect from [ ].] [Not Applicable.]
(iii) Estimate of total expenses related to admission to trading:	[●].
(iv) Regulated markets or equivalent markets on which, to the knowledge of the issuer, securities of the same class of the securities to be offered or admitted to trading are already admitted to trading:	**[●]**

2. RATINGS

Ratings:	The Notes to be issued have been rated: [S & P: [ ]] [Moody's: [ ]] [[Other]: [ ]] (*The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.*) [Each such credit rating agency is established in the European Union and has applied for registration under Regulation (EU) No 1060/2009 (the "**CRA Regulation**") although notification of the corresponding registration decision has not yet been provided by the relevant competent authority.]

3. [NOTIFICATION

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

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

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

"So far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer."

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

[(i) Reasons for the offer	[●] (See *["Use of Proceeds"] wording in Base Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)*]
[(ii)] Estimated net proceeds:	*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.*)
[(iii)] Estimated total expenses:	[●]. *[Include breakdown of expenses.]* *(Only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)*]

6. [*Fixed Rate Notes only* – YIELD

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

7. [*Floating Rate Notes only* - HISTORIC INTEREST RATES

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

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

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

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

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

10. OPERATIONAL INFORMATION

ISIN Code:	[ ]
Common Code:	[ ]
Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking Societe Anonyme and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)]*
Delivery:	Delivery [against/free of] payment

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

GENERAL INFORMATION

1. The Issuer has obtained all necessary consents, approvals and authorisations in France in connection with the issue and performance of its obligations under the Notes. The issue of the Notes was duly authorised pursuant to a resolution of *Conseil d'administration* of the Issuer dated 28 April 2011 authorising the Issuer's borrowing programme and delegating all powers to issue Notes under the programme to its chairman, and the approval of the Issuer's borrowing programme by the Minister of Economy, Finance and Industry on 27 May 2011.

2. Except as disclosed in this Base Prospectus, there has been no significant change in the financial or trading position of the Issuer since 31 December 2010, and no material adverse change in the financial position, affairs or prospects of the Issuer since 31 December 2010.

3. Save as disclosed in this Base Prospectus, the Issuer has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Base Prospectus which may have or have had in the recent past significant effects, in the context of the issue of the Notes, on the financial position or profitability of the Issuer.

4. Each Materialised Note with a maturity of more than 12 months and each Receipt, Coupon and Talon relating thereto will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code of 1986".

5. Notes have been accepted for clearance through Euroclear France, Euroclear and Clearstream, Luxembourg. The Common Code and the International Securities Identification Number (ISIN) for each Series of Notes will be set out in the relevant Final Terms.

6. The Issuer may also from time to time, without the consent of the Noteholders, consolidate Notes with one or more issues of other Notes issued by it, whether or not originally issued in euro, provided that such other Notes have been redenominated into euro (if not originally denominated in euro) and otherwise have, in respect of all periods subsequent to such consolidation, the same terms and conditions as the Notes.

7. Copies of the latest annual financial statements of the Issuer (and all reports, if any, relating to any review thereof as referred to in paragraph 9 below) may be obtained, and copies of the *Ordinance* which established the Issuer and the Agency Agreement will be available for inspection, at the specified offices of each of the Paying Agents during normal business hours, so long as any of the Notes is outstanding. Copies of this Base Prospectus, any addendum or supplement hereto and any Final Terms will be obtainable free of charge, at the office of the Paris Paying Agent or available on the AMF website. Although the Issuer does not normally publish interim semi-annual financial statements on a regular basis, copies of any such statements which are published for any reason in the future may be obtained at the specified offices of each of the Paying Agents during normal business hours, so long as any of the Notes is outstanding. See also "Description of CADES – Accounts".

8. The Issuer's public accountant (*Contrôleur budgétaire et comptable ministeriel)* is responsible for the preparation of its statutory accounts and financial statements. Such accounts and financial statements are also approved by the Minister of the Economy, Finance and Industry and the Minister of Employment and Solidarity and are controlled periodically by the Court of Accounts (*Cour des Comptes*), which has authority to accept or reject the accounts presented. The Issuer has, in relation to its 2008 and 2009 annual financial statements, requested Salustro Reydel (KPMG) and KPMG Audit, respectively, to carry out a contractual audit of such financial statements restated in the form appearing in "Financial Statements of CADES". The reports issued by Salustro Reydel (KPMG) and KPMG Audit in respect of such financial statements is also included in the "Auditors Report". While the Issuer will restate its future financial statements in the manner of the 2008 and 2009 annual financial statements referred to above, there is no commitment on the Issuer's part to require Salustro Reydel (KPMG) or KPMG Audit or any other

accounting firm to carry out any review of such financial statements or to produce any report in respect thereof. Salustro Reydel (KPMG) and KPMG Audit are members of the *Compagnie Nationale des Commisaires aux Comptes*.

9. On 3 June 2003, the EU Council of Economic and Finance Ministers adopted a new directive regarding the taxation of savings income ("**EU Savings Directive**"). The EU Savings Directive is, in principle, applied by Member States as from 1 July 2005 and has been implemented in Luxembourg by the Laws of 21 June 2005. Under the directive, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income within the meaning of the EU Savings Directive paid by a paying agent within the meaning of the EU Savings Directive, to an individual resident or certain types of entities called "residual entities", within the meaning of the EU Savings Directive (the "**Residual Entities**"), established in that other Member State (or certain dependent or associated territories). For a transitional period, however, Austria and Luxembourg are permitted to apply an optional information reporting system whereby if a beneficial owner, within the meaning of the EU Savings Directive, does not comply with one of two procedures for information reporting, the relevant Member State will levy a withholding tax on payments to such beneficial owner. The withholding tax system will apply for a transitional period during which the rate of the withholding will be of 15% from 1 July 2005 to 30 June 2008, 20% from 1 July 2008 to 30 June 2011 and 35% as from 1 July 2011. The transitional period is to terminate at the end of first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments. See "European Union Directive on the Taxation of Savings Income in the Form of Interest Payments" (Council Directive 2003/48/EC).

   Also with effect from 1 July 2005, a number of non-EU countries (Switzerland, Andorra, Liechtenstein, Monaco and San Marino) and certain dependent or associated territories (Jersey, Guernsey, Isle of Man, Montserrat, British Virgin Islands, Netherlands Antilles and Aruba) have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a paying agent (within the meaning of the EU Savings Directive) established within such countries or territories to, or collected by such a paying agent for, an individual resident or a Residual Entity established in a Member State. In addition, Member States have entered into reciprocal provision of information or transitional withholding arrangements with those dependent or associated territories in relation to payments made by a paying agent established in a Member State to, or collected by such a paying agent for, an individual resident or a Residual Entity established in one of those territories.

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

RESPONSIBILITY FOR BASE PROSPECTUS
Individual assuming responsibility for the Base Prospectus

In the name of the Issuer

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

Historical financial information ended on 31 December 2009 and on 31 December 2010 incorporated in the Base Prospectus were subject to reports by auditors, included at pages 114 to 118 and 160 to 165 of this document, which enclose an observation.

Caisse d'Amortissement de la Dette Sociale

President

Patrice RACT MADOUX

Paris, on 30 May 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 (*Réglement général*) of the *Autorité des marchés financiers* (AMF), in particular articles 212-31 to 212-33, the AMF has granted to this Base Prospectus the *visa* n°11-193 on 30 May 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 authentification 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 PROSPECTUS DE BASE

Personne qui assume la responsabilité du présent Prospectus de Base

Au nom de l'émetteur

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

Les informations financières historiques des exercices clos au 31 décembre 20009 et au 31 décembre 2010 présentées dans le Prospectus de Base ont fait l'objet de rapports des contrôleurs légaux, figurant en pages 114 à 118 et 160 à 165 dudit document, qui contiennent une observation.

Caisse d'Amortissement de la Dette Sociale

Président

Patrice RACT MADOUX

Paris, le 30 mai 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 prospectus de base le 30 mai 2011 sous le numéro 11-193. Ce prospectus 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

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