

Investment: a major development strategy



In view of the volume of funds entrusted to its management, Caisse des Dépôts is one of France's leading long-term institutional investors in listed companies. It also manages major portfolios of equity interests in unlisted entities. A rigorous and loyal shareholder, Caisse des Dépôts supports the development of its subsidiaries: CNP Assurances (personal insurance), CDC Entreprises and CDC Capital Investissement (private equity), SNI and Icade (real estate), Transdev (passenger transport), Egis (infrastructure), Compagnie des Alpes (leisure facilities) and VVF Vacances/Santoline (tourist accommodation).

Long-term investment

Rated AAA/Aaa, Caisse des Dépôts was classified by *Global Finance* magazine as the safest bank in the world in 2006. Its large portfolio of secure, diversified assets is managed based on predominantly financial criteria, with the aim of generating a steady, high level of income. Caisse des Dépôts also holds stakes in companies to whose development it contributes actively. The institution further plays a key role in public interest investments and holds a diversified asset portfolio for this purpose. Investments represent €44 billion in total, with €34 billion in the form of financial assets and roughly €10 billion in the form of shares in subsidiaries and long-term equity interests.

Caisse des Dépôts' investment portfolio is composed of financial, property and forestry assets, venture capital funds and unlisted equities. At 31 December 2006, total investments, excluding money-market investments and non-property equity interests, represented roughly €34 billion.

Through its subsidiaries, Caisse des Dépôts is a major player in:

- private equity (CDC Entreprises for public interest missions and CDC Capital Investissement for competitive activities);
- real estate transactions (Société Nationale Immobilière and Icade);
- public transport and transport infrastructure engineering (Transdev and Egis);
- the leisure market (Compagnie des Alpes and Santoline, the holding company for VVF Vacances).

Caisse des Dépôts is also present in the insurance market through CNP Assurances. It further holds stakes in several subsidiaries of the Oséo group, which specialises in lending and guarantees for SMEs.

Financial investments

Caisse des Dépôts* currently owns shares in 250 listed companies (mainly French) and is the no.1 or no.2 shareholder of thirteen CAC 40 companies. Its listed equity investments nonetheless represent less than 3% of the total capitalisation of the Euronext Paris market. Caisse des Dépôts has geared its investment policy towards achieving an optimum risk/return profile over a long-term horizon and manages a proprietary portfolio alongside a portfolio backed by the funds lodged in "Livret A" tax-exempt passbook savings accounts.

Thanks to its excellent reputation in the marketplace, Caisse des Dépôts has been entrusted with the management of the "FRR" pensions reserve fund, which is administered on a financially autonomous basis in accordance with asset allocation guidelines set by the fund's governance bodies. At end-2006, assets under management amounted to €31.1 billion, with 88.5% corresponding to marketable securities and a target allocation of 60% in equities.

Caisse des Dépôts exercises its voting rights at company general meetings to defend its patrimonial interests. The institution was represented at about 200 general meetings in 2006, with votes cast for more than 2,500 resolutions.

€34
billion

invested in diversified
financial assets

* The scope retained for the purpose of threshold disclosures to the AMF (French stock market authority) comprises the proprietary trading portfolio and the savings funds-related portfolio.

€44
billion

invested in total
(financial assets, long-
term equity interest and
subsidiaries)



Disposal of the stake in Caisse Nationale des Caisses d'Épargne

The disposal of Caisse des Dépôts's stake in CNCE, for €7 billion, has freed up equity resources for reinvestment as follows:

- the development of subsidiaries, as referred to in the business-related provisions of the sale agreement;
- investment in sectors identified as priorities and with which Caisse des Dépôts is well acquainted (infrastructure, real estate, expansion capital and healthcare/care for the elderly);
- increased investment in Caisse des Dépôts' most significant and most profitable listed holdings;
- investment in medium-sized companies in need of a reference shareholder to underpin their development (for example, Sécché Environnement).

Caisse des Dépôts participates in capital operations to support the development of companies in which it holds shares and to ensure that their central decision-making functions remain in France.

Caisse des Dépôts upholds its interests as a shareholder based on the recommendations of an Advisory Committee, which is charged with assisting the institution in all matters of good corporate governance. The committee, chaired by René Barbier de La Serre, is composed of independent, suitably qualified persons and representatives of Caisse des Dépôts.

The gross value of the listed equities in Caisse des Dépôts' proprietary portfolio (excluding long-term equity interests) exceeded €2 billion in 2006. The net carrying value, after disposals, of listed equities (excluding long-term equity interests) increased by nearly €1.5 billion over the year. A small portion of these investments is held in mutual funds, with directly-held shares in European companies making up the bulk of holdings. At 31 December 2006, the equity portfolio represented €13.6 billion at historical cost and €21 billion at market value.

The bond portfolio is divided into two categories, each geared towards different investment objectives: held-to-maturity securities are intended to be held over the long term and available-for-sale securities are intended to be held over a shorter-term investment horizon.

At 31 December 2006, the held-to-maturity portfolio amounted to €14.6 billion, an increase of €668 million relative to the previous year-end. Fixed-income securities make up the bulk of the portfolio, but a small portion is invested in inflation-indexed bonds.

Available-for-sale and trading securities, excluding short-term money-market investments, represented just €4 billion at end-2006, virtually unchanged relative to 2005.

Caisse des Dépôts' portfolios comprise mainly highly-rated European debt securities.

Property and forestry investments

Caisse des Dépôts owns property assets, which are managed as long-term investments. At 31 December 2006, the book value of property assets was €1.9 billion.

Gross acquisitions in 2006 amounted to roughly €490 million and disposals came to €225 million, resulting in a €265 million increase in the carrying value of property assets. The principal transactions during the year concerned office accommodation and investments in retail and logistics premises. The property portfolio remains centred on France, but international diversification is under way.



Caisse des Dépôts also holds a portfolio of forestry assets with a net book value of nearly €102 million (including indirect holdings).

Investments in unlisted assets

Caisse des Dépôts also invests in unlisted assets and venture capital funds. At 31 December 2006, the carrying value of the related portfolio was €141 million, with corresponding commitments (potential calls for funds) of €730 million. The portfolio is managed with a view to diversification and long-term investment.

Priority focus on infrastructure investment

Since end-2005, Caisse des Dépôts has invested heavily in infrastructure projects. The institution has reaffirmed its commitment to investing in European infrastructure projects concerning transport, energy, the environment and telecommunications.

Budgetary constraints have triggered the creation of new infrastructure-financing methods in Europe to meet the need for public infrastructure construction and renewal. The involvement of private sector investors and operators is actively sought, notably in the form of public-private partnerships. This area of expansion offers a return on investment superior to the yield on long-term government bonds, for a well-controlled level of risk. Caisse des Dépôts holds a high-quality asset portfolio and intends to continue investing in infrastructure projects, backed by its longstanding contribution to the financing of public infrastructure and recognised financial expertise.

In keeping with Caisse des Dépôts' investment philosophy, the infrastructure portfolio will be managed from a long-term perspective. Caisse des Dépôts will invest in assets already in use and in the financing of new assets. Resources allocated to this asset class to date amount to more than €1.5 billion (corresponding mainly to the stakes in Sanef, Gaz de Strasbourg, TDF and Eutelsat) and further acquisitions are planned.

Investment in local and regional development projects

Caisse des Dépôts is a long-term investor in the development projects of local and regional authorities. In 2006, the institution's regional offices invested a total amount of €342 million in such projects (see page 17).

€1.5
billion

invested in European
infrastructure projects



The Oséo group

The Oséo group was formed in 2005 to provide companies and entrepreneurs with a wide range of services. Oséo operates in four areas through four entities:

- Oséo Innovation—support for innovation; project financing and assistance;
- Oséo Financement—financing in partnership with banks and other financial institutions;
- Oséo Garantie—provision of guarantees for bank loans; equity financing;
- Oséo Services—on-line services for SMEs; SME Observatory surveys.

The Oséo group and Caisse des Dépôts have a close-knit relationship, which is evidenced by Caisse des Dépôts' investment in several companies of the Oséo group:

- Oséo Financement (formerly Bdpme). Caisse des Dépôts holds a 43% stake in this company, to which it also provides substantial financing backed by savings funds held in "Codevi" tax-exempt deposit accounts.
- Oséo Garantie Régions. This company was created by Oséo Garantie, which is 52%-held by Sofaris and 43%-held by Caisse des Dépôts. It manages guarantee funds constituted by local authorities.
- Oséo Services. Caisse des Dépôts holds a 33% interest in this economic interest grouping and supports the addition of new services by participating in the associated financing.

Caisse des Dépôts further contributes to several guarantee funds, one of which is dedicated to "PCE" business start-up loans.

In addition, the support of Caisse des Dépôts helps the Oséo group maintain a high level of activity in the creation and subsequent transfer of ownership of companies, as well as in national and regional development.

Sustainable development

Socially responsible investment

In addition to exercising vigilance with regard to governance practices, Caisse des Dépôts has gradually developed a pragmatic approach to integrating social and environmental responsibility into its investment philosophy:

- for the purposes of the institution's proprietary equity portfolio, the criteria applied include SRI rating information provided by Vigeo. This information is not intended to exclude particular stocks or sectors, but to provide a better assessment of profitability prospects and risks over the long term;
- an SRI rating scale has been introduced for all equities held in the savings funds-backed portfolio.

Caisse des Dépôts has signed up to the United Nations-sponsored "Principles for Socially Responsible Investment". The "ERAFP" supplementary pension scheme for civil servants and the "FRR" pensions reserve fund have likewise adopted socially responsible investment initiatives. ■

CNP Assurances

For more than 150 years, CNP Assurances has designed, developed, distributed and managed savings, pension and personal risk products. In France, its products are distributed by partner-networks (La Banque Postale and the Caisses d'Épargne savings banks, together representing over 20,000 sales outlets), CNP Trésor insurance advisors, financial institutions, companies and local and regional authorities. CNP Assurances' international presence continues to grow as its bancassurance model is extended to subsidiaries in Argentina, Portugal, Brazil, Italy and, more recently, Spain. Outside France, policyholders now number more than eight million, with 6,000 sales outlets in service.

20.6% growth in revenues in 2006

During 2006, CNP Assurances generated consolidated revenues of €32.0 billion (under IFRS). This represents growth of 20.6% on a reported basis and a 19.8% increase on a like-for-like basis relative to 2005.

In France, CNP Assurances meets the insurance needs of over 14 million people. Abroad, CNP Assurances continues to develop its operations through subsidiaries in Brazil, Portugal, Argentina, Italy and, more recently, Spain (following the acquisition of Skandia Vida). Granted the freedom to provide services within the EU, CNP Assurances does business in Belgium, the Czech Republic, Greece, Hungary and Ireland. It now also markets insurance products in the Beijing area of China.

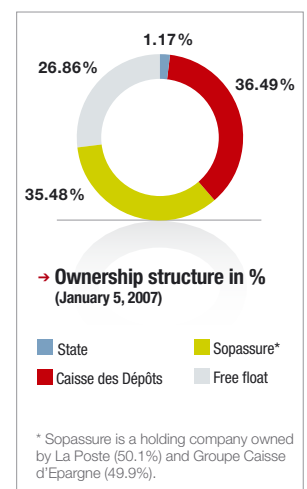
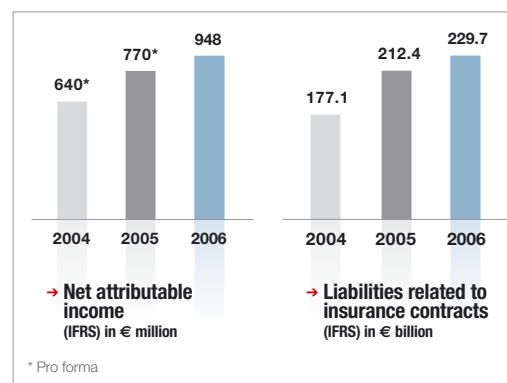
In 2006, revenues generated outside France amounted to €4.1 billion (calculated in accordance with IFRS). The year-on-year surge of 20.5% mainly reflects headway made by the Italian and Brazilian subsidiaries.

Net attributable income from ordinary activities came to €948 million in 2006, up 23.2% relative to 2005. After adjustments (€58 million) and exceptional items, reported net attributable income (IFRS) amounted to €1,145 million, compared with €970 million in 2005.

Well-managed investments

At 31 December 2006, managed liabilities related to insurance contracts amounted to €229.7 billion, up 8.1% relative to year-end 2005. In November 2006, Standard & Poor's assigned an AA financial strength rating to CNP Assurances, with a stable outlook.

CNP Assurances' share price gained 27% over 2006, outperforming both the CAC 40 index (by 17.5%) and the DJ Eurostoxx Insurance index of leading European insurance companies (by 16.3%).



22
billion

CNP Assurances policyholders in 2006, including eight million outside France

For further information, go to www.cnp.fr

Supporting corporate development

Caisse des Dépôts is one of France's leading private equity investors. In 1994, it joined forces with the French State to launch the first three-year investment programme for the benefit of small- and medium-sized enterprises, with the aim of providing financial support to a primarily unlisted SME population throughout all development stages. In 2006, Caisse des Dépôts reorganised its private equity interests to achieve a clear separation between public interest and competitive activities. This has led to the creation of two distinct subsidiaries that are authorised by the AMF (French stock market authority) to conduct investment management business: CDC Entreprises for public interest missions and CDC Capital Investissement for competitive activities.

■ CDC Entreprises

CDC Entreprises is a wholly-owned subsidiary of Caisse des Dépôts and houses the institution's public interest missions in the field of private equity. It is active in all areas of private equity, providing financing to budding French SME champions operating in high-technology or traditional industrial sectors with the potential to create value and employment. CDC Entreprises participates both directly and indirectly across the business life cycle, from seed-stage technology financing to small buyouts. These mainly proprietary investments are limited to a maximum amount of €15 million per SME. CDC Entreprises currently manages €1.6 billion in assets, including an amount of €1.16 billion on own account for Caisse des Dépôts.

Funds of funds

CDC Entreprises manages mainly funds of funds, acquiring minority stakes alongside public and private sector players in national, regional and technology-oriented private equity bodies and vehicles. CDC Entreprises' fund of funds activity expanded briskly in 2006, with own-account investments reaching €215 million.

For the purposes of the State-sponsored France Investissement programme, CDC Entreprises is to invest €200 million in minority stakes in six private funds of funds over 2006-2007. It will also provide support to other players in the financing chain, including angel investors and mezzanine funds. CDC Entreprises is also diversifying into European and international markets. In 2006, the subsidiary invested €6 million in the MPEF II LP private equity fund, which focuses on North Africa.

Direct investment

CDC Entreprises also invests directly in companies through two funds that are open to third parties: the FCJE fund targeting young companies, and the P&C fund set up in 2005 to focus on more mature companies. CDC Entreprises has expanded the scope of its direct co-investment activities to encompass mergers and acquisitions and cross-border expansion, notably with a view to securing subsequent stock market listings.

For further information, go to ■ www.cdcentreprises.fr



- 221 portfolio investments
- €1.6 billion in managed assets



- 32 portfolio investments
- €1.6 billion in managed assets
- 10 managed funds

■ CDC Capital Investissement

CDC Capital Investissement has a long history of private equity investment in France. Created by the 2006 merger between CDC Entreprises Capital and CDC Entreprises Services Industries, it is a wholly-owned subsidiary of Caisse des Dépôts. CDC Capital Investissement is authorised by the AMF (French stock market authority) to operate as an investment management company and has carried out more than 60 operations during the past ten years.

CDC Capital Investissement manages French-style venture capital funds ("FCPRs") representing more than €1.6 billion in assets, principally in the context of financial partnerships with Caisse des Dépôts, CNP Assurances and the Caisse d'Épargne group. Its investment resources increased from €420 million to €820 million in 2006.

The mutual funds managed by CDC Capital Investissement make equity investments in companies with valuations ranging from €30 million to €1 billion (including debt). Controlling stakes are usually acquired, with a view to providing ongoing support at all stages of the business life cycle, including buyouts and capital restructuring operations, or the divestment of divisions or subsidiaries of large groups.

The total amount of €250 million invested during 2006 concerned:

- Agro Service 2000 (distributor of agricultural equipment, with 2006 revenues of €28 million);
- Frères Blanc (owner of the Chez Clément restaurant and bar chain in Paris, with 2006 revenues of €109 million);
- Maison Pierre (builder of single-family homes, with 2006 revenues of €100 million);
- Marc Orian (shopping centres-based jewellery chain, with 2006 revenues of €130 million);
- Quick (fast-food restaurant chain, with 2006 revenues of €761 million).

In 2006, CDC Capital Investissement also continued its active management of earlier equity investments, raising €626 million from the disposal of Cegelec, Trefilations, Batisanté, Gerflor, TDF (sale agreement signed in 2006, but not effective until 2007) and Ipsen (through an IPO). These assets yielded an average annual internal rate of return of 35% and an average return on investment of 2.5 times.

CDC Capital Investissement has also been entrusted with the management of Ixis Private Equity's historical portfolio. Ixis Private Equity was acquired in 2004 under the revised partnership agreement with the Caisse d'Épargne group.

For further information, go to ■ www.cdcci.fr

Real estate subsidiaries: continuing to play a leading role in their sector

Caisse des Dépôts is a major player in the property market in France, as an investor, lender and developer, through its subsidiaries Société Nationale Immobilière (SNI), which constitutes the group's public interest property arm, and Icade, which is active in all segments of competitive real estate.

■ Société Nationale Immobilière

SNI, wholly-owned by Caisse des Dépôts, underwent significant changes in structure in 2006, as a result of acquisitions from the Caisses d'Epargne group and of the subsequent reorganisation within Caisse des Dépôts. From Caisses d'Epargne, SNI took over 100% of Sagi and 97% of Efidis, a group of three subsidised housing companies (SA HLM) managing 44,600 units. SNI also acquired Caisse des Dépôts' 28% interest in Adoma (formerly Sonacotra).

The group's businesses

The SNI group is one of its kind on the French market, where it covers all segments of the rental housing market. In 2006:

- Social housing: prior to the acquisition of Efidis, SNI owned 135,000 social housing and dormitory units, including 44,000 in the greater Paris area. Efidis brought another 44,807 housing units into its fold;
- Intermediate housing: SNI and its subsidiaries own more than 75,000 rental housing units;
- Services to local authorities: SCET, as well as two companies — CD Cités and CD Habitat — continued to refocus on providing services and assistance to its network of 220 semi-public companies (SEM).

- In social housing, the re-energising of OSICA's development picked up pace, with nearly 600 work orders issued. Thanks to a ramp-up in work orders, the 12 social housing companies outside the Paris area should add 2,300 housing units per year to their offerings.

- In intermediate housing, SNI acquired from regional authorities 10 housing complexes within constabulary barracks, representing 2,600 units. It also acquired 857 units from Icade in the city of Lacq and brought on stream 750 newly built units. SNI sold 1,340 housing units.

- Among the services companies, SCET fared well in the negotiations that followed a ministerial order dated 6 June 2005, which required that service contracts be subject to competitive bidding. Even though 50% of its contracts with the network of semi-public companies were put out to tender, SCET only saw a 4% dip in revenues from this source.

Revenues for 2006, net of rebilled rental expenses, came to €442 million. Operating income after interest was €100 million, up 14%, and represented 2.5 times non-recurring income. Net income also amounted to €100 million, as capital gains from disposals offset the impact of corporate income tax. Fixed assets totalled €2.9 billion at 31 December 2006.

Outlook for 2007

The SNI group, with 4,400 employees at the outset of 2007, has set itself ambitious development goals, in line with government policy. Despite the scarcity of available land, the group has undertaken to issue 5,000 construction work orders for new units in 2007 (about 2% of its current stock). Another priority will be the social home-ownership access programme for low income households backed by the deferred purchase of land rights, as part of the partnership with Crédit Immobilier de France.

258,100

housing units.
SNI is France's leading
landlord.



■ Icade

Icade is a 64.7%-owned subsidiary of Caisse des Dépôts, listed on the Paris Bourse since 12 April 2006. As an integrated property developer, it covers the three main segments of the property market: individual housing units for rent, for first-time buyers or for investment; office and commercial space, including venues dedicated to leisure and other activities, for companies and institutional investors; and healthcare and other public sector facilities for local and national government bodies. In 2006, Icade achieved consolidated revenues of €1,327.2 million, up 12.5% on 2005. Operating margin expanded 30.6%, to €262.3 million. Net attributable income came to €211.3 million, €140.5 million higher than in 2005.

Housing

Thanks to Icade Capri's buoyant operations in housing development and to rents collected by Icade Patrimoine from the 44,000 units it manages, revenues from this segment increased 20.9% to €847.2 million.

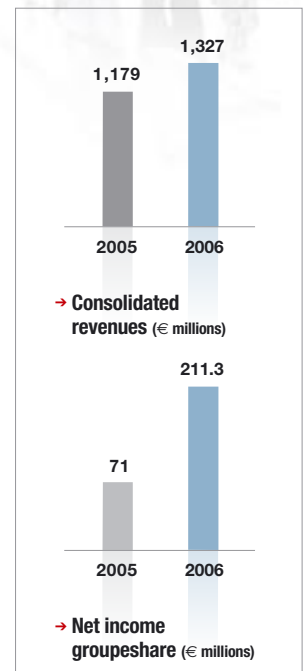
Office and commercial property

In this market, revenues dipped 2% to €352 million, owing to the decline in Icade Tertian's sales as a

result of the completion of the "Portes d'Arcueil" programme in the Paris area. The investment companies recorded satisfactory results, with a 6.5% rise in revenues, and successfully integrated the German investment company Icade Reit. Icade Reit, newly created for the purpose of managing the assets acquired from Daimler-Chrysler, posted revenues of €5.7 million in 2006. Its portfolio includes 150,000 sq.m. of commercial space (not including parking space) and 7.4 hectares of land reserves for future development (and an additional 72 hectares are in the process of being acquired). Since the acquisition in August and December 2006, more than 14,000 sq.m. have been rented out and the physical occupancy rate has reached 76.4%.

Healthcare and other public sector facilities

In this market, revenues leapt 31% to €124.2 million, thanks to development operations.



+12.5%

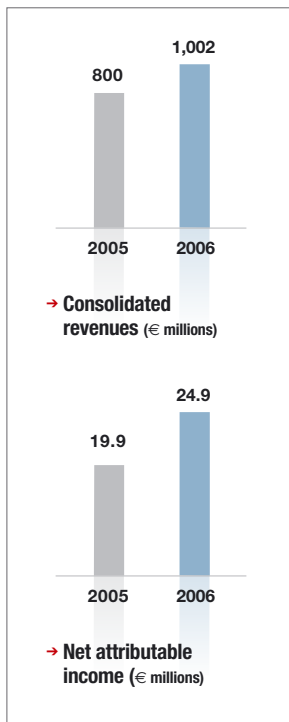
in consolidated revenues in 2006

For further information, go to ■ www.icode.fr

Services subsidiaries: supporting local authorities in their projects

Caisse des Dépôts has created and developed services subsidiaries to support local authorities in their projects. With Transdev providing passenger transport, Egis active in infrastructure projects, Compagnie des Alpes managing leisure resorts and VVF Vacances/Santoline offering tourist accommodation, Caisse des Dépôts brings together key know-how to support one of its strategic pillars, to be a long-term partner of local government bodies.

■ Transdev



Transdev, 68%-owned by Caisse des Dépôts, is one of the major public transport operators in Europe and is steadily expanding its international presence. Each year, over a billion passengers use its 88 urban networks and 39 intercity lines in France, the UK, Portugal, Italy, Spain, Germany and Australia.

With revenues under management of €1.9 billion, including 42% outside France, and consolidated revenues up 25% to €1 billion, Transdev achieved remarkable growth in 2006. Net attributable income came to €24.9 million, up 25% on 2005, as a result of strong performances from newly acquired companies and successful expansion in international markets.

In France, the group's performance was driven by new urban network concessions won in Reims, Chartres, Albertville, Montauban and Moulins, which testify to the trust Transdev inspires among local authorities.

In 2006, Transdev took part in four tram launches, as Valenciennes and Mulhouse added their first tramlines to their urban networks, Grenoble opened its third and Montpellier its second. All these projects provided further evidence of the group's ability to deliver on large-scale city centre projects. Offering a level of service equivalent to that of a tram line, the BusWay® system of buses with exclusive rights-of-way, launched in Nantes in November 2006, has exceeded its targets for passenger numbers.

Outside France, Transdev bolstered its operations by acquiring Blazefield in the UK and a controlling interest in the Sterzenbach group in Germany, and, in Spain, by winning a tender to provide assistance in building, operating and maintaining two new tram lines in Madrid.

To support this growth, Transdev's shareholders financed an €80 million share issue in November 2006.

At the same time, the group is strengthening its corporate identity around a shared brand. While remaining true to their local roots, Transdev subsidiaries are now displaying their membership in the group, with 80% of the vehicles concerned bearing the new corporate colours.

The group manages a fleet of nearly 10,000 coaches and buses, 950 trams, 92 light railway trains, 20 regional trains and 23 river shuttles. With a further nine tram networks (Grenoble, Melbourne, Montpellier, Mulhouse, Nantes, Nottingham, Orléans, Strasbourg and Valenciennes), two networks under construction (in Madrid and Tenerife) and two planned (in Edinburgh and Reims), as well as two underground networks (Porto and Genoa), Transdev is a world leader in this field.

For further information, go to ■ www.transdev.eu



■ Egis

Egis, wholly-owned by Caisse des Dépôts, is one of Europe's leading engineering groups for transport infrastructure and systems—with expertise in road, rail, air and inner-city transport—as well as water management and environmental protection. Its offerings include engineering services, project development and the operation of motorway and airport concessions. On the back of strong expansion in its markets in 2006, Egis has seen its order book reach the record level of 21 months of business.

2006 in review

In engineering services, Scetauroute signed two project management contracts bringing in total fees of €45 million, for the construction of motorway A89 between Lyon and Balbigny. Several major projects were completed in 2006, including the high-speed rail line across Eastern France, the covering of the Paris ring road in the Porte des Lilas sector and the drilling of the Maurice Lemaire tunnel between the Vosges mountains and Alsace. Semaly brought eight new tram lines into service, notably in Paris, Montpellier and Lyon. The regional subsidiaries considerably expanded their engineering services to local authorities, helping Amiens turn its city centre into a pedestrian zone, managing the project to redesign Place de la République in Metz, transforming quai Rambaud on the banks of the Saône river in Lyon, and more.

As part of its continuing diversification, Egis acquired Sofréavia, a consulting and engineering company specialised in aviation and airport systems. BCEOM further developed its water management operations in France.

Outside France, engineering teams were active in Romania, as well as in Algeria and Morocco. BCEOM India and Semaly have just won a joint bid to conduct feasibility studies on New Delhi's underground system.

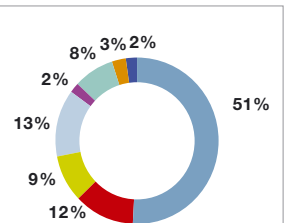
The project development and operation division turned in an outstanding performance in 2006, signing contracts for the development and operation of airport terminals in Cyprus, as well as for the operation of the Dublin tunnel, and winning Austria's first public-private motorway development partnership.

Net attributable income up 26%

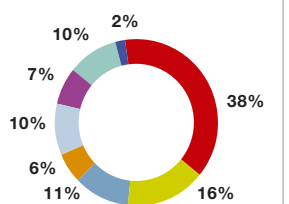
Operating revenues totalled €381.5 million, up 2.6% on 2006. Net attributable income came to €18.5 million, up 26%.

Project "One"

Among the key focuses of the group's management teams and experts in 2006 was the development of a new corporate strategy setting ambitious growth targets. It will involve a reorganisation of group operations, to be implemented in 2007.



→ Breakdown of 2006 revenues by geographical area



→ Breakdown of operations by type of activity, at 31 December 2006



24 million

visitors attended
Compagnie des Alpes
sites in Europe in 2006



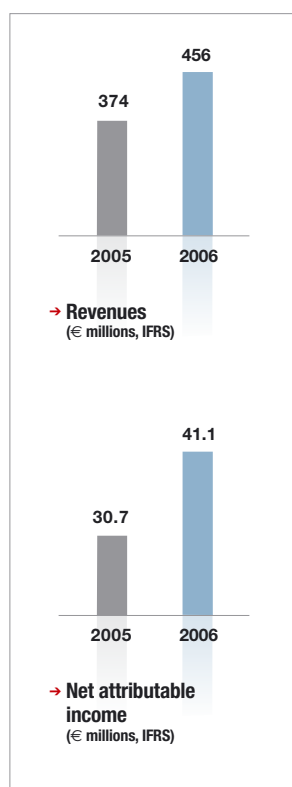
■ Compagnie des Alpes

Compagnie des Alpes, 42%-owned by Caisse des Dépôts, is a major player in the European leisure sector, present in the two complementary areas of ski resorts and leisure parks. During the 2005-2006 financial year, its activities spanned 14 ski areas and 21 leisure parks in seven European countries, where the company welcomed over 24 million visitors.

up 28% on 2004-2005, and based on a comparable structure its operating margin held firm at 29%. Net attributable income came to €41.1 million, up 33.8%.

Strategy and outlook

The group's growth strategy over the medium term is to keep a balance between its two businesses, in terms of both revenues and free cash flow generation. This is an excellent means of reducing its exposure to risks arising from the concentration of operations in ski areas. The group's businesses now operate year-round, climate risk factors are better diversified and attendance risks are spread more evenly. The economic models for the two sectors are also highly complementary in terms of cash flow generation and investment requirements.



2006 results

The year saw very vigorous external growth. After having acquired full ownership of Serre-Chevalier Ski Développement in December 2005, in May 2006 Compagnie des Alpes took over five large leisure parks, four of them run under the Walibi banner. This acquisition allowed the company to reach one of the objectives it had set in 2002, the rebalancing of its skiing and leisure park arms. The €240 million transaction was partly financed through a share issue of about €75 million, which, as further proof of shareholders' belief in the group's growth strategy, was fully taken up. Thanks to external growth, the group's consolidated revenues totalled €456 million, up 21.8%. Based on a comparable structure, the increase would have been 0.8%. The ski business returned to growth, with revenues 4.4% higher year-on-year, but leisure parks suffered from the coldest and rainiest summer in over a decade, which caused their revenues based on a comparable structure to dip 1%. Compagnie des Alpes achieved operating income of €138.4 million,

For further information, go to
■ www.compagniedesalpes.com

450
thousand

customers stayed
at VVF Vacances sites
in 2006



■ VVF Vacances

VVF Vacances, the leading holiday club in France, is positioned as the European family holiday specialist. VVF Vacances operates 52 clubs offering rental or half-board accommodation, with a total of approximately 40,000 beds. All are in exceptional sites, 70% of them by the sea and 20% in high-altitude mountain resorts. VVF Vacances, which has 1,230 employees (and up to 2,000 in peak times), welcomed 450,000 customers in 2006.

2006 developments and results

For the 12 months to 31 October 2006, VVF Vacances revenues came in at €146 million, on a par with the previous financial year. Thanks to good control over the productivity of sales and administrative teams, operating income rose by a substantial 11% year-on-year, to €35 million. Net income was €2.3 million.

VVF Vacances sells its holiday packages directly, through its website (13,500 hits per day on average), its integrated call centre (600,000 incoming calls per year), and through direct marketing operations (30 million mail shots per year).

The exclusive negotiations undertaken with Groupama to restructure the ownership of both the property and operations arms were successfully finalised in the course of the year. This agreement, signed on 24 July, paved the way for the creation of SAS Santoline, the holding company of the new VVF group, which includes VVF Vacances, VVF Patrimoine and their subsidiaries. As Caisse des Dépôts

holds 40% of SAS Santoline, with Finama-Acto owning 55%, it will continue to play a strategic role in the development of VVF.

Outlook

As soon as the new organisation structure was set up, eight new renovation projects were launched, covering 6,000 beds—15% of total capacity—for a budget of €35 million.

The renovation and development programme will continue with the aim of making VVF Vacances sites ever more attractive to customers, alongside further productivity-boosting efforts.

For further information, go to ■ www.vvf-vacances.fr