

Steadfastly committed to serving...

2007 Business Review
and Sustainable Development Report



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...the public interest and economic development

Four priorities

Caisse des Dépôts is committed to serving the cause of sustainable development in France. To ensure that the necessary human and financial resources are allocated to this effort, the group's Elan 2020 strategic plan focuses on four critical areas: housing, universities and the knowledge-based economy, financing for SMEs and the environment.

Caisse des Dépôts in action.





Who will finance
more than half
of **new social
housing** in France
from 2010?

France lacks 1 million housing units

Caisse des Dépôts group is determined to improving housing conditions in France. It has undertaken to finance and build 90,000 housing units annually from 2010, 50% more than the current yearly pace of construction. Over the next three years, the group will also refurbish 18,000 of its housing units in accordance with environmental quality standards.



Caisse des Dépôts, the top provider of social-housing finance

For nearly a century now, Caisse des Dépôts has channelled the savings that it centralises and manages into the financing of social housing in France and is the country's top provider in this field. Deposit funds are used to grant very long-term, interest-free loans. Social rented housing in France consists of 4.5 million housing units and currently accommodates more than one person in six.



Who will
part-finance
the **renovation**
of French
universities
up to 2010?


Adapting to the changing educational environment

Caisse des Dépôts group is playing an active role in the modernisation of France's universities. The group is assisting universities in their move towards greater autonomy by placing its financial and real estate expertise at their disposal. During the year, Caisse des Dépôts provided a three-year, €500 million funding package for the improvement of teaching and research facilities.



Contributing to France's modernisation process

Since 1878, when it was entrusted with the management of the Caisse des écoles for the financing of schools, Caisse des Dépôts has taken part in the financing of thousands of primary and secondary schools. The initial driving force behind this action was the legislation introduced by Jules Ferry to establish a public system of free, compulsory education for all.



Who will invest
more than €2 billion
in **small-and
medium-sized
enterprises**
by 2012?

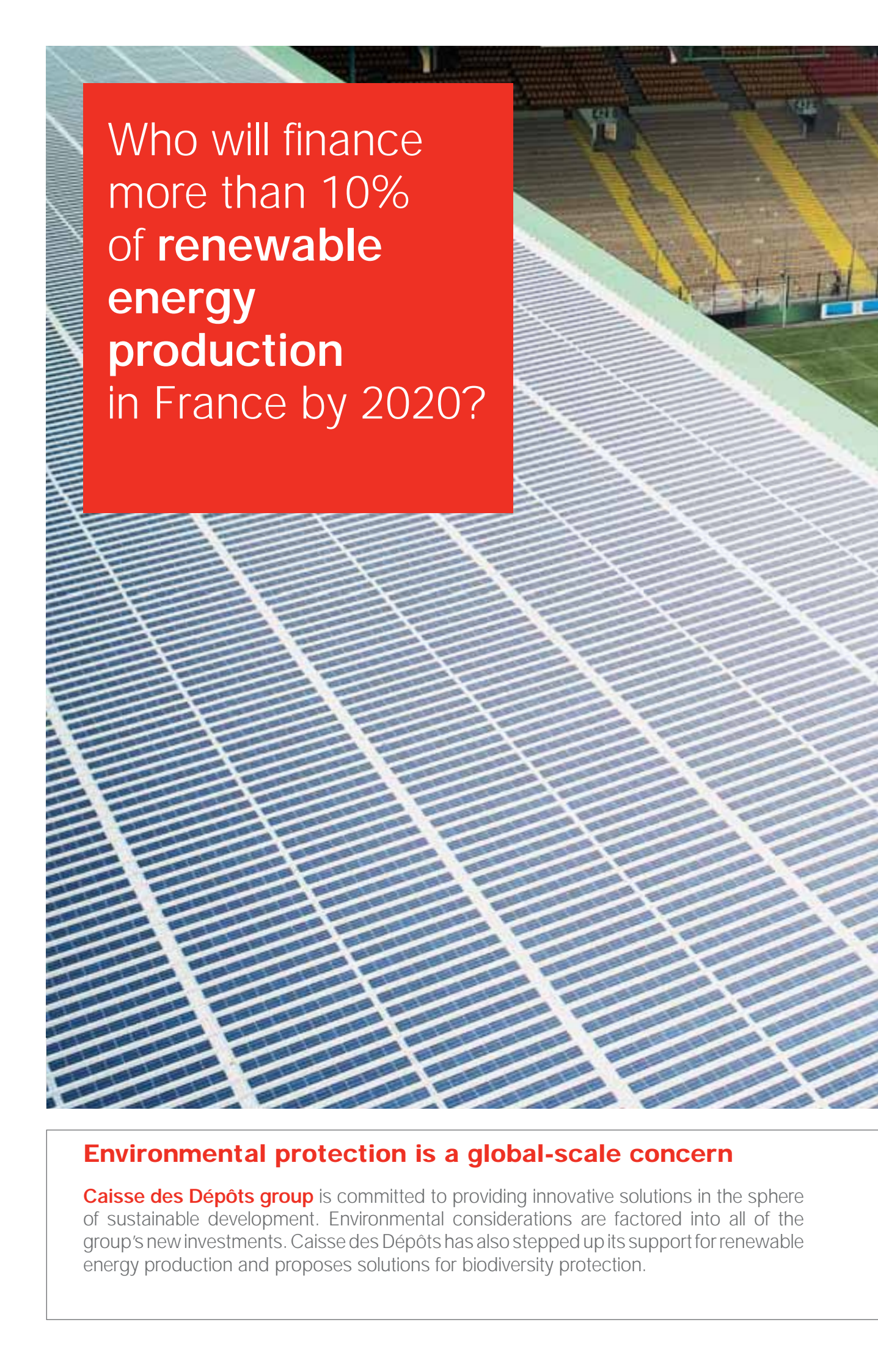
SMEs create value and jobs

Caisse des Dépôts is committed to helping SMEs to develop their operations and export their products for the benefit of economic growth. Through its CDC Entreprises subsidiary and the France Investissement programme, co-designed with the government, the group plans to provide more than €2 billion of equity financing to French SMEs by 2012.



Partnering the business community

Investment is Caisse des Dépôts' core activity. Since 1994, the group has invested in SMEs in order to enhance their equity capital, promote innovation and sustain private equity activity. Through its CDC Entreprises subsidiary, Caisse des Dépôts has provided financing for 2,500 companies, which together employ about 200,000 people.



Who will finance
more than 10%
of **renewable
energy
production**
in France by 2020?

Environmental protection is a global-scale concern

Caisse des Dépôts group is committed to providing innovative solutions in the sphere of sustainable development. Environmental considerations are factored into all of the group's new investments. Caisse des Dépôts has also stepped up its support for renewable energy production and proposes solutions for biodiversity protection.



A pioneer in the fight against global warming

Caisse des Dépôts group's efforts in the fight against climate change date back to several years. The group is responsible for administering France's CO₂ emission quotas register. Caisse des Dépôts has also partnered other investors in creating the European Carbon Fund. The group further participated in the launch of the BlueNext international exchange for carbon emission rights and environmental products, of which it is a shareholder.

solutions forum

Under the impetus of the Elan 2020 strategic plan, Caisse des Dépôts has created a forum for the exchange of best practices in the sphere of public interest missions and services to local and regional government bodies. The forum has engendered a number of projects, which have received strong backing from the group in terms of finance and innovation. Some of these projects are illustrated in this Annual Report.



For further information:

www.solutionscaissedesdepots.com

Caisse des Dépôts is a long-term investor at the service of economic development, performing public interest missions on behalf of France's central, local and regional governments.

■ As a State-owned financial institution, Caisse des Dépôts plays a central role in the lives of French citizens. The group securely administers part of the French population's savings, including funds held in Livret A passbook savings accounts, together with funds entrusted to legal professionals, particularly notaries. The group finances the construction and renovation of social housing and supports urban development and renewal. It further administers the pensions of one-fifth of the French population.

■ Caisse des Dépôts and its subsidiaries together form a unique group at the service of local and regional development and corporate expansion. Its subsidiaries operate in insurance (CNP Assurances), private equity (CDC Entreprises and CDC Capital Investissement), real estate (SNI and Icade), passenger transportation (Transdev), infrastructure (Egis) and leisure resorts (Compagnie des Alpes and Belambra vvf).

■ Caisse des Dépôts group has placed France's key imperatives at the top of its own agenda for 2008. Identified priorities are housing and urban development, universities, SMEs, the environment and sustainable development.

Message from Michel Bouvard

Chairman of the Supervisory Board

Reaffirmed originality

The first original aspect of Caisse des Dépôts is the group's governance model. The model has proven its worth, notably during the challenging period which saw three chairmen of the Supervisory Board in rapid succession and the position of Chairman and Chief Executive Officer remain unfilled for several months. The management team's response to these exceptional circumstances was truly praiseworthy.

In September 2007, when the government announced its intention to make changes to Caisse des Dépôts group's governance model, I expressed the view that change was necessary, but that neither the group's unique governance model nor its scope of operations should be called into question.

The framework for reform has been established by the Prime Minister, who has emphasised that changes to the governance model should not under any circumstances alter the unique status of Caisse des Dépôts, which must remain *"a State-owned group at the service of the public interest and of the country's economic development"*. The consensus resulting from the discussion process has led to the strengthening of the powers of the Supervisory Board alongside the maintaining of the position and decision-making capacity of the Chairman and Chief Executive Officer, in the interests of efficiency and the division of responsibilities.

The group's public interest vocation has been reaffirmed through the Elan 2020 strategic plan, initiated by the Chairman and Chief Executive Officer.

Elan 2020 is Caisse des Dépôts' response to France's key imperatives, identified as housing, universities, SMEs and sustainable development. The plan clarifies the principles underpinning the actions taken by the group in anticipation of the changes associated with globalisation and European construction, with a view to seizing emerging opportunities. It embodies the will to enhance Caisse des Dépôts' performance and develop its corporate culture by capitalising on the enormous wealth represented by the skills of the group's 60,000 employees. The Supervisory Board, which was involved at an early stage in the measures instituted by the Chairman and Chief Executive Officer, is in agreement with the strategic policies contained in the plan and will do all in its power to ensure that the stated objectives are duly fulfilled.

"2007, a transitional year, marks a new phase in the life of Caisse des Dépôts, whose governance model remains unique and whose public interest vocation has been reaffirmed."



Since the group's inception, Caisse des Dépôts' public interest vocation has involved the centralisation of funds held in regulated savings accounts in France. These funds are used to finance public interest investments, notably social housing.

The Livret A passbook savings account is the principal source of such savings. The distribution of the Livret A has been challenged by the European Commission, notwithstanding the Supervisory Board's insistence – over several years – on the mismatch between the cost of deposits and the attractive terms offered on the group's loans. The President of the French Republic has opted for a reform of the Livret A, subject to a number of conditions. Among these are maintaining high levels of deposit funds, reducing the cost of deposits, preserving the balance between current Livret A distributors and access to banking services for underprivileged persons. Under the authority of the Chairman and Chief Executive Officer, the Savings Funds Division has formulated proposals to ensure compliance with the stated objectives. The Chairman and Chief Executive Officer and I have presented before parliamentary committees and the Senate the measures essential to the success of the reform process, which reinforces the role of Caisse des Dépôts in the administration of savings funds.

The 2007 performance testifies to the group's financial strength

Net profit for the group calculated under IFRS came to €2,488 million (2006: €1,694 million), excluding the capital gain from the disposal of CNCE shares. Dynamic management of financial assets yielded total capital gains of €1,483 million. No weaknesses have been identified in the portfolio held by the Central Sector or in that held by the savings funds since the onset of the financial crisis and no direct exposure to the US mortgage market has been detected. The dividend paid to the French State for 2007 will amount to one-third of consolidated net profit, i.e. an amount of €829 million. A further one-third will be devoted to public interest investments and the remaining one-third will be appropriated to equity. In all, Caisse des Dépôts' contribution to the French State in respect of 2007 will be €2.179 billion. These results, like the achievements of the group's subsidiaries, reflect the energy and skills deployed by Caisse des Dépôts in the service of France at the national and regional levels.

Michel Bouvard

SUPERVISORY BOARD (APRIL 2008)

Chairman of the Supervisory Board

Michel Bouvard

Member of the Chamber of Deputies, Vice-Chairman of the Parliamentary Finance Committee

Members

■ Jean-Pierre Balligand

Member of the Chamber of Deputies

■ Daniel Garrigue

Member of the Chamber of Deputies, Chairman of specialised committees

■ Philippe Marini

Senator, General Reporter of the Senate Finance Committee

■ François Lavondès

Honorary Member of the Highest Administrative Court

■ Jacques Bonnot

Honorary Member of the Highest Administrative Court

■ Jean Recoules

Honorary Senior Counsellor, Court of State Auditors

■ Daniel Malingre

Senior Counsellor, Court of State Auditors

■ Christian Noyer

Governor of the Banque de France, represented by Jean-Paul Redouin, Deputy Governor of the Banque de France

■ Pierre Simon

Chairman of the Paris Chamber of Commerce and Industry

■ Xavier Musca

Director of the French Treasury at the Ministry of the Economy, Finance and Employment, represented by Hervé de Villeroché

■ Yves Hubert

Chairman of the Supervisory Board, Caisse nationale des caisses d'épargne

Interview with Augustin de Romanet, Chairman and Chief Executive Officer



In 2007, Caisse des Dépôts group's business expansion exceeded the stated objectives. This fine achievement has strengthened the group's role as a long-term investor in public interest missions. Augustin de Romanet looks back at the year's most memorable moments.

How would you describe Caisse des Dépôts group's 2007 results?

The group achieved robust growth in 2007 and generated net profit of €2.5 billion. This performance demonstrates the solidity of our business model and has boosted our operational capacity. Remember that every year, one-third of Caisse des Dépôts' annual net profit is devoted to the payment of a dividend to the French State, one-third to the financing of public interest investments for the benefit of regional development and one-third to the strengthening of the group's equity.

Is this performance attributable to the business environment at the time or to factors of a more lasting nature?

The 2007 results mainly reflect Caisse des Dépôts' solid fundamentals. All of the group's business lines and subsidiaries remained on an even keel and generated a profit. This shows that the performance did not hinge on exceptional circumstances. It is attributable first and foremost to our employees' commitment and to the high quality of their work. Of course, we also took advantage of market opportunities. Furthermore, we were not affected by the subprime crisis.

What are the main objectives of the group's Elan 2020 strategic plan?

Thanks to vigorous, concerted efforts, we have been able to redefine what we stand for and our business project and priorities. We now have a clear frame of reference for our role as a long-term institutional investor, worked out with the Supervisory Board, chaired by Michel Bouvard, the Parliament and the government. We have established four critical areas of action: support for the construction and rehabilitation of social housing and for urban development, support for the university modernisation process, the provision of equity financing to promote the development of small- and medium-sized enterprises, and the proposal of innovative solutions in the sphere of environmental protection. These operational priorities co-exist with our overarching functional objective of performance enhancement, particularly as regards the management of our missions and of our human capital.

The role of Caisse des Dépôts is part of the debate concerning the law dealing with the modernisation of the economy. How do you feel about the bill before Parliament?

The bill recognises and strengthens the role of Caisse des Dépôts as a major institutional investor. It further preserves the

“The 2007 performance demonstrates the solidity of our business model and has boosted our operational capacity.”



group's independence and core governance model, under the aegis of the Chairman and Chief Executive Officer, which are essential to the optimum execution of missions. However, I acknowledge that the governance model could evolve to some extent and I therefore support the creation of an Investment Committee. The granting to the Supervisory Board of the right to request reports from the Banking Commission, the supervisory authority for banks, is also a constructive move.

Is Caisse des Dépôts set to don the mantle of sovereign fund?

I would, indeed, like to create an international club of long-term investors and transform Caisse des Dépôts and the Paris marketplace into a forum where investors come together to brainstorm about investing over long horizons. However, it would be inaccurate to compare Caisse des Dépôts to a sovereign fund; the group does not display the same characteristics and is charged with the performance of specific public interest missions. This specificity is at the heart of Caisse des Dépôts' meaningful contribution to France's economic development for more than 190 years.

What about the final aspect of the law, concerning the extension of Livret A distribution to all banks?

Caisse des Dépôts' central role of provider of social-housing finance has been strengthened. I think that the reform should have a positive impact on social-housing investment, provided that it aligns available resources with the needs of social-housing organisations in the coming years. In particular, the law is to guarantee the level of fund inflows centralised in savings funds.

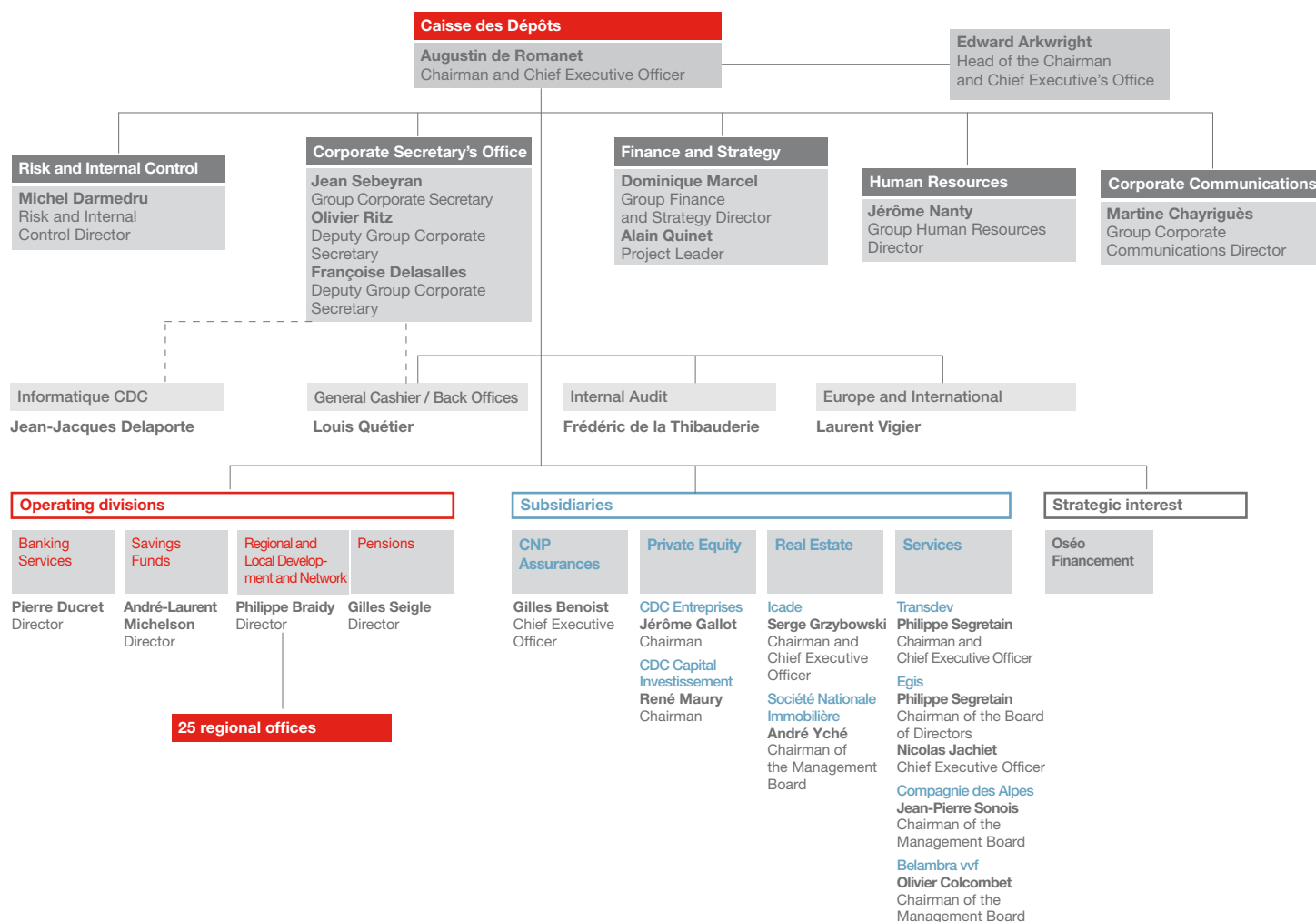
Is Caisse des Dépôts' recent communication campaign appropriate for a State-owned institution?

As a major State-owned institution whose operations are funded by money sourced from the population, Caisse des Dépôts has a duty to inform the public about its actions and contribution to public service and economic development in France. I want all of France to know how Caisse des Dépôts can help each and every one of us on a day-to-day basis.

Unique governance model

As a State-owned financial institution, Caisse des Dépôts was placed by the Law of 28 April 1816, now incorporated into the French Monetary and Financial Code, under the supervision and guarantee of the legislative authority. Caisse des Dépôts has a unique governance model tailored to its specific status and to its mission requirements in terms of independence, transparency and compliance with best practice in the Paris financial marketplace. The institution is governed by Articles L 518-1 to L 518-24 of the French Monetary and Financial Code.

Group organisation chart (April 2008)





1



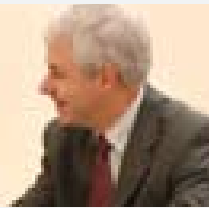
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Caisse des Dépôts Group Management Committee (March 2008)

Members

1. Augustin de Romanet (*)

Chairman and Chief Executive Officer

2. Jean Sebeyran (*)

Group Corporate Secretary

3. Dominique Marcel (*)

Group Finance and Strategy Director

4. Pierre Ducret (*)

Banking Services Director

5. André-Laurent Michelson (*)

Savings Funds Director

6. Gilles Seigle (*)

Pensions Director

7. Philippe Braidy (*)

Regional and Local Development
and Network Director

8. Martine Chayriguès (*)

Group Communications Director

9. Jérôme Nanty (*)

Group Human Resources Director

10. Michel Darmedru

Risk and Internal Control Director

11. Olivier Ritz

Legal & Tax Director, Deputy Group
Corporate Secretary

12. Gilles Benoist

Chief Executive Officer, CNP Assurances

13. Serge Grzybowski

Chairman and Chief Executive Officer,
Icade

14. André Yché

Chairman of the Management Board,
SNI

15. Jérôme Gallot

Chairman, CDC Entreprises

16. René Maury

Chairman, CDC Capital Investissement

17. Philippe Segretain

Chairman and Chief Executive Officer,
Transdev; Chairman of the Board
of Directors, Egis

18. Nicolas Jachiet

Chief Executive Officer, Egis

19. Jean-Pierre Sonois

Chairman of the Management Board,
Compagnie des Alpes

20. Olivier Colcombet

Chairman of the Management Board,
Belambra wvf

(*) Member of the Caisse des Dépôts Management Committee.

Institutional governance

The Chairman and Chief Executive Officer of Caisse des Dépôts, appointed for a period of five years by decree of the President of the French Republic adopted in the Council of Ministers, takes an oath of office before the Supervisory Board. The Chairman and Chief Executive Officer is responsible for administering the institution's funds and assets and is assisted by the Public Institution's Management Committee, which he or she chairs and which meets on a weekly basis, and by the Group Management Committee, which he or she likewise chairs and which meets on a fortnightly basis.

Supervisory Board

The Supervisory Board is composed of members of Parliament, members of the Highest Administrative Court and of the Court of State Auditors, the Governor of the Banque de France (central bank), the Chairman of the Paris Chamber of Commerce and Industry and the Director of the French Treasury. The Supervisory Board exercises oversight in particular with regard to strategic policies, the administration of savings funds and the preparation of the financial statements (certified by the Statutory Auditors). The Supervisory Board has two specialised committees: the Savings Funds Committee and the Audit & Risks Committee. The Supervisory Board further sets an annual maximum limit for issues of debt instruments by Caisse des Dépôts. Every year, the Chairman of the Supervisory Board submits a report to Parliament on the financial position of Caisse des Dépôts.

Caisse des Dépôts is also supervised by the Court of State Auditors.

Decision-making and governance bodies

Governance with respect to investments and economic and financial benchmarking

at Caisse des Dépôts is performed by several bodies. These bodies are charged with providing the insight underpinning investment decision-making processes and with ensuring optimum control over Caisse des Dépôts' long-term economic and patrimonial interests.

The Supervisory Board has formed two specialised committees to assist with analysis and supervision. The committees are open to all members of the Supervisory Board, but each has three permanent members and is chaired by Daniel Garrigue, Member of the Chamber of Deputies. Committee meetings are attended by Audit and Legal & Tax directors, as well as by representatives of the Risk and Internal Control Department. Minutes are recorded at each meeting and a report is submitted to the Supervisory Board by the designated committee reporter.

The Audit & Risks Committee is responsible for the examination of the parent company and financial statements, in the presence of the Statutory Auditors, balance sheet management, the scope of the group's activities, the monitoring of internal control and risks, the annual audit programme and the follow-up of recommendations issued by the Court of State Auditors.

The Savings Funds Committee, in the presence of representatives of the Savings Funds Division, examines the interim accounts and review of operations, and oversees all matters concerning the savings funds' operations (lending activity, deposit-taking conditions, consideration for the State guarantee and so forth).

These mechanisms are to be reinforced by the creation of an **Investment Committee**, tasked with considering strategic investment issues.

In 2004, with the aim of upholding its interests as a shareholder within a framework of impeccable governance and transparency, Caisse des Dépôts set up an

Advisory Committee open to independent figures. The Advisory Committee, chaired by René Barbier de la Serre, has drafted three documents:

- general principles of corporate governance;
 - a charter for corporate officers representing Caisse des Dépôts;
 - a guide to voting at general meetings.
- The Advisory Committee now meets once annually specifically to review the group's policy with regard to voting at general meetings and to discuss amendments and additions to the three texts which embody the corporate governance principles of Caisse des Dépôts.

These directives and guidelines are intended to ensure that the contributions of Caisse des Dépôts' representatives on the governance bodies of companies of which Caisse des Dépôts is a shareholder are both consistent and relevant. Caisse des Dépôts ensures that governance at its

subsidiaries conforms to best practice in the Paris financial marketplace. Accordingly, the representatives of Caisse des Dépôts are active and vigilant in the exercise of their duties as members of group subsidiaries' specialised committees (Audit, Investment, Nominations).

All investment decisions taken by Caisse des Dépôts are further subject to in-depth scrutiny by commitments committees. These committees may be chaired by the heads of operating divisions or the heads of group subsidiaries. Beyond certain thresholds, decisions must be validated by the head of the Finance and Strategy Department (by the Chairman and Chief Executive Officer in the case of commitments above €30 million). The commitments committees work hand in hand with the subsidiaries' respective governance bodies (specialised committees formed by the Boards of Directors and Supervisory Boards).

focus

General Cashier of Caisse des Dépôts: at the heart of the internal control process

■ Pursuant to Article L 518-13 of the French Monetary and Financial Code, "*The General Cashier is responsible for the handling of funds. The General Cashier is responsible for receipts and disbursements and for the safekeeping and custody of securities. ... He takes an oath before the Court of State Auditors after providing evidence of his guarantee to the Treasury. He is personally accountable for all errors and losses other than those attributable to force majeure.*" As the head of back-office operations, the

General Cashier is responsible for ensuring segregation between decision-making and execution, as required by the operating rules applicable to financial and State-owned institutions.

The General Cashier performs transactions involving securities and cash, values portfolios and ensures that transactions are accounted for separately. In this respect, he is a linchpin of Caisse des Dépôts' operational risk management framework for investments and public-service mandates. Operational risks are

managed using internal control mechanisms. Pursuant to the decree of 31 October 2007, management accounting requirements concerning the work of the General Cashier now include new schedules covering the distinct areas under his management. This is intended to facilitate the interpretation of related information within the accounting data for the Public Institution's Central Sector and its use by the Court of State Auditors.



A symbolic name for a shared ambition

“Our task is to execute a project of fundamental importance to us all and which will reinvigorate Caisse des Dépôts. To this project we have given a name and image that will resonate with each and every one of us and galvanise our energy. In the coming months, this name will assume increasing significance as the embodiment of our ambitions for the group. “Elan” means momentum, impetus; “2020” stands for ambition and our confidence in the group’s long-term future.” (Augustin de Romanet, Chairman and Chief Executive Officer of Caisse des Dépôts, upon the launch of the Elan 2020 project)

In all, eleven strategic themes have been identified within Caisse des Dépôts’ three key priorities of looking to the future, refining the group’s positioning and optimising operational efficiency. Sustainable development cuts across all of these themes and has been embedded in the challenges identified and the solutions proposed based on the group’s related skills and experience.

Each working group, led by a sponsor-member of the Management Committee and by a spokesperson, was composed of about 12 employees from Caisse des Dépôts group.

Discussions centred on six questions:

- **Imperatives:** what are the key qualitative and quantitative imperatives associated with the theme assigned to your committee?
- **Risks:** what are the internal and external risks associated with your theme?
- **Objectives:** which objectives need to be met within the next three years?
- **Priorities:** what is the order of priorities?
- **Action plan:** what is the action plan for the short, medium and long term?

■ **Workload:** what are the specific tasks involved?

A participatory approach was adopted and involved nearly 150 group employees. A vigorous internal communication campaign was launched to support the process.

The 11 working groups met at weekly intervals from September to November 2007. Two committees were set up:

■ **the Steering Committee**, chaired by Augustin de Romanet and composed of the 11 sponsors, the project leader and an executive from the Finance and Strategy Department. The committee met twice monthly from September to November 2007;

■ **the Monitoring and Coordination Committee**, headed by Françoise Delasalles and composed of the designated reporter of each of the working groups, a representative of the Chairman and Chief Executive’s Office, an executive from the Finance and Strategy Department and a representative of the Sustainable Development Department. The committee met once weekly from September to November 2007.

The 11 working groups

■ The group and partnerships

Spokesperson: Agnès Pannier-Runacher (page 25)

Sponsor: Dominique Marcel

■ Relations with local government

Spokesperson: Jean-Jacques Delaporte (page 37)

Sponsor: Jean Sebeyran

■ International

Spokesperson: Laurent Vigier (page 85)

Sponsor: Philippe Segretain

■ The future of the Public Institution’s traditional businesses

Spokesperson: André Pinchon (page 69)

Sponsor: André-Laurent Michelson

■ The investor function

Spokesperson: Nathalie Gilly (page 31)

Sponsor: Philippe Braidy

■ Innovation, new business and oversight

Spokesperson: Virginie Gourmelon (page 39)

Sponsor: Pierre Ducret

■ SME development

Spokesperson: Brigitte Gotti (page 44)

Sponsor: Jérôme Gallot

■ Human resources

Spokesperson: Jacqueline Poincelet (page 95)

Sponsor: Jérôme Nanty

■ Performance and competitiveness

Spokesperson: Victoire Aubry (page 101)

Sponsor: Franck Silvent

■ Consistency of the offering and the role of the network

Spokesperson: Marianne Louradour-Félix (page 92)

Sponsor: Gilles Seigle

■ Communication

Spokesperson: Christine Lagrée (page 104)

Sponsor: Martine Chayriguès

“We have risen to the initial challenge of identifying the real issues and putting forward genuine responses.”



The working groups presented their proposals in mid-November 2007.

The new strategic plan was crafted on the basis of the proposals submitted. After presenting the plan to the Supervisory Board, Augustin de Romanet disclosed details at the convention for group executives, held on 13 and 14 December 2007. Mr de Romanet stressed that *“The strategic theme-based approach has allowed us to identify a number of strengths that we have, not least of all, the group’s capacity to marshal resources and pull together whenever possible. Few organisations of our size have managed to perform such an in-depth strategic overhaul in so short a space of time. You are the architects of this success and should be proud of what you have achieved.”*

The Elan 2020 plan

Caisse des Dépôts has consistently responded to the needs of France for nearly two centuries now. Thanks to its specific status of being under the supervision of the French Parliament, the trust built up with savers, a stable deposit base, financial strength and reliable operations, Caisse des Dépôts has become a major long-term investor with a truly distinctive profile in the economic and financial landscape.

Interview with

■ Françoise Delasalles

Budget and Management Controller, Deputy Corporate Secretary, Caisse des Dépôts group

Elan 2020 project leader

How would you describe the Elan 2020 project in a nutshell?

F.D.: Elan 2020 is the name that was given to the participatory reflection process which engendered the strategic plan of the same name. The plan is the culmination of a collective effort, initiated on 12 September 2007, involving 150 group employees over a period of three very productive months.

How was the brainstorming process organised?

F.D.: Work began in July 2007, when the Chairman and Chief Executive Officer gave a preliminary outline. The project framework was fleshed out during a subsequent seminar held by the Management Committee. The project was launched in a spirit of creativity and rejection of taboos. The starting point was the work performed by the 11 working groups assigned to the 11 strategic issues identified, with sustainable development as the horizontal theme. A sponsor-member of the Management Committee and a spokesperson, typically a non-specialist in the field under consideration, were assigned to each working group to coordinate activities and report on progress made. Essential overall cohesion was ensured by means of a weekly monitoring and coordination meeting, under the leadership of the Steering Committee chaired by the Chairman and Chief Executive Officer. A great deal of energy and creativity was generated throughout the process and expressed at more than 100 meetings.

Lastly, what do you see as the highlight of the process?

F.D.: The fact that, crucially, we have risen to the initial challenge of identifying the real issues and putting forward genuine responses, which are conveyed by the strategic plan. At another level, we have also met a collective need to exchange ideas about our role and the usefulness of what we do. We have emerged from this undertaking with rock-solid confidence in Caisse des Dépôts group’s place in the fabric of France and its capacity to keep pace with the country’s constantly evolving needs.

Four priorities

for serving sustainable development in France



1. Housing and urban development

France's housing shortage is currently estimated at nearly one million units. Thanks to the centralisation of funds deposited in Livret A passbook savings accounts and the granting of loans to social-housing organisations, Caisse des Dépôts helps to ensure equal access to housing finance for all in France. This role is underpinned by the Public Institution's equity investments in land and housing, its control over the SNI group (France's top social and intermediate housing operator) and its majority stake in Icade (a leading player in real estate).

Caisse des Dépôts is determined to use these strengths to set the standard and provide impetus for social and intermediate housing. Key areas of emphasis will be the implementation of the right to housing for all, the home-ownership access programme for low-income households, energy efficiency in buildings, assisted home-living facilities for the elderly and accommodation for students and young working people. The group is targeting 40% growth in financed housing units over a three-year period, corresponding to an increase from 54,000 units in 2007 to 90,000 units annually from 2010. In addition, 18,000 existing units are to be refurbished in accordance with environmental quality standards.

2. Universities and the knowledge-based economy

Caisse des Dépôts will give priority to meeting infrastructure needs nationwide with respect to university education, the furtherance of the knowledge-based economy, digital network deployment and research facilities. From 2008, the group will allocate €10 million to studies on university autonomy and modernisation in France. The input of its financial engineering and real estate teams will also be called upon. The aim is to earmark 20% of the Public Institution's public interest investments, representing €500 million over three years, for university funding.

Caisse des Dépôts' role as a long-term investor at the service of the public interest and national development is at the heart of the group's Elan 2020 strategic plan. Long-term investment is central to the plan's ambitious targets for all of the group's operations, from the management of public-service mandates and subsidiaries to its activities as investor, lender and operator.

Caisse des Dépôts will continue to make a growing contribution to the stabilisation of listed companies' ownership structures, the maintaining of their central decision-making bodies in France and the provision of support for their business expansion.



3. SMEs at the service of growth

The creation of conditions conducive to the emergence of innovative SMEs with the capacity to penetrate foreign markets is essential to economic growth. The formation of France Investissement has reinvigorated capital-raising for SMEs, with 1,000 businesses due to receive financing over the next three years. Caisse des Dépôts will focus on three objectives: support for VSEs and SMEs throughout their life cycle, tailored assistance for innovative companies and the strengthening of the group's partnership with Oséo.

4. The environment and sustainable development

Caisse des Dépôts works in partnership with the government to foster the emergence of new economic activities. One such area is the environment, where the group aims to be at the forefront of efforts. Caisse des Dépôts will notably increase investments in renewable energies to support the development of the green-energy market, with the aim of owning 5% of France's renewable energy production by 2010 and 10% by 2020. Carbon finance-related services and research will also be emphasised. In general, preference will be given to projects which allow environmental costs to be reflected in market prices. A specialist biodiversity clearing subsidiary has been created and provided with a capital of €15 million in 2008. The group is also committed to observing environmental best practice across its business base and to implementing a systematic responsible investment approach.

Caisse des Dépôts further intends to strengthen its contribution to infrastructure investment. The group is to enhance its role as an operator, performed through subsidiaries which provide expertise and skills that are vital to the economy (insurance and financial activities, real estate operations, SME financing, infrastructure engineering, management of collective services and so forth).

The Elan 2020 plan sets forth a clear strategy for serving the public interest in those areas where Caisse des Dépôts' know-how and expertise are recognised. The strategy is to be implemented in accordance with precise action principles that are known to all, with an unwavering focus on performance, innovation and openness.

High-quality performance of missions at the service of national cohesion

Caisse des Dépôts guarantees regulated deposits, manages 51 pension schemes and finances social housing out of funds held in Livret A passbook savings accounts. In the sphere of social-housing finance, the group is the sole institution capable of transforming demand deposits into very long-term lending, with a very high level of security, for the benefit of all social-housing organisations and on attractive, transparent terms. Regulated savings deposits also enable the group to serve as a long-term investor, particularly in equities, and to place its unique business approach at the service of national solidarity. Caisse des Dépôts is also determined to increase the added value of its services, enhance the efficiency of its management methods and optimise the quality and competitiveness of its service offerings.

Transparent principles and strengthened governance

Transparency, neutrality and independence form the cornerstone of the credibility enjoyed by Caisse des Dépôts. The group is set to lay down formal, principles-based intervention criteria for each of its areas of action. Strict guidelines will be established for investments (whether financial, public interest or strategic in the form of stakes in sizeable companies or subsidiaries) and for public-service mandates executed by the group. Governance practices will be strengthened further in 2008. An Investment Committee is to be created to consider strategic investment projects. Measures will be taken to involve stakeholders (experts, NGOs, companies and trade unions) in the group's policy-making and the evaluation of its activities, to the maximum extent possible.

Rising to the challenge of galvanising the workforce around national imperatives

Caisse des Dépôts is committed to enhancing job mobility and training, performance measurement and efficiency, the nurturing of innovation and the extension of the group's European and global reach. By end-2008, a Service Innovation Committee will be set up to submit comprehensive and cross-disciplinary proposals to Caisse des Dépôts' business lines, for local implementation through the 25-strong regional office network. In the sphere of communication, emphasis will be placed on the transparency of Caisse des Dépôts' operations.

Elan 2020 establishes a framework for constructive action that will promote clarity, transparency and a better understanding of Caisse des Dépôts group by the marketplace.

By 2020, group employees' efforts should culminate in the resolution of France's housing shortage, the modernisation of universities and the fostering of a larger number of fast-growing, exporting SMEs. Employees can also take pride in their vital contribution to the embedding of sustainable development in France's economic model and to the emergence of a powerful corporate culture underpinned by the stellar social, economic and environmental achievements of each group division and subsidiary.

A better understanding of what Caisse des Dépôts stands for will help partners and customers to refine their expectations concerning the support that the group can offer. Caisse des Dépôts' unwavering commitment to its values and to serving the country's long-term interests likewise will position the group even more strongly to contribute to economic growth for the benefit of France's population.

Progress indicators for the four priorities under the strategic plan

PRIORITY	IMPERATIVES	OBJECTIVES AND INDICATORS	RESOURCES DEPLOYED
Housing and urban development	<ul style="list-style-type: none"> ■ Ensure that urban development is respectful of both human health and the environment by meeting the following needs: <ul style="list-style-type: none"> ■ right to housing: France's housing shortage currently stands at 1 million units. ■ refurbishment of existing buildings in order to: <ul style="list-style-type: none"> - improve energy efficiency; - fight against climate change; - improve housing sanitation standards. 	<ul style="list-style-type: none"> ■ Increase social-housing finance from 54,000 units in 2007 to 90,000 in 2010, with an emphasis on energy efficiency. ■ Provide specific support for student accommodation. ■ Rehabilitate part of Caisse des Dépôts group's housing portfolio based on environmental performance objectives. ■ Take remedial action concerning the most energy-intensive social housing units (10% of the portfolio) by 2010. 	<ul style="list-style-type: none"> ■ Maintaining of social-housing finance backed by Livret A deposit funds; improvement of system effectiveness. ■ Equity investments in real estate. ■ Involvement of Icade, a leading player in real estate. ■ Involvement of SNI, France's top social and intermediate housing operator.
Universities and the knowledge-based economy	<ul style="list-style-type: none"> ■ Support the university reform process by renovating facilities. ■ Foster an environment conducive to the development of the knowledge-based economy. 	<ul style="list-style-type: none"> ■ By 2009, carry out strategic real estate audits incorporating environmental objectives for all universities which request such assistance. ■ Assist with renovation projects by means of engineering survey. ■ Support 10 major university campus renovation projects from 2009. ■ Help to introduce very high-speed access technology in cities in France over the next 5 years. 	<ul style="list-style-type: none"> ■ €10 million in funding earmarked for surveys in 2008. ■ €500 million earmarked for public interest investments over the 2009-2011 period. ■ Development of financial engineering tools for and equity investment in digital infrastructure.
SMEs	<ul style="list-style-type: none"> ■ Encourage the emergence of innovative SMEs with the capacity to penetrate foreign markets and contribute to French economic growth. 	<ul style="list-style-type: none"> ■ Finance the creation of 1,000 SMEs by 2010, with an emphasis on innovative and export industries. ■ Assist VSEs throughout their life cycle and particularly at the start-up phase. 	<ul style="list-style-type: none"> ■ Average of €330 million allocated annually to France Investissement. ■ Strengthening of the partnership with Oséo.
The environment and sustainable development	<ul style="list-style-type: none"> ■ Develop France's renewable energy production capacity, in the interests of the nation's energy autonomy and the battle against climate change. ■ Fight against climate change. ■ Preserve biodiversity and factor environmental considerations into all of Caisse des Dépôts' activities. 	<ul style="list-style-type: none"> ■ Achieve ownership of 5% of France's renewable energy production by 2010 and 10% by 2020. ■ Aid the development of carbon finance in terms of research, investments and market mechanisms. ■ Promote the development of biodiversity clearing house mechanisms. ■ Apply socially responsible investment principles. 	<ul style="list-style-type: none"> ■ Investment of €150 million in total by 2010. ■ Doubling of carbon investments over the next three years. ■ Development of research projects, market platforms and trading. ■ Launch of the CDC Biodiversité subsidiary with a capital of €15 million. ■ Formalisation of socially responsible investment practices for Caisse des Dépôts and related compliance monitoring.

A strong 2007 performance

“The solid results achieved in 2007 by the Caisse des Dépôts group are due to the good performance of its subsidiaries and to the dynamic management of its share portfolios, especially during the first six months when the stock market peaked. Thanks to these results, the group is consolidating its role as long-term investor serving the public interest with almost €1.2 billion of allocations for regional and local development, equity capital financing of small and medium-sized companies, and sustainable development (carbon reduction finance and biodiversity protection).”
Augustin de Romanet,
Chairman and Chief Executive Officer Caisse des Dépôts.

Net profit attributable to equity holders of the Caisse des Dépôts group came in at €2,488 million for 2007 under IFRS, compared with €1,694 million for 2006, excluding capital gains on the disposal of CNCE shares.

The sharp rise in 2007 profit (excluding capital gains on the disposal of CNCE shares) was powered by a strong overall performance from group businesses and subsidiaries, and in particular:

- an opportunist policy of realising capital gains on share portfolios, resulting in a rise of €0.3 billion in capital gains to €1 billion in 2007 from €0.7 billion in 2006;
- a one-off capital gain on the partial disposal of shares in TDF, representing €0.3 billion;
- write-backs of long-term provisions for an amount of €0.4 billion following share disposals.

The Caisse des Dépôts group prepared its consolidated financial statements for the first time under IFRS.

In accordance with IAS 1, the 2006 financial statements were restated for comparative purposes. Accordingly, the group's consolidated net profit under IFRS comes out at €1,694 million for 2006, excluding capital gains on the disposal of CNCE shares (€1,959 million), compared with €2,228 million under French GAAP⁽¹⁾.

Net banking income surged 43% to €7.1 billion in 2007 compared with €4.9 billion a year earlier. Growth was driven by buoyant business throughout the group's divisions boosted by an increase in capital gains, write-backs of long-term provisions and changes in the scope of consolidation resulting from acquisitions of subsidiaries.

The 20% rise in the group's operating expenses chiefly reflects the acquisitions carried out in the year, in particular Transdev's acquisition of a majority interest in Connexion NV from the Dutch government.

Equity attributable to equity holders of the parent after the payment of dividends remained stable at €28.2 billion at 31 December 2007, reflecting the fall in unrealised capital gains on available-for-sale securities offset by 2007 net profit after the dividend payment.

Caisse des Dépôts division

The contribution of the Caisse des Dépôts division (public institution) to net profit attributable to equity holders of the parent amounted to €1.6 billion in 2007 versus €0.5 billion in 2006, buoyed by a rise in capital gains realised on share portfolios, write-backs of long-term provisions and the capital gain on the partial disposal of TDF shares (€143 million).

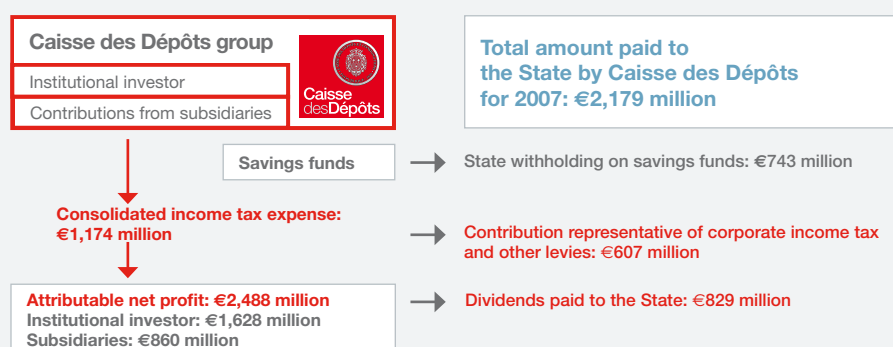
Changes in provisions and accrued expenses relating to employee liabilities triggered a 19% rise in general operating expenses to €381 million (operating expenses had retreated 26% in 2006 compared with 2005). Adjusted for these items, the public institution's general operating expenses edged up 0.9% compared with 2006. Benefits from the cost control program rolled out by the public institution in 2003 continued to filter through, enabling increases in general operating expenses to remain at less than 1% for the fifth consecutive year.

⁽¹⁾ The difference between 2006 net profit under French GAAP (€2,228 million excluding capital gains on the disposal of CNCE shares) and 2006 net profit under IFRS (€1,694 million excluding CNCE capital gains) results from:

- the dilution gain recognised in connection with Icade's IPO and the sale of 7% of Icade's capital in autumn 2006 for a total amount of €443 million. In accordance with IFRS, the dilution gain is recognised in equity and no longer in profit. This complies with IAS 27, which requires changes in ownership interests that do not result in a loss of control to be accounted for as equity transactions;
- non-recognition of the amount written back from the fund for general banking risks in 2006 (€135 million), since this fund is not permitted under IFRS;
- various normative adjustments totalling €44 million.

Financial data

2007 results



Caisse des Dépôts' contributes to State funds in three different ways:

- income taxes
- dividends equal to one-third of its net profit
- annual earnings of savings funds administered in return for the government's guarantee of centralised deposits

Financing allocated to public interest missions in 2007

Basis for allocating annual profit

The group's profit is allocated as follows:

- one-third to public interest missions
- one-third to the State in the form of dividends
- one-third to equity

<p>€149 million Real estate investments</p> <p>€450 million CDC Entreprises, SME venture capital and France Investissement development programme</p> <p>€100 million Exceptional ANRU financing</p> <p>€90 million Research and engineering</p>	<p>€43 million Digital development</p> <p>€115 million Subsidies for social housing loans</p> <p>€72 million Public interest infrastructure</p> <p>€11 million Urban policy</p>	<p>€29 million Energy & Environment</p> <p>€17 million Micro-businesses and social economy</p> <p>€77 million Long-term equity interests</p> <p>€87 million Carbon economy and biodiversity</p>
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Insurance division (CNP Assurances)

CNP Assurance's attributable net profit came in at €1.22 billion in 2007. Attributable profit from ordinary activities excluding capital gains realised on equities and property totalled €1.1 billion, up 34.8% on 2006 and 20% at constant scope and exchange rates.

At 31 December 2007, CNP's European Embedded Value came to €77.8 per share (before dividends and after the cost of the solvency margin and non-financial risks), representing a rise of 14% on the year-earlier figure (calculated after dividends, the increase in capital and the acquisition of 50% of Ecureuil Vie).

Real Estate division

This division, which comprises subsidiaries Icade and Société Nationale Immobilière (SNI) saw its contribution fall to €114 million in 2007 versus €278 million in 2006. This decrease reflects two exceptional items:

- for Icade, the recognition in its 2007 financial statements of an exit tax on its election for a REIT-style (SIIC) tax regime as from 1 January 2007;

- for SNI, the positive impact in 2006 of a change in the taxation of social housing. Excluding these two items, the division's contribution rose 12%.

■ Icade

Attributable net profit amounted to €37 million compared to €211 million in 2006. Excluding the €229 million exit tax recognised on the company's election for the REIT-style (SIIC) tax regime, attributable net profit surged 26% to €266 million.

Icade's contribution to group net banking income advanced 15% to €794 million, buoyed by a good performance from real estate development activities (up 23% year-on-year) and from the property management business, which saw rents rise 4.1% in 2007 at constant scope.

■ Société Nationale Immobilière (SNI)

Excluding the impact of the change in the tax regime for social housing in 2006, SNI's contribution to Caisse des Dépôts group's net profit advanced 6% to €91 million. Its contribution to group net banking income also rose 6% to €268 million, boosted by the consolidation of SAGI.

Services division

The Services division (Transdev, Egis, Compagnie des Alpes [CDA] and Belambra wvf) contributed €46 million to the group's attributable net profit in 2007, compared with €53 million in 2006. This fall in the division's contribution was due to:

- the exceptional capital gains reported by Egis in 2006;

- the exceptional seasonal contribution to 2006 earnings resulting from CDA's acquisition of Star Parks at 1 June. At constant scope, attributable net profit moved up 7.3% despite unfavourable weather conditions for the group's two businesses.

Private Equity division

The Private Equity division's contribution to attributable net profit was €229 million in 2007, versus €68 million in 2006, reflecting mainly the disposal of TDF shares for €155 million.

Breakdown of attributable net profit by division

(in millions of euros)	2007 IFRS	2006 IFRS	2006 French GAAP	Change 2007/2006 under IFRS	
				€M	%
Caisse des Dépôts	1,628	525	1,226	1,103	x 3.1
Subsidiaries and long-term equity interests	860	1,169	1,002	(309)	(26)
Insurance division (CNP Assurances)	438	419	353	19	5
CNCE interest		351	211	(351)	na
Real Estate division	114	278	237	(164)	(59)
Services division	46	53	44	(7)	(12)
Private Equity division	229	68	157	161	x 3.4
Infrastructure division	33			33	na
Attributable net profit excluding capital gains on the disposal of CNCE shares	2,488	1,694	2,228	794	47
Capital gains on the disposal of CNCE shares		1,959	2,245	(1,959)	na
Attributable net profit	2,488	3,653	4,473	(1,165)	(32)

Income statement subtotals

(In millions of euros)	2007 IFRS	2006 IFRS	Change 2007/2006 under IFRS	
			€M	%
Net banking income	7,054	4,931	2,123	43
Operating expenses	(3,226)	(2,693)	(533)	20
Operating profit	3,800	2,204	1,596	72
Net profit (excluding capital gains on disposal of CNCE shares)	2,488	1,694	794	47

Condensed consolidated balance sheet

Assets (in millions of euros)	31 Dec. 2007	31 Dec. 2006	Equity and liabilities (in millions of euros)	31 Dec. 2007	31 Dec. 2006
Financial assets at fair value through profit or loss	34,594	30,657	Financial liabilities at fair value through profit or loss	1,537	841
Available-for-sale financial assets	123,771	126,392	Due to credit institutions	22,594	25,244
Held-to-maturity financial assets	17,398	15,325	Debt customers	43,711	43,298
Loans and receivables	25,173	19,865	Debt securities	7,824	10,313
Investment property	7,296	6,042	Technical reserves of insurance companies	97,973	84,008
Property and equipment and intangible assets	2,989	2,065	Equity	31,771	32,716
Other assets	9,950	9,298	Other liabilities	15,761	13,224
TOTAL ASSETS	221,171	209,644	TOTAL EQUITY AND LIABILITIES	221,171	209,644

Infrastructure division

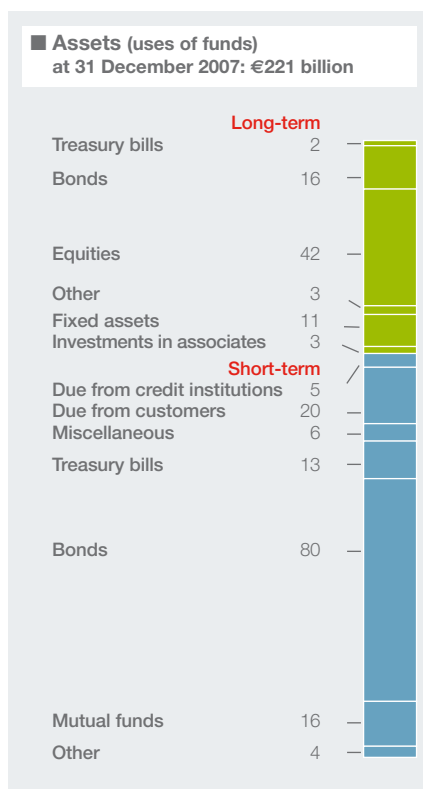
This division was created in 2007 and contributed €33 million to the group's attributable net profit. The division is composed of the following investments:

- 25.8% of Eutelsat Communications;
- 20% of Séché Environnement;
- 47% of HIME, holding company for SAUR;
- 24% of Tyrol Acquisition (TDF);
- 49% of Verdun Participations 1 (Viaduc de Millau).

Subprime crisis

Faced with the crisis in the financial markets which took hold in the second half of 2007, Caisse des Dépôts stepped

up its financial risk oversight procedures. All of the Central Sector's fixed-income counterparties are monitored for credit risk, with stricter procedures implemented since the summer for those considered most at risk from the crisis. To date, no defaults have been recorded on investments in the group's financial portfolios since the onset of the crisis. **Caisse des Dépôts has not identified any direct exposure to the US mortgage market and therefore is not exposed to US subprime debt.** Provisions against investments in the available-for-sale portfolio were calculated for all items by reference to prices quoted on active markets or obtained from external contributors. No internal valuation model was used to price these investments.



Key indicators of sustainable development performance

	2006 Indicators	2007 Indicators
Consolidate effective governance in its service to the country		
Number of meetings:		
- Supervisory Board	22	20
- Risks Committee	10	6
- Savings Funds Committee	6	5
Act as a responsible long-term financial investor		
Scope for exercising voting rights at company general meetings	100%	100%
Public-interest private equity:		
- Managed funds	€1.2 billion	€2.5 billion
- Number of SMEs financed directly or through funds	2,500	2,550
Number of affiliated pension schemes developing socially responsible investing	2 (FFR and RAFP)	2 (FFR and RAFP)
Partner the development of carbon financing		
Quota trading carried out via Bluenext	31 Mteq CO ₂	23.7 Mteq CO ₂
Integrate the demands of sustainable development into local and regional housing and land use policy		
Social housing loans (approved):		
- very low-income	€902 million	€1,133 million
- low-income	€3,844 million	€4,907 million
- intermediate	€21 million	€23 million
Project financing:		
- rail infrastructure	€239 million	€525 million
- dedicated lanes for public transport	€220 million	€317 million
Amount invested in digital infrastructure	€34.6 million	€38.7 million
Total amount invested in renewable energy projects	€9 million	€29 million
Engineering loans granted jointly with ANRU	€18.7 million	€24.2 million
Investments in business creation and social economy/solidarity initiatives	€10.1 million	€16.7 million