



DESIGNING THE FUTURE

BUSINESS REVIEW
2010

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Note to the reader: This Business Review and Sustainable Development Report is not intended to replace the Statutory Report presented each year to the French Parliament by the Chairman of the Supervisory Committee of Caisse des Dépôts. The 2010 financial statements presented in this report are extracts from the audited financial statements. The French version of the 2010 Financial Report includes the audited consolidated financial statements of Caisse des Dépôts Group, the audited financial statements of Caisse des Dépôts Central Sector, and the audited financial statements of the savings funds centralised by Caisse des Dépôts. The English version of the report includes solely the audited consolidated financial statements of Caisse des Dépôts Group.

EDITORIAL

I HAVE BEEN ABLE TO MEASURE THE PRACTICAL PROGRESS MADE IN INTEGRATING THESE THREE PRIORITIES BOTH AT THE 22 SUPERVISORY COMMITTEE MEETINGS AND DURING MY TRIPS TO THE REGIONAL OFFICES. FOUR KEY DEVELOPMENTS ILLUSTRATE THE GROUP'S LASTING CONTRIBUTION TO THE PUBLIC INTEREST.

My three priorities for the Group: selective investment, performance and cross-disciplinary capability.

MICHEL BOUVARD
MEMBER OF THE CHAMBER OF DEPUTIES
CHAIRMAN OF THE SUPERVISORY COMMITTEE



CLARIFICATION OF THE FINANCIAL TIES BETWEEN THE FRENCH STATE AND CAISSE DES DÉPÔTS

On 13 October, the Supervisory Committee unanimously approved a multi-annual framework based on democratic transparency for validating the usefulness of public interest missions enshrined in law. Under this new arrangement, 50% of the Group's recurring and non-recurring consolidated net profit is paid over to the French State. It also guarantees equity by capping the dividend paid at 75% of statutory earnings. This enables the Group, which has no shareholders and can therefore draw only upon its statutory earnings, to continue investing and covering its risks.

Clarifying these financial ties also concerns the Savings Funds and the respective responsibilities of Caisse des Dépôts and the French State have now been clearly established as recommended by the Court of State Auditors.

ENLIGHTENED INVESTMENT IN THE SHARE CAPITAL OF LA POSTE

This investment is set to change the Group's structure and consolidate its financial and industrial businesses.

The Supervisory Committee commissioned outside expertise to round out its own analysis and it designated one of the Committee members to oversee the project and identify synergies between La Poste and the Group, and particularly with CNP Assurances. After presenting its strategic and policy analysis to the Chairman and Chief Executive Officer and the Minister for Finance, Christine Lagarde, the Supervisory Committee approved this €1.5 billion investment, which is roughly equivalent to one year of investment for the entire Group. The Committee will carefully monitor the undertakings given by all parties.

DEPLOYMENT OF INVESTMENTS FOR THE FUTURE

The government has entrusted the management of eight Investments for the Future programmes for a total of €7.5 billion to Caisse des Dépôts. After twenty years of government budgetary restrictions, these new public investment programmes have given rise to considerable expectations so they provide both a challenge as well as an opportunity for Caisse des Dépôts. As requested by the French legislature, the Supervisory Committee will track all of these programmes on an annual basis and will be involved in their evaluation.

THE SUCCESS OF THE SUBSIDIARIES WHICH CONTRIBUTE AN INCREASING SHARE OF THE GROUP'S PROFIT

The Supervisory Committee interviews members of senior management and debates the objectives set down by the Chairman and Chief Executive Officer in the course of its analyses of subsidiary performance and strategic policies.

It reiterated the importance that elected representatives attach to two-way communication and the close relationships of Transdev teams in the creation of a world leader in mobility. The Committee also reiterated the Group's long-term commitment to the new entity and to preserving its specific identity. It approved both the Egis-Iosis alliance which should unlock synergies and give a boost to the French engineering sector and the related employee share ownership scheme. The Committee noted the continued growth of the infrastructure business, took part in a review of the Group's tourism strategy concerning Belambra and Compagnie des Alpes, and oversaw the process of consolidating the real estate subsidiaries.

It also tracked investment by the Strategic Investment Fund (SIF) in the smart economy, the structuring of intermediary businesses and local and regional economic development. Its governance model is based around providing national representatives with timely information on all aspects of its activities.

The three key objectives for 2011 are consolidating the operating capabilities of the Savings Funds, successfully developing the Long-Term Investors Club and developing Group capital adequacy ratios. The Committee now has a Corporate Secretary's Office to assist it in its task of defining these capital adequacy levels pursuant to the decree of 27 April 2010. It has every confidence in the ability of the Group's teams to achieve these objectives while continuing to safeguard the institution's patrimonial interests and to provide solutions to key national economic development issues.



Caisse des Dépôts' strength lies in helping to create growth and jobs in France.

AUGUSTIN DE ROMANET
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

IN AN ERA OF GLOBAL ECONOMIC EXCHANGES AND A FINANCIAL CRISIS THAT HAS PUT PAID TO DEBT-FUELLED GROWTH, FRANCE NEEDS TO CARVE OUT AN INTERNATIONAL COMPETITIVE IDENTITY.

A PLATFORM FOR ADAPTING THE NATION TO THE GLOBAL ECONOMY

French companies need fresh capital to grow and export. France must continue to invest in R&D which is both a key growth driver and a means of attracting foreign investment. The race to raise capital has already begun: the investing requirements of emerging economies and the amounts needed to overhaul infrastructures and entire sectors of industrialised economies will far outweigh savings-based financing capabilities. Ever-conscious of its role of serving the public interest and national development, Caisse des Dépôts has geared up to meet these challenges alongside the other members of the Long-Term Investors Club – of which the Group is a founding member – and it actively promotes its long-term investor business model in various international bodies.

A STRONG AND EFFECTIVE GROUP SERVING NATIONAL DEVELOPMENT

In 2010, the Group's net profit jumped 8.6% to €2.15 billion and equity attributable to owners of the parent reached an all-time high of €20.2 billion. Net profit from the Savings Funds came in at €1.49 billion – the highest in ten years.

The Group also took on a new dimension. After entrusting Caisse des Dépôts with €10 billion to set up the Strategic Investment Fund (SIF) in 2009, the French State entrusted it with a further €7.5 billion in 2010 to manage a number of Investments for the Future programmes. This will enable the Group to grow the number of initiatives it sponsors in local and regional digital infrastructure, sustainable cities, very small businesses and SMEs, and research and training. These are the priorities outlined in the Group's Élan 2020 strategic plan. Caisse des Dépôts is also set to acquire a €1.5 billion stake in the share capital of La Poste.

In 2010, the Group pumped €1.1 billion into national development – including €400 million in financing for local and regional development – which considerably exceeded its objectives. It either financed or built 145,000 units of new housing thanks in particular to unprecedented growth in loans from the Savings Funds. Over 1,000 SMEs have now been partnered in just three years as financing from the Strategic Investment Fund's SME programme continues to come on stream. Most of the property development plans and related planning analyses covering over 130 higher education establishments have now been completed. 2011 will mark the beginning of the operational phase and the Group will begin to roll out its initiative aimed at finding markets for patents. The Group's renewable energy investment portfolio now represents a generating capacity of 545 MW – in line with its objectives – and the creation of CDC Climat has structured its participation in the European carbon market.

The dynamism of the Group's subsidiaries was once again apparent in 2010 in a number of major developments both in France and abroad, including the alliances between Transdev and Veolia Transport, and between Egis and Iosis. As an enlightened investor, Caisse des Dépôts monitors each of its subsidiaries carefully to ensure that they contribute adequately to net profit by continuing to grow and to win market share both inside and outside France: 22% of attributable net profit is now generated either directly or indirectly from international business. Caisse des Dépôts' strength lies in helping to create growth and jobs in France.

2011-2013: INNOVATION IS PRIORITY NO.1

Going forward, the Group will step up its efforts to achieve the objectives set out in the strategic plan: between now and 2013, it will pump €1.2 billion into local and regional development, invest in over 1,200 SMEs via the SIF, finance 350,000 units of housing, and double its existing renewable energy investment portfolio.

Caisse des Dépôts will continue to burnish its innovation credentials by helping to devise solutions to various national issues such as housing for the elderly and tourism, both of which are of strategic importance to the French economy. It will scour the planet in search of leading-edge, reasonable-cost solutions for all of its businesses. The creativity of all of its teams will also be key to achieving the highly ambitious objectives for its stewardship of the Investments for the Future programmes, namely committing 25% of the amounts entrusted to it by the end of 2011, excluding funds earmarked for broadband development.

In a rapidly changing world, now more than ever, the men and women who work at Caisse des Dépôts Group are constantly on the lookout for opportunities to boost the national economy and move it forward into tomorrow.

Unique governance model

CAISSE DES DÉPÔTS CONSTITUTES A STATE-OWNED GROUP AND LONG-TERM INVESTOR SERVING THE PUBLIC INTEREST AND LOCAL AND REGIONAL ECONOMIC DEVELOPMENT.

It devises lasting solutions and is constantly coming up with new ways of providing support for national, regional and local public policies. It anticipates, innovates and adapts its businesses in light of tomorrow's challenges.

The governance structure of Caisse des Dépôts is enshrined in the 1816 law that created it and is designed around two basic principles: an independent Supervisory Committee and the autonomy of the Chairman and Chief Executive Officer. The Law on Modernisation of the Economy of 4 August 2008 reinforced both the Group's legitimacy and the French Parliament's role on the Supervisory Committee. It expanded the brief of the Supervisory Committee which now has its own Investment Committee.

HIGHLY SPECIFIC GOVERNANCE STRUCTURE UNDER THE SUPERVISION OF THE FRENCH PARLIAMENT

Caisse des Dépôts has a unique governance model and a highly specific status "under the supervision and guarantee" of the legislative authority. In practice, this supervision is provided by a Supervisory Committee which is made up of MPs, high-ranking magistrates, top civil servants and eminent personalities, and chaired by an MP.

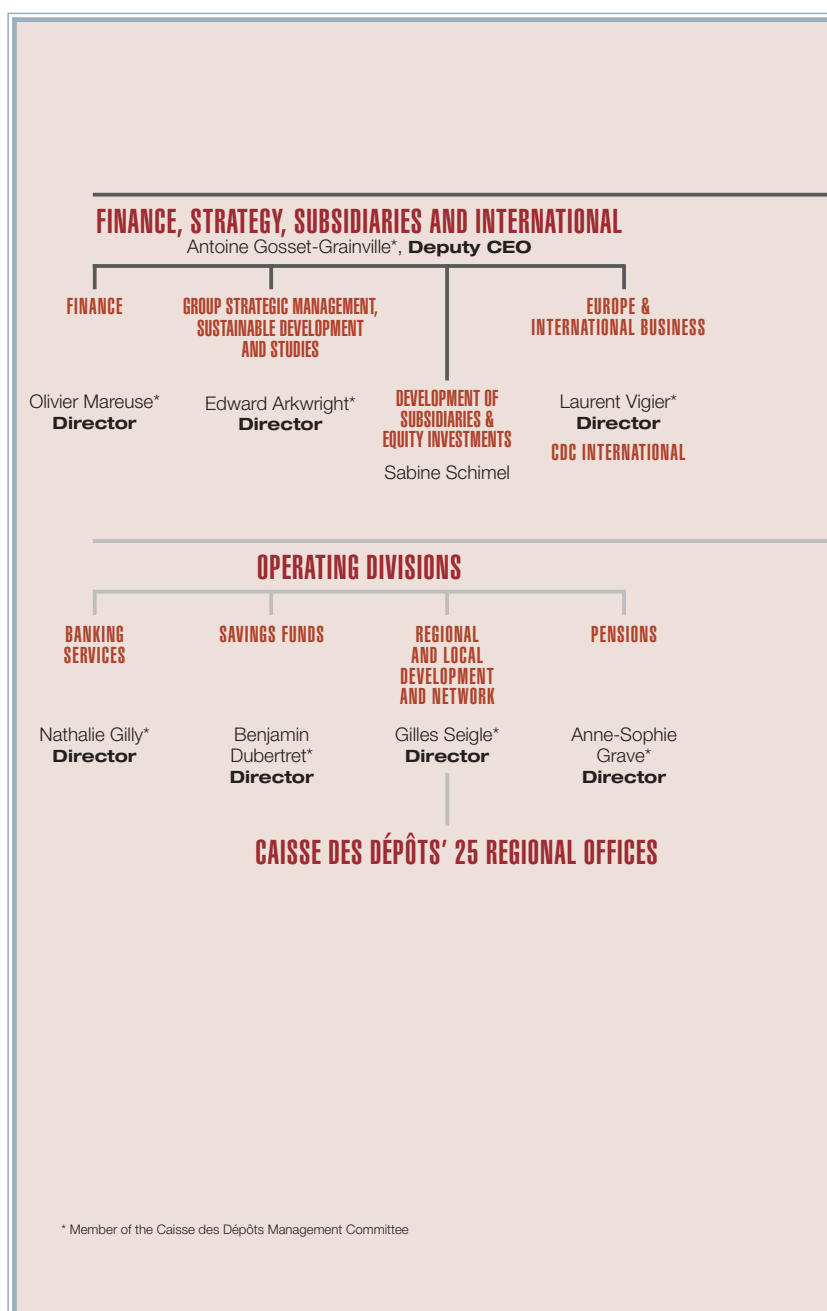
The Supervisory Committee is tasked with overseeing major decisions, strategic policies, investment policy and the administration of savings funds, and with checking the preparation of the financial statements and devising a capital adequacy model for the Group as a whole.

It meets twice a month according to a pre-defined timetable. In 2010, the Supervisory Committee met 22 times. It has had a set of Internal Rules since 2003 setting out its functions and responsibilities and structuring its relations with executive management.

The Internal Rules also define the role of the specialised committees set up to help it carry out its analytical and supervisory functions, namely:

- the Audit & Risks Committee, set up in 2003;
- the Savings Funds Committee, set up in 2003;
- the Investment Committee, set up in 2008;
- the Nominations Committee, set up in 2008.

Appointed by decree of the President of the French Republic, the Chairman and Chief Executive Officer of Caisse des Dépôts takes an oath of office before the Supervisory Committee as follows: "I hereby undertake (...) to employ all my powers to maintain Caisse des Dépôts' inviolability."



Composition of the Supervisory Committee

CHAIRMAN OF THE SUPERVISORY COMMITTEE

Michel Bouvard

Member of the Chamber of Deputies,
Vice-Chairman of the National Assembly
Finance Committee

MEMBERS

Jean-Pierre Balligand

Member of the Chamber of Deputies,
Vice-Chairman of the National Assembly,
Member of the National Assembly Finance
Committee

Arlette Grosskost

Member of the Chamber of Deputies, Member
of the National Assembly Finance Committee

Jean Arthuis

Senator, Member of the Senate Finance
Committee

Nicole Bricq

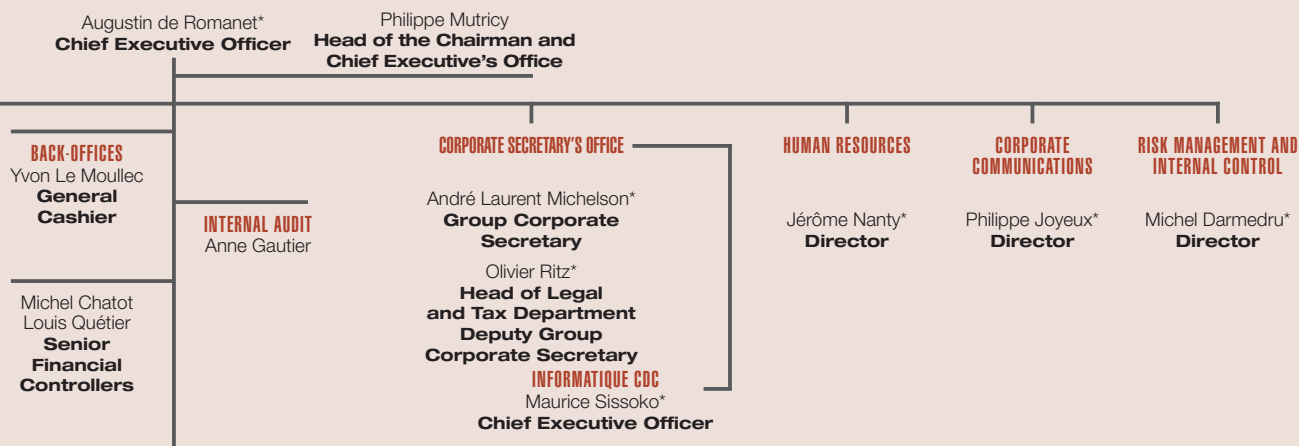
Senator, Member of the Senate Finance
Committee

François Lavondès

Honorary Member of the Highest
Administrative Court

GROUP ORGANISATION CHART

MARCH 2011



SUBSIDIARIES

STRATEGIC INTEREST

CNP ASSURANCES

Gilles Benoist*
Chief Executive Officer

INVESTMENT AND PRIVATE EQUITY

SIF
Jean-Yves Gillet*
Chief Executive Officer
Philippe Braidy*
Deputy CEO

CDC ENTREPRISES
Philippe Braidy*
Chairman
Pascal Lagarde
Chief Executive Officer

QUALIUM INVESTISSEMENT
Jean Eichenlaub*
Chairman
Marc Auberger
Chief Executive Officer

CDC INFRASTRUCTURE
Philippe Braidy*
Chairman
Jean Bensaid
Chief Executive Officer

AVENIR ENTREPRISES
Claude Sauvageot
Chief Executive Officer

ENVIRONMENT

CDC CLIMAT
Pierre Ducret*
Chairman and Chief Executive Officer
Jean-Pierre Sicard
Deputy CEO

SOCIÉTÉ FORESTIÈRE
Laurent Piermont
Chairman and Chief Executive Officer

CDC BIODIVERSITÉ
Laurent Piermont
Chairman and Chief Executive Officer

REAL ESTATE

ICADE
Serge Grzybowski*
Chairman and Chief Executive Officer

SOCIÉTÉ NATIONALE IMMOBILIERE
André Yché*
Chairman of the Management Board

SERVICES

VEOLIA TRANSDEV
Jérôme Gallot*
Chief Executive Officer
Charlie Beaumont
Deputy CEO

EGIS
Nicolas Jachiet*
Chief Executive Officer

COMPAGNIE DES ALPES
Dominique Marcel*
Chairman and Chief Executive Officer
Franck Silvent
Deputy CEO

BELAMBRA
Olivier Colcombet*
Chairman of the Management Board

OSÉO

Daniel Hourì

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

Ramon Fernandez

Director of the French Treasury, represented by Sébastien Boitreaud

Olivier Pastré

Professor of Economics at Paris VIII University (eminent personality, appointed by the President of the National Assembly)

Pierre Simon

Former Chairman of the Paris Chamber of Commerce and Industry (eminent personality, appointed by the President of the National Assembly)

Franck Borotra

Former Minister of Industry and former Member of the Chamber of Deputies (eminent personality, appointed by the President of the National Assembly)

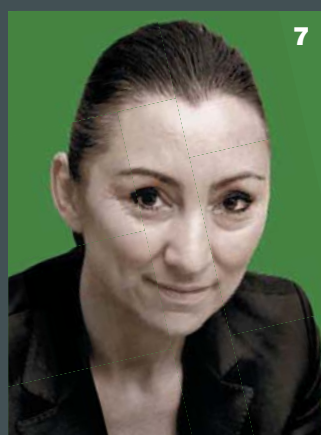
CORPORATE SECRETARY'S OFFICE

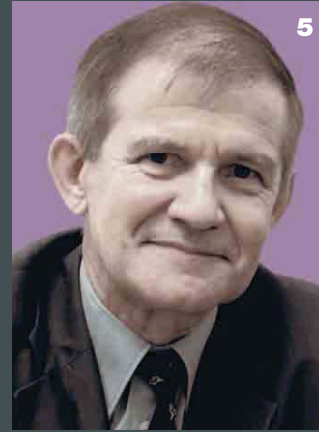
Brigitte Gotti

Secretariat of the Supervisory Committee

Management Committee of Caisse des Dépôts Group

March 2011





- 1. Augustin de Romanet**
Chairman and Chief Executive Officer
- 2. Antoine Gosset-Grainville**
Deputy Chief Executive Officer
- 3. André Laurent Michelson**
Group Corporate Secretary
- 4. Edward Arkwright**
Head of Strategic Management, Sustainable Development and Studies
- 5. Michel Darmedru**
Risk and Internal Control Director
- 6. Benjamin Dubertret**
Savings Funds Director



- 7. Nathalie Gilly**
Banking Services Director
- 8. Anne-Sophie Grave**
Pensions Director
- 9. Philippe Joyeux**
Group Corporate Communications Director
- 10. Olivier Mareuse**
Group Finance Director
- 11. Jérôme Nanty**
Group Human Resources Director
- 12. Olivier Ritz**
Head of Legal and Tax Department and Deputy Group Corporate Secretary



- 13. Gilles Seigle**
Regional and Local Development and Network Director
- 14. Laurent Vigier**
Director of European and International Affairs – permanent representative of Caisse des Dépôts Group at the European Union
- 15. Gilles Benoist**
Chief Executive Officer, CNP Assurances
- 16. Philippe Braidy**
Chairman, CDC Entreprises
- 17. Olivier Colcombet**
Chairman of the Management Board, Belambra
- 18. Pierre Ducret**
Chairman and Chief Executive Officer, CDC Climat



- 19. Jean Eichenlaub**
Chairman, Qualium Investissement
- 20. Jérôme Gallot**
Chief Executive Officer, Veolia Transdev
- 21. Jean-Yves Gilet**
Chief Executive Officer, SIF
- 22. Serge Grzybowski**
Chairman and Chief Executive Officer, Icade
- 23. Nicolas Jachiet**
Chief Executive Officer, Egis
- 24. Dominique Marcel**
Chairman and Chief Executive Officer, Compagnie des Alpes
- 25. Maurice Sissoko**
Chief Executive Officer, Informatique CDC
- 26. André Yché**
Chairman of the Management Board, SNI

The Group as long-term investor



AN OVERRIDING NEED FOR NATIONAL ECONOMIC DEVELOPMENT

Since the Élan 2020 strategic plan was drawn up and the Caisse des Dépôts' role as a long-term investor was enshrined in the Monetary and Financial Code in 2008⁽¹⁾, global economic developments have unrelentingly borne out the need to strengthen and develop this identity still further.

The financial crisis immediately demonstrated the pertinence of this business model when the Group was harnessed to boost economic investment and pump liquidity into the economy in order to restore confidence. The crisis also highlighted structural capital inadequacy problems, which are especially marked in the French economy. We are currently faced with colossal long-term investment requirements in the corporate, sustainable development and housing sectors, and diminished sources of funding due to government cost-cutting, regulatory constraints and risk-averse investors, particularly private sector investors.

THREE CORE COMPONENTS

The Group has forged its long-term investor business model around three core components:

- 1/ prudent financial stewardship combining stable and varied sources of income with limited debt. The Group can avail of the rules for paying a dividend over to the French State in order to bolster its equity;
- 2/ prudent management of public service mandates and of the eight Investments for the Future programmes entrusted to Caisse des Dépôts by the French State in order to enhance the Group's most precious asset, i.e., trust;
- 3/ robust governance underpinned by clear public investment guidelines and Group rules on ethics setting out the functions and responsibilities of all Group employees.

Both the guidelines and the charter all converge towards one overriding objective — responsible investment. The principle is a simple one — factoring social, environmental and good governance criteria into all investment decisions — but it is key to the Group's role as a long-term investor in the service of the public interest.

2010 AND BEYOND

2010 provided proof in abundance of the Group's commitment to investing in the long-term: its investment in the capital of La Poste, the continued development of the subsidiaries, the creation of specialised investment structures, and the creation of multi-annual budgets for the Local and Regional Development Division and Network, etc.

The Group has to be able to pursue this strategy. It needs to diversify its modus operandi — particularly through joint ventures with long-term foreign investors — and to develop capital adequacy ratios that reflect the specific nature of its activities.

(1) "Caisse des Dépôts et Consignations and its subsidiaries constitute a State-owned group at the service of the public interest and of the country's economic development. [...] [It] is a long-term investor promoting business development in line with its own patrimonial interests." Article L.518-2 of the French Monetary and Financial Code (*Code monétaire et financier*)

European and international news

2010 WITNESSED THE FIRST TANGIBLE BENEFITS OF THE GROUP'S DRIVE FOR INTERNATIONAL DEVELOPMENT THAT BEGAN IN 2007.

A footprint in over 80 countries and the dynamic created by the Long-Term Investors Club and the Marguerite and InfraMed infrastructure funds all boosted the Group's profile as a major long-term international investor.

This strategy has three key focuses:

- cooperation between long-term investors;
 - influencing the ongoing European debate;
 - an increased investment focus in the Mediterranean region.
- This strategy is bolstered by a greater emphasis on international business within the Group's overall business model, permanent representation at European organisations and participation in the Marseille's Centre for Mediterranean Integration.

COOPERATION BETWEEN LONG-TERM INVESTORS

The Group sees international cooperation as both a means of attracting global investment into French regions and of helping French firms compete abroad. In 2010, it continued to forge key high-level contacts and partnerships with multi-lateral and national financial institutions. Caisse des Dépôts also continued to sponsor the development of the Long-Term Investors Club (www.ltic.org) which now includes 12 major financial institutions covering all major economic regions throughout the world. The Club promotes the economic utility of a long-term investment perspective and strives to create conditions that are conducive to international cooperation. Going forward, the Group will continue to expand its international focus in operational terms through new joint venture-type arrangements with international long-term investors to support the French economy and initiatives that fit with the objectives of the Europe 2020 strategy (innovation, supporting SMEs, etc.).

FOCUSING ON THE GROUP'S EUROPEAN DIMENSION

The Group has been able to use the fit between its own strategic priorities and the Europe 2020 strategy to promote its expertise at European level and to leverage its permanent representation at European organisations to forge strategic alliances and input EU public policy. Alongside its European partners, Caisse des Dépôts contributed directly to the economic stimulus plan by jointly sponsoring the Marguerite environment, energy and transport infrastructure fund's €710 million first close. A review of the first investment projects is already underway and the fund eventually aims to raise €1.5 billion.

The Group has also been lobbying for a more suitable capital adequacy and accounting regulatory framework for long-term investors. The importance of this issue is now widely recognised and on 30 September 2010, Caisse des Dépôts

and its fellow members of the Long-Term Investors Club submitted propositions concerning ongoing discussions with the Basel Committee on Banking Supervision and the International Accounting Standards Board to Michel Barnier, Commissioner for Internal Markets and Services. A memorandum issued by the European Commission concerning the reform of the single European market is further evidence of the growing awareness of this issue. In view of its expertise in financial engineering and public service mandates, the Group has been involved in think-tanks focusing on the post-2013 European financial legislative framework and the new financial instruments currently under review.

AN INCREASED INVESTMENT FOCUS IN THE MEDITERRANEAN REGION

Caisse des Dépôts' historical footprint in the Mediterranean region, particularly its joint venture with Caisse de dépôts et de gestion du Maroc which began in 2001 and was renegotiated in 2010, has made it a key player and a natural partner for this region which represents a major source of untapped future prosperity. The Group has forged partnerships across the financial services spectrum (InfraMed and Averroès Finance II funds, etc.) to foster an entrepreneurial mindset (Réseau Entreprendre International, etc.), promote investment (Initiative for Mediterranean Investment), innovation and employment (seed and venture capital funding), and to encourage sustainable cities and towns — one of the key priorities in a region that currently boasts some of the world's fastest urban growth.

The Group's sustainable cities and towns strategy is being developed by the Marseille's Centre for Mediterranean Integration (www.cmimarseille.org) of which Caisse des Dépôts is one of the founding members. It has joint responsibility for the first two urban development programmes and has helped launch the first initiatives in favour of sustainable cities and towns. In 2010, the Group also sponsored a decentralisation initiative that led to the creation of the International Institute for Cooperation between Local and Regional Bodies.

Caisse des Dépôts and the China Development Bank



Cooperation between these two institutions has resulted in the creation of the first Franco-Chinese fund to support SMEs. This was part of the framework economic cooperation agreement signed when the French Minister for the Economy, Industry and Employment, Christine Lagarde, visited China. It subsequently received the support of the Chinese President, Hu Jintao, when he visited Paris in 2010.

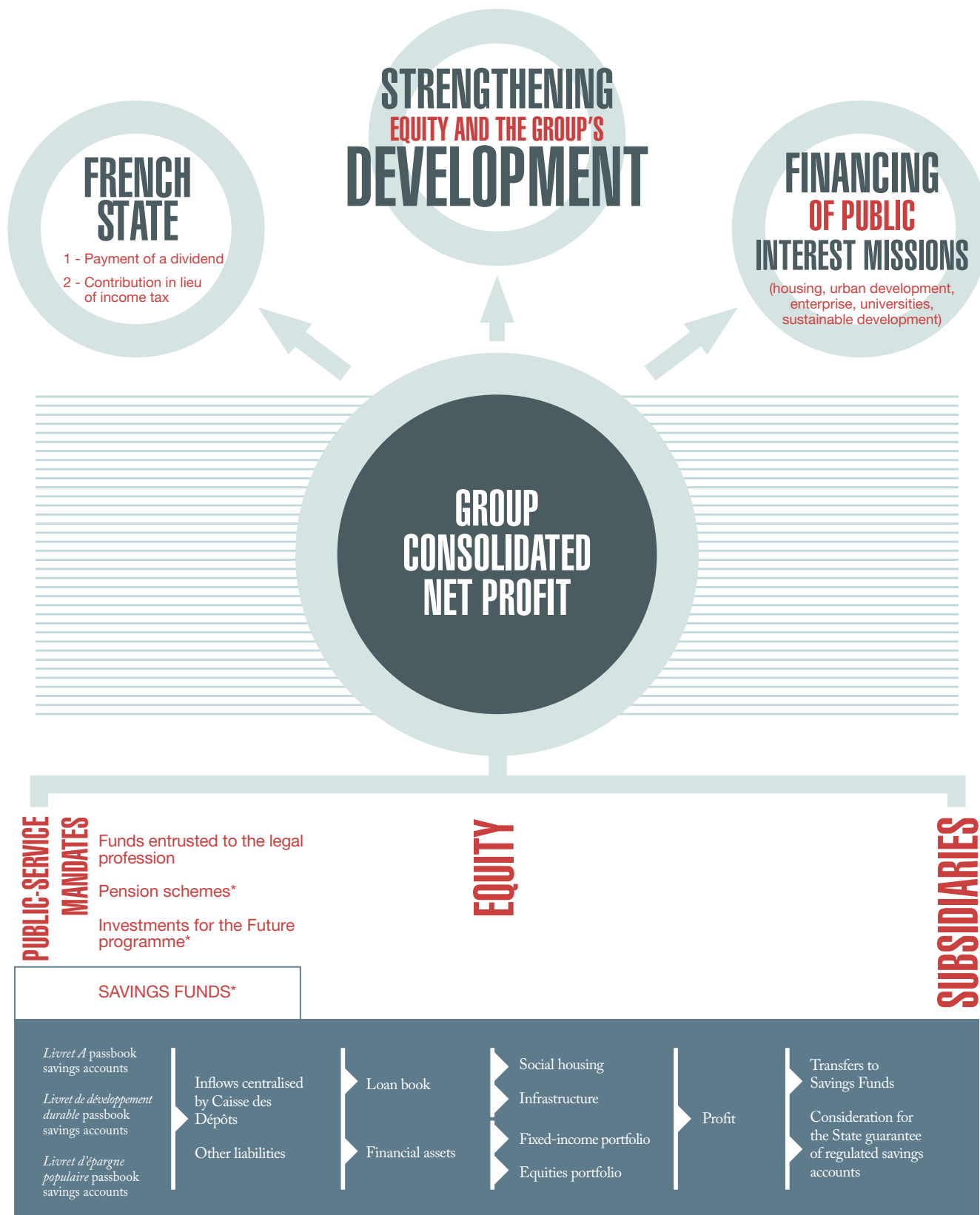
Shorter long-term investment horizons

A report by economists from the Davos World Economic Forum and commissioned by Caisse des Dépôts, has shown that the major international long-term investors who held nearly half of all assets under management in 2009, i.e., USD 27,000 billion out of a total of USD 65,000 billion, are trying, and will continue trying to scale back investment horizons over the coming years. In 2009, only 25% of their portfolios were actually invested in the real long term.



InfraMed, launched in 2008 by Caisse des Dépôts and Cassa Depositi e Prestiti, is an original North/South partner-based Mediterranean development initiative. It aims to pump capital investment into urban, energy and transport infrastructure and with a first close of €385 million in 2010 and an overall target of €1 billion, it is the region's largest infrastructure fund.

The Group's financial flows



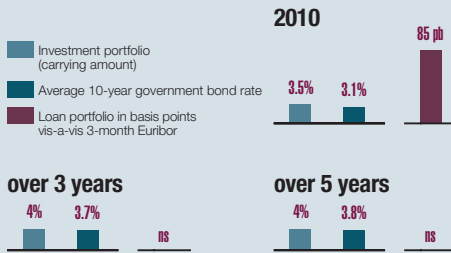
*Managed on a cost price basis (no profit made by Caisse des Dépôts).

The Group's investments

CAISSE DES DÉPÔTS HOLDS A BROAD PORTFOLIO OF SECURE ASSETS INVESTED FROM A LONG-TERM PERSPECTIVE.

THESE PORTFOLIOS ARE DESIGNED TO PROVIDE THE INCOME STREAMS NEEDED TO FUND THE ACTIONS OF BOTH THE GROUP AND ITS SUBSIDIARIES OVER THE LONG-TERM. IN 2010, INVESTMENT STRATEGY FOCUSED ON FINDING SECURITY IN A FRAUGHT ECONOMIC ENVIRONMENT.

Bond portfolios



Bond portfolios: maximising both yield and security

The bond portfolio is made up mostly of long-term investments held-to-maturity and a shorter-term loan portfolio designed to leverage the difference between the interest rate and the risk-free rate.

The long-term investment portfolio grew €2.2 billion in 2010 and purchases totalled €4.5 billion:

94% of the portfolio comprises bonds rated at least AA, and over 80% are still rated AAA despite the spate of ratings downgrades over the period. Debt maturities were longer than in previous years due to low rates on bonds issued by countries with excellent ratings.

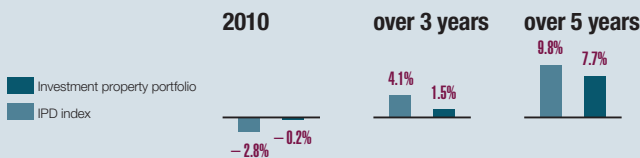
This portfolio is mainly invested in sovereign debt issued by eurozone countries and supranational and government agencies that generally have State guarantees.

Sovereign debt issued by Southern European countries is very closely scrutinised.

The average yield on this portfolio was 4.3% in 2010, which was well up on the historical average (3.5% over the last seven years). The loan portfolio achieved the stated objective of €10 billion invested in conditions of maximum security. It aims to leverage the spread between the bond rate and 3-month Euribor. 95% of the portfolio is rated at least A, and 54% is rated AA or higher. There were no default incidents and it should be stressed that the portfolio contains no asset-backed securities with subprime underlyings and not even any American ABSs.

€2.8 billion was added to the loan portfolio during the period at an average spread of 80 basis points (bps) over 3-month Euribor (85 bps based on the value of the portfolio). The portfolio is now operating under normal conditions — gross loan portfolio income for 2010 totalled €141 million — and future income has been secured.

Real estate



Real estate: rotation of investments and long-term performance

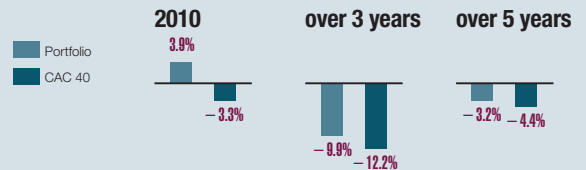
Extensive work was carried out to improve the energy performance of the real estate portfolio.

The HQE- and BBC-certified Etik office complex on the site of the former Renault factory in Boulogne-Billancourt is nearing completion and major work is being carried out on a large Parisian building dating from the 1930s in a bid to obtain BBC certification for energy-efficient buildings.

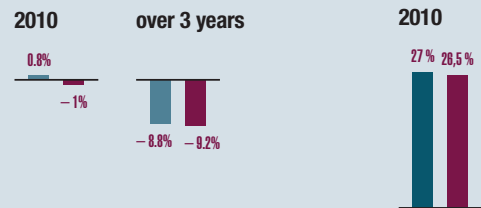
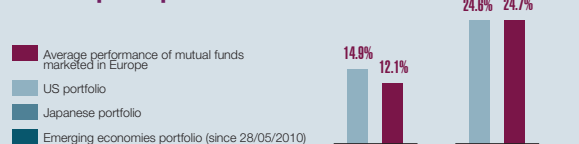
The energy audit of the entire real estate portfolio continued during the year and energy saving measures will be introduced in 2011. The portfolio comprises 38% offices, 25% housing and 22% commercial real estate, while the remainder is split between warehouses, hotels and other specific types of assets.

Although the portfolio shed 2.8% in 2010 due to value impairment, it has generated the best long-term annual returns of any of the Group's investments: 4.1% a year over three years and 9.8% over five years, which is 2.6% and 2.1% respectively, above the IPD index.

European equities



Non-European equities



Equities portfolio: rebuilding capital gains and excellent relative performance

At 31 December 2010, the carrying amount of the Group's European listed equities portfolio, excluding equity investments in listed companies, was stable year on year at 11.5 billion. Purchases were mainly concentrated in the May-July period when the market was fairly morose due to worries over the eurozone sovereign debt crisis.

Sales mainly took place in the first two months of the year when the French stock market index peaked and even though the Group was able to generate handsome capital gains, the value of unrealised capital gains on the portfolio is still greater than one year ago.

The overall dividend yield is around 4% — close to the current rate paid on bonds — and the steadiness of this return over time is proof of the portfolio's ability to generate profit for the Group.

The CAC 40 was down 3.3% for the year but the Group's European equities portfolio gained 3.9% over the same period. This means that it outperformed the market by an impressive 7.2% mainly due to the high and low weighting of consumer goods and services and banking services, respectively, within the portfolio. Caisse des Dépôts voted in all of the shareholders' meetings of the companies in its portfolio and was present at the meetings of the biggest companies. When it meets with the management of the companies in question, environmental, social and governance (ESG) issues are systematically addressed and have now been incorporated as investment selection criteria.



BANKING
SERVICES

MISSION

Since its creation, Caisse des Dépôts has been a trusted manager of legally protected funds. It acts as public banker to the judicial system and banker to the social security system and public interest organisations. In its fiduciary role, Caisse des Dépôts is entrusted with providing tailored administration, banking and financial services either by the French State through legislation, or by other bodies under contractual arrangements. These missions are carried out by the Banking Services Division with the help of the Public Finances General Directorate (DGFiP).

KEY FIGURES FOR 2010

- Average annual cash deposits: €45.3 billion, including €30.1 billion in funds entrusted by the legal profession and €3.6 billion in escrow accounts.
- Outstanding securities deposits at 31 December 2010: €8.8 billion.
- 45,891 customers.
- 64,000 accounts repayable on demand.
- 14,000 securities accounts.

OBJECTIVES/STRATEGY

The Banking Services Division enhances public trust in Caisse des Dépôts by managing all of the funds entrusted to it in a transparent and secure manner.

Its programmes are underpinned by the following key strategic priorities:

- differentiation via an innovative, specialised service offering based around dematerialisation, security and trust.
- migrating towards a multi-channel e-banking model, backed up by a network providing advice and local customer support.

A number of partnerships were renewed in 2010. A convention was signed with the High Council for Notaries (*Conseil supérieur du notariat*) for the 2011-2014 period that gives fresh impetus to Caisse des Dépôts' partnership with the French notary profession and sets ambitious mutual targets in terms of computerised procedures. Caisse des Dépôts, exclusive banker to ACOSS, the central body for France's social security system, also renewed its partnership with this agency for the 2011-2014 period. The new partnership provides a more rigorous framework for managing the operational risks linked to cash flows going through ACOSS bank accounts and reflects ACOSS' new ability to raise funds directly on the market to cover its short-term cash requirements.

Highlights in 2010 also included:

- a strong recovery in the real estate market which drove a 21.3% year-on-year surge in deposits from notaries to €22.4 billion for the year; and
- the completion of a number of cross-disciplinary projects including SEPA* which has geared Caisse des Dépôts up to meet current market demands and to help customers deploy new European payment systems.

*Single Euro Payments Area.

Public service mandates: opening up new horizons...

CAISSE DES DÉPÔTS WAS CREATED IN 1816 TO MANAGE PRIVATE FUNDS REQUIRING SPECIFIC PROTECTION IN A TRANSPARENT, SECURE MANNER.

Caisse des Dépôts' role as a trusted manager is scrupulously executed and this role was expanded in 2010 when it entered into agreements to manage eight new Investments for the Future programmes. The Group was able to renew its management brief to focus on current national economic and social imperatives more effectively: as well as being responsible for the security of the funds in its custody, it will harness all of its cross-disciplinary expertise to transform the funds and invest them in long-term projects.

MANAGEMENT OF REGULATED SAVINGS ACCOUNTS: COMBINING SECURITY AND ECONOMIC UTILITY

As stipulated in the Law on Modernisation of the Economy, work to review the percentage of *Livret d'épargne populaire* (LEP) deposits to be centralised with Caisse des Dépôts began in 2010 and a decree was published on 16 March 2011 concerning the centralisation of the *Livret A* and *Livret de développement durable* (LDD) passbook savings accounts. Caisse des Dépôts uses funds deposited in these savings accounts to grant long-term loans for key public projects which include rented social housing, urban regeneration and transport and hospital infrastructure. Given the rapid growth in infrastructure requirements and the reduced room for manoeuvre of local and central government, demand for loans granted from Savings Funds now goes way beyond the social housing sector.

Between 2008 and 2013, €11.5 billion in new loans will be granted for local and regional infrastructure, transport, healthcare, universities and water treatment projects. Investment in these sectors is set to continue over the next ten years. Caisse des Dépôts guarantees the stability, liquidity and security of this transformation process and helps put these savings to good economic use by investing in long-term projects that are vital to national development.

TOWARDS A NEW BUSINESS MODEL FOR THE GROUP: CREATING SKILLS PLATFORMS FOR LOCAL AUTHORITIES

Caisse des Dépôts has been entrusted with mandates by both the French State and public interest organisations. Aside from the trust that is essential to these relationships, the Group also provides specific expertise, mostly in banking and financial matters. It continues to act as public banker to the judicial system, the social security system and public interest organisations. Numerous semi-public companies (SEMs), social housing organisations and foundations also choose to bank with Caisse des Dépôts for the security and reliability this provides. The Group is also the leading public service pensions administrator and looks after 7 million employees and 3 million retirees. It can also draw on the technical expertise of its businesses and subsidiaries in a wide range of sectors that include real estate, information technology, enterprise financing and sustainable development, etc.

Over the next few years, the Group will harness all of the expertise available throughout its businesses to create skills platforms that may be used by public interest organisations (both public and private) to further their own projects and ventures.

The recently signed agreements to manage eight Investments for the Future programmes highlight the full potential of this strategy. By entrusting Caisse des Dépôts with responsibility for managing €7.5 billion worth of major investment programmes to support SMEs, the knowledge economy, sustainable development and digital infrastructure, the French State has reiterated not just the trust it places in the Group, but its recognised technical expertise in various different sectors and its investment experience and know-how.

Investments for the Future

CAISSE DES DÉPÔTS' ROLE AS ONE OF THE KEY MANAGERS OF THE INVESTMENTS FOR THE FUTURE PROGRAMME IS RECOGNITION OF ITS EXPERTISE AND HIGHLIGHTS THE EFFECTIVENESS OF ITS STRATEGIC PLAN.

Following its launch in 2009 by the President of the French Republic, the review of national priorities culminated in the Investments for the Future programme that targets five sectors for generating growth and jobs:

- higher education and training;
- research;
- industry and SMEs;
- sustainable development;
- development of digital infrastructure.

These five national priorities will be funded out of a €35 billion budget allocated by the French State and a specially-created Investment Commissioner (CGI) will oversee and deploy the programme.

Out of the ten programme managers selected, Caisse des Dépôts will manage programmes worth approximately €7.5 billion.

This makes Caisse des Dépôts one of the main programme managers and constitutes recognition on two fronts:

- Firstly, it recognises and showcases all of the financial expertise, prudent stewardship and investment know-how that underpin the enormous trust placed in the Group;
- Secondly, it recognises the solid technical expertise that the Group has developed around the four priorities of the Élan 2020 strategic plan as the programmes for which Caisse des Dépôts has been selected all fall within the scope of these priorities.

As manager of certain programmes, Caisse des Dépôts will be acting on behalf of the French State and will have a key role in driving local and regional development.

In 2010, the focus was on formalising arrangements with the French State for managing various different programmes

(signature and publication of conventions), putting out the first calls for project proposals and developing applications for tracking programmes, costs and budgets. The Caisse des Dépôts regional office network has been mobilised to provide information and guidance for all those wishing to apply for funding.

THE TOTAL BUDGET MANAGED BY CAISSE DES DÉPÔTS IS MADE UP OF EIGHT SEPARATE CONVENTIONS

⊕ Social economy and outreach initiatives

€100 million has been earmarked to boost job creation in the social economy through co-investment projects with existing financial backers and initiatives to attract new investors. The expected leveraged investment capacity should channel nearly €200 million of investment into the social economy and solidarity sector during the programme investment phase over the next four years. At end-December 2010, almost €5.3 million had been spent on equity financing.

⊕ Professional work-study programmes

€250 million will be put into upgrading professional work-study programmes and another €250 million into improving accommodation for the young people involved in these programmes. These two budgets must be administered separately and, based on their expected leveraged investment capacity, over €800 million should be pumped into the sector over the period covered by the Investments for the Future programme. The target is to create approximately 50 training structures and provide 10,000 units of accommodation.

⊕ Firms to accelerate technology transfer

€900 million has been set aside to create a limited number of development companies.

⊕ France Brevets fund (€100 million, 50% in capital injected by Caisse des Dépôts)

The creation of the *France Brevets* fund for investing in patents aims to acquire intellectual property rights to a portfolio of French patents and to put together thematic clusters of patents that will subsequently be licensed to interested parties.

⊕ National seed capital fund (Fonds national d'amorçage - FNA)

€400 million has been put into this fund to encourage the most innovative SMEs (in the strategic sectors listed in the national research and innovation strategy) by providing additional seed capital financing. This programme will be run by CDC Entreprises.

⊕ Competitive clusters

€200 million has been set aside to develop pooled innovation platforms that will provide firms with a shared application for carrying out tests, prototypes, and limited series, etc.

⊕ Development of digital infrastructure

€2 billion has been earmarked to develop broadband and high-speed Internet access technology and €2.25 billion to develop innovative digital uses, services and content, in particular by setting up the National fund for the digital society (*Fonds pour la société numérique* - FSN). At end-2010, €2.7 million had been invested in broadband and high-speed Internet access technology and €60,000 in developing innovative uses and content.

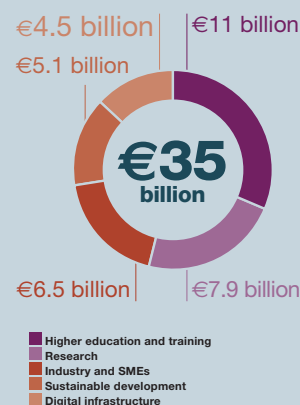
⊕ Tomorrow's cities

This programme has been allocated an amount of €1 billion to fund a new urban development model underpinned by an integrated and innovative approach to transport and mobility, energy and resources, and urban planning and housing. The programme will be based on investment and engineering credits (€580 million) and direct investment (€400 million) and the French State has decided to proceed in two stages:

- phase 1: the 13 cities selected in 2009 as part of the State-sponsored eco-friendly cities initiative;
- phase 2: the eco-friendly cities initiative will be rerun in 2011 and a second list of cities chosen. Approximately ten eco-friendly rural regions will also be selected as part of phase 2.

On 31 December 2010, the eight conventions were published in the French Government Official Journal and the first calls for project proposals and expressions of interest went out in October 2010.

BREAKDOWN OF THE €35 BILLION ALLOCATED TO THE INVESTMENTS FOR THE FUTURE PROGRAMME BETWEEN THE FIVE NATIONAL PRIORITIES



Élan 2020 strategic objectives achieved once again in 2010

SINCE 2007, THE GROUP HAS HARNESSSED THE FOUR PRIORITIES SET OUT IN ITS ÉLAN 2020 STRATEGIC PLAN TO HELP MEET THE NEEDS OF THE COUNTRY.

In 2010, Caisse des Dépôts funded or built over 145,000 units of housing. It financed the renovation of 225,000 units of housing, including 25,000 units out of social housing eco-loans which will generate an estimated reduction in CO₂ emissions of 1.14 million tonnes over 30 years. The Group's target of helping 1,000 SMEs a year since 2007 was easily exceeded as funds made available through SIF-sponsored programmes in late 2009 began to come on stream. In addition, "loans-on-trust" helped to finance the creation/takeover of 27,700 companies and 13,841 interest-

free loans were provided to unemployed people who wish to create businesses under the Nacre lending scheme. Over half of the 60 property development plans prepared by universities with help from Caisse des Dépôts have now been completed. A new subsidiary, CDC Propriété Intellectuelle, was created to develop an efficient, transparent market in patents. As regards sustainable development, Caisse des Dépôts now has a renewable energy generating capacity of 500 MW and aims to leverage the activities of its newly-created subsidiary, CDC Climat, to reduce its greenhouse

gas emissions by 60 million carbon equivalent tonnes by 2014.

It is also involved in preserving bio-diversity and its subsidiary CDC Biodiversité won a major contract for offsetting the damage to natural habitats caused by the A65 Motorway. Caisse des Dépôts also promotes responsible investing practices, particularly via its expenditure commitments committees.

PROGRESS INDICATORS FOR THE FOUR PRIORITIES UNDER THE ÉLAN 2020 STRATEGIC PLAN

Priority	Imperatives	Élan 2020 objectives	2010 indicators	2009 indicators	2008 indicators	Group resources deployed
Housing	Ensure that housing and urban development enhances both quality of life and the environment by meeting the following needs: - housing: France's housing shortage currently stands at between 300,000 and 900,000 units - renovation of existing buildings to improve housing sanitation standards and energy efficiency and to combat global warming	Increase social housing funding from 54,000 units in 2007 to 90,000 units in 2010, with an emphasis on energy efficiency - Total number of housing units financed -> including new social housing units financed under the Social Cohesion Plan - New social housing financed by subsidised loans granted on the basis of high energy performance standards - CO ₂ emissions savings over 30 years (in thousands of tonnes of CO ₂)	133,064 99,771 15,796 103	106,056 72,248 11,537 53	84,565 61,946 NR NR	Loans from Savings Funds and SNI group (pages 54 to 63)
		Renovate the least energy-efficient social housing units (consumption > 230 kWhpe/sq.m/year) - Number of units (annual commitments) - CO ₂ emissions savings over 30 years (in thousands of tonnes of CO ₂)	25,182 1,144	2,205 122	NR NR	Loans from Savings Funds (pages 54 to 63)
		Rehabilitate part of Caisse des Dépôts Group's housing portfolio based on environmental performance objectives - Cumulative number of approved Energy Saving Certificates on work begun since 2006 (GWhcumac) - Average energy consumption of housing units managed directly by SNI Group	1,829 207 kWhpe/sq.m/year	1,402 NA	853 229 kWhpe/sq.m/year	SNI group (pages 54 to 63)
Universities and the knowledge-based economy	Support the university reform process by renovating facilities	By 2009, carry out strategic real estate audits incorporating environmental objectives for all universities requesting such assistance - Cumulative number of higher education and research establishments assisted with their development plans at 31 December 2010	132	129	101	Local and regional investment (pages 38 to 47)
		Assist with renovation projects by carrying out engineering surveys - Total number of projects funded/amount committed for engineering surveys in 2010 - Support 20 major university campus renovation projects by 2013 - Number of projects funded/number of students concerned (thousands)	104/€5.8 million 3 8/215	62/€10 million 3 4/166	27/€12.8 million Launched in 2009 NR	Local and regional investment (pages 38 to 47)
	Foster an environment conducive to the development of the knowledge-based economy	Help to introduce very high-speed Internet access technology in large French cities over the next five years - Amounts committed/number of local and regional high-speed Internet access projects supported	€22.3 million 4 projects	€46.8 million/ 13 projects	€53.2 million/ 15 projects	Local and regional investment (pages 28 to 37)
SMEs	Encourage the emergence of innovative businesses and particularly SMEs with the capacity to penetrate foreign markets and contribute to French economic growth	Finance the creation of 1,000 SMEs by 2010, with an emphasis on innovation and export-oriented industries - Number of SMEs receiving priority enterprise funding during the year (2010 figure is an estimate) - Commitments made by the Group under the <i>France Investissement</i> programme	380 €531 million	349 €375 million	360 €400 million	CDC Entreprises and SIF (pages 18 to 27)
	Reinforce pro-SME initiatives to tackle the economic crisis	Assist micro-businesses throughout their life cycle and particularly at the start-up phase - Nacre incentives to unemployed persons wishing to set up a company (loans disbursed) - Number of start-ups financed by loans-on-trust/number of jobs created	13,841 27,700/56,270	4,426 26,700/66,021	NR 23,000/45,000	Local and regional investment and partnership with Oséo (pages 18 to 27)
Sustainable development and the environment	Boost French renewable energy output	Objective: assemble a portfolio representing 500 MW of renewable energy capacity by 2010 and generate 10% of French renewable energy output by 2020 - Cumulative portfolio of renewable energy/amount invested during the year	545 MW/ €37.3 million	433 MW/ €36.9 million	287 MW/ €46 million	Local and regional investment (pages 48 to 53)
	Combat climate change	Boost the development of carbon finance through research, investment and market mechanisms - Amounts held in carbon asset investment funds	€56.7 million	€56.7 million	€56.7 million	CDC Climat (pages 48 to 53)
	Preserve biodiversity	Promote the development of biodiversity clearing house mechanisms - Biodiversity assets held (in ha)	357	357	357	CDC Biodiversité (pages 48 to 53)
	Promote sustainable development objectives across all Group business lines	Set sustainable development objectives (investment guidelines, operational targets) for all Caisse des Dépôts business lines and subsidiaries	Integration of sustainable development objectives is currently in progress			These objectives are presented by business line and by subsidiary throughout this report (pages 48 to 53)

NR: Not relevant - NA: Not available

Caisse des Dépôts regional offices

CAISSE DES DÉPÔTS STRUCTURES ITS OPERATIONS FROM A REGIONAL PERSPECTIVE AND PRIDES ITSELF ON BEING ABLE TO CATER TO ALL TYPES OF LOCAL AND REGIONAL DEVELOPMENT REQUIREMENTS. ITS REGIONAL COVERAGE ALLOWS IT TO PROVIDE TAILORED SOLUTIONS THAT COMBINE ALL OF ITS EXPERTISE IN FINANCIAL ENGINEERING, PROJECT FINANCING AND PROJECT MANAGEMENT.

ALSACE

Gil Vauquelin – Regional Director



In Alsace, loans using savings funds leapt 49% year on year driven by the €434 million in new loans used to finance social housing and urban planning. These enabled 3,800 new units of social housing to be completed with a focus on improved energy performance.

1st high energy performance agreement covering 14 Alsatian secondary schools

The Region of Alsace signed a high energy performance agreement with Ecolya, which is 42.5%-owned by Caisse des Dépôts, covering 14 secondary schools in order to cut energy consumption by 30% and promote the use of renewable energy. Ecolya was created in early 2010 and has entered into an agreement with Cofely to carry out work and to operate facilities over a 20-year period. The work (comprising thermal installations, drywall construction, wood chip boilers, solar panels to be installed on roofs and facades) for an estimated value of €30 million, is scheduled for delivery in two stages: in October 2010 (seven secondary schools) and October 2011 (seven secondary schools).

FRENCH ANTILLES - FRENCH GUIANA

Philippe Lambert – Regional Director



By the end of 2010, nearly 6.7 MW of generating capacity had been installed in the French Antilles & French Guiana region. In Guadeloupe, AérOWatt Énergies, a subsidiary that is 35%-owned by Caisse des Dépôts, built five new-generation wind farms, thus tripling the existing wind energy generating capacity to 1.3 MW.

In Guiana, preliminary work began on the Mana hydroelectric power plant (4.5 MW) in partnership with Voltalia.

Fort-de-France: "La Levée" office development in an urban renewal zone

Caisse des Dépôts teamed up with Caisses Régionales du Crédit Agricole (Martinique/Guiana and North) to finance the construction of a downtown office complex as part of the development programme and urban renewal contract signed with the City of Fort-de-France. The investment will be headed up by a property development company which will acquire and demolish the property and then build the new offices. This company is 40%-owned by Caisse des Dépôts. "La Levée" will comprise 4,341 sq.m of office space and an underground car park that complies with anti-seismic standards and will help cater to the strong demand in the services sector.

AQUITAINE

Xavier Roland-Billecart – Regional Director



Deployment of the PRES (centre of higher education and research) agreements with the University of Bordeaux (Campus de Bordeaux operation) is moving full steam ahead and Caisse des Dépôts is closely involved. The property and digital infrastructure development plans have already been completed and a real estate development company has been set up along with the Regional Council to oversee the redevelopment. A call for tenders was put out in December marking the beginning of the first operational phase of the Campus de Bordeaux operation.

A new eco-neighbourhood in Bègles: Terres neuves

The Terres Neuves urban development project is aiming to create a new neighbourhood based around urban and social mix, business activity and protecting the environment. To support this exemplary development project, Caisse des Dépôts has:

- granted €27 million in urban regeneration loans as part of the ANRU urban regeneration programme;
- invested €1.93 million in the construction of 29 low-energy social housing units with capped rents;
- invested in the Pôle Image real estate development programme to renovate two buildings on a derelict military barracks for use by professionals working in the image consultancy and sound engineering sectors. This project should generate about 50 jobs.

LOWER NORMANDY

Florence Mas – Regional Director



Caisse des Dépôts and the Region of Lower Normandy have signed an €18.9 million loan agreement to renovate regional trainline stations between 2010 and 2015. This programme aims to provide commuters with a better quality service and

enhanced comfort, upgrade station facilities in the region and boost inter-modality between trains and other means of transport.

Eléis shopping centre in Cherbourg

Caisse des Dépôts is closely involved in the project to enlarge and redevelop the Eléis shopping centre that began in January 2011 for a total cost of €80 million. The shopping centre will remain open during the two-year work programme and the facades will be redesigned, the existing shopping arcades and hypermarket will be renovated and enlarged, and a 1,100 space car park will be built on three levels. This is all part of the local economic redevelopment process and a key component of the "Entre Terre et Mer" urban renewal programme designed to link the social housing district more closely to the lower port area.

BRITTANY

Loïc Rolland – Regional Director



Caisse des Dépôts is partnering four Breton universities (Rennes 1, Rennes 2, Université de Bretagne Occidentale in Brest and Université de Bretagne Sud located in Vannes and Lorient) as well as the Breton PRES (centre of higher education and research),

Université européenne de Bretagne. Nearly €500,000 was raised across the region to help universities complete their property development plans.

Regeneration of a derelict industrial site in Fougères

A non-trading real estate company, Cristallerie de Bonabry was set up to renovate and rent out an office development at the initiative of the semi-public company, Pays de Fougères. "La Cristallerie" in Fougères was inaugurated in March 2010 and is home to Trésorerie Fougères Collectivités, the local employment exchange, and a company called CTP Transitio which is specialised in career transition arrangements. This project to redevelop and generate employment at a derelict urban site is part of the strategy of using the renovation of buildings as a vector for local redevelopment. Total investment in this project is €2.6 million and €550,000 has been subscribed in equity, including 49% by Caisse des Dépôts.

CENTRE

Yves Aguiton – Regional Director



Since 2006, 870 loans (308 in 2010) have been granted out of the Social Cohesion Fund (*Fonds de cohésion sociale*) in the Centre Region for a total amount of €1.95 million.

A personal microcredit guarantee scheme is run out of offices in

Châteauroux and Saint-Doulchard and in 2010 the Restos du cœur charitable organisation came on board as a partner.

North Orléans private hospital (HPON)

HPON aims to move the activities of the Reine Blanche clinic and the Longues Allées polyclinic to a new site at Saran. The project is being developed by SAS Pierre et Victoire 2, a simplified joint stock company that is 46.5%-owned by Caisse des Dépôts. It is being financed by €71 million of long-term debt, including €19 million in loans from savings funds within the scope of the 2012 hospital development plan. HPON will contain 497 beds for medical services, surgery, obstetrics and emergencies. They will be housed in an eight-storey, HEQ certified building complete with a car park and the new hospital should open its doors in 2013.

BURGUNDY

Aline Morancho – Regional Director



Caisse des Dépôts is partnering the Regional Council's "J'entreprends en Bourgogne" one-stop shop portal which provides practical information on enterprise support initiatives. The SME support network (*Appui PME*), which helps companies obtain their equity capital financing requirements, has reviewed over 56 projects since it was set up and ten have been selected for funding in a total amount of €28.5 million.

Renovation of the "Sucrerie rouge" derelict industrial site in Chalon-sur-Saône

The old sugar plant on the banks of the Saône River in Chalon-sur-Saône was completely renovated and now houses a cluster of public and semi-public entities (offices of a couple of semi-public companies – Nicéphore Cité and Chalon Val de Bourgogne, and the urban development agency for Chalon-sur-Saône) and a business park. This €10 million project is being developed by Nidev, a corporation that is 23%-owned by Caisse des Dépôts. It provides contemporary real property solutions that are in harmony with both local architectural heritage (nineteenth century buildings) and the environment through features such as the use of geothermal power and green roofs.

CHAMPAGNE-ARDENNE

Gaëlle Velay – Regional Director



Caisse des Dépôts is partnering sustainable urban development in the Champagne-Ardenne Region and the urban, socio-economic and environmental review of the Chaumont eco-friendly neighbourhood has already begun.

Caisse des Dépôts is also investing in other eco-friendly initiatives including the 12^e Escadre d'Aviation project in Reims, the rural eco-friendly development in Douzy, and the new Arc nord-est project in Reims which is being sponsored by social landlords.

The Champagne-Ardenne Regional Office provided unstinting support for the local economy in 2010

Caisse des Dépôts deployed the Group's full arsenal of financing solutions to help businesses badly hit by the recession. For example, Ateliers de Janves was able to avail of a number of different measures, including the Auto supplier venture capital fund (*Fonds de modernisation des équipementiers automobiles* - FMEA), the OC+ programme and the Strategic Investment Fund's SME programme. This company employs 330 people in France. It is a major parts supplier for the auto industry and number 1 in France and Europe for sinter-forged connecting rods. The FMEA invested €3 million in equity or quasi-equity, plus €2.5 million via the OC+ programme and €0.5 million as part of the EUREFI and IRPAC regional funds.

CORSICA

Richard Curnier – Regional Director



The partnership with the University of Corsica has continued to develop along a number of different fronts:

- Caisse des Dépôts conducted a review of real estate development financing requirements;
- creation of the RETI network of excellence for island regions;

- co-financing of manpower and skills planning (GPEC) and digital infrastructure reviews.

Acquisition of a stake in Caisse de développement économique de la Corse (CADEC)

Caisse de développement économique de la Corse (CADEC) was a regional development agency that was 67%-owned by the French State and 33%-owned by Collectivité territoriale de Corse (CTC), an umbrella group of local authorities. The State has sold its interest in CADEC to a group of investors headed by Caisse des Dépôts, which now owns 20% of the share capital. This operation will help provide essential business financing tools that had been badly lacking:

- lease financing for projects totalling between €150 million and €800 million;
- equity financing for small developing companies.

These firms will be provided with repayable advances to put them in a stronger position when they meet with the banks.

LIMOUSIN

Jean-Charles Watiez Regional Director



The "Limousin Investissement" platform met for the 8th time in October 2010 and vetted 23 applications. The SIF used the *Bois* fund for the timber industry to acquire a €1.2 million stake in Farges which is located in Égletons.

This sawmill has a special machine for transforming wood – the only one of its kind in Europe – and it represents a key player and a platform of excellence in the French timber and green building sectors.

1st national partnership between the French Red Cross and Caisse des Dépôts to establish a healthcare and social services training hub in the Limousin Region

Caisse des Dépôts financed 45% of the cost of the Red Cross' first regional training hub. It will enable the Red Cross to accommodate 700 students and to group all of its training facilities in the Haute-Vienne area in a single hub containing schools for training nurses, physiotherapists, social workers, etc. This is the first national partnership between the Caisse des Dépôts and the French Red Cross and it aims to reorganise existing structures into centres of healthcare and social services excellence.

UPPER NORMANDY

Pascal Hoffmann – Regional Director



Caisse des Dépôts is helping the universities of Le Havre and Rouen prepare their property development plans. The five higher education establishments of Upper and Lower Normandy have signed a PRES (centre of higher education and research) agreement and are preparing a digital infrastructure development plan as part of the UNR-RUNN (Normandy digital university network).

Supporting the production of frames and mountings for spectacles in Évreux

Karavan Production employs 60 people in Évreux, manufacturing frames and mountings for spectacles that they market all over the world. Caisse des Dépôts has partnered it in a number of ways: to consolidate its equity, a request for financing was submitted to the SIF via Avenir Entreprises and €500,000 was raised in 2010 from the OC+ programme. Karavan Production also wishes to move to a more suitable location and a simplified joint stock company, SAS de l'Eure, in which Caisse des Dépôts has an interest, is being used to administer this project to build two premises with a total area of 1,820 sq.m on the outskirts of Évreux.

ILE-DE-FRANCE (GREATER PARIS REGION)

Patrick François – Regional Director



The Macdonald warehouse redevelopment project in Paris is part of the North-Eastern Paris Urban Regeneration Programme (GPRU). The aim is to redevelop a total of 165,000 sq.m of commercial space and housing as part of an ambitious public-private partnership (PPP) and delivery is scheduled for 2013. In 2010, Caisse des Dépôts pumped a total of €114 million into this project.

The first major project in the Grand Paris building programme: AgroParisTech is part of the Campus de Saclay programme

AgroParisTech, the first major plank in the Campus de Saclay building programme, aims to turn this campus into one of the world's ten best teaching, research and innovation centres by 2020. It will eventually boast 20% of French research capabilities and have 34,000 students and 12,000 lecturers/researchers. Caisse des Dépôts has put all of its resources into meeting the related challenges of local development and providing accessible transport and housing and an attractive living/working environment for students and researchers alike. It has devised an innovative financing arrangement based around a simplified joint stock company owned by AgroParitech (51%), Inra (30%) and Caisse des Dépôts (19%).

LORRAINE

Emmanuel Colin – Regional Director



The record amount of €350 million granted in loans for social housing was used to finance numerous projects as part of the National Urban Regeneration Programme (PNRU) and the Social Cohesion Plan. Major renovation and building work carried out by social housing bodies helped maintain activity in the construction sector at relatively high levels.

The Lorraine consolidation fund (*Fonds Lorrain de consolidation* - FLC): a new means of partnering the region's SMEs

The different partners involved in the Lorraine business support forum (the French State, the Regional Council, Caisse des Dépôts, Oséo, Institut Lorrain de Participations and Avenir Entreprises) have all noted the dearth of support mechanisms for high-potential firms that have been badly hit by the current economic downturn and the Lorraine consolidation fund (with a budget of €5.4 million) has been set up to tackle this situation. It is tasked with investing in the equity of SMEs to the tune of between €250,000 and €1.5 million per enterprise. It will position its activities between those of the SADEPAR regional fund and the Enterprise consolidation and development fund (*Fonds de consolidation et de développement des entreprises* - FCDE).

FRANCHE-COMTÉ

Antoine Bréhard – Regional Director



In 2010, the SIF pumped €12.2 million into 15 ventures, compared to €9 million for five ventures in 2009. We should also mention the €14 million invested by the SIF to consolidate the capital of the Parisot Group and the €11 million invested by the auto supplier venture capital fund in Bourbon Automotive Plastics.

Loans-on-trust fund (*Fonds Entreprises en Mutation*)

The economic fabric of the Franche-Comté Region – comprising numerous SMEs and micro-businesses that are sub-contractors for major groups – is becoming increasingly international in scope. These SMEs frequently need to restructure or to consolidate their equity and Caisse des Dépôts has joined forces with the Franche-Comté Region to launch a pilot loans-on-trust scheme aimed at such firms. The two partners have invested €320,000 in the *Entreprises en Mutation* fund. The loans-on-trust will be administered by Association Réseau Entreprendre Franche-Comté which has longstanding experience of partnering entrepreneurs, particularly in creating and transferring ownership of medium-sized firms.

LANGUEDOC-ROUSSILLON

Elisabeth Viola – Regional Director



With some of France's best solar resources, Languedoc-Roussillon Region has a number of major photovoltaic projects on the go and Caisse des Dépôts has been a key investor. Generation began at both the Arena plant (460 kWc) and at a factory in Béziers where solar panels have been installed on the roof with a generating capacity of 1.4 MWc.

Caisse des Dépôts also won the tender process for Montpellier Airport (3.6 MWc).

The Antoine-Gayraud hospital complex in Carcassonne

Carcassonne's new hospital was partially financed by Caisse des Dépôts from a Savings Funds loan of €63 million within the scope of the 2012 hospital development plan. The Group is also involved in the PPP arrangement to finance the hospital's logistics and technical platform comprising centralised catering facilities, laundries, boutiques, a power plant and shared offices and premises, all with a strong focus on pooling of resources. The consortium to which Caisse des Dépôts belongs was selected by a healthcare development consortium which has itself already invested €39 million in this project.

PROVENCE-ALPES-CÔTE D'AZUR

Jean-Paul Guérin – Regional Director



Caisse des Dépôts has built a 24 MW solar powered station on the Mées plateau in partnership with Solaire Direct. This is in addition to the 2.4 MW generating capacity in Vinon, and the 2.2 MW of capacity on the roof of the Porte sud shopping centre in Orange set up in partnership with Aérowatt.

A PPP to renovate Marseille's Velodrome stadium Caisse des Dépôts is involved in the PPP signed between the City of Marseille and the Arema Consortium to redevelop the Velodrome stadium and operate it over a thirty-five year period. The project will cost €267 million and involve the construction of 100,000 sq.m of real estate containing a shopping centre, housing, offices, hotels and healthcare facilities. This is part of Caisse des Dépôts' participation in the redevelopment of the Prado-Michelet area and the project's imperatives in terms of environmental concerns and functional mix reflect Marseille's ambition to become an Euro-Mediterranean urban hub.

MIDI-PYRÉNÉES

Serge Bergamelli – Regional Director



The digital partnership with the Regional Council and its agency, ARDESI, which heads up 56 cyberbases in the Midi-Pyrénées region was strengthened in 2010. The network includes "School" cyberbases and one of these has been selected for a pilot scheme in Aveyron. Toulouse plans to run a similar scheme in 2011.

Renovation of an apprenticeship training centre in Midi-Pyrénées

Caisse des Dépôts has joined forces with Midi-Pyrénées Regional Council to redevelop an apprenticeship training centre (CFAI). The complex of eight buildings offers training facilities used by different industrial training authorities: CFAI, Institute of industrial engineering techniques, Association for professional industrial training and Centre for evaluating potential. Over a thousand apprentices will be trained every year in electrotechnics, refrigeration and air-conditioning, studies and design, maintenance, automated production systems and boiler-making.

NORD-PAS-DE-CALAIS

Dominique Mirada Regional Director



In Nord-Pas-de-Calais, 6,800 firms employing 7,600 people were partnered in 2010 as part of the Programme to sponsor the creation and takeover of businesses (PRCTE), and 1,690 loans-on-trust were granted for an average amount of €7,200.

Helene Borel medical clinic for adults

Helene Borel medical clinic has 64 beds and accommodates severely handicapped adults. It is adjacent to Saint-Philibert de Lomme Hospital and focuses on preserving intimacy, combating solitude and spatial diversification. This is the first part of the programme to develop the Humanité district and has the financial backing of the Institut catholique de Lille, the municipalities of Lomme and Capinghem and the Urban Community of Lille. The aim is to develop a hub for healthcare programmes, training and development. Caisse des Dépôts has provided both equity financing and loans from savings funds.

NEW CALEDONIA (FRENCH POLYNESIA)

Yves Bellec – Regional Director



New Caledonia University has commissioned a property development plan and a digital infrastructure development plan. Caisse des Dépôts is also helping the Government of New Caledonia to develop a digital infrastructure development plan covering infrastructure, services and uses.

Construction of 15 villas on land traditionally used by the Baco tribe

The construction of a nickel factory in the Northern Province — one of the lynchpins of the Nouméa agreements — will have a major impact on the Voh, Koné and Pouembout area whose population is set to treble in size. Caisse des Dépôts is helping to meet the demand for housing with affordable rent in an increasingly hot market. Following its investment in the construction of 36 villas in Green Acre, a new development will be built on land belonging to the Baco tribe near Koné. This €4 million project has the full backing of the Northern Province regional government and will meet the requirements of the "Ecoocal" label.

PICARDY

Brigitte Louis – Regional Director



Caisse des Dépôts has acquired a 12.76% interest in Kogeban which operates a 16 MW biomass electricity generating plant near the Nesles industrial platform in partnership with industrial stakeholders, the developer OPEOS, CNIM and Fonds Picardie investissements.

SA Creil Montataire Développement (CMD): how to successfully redevelop an industrial site from an environmental perspective

Local decision-makers in the Creil area decided to redevelop derelict land in partnership with Caisse des Dépôts when faced with the closure of the Chausson factories. This site is home to 80 companies employing 1,200 people and a new warehousing centre known as "Prague" was delivered in 2010. Solar cells have been incorporated into the 11,000 sq.m of roof grouting with an expected annual generating capacity of 250,000 kWh/year. The new building is fitted out with a rainwater harvesting system, a solar-powered hot water production system and a reversible heat pump system and it will have the European "greenlight" label.

POITOU-CHARENTES

Thierry Ravot – Regional Director



The Poitou-Charentes Region has received substantial support from the National Fund for Local and Regional Development (FNRT) and six areas have received a total of €10.5 million in investment. Caisse des Dépôts is helping to coordinate financing in each area

concerned and in 2010 loan agreements totalling €5.3 million were signed with 19 companies.

Restructuring of Futuroscope and creation of a local heritage semi-public company.

Vienne General Council approved the increase in Futuroscope's capital to be taken up by Vienne Local Council, Caisse des Dépôts and Compagnie des Alpes. The project will be headed up by a local heritage semi-public company that will subsequently become Futuroscope's strategic shareholder. Compagnie des Alpes wishes to acquire long-term operating rights to this major tourism infrastructure and the shareholder line-up will be completed by Caisse des Dépôts which will continue to play a key role. This restructuring arrangement safeguards Futuroscope's long-term future and development.

RHÔNE-ALPES

Claude Blanchet – Regional Director



The knowledge-based economy is a key priority in the Rhône-Alpes Region as attested by the projects currently being deployed by the universities of Lyon (innovative PPP arrangement for the Lyon PRES (centre of higher education and research) agreement bringing together 20 institutions and over 120,000 students), Grenoble (participation in Campus university development plan) and Saint-Étienne (development of a digital infrastructure development plan). Moreover, one of France's first "School" cyberbases was opened in 2010 in Roanne.

Redevelopment of the Mistral neighbourhood in Grenoble

Saint-Martin, the future healthcare training institute for Isère will take in over 700 students a year and act as a vector for linking the neighbourhood more closely to the town centre and bringing in local shops and businesses. Caisse des Dépôts has acquired a stake in the non-trading real estate investment company (SCI) that will head up the project. This forms part of the development programme to reinvigorate the Mistral neighbourhood. Caisse des Dépôts has already invested in this area in the construction of 17 intermediate housing units, commercial premises and renovation of the old Vaucanson industrial hall.

LOIRE VALLEY

Jean-Marcel Morisset Regional Director



The SIF has invested a total of €236.5 million in the capital of nine large companies present in the Loire Valley and employing over 3,100 people. Six of these are headquartered in the region. The Group also partners three regional private equity funds through CDC Entreprises and 99 companies have received investment over the past three years.

Healthcare and studies centre for *Fondation des étudiants de France* (French student foundation) in Sablé-sur-Sarthe The creation of a healthcare and studies centre in Sablé-sur-Sarthe is part of the reorganisation of the hospital infrastructure in the Southern Sarthe area that kicked off with the freeing up of the site of the old hospital in 2007. *Fondation de santé des étudiants de France* is involved in protecting the health of students and school children aged 15 to 25 who are suffering from psychiatric problems during their studies or professional training. The project is being headed up by the National Fund for Local and Regional Development (*Fonds national de revitalisation des territoires* - FNRT). It will be built on derelict land and create 115 jobs. Caisse des Dépôts is putting in €2 million in equity financing and delivery is scheduled for the summer of 2012.

REUNION-INDIAN OCEAN

Michel Pupin – Regional Director



As well as managing the funds of 1,500 customers, including 14 notarial and 17 bailiff firms, Caisse des Dépôts is also single banker to the main guardian of legally-protected people in Reunion (Comité croix marine), as well as to the Mayotte social security agency and the Reunion family allowance fund.

PPP for the new CIREST headquarters

CIREST (Eastern Reunion joint municipal authority) has entered into a PPP arrangement with a simplified joint stock company, Grand-Est, which is 32%-owned by Caisse des Dépôts. The project covers the development of 3,000 sq.m of office space that will house both the headquarters of CIREST and the Eastern Reunion transport concession operator. It is located in the urban tax-free zone and is part of a sustainable development initiative that will have BBC certification for energy-efficient buildings and be equipped with solar panels installed on roofs and in the car parks. The total project will cost €8.6 million and delivery is scheduled for early 2012.

INTEGRATION OF COMPANIES IN THE GLOBAL ECONOMY

FACING COMPETITION FROM ACROSS THE GLOBE, FRENCH COMPANIES ARE COMPELLED TO INVENT, CREATE AND INNOVATE IN ORDER TO KEEP AHEAD OF THE PACK, REMAIN COMPETITIVE AND CONTINUE PRODUCING LEADING-EDGE GOODS AND SERVICES. THESE IMPERATIVES ARE ACHIEVED THROUGH LONG-TERM FINANCIAL ALLIANCES WITH PARTNERS WILLING TO REINVENT A MORE PATIENT, SUSTAINABLE GROWTH MODEL.



Innovate



and produce

“WE HAVE TO TRY AND MOVE AWAY FROM THE IDEA OF AN OECD world focused solely on research”



JEAN-HERVÉ LORENZI
PRESIDENT
OF THE CIRCLE
OF ECONOMISTS

Jean-Hervé Lorenzi is a professor at Paris-Dauphine University and advisor to the Management Board of Compagnie Financière Edmond de Rothschild. He also holds the “Economics of ageing” chair at the French Risk Foundation. He began his career as lecturer in Economics at the Paris XIII University and the École Normale Supérieure. He was advisor to the Chairman of the Havas Group, deputy director at the Ministry of Industry’s Directorate for Electronics and IT, economic advisor to the Prime Minister on matters regarding industry, services and telecommunications, Chief Executive Officer of CEA Industrie and Chief Operating Officer of Gras Savoye.

DO LONG-TERM INVESTORS HAVE A SPECIFIC ROLE TO PLAY IN BUSINESS DEVELOPMENT?

At a time when many investment decisions are unpredictable and focused on the short term, long-term investors are essential for building the productive assets of the future and meeting the extensive needs for large-scale investment. The world’s two largest economic areas (OECD countries and emerging markets) will be confronted with significant financing

requirements for their economies. OECD countries have to come through this period with high unemployment rates, financing innovation in both consumable goods and services and in the infrastructure enabling these goods and services to be produced. This new type of growth can be called sustainable or “green” growth. In any case, it should help OECD countries to maintain world-beating levels of technological specialisation. In emerging countries, hundreds of millions of men and women will become consumers. This will require both public and private infrastructure to be built on a huge scale.

WHAT SHOULD THE PRIORITIES OF AN INDUSTRIAL POLICY BE TODAY?

Traditionally, the role of public investment is to compensate for market imperfections. Public investment is legitimate in three cases: market failure, external pressure and growing economies of scale. The new growth phases that we will be seeing in the next few years will bear out this scenario, showing that the current conditions of economic growth require public action. We are in the midst of a period of profound change, with a deep-seated renewal of our economic fabric. The first priority for any industrial policy is therefore to identify the sectors ripe for growth.

Let’s take two examples: the environment and the ageing population. From the demand created by these two constraints, we can build real businesses, from leading-edge technological firms to the associated service companies. Public action should therefore be directed at expanding new business opportunities and

helping to create the small- and medium-sized firms (SMEs) working in these areas.

However, industrial policy cannot stop there. Its role is also to strengthen our industry, chiefly through competitive clusters, by helping to develop and finance innovation initiatives bringing together businesses and research centres.

FACED WITH FAST-GROWING EMERGING ECONOMIES WHICH ARE INVESTING HEAVILY IN R&D, WHAT ARE THE LONG-TERM DRIVERS OF COMPETITIVENESS FOR EUROPEAN BUSINESSES?

Clearly, we have outgrown our decades-old paradigm which combined leading-edge technological expertise in certain OECD countries with cheap labour costs and low capital intensive industries in others. But let’s not get ahead of ourselves: emerging countries still have a lot of catching up to do, and they are at the imitation rather than innovation stage. This situation could persist for another ten years or so – long enough for us to prepare products and technologies that can compete with them. However, if we want to maintain our competitive edge, we cannot continue to rely on our advanced technological expertise and eschew factories and production infrastructure. In short, we have to try and move away from an OECD world focused solely on research. Our strength is a highly qualified workforce and this is undoubtedly the main asset in which we need to invest. We need to concentrate on converting research into market innovations, which requires financing to be channelled towards start-ups and SMEs, or in other words, towards business creation and development.

Caisse des Dépôts places business growth and development at the top of its priorities. By helping to develop companies embarked on innovative, value-added projects which sharpen France's competitive edge, Caisse des Dépôts is true to its goal of giving France the skills it needs to adapt to globalisation.

€2 billion
invested in 2010
in more than
400 COMPANIES.

Caisse des Dépôts' resolute action to promote French businesses has several goals. First, it aims to compensate for the lack of critical long-term investment needed to turn fast-growing SMEs into mid caps and allow businesses to invest in research and innovation or carve out positions in green growth markets.

It also aims to promote responsible investment embracing sustainable economic growth, and more generally, to foster economic and regional development.

STRONGER SMEs, THE HEART OF THE FRENCH ECONOMY

SMEs create jobs and boost local development. As a result, Caisse des Dépôts seeks to expand SMEs' coverage, help them develop into mid caps, drive up their productivity and flexibility, and give them the scale needed to pursue innovation and grow exports.

A BROAD ARRAY OF FINANCING SOLUTIONS ADAPTED TO EVERY BUSINESS

To achieve these aims, businesses need higher levels of capital. Caisse des Dépôts endeavours to meet companies' financing needs, directly or indirectly, at each key stage of their corporate life, and to partner them over the long term.

⊕ Financing SMEs throughout their corporate life

Due to the overwhelmingly short-term perspective held by most large institutional investors or to risk-return targets incompatible with their investment agenda, companies generating low returns over the short term lack equity financing, despite their robust potential for growth and bright competitive prospects. To remedy these flaws in the market, Caisse des Dépôts provides equity financing at each stage of the business life cycle,

from seed and venture capital to development capital and buy-outs.

On the creation of the Strategic Investment Fund (*Fonds Stratégique d'Investissement* - SIF) at the end of 2008, Caisse des Dépôts became France's biggest provider of equity finance for companies. The SIF, endowed with €20 billion, of which 49% was provided by the French State, takes minority stakes in blue chips and mid caps. CDC Entreprises, the Group's asset manager, is responsible for CDC's direct and indirect investments in SMEs. The leverage on capital invested in funds managed by or affiliated to CDC Entreprises is between €5 and €7 in private investments for each €1 of public money invested in SMEs.

The SIF invests in high-growth businesses to sharpen the competitive leadership of the French economy. It invests directly in listed and unlisted large companies and mid caps (21 investments totalling €1.7 billion in 2010). The SIF finances the SMEs' investment strategy pursued by CDC Entreprises, the Group's asset manager.

This strategy has three main focuses:

- developing specialised investment funds with industrial or financial investors, such as auto supplier venture capital funds (FMEA 1 & 2), the *InnoBio* fund focused on biotechnology, the FCDE fund set up to aid high-potential SMEs experiencing difficulties, and the *Bois* fund for the timber industry;
- supplying subordinated debt directly to high-potential SMEs (OC+ convertible bonds);
- financing and developing some 210 regional and national partner funds managed by CDC Entreprises and making joint investments with these funds.

Since it was set up, the SIF has invested €1.1 billion to aid SMEs.

CDC Entreprises is an asset management company that has helped to develop and create SMEs over the past 15 years by providing equity financing. CDC Entreprises has three main briefs:

- implementing the SIF's investment policy in SMEs : a total of €700 million was invested in 400 companies in 2010;
- managing the investment funds created or underwritten by Caisse des Dépôts, including the *Mode & Finance* and *Patrimoine & Création* funds;
- as from 2011, financing high-potential start-ups by managing the French State's €400 million fund of funds as part of the Investments for the Future programme (PIA). These different briefs give CDC Entreprises an instrumental role in the seed, venture and development capital industries.

CDC ENTREPRISES HELPS FUND THE INTERNATIONAL DEVELOPMENT OF BUFFET CRAMPON

Since it was founded in 1825, Buffet Crampon has known how to combine tradition with innovation. Thanks to its unparalleled expertise and relentless capacity for innovation, Buffet Crampon is among the leading manufacturers of wind instruments.

Buffet Crampon instruments are manufactured in the French lute tradition at the historic site of Mantes-la-Ville. The Buffet Crampon group wishes to cement its high-end market focus by emphasising the French instrumental tradition and its "Made in France" label.

On 28 July 2010, the *Patrimoine & Création* fund managed by **CDC Entreprises** took part in Buffet Crampon's reserved convertible bond issue (ORA).

The funds raised by the issue allowed the group to finance its international expansion through acquisitions in Germany and China, high-growth markets with huge untapped potential.



SIF TAKES A STAKE IN SICLAÉ

The Strategic Investment Fund is to invest €50 million in Siclaé. This transaction will be carried out at the time of the capital increase approved by the company's Annual General Meeting.

Siclaé, an agro-industrial group created in 2005, is owned by five cooperatives from North-East France and is engaged in seven plant-based production businesses. Siclaé reinforces its cereals processing and production businesses each year. The world's leading producer of malt, Siclaé is among the most important European milling companies. It is also engaged in animal feed, corn processing and starch

production. It has a leading plant chemistry R&D facility within the Pomacle competitive cluster in the Champagne-Ardenne region. The group is well established in North-East France and has rapidly developed its international footprint, currently operating 76 production sites in 17 different countries.

By helping to fund selective acquisitions and playing a role in the group's governance, the Strategic Investment Fund aims to support Siclaé's external growth push and help consolidate its market positions and innovation initiatives.



CDC ENTREPRISES

33 FUNDS

underwritten by CDC Entreprises in 2010, including 23 new funds (*Soridec 2, Franche-Comté PME 3, Télécom Technology Transfert, Spirex Entrepreneurs, etc.*)



Launch of CDC Entreprises' *Patrimoine & Création 2* fund for

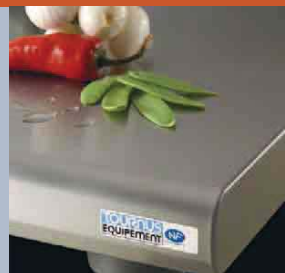
€45 million

QUALIUM INVESTISSEMENT

In March 2010, Qualiium Investissement invested in Tournus Equipement (design, manufacture and sale of stainless steel kitchen equipment)

€13.1 million

Qualiium Investissement now holds 87% of the company, the leading supplier of stainless steel kitchen equipment used in canteens.



Regional offices in France's Pays de la Loire, Brittany and Centre regions are carrying out a joint project with the SIF targeting companies with high growth potential in Western France. This regional economic analysis project has identified

200 COMPANIES

with revenues of over

€50 million

and more than 100 employees.

Based on this study, 30 companies may need to bolster their capital in the medium term to fund their international expansion and improve their competitive edge through innovation. This pilot project aimed at boosting regional economic development will be deployed across all regions in 2011 and will adopt a personalised approach to each company identified.

Qualiium Investissement is an asset management subsidiary of Caisse des Dépôts. It acts through venture capital funds (FCPR) to take majority interests in unlisted companies, focusing on buy-outs that allow the companies concerned to secure and develop their business going forward, primarily through acquisitions. Through Qualiium Investissement, the Group offers bespoke solutions for buy-out transactions, which represent a critical stage for many French SMEs and mid caps.

As well as being a financial investor, Caisse des Dépôts is also a trusted, patient and committed partner for business.

➔ Partnering companies and ensuring balanced regional development

Compared to other industrialised countries such as Germany, France has relatively few mid-cap companies. This results from the weak growth performance of SMEs, half of which report practically no revenue growth. Consequently, their workforce cannot be easily expanded to above 50 employees.

To drive SMEs' growth, Caisse des Dépôts has chosen to be an investor providing long-term backing for its investees. Although it monitors returns on its investments, the Group is not a short-term investor looking to make short-term capital gains with no regard for a company's future.

CAISSE DES DÉPÔTS IS A PATIENT, COMMITTED AND LONG-TERM INVESTOR

Qualiium Investissement takes majority stakes and monitors its investments alongside the management teams of its investees. Its experts provide support and expertise to managers, developing a joint strategy and actively assisting companies with their plans for internal or external growth.

The SIF looks to partner its investees over the long-term, even as a minority shareholder. SIF representatives systematically participate in a company's governance and ensure that it effectively implements the strategies that had prompted the investment in the first place. The SIF is today applauded for its contribution to business development. Since its creation, it has directly invested €2.4 billion in

42 start-ups and €1.1 billion through CDC Entreprises. Companies in which the SIF invested in 2009 reported a 7.6% rise in revenue in 2010, highlighting the SIF's role as a catalyst for development and growth. The SIF has also stepped up its investments in large French SMEs and mid caps such as Gruau, Mader and Daher, which now have a partner to secure their future growth and break new ground in a bid to sharpen their competitive edge.

CDC Entreprises is virtually always represented on the governing bodies of the funds and SMEs in which it invests. This enables it to monitor its investments, have a say in company strategy, and help spread best practices in its capacity as a benchmark. CDC Entreprises also partners its investees through training, services and best practices aimed at improving performance, mainly in terms of strategy, innovation, international growth and sustainable development.

The SIF's investment criteria include the regional import of projects. Directors of Caisse des Dépôts' regional offices represent the Group locally and help it identify potential targets.

➔ Promoting diversity in business creation

In all, 10% of the French population are employed by firms involved in the social economy and outreach initiatives. Growth in these sectors is currently outperforming that of traditional companies and the public sector.

Caisse des Dépôts provides equity financing to support the creation, takeover and buy-out of very small businesses (TPE) and sponsors local initiatives aimed at creating jobs in the social economy.

Its action in this field is based on a variety of networks (ADIE, France Active, Réseau Entreprendre, France Initiative and Boutiques de gestion).

Caisse des Dépôts finances loans for business start-up and buy-out assistance granted under the "Nacre" scheme, allowing unemployed persons to set up their own business. It also acts as guarantor for the micro-credit granted to very small businesses. The social economy and outreach initiatives play a crucial role in the regional economic fabric, and in social and environmental innovation.

Illustrating the Group's expertise in this area, the Investments for the Future programme has asked Caisse des Dépôts to manage a €100 million fund earmarked for social and outreach initiatives.

LYON - BIOPARC: A EUROPEAN LEADER IN LIFE SCIENCES

In 2010, Caisse des Dépôts helped restructure Oséo, of which it now owns

27.32%



Caisse des Dépôts has always been committed to supporting competitive clusters, and acts alongside institutional and economic players at Lyon's Bioparc.

Bioparc Lyon is a large-scale international project designed to develop cancer expertise in the Lyon Rhône-Alpes region. Working in partnership with the Healthcare sector on scientific and clinical matters, Bioparc Lyon will host start-ups or established firms and R&D units focused on health products. The site has four buildings and boasts 14,500 employees.

SIF: Acquisition of Areva's

10.9%

stake in STMicroelectronics

INNOVATING AND DEVELOPING EXPERTISE TO BUILD TOMORROW'S INDUSTRIES

Through the productivity gains it generates, industry is one of the main long-term growth levers available to a country. An economy without industry is an endangered economy. And yet industry continues to shrink in France, with the risk of leaving a small, low-export, mid-range industrial sector with traditional niche markets under pressure from competitors further afield. This would lead to potentially weak economic growth, job obsolescence and a real decline in growth.

To head off this risk, Caisse des Dépôts is investing in innovation and directing significant efforts at supporting public policy on industry.

⊕ Boosting the capacity for innovation and increasing product sophistication

Innovation is an essential part of industrial policy and one of the main sources of growth. France suffers from a lack of R&D expenditure, particularly within private firms, and too wide a separation between public and private research. The value of research for the economy is not truly appreciated and the venture capital industry is insufficiently developed. Caisse des Dépôts works to overcome most of these weaknesses, and has seen its role extended by various mandates given under the Investments for the Future programme.

Caisse des Dépôts and the French State are each to contribute €50 million to the *France Brevets* fund for patents. This fund will invest in intellectual property by purchasing patents from universities and companies. These will then be passed on to other companies to maximise profitability, and profits used to develop new patents.

Caisse des Dépôts is a key player in competitive clusters which bring together SMEs, large blue chips and public research centres to promote innovation throughout the network on a regional and industry-specific basis. The Investments for the Future programme has reinforced the role of Caisse des Dépôts, providing it with €200 million to co-finance shared innovation hubs (PFMI) within the competitive clusters.

The Group has also been asked to manage €900 million earmarked for the creation of accelerated technology transfer companies (SATTs). These companies will act alongside the National seed capital fund (*Fonds national d'amorçage* - FNA) managed by CDC Entreprises, and the *France Brevets* fund. Since its origins, CDC Entreprises has played a decisive role in helping to create and develop

innovative businesses, with a huge impact on private equity and a multiplier effect on the venture capital sector. Thanks to these broad-ranging initiatives, Caisse des Dépôts is a leading player in innovation.

⊕ Providing financing to suit the long-term nature of industrial innovation

One of the perverse effects of the crisis has been to shorten investment horizons just when companies need long-term visibility. Decision-making is becoming increasingly complex and risk aversion is growing. Research, development and innovation though require time, long-term capital and a willingness to take risks. The trade-offs made by Caisse des Dépôts make long-term investment possible, with a higher initial outlay rewarded by bigger ultimate returns or positive external factors.

Caisse des Dépôts is also able to set up innovative financing structures for key areas of industry. These have included Exeltium for electro-intensive industries and the repayable advances mechanisms under EADS' A400M programme.

⊕ Bringing our competitive advantages into play

As financial margins are limited, cooperation is essential and significant returns must be available to entice companies within the same sector to work alongside each other. This is why any innovation policy should go hand in hand with a policy of restructuring major industries. Following a series of industry reviews, 11 strategic industry committees were set up. The Strategic Investment Fund is involved in these committees so that it can benefit from the concerted action that results. The SIF's investments can be used to support the recommendations issued by these committees.

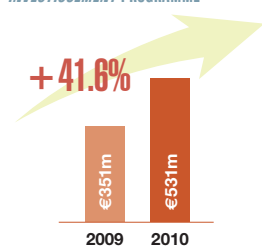
The SIF's investment policy is based on several criteria, including the quality of the company's strategy, its sense of social responsibility and its contribution to the public interest (regional footprint, business rationale, promotion of France in the international arena, etc.). In the aerospace or automotive sector, the SIF helps contractors of large auto-suppliers to grow and consolidate their business. In the agro-industry sector, it acts upstream to consolidate French agriculture. The same approach is used in the biotechnology sector (health, agrochemicals). And through its investments in the communication industry, and in Gemalto and Nexans, the SIF helps to drive forward the growth and development of innovative companies.

NUMBER OF BUSINESS START-UP LOANS GRANTED TO UNEMPLOYED PERSONS UNDER THE NACRE* SCHEME



* Business start-up and buy-out assistance

COMMITMENTS MADE BY THE GROUP
IN 2010 UNDER THE SIF'S FRANCE
INVESTISSEMENT PROGRAMME



SHAPING KEY INDUSTRIAL BUSINESSES

REINVENTING A LONG-TERM MODEL SERVING SOCIETY AND SUSTAINABLE DEVELOPMENT

Caisse des Dépôts has a social and environmental responsibility on top of its economic aims, and espouses a new kind of growth compatible with sustainable development concerns.

⊖ Promoting responsible investment practices

Five years after its involvement in drafting the UN's Principles for Responsible Investment (PRI), Caisse des Dépôts is helping to apply these principles to new categories of assets. It played a pioneering role in France by sponsoring the creation of Novethic, a research facility dedicated to socially responsible investment (SRI) and corporate social responsibility (CSR), and media expert in sustainable development. Novethic will celebrate its 10th anniversary in 2011.

As a responsible long-term investor, Caisse des Dépôts factors environmental, social and governance (ESG) criteria into its analyses and investment decisions. These concerns underpin the support it provides to its investees. As an investor's investment horizon expands, more potential risks and positive and negative external factors must be considered to assess the robustness of a business over the long term. The Group is therefore in favour of French and EU regulations encouraging companies to produce reliable and relevant reports on ESC criteria, to enable investors to assess their practices in these areas. It also encourages an active investor approach to these issues for both listed and unlisted companies.

⊖ Encouraging the transition from a debt-oriented to a capital-oriented economy

The crisis which has been plaguing the global economy since 2007 was caused by the short-term bias of financial players, the hunt for quick investment returns and the excessive use of leverage. The crisis has since increased investors' aversion to risk. At the same time, changes in accounting and prudential rules look likely to reduce the supply of equity from institutional investors (primarily banks and insurers) and cause a slump in the long-term financing needed if France and Europe are to make the necessary investments in research, innovation, industry, energy and infrastructure. This means that growth has to be thought about differently. Caisse des Dépôts is acting firmly in favour of a capital

economy. To finance this new kind of growth, it looks to facilitate long-term investment, including in the regulatory sphere. Investors must be encouraged to invest in companies.

Taking over from heavily indebted public sector bodies with limited impact, Caisse des Dépôts works to attract long-term investors from outside France. This was the impetus behind the Long-Term Investors Club recently set up by CDC.

⊖ Towards greener growth

Finite natural resources, the investments needed to limit growth's environmental footprint, the need for a long-term vision and for the financial sector to be placed back in the service of the real economy, and human well-being are all reasons why we need to rethink our economic model. These imperatives reveal new high-growth sectors such as eco-industries, clean energy, and innovative technologies to improve the environmental performance or energy efficiency of existing infrastructure. These are the sectors in which Caisse des Dépôts has chosen to invest.



THE STRATEGIC INVESTMENT FUND (FONDS STRATÉGIQUE D'INVESTISSEMENT – SIF) is the French State and Caisse des Dépôts' answer to the capital needs of businesses key to France's future growth and competitiveness.

The SIF is a public equity investor, taking minority stakes and a governance role in its investees but without seeking to control those investees. The SIF assists management teams and finances their organic and external growth projects. As a long-term investor, the SIF adapts its investment horizon to industrial cycles. It adopts a prudent investment approach, in line with market practices.

The SIF is attentive to public interest concerns, and these play a part in its investment decisions.

KEY FIGURES

- Total assets at 31 December 2010: €21.8 billion.
- Amount committed to industry and services: €16.2 billion.
- New commitments in companies and funds in 2010: €2 billion.

The SIF has invested a total of €3.5 billion since it was created, including €2.4 billion of direct investments in 42 companies of all shapes and sizes. It has also invested €1.1 billion in SMEs through funds and general or specialist funds of funds affiliated to CDC Entreprises.

Its investment focuses are adapted to the different phases in the life of a company:

- Accelerating development;
- Partnering change;
- Strengthening the shareholding structure.

In selective cases, the SIF may also directly provide seed capital for start-ups or new technological ventures.



QUALIUM INVESTISSEMENT, financing buy-outs and acquisitions for SMEs and mid caps.

Group subsidiary Qualium Investissement provides equity financing in the form of majority LBOs. It funds buy-outs and acquisitions for SMEs in all major business sectors.

2010 KEY FIGURES

- 3 new investments: Tournus Equipement, La Foir'Fouille, Sogal.
- 4 divestments: Plastiques Gosselin, Autobar, Nutrial/Banania, Eurofarad.
- 1 merger: Marc Orian and Histoire d'Or.
- 1 new venture capital fund (Qualium Fund) launched under the fast-track procedure in September.
- 1 portfolio of 16 active investments representing €4 billion in cumulative revenues and more than 35,000 jobs.
- €1.5 billion in managed assets.
- Investments in more than 50 companies in over 10 years.

Qualium Investissement's investment strategy is based on:

- Actively supporting companies and management to secure their long-term future;
- Forging a common strategic vision with management teams;
- Providing long-term support (five years on average, up to seven or eight years in some cases).

Qualium Investissement focuses on French companies that are leaders of their respective markets, have experienced management, are present in high-growth sectors and have genuine potential for consolidation and development going forward.

Qualium Investissement takes majority stakes worth between €20 million and €75 million in companies valued at between €40 million and €250 million.



CDC ENTREPRISES, undisputed leader in equity financing for SMEs.

An AMF-approved asset management company, CDC Entreprises is wholly owned by Caisse des Dépôts. It is responsible for fulfilling the Group's public interest obligations as regards equity financing for unlisted SMEs. CDC Entreprises manages investments made by Caisse des Dépôts (its largest underwriter), mainly through the SIF's *France Investissement* programme. CDC Entreprises also manages assets for other public and private institutions, including in the financial and industry sectors.

CDC Entreprises is a long-term responsible investor.

KEY FIGURES

- Since its creation, CDC Entreprises has provided equity financing for more than 4,600 high-growth SMEs in France.
- CDC Entreprises finances more than 2,700 SMEs both directly and indirectly through its affiliated funds. At the end of 2010, CDC Entreprises and its subsidiaries directly financed more than 300 companies.
- CDC Entreprises finances one new business every day, either directly or indirectly through its affiliated funds.
- Its managed assets total €4.8 billion, including €3.9 billion managed on behalf of Caisse des Dépôts (of which €3.7 billion for the SIF).



NOVETHIC is a research centre dedicated to socially responsible investment and corporate social responsibility. It is also a media expert on sustainable development issues.

Backed by Caisse des Dépôts since its creation in 2001, Novethic informs key players in sustainable development on global environmental and social concerns, and the extent to which these concerns are embedded in the strategies of companies and financial institutions.

In 2010, Novethic's website (www.novethic.fr) received an average of 140,000 hits per month.

Novethic publishes studies for professionals in the industry.

Seven studies were published in 2010 on a variety of topics including government social responsibility ratings, information provided by European blue chips on their use of nanotechnologies, and the French SRI market in figures.

Novethic grants an SRI label to funds that meet its stringent transparency requirements. In all, 142 funds were awarded the SRI label in 2010.

Novethic organises an annual symposium ("ESG strategies for responsible investors") which brings together key EU financial decision-makers who place sustainable development concerns high on their agenda.

COMPETITIVE REGIONS

GIVEN THE PROFOUND CHANGES IN OUR LIFESTYLES SINCE THE 1970s, THERE IS A NEED TO RETHINK REGIONAL AND LOCAL DEVELOPMENT. URBANISATION, URBAN SPRAWL AND INCREASING DAY-TO-DAY MOBILITY HAS CHANGED THE FACE OF FRANCE'S REGIONS. ECONOMIC GROWTH AND ENVIRONMENTAL PROTECTION ISSUES MUST ALSO BE TAKEN INTO ACCOUNT IN THIS POLICY RETHINK. BESIDES GUARANTEEING LOCAL COHESION, NEW POLICIES SHOULD AIM TO DEVELOP SYNERGIES AND NURTURE SOLIDARITY IN ORDER TO MAKE FRANCE'S REGIONS ATTRACTIVE.

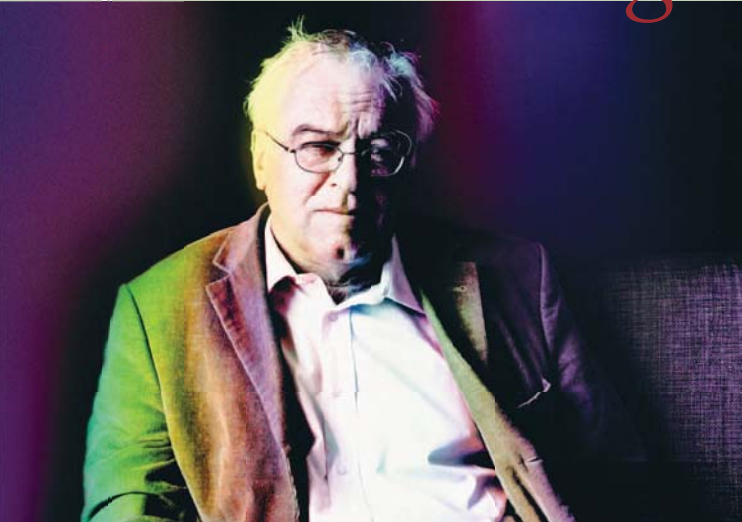


Revitalising



our regions

GROWTH regions and development regions



LAURENT DAVEZIES

Laurent Davezies holds a permanent Chair in Economics and Regional Development at the Conservatoire National des Arts et Métiers (CNAM) and is an independent expert. His research focuses primarily on regional policy, urban and local economic development policy and public finance policy in France and further afield, in both industrialised and developing countries.

WHAT MAIN TYPES OF REGION EXIST TODAY?

I find it useful to think in terms of “growth regions” on the one hand and “development regions” on the other. Currently, there are regions (mainly cities) which create

competitive value added – these we can call “growth regions”. Other regions are not positive growth drivers but have better development fundamentals than elsewhere (population, income, employment) – these can be known as “development regions”. Although not competitive in terms of productivity, these regions are competitive in residential terms, in that they attract pensioners and tourists and benefit from private businesses focused on households, largely sheltered from international competition. We can further refine this classification by separating residual residential economies whose source of revenue is primarily linked to public spending, from residential regions which are extremely dynamic thanks to tourism. In some cases, regions have a combination of these two features, providing advantages in terms of both production (cities) and residency (tourism). These hybrid regions hold the key to success. Rather than pit the residential economy against the production-oriented one, the winning combination is a mix of the two.

WHAT IMPACT DID THE CRISIS HAVE ON THESE DIFFERENT TYPES OF REGIONS?

French cities were severely impacted by the 1993 crisis. In contrast, they emerged fairly strongly from the 2008 crisis because they were able to “adjust” to the conditions of the new global market. However, the crisis hit low- or zero-growth industrial and production-focused regions particularly hard. Like a predator, it launched a full-scale attack on regions that were already vulnerable. There are two interesting links to make here. First, regions which had seen the biggest growth in jobs between 2000 and 2007 suffered least. Second, the biggest victims of the crisis between 2007 and 2009 were regions that were highly industrialised in 1982. The crisis therefore accelerated a structural adjustment that had been underway for some time. Such changes drive populations towards economically attractive regions. In the medium term, these new host regions are at risk of overheating. Our work is therefore to understand these mechanisms and come up with a strategy that helps us assist the populations concerned,

including interregional solidarity initiatives and mobility assistance services.

In my opinion, Caisse des Dépôts is ideally placed to lead these regional support mechanisms.

WHAT GROWTH DRIVERS AND DEVELOPMENT OPPORTUNITIES ARE AVAILABLE FOR OUR REGIONS?

Regenerating disadvantaged regions calls for national rather than interregional solidarity efforts. If regeneration is considered a matter of installing better digital network coverage or building new infrastructure, then so be it. Nevertheless, I think that the State must make a genuine trade-off in deciding where to allocate resources, in order to provide the support where it is needed most. The issue at local or interregional level lies in assisting affected populations. Let’s put aside for a moment the concept of “region” and replace it with the notion of citizen and fellow citizen: today there are people in certain regions facing serious difficulties who are looking to move in order to find work. I don’t think it’s unreasonable to expect both the home region and the host region to join forces and assist these changing demographics.

Leveraging its strong local roots, Caisse des Dépôts draws on its knowledge, expertise and capacity for innovation to assist all local players in responding to emerging regional challenges.

BOOSTING REGIONAL COMPETITIVENESS

Caisse des Dépôts is increasingly convinced of the need to adopt a regional approach to many economic, social and environmental problems.

This belief was borne out by the crisis, which had a very different impact from one region to the next. To prevent regional inequalities widening, any approach must take stock of the economic, social and demographic characteristics of each region.

The competitiveness of France in general depends on how well its regions are integrated within the national economic fabric. Regional transport and digital infrastructure must be developed and modernised, for example. And local and regional planning has to be rethought, bearing in mind all of these imperatives, including job and wealth creation, housing, access to public transport, quality of life and social justice.

INCREASING RESPONSIBLE TRANSPORT FACILITIES AND UPGRADING EXISTING NETWORKS

Many sectors in which the Group is involved are also best understood from a local perspective. For example in universities and the knowledge-based economy, to be properly valued, teaching and research need strong local ties, partnerships with companies in the region and a job offer adjusted to the available job pool. This is the aim pursued by the competitive clusters and evaluation firms which the Group has supported since the outset. In recognition of the Group's expertise in this area, the French State has asked Caisse des Dépôts to manage its €900 million stake in SATTs, accelerated technology transfer companies set up as part of the Investments for the Future programme.

BESPOKE FINANCING SOLUTIONS TO MODERNISE REGIONAL INFRASTRUCTURE

Caisse des Dépôts boasts several advantages helping it to drive through profound regional change. The first is obviously its extensive network of regional offices and its strong local roots, thanks to which it can continually operate at both national and regional levels. Its second advantage lies in the ever-increasing up-to-date spectrum of long-term financing solutions for cash-strapped local authorities to modernise and upgrade infrastructure.

⊕ Diversifying public infrastructure initiatives and financing

The Group offers a comprehensive range of financing solutions to aid regional development. Between 2008 and 2013, a total of €10.5 billion in Savings Funds loans will be used to modernise regional transport, health and wastewater facilities.

Caisse des Dépôts also supports new regional projects by helping to set up semi-public companies (SEMs) or subsidiaries of semi-public companies. The Group also focuses on strengthening, streamlining and reviving existing companies. It helps transform these companies into project-oriented firms heavy on operational implementation. Caisse des Dépôts devised an alternative "integrated SEM" scheme for the creation of special-purpose companies as subsidiaries of semi-public companies. These companies give private investor partners a stake in selective projects, while offering guarantees in terms of project management, profitability and risk control. Caisse des Dépôts has a portfolio of 477 semi-public companies.

Caisse des Dépôts also pioneers public-private partnerships in the area of public property. In 2010, it invested €54.1 million in real estate infrastructure serving the public interest.

As part of preparations for the Euro 2016 football tournament, Caisse des Dépôts is investing in the renovation of Marseille's Vélodrome stadium, and in the construction of a new stadium in Nice.

The Group continues to develop new financing tools aimed at shifting some of the financial burden for infrastructure spending away from local and regional authorities. These include the Ginkgo land clean-up fund and third party investment companies set up to improve the energy performance of existing real estate assets.

€22.3 million
invested in digital services and infrastructure.



THE FIRST TRAM-TRAIN IN FRANCE

On 12 December 2010, a third tram line between Mulhouse central station and Lutterbach station was added to the 24 bus routes and 2 existing tram lines operated by the Soléa network. This groundbreaking line, representing the first ever interconnected tram-train in France, allows travellers to reach Thann directly from Mulhouse town centre using vehicles able to travel on both tram lines and train tracks.

Sustainable infrastructure loans (2008-2013)

€10.5 billion
in loans from the Savings Funds will be used to develop regional transport, health and wastewater infrastructure.

CDC INFRASTRUCTURE TARGET PORTFOLIO BREAKDOWN:



REGIONAL INTEGRATION IS ALSO PLAYED OUT IN THE SPHERE OF DIGITAL COVERAGE AND TELECOMMUNICATIONS INFRASTRUCTURE

As well as its financing activities, the Group leverages its design, operational, service and property development expertise to boost the economic appeal of each region. The following section focuses on three sectors in which the Group plans to invest heavily over the next few years: transport, digital infrastructure and tourism.

DEVELOPING SUSTAINABLE REGIONAL TRANSPORT SOLUTIONS

The transport sector presents three critical opportunities in terms of regional development. Economically, it can improve productivity and the efficiency of trading channels, since transport plays a direct role in making a given region more attractive. From a social perspective, the quality of life offered by a particular region depends directly on its accessibility and public transport connections. And from an environmental perspective, the development of sustainable transport solutions significantly improves the quality of air in a given region. The Group plans to expand sustainable transport capacities, upgrade existing networks, and improve the operation of these networks through (i) loans from the Savings Funds, (ii) CDC Infrastructure investments (asset portfolio of around €560 million) and (iii) its own design and operational capabilities (Egis and Transdev).

Building new sustainable infrastructure

The French law setting up the Grenelle environmental conference has estimated transport infrastructure requirements alone at €97 billion through to 2020. Between now and 2015, projects are to be launched for some €30 billion. Caisse des Dépôts is also playing a part in moves to kick start the economy: it has pledged €7 billion in loans from the Savings Funds to finance large infrastructure projects (high-speed train lines, canals, public transport operating in purpose-built areas, etc.) over the period 2009-2013. In 2010, Caisse des Dépôts signed a number of major public-private partnerships, including the GSM-R rail signalling project (€129 million in Savings Funds loans) and the high-speed rail link between Tours and Bordeaux. CDC Infrastructure was part of the LISEA consortium which was awarded this high-speed rail link concession for €7 billion in March 2010, and places particular emphasis on rail transport projects which have a low carbon footprint. Egis takes environmental, climatic and biodiversity factors into consideration in building and operating transport networks.

In 2010, it rolled out its Tendem Empreinte® method designed to optimise the environmental performance of infrastructure and development projects.

Developing intermodal and multimodal transport solutions

Transdev designs highly accessible transport solutions linking towns with regions. Specialised in mobility, Transdev operates all types of urban, intercity, regional and international public transport networks, including scheduled services, specialised transport links and demand-responsive transport solutions. Transdev can draw on its mobility expertise across the full range of transport solutions (trains, tram-trains, tramways, underground links, BusWay®, coaches, buses, river shuttles, trolley buses, car pooling, bikes, etc.). In 2010, Transdev launched France's first interconnected tram-train in Mulhouse which is capable of travelling along both tram lines in the city and train tracks outside the city without any change in power.

RAISING THE INFORMATION STAKES IN EACH REGION

The successful integration of our regions does not only depend on transport networks. Integration is also played out in terms of digital coverage and telecommunications infrastructure. Caisse des Dépôts' involvement in these spheres responds to a government mandate⁽¹⁾. In all, Caisse des Dépôts made investments of €22.3 billion in 2010.

Investing in broadband and high-speed broadband infrastructure

The National fund for the digital society (*Fonds pour la société numérique* - FSN) was launched in 2010 as part of the Investments for the Future programme. The aim of the fund is to provide broadband access as from 2011 for remote areas in which operators are unwilling to invest.

Going digital

Caisse des Dépôts is involved in the fight against inequalities in digital coverage, and sponsors the creation of "cyber-bases" – public digital facilities open to all. The cyber-base network is a first in France, and included 817 sites and 1,900 coordinators at the end of 2010.

(1) Interministerial Committee for Regional Development (CIADT) of 13 December 2002.

Savings Funds loans for the high-speed rail link in Eastern France

On 21 January 2011, Caisse des Dépôts signed an agreement with the Bas-Rhin regional council to provide €33.1 million in Savings Funds loans to finance the second phase of the European high-speed rail line (LGV Est). This loan was granted out of the €7 billion in Savings Funds loans set aside for financing large-scale transport infrastructure projects, put in place as from 2009 as part of the economic stimulus plan. It is the second Savings Funds loan to be granted to the Alsace region to finance the high-speed LGV Est line. The rail link is among the priority focuses of the Grenelle environmental conference and the economic stimulus plan, and is set to reduce the travel time between Paris and Strasbourg to just one hour fifty minutes. Réseau Ferré de France has chosen several project managers to act as prime contractors for civil engineering works on the European high-speed LGV Est line. Egis Rail has provided complete project management for the section it was designated, including management services, preliminary project studies, works contract assistance, works management, works monitoring, and project owner assistance.



PUBLIC-PRIVATE PARTNERSHIP FUNDING TO RENOVATE THE VELODROME STADIUM



The contract to renovate Marseille's Velodrome stadium and run the stadium over a period of 35 years is being managed by a public-private partnership between the City of Marseille and the Arema consortium, which includes Caisse des Dépôts and the Bouygues group. This €267 million project is part of plans to regenerate the city's infrastructure and build 100,000 sq.m of multi-purpose buildings. Caisse des Dépôts is a valued partner in the project, able to reconcile demands for functionality and environmental excellence. Group subsidiaries Egis and SNI are also involved in the initiative.

€54.1 million

invested in public interest infrastructure projects.

CAISSE DES DÉPÔTS IS INVOLVED IN THE FIGHT AGAINST INEQUALITIES IN DIGITAL COVERAGE, AND SPONSORS THE CREATION OF "CYBER-BASES" — PUBLIC DIGITAL FACILITIES OPEN TO ALL



A cyber-base at a school in Ralsmes, Northern France.

Several initiatives have been launched to assist job seekers as well as prison populations. The 12th cyber-base facility was inaugurated in December 2010 in the women's prison in Rennes as part of the prison cyber-base pilot project run in partnership with the Ministry of Justice. Cyber-bases also began to be set up in primary schools in 2010.

Caisse des Dépôts also leverages its digital expertise to guarantee populations in rural areas access to public services. Access to digital infrastructure plays a crucial role in a region's economic development and overall appeal.

USING TOURISM TO BOOST REGIONAL DEVELOPMENT

Leisure and tourism is currently one of France's biggest economic sectors, representing 3% of GDP and employing 3.5% of the active population. The industry has a direct impact on regional economies and job creation. Predominantly residential regions (i.e., popular for tourism and as a location for holiday homes) have fared better than other regions since the onset of the crisis in 2008.

Besides purely economic considerations, tourism or leisure projects can be instrumental for an entire region, helping to make it more attractive.

However, the current fragmentation of the market and the fairly long period needed to generate returns on investments in tourist infrastructure are acting as a brake on industry improvements.

Aware of this situation, Caisse des Dépôts decided to step up its efforts and help restructure the sector. Caisse des Dépôts operates leisure facilities through its subsidiary Compagnie des Alpes and accommodation facilities through Belambra. It also finances semi-public companies through the €24 million participating loan granted to Oséo for renovating hotel infrastructure.

⊕ Diversifying accommodation facilities

Leisure accommodation in the social and not-for-profit tourism market is provided by numerous small players. Despite rapid growth, mid-sized players remain vulnerable. Studies show that consumers are increasingly flexible in their behaviour and more likely to make late bookings. The downward pressure on consumers' wages in France is also likely to affect the industry in the medium term, making better cost control and increased competitiveness a necessity.

Against this backdrop, Caisse des Dépôts and Agence Nationale pour les Chèques Vacances (ANCV) have set up a social tourism investment fund to finance social Tourism assets (*Fonds tourisme social investissement* – TSI). This fund will make equity investments in new or existing real estate companies with the aim of renovating infrastructure in the not-for-profit and family-oriented tourism industries. The fund could invest some €500 million over ten years.

⊕ Developing sustainable tourism

Since tourism is among the sectors with the biggest environmental footprint, it is essential that sustainable development concerns form part of any tourism development policy.

The Group's two main subsidiaries in the tourism sector are developing a wide variety of initiatives to address these concerns. Belambra's programme to renovate and modernise its holiday clubs is guided by eco-design practices. Architectural and landscaping choices also seek to preserve the authenticity of each site. Over the past few years, Compagnie des Alpes has run a Quality, Hygiene, Security and Environment certification programme for its winter activities. This programme allows it to monitor and assess the impacts of its activities on the environment, and introduce targets for reducing its environmental footprint. Together with the local authorities granting the concessions, Compagnie des Alpes is constantly looking to improve its environmental performance, focusing on site preservation and reducing greenhouse gas emissions in particular.



Compagnie des Alpes Majority shareholder of Futuroscope

The Vienne regional council has approved a series of agreements relating to outside investments in Futuroscope signed by the Vienne *département*, Caisse des Dépôts and Compagnie des Alpes. Pursuant to these agreements, Compagnie des Alpes (CDA) will be the park's leading shareholder and will have the power to govern the company's day-to-day operating and financial policies in accordance with its role of operator of industrial infrastructure. Caisse des Dépôts owns 13% of Futuroscope and will remain a direct shareholder of the company operating the park. Futuroscope is France's third largest leisure park.

Its high-quality offering has helped completely turn around the business since 2003. In 2010, the park welcomed 1.8 million visitors, a rise of 8% on the previous year. Thanks to its niche market, powerful brand, and strong position on the French market, Futuroscope meets all of the requirements of CDA's external growth strategy. The partnership also enhances the Group's operational expertise and optimises the use of capital funds.



LOCAL & REGIONAL
DEVELOPMENT AND NETWORK

MISSION

Through its Local & Regional Development and Network Division, Caisse des Dépôts contributes to regional economic development. The Group pursues a wide variety of initiatives at regional level:

- **public interest investments:** financing for very small businesses and SMEs, corporate real estate, commerce, tourism, renewable energies, infrastructure (schools, universities, stadiums), digital facilities, etc.;
- **loans granted from Savings Funds:** social housing, special accommodation (medical-social housing for the elderly and disabled, accommodation for young workers and students), sustainable infrastructure (hospitals, transport, etc.);
- **services:** banking services for notaries, bailiffs, court-appointed receivers and agents under mandates.

In 2010, Caisse des Dépôts invested €565 million (€524 million in 2009) in regional public interest projects to serve the aims of the Élan strategic 2020 plan (excluding SIF investments and Savings Funds loans).

Business support

Independently of the action taken by its subsidiaries SIF and CDC Entreprises, Caisse des Dépôts' initiatives in support of very small businesses and SMEs are chiefly framed by the "Acting for jobs" agreement signed with the French State. The Nacre lending scheme is now fully operational, and saw the number of beneficiaries double in 2010, with 13,841 loans granted. Around 9,000 personal micro-credit loans (Social Cohesion Fund) were granted in 2010, a 63% rise on 2009. This rising trend mirrors the evolution in micro-credit granted to professionals. Lastly, Regional Directors – as SIF representatives – made a significant contribution in classifying and directing financing requests through the appropriate channels (regional funds, SIF, etc.).

Knowledge-based economy

In 2010, Caisse des Dépôts continued to lend its engineering expertise to universities, particularly as regards digital and sustainable development issues. Investments took on a firmer shape in the second half of the year, with the first innovative facilities in Bordeaux and Strasbourg.

Housing/Real estate/Town planning

Caisse des Dépôts has invested in large-scale city projects, particularly as regards leisure and commercial facilities and infrastructure. To cite a few examples, it has developed the area where the Saône and Rhône rivers meet in Lyon, converted the warehouses on the Boulevard Macdonald in Paris, launched public-private real

estate partnerships to upgrade infrastructure (Marseille and Nice stadiums, Vincennes zoo), and built one of the first establishments caring for Alzheimer patients in Laval.

Besides social housing, Caisse des Dépôts directs its investments towards regional housing markets where rental properties are in short supply and energy performance requirements are high. A pilot project in Clichy focusing on rundown apartment blocks is also a priority.

Sustainable development and the environment

Caisse des Dépôts is currently reviewing investment projects in environmentally friendly districts chosen under the "Eco-neighbourhoods" agreement signed in April 2010 with the French State. Over the past three years, the Group has invested €156 million in renewable energies for installed capacity of 545 MW.

KEY FIGURES

€565 million invested in general interest projects in 2010.

€7.5 billion managed on behalf of the French State under the Investments for the Future programme.

2,672 rental accommodation units financed between 2004 and 2010.

545 MW capacity installed between 2008 and 2010 **for the production of renewable energies.**

132 higher education establishments funded, including 66 universities.

6,435 not-for-profit organisations assisted through local support mechanisms (DLA).

817 cyber-base facilities, including 40 in schools. 29 subsidised eco-neighbourhoods, including four in rural areas.

Portfolio of 810 companies, including 477 semi-public companies.

871 employees dedicated to regional development.



MISSION

Egis is a consulting and engineering group specialised in building transport, urban, industrial, water, environmental and energy facilities. The group is also involved in structuring projects and operating roads and airports. On 1 January 2011, Egis merged with Iosis, leader in building and nuclear engineering in France, to create a single construction engineering platform.

KEY FIGURES

Headcount: 10,048 employees, including 7,000 in engineering.

Revenues: €627 million in 2010.

Coverage: the new group formed by Egis and Iosis is present in more than 100 countries and has some 50 sites in France.

AIMS

In the short term, Egis will concentrate on ensuring that Iosis' teams are integrated successfully. In building the new group, Egis will look to step up synergies within and outside France, reinforce complementary skill-sets among teams, and successfully manage the sale of a portion of its capital to employees. Sustainable development is at the heart of the new group's ambitions. Egis' expertise in planning, mobility and the environment and Iosis' knowledge of the construction and energy industries will combine to forge a new global engineering platform that meets the challenges of sustainable construction. Egis' aim is to become a recognised international player with revenues of €1.2 billion by 2015.

Besides efforts to cement Egis' leadership in France, the group will seek to expand its footprint outside France, where it aims to generate far more than half of its revenues, and reinforce its presence in high-growth countries.



MISSION

CDC Infrastructure, a wholly-owned subsidiary of Caisse des Dépôts, was created in 2010 to take minority stakes in carbon-light infrastructure assets in the transport, energy, telecoms and environmental sectors.

The bulk of CDC Infrastructure's investments are in "brownfield" (mature) assets, although it also finances "greenfield" (new) assets under public-private partnerships or concessions.

KEY FIGURES

Asset portfolio worth around €560 million (around ten investments).

Statutory net profit for 2010: €19.3 million, including a gross return on investments of almost 4.8%.

Headcount: 11 employees.

Portfolio breakdown: road transport (63%), rail transport (29%), energy (8%).

AIMS

CDC Infrastructure aims to have a portfolio worth €1.5 billion by 2014.

In all, 70% of this portfolio will be made up of mature assets and 30% of new projects. A maximum 20% of the portfolio will be dedicated to foreign investments.



MISSION

Compagnie des Alpes is a major player in the European active leisure industry. It operates 26 different sites, including 11 major Alpine ski resorts (including Tignes, Val-d'Isère, Les Arcs, La Plagne, Les Menuires, Les Deux Alpes, Méribel and Chamonix) and 15 leisure parks (including Parc Astérix, Grévin, Wallbi and Futuroscope), and is present across Europe in France, the Netherlands, Belgium and Germany. Compagnie des Alpes also holds stakes in four ski resorts and seven leisure parks in France, Switzerland, Belgium and the UK.

KEY FIGURES

During its financial year (ended 30 September 2010), Compagnie des Alpes played host to around 23 million visitors and reported consolidated revenues of €597 million and attributable net profit of €42 million.

AIMS

Compagnie des Alpes is developing a *Grands Parcs, Grandes Marques* ("Big Parks, Big Brands") strategy for its leisure parks, embodied in particular by the Wallbi brand. It will benefit from its investment in the Futuroscope group, which reported a record 1.8 million visitors in

2010. The Grévin brand concept will also be extended. Compagnie des Alpes also intends to step up exports of its project owner assistance and ski resort/leisure park management expertise. Its selective, ambitious investment policy will be guided by the criteria of quality and differentiation (ski resort offering expanded, investments in projects to improve the content and appeal of leisure parks).



MISSION

Two complementary businesses: tourism and real estate.

As the leading operator of holiday clubs in France, Belambra offers a wide range of all-inclusive holidays (accommodation, catering, sports activities, children's clubs) for European customers. Belambra's command of complex real estate and financial arrangements makes it a recognised player in the development and renovation of tourist accommodation in France.

Shareholders: Groupama PE 61%, Caisse des Dépôts 34%, employee shareholders 5%.

KEY FIGURES

56 holiday clubs, representing 40,000 beds and 9,000 dwelling units.

500,000 customers, of which 30% from outside France (*Nouvelle Génération* clubs).

2,000 groups welcomed each year.

3 million overnight stays and 3.8 million meals served each year.

Headcount: 2,500 employees at the height of the peak season.

Sale of real estate in 2010: €102 million.

Investment in real estate in 2010: €50 million.

Business volumes in 2010 based on scope of operations: €148 million.

Consolidated net profit: €15 million.

Operating profit from the tourism business in 2010: breakeven.

AIMS

Over the period 2005-2012, almost €250 million will have been invested to upgrade and modernise properties and complete the upscaling strategy. In all, 84% of Belambra's properties will be renovated for summer 2011. Following its acquisitions in recent years of sites in prime locations such as Saint-Raphaël, Menton, Isle-sur-la-Sorgue and Saumur, Belambra is now working on opening new clubs in Tignes, La Toussuire, Vouvray, and Saint-Valéry-en-Caux. Analyses of other acquisition opportunities are at an advanced stage in the Lot and Côte d'Azur regions.

THE KNOWLEDGE-BASED ECONOMY

TO MAINTAIN ITS FRONT-RANKING POSITION IN THE WORLDWIDE RACE FOR INNOVATION, FRANCE IS HONING ITS HIGHER EDUCATION AND RESEARCH CAPABILITIES AND CREATING EVER CLOSER TIES BETWEEN RESEARCH LABORATORIES AND BUSINESS.



Valuing



knowledge

Growth and HUMAN CAPITAL



PIERRE VELTZ

Pierre Veltz is director of the Paris-Saclay public institution and responsible for developing Saclay's large scientific and technical cluster. He is a member of the French National Research Agency's Prospective Committee and of the National Academy of Technologies of France. A researcher in human sciences, he was director of the Ecole des Ponts and the Chairman of ParisTech. His recent book, *La grande transition. La France dans le monde qui vient* (Seuil, 2008) is a summary of the economic, social and regional trajectories of France.

HOW WOULD YOU DEFINE THE KNOWLEDGE-BASED ECONOMY?

Knowledge has always been at the forefront of the economy. After all, every scientific breakthrough started out as an idea! However, the economy of ideas has always been overshadowed by the economy of things. The difference between the two is that while ideas can be shared indefinitely, material resources cannot. On a global scale, we are witnessing an extraordinary release of new possibilities. These include the vertiginous spread of information (mainly via digital technology); the capacity for combining knowledge from widely diverse sources; an explosion of higher education teachers across emerging countries; increasing globalisation driving businesses to remain competitive through innovation; the worldwide search for high-potential employees; and companies' shift towards open innovation models. France has vast resources to meet these challenges, but still has somewhere to go to understand their full potential.

HOW CAN OUR UNIVERSITIES BE GIVEN A CENTRAL ROLE IN THIS ECONOMY?

Growth feeds on ideas, human capital, institutions, and above all intellectual property. Too restrictive and innovation is stifled. Too open and investors are discouraged. France in fact struggles to effectively combine the market and science – two different spheres which must remain so. In the US and Asia, big universities become hubs linking science, technology, industry and society's aspirations. Hubs drive economic and political-cultural growth, and attract the brightest graduates from across the globe. If France wants to get its hubs on the world map, it has to realise that despite significant progress, its universities still lack international visibility. Our graduate schools are too small and are obsessed with the student selection process. These two worlds

should instead be brought together to explore multi-disciplinary initiatives, inject more cultural and social diversity in our small specialist spheres, and attract young people the world over.

THE TENUOUS LINKS BETWEEN UNIVERSITIES AND INDUSTRY ARE OFTEN LAMBASTED AS A WEAKNESS OF THE FRENCH SYSTEM. WHAT IS YOUR VIEW?

Core research must retain its freedom so that true and unexpected breakthroughs can occur. However, there are still many synergies to be unlocked between the business world and academia, and the exchange works both ways. Big French firms have poor knowledge of university resources and do not truly value a PhD, which remains the international benchmark. Surveys show that entrepreneurship appeals to young people. This is good to hear, but start-ups need easier access to seed capital (such as offered by Caisse des Dépôts) as well as assistance in bringing the project to maturity and securing its growth potential going forward.

DOES PARIS-SACLAY CAMPUS AIM TO REINFORCE THE TIES BETWEEN BUSINESS AND ACADEMIA? WHAT OTHER FACTORS ARE KEY TO SUCCESS?

The project at Saclay, involving Caisse des Dépôts, the Saclay Scientific Cooperation Foundation and businesses, aims to create a world class innovation cluster. Its aims chime with those pursued by other campus initiatives across France. The creation of the right working environment and attractive living conditions is of utmost importance. Caisse des Dépôts' assistance with preliminary studies, infrastructure projects, student accommodation, and knowledge appreciation is precious and recognised by each stakeholder involved. The key to success? Making our campuses in Paris, Saclay, Strasbourg and Grenoble among others highly creative and brilliantly vibrant places to live for French students and young people from across the globe.

Three years ago, Caisse des Dépôts launched a consultation process on the challenges of the knowledge-based economy and the action required to showcase France's research and innovation activity as effectively as possible.

WEAVING UNIVERSITIES INTO THE ECONOMIC FABRIC

Research and intellectual property have been shaken up by closer interaction between scientific research, technology and the market, as well as by new faster media for disseminating and sharing inventions at international level that exacerbate competition.

This shake-up is apparent in the number of patents being filed worldwide¹ which subsequently turn into fully-fledged assets and become the focus of investment and trade. It is also reflected in the transformation of the industrial innovation process in which universities and public research bodies play a key role.

France needs to act quickly to carve out a niche in the new global knowledge-based economy. The challenges are both many and varied: stepping up efforts to showcase inventions, boosting exchanges between research laboratories and business, protecting our patent portfolio, providing firms with open and secure access to intellectual property rights, etc. If we fail to meet these challenges, a number of actors (universities, public research bodies, innovative SMEs, etc.) risk being sidelined.

Since 2007, as part of its role as interface between the public and private sectors, the Group has sponsored a series of initiatives and a root-and-branch review of universities and the knowledge-based economy, as well as making this one of the priorities of its Élan 2020 strategic plan. These developments gathered pace in 2010 when the French State entrusted Caisse des Dépôts with managing a number of Investments for the Future programmes focusing on research and innovation.

BOLSTERING THE POSITION OF UNIVERSITIES AS LYNCHPINS IN THE KNOWLEDGE-BASED ECONOMY

⊕ Modernising university infrastructures

First and foremost, this strategy involves modernising university campuses and Caisse des Dépôts has geared up to help academia do exactly this as part of the Campus university development plan, and by leveraging all of the benefits of autonomy granted under the LRU law on university freedom and responsibilities. As such, a new multi-annual agreement was signed in November 2010 with the association of university presidents (*Conférence des Présidents d'Universités*) and the agency for mutualisation

of universities and higher education institutions (*Agence de mutualisation des universités et établissements* – AMUE). Aside from general thematic reviews which now provide a framework of reference, Caisse des Dépôts oversaw 31 property development plans, 22 of which are in progress and nine of which are at the draft stage. Eleven other development plans dealing with universities' digital infrastructure have also been completed.

The aim now is to move from the drawing board to the operational phase and to incorporate the imperatives of digital infrastructure and sustainable development into the modernisation strategy. Caisse des Dépôts is partnering universities' property development plans in a number of ways:

- by acquiring interests in the equity of project owner companies as part of public-public partnership arrangements with universities. Three such agreements have been signed with the universities of Bordeaux and Strasbourg and with AgroParistech, and an arrangement with Université de Lyon is currently under review;
- €1 billion in loans from the Savings Funds has been earmarked between now and 2013;
- a dedicated €200 million investment budget.

A number of subsidiaries are involved in modernising university infrastructure: Icade and SNI, whose portfolios include 7,300 and 13,949 units of housing respectively, have geared up to improve student accommodation. Moreover, as the leading property manager in the higher education and research sector, Icade is very closely involved in the Campus university development plan.

⊕ Developing bridges between research and business

Showcasing the fruits of public research more effectively is another key plank in the deployment of the knowledge-based economy, but how can this be done in practice? Part of the answer lies in encouraging partnerships between public research centres and business and by ensuring that academia is generally integrated more effectively into the economic fabric.

This integration depends on strengthening local and regional ties in order to develop synergies with businesses in the area and to forge links with employment pools.

(1) "A patent is a deed of title that confers exclusive rights of use on the owner", Patent markets in the knowledge-based economy, Report of the French Economic Analysis Council (*Rapport du Conseil d'Analyse Économique*), 2010, p. 6.

In total since 2008

Caisse des Dépôts has signed 57 partnership arrangements with some 132 higher education establishments, including 66 universities, 10 higher education and research establishments (PRES) and 2 scientific cooperation foundations. In concrete terms, over 100 studies – half of which focused on universities' patrimonial and property development strategies – have been co-financed since 2008.





NTESQUIEU



Bordeaux Campus university development plan

Caisse des Dépôts acquired a €40 million stake in the equity of SRIA, a property development company set up in April 2010 to oversee the redevelopment of Bordeaux University. In December 2010, SRIA put out a public call for tenders for the first planning, construction and maintenance contract for the renovation of Bordeaux 1 university campus.



THE GROUP FACTORS THE R&D EXPENDITURE OF A COMPANY OR SECTOR INTO ITS INVESTMENT SELECTION CRITERIA

€1 billion

in loans from Savings Funds to be invested in university property development projects between now and 2013

110%

leap in the number of patents filed in Europe (European Patent Office) between 1990 and 2007, and a 160% increase in the US

€50 million

invested in the France Brevets fund with the support of the French State

Caisse des Dépôts provides seed and development capital for competitive clusters and web development companies, thus forging links between academia, research centres and businesses in the same region. The French State has strengthened this role by entrusting Caisse des Dépôts with the creation of innovation platforms within these clusters (€100 million) and with managing the French State's investment in companies that accelerate technology transfer (€900 million) as part of the Investments for the Future programme. The Group strives to forge closer ties between academia – and the education and training sector in general – research and business by investing in digital infrastructure in universities and schools. It is these very ties that will underpin France's future economic competitiveness.

BUILDING THE INFRASTRUCTURE OF THE INTELLECTUAL PROPERTY ECONOMY

⊕ Creating transparent, well-regulated market places

Innovation is contingent on a wider circulation of inventions and clearer exchanges between researchers and patent holders. The circulation of inventions also requires investment funds that have the capacity to acquire large portfolios of intellectual property rights in order to assemble technologically viable "clusters" of patents and then license the operating rights to interested parties. Marketplaces need to be established, together with patent pricing mechanisms, overseen by a network of qualified professionals, and this is exactly what CDC Propriété Intellectuelle has been set up to do: analyse and begin the process of structuring these new pillars of the knowledge-based economy. This subsidiary was set up in 2010 and it has already carried out its first operations in order to gain practical experience in this area. CDC Propriété Intellectuelle acquired a portfolio of 350 patent families in the telecommunications sector from a US firm and then licensed the operating rights to a French company and to other companies.

To give further impetus to these developments, the French State and Caisse des Dépôts have both put €50 million into the France Brevets fund as part of the Investments for the Future programme. Developing licensing arrangements will also represent a major opportunity to showcase the fruits of academic research.

⊕ Thinking and acting "European"

The need to create industry champions with sufficient clout has led Caisse des Dépôts and the French State to develop European initiatives and to lobby for the creation of a European patent fund. In June 2010, Caisse des Dépôts formed a partnership with the European Investment Bank, KfW (Germany), Cassa di depositi (Italy), Innovationbron (Sweden), Veraventure (Finland) and CDPI (Spain) to develop infrastructures for transferring knowledge. On 4 February 2011, the European Council confirmed this priority by requesting that an instrument for measuring intellectual property rights be developed before the end of 2011. In a similar vein, Caisse des Dépôts and the European Commission are studying the creation of a financial market in patents as part of a call for tenders put out in 2010.

GETTING THE FRENCH ECONOMY UP TO SPEED IN THE GLOBAL QUEST FOR INNOVATION

⊕ Critical size for French universities

Adopting a global positioning strategy applies not just to the patents market. French universities also need to be given international visibility by pooling resources to attain critical size and helping them to modernise.

⊕ Support for innovative businesses

Creating and developing start-ups is another means of adding value to research, and investing in innovation is one of the key planks of the Group's business enterprise strategy. The Strategic Investment Fund (SIF) puts up the capital and CDC Entreprises then invests it through various specific funds that form part of the SIF's France Investissement programme. The Group invests in over 100 seed and venture capital funds and it is increasingly taking the place of private institutional investors who deem this sector too risky.

The French State has also put Caisse des Dépôts in charge of the €400 million National seed capital fund (*Fonds national d'amorçage* – FNA) as part of the Investments for the Future programme. This fund, which will be launched in the first half of 2011 and managed by CDC Entreprises, will focus specifically on specialised investment vehicles that raise seed capital for technology firms.

The Group factors the R&D expenditure of a company or sector into its investment selection criteria. Consequently, SIF and CDC Entreprises invest directly in innovative businesses in the IT, telecoms, aeronautics, energy and environment sectors. The *InnoBio* fund in the life sciences sector, the Auto supplier venture capital fund (*Fonds de modernisation des équipements automobile* – FMEA) and the partnership signed between the SIF and the association of French software designers (*Association française des éditeurs de logiciels*) are all growth levers for firms in innovative sectors.

⊖ **Modernising information systems**

Aside from strengthening universities and businesses, information systems are a key component in this global innovation quest and one of the key drivers of the knowledge-based economy by facilitating enhanced traceability and rapid communication, data consolidation, archiving and securitisation, and the ability to search and find information from among reams of data.

This is why Informatique CDC – Caisse des Dépôts' preferred service provider – is deploying all of its resources to develop the national digital infrastructure to make it possible to computerise processes and exchanges. Informatique CDC is a global player providing highly secure solutions that require exceptional levels of availability, integrity, confidentiality and proof.

Other Group subsidiaries are involved in developing e-government. CDC Fast provides secure document e-transmission and authentication solutions for local and central government departments as part of legal controls or the computerisation of public accounting processes. With over 240 million archived documents, CDC Arkhinéo is a pioneer in third-party e-archiving of documents such as invoices, employment contracts and loans. In September 2010 it became the first approved e-archiver for local and central government departments. These are all vital services for moving France's regions and government departments forward into the knowledge-based economy era.



MISSION

A wholly-owned subsidiary of Caisse des Dépôts, created in 2010. Developing market places, investment funds, intermediaries and financial instruments specialising in patents as part of a transparent and secure intellectual property market.

KEY FIGURES

Share capital: €20 million.
Asset portfolio of approximately €25 million (patents).
2010 highlights: acquisition of a portfolio containing 340 patent families; invention of a European patent pricing system.

OBJECTIVES

To invest in pilot schemes, either as sole investor or in partnership with private or semi-public long-term investors. The goal for 2011-2012 is to develop this business within Caisse des Dépôts Group and to invest in European projects – especially a European patent fund – in line with French government strategy.



MISSION

A wholly-owned subsidiary of Caisse des Dépôts, created in 2006. Providing secure e-transmission services for all types of documents that guarantee the reliability of figures and date stamps as well as authentication, secure transport, and constitution and archiving of e-evidence. CDC Fast's services are approved by the French Ministry of the Interior and Ministry of Finance and hosted by Informatique CDC.

KEY FIGURES

3,500 customers (local authorities and public institutions: 65 general councils, 8 regional councils, etc.). This is up 40% on 2009.
CDC e-transmits 1 document every 30 seconds, or 1.1 million e-documents every year. This saved 55 tonnes of paper in 2010 and 100 tonnes in all since 2008.

OBJECTIVES

To become the service provider of choice for local government departments wishing to computerise their processes.

CDC Fast has two key projects in progress:

- developing e-government, particularly in public finances (HELIOS project);
- providing archiving solutions for public bodies.



MISSION

A wholly-owned subsidiary of Caisse des Dépôts, created in 2001. Third-party e-archiving. E-archiving of invoices, payslips, loan and employment contracts, e-mails, etc.

KEY FIGURES

90 million documents archived in 2010.
This volume represented a 40% increase on 2009 (65 million).
100 direct customers and several hundred customers via partners inside and outside France. In September 2010, CDC Arkhinéo became the first operator to be approved by the French Ministry of Culture to provide e-archiving services to local and central government departments.
It has helped to save over 2,000 tonnes of paper.

OBJECTIVES

Remain the technical and commercial market leader in probative e-archiving services. Differentiate its offering through its innovation and accuracy.

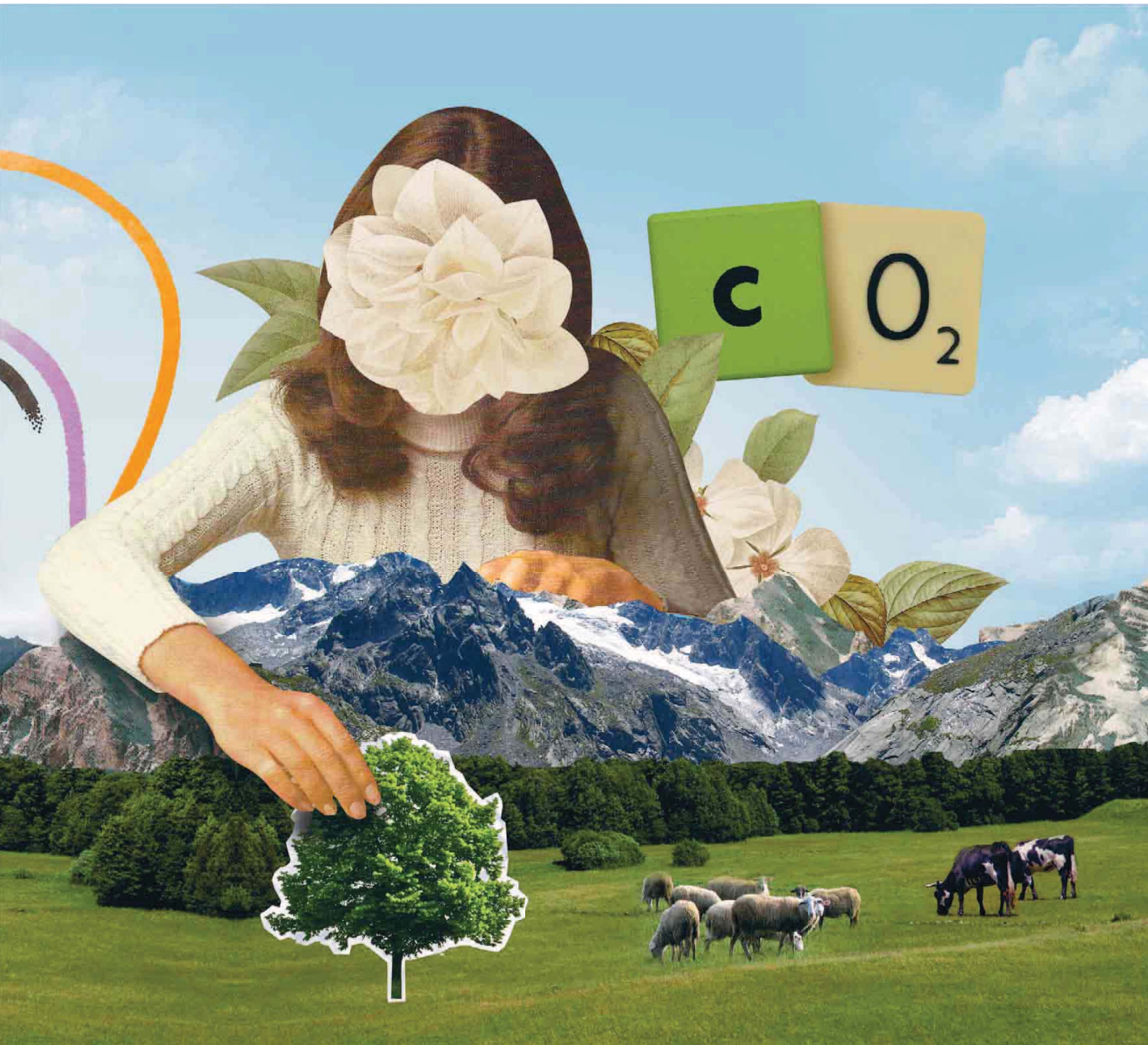
Computerisation of invoices and payslips is a huge potential growth sector that will unlock major ecological and economic synergies.

PROMOTING SUSTAINABLE DEVELOPMENT

CLIMATE CHANGE, AS WELL AS ENVIRONMENTAL AND SOCIAL IMPERATIVES POSE UNPRECEDENTED CHALLENGES TO OUR SOCIETIES AND DEMOCRACIES THAT REQUIRE WHOLESALE MINDSET CHANGES.



Reinventing



tomorrow

Global ENVIRONMENTAL IMPERATIVES have altered the very notion of the PUBLIC INTEREST



DOMINIQUE BOURG
PROFESSOR AT THE UNIVERSITY OF LAUSANNE, CHAIRMAN OF THE CDC CLIMAT STAKEHOLDERS' COMMITTEE

His research focuses include sustainable development, the precautionary principle, the product service system and ecological democracy. Dominique lectures in philosophy at the Faculty of Geosciences and Environment at the University of Lausanne (UNIL). He is a member of the Strategy Committee of the Nicolas Hulot Foundation and the Coppens Commission which drew up the 2005 Environmental Charter included in the introduction to the French Constitution.

HOW CAN OUR SOCIETY DEAL WITH ECOLOGICAL QUESTIONS THAT WILL AFFECT MANY GENERATIONS TO COME? WHAT NEEDS TO BE REFORMED FIRST?

Are we already in a new geological era, the “Anthropocene” Era? We spent the 20th century damaging soil, exhausting numerous resources and interfering with the carbon cycle on a massive scale. We have also managed to upset the water cycle and to considerably reduce biodiversity. This has culminated in enormous changes to the earth’s crust in just a short time and in unprecedented undermining of conditions for survival within the biosphere.

At the very least, this rapid overview casts doubt on the aptness of the expression “negative externalities” that neo-classical economists are so fond of. To me, it appears that the economic relationship that we have forged with the biosphere has reached tipping point. Wholesale mindset changes are needed and not mere tinkering at the margins. It is no longer possible to increase the flows of energy and underlying materials needed for our economic activities due to a shortage of resources or biosphere constraints such as climate change. A change is needed in how we think and act economically, but the changes do not stop there. We need to learn how to manage the long term politically and to forge some sort of international consensus on how we deal with nature and the biosphere. We must also broaden the scope of our moral obligations to include not just our own contemporaries and not just our fellow men and women.

WHAT CONCRETE SOLUTIONS CAN WE AVAIL OF TO MOVE SOCIETY IN THE RIGHT DIRECTION? DO WE NEED TO MAKE MORE GENERAL USE OF MULTI-CRITERIA ASSESSMENT PROCESSES (FOR SOCIAL, ECONOMIC, CULTURAL OR ECONOMIC QUESTIONS)?

This is an urgent necessity. However, going beyond this, we are going to have to adapt our production systems to resource-based constraints from both

a technological and organisational perspective, and our housing and urban development models to a changed climate and a more frugal approach to energy consumption. This will all require enormous, primarily public, investment. Private finance, with its monopoly over creating money, does not appear in step with this approach. We need to consume fewer resources, make our economies more exchange-based, develop product service system-type strategies and move both our lifestyles and our values forward.

DOES SUSTAINABLE DEVELOPMENT LEND A NEW DIMENSION TO THE NOTION OF PUBLIC INTEREST?

The global environmental imperatives that underpin sustainable development have indeed altered the very notion of public interest. When reduced to the horizontal limits of society, the public interest came to be perceived simply as the sum of shifting prevailing individual preferences at a given moment in time. But the increasing awareness of new types of environmental global commons – such as climate stability, biodiversity and the invaluable services they provide to mankind, the condition of the oceans, etc. – has moved the goalposts. These goods cut across societies and individuals vertically and condition the unencumbered exercise of rights and the enjoyment of goods and property. We should bear in mind that the current deterioration in the biosphere will have two major consequences: a reduction of inhabited land and a general, and even universal, decaying in living conditions throughout our planet.

Taking up the challenge of sustainable development lies at the heart of the Group's mission and forms one of the key planks of its strategy. All businesses will have to mould their offerings around long-term investment that strives for socio-ecological balance and seeks to move cities, regions and businesses towards a more sustainable economy.



Biomass plant

at the UCDV Lucerne dehydration cooperative (27) in Saussay la Campagne (Eure). In a bid to lower its dependence on fossil fuels and reduce its carbon footprint, UCDV has invested €4.6 million in a biomass storage, transfer and incorporation plant to replace coal-based production. The plant has been up and running since September 2010 and 10% of investment requirements were met from the sale of carbon credits to CDC Climat (approximately 40,000 tonnes of CO₂ saved) as part of its call for tenders for domestic CO₂ projects.

To achieve this, Caisse des Dépôts is stepping up its innovation drive to detect high potential ideas for the 21st century economy. In particular, it is harnessing its dual financial and technical expertise to ecological and social objectives.

The key is to devise market mechanisms that will take account of both the positive and negative externalities of the Group's actions over the long term. Subsidiaries are then set up to disseminate these innovations and deploy the related economic models.

FINANCING THE SUSTAINABLE ECONOMY

A sustainable development approach is contingent on sharing out the burden of investment and risk between the public and private sectors as well as the emergence of a real price ecology that achieves a better fit between financial profitability and benefit to society. Because of their ability to bear risks over long periods and to defer the impact of financial shocks over several generations, long-term investors can make a key contribution to the "green" economy. The Group's long-term investment perspective allows it to incorporate social and environmental criteria, to assess all externalities and factor these into its economic strategy. The Group believes in responsible investing for all types of arrangements and asset categories.

Sponsoring a sustainable development business model also means inventing new businesses, devising new levers for speeding up the necessary transition processes and developing France's long-term competitiveness and attractiveness.

STRUCTURING INNOVATIVE AND ECO-FRIENDLY TOOLS AND SERVICES

Capping and trading greenhouse gas (GHG) emissions is an effective tool. On an international scale, the mechanisms implemented as part of the Kyoto Protocol will have helped cut about a billion tonnes of CO₂ emissions and channelled about €100 billion of investment into developing countries by 2012. CDC Climat, the subsidiary created in 2010, is involved in these new international systems and its service offering helps GHG emission capping through a portfolio of investments that it holds in appropriate market infrastructures. As regards biodiversity, offsetting would appear to be a promising way of protecting the diversity of flora and fauna at local level. CDC Biodiversité was set up in 2008 to get a biodiversity offset market up and running.

In 2010, it signed a major contract to offset the damage caused by the A65 motorway to the eco-systems along its route. CDC Biodiversité will procure and preserve 1,370 hectares of natural ecosystems on a 55-year consortium based on an "ecological equivalence" approach. In 2011, Société Forestière will launch the Heritage Nature Innovation investment fund and set up a new subsidiary, Nature Gestion, to facilitate the acquisition over a six-year period of 20,000 hectares of land whose biological attributes and landscape will be protected.

Energy infrastructure renovation will require new financial models and legal frameworks to deal with the challenges of sustainable urban development (see next section). On a global scale, making dwellings more energy efficient is the most cost effective way of reducing GHG emissions: a reduction of 6 carbon equivalent gigatonnes could be achieved at a cost of less than USD 20 per tonne. Specialised financing solutions will be harnessed to optimise the technical, financial and environmental aspects of urban development. Third party investor models used to finance a portion of property renovation costs based on future energy savings promise much, and they could help achieve the objectives of the French government's Grenelle environmental conference.

Caisse des Dépôts is currently looking at the feasibility of local third party investor models. Local climate-energy programmes must innovate if they are to unlock the considerable reserves of potential energy savings contained in jointly-owned private buildings or in certain public buildings.

Innovating business models and legal frameworks also concerns financing for micro-businesses and large associations involved in the social economy and solidarity sector. The financial crisis has shown how their governance frameworks and articles of association provide a bulwark against cyclical downturns and how their social inclusion strategy helps to preserve human capital while still managing to retain an ecological focus.

Construction of a biogas plant in Côtes d'Armor

As part of its sustainable development drive, Caisse des Dépôts has acquired a €4.2 million stake in Géotexia in Côtes d'Armor, which uses a pollution-free method of generating electricity from pig slurry and agri-food effluent.



INVESTING IN BUSINESSES TO DEVELOP THEIR GREEN POTENTIAL AND FACILITATE THEIR ECOLOGICAL TRANSITION

In 2010, the Strategic Investment Fund (SIF) carried out a survey of nine priority sectors for future investment, the "greentechs", which have been the focus of dedicated funds operated by CDC Entreprises for a number of years, including Demeter and Emertec. The Bois fund for the timber industry was also set up by the SIF and CDC Entreprises with the backing of Société Forestière. Aside from these sector-specific strategies, CDC Climat will also harness its expertise to investing in businesses that have devised useful climate and energy solutions.

Another key objective is assisting with transition management in businesses and sectors faced with major change. The auto industry which has to contend with stiff competition from emerging economies and new technologies to reduce vehicle carbon emissions is a good example. The SIF has liaised with French carmakers to design investment tools for businesses that wish to compete internationally and develop solutions to pollution-related problems.

INVESTING IN CARBON FINANCE

Caisse des Dépôts constantly strives to leverage its influence with both the private and public sectors when it is seeking out co-investment partners or creating innovative tools to mobilise regions, businesses or investors. CDC Climat aims to cut greenhouse gas emissions by 60 million tonnes by 2014 and CDC Climat Asset Management, its newly-created carbon asset investment arm, is a means to this end. CDC Climat has

entrusted it with a mandate to invest €60 million in projects by end-2012. The first such investments in the European Carbon Fund and in reducing agricultural emissions in France have already proved their economic and environmental worth. And CDC Climat has launched other innovations: carbon funds to combat deforestation and projects to support the nascent battle being waged against climate change in Africa in partnership with Proparco, a subsidiary of the French Development Agency (AFD).

INVESTING IN RENEWABLE ENERGY

France intends to boost its renewable energy production capacity to meet the recommendations of the EU Climate Action and Renewable Energy Package between now and 2020 and Caisse des Dépôts is supporting it by co-investing in local and regional development initiatives alongside emerging actors. Investment in renewable energy totalled €156 million at end-2010 and increased generating capacity by 540 MW. In 2010, the Group acquired a stake in a subsidiary of a local gas distributor, Gaz Électricité de Grenoble, involved in developing generating capacity from renewable sources of energy.

EVALUATING PROJECTS IN TERMS OF ECONOMIC PERFORMANCE AND BENEFIT TO SOCIETY

Decision-making processes will have to change in the wake of both the economic and the ecological crises. In the medium term, national development and the value added contributed

by the different economic players will be assessed using a multi-criteria approach and decision-making systems will need to factor in all aspects of a highly complex world: this is a priority for public bodies.

The Group's investment projects are assessed both in terms of their contribution to sustainable development and to the public interest. The Group's biggest projects are analysed in this manner and a social responsibility report is drawn up. Caisse des Dépôts is also closely involved with various bodies that seek to promote socially responsible research and experiments, responsible investment practices and analyses based not merely on financial criteria. In particular, it has signed up to the UN-sponsored Principles for Responsible Investment (PRI) and the Finance Initiative.



CDC Climat was set up in February 2010 to develop the Group's investments in the battle against climate change from an international perspective. It invests primarily in carbon footprint reduction projects – primarily in the Mediterranean, Africa and Europe – and in climate market services. CDC Climat partners innovative projects in the post-carbon economy and produces research into the climate change economy.

Objective for 2010-2014

Cut carbon emissions by 60 million tonnes.

Key figures

- €60 million invested in carbon asset investment funds.
- Direct investment in carbon assets: €60 million investment line set up in 2010.
- Committed to six domestic CO₂ reduction projects in France at 43 sites. Reduction of 1.2 million tonnes of CO₂ in France.
- Investment in innovative businesses in the new post-carbon economy: BlueNext (40%), Sagacarbon (100%), Metnext (24%).
- Equity investment in 2010: €107 million.
- Objective: €353 million by the end of 2014.
- 53 employees.



CDC Biodiversité

CDC Biodiversité, the leading financial operator on the biodiversity offset market, provides concrete, long-term preservation and offset solutions during infrastructure construction or urban expansion projects.

It manages the technical and financial aspects of initiatives to support flora, fauna and natural habitats:

- it puts together and coordinates the skills required at each stage;
- it partners initiatives over the long term: 30 or 50 years, or even longer;
- it acts as guarantor of ecological objectives: restoration, management;
- it interfaces with local and regional actors: associations, managers of natural spaces, farmers, experts and research offices, government departments and local government bodies.



Société Forestière
Faire de la nature une valeur sûre

Société Forestière is the leading French specialist in forestry investment. It manages 240,000 hectares of forest in 1,000 different forests spread throughout 70 départements and more than 80 groups of forest operators. It is also involved in transactions covering approximately 6,000 hectares of forest every year.

It provides tailored forest management services from A to Z, from expertise and investment assistance through product marketing, and including all administrative, legal and accounting services.

Société Forestière has ISO 9001 certification and it has also obtained PEFC certification for all of the forests it manages and factored the effects of climate change into its approach.

It adds value to the spaces entrusted to it based on dual sustainable management and financial performance criteria, without losing sight of market trends, client expectations or societal imperatives.

TOWARDS SUSTAINABLE CITIES

THE TREND TOWARDS MORE VIABLE AND "LIVEABLE" CITIES IS ONE OF THE KEY ISSUES OF THE 21ST CENTURY. TO BUILD THIS NEW URBAN IDEAL WE NEED TO DEVISE NEW FRAMES OF REFERENCE AND INVEST IN CHANGE.

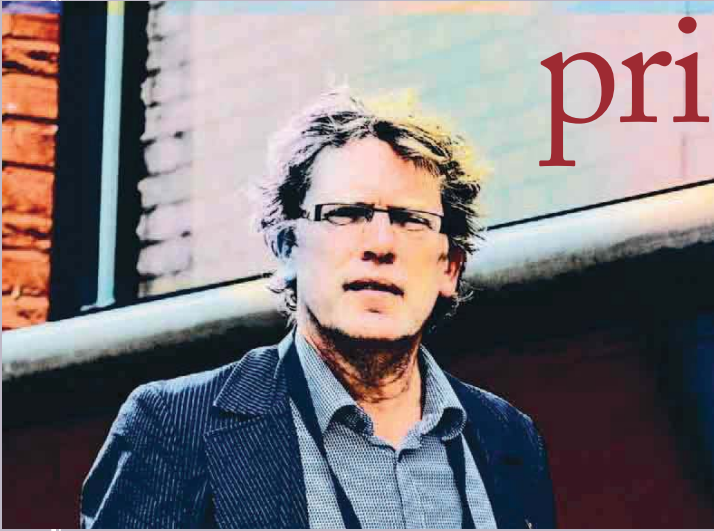


Redesigning



the city

SUSTAINABLE printing



HANS THOOLEN

TOWN PLANNER, PLANNING
QUALITY COORDINATOR FOR
THE DUTCH CITY OF BREDA

Town planning quality coordinator for the city of Breda, a showcase example of a Dutch sustainable city. Hans was trained as an architect-town planner and has 30 years experience of town planning in The Hague, Rotterdam and Breda.

He sees his role as liaising between the design and deployment of complex projects that involve tricky planning issues on numerous different scales. He works both as coordinator, providing expertise on specific planning questions, and as a special advisor on international projects (Europe, South Africa).

Hans Thoolen also sits on a number of national and international consultative committees and juries.

Recently, on Dutch television, there was a demonstration on 3-dimensional printing. The image of the whistle of a referee was sent to a computer, connected to a 3D printer. During the course of the programme of about 45 minutes a real and functioning plastic whistle was produced and used. It was quite amazing to see this. An image was shown of a futuristic car, also produced by a huge 3D printer.

This exciting possibility made me think about the sustainable city. Maybe in 20 years from now contractors will have mega-printers, that are able to produce your designs in a week, making use of the materials (concrete, steel, wood, plastic, etc.) of your old house. Virtual reality, in which dreams may come true, and actual reality will come closer to each other. Interesting when you think about the effects on transport and mobility. Small products on your home printer, medium-sized products with a longer life cycle on the community printer, and bigger objects at the level of the district or the city, custom made, making use of available recyclable materials. This will save an incredible amount of boats, planes and trucks going around the world, looking for cheap labour power and resources. The energy you save for all this transport can be used for the feeding of the printers.

The principle behind this thinking is interesting. It is clear that we cannot go on as we are doing. In the last 400 years we have used the resources of the earth built up over 400 million years. Dutch pigs are still being transported to Italy, and transported back as Parma hams. In the coming decades there will be an inevitable transition to a new worldwide household, with all of the related consequences.

Non-orthodox thinking is absolutely necessary for a sustainable (re)development of our cities. There are a lot of similarities in the challenges facing French and Dutch cities and regions. It is good to see that there is a growing internationalisation of the urban issue, especially among our young town planners, not only in Europe, but also around the globe. The “Sudoku” of the city does not end in the city. The city is a collection of real estate, but also a collection of people, who go beyond the city limits in new ways of communication.

Sustainability is often related to concepts of energy and ecology. Nevertheless a collection of ecological districts does not make a city sustainable. Sustainability is about an attitude of mankind itself, about daily decisions, about a relation between the “techs” and the “touches”. We had a period of mainly “techs”, it is time for the “touches”, which are probably not printable...

To meet the challenges of the sustainable city, Caisse des Dépôts is innovating by juxtaposing solutions and adopting a cross-disciplinary, long-term perspective, and by designing and experimenting with new models.

The Group has financed nearly

400,000

units of new housing since 2007 and renovated

225,000 units in 2010

In an era when four out of five people in France are city dwellers and the next 30 years will witness an additional 3 billion urbanites throughout the world, the city has become the focus of all of tomorrow's key challenges.

These can be divided into three broad types. Firstly, human and social challenges that pose a threat to social cohesion, meaning the integration of different social categories and age groups – which is of key importance for a greying population. Public health and the eradication of pollution-related ills is also a major concern. Next, there are enormous economic issues insofar as cities are the main source of the jobs and wealth, but also inequality. Lastly, they are of an environmental nature: massive consumption of energy and resources, soil pollution, greenhouse gas emissions, etc.

FOCUSING MORE INTENSIVELY ON THE PRE-PROJECT PHASE TO ENSURE CONSISTENCY

These challenges must be met head-on. Tomorrow's cities will have to strike a balance between wealth creation, social equilibrium, resource and impact management, and safeguarding the health and lifestyles of urbanites. Therefore, it is vital to develop an integrated approach that factors in economic, social and environmental parameters, as well as governance issues. This calls for an analysis of the correlation between housing, transport, planning, pollution, social integration, energy consumption, etc., which in turn requires multi-criteria analytical frameworks that factor in all externalities. The sustainable city will involve a root-and-branch makeover of methods and perspectives deployed over the long term, as well as applications and indicators: in brief, it requires its own specific financial engineering approach.

Because it is involved in all stages of urban planning and production – from financing to development, marketing and asset management, because it is present right across the urban transport, real estate, regional planning and infrastructure building sectors, and because it favours a long-term perspective and works closely with local and regional bodies, Caisse des Dépôts is a key player in pushing for sustainable urban development. The fact that the French State has entrusted the Group with managing the City of Tomorrow fund as part of the Investments for the

Future programme, with a budget of €1 billion to be invested between 2010 and 2017, is recognition of this multi-sectoral expertise.

THREE STRATEGIC FOCUSES FOR THE GROUP

⊕ How to conceive the sustainable city

Regional and local bodies sometimes have neither the resources nor the strategic perspective needed for a comprehensive vision of long-term urban development. A lot of medium-sized cities do not have an urban planning department, for example. This is where the Group – or more specifically the Local and Regional Development and Network division, Icade, Egis, SNI group or SCET – can step in and devise sustainable urban development strategies for local and regional bodies in need of assistance. The aim is to focus more intensively on the pre-project phase to ensure consistency.

As the Investments for the Future programme has shown, the Group can also provide a range of integrated, innovative and reproducible urban development solutions for central government. The City of Tomorrow fund will provide financing for exemplary showcase projects that could be taken up by other cities.

⊕ How to assess the sustainable city

Promoting the sustainable city involves recasting our entire analytical framework. It requires indicators for measuring progress and highlighting priority schemes. For example, the Group is currently experimenting with a process that measures the carbon impact of transport projects as part of the *Grand Paris* building programme.

OKABÉ IN KREMLIN-BICÊTRE



1st HEQ-certified shopping and business centre in France. Caisse des Dépôts has put up 35% of the planning and construction cost (€300 million) and patrimonial investment (€230 million).

IN 2010, NEW LOANS GRANTED TO SOCIAL HOUSING ORGANISATIONS WERE 25% UP ON 2009

⊕ How to finance the sustainable city

Local and regional bodies wishing to launch sustainable urban development programmes have to contend with a major obstacle, namely, the virtual absence of financing solutions over the long term that incorporate positive and negative externalities.

This is precisely why the Group has devised new financing solutions such as the innovative Gaïa subsidised loans granted by the regional networks to fund land development projects over the very long term.

It is also developing third-party investor entities to finance "weatherisation" of energy-intensive dwellings. These companies bring together local partners such as the Ile-de-France (greater Paris) region, the *Union sociale pour l'habitat* (a social solidarity body) and the French Environment and Energy Management Agency (ADEME). The basic idea is to involve a third party who will finance part of the work out of future energy savings generated over the very long term. Lastly, the Group is devising innovative investment vehicles to meet new requirements that are poorly catered for at present. It has just set up the Ginkgo fund to finance depollution of derelict urban industrial sites or land improvements with a view to resale that limit the local authority's financial burden.

THE MOST PRESSING ISSUES FOR AN INTEGRATED CITY BASED ON SOLIDARITY

⊕ Making sure that everyone is housed

Housing is one of the Group's four priorities and it harnesses the whole range of its skills as financier (loans granted from Savings Funds and investments), promoter, social landlord and service provider. The primary objective is tackling the housing shortage that has grown up over decades and currently stands at more than 600,000 units of housing.

In 2010, new loans granted by the regional networks to social housing organisations totalled €13.7 billion, 25% up on 2009. The Group's aim is to finance the construction of 560,000 units of housing and build another 55,000 by 2015, thus satisfying the aspirations of more than 1.3 million French people.

⊕ Encouraging social and inter-generational mix

In addition to quantitative targets, Caisse des Dépôts strives to address the sociological needs and financial capacities of all publics – people on very low incomes, elderly people who wish to remain in their own homes, students, young working

people, etc. – while avoiding any form of spatial segregation. Gentrification of renovated areas needs to be avoided and the housing offering should remain mixed and varied: rented social housing and intermediate social housing, property on the open rental market, housing for first-time buyers, student accommodation, accommodation for seniors and dependent elderly people (EHPAD), etc.

⊕ Revamping depressed areas

The mix principle underpins the design of new neighbourhoods such as the 13 eco-friendly Sustainable City programmes being deployed in certain areas of Bordeaux, Rennes and Montpellier. It is also a major consideration in the renovation of depressed social housing neighbourhoods in town centres that have become the focus of severe social inequalities. Caisse des Dépôts is a major investor in government-sponsored urban regeneration projects (Social Cohesion Plan, National Urban Regeneration Programme [PNRU]) in partnership with central government agencies (National Urban Regeneration Agency [ANRU], national housing authority [ANAH], etc.). Its main action levers include funding for expertise and project engineering, equity financing and providing loans out of savings funds. At end-2010, the Group had pumped €224 million into real estate and land development, equipment and infrastructure projects financed by public-private partnership arrangements, digital infrastructure, and partnering local social and economic investment.



**Former military hospital
Hyacinthe Vincent**

The SNI is involved in building Dijon's 1st eco-neighbourhood. More than half of the area will comprise a complex of 434 units of mostly social housing. Cars are banned from the neighbourhood and building energy performance will be approximately 40 kWh/sq.m/year.



A slice of a sustainable city

The Macdonald warehouse redevelopment project in Paris is being headed up by an entity known as Paris Nord-Est (PNE), owned by Caisse des Dépôts, Icade and Semavip. In spite of the housing density, the building will comply with PNE's sustainable development charter and the renovated warehouse will boast showcase eco-friendly features, including geothermal power, insulation, a rain harvesting system, etc.

The city of Paris Climate programme serves as a reference in terms of energy consumption objectives, i.e., 50 kWh/sq.m for brand new buildings and 80 kWh/sq.m for the renovated sections.

The buildings will also be able to produce electricity: between 2,000 and 4,000 sq.m of roofspace will be set aside for solar panels. 60% of the structure will be renovated to let in more light and to clear a path for the T3 electric, silent tramway line.



AS WELL AS MAKING PUBLIC TRANSPORT MORE ACCESSIBLE, OPTIMAL URBAN PLANNING SHOULD ALSO LIMIT URBAN SPRAWL

THE PATIOS D'OR PROGRAMME IN ZAC DE BONNE, GRENOBLE



ZAC de Bonne is a fine example of a successful attempt at social and inter-generational mix in which the Group has deployed its entire range of skills: investor, private developer, social housing and intermediate housing landlord and lender using loans from the Savings Funds.

AN UNOBTRUSIVE AND CLEAN CITY

☉ Sustainable transport and mobility

An effectively integrated city needs to expand its public transport network to facilitate mobility and limit individual car use. This is the idea behind reserved lanes for public transport (TCSP) which the Group supports by granting loans from the Savings Funds and carrying out engineering surveys, or through its subsidiaries: Egis, CDC Infrastructure, SCET and Veolia Transdev which is set to become a major international operator of reserved lanes for public transport. Tomorrow's cities will give preference to "soft mode" transport and inter-modality facilitated by cellphone-based information systems.

☉ Limiting urban sprawl; spatial optimisation

Aside from better access to public transport, optimal spatial planning strives to limit urban sprawl through densification of periurban centres, localisation of new housing and office development programmes or renovation of derelict land (factories, old military installations, etc.).

These planning principles are used as the basis for new eco-neighbourhoods which constitute veritable sustainable development laboratories. In the wake of its own initiative in which 15 projects were selected in 2009, Caisse des Dépôts teamed up with the Ministry for Sustainable Development in 2010 to select another 14 eco-neighbourhood projects and a new call for projects will go out in 2011.

Caisse des Dépôts is coordinating the first 15 projects which include 9 projects to renovate derelict urban sites. The Savings Funds division offers "Gaïa eco-neighbourhood" subsidised loans for land development projects (including land improvement and depollution). Several of the Group's subsidiaries are also involved in these projects: SNI is involved in ZAC de Bonne in Grenoble and in the eco-neighbourhood projects at Hyacinthe Vincent in Dijon, and Fort in Issy-les-Moulineaux, etc. Icade is developing an eco-business park.

☉ Enhancing energy efficiency in buildings

The government's Grenelle environmental conference drew up the energy infrastructure renovation road map: energy consumption in buildings must be cut by 38% by 2020, and by 75% before 2050.

Caisse des Dépôts has deployed a powerful financial arsenal in pursuit of these objectives, including the Social Housing Rehabilitation Eco loan for renovating the most energy intensive social housing, or the Energy Performance loan for new energy-efficient buildings. At 31 December 2010, nearly

€400 million worth of Energy Performance loans had been signed covering over 5,000 units of housing. This campaign will ultimately help finance 20,000 units of low-energy housing. Regarding the Eco loans, Caisse des Dépôts' expenditure commitments committees have approved investment in over 65,000 housing units and this should knock 3.6 million tonnes of CO₂ emissions over a thirty-year period. Icade and SNI group have been seeking out the most energy-efficient building methods and materials by experimenting with new types of building.

MAKING CITIES MORE ATTRACTIVE

☉ Supporting functional mix

Urbanite welfare can be enhanced by moving urban functions nearer to each other (dwellings, workplaces, leisure activities, shops, etc.) and by creating locally-based facilities. This mix limits travel requirements and avoids isolating certain areas on the periphery of the urban fabric.

☉ Bringing nature back into the city and boosting biodiversity

The creation and upkeep of green spaces accessible to all is a response to both lifestyle and health aspirations: green spaces improve air quality, attenuate the "heat island" phenomenon and preserve biodiversity. Thanks to Egis and Société Forestière, the Group offers urban ecology consulting and engineering solutions and this will be a key focus for development in 2011.



SAVING FUNDS

MISSION

The Savings Funds are the key instrument for securely transforming the different types of passbook savings accounts (*livret A*, LDD, LEP) into long-term loans for projects serving the public interest (social housing, infrastructure, etc.).

KEY FIGURES

Centralised deposits from passbook savings accounts (LA, LDD, LEP): €211.9 billion.

Portfolio of financial assets: €102.3 billion.

Loan book: €122.5 billion. New loans granted in 2010: €17.4 billion.

STRATEGY

Financing social housing remains the overriding priority of the Savings Funds and the offering is continually being developed to provide more effective customer solutions.

Caisse des Dépôts will continue to support urban development policy, especially by channelling investment into the National Urban Regeneration Agency (ANRU).

The Savings Funds now have a wider investment brief to meet national modernisation imperatives, especially major sustainable infrastructure projects such as high-speed train lines, tramways, modern hospitals, renovation of university buildings or the upgrading of waste water treatment plants.



GROUPE SNI

MISSION

SNI is the Group's public interest real estate subsidiary and a key player in the French social housing sector. It is France's biggest social landlord and manages a portfolio of almost 300,000 units of all types of housing: social and intermediary housing and affordable rented accommodation, hostels and special accommodation and homes for first-time buyers. It is also involved in property asset outsourcing arrangements.

KEY FIGURES

Revenues: €1,430 million¹

Committed to building 9,100 units of new housing.

4,700 employees.

STRATEGY

SNI group offers effective housing solutions to central government, local bodies and major public agencies as well as private-public partnership arrangements. In addition to building and renovation commitments for its rental accommodation portfolio, SNI invests in promoting residential trajectories and easier access to property ownership. The agreement signed in November 2010 between the French government, the social partners of Action Logement and SNI, will provide Adoma with the financial and management resources needed to turn it around and allow it to continue to pursue its social objectives. Adoma is the largest national agency providing social housing to people in distressed circumstances.

(1) Consolidated division plus aggregated activities.



MISSION

One of the world's leading tramway operators.
Fourth largest private European public transport concession operator.
No. 1 in regional public transport in the Netherlands.
European leader in demand-responsive transport.
Leading French car-pooling specialist.

KEY FIGURES¹

2010 revenues: €3.3 billion, of which 60% from international business.

Net profit attributable to owners: €36.5 billion.

Employees: 46,000 managed employees.

Transdev operates 2 billion trips annually using more than 20,000 vehicles.

TRANSDEV/VEOLIA TRANSPORT MERGER: ANTICIPATING THE FUTURE

Aim: to create the world's private-sector leader in sustainable mobility.

Unique position: the new entity will be the world's most international and "multimodal" transport operator. From the pre-project phase to day-to-day network operation, via project management assistance and getting the network up and running, it will be able to handle public transport solutions from A to Z. The new entity will have over **119,000 employees** in **28 countries** spread over **5 continents** and generate annual revenues of **€8 billion**.

(1) 2010 data.



Foncière-développeur

MISSION

Icade is a listed subsidiary, 56%-owned by Caisse des Dépôts, that carries out real estate development activities and services and manages a broad portfolio of offices, business parks, shopping centres, infrastructure, health clinics and residential housing. It draws on its wide-ranging experience in these different businesses to provide tailored solutions and to adopt a comprehensive approach to current real estate development issues.

KEY FIGURES

Revenues: €1,432 million.

EBITDA: €304 million.

Net operating cash-flow: €175 million.

Net profit: €1,218 million.

Value of asset portfolio: €6,129 million.

Net fair value of identifiable assets: €81.40/share.

1,891 employees in France.

STRATEGY

Icade continues to consolidate its position as a major listed property investor with a strong focus on office property and a diversified portfolio that is more resistant to the highs and lows of the property market. Its business model is now based essentially on commercial property investment following the sale of most of its Housing division, the acquisition of Compagnie La Lucette and the restructuring of its businesses. Icade is also a property developer in its own right, active in the housing and commercial property sectors. As a civically-engaged property investor-developer, Icade is closely involved in devising solutions for the cities of tomorrow.

AGEING AND LONG-TERM CARE

TO MEET THE NEEDS OF AN AGEING POPULATION AND ANTICIPATE ISSUES RELATING TO LONG-TERM CARE, FRANCE MUST RECONCILE THE IMMEDIATE CHALLENGES IT FACES WITH A LONG-TERM VIEW.

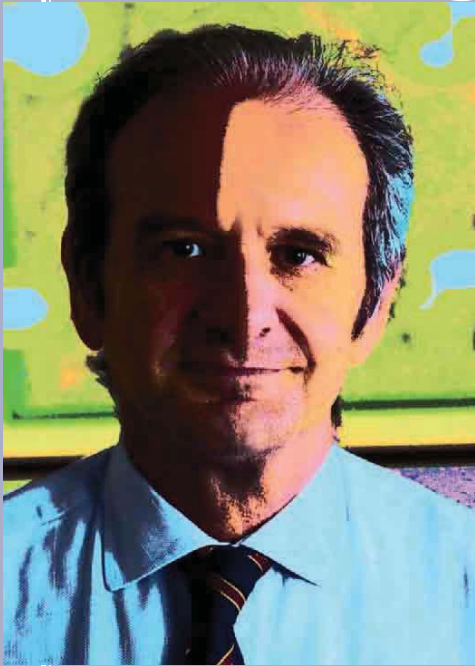


Assisting



the elderly

Long-term care issues are at the heart OF THE SOCIAL DEBATE



JEAN-MICHEL CHARPIN

Jean-Michel Charpin is a graduate of the prestigious *École Polytechnique* and has the rank of *Inspecteur général des finances*. He began his career at INSEE, before joining the European Commission and then managing the Centre for Prospective Studies and International Data (CEPII). He joined BNP in 1990, became Planning Commissioner in 1997 and was Managing Director of INSEE from 2003 to 2007. A former President of the French Association for Economic Science and current member of the COR pensions committee, in 2011 he is chairing the task force on "Long-term care: demographic and financial perspectives". In 1999, he was the author of a report submitted to the French Prime Minister and entitled "The future of our pensions".

Between 2005 and 2035, demographic changes will lead to a sharp rise in the number of people aged 60 and over in France and in other developed countries. The population of "over 60s" will then practically remain at this high level for some 30 years. Through vigorous debate and a degree of upheaval, our understanding of the issues at stake has moved forward and important decisions have been taken. France has managed to introduce large-scale pension reforms, embodied in the 2003 "Fillon" Law and supplemented by the 2007 reform of special pension schemes and the 2010 reform concerning age brackets. Of course, these reforms only alter the distribution of pension payments and do not involve systemic reform or capitalisation. But they have achieved their aim of adapting our pension system to prevailing demographic trends. The "national review" process provided for in Article 16 of the 2010 Law and set to begin in early 2013 may lead to the reforms being fleshed out or modified. The demographic trends mentioned above will begin to impact demand for long-term care some 15 years after they affect pensions. As with pensions, this will result in huge problems in terms of transferring the burden to subsequent generations. How can we avoid once again putting the financial burden on jobs and active young people who will be up against far more difficult housing and employment issues than previous generations? The problem of long-term care needs, in respect of which the French President recently announced a series of measures, differs significantly from the problem of pensions. At the beginning of the 1990s, French people were very satisfied with their pension systems and would doubtless never have considered reforming them if the long-term picture had not shown that they were financially unsustainable. The situation regarding long-term care is different however. On top of the financial burden, there is a significant degree of dissatisfaction with the current

law. For example, the financial costs of long-term care assumed by families and *départements* are considered too high by some. Also, as people rarely die before starting to receive their pension, pension schemes and individual choices concern virtually the entire population at some time. In contrast, long-term care is only necessary for a few, even at an advanced age. Few pathologies actually lead to situations requiring long-term care and trends in these pathologies differ. For example, cases of senile dementia are on the rise, while other pathologies creating the need for long-term care appear to be falling, although changes are difficult to detect. The loss of autonomy also depends on the person's family environment and close friends. Any projections of needs for long-term care must therefore also consider family structures, generation gaps, the professional career trajectories of potential carers, the increasing geographic dispersion of the family unit and other similar factors, on top of medical trends and therapies for the illnesses concerned. Long-term care is clearly at the heart of the social debate and the social policies that result. This is because it brings into play social institutions and social welfare arrangements, but also at a deeper level, because it calls into question the organisation of our society as a whole, the relationships between generations, the importance of dignity and solidarity as values in our society, and the respective roles of families, close relations and welfare bodies.

Population ageing throws up a host of different problems and calls for specific strategies to address them. Caisse des Dépôts is developing bespoke responses to these problems, from housing, transport and infrastructure to long-term care insurance, keeping patients in their family environments and pension administration.

Loans from Savings Funds to improve accommodation for the elderly

UP 60%

between 2009 and 2010.

**11,731
NEW
PLACES**

created for the elderly in retirement homes and similar facilities.

There are currently 14.1 million people in France aged 60 and over, more than 1.5 million of whom are aged 85 or above. By 2020, the number of people over 80 will be more than 2 million. The ageing of the French population is a structural demographic trend that requires serious planning and preparation.

An ageing population throws up a host of different problems that require specific strategies to address them. In view of its public interest obligations, Caisse des Dépôts has an important role to play. The Group is therefore harnessing its expertise in different areas in order to meet the economic and social challenges of ageing.

Several sectors where we are active must be adapted to meet these changing trends, such as housing for example, where needs are huge. Depending on the political choices made in terms of keeping the elderly in their home environments, there will be a shortfall of between 300,000 and 600,000 places in purpose-built homes for the elderly by 2025. Meanwhile, the demand for home support services and daily home care continues to grow. Financing long-term care, which often results from old age, will remain a challenge for our welfare system, and will doubtless need concerted action from both public and private players. Both national solidarity and individual care solutions come into play here.

OFFERING INNOVATIVE, LASTING SOLUTIONS IN TERMS OF AUTONOMY, MOBILITY AND HOUSING

ADAPTING HOUSING AND INFRASTRUCTURE TO THE NEEDS OF AN AGEING POPULATION

Innovative and lasting solutions are needed to meet the needs of the elderly in terms of mobility, town planning, autonomy and housing. To develop these solutions in the housing sector, Caisse des Dépôts recently created CDC Générations, a holding company dedicated to housing for elderly and disabled populations. CDC Générations will develop accessible housing for the mid-market in regions where such housing is in short supply and where the market is not fully developed.

The Savings Funds are also involved in financing housing for the elderly, and in 2010 invested €1 billion to build or renovate 17,700 dwelling units. This is an increase of almost 60% on the amount of loans granted to this sector in 2009.

⊕ Easy-to-access housing

Caisse des Dépôts is launching a growing number of pilot projects aimed at making housing accessible to the elderly. SNI has developed the concept of a "grandpa flat": housing units adapted to the lifestyle of an elderly person, which take into account the gradual loss of autonomy but facilitate contact with the outside world. The first "grandpa flats" were built in Normandy and Jouvé-lès-Tours.

⊕ Building new medical nursing homes

Caisse des Dépôts is an equity investor in numerous hospital and medical-social projects developed by public authorities, such as those resulting from urban social cohesion contracts (CUCS).

A number of hospitals and specialised care facilities were delivered in 2010, including the La Souvenance care home for Alzheimer patients in Le Mans and the La Colombine dialysis unit in Vesoul. Several other projects have also been launched for a total of €1.2 million. These include a hospital for dependent elderly patients (EHPAD) at Montegrosso in Corsica, the extension of a care home for Alzheimer patients in Marseille and a specialised nursing home in Limousin. A total of €4.7 million was invested in North Orléans private hospital within the scope of the 2012 hospital development plan.

⊕ Promoting social cohesion and intergenerational relations

Caisse des Dépôts works tirelessly to ensure that care homes for the elderly are properly embedded in the urban fabric.

This means that they must be located in a town centre near shops, transport and medical facilities used by all generations. The Group recently delivered the Laval centre for intergenerational relations (CIGMA), where the elderly will rub shoulders with the very young. This specialised care centre houses both a care home for Alzheimer patients and an intercompany crèche. In 2010 in Chevilly-Larue, Icade designed France's first eco-neighbourhood with high-quality facilities for the elderly (*Haute qualité du vieillissement*[®]) combining social housing adapted to the elderly, affordable housing for first-time buyers, shops and a medical centre. In late 2011, Icade is also set to deliver an elderly care home with 90 dwelling units in Grenoble, built in compliance with bioclimatic standards.

The Group's investments to encourage innovation take many shapes and forms. A brainchild of Icade, Agevillage.com and Caisse des Dépôts, the "Living together today and tomorrow"

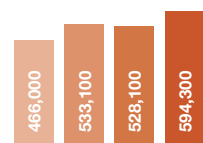


Laval centre for intergenerational relations (CIGMA)

This centre is an innovative, ambitious medical-social real estate project, comprising a specialised care home for Alzheimer patients along with an intercompany crèche. Caisse des Dépôts has a 41% stake in SCI Cigma du Tertre, which manages the property side of the building. The centre was delivered at the beginning of 2011, following a total investment of €12 million. In all, 60 new jobs will be created. Cidevim built the centre and Icade was asked to provide project management assistance.

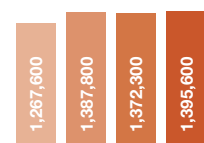
PENSION INDICATORS

PLAN SETTLEMENTS FOR THE MAJOR PENSION FUNDS (CNRACL, Ircantec, RAFF and Retraite des Mines)



Source: Pensions division

NUMBER OF TELEPHONE CALLS DEALT WITH (Angers, Bordeaux, Paris)



Source: Pensions division

competition¹ has been rewarding exemplary buildings and innovative ideas since 2009. The 2011 competition is open to all French-speaking countries. The department dedicated to ageing and quality of life at the World Health Organisation (WHO) and the urban construction and architectural planning association (PUCA) are providing technical assistance.

LONG-TERM CARE: THE ISSUES

Developing and modernising personal care services

The ageing population is driving growth in demand for expertise in personal care services. These professions offer potentially huge job opportunities that cannot be transferred to other countries. An estimated 1 million jobs will be needed by 2025 in the field of elderly care services. This represents a two-fold increase in the number of people offering these services over 20 years. A further 25% more jobs will also be available in elderly care homes.

The Group is determined to meet this challenge. Icade is leading a task force as part of the research project on intergenerational services aimed at assisting the elderly in their homes (SIGAAL). With a €5 million budget over three years, this project is designed to create a pipeline of services allowing the elderly to maintain their link to society at the lowest possible cost, thereby reducing isolation and loneliness.

Long-term care insurance

CNP Assurances is involved in the personal risk business as insurer, coinsurer and reinsurer. CNP believes that worries regarding loss of autonomy and the need for long-term care should not be overstated, predicting that 85% of a generation of 60 year olds will not be affected. For the 15% concerned, CNP offers a range of innovative products covering the need for both complete and partial long-term care. These include financial solutions, day-to-day assistance, help in adapting the home, and meals-on-wheels services to help keep the dependent person in his or her home environment. Two specialised subsidiaries have been created (Filassistance International and Filassistance Services), as well as a new personal care brand – CNP Services à la Personne. CNP Assurances is also a shareholder of Âge d'Or Services, a network of franchisees offering services to persons requiring various degrees of long-term care.

PREPARING FOR RETIREMENT

Retirees are not a homogenous group of people concerned only with issues of long-term care. There are also active, young retirees with time and money on their hands.

The French population realise the need to think about retirement early on in their careers. CNP Assurances helps

them do this through life insurance policies, specific individual insurance products and group insurance.

Managing pension systems more efficiently

Ageing also has an important economic impact on how our pensions are managed. Caisse des Dépôts uses across-the-board expertise garnered from managing 46 pension funds to advise on integrated, supplementary and top-up pension schemes.

Its priority is to improve the management of these funds by working towards quality and cost targets over several years. To meet these targets, the Pensions division is modernising its activities by industrialising and pooling processes and reducing paper flows, in close cooperation with public sector employers. To achieve the highest standards of quality, the Group draws on a model allowing it to gauge how effective its management is in comparison to other similar pension administrators in France and Europe.

Thanks to more modern processes and upgraded information systems, in 2010 the Group was able to meet the growth in its business (settlements up 30% over three years) and enter into management arrangements and target-setting agreements with the French State and several pension schemes including CNRACL, Ircantec and RAFF.

Monitoring the implementation of pension reform from an operational perspective

In 2011, the Pensions division will implement the reform voted by Parliament. The main consequences of this reform concern the extended right to information. Members of a pension scheme can now be informed as to their pension entitlements and how to optimise them. Information systems therefore have to be adapted to meet these new requirements. The second related aspect of the reform concerns putting in place effective customer relationships so that beneficiaries can receive all the information they need and are provided with appropriate advice.



PENSIONS

As a trusted third party institution, Caisse des Dépôts has been managing funds since 1816 under mandates from social bodies, notably public pension schemes. As a multi-fund operator, the Pensions division manages 46 funds on a cost-price basis, covering 7.4 million active workers and 3.4 million retirees, or one French retiree in five. It receives funding of €26.8 billion and pays out €21.9 billion in benefits. As a fund manager offering high value-added and long-term stability, Caisse des Dépôts is the partner of choice for 75,000 public sector employers, and works constantly to earn their trust.

MAIN FUNDS MANAGED

Four major pension schemes for permanent or temporary employees in the three public functions and for public sector blue collar workers (CNRACL, Ircantec, RAFF, FSPOEIE), the miners' pension scheme (*Retraite des mines*), pension schemes or supplementary pensions for certain specific categories of employees, the solidarity fund for the elderly, the fund for the integration of disabled persons in the public sector, and various compensation and prevention funds.



CNP ASSURANCES IS FRANCE'S LEADING PERSONAL RISK INSURER

CNP Assurances designs, produces and manages savings, retirement and personal risk insurance policies. For more than 150 years, its aim has been to help policyholders secure their own future and the future of their families at reasonable cost.

CNP Assurances markets and sells most of its individual insurance policies through two large networks: La Banque Postale and Caisses d'Épargne regional banks. Products are also sold through its own network, CNP Trésor. Group insurance is sold through more than 200 partner banks and financial institutions. CNP also sells retirement and personal risk products under group policies through large mutual insurance firms, 20,000 local authorities and 4,500 companies.

CNP Assurances has a broad international presence in 15 countries including Italy, Spain, Brazil and Argentina, to which it lends its expertise in bancassurance and personal insurance.

The company has been listed on the Paris stock market (*Premier Marché*) since 1998. Its shareholder base is stable, with four major shareholders: Caisse des Dépôts, La Banque Postale, BPCE and the French State.

(1) www.prix-vivre-ensemble.fr.



A HIGH-PERFORMING **GROUP**

ATTRACT, INTEGRATE,
OPTIMISE, RETAIN

An ambitious HR policy

CAISSE DES DÉPÔTS GROUP EMPLOYEES IN 2010

Total employees at 31 December 2010



Caisse des Dépôts	5,479
Affiliated entities	790
CNP Assurances	4,752
SIF	56
CDC Entreprises	97
Qualium Investissement	34
CDC Climat	67
Icade	2,083
SNI	4,758
Transdev	34,031
Egis	10,048
Compagnie des Alpes	4,477
Belambra	1,113
Informatique CDC	1,214

Total employees in France at 31 December 2010



Caisse des Dépôts	5,479
Affiliated entities	790
CNP Assurances	3,267
SIF	56
CDC Entreprises	97
Qualium Investissement	34
CDC Climat	67
Icade	1,891
SNI	4,758
Transdev	9,658
Egis	3,325
Compagnie des Alpes	3,359
Belambra	1,113
Informatique CDC	1,211

In 2010, Caisse des Dépôts pursued its HR strategy focusing on five cross-disciplinary areas:

- helping to forge the Group's corporate culture;
- ensuring that the Group has the skills it needs to meet its goals;
- attracting and retaining the talent the Group will need over the coming years;
- developing a dynamic, exemplary policy to encourage and oversee diversity;
- improving forward planning and enhancing management of HR issues at Group level.

The Group has also developed tools and processes which allow it to meet key HR imperatives. These include encouraging mobility within the Group and promoting a culture of diversity.

ENCOURAGING MOBILITY TO PREPARE FOR THE FUTURE

2010 was a pivotal year within the Group in terms of mobility. Implementation of the Group's mobility agreement signed in January 2010 allowed the Group to develop mobility tools and significantly increase the number of intragroup mobility opportunities on offer.

"Mobil'idées", the first groupwide job exchange site, was created in September. This gives 25,000 employees from 112 different entities the possibility to consult some 400 job descriptions posted by 19 local job vacancy sites.

Based on the definition of groupwide "macro-skills" developed by all entities, an analytical tool was designed to assess the proximity between the Group's different businesses. Ten cross-disciplinary business groups were identified as potentially ripe areas for mobility. To assist employees with mobility issues, Caisse des Dépôts also set up a career mobility committee.

The number of mobility opportunities within the Group has increased five-fold in two years, with 130 mobility contracts signed at the end of 2010. A successful mobility policy depends on the Group's ability to anticipate its skills requirements. Setting up a jobs and skills committee (GPEC) is a critical step in this direction.

In mid-December 2010, the Group launched negotiations to set up a GPEC committee as part of a joint initiative with Caisse des Dépôts. This agreement should be finalised in 2011. Based on employee forecasts drawn up by Caisse des Dépôts, there will be a significant rise in the number of retirements between 2011 and 2014, involving some 700 employees, or 13.5% of the current headcount. To maintain a balance between public and private sector jobs, the Group's policy will focus on public sector hires.

Caisse des Dépôts' HR division has drawn up Ambition HR 2014, a strategic plan designed to improve the quality of service provided to employees, enhance the Group's capacity for forward planning and HR management, and carve out a strong position in issues likely to prove decisive in the years ahead.

PROMOTING A CULTURE OF DIVERSITY

As a State-owned Group serving the public interest, Caisse des Dépôts takes a strong stance on strategic diversity issues in its capacity as employer. The Group develops exemplary policies focused on the employment of graduates with disabilities, initiatives promoting parenthood and career development, and the position of women in governance.

A number of concrete initiatives have been launched in terms of equal opportunities at work. These have led to the appointment of a woman to Caisse des Dépôts' Management Board to supervise equality issues and the promotion of female employees. An equal opportunities watchdog has also been set up and will produce statistics on the position of women on the Group's governance and management bodies. Women make up 35.5% of the Group's senior executives.

In 2010, a host of awareness-raising initiatives were run for Group managers and employees, including a structured training programme featuring the pilot modules "Management and diversity" and "Management and intergenerational relations", the first "Diversity" conferences and a film showcasing best diversity practices within the Group.

Caisse des Dépôts stepped up its efforts in this area in 2010, creating ten positions as part of its participation in the "Anonymous CV" programme. It also welcomed its first student on placement from a regional vocational school in a disadvantaged area.

The Group will consolidate these initiatives in 2011, chiefly by developing work placements for school pupils in disadvantaged areas, but also by sponsoring young graduates along with the "Talented neighbourhoods" network. The Group has developed a network of disability officers responsible for specific disability issues.

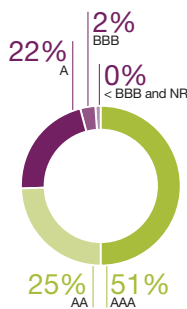
Disabled employees made up 5% of Caisse des Dépôts' workforce at 31 December 2010. Participation in job forums run by universities and *Grandes Écoles* to recruit graduates with disabilities should increase the disabled employee rate to the statutory 6% by the end of 2011 and increase the consolidated disability rate by 1% for the Group as a whole. The agreements with the AGEFIPH and FIPHFP (funds for the integration of disabled persons in public sector jobs) were extended, providing more extensive and longer-term financing for disability-oriented initiatives.

Integrated performance

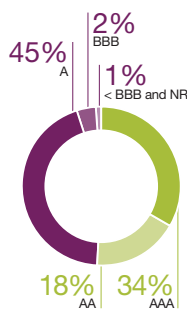
CAISSE DES DÉPÔTS DRAWS ON ITS RISK MANAGEMENT EXPERTISE, SERVICE EXCELLENCE AND STRICT COST DISCIPLINE TO PROTECT ITS KEY ASSET: TRUST.

BREAKDOWN OF LONG-TERM ISSUES HELD BY THE CENTRAL SECTOR AND THE SAVINGS FUNDS BASED ON CREDIT RATING AGENCIES

Caisse des Dépôts at 31 December 2010



Savings Funds at 31 December 2010



NEW RISK MANAGEMENT AND INTERNAL CONTROL RESPONSIBILITIES

The Risk and Internal Control department (DRCI) manages the risks incurred by the Group in line with:

- the new economic conditions resulting from the crisis;
- the new regulatory landscape resulting from the Law on Modernisation of the Economy (LME).

Part of the Group's overall management strategy, the division's work provides the governing body and Supervisory Committee with an independent look at the bank's prudential indicators and at how well its activities and operations comply with regulatory rules.

Pursuant to the Law on Modernisation of the Economy of 4 August 2008 and its implementing decrees, the Prudential Supervisory Authority (*Autorité de contrôle prudentiel*) supervises Caisse des Dépôts' banking and financial activities on behalf of the Supervisory Committee, in accordance with specific terms and conditions and based on its particular prudential model. The Risk and Internal Control department coordinates any projects relating to the implementation of prudential supervision, including:

- compliance with the specific banking and financial regulations applicable to the Group;
- definition of an appropriate prudential supervisory framework;
- financial and prudential reporting requirements.

The four pillars of the Group's risk management strategy are

ongoing control, financial risk supervision, prudential oversight and compliance with ethical and anti money-laundering standards.

1. Ongoing control is designed chiefly to reduce operational risk. In 2010, the Group's internal control system was strengthened, and emphasis placed on information system security.
2. Commitments contracted by the various business lines are reviewed upstream as part of financial risk supervision. Financial supervision also plays a central role in monitoring credit and market risks on investment portfolios. The Risk and Internal Control department performs independent back-up reviews of financial risks on a basis geared to the nature of the investment (loans, investments in projects or in investment portfolios) and the amounts involved.

In 2010, oversight of financial risks on these portfolios was reinforced thanks to closer monitoring of the markets following the crisis. However, most credit risk on these portfolios still concerns companies rated investment grade.

3. In 2004, Caisse des Dépôts decided that it would refer to international prudential supervisory rules (Basel I and II). It set up a framework for assessing and hedging risks based on best market practices. Supervision of the prudential model was enhanced in 2010 and will be further improved in 2011,

in connection with the work of the Prudential Supervisory Authority (ACP).

4. The Group is legally bound to fight against money laundering. The scope of its obligation changed significantly with the implementation of the third EU Directive into French law. Ethical standards are designed to ensure the integrity of permanent and temporary employees in carrying out their duties.

BACK OFFICE FUNCTIONS: SECURITY AND FLEXIBILITY

Back offices are responsible for processing cash transactions and transactions involving financial instruments. They provide the link to market systems and are involved in winding down all banking and financial transactions carried out by Caisse des Dépôts as a result of its various obligations.

As back offices play a part in Caisse des Dépôts' role as a trusted depository and custodian, they need to have extensive security procedures, ongoing flexibility to handle a wide range of customer transactions and strict cost discipline. In 2010, Caisse des Dépôts launched a large-scale project to overhaul the information systems it uses to manage financial instruments. This project is part of efforts to integrate the entire transaction processing chain.

It also offered its customers the new payment systems approved in Europe, including the SEPA Single Euro Payments Area Credit Transfer and SEPA Direct Debit.

ONGOING ASSISTANCE WITH LEGAL AND TAX ISSUES RELATING TO GOVERNANCE, RISKS, LARGE-SCALE PROJECTS AND CHANGES IN THE SCOPE OF BUSINESS

The Legal and Tax department supported the fast-paced growth of the Group's business in 2010, particularly as regards major financial and real estate investment projects. These include the Transdev/Veolia Transport merger, the acquisition of a stake in La Poste, the Investments for the Future programme (PIA) and more recently, investments in the *Grand Paris* building programme.

It also helped fine-tune legislative and regulatory proposals and the conditions of implementation (e.g., as regards the Prudential Supervisory Authority) and assisted the Group in setting up CDC Climat and CDC Climat AM and developing CDC Propriété Intellectuelle.

STEPPING UP EFFORTS TO MODERNISE GROUP INFORMATION SYSTEMS

Caisse des Dépôts continues to roll out its strategic information systems (IS) plan by upgrading IS management procedures and preparing an ambitious IS investment programme.

Initiatives include the launch of a new procedure, extension of project ownership capabilities and a cross-disciplinary management approach to emerging project portfolios.

Several major business or customer-oriented programmes got underway in 2010. These included changes made to banking information systems to meet emerging market needs and roll out a comprehensive banking solution incorporating the CDC Net customer portal; the overhaul of financial information systems in order to put in place financial instrument management software for all financial businesses; upgrades to information systems used for lending activities in order to provide greater flexibility for developing the products needed to consolidate the pre-eminent role of Savings Funds in financing social housing and urban policy; and the overhaul of information systems managing the payment of pensions. Caisse des Dépôts is committed to offering a range of reliable, efficient and secure payment methods.

REAL ESTATE: GROUPWIDE PROJECT TO CREATE A SECOND BASE IN THE AUSTERLITZ DISTRICT

In the summer of 2010, Caisse des Dépôts moved into the building it purchased in late October 2009 located at 2 avenue Pierre Mendès-France in Paris.

The move, known as "Austerlitz 2", is part of the Group's Paris property development plan. This plan was revisited in 2009 to help create new roles and responsibilities, streamline the location of the Group's offices and pool some of its functions.

The plan is also consistent with steps to move Caisse des Dépôts' offices into buildings owned by the Group.

Around 1,400 people will work from the Austerlitz offices, which offer optimal working conditions.

"Austerlitz 2" in figures:

- 700 new workstations built;
- 11 sq.m/employee;
- 546 computer-equipped workstations, 800 workstations equipped with telephones;
- 210,000 retiree files transferred from the Pensions division.

The project was underpinned by a wide range of environmental performance concerns:

- most products used in the refurbishment had been awarded an eco-label;
- 34% of new office furniture was made from recycled materials;
- alterations were made to the buildings in a bid to curb energy consumption.



Informatique CDC is a global operator of IT and digital security services. A Caisse des Dépôts preferred service provider, Informatique CDC assists all of the Group's businesses and its subsidiaries (notably CNP Assurances). It also works within the scope of partnerships with public or para-public bodies. Informatique CDC is a key player in its clients' computerisation and optimisation strategies, putting in place lasting, secure and industrially effective technologies.

Informatique CDC has two main strategic goals:

- to repay the trust placed in it by Caisse des Dépôts and CNP Assurances by providing industry-beating project management expertise to guarantee the success of major IT projects;
- to assist Caisse des Dépôts in its commitment to boost growth in France through its particular area of expertise, digital solutions. Informatique CDC's know-how and integrity and the trust that its way of working inspires enable it to play a legitimate role in partnering public entities.

KEY FIGURES

Security – Availability – Quality

4,000 sq.m of high-security data rooms.

Data hosted only in France.

99% of applications available round-the-clock.

Communication and patronage of the arts

IN 2010, THE COMMUNICATIONS DEPARTMENT WORKED RELENTLESSLY TO BECOME A LEADER ON STRATEGIC ISSUES, DEVISING AND LAUNCHING COMMUNICATIONS INITIATIVES AIMED AT OPTIMISING THE ÉLAN 2020 STRATEGIC PLAN AND THE CHANGES IT BRINGS IN ITS WAKE. THE COMMUNICATIONS DEPARTMENT IS A KEY LINK IN THE GROUP'S EVER STRONGER IDENTITY.

EXPLAINING OUR UNIQUENESS

To provide an insight into what we do, a corporate brochure presenting the Group has been designed in the form of a series of factsheets, each dealing with a specific topic. The three-fold aim of this brochure is to showcase the Group's unique business model, raise the profile of its activities and highlight the concrete achievements of the Élan 2020 strategic plan. Different events have also provided an opportunity to discuss the role of Caisse des Dépôts. These included the press conference to announce the Group's results on 15 April, which was broadcast live in six regional offices as part of a pilot project and gave rise to a "Key regional events" report, and the press conference of 2 June focusing specifically on SMEs and accompanied by a brochure outlining the Group's corporate finance offering.

On the ground, the first regional forum for local elected representatives organised in Arles in early 2011 gave Caisse des Dépôts the opportunity to present its service offering and stress the importance of Regional Directors in their role as the sole point of contact with local authorities.

RAISING OUR PROFILE

Explaining the role of Caisse des Dépôts only makes sense because the institution has had such a big influence over the past 200 years or so. To raise the Group's profile even further, Caisse des Dépôts has adopted its own logo and is currently working on the rules that should determine its use. Making the Group's presence tangible means creating a formal internal network of communications officers ensuring that information circulates properly. In its role as leader, the Communications department has given renewed impetus to information-sharing procedures by stepping up exchanges across the network.

COMMUNICATION: HELPING TO MAKE THE GROUP A TANGIBLE PRESENCE



Patronage: “Culture is a public asset”

Since its origins, Caisse des Dépôts' patronage of the arts has focused on culture as a means to building individuality and a sense of community. Its patronage activities are currently geared to urban outreach initiatives, classical and contemporary music and a reading programme designed to combat illiteracy and foster a love of reading. Launched in 2007, the reading programme aims primarily to instil a love of books in young children. More than 37,000 children and adolescents have benefited from the initiative, taking part in the *Coups de Pouce Clé* reading assistance programme set up in 240 cities and run by APFEE, an association promoting equal opportunities among school pupils. Similarly, the *À l'école des écrivains, des mots partagés*, adolescent reading initiative offers pupils from 87 schools the opportunity to discover reading and writing in the company of an author.

Caisse des Dépôts' urban outreach initiatives also include a cultural programme, which looks to support professionally-run projects using artistic expression to integrate young people and residents of regenerated urban areas. Alternately, the *Riposte* and *Slam & Cie* programmes encourage young people to write down their experiences in the form of "slam poetry" which is then recited on the stage. The Group's patronage of the arts also supports young urban dance companies.

Sharing cultural experiences, and in particular introducing classical music to new audiences, also underpins the Group's musical patronage, which sponsors around 200 festivals and concerts. Each year, around 15,000 children are invited to the Théâtre des Champs-Élysées (owned by Caisse des Dépôts) to watch a show put on especially which they will have previously studied in class. The Group also supports events targeting the general public such as *Tous à l'opéra* and *Orchestres en fête*. These invite French people to discover opera houses and concert halls from an artistic as well as technical perspective. It also sponsors a number of major choral events and seeks to promote contemporary music among a wider audience.

In 2010, more than 100,000 people took part in the 437 projects sponsored by the Group's patronage activities across France. All of these efforts are driven by the belief that culture helps foster a sense of community.

Social and environmental performance

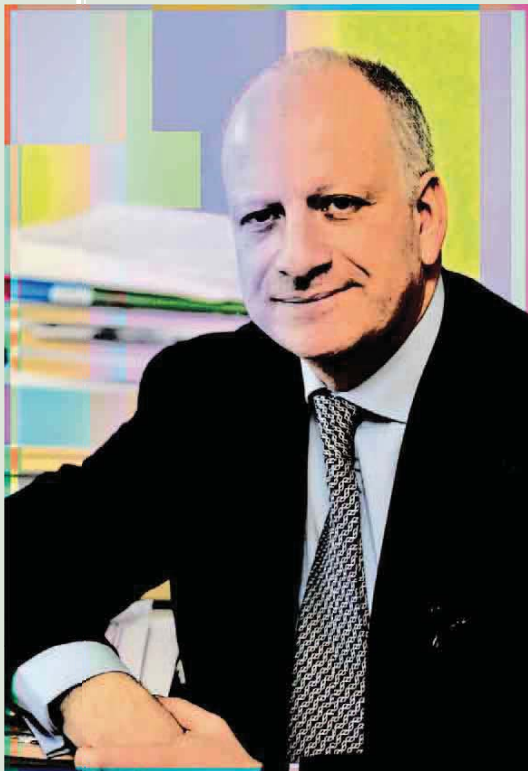
THROUGH ITS DIFFERENT BUSINESSES, CAISSE DES DÉPÔTS IS ATTENTIVE TO FRANCE'S ECONOMIC, SOCIAL AND ENVIRONMENTAL CHALLENGES. THE GROUP'S MAIN INITIATIVES IN THIS AREA ARE SET OUT IN THE BUSINESS REVIEW AND SUSTAINABLE DEVELOPMENT REPORT.

The concordance table set out below is based on the new international standard ISO 26000 on corporate social responsibility and aims to facilitate readers' understanding of this report. Caisse des Dépôts' website also contains information on all ISO 26000 core subjects and issues.

Core subject: Organisational governance	web	p.4, 72
Core subject: Human rights		
Issue 1: Due diligence	web	
Issue 2: Human rights risk situations	web	
Issue 3: Avoidance of complicity	web	
Issue 4: Resolving grievances	web	
Issue 5: Discrimination and vulnerable groups	web	p.58
Issue 6: Civil and political rights	web	p.67, 71, 74
Issue 7: Economic, social and cultural rights	web	p.58, 67, 71
Issue 8: Fundamental principles and rights at work	web	p.71
Core subject: Labour practices		
Issue 1: Employment and employment relationships	web	p.71
Issue 2: Conditions of work and social protection	web	p.73
Issue 3: Social dialogue	web	p.71
Issue 4: Health and safety at work	web	p.34
Issue 5: Human development and training in the workplace	web	p.71
Core subject: The environment		
Issue 1: Prevention of pollution	web	p.51, 53, 58
Issue 2: Sustainable resource use	web	p.14, 32, 34, 51-53, 58, 62, 73
Issue 3: Climate change mitigation and adaption	web	p.14, 32, 51-53, 62
Issue 4: Protection of the environment, biodiversity and restoration of natural habitats	web	p.14, 51, 53, 58, 62
Core subject: Fair operating practices		
Issue 1: Anti-corruption	web	p.72
Issue 2: Responsible political involvement	web	p.72
Issue 3: Fair competition	web	p.72
Issue 4: Promoting social responsibility in the value chain	web	p.24, 26, 27
Issue 5: Respect for property rights	web	p.73
Core subject: Consumer issues		
Issue 1: Fair marketing, factual and unbiased information and fair contractual practices	web	p.72
Issue 2: Protecting consumers' health and safety	web	
Issue 3: Sustainable consumption	web	
Issue 4: Consumer service, support, and complaint and dispute resolution	web	p.69, 72, 73
Issue 5: Consumer data protection and privacy	web	p.73
Issue 6: Access to essential services	web	p.69, 73
Issue 7: Education and awareness	web	
Core subject: Community involvement and development		
Issue 1: Community involvement	web	p.9, 12-13, 31, 58, 69, 72
Issue 2: Education and culture	web	p.13-14, 41, 46, 74
Issue 3: Employment creation and skills development	web	p.13-14, 21-27, 51-53, 69
Issue 4: Technology development and access	web	p.13-14, 21, 25, 31-32, 41, 46-47, 51
Issue 5: Wealth and income creation	web	p.10-11, 21, 24-27
Issue 6: Health	web	
Issue 7: Social investment	web	p.9, 13-14, 31-32, 34, 57-58, 67, 69, 74

FINANCIAL SUMMARY

Placing greater emphasis on the GENERAL INTEREST



JÉRÔME HAAS

Jérôme HAAS has a degree in law and a diploma from IEP Paris. He joined the French Treasury following his graduation from ENA, France's prestigious school for top-ranking civil servants. He has held many different responsibilities during his career, in business (General Secretary of CIRI, deputy director of Agence des Participations de l'État); in the international arena (deputy administrator at the World Bank; General Secretary of the Club de Paris); and in French and international regulation (member of the *Haut Conseil du Commissariat aux Comptes* and the Financial Stability Board). On 15 January 2010, he was appointed Chairman of France's accounting standards setter, *Autorité des normes comptables* (ANC). He is also a member of the Boards of the AMF and the Prudential Supervisory Authority (ACP) and a lecturer at the ESCP Europe business school.

IN YOUR CAPACITY AS CHAIRMAN OF THE FRENCH ACCOUNTING STANDARD-SETTER (ANC), YOU WERE BEHIND THE FIRST ACCOUNTING RESEARCH TASK FORCE (*ÉTATS GÉNÉRAUX DE LA RECHERCHE COMPTABLE*) HELD IN DECEMBER 2010. WHAT WAS THE AIM OF THIS TASK FORCE?

The aim of these exchanges was to kick off the debate on the necessity and possibility of an alternative to the IASB's IFRS accounting standards. The idea was to encourage and develop French accounting research so that it could be used as a basis for France's technical and political positions in this area. I believe that it is important to have standards which all economic players can identify with. And yet the company representation model on which international accounting standards are currently based has a short-term bias and tends not to match the economic reality of performance models focused on the long term.

WHAT ARE YOUR MAIN CRITICISMS OF IFRS AND WHY ARE IFRS USEFUL MAINLY FOR SHORT-TERM INVESTORS?

The representation of financial items under certain IFRS accounting principles does not match companies' economic reality or medium-term strategy. One of the most telling examples is the mark-to-market principle for many financial assets. By taking into account too many market factors or factors thought to be representative of market trends, accounting standards bring market volatility into the accounts, thereby distorting the final picture. In the event of a financial bubble, the process tends to become self-sustaining rather than being corrected by the "true and fair view" principle which accounting standards are supposed to uphold. We need accounting standards as guidance not as procyclical factors.

WHAT SHOULD BE CHANGED IN EUROPE'S ACCOUNTING STANDARDS POLICY?

We are currently at a decisive moment in the international accounting standards project. After more than five years of IFRS in Europe and a financial crisis which brought to light flaws in whole sections of the standards, a proper European accounting policy needs to be put in place. This policy should have three main aims. First, to reduce the "financial bias" of IFRS: far too much importance is placed on market (fair) value in current accounting standards, distorting the true and fair view of certain businesses, particularly those operating within a long-term perspective. Second, unlisted SMEs need an accounting tool which can stand as a genuine force for competition. The SMEs accounting standards set out in EU directives should be promoted. These standards proved amazingly resilient for SMEs not applying IFRS. However, the standards need to be pared down in order to simplify the notes to financial statements for these entities. Third and finally, a new governance structure needs to be put in place at the IASB, the private organisation responsible for drafting international accounting standards. The process of producing these standards needs to be more closely supervised by government. And more emphasis needs to be placed on the general interest, on avoiding excess in line with the G20's recommendations, and on introducing far more diverse viewpoints, for example by making the IASB more open.

The Group's strong results drive equity to an all-time high

CONSOLIDATED EQUITY EXCLUDING UNREALISED GAINS AND LOSSES EXCEEDED THE LEVEL IT HAD REACHED AT THE HEIGHT OF THE STOCK MARKET BOOM IN 2007, ERASING THE IMPACTS OF THE 2008-2009 CRISIS.

IN A NUTSHELL

"Caisse des Dépôts Group's attributable net profit came in at €2,151 million, up 8.6% year on year. This took equity attributable to owners of the parent to €20.2 billion, excluding unrealised gains and losses and dividends paid, higher than its level in 2007 before the current financial crisis began.

Net profit from the Savings Funds hit a ten-year high at €1,485 million. Caisse des Dépôts Group continued to grow by sponsoring the emergence of flagship market leader businesses: examples included the Veolia Transdev merger, the Egis Iosis alliance, as well as the continued development of the Strategic Investment Fund which became France's largest investor in small companies with strong growth potential.

The Group entered into a number of strategic partnerships with the French State: Caisse des Dépôts has been entrusted with managing eight major investment programmes for a total of €7.5 billion, and an agreement has been reached whereby the Group will acquire a stake in La Poste in 2011.

The Group's international development continued apace. It has forged long-term relationships with foreign investors and sponsored a European legal and capital adequacy framework that is conducive to its business.

In 2011, Caisse des Dépôts will strive to be a committed, innovative and effective long-term investor, in tune with the national economic interest."

Augustin de Romanet
Chairman and Chief Executive
Officer of Caisse des Dépôts

CAISSE DES DÉPÔTS GROUP'S ATTRIBUTABLE NET PROFIT CLIMBED 8.6% YEAR ON YEAR, TO €2,151 MILLION FROM €1,980 MILLION IN 2009.

⊖ The Group's recurring profit jumped 10.5% year on year, from €1,646 million to €1,819 million.

Recurring profit is a measure of the Group's economic performance and corresponds to the recurring profit of the Central Sector as well as the Group's share in the recurring profit of its subsidiaries. It does not include gains and losses and provisions on equity portfolios that are volatile by nature, or non-recurring profit.

⊖ Recurring profit has risen steadily by over 25% over the past four years.

Net banking income leapt 23.9% from €6.5 billion in 2009 to €8 billion this year. This increase reflected the combined impact of non-recurring impairment losses taken in 2009, gains on the disposal of real estate generated by Icade and growth across all businesses.

Operating expenses increased by only 2.3% in spite of the surge in net banking income, confirming the tight rein being kept on costs right across the Group.

Equity attributable to owners of the parent stood at €20.2 billion at 31 December 2010, excluding unrealised gains and losses and dividends paid. This was 5.2% higher than one year earlier.

CONTRIBUTION OF SUBSIDIARIES THE CONTRIBUTION OF CAISSE DES DÉPÔTS AND ITS SUBSIDIARIES CAME IN AT €460 MILLION IN 2010 VERSUS €437 MILLION IN 2009. THE INCREASE RESULTS FROM A NUMBER OF CONTRADICTIONARY TRENDS:

- lower yields on fixed-income securities and equities, mostly related to non-recurring dividends on assets contributed to the Strategic Investment Fund in July 2009;
- the consolidation of Compagnie Nationale du Rhône by the Group beginning in 2010. CNR's revenue had previously been included in the contribution of the Central Sector;
- the sharp €433 million drop in provisions for other-than-temporary impairment on the portfolio of listed shares. The Group set aside large provisions on its equity portfolio in 2009 when the CAC 40 index hit a low of 3,140 points in the middle of the year.

• The contribution of the subsidiaries and long-term equity interests rose 9.6% on the year, from €1,543 million to €1,691 million.

• CNP Assurances' contribution rose 4% to €399 million for the year, up from €384 million in 2009, on the back of a dynamic operating performance in a difficult business environment. Operating profit (before adjustments for capital gains or losses) was dragged down by the slowdown in the savings business and fell 4.3% year on year to €961 million.

• The Strategic Investment Fund (SIF) contributed €320 million to the Group's net profit, up from €118 million in 2009, mainly reflecting the full-year impact of consolidation (in 2009, the SIF was only consolidated from July 15).

• Icade's contribution to the Group's net profit surged year on year, from €321 million to €678 million. This increase was mainly driven by the completion of the sale of 23,358 housing units initially agreed in November 2009, and the consolidation of Compagnie de la Lucette.

• The contribution of Société Nationale Immobilière (SNI) rose 11%, from €105 million in 2009 to €117 million in 2010. This extra contribution was attributable to a 12% jump in revenue to €644 million that reflected the increase in assets under management from 61,477 to 66,778 units of housing.

• Compagnie des Alpes (CDA) increased its contribution to consolidated net profit by €2 million to €17 million (up from €15 million in 2009). In spite of the overriding economic gloom which hit leisure parks in particular (revenues down 6.5%), business held up well and revenues from ski resorts grew by 11%.

• Egis added €41 million to consolidated net profit (up from €19 million in 2009). This increase is mainly attributable to the €15 million gain on the sale of its interest in Flinders Ports and the successful alliance with Iosis.

• Transdev's contribution rose €4 million year on year, from €23 million in 2009 to €27 million, in spite of a freight business

environment hampered by exogenous factors that dragged down revenue. These included hikes in oil prices and the Icelandic volcano eruption that brought the aviation sector and tourism to a halt.

• CDC Infrastructure added €22 million to consolidated net profit in 2010, up from €13 million last year. This increase was mainly due to the full-year impact of assets contributed by Caisse des Dépôts to CDC Infrastructure in 2009 (Gaz de Strasbourg, HIT-Sanef and Orlyval).

CONSOLIDATED FINANCIAL STATEMENTS

 Consolidated income statement,
year ended 31 December 2010

(in millions of euros)	Notes	31.12.2010	31.12.2009
Interest income	1	5,017	4,793
Interest expense	1	(927)	(1,130)
Fee and commission income	2	75	48
Fee and commission expense	2	(56)	(67)
Gains and losses on financial instruments at fair value through profit or loss, net	3	860	1,748
Gains and losses on available-for-sale financial assets, net	4	1,350	959
Income from other activities	5	20,821	20,463
Expenses from other activities	5	(19,127)	(20,348)
Net banking income		8,013	6,466
General operating expenses	6	(4,053)	(3,946)
Depreciation, amortisation and impairment of property and equipment and intangible assets		(407)	(415)
Gross operating profit		3,553	2,105
Cost of risk	7	(15)	(10)
Operating profit (loss)		3,538	2,095
Share of profit (loss) of associates	20	140	678
Gains and losses on other assets, net	8	57	130
Change in value of goodwill	22	(5)	(48)
Profit (loss) before tax		3,730	2,855
Income tax expense	9	(494)	(380)
Net profit from discontinued operations		2	3
Net profit (loss)		3,238	2,478
Non-controlling interests		(1,087)	(498)
Net profit (loss) attributable to owners		2,151	1,980

Statement of comprehensive income

(in millions of euros)	31.12.2010	31.12.2009
Net profit (loss)	3,238	2,478
Exchange differences on translation of foreign operations	70	108
Fair value adjustments on remeasurement of available-for-sale financial assets	334	3,733
Fair value adjustments on remeasurement of hedging instruments	(22)	(77)
Actuarial gains and losses on defined post-employment benefit obligations	(11)	(10)
Share of unrealised or deferred gains and losses on investments in associates	(472)	(476)
Total changes in assets and liabilities recognised directly in equity	(101)	3,278
Net profit and total income and expense recognised directly in equity	3,137	5,756
Attributable to owners	1,986	4,915
Attributable to non-controlling interests	1,151	841

Consolidated statement of financial position, at 31 December 2010

(in millions of euros)	Notes	31.12.2010	31.12.2009
Assets			
Cash and amounts due from central banks and post office banks		6	17
Financial assets at fair value through profit or loss	11	33,001	31,651
Hedging instruments with a positive fair value	12	309	183
Available-for-sale financial assets	13	150,843	141,377
Loans and receivables due from credit institutions	14	4,670	12,578
Loans and receivables due from customers	15	31,060	24,636
Cumulative fair value adjustments to portfolios hedged against interest rate risk			
Held-to-maturity investments	16	20,171	18,009
Current and deferred tax assets	17	381	344
Prepayments, accrued income and other assets	18	8,244	7,710
Non-current assets held for sale	19	2,262	619
Deferred participation assets	27		
Investments in associates	20	5,123	5,900
Investment property	21	10,115	8,064
Owner-occupied property and equipment	21	1,611	2,451
Intangible assets	21	830	780
Goodwill	22	894	1,272
Total assets		269,520	255,591
Liabilities and equity			
Due to central banks and post office banks			
Financial liabilities at fair value through profit or loss	11	6,161	4,927
Hedging instruments with a positive fair value	12	1,046	751
Due to credit institutions	23	17,598	24,559
Due to customers	24	50,908	43,316
Debt securities	25	26,569	24,738
Cumulative fair value adjustments to portfolios hedged against interest rate risk			
Current and deferred tax liabilities	17	1,637	2,003
Accruals, deferred income and other liabilities	26	7,594	7,538
Liabilities related to non-current assets held for sale	19	1,686	228
Insurance company technical reserves	27	115,748	109,009
Provisions	28	788	957
Subordinated debt	29	901	600
Equity attributable to owners			
Reserves and retained earnings		18,924	17,911
Profit (loss) for the year		2,151	1,980
Unrealised or deferred gains and losses		3,434	3,590
Total equity attributable to owners		24,509*	23,481
Non-controlling interests		14,375	13,484
Total equity		38,884	36,965
Total liabilities and equity		269,520	255,591

* Excluding unrealised gains and after payment of dividends, equity amounted to €20.2 billion, representing €18,924 million in reserves and retained earnings plus €2,151 million in net profit for 2010, less €839 million in contributions paid over to the French State.

Consolidated statement of changes in equity, 1 January 2009 to 31 December 2010

(in millions of euros)	Reserves and retained earnings	Net profit (loss) attributable to owners	Translation reserve	Cumulative fair value adjustments to available-for-sale financial assets	Cumulative fair value adjustments to cash flow hedges	Equity attributable to owners	Non-controlling interests in reserves	Non-controlling interests in profit (loss)	Non-controlling interests in unrealised or deferred gains and losses	Non-controlling interests	Total equity
Equity at 1 January 2009	19,388	(1,468)	(59)	1,008	(305)	18,564	2,855	172	(58)	2,969	21,533
Effect of changes in accounting methods ⁽¹⁾	(20)					(20)	(28)			(28)	(48)
Appropriation of 2008 profit	(1,468)	1,468					172	(172)			
2008 dividend										(127)	(127)
Transactions with non-controlling interests	30					30	18			18	48
Other movements ⁽²⁾	(19)		(1)	6	(3)	(17)	9,810			9,810	9,793
Profit for the period		1,980				1,980		498		498	2,478
Unrealised or deferred gains and losses											
Exchange differences on translation of foreign operations			64			64			49	49	113
Fair value adjustments to financial instruments recognised directly in equity				3,247	(6)	3,241			295	295	3,536
Fair value adjustments to financial instruments reclassified to the income statement				(361)		(361)					(361)
Equity at December 31, 2009	17,911	1,980	4	3,900	(314)	23,481	12,700	498	286	13,484	36,965
Effect of changes in accounting methods											
Appropriation of 2009 profit	1,980	(1,980)					498	(498)			
2009 dividend	(990)					(990)	(319)			(319)	(1,309)
Transactions with non-controlling interests	20					20	(48)			(48)	(28)
Other movements	3		(3)				106			106	106
Profit for the period		2,151				2,151		1,087		1,087	3,238
Unrealised or deferred gains and losses											
Exchange differences on translation of foreign operations			10			10			23	23	33
Fair value adjustments to financial instruments recognised directly in equity				199	(20)	179			75	75	254
Fair value adjustments to financial instruments reclassified to the income statement				(342)		(342)			(33)	(33)	(375)
Equity at 31 December 2010	18,924	2,151	11	3,757	(334)	24,509	12,937	1,087	351	14,375	38,884

(1) Early adoption of IFRIC 12.

(2) Non-controlling interests: including a €9.7 billion increase in the share capital of the SIF.

Central Sector statement of financial position

(in millions of euros)	Notes	31.12.2010	31.12.2009
Assets			
Interbank and similar transactions		12,692	13,570
Cash and central banks		3	11
Public sector and similar securities	3	8,858	1,922
Loans and receivables due from credit institutions	1	3,831	11,637
Customer transactions	2	24,251	18,773
Ordinary accounts in debit		1,187	1,309
Other loans due from customers		23,064	17,464
Bonds, equities and other fixed- and variable-income securities	3	54,385	55,656
Bonds and other fixed-income securities		41,971	43,786
Equities and other variable-income securities		12,414	11,870
Long-term equity interests	4	20,066	20,647
Property and equipment and intangible assets	5	2,824	2,653
Prepayments, accrued income and other assets	6	10,092	3,180
Total assets		124,310	114,479
Liabilities and equity			
Interbank and similar transactions	7	10,827	17,588
Due to credit institutions - loans repayable on demand		1,133	4,873
Due to credit institutions - term loans		9,694	12,715
Customer transactions	8	51,831	45,168
Ordinary accounts in credit		44,768	36,891
Other amounts due to customers		7,063	8,277
Debt securities	9	29,585	27,271
Interbank instruments and negotiable debt securities		29,585	27,271
Accruals, deferred income and other liabilities	10	12,140	4,595
Provisions	11	741	790
Guarantee deposits		1	1
Fund for General Banking Risks (FGBR)	12	473	473
Equity (excluding FGBR)	12	18,712	18,593
Reserves and other additional paid-in capital		17,594	17,029
Profit for the year		1,118	1,564

Central Sector off-balance sheet commitments

(in millions of euros)	31.12.2010	31.12.2009
Commitments given in respect of financing and guarantees		
Financing commitments	6,535	24,536
To credit institutions	34	27
To customers	6,501	24,509
Guarantee commitments	1,580	1,515
To credit institutions	242	243
To customers	1,338	1,272
Doubtful commitments		
Commitments received in respect of financing and guarantees		
Financing commitments	18,119	
From credit institutions	18,119	
Guarantee commitments	2,097	1,849
From credit institutions	39	22
From customers	2,050	1,816
From the State	8	11
Securities-related commitments		
Securities to be received	2,818	542
Securities to be delivered	241	187
Commitments to subscribe to venture capital funds	543	474
Other commitments given and received		
Other commitments given	21,897	13,375
Other commitments received	441	428

Central Sector income statement

(in millions of euros)	Notes	31.12.2010	31.12.2009
Interest income		2,011	2,086
Treasury and interbank transactions	19	71	84
Customer transactions	20	357	171
Bonds and other fixed-income securities	21	1,331	1,604
Other interest income	22	252	227
Interest expense		(1,142)	(1,199)
Treasury and interbank transactions	19	(90)	(136)
Customer transactions	20	(377)	(418)
Bonds and other fixed-income securities	21	(335)	(340)
Other interest expense	22	(340)	(305)
Revenue from variable-income securities	23	1,238	1,087
Fee and commission income	24	20	18
Fee and commission expense	24	(34)	(35)
Gains or losses on trading securities	25	(20)	83
Gains or losses on available-for-sale and similar securities	26	(123)	719
Other net banking operating income and expense	27	12	(179)
Net banking income		1,962	2,580
General operating expense	28	(334)	(329)
Depreciation, amortisation and impairment of assets	29	(79)	(75)
Gross operating profit		1,549	2,176
Cost of risk	30	10	(12)
Operating profit		1,559	2,164
Gains or losses on fixed assets	31	(101)	(367)
Profit from ordinary activities before income tax		1,458	1,797
Income tax	32	(340)	(233)
Net profit		1,118	1,564

Statement of financial position of savings funds centralised by Caisse des Dépôts

(in millions of euros)	Notes	31.12.2010	31.12.2009
Assets			
Interbank and similar transactions		50,453	54,833
Cash and amounts due from central banks			
Public sector and similar securities	4	35,252	40,860
Loans and receivables due from credit institutions	1 & 3	15,201	13,973
Customer transactions	2 & 3	107,823	100,888
Ordinary accounts in debit			
Other loans due from customers	2 & 3	107,823	100,888
Bonds, equities and other fixed- and variable-income securities	4	66,497	67,744
Bonds and other fixed-income securities	4	55,240	56,811
Equities and other variable-income securities	4	11,257	10,933
Prepayments, accrued income and other assets	5	117	153
Total assets		224,890	223,618
Liabilities and equity			
Interbank and similar transactions	6 & 8	212,554	212,327
Due to credit institutions		212,554	212,327
Customer transactions	7 & 8	62	61
Other amounts due to customers		62	61
Accruals, deferred income and other liabilities	9	2,935	2,729
Provisions	10	1,573	1,653
Guarantee deposits		11	16
Fund for General Banking Risks (FGBR)	11	1,841	1,662
Equity (excluding FGBR)	12	5,914	5,170
Reserves		4,190	3,767
Retained earnings		239	239
Unappropriated earnings		1,485	1,164
Total equity and liabilities		224,890	223,618

Off-balance sheet commitments of savings funds centralised by Caisse des Dépôts

(in millions of euros)	31.12.2010	31.12.2009
Commitments given in respect of financing and guarantees		
Financing commitments	33,269	32,046
To credit institutions	8,904	9,390
To customers	24,365	22,656
Guarantee commitments		
To credit institutions		
To customers		
Doubtful commitments		
Commitments received in respect of financing and guarantees		
Financing commitments		
From credit institutions		
Guarantee commitments	101,184	93,862
From credit institutions	4,266	4,157
From customers	431	381
From the State	96,487	89,324
Securities-related commitments		
Securities to be received	198	104
Securities to be delivered	92	
Commitments to subscribe to venture capital funds	144	114
Other commitments given and received		
Other commitments given		
Other commitments received	37	

Income statement of savings funds centralised by Caisse des Dépôts

(in millions of euros)	Notes	31.12.2010	31.12.2009
Interest income		6,990	7,140
Treasury and interbank transactions	19 & 21	364	365
Customer transactions	20 & 21	3,147	3,312
Bonds and other fixed-income securities	23	3,103	3,146
Other interest income	24	376	317
Interest expense		(4,114)	(5,065)
Treasury and interbank transactions	19 & 22	(3,200)	(4,160)
Customer transactions	20 & 22	(1)	(2)
Other interest expense	24	(913)	(903)
Revenue from variable-income securities	25	408	415
Fee and commission income	26	2	7
Fee and commission expense	26	(1,861)	(1,890)
Gains or losses on trading securities	27	1	1
Gains or losses on available-for-sale and similar securities	28	283	1,637
Other net banking operating income and expense			5
Net banking income		1,709	2,250
General operating expense	29	(104)	(93)
Gross operating profit		1,605	2,157
Cost of risk	30	59	8
Operating profit		1,664	2,165
Net additions to (reversals from) Fund for General Banking Risks	31	(179)	(1,001)
Net profit		1,485	1,164



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