

2010

INVESTING TODAY FOR TOMORROW'S RETIREMENTS

2010 Annual Report



1

FONDS DE RÉSERVE POUR LES RETRAITES
ANNUAL REPORT 2010

Contents

02	MESSAGE FROM THE CHAIRMEN OF THE SUPERVISORY AND EXECUTIVE BOARDS
04	PROFILE AND KEY FIGURES
05	2010: A YEAR OF CONTRASTS
17	DECEMBER 2010, ADOPTION OF A NEW STRATEGIC ASSET ALLOCATION FOLLOWING PENSIONS REFORMS
21	THE FRR, A RESPONSIBLE INVESTOR
24	MANAGEMENT AND CONTROL OF RISKS
27	ORGANISATION AND COSTS
29	MANAGEMENT STRUCTURE CHART
30	FRR GOVERNANCE
32	2010 FINANCIAL STATEMENTS
52	STATUTORY AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS
54	ASSET MANAGEMENT FIRMS SELECTED BY THE FRR

Message from the Chairmen of the Supervisory and Executive Boards

T

he year was marked by the major reform of the French retirement pension system. Against this background and in order to cover the forecast funding requirements of the pensions section of the social security system through to 2018, the government decided to mobilise the FRR's assets and revenues. The FRR's traditional revenues will, as from 2011, be directed for the

FRR will also have to pay to the Caisse Nationale d'Assurance Vieillesse (CNAV), the balance of the Caisse Nationale des Industries Electriques et Gazières (CNIEG)'s contribution of 3.06 bn€ entrusted to it in 2005 together with all income and capital gains realised on this sum.

The reforms have clarified the FRR's liabilities. They have also shortened its investment horizon and changed its economic model.

“The FRR remains faithful to its founding principle of inter-generational fairness even though this will play out over a shorter time frame.”

most part to the Caisse d'Amortissement de la Dette Sociale (CADES) and to a lesser extent to the Fonds de Solidarité Vieillesse (FSV).

The FRR's assets (37 bn€ as at 31 December 2010) will continue to be managed until 2024 with the aim of achieving the highest possible level of returns to enable 2.1 bn€ to be paid each year to CADES from 2011 to 2024. These payments will go towards reducing the outstanding debt of the social security pensions system between 2011 and 2018. In 2020, the

Indeed management of the FRR's portfolio is now conditioned by a shorter management time frame: its periodic liability payouts have to be honoured, even under unfavourable market conditions.

However, the FRR has sufficient assets at its disposal to seek out significant returns by 2024, in accordance with the will of parliament.

As soon as the reforms were announced, the Executive Board and the Supervisory Board decided, in the summer of 2010,



Raoul Briet
Chairman of the Supervisory Board



Augustin de Romanet
Chairman of the Executive Board

to reduce the portfolio's level of exposure to the highest-risk assets (the level of "performance" assets was reduced from 52% to 40% of the portfolio).

Subsequently, once the law had been passed, the Executive Board proposed that the Supervisory Board should adopt a new strategic asset allocation.

This new allocation, decided on 13 December 2010, includes a new "hedging" compartment (government bonds of developed countries and corporate bonds with a very strong rating) representing 60% of the assets and a large and diversified "performance" compartment (equities, government bonds of emerging countries, high yield corporate bonds, non-agricultural commodities and listed real estate) accounting for the remaining 40%.

The financial risks associated with these various asset classes are monitored and managed globally to satisfy the legal requirement for security of investment. A stringent stress test has been introduced to define the initial weighting of

the various asset classes: consequently, liabilities can be honoured even where the performance compartment incurs losses of 66%. The Investment Strategy Committee shall consider the portfolio's position twice each year and will be consulted, depending on whether financing ratio thresholds, positive or negative, are reached, to form an opinion on the Executive Board's proposals as to whether to crystallize part of the gains realised or protect capital.

By reducing the burden on future generations with regard to pensions, the FRR remains faithful to its founding principle of inter-generational fairness even though this will play out over a shorter time frame.

It also intends to remain an innovative and responsible investor and a major player in institutional asset management. Everyone can rely on the FRR's governing bodies and staff to make the best possible contribution to securing the long-term financing of our retirement pension system.

Profile and Key figures

Established in the early 2000's, the Fonds de Réserve pour les Retraites (FRR) is a public agency dedicated to ensuring the long-term future of the French pension system. In 2010, the French public authorities decided to mobilise the FRR's assets to help finance the deficit in the general pension system. Under the terms of the social security financing law of 2011, the FRR has to pay 2.1 bn€ per year, from 2011 to 2024, to the Caisse d'Amortissement de la Dette Sociale (CADES). The revenues it receives annually are also transferred to CADES and to the Fonds de Solidarité Vieillesse (FSV). By defining its liabilities in this way, the law imposes on the FRR a precise payout timetable between 2011 and 2024. These payments are in addition to the only other pre-existing payout already provided by law (payment of the balance of the CNIEG contribution to CNAV in 2020).

34.9 bn€

The amount as at 31/12/2010
of the **FRR's permanent capital**

+3%

Annualised performance
of its **assets** since inception

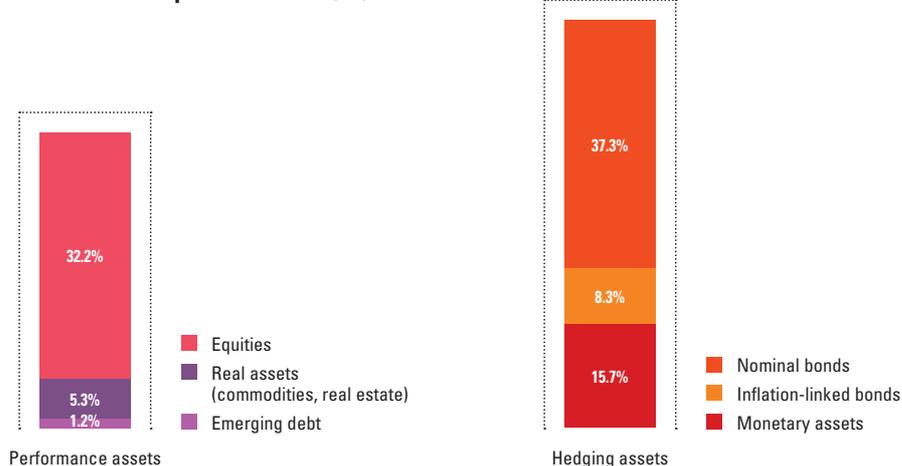
37 bn€

Amount as at 31/12/2010
of the **FRR's assets**

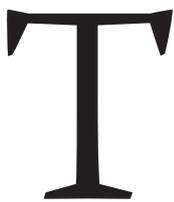
+4.2%

Performance in 2010

Structure of the portfolio as at 31/12/2010



2010: a year of contrasts

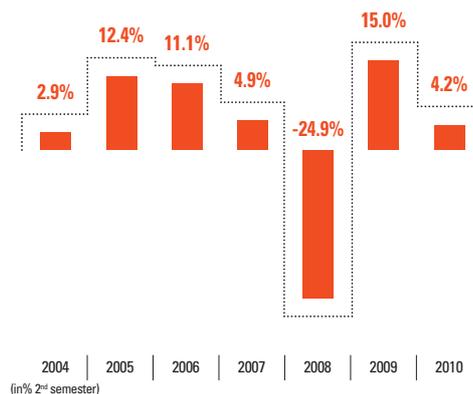


The year was marked by contrasting economic and financial conditions. After a strong recovery of growth in 2009 (budgetary stimulation measures and expansionary fiscal policy), the world economy continued to progress at a steady rhythm in the first semester of 2010. Numerous emerging countries regained pre-crisis production levels, whilst economic progress in the developed countries was more contrasting. In the euro zone, budgetary imbalance resulted in a sharp rise in interest rates on the sovereign debt of the economically more fragile States. This forced certain countries to implement more rigorous fiscal policies thereby limiting the dynamics of growth. In the United States, in the spring of 2010, advanced indicators fell back due to the persisting crisis in the real estate sector and continuing weakness of the employment situation. The reaction of politicians and monetary policy authorities and the significant improvement in the expectations of both businesses and the financial markets did, however, reaffirm the global economic recovery by the end of the year.

STRONG GROWTH OF AN EMERGING WORLD

During a growth cycle, emerging economies tend to record higher rates of growth than those of developed economies. This dynamic divergence was especially noticeable in 2010 for various reasons: first, the crisis of 2008 originated from within the advanced economies (leveraged indebtedness and real estate bubble) resulting in persistent problems; second, the emerging economies were susceptible to the recovery of global trade, supported by the various recovery plans; finally,

Annual Performance of the FRR



China again played a very significant leading role: leading the field in the 2009 rebound, it confirmed its status as the new leading player on the global stage in 2010 by becoming the second largest economy in the world in terms of GDP. Against this background, the dynamism of growth in the emerging countries led to an increase in energy commodity prices. At the same time, the rise in the price of food products revived local inflationary pressures which trigger fiscal austerity cycles, as illustrated by the Central Bank of China in January or Brasil in April.

The implementation of such fiscal austerity policies contributed in part to the increased perception of risk in the global markets, in particular with respect to China. At the end of the year, the rise in key rates and the relative weakness of demand from developed economies caused a slow-down in economic growth in the emerging countries.

GRADUAL CONFIRMATION OF THE RECOVERY IN DEVELOPED COUNTRIES

The developed economies certainly benefitted from the global recovery in 2010, but to a lesser and more varied extent than the emerging economies.

Within the Euro-zone, the intensifying sovereign debt crisis explained the fundamental differences in economic and financial performance: the rhythms of growth within the zone were to a large extent the reflection of the impact of the crisis on the financial situation of households, banks and States in member countries. In some cases, demand was affected by the deterioration of household finances, in particular in countries with high levels of household indebtedness and where the real estate crisis was most pronounced. In others, budgetary consolidation was responsible for reducing demand from businesses and households. Finally, in certain countries the financial system was severely affected which adversely impacted their capacity to finance the economy. These effects were aggravated by an increased aversion to risk on the markets and the associated adverse consequences on wealth.

The establishment of the European financial stability fund at the beginning of May and deepening dialogue and co-operation between States helped to significantly reduce the

uncertainties hanging over the Eurozone and consequently on the global financial situation. The publication of bank stress tests in July reduced the level of distrust in the markets about the soundness of the financial system.

It was in the United States in spring that the disappointing recovery of the real estate sector and uncertainties surrounding the future of the Euro led to advanced indicators falling back. Added to this were the less supportive effects of the re-stocking cycle which, in general, is the major source of growth in the early stages of a recovery. Moreover, the impact of the economic policies implemented one year earlier began to ease.

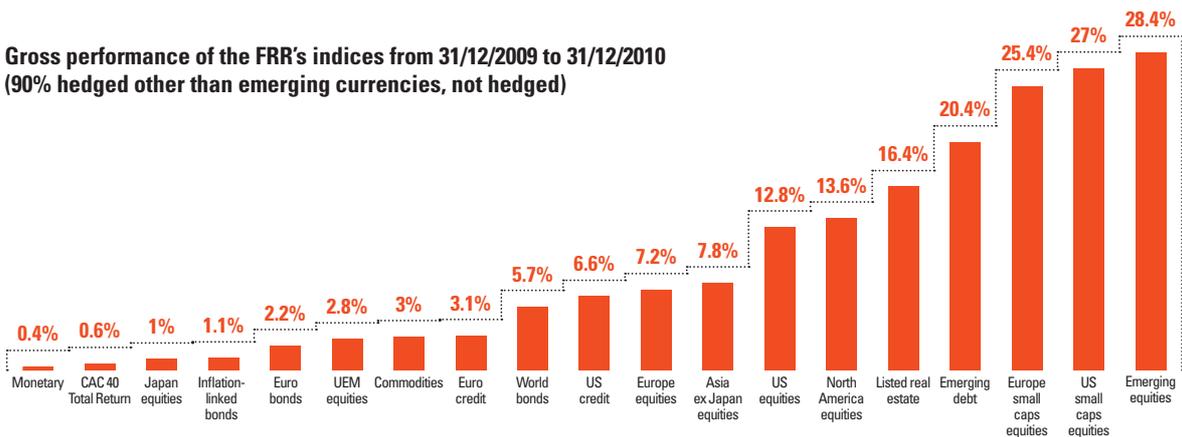
Following this increased uncertainty over sovereign debt risk and the general economic situation, the risk of deflation, of course, reappeared during the summer. Based on historically low inflation rates, the US Federal Reserve¹ decided to implement a second wave of US Treasury Bill purchasing to relaunch the economy against a background of rock-bottom key rates (0.25%).

At the end of the year, a significant improvement in the expectations of the financial markets and outlook for businesses gave a clearer indication of the global recovery.

1/ The central bank of the United States of America.



Gross performance of the FRR's indices from 31/12/2009 to 31/12/2010 (90% hedged other than emerging currencies, not hedged)



OVERALL PERFORMANCE

As at 31 December 2010, the FRR's assets totalled 37bn€. Over the year, the FRR's performance net of all administrative and financial costs reached 4.2%, with net annualized performance since the FRR's creation² of 3.0% and real annualized performance of 1.4%³.

The main asset classes in the FRR's portfolio have performed positively in 2010.

The "risk" asset classes have made a particularly strong contribution to the Fund's performance.

The performance of equities indices has remained buoyant in 2010, with the exception of the Eurozone and Japan.

Overall the equities markets have progressed over the year. The MSCI World Total Return⁴ in local currencies recorded a performance of 10% over the period. The FRR's US equities index increased by 12.6% and emerging equities by 28.4%. Due to the sovereign debt crisis and the varying degrees of susceptibility of the countries to global growth, the environment in the Euro-zone was less favourable: the performance of domestic equities indices reflected this disparity ending in an overall performance by the Euro-zone equities index in 2010 of around 3%. The CAC40 index of French large-cap companies illustrated this trend recording a fall of -3%

(Total return of 0.6%) over the period.

Over the year 2010, the equities portfolio contributed more than two thirds of the overall performance of the Fund, most of this performance deriving from international equities.

The performance of bond indices was also positive in 2010, except for Eurozone "periphery" countries.

Except for "periphery"⁵ countries of the Eurozone, the performance of bond indices was also positive in 2010. "World" bonds rose by 5.7% over the year. The bonds in this index were protected by the absence of any increase by central banks of short-term interest rates and by their quality having on average good credit agency ratings. Conversely, bonds of countries with less good ratings in the Eurozone suffered extreme discrimination in 2010 with spreads on yields of 10-year sovereign debt rising sharply as against Germany.

The contribution of bond assets represents almost 25% of the FRR's overall performance, with a high proportion of mandates investing in Eurozone fixed income products.

2/ The FRR's first investments were made in June 2004.

3/ Inflation over the same period, on an annualized basis, has been 1.6%. 4/ Total return (reinvested dividends and capital gains). 5/ These are countries which, being smaller than Germany or France, have very seriously fragile public finances and/or a debt rating inferior to that of Germany or France.

THE DIVERSIFICATION OF ITS ALLOCATION CONTRIBUTED TO THE FRR'S POSITIVE PERFORMANCE IN 2010.

The contribution of diversification into international equities (ex-eurozone)

In 2010, the most significant contribution to the diversification of the FRR's portfolio came from international equities, due to the under-performance of Eurozone equities. Indeed the diversification into US equities of around 10% of the FRR's assets at the beginning of the year (7% at the end of the year) was very beneficial because American indices rose by around 15% over the year.

Emerging economy equities were also very beneficial in terms of absolute performance (+28% over the year), but less strong in terms of contribution to the overall performance of the FRR given the low level of exposure in 2010 (1% of the FRR's assets at the beginning of the year and 2.5% at the end of the year) against a background of gradual ramping-up of this asset class.

Asian equities behaved in a more consistent manner compared to those of the United States in terms of absolute performance (+8% for Asia ex-Japan; a performance of 1% for Japan in 2010). Their contribution to the FRR's overall performance was positive given their weighting of around 3% of the FRR's assets.

Overall, the contribution of diversification into international equities (ex-Eurozone) was very significant in 2010 (2.36% contribution compared to 0.45% for Eurozone equities). This contribution was achieved over the second half of the year principally. Indeed, stock markets all around the world suffered the effects of the crisis in the Eurozone "periphery" countries and the risk of deflation recording negative performances by mid-way through the year (-4.3% in emerging

Principal contributions to performance

Equities	2.86%
Real estate	0.32%
Commodities	0.09%
Bonds	1.14%
Gross performance before financial and administrative expenses	4.41%

countries and more than -10% in the Eurozone and Asia ex-Japan). It is during the second half of the year that the de-correlation between the main indices became apparent with very differing performances in local currencies ranging from around +20% for the United States and emerging economy indices, to +32% for Asia (ex-Japan) compared to only +12% in the Eurozone.

The contribution of diversification into risk assets (excluding equities)

Significantly less well represented than equities in the FRR's assets, diversified risk assets made a not insignificant contribution to the FRR's overall performance in 2010. This contribution indeed amounted to around 0.4% for an exposure varying from between 5 to 8% of its assets.

Like international equities (ex-Eurozone), diversified risk assets (for the main part listed real estate and non-agricultural commodities) benefitted from the accommodating fiscal policy of the US Federal Reserve and suffered only slightly from the crisis of the periphery countries. Whilst commodities recorded a two-stage performance profile, similar to equities, listed real estate returned a regularly positive performance throughout the year enhancing its

de-correlative tendency compared to equities in 2010.

As regards commodities, the United States fiscal policy and the robustness of global demand took a front-seat role in the positive performance of this asset class, in particular for oil. The recovery in global demand in general and the strength of Chinese demand in particular kept prices up. Precious metals benefitted from the same factors in addition to the risk perception relating to equities, on the one hand, and inflationary fears on the other. The ebb and flow affecting Eurozone equities in fact increased investors' appetite for gold, as did the increasing perception of inflationary risk in the second semester when the US Federal Reserve implemented a second wave of US Treasury Bill purchasing.

The contribution of diversification into bonds (ex-Eurozone) and credit

In total, the contribution of diversification into bond securities in 2010 was positive in Euros (0.30%) but negative when hedged in local currency (-0.25%).

First, the fall in AAA rated government interest rates during the first three quarters (-140 basis points on US 10-year rates and -30 basis points on Japanese 10-year rates) was less significant by the end of the year. Indeed, the end of the year was marked by a significant correction of government bond indices against a background of improving global economic recovery and increasing inflationary expectation. The increased weighting of bond indices in the FRR's allocation during the second semester therefore partially wiped out the initial gains.

Secondly, whilst it was expected that the increase in inflation would have a positive impact on returns from these assets, the increase of sovereign real interest rate spreads between certain Eurozone countries caused part of the inflation-linked bonds portfolio to fall in value (for example, the increase in Italian real interest rates compared to German

rates led to a decrease in the value of the inflation-linked bonds portfolio).

The inflation-linked bonds part of the FRR's bonds exposure did not therefore benefit as much as expected from the context of renewed inflationary expectation in the second semester: due to sovereign debt risk, a number of real interest rate curves in the Eurozone in fact under-performed compared to German real interest rates. In total, the FRR's investments in this segment contributed about 0.25% to overall performance reflecting a performance by these assets of around 1% over the year.

CHANGES TO EXPOSURE IN 2010

In June 2009, the Supervisory Board established an Investment Strategy Committee responsible for determining, monitoring, implementing and adapting the FRR's strategic asset allocation. The committee studies the quarterly reports presented by the Executive Board on the benchmark portfolio management results, the intra-annual economic and financial outlook as well as the short and medium term risks that may have an impact on the FRR's long-term

“ In July 2010, making use of the flexibility built into the strategic asset allocation implemented in 2009, exposure to equities was reduced, thereby reorienting the strategic asset allocation towards a risk profile more suited to the expected impact of the pension reforms on the FRR's liabilities. ”

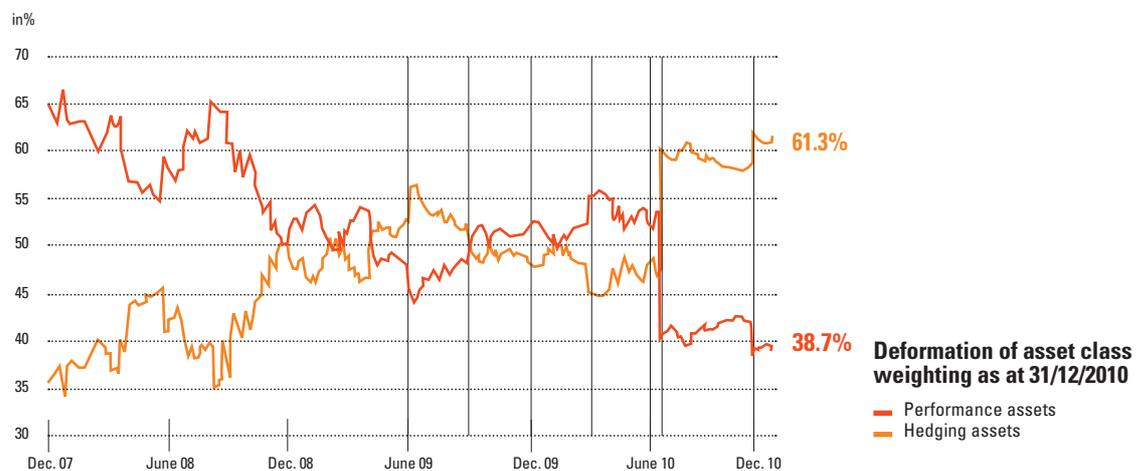
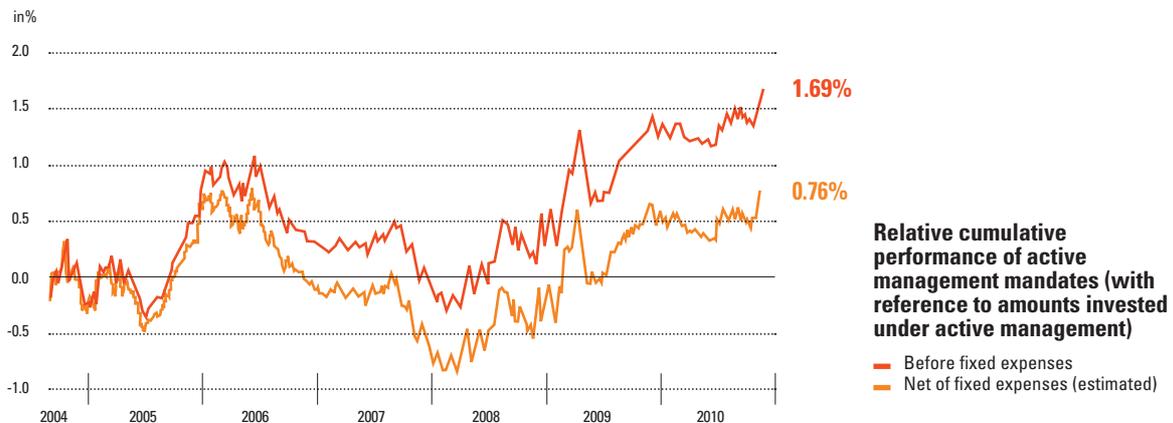
trajectory. It offers its opinion on proposals by the Executive Board for modifying the relative weighting of the two portfolios: performance (equities, real estate, commodities) and fixed income.

This committee has met on a regular basis since its creation. Following the announcement by the French government, on 15 June 2010, of mobilisation of the FRR's resources as part of pensions reform, exposure of the FRR's portfolio to risk assets has gradually been reduced. In July 2010, making use of the flexibility built into the strategic asset allocation implemented in 2009, exposure to equities was

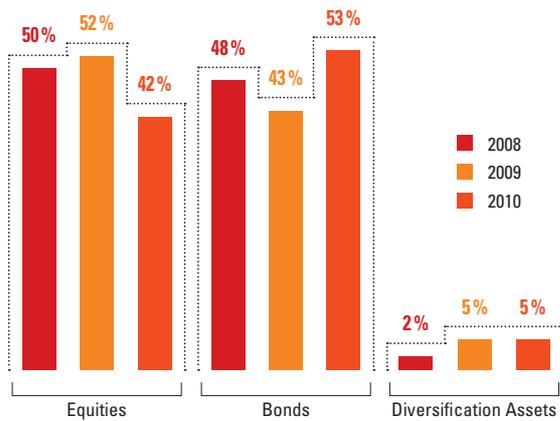
reduced, thereby reorienting the strategic asset allocation towards a risk profile more suited to the expected impact of the pension reforms on the FRR's liabilities. At the end of 2010, the weighting of risk assets was 39% compared to 52% at the beginning of the year.

In parallel, the FRR increased its exposure to bond assets under the existing mandates. The Euro Credit and US Credit mandates⁶, for which requests for proposals had been launched in 2009, were activated progressively with the FRR increasing its exposure to these two asset classes during 2010.

6/ These are mandates invested in corporate debt securities.



Change per asset class (excluding cash and overlay)



The investments made in emerging economy equities focussed on passive replication products (ETF) pending a wave of investments in actively managed collective funds planned for the beginning of 2011.

COMPOSITION OF THE FRR'S PORTFOLIO

The FRR's portfolio essentially combines the main asset classes of high unitary value index mandates and actively managed mandates seeking consistent relative outperformance.

This "core-satellite" approach aims to provide low-cost exposure to the main markets, the selection risk focusing primarily on active strategies considered the best placed to remunerate such risk.

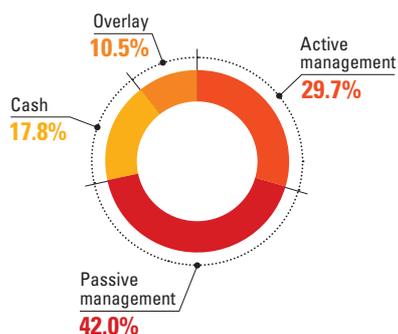
In light of the government's decisions with respect to the pension system, the Executive Board of the FRR also decided, in the last quarter of 2010, to suspend the request for proposals selection process for a dedicated non-listed real estate fund launched in 2009.

Finally, confirming its interest in emerging economy equity and debt securities, the FRR pursued making investments during 2010 in collective emerging economy debt funds.

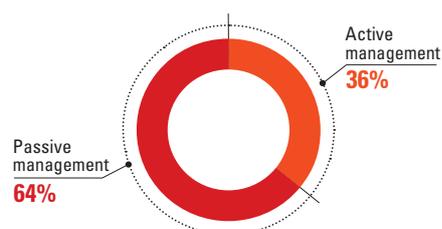
Relative performance of active management over 2010

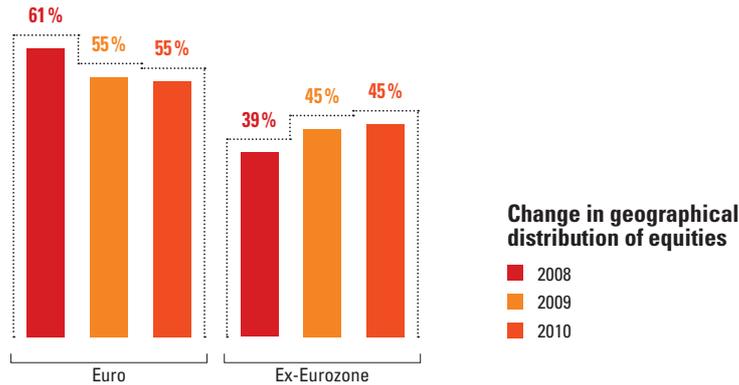
Active management	0.56%
Active management of which equities active management	1.20%
Active management of which fixed income active management	0.00%

FRR distribution of active management/passive management



Distribution of active management/passive management of the equities compartment (excluding cash and overlay)





DETAILED STRUCTURE OF THE PORTFOLIO AS AT 31 DECEMBER 2010

As at 31 December 2010, the breakdown of the FRR's portfolio was as follows:

- The performance compartment, comprising equities, capital investment, "diversifying assets" (commodities, real estate and infrastructure) and emerging debt represented 14.3 bn€;
- The hedging compartment, combining fixed income products and the FRR's cash, represented 22.7 bn€.

Performance assets (physical assets excluding futures overlay)

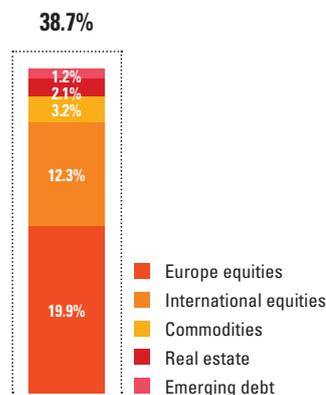
As at 31 December 2010, the market value of the equities portfolio totalled 11.8 bn€ (excluding overlay).

In geographical terms, the distribution of the portfolio and how this has changed over the last three years shows that the relative weighting of the Eurozone remains dominant but weight is shifting towards the international segment, which now represents more than 45% of the total portfolio.

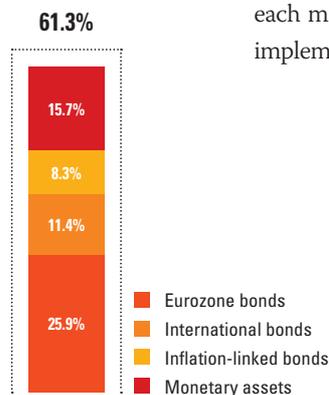
In sectoral terms, the portfolio is mainly invested in financial services, manufacturing and securities of companies operating in the consumer goods sector.

This distribution remained close to that of the benchmark indices that serve to measure managers' performance under each mandate, the difference being in the technical bets implemented by fund managers.

Performance assets as at 31/12/2010



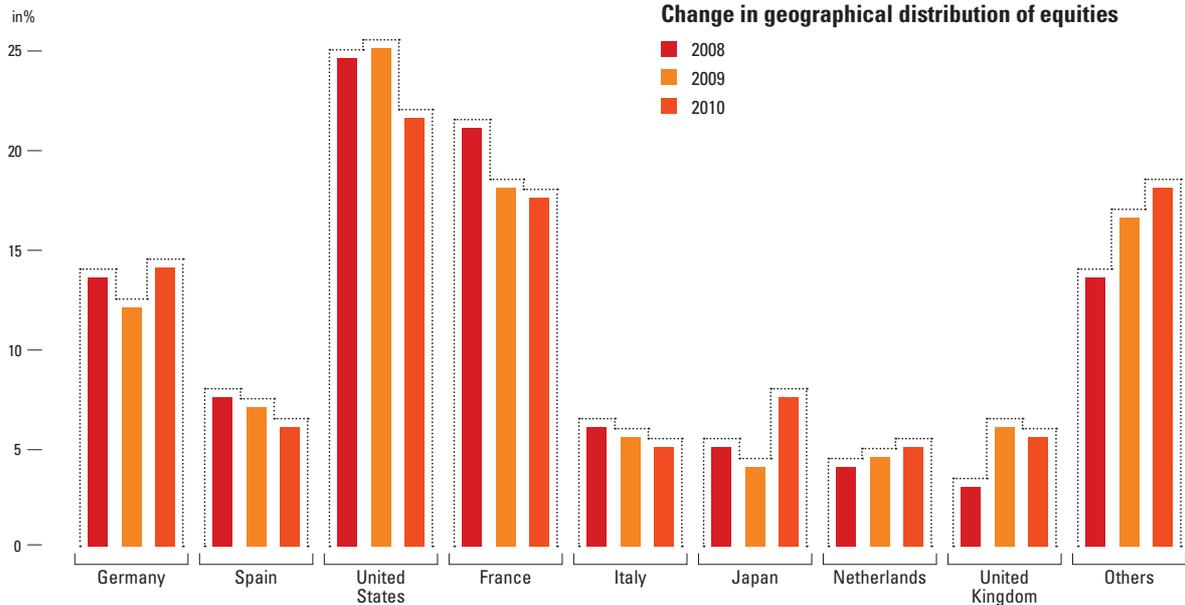
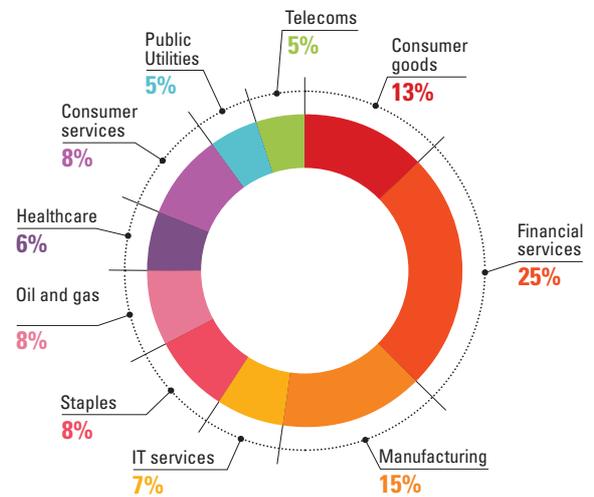
Hedging assets as at 31/12/2010



Bond assets (physical assets excluding futures overlay and excluding monetary assets)

As at 31 December 2010, the market value of the bonds portfolio totalled 15.1 bn€ (17.3 bn€ with bond futures overlay). This portfolio comprises mainly euro-denominated bonds and its currency breakdown is very similar to that of the benchmark index of the fixed income product mandates. The percentage of inflation-linked bonds amounted to 24.1% of the bonds portfolio, the remainder being almost entirely invested in nominal fixed rate bonds. The percentage of floating rate bonds (included in the managers' investment universe, but not represented in their benchmark index) remains marginal (0.3%).

Sectoral distribution of equities as at 31/12/2010



The bonds portfolio includes a significant percentage (almost 16%) of bonds with a maturity of over fifteen years, which is consistent with the long-term nature of the FRR's liabilities.

Finally, more than two thirds of the bonds portfolio comprises securities of sovereign issuers, a significantly higher proportion than in the benchmark indices of the mandates.

Investment in emerging debt funds

At the end of 2008, the FRR diversified into emerging market bond investments as part of its strategic asset allocation.

The theoretical weighting of this asset class was fixed at 1.25% of the portfolio's total assets, split as to 70% in debt issued in local currencies and 30% in debt issued in external currencies (USD, or even EUR).

The FRR has focused on exposure through actively managed collective funds, specialising in emerging country debt markets.

For this purpose a collective fund selection process was defined and ratified by the Manager Selection Committee. This fund selection forms part of the gradual move towards diversification of the FRR's portfolio.

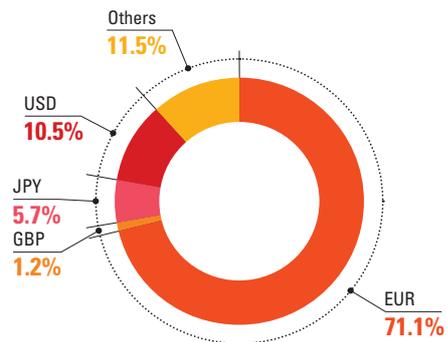
The first fund selection process was launched in 2009 for a total investment of 95 M€ distributed between three collective funds.

In 2010, 4 new funds were selected (producing 310 M€ of additional investment).

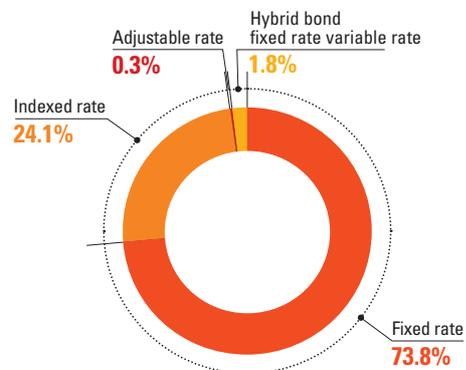
In 2010, all of these investments achieved a performance of 18.7%, or 26.7% since the initial investments.

In 2011, the FRR shall continue widening its pool of funds with the objective of increasing its exposure to this asset class.

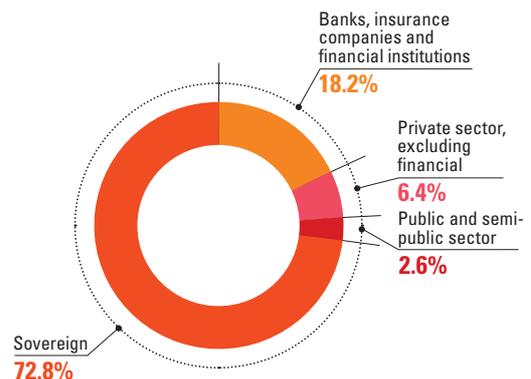
Distribution of fixed income mandates by currency as at 31/12/2010

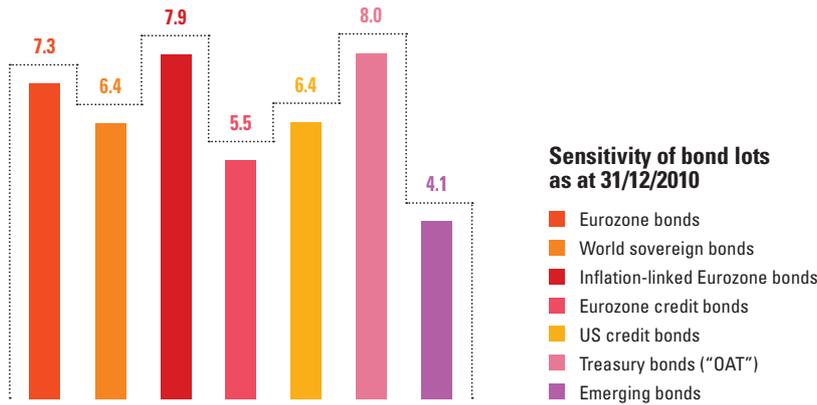


Distribution of bonds between fixed rate, indexed rate and variable rate as at 31/12/2010



Distribution of fixed income products by issuer category as at 31/12/2010





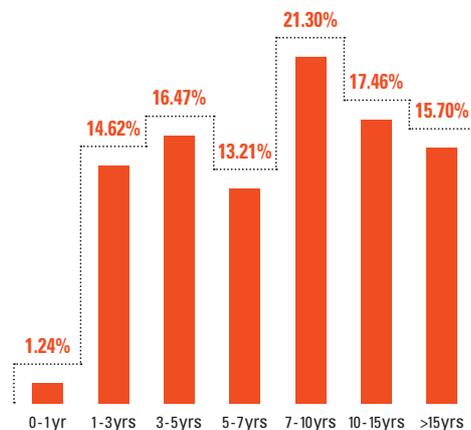
“ The FRR’s portfolio essentially combines the main asset classes of high unitary value index mandates and actively managed mandates seeking consistent relative outperformance. ”

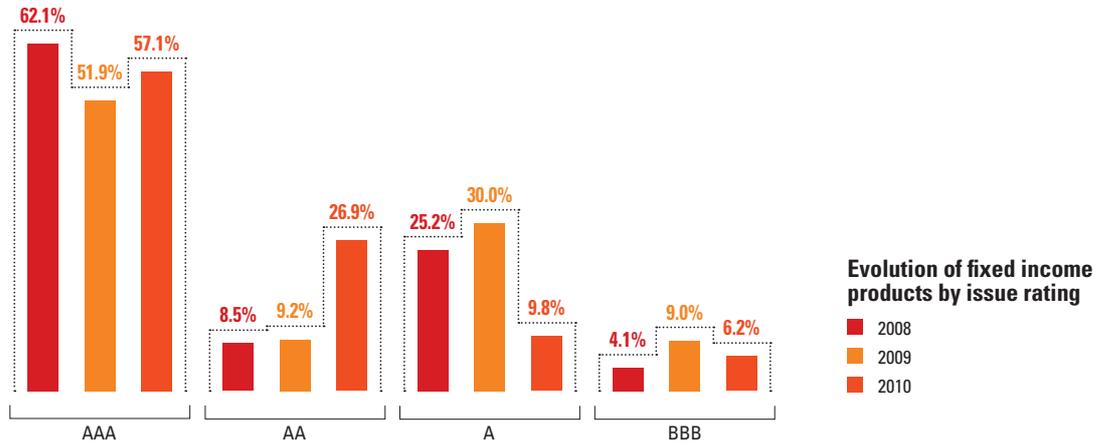
This proportion of sovereign securities in the portfolio was increased in the last quarter of 2010, the FRR having activated a special segment of fungible treasury bonds (obligations assimilables du Trésor - OAT) reflecting its new liabilities through the global exposure mandate. This exposure aims to preempt the future buy&hold⁷ mandates to be implemented following the request for proposals process launched at the end of 2010. Indeed, in line with the decisions taken during the FRR’s strategic asset allocation review in December 2010, the structure of the bonds compartment of the Fund should change in 2011 by significantly increasing the proportion of OAT which will then represent around 50% of the FRR’s net assets.

This weighting of sovereign securities means that the proportion of AAA and AA rated bonds in the portfolio is very high.

7/ Purchase of securities held until maturity.

Structure of fixed income mandates by maturity as at 31/12/2010





Investment in listed real estate (REITS*)

In 2009 the FRR diversified by investing in commodities, infrastructure and real estate (listed and non-listed) as part of its strategic asset allocation.

Real estate has therefore formed part of the FRR's performance compartment since the end of 2009 with a target weighting of 5% of the FRR's net assets.

Initial exposure to this segment was achieved at the end of 2009 through the passively managed global exposure mandate by investing in bearer securities representative of the FTSE EPRA/NAREIT Developed index. This index comprises mainly REITS*, the remainder being securities of non-REIT real estate companies, property development or real estate services companies.

As at 31 December 2010, the REITS segment of the Fund represents 765 M€ with a weighting of 2.1% of the FRR's net assets.

The performance of the portfolio, which reflects the performance of this asset class (passive management), has been very strong: it reached 28.5% over the year and 41.2% since the first investments were made at the end of the year 2009.

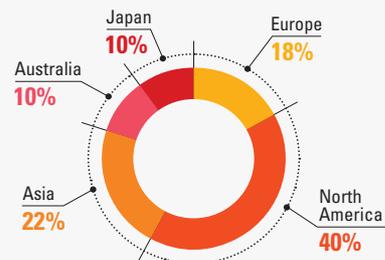
Given the change of the management timeframe due to the pension reforms, the FRR decided at the end of 2010, as regards the real estate segment, to focus on listed real estate which is more in tune with the FRR's new constraints in terms of operational implementation and investment horizon.

**REIT - Real Estate Investment Trust: generic term describing tax transparent property companies under an obligation to distribute almost all of their earnings.*

Evolution of EPRA/NAREIT Developed Index (listed real estate) in 2010



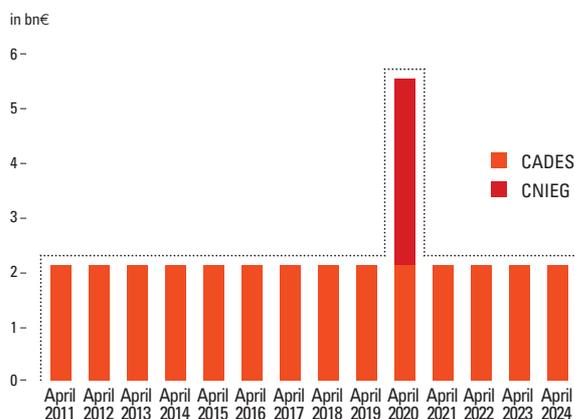
Geographical distribution of listed real estate as at 31/12/2010



December 2010, adoption of a new strategic asset allocation following pensions reforms

The pensions reforms introduced in 2010 have significantly changed the FRR's investment objectives. Compared to previous liability assumptions, the FRR's investment horizon is shorter whilst remaining sufficiently long to permit a significant level of exposure to performance assets: up until 2010, the FRR was working on the assumption of 21 payouts between 2020 and 2040. After the reform, the FRR has to pay 2.1 bn€ to CADES each year between 2011 and 2024 (inclusive) and a single payment⁸ to CNAV in respect of the CNIEG contribution in 2020. Moreover, the annual endowments received until now by the FRR are henceforth directly allocated to CADES.

8/ The amount of which will depend on how investments perform over time. Since the amount of the CNIEG liability has not been fixed by law, this single payment is for the moment a working assumption.



Extract of Chapter 5 bis of the social security code:

The sums allocated to the Fund are held in reserve until 1st January 2011. As from that date and until 2024, the Fund shall each year at the latest by 31st October, pay 2.1 bn€ to the Caisse d'Amortissement de la Dette Sociale to help finance the deficits, from between 2011 and 2018, of the agencies referred to in the previous paragraph. The timetable and terms for such payments are determined by agreement between these two entities.

... On the proposal of the Executive Board, the Supervisory Board determines the general investment policy guidelines for the Fund's assets consistent with the principles of caution and diversification of risks in line with the objectives and timeframe for utilisation of the Fund's resources, in particular the payment obligations provided in article L. 135-6. It controls the results, approves the annual accounts and prepares an annual public report on the management of the Fund.

... The Executive Board performs the executive function within the entity and is responsible for its management. It implements the investment policy guidelines and oversees compliance therewith in particular their suitability as regards the payment obligations provided in article L. 135-6.

Liability driven investment management

Liability driven investment management refers to an approach to investment constrained by the imperative of ensuring liabilities are honoured with certainty. The main objectives of this kind of asset management are:

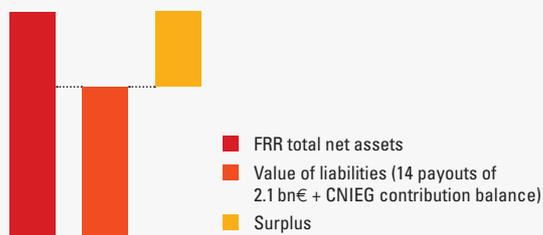
- to ensure payouts with a very high level of certainty in order to meet the liabilities cashflow requirements;
- to seek additional financial performance in a controlled risk environment.

This approach to asset management involves determining a defined surplus, at any time, calculated as the difference

between the net asset value and the current value of all liabilities. The surplus therefore consists in the excess over the amount of assets required to ensure payment of all liabilities. Seeking the highest possible returns on the surplus requires separating the assets into two parts at an operational level:

- hedging assets whose objective is to ensure planned payouts are met (in the FRR's case, between 2011 and 2024);
- performance assets whose purpose is to generate an absolute return.

Net assets, value of liabilities and surplus



Value of liabilities, surplus and portfolio composition



The law clearly indicates the level of aversion to risk to be adopted by the FRR: management must strive to ensure that all payouts are met, even in the most unfavourable market conditions.

The FRR has adapted its investment policy to this new reality. The result is an allocation less exposed to risks than in the past but which remains ambitious in terms of exposure to performance assets.

The FRR has drawn inspiration from the liability driven investment management models adapting them to suit the characteristics of its own liabilities. Indeed, given its investment horizon and the size of the surplus at the outset of the asset allocation, liabilities were 85% covered by the

hedging compartment in order to improve the expected return on the performance compartment within clearly defined risk parameters.

THE STRATEGIC ASSET ALLOCATION DECIDED BY THE FRR IN DECEMBER 2010

Given its objectives, its investment horizon and risk aversion level, the FRR decided, following its Supervisory Board meeting of 13 December 2010, to adopt the following allocation, comprising two compartments:

- a hedging compartment whose main objective is to ensure the FRR is certain of honouring its liabilities;
- a performance compartment whose objective is to provide additional returns.

By adopting a liabilities coverage rate of 85% at the outset (this rate is changeable over time), the percentage weighting of performance assets therefore equalled 39%. At “cruising speed”, this percentage fluctuates depending on the relative performance of the two compartments and is therefore not automatically rebalanced.

The allocation will be reviewed on an annual basis. During the review, the Supervisory Board may adjust the weighting of the performance assets or change the composition of the two compartments.

Also, meetings with the Investment Strategy Committee have been planned. Some will take place on a regular basis, others will depend on FRR management indicators and, more specifically, progress of its financing ratio. The outcome of these meetings may be a recommendation to change the weighting or composition of the asset compartments.

STRUCTURE OF THE HEDGING COMPARTMENT

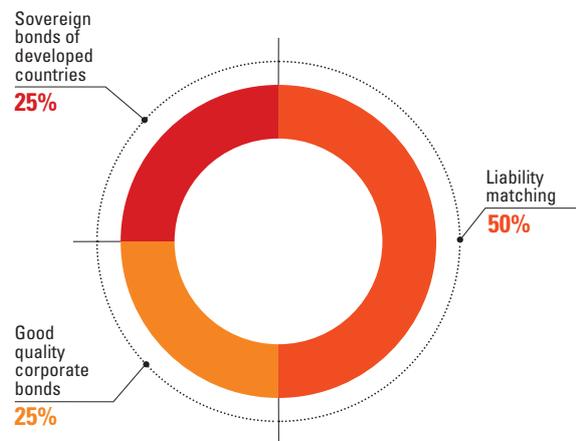
Proper hedging of liabilities implies that the value of the assets should move in line with that of the liabilities. The assets and liabilities must therefore both be exposed to the same risk factors, in other words for the FRR, interest rate risk. Several methods exist for covering such risk:

- perfectly matching the cashflow of assets and liabilities with bonds;
- immunizing the risks of mismatch between assets and liabilities by using a wider array of instruments (Government bonds, corporate bonds, etc.) and matching the risks rather than the cashflows.

The FRR has chosen a hybrid structure, with 50% of its assets invested in fungible treasury bonds (obligations assimilables du Trésor - OAT) using the matching method and 50% invested in diversified sovereign bonds of major developed countries and in good quality corporate bonds (with a credit rating greater than BBB).

“ (...) The result is an allocation less exposed to risks than in the past but which remains ambitious in terms of exposure to performance assets. ”

Indicative distribution of the FRR's hedging compartment



The structure's properties are as follows:

- it allows the FRR to expect a higher return than that which would result from perfect matching;
- it offers good protection against interest rate risk;
- it does not increase the overall level of risk: in fact, credit risk forms part of the risk envelope factored into the assessment of the portfolio's overall risk and therefore into deciding the size of the performance compartment following the stress test.

Stress scenario approach

Banking and insurance regulations have given rise to the development of models that measure changes to risk levels in the event of very unfavourable scenarios (known as “stress scenarios”) affecting their activities (Basle II, Solvency II). In the context of its asset-liabilities management, the FRR has also drawn inspiration from this approach to measure its risks as precisely as possible. To this end, the FRR has measured likely changes to its surplus (See text box liability driven investment management) should such stress scenarios arise. These stress scenarios are used as indicators of risk resistance. In the case of the FRR, the start-out strategic asset allocation is stress resistant for losses of up to 66% of the value of its performance assets. Should such a loss occur, the FRR’s surplus would still be positive and its liabilities could still be met. This stress scenario is not a constraint that has to be obeyed at all times, but constitutes a warning light to alert the FRR’s management bodies.

STRUCTURE OF THE PERFORMANCE COMPARTMENT

Two principles underpin the structure of the performance compartment of the FRR’s portfolio:

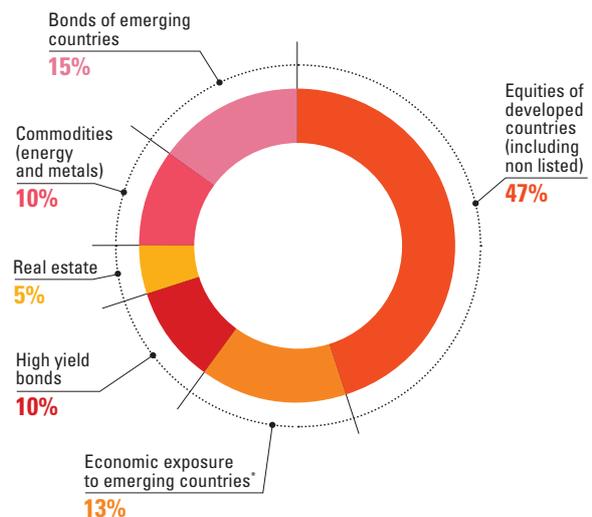
- High level of diversification: geographical diversification and the inclusion of asset classes which offer de-correlation compared to equities thereby improving the portfolio’s risk-return trade-off. Although diversification alone cannot protect against a systemic crisis such as seen in 2007-2009, it greatly reduces volatility and losses compared

to a portfolio consisting solely of equities or concentrated solely on one geographical area.

- Flexibility of allocation: instead of a fixed allocation, the Supervisory Board decided to give the Executive Board room for manoeuvre to adjust the weighting of each asset class depending on its analysis of medium term risk and prospects for achieving a return. Against this background, the FRR expects over the long-term an annualised return of 6% for this compartment.

Below is the indicative composition of this compartment.

Indicative distribution of the FRR’s performance compartment



* Equities of emerging countries and equities of developed countries exposed to economic growth of emerging countries.

The FRR, a responsible investor

A NEW PORTFOLIO CONFIRMING ITS AMBITION

Pensions reform has led to changes in the FRR's portfolio. But although the financial context has changed, the responsible investment strategy adopted by the Supervisory Board in 2008 for a 5-year period is untouched. In fact, the Supervisory Board has reaffirmed the importance of the FRR's identity as a responsible investor and the relevance of the principles underlying its strategy.

The FRR was awarded the prize of Responsible Investor of the Year 2010⁹, a prize which rewards the FRR's commitment and strategy in this area, in particular promoting transparency and publication of environmental, social and governance data (responsible investment report), extending the scope of responsible investment to Eurozone and US corporate bonds and advances made in shareholder dialogue with companies posing extra-financial risks.

9/ Awarded by Amadéis, asset management consultancy firm and Natixis AM, in partnership with Les Echos.

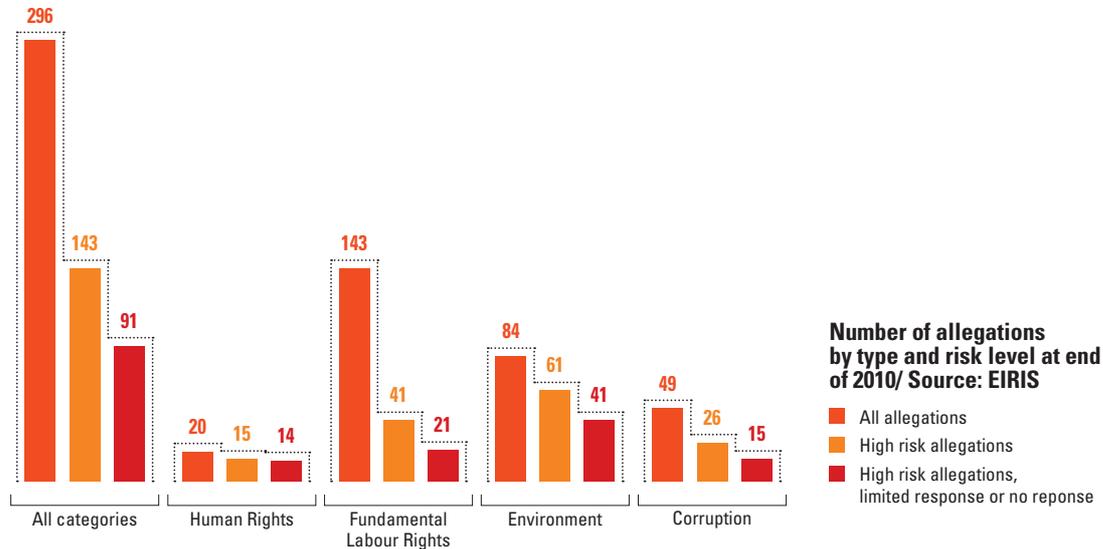
INTEGRATION OF EXTRA-FINANCIAL FACTORS

Integrating ESG (environmental, social or governance) factors into investment policy continued in 2010. Thus, under renewed mandates, from now on all actively managed equities mandates incorporate extra-financial provisions (research and analysis, incitement to integrate, extra-financial reporting, participation in dialogue with companies). Actively managed corporate credit mandates also include ESG provisions and all equities management mandates (active as well as passive management) impose obligations with regard to the exercise of voting rights. Finally, integration of ESG factors would be impossible without the commitment of asset managers two thirds of which are now signatories of the Principles for Responsible Investment. The year 2011 will mark the end of the responsible investment mandates launched in 2006. This year will therefore be used profitably to learn the lessons from these mandates and prepare new requests for proposals. Moreover, as regards the "traditional" mandates, efforts will be made, together with the managers, to extend the scope of extra-financial reporting.

2010 integration results

in millions of Euros or %

	2008	2009	2010
Size of actively managed equities mandates	5 130	3 740	3 668
Mandates incorporating RI provisions	1 872	3 168	3 668
in%	36.5%	84.7%	100.0%
Amount of SRI mandates	374	505	572
in%	7.3%	13.5%	15.6%



PREVENTION OF REPUTATIONAL RISKS

The analysis carried out by the extra-financial research firm EIRIS (Experts in Responsible Investment Solutions) for the FRR relates to all private issuers in the portfolio, wherever they may be established (developed or emerging markets). Based on the portfolio at the end of 2010, it appears that around 7.4% of companies analysed (or 194 companies out of the 2600 approximately that EIRIS analysed in the portfolio) are concerned by one or more allegations – with no distinction as to their seriousness. As regards allegations categorized as serious and in relation to which the company has not taken any steps or only limited steps, 67 companies are concerned (or 2.5% of companies analysed).

Of the 296 identified allegations (several allegations may relate to one single company), almost half relate to failure to respect fundamental labour rights principles (143), with 41 allegations categorized as high risk. Conversely, fewer involved environmental damage (84) or corruption (49) but these generally posed a high risk. In cases of human rights violations (20 allegations in total), the allegations posing a high risk (15 out of 20) have not been resolved satisfactorily (14 out of 20).

The business segments most affected are raw materials (36 companies), industry (34), consumer goods (29), oil and gas (27) and the consumer services sector (24). Finally, the emerging markets account for the greatest number of

companies accused of violations of international standards (58 companies), closely followed by Europe (57) and North America (55).

Based on these results, a list will be drawn up of the companies with which the FRR should engage in dialogue in 2011. It should be noted that at the end of 2010, the blacklisted companies (due to possible implication in the manufacture of anti-personnel mines or cluster bombs) remains unchanged since the end of 2009.

Companies blacklisted from the FRR's portfolio due to possible implication in the manufacture of anti-personnel mines or cluster bombs (as at 31 December 2010)

COMPANY	COUNTRY
Alliant Techsystems ATK	United States
General Dynamics	United States
Goodrich	United States
Lockheed Martin	United States
L3 Communications	United States
Raytheon	United States
Singapore Technologies Engineering	Singapore
Textron	United States

Also, being aware of the importance of corporate transparency with regard to extra-financial concerns and against

a background of increasing exposure of the portfolio to the emerging markets, the FRR has decided to support the EMDP (Emerging Markets Disclosure Project). Under the aegis of the World Bank and the United Nations, this initiative which brings together more than fifty international investors invites companies from emerging economies to publish data on their extra-financial performance. To date, apart from actively participating since their launch in the Principles for Responsible Investment, the FRR also supports the Carbon Disclosure Project, the Water Disclosure Project and also the EITI (Extractive Industries Transparency Initiative) – initiatives promoting greater transparency of companies in extra-financial matters.

ACTIVE EXERCISE OF VOTING RIGHTS

A number of changes have been made during 2010 to the equities portfolios to reduce the FRR's exposure to equities. Consequently, the FRR has participated in less shareholders' general meetings in 2010 than in 2009 whilst continuing to vote at shareholders' general meetings of more than 90% of the FRR's equities portfolio. Out of all of the resolutions considered and voted on, 86% resulted in votes in favour, 12% in votes against and 1% in abstention.

Discussions between issuers and investors centred on themes that have recurred over several years (directors' compensation, increases of share capital and anti-takeover measures). In other European countries and in particular in Switzerland, the rate of objection remains high with respect to the report on directors' compensation where this is submitted to a vote. Two new topics of discussion came to light in France and which will be of great significance in 2011: representation of women on boards of directors and multiple directorships. On the first point, following publication of the AFEP-Medef recommendations, a number of CAC 40 companies have welcomed female directors onto their boards, increasing the percentage from 10% in 2009 to 15% in 2010. This trend will continue in 2011 supported by the passing of the law of 27 January 2011

relating to balanced representation of women and men on boards of directors. On the second point, half of CAC 40 companies have directors with multiple executive positions compared to 12 in 2008. This has led to a number of negative votes when directorships were up for renewal by outside shareholders.

More generally, in France, the number of resolutions rejected by shareholders increased (64 resolutions rejected or withdrawn in 24 companies). Similarly, there were numerous external resolutions (24 resolutions in 13 companies). Also the emergence of better quality dialogue between stakeholders leading to the amendment of resolutions or presentation in general meeting of changes agreed by the issuer should be emphasized.

RESEARCH SUPPORT

The FRR has renewed its support for three further years for the "Sustainable finance and responsible investment" chair set up by the Paris market place, which since 2008 brings together academics (Ecole polytechnique, Institut d'Economie Industrielle de l'Université de Toulouse) and professionals (investors, managers). The research work conducted in 2010 related to, for example, the impact of responsible investment on companies' social responsibility policy and their financial valuation or on the relationship between a company's social responsibility policy and its extra-financial performance.

The FRR also participated in the PRI work relating to the "universal investor" (an investor holding a portfolio representative of the entire economy). This work culminated in the publication of a report in 2010 which is available on the PRI website. This report put forward a measurement for the financial impact of environmental externalities on a portfolio of diversified international securities and estimates them at 5.6% of the value of such a portfolio. In so doing, it demonstrates that for a universal investor, it is financially justifiable to take account of environmental externalities relevant to the companies held in its portfolio.

Management and control of risks

In 2010 the FRR continued operational implementation of its global risk analysis approach (Enterprise Risk Management approach).

The 2011 social security financing law provides that “sums allocated to the Fund shall be held in reserve until 1st January 2011. As from this date, and up until 2024, the Fund shall each year, and at the latest by 31 October, pay 2.1 bn€ to the Caisse d’Amortissement de la Dette Sociale (...)”.

Given this new definition of its liabilities, the FRR has adjusted its strategic allocation as well as its risks framework in order to honour these payment obligations.

THE PRINCIPAL RISK MANAGEMENT OBJECTIVES

- Analysing and managing all risks (financial, human, information system, strategic risks...) to avoid vertical segmentation effects and all potential impacts from such risks (financial and non-financial impacts such as reputation, know-how...). The scope of analysis covers the FRR and its stakeholders: its custodian/account-holder (Caisse des Dépôts), external asset managers, index providers and other suppliers. One of the sources of added value of this approach lies in aggregating all of the major risks and ensuring the global consistency of the risk analysis and organisational action plans.

“ (...) the approach to asset-liability management risk had to take account of the forthcoming payments to be made as from 2011, to ensure that the FRR is able to honour its commitments. ”

- alerting the Executive Board of the potential occurrence of major risks and risks deemed to be unacceptable.
- propose and coordinate the roll-out of action plans designed to reduce or change the profile of these risks.
- assist with the dissemination of best practices and a risk management culture within the FRR.
- give the Executive Board an independent opinion on the management indices chosen by the Finance Division of the Fund for its own management.
- propose or validate risk thresholds by major risk type or area of activity.
- prior to launch, analyze new investment processes from the perspective of financial and operational risks. Set limits for these new investment processes.

THE FRR'S PRINCIPAL RISKS

Asset-liability management risk: prior to changing its strategic asset allocation (payouts initially planned for between 2020 and 2040), the principal risk for the FRR was in the

mis-match between its strategic allocation and its long-term financial objectives. As from the end of 2010, following the pensions reform, the approach to asset-liability management risk had to take account of the forthcoming payments to be made as from 2011, to ensure that the FRR is able to honour its commitments.

Short-term financial risks: these risks are at two levels:

- **Absolute risks:** these are absolute losses to which the Fund may be subject over the short term. The level of these short-term losses is measured on a regular basis by the FRR staff.

- **Relative risks:** these risks relate to the under-performance of an asset manager versus the defined benchmark index. This relative loss is monitored and contained by enforcing compliance with a maximum ex-ante tracking error.

Forex risk: the FRR's portfolio is partially invested in foreign currencies. The Fund hedged 90% of these exposures by contracting forex futures that are renewed on a regular basis. The hedging rate has increased to 100% in the hedging compartment in 2011. Currencies of emerging countries are not hedged.

Statistically, this hedging improves the return/risk trade-off for the currencies of developed countries as the volatility of the portfolio is reduced with no significant impact on net performance.

Counterparty risk: with the aim of hedging, the FRR via its managers, transacts with bank counterparties on OTC derivative products. In terms of counterparty selection, the

FRR imposes minimum credit rating requirements (Moody's, Standard & Poor's and Fitch) and minimum own-funds levels. The FRR also requires margin calls to be implemented for certain derivative products in addition to compliance with maximum exposure limits for each counterparty. A monitoring system including alerts, risk indicators and periodic reports on these active counterparties has been introduced.

Credit risk: minimum credit rating requirements are imposed on managers of fixed income mandates. Regarding short-term investments in securities for cash management purposes, the FRR must comply with both minimum credit rating and own-funds requirements for each issuer (or GDP in the case of a State).

Compliance risks: the FRR constantly monitors compliance with the prudential regulations to which it is subject (related to the Act passed in 2001). In addition to these regulations, the Fund has also adopted and enforces a set of internal rules.

Fraud and money-laundering risk: the FRR is particularly attentive when it comes to selecting investment vehicles to avoid involvement with acts of fraud or money-laundering.

Business interruption risk: to ensure that the assets entrusted to the FRR's care by the public are effectively safeguarded, the Fund must track the financial markets on a daily basis (insofar as these markets can be extremely volatile) in order to be able to intervene rapidly when this proves necessary. In performing its mission, it is therefore extremely important that the FRR be able to ensure business continuity over several days should serious events arise (pandemic, flood,

fire...). Emergency business continuity and relief plans have been developed and are regularly tested for readiness to respond if needed.

Supplier risks: the FRR selects a large number of external managers to manage its portfolio of assets. This risk is managed and contained through a rigorous selection process carried out via an open and public request for proposals (RFP) procedure, combined with thorough due diligence audits of managers and regular monitoring (with a process for putting a manager on the watch list if necessary). Changes can be made in case of problems, particularly at asset manager level.

Data risks: the calculation of performance and risks, and hence investment decisions, depend on the quality of the data populating the FRR's information system. In 2009, an effort was made to strengthen the internal system for verifying the quality and consistency of financial data. This project continued to be pursued in 2010.

KEY EVENTS OF 2010

A number of actions relating to global risk management were taken during the year:

- Actions to improve the quality of the financial data of the FRR's portfolio allowing more accurate calculation of performance and financial risk measurement.
- Weekly risk reporting on over-the-counter derivatives transactions and investment of cash and on compliance with regulatory and internal ratios.
- More complete monthly reporting on financial and operational risks to the Risks Committee and the Executive Board.
- Reworking of the counterparty risk policy and the risk limits per counterparty for better containment of this type of risk.
- Elaboration and application of a risks policy relating to managers to improve control of financial and operational risks they may pose.
- Elaboration and application of a risks policy relating to custodians to improve control of financial and operational risks posed by custodians on open funds.
- Completion of operational implementation of new software to measure short-term financial risk (RiskMetrics).
- The Risks Department has equipped itself with tools to measure the value of derivative products traded OTC (options, swaps...) to gain an independent view on these valuations.
- Contribution of the risks department to the preparatory work for the FRR's new strategic allocation consequential to the pensions reforms.
- Upstream reduction of financial and operational risks by systemisation of tests before the launch of new assets or management processes.
- Reworking of several key investment processes (improving the efficiency of these processes, refining the description of roles and responsibilities and structuring of controls on major risks in the processes).
- The initial business continuity plan (BCP) has been reinforced.

Organisation and costs

ORGANISATION AND HUMAN RESOURCES

In 2010, the FRR maintained its headcount at 56 to ensure dynamic and secure management of the Fund's assets.

Under the particular circumstances of this year, marked by the debates on pensions reform, headcount rotation was increased. The process of recruiting individuals with the necessary technical profile for achieving the FRR's objectives was launched in the second semester.

In years to come, the FRR will gradually adjust its resources to meet the challenges of the new financial management model following the pensions reform, whilst being careful to preserve both strict control of costs and a high level of process security.

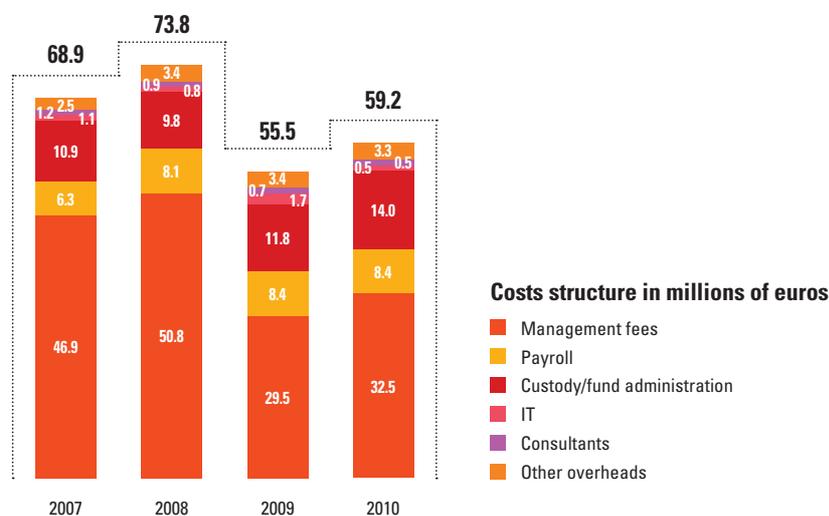
THE FRR'S COSTS

Operating expenses in 2010 totalled 59.2 M€, a rise of 6.7% compared to 2009.

The principal expense item is that of management commissions for externalised asset management. These totalled 32.5 M€ in 2010 compared to 29.5 M€ in 2009.

The Executive Board of the FRR intended as from 2008 to change the fees structures for mandates in order to contain portfolio management fees and bring its interests more into line with those of the Fund's investment services providers. A move to reduce the fixed element of management commissions was therefore undertaken thanks to changes in the portfolio structure that began in 2008 which has resulted in a gradual move from active equities mandates towards liabilities mandates.

With a view to balancing the interests of the parties, greater emphasis is now placed on performance-linked management commissions as a method of remunerating managers. All active management mandates awarded by the FRR now include performance-based fee arrangements, struc-



tured to ensure that commissions reward long-term out-performance.

As regards the 2010 financial year, management mandates continued to be renewed to a lesser extent than in the previous year. Seven such mandates reached their term or were halted during the course of the year, with eleven new mandates starting up during the same period.

The marked recovery of the Fund's assets, resulting in average assets under management increasing by 5.3bn€, had the direct knock-on effect that fixed management commissions rose to a total of 26.3 M€ (+ 37% compared to 2009), 73% of these fixed costs relating to actively managed mandates.

Regarding variable management commissions, the closure of a number of mandates led in 2009 to payment of 6.8 M€ in out-performance commissions. In 2010, variable com-

mission, which henceforth only concerns out-performance achieved during the past financial year, totalled 1.6 M€.

On average, the management commission rate⁹ was 8 basis points, slightly down on the rate of 8.8 basis points recorded in 2009.

Administrative management expenses totalled 23.9 M€, substantially the same level as the previous year. Staff costs were fairly stable, just -0.4% down on 2009. The FRR's IT costs in 2010 registered the impact of accounting reversals relating to a cautious provision for expenses arising in relation to the various IT projects undertaken in 2009. The costs of fund custody and administration services provided by the Caisse des Dépôts, are in direct correlation with the assets under management and flows of funds processed. These costs increased by 18% compared to the previous financial year, as a result of an increase in transaction volumes of 8% and average assets under management up by 18%.

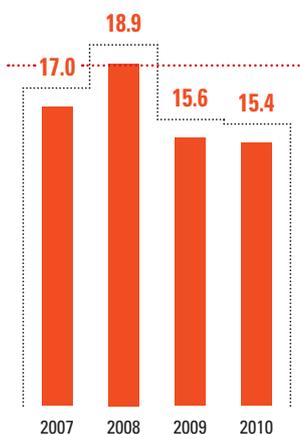
Whether related to operation of the mandates or management of net assets (commissions, fees for custody and administration of funds), almost 78% of the FRR's costs constitute costs that are variable by nature. The FRR's own structural costs only represent 22% of the total, which is less than 0.04% of the assets managed.

From a management cost calibration point of view, the FRR's benchmark, based on criteria determined by the firm McKinsey in 2005, is around 15.4 basis points.

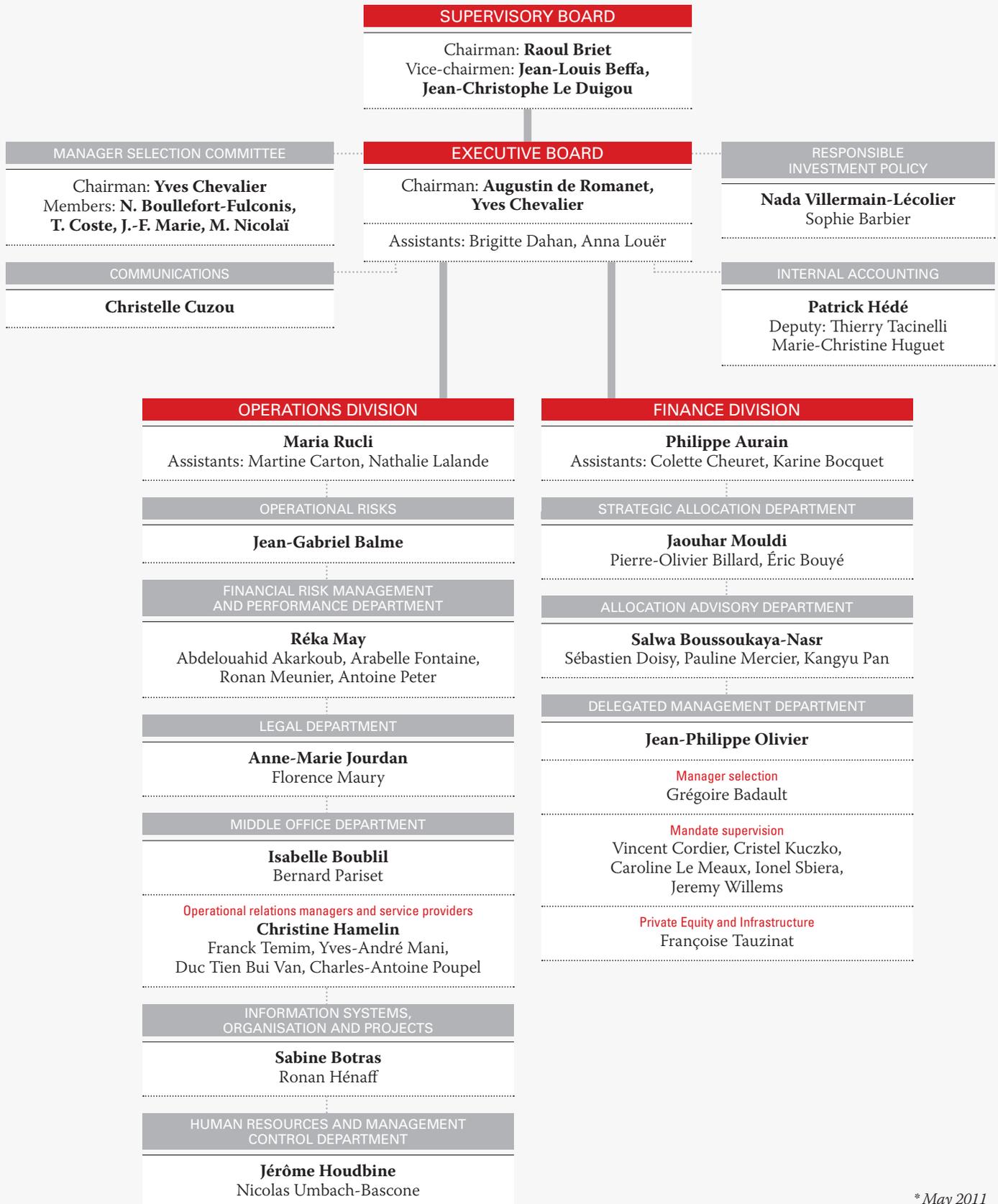
This level has remained stable compared to its 2009 results and remains in line with the costs incurred by the European funds with which the FRR is regularly compared.

9/ Excluding overlay management

Management costs in basis points



Management structure chart*



30

FRR Governance

as of 31 December 2010

SUPERVISORY BOARD

CHAIRMAN

Raoul Briet

MEMBERS FROM THE FRENCH ASSEMBLÉE NATIONALE

Yves Bur

Alternate

Valérie Boyer

Marc Laffineur

Alternate

Bérangère Poletti

MEMBERS FROM THE FRENCH SÉNAT

Jean-Jacques Jegou

Alternate

Bertrand Auban

Dominique Leclerc

Alternate

René Teulade

QUALIFIED PERSON

Jean-Louis Beffa

Vice President of the Supervisory Board

REPRESENTATIVES OF SOCIAL SECURITY BENEFICIARIES APPOINTED BY NATIONALLY REPRESENTATIVE TRADE UNIONS

Confédération générale du travail

Jean-Christophe Le Duigou

Vice President of the Supervisory Board

Alternate

Pierre-Yves Chanu

Confédération générale du travail –

Force ouvrière

Jean-Jacques Poujade

Alternate

Bernard Devy

Confédération française démocratique du travail

Philippe Le Clezio

Alternate

Yves Canevet

Confédération française des travailleurs chrétiens

Isabelle Sancerni

Alternate

Michel Moise-Mijon

Confédération française de l'encadrement – CGC

Danièle Karniewicz

Alternate

Alain Dematons

REPRESENTATIVES OF SELF-EMPLOYED AND WORKERS

Mouvement des entreprises de France

Agnès Canarelli

Alternate

Catherine Thibier

Valérie Corman

Alternate

Véronique Cazals

Alain Leclair

Alternate

Jean-Claude Guéry

Association française de la gestion financière

Confédération générale des PME

Geneviève Roy

Alternate

Georges Tissié

Union professionnelle artisanale

Albert Quenet

Alternate

Berthe Duguey

REPRESENTATIVES OF THE MINISTER IN CHARGE OF SOCIAL SECURITY

Dominique Libault

Alternate

Jonathan Bosredon

Jean-Louis Rey

Alternate

Damien Vergé

REPRESENTING THE MINISTER OF THE ECONOMY, FINANCE AND INDUSTRY APPOINTED BY ORDER OF THE MINISTER FOR THE ECONOMY, FINANCE AND INDUSTRY

Hervé de Villeroché

Alternate

Nicolas Carnot

REPRESENTING THE MINISTER IN CHARGE OF THE BUDGET APPOINTED BY ORDER OF THE MINISTER FOR THE BUDGET

Philippe Josse

Alternate

Guillaume Gaubert

EXECUTIVE BOARD

CHAIRMAN

Augustin de Romanet

OTHER MEMBERS

Yves Chevalier

Antoine de Salins

MANAGER SELECTION COMMITTEE

CHAIRMAN

Antoine de Salins

OTHER MEMBERS

Nathalie Boulefort-Fulconis

Former deputy CEO of an asset management company

Thierry Coste

*Member of the College of the Prudential Control Authority
(Autorité de Contrôle Prudentiel)*

Jean-François Marie

Former financial company director

Marcel Nicolai

Former partner-manager of an asset management company

The 2010 financial statements



The social security financing law of 2011 provides that as from 1st January 2011 and up until 2024, the FRR must pay each year 2.1bn€ to the Caisse d'Amortissement de la Dette Sociale.

This reform has had a significant impact on its accounts, the FRR's commitment to CADES constituting a debt of 29.4bn€ offset in the 2010 balance sheet against equity capital.

These are consequently reduced from 29.97bn€ to 4.17bn€. However, whilst the equity capital and debt structure have been modified by the reform, the accounts for 2010 reaffirm the overall consolidation of the FRR's financial situation already apparent in 2009.

From 2008 to 2010, permanent capital¹⁰ has increased from 27.60bn€ to 34.09bn€.

Financial assets, marketable securities and liquid assets have reached a level 2.84bn€ higher than their market value at 31 December 2007.

The Fund's revenues, which had fallen to an extremely low level in 2009, show a net increase of 811M€ to 2.27bn€ compared to 1.46bn€ in 2009. This change is mainly due to the sharp increase in income from UMTS licences, up by 841M€ and an improvement in social contributions on investment income by as much as 104M€.

The CNIEG contribution amounts to 3.47bn€, an increase of 138M€.

Following two years in deficit, the results in 2010 show a surplus of 603M€.

The same applies to valuation variances posted on the balance sheet which trace the difference between the purchase price and the market value as at 31 December. These variances of -39.77M€ in 2009 return to positive territory in 2010 at 686.96M€. A breakdown of the financial results allows us to assess the contribution of each category of income or expense towards the results of the financial year. The amount of income from marketable securities posted was the lowest since 2007 at 841.84M€ compared to 881.19M€ in 2009.

Forex transactions recorded net losses of 752.97M€. Taking account of the forex hedging policy, this loss is offset on the balance sheet by an increase in asset value of an equivalent amount.

Conversely, disposals of marketable securities resulted in a surplus of 774.48M€.

Finally, forward financial instruments (futures) continue to have a negative effect on results posting a loss of 74.54M€.

10/ Permanent capital includes equity capital and debts of over one year.

Balance Sheet

in euros

ASSETS	31/12/2010	31/12/2009
Long term assets	589,783.78	486,898.64
Receivables	8,685,005,695.51	14,014,218,314.91
Endowments allocated to the FRR receivable	123,968,881.98	110,156,516.22
Receivables from operations	0.00	0.00
Receivables on financial instruments	68,271,400.01	101,310,766.38
Receivables on forex transactions	8,375,665,075.35	13,773,154,766.46
Receivables on financial futures	117,100,338.17	29,596,265.85
Marketable securities	33,901,276,412.87	31,159,182,689.62
Equities	10,843,593,916.42	14,728,511,734.58
Bonds	14,430,583,967.66	11,894,200,443.81
Negotiable debt instruments	3,069,330,297.85	3,866,912,939.79
UCITS (OPCVM)	5,157,499,877.21	447,616,483.20
Private equity	400,268,353.73	221,941,088.24
Cash and equivalent	3,215,758,726.80	2,316,673,324.28
Prepaid expenses	9,900.88	232,536.41
TOTAL	45,802,640,519.84	47,490,793,763.86
LIABILITIES	31/12/2010	31/12/2009
Equity capital	4,176,081,980.77	29,973,364,267.26
Endowments	2,886,048,778.22	26,068,461,679.37
Reserves	0.00	4,078,228,303.87
Valuation variance	686,964,054.29	-39,770,653.51
Income or loss for the year	603,069,148.26	-133,555,062.47
Liabilities	41,623,645,865.26	17,515,187,293.76
Prepaid endowments allocated to FRR	78,651,774.50	93,779,873.85
CNIEG non-recurring contribution	3,473,170,485.09	3,335,613,175.49
CADES Debt - 1 yr	2,100,000,000.00	0.00
CADES Debt + 1 yr	27,300,000,000.00	0.00
Payables from operations	29,304,088.08	32,244,048.46
Payables on financial instruments	59,014,668.81	51,970,069.83
Payables on forex transactions	8,499,727,564.73	14,000,639,452.29
Payables on financial futures	83,777,284.05	940,673.84
Prepaid income	2,912,673.81	2,242,202.84
TOTAL	45,802,640,519.84	47,490,793,763.86

Income Statement

EXPENSES	2010	2009
Outside services	57,876,568.90	54,032,101.33
Taxes and duties	87,225.74	102,600.32
Payroll	1,091,152.11	1,180,752.26
Amortization	165,268.60	186,265.50
Operating expenses	59,220,215.35	55,501,719.41
Currency translation losses	1,654,735,181.40	1,451,539,690.71
Expenses on financial futures	586,493,278.03	546,450,601.59
Expenses on sale of securities	1,219,527,629.29	2,545,629,568.79
Other financial expenses	463,301,709.98	140,343,333.23
Interest expense on CNIEG contribution	62,382,560.52	-14,862,796.92
Finance expenses	3,986,440,359.22	4,669,100,397.40
Non-recurring expenses	0.00	0.00
Total expenses	4,045,660,574.57	4,724,602,116.81
Net result for the period	603,069,148.26	-133,555,062.47
TOTAL	4,648,729,722.83	4,591,047,054.34

INCOME	2010	2009
Income from marketable securities	841,842,270.64	881,197,949.53
Currency translation gains	901,760,110.33	1,934,032,775.85
Income on financial futures	511,948,669.86	490,989,151.21
Income from sale of securities	1,994,015,929.25	979,579,427.88
Other financial income	399,162,742.75	305,193,138.09
Financial income	4,648,729,722.83	4,590,992,442.56
Non-recurring income	0.00	54,611.78
Total income	4,648,729,722.83	4,591,047,054.34
TOTAL	4,648,729,722.83	4,591,047,054.34

Notes to the financial statements

for the year ended 31/12/2010

HIGHLIGHT OF THE YEAR

Article 9-II-2° of the 2011 social security financing law, amending article L. 135-6 of the social security code, provides that the funds earmarked to the FRR are allocated to reserves until 1st January 2011 and that from such date up until 2024, the FRR shall each year, by 31st October at the latest, pay 2.1 bn€ to the Caisse d'Amortissement de la Dette Sociale (CADES).

This reform has a significant impact on the FRR's accounts. Indeed the FRR's payment obligation to CADES constitutes a debt in so far as it is a fixed liability with precisely set due dates and amounts (14 payments of 2.1 bn€ from 2011 to 2024 in accordance with the law).

This liability in a total amount of 29.4bn€, is offset in the accounts against first the "Reserves" account and second the "Endowments" account, in accordance with the provisions of article 2.3.2 of notice n°2008-10 of 5th June, i.e.:

- 3,944,673,241.40 € against reserves,
- 25,455,326,758.60 € against endowments.

The impact of the reform on the FRR's equity capital and stable sources of funds is explained in paragraph V-1 of the schedule, "Change in permanent capital".

SIGNIFICANT ACCOUNTING POLICIES AND METHODS

The FRR's financial statements are prepared in accordance with generally accepted accounting standards set out in the accounting chart (plan comptable) applicable to Social Secu-

rity organizations and in opinion n°2003-07 of 24th June 2003 issued by the CNC (Conseil Nationale de la Comptabilité) as amended by opinion n°2008-10 of 5 June 2008.

The generally accepted accounting standards have been applied in compliance with the principles of conservatism, regularity, truth and fairness of view in accordance with the fundamental assumptions of operation as a going concern, consistency of accounting policies and accrual accounting. The FRR's accounts are stated in euros, positions of FRR mandates in foreign currencies are valued and accounted for on the basis of exchange values calculated using WM/Reuters closing spot rates.

Transactions are recorded on the relevant trading date. Since 30 November 2006, transactions on investment securities are recorded inclusive of fees in accordance with the CNC opinion dated 31 March 2006.

The weighted average cost price (WACP) rule is used for realised capital gains or losses on securities. For futures, the FIFO (first in first out) rule is used.

Asset values are calculated on the basis of positions held on Friday evening or the last TARGET business day of the week, and the last TARGET business day of the month. The default price is the closing price on the issuer's benchmark market, case by case on the principal quotation market.

In the event that price quotes are not available on the day of valuation, assets are valued on the basis of the last known price or using a predefined procedure in the case of previously established prices.

Bond valuations are based on the principle of a Bid quotation from offered prices communicated by various financial services providers.

Accrued coupon interest on buy or sell transactions as well as at the end of period valuation are expressed with respect to the value date. This accounting policy is related to the fact that operations are accounted for as of the date of the trade. BTF and BTAN French sovereign debt securities are valued on the basis of published Banque de France rates on the date of valuation.

Negotiable debt instruments (and equivalent) for which transaction amounts are not significant are valued on an actuarial basis, based on the zero coupon rate of the same maturity, plus the issuer spread where applicable.

OPCVM (UCITS) are valued on the basis of the last known net asset value. ETFs (exchange traded funds) are valued on the basis of the last quoted price.

Private equity funds are valued on the basis of the last valuation communicated by the managers.

Financial futures instruments traded on a regulated market or the equivalent and related commitments are valued on the basis of the settlement price.

Forex futures positions are valued and amortized on a straight-line basis based on the amount of the initial report/deport and the valuation of the currency position based on WM/Reuters closing spot rates.

Swaps are valued based on price information transmitted by the counterparty, under the supervision of the manager, and also formally controlled at various levels set up within the FRR. Unrealized gains and losses and translation differences are accounted for as valuation variances and have no impact on the Fund's income statement.

Withholding tax rebates are accounted for as and when received.

Realized gains and losses and definitive translation differences are credited to or charged against income.

Tangible fixed assets are amortized on a straight-line basis over three years.

Intangible fixed assets primarily related to the user licenses for the SPIRRIS software and related maintenance, are amortized over 5 years on a straight-line basis.

The non-recurring, lump-sum contribution mentioned in article 19 of L. 2004-803 of 9th August 2004 and paid to the FRR by the CNIEG, pursuant to the 20th April 2005 decision by the Haut Conseil interministériel de la comptabilité des organismes de Sécurité sociale, is accounted for and carried as a liability in the FRR's financial statements.

In accordance with amendment n° 1 dated 20 March 2009, amending the agreement dated 12 July 2005, entered into between FRR and the CNAVTS, the FRR henceforth determines the proportion of the balancing payment on an annual basis.

The fees paid to management companies are based on a fees scale that assigns a number of basis points per tranche of assets under management.

Certain mandates receive variable fees for outperforming their benchmark index by a given margin. Outperformance is defined as the positive mathematical difference between the performance of the portfolio and that of the benchmark. Depending on the mandate, these fees are paid annually and/or at the end of the mandate provided outperformance is sustained over the relevant periods, and subject to the contractually defined limits.

PRESENTATION OF THE FINANCIAL STATEMENTS

For reader convenience, certain classifications have been made with respect to these financial statements:

Balance sheet:

The various line items are presented as net values and take into account amortization (for long-term fixed assets) and valuation variances (for financial assets and liabilities).

“Endowments allocated to the FRR receivable” represent the total endowments allocated to the FRR at the accounting cut-off date, although not yet received at such date, but known by the time the financial statements are prepared. “Prepaid endowments allocated to the FRR” represent the amounts actually received by the FRR by the accounting cut-off date, but which are attributable to 2010.

“Payables on financial instruments” and “receivables on financial instruments” include securities transactions carried out by investment firms but for which settlement is pending (coupon interest due and payable or receivable, sales or purchases pending settlement).

“Payables on forex transactions” and “receivables on forex transactions” include pending transactions involving currencies, regardless of whether they are over-the-counter cash transactions or related to futures contracts.

“Payables on financial futures” and “receivables on financial futures” include pending transactions related to futures (margin payable or receivable, security deposit) and swaps (amounts payable or receivable).

“Marketable securities” fall under one of five categories: equities, bonds, negotiable debt instruments (NDI), UCITS (OPCVM) and private equity. They are recorded and carried at their fair market value, including accrued coupon interest for bonds and NDIs.

The line item “Cash and equivalent” includes all of the

FRR’s cash accounts stated in euros or in other currencies (at their year-end exchange values) as well as accrued interest on these demand and term deposits.

“Equity capital” includes:

- “Endowments”, which are the balance of the monies the FRR has received since the date of its inception in 1999, less amounts allocated to CADES,
- “Reserves”, which correspond to the aggregate returns the FRR has generated since its inception, less amounts allocated to CADES,
- “Valuation variances”, which represent the unrealized capital gains and losses recorded for all assets on the reporting date,
- Net income or loss for the year.

The line item “CNIEG non-recurring contribution” includes:

- the terms and conditions under which the CNIEG electricity and gas industry fund (Caisse Nationale des Industries Électriques et Gazières) pays the FRR the non-recurring, lump-sum contribution mentioned in article 19 of L. 2004-803 of August 9, 2004 were laid down by order of the Minister of Solidarity, Health and the Family on January 31, 2005. Pursuant to this order, the CNIEG paid the FRR the sum of 3,060,000,000 euros during the second quarter of 2005.
- interest paid to the FRR by the CNIEG pursuant to the order dated 31 January, 2005,
- a proportionate share of the income for the period, net of management fees, which corresponds to interest earned by the FRR on the cash sum provided by the CNIEG,
- the share in the FRR’s total unrealized capital gains or losses at the reporting date.

Additional information relating to assets

Long term fixed assets

TABLE OF LONG-TERM FIXED ASSETS AND AMORTIZATIONS

Line items	Long-term fixed assets			Amortizations					Net book value
	Gross value, start of period	Increase	Decrease	Gross value, end of period	Cumulative at start of period	Allowances	Decrease	Cumulative at end of period	
Intangible assets	1,378,985.68	268,153.74	-	1,647,139.42	-893,291.69	-164,192.57	-	-1,057,484.26	589,655.16
I TOTAL	1,378,985.68	268,153.74	-	1,647,139.42	-893,291.69	-164,192.57	-	-1,057,484.26	589,655.16
Tangible assets	10,498.91	-	-	10,498.91	-9,294.26	-1,076.03	-	-10,370.29	128.62
II TOTAL	10,498.91	-	-	10,498.91	-9,294.26	-1,076.03	-	-10,370.29	128.62
OVERALL TOTAL	1,389,484.59	268,153.74	-	1,657,638.33	-902,585.95	-165,268.60	-	-1,067,854.55	589,783.78

Receivables on financial management

RECEIVABLES	31/12/2010
related to financial instruments	
Interest due and immediately payable	21,670,481.96
Interest accrued not yet due	0.00
Sales pending settlement	46,600,918.05
TOTAL	68,271,400.01
relating to forex transactions	
Forward purchases	606,965,765.44
Forex forward receivables	7,686,164,292.99
Forex spot receivables	75,281,356.75
Deport	7,253,660.17
TOTAL	8,375,665,075.35
relating to financial futures	
Security deposits	21,110,378.74
Margin receivable	8,342,821.69
Valuation variance on swap contract	87,647,137.74
TOTAL	117,100,338.17

Endowments allocated to the FRR receivable

	123,968,881.98
ACOSS Employee savings	3,086,792.22
SCBCM MINEFE	116,778,317.25
Accrued income in respect of social levy (2%) on investment income	78,367,041.34
Social contribution on asset revenues (individual and supplementary rolls nov. & dec. 2010)	34,177,458.23
Social levy on investment income	4,233,817.68
Caisse des dépôts et consignations	4,103,772.51
Participation of building and public works employees	273,106.84
Prescribed consignments 2010	3,830,665.67

Marketable securities

Changes in the value of marketable securities in the portfolio

PORTFOLIO ON 31 DECEMBER 2009

	Purchase price	Valuation variances ⁽¹⁾	Accrued interest	Book value
Equities	15,004,427,289.31	-275,915,554.73	-	14,728,511,734.58
Bonds	11,384,203,575.27	293,598,475.36	216,398,393.18	11,894,200,443.81
NDI	3,834,708,815.66	25,519,153.81	6,684,970.32	3,866,912,939.79
UCITS	415,441,468.59	32,175,014.61	-	447,616,483.20
Private equity	271,022,568.65	-49,081,480.41	-	221,941,088.24
TOTAL	30,909,803,717.48	26,295,608.64	223,083,363.50	31,159,182,689.62

PORTFOLIO ON 31 DECEMBER 2010

	Purchase price	Valuation variances ⁽²⁾	Accrued interest	Book value
Equities	10,234,059,336.47	609,534,579.95	-	10,843,593,916.42
Bonds	14,250,570,926.90	-72,405,746.60	252,418,787.36	14,430,583,967.66
NDI	3,072,783,053.49	-4,392,055.68	939,300.04	3,069,330,297.85
UCITS	4,978,496,186.34	179,003,690.87	-	5,157,499,877.21
Private equity	412,821,309.86	-12,552,956.13	-	400,268,353.73
TOTAL	32,948,730,813.06	699,187,512.41	253,358,087.40	33,901,276,412.87

	31/12/2009	31/12/2010
Equities	14,728,511,734.58	10,843,593,916.42
Bonds	11,894,200,443.81	14,430,583,967.66
NDI	3,866,912,939.79	3,069,330,297.85
UCITS	447,616,483.20	5,157,499,877.21
Private equity	221,941,088.24	400,268,353.73
TOTAL	31,159,182,689.62	33,901,276,412.87

1 and 2/ Valuation variances before allocation of CNIEG share.

Analysis of portfolio by remaining term to maturity

	31/12/2009	31/12/2010
< 3 months	17.12%	17.75%
> 3 months < 1 year	6.81%	0.87%
1 to 3 years	11.62%	11.29%
3 to 5 years	16.28%	12.57%
5 to 7 years	9.21%	10.09%
7 to 10 years	13.68%	18.98%
10 to 15 years	10.44%	16.46%
> 15 years	14.84%	11.99%
	100.00%	100.00%

Analysis of portfolio by coupon type

	31/12/2009	31/12/2010
Fixed	79.34%	78.74%
Indexed	20.20%	20.90%
Floating	0.46%	0.36%
	100.00%	100.00%

Analysis of securities portfolio by listing currency

Currency	Equities	Bonds	NDI	UCITS ⁽³⁾	LP ⁽⁴⁾ and venture capital fund (FCPR)	Total
AUD	233,954,579.75	14,049,822.75	-	-	-	248,004,402.50
CAD	114,797,701.40	50,999,913.63	-	-	-	165,797,615.03
CHF	220,926,209.10	-	-	-	-	220,926,209.10
DKK	57,051,297.86	11,552,759.26	-	-	-	68,604,057.12
EUR	5,941,245,982.27	12,040,956,665.06	2,917,352,902.07	3,833,277,869.30	198,469,402.94	24,931,302,821.64
GBP	586,922,094.32	227,809,110.77	-	-	-	814,731,205.09
HKD	190,947,081.64	-	-	-	-	190,947,081.64
JPY	861,634,453.15	880,593,233.43	-	-	-	1,742,227,686.58
NOK	67,448,876.23	-	-	-	-	67,448,876.23
NZD	3,656,425.28	-	-	-	-	3,656,425.28
SEK	111,250,540.96	6,985,099.33	-	-	-	118,235,640.29
SGD	74,908,692.17	-	-	-	-	74,908,692.17
USD	2,378,849,982.29	1,197,637,363.43	149,064,721.97	1,324,222,007.91	201,798,950.79	5,251,573,026.39
TOTAL NET OF PPI⁽⁵⁾	10,843,593,916.42	14,430,583,967.66	3,066,417,624.04	5,157,499,877.21	400,268,353.73	33,898,363,739.06
	PPI on French treasury bills (BTF)		50,077.06			
	PPI on foreign treasury bills (BTE)		2,366,952.78			
	PPI on certificates of deposit		495,643.97			
		TOTAL PPI	2,912,673.81			
TOTAL PORTFOLIO	10,843,593,916.42	14,430,583,967.66	3,069,330,297.85	5,157,499,877.21	400,268,353.73	33,901,276,412.87

3/ Incl. Exchange Traded Funds. 4/ Limited Partnership : investment fund. 5/ PPI: pre-paid interest.

Itemised statement of securities as at 31 December 2010

MARKETABLE SECURITIES	TOTAL NET OF PPI	PPI	TOTAL PORTFOLIO
Equities			
Europe euro zone	5,941,245,982.27	-	5,941,245,982.27
Europe ex-euro zone	1,043,599,018.47	-	1,043,599,018.47
US	2,493,647,683.69	-	2,493,647,683.69
Asia ex Japan	503,466,778.84	-	503,466,778.84
Japan	861,634,453.15	-	861,634,453.15
	10,843,593,916.42	-	10,843,593,916.42
Bonds			
Europe euro zone	12,040,956,665.06	-	12,040,956,665.06
Europe ex-euro zone	246,346,969.36	-	246,346,969.36
US	1,248,637,277.06	-	1,248,637,277.06
Asia ex Japan	14,049,822.75	-	14,049,822.75
Japan	880,593,233.43	-	880,593,233.43
	14,430,583,967.66	-	14,430,583,967.66
Negotiable debt instruments			
Europe euro zone	2,917,352,902.07	545,721.03	2,917,898,623.10
US	149,064,721.97	2,366,952.78	151,431,674.75
	3,066,417,624.04	2,912,673.81	3,069,330,297.85
UCITS			
Europe euro zone	3,833,277,869.30	-	3,833,277,869.30
Europe ex-euro zone	0.00	-	0.00
Asia ex Japan	0.00	-	0.00
US	1,324,222,007.91	-	1,324,222,007.91
	5,157,499,877.21	-	5,157,499,877.21
Private equity			
Europe	198,469,402.94	-	198,469,402.94
US	201,798,950.79	-	201,798,950.79
	400,268,353.73	-	400,268,353.73
OVERALL TOTAL	33,898,363,739.06	2,912,673.81	33,901,276,412.87

Investment Funds

		Pantheon Ventures		Access Capital Partners		Antin Infrastructures		Total
Initial commitments	EUR	550,000,000		300,000,000		50,000,000		900,000,000
Commitments on accounting cut-off date	EUR	306,000,000		250,000,000		50,000,000		606,000,000
Balance from previous period	EUR	82,555,000		60,000,000		18,446,508 ⁽⁶⁾		161,001,508
Payments during the period (calls for funds)	EUR	49,540,000		27,500,000		7,439,950		84,479,950
Provisional repayment	EUR	-		-		-13,143,211 ⁽¹⁰⁾		-13,143,211
Balance on accounting cut-off date	EUR	132,095,000		87,500,000		12,743,247		232,338,247
Valuation on accounting cut-off date	EUR	113,469,549		72,509,294		12,490,560		198,469,403

		NBEL ⁽⁷⁾		Axa IM Private Equity Europe		Total		NBEL		Axa IM Private Equity Europe		Total	
Initial commitments	USD	679,993,000	198,000,000	877,993,000	EUR ⁽⁸⁾	506,852,298	147,584,983	654,437,281					
Commitments on accounting cut-off date	USD	280,711,144	198,000,000	478,711,144	EUR ⁽⁸⁾	209,236,108	147,584,983	356,821,091					
Balance from previous period	USD	99,678,358	57,965,474	157,643,832	EUR ⁽⁹⁾	69,749,935	40,271,124	110,021,059					
Payments during the period (calls for funds)	USD	42,097,491	56,072,823	98,170,314	EUR ⁽⁹⁾	31,725,431	44,001,703	75,727,134					
Distribution of assets	USD	-	-6,807,009	-6,807,009	EUR ⁽⁹⁾	-	-5,265,132	-5,265,132					
Balance on accounting cut-off date	USD	141,775,849	107,231,288	249,007,137	EUR ⁽⁹⁾	101,475,366	79,007,695	180,483,061					
Valuation on accounting cut-off date	USD	155,703,097	115,019,354	270,722,451	EUR ⁽⁹⁾	116,057,764	85,741,187	201,798,951					
Total initial commitments (eur)													996,816,523
Total net payments over the period (eur)													136,533,609
Total valuation on accounting cut-off date (eur)													400,268,354

6/ Of which 256,508 € paid with respect to the commission premium and the subscription premium in accordance with the rules of the fund.

7/ Neuberger Berman Europe Limited ex Lehman Brother Int. Europe.

8/ Based on \$ vs € exchange rate of 0.7453787 on the accounting cut-off date.

9/ Based on \$ vs € exchange rate on the date of the transaction.

10/ Of which 339,511 € paid in repayment of the subscription premium.

Cash and equivalent

CURRENCIES	TOTAL
AUD	26,731,560.56
CAD	11,769,095.51
CHF	36,396,266.00
DKK	2,013,642.18
EUR	2,456,918,232.80
GBP	58,296,405.97
HKD	4,691,300.82
NOK	1,346,008.76
NZD	47,098.32
SEK	7,851,514.08
SGD	500,781.46
USD	522,399,720.07
JPY	86,797,100.27
TOTAL	3,215,758,726.80

Additional information relating to liabilities

Change in permanent capital

EQUITY CAPITAL	31/12/2009	Allocation of earnings 2009	Earnings 2010	+	-	31/12/2010
Endowments	26,068,461,679.37	-	-	2,272,913,857.45	25,455,326,758.60	2,886,048,778.22
Reserves	4,078,228,303.87	-133,555,062.47	-	-	3,944,673,241.40	0.00
Valuation variances	-39,770,653.51	-	-	726,734,707.80	-	686,964,054.29
Net income or loss for the year	-133,555,062.47	133,555,062.47	603,069,148.26	-	-	603,069,148.26
Sub-Total	29,973,364,267.26	0.00	603,069,148.26	2,999,648,565.25	29,400,000,000.00	4,176,081,980.77
LONG-TERM DEBTS	31/12/2009			+	-	31/12/2010
CNIEG	3,335,613,175.49	-	-	137,557,309.60	-	3,473,170,485.09
CADES + 1 yr	-	-	-	27,300,000,000.00	-	27,300,000,000.00
Sub-Total	3,335,613,175.49	-	-	27,437,557,309.60	-	30,773,170,485.09
TOTAL PERMANENT CAPITAL	33,308,977,442.75	0.00	603,069,148.26	30,437,205,874.85	29,400,000,000.00⁽¹¹⁾	34,949,252,465.86

Earnings from previous financial years

	2007	2008	2009	31/12/2010
Earnings of the financial year	2,724,542,270.38	-2,559,487,942.20	-133,555,062.47	603,069,148.26

Earnings from previous financial years are allocated to reserves.

11/ Allocation to long-term debt of 27,300,000,000€ and short-term debt of 2,100,000,000€.

Liabilities

Pre-paid endowments allocated to the FRR

SCBCM MINEFE	78,651,774.50
<i>Deferred revenue in respect of social levy (2%) on investment income</i>	<i>78,651,774.50</i>

Maturity of liabilities

Liabilities	Total	- 1 yr	+ 1 yr	Of which 1 to 5 yrs	Of which over 5 yrs
Pre-paid endowments allocated to the FRR	78,651,774.50	78,651,774.50	0.00	0.00	0.00
CNIEG non-recurring contribution	3,473,170,485.09	0.00	3,473,170,485.09	0.00	3,473,170,485.09
CADES debt	29 400 000 000.00	2,100,000,000.00	27,300,000,000.00	8,400,000,000.00	18,900,000,000.00
Operating liabilities	29,304,088.08	29,304,088.08	0.00	0.00	0.00
Payables on financial instruments	59,014,668.81	59,014,668.81	0.00	0.00	0.00
Payables on forex transactions	8,499,727,564.73	8,499,727,564.73	0.00	0.00	0.00
Payables on financial futures	83,777,284.05	83,777,284.05	0.00	0.00	0.00
TOTAL	41,623,645,865.26	10,850,475,380.17	30,773,170,485.09	8,400,000,000.00	22,373,170,485.09

Payables on financial management

PAYABLES	31/12/2010
relating to financial instruments	
Purchased pending settlement	59,014,668.81
TOTAL	59,014,668.81
relating to forex transactions	
Forward sales	7,813,496,182.86
Foreign forwards payable	606,111,504.73
Foreign spots payable	75,283,206.59
Report	4,836,670.55
TOTAL	8,499,727,564.73
relating to financial futures	
Swap collateral	81,082,289.80
Margin payable	2,694,994.25
TOTAL	83,777,284.05

Deferred income

Deferred income came to €2,912,673.80. This concerns prepaid interest on certain negotiable debt securities (BTF (French treasury bills), negotiable certificates of deposit, foreign treasury bills).

CNIEG non-recurring contribution

APPLICATION OF THE CNAV-FRR AGREEMENT

Total equity at 31/12/2009	29,973,364,267.26	
Endowments 2010	2,272,913,857.45	
CNIEG payment at 31/12/2009	3,335,613,175.49	
	35,581,891,300.20	

CNAV share at 31/12/2010 **9.37%**

Endowments

Cumulative endowments 31/12/09	26,068,461,679.37	2010
Cumulative endowments 31/12/10 ⁽¹²⁾	28,341,375,536.82	2,272,913,857.45

Distribution at 31/12/2010	31/12/2009	31/12/2010	For distribution
Operating expenses	-	59,220,215.35	59,220,215.35
Financial income	-	724,671,924.13	724,671,924.13
Non-recurring income	-	0.00	0.00
TOTAL INCOME	-	665,451,708.78	665,451,708.78

Valuation variance, marketable securities	75,377,089.05	711,740,468.54	636,363,379.49
Valuation variance, forex	3,330,832.78	-2,395,876.38	-5,726,709.16
Valuation variance, forex futures	-230,068,686.10	-134,084,905.87	95,983,780.23
Valuation variance, derivatives	14,245,743.46	-22,397,489.63	-36,643,233.09
Valuation variance, Priv. Equity	-49,081,480.41	-12,552,956.13	36,528,524.28
Valuation variance, swaps	12,243,422.61	87,647,137.74	75,403,715.13
VALUATION VARIANCE TOTAL	-173,953,078.61	627,956,378.27	801,909,456.88

Financial and non-recurring income less operating expenses	665,451,708.78
Percentage distribution	9.37%

FOR CREDIT TO CNAV **62,382,560.52**

Valuation variance	801,909,456.88
Percentage distribution	9.37%

FOR CREDIT TO CNAV **75,174,749.07**

Summary

Financial and non-recurring income less operating expenses	62,382,560.52
Valuation variance	75,174,749.08
TOTAL	137,557,309.60

For the record : CNIEG contribution at 31/12/2009 **3,335,613,175.49**

CNIEG CONTRIBUTION AT 31/12/2010 **3,473,170,485.09**

12/ Before allocation to CADES debt.

Additional information relating to the income statement

Operating expenses

	AMOUNT
Outside services	57,876,568.90
Administrative management (Caisse des dépôts et consignations)	23,899,855.25
Fees paid to investment firms	29,488,828.66
Other outside services	4,487,884.99
<i>Of which brokerage fees on financial futures</i>	<i>3,190,045.33</i>
Taxes and duties	87,225.74
Payroll	1,091,152.11
Amortization	165,268.60
TOTAL	59,220,215.35

Table of staff paid directly by the FRR

WORKFORCE BREAKDOWN BY EMPLOYMENT CATEGORY

CATEGORY	OPEN-ENDED CONTRACTS	FIXED TERM CONTRACTS	TEMPORARY	OTHERS	TOTAL
Executives	2	-	-	-	2
Managers	1	-	-	-	1
Non-management	5	-	-	-	5
TOTAL	8	-	-	-	8
Others ⁽¹³⁾	-	-	-	1	

Off-balance sheet commitments

FOREX FUTURES CONTRACTS

Currency code	Currency receivable	%	Currency deliverable	%
AUD	239,005,627.94	3.11	2,231,553.69	0.37
CAD	170,600,383.58	2.22	19,878,828.89	3.28
CHF	226,972,998.45	2.95	5,209,821.93	0.86
DKK	70,963,805.28	0.92	5,899,589.25	0.97
GBP	801,771,851.66	10.43	18,451,305.73	3.04
HKD	217,062,717.48	2.82	42,552,166.02	7.02
JPY	1,654,528,723.48	21.53	57,939,825.77	9.56
NOK	61,996,826.51	0.81	0.00	0.00
NZD	5,187,184.99	0.07	2,140,286.79	0.35
SEK	113,708,822.18	1.48	404,521.86	0.07
SGD	66,496,045.34	0.87	131,358.50	0.02
USD	4,057,869,306.10	52.79	451,272,246.30	74.45
TOTAL	7,686,164,292.99	100.00	606,111,504.73	100.00

13/ Chairman of the Supervisory Board. Payment of an indemnity.

SECURITIES AND CASH ON DEPOSIT AT 31/12/2010

Code	Description	Amount	Cost price	Market price
FR0010235176	OATI 1% 25/07/17	20,000,000	21,203,489.22	22,192,994.12
FR0118786666	BTF 20/01/11	100,000,000	100,000,000.00	99,957,268.28
GB00BOLNX641	GILT 4.25% 07/03/11	35,000,000	41,620,449.42	41,684,675.18
US912795X894	USA TREASURY BILL 20/01/11	50,000,000	36,759,300.11	37,267,044.57
XS0294547285	ST GOBAIN 4,75% 11/04/17	1,250	1,217,958.83	1,343,208.56
			200,801,197.58	202,445,190.71

Code	Description	Amount	Cost price	Market price
DG.AUD	DEPOSIT AUD	2,331,000.00	1,656,919.47	1,781,020.78
DG.AUD	DEPOSIT AUD	49,000.00	34,648.58	37,438.87
DG.CAD	DEPOSIT CAD	327,700.00	234,048.52	245,836.45
DG.EUR	DEPOSIT EUR	914,806.40	914,806.40	914,806.40
DG.EUR	DEPOSIT EUR	1,252,892.80	1,252,892.80	1,252,892.80
DG.EUR	DEPOSIT EUR	132,332.80	132,332.80	132,332.80
DG.EUR	DEPOSIT EUR	271,485.00	271,485.00	271,485.00
DG.EUR	DEPOSIT EUR	399,132.80	399,132.80	399,132.80
DG.EUR	DEPOSIT EUR	91,779.20	91,779.20	91,779.20
DG.EUR	DEPOSIT EUR	406,000.00	406,000.00	406,000.00
DG.EUR	DEPOSIT EUR	252,190.00	252,190.00	252,190.00
DG.EUR	DEPOSIT EUR	953,130.60	953,130.60	953,130.60
DG.EUR	DEPOSIT EUR	656,902.60	656,902.60	656,902.60
DG.GBP	DEPOSIT GBP	78,000.00	90,960.79	91,031.10
DG.HKD	DEPOSIT HKD	13,690,000.00	1,276,355.31	1,312,710.95
DG.HKD	DEPOSIT HKD	962,000.00	93,996.96	92,244.55
DG.JPY	DEPOSIT JPY	1,213,110,000.00	10,575,752.86	11,148,883.37
DG.JPY	DEPOSIT JPY	1,680,000.00	14,663.49	15,439.75
DG.USD	DEPOSIT USD	112,500.00	83,445.00	83,855.09
DG.USD	DEPOSIT USD	292,500.00	220,064.83	218,023.25
DG.USD	DEPOSIT USD	1,010,550.00	772,175.12	753,242.39
			20,383,683.13	21,110,378.75

TOTAL**221,184,880.71****223,555,569.46**

Other commitments

VALUE OF OFF-BALANCE SHEET COMMITMENTS ON DERIVATIVES

Forex futures

Buy position

Code	Description	Currency	Price	Value of Off-BS commitment
EC0311	CHI FUTUR EUR/U 0311	USD	1.34	747,342,054.31
TOTAL				747,342,054.31

Index futures

Buy position

Code	Description	Currency	Price	Value of Off-BS commitment
AP0311	SYD FUTURE SPI2 0311	AUD	4,730.00	30,086,529.65
AP0311	SYD FUTURE SPI2 0311	AUD	4,730.00	632,449.57
BXF0111	BEL FUTURE BEL2 0111	EUR	2,574.00	15,778,620.00
EMD0311	CHI FUTURE SPI4 0311	USD	905.30	43,119,163.69
ES0311	CHI FUTUR SPMIN 0311	USD	1,253.00	55,383,795.47
FCE0111	Mar CAC40 0111	EUR	3,809.50	107,123,140.00
FDAX0311	EUR FUTURE DAX 0311	EUR	6,927.00	141,830,325.00
FESX0311	EUR DJ EURO STO 0311	EUR	2,794.00	16,400,780.00
FESX0311	EUR DJ EURO STO 0311	EUR	2,794.00	235,534,200.00
FESX0311	EUR DJ EURO STO 0311	EUR	2,794.00	1,732,280.00
FESX0311	EUR DJ EURO STO 0311	EUR	2,794.00	5,224,780.00
FESX0311	EUR DJ EURO STO 0311	EUR	2,794.00	1,201,420.00
FTI0111	AEX FUTURE AEX 0111	EUR	354.80	32,996,400.00
GI0111	CHI FUTUR GOLDM 0111	USD	634.00	27,999,776.39
HSI0111	HKF HANG SENG I 0111	HKD	23,020.00	20,417,977.14
HSI0111	HKF HANG SENG I 0111	HKD	23,020.00	1,434,776.77
NQ0311	CHI NASDAQ 100 0311	USD	2,216.00	2,973,166.37
RTA0311	NY RUSSELL 200 0311	USD	782.30	31,429,613.90
SP0311	CHI SP500 0311	USD	1,253.00	1,167,449.31
SP0311	CHI SP500 0311	USD	1,253.00	3,035,368.22
TP0311	TOK TOPIX 0311	JPY	896.00	658,762.98
YM0311	CBO FUTURE DJ M 0311	USD	11,513.00	8,667,359.87
Z0311	LIF FTSE100 0311	GBP	5,893.00	1,788,154.29
TOTAL				786,616,288.61

Sell position

Code	Description	Currency	Price	Value of Off-BS commitment
FSMI0311	EUR FUTURE SMI 0311	CHF	6,358.00	75,197,776.88
TP0311	TOK TOPIX 0311	JPY	896.00	330,287,290.81
Z0311	LIF FTSE100 0311	GBP	5,893.00	203,093,061.79
TOTAL				608,578,129.49

Interest rate futures**Buy position**

Code	Description	Currency	Price	Value of Off-BS commitment
FBTP0311	EUR EURO BTP FU 0311	EUR	108.77	36,546,720.00
FGBL0311	EUR EURO BUND F 0311	EUR	125.31	1,503,720.00
FGBL0311	EUR EURO BUND F 0311	EUR	125.31	338,211,690.00
FGBL0311	EUR EURO BUND F 0311	EUR	125.31	5,137,710.00
FGBM0311	EUR EURO BOBL F 0311	EUR	118.78	102,863,480.00
FGBM0311	EUR EURO BOBL F 0311	EUR	118.78	16,510,420.00
FGBM0311	EUR EURO BOBL F 0311	EUR	118.78	7,839,480.00
FGBM0311	EUR EURO BOBL F 0311	EUR	118.78	2,256,820.00
FGBM0311	EUR EURO BOBL F 0311	EUR	118.78	342,205,180.00
FGBM0311	EUR EURO BOBL F 0311	EUR	118.78	29,338,660.00
FGBS0311	EUR EURO SCHATZ 0311	EUR	109.01	7,630,350.00
FGBS0311	EUR EURO SCHATZ 0311	EUR	109.01	50,251,305.00
FGBS0311	EUR EURO SCHATZ 0311	EUR	109.01	255,616,725.00
FGBS0311	EUR EURO SCHATZ 0311	EUR	109.01	35,317,620.00
FGBX0311	EUR FUTURE EURO 0311	EUR	107.90	115,237,200.00
FV0311	CBO UST NOTE 5 0311	USD	117.72	8,599,014.24
FV0311	CBO UST NOTE 5 0311	USD	117.72	174,963,616.22
I0311	LIF 3MO EURO EU 0311	EUR	98.97	8,659,875.00
I0611	LIF 3MO EURO EU 0611	EUR	98.89	2,472,250.00
I1212	LIF 3MO EURO EU 1212	EUR	97.98	3,674,062.50
JGB0311	TOK JPN 10Y BON 0311	JPY	140.61	532,408,052.41
R0311	LIF GILT FUTURE 0311	GBP	119.49	102,776,600.34
SXF600311	MON FUTURE TSE6 0311	CAD	767.10	6,675,438.86
TU0311	CBO 2 Y US TRES 0311	USD	109.45	49,113,581.73
TU0311	CBO 2 Y US TRES 0311	USD	109.45	209,507,770.58
TY0311	CBO T NOTE US 1 0311	USD	120.44	127,565,360.40

2,572,882,702.28

Sell position

Code	Description	Currency	Price	Value of Off-BS commitment
FGBL0311	EUR EURO BUND F 0311	EUR	125.31	61,527,210.00
FGBL0311	EUR EURO BUND F 0311	EUR	125.31	59,647,560.00
FGBL0311	EUR EURO BUND F 0311	EUR	125.31	30,700,950.00
FGBL0311	EUR EURO BUND F 0311	EUR	125.31	25,062,000.00
FGBL0311	EUR EURO BUND F 0311	EUR	125.31	9,147,630.00
FGBL0311	EUR EURO BUND F 0311	EUR	125.31	24,936,690.00
FGBM0311	EUR EURO BOBL F 0311	EUR	118.78	12,353,120.00
I0312	LIF 3MO EURO EU 0312	EUR	98.53	21,183,950.00
I0612	LIF 3MO EURO EU 0612	EUR	98.35	17,457,125.00
I0911	LIF 3MO EURO EU 0911	EUR	98.80	12,103,000.00
I0912	LIF 3MO EURO EU 0912	EUR	98.17	10,307,850.00
I1211	LIF 3MO EURO EU 1211	EUR	98.67	18,007,275.00
TY0311	CBO T NOTE US 1 0311	USD	120.44	27,918,949.39
US0311	CBO FUTURE BOND 0311	USD	122.13	7,919,555.01
TOTAL				338,272,864.40

OFF-BALANCE SHEET COMMITMENTS ON SWAPS**Commodity swaps**

Code	Description	Currency	Nominal commitment in €
SWAP524631	Swap Société Générale 4	USD	521,765,056.65
SWAP426605	Swap Crédit Suisse 5	USD	521,765,056.65
TOTAL			1,043,530,113.30

SECURITIES AND CASH COLLATERAL SWAPS

	Market value in \$	Market value in €
Securities as collateral	-	-
Cash as collateral	108,780,000.00	81,082,289.80

Additional information**OUTPERFORMANCE COMMISSION. VARIABLE FEES**

The value as at the accounting cut-off date of outperformance commissions payable under the relevant management mandates amounts to €19,965,457.64.

Statutory auditors' report on the annual financial statements

Year ended December 31, 2010

This is a free translation into English of the statutory auditors' report issued in French and is provided solely for the convenience of English-speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

In compliance with the assignment entrusted to us by the Supervisory Board, we hereby report to you, for the year ended December 31, 2010, on:

- the audit of the accompanying annual financial statements of Fonds de Réserve pour les Retraites (hereinafter the "Fund");
- the justification of our assessments;
- the specific verifications and information required by law.

These annual financial statements have been approved by the Executive Board. Our role is to express an opinion on these financial statements based on our audit.

OPINION ON THE FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, on a test basis or by selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the Fund's financial position and its assets and liabilities, as of December 31, 2010 and of the results of its operations for the year then ended in accordance with the accounting rules and principles applicable in France.

JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of Article L. 823-9 of the French Commercial Code (Code du commerce) relating to the justification of our assessments, we bring to your attention the following matters: Our assessments concerned, in particular, the correct application of the accounting policies used by the Fund as set out in Notice n°2003-07 dated 24 June 2003 of the CNC, the French National Accounting Council and revised by Notice n°2008-10 dated 5 June 2008 of the CNC.

Note I to the annual financial statements describes the provisions introduced by Article 9-II-2° of the social security financing law for 2011. We ensured ourselves that the accounting treatment complies with the Fund's accounting policies and that the information disclosed in the notes to the annual financial statements enables the impact of these provisions on the financial position of the Fund and on the presentation of its financial statements to be assessed.

As part of our assessment of the rules and accounting methods applied in relation to the financial instruments in the portfolio, we verified the appropriateness of these rules and methods and the disclosures provided in the note to the financial statements. We also verified the correct application of these rules and methods.

These assessments were made in the context of our audit of the financial statements, taken as a whole, and therefore contributed to the formation of our audit opinion expressed in the first part of this report.

SPECIFIC VERIFICATIONS AND INFORMATION

In accordance with professional standards applicable in France, we have also performed the specific verifications required by law.

We have no matters to report regarding the fair presentation and the consistency with the financial statements of the information given in the management report with respect to the financial position and the financial statements.

Neuilly-sur-Seine, Courbevoie, April 27, 2011.

Constantin Associés

Pascal Pincemin

Partner

Mazars

Pierre Masieri

Partner

Gilles Dunand-Roux

Partner

Asset management firms selected by the FRR⁽¹⁾

at December 31, 2010

EUROZONE MID AND LARGE CAPS, PASSIVE MANAGEMENT

Initial indicative lot size: 3 bn€
for a period of 4 years⁽²⁾

- BlackRock International Limited
- CCR AM
- Vanguard Investments Europe SA

EUROPEAN SMALL CAPS, ACTIVE MANAGEMENT

Initial indicative lot size: 600 M€
for a period of 4 years⁽²⁾

- Allianz Global Investors France
(RCM, Frankfurt)
- Kempen Capital Management
- Montanaro Fund Managers
- Scottish Widows Investment Partners
- Threadneedle Asset Management

EUROPEAN MID AND LARGE CAPS, LOW TRACKING ERROR MANAGEMENT

Initial indicative lot size: 2 bn€
for a period of 4 years⁽²⁾

- State Street Global Advisors France SA
- Robeco Institutional Asset Management BV

EUROPEAN MID AND LARGE CAPS, SRI (SOCIALY RESPONSIBLE INVESTMENT) MANAGEMENT MANDATES

Initial indicative mandate size: 600 M€
for a period of 5 years⁽²⁾

- Allianz Global Investors France
- Aviva Investors
- Pictet Asset Management
- UFG Sarasin

NORTH AMERICA MID AND LARGE CAPS, PASSIVE MANAGEMENT

Initial indicative lot size: 2.8 bn€
for a period of 3 years⁽²⁾

- BlackRock International Limited
- Vanguard Investments Europe SA

US EQUITIES GROWTH STYLE, ACTIVE MANAGEMENT

Initial indicative lot size: 800 M€
for a period of 4 years⁽²⁾

- Allianz Global Investors France
(RCM Capital Management LLC)
- ING Investment Management SA

US EQUITIES VALUE STYLE, ACTIVE MANAGEMENT

Initial indicative lot size: 500 M€
for a period of 4 years⁽²⁾

- Robeco Institutional Asset Management
(Robeco Investment Management, Boston)
- Wellington Management International
(Wellington Management Company, Boston)

JAPAN ALL CAPS, ACTIVE MANAGEMENT

Initial indicative lot size: 900 M€
for a period of 4 years⁽²⁾

- Daiwa SB Investments Ltd
- DIAM International Ltd
- Fidelity Gestion SAS

ASIA-PACIFIC ALL CAPS, PASSIVE MANAGEMENT

Initial indicative lot size: 600 M€
for a period of 4 years⁽²⁾

- BlackRock International Limited

EUROZONE BONDS, SOVEREIGN AND CREDIT, ACTIVE MANAGEMENT

Initial indicative mandate size: 960 M€ for a period of 4 years⁽²⁾

- AXA Investment Managers Paris
- Amundi AM*

INFLATION-LINKED BONDS DENOMINATED IN EUROS

Indicative lot size: 4 bn€ for a period of 5 years⁽²⁾

- Axa IM
- BlackRock International Limited
- BNP Paribas Asset Management
- Amundi AM
- Natixis Asset Management
- Sinopia Asset Management (groupe HSBC)

BONDS DENOMINATED IN USD - CREDIT (INVESTMENT GRADE), ACTIVE MANAGEMENT

Initial indicative lot size: 1.5 bn€ for a period of 5 years⁽²⁾

- Axa IM
- BlackRock International Limited
- Conning AM
- Deutsche AM International
- Schroder IM

BONDS DENOMINATED IN EUROS – CREDIT (INVESTMENT GRADE), ACTIVE MANAGEMENT

Initial indicative lot size: 1 bn€ for a period of 5 years⁽²⁾

- Axa IM
- BNP Paribas Asset Management
- Halbis Capital Management (groupe HSBC)
- La Banque Postale AM
- Quoniam AM
- Standard Life Investment

PRIVATE EQUITY

- Pantheon Ventures (European diversified funds)
- Access Capital Partners (Small and mid cap European funds)
- Neuberger Investment Management (Diversified US funds)
- Axa private equity Europe (Secondary fund)

COMMODITIES INDICES

- BNP Paribas Asset Management

TACTICAL OVERLAY MANAGEMENT AND FOREX RISK HEDGING

- State Street Global Advisors

GLOBAL EXPOSURE MANDATE

- Amundi AM

TRANSITION MANAGERS

- Goldman Sachs International
- Russell Implementation Services Limited (Groupe Franck Russell Company)

1/ In accordance with the consultation regulations, notification of the award of the contract which is only binding on the FRR, will take place after the contract finalisation phase with each management company whose proposal has been accepted. Details are provided in brackets of the name of the entity which, by delegation from the contracted entity, will actually manage the mandate if its name is not the same as the contracted entity. 2/ As from the date of activation of the mandate.

** Stand-by mandate: the FRR reserves the right to activate this mandate if necessary, in particular for reasons of risk diversification or if one or more mandate holders for the same lot is unavailable.*



Graphic Design:

Efil 02 47 47 03 20 - www.efil.fr

Translation: Matthew Jansen Legal Translation Ltd

Printing Gibert-Clarey, an Imprim'vert printer

(charter for the reduction of environmental impact, traceability and waste treatment).

PEFC certified paper/ 10-31-1073 (guarantee of sustainably managed forest resources)

Photos © Stéphane De Bourgies - Caisse des Dépôts / Jean Marc Pettina



84, rue de Lille - 75007 Paris
Tél. 33 (0) 1 58 50 99 86
www.fondsdereserve.fr