Press release

Supervisory Board October 14, 2008

At its meeting held on October 14, 2008, the Supervisory Board analyzed the results of the FRR's financial management over the nine months ended September 30, 2008, and also discussed the consequences of the very sharp tensions that have affected global capital markets since early October.

In light of the significant deterioration observed in the global equity markets since the beginning of this year (-24%), the performance of the FRR y-t-d through September 30, 2008 is -14.5%. Its annualized performance since June 2004, when the Fund began investing, which is the most relevant performance indicator for a long-term investor, was still positive on September 30, 2008 (+3.41%). Total assets as of this same date came to 30 billion euros.

The Board would like to stress that these results are attributable to the normal market exposure of a long-term investor. The FRR has no investments in toxic securitization vehicles. Moreover, analysis shows that the performance of an allocation the opposite of the one actually pursued by the Fund (i.e., a majority of bonds rather than equities) would have been very close: the first three very positive years of Fund management (annualized performance was +8.8% at year-end 2007), attributable to its majority exposure in equities, actually helped to blunt the adverse impacts recently caused by the markets.

The members of the Board unanimously agreed that, in light of the Fund's core mission and its investment horizon (the first payouts are expected between 2020 and 2040), the current market tensions should not lead to a hasty revision of the basic choices underlying its investment policy since inception. Accordingly, the Board has ruled out an immediate review of the strategic asset allocation, aimed at substantially lowering the target figure of 60% currently in force for most of the assets invested in equities. As planned, the strategic asset allocation will be subject to review before the spring of 2009. At that time, in-depth analyses will be carried out and the lessons learned in the interim with respect to the current financial crisis and its economic consequences will be taken on board with the necessary benefit of hindsight.

The Board believes that the sum of the measures taken by international, European and French political and monetary policymakers—and in particular the recent European action plan—should be adequate to restore confidence among investors and other market players and enable the markets to return to more normal functioning. As a result, long-term players could benefit from investment conditions based on more objective valuations.

In the immediate term, the Board unanimously approved the precautionary measures adopted by the Executive Board to adjust to the new context. The management of the exposure to equities will continue to evolve within the lower end of the range around the target allocation (51%-60%) until such time as the market returns to less extreme levels of volatility. The continuity of the Fund's operations will be ensured in the event that asset managers holding current mandates are affected by restructuring that is under way or to come in the financial sector.

The Board will meet between now and the end of the year to conduct another full review of the situation.

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