Press release

June 6th, 2007

Supervisory Board **Executive Board**

The FRR Supervisory Board met to sign off on the Fund's financial statements and management report for 2006. The financial statements were certified without observation by the FRR's two statutory audit firms, Constantin et associés and KPMG, and were unanimously approved by the Board. They highlight the Fund's very positive performances and the pursuit of its investments, in line with the strategic asset allocation set by the Supervisory Board in May 2006.

As of December 31, 2006, the FRR's net assets totaled 31.2 billion euros, 62.2% invested in equities, 26.3% in bonds and 11.5% in money markets, versus 26.6 billion euros at year-end 2005. This 4.6 billion euro increase is attributable for one-third to the endowments received during the past year (€1.5 billion), while the rest (€3 billion) is due to management performance - i.e., investment income, net of all expenses, and unrealized capital gains on invested assets. In other words, as was the case in 2005, the FRR's global performance was highly positive: net of all fees (which account for just 0.2% of managed assets), it was 11.2% (6.8% more than the cost to the public of the resource that is allocated). Over 30 months, i.e. , since the Fund began making its first investments in the summer of 2004, the annualized performance net of all fees is 10.5%, even though assets were invested only gradually, and the process was not completed at the end of 2006 (for more detailed information, see the tables appended to this press release).

This performance is mainly attributable to the excellent return on equities, particularly in the eurozone. Despite the sudden downward correction of the stock markets that was observed in the second quarter, the FRR continued in 2006 to leverage its equity investments, which it bolstered as of the end of the spring. The performance of its bond investments was impacted in 2006 by rising interest rates, particularly in Europe. Globally, the yield was positive, however, on an annualized basis, and the impact of this rise in rates on the global performance of the Fund was limited by the very gradual pace of its investment in this asset class.

In line with the principle established in the spring of 2003, when the initial strategic asset allocation was defined, the year 2006 was marked by the adoption in June of an adjusted strategic asset allocation. This adjustment resulted in greater diversification: the introduction of new assets (commercial real estate, commodities index, infrastructures) and the enlargement of the geographic universe of asset classes represented in the portfolio. The reorientation of the portfolio toward three targets (60% equities, 30% bonds, 10% diversification assets which will gradually replace money market funds) was initiated and should, particularly for diversification assets, continue in the 18 months to come.

Finally, in 2006 the FRR continued to build—step by step—its identity as a responsible investor. The proxy voting policy that was first rolled out in 2005 was expanded and deepened. After a very broad RFP, five specialist managers able to integrate the extra-financial criteria defined by the Fund into their investment processes were selected and the corresponding mandates were activated in the summer of 2006. The FRR continued to play an active role in national and international initiatives, and was one of the first parties to sign the PRI (Principles for Responsible Investment), an initiative developed under the auspices of the UN. The Fund also selected French and foreign service providers to amass the data required to produce a first extra-financial report on 12/31/2006, covering all of its portfolio, in order to assess how effectively this portfolio takes account of the investment principles that have been defined.

Raoul Briet, Chairman of the Supervisory Board, and Augustin de Romanet, Chairman of the Executive Board, issued this joint statement: "*After four years of existence, the FRR has demonstrated that it is an efficient and reliable tool that merits the confidence of the nation for consolidating the long-term outlook of our retirement system, and amply demonstrates its desire to take the interests of future generations into account."*

The supervisory Board meeting was also an opportunity for all members to pay homage to Francis Mayer, who passed away on December 9, 2006, and to stress the decisive role that the latter played in setting up the FRR (he chaired the Executive Board), defining its objectives and operating principles, and helping to achieve the results presented above.

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