

THE GOVERNMENT AS SHAREHOLDER

ENERGY
INDUSTRIES
SERVICES AND FINANCE
TRANSPORT



AGENCE DES PARTICIPATIONS DE L'ÉTAT

2014-15

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INTRODUCTION



Michel Sapin
**Minister for Finance
and Public Accounts**



Emmanuel Macron
**Minister for the Economy,
Industry and Digital Affairs**

We are proud of the considerable amount of work accomplished on behalf the Government as Shareholder in 2014. The Government now entirely fulfils its role and duties in this regard. It is no longer a silent, invisible shareholder or a complicit, reluctant or unpredictable shareholder. On the contrary, the Government has become a genuine, long-term shareholder and it is completely open about its role. Its action is now guided by a strategy that has been clarified with new guidelines and a revamped legal and regulatory framework.

We have given ourselves the means to ensure that the new strategy is effectively implemented.

First of all, the Government as Shareholder must advocate a long-term view. Consequently, it needs to be active and make sure its voice is heard. This is critical to ensure that our businesses grow and to defend our strategic interests in such areas as national defence, energy and the automobile industry. The Government's voice must also be heard to enhance the coherence of its strategy for the country and the strategy implemented by the governing bodies of each company in which the Government is a shareholder. This is why we have worked to maintain and enhance the Government's influence on companies' boards and at shareholders' meetings. At the same time, we have overhauled the governance rules for publicly-owned companies to give the Government the same influence as a private-sector shareholder. Another example of this approach is the introduction of double voting rights in our companies, along with the accompanying increased stakes in Renault and Air France to ensure that the voting rights are used effectively.

Secondly, the Government must act as a model shareholder. Here too, we have made great progress combining the defence of companies' corporate interests and enhancing their social and environmental responsibility. In practical terms, the Government as Shareholder has been especially vigilant about executive pay. Employees have a greater say on governing bodies. The Government has worked to ensure gender equality on governing bodies, tax transparency and close attention to the use of sub-contractors.

The work accomplished over the last few months has been critical given the size and benefits of the Government's shareholdings. The size of these shareholdings, which are the property of the French people, has been valued at nearly €110bn. The benefits of the Government's shareholdings include the fact that they help us achieve many of our objectives, such as co-financing of public policies, strategic investment, reducing public debt or expanding mid-range housing stock with the establishment of a dedicated fund.

We are convinced that the determination to play an active role means that the Government Shareholding Agency (APE) needs to have the capacity to propose and implement these guidelines. The quality of its day-to-day work has been universally acknowledged. The Agency's on-going projects testify to its dynamic approach: strategic dialogue with companies, modelling major companies' business models, systematically sending shareholder's letters to executives to put forward the Government's priorities, etc. We are counting on all of our team members, and their great dedication to the public interest, to make the strategy of the Government as Shareholder a reality in the long run.

FOREWORD



Régis Turrini
Commissioner
for Government Shareholdings

Over the last 10 years, the Government Shareholdings Agency (APE) has indisputably built up its role and now fulfils its tasks with strength and conviction. For 10 years, the Agency has been the incarnation of the Government as Shareholder, fostering vigilant governance with due care for long-term concerns. For 10 years, it has helped managers adapt their enterprises, including some very complex and demanding cases, such as Dexia in 2012, PSA Peugeot Citroën in 2014 or the French nuclear energy industry today. For 10 years, it has increased the value of the Government's holdings to serve the French people.

The creation of the APE led to a more professional Government as Shareholder, with a clearer identity that is distinct from the Government as Regulator or Government as Supervisor. In 2014, we achieved another milestone by defining the Government's approach to being a Shareholder. This approach starts by recognising that the Government must support business choices without taking the place of the management team. The framework for our action has been clarified, with four key objectives, for the sake of greater transparency. They are protecting sovereign sectors, having resilient businesses that meet the country's basic needs, developing and consolidating the sectors and industries that drive economic growth, and taking ad-hoc action, in compliance with European rules, to bail out companies when their failure could lead to systemic risks.

The Government needs to be agile within this renewed framework, acting as a prudent investor. It must be able to adjust the level of its equity stakes without diminishing its influence. This is what we did with Engie (formerly GDF Suez) in June 2014, or with Safran in January 2015. Active portfolio management made it possible to reduce the Government's debt and free up the capacity to reinvest in other companies when necessary. The Government's acquisition of a stake in PSA Peugeot Citroën in April 2014 helped the company recover and turned out to be an excellent investment, which doubled in value in the space of one year. Other market transactions have taken place since the third quarter of 2014, such as the acquisition of Renault shares in April 2015 and Air France-KLM shares in May 2015, giving the Government a greater say in the governance of these companies.

Yet, the Government should remain a long-term shareholder with a clear industrial vision. The Government's rare equity investment should be used to help new economic players with innovative

and transformative projects for the country. APE's active role in the creation and governance of Bpifrance has contributed to the emergence and fostering of new economic champions for the France of today and the France of tomorrow.

The key tool for modernising public shareholdings was the Ordinance of 20 August 2014, which simplified and clarified governance rules, rules regarding our equity transactions and the framework for our action. APE needs to continue adapting to major new demands to build the future of the Government as Shareholder. I see three main demands:

- starting with a high degree of professional and technical skills. APE manages a portfolio worth €110bn, making it one of the largest equity investment managers in the world. Our size and our place in the French economy require us to be even more professional and to enhance our strategic and financial dialogue with our companies;

- followed by transparent and understandable decision-making. The policy of the Government as Shareholder covers choices, values and principles underlying both its function and its legitimacy when it is faced with difficult decisions: double voting rights and enhanced powers for boards during takeover bids, in keeping with the Act of 29 March 2014 aimed at reconquering the real economy, caps on executive pay, reviews of certain equity transactions when we deem that the country's interests are at stake. We also work every day to foster greater diversity in boardrooms and social and environmental responsibility. These are public interest tasks, which are an integral part of our role as a public and responsible shareholder, which is responsible because it is public;

- Finally, responsiveness and foresight. The Government's shareholding strategy needs to be aggressive and responsive, with the foresight to anticipate long-term developments.

The quality of our work is now widely acknowledged. Since the Government as Shareholder is back and stronger than ever, it must continue its efforts to achieve modernisation and excellence. I would like to express my heartfelt thanks to all of the APE team for their support in this major undertaking, along with all of our directors, who represent the Government on the boards and are playing their full part in achieving this bold ambition.

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This is the fifteenth report on the activities of the Government as Shareholder, as provided for in Article 142 of the «New Economic Regulations» Act.

This report on the Government as Shareholder was finalised on 30 April 2015 (except for the Introduction, the Foreword and the Key Figures).

KEY FIGURES

3

acquisitions since

since June 2014, totalling €0.298m (Marseille-Provence Airport, Société aéroportuaire de Guadeloupe Pôle Caraïbe, STX France) The Government also increased its direct shareholdings in Areva to €334m, in Renault to €1,212m and in Air France-KLM to €42m.

3

Disposals

since June 2014 totalling €2.8bn (GDF Suez, Toulouse-Blagnac Airport and Safran).

77

Companies

make up the APE portfolio, 64 of which are included in the 2014 combined financial statements.

Nearly **€110**bn

in shareholdings

managed by APE on 30 April 2014, including €83.1bn for listed companies alone.

€143 bn

in revenue

(combined financial statements).

€ 4.1 bn

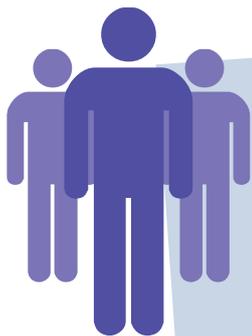
Dividends of €4.1bn

paid into the Government's general budget in 2014

€102.8 bn

net equity

(excluding minority interests).



The Government appointed

787
directors

(excluding employee representatives and local government representatives) that currently hold seats on the boards of directors and/or the supervisory boards of the companies in APE's portfolio, 329 of whom are Government representatives.

31.4 %
of Government
representatives
were female

on 1 June 2015.

53
staff

members work for APE (including 29 executives and portfolio managers).

Operating costs are equivalent to

0.01 %
of the portfolio

under management (over €110bn) and mainly concern payroll (€5.41m) and fees for advisers (€5m).

Companies in APE's portfolio boasted a total headcount of **1,791,688** 2014 (annual average).

Since June 2014, APE has attended **284** meetings of boards of directors or supervisory boards, as well as **275** specialised committee meetings.

4 guidelines

At the start of 2014, the Government as Shareholder worked to clarify its doctrine for action in order to assert its role more effectively. This doctrine is based on four major objectives:

- Ensure the Government has a controlling interest in companies of strategic public interest operating in critical areas for France's sovereignty.
- Guarantee the existence of resilient corporations able to fulfil the country's basic needs.
- Support corporate growth and consolidation, particularly in sectors and industries that drive French and European economic growth.
- Bail out companies on an ad hoc basis and in compliance with EU regulations in cases involving systemic risk.

HIGHLIGHTS

1 July 2014

Nexter Systems and KMW join forces to create the European leader in the land weapons sector

This alliance was sealed by an agreement between the two companies and the Government Shareholding Agency. Greater international competition in the industry and restrictions on European arms budgets made it necessary to create a competitive group offering a wider range of products, skills and know-how. Nexter Systems and KMW will develop the long-term competitiveness of their branch of the defence industry

11 July

The Government sells shares in the Toulouse-Blagnac Airport

The sale was made by means of an open and transparent bidding procedure that resulted in the immediate sale of 49.99% of the equity, along with a put option for the remainder. The transaction was preceded by in-depth consultations with local government shareholders.

30 July

Régis Turrini appointed as the Commissioner for Government Shareholdings

Régis Turrini's task is to further the modernisation of the Government Shareholding Agency started by his predecessor, David Azéma. Régis Turrini took up his new post on 1 September 2014.

23 August

Publication of the Ordinance on corporate governance and equity transactions in publicly-owned companies

Article 10 of Act 2014-1 of 2 January 2014 empowering the Government to simplify and secure business authorises the Government to issue ordinances for various measures to modernise the rules applying to companies in which the Government or Government-funded institutions fully, jointly, directly or indirectly own a majority or minority interest. The Ordinance simplifies and modernises the corporate governance rules and the rules on equity transactions in publicly-owned companies.

10 October

Reduction of Government debt by €1.5bn

On 10 October 2014, €1.5bn was paid from the special account for “Government financial holdings” into the Government debt fund (CDP). For the first time since 2007, the proceeds of disposals of equity holdings were used to pay down debt. This transaction testifies to the Government’s determination to reduce its debt.

5 November

The Government authorises General Electric (GE) to acquire a stake in Alstom

The Government gave its authorisation for GE’s plan to invest in France with Alstom and the creation of an industrial alliance between the two groups in the energy sector. GE’s commitments are defined in a set of contracts with the Government and the French companies concerned. The principles were set out in a memorandum of understanding between the Government, GE and Alstom signed on 21 June 2014.

28 November

The Government announces an agreement with Groupe Industriel Marcel Dassault, the majority shareholder of Dassault Aviation

The Government allowed a block trade in which 8% of the shares in Dassault Aviation, out of the 46.32% owned by Airbus Group, was sold to Dassault Aviation. The Government waived its right of first refusal granted under the terms of the shareholders’ agreement it signed with Airbus Group on 21 June 2013. In exchange, the Government and Groupe Industriel Marcel Dassault signed a 20-year agreement that enables the Government to defend its critical interests in the event of changes in the control of the company, which is strategic by virtue of its contribution to the airborne component of the nuclear deterrent. The Government owns 10.9% of Airbus Group (through the Government Shareholding Agency and Sogepa), along with one share in Dassault Aviation.

4 December

Sale of shares in the Toulouse-Blagnac airport: the Government announces that the Symbiose consortium has been approached to acquire the airport

The Government approached the Symbiose consortium as the prospective buyer of the Government's 49.99% stake in Aéroport Toulouse-Blagnac (ATB). The transaction was completed following continuous consultations between the Government and local government shareholders. Based on the opinion issued by the local government shareholders at the end of November, the Government assessed the bids against several criteria under the supervision of the Holdings and Transfer Commission.

18 December

Government acquires 7.15% of Areva's share capital from the Atomic Energy Commission (CEA)

The Government acquired 7.15% of Areva's share capital from the French Alternative Energies and Atomic Energy Commission (CEA) for €334m. This acquisition took place under the terms of the agreement signed between the CEA and the Government on 19 October 2010. This reclassification of publicly-owned assets is intended to guarantee funding for part of the decommissioning of the CEA's nuclear power installations, in addition to the grants allocated for this purpose. Following the transaction, the CEA owns a 54.4% stake in Areva and the Government holds 28.8%.

19 December

The Government Shareholding Agency acquires a stake in Société Aéroportuaire Guadeloupe Pôle Caraïbes

The AGM held on 19 December 2014 approved the conversion of the Guadeloupe Pôle Caraïbes Airport into a public limited company with an Executive Board and a Supervisory Board. As provided for under the terms of the Airport Act of 20 April 2005, this change, which has been implemented for virtually all of the other major regional airports, makes the Government the leading shareholder, with a 60% stake, followed by the Chamber of Commerce and Industry, with a 25% stake and local governments, with a 15% stake.

2 March 2015

The Government disposes of Safran shares

A block of Safran shares worth €1,033m was sold under very favourable market conditions. This disposal leaves the Government with an 18.03% stake in Safran. The sale was in line with the active Government shareholdings management policy aimed at protecting the Government's assets and strategic interests, while generating resources for debt reduction and investment in the businesses and sectors that drive economic development.

8 May

The Government acquires Air France-KLM shares

In this transaction, the Government acquired 5.1 million Air France-KLM shares, representing a 1.7% stake in the company. The Government now holds 17.58% of the share capital of Air France-KLM.

3 June

Nuclear industry overhaul

The President of the Republic announced that a dedicated company would unite EDF's and Areva's project design and management businesses and the marketing of new reactors. This move will facilitate an ambitious export policy and the future renewal of France's nuclear power plants. The venture is part of a vast rethink of the nuclear industry, which should lead to a comprehensive strategic industrial and financial partnership agreement between Areva and EDF. The Government will recapitalise Areva, acting as a prudent investor and providing the investment necessary.

7 April

The Government acquires Renault shares

In this transaction, the Government acquired 14 million Renault shares, representing a 4.73% stake in the company. The Government now holds 19.74% of the share capital of Renault. This transaction shows the Government's determination to promote long-term shareholding and to defend its interests as a shareholder, by favouring the introduction of double voting rights in Renault's governance. The transaction also reveals the Government's view of its interest in the industrial giant as a strategic holding.

16 June

The Government disposes of GDF Suez shares

The Government placed an irrevocable limit order with banks to sell up to 22,028,492 GDF Suez shares, or 0.9% of the share capital. The sale took place over three months.

OVERVIEW

OVERVIEW

GOVERNMENT SHAREHOLDING AGENCY IN BRIEF...

Mission statement



OUR MISSION

Manage the Government's shareholding portfolio, act as an equity investor in companies deemed strategically important to bring stability to their share capital or provide them with support to grow or navigate a transition phase.

OUR GOAL

Manage the Government's shareholdings while seeking to optimise the long-term value of the assets that belong to all French citizens. Act as a patient but quality-focused reference shareholder and responsible director, to provide companies with support to grow while overseeing the consistency of their strategy, the quality of their governance and compliance with corporate environmental and social responsibility best practices.

Act as a prudent investor, to ensure a fair return on the equity invested and optimise the strategic return on every euro of public money invested through portfolio choices.

OUR VALUES

-  **Public interest** because the assets under management belong to the French people
-  **Dialogue** a key principle underlying any constructive relationship with the men and women who are the lifeblood of our companies; also essential for internal cohesion
-  **Quality focus** for ourselves and the companies in which we hold stakes in the interests of making constant improvements
-  **Commitment** to those who appoint us as directors to develop the value of the portfolio's assets over the long term

APE staff and resources

APE carries out its tasks with a lean team of 53, mostly civil servants. There are 29 executives and portfolio managers, mostly with backgrounds in engineering (59%) or public administration (31%). The specialist functions (strategy, finance, human resources, legal, communication, audit and accounting), support functions and secretarial functions employ 24 people.

Women make up 44% of the Agency's personnel. The average age of APE staff is 39 or 37 for executives alone.

Portfolio managers, 15% of whom have corporate experience, boast an average of six years professional experience. Overall staff turnover stood at 20%. Turnover for the most junior positions stood at 37%, which is high, but an improvement compared to 50% turnover in 2013. This improvement was achieved through an enhanced internal mobility policy.

A more consistent organisation and enhanced skills

With a portfolio of 77 companies, representing total equity of nearly €110bn and more than €145bn in cumulative revenue, APE is one of the largest government shareholding managers in the world. Our size and our impact on France's economy and industry require us to focus on quality, professionalism and technical competence.

The Agency was re-organised in the second half of 2014 to enrich our strategic and financial dialogue with companies further. The new structure is based on four main sector departments under the aegis of portfolio managers, assistant managers and junior managers. The new organisation, with four departments managing more coherent portfolios (energy, industries, services & finance, transport), along with the elimination of a management layer, have streamlined the Agency, facilitated resource allocation, sped up decision-making and provided a managerial framework that is much more appropriate for our lines of business. Starting in April 2015, the Agency decided to launch the "APE Sector Workshops". This cycle of themed meetings brings together members of the Agency and independent experts to discuss economic and competitiveness developments in the sectors where the companies in the portfolio do business.

At the same time, the Agency held discussions and launched several projects relating to its management and monitoring tools, introducing investment reviews, scoreboards for whole portfolios and for each company, models of the major

investments to gain a better understanding of their sensitivity to strategic developments, and systematic shareholder's letters or mission statements to executives to provide them with a roadmap. When it comes to appointments, the Agency continued to professionalise the process for selecting the company managers and directors that it appoints.

The modernisation and streamlining efforts undertaken by the Government as Shareholder in France are bound to be enriched by learning from the experience of other countries and international bodies. For this purpose, APE is holding the third State Holding Dialogue in Paris in October 2015. This event brings together several managers of international Government Shareholding Organisations to compare their often original and exciting approaches to shared concerns, such as corporate governance, strategic dialogue with companies and regulation. APE is also taking part in the international work on the OECD Guidelines on Corporate Governance of State-owned Enterprises and contributing to the discussions. The Agency also maintains a permanent dialogue with the European Commission and its European partners on regulation and government aid.

OVERVIEW

THE GOVERNMENT AS A QUALITY-FOCUSED AND RESPONSIBLE SHAREHOLDER WITH A LONG-TERM APPROACH

Acting as a quality-focused and responsible reference shareholder on corporate governance bodies

An exemplary shareholder in terms of active and transparent governance

The Government plays an active role on the boards of directors and supervisory boards of the 77 companies in APE's portfolio, as well as on the specialised board committees, to ensure vigilant corporate governance that takes a long-term view of these companies' development.

For this purpose, the Government has appointed 787 directors, including 329 Government representatives. These Government representatives, working with the APE investment managers, attended 329 board of directors or supervisory board meetings in 2014 and 150 such meetings in the first half of 2015.

The Government Shareholding Agency (APE) continually monitors the quality of governance in the entities in its portfolio and has helped raise standards in this area. It pays special attention to issues that are critical for the long-term success of a company, such as the quality of managers and

the processes for managing successions, the quality and coherence of strategies, the quality of the financial situation and structure, the quality of directors and compliance with good governance principles.

The directors representing the Government contributed to the introduction of new rules to promote long-term shareholding following the enactment of the "Florange Act" at the end of March 2014. This act institutes double voting rights for registered shares held for more than two years and gives boards more resources to fend off takeover bids, by allowing them to increase share capital or buy back shares.

Ordinance 2014-948 of 20 August 2014 simplifies and adapts the legislative framework to enable the Government to play its full part as shareholder. The Ordinance adjusts the governance rules and the rules on equity transactions concerning publicly-owned companies.

Modernisation of corporate governance rules for publicly-owned companies

- An overhaul of the legal framework for the actions of the Government as Shareholder so that it has a real influence on the company that is at least equal to that of a private-sector shareholder:
 - elimination of special rules on the size of boards and term limits for directors;
 - clarification of the role played by Government-appointed directors, with a distinction between the role of the Government as Shareholder and its other functions, such as Government as Customer or Government as Regulator;
 - possibility for the Government to select directors from a broader talent pool to garner the benefits of their experience.
- An alignment of corporate governance with ordinary company law:
 - simplification of the Government's representation in publicly-owned companies by bringing it into line with ordinary law. This means appointment of directors by the AGM and the designation of a single representative of the Government on the board.
- Preservation of some specific rules, such as ensuring greater representation of employees on governing bodies, and the protection of the Government's strategic interests in such areas as national defence.

Introducing double voting rights in companies in APE's portfolio

The Government has been very vigilant about the resolutions passed by AGMs concerning double-voting rights for long-term shareholdings in French companies in order to ensure full compliance with the new provisions of the Flo-rance Act. The Government increased its stake in Renault to 19.74% (equivalent to 23.22% of the voting rights) by acquiring an additional 4.73% of the share capital, thus ensuring that the AGM passed the resolution on 30 April 2015. In the same vein, the Government increased its stake in Air France-KLM from 15.88% to 17.58% to support the introduction of double voting rights.

Double voting rights will enhance the influence of long-term shareholders in these companies, including employee shareholders, enabling them to contribute more to the companies' growth.

At the end of June 2015, 28 of the CAC 40 companies had introduced double voting rights.

The Government also has double voting rights in such groups as Safran, Thalès and PSA Peugeot Citroën. It will soon enjoy double voting rights in Orange, Aéroports de Paris, CNP, Areva, EDF and Engie. These double voting rights will enable the Government to support the long-term development of these companies.

A responsible shareholder working for the public interest

Government representatives have also contributed to capping executive pay in publicly-owned companies.

2014 was the test for “say on pay” under the provisions of the “Growth and Activity” Act dealing with pay

The Afep-Medef Code revised in June 2013 stipulates that the compensation of executives working for listed companies must be put to the vote at an AGM.

This new recommendation came into effect for the first time at 2014 AGMs in relation to 2013 compensation packages.

Publicly-owned companies are governed by Article 3 of Decree 53-707 of 9 August 1953 on government control of national publicly-owned companies and certain organisations whose purpose is either economic or social. This Decree was amended by Decree no. 2012-915 of 26 July 2012 and now caps executive compensation at €450,000.

As all publicly-owned companies now comply with this requirement, Government representatives approved the 2014 executive pay resolutions of ADP, Areva, CNP Assurances and EDF at the AGMs.

Last year, APE informed the executives in companies in which the Government holds a minority interest that approval of their compensation packages would depend on their taking a significant pay cut of some 30%. In addition, there would be no directors' fees or top-hat executive retirement schemes and severance packages must not exceed 12 months' pay.

The Government upheld these principles on executive pay in 2014 and its representatives approved the executive pay resolutions at the AGMs of Air France-KLM, GDF Suez, Orange and Thalès. In contrast, they voted against the executive pay resolutions at PSA Peugeot-Citroën, Renault and Safran.

The Government officially asked for executive pay at Airbus Group to be put to a vote at the AGM, even though the Group is governed by Dutch law, which makes no such provision. Airbus Group did not wish to accede to this request and the Government signalled its opposition by voting against the change to executive pay policy put forward by the company.

The Government representatives worked throughout the year to advocate and promote diversity in the boardroom, to keep jobs in our country (by keeping critical functions in France), and to promote the values of social and environmental responsibility.

Boosting gender equality in the boardroom

The proportion of women on the boards of directors and supervisory boards of the 77 companies in APE's portfolio continued to rise at a sustained pace over the year. The proportion stood at 27.2% on 1 June 2015, compared to 23.8% in June 2014, 20.7% in 2013 and 16.2% in 2012. There are now 207 women who are directors of publicly owned companies, excluding directors representing employees and local elected officials.

This steady progress stems from efforts to comply with the requirement under the Act of 27 January 2011 for balanced representation of women and men in the boardrooms of major companies. The target is a minimum of 40% for either gender on the boards of listed and unlisted companies in both the public and private sectors by 2017. The Act of 4 August 2014 for real gender equality supplemented and enhanced the requirements for the Government in this area. Boards that do not include any women must appoint at least one within six months. Failing that, the Act provides for penalties such as the voiding of appointments or the suspension of directors' fees.

Complying with this target is still a major concern for the Government as Shareholder when it comes to renewing boards of directors and supervisory boards.

Most of the publicly-owned companies concerned met the minimum quota of 20% female board representation by the end of the three-year transition period in January 2014. There are now 47 companies that comply with this quota, compared to 36 last year. On the other hand, there are 2 companies without a woman on their board, as opposed to 3 in 2014.

In the case of directors representing the Government, the proportion of women stands at 31.4%, compared to 27.8% last year.

Closer analysis reveals persistent disparities between business sectors, with higher proportions of women in the boardrooms in the energy sector (30%) or the media (37%). In contrast, the proportions are lowest in the aerospace/defence sectors (24%) and in transport infrastructure (21%).

As was the case in 2014, the overall proportion of women was substantially higher in listed companies, where it stood at 30.4%, compared to 26.4% in unlisted companies. In comparison, the proportion of women in the boardrooms of the CAC 40 companies stands at 32%¹.

Women's representation on boards is making slow but steady progress, but the proportion of female corporate officers or chairs of boards of directors or executive boards is much smaller, despite several recent appointments, standing at only 13.9%².

Tax issues

For years, France has been working at the international level to deal with companies' aggressive tax planning strategies. For this purpose, the Government Ministers addressed the executives of the companies in APE's portfolio at the start of 2015 to draw their attention to this issue. The Ministers asked the directors representing the Government to speak up at board meetings so that the lists of companies' foreign locations are made public and the boards of directors are regularly informed of any anticipated changes in this area.

(1) <http://femmes.gouv.fr/publications/egalite-entre-les-femmes-et-les-hommes-vers-legalite-reelle-entre-les-femmes-et-les-hommes-chiffres-cles-lessentiel-edition-2015/>

(2) See Appendix 1

OVERVIEW

GENDER EQUALITY ON THE BOARD OF DIRECTORS OR SUPERVISORY BOARDS OF COMPANIES IN THE APE PORTFOLIO

(excluding employee directors and censors)

Companies	Government's direct shareholding	Percentage of female government representatives	Percentage of female board representatives
Total - all companies (1):		31.36 %	27.2 %
Total - listed companies (2):		30.8 %	30.4 %
Listed companies			
Aéroports de Paris	50.63%	50.6%	41.7%
Air France - KLM	17.58%	66.7%	45.5%
Airbus Group (3)	10.94%	0.0%	8.3%
Areva	28.83%	0.0%	22.2%
CNP Assurances	1.11%	0.0%	35.3%
Dexia(3)	44.40%	50.0%	11.1%
EDF	84.49%	0.0%	25.0%
GDF Suez	33.24%	50.0%	50.0%
Orange	13.45%	0.0%	20.0%
PSA Peugeot Citroen	14.13%	0.0%	41.7%
Renault	19.74%	0.0%	26.7%
Safran	18.03%	100.0%	30.8%
Thales	26.36%	0.0%	33.3%
Total - unlisted companies (2):		31.44 %	26.4 %
Unlisted companies			
Aéroport de Bâle-Mulhouse(3)	50%	0.0%	0.0%
Aéroports de Lyon	60%	37.5%	25.0%
Aéroports de la Côte d'Azur	60%	25.0%	25.0%
BPI-Groupe	50%	50.0%	45.5%
DCNS	62.49%	50.0%	38.5%
France Télévisions	100%	40.0%	25.0%
Giat Industries - Nexter	100%	16.7%	25.0%
Grand port maritime de Dunkerque	Epic	0.0%	0.0%
Grand port maritime de Marseille	Epic	20.0%	30.0%
Grand port maritime du Havre	Epic	20.0%	20.0%
Imprimerie nationale	100	33.3%	41.7%
La Française des jeux	72%	55.6%	50.0%
La Monnaie de Paris	Epic	28.6%	28.6%
La Poste	73.7%	50.0%	46.2%
LFB	100%	33.3%	33.3%
Port autonome de Paris(3)	Epic	16.7%	31.3%
Semmaris	33.3%	40.0%	13.3%
SFIL	75%	33.3%	50.0%
SNCF Mobilités	Epic	28.6%	33.3%
SNCF Réseau	Epic	42.9%	33.3%

(1) All 77 companies in the portfolio.

(2) All companies in the category.

(3) Companies in APE's portfolio that are not subject to the Law of 27 January 2011. Situation as at 1 May 2015.

SUPPORTING COMPANIES IN THE PORTFOLIO AS THEY EVOLVE WITH ADVICE, FORESIGHT AND ACTION

In most European countries, the role of government shareholding agencies is evolving. For a long time, their role was limited to providing fairly conservative management of legacy portfolios, focussing on three functions: making appointments, approving financial statements and budgets, and monitoring finances. These agencies are now expanding their role as leaders and active shareholders in every sense of the word. As a result of these changes, they are increasingly working alongside companies as they strive to transform. The agencies have enhanced their strategic and financial dialogue with companies, refined their performance evaluations of boards and executives, anticipated changes in the market, and drawn up the necessary plans for modernising these companies. All of these changes serve an affirmative vision of the Government's portfolio strategy.

Helping enterprises with strategic and financial transformations

In a world of abundant change in techniques, technology and know-how, the Government as Shareholder should help publicly-owned companies in their efforts to transform, acting as a prudent investor in an in-depth strategic and financial dialogue.

A new business model for La Poste

To find long-term responses to the falling number of visits to post offices and, more especially, the rapid decrease in mail volume, La Poste, the French Post Office, adopted a strategic plan in 2014, entitled "Post Office 2020: conquering the future". The Government wishes to fulfil its role as the lead shareholder (73.7% of the share capital) and is supporting the Post Office as it undertakes a sweeping transformation of its corporate and business model. More specifically, APE is making sure that the main steps are being taken to ensure the sustainability of the group's finances in the long-term, with the continued development of its existing business lines, especially the ones that are driving growth (banking, express deliveries), new business lines and cost control.

Fostering transformation of major regional airports

The Government has supported the transformation of major regional airport operators into public limited companies since the Airport Act of 20 April 2005 was enacted. The Government has acquired a 60% stake in the companies, alongside the chambers of commerce and industry and local government. This transformation has resulted in modernisation of governance and strategic discussions about their business development in the medium and long term. In its capacity as a shareholder, the Government has ensured that the airports' capacities expand by anticipating their needs. The financial performances of the companies have improved substantially. Now the new framework is in place, public funding no longer seems necessary. The Government's action, in its role as concession grantor, responsible for ensuring compliance with public interest requirements, and as regulator, means that it can ensure that the public interest is duly served. This is the context in which a 49.99% stake in the Toulouse-Blagnac Airport operator was sold to the Symbiose consortium, after consultations with the local government shareholders. The new shareholder has ambitious plans for the airport's development. This movement should continue this year, with the sale of shares in the Côte d'Azur and Lyon airports, as provided for under the terms of the Growth, Business and Equal Economic Opportunity Bill.

OVERVIEW

The Government as Shareholder also works alongside companies to consolidate or restructure industries that drive economic growth and preserve France's fundamental interests.

Contributing to the consolidation of the defence industry

The Government as Shareholder continued its efforts to consolidate the defence industry, signing a memorandum of understanding with GIAT Industries and the German shareholders in KMW in July 2014, marking the start of work on an alliance between Nexter and KMW. This transaction, subject to Parliament's approval under the terms of the Growth and Activity Bill, should help build up a new key European defence industry player, while enabling Nexter to reach the critical mass necessary to ensure its long-term growth.

Maintaining decision-making centres in France, optimising strategic assets

Contributing to the restructuring of France's nuclear industry

Given the critical industrial and strategic importance of France's nuclear power supply, the Government as Shareholder contributed throughout 2014 and the first half of 2015 to discussions about restructuring the nuclear industry, working in close consultation with Areva, EDF, Engie (formerly GDF Suez) and the French Atomic Energy Commission. The work focused on creating synergies and identifying new opportunities for cooperation.

Alstom: ensuring the future of industrial jobs in our areas of expertise

Alstom currently employs 18,000 people in France in its energy and rail businesses. In November 2014, the Government authorised General Electric to enter a strategic partnership with Alstom, using all of its influence to obtain a balanced agreement that preserves the proprietary and strategic interests of both Alstom and the country, particularly its nuclear industry. It also ensured that the partnership would contribute to France's economic development, through its impact on growth and jobs in activities related to energy and railway equipment.

Orange: preparing for future investments

In March 2015, Orange adopted its new strategic plan entitled "Essentials 2020". The plan provides a road map for the company over the next five years. It provides for major investments of €15bn in landline and mobile networks, including fibre optic connections for 20 million homes in France by 2022, along with new targets for the Internet of Things and financial services. As the leading shareholder in the group, the Government is fully involved, through its representatives on the board of directors, in a dialogue with management about the proposed strategy, the new growth businesses identified and the related financial outlooks. This involvement is consistent with the major impact that the plan will have on digital access in France and on investment.

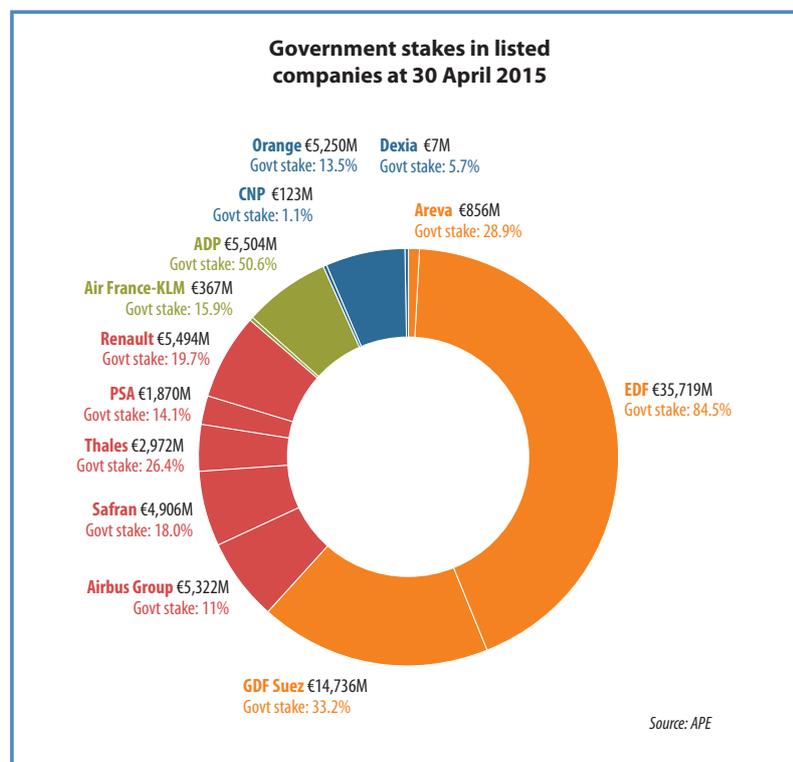
The Government also fulfilled its role as a shareholder during the discussions about the disposal of the Dailymotion subsidiary in 2015. By advocating for the various options available, it ensured that the best one from a strategic and financial point of view could be chosen. On 7 April 2015, Orange started exclusive negotiations with Vivendi for the sale of an 80% stake in the company.

AGILE PORTFOLIO MANAGEMENT THAT SERVES THE GOVERNMENT'S PROPRIETARY INTERESTS

Making the Government's portfolio prosper

The Government's current portfolio has been built up gradually over many years. It contains both direct and indirect shareholdings. It is extensive and extremely diverse in terms of the sectors covered, the size of the Government's stake in each company, and the wide range of legal forms involved. With the 77 companies in its portfolio, the APE operates in a diverse range of sectors, including aerospace/defence, energy, transport, services (particularly banking) and the audio-visual sector.

It is also in charge of several end-of-life or defeasance entities. The portfolio has been built up over time and changes regularly as acquisitions or disposals are made. Three companies have been added to the Government's portfolio since June 2014: Aéroport Marseille-Provence, Société aéroportuaire de Guadeloupe Pôle Caraïbe and STX France.

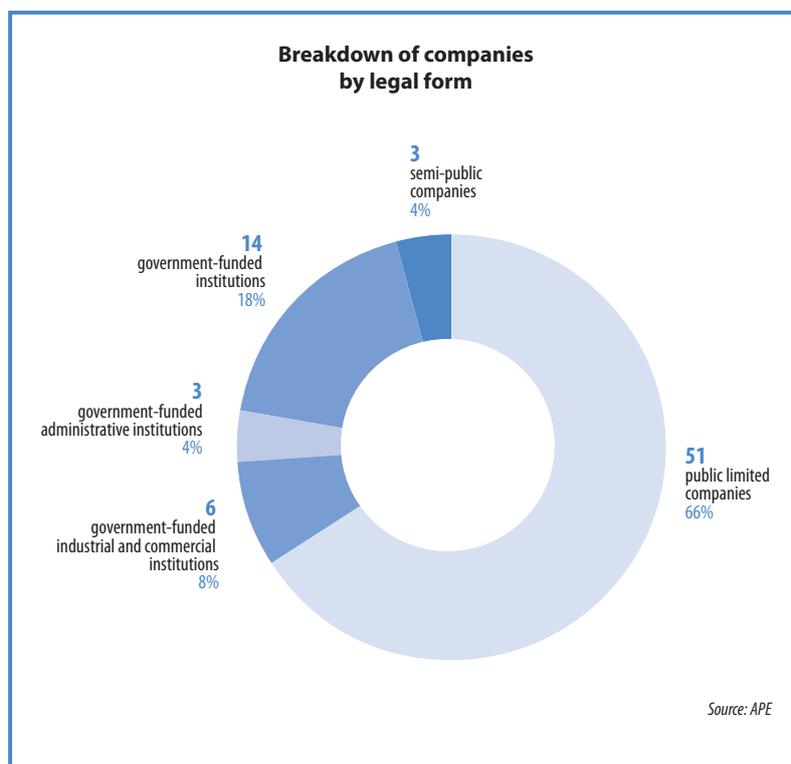


OVERVIEW

The Government's stakes in these 13 listed companies vary considerably, from 1.1% in CNP Assurances to 84.5% in EDF. The Government is free to change the size of its stakes. However, the law sets the limit on public shareholdings at 50% for ADP and 100% for RTE. Similarly, the law sets the minimum public stakes in EDF at 70% and in GDF-Suez at 33%.

The market value of the Government's shareholding portfolio stood at €83.1bn on 30 April 2015. The energy sector accounts for a large portion of this value, representing 61.7% of the stock market capitalisation, well ahead of the industrial sector, which accounts for 18.3%.

The vast majority (nearly 70%) of the companies in the Government's portfolio are public limited companies. Other legal forms exist, including six government-funded industrial and commercial institutions (BPI Group, SNCF Mobilités, RATP, SNCF Réseau, La Monnaie de Paris and Charbonnage de France), three government-funded administrative institutions, 14 government-funded institutions (mainly major sea ports and an international government-funded institution, Basel Mulhouse Airport) and three semi-public companies (Semmaris, ATMB and SFTRF).



The Government as Shareholder started work on clarifying its investment policy in early 2014 by establishing some guidelines. Furthermore, the Government as Shareholder invests indirectly, through Bpifrance, in which the Government and the Deposits and Loans Fund (Caisse des dépôts et consignations) each have 50% stakes. The Government as

Shareholder and Bpifrance follow complementary investment policy guidelines. Bpifrance focuses mainly on minority interests in small and medium-sized enterprises and middle-market companies. These investments are limited in time to provide support to companies for their development phase, their international growth or their consolidation.

ENTITIES COMPRISING THE FRENCH GOVERNMENT SHAREHOLDING AGENCY PORTFOLIO

Decree no. 2004-963 of 9 September 2004, as amended, establishing a department with national scope, the French Government Shareholding Agency (APE), and its subsidiaries and equity investments

- Agence pour la diffusion de l'information technologique (ADIT).
- Aéroport de Bâle-Mulhouse.
- Aéroports de Paris (ADP).
- Provincial airports remaining under State management¹.
- Airbus Group (formerly EADS).
- Air France-KLM.
- AREVA.
- Arte France.
- Banque publique d'investissement (BPI Group).
- Caisse nationale des autoroutes.
- Casino d'Aix-les-Bains.
- Charbonnages de France (CDF).
- Civipol conseil.
- CNP-Assurances.
- Compagnie générale maritime et financière (CGMF).
- Dexia.
- DCNS.
- Défense conseil international (DCI).
- Electricité de France (EDF).
- Etablissement public de financement et de restructuration (EPFR).
- Eramet.
- France Medias Monde.
- Fonds pour le développement d'une politique intermodale des transports dans le massif alpin (FDPIITMA).
- France Télévisions.
- GDF Suez (now Engie).
- GIAT Industries.
- Laboratoire français du fractionnement et des biotechnologies (LFB).
- La Française des jeux.
- La Monnaie de Paris.
- La Poste.
- ODAS.
- Orange.
- French autonomous and major seaports².
- Radio France.
- Régie autonome des transports parisiens (RATP).
- Renault SA.
- Réseau ferré de France (now SNCF Réseau).
- Safran.
- SEMMARIS.
- Société de Financement Local (SFIL).
- French concession holder for the construction and operation of the road tunnel under Mont Blanc (ATMB-Autoroutes et tunnel du Mont-Blanc).
- Société Nationale Maritime Corse Méditerranée (SNCM).
- Société de Prise de participation de l'État (SPPE).
- Société de valorisation foncière et immobilière (SOVAFIM).
- Société de gestion de garanties et de participations (SGGP).
- SOGEPA.
- Société des chemins de fer luxembourgeois.
- Société financière de radiodiffusion (SOFIRAD).
- Société française d'exportation de systèmes avancés (SOFRESA).
- Société française du tunnel routier du Fréjus (SFTRF).
- Imprimerie nationale.
- Société internationale de la Moselle.
- SNCF Mobilités.
- SNPE³.
- Thales.
- TSA.

As well as shareholdings in companies in which the Government holds less than 1% of the capital.

(1) Martinique, Montpellier, Bordeaux-Mérignac, Côte d'Azur, La Réunion, Lyon, Strasbourg-Entzheim, Toulouse-Blagnac, Marseille-Provence and Société aéroportuaire de Guadeloupe Pôle Caraïbe.

(2) Bordeaux, Dunkirk, French Guiana, Martinique, La Réunion, La Rochelle, Nantes-Saint-Nazaire, Paris, Rouen, Strasbourg, Le Havre, Guadeloupe.

(3) Sold to Giat Nexter.

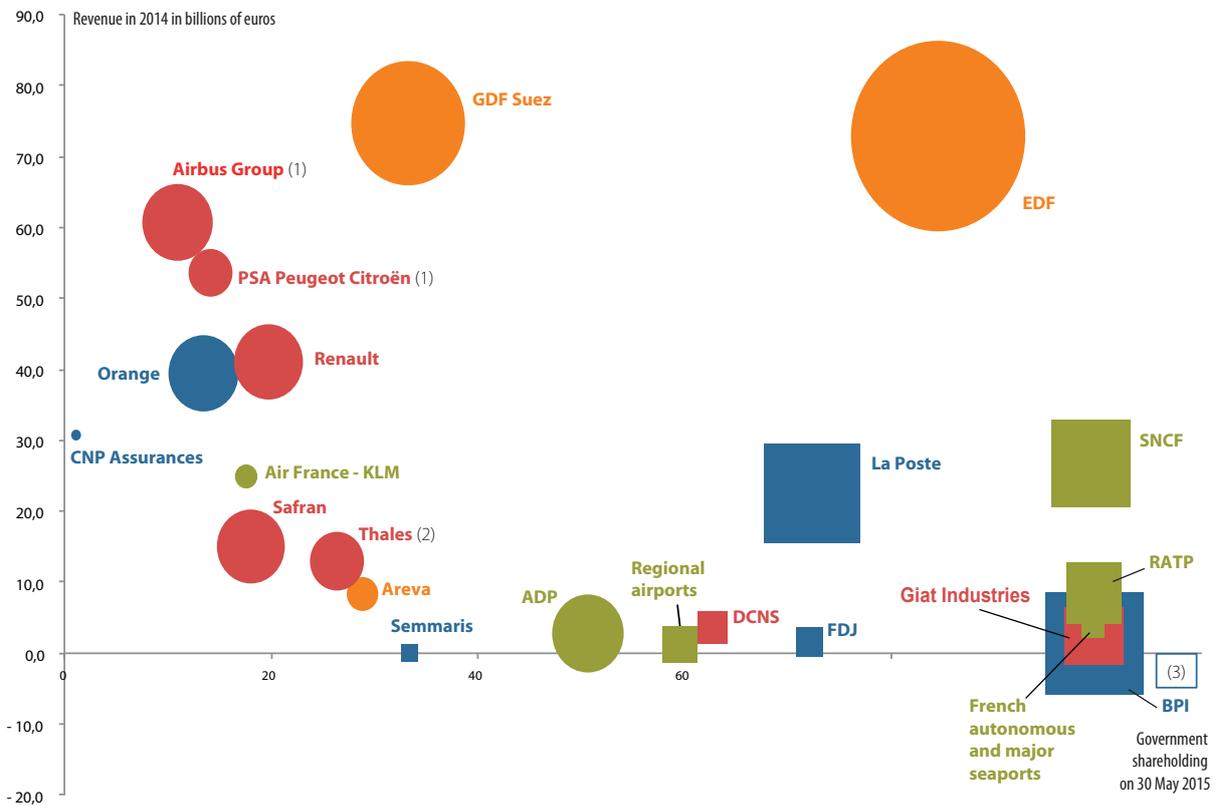
(4) PSA Peugeot Citroën and STX France added since 2014. Update to appendix.

OVERVIEW

Main Government shareholdings

Energy
Industries
Services & Finance
Transport

Listed companies are represented by circles and the size of each circle is proportionate to the market value of the Government's stake. Unlisted companies are represented by squares and the size of each square is proportional to the Government's equity stake.



Source: APE

(1) The stakes in Airbus (11 %) and PSA (14%) are held via Sogepa.

(2) The 27% stake in Thales is held via TSA.

(3) Main companies fully owned by the Government with revenue between €150m and €3bn:

La Monnaie de Paris, Imprimerie Nationale, LFB, France Medias Monde, France Télévisions, Radio France.

Active portfolio management

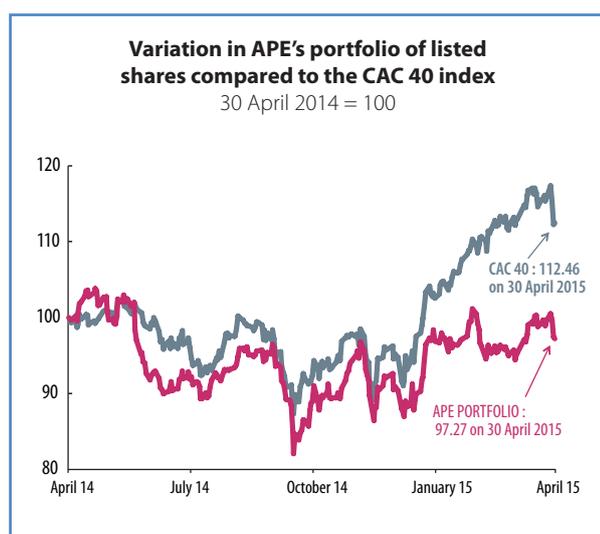
The Government's shareholdings generate substantial income. The value of the Government's equity in the companies now stands at nearly €110bn (including €83.1bn in listed shares). Our task is to invest the French public's money wisely to produce a return, to protect our fundamental strategic interests through certain investments, to ensure the provision of essential services and to strengthen our industrial base.

The changes in the Government's portfolio of listed shares result from disposals, along with reinvestment in accordance with the Government as Shareholder policy guidelines.

Two blocks of shares have been sold since June 2014:

- 3.1% of GDF Suez in June 2014, for €1.5bn
- 4% of Safran in March 2015, raising slightly more than €1bn for the Government.

Both disposals took the form of accelerated book building with orders from institutional investors at prices showing very small discounts from the latest listed share prices, given the volumes involved. The discount for the GDF Suez block was 3.03% and the discount for the Safran block was 1.80%.



Three offerings for employees of DCNS, Safran and GDF Suez were made in accordance with Article 1 of the Act of 6 August 1986 on privatisation procedures.

In addition, the disposal of the 49.99% stake in the Toulouse-Blagnac Airport raised €308m for the Government. A total of €2.980bn has been paid into the special account for Government financial holdings since June 2014.

Reinvestment:

- In April 2015, the Government spent €1.2bn to acquire 14 million shares in Renault (4.73% of the shareholder equity) to secure an AGM vote against the resolution to amend the articles of association to eliminate double voting rights for holders of registered shares after two years. This provision has been applicable by default since the promulgation of the Real Economy Act. The value of this temporary investment was hedged on the downside by purchasing put options and on the upside by selling call options to a financial intermediary.
- In May 2015, the Government spent €42m to acquire 5.1 million Air France-KLM shares, representing 1.7% of the shareholder equity. This acquisition was also aimed at influencing the AGM.

The value of the portfolio has remained stable

Despite the excellent performances of most of the shares, the portfolio allocation of listed companies by sector meant that it did not benefit from the overall rise in the stock market.

In the year to April 2015, the value of the portfolio fell by €2.3bn to €83.1bn, a dip of 2.73%, even though the disposals and new investments mentioned above resulted in a net gain of €127m.

The portfolio substantially underperformed the stock market, where the CAC 40 index rose by 12.46% over the same period. However, the performance of individual stocks varied greatly.

Basically, the value of the portfolio was affected by the 17.78% decline in the stock price of the largest shareholding, EDF, as energy prices fell in Europe and uncertainty surrounded energy transition.

OVERVIEW

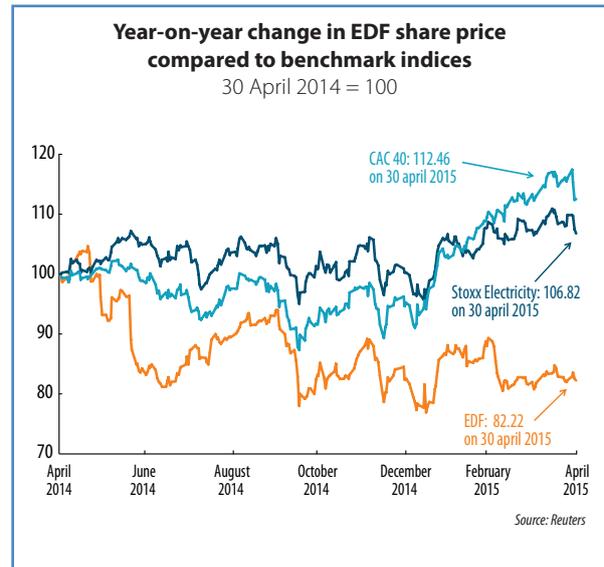
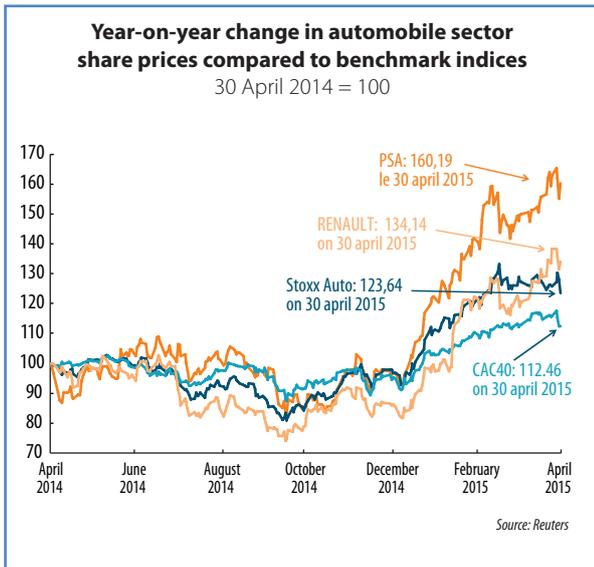
	April 2014 - April 2015	European sector benchmark	2014	European sector benchmark
PORTFOLIO	-2.73%		-2.88%	
CAC40	12.46%		-0.54%	
ADP	22.56%	16.97%	21.52%	3.49%
Airbus	25.28%	26.33%	-25.91%	-8.42%
Air France - KLM	-25.62%	28.03%	4.98%	30.25%
Areva	-57.28%	14.93%	-52.03%	-1.88%
CNP	-3.46%	28.83%	-1.17%	14.53%
Dexia	53.66%	7.69%	-37.50%	-2.80%
EDF	-17.78%	6.82%	-11.13%	13.62%
GDF Suez	0.17%	7.47%	13.66%	11.75%
Orange	26.25%	23.96%	57.22%	7.54%
PSA	60.19%	23.64%	48.37%	4.10%
Renault	34.14%	23.64%	3.56%	4.10%
Safran	34.69%	26.33%	1.47%	-8.42%
Thales	18.30%	26.33%	-3.86%	-8.42%

Energy
Industries

Services & Finance
Transport

GOVERNMENT'S PORTFOLIO OF LISTED SHARES ON 30 APRIL 2015															
	CAC40	APE's portfolio of listed shares	ADP	Airbus Group	Air France - KLM	Areva	CNP	Dexia*	EDF	GDF Suez	Orange	PSA	Renault	Safran	Thales
Market capitalisation (€M)			10871	48656	2315	2970	11010	123	42278	44334	39045	13234	27827	27211	11273
% Government shareholding			50.63%	10.94%	15.88%	28.83%	1.11%	5.73%	84.49%	33.24%	13.45%	14.13%	19.74%	18.03%	26.36%
Share price on 30 April 2015	5046.49		109.850€	62.000€	7.710€	7.750€	16.035€	0.063€	22.730 €	18.205€	14.740€	16.900€	94.100€	65.250€	54.240€
Value of shareholding (€M)		83126	5504	5322	367	856	123	7	35719	14736	5250	1870	5494	4906	2972
Month-on-month	0.26%	2.95%	-1.30%	2.58%	-5.79%	-6.63%	-1.69%	-16.00%	1.75%	-1.09%	-1.50%	8.40%	11.01%	0.38%	4.91%
3-month	9.61%	0.37%	3.24%	31.36%	-1.75%	-20.89%	2.85%	133.33%	-5.67%	-7.71%	-5.63%	31.47%	37.96%	10.24%	15.90%
6-month	19.22%	6.78%	16.42%	30.25%	14.48%	-27.74%	7.55%	133.33%	-3.48%	-5.94%	15.93%	78.68%	58.87%	29.21%	37.00%
Year-on-year	12.46%	-2.73%	22.56%	25.28%	-25.62%	-57.28%	-3.46%	53.66%	-17.78%	0.17%	26.25%	60.19%	34.14%	34.69%	18.30%
Change 1 January to 30 April 2015	18.11%	6.96%	9.58%	49.94%	-3.19%	-14.98%	8.90%	152.00%	-0.42%	-6.30%	4.17%	65.36%	55.46%	27.32%	20.55%
Change in 2014	-0.54%	-2.88%	21.52%	-25.91%	4.98%	-52.03%	-1.17%	-37.50%	-11.13%	13.66%	57.22%	48.37%	3.56%	1.47%	-3.86%

(*) Listed shares



In contrast, nearly all of the other shareholdings posted positive performances, outperforming their European benchmark indices (Stoxx sector indices) by a wide margin.

This was primarily the case for cyclical stocks in the automobile sector, with Renault shares up by 34.14% and PSA shares up by 60.19% following the Government's acquisition of its stake. These stocks were boosted by the initial phase of Europe's economic recovery and improvements in the companies' competitiveness.

It was also the case for Orange, as the industry consolidated.

Aerospace/defence stocks continued to rise after several years of growth of new orders, particularly in civil aviation.

The ADP stock price rose by 22.56%, as air traffic recovered. However, shares in Air France-KLM, which is still consolidating its financial situation, failed to benefit from increased traffic.

Rebalancing the allocation of the portfolio by sector

Rebalancing of the portfolio allocation by sector continued. More specifically:

- the automobile sector allocation increased with the acquisition of PSA shares and the strong rise in share prices;
- the energy sector allocation shrank with the decline in EDF and Areva share prices and stagnation of GDF Suez share prices;
- rising share prices also increased the weighting of telecommunications and aerospace/defence stocks.

However, the portfolio is still concentrated on a handful of stocks, primarily EDF, that determine its performance.

PORTFOLIO ALLOCATION OF LISTED SHARES							
	Energy	Aerospace/ Defence	Air trans- port*	Automobile	Telecoms	Other	Total
31 December 2012	67.5%	17.1%	6.5%	3.3%	5.5%	0.1%	100.0%
30 April 2013	68.5%	16.2%	6.7%	3.8%	4.7%	0.1%	100.0%
31 December 2013	71.4%	15.7%	5.6%	3.2%	4.0%	0.1%	100.0%
30 April 2014	72.1%	13.4%	5.9%	3.6%	4.9%	0.1%	100.0%
31 December 2014	67.7%	13.8%	7.0%	4.9%	6.5%	0.1%	100.0%
30 April 2015	61.7%	15.9%	8.9%	7.0%	6.3%	0.2%	100.0%

* Airlines and infrastructures

A responsible and stable dividend policy

As it invests French citizens' money in industrial and commercial companies, the Government as Shareholder is entitled to expect a sufficient return for the risks incurred.

While it is difficult, or even impossible, to apply a uniform dividend policy to all of the stocks in the portfolio, given the variety of sectors represented, the Government nonetheless follows some core principles in determining dividend distributions:

- seeking a sustainable distribution level in light of the medium-term and long-term financial outlook for the company, including the investment needed for its growth and the control of its debt;
- providing shareholder returns that are similar to the main comparable stocks, especially in regulated sectors with little income volatility;
- controlling reinvestment risk.

The distribution rate for most of the companies in the portfolio was stable compared to the previous year. However, we must not read too much into this rate. The income to consider for an appropriate distribution rate is the net recurring income, not the net income including exceptional losses, such as impairment of assets.

The 2014 dividend payments came to €4.1bn, making a significant contribution to financing the Government's action.

As was the case last year, the five main contributors were EDF, GDF Suez, SNCF Mobilités, Orange and La Poste, accounting for over 86% of total dividend payments.

In the case of listed companies, the dividend rate (ratio of dividends paid in 2014 to the market value of the Government's shareholdings on 1 January 2014) stood at 5.3%. Even though it is lower than last year, this rate is still higher than that offered by the CAC 40 companies (3.5%) due to the predominance of energy and telecommunications stocks in APE's portfolio. The characteristics of such companies mean that they have a more generous dividend policy than companies in other sectors.

Given the economic and financial situation, dividend payments were expected to fall in the 2015 forecasts. The 2015 Budget Act incorporated a prudent estimate of €3.7bn and the assumption that no dividends will be paid in stock. In addition to the expected reduction in companies' capacity to pay dividends, the forecast mainly incorporated the automatic reduction in GDF Suez dividends resulting from the disposal of a 3.1% stake in the company in July 2014 and the assumption that the dividend paid by SNCF Mobilités would be used to pay down the infrastructure management company's debt, as provided for in the railway reform plan.

DIVIDENDS RECEIVED BY THE GOVERNMENT AS SHAREHOLDER (in €bn per budget year)

Fiscal year	2006	2007	2008	2009	2010	2011	2012	2013	2014	Prév. 2015
Cash dividends	2.9	4.8	5.6	3.3	4.3	4.4	3.2	4.3	4.1	3.7
Stock dividends				2.2	0.1		1.4	0.2		
Total	2.9	4.8	5.6	5.5	4.4	4.4	4.6	4.5	4.1	3.7

PLAYING AN ACTIVE ROLE IN HELPING PUBLICLY-OWNED COMPANIES ON THE ROAD BACK TO RECOVERY

The 2014 combined financial statements show robust earnings and a substantial level of investment

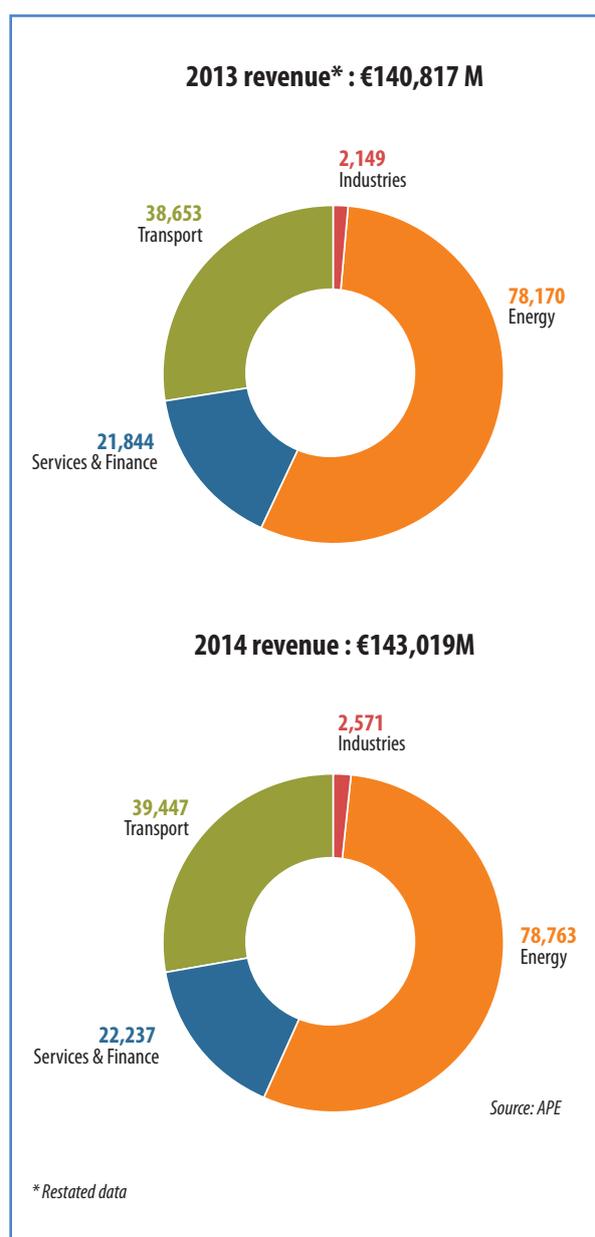
Combined revenue increased and recurring expenses were curbed

Revenue increased by €2.2bn over the year, from €140.8bn in 2013 to €143bn, representing growth of 1.5%.

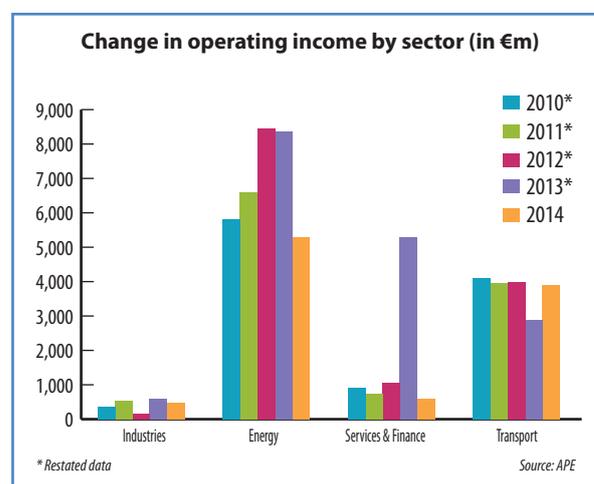
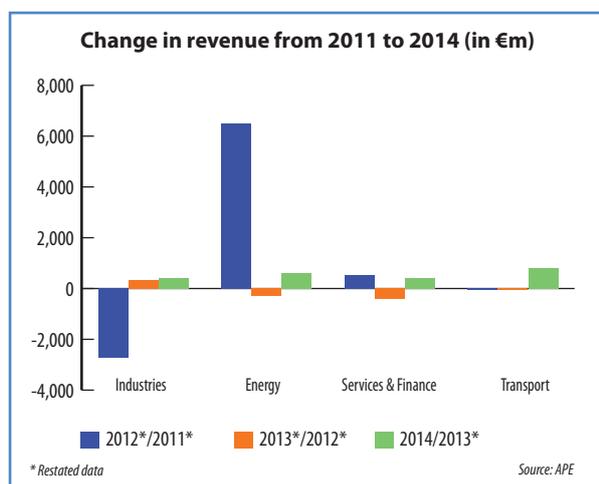
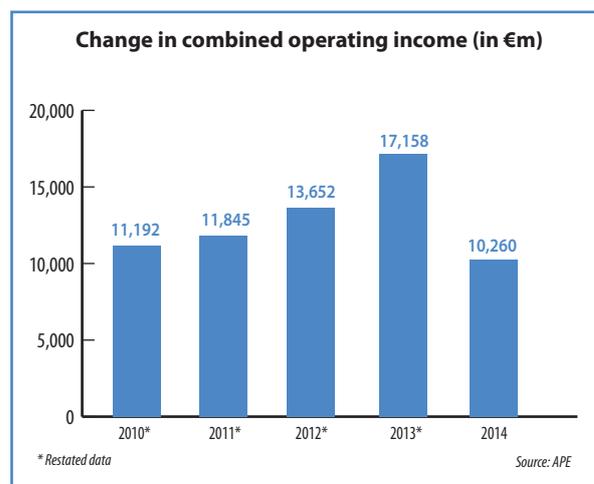
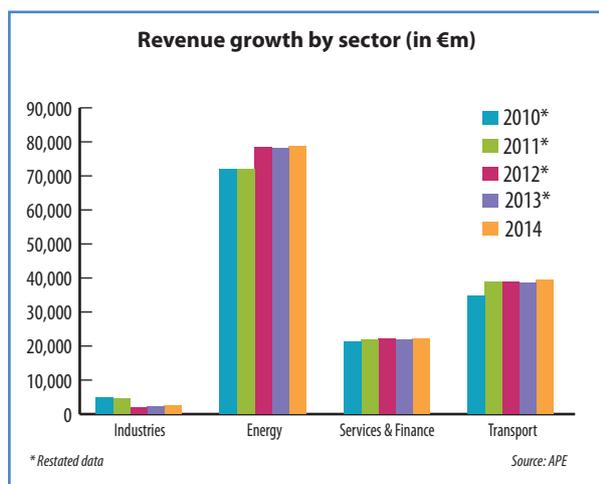
The year's revenue growth stems primarily from entities brought into the portfolio indirectly, such as Dalkia by EDF (€1,456m) and Mear and Simmel by GIAT Industries (€66m), along with direct acquisitions, such as the Marseille and Guadeloupe airports (€181m). All of the sectors contributed to robust revenue. Other major variations stemmed from the 2012 increase in electricity rates for EDF, adding €921m to Energy sector revenue, the international growth of Keolis in Australia, Sweden and the United States in the Transport sector and Geopost's business in the Services sector.

Other ordinary income increased by €1bn over the year, rising from €12.4bn in 2013 to €13.5bn in 2014. This change is the result of the increase in EDF's self-constructed assets (€0.4bn) and the increase in the subsidy received for EDF's contribution to the public electricity service (CSPE) (€0.7bn).

As difficult economic conditions persisted, the level of recurring expenses was kept under control. Expenses other than operating income and expenses for the period rose by €3.2bn from €131bn in 2013 to €134.2bn in 2014.



OVERVIEW

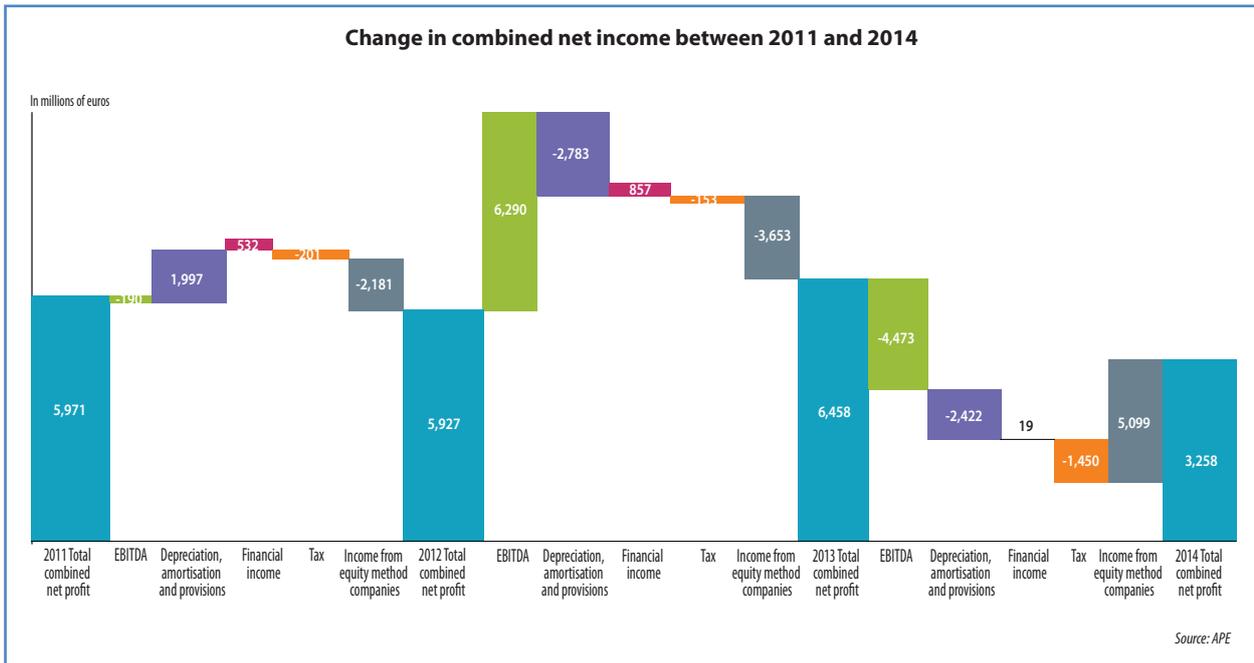


Other operating income and expenses affected by the impact of non-recurring items

Other operating income and expenses were up by €6.6bn, from €10.9bn in 2013 to €17.5bn in 2014. In 2013, other operating income and expenses included two non-recurring items that were absent in 2014. These were the Government's buyback of €4.5bn in EPFR's debt and recognition of €0.9bn in net impairment of assets by SNCF. These items had a positive impact of €3.6bn on the 2013 earnings. In 2014, on the other hand, other operating income and expenses included €3.5bn in impairment of assets and losses to completion booked by Areva, whereas the amount recognised in 2013 was approximately €1bn.

Equity method companies once again contributed to profits

Equity method companies showed a profit of €1.9bn in 2014, following a loss of €2.5bn in 2013. This improvement stems from GDF Suez, which posted a profit of €0.8bn for APE in 2014, following a loss of €3.5bn in 2013, and from the profit produced by the acquisition of Peugeot shares.



Net equity affected by lower discount rates

Despite a net profit of €3.1bn in 2014, and the positive impact of €5bn from the issuance of subordinated securities, the net equity attributable to APE shrank from €107bn on 31 December 2013 to €102.8bn on 31 December 2014. This change stems from €6.4bn in actuarial losses on post-employment benefits, a loss of €1.7bn on the disposal of 3.1% of GDF Suez, payment of €4.6bn in dividends and earnings of €3.1bn in 2014.

Total assets increased by 5.7% or €44.6bn from €784.4bn in 2013 to €829bn in 2014. The primary reasons for this change are:

On the assets side:

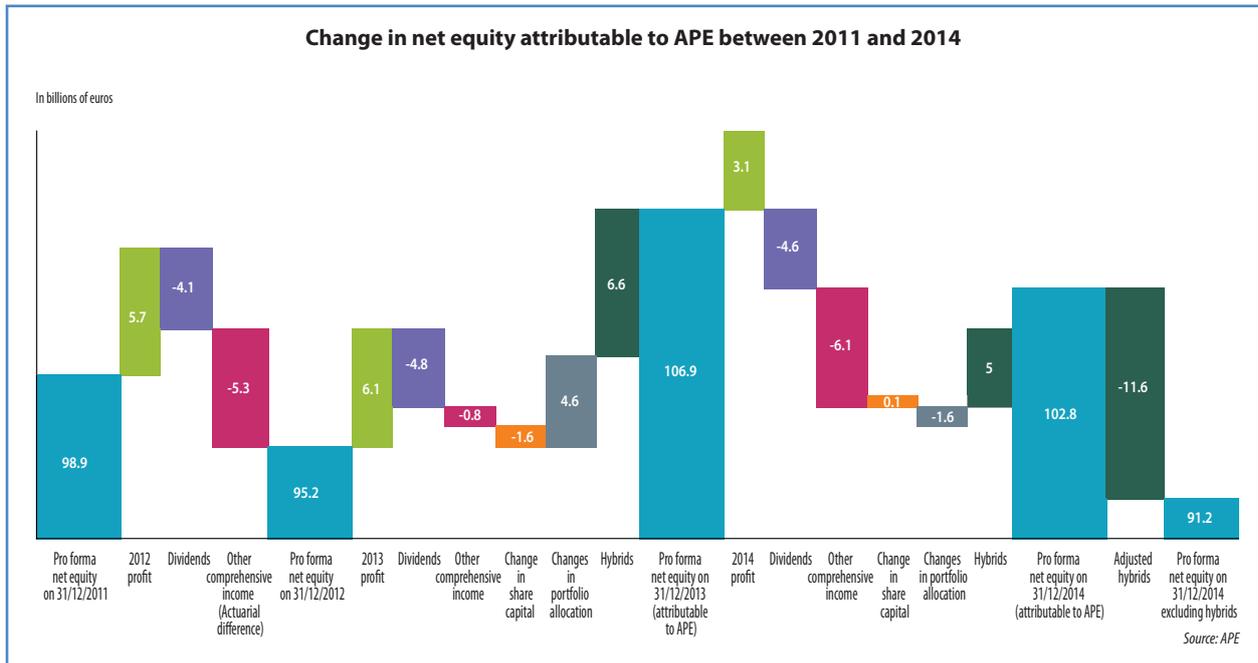
- the increase in financial assets (€15.4bn);
- the increase in banking assets (€10.9bn) from the €3.6bn increase in housing loans and the €2.2bn increase in business loans granted by Banque Postale, along with the €1.4bn increase in securities held under repurchase agreements;
- the increase in tangible assets (€13.4bn) resulting mainly from capital expenditure in 2014: on maintenance, renewal and modernisation by EDF (€5.8bn), RFF (€2.8bn), SNCF

(€1.7bn) and RATP (€1.2bn), on development in nuclear power and combined cycle gas plants by EDF, on the completion of the projects covered by contracts between Central Government and the Regions regarding four high-speed rail lines (East-Europe, South Europe Atlantic, Brittany-Loire and the Nîmes-Montpellier bypass) by RFF, on the tram line and rolling stock for Métro lines 2, 5, 9 and 14 by RATP.

On the liabilities side:

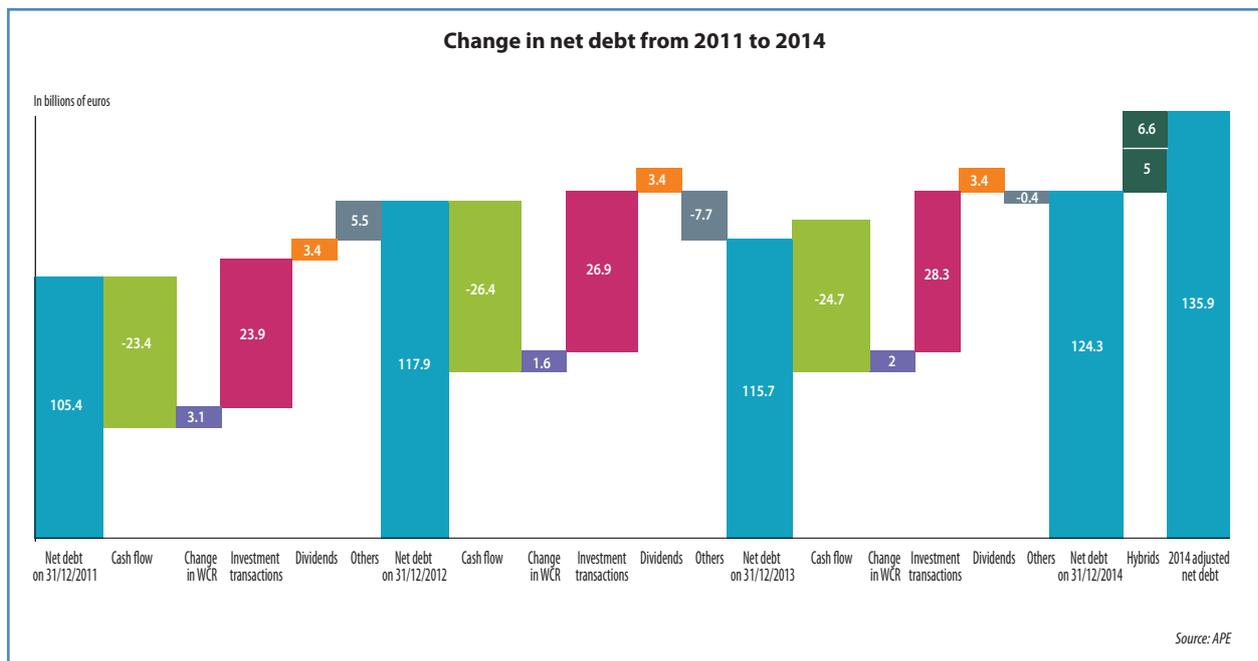
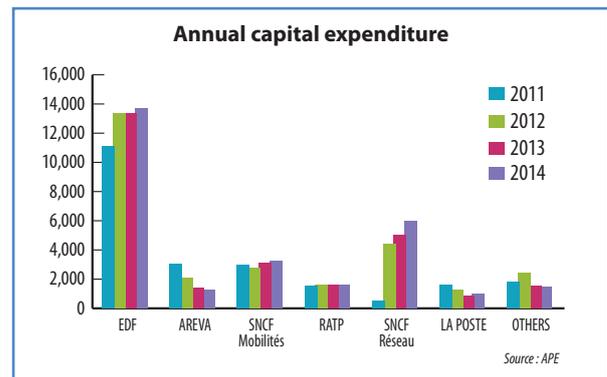
- increase in banking transactions (€10bn) with the rise in subordinated debt, bond debt, certificates of deposit and guarantee deposits;
- the increase in financial liabilities (€14.7bn);
- the increase in provisions (€5.4bn), primarily provisions for decommissioning nuclear power plants (€2.8bn);
- the increase in employee benefits (€5.9bn) related primarily to the lower discount rates for the period.

OVERVIEW



Cash flow stood at €24.6bn on 31 December 2014, compared to €26.4bn the previous year. The cash flow increased by €2.7bn in 2014, once it is adjusted for the €4.5bn impact from EPFR in 2013.

Capital expenditure was very strong and rose by €1.4bn from €26.9bn in 2013 to €28.3bn in 2014, primarily as a result of the €1bn increase in capital expenditure by SNCF Réseau compared to the previous year.





LE GROUPE LA POSTE



AGENCE DES PARTICIPATIONS DE L'ÉTAT



* A compter de juin 2014
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