

npm/cnp: a holding company, a professional shareholder



COMPAGNIE NATIONALE À PORTEFEUILLE/NATIONALE PORTEFEUILLEMAATSCHAPPIJ's long-term objective is to maximize shareholders' value. Its shareholders may assess the fulfilment of this goal by following the estimated value and the dividend per share. This fundamental aspect of NPM/CNP's corporate charter must be understood by its shareholders, be they controlling or minority, institutional or private.

As regards its own investments or those which are controlled indirectly via PARGESA/GBL/PARFINANCE, NPM/CNP does not limit itself to any particular sectors; nevertheless, NPM/CNP prefers to locate the following investments in its existing shareholdings: those which are close to the latter's core businesses, start-up activities, businesses with high technology content and geographic diversifications far from home. If it perceives an opportunity, NPM/CNP may also take minority interests in European or world-wide sized companies which the firm believes has an interesting appreciation potential.

The investments which NPM/CNP controls or which it is seeking must have reached a threshold of sufficient maturity or size such that they enjoy total autonomy in daily management. Although NPM/CNP is diversified in terms of sectors, its activity is focused on the five core skills which constitute its professional shareholder activity:

- strategy to be adopted in managing risk and the related expected returns,*
- approval of investments and divestments,*
- definition and provision of long-term resources as well as dividend policy,*
- appointment and motivation of senior management,*
- development of contacts between companies of the Group, at their mutual benefits.*

Through the above NPM/CNP seeks homogeneity between return on its investments and its own shareholders' expectations.

However, the efforts made in these various core skills vary in intensity depending on the percentage of interest, the size and the context - a crisis situation for example - of the investments ; these skills rely upon a strong reporting and a reciprocal information process, which is the basis for a profitable collaboration between NPM/CNP and its shareholdings.

The role of a shareholder is clearly not the same as that of a manager. The former sets return and risk objectives, while the second manages and works to attain them. The manager has considerable autonomy and flexibility in order to react quickly. Confidence does not exclude control, but the latter must not get in the way of action.

The representatives of NPM/CNP on the Boards of Directors play a role of support to the management and act, at the same time, as counterweights to this latter, applying well accepted corporate governance principles.

On 22 April 1997, THE BANKING AND FINANCIAL COMMISSION authorized the use of this document as a reference for any public investment offer which may be made by COMPAGNIE NATIONALE A PORTEFEUILLE/NATIONALE PORTEFEUILLEMAATSCHAPPIJ up to the date of publication of its next annual report, under the provisions of Title II of Royal Decree no. 185 of 9 July 1935, under the dissociated information procedure.

Under this procedure, this annual report should be accompanied by an operations note in order for it to constitute a prospectus within the meaning of article 29 of Royal Decree no. 185 of 9 July 1935. This prospectus will be submitted for the approval of the BANKING AND FINANCIAL COMMISSION in accordance with article 29ter. §1, 1st sentence of Royal Decree no. 185 of 9 July 1935 and the provisions of the Royal Decree of 13 February 1996.