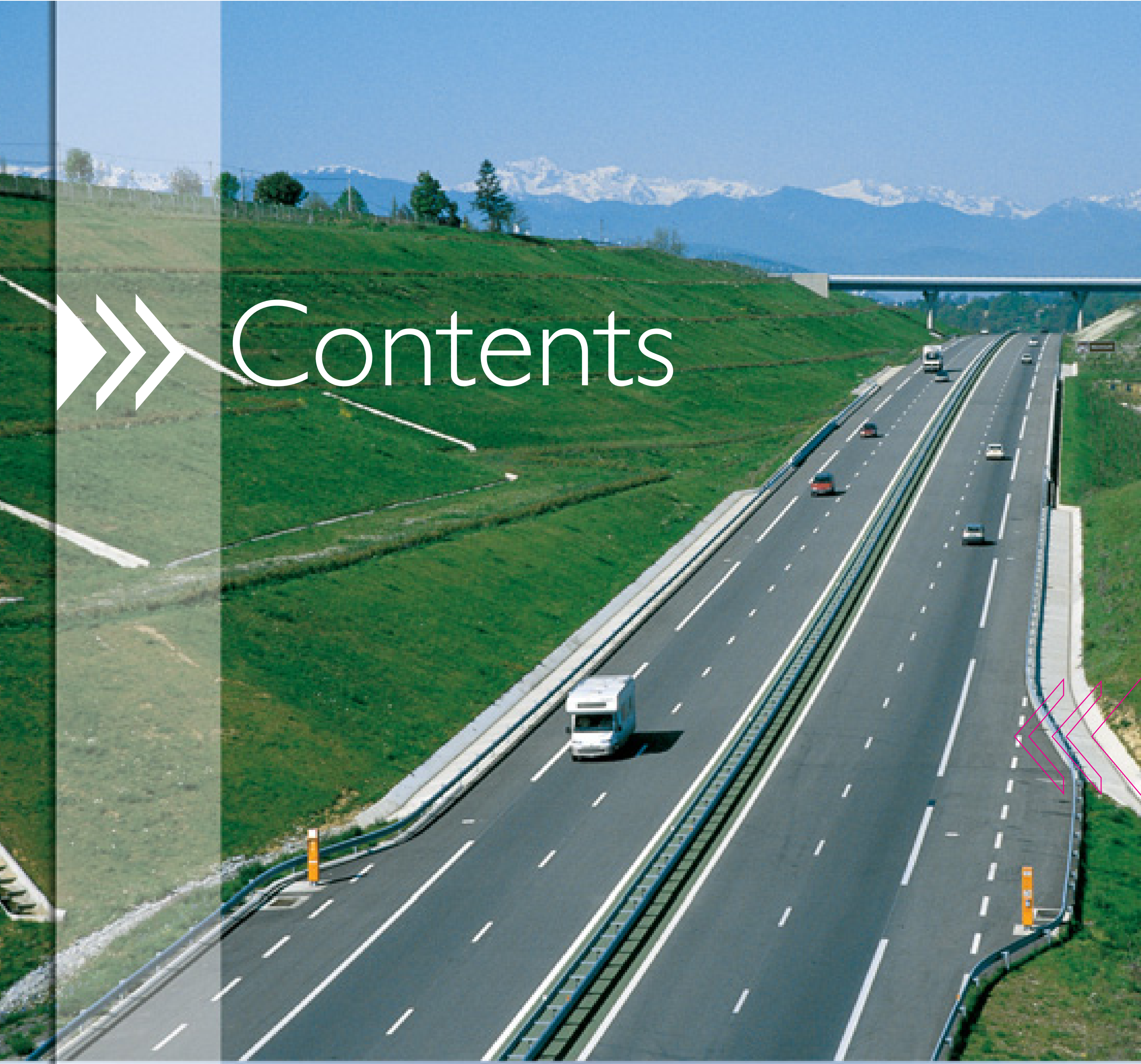
Autoroutes du Sud de la France

2003 ANNUAL **REPORT**

ASF groupe



Contents

Milestones in the history of the ASF Group

1957 ASF is set up under the name Société d'Autoroute de la Vallée du Rhône (SAVR) to operate the A7 motorway, beginning at Vienne.

In 1966, ASF is awarded its first motorway section concessions in southwestern and western France. It adopts its present name in 1973.

1975 First modernization of toll systems by introducing automated access. Magnetic cards gradually take over from punch cards.

1981 ASF opens its **1,000th** kilometer of motorway, completing the direct link between Paris and Bordeaux (A10).

1984 ASF acquires Société des Autoroutes de la Côte Basque (ACOBA).

1991 The ASF motorway network in service tops 1,500 kilometers.

1993 First trials of the "Pass-Pass" subscriber-based electronic payment system in Toulouse.

1994 Opening of the Puymorens Tunnel. ESCOTA* becomes a subsidiary of ASF.

1995 ASF starts work on the A20, linking Brive and Montauban.

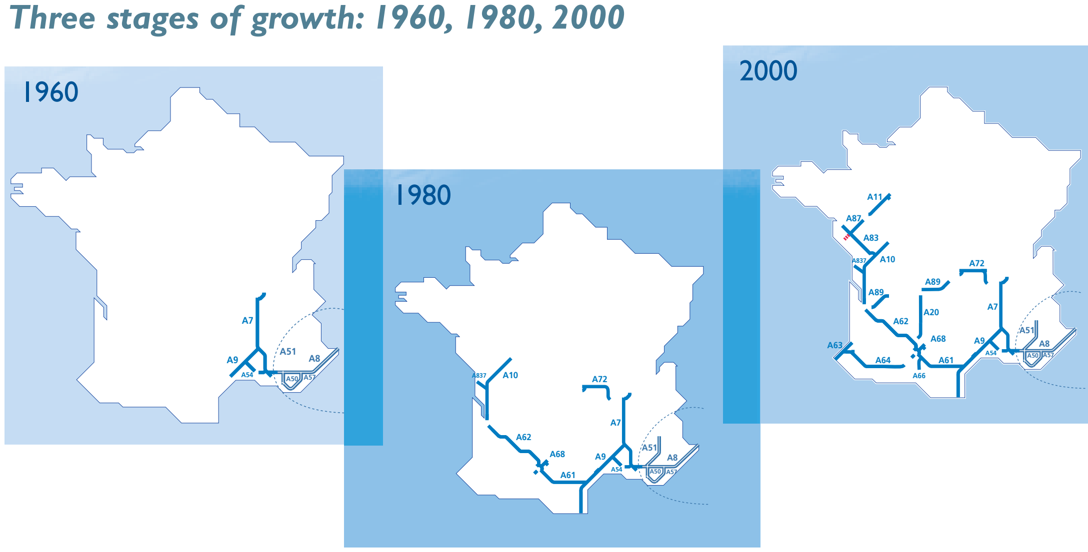
2000 Inauguration of the first section of the A89 (Bordeaux to Clermont-Ferrand). The ASF network reaches 2,000 kilometers.

2002 ASF is floated on the stock exchange.

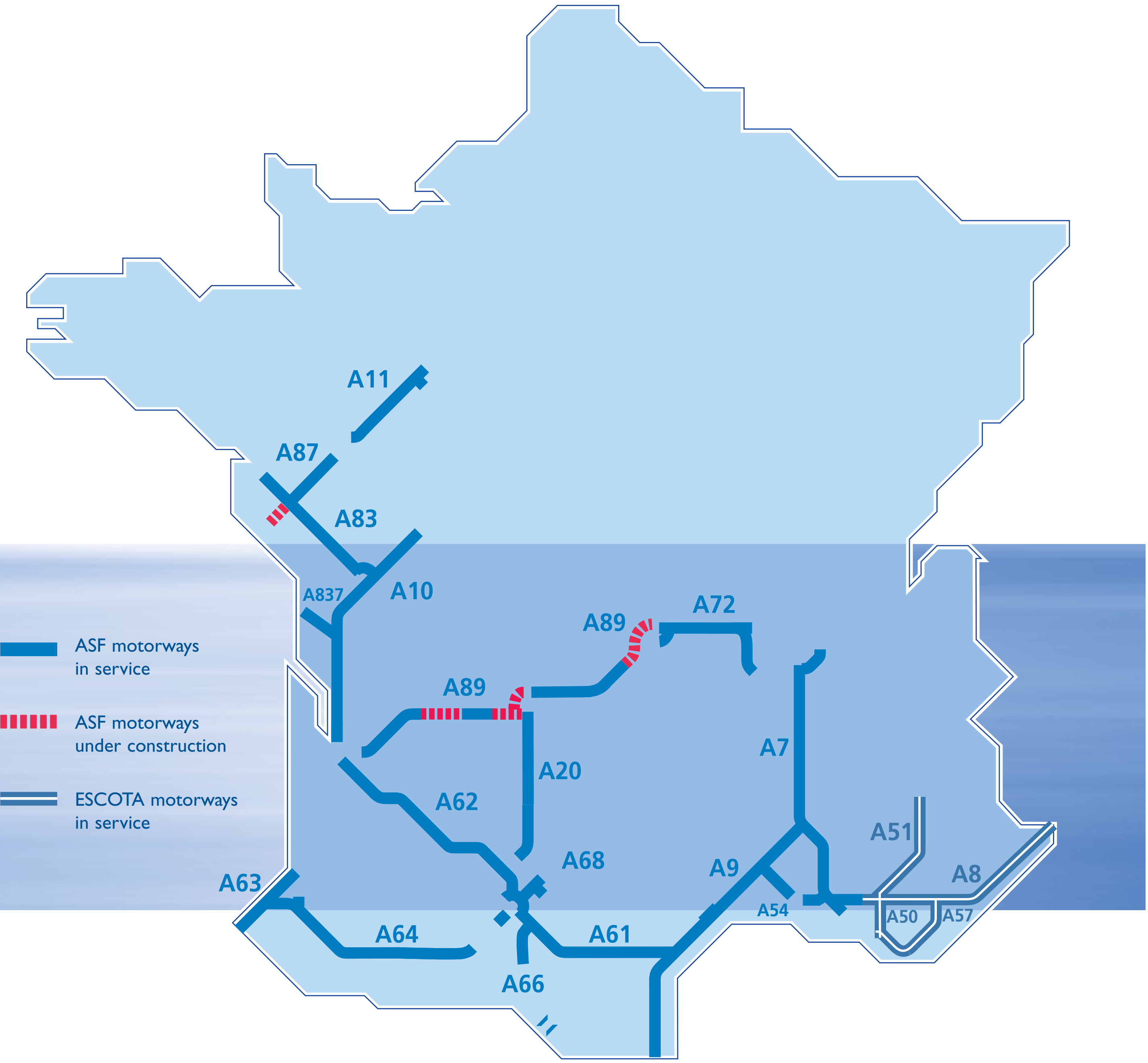
First expansion abroad, with the Highway 2000 project in Jamaica.

2003 The final section of the A20 opens, creating a direct motorway link from Paris to Spain, via Toulouse.

Three stages of growth: 1960, 1980, 2000



The network as of March 1, 2004

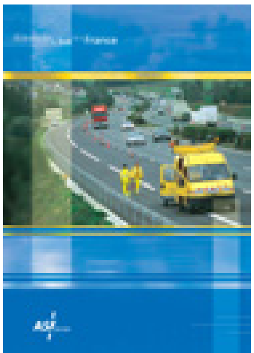


80 kilometers opened in 2003
64 kilometers to be added to the network in 2004

As of March 1, 2004, the ASF Group network comprised **3,124 kilometers** of motorway, **including 2,660 kilometers** assigned to ASF until 2032, and **459 kilometers** assigned to ESCOTA* until 2026. ASF also holds the concession for the **5.5-kilometer Puymorens Tunnel** until 2037.

*ESCOTA was set up in 1956 to bring the A8 motorway over the Esterel hills to the Côte d'Azur. It became a subsidiary of ASF in 1994.

ASF, a listed company majority-owned by the French State, has been building and operating toll motorways for more than 45 years. Today, it manages a 3,124-kilometer motorway network in France, mainly south of the Loire. Located at the hub of Europe's tourist and trading traffic for the countries of the Mediterranean Arc, the Group combines steady growth with a solid commitment to sustainable development. Independent of public works contractors and armed with expertise as an investor, a project supervisor and concession operator, the ASF Group is extending its network with a constant concern for the quality of life of people living close to its networks, the integration of infrastructure into the landscape and the safety and comfort of customers.



A key player in the transport sector, the ASF Group continues to develop services to make travel more convenient for its private and business customers, and is today extending the scope of its operations to freight centers and parking facilities.

In 2003:

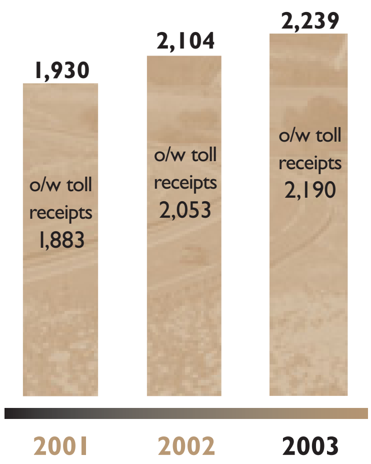
- 80,1 kilometers of new motorway brought into service.
- 45% of noise black spots eliminated.
- € 2,239 million in revenues.
- 3.5% traffic growth including new sections.
- 8,258 employees.

ASF Group Key Figures

In 2003, ASF further increased its profitability, despite lower traffic growth. Capital expenditure programs were kept up and the Group moved another step closer to the targets announced at the time of the IPO in March 2002.

Revenues
(€ millions)

up 6,4 %

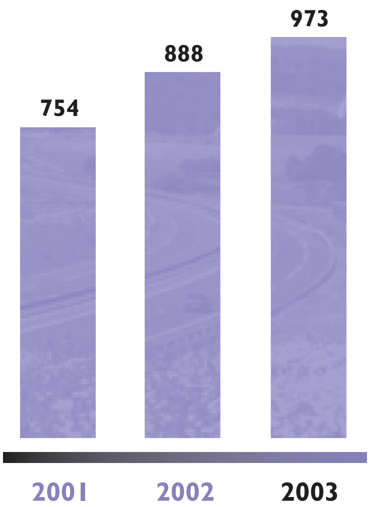


EBITDA*
(€ millions)

up 8,2 %

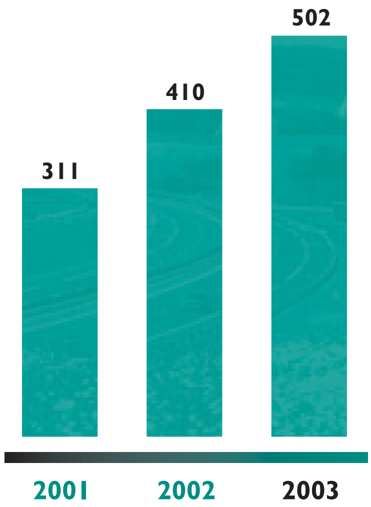
Operating income
(€ millions)

up 9,5 %



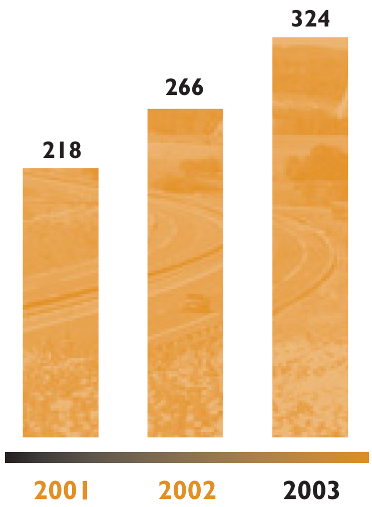
Pre-tax income
(€ millions)

up 22,6 %

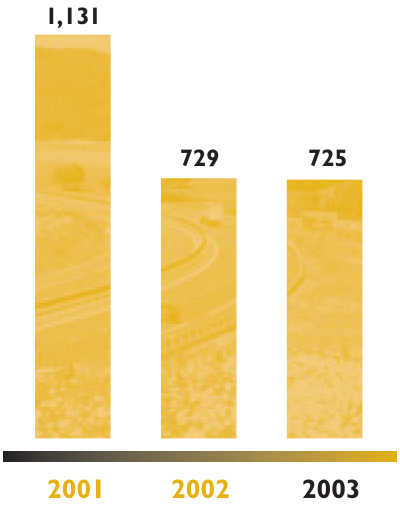


Net income
(€ millions)

up 22,1 %

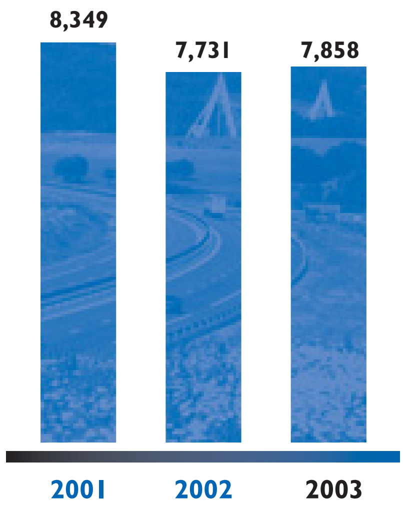


Capital expenditure
(€ millions net of taxes)

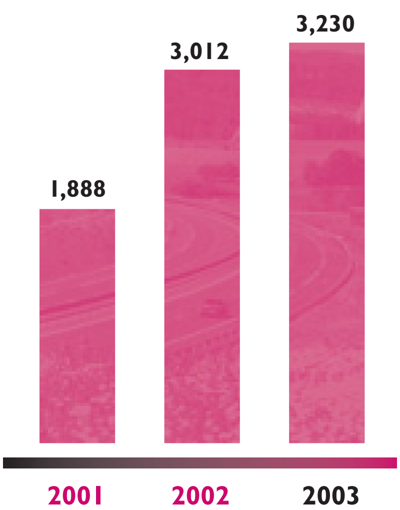


Ebitda* margin
(% of revenues)

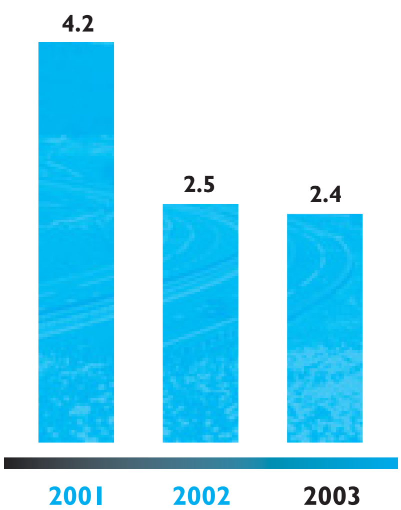
Net debt
(€ millions)



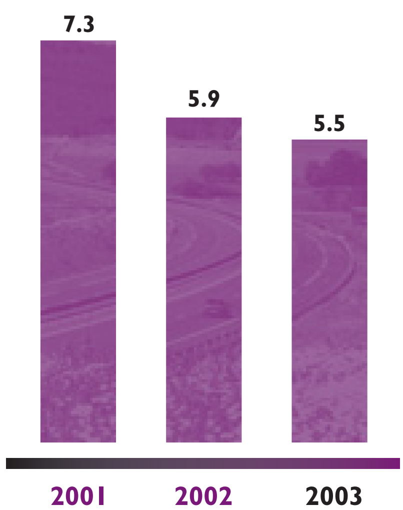
Shareholders' equity
(€ millions)



Gearing ratio



Net debt/Ebitda*



* Ebitda: earnings before interest, tax, depreciation and amortization.

A robust business model

What do you think of the Group's performance in 2003?

Bernard Val: 2003 was another year of profitable growth despite problems caused by bad weather (snow, heat wave, flooding) and demonstrations, which affected traffic and toll revenues.
Thanks to the dedication and responsiveness of our teams, we moved a step closer to our 2005 targets for operating margin and balance-sheet ratios, set at the time of the IPO in 2002.
All told, the year's results are testimony to our Group's resilience and robust business model.

What is your main strength in difficult times?

B.V.: Without question it's our ability to adapt and evolve while adhering strictly to our social and contractual commitments in fulfilling our public service role.
We have the good fortune to operate in a clear regulatory environment, offering considerable visibility as regards pricing and investment needs.
We are reaping the benefits of our strict cost discipline and our policy of automating toll collection without any job losses. At the same time, in 2003, the strategic position of our network helped us to once again take top place among French motorway operators for traffic growth.

In 2003, the French government* decided not to privatize ASF for the moment – what do you think of this decision?

B.V.: The decision will have no impact on our development and it lays to rest the uncertainty about our ownership structure. The way ahead is now clear. It's also good news for us as we prepare to bid for concessions under the large-scale motorway infrastructure program announced by the government.

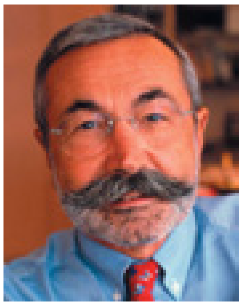
What are your priorities for the future?

B.V.: We intend to pursue our objectives with the same dedication to efficiency and high performance, with the aim of satisfying our shareholders and customers, while ensuring that our employees benefit fully from the Group's success. These objectives are to:

- Complete the construction of our network in line with our commitments.
- Continue improving our operating margin and financial ratios.
- Expand our business on a selective basis, keeping a close watch over risks. We will continue to focus on what we do best – operating transport infrastructure under public service concessions.

However, our overriding objective has always been and will continue to be ensuring the safety of our employees and motorway users, and maintaining standards of excellence in the services we offer our customers in return for their payment of toll charges.

Interview with Bernard Val and Jacques Tavernier


Bernard Val


Jacques Tavernier

More lives were saved on French roads last year. How did your network fare?

Jacques Tavernier: The government safety campaign, which had a clear impact on driving behavior, combined with our own investment in motorway equipment and communications, led to a marked improvement in safety on our network in 2003.
Total accidents were down 12%, and the number of accidents involving injuries fell 18%. There were 36% fewer serious injuries, and 28% fewer fatalities, representing 39 lives saved.
We also launched a hard-hitting safety-awareness campaign for our employees, based on a charter signed with the road safety authorities and the social security authorities.

What were the Group's main achievements in 2003?

J.T.: The addition of 80.1 kilometers of new motorway to our network, with:

- Completion of the A20, to create a continuous motorway link between Paris and Toulouse.
- Extension of the A87 to join the A83, creating a direct link to Bordeaux and easier access to the Vendée coastline.
- A new extension of the A89, now joined to the A20.

We also opened our first motorway section outside France, in Jamaica, where traffic was higher than expected.
Our motorway service teams turned in an outstanding performance in the face of several bouts of severe winter weather in January and February, forest fires in the summer on the Maures and Esterel hills bordering the A8, and flooding of the A54 in December.
Lastly, we drew up and implemented a sustainable development action plan. The main principles are described in our first sustainable development report, published in May 2004.

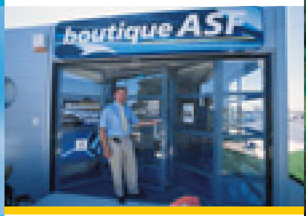
Why is the Group strongly committed to sustainable development?

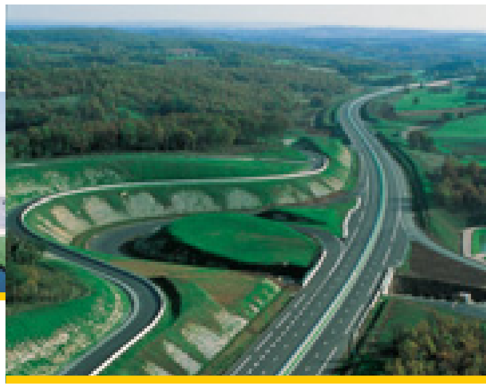
J.T.: The principle of sustainable development is rooted in our corporate values. We have a public-service mission to open up the various regions of France and contribute to their development by providing a rapid and safe means of traveling from one point to another. We have a very long-term commitment, through to 2032 when our concession expires. And we are also committed to building loyalty among our shareholders and customers, and promoting local development.
A priority of sustainable development for our Group is to meet our responsibilities to employees at a time of fundamental change in our structures and corporate culture.
Our efforts in this area have not gone unrecognized. In a recent survey of corporate sustainable development reporting conducted by SustainAbility and Utopies, we were ranked number 1 among the 140 companies rated for their compliance with the spirit of the French "NRE" corporate governance act, and in March 2004 ASF joined the ASPI Eurozone advanced sustainable performance index.

What is the outlook for 2004?

B.V.: The trend observed in 2003 should continue and if the economic climate improves we can expect traffic to grow at a faster rate. We will bring another 64 kilometers of motorway into service, and new development projects should begin to take shape. We plan to continue structuring and rationalizing the Group to further improve our internal efficiency, enhance our performance, and prepare for the integration of new structures.

* CIADT: French interministerial committee on regional planning and development.





The Group's strategic priorities

To bring our French network up to 3,124 kilometers at a reasonable cost and in accordance with high standards of quality, safety and environmental protection.

Under our current concession agreements, we are required to build and open 218 kilometers of motorway network. This represents an increase of about 7.5% compared with the network in service as of March 1, 2004. On completion of this program, we will be operating an integrated motorway network which links all the main cities in the southern half of France, enabling them to benefit fully from the region's economic development. Part of this integrated network is already in place since the completion of the A20 motorway, and the link between the A87 and the A83 at Essarts in the Vendée area. 2004 will see the addition of a further 64 kilometers, including a 34-kilometer section on the A89 which opened in January.

To make our motorway network more productive and profitable.

We are keeping up the drive to boost the productivity of the existing network. We will continue to automate toll systems to handle larger volumes of traffic and cut toll-collection costs. Reduced staffing of toll booths will enable our employees to spend more time on commercial relations and customer service. This modernization will involve extending inter-company electronic toll payment and the Liber-T subscription system, operated jointly with other French motorway companies, which allows motorists to travel on the various networks and pay the tolls by monthly direct debit.

To expand and diversify the core motorway concession business, by applying our experience and skills as project sponsor to other road-related infrastructure:

- We intend to fully leverage our expertise in motorway construction and operation by seeking new motorway concessions in France and abroad, after carefully analyzing the related risks and financial implications. The aim is to continue to explore concession opportunities in France and abroad in motorway project sponsoring, engineering and long-term operation.

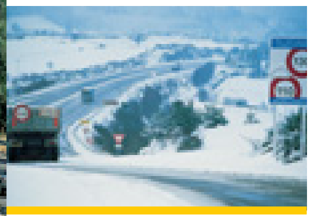
- The end of the 2002-2006 Group contract will mark the completion of the network construction concession assigned to the ASF Group by the French State. Apart from some limited extensions of this network, we will then develop our business by bidding for new motorway concessions or construction projects put out to tender. We will give priority to opportunities that represent a good strategic fit with our current operations, so that we can maximize synergies between new projects and our existing motorways.

- We may bid for new concessions, offer consulting and engineering services, or acquire interests in road-related infrastructure ventures, preferably in France (parking facilities, multi-modal transport platforms, freight and passenger traffic services). We will be on the lookout, in particular, for urban highway projects such as ringroads, bridges and tunnels, that offer profit potential.

- Outside France, we plan to acquire minority stakes in concession companies, and possibly majority control of operating and maintenance service businesses. We will concentrate on low-risk ventures in Western Europe which do not require heavy capital outlay.

To conduct our operations in a manner that promotes sustainable development.

In order to implement our sustainable development policy and guarantee proper consideration for the social and environmental impacts of our operations on the communities and territories crossed by our motorways, we set up an Environment and Sustainable Development Department in the last quarter of 2002, reporting to Group senior management. The task of this department is to define the Group's ethical standards, assess its performance in relation to these, and draw up a formal sustainable development policy addressing the concerns of the extended shareholder triangle. In 2003, we focused on assessing our existing achievements and values in this area, and on defining targets and action plans to be published in a special report on sustainable development in addition to the annual report, in accordance with a collective undertaking by French motorway companies.



Financial policy

2003 results

2003 provided a textbook example of our ability to improve margins in a difficult year for the motorway business, with demonstrations against the government's planned pension reforms disrupting traffic and toll collection, extreme weather conditions (snow, flooding and a heat wave leading to major forest fires) and an economic slowdown. Gains at every level of the income statement (with Ebitda up 8.2%, operating income up 9.5%, income before tax up 22.6%, and net income up 21.6%) once again ranked our Group among France's most profitable companies. Although ASF is not part of CAC 40 index due to the fairly limited market for its shares, its market capitalization enterprise value alone easily qualify it for membership of this 'club'.

Operating targets

In 2003, the Ebitda margin improved once again to 63.3%, putting us on track to meet our 65% target in 2005. This is not an absolute target – revenue growth may well continue to outstrip growth in operating expenses after 2005.

Capital expenditure policy

We are continuing to invest heavily in our two French motorway concessions despite the gradual completion of the network.

The construction of new sections, additional investment on motorways in service (ICAS) and capital expenditure on operating fixed assets once again topped €700 million in 2003 (€725.1 million). The budget will be about the same in 2004, reflecting our determination to meet our commitments to:

- Complete the motorway network assigned to us under the concession agreements.
- Comply with the terms of the program contract with regard to additional investment in motorways in service, despite any delays that are beyond our control.
- Guarantee our customers optimum service, convenience and, above all, road safety.

On July 16, 2003, we signed an addendum to the 2002-2006 concession agreement, awarding us the concession for the La-Roche-sur-Yon southern by-pass, which extends the A87 from Angers to La-Roche-sur-Yon. This 16-kilometer four-lane section is scheduled to open before the end of 2008, when it will complete the motorway link between Paris and the Vendée coast.

Apart from these French motorway concessions, our investment is limited to two other operations:

- In Jamaica
Jamaica Infrastructure Operator which is 51%-owned by ASF alongside Bouygues with 49%, has been operating the first 12-kilometer stretch of Jamaica's Highway 2000 since September 2003. The Jamaican government's concession for this project is held by TransJamaican Highway (TJH), in which ASF has a 34% stake, in partnership with Bouygues which holds 66%.

Since this first section was opened, traffic has been higher than expected, at more than 11,000 vehicles a day. The second 24-kilometer four-lane section, built in its own corridor and linking the capital Kingston with Bushy Park, is due to open in early 2005. Traffic is expected to be about 8,000 vehicles a day, with heavy goods vehicles accounting for around 10%.

The initial phase will be completed in 2006 with the opening of a six-lane 10-kilometer link from Kingston to Portmore, with a capacity of 37,000 vehicles per day.

We are involved only in the initial phase, which represents a total budget of $10.2 million, broken down as follows: $5.1 million for the first 34 kilometers, $1.7 million for the remaining 10 kilometers, and $3.4 million held in reserve.

We hold the contract with Bouygues TP for the design, supply and installation of all toll plaza equipment at Old Harbour and Spanish Town.

- Truck Etap
In September 2003, we teamed up with other investors to form Truck Etap SAS, which is 66%-owned by ASF.

A joint-stock company (SAS), with paid-up capital of €900,000, Truck Etap's corporate purpose is to design, build and operate – directly or indirectly – road-user service platforms in France, including fee-paying supervised parking facilities for heavy goods vehicles and related services (service stations, food and accommodation services), and generally to acquire direct or indirect interests in any and all ventures or companies with the same or a similar purpose.

Truck Etap is project sponsor for France's first secure heavy goods vehicle parking facility. The facility is located close to the west Béziers interchange and has space for 550 vehicles.

The project, which should set a new standard for this type of infrastructure in France and Europe, will offer vehicle security and on-site driver facilities such as a restaurant, a multi-service boutique (selling hygiene, healthcare, telecommunications and leisure products), as well as a service station and vehicle wash.

Built on a 10-hectare site close to Béziers and the A9 motorway, in a fast-developing enterprise zone for software companies, this parking facility for up to 12,000 HGVs a day represents a €9 million investment and is due to open for business in the second half of 2005.

Development policy

On December 18, 2003, France's interministerial committee on regional planning and development (CIADT) outlined the government's new transport strategy for the next 20 years, following a parliamentary debate on transport infrastructure.

We are studying several motorway projects given priority status by the CIADT. Most of these projects will be put out to tender. A government order on public-private partnerships which is in its final stages may provide an innovative solution to financing the least profitable projects.

Concessions for some 750 kilometers of new motorway planned for areas that border the existing ASF Group network should be awarded in the period to 2020. We will closely examine all these projects in terms of their profit potential, and in relation to our investment capacity when they come into being.

Target balance sheet ratios

At the time of the IPO in March 2002, we set as our goal to improve three balance-sheet ratios.

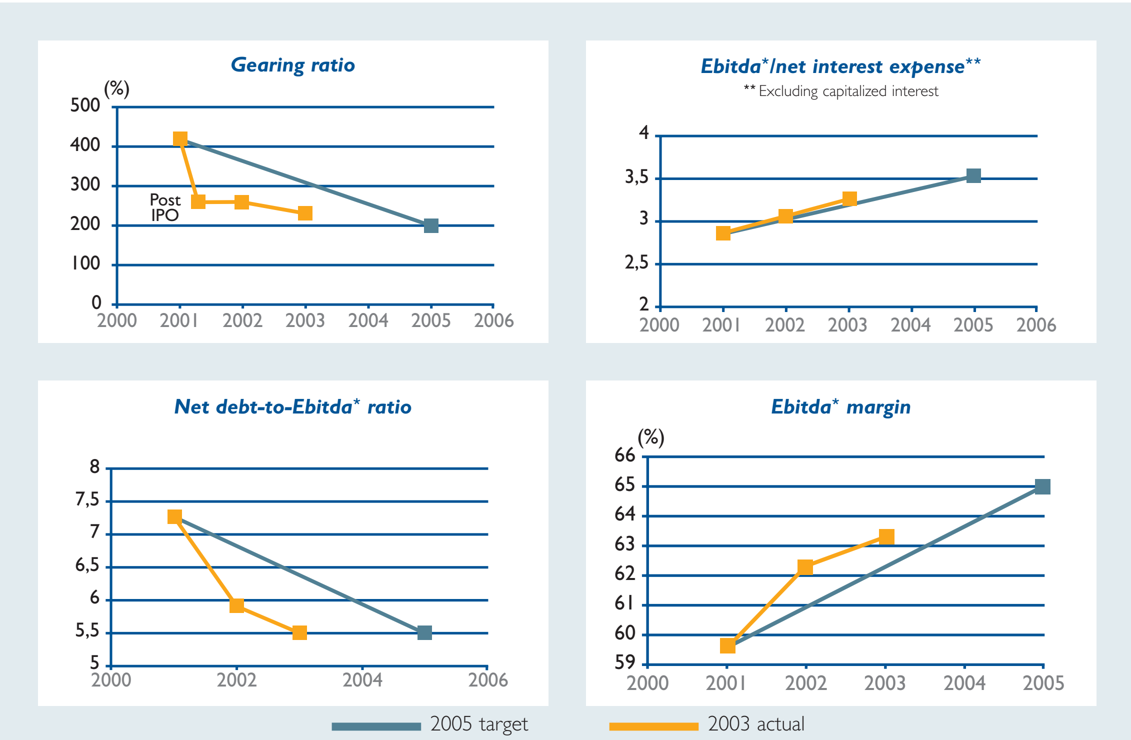
In 2003, our net debt-to-Ebitda ratio improved to 5.5 from 5.9 the previous year, corresponding to the target initially expected to be reached in 2005.

Interest cover stood at 2.9, compared with 2.6 in 2002. The aim is to bring this ratio up to at least 3.3 by 2005.

The gearing ratio at the end of December 2003 was 2.35, against 2.48 a year earlier. The target is to reduce this ratio to 2 by the end of 2005.

Dividend policy

The improvement in balance sheet ratios in recent years has provided scope to significantly increase the payout rate for 2003. At the Board Meeting of March 17, 2004, the directors therefore decided to make a recommendation to this effect to the Annual General Meeting on May 13, 2004.



* Ebitda: earnings before interest, tax, depreciation and amortization

The 2002 dividend amounted to €0.46 per share, before the avoir fiscal tax credit, representing a payout rate of 40%.

The Board is recommending a 50% increase in the dividend to €0.69 for 2003. This represents a payout rate of 49% (ratio of dividend to net income), which is still below the industry average in Europe.

Unless we decide to take up major investment opportunities offering a good return on capital employed, the dividend per share should continue to increase over the coming years.

From left to right: Bernard VAL, Philippe-Emmanuel DAUSSY, Jean-Jacques BANCEL, Yann CHARRON, Bernard GARDELLE, Thierry DALLARD, Michel FRANCO, Alain ROBILLARD, Jean-Marc DENIZON and Jacques TAVERNIER.

Governance principles

We have introduced a set of guidelines to ensure that operations are conducted responsibly and efficiently, and to guarantee a high level of security and transparency.

The guidelines are based on clear corporate governance principles established by the Group Management Committee and apply across the entire organization.

Corporate governance principles and Group committees

Group committees assist the Chief Executive Officer in decision-making and also serve as an antechamber for analysis, discussion and preparation of the work of the Committees of the Board.

The Group Management Committee

Meetings of the Group Management Committee are led by the Chief Executive Officer. The meetings – which are held twice a month – are attended by the Chairman so that he can keep abreast of the issues under discussion.

Members of the Group Management Committee:

- Senior Executive Officer – Operations (Philippe-Emmanuel Daussy)

- Senior Executive Officer – Development & Construction (Alain Robillard)

- Senior Executive Officer – Integration of ESCOTA, Traffic Radio, Sustainable Development and Real-Estate Development (Jean-Marc Denizon, Chairman and CEO of ESCOTA)

- Chief Financial Officer (Jean-Jacques Bancel)

- Human Resources Director (Yann Charron)

- Communications Director (Bernard Gardelle)

- Development Director (Thierry Dallard)

- Legal Director (Michel Franco)

The Group Management Committee assists the Chief Executive Officer on all aspects of management and strategy. Its meetings also serve as a forum for discussion. It reviews the recommendations of the other five Group committees.

◆ *Development Committee*
This committee examines matters relating to the Group's development. It comprises the Chief Executive Officer, the Senior Executive Officer – Development and Construction, the Development Director, the Chief Financial Officer and the Legal Director. It examines questions referred to the Strategy and Contracts Committee, one of the Committees of the Board.

◆ *Finance Committee*
The Finance Committee reviews budgets, results and forecasts, and analyzes operating data such as traffic volumes and toll receipts. It also tracks spending on construction projects.

It comprises the Chief Executive Officer, the Chief Financial Officer and the operational manager concerned.

The committee prepares the information reviewed by the Audit Committee, one of the Committees of the Board.

◆ *Operations Committee*
This committee examines marketing policy, operating issues, and road safety and traffic-flow policy. It comprises the Chief Executive Officer, the Senior Executive Officer – Operations, the Chief Executive Officer of ESCOTA and a representative of the Legal Department.

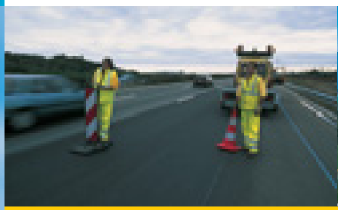
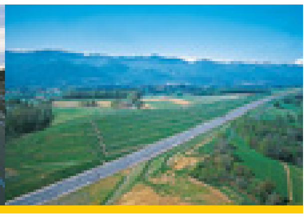
◆ *Employee Relations Committee*
This committee deals with all matters related to the Group's human resources policy, employee relations and employee safety.

It comprises the Chief Executive Officer, the Senior Executive Officer – Operations, the Chief Executive Officer of ESCOTA, the Senior Executive Officer – Development & Construction, and the Human Resources Director.

◆ *Capital Expenditure Committee*
This committee oversees compliance with the concession agreements, and monitors capital expenditure programs.

It comprises the Chief Executive Officer, the Senior Executive Officer – Operations, the Chief Executive Officer of ESCOTA, the Senior Executive Officer – Development & Construction, the Chief Financial Officer and a representative of the Legal Department.

All of these committees report to the Group Management Committee.

Procedures and processes

Clear rules have been established to ensure that corporate departments operate efficiently and genuinely add value to the operating units and subsidiaries.

All of these departments report directly to the Chief Executive Officer. Their activities include:

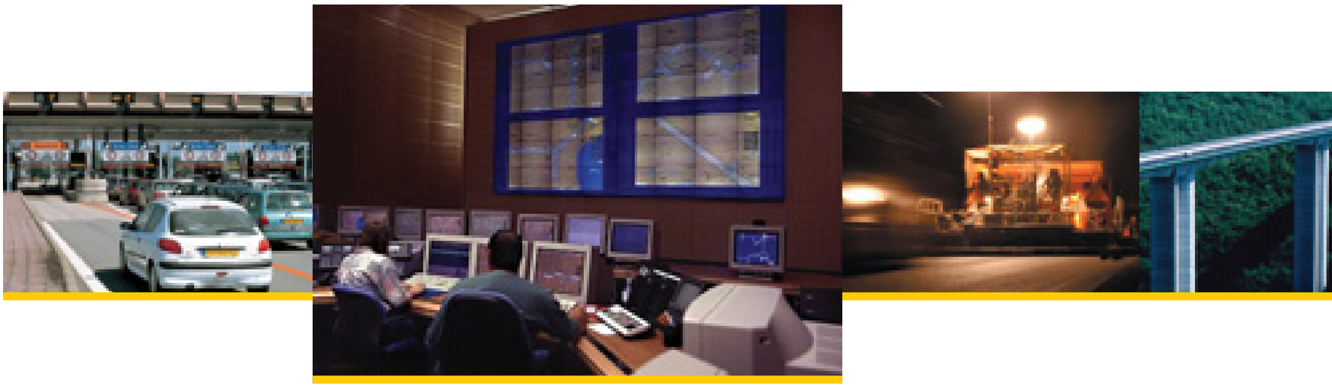
- Support functions, which consist of ensuring that the operating units and subsidiaries comply with Group principles, and contribute to implementing the Group's strategic vision.

- Service functions, which consist of providing in-house expertise to the operating units and subsidiaries.

There are eight corporate departments:

- Finance
- Human Resources
- Communications
- Legal
- Development
- Environment and Sustainable Development
- Real-Estate Development
- Internal Audit

Guidelines have been drawn up describing the basis of the relationship between the corporate departments and the operating units and subsidiaries, and procedures have been issued covering specific areas.



Information for shareholders and the financial markets

ASF listing details

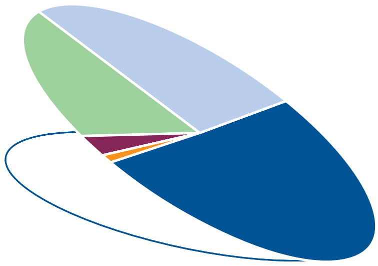
Sicovam code	18415
ISIN	FR0005512555
Market	Premier Marché, Euronext Paris
Reuters code	ASF.PA
Bloomberg code	ASF.FP
Indexes (published by Euronext Paris), Euronext 100	SBF 250, SBF 120, SBF 80

ASF shares are eligible for the "SRD" deferred settlement service.

Dividend growth

- *Increase in the 2003 dividend:* 50%.
- *Total proposed payout:* €159 million.
- *Payout rate:*
  - 2002: 40% of consolidated net income (€0.46 per share, excluding the avoir fiscal tax credit).
  - 2003: 49% of consolidated net income (€0.69 per share, excluding the avoir fiscal tax credit, subject to approval at the Annual General Meeting of May 13, 2004).
- *Group dividend policy:* The first dividend paid out to shareholders – for the year ended December 31, 2000 – was for an amount of FRF 448.70 (€68.40) per share. No dividend was paid for 2001. The Company has been quoted on the stock market since March 2002. Unless we decide to take up major investment opportunities offering a good return on capital employed, the dividend per share should continue to increase over the coming years.
- *Unclaimed dividends:* Dividends not claimed within five years will be forfeited and paid over to the State.
- *2003 dividend payment date:* May 26, 2004.

Ownership structure



at March 15, 2004

- French State (of which Autoroutes de France: 8.8%): 50.3%
- Regional authorities and Chambers of Commerce and Industry: 0.9%
- Employees: 2.3%
- Vinci Concessions: 20.0%
- Private shareholders and investors: 26.5%

Shareholders (at December 31, 2003)	**Number of shares**	**% of capital**	**Number of voting rights**	**% of voting rights**
French State	95,855,870	41.5%	95,855,870	41.5%
Autoroutes de France	20,427,400	8.8%	20,427,400	8.8%
Regional authorities and Chambers of Commerce and Industry*	2,078,802	0.9%	2,078,802	0.9%
Employees	5,244,842	2.3%	5,244,842	2.3%
Board members and Senior Executive Officers**	2,047	n.s.	2,047	n.s.
ASF	0	0	0	0
Vinci Concessions	46,208,033	20%	46,208,033	20%
Public***	61,161,007	26.5%	61,161,007	26.5%
Total	**230,978,001**	**100%**	**230,978,001**	**100%**

* Four regional authorities, 29 départements, one commune, and five Chambers of Commerce and Industry.
** Excluding Autoroutes de France, but including Mr René Barberye, repesentative of Autoroutes de France on the ASF Board of Directors. Directors hold 1,940 shares, and senior management hold 107 shares.
*** Excluding interests declared under the disclosure threshold rules (Vinci Concessions).

◆ As of July 9, 2002, the Company had some 200,000 shareholders (source: July 2002 "TPI" survey of identifiable shareholders). No request for information about the identity of shareholders has been made to the French Central Securities Depositary since that date.

◆ On June 17 and 19, 2003, Vinci, Vinci Concessions and Eiffage informed ASF that they would no longer be acting in concert, following the June 13, 2003 sale by Eiffage to Vinci Concessions of all of its 1,780,000 ASF shares, representing 0.77% of the capital. As a result of the sale, Eiffage is no longer a member of the group of shareholders acting in concert in respect of shares representing over 10% of the Company's capital and 5% of the voting rights.

◆ On December 31, 2003, Vinci Concessions (1 cours Ferdinand-de-Lesseps, 92851 Nanterre Cedex), a subsidiary of Vinci, notified the Company that it had increased its interest to 46,208,033 shares, representing 20.005% of the capital and voting rights. Vinci Concessions made the following declaration of intent: "The government's decision, made at the CIADT* meeting on December 18, 2003, to assign revenues from its toll motorway interests to an agency responsible for financing transport infrastructure, has the effect of preventing Vinci Concessions from acquiring control of ASF. In these circumstances, Vinci Concessions will continue its discussions of recent months with ASF, with the aim of agreeing on a cooperation policy in the area of infrastructure concessions in France and Europe. Vinci Concessions will also seek to be represented on the Board of Directors of ASF. Vinci Concessions has not ruled out the possibility of increasing its stake in ASF in the next twelve months".

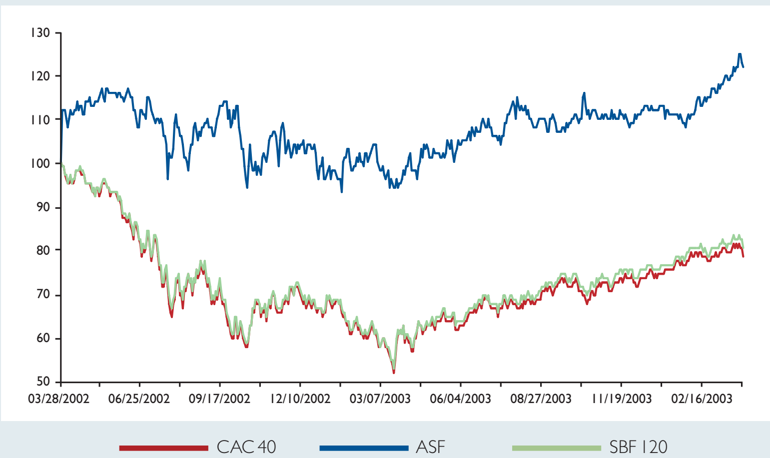
* CIADT: the French interministerial committee on regional planning and development.

- To the best of the Company's knowledge, no other shareholders hold 1% or more of the capital or voting rights, directly, or indirectly, alone, jointly, or in concert with other shareholders. As of the date of this report, the Company had not received any notifications under the 1% disclosure threshold rules, other than as described above.

- To the best of the Company's knowledge, as of the date of this report, there were no shareholders' pacts in force and none of the Company's shares or assets had been pledged as collateral or otherwise encumbered.

Share performance

ASF share performance since March 28, 2002, compared with the CAC 40 and the SBF 120



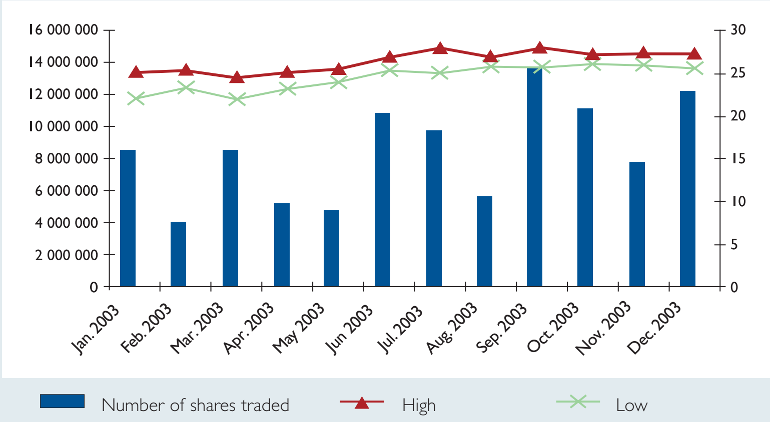
Source: Euronext Paris.

ASF shares have been quoted on the Premier Marché of Euronext Paris since March 28, 2002. The IPO included an open price retail offering priced at €24 per share and a global offering priced at €25.

Performance of the ASF share in 2003:
High: €27.9
Low: €21.8

Closing price on December 31, 2003: €26.6 representing a 15.5% gain over the end-2002 price.

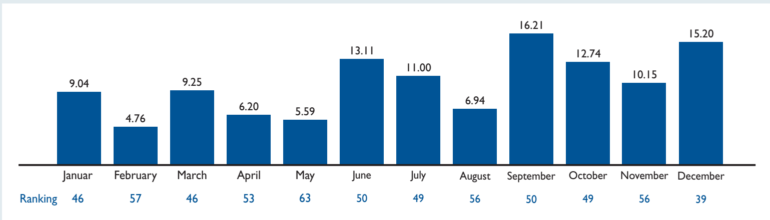
Monthly trading volumes and monthly highs/lows since January 2003



Source: Euronext Paris.

In 2003, the average daily trading volume was 400,983 shares per session.

Average daily trading in value (€ millions), and ranking



Source: Euronext Paris.

As of December 31, 2003, ASF had a stock market capitalization of €6.14 billion, representing the third largest capitalization in the SBF 80 index.

Investor communications

Investor Relations Department

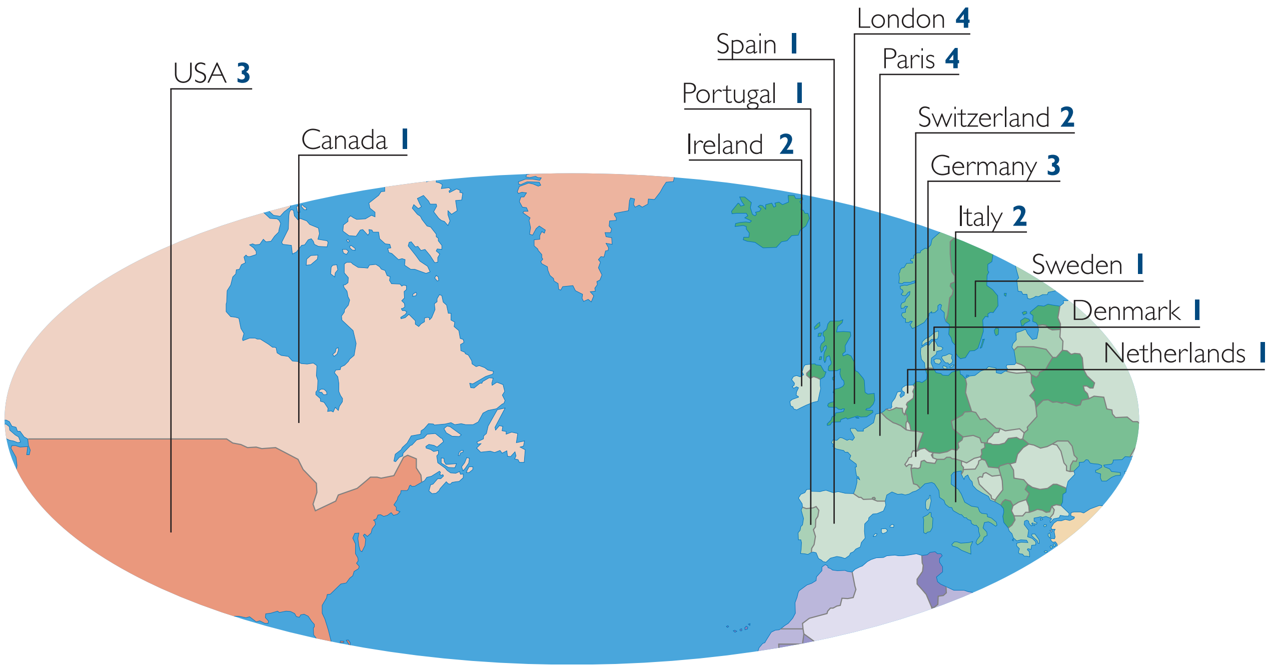
This department provides information to institutional investors and financial analysts in France and abroad on the Group's strategy, development initiatives and financial results, published every six months. Investor relations events include:

- Three results presentations, including annual results presentations in Paris and London (March) and an interim results presentation in Paris (September).
- Participation in industry conferences arranged by banks and brokers:
  - **London**: UBS Transport Conference (September 9, 2003)
  - **Paris**: Oddo Forum Autoroutes (October 23, 2003)
  - **Milan**: Bank Akros Motorway Seminar (December 11, 2003)

All of the Group's corporate communications – press releases, results presentations, presentations made at industry conferences – are available on the ASF website **www.asf.fr**.

Financial information on the Group is also available on the Autorité des Marchés Financiers website **www.amf-france.org**

2003 Roadshows



- **Roadshows** organized in the main financial centers (see globe), giving over 170 investors the opportunity to meet ASF senior management in 2003.
  - Meetings with foreign investors visiting Paris.
  - Meetings with financial analysts to explain ASF Group strategy.
  - Press releases announcing annual and half-yearly results and quarterly revenues and, in 2003, the letter of intent signed with Abertis.

Ratings by SRI agencies

The disclosures made in the 2002 annual report in application of the "NRE" corporate governance act represented the first opportunity for us to demonstrate our keen awareness of our corporate social responsibilities. The principles and achievements reported attracted favorable comment by the various socially responsible investing agencies.

These included:
- **ADEF** : "Best non-CAC 40 company".
- **VIGEO**: ASF added to the ASPI Eurozone sustainable performance index in March 2004.
- **UTOPIES**: ASF report 20th best report out of 150, and best for "compliance with the spirit of the NRE Act".
- **CFIE**: "Future undertakings are clearly in view".

The toll motorway sector needs to raise its corporate social responsibility profile and ASF can play a leading role in this process.

Information Officer

Solène Allain
Head of Investor Relations

Tel: (+33) (0)1 47 53 38 96
Fax: (+33) (0)1 45 66 44 16
E-mail: solene.allain@asf.fr

Information on the company is also available on the website, **www.asf.fr**

Shareholder information

Total shareholder return

Shares purchased at the time of the IPO (in March 2002) under the retail offering:

IPO price:	€24
Price on December 31, 2003	€26.60
2002 dividend:	€0.69
	(incl. avoir fiscal tax credit)
Capital gain:	10.8%
Dividend yield:	2.9%
Total shareholder return:	**13.7%**

Shares purchased at the beginning of January 2003

Price on January 1, 2003:	€23.25
Price on December 31, 2003	€26.60
2002 dividend:	€0.69
	(incl. avoir fiscal tax credit)
Increase in value:	14.4%
Dividend yield:	3.0%
Total shareholder return:	**17.4%**

Share data

In euros	2003	2002
Average number of shares	230,978,001	218,935,784
Market capitalization as of Dec. 31 (€ billions)	6.14	5.32
Earnings per share	1.404	1.213
Dividend per share	0.69 (1.04 yc avoir fiscal)	0.46 (0.69 yc avoir fiscal)
Payout rate (%)	49%	40%
Price – High	27.9	28.2
Price – Low	21.8	22.5
Price – Year-end	**26.6**	**23,0**

Shareholders' Club

Created in May 2003, the Shareholders' Club(1) – open to holders of at least 30 registered shares or 60 bearer shares – had 740 members at December 31, 2003.

Member benefits, which are being added to all the time, include:

- Cut-price subscriptions to financial journals, stock market initiation courses, advanced driving lessons and car hire and, beginning in 2004, discounts on car purchases.
- Visits to ASF sites including circuit tours for nature-lovers, enabling them to discover how the motorways are integrated in the landscape and contribute to the local economy; visits to ASF construction projects, its impressive Traffic Control Center, ASF Radio Trafic and the Group's snow clearance training center.
- Inclusion on the mailing list for all ASF financial press releases and the *Letter to Shareholders*.

To contact us:

From inside France,
via the toll-free number:
0 800 015 025

By e-mail: relations.actionnaires@asf.fr

By fax: (+33) (0)1 72 71 90 80

By post:
Autoroutes du Sud de la France
Service Relations Actionnaires
100 avenue de Suffren,
BP 533
F-75725 Paris cedex 15.

Information media

- The ***Letter to Shareholders*** is sent three times a year to all shareholders whose address is supplied by Euroclear or who are members of the Shareholders' Club. The letter can also be downloaded from the Shareholder area of our website, www.asf.fr. The next survey to obtain shareholder addresses from Euroclear will be carried out in 2004.

- ***Key figures for 2003.***

- The ***Annual Report***, downloadable from the Presentations and Publications area of the website, www.asf.fr, or available on request by calling a toll-free number from inside France (0 800 015 025).

- The ***ASF website***, www.asf.fr, where you can get information about the Group, financial data and the latest share price, visit the investor section, or learn about special offers, sustainable development, etc.

- ***Financial announcements*** published in the French press and in the French official gazette, *Bulletin d'annonces légales officielles.*

- ***Proxy documents*** sent directly to all holders of registered shares, to the members of the Shareholders' Club, and to other shareholders on written request, ahead of each General Meeting.

- The ***Shareholder Guide***, to be issued in April 2004, available on the Group's website, or on request by calling a toll-free number from inside France (0 800 015 025).

Shareholder events in 2003

- *In Paris*
  - Annual General Meeting in April 2003.
  - Actionaria Fair, November 2003.

- *In the French provinces*
  - Meeting with shareholders in Annecy, April 2003.
  - Meeting with shareholders in Bordeaux, October 2003.
  - (Three meetings are planned for 2004.)

2004 Financial calendar

January 23, 2004
2003 revenue announcement

February 16, 2004
Meeting with shareholders in Marseille

March 17, 2004
2003 results announcement

April 21, 2004
First-quarter 2004 revenue announcement

May 13, 2004
Annual General Meeting at Théatre de l'Empire, Paris at 4 p.m.

June 2, 2004
Meeting with shareholders in Toulouse

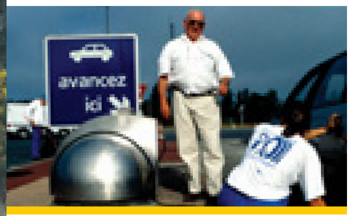
July 22, 2004
Second-quarter 2004 revenue announcement

September 22, 2004
2004 interim results announcement

October 7, 2004
Meeting with shareholders in Grenoble

October 22, 2004
Third-quarter 2004 revenue announcement

November 19 and **20, 2004**
Actionaria Fair, Palais des Congrès, Paris.



Corporate governance

The ASF Group follows the recommendations of the Bouton report (see Report of the Chairman on the organization of the Board of Directors and preparation of Board Meetings, pages 110-118).

Board of Directors

At the time of registering this annual report with the French securities regulator (AMF), the Company's Board of Directors comprises 16 members, including five directors representing the French State and two representing employees.

The Company bylaws require that the Board of Directors be composed of a maximum of 16 members, and that members representing employee-shareholders enjoy the same status, powers, and responsibilities as the other directors.

Among the 16 current members of the Board, five are independent directors who have no links with the Group, its shareholders or management that could prevent them from independently exercising their judgment. These five directors are Michel Davy de Virville, Hubert du Mesnil, Pierre Henri Gourgeon, Bernard Maurel and Gérard Payen.

In accordance with French regulations on economic and financial control by the State (decrees No. 55-733 of May 26, 1955 and No. 2001-942 of October 9, 2001), a government representative and a deputy government representative designated by the Infrastructure Minister, attend Board meetings in a consultative capacity.
A government auditor may also attend these meetings as an observer.

Members of the Board of Directors

Name	Age	Function	Date elected/ re-relected	Term expires	Other main positions and directorships
Bernard Val	61	Chairman	May 21, 1997 March 13, 2002	AGM 2007 accounts	Director of ESCOTA and C3D
Autoroutes de France represented by its Chairman René Barberye (retired on March 1, 2004, relaced by Philippe Dumasas from March 25, 2004)	65	Director	June 28, 1988 March 13, 2002	AGM 2007 accounts	Director of SANEF, SAPRR, ATMB, SFTRF, member of the Supevisory Board of the Mont Blanc Tunnel Consortium.
Alain Barkats**	50	Director	April 29, 2003	AGM 2008 accounts	ASF manager
Hugues Bied-Charreton*	37	Director	August 7, 2002	August 7, 2008	Deputy Director, Budget Department (Ministry of Finance) Director of ERAP, Réseau Ferré de France, RATP, French Atomic Energy Commission, CNRS and CNEC.
Michel Charasse	63	Director	March 13, 2002	AGM 2007 accounts	Mayor of Puy-Guillaume (Puy de Dôme), Councillor for the Canton of Chateldon, President of the Puy de Dôme association of mayors, Senator for Puy de Dôme, and Treasurer of the French Senate, member of the Supervisory Board of Agence Française de Développement, General Treasurer of the French association of mayors and of its affiliate, Service Public 2000, founder member and Vice-President of the Institut François Mitterand foundation.
André Crocherie*	55	Director	September 9, 2003	September 9, 2009	Director of the Midi-Pyrénées Regional Infrastucture Department, Director of Haute Garonne Infrastructure Department.
Michel Davy de Virville	58	Director	March 13, 2002	AGM 2007 accounts	Corporate Secretary and Director of Human Resources, Renault Group.
Hubert du Mesnil	54	Director	March 13, 2002	AGM 2007 accounts	Chief Executive Officer of Aéroports de Paris.
Jean Louis Girodolle*	35	Director	September 16, 2003	September 16, 2009	Deputy Director within the French Treasury Department, Director of Renault, Aéroports de Paris and RATP.
Pierre Henri Gourgeon	58	Director	March 13, 2002	AGM 2007 accounts	President and Chief Operating Officer of Air France, Director of Amadeus, GTD SA, Amadeus France and Stéria SNC.
Pierre Laungeay*	47	Director	March 31, 2003	March 31, 2009	Director of SEMCA, ESCOTA, SAPRR and AREA, and the following public entities: CNA, ADF, ONCFS (Office National de la Chasse et de la Faune Sauvage) and Euroméditerranée.
Bernard Maurel	72	Director	March 13, 2002	AGM 2007 accounts	Chairman of Martin-Maurel Bank and Compagnie Financière Martin-Maurel, Vice-Chairman of Association Française des Banques, Member of the Board of General Partners of Rothschild & Cie Banque, Director of Groupe SNEF and Euroméditerranée, member of the Supervisory Board of Fonds de Garantie des Dépôts.
Jacques Oudin	65	Director	March 13, 2002	AGM 2007 accounts	On secondment from the National Audit Office, Senator for Vendée, Vice-Chairman of the Senate Finance Commission, Vice-President of Vendée Regional Council, Counsellor for the Canton of l'Ile de Noirmoutier, Director of Conseil Supérieur du Service Public Ferroviare and Autoroutes de France.
Gérard Payen	51	Director	March 13, 2002	AGM 2007 accounts	Former Chief Executive Officer of Suez and Chairman of Ondeo, Chairman of Lydec.
Bernard Seligmann* (retired on March 30, 2004)	65	Director	March 11, 2002	March 11, 2005	General Inspector of Transport and Public Works, member of Commission Nationale de l'Equipement Commercial, member of Conseil National des Transports, coordinator of the transport sub-section of the Conseil Général des Ponts et Chaussées, Director of Société nationale des chemins de fer Luxembourgeois (CFL) and of the French National Roads Committee.
Jacques Thoumazeau**	54	Director	April 29, 2003	AGM 2008 accounts	Human Resources manager, ASF, Director of IPSEC (Institut de Prévoyance des salariés du Groupe Caisse des Dépôts).

* Directors representing the French State

** Directors representing employee-shareholders

(1) SANEF : SANEF: Société des Autoroutes du Nord et de l'Est de la France
(2) SAPRR: Société des Autoroutes Paris-Rhin-Rhône
(3) ATMB: Autoroutes et Tunnel du Mont Blanc
(4) SFTRF: Société Française du Tunnel Routier de Fréjus

In accordance with the law and the Company bylaws, each director must own at least one ASF share throughout his term of office, with the exception of directors representing the State, and directors representing employee-shareholders.

At the time of registering this annual report, directors held 1,940 shares in the Company, as follows:

Name	Number of shares held
Bernard Val	233 (1)
Philippe Dumas(2)	0
Alain Barkats	0
Hugues Bied-Charreton	0
Michel Charasse	1
André Crocherie	0
Michel Davy de Virville	51
Hubert du Mesnil	1
Pierre-Henri Gourgeon	1
Jean-Louis Girodolle	0
Pierre Laugeay	0
Bernard Maurel	1
Jacques Oudin	59
Gérard Payen	1,486
Bernard Seligmann	107 (3)
Jacques Thoumazeau	0

(1) Number of shares held by spouse: 1,266.
(2) Representative of Autoroutes de France, which holds 20,427,400 ASF shares.
(3) Number of shares held by spouse: 81.

Chairman of the Board of Directors and Chief Executive Officer

The Board of Directors elects a Chairman from among its individual members.

In accordance with the "NRE" corporate governance act of May 15, 2001, at the Meeting held on March 13, 2002 the Board decided to segregate the positions of Chairman of the Board of Directors and the Chief Executive Officer.

Under the Company bylaws, the Board of Directors may, on the recommendation of the Chief Executive Officer appoint up to five individuals with the title Senior Executive Officer, to assist the Chief Executive Officer.

Board procedures and processes

The Board of Directors of ASF represents all shareholders. The Board is under the obligation to act in all circumstances in the interests of the Company and is accountable to shareholders for its actions. The Board's procedures and processes are described in internal rules which define the powers of the Board, the policy concerning shareholder information, the role of the Committees of the Board, and the content of the Directors' Charter.

The Board of Directors elects a Chairman from among its individual members. The Chairman organizes and leads meetings of the Board and represents it in its dealing with shareholders and third parties. He ensures that corporate governance structures operate efficiently and that directors are able to fulfill their responsibilities.

The Chairman calls meetings of the Board as often as he considers appropriate. The Board meets at least four times a year, and more often if circumstances so require. In particular, meetings are called to approve the interim financial statements, and to approve the annual financial statements and call the Annual General Meeting.

The Board of Directors decides on Company strategy and oversees its implementation. It oversees the management of the company and the quality of the information provided to shareholders and financial markets. To this end, the Board performs all controls and verifications that it considers necessary.

Once a year, the Board assesses the effectiveness of its procedures and, if necessary, proposes amendments to its internal rules. Once every three years, the Board will obtain an independent assessment of its efficiency. The assessment will be performed by outside consultants under the direction of an independent director.

The Directors' Charter provided for by the Board's internal rules sets out the rights and duties of each Board member. In particular, each director is prohibited from carrying out any transactions in the Company's shares, directly or indirectly, on the basis of inside information.

The members of the Board are elected by the Annual General Meeting of shareholders for a six-year term and may stand for re-election. They may be removed from office at any time by decision of an ordinary general meeting.

Activities of the Board of Directors during 2003

Changes in the composition of the Board during 2003 concerned two directors repesenting the State: in September 2003, Isabelle Martel was replaced by Jean-Louis Girodolle, and André Combeau was replaced by André Crocherie. In March 2004, René Barberye was replaced by Philippe Dumas.

The Board met five times in 2003. The average attendance rate was over 80% and, in each case, the members unable to attend informed the Board in advance or appointed a proxy. The meetings were prepared by the Committees of the Board, which made recommendations concerning agenda items.

The main issues dealt with by the Board of Directors in 2003 were as follows:

- The broadening of ASF's corporate purpose to allow it to diversify. This took tangible form in October 2003 with the creation of Truck Etap, the West Béziers freight transport centre, and the signing of a letter of intent with the Spanish company Abertis.

- Approval of the interim and annual financial statements of the Company and the Group, and review of cash and debt management and financing policies. At the meeting held in September 2003, the Board used the authorization given at the Annual General Meeting of April 29, 2003 (7th resolution), to give the Chairman discretionary powers to issue up to €500 million worth of bonds and other debt securities, in France or abroad, in a public or private offering.
  At the end of January 2004, the Board of Directors of CNA agreed to carry out a €450 million bond issue.

- Allocation of directors' fees and the terms and conditions of their allocation, based in particular on attendance at Board meetings.

- Construction and operating activities under the concession agreements and Group contract, communications, sustainable development and human resources issues.

- The signing of the 9th addendum to the ASF motorway concession agreement for the Bocage interchange.

Pursuant to its internal rules adopted in December 2002, the Board will arrange an independent assessment of its efficiency. The assessment will be performed by outside consultants under the direction of an independent director.

Senior Management

Name	Age	Function	Date appointed	Date re-appointed	Other main positions and directorships
Jacques Tavernier	54	Chief Executive Officer	February 9, 1998	March 13, 2002	Director of ESCOTA
Philippe-Emmanuel Daussy	51	Senior Executive Officer – Operations	March 13, 2002	March 13, 2002	Director of TransJamaican Highway (TJH) and of Jamaica Infrastructure Operator(JIO)
Jean-Marc Denizon	60	Senior Executive Officer,	December 10, 2003	December 10, 2003	Chairman and CEO of ESCOTA
Alain Robillard	59	Senior Executive Officer – Development and Construction	March 13, 2002	March 13, 2002 2002	Director of Jamaica Infrastructure Operator (JIO) and of TransJamaican Highway (TJH)
Jean-Jacques Bancel	35	Chief Financial Officer	July 2003	–	Director of ESCOTA and TransJamaican Highway (TJH)
Yann Charron	44	Human Resources Director	1997	–	–
Thierry Dallard	37	Development Director	May 1, 2003	–	–
Michel Franco	45	Legal Director	May 15, 2003	–	Director of Centaure Midi Pyrénées
Bernard Gardelle	45	Communications Director	August 2002	–	–

Jacques Tavernier holds 107 shares of the Company, and his wife holds 108. The other directors listed above are entitled to invest in the Corporate Mutual Fund set up in connection with the employee stock ownership plan.

Executive Biographies

Bernard Val (aged 61) has been Chairman of the ASF Board of Directors since 1997. Prior to that, he was Chairman of Autoroutes Rhône-Alpes (AREA). He is also a director of ESCOTA and C3D. From 2001 to 2002, he was Chairman of the Association des Sociétés Françaises d'Autoroutes (ASFA), and non-voting director of Société Marseillaise du Tunnel Prado Carenage (SMTPC). Bernard Val is a graduate of Ecole des Ingénieurs de la Ville de Paris.

Jacques Tavernier (aged 54) has been Chief Executive Officer of ASF since 1998. Prior to that, he was Director of the Hauts-de-Seine Infrastructure Department. Jacques Tavernier is a graduate of Ecole Polytechnique and of Ecole Nationale des Ponts et Chaussées. He is also a director of ESCOTA.

Philippe-Emmanuel Daussy (aged 51) has been Senior Executive Officer – Operations since January 2002. Previously, he was Deputy Director – Operations within the infrastructure concession department of Vinci Concessions. Philippe-Emmanuel Daussy is a graduate of Ecole Polytechnique, Ecole Nationale Supérieure du Pétrole et des Moteurs and INSEAD.

Jean-Marc Denizon (aged 60) has been a Senior Executive Officer of ASF since December 10, 2003, and, at the same time, since December 9, 2003, Chief Executive Officer of ESCOTA. Appointed Senior Executive Officer – Operations at ASF in June 1993, he then served as Senior Executive Officer of ESCOTA from December 17, 2001 to March 11, 2002, becoming Chief Executive Officer of ESCOTA on March 12, 2002. He was a director of ISIS, a subsidiary of the EGIS group, from 1993 to 1998. Jean-Marc Denizon is a graduate of Ecole Polytechnique and Ecole Nationale des Ponts et Chaussées. He is also Chairman of the Syndicat professionnel des sociétés concessionnaires ou exploitantes d'autoroutes ou d'ouvrages routiers and a member of the Board of Association des Sociétés Françaises d'Autoroutes (ASFA).

Alain Robillard (aged 59) has been Senior Executive Officer – Development & Construction with ASF since 1987. Previously, he was Director of General Engineering and Safety responsible for coordinating engineering work for the Eurotunnel. He is a graduate of Ecole Spéciale des Travaux Publics and of IAE Grenoble. He is a member of IBTTA (International Bridge, Tunnel and Turnpike Association) and was appointed International Vice Chairman of the IBTTA Engineering and Design Committee for 2002.

Jean-Jacques Bancel (aged 35) has been Chief Financial Officer of ASF since July 2003. He joined the ASF Group in January 2002 to lead the IPO project. Since the IPO, he has been in charge of Investor Relations. Jean-Jacques Bancel is a graduate of ESSEC (Ecole Supérieure des Sciences Economiques et Commerciales). Since he began his career in 1993, he has worked as a management consultant with Mars & Co., and M&A and business disposal consultant with HSBC CCF Corporate Finance.

Yann Charron (aged 44) has been Human Resources Director with ASF since 1997. Previously, he was Human Resources and Communications Director with Thomson-DASA Armements. Yann Charron is a graduate of Institut d'Etudes Politiques de Strasbourg. He is also a member of ANDCP (Association Nationale des Directeurs et Cadres de la fonction Personnel).

Thierry Dallard (aged 37) has been Development Director since May 2003. He was previously in charge of the travel and transport infrastructures department of the Bouches du Rhône Infrastructure Department. He is a graduate of Ecole Normale Supérieure and Ecole Nationale des Ponts et Chaussées and holds a doctorate in physics from the Pierre-et-Marie-Curie University.

Michel Franco (aged 45) joined the Group as Legal Director on May 15, 2003. Prior to that, he was Legal Director for Arena, the holding company for the Calcia, Unibeton and GSM subsidiaries of the Ciments Français Group. He has also worked for ELYO, a subsidiary of the Suez-Lyonnaise Group and has practised as a lawyer. Holder of the CAPA legal diploma, he is a graduate of Institut d'Etudes Politiques d'Aix-en-Provence. He also holds a DESS post-graduate degree in business law and a DEA post-graduate degree in criminal law.

Bernard Gardelle (aged 45) has been Communications Director with ASF since August 2003. Between June 20, 2000 and August 2003, he was Deputy Director, External Communications. A graduate in public law and holder of a masters degree in political sociology, Bernard Gardelle worked successively for Bernard Krief Communication, Hintzy Heymann and DDB & Co.

Senior management procedures and processes

The Board of Directors appoints the Chief Executive Officer, fixes the duration of his mandate, determines his compensation and, where appropriate, the scope of his powers. The Chief Executive Officer is not a Director of the Company.

The Chief Executive Officer is invested with broad powers to act on behalf of the Company, within the limits of the corporate purpose and subject to compliance with applicable regulations. He reports to the Board of Directors on the management of the business and represents the Company in its dealings with third parties.

The Chief Executive Officer can be removed at any time by the Board of Directors.

On the recommendation of the Chief Executive Officer, the Chairman may ask the Board of Directors to appoint up to five Senior Executive Officers to assist the Chief Executive Officer. In their dealings with third parties, the Senior Executive Officers have the same powers as the Chief Executive Officer.

At the request of the Chief Executive Officer, the Board of Directors determines the scope and duration of the powers of the Senior Executive Officers, and their compensation.

Senior management structure in 2003

In 2003, Jacques Tavernier, Chief Executive Officer, managed with business with the assistance of three Senior Executive Officers, under the supervision of the Board of Directors.

Committees of the Board

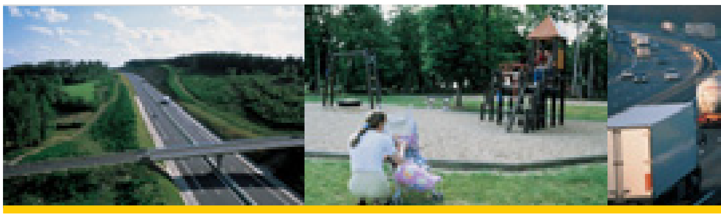
At its meeting of March 13, 2002, the Board of Directors set up three Committees of the Board:

- The Audit Committee, comprising four directors appointed by the Board for a renewable three-year term. The current members are Philippe Dumas, Bernard Maurel, Bernard Seligmann and Jean-Louis Girodolle. The chairman of this committee in 2003 was René Barberye, who retired on March 1, 2004.

- The Compensation Committee, comprising three directors appointed by the Board. The current members are Michel Davy de Virville, Chairman, Hubert du Mesnil and Gérard Payen.

- The Strategy and Contracts Committee, comprising three directors appointed by the Board. The current members are Bernard Val, Chairman, Gérard Payen, Pierre Henri Gourgeon and Jean-Louis Girodolle. Alain Barkats and Jacques Thoumazeau attend meetings of the Committee as observers.

In addition to the above, the Consultation Committee for Company Contracts (CCMS), created by the Board on May 10, 2001, continued its work. Its six members are the Chief Executive Officer, who chairs the committee, two qualified individuals appointed by the Chairman (one from outside the Company), the executive submitting the contract to the CCMS, the government auditor, and a representative of the French competition authorities (DGCCRF). The committee makes recommendations concerning the contracts presented for its review and monitors compliance with ASF procedures for



awarding contracts. All work contracts in excess of €5 million, excluding tax, all supply and service contracts in excess of €0.5 million, excluding tax, and all addenda to these contracts representing over 20% of the original amount must be submitted to the CCMS for review.

A National Contracts Commission For Semi-Public Motorway Concession Companies was established in France by decree no. 2004-86 of January 26, 2004. Its role is to monitor the compliance by these companies with the rules applicable to the awarding and execution of works, services and supplies contracts. The CCMS set up by the various motorway operations are required to submit an annual report to this Commission before January 31 of the following year. The Commission then reviews these reports and issues its own annual report on compliance with the procedures for awarding contracts. In its report, the Commission may make recommendations concerning the organization of these procedures or the organization and procedures of the CCMS.

The Commission's report is sent to the Infrastructure Minister and the Finance Minister before May 31, and these ministers may decide on any appropriate follow-up.

Activities of the Committees of the Board

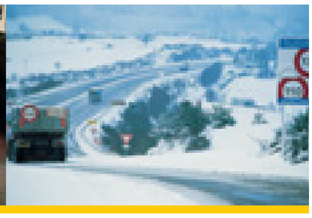
The committees prepare the ground for Board decisions by making recommendations to the Board of Directors. Their purpose is to help ensure that the Board makes informed decisions by improving the quality of information given to the directors. However, in no circumstances do they make decisions on behalf of the Board. The chairmen of the committees provide the Board with a detailed report on discussions, outlining the views expressed by each member. The procedures, processes and terms of reference of the Audit Committee, the Strategy and Contracts Committee and the Compensation Committee are described in internal rules approved by the Board of Directors.

The Audit Committee

The Audit Committee is responsible mainly for examining the financial statements of the Company and the Group. It reports each year to the Board of Directors on the procedures and processes for the preparation of the financial statements, commenting in particular on the relevance and consistency of accounting methods and the effectiveness of internal procedures for the collection and control of financial and accounting information. It also makes recommendations to the Board of Directors on the choice of accounting standards for the preparation of the consolidated financial statements, on the appointment or re-appointment of the statutory auditors and the quality of their audits. Lastly, the Committee examines major financial transactions that may involve a conflict of interests.

The committee meets as often as it considers necessary, or at least twice a year. Meetings are called by its chairman or by the Chairman of the Board of Directors.





It meets, for example, before the Board meetings held to approve the annual and interim financial statements, or to review the management of the Company. The statutory auditors may ask the Chairman of the Board to call a meeting of the Audit Committee, if considered appropriate.

The Audit Committee may hold a meeting with the statutory auditors to discuss the annual or interim accounts closing process.

The government representative or deputy representative and the government auditor may attend meetings of the Audit Committee. The committee may invite to its meetings the statutory auditors or any person employed by the Group, notably the Chief Executive Officer, Chief Financial Officer or Internal Audit Director.

Activities of the Audit Committee in 2003

The Audit Committee examined financial and accounting matters prior to their presentation to the Board of Directors.

The Audit Committee met four times in 2003, on March 14, June 16, September 9, and November 26. The only change in the membership of the committee was the replacement of Isabelle Martel by Jean-Louis Girodolle.

During these meetings, the Committee examined the 2002 annual financial statements and the 2003 interim financial statements, Group debt management, cash management and financing policy, and the accounting policies to be applied to prepare the 2003 financial statements. The Committee was kept informed on the progress and, where appropriate, the conclusions of the two working parties set up at its request: one to examine impairment issues related to the Puymorens Tunnel, and the other to prepare an inventory of fixed assets. The Internal Audit Department made a presentation to the Audit Committee on its procedures and processes, organized according to a risk-based approach. The Department also presented its internal audit charter, an overview of internal audits carried out in 2003 and the audit plan for 2004.

The Compensation Committee

The Compensation Committee is responsible for making proposals concerning directors' fees and senior management compensation.

Activities of the Compensation Committee during 2003

The Compensation Committee examined issues related to directors fees and senior management compensation. At its meeting of March 7, 2003, the Committee recommended paying attendance fees to directors, as from 2003, in consideration of their responsibilities and the time devoted to Board matters. It proposed setting a maximum fee per director, comprising a fixed component and a variable component based on attendance at Board meetings. At its meeting of December 4, 2003, the Committee made proposals concerning adjustments to the compensation paid to senior management, and also recommended extending to the Chairman and the Chief Executive Officer the top-hat pension scheme offered to all ASF executives.

The Compensation Committee met three times in 2003, on March 7, September 3 and December 4, with at least two of its three members in attendance.

Directors' attendance fees for the year ended December 31, 2003

Recipient	Amount (in euros)
Public Treasury	72,600
M de Virville	12,600
H du Mesnil	15,000
P-H Gourgeon	9,600
B Maurel	12,300
G Payen	15,000
A Barkats	6,600
J Thoumazeau	6,600
Total	**150,300**

The Strategy and Contracts Committee

The role of the Strategy and Contracts Committee is to make recommendations on Group strategy. Once a year, the Committee reviews the Group's strengths and weaknesses, the business risks and opportunities, the critical success factors, and the human and financial resources needed by Group companies to achieve their strategic objectives. Its conclusions on these subjects are submitted to the Board of Directors.

The Committee meets whenever necessary, at the request of the Chief Executive Officer or the Committee chairman, who decides on the agenda. At least two meetings are held each year, and the Committee also meets to prepare meetings of the full Board called to approve contracts related to business development projects. The Group annual report includes an annual report on the activities of the Strategy and Contracts Committee.

The government auditor and government representative attend meetings of the Strategy and Commitments Committee in a consultative capacity. The Committee can invite members of senior management or any other person concerned by any agenda items to make a presentation during its meeting.

Activities of the Strategy and Contracts Committee in 2003

The Strategy and Contracts Committee examined all issues related to the Group's commitments. Committee members were provided with all the relevant documentation for this purpose. The Committee gave its opinion on the business and financial implications of proposals for the development and diversification of the business.

The Strategy and Contracts Committee met four times in 2003 (February 27, June 12, September 15 and December 1). The only change in the composition of the committee during 2003 was the replacement of Isabelle Martel by Jean-Louis Girodolle.

Issues examined in 2003 included ASF's bid – as a member of a consortium – for three motorway concession projects (A19, A41 and A65) in response to the invitations to tender launched by the French government in June.

In the context of ASF's diversification, the Committee examined the economic and financial aspects of the West Béziers freight transport center project, Truck Etap. The Committee recommended that ASF should take a majority stake in a company set up to build and operate the center. It was also kept informed of the progress of ASF's bids for the contracts to build various car parks, mainly in Nice and St. Maxime.

The committee examined the details of a letter of intent between ASF and the Spanish company Abertis, and recommended that the Board authorize the Chief Executive Officer to sign a contract to go ahead with this project.

It also recommended that the Board of Directors authorize the Chief Executive Officer to sign an addendum including the Bocage interchange on the A87 motorway in the specifications appended to the ASF concession agreement. Lastly, the Committee performed a preliminary analysis of the proposed addendum concerning the Lyon-Balbigny section of the A89 motorway.

Directors' and management interests

Compensation and benefits paid to directors and members of senior management for 2003

Senior management compensation includes a fixed salary and a variable bonus tied to the achievement of targets set by the Board of Directors (Ebitda margin, net income, productivity, cost control, service quality). All members of senior management have the use of a company car.

Total directors fees, set at €240,000 by the Annual General Meeting of April 29, 2003, were allocated as follows among the members, in accordance the rules decided by the Board of Directors on September 24, 2003 when it adopted the recommendation made by the Compensation Committee on September 3, 2003:

- Fixed fee of €3,000
- Variable fee based on attendance at Board meetings, capped at €6,000
- Variable fee based on attendance at meetings of Committees of the Board, capped at €6,000.

The maximum fee per director, whatever the number of Committees of which he is a member, is capped at €15,000.

The Board of Directors also decided that:

- The Chairman of ASF would not be paid attendance fees
- Salaried directors would not be paid attendance fees for their presence at meetings of committees which they attend as observers.

The Board of Directors noted that Michel Charasse and Jacques Oudin waived their entitlement to attendance fees, and that the attendance fees due to directors representing the government would be paid directly to the Public Treasury.

- **Management stock options**
  There are currently no management stock option plans.

- **Transactions between the Company and directors or senior management**
  None.

- **Loans or guarantees granted by the Company to directors or senior management**
  None.

- **Assets used by the ASF Group, belonging directly or indirectly to senior management or their family members**
  None.

- **Real-estate leases or other new agreements signed since the end of the year with any company owned by senior management or their family members**
  None.

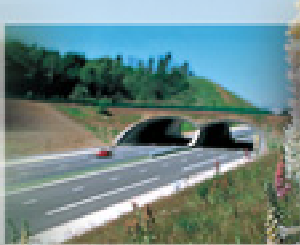
- **Related party agreements**
  During 2003, ASF and ESCOTA continued to implement the treasury agreement signed on December 22, 1994 and amended by addenda No. 1 of March 8, 2003 and No. 2 of December 27, 2002. At December 31, 2003, outstanding advances by ASF to ESCOTA totaled €142.6 million. The agreement, as amended, stipulates that annual interest on advances made by ASF to ESCOTA as from January 1, 2002 is calculated at Eonia.

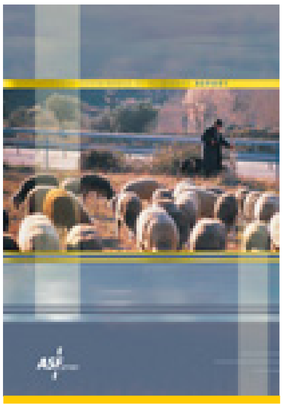
The service agreement signed on February 15, 1995 between ASF and Société Radio Trafic (SRT) also remained in force. Under this agreement: (i) ASF provides information and administrative and logistics support to SRT; (ii) SRT broadcasts the Radio Trafic program daily on motorways operated by ASF, and broadcasts traffic news on the Autoroutel voice server; and (iii) ASF provides current-account advances to SRT at an annual interest rate of 5.05%. The outstanding principal is repayable at the end of the contract and the interest is payable quarterly. In 2003, ASF paid €1,031,950 net of taxes (including advances) to SRT for services provided, and SRT paid €460,541 net of taxes (including advances) in respect of services received from ASF. At December 31, 2003, no current-account advances were outstanding.

In 2003, compensation paid to directors and senior management was as follows (in euros):

Name	Position	Appointment started/ended	Annual compensation	o/w basic salary	o/w variable bonus based on 2002 results	o/w benefits
Bernard Val	Chairman		224,587	190,000	32,067	2,520
Jacques Tavernier	Chief Executive Officer		201,390	170,000	28,810	2,580
Philippe-Emmanuel Daussy	Senior Executive Officer – Operations		142,197	125,000	14,628	2,569
Jean Marc Denizon	Chief Executive Officer of ESCOTA then, Chairman and CEO of ESCOTA and ASF Senior Executive Officer	January 1, 2003, then December 9 & 10, 2003	162,620	140,000	20,100	2,520
Alain Robillard	Senior Executive Officer – Construction & Development		148,043	125,000	16,496	6,548
Michel Amilhat	Chairman of ESCOTA	ended December 9, 2003	145,504	132,045	11,474	1,985
Alain Renoir	Senior Executive Officer – Administration & Finance	ended September 1, 2003	194,655	163,971 (including retirement bonus)	29,267	1,417

A responsible corporate citizen





The first ASF Group Sustainable Development Report sets out to highlight the values and convictions that inspire our day-to-day work and ongoing practices.

The report is an opportunity to give an open and faithful account of our strategy, objectives and achievements, measure our progress and identify priorities for the future.

Our commitment

The corporate mission of the ASF Group, as a builder and operator of motorway networks which serve the public interest and help to drive regional economic development, has always been to make road travel and freight haulage as economically efficient as possible, while respecting communities and the environment.

Our pursuit of the aims of sustainable development is an opportunity to express our corporate strategy as a listed company, by demonstrating that the Group is an efficient economic player which fully assumes its social, environmental and contractual responsibilities.

Our corporate values

- Fulfilling our contractual commitments
- Maintaining satisfactory levels of profitability
- Achieving technical excellence and guaranteeing the durability of our infrastructure
- Adopting a responsible approach to the environment and road safety
- Offering customers a high quality service
- Showing consideration for the men and women who work for the Group
- Fulfilling our responsibility to our shareholders.

Our ambition

To play a major role in developing transport systems that promote sustainable mobility, by:

- Improving the efficiency of existing infrastructure, to avoid the need for new motorways, while reducing its environmental impact,
- Taking part in implementing intermodal transport solutions, in particular at linkage points,
- Encouraging socially-responsible behavior and promoting the use of clean-technology vehicles, with the aim of minimizing the impact of traffic on the environment.

Contractual responsibility

Motorway concessions in France and Europe

Motorway concessions cover both construction of the infrastructure and

operation of the public service. They are awarded by the government. The concession agreement is backed by a set of specifications, approved under an order issued by the Council of State, setting out the detailed terms and conditions governing the construction, operation and maintenance of the designated motorways by the concession-holder.

The French system of motorway concessions and toll motorways was established by the Motorways Act of April 18, 1955 (Act no. 55-435), now called the Roads and Highways Code (Code de la voirie routière). All roads are built on public land and cannot be privately-owned. Under Article L.122-4 of the Roads and Highways Code, the government may assign responsibility for building and operating motorways and the related infrastructure under a concession agreement and authorize the concession-holder to collect tolls from motorway users. Initially, concessions could only be granted to public and semi-public companies but since 1970, private-sector companies are also invited to submit bids.

The motorway concession system has undergone a number of major changes, including in 1994 when the six main semi-public motorway operators were reorganized to create three regional operators, each comprising a parent company and a subsidiary. The Southern region is served by ASF and its subsidiary ESCOTA, the Northern region by SANEF (Société des Autoroutes du Nord et de l'Est de la France) and its subsidiary SAPN (Société Autoroutes Paris-Normandie), and the Rhine-Rhone and Rhone-Alps region by SAPRR (Société des Autoroutes Rhône Paris-Rhin-Rhône) and its subsidiary, AREA (Société des Autoroutes Rhône-Alpes). The 1994 reform also led to the establishment of long-term contracts setting out the concession-holders' financial and pricing commitments. The current contracts signed by ASF and ESCOTA (in March 2002) cover the period 2002-2006. These contracts govern the terms of the relationship between the government and the concession holder over the four-year period, in the areas of pricing policy, capital expenditure, development strategy, marketing and customer service policies, financial targets, social and environmental policies.

Another major reform, introduced in 2001 based on European Commission guidelines dated October 24, 2000, extended the duration of the concession agreements of the six semi-public companies mentioned above (to 2032 for ASF and 2026 for ESCOTA) in exchange for abolishing the government's obligation to assume the companies' liabilities at the end of the concession, and terminating the system of deferring recognition of structural costs.

French motorway concessions are currently held by eight semi-public companies in which the State is directly or indirectly the majority shareholder, and by three private companies, Cofiroute, Alis and Eiffage.

Concession agreements

Motorway concession agreements

The ASF Group builds, maintains and operates its motorway network under two concession agreements with the French government, one for the ASF network and the other for the Escota network. Both agreements are identical, except for their different expiry dates, and the differences in financial and pricing terms. They were approved in decrees issued by the French Council of State in 1961 and 1957 respectively, and have since been the subject of several addenda.

Scope of the concessions

The concession agreements cover the motorways or motorway sections listed in the section "Group Businesses/ASF Group network in service as of December 31, 2003", as well as all land, structures and installations necessary for the construction, maintenance and operation of each motorway, such as parking, service and rest areas, service stations, restaurants, motels and hotels (the "Concession Assets").

The Concession Assets fall into three categories:

- Assets required to operate the concession which will automatically be returned to the State without compensation at the end of the concession ("Returnable Assets").

- Other assets that are the property of the concession-holder, which the State may elect to buy back at the end of concession period, if they are of use in operating the concession ("Assets with a Buyback Option").

- Assets owned outright by the concession-holder ("Owned Assets"), which will not be transferred to the State at the end of the concession period, with or without consideration.

Throughout the duration of the concession agreement, the concession-holder has the exclusive right to operate the motorways or motorway sections covered by the concession, and to collect tolls. Under the agreement between the government and ASF, the Concession Assets will be allocated among the above three categories no later than December 31, 2004.

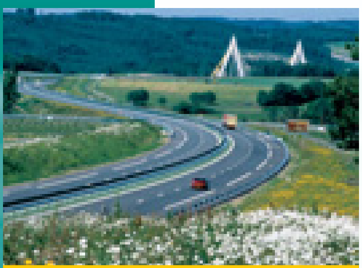
Duration of concessions and recovery of assets on expiry of concessions

ASF's concession will expire on December 31, 2032 and ESCOTA's concession on December 31, 2026.



On expiry of each concession, the State will take possession of the Returnable Assets. The concession-holder must carry out all necessary maintenance and replacement work, on a timely basis and at its own expense, so that the assets are returned in a good state of repair. On the concession expiry date, the State may decide to exercise its buyback option in order to also take possession of the other assets required to operate the network.

Motorway construction
Each concession agreement outlines the main features of the infrastructure. The procedures for the authorization of new motorway construction and the granting of concessions and construction contracts are described in the section "Group Businesses/Capital expenditure and sections opened in 2003".



For motorways that are classified as being in the public interest, the concession-holder enjoys all the legal and regulatory rights conferred on the State in matters of public works, for the purpose of acquiring land, carrying out expropriations and building the motorway, and is subject to all the corresponding obligations. In particular, the concession-holder must fulfill all the undertakings made and conditions imposed in the Declaration of Public Interest.

Construction contracts must be awarded under a competitive bidding process. Any discrimination against European Union companies on the basis of national origin is prohibited.

Motorway operation
The concession-holder must deploy all necessary resources to maintain continuity of traffic in good conditions of safety and convenience. Concession assets must be kept in a good state of repair and operated by the concession-holder at its own expense.

The concession-holder must comply with law and order measures announced by the préfets of the regions crossed by the motorway. It must also submit its proposed operating plan for the prior approval of the Infrastructure Minister. In accordance with the rules applicable to public service providers, in the case of a strike by its employees, the concession-holder is required to maintain a minimum service, as defined by the Infrastructure Minister.

The concession-holder also has certain obligations in the event that the motorway traffic flow is interrupted or restricted. These include informing the public in advance of possible holdups, and immediately notifying the competent authorities if traffic is interrupted due to circumstances beyond the concession-holder's control.

Financial terms and conditions
The concession-holder is responsible for financing the construction and operation of the motorway network and related infrastructure, on the basis specified in the concession agreement.

Construction of the Group's existing network was financed mainly by long-term loans from Caisse Nationale des Autoroutes (CNA). CNA is the subsidiary of Caisse des Dépôts et Consignations responsible for raising funds on the financial markets to finance the construction and extension of toll motorways.

Tariffs

The concession agreement specifies the basis to be used by the concession-holder to determine toll charges. The methods used are described in the section "Group Businesses/Tolls".

Operation of service area outlets and other commercial installations

The concession-holder awards contracts for the operation of service area outlets according to a competitive bidding process. The fees paid by the service area operators are included in concession revenues.

Under the terms of the concession agreement, the concession-holder may install and operate fiber optics and telecommunications networks alongside the motorways.

Technical regulations

The concession agreements stipulate that in the event of a change in technical regulations, the government and the concession-holder will mutually agree on the amount of any compensation to be paid to the concession-holder.

Taxation

The concession-holder is liable for all current and future taxes related to the concession. Under the terms of the concession agreements, in the event of a substantial change in tax rules or the introduction of new taxes or levies during the life of the agreement that may seriously undermine the financial viability of the concession, the government and the concession-holder will mutually agree on any compensatory measures to be taken to permit the continued provision of the public service.

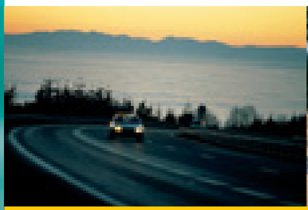
Buyback Option

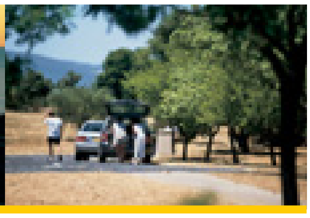
Starting in 2012 the State will have the right to buy back the concession, for reasons of public interest, on January 1 of each year, with one year's notice.

If the buyback option is exercised, the concession-holder will be paid compensation based on annual net concession income multiplied by the remaining number of years of the concession. Annual net concession income is defined as concession revenues less (i) the expenses incurred to operate, maintain and replace infrastructure and equipment, (ii) normal accruals for these costs, and (iii) depreciation expense calculated over a period that is shorter than the concession period. Interest expense, depreciation expense calculated over the life of the concession, amortization of debt issuance costs, start-up costs and additional investments in motorways in service are not taken into account in the calculation. The reference annual net concession income is equal to the higher of the following two amounts:

- The average of the five highest amounts of net concession income reported by the concession-holder during the seven years that precede the one in which the buyback notice is sent to the concession-holder;

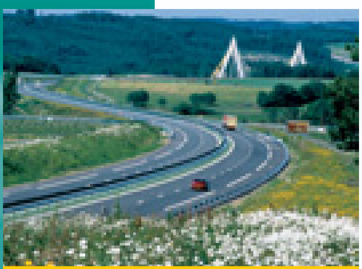
- Net concession income for the year preceding the one in which the buyback notice is sent to the concession-holder.





The compensation due for a given year, as from the year when the assets are bought back, will be equal to the reference annuity, adjusted by the TP09TER index published monthly in the Bulletin Officiel de la Concurrence, de la Consommation et de la Répression des Fraudes, for the months of January of the year in question and the year prior to the buyback.

In addition, on June 30 of the buyback year, the concession-holder will receive compensation equal to its annual expenditure on asset replacements and additional investment on motorways in service (including the widening of viaducts and lane extensions) during the 15 years preceding the buyback year, less x/15ths per year, where x represents the number of years between the expenditure year and the buyback year.



On the buyback date, the State will assume all of the concession-holder's commitments entered into in the normal course of business for the construction and operation of the Concession Assets, except for those commitments arising from loan agreements.

Penalties and sanctions

In the case of any failure by the concession-holder to fulfill any of its obligations under the concession agreement that is not remedied within the period specified in the execution order issued by the State, the concession-holder will be required to pay a penalty, unless such failure is due to circumstances beyond the concession-holder's control.

In particular, a penalty will be levied in the case of any motorway construction delays or any partial or total interruption of traffic through the fault of the concession-holder.

If the concession-holder breaches its obligations concerning tariffs, the tariffs applicable up to the next revision date will be set jointly by the Infrastructure Minister and the Finance Minister.

Disqualification

The concession-holder may be disqualified from operating the concession, by decision of the State made by decree of the Council of State, if any of the following breaches are not remedied within 30 days of receiving an execution order:

- The concession-holder (i) interrupts operations repeatedly or for a lengthy period, without authorization or in breach of tariff obligations or (ii) commits a serious breach of any other contractual obligations, other than as a result of circumstances beyond the concession-holder's control.

- The concession-holder transfers the concession without prior and express authorization of the State.

- The concession-holder fails to obtain on a timely basis the funds required to finance the design, construction, operation and maintenance of a motorway.

In the event of disqualification, the concession agreement will be reassigned, in compliance with applicable laws and regulations, through a competitive bidding process. In this case, the bid price will be paid by the new concession-holder to the disqualified company, immediately following publication of the Council of State decree approving the new concession agreement and related specifications.

The Puymorens Tunnel Concession Agreement

The concession agreement for the Puymorens tunnel was signed on June 2, 1994 for a period expiring on December 31, 2037. An addendum may be signed bringing forward the expiry date, following completion of the new Andorran road linking the tunnel to the RN 320. Starting in 2013, the concession may also be revoked by the government on January 1 of each year, with one year's notice. Under the terms of the concession agreement, when the concession expires or is revoked, the State will assume all of ASF's debts and obligations related to the concession.

ASF is entitled to request a tariff increase if this is necessary to preserve the financial viability of the concession. In addition, variable tariffs may be applied according to the season and tunnel-users may be offered cut-price subscriptions. These tariffs must be submitted for the approval of the Infrastructure Minister one month before they are introduced.

ASF is entitled to outsource the operation of tunnel-related facilities. The related fees are included in concession revenues.

Regulatory environment

In the normal course of business, the ASF Group is subject to various regulations, including public law regulations governing the authorization and construction of motorways, as described in the section "Group Businesses/Capital expenditure and sections opened in 2003" (related mainly to Declaration of Public Interest and expropriation procedures), public contract regulations governing the contracts entered into by ASF and ESCOTA, and environmental regulations.

Public contracts

The concession agreements between the State, on the one hand, and ASF and ESCOTA on the other hand, for the construction, maintenance and operation of the ASF Group motorway networks, represent public works and public service contracts. ASF and ESCOTA also enter into numerous contracts with construction companies, consulting engineers, architects, suppliers and other businesses or professionals, for the execution of work, the supply of services, equipment or materials, or the operation of commercial installations.

The concession agreements and most of the above contracts are governed by public law and are subject to detailed publication and competitive bidding rules and procedures.

Public works and public service concession agreements

The ASF Group's motorway concessions are subject to the rules governing public works and public service contracts.

The conditions under which the government assigns the construction, operation and maintenance of motorways and related infrastructure, are described in the concession agreements signed between the State and the concession-holder, as well as in detailed specifications appended to these contracts. The concession agreements and the corresponding specifications must be approved by a decree of the Council of State.

In the past, the construction of new motorway sections in France was generally assigned to the concession-holder already operating a motorway network adjacent to the proposed section, without being put out to tender. The new section was incorporated into the existing concession agreement, and the terms of the entire agreement – particularly the duration and tariffs – were renegotiated. Since January 1, 1998, new motorway sections are put out to tender on a European scale, in compliance with European Union law on awarding public contracts (Law of January 29, 1993, and European Directive 93/37/EEC of June 14, 1993).

Public works and services contracts

Contracts awarded by the ASF Group to sub-contractors and suppliers for the construction, operation and maintenance of motorways and the purchase of assets required to operate the service must be publicly announced and put out to tender, in accordance with the Act of January 29, 1993 on the prevention of corruption and the transparency of public procedures (public works, civil engineering and project management), European Directives no. 92/50 of June 18, 1992 (public service contracts), no. 93/36 of June 14, 1993 (public supply contracts) and no. 93/37 of June 14, 1993 (public works contracts), and the texts transposing these directives into French law.

ASF Group contracts are generally awarded under a competitive bidding process. Invitations to tender are published in certain French newspapers and, depending on the contract amount, in the Official Journal of the European Communities. The company may decide to call for either open or sealed bids. Sealed bids for contracts in excess of €5 million, excluding tax, are opened by a Group commission, while bids for less than this amount are opened by commissions set up within the operating and corporate departments. For contracts exceeding specified thresholds, ASF and ESCOTA have each established a Consultation Committee for Company Contracts which must give its opinion before the contract is awarded (see "The Group/Corporate Governance/Committees of the Board").

Public law contracts for construction work, supplies or services assigned to co-contractors include a series of administrative and technical clauses setting out the co-contractor's obligations. Compliance with these clauses is monitored by ASF personnel.

Commercial Installations

ASF and ESCOTA sign contracts with third parties for the construction and operation of commercial installations (service stations, restaurants, motels, etc.) built on the public land assigned to the ASF Group under the concession agreements. These service area operators pay a fee to ASF, generally based on revenues (see "Group Businesses/Quality service/Service areas").

Agreements concerning the operation of commercial installations are subject to prior approval under the legal rules governing the occupation of public land. In addition, the co-contractor and the proposed contract must be approved by the Infrastructure Minister. These contracts are also awarded through a competitive bidding process.




Environmental responsibility

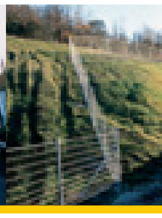
Helping to safeguard the environment and the quality of life near motorways

For the ASF Group, designing and maintaining a motorway necessarily means integrating the infrastructure in the environment and devising solutions geared to protecting the environment and the quality of life of neighboring populations.

Over the last 40 years, the Group has been resolute in its efforts to blend infrastructures into their surrounding environment for the full duration of their life cycle.

Strict regulatory compliance is an essential feature of our corporate standards and practices. Our commitment, whether this concerns older motorways or new infrastructure, is guided by three principles:

- Integrating infrastructure into the landscape;
- Protecting the natural environment and biodiversity;
- Reducing as far as possible the impact of motorways on the quality of life of populations living close to the motorways.


Integrating infrastructure into the landscape

To integrate the motorway into the landscape, ASF architects and landscape specialists work with local stakeholders to plot a path that follows the contours of the surrounding countryside, blending into the landscape.

Our motorways, with their hills, embankments, vegetation, bridges and other structures, are designed and built with consideration for the surrounding environment, and a desire to please the eye of road-users and the local population.

Safeguarding the environment and biodiversity

Often perceived as a blot on the landscape, the motorway must be designed, built and operated in a manner that contributes to safeguarding biodiversity and natural resources such as water, wildlife and plant life.

To ensure that we make informed decisions in these areas, we conduct in-depth feasibility studies with input from local ecologists and hunting and fishing associations, as well as regular environmental audits spread over several years.

This is necessary to help us to integrate our infrastructure, adapt our equipment to the terrain and safeguard identified plant and animal species. Our network is dotted with bridges and tunnels that restore natural points of passage of wild fauna, and we build wind-break hedges and banks to oblige birds to fly upwards as they approach our motorways and avoid crashing into high-sided vehicles. We also install perimeter wire fencing to protect small animals from the risk of collision with traffic, while maintaining biodiversity along the edges of the motorway.

Similar attention is paid to green areas bordering our network, which cover a total of more than 11,000 hectares. In the last 40 years, we have developed exemplary sowing, planting and maintenance practices to restore these areas' ecological and scenic character. We aid the natural regeneration process by using plant varieties adapted to the local climate and soil. These species are carefully cultivated to encourage biodiversity with a minimum of human intervention: little mowing, no chemical treatment, and respect for natural cycles.

The location of part of the network at the heart of the Mediterranean forests (A8) and the scrublands of southern France (A9) has led to the adoption of special fire-prevention measures, especially by ESCOTA. These include construction of a safety lane along at-risk stretches of the motorway, protection against discarded cigarette butts, installation of water tanks and automatic sprinkling of rest and service areas.

To preserve water resources, we have drawn up water protection standards for all our motorways built since 1992, and for all road-widening projects. Their aim is to prevent concentrations of pollution through robust, long-lasting solutions (grass-covered ponds and ditches) and natural purification.

For older motorways, we have introduced a water-protection scheme for critical sites to avoid accidental contamination of drinking water catchments. Particular attention is also paid to bridge and viaduct construction to ensure that pylons do not increase flood risk.

The Group is engaged in a drive to improve the management of waste generated by its activities. Selective waste sorting is being introduced in all our operating units with access to waste treatment services.

All these precautions also apply throughout the entire motorway construction process, and all contractors are required to implement our environmental protection plans.

Minimizing the impact on the quality of life and the health of populations living next to the motorways.

Our first step in ensuring minimum noise pollution for populations living next to the motorways is to plot their route so that they are not too close to dwellings. Where dwellings are exposed to noise levels above regulatory limits, we implement a range of solutions adapted to each case. This may involve sound insulation of facades or noise reduction at source, preferably by building embankments planted with vegetation. In other cases, we erect noise barriers designed to fit harmoniously into the local landscape.

We have launched a major campaign to reduce the number of noise black-spots identified on urban sections of the older network. In zones not covered by noise abatement regulations, we explore solutions in partnership with local authorities.

In anticipation of future cohabitation with industrial or residential estates which tend to develop close to motorways, and also with isolated structures, we plan ahead to maintain the quality of our boundaries. This means having enough land to allow for buffer zones between the motorway and the surrounding area, to help filter dust and other pollutants while reducing traffic noise. We are also exploring partnerships with local interests to find long-term solutions for urban development along motorways.

We make every effort to reduce greenhouse gas emissions and are vigilant about the impact of our own activities (vehicles, buildings, etc). However, the greatest potential for reduction lies in lower fuel consumption by road users. We encourage fuel economy via press campaigns, messages on dynamic information panels and advice on the 107.7 traffic radio. We also relay all temporary speed limits imposed by the préfectures to deal with pollution peaks in urban areas.

We participate in the work of our industry association, Association des Sociétés Françaises Autoroutières (ASFA), to monitor vehicle emissions with a view to finding the best solutions.



Social responsibility

Supporting change

We have always paid close attention to the quality of the men and women employed by our Group because it is their performance that ensures customer satisfaction 24 hours a day, 7 days a week.

An energetic and coordinated approach to human resources management is of critical importance in the current period of significant change in our organization and business.

The challenge of automatic toll collection

Our steady efforts to improve productivity have led us to develop automated toll collection systems. Launched well before the IPO, the automation of toll collection continues in step with our pledge to employees that it will not lead to any lay-offs or compulsory transfers of personnel.

At the same time, we are reorganizing toll collection operations in order to achieve the greater flexibility and efficiency needed to deal with fluctuations in traffic. We are also using the reorganization to improve working conditions by, for example, ending night-shifts at the smallest toll barriers. This and other measures will help to improve job security. With the aim of reducing reliance on fixed-term contracts, we are currently working to devise permanent contracts that are better adapted to the rhythm of toll collection. In 2003, we signed an agreement with employee representatives covering interim arrangements during the negotiation phase leading up to the new toll collection structure.

At the same time, we have set up a training program to help employees make the transition from manual toll collection to customer relations or basic technical functions.

Developing the skill base

Individual career development, with emphasis on upskilling and internal promotion, is an important component of our human resources policy. Over 50% of managerial positions and 80% of other staff vacancies are filled from inside the Group. Annual staff reviews and individual performance reviews are used to help each manager move up the career ladder and identify potential high-flyers. Management job descriptions clearly describe the skills required and the level of responsibility, providing a solid basis for monitoring each manager's progress and drawing up personal training plans covering both management and technical skills.

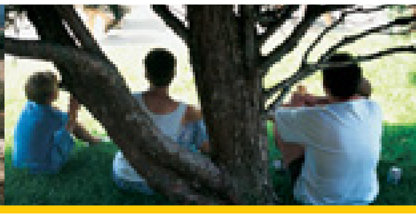
The system is gradually being rolled down to supervisory staff, with the launch of a Management Potential Assessment Program to identify individuals capable of assuming greater management responsibility.

A Human Resources Information System, in operation since January 2003, is helping to optimize human resources management processes.

Rewarding performance

Since 2002, pay rises have been based on merit and personal contributions to Group earnings growth, replacing the previous seniority-based system. The restructuring of pay scales brought substantial improvements for employees earning the lowest salaries, and new measures were introduced for jobs involving special constraints. The salaries of directors and deputy directors include a variable bonus linked to their individual performance, the performance of their team and Group earnings. In the medium term, we plan to gradually extend this performance-related pay system to middle managers.

Naturally, performance is also rewarded through promotions to more advanced technical or management levels.


Employee share issues launched in March 2002 are another way of rewarding performance. Today, employees own 2.3% of the Group's capital. We have also set up employee stock ownership plans, with 5 and 10-year investment periods.

A top-hat pension scheme was introduced in 2001 for ASF managers.

Incentive bonuses and profit-sharing

For the first time last year, an incentive bonus and profit-sharing agreement was signed, covering the employees of all Group companies (ASF, ESCOTA, SRT and Soriase).

Incentive bonuses

Two incentive bonus agreements have been signed, one for ASF and ESCOTA, and the other for the Group's radio stations. The bonus calculation formula is designed to give each employee a financial incentive to contribute to fulfilling certain objectives that are critical to the Group's ongoing success.

The objectives concern:

- Productivity
- Workplace safety
- Reduction of absenteeism.

The incentive bonus scheme applies to all employees with at least three months service.

In 2003, the average bonus payment was €785 for an employee present throughout the year.

ASF TRAINING

The 2003 training budget represented about 4% of the total payroll. The training program is decentralised to better meet the specific needs of individual units. Priority is given to safety, an area where there is still room for progress. Training is important in preparing staff for the Group's new service-focused businesses.

Profit-sharing

The profit-sharing scheme applies to all employes with at least three months service. The calculation formula used by the Group is more generous than the statutory formula. The total amount distributed in respect of profit-sharing for 2003 will be known after the Annual General Meeting of May 13, 2004.

Sound employee relations

In light of our decentralised structure and the nature of our operations (serving customers 7 days a week, 24 hours a day), we favor a participative management style supported by effective dialogue with employees at all levels of the organization.

Effective internal communications are essential for an organization such as ours, with employees spread over a wide geographic area, working different shifts. The main source of employee information is our intranet portal which has been on-line for the last four years. We are also working to strengthen the role of managers and supervisors at all levels of the organization to promote effective employee dialogue and feedback.

We conduct regular employee satisfaction surveys, and use indicators to assess perceptions of Group policy among our managers.

Constant dialogue and negotiation with employee representatives also help to promote sound employee relations. We have signed over 60 corporate agreements amending the provisions of the collective bargaining agreement, which have significantly enhanced our employees' conditions of employment.

A CONSTANT COMMITMENT TO SAFETY

In 2004, we launched an in-house "Safety challenge" to reward accident-prevention efforts within the Group's operating and corporate departments. An "Innovative ideas" contest also placed workplace safety at the top of its list of selection criteria.

Improving employee safety

One of our chief concerns is the safety of our employees. Motorway maintenance staff, security patrol staff and other motorway service personnel are particularly exposed to traffic and road dangers. We have always been very attentive to workplace safety, providing special safety training and ensuring that motorway installations and equipment are designed to protect employees and limit their exposure to traffic.

We have appointed a Group Safety Coordinator assisted by security officers based in each regional unit. A special standing committee (GIST) is tasked with upgrading standards and developing additional training modules, based on the recommendations of regional working groups. The committee also examines employee health risks, commissioning ergonomic studies of different tasks such as manual toll collection, the placing of warning signs on the motorway and motorway maintenance.

The prevention of road accidents is another priority of our safety policy. All staff who drive service vehicles or company cars are given special training and sent on regular refresher courses. To encourage our employees to set a good example on the road, we recently signed a safety charter with the road safety authorities and the social security authorities, in which we undertook to help reduce the number of workplace accidents, or accidents on the trip to or from work, by 20% over the next three years. This charter, which will soon be extended to include ESCOTA, will be backed by an in-house campaign to promote safety awareness. We also mount regular information campaigns for road users to make them more aware of the need to drive carefully, especially when approaching roadworks or maintenance operations on the motorway.

Innovation: part of the corporate mindset

In 2003, we continued to encourage employees to give full rein to their innovation capabilities by organizing the first annual challenge rewarding initiatives that lead to:

- "an innovative application, or a product or practice that generates gains in terms of quality, efficiency or cost-savings, or an idea which contributes directly or indirectly to improving employee safety";
- "novel suggestions for improving work conditions";

The challenge is open to all front-line operations staff – mainly motorway services and toll collection teams – and is intended to complement the research and development policy implemented by specialist teams working in corporate departments.

CREATING OPPORTUNITIES FOR DISABLED WORKERS

Underscoring its commitment to helping disabled workers, ASF has signed a corporate agreement in which it undertakes to maintain a disabled employee rate of at least 6%. The rate is currently 6.86% for the Group as a whole, and 7.12% for ASF.

In 2004, we plan to enhance the efficiency of our R&D activities, which will be geared to look ahead 10 to 15 years and explore ideas for future projects. This perspective will help us to attain our strategic objectives in the area of innovation, to anticipate change in our core businesses, to be a pioneer in our field, and to identify genuinely innovative concepts and breakthrough technologies. A development project portfolio will be established at Group level, and implemented within the framework of an annual R&D program.

Examples of future R&D topics include:

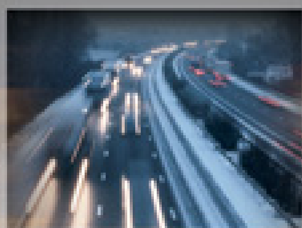
- In the area of toll collection: preparing the European toll systems of the future, and building expertise in drive-through toll systems;
- In traffic management: on-board traffic information, traffic control, links between vehicles and the infrastructure, "smart" motorway technologies;
- In the area of safety: speed regulation, innovative high-tech solutions to make motorway maintenance and security work safer.

The R&D program will seek to maximize synergy between ASF and ESCOTA research teams, optimize the management of in-house resources and, where appropriate, develop partnerships with other industry players.

"NO" TO AGE DISCRIMINATION

ASF strives to maintain the personal drive and work capacity of its employees over the age of 50. The company has adhered to the European program EQUAL, and has launched an in-house project, dubbed "Quinqua", to explore measures to combat age discrimination.

Group businesses



Continued growth momentum

An expanding network

ASF added three new sections to its motorway network last year. The 21-kilometer section between Tulle and St. Germain-les-Vergnes extends the link between Bordeaux and Clermont-Ferrand, and connects the A89 to the A20 Brive-Montauban motorway. A new stage in the link to France's Atlantic coast, the 36-kilometer Cholet–Les Essarts section of the A37 provides direct access to the Vendée coastline, as well as linking up with the Nantes–Niort A83 motorway.

Lastly, the opening of the 22-kilometer Cahors bypass on the A20 completes the continuous motorway link from Paris to Barcelona, via Toulouse. The year also saw the opening of the Group's first foreign motorway section (12 kilometers) in Jamaica.

Adapting the network to traffic growth

In 2003, we continued to invest in offering a high level of driving comfort for our customers. A 26-kilometer stretch of the A62 Bordeaux–Toulouse motorway between Montauban and St Jory was widened to absorb increased traffic in this area. We also pursued our investment in automatic toll collection systems, while holding firm to our pledge to protect jobs. Last year, automatic payments (electronic payments and payments by bank card) exceeded manual payments for the first time. In the area of road safety, we kept up our major program to install new safety equipment. The highlight of the year in this area was the installation of new crash barriers along the central reservation on the Autoroute du Soleil (A7). A notable improvement in road safety was seen in 2003 with a 30% drop in the number of road deaths, despite 3.5% growth in traffic.

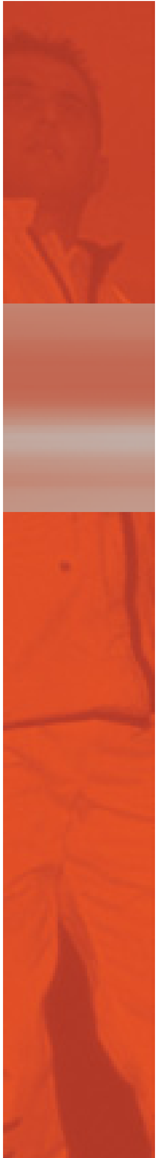
Dedicated to serving customers

Thanks to the all-out effort and responsiveness of our teams, the ASF network fulfilled its public-service mission in 2003 in the face of snow (in January in the south) and floods (in December in the Gard, Hérault and Vaucluse départements), which paralyzed other means of communication. Similar dedication was shown by ESCOTA teams in dealing with the effects of major forest fires in the Maures hills last summer.

Convinced that one of the keys to customer satisfaction lies in keeping them fully informed of driving conditions, we boosted our traffic information service by extending the reception area for Radio Trafic 107.7 FM broadcasts, installing additional dynamic information panels and using Internet to deliver traffic news direct to mobile phones*.

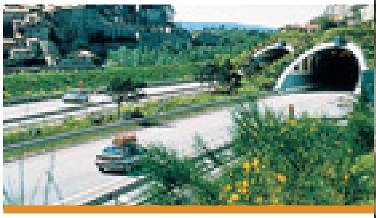
The activities and events organized at rest and service areas during the summer were once again an outstanding success. Some 96,000 customers interrupted their journeys to take physical exercise at our Etapes Sportives and the Nestlé Relais Bébé served 45,000 baby and infant meals.

* Via GIE Autoroutes-Trafic, a non-profit entity that is 46%-owned by ASF.



ASF Group network in service as of December 31, 2003

	Total	Of which three or more lanes (in km)
ASF Network		
A46 South/A7/A8 Lyon – Orange – Aix-en-Provence (Autoroute du Soleil)	**303.4**	
A7 Vienne – Berre	263.4	255.8
A7 / A46 – A7/A9	176.2	
A7/A9 – A7/A8 (Coudoux)	79.3	
A7 Coudoux – Berre	7.9	
A7/A8 Coudoux – Aix-en-Provence	18.1	16.8
A46 South (South Lyon bypass)	21.9	4.1
A9 Orange – Le Perthus (Spanish border) (La Languedocienne/La Catalane)	**280.4**	219.9
A9/A7 Orange – A9/A61Narbonne	193.6	
A9 Narbonne – Le Perthus	86.8	
A10 Poitiers – Bordeaux (L'Aquitaine)	**231.9**	16.5
A11 Le Mans – Angers (L'Océane)	**81.3**	
A20 Brive – Montauban	**127.8**	**5.8**
A54 Nîmes – Salon de Provence	**49.0**	
A54 Nîmes – Arles	24.0	
A54 St. Martin de Crau – Salon de Provence	25.0	
A61 Narbonne – junction A68 (including A620 south)	**150.6**	23.1
A62 junction A68 - Bordeaux (including A620 north)	**221.5**	39.4
A63 Côte Basque (Saint Geours de Maremne – Spanish border)	**66.5**	3.8
A64 Bayonne – Toulouse (La Pyrénéenne)	**236.9**	14.9
A64 Briscous – Martres Tolosane	223.1	
A64 North Toulouse – Muret	13.8	
A66 Toulouse – Pamiers	**39.0**	
A68 Toulouse – Gémil	**17.7**	2.9
A72/ A89 St. Etienne east – Clermont-Ferrand + section to Balbigny	**120.9**	**9.6**
A83 Nantes – Niort (A10)	**146.7**	
A837 Saintes – Rochefort	**36.5**	
A87 Angers – Les Essarts	**91.4**	
A89 West Bordeaux – Clermont-Ferrand	**175.8**	5.5
A89 Libourne – Mussidan	72.1	
A89 St Germain-les-Vergnes – Le Sancy	103.7	
Other sections of the ASF network	**29.6**	
(A680 to Verfeil. A641 Peyrehorade. A710 Lussat. A711 Aulnat)		
Total ASF network	**2,406.9**	**617.9**
ESCOTA network		
A8 Aix-en-Provence – Côte d'Azur – Italian border (La Provençale)	205.8	160.8
A51 Aix-en-Provence – Gap	129.7	1.4
A52/A50 Aix-en-Provence – Aubagne – Toulon	74.7	33.7
A57 Toulon – A8	45.9	
A500 A8 – Monaco	3.0	
Total ESCOTA network	**459.1**	**195.9**
Puymorens Tunnel	**5.5**	
Total ASF Group network in service	**2,871.5**	**820.0**



Capital expenditure and sections opened in 2003

The new motorway process

The decision to build a new motorway is made by the government, often in response to local demand. The process involves two main phases:

- **Preparation and consultation phase (7 to 8 years):**

Once a motorway project has been approved in principle, a number of requirements must be met relating to inter-ministerial coordination, public consultation, protection of the environment and compensation for expropriation A public inquiry is held, based on the proposed route, at the end of which the Prime Minister issues a Declaration of Public Interest through a Council of State decree. The government then issues invitations to tender for the motorway concession. The selected concession-holder purchases the land required for the motorway – representing a total width of 300 meters – on behalf of the State. More than 90% of land purchases are made by mutual agreement with the owner.

- **Construction phase (about 3 years)**

As project sponsor for the construction of the motorway, ASF selects a general contractor though a competitive bidding process. The general contractor manages the construction project and coordinates the activities of the specialist contractors. The general contractor is also responsible for ensuring that the infrastructure meets exacting standards in terms of quality, delivery time, costs, safety and environmental protection. The work is also monitored by the ASF construction units, each of which oversees a 50 to 160-kilometer stretch of motorway, including all related structures and equipment.

Capital expenditure

Construction investment

Under the terms of the concession agreements, ASF is responsible for all investments relating to the design and construction of a motorway. The Group contract between ASF and the State specifies the investments to be made over the contract period. They are financed mainly through borrowing, but also out of cash flow and – to a lesser extent – through public subsidies (for motorways with low-density traffic). All or part of the cost of new interchanges may be financed by local authorities where financial simulations indicate that the investment will not pay for itself.

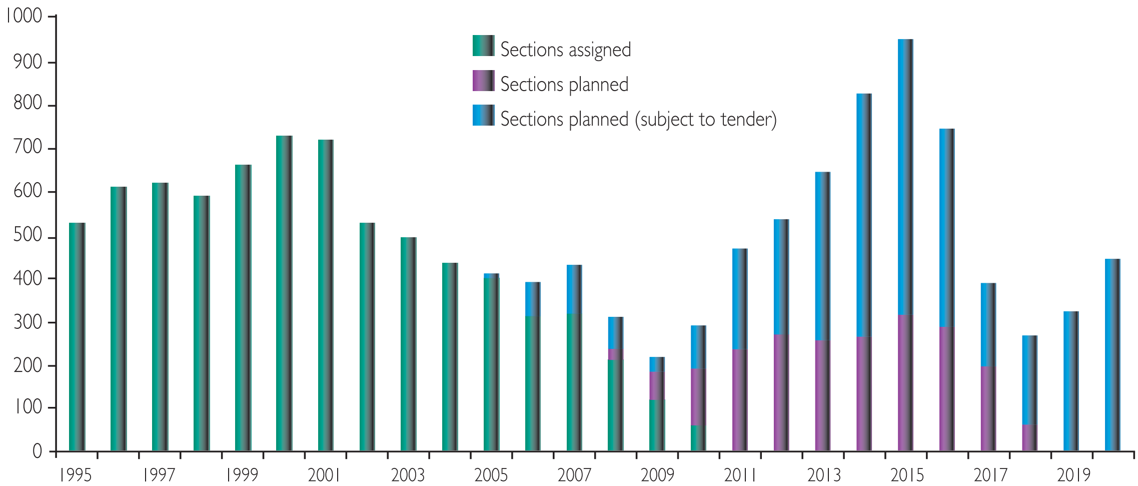
The current Group contract, covering the period 2002-2006, provides for the construction of 318 kilometers of new motorway sections as from March 1, 2002, plus the 16-kilometer La Roche-sur-Yon southern bypass on the A87, which was included in the concession under addendum no. 8 dated July 16, 2003. As of March 1, 2004, 114 of these 334 kilometers had already been opened, with a further 30 kilometers scheduled to be delivered before the end of the year.

For the longer term, we are currently reviewing several motorway projects given priority status in the CIADT* plan for the next 20 years published on December 18, 2003. Most of these projects will be put out to tender. Projects in the geographic area bordering our network represent some 750 kilometers of motorway, for which concessions will be granted between now and 2020.

We estimate at around €6.2 billion the investments represented by these projects.

* CIADT: the French interministerial committee on regional planning and development.

Investment opportunities for the ASF Group



Sources: ASF estimates.

Capital expenditure by the ASF Group* over the last three years

€ millions		Year ended December 31	
ASF	**2001**	**2002**	**2003**
New motorway sections	929.3	539.6	521.5
Lane extensions	95.2	67.9	62.3
Interchanges	6.1	5.1	5.2
Toll plazas	5.7	6.7	9.0
Service and rest areas	0.9	2.0	4.7
Other fixed assets	62.8	63.8	77.0
Total ASF	**1,100.0**	**685.1**	**679.7**
ESCOTA			
New motorway sections	2.1	0.6	0,1
Lane extensions	5.3	1.4	5,6
Interchanges	3.2	1.2	4,3
Toll plazas	2.0	1.9	0,6
Service and rest areas	1.2	3.2	0,7
Operating systems	6.9	9.5	5,8
Tunnels	1.4	1.7	3,5
Other fixed assets	9.5	24.5	24,8
Total ESCOTA	**31.6**	**44.0**	**45.4**
Total ASF Group *	**1,131.6**	**729.1**	**725.1**

* Including capitalized interest.

Additional investment

In order to improve the flow of traffic and the quality of service offered to customers, we invest heavily to maintain and improve the existing network. These investments concern:

- Construction and equipping of new interchanges and toll plazas
- Extension and renovation of service and rest areas;
- Construction and enlargement of operations buildings;
- Installation of dynamic information panels and safety equipment (shock-absorbing crash barriers, motorcycle-friendly crash barriers, etc.);
- Lane extensions on congested motorways.

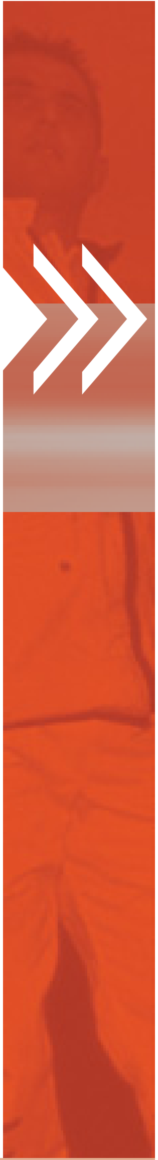
Certain motorways with heavy traffic can be subject to frequent congestion. The Group uses a three-phase strategy to address this problem:

- Equipment is upgraded, local improvements are made and the organization is adapted to reduce response times, detect potential problems more quickly, inform motorists of tailbacks and deal swiftly with incidents.
- Measures such as temporary speed limits, overtaking bans, bans on slow vehicles and access limitations are implemented n consultation with the authorities in order to improve traffic flow.
- As a last resort, if these steps are not enough to ensure normal traffic flow and reliable time estimates for getting from A to B, the motorway is widened. All such projects include environmental protection measures and measures to limit the impact on populations living alongside the motorway.

Road-widening schemes represent a very costly solution and cause significant disruption to traffic. The project needs to be planned up to ten years in advance, to allow time for the necessary studies and public inquiry. Congestion problems are examined with the government, based on total traffic volume and peak flows, to decide on the most appropriate solution and, if appropriate, when to schedule the lane extension.

The ASF Group contract for 2002-2006 provides for the widening of 68 kilometers of motorway to three lanes, the building of three new interchanges, and the upgrading of one existing interchange. ESCOTA plans to widen 52 kilometers of motorway to three lanes and build or modify five interchanges.

In 2003, ASF widened some 30 kilometers of motorway (mainly on the A62). Substantial extra investment not included in the original ESCOTA contract for 2002-2006, will be devoted to making tunnels safer. This work will begin in 2005.



New sections opened in the last three years

399 kilometers of new motorway sections in the three years to December 31, 2003			
Section	Motorway concerned	Number of kilometers	Estimated total cost (€ millions net of tax – 2001 values)
Cahors South – Cahors North Cahors North – Souillac	A20	69 kilometers two-lane	646
Sisteron – La Saulce	A51	30 kilometers two-lane, 2 interchanges	194
Libourne – Mussidan Saint Germain-les-Vergnes – Tulle East – Ussel West	A89	135 kilometers two-lane	1,196
Oulmes – A10	A83	34 kilometers two-lane	215
Toulouse – Pamiers	A66	39 kilometers two-lane	251
Mûrs-Erigné South – Cholet South – Les Essarts	A87	92 kilometers two-lane	549
Section opened on January 9, 2004			
Périgueux East – Thenon	A89	34 kilometers two-lane	183

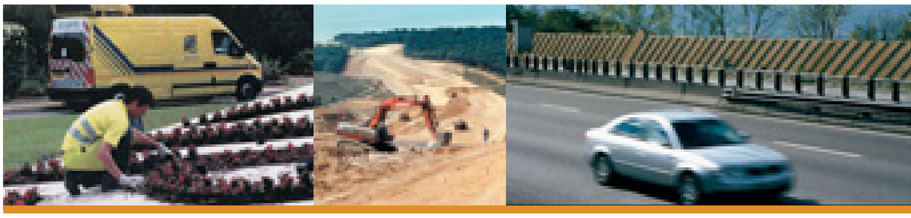
Planned new section openings

Construction planned by ASF under the concession agreement and the 2002-2006 Group contract:			
Motorway	Kilometers	Planned opening date	Capital expenditure budget 2002-2006 (€ millions net of tax – 2001 values)
ADDENDUM 7			
A89 West			
Mussidan – Périgueux South Périgueux South – Périgueux East	25 8	Fall 2004 January 2005	247
Thenon – Brive North	29	Partial DPU* pending	317
A89 Center			
Le Sancy – A71 (Combronde)	52	Beginning of 2006	472
A71 – A72	7	DPU* + 5 yrs	
Brive North – St. Germain les Vergnes	16	By order of the French Roads and Highways Department	46
A87			
Les Essarts – La Roche-sur-Yon	18	February 2005	104
Angers – Murs Erigné	7	DPU* + 5 yrs	14
A645			
Val d'Aran feeder road	5	October 2004	27
A75			
Béziers East bypass (A9)	6	End of 2007	54
A9			
Doubling of the A9 at Montpellier	19	DPU* + 6 yrs	—(1)
A64			
Briscous – A63	11	Administrative approval + 5 yrs	2
Total addendum 7:	**202**		**1,283**
ADDENDUM 8 (signed 16/07/03)			
A87			
La Roche-sur-Yon southern bypass	16	End of 2007	37
TOTAL	**218**		**1,320**

* DPU: Declaration of Public Interest.

(1) The cost of the Montpellier bypass is included in the 2002-2006 additional capital expenditure budget for motorways in service (ICAS).

(2) Openings during 2003 and in January 2004 are not reflected in this table.



The last section opened by ESCOTA was the A51 Sisteron–La Saulce section in June 1999.
The ESCOTA concession agreement does not provide for any further openings.

Current estimated capital expenditure for the period 2002-2006:

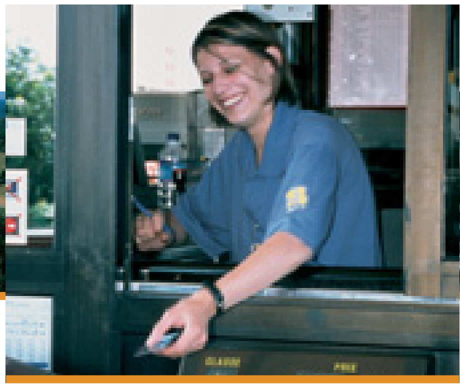
(€ millions, net of tax – 2001 values)	2002 (actual figures)	2003 (actual figures)	2004	2005	2006	Total 2002-2006
New sections	540	522	435	360	297	2,154
Additional capital expenditure on motorways in service	133	152	199	222	229	935
Operating assets	56	51	58	66	66	307
Total*	**729**	**725**	**692**	**648**	**592**	**3,3862**

* Excluding capitalized interest, and including the cost of the La Roche-sur-Yon bypass (2004: *4 million; 2005: *13 million; 2006: €26 million).

The scheduled opening dates and investment budgets under the Group contracts are those agreed by ASF and the State for planning purposes. Although we fully intend to meet these deadlines up to 2006, we cannot guarantee that the dates and budgets referred to in the 2002-2006 Group contract will be met. Completion dates may have to be postponed, or budgets exceeded in case of fortuitous events, or for reasons beyond our control, such as a rise in the cost of materials or labor, unforeseen technical problems, adverse weather conditions or changes in regulations. For projects currently under way, there have not been any significant deviations from the terms of the Group contract.

One of the central issues of multimodal passenger and freight service plans in France is the development of a strategy to deal with the saturation of motorways in the Rhone Valley and the Languedoc corridor. The government is currently considering several solutions, including widening the A7 motorway. If this solution is chosen, we will be called on to make significant additional investments.

Meanwhile, to improve the safety of customers and employees in the context of the growth in heavy goods traffic, we have decided to bring forward to 2003-2007 our plan to strengthen the central dividing barriers along the A7 motorway between Valence and Orange.


Tolls

Traffic growth

Between 2001 and 2003, traffic on the ASF Group network, measured by the number of kilometers traveled, grew by 11%, or an average of 5% a year. This growth is explained by extensions to the network during the period and an increase in the number of users.

ASF Group network traffic volume (in millions of kilometers traveled)

	Light vehicles		Heavy Goods Vehicles [1]		Total	
	(million km)	% growth	(million km)	% growth	(million km)	% growth
ASF[2]						
2001	18,780	11.7	3.726	(11.6)	22,506	7.1
2002	20,192	7.5	3.884	4.2	24,076	7.0
2003	**20,951**	**3.8**	**4.025**	**3.6**	**24,976**	**3.7**
ESCOTA						
2001	5,179	8.8	546	(21.8)	5,725	4.9
2002	5,388	4.0	569	4.2	5,957	4.0
2003	**5,529**	**2.6**	**588**	**3.3**	**6,117**	**2.7**
TOTAL ASF GROUP						
2001	23,959	11.1[2]	4.272	(13.0)[3]	28,231	6.6
2002	25,581	6.8	4.453	4.2	30,033	6.4
2003	**26,480**	**3.5**	**4.613**	**3.6**	**31,093**	**3.5**

[1] "Heavy Goods Vehicles" correspond to vehicles in categories 3 and 4, as described later in this section. Changes were made to vehicle categories in 2001.

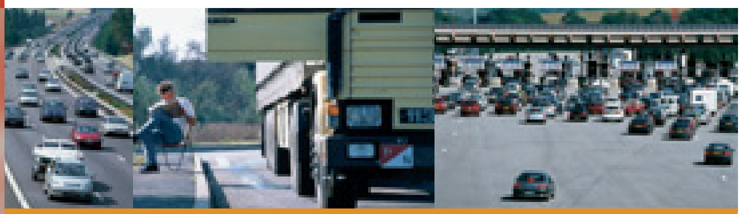
[2] Including the Puymorens Tunnel.

[3] Vehicle categories were revised in 2001. Excluding the effect of these changes, traffic volume on the ASF Group network in 2001 was 22,898 million kilometers for light vehicles and 5,333 million kilometers for heavy goods vehicles, representing increases of 6.2% and 8.6% respectively compared with 2000.

ASF Group network traffic volume, by main motorway and motorway section (in millions of kilometers traveled per year)			
Year ended December 31	2001	2002	2003
ASF network			
A46 South/A7/A8 Lyon – Orange – Aix-en-Provence (Autoroute du Soleil)	**6,793**	**6,972**	**7,020**
A46 South, A7 Vienne – Orange	4,921	5,044	5,051
A7 Orange – Coudoux	1,477	1,517	1,549
A7 Coudoux – Berre	76	78	83
A8 Coudoux – Aix-en-Provence	319	333	337
A9 Orange – Le Perthus (Spanish border) (La Languedocienne/La Catalane)	**4,896**	**5,167**	**5,256**
A9 Orange – Narbonne	3,882	4,070	4,135
A9 Narbonne – Le Perthus	1,014	1,097	1,121
A10/A83/A837 Nantes – Poitiers – Rochefort – Bordeaux	**2,876**	**3,095**	**3,191**
A10 Poitiers – Bordeaux	2,099	2,198	2,233
A83* Nantes – A10 (Niort)	668	790	848
A837* Rochefort – A10 (Saintes)	109	107	110
A11 Le Mans – Angers	**551**	**579**	**605**
A20 Brive – Montauban	**312**	**431**	**566**
A20 Brive – Cahors North*	148	251	302
A20 Cahors North – Cahors South*			56
A20 Cahors South – Montauban*	163	180	209
A54 Nîmes – Salon de Provence	**465**	**493**	**509**
A54 Nîmes – Arles	261	275	280
A54 St Martin de Crau – Salon de Provence	204	218	229
A61 Narbonne – Toulouse	**1,617**	**1,741**	**1,825**
A62 Bordeaux – Toulouse	**1,920**	**2,004**	**2,077**
A63 Basque Coast (Saint Geours de Maremne – Spanish border)	**646**	**683**	**712**
A64 Bayonne – Toulouse	**1,346**	**1,421**	**1,486**
A64 Briscous – Martres Tolosane	1,222	1,287	1,343
A64 North Toulouse – Muret	124	134	143
A66 Pamiers – Junction A61-A66 (Toulouse)*		**75**	**105**
A68 Toulouse – Gémil	**163**	**175**	**187**
A87 Angers- Junction A87-A83 (Les Essarts)*		**125**	**206**
A72 /A89 East Saint-Etienne – Clermont Ferrand	**788**	**829**	**857**
A89 West Bordeaux – Clermont Ferrand (partly in service)	**129**	**283**	**370**
A89 Libourne – Mussidan*	78	167	183
A89 St Germaine les Vergnes - Tulle East –Le Sancy*	51	116	187
Total ASF network	**22,503**	**24,073**	**24,973**
ESCOTA network			
A8 Aix-en-Provence – Italian border (La Provençale)	**3,904**	**4,065**	**4,136**
A51 Aix-en-Provence – Gap	**566**	**592**	**629**
A52/A50 Aix-en-Provence – Aubagne – Toulon	**1,061**	**1,090**	**1,136**
A57 Toulon – A8	**179**	**194**	**201**
A500 A8 – Monaco	15	16	16
Total ESCOTA network	**5,725**	**5,957**	**6,117**
Puymorens Tunnel	**3**	**3**	**3**
Total ASF Group	**28,231**	**30,033**	**31,093**

* The link between the A83 and A10 (A10 Oulmes section) was brought into service in June 2001; the A837 in March 1997; the Brive – Cahors section of the A20 in February 1999; the Cahors – Montauban section of the A20 in July 1998; the Souillac – Cahors North section of the A20 in July 2001; the **Cahors North – Cahors South section of the A20 in June 2003**; the Libourne – Mussidan section of the A89 in July 2001; **the Saint Germain les Vergnes – Tulle East section of the A89 in February 2003**; the Tulle East – Ussel section of the A89 in February 2002 and the Ussel – Le Sancy section of the A89 in March 2000; the Angers – Cholet South section of the A87 in January 2002 **and the Cholet South section up to the A87-A83 junction (Les Essarts) with the A87 in June 2003**; the Pamiers – Junction A66-A61 (Toulouse) of the A66 in February 2002.

Traffic volume is calculated on the number of kilometers in service and the number of users, which varies according to geographic factors, including the level of economic activity in the regions served by each motorway.



Annual average daily traffic ("AADT")* on the ASF Group motorway network				
Year ended December 31	2001	2002	**2003**	**% change 2003/ 2002**
ASF network				
A46 South – A7 direction St Priest - junction A43-A46 – Orange	68,187	69,890	**69,992**	**+0.2**
A7 Orange – Coudoux	50,896	52,268	**53,354**	**+2.1**
A9 Orange/Narbonne South	54,922	57,595	**58,507**	**+1.6**
A9 Narbonne South-Le Perthus	32,000	34,599	**35,378**	**+2.3**
A10 Poitiers South – Bordeaux	24,801	25,963	**26,378**	**+1.6**
A83* Nantes – Junction A10-A83	14,011	14,797	**15,884**	**+7.3**
A837* Junction A10-A837-Rochefort	8,184	8,066	**8,233**	**+2.1**
A11 Le Mans – Angers	18,560	19,494	**20,364**	**+4.5**
A20 Montauban-Cahors South**	11,449	12,582	**14,608**	**+16.1**
A20 Cahors North – Cahors South			**13,079**	
A20 Cahors North -Brive**	9,744	10,423	**12,588**	**+20.8**
A54 Nîmes-Arles	29,896	31,505	**32,052**	**+1.7**
A54 Salon-St Martin de Crau	22,347	23,912	**25,111**	**+5.0**
A61 Narbonne South – Toulouse South	30,538	32,871	**34,456**	**+4.8**
A62 La Brède – Toulouse North	23,567	24,588	**25,494**	**+3.7**
A63 Côte Basque (Saint Geours de Maremne – Biriatou)	26,623	28,142	**29,348**	**+4.3**
A64 Briscous – Martres Tolosane	14,551	15,322	**15,996**	**+4.4**
A64 North Toulouse – Muret	25,006	26,983	**28,763**	**+6.6**
A66 Pamiers – Junction A61-A66 (Toulouse)**		6,264	**7,414**	**+18.4**
A68 Toulouse – Gémil	25,168	26,969	**28,856**	**+7.0**
A87 Angers – Junction A87-A83 (Les Essarts)**		6,556	**7,547**	**+15.1**
A72/ A89 East St. Etienne – Clermont-Ferrand	17,020	17,897	**18,503**	**+3.4**
A89 Arveyres – Mussidan**	6,438	6,611	**7,217**	**+9.2**
A89 Saint-Germain-les-Vergnes – Tulle East– Le Sancy**	3,517	4,179	**5,105**	**+22.1**
Puymorens Tunnel	1,480	1,620	**1,650**	**+1.9**
ASF network average	**29,504**	**28,765**	**29,023**	**+0.9**
ESCOTA network				
A8 Aix-en-Provence – Italian border (La Provençale)	51,945	54,089	55,033	+1.7
A51 Aix-en-Provence – Gap	11,951	12,509	13,273	+6.1
A52/A50 Aix-en-Provence – Aubagne – Toulon	38,943	39,913	41,612	+4.3
A57 Toulon – A8	10,686	11,589	11,972	+3.3
A500 A8 – Monaco	14,008	14,519	14,729	+1.4
ESCOTA network average	**34,145**	**35,528**	**36,483**	**+2.7**

* Annual average daily traffic ("AADT") for each motorway section, expressed in kilometers traveled, divided by the number of kilometers of motorway in service.

** The link between the A83 the A10 (A10 Oulmes section) was brought into service in June 2001; the A837 in March 1997; the Brive – Cahors section of the A20 in February 1999; the Cahors – Montauban section of the A20 in July 1998; the Souillac – Cahors North section of the A20 in July 2001; **the Cahors North – Cahors South section of the A20 in June 2003**; the Libourne – Mussidan section of the A89 in July 2001; **the Saint Germain les Vergnes – Tulle East section of the A89 in February 2003**; the Tulle East – Ussel section of the A89 in February 2002 and the Ussel – Le Sancy section of the A89 in March 2000; the Angers – Cholet South section of the A87 in January 2002 **and the Cholet South section up to the A87-A83 junction (Les Essarts) with the A87 in June 2003**; the Pamiers – Junction A66-A61 (Toulouse) of the A66 in February 2002.

The above figures are calculated on an annual basis. Traffic flow during peak periods, on certain days or in certain seasons can be significantly different, peaking at over 160,000 vehicles a day on certain sections of the Group network.

Optimizing toll transactions

Toll receipts

Toll receipts are calculated for each motorway section between two interchanges and, in the case of interconnected motorways, for the total sections between two interchanges, and not by motorway.

ASF Group toll receipts				
Year ended December 31	2001	2002	**2003**	**% change 2003/2002**
	(€ millions net of tax)			
ASF network				
A7 Vienne – Berre; A8 Coudoux – Aix-en-Provence; A9 Orange – Montpellier; A46 South of Lyon; A54 Nîmes – Salon de Provence	564.1	596.3	**622.3**	
A9 Montpellier – Le Perthus; A61 Narbonne – Toulouse*	319.1	352.3	**376.0**	
A10 Poitiers – Bordeaux; A83 Nantes – A10 (Niort); A837 Rochefort – A10 (Saintes)*	179.6	204.3	**216.3**	
A11 Le Mans – Angers	38.8	41.5	**44.5**	
A87 Angers – Junction A87-A83 (Les Essarts)*	—	7.8	**13.0**	
A20 Brive – Montauban*	22.6	32.2	**43.0**	
A62 Bordeaux – Toulouse	121.8	129.4	**137.7**	
Saint Geours de Maremne – Spanish border (4)	67.4	71.6	**76.7**	
A64 Briscous – Martres Tolosane and A64 North Toulouse – Muret (5)	77.3	82.6	**88.1**	
A68 Toulouse – Gémil	10.2	10.8	**11.5**	
A72/A89 East* St, Etienne – Clermont-Ferrand	51.5	55.2	**58.6**	
A89 West Bordeaux – Clermont Ferrand (partially in service)	9.9	21.8	**29.1**	
Total ASF network**	**1,462.3**	**1,605.8**	**1,716.8**	**+6.9**
ESCOTA network				
A8 Aix-en-Provence – Italian border (La Provençale)	**287.6**	**306.1**	**329.6**	
A51 Aix-en-Provence – Gap	36.6	39.7	42.8	
A52/A50 Aix-en-Provence – Aubagne – Toulon	68.1	71.7	74.6	
A57 Toulon –A8	17.2	18.6	13.9	
A500 A8 – Monaco	8.3	8.7	9.0	
Total ESCOTA network	**417.8**	**444.8**	**469.9**	**+5.6**
Puymorens Tunnel	2.9	2.9	**3.2**	
Total ASF Group	**1,883.0**	**2,053.5**	**2,189.9**	**+6.6**

* The link between the A83 the A10 (A10 Oulmes section) was brought into service in June 2001; the A837 in March 1997; the Brive – Cahors section of the A20 in February 1999; the Cahors – Montauban section of the A20 in July 1998; the Souillac – Cahors North section of the A20 in July 2001; **the Cahors North – Cahors South section of the A20 in June 2003**; the Libourne – Mussidan section of the A89 in July 2001; **the Saint Germain les Vergnes – Tulle East section of the A89 in February 2003**; the Tulle East – Ussel section of the A89 in February 2002 and the Ussel – Le Sancy section of the A89 in March 2000; the Angers – Cholet South section of the A87 in January 2002 **and the Cholet South section up to the A87-A83 junction (Les Essarts) with the A87 in June 2003**; the Pamiers – Junction A66-A61 (Toulouse) of the A66 in February 2002.

** ASF subscriber revenues included in the above table take account of estimated discounts for heavy-goods vehicles and the estimated cost of managing subscriber accounts. These “statistical” revenues do not match the toll receipts reported in the ASF income statement, which reflect actual discount rates and subscriber account management costs. Discounts and subscriber account management costs are allocated among the various motorways based on toll receipts by motorway.

Growth in toll revenues in the period 2001-2003 was attributable to the opening of 399 kilometers of new motorway, underlying traffic growth and tariff increases authorized under the concession agreements.

Toll receipts, which account for 98% of ASF Group revenues, depend to a large extent on the volume of traffic using the network. This varies by season, with peaks during the summer, school vacations and holiday weekends (mainly Easter, All Saints, Christmas and long weekends in spring).

In 2003, 45.8% of the Group's toll receipts were collected in the first half of the year, and 54.2% in the second half. The months of July and August alone accounted for almost 23.2% of the year's total.

On some motorway sections, tolls are charged only for through traffic, with local traffic using the motorway free of charge. These sections account for a total of 198 kilometers, or **8.2% of the ASF Group network in service at December 31, 2003**.

Toll receipts by vehicle category

	2001	2002	**2003**
	(€ millions, net of tax)		
ASF*			
Category 1	958.7	1,055.4	1,121.6
Category 2	69.7	80.5	83.7
Category 3	49.6	51.9	55.0
Category 4	384.4	418.0	456.6
Category 5	2.8	2.9	3.1
Total ASF	**1,465.2**	**1,608.7**	**1,720.0**
ESCOTA			
Category 1	315.8	332.0	348.6
Category 2	17.3	19.2	20.0
Category 3	18.5	19.8	20.9
Category 4	64.5	72.0	78.5
Category 5	1.8	1.8	1.9
Total ESCOTA	**417.8**	**444.8**	**469.9**
Total ASF Group	**1,883.0**	**2,053.5**	**2,189.9**

* Including the Puymorens Tunnel.

Calculation of toll charges

The average toll rate per kilometer ("TKM") is calculated by vehicle category and within the limits specified in the concession agreements.

Since the beginning of 2001, there are five vehicle categories:

Category	Vehicle type	Total height	Number of axles	Pictogram
Category 1	LIGHT VEHICULES or car and trailer	TH ≤ 2m and GVW ≤ 3.5mt*	2 or more	
Category 2	INTERMEDIATE vehicules or car and trailer	TH 2 to 3m and GVW ≤ 3.5mt*	2 or more	
Category 3	HEAVY GOODS VEHICLES AND BUSES	TH ≥ 3m or GVW > 3.5mt*	2	
Category 4	HEAVY GOODS VEHICLES AND BUSES	TH ≥ 3m or GVW > 3.5mt*	more than 2	
Category5	TWO-WHEELERS motorcycles, side cars, trikes	not applicable	not applicable	

* GVW: Gross Vehicle Weight Rating; mt: metric tons.

A basic toll charge is set for category-1 vehicles. The rates for the other categories are then calculated by multiplying the category-1 rate by a factor called the "tariff coefficient" which is specified in the concession agreements and may be periodically revised at the initiative of the concession-holder.

The Group contract for the period 2002-2006 provides for a gradual increase of 5% to 10% in the coefficients for categories 3 and 4, to a maximum of 2.17 and 2.84, respectively, for ASF and 2.11 and 2.90, respectively, for ESCOTA by 2006.

For closed-system motorways – defined as motorways where toll stations exist at all entry and exit points – the category-1 toll is calculated by motorway section (i.e., for each section of the motorway between two interchanges or toll plazas), based on an average toll rate per kilometer ("TKM").

The TKMs currently applied by the ASF Group are based on the rate fixed when the motorway section was opened, plus any increases applied since then. The original TKM is calculated by reference to the section's construction costs, and is capped at 120% of the TKM of adjacent sections. It follows from this that the TKM for older motorway sections is lower than that for more recent sections. For example, as of February 1, 2004, the category-1 TKM was € 0.0658 on the oldest section (Vienne-Orange) compared with € 0.1071 on the Toulouse-Muret section opened in March 1996.

Under the concession agreements, the toll rate per kilometer on a given section of motorway for a given vehicle category may not be over 50% more or less than the TKM for the category concerned, unless specifically authorized by the Minister of the Economy and the Infrastructure Minister.

ASF Group traffic, by vehicle category (in millions of kilometers traveled)

	2001	2002	**2003**
ASF network			
Category 1	17,851	19,157	19,900
Category 2	836	940	957
Category 3	536	536	540
Category 4	3,189	3,348	3,484
Category 5	91	92	92
Total ASF	**22,503**	**24,073**	**24,973**
Category 1	4,954	5,151	5,283
Category 2	182	196	200
Category 3	155	154	156
Category 4	391	415	433
Category 5	43	42	46
Total ESCOTA	**5,725**	**5,957**	**6,117**
Puymorens Tunnel	**3**	**3**	**3**
Total ASF Group	**28,231**	**30,033**	**31,093**

ASF Group tariff coefficients [1]

	2001	2002	2003	2004
ASF network				
Category 2	1.55	1.55	1.55	1.55
Category 3	1.97	2.01	2.07	2.10
Category 4	2.67	2.70	2.77	2.80
Category 5	0.60	0.60	0.60	0.60
ESCOTA network				
Category 2	1.50	1.51	1.51	1.51
Category 3	1.93	1.96	2.03	2.06
Category 4	2.66	2.70	2.77	2.82
Category 5	0.62	0.62	0.62	0.62
Puymorens Tunnel				
Category 2	2.00	2.00	2.00	2.00
Category 3	2.91	2.94	2.94	3.00
Category 4	4.79	4.88	4.88	4.98
Category 5	0.61	0.60	0.60	0.58

[1] These figures correspond to the new toll charges introduced during the year. Changes in toll charges are usually made in February. In 2002, the change was made on March 1.

The pricing schedule is drawn up by the ASF Group, based on distance. As a general principle, the tariff payable for a journey by a category-1 vehicle on a given section is equal to the section's TKM multiplied by the number of kilometers represented by the section. ASF Group toll charges, like those of most motorway concession-holders, are rounded up to the nearest tenth of a euro. In addition, tariffs for some sections are adjusted to maintain consistency in the overall pricing schedule.

On open-system motorways – defined as motorways where there are no toll stations at the entry and exit points, and tolls are paid at toll plazas located on the motorways –the toll charge is the TKM for the section multiplied by a "tariff distance" which is the average distance of all possible journeys within that section. Tariffs for open sections of motorway are determined by vehicle category, regardless of the vehicle's points of entry and exit, because unlike in the case of closed-system motorways, one of the factors used to calculate the tariff (i.e., the distance traveled by the motorist) is unknown.

ASF Group TKMs

(TKM in force at the end of the year concerned)
(in euro cents, including tax)

	2001	2002	**2003**
ASF network	6.19	6.31	6.45
ESCOTA network	8.21	8.37	8.55
Tunnel du Puymorens	84.0	84.0	86.67

Since February 1, 2004, the TKM for category-1 vehicles is € 0.0554 (before tax) for ASF, and € 0.073 (before tax) for ESCOTA (€ 0.0662 and € 0.0873 respectively including tax).

Under the concession agreements, tariffs are revised each year, usually on February 1. The Group contract signed with the French government fixes the tariff increases for the duration of the contract. Under ASF Group concession agreements, the annual tariff increase for category-1 vehicles fixed under the Group contract may not be less than 85% of the increase in consumer prices (excluding tobacco) for the period since the tariffs were fixed the previous year.

In March 2002, we signed a Group contract for the period 2002-2006 providing for an annual increase in each company's TKM (excluding tax) equal to 85% of the increase in consumer prices (excluding tobacco), plus a specific average annual increase of 0.625% to ensure the financial viability of the concession and help finance the Group's capital expenditure program.

For 2007, the specific increase will be reduced to 0.5125%. For the period 2008-2011, if we sign a new Group contract with the government, the same inflation-based formula will apply and the specific increase will be 0.2%.

If no Group contract is signed, the annual increase in tariffs (excluding tax) may not be less than 70% of the increase in consumer prices (excluding tobacco) for the period since the tariffs were fixed the previous year.

Lastly, in terms of pricing and traffic management policy, the ASF Group concession agreements also allow for differential pricing (by locality, time of day, or time of year) to offer financial incentives for motorists to use other routes or to travail outside peak periods.

Automatic toll collection

The 45 toll plazas and 236 interchange toll stations are owned and managed by our Group. On certain sections of the A10, A11 and A85 motorways, ASF collects tolls on behalf of Cofiroute, for Cofiroute motorway sections bordering the ASF network, and Cofiroute collects tolls on behalf of ASF, on its adjacent sections, under joint operating agreements which provide for the receipts to be shared between the two operators based on kilometers traveled. Similar agreements exist between ESCOTA and Autostrade in respect of tolls collected by Autostrade on behalf of ESCOTA on the Autoroute des Fleurs.

Tolls are collected manually or automatically. Manual payments are made at a manned booth, in cash, or by cheque or bank card. With automated collection, tolls are paid by inserting a bank card or credit card into a machine (referred to as the "Pass VL" system for light vehicles, or "Pass PL" system for heavy-goods vehicles). Alternatively, drivers of category-1 vehicles may acquire an electronic tag that enables them to pass through an electronic toll lane without stopping. Lastly, on open-system motorways, users can deposit coins in a coin chute. Automated toll systems for all vehicle categories are more complex, because toll machines need to identify the vehicle category in order to charge to correct tariff. The latest generation of automatic payment systems offers scope to do away with manned booths at small interchanges where annual average daily traffic is less than 1,200 vehicles, and also to eliminate the night shift at toll stations with annual average daily traffic of less than 3,500 vehicles.

Transactions by payment method

	2001		2002		**2003**	
	millions	%	millions	%	**millions**	**%**
ASF network						
Immediate payments	120.8	40.2	112.7	34.8	**112.2**	33.2
Subscriptions	55	18.3	70.8	21.9	**83.4**	24.7
Bank and credit cards	95.8	31.9	109.1	33.7	**110.5**	32.7
Corporate cards	26.9	9.0	28.8	8.9	**29.7**	8.8
Other	1.8	0.6	2.0	0.6	**2.0**	0.6
Total ASF	**300.3**	**100.0**	**323.4**	**100.0**	**337.8**	**100.0**
ESCOTA network						
Immediate payments	99.3	46.3	89.8	40.5	**88.6**	**38.8**
Subscriptions	60.8	28.4	68.2	30.7	**73.8**	**32.3**
Bank and credit cards	36.4	17.0	44.7	20.1	**45.9**	**20.1**
Corporate cards	10.8	5.0	11.4	5.1	**11.8**	**5.2**
Other*	7.1	3.3	7.8	3.5	**8.1**	**3.5**
Total ESCOTA	**214.4**	**100**	**221.9**	**100**	**228.2**	**100**
Total ASF Group						
Immediate payments	220.1	42.8	202.5	37.1	200.8	35.5
Subscriptions	115.8	22.5	139	25.5	157.2	27.8
Bank and credit cards	132.2	25.7	153.8	28.2	156.4	27.6
Corporate cards	37.7	7.3	40.2	7.4	41.5	7.3
Other	8.9	1.7	9.8	1.8	10.1	1.8
Total ASF	**514.7**	**100**	**545.3**	**100**	**566**	**100**

*Tolls collected by Autostrade on behalf of ESCOTA at the Vintimille toll plaza on the Autoroute des Fleurs.

ESCOTA initiated the movement in favor of automatic toll collection in 1975. The policy was stepped up in 1997, when we set a target of converting 80% of category-4 traffic and 60% of category-1 traffic to electronic payment (by magnetic card or electronic tag) by 2005. The policy is being implemented without any lay-offs or compulsory transfers of permanent staff. In 2003, manual and automatic toll transactions accounted for 53.8% and 46.2% respectively of ASF network transactions, and 41% and 59% respectively of transactions in the ESCOTA network.

Toll modernization has led to efficiency gains. Overall productivity – measured by the average number of tolls collected per hour by toll booth operators and the number of hours of assistance provided in automatic payment lanes – increased 7.8% between 2001 and 2002, and 4.4% between 2002 and 2003. These gains have enabled us to absorb traffic growth without any increase in total man/hours represented by toll collection activities, while improving customer service levels. The number of man/hours represented by manual toll collection fell by 0.6% between 2001 and 2002 and by 6% between 2002 and 2003, despite a strong 10% increase in the number of transactions from 514.7 million in 2001 to 566.0 million in 2003.

Toll subscription formulas

The intercompany electronic toll collection system (TIS) with the Liber-T subscription formula

- Introduced in mid-2000.
- Interoperable with all French motorway companies.
- Target: light vehicles.
- Productivity: three times the traffic capacity of traditional tollgates (600 vehicles an hour versus 200).
- Specific subscription formulas based on TIS technology: ASF's Liber-T and ZAP solutions, ESCOTA's Héliotis range which also offers motorists discounts of 5 to 25% on the ESCOTA network.
- Electronic toll payment is increasingly popular among ASF Group customers. Between 2002 and 2003, subscriptions jumped 45% from 183,400 to 266,461. The Group aims to attract 60,000 new subscribers each year.
- Interoperability: the ASF Group is a partner in the European PISTA (Pilot Interoperable System for Tolling Applications) project, involving technical, legal and operational trials by 19 operators and motorway companies of an electronic toll collection system for all categories of vehicle. The other countries participating in the PISTA project are Spain, France, Denmark and Greece.

CAPLIS

- Magnetic card-based subscription (CAPLIS).

- Target: heavy goods vehicles.

Commuter subscriptions:
To complete its subscription offer and promote customer loyalty, ASF has launched commuter subscriptions in certain urban areas, in partnership with local authorities. The cost of the discount is shared between the company and the local authority. Two examples in the ZAP range are ZAP 31 Haute Garonne, and ZAP Narbonne.

New management tools

The ASF Group is developing specific management tools to support its commercial strategy and the deployment of new payment methods. They include:

- A toll simulator developed by ESCOTA to help design the layout of toll plazas (total number of lanes, toll collection method and vehicle category/categories per lane) based on traffic volume and type of plaza. The simulator is also used to analyze toll-collection costs and identify the best strategy for promoting specific payment methods and subscription formulas.

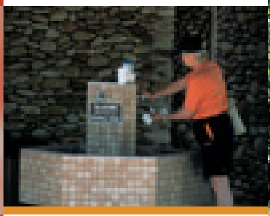
- The MIMOSA subscriber information and management system project launched by ESCOTA in 2001 has been extended to the entire Group, providing a shared resource for managing subscriptions and customer relations.

- On January 19, 2004, the Voie Directe call center in Mandelieu came on stream. The center is staffed by 7 to 14 operators who deal with between 500 and 600 customer inquiries per day about ASF-ESCOTA subscription offers. The calls may be transferred to the two companies' Boutique and Relais sales outlets or to their subscription management experts.

Preventing toll fraud

All automatic toll systems used by the ASF Group, including electronic toll payment lanes, are equipped with a lifting barrier that limits the risk of fraud. Maximum annual losses due to fraud (for all types of payment) are estimated at 0.2 to 0.5% of Group revenues. Fraud-prevention measures include audible and visual alarms, toll-barrier surveillance and intervention by private policing agents. As a result of steps to protect toll-booth takings and funds in transit (including protection of fund-transfer areas, regular collection of takings from the secure main building, access controls and the use of secure fund transfer vehicles) armed robberies are infrequent, accounting for no more than a few hundred euros a year.

Toll collection can also be disrupted by events such as demonstrations or strikes, accidents, traffic diversions or severe weather conditions, leading to traffic being directed off the motorway, or by the closure of interchanges due to road works. The financial impact of such incidents is estimated at €11.1 million (excluding tax) for 2003.



Quality service

Service areas

Description of service areas

The ASF Group network includes 214 rest areas (with toilet facilities and telephones) and 137 service areas. All service areas have service stations (except Pic du Midi, which has only restaurant facilities). Most have shops and restaurants. Rest areas are located about every 15 kilometers, and service areas every 40 to 60 kilometers.

◆ **Other amenities in some service areas:**
- Hotels, shops, local-produce boutiques.

◆ **Free services in some rest and service areas and toll plaza parking areas:**
- Air-pumps for tires, drainage points for caravans, sports trail and theme areas.

◆ **Special summer provision in rest or service areas, or toll-barrier parking areas:**
- Road safety promotion (tire-pressure monitoring, exercise activities in partnership with the French Ministry for Sport).
- Services for people traveling with babies or small children, such as the Relais Bébé.
- Tourist and travel information (seasonal information and advice on road conditions and motorway services, local tourist information).

Commercial facilities in service areas

Service area commercial facilities are managed by independent companies approved by the French Roads and Highways

Department after a competitive bidding process. The terms of contracts between ASF and the facility operators must be approved by the Infrastructure Ministry. In addition, a permit must be obtained to operate the facilities on public land.

As of December 31, 2003, there were 227 contracts in force, including around 50 that will expire in 2005. When these contracts come up for renewal, we plan to refurbish the facilities and change the specifications, mainly with a view to adapting and broadening the services offered in order to respond more closely to customer needs.

The specifications set stringent service provision standards and also define the fee calculation method. They are approved by the French Roads and Highways Department and compliance is monitored by ASF staff.

◆ **The total fee includes:**

- A fixed contribution to infrastructure costs
- An annual maintenance fee
- An annual commission on sales. For service stations, separate calculation bases are applied for fuel and lubricant sales (based on liters and volume respectively) and other sales.

Service area revenues (€ thousands)

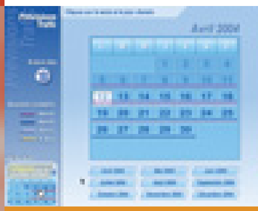
Year ended December 31	2001	2002	2003*
ASF			
Service stations	9,533	11,843	11,947
Service station shops	5,472	6,296	7.020
Restaurants	4,291	4,753	4,905
Bureaux de change	836	20	0
Other	416	372	380
Total ASF*	**20,548**	**23,284**	**24,252**
ESCOTA			
Service stations	1,837	2,242	2,175
Service station shops	723	799	851
Restaurants	315	389	418
Bureaux de change	20	0	0
Other	45	50	50
Total ESCOTA*	**2,940**	**3,480**	**3,480**
Total ASF Group*	**23,488**	**26,764**	**27,732**

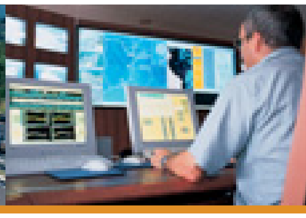
* **Provisional figures, pending final invoicing.**
The total revenues above differ slightly from the amounts reported under the caption "Fees from service stations and other service area operators" in the consolidated financial statements, because certain revenues are recognized over the contract period for statutory accounting purposes.

Traffic information

Traffic information managed by district

Traffic management on the ASF network is organized around 30 districts, each responsible for some 50 kilometers of motorway in high-density traffic areas, and from 90 to 120 kilometers in other areas. Each district has its own command centre, safety patrols and road maintenance teams. The districts are coordinated by seven regional units, each covering about 350 kilometers of the network. A traffic-control centre based in Vedène, near Avignon, oversees the entire ASF network. ESCOTA has a similar structure, with a dedicated team responsible for traffic management throughout its network.






Information gathering and processing

Information on traffic and driving conditions is gathered in real time, from the following sources:

- 281 toll stations and plazas.
- 661 traffic sensors.
- 619 surveillance cameras.
- 157 weather stations.

We use innovative, high-tech systems to process this information. They include a software application that calculates journey times by section on more than 1,000 kilometers of ASF motorways and 125 kilometers of ESCOTA urban motorway sections. We have also developed expert systems to automatically generate proposed traffic messages to be broadcast via the different information media.

Information media

- Some **350 dynamic information panels** display warnings, temporary speed limits or other information for motorway users.

- **Radio Trafic and Trafic FM (107.7 FM)** motorway radio stations, operated by subsidiaries of ASF and ESCOTA respectively, broadcast real-time accident alerts and motorway news bulletins at 15-minute intervals. The reception area covers more than 2,000 kilometers of ASF motorways and 340 kilometers of the ESCOTA network. Radio Trafic broadcasts on three wavelengths with specific information for the western, eastern and (since the summer of 2003) central region of the network. The two stations have been testing a joint night broadcast since December 2003.

- The ASF Group call centre, **Autoroutel**, offers recorded information about traffic conditions, tariffs, itineraries and special events along the network, 24 hours a day, 7 days a week, with a multilingual operator service every day from 9 a.m. to 7 p.m.

- The ASF Group **websites** (www.asf.fr and www.escota.com) offer real-time information on traffic conditions, road works or accidents, estimated travel times for major routes and emergency warnings in extreme circumstances, together with the latest Radio Trafic news bulletin. The ASF website has become very popular, especially in July and August. In 2003, 578,000 visitors were logged during these two months, up 40% on the previous summer.

- In July 2002, we signed a contract with **Médiamobile**, a subsidiary of TDF, for the marketing of our traffic information.

- Since July 2002, our Group has been a member of **GIE Autoroutes-Trafic**, a consortium of semi-public motorway concession-holders comprising ASF, ESCOTA, SAPRR, Area, SAPN and Sanef which gathers, processes and markets traffic information for the networks of its six members, representing over 8,000 kilometers in total. ASF and ESCOTA hold stakes of 36.5% and 9.5% respectively in this consortium. The six motorway companies set up Autoroutes-Trafic with two priorities:

- To develop new techniques for the collection and processing of real-time traffic information.
- To generate revenues through marketing agreements with outside broadcasters and other media. Autoroutes-Trafic was recently retained by France Télévisions to present televised traffic news.

The consortium has also extended its European traffic information database by signing agreements with motorway operators in Italy and Spain. Regular broadcasts of this information ensures a rapid and flexible response throughout the ASF network, facilitates traffic management and helps customers to plan or modify their itineraries.

Under the Group contract with the French State for 2002-2006 ASF will continue to develop its MISTRAL traffic monitoring and control system. Since 2003, ESCOTA has been developing a similar operating system called PASTRE to improve traffic management. This project involves an investment of about €40 million (including tax) over the period 2002-2006.

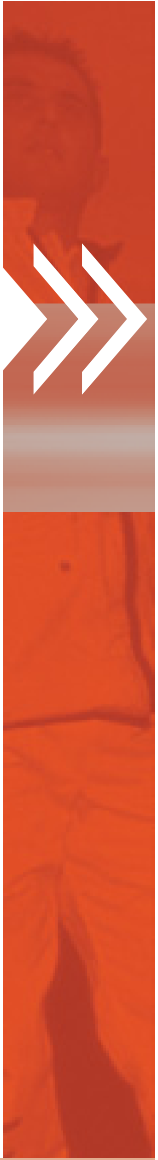
Road safety

Ensuring the safety of our customers

Our corporate mission as a motorway operator includes constantly looking for ways to prevent accidents, and rapidly detect and respond to those accidents that do occur. Safety patrols are deployed throughout the network, with radio links to the nearest command center. The motorways are patrolled constantly, with the aim of improving traffic management, assisting motorists in difficulty and ensuring a rapid response to incidents on the network. Emergency roadside telephones, most of which are linked directly to the police, are installed at intervals of about two kilometers.

The network is policed by the gendarmerie, CRS police units and municipal police patrols, who use offices and other facilities provided by our Group. Under the terms of the concession agreements, we are required to implement any measures imposed by traffic police in the interests of motorway users, and (unless prevented by circumstances beyond our control) take all appropriate steps to maintain continuity of traffic without compromising motorway-user safety. Various procedures have been agreed between ASF and the police services to respond to the safety needs of road users.

Road works carried out under concession agreements must also comply with general road safety regulations.



ASF SAFETY MEASURES AND SAFETY RESEARCH PRIORITIES

1. The constant, overriding priority: limit the consequences of run-off-the-road accidents

- Measures already taken:
  - Additional restraining equipment on hard shoulders (crash barriers).
  - Elimination or shielding of hard spots (with shock-absorbing barriers, crash barriers and other roadside protection).
  - Distress run-out lanes on steep downhill runs.
  - Safe stopping areas for emergency telephones (the network will comprise around 2,000 such areas by the end of 2004).
- Measures in progress (under the Group contract):
  - Motorcycle crash barriers (at junctions and on interchange slip-roads).
  - Shock absorbers on toll plaza lane islands.
  - Replacement of Gierval-type metal barriers with more effective equipment.
  - Replacement of metal central reservation barriers with ordinary or slipformed concrete barriers on three-lane motorway sections with busy HGV traffic.

2. Research priority: to influence driving behavior.

- Speed / safe-driving distance
  - Research on speed and driving distance.
  - Recommended average speeds for motorway works vehicles (trials).
  - Radar speed-check points and participation in the French automatic speeding penalties system.
  - Detection of traffic-flow problems or dangerously high speeds (speed-limit trials in the Rhone valley area).
- Driver fatigue
  - Partnering research by Doctor Philip of the Sleep Studies Clinic, at the Bordeaux teaching hospital.
  - Research on raised road-markings with the CNRS in Strasbourg, in partnership with other French motorway concession-holders (ASFA research).
- Tire pressure
  - Free tire-pressure pumps at the main toll-station barriers, with driver assistance in the summer period,
  - in partnership with Michelin and the Matmut insurance company.

3. Research priority: to avoid consecutive accidents and multiple vehicle pile-ups

- Earlier warnings for motorists:
  - Dynamic information panels (the long-term aim is to install panels on the approach to all interchanges).
  - Radio 107.7 broadcast warnings (faster transmission of information to the radio station and immediate broadcast of warning messages).
  - Warning signs mounted on central reservation barriers (research in progress).
  - Trials of dynamic information panels mounted on motorway patrol vans providing clearer messages (for example, about blocked and free traffic lanes).
  - Trials of fog-detection equipment on vulnerable sections in 2004.
- Faster detection and assessment of potential dangers
  - Video-surveillance of motorways (more cameras throughout the network).
  - Combined use of cameras and automatic incident detection systems on the most sensitive sections, or at specified locations.

4 Research priority: protection against wrong-way traffic

- Separation of driving directions on two-way interchange slip-roads.
- Upgrading of signposts and road markings on interchange slip-roads.
- Research on warning and blockage systems against wrong-way driving on interchange and service-area approach lanes.
- Trials of warning systems for normal traffic (in progress on the Toulouse East bypass).

Ensuring the safety of our employees

We are dedicated to minimizing the occurrence and gravity of work accidents. A major safety training drive is underway for employees whose work involves going onto the motorway. A certification system, introduced for all motorway service operations, will soon include fitness tests, involving additional medical check-ups, and different levels of licenses for the use of company vehicles, according to the requirements of each individual's job. In response to the growth in traffic and the behavior of certain motorists, a task force of personnel involved in motorway operations or safety (safety patrols, motorway workers, safety assistants, road works supervisors), has been set up to explore new ways of improving employee safety.

A campaign has been launched to raise awareness among customers of the threat that dangerous driving poses for other road users and for ASF personnel. This commitment to the national road-safety effort was further demonstrated in January 2004, when we signed the Road Safety Charter in partnership with the French road safety and social security authorities.

Safety of motorway personnel – a research priority.

- Comprehensive review of instructions for dealing with planned or unplanned events.
- Development of automatic protection systems and advance signaling.
- Warning signs.
- Identification of poor-visibility spots in all districts (study of solutions to minimize the need to go onto or cross traffic lanes).

Road accidents in 2003

There was a marked improvement in the road accident rate for the ASF motorway network in 2003. The number of serious accidents fell 12%, with 39 lives saved and 36% fewer serious-injury accidents. This improvement is all the more significant in that total traffic grew by 3.5% over the same period.

These encouraging results are partly due to improved driver behavior in response to the national road safety campaign, but also to the ASF Group's continued investment in safety. Today's drivers are lifting their foot off the accelerator as a result of the combined effects of safety campaigns and more speed checks.

Number and rate of accidents (per 100 million kilometers traveled) in the ASF Group network								
	2001		2002		2003		Change 2003/2002	
	Number	Rate	Number	Rate	Number	Rate	Number	%
ASF network								
Vehicle damage	6,470	28.8	6,177	25.7	5,606	22.5	(571)	(9.2)
Injuries	1,101	4.9	1,175	4.9	962	3.9	(213)	(18.1)
Total accidents	7,571	33.6	7,352	30.5	6,568	26.3	(784)	(10.7)
Minor injuries	1.364	6.1	1,446	6.0	1,236	5.0	(210)	(14.5)
Serious injuries	262	1.2	276	1.2	174	0.7	(102)	(37.0)
Deaths	76	0.3	118	0.5	82	0.3	(36)	(30.5)
ESCOTA network								
Vehicle damage	1,728	28.8	1,906	31.7	1,563	25.2	(343)	(18.0)
Injuries	244	4.2	246	4.1	209	3.4	(37)	(15.0)
Total accidents	1,972	33.1	2,152	35.8	1,772	28.6	(380)	(17.7)
Minor injuries	266	4.6	301	5.0	280	4.5	(21)	(7.0)
Serious injuries	76	1.3	59	1.0	41	0.7	(18)	(30.5)
Deaths	28	0.5	22	0.4	19	0.3	(3)	(13.6)
Total Groupe ASF								
Vehicle damage	8,198		8,083		7,169		(914)	(11.3)
Injuries	1,345		1,421		1,171		(250)	(17.6)
Total accidents	9,543		9,504		8,340		(1,164)	(12.2)
Minor injuries	1,630		1,747		1,516		(231)	(13.2)
Serious injuries	338		335		215		(120)	(35.8)
Deaths	104		140		101		(39)	(27.9)

Road safety campaign

While investing to upgrade road-safety equipment, we also contribute to improving motorist behavior by promoting awareness of road-safety rules.

Throughout the year, but especially during the summer, broadcasts on our two 107.7 FM traffic radio stations, messages on dynamic information panels and information campaigns all heighten customer understanding of the rules of good motorway behavior (safe driving distance, speed limits, safety belts), and the importance of protecting the environment. In partnership with various bodies promoting road safety and the French Road Traffic Safety Department, we offer free tire pressure assistance and safe driving tests on a roll-over simulator. Our sports and massage facilities also contribute to road safety, as they encourage people to take time off during their journey.

The Group regularly joins in national campaigns organized by the French Road

Traffic Safety Department and associations set up to combat road rage, such as the Ligue contre la violence routière and the Association pour la courtoisie au volant. These campaigns provide opportunities for exchanges of views between our motorway service teams and our customers.

Our objective is to encourage good driver behavior and vigilance to ensure the safety of people who work on motorways. We also cooperate with publications for children and tourists to make young people more aware of the importance of respecting other road users.

Maintenance to make motorways safer

	Infrastructure maintenance	Routine maintenance
Purpose	Renewal due to deterioration caused by: - Traffic. - Age of the network. - Natural phenomena. Upgrading of roads and engineering structures to the latest technical standards.	Routine maintenance and repair throughout the network. Measures against black ice, snow and other adverse weather conditions.
Nature of work	Resurfacing. Repair and renovation of engineering structures. Repair and renovation of hydraulic structures. Strengthening of embankments. Replacement of road signs and road markings.	Routine maintenance of green areas, buildings, fencing, and watercourses along the motorway network. Routine repairs to civil engineering structures. Interventions by motorway service personnel in response to adverse weather conditions.
Teams responsible for the work	Usually outside sub-contractors.	Mostly in-house (ASF motorway maintenance and safety teams).
Procedures for identifying the work to be done	Regular inspection of the network and structures (vital to maintaining the value of ASF assets, by extending the lifetime of its infrastructures): - Road surfaces: systematic inspection about every three years, using heavy-duty equipment (SCRIM and SIRANO) to check the state of road surface (roughness, rutting, wear and tear, etc.); resurfacing about every ten years. - Civil engineering structures: annual and three-yearly inspections, usually by ASF, with 6 and 9-year inspections by outside consultants. - Periodic inspections of hydraulic structures, signs and other equipment.	From November to March 15: motorway maintenance teams on-call throughout the network to warn motorists about weather conditions or deal with weather-related hazards.
Budget	Indicative capital expenditure budgets included in the ASF and ESCOTA contracts for the period 2002-2006.	Indicative capital expenditure budgets included in the ASF and ESCOTA contracts for the period 2002-2006.

Our maintenance policy seeks to ensure a high level of safety for motorway users by keeping the network and structures in a good state of repair and fully compliant with applicable regulations. We distinguish between two types of maintenance: infrastructure repair and routine maintenance. In both cases, the work is monitored by the Group's regional operating units.

Infrastructure maintenance spending

(€ millions)	2001	2002	2003
ASF network			
Roadways	25.0	37.0	29.2
Engineering structures	13.8	7.0	8.8
Drainage – embankment stability	3.5	3.2	5.0
Off-road areas	3.0	3.3	2.5
Signs	3.9	3.0	3.1
Toll stations and plazas	2.6	2.7	1.7
Other	8.9	4.6	5.1
Total ASF	**60.6**	**60.8**	**55.4**
ESCOTA network			
Roadways	10.3	6.9	3.8
Engineering structures	3.8	2.7	2.3
Drainage – embankment stability	3.2	1.5	0.9
Off-road areas	0.2	0.1	0.2
Signs	0.2	0.9	0.7
Toll stations and plazas	0.7	1.7	0.6
Other	2.1	2.3	4.0
Total ESCOTA	**20.5**	**16.1**	**12.5**
Total ASF Group	**81.2**	**76.9**	**67.9**

Outside routine maintenance costs

(€ millions)	2001	2002	2003
ASF network	**19.3**	**19.9**	**20.3**
ESCOTA network (net of taxes)*	**9.1**	**9.2**	**9.4**

Tunnel safety

The government circular no. 2000-63 of August 25, 2000 on safety in road tunnels specifies the required safety equipment and measures for new tunnels. These are designed to protect and rapidly evacuate road users and facilitate access by emergency services in the case of an accident in a tunnel, and to limit its consequences. The circular also sets out the procedure for the commissioning of tunnels of more than 300 meters and for ongoing traffic monitoring in these tunnels. Safety reports must be produced for tunnels already open to public traffic, including details of any improvement programs to be submitted to the government committee responsible for assessing tunnel safety (CESTR). Based on CESTR's recommendations, the regional authorities (préfet) may decide to keep the tunnel open to public traffic, impose restrictions on its use, or order its closure. The ASF Group is currently preparing a safety report for the tunnels in its network.

ESCOTA has submitted reports to the CESTR for the following tunnels:

- The Mirabeau and Baume tunnels on the A51 motorway (July 2003).
- The Monaco tunnel on the A500 (July 2003).
- The 10 tunnels on the A8 motorway section from Nice-East to the Italian border (December 2003).

The initial phase of equipment installation or renovation for the two Nice bypass tunnels was started in 2002 and is now being actively pursued, pending finalization of the administrative procedures necessary for the civil engineering work.

As part of the safety work on the Puymorens tunnel in compliance with government circular no. 2000-63, a study was launched in 2003 to assess the impact on traffic of the introduction of an improved traffic-control system. The following work was also carried out:

- The first phase of safety compliance work with the installation of 12 new dynamic information panels.
- The start of work on the back-up ventilation system for safety areas and laybys.
- Installation of additional air-flow meters to improve ventilation control.
- Installation of barriers at tunnel entry points to stop traffic in the event of a major incident.

Financial report

Report of the Board of Directors

to the Annual General Meeting of May 13, 2004

1. Group business review

1.1 • The year in review

In 2003, ASF opened three new motorway sections totalling 80.1 kilometers. As of December 31, 2003, 2,871.5 kilometers were in service, out of the 3,124 kilometers provided for in the concession agreement.

Outside France, the first 12-kilometer section of the Highway 2000 in Jamaica was opened. Operated by ASF subsidiary Jamaican Infrastructures Operator in partnership with Bouygues, it represents the first section of the TransJamaican Highway.

In September 2003, the French Minister of Transport informed us that we were being awarded the construction contract and concession agreement for the section of the A89 motorway linking Lyon and Balbigny.

On December 18, 2003, we launched the merger of our two radio companies, SRT, a subsidiary of ASF, and Soriase, owned by ESCOTA.

Traffic growth eased back to 3.5%, including 2.8% organic growth (corresponding to the increase in the number of kilometers traveled, excluding new sections). Revenues climbed 6.4% to €2,238.7 million from €2,104.2 million in 2002.

This performance was achieved despite significant disruption to operations from:

- Heavy snowfalls in January, February and December, forest fires in July and August in the Esterel hills bordering the A8 motorway, and floods in the southeast in December. The outstanding efforts of our motorway teams ensured that the affected sections remained open and disruption to traffic was kept to a minimum. However, road salting and snow-clearing costs were around €5.9 million higher than in 2002.

- Strike action by certain categories of employees and demonstrations by protestors against the proposed pension reforms, which disrupted toll collection, leading to an estimated €6.9 million in lost revenues.

2003 saw a spectacular improvement in road safety on the network, thanks primarily to changes in driver behavior. Total accidents fell by 12%, accidents involving injuries fell 16% and the number of road deaths fell 23%, to 101 in 2003 from 140 the previous year.

Our ongoing drive to contain toll collection and motorway maintenance costs offset the bulk of the negative impact of the exceptional events described above.

In the area of employee relations, during 2003 agreements were signed specifying the basis for calculating profit-related incentive bonuses and employee profit-sharing for the years 2003, 2004 and 2005.

1.2 • Traffic

Growth in toll-paying traffic, excluding new sections, was:
- 2.8% for all vehicles
- 2.7% for light vehicles
- 3.1% for heavy goods vehicles.

The number of kilometers traveled totaled 31,093 million versus 30,033 million in 2002, representing an increase of 3.5%, including the additional traffic generated by the opening of new sections. Heavy goods vehicle traffic rose 3.6% while light vehicle traffic increased 3.5%. The slightly lower growth in light vehicle traffic was observed mainly during the summer and was probably due to the heat wave and the major forest fires in south-eastern France.

Annual average daily traffic (AADT) on the entire network came to 30,240 vehicles per day in 2003, up 1.2% over 29,893 vehicles per day in 2002. As shown in the table presenting AADT excluding new sections *(see "Group businesses/Tolls", page 60)*, rates of traffic growth varied significantly from one motorway to another.

1.3 • Tariffs

In accordance with the pricing provisions of the Group contract, we raised tariffs for light vehicles (categories 1, 2 and 5) by 2.172% on February 1, 2003.
(See "Group businesses/Tolls/Optimizing toll transactions/Calculation of tariffs", page 64, for details of toll rates.)

1.4 • Tolls

Total toll receipts increased 6.6% in 2003 to €2,189.9 million from €2,053.4 million in 2002. *(See "Group businesses/Tolls/Optimizing toll transactions/Toll receipts", page 63, for the breakdown between ASF and Escota toll receipts).*

Tolls collected in cash – including foreign currency – and by cheque represented 27.1% of the total. The other 72.9% were collected automatically, including:
- 9.5% by private credit card (DKV, GR, UTA, etc.)
- 33.6% by bank card
- 29.8% by toll card (subscription-based system for motorway users)

The drive to boost electronic toll collection (télépéage) paid off well, leading to a 60% increase in the proportion of tolls collected by this method. In 2003, €203.8 million were collected via télépéage versus €127.2 million in 2002, representing 9.3% of total toll receipts. As of December 31, 2003, we had 359,800 télépéage subscribers.

The number of transactions rose 3.8% to 566 million from 545.28 million in 2002.

Transactions (in millions)	**2002**	**2003**	**Change**	**% of 2003 total**
Manual payments	282.82	262.19	- 7.3%	46.3%
Automatic payments	187.01	204.38	+ 9.3%	36.1%
Télépéage	75.45	99.43	+ 31.8%	17.6%
Total	**545.28**	**566.00**	**+ 3.8%**	

Incentive programs to encourage drivers to pay tolls automatically led to a significant rise in the proportion of tolls paid automatically, with automatic payments up 9.3% and télépéage payments up 31.8%.

The corresponding decline in manual payments observed in the first six months of the year continued in the second half, leading to a 7.3% fall over the full year (see table).

1.5 • Capital expenditure

Capital expenditure for 2003 totaled €725.1 million, including:
- €152.2 million in additional investment on existing sections
- €51.4 million for operating assets
- €521.5 million for the construction of new sections.

Construction work was completed during the year on three sections:

- The 21.3-kilometer section linking the A89 to the A20 via the RD9 between Saint-Germain-Les Vergnes and Tulle East was opened on February 21.
- The 36.1-kilometer section of the A87 between Cholet and Essarts was opened on June 19, three months ahead of schedule.
- The 22.7-kilometer section of the A20 providing a continuous motorway link between Cahors South and Cahors North was opened on June 25, also three months ahead of schedule, avoiding the massive traffic jams around Cahors that had been a regular feature of the summer vacation period in previous years.

As of December 31, 2003, 152 kilometers were under construction on the A87, A89 and A645, including 64 kilometers that are scheduled to open in 2004.

Additional investment on existing sections continued apace. *(See "Group businesses/Capital expenditure and new sections opened in 2003/Capital expenditure", page 56.)*

1.6 • Key indicators

Ebitda/revenues

The Ebitda margin (earnings before interest, tax, depreciation and amortization expressed as a percentage of revenues) increased by one point to 63.3% from 62.3% in 2002.

Net debt/Ebitda

Net debt represented 5.5 times Ebitda in 2003 versus 5.9 times the previous year.

Gearing

At December 31, 2003, the gearing ratio (net debt expressed as a percentage of shareholders' equity) stood at 235% compared with 247% at end-2002.

Interest cover

Interest expense was covered 2.9 times by Ebitda in 2003 versus 2.6 times in 2002, representing a 0.3-point improvement.

All of these ratios are in line with the targets for the period to 2005 announced in March 2002 at the time of the IPO. The only target that may be difficult to meet concerns gearing; however, this ratio is a less important performance indicator for motorway operators compared with companies operating in other sectors, because of their unique debt structure.

The targets for the period to 2005 are as follows:

- Ebitda/revenues = 65%
- Net debt/Ebitda < 5.5
- Interest cover > 3.3
- Gearing < 200%

1.7 • Outlook for 2004

In 2003, the Group turned in a satisfactory earnings performance despite the unfavorable economic environment, exceptionally bad weather and disruption to toll collections. In 2004, we will pursue the efforts undertaken last year to develop the business and cut costs.

These efforts will focus mainly on our core strategic objectives *(see "The Group/Growth strategy", page 6)*.

1.8 • Subsequent events

On January 22, 2004, we raised €450 million through a bond issue carried out by Caisse Nationale des Autoroutes.

Tariffs for category 1 vehicles were increased on February 1, 2004, as provided for in the Group contract. The average increases were:

- 2.645% for ASF
- 2.15% for ESCOTA.

At the same time, the heavy goods vehicle coefficients continued to be raised.

Press release

of April 21, 2004

First quarter 2004 revenue up 9.5%

ASF Group revenue for the first quarter of 2004 totaled €494.2 million, versus €451.1 million for the same period of 2003, representing an increase of **9,5%.**

Net revenues (in € millions)	Q1 2003	Q1 2004	% change
Toll receipts	440.1	483.4	9.8
Fees from service stations & other service area operations	6.7	6.7	n.s.
Fiber optics & telecommunications fees	4.3	4.0	(6.7)
Total revenues	**451.1**	**494.2**	**9.5**

Growth was driven by a **9.8%** rise in **toll receipts** to €483.4 million from €440.1 million in the first quarter of 2003, reflecting:

- A 6.7% increase in the number of kilometers traveled between Q1 2003 and Q1 2004
- Faster growth in heavy goods vehicle traffic compared with light vehicles
- The February 1, 2004 increase in toll rates.

Light vehicle traffic rose 6.5% in the first quarter of 2004 compared with the year-earlier period, while the increase in heavy goods vehicle traffic was 7.4%, measured in both cases based on the number of kilometers traveled.

It should be noted that 2004 is a leap year and there were fewer days of severe weather conditions in the first quarter compared with the same period of 2003.

Fees from service station and other service area operators amounted to 6.7 million. The apparent absence of growth compared with first-quarter 2003 was due to the fact that the fees are calculated annually, in March of the following year. In 2002, actual fees exceeded estimates by around 1 million. This amount was recognized in the first two quarters of 2003, creating a high basis of comparison with the same periods of 2004. Since 2003, the process for estimating fees has been improved, helping to avoid a recurrence of this type of difference.

Lastly, **fiber optics and telecommunications fees** contracted to €4.0 million in the first quarter of 2004 from €4.3 million in the same period of 2003.

Km traveled (thousands)	Q1 2003	Q1 2004	% change
Light Vehicles			
Comparable network	4,878,404	5,154,951	5.7
Actual network	4,881,100	5,200,387	6.5
Heavy Good Vehicles			
Comparable network	1,145,557	1,221,112	6.6
Actual network	1,145,929	1,230,484	7.4
TOTAL TRAVELED KILOMETERS			
Comparable network	**6,023,961**	**6,376,063**	**5.8**
Actual network	**6,027,029**	**6,430,871**	**6.7**

Financial calendar

May 13, 2004: Annual Shareholders' Meeting

May 26, 2004: Payment of the dividend (subject to shareholder approval at the AGM)

June 2, 2004: Meeting with shareholders (Toulouse)

July 22, 2004: First-half 2004 revenue announcement

September 22, 2004: First-half 2004 results announcement

October 7, 2004: Meeting with shareholders (Grenoble)

October 22, 2004: Third quarter 2004 revenue announcement

November 19-20, 2004: Actionaria Fair at the Palais des Congrès (Paris)

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2. Ownership structure and Board of Directors

2.1 Board of Directors

2.1.1 Membership of the Board of Directors

See "The Group/Corporate Governance/Board of Directors", page 22.

2.1.2 Other positions and directorships held by the members of the Board of Directors

See "The Group/Corporate Governance/Board of Directors", page 22.

2.1.3 Chairman of the Board of Directors and senior management

See "The Group/Corporate Governance/Senior Management", page 26.

2.1.4 Committees of the Board

See "The Group/Corporate Governance/Committees of the Board", page 28.

2.2 Shareholder information

At the General Meeting of March 13, 2002, shareholders approved a 120-for-1 share-split, leading to an increase in the number of ordinary shares outstanding from 1,615,809 to 193,897,080. This operation was followed by the issuance of 37,080,921 new ordinary shares. At December 31, 2002, a total of 230,978,001 ordinary shares were issued and outstanding, all fully paid up.

The Company's share capital at that date amounted to €29,343,640.56.

ASF shares have been quoted on the Premier Marché of Euronext Paris since March 28, 2002. The IPO included an open price retail offering priced at €24 per share and a global offering priced at €25.

The shares are included in the Euronext 100 index of European shares and France's SBF 120 and SBF 250 indexes.

Ownership structure

See "The Group/Information for shareholders and the financial markets", page 15.

ASF does not hold any of its own shares.

2.3 Employee share ownership

Employees took up 93% of the shares offered to them at the time of the IPO. As of December 31, 2003, they held a total of 5,244,842 shares, representing 2.3% of the capital.

The shares are held in two corporate mutual funds, a long-term fund (minimum investment periods of 5 and 10 years) and a leveraged fund (minimum investment period of 5 years).

2.4 Acquisitions of equity interests

In October 2003, Truck Etap SAS was set up to design, build and operate – directly or indirectly – road-user service platforms in France, including fee-paying supervised parking facilities for heavy goods vehicles and related services (service stations, food and accommodation services). Truck Etap has share capital of €900,000 and is 66%-owned by ASF and 34% by Pimo.

2.5 Directors' compensation

See "The Group/Corporate Governance/Directors' interests", page 32.

3. Group accounts

3.1 Accounting principles

See "Consolidated financial statements", page 138.

- Changeover to IFRS
  See "Consolidated financial statements", page 138.

- Puymorens Tunnel
  ASF is the legal holder of two concessions, one for the entire network apart from the Puymorens Tunnel, expiring on December 31, 2032, and the other for the 5.5-kilometer Puymorens Tunnel, expiring on December 31, 2037.

Depending on the assumptions used, the present value of the Puymorens Tunnel taken on its own could be less than its implicit net book value at December 31, 2003. However, the tunnel concession is backed by a State guarantee, defined as follows in the concession agreement: "On expiry of the concession, the State shall assume all of the concession-holder's debts and obligations related to the concession".

In addition, although the tunnel is covered by a separate concession agreement, it is managed by ASF's operating units and corporate departments as an integral part of the network.

ASF therefore considers that the Puymorens Tunnel does not represent a separate cash-generating unit and accordingly has not carried out any impairment test on this asset.

3.2 Consolidated balance sheet

At December 31, 2003, we had fixed assets with a net book value of €11,809.7 million. The €276.7 million increase over end-2002 corresponds essentially to new investment in 2003 less the €404.1 million in depreciation and amortization for the year.

Current assets contracted by €661.4 million to €921.2 million from €1,582.6 million, reflecting the use of available cash to finance capital expenditure for the year.

Shareholders' equity grew 7.2% (€218.1 million) to €3,229.9 million from €3,011.8 million, corresponding to net income for the year less the 2002 dividend. Minority interests – concerning ESCOTA – amounted to €2.3 million. Other equity, corresponding to the value of assets transferred to ASF under the concession agreement without consideration, stood at €104.7 million.

Provisions for contingencies and charges decreased by 4.6% to €60.7 million from €63.6 million. The year-on-year change corresponded mainly to a €4.0 million net increase in provisions for pensions and other post-retirement benefit obligations, partly offset by a €7.1 million reduction in provisions for debt indexing costs.

Liabilities were reduced by 6% (€600.7 million) to €9,333.3 million. Borrowings declined by €492.5 million, corresponding to repayments for the year. No new debt was taken on during the year.

3.3 Cash flows

At December 31, 2003, we had cash and cash equivalents of €625 million versus €1,245.6 million one year earlier. Half of the decrease stemmed from the use of our substantial cash reserves to finance capital expenditure for the year.

Cash flow increased by 7.5% (€56.1 million) to €800.9 million from €744.7 million, reflecting the earnings of Group companies.

Operating working capital declined by €93.6 million, mainly reflecting lower trade receivables and prepaid and recoverable taxes.

Net cash provided by operating activities rose by over 28.1% (€155.4 million) to €709 million, despite the final €185.5 million tax payment due as a result of reform-related accounting changes.

Net cash used by investing activities contracted 7.2% (€56 million) to €722.7 million from €778.7 million, mainly reflecting the limited reduction in amounts due to suppliers of fixed assets compared with 2002.

Excluding the final €185.5 million tax payment referred to above, free cash flow (corresponding to net cash provided before financing activities) amounted to €171.8 million.

In 2003, financing activities used net cash of €606.9 million whereas in 2002, they generated a net cash inflow of €1,310.5 million. The 2002 figure included the proceeds from a share issue and debt issue, totalling €1,690.1 million. Cash outflows for 2003 included €106.2 million in dividends and debt repayments of €114.6 million, representing a significant increase on the 2002 figure.

3.4 Revenues

Revenues for 2003 totaled €2,238.7 million, an increase of 6.4% over €2,104.2 million in 2002. Growth was driven primarily by higher toll receipts, which account for 97% of total revenues. The 6.6% increase in toll receipts, to €2,189.9 million from €2,053.4 million, breaks down as follows:

- Traffic growth (excluding new sections): **2.8 points**
- Traffic on new sections: **0.7 points**
- April 2001 and March 2002 tariff increases **3.1 points**

Fees from service stations and other service area operators expanded 8.6% to €32.8 million from €30.2 million.

Fiber optics and telecommunications fees contracted 22.3% to €16 million from €20.6 million, reflecting the impact of the economic crisis and the difficulties experienced by the telecommunications sector.

3.5 Operating income

Operating income grew more than 9.5% to €973.2 million from €888.4 million, reflecting the twin benefits of higher revenues and strong cost discipline. Operating expense increased by only 4.1% to €1,265.5 million from €1,215.8 million, despite the 80.1-kilometer extension of the network and the additional costs generated by the exceptional events that disrupted operations in 2003.

Changes in the various components of operating expense were as follows:

- Purchases and external charges remained flat overall, at €262.2 million versus 262.1 million, masking compensating changes.

  Purchases rose 17.5% to €38.3 million from €32.6 million, reflecting increased spending on fuel and road salt, as well as external software development costs. Infrastructure maintenance costs – previously referred to as major repairs – amounted to €67.9 million compared with €76.9 million in 2002. The 11.7% decline was attributable to lower prices charged by public works contractors, delays in scheduling certain operations and efficiency gains achieved without compromising road-user safety and without any lowering of maintenance standards.

  The publicly-owned land tax due by the Group rose to €53.1 million from €50.7 million, as a result of revenue growth and network extensions.

  Routine maintenance costs increased by just €0.6 million to €29.7 million from €29.1 million, with strict cost discipline offsetting the impact of network extensions.

  Other external costs rose to €73.2 million from €72.9 million. The increase stemmed mainly from operations to keep the network open during severe winter weather and consulting fees related to business development and corporate communications projects.

- **Payroll costs** came to €312.9 million versus €295.4 million. The 5.9% increase was due to an €8.9 million rise in employee profit-sharing – reflecting growth in Group earnings – and the extension of the profit-sharing plan to ESCOTA employees pursuant to the new Group-wide agreement. All told, €14.5 million were paid out under the profit-sharing plan and €8.5 million in provisions were set aside for incentive bonuses.

  Wages and salaries rose by around 3% (€5.7 million). The 4.25% increase in average salaries was partly offset by a reduction in employee numbers. Despite the jobs created by the opening of new sections (+0.27%) and to improve service levels (+ 0.24%), the average number of employees declined by 1.25% to 7,432 annual equivalent employees from 7,526 in 2002. The decrease was attributable to greater automation of toll collection and productivity gains across the entire organization.

- **Other operating income and expenses, net** – corresponding mainly to other revenues and own work capitalized – represented a net expense of €31.7 million versus €29.9 million in 2002. The 6% increase was primarily due to the cost of internally-developed software and work on capital projects performed by our own teams.

- Taxes other than income tax rose 4.3% to €277.7 million from €266.2 million, reflecting increases in:
  - Regional development tax to €199.5 million from €192.5 million, due to traffic growth
  - Business tax to €71.2 million from €67.3 million, due to higher tax rates and an increase in the number of tax districts crossed by the network.

- **Depreciation and amortization expense** amounted to €444.3 million versus €422 million. The 5.3% increase concerns depreciation and amortization of assets put into service during the year.

3.6 Interest income and expense

Net interest expense contracted by around 1% to €469.9 million from €474.8 million, as follows:

- **Interest and debt indexing costs** amounted to €520.9 million versus €545.6 million. The 4.5% decrease is explained by the absence of new borrowings in 2003 and the lower outstanding balance on existing debt.

- **Capitalized interest** fell to €24.4 million from €35.9 million, due to the first-half commissioning of 80.1 kilometers of new motorway sections.

- **Other interest income** declined 20.2% to €33.5 million from €42 million, reflecting the reduction in cash reserves and lower market interest rates.

- **Swap transactions** yielded a net profit of €3.8 million and €0.3 million were reversed from provisions for losses on trading transactions.

3.7 Income from ordinary activities

Income from ordinary activities grew 21.7% to €503.3 million from €413.6 million.

3.8 Exceptional items

In 2003, we incurred net exceptional expense of €1 million compared with €4 million the previous year.

3.9 Net income

Net income before minority interests rose by over 21.6% to €325.1 million from €267.4 million. After deducting minority interests of €0.8 million, net income attributable to the Group came to €324.4 million. This amount is stated net of employee profit-sharing of €14.5 million and corporate income tax of €177.2 million.

3.10 Amounts added back to taxable income and corporate income tax

Corporate income tax reported in the consolidated income statement amounted to €177.2 million.

The tax due by the companies in the ASF tax group (ASF, ESCOTA, Soriase and Radio Trafic) totaled €160.9 million in 2003 versus €89.4 million the previous year. The increase was due to the fact that ESCOTA's evergreen tax loss carryforwards were entirely used up in 2002. Non-deductible amortization and other expenses amounted to €34 thousand for ASF and €56 thousand for the Group as a whole.

3.11 Dividends for the last three years

The total 2000 and 2002 dividends amounted to €110.4 million and €106.2 million respectively. At the March 13, 2002 Annual General Meeting, shareholders decided to waive payment of a dividend for 2001 and total income for the year was credited to retained earnings. (See text of the 3rd resolution presented at the Annual General Meeting, page 206, for further information.)

4. Employee information

4.1 Number of employees

As of December 31, 2003, ASF and ESCOTA together had 8,258 employees, including 1,039 under fixed-term contract:

	Permanent employees	Fixed-term employees	Total
ASF	5,435	794	6,229
ESCOTA	1,784	245	2,029

The total breaks down as follows:
- 4,646 toll collectors
- 1,787 motorway service engineers
- 1,825 administrative employees

By category, the breakdown was:
- Managers: **7.7%**
- Supervisors: **28.7%**
- White-collar workers: **47.2%**
- Blue-collar workers: **16.4%**

During 2003, ASF and ESCOTA took on 267 permanent employees, including 55 managers and 52 supervisors. No specific hiring problems were encountered during the year.

	Managers	Supervisors	Operatives	Total
ASF	43	46	138	227
ESCOTA	12	6	22	40

A total of 84 ASF and ESCOTA employees were terminated in 2003, including:
- 5 redundancies qualified as "licenciements pour cause économique"
- 2 redundancies qualified as "licenciements pour motif économique"
- 6 terminations for serious misconduct (criminal actions)
- 19 terminations for serious misconduct (other cases)
- 1 termination for misconduct
- 4 terminations for "genuine and serious causes"
- 32 terminations for medical unfitness
- 14 terminations on expiry of fixed-term contracts
- 1 termination during the trial period.

The number of hours paid overtime increased to 46,585 in 2003 from 43,143 in 2002.

The average number of employees under fixed-term contracts – including seasonal workers – represented 10.6% of weighted average employees. During peak traffic periods, such as the summer months, ASF and ESCOTA take on around 2,000 seasonal workers, a number which is set to decline.

Until 2002, ASF used temporary staff only for motorway services and administrative positions. In 2003, temporary staff were used to man toll booths in the Salon district on a trial basis. In 2004, unit managers throughout the network will be authorized to use temporary toll collectors when the need arises.

The monthly average number of temporary staff rose to 85.8 in 2003 from 73.9 the previous year.

4.2 Organization of working hours and absenteeism

Following the adoption of the 35-hour week legislation, ASF, ESCOTA and the other companies covered by the collective bargaining agreement applicable to motorway operators launched negotiations with employee representatives, leading to the signature of a framework agreement applicable since January 1, 2000. The reduction in working hours has been implemented by giving employees additional days leave.

Three working hours arrangements apply at ASF for non-management employees:

- Two 8-hour shifts on a rota basis or three 8-hour continuous shifts, based on a total of 1,820 hours per year, including 25 days paid vacation, bank holidays and rest time (representing an average work week of 35 hours over the cycle, including breaks).

- Modular two 8-hour shifts on a rota basis or three 8-hour continuous shifts, based on a total of 1,820 hours per year, including 33 days paid vacation, bank holidays and rest time (representing an average work week of 35 hours over the cycle, including breaks).

- Annualized working hours, based on a total of 1,596 hours per year after deducting 25 days paid vacation, bank holidays and at least 19 "RTT" days

Junior and middle managers generally work 208 days per year. Members of senior management do not have fixed working hours.

The overall absenteeism rate for ASF and ESCOTA dipped to 6.92% in 2003 from 7.15% the previous year, but nevertheless remained high. The breakdown by cause was as follows: sick leave 67.6%, authorized leave 13.2%, maternity leave 9.7%, workplace accidents (including accidents during the trip to or from work) 7.6%, other causes 1%, and paternity leave 0.9%. Action to reduce absenteeism is being taken at each unit.

4.3 Wages and salaries, payroll taxes, equal pay and opportunities for men and women

Average salaries increased by 3% in 2003, including a 1.5% across-the-board pay rise. The average incentive bonus paid to ASF and ESCOTA employees, based on prior year income, increased to €1,035 in 2003 from €942 in 2002.

Total employee profit-sharing paid in 2003 out of 2002 income amounted to €5,268.8 thousand. A "PPESV" employee savings plan has been set up under the ASF-ESCOTA group agreement with employee representatives. In 2003, group agreements were also signed covering employee profit-sharing and incentive bonus plans.

Gender equality commissions have been set up at the level of the Work Councils at the eight units and the Central Work Council, leading to the publication of nine annual reports which track ASF's contribution to guaranteeing equal pay and opportunities for men and women.

In 2003, 114 employees were promoted to a new category, including 53 women and 61 men. 4.29% of female employees were promoted to a new pay scale compared with 5.33% of male employees. In 2002, the percentages were 6.13% and 5.43% respectively. In 2003, out of the 354 employees promoted to a new pay scale, 35.59% were women (43.41% in 2002).

In 2003, 1,148 employees were promoted to a new grade, including 364 women and 784 men.

All told:

- 16.67% of female employees were promoted in 2003, versus 14.25% in 2002
- 23.65% of male employees were promoted, versus 23.21% in 2002.

4.4 Employee relations and agreements with employee representatives

To promote good employee relations, we follow a policy of open dialogue and negotiation with trade unions and other employee representatives.

We signaled our commitment to improving social dialogue by signing a corporate agreement on employee representation providing for additional resources to be made available to representative trade unions as from January 1, 2002.

All employees are covered by the collective bargaining agreement applicable to motorway operators, and also by numerous Group-wide agreements. New pay scales have been set in the collective bargaining agreement, providing for a 50% reduction in seniority-based pay rises in exchange for an increase in pay rises based on merit, and an upward adjustment of the lowest salaries. The new pay scales have been applicable since January 1, 2002.

In April 2002, we set up a phased early-retirement plan for non-managers. As of March 31, 2003, 124 of the 304 eligible employees had chosen to take early retirement. They were replaced by new hires taken on under permanent contracts. The plan came to an end on March 31, 2003 and will not be renewed.

Since January 1, 2001, managers other than civil servants seconded to the Group have been covered by a money-purchase supplementary pension plan.

A new supplementary health insurance plan was set up for all employees on January 1, 2002.

4.5 Health and safety

The measures taken to prevent workplace accidents and improve the health and safety of all employees, are based on the general principles listed in article 6 of European Directive 89/391/EEC which have been transposed in the French Labor Code.

The principles are applied through the work of four "missions":

- Research mission: analysis of workplace accidents, monitoring of accident prevention articles, reports and technologies.

- Operational mission: on-site audits to assess risks more accurately, safety training.

- Advisory mission: participation in the analysis or development of working methods or processes to build in preventive measures.

- Liaison mission: continuous or periodic contacts with the various departments and outside bodies responsible for preventing accidents, providing first aid and performing controls (including occupational health officials) and the health and safety committees whose members include employee representatives.

These missions are performed by eight people, one at each of the seven Regional Operating Departments and one in the Quality, Safety and Infrastructure Department.

A total of 258 workplace accidents – none fatal – were reported in 2003, compared with 263 in 2002.

4.6 Training

The 2003 training budget represented equivalent of 2.83% of total payroll.
A program has been set up to forecast future job and skills needs, particularly among toll collectors.

4.7 Disabled workers

On June 4, 2001, we signed an agreement concerning the employment of disabled workers. Under the terms of the agreement, we are committed to maintaining a disabled employees rate of 6%.

An agreement between the Group and employee representatives covering the years 2001, 2002 and 2003 strengthens the provisions of earlier agreements covering the hiring, integration and training of disabled workers, and also aims to improve their practical implementation.

In 2003, the proportion of disabled employees at ASF rose to 7.12% from 6.86% the previous year. At ESCOTA, the rate increased to 5.94% from 5.42%.
The combined rate for ASF and ESCOTA was 6.86% in 2003 (versus 6.51% in 2002), compared with a national average of 4%.

4.8 Employee welfare programs

Employee welfare programs – covering vacation vouchers and other forms of assistance – are managed by the eight Work Councils. The program content varies from one unit to another. Work Council funding provided by ASF for welfare programs represents 1.65% of total payroll.

4.9 Use of sub-contractors

Total payments to sub-contractors amounted to €112 million in 2003 compared with €122 million the previous year. Outsourced maintenance and repair work accounts for 87% of total sub-contracting costs.

Companies are required by law (Act n°. 75-1334 dated December 31, 1975) to disclose payments to sub-contractors, who are under the obligation to comply with the provisions of labor law for the execution of the contract. Prior to awarding a contract, we require sub-contractor(s) to give a sworn undertaking to declare their workers and not to commit any breaches of labor law. All companies that provide services to ASF under contract are also required to ensure that their own sub-contractors comply with labor law.

In the case of any breach of labor laws, we could bring suit against the company concerned, as holder of the contract, on the grounds that sub-contracting represents a triangular relationship with a basic contract (the main service agreement) and a sub-contracting contract entered into by the party to the service agreement transferring responsibility for executing all or part of the agreement to another company.

- **International operations**
  We adhere to the Global Compact and support its nine principles, which include principles related to the labor standards issued by the ILO.

  We adhere to ILO labor standards in our international operations, which are currently marginal. We hold only one concession outside France, the TJH (TransJamaican Highway) concession in Jamaica, in partnership with Bouygues. The operating company, JIO (Jamaican Infrastructures Operator), is not consolidated because its revenues are not material in relation to Group revenues.

- All JIO employees work a 5-day, 40-hour week.
- Wages are set in accordance with industry agreements and are in excess of the legal minimum.
- All employees are entitled to be members of a trade union, in accordance with Jamaican law.
- No discrimination of any form is practiced within the company.
- The company does not employ any form of forced or compulsory labor.
- No reference is made within the company to any individual's sex, race, color, religion or political opinions. Religious beliefs and customs are respected, particularly as regard employee uniforms.
- No employees of JIO are under 18.
- ASF teams have provided safety training to JIO employees. Motorway service personnel will have regular medical check-ups.

5. Environmental information

The following information concerns the environmental impact of the activities of ASF and its subsidiary ESCOTA (whereas that given in the 2002 environmental report only concerned ASF). It illustrates the results of applying responsible environmental policies and practices, from the design of structures that blend into their surroundings, and the organization of construction work to cause the least possible environmental damage and disruption, to the day-to-day management of infrastructure according to practices that respect the ecological balance and the natural environment, in keeping with our core values.

5.1 Consumption of resources and pollution

5.1.1 Consumption of resources

In 2003, the Group consumed natural resources, raw materials and energy in the course of its business, including:

- 1,352,744 cubic meters of water
- 905,912 metric tons of coated materials (crushed stone or gravel coated in asphalt), of which 36% for new motorway sections and 64% for resurfacing and lane extensions on existing sections.
  In addition 35,400 metric tons of milled fragments recovered during resurfacing work were recycled directly by the Group, and 74,900 metric tons were sold to road-building companies for their own use.
- 22,743 metric tons of road salt (in 2003, 651 de-icing operations were carried out on the ASF network, 2.5 times more than the 260 operations carried out in 2002).

- 103,879,633 kWh of electricity.
- 402,370 cubic meters of natural gas.
- 8,409 cubic meters of automotive fuel and heavy fuel oil. The apparent reduction compared with the figure reported in 2002 is due to a data entry error for ASF in 2002.

As of December 31, 2003, the Group was equipped with the following systems using renewable energy:
- 35 heat pumps with centralized production (closed circuit water system) with a total installed electrical capacity of around 1,390 kW.
- 614 reversible heating/air conditioning and air/air units with a total installed electrical capacity of around 1,460 kW.

The calorific power generated by all of these systems is roughly three times the electrical power consumed (8,550 kW of heat versus 2,850 kW of electricity), thanks to:
- 171 square meters of solar panels (corresponding to photovoltaic cells installed the length of the motorways to provide power for 1,694 units that cannot be connected to mains electricity).
- 40 square meters of solar panels for the production of hot water (ESCOTA).

5.1.2 Ground utilization

The total surface area managed by the Group represented approximately 32,224 hectares as of December 31, 2003 (an exact figure cannot be given because certain areas are in the process of being measured).

The total includes land given over to motorways built before 1992, representing an average area of 10 hectares/kilometer, for which the public land transferred under the concession agreement has been delimited, and motorways built since 1992, representing an average area of nearly 16 hectares/kilometer, before delimitation and transfers of land back to local authorities, for restored roads and other purposes.

Surfaced traffic lanes generally represent an average of 30% of the surface area after delimitation – or the equivalent of 3 hectares/kilometer – and technical areas (service areas, drainage ditches, operating areas, etc.) also generally represent 30%. The balance corresponds to verges, central reservations and other areas that are planted or uncultivated areas of vegetation (approximately 4 hectares/kilometer).

All told, we maintain some 11,100 hectares of green space, taking care to preserve the bio-diversity and ecological balance by applying different management methods depending on the areas' use.

5.1.3 Discharges and releases with a serious adverse impact on the environment

Discharges and releases arising in the course of the Group's business include:
- Greenhouse gases generated by the fleet of vehicles and by heating, air-conditioning and other installations: the volume of CO_2 discharged to the atmosphere represents 23,135 metric tons.
- Phytosanitary products the seep into the soil. The quantities involved are very small. Insecticides and fungicides are used only alongside the installations most regularly visited by pedestrians and represent 0.6 liters per kilometer of motorway. Weed killers are used only in the areas around technical installations where weeds cannot be removed mechanically and represent less than 4.3 liters per kilometer of motorway. In both cases, the products used have a low persistence and their effect on the soil lasts less than one month.

Motorway traffic also represents a major source of pollution:

- Releases to the atmosphere: based on the average ratios accepted for vehicles registered in France, the total kilometers traveled on the network in 2003 corresponded to the consumption of around 4.5 million cubic meters of fuel, including 65.5% for passenger cars and 34.5% for heavy goods vehicles. The pollution risk in rural areas is low. However, on suburban motorways, during the 2003 heat wave ozone pollution reached the public disclosure level on several occasions without ever reaching the level where warnings would be required to be issued.
- We used our radio station, 107.7FM, and the dynamic information panels to inform customers and temporary speed limits were imposed by the authorities in certain areas (for example, in the South of France, which was the hardest hit, the Bouches-du-Rhône authorities lowered the speed limit by 20 kilometers/hour on 12 days during the summer). The adjusted speed limit was displayed on all 19 dynamic information panels on the region's motorways (A7–A8–A9–A50–A51–A52–A54).
- For discharges into the water course and the soil, caused by wear to vehicles and the road surface and fuel combustion, drainage ditches built along the length of the motorways prevent these discharges from seeping into the natural environment. The bulk of this chronic pollution settles, is caught in the holding areas and treated in the water treatment installations. Pollutants carried into the natural environment during heavy rainfall are sufficiently diluted to prevent any serious environmental damage, even in the areas immediately alongside the drainage ditches.
- A risk of serious damage to the environment exists in the case of accidents involving vehicles carrying toxic substances. In 2003, there were two such accidents. In both cases, the spillage was confined to the road surface and was cleaned up without reaching the natural environment.

The measures taken to manage the risk of accidental pollution by toxic substances are described in section 5.2.2 below.

5.1.4 Noise pollution

The noise pollution experienced by neighbors living alongside the motorways is covered by regulations setting limits on the number of decibels (dB) generated by annual average hourly traffic.

The regulations have been periodically updated, mainly since 1992, and different limits now apply according to the age of the motorway and the areas concerned.

- For new motorways, the perceived noise level is capped at 60 dB during the day and 55 dB at night. All the motorways commissioned since 1992 comply with these limits, where necessary through the installation of noise barriers.
- For the 80 kilometers of motorway opened in 2003, we built noise barriers with a total vertical surface area of 27,128 square meters, insulated the facades of eight houses and purchased 16 houses exposed to significant noise pollution.
- When lane extensions are built, action is taken to lower existing perceived noise levels to a maximum of 65 dB during the day and/or to avoid any rise in the perceived noise level as a result of the increase in traffic. In 2003, noise barriers representing a total vertical surface area of 8,640 square meters were installed along the 26 kilometers opened on the A62.

- For older motorways, the perceived noise level in homes built before the motorway opened or before October 31, 1978 may not exceed 70 dB. If the level is higher, the home is classified as a "Noise Black Spot" (NBS).
- We have identified 1,440 homes that qualify as NBSs based on current traffic or forecast traffic in 2010. A program is underway to insulate the facades of the buildings and, where necessary, install noise barriers. It is scheduled for completion in 2007.
- In 2003, the problem of noise pollution was dealt with for 334 homes classified as NBS. The facades of 259 homes were sound-proofed, nine houses were purchased by ASF, and noise barriers with a total surface area of 10,286 square meters were installed.

As of December 31, 2003, 649 NBSs had been protected, representing 45% of the program.

In parallel with this program, additional noise protection measures have been taken in partnership with regional authorities.

For example, in 2003 the following projects were launched:

- On the A8 motorway, a further 115 homes were protected under a partnership agreement signed on January 17, 2003 between Communauté d'Agglomération du Pays d'Aix and ESCOTA.

- On the A10 north of Bordeaux – on the section recently conceded to ASF, which was widened at the end of 2001 – a further 1,543 meters of noise barriers will be built in 2004 under three partnership agreements dated July 16, 2003 between ASF and the local and regional authorities (three communes, CUB, the Gironde département and the Aquitaine region).

5.1.5 Waste

We manage waste generated by our activities and the waste produced by customers, on the motorways, and in rest and service areas. We treat this waste, sending it for recycling where local programs exist.

In 2003, 8,310 metric tons of waste were produced, including:

- *Ordinary industrial waste*
  - 7,064 metric tons of unsorted waste, equivalent to household waste, mainly collected in the rest and service areas.
  - 1,110 metric tons of sorted waste (scrap metal, plastic, tires, paper and cardboard)
- *Toxic industrial waste*
  - Approximately 136 metric tons, including small batteries, vehicle batteries, electrical and electronic equipment, engine oil, contaminated packaging, aerosols, dispersed toxic waste (DTW).

In 2003, 25% of the total waste collected was re-used, either through recycling or through incineration to generate energy.

As of end-2003, seven of the 35 districts sorted the waste produced in the course of their activities and collected from the motorways (scrap metal, tires, plastic and DTW). This waste is delivered to local recycling centers. The program is scheduled to be rolled out to all districts by the end of 2006. Waste paper and cardboard recycling systems have been set up at 30% of ASF offices and all ESCOTA offices. In 2003, 90 metric tons of waste paper and cardboard were recycled.

Concerning household-type waste collected in the rest and service areas, the Vidauban service area on the A8 is equipped with containers to encourage customers to sort their waste. Starting in 2004, the other rest and service areas will be equipped with containers at the rate of two per year.

5.2 Measures to limit damage to the biological balance

5.2.1 Flora and fauna

In 2003, we installed a further 210 kilometers of fences, mainly along the 80.1 km of motorway opened during the year, and strengthened nearly 100 kilometers of existing fences.

As of December 31, 2003, 5,881 kilometers of fences were maintained, including 1,935 kilometers more than 1.5 meters high designed to prevent deer from straying onto the motorway.

In many sections, we are increasingly obliged to strengthen the bases of the fences (using webs or rods or by burying the base), to prevent wild boar and other animals from tunneling beneath them. The problem mainly concerns the motorways operated by ESCOTA, which has strengthened the base of 71% of its 927 kilometers of fences. On the motorways operated by ASF, 36% of the 4,954km of fences have reinforced bases.

To preserve biodiversity, special crossing points for wildlife are built to avoid cutting off their territory. The sections opened in 2003 include:

- Six specific and 13 mixed bridges and tunnels for large animals,
- 14 specific and 32 mixed bridges and tunnels for small animals.

In all, as of December 31, 2003, the network was equipped with a total of 112 crossing areas for large animals and 146 for small animals. In addition, the many motorway bridges crossing roads, rivers and marshland ensure that wild fauna can move around their territory without crossing the motorway.

Since the early 1980s, we have applied "extensive management" practices for the planting and maintenance of green areas on and around our motorways (central reservations, green spaces beside the hard shoulder, embankments, areas around technical installations, drainage ditches, ponds, fences, rest and service areas and toll plazas). The policy reconciles two potentially contradictory principles – landscaping and ecology, by reducing the impact of maintenance operations on health and the natural environment. The rules governing the maintenance of green areas can be summarized as follows:

- Scything operations are limited, to promote plant growth.
- Weeds are generally removed manually, to keep the use of chemicals to a minimum (in 2003, the Group used 11,135 liters of insecticide, 570 liters of fungicide and 12,245 liters of weed killer to maintain 11,100 hectares of vegetation).
- Maintenance operations are performed selectively, allowing vegetation to grow naturally where possible.
- Local plant species are selected for planted areas, to limit the need for irrigation and thus cut down on water consumption.
- Green waste is converted into compost and re-used on-site.

In 2003, we participated in the following operations in the areas where motorways are under construction:

- Purchases of wetlands: 25 hectares along the route of the A89 at Le Sancy-Combronde (7 sites) and 4 hectares of wet meadows adjacent to the A87 at Mortagne-les-Essarts (4 sites).
- Creation of nine replacement ponds with a total surface area of 0.3 hectares near the A87 between Mortagne-les-Essarts and Les Essarts-La Roche.
- Relocation of a cornflower botanical station near the A87 at Mortagne-les-Essarts.

ESCOTA and Conservatoire des Etudes des Ecosystèmes de Provence (CEEP) signed a framework agreement in 2002 to preserve and enhance the outstanding bio-diversity alongside the motorways. The first ecological management plan has been drawn up, covering the period 2003-2007, at the Joncquiera ponds. The ponds are on the site of a 15-hectare gravel pit created during the construction of the A51. They have never been used and are now home to a wide variety of wetland species.

5.2.2 Protection of water resources

In connection with our water policy, in 2003 we commissioned 100 new structures to prevent water pollution, including:

- 60 grass-covered multi-function ponds and sub-horizontal ditches, representing on average one installation per 1.2 kilometers, to settle and contain pollutants and drain excess water where necessary.
- 25 ponds and ditches along the 26-kilometer stretch of the A26 that was widened in 2003.
- 15 settling bonds and oil removal unit along the 15 kilometer stretch of the A8 that has recently been widened.

As of December 31, 2003, the Group had a total of 1,427 water protection structures.

The majority of these structures are located alongside the 942 kilometers of motorways built or widened since 1992, and are in full compliance with water laws.

For older motorways, vulnerability studies have been carried out to assess the risk to water resources of accidental pollution and to prioritize action plans. The studies have shown that 54% of the old network (1,033 kilometers) is protected. For the remaining 46% (890 kilometers), with an average or high vulnerability level, we intend to take assertive action to protect the areas the most at risk, particularly drinking water catchments.

For the ASF network, the program concerns 47 sites and 117km. It will be implemented over the period to 2011. Two projects are currently underway.

For the ESCOTA network, 13% of the at-risk motorway sections is already protected.
A program to eliminate the risk of accidental pollution on old motorways is in the process of being drawn up.

In addition to these preventive measures, we are organized to take appropriate action following any pollution.

Emergency plans have been drawn up in each département, with the local préfectures and emergency services, describing the action to be taken in the event of an accident. A key aim of these plans is to create optimal conditions of safety for customers, the emergency services and our own employees.

The 30 plans specify the action to be taken in the case of an accident involving pollutants or hazardous substances, to limit as far as possible the potential impact on the environment (in particular by containing the pollutant). They are updated whenever new sections or lane extensions are opened.

Drills are carried out from time to time with the préfectures and the emergency services, to ensure that all the people concerned are familiar with the procedures. Six drills were carried out in ASF's various districts in 2003.

At ESCOTA, duty personnel are equipped with pollutant drainage management software. As of end-2003, the system covered 120 kilometers of motorway; it will be rolled out to the entire network in 2004.

5.3 Regulatory compliance

We comply fully with all regulatory requirements and standards. A quality control system has been set up for all projects, and standards and guidelines are being drafted setting out the design and management rules to be followed in all areas.

On June 4, 2003, the Construction Department obtained ISO 9001:2000 certification from Bureau Veritas Quality International for its quality management systems covering motorway design and construction activities.

For all major construction projects, contractors are required to submit and apply an environmental protection plan. The plan, which sets out the contractor's commitments and obligations for the duration of the project, is contractually binding. Since 2002, the contractors who do the most to prevent damage to the environment during motorway construction work are awarded the "ASF Construction Environnement Sécurité" label.

Teams in the Construction and Operations Departments are responsible for tracking regulatory changes. The Environment and Sustainable Development Department is responsible for environmental monitoring (see 5.5 below), by organizing external controls and providing advice on managing procedures, with input from the Legal Department on regulatory aspects. The internal auditors also review regulatory compliance at the request of the Chief Executive Officer or the director of any Group entity.

The French industry association, Association des Sociétés Françaises d'Autoroutes (ASFA), has set up an Environment and Sustainable Development Group, providing a forum for exchanges of experience among motorway operators. In addition, legal support is provided by the "Services Communs des Sociétés d'Economie Mixte Concessionnaires d'Autoroutes", a not-for-profit organization set up by the motorway operators.

5.4 Environmental expenditure

Expenditure to limit the environmental impact of our operations falls into three broad categories (all amounts concern 2003):

5.4.1 **Environmental expenditure in connection with new motorway construction projects**, representing on average just under 10% of the total construction cost, not including the financial impact of the choice of route or longitudinal section based on environmental considerations.

Annual expenditure depends on the status of each construction project. In 2003, they totaled €38.5 million net of tax, including €1.4 million net of tax for work to enhance the landscape (known as the "1% landscaping" spend) conducted in partnership with local authorities.

5.4.2 **Environmental expenditure related to additional investments** on existing motorways (lane extensions, expansion of rest and service areas and toll plazas, construction of junctions) that were completed in 2003, and work on old motorways to reduce water vulnerability, eliminate Noise Black Spots, improve landscaping, etc. The latter expenditure generally concerns work to comply with new environmental standards, mainly to protect water resources and abate noise pollution.

In 2003, environmental expenditure related to additional investments on existing motorways amounted to €25.6 million, including €14.15 million for ASF and €11.46 million for ESCOTA.

5.4.3 Viability expenditure corresponding to motorway operation and maintenance.

In 2003, this expenditure totaled €19.1 million, breaking down between:

- Approximately 75% for the management of green areas (mainly mowing and scything).
- Around 25% for the management of protective structures (mainly drainage systems and fences).

The amount indicated includes the cost of salaries and equipment and outsourcing costs.

5.5 Organization and resources

For several years now, we have employed internal experts to draw up design, construction and environmental management standards and guidelines. At the end of 2002, these experts were brought together in the Environment and Sustainable Development Department, reporting to Group senior management.

The Department has two roles:

- To draw up and clarify Group policy covering the various aspects of sustainable development, promote the policy and report on its application, and represent ASF with the many external bodies responsible for assessing the Group's performance in the areas of corporate social responsibility and citizenship and environmental performance.
- To support the operating units in the area of environmental protection, by offering guidance on environmental regulations, drawing up policies and standards covering the various specialist areas of environmental policy and providing expert assistance to operating units sin implementing their environmental programs.

Each regional operating unit has appointed Nature, Landscape and Environment assistants responsible for dealing with local administrative authorities, monitoring the application of sound environmental practices and overseeing the activities of motorway services personnel in the area of environmental protection.

ESCOTA also has teams of environmental specialists responsible for overseeing implementation of the Environmental and Sustainable Development Department's guidelines.

For on-site interventions, time resources are allocated among the 35 districts, which are responsible for overseeing and maintaining the network. In 2003, some 486,900 hours of work was devoted to managing green areas and operating and maintaining the various environmental protection installations, as follows:

- Maintenance of green areas (mowing, scything and other maintenance work): 332,500 hours.
- Management of environmental protection installations (drainage systems, fences): 154,400 hours.

Specific training programs are organized to train staff involved in environment-related activities and raise their awareness of environmental issues. In 2003, a total of 684 hours training was given under these programs.

6. Company accounts

6.1 Balance sheet

The net book value of fixed assets at December 31, 2003 was €10,484.8 million. The net increase of €219.6 million over the year-earlier figure reflects capital expenditure for the year less the resulting €339.4 million in depreciation and amortization expense, and the €99.4 million reduction in investments following repayment of the advance made to ESCOTA.

Current assets contracted by 39.1% to €820.4 million. Cash and short-term investments fell by €521.1 million, reflecting the use of cash reserves to finance capital expenditure. In addition, the corporate income tax credit arising from the overpayment of tax in 2002 was set off against income tax due for 2003.

Shareholders' equity expanded by 4.4% to €3,528.5 million. The €147.3 million increase corresponds to net income for the year less the 2002 dividend paid in 2003.

Provisions for contingencies and charges amounted to €45.9 million at December 31, 2003 versus €39.3 million one year earlier, representing an increase of 16.8% (€6.6 million). An amount of €5 million was credited to the provision for debt indexing costs and provisions for pensions and other post-retirement benefit obligations were increased by €1.4 million.

Liabilities were reduced by 5.7% (€460.9 million) to €7,626.1 million. The €329.1 million decrease in borrowings corresponds entirely to repayments; no new debt was taken on during the year.

6.2 Cash flows

Cash and cash equivalents at December 31, 2003 amounted to €529.6 million versus €1,050.9 million at end-2002. The main changes for the year were as follows:

- Cash flow increased 6.4% to €625.6 million from €588.2 million.
- Net cash provided by operating activities also increased, to €514.2 million from €362.6 million, reflecting growth in cash flow and the €74.1 million reduction in working capital, as opposed to a €40.1 million increase in 2002.
- Net cash used by investing activities contracted by 20% to €594.9 million from €743.9 million. Construction investment was slightly below the 2002 level and ESCOTA repaid a €92.1 million advance made by the Company.
- In 2003, financing activities generated a net cash outflow of €440.6 million as opposed to a net cash inflow of €1,315.1 million the previous year, representing an unfavorable swing of €1,755.7 million. The 2002 figure included the €858.1 million in proceeds from a share issue and a €796 million debt issue. Cash outflows for 2003 included €106.2 million in dividends. No new debt issues were carried out during the year, as capital expenditure was entirely self-financed. All told, cash and cash equivalents decreased by €521.3 million in 2003.

6.3 Revenues

Revenues for 2003 totaled €1,761.9 million, an increase of more than 6.6% over €1,653.3 million in 2002. Growth was driven primarily by higher toll receipts, which account for 97.6% of total revenues.

The 6.9% increase in toll receipts, to €1,720 million from €1,608.7 million, breaks down as follows:

◆ Traffic growth (excluding new sections)	**2.8 points**
◆ Traffic on new sections	**0.9 points**
◆ April 2001 and March 2002 tariff increases	**3.2 points**

In 2003, 337.8 million vehicles used the ASF network, traveling some 24.98 billion kilometers, compared with 323.4 million vehicles and 24.1 billion kilometers traveled in 2002.

Total traffic growth in 2003, expressed in number of kilometers traveled and including new sections opened during the year, came to 3.7%, including rises of 3.8% for light vehicles and 3.6% for heavy goods vehicles. Excluding new sections, the overall increase was 2.8%, including 2.8% for light vehicles and 3% for heavy goods vehicles. In 2003 – also based on number of kilometers traveled – heavy goods vehicles accounted for 16.1% of total traffic, the same percentage as in 2002.

Revenues from other businesses contracted to €41.9 million from €44.7 million. The significant decline was mainly due to lower fiber optics and telecommunications revenues, which fell by €4.6 million to €13.4 million from €18 million, as a result of the crisis in the telecommunications sector. Fees from service stations and other service area operators totaled €28.5 million compared with €26.7 million in 2002. The 6.7% increase was on a par with the growth in toll receipts.

6.4 Operating income

Operating income grew 9.3% to €774.7 million from €709.1 million, reflecting the twin benefits of higher revenues and strict cost discipline.

Operating expense rose 4.6% to €987.3 million from €944.2 million. Changes in the main components of operating expense were as follows:

- Purchases and external charges amounted to €208 million compared with €204.7 million in 2002, an increase of only 1.6% despite last year's high snow-clearing costs which were largely offset by reductions in other costs.

Reflecting efficiency gains achieved without compromising road-user safety and without any lowering of maintenance standards, spending on infrastructure maintenance was kept to e55.4 million, excluding tax. This amount breaks down as follows:

Operations	2003
Re-surfacing	€29.2m
Repairs to bridges and tunnels	€8.8m
Repairs to water installations	€5.0m
Other	€12.6m
Total	**€55.4m**

The reduction in expenditure compared with 2002 also stemmed from the lower prices charged by public works contractors for re-surfacing work and repairs to bridges, tunnels and water installations, due to a falloff in orders and a decline in asphalt prices. Heavy rainfall during the autumn, mainly in southeastern and southwestern France, prevented the Company from spending the entire infrastructure maintenance budget, despite certain operations scheduled for 2004 being brought forward, including re-surfacing work on the A10, repairs to noise barriers on the A68, repairs to two bridges on the A7, and miscellaneous road surface repairs on the A61.

The main infrastructure maintenance projects carried out in 2003 were as follows:
- Completion of the demolition and reconstruction of the Drôme bridge on the A7.
- Construction or replacement of drainage systems, including on the Toulouse East bypass, the Nimes/Gallargues section and the St Jean de Védas/Béziers section of the A9).
- Improvement of road surfaces by laying a thin concrete and asphalt coating or resurfacing crawler lanes, mainly on the A62, A9, A72 and A10.
- Structural repairs to water installations, mainly on the A63, A62 and A72.
- Repairs to certain bridges (installation of cylinders, replacement of joints, support units, cornices, safety equipment) on the A7, A9 and A62.

◆ Payroll costs rose by 2.8% to €224.9 million from €218.7 million, including 2003 incentive bonuses of €6.4 million. The average number of employees contracted by 1.05% to 5,615 annual equivalent employees from 5,675 in 2002. The decline was primarily attributable to the higher proportion of tolls paid automatically, which led to the non-replacement of 127 employees who left the Company, representing a 1.56-point decrease, which was partly offset by a 0.35-point increase due to the opening of new sections and a 0.16-point increase to improve customer service.

◆ Other income and expenses, net, corresponding mainly to other revenues, own work capitalized and expense transfers, represented a net expense of €28.8 million versus €27 million in 2002. The 6.7% increase primarily concerned own work capitalized, with the implementation of the new human resources management system and other internally-developed software.

◆ Taxes (other than income tax) amounted to €223.3 million, an increase of 4.9% over €212.9 million in 2002.

◆ Depreciation and amortization rose 7.4% to €359.9 million from €335 million, corresponding to depreciation and amortization of assets commissioned during the year.

6.5 Interest income and expense

Net interest expense contracted by around 2% to e372.6 million from e365.4 million, as follows:

◆ Interest and debt indexing costs amounted to €423.5 million versus €442.8 million. The 4.4% decrease is explained by the absence of new borrowings in 2003 and the lower outstanding balance on existing debt.

◆ Interest income from advances to ESCOTA contracted by €4 million to €5.5 million from €9.5 million, following repayments received during the year.

◆ Capitalized interest fell 32% to €24.4 million from €35.9 million, due to the first-half commissioning of 80.1 kilometers of new motorway sections.

◆ Other interest income declined 29.1% to €27 million from €38.1 million, reflecting the reduction in cash reserves, which were used to finance capital expenditure.

◆ Swap transactions yielded a net profit of €3.8 million. Unrealized gains of €13.5 million were not recognized in the accounts.

6.6 Income from ordinary activities

Income from ordinary activities grew 17% €402.1 million from €343.7 million.

6.7 Exceptional items

Net exceptional expense contracted sharply to €3.6 million from €15.9 million. Charges to untaxed investment provisions amounted to only €1.8 million compared with €6.9 million in 2002, corresponding to half of the employee profit-sharing paid to employees in excess of the amount calculated according to the statutory formula. In addition, in 2002 construction assets scheduled for demolition were written down by €4.4 million.

6.8 Net income

Net income for 2003 came to €250.2 million, up 12.8% over the previous year's €221.8 million. Employee profit-sharing amounted to €11 million.

6.9 Appropriation of income and dividend

The Board of Directors recommends paying a total dividend of €159,374,820.69, representing a payout rate of 63.7%. The dividend per share will amount to €0.69, representing total revenue per share of €1.035 including the €0.345 avoir fiscal tax credit. The balance of net income, in the amount of €90,860,540.43, will be credited to retained earnings, which will then stand at €2,326,880,297.70.

• Appendix

Three-year financial summary

	2001 Reclassified historical data (in euros)	2002	2003
1. CAPITAL AT DECEMBER 31			
a) Share capital	24,632,849	29,343,641	29,343,641
b) Number of ordinary shares outstanding	1,615,809	230,978,001	230,978,001
c) Number of non-voting preferred shares outstanding	—	—	—
d) Number of potential shares to be issued on:			
d1. conversion of bonds	—	—	—
d2. exercise of rights	—	—	—
2. RESULTS OF OPERATIONS			
a) Revenues	1,505,447,497	1,653,307,690	1,761,911,327
b) Income before tax, profit-sharing, depreciation, amortization and provisions	636,485,404	698,596,976	778,991,782
c) Corporate income tax	57,326,341	100,524,096	137,292,670
d) Employee profit-sharing	20,275,975	5,566,250	10,959,710
e) Net income	237,743,678	221,767,280	250,235,361
f) Total dividend (4)	—	106,249,880	(4)
3. PER SHARE DATA			
a) Income after tax and profit-sharing, before depreciation, amortization and provisions	345.88	2.57	2.73
b) Earnings per share	147	0.96	1.08
c) Dividend per share (4)	—	0.46(3)	0.69(4)
4. EMPLOYEE DATA			
a) Average number of employees (1)	5,494	5,675	5,615
b) Total payroll, including incentive bonuses	140,414,134	150,735,360	156,186,675
c) Total benefits (2)	72,361,054	64,719,473	67,307,306

(1) In 2001 and 2002: new indicator
In 2001, the indicator in the "bilan social" corporate report was used: 114. However, this indicator did not provide an accurate reflection of the impact on total payroll of changes in employee numbers. In 2002 therefore, a new indicator was defined, by adjusting the "bilan social" 114 indicator to eliminate employees on unpaid leaves of absence and include contracts not reflected in the 114 indicator, based in all cases on the period of presence and activity rate during the year. The 2001 figure was adjusted retroactively, based on the 2002 indicator.
(2) The 2001 and 2002 figures do not include movements on provisions for pensions and other post-retirement benefit obligations.
(3) Dividend approved at the Annual General Meeting of April 29, 2003.
(4) Subject to approval at the Annual General Meeting of May 13, 2004.

Report of the Chairman of ASF

(Article 117 of the Loi de Sécurité Financière of August 1, 2003) appended to the Report of the Board of Directors dated March 17, 2004.

Under the provisions of Article 117 of the Loi de Sécurité Financière of August 1, 2003, the Chairman of the Board of Directors is required to report to shareholders on:

- The organization of the Board of Directors and the preparation of Board Meetings
- The internal control procedures implemented by the Company.

This report, appended to the report of the Board of Directors, has been prepared in accordance with the recommendations of the employers' federations (AFEP/MEDEF) and the securities regulator (AMF).

I. Organization of the Board of Directors and preparation of Board Meetings

The Board of Directors of ASF represents all shareholders. The Board is under the obligation to act in all circumstances in the interests of the Company and is accountable to shareholders for its actions.

At its meeting on March 13, 2002, the Board of Directors decided to segregate the functions of Chairman and Chief Executive Officer. The separation of the two functions is consistent with the recommendations of the corporate governance act of May 15, 2001 concerning the transparency of management decisions, and ensures that the Board demonstrates the level of independence expected of a listed company.

In my capacity as Chairman, I organize and lead meetings of the Board of Directors and represent the Board in its dealings with shareholders and third parties. I ensure that the Company's corporate governance structures function effectively and obtain assurance that directors are in a position to fulfill their responsibilities.

The Chief Executive Officer has the authority to act in all circumstances in the Company's name. Certain limits have been placed on his powers by the Board of Directors in its internal rules, which stipulate that development projects representing a total investment in excess of €30 million related to the core business, or €15 million otherwise, can only be decided by the Board of Directors.

The Chief Executive Officer represents the Company in its dealings with third parties. He reports to the Board of Directors on his management of the business. He is assisted by three Senior Executive Officers (see Appendix I) whose authority is restricted by decision of the Board of Directors dated June 24, 2003 to €5 million, excluding tax, for work contracts and €0.5 million for contracts for supplies and services.

This report on the organization of the Board and the preparation of Board Meetings is organized as follows:

1.1 Members of the Board of Directors

1.1.1 Number and capacity of directors

The Board of Directors of Autoroutes du Sud de la France, of which I am the Chairman, has 16 members, including five directors representing the State – two designated by the Finance Ministry (Treasury and Budget departments), two by the Infrastructure Ministry and one by the Interior Ministry; Autoroutes de France, a public enterprise represented by its Chairman; two directors designated by the Supervisory Board of the corporate mutual funds set up in connection with the ASF employee share ownership plan, representing employee-shareholders; two directors who are members of the Senate and were elected in recognition of their competence; and five independent directors who have no links with the Group, its shareholders or management that could prevent them from independently exercising their judgment.
A Government Representative (the Director of the Roads Department) and a Government Auditor also attend Board Meetings in a consultative capacity.

1.1.2 Information given to directors

For directors to be able to fulfill their duties, it is essential that they receive full information prior to each Board meeting and at regular intervals during the year. I therefore ensure that directors are given unrestricted access to detailed strategic and financial information throughout the year to allow them to exercise their judgment. Directors may also ask for any explanations of the information received or any additional information that they consider useful. The directors undertake to treat such information as strictly confidential. They may meet with members of senior management at any time, in which case they give me prior notice of such meetings. When a new director is elected, I give him or her all necessary documents, including copies of the bylaws, legal and regulatory texts, the Board of Directors' internal rules and the latest annual report.

Prior to each meeting of the Board of Directors or of the Committees of the Board, I have decided to give the directors concerned all the information required to prepare for the meeting at least eight days in advance, apart from in exceptional circumstances or where an emergency meeting has to be called.

1.1.3 Training of directors

Each director may also request training to better understand the specific characteristics of the Company, its businesses and its sector.

1.2 Directors' role and responsibilities

The role and responsibilities of the Board of Directors are set out in the Board's internal rules, adopted in December 2002.

1.2.1 General terms of reference

The Board of Directors determines the Company's strategy and oversees its implementation. It discusses regularly the main strategic, business and financial policies. The Board of Directors represents shareholders and, in this capacity, appoints the senior management team.

1.2.2 Strategic decisions

The Board of Directors is responsible for making decisions concerning the implementation of its strategy and approving organic and external growth projects representing investments in excess of certain amounts, specified in its internal rules.

1.2.3 Financial policy

The Board of Directors is regularly informed about the Company's financial position and cash position. Each year, it decides on the Company's financial management strategy for the following year. It is kept informed of financing, borrowing and liquidity transactions carried out pursuant to this strategy, as well as of proposed debt management and risk hedging transactions.

1.3 Board procedures

1.3.1 Meetings

I am required to call Board meetings at periodic intervals and whenever necessary. Meetings must be held frequently enough to permit detailed reviews and discussions of matters falling within the Board's terms of reference.

The Board meets at least four times a year, and more often if circumstances so require. In particular, I call meetings to approve the interim financial statements, and to approve the annual financial statements and call the Annual General Meeting. During these meetings, the Board approves the principle of issuing a press release and decides on the publication date.

1.3.2 Committees of the Board

To assist it in fulfilling its terms of reference, in March 2002 the Board set up three Committees, each with its own charter. These Committees are as follows:

- The four-member Audit Committee, chaired by a director designated by the Board of Directors. The Audit Committee reviews the annual and interim financial statements of the Company and the Group in order to give the Board of Directors all necessary explanations concerning their content, and to obtain assurance concerning the reliability and quality of the historical and forward-looking financial information to be released to shareholders and the markets. The Committee is also responsible for overseeing the efficiency of internal control procedures.

- The four-member Strategy and Contracts Committee, of which I am the chairman. The Committee's main role is to analyze and discuss the strategic goals submitted to the Board of Directors, and assess the appropriateness and probable consequences of strategic decisions put before the Board.

- The Compensation Committee, made up of three independent directors and chaired by a director designated by the Board of Directors. The Compensation Committee is responsible for making recommendations concerning the amount and any increases in the compensation paid to the Chairman, the Chief Executive Officer and the Senior Executive Officers.

1.3.3 Director's charter

The charter lists directors' rights and duties, as follows:

1. Each director must be familiar with his or her general and specific obligations as a member of the Board as set out in legal or regulatory texts, the bylaws and the director's charter (copies of which are given to each director when he or she joins the Board).

2. Ownership of ASF shares: with the exception of directors representing the State and employee-shareholders elected pursuant to Article 12 of the bylaws, each director is required to hold at least one share of the Company. All directors are required to give full information about his or her transactions in the Company's shares whenever so requested.

3. Representation of shareholders: each director must act in all circumstances in ASF's interests and represent all shareholders.

4. Duty of loyalty: each director is required to disclose to the Board any conflict of interest or potential conflict of interest in relation to ASF or any Group company, and to abstain from taking part in the discussion and vote on the matter(s) in question.

5. Duty of diligence: each director is required to devote the necessary time and attention to the business of the Board. Individual directors and permanent representatives of corporate directors must comply with the regulatory provisions concerning multiple directorships.

6. Each director must make every effort to attend all meetings of the Board and of any Committees of which he or she is a member. To encourage regular attendance, the fee paid to each director is determined in part by reference to his or her attendance rate at meetings of the Board and Committees.

7. Each director has an absolute obligation to obtain all necessary information for the exercise of his or her judgment. To this end, each director must ask me for the information needed to actively take part in the discussion of matters put before the Board, sufficiently in advance of each meeting.

8. Obligation of secrecy: each director has an absolute obligation to preserve the secrecy of all information received in his or her capacity as a member of the Board that is not in the public domain. This requirement is stricter than the obligation of discretion provided for in Article L.225-37, paragraph 6, of the Commercial Code, concerning privileged information presented as such by the Chairman of the Board.

9. Inside information: each director is prohibited from carrying out any transactions in the Company's shares, directly or indirectly, on the basis of inside information.

1.4 Assessment of Board performance

1.4.1 Internal assessment

Once a year, the Board assesses the effectiveness of its procedures and, if necessary, proposes amendments to its internal rules.

1.4.2 Independent assessment

Once every three years, starting after the Meeting to be called to approve the 2005 financial statements, the Board will obtain an independent assessment of its efficiency. The assessment will be performed by outside consultants under the direction of an independent director.

2. Internal control procedures

I am also required to report to shareholders on internal control procedures implemented by ASF. Internal control procedures form part of a system designed to manage the accounting, financial and other risks associated with the Company's business. The system must provide reasonable assurance that internal control and risk coverage objectives are met. However, no control system can provide absolute assurance that all risks have been completely eliminated.

The core aims of the system of internal control are to:

- Ensure that all transactions fall within the framework of the strategy decided by the Board of Directors and comply with the applicable laws and regulations and the Company's internal rules.
- Provide assurance that the accounting and financial information submitted to the Board of Directors presents fairly the Company's results of operations and financial position.

2.1 Overall organization of internal control

Under the overall organization structure (see organization chart in Appendix I), each operating or corporate department is responsible for establishing and implementing internal control procedures.

These procedures are regularly reviewed by Group senior management, other executives and the heads of Internal Audit as part of the risk management process set up three years ago. The Audit Committee is informed of the improvements to internal control recommended as a result of these reviews.

2.2 Description of the system of internal control

The main internal control procedures are implemented by each individual department as an integral part of its activities, as follows:

2.2.1 Finance Department

For the preparation of the annual financial statements of the Company and the Group, the Finance Department has established internal control procedures designed to ensure that accounting and financial information is processed efficiently. All Group companies use integrated management software managed by ASF. The Finance Department determines Group accounting policies and reporting deadlines, based on the requirements of the securities regulator (AMF). Subsidiaries are responsible for producing their statutory and management accounts.

Internal control over accounting and financial transactions is organized as follows:

- Organization: segregation of tasks, formal delegations of authority, management by cost center, continuous supervisory controls over sensitive transactions.
- Personnel: decentralized accounting departments reporting to the Finance and Accounting Department.
- Documentation: procedure manual, specific chart of accounts, audit files, electronic document management.

The main internal control procedures are as follows:

- Cash management: approval of bank reconciliations by an accounting manager, secure cheque issuing procedures, electronic encoding and signing of bank instructions, ceiling on letters of credit, automatic reconciliation of collections to electronic toll payment transactions, cash counts.
- Asset management: physical inventories of fixed assets and stocks, approval of capital projects based on budgets approved by senior management, approval of asset disposals.
- Information management: accounting and financial information processed using integrated software, audits of the accounts by the external auditors.

Specific internal control procedures have been set up to:

- Optimize cash management and financing, through a cash pooling system, regular reporting, controls over the use of derivatives and management of currency risks.
- Improve the efficiency of management reporting, through the creation of operating and construction reporting schedules, Finance Department coordination and reporting to Group senior management.

2.2.2 Contracts

The Company has set up three systems to ensure that contracts are awarded on the basis of a competitive bidding process and to prevent corruption:

- The Consultation Committee for Company Contracts set up in May 2001, which reports directly to the Chief Executive Officer, issues recommendations concerning work contracts in excess of 5 million, excluding tax, and supply and service contracts in excess of 0.5 million, excluding tax, and also oversees the procedures for awarding contracts. Members of the Committee include the Government Auditor and a representative of the competition authorities (DGCCRF), providing a strong guarantee of independence.
- The Construction Department, which is responsible for awarding the largest contracts (in terms of value), has set up a Competitive Bidding Unit which oversees and centralizes all procedures for the awarding of contracts.
- The Legal Department is responsible for monitoring compliance with competition rules and has established procedures for the awarding of contracts that apply to all departments within the Company.

2.2.3 Construction Department

The Construction Department has deployed a quality management organization and system designed to guarantee control over the design and construction of motorways. In June 2003, these activities obtained ISO 9001:2000 certification. Internal control procedures have been set up for all the various construction processes.

The procedures are fully documented, in the form of a quality manual, a manual of internal procedures, construction standards and a guide to official procedures.

Application of the procedures is assured through effective operational monitoring, controls over construction costs, controls to ensure that each motorway project complies with the specifications set out in the concession agreement, reviews of technical choices to constantly optimize the projects, purchasing processes that incorporate controls to verify compliance with regulations governing the awarding of contracts for work, supplies and services, controls over the technical quality of the work performed by contractors and to verify compliance with the contract performance guarantees, internal controls over the Construction Department's activities and contract management audits.

2.2.4 Operations Departments

The Operations Departments have set up internal control procedures in the following areas:

- Toll collection: controls over receipts up to the point of delivery to the bank, detection of unusual transactions, systems security, facilities security.
- Subscription management: controls over subscriber contracts, statistical monitoring and monitoring of procedures to recover bad debts.
- Information systems: user clearances, periodic system administration and back-up procedures, maintenance, systems security audits.
- Traffic and staff safety: traffic control and user safety procedures, procedures governing interventions by motorway services and safety teams, safety challenges, periodic training exercises.
- Infrastructure maintenance: regular inspections, monitoring of quality indicators, multi-year scheduling of maintenance work.
- Customer service quality: manual describing processes and service level standards, service level monitoring, annual performance measurement.

Projects are currently underway to:

- Develop a database of legal, regulatory and contractual obligations.
- Draw up formal description of crisis management and risk prevention techniques and procedures, including procedures for dealing with the media.
- Introduce new management methods, including zero-based budgeting and new management information systems.

2.2.5 Communications Department

The Communications Department has established internal control procedures to manage reputational risks, covering:

- Planned events: training of duty managers to act as the Company's spokesperson in sensitive situations, regional communications plans, scripting, publication of press releases for the national and regional press.
- Unplanned events: reporting procedure, crisis management unit, press watch.
- Radio Trafic programming: approval of programs, regular meetings of the editorial committee, systematic information about events.
- Institutional communications: communications plan, national campaign to raise the Company's profile, rolled down to regional level, publication review procedure, validation of published information.

2.2.6 Human Resources Department

The Human Resources Department has set up internal control procedures in the following areas:

- Executive career management: career plans, succession planning, training plans.
- Management of Human Resources units: distribution of information, use of the new SIRH software, approval of budgets by Group senior management, human resources reporting.
- Training: training plans, skills management.
- Compensation: compensation policy based on market practices, approval of budgets by Group senior management, controls over payrolls.
- Employee relations: local empowerment, quality assistance provided by the Group, approval of agreements with employee representatives by Group senior management.

2.2.7 Legal Department

The Legal Department, which was set up during the second quarter of 2003, has established internal control procedures in the following areas:

- Centralized file management: contracts, lawsuits and research. All legal cases are entered in a central system and managed by specialists.
- Requirement for lawyers to keep their managers and the plaintiffs regularly informed of all developments and of all major decisions to be made.
- Regular oversight of legal cases by the Deputy Director, who is kept informed of developments. The Deputy Director is responsible for ensuring that legal deadlines are met and for monitoring the handling of each case.
- Systematic reporting to the plaintiff and the Legal Director.

Projects in progress concern the drafting of operations and internal procedure manuals, development of a computerized "warning" system and creation of the position of Ethics Officer.

2.2.8 Development Department

Internal control procedures have been established at the following levels:

- During the preliminary phase, controls are performed over the choice of working assumptions in consultation with the various departments concerned by the project (Finance Department, Legal Department, etc.) and with external experts. The Development Committee, an offshoot of the Management Committee, is informed of this work and signs off on the various phases.
- During the bidding phase and the project development phase, the files are validated at each stage by the Committees set up by ASF:
  - Development Committee
  - Strategy and Contracts Committee
  - Board of Directors.

When a consortium bid is submitted with other partners, regular and specific controls are performed – covering all consortium members – by the structures set up to manage and present the bid.

2.2.9 Sustainable Development Department

The Sustainable Development Department provides support to the other departments on specialist environmental issues. It advises them on internal control methodologies (rules and standards, up-to-date information on legal and regulatory requirements) and assists operations staff in performing internal control procedures.

2.3 Future developments

We have embarked on a process of continuous improvement of internal control through the risk-based approach led by the Management Committee.

The creation of two new departments – the Legal Department and the Development Department – should contribute to managing more effectively the risks related our corporate liability and future development.

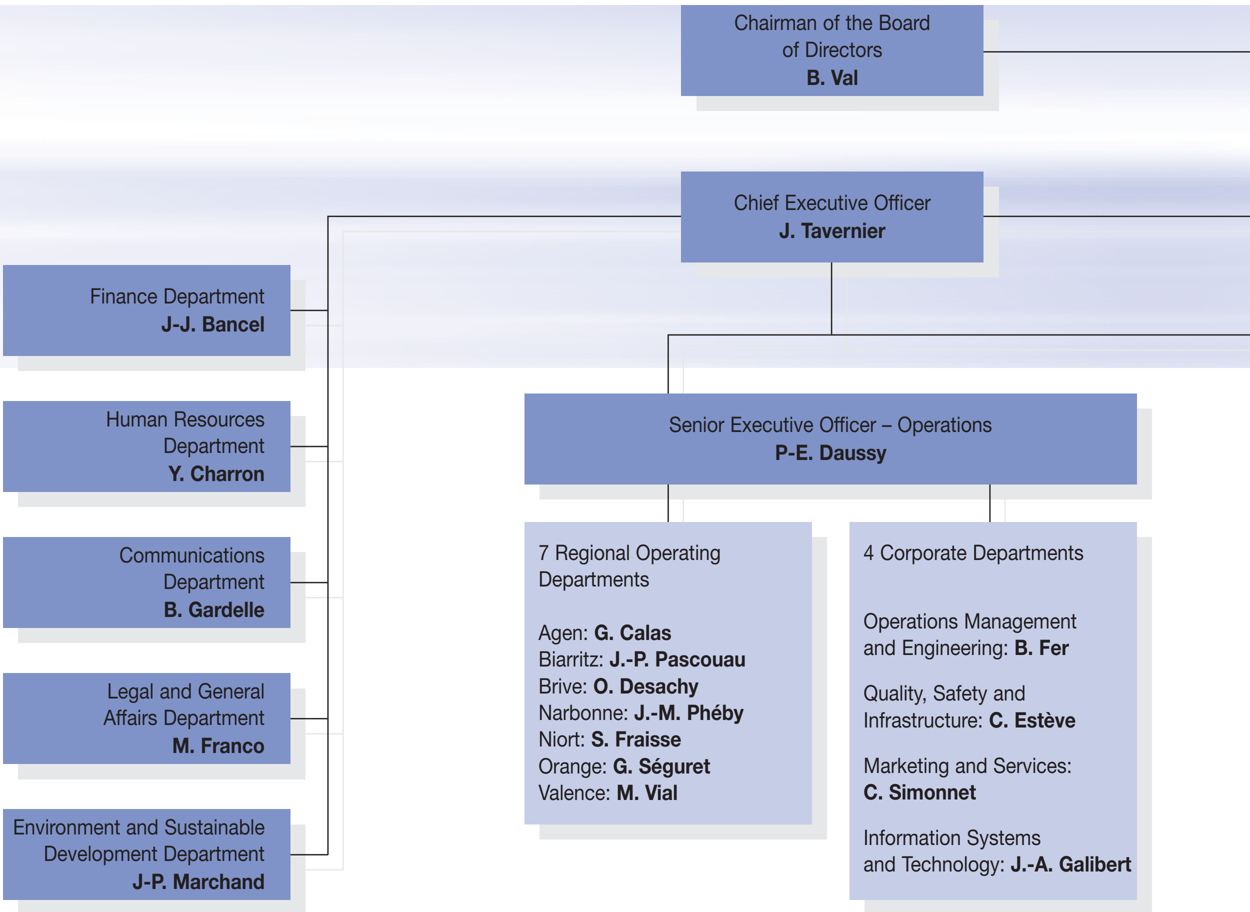
An awareness-building and training program in the area of internal control will be rolled out to all operating departments. Internal audit plans are based on an assessment of internal control procedures generated by the risk management system.

In addition, to improve control over the Group's operations, a project is underway to review the organization and documentation of internal rules.

Bernard Val
Chairman of the Board of Directors

Appendix

I Organization chart



Advisor to the Chairman
B. Maillot-Juillet

European Affairs
C. Bidaud

Internal Audit
C. Noël

Senior Executive Officer –
Development and Construction
A. Robillard

Executive Officer
J-P. Roth

Senior Executive Officer
Chairman and CEO of **ESCOTA**
J-M. Denizon

Development Department
T. Dallard

Construction Department
G. Boyadjian

2 Corporate Departments
(Projects and Project Management)

4 Regional Construction Departments

Angers: **J.-P. Boulet**
Montpellier: **R. Hornung**
Périgueux: **G. Riondy**
Tulle: **J.-J. Lacaze**

SOCIÉTÉ DES AUTOROUTES DU SUD DE LA FRANCE

Société Anonyme d'Économie Mixte. Share capital: €29,343,640.56
Head office: 100 avenue de Suffren – PO Box 533
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Registered in Paris under no. B 572 139 996

This is a free translation into English of the statutory auditors' report issued in the French language and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

YEAR ENDED DECEMBER 31, 2003

REPORT OF THE STATUTORY AUDITORS, PREPARED IN APPLICATION OF ARTICLE L.225-235, FINAL PARAGRAPH, OF THE COMMERCIAL CODE, ON THE REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS OF SOCIÉTÉ DES AUTOROUTES DU SUD DE LA FRANCE ON INTERNAL CONTROL PROCEDURES RELATED TO THE PREPARATION AND PROCESSING OF ACCOUNTING AND FINANCIAL INFORMATION

PricewaterhouseCoopers Audit
Tour AIG – 34, place des Corolles,
92908 PARIS LA DEFENSE 2

JPA
7, rue Galilée,
75116 PARIS

To the shareholders

In our capacity as Statutory Auditors of Société des Autoroutes du Sud de la France and in application of Article L.225-235, final paragraph, of the Commercial Code, we present below our report on the report prepared by the Chairman of Société des Autoroutes du Sud de la France in application of Article L.225-37 of the Commercial Code for the year ended December 31, 2003.

Under the responsibility of the Board of Directors, the Company's management is required to define and implement adequate and efficient internal control procedures. In his report, the Chairman of the Board of Directors is required to comment on the conditions applicable for the preparation and organization of the work carried out by the Board of Directors and the internal control procedures implemented within the Company.

Our responsibility is to report to shareholders our comments on the information contained in the Chairman's report concerning the internal control procedures related to the preparation and processing of accounting and financial information.

We conducted our work in accordance with the professional guidelines applicable in France. Those guidelines require that we perform procedures to assess the fairness of the information given in the Chairman's report about internal control procedures related to the preparation and processing of accounting and financial information. These procedures included:

- Reviewing the internal control objectives, general organization and procedures related to the preparation and processing of accounting and financial information, as described in the Chairman's report.

- Reviewing the work underpinning the information given in the Chairman's report.

Based on our procedures, we have no matters to report concerning the information about the Company's internal control procedures related to the preparation and processing of accounting and financial information, as contained in the report of the Chairman of the Board of Directors prepared in accordance with Article L.225-37, final paragraph, of the Commercial Code.

Paris, March 31, 2004
The Statutory Auditors

PricewaterhouseCoopers Audit
Paul ONILLON

JPA
Jacques POTDEVIN

Risk factors

Factors impacting traffic and toll receipts

Toll receipts, which represent the bulk of our revenues, depend on the number of paying vehicles, tariffs and the network's ability to absorb traffic. A certain number of factors can affect traffic volumes and toll receipts, including the quality, convenience and travel time on toll-free roads or toll motorways that are not part of our network, the quality and state of repair of our networks, the economic climate and fuel prices in France, environmental legislation (including measures to restrict motor vehicle use in order to reduce air pollution) and the existence of alternative modes of transport. As explained in the section "Group businesses/Tolls", tariffs and tariff increases are determined by our concession agreements. We can give no assurance that the tariffs we are authorized to charge will be sufficient to guarantee an adequate level of profitability.

Regulatory environment

We operate in a heavily regulated environment and our results of operations are influenced by government road policies and regulations. As in all highly regulated industries, regulatory changes could affect our business. However, in the event of a change in technical regulations related directly to the concession or a substantial change in the taxation system or the introduction of new taxes levied on motorway operators that could seriously impair the financial viability of concession operations, the concession agreement stipulates that we and the government will mutually agree on compensatory measures to guarantee the continued provision of the public service.

Increased competition

We are exposed to competition from other motorway operators and alternative road networks, and also from alternative modes of transport.

We are the sole operator of the motorway network covered by our concession agreement. For new concessions, including in areas served by our existing network, we are exposed to competing bids from French and foreign operators. However, in the areas served by our existing network, we believe that our knowledge of the area and our solid local infrastructure give us a significant competitive advantage.

Competition from alternative road networks is currently low. On the North/South axis, the A75 motorway between Clermont-Ferrand and Montpellier has created limited competition with the A7/A9, which is also part of our network, pending the opening of the Millau viaduct in 2005-2006. The most significant competition from toll-free roads concerns the A10, which competes with the RN10 between Poitiers and Saint-André-de-Cubzac. This section of the RN10 is almost entirely four-lane and the route followed is around 60 kilometers shorter than that taken by the A10. Nearly half the heavy goods vehicles that use the A10 north of Poitiers choose this stretch of the RN10. As from 2005-2006, certain sections of the A10 will also be faced with competition from the A20, part of which will be toll-free with the toll-paying section managed by our Group.

French transport policy currently focuses on restoring the balance among the various modes of transport. Efforts are being made to limit heavy goods vehicle traffic by encouraging freight back onto rail, with the target of at least doubling rail freight in the next ten years. At European level, the European Commission's 2001 White Paper targets the rebalancing of modes of transport not in the next ten years but by 2030. This less ambitious goal takes into account the fact that only a small proportion of freight is currently carried by rail and transport by lorry is unavoidable over very short distances, where there is no alternative mode sufficiently tailored to the needs of the economy. We consider that competition from rail is currently limited. At present, passenger traffic on the new high-speed train links (TGV Méditerranée) does not represent a material source of competition for our networks. In addition, according to government forecasts, road haulage is set to grow at a faster rate than rail freight in the coming years.

All new concessions, including those that will compete with our network, are awarded on the basis of a competitive bidding process open to all European operators. We may therefore have difficulty in winning concessions in the areas we already serve, and we may accept new concessions on less favorable terms than those we have enjoyed in the past. Although other modes of transport, such as the new high-speed train links, do not currently pose a threat to our business, the situation may change in the future. In addition, government transport policy designed to increase the proportion of rail freight may ultimately lead to a reduction in heavy goods vehicle traffic on our network. Lastly, we are faced with competition along our entire network from toll-free roads. The level of this competition depends directly on government roads policy.

Financing of future motorway construction

Substantially all of our network has been financed by loans from Caisse Nationale des Autoroutes (CNA), a public body that provides funds for motorway construction in France. Since 2002, we have been phasing out CNA financing for new concessions, with the aim of eliminating all borrowing from CNA by 2006. This source of funds is being replaced by bank borrowings, bond issues and project finance. However, we can give no assurance about the availability of such financing or the terms on which it may be raised. If the new financing is raised at higher rates of interest than those charged by CNA, our results of operations may be adversely affected.

Traffic saturation on certain motorways

Some of our motorways, including the A7 and certain urban sections of other motorways, are saturated and become over-saturated at certain periods of the year. We are working with the government and the local authorities concerned to identify solutions to reduce traffic to acceptable levels. However, we can give no assurance that the saturation problems will be resolved at an acceptable cost to our Group, or that the problems will not lead to new concessions being awarded to competitors.

Construction risks

Our large-scale construction projects expose us to the risk of shortages of materials or labor, higher materials or labor costs, general factors affecting economic activity and the credit market, business failures by contractors or sub-contractors, and work stoppages due to bad weather or unforeseen engineering or environmental problems.
If we fail to complete the construction of a motorway on schedule, we may face penalties under our concession agreement.

Operating risks

Like all motorway operators, we are faced with potential risks from strike action, natural disasters such as earthquakes or floods, the collapse or accidental destruction of certain sections of the motorway, or the spillage of hazardous substances transported on the network. The occurrence of any of these events could lead to a sharp fall in our toll receipts or a significant increase in the costs of operating, maintaining or repairing the network. Although we carry property and casualty and liability insurance, we can give no assurance that these policies will cover the total amount of claims related to the construction, maintenance or operation of the motorways, bridges and tunnels, or the incremental costs resulting from damage to the network. We do not carry business interruption or specific risk insurance related to the use of tunnels and bridges. Furthermore, we do not carry business interruption insurance covering the loss of toll receipts as a result of strike action or blockages of toll booths by protestors.

Uncertainty concerning the Group's development and diversification initiatives

Our development and diversification strategy is based on the goal of winning new concessions and new contracts as service provider for the construction and operation of motorways and related infrastructure, particularly in international markets. Where appropriate, we will submit joint bids with other partners and/or under project finance deals. We also plan to diversify our business base by bidding for concessions or offering services for other transport infrastructure, such as parking facilities and intermodal platforms. We do not currently have significant experience in building or operating motorways outside France and we have not yet built or operated any transport infrastructures other than motorways. We will therefore need to acquire additional skills if we are to meet the demands of these new markets. Similarly, we have not yet had the opportunity to work with partners – other than on the Millau viaduct project and the Highway 2000 project in Jamaica – requiring that we take into account those partners' interests or participate on a minority basis in a motorway construction or operation project. Furthermore, we have no prior experience in the area of project finance, which involves sophisticated financing structures that require specific skills and expertise. Our lack of experience in these areas may make the implementation of our development and diversification strategy more difficult.

Road-user resistance to tolls

To date, we have not experienced any major road-user resistance to tolls. However, in urban areas we have had to bow to pressure from users and the authorities by selling to the government the toll plaza located on the four-lane Roques expressway, which was originally toll free. In addition, like other toll motorway operators, we are exposed from time to time to user protests, mainly on the urban sections of the network.

Expiry of concession agreements, return of assets to the State and restrictions on assets

Substantially all of our revenues are derived from operations under three concession agreements with the State. When the concessions expire, we will be required to surrender substantially all of the related assets to the State, without compensation (see "A responsible corporate citizen/Contractual responsibility/Concession agreements/Taxation, page 39). In addition, a significant proportion of assets, including the motorways, are public property and although we manage them they cannot be sold, pledged as collateral or otherwise encumbered.

Government termination and buy-out option

Under public law, the government may unilaterally terminate the concession agreements in the public interest, subject to judicial supervision. The agreements also include a clause giving the government a buy-out option exercisable as from January 1, 2012. If the government exercises its option to terminate or buy out the agreements, we will be paid statutory or contractual compensation, in an amount which should cover our forecast profits for the remaining concession period *(see "A responsible corporate citizen/Contractual responsibility/Concession agreements/Duration of concessions and surrender of infrastructure on expiry of the concession", page 38)*. In addition, the government may terminate the concession agreement due to a serious breach of our contractual obligations and in certain other circumstances. In this case, the concession would be awarded to a new operator under a competitive bidding process and we would receive the amount paid by the successful bidder; however, if no new operator were found, we would not be entitled to any compensation.

Environmental, health and safety compliance costs

We incur and will continue to incur costs to comply with environmental, health and safety laws and regulations. For example, we are required to comply with regulations covering noise pollution, water protection, air quality and atmospheric pollution. We may be subject to stricter laws and regulations in the future and incur higher compliance costs. In the case of an accident or damage to the environment, we may be subject to personal injury or property damage claims or legal proceedings for harm to natural resources. If we are unable to cover our environmental protection costs or the costs arising from our partial liability for any accidents, by raising our tariffs pursuant to the concession agreement terms, our business and profitability may be adversely affected.

We comply strictly with all applicable environmental regulations and standards and have set up a quality control system covering all projects. Formal design and management standards and guidelines have been issued, spanning all aspects of the business. On June 4, 2003, the Construction Department obtained ISO 9001:2000 certification from Bureau Veritas Quality International for its quality management systems covering motorway design and construction activities. For all major construction projects, contractors are required to submit and apply an environmental protection plan. The plan, which sets out the contractor's commitments and obligations for the duration of the project, is contractually binding. Since 2002, the contractors who do the most to prevent damage to the environment during motorway construction work are awarded the "ASF Construction Environnement Sécurité" label.

The Environment and Sustainable Development Department is responsible for environmental monitoring, with input from the Legal Department on regulatory aspects. The French industry association, Association des Sociétés Françaises d'Autoroutes (ASFA), has set up an Environment and Sustainable Development Group, providing a forum for exchanges of experience among motorway operators.

Preventing noise pollution

Under the noise pollution provisions of the Environment Code (based on the Act of December 31, 1992), we are required to install barriers alongside new motorways, existing motorways that undergo significant transformations and major construction sites which are bordered by residential properties, to reduce noise levels. Motorway noise may not exceed certain levels, which vary according to the year of construction or transformation and the noise level existing before the motorway was opened. Populations living alongside motorways are entitled to noise protection if their home was built before 1978 or before the launch of the public enquiry that preceded the granting of the permit for the construction of the motorway, or a material transformation of a motorway not planned at the outset, and if the disamenity caused by motorway traffic reaches a certain level, calculated on the basis of average annual daytime and nighttime noise.

Preventing water pollution

Under the water protection provisions of the Environment Code (based on the Act of December 31, 1992), we are required to include in all of our projects measures to limit the risks of flooding and water pollution. We are also required to comply with the provisions of water management master plans, which set general targets for the use, re-use and protection of water supplies. All installations, structures, work and activities that may cause water pollution, a substantial change in drainage systems or discharges of toxic or harmless materials into watercourses must be either authorized by or notified to the relevant authorities, depending on the level of environmental risk.

Air quality and atmospheric pollution

Under the air quality and atmospheric pollution provisions of the Environment Code (based on the Act of December 31, 1992), we are required to implement policies designed to reduce atmospheric pollution, preserve air quality and reduce or rationalize energy consumption. The requirements include assessing and reducing the impact of major projects on air quality and human health. We are also required by law to comply with the provisions of air quality protection plans, government standards for the construction of installations and vehicle emissions standards, and statutory air pollution thresholds.

Protection of sites of archaeological interest

Under the Act of September 27, 1941 regulating archaeological excavations (as amended by the Act of December 1, 1989) and the Act of January 17, 2001 (as amended by the Act of August 1, 2003), all construction projects undertaken by our Group (including infrastructure extensions or alterations) that may damage sites of archaeological interest must be preceded by measures to detect, preserve or safeguard the sites. Archaeological studies and preventive excavations are carried out by a publicly-owned entity. They are financed by a fixed levy due by the developer (in this case ASF) on all construction projects covering a surface area of at least 3,000 square meters.

National parks, nature reserves and classified sites

Under the provisions of the Environmental Code (based on the Act of February 2, 1995 which includes various measures to enhance environmental protection), we are required to comply with regulations concerning the development and protection of national parks, nature reserves and classified sites. These rules cover the execution of work, the extraction of materials, water use, public access and any activities that could damage the site concerned. In addition, under the Act of January 3, 2001 incorporating into French law certain provisions of European "Birds" Directive (79/409/EEC dated April 2, 1979) and "Habitat" Directive (92/43/EEC dated May 21, 1992), we are required to comply with the rules governing the development and protection of "Natura 2000 sites" (protected areas and conservation areas). These rules provide for the prior assessment and authorization of projects that may have a significant adverse impact on such sites.

Preventing forest fires

The Forests Code, including the Act of July 9, 2001, contains specific provisions designed to prevent outbreaks of fires in the high-risk wooded areas in the Aquitaine, Corsica, Languedoc-Roussillon, Midi-Pyrénées, Poitou-Charentes, Provence – Alpes-Côte d'Azur regions and the Ardèche and Drôme départements. We are required to comply with regional plans drawn up by the authorities for each département located in these regions, to protect the forests from the risk of fire.

Waste

Under the provisions of the Environment Code (based on the Acts of July 15, 1975 and July 13, 1992), we are required to eliminate the waste generated during construction projects and motorway operations, as well as the waste left behind by motorists at rest and service areas. The waste is collected, transported, stored, sorted and processed to recover items and materials that can be re-used to generate energy. Any other products discharged or released into the natural environment must be dealt with in a manner that protects the environment.

Asbestos

Under the regulations designed to protect the public and workers against the health risks associated with exposure to asbestos, as set out in the decrees of February 7, 1996, we have performed tests to detect the possible presence of asbestos in our premises and equipment. In the very limited number of cases where asbestos was found, we implemented the preventive and corrective measures specified in the regulations.

Off-balance sheet commitments

International operations

On September 19, 2002, we signed a partnership agreement with Bouygues Travaux Publics, a subsidiary of Bouygues Construction, concerning the Highway 2000 project for the construction and operation of Jamaica's first toll motorway. The partnership led to the formation of the TransJamaican Highway joint venture, which is 66%-owned by Bouygues and 34% by ASF and holds the motorway concession agreement awarded by the Jamaican government.

Our commitment is currently limited to the initial 44-kilometer phase of the project, including 33 kilometers between Kingston and Sandy Bay, and 11 kilometers between Portmore and Causeway. This phase represents a total investment of USD 10.2 million, including USD 5.1 million for the 33-kilometer section – of which USD 2.9 million had been paid as of December 31, 2003 – USD 1.7 million for the 11-kilometer section, and a reserve of USD 3.4 million.

The operating company, Jamaican Infrastructure Operator, which is 51%-owned by ASF alongside Bouygues, will operate the motorway for 35 years. We are installing and will continue to install toll collection equipment on the various sections of the motorway. Under the terms of the contract with Bouygues Travaux Publics, we own all the equipment (design, supply and installation) for the Old Harbour and Spanish Town toll plazas.

Financial instruments

As of December 31, 2003 we had several contracts on financial instruments, as follows:

i)- Interest rate swaps, whereby we are the fixed rate lender and the floating rate borrower. They include four 3-month Euribor swaps on a total notional amount of €482.9 million and two 12-month Euribor swaps on a total notional amount of €100 million (consisting in each case of a fixed rate to E3M swap and a E3M to E12M swap) with interest payments determined quarterly in arrears. The notional amounts and expiry dates of the swaps match those of fixed rate borrowings from CNA. These instruments, which are carried off-balance sheet, had at positive fair value of €16.3 million at December 31, 2003.

ii)- Two fixed rate lender/3-month Euribor borrower swaps on a total notional amount of €254.2 million linked to certain transactions referred to in i) above, but with remaining terms of less than one year. These instruments, which are carried off-balance sheet, had at negative fair value of €0.3 million at December 31, 2003.

iii)- Caps and floors linked to the transactions referred to in i) and ii) above, but with shorter terms. At December 31, 2003, these instruments had a positive fair value of €0.8 million. At the same date, the underlying balance sheet debt had a positive fair value of €3.3 million.

The total positive fair value of the instruments referred to in i), ii) and iii) above at December 31, 2003 was €16.8 million, compared with a positive fair value of €3.3 million for the underlying balance sheet debt, representing an unrealized profit of €13.5 million. In the financial statements, these instruments are treated as hedging instruments.

iv)- A collar and a cap on a total notional amount of €274.4 million, purchased in advance of the corresponding swaps. At December 31, 2003, these instruments had a negative fair value of €1.1 million and the underlying balance sheet debt had a positive fair value of €1 million. Since the instruments were not matched by swaps as of the year-end, they were treated in the financial

Derivative instruments by type and maturity

(in millions of euros)	Less than 1 year	1 to 5 years	More than 5 years	Total
Swaps – floating rate borrower	0.0	106.7	476.2	582.9
Swaps – fixed rate borrower	254.2	0.0	0.0	254.2
Swaps – fixed rate lender and borrower	0.0	0.0	100.0	100.0
Purchased caps	152.5	1,259.8	0.0	1,412.2
Sold caps	0.0	0.0	0.0	0.0
Purchased floors	254.2	0.0	0.0	254.2
Sold floors	0.0	376.2	0.0	376.2

Group exposure to interest rate risk

(in millions of euros)	Less than 1 year	1 to 5 years	More than 5 years	Total
Financial assets	(595.2)	0.0	0.0	(595.2)
Debt	968.7	2,097.4	5,087.7	8,153.8
Net position before hedging	**373.5**	**2,097.4**	**5,087.7**	**7,558.6**
Swaps – floating rate borrower	582.9	(106.7)	(476.2)	0.0
Swaps – fixed rate borrower	0.0	0.0	0.0	0.0
Options	(376.2)	376.2	0.0	0.0
Net position after hedging	**580.2**	**2,366.9**	**4,611.5**	**7,558.6**

statements as trading instruments and a provision of €2.1 million was recorded in the balance sheet to cover the unrealized loss, including €0.3 million reversed during the year.

If interest rates had been 100 basis points lower at December 31, 2003, these instruments would have had a negative fair value of around €3.8 million and unrealized losses would have amounted to approximately €4.8 million.

Other off-balance sheet commitments

We enter into various contracts with construction companies for the construction or maintenance of the network *(see point c) of the table "4.25 Off-balance sheet commitments" in the consolidated financial statements, page 161)*. The risks incurred under these contracts are normal for the type of activity concerned.

Other risk factors

- **Insurance:** We consider that our insurance policies provide adequate coverage of material potential risks. Insurance cover for liability claims arising from accidental damage to the environment amounts to €7.6 million per claim and for total claims per insurance year for ASF, and €15 million for ESCOTA. Companies that participate in the construction of motorways are required to carry insurance covering their own liability. We do not carry any insurance cover for potential operating losses, such as the loss of toll receipts due to demonstrations or strikes.
- **Market risks:** Our exposure to currency risks essentially concerns our Jamaican subsidiary and is not material. Our commitments in Jamaica are described in the section "International operations", page 128. Our exposure to interest rate risks is discussed in the notes to the consolidated financial statements (mainly *notes 4.22 and 4.25*).
- **Liquidity risks:** Our exposure to liquidity risks is not material, due to the fact that the bulk of financing is provided by Caisse Nationale des Autoroutes, a public body that provides funds for motorway construction in France, in the form of bullet loans that do not include any acceleration clauses. Since 2002, we have been phasing out CNA financing for new concessions, with the aim of eliminating all borrowing from CNA by 2006. This source of funds is being replaced by bank borrowings, bond issues and project finance. However, we can give no assurance about the availability of such financing or the terms on which it may be raised. The improvement in our balance sheet ratios, in line with the targets for 2005 announced at the time of the IPO, is important because as from 2005, we will no longer have access to the triple-AAA rated financing currently provided by CNA and will have to borrow directly on the market under our own signature.

ASF was originally rated AA- by S&P. In April 2003, following a change in analysis methodology (involving a reduction in the projection period from 10 to 5 years), the ratings for all European motorway operators were revised and ASF's rating was adjusted from AA- to A+, with a stable outlook.

- **Interest rate risks:** Based on our debt structure at December 31, 2003, a 100 basis point increase across the entire yield curve would lead to an approximately 7 basis point increase in our average borrowing costs for 2004.

- **Currency risks:** In 2003, our total revenues were generated in France and we were therefore not exposed to any currency risk in this regard.

- **Government contracts:** We are subject to the procedures covering government contracts and all our contracts are granted under a competitive bidding process. We are not dependent on any individual suppliers, customers or sub-contractors.

Management's discussion and analysis

Accounting principles: *see "Consolidated financial statements", page 138*.

Changeover to IFRS: during 2003, reports were prepared by an external accounting firm for the various motorway operators. At this point in time, we are unable to provide a detailed list of the identified sources of differences between current accounting principles and IFRS.

1. Key figures

The following tables provide key figures from the consolidated financial statements for the years ended December 31, 2001, 2002 and 2003.

1.1 Condensed consolidated income statements

(in millions of euros)	2001	2002	2003
Revenues	**1,929.8**	**2,104.2**	**2,238.7**
Operating expense	**(779.0)**	**(793.8)**	**(821.2)**
Ebitda [1]	**1,150.8**	**1,310.4**	**1,417.5**
Depreciation, amortization and provisions	**(397.2)**	**(422.0)**	**(444.3)**
Operating income	**753.6**	**888.4**	**973.2**
Net interest expense	**(421.0)**	**(474.8)**	**(469.9)**
Exceptional items	(21.4)	(4.0)	(1.0)
Income tax	(92.8)	(142.2)	(177.2)
Net income	**218.4**	**267.4**	**325.1**

(1)) Ebitda = Earnings before interest, tax, depreciation and amortization.

1.2 Condensed consolidated balance sheets

(in millions of euros)	At December 31 2001	2002	2003
ASSETS			
Intangible assets	**12.9**	**15.6**	**23.5**
Property, plant and equipment	**—**	**—**	**—**
Concession assets	14,954.2	15,612.5	16,284.0
Depreciation	(3,755.7)	(4,109.7)	(4,513.8)
Investments	**13.5**	**14.6**	**16.0**
Total fixed assets	**11,224.9**	**11,533.0**	**11,809.7**
Current assets	**489.7**	**1,582.6**	**921.2**
TOTAL ASSETS	**11,714.6**	**13,115.6**	**12,730.9**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity	**1,887.7**	**3,011.8**	**3,229.9**
Other equity	**104.7**	**106.2**	**107.0**
Provisions for contingencies and charges	**52.5**	**63.6**	**60.7**
Borrowings	**8,508.9**	**8,980.2**	**8,487.7**
Trade accounts payable	39.2	54.4	49.9
Other liabilities and accruals	1,121.6	899.4	795.8
Total liabilities	**9,669.7**	**9,934.0**	**9,333.3**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**11,714.6**	**13,115.6**	**12,730.9**

1.3 Condensed consolidated statement of cash flows

(in millions of euros)	At December 31 2001	2002	2003
Net cash provided by operating activities before tax effect of legal reform	559.9	739.1	894.4
Net cash provided by operating activities after tax effect of legal reform	188.9	553.6	709.0
Net cash used by investing activities	(946.2)	(778.7)	(722.7)
Net cash provided by financing activities	520.4	1,310.5	(606.9)
Net change in cash and cash equivalents	**(236.9)**	**1,085.4**	**(620.6)**

2. Specific accounting and tax rules

2.1 Depreciation of concession assets

Construction assets and operating assets are depreciated by the straight-line method over the life of the concession so as to write off the total value of returnable assets by the concession expiry date (see "A responsible corporate citizen/Scope of the concessions", page 37). This method is used to take into account the fact that the assets will be surrendered to the government at the end of the concession period without compensation.

For construction assets, the cost base used to compute depreciation is determined net of any investment grants.

Depreciation is calculated over the period between the first day of the month in which the assets are placed in service and the end of the concession.

Depreciation of operating assets is computed on the basis of the assets' net book value, which is the acquisition cost net of both accumulated depreciation calculated over the life of the concession and accumulated depreciation calculated over the assets' useful life. Depreciation calculated over the life of the concession is charged to operating expense and deducted from the carrying value of concession assets.

In 2002, two changes were made to the method used to calculate depreciation over the life of the concession. Under the new method, the first year depreciation charge is calculated from the beginning of the month in which the asset is put in service (instead of the beginning of the year), and depreciation charges on operating assets are based on the assets' net book value after deducting accumulated depreciation calculated over their estimated useful life. If this method had been applied in 2001, the total depreciation charge based on the life of the concession – in the amount of €334.8 million – would have been €38 million lower.

2.2 Capitalized interest

Interest on borrowings used to finance the construction of assets for the period up to the date when the assets are put in service is deducted from interest expense and added to the cost of the asset in the balance sheet.

2.3 Regional development tax

The regional development tax is calculated on the basis of the number of kilometers traveled on the entire toll network during the year. It is paid monthly on the basis of estimates, with an adjustment made at the end of the year. In 2003, the tax rate was €6.86 per 1,000 kilometers traveled. The tax is reported under the caption "Taxes (other than income tax)".

2.4 Public land tax

The tax due for the use of public land is calculated on the basis of the concession-holder's revenues and the number of kilometers of conceded motorway. It is payable in July for the period from July 1 to June 30 of the following year. The tax is reported under the caption "Purchases and other external charges".

3. Comments on results for 2001, 2002 and 2003

3.1 Three-year comparisons

3.1.1 Revenues

See "Report of the Board of Directors", paragraph 3.4, page 90.

Changes in the breakdown of revenues between 2001, 2002 and 2003:

	Year ended December 31 2001 (in millions of euros)	Year ended December 31 2002 (in millions of euros)	Change 2002/2001 (in %)	Year ended December 31 2003 (in millions of euros)	Change 2003/2002 (in %)
Toll receipts	**1,883.0**	**2,053.4**	**+ 9.0**	**2,189.9**	**+ 6.6**
Revenues from other businesses	**46.8**	**50.8**	**+ 8.5**	**48.8**	**(3.9)**
o/w fees from service area operators	25.3	30.2	+ 19.4	32.8	+ 8.6
o/w fiber optics and telecommunications fees	21.5	20.6	(4.2)	16.0	(22.3)
Revenues	**1,929.8**	**2,104.2**	**+ 9.1**	**2,238.7**	**+ 6.4**

3.1.2 Operating income

Ebitda rose to €1,417.5 million in 2003 from €1,310.4 million in 2002, representing an increase of 8.2%, reflecting higher revenues and controlled growth in operating expenses.

Comments on operating income:
see "Report of the Board of Directors", paragraph 3.5, page 90.

3.1.3 Analysis of operating expenses

	Year ended December 31 2001 (in M€)	2001 (% of revenues)	2002 (in €m)	2002 (% of revenues)	Change 2002/2001 (in %)	Year ended December 31 2003 (in €m)	2003 (% of revenues)	Change 2003/2002 (in %)
Purchases and other external charges	(262.1)	13.6	(262.1)	12.4	0.0	(262.2)	11.7	0.0
Payroll costs	(289.3)	15.0	(295.4)	14.0	+ 2.1	(312.9)	14.0	+ 5.9
Other operating income and expense, net	26.3	1.4	29.9	1.4	+ 13.7	31.7	1.4	+ 6.0
Taxes (other than income tax)	(253.9)	13.2	(266.2)	12.6	+ 4.8	(277.7)	12.4	+ 4.3
Operating expenses	**(779.0)**	**40.4**	**(793.8)**	**37.7**	**+ 1.9**	**(821.2)**	**36.7**	**+ 3.5**
Ebitda (1)	**1,150.8**	**-**	**1,310.4**	**-**	**+ 13.9**	**1,417.5**	**-**	**+ 8.2**
Depreciation, amortization and provisions	(397.2)	20.6	(422.0)	20.0	+ 6.2	(444.3)	19.8	+ 5.3
Total operating expenses	**(1,176.2)**	**60.9**	**(1,215.8)**	**57.8**	**+ 3.4**	**(1,265.5)**	**56.5**	**+ 4.1**
Operating income	**753.6**	**-**	**888.4**	**-**	**+ 17.9**	**973.2**	**-**	**+ 9.5**

(1) Ebitda: earnings before interest, tax, depreciation and amortization.

Purchases and external charges
See "Report of the Board of Directors", paragraph 3.5, page 90.
Payroll costs
See "Report of the Board of Directors", paragraph 3.5, page 90.
Other operating income and expense, net
See "Report of the Board of Directors", paragraph 3.5, page 90.
Taxes (other than income tax)
See "Report of the Board of Directors", paragraph 3.5, page 90.
Depreciation, amortization and provisions
See "Report of the Board of Directors", paragraph 3.5, page 90.
Net interest expense
See "Report of the Board of Directors", paragraph 3.6, page 92.
Exceptional items
See "Report of the Board of Directors", paragraph 3.8, page 92.
Income tax
See "Report of the Board of Directors", paragraph 3.10, page 92.
Net income
See "Report of the Board of Directors", paragraph 3.9, page 92.

4. Liquidity and capital resources

4.1 Cash and cash equivalents

	Year ended December 31		
(in millions of euros)	2001	2002	2003
Cash flow before tax effect of reform-related accounting changes	563.1	744.7	800.8
Cash flow after tax effect of reform-related accounting changes	563.1	744.7	800.8
Change in operating working capital	(3.2)	(5.5)	93.6
Tax effect of legal reform on working capital	(371.0)	(185.5)	(185.5)
Net cash provided by operating activities	**188.9**	**553.6**	**709.0**
Net cash used by investing activities	**(946.2)**	**(778.7)**	**(722.7)**
Net cash provided by financing activities	**520.4**	**1,310.5**	**(606.9)**
Net change in cash and cash equivalents	**(236.9)**	**1,085.4**	**(620.6)**

See "Report of the Board of Directors", paragraph 3.3, page 90.

4.2 Financing

At December 31, 2003, consolidated debt totaled €8,474.3 million versus €8,980.2 million at the previous year-end.

Substantially the entire amount corresponds to borrowings from Caisse Nationale des Autoroutes ("CNA").

See Consolidated financial statements, note 4.22 "Borrowings", page 159.

Between 1985 and 1996, the Group received advances from regional authorities. At December 31, 2003, the total capital outstanding on these advances amounted to €55.6 million. The advances are repayable between 2003 and 2010.

Consolidated financial statements

for the year ended December 31, 2003

Consolided income statement

(in millions of euros)	Note	2003	2002	2001
Revenues	**4.1**	**2,238.7**	**2,104.2**	**1,929.8**
Operating expenses		**(1,265.5)**	**(1,215.8)**	**(1,176.2)**
Purchases and external charges	4.2	(262.2)	(262.1)	(262.1)
Payroll costs	4.3	(312.9)	(295.4)	(289.3)
Other operating income and expense, net	4.4	31.7	29.9	26.3
Taxes (other than income tax)	4.5	(277.7)	(266.2)	(253.9)
Depreciation, amortization and provisions	4.6	(443.3)	(422.0)	(397.2)
Operating income		**973.2**	**888.4**	**753.6**
Net interest expense	4.7	(469.9)	(474.8)	(421.0)
Income from ordinary activities		**503.3**	**413.6**	**332.6**
Exceptional items	4.8	(1.0)	(4.0)	(21.4)
Income tax	4.9	(177.2)	(142.2)	(92.8)
Net income before minority interests		**325.1**	**267.4**	**218.4**
Minority interests		(0.8)	(1.8)	0.0
Net income		**324.4**	**265.6**	**218.4**
Earnings per share (in euros)		1.404	1.213	1.126
Average number of shares	*	230,978,001	218,935,784	193,897,080
Diluted earnings per share (in euros)		**1.404**	**1.213**	**1.126**
Number of shares assuming full dilution		230,978,001	218,935,784	193,897,080

* To enable year-on-year comparisons, the figures for 2001 have been adjusted to reflect the January 1, 2002 120-for-1 stock-split.

Consolided balance sheet

(in millions of euros)	Note	2003	2002	2001
Assets				
Intangible assets	4.11	23.5	15.6	12.9
Property, plant and equipment				
- Concession assets	4.12	16,284.0	15,612.5	14,954.2
- Depreciation	4.12	(4,513.8)	(4,109.7)	(3,755.7)
Investments	4.13	16.0	14.6	13.5
Fixed assets		**11,809.7**	**11,533.0**	**11,224.9**
Inventories and work in progress	4.14	13.1	12.3	12.7
Trade accounts receivable	4.15	117.9	102.5	93.3
Other accounts receivable and accruals	4.16	160.9	218.2	223.5
Cash and short-term investments	4.17	629.3	1,249.7	160.2
Total current assets		**921.2**	**1,582.6**	**489.7**
TOTAL ASSETS		**12,730.9**	**13,115.6**	**11,714.6**
Liabilities and Shareholders' Equity				
Capital stock		29.3	29.3	24.6
Additional paid-in capital and retained earnings		2,876.2	2,716.8	1,644.7
Net income for the year		324.4	265.6	218.4
Shareholders' equity	**4.18**	**3,229.9**	**3,011.8**	**1,887.7**
Minority interests	**4.19**	**2.3**	**1.5**	**0.0**
Other equity	**4.20**	**104.7**	**104.7**	**104.7**
Provisions for contingencies and charges	**4.21**	**60.7**	**63.6**	**52.5**
Borrowings	4.22	8,487.7	8,980.2	8,508.9
Trade accounts payable	4.23	49.9	54.4	39.2
Other liabilities and accruals	4.24	795.8	899.4	1,121.6
Total liabilities		**9,333.3**	**9,934.0**	**9,669.7**
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY		**12,730.9**	**13,155.6**	**11,714.6**

Consolided statement of cash flow

(in millions of euros)	Note	2003	2002	2001
Net income before minority interests		325.1	267.4	218.4
Adjustments to reconcile net income to cash flow:				
Amortization, depreciation and provisions		444.3	422.0	397.2
Changes in deferred taxes		16.4	41.6	(34.1)
(Gains)/ losses on disposals, net of tax		(0.0)	0.2	1.8
Other	5.4	15.1	13.4	(20.2)
Cash flow before tax effect of reform-related changes in accounting method		800.9	744.7	563.1
Cash flow		**800.9**	**744.7**	**563.1**
Changes in operating working capital				
Receivables and inventories		24.4	(14.8)	(23.1)
Payables		76.8	25.3	(35.8)
Other		(7.5)	(16.0)	55.7
Net change in operating working capital		**93.6**	**(5.5)**	**(3.2)**
Tax effect of legal reform on working capital	5.2	(185.5)	(185.5)	(371.0)
Net cash provided by operating activities		**709.0**	**553.6**	**188.9**
Additions to property, plant and equipment and intangible assets	4.11/4.12	(725.1)	(729.1)	(1,131.6)
Proceeds from disposals of property, plant and equipment and intangible assets		1.2	5.8	1.0
Acquisitions of investments		-	-	-
Disposals of investments		-	-	-
Net change in other investments	4.13	8.1	(1.3)	(1.2)
Net change in working capital related to investing activities		(6.9)	(54.2)	185.6
Net cash used by investing activities		**(722.7)**	**(778.7)**	**(946.2)**
Dividends paid to parent company shareholders		(106.2)	-	(110.4)
Dividends paid to minority shareholders of consolidated companies		-	-	-
Issuance of shares paid up in cash	*	-	858.1	-
Investment grants received		1.3	4.0	6.6
Bond issues	4.22	-	832.0	1,196.8
Bond redemptions	4.22	(484.7)	(370.1)	(559.0)
Other		(17.2)	(13.5)	(13.6)
Net cash provided/(used) by financing activities		**(606.9)**	**1,310.5**	**520.4**
Effect of exchange rate changes on cash and cash equivalents				
Net change in cash and cash equivalents		**(620.6)**	**1,085.4**	**(236.9)**
Cash and cash equivalents at beginning of year	4.17	1,245.6	160.2	397.1
Cash and cash equivalents at end of year (excluding financial instruments)	4.17	625.0	1,245.6	160.2

* Net amount received as of December 31, 2002 on issuance of shares, less issuance costs and net of €20.3 million in tax.

Statement of changes in consolidated shareholder's equity and minority interests

	Number of shares	Capital stock	Additional paid-in capital (€m)	Retained earnings (€m)	Share-holders' equity (a) (€m)	Minority interests in retained earnings (€m)	Minority interests in net income for the year (€m)	Total (€m)
Balance at January 1, 2001	**1,615,809**	**24.6**	**0.1**	**1,755.0**	**1,779.7**	**-**	**-**	**1,779.7**
Dividends paid				(110.4)	(110.4)			(110.4)
Effects of change in consolidation					-			-
2001 net income				218.4	218.4			218.4
Balance at December 31, 2001	**1,615,809**	**24.6**	**0.1**	**1,863.0**	**1,887.7**	**-**	**-**	**1,887.7**
Impact of 120-for-1 stock split	192,281,271							
Issuance of shares (b)	**37,080,921**	**4.7**	**853.4**		**858.1**			**858.1**
April 4, 2002 public placement	29,103,925							
April 23, 2002 public placement	2,512,569							
April 4, 2002 issue to local governments	34,039							
April 28, 2002 employee issue	1,690,294							
Dec. 28, 2002 bonus share issue for employees	777,606							
Dec. 27, 2002 employee issue	2,962,488							
Effects of change in consolidation				0.3	0.3	(0.3)		0.0
2002 net income					265.6		1.8	267.4
Balance at December 31, 2002	**230,978,001**	**29.3**	**853.5**	**1,863.3**	**3,011.7**	**(0.3)**	**1.8**	**3,013.2**
Dividends paid				(106.1)	(106.1)			(106.1)
Minority shareholders					0.0	1.8	(1.8)	0.0
2003 net income					324.4		0.8	325.1
Balance at December 31, 2003	**230,978,001**	**29.3**	**853.5**	**1,757.1**	**3,229.9**	**1.5**	**0.8**	**3,232.2**

[a] minority interests were negative at December 31, 2001 and were reclassified as "group share".

[b] after deduction of commissions and issuance costs, net of €20.3 million in tax.

1. Presentation of the Group and significant events

Autoroutes du Sud de la France (ASF) and its subsidiary ESCOTA each hold toll motorway concessions. On March 28, 2001, the Government extended the ASF concession to December 31, 2032 and the ESCOTA concession to December 31, 2026. ASF also operates the toll concession for the Puymorens Tunnel through December 31, 2037.

2. Summary of Significant Accounting Policies

The financial statements of the Group have been prepared in accordance with consolidation rules defined by CRC standard 99-02 of the French Accounting Regulatory Committee. No change in accounting method was made during the year.

The accounting treatment of infrastructure maintenance costs (previously referred to as "major repairs"), which complies with standards CRC 2002-10 and 2003-07, is as follows:

- The Company has decided to postpone until 2005 application of the cash-generating units method to account for the cost of replacements ("category 1 expenditures"). These costs therefore continue to be posted directly to the income statement.

- Based on the analyses performed to date, the Company considers that all other expenditures correspond to routine infrastructure maintenance costs and not to "category 2 expenditures" (defined as major refits and repairs carried out under maintenance programs spanning several years). No accruals are booked for these expenditures, which are also charged directly to the income statement for the period in which they are incurred.

Changeover to IFRS

An initial review of the issues facing motorway operators in connection with the changeover to IFRS was performed by a firm of accountants on behalf of all operators.

Based on this preliminary review, ASF has identified the main impacts on its financial statements and, in early 2004, set up a project group to oversee the IFRS project. Working in partnership with the other French motorway operators, the group is methodically reviewing each IAS in order to clearly identify and assess the various impacts and implementation difficulties so that workshops can be set up and the necessary internal and external resources deployed to complete the project on time.

The main issues identified to date concern the considerable uncertainty about how certain standards should be interpreted, given the specific characteristics of companies holding motorway concessions. This is the case, for example, for the treatment of the concession agreements.

2.1 Intangible assets

Intangible assets consist mainly of software, amortized over 3 to 5 years.

2.2 Property, plant and equipment

Property, plant and equipment and depreciation

Fixed assets fall into two categories based on the depreciation period, as follows:

- Construction assets correspond to investments necessary for the design and construction of motorways and subsequent improvements.

  They include land, plans and construction work and are carried in the balance sheet at cost including capitalized interest and certain allocated indirect costs, as well as landscaping costs incurred in connection with the government-sponsored "1% paysage" incentive program, which were previously expensed.

  Construction assets which have been demolished for reconstruction are written off from the balance sheet at historical cost. Historical cost is determined by discounting replacement cost based on the construction price index. The net book value of demolished assets is written down in full at the date of demolition.

  Fixed assets acquired since September 12, 2000 or under construction at that date are carried in the balance sheet net of tax. Fixed assets acquired prior to September 12, 2000 are stated at cost including VAT, because VAT on these assets was not recoverable under the former tax rules applicable to the Group.

  These assets are depreciated over the concession period and not over their useful life, which is longer.

  Costs incurred to maintain these assets in a good state of repair are charged directly as operating expenses in the year in which they are incurred.

- Operating assets with a useful life shorter than the concession period.

  These assets include toll booth equipment, signage, teletransmission, video surveillance and computer equipment, vehicles, machinery and tools.

  They are stated at cost and generally depreciated by the straight-line method over their estimated useful lives, ranging from 3 to 10 years. Qualifying assets are also depreciated over the life of the concession.

Concession assets

Concession assets include all land, structures and installations required for the construction, maintenance and operation of each motorway section and related facilities. They include junctions with existing roads, as well as buildings and facilities required to provide services to motorway users in connection with motorway operations.

The assets supplied by the State or purchased or built by the concession holder fall into three categories:

- Returnable assets: land, buildings, structures, facilities and equipment required to operate the concession.

  Returnable assets made available to ASF remain the property of the State. Returnable assets purchased or built by ASF become the property of the State as soon as they are acquired or put in service.

  At the end of the concession period, these assets will be automatically surrendered to the State without ASF being entitled to any compensation.

- Assets with a buyback option correspond to other assets that the State may elect to buy back at the end of the concession period, if they are of use in operating the concession.

- Assets owned outright are those assets that are not returnable without compensation and are not subject to a buyback option.

According to the terms of the agreement between the French government and ASF, concession assets will be allocated among the above three categories no later than December 31, 2004.

In the meantime, all assets have been classified as returnable assets. As a result, construction assets and operating assets are depreciated over the life of the concession by the straight-line method so as to write off the total value of the assets by the concession expiry date.

Annual depreciation calculated over the life of the concession is charged to operating expense. In order to provide clearer information to the financial community, since 2001, the Group has applied an exception to the October 11, 1998 CNC recommendation relating to motorway operators' accounts, by presenting this depreciation as a deduction from fixed assets in the same way as other depreciation, amortization and provisions.

The cost base used to compute depreciation over the life of the concession is determined net of any investment grants. Effective from 2002, depreciation is calculated over the period between the first day of the month in which the assets are placed in service and the end of the concession. Until 2001, the starting date was January 1 of the year in which the assets were placed in service.

In addition, effective on January 1, 2002, depreciation of renewable operating assets has been calculated on the basis of the assets' net book value, which is the acquisition cost net of both accumulated depreciation calculated over the life of the concession and accumulated depreciation calculated over the estimated useful life of the asset. Until 2001, accumulated depreciation calculated over the assets' estimated useful life was not deducted from the calculation base for depreciation calculated over the life of the concession.

In view of the presentation principles applied by ASF, application of the former method would have resulted in total accumulated depreciation rapidly exceeding the cost of renewable operating assets. In addition, under the former method, total depreciation costs (depreciation over the life of the concession and over the life of the asset) were not spread evenly over the life of the concession, since the charge recorded in the income statement was automatically lower after the final renewal of the assets.

2.3 Investment grants

Investment grants used to finance construction assets are deducted from the cost of the assets concerned.

2.4 Investments

Shares in non-consolidated companies are stated at historic cost. A provision is booked if the inventory value, determined primarily on the basis of the net book position, is less than the cost price.

2.5 Inventories

Inventories are valued using the weighted average cost method. Where necessary, an allowance is booked to write down inventories to fair market value.

2.6 Receivables

Receivables are stated at nominal value. An allowance for impairment in value is recorded for doubtful receivables.

2.7 Short-term investments and money-market securities

Short-term investments are stated at the lower of cost and market. Unrealized gains are not recognized. The Company has entered into several derivatives contracts, as described in notes 4.22 and 4.25.

2.8 Debt issues

Debt call premiums and debt issuance costs incurred since 1995 are recorded in assets under deferred charges and are amortized by the straight-line method over the life of the debt.

For debt securities issued at a price in excess of their redemption price, the premium is recorded under "deferred income" and written back to the income statement over the life of the debt. This method achieves a similar result to recognizing premiums on an accruals basis since the securities are redeemed in full at maturity.

2.9 Conversion of foreign currency receivables and payables

Receivables and payables in foreign currencies are converted at the year-end exchange rate. Conversion gains and losses are recorded in the income statement.

2.10 Minority interests

Minority interests in the net assets and results of consolidated subsidiaries are prorated on the basis of minority and majority holdings, except in cases where minority shareholders' interests in the losses of a consolidated subsidiary exceed the amount of their equity in the subsidiary's net assets.

In these cases, the excess together with minority interests in any subsequent losses are deducted from retained earnings unless the minority shareholders are liable for the subsidiary's losses.

2.11 Other equity

Certain assets received from the State under the concession agreement have been recorded under "Property, plant and equipment" at their value on the transfer date, with the contra entry posted to "Other equity". These assets will be given back to the State on expiry of the concession agreement, along with other returnable assets.

2.12 Pension and other post-retirement benefit obligations

Pension and other post-retirement benefits include statutory retirement bonuses, supplementary pension benefits, post-retirement medical benefits and long service awards.

Obligations towards active and retired employees that are not funded under insured plans are either covered by provisions or disclosed as off-balance sheet commitments.

Pension and post-retirement benefit obligations are determined by the projected unit credit method, based on end-of-career salary levels.

Obligations for statutory retirement bonuses and post-retirement medical benefits have been adjusted to take into account the effect of the August 21, 2003 Pensions Act (Act 2003-775), which extends the minimum contribution period to government-sponsored plans. This change in the law has led to an increase in the estimated average retirement age, and a reduction in the annual cost of statutory retirement bonuses, because the projected benefit obligation was already capped at the maximum provided for in the collective bargaining agreement, due to the low staff turnover rate. The full impact of the Pensions Act is reflected in the 2003 income statement.

The actuarial assumptions used to estimate post-retirement medical benefit obligations have been adjusted by raising the healthcare cost trend rate from 2.5% to 4.5%. As allowed under French accounting guidelines (CNC Recommendation No. 03-R-01, paragraph 6261-62), the resulting actuarial difference is being recognized over the estimated average remaining service lives of eligible employees *(see note 4.21)*. The unrecognized amount is disclosed as an off-balance sheet commitment *(see note 4.25)*.

2.13 Infrastructure maintenance

Most of the costs in this category correspond to the routine cost of repairs to road surfaces, embankments, crash barriers, signage, etc., and are charged directly to the income statement in the period in which they are incurred. Costs incurred to modify assets or prolong their useful life are capitalized.

2.14 Indexed advances from regional authorities

Adjustments to advances based on indexing clauses are recorded directly as net interest income or expense.

2.15 Deferred taxes

Deferred tax assets and liabilities are recorded under the liability method based on the latest known tax rate, for timing differences between the recognition of income and expenses for financial reporting and tax purposes as well as for differences arising from consolidation adjustments.

Deferred tax assets are recorded only if it is probable that they can be applied against future taxable income.

Deferred tax assets and liabilities of companies in the tax group that have been recognized since the tax group was set up and which reverse in the same or different periods are netted off.

Deferred taxes are not discounted because the impact would not be material.

2.16 Currency risk and hedging transactions

Apart from the advance to the Jamaican joint venture, all transactions are carried out in the euro area – mainly France – and the Group is not exposed to any currency risk on transactions.
As explained in note 4.22, all external financing is in euros and the Group has no exposure to currency risks on debt.

2.17 Income from ordinary activities

Income from ordinary activities includes operating income, employee profit-sharing and incentive bonuses, and business financing costs. It does not include non-recurring income and expenses or income and expenses not related directly to operations.

2.18 Segment information

Substantially all of ASF's businesses relate to the operation of motorway networks in France under concession agreements. Consequently, the Group has only one reportable business segment.

2.19 Unit of account

The tables below are in millions of euros, unless otherwise indicated.

3. Methods and Scope of Consolidation

The ASF Group includes the parent company ASF (Autoroutes du Sud de la France) whose registered office is at 100 avenue de Suffren, Paris 75725, registered in Paris under number 572 139 996; and its 98.97%-owned fully-consolidated subsidiary ESCOTA (Société des Autoroutes Estérel, Côte d'Azur, Provence, Alpes), whose registered office is at 41 bis avenue Bosquet, Paris 75343, registered in Paris under number 562 041 525.

Both companies have a December 31 year-end.

Other subsidiaries and affiliates have not been consolidated because they are not material in relation to the Group as a whole. The criteria applied to determine materiality are as follows:

- Revenues: €10 million
- Net income (absolute value): €2 million
- Shareholders' equity (absolute value): €10 million.

4. Notes to the consolidated income statement and balance sheet

4.1 Revenues

Revenues break down as follows:

Revenues (in millions of euros)	2003	2002	2001
Toll receipts	2,189.9	2,053.4	1,883.0
Revenue from other businesses	48.8	50.8	46.8
Total revenues	**2,238.7**	**2,104.2**	**1,929.8**

Toll receipts

Toll receipts for 2001, 2002 and 2003 are comparable. Growth in toll receipts over the three-year period is analyzed below:

Change in toll receipts 2002 vs. 2001 + 9.1 %

Change in toll receipts 2002 vs. 2001	**+ 9.1 %**
Traffic growth based on comparable network	**+ 4.7%**
Effect of network extensions	**+ 1.7%**
Effect of tariff increases	**+ 2.7%**
Change in toll receipts 2003 vs. 2002	**+ 6.6%**
Traffic growth based on comparable network	**+ 2.8%**
Effect of network extensions	**+ 0.7%**
Effect of tariff increases	**+ 3.1%**

Revenue from other businesses

Revenues from other businesses (in millions of euros)	2003	2002	2001
Fees from service stations and other service area operators	32.8	30.2	25.3
Fiber optics and telecommunications fees	16.0	20.6	21.5
Revenues from other businesses	**48.8**	**50.8**	**46.8**

Revenues from other businesses include fees received from operators of service stations, shops and restaurants located in service areas, as well as fees for the use of fiber optic networks and telecommunications installations.

4.2 Purchases and external charges

Purchases and external charges break down as follows:

Purchases and external charges (in millions of euros)	2003	2002	2001
Energy, supplies and spare parts	38.3	32.6	33.7
Infrastructure maintenance	67.9	76.9	81.2
Other maintenance	29.7	29.1	28.4
Publicly-owned land tax	53.1	50.7	48.8
Other external costs	73.2	72.9	70.0
Total purchases and external charges	**262.2**	**262.1**	**262.1**

Publicly-owned land tax is due by motorway concession holders in exchange for the right to occupy public land (Decree 97-606 dated May 31, 1997).

The infrastructure maintenance plan for 2003 through 2006 has been reviewed to optimize maintenance operations without compromising road-user safety and without any lowering of maintenance standards.

Infrastructure maintenance costs can be analyzed as follows:

Infrastructure maintenance costs (in millions of euros)	2003	2002	2001
Road surfaces	33.0	43.9	35.3
Bridges and tunnels	11.1	9.6	17.5
Other*	23.9	23.4	28.4
Infrastructure maintenance costs	**67.9**	**76.9**	**81.2**

* Maintenance of embankments, crash barriers, signage, etc.

Road re-surfacing costs are qualified as replacement costs (category I expenditures) and will be added to the carrying value of fixed assets as from 2005 by the cash-generating units method.

Other infrastructure maintenance costs correspond to routine network maintenance and are charged directly to the income statement.

4.3 Payroll costs

4.3.1 Analysis of payroll costs

Payroll costs for the companies in the ASF Group are as follows:

Payroll costs (in millions of euros)	2003	2002	2001
Wages and salaries	197.8	192.1	178.4
Payroll taxes and deferred benefits	92.1	90.6	82.1
Incentive bonuses and employer contributions to employee savings plan	8.5	7.1	8.6
Employee profit sharing	14.5	5.6	20.2
Total payroll costs	**312.9**	**295.4**	**289.3**

The companies in the ASF Group were required to set up a statutory profit-sharing scheme for the first time in 2001. A special agreement was signed at ASF for the period 2001 to 2003, providing for higher profit-sharing payments than under the statutory formula. A new Group-level special agreement was signed in 2003 covering the period 2003-2005.

In addition, a new Group-level incentive bonus agreement was signed in 2003, covering the years 2003 to 2005.

4.3.2 Weighted average number of employees

The detailed information provided below concerns the weighted average number of full-time equivalent employees on the Group's payroll.

	2003	2002	2001
Management	607	574	540
Supervisors	2,192	2,131	1,997
Other	4,633	4,821	4,798
Total employees	**7,432**	**7,526**	**7,335**

The net changes in employee numbers over the period can be explained as follows:

	2001 vs. 2002
Network extensions	**+ 1.95%**
Traffic growth and improved service levels	**+ 0.65%**
Total	**+ 2.60%**
	2003 vs. 2002
Network extensions	**+ 0.27%**
Traffic growth and improved service levels	**+ 0.24%%**
Gains in productivity	**(1.76%)**
Total	**(1.25%)**

4.4 Other operating income and expenses, net

This item corresponds mainly to expense transfers and insurance settlements.

Other operating income and expenses, net (in millions of euros)	2003	2002	2001
Capitalized expenses	(0.1)	(10.1)	(11.2)
Own work capitalized	(21.8)	(7.4)	(2.4)
Insurance settlements	(9.4)	(10.2)	(9.1)
Other	(0.4)	(2.1)	(3.6)
Other operating income and expenses, net	**(31.7)**	**(29.9)**	**(26.3)**

Own work capitalized breaks down as follows:

Own work capitalized (in millions of euros)	2003	2002	2001
Software [(1)]	(7.5)	(4.2)	(2.4)
Additional investments*	(4.2)	(3.2)	0.0
New construction**	(10.1)	0.0	0.0
Own work capitalized	**(21.8)**	**(7.4)**	**(2.4)**

[(1)] The increase in own work capitalized is partly due to the installation of the new human resources management application.

* Additional investments on existing motorways.

** 2002, these costs were included under “Capitalized expenses”.

4.5 Taxes other than income tax

Taxes other than income tax (in millions of euros)	2003	2002	2001
Regional development tax	199.5	192.5	180.6
Business and other local taxes	71.2	67.3	68.6
Payroll-based taxes	4.3	3.9	2.6
Other taxes	2.7	2.5	2.1
Total taxes other than income tax	**277.7**	**266.2**	**253.9**

Since January 1, 2000, the regional development tax has been set at €6.86 per 1,000 kilometers traveled by users.

4.6 Depreciation, amortization and provisions

Depreciation, amortization and provisions (in millions of euros)	2003	2002	2001
Depreciation calculated over the useful lives of assets	70.2	68.5	60.5
Depreciation calculated over the life of the concession	372.4	352.3	334.8
Net allowances for impairment in value	1.6	1.2	1.9
Total depreciation, amortization and provisions	**444.3**	**422.0**	**397.2**

Depreciation calculated over the life of the concession breaks down as follows:

Depreciation over the life of the concession (in millions of euros)	2003	2002	2001
Construction assets	369.3	349.8	318.3
Operating assets	3.1	2.5	16.5
Depreciation over the life of the concession	**372.4**	**352.3**	**334.8**

Since 2002, depreciation over the life of the concession on renewable operating assets is calculated on the basis of the assets' net book value, corresponding to cost net of (i) accumulated depreciation calculated over the life of the concession and (ii) accumulated depreciation calculated over the life of the asset. Up until 2001, accumulated depreciation calculated over the life of the asset was not deducted from the calculation base.

4.7 Interest income and expense

Interest income and expense (in millions of euros)	2003	2002	2001
Interest expense and debt indexing costs	(520.9)	(545.6)	(520.1)
Capitalized interest	24.4	35.9	77.8
Amortization of debt issuance costs and premiums	(6.9)	(7.1)	(5.5)
Other interest income	33.5	42.0	26.8
Net interest expense	**(469.9)**	**(474.8)**	**(421.0)**

Interest expense and debt indexing costs include hedging profits and losses *(see note 4.25 "Off-balance sheet commitments")*.

In 2003, hedging operations generated a net profit of €3.8 million. For the two fixed-to-floating rate swaps based on the 12-month Euribor, for which interest calculations are performed quarterly in arrears, the result for the three-month period spanning 2003 and 2004 was calculated at the forward 12-month Euribor rate at December 31, 2003 for the maturity concerned (2.317% for one swap and 2.369% for the other).

At December 31, 2003, provisions for unrealized losses on positions not qualifying for hedge accounting were released in the amount of €0.3 million Unrealized hedging gains, in the amount of €13.5 million, were not recognized (see note 4.25).

4.8 Exceptional items

Exceptional items (in millions of euros)	2003	2002	2001
Net gains (losses) on disposals of fixed assets	0.0	(0.3)	(1.9)
Costs written off on abandoned projects	-	0.0	(13.4)
Other	(1.0)	(3.6)	(6.1)
Net exceptional items	**(1.0)**	**(4.0)**	**(21.4)**

4.9 Income tax

Income tax	2003	2002	2001
Current taxes	160.8	100.6	126.9
Deferred taxes	16.4	41.6	(34.1)
Total	**177.2**	**142.2**	**92.8**

Reconciliation of income tax to pre-tax income is as follows:

Income tax: actual charge (in millions of euros)	2003	2002	2001
Net income	324.4	265.6	218.4
Income tax	177.2	142.2	92.8
Minority interests	0.8	1.8	-
Pre-tax income	**502.3**	**409.6**	**311.2**
Theoretical tax (Tax rates of 35.42%/ 35.42% / 36.43% respectively)	**177.9**	**145.1**	**113.4**
Reconciling items			
Amortization of goodwill	-	-	-
Permanent differences	-	0.3	
Other [(a)]	(0.7)	(2.9)	(20.9)
Actual net income tax	**177.2**	**142.2**	**92.8**

[(a)] The Group recorded a corporate income tax benefit in 2001 of €25.9 million following an adjustment to evergreen tax losses arising in prior years.

Current taxes of €160.8 million include €0.4 million in tax on exceptional items.

The main sources of deferred tax assets and liabilities are the following:

Income tax: deferred taxes (in millions of euros)	2003	2002	2001
Deduction of depreciation from own work capitalized	69.1	59.9	51.2
Other provisions	10.7	10.2	8.7
Evergreen tax losses	-	12.9	41.3
Provisions for pensions and other post-retirement benefit obligations	3.6	4.0	2.7
Employee profit-sharing	5.1	1.9	7.2
Total deferred tax assets	**88.5**	**88.8**	**111.1**
Capitalized interest and own work capitalized	327.3	313.8	297.2
Deductible concession fund expenses	2.4	0.5	1.3
Other	4.6	3.9	0.3
Total deferred tax liabilities	**334.3**	**318.2**	**298.8**
Net deferred tax liabilities	**(245.8)**	**(229.4)**	**(187.7)**

Deferred taxes are presented in the balance sheets at December 31, 2003, 2002 and 2001 as follows:

Income tax: deferred taxes (in millions of euros)	2003	2002	2001
Deferred tax assets	0.0	12.9	41.3
Deferred tax liabilities	(245.8)	(242.2)	(229.0)
Net deferred tax liabilities	**(245.8)**	**(229.4)**	**(187.7)**

4.10 Goodwill

No goodwill arose from the acquisition by ASF of 83.7% of ESCOTA in 1994 because the acquisition was accounted for based on net book values.

Goodwill arising from subsequent investments by ASF in ESCOTA was not material and was amortized in the year of acquisition. Operating expense for 2000 includes goodwill amortization of €1.9 million arising on the acquisition of additional ESCOTA shares during that year. Since December 31, 2002, ASF has held 98.97% of ESCOTA.

4.11 Intangible assets

Intangible assets consist mainly of software amortized over 3 to 5 years.

Intangible assets (in millions of euros)	2003	2002	2001
Intangible assets at cost	79.8	65.6	68.2
Accumulated amortization	(56.3)	(50.0)	(55.3)
Intangible assets	**23.5**	**15.6**	**12.9**

Changes in intangible assets break down as follows:

Intangible assets (in millions of euros)	2001	Acquisitions/ increases	Disposals/ decreases	Commissioned/ transfers	2002
Intangible assets at cost	68.2	8.4	12.1	1.1	65.6
Accumulated amortization	(55.3)	(6.5)	(11.8)	-	(50.0)
Intangible assets	**12.9**	**1.9**	**0.3**	**1.1**	**15.6**
Intangible assets (in millions of euros)	**2001**	**Acquisitions/ increases**	**Disposals/ decreases**	**Commissioned/ transfers**	**2002**
Intangible assets at cost	65.6	15.1	1.4	0.5	79.8
Accumulated amortization	(50.0)	(7.7)	(1.4)	0.0	(56.3)
Intangible assets	**15.6**	**7.4**	**0.0**	**0.5**	**23.5**

The reduction in intangible assets at cost between December 31, 2002 and 2001 is primarily due to the fact that fully amortized research and development expenses are no longer reflected in the balance sheet.

4.12 Property, plant and equipment

Concession assets

Property, plant and equipment Concession assets (in millions of euros)	2003	2002	2001
Construction assets	14,778.9	13,952.8	12,958.7
Construction assets in progress	924.4	1,099.6	1,460.8
Operating assets	764.2	731.5	647.5
Operating assets in progress	27.0	37.9	47.7
Sub-total	**16,494.6**	**15,821.7**	**15,114.7**
Investment grants	(210.5)	(209.3)	(160.5)
Concession assets	**16,284.0**	**15,612.5**	**14,954.2**

At December 31, 2003, approximately 2,871.5 kilometers of motorway were in service, including 80.1 kilometers opened during the year.
Construction assets in progress at that date correspond to approximately 152 kilometers of motorway, plus lane extensions to existing motorways ("ICAS").

Changes in property, plant and equipment break down as follows:

Immobilisations corporelles Immobilisations du domaine concédé (in millions of euros)	2002	Acquisitions	Disposals	Commissioned/ transfers	2003
Construction assets	12,958.7	113.6	0.5	881.0	13,952.8
Construction assets in progress	1,460.8	486.6	-	(847.8)	1,099.6
Operating assets	647.5	71.4	16.7	29.3	731.5
Operating assets in progress	47.7	53.5	-	(63.3)	37.9
Property, plant and equipment	**15,114.7**	**725.2**	**17.2**	**(0.9)**	**15,821.7**

Immobilisations corporelles Immobilisations du domaine concédé (in millions of euros)	2002	Acquisitions	Disposals	Commissioned/ transfers	2003
Construction assets	13,952.8	161.3	2.4	667.3	14,778.9
Construction assets in progress	1,099.6	482.0	0.1	(657.0)	924.5
Operating assets	731.5	43.7	29.7	18.7	764.2
Operating assets in progress	37.9	23.0	0.0	(33.9)	27.0
Property, plant and equipment	**15,821.7**	**710.0**	**32.2**	**(5.0)**	**16,494.6**

Depreciation of property, plant and equipment

Property, plant and equipment Depreciation of property, plant and equipment (in millions of euros)	2003	2002	2001
Depreciation calculated over the useful lives of assets	519.1	487.3	441.0
Depreciation calculated over the life of the concession	3,994.7	3,622.3	3,314.7
Total depreciation	**4,513.8**	**4,109.7**	**3,755.7**

Changes in depreciation break down as follows:

Property, plant and equipment Depreciation of property, plant and equipment (in millions of euros)	2001	Increases	Decreases	2002
Depreciation calculated over the useful lives of assets	441.0	61.9	15.6	487.3
Depreciation calculated over the life of the concession	3,314.7	307.6	0.0	3,622.3
Accumulated depreciation	**3,755.7**	**369.5**	**15.6**	**4,109.6**
Property, plant and equipment Accumulated depreciation (in millions of euros)	**2002**	**Increases**	**Decreases**	**2003**
Depreciation calculated over the useful lives of assets	487.3	62.5	30.7	519.1
Depreciation calculated over the life of the concession	3,622.3	372.4	0.0	3,994.7
Accumulated depreciation	**4,109.6**	**434.9**	**30.7**	**4,513.8**

The change in depreciation calculated over the life of the concession breaks down as follows between construction assets and operating assets:

Property, plant and equipment Depreciation over the life of the concession (in millions of euros)	2001	Increases	Decreases	2002
Construction assets	3,152.2	302.5		3,457.3
Operating assets	162.5	2.5		165.0
Depreciation over the life of the concession	**3,314.7**	**307.6**	**0.0**	**3,622.3**
Property, plant and equipment Depreciation over the life of the concession (in millions of euros)	**2002**	**Increases**	**Decreases**	**2003**
Construction assets	3,457.3	369.3		3,826.6
Operating assets	165.0	3.1		168.1
Depreciation over the life of the concession	**3,622.3**	**372.4**	**0.0**	**3,994.7**

4.13 Investments

Investments (in millions of euros)	2003	2002	2001
Loans	10.4	11.1	10.4
Investments in non-consolidated companies and related receivables	5.3	2.4	2.8
Other investments	0.3	1.1	0.3
Total investments	**16.0**	**14.6**	**13.5**

Investments are carried in the balance sheet at net value.

Loans primarily correspond to very long-term loans under the government housing scheme, which amounted to €8.9 million in 2003, €8.4 million in 2002, and €7.8 million in 2001.

Changes in investments break down as follows:

Investments (in millions of euros)	2001	Increases	Decreases	2002
Loans	10.4	1.0	0.4	11.1
Investments in non-consolidated companies and related receivables*	2.8	0.8	0.7	2.9
Other investments	0.3	0.9	0.0	1.1
Total investments	**13.5**	**2.7**	**1.1**	**15.1**
Investments (in millions of euros)	**2002**	**Increases**	**Decreases**	**2003**
Loans	11.1	1.1	1.7	10.4
Investments in non-consolidated companies and related receivables*	2.9	2.6	0.3	5.3
Other investments	1.1	0.0	0.4	0.8
Total investments	**15.1**	**3.8**	**2.4**	**16.5**

* "Investments in non-consolidated companies and related receivables" are stated before a €0.5 million allowance booked in 2002 on shares in SVM – Société pour la construction du Viaduc de Millau. This company was set up in connection with ASF's bid for the contract to build the Millau Viaduct which was not selected.

ASF acquired a 34% interest in TransJamaican Highway in 2002 for €0.8 million in connection with a partnership set up with Bouygues Travaux Publics, a subsidiary of Bouygues Construction, for the construction of the Jamaican Highway 2000 motorway. In 2003, ASF paid €2.0 million for this interest, which appears in the balance sheet at December 31, 2003 for €2.8 million.

In October 2003, Truck Etap SAS was set up to design, build and operate – directly or indirectly – road-user service platforms in France, including fee-paying supervised parking facilities for heavy goods vehicles and related services (service stations, food and accommodation services). Truck Etap has share capital of €900,000 and is 66%-owned by ASF and 34% by Pimo. The interest is carried in ASF's balance sheet at December 31, 2003 for €0.6 million.

4.14 Inventories

Inventories include mainly motorway maintenance supplies, spare parts for toll booth equipment, electrical equipment and vehicles, and IT and office supplies.

Inventories (in millions of euros)	2003	2002	2001
Inventories and work in progress	13.2	12.3	12.7
Allowances	(0.1)	(0.0)	-
Net inventories and work in progress	**13.1**	**12.3**	**12.7**

4.15 Trade accounts receivable

Trade accounts receivable (in millions of euros)	2003	2002	2001
Toll subscriptions	80.8	67.2	58.6
Receivables from other businesses	44.5	41.8	37.6
Allowances for doubtful accounts	(7.4)	(6.5)	(2.9)
Trade receivables	**117.9**	**102.5**	**93.3**

The increase in allowances for doubtful accounts in 2003 and 2002 mainly concerns amounts receivable from telecommunications operators.

4.16 Other accounts receivable and accruals

Other accounts receivable and accruals (in millions of euros)	2003	2002	2001
Deferred tax assets	0.0	12.9	41.3
Prepaid and recoverable taxes	44.6	92.7	68.2
Other receivables and accrued income	35.5	24.7	47.4
Prepaid expenses	29.3	28.6	27.1
Deferred charges	51.5	59.3	39.5
Other accounts receivable and accruals	**160.9**	**218.2**	**223.5**

Deferred tax assets in 2002 and 2001 correspond to evergreen tax losses recognized by ESCOTA prior to its entry into the tax group. The loss carryforwards had beeen utilized in full by ESCOTA as of December 31, 2003.

The increase in prepaid and recoverable taxes at December 31, 2002 includes €34 million of recoverable corporate income tax, as a result of prepayments in excess of tax due for the year. This receivable had been used in full as of December 31, 2003.

Prepaid expenses correspond mainly to half of the publicly-owned land tax paid in July of each year in respect of the period from July 1 to June 30 of the following year.

Deferred charges correspond mainly to unamortized debt issue costs and call premiums.

Movements for the period break down as follows:

Deferred charges (in millions of euros)	2001	Increases	Decreases	2002
Deferred charges	18.1	3.3	4.7	16.7
Debt call premiums	21.4	26.6	5.3	42.6
Deferred charges	**39.5**	**29.8**	**10.0**	**59.3**

Deferred charges (in millions of euros)	2002	Increases	Decreases	2003
Deferred charges	16.7	0.0	3.2	13.5
Debt call premiums	42.6	0.0	4.6	38.0
Deferred charges	**59.3**	**0.0**	**7.8**	**51.5**

4.17 Cash and short-term investments

Cash and short-term investments (in millions of euros)	2003	2002	2001
Short-term investments	595.2	1,211.9	130.8
Cash	34.1	37.8	29.4
Total cash and short-term investments	**629.3**	**1,249.7**	**160.2**

Cash and short-term investments break down as follows:

Short-term investments (in millions of euros)	2003	2002	2001
FCP funds	402.6	730.5	70.9
Sicav funds	117.2	29.3	10.8
	519.8	**759.8**	**81.7**
Dedicated funds	42.9	305.9	-
	562.7	**1,065.7**	**81.7**
Retail certificates of deposit	18.2	142.1	49.1
Other certificates of deposit	10.0	0.0	0.0
	590.9	**1,207.7**	**130.8**
Financial instruments	4.3	4.2	0.0
Short-term investments	**595.2**	**1,211.9**	**130.8**

The sensitivity of the short-term investment portfolio to changes in interest rates is low, due to the heavy weighting of FCP and Sicav money market funds with a capital guarantee and guaranteed yield at least equal to the Eonia.

The Company did not hold any of its own shares at December 31, 2003.

The sharp rise in short-term investments in 2002 primarily reflects the proceeds from the share issue carried out in the first half of 2002.

4.18 Shareholders' equity

ASF's capital stock amounts to €29,343,641 represented by 230,978,001 common shares. At December 31, 2003, there were no dilutive instruments outstanding.

The issuance costs relating to ASF's initial public offering were charged against shareholders' equity (net of the corresponding tax benefit).

Shareholders' equity (in millions of euros)	2003	2002	2001
Capital stock	29.3	29.3	24.6
Additional paid-in capital and retained earnings(*)	2,876.2	2,716.8	1,644.7
Net income for the year	324.4	265.6	218.4
Total shareholders' equity	**3,229.9**	**3,011.8**	**1,887.7**

(*) Including issue premiums, net of tax, of €853.4 million at December 31, 2003 (€873.7 million gross less €20.3 million, corresponding to gross issue costs of €31.4 million, net of tax savings of €11.1 million).

Changes in capital stock

	Number of shares	Amount
At December 31, 2001	1,615,809	24.6
New number of shares after 120-for-1 stock-split [(1)]	192,281,271	-
	193,897,080	**24.6**
Share issue [(2)]	37,080,921	4.7
At December 31, 2002	**230,978,001**	**29.3**
At December 31, 2003	**230,978,001**	**29.3**

[(1)] M120-for-1 stock-split approved in the 1st resolution of the Extraordinary General Meeting of March 13, 2002. A total of 192,281,271 new shares were created, in addition to the 1,615,809 shares outstanding, and were allotted to shareholders and credited as fully paid on the basis of 119 new shares for each existing share. The number of shares outstanding before the IPO therefore totaled 193,897,080.

[(2)] IPO approved by the Extraordinary General Meeting of March 13, 2002, carried out through:
the sale on the market of shares held by the Company
the issuance of shares with an aggregate par value of €4.7 million, at a total premium of €873.7 million, as follows:
- shares offered to the public: 31,616,494 new shares for a total of €790,412,350.00
- shares issued to regional authorities: 34,039 new for a total of €850,975.00
- shares offered to active and retired employees: 5,430,388 new shares for a total of €87,163,377.60.

4.19 Minority interests

Minority interests (in millions of euros)	2003	2002	2001
Total minority interests	**2.3**	**1.5**	**0.0**

4.20 Other equity

Other equity (in millions of euros)	2003	2002	2001
Total other equity	**104,7**	**104,7**	**104,7**

Other equity corresponds to assets received from the State without consideration, valued at their value on their transfer date.

4.21 Provisions for contingencies and charges

Provisions for contingencies and charges (in millions of euros)	2003	2002	2001
Provisions for pensions and other post-retirement benefit obligations	53.7	49.7	44.2
Provisions pour claims and litigation	3.0	2.8	5.8
Other provision for contingencies and charges	3.9	11.1	2.5
Other	0.0	0.0	0.0
Total provisions for contingencies and charges	**60.7**	**63.6**	**52.5**

Changes in provisions and allowances can be analyzed as follows:

Total provisions (in millions of euros)	2001	Increases	Decreases	2002	o/w releases of surplus provisions
Provisions for contingencies and charges	**52.5**	**17.1**	**6.1**	**63.6**	**2.5**
Provisions for claims and litigation	5.8	0.8	3.8	2.8	2.5
Provisions for foreign exchange losses	-	-	-	-	-
Provisions for pensions and other post-retirement benefit obligations	44.2	7.5	2.0	49.7	-
Provisions for corporate income taxes	1.5	0.1	-	1.6	-
Other provisions for contingencies and charges	1.0	8.7	0.3	9.5	-
Allowances for impairment in value	**10.1**	**8.0**	**3.6**	**14.5**	**0.6**
Fixed assets	0.0	0.5	-	0.5	-
Inventories	0.0	-	-	0.0	-
Trade receivables	2.9	5.2	1.5	6.5	0.4
Other	**7.2**	**2.3**	**2.1**	**7.4**	**0.3**
Total provisions and allowances	**62.6**	**25.2**	**9.6**	**78.1**	**3.1**

Total provisions and allowances (in millions of euros)	2002	Increases	Decreases	2003	o/w releases of surplus provisions
Provisions for contingencies and charges	**63.6**	**7.8**	**10.7**	**60.7**	**1.0**
Provisions for claims and litigation	2.8	0.7	0.4	3.0	0.1
Provisions for foreign exchange losses	-	0.1	0.1	0.0	-
Provisions for pensions and other post-retirement benefit obligations	49.7	6.5	2.5	53.8	0.9
Provisions for corporate income taxes	1.6	0.3	0.1	1.8	-
Other provisions for contingencies and charges	9.5	0.1	7.6	2.1	-
Allowances for impairment in value	**14.5**	**5.1**	**3.8**	**15.8**	**0.6**
Fixed assets	0.5	-	-	0.5	-
Inventories	0.0	0.1	0.0	0.1	0.0
Trade receivables	6.5	2.1	1.2	7.4	0.3
Other receivables	-	-	-	-	-
Short-term investments	0.0	0.0	0.0	-	-
Other	**7.4**	**2.8**	**2.5**	**7.7**	**0.3**
Total provisions and allowances	**78.1**	**12.9**	**14.5**	**76.5**	**1.6**

Provisions for pensions and other post-retirement benefit obligations:

Provisions for pensions and other post-retirement benefit obligations (in millions of euros)	Pension	Other post-Retirement benefits	Other	Total
Provisions at December 31, 2001	**7.7**	**34.2**	**2.4**	**44.2**
Cost for the year 2002	6.2	1.2	0.1	7.5
Payments to insurance funds	(2.0)	-	-	(2.0)
Provisions at December 31, 2002	**11.9**	**35.4**	**2.5**	**49.7**
Cost for the year	(2.9)	6.5	0.4	4.0
Payments to insurance funds	-	-	-	0.0
Provisions at December 31, 2003	**9.0**	**41.9**	**2.9**	**53.8**

In 2001 and 2002, ASF funded part of its pension obligations under insured plans, making payments to these plans of €16.5 million and €2 million, respectively. These payments explain the low level of provisions at the end of each of these years. At December 31, 2003, plan assets totaled €18.9 million.

Projected benefit obligations are calculated using a discount rate of 5.5%, an inflation rate of 1.5% and rates of future salary increases of 3.8% for managers and 3.5% for other employees.

In 2003, projected benefit obligations were adjusted to take into account the effect of the new Pensions Act which extended the minimum contribution period to government-sponsored plans. This change in the law led to an increase in the estimated average retirement age, and a reduction in the annual cost of statutory retirement bonuses. The total reduction in the projected benefit obligation, estimated at €5 million, is reflected in the 2003 income statement.

The impact of the change in actuarial assumptions used to estimate post-retirement medical benefit obligations was estimated at €11.6 million at December 31, 2003. This amount is being recognized over the average remaining service lives of eligible employees, estimated at 18 years, in accordance with CNC recommendations. The annual amortization charge for the period 2003 to 2021 is €1.2 million. The unrecognized amount – €20.7 million – is disclosed as an off-balance sheet commitment *(see note 4.25)*.

4.22 Borrowings

Borrowings (in millions of euros)	2003	2002	2001
Fixed-rate CNA loans	7,407.8	7,892.4	7,430.5
Variable-rate CNA loans	746.0	746.0	746.0
Regional authority advances	55.6	72.7	84.7
Other	28.2	11.0	9.5
	8,237.6	**8,722.1**	**8,270.7**
Accrued interest	250.1	258.1	238.2
Total borrowings	**8,487.7**	**8,980.2**	**8,508.9**

CNA and EIB loans

The loans were obtained from the CNA (the National Motorways Fund—Caisse Nationale des Autoroutes), an administrative public sector entity, under an agreement between the CNA and the semi-public toll motorway operators ("SEMCAs"), including ASF and ESCOTA. Under the terms of the agreement, the funds are raised by CNA through bond issues or borrowings from EIB.

These loans are repayable at maturity (see schedule of maturities below). The loan agreements do not include any acceleration clauses or other early repayment clauses. At December 31, 2003, no CNA loans were backed by State guarantees. The loans to ASF are all denominated in euros. Fixed-rate CNA loans have nominal interest rates ranging from 4.375% to 13.955%.

Certain CNA and EIB loans are at floating rates (based on various market rates, including Euribor). At December 31, 2003, they included €91.1 million in loans issued at floating rates and €311.4 million in loans converted to floating rates by means of swaps. In addition, one loan in the amount of 343.5 million at December 31, 2003 is indexed to the French inflation rate. Lastly, ASF has taken out swaps to convert fixed rate CNA loans in the amount of €582.9 million at December 31, 2003 to floating rate (3-month or 12-month Euribor). After taking into account the effect of swaps, at December 31, 2003, loans totalling €1,328.9 million (€746.0 million + €582.9 million) were at floating rates, representing 16.3% of total borrowings. Interest rates have been reset on loans of €254.2 million and capped at 2.50% on loans of €152.5 million.

After taking into account all these operations, the average nominal interest rate on ASF borrowings was 5.88% at December 31, 2003 and 6.10% at December 31, 2002.

Based on the debt structure at December 31, 2003, and taking into account the 2.5% cap which protects €152.5 million against a sharp rate increase, a 100 basis point increase in interest rates would have the effect of raising the Group's average borrowing costs by about 7 basis points.

Regional authority advances

These advances were received between 1985 and 1996 and are indexed to the Public Works TP01 index. They are repayable between 2002 and 2010.

Group borrowings and regional authority advances can be analyzed as follows by maturity at December 31, 2003:

Borrowings: Schedule (in millions of euros)	Years	CNA Loans	Regional authority advances	Total
	2004	604.3	15.1	619.4
	2005	377.3	12.7	390.0
	2006	484.8	11.4	496.2
	2007	451.3	6.5	457.8
	2008	784.0	4.5	788.5
	2009	466.5	2.7	469.2
	2010	818.0	2.7	820.7
	2011	637.2		637.2
	Beyond	3,530.4	0.0	3,530.4
Total		**8,153.8**	**55.6**	**8,209.4**
Borrowings raised during the year		**0.0**	**0.0**	**0.0**
Borrowings repaid during the year		**484.6**	**12.0**	**496.6**

4.23 Trade accounts payable

This caption does not include amounts due to suppliers of fixed assets, which are included in "Other liabilities".

Trade accounts payable (in millions of euros)	2003	2002	2001
Total trade accounts payable	**49.9**	**54.4**	**39.2**

This item breaks down as follows:

Trade accounts payable (in millions of euros)	2003	2002	2001
Amounts billed	29.7	24.8	25.7
Amounts not yet billed	20.2	29.6	13.5
Total trade accounts payable	**49.9**	**54.4**	**39.2**

4.24 Other liabilities and accruals

Other liabilities and accruals (in millions of euros)	2003	2002	2001
Due to suppliers of fixed assets	219.0	225.9	280.2
Accrued taxes and payroll costs	133.0	126.3	122.4
Deferred income	110.3	110.2	99.5
Accrued income tax	71.5	0.0	12.7
Tax arising from reform-related changes of accounting methods	0.0	185.5	371.0
Deferred tax liabilities	245.8	242.2	229.0
Other	16.3	9.3	6.8
Other liabilities and accruals	**795.8**	**899.4**	**1,121.6**

Amounts due to suppliers of fixed assets correspond to amounts billed or to be billed by suppliers of fixed assets. At December 31, 2003, 2002 and 2001, this item includes all accruals for additional work or price adjustments related to operations carried out prior to the year-end.

Amounts due to suppliers of fixed assets break down as follows:

Due to suppliers of fixed assets (in millions of euros)	2003	2002	2001
Amounts billed	105.4	69.0	89.8
Amounts not yet billed	113.6	156.9	190.4
Due to suppliers of fixed assets	**219.0**	**225.9**	**280.2**

The line "Tax arising from reform-related changes of accounting methods" shows the tax liability arising in 2000 which was payable in 2001, 2002 and 2003.

Deferred income can be analyzed as follows:

Deferred income (in millions of euros)	2003	2002	2001
Deferred income from telecom operators	44.5	38.7	8.8
Deferred income from service area operators	26.1	27.7	26.3
Deferred income on loans	37.2	41.4	45.6
Other deferred income	2.4	2.4	18.8
Total deferred income	**110.3**	**110.2**	**99.5**

The increase in "Deferred income" reflects:

- the recognition by ESCOTA during the year of prepaid rentals related to fiber optics equipment leased by Alcatel,
- the recognition in 2001 of €40.4 million corresponding to the difference between the issue price and redemption price of debt issues.

4.25 Off-balance sheet commitments

Off-balance sheet commitments (in millions of euros)	2003	2002	2001
a) Commitments given			
Performance bonds related to international operations	4.8	4.4	0.0
Other guarantees	0.0	0.4	0.0
Commitments relating to financial instruments	937.1	254.2	0.0
Post-retirement benefit obligations	20.7		
Total	**962.6**	**259.0**	**0.0**
b) Commitments received			
Bank bid bonds	121.6	132.1	185.6
Other commitments received (from customers)	34.2	29.7	27.2
Total	**155.8**	**161.8**	**212.8**
c) Reciprocal commitments			
Works contracts (signed and unsigned)	555.3	580.5	516.7
Total	**555.3**	**580.5**	**516.7**
Off-balance sheet commitments			

No material off-balance sheet commitments, as defined in generally accepted accounting principles, have been omitted from the above table.

Information on international operations

On September 19, 2002, ASF signed a partnership agreement with Bouygues Travaux Publics, a subsidiary of Bouygues Construction, concerning the Highway 2000 project for the construction and operation of Jamaica's first toll motorway. The partnership led to the formation of the TransJamaican Highway joint venture, which is 66%-owned by Bouygues and 34% by ASF, and holds the motorway concession agreement awarded by the Jamaican government.

ASF's commitment is currently limited to the initial 44-kilometer phase of the project, including 33 kilometers between Kingston and Sandy Bay, and 11 kilometers between Portmore and Causeway. This phase represents a total investment of $10.2 million, including $5.1 million for the 33-kilometer section – of which $2.9 million had been paid as of December 31, 2003 – $1.7 million for the 11-kilometer section, and a reserve of USD 3.4 million.

The operating company, Jamaican Infrastructure Operator, which is 51%-owned by ASF alongside Bouygues, will operate the motorway for 35 years. ASF is installing and will continue to install toll collection equipment on the various sections of the motorway. Under the terms of the contract with Bouygues Travaux Publics, ASF owns all the equipment (design, supply and installation) for the Old Harbour and Spanish Town toll plazas.

Financial instruments

As of December 31, 2003, ASF had several contracts on financial instruments, as follows:

- i)- Interest rate swaps, whereby we are the fixed rate lender and the floating rate borrower. They include four 3-month Euribor swaps on a total notional amount of €482.9 million and two 12-month Euribor swaps on a total notional amount of €100 million (consisting in each case of a fixed rate to E3M swap and a E3M to E12M swap), with interest payments determined quarterly in arrears. The notional amounts and expiry dates of the swaps match those of fixed rate borrowings from CNA. These instruments, which are carried off-balance sheet, had at positive fair value of €16.3 million at December 31, 2003.

- ii)- Two fixed rate lender/3-month Euribor borrower swaps on a total notional amount of €254.2 million linked to certain transactions referred to in i) above, but with remaining terms of less than one year. These instruments, which are carried off-balance sheet, had a negative fair value of €0.3 million at December 31, 2003.

- iii)- Caps and floors linked to the transactions referred to in i) and ii) above, but with shorter terms. At December 31, 2003, these instruments had a positive fair value of €0.8 million. At the same date, the underlying balance sheet debt had a positive fair value of €3.3 million.

  The total positive fair value of the instruments referred to in i), ii) and iii) above at December 31, 2003 was €16.8 million, compared with a positive fair value of €3.3 million for the underlying balance sheet debt, representing an unrealized profit of €13.5 million. In the financial statements, these instruments are treated as hedging instruments.

- iv)- A collar and a cap on a total notional amount of €274.4 million, purchased in advance of the corresponding swaps. At December 31, 2003, these instruments had a negative fair value of €1.1 million and the underlying balance sheet debt had a positive fair value of €1 million. Since the instruments were not matched by swaps as of the year-end, they were treated in the financial statements as trading instruments and a provision of €2.1 million was recorded in the balance sheet to cover the unrealized loss, including €0.3 million reversed during the year.

  If interest rates had been 100 basis points lower at December 31, 2003, these instruments would have had a negative fair value of around €3.8 million and unrealized losses would have amounted to approximately €4.8 million.

Other off-balance sheet commitments

ASF enters into various contracts with construction companies for the construction or maintenance of the network *(see point c) of the above table "4.24 Off-balance sheet commitments")*. The risks incurred under these contracts are normal for the type of activity concerned.

Other risk factors

- Insurance: ASF considers that its insurance policies provide adequate coverage of material potential risks. Insurance cover for liability claims arising from accidental damage to the environment amounts to €7.6 million per claim, with a €7.6 million ceiling on total claims per insurance year (€15 million for ESCOTA). Companies that participate in the construction of motorways are required to carry insurance covering their own liability. ASF does not carry any insurance cover for potential operating losses, such as the loss of toll receipts due to demonstrations or strikes.

- Market risks: ASF's exposure to currency risks essentially concerns its Jamaican subsidiary and is not material. The Company's commitments in Jamaica are described in the section "International operations" above. Its exposure to interest rate risks is discussed in the notes to the financial statements (mainly notes 4.22 and 4.25).

- Liquidity risks: ASF's exposure to liquidity risks is not material, due to the fact that the bulk of financing is provided by Caisse Nationale des Autoroutes – a public body that provides funds for motorway construction in France – in the form of bullet loans that do not include any acceleration clauses. Since 2002, ASF has been phasing out CNA financing for new concessions, with the aim of eliminating all borrowing from CNA by 2006. This source of funds is being replaced by bank borrowings, bond issues and project finance. However, ASF can give no assurance about the availability of such financing or the terms on which it may be raised.

- Government contracts: ASF is subject to the procedures covering government contracts and all contracts are granted under a competitive bidding process. It is not dependent on any individual suppliers, customers or sub-contractors.

5. Notes to the consolidated statement of cash flows

5.1 General

The consolidated statement of cash flows shows changes in cash and cash equivalents. Cash and cash equivalents include cash, bank overdrafts and highly liquid short-term investments that can be easily converted into cash. The risk of a change in their value is not material. Financial instruments are not included.

5.2 Tax effect of reform-related changes of accounting method

The effect on working capital of income taxes arising from the 2000 reform is shown as a separate component of cash flows from operating activities. This presentation has been applied to clearly show the nature and effect of this tax liability on the Group's current and future cash flows.

5.3 Capitalized interest

Fixed assets include capitalized interest over the period of construction. Capitalized interest amounted to v24.4 million in 2003, €35.9 million in 2002, €77.8 million in 2001.

5.4 Other components of cash flow

Cash flow corresponds to net income before non-cash expenses (mainly provisions, depreciation and amortization) and income (mainly provisions write-backs).

The components of cash flow included under the caption "Other" primarily correspond in 2003 to net provision charges deducted from payroll costs (€4.0 million). Amounts included under this caption in 2001 correspond to provision reversals included in payroll costs (€10.1 million) and provision reversals to cover bad debt write-offs in the same amount, included in exceptional items (€0.9 million).

6. Additional Information

6.1 Tax group

The tax group is made up of ASF, ESCOTA, Soriase and Radio-Trafic.
Under the agreement among the companies in the tax group, each company records in its accounts the tax that it would have paid if it had been taxed on a stand-alone basis.

At December 31, 2003, ESCOTA totally absorbed the amount of its deficits and deferred depreciation contributed to the tax group.

6.2 Management compensation

The compensation paid to directors and officers of ASF in 2003 for their services to ASF and consolidated subsidiaries amounted to €1,218,435, including benefits in kind.

6.3 Directors' fees

The amount of directors' fees allocated to the members of the Board of Directors of ASF for 2003 was €124,295. Payment will be made in 2004 after final calculation.

6.4 Claims and litigation

The ASF Group is involved in a number of claims and legal proceedings in the normal course of its business. At December 31, 2003, ASF considers that there are no claims or litigation in progress relating to the Group's businesses that are likely to have an unfavorable impact on its results of operations, business or financial position.

6.5 Specifications

The three concession agreements and the attached contract specifications are the main documents that define relations between the ASF Group and the French State. They state specifications for construction and operation of motorways, describe the corresponding financial arrangements, the length of concession periods and the manner in which the concession assets are to revert to the State at the end of the concession period.

The following are the principal items likely to influence results of operations:

- The obligation to maintain all facilities in a good state of repair and ensure that traffic flows as smoothly as possible.

- The rules governing the setting of toll rates and future adjustments.

- Clauses indicating the steps that will be taken in the event of a change in technical regulations or tax rules applicable to motorway concession holders. If any such change were to seriously affect the profitability of the concession, the French State and ASF would agree jointly on the compensation to be paid to ASF to permit the continued provision of toll motorway services.

- Clauses to ensure that concession assets are handed over in a good state of repair at the end of the concession period, including by determining seven years prior to the concession expiry date the maintenance and renewal program to be carried out over the last five years of the concession.

- The terms for returning assets to the French State at the end of the concession period and related restrictions on these assets. The assets will be returned to the State without consideration and may not be sold or pledged as collateral or otherwise encumbered.

- The French State's right to terminate concession agreements in advance and to buy back these contracts. Under public law, the State may unilaterally terminate concession agreements in the public interest, subject to judicial supervision. The concession agreements also grant the State the option to buy back the concessions on or after January 1, 2012.

6.6 The Puymorens Tunnel

ASF is the legal holder of two concessions, one for the entire network apart from the Puymorens Tunnel, expiring on December 31, 2032, and the other for the 5.5-kilometer Puymorens Tunnel, expiring on December 31, 2037.

Depending on the assumptions used, the present value of the Puymorens Tunnel taken on its own could be less than its implicit net book value at December 31, 2003. However, the tunnel concession is backed by a State guarantee, defined as follows in the concession agreement: "On expiry of the concession, the State shall assume all of the concession-holder's debts and obligations related to the concession". In addition, although the tunnel is covered by a separate concession agreement, it is managed by ASF's operating units and corporate departments as an integral part of the network.

ASF therefore considers that the Puymorens Tunnel does not represent a separate cash-generating unit and accordingly has not carried out any impairment test on this asset.

6.7 Subsidiaries and affiliates

The following table is presented in thousands of euros.

At December 31, 2003

Financial information / Subsidiaries and affiliates	Capital stock	Reserves [1]	% interest	Book value of shares: Cost	Book value of shares: Net	Guarantees given	Last published net revenues	Last published net results
Subsidiaries (at least 50% owned)								
♦ Jamaïcan Infrastructure Operator	1.5		51.00					
♦ Truck Etap SAS	900.0		66.00	594.0	594.0			
Affiliates (10 to 50%-owned)								
♦ SARL Radio Trafic	20.0	(*) 25.8	84.63	17.0	17.0		(*) 2,190.4	(*) 3.7
♦ SARL Soriase	20.0	(*) 11.2	84.48	17.0	17.0		(*) 980.0	(*) 5.5
♦ Centaure Midi Pyrénées	375.0	(**) 170.3	33.99	129.5	129.5		(**) 835.4	(**) 0.1
♦ SVM	38.1	(***) (1,268.3)	36.28	13.8	0.0	495.0	(***) 0.0	(***) (1,265.5)
♦ Transjamaïcan Highway	11,432.0	(*) (2,344.0)	34.00	2,793.1	2,793.1		(*) 0.8	(*) (1,710.0)
♦ GIE Autoroutes Trafic	300.0	(*) 0.0	45.80	138.0	138.0		(*) 825.7	(*) 43.9
♦ Centaure Méditerranée	870.0	(*) 45.0	34.00	301.0	301.0		(*) 619.0	(*) (25.0)

(1) Shareholders' equity excluding capital stock and net income for the year. (*)2003 figures. (**)2002 figures. (***) 2001 figures

Auditors' report on the consolidated financial statements

1. Auditors' report on the consolidated financial statements

(year ended December 31, 2003)

This is a free translation into English of the statutory auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. The statutory auditors' report includes information specifically required by French law in all audit reports, whether qualified or not, and this is presented below the opinion on the consolidated financial statements. This information 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 consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.

This report, together with the statutory auditors' report addressing financial and accounting information in the Chairman's report on internal control, should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

PricewaterhouseCoopers Audit
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92908 PARIS LA DEFENSE 2

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7 rue Galilée
75116 PARIS

The shareholders
Autoroutes du Sud de la France
100 avenue de Suffren
75015 Paris

In compliance with the assignment entrusted to us by the Annual General Meeting, we have audited the accompanying consolidated financial statements of Société des Autoroutes du Sud for the year ended December 31, 2003.

The consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

Opinion on the consolidated 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and results of the consolidated group of companies in accordance with the accounting rules and principles applicable in France.

Justification of our assessments

In accordance with the requirements of Article L.225-235 of the Commercial Code relating to the justification of our assessments, introduced by the Financial Security Act of August 1, 2003 and which came into effect for the first time this year, we bring to your attention the following matters:

- Note 2 to the consolidated financial statements describes the rules and methods applied to account for infrastructure maintenance costs, in accordance with standards CRC 2002-10 and CRC 2003-07.

- Notes 2.3. and 2.11 to the consolidated financial statements describe the rules and methods applied to account for concession assets and the related depreciation.

During our assessment of the accounting principles and policies applied by the Group, we assessed the appropriateness of the above accounting methods and the description thereof in the notes, and obtained assurance concerning their correct application.

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

Specific verification

In accordance with professional standards applicable in France, we have also verified the information given in the report of the Board of Directors. We have no matters to report regarding its fair presentation and conformity with the consolidated financial statements.

Paris, March 31, 2004
The Statutory Auditors

PricewaterhouseCoopers Audit
Paul ONILLON

JPA
Jacques POTDEVIN

Company financial statements

years ended December 31, 2001, 2002 and 2003

Income statement

(in millions of euros)	Note	2003	2002	2001
Revenues	**4.1**	**1,761.9**	**1,653.3**	**1,505.5**
Operating expenses		**(987.3)**	**(944.2)**	**(886.0)**
Purchases and external charges	4.2	(208.0)	(204.7)	(198.1)
Payroll costs	4.3	(224.9)	(218.7)	(202.4)
Other operating income and expense, net	4.4	28.8	27.0	24.2
Taxes (other than income tax)	4.5	(223.3)	(212.9)	(202.5)
Depreciation, amortization and provisions	4.6	(359.9)	(335.0)	(307.3)
Operating income		**774.7**	**709.1**	**619.4**
Net interest expense	4.7	(372.6)	(365.4)	(272.7)
Income from ordinary activities		**402.1**	**343.7**	**346.7**
Exceptional items	4.8	(3.6)	(15.9)	(31.4)
Employee profit-sharing	4.9	(11.0)	(5.6)	(20.3)
Income tax	4.10	(137.3)	(100.5)	(57.3)
Net income		**250.2**	**221.8**	**237.7**

Balance sheet

Assets (in millions of euros)	Note	2003	2002	2001
Intangible assets	4.11	17.5	12.7	9.7
Property, plant and equipment				
- Concession assets	4.12	13,505.6	12,851.9	12,189.4
- Depreciation	4.12	(3,324.3)	(2,984.9)	(2,665.4)
Investments	4.13	286.0	385.4	381.2
Fixed assets		**10,484.8**	**10,265.2**	**9,914.9**
Inventories and work in progress	4.14	9.5	12.9	10.0
Trade accounts receivable	4.15	98.2	84.5	78.2
Other accounts receivable and accruals	4.16	178.8	194.7	148.5
Cash and short-term investments	4.17	533.9	1,055.0	117.1
Current assets		**820.4**	**1,347.1**	**353.8**
TOTAL ASSETS		**11,305.2**	**11,612.3**	**10,268.7**

Liabilities and shareholders' equity (in millions of euros)	Note	2003	2002	2001
Capital stock		29.3	29.3	24.6
Additional paid-in capital and reserves		858.0	857.5	3.9
Retained earnings		2,236.0	2,121.0	1,883.4
Net income for the year		250.2	221.8	237.7
Investment grants		133.4	137.8	138.6
Untaxed reserves		21.6	13.8	1.3
Shareholders' equity	**4.18**	**3,528.5**	**3,381.2**	**2,289.5**
Other equity	**4.19**	**104.7**	**104.7**	**104.7**
Provisions for contingencies and charges	**4.20**	**45.9**	**39.3**	**32.2**
Borrowings	4.21	7,100.8	7,429.9	6,952.5
Trade accounts payable	4.22	37.6	46.5	33.8
Other liabilities and accruals	4.23	487.7	610.6	856.0
Liabilities		**7,626.1**	**8,087.0**	**7,842.3**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**11,305.2**	**11,612.3**	**10,268.7**

Statement of cash flows

(in millions of euros)	Note	2003	2002	2001
Net income		**250.2**	**221.8**	**237.7**
Adjustments to reconcile net income to cash flow:				
Amortization, depreciation and provisions	4.6	359.9	335.0	307.3
(Gains)/losses on disposals	4.8	(0.1)	0.4	0.2
Other		15.5	30.9	2.6
Cash flow		**625.6**	**588.2**	**547.8**
Changes in operating working capital				
Receivables and inventories		5.2	(33.4)	(24.3)
Payables		70.4	8.7	(111.8)
Accruals and other		(1.5)	(15.4)	25.4
Net change in operating working capital		**74.1**	**(40.1)**	**(110.7)**
Tax effect of legal reform on working capital	4.23	(185.5)	(185.5)	(371.0)
Net cash provided by operating activities		**514.2**	**362.6**	**66.1**
Additions to property, plant and equipment and intangible assets	4.11/4.12	(679.7)	(685.1)	(1,100.0)
Proceeds from disposals of property, plant and equipment and intangible assets		1.2	1.2	0.7
Net decrease/(increase) in advances to ESCOTA	4.13	92.1	(3.4)	0.0
Net change in other investments	4.13	7.3	(1.3)	(3.6)
Net change in working capital related to investing activities	4.23	(15.8)	(55.3)	184.8
Net cash used by investing activities		**(594.9)**	**(743.9)**	**(918.1)**
Issuance of shares paid up in cash	*	0.0	858.1	
Investment grants received		0.7	4.0	4.7
Dividends paid	4.18	(106.2)	0.0	(110.4)
Bond issues	4.21	0.0	796.0	1,161.7
Bond redemptions	4.21	(330.4)	(331.2)	(415.7)
Other		(4.7)	(11.8)	(9.2)
Net cash (used) provided by financing activities		**(440.6)**	**1,315.1**	**631.1**
Effect of exchange rate changes on cash and cash equivalents				
Net change in cash and cash equivalents		**(521.3)**	**933.8**	**(220.9)**
Cash and cash equivalents at beginning of year (excluding derivative instruments)	4.17	1,050.9	117.1	338.0
Cash and cash equivalents at end of year (excluding derivative instruments)	4.17	529.6	1,050.9	117.1

* Net amount received as of December 31, 2002 on issuance of shares, less issuance costs and net of €20.3 million in tax.

These notes are an integral part of the Company financial statements. They provide additional disclosures concerning the balance sheet, income statement and statement of cash flows, in order to provide a true and fair view of the Company's financial position and results of operations. Non-compulsory disclosures are made only where the information concerned is material.

1. Presentation of the Company and significant events

- ASF holds a toll motorway concession covering the period to December 31, 2032, under which 2,404.9 kilometers of motorway were operated at December 31, 2003. In addition, ASF holds the concession for the 5.5-kilometer Puymorens Tunnel, covering the period to December 31, 2037.

2. Changes in accounting methods and presentation

- The financial statements of ASF for the year ended December 31, 2003 have been prepared in accordance with French generally accepted accounting principles. There were no changes of accounting method or presentation compared with 2002 and 2001.
- The accounting treatment of infrastructure maintenance costs (previously referred to as "major repairs"), which complies with standards CRC 2002-10 and 2003-07, is as follows:

  - The Company has decided to postpone until 2005 application of the cash-generating units method to account for the cost of replacements ("category 1 expenditures"). These costs therefore continue to be posted directly to the income statement.

  - Based on the analyses performed to date, the Company considers that all other expenditures correspond to routine infrastructure maintenance costs and not to "category 2 expenditures" (defined as major refits and repairs carried out under maintenance programs spanning several years). No accruals are booked for these expenditures, which are also charged directly to the income statement for the period in which they are incurred.

3. Summary of significant accounting policies

3.1 Intangible assets

Intangible assets consist mainly of software, amortized over 3 to 5 years.

3.2 Property, plant and equipment

Property, plant and equipment, and depreciation

Fixed assets fall into two categories based on the depreciation period, as follows:

- Construction assets correspond to investments necessary for the design and construction of motorways and subsequent improvements.

  They include land, plans and construction work and are carried in the balance sheet at cost including capitalized interest and certain allocated indirect costs, as well as landscaping costs incurred in connection with the government-sponsored "1% paysage" incentive program, which were previously expensed.

  Construction assets which have been demolished for reconstruction are written off from the balance sheet at historical cost. Historical cost is determined by discounting replacement cost based on the construction price index. The net book value of demolished assets is written down in full at the date of demolition.

  Fixed assets acquired since September 12, 2000 or under construction at that date are carried in the balance sheet net of tax. Fixed assets acquired prior to September 12, 2000 are stated at cost including VAT, because VAT on these assets was not recoverable under the former tax rules applicable to the Group.

  These assets are depreciated over the concession period and not over their useful life, which is longer.

  Costs incurred to maintain these assets in a good state of repair are charged directly as operating expenses in the year in which they are incurred.

- Operating assets with a useful life shorter than the concession period.

  These assets include toll booth equipment, signage, teletransmission, video surveillance and computer equipment, vehicles, machinery and tools.

  They are stated at cost and generally depreciated by the straight-line method over their estimated useful lives, ranging from 3 to 10 years. Qualifying assets are depreciated by the reducing balance method for tax purposes. In this case, the accelerated capital allowance corresponding to the difference between straight-line and reducing balance depreciation is recorded as a separate component of shareholders' equity, under "untaxed reserves".

Concession assets

Concession assets include all land, structures and installations required for the construction, maintenance and operation of each motorway section and related facilities. They include junctions with existing roads, as well as buildings and facilities required to provide services to motorists in connection with motorway operations.

The assets supplied by the State or purchased or built by the concession holder fall into three categories:

- Returnable assets: land, buildings, structures, facilities and equipment assets required to operate the concession.

  Returnable assets made available to ASF remain the property of the State. Returnable assets purchased or built by ASF become the property of the State as soon as they are acquired or put in service.

  At the end of the concession period, these assets will be automatically surrendered to the State without ASF being entitled to any compensation.

- Assets with a buyback option correspond to other assets that the State may elect to buy back at the end of the concession period, if they are of use in operating the concession.

- Assets owned outright are those assets that are not returnable without compensation and are not subject to a buyback option.

According to the terms of the agreement between the French government and ASF, concession assets will be allocated among the above three categories no later than December 31, 2004.

In the meantime, all assets have been classified as returnable assets. As a result, construction assets and operating assets are depreciated over the life of the concession by the straight-line method so as to write off the total value of the assets by the concession expiry date.

Annual depreciation calculated over the life of the concession is charged to operating expense. In order to provide clearer information to the financial community, since 2001, the Company has applied an exception to the October 11, 1998 CNC recommendation relating to motorway operators' accounts, by presenting this depreciation as a deduction from fixed assets in the same way as other depreciation, amortization and provisions.

The cost base used to compute depreciation over the life of the concession is determined net of any investment grants. Effective from 2002, depreciation is calculated over the period between the first day of the month in which the assets are placed in service and the end of the concession. Until 2001, the starting date was January 1 of the year in which the assets were placed in service.

In addition, effective on January 1, 2002, depreciation of renewable operating assets has been calculated on the basis of the assets' net book value, which is the acquisition cost net of both accumulated depreciation calculated over the life of the concession and accumulated depreciation calculated over the estimated useful life of the asset. Until 2001, accumulated depreciation calculated over the assets' estimated useful life was not deducted from the calculation base for depreciation calculated over the life of the concession.

In view of the presentation principles applied by ASF, application of the former method would have resulted in total accumulated depreciation rapidly exceeding the cost of renewable operating assets. In addition, under the former method, total depreciation costs (depreciation over the life of the concession and over the life of the asset) were not spread evenly over the life of the concession, since the charge recorded in the income statement was automatically lower after the final renewal of the assets.

3.3 Investments

Shares in subsidiaries are stated at the lower of cost and market. Market value is determined by reference to the value of the underlying net assets and the subsidiary's earnings outlook.

3.4 Inventories

Inventories are valued using the weighted average cost method. Where necessary, an allowance is booked to write down inventories to fair market value.

3.5 Receivables

Receivables are stated at nominal value. An allowance for impairment in value is recorded for doubtful receivables.

3.6 Short-term investments and money market securities

Short-term investments are stated at the lower of cost and market. Unrealized gains are not recognized. The Company has entered into several derivatives contracts, as described in notes 4.21 and 4.24.

3.7 Debt issues

Debt call premiums and debt issuance costs incurred since 1995 are recorded in assets under deferred charges and are amortized by the straight-line method over the life of the debt.

For debt securities issued at a price in excess of their redemption price, the premium is recorded under "deferred income" and written back to the income statement over the life of the debt. This method achieves a similar result to recognizing premiums on an accruals basis since the securities are redeemed in full at maturity.

3.8 Conversion of foreign currency receivables and payables

Receivables and payables in foreign currencies are converted at the year-end exchange rate. Conversion gains and losses are recorded in the balance sheet. Conversion losses not offset by hedging gains are provided for.

3.9 Investment grants

Investment grants used to finance construction assets are recorded in shareholders' equity and written back to the income statement over the life of the concession, to match the depreciation of the assets concerned.

3.10 Other equity

Certain assets received from the State under the concession agreement have been recorded under "Property, plant and equipment" at their value on the transfer date, with the contra entry posted to "Other equity". These assets will be given back to the State on expiry of the concession agreement, along with other returnable assets.

3.11 Pension and other post-retirement benefit obligations

Pension and other post-retirement benefits include statutory retirement bonuses, supplementary pension benefits, post-retirement medical benefits and long service awards.

Obligations towards active and retired employees that are not funded under insured plans are either covered by provisions or disclosed as off-balance sheet commitments.

Pension and post-retirement benefit obligations are determined by the projected unit credit method, based on end-of-career salary levels.

Obligations for statutory retirement bonuses and post-retirement medical benefits have been adjusted to take into account the effect of the August 21, 2003 Pensions Act (Act 2003-775), which extends the minimum contribution period to government-sponsored plans. This change in the law has led to an increase in the estimated average retirement age, and a reduction in the annual cost of statutory retirement bonuses, because the projected benefit obligation was already capped at the maximum provided for in the collective bargaining agreement, due to the low staff turnover rate. The full impact of the Pensions Act is reflected in the 2003 income statement.

The actuarial assumptions used to estimate post-retirement medical benefit obligations have been adjusted by raising the healthcare cost trend rate from 2.5% to 4.5%. As allowed under French accounting guidelines (CNC Recommendation No. 03-R-01, paragraph 6261-62), the resulting actuarial difference is being recognized over the estimated average remaining service lives of eligible employees *(see note 4.20)*. The unrecognized amount is disclosed as an off-balance sheet commitment *(see note 4.24)*.

3.12 Infrastructure maintenance

Most of the costs in this category correspond to the routine cost of repairs to road surfaces, embankments, crash barriers, signage, etc., and are charged directly to the income statement.

Costs incurred to modify assets or prolong their useful life are capitalized.

3.13 Indexed advances from regional authorities

Indexing adjustments are recorded in the balance sheet under conversion losses. The loss is covered by a provision which is charged to the income statement.

3.14 Deferred taxes

Deferred taxes are not recognized in the Company accounts.

3.15 Currency risks and hedging transactions

Apart from the advance to the Jamaican joint venture, all transactions are carried out in the euro area – mainly France – and the Company is not exposed to any currency risk on transactions.

As explained in note 4.2.1, all external financing is in euros and the Company has no exposure to currency risks on debt.

3.16 Income from ordinary activities

Income from ordinary activities includes operating income and business financing costs. It does not include non-recurring income and expenses or income and expenses not related directly to operations. Profit-related incentive bonuses are deducted from income from ordinary activities but employee profit-sharing is reported below the line.

3.17 Unit of account

The tables below are presented in millions of euros, unless otherwise indicated.

4. Notes to the income statement and balance sheet

4.1 Revenues

Revenues break down as follows:

Revenues	2003	2002	2001
Toll receipts	1,720.0	1,608.7	1,465.2
Revenues from other businesses	41.9	44.7	40.3
Revenues	**1,761.9**	**1,653.3**	**1,505.5**

Toll receipts

Toll receipts for 2001, 2002 and 2003 are comparable.
Growth in toll receipts over the three-year period is analyzed below:

Change in toll receipts 2002 vs. 2001	**+ 9.8%**
Traffic growth based on comparable network	+ 4.8%
Effect of network extensions	+ 2.2%
Effect of tariff increases	+ 2.8%
Change in toll receipts 2003 vs. 2002	**+ 6.9%**
Traffic growth based on comparable network	+ 2.8%
Effect of network extensions	+ 0.9%
Effect of tariff increases	+ 3.2%

Revenue from other businesses break down as follows:

Revenues from other businesses (in millions of euros)	2003	2002	2001
Fees from service stations and other service area operators	28.5	26.7	22.3
Fiber optics and telecommunications fees	13.4	18.0	18.0
Revenues from other businesses	**41.9**	**44.7**	**40.3**

Revenues from other businesses include fees received from operators of service stations, shops and restaurants located in service areas, as well as fees for the use of fiber optic networks and telecommunications installations.

4.2 Purchases and other external charges

Purchases and other external charges break down as follows:

Purchases and other external charges (in millions of euros)	2003	2002	2001
Energy, supplies and spare parts	31.2	25.5	26.3
Infrastructure maintenance	55.4	60.8	60.6
Other maintenance	20.3	19.9	19.3
Publicly-owned land tax	42.8	40.5	38.7
Other external charges	58.2	58.1	53.2
Purchases and other external charges	**208.0**	**204.7**	**198.1**

Publicly-owned land tax is due by motorway concession holders in exchange for the right to occupy public land (Decree 97-606 dated May 31,1997).

The infrastructure maintenance plan for 2003 through 2006 has been reviewed to optimize maintenance operations without compromising road-user safety and without any lowering of maintenance standards.

Infrastructure maintenance costs can be analyzed as follows:

Infrastructure maintenance costs (in millions of euros)	2003	2002	2001
Road surfaces	29.2	37.0	25.0
Bridges and tunnels	8.8	6.9	13.8
Other*	17.5	16.8	21.8
Infrastructure maintenance costs	**55.4**	**60.8**	**60.6**

* Maintenance of embankments, crash barriers, signage, etc.

Road re-surfacing costs are qualified as replacement costs (category I expenditures) and will be added to the carrying value of fixed assets as from 2005 by the cash-generating units method.

Other infrastructure maintenance costs correspond to routine network maintenance and are charged directly to the income statement.

4.3 Payroll costs

4.3.1 Analysis of payroll costs

Payroll costs break down as follows:

Payroll costs (in millions of euros)	2003	2002	2001
Wages and salaries	149.8	145.1	133.8
Payroll taxes and deferred benefits	68.7	67.9	62.0
Incentive bonuses and employer contributions to employee savings plan	6.4	5.6	6.6
Payroll costs	**224.9**	**218.7**	**202.4**

A new Group-level incentive bonus was signed in 2003, covering the years 2003 to 2005.

4.3.2 Weighted average number of employees

The detailed information provided below concerns the weighted average number of full-time equivalent employees on the Company's payroll.

	2003	2002	2001
Managers	464	439	413
Supervisors	1,717	1,665	1,569
Other	3,434	3,571	3,512
Total employees	**5,615**	**5,675**	**5,494**

The net decrease in employee numbers in 2003 can be explained as follows:

	2003 vs. 2002
Network extensions	**+ 0,35%**
Traffic growth and improved service levels	**+ 0,16%**
Efficiency gains	**(1.56%)**
Total	**(1.05%)**

4.4 Other operating income and expense, net

This item corresponds mainly to expense transfers and insurance settlements.

Other operating income and expense, net (in millions of euros)	2003	2002	2001
Capitalized expenses	(0.1)	(10.1)	(11.2)
Own work capitalized	(20.4)	(6.6)	(2.4)
Insurance settlements	(7.6)	(8.8)	(7.9)
Other	(0.7)	(1.5)	(2.7)
Other operating income and expense, net	**(28.8)**	**(27.0)**	**(24.2)**

Own work capitalized breaks down as follows:

Own work capitalized (in millions of euros)	2003	2002	2001
Software [(1)]	(7.2)	(4.1)	(2.4)
Additional investments*	(3.1)	(2.5)	0.0
New construction **	(10.1)	0.0	0.0
Own work capitalized	**(20.4)**	**(6.6)**	**(2.4)**

(1) The increase in own work capitalized is partly due to the installation of the new human resources management application.

* Additional investments on existing motorways.

** In 2002, these costs were included under "Capitalized expenses".

4.5 Taxes (other than income tax)

Taxes other than income tax (in millions of euros)	2003	2002	2001
Regional development tax	163.4	157.4	146.9
Business and other local taxes	55.1	50.9	50.9
Payroll-based taxes	2.6	2.6	3.0
Other taxes	2.1	2.0	1.7
Taxes other than income tax	**223.3**	**212.9**	**202.5**

Since January 1, 2000, the regional development tax has been set at €6.86 per 1,000 kilometers traveled by users.

4.6 Depreciation, amortization and provisions

Depreciation, amortization and provisions (in millions of euros)	2003	2002	2001
Depreciation calculated over the life of the assets	55.2	48.5	44.3
Depreciation calculated over the life of the concession	304.3	284.5	262.0
Other, net	0.3	2.0	1.0
Depreciation, amortization and provisions	**359.9**	**335**	**307.3**

Depreciation calculated over the life of the concession breaks down as follows:

Depreciation over life of concession (in millions of euros)	2003	2002	2001
Construction assets	301.2	282.0	250.2
Operating assets	3.1	2.5	11.8
Depreciation over life of concession	**304.3**	**284.5**	**262.0**

Since 2002, depreciation over the life of the concession on renewable operating assets is calculated on the basis of the assets' net book value, corresponding to cost net of (i) accumulated depreciation calculated over the life of the concession and (ii) accumulated depreciation calculated over the life of the asset. Up until 2001, accumulated depreciation calculated over the life of the asset was not deducted from the calculation base.

4.7 Interest income and expense

Interest income and expense (in millions of euros)	2003	2002	2001
Interest expense and debt indexing costs	(423.5)	(442.8)	(410.8)
Interest income on ESCOTA advance	5.5	9.5	42.1
Capitalized interest	24.4	35.9	77.8
Amortization of debt issuance costs and premiums	(6.0)	(6.0)	(4.3)
Other interest income	27.0	38.1	22.5
Net interest expense	**(372.6)**	**(365.4)**	**(272.7)**

Interest expense and debt indexing costs include hedging profits and losses *(see note 4.24 "Off-balance sheet commitments")*.

In 2003, hedging operations generated a net profit of €3.8 million. For the two fixed-to-floating rate swaps based on the 12-month Euribor, for which interest calculations are performed quarterly in arrears, the result for the three-month period spanning 2003 and 2004 was calculated at the forward 12-month Euribor rate at December 31, 2003 for the maturity concerned (2.317% for one swap and 2.369% for the other).

At December 31, 2003, provisions for unrealized losses on positions not qualifying for hedge accounting were released in the amount of €0.3 million Unrealized hedging gains, in the amount of €13.5 million, were not recognized *(see note 4.2.4)*.

4.8 Exceptional items

Exceptional items (in millions of euros)	2003	2002	2001
Net gains (losses) on disposals of fixed assets	0.1	(0.4)	(0.2)
Investment grants written back to income	5.1	4.8	4.2
Costs written off on abandoned projects	0.0	0.0	(13.4)
Pension and post-retirement benefit obligations at January 1, 2001*	0.0	0.0	(16.1)
Other	(8.7)	(20.2)	(5.9)
Net exceptional expense	**(3.6)**	**(15.9)**	**(31.4)**

* In 2001, ASF adopted standard CRC 00-06 dealing with liabilities. In accordance with the recommended method of accounting for pensions and other post-retirement benefit obligations, the total obligation – including for long-service awards – was provided for in the opening balance sheet at January 1, 2001.

Gross pension and other post-retirement benefit obligations at January 1, 2001 amounted to €15.7 million. The corresponding provision was charged to shareholders' equity, net of the tax effect, in the opening balance sheet at that date.

Other deferred employee benefit obligations at January 1, 2001, corresponding to long-service awards and death/disability cover for retired employees, amounted to €16.1 million. The related provision was charged to exceptional expense, in order to be deducted from taxable income.

The main items recorded under the caption "Other" are as follows:

- Untaxed investment provisions. The profit-sharing agreements for the periods 2001-2002 and 2003-2005 provide for the calculation of profit-shares according to a formula which is more generous than the statutory formula. Under French tax rules, the Company is entitled to record a tax-deductible provision – known as an "investment provision" – equal to 50% of the employee profit-sharing paid to employees in excess of the amount calculated according to the statutory formula.

- Accelerated capital allowances, corresponding to the difference between straight-line depreciation and reducing balance depreciation calculated for tax purposes on qualifying assets.

Other exceptional items for the last three years were as follows:

Other exceptional items (in millions of euros)	2003	2002	2001
Untaxed investment provisions	(1.8)	(6.9)	(0.0)
Net accelerated capital allowances	(6.0)	(5.7)	(1.3)
Other *	(1.0)	(7.7)	(4.6)
Other exceptional items	**(8.7)**	**(20.2)**	**(5.9)**

* In 2002, a provision of €4.4 million was recorded to write down the value of construction assets intended to be demolished and rebuilt.

4.9 Employee profit-sharing

Employee profit-sharing (in millions of euros)	2003	2002	2001
Employee profit-sharing	(11.0)	(5.6)	(20.3)

ASF has been required to operate an employee profit-sharing scheme since 2001. A new profit-sharing agreement was signed in 2003, covering the period 2003-2005.

4.10 Income tax

Income tax (in millions of euros)	2003	2002	2001
Income tax	(137.5)	(100.5)	(57.3)

Capitalized interest is deductible for tax purposes.

Income tax recorded in the 2003 income statement includes:
- Current taxes of €135.0 million (*)
- Tax charge arising from the election for group relief of €2.3 million.

(*) including a €1.3 million tax benefit on exceptional expenses.

Under the group relief agreement, each company in the tax group records in its account the tax that it would have paid (or the tax benefit it would have received) if it had been taxed on a stand-alone basis. ESCOTA, the other member of the ASF tax group, returned to profit in 2003 and ASF – as the parent company of the tax group – was therefore required to refund to ESCOTA part of the temporary tax saving generated by the utilization of its tax losses, as if those losses had been utilized by ESCOTA in 2003.

4.11 Intangible assets

Intangible assets (in millions of euros)	2003	2002	2001
Intangible assets at cost	54.0	43.3	45.4
Accumulated amortization	(36.5)	(30.6)	(35.7)
Intangible assets	**17.5**	**12.7**	**9.7**

Intangible assets consist mainly of software amortized over 3 to 5 years. Movements break down as follows:

Intangible assets (in millions of euros)	2001	Acquisitions / increases	Disposals / decreases	Commissioned / transfers	2002
Intangible assets at cost	45.4	6.8	9.8	0.9	43.3
Accumulated amortization	(35.7)	(4.5)	(9.6)	0.0	(30.6)
Intangible assets	**9.7**	**2.3**	**0.2**	**0.9**	**12.7**
Intangible assets (in millions of euros)	**2002**	**Acquisitions / increases**	**Disposals / decreases**	**Commissioned / transfers**	**2003**
Intangible assets at cost	43.3	10.7	0.3	0.3	54.0
Accumulated amortization	(30.6)	(6.2)	(0.3)	0.0	(36.5)
Intangible assets	**12.7**	**4.5**	**0.0**	**0.3**	**17.5**

The reduction in intangible assets at cost between December 31, 2002 and 2001 is primarily due to the fact that fully amortized research and development expenses are no longer reflected in the balance sheet.

4.12 Property, plant and equipment

At December 31, 2003, 2,410.4 kilometers of motorway were in service, including 80.1 kilometers opened during the year.
Construction assets in progress at that date correspond to around 152 kilometers of motorway under construction plus lane extensions to existing motorways ("ICAS").

Property, plant and equipment Concession assets (in millions of euros)	2003	2002	2001
Construction assets	12,027.0	11,219.1	10,242.9
Construction assets in progress	895.8	1,076.8	1,426.7
Operating assets	559.6	520.1	467.9
Operating assets in progress	23.2	35.9	51.9
Property, plant and equipment	**13,505.6**	**12,851.9**	**12,189.4**

Movements can be analyzed as follows:

Property, plant and equipment Concession assets (in millions of euros)	2001	Acquisitions	Disposals	Commissioned / transfers	2002
Construction assets	10,242.9	113.6	0.4	863.0	11,219.1
Construction assets in progress	1,426.7	486.6	0.0	(836.5)	1,076.8
Operating assets	467.9	51.4	14.5	15.3	520.1
Operating assets in progress	51.9	26.6	0.0	(42.6)	35.9
Property, plant and equipment	**12,189.4**	**678.3**	**14.9**	**(0.9)**	**12,851.9**

Property, plant and equipment Concession assets (in millions of euros)	2002	Acquisitions	Disposals	Commissioned / transfers	2003
Construction assets	11,219.1	161.2	2.4	649.2	12,027.0
Construction assets in progress	1,076.8	451.7	0.0	(632.7)	895.8
Operating assets	520.1	40.2	12.6	11.8	559.6
Operating assets in progress	35.9	15.9	0.0	(28.6)	23.2
Property, plant and equipment	**12,851.9**	**669.0**	**15.0**	**(0.3)**	**13,505.6**

Depreciation

Property, plant and equipment Accumulated depreciation (in millions of euros)	2003	2002	2001
Depreciation calculated over the useful lives of assets	(369.1)	(334.0)	(299.0)
Depreciation calculated over the life of the concession	(2,955.2)	(2,650.9)	(2,366.4)
Accumulated depreciation	**(3,324.3)**	**(2,984.9)**	**(2,665.4)**

Movements are as follows:

Property, plant and equipment (in millions of euros) Accumulated depreciation	2001	Increases	Decreases	2002
Depreciation calculated over the useful lives of assets	299.0	48.4	13.4	334.0
Depreciation calculated over the useful lives of assets	2,366.4	284.5	0.0	2,650.9
Accumulated depreciation	**2,665.4**	**332.8**	**13.4**	**2,984.9**
Property, plant and equipment (in millions of euros) Accumulated depreciation	**2002**	**Increases**	**Decreases**	**2003**
Depreciation calculated over the useful lives of assets	334.0	49.0	13.8	369.1
Depreciation calculated over the life of the concession	2,650.9	304.3	0.0	2,955.2
Accumulated depreciation	**2,984.9**	**353.3**	**13.8**	**3,324.3**

Depreciation calculated over the life of the concession breaks down as follows between construction assets and operating assets:

Property, plant and equipment (in millions of euros) Accumulated depreciation over life of concession	2001	Increases	Decreases	2002
Construction assets	2,266.0	282.2	-	2,548.0
Operating assets	100.4	2.5	-	102.9
Accumulated depreciation over life of concession	**2,366.4**	**284.5**	**0.0**	**2,650.9**
Property, plant and equipment (in millions of euros) Accumulated depreciation over life of concession	**2002**	**Increases**	**Decreases**	**2003**
Construction assets	2,548	301.2	-	2,849.1
Operating assets	102.9	3.1	-	106.1
Accumulated depreciation over life of concession	**2,650.9**	**304.3**	**0.0**	**2,955.2**

Since 2001, qualifying assets have been depreciated by the reducing balance method for tax purposes, giving rise to the recognition of accelerated capital allowances. Changes in the excess of reducing balance depreciation over straight-line depreciation were as follows over the last three years:

Property, plant and equipment (in millions of euros) Excess of reducing balance depreciation over straight-line depreciation	2001	Increases	Decreases	2002
Operating assets	1.3	5.9	0.2	7.0
Excess of reducing balance depreciation over straight-line depreciation	**1.3**	**5.9**	**0.2**	**7.0**
Property, plant and equipment (in millions of euros) Excess of reducing balance depreciation over straight-line depreciation	**2002**	**Increases**	**Decreases**	**2003**
Operating assets	7.0	6.4	0.4	13.0
Excess of reducing balance depreciation over straight-line depreciation	**7.0**	**6.4**	**0.4**	**13.0**

4.13 Investments

Investments (in millions of euros)	2003	2002	2001
Loans	7.8	8.1	7.7
Investments in subsidiaries and related receivables	277.9	377.1	373.3
Other investments	0.3	0.3	0.2
Investments	**286.0**	**385.4**	**381.2**

Investments in subsidiaries and related receivables are stated net of allowances for impairment in value. Movements over the period were as follows:

Investments (in millions of euros)	2001	Increases	Decreases	2002
Loans	7.7	0.7	0.4	8.1
Investments in subsidiaries and related receivables*	373.3	108.0	103.7	377.6
Other investments	0.2	0.1	0.0	0.3
Investments	**381.3**	**108.8**	**104.1**	**386.0**
Investments (in millions of euros)	**2001**	**Increases**	**Decreases**	**2002**
Loans	8.1	0.8	1.0	7.8
Investments in subsidiaries and related receivables*	377.6	2.6	101.8	278.4
Other investments	0.3	0.0	0.1	0.3
Investments	**386.0**	**3.5**	**102.9**	**286.5**

* "Investments in subsidiaries and related receivables" are stated before a €0.5 million allowance booked in 2002 on shares in SVM – Société pour la construction du Viaduc de Millau. This company was set up in connection with ASF's bid for the contract to build the Millau Viaduct which was not selected.

Loans primarily correspond to very long-term loans, which amounted to €6.6 million in 2003, €6.3 million in 2002, and €6.0 million in 2001.

Investments in subsidiaries and related receivables correspond mainly to the Company's interest in ESCOTA, which stood at 98.97% at December 31, 2003 and 2002, and 96.15% at December 31, 2001. The carrying value of the shares increased from €33.2 million at December 31, 2001 to €130.9 million at December 31, 2002 following a share issue underwritten by ASF.

ASF has also made advances to ESCOTA, in the amount of €142.6 million at December 31, 2003 and €234.7 million at December 31, 2002. Since January 1, 2002, interest on these advances is based on the Eonia. Accrued interest of €5.5 million at December 31, 2003 is not reflected in the accounts before it was paid in full by ESCOTA before the year-end. Accrued interest outstanding at December 31, 2002 amounted to €9.4 million. The advances are repayable over the period 2003 to 2007. The repayment schedule may be adjusted based on certain contractually-defined criteria.

ASF acquired a 34% interest in TransJamaican Highway in 2002 for €0.8 million in connection with a partnership set up with Bouygues Travaux Publics, a subsidiary of Bouygues Construction, for the construction of the Jamaican Highway 2000 motorway. In 2003, ASF paid €2.0 million for this interest, which appears in the balance sheet at December 31, 2003 for €2.8 million.

In October 2003, Truck Etap SAS was set up to design, build and operate – directly or indirectly – road-user service platforms in France, including fee-paying supervised parking facilities for heavy goods vehicles and related services (service stations, food and accommodation services). Truck Etap has share capital of €900,000 and is 66%-owned by ASF and 34% by Pimo. The interest is carried in ASF's balance sheet at December 31, 2003 for €0.6 million.

4.14 Inventories

Inventories include mainly motorway maintenance supplies, spare parts for toll booth equipment, electrical equipment and vehicles, and IT and office supplies.

Inventories (in millions of euros)	2003	2002	2001
Inventories	9.6	13.9	10.0
Allowances	(0.1)	(1.0)	0.0
Inventories, net	**9.5**	**12.9**	**10.0**

4.15 Trade accounts receivable

Trade accounts receivable comptes rattachés (in millions of euros)	2003	2002	2001
Toll subscriptions	63.4	51.8	42.2
Receivables from other businesses	41.5	38.8	38.5
Allowances for doubtful accounts	(6.7)	(6.1)	(2.6)
Trade accounts receivable, net	**98.2**	**84.5**	**78.2**

The increase in allowances for doubtful accounts in 2003 and 2002 mainly concerns amounts receivable from telecommunications operators.

4.16 Other accounts receivable and accruals

Other accounts receivable and accruals (in millions of euros)	2003	2002	2001
Prepaid and recoverable taxes	41.4	89.7	65.1
Other receivables and accrued income	52.6	19.8	24.9
Prepaid expenses	23.7	22.4	21.0
Deferred charges	46.7	53.4	32.1
Conversion losses	14.4	9.4	5.3
Other accounts receivable and accruals	**178.8**	**194.7**	**148.5**

Prepaid and recoverable taxes at December 31, 2002 included €34 million of recoverable corporate income tax, as a result of prepayments in excess of tax due for the year. This receivable was used in full at December 31, 2003.

Other receivables and accrued income include:

- Other receivables net of allowances of €6.5 million in 2003, €6.3 million in 2002 and €6.1 million in 2001.
- In 2001, cash advances of €8.3 million to another toll motorway operator which were repaid in 2002.
- In 2003, €6.3 million in credit notes receivable, including €0.7 million related to purchases of goods and services and €5.6 million on purchases of fixed assets.

Prepaid expenses correspond mainly to half of the publicly-owned land tax paid in July of each year in respect of the period from July 1 to June 30 of the following year.

Deferred charges correspond mainly to unamortized debt issue costs and call premiums. Movements for the period break down as follows:

Deferred charges (in millions of euros)	2001	Increases	Decreases	2002
Deferred charges	15.9	3.1	4.4	14.6
Debt call premiums	16.2	26.6	3.9	38.9
Deferred charges	**32.1**	**29.7**	**8.4**	**53.4**
Deferred charges	**2001**	**Increases**	**Decreases**	**2002**
Deferred charges	14.6	0.0	2.9	11.7
Debt call premiums	38.9	0.0	3.9	34.9
Deferred charges	**53.4**	**0.0**	**6.8**	**46.7**

4.17 Cash and short-term investments

Cash and short-term investments (in millions of euros)	2003	2002	2001
Short-term investments	520.5	1,036.3	96.2
Cash	13.3	18.7	20.9
Cash and short-term investments	**533.9**	**1,055.0**	**117.1**

Cash and short-term investments break down as follows:

Short-term investments (in millions of euros)	2003	2002	2001
FCP funds	331.6	599.5	36.3
Sicav funds	117.2	29.3	10.8
	448.8	628.8	47.1
Dedicated funds	42.9	305.9	-
	491.7	934.7	47.1
Retail certificates of deposit	14.5	97.5	49.1
Other certificates of deposit	10.0	0.0	0.0
	516.2	1,032.1	96.2
Financial instruments	4.3	4.2	0.0
Short-term investments	**520.5**	**1,036.3**	**96.2**

The sensitivity of the short-term investment portfolio to changes in interest rates is low, due to the heavy weighting of FCP and Sicav money market funds with a capital guarantee and guaranteed yield at least equal to the Eonia.

The Company did not hold any of its own shares at December 31, 2003.

The sharp rise in short-term investments in 2002 primarily reflects the proceeds from the share issue carried out in the first half of 2002.

4.18 Shareholders' equity

Following the first-half 2002 share issue, the Company's capital stock amounts to €29,343,641, represented by 230,978,001 shares. No dilutive instruments were outstanding at December 31, 2003.

Shareholders' equity (in millions of euros)	2003	2002	2001
Capital stock	29.3	29.3	24.6
Additional paid-in capital and reserves(1)	858.0	857.5	3.9
Retained earnings	2,236.0	2,121.0	1,883.4
Net income for the year	250.2	221.8	237.7
Investment grants	133.4	137.8	138.6
Accelerated capital allowances	13.0	7.0	1.3
Untaxed investment provisions	8.6	6.9	0.0
Shareholders' equity	**3,528.5**	**3,381.2**	**2,289.5**

(1) Including issue premiums, net of tax, of _853.4 million at December 31, 2003 (€873.7 million gross less €20.3 million, corresponding to gross issue costs of €31.4 million, net of tax savings of €11.1 million).

Changes in capital

	Number of shares	Amounts
At December 31, 2001	1,615,809	24.6
New number of shares after 120-for-1 stock-split (1)	192,281,271	-
	193,897,080	**24.6**
Share issue (2)	37,080,921	4.7
At December 31, 2002	**230,978,001**	**29.3**
At December 31, 2003	**230,978,001**	**29.3**

(1) 120-for-1 stock-split approved in the 1st resolution of the Extraordinary General Meeting of March 13, 2002. A total of 192,281,271 new shares were created, in addition to the 1,615,809 shares outstanding, and were allotted to shareholders and credited as fully paid on the basis of 119 new shares for each existing share. The number of shares outstanding before the IPO therefore totalled 193,897,080.

(2) IPO approved by the Extraordinary General Meeting of March 13, 2002, carried out through:
- the sale on the market of shares held by the Company
- the issuance of shares with an aggregate par value of €4.7 million, at a total premium of €873.7 million, as follows:
  - shares offered to the public: 31,616,494 new shares for a total of €790,412,350.00
  - shares issued to regional authorities: 34,039 new shares for a total of €850,975.00
  - shares offered to active and retired employees: 5,430,388 new shares for a total of €87,163,377.60.

Changes in shareholders' equity in 2002 were as follows:

Shareholders' equity	At December 31, 2001	Share - issues	Appropriation of prior year net income	Net income for the year	Investment grants and provisions	Untaxed reserves	At December 31, 2002
Capital stock	24.6	4.7					29.3
Additional paid-in capital – share issues	0.0	853.4					853.4
Other additional paid-in capital	0.1						0.1
Legal reserve	2.5						2.5
Long-term capital gains reserve	1.3		0.2				1.5
Other reserves	0.0						0.0
Retained earnings	1,883.4		237.6				2,121.0
Net income	237.7		(237.7)	221.8			221.8
Investment grants	138.6				(0.8)		137.8
Untaxed investment provisions	0.0					6.9	6.9
Accelerated capital allowances	1.3					5.7	7.0
Total shareholders' equity	**2,289.5**	**858.1**	**0.0**	**221.8**	**(0.8)**	**12.6**	**3,381.2**

Changes in shareholders' equity in 2003 were as follows:

Shareholders' equity	At December 31, 2002	Share - issues	Appropriation of prior year net income	Net income for the year	Investment grants and provisions	Untaxed reserves	At December 31, 2003
Capital stock	29.3						29.3
Additional paid-in capital – share issues	853.4						853.4
Other additional paid-in capital	0.1						0.1
Legal reserve	2.5	0.5					2.9
Long-term capital gains reserve	1.5						1.5
Other reserves	0.0						0.0
Retained earnings	2,121.0	221.3	(106.2)				2,236.0
Net income	221.8	(221.8)		250.2			250.2
Investment grants	137.8				(4.4)		133.4
Untaxed investment provisions	6.9					1.8	8.6
Accelerated capital allowances	7.0					6.0	13.0
Total shareholders' equity	**3,381.2**	**0.0**	**(106.2)**	**250.2**	**(4.4)**	**7.7**	**3,528.5**

4.19 Other equity

Other equity (in millions of euros)	2003	2002	2001
Other equity	**104.7**	**104.7**	**104.7**

Other equity corresponds to assets received from the State without consideration, valued at their value on their transfer date.

4.20 Provisions for contingencies and charges

Provisions for contingencies and charges (in millions of euros)	2003	2002	2001
Provisions for pensions and other post-retirement benefit obligations	26.2	24.7	21.5
Provisions for claims and litigation	1.4	1.3	3.9
Provisions for debt indexing	1.0	2.3	4.5
Other provisions for contingencies and charges	17.3	11.0	2.4
Provisions for contingencies and charges	**45.9**	**39.3**	**32.2**

The change in provisions for contingencies in charges corresponds mainly to provisions for conversion losses on indexed loans.

Changes in provisions for contingencies and charges and allowances against assets can be analyzed as follows:

For 2002:

Total provisions and allowances	2001	Increases	Decreases	2002	o/w releases of surplus provisions
Untaxed provisions and reserves	1.3	12.8	0.2	13.8	-
Investment provisions	-	6.9	-	6.9	-
Accelerated capital allowances	1.3	5.9	0.2	7.0	-
Other untaxed provisions and reserves	-	-	-	-	-
Provisions for contingencies and charges	**32.2**	**12.9**	**5.8**	**39.3**	**2.5**
Provisions for claims and litigation	3.9	0.6	3.1	1.3	2.5
Provisions for exchange losses	-	-	-	-	-
Provisions for pensions and other post-retirement benefit obligations	21.5	3.2	0.0	24.7	-
Provisions for taxes	1.4	0.1	-	1.5	-
Other provisions for contingencies and charges	5.5	9.0	2.7	11.8	-
Allowances for impairment in value	8.7	7.2	1.9	14.0	0.6
Fixed assets	-	0.5	-	0.5	-
Inventories	-	1.0	-	1.0	-
Trade accounts receivable	2.6	4.8	1.2	6.1	0.4
Other accounts receivable	-	-	-	-	-
Other allowances	6.1	0.8	0.7	6.3	0.3
Total provisions and allowances	**42.2**	**32.9**	**7.9**	**67.1**	**3.1**
Movements included in operating income and expenses		**10.3**	**5.0**		
Movements included in interest income and expenses		**9.6**	**2.5**		
Movements included in exceptional income and expenses		**13.0**	**0.4**		

For 2003:

Total provisions and allowances	2002	Increases	Decreases	2003	o/w releases of surplus provisions
Untaxed provisions and reserves	13.8	8.2	0.4	21.6	-
Investment provisions	6.9	1.8	-	8.6	-
Accelerated capital allowances	7.0	6.4	0.4	13.0	-
Other untaxed provisions and reserves	-	-	-	-	-
Provisions for contingencies and charges	**39.3**	**9.3**	**2.7**	**45.9**	**1.0**
Provisions for claims and litigation	1.3	0.3	0.2	1.4	0.1
Provisions for exchange losses	-	-	-	-	-
Provisions for pensions and other post-retirement benefit obligations	24.7	2.1	0.7	26.2	0.9
Provisions for taxes	1.5	0.3	-	1.8	-
Other provisions for contingencies and charges	11.8	6.5	1.8	16.5	-
Allowances for impairment in value	14.0	1.9	2.0	13.9	1.5
Fixed assets	0.5	-	-	0.5	-
Inventories	1.0	0.1	1.0	0.1	1.0
Trade accounts receivable	6.1	1.2	0.6	6.7	0.3
Other accounts receivable	-	-	-	-	-
Other allowances	6.3	0.5	0.2	6.5	0.2
Total provisions and allowances	**67.1**	**19.3**	**5.1**	**81.4**	**2.5**
Movements included in operating income and expenses		**4.6**	**2.8**		
Movements included in interest income and expenses		**6.5**	**1.9**		
Movements included in exceptional income and expenses		**8.2**	**0.4**		

Movements in provisions for pensions and other post-retirement benefit obligations can be analyzed as follows:

Provisions for pensions and other post-retirement benefit obligations	Pensions	Other post-retirement benefits	Other	Total
Provisions at December 31, 2001	**1.4**	**18.7**	**1.5**	**21.5**
Charge for 2002	3.5	1.6	0.1	5.2
Contributions to insured plans	(2.0)			(2.0)
Provisions at December 31, 2002	**2.9**	**20.3**	**1.6**	**24.7**
Charge for 2003	(0.5)	1.5	0.4	1.4
Contributions to insured plans				0.0
Provisions at December 31, 2003	**2.4**	**21.8**	**2.0**	**26.2**

In 2001 and 2002, ASF funded part of its pension obligations under insured plans, making payments to these plans of €16.5 million and €2 million, respectively. These payments explain the low level of provisions at the end of each of these years. At December 31, 2003, plan assets totaled €18.9 million.

Projected benefit obligations are calculated using a discount rate of 5.5%, an inflation rate of 1.5% and rates of future salary increases of 3.8% for managers and 3.5% for other employees.

In 2003, projected benefit obligations were adjusted to take into account the effect of the new Pensions Act which extended the minimum contribution period to government-sponsored plans. This change in the law led to an increase in the estimated average retirement age, and a reduction in the annual cost of statutory retirement bonuses. The total reduction in the projected benefit obligation is reflected in the 2003 income statement.

The impact of the change in actuarial assumptions used to estimate post-retirement medical benefit obligations was estimated at €11.6 million at December 31, 2003. This amount is being recognized over the average remaining service lives of eligible employees, estimated at 18 years, in accordance with CNC recommendations. The annual amortization charge for the period 2003 to 2021 is €0.6 million. The unrecognized amount – € 11.0 million – is disclosed as an off-balance sheet commitment *(see note 4.24)*.

4.21 Borrowings

Borrowings (in millions of euros)	2003	2002	2001
Fixed rate CNA loans	6,124.9	6,455.2	5,990.5
Floating rate CNA loans	746.0	746.0	746.0
Regional authority advances	3.8	8.6	17.5
Shareholder' advances	0.0	0.0	2.9
Other	21.1	8.8	3.0
	6,895.8	**7,218.7**	**6,759.8**
Accrued interest	205.0	211.3	192.7
Total borrowings	**7,100.8**	**7,429.9**	**6,952.5**

CNA loans

The loans were obtained from the CNA (the National Motorways Fund—Caisse Nationale des Autoroutes), an administrative public sector entity, under an agreement between the CNA and the semi-public toll motorway operators (SEMCAs), including ASF and ESCOTA. Under the terms of the agreement, the funds are raised by CNA through bond issues or borrowings from EIB.

These loans are repayable at maturity (see schedule of maturities below). The loan agreements do not include any acceleration clauses or other early repayment clauses. At December 31, 2003, no CNA loans ere backed by State guarantees.

The loans to ASF are all denominated in euros.

Fixed-rate CNA loans have nominal interest rates ranging from 4.375% to 13.955%.

Certain CNA and EIB loans are at floating rates (based on various market rates, including Euribor). At December 31, 2003, they included €91.1 million in loans issued at floating rates and €311.4 million in loans converted to floating rates by means of swaps. In addition, one loan in the amount of €343.5 million at December 31, 2003 is indexed to the French inflation rate. Lastly, ASF has taken out swaps to convert fixed rate CNA loans in the amount of €582.9 million at December 31, 2003 to floating rate (3-month or 12-month Euribor). After taking into account the effect of swaps, at December 31, 2003, loans totalling €1,328.9 million (€746.0 million + €582.9 million) were at floating rates, representing 19.3% of total borrowings. Interest rates have been reset on loans of €254.2 million and capped at 2.50%.

After taking into account all these operations, the average nominal interest rate on ASF borrowings was 5.88% at December 31, 2003 and 6.10% at December 31, 2002.

Based on the debt structure at December 31, 2003, and taking into account the 2.5% cap which protects €152.4 million against a sharp rate increase, a 100 basis point increase in interest rates would have the effect of raising the Company's average borrowing costs by about 8 basis points.

Regional authority advances

These advances were received between 1985 and 1996 and are indexed to the Public Works TP01 index. The amount shown includes the outstanding principal and indexing adjustments from the date of grant to December 31, 2003.

Other borrowings

This item includes indexing adjustments to the loan indexed to the French inflation rate for €13.4 million at December 31, 2003, €7.1 million at December 31, 2002 and €0.8 million at December 31, 2001. The balance corresponds mainly to deposits received by the Company.

Borrowings can be analyzed by maturity at December 31, 2003 as follows:

Maturities of debt échéancier (in millions of euros)	CNA loans	Regional authority advances	Total
Years			
2004	434.5	3.8	438.3
2005	314.8	0.0	314.8
2006	348.6	-	348.6
2007	396.4	-	396.4
2008	717.5	-	717.5
2009	381.1	-	381.1
2010	656.9	-	656.9
2011	503.4	-	503.4
2012	244.2	-	244.2
2013	353.9	-	353.9
2014	610.0	-	610.0
2015	643.0	-	643.0
2016	633.0	-	633.0
2017	633.5	-	633.5
2018	0.0	-	0.0
Beyond	0.0	-	0.0
Total borrowings	**6,870.9**	**3.8**	**6,874.7**
Borrowings raised during the year	**0.0**	**0.0**	**0.0**
Borrowings repaid during the year	**330.4**	**4.9**	**335.2**

4.22 Trade accounts payable

Trade accounts payable (in millions of euros)	2003	2002	2001
Trade accounts payable	**37.6**	**46.5**	**33.8**

Trade accounts payable break down as follows:

Trade accounts payable (in millions of euros)	2003	2002	2001
Amounts billed	20.8	19.7	22.2
Amounts not yet billed	16.8	26.8	11.6
Trade accounts payable	**37.6**	**46.5**	**33.8**

Amounts due to suppliers of fixed assets are included in "Other liabilities".

4.23 Other liabilities and accruals

Other liabilities and accruals (in millions of euros)	2003	2002	2001
Due to suppliers of fixed assets	206.1	221.9	277.2
Accrued taxes and payroll costs	105.4	102.8	100.3
Accrued income tax	71.5	0.0	12.7
Tax arising from reform-related changes of accounting methods	0.0	185.5	371.0
Deferred income	87.6	88.6	89.1
Conversion gains	0.0	0.0	0.0
Other	17.0	11.8	5.7
Other liabilities and accruals	**487.7**	**610.6**	**856.0**

Amounts due to suppliers of fixed assets correspond to amounts billed or to be billed by suppliers of fixed assets. At December 31, 2003, 2002 and 2001, this item includes all accruals for additional work or price adjustments related to operations carried out prior to the year-end.

Amounts due to suppliers of fixed assets break down as follows:

Due to suppliers of fixed assets (in millions of euros)	2003	2002	2001
Amounts billed	93.6	69.5	89.2
Amounts not yet billed	112.5	152.3	188.0
Due to suppliers of fixed assets	**206.1**	**221.9**	**277.2**

The line "Tax arising from reform-related changes of accounting methods" shows the tax liability arising in 2000 which was payable in 2001, 2002 and 2003.

At December 31, 2003, income tax due for the year, net of installments, amounted to €71.5 million *(see note 4.16)*.

Deferred income can be analyzed as follows:

Deferred income (in millions of euros)	2003	2002	2001
Deferred income from telecoms operators	27.8	23.7	8.8
Deferred income from service area operators	24.4	25.8	24.5
Deferred income on borrowings	33.0	36.7	40.4
Other deferred income	2.4	2.4	15.5
Total deferred income	**87.6**	**88.6**	**89.1**

4.24 Off-balance sheet commitments

Off-balance sheet commitments (in millions of euros)	2003	2002	2001
a) Commitments given			
Performance bonds related to international operations	4.8	4.4	-
Other guarantees	-	0.4	-
Financial instruments	937.1	254.2	-
Post-retirement benefit obligations	11.0		
Total	**952.9**	**259.0**	**0.0**
b) Commitments received			
Bank bid bonds	117.2	126.1	172.1
Other commitments received (from customers)	29.2	25.2	22.9
Total	**146.4**	**151.2**	**195.0**
c) Reciprocal commitments			
Work contracts (signed and unsigned)	516.8	562.8	494.1
Total	**516.8**	**562.8**	**494.1**
Off-balance sheet commitments			

International operations

On September 19, 2002, ASF signed a partnership agreement with Bouygues Travaux Publics, a subsidiary of Bouygues Construction, concerning the Highway 2000 project for the construction and operation of Jamaica's first toll motorway. The partnership led to the formation of the TransJamaican Highway joint venture, which is 66%-owned by Bouygues and 34% by ASF, and holds the motorway concession agreement awarded by the Jamaican government.

ASF's commitment is currently limited to the initial 44-kilometer phase of the project, including 33 kilometers between Kingston and Sandy Bay, and 11 kilometers between Portmore and Causeway. This phase represents a total investment of $10.2 million, including $5.1 million for the 33-kilometer section – of which $2.9 million had been paid as of December 31, 2003 – $1.7 million for the 11-kilometer section, and a reserve of USD 3.4 million.

The operating company, Jamaican Infrastructure Operator, which is 51%-owned by ASF alongside Bouygues, will operate the motorway for 35 years. ASF is installing and will continue to install toll collection equipment on the various sections of the motorway. Under the terms of the contract with Bouygues Travaux Publics, ASF owns all the equipment (design, supply and installation) for the Old Harbour and Spanish Town toll plazas.

Financial instruments

As of December 31, 2003, ASF had several contracts on financial instruments, as follows:

- i)- Interest rate swaps, whereby we are the fixed rate lender and the floating rate borrower. They include four 3-month Euribor swaps on a total notional amount of €482.9 million and two 12-month Euribor swaps on a total notional amount of €100 million (consisting in each case of a fixed rate to E3M swap and a E3M to E12M swap), with interest payments determined quarterly in arrears. The notional amounts and expiry dates of the swaps match those of fixed rate borrowings from CNA. These instruments, which are carried off-balance sheet, had at positive fair value of €16.3 million at December 31, 2003.

- ii)- Two fixed rate lender/3-month Euribor borrower swaps on a total notional amount of €254.2 million linked to certain transactions referred to in i) above, but with remaining terms of less than one year. These instruments, which are carried off-balance sheet, had a negative fair value of €0.3 million at December 31, 2003.

- iii)- Caps and floors linked to the transactions referred to in i) and ii) above, but with shorter terms. At December 31, 2003, these instruments had a positive fair value of €0.8 million. At the same date, the underlying balance sheet debt had a positive fair value of €3.3 million. The total positive fair value of the instruments referred to in i), ii) and iii) above at December 31, 2003 was €16.8 million, compared with a positive fair value of €3.3 million for the underlying balance sheet debt, representing an unrealized profit of €13.5 million. In the financial statements, these instruments are treated as hedging instruments.

- iv)- A collar and a cap on a total notional amount of €274.4 million, purchased in advance of the corresponding swaps. At December 31, 2003, these instruments had a negative fair value of €1.1 million and the underlying balance sheet debt had a positive fair value of €1 million. Since the instruments were not matched by swaps as of the year-end, they were treated in the financial statements as trading instruments and a provision of €2.1 million was recorded in the balance sheet to cover the unrealized loss, including €0.3 million reversed during the year.

  If interest rates had been 100 basis points lower at December 31, 2003, these instruments would have had a negative fair value of around €3.8 million and unrealized losses would have amounted to approximately €4.8 million.

Other off-balance sheet commitments

ASF enters into various contracts with construction companies for the construction or maintenance of the network *(see point c) of the above table "4.24 Off-balance sheet commitments")*. The risks incurred under these contracts are normal for the type of activity concerned.

Other risk factors

- **Insurance:** ASF considers that its insurance policies provide adequate coverage of material potential risks. Insurance cover for liability claims arising from accidental damage to the environment amounts to €7.6 million per claim, with a

€7.6 million ceiling on total claims per insurance year. Companies that participate in the construction of motorways are required to carry insurance covering their own liability. ASF does not carry any insurance cover for potential operating losses, such as the loss of toll receipts due to demonstrations or strikes.

- **Market risks:** ASF's exposure to currency risks essentially concerns its Jamaican subsidiary and is not material. The Company's commitments in Jamaica are described in the section "International operations" above. Its exposure to interest rate risks is discussed in the notes to the financial statements (mainly notes 4.17 and 4.21).

- **Liquidity risks:** ASF's exposure to liquidity risks is not material, due to the fact that the bulk of financing is provided by Caisse Nationale des Autoroutes – a public body that provides funds for motorway construction in France – in the form of bullet loans that do not include any acceleration clauses. Since 2002, ASF has been phasing out CNA financing for new concessions, with the aim of eliminating all borrowing from CNA by 2006. This source of funds is being replaced by bank borrowings, bond issues and project finance. However, ASF can give no assurance about the availability of such financing or the terms on which it may be raised.

- **Government contracts:** ASF is subject to the procedures covering government contracts and all contracts are granted under a competitive bidding process. It is not dependent on any individual suppliers, customers or sub-contractors.

5. Notes to the statement of cash flows

5.1 General

The statement of cash flows shows changes in cash and cash equivalents. Cash and cash equivalents include cash, bank overdrafts and highly liquid short-term investments that can be easily converted into cash. The risk of a change in their value is not material. Financial instruments are not included.

5.2 Tax effect of reform-related changes of accounting method

The effect on working capital of income taxes arising from the 2000 reform is shown as a separate component of cash flows from operating activities. This presentation has been applied to clearly show the nature and effect of this tax liability on the Company's current and future cash flows.

5.3 Capitalized interest

Fixed assets include capitalized interest over the period of construction. Capitalized interest amounted to €24.4 million in 2003, €35.9 million in 2002, €77.8 million in 2001.

5.4 Other components of cash flow

Cash flow corresponds to net income before non-cash expenses (mainly provisions, depreciation and amortization) and income (mainly provisions write-backs).

The components of cash flow included under the caption "Other" primarily correspond to net provision charges included in payroll costs of €1.4 million in 2003 and €3.2 million in 2002, and net provision reversals of €10.3 million in 2001.

6. Additional Information

6.1 Tax group

The tax group is made up of ASF, ESCOTA, Soriase and Radio-Trafic.

Under the agreement among the companies in the tax group, each company records in its accounts the tax that it would have paid if it had been taxed on a stand-alone basis. This means that when loss-making subsidiaries that transferred their losses to the tax group return to profit, they recover the tax benefits obtained by the tax group through the use of these losses.

As of December 31, 2003, neither ESCOTA nor the tax group had any tax loss carryforwards.

6.2 Management compensation

The compensation paid to executive directors of ASF in 2003 for their services to ASF amounted to €1,073,492, including benefits in kind. No compensation is paid to non-executive directors.

6.3 Directors' fees

The amount of directors' fees allocated to the members of the Board of Directors of ASF for 2003 was €124,295. Payment will be made in 2004 after final calculation.

6.4 Claims and litigation

The ASF Group is involved in a number of claims and legal proceedings in the normal course of its business. At December 31, 2003, ASF considers that there are no claims or litigation in progress relating to the Company's businesses that are likely to have an unfavorable impact on its results of operations, business or financial position.

6.5 Specifications

The three concession agreements and the attached contract specifications are the main documents that define relations between ASF and the French State. They state specifications for construction and operation of motorways, describe the corresponding financial arrangements, the length of concession periods and the manner in which the concession assets are to revert to the State at the end of the concession period.

The following are the principal items likely to influence results of operations:

- The obligation to maintain all facilities in a good state of repair and ensure that traffic flows as smoothly as possible.
- The rules governing the setting of tariffs and future adjustments.
- Clauses indicating the steps that will be taken in the event of a change in technical regulations or tax rules applicable to motorway concession holders. If any such change were to seriously affect the profitability of the concession, the French State and ASF would agree jointly on the compensation to be paid to ASF to permit the continued provision of toll motorway services.
- Clauses to ensure that concession assets are handed over in a good state of repair at the end of the concession period, including by determining seven years prior to the concession expiry date the maintenance and renewal program to be carried out over the last five years of the concession.
- The terms for returning assets to the French State at the end of the concession period and related restrictions on these assets. The assets will be returned to the State without consideration and may not be sold or pledged as collateral or otherwise encumbered.
- The French State's right to terminate concession agreements in advance and to buy back these contracts. Under public law, the State may unilaterally terminate concession agreements in the public interest, subject to judicial supervision. The concession agreements also grant the State the option to buy back the concessions on or after January 1, 2012.

6.6 The Puymorens Tunnel

ASF is the legal holder of two concessions, one for the entire network apart from the Puymorens Tunnel, expiring on December 31, 2032, and the other for the 5.5-kilometer Puymorens Tunnel, expiring on December 31, 2037.

Depending on the assumptions used, the present value of the Puymorens Tunnel taken on its own could be less than its implicit net book value at December 31, 2003. However, the tunnel concession is backed by a State guarantee, defined as follows in the concession agreement: "On expiry of the concession, the State shall assume all of the concession-holder's debts and obligations related to the concession". In addition, although the tunnel is covered by a separate concession agreement, it is managed by ASF's operating units and corporate departments as an integral part of the network.

ASF therefore considers that the Puymorens Tunnel does not represent a separate cash-generating unit and accordingly has not carried out any impairment test on this asset.

6.7 Subsidiaries and affiliates

The following table is presented in thousands of euros.

At December 31, 2003

Financial information / Subsidiaries and affiliates	Capital stock	Reserves [1]	% interest	Book value of shares Cost	Book value of shares Net	Outstanding loans and advances	Guarantees given	Last published net revenues	Last published income (loss)	Dividends received
Subsidiaries (at least 50%-owned)										
◆ ESCOTA	131,544.9	(1,370.4)	98.97 %	130,885.5	130,885.5	142,614.5		(*) 476,763.4	(*) 83.5	
◆ Jamaican Infrastructure Operator	1.5		51.00 %							
◆ Truck Etap SAS	900.0		66.00 %	594.0				594.0		
Affiliates (10 to 50%-owned)										
◆ SARL Radio Trafic	20.0	(*) 25.8	50.00 %	10.0	10.0			(*) 2,190.4	(*) 3.7	
◆ SARL Soriase	20.0	(*) 11.2	35.00 %	7.0	7.0			(*) 980.0	(*) 5.5	
◆ Centaure Midi-Pyrénées	375.0	(**) 170.3	33.99 %	129.5	129.5			(**) 835.4	(**) 0.1	
◆ SVM	38.1	(***) (1,268.3)	36.28 %	13.8	0.0	495.0		(***) 0.0	(***) (1,265.5)	
◆ Transjamaican Highway	11,432.0	(*) (2,344.0)	34.00 %	2,793.1	2,793.1			(*) 0.8	(*) (1,710.0)	
◆ GIE Autoroutes Trafic	300.0	(*) 0.0	36.50 %	109.5	109.5			(*) 825.7	(*) 43.9	

[1] Shareholders' equity excluding capital stock and net income for the year. (*)2003 figures. (**)2002 figures. (***) 2001 figures .

Auditors' report on the Company financial statements

I. Auditors' report on the Company financial statements

(year ended December 31, 2003)

This is a free translation into English of the statutory auditors' report issued in the French language and is provided solely for the convenience of English-speaking readers. The statutory auditors' report includes information specifically required by French law in all audit reports, whether qualified or not, and this is presented below the opinion on the financial statements. This information 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, together with the statutory auditors' report addressing financial and accounting information in the Chairman's report on internal control] should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

PricewaterhouseCoopers Audit
Tour AIG – 34 place des Corolles
92908 PARIS LA DEFENSE 2

JPA
7 rue Galilée
75116 PARIS

The shareholders
Autoroutes du Sud de la France
100 avenue de Suffren
75015 Paris

In compliance with the assignment entrusted to us by the Annual General Meeting, we hereby report to you, for the year ended December 31, 2003, on:

- The audit of the accompanying financial statements of Société des Autoroutes du Sud de la France
- The justification of our assessments
- The specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the Company's financial position and its assets and liabilities at December 31, 2003, 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.225-235 of the Commercial Code relating to the justification of our assessments, introduced by the Financial Security Act of August 1, 2003 and which came into effect for the first time this year, we bring to your attention the following matter(s):

- Note 2 to the financial statements describes the rules and methods applied to account for infrastructure maintenance costs, in accordance with standards CRC 2002-10 and CRC 2003-07.
- Notes 3.2. and 3.10 to the financial statements describe the rules and methods applied to account for concession assets and the related depreciation.

During our assessment of the accounting principles and policies applied by the Company, we assessed the appropriateness of the above accounting methods and the description thereof in the notes, and obtained assurance concerning their correct application.

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

Specific verifications and information

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

We have no matters to report regarding the fair presentation and the conformity with the financial statements of the information given in the management report of the Board of Directors, and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

As required by law, we have verified that the information concerning the acquisition of controlling and other interests and the identity of shareholders is disclosed in the report of the Board of Directors.

Paris, March 31, 2004
The Statutory Auditors

PricewaterhouseCoopers Audit
Paul ONILLON

JPA
Jacques POTDEVIN

Auditors' fees

The fees paid to the ASF Group's auditors, as reflected in the 2003 income statement, in respect of 2003 for all consolidated companies were as follows:

Services	PricewaterhouseCoopers				Jacques POTDEVIN et Associés			
	Amount		%		Amount		%	
	2003	2002	2003	2002	2003	2002	2003	2002
Audit								
Statutory audit of the financial statements of the Company and the Group	376,801	565,722	97%	67%	215,952	272,364	100%	100%
Audit-related services		175,909		21%				
Sub-total audit	**376,801**	**741,631**	**97%**	**88%**	**215,952**	**272,364**	**100%**	**100%**
Autres prestations								
Legal and tax advice								
IT services								
Internal audit services								
Other services	12,927	99,200	3%	12%				
Sub-total other	**12,927**	**99,200**	**3%**	**12%**				
Total	**389,728**	**840,831**			**215,952**	**272,364**		

Amounts in euros, excluding taxes but including reimbursements of out-of-pocket expenses.

Auditors' report on regulated agreements

I. Auditors' report on regulated agreements (year ended December 31, 2003)

PricewaterhouseCoopers Audit
Tour AIG – 34 place des Corolles
92908 PARIS LA DEFENSE 2

JPA
7 rue Galilée
75116 PARIS

The shareholders
Autoroutes du Sud de la France
100 avenue de Suffren
75015 Paris

In our capacity as Statutory Auditors of Autoroutes du Sud de la France, we present below our report on regulated agreements.

Our responsibility does not include identifying any undisclosed agreements. We are required to report to shareholders, based on the information provided, about the main terms and conditions of agreements that have been disclosed to us, without commenting on their relevance or substance. Under the provisions of Article 92 of the March 23, 1967 decree, it is the responsibility of shareholders to determine whether the agreements are appropriate and should be approved.

We were not informed of any agreements entered into during the year that would be governed by Article L.225-38 of the Commercial Code.

Agreements entered into in prior years which remained in force in 2003

In application of the Decree of March 23, 1967, we were duly advised of the following agreements authorized in prior years which remained in force during 2003:

Short-term advances to ESCOTA

- Main terms of the agreement
  During the year ended December 31, 2003, the Company continued to implement the short-term financing agreement entered into with ESCOTA on December 22, 1994. At its meeting on December 12, 2002, the Board of Directors authorized the signature of addendum no. 2 modifying the interest rate applicable to the advances and setting the payment and repayment terms for the period 2002-2007.
  Since January 1, 2002, interest on advances is based on the EONIA rate.

- Payments in 2003
  Total outstanding advances at December 31, 2003 amounted to €142.6 million. Interest for 2003 came to €5.5 million.

Agreement with SRT (Société Radio Trafic)

- Main terms of the agreement
  On December 21, 1994, the Board of Directors authorized an agreement with SRT SARL, describing the services to be performed by ASF and SRT and the basis to be used to determine the related remuneration.

  SRT SARL's radio broadcasting services are billed to ASF at cost.

  ASF bills to SRT SARL the cost of supplying information, administrative assistance and logistics services, also without any mark-up.

  The agreement also provides for the granting of current account advances at an annual interest rate of 5%.

- Payments in 2003
  For the year ended December 31, 2003:
  - Services billed to ASF by SRT amounted to €1,032 thousand, excluding tax.
  - Services billed by ASF to SRT amounted to €461 thousand, excluding tax.
  - Total accounts payable to SRT amounted to €511 thousand, including tax.
  - Total accounts receivable from SRT amounted to €837 thousand, including tax.

We conducted our review in accordance with the professional standards generally accepted in France. Those standards require that we carry out the necessary procedures to verify the consistency of the information disclosed to us with the source documents.

Paris, March 31, 2004
The Statutory Auditors

PricewaterhouseCoopers Audit	JPA
Paul ONILLON	Jacques POTDEVIN

Resolutions presented at the Annual Shareholders' Meeting of May 13, 2004

1st Resolution

Approval of the financial statements of the Company for the year ended December 31, 2003

The Annual Shareholders' Meeting, having considered the Board of Directors' report on its management of the Company during the year ended December 31, 2003 and the Auditors' report on the financial statements, approves the 2003 financial statements, comprising the statement of income, balance sheet and related notes, as presented, as well as the transactions reflected in these financial statements and referred to in these reports.

The Annual Shareholders' Meeting therefore gives discharge to the directors for the fulfillment of their duties during 2003.

The Annual Shareholders' Meeting also approves the non-deductible expenses governed by article 39-4 of the General Tax Code, in the amount of €34,396, and the corresponding tax liability of €12,185.

2nd Resolution

Appropriation of income

The Annual Shareholders' Meeting, having noted that net income for the year amounts to €250,235,361.12, resolves, in accordance with the recommendation of the Board of Directors, to:

- Distribute €159,374,820.69 to shareholders, in the form of dividends.

The net dividend paid on each of the shares carrying rights to the 2003 dividend will amount to €0.69. Including the €0.345 avoir fiscal tax credit corresponding to tax already paid to the French Treasury, the total revenue per share will be €1.035.

- Appropriate the balance of €90,860,540.43 to retained earnings. Following this appropriation, retained earnings will amount to €2,326,880,297.70, including the balance at December 31, 2002 of €2,236,019,757.27.

The Annual Shareholders' Meeting notes that 230,978,001 shares were issued and outstanding as of March 17, 2004, as follows:

◆ Unrestricted shares	230,978,001
◆ Shares held in treasury stock	0
◆ Total shares issued and outstanding as of March 17, 2004	230,978,001

The Annual Shareholders' Meeting resolves that if the Company holds any shares in treasury stock on the dividend payment date, the dividends on these shares will be credited to retained earnings.

The Annual Shareholders' Meeting decides that the dividend will be paid as from May 26, 2004.

3rd Resolution

Dividends paid in prior years

The Annual Shareholders' Meeting, having considered the Board of Directors' report for the year ended December 31, 2003, notes that the Company (i) paid a dividend for the first time for the year ended December 31, 2000 in the amount of FRF 448.70 per share, representing a total revenue of FRF 673.05 including the avoir fiscal tax credit of FRF 224.35, (ii) did not pay any dividend for 2001, and (iii) paid a dividend for the year ended December 31, 2002 in the amount of €0.46 per share, representing a total revenue of €0.69 including the avoir fiscal tax credit of €0.23.

4th Resolution

Approval of the consolidated financial statements for the year ended December 31, 2003

The Annual Shareholders' Meeting, having considered the Board of Directors' report on its management of the Group during the year ended December 31, 2003 and the Auditors' report on the consolidated financial statements, approves the 2003 consolidated financial statements, as presented, as well as the transactions reflected in these financial statements and referred to in these reports.

The Annual Shareholders' Meeting therefore gives discharge to the directors for the fulfillment of their duties during 2003.

5th Resolution

Approval of regulated agreements

The Annual Shareholders' Meeting, having considered the Auditors' special report on agreements governed by Articles L.225-38 et seq. of the Commercial Code, approves the report's conclusions and the agreements referred to therein.

6th Resolution

Authorization to implement a share buyback program

The Annual Shareholders' Meeting, having considered the Board of Directors' report, cancels, with immediate effect, the unused portion of the authorization to implement a share buyback program given in the sixth resolution of the Annual Shareholders' Meeting of April 29, 2003, and gives a new authorization to the Board of Directors to implement a share buyback program governed by Articles L.225-209 et seq. of the Commercial Code as follows:

- Shares may be purchased, sold or transferred on one or several occasions by all appropriate methods (including through off-market or over-the-counter transactions, block purchases and the use of warrants, options and other derivative instruments), at any time including while a public tender offer is in progress.

- The maximum purchase price per share is set at €50 and the minimum sale price at €15. In the case of corporate actions, including bonus share issues paid up by capitalizing retained earnings, or a stock-split or reverse stock-split, these prices will be adjusted based on the ratio between the number of shares issued and outstanding before and after the transaction.

- The number of shares bought back under this authorization may not exceed 10% of the Company's capital.

- The total amount invested in the buyback program may not exceed €400 million.

- Shares may be bought back for any or all of the purposes allowed by law or that may be allowed by law at the time of the buyback. In particular, the Company may use this authorization to:

  - Stabilize the share price by trading against the market.

  - Buy or sell ASF shares based on market situations.

  - Purchase shares for allocation on exercise of stock options granted to the management and employees of the Company and/or the Group, or in connection with an employee stock ownership plan governed by Articles L.443-1 et seq. of the Labor Code and Article L.225-196 I 2°) of the Commercial Code.

  - Purchase shares for allocation to employees under the statutory profit-sharing scheme.

  - Purchase shares to be held, sold or otherwise transferred, in whole or in part, including in payment for shares of another company in connection with an external growth transaction or on conversion, redemption, exchange or exercise of share equivalents in connection with the Company's asset/liability or financial management policy.

This authorization is given for a period of 18 months commencing on the date of this Meeting.

The Annual Shareholders' Meeting gives full powers to the Board of Directors to use this authorization and to decide the terms and conditions of the buybacks, including the power to delegate responsibility for executing all routine tasks related to the program, to place buy and sell orders, to enter into any and all agreements, to carry out any and all publication and other formalities, and generally do whatever is necessary.

The Board of Directors shall report to the Annual Shareholders' Meeting on all transactions carried out under this authorization.

The Board of Directors shall disclose to the Autorité des Marchés Financiers, on a monthly basis, all share purchases, sales and transfers carried out during the month.

7th Resolution

Directors' fees

The Annual Shareholders' Meeting, having considered the Board of Directors' report, decides to set the annual amount of directors' fees for the current year at €240,000.

8th Resolution

Powers

Full powers are given to the bearer of an original, extract or copy of the minutes of this Meeting to carry out all necessarily legal and regulatory formalities.

Legal and financial information

General information about the Company and its capital

General information about the Company

Company name and registered office

Company name:
Autoroutes du Sud de la France – ASF
Registered office: 100 avenue de Suffren, 75015 Paris, France.

Legal form and governing law

The Company is a société anonyme administered by a Board of Directors, governed by the provisions of the Commercial Code and the related enabling legislation applicable to trading companies.

The Company is also governed by the provisions applicable to private companies with public-sector shareholders.

Date of incorporation and term

The Company was incorporated on September 6, 1957 and will be automatically dissolved on September 6, 2056 unless it is wound up in advance or its term is extended.

Corporate purpose (Article 2 of the bylaws)

The Company's corporate purpose is as follows:

- Under a concession agreement, contract, mandate or other form of delegation, to design, build, maintain and operate, or maintain and operate expressways, motorways or civil engineering structures, including slip-roads and feeder-roads, build and operate related infrastructures or intermodal transport infrastructures, improve the surrounding land, gather, process and distribute traffic information and, generally, perform any and all related work or activities.

- Under a contract, mandate or other form of delegation, to perform any and all studies and any and all engineering services related to the construction, maintenance or operation of transport infrastructures other than those referred to above.

- To design, build and operate freight centers, vehicle parking areas and multimodal platforms.

- To build and operate telecommunications infrastructures related directly to the business of transport infrastructure operator.

- To carry out any and all studies and develop any and all industrial and scientific processes, materials and equipment related directly or indirectly to the operation or construction of transport infrastructures.

- Generally, to invest in any and all financial, commercial, securities or real estate companies, transactions or ventures, including for the acquisition of and improvements to land and buildings, related to the above corporate purpose.

The inclusion of the words "to operate related structures", and "to design, build and operate freight centers, vehicle parking areas and multimodal platforms" was voted at the Annual Shareholders' Meeting of April 29, 2003. This extension of the Company's corporate purpose reflects the strategic decision to diversify the business base.

Registration particulars

The Company is registered in Paris under nº. 572 139 996. Its APE business identifier code is 632A.

Consultation of legal documents

All legal documents concerning the Company that are required to be made available to shareholders in accordance with the applicable regulations can be consulted at the Company's headquarters, 100 avenue de Suffren, 75015 Paris, France.

Fiscal year

The Company's fiscal year covers the 12-month period from January 1 to December 31.

Appropriation of income (Article 34 of the bylaws)

At least five percent (5%) of net income for the year, less any losses brought forward from prior years, is transferred to the legal reserve until such time as the legal reserve represents one-tenth of capital stock. This requirement also applies if the legal reserve falls to below one-tenth of capital stock for any reason.

Income available for distribution comprises net income for the year, less any losses brought forward from prior years and less any transfer to the legal reserve made as explained above, plus any retained earnings. The Annual Shareholders' Meeting may decide to appropriate all or part of this amount to any discretionary, ordinary or extraordinary reserves or to retained earnings. The Annual Shareholders' Meeting also decides the amount to be distributed to shareholders as dividends, determined ratably based on their rights to capital stock.

Shareholders' Meetings (Article 27 of the bylaws)

Shareholders' Meetings are called and conduct business in accordance with the law. Meetings are held at the Company's headquarters or at any other venue specified in the notice of meeting. All shareholders, whatever the number of shares held, are entitled to attend Shareholders' Meetings and take part in the vote, in person, by proxy or by post, provided that:

- Holders of registered shares have had their shares recorded in a registered share account opened in their name with the Company.
- Holders of bearer shares file at the address specified in the notice of meeting a certificate issued by the bank or broker that manages their securities account stating that the shares will not be sold in the period up to the date of the Meeting without notifying the Company.

These formalities must be carried out at least five days prior to the date of the Meeting. However, the Board of Directors may decide to reduce this period or waive these formalities, for all shareholders.

Each share carries the right to one vote at Shareholders' Meetings, such that each shareholder has a number of votes equal to the number of shares held, without limitation.

No shares carry double voting rights.

Non-resident shareholders may be represented at Shareholders' Meetings by any bank, broker or other accredited intermediary that has opened a registered share account on their behalf and has full discretionary authority to manage the shares, provided that the intermediary discloses, when its account is opened with the Company or with the bank or broker that keeps the securities account, that it is acting as an intermediary holding shares on behalf of a third party, in accordance with the applicable laws and regulations.

Shareholders' Meetings are chaired by the Chairman of the Board of Directors or, in his absence, by a Vice Chairman or, in the latter's absence, by a director specifically authorized to act in this capacity by the Board of Directors. Failing that, the Shareholders' Meeting will elect its own chairman.

Disclosure thresholds (Article 9 of the bylaws)

Pursuant to the resolutions voted at the Shareholders' Meeting of March 13, 2002 amending Article 9 of the bylaws, any individual or legal entity acting alone or in concert that comes to hold, directly or indirectly, through one or several controlled legal entities, within the meaning of Article L.233-3 of the Commercial Code, a number of shares representing at least 1% of the Company's capital stock or voting rights, must disclose to the Company within five trading days, the total number of shares and/or voting rights held, as well as the number of securities convertible, redeemable, exchangeable or otherwise exercisable for shares, by registered letter with return receipt requested, or by any equivalent method outside France in the case of non-resident shareholders.

The same disclosure formalities must be carried out whenever the proportion of the capital stock or voting rights held is increased to more than any multiple of 1% or reduced to less than any such multiple.

In addition, pursuant to French company law, any individual or legal entity acting alone or in concert that comes to hold a number of shares representing more than 5%, 10%, 20%, 33 1/3% 50% or 66 2/3% of the Company's capital stock and/or voting rights, must disclose to the Company the number of shares and voting rights held, by registered letter with return receipt requested, within 15 days of the relevant disclosure threshold being crossed.

In the case of failure to comply with these disclosure rules, the shares not disclosed pursuant to the provisions of the bylaws or the law, as described above, will be stripped of voting rights at any and all Shareholders' Meetings held within the two-year period from the date when the omission is remedied. In the case of non-compliance with the disclosure rules specified in the bylaws, this measure will be implemented at the request of one or several shareholders representing at least 1% of the Company's capital stock or voting rights, duly recorded in the minutes of the Shareholders' Meeting.

Identification of holders of bearer shares (Article 9 of the bylaws)

Article 9 of the bylaws stipulates that the Company may implement a titres au porteur identifiable procedure to determine the identity of holders of bearer shares.

Accordingly, the Company may request, at any time on the basis provided for in the applicable laws and regulations, from the clearing house for share transactions, details of the identity of holders of the Company's shares and any other securities conferring on their holders current or future rights to vote at Shareholders' Meetings, including the number of securities held in each case and any restrictions applicable to the securities.

After reviewing the information provided by the clearing house, if the Company believes that any individuals or legal entities appearing on the list in fact manage securities accounts on behalf of the ultimate owners of the securities, it may contact such individuals or legal entities – either directly or through the clearing house – to obtain details of the identity of said ultimate owners.

Any such individuals or legal entities acting in the capacity of intermediary are under the obligation to disclose the identity of the ultimate owners of the securities. The information will be supplied directly to the bank, broker or other accredited intermediary that manages the securities account, which will be responsible for informing either the Company or the clearing house.

The Company may also request from any legal entity that holds over 2.5% of its capital stock or voting rights details of the individuals or legal entities that hold, directly or indirectly, more than one third of the entity's capital stock or voting rights.

General information about the Company's capital stock

Changes in capital and voting rights attached to shares

Any changes in capital or in the voting rights attached to shares are subject to the rules prescribed by law.

Form of the Company's shares and evidence of ownership

Shareholders may choose to hold their shares in either registered or bearer form, subject to compliance with the provisions of the law, as follows:

- Registered shares will be recorded in a registered share account opened with the Company (known as a nominatif pur account) or with a bank, broker or other accredited intermediary (known as a nominatif administré account).
- Bearer shares will be recorded in an account opened with a bank, broker or other accredited intermediary.

Share buyback programs

At the Shareholders' Meeting of March 13, 2002, the Company was authorized to implement a share buyback program. Under the terms of the related resolution, shares could be purchased, sold or transferred on one or several occasions by all appropriate methods (including through off-market or over-the-counter transactions, block purchases and the use of warrants, options and other derivative instruments), at any time including while a public tender offer was in progress.

The maximum purchase price per share was set at 200% of the price offered to institutional investors at the time of the Company's initial public offering, i.e. €50, and the minimum sale price was set at 50% of said price, i.e. €12.50. In the case of corporate actions, including bonus share issues paid up by capitalizing retained earnings, or a stock-split or reverse stock-split, these prices would be adjusted based on the ratio between the number of shares issued and outstanding before and after the transaction.

The number of shares bought back under the authorization was capped at 10% of the Company's capital and the total amount invested in the buyback program was capped at €400 million.

Shares could be bought back for any or all of the purposes allowed by law. In particular, the Company could use the authorization to stabilize the share price by trading against the market, to buy and/or sell ASF shares based on market situations, to purchase shares for allocation on exercise of stock options granted to the management and employees of the Company and/or the Group and to purchase shares for allocation to employees under the statutory profit-sharing scheme, to purchase shares to be held, sold or otherwise transferred, in whole or in part, including in payment for shares of another company in connection with an external growth transaction or on conversion, redemption, exchange or exercise of share equivalents in connection with the Company's asset/liability or financial management policy. The share buybacks could be financed out of the Company's own resources or, if appropriate, by using external funds.

The authorization was given for a period of 18 months commencing on the date of the Meeting, which was held on March 13, 2002. It expired, therefore, on September 13, 2003.

The Shareholders' Meeting gave full powers to the Board of Directors to use this authorization and to decide the terms and conditions of the buybacks, including the power to delegate responsibility for executing all routine tasks related to the program, to place buy and sell orders, to enter into any and all agreements, to carry out any and all publication and other formalities, and generally do whatever was necessary. In this regard, the Board of Directors authorized the Company's senior management to carry out transactions to stabilize the share price, subject to a maximum investment of €5 million.

In 2002, the Company used the authorization given at the Shareholders' Meeting of March 13, 2002 to buy back 40,000 shares on the market at a total cost of €916,400, representing an average price per share of €22.91. The transactions were carried out based on market situations.

At the Shareholders' Meeting of April 29, 2003 (sixth resolution), the unused portion of the authorization was cancelled and a new authorization was given to implement a buyback program.

The Company did not use the April 29, 2003 authorization during 2003. At the Shareholders' Meeting of May 13, 2004 (sixth resolution), shareholders will be asked to cancel the existing buyback program and to authorize a new program (see Resolutions presented at the Annual Shareholders' Meeting of May 13, 2004).

Capital stock

As of the date of this report, the Company's capital stock amounted to €29,343,640.56 divided into 230,978,001 no par value common shares, all fully subscribed and paid-up and all carrying the same rights.

Opening up of the Company's capital and IPO in 2002

On October 16, 2001, the Minister of the Economy, Finance and Industry announced plans to open up the Company's capital. This was achieved in the first half of 2002, in the form of an initial public offering (the "IPO") on the Premier Marché of Euronext Paris S.A. ("Euronext Paris"). The IPO included an open price retail offering and a global offering. The prospectus for the IPO was approved by the Commission des Opérations de Bourse on March 27, 2002 under visa no. 02-283 (the "IPO Prospectus").

The Shareholders' Meeting of March 13, 2002 gave the necessary powers to the Board of Directors to issue up to €15 million worth of shares and share equivalents in connection with the IPO, with pre-emptive subscription rights for existing shareholders. At its meeting held the same day, the Board of Directors used this authorization to issue 193,897,080 stock warrants to holders of shares recorded in a securites account as of March 13, 2002. The warrants were attributed without consideration on March 14, 2002 on the basis of one warrant per share, exercisable on the basis of 81 warrants for 14 ASF shares at the global offering price of €25. On April 4, 2002, the Company issued 29,137,964 new shares on exercise of stock warrants.

At the Shareholders' Meeting of March 13, 2002, the Company was also authorized to issue 5 million stock warrants to HSBC CCF Investment Bank (France) S.A. ("HSBC"). These warrants, carrying rights to 5 million shares at the global offering price of €25, could only be exercised under the over-allotment option.

Lastly, in connection with the opening up of the Company's capital stock, the Shareholders' Meeting of March 13, 2002 authorized the issuance of up to €2 million worth of shares to current and retired employees who were members of a PEE or PPESV employee stock ownership plan set up by ASF or by related companies within the meaning of Article L.225-180 of the Commercial Code. Using the authority delegated to him by the Board of Directors at its meeting on March 13, 2002, the Chairman acted on this authorization by issuing 5,430,388 new shares to eligible current and retired employees on May 28, 2002.

Following these transactions, the Company's capital stock amounted to €29,343,640.56, divided into 230,978,001 common shares.

Authorized, unissued capital

Authorizations voted at the Shareholders' Meeting of March 13, 2002:				
Type of securities	**Duration of the authorization and expiry date**	**Maximum issuance amount (in millions of euros)**	**Maximum capital increase (in millions of euros)**	**Utilizations**
Issuance of shares and share equivalents, with pre-emptive subscription rights*	26 months, expiring May 13, 2004	1,000	15	Issuance of 29,137,964 shares on exercise of warrants attributed to shareholders at the timeof the IPO (see "Opening up of the Company's capital and IPO in 2002", page 213).
Issuance of shares and share equivalents, without pre-emptive subscription rights*	26 months, expiring May 13, 2004	1,000 (not cumulative with the above amount)	15 (not cumulative with the above amount)	—
Issuance to HSBC of 5 million warrants without pre-emptive subscription rights, in connection with the IPO	6 months, expiring September 13, 2002	—	0.635 (not cumulative with the above amount)	Issuance of 2,512,569 shares on exercise of warrants (see "Opening up of the Company's capital and IPO in 2002", page 213).
Issuance of shares to be paid up by capitalizing retained earnings, additional paid-in capital or income*	26 months, expiring May 13, 2004	—	3 (cumulative with the above amount)	—

Type of securities	**Duration of the authorization and expiry date**	**Characteristics**	**Utilizations**
Employee share issues			
Issuance of shares to members of a PEE or PPESV employee stock ownership plan,or to be paid up by capitalizing retainedearnings, additional paid-in capital or income*	26 months, expiring May 13, 2004	Maximum aggregate par value of €2 million	Issuance of 5,430,388 shares for cash to members of a PEE or PPESV (see "Opening up of the Company's capital and IPO in 2002", page 213).

*No resolution was presented at the Shareholders' Meeting of April 29, 2003 amending this authorization.

The authorizations given at the Shareholders' Meeting of March 13, 2002 have been used to issue €870 million worth of shares. Consequently, authorized, unissued capital currently amounts to €130 million. No resolution was presented at the Shareholders' Meeting of April 29, 2003 amending the authorizations or increasing this amount.

Authorizations presented at the Annual Shareholders' Meeting of May 13, 2004		
Type of securities	Duration of the authorization and expiry date	Characteristics
Share buyback program		
Share buybacks	18 months, expiring November 13, 2005	Maximum of 10% of the shares issued and outstanding

Non-equity securities

The Shareholders' Meeting of March 13, 2002 gave the Board of Directors a 26-month authorization to issue up to €2 billion worth of bonds and equivalents. At the Shareholders' Meeting of April 29, 2003, this authorization was cancelled and the Board was given a new authorization to issue bonds and equivalents, for a maximum of €2 billion. This authorization was also given for a period of 26 months, commencing on April 29, 2003.

In September 2003, the Board of Directors used the authorization given in the seventh resolution of the April 29, 2003 Shareholders' Meeting, by delegating to the Chairman full discretionary powers to issue up to €500 million worth of bonds and equivalents. These powers may be used to carry out one or several issues, within the above limit, in France or abroad, through a public or private placement, subject to compliance with the limits and other conditions specified in the related resolution. On January 22, 2004, the Group carried out a €450 million bond issue through Caisse Nationale des Autoroutes.

Share equivalents

There are currently no other securities outstanding that are convertible, redeemable, exchangeable or otherwise exercisable for shares. However, at the Shareholders' Meeting of March 13, 2002, the Board of Directors was authorized to issue shares and other securities carrying rights to a stake in the capital *(see "Authorized, unissued capital", page 215)*.

Changes in capital stock over the last five years

Date	Transaction	Par value[1]	New capital stock (in €)	New number of shares	Number of shares issued	Premiums (in € millions)
June 26, 2001*	Conversion of capital stock into euros (Shareholders' Meeting of June 26, 2001) [2]	—	24,632,849	1,615,809	—	—
March 13, 2002	120-for-1 stock-split (Shareholders' Meeting of March 13, 2002)	—	24,632,849	193,897,080	192,281,271	—
April 2002	Opening up of ASF's capital – Issuance of shares on exercise of warrants attributed to shareholders without consideration and warrants issued to HSBC under the over-allotment option (see § "Opening up of the Company's capital and IPO in 2002", page 213).	—	28,653,759.48	255,547,613	31,650,533	776
May 28, 2002	Opening up of ASF's capital – Employee share issue (see "Opening up of the Company's capital and IPO in 2002", page 213).	—	29,343,640.56	230,978,001	5,430,388	78

*There were no changes in capital stock between 1997 and 2001.

(1) When the capital stock was converted into euros, pursuant to the decision of the Shareholders' Meeting of June 26, 2001, the reference to the shares' par value was deleted from the bylaws.

(2) The conversion of capital stock into euros was decided at the Shareholders' Meeting of June 26, 2001. The amount in euros was rounded down to €24,632,849, leading to a €0.41 reduction in capital, credited to retained earnings.

Current ownership structure

Ownership structure as of December 31, 2003

See table in the section "The Group/Information for shareholders and the financial markets", page 16.

Changes in ownership structure over the last three years.

Changes in ownership structure since December 31, 2001	As of December 31, 2001			As of December 31, 2002			As of December 31, 2003		
Shareholders	No. of shares	% interest	% voting rights	No. of shares	% interest	% voting rights	No. of shares	% interest	% voting rights
State	799,395	49.47%	49.47%	95,855,870	41.5%	41.5%	95,855,870	41.5%	41.5%
Autoroutes de France	799,391	49.47%	49.47%	20,427,400	8.8%	8.8%	20,427,400	8.8%	8.8%
Regional authorities and Chambers of Commerce and Industry	17,017	0.20%	1.05%	2,078,802	0.9%	0.9%	2,078,802	0.9%	0.9%
Employees	—	—	—	5,543,472	2.4%	2.4%	5,244,842	2.3%	2.3%
Directors and senior management	6	n.m.	n.m.	602	n.m.	n.m.	2.047	n.m.	n.m.
ASF	—	—	—	40,000	n.m.	n.m.	0	0	0
Vinci Concessions	—	—	—	40,923,246	17.7%	17.7%	46,208,033	20.0%	20.0%
Public*	—	—	—	66,108,609	28.7%	28.7%	61,161,007	26.5%	26.5%
Total	**1,615,809**	**100%**	**100%**	**230,978,001**	**100%**	**100%**	**230,978,001**	**100%**	**100%**

* Excluding disclosed interests.

The Shareholders' Meeting of March 13, 2002 approved a 120-for-1 stock-split effective March 13, 2002. As of April 14, 2004, shares held by the public included 28,928 registered shares (source: EEF).

Controlling shareholders

The Company is 50.3%-owned by the State and Autoroutes de France, a public sector entity (établissement public à caractère administrative) set up in the Finance Act of December 30, 1982 (Act no. 82-1152, amended).

Market for the Company's shares

See table in the section "The Group/Information for shareholders and the financial markets", pages 15-16.

ASF share price and trading volumes on the Premier Marché of Euronext Paris.

Date	High (in €)	Low (in €)	Year-end (in €)	Average closing price (in €)	Trading volume (shares)	Trading volume (€ millions)
August 2002	26.50	23.10	26.00	25.32	5,088,598	127.32
September 2002	27.90	25.00	27.00	26.55	7,807,022	208.28
October 2002	26.61	22.51	25.19	24.09	6,805,917	164.99
November 2002	26.40	23.75	24.95	25.07	4,682,488	117.66
December 2002	25.38	22.62	23.03	24.36	3,709,644	90.16
January 2003	25.00	21.85	23.71	23.59	10,624,217	259.73
February 2003	25.24	23.12	23.79	24.20	3,938,343	95.16
March 2003	24.39	21.80	23.40	23.17	8,409,718	194.17
April 2003	25.00	23.00	24.50	24.24	5,126,202	123.97
May 2003	25.40	23.81	25.40	24.79	4,742,653	117.37
June 2003	26.78	25.15	25.45	25.82	10,717,353	275.36
July 2003	27.88	24.85	26.79	26.51	9,554,508	253.07
August 2003	26.80	25.61	25.75	26.22	5,559,167	145.73
September 2003	27.90	25.51	26.60	26.34	13,491,577	356.62
October 2003	27.10	25.92	26.50	26.58	11,027,462	293.04
November 2003	27.20	25.75	27.00	26.57	7,653,191	202.98
December 2003	27.19	25.40	26.60	26.85	11,993,277	319.26
January 2004	27.80	25.90	27.36	26.72	5,323,129	141.85
February 2004	28.94	27.30	28.73	28.12	4,395,317	122.74
March 2004	30.59	28.22	29.78	29.43	5,978,288	175.76

Source: Euronext Paris

Insurance

ASF has taken out property and casualty insurance for varying amounts, depending on the type of claim. The program includes €30.5 million in fire, explosion and lightning cover, €3.1 million in cover for machine damage, damage to computer systems and electrical damage, and €3 million in cover for damage to civil engineering structures. At ESCOTA, the amounts are €30 million, €4 million and €1.5 million respectively. ASF and ESCOTA also have liability cover. ASF's program provides cover of €11.4 million per claim for operating liability claims and €11.4 million per year for professional liability claims. At ESCOTA, the amounts are €16 million for operating liability claims (without any ceiling per claim) and €16 million for professional liability claims. Cover for losses arising from liability claims for accidental environmental damage amounts to €7.6 million per claim and for total claims per insurance year at ASF and €15 million at ESCOTA. Contractors retained by the ASF Group to work on motorway construction projects are required to take out insurance cover for their work.

The Group does not have business interruption insurance covering any loss of revenues due to events such as demonstrations.

Intellectual property

In the normal course of business, ASF uses a certain number of proprietary trademarks. The Radio Trafic 107.7 FM and Web Trafic trademarks are registered and the ASF, ESCOTA and Radio Trafic logos are also protected.

Exceptional events, claims and litigation

The Group is party to a certain number of claims and lawsuits in the normal course of business. To the best of the Company's knowledge, no litigation, arbitration proceedings or exceptional events are in progress or have occurred in the recent past that could have a material impact on the financial position, results of operations or business of the Company or the Group. In accordance with the recommendations of the Auditors, provisions for contingencies are estimated on a conservative basis, following a case-by-case analysis of the related risks. The estimates are backed up by statistical analyses, covering the results of claims and litigation for the last ten years. These analyses show that the actual cost per claim averages 10% of the amount originally claimed. Accordingly, the basic rule followed by the Group consists of booking provisions for 10% of the amount of all claims in progress at December 31. A risk analysis method that takes into account the specific characteristics of certain claims is currently being developed with the Auditors' assistance. The results of these analyses will be compared with those obtained from the statistical analysis. This new approach will improve the reliability of the total provision, and will also ensure that specific provisions reflect as closely as possible the actual risk represented by each claim.

International operations

See "The Group/Growth strategy", page 6.

See "Financial report/Risk factors", page 122.

Person responsible for the document de référence and Auditors

Person responsible for the document de référence

Bernard Val
Chairman of the Board of Directors

Statement by the person responsible for the document de référence

"To the best of my knowledge, the information contained in this document de référence is correct and includes all the information required by investors to form an opinion about the assets and liabilities, business, financial position, results of operations and outlook of Autoroutes du Sud de France. No information has been omitted that would be likely to alter an investor's opinion."

Bernard Val
Chairman of the Board of Directors

Auditors

Statutory Auditors

- Befec-Pricewaterhouse, renamed **PricewaterhouseCoopers Audit** by decision of the Extraordinary Shareholders' Meeting of December 20, 2002 – member of PricewaterhouseCoopers
34 place des Corolles,
92808 Paris La Défense 2

Represented by Paul Onillon.

Date of first appointment and current appointment: Shareholders' Meeting of June 27, 2000.

Current appointment expires:
Annual Shareholders' Meeting to be called to approve the financial statements for the year ending December 31, 2005.

- **JPA**
7 rue Galilée
75116 PARIS

Represented by Jacques Potdevin.

Date of first appointment: Shareholders' Meeting of September 27, 1994.

Date of current appointment:
Shareholders' Meeting of June 27, 2000.

Current appointment expires:
Annual Shareholders' Meeting to be called to approve the financial statements for the year ending December 31, 2005.

- **SCP Guyot Varona et Autres**
105 avenue Raymond-Poincaré
75116 PARIS

Represented by Gérard Varona.

Date of first appointment: Shareholders' Meeting of September 27, 1994.

Date of current appointment:
Shareholders' Meeting of June 27, 2000.

Current appointment expires:
Annual Shareholders' Meeting to be called to approve the financial statements for the year ending December 31, 2005.

Substitute Auditors

- **Socodec Exco Bourgogne**
5 avenue Garibaldi
21000 DIJON

Represented by Jean-Noël Parot

Date of first appointment:
Shareholders' Meeting of June 28, 1988.

Date of current appointment:
Shareholders' Meeting of June 27, 2000.

Statement by the Auditors on the document de référence

PricewaterhouseCoopers Audit
Tour AIG
34 place des Corolles
92908 PARIS LA DEFENSE Cedex

JPA
7 rue Galilée
75116 PARIS

This is a free translation into English of the Statutory Auditors' statement issued in the French language and is provided solely for the convenience of English speaking readers. This statement should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

In our capacity as statutory auditors of Autoroutes du Sud de la France and as required by Commission des Opérations de Bourse regulation COB 98-01, we have examined in accordance with French professional standards the information about the financial position and the historical accounts included in this document de référence for the year ended December 31, 2003.

This document de référence is the responsibility of Bernard Val, Chairman of the Board of Directors. Our responsibility is to express an opinion on the fairness of the information about the financial position and the accounts contained in this document de référence.

Our procedures, which were performed in accordance with French professional standards, consisted of assessing the fairness of the information about the financial position and the accounts and verifying that this information agrees with the audited financial statements, reading the other information contained in the reference document in order to identify any material inconsistencies with the information about the financial position and the accounts, and reporting any manifestly incorrect information that came to our attention, based on our overall knowledge of the Company, as acquired during our audit. This document does not contain any forward looking information determined according to a structured process.

We also audited the financial statements of the Company and the Group for the year ended December 31, 2003, as approved by the Board of Directors. Our audits were performed in accordance with auditing standards generally accepted in France. Our reports on these financial statements did not contain any qualifications or emphasis of matter.

In accordance with the requirements of Article L.225-235 of the Commercial Code relating to the justification of our assessments, introduced by the Financial Security Act of August 1, 2003 and which came into effect for the first time this year, in our report on the consolidated financial statements we drew shareholders' attention to the following matters:

- Note 2 to the consolidated financial statements describes the rules and methods applied to account for infrastructure maintenance costs, in accordance with standards CRC 2002-10 and CRC 2003-07.

- Notes 2.3. and 2.11 to the consolidated financial statements describe the rules and methods applied to account for concession assets and the related depreciation.

During our assessment of the accounting principles and policies applied by the Group, we assessed the appropriateness of the above accounting methods and the description thereof in the notes, and obtained assurance concerning their correct application.

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

In accordance with the requirements of article L.225-235 of the Commercial Code relating to the justification of our assessments, introduced by the Financial Security Act of August 1, 2003 and which came into effect for the first time this year, in our report on the Company financial statements, we drew shareholders' attention to the following matters:

- Note 2 to the financial statements describes the rules and methods applied to account for infrastructure maintenance costs, in accordance with standards CRC 2002-10 and CRC 2003-07.

- Notes 3.2. and 3.10 to the financial statements describe the rules and methods applied to account for concession assets and the related depreciation.

During our assessment of the accounting principles and policies applied by the Company, we assessed the appropriateness of the above accounting methods and the description thereof in the notes, and obtained assurance concerning their correct application.

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

We also audited the financial statements of the Company and the Group for the year ended December 31, 2002, as approved by the Board of Directors. Our audits were performed in accordance with auditing standards generally accepted in France. Our reports on these financial statements did not contain any qualifications or emphasis of matter.

We also audited the financial statements of the Company and the Group for the year ended December 31, 2001, as approved by the Board of Directors. Our audits were performed in accordance with auditing standards generally accepted in France. Our reports on these financial statements did not contain any qualifications, but included an observation concerning the changes of method and presentation adopted on January 1, 2001.

Based on the procedures described above, we have nothing to report with respect to the fairness of the information about the financial position and the historical financial statements contained in this document de référence.

Paris, March 31, 2004
The Statutory Auditors

PricewaterhouseCoopers Audit
Paul ONILLON

JPA
Jacques POTDEVIN

ASF SA. Capital stock: €29,343,640.56. Headquarters: 100 avenue de Suffren - BP 533 - 75725 Paris Cedex 15 - France. Registered in Paris under no. B572139996.

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Des informations sur la société sont également disponibles sur le site Internet de la société www.asf.fr

AMF checklist

SECTION 1: PERSON RESPONSIBLE FOR THE DOCUMENT DE RÉFÉRENCE AND AUDITORS

SECTION 2: NOT APPLICABLE

SECTION 3: GENERAL INFORMATION ABOUT THE COMPANY AND ITS CAPITAL STOCK

Notes

In accordance with regulation COB 98-01, the *document de référence* in French was approved by the Autorité des Marchés Financiers (AMF) on April 23, 2004, under visa no. R04-059. The *document de référence* may not be used in connection with a financial transaction, unless it is accompanied by an information memorandum also approved by the AMF.

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Autoroutes du Sud de la France

Faites la route avec nous

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