

Annual report  
2003





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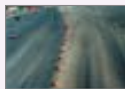
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## Board of Directors

at 18 March 2004

Henri Cyna  
Honorary Chairman

Guy Maillard  
Honorary Chairman

Maurice Durand-Dubief  
Honorary Chairman

Henri Stoff  
Chairman and CEO

Eiffage  
represented by  
Jean-François Roverato

VINCI Concessions  
represented by  
David Azema

Jean-François Poupinel  
Honorary Chairman

VINCI  
represented by  
Antoine Zacharias

Sogepar  
represented by  
Bernard Huvelin

VINCI Construction  
represented by Roger Martin

Paribas Participations  
represented by  
Olivier de Vregille

Société Générale  
represented by  
Pierre-Jean Brenugat

Colas  
represented by Alain Dupont

Patrick Faure



## Executive Committee

at 5 April 2004

**Odile Georges-Picot**  
Executive Vice-President  
Concessions and development

**Henri Stouff**  
Chairman and CEO

**Jean-Marc Charoud**  
Executive Vice-President  
Construction and services

**Jean-François Bourdeau**  
Vice-president, human resources

**Pierre Duprat**  
Vice-president, communication

**Christian Heurtebis**  
Vice-president, development

**André Broto**  
Vice-president, construction

**Jérôme Geoffray**  
Vice-president, operational systems

**Patrick Paris**  
Vice-president, finance

**Jean-Marc Charoud**  
Vice-president, operations

**Odile Georges-Picot**  
Vice-president, legal and quality  
secretary-general

### Auditors at 31 December 2003

**MAZARS & GUERARD**  
Le Vinci, 4 allée de l'Arche  
92075 Paris La Défense Cedex

**RSM SALUSTRO REYDEL**  
8 allée Delcassé  
75378 Paris Cedex 8



## Editorial



Focusing the company's performance on customer service while fully assuming its responsibilities in regional development – such is Cofiroute's ambition. The year 2003 and the first few months of 2004 reflect this dynamic policy of ongoing progress. Cofiroute's economic performance is a clear

indication of this trend, as shown by the continuing rise in sales figures, +3.6% in 2003, and in profits, which, in spite of the setback encountered with Toll Collect in Germany, reached 220 million euros this year.

In France, Cofiroute continued its ambitious programme of network expansion and modernisation with the inauguration of the new 32-kilometres section of the A85, the long-awaited resumption of work on the A28 between Ecommoy and Montabon after six years of proceedings, the opening of a third lane on another 50-kilometres stretch of the A10, and the boring of the first tunnel on the A86, which is scheduled to open to traffic in 2007.



At the beginning of 2004, Cofiroute signed an additional clause with the French government in its concession contract for the interurban network along with a master contract for the period 2004-2008, which means that its development strategy now fits into a clear medium-term framework. Based on objective quality standards – a first for the French motorway sector – the renewal of its partnership with the government gives Cofiroute the necessary visibility to provide better long-term responses to the expectations of its various publics and its customers.

Another major pillar in the company's progressive policy was added on

15 January 2004 when Cofiroute became the first motorway company in France to obtain certification for its entire network operations. ISO 9001: 2000 certification enhances the capital Cofiroute has built up over the years in the area of customer service. It also provides a structure for the company's ongoing efforts to optimise its operational performance and the quality of the services it provides – with particular emphasis on meeting the main requirements of road safety and smoothly flowing traffic.

This certification also provides an extra advantage on the international front, where Cofiroute is pursuing a strategy aimed at enhancing its expertise in

infrastructure and transport operations, as evidenced by the new contract to operate the Thames crossing at Dartford, to the east of London, signed at the beginning of 2003.

Cofiroute's success can be attributed in great part to the strong backing of its shareholders who have shown their confidence in the company and supported its development for more than 30 years.

**Henri Stoff**  
Chairman and CEO



## Company strategy

Cofiroute is still the only fully private motorway company in France. For more than 30 years it has succeeded in building an original development strategy based on the design, financing, construction and operation of 928 kms of motorway infrastructure in the west of France.

With the recent renewal of its inter-urban concession contract and new five-year plan (2004-2008), Cofiroute is now in the enviable position of having the necessary visibility to proceed steadily with its operations and plans for company expansion.

The planned investment of 700 million euros a year during the period 2005-2007 is on a level with the growing demands of Cofiroute's different clients in the areas of regional economic development, the protection of the countryside and living environment, and last but not least, the safety of motorists and local residents.

However, this dynamic balance that benefits shareholders, motorists and local communities can only be sustainable if Cofiroute also guarantees the means to maintain it.



The strategy therefore consists of building the conditions for steady economic development and a quality of service to the public that will make Cofiroute the benchmark public service company.

Among the main objectives are complete transparency with regard to our shareholders and the government, greater stringency in customer relations, customer well-being and customer services, continuing efforts to rationalise company structure and organisation, greater selectivity in development projects refocused on

motorway and toll operations, more partnerships with other transport operators and new technology experts and, finally, strengthening shareholder confidence to enable us to continue and to step up the expansion of the interurban network as well as completing the A86 ring road.

To meet these objectives, Cofiroute will do everything in its power to consolidate its four main assets:

- rigorous economic and financial management
- an unparalleled quality commitment in the motorway sector, through the

recent ISO 9000: 2000 certification and specifications that set precise operational indicators

- a sustainable development approach in all of its activities, especially in relation to regional development
- a culture of innovation that fosters ongoing expansion.

This clear-sighted commitment, combined with Cofiroute's firm determination, will contribute to consolidating the visibility and effectiveness of our operations in the long term, to the benefit of regional development, motorists and company shareholders.





# Economic and human resources performance

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# Corporate governance

## Control mechanisms

In order to guarantee transparency and regular checking of accounts, Cofiroute has integrated the principles of corporate governance.

Cofiroute has set up the following committees: technical and financial, executive, investment advisory and management.

The governance initiative is now going through a period of progressive development based on solid foundations. Improvements have been made in budgetary control procedures, staff accountability, and information exchange within the company.

Cofiroute is committed to providing accountable and efficient management of its operations in respect of its shareholders and the government.

As a public service operator, the company reports back to its regulatory authority, the government, in the form of performance reports on its interurban concessions and the A86 on the one hand, and the monitoring of its planning contract, on the other.

Cofiroute provides regular evaluations and reports on its current activities, its performance and its ongoing approach to performance improvements.





> The A85 between Villefranche-sur-Cher and Saint-Romain-sur-Cher

## The Board of Directors

Cofiroute's Board of Directors is made up of 11 members, appointed for six years.

The Board of Directors discusses all the major questions pertaining to the group's operations, in particular its main strategy directions. In 2003, the board met five times, and the rate of participation at meetings was 94%.

Board regulations will be submitted to members in 2004.

In 2003, the board:

- approved the annual accounts for 2002 as well as the bi-annual accounts for 2003, and examined the provisional accounts for 2003 at the different stages of budgetary revision;
- approved the company's financial policy, particularly the issue of a bond loan for 600 million euros over 15 years;
- discussed the following major ongoing projects:
  - the additional clause to the concession contract
  - the planning contract for the inter-urban network
  - site management and concession contract of the A86 motorway to the west
  - the Toll Collect project in Germany;
- reviewed company operations, in particular its policy in respect of staff and customer safety.

# Financial policy



## Sustained growth in a difficult economic climate

The figures for 2003 show a continuation of the growth trend of recent years, and provide evidence of the company's solidity in an increasingly unfavourable economic climate.

The year 2003 also saw preparations for the implementation of new accounting norms, leading Cofiroute to base its own application methods on current majority practices applied in the business sector.

Net sales for 2003 amounted to 829 million euros (801 million euros in 2002) an increase of 3.6% in constant terms\*. Toll revenue increased by 3.5% to 815 million euros, due to sustained growth in traffic levels of 1.3% and a toll charge rise of 1.7%. Cofiroute's net income is 220 million euros, an increase of 2.1% compared to 2002 (216 million euros).

The 6.9% growth in gross operating surplus, which is higher than the growth in net

sales, and in particular the rise in operating income, which increased by more than 12%, show the solidity of the company's base. The uncertainty surrounding the Toll Collect project led Cofiroute to take the decision to make a provision of 70 million euros, corresponding to its total financial commitments. In spite of this provision, net income increased due to non-recurring revenue of 33 million euros.

Cofiroute's top-level performance thus positions the company among the most successful on the European market.

## Strict debt control

In spite of sustained investment, the growth of gross debt has been brought under control. Thanks to the release of cash flows and the company's profitability, net debt grew only slightly to reach 1,699 million euros (1,636 million euros in 2002) and the net debt/equity gearing ratio of 151% (160% in 2002) is one of the lowest in the sector.

The regular growth of equity capital, amounting to 1,125 million euros (1,025 million euros in 2002), shows the company's ability to finance major investments.

> Toll barrier at Saint-Armoul-en-Yvelines



This trend has allowed Cofiroute to retain the confidence of European investors, as shown by its recourse to market investment this year.

## A dynamic financial strategy

Thanks to its regular high quality performance and A+ rating (Standard and Pours), Cofiroute issued a bond loan in April 2003 under favourable conditions to investors in several European stock markets. Given the success of the issue, the initial amount of 400 million euros was supplemented by an additional 200 million euros.

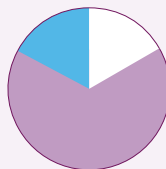
In order to optimise its financial management, and take advantage of lower interest rates, Cofiroute carried out several rate swaps in 2003 for a total of 600 million euros. Cofiroute thus benefited from a variable debt rate of 1,175 million euros by year end. Fixed-rate debt accounted for 78% of net debt.

In the framework of financing obtained from the European Investment Bank (EIB), Cofiroute still has 200 million euros of non-utilised funds available, after drawing 75 million euros in March 2003.

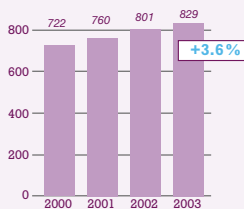
### Shareholding

Shareholders with more than 5% of the capital

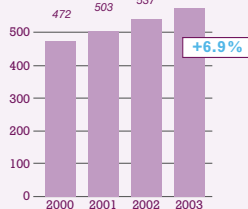
- VINCI Concessions: 65.34%
- Eiffage: 16.99%
- Colas: 16.67%



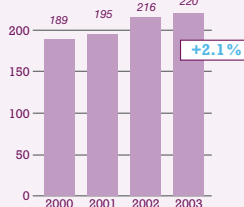
**Net sales\***  
in millions of euros



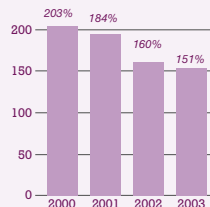
**Gross operating surplus**  
in millions of euros



**Net income**  
in millions of euros



**Net debt/equity (gearing)**



\* Now include toll revenue, sub-concession fees and telecom income.

# Traffic and tolls

In 2003, traffic on the Cofiroute network showed moderate growth. Rates of growth varied significantly depending on the time of year and the section of the network. Growth can also be attributed to the increased use of automatic toll lanes.



> Dartford toll barrier (England)

## Moderate growth

For the Cofiroute network at 1 January 2003, i.e. 894 kms, the average traffic density for the year was 280,284 vehicles/day. However, there is considerable disparity in traffic density depending on the section of road. In 2003, for instance, traffic density on the combined A10/A11 section near Paris (one of the busiest in France) was 81,800 vehicles/day, whereas it only reached 3,335 vehicles/day on the Vivy-Bourgueil section of the A85, or 25 times less. The moderate 1.3% traffic growth rate in 2003 is lower than the 2.6% average registered over the past ten years. This can be explained by the occurrence of three separate events during the year.

### *An unfavourable economic climate*

Highway traffic was affected by France's low economic growth (0.2% in 2003 according to INSEE figures), especially in the first three months of the year, which marked a low point for the euro zone and for France.

### *Exceptionally heavy snowfall in January*

At the beginning of the year, traffic was perturbed by snow storms on 4 and 5 January (estimated loss of 84,000 vehicles), and by prevention measures announced by Cofiroute advising drivers to avoid any unnecessary journeys between 30 January and 2 February.

### *Less summer traffic*

The drop in the number of French and foreign tourists using the network during the summer can be explained in particular by

bad weather conditions in the south-west and the south of France (storms and forest fires) as well as the exceptional heat wave. Growth rates according to type of vehicle can be broken down as follows: +1.4% for cars (light vehicles), and only 0.6% for heavy goods vehicles.

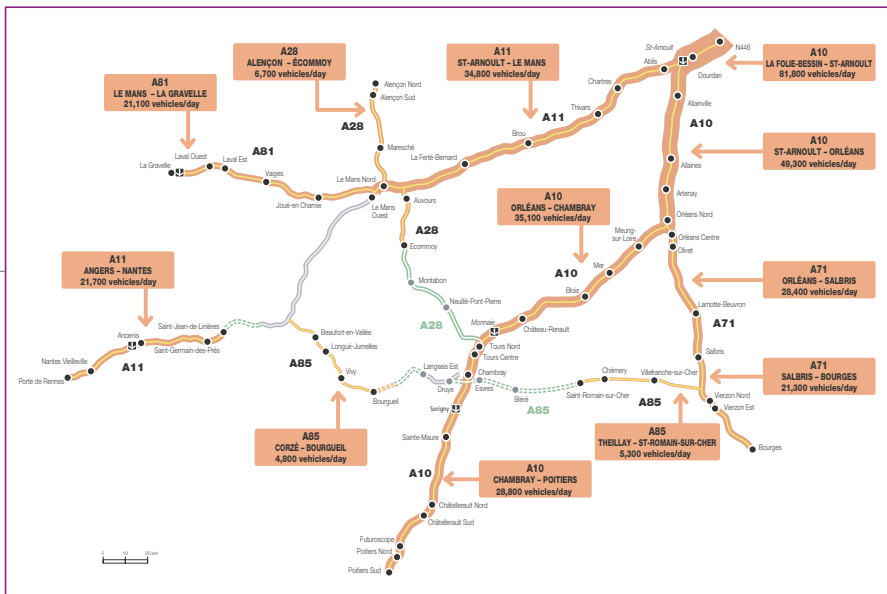
## Contrasting results

Marked by these different events, traffic growth was subject to sharp variations over the course of the year. After a disappointing 3.1% increase in the first three months, the second quarter showed strong growth of 4.5%. During the final months of the year, growth reached the annual average of 1.3%, after moderate growth in the summer period of 1.0%.

There was also a marked contrast in traffic density depending on the different parts of the network. Sections with high growth density mostly concern new roads which have just opened, either because they have not yet reached full capacity, or because they are benefiting from a "network spin-off" effect due to their location:

- the A71 (Orleans/Bourges) +3.4%, which benefited from the completion of the A20 (Vierzon/Toulouse)
- the A28 (Ecommoy/Alençon-Nord) +8.8%
- the A85 (Chantemerles/Bourgueil) +13.0%.

Meanwhile, other sections registered lower growth rates, such as Ponthévrard/Poitiers-Sud on the A10, with 0.3%, Ponthévrard/Le Mans-Ouest on the A11, with 0.9%, Angers/Nantes on the A11, with 1.4% and Le Mans/La Gravelle on the A81, with 1.2%.



Lastly, on the Villefranche-sur-Cher/Saint-Romain-sur-Cher section, which opened on 13 December 2003, traffic density reached 3,500 vehicles/day during the 20 days of operation in 2003 – no tolls were charged between 13 and 19 December.

## ■ Smoother-flowing traffic

In response to customer expectations, the introduction of fully automatic lanes is contributing to smoother traffic flow and should result in drivers adapting more easily to traffic conditions.

There has been rapid growth in the use of automatic payment systems. Liber-t traffic increased by 36% compared to 2002 and reached a penetration rate of 11.7% over the year and 13.8% during the last quarter. The rate of penetration of Liber-t is otherwise very seasonal, with only 8% registered during the month of August.

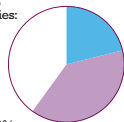
## ■ Tariffs and methods of payment

In 2003, the government decided to increase Cofiroute's tariffs by 1.7% from 1 February 2003. The reason behind this increase is to finance construction, extension and maintenance work throughout the network without having recourse to public funds. Over the past five years, Cofiroute has in fact spent an average of 300 million euros a year on extending and modernising its network. In 2003 payment by bank card reached 39%, declining for the first time since the system was implemented. This can be explained by the surge in the use of Liber-t automatic toll, which has partially replaced payment by banker's card. The share of on-the-spot payments (cash, cheque, foreign currency, vacation cheques) dropped slightly to 21%. Magnetic subscriptions remained unchanged at 22%; the same is true for corporate and petrol credit cards which remained unchanged at 11%.

> Traffic 2003

### Methods of payment 2003

- Cash, cheques, foreign currencies: 21.2%
- Bank cards: 38.8%
- Subscriptions and corporate credit cards: 40%





# A company on the move

Cofiroute's human resources policy aims at giving the company the ability to adapt rapidly to new challenges while improving working conditions and staff career opportunities.

In this context the new agreement on reduced working hours, the agreement on salaries and the setting up of a computer charter contributed greatly to advancing the company's reorganisation.

> Signing the new agreement



## The new company agreement on the reform of working hours

On 14 November 2003, Cofiroute management and the CGT, FO, SGPA, and SUD trade unions (representing almost 75% of staff) signed a company agreement on staff time management and the reduction of working hours. This agreement comes in the wake of the termination, on 5 February 2003, of the agreement signed on 9 May 2001.

> A road worker on the A71



One of the main points of the agreement was the setting up of monitoring committees in operating sectors. Five committees, headed by the managers of the respective sectors and made up of representatives of the trade union that signed the agreement and members of staff, have been assigned to ensure that the agreement is correctly applied.

This decentralisation of the staff-management dialogue marks an important stage in implementing the policy to increase sector involvement which was initiated several years ago.

Furthermore, an agreement was reached on a salary adjustment for coordination and communication staff and on an increase in holiday bonuses for staff on the lowest wage scale.

These agreements are part of a negotiating cycle that aims to reform company rules on time management. Company regulations and the union contract will be the main staff issues discussed during 2004.

## Tools for change

The 2003 training programme followed the direction of previous years and works in tandem with the operational reorganisation project. With 3.9% of the payroll devoted to training in 2003, Cofiroute is among the top companies nationwide. A large part of the budget was spent on training



> Control centre at the Saint-Amoult-en-Yvelines toll booth

supervisors (more than 13,000 hours in 2003), with particular emphasis on a training module on safety.

As a follow-up to training courses, 49 working groups bringing together management and supervisors were set up in the five sectors. Their aim is to set up an assessment procedure and additional action plans to improve working procedures and methods on a daily basis.

Toll booth collectors also followed specific training courses in preparation for the introduction of VACM (automatic magnetic card pay lanes), amounting to almost 2,000 hours of training in 2003.

The GPEC initiative (forward-planning of jobs and skills), a valuable tool for managing human potential within the company, continued in 2003. The focus was on preparing for the introduction of a staff appraisal system. This system already applies to several categories of staff, (management committee executives and supervisory staff), and will be extended to include the rest of management-level staff in 2004.

## New technologies for everyone

Cofiroute wants every member of staff to benefit from advances in computer technology for maximum job performance. In 2003, access to information for all was

considerably furthered by the development of Livelink, a software package that allows information sharing and document management.

The launch of Cofiroute's new intranet (Cofweb) in July 2003 provided simplified access to information and decentralised updating in real time. Invoice management was made easier by the implementation of an electronic processing system.

Lastly, a computer charter, published in 2003, outlines the correct procedures and informs users of control and protection measures set up by the human resources and operational systems departments.





# Regional development

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# The interurban network

In 2003, the resumption of work on the A28 and the inauguration of a new section of the A85 were just two examples of Cofiroute's ongoing commitment to a concerted development policy that respects the living environment throughout its entire interurban network.

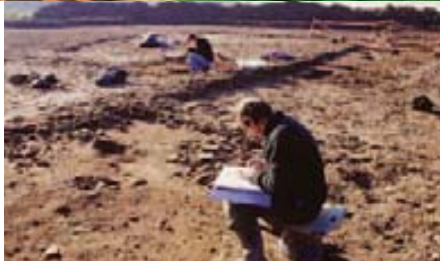
Cofiroute operates a 928 km motorway network and has invested an average of 300 million euros a year on roadworks since 1995. There has been 25% growth in new lanes over the past seven years, making Cofiroute one of the most dynamic road builders operating in France. Cofiroute's finely-meshed network corresponds to 12% of the national concession network and is spread over six major link-ups (including the A86) in the west of France. As the leading private concession company, Cofiroute holds the highest proportion of second-generation motorways with low traffic density of between 3,000 and 7,000 vehicles a day.

## The resumption of work on the A28

The transfer of a few trees that are the habitat of the hermit beetle on the Ecommoy-Montabon section signalled the resumption of work on the A28 motorway in 2003. It was possible for the trees to be transferred away from the vicinity of the motorway, thus bringing to completion the measures taken to reduce the impact of the motorway on this species of beetle, which is protected by international conventions. This brought an end to six years of legal proceedings and scientific studies: starting with the complaint submitted to

> Network under construction





## A decade of archaeology

- Cofiroute carried out its first ten-year assessment of archaeological investigations on construction sites (A28 and A85) for the period 1993 to 2003. In the central and Loire Valley regions, 261 km underwent diagnosis and excavation, at a total cost of 26.7 million euros. Excavations were completed on 70 out of the 79 sites, revealing some remarkable areas and adding to our understanding of the cultural heritage of these regions.

the European Commission in July 1997, to the formal statement issued by the Commission in December 2001 on the regrouping operations connected to work on the A28. The resumption of work is scheduled for spring 2004, with the opening of the section planned for 2006. Work began on the Tours-Montabon section (42 km) in spring 2003. In parallel, at the request of the Indre-et-Loire district council, Cofiroute is building the Neullé-Pont-Pierre interchange, which is scheduled to come into service at the same time as the new section in 2006. With the construction of the new Tours-Le Mans section, Cofiroute is helping the local authorities to meet their economic development goals within the earliest possible time frame.

### ■ The inauguration of the A85

On 12 December 2003, the inauguration of the new section (22 km) between Villefranche-sur-Cher and Saint-Romain-sur-Cher on the A85 motorway was attended by the prefect of Loir-et-Cher, Marc Cabanne, member of parliament Patrice Martin-Lalande, and senator Jacqueline Gourault, who is president of the association of Loir-et-Cher mayors.

This stretch of motorway is part of the continuation of the A85 linking Vierzon and Tours (117 km) and beyond, from the Atlantic towards the east.

Thanks to the three interchanges located at Villefranche-sur-Cher, Chémery and Saint-Romain-sur-Cher, this section will relieve traffic congestion on the N76, which until now was the main road for haulage and commuters in the Cher valley.

The new stretch, which was built according to schedule, is a continuation of the section that came into operation in October 2001 between the A71 to the north of Vierzon and Villefranche-sur-Cher.

Work on the road progressed smoothly, in ongoing consultation with the neighbouring towns and villages, taking into account the landscape, the environment and the region's identity.

On the 44 km stretch Saint-Romain-sur-Cher/Esvres, continuing in the Angers-Tours-Vierzon direction, land acquisitions (1,000 files processed in 2003) are well advanced and archaeological investigations are underway for work to begin in mid-2004. 2003 was also a year of preparatory work for the consultative committee, chaired by the prefect of Loir-et-Cher, on arrangements for building viaducts across the Cher valley.

Even further west, land acquisition procedures are continuing for the 20 km section linking Esvres to Druyes with a view to beginning archaeological investigations in the course of 2004.

As for the by-pass to the north of Langeais (18 km), the European Commission's formal statement of June 2002 that a section of the North Langeais by-pass should be listed as a Natura 2000 zone has been a considerable obstacle to work proceeding.

In the spring of 2003, therefore, Cofiroute made a study of the main impacts of the project as well as measures to avoid, reduce or compensate for any such impacts. The study, which was made public in June 2003, was in response to a govern-

ment request dated 29 October 2002, to draft specifications for additional environmental studies concerning the north Langeais by-pass (in compliance with the conditions of articles 5 and 6 of the European directive 85/337/CE of 27 June 1985). As the prefect of Indre-et-Loire indicated to the government that these studies did not require the adoption of any additional measures, the study was submitted by the government to the European Commission.

### ■ Making headway on the north Angers by-pass

Progress was made on land acquisition procedures in 2003, with the bulk of them being concluded, mainly in urban areas. Archaeological excavations were completed at the Gatellière and Corbinière sites at the beginning of 2004.

In addition, after receiving a favourable decision from the CESTR (Evaluation Committee for Road Tunnel Safety), Cofiroute drafted the preliminary structural study for the section concerned and submitted it for approval to the Roads Department.

Ministerial approval of the plans was given in June 2003. The range of other studies (Maine Viaduct, current section) continued, and will be submitted for approval in 2004. Lastly, financial arrangements with local authorities on improvements to the project that were agreed during consultations conducted in 2001 were signed at the end of January 2004. Everything is now in place for work to begin during the first half of 2004.

# The A86

Work was completed on the boring of the first section of A86 tunnel to the west of Paris in October 2003. The tunnel boring machine (TBM) was then dismantled and transported to the site at Pont-Colbert. At the beginning of 2004, construction company teams continued work on re-assembling the TBM and carried out preparatory work for boring the second tunnel at Pont Colbert. At the same time, work continued on the first section with the building of stairways between the two levels of the tunnel, the emergency access shaft, and the two interchanges at Rueil-Malmaison and the A13 motorway. In addition, administrative approval for safety facilities was obtained in March 2004. These combined measures make it possible to envisage the opening of the first section at the end of 2007 and the second at the end of 2009.

## The TBM emerges at Vaucresson

One of the highlights of the A86 project in 2003 was the emergence of the TBM at Vaucresson on 14 October, at the site of the future A13 interchange. The TBM had started out two and a half years previously at Rueil-Malmaison to reappear 4.5 km further along the route, thus completing the tunnelling of the first section for a scheduled opening in 2007. The TBM was dismantled and transferred to Pont-Colbert (Jouy-en-Josas) from where it will resume boring the 5.5 km second stage of the tunnel towards the A13 in the spring of 2005.

## Completion of safety procedure formalities

2003 also saw the completion of procedures imposed by the August 2000 circular on

tunnel safety, pertaining to ministerial decisions for the approval of technical specifications. These involved outstanding civil engineering projects in the tunnel (niches and connecting stairways), civil engineering projects for the Rueil, A13 and Pont-Colbert interchanges, the RD10 ventilation shaft and the East 2 emergency shaft. These procedures allowed further verification and improvements to safety measures in respect of the tunnel for light vehicles. Improvements mainly involved doubling the number of staircases between the two levels and taking into account the potential higher intensity of a fire, in view of the tunnel size. The technical and financial arrangements for the implementation of these modifications will be included in an additional clause to the concession contract which is being drafted.

## Making the tunnel safe

The decision to have two double-deck, single-direction tunnels was made entirely for reasons of safety: separating HGVs from cars considerably reduces the risk of accidents and the seriousness of any accident in no way compares with what could happen in a tunnel with mixed traffic.

From the outset, everything has been geared to reducing the probability of an accident: the contours of the lanes were designed to keep drivers alert, the lighting and the light colour used for the road

> The tunnel boring machine emerges on 14 October 2003



## The tunnel boring machine (TBM)

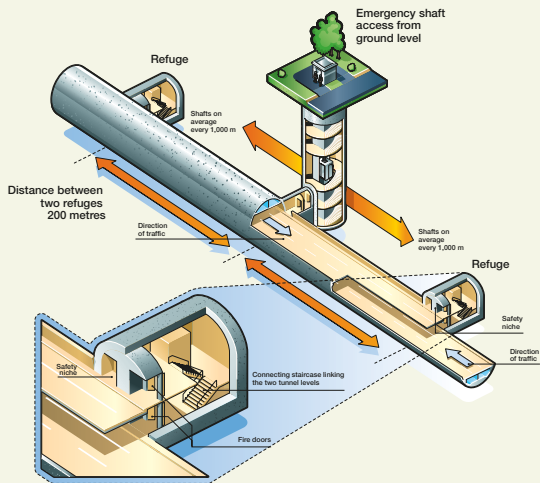
- Socatop (A86 project manager and builder) and Herrenknecht (Europe's leading tunnel company) developed the world's first two-in-one machine. The TBM is adapted to the specific geological conditions in the west of Paris area, and can tunnel through both hard and soft ground. The machine was able to pass without impediment through the various geological layers of the Paris basin, from chalk to looser soil (known as Fontainebleau sand) and through hard rock by way of intermediate layers; it also traversed three groundwater tables. Tunnelling is continuous: excavated material is removed during the boring phase, with the tunnel lining segments being installed as the TBM advances. This method guarantees that the structure is stable and watertight. It took 12 weeks to dismantle this huge machine, which measures 200 metres in length and weighs 2,400 tonnes.

surface ensure good visibility, traffic flow density will be regulated to keep traffic moving at all times, and surveillance systems will detect any anomalies. If an accident does occur, the alarm system will immediately alert the emergency services who will arrive within minutes via safety levels installed at different points of the tunnels.

These innovations and unprecedented safety measures are guaranteed to make this tunnel one of the safest ever built. It is a precursor for underground traffic systems, which will no doubt provide an innovative response to congestion relief in the mega-cities of the future. With the A86, Cofiroute is making an innovative contribution to sustainable development, an initiative that provides strong evidence of the company's responsible approach to regional planning.

### Thorough fire testing

Although the absence of trucks is a critical safety factor in any tunnel project, the greatest danger remains the risk of fire in the event of an accident. The specificity of the A86 tunnel's smaller dimensions prompted the different safety authorities to focus on the risk of fire spreading. They used a worst-case scenario where an accident brings traffic to a halt, and is followed by a second accident causing fire to break out at the tail end of the traffic jam.







> Tests in Switzerland at the Hegerbach site

In response to requests from the Roads Department, the CAS (Administrative Monitoring Commission) and the CESTR (Evaluation Committee for Road Tunnel Safety), Cofiroute carried out tests in October and November 2003 to study how fire could spread from one vehicle to another, assess conditions in the tunnel, strengthen its emergency procedures and test the effectiveness of a sprinkler system. Working with the different study and control authorities, Cofiroute, as project manager, carried out a series of tests: these made it possible to measure the force of energy released, temperature levels and how far the fire could spread.

Toxic pollution was also measured by testing the levels of carbon monoxide and dioxide, and of oxygen.

The different departments who attended the tests were able to see for themselves that in the case of car fires, unlike trucks, it is much easier to reach the source of the blaze.

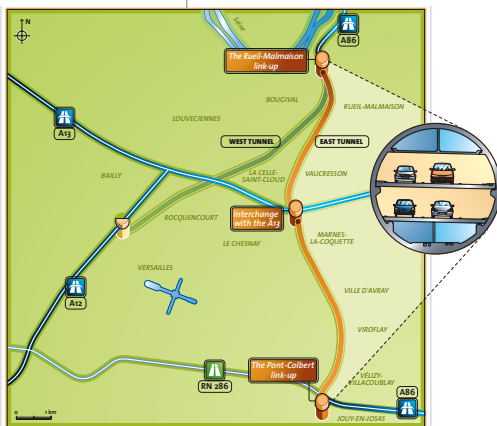
An analysis of the data compiled during these tests was submitted to the relevant authorities in March.

## Work in progress

Work on the Rueil-Malmaison and A13 interchanges is being launched following the ministerial approval of construction plans. The same goes for safety work in the tunnel (niches and stairs); in spite of having to double the number of emergency stairs, and the consequent additional work that this entails, the Rueil-Malmaison A13 section is scheduled to open in October 2007.

Other work is proceeding along the route of the A86: at Rueil-Malmaison, the Hauts-Bénards emergency shaft is being completed; at La Celle-Saint-Cloud the stairwell and lift shaft at Place Berthet are under way; building has been completed on the Butard ventilation and emergency shafts, while their link-up to the tunnel will be completed by mid-2004; and lastly, work has commenced at the Bois de l'Etat shaft. At Jouyen-Josas the receiving platform for the TBM at Pont-Colbert is ready, and the installation of the equipment needed to operate the machine has begun.

> The A86 link-up in Ile-de-France



At the same time, architectural projects for the A13 and Pont Colbert interchanges were approved by the Yvelines site commission. The commission met in January 2003 and was made up of ministry representatives (Public Works, Agriculture, Ecology, Culture and Tourism), local authorities (Yvelines county council and local towns concerned), associations and individuals with expertise on site protection (national forests commission, architects, landscape artists, etc.).

### Information and communication initiatives

Throughout the project, local towns have been kept informed of the progress of work. An ongoing dialogue has been held through meetings with elected officials, residents' associations and local residents, and information campaigns have been organised on a regular basis.

For instance, the Cofiroute newspaper "The A86 Link", which has been published since March 2003, provides updates on issues related to the tunnel and the route of the motorway. With a print-run of 300,000 copies, the paper is delivered to local residents every four months.

The "A86 West side" exhibit, which opened in 2001, registered a record number of visitors in November 2003 after the emergence of the tunnel boring machine. It attracted more than 18,000 visitors during the year, bringing the total number of people who have visited the site to 46,000 since its inauguration in 2001.

An educational kit was also designed for junior and senior high-school students. This information tool gives a practical and entertaining presentation of the project.

The travelling bus exhibition continued its route through the towns affected by the A86 West link-up.



> Educational kit for junior and senior high-school students



> Travelling exhibition "The A86 to the West"

# Roadworks on the operating network

2003 can be summed up by the consolidation of the policy initiated two years previously, based on new operational procedures and more stringent management of company property. Measures were geared to improving the follow-up of maintenance work to ensure sustainable safety conditions on the network.

## ■ Network maintenance

Maintenance of the network is vital for driving safety: in addition to the regular monitoring of road surfaces and roadworks, each year about a third of the network is inspected using special apparatus and about a tenth of roads are repaired. In 2003, 25 million euros were spent on road maintenance, work projects, buildings and road signs.

Regular inspection of structures (140 detailed inspections and 750 visits to bridges), road surfaces, buildings and road signs (110 inspections of major road signs) is systematically carried out, while the establishment of standard protocols for assessing company property help to improve the management of the network as a whole.

New operational procedures delegating more responsibility to supervisors allowed the newly appointed company property management assistants (AGPs) to improve the monitoring of maintenance work.

Furthermore, new materials recycling techniques introduced in road resurfacing were tested during 2002 and 2003. These techniques will be extended to longer sections between Tours and Poitiers.

## ■ Widening the network to three lanes

Cofiroute's progressive investment policies have made it possible to anticipate the need for extra lanes and therefore ease the ever-increasing flow of traffic. In June 2003, a third lane was opened on the A10 from



Paris between Blois and Château-Renault (30 km), which was extended to the section between Château-Renault and Tours-North (21 km) in December 2003.

This widening of a 51 km section of motorway eases the flow of traffic on one of France's busiest stretches of motorway for HGVs.

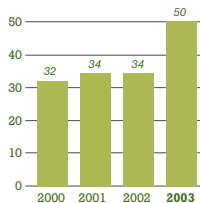
### Responding to local concerns

At the request of certain local authorities on the network route, Cofiroute is studying the feasibility of the advance construction of interchanges. Aware of their role in promoting regional economic development, local authorities are in favour of appropriate infrastructure being built in their area. Studies are under way on nine interchanges on the A28, A11, A71 and A10 motorways. On the A10 motorway south of Tours, construction work on an additional interchange at Monts Sorigny continued, with opening scheduled for later in 2004.

In partnership with the community of local authorities in the Limours region, Cofiroute plans to build a bus terminus at the toll barrier at Saint-Arnoult-en-Yvelines. This will cater for drivers who wish to use public transport to continue their daily commute.



Length of lane widening brought into operation (one way)



# The environment

At every stage of its motorway projects, from design to network operation, Cofiroute incorporates standards for environmental protection and enhancing the living environment. Improved environmental performance is an integral part of the company's sustainable development policy, and in 2003 Cofiroute published the first report of its kind in the motorway sector.



The hermit beetle

- It took five years of research financed by Cofiroute and the local authorities for the natural history museum in Paris to study the hermit beetle and its habitat. In order to ensure the protection of the insects, measures were taken by specialised research departments in the framework of an agreement with the French natural history museum. An inventory was made of more than 17,500 trees, and a survey was carried out on the several dozen that were identified, in the vicinity of the A28, as being a possible habitat for the hermit beetles.

## Ongoing monitoring of motorway integration

### Environmental assessment

As a follow-up to the implementation of any major infrastructure project, a two-stage environmental assessment procedure is carried out: an intermediate report is published after the first year of operation and a final assessment is published three to five years after project implementation. The aim is to check whether the original environmental commitments have been respected and to take corrective measures if necessary. These assessments also help to improve company know-how in the area of impact studies.

### The A85

After the publication, in April 2003, of the intermediate environmental assessment for the Theillay/Villefranche-sur-Cher section, which was opened in October 2001, the monitoring committee, chaired by the prefect of Loir-et-Cher, praised Cofiroute for meeting the commitments it had made during construction.

This area of the Sologne requires specific arrangements and close monitoring as it is the habitat of many large mammals and is particularly rich in rivers and marshlands (a habitat for frogs and toads).

On the Villefranche-sur-Cher/Saint-Romain-sur-Cher section, which opened in December 2003, the bat colony discovered during construction

work is being carefully studied and monitored. The caves they inhabit are visited regularly and the most recent study, carried out between August and October 2003, shows that in the first year the colony is thriving.

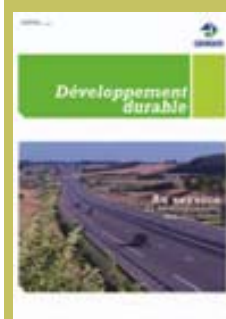
### The A28

Apart from the transfer of the hermit beetles, monitoring is being followed up on other sections of the motorway: a photographic observatory was set up to study the original site, the water law was adopted, and a meeting of the monitoring committee (Ecommoy/Dissay-sous-Courcillon section) outlined Cofiroute's environmental protection commitments before work began in January 2004.

## Environmental monitoring in operational activities

Motorway companies have to take environmental factors into account at every stage of motorway operations. This is why Cofiroute is also committed to reducing and limiting any environmental impacts linked to network operations. Steps to institute formal analyses and improvements in environmental performance that were begun in 2002, as well as the introduction of environmental assessments, have led to measures being set up and implemented from 2003.

Indicators mainly concern water and energy consumption, waste products, and the amount of gravel and asphalt used in roadworks.



## Report on sustainable development

In November 2003, Cofiroute published the first sustainable development report ever produced by a French motorway company. In the framework of the 21 commitments undertaken by ASFA (Association of French Motorway and Toll Operating Companies), this first report is accompanied by indicators to measure economic, social and environmental performance over the coming years and to assess what progress needs to be made in each of these areas. This illustrates the sustainable development commitment of a company in the business of designing, financing, building and operating motorway infrastructure, to the benefit of the socio-economic development of the regions served by its network.

### Selective sorting of waste

The selective sorting of waste was adopted by all operational centres in 2003. This mainly concerns oil, batteries, paper and metal which are sent to special waste treatment plants.

### Water treatment

Work continued on the project to provide rest areas with reed filter water treatment systems, and five basins were opened in 2003. The first assessment of the system showed that it is working well.

Furthermore, environmental officers followed an additional two-day training course on the maintenance of these systems. The aim is for each officer to work independently on the environmental monitoring of the system and to take corrective measures when required.

### Renovating noise barriers

To reduce noise pollution from the network, noise barriers (in the form of earth mounds or panels) have been installed. Throughout the network Cofiroute's results have been satisfactory: only two black spots still require attention.

In 2003, environmental assessments led to the setting up of a maintenance programme for noise barriers over a five-year period. Each year 80,000 euros will be spent on this renovation campaign.

### Water management

In rest areas, the harmonisation of water-meter reading was initiated in 2003 with

the aim of optimising the measurement and management of consumption.

Cofiroute is also continuing its maintenance policy for the 900 rain water retention ponds throughout the network. A major programme is also under way for the setting-up of sediment clearing methods.

### Raising public awareness

To help its clients in their daily efforts to sort household waste, Cofiroute placed containers in four rest areas near Blois for each category of waste. An assessment of the initiative carried out in summer 2003 showed mixed results, which led Cofiroute to strengthen its commitment to raise public awareness of the project.

> Installing a water treatment basin





# Network operations





# Traffic flows

In 2003, the implementation of new organisational procedures continued in parallel with the introduction of new coordination measures and the activation of a permanent state of alert in the face of unpredictable events.



> Salt water sprinklers on the A10

In its efforts to improve the flow of traffic and increase the safety of motorists, staff working on the network, and its network partners, Cofiroute uses indicators to monitor operational effectiveness in these areas. In 2003, indicators showed progress over previous years. Delta-t, for instance, measures the time between an incident occurring on the network and its announcement on Autoroute FM. The period of exposure to danger has been steadily reduced, and was down to 4 minutes 30 seconds in 2003.

Reductions are also being made in the number of kilometres of traffic jams, even though traffic density is on the increase. This can be explained on the one hand by the policy of opening additional lanes at tolls in response to client needs, and on the other by the gradual widening of roads to three lanes.

Disruption to drivers is also kept to a minimum as roadworks are carried out during the night.

## Innovations

The adoption of procedures to introduce fully automatic lanes has come in response to motorists' increased expectations. This new service operates in parallel with the indispensable human contact provided by collectors at toll barriers. In December 2003, 30 automatic magnetic card lanes registered 12% of annual transactions.

Improvements in traffic flows throughout the network can also be attributed to the continuing operational policy to give more responsibility to sector managers, as well as the introduction of ISO 9001: 2000 certification.

## Winter conditions: anticipating exceptional events

For 30 years, Cofiroute has made winter driving conditions as safe and dependable

> Winter condition operations from 15 November to 31 March



as possible for motorists. However, following the unusually severe blizzards of 4 and 5 January 2003 during which more than 15,000 vehicles were stuck all night on the roads around Paris, Cofiroute took a series of measures to anticipate exceptional events and make conditions easier for drivers in the case of major difficulties.

Throughout 2003, Cofiroute concentrated on the human, practical and organisational aspects of such a situation, as well as increased coordination with its network partners, the police and the emergency services to prepare for such eventualities.

Action plans rapidly put in place included a range of technical improvements:

- salt water sprinklers and extra cameras on the stretch of motorway where the A10-A11 meet up;
- new, more compact, service vehicles;
- additional variable message boards to divert traffic towards the RN10 and RN20 if necessary;
- the setting-up of a call centre available seven days a week from 7 a.m. to 9 p.m on 0 892 70 26 34;
- station managers to intervene directly on Cofiroute's radio station in emergency situations;
- broadcasting advice for heavy traffic during holiday departures and when the weather forecast is bad.

Measures were aimed at improving staff's ability to anticipate, be vigilant and react quickly. Progress was made in the area of human resource management. For instance, on 14 November 2003, Cofiroute organised



an inter-centre challenge to exchange experience and good practice in winter conditions. As a complement to annual staff training courses, this "jousting tournament" pitted teams from the 13 centres against one another in a series of practical tests and theory exams.

Cofiroute also approached its supervisory ministry to request that regular emergency drills be organised with all the services involved to coordinate alarm systems and traffic management.

One of the options being considered is a traffic management plan for the A10/A11 corridor under the control of a coordinating prefect, similar to those in the Rhone valley or on the Mediterranean coast.

In December 2003 Cofiroute signed an agreement with the Red Cross to facilitate its intervention in a crisis situation, particularly on the A10/A11 corridor in the Paris region. This arrangement should be extended to the rest of the network.

These initiatives are being carried out within the framework of the operational committee for risk in operations which brings together representatives of Cofiroute management.

# Staff and driver safety

The company's ongoing efforts to improve staff and driver safety are an inherent part of its sustainable development strategy. A series of indicators helps to monitor the implementation of combined partnership initiatives. The encouraging results in 2003 are a boost to Cofiroute's strategy in its campaign for motorway safety.



## Biker rest areas

- To coincide with the 24-hours Le Mans motorcycle race, Cofiroute organised an operation targeting motorcyclists. Rest areas were specially converted for the occasion, and highway code information contributed to encouraging bikers to drive safely.

## Improved partnership coordination

Cofiroute organises and participates in exercises and awareness-raising operations to improve motorway safety in partnership with those involved in the network: the emergency gendarme services, firemen, the two ambulance services (Samu and Smur), private sector players (petrol stations, restaurants, breakdown services). The aim of this partnership is to understand better the expectations and constraints of the different services, and to know what procedures to follow.

Simulations of red alerts are carried out regularly on different sections of the network as, for instance, in 2003 on the A28. In March, a combined exercise involving 150 people was organised with the

prefecture of the Sarthe region on the Comyom-Auvours section of the motorway to test the coordination of information and procedures.

Cofiroute is also working with the Roads Department in the framework of its policy to reduce speeding in accident black spots by installing speed radars on the network. One site has already been equipped and three to five others are in the pipeline.

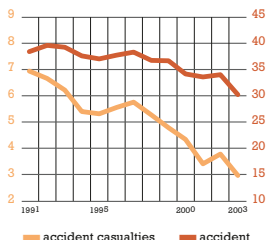
## Local initiatives targeting drivers

### 2003: encouraging results

Indicators on the Cofiroute network show an increase in road safety figures for 2003. The drop in the death rate, nine fewer deaths, was accompanied by a decline in accident rates of about 20%. Changes observed in driver behaviour in 2003 mainly concerned keeping to the speed limit, which should contribute to maintaining this positive trend.

On the other hand, there was no change in the rate of accidents caused by poor car maintenance, such as tyre blowouts. Incidents like this are responsible for 12% of accidents. To raise driver awareness of this type of risk, Cofiroute regularly organises campaigns with Michelin offering motorists free tyre pressure tests and tyre checks. A third of light vehicles and almost half of the caravans and trailers on the roads still have tyres that are under-inflated.

Number of accidents per million kilometres travelled



## Average speed information system

As part of its ongoing efforts to promote road safety, on 4th July 2003 Cofiroute introduced the first system to provide motorists with information on their average speed. The objective: to raise motorists' awareness and remind them of the importance of keeping to the speed limit on motorways, thus helping to reduce the number of accidents.

The procedure is simple: three cameras are installed at the beginning of the test area to photograph vehicles as they pass: the first site registers the number plate of each passing car and sends it on to the second site, which in turn recognises the number and makes an instant calculation of the car's average speed over the 15 km distance. In cases where a driver's average speed is over the limit, the vehicle registration number and a warning message are flashed up on an electronic notice board located 250 metres from the second site. Using this system, which aims simply at raising awareness and neither keeps nor transmits data on vehicle registration numbers, Cofiroute is making an innovative contribution to the campaign to increase road safety.

Cofiroute is continuing its ongoing efforts to improve the safety of its clients. Detailed analysis of fatal or unusual accidents helps to increase the company's knowledge base. As a follow-up to the safety analyses carried out, the company takes action in accident black spots, for instance installing speed humps on the approach to toll barriers, putting rumble strips on the road surface, or erecting warning or caution signs.

### Accident prevention

Cofiroute continued to target motorists with prevention and awareness-raising initiatives. The company was one of the main partners in the "24 hours to save 24 lives" operation held by the League against Road Violence. Awareness-raising activities were held on the Touraine, Poitou and Maine sectors, with particular emphasis on keeping to the speed limit in areas around roadworks. Company management took part in a phone-in replying to listeners' questions and attended a colloquium at the Collège de France on the subject of road safety.

For the third year in succession, Cofiroute took part in the operation "Hey, driver" organised by MPF insurance company on the motorways in Indre-et-Loire, by providing free motorway access, and broadcasting information about the operation on its radio station.

On the night of 31 December, this operation offers motorists a free driver service to take them home.



> Average speed on the A10

### Initiatives to promote staff safety

Within the framework of its voluntary road accident prevention policy, Cofiroute launched a prevention programme with its insurance company AXA Corporate Solutions. This involves all company employees, particularly those who drive a Cofiroute vehicle or who drive in the course of their work. The objective is to encourage every Cofiroute employee to drive safely. This initiative has full



> Operation "24 hours to save 24 lives"

management support and is applied to every new member of staff joining the company.

To monitor progress, the plan includes an inventory of accidents recorded since 2002.

Cofiroute pursued its commitment to road safety with the signing of the road safety charter on 16 December 2003, with the DSCR (department for road traffic safety) and CNAMTS (national health insurance for salaried employees).

The objective here was to reduce the total number of accidents of Cofiroute's fleet by 20% during the period 2003-2005:

- the use of mobile phones while driving is forbidden, even with a free hands kit, except for calls made in the exercise of

- operational safety responsibilities, in compliance with the highway code;
- improvements to the organisation of work;
- special attention to commuting between home and the workplace;
- continued experiments with the use of driving recorders.

## Training and assessment

Cofiroute teams are often the first to arrive in emergency situations, and their job is to make the area safe in order to facilitate the work of the emergency services and the police when they arrive at the scene. Strict methods and procedures apply in such cases.



> Signature of the road safety charter, from left to right: Gilles Evrard (CNAMTS), Rémy Heltz (DSCR), Dario d'Annunzio, Cofiroute CEO until March 2004

## Driving recorders at the wheel

Since the end of 2002, Cofiroute has been carrying out tests on the use of driving recorders in 20 vehicles belonging to its fleet. The 20 volunteers whose vehicles are equipped with recorders are mainly management staff, which also shows their willingness to set an example.

The experiment, which registers data on a continual basis (speed, time spent driving, acceleration, deceleration, use of headlights and indicators) meets a dual objective:

- to gather data about driving habits;
- to monitor the effect the recorder has on driver behaviour.

Results in 2003 were encouraging:

- 60% of users reduced their maximum speed;
  - average maximum speed dropped from 145 to 135 km/h;
  - 56% of drivers stated that the presence of the recorder changed their way of driving.
- In 2004, the experiment will be extended to another 20 company vehicles.

Risk management requires that the different players in technical areas such as putting up warning signs in a traffic situation receive appropriate training. Organisational aspects involve gathering and transmitting information, controlling traffic flows and submitting proposals for measures to the regional authorities.

In 2003, in partnership with an employment agency, Cofiroute made a training film for temporary staff under contract to construction companies working on the network. The aim of the film is to raise staff awareness of the safety rules applying to working in traffic situations.

### Census of potentially risky jobs

The census of the risks particular to each type of job, initiated in 2002, led to the drafting of a single document outlining the tasks, risks and relevant prevention measures. Risks are identified in terms of seriousness and frequency levels, and are backed up by prevention measures, training and progress indicators. In 2003, prevention measures included special clothing for staff working in traffic situations and the installation of guard rails along pedestrian paths at toll barriers.

In line with ongoing improvements to its car fleet, Cofiroute installed airbag and ABS safety systems in a further 15 of its light and utility vehicles.

## Partnership with the Garches Institute

Cofiroute is continuing the partnership it set up in 2002 with the Garches Institute to provide disabled patients at the Raymond Poincaré Hospital in Garches with servers and computers equipped with webcams.

In 2003, a new cooperative initiative was launched: in addition to continuing to supply computers to hospital patients, partnership initiatives are aimed at increasing the accessibility of disabled patients.



> Odile Georges-Picot, Cofiroute Executive Vice-President, and Professor Jean-Claude Raphaël, President of the Garches Institute





# Building a strong brand

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# Quality of service

At the beginning of 2004, Cofiroute's commitment to quality management culminated in its obtaining ISO 9001: 2000 certification for its motorway operations, a clear indication of the company's ongoing determination to improve customer satisfaction. Cofiroute is the first motorway company in France to obtain this certificate for its entire network, which totalled 928 km in 2003.

To improve the quality of its service and make motorway driving easier, in 2003 Cofiroute launched new operations and initiatives aimed at strengthening its communication with clients.

## Examples of improvements

- *Improvement in response times to customers' questions.*
- *Updating the emergency plan library.*
- *Rationalisation of surveillance circuit throughout the network and improved sequencing of round-the-clock patrols.*

## Certification

The certificate awarded on 15 January 2004 is the outcome of measures initiated in mid-2002 covering Cofiroute's full range of motorway operations. It involves operational and support departments (human resources, engineers, technicians, risk-management legal advisors, etc.) and sets the company on course to improve customer satisfaction on an ongoing basis.

The year 2003 was thus devoted to making preparations for certification. After defining the range of procedures applying to toll collection, customer safety and production supports, Cofiroute identified the different tools and methods it will need to control the quality of these services.

This will involve setting up action plans to monitor progress, exchanging information within steering committees, and checking overall coherence.

An independent audit carried out in October 2003 by Veritas Quality International showed that Cofiroute's operational activities were well managed, that the quality system was proving its effectiveness, and that real quality improvements had been made.

## A major asset at international level

Cofiroute exports its 30 years' experience in its international activities, within the framework of the group's expansion projects: the creation or take-over of concessions, the provision of expertise or advice in toll-collection strategies or operations, etc. When calling for bids, concession-awarding authorities – especially in English-speaking countries – are very demanding in terms of quality criteria, reflecting the fact that concessions are generally granted for many years. They expect to be given guarantees on the basic points of quality, such as safety and round-the-clock reliability. Under these circumstances, ISO 9001: 2000 certification gives Cofiroute a competitive advantage.

The company intends to pursue the certification approach in order to expand its international business.



> Information centre at  
Saint-Arnould-en-Yvelines on the A10



## Information and dialogue

In 2003, Cofiroute organised a series of dinner-debates during which motorists were invited to air their complaints and requests. Discussions focused on subjects such as tariffs, heavy goods vehicle safety, automatic payment and rest areas. This exchange of views led, wherever possible, to the adoption of concrete measures. Surveys of driver satisfaction carried out during the year also contributed to improving services.

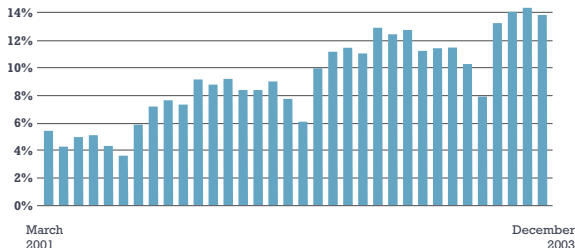
In June 2003, Cofiroute set up a call centre open seven days a week from 7 a.m. to 9 p.m. on 0 892 70 COFI (or 0 892 70 26 34). This new service is in response to customer requests for access to information such as tariffs, the location of GPL pumps, unforeseen events, or diversions. A preliminary appraisal carried out six months after the introduction of this service revealed that 80% of callers felt that they had obtained the information they needed, and 95% thought that they had been well received by operators.

bringing the total number of badges issued by Cofiroute to more than 65,000. The last Class 1 magnetic card subscriptions were replaced by Liber-t during 2003. A widespread advertising campaign informed motorists about reduced rate subscriptions to Liber-t.

To make it easier to subscribe to Liber-t, in November 2003 Cofiroute set up an interactive voice server that can be accessed via the call centre. This service provides practical information, registers requests for subscription forms, and asks callers if they wish to be put through to an operator.

Lastly, to improve even further its response to Liber-t subscribers' expectations, Cofiroute has continued its special lane programme that can be adapted according to traffic density and network maintenance constraints.

Liber-t penetration rates



## Promoting Liber-t

An increasing number of motorists are signing up for this automatic payment system that allows drivers to access the French motorway network without having to stop at toll booths. There were more than 18,000 new subscribers in 2003,



> A special event at a service area

### **Making information centres more welcoming**

The number of information and subscription centres at motorway rest areas was increased to 14 in 2003. At the inauguration of the new section of the A85 Villefranche-sur-Cher/Saint-Romain-sur-Cher, the Saint-Romain-sur-Cher customer information service opened for business. An advertising campaign for reduced rate automatic payment subscriptions (1 euro for the first year) was launched after the first week of free access to the new section of the motorway.

Cofiroute has an ongoing commitment to improving customer relations. At information centres, the company monitors telephone contacts, reception desks, information posters, cleanliness, waiting time, and the relevance of the information provided, so that improvements can be made. Cofiroute also works with other motorway operators, consumer organisations and other relevant companies, to establish standards for customer service. The aim is to establish parameters for the definition of a new AFNOR standard (French agency for standardisation).

### **More subscription flexibility**

Cofiroute accommodates the diversity of its customers in the design of subscriptions

that correspond to different categories of driver. The "Mobilité" option, which replaces the former "commuter" subscription, offers reductions of up to 40% of the normal charge. Launched at the end of 2002, this option was strongly promoted in 2003 and had attracted more than 5,000 subscribers by the end of the year.

Following a pilot project under the name of "Tranquillité" in 2002, the "Vitalité" option was introduced in May 2003 for motorists who make the same journey every weekend; 1,000 subscribers had been registered by the end of the year. "Vitalité" offers subscribers progressive reductions of up to 30% depending on how frequently they travel.

Cofiroute also intensified its subscription partnership policy with local authorities, such as its "Transloire" partnership with the Orleans agglomeration community. This option was made more flexible in 2003, and the last magnetic cards were replaced by Liber-t badges (2,400 subscribers at end 2003). This initiative is aimed at reducing congestion on local roads by encouraging motorists to use the motorway instead of driving through towns when this is a feasible alternative.

### **Partnership initiatives**

The Blois car park company, VINCI Park, and the Sologne-Val-de-Loire motorway



### Autoroute FM

- Average listening time: 1 hour and 10 minutes.
- Traffic information: rate of satisfaction 94%.
- Safety information: rate of satisfaction 90%.
- Music: rate of satisfaction 77%.
- Overall satisfaction index: 7.6/10

sector joined forces in a promotional event in April 2003. Cofiroute offered a 50% reduction on a Liber-t subscription and VINCI Park proposed a free hour of parking in one of the three car parks it operates in the town of Blois. 150 badges were sold during this promotional event, which will be repeated in Tours, Orleans and Paris.

As Cofiroute believes that learner drivers should be taught to drive on the motorway, in 2002 it launched a programme allowing driving schools to access the network free of charge for driving lessons.

The driving school card allows free access from Monday morning to Saturday evening on a section of the network selected by each driving school. More than 600 cards were in use in 2003.

The company hopes that this will contribute to improving safety awareness among learner drivers and promoting good driving habits on the motorway.

### Information and special events throughout the network

Within the framework of its special events programme, in 2003 Cofiroute organised 15 weekends on the network, to coincide with Easter, Mother's Day, Saint Valentine's Day, the summer vacation, etc. A survey of customer satisfaction

held during 2003 revealed that more than 80% of people questioned were completely satisfied with these events and requested that they be repeated or extended.

### Autoroute FM: 15 years of motorway radio

In 1988, Cofiroute pioneered France's first motorway radio station Autoroute FM 107.7 MHz. In 2003, AFM celebrated 15 years of broadcasting for the comfort and safety of more than a billion motorists.

A customer satisfaction survey held in 2003 showed that listener figures remain high and the rate of satisfaction is on the increase. Autoroute FM confirmed its position as leading motorway radio station, with listening rates of almost 80% during vacation periods.

### The website

The new website [www.cofiroute.fr](http://www.cofiroute.fr) that went online in June 2003 provides new possibilities including a "my Cofiroute" function, which allows regular visitors to the site to personalise the home page. Subscribers are issued with a password to check their account, update their address, order badges, etc.

This new site was commended by the trade magazine "Internet pratique".

### Traffic One, saving time the intelligent way

In September 2003, Cofiroute launched a new information service in the Ile-de-France area around Paris: Traffic One. A simple telephone call is all that is required: 0 892 00 107 7.

This innovative technology offers a real-time solution adapted to the individual motorist and contributes to reducing urban traffic congestion. Data provided by the Paris municipality and the Ile-de-France public works department are integrated into mapping and voice recognition systems that can provide motorists with a personalised itinerary 24 hours a day.

The service is provided in partnership with mobile telephone operators SFR and Bouygues Telecom.

> Traffic One service



# International operations

In 2003 Cofiroute consolidated its position on the US and UK markets. During this period the number of transactions in its international concessions remained stable in relation to 2002, at 90 million.



> Toll Collect

## Anglo-American focus in 2003

In the United States, the SR 91 Express Lanes project to the east of Los Angeles broke new ground. At the beginning of 2003, the Orange County Transport Authority (OCTA) acquired the concession for the SR 91 and handed over the operation of this motorway to Cofiroute Global Mobility. This was yet another example of OCTA's confidence in Cofiroute, which has gone from having a minority interest in the concession to being the sole operator.

In addition to obtaining recognition as a toll road operator, Cofiroute made substantial gains by allowing its subsidiary Global Mobility to develop its position on the North American market.

In the United Kingdom, the subsidiary "le Crossing Ltd", in which Cofiroute

holds 42.86%, Ringway 42.86% and Babbie 14.28%, won the operating contract for the Thames crossing at Dartford, to the east of London, part of the M25 London orbital. The operation of this infrastructure, which began on 1 April 2003 for a period of three years, extendable to five years, involves toll collection (Europe's biggest toll in terms of traffic), ongoing road maintenance and traffic flow. Net sales of 15 million euros from April to December 2003 were promising and in line with expectations.

Elsewhere in the UK, Cofiroute is continuing operations on the two toll bridges (13 million transactions in 2003) over the Severn between Bristol and Cardiff, via its subsidiary Toll Management Company (TMC). In 2003 TMC's net sales reached 1.8 million euros.

## *Toll Collect: new time frame*

On 29 February 2004, the Toll Collect consortium and the German Minister of Transport signed an agreement on the continuation of the automatic toll project. The German government assigned Toll Collect, which comprises Deutsche Telekom (45%), DaimlerChrysler Services (45%) and Cofiroute (10%), to install a toll system for heavy goods vehicles on the 12,000 km German federal motorway network. This innovative system uses GPS and GSM technologies to operate a mileage-based toll system for HGVs weighing more than 12 tonnes, based on how many axles they have and pollution levels.

As a result of significant delays due to technical problems, the system was not brought into service on 31 August 2003.

&gt; Toll station in Benin



Its launch has now been rescheduled for 1 January 2005. A Mark 2 version that updates tariff and geographical data will be added to the system from 1 January 2006. By keeping its infrastructure light (only 300 gateways for 12,000 kms of motorway), the Toll Collect solution is well suited to the extremely dense-knit German network.

#### *Preparing to operate the Rion-Antirion bridge*

In Greece, Cofiroute belongs to seven other consortiums in the prequalification framework for motorway concessions. Furthermore, a company made up of Cofiroute (47%) and its Greek partners (53%) is being set up to operate the Rion-Antirion Bridge linking the Peloponnese to the continent when construction work is completed.

#### *In Africa*

In Benin, the Ekpé toll/weighing station at Cotonou was successfully brought into service. Cofiroute, which is providing technical assistance and operational advice in station operations to the Benin company, Uniroute, has thus secured a foothold on the African continent.

This project has become a reference for all the countries of the region which are planning to install tolls on their territory.

#### *In South America*

Cofiroute's Chilean subsidiary Operadora Autopista Del Bosque, is continuing its successful operation of the Chillan/Collipulli motorway. Net sales for the 2003 financial year was 3.7 million euros.



&gt; Rion-Antirion Bridge

# New technologies

Recognised for its expertise and high-quality services, Cofiroute is constantly seeking innovative solutions to promote road safety and traffic flow. Cofiroute carries out its research and development programme in partnership with industry and international bodies, and is committed to sharing its results internationally.

## Melis@, broadband in Maine-et-Loire

On 12 December 2003, the company Melis@ Infrastructures, in which Cofiroute is a 12% shareholder, signed a 20-year concession agreement with the Maine-et-Loire district council to provide the department with broadband telecommunications infrastructure. Installation of the service will begin on the 544 km network during the course of 2004.

Towns along the Cofiroute network will thus be able to tap into motorway infrastructure (in this case fibre optics) with obvious benefits for the region.

## Ongoing programmes

For the past three years, Cofiroute has participated in the ARTS (Advanced Road Traffic in South West) project. This Europe-level project, bringing together the combined efforts of France, Spain and Portugal to improve the quality and continuity of services throughout the European motorway network, has an investment budget of 182 million euros spread over six years. Activities concern such varied aspects as network surveillance, setting up traffic management plans, establishing centralised operational assistance systems, and the management of network incidents and emergency calls.

Within the framework of the European research programme ADASE 2, Cofiroute organised a seminar in February 2003 on vehicle-to-vehicle and vehicle-to-infrastructure communication technologies that brought together 60 experts from Europe and Japan. ADASE systems (Advanced Driver Assistance Systems in Europe) will provide an effective solution to problems of congestion and environmental pollution and increase driver safety. They will also allow information exchange in real time, monitor the transport of dangerous substances, emergency alerts, and anticipate potentially risky situations.

Within the framework of PREDIT (Programme for Research and Innovation in Transport), Cofiroute is working closely with the LIVIC (Laboratory for Vehicle, Infrastructure and



> Armada radar on A10



> ITS Madrid

Driver Interaction) on an automated road project for heavy goods vehicles.

Cofiroute's involvement mainly concerns defining concept scenarios by identifying the different forms an automated truck road could take on major motorways: reserving a slow lane on an existing road; an extra lane added to the existing network or else a new section reserved for automated trucks.

These different options are studied in the light of infrastructure constraints, costs and operational impacts.

## Technologies for the future

Cofiroute has undertaken a heavy commitment to update the technological tools required to meet its evolving role as a network operator.



The MAGIC system, an operating tool, aims to improve service through increased reactivity and better resource allocation, with a particular emphasis on optimising inter-centre solidarity. MAGIC handles all sources of information, keeps an electronic memory of everything that enters or leaves the system (phone calls, faxes, e-mails, 40 MHz radio) and proposes action plans for the various types of incidents. It improves staff's ability to handle incidents and provides them with a highly efficient information system. 2003 was mainly devoted to preparing the pilot site at Ponthévrard which will use MAGIC for a test period during 2004.

Development is under way on ACTIV, an operations management assistance tool that is scheduled for possible implementation at the end of 2004. It uses traffic density forecasts to calculate whether it is necessary to open more lanes, toll booths or provide additional staff on the section of the network concerned.

Resource management is focused on the smooth flow of traffic and customer safety, in accordance with company commitments.

## Sharing know-how

In 2003 Cofiroute took part in a wide range of international conferences:

- At the 71st annual congress of IBTTA (International Bridge Tunnel and Turnpike Association), which was held in Paris in

September 2003, Cofiroute delivered a speech on the image of the toll road industry and how it has been accepted by customers.

- The 22nd World Road Congress, which is organised by the PIARC, was held in Durban (South Africa) in October 2003. Cofiroute presented its various international operations, such as the SR 91 and the Dartford tunnel.
- The ITS (Intelligent Transport Systems and Services) World Congress held in Madrid from 16 to 20 November provided the opportunity to present Cofiroute's expertise in the area of road and toll operations to the many foreign delegations present.

## Innovation awards

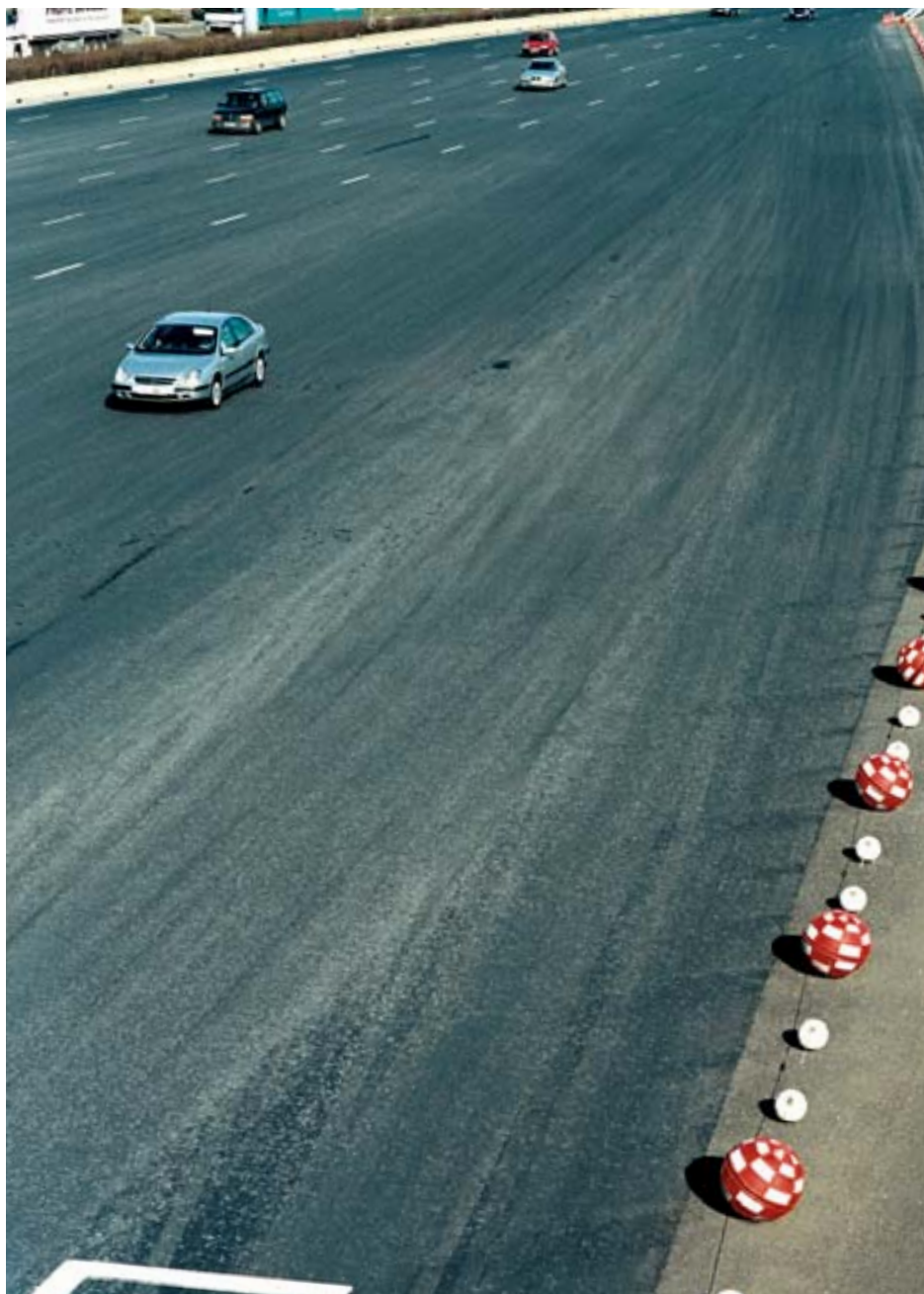
Cofiroute competed for the first time in the VINCI Innovation Awards and won three prizes at the regional level:

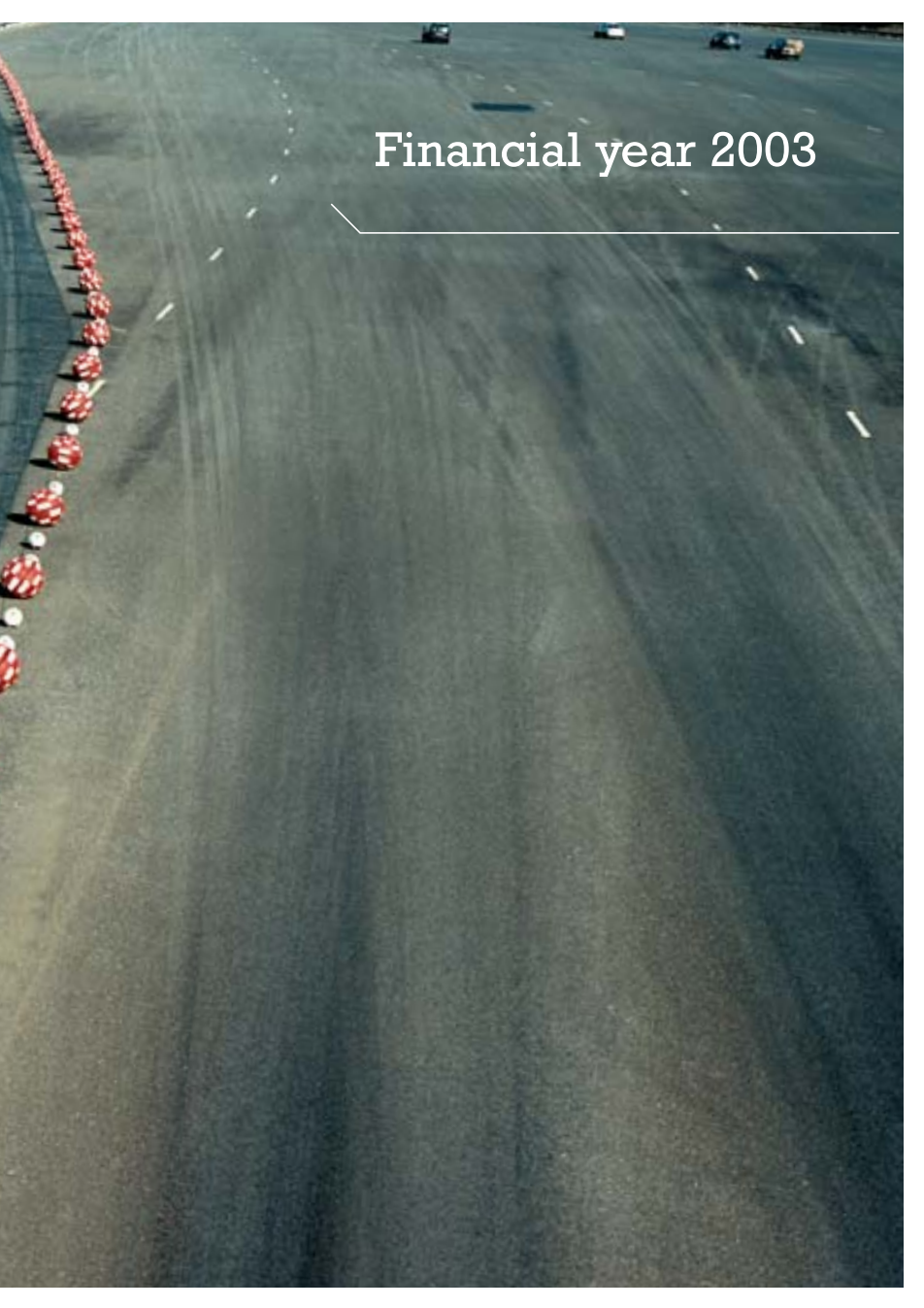
- prize for sustainable development for the greater western region, a system for recovering energy from a load resistor to heat the Blois operations centre;
- the service prize for Traffic One, the vocal information service in Ile-de-France;
- Ile-de-France materials prize, for Viajoint HP road joint, presented by Freyssinet.

Lastly, Cofiroute won the special synergies prize for its "integrated motorway landscaping". This prize was a joint award for Cofiroute's work with its project managers and public works companies for the integration of new motorway sections into their environment.

> Dartford tunnel to the east of London





An aerial photograph of a racetrack. On the left side, there is a long, continuous barrier with alternating red and white segments. The track surface is dark asphalt with white dashed lines marking the lanes. In the upper portion of the image, several cars are visible on the track, appearing to be in motion. The overall scene is captured from a high angle, looking down the length of the track.

Financial year 2003

# Balance sheet as at 31 December 2003

## Assets

In euros

	31 December 2003			31 December 2002
	Gross	Deprec., amort. and provisions	Net	
<b>Intangible assets</b>	<b>78,307</b>		<b>78,307</b>	<b>79,962</b>
<b>Owned fixed assets</b>				
Land	791,404		791,404	1,120,718
Plant and equipment	9,350,985	5,708,517	3,642,468	4,542,154
Other	25,320,601	13,219,785	12,100,816	12,225,047
	35,462,990	18,928,302	16,534,688	17,887,919
<b>Concession fixed assets</b>				
Non-renewable assets	3,331,738,175	1,225,390,161	2,106,348,014	2 000,979,853
Renewable assets	443,120,262	272,783,387	170,336,875	157,202,518
Fixed assets in progress	719,197,704		719,197,704	707,742,416
	4,494,056,141	1,498,173,548	2,995,882,593	2 865 924 787
<b>Long-term investments</b>				
Equity interests	14,755,681	12,502,400	2,253,281	2,095,013
Loans	1,966,573		1,966,573	1,735,941
Guarantees and deposits	271,782		271,782	271,782
	16,994,036	12,502,400	4,491,636	4,102,736
<b>Inventories</b>	<b>2,161,764</b>		<b>2,161,764</b>	<b>1,846,460</b>
<b>Receivables</b>				
Trade receivables	37,177,593	3,779,373	33,398,220	31,209,394
Staff	220,468		220,468	110,637
French government	7,343,829		7,343,829	4,427,147
Other	35,316,718		35,316,718	22,414,779
	80,058,608	3,779,373	76,279,235	58,161,957
<b>Prepaid expenses</b>	<b>10,113,001</b>		<b>10,113,001</b>	<b>9,151,574</b>
<b>Bank accounts</b>	<b>819,075,744</b>		<b>819,075,744</b>	<b>249,765,481</b>
<b>TOTAL</b>	<b>5,488,000,591</b>	<b>1,533,383,623</b>	<b>3,924,616,968</b>	<b>3,206,920,876</b>

## Equity and liabilities

In euros

	31 December 2003	31 December 2002
<b>Shareholders' equity</b>		
Capital stock	158,282,124	158,282,124
Legal reserve	15,828,212	15,828,212
Other reserves	4,209,755	4,209,755
Retained earnings	744,254,781	644,965,912
Net income for the year	220,200,546	215,768,279
Interim dividends	-98,865,450	-87,501,605
Investment grants	50,310,213	45,767,255
Regulated provisions	30,414,644	27,130,501
	<b>1,124,634,825</b>	<b>1,024,450,433</b>
<b>Provisions for liabilities and charges</b>		
Provisions for liabilities and charges	90,812,959	66,965,039
<b>Financial debts</b>		
Other borrowings	2,505,440,703	1,872,934,818
Central and local government payables	12,729,493	12,729,493
	<b>2,518,170,196</b>	<b>1,885,664,311</b>
<b>Current liabilities</b>		
Trade payables	52,915,958	43,700,708
Customer guarantee deposits	3,011,402	2,493,147
Accrued payroll and benefits	17,282,731	17,292,536
Tax and social debts	86,736,280	158,480,818
Other liabilities	25,389,588	1,991,071
	<b>185,335,959</b>	<b>223,958,280</b>
<b>Prepaid incomes</b>	<b>5,652,105</b>	<b>5,882,813</b>
Translation differences	10,924	0
<b>TOTAL</b>	<b>3,924,616,968</b>	<b>3,206,920,876</b>

# Statement of income

YEAR ENDED 31 DECEMBER 2003

In euros	31 December 2003	31 December 2002
<b>Operating revenue</b>		
Toll revenue	814,825,014	787,098,646
Other income	14,293,733	13,579,959
<b>Net sales</b>	<b>829,118,747</b>	<b>800,678,605</b>
Provision reversals	28,430,303	28,749,922
Miscellaneous income	15,916,585	6,194,274
<b>TOTAL I</b>	<b>873,465,635</b>	<b>835,622,801</b>
<b>Operating expenses</b>		
Purchases of consumables	8,223,843	7,525,561
External investment costs	27,537,720	26,904,862
Major repairs	20,815,586	24,744,334
External operating costs	25,340,926	24,917,130
Taxes and duties	97,656,606	96,062,046
Personnel costs	85,207,204	83,851,282
Profit-sharing	5,171,117	5,714,924
Other current management expenses	949,496	124,486
Depreciation of owned fixed assets	4,888,414	4,314,311
Depreciation of renewable assets	30,775,458	30,565,723
Special concession amortisation	76,331,800	85,977,336
Provisions for operating expenses	17,127,100	22,758,728
<b>TOTAL II</b>	<b>400,025,270</b>	<b>413,460,723</b>
<b>1 - Operating income (I - II)</b>	<b>473,440,365</b>	<b>422,162,078</b>
<b>Financial income</b>		
Intermediate interest charges	46,911,562	19,014,913
Other financial income	35,975,412	13,324,026
Provision reversals	684,932	2,253,703
<b>TOTAL III</b>	<b>83,571,906</b>	<b>34,592,642</b>
<b>Financial expense</b>		
Financial interests	137,331,291	118,338,880
Provision for impairment of financial assets	12,502,400	
Other financial expense	27,772	142,146
<b>TOTAL IV</b>	<b>149,861,463</b>	<b>118,481,026</b>
<b>2 - Net financial expense (III - IV)</b>	<b>- 66,289,557</b>	<b>- 83,888,384</b>
<b>3 - Operating income after net financial expense (1 + 2)</b>	<b>407,150,808</b>	<b>338,273,694</b>
<b>Exceptional income V</b>	<b>7,828,639</b>	<b>5,613,795</b>
<b>Exceptional expense VI</b>	<b>69,021,499</b>	<b>13,274,840</b>
<b>4 - Net exceptional items (V - VI)</b>	<b>- 61,192,860</b>	<b>- 7,661,045</b>
Corporate income tax, deferred tax and contributions VIII	125,757,402	114,844,370
<b>Total revenue (I + III + V)</b>	<b>964,866,180</b>	<b>875,829,238</b>
<b>Total expense (I + IV + VI + VII + VIII)</b>	<b>744,665,634</b>	<b>660,060,959</b>
<b>Net income</b>	<b>220,200,546</b>	<b>215,768,279</b>

# Notes to the accounts

31 DECEMBER 2003

## 1 – KEY EVENTS DURING THE YEAR

### Bond issue:

A € 600 million bond maturing on 30 April 2018 was issued on 30 April 2003. Its issue price was fixed at 99.3128% of par and the coupon at 5.25%.

### Initial credit:

The benefit of an initial VAT credit on in-service motorway sections was definitively granted to Cofiroute on 4 February 2003. This resulted in a € 80 million decrease in the gross value of concession fixed assets.

### Toll Collect project:

The company holds a 10% interest in the "Toll Collect" consortium – alongside Deutsche Telecom and Daimler Chrysler Services – which holds a contract to develop and operate an automatic toll collection service for the German motorway network in respect of heavy goods vehicles. The service rollout, which was initially planned for 31 August 2003 was delayed for technical reasons related to the highly innovative nature of the project. The German government has filed various claims, notably in respect of penalties against the Consortium.

An agreement was reached on 29 February 2004 with the German government under which the consortium maintains its control of the project rollout in two stages: provisional rollout 1 January 2005 and final rollout 1 January 2006.

On the basis of contractual provisions governing relations with the German government and within the Consortium, the 2003 financial statements include provisions for an amount corresponding to the total risk of € 70 million.

They have been recognised under the following headings:

- Equity interests for € 12.5 million
- Operating receivables for € 1.2 million
- Exceptional expenses for € 56.3 million, of which € 20 million in penalties and € 36.3 million in bank guarantees.

## 2 - ACCOUNTING POLICIES

Cofiroute's annual financial statements are denominated in euros and comply with the rules governing the French chart of accounts (ministerial order dated 22 June 1999).

The following modifications were made to the presentation of the financial statements in 2003:

- Toll revenue from service station and restaurant sub-concessions and advertising and telecom fees are now included in net sales.

To enhance comparability, prior year comparatives have been subject to the same restatement.

### 2 – 1 Fixed assets

These are divided into two categories: concession-financed and owned by the company.

#### Concession:

Concession fixed assets are those that are directly necessary for the design, construction and operation of the motorway network. They are financed by the concession holder and will be returned free of charge to the French government at the end of the concession.

They are recognised at their historic cost and comprise:

- Land, research studies, works and subsequent improvement.
- Pre-operational expenses and borrowing costs: issue charges and premiums, redemption premiums and intermediate interest.

They are subject to special concession amortisation so as to charge the financing cost over the remaining life of the concession.

There are two types of fixed asset:

- Non-renewable fixed assets during the period of the concession: they are only subject to this special amortisation. As they do not have to be renewed, they are not subject to depreciation, but if necessary, have to be repaired to maintain them in good condition until the end of the

concession. Interest expense borne during construction is capitalised as part of their cost until their in-service date.

- Renewable fixed assets: since their economic life is less than the term of the concession, they must be renewed at least once during the term of the concession. They are therefore subject to a depreciation charge which is intended to cover the cost of their replacement during the term of the concession and a special concession amortisation charge, which since 1 January 2003 has been calculated on the basis of their book value.

Intermediate interest is interest that has been capitalised during the construction period and deducted from finance charges; it is capitalised under the cost of construction until the in-service date and therefore appears as an asset in the balance sheet.

As of 1 January 2003, the company changed the calculation method for intermediate interest:

- When funds are borrowed specifically for the construction of a motorway section, the amount of capitalisable borrowing costs corresponds to the actual costs incurred on the related borrowing during the year, net of any income obtained from temporarily investing these borrowed funds.
- When the funds are borrowed for general purposes and used for the construction of several sections, the amount that may be capitalised as part of the cost of the section is determined by applying a capitalisation rate to the expenses borne during the construction phase. This capitalisation rate is equal to the weighted average of the borrowing costs on outstanding borrowings by the company for the year, excluding specific borrowings. The amount of intermediate interest capitalised during a given year can not exceed the total amount of the borrowing costs borne during that year.

With respect to amounts calculated previously, the additional interest capitalised in 2003 amounts to € 22.8 million before tax.

Depreciation and amortisation:

- Special concession amortisation applies to all sources of financing – except subsidies – used to finance the gross cost of the concession in service. The straight line method is applied for the duration of the concession remaining, namely 28 years.

- The difference between the replacement value and the acquisition value of renewable assets does not give rise to the creation of a provision for renewal. The basis for calculating special concession amortisation, however, is adjusted each year for the difference resulting from renewals made.

- Depreciation is calculated using either the straight line or the accelerated method pursuant to article 39A of the Tax Code. The difference between tax depreciation and normal depreciation is booked to liabilities under Regulated provisions.

- The useful economic life for depreciation purposes ranges from 10 to 30 years for buildings and from 3 to 10 years for fittings, equipment, furniture and vehicles. Software is subject to one-year tax depreciation.

#### Owned fixed assets

These fixed assets are Cofiroute's property and comprise all the fixed assets not used for the operation of the motorway concession. They are recognised at cost and depreciated on a straight line basis over their useful economic life, i.e., 3 to 10 years for software, fittings, equipment, furniture and vehicles.

#### Long-term investments

Shares held in subsidiaries and affiliates are recognised in the balance sheet at historic cost. A provision is recognised if the fair value, based primarily on that company's net book value, is lower than cost.

## 2 – 2 Inventories

Inventories are valued at acquisition cost using the "weighted average unit cost method", with the exception of chlorides and fuel for which the FIFO method is used. A provision for impairment is recognised where fair value is lower than cost.

## 2 – 3 Trade accounts receivable and other operating receivables

Trade accounts receivable and other operating receivables are valued at nominal value less any provisions for doubtful debts, after taking into consideration the effective possibility of recovery.

## 2 – 4 Marketable securities

Marketable securities (money-market mutual funds) are recognised at acquisition cost and marked-to-market.

## 2 – 5 Borrowings

Corporate borrowing issue expenses are amortised on a straight line basis over the duration of the corresponding borrowings.

## 2 – 6 Financial instruments

The company manages the risk of interest rate variations on its borrowings via derivative financial instruments such as interest rate swaps. Since these transactions are performed for hedging purposes, any gains or losses on contracts are recognised in the same accounting period that the hedged items are themselves recognised.

## 2 – 7 Investment grants

Grants received to finance fixed assets are recognised under shareholders' equity. They are deducted from concession fixed assets for the purposes of calculating special concession amortisation.

## 2 – 8 Retirement commitments

Lump sums payable on retirement and supplementary pension plans for staff in service are covered by insurance premiums included under operating expenses. These obligations are measured using the "prospective" actuarial method and, where applicable, give rise to an additional provision for liabilities and charges.

## 2 – 9 Provisions for liabilities and charges

Provisions for liabilities and charges are contingent in terms of their amount or the date due but are designed to cover the liabilities and charges that historic or ongoing events render probable or certain at the balance sheet date.

A provision for major repairs is calculated at the end of each year, based on a multi-year work programme prepared by the technical department and revised each year to take account of the trend of costs and the corresponding expenditure.

## 2 – 10 Corporate income tax

Cofiroute recognises a provision for deferred tax in its annual financial statements based on the tax rate in force at the year end. This provision is determined by taking into account timing differences relating to intermediate interest, employee profit-sharing and Organic tax.

Corporate income tax is calculated on the basis of the tax consolidation group comprising Cofiroute (parent company), Cofiroute Participations, SPTF and SERA (consolidated companies). The tax charge borne by these subsidiaries is equal to that which would otherwise have been borne in the absence of the tax consolidation. Savings, other than those relating to tax loss carry forwards, achieved by the Group are retained by the parent company.

## 2 – 11 Consolidation

Cofiroute does not prepare consolidated financial statements because of the non-recurring nature of revenue from subsidiaries to date.

Cofiroute's accounts are included under the full consolidation method in the consolidated financial statements of Vinci SA, a corporation with common stock of € 837,950,320, 1 cours Ferdinand de Lesseps, 92851 Rueil Malmaison Cedex.



### 3 - ACCOUNTING INFORMATION

#### 3 - 1 Assets

##### 3 - 1 - 1 Fixed assets - gross

€ million

Fixed assets in progress mainly concern works on the A86, A85 and A28 motorways, together with intermediate interest.

	1 January 2003	Movements for the year		31 December 2003
		Increases	Decreases	
Intangible assets	0.1	0.0	0.0	0.1
Owned fixed assets	37.1	4.5	6.1	35.5
Concession fixed assets:	4,279.0	392.7	177.7	4,494.0
in service	3,571.3	*226.5	23.0	3,774.8
in progress	707.7	166.2	154.7	719.2
Long-term investments	4.8	12.9	0.7	17.0
<b>TOTAL</b>	<b>4,321.0</b>	<b>410.1</b>	<b>184.5</b>	<b>4,546.6</b>

\* includes a €80 million decrease in respect of the initial VAT credit granted in 2003

##### 3 - 1 - 2 - Depreciation and amortisation

€ million

Pursuant to the ministerial order dated September 26, 1995 approving the eighth rider to the concession agreement made between the French state and Cofiroute, the end of the concession of motorways A10, A11, A28, A71, A81, A85 and A821 is set for 31 December 2030. Special concession amortisation is therefore calculated on this basis.

	1 January 2003	Movements for the year		31 December 2003
		Increases	Decreases	
Intangible assets	0.0	0.0	0.0	0.0
Owned fixed assets	19.2	4.9	5.2	18.9
Concession fixed assets:				
Special concession amortisation	1,149.1	76.3	0.0	1,225.4
Renewable fixed assets	264.1	30.8	22.4	272.5
<b>TOTAL</b>	<b>1,432.4</b>	<b>112.0</b>	<b>27.6</b>	<b>1,516.8</b>

**3 - 1 - 3 - Subsidiaries**

€ million

	<b>Subsidiary*</b> <b>Cofiroute Participations</b> <b>6 to 10 Rue Troyon</b> <b>92316 SEVRES CEDEX</b>
	<b>Siret Number:</b> <b>352 579 353 00025</b>
CAPITAL	2.2
Shareholders' equity other than capital(1)	1.4
Percentage of capital owned	99.99
Book value of shares owned	
Gross	2.2
Net	2.2
Outstanding loans and advances granted by the Company	-
Guarantees given by the Company	-
Net sales excluding tax (2) for the year	0.4
Earnings for the year	0.4
Dividends received by the Company during the year (3)	0.4
Comments	-

(\*) 2003 revenues

(1) including earnings for the year

(2) interest income

(3) received by the parent company (Cofiroute Participations)

**3 - 1 - 4 - Due dates of accounts receivable**

All operating accounts receivable are due within one year. They total €90.2 million.

**3 - 1 - 5 - Provisions for impairment**

€ million

The following table represents movements in provisions for impairment during the year:

	1 January 2003	Movements for the year		31 December 2003
		Increases	Decreases	
Renewable fixed assets	0.0	0.3	0.0	0.3
Equity interests	0.7	*12.5	0.7	12.5
Inventories	0.2	0.0	0.2	0.0
Trade accounts receivable	2.4	3.8	2.4	3.8
Other receivables	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>3.3</b>	<b>16.6</b>	<b>3.3</b>	<b>16.6</b>

\* provision for impairment of Toll Collect shares

### 3 – 1 – 6 Prepaid expenses

Prepaid expenses mainly comprise the "Redevance Domaniale" concession fee of €9.3 million.

## 3 – 2 Shareholders' equity and liabilities

### 3 – 2 – 1 Capital stock

Capital stock comprises 4,058,516 shares with a nominal value of €39 each, fully paid-up.

### 3 – 2 – 2 Provisions for liabilities and charges

€ million

The following table represents movements in provisions for liabilities and charges during the year:

	1 January 2003	Movements for the year		31 December 2003
		Increases	Decreases	
Prov for major repairs	61.9	13.3	22.1	53.1
Prov for litigation	3.9	0.1	3.5	0.5
Prov for retirement commitments (*)	0.9	0.0	0.0	0.9
Other provisions	0.3	0.0	0.3	0.0
Prov for financial commitments	0.0	**36.3	0.0	36.3
<b>TOTAL</b>	<b>67.0</b>	<b>49.7</b>	<b>25.9</b>	<b>90.8</b>

\* in addition to the insurance premiums included under operating expenses in the amount of €0.8 million  
\*\* provision for bank commitments in respect of the Toll Collect project

### 3 – 2 – 3 Due dates of borrowings

€ million

Operating borrowings include €63.2 million in deferred tax.

	Gross amount	< 1 year	1-5 years	> 5 years
Financial borrowings	2,518.2	112.9	987.8	1,417.5
Operating borrowings	185.3	185.3		
Deferred income	5.6	1.0	3.9	0.7
<b>TOTAL</b>	<b>2,709.1</b>	<b>299.2</b>	<b>991.7</b>	<b>1,418.2</b>

**3 – 2 – 4 Borrowings**

€ million

Fixed coupon debenture bonds have been issued in the amount of €2,270.9 million. The European Investment Bank (EIB) loan has a €125.0 million variable-rate component and a fixed-rate component of €75.0 million.

Interest rate swaps with a notional amount of €1,050.0 million have changed fixed interest rates into variable rates. Interest rate derivatives have the same maturities as the items hedged.

Taking into account the swap transactions and the variable portion of the EIB loan, 47.6% of the Company's total borrowings are classified as variable-rate.

There are no financial covenants which may affect interest rates and lead to calls for the early redemption of capital outstanding.

	Gross amount	< 1 year	1-5 years	> 5 years
Debentures	2,270.9	77.8	982.6	1,210.5
Other loans (EIB)	200.0			200.0
Accrued interest	34.5	34.5		
<b>TOTAL</b>	<b>2,505.4</b>	<b>112.3</b>	<b>982.6</b>	<b>1,410.5</b>

**3 – 2 – 5 Deferred income**

Deferred income mainly comprises:

- Operating rights invoiced to a telecommunications operator recognised as revenue over the duration of the agreement giving rise to these rights, in the amount of €2.4 million.
- Net financial income of €2.7 million, corresponding to the equalisation payment received when the interest rate swaps were set up in respect of the November 1997, November 1999 and

April 2003 bonds, apportioned over the duration of the borrowings.

**3 – 3 Statement of income**

A pro forma version of the 2002 statement of income is also presented, including the restatement of toll revenue from service station and restaurant sub-concessions and advertising and telecom fees, to facilitate comparison with the 2003 accounts.

**3 – 3 – 1 Exceptional items**

€ million

Exceptional items comprise the following:

	31/12/02	31/12/03
<b>Exceptional income</b>	<b>5.6</b>	<b>7.8</b>
Management operations	1.1	0.5
Capital operations	0.5	1.4
Provision reversals and expense transfers	4.0	5.9
<b>Exceptional expenses</b>	<b>13.3</b>	<b>69.0</b>
Management operations	0.4	21.1
Capital operations	5.5	2.2
Depreciation, amortisation and provisions	7.4	45.7
<b>EXCEPTIONAL ITEMS</b>	<b>- 7.7</b>	<b>- 61.2</b>

### 3 – 3 – 2 Corporate income tax

The corporate income tax charge of € 125.7 million comprises:

- corporate income tax arising on income from current operations: € 104.1 million
- deferred tax of € 15.1 million
- an exceptional contribution of 3.0% (€ 3.1 million) and a social tax contribution of 3.3% (€ 3.4 million).

### 3 – 3 – 3 Unrealised tax liability

The Company has set aside a provision on excess tax depreciation which at 31 December 2003 amounted to € 30.4 million. At a rate of 33.33% (supplemented by the 3% contribution), this gives rise to a potential tax liability of € 10.4 million.

## 3 – 4 Additional information

### 3 – 4 – 1 Off-balance sheet commitments

- Commitments given in the form of guarantees issued by banks in Cofiroute's name in favour of third parties: € 72.8 million

Completion guarantees in respect of Toll Collect: a joint and several commitment with our partners was issued in favour of the German state by all of the partners in order to guarantee the complete execution of the German contract. In relation to this commitment, guarantees were delivered to a pool of banks for an amount representing the major proportion of the guarantees issued in 2003 and remaining in force at 31 December 2003.

- Commitments received in the form of guarantees issued by banks in the name of subscription customers, in favour of Cofiroute: € 13.9 million.

- Commitments received in the form of guarantees issued by the banks in Safer's name in favour of Cofiroute: € 2.0 million.

- Investment commitments: under the terms of its concession contracts, the company is committed to make investments totaling € 2,922 million over the next five years.

### 3 – 4 – 2 Average workforce

	Employees	Staff made available (1)
Executives	191	-
Supervisory	328	-
Other clerical and manual	1,472	10
<b>TOTAL</b>	<b>1,991</b>	<b>10</b>

(1) Head office (temporary employees)

# Results for the last five years

In euros

	1999	2000	2001	2002	2003
<b>1. Financial position at year end</b>					
Capital stock	154,679,194	158,282,124	158,282,124	158,282,124	158,282,124
Number of shares issued	4,058,516	4,058,516	4,058,516	4,058,516	4,058,516
<b>2. Aggregate results of operations</b>					
Net sales (1)	758,702,999	788,962,601	740,813,796	787,098,646	829,118,747
Profit before tax, employee profit-sharing, depreciation, amortisation and provisions	372,520,665	390,117,576	429,776,875	452,478,797	503,507,687
Corporate income tax at 33.33%	86,839,067	94,178,736	96,708,539	104,107,072	104,113,407
Additional corporate income tax contributions	17,367,813	12,500,618	8,828,894	6,533,566	6,533,965
Profit after tax, employee profit-sharing, depreciation, amortisation and provisions	174,875,755	188,956,764	195,128,442	215,768,279	220,200,546
Dividend distribution	95,282,383	102,954,471	105,521,416	116,479,409	124,718,197
Long-term debt	1,578,794,091	1,504,805,501	1,734,022,063	1,802,007,360	2,405,258,360
Cost of the concession	3,581,608,831	3,749,068,519	4,058,277,615	4,279,084,434	4,494,056,141
<b>3. Earnings per share</b>					
Earnings after tax and employee profit sharing, but before depreciation, amortisation and provisions	64,80	68,43	78,48	82,82	95,52
Earnings after tax, employee profit sharing, depreciation, amortisation and provisions	43,09	46,56	48,08	53,16	54,26
Dividend per share	23,48	25,37	26,00	28,70	30,73
<b>4. Staff</b>					
Average workforce during the year	1,904	1,928	1,981	1,962	1,991
Payroll	50,106,747	53,654,361	56,100,117	57,245,897	57,231,894
Social charges and benefits	23,843,803	25,059,804	25,082,735	26,605,385	27,975,310

(1) Until 2002, net sales comprised toll receipts only.

# Cash flow statement

€ million

	31/12/2003	31/12/2002
Cash at the beginning of the year	249.8	154.0
<b>Operating activities</b>		
Cash flow from operations (excluding expense transfers)	326.5	317.9
Change in working capital requirement	- 48.2	55.3
<b>A. Net cash inflow from operating activities</b>	<b>278.3</b>	<b>373.2</b>
<b>Investing activities</b>		
Fixed assets	- 208.4	- 220.0
Investment grants	4.5	1.5
Fixed asset disposals	1.4	0.4
<b>B. Net cash outflow from investing activities</b>	<b>- 202.5</b>	<b>- 218.1</b>
<b>Financing activities</b>		
Dividends	- 127.8	- 110.9
Borrowings and advances	681.0	129.5
Repayment of borrowings and advances	- 59.7	- 77.9
<b>C. Net cash in (/out)flow from financing</b>	<b>493.5</b>	<b>- 59.3</b>
<b>Change in cash position (A + B + C)</b>	<b>569.3</b>	<b>95.8</b>
Cash at the end of the year	819.1	249.8

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Statutory Auditors'  
report on the  
annual financial statements

Year ended 31 December 2003

In accordance with the assignment that was granted to us by the Shareholders' General Meeting, we present our report for the year ended 31 December 2003 on:

- our audit of Cofiroute's annual financial statements, as attached to this report,
- specific verifications and information required by law.

The Board of Directors is responsible for the preparation of the annual financial statements. Our role is to express an opinion on these accounts based on our audit.

**1. Opinion on the annual financial statements**

We conducted our audit in accordance with French professional standards. These standards require that we plan and perform the audit to obtain reasonable assurances about whether the accounts are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the annual financial statements. An audit also involves assessing the accounting principles used and significant estimates made by management, as well as evaluating their overall presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly the financial position and results of the company for the year ended 31 December 2003.

**2. Reasons for our conclusions**

Pursuant to the provisions of article L225-235 of the Commercial Code regarding the reasons for our conclusions, introduced by the Financial Security Act of 1 August 2003 and applicable for the first time this financial year, we bring the following matters to your attention:

Cofiroute recognised provisions in its 2003 financial statements for an amount of € 70 million, in respect of its 10% interest in the "Toll Collect" consortium. This provision was quantified based on the methods presented in Note 1 of the notes to the financial statements.

On the basis of data currently available, our assessment of this provision is based on the contractual agreements within the Consortium. The assessments that were made in this regard form part of and are consistent with our overall audit approach to the annual financial statements and therefore contributed to the formation of our unqualified opinion, expressed in the first section of this report.

**3. Specific verifications and information**

We have also performed the specific verifications as required by law and in accordance with French professional standards.

We have nothing to report with respect to the fairness of the information contained in the Board of Directors' Management Report and the documents addressed to the shareholders on the company's financial position and the annual financial statements.

In application of the law, we verified that the various items of information relating to investment interests and control have been disclosed in the Management Report.

Paris, 19 March 2004  
The Statutory Auditors

Mazars & Guerard



Xavier Charton

RSM Salustro Reydel



Benoît Lebrun



Michel Berthet



**Compagnie Financière et Industrielle des Autoroutes - Cofiroute**

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