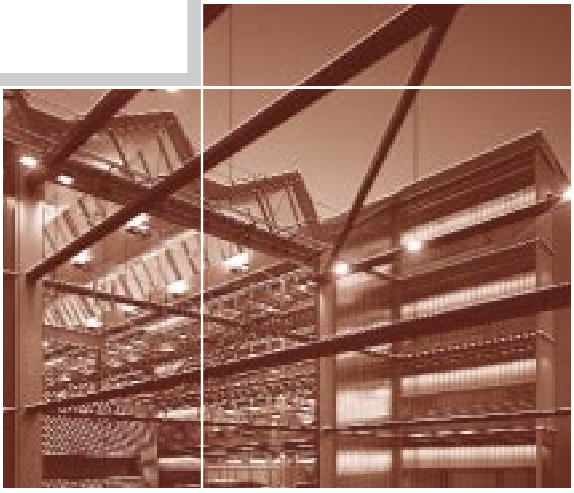
ANNUAL REPORT



VINCI

1999

Contents

Cross-referencing table

To make it easier to read this document, the following table identifies the main headings required to be covered by Regulation 98-01 of the Commission des Opérations de Bourse (French stock exchange commission). (See contents over).

VINCI

Board of Directors

Chairman

Antoine Zacharias

Directors

Dominique Bazy, CEO of AGF and member of the International Executive Committee of Allianz AG

Quentin Davies, Member of Parliament in the UK

Alain Dinin, Chief Executive Officer of CGIS

Patrick Faure, Chairman and Chief Executive Officer of Renault Véhicules Industriels and Chairman of Renault Sport

Roland Génin, former Deputy Chairman of Schlumberger

Philippe Germond, Senior Executive Vice President of Vivendi

Bernard Huvelin, General Manager of VINCI

Ernst Moritz Lipp, Member of the Board of Dresdner Bank and Dresdner Kleinwort Benson

Jean-Marie Messier, Chairman and Chief Executive Officer of Vivendi

Serge Michel, Chairman and Chief Executive Officer of Soficot

Henri Proglio, Senior Executive Vice President of Vivendi

Pierre Trotot, Executive Vice President of Cegetel

People whose appointment as director will be voted on by the Shareholder's Meeting:

Gilles d'Ambrières, Chairman and CEO of Sogeparc

Guy Dejouany, Honorary President of Vivendi

Dominique Ferrero, Chief Executive Officer of Crédit Lyonnais

Henri Saint Olive, Chairman and Chief Executive Officer of Banque Saint Olive

Willy Stricker, Chairman and Chief Executive Officer of CDC Participations

Organisation

Executive Committee

Chairman and Chief Executive Officer

Antoine Zacharias

General Manager and Member of the Board

Bernard Huvelin

Deputy General Managers

Xavier Huillard,
Chairman and Chief Executive Officer, Sogea

Roger Martin,
Chairman and Chief Executive Officer, Eurovia

Christian Péguet,
Chairman and Chief Executive Officer, GTIE

Henri Stouff,
Chairman and Chief Executive Officer,
Campenon Bernard SGE

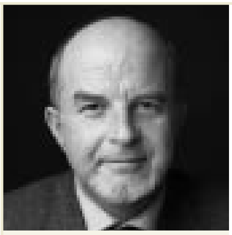
Managers

Jean-Pierre Marchand-Arpoumé,
Chairman and Chief Executive Officer,
Freyssinet

Pierre Linden,
Concessions Manager

Frédéric Gauchet,
Vice Chairman and Chief Executive Officer,
Sogeparc

Christian Labeyrie,
Chief Financial Officer
and Secretary of the Board of Directors



Antoine Zacharias

Bernard Huvelin

Xavier Huillard

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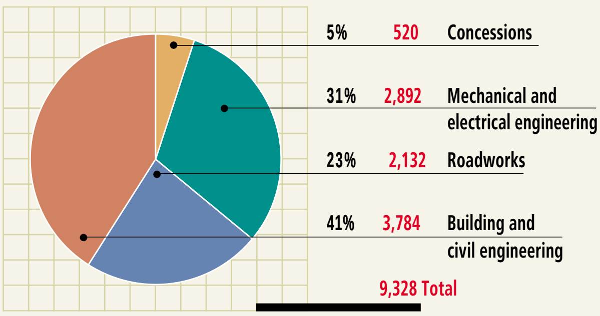
Frédéric Gauchet

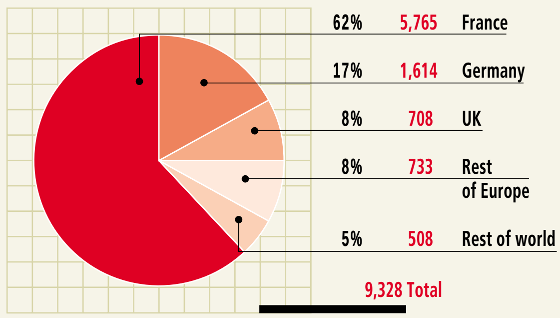
Christian Labeyrie

Key figures 1999

Total business by sector*
in millions of euros

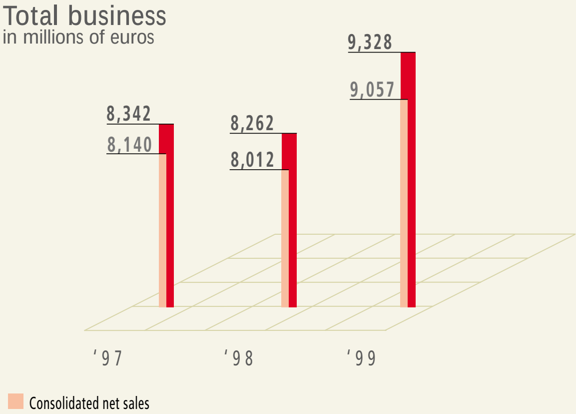


Total business by geographic area*
in millions of euros

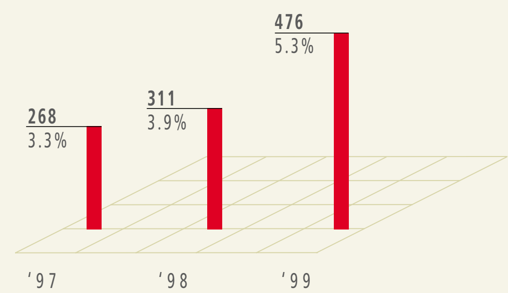


* After inter-company transactions

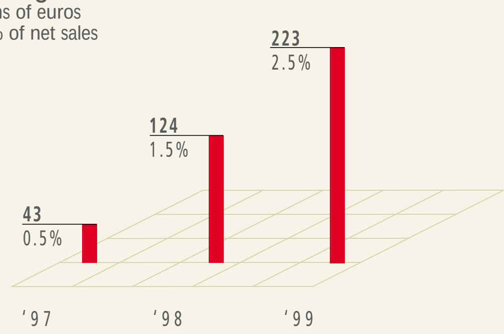
Total business
in millions of euros



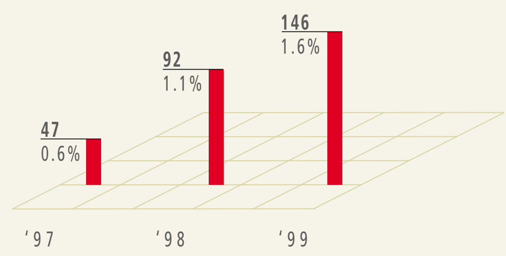
Gross operating surplus
in millions of euros
and as % of net sales



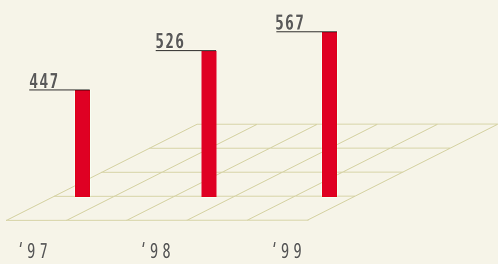
Operating income
in millions of euros
and as % of net sales



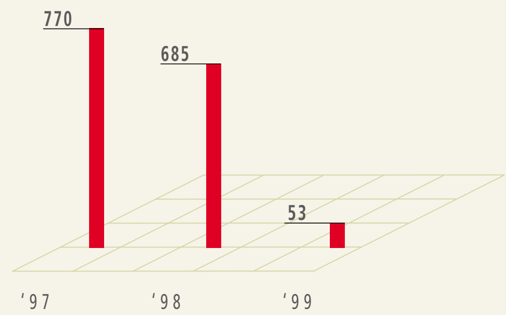
Net income
in millions of euros
and as % of total business



Shareholders' equity at 31 December
in millions of euros



Net financial surplus at 31 December
in millions of euros



VINCI is the new corporate name of the SGE group. VINCI operates through a close-knit network of some 2,000 LOCAL AGENCIES mainly located in Europe, where the group generates almost 95% of its net sales. It has operations in more than 100 COUNTRIES, employs 71,000 PEOPLE and posted net sales in 1999 of €9 billion for net income of €146m. Listed on the Paris Stock Exchange, VINCI is included in the SBF 120 and the Dow Jones Euro Stoxx indices.

Notice:
The Shareholders' Meeting called to approve SGE's 1999 financial statements also approved the change of name from Société Générale d'Entreprises to VINCI. The new name has been used in this Annual Report, in particular in the Report of the Board of Directors (pages 8 to 19).

The number one in France in parking facilities,

with capacity in France and elsewhere in Europe for about 380,000 vehicles, VINCI is also a major player in the field of infrastructure concessions, through its holding in Cofiroute and the operation of major facilities such as the Stade de France stadium in Paris, the Prado-Carénage tunnel in Marseilles and the Tagus River bridges in Lisbon.

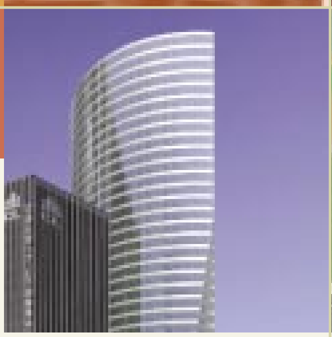
The number one in France in electrical engineering and works,

VINCI occupies leading positions in the electrical power supply, information and communication technologies, and thermal and mechanical lines of business.

CONCESSIONS

MECHANICAL AND ELECTRICAL ENGINEERING

BUILDING AND CIVIL ENGINEERING



ROADWORKS

A European leader in building and civil engineering,

VINCI is an industry leader in Europe and on other continents in the sectors of building, major turnkey infrastructure projects, hydraulic engineering and specialist civil engineering.

A European leader in roadworks,

with a particularly close-knit network of agencies in France and Germany, VINCI is involved in the entire chain from the industrial production of materials right through to the construction of roads and long-term maintenance.

Chairman's statement

Antoine Zacharias

CHAIRMAN AND
CHIEF EXECUTIVE OFFICER

Nineteen ninety-nine marked the end of a three-year period of radical transformation, in the course of which SGE restructured in order to apply better the three principles on which its expansion is based:

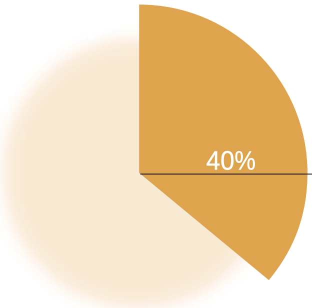
- increasing the proportional contribution to both net sales and income of its most recurrent lines of business;
- development within each division of lines of business that differentiate it most from its competitors and offer the greatest value added;
- a different approach to the core sectors of building and civil engineering, in which profit margins are given systematic preference over volumes.

The 1999 operating income of €223m and net income of €146m, levels reached for the very first time, provide strong confirmation that the direction chosen by SGE three years ago was the right one. Looking to the year 2000 and beyond, the outlook is good. Further expansion, which will confirm our status as a leading European group, is already being envisaged.

As this statement is being drafted, the year 2000 is already well under way. The beginning of this new financial year was marked by the withdrawal from our group of Vivendi, whose holding has fallen to just 17%. After more than 30 years as part of industrial groups more powerful than itself, a new area is opening up for SGE, now known as VINCI, without a majority shareholder. Over the last three years, our relationship with Vivendi has been one of mutual understanding and harmony, which has made it possible for SGE to experience, to a large extent, a certain autonomy. Our group is now ready to start its new future, at the service of its shareholders, with confidence.

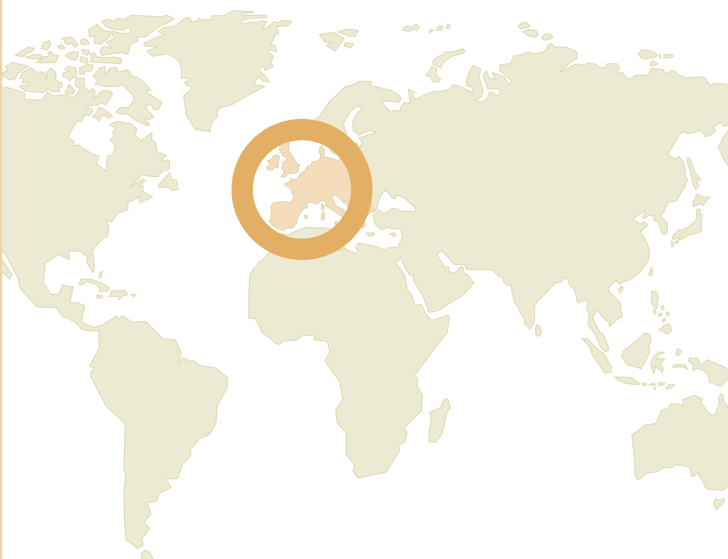
Business lines

CONCESSIONS

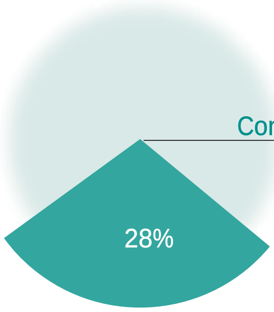


Contribution to consolidated operational income*

Infrastructure concessions are a priority area of expansion for VINCI. They form an integral part of know-how that encompasses the design of major structures and their turnkey construction, financing and operation.
The group occupies a front-line position in this field, through its 31% holding of the capital stock of **Cofiroute** and the operation of structures such as the Stade de France stadium in Paris, the Tagus River bridges in Lisbon and the Prado-Carénage tunnel in Marseilles. Since its acquisition in 1999 of **Sogeparc,** VINCI is the French leader in parking facilities.
The group operates about 380,000 parking spaces in seven European countries, two-thirds of them in France.

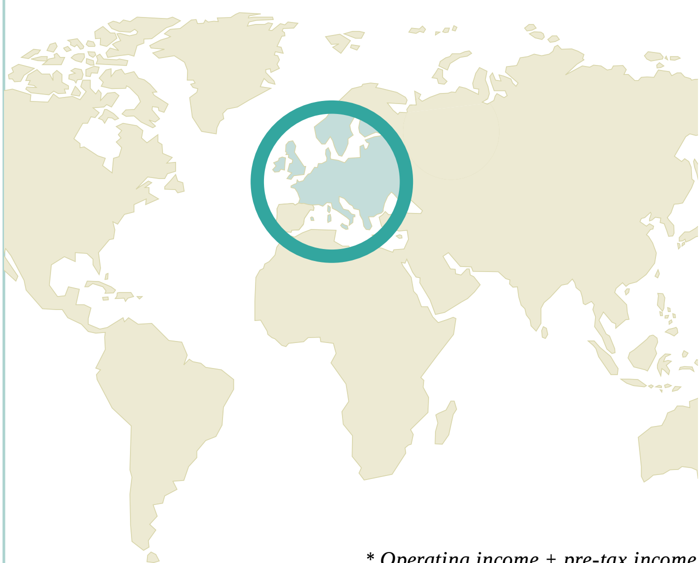


MECHANICAL AND ELECTRICAL ENGINEERING



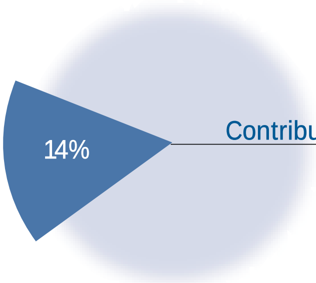
Contribution to consolidated operational income*

VINCI has a strong presence in the field of mechanical and electrical engineering through two of its subsidiaries. **GTIE,** is the French leader in electrical engineering and works, and a major player in the very buoyant information and communication technologies market. While well rooted in France, GTIE also has significant market shares in the UK, the Netherlands, Germany and Sweden.
Sophiane, which specialises in power and ventilation systems, fire protection, insulation and interior outfitting, is very present in the French and German markets and in Eastern Europe. In 1999, it strengthened its position in the fire protection sector with acquisitions of German company Calanbau and French companies Mécatiss and Vraco.



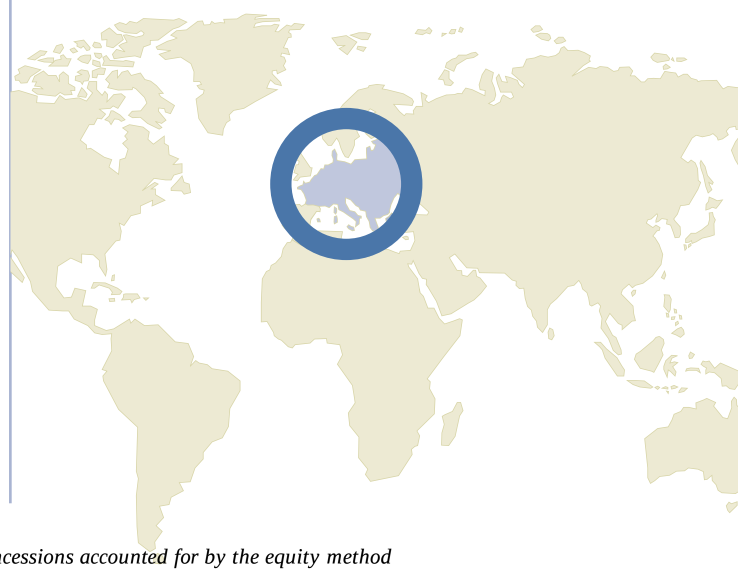
** Operating income + pre-tax income of*

ROADWORKS

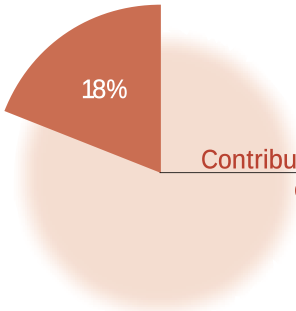


Contribution to consolidated operational income*

Having already reached the number two position in the French roadworks market through its subsidiary **Eurovia,** following the acquisition of **Teerbau,** VINCI is now also number one in German roadworks. It also has a significant presence in Eastern Europe. The group has expertise in all lines of business associated with roads, from the extraction and industrial production of materials through to urban development. VINCI is also the leader in the German and French markets for demolition, in particular due to the 1999 acquisition of **Cardem,** number one in this sector in France.

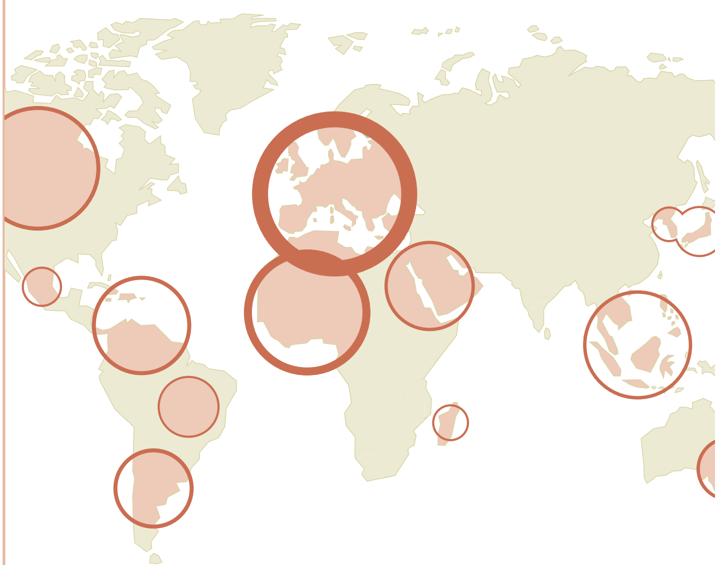


BUILDING AND CIVIL ENGINEERING



Contribution to consolidated operational income*

Through its subsidiaries **Campenon Bernard SGE, Sogea** and **Norwest Holst,** VINCI is one of Europe's major players in building, civil engineering and hydraulic works, and also, through **Freyssinet,** the top group worldwide in specialist civil engineering. In general contracting, SGE has front-line positions in the French, German and British markets. Outside Europe, it is present in Africa through subsidiaries of Sogea and Satom, and in the Middle East through the major projects division of Campenon Bernard SGE. Freyssinet, having been strengthened by the acquisition of **Terre Armée Internationale,** the world leader in geotechnical engineering, operates in Asia and America in the areas of prestressing, cable staying, geotechnical engineering and maintenance of structures.



concessions accounted for by the equity method

Highlights of the year 1999

January

TAI joins the Freyssinet group

Terre Armée Internationale, world leader in geotechnical engineering with net sales of €110m, joins the Freyssinet group, which thereby extends its portfolio of patents and strengthens its position in the specialist civil engineering market.

February

Eurovia's first contract in Romania

In connection with its expansion in Eastern Europe, Eurovia secures a tender for the renovation of Romania's national road number 13, between Brasov and Bogata Hill.

March

Creation of Axians

The GTIE group brings together all its services relating to the integration of business communication networks under the name of Axians. This new brand name will be present right across France.

April

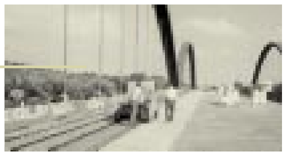
Maintenance contracts for GTIE

GTIE wins the maintenance contract for the Cofiroute telecommunications network (850 kilometres of optical fibre), as well as a maintenance contract for 300 sites belonging to SFR.

May

Campenon Bernard SGE: a major project for Ariane V in Kourou

A new contract in Guiana for Campenon Bernard SGE, which delivered the missile launch pad in 1992. The company is chosen by CNES (the French space agency) for construction of the infrastructure for the Ariane V payload preparation facility in Kourou. At a contract value of €37m, the work is to be completed by the end of 2000 in time for the first Ariane V satellites.



June

Eurovia acquires Teerbau

Teerbau, the number one German roadworks company, joins Eurovia. It brings a network of 23 agencies and subsidiaries and 160 industrial production units, and annual net sales of €760m. The combination of VBU and Teerbau is a solid base for Eurovia's deployment in Eastern Europe.

July

New contracts in Africa for Sogea

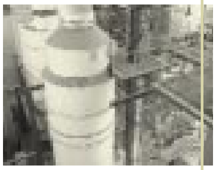
Sogea and its subsidiary Satom win two new roadworks contracts in Africa. The first is for the construction of a 247 kilometre road in Cameroon, between Bertoua and Garoua-Boulaï, and the second for a 54 kilometre section of road in Gabon, between Lalara and Mitzic. The total value of the two operations comes to €76m.

September

SGE succeeds in bid for Sogeparc

On 30 September, at the end of a takeover bid launched on 19 July 1999, VINCI held almost 98% of the capital stock of Sogeparc, a parking facility operator with net sales of €210m. The group is now number one in France and number two in Europe in the parking sector, with about 380,000 spaces under management.

VINCI Environnement acquires Speic



VINCI Environnement buys Speic, the French leader in the overhauling and renovation of electrostatic filters. Speic, a partner of VINCI Environnement for the last 12 years, has a wide range of equipment and technologies, which offers VINCI Environnement the prospect of growth in the promising air protection market.

Cofiroute designated concession holder for western A86

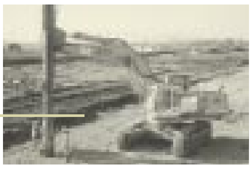
The concession for the western section of the A86 round-Paris motorway is awarded to Cofiroute. Socatop, the consortium of construction companies (one of which is Campenon Bernard SGE) responsible for the design and works, will be able to re-open a work site that was suspended 18 months earlier by a judgement of the Conseil d'Etat (French supreme court).

October

Expo 2000

Brüggemann, the German subsidiary of Campenon Bernard SGE, is awarded the construction of the French pavilion at Expo 2000, which will run from 1 June to 31 October 2000 in Hanover.

In Cairo, the boring of the El Azhar road tunnel by Campenon Bernard SGE is completed in advance of schedule.



November

Freyssinet buys out Ménard Soltraitement

Freyssinet completes its offering in geotechnical engineering by acquiring Ménard Soltraitement (net sales of €25m), a company with full expertise in a set of unique processes and patents in the field of soil compaction and improvement.

Following Calanbau, Sophiane acquires Vraco and Mécatiss

Sophiane continues its expansion in fire protection, by acquiring the Vraco group, which specialises in components for sealing off and controlling the flow of liquids, and Mécatiss, which holds strong positions in passive fire protection and sealing for the nuclear sector. After the acquisition of Calenbau, an active fire protection specialist operating in Germany, these two new transactions secure VINCI's position as a major player in fire protection in Europe.

December

GTIE launches friendly takeover bid for Lundgren

Following a takeover bid submitted on 15 December in Stockholm, GTIE has 99.8% control of Swedish electrical engineering and works company Emil Lundgren, which operates in Scandinavia and Eastern Europe (net sales of €75m).

Share price data and shareholding

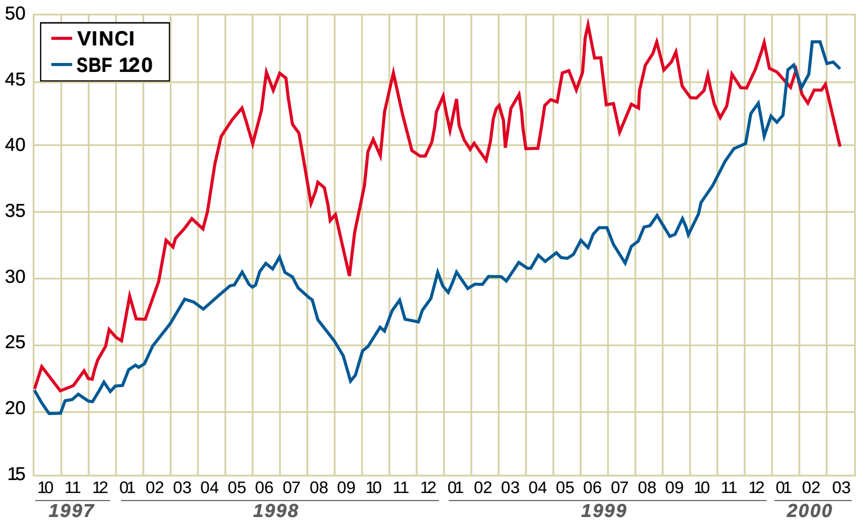
In February 2000, through a private placement with European and US investors, Vivendi sold 32% of the capital stock it held in the company, thereby reducing its stake to less than 17%. The success of this operation, which was nearly three times oversubscribed, demonstrates the level of investor confidence in the group.

Changes in the share price

The VINCI share is listed on the Paris Stock Exchange monthly settlement market under the reference number Sicovam 12548. It is included in the exchange's SBF 120 index and, since December 1999, in the Dow Jones Euro Stoxx index of the main European securities. The share increased in value by 16.4% in 1999, offering shareholders an overall yield of 21.7% including the dividend and tax credit.
Over the first nine months of the year, the performance of the VINCI share was satisfactory as it more or less tracked the SBF 120 index. The share price reached its highest level (€51) on 28 June, against a low of €38.50 on 26 January.
The share then lost a little ground, ending the year at €46.50.
Over the last months of 1999 and the beginning of 2000, the share suffered both from a general decline of interest in securities perceived as cyclical, and from a wait-and-see attitude caused by the prospect of Vivendi's announced withdrawal.

Comparative fluctuation of VINCI share and the SBF 120 index

Since October 1997, the date of Vivendi's first private placement, VINCI's market capitalisation has doubled.



Private placement

Following a private placement closed on 9 February 2000, Vivendi reduced its holding in the group from 49.2% to 16.9%. A total of 13 million of the company shares were sold by Vivendi to around 115 institutional investors, most of them European. The price was €44 per share, which represents a discount of 1% on the 8 February closing price. The private placement was a great success. It was nearly three times oversubscribed, which demonstrates the level of investor confidence in the group's strategic direction and expansion outlook.

Volumes traded

A total of 16.6 million shares changed hands in 1999, which represents an average daily volume traded of 65,375. The increase in the float following the private placement, from 41% to 73% of the capital stock, resulted in strong growth in volumes traded. The average daily number of shares traded in February and March 2000 exceeded 190,000.

Share buyback programme

In 1999 the group continued the share buyback programme initiated in 1998, acquiring 3,727,407 shares at an average price of €42. At the same time, and with a view to improving return on equity and value for shareholders, the group cancelled 2,074,400 shares in May 1999, representing 5% of its capital stock.

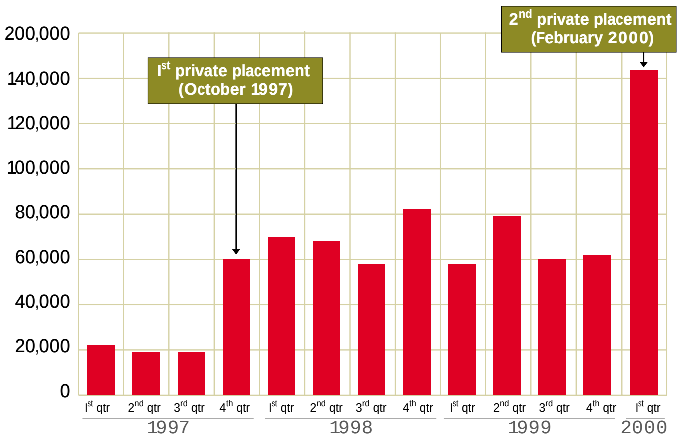
At 31 March 2000, the group held 7.5% of its own capital stock, in the form of 3,005,042 shares, and was in a position to purchase 1 million additional securities, in accordance with the authorisation given by the Shareholders' Meeting of 25 October 1999.

Dividend

The dividend to be proposed to the Shareholders' Meeting comes to €1.60 per share, or €2.40 including a 50% tax credit, for a 14% increase over the 1998 dividend. This represents an overall return of 5.2% with respect to the closing price of 31 December 1999.

Average daily volume traded*

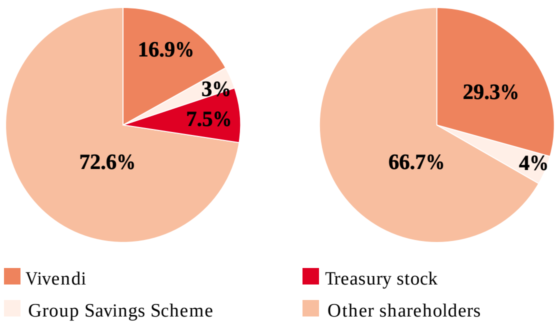
The two private placements carried out by Vivendi had a very positive impact on the share's liquidity.



** Private placements in October 1997 (13,225,000 shares) and February-March 2000 (13,000,000 shares) not included*

Shareholder structure on 31 March 2000

as % of capital stock | *as % of voting rights(*)*



** These figures do not take into account Vivendi's 9 February 2000 announcement that it is waiving its double voting rights.*

Stock exchange figures

	1999	1998	1997
Price at 31 Dec. (in euros)	46.50	39.94	23.78
Highest price (in euros)	51.00	46.95	24.38
Lowest price (in euros)	38.50	23.63	15.99
Average daily volume traded (in shares)	65,375	70,179	30,356
Market capitalisation on 31 Dec. (in millions of euros)	1,872	1,657	959
Number of shares on 31 Dec.	40,261,023	41,487,757	40,323,352

Earnings per share

(in euros)

	1999	1998	1997
Net earnings per share (1)	3.64	2.25	1.17
Net dividend per share	1.60 (2)	1.40	0.61
Total dividend (net dividend + tax credit) (3)	2.40 (2)	2.10	0.91
Distribution rate	44%	62%	52%
Overall return (4)	5.2%		3.8%

(1) Calculated on the basis of the weighted average number of shares during the period
(2) Proposal (3) Maximum tax credit of 50% (4) Compared with the share price at 31 December

Shareholder information

www.groupe-vinci.com
Shareholder relations: VINCI
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92851 Rueil-Malmaison Cedex, France.
Tel: + 33 1 47 16 35 00 – Fax: + 33 1 47 16 33 88
e-mail: ***actionnaires@groupe-vinci.com***

The construction market in 1999

In most of the Group's markets, 1999 brought confirmation of the favourable trends that emerged in 1998.

GTIE is French leader in electrical engineering and works, and generates more than 40% of net sales in information and communication technologies.

In France, the market environment was good for all the group's lines of business, with the exception of major infrastructure projects. In the building sector, private housing and non-residential building starts increased and constituted one of the main drivers of economic recovery. The economic environment remained very propitious for private housing – in terms of the disposable income of households, reduced unemployment, interest rates for loans and tax incentives – and there are particularly strong incentives for private home ownership. After a low point in 1999, the public housing sector is beginning to recover, and there is growing demand for improvement and maintenance work, driven in particular by the reduction in the VAT rate on this type of work.

In non-residential building, 1999 was a year of recovery for the office building market and of a strong upswing in the industrial building market, where investment is very vigorous. Companies operating in shell construction and interior works (electrical works, air conditioning, communications, etc.) took full advantage of this favourable industrial environment.

As was the case in 1998, orders from local authorities were at a very high level right through 1999. This was especially true for roadworks, which considerably increased its level of business. However, the rise in the cost of petroleum products that occurred during the year affected this sector's marketplace.

This favourable trend is to be contrasted with the total stagnation in major infrastructure projects, the main exception being the re-opening at the end of 1999 of the western A86 round-Paris motorway site.

In the electricity sector, the upheaval of the deregulation of the power generation and transmission markets introduced a completely new factor, and business was generally sustained.

In the communication infrastructure sector, growth continued at a very rapid pace.

GTIE is well established in the automotive, petrochemical and agrofood sectors, where it partners many different companies with an offering customised to their industrial processes.

In the United Kingdom, the market environment was relatively good, despite persistent difficulties in the area of capital expenditure. The construction sector benefited in 1999 from sustained demand for private commercial buildings. Similarly, the demand for major infrastructure projects (water and wastewater treatment, motorways and railways) was quite strong throughout the year, and order book levels were relatively high at year end. The development of private finance initiative (PFI) projects brought in substantial additional business.

In Germany, the first timid signs of an upturn appeared in 1999. In industry, some sectors started to resume investing, which made it possible for construction business to remain stable, and even to grow in certain regions.
In the roadworks sector the low point seems to have been reached, and an increase in capital investment is expected.
The market is improving in the western states, but remains difficult in the eastern states.
In the non-residential building sector, in which the group's companies are less and less involved, the German marketplace continued to deteriorate, especially in the east.

In the rest of Europe, the recovery that started in 1998 gathered steam in 1999. The marketplace in the Netherlands in particular remained very promising, as did Eastern European country markets, which offer good prospects for growth in the construction sector.

The Group in 1999

The group launched an in-depth restructuring programme three years ago, accompanied by a strategy to refocus its business portfolio on activities with recurring income streams and very high growth potential. It continued to reap the benefits of this strategy in 1999.

As a result of improvements in operating profitability in all lines of business, operating income increased by more than 80% and net income rose almost 60% over 1998 to €146m.
The year was also marked by a large number of external growth operations, including the acquisition of Teerbau, the German leader in roadworks, and the takeover of Sogeparc, the French leader in parking facilities.

Net sales

Rise in business volume of 13% from external growth and increases in concessions, electrical engineering and roadworks

In 1999 the group's total business came to €9.3 billion, 13% higher than in 1998. The increase is due to a number of factors: the impact of the external growth policy applied since the end of 1998; internal growth in the group's most profitable businesses (concessions, electrical engineering and roadworks); redeployment in favour of high added value technical niche markets in building and civil engineering and in thermal and mechanical activities; consistent selectivity in order-taking for the group as a whole and more particularly in building and civil engineering; and favourable market environments for most lines of business.
Consolidated net sales, which do not include the contribution of concessions accounted for by the equity method, in particular that of Cofiroute, stood at €9.1 billion.
After having acquired Terre Armée Internationale, a specialist in geotechnical engineering, and Calanbau, a fire protection leader, at the end of 1998, the group pursued its expansion in 1999. It assumed control of Teerbau*, the number one roadworks group in Germany, and of Sogeparc*, number one in France and number two in Europe in parking facilities. The acquisitions then followed of Ménard Soltraitement (geotechnical engineering), Mécatiss and Vraco (two fire protection companies), and various roadworks

** Both Teerbau and Sogeparc are consolidated for only six months in 1999*

Total business
(in millions of euros)

	1999	1998	1997	Change on real basis 1998-99	Change on like-to-like basis 1998-99
Concessions**	248.8	98.7	55.3	+ 152.1%	+ 44.2%
M&E engineering - Electrical	1,854.1	1,735.4	1,702.7	+ 6.8%	+ 6.5%
- Thermal and mechanical	1,052.3	1,047.2	1,099.3	+ 0.5%	−3.4%
Roadworks	2,149.1	1,559.3	1,557.3	+ 37.8%	+ 7.7%
Building and civil engineering	3,811.4	3,626.8	3,763.5	+ 5.1%	+ 1.1%
Inter-company transactions	(58.9)	(55.9)	(37.9)		
Consolidated net sales	**9,056.8**	**8,011.5**	**8,140.2**	**+ 13.0%**	**+ 3.5%**
Concessions accounted for by the equity method**	271.5	250.7	201.6	+ 8.3%	+ 8.3%
Total business	**9,328.3**	**8,262.2**	**8,341.8**	**+ 12.9%**	**+ 3.7%**

*** Cofiroute, Stade de France, the Tagus River bridges and the Prado-Carénage tunnel are accounted for by the equity method* companies in Eastern Europe. At the same time, some non-strategic or low-potential businesses, such as the earth works company Valerian, were sold. On a like-to-like basis, net sales rose by 3.5%.

The share of business generated with private-sector customers now represents more than half the total. In 1999 the Group earned 39% of its net sales outside France, including 18% in Germany and 8% in the UK.

Concessions. The parking business expanded with the acquisition of Sogeparc, which yielded net sales of €106m over six months. Cofiroute grew by 7%, and the growth in business for the Tagus River bridges in Lisbon (54%) and the Prado-Carénage tunnel in Marseilles (8%) was higher than forecast.

Mechanical and electrical engineering. In electrical engineering, GTIE (+7%) benefited from growth in its activities in data processing and communications, and of strong industrial demand both in and outside France. In thermal and mechanical engineering, Sophiane continued to shift the balance of its business portfolio towards higher added value sectors such as fire protection, which resulted in a 3% drop in net sales on a like-to-like basis. Most of the fall came from the insulation sector.

Roadworks. Eurovia's net sales grew by 38% (8% like-to-like), due to the acquisition of Teerbau, which accounted for net sales over six months of €458m, and to strong levels of business in both France and Germany.

Building and civil engineering. Net sales generated by building and civil engineering increased by 5% (1% like-to-like), under the combined effect of strong growth in the specialist civil engineering business of Freyssinet (59% on a real basis, including the consolidation of Terre Armée Internationale and Ménard Soltraitement, and 10% like-to-like), and of stability in the general contracting business.

Operating income

Increase of more than 80% due to improved operating profitability in all lines of business.

Operating income came to €223m, against €124m in 1998, for an increase of 81%. It represents 2.5% of net sales, compared with 1.5% in 1998. The intrinsic improvement in operating profitability, including in Germany where loss-making centres were absorbed, allowed all lines of business to make significant progress, both in terms of absolute value and as a percentage of net sales. An added beneficial effect was provided by the acquisitions made since the end of 1998, in particular of Sogeparc and of Terre Armée Internationale. On a like-to-like basis and excluding exceptional 1998 items (related primarily to the extension of the percentage of completion accounting method to the mechanical and electrical engineering division), operating income increased 77%.

Concessions. The parking facilities business generated operating income of €35m (25% of net sales). The strong increase over 1998 is due to the consolidation of Sogeparc for six months, which represented €27m.

Mechanical and electrical engineering. GTIE considerably improved its profitability (4.2% of net sales against 2.9% in 1998 using consistent accounting policies, after the restatement of various exceptional income items). This good performance reflects strong growth in data processing and communication activities. Sophiane's redeployment in favour of the fire protection lines of business, and its continued recovery in the insulation sector, resulted in its operating margin increasing from 0.3% to 1.8% of net sales, despite continued problems in the HVAC market in Germany.

Roadworks. With greater business volume and the recovery of VBU in Germany, Eurovia was able to increase its operating margin to 2.2% of net sales. Consolidated over six months, Teerbau contributed a small amount of operating income.

Building and civil engineering.

The building and civil engineering lines of business saw the results of the selective order-taking and risk control policy introduced three years ago, with an improvement in operating margin from 0.3% to 1.6% of net sales, in a more favourable economic environment. In the UK, Norwest Holst continued to improve its operating margin (1.7% of net sales), while the German building sector subsidiaries continued to recover and broke even at operating level.
Freyssinet contributed significantly to the improved performance of the building and civil engineering businesses, with operating income of €20m (5.5% of net sales) generated by the positive impact of the consolidation of Terre Armée Internationale and by internal growth in its international business, especially in South-East Asia.

Under holding companies, there is a €15m charge for a supplementary pension plan for management.

Net income

Increase of almost 60% due to improvement in operating income

Operating income plus net financial income reached €229m, with net financial income accounting for €6m, which is €14m less than the previous year. This reduction is due to the cost of financing acquisitions made in the period, for an estimated €10m (€30m over a full year).
Net exceptional expense was €32m in 1999. It includes €20m in provisions for outstanding disputes and a substantial reduction in restructuring costs (from €64m to €25m), which reflects the end of the restructuring programme initiated three years ago.
The group's net tax charge in 1999 came to €35m, of which €10m is due to Sogeparc (which will be brought into the tax group in 2000).
Amortisation of goodwill amounted to €55m. This included €6.5m for Sogeparc and €2m for Teerbau for the second half of 1999, as well as exceptional goodwill amortisation of €26m.
Equity in earnings of companies accounted for by the equity method increased 38% to €56m, due to the strong rise in Cofiroute's contribution (€54m). The Stade de France consortium and the Prado-Carénage tunnel posted their first profits and the Tagus River bridges improved their contribution.
Net income in 1999 came to €146m, against €92m in 1998, representing a 59% increase. Taking into account the cancellation of 5% of the capital stock in May 1999, earnings per share went up by 62%.

Financial elements

Cash flow from operations doubled

The increase in cash flow from operations, together with a reduction in the working capital requirement, made it possible to double the cash generated by operations during the year, from €254m in 1998 to €560m in 1999.
At €189m, net capital expenditure was kept at a similar level to that of the previous year. Conversely, net financial investments rose sharply to €683m (including €603m for Sogeparc).
In addition, the purchase of its own shares in 1999 amounted to €156m.
Overall cash flow for the year was negative at €381m, to which is added €250m for the net debt of acquisitions (net of disposals).

Operating income

(in millions of euros and as % of net sales)

	1999		1998		1997	
Concessions *	37.9	15.3%	8.4	8.4%	7.2	13.0%
M&E engineering - Electrical	77.1	4.2%	71.9	4.1%	56.3	3.3%
- Thermal and mechanical	18.9	1.8%	2.9	0.3%	(31.6)	(2.9%)
Roadworks	46.9	2.2%	31.7	2.0%	13.1	0.8%
Building and civil engineering	61.7	1.6%	10.9	0.3%	(0.8)	n.s.
Holding companies	(19.0)		(2.2)		(1.2)	
Operating income	223.4	2.5%	123.6	1.5%	43.0	0.5%

** Excluding Cofiroute, Stade de France, the Tagus River bridges and the Prado-Carénage tunnel, all accounted for by the equity method*

Balance sheet

A solid financial structure

The external growth operations led to a sharp drop in the group's net financial surplus, from €685m at the end of 1998 to €53m at the end of 1999. The financial structure of the group remains very solid, with total shareholders' equity plus provisions of €2 billion.

Individual financial statements

The parent company had 1999 net income of €77m, against €51m in 1998.
The Shareholders' Meeting is asked to approve payment of a dividend of €1.60 per share (€2.40 or €2.24 per share with the tax credit included, depending on tax provisions in force.
The full earnings appropriation proposal is as follows*:

(in euros)	
Net income for 1999	76,667,715
Legal reserve	3,833,386
Payment of dividends to shareholders	60,164,677
Retained earnings	12,669,652

** Based on 37,602,923 shares eligible for dividend payment at 8 March 2000*

The expenses set out in Article 39.4 of the French general tax code came to €15,184 in 1999.

Outlook

Strong growth potential for income in all lines of business

In the year 2000 the Group will continue the process, already well under way, of refocusing its business portfolio on sectors that generate recurring profits in buoyant markets with a high level of foreseeability (concessions, electrical engineering and roadworks). In order to achieve this objective, priority will be given to external growth centred on Europe, and also to the encouragement of in-house start-ups as a way of taking advantage of new information technology and communication markets, following the example of GTIE's success in this field.
The group will continue the work started three years ago, with selective order-taking and strict risk control as the main guidelines. The recent acquisitions have been integrated into the group in such a way as to boost their performance up to the level of the best (especially in the case of Teerbau). In building and civil engineering and thermal and mechanical engineering, priority will be given to more profitable segments, especially expansion in niche markets with strong technological differentiation and high added value (specialist civil engineering, fire protection, integrated offers of the PFI type, and so on). Other priorities will include increasing the share of private-sector customers and withdrawing from lines of business with weak margins. The grouping of Sophiane's activities with those of GTIE will enable the group to enlarge its offering for major industrial customers and accelerate expansion outside France in these lines of business.
In the year 2000, the full impact of restructuring and selective order-taking introduced several years ago will be seen, and expansion will continue, targeting the most profitable lines of business with the highest potential. Given that economic and market trends in Europe are expected to remain favourable, the group should once again improve its profitability.
An increase in operating income of over 10% is expected, which allows a net income target to be set of around 2% of net sales.

Human resources

Youth employment, in-service training for all personnel, an active accident prevention programme and the development of employee shareholding are the main priorities for the group's human resources policy.

Most of the managerial staff are connected to the group's intranet, giving them access to the latest news and data bases and creating a network for teamwork and shared expertise.

The average number of Group employees of rose to 70,699 in 1999, an increase of about 10% over the 1998 figure.

A policy that promotes training and youth employment

In line with its policy of previous years, the group continued to hire young people. Some 500 of them with various qualifications were recruited over the year by GTIE, which also devoted €20m, or 6% of its payroll, to in-service training. Eurovia took on 50 engineers and trained 479 people at the roadworks school it has set up at Gevrey-Chambertin in Burgundy. Sogea put in place a systematic management training programme for those in charge of its profit centres. Lastly, an allocation of €76,225 was made for five more years to the Eurovia company foundation, whose purpose is to help the children of the company's manual workers to gain access to higher education.

Prevention of accidents at work

The prevention of accidents at work is a central thrust of the human resources policy in all the group's companies. Campenon Bernard SGE, whose «Safety OK» campaign made it possible to halve the number of accidents in just seven years, set up an in-service safety training programme, aimed at all levels in the company, and extended the practice of «preventive action plans» to all its subsidiaries. In pursuit of the same objective – making the fight against accidents part of everyday behaviour – Sogea created an entity specialising in the

Change in workforce numbers by line of business

	1999	1998	1997
Concessions	1,875	35	30
Mechanical and electrical engineering	25,411	25,646	27,379
Roadworks	15,803	11,562	11,820
Building and civil engineering	27,495	27,110	28,844
Holding company and other	115	98	178
Total average workforce	**70,699**	**64,451**	**68,251**

The proportion of managerial staff in electrical engineering and works is higher than 15%.

management of risk in working environments, and intensified its safety training efforts.

Re-assessment of employee savings objectives

In the area of employee savings, VINCI launched a new savings plan, Castor, which extends and simplifies the plan launched in 1995, offering additional advantages such as an increase in the employer's contribution from FF5,000 to FF10,000. The objective of this new plan is to double the number of subscribers, and ultimately to increase the share of the group's capital stock held by employees to 10%.

Workforce by category

	1999
Engineers and managers	8,639
Manual workers and office staff	62,060
Total average workforce	**70,699**

Work organisation and reduction in working hours

In connection with new French legislation governing work organisation and the reduction in working hours, the group entered into negotiations at grass-roots level within each operating unit. The intention is that the negotiations be carried out in a manner consistent with the economic context and the specific characteristics of the markets in which the various subsidiaries operate.

The focus of the group's training policy in 1999 was worksite personnel, in particular through specific job-related courses, as part of the quality assurance and accident prevention approach.

Research, development and innovation

Research, development and innovation serve to consolidate the group's expertise and are key factors of competitiveness in many areas. Work focused on materials, products and construction techniques, as well as the environmental aspects of the group's activities.

The materials research laboratory at Saint-André de l'Eure has developed a complete range of special products and processes for the application of road construction materials.

Development of new materials

In the area of materials, Eurovia opened a new research laboratory in Lyons, and continued its efforts to innovate in asphalt emulsions, developing dense cold asphalt mixes and completing work on a «clean» emulsion, with no associated staining, for tack coats.

Materials also represent a key aspect of the research activities of Campenon Bernard SGE, which launched a programme on self-levelling concrete, and continued its work on very high performance concrete, for which a test programme is currently in preparation. As a participant in many national programmes, the company is also working on the development of steel fibre concrete for application in tunnel segments.

Freyssinet continued to develop techniques for treating materials for the suspension components of suspension bridges.

Innovation in product offerings

Programmes under way at Sophiane include ultra-clean air flows for clean rooms and operating theatres, «smart» facades that recover energy, insulation methods and components for extreme temperatures, active acoustic attenuation processes by the emission of an «anti-noise», fire barrier materials for cable conduits, and fire extinguishing systems that use water mist.

GTIE's research efforts were rewarded by the launch of an innovative mobile test bench, developed in close collaboration with automobile manufacturers.

Numerous advances were also made in information technologies, allowing GTIE to make one-quarter of its 1999 net sales from products and services that five years previously did not exist at all.

Devices, solutions and patents

In the area of structure outfitting, the group's offering now includes new tools for monitoring structures brought to market by Freyssinet, which is also developing, together with Campenon Bernard SGE, elastoplastic damping devices along the lines of the technologies used for the Vasco da Gama bridge in Lisbon. Several patents have been filed in this field, and a new programme has been launched to apply these devices to the reinforcement of existing buildings.

Eurovia's main progress in advanced

Freyssinet's R&D effort combined with information technology has produced a system for the remote monitoring of large engineering structures.

surfacing related to draining and silent asphalt, and in the field of wearing courses, anti-rutting processes using a bituminous concrete that combines resistance to rutting and cracking.
In its parallel development of alternatives to «100% asphalt», Eurovia was awarded an innovation certificate for its work on sub-bases treated with hydraulic binder.

Environment

Eurovia, Sogea and Campenon Bernard SGE work together to define the conditions of economic and technical viability for the selective collection and recycling of waste from their activities (demolition, dismantling, urban roads and road improvement schemes for Eurovia; and renovation and construction for Sogea and Campenon Bernard SGE). They also work to develop and spread the use of their skills, tools and new techniques that cover all phases in the environmental management of projects.
Through its new subsidiary, Eurovia Aménagement, Eurovia determines its know-how in the audit of demolition/dismantling requirements, environmental analysis, environmental audits of sites, and in recycling plans for inert waste.
The Technology Department of Campenon Bernard SGE is drawing up a manuel of engineering methods that will include issues relating to waste management (handling, special packing and flow organisation). In cooperation with designers and manufacturers, Sogea is defining the conditions required to reduce the production of waste during new construction operations. This approach is carried out in close collaboration with companies specialising in waste recycling in the aim of developing specific methods and processes for recycling construction materials.

The Group is a major player in transport infrastructure concessions, and is French number one and among the European leaders in car park management.

Key data

in millions of euros

Car parks
(Sogeparc for six months)

Net sales

'97	27
'98	27
'99	138

Operating income

'97	7 (26% of net sales)
'98	7 (24% of net sales)
'99	35 (25% of net sales)

Concessions

Total business (pro rata)

'97	202
'98	251
'99	271

Contribution to consolidated net income

'97	37
'98	39
'99	54

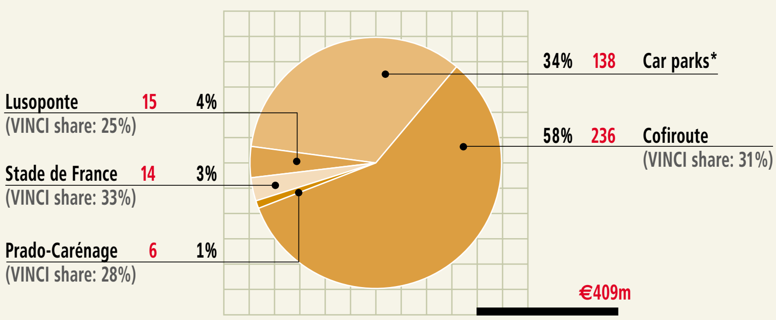
Concessions

With a 31% stake in Cofiroute, and the operation of facilities such as the Stade de France stadium, the two Tagus river bridges in Lisbon and the Prado-Carénage tunnel in Marseilles, VINCI is one of the leading operators in the infrastructure concession market. ◆ The acquisition of Sogeparc by VINCI makes it the leading French car park operator, managing some 380,000 spaces in Europe, a market offering good prospects into the long term. ◆ Concessions are an integral part of a range of expertise stretching from structure design through to financing, turnkey construction and operation. They deliver substantial value added, providing a a source of recurring income and growth for the group.

The parking activities of Sogeparc and Sogea together generate net sales of over €240m.

Total business

as a percentage and in millions of euros



* *Sogeparc for six months*

Marked growth

VINCI has been present in the market for concessions ever since it started in business. On the strength of its experience in outsourced project management, its competencies in all areas of construction and expertise in leading major projects, the group has been making a concerted effort to develop its concessions portfolio since the early 1990s.

At the end of the 1960, the Group entered motorway construction as a shareholder in Cofiroute, building the network in western France. It now holds a 31% stake in the only privately-owned motorway concession company in France, operating a network of around 800 kilometres of toll-road.

It also has a 28% interest in the Prado-Carénage tunnel in Marseilles, making it the largest single shareholder. The tunnel is now generating profits less than six years after first opening. With 25% of Lusoponte, the group is one of the companies operating the new Vasco da Gama bridge in Lisbon, which it designed and built, and the Ponte de 25 Abril bridge. It is also an operator, in a consortium where it has a one-third stake, of the Stade de France stadium, which it again had a part in building.

The Group has also operated in car park concessions for several decades via Sogea. The consolidation of Sogeparc offers new growth prospects in this area through synergies with other group subsidiaries. The market is driven by the high level of demand from both public- and private-sector customers.

Over and above the optimisation and development of its existing concessions, VINCI intends to invest in new projects that give the opportunity to capitalise on its ability to deliver a total solution, from design through financing, building and operation of the infrastructure. The group's tender for the Millau viaduct in the south of France is a good illustration of this policy.

The Group seeks out projects that capitalise on its ability to deliver a total solution for infrastructure financing, building and operation

The Stade de France is a versatile, multi-function facility. Since it opened in January 1998 the stadium has hosted 40 events, of which 37 were for various sports (architects: Michel Macary, Aymeric Zublena, Claude Costantini and Michel Regembal).

With its UK subsidiary Norwest Holst, the group also intends to take a share of the very buoyant private finance initiative market (PFI). In 1999, it was awarded the Bute Avenue project in Cardiff and, in early 2000, the police headquaters in Dorset and two schools in Stafford.

Stade de France

After having served as backdrop to France's victory in the Soccer World Cup in 1998, this outstanding facility hosted a large number of sporting and cultural events in 1999, often with full houses.
In 1999 Stade de France made a profit of €2m on net sales of €41m, compared with a loss of €1m in 1998.
The operation of the Stade de France can already be considered a success.

The Group's main concessions

	Received from	Term	Share in concession company	1999 net sales (of company at 100%)	Group share of 1999 net income (expense)
Cofiroute	French state	2030 (except for A86: 2077)	31.1%	€758.7m	€54.4m
Tagus River bridges (Portugal)	Portuguese state	2023 (estimate)	24.8%	€60.7m	(€2.0m)
Stade de France	French state	2025	33.3%	€41.2m	€0.6m
Prado-Carénage tunnel	City of Marseilles	2025	27.9%	€23.1m	€0.6m

The Saint-Arnoult-en-Yvelines motorway toll station is the busiest in Europe, with a record of over 100,000 vehicles a day on the Autoroute de l'Ouest towards Orleans and Tours.

Cofiroute

The Cofiroute network consists of 797 kilometres of toll-paying motorway in western France, including the A10 between Paris and Poitiers and the A11 between Paris and Rennes. In the course of the next ten years, Cofiroute plans to build and begin to operate 300 more kilometres, completing the Alençon to Tours section of the A28 and the Angers to Vierzon section of the A85. The concession for this motorway network will run until 2030.

In February 1998 France's highest court, the Conseil d'Etat, annulled the award to Cofiroute of the A86 tunnels that would complete the western part of the round-Paris motorway. The court took this decision because it considered that the A86 concession had been awarded in a manner non-compliant with advertising procedures applying to public-sector invitations to tender in the European Union. Following the issue of a new invitation to tender, the concession was again awarded to Cofiroute on 3 September 1999. The agreement, approved by a French government decree issued on 30 November, placed a contract worth almost €1.7 billion with the company to construct tunnels, and operate them for 70 years.

Cofiroute registered further growth in traffic in 1999, up 3.7% on a like-to-like basis (not including the recently opened sections of the A85), following increases of 3.3% in 1998 and 2.3% in 1997. Toll revenue was €759m, up 7%. Net income increased 28% to €175m, against €136m in 1998. Capital investment in works amounted to €259m and indebtedness at the end of the year was €1.6 billion on cash flow from operations of €240m. Cofiroute's sound financial situation enabled it to confirm its AA rating from Standard & Poor's.

In 1999 a total of 12 million vehicles used the Prado-Carénage tunnel in Marseilles, of which SGE is the largest shareholder.

VINCI operates the Tagus river crossings via the Vasco da Gama and 25 Abril bridges in Lisbon, under a 30-year concession. The combined average traffic figures for the two bridges was 190,000 vehicles a day in 1999.

Lusoponte

In its second year of operation, the Vasco da Gama bridge – the new Tagus river crossing in Lisbon – registered a performance that was 60% better than forecast. There was an average 17% increase in traffic over 1998, representing 46,000 vehicles a day at the end of December.

During the same period, traffic on the older bridge, the 25 de Abril, located further down the estuary, increased by 9%.

This good performance was achieved despite the fact that at the end of July 1999 the Fertagus rail link started operations on the Ponte de 25 Abril.

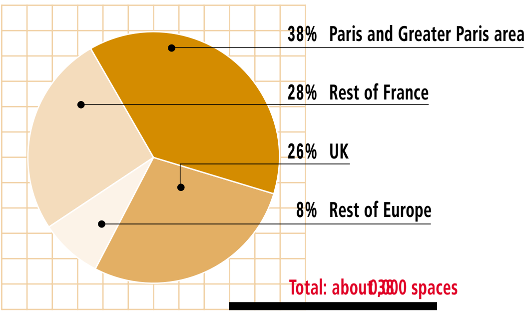
In 1999, Lusoponte had net sales of €61m, up 54%, and a net loss of €8m (€2m for the group), down from the €11m loss in 1998. Based on known traffic data at this time, the company is expected to be profitable in 2003.

Prado-Carénage Tunnel

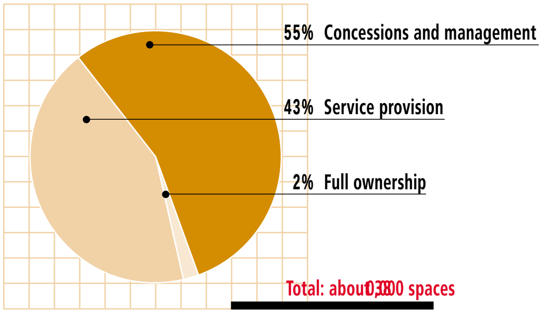
Net sales from the Prado-Carénage tunnel, up 8% over 1998, reached €23m in 1999, producing net income of €2m. After breaking even in 1998, this satisfactory result was achieved due to a substantial increase in traffic in 1999. The 6% rise represents 34,500 vehicles a day at the end of December, compared with a 4% increase in 1998.

A further increase is expected with the Euro-Méditerranée urban development project, which should boost business in the city centre and generate additional tunnel traffic. A toll increase from FF13.50 to FF14, which came into effect on 15 January 2000, will also contribute to a rise in net sales.

Breakdown of parking spaces managed by geographic area
as percentage



Breakdown of parking spaces managed by type of contract
as percentage



Car parks

Following completion of the takeover bid launched on 19 July 1999, VINCI holds almost 98% of Sogeparc's capital stock, with effect from 30 September.
Total annual net sales for Sogeparc's and Sogea's car park businesses now amount to more than €240m and income before tax is about €45m, for a total of some 380,000 parking spaces.
During the 1998-1999 business year, ending 30 June 1999, Sogeparc's sales were €200m, up 7% over the previous year. The company's net income increased at the same time by 12%, to €23m.
In order to bring its financial year in line with that of VINCI, Sogeparc had a six-month accounting period to 31 December 1999. Net sales for this period were €106m, for operating income of €27m (25% of net sales).
As French market leader with a total of 220,000 parking spaces, Sogeparc manages a large number of car parks in Paris and other parts of the country, in particular Marseilles, Toulouse and 15 other large cities. Sogeparc also has activities in seven other European countries – the United Kingdom, Belgium, Luxembourg, Switzerland, Spain, Portugal and Greece – making up a total of 120,000 spaces.

Being part of VINCI offers Sogeparc new growth prospects in a European market that has been boosted by the continual increase in traffic and the efforts by local authorities to remove vehicles from surface parking areas to improve the quality of inner city environments.
The group's financial clout and European network hold out excellent growth prospects for Sogeparc.

At the beginning of 2000, Sogeparc strengthened its position in southern Europe by taking a 15% shareholding in Emparque, the Portuguese leader in car parking (16,000 spaces), and by acquiring eight new car parks with a total of 2,800 spaces in Spain.

Outlook

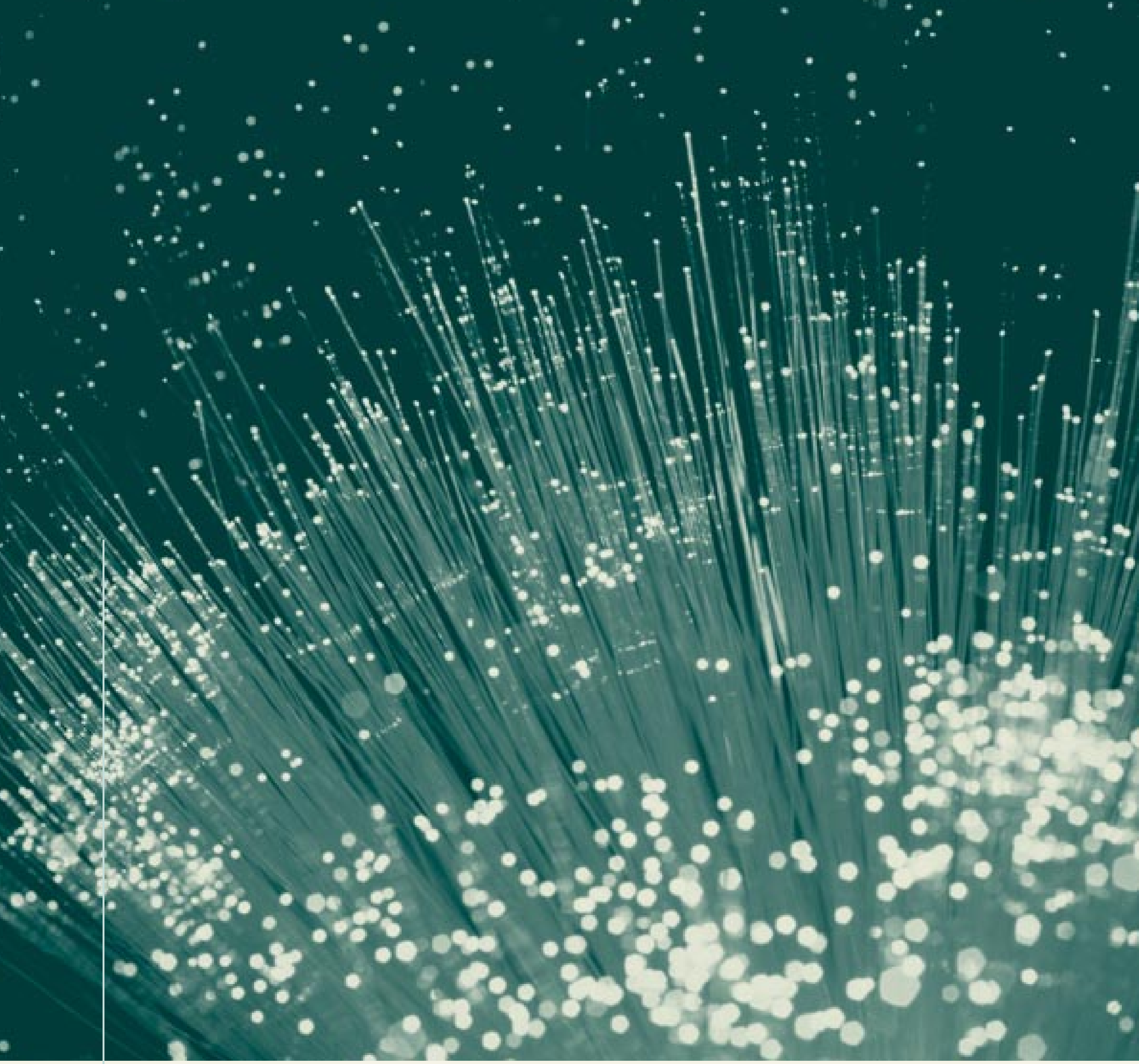
Sogeparc's goal is to draw on the economies of scale and commercial synergies on hand in the group, and take its expansion forward in two directions.
Firstly, it will grow the business with both public- and private-sector customers, by tender bids or through the acquisition of companies providing a foothold in areas with the greatest potential.
Secondly, it will increase occupancy rates in existing car parks by improving the company's brand recognition and offering related services, such as car wash, shops, parking space reservation and local traffic information.

Next to the François Mitterand library in Paris, Sorif has sold a 23,000 sq. metre office building that will be handed over in 2001 (architect: M.Dussapin-Leclercq).

Sorif

Sorif is a property development company specialising in bulk sales to investors and in large-scale projects, mainly in the Paris region. In 1999 it recorded net sales of €111m, mainly under sell and build or development contracts. Operating income reached €3m (2.9% of net sales).
The highlights of the year included the sale of 23,000 sq. metres of offices in the Paris Rive Gauche mixed development zone, the building of 20,000 sq. metres of housing in the 15th arrondissement of Paris, and the major refurbishment of 16,000 sq. metres of offices and shops in the city centre.
With twice as many orders taken in 1999, 2000 seems set to be a very good year.

The Sogeparc network manages 260,000 parking spaces in France, and 120,000 more in the UK, Belgium, Luxembourg, Switzerland, Spain, Portugal and Greece.

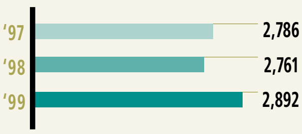


GTIE has established itself as one of the leading operators in fibre optic links, having developed networks measuring several thousand kilometres in length.

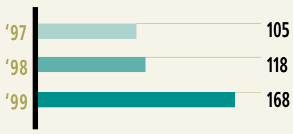
Consolidated data

in millions of euros

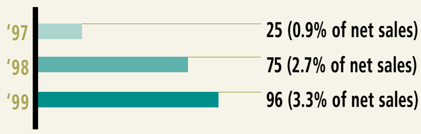
Net sales*



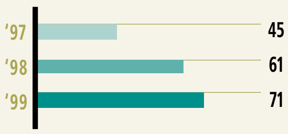
Gross operating surplus



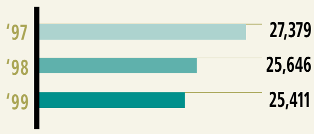
Operating income



Capital expenditure



Average workforce



** After inter-company transactions*

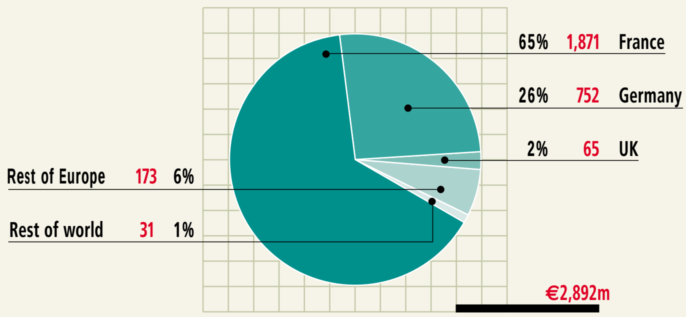
Mechanical and electrical engineering

VINCI operates in mechanical and electrical engineering through GTIE, the French leader in electrical engineering and works, and Sophiane, a specialist in the construction and maintenance of thermal and mechanical installations. ◆ GTIE has a full service range and a strong position in the energy sector. Over the last few years, the company has also become a major player in information and communication technologies. ◆ Through Sophiane, VINCI has greatly expanded in Europe in high-potential fire protection activities.

A recent example of Sophiane's know-how in air treatment: the smoke evacuation system for the new cardiology centre at the Pitié-Salpêtrière hospital in Paris.

Net sales by geographic area*

as a percentage and in millions of euros

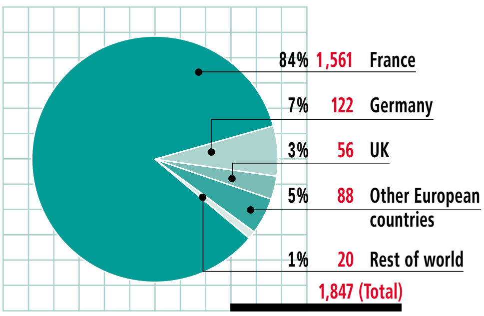


* After inter-company transactions

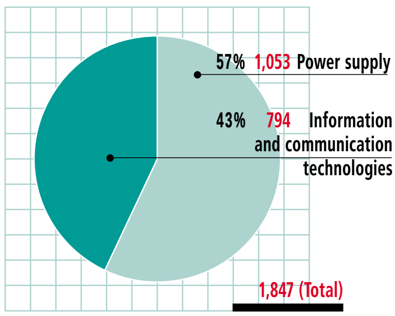
GTIE

GTIE is one of the leading players in Europe in engineering, installation and maintenance in the areas of electrical power supply and information and communication technologies. GTIE has now completed a process of external growth in France unprecedented in this sector, and is today expanding in the rest of Europe.

Net sales by geographic area*
as a percentage and in millions of euros



Net sales by line of business*
as a percentage and in millions of euros



** After inter-company transactions*

In 1999 GTIE benefited from the growth in activities in information and communication technologies and the sustained level of demand from industry. Net sales increased 7% to €1.8 billion and operating income reached €77m (4.2% of net sales). Some 57% of its business came from the field of electrical power supply, and information and communication technologies generated the remaining 43%.

In less than ten years, GTIE has succeeded in building strong positions in the United Kingdom, the Netherlands, Germany and, much more recently, Sweden, and has also established a presence in half a dozen other European countries.

International net sales, whether business generated by GTIE's locations outside France or projects carried out by its companies when working with their customers in various countries around the world, account for more than 20% of total net sales.

France

GTIE in France is divided for management purposes into four different groups of contractors: SDEL for the Paris region and major projects; Garczynski Traploir in western France and overseas; Santerne for the north and east of the country; and Fournié-Grospaud for the south and the Rhone/Alps region. Two factors form the originality of the GTIE group's approach: its capacity to combine design and installation services within integrated offers, and its organisation based on 500 companies that are well established in their own markets and form a very close-knit and proactive local network.

In a number of projects to show off French historical monuments, such as the Le Mans cathedral shown here, GTIE combined its expertise in lighting design and installation, in addition to supplying the maintenance.

The general business environment in 1999 was good, or even excellent, for GTIE.

Electrical power supply markets are undergoing a profound transformation, mainly as a result of the introduction of competition in the power generation market. The demand for very high voltage (VHV) line work from EDF Transmission remained high throughout the year, both in terms of engineering design and overhead and underground line operations. One of the highlights of the year was the 2x225kV

Growth of 7% and expansion objectives outside France in a buoyant market

line connection between Morbras and Villevaudé near Paris.
The long-term contract for substations signed with EDF Transmission was renewed for two years. The construction of the Hem substation in northern France is a good example of GTIE's innovative offer-driven strategy: the environment-friendly equipment design ensured the bid's success.
In medium and low voltage distribution, rural electrification programmes continued at varying paces and EDF Distribution scaled back capital investment. However, these developments were mostly offset by the emergence of new offerings for local authorities, and the strength of demand for public lighting, particularly festive illuminations in preparation for Millennium celebrations.

GTIE, as leading French installer of power distribution networks, mobilised a force of 2,050 to repair the damage from two storms that caused power cuts in almost 10 million homes in France at the end of 1999.

Demand for communication infrastructure continued to grow at a fast pace, and is one of GTIE's future growth drivers. The mobile phone has now become commonplace, more and more local loops and radio frequency systems are being developed, and the investments by new operators have all made a substantial contribution to the growth of this business within GTIE. For example, almost 100 kilometres of fibre optic cable were laid alongside inland waterways, and more than 50 kilometres in the Lille metro. Work was also carried out on the Lille-Paris-Strasbourg fibre optic network.

Through the Graniou brand, GTIE is working with the main mobile telephone operators as they deploy throughout Europe.

The deployment of radiocommunication sites produced about €76m of business in 1999. GTIE's range of services in this area has been made more visible by the adoption of the Graniou brand, and has been steadily extended.
GTIE was awarded the contract for maintenance of about one thousand of SFR's sites in the Paris region, and work got off to an encouraging start.
The private and municipal telecommunication network business also enjoyed a satisfactory year. GTIE supplied engineering and works in towns such as Toulouse and Saint-Malo.

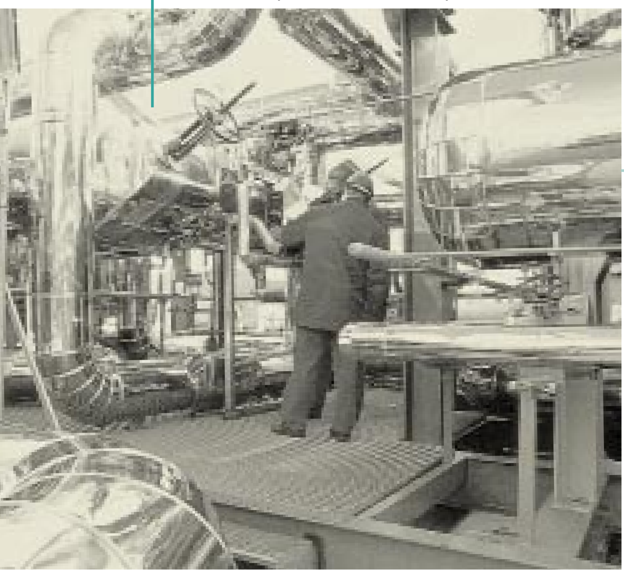
In the industrial sector, GTIE is well established in the agrofood, petrochemical and automobile industries. The company was able to capitalise on a generally strong economy and take advantage of its offer strategy based on process specialisation.
There was confirmation of the market shift towards more comprehensive offerings, where maintenance plays an increasingly important role. For example, the company Générale de Maintenance began a nine-year contract in June 1999 for maintenance of production facilities at the ETG plant which manufactures bodies for Renault's Trafic van.
There was a great deal of work in the industrial sector related to information and communication technologies, more specifically in the field of process control and monitoring. One operation in particular demonstrated GTIE's responsiveness and technical expertise: the repair and restoration, in less than eight weeks, of the automated systems and monitoring equipment at the Saint Juste-Challeysin factory in the Alps, the Danone group's largest fresh dairy products facility in the world, which had been damaged by fire at the end of 1998.
There were several external growth operations during the year in the industrial field, including the acquisition of Polytech, a company specialising in the «manufacturing execution system» concept, and the establishment of closer links with the Costel group in the automotive sector.

In the service sector, as in the industrial sector, process specialisation and broadening the range have given GTIE considerable competitive edge.
In an expanding market, this activity produced a very positive performance, especially in the Greater Paris area,

Since its creation in 1986, Fournié-Grospaud has supplied the Saint-Juste-Challeysain plant in the Alps, Danone's largest fresh dairy product production facility in the world, with electrical and automated systems.

where net sales were in excess of €150m. Some of the year's main operations in the service sector were the installation of power and information systems at Christies' new head office in Paris, and the installation of power distribution, communication networks and multimedia systems at the Ecole Normale Supérieure training college in Lyons.

GTIE designed and installed the command and control systems and the power supply in the control room of the Elf refinery at Leuna in Germany.



The information and communication technology businesses, continued to grow. GTIE's offering in terms of systems and network integration has been grouped together under the name Axians, resulting in more immediate brand recognition. Cooperation agreements were concluded with major manufacturers such as Cisco, Check Point and Lucent Technologies. In addition, large orders were placed by customers such as BNP, AXA, Kronenbourg, Roche Laboratories and the University of Nancy. As a result of these factors, and of the broader range of services in business communications systems, this area of business grew in 1999 and is likely to continue doing so in the years to come.

International

Outside France, GTIE registered an increase of over 20% in orders in 1999, and had a good business year overall.

(Opposite.)
Deritend applies advanced technology to preventive maintenance for many industrial firms in the Midlands, UK.

(Below.)
GTIE's offering in command and control systems has found many applications in the agrofood business or, as here, in the automotive field with the automation of test benches for Jaguar seats.

In the Netherlands,

business grew substantially in an expanding econnomy. Performances were very satisfactory all round, the only problem being that growth made it even harder to recruit qualified personnel. Starren, a subsidiary, was awarded a contract by Cehave, one of the country's largest farming co-operatives, for the renovation of the power distribution and control and monitoring system in its animal feed plant.

In Germany,

Controlmatic achieved 1999 net sales of €116m, up 40% over the previous year, and confirmed its satisfactory results in a buoyant market. A number of major projects were completed in the chemical, petrochemical and paper industries, such as the extension of the Rosenthal paper mill in Blanchenstein.
The acquisition of HMS, a Duisburg-based company, will reinforce GTIE's position in the Ruhr, particularly in the car industry.

In the United Kingdom,

the economic situation had a negative effect on business for subsidiaries Lee Beesley and Deritend. This was

especially the case in the automotive sector where Rover is in the process of restructuring, and in the oil industry, which was badly hit by the fall in the price of crude oil at the beginning of the year. Lee Beesley's position in process control and monitoring system design in the car industry was reinforced by the acquisition of Cheshire System during the year.

Outlook

There will be long-term demand from electrical power supply markets as the use of electricity is continuing to grow regularly. Moreover, electrical equipment in these markets needs to be renewed regularly, which makes the business to a large extent recurrent, especially as regards modernisation programmes. Towards the end of the year two violent

storms in France on 26 and 27 December caused considerable damage to the national electricity grid, which required extensive repairs. This produced more orders for GTIE, and signalled the prospect of major investments in the near future.
Lastly, the deregulation of European electricity supply markets – even somewhat belatedly and gradually in some countries, such as France – will provide new opportunities, in particular in generation, and foster the development of innovative and integrated solutions.
Information and communication technologies are growing exponentially, just as electricity did in the previous period. From being a marginal activity a few years ago, this area of business is expected to account for more than half GTIE's net sales in three years' time.
In these two major lines of business, GTIE offers high value added services interfacing with the manufacturers' own offerings and can be expected to grow rapidly, in line with the growth of engineering and services in the economy as a whole.
The trend in all the markets where GTIE operates is a demand for increasingly comprehensive solutions at the same time as greater segmentation. This has led GTIE to give top priority to extending its network of companies in Europe, so as to offer its customers both integrated solutions and more finely tailored local responses. The constitution in 1999 of a new entity, GTIE International, illustrates the importance attached to European expansion in GTIE's overall strategy.
With its main focus on industry and information technologies, this new unit has begun a thorough review of its markets. The aim is to both reinforce GTIE's positions in countries where it already operates and establish a presence in new parts of Europe.

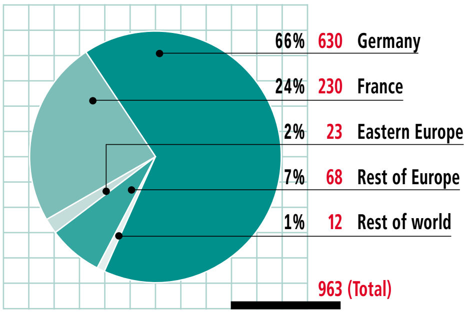
The successful completion early in 2000 of the friendly takeover bid for the Swedish company Emil Lundgren gives GTIE a foothold in the Swedish market and will speed up expansion in Eastern Europe, where Lundgren has been located for many years, in particular in Poland.
In order to satisfy the strong market demand emerging for integrated solutions, in particular in business communications systems, GTIE has opted for an offer-based strategy, that capitalises on its role as service provider downstream from manufacturers, supported by its network organisation.
Lastly, GTIE's growth strategy is based on the optimisation of existing business activities. GTIE companies have built up long-standing relations that have withstood the test of time with essentially local customers. This constitutes a major strength that leaves them well placed to meet customers' new requirements, both in power supply and information technology.

GTIE supplied the high- and low-voltage systems for the new terminal at Paris-Charles de Gaulle airport, where SDEL recently designed and installed the baggage-handling system.

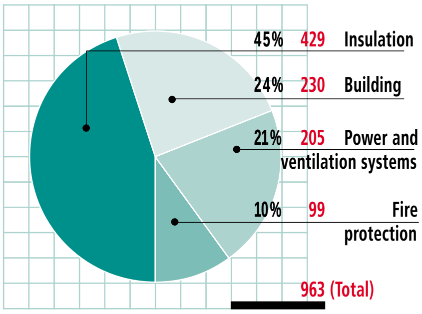
Sophiane

The Sophiane group is a European leader in the design, construction and maintenance of thermal and mechanical installations. Sophiane works primarily for industrial customers. In addition to its technical expertise in various fields, it offers competencies in engineering design and services, covering the entire industrial process.

Net sales by geographic area*
as a percentage and in millions of euros



Net sales by line of business*
as a percentage and in millions of euros



* *After inter-company transactions*

Sophiane operates primarily in France (24% of business) and Germany (66%). Industrial customers account for 70% of net sales.

Sophiane, in terms of operations and structure, is divided up into four main areas of business: fire protection (10%), power, ventilation systems and containment (21%), insulation (45%) and building (24%). The group's main companies are Tunzini and Wanner in France, and G+H, Nickel and Calanbau in Germany.

Total business activity stabilised in 1999, at €1 billion. The strategy continued of refocusing the business portfolio on high value-added activities, such as fire protection. This led to a 4% reduction in net sales on a like-to-like consolidation basis, mainly in insulation. Operating income increased fivefold to reach €18m (1.8% of net sales). This improvement comes mainly from the completion of the major restructuring undertaken in the last few years, continued uncompromising selectivity in order-taking and optimisation of implementation.

Fire protection

At the end of 1998 Sophiane acquired Calanbau, the German number three in active fire protection (manufacture, installation and maintenance of sprinkler systems). In 1999 it acquired Mécatiss and Vraco, two French companies specialising in passive protection (manufacture and fitting of specialised insulating materials). Following the two acquisitions, this area of business, in which TPI is the main company in France, grew considerably.

Some 12,000 sprinkler heads were installed for paper manufacturer Haidel at Augsburg in Germany in yet another illustration of Sophiane's expertise in fire protection.

In 1999, fire protection was the second largest contributor to Sophiane in terms of operating income.
The tenfold increase in net sales from fire protection over ten years is an illustration of Sophiane's growth strategy in this highly profitable market.

Power, ventilation systems and containment

In France, Tunzini Industrie had a very satisfactory year, with a market remaining stable or even improving slightly.
Nickel's performance, however, was poor in Germany, where market conditions continued to worsen in the office space sector.
The major projects of the year included, in France, the industrial facilities

Improved results due to refocusing on high value-added activities

of Hewlett Packard in Lyons, Sanofi in Sisteron and STMicroelectronics at Aix-en-Provence. The air conditioning in the STMicroelectronics plant required advanced expertise to meet clean room conditions for semiconductor manufacturing standards.
In Germany there were the Boehringer laboratories at Ingelheim, the Domaine Thermal spa at Mondorf, and the completion of the renovation of the Reichstag in Berlin, fitted out with 8,000 sq. metres of cold radiating ceiling.
A major order booked in the year was for the new Toyota plant at Valenciennes in northern France.

Insulation

Insulation registered a slight improvement in net income, despite generally unfavourable conditions. The different specialist activities in this area enjoyed, however, very varied fortunes. While the market for nuclear insulation remained depressed, business was brisk in pre-insulated pipes and high temperature insulation. Similarly, business in insulation and interior outfitting for ships was boosted by a sharp resumption of demand in the cruise liner sector, especially in Germany.
The major completions of the year in insulation include the Slovnaft refinery at Bratislava, the Celanese chemicals plant

At Marcoul in southern France, Sophiane installed a 22 metre partitioning system for sodium-related fire risk protection at the Phénix test laboratories of the French atomic energy commission.

at Böhlen, and power stations at Bhel in India, Peterhead in Scotland and Al Taweelah in the Middle East.
Two major orders came from Siemens at Erlangen and Celanese in Frankfurt.

Building

This area of activity concerns only the German market and comprises interior outfitting, refrigerated facilities and façades. It is faced with generally declining demand in its markets.
Business in building was reduced considerably during the year, falling from 27% to 24% of total business.
The major projects completed in the year include, in refrigerated facilities, the Frigoscandia warehouse at Lommatzch, the Nordzücker sugar refinery at Uelzen, and the Abbelen meat processing plant at Tönisvort.

Outlook

Fire protection can look forward to a period of sustained growth throughout Europe, with passive protection systems in particular forecast to grow by more than 5% a year for the next five years, and profitability expected to be high.
The market for traditional insulation works will, however, probably continue to decline both in Germany and France.
The outlook is more positive in the countries of Central Europe.
Despite this generally unfavourable climate, Sophiane should reap the benefits of having gradually focused more and more over the last three years on higher value added activities, particularly in the industrial sector. It will also take full advantage of the external growth operations it has completed.

Sophiane's strategy will be to pursue its efforts to consolidate the group's profitability. It will focus on activities with high value added (engineering, turnkey operations, and multi-services offering an entire range of activities); strengthen its position in industrial markets; continue with targeted external growth operations; and systematically target competitive edge through technological or commercial differentiation.
At the beginning of 2000, the activities of Sophiane were grouped together with those of GTIE to enable VINCI to develop its offering for industrial customers and accelerate European expansion.

The interior outfitting of the new university at Ingolstadt in Bavaria, Germany, makes the most of available daylight, with glass roofs in most of the rooms (Keiner firm of architects).

Lefort Francheteau equipped Eole, the new express rail line opened in Paris in July 1999, with ventilation, smoke control and air conditioning systems.

Lefort Francheteau

The Lefort Francheteau group operates almost exclusively in the Paris region in the installation and maintenance of air conditioning systems for large building complexes, as well as in plumbing and renovation. Net sales in 1999 were €66m for operating income of €2m (2.9% of net sales). The market upturn, just visible at the end of the previous year, produced a 10% increase in orders booked, leading to expected growth of 5% in business in 2000.

The major completions of the year in and around Paris were the Palais des Congrès convention centre at Porte Maillot, the Condorcet metro station on the Eole line and cinema and television studios at Boulogne-Billancourt.

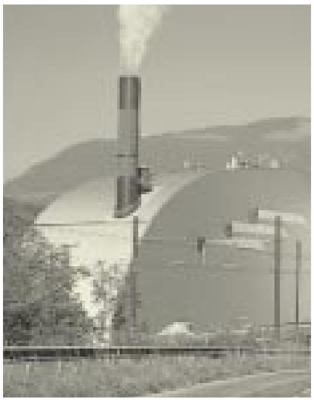
VINCI Environnement

VINCI Environnement specialises in the design and construction of household and industrial waste treatment facilities. It made net sales of €16m in 1999 and won several new contracts: the extension of the Besançon plant, the upgrade of the Annecy facility, modernisation of the Pontmain plant and construction of the industrial waste incineration unit at the Izmir refinery in Turkey.

VINCI Environnement also extended its range of services into emission treatment through the acquisition of the French specialist firm, Speic, in August 1999, and now has a satisfactory volume of business with industrial customers such as EDF, Lafarge and Sollac.

VINCI Environnement also handed over emission treatment systems for the incineration plant at Lunel (France) and another in the Shetlands (UK), and successfully completed the installation of electrofilters at the Illitch iron and steel complex in Ukraine. Many other projects were started as planned, including plants at Fort-de-France, Annecy and Oporto.

Net sales are expected to climb sharply in 2000 to reach about €50m, and the company is expected to produce a clear net profit.



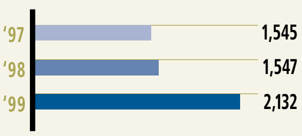
The Bellegarde waste incineration plant in eastern France was supplied by VINCI Environnement with a wet flue gas treatment system that meets the highest standards for atmospheric emissions.

Eurovia, both a materials producer and road builder, is the number two roadworks contractor in France and in Europe.

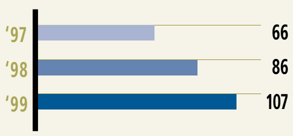
Consolidated data

in millions of euros

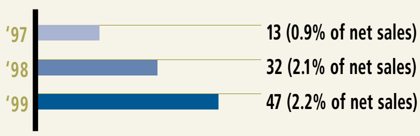
Net sales*



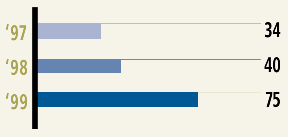
Gross operating surplus



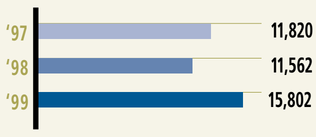
Operating income



Capital expenditure



Average workforce



** After inter-company transactions*

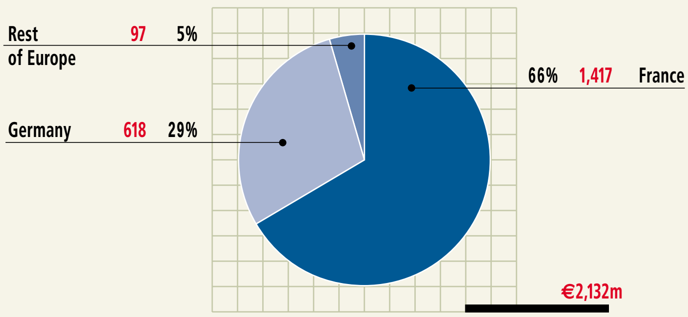
Roadworks

Eurovia, already one of the leading contractors in the French market, now ranks as Europe's second largest roadworks operator following its acquisition of the German leader Teerbau. ◆ Eurovia is involved in all stages of road construction, from materials production to recycling. ◆ As a close-knit network of agencies with strong local roots, it carries out most of its business with customers in the areas where its agencies are established. ◆ As a result of its strong international strategy, and its continued focus on private-sector customers and diversification into new environment-related operations, Eurovia has all the resources needed to continue its growth in Europe.

In its research laboratory at Saint-André-de-l'Eure, Eurovia tests the quality of materials and develops the bituminous mixes and binders of tomorrow.

Net sales by geographic area*

as a percentage and in millions of euros

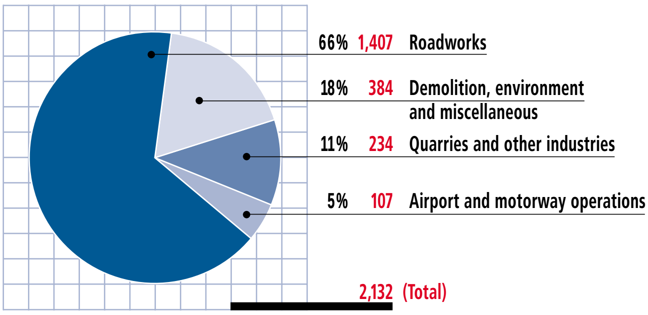


* After inter-company transactions

Eurovia

With the acquisition in May 1999 of the German group Teerbau, Eurovia, which was already France's second largest contractor, has become the number two operator in the European roadworks market. Eurovia now has a close-knit network of facilities in France and Germany, supported by considerable capacity in raw material production and industrial processing of road materials.

Net sales
by line of business*
as a percentage and in millions of euros



* *After inter-company transactions*

The group, now generating one-third of its business outside France, had net sales of €2 billion in 1999 (Teerbau was consolidated only in the second half of the year). This amount is up 38% over 1998, while operating income grew by 48%.

The acquisition of Teerbau has not only given the group an added European dimension, it has also enhanced Eurovia's industrial production capability, which is its second area of activity and a key factor in its success.

About 300 coating plants, 60 quarries, 40 binder plants and 60 material recycling units, either wholly owned or under joint ownership, give Eurovia end-to-end coverage of the road construction chain, from material production to application and recycling. Some 28 million tonnes of aggregate, 29 million tonnes of bituminous mix and 465,000 tonnes of binder are produced each year by the group's facilities, thus ensuring competitive conditions for its works units and generating recurring income that is less sensitive to market fluctuations.

France

With a roughly one-fifth share of a continually expanding market, Eurovia's net sales in 1999 were €1.4 billion, up 7% over 1998.

Several acquisitions enabled Eurovia to consolidate its position in the domestic market, such as the takeover of Joulié in southern France, and Sethy, a company specialising in environment-related works in the Paris region and the east of France.

Eurovia supplied the renovation works on the Artix to Soumoulou section of the A64 motorway in the Pyrenees.

In line with its industrial strategy of developing expertise in all phases of the material production chain, Eurovia acquired the La Meilleraie quarry in the Vendée region (2.3 million tonnes), and the Vigot quarry in Burgundy (1 million tonnes). The group also took a share in the Société des Agrégats du Rhône (1.7 million tonnes). Exploiting its position as leader in the German demolition market, Eurovia

Main features of 1999: consolidation of growth strategy outside France and 48% increase in operating income

pursued its decision to expand in this field in France by acquiring Cardem, the French number one in the sector, towards the end of the year.

New construction

Most of Eurovia's net sales come from a very large number of small contracts, worth on average €100,000.
The main contracts in 1999 include improvement work on the road network north of Melun; the Cergy to Roissy (RN184) and Sarreguemines to Bitche (RN62) links; the RD31/A320 interchange construction project; and the widening of the Saint-Dié by-pass (RN59).
Eurovia also participated in projects to modernise a number of main roads,

Traditional paving in the Butte Montmartre district of Paris.

such as making the RN11 between La Laigne and Ferrières in western France into a dual carriageway and upgrading the RN455 in the north to motorway standards.

Maintenance

Eurovia also carried out maintenance work on the road network, including night works on the A7 motorway near Chanas in the Alps, and the A6 between Dordives and Nemours south of Paris.

Tramways are increasingly proving to be the most appropriate response to urban transport needs. Many towns, including the Paris suburb of Saint-Denis shown here, have decided to introduce them.

Urban road improvement

Drawing on its network of agencies strongly rooted in the local economic fabric, Eurovia meets the needs of a very large number of municipalities every day, building new roads and adapting urban areas to new traffic plans. Work completed during the year include a new road in Aubervilliers and the avenue Saint-Exupéry in Châtillon, both suburbs of Paris, a ring road for EuroDisney, improvement of the road through Morsbach in eastern France, plus a number of other projects at Bulgneville and Terville in the east, Bourg-Saint-Maurice in the Alps, Biganos and Talence near Bordeaux, and Tours.

In the area of pipe networks, in 1999 Eurovia completed the maintenance and extension of the wastewater collection system and drinking water distribution network in the Alpes-Maritime region, repairs to the rue des Aunes at Colmar, and the extension of the irrigation system at Monclar-de-Quercy in the south west.

A large number of new right-of-way transport systems was a major source of business. For example, Eurovia is currently building tramway platforms in Strasbourg, Montpellier, Nancy, Orleans, Lyons and Rouen, the VAL light rail system platforms in Rennes, and the transport system at Saint-Quentin-en-Yvelines, just outside Paris. Eurovia also built the round-Paris Petite Ceinture bus lane, as well many cycle tracks in the French capital.

Recycling of demolition materials is today an ecological necessity. With Cardem, number one in France, and VBU, number one in Germany, Eurovia now has substantial expertise in this field.

Airports

Runway construction and maintenance generated net sales of more than €20m in 1999. The group supplied works at Paris-Charles de Gaulle, Angers, Montpellier and Basel-Mulhouse airports, as well as the Orange-Caritat airbase.

Private-sector customers

In 1999 Eurovia continued its strategy of diversifying into private-sector and industrial customers. A number of different projects illustrate the group's intention in this respect, and also provide a demonstration of the expertise Eurovia has built up in the construction and maintenance of industrial and commercial facilities. These include the extension of Glaxo's French head office near Paris, redevelopment of a car park for an Auchan hypermarket at Boissenart east of Paris, improvement of a Leclerc shopping centre at Thionville in eastern France, and external works for a number of Leroy-Merlin DIY stores, for Cap Gemini in Grenoble, and the NTN plant at Allones in the west.

New activities

The wide range of capabilities that Eurovia has acquired, as an extension of its traditional business activities, sets it in good stead in a number of new markets. For example, the group dug the trenches for fibre optic sleeves in built-up areas, at Fontaine and Pont-de-Claix in the Alps, and along the roadside in the region near Marseilles.

Eurovia has also continued to grow its business in environment-related activities, such as the construction of waste disposal facilities in central France and Brittany, a waste paper storage site in Normandy, and chambers for the landfill at Blaringhem near Calais.

At airports, such as Basel-Mulhouse shown here, runway and apron construction and renovation requires specific types of surfacing and special application methods.

Germany

The German road market has begun to recover slightly in the western states but remains depressed in the eastern states, despite the fact that the situation has been improved by the closure of companies or agencies by rival operators. Against the background of these difficulties, the continued in-depth restructuring of VBU has pointed this subsidiary back in the direction of profitability. It also demonstrates Eurovia's ability to anticipate developments – this first successful move into the German market paved the way for the acquisition of Teerbau, the country's leading roadworks contractor.

Eurovia's 1999 net sales in Germany (net of inter-company transactions) reached €618m. This includes €189m for VBU and €429m from the consolidation of Teerbau for the second half of the year.

The Teerbau acquisition makes Eurovia number one in road construction in Germany, with a market share of some 7%. In addition, given that there is little integration of industrial facilities in the German market, Teerbau and VBU have the special advantage of being able to offer both production and application capability, as Eurovia does in the French market.

After completing the acquisition of Teerbau during the second half of 1999 Eurovia began to reorganise the new

VBU carried out the pipe renovation work and bituminous mix application on the roads linking the Reichstag with the Brandenburg gate in Berlin.

entity. There is a good fit between Teerbau's and VBU's locations around Germany, which together give very good nationwide coverage.
In major projects, in 1999 VBU supplied earthworks for the future bridge over the Elbe at Wittenburg, completed the renovation of the Dreieck-Spreeau A10/A12 junction south of Berlin, and built the concrete pavements on a seven kilometre section of the A4 between Apolda and Magdala. Like Eurovia in the French market, VBU has continued to seek a greater share of the private-sector market, a typical example being the construction of two service stations on the A24, between Walsleben Ost and West. In demolition, where it is market leader, VBU successfully demolished with explosives two cooling towers at a nuclear power station near Magdeburg.
The highlights of Teerbau's operations in 1999 demonstrate the wide range of activities it pursues. Along with more conventional roadworks, such as the renovation of the A13 between Dülmen and Senden, the company also completed the widening of the junction of the B104 and B192 main roads at Neubrandenburg, the refurbishment of Dortmund airport, and sealing and asphalting of the new bridge over the Elbe at Pirna, near Dresden. It also carried out more specialist operations in the field of pipe rehabilitation (Volkswagen plant at Wolfsburg), tunnel construction (Sillenbuch rail tunnel)

The «Berlin bridge» construction project over a railway line in constant use is the largest transport project in Leipzig since the Second World War.

and barrages (Neustadt/Carlsfeld). Teerbau has also demonstrated its ability to intervene at an earlier stage in the construction process, by organising the design and construction of the Shell solar cell manufacturing plant at Gelsenkirchen.

International

In addition to its presence in France and Germany, Eurovia has operations in Belgium, Switzerland, Poland, Slovakia, Romania, Albania and Mexico.
Net sales from these countries in 1999 totalled almost €100m, with the main focus for international expansion being Eastern Europe.
Following up its strategy of locating in Poland, Eurovia acquired PBK and SPRD, two companies based near Katowice in Silesia. Other operations are being considered and could be completed shortly. Despite the downturn of the Polish market in 1999, due to on-going decentralisation holding up many projects, the outlook in this country remains attractive. While most of the work is on small projects, among the more significant ones were the construction of the Katowice to Gliwice section of the DTS expressway and Myslowice junction on the A4, or asphalt laying on the Zywieck bridge and access roads.
In Slovakia, the subsidiary Slov-via, set up early in 1999 at Poprad in the north of the country, got off to a promising start. In its first year of operations Slov-via completed several large projects, such as the winter maintenance centre on the D1 motorway at Branisko, three Billa supermarkets and the access road for the Volkswagen Slovakia assembly plant.
In Romania, Eurovia began work on the rehabilitation of highway 13 between Brasov and Bogata-Hill, for €11m. The operation is scheduled for completion at the end of 2000.
Albavia, a subsidiary set up in 1998 in Tirana, has become the industry benchmark in Albania, where prospects are good. The company's first operations – repair of the access road to Rinas airport, improvement of the Kapshice customs post and street repairs in Tirana – constitute a track record that will help it to expand.
In Switzerland, CTW, the binder and road product manufacturer, had an excellent year.
In Belgium, Boucher completed a number of projects in Brussels, such as improvement works on avenue Louise and place de Bastogne, and repairs on rue Riches-Claires and rue Saint-Christophe.
In Mexico, Bitunova produced and sold more than 10,000 tonnes of bituminous emulsion in 1999. The company also carried out maintenance works on more than 50 kilometres of road in four months in Mexico City.

The first contract signed by Eurovia for works in Romania is for repairs to highway 13 between Brasov and Bogata Hill, involving refurbishment of six bridges, rehabilitation of the drainage system, reinforcement of 35 km of pavement and installation of safety equipment and signalling.

The recently opened Marne-la-Vallée school of architecture intends to become one of the leading educational institutions in its field in Europe (architect: Bernard Tschumi).

Consolidated data

in millions of euros

Net sales*

'97	3,754
'98	3,605
'99	3,784

Gross operating surplus

'97	105
'98	84
'99	160

Operating income

'97	(1)
'98	11 (0.3% of net sales)
'99	62 (1.6% of net sales)

Capital expenditure

'97	92
'98	128
'99	94

Average workforce

'97	28,844
'98	27,110
'99	27,495

** After inter-company transactions*

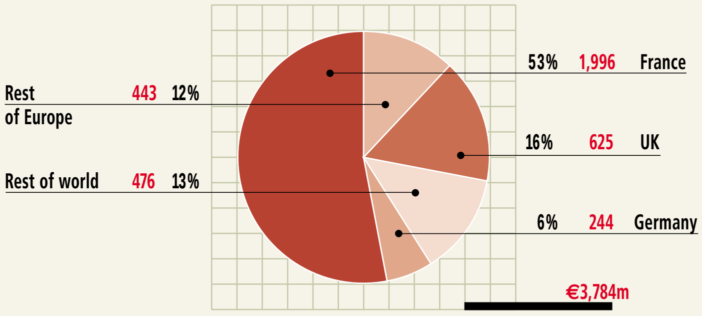
Building and civil engineering

◆ The group is a major player in the building, hydraulic engineering, and standard and specialist civil engineering industries. The group holds leading positions in all the European markets, and especially in the building contracting markets of France, Germany and the UK. ◆ It also operates in the rest of the world through Freyssinet's network of locations, as well as in French-speaking Africa through subsidiaries Sogea and Satom, and in the Middle East through the major projects of Campenon Bernard SGE.

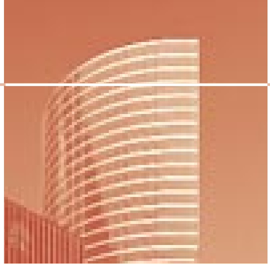
Sogea occupies a leading position in hydraulic engineering in France and in Africa.

Net sales by geographic area*

as a percentage and in millions of euros



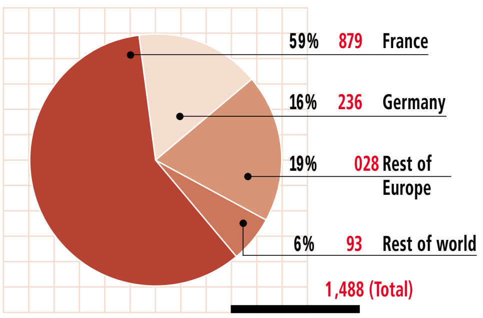
* *After inter-company transactions*



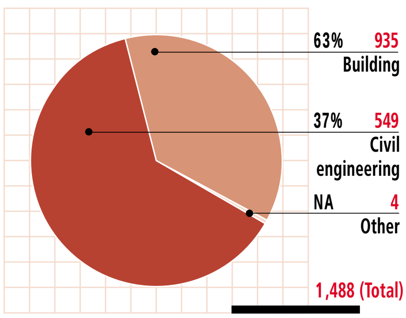
Campenon Bernard SGE

Campenon Bernard SGE is an international building contractor with France as its home base. It heads the major building and civil engineering projects of the Group, primarily supplying turnkey transportation infrastructures (bridges, metros, motorways and airports) and private-sector non-residential buildings (hotels, shopping centres, office buildings, etc.).

Net sales
by geographic area*
as a percentage and in millions of euros



Net sales
by line of business*
as a percentage and in millions of euros



** After inter-company transactions*

Campenon Bernard SGE has a technological lead in many specialist fields, which include tunnel boring machine (TBM) operations, segment bridges, long-span cable-stayed bridge decks, multistorey buildings, earthquake-resistant structures, and design and build hotel projects. Supporting this technical expertise, the company's project, contract and finance management capabilities allow it to offer integrated solutions to its public- and private-sector customers.
Campenon Bernard SGE carries out more than 40% of its business in international markets via subsidiaries and participation in major projects. However, it is also a leading building and civil engineering contractor in France, where its subsidiaries have been grouped into three regional units: Île de France (the Greater Paris area), Rhone/Alps and the South East.
Net sales in 1999 fell 0.5% compared with 1998, reflecting the application of a very selective policy of order-taking.
The recovery of its operating performance, with income of €17m (1.2% of net sales), shows the effects of the thorough restructuring under way since 1998.

Major projects

Campenon Bernard SGE's net sales from major project operations in 1999 amounted to €279m, representing 19% of total net sales. Faced with difficult market conditions, the company continued its policy of selective order-taking, giving preference to direct negotiations or calls for tender where the contract goes to the most responsive bidder, and focusing on operations offering the opportunity to leverage its expertise, especially its ability to provide design and build services.

The Istanbul Olympic Stadium, designed and built by Campenon Bernard SGE, will be able to seat a crowd of 80,000 by the end of 2001 (architects: Aymeric Zublena, Michel Macary and Mehet Pamir).

France

The highlight of the year was the start of the PB6 tower construction project at La Défense for Texan property developer Hines. Another major project begun in 1999 was the design and build of three clean rooms for preparing satellites to be launched on Ariane V at the Kourou space centre in French Guiana. Underground work continued in 1999 on the Rennes metro, now three-quarters complete, while elsewhere a large number of road and rail structures for the Mediterranean TGV were handed over.

Restructuring begun in 1998 has led to a clear recovery in operating income

Pre-empting the contraction of the earthworks market, Campenon Bernard SGE sold its subsidiary Valérian, while Deschiron was able to maintain satisfactory profitability as it adjusted to the new situation.

In maritime and inland waterway works, EMCC increased its net sales and operating income by more than 30%. The company expanded into environment-related activities with the creation of Campenon Bernard Environnement and the acquisition of Extract, a company specialising in sludge treatment.

Lastly, in special foundation works, the merger of Botte BTP and the special operations division of Sade led to the creation of Botte Sade Fondations and boosted this area of business by 20% in 1999.

With the works contract for the completion of the A86 having been awarded to Cofiroute at the end of the year, operations can now resume on the largest tunnel project in France, following an 18-month interruption due to legal problems.

When completed in 2001, the PB6 Tower built for Texan property developer Hines will be the second highest building at La Défense and another flag-ship project for Campenon Bernard SGE, which has built more than one-third of the very high-rise towers in the district (architects: Pei, Cobb Freed & Partners).

International

In Egypt, the extension of line 2 of the Cairo metro was handed over nine months ahead of schedule, and work on the El Azhar road tunnels made very satisfactory progress. The company was also chosen to build a hot rolling-mill on the Gulf of Suez.

After leading the civil engineering works on line 2 of the Cairo metro, Campenon Bernard SGE is boring two road tunnels under the El Azhar district, the historic centre of the Egyptian capital.

In Greece, the Athens metro is approaching completion. The consortium led by Campenon Bernard SGE has handed over on schedule 70% of the project, and some sections on two lines have been opened to the public. The last five stations are due for handover in the middle of 2000.
Efforts to gain a foothold in the Dutch market were rewarded by the signing of a first contract, as part of a consortium. Worth more than €150m, the contract is to build a 2.5 kilometre dual rail tunnel.
In Istanbul, construction of the Olympic stadium progressed according to schedule.
In Abu Dhabi, the trade centre project entered the final phase of shell construction.
In Russia, Campenon Bernard SGE was chosen for the St Petersburg metro project, and the flurry TBM has been developed and transported to the site. In Ukraine, at Chernobyl, the dismantling and deconstruction department (3D) is one of the contractors building a spent fuel storage centre needed for the shut-down of the power station.
Business was especially good in Eastern Europe. In Prague, work continued on the building of the five-star Four Seasons hotel, and a contract was signed for the construction of an office building.
In Bratislava, Campenon Bernard SGE also signed a new contract with Carrefour to build a shopping centre. As in 1998, the Polish building subsidiary Warbud enjoyed a particularly satisfactory year, marked by a 32% increase in net sales to €97m.
In Asia, the highlights of the year were the signing of a major contract to build a drinking water production plant in China and, in Vietnam, the completion of civil engineering works at the Phu My power station and the start of the water treatment plant and pumping station that will supply Ho Chi Minh City with drinking water.
Lastly, the Frankfurt and Hanoi Hilton hotels were handed over and a partnership agreement was signed between Hilton International and Campenon Bernard SGE.

Regional subsidiaries

Campenon Bernard SGE completed its repositioning in its regional markets, following two years of restructuring due to the inclusion of CBC's and Sogea's activities. As with major projects, the company has become even more selective in taking orders, tendering only where quality is at a premium and focusing on private-sector customers.

In the Île de France region, helped by a favourable economic climate, the building subsidiaries improved considerably in 1999, and are expected to become profitable in 2000.

On the A89 motorway that will link Bordeaux to Clermont-Ferrand in 2007, Campenon Bernard SGE is building the 1,460 metre long pre-cast segment Barrails bridge near Libourne.

Bateg maintained its strong presence in its traditional areas of business, which are refurbishment and construction of housing and non-residential buildings.
The high point of the year for Campenon Bernard Construction was the handover of the Egée tower and the start of work on the Adria tower at La Défense, as well as the handover of a Gap store on the Champs-Elysées.

In the Rhone/Alps region, the economy was also strong and business grew by 12%. The share of business from housing starts declined, while the share of private non-residential building, which offers better profitability, increased.
Orders from industrial customers were very substantially up.

In the South East, the major event of the year was the thorough reorganisation that led to the creation of Campenon Bernard Méditerranée, bringing together all building and civil engineering activities as of January 2000. Business was good generally in both business sectors.
New contracts awarded during the year include construction in Nice of the Zénith, a large theatre and concert hall on which work started in September 1999, and in Marseilles, construction of the 600 metre Major and 843 metre Lajout road tunnels.

Germany

Total net sales for the German subsidiaries in 1999 were €235m. The efforts undertaken the previous year to adapt structures and focus on core regions made it possible to end the year in profit.
Maintenance operations grew substantially, on the strength of the major contract awarded the previous year to Klee SKE for maintenance and renovation of residential buildings on US Army bases (104th military region).
In the building market, Campenon Bernard SGE has begun the process of merging subsidiaries Klee and Brüggemann and decided to sell its subsidiaries in eastern Germany.

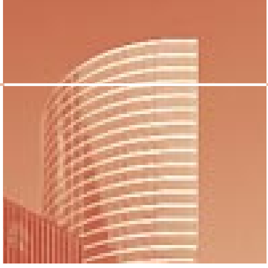
Belgium

The office building market has slowed, and BPC and Abeb have continued their efforts to reposition.

Outlook

For 2000, Campenon Bernard SGE is expected to continue the recovery of its margins with a stable volume of business.

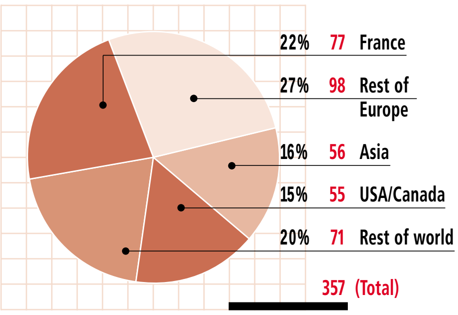
The Frankfurt Hilton, located in the heart of the city's finance district, is a turnkey project from Campenon Bernard SGE. The hotel is remarkable for its 40 metre high atrium and its glass and aluminium facade (architects: John Seifert & Alberto Priolo).



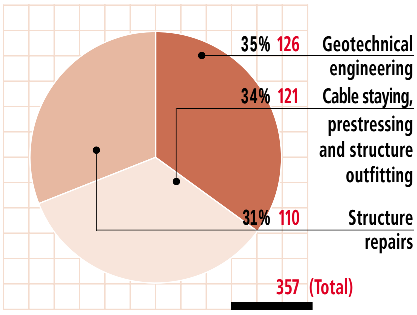
Freyssinet

Freyssinet is a major global player in specialist civil engineering, where the company operates as builder of superstructures (bridges, dams and a wide range of other structures); geotechnical engineering, which encompasses all soil reinforcement and improvement techniques (mechanically stabilised walls, anchoring, micro-piles, soil nails, etc.); and repair and maintenance of structures.

Net sales
by geographic area*
as a percentage and in millions of euros



Net sales
by line of business*
as a percentage and in millions of euros



** After inter-company transactions*

As the world number one in prestressing by post-tensioning, its original line of business, Freyssinet holds market shares of some 30% in Europe and in Asia, and 15% in the United States and Canada. Through Terre Armée Internationale (TAI), Freyssinet is world leader in mechanically stabilised structures. The group also holds strong positions in the area of structural bearings and pavement joints, with 25–30% market shares in the countries where it operates.

Freyssinet generates three-quarters of its net sales outside France. The company owns an extensive portfolio of exclusive processes and works mostly on projects involving large-scale or highly complex structures. The high value added services it supplies offer much better profitability than conventional civil engineering operations.

In 1999 Freyssinet's net sales were €360m, up 59% on 1998. The main factor in this strong growth is the acquisition of TAI at the end of 1998, which was fully consolidated from 1 January 1999. With locations in more than 22 countries, in particular in North and Latin America, TAI has been a useful addition to Freyssinet's international coverage. It has also brought its expertise in geotechnical engineering, in such niches as mechanically stabilised earth walls, prefabricated arches for crossing beneath embankments, or compressed air gun dynamic soil nailing for soil stabilisation.

The main event of the year was the acquisition of Ménard Soltraitement, the company acknowledged as world leader in soil improvement.

Ménard Soltraitement has developed a unique range of patented processes in this field, such as dynamic consolidation, vacuum consolidation, and controlled module columns (soil improvement by rigid inclusion).

Freyssinet supplied the prestressing for pylons and stay cables on the Seohae bridge in Korea.

Following the acquisition of TAI and Ménard Soltraitement, geotechnical engineering accounted in 1999 for more than one-third of the Freyssinet group's total net sales, which are now evenly spread over its three main areas of business.
The major completions of 1999 included the supply and installation of cable stays on the Øresund straits bridge, as well

Freyssinet's large portfolio of exclusive patents ensures higher profitability than in standard civil engineering activities

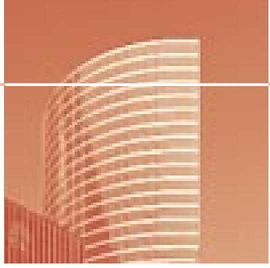
as on the My Thuan bridge, Vietnam's first cable-stayed bridge for which Freyssinet previously carried out the prestressing of the piers and the deck. Also completed was the roof of the Millennium Stadium in Cardiff, weighing 9,000 tonnes and attached by cable stays to four 87 metre high masts.
On-going projects in 1999 included the widening of the Ho Chi Minh City bridge, repairs on the Bubiyan bridge in Kuwait, the Chiapas bridges, the mechanically stabilised earth wall on the Washington Beltway and the Xcell building in the UK.
Orders booked during the year include several launching girder bridges in Malaysia and a number of structures on the future high-speed train line in South Korea.

Freyssinet ended the year with operating income of €20m, amounting to 5.5% of net sales.

Outlook

In major projects it is expected there will be fewer structures to build in the years to come because of funding shortages.
The demand for maintenance and repair work should, however, continue to grow.
In geotechnical engineering, the consolidation of TAI and Ménard Soltraitement is expected to result in a considerable increase in business.

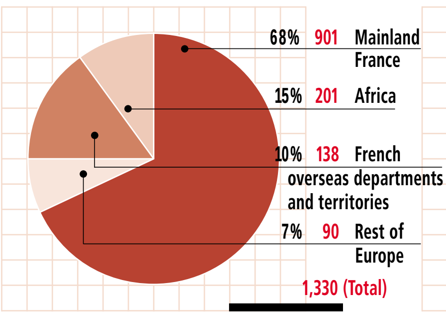
As world leader in mechanically stabilised earth structures following its acquisition of Terre Armée Internationale, the Freyssinet group offers a full range of expertise in geotechnical engineering.



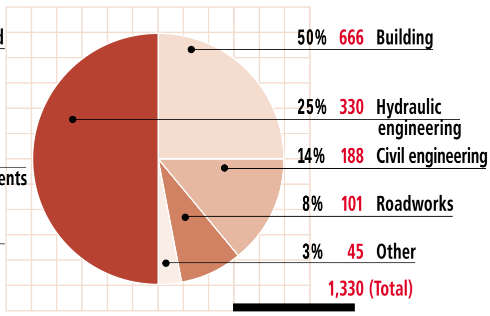
Sogea

Sogea is a general contractor operating in three main areas of business: building, civil engineering and hydraulic engineering. It has locations in France and French overseas territories; in the UK via Norwest Holst, one of the country's leading construction companies; in Belgium, through Denys; and in Africa, essentially through Satom.

Net sales by geographic area*
as a percentage and in millions of euros



Net sales by line of business*
as a percentage and in millions of euros



** After inter-company transactions*

Sogea is organised into decentralised profit centres with strong roots in their local markets. The company generated net sales of around €1.3 billion in 1999 and operating income of €14m (1.1% of net sales). It is made up of a network of companies providing nationwide coverage in France – where it carries out two-thirds of its business – French overseas territories, the Benelux countries and Africa.
Outside these countries, where the company has operated for many years, Sogea executes other occasional projects, most often in the field of hydraulic engineering. In terms of business mix, building accounts for half of net sales, the other half being more or less evenly split between civil engineering and hydraulic works.
Sogea is both a local contractor, in terms of geographic proximity to the customer, and a global one, in terms of its size and cohesion. As such, it is able to offer customers a wide range of skills on a partnership basis. This reinforces its ability to control the main phases of any construction project, from design through financing and building to maintenance.
Sogea's markets remained generally stable in 1999, with volumes consolidating after the sharp fall in recent years. However, trends varied according to the different activities and regions.

The building market in France enjoyed something of a recovery, despite the slump affecting public-sector building in general and social housing in particular.
Housing had a busy year, due to incentives to invest in rental property. The same is true of school building, where the authorities continued to provide funding,

Sogea built the public area buildings and the control tower for the new Vatry Europort airport in northern France, formerly a NATO airbase now used as a hub for freight traffic.

and also the private sector, with a resumption of capital expenditure in the industrial and commercial sectors. In addition, office building recovered in 1999 more quickly than forecast. Demand for renovation works failed to grow at the same pace in 1999 as in previous years, but still accounted for more than one-third of net sales for Sicra, Sogea's subsidiary in the Paris region. In the building and civil engineering markets, volumes were slightly up,

Multi-activity expertise and an integrated offer ranging from design to maintenance

despite Sogea's policy of selective order-taking. Profit margins have been improving slowly. The company's strategy in this context is based on the application of a few rules designed to enhance competitiveness: refocusing on core businesses; a consistent policy of selective order-taking, and withdrawal from areas not sufficiently profitable; identification of exclusive expertise, and introduction of a new marketing approach aimed at securing customer loyalty by offering integrated solutions; development of partnerships with approved subcontractors; and networking to share know-how and experience, so as to give all the different entities the benefit of the group's expertise and thus better satisfy customer expectations.

Demand in **major civil engineering projects** continued to slide, with a number of operations, such as the Mediterranean TGV, reaching completion and no new ones coming to take their place. Sogea nonetheless performed well under the circumstances, due to its local roots and the technical capability it has built up in its specialist fields. In Africa the economic situation is not very favourable and should lead to a slight fall in business, but Sogea and its subsidiary Satom are in a strong position to take advantage of any reversal of the trend.

The ZAC Nord mixed development zone in the Paris suburb of Montrouge, which covers an area of 130,000 sq. metres and took almost 12 years to complete, illustrates Sogea's capabilities in construction, development and project management (architects: DLM-Arté J.M. Charpentier and associates).

The hydraulic engineering market in France consists for the most part of small contracts generating a steady flow of business. Sogea is one of the leading players in this field and enjoys a very strong position.
It was a difficult year in the Benelux countries, where there was low demand for hydraulic works and several industrial projects were postponed.
In Africa, water supply and irrigation works had another busy year, in particular due to several dam projects and farm irrigation schemes.

Greater Paris area

Sicra continued to shift its business in new works towards private-sector customers, scaling back its involvement in social housing and public-sector buildings.
Sobea Île-de-France was awarded a contract for two main drains in Paris, and during the year completed the installation of a second large-diameter main pipe between Vals de Seine and la Grande-Paroisse, north of Paris.

The Rauze viaduct in south-west France, being built by Sogea, consists of a single caisson deck resting on piers 100 metres high. It will have a total length of 555 metres, with a width of 24 metres and central spans of 130 metres.

Rest of France

After several successive years of in-depth restructuring of Sogea's regional subsidiaries, 1999 was a year of consolidation. The new organisational structure made it possible to take full advantage of the first signs of an upturn on the market – especially in the industrial sector – that holds out the prospect of a more confirmed recovery in 2000.
Following three difficult years in building, **Sogea Nord-Ouest** registered a high level of demand from the private sector, making it possible to forecast a considerable increase in volumes.
In order to strengthen its position in hydraulic engineering, the Western regional division took control of SBTP, a specialist engineering company, and had a busy year in civil engineering, working on large-scale projects such as the VAL light rail system in Rennes.
In eastern France, Sogea took control of Urban, Campenon Bernard SGE's subsidiary in Alsace, thus completing the restructuring of VINCI's building and civil engineering activities in the region.
Sogea Est began work in the course of the year on two major airport projects as part of a consortium: the extension of the Basel-Mulhouse airport, and the construction of the Vatry Europort.
In the south west, Sogea reorganised by setting up two regional divisions: Sogea Sud, based in Montpellier, and operating primarily in Languedoc-Roussillon and Aveyron; and Sogea Sud-Ouest, based in Toulouse, with responsibility for the Midi-Pyrénées, Aquitaine and Limousin regions. In these two regional divisions, civil and hydraulic engineering has grown. Highlights of the year included the building of the Montpellier tramway, the civil engineering works for the Toulouse wastewater treatment plant, a three-year drainage contract from

the Bordeaux municipal authorities and extension of car park operations in Béziers. Dodin, a company specialising in bridges and maritime and inland waterway operations, handed over the Tanus viaduct crossing the Viaur valley in southern France, and the Vernègues viaduct on the Mediterranean TGV line.

International

In Morocco, Sogea and its subsidiaries had a good year in 1999, in particular as a result of work on the Doukkala irrigation scheme.

In West Africa there was a marked improvement in business volume.

The main on-going projects include dams at Ziga in Burkina and Dapaong in Togo, the Cotonou to Porto-Novo road in Benin, and the Kayes to Yelimane road in Mali.

Sogea now has very little business in East Africa, where the political climate is often very unstable.

In Central Africa the situation has been one of contrasts: the Bangui-Damarat-Sibut road project in the Central African Republic, completed during the year, was a success, while a major operation in Cameroon was temporarily suspended by Esso.

Nonetheless, also in Cameroon, Sogea and Satom won a new contract to build 248 kilometres of road between Bertoua and Garoua-Boulai. In Gabon the deterioration of the economic situation led Sogea to curtail its business activities.

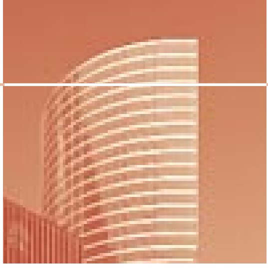
In the overseas territories demand remained at a satisfactory level.

In the Indian Ocean, SBTPC was able to make up for sluggish building markets with civil engineering operations and by moving into hydraulic works and building in Mayotte, and winning an order for a canal in Madagascar.

In the French Antilles, Sogea was chosen, along with VINCI Environnement and CGEA Onyx, to build a household waste incineration plant in central Martinique, and also won a number of wastewater treatment plant contracts: at Sainte-Luce, Sainte-Anne and Dillon in Martinique, Saint-François in Guadeloupe and Negril in Jamaica.

Sogea is one of the leading French contractors in hydraulic engineering. On one project in the Greater Paris area, the company installed an 860m long, 1,000mm diameter water supply pipe. Work included the technically demanding feat of laying 15 pipe sections on a 67% gradient.

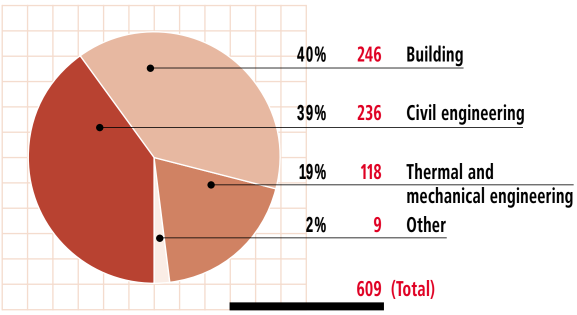
Sogea has a very tight deadline to complete the Ziga barrage in Burkina Faso. A main feature of the project is its use of a special type of compacted cast concrete. In all, 36,000 cu. metres of concrete will be used.



Norwest Holst

Norwest Holst is a subsidiary of VINCI, and a sister company of Sogea. It is one of the leading British construction contractors operating primarily in building, civil engineering and industrial building services.

Net sales by line of business*
as a percentage and in millions of euros



* *After inter-company transactions*

Norwest Holst has recognised expertise in a wide range of different areas including roadworks, car park construction, earthworks and services. Its organisation and management structures give it the responsiveness needed to adapt quickly to market developments. In addition, the company has well-developed financial engineering skills which enable it to offer innovative private finance initiative (PFI) solutions, backed by the resources of its specialist entity, SGE Holst Investments. This form of organisation means that Norwest Holst can act as general contractor upstream through construction, and then generate recurring income downstream through maintenance work.

In 1999 Norwest Holst recorded a particularly satisfactory performance, with net sales of €609m, up 27% over 1998, and operating income that tripled to €10m. Despite the generally sluggish market conditions, Norwest Holst enjoyed its best business year on record, and one of the best performances in this sector in the UK.

Business in building grew overall by more than 30%, though with differing trends in different areas. Norwest Holst had a particularly busy year in the expanding private commercial building market, while volumes remained generally stable in the non-residential public-building market, where growth is slow. The company continued its withdrawal from housing, where a complete pull-out is now planned as the market is not sufficiently profitable. The Holst subsidiary specialising in property development will also be gradually phased out.

Civil engineering also had a busy year with projects such as the Minworth wastewater treatment plant, the A12/M11 interchange, and earthworks on the M1

The new Oracle complex in London was designed and built by Norwest Holst. The complex, which comprises a shopping centre, ten cinemas and a 1,700 space car park, opened its doors to the public in September 1999.

motorway junction with the A4. Many orders for major earthworks were booked during the year due to the large number of rail infrastructure projects currently under way in the UK, but these will be dealt with by a new specialist division. Other major projects include the Hungerford bridge in London, and Bute Avenue linking Cardiff town centre to Cardiff Bay, which Norwest Holst has built and will now maintain for a 25-year period as part of a PFI project.

Norwest Holst's best performance yet

Business in building and industrial services fell considerably in a market that has been shrinking since 1997, especially as regards new works.
Following a total reorganisation of industrial services, involving in particular the closure of the subsidiary N+H Acoustics, Norwest Holst has stepped up its efforts to strengthen its position in the growing multiservice maintenance market.

Outlook

Following outstanding growth in 1999, Norwest Holst's net sales can be expected to fall in 2000. Business in building is expected to decline, civil engineering to remain steady and industrial services to maintain satisfactory business volumes. The development of PFI projects should bolster non-residential public-sector building, where Norwest Holst will be increasingly involved. The company will also be extending its offering in facilities management. In addition, maintenance and management of outsourced services, especially in the industrial sector, are also niches offering high potential capable of offsetting the sluggish demand for new works.

Norwest Holst built the Leytonstone interchange, which has linked the A12 with the M11 east of London since October 1999, and includes a 175 metre underground section.

Financial report

The last three years

(in millions of euros)	1999	1998	1997
Total business [1]	**9,328.3**	**8,262.2**	**8,341.8**
Consolidated net sales	**9,056.8**	**8,011.5**	**8,140.2**
Of which net sales outside France	3,547.7	2,796.0	2,760.8
Gross operating surplus	476.0	310.5	268.0
% of net sales	*5.3%*	*3.9%*	*3.3%*
Operating income	223.4	123.6	43.0
% of net sales	*2.5%*	*1.5%*	*0.5%*
Operating income plus net financial income	**229.3**	**143.4**	**71.5**
Income before taxes [2]	185.3	89.6	51.9
Total income	150.8	96.2	49.4
Net income	**146.3**	**92.3**	**46.9**
Earnings per share (in euros)	3.64	2.25	1.17
Dividend per share excluding tax credit (in euros)	1.6 [3]	1.4	0.6
Shareholders' equity	567.3	526.4	446.9
Provisions for liabilities	1,043.6	981.5	1,051.9
Net financial surplus	53.4 [4]	684.9 [4]	769.5 [4]
Cash flow from operations	**371.5**	**256.1**	**197.0**
Net capital expenditure	189.1	196.3	128.2
Net financial investments	839.6	82.0	99.6
Average number of employees	**70,699**	**64,451**	**68,251**

(in millions of French francs)	1999	1998	1997
Total business [1]	**61,190**	**54,197**	**54,719**
Consolidated net sales	**59,409**	**52,552**	**53,397**
Of which net sales outside France	23,271	18,340	18,110
Gross operating surplus	3,122	2,037	1,758
% of net sales	*5.3%*	*3.9%*	*3.3%*
Operating income	1,465	811	282
% of net sales	*2.5%*	*1.5%*	*0.5%*
Operating income plus net financial income	**1,504**	**941**	**469**
Income before taxes [2]	1,215	588	340
Total income	989	631	324
Net income	**960**	**605**	**308**
Earnings per share (in French francs)	23.6	14.8	7.7
Dividend per share excluding tax credit (in French francs)	10.5 [3]	9.2	4
Shareholders' equity	3,721	3,453	2,932
Provisions for liabilities	6,845	6,438	6,900
Net financial surplus	350 [4]	4,493 [4]	5,048 [4]
Cash flow from operations	**2,438**	**1,680**	**1,292**
Net capital expenditure	1,240	1,288	841
Net financial investments	5,508	538	654
Average number of employees	**70,699**	**64,451**	**68,251**

(1) Including the group's share of net sales of concessions accounted for by the equity method.
(2) Net income before taxes and goodwill amortisation.
(3) Subject to approval by the Shareholders' Meeting of 25 May 2000.
(4) Excluding the impact of sales of trade accounts receivable (see Note 13).

Consolidated statement of income

(in millions of euros)	Notes	1999	1998	1997
Net sales	*15*	**9,056.8**	**8,011.5**	**8,140.2**
Other revenue	*16*	356.5	403.6	392.9
Total revenue		**9,413.3**	**8,415.1**	**8,533.1**
Operating expense		(8,937.3)	(8,104.6)	(8,265.1)
Gross operating surplus	*17*	**476.0**	**310.5**	**268.0**
Depreciation and provisions		(252.6)	(186.9)	(225.0)
Operating income	*18*	**223.4**	**123.6**	**43.0**
Financial (expense)/income		(10.0)	24.9	25.3
Financial provisions		15.9	(5.1)	3.2
Net financial income	*19*	**5.9**	**19.8**	**28.5**
Operating income plus net financial income		**229.3**	**143.4**	**71.5**
Exceptional items		(46.8)	(115.3)	50.5
Depreciation and provisions		15.3	74.3	(58.5)
Net exceptional expense	*20*	**(31.5)**	**(41.1)**	**(8.1)**
Employee profit-sharing		(12.5)	(12.7)	(11.5)
Income taxes	*21*	(35.4)	2.6	(18.4)
Amortisation of goodwill		(54.9)	(36.3)	(21.3)
Net income before equity interest and minority interest		**95.0**	**55.9**	**12.3**
Share in net earnings of companies accounted for by the equity method		55.8	40.3	37.2
Minority interest		(4.5)	(3.9)	(2.5)
Net income		**146.3**	**92.3**	**46.9**
Weighted average number of shares		40,225,264	40,970,443	40,057,959
Earnings per share (in euros)		3.64	2.25	1.17

Consolidated balance sheet

Assets *(in millions of euros)*	Notes	1999	1998	1997
Intangible assets other than goodwill	*1*	46.1	45.4	47.4
Goodwill	*2*	671.5	201.8	226.9
Tangible assets	*3*	1,249.5	827.7	685.3
Financial assets				
Investments in subsidiaries and affiliates	*4*	70.9	82.9	105.0
Investments accounted for by the equity method	*5*	234.1	200.3	166.0
Other financial assets	*6*	73.2	67.9	70.9
		378.2	**351.1**	**341.9**
Deferred charges	*7*	27.0	31.7	24.2
Total fixed assets		**2,372.3**	**1,457.8**	**1,325.8**
Inventories and work in process	*8,14*	332.6	302.7	1,636.8
Trade accounts receivable and related accounts	*14*	4,042.7	3,367.6	3,523.8
Marketable securities and short-term financial receivables	*9,13*	896.8	1,181.8	1,275.6
Cash	*13*	334.2	279.2	347.1
Total current assets		**5,606.3**	**5,131.3**	**6,783.4**
Total assets		**7,978.6**	**6,589.1**	**8,109.1**

Shareholders' equity and liabilities *(in millions of euros)*	Notes	1999	1998	1997
Shareholders' equity				
Capital stock		523.4	537.6	522.5
Retained losses before net income for the year		(102.4)	(103.5)	(122.5)
Net income for the year		146.3	92.3	46.9
	10	**567.3**	**526.4**	**446.9**
Minority interest	*11*	26.1	25.2	22.7
Grants and deferred income		0.8	0.7	0.8
Provisions for pension commitments	*24*	361.8	283.3	279.9
Provisions for liabilities	*12*	1,043.6	981.5	1,051.9
Long-term debt				
Subordinated debt, bonds and debentures		50.6	51.0	50.6
Other long-term debt		450.1	171.7	128.8
	13	**500.7**	**222.7**	**179.4**
Total capital employed		**2,500.3**	**2,039.9**	**1,981.6**
Accounts payable and similar accounts	*14*	4,801.4	4,072.1	5,606.7
Short-term debt	*13*	676.9	477.2	520.8
Total current liabilities		**5,478.3**	**4,549.3**	**6,127.5**
Total shareholders' equity and liabilities		**7,978.6**	**6,589.1**	**8,109.1**

Cash flow statement

(in millions of euros)	Notes	1999	1998	1997
Operating transactions				
Gross operating surplus		476.0	310.5	268.0
Financial and exceptional transactions		(85.8)	(66.8)	(59.4)
Taxes and contributions		(48.0)	(10.0)	(29.9)
Operating cash flow (excluding dividends received from companies accounted for by the equity method)	*22*	**342.2**	**233.7**	**178.8**
Net change in working capital requirement (*)	*14*	217.7	20.3	18.4
(I)		559.9	254.0	197.2
Investment transactions				
Capital expenditure		(252.2)	(231.7)	(172.5)
Disposals of fixed assets		63.1	35.4	44.3
Net capital expenditure		**(189.1)**	**(196.3)**	**(128.2)**
Acquisition of investments and securities (**)		(874.6)	(111.2)	(318.7)
Proceeds from the disposal of securities		35.0	29.2	219.1
Net financial investments		**(839.6)**	**(82.0)**	**(99.6)**
Net change in financial fixed assets		6.5	(1.1)	(1.4)
(II)		(1,022.2)	(279.4)	(229.2)
Financing operations				
Issues of parent company stock		23.4	22.7	237.4
Minority interest in capital increases of subsidiaries		3.8	1.2	10.1
Dividends paid by the parent company		(53.2)	(24.6)	—
Dividends paid to minority interest in subsidiaries		(4.0)	(3.1)	(1.7)
Dividends received from companies accounted for by the equity method		29.3	22.4	18.2
Other long-term liabilities		—	—	—
(III)		(0.7)	18.6	263.9
Cash flows for the financial year (I + II + III)		(463.0)	(6.8)	231.9
Net financial surplus on 1 January (*)		684.9	769.5	347.1
Impact of exchange rates, scope of consolidation and other		(250.4)	27.9	190.5
Restatement of own shares as marketable securities		81.9	27.8	
Change of accounting policy relating to capital leases			(133.5)	
Net financial surplus on 31 December (*)		53.4	684.9	769.5
(*) Excluding the impact of sales of trade accounts receivable		*0.0*	*76.2*	*153.1*
(**) Including purchase of own shares		*156.4*	*39.6*	

Notes to the consolidated financial statements

A. Key events

Changes in the group's structure

After having acquired Terre Armée Internationale (Freyssinet) and Calanbau (Sophiane) in December 1998, in 1999 the group pursued other external growth transactions, the most significant of which were the acquisition of Teerbau, the largest roadworks company in Germany, and of Sogeparc, number one in France and number two in Europe in parking facilities. The Company now has a 98% holding in Sogeparc following the takeover bid launched on 19 July 1999.
In total, the investments associated with these transactions, including taking on €200m of the acquired companies' debt, amount to approximately €930m, generating additional business for the group in 1999 of €822m (€1.2 billion over a full year), and an impact on operating income of €46m (€80m over a full year).

Treatment of Sogeparc and Teerbau goodwill

Due to the conditions under which they were acquired, these two companies were consolidated as of 1 July 1999.

Sogeparc

The goodwill generated on the occasion of Sogeparc's acquisition (for the amount of €603m) provisionally comes to €388m, after restatement of the consolidated shareholders' equity of the company at 1 July 1999.
This goodwill represents the total value of contracts in the portfolio on 1 July 1999 (approximately 200 concession, management and operating contracts) calculated on the basis of discounted gross operating surpluses, without taking into consideration the possibility of contract renewals.
The average residual life of the concessions and management portfolio, weighted by the discounted value of each contract calculated by the above method, comes to 30.6 years. The goodwill amortisation period is therefore 30 years (annual amortisation of €12.9m).

Teerbau

Goodwill generated on the occasion of Teerbau's consolidation, after restatement of the shareholders' equity of this company at 1 July 1999, stands at a provisional €78.9m, to be amortised over 20 years (amortisation of €4m for a full year).

Purchase of own shares

In 1999 the group continued to purchase its own shares, in accordance with the programmes authorised by the Shareholders' Meetings of 25 May 1998, 10 May 1999 and 25 October 1999, for the sum of €156m (3,727,407 shares representing 9.3% of the capital stock).

Purchases of own shares made since the middle of 1998, when the share buyback programme was started, come to €196m, representing 4,757,960 shares, of which €84.5m (2,074,400 shares representing 5% of the capital stock) were applied to capital reductions, based on the Board of Directors' decision of 10 May 1999. The balance, amounting to €110m (2,683,560 shares representing 6.7% of the capital stock), is earmarked for attribution to management under various stock purchase option schemes, and has been entered under marketable securities.

Changes in accounting policies

At the time of Sogeparc's consolidation, and in application of the opinion of the French National Accounting board on companies operating motorway concessions, the group proceeded to cancel charges previously treated as deferred assets in respect of concession contracts temporarily in deficit. This change in policy has a negative impact on the group's shareholders' equity of €8.8m.
The change pertains to several parking companies held by Sogea, two of them jointly with Sogeparc (Société Méditerranéenne de Stationnement and Société Toulousaine de Stationnement), and to Société du Tunnel du Prado-Carénage in Marseilles (equity method).

Application of the CBC vendor guarantee made by Vivendi

The application in 1999 of guarantees entered into when the Company took control of CBC gave rise to an indemnification payment of €11m, in respect of the guarantee pertaining to the Friedrichstadt-Passagen site in Berlin.

B. Accounting policies

General principles

The consolidated financial statements of the Company, which are included in the consolidated financial statements of Vivendi, are prepared in accordance with French accounting standards as defined by the general chart of accounts ('Plan comptable général'), by the Act of 3 January 1985 and the Decree of 17 February 1986.
These standards have been adapted to take into consideration the accounting treatment recommended by the French National Accounting Board in its opinion of 18 June 1997.

1. Consolidation methods

Scope of consolidation

The consolidated financial statements include the financial statements of all companies with net sales greater than €1.5m, as well as those of subsidiaries whose net sales are below this figure but whose impact on the group's financial statements is significant.
Businesses over which the Company exercises majority control are fully consolidated. Those over which the Company exercises significant influence are consolidated by the equity method. Jointly controlled entities and joint ventures with a material contribution to net sales and a balance sheet of significance to the group are consolidated proportionately.

The group's scope of consolidation at 31 December 1999 includes 756 companies (against 649 on 31 December 1998). The breakdown by method of consolidation is as follows:

	1999		1998	
	France	Other	France	Other
Fully consolidated companies	468	205	420	154
Proportionately consolidated companies	29	34	29	30
Equity method	9	11	10	6
	506	**250**	**459**	**190**
Total	756		649	

The inclusion of companies acquired since the end of 1998 explains most of the change in the scope of consolidation (*see* key events):

• Principal companies included for the first time:
- Sogeparc
- Teerbau (Germany), PBK and SPRD (Poland), and Joulié in roadworks (Eurovia)
- Calanbau (Germany) and Mécatiss in the field of fire protection (Sophiane)
- Terre Armée Internationale and Ménard Soltraitement in specialist civil engineering (Freyssinet).

• Principal companies now excluded:
- Valérian, an earthworks company sold by Campenon Bernard SGE
- PSC Heavy Lift (UK) sold by Freyssinet.

Translation of foreign subsidiaries' financial statements

The financial statements of consolidated foreign subsidiaries are translated at year-end exchange rates. Gains or losses arising from foreign currency translation are recorded in consolidated reserves. Gains or losses of companies in euro zone countries remain in consolidated shareholders' equity, in accordance with applicable rules.

Items denominated in foreign currencies

Consolidated balance sheet items denominated in foreign currencies are translated at year-end exchange rates or at the rate of any hedging instrument used. Only unrealised foreign currency translation losses are provided for in the year.

Goodwill

The principle is to allocate goodwill (which represents the difference between the cost of acquiring shares in a consolidated company and the corresponding proportion of shareholders' equity at the date of acquisition) to the appropriate balance sheet assets and liabilities of the acquired company.
The unallocated balance is recorded in 'Goodwill' on the assets side of the consolidated balance sheet and amortised over a period not exceeding 20 years, with the following exceptions:
- goodwill arising from the acquisition of companies that operate quarries is amortised over the expected operating life of the quarry, up to a maximum of 40 years;
- goodwill arising from the acquisition of companies that operate parking facilities is amortised over the average residual life of the corresponding contracts (30 years in the case of Sogeparc).

Goodwill may be subject to accelerated amortisation or to a write-down when justified by the trend of profit forecasts or of the financial structure of the companies concerned.

Deferred taxes

Deferred taxes result from timing differences occurring between the taxable and accounting income of consolidated entities and from restatements relating to changes in the method of consolidation. They are calculated by the liability method.
Any deductible timing differences giving rise to deferred tax assets are recognised in relation to their probability of being utilised against future taxable profits.
This probability is assessed at the year-end using tax forecasts.

2. Valuation rules and policies

Tangible fixed assets

Land, buildings and equipment are generally valued at their acquisition or production cost. For buildings held for their investment potential, financial costs associated with the construction period are capitalised. Depreciation is calculated using the straight-line or reducing-balance method over the estimated useful economic lives of assets usually applied in the industry.

These economic lives are as follows:

Buildings held for their investment potential	50 years
Buildings in operation	from 15 to 30 years
Civil engineering equipment	from 2 to 10 years
Vehicles	from 3 to 5 years
Fixtures and furnishings	from 8 to 10 years
Office furniture and equipment	from 3 to 10 years

Investments in subsidiaries and affiliates

The gross book value of unconsolidated investments in subsidiaries and affiliates is equal to their acquisition cost. If this value is greater than the fair value, a provision for depreciation is made to cover the difference. The fair value is determined from the proportional share of shareholders' equity represented by the investment. This share is adjusted, as appropriate, to take account of its stock exchange value, its strategic interest to the group and the growth and income prospects of the companies concerned.
Any disposals agreed to at the year-end, and whose provisional conditions are fulfilled as at the date of the Board of Directors meeting called to approve the financial statements, are recorded as of the date of signature of the agreement.

Pension commitments

Pension commitments (which relate to both lump sum payments on retirement and supplementary pension benefits) are covered by balance sheet provisions, for both current and retired employees. These commitments are assessed by means of an actuarial forecasting method used internationally (the projected unit credit method).
On the other hand, commitments relating to lump sum payments on retirement for manual construction workers are met by contributing to an insurance scheme.

Income recognition

Income from long-term construction contracts is determined by the percentage of completion method, applied as a function of the specific nature of each line of business.
If a contract is expected to result in a loss, a provision for anticipated losses on completion is made on a reasonable basis, on the basis of the most probable estimate of forecast losses, including, as appropriate, any rights to supplementary revenue or claims.

Operating income plus net financial income

This item reflects the activities of entities within the scope of consolidation, as well as the cost of financing these activities.
It does not take account of items of a an exceptional nature, or those not directly related to operations. These include restructuring costs, costs and provisions associated with the disposal of non-operating assets, the cost of closing companies or industrial sites, and debt waivers.

C. Notes to the balance sheet

1 • Intangible assets other than goodwill

The movements during the year were as follows:

(in millions of euros)	Gross book value on 31 Dec. '99	Amortisation as of 31 Dec. '99	Net book value on 31 Dec. '99	Net book value on 31 Dec. '98
Investments relating to concessions	22.0	(3.9)	18.1	23.3
Other intangible assets	87.9	(59.9)	28.0	22.1
	109.9	**(63.8)**	**46.1**	**45.4**

Investments relating to concessions covers the acquisition of intangible rights associated with the award of out-sourced management contracts, and comes under Sogea's service business (water distribution networks and wastewater collection systems). They are amortised over the term of the contracts.
Investments relating to concessions associated with Sogeparc's concession and similar contracts are also recorded under this item as of this company's date of acquisition.
Other intangible assets consisted mainly of goodwill and software.

2 • Goodwill

The year's movements were as follows:

(in millions of euros)	Gross book value	Amortisation	Net value
At 31 December 1998	**436.8**	**(235.0)**	**201.8**
Goodwill acquired during the year	514.6	—	**514.6**
Amortisation and provisions	—	(54.9)	**(54.9)**
Foreign currency translation differences	18.2	(9.5)	**8.7**
Scope of consolidation changes and miscellaneous	(6.8)	8.0	**1.2**
At 31 December 1999	**962.8**	**(291.4)**	**671.5**

The elements of goodwill acquired during the year relate mainly to the acquisition of Sogeparc for €388m (owned 98%), Teerbau for €78.9m, Terre Armée Internationale for €14.6m and Mécatiss for €7.7m (*see* key events).

Goodwill relating to certain subsidiaries undergoing restructuring was the subject of exceptional amortisation of €25.6m (including €10.3m for CBC and €4.7m for Moter).

3 • Tangible fixed assets

3.1. Movements in the year

(in millions of euros)	Gross book value	Amortisation	Net value
At 31 December 1998	**2,012.4**	**(1,184.7)**	**827.7**
Acquisitions	228.5	—	**228.5**
Disposals	(210.1)	168.6	**(41.5)**
Depreciation and provisions in the year	—	(198.9)	**(198.9)**
Foreign currency translation adjustments	25.6	(13.0)	**12.6**
Scope of consolidation changes and miscellaneous	748.1	(327.0)	**421.1**
At 31 December 1999	**2,804.5**	**(1,555.0)**	**1,249.5**

Scope of consolidation changes in the year relate mainly to Sogeparc, the tangible fixed assets of which at the end of 1999 had a net value of €356m (see Note 3.3).

3.2. Breakdown by type of asset

(in millions of euros)	Gross book value on 31 Dec. '99	Amortisation as of 31 Dec. '99	Net book value on 31 Dec. '99	Net book value on 31 Dec. '98
Land	160.8	(21.9)	138.9	145.6
Buildings	489.0	(188.1)	300.9	264.3
Plant and equipment	1,033.7	(775.2)	258.5	204.9
Fixtures and other	572.5	(408.1)	164.4	111.9
Concessions	529.1	(160.7)	368.4	79.1
Assets under construction	19.4	(1.0)	18.4	21.8
	2,804.5	**(1,555.0)**	**1,249.5**	**827.7**

Concessions relating to Sogeparc came to €289m at net book value on 31 December 1999.

3.3. Breakdown by business sector

(in millions of euros)	31 December 1999 Gross book value	Depreciation	Net book value	31 December 1998 Gross book value	Depreciation	Net book value
Concessions	539.4	(183.6)	**355.8**	—	—	—
Electrical engineering	380.1	(235.4)	**144.7**	363.6	(230.6)	**133.0**
Thermal and mechanical eng.	153.2	(110.4)	**42.8**	143.7	(104.1)	**39.6**
Roadworks	748.8	(496.3)	**252.5**	538.6	(351.0)	**187.5**
Building and civil engineering	866.5	(512.5)	**354.0**	847.9	(483.1)	**364.8**
Holding companies and misc.	116.5	(16.8)	**99.7**	118.7	(15.9)	**102.7**
	2,804.5	**(1,555.0)**	**1,249.5**	**2,012.4**	**(1,184.7)**	**827.7**

3.4. Tangible fixed assets financed by capital leases

Fixed assets purchased by capital leases are recorded in the balance sheet since 1 January 1998.
By business sector, they break down as follows:

(in millions of euros)	31 December 1999 Gross book value	Depreciation	Net book value	31 December 1998 Gross book value	Depreciation	Net book value
Concessions	20.2	(3.2)	**17.0**	—	—	—
Electrical engineering	10.9	(4.2)	**6.7**	10.9	(3.5)	**7.4**
Thermal and mechanical eng.	8.3	(2.8)	**5.5**	7.8	(2.4)	**5.5**
Roadworks	34.9	(10.4)	**24.5**	16.5	(3.6)	**12.9**
Building and civil engineering	23.8	(12.2)	**11.6**	28.6	(14.5)	**14.1**
Holding companies and misc.	105.1	(12.2)	**92.9**	105.1	(10.4)	**94.7**
	203.2	**(45.0)**	**158.2**	**168.9**	**(34.3)**	**134.6**

They consist mainly of property (including the Company's's registered office, with a net book value at the end of 1999 of €92.9m).

4 • Investments in subsidiaries and affiliates

This item includes the shares of companies whose size is not significant in relation to the threshold adopted for the scope of consolidation.

5 • Investments accounted for by the equity method

Movements in the year

(in millions of euros)	31 December 1999	31 December 1998	31 December 1997
Value at the beginning of the year	**200.3**	**166.0**	**147.9**
Group share of net income for the year	55.8	40.3	37.2
of which for concessions	*53.6*	*39.2*	*37.2*
Dividends paid and miscellaneous	(29.3)	(22.4)	(19.1)
Scope of consolidation changes and miscellaneous	7.3	16.5	—
Value at the end of the year	**234.1**	**200.3**	**166.0**
of which for concessions	*217.0*	*195.1*	*160.1*

The dividends paid by Cofiroute amounted to €26.5m in 1999 (against €21.4m in 1998).

Financial details of concessions

Investments in companies accounted for by the equity method consist mainly of concession operators in which the group has substantial influence (Cofiroute, Stade de France, Lusoponte and Société Marseille du Tunnel du Prado-Carénage).

The key financial figures of these companies for 1999 are as follows (on a 100% basis):

(in millions of euros)	Cofiroute	Stade de France	Lusoponte	SMTPC(*)
% holding	*31.13%*	*33.33%*	*24.80%*	*27.90%*
Net sales *Group share*	758.7 *236.2*	41.2 *13.7*	60.7 *15.1*	23.1 *6.5*
Operating income	420.1	10.4	19.4	17.4
Operating income less net financial expense	283.9	4.4	(22.0)	2.1
Net income/(expense)	174.9	1.8	(8.0)	2.1
Group share of net income/(expense)	**54.4**	**0.6**	**(2.0)**	**0.6**
Shareholders' equity as of 31 December 1999	742.8	20.9	5.5	(5.8)(**)
Group share of shareholders' equity	**210.3**	**7.0**	**1.4**	**(1.6)**(**)
Net debt as of 31 December 1999	1,567.3	126.8	345.6	157.2
- External financing	1,567.3	119.9	310.7	133.6
- Shareholder finances (group share)	—	6.9	34.9	23.6
- Other financing	—	2.3	8.7	4.9

(*) Prado-Carénage Tunnel in Marseilles.

(**) The financial statements of Société du Tunnel du Prado-Carénage in Marseilles were restated at 1 January 1999 with a view to cancelling deferred structural charges amounting to €15m, of which the group share comes to €4.2m (see key events – Changes in accounting policies).

6 • Other financial assets

This item breaks down as follows:

(in millions of euros)	31 December 1999	31 December 1998	31 December 1997
Long-term financial receivables	63.9	61.3	63.7
Other net financial assets	9.3	6.6	7.2
	73.2	**67.9**	**70.9**

Financial receivables consist mainly of loans granted to unconsolidated subsidiaries, as well as shareholder advances to concession operators consolidated by the equity method (Stade de France and Lusoponte).

Other net financial assets include, in particular, convertible subordinated securities in SMTPC (Prado-Carénage Tunnel in Marseilles) held by the group.

7 • Deferred charges

Charges deferred to future financial periods mainly consist of:
- project preparation costs, whose amortisation is spread over the duration of the work;
- rental pre-payments connected with the capital lease financing of the registered office at Rueil 2000, which are amortised over the duration of the leasing contracts.

8 • Inventories and work in process

Breakdown by business sector

(in millions of euros)	31 December 1999	31 December 1998	31 December 1997
Electrical engineering	23.0	18.7	1,078.6
Thermal and mechanical engineering	27.8	12.7	318.0
Property	145.2	81.0	46.2
Other	136.6	190.4	194.1
	332.6	**302.7**	**1,636.8**

Under the “Property” heading are included work in process relating to projects carried out by Sorif, as well as several specific international projects. Since the business sectors operating in electrical engineering and in thermal and mechanical engineering now account for income using the percentage of completion method (since 1 January 1999), the work in process of their entities is now presented as accounts receivable.

9 • Marketable securities and short-term financial receivables

Marketable securities and short-term financial receivables can be broken down as follows:

(in millions of euros)	31 December 1999	31 December 1998	31 December 1997
Marketable securities	712.0	945.9	522.1
of which own shares	*109.8*	*27.9*	—
Short-term financial receivables	184.8	236.0	753.4
	896.8	**1,181.8**	**1,275.6**

Marketable securities include own shares bought by the Company for €109.8m, in accordance with programmes authorised by the Shareholders’ Meetings of 25 May 1998, 10 May 1999 and 25 October 1999, and approved by the French stock exchange commission (“Commission des Opérations de Bourse”).
This amount corresponds to 2,683,560 shares making up 6.7% of the capital stock. They were acquired at an average price of €40.91, and are being held with a view to allocation to the group’s management under various stock option schemes.
In total, 3,727,407 shares were acquired in the course of 1999, in addition to those acquired over the previous financial year. In May 1999, the Board of Directors decided to cancel 2,074,400 of these shares (*see* Note 10 on the capital decrease).
Other marketable securities consist primarily of negotiable debt instruments and cash instruments (mutual funds). There is no significant difference between their market value at 31 December 1999 and their net book value on the same date.
Short-term financial receivables include the current accounts of several unconsolidated companies.

10 • Movements in shareholders' equity

(in millions of euros)

Shareholders' equity	Capital	Reserves	Income/(expense)	Total
At 31 December 1997	**522.5**	**(122.5)**	**46.9**	**446.9**
Capital increases	15.1	7.6	—	22.7
Allocation of income/(expense) and dividends paid	—	22.4	(46.9)	(24.5)
Purchase of own shares	—	(10.1)	—	(10.1)
Impact of changes in accounting policies	—	7.6	—	7.6
Foreign currency translation differences	—	(8.5)	—	(8.5)
Group share of net income for the year	—	—	92.3	92.3
At 31 December 1998	**537.6**	**(103.5)**	**92.3**	**526.4**
Capital increases	12.8	10.6	—	23.4
Allocation of income/(expense) and dividends paid	—	39.1	(92.3)	(53.2)
Capital decrease by cancellation of shares	(27.0)	(47.5)	—	(74.5)
Impact of changes in accounting policies	—	(8.8)	—	(8.8)
Foreign currency translation differences	—	7.7	—	7.7
Group share of net income for the year	—	—	146.3	146.3
At 31 December 1999	**523.4**	**(102.4)**	**146.3**	**567.3**

Goodwill charged to the group's shareholders' equity in 1997 represents a theoretical amortisation of €5.2m per year.
Capital increases during the year correspond to shares issued under the Group Savings Scheme or to options exercised.
Following a Board of Directors' decision of 10 May 1999, the capital stock of the parent company was reduced by €84.5m through the cancellation of 2,074,400 own shares, representing 5% of the reference capital stock (impact of €10.1m in 1998 and of €74.5m in 1999).
In addition, in accordance with rules recommended by the French National Accounting Board, the impact at the beginning of the year of the change in accounting policy, relating to the cancellation at 1 January 1999 of deferred structural charges, was charged to consolidated shareholders' equity.
Foreign currency translation differences are recorded in consolidated reserves for a negative impact of €2m at the end of December 1999. This amount includes a negative amount of €3.5m relating to subsidiaries in the euro zone and a positive amount of €1.9m relating to UK subsidiaries.
On 31 December 1999, the capital stock consisted of 40,261,023 shares of €13 each. On the same date, the number of unexercised stock options stood at 2,187,328.

11 • Minority interest

The movement of minority interest during the year is as follows:

(in millions of euros)	31 December 1999	31 December 1998	31 December 1997
Beginning of the year	**25.2**	**22.7**	**11.8**
Capital increases subscribed by third parties	3.8	1.2	10.1
Minority interest share in the year's net income	4.5	3.9	2.4
Impact of changes in accounting policies	—	—	(1.7)
Dividends paid	(3.2)	(2.9)	(0.6)
Scope of consolidation changes and miscellaneous	(4.2)	0.3	0.7
End of the year	**26.1**	**25.2**	**22.7**

For subsidiaries whose shareholders' equity (including the current year's net income) was negative, the group assumed the minority interest share of shareholders' equity.

12 • Provisions for liabilities and charges

Movements in provisions for liabilities and charges over the year were as follows:

(in millions of euros)	31 Dec. '98	Allocations	Reversals	Scope and other changes	31 Dec. '99
Operating risk	683.2	344.2	(324.7)	59.2	761.9
Financial risk	16.6	3.7	(3.1)	(2.1)	15.1
Exceptional risk	281.7	99.8	(134.5)	19.5	266.6
	981.5	**447.7**	**(462.2)**	**76.6**	**1,043.6**

Breakdown by business sector

(in millions of euros)	Operating	Financial	Exceptional	Total
Concessions	5.8	0.0	3.2	9.1
Electrical engineering	79.4	5.8	42.0	127.3
Thermal and mechanical engineering	65.2	0.0	27.2	92.5
Roadworks	152.1	0.4	45.8	198.4
Building and civil engineering	427.2	8.3	97.8	533.3
Holding company and miscellaneous	32.0	0.7	50.5	83.1
	761.9	**15.1**	**266.6**	**1,043.6**

Provisions for operating risk break down as follows:

(in millions of euros)	31 December 1999	31 December 1998	31 December 1997
End-of-life, replacement and total guarantee amortisation	42.2	31.3	35.6
After-sales service	160.0	150.4	122.2
Anticipated losses on contracts	275.4	234.3	266.2
Litigation and other operating risk	284.3	267.2	251.0
	761.9	**683.2**	**675.0**

Pension commitments provided for at 31 December 1999 are detailed in Note 24.

The provision for litigation and other operating risk consists mainly of provisions for disputes with customers, with an investigative period usually running over the end of the financial year.

"Provision for exceptional risk" comprises provisions covering risks of an exceptional nature. These include mainly restructuring costs (€76.4m at the end of 1999, of which €26.8m for the building and civil engineering line of business, €19.5 for electrical engineering and €18.7m for thermal and mechanical engineering) and exceptional disputed claims.

13 • Net financial surplus

At the end of 1999, the group had a net financial surplus of €53.4m (against €684.8m at the end of 1998), which includes the impact of restatement of capital leases for €145.1m.

It breaks down as follows:

(in millions of euros)	31 December 1999	31 December 1998	31 December 1997
Subordinated debt (▸ 1 year)	(45.7)	(45.7)	(45.7)
Bond issues (▸ 1 year)	(4.9)	(5.3)	(4.9)
Debt relating to capital leases (▸ 1 year)	(128.5)	(114.6)	—
Other borrowing and debt (▸ 1 year)	(321.6)	(57.2)	(128.8)
Total debt > 1 year	**(500.7)**	**(222.7)**	**(179.4)**
Debt relating to capital leases (◂ 1 year)	(16.6)	(9.7)	—
Other long-term debt (◂ 1 year)	(32.1)	(10.5)	(75.9)
I - Total long-term debt	**(549.4)**	**(242.8)**	**(255.4)**
Bank overdrafts and other short-term borrowing	(628.2)	(457.1)	(444.9)
Marketable securities and other short-term receivables (**)	896.8	1,181.8	1,275.6
Cash	334.2	279.2	347.1
II - Net cash position	**602.8**	**1,003.9**	**1,177.9**
Net financial balance [II — I]	**53.4**	**761.0**	**922.5**
(**) Of which sales of trade accounts receivable	—	76.2	153.1
Net financial surplus	**53.4**	**684.8**	**769.5**

(*) Excluding the impact of capital leases (restated as from 1 January 1998).

Breakdown of long-term debt into fixed and variable rates

(in millions of euros) 31 Dec. '99	Capital leases		Borrowings		Total	
	Share	Rate	Share	Rate	Share	Rate
Fixed rate (*)	20.4	6.70%	95.9	6.59%	116.3	6.61%
Variable rate	124.7	4.73%	308.4	4.15%	433.1	4.32%
Total	**145.1**	**5.01%**	**404.3**	**4.73%**	**549.4**	**4.80%**

(in millions of euros) 31 Dec. '98	Capital leases		Borrowings		Total	
	Share	Rate	Share	Rate	Share	Rate
Fixed rate (*)	26.0	7.15%	87.2	6.53%	113.2	6.67%
Variable rate	98.3	4.55%	31.3	4.03%	129.6	4.42%
Total	**124.3**	**5.10%**	**118.5**	**5.87%**	**242.8**	**5.47%**

(*) Including hedged variable rates.

Long-term debt in foreign currencies

Borrowing denominated in foreign currencies amounted to £0.8m, or €1.2m.

Maturity of debt > 1 year

(in millions of euros)	Borrowings	Capital leases	Total
Maturity between one and two years	46.0	18.3	64.3
Maturity between two and five years	251.8	39.0	290.7
Maturity beyond five years	54.6	69.9	124.6
Undetermined maturity	19.8	1.4	21.2
Debt > 1 year	**372.2**	**128.5**	**500.7**

Debt < 1 year

"Bank overdrafts and other short-term borrowing" includes treasury bills issued by the parent company for €146m at 31 December 1999 (compared with €40m at the end of 1998), of which 5 million in pounds sterling.

14 • Working capital requirement

(in millions of euros)	31 Dec. '99	31 Dec. '98	31 Dec. '97	Consolidation changes	Operational variation
Inventories and work in process (net value)	332.6	302.7	1,636.8	40.8	(10.9)
Trade accounts receivable	4,272.1	3,535.7	3,671.2	537.0	199.4
Provision for accounts receivable	(229.4)	(168.1)	(147.4)	(30.8)	(30.5)
Inventories and accounts receivable (I)	**4,375.3**	**3,670.3**	**5,160.7**	**547.0**	**158.0**
Trade and other accounts payable	4,801.4	4,072.1	5,606.7	429.9	299.4
Accounts payable (II)	**4,801.4**	**4,072.1**	**5,606.7**	**429.9**	**299.4**
Working capital requirement (I-II)	**(426.1)**	**(401.8)**	**(446.0)**	**117.1**	**(141.4)**
Of which sales of trade accounts receivable	—	76.2	153.1	—	(76.2)
Working capital requirement (excluding sales of trade accounts receivable)	**(426.1)**	**(325.5)**	**(292.9)**	**117.1**	**(217.7)**

The working capital requirement, excluding sales of trade accounts receivable, was reduced by €100.6m, and by €217.7m excluding scope of consolidation changes.

Breakdown by business sector

(in millions of euros)	31 Dec. '99	31 Dec. '98	31 Dec. '97	Consolidation changes	Operational variation
Concessions	(31.5)	38.5	—	(39.6)	(30.4)
Electrical engineering	(233.6)	(188.3)	(192.4)	2.6	(47.9)
Thermal and mechanical engineering	0.3	(8.7)	(69.2)	7.1	1.9
Roadworks	14.4	(57.5)	(115.0)	93.4	(21.5)
Building and civil engineering	(133.0)	(4.3)	86.9	56.1	(184.8)
Holding company and miscellaneous	(42.7)	(105.3)	(3.2)	(2.5)	65.1
Sub-total	**(426.1)**	**(325.5)**	**(292.9)**	**117.1**	**(217.7)**
Sales of trade accounts receivable	0	(76.2)	(153.1)	—	76.2
Total	**(426.1)**	**(401.8)**	**(446.0)**	**117.1**	**(141.4)**

D. Notes to the statement of income

15 • Net sales

15.1 Total business

The total business figure includes the group's share of business generated by concessions accounted for by the equity method (*see* Note 5).

Total business in 1999 came to €9,328.3m, for an increase of 13% over the 1998 level.

It breaks down as follows:

(in millions of euros)	1999	1998	1997
Consolidated net sales	9,056.8	8,011.5	8,140.2
Group share in concessions	271.5	250.7	201.6
Total	**9,328.3**	**8,262.2**	**8,341.8**

15.2 Consolidated net sales

The consolidated net sales figure excludes incidental goods and services, as well as services to unconsolidated joint ventures, which are reclassified as other revenue (*see* Note 16). The movement in net sales (+13% compared with 1998) includes the effects of changes in the scope of consolidation, of foreign currency rates and of the change to the percentage of completion method. It breaks down as follows:

(in millions of euros)	1999	1998
Net sales in the year	**9,056.8**	**8,011.5**
Of which:		
• Net sales of newly consolidated companies	(822.4)	—
• Net sales of companies no longer consolidated	—	(120.5)
• Impact of foreign currency differences	—	64.4
Net sales on a like-to-like consolidation basis, at consistent exchange rates and applying consistent accounting policies	**8,234.4**	**7,955.3**

On a like-to-like consolidation basis, at constant exchange rates and applying consistent accounting policies, net sales grew by 3.5% compared with 1998.

Breakdown of net sales by business sector and by location of subsidiaries

(in millions of euros)	1999	1998	1997	Variation 1999/1998 actual consolidation	like-to-like consolidation
Concessions	**248.8**	**98.7**	**55.3**	**152.1%**	**44.2%**
Electrical engineering	**1,854.1**	**1,735.4**	**1,702.7**	**6.8%**	**6.5%**
France and International	1,680.1	1,597.6	1,570.5	5.2%	—
Germany	116.3	81.4	73.1	42.9%	—
UK	57.7	56.4	59.1	2.3%	—
Thermal and mechanical eng.	**1,052.3**	**1,047.2**	**1,099.3**	**0.5%**	**(3.4%)**
France and International	323.5	314.7	350.5	2.8%	—
Germany	728.8	732.5	748.9	(0.5%)	—
Roadworks	**2,149.1**	**1,559.3**	**1,557.3**	**37.8%**	**7.7%**
France and International	1,502.6	1,388.4	1,347.6	8.2%	—
Germany	646.5	170.9	209.7	278.3%	—
Building and civil engineering	**3,811.4**	**3,626.8**	**3,763.5**	**5.1%**	**1.1%**
France and International	2,967.1	2,902.5	3,011.8	2.2%	—
Germany	235.2	246.1	279.1	(4.4%)	—
UK	609.1	478.2	472.6	27.4%	—
Inter-company transactions and miscellaneous	**(58.9)**	**(55.9)**	**(37.9)**	—	—
	9,056.8	**8,011.5**	**8,140.2**	**13.0%**	**3.5%**

Concessions consist mainly of Sogeparc's net sales. They do not include the net sales of infrastructure concessions accounted for by the equity method (*see* Notes 5 and 15.1). The group's share of the business generated by these companies comes to €271m.

Breakdown of net sales by business sector and by geographical area

(in millions of euros)	France	Europe	Rest of world	Total	%
Concessions	225.4	23.4	0.0	248.8	2.7%
Electrical engineering	1,568.0	266.4	19.7	1,854.1	20.5%
Thermal and mechanical engineering	312.7	727.8	11.8	1,052.3	11.6%
Roadworks	1,434.4	714.6	0.1	2,149.1	23.7%
Building and civil engineering	2,022.8	1,312.6	476.0	3,811.4	42.1%
Elimination and miscellaneous	(54.2)	(4.7)	—	(58.9)	(0.7%)
	5,509.1	**3,040.1**	**507.6**	**9,056.8**	—
	60.8%	33.6%	5.6%		100.0%

Breakdown of net sales by geographical area

(in millions of euros)	1999	1998	1997	% net sales	Variation 1999/1998
France	**5,509.1**	**5,215.5**	**5,379.4**	**60.8%**	**5.6%**
Germany	1,614.3	1,180.0	1,252.2	17.8%	36.8%
UK	708.1	541.3	544.6	7.8%	30.8%
Benelux	302.2	296.2	252.7	3.3%	2.0%
Portugal	60.2	84.1	132.7	0.7%	(28.4%)
Eastern Europe	180.5	103.2	98.4	2.0%	74.9%
Spain	33.6	19.8	12.8	0.4%	69.7%
Other European countries	141.1	101.1	70.9	1.6%	39.6%
Europe excluding France	**3,040.1**	**2,325.6**	**2,364.4**	**33.6%**	**30.7%**
Europe	**8,549.2**	**7,541.2**	**7,743.8**	**94.4%**	**13.4%**
Africa	266.6	286.1	254.1	2.9%	(6.8%)
Asia	76.1	100.5	93.8	0.8%	(24.3%)
Middle East	46.9	41.1	26.7	0.5%	14.1%
Americas	81.6	15.7	19.6	0.9%	419.8%
Pacific	36.4	26.9	2.2	0.4%	35.2%
Rest of world	**507.6**	**470.3**	**396.5**	**5.6%**	**7.9%**
	9,056.8	**8,011.5**	**8,140.2**	**100.0%**	**13.0%**

16 • Other revenue

(in millions of euros)	1999	1998	1997
Share in net income of unconsolidated joint ventures	27.9	21.5	19.2
Transferred to assets as deferred expenses	9.6	15.4	9.0
Miscellaneous services	303.8	354.0	352.9
Revenue from property management	15.2	12.7	11.7
	356.5	**403.6**	**392.9**

"Miscellaneous services" refers to revenue not directly related to business operations, such as equipment rental, merchandise sales, engineering and design services, project management fees, and especially services to unconsolidated joint ventures.

Costs transferred to assets include only deferred expenses incurred during the year (*see* Note 7).

17 • Gross operating surplus

(in millions of euros)	1999	% net sales	1998	% net sales	1997	% net sales
Concessions	50.0	20.1%	9.5	9.7%	3.2	5.9%
Electrical engineering	137.5	7.4%	121.5	7.0%	102.5	6.0%
Thermal and mechanical engineering	30.7	2.9%	(3.2)	(0.3%)	2.7	0.2%
Roadworks	107.3	5.0%	86.4	5.5%	65.6	4.2%
Building and civil engineering	159.6	4.2%	84.0	2.3%	104.9	2.8%
Holding company and miscellaneous	(9.1)	—	12.3	—	(10.9)	—
	476.0	**5.3%**	**310.5**	**3.9%**	**268.0**	**3.3%**

18 • Operating income

18.1 Breakdown of net sales by business sector and by location of subsidiaries

(in millions of euros)	1999	% net sales	1998	% net sales	1997	% net sales
Concessions	**37.9**	**15.3%**	**8.4**	**8.4%**	**7.2**	**13.0%**
Electrical engineering	**77.1**	**4.2%**	**71.9**	**4.1%**	**56.3**	**3.3%**
France and International	65.5	3.9%	63.7	4.0%	55.4	3.5%
Germany	6.9	6.0%	4.3	5.3%	(2.4)	(3.3%)
UK	4.7	8.1%	3.9	6.9%	3.3	5.6%
Thermal and mechanical engineering	**18.9**	**1.8%**	**2.9**	**0.3%**	**(31.6)**	**(2.9%)**
France and International	15.0	4.6%	5.6	1.8%	2.1	0.6%
Germany	3.9	0.5%	(2.7)	(0.4%)	(33.7)	(4.5%)
Roadworks	**46.9**	**2.2%**	**31.7**	**2.0%**	**13.1**	**0.8%**
France and International	40.5	2.7%	35.1	2.5%	19.8	1.5%
Germany	6.4	1.0%	(3.4)	(2.0%)	(6.7)	(3.2%)
Building and civil engineering	**61.7**	**1.6%**	**10.9**	**0.3%**	**(0.8)**	**–**
France and International	51.2	1.7%	17.6	0.6%	52.7	1.7%
Germany	0.2	0.1%	(9.5)	(3.9%)	(50.1)	(18.0%)
UK	10.3	1.7%	2.8	0.6%	(3.4)	(0.7%)
Holding company and miscellaneous	**(19.0)**	**–**	**(2.2)**	**–**	**(1.2)**	**–**
	223.4	**2.5%**	**123.6**	**1.5%**	**43.0**	**0.5%**

Scope of consolidation changes in the year had a net negative impact of €47m on the 1999 figure, while operating income in 1998 included €24m of positive exceptional items (mainly the shift to the percentage of completion method).

On a like-to-like basis and excluding exceptional items, the increase in operating income came to €77m, a 77.2% improvement over the 1998 level.

18.2 Breakdown of operating expenses by type

Operating expenses

(in millions of euros)	1999	1998	1997
Purchases	2,642.5	2,314.8	2,273.3
Outside services	3,477.6	3,099.9	3,252.2
Wages, salaries and benefits	2,479.2	2,326.7	2,389.6
Other expenses	338.0	363.2	350.0
	8,937.3	**8,104.6**	**8,265.1**

Depreciation, amortisation and provisions

(in millions of euros)	1999	1998	1997
Depreciation and amortisation			
Intangible assets	10.0	8.8	7.2
Tangible assets	194.0	167.5	169.5
Deferred expenses	10.7	11.0	7.6
	214.7	**187.4**	**184.3**
Provision allocations (reversals)			
Write-down of assets	6.1	(3.6)	1.8
Operating liabilities and charges	31.8	3.2	38.9
	37.9	**(0.5)**	**40.7**
Total depreciation, amortisation and provisions	**252.6**	**186.9**	**225.0**

19 • Net financial income

(in millions of euros)	1999	1998	1998(*)	1997
Net interest income/(expense)	(4.8)	11.6	17.7	12.2
Dividends received	6.2	8.2	8.2	10.5
Financial provisions	15.0	(5.1)	(5.1)	3.2
Foreign currency translation and other	(10.5)	5.1	5.4	2.6
	5.9	**19.8**	**26.2**	**28.5**

(*) Using accounting policies consistent with 1997 (excluding financial costs of capital leases).

The drop in net financial income is mainly due to the financing cost, estimated at €10m, of the acquisition of investments and securities in the year.

20 • Net exceptional expense

(in millions of euros)	1999	1998	1997
Net gain from disposals of assets	21.4	13.9	136.4
Net restructuring costs	(25.1)	(64.3)	(90.4)
Other exceptional gains and losses (net of provisions)	(27.8)	9.4	(54.1)
	(31.5)	**(41.1)**	**(8.1)**

Other exceptional losses include additional litigation risk provisions at the level of holding companies, for a net impact in 1999 in the order of €20m.

21 • Income taxes

(in millions of euros)	1999	1998	1997
Current taxes	(29.5)	(14.8)	(18.5)
Deferred taxes	(5.9)	17.4	0.2
	(35.4)	**2.6**	**(18.4)**

"Current taxes" refers principally to subsidiaries and entities not consolidated for tax purposes, and in particular Sogeparc (€10m) and certain subsidiaries of the GTIE group.
As in 1998, only those timing differences that are expected to reverse in under one year (during 2000) gave rise to a deferred tax entry. This has resulted in a net tax charge of €5.9m for the year, against a net credit of €17.4m in 1998.
The parent company and its subsidiaries are periodically inspected by government authorities.
On 31 December 1999, tax deficits that may be carried forward for the tax group in France came to approximately €133m, and have not been included in deferred tax assets.

E. Additional information

22 • Cash flow from operations

The reconciliation of net income of consolidated companies to cash flow from operations is as follows:

(in millions of euros)	1999	1998	1997
Net income of consolidated companies	**95.0**	**55.9**	**12.2**
Net amortisation/depreciation allocations	270.1	223.3	207.6
Net allocations to provisions	(1.5)	(31.6)	95.4
Gross cash flow from operations	**363.6**	**247.6**	**315.3**
Losses from disposals of assets	(21.4)	(13.9)	(136.4)
Cash flow (excluding dividends received from companies accounted for by the equity method)	**342.2**	**233.7**	**178.8**
Dividends from companies accounted for by the equity method	29.3	22.4	18.2
Cash flow from operations	**371.5**	**256.1**	**197.0**

23 • Commitments and contingencies

Commitments given

They break down as follows:

(in millions of euros)	31 Dec. '99	31 Dec. '98	31 Dec. '97
Performance bonds and guarantees	2,474.5	2,136.4	2,355.3
Guarantees given to unconsolidated partnerships	143.7	232.6	237.2
Other commitments	27.6	79.1	49.2
	2,645.7	**2,448.2**	**2,641.8**

The majority of commitments given are accounted for by guarantees granted in respect of major contracts, which represent the majority of "Performance bonds and guarantees" and essentially cover advance payments received and end-of-contract performance guarantees.

Commitments received

Commitments received, consisting essentially of personal sureties (performance bonds and guarantees) amounted to €285m at 31 December 1999, compared with €357m at 31 December 1998.
In connection with its 90% controlling share of CBC, acquired in 1997, the parent company received an assets and liabilities guarantee from Vivendi effective up to 31 December 2003.

24 • Commitments relating to retirement

(in millions of euros)	31 Dec. '99	31 Dec. '98	31 Dec. '97
Commitments undertaken in France			
Lump sum payments on retirement	69.8	68.7	66.3
Pension and other retirement commitments	44.0	27.0	28.3
Of which – for current employees	27.0	11.8	13.3
– for retired employees	17.0	15.2	15.1
Total	**113.8**	**95.7**	**94.7**
Of which – covered by provisions	98.5	92.7	93.0
– covered by insurance schemes	15.3	3.0	1.7
Commitments undertaken outside France			
Pension and other retirement commitments	436.3	336.8	291.2
Of which – for current employees	209.0	186.7	152.9
– for retired employees	227.3	150.1	138.3
Total	**436.3**	**336.8**	**291.2**
Of which – covered by provisions	263.3	190.6	186.9
– covered by pension funds	173.0	146.2	104.3
Total commitments	**550.0**	**432.5**	**385.8**
Of which – covered by provisions	361.8	283.3	279.9
– covered by insurance schemes	15.2	3.0	1.7
– covered by pension funds	173.0	146.2	104.3

Commitments covered by pension funds relate to the UK subsidiary, Norwest Holst.
The actuarial assumptions applied depend on the prevailing conditions in each of the countries concerned.
They have been adjusted to take account of changing interest rates and changing mortality statistics.

25 • Management of the interest rate risk associated with long-term debt

The majority of the management of debt interest rate risk relates to capital lease transactions. In order to take advantage of falling interest rates in Europe, the debt relating to the group's's capital leases covering the Rueil 2000 buildings (€81m outstanding at 31 December 1999), which had initially been swapped to a fixed rate, was swapped again to variable rates between June 1994 and June 1995.
At present these swap and re-swap transactions cover €67m each, with maturity dates in 2000 for the most part and 2007 for the remainder (€11m).
As for other hedging operations, interest rate insurance instruments cover €2m of capital leases, and swaps cover €25m of long-term borrowings. Their maturity dates extend through to 2004.

26 • Number of employees

The average number of employees of the consolidated companies breaks down as follows:

(in millions of euros)	1999	1998	1997
Engineers and managers	8,639	7,899	7,176
Other	62,060	56,552	61,075
	70,699	**64,451**	**68,251**

Related wages, salaries and benefits amounted to €2.5 billion in 1999 (against €2.3 billion in 1998).
The number of employees associated with scope of consolidation changes in the year comes to around 6,700. On a like-to-like basis, the number of employees in the group fell slightly in comparison with 1998 (-0.7%).

27 • Remuneration of senior executives and Board members

The total remuneration paid to members of the group's Executive Committee amounted to €5m in 1999.
Fees paid to Board members amounted to €115,000.
As of the end of 1999, Executive Committee members held a total of 1,935,801 options for share subscription or purchase, at an average exercise price of €38.1.

28 • Other information

Litigation and arbitration

To the Company's knowledge, there is no exceptional fact or litigation likely to affect substantially the business, financial performance, assets and liabilities, or the financial situation of the group or parent Company.

The claim lodged by Nersa against the Company resulted at the end of 1998 in an award against the Company jointly with an Italian entrepreneur, who is now bankrupt. EDF, having been implicated by the Company, was ordered to guarantee the Company up to 40%, which reduces the amount of the Company's liability to €13.6m (including both principal and interest), before taking insurance claims into consideration. Given the circumstances of the case, the Company lodged an appeal against this decision at the beginning of 1999.

With regard to the claim lodged by SNCF against a group of companies having participated in the construction of the TGV Nord rail line, a panel of experts was entrusted with an examination of possible damages suffered by SNCF, with respect to some of the sections set out in its petition. The Company maintains its position, which is to challenge the existence of any such damages, all the more so since in October 1999 the French Supreme Court of Appeal ("Cour de Cassation") set aside the order whereby the Paris Court of Appeal ("Cour d'Appel") had upheld the decision of the Competition Commission ("Conseil de la Concurrence") to impose fines on these companies.

As last year, no negative consequences are expected at the time of writing from the ongoing arbitration in the SSDS case, or from the appeal lodged by Compagnie du BTP against the order of the Paris Court of Appeal, which was favourable to the Company.

In addition, CBC is subject to a procedure before the jurisdiction of Mexico, brought by one of the shareholders of the Company Prodipe Inc., who alleges that CBC did not fulfil the terms of a memorandum of understanding relating to the development of a tourist site in Baja California, whose financing was guaranteed in the amount of US$7.2m by Coface, which was in turn counter-guaranteed by a Mexican state Company.

Also, CBC built a hotel in Bratislava (Slovakia) for Intertour, part of whose equity it holds. This operation was financed through promissory notes issued by CBC and discounted without recourse with a French bank, which had counter guarantees from foreign financial organisations. Following a payment default by Intertour, these financial organisations have initiated several procedures, including one before the Paris Commercial Court ("Tribunal de Commerce"), where CBC was recently charged with guaranteeing the principal amount of €41m.

In so far as the latter two disputes are concerned, the Company does not expect, even in the event of an unfavourable outcome, any significant impact on its financial situation.

Lastly, some of the group's subsidiaries are being investigated under fair competition legislation. In addition, a number of senior managers are subject, on a personal basis, to judicial inquiry procedures, which aim to determine whether they may have made inappropriate use of corporate assets to the direct or indirect benefit of political figures or parties. The Company does not expect these investigations or procedures, even in the event of an unfavourable outcome, to affect its financial situation substantially.

Principal consolidated companies at 31 December 1999

	Consolidation method	% group holding
1. Concessions		
Sogeparc (parking) and its subsidiaries	FC	97.78
Cofiroute	EM	31.13
Lusoponte (Tagus bridges)	EM	24.80
Stade de France	EM	33.33
SMTPC (Prado-Carénage tunnel)	EM	27.91
Sorif (property development)	FC	100.00
2. Electrical engineering		
Compagnie Générale de Travaux & Ingénierie Électrique (GTIE)	FC	99.95
Saunier Duval Electricité (SDEL)	FC	99.95
Santerne	FC	99.94
Garczynski Traploir	FC	99.95
Controlmatic (Germany)	FC	69.96
Lee Beesley Deritend (UK)	FC	99.95
Graniou	FC	99.80
Fournié-Grospaud	FC	99.83
Masselin	FC	99.34
Lesens Électricité	FC	99.76
SDEL Réseaux	FC	99.83
Starren (Netherlands)	FC	99.95
SDEL Travaux Extérieurs	FC	99.95
Getelec Guadeloupe	FC	99.73
Entreprise Demouselle	FC	99.94
3. Thermal and mechanical engineering		
Sophiane (formerly Tunzini)	FC	100.00
Wanner Industrie	FC	100.00
Tunzini Industrie	FC	100.00
Tunzini Protection Incendie	FC	100.00
Mécatiss	FC	100.00
Nickel (Germany)	FC	100.00
Calanbau	FC	100.00
G+H Montage (Germany)	FC	100.00
G+H Montage Energie und Umweltschutz	FC	100.00
G+H Montage Innenausbau	FC	100.00
G+H Montage Fassadentechnik	FC	100.00
G+H Montage Kühllagertechnik, Industrie und Gewerbebau	FC	100.00
G+H Montage Schallschutz	FC	100.00
Schuh	FC	100.00
Isolierungen Leipzig	FC	100.00
Wrede & Niedecken	FC	100.00

FC: fully consolidated companies - PC: proportionately consolidated companies - EM: companies accounted for by the equity method

	Consolidation method	% group holding
Lefort Francheteau	FC	100.00
Saga Entreprise	FC	100.00

4. Roadworks

Eurovia France	FC	100.00
Eurovia Champagne-Ardenne Lorraine	FC	100.00
Eurovia Alsace Franche-Comté	FC	100.00
Gercif-Emulithe	FC	100.00
Rol Normandie	FC	100.00
Moter	FC	99.46
Valentin	FC	100.00
TSS	FC	100.00
Eurovia Méditerranée	FC	100.00
Carrières de Chailloué	FC	100.00
SPRD (Poland)	FC	87.10
PBK (Poland)	FC	100.00
Boucher (Belgium)	FC	100.00
Eurovia GmbH (Germany)	FC	100.00
SGE Verkehrsbau Union	FC	100.00
Teerbau Konzern	FC	100.00

5. Building and civil engineering

Sogea	FC	100.00
Sicra	FC	100.00
Sogea Nord-Ouest	FC	100.00
Satom and its subsidiaries	FC	100.00
Sogea Sud	FC	100.00
SBTPC (Reunion)	FC	100.00
Sogea Sud-Ouest	FC	100.00
Sogea Est	FC	100.00
Sogea Atlantique	FC	100.00
Caroni Construction	FC	100.00
Denys (Belgium)	FC	100.00
Sobea Ile-de-France	FC	100.00
Dodin	FC	100.00
Chanzy-Pardoux	FC	100.00
Sogea Rhône-Alpes	FC	100.00

FC: fully consolidated companies - PC: proportionately consolidated companies - EM: companies accounted for by the equity method

	Consolidation method	% group holding
Sogea Bretagne	FC	100.00
Campenon Bernard Ouest	FC	100.00
Sogea Reunion	FC	100.00
Sogea Martinique	FC	100.00
Norwest Holst (UK)	FC	100.00
Norwest Holst Construction	FC	100.00
Rosser & Russell	FC	100.00
SGE Holst Investment Ltd	FC	100.00
Campenon Bernard SGE	FC	100.00
Bateg	FC	100.00
Deschiron	FC	100.00
Campenon Bernard Construction	FC	100.00
Brüggemann (Germany)	FC	96.94
Bâtiments et Ponts Construction (Belgium)	FC	100.00
Klee and its subsidiaries (Germany)	FC	63.92
Socaso	PC	66.67
Hagen (Portugal)	FC	99.96
Campenon Bernard Régions	FC	100.00
EMCC	FC	100.00
Méridionale Construction et Bâtiment	FC	100.00
Warbud (Poland)	FC	65.41
Sogea Méditerranée	FC	100.00
Algemeen Bouw En Betonbedrijf (Netherlands)	FC	100.00
First Czech Construction Company (Czech Republic)	FC	100.00
Lamy	FC	100.00
C3B	FC	100.00
TPI Ile-de-France	FC	100.00
Freyssinet	FC	100.00
Freyssinet International et CIE	FC	100.00
Freyssinet France	FC	100.00
Terre Armée Internationale	FC	100.00
RECO (USA)	FC	100.00
PSC Freyssinet (UK)	FC	100.00
Immer Property (Australia)	FC	70.00
Freyssinet Espagne (Spain)	FC	60.00
Tierra Armada (Spain)	FC	100.00
Freyssinet de Mexico	FC	61.98
SBT Brückentechnik (Germany)	FC	100.00
Ménard Soltraitement	FC	100.00

FC: fully consolidated companies - PC: proportionately consolidated companies - EM: companies accounted for by the equity method

Summary of the individual financial statements

The full version of the parent company's individual financial statements is available from the Shareholder Relations department *(see page 9).*

The balance sheet and the statement of income of the group's parent company have been prepared in accordance with French legal and regulatory requirements, and with generally accepted accounting practice, applied in a consistent manner.

Summary statement of income

(in millions of euros)	1999	1998	1997
Operating revenue	**52.9**	**43.9**	**41.1**
Operating expense	**(21.0)**	**(4.8)**	**(1.8)**
Net financial income	**96.9**	**19.0**	**31.0**
Made up of:			
- dividends on investments in subsidiaries and affiliated companies	91.5	56.4	56.1
- income/(expense) of subsidiaries constituted as general or limited partnerships	17.5	(29.8)	(12.7)
- other financial revenue and expense	(12.1)	(7.6)	(12.4)
Net exceptional expense	**(35.2)**	**(7.9)**	**(68.1)**
Income tax	36.0	44.6	20.7
Net income/(expense)	**76.7**	**50.9**	**(18.2)**

The financial statements of the parent company for 1999 show net income of €76.7m, for a 51% increase over the 1998 figure of €50.9m.

The inclusion of an operating charge of €15m connected with the setting up of a supplementary pension plan for some of the group's managers was compensated for by the improvement in financial income from French subsidiaries (€109m in 1999 against €26.6m in 1998). This improvement is mainly the result of the turnaround in the performance of the general partnership Campenon Bernard SGE (which went from a €36.2m loss in 1998 to a €17.0m profit in 1999), and of dividends received from Sogeparc of €18.0m.

In addition, taxes recovered from subsidiaries included in the tax consolidation came to €36m (against €44.6m in 1998). In 1998 they included a tax liability in respect of exceptional capital gains generated by the Sogea sub-group, which resulted in payment of €10m in taxes to the parent company.

Summary balance sheet

Assets *(in millions of euros)*	1999	1998	1997
Intangible and tangible fixed assets	3.6	4.3	13.2
Financial assets	1,742.9	1,155.6	1,212.1
Other accounts receivable and adjustment accounts	50.7	40.2	65.6
Marketable securities and cash	645.8	956.8	1,051.6
Total assets	**2,443.0**	**2,156.9**	**2,342.5**

Shareholders' equity and liabilities *(in millions of euros)*	1999	1998	1997
Shareholders' equity	743.7	781.4	733.4
Provisions for liabilities and charges	34.7	22.1	41.4
Debt	1,613.4	1,267.7	1,510.1
Other liabilities and adjustment accounts	51.2	85.7	57.6
Total shareholders' equity and liabilities	**2,443.0**	**2,156.9**	**2,342.5**

Financial assets

The breakdown of financial assets at 31 December 1999 was as follows:

(in millions of euros)	Gross book value on 31 Dec.'99	Depreciation as of 31 Dec.'99	Net book value on 31 Dec.'99	Net book value on 31 Dec.'98
Investments in subsidiaries and affiliated companies and other securities	1,807.1	122.2	1,684.9	1,074.9
Other financial assets	67.4	9.4	58.0	80.7
Total financial assets	**1,874.5**	**131.6**	**1,742.9**	**1,155.6**

Movements in investments in subsidiaries and affiliated companies concern:
• acquisitions:
- the acquisition, through a takeover bid, of 97.8% of the capital stock of Sogeparc (7,028,575 shares) for €597.2m;
- the acquisition from minority shareholders of 3.55% of the capital stock of GTIE (230,776 shares) for €9.5m;
- the purchase from Sogea and Socofreg (wholly-owned subsidiaries of the parent company) of 607,500 Campenon Bernard SGE shares for €15.3m;
- the purchase from Socogim (a wholly-owned subsidiary of Sogea) of 909,090 Socofreg shares for €19.8m;
• disposals:
- the sale to Vivendi of shares in Ascop and Re-Ascop for €5.0m.

"Receivables relating to subsidiaries and affiliated companies" include capital advances and loans granted by the parent company to its subsidiaries.
In addition, the shares in Compagnie Générale de Bâtiment et Construction were fully written down for €17m.

Shareholders' equity

(in millions of euros)	Capital stock	Additional paid-in capital	Reserves	Net income	Total
Shareholders' equity at 31 December 1998	**537.6**	**135.4**	**57.6**	**50.9**	**781.5**
Capital increase	11.0	12.1	—	—	23.1
Appropriation of net income and dividends paid	—	(4.7)	2.6	(50.9)	(53.0)
Capital reduction by cancellation of shares	(27.0)	(57.5)	—	—	(84.5)
Net income for the year	—	—	—	76.7	76.7
Shareholders' equity at 31 December 1999	**521.6**	**85.3**	**60.2**	**76.7**	**743.8**

Capital increases (representing 847,666 new shares issued upon the exercise of options or under the Group Savings Scheme) amounted to €11,019,658 (not including additional paid-in capital of €12,083,750).

In addition, the cancellation of 2,074,400 shares (5% of the capital stock) resulted in a capital reduction of €84,531,429 (including €57,564,229 representing cancellation of additional paid-in capital).

At 31 December 1999, the capital stock consisted of 40,261,023 shares of €13 each.

Net debt

(in millions of euros)	1999	1998	1997
Subordinated borrowings	45.7	45.7	45.7
Bonds and debentures	—	—	—
Borrowing from credit institutions	192.4	—	66.0
Long-term portion of debt (▸ 1 year)	**238.1**	**45.7**	**111.7**
Accounts receivable and loans	(50.1)	(45.7)	(140.2)
Marketable securities	(593.9)*	(785.1)	(399.3)
Cash	(44.3)	(167.8)(1)	(641.8)
Bonds and debentures	—	—	0.6
Borrowing from credit institutions	1.3	—	63.3
Bank overdrafts and treasury notes of subsidiaries	176.6	57.8	111.3
Current cash accounts	1,109.1	1,111.2	1,146.4
Net cash position	**598.7**	**170.4**	**140.3**
Net debt	**836.8**	**216.1**	**252.0**

* Including 2,683,560 shares of the parent company for €109.8m.
(1) Including Somag's current cash account amounting to €15.8m.

Treasury notes issued by the parent company amounted to €145.5m at 31 December 1999, compared with €40.4m at 31 December 1998.

Marketable securities are primarily made up of unit trusts (SICAV), certificates of deposit and mutual funds. Their market value at the end of the year was approximately the same as their cost price.

Five-year financial summary

	1995	1996	1997	1998	1999
I - Capital stock at the end of the year					
a - Capital stock *(in thousands of euros)*	391,298.8	394,112.0	522,516.7	537,605.2	523,393.3
b - Number of ordinary shares issued (1)	30,197,084	30,414,182	40,323,352	41,487,757	40,261,023
c - Maximum number of shares to be issued through conversion of bonds (2)	—	—	—	—	—
II - Operations and net income/(expense) for the year *(in thousands of euros)*					
a - Net sales before tax	20,210.9	18,174.1	17,661.2	16,758.1	16,253.9
b - Net income/(expense) before tax, employee profit sharing, depreciation and provisions	6,266.0	(83,056.4)	(4,067.6)	(37,491.8)	78,509.3
c - Income tax	7.6	(10,450.4)	(20,716.3) (4)	(44,559.2) (4)	(35,955.4) (4)
d - Net income/(expense) after tax, employee profit sharing, depreciation and provisions	(129,885.8)	8,850.3	(18,154.5)	50,851.5	76,667.7
e - Dividends paid (3)	—	—	24,589.0	56,203.2	60,164.7
III - Earnings/(loss) per share *(in euros)*					
a - Earnings/(loss) after tax and employee profit sharing, and before depreciation and provisions	0.2	(2.4)	0.4	0.2	2.8
b - Earnings/(loss) after tax, employee profit sharing, depreciation and provisions	(4.3)	0.3	(0.4)	1.2	1.9
c - Net dividend paid per share	—	—	0.6	1.4	1.6
IV - Employees					
a - Average number of employees in the year	89	74	80	85	104
b - Salaries and wages for the year *(in thousands of euros)*	6,521.8	6,345.4	6,908.2	7,673.8	10,174.1
c - Social security costs and other social expenses for the year *(in thousands of euros)*	2,494.2	2,406.6	2,613.6	2,961.2	3,678.1

(1) There were no preferred shares during the five-year period.
(2) Of the stock options granted under the share subscription plans authorised by the Extraordinary Shareholders' Meeting of 30 June 1988 and the Ordinary and Extraordinary Shareholders' Meeting of 18 June 1993, and implemented by the meetings of the Board of Directors of 5 December 1991, 6 November 1992, 4 November 1993, 4 November 1994, 4 March 1998, 9 March 1999 and 7 September 1999, a total of 3,149,692 options had not been exercised at 31 December 1999.
(3) Calculated on the basis of the number of shares in issue at the end of the year.
(4) Taxes recovered from subsidiaries in connection with tax consolidation.

Subsidiaries and affiliated companies at 31 December 1999

The information in the following table reflects only the individual financial statements of subsidiaries.

(in thousands of euros)	Capital stock	Reserves and retained earnings before net income appropriation	Percentage share of capital stock held	Book value of shares held		Loans and advances granted by the parent company	Sureties and guarantees given by the parent company	Net sales before tax in the last financial year	Profit or loss in the last financial year	Dividends received by the parent company
				Gross	Net					
A - Detailed information by entity										
1 - Subsidiaries (at least 50% of capital held by the parent company)										
a - French holdings										
Campenon Bernard SGE	80,920.0	2,179.9	*100.0*	83,099.8	83,099.8	—	5,015.7	497,338.9	17,019.2	—
CBC	47,871.6	(43,772.7)	*90.0*	17,013.3	—	—	—	5,652.4	(17,565.2)	—
Freyssinet International	15,625.0	3,183.5	*100.0*	20,450.0	20,450.0	—	16,159.6	5,786.8	(1,853.9)	—
GTIE	94,814.8	206,858.2	*99.2*	305,025.5	305,025.5	—	—	36,398.0	8,804.3	11,093.1
Lefort Francheteau	9,595.0	—	*100.0*	10,277.8	10,277.8	—	—	—	2,457.6	—
Ornem	3,258.4	(2,901.5)	*100.0*	14,221.9	299.0	1,496.7	—	—	(60.7)	—
Socofreg	291,545.1	49,502.7	*100.0*	344,694.1	344,694.1	—	—	—	31,855.6	19,682.4
Sogea	249,970.5	23,570.6	*57.0*	175,204.6	175,204.6	—	1,163.1	129,979.2	28,129.8	13,917.1
Sophiane	22,714.9	322.0	*100.0*	22,714.8	22,714.8	—	—	—	4,274.0	—
Sorif Investissement	2,250.0	(1,065.8)	*100.0*	—	—	995.8	56,829.4	381.7	2,141.6	—
SGE Assurances	38.1	0.5	*99.4*	37.9	37.9	2,745.3	—	553.8	(2,728.4)	—
Sogeparc	54,788.7	182,719.9	*99.2*	597,202.3	597,202.3	—	—	11.7	18,268.4	—
b - Foreign holdings										
SGE Deutsche Holding	16,105.7	(20,812.1)	*100.0*	128,702.7	48,189.4	—	—	—	(10,465.6)	—
2 - Affiliated companies (10–50% of capital held by the parent company)										
Consortium Stade de France	22,867.4	529.0	*33.3*	7,622.4	7,622.4	2,286.7	—	41,213.7	1,801.5	914.7
Cofiroute	154,679.2	413,594.2	*31.1*	61,374.2	61,374.2	—	—	758,703.0	174,875.8	26,505.5
Wanner Industrie	15,244.9	(988.0)	*30.6*	4,668.8	4,668.8	—	—	67,809.6	1,431.1	—
B - Information by groups of entities										
1 - Subsidiaries not included in paragraph A above (at least 50% of capital held by the parent company)										
a - French subsidiaries (together)	—	—	—	3,703.1	3,329.8	—	—	—	—	—
b - Foreign subsidiaries (together)	—	—	—	957.8	—	—	—	—	—	—
2 - Affiliated companies not included in paragraph A above (10–50% of capital held by the parent company)										
a - In French companies (together)	—	—	—	9,979.1	788.3	—	—	—	—	—
b - In foreign companies (together)	—	—	—	185.1	—	—	—	—	—	—

Report of the statutory auditors on the consolidated financial statements

In accordance with our appointment by your Shareholders' General Meeting, we have audited the accompanying consolidated financial statements of your company, prepared in euros, for the year ended 31 December 1999.

The management of your company is responsible for the preparation of the consolidated financial statements. It is our responsibility to express an opinion based on our audit on these consolidated financial statements.

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

In our opinion, the consolidated financial statements referred to above give a true and fair view of the financial position and assets and liabilities at 31 December 1999, and of the results of operations of the companies included in the consolidation for the year then ended.

Without qualifying the above opinion, we draw your attention to Note A to the consolidated financial statements, which describes a change in accounting policy relating to the cancellation of charges previously treated as deferred assets in respect of concession contracts temporarily in deficit.

We have also carried out the verification of the information given on the management of the group.

We have no comment to make as to its fair presentation and its conformity with the consolidated financial statements.

Neuilly, Paris, 9 March 2000
The Statutory Auditors

Deloitte Touche Tohmatsu-Audit		Salustro Reydel	
Thierry Benoît	Dominique Descours	Bernard Cattenoz	Bertrand Vialatte

Report of the statutory auditor on the financial statements

In accordance with our appointment by your Shareholders' General Meeting, we hereby report to you, for the year ended 31 December 1999, on:

- the audit of the accompanying financial statements of your company, prepared in euros; and
- the specific verifications and information required by law.

These financial statements are the responsibility of the management of your company.
Our responsibility is to express an opinion on these annual financial statements based on our audit.

1- Opinion on the annual financial statements

We have audited the annual financial statements in accordance with French professional standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements' presentation. We believe that our audit provides a reasonable basis for our opinion.
In our opinion, the financial statements referred to above give a true and fair view of the financial position of your company, and its assets and liabilities at 31 December 1999, and of the results of its operations for the year then ended.

2- Specific verifications and information

We have also carried out the specific verifications required by law in accordance with French professional standards.
We have no comment to make as to the fair presentation and the conformity with the annual financial statements of the information given in the management report of the Board of Directors and in the documents addressed to the shareholders, with respect to the financial position and the annual financial statements.
In accordance with the law, we verified that the appropriate disclosures as to the acquisition of shares and controlling interests, and the identity of shareholders and of holders of voting rights, were communicated.

Neuilly, Paris, 9 March 2000
The Statutory Auditors

Deloitte Touche Tohmatsu-Audit		Salustro Reydel	
Thierry Benoît	Dominique Descours	Bernard Cattenoz	Bertrand Vialatte

Report of the statutory auditors on regulated contracts

As the statutory auditors of your company, we hereby present to you our report on regulated contracts.
In accordance with Article 103 of the Act of 24 July 1966, we have been advised of the agreements previously authorised by your Board of Directors.
We are not required to investigate the possible existence of additional agreements but to communicate to you, on the basis of the information provided to us, the essential terms and conditions of those agreements of which we have been advised; nor are we required to comment on their appropriateness and validity.
Under the terms of Article 92 of the Decree of 23 March 1967, it is for you to form a view as to the purpose and benefits of the agreements entered into, with a view to approving them.
Our work has been performed in accordance with French professional standards. Those standards require that we plan and perform our work in a way that enables us to verify that the information provided to us is in conformity with the source documentation from which it is derived.

Agreement with Vivendi

Directors concerned: Mr Jean-Marie Messier and Mr Guy Dejouany.
On 22 April 1999, your company acquired from Vivendi a total of 1,037,200 of its own shares for the purpose of cancelling them. This transaction was based by mutual consent on a unit share price of €39.19, for a total of €40.6m.

In addition, in accordance with the Decree dated 23 March 1967, we have been informed that the following agreement, concluded during past years, continued during 1999.

Agreement with Vivendi

On 30 June 1997, your company, Vivendi and Compagnie Générale de Bâtiment et de Construction (CBC) signed an agreement relating to the acquisition of CBC shares, as well as guarantees and clauses concerning a return to financial health.
Under the terms of this agreement, in 1999 your company received an indemnification of €10.9m from Vivendi, in application of these guarantees.

Neuilly, Paris, 9 March 2000
The Statutory Auditors

Deloitte Touche Tohmatsu-Audit
Thierry Benoît   Dominique Descours

Salustro Reydel
Bernard Cattenoz   Bertrand Vialatte

Rapport complémentaire des commissaires aux comptes sur l'augmentation du capital réservée aux salariés adhérant au plan d'épargne Groupe

(Décision du conseil du 8 mars 2000)

En notre qualité de commissaires aux comptes de votre société, et en application des dispositions de l'article 155-2 du décret du 23 mars 1967, nous vous présentons un rapport complémentaire à notre rapport spécial du 1er octobre 1999 sur l'émission d'actions réservées aux salariés du Groupe adhérant au plan d'épargne Groupe, autorisée par votre assemblée générale mixte du 25 octobre 1999 en remplacement de l'autorisation donnée par votre assemblée générale mixte du 25 mai 1998.

Cette assemblée avait délégué à votre conseil d'administration le soin de la réaliser et d'en fixer les conditions définitives. Faisant usage des pouvoirs ainsi conférés, votre conseil d'administration a décidé, dans sa séance du 8 mars 2000, sous réserve de l'approbation de l'assemblée et selon les modalités décrites ci-après :

– de procéder à l'émission d'actions nouvelles réservées aux salariés du Groupe adhérant au plan d'épargne Groupe. Le montant de l'augmentation de capital correspondra au montant nominal des actions qui seront effectivement souscrites par les salariés du Groupe. Pour cette opération, la période de souscription a été fixée du 1er mai 2000 au 31 août 2000 ;

– de procéder à une deuxième opération, dans des conditions similaires à l'émission ci-dessus, dont la période de souscription s'étendra du 1er septembre 2000 au 31 décembre 2000 ;

– de procéder, concomitamment à la première opération, à la mise en place au cours des deuxième ou troisième trimestre 2000, pour une période unique d'un mois, d'un plan à effet de levier. Le montant de l'augmentation de capital correspondra au montant nominal des actions qui seront effectivement souscrites par les salariés du Groupe. Elle est assortie pour chaque adhérent au plan d'un effet de levier comportant un financement global, dont un prêt égal à neuf fois le montant qu'il a investi, et d'un abondement de 500 francs au plus. À l'issue de cette opération d'une durée de cinq ans, les salariés bénéficieront d'une participation à la performance de l'action d'un montant minimum de 60 % de la plus-value calculée par rapport au cours de référence plafonné au doublement du cours de l'action et d'une garantie de récupération de 125 % de leur apport personnel à la date de sortie.

Ces opérations sont réalisées dans la limite de 10 % du capital pour l'ensemble des augmentations de capital effectuées dans le cadre d'émissions d'actions réservées aux salariés du Groupe adhérant au plan d'épargne Groupe.
Pour la première et la troisième opérations, le prix de souscription a été fixé à 80 % de la moyenne des premiers cours cotés aux vingt séances de Bourse ayant précédé le 8 mars 2000, soit 35,80 euros, représentant 13 euros de valeur nominale et 22,80 euros de prime d'émission.

Pour la deuxième opération, le montant du prix d'émission n'étant pas fixé, nous n'exprimons pas d'avis sur les conditions définitives dans lesquelles l'augmentation de capital sera réalisée, dont le principe entre cependant dans la logique de l'opération soumise à votre approbation.

Nous avons vérifié la conformité des modalités de l'opération au regard de l'autorisation donnée par l'assemblée générale mixte du 25 octobre 1999 et des indications fournies à celle-ci, et nous n'avons pas d'observation à formuler à ce sujet.

Nous avons procédé au contrôle des informations données dans le rapport complémentaire du conseil d'administration sur le choix des éléments de calcul du prix d'émission et sur son montant, et également vérifié les informations chiffrées qui y sont présentées, en effectuant les diligences que nous avons estimées nécessaires selon les normes de la profession.

Les informations chiffrées présentées sont extraites des comptes annuels statutaires au 31 décembre 1999 ayant fait l'objet, de notre part, d'un audit.

Nous certifions la sincérité des informations chiffrées tirées des comptes de la société et données dans les rapports du conseil d'administration.

La proposition de suppression du droit préférentiel de souscription sur laquelle vous vous êtes précédemment prononcés, le choix des éléments de calcul du prix d'émission et son montant définitif n'appellent pas d'observation de notre part.

La présentation de l'incidence de l'émission sur la situation de l'actionnaire appréciée par rapport aux capitaux propres et sur la valeur boursière de l'action n'appelle pas non plus, de notre part, d'observation.

Neuilly, Paris, le 9 mars 2000

Les commissaires aux comptes

Deloitte Touche Tohmatsu-Audit		Salustro Reydel	
Thierry Benoît	Dominique Descours	Bernard Cattenoz	Bertrand Vialatte

Supplementary report of the Board of Directors on the capital increase reserved for employees belonging to the Group Savings Scheme

This supplementary report is drawn up in application of Article 155-2 of Decree No. 67-236 dated 23 March 1967.

By the terms of the thirteenth resolution of the Ordinary and Extraordinary Shareholders' Meeting of 25 October 1999, you authorised the Board of Directors to issue, on one or several occasions over a five-year period, shares to be subscribed exclusively by salaried employees of your Company and/or its subsidiaries, provided they belong to the Group Savings Scheme established on the initiative of the Company.

At its meeting of 8 March 2000, the Board of Directors decided to carry out three issues of new shares with a nominal value of €13 each. These issues are connected with the following operations:

– For the first operation, the subscription period runs from 1 May 2000 through to 31 August 2000. The shares subscribed through the Accueil mutual fund will be fully paid-up upon subscription, registered in nominal accounts and will participate in dividends as of 1 January 2000.
– The second operation will cover the subscription period from 1 September 2000 through to 31 December 2000, under the same terms and conditions as the first.
– As for the third operation, the Board of Directors has decided, with a view to associating the group's employees more closely with its business and financial results, and in order to facilitate the conditions of access to the Group Savings Scheme, to institute in the course of the year 2000 and for a single period of one month, an exceptional operation to subscribe shares of the Company. This operation will be implemented through a mutual fund created for this purpose. Employees will make lump-sum down payments of 10% from their own funds, with the possibility of making such payments by salary deduction in ten equal monthly instalments, and for the remaining 90% by means of a bank loan fully repayable at the end of five years (with the possibility of early repayment in cases, provided for by law, of early exit from the scheme), in several instalments of a pre-determined amount, among which they will have to choose, and which will be accompanied by a contribution from the company of at most FF500. At the end of the operation, which has a duration of five years, employees will receive the amount required to repay the loan principal and interest, as well as 125% of their initial personal down payment, whatever the share price at the time; in addition, they will receive a proportion of the share's performance, namely a minimum of 60% of the capital gain, calculated with respect to a base price and limited to double the share price, but reduced on a sliding scale by reference to the exit date with respect to the subscription date.

For the first and third operations, the subscription price was set at 80% of the average of the opening prices quoted at the 20 Paris Stock Exchange sessions having preceded the Board of Directors meeting of 8 March 2000, that is, €35.80, representing the €13 nominal value and €22.80 of additional paid-in capital. The amount of the capital increase will therefore be limited to the nominal value of shares subscribed through the mutual funds.
For the second operation, the Board of Directors meeting of 8 March 2000 authorised the Chairman to set the subscription price for the last four months of the year 2000, with the duty of informing the Board of Directors of his decision at its next meeting.

At the time of these operations, the Board of Directors will make sure that the mutual funds do not violate the provisions of the thirteenth resolution of the Ordinary and Extraordinary Shareholders' Meeting of 25 October 1999 by jointly holding more than 10% of the company's capital stock.

On the basis of the capital stock noted by the Board of Directors on 8 March 2000, the maximum number of shares that could be issued was as follows:

	Number	Percentage
Holdings through the mutual fund	1,255,543	3.116%
Maximum number of shares that could be issued	2,774,075	6.884%
Total	4,029,618	10.000%

These figures will be adjusted by reference to the capital stock at the time of the subscriptions.
The impact of issuing the maximum of 2,774,075 new shares on the capital stock holding of a shareholder with 1% of the Company's capital and not subscribing to the capital increase would be as follows:

	Shareholding as %
Before the issue	1.000%
After issuing the maximum number of 2,774,075 shares	0.936%

In addition, the impact of this issue on the amount of the group portion of consolidated shareholders' equity, as of 31 December 1999, accruing to a shareholder with one share of the Company and not subscribing to the capital increase, would be as follows:

	Amount of consolidated shareholders' equity
Before the issue	€14.08 (FF92.36)
After issuing the maximum number of 2,774,075 shares	€15.48 (FF101.54)

Given the issue price and the volume of the operation, it should not have a significant impact on the share's value on the Paris Stock Exchange.

Ordinary part

First resolution

Approval of the 1999 financial statements

The Shareholders' Meeting, after having taken note of the Report of the Board of Directors and the Report of the Statutory Auditors, hereby approves the operations of and the financial statements for the year ended 31 December 1999, as submitted to it. In particular, it approves the amount of non-deductible charges (Article 39.4 of the French General Tax Code) mentioned in the Report of the Board of Directors.

Second resolution

Appropriation of net income for the 1999 financial year

The Shareholders' Meeting, noting that the net income for 1999 amounts to €76,667,714.85 (FF502,907,242.32), hereby approves the net income appropriation proposed by the Board of Directors and decides:

- to allocate the sum of €3,833,385.74 (FF25,145,362.12) to the legal reserve;
- to distribute the sum of €60,164,676.80 (FF394,654,409) to shareholders;
- to allocate the balance, namely €12,669,652.31 (FF83,107,471.20), to retained earnings.

Consequently, the net dividend to be paid in respect of each of the 37,602,923 shares giving right to the 40,296,189 shares making up the capital stock as of 8 March 2000, and hence excluding the 2,688,060 shares held in treasury by the Company on 8 March 2000, as well as 5,206 shares issued upon the exercise of stock options and participating in dividends as of 1 January 2000, amounts to €1.60. A tax credit of €0.80, representing tax paid to the French Treasury, is to be added to this dividend, to give total income per share of €2.40.

On the basis of current legislation, the tax credit may be reduced, depending on the status of the shareholder, to €0.64, to give total income per share of €2.24.

Should the Company, on the day the dividend becomes payable, hold more than 2,688,060 of its own shares, the sum corresponding to the dividends not paid on these additional shares will be added to retained earnings.

The dividend will be payable as of 27 June 2000.

In accordance with legal provisions, it is noted that no dividends were paid in 1996, and that the dividends for 1997, 1998 and 1999, if you approve the latter, are as follows:

Year	Number of qualifying shares	Net dividend	Tax credit	Total income
1997	40,323,352	FF4.00 (€0.61)	FF2.00 (€0.30)	FF6.00 (€0.91)
1998	40,145,148	€1.40 (FF9.18)	€0.70 or 0.63* (FF4.59 or 4.13)	€2.10 or 2.03* (FF13.77 or 13.31)
1999 (proposal)	37,602,923	€1.60 (FF10.50)	€0.80 or 0.64* (FF5.25 or 4.20)	€2.40 or 2.24* (FF15.74 or 14.69)

* Depending on the shareholder's status and subject to current legislation.

Third resolution

Approval of the Special Report of the Statutory Auditors on agreements covered by Article 101 and subsequent articles of the Act of 24 July 1966

The Shareholders' Meeting, after having taken note of the Special Report of the Statutory Auditors on agreements covered by Article 101 and subsequent articles of the Act of 24 July 1966, hereby approves the agreements mentioned therein.

Fourth resolution

Discharge of the Board of Directors' liability

Following its approval of the financial statements for the year ended 31 December 1999, the Shareholders' Meeting hereby gives final discharge to the Board of Directors for their management actions taken up to the end of the said year.

Fifth resolution

Election of a Director

The Shareholders' Meeting, on the proposal of the Board of Directors, hereby elects Mr Gilles d'Ambrières, Chairman and Chief Executive Officer of Sogeparc, as a Director for a period of six years.
His term in office will end with the Shareholders' Meeting that will approve the financial statements for 2005.

Sixth resolution

Election of a Director

The Shareholders' Meeting, on the proposal of the Board of Directors, hereby elects Mr Guy Dejouany, Honorary President of Vivendi, as a Director for a period of six years.
His term in office will end with the Shareholders' Meeting that will approve the financial statements for 2005.

Seventh resolution

Election of a Director

The Shareholders' Meeting, on the proposal of the Board of Directors, hereby elects Mr Dominique Ferrero, Chief Executive Officer of Crédit Lyonnais, as a Director for a period of six years.
His term in office will end with the Shareholders' Meeting that will approve the financial statements for 2005.

Eighth resolution

Election of a Director

The Shareholders' Meeting, on the proposal of the Board of Directors, hereby elects Mr Henri Saint Olive, Chairman of the Board of Banque Saint Olive, as a Director for a period of six years.
His term in office will end with the Shareholders' Meeting that will approve the financial statements for 2005.

Ninth resolution

Election of a Director

The Shareholders' Meeting, on the proposal of the Board of Directors, hereby elects Mr Willy Stricker, Chairman and CEO of CDC Participations, as a Director for a period of six years.
His term in office will end with the Shareholders' Meeting that will approve the financial statements for 2005.

Extraordinary part

Tenth resolution

Amendment to Article 13 of the corporate statutes

The Shareholders' Meeting, having taken note of the Report of the Board of Directors, hereby decides to add the following words to the fourth paragraph of Article 13 of the corporate statutes:
"It may be held, at the discretion of the Chairman, in the form of a conference call, or a videoconference, in respect of all or some of the Board members."

Eleventh resolution

Change of corporate name and corresponding amendment to Article 3 of the corporate statutes

The Shareholders' Meeting, having taken note of the Report of the Board of Directors, hereby decides to change the corporate name of the Company, which becomes, as of today, VINCI. In consequence of this decision, the Shareholders' Meeting also decides to amend Article 3 of the corporate statutes as follows:
"The corporate name of the Company is: VINCI.
In all records and documents produced by the Company and addressed to third parties, the name must be immediately preceded or followed by the words "Société Anonyme" or the initials "SA", and by the amount of the capital stock."

Twelfth resolution

Authority to carry out formalities

Full authority is given to the bearer of a copy or of an extract of the present minutes to make all registrations and publications required by law.

General information about the Company

1 • General information about the Company

1.1. Corporate name and registered office

VINCI
1 cours Ferdinand-de-Lesseps
92851 Rueil-Malmaison Cedex
France

1.2. Presentation of the Company and the Group

VINCI is the holding company of a group consolidating more than 750 subsidiaries that operate in four main business sectors: infrastructure concessions and parking, mechanical and electrical engineering, roadworks, and building and civil engineering.
With consolidated net sales in 1999 of more than €9 billion and about 71,000 employees, VINCI leads the European construction market. In 1999 it generated 94% of its net sales in Europe, of which 61% in France, 18% in Germany and 8% in the UK.

A brief history of the Group

The Company began operating in the construction sector in 1910. Its expansion gathered speed in the early 1980s with substantial external growth operations, occurring in particular on the occasion of changes in the Company's shareholder structure. In conjunction with the internal growth of the Group's existing companies, these operations led to a sharp increase in net sales, which rose from €2 billion in 1984 to €9 billion in 1999, and at the same time to a change in the profile of its business sectors.
In 1983, when the Company was a subsidiary of Compagnie Générale d'Electricité (since 1966), Compagnie de Saint-Gobain became one of its shareholders. Saint-Gobain became the majority shareholder in 1984, following the gradual integration into the Company of the main entities comprising Saint-Gobain's enterprise branch: Sobea, Entreprise Saunier Duval, Tunzini and Wanner Isofi. This relationship was subsequently strengthened, in particular by the 1985 merger of Sobea and SGE-BTP to create Sogea, which became the Group's leading building and civil engineering subsidiary.
The Company's inclusion in the Générale des Eaux group in 1988 contributed further to its expansion, through:
- the purchase from Compagnie de Saint-Gobain of the German company G+H Montage, which specialises in insulation and, through its subsidiary Nickel, in HVAC;
- the transfer by Compagnie Générale des Eaux of its subsidiaries Campenon Bernard, Viafrance and Freyssinet.

In the next few years, several additional external growth operations contributed to giving the Group a truly European dimension. The most significant of these were as follows:
- the acquisition in 1989 of a 55% holding (increased to 100% in 1991) in the capital stock of the British building and civil engineering company, Norwest Holst, whose scope of consolidation broadened in 1990 with the acquisition of Rosser & Russell, a company specialising in air conditioning, electrical works and technical maintenance;
- the acquisition in 1990 and 1991 of OBG (building) and VBU (roadworks) in the former German Democratic Republic, as part of the privatisation programme set up in the wake of German

reunification. This operation was supplemented in 1992 by the acquisition of two other companies in the new German *Länder*, namely MLTU (piping and ducts) and OBAG (building in Saxony);
- the acquisition in 1992 by Cochery Bourdin Chaussé of the roadworks company Moter, which operates mainly in the south-west of France;
- the acquisition in 1994 by SDEL (formerly Entreprise Saunier Duval) of the German company Controlmatic, which specialises in electrical engineering and automated systems, and of a 64% controlling interest in the building company Klee, then based in the south-west of the former Federal Republic of Germany.

The year 1997 was marked by substantial joint operations between the Company and its majority shareholder, as part of the effort to focus the Company on its core businesses and of the restructuring of the Compagnie Générale des Eaux group into activity-based divisions. In particular, the Company transferred the following to Compagnie Générale des Eaux:
- all its operating businesses in the waste sector;
- two large water distribution subsidiaries: Sogea Guadeloupe and Avignonnaise des Eaux;
- the majority of its property development business in France and Germany (with the Company keeping its real estate financial engineering business through Sorif).

In January 1997, Compagnie Générale des Eaux and its Sahide and CGC subsidiaries transferred their holdings in the GTIE and Santerne electrical works companies to the Company. This measure was taken as part of the creation within the Company of an electrical engineering and works division, which also included SDEL (already a subsidiary of the Company). This operation resulted in an increase of the Générale des Eaux group's share in the Company's capital stock from 80% to 85%.

In June 1997, the Company acquired 90% of CBC, which had until then been controlled directly by Compagnie Générale des Eaux. The French and European subsidiaries of CBC were then integrated into Sogea and Campenon Bernard SGE, as part of the overall restructuring of the Company's building and civil engineering business sector.

In October 1997, Compagnie Générale des Eaux sold 35% of the Company's capital stock to French and foreign (mainly American and British) investors in a private placement, thereby reducing its holding to slightly more than 50%.

This reorganisation was consolidated in 1998 and 1999 with the constitution of four business sectors (concessions, mechanical and electrical engineering, roadworks, and building and civil engineering), and a renewed policy of external growth targeted on sectors with high technical and financial value added.

The thermal and mechanical division was strengthened in 1999 by three significant acquisitions in the fire protection sector (Calanbau, Mécatiss and Vraco). The division was then brought into the GTIE group in March 2000 to form the Mechanical and Electrical Division. In addition, GTIE expanded outside France through the friendly takeover of Emil Lundgren, a Swedish company specialising in electrical engineering.

Freyssinet became world leader in geotechnical engineering by taking control of Terre Armée Internationale in December 1998 and of Ménard Soltraitement in November 1999. The two companies are specialists in soil reinforcement techniques and earth-retaining structures. In the roadworks sector, Eurovia acquired Teerbau, the German number one, in June 1999.

During the second half of the year, the Company launched a takeover bid for Sogeparc, the French leader in parking facilities. Following the successful outcome of the bid, the Company currently owns almost 98% of Sogeparc.

In February 2000, Vivendi (the former Compagnie Générale des Eaux) sold 32% of the capital of the Company in a private placement with French and foreign investors, reducing its holding to around 17% of the capital stock.

1.3. Type of company

VINCI is a French Public Limited Company ("Société Anonyme") with a Board of Directors, subject to the provisions of Act No. 66-537 of 24 July 1966, and of Decree No. 67-236 of 23 March 1967 relating to Commercial Companies.

1.4. Legal provisions

French legislation.

1.5. Legal term of existence – dates of formation and expiry

The Company was formed on 30 June 1910, with its initial duration set at 99 years. It was extended by the Extraordinary Shareholders' Meeting of 21 December 1979. The Company will thus come to an end on 21 December 2078, unless its term is extended once again or it is liquidated at an earlier date.

1.6. Corporate purposes (Article 2 of the corporate statutes)

The Company has the purpose of:

– undertaking all forms of civil engineering: in particular, development of the goodwill originally contributed by Sainrapt et Brice, and continuation of the business of that Company, specialising in all types of underground works, foundations, hydraulics and reinforced concrete; and

– more generally, all industrial, commercial, financial, securities and property operations, directly or indirectly related to the purposes specified above.

The Company may carry out these operations in mainland France, in overseas French departments and territories as well as outside France, either alone, or in partnership, on a trading basis, or in any other form whatsoever, either directly, or indirectly through transfer, leasing arrangements or under licence, either on a brokerage or commission basis.

In addition, it may implement any measures, either alone or by any other means, create any partnerships or companies, make any contributions in kind to existing companies, merge or enter into alliances with them, subscribe, purchase and re-sell any shares or other corporate rights, take all orders and extend any loans, credits and advances.

1.7. Registration number

RCS: 552 037 806 Nanterre – NAF Code: 74.1J

1.8. Inspection of documents

Legal documents relating to the Company are available for inspection at its registered office and at the Nanterre Commercial Court Clerk's Office.

1.9. Financial period

The financial period lasts for one year, from 1 January to 31 December inclusive.

1.10. Statutory appropriation of income (Article 19 of the corporate statutes)

A legal reserve fund is constituted at the end of each financial year, on the basis of at least 5% of the income for that year, after deduction of any previous years' losses. This ceases to be obligatory when the reserve fund reaches an amount equal to 10% of the capital stock. This process is to resume when the reserve falls below this 10% level.

The income available for distribution consists of the income for the year (after deduction of previous years' losses as well as any amounts set aside in reserves in application of the law or corporate statutes) and retained earnings. The Shareholders' Meeting allocates the following from this distributable income:

- any amounts considered by the Board of Directors as appropriate for constituting or supplementing any ordinary or special reserves, or for carrying over to the next year as retained earnings;
- the amount required for distribution to shareholders, by way of a first dividend, equal to 5% of the amounts of their fully paid and acquired shares. Shareholders cannot, however, claim this dividend against the income of subsequent years, should the income of a given year be insufficient for the dividend payment;
- the balance available after these allocations is distributed in respect of all shares, in proportion to the amount of the capital stock they represent.

Following a proposal from the Board of Directors, the Shareholders' Meeting may decide to distribute amounts taken from available reserves. In such a case, the decision must indicate the specific reserves from which the amounts are taken.

Except in the case of a capital decrease, a distribution to shareholders cannot be made if shareholders' equity is (or would be following such a distribution) less than the amount of the capital stock plus any reserves whose distribution is not permitted under the law or corporate statutes.

The conditions for payment of dividends agreed by the Shareholders' Meeting are determined by the Shareholders' Meeting or, failing that, by the Board of Directors. The payment of dividends must occur within nine months of the year-end, unless this deadline is extended by a Court decision.

The Shareholders' Meeting may offer each shareholder, for all or for part of the dividend or interim dividend distributed, the choice between payment in cash and payment in shares.

1.11. General Meetings of Shareholders (Articles 8 and 17 of the corporate statutes)

Shareholders' Meetings are called and take place under the conditions set out in prevailing legislation and regulations. The meetings are held either at the registered office or at another location specified in the notice of the meeting. All shareholders may, regardless of the number of shares they own, participate in meetings personally or by proxy, on producing evidence of their identity and shareholding, in the form of either:

– personal registration of the shares in their own name; or
– a certificate from an authorised intermediary, as provided for in Decree No. 83-359 of 2 May 1983, declaring the non-transferability of shares registered in an account up until the date of the meeting.

These formalities must be completed at least five days before the meeting. However, the Board of Directors may shorten or remove this deadline, provided any such decision applies to all shareholders.

Postal votes are treated under the terms and conditions set out in legislative and regulatory provisions.

Except for the double voting rights described below, the voting rights attached to capital shares or to dividend shares are proportional to the share of the capital stock they represent. Each share gives the right to one vote.

Voting rights double those for other shares, in proportion to the capital stock they represent, are attributed to all fully paid shares, for which evidence is provided of personal registration in the name of the same shareholder for at least the last two years.

Upon conversion of a registered share to a bearer share or transfer of its ownership, the share loses the above-mentioned double voting right.

However, ownership transfer by inheritance, the sharing of common goods between a married couple or by donation between living persons, for the benefit of a spouse or a relative with inheritance rights, does not result in loss of acquired double voting rights and does not interrupt the time period set out above.

The voting rights attached to each share belong to the bare-owner, in person or by proxy, at any Ordinary or Extraordinary Shareholders' Meeting.

Apart from the voting rights attached to it under the law, each share also gives the right to a proportion (on the basis of the number and nominal value of outstanding shares) of the Company's assets, income and dividends on liquidation.

1.12. Statutory threshold provisions (Article 10b of the corporate statutes)

In addition to the obligations relating to declaration thresholds set out in Paragraph 1 of Article 356-1 of the Act relating to Commercial Companies, any individual or legal entity, acting alone or in concert, accumulating or ceasing to hold a proportion of the capital stock, the voting rights or securities giving future access to the Company's capital stock, equal to or greater than 2%, or a multiple of that proportion, must inform the Company, within 15 days of reaching one of these thresholds, of the total number of shares, voting rights or securities giving future access to the Company's capital stock, that it holds on its own account directly or indirectly, or in concert.

Failure to meet this obligation can be sanctioned by deprivation of voting rights for the shares or attached rights exceeding the undeclared proportion, at any Shareholders' Meeting held within two years of the date of the due notification provided for above.

This sanction is applied if so requested, with the request recorded in the minutes of the Shareholders' Meeting, by one or several shareholders holding at least 5% of the Company's capital stock.

2 • General information concerning the capital stock of the Company

Under the corporate statutes, neither changes in the capital stock nor rights associated with shares are subject to conditions more restrictive than those provided by the law.

2.1. Subscribed capital

On 31 December 1999, the capital stock of the Company amounted to €523,393,299 divided into 40,261,023 shares, all of the same type and each with a nominal value of €13. All shares were fully paid-up and were listed on the primary monthly settlement market of the Paris Stock Exchange.

Following the capital increase decided by the Board of Directors meeting of 8 March 2000 (taking into consideration subscriptions to the Group Savings Scheme as of 31 December 1999, as well as stock options exercised up to 29 February 2000), the statutory capital stock of the Company on that date was divided into 40,296,189 shares and amounted to €523,850,457.

All shares are ordinary or bearer shares and can be traded freely.

2.2. Capital authorised but not issued

The Board of Directors currently has the following authorisations:

– authorisation to issue all types of debt security, including bonds and similar securities (valid until 25 October 2004);

– authorisation to issue, without preferential subscription rights, various types of marketable securities with or without subscription warrants giving the right, immediately or in the future, to part of the capital stock (valid until 25 December 2001);

– authorisation to issue, without the loss of preferential subscription rights, various types of marketable securities with or without subscription warrants giving the right, immediately or in the future, to part of the capital stock (valid until 25 December 2001);

– authorisation to initiate an increase of the Company’s capital stock through capitalisation of additional paid-in capital, reserves, income or all other means (valid until 25 December 2001).

The total nominal value of increases in capital resulting from the above authorisations may not exceed the ceiling of €250m. The Board of Directors currently has two further authorisations:

– authorisation to initiate capital increases reserved for employees of the Company and of the Group’s subsidiaries by means of savings schemes, up to a limit of 5% of the Company’s capital stock (valid until 25 October 2004);

– authorisation to provide share subscription or purchase options for employees, in accordance with the provisions of Article 208-1 and following articles of the Act of 24 July 1966.
The number of shares created in this way must never exceed 10% of the capital stock (valid until 25 October 2004).

Subscription or purchase options

From 1991 to January 2000, option schemes to subscribe or purchase Company shares were made available to Board members and senior management of the Company and the Group.

Subscription option plans	1991 Plan	1992 Plan	1993 Plan	1994 Plan	1st 1998 Plan	1st 1999 Plan	2nd 1999 Plan	2000 Plan
Date of Shareholders' Meeting	30/06/88	30/06/88	18/06/93	18/06/93	18/06/93	25/05/98	25/05/98	25/10/99
Date of Board meeting	5/12/91	6/11/92	4/11/93	4/11/94	4/03/98	9/03/99	7/11/99	11/01/00
Original number of beneficiaries	87	116	117	119	66	88	590	40
Original number of shares which may be subscribed	269,500	334,500	282,000	305,000	240,500	652,000	1,003,191	975,000
Date from which options can be exercised	1/01/93	1/01/94	1/01/95	1/01/96	1/01/99	9/03/04	7/09/04	11/01/05
Expiry date	5/12/01	6/11/02	4/11/03	4/11/04	4/03/08	8/03/09	6/09/09	10/01/10
Adjusted subscription price (in euros)	25.90	16.79	30.93	25.01	25.61	37.98	42.30	50.00
Number of shares subscribed at 31/12/99	187,692	247,212	130,703	142,568	20,346	0	0	0
Number of shares subscribed between 01/01/00 and 31/03/00	300	0	12,679	22,187	0	0	0	0
Number of shares which could have been subscribed at 31/03/00 (1)	42,555	49,322	103,135	94,209	220,463	654,083	1,003,191	975,000
Number of shares which may be subscribed (as a percentage of the capital stock)	0.1%	0.1%	0.3%	0.2%	0.5%	1.6%	2.5%	2.4%
Number of shares which could have been subscribed by the Executive Committee at 31/03/00	0	0	8,452	6,110	16,292	194,613	296,667	505,000

Purchase option plans	2nd 1998 Plan	2nd 1999 Plan	4th 1999 Plan
Date of Shareholders' Meeting	18/06/93	25/05/98	25/05/98
Date of Board meeting	4/03/98	10/05/99	7/09/99
Original number of beneficiaries	8	3	590
Original number of shares which may be purchased	800,000	101,490	2,006,309
Date from which options can be exercised	5/03/03	5/03/03	7/09/04
Expiry date	5/03/05	5/03/05	6/09/09
Adjusted purchase price (in euros)	33.70	33.80	43.66
Number of shares purchased at 31/12/99	0	0	0
Number of shares purchased between 1/01/00 and 31/03/00	0	0	0
Number of shares which could have been purchased at 31/03/00	712,663	101,490	2,006,309
Number of shares which may be purchased (as a percentage of the capital stock)	1.8%	0.3%	5%
Number of shares which could have been purchased by the Executive Committee at 31/03/00	610,854	101,490	593,333

(1) The number of shares which could have been subscribed at 31 March 2000 is not equal to the difference between the total number of shares which could be subscribed originally and the number of shares actually subscribed at 31 March 2000, because of adjustments made since the plans were put in place. In addition, employees who leave the Company following dismissal or resignation lose their right to stock options, unless authorised otherwise by the Board of Directors.

2.3. Potential capital

None.

2.4. Table of movements in capital stock over five years

	Effective date	Date of Board of Directors' decision	Capital increase (reduction) -in euros-	Additional paid-in capital -in euros-	Number of shares created or cancelled	Number of shares in capital stock	Amount of capital stock -in euros-
Position at 31/12/94	—	—	—	—	—	29,197,859	378,350,717
GSS* (1st third of '95) and stock options exercised	29/5/95	13/9/95	1,219,169	1,158,773	94,085	29,291,944	379,569,886
Payment of 1994 dividend in shares	11/8/95	13/9/95	9,779,463	8,628,938	754,695	30,046,639	389,349,350
GSS (2nd third of '95)	27/9/95	27/10/95	1,300,119	703,594	100,332	30,146,971	390,649,469
GSS (3rd third of '95)	31/12/95	19/4/96	649,373	202,451	50,113	30,197,084	391,298,841
GSS (1st third of '96)	28/5/96	25/6/96	1,833,581	47,457	141,500	30,338,584	393,132,422
GSS (2nd third of '96)	11/10/96	11/10/96	461,207	101,465	35,592	30,374,176	393,593,629
Capital increase following transfer of GTIE and Santerne shares	30/1/97	30/1/97	122,991,660	108,522,053	9,491,440	39,865,616	516,585,288
GSS (3rd third of '96)	31/12/96	1/4/97	518,404	—	40,006	39,905,622	517,103,693
GSS (1st third of '97)	27/5/97	18/6/97	2,603,827	—	200,941	40,106,563	519,707,520
GSS (2nd third of '97) and stock options exercised	25/9/97	4/3/98	552,912	108,826	42,669	40,149,232	520,260,432
GSS (3rd third of '97) and stock options exercised	31/12/97	4/3/98	2,256,276	467,595	174,120	40,323,352	522,516,708
GSS (1st third of '98) and stock options exercised	2/6/98	2/9/98	9,792,266	3,345,407	755,683	41,079,035	532,308,974
GSS (2nd third of '98) and stock options exercised	28/9/98	8/10/98	3,839,090	2,086,686	296,268	41,375,303	536,148,064
GSS (3rd third of '98) and stock options exercised	31/12/98	9/3/99	1,457,198	1,558,231	112,454	41,487,757	537,605,261
Conversion of capital stock into euros	10/5/99	—	1,735,580	—	0	41,487,757	539,340,841
Cancellation of shares	10/5/99	10/5/99	(26,880,421)	(57,564,299)	(2,074,400)	39,413,357	512,373,641
GSS (1st third of '99) and stock options exercised	1/6/99	7/9/99	6,448,468	6,584,987	496,036	39,909,393	518,822,109
GSS (2nd third of '99) and stock options exercised	1/10/99	11/1/00	2,273,609	2,817,833	174,893	40,084,286	521,095,718
Stock options exercised	31/12/99	11/1/00	1,600,274	1,616,196	123,098	40,207,384	522,695,992
GSS (3rd third of '99)	31/12/99	8/3/00	697,307	1,064,734	53,639	40,261,023	523,393,299
Position at 31/12/99	—	—	—	—	—	40,261,023	523,393,299
Stock options exercised	8/3/00	8/3/00	457,158	497,696	35,166	40,296,189	523,850,457
Position at 31/03/00	—	—	—	—	—	40,296,189	523,850,457

* Group's savings scheme.

3 • Present breakdown of the capital stock and voting rights

3.1. Voting rights

At 31 March 2000, the total number of voting rights amounted to 43,869,112 on 40,296,189 shares.
On the same date, there were 757 shareholders registered directly and 118 shareholders registered through nominees. The number of shareholders with bearer shares is not known to the Company.
At 31 March 2000 and to the Company's best knowledge, the main shareholders were as follows:

	31/3/00 Number of shares	31/3/00 as %	31/12/99 as %	31/12/98 as %	31/12/97 as %
Vivendi	5,266,390	13.1	45.3	46.5	47.4
Dalkia	1,552,305	3.8	3.9	3.7	3.8
Vivendi group	**6,818,695**	**16.9**	**49.2**	**50.3**	**51.2**
Treasury stock	3,005,042	7.5	6.7	2.5	—
Group Savings Scheme	1,228,548	3.0	3.2	2.5	1.6
Other shareholders	29,243,904	72.6	40.9	44.7	41.4
Total	**40,296,189**	**100.0**	**100.0**	**100.0**	**100.0**

At the same date, to the best knowledge of the Company, the breakdown of voting rights was as follows:

	31/3/00 Number of shares	31/3/00 as %	31/12/99 as %	31/12/98 as %	31/12/97 as %
Vivendi	9,732,780	22.2	62.9	47.7	47.4
Dalkia	3,104,610	7.1	5.4	3.8	3.8
Vivendi group	**12,837,390**	**29.3**	**68.3**	**51.6**	**51.2**
Group Savings Scheme	1,766,762	4.0	3.1	2.6	1.6
Others	29,264,960	66.7	28.6	45.8	47.1
Total	**43,869,112**	**100.0**	**100.0**	**100.0**	**100.0**

NB: This table does not take into consideration the impact of Vivendi's announcement on 9 February 2000 to waiver its double voting rights.

To the Company's knowledge, on 31 March 2000 the only shareholder holding more than 5% of the capital stock (excluding Vivendi and the Company itself) was Deutsche Morgan Grenfell, with approximately 6.5%.
At 31 March 2000, individual directors owned 29,445 directly registered shares in the Company.
To the knowledge of the Company, there is no shareholders' agreement.

3.2. Changes in shareholding over the last three years and control exercised over the Company

In January 1997, Compagnie Générale des Eaux (re-named Vivendi in 1998) and its subsidiaries Sahide and Compagnie Générale de Chauffe transferred the shares they held in GTIE and Santerne to the Company as part of the creation within the Group of an electrical engineering and works business sector. As a result, the proportion of the Company's capital stock held by Vivendi and its subsidiaries increased from 80.2% to 84.9%.

In October 1997, following a private placement with French and foreign institutional investors, Vivendi sold 13,225,000 shares of the Company, thereby reducing the Company's capital stock held by Vivendi and its subsidiaries to 51.2%. In December 1997, Vivendi took direct ownership of the 2,040,255 shares of the Company held by its subsidiary Sahide.

Under its share buyback programme, in April 1999 the Company acquired 1,037,200 of its own shares from Vivendi, reducing the latter's holding to 47.7%. Following the cancellation of 2,074,400 shares on 10 May 1999, this holding automatically moved back up to 50.3%.

In February and March 2000, Vivendi sold a further 13,000,000 shares of the Company through a private placement with French and foreign institutional investors. Following this operation, the Vivendi group now holds 16.9% of the Company's capital stock.

3.3. Market in shares of the Company

The Company share is listed on the primary monthly settlement market of the Paris Stock Exchange, and is included in the SBF 120 index. Since December 1999, it has also been included in the Dow Jones EURO STOXX index which lists the top 50 European shares.

Changes in the share price and transaction volumes on the Paris Stock Exchange over the last 18 months:

		Average (in euros)*	High (in euros)	Low (in euros)	Transactions in number of shares	Transactions in value (thousands of euros)
1998	August	38.33	41.77	31.71	1,171,800	43,677
	September	34.93	37.96	31.10	926,652	32,791
	October	35.71	42.08	28.20	2,921,839	105,591
	November	41.81	46.47	38.26	1,411,348	58,943
	December	40.05	42.69	38.22	844,177	33,650
1999	January	42.88	45.25	38.50	889,670	38,082
	February	40.28	44.67	38.76	919,295	37,154
	March	41.68	44.99	38.86	1,863,670	78,318
	April	41.45	44.49	38.50	1,416,293	57,965
	May	43.74	46.32	40.25	1,994,622	86,564
	June	45.87	51.00	43.40	1,451,531	67,197
	July	44.24	48.00	41.00	1,006,548	44,424
	August	43.27	47.30	40.50	1,061,654	47,006
	September	46.99	49.85	44.30	1,841,840	88,373
	October	44.76	48.45	42.20	1,385,323	61,506
	November	43.87	46.09	41.80	1,500,628	65,359
	December	44.83	46.60	43.01	1,274,168	56,620
2000	January	45.84	49.99	43.00	2,041,163	94,500
	February**	44.53	48.80	40.10	4,763,031	214,243
	March**	42.66	46.00	38.40	3,776,913	NA

* Arithmetic average of the closing prices. Source: Paris Stock Exchange.

** These figures do not include the impact of the private placement that took place in February and March 2000, whereby Vivendi sold 13,000,000 shares for €44 each to French and foreign institutional investors.

See also the "Share price data" section on page 8.

4 • Possible dependence of the Company on patents and licences

None.

5 • Average number of Group employees

See the “Human Resources” section of the report of the Board of Directors on page 16 and Note 26 to the consolidated financial statements on page 88.

6 • Litigation and arbitration

See Note 28 to the consolidated financial statements on page 89.

7 • Investment policy

7.1. Research

See the “Research, development and innovation” section of the report of the Board of Directors on page 18.

7.2. Capital expenditure and acquisition of investments

Capital expenditure and acquisition of investments amounted to €1,127m in 1999, against €343m in 1998. The detailed financing of all such expenditure and investments is given in the cash flow statement on page 67.

Board of Directors, senior management and supervisory bodies

1 • Board of Directors and Executive Committee

1.1. Board of Directors of the Company

Director's name	Date of first appointment	Date of expiry of term	Main positions and directorships at 31 March 2000
Antoine Zacharias (Age: 60)	1990	2002	**Chairman and CEO of VINCI** and Socofreg. Chairman of the Supervisory Board of SGE Deutsche Holding. Member of the Supervisory Boards of G+H Montage, Générale des Eaux, Prodith and Eurohypo. Director of Sogea, GTIE, Cofiroute, Sogeparc, Sophiane, Norwest Holst, SECR, SLEC and Société Martiniquaise des Eaux.
Dominique Bazy (Age: 48)	1996	2002	**CEO of AGF and member of the International Executive Committee of Allianz AG.** Chairman of Les Assurances Fédérales. Member of the Supervisory Board of ATOS. Director of La Rurale, GrandVision and companies in the AGF group.
Quentin Davies (Age: 55)	1999	2005	**Member of Parliament in the UK.** Consultant to NatWest Global Markets.
Alain Dinin (Age: 49)	1997	2002	**CEO of CGIS.** Chairman and CEO of Compagnie Générale d'Immobilier George V, Maeva and Crédit Financier Lillois. Director of CGIS, SARI Participations, FNPC and ESC Lille.
Patrick Faure (Age: 53)	1993	2005	**Chairman and CEO of Renault Véhicules Industriels and Chairman of Renault Sport.** Chief Operating Officer of Renault. Director of Mack Trucks, Compagnie Financière Renault, Compagnie d'Affrètement et de Transport, Renault Véhicules Industriels Espagne and Fondation Marius-Berlet.
Roland Genin (Age: 72)	1995	2001	**Former Deputy Chairman of Schlumberger.**
Philippe Germond (Age: 43)	1997	2002	**Senior Executive Vice President of Vivendi (Communications).** Chairman and CEO of SFR, TDR, Cofira and Cegetel SI. CEO of Cegetel. Member of the Supervisory Board of Viventures Partners. Director of Cegetel, Canal+, AOL Compuserve France, the Vivendi Foundation, Sofiee and Transtel.

Director's name	Date of first appointment	Date of expiry of term	Main positions and directorships at 31 March 2000
Bernard Huvelin (Age: 63)	1999	2005	**General Manager of VINCI.** Chairman and CEO of Consortium Stade de France. Director of GTIE, Sogea, Sogeparc, Eurovia, Sophiane, Sorif, CBC, Socofreg, SGE-C USA Holdings, GIE Transmanche, Argyra, Segex, Soficot, Cofido and Electro Banque.
Ernst Moritz Lipp (Age: 48)	1999	2005	**Member of the Board of Dresdner Bank and Dresdner Kleinwort Benson.** Honorary Professor at the Goethe University of Frankfurt. Director of Deutsche BP, DB Reise & Touristik and Nestlé Deutschland.
Jean-Marie Messier (Age: 43)	1994	2002	**Chairman and CEO of Vivendi,** Vivendi Environnement and Cegetel. President of the Vivendi Foundation. Director of Compagnie de Saint-Gobain, LVMH Moët Hennessy Louis Vuitton, Alcatel, BNP, DaimlerChrysler, FCC, Canal+, UGC and companies in the Vivendi group.
Serge Michel (Age: 73)	1990	2002	**Chairman and CEO of Soficot, Ciam and Segex.** Honorary President of Sogea. Member of the Supervisory Boards of G+H Montage, Compagnie des Eaux de Paris and CGE-Sahide. Director of Eiffage, Argyra, Sedibex and Sarp Industries.
Henri Proglio (Age: 50)	1997	2002	**Senior Executive Vice President of Vivendi (Environmental Services).** President and CEO of Vivendi Water, Chairman and CEO of CGEA, CGEA Transport, Safise, Vecteur and Collex Waste Management. Deputy Chairman of the Supervisory Board of Sarp. Member of the Supervisory Boards of Dalkia, CFSP, Coteba Management, Eaux de Melun and CGST. Director of Sarp Industries, Société des Eaux de Marseille, TRU, Creed, the Vivendi Foundation, Anjou Recherche, Elior, Vivendi Environnement, FCC, USFilter, Connex Rail, Vivendi UK Ltd, CGEA UK Ltd and Onyx scl.
Pierre Trotot (Age: 46)	1995	2001	**Executive Vice President of Cegetel.** Member of the Supervisory Boards of Cegetel 7 and CGST. Chairman and CEO of Argyra, Cegetel Service, SFR 2 and SFR 6. Director of SFR, Cegetel Entreprises, CIR, OTV, Segex, Transtel, Re-Ascop, Cegetel La Réunion, SFD 1, SFD 2 and Cegetel Etudes et Gestion.

People whose appointment as director will be voted on by the Shareholders' Meeting:

Person's name	Date of proposed appointment	Date of expiry of proposed term	Main positions and directorships at 31 March 2000
Gilles d'Ambrières (Age: 67)	2000	2006	**Chairman and CEO of Sogeparc.** Chairman of European Parking Association. Chairman of the Supervisory Board of CGST. Chairman and CEO of Sogepag, Sogeparc France and Proservice.
Guy Dejouany (Age: 79)	2000	2006	**Honorary President of Vivendi.** **Former Chairman and CEO of Vivendi and of VINCI.** Deputy Chairman of Société Monégasque des Eaux. Member of the Supervisory Boards of AXA, Dalkia and ABN-Amro France. Director of Société Générale, Canal+, Havas, Sithe, UGC and Electrafina.
Dominique Ferrero (Age: 53)	2000	2006	**CEO of Crédit Lyonnais.** Member of the Supervisory Board of ATOS. Director of Gallimard.
Henri Saint Olive (Age: 56)	2000	2006	**Chairman and CEO of Banque Saint Olive,** Enyo and Société Financière de Distribution. Chairman of the Supervisory Board of Saint Olive et Cie. Manager of Segipa and Segipa Assurances. Director of Rue Impériale de Lyon, Prodith, CIARL, MGA, Demandolx Gestion and Centre Hospitalier Saint-Joseph et Saint-Luc.
Willy Stricker (Age: 57)	2000	2006	**Chairman and CEO of CDC Participations.** Director of Canal+, Club Méditerranée, Accor and Société Générale de Presse.

People participating in the Board of Directors but with no voting rights:

Person's name	Main positions and directorships at 31 March 2000
Christian Labeyrie (Age: 43)	**Secretary of the Board of Directors and Chief Financial Officer of VINCI.** Director of Sogeparc, VINCI Environnement, Sorif, CBC and SMTPC.
Michel Le Ny (Age: 37)	**Personnel representative.**
Frédéric Tresse (Age: 34)	**Personnel representative.**

1.2. Executive Committee

Antoine Zacharias	Chairman and Chief Executive Officer of VINCI
Bernard Huvelin	General Manager and Director of VINCI and Chairman of Consortium Stade de France
Xavier Huillard	Deputy General Manager of VINCI and Chairman and Chief Executive Officer of Sogea
Roger Martin	Deputy General Manager of VINCI and Chairman and Chief Executive Officer of Eurovia
Christian Peguet	Deputy General Manager of VINCI and Chairman and Chief Executive Officer of GTIE
Henri Stouff	Deputy General Manager of VINCI and Chairman and Chief Executive Officer of Campenon Bernard SGE
Jean-Pierre Marchand-Arpoumé	Chairman and CEO of Freyssinet
Pierre Linden	Manager of the Concessions Department of VINCI and Deputy General Manager of Campenon Bernard SGE
Frédéric Gauchet	Vice Chairman and Chief Executive Officer of Sogeparc and Chairman and Chief Executive Officer of VINCI Environnement
Christian Labeyrie	Chief Financial Officer of VINCI and Secretary of its Board of Directors

1.3. Committees of the Board of Directors

There are three different committees of Directors.

The Remuneration Committee, presently made up of Mr Jean-Marie Messier (committee chairman), Mr Patrick Faure and Mr Serge Michel, makes recommendations to the Board of Directors on the remuneration of Executive Directors and of the Group's senior executives.

The Audit Committee, consisting of Mr Dominique Bazy (chairman), Mr Guillaume Hannezo and Mr Jean-Marie Messier, is charged with:

– examining the annual and half-yearly individual financial statements and consolidated financial statements before they are submitted to the Board of Directors;
– examining the consistency of the Group's internal control arrangements;
– examining the work programme of the external and internal auditors, and the conclusions of their audits;
– examining the accounting policies and principles;
– formulating an opinion as to the appointment or renewal of the term of office of statutory auditors;
– examining any specific operation that may have a significant impact on the accounts of the Group.

The Transactions Committee, made up of Mr Pascal Lamy (chairman of the committee until 15 September 1999), Mr Serge Michel and Mr Roland Génin, is charged with assessing and formulating an opinion on joint operations between Vivendi and the Group, whether of a recurring, current or exceptional nature.

As the Vivendi group is now a minority shareholder, the Transactions Committee was disbanded on 8 March 2000. The creation of an **Investment Committee**, which would be in charge of assessing and formulating an opinion on all significant investment transactions, is under consideration.

2 • Interests held by managers in the capital stock of the Company

2.1. Remuneration of the Board of Directors and the Executive Committee, and option schemes granted to members of the Executive Committee

See Note 27 to the consolidated financial statements (page 88).

2.2. Transactions entered into with members of the Board of Directors or the Executive Committee, which are not in the nature of ordinary operations concluded under normal conditions

See the information provided in the special report of the Statutory Auditors on regulated contracts (for the year ended 31 December 1999).

Since 1 January 2000, the Board of Directors, at its meeting on 8 March, authorised two such transactions:

– the acquisition, as part of the current share buyback programme, of shares of the Company from Vivendi at the market price (directors involved: Mr Messier, and Vivendi, represented by Mr Dejouany);

– a subsidy to CBC, on account of its high losses at 31 December 1999, caused by the difficulties encountered in resolving certain former disputes (directors involved: Mr Huvelin, and Vivendi, represented by Mr Dejouany).

2.3. Loans and guarantees granted to members of the Board of Directors or Executive Committee

None.

3 • Description of employee savings schemes

Group Savings Scheme

The Group Savings Scheme ("Castor"), established on 1 January 1995, is designed to allow employees of the Group to participate in the constitution of a collective portfolio of shares in the Company, by subscribing to reserved capital increases through a mutual fund.

Castor is based on voluntary employee contributions, supplemented by a contribution from the Company up to a maximum of FF5,000 per annum until 31 December 1999 and FF10,000 per annum from that date onwards. Shares in the mutual fund acquired by individuals can be traded:

– either five years after the date of subscription; or

– prior to the end of this five-year period, upon the occurrence of one of the events set out in the law governing such schemes.

As of 1 April 2000, employees of the Group may no longer participate in the Vivendi group savings scheme.

The contributions (net of the CSG, the French social security surtax) paid over the last five years by the Group into the savings schemes are as follows:

(in millions of euros)	1995	1996	1997	1998	1999	Total
Castor	0.87	0.46	0.59	1.16	1.36	4.44
Vivendi group savings scheme	—	0.52	0.96	1.75	1.66	4.89
Total	**0.87**	**0.98**	**1.55**	**2.91**	**3.02**	**9.33**

Individuals responsible for the reference document and for auditing the financial statements

1 • Officer responsible for the reference document

Antoine Zacharias, Chairman and Chief Executive Officer of VINCI.

2 • Signed statement

"To the best of my knowledge, the information contained in the reference document gives a true and fair view of the Group. It includes all the statements necessary for investors to form an opinion of the assets, business, financial situation, financial performance and prospects of VINCI. There are no omissions liable to alter the significance of those statements."

The Chairman and Chief Executive Officer, Antoine Zacharias

3 • Statutory and alternate auditors

3.1. Statutory auditors

Salustro Reydel,
8 avenue Delcassé, 75008 Paris, France
represented by Bernard Cattenoz and Bertrand Vialatte.
Date of first mandate: 23 June 1989. Duration of present mandate: six years.
Expiry of present mandate: subsequent to the Shareholders' Meeting that will approve the financial statements for 2000.

Deloitte Touche Tohmatsu-Audit,
185 avenue Charles-de-Gaulle, 92200 Neuilly-sur-Seine, France
represented by Thierry Benoît and Dominique Descours.
Date of first mandate: 23 June 1989. Duration of present mandate: six years.
Expiry of present mandate: subsequent to the Shareholders' Meeting that will approve the financial statements for 2000.

3.2. Alternate auditors

François Pavard,
8 avenue Delcassé, 75008 Paris, France.
Date of first mandate: 16 June 1995. Duration of present mandate: six years.
Expiry of present mandate: subsequent to the Shareholders' Meeting that will approve the financial statements for 2000.

Jacques Convert,
183 avenue Charles-de-Gaulle, 92200 Neuilly-sur-Seine, France.
Date of first mandate: 16 June 1995. Duration of present mandate: six years.
Expiry of present mandate: subsequent to the Shareholders' Meeting that will approve the financial statements for 2000.

4 • Auditors' statement

We have audited the financial information reported in this document in accordance with generally accepted auditing standards by applying such procedures as we considered necessary in the circumstances.
We have also audited the Company and consolidated financial statements for the years 1997 to 1999.
We have the following comments to make on the fair presentation of the financial information:
– Our report on the consolidated financial statements for 1997 drew attention to the note relating to accounting policies and Note 2.1, which describes the change in accounting policy relating to pension commitments.
– Our report on the consolidated financial statements for 1998 draws attention to Note A to the consolidated financial statements relating to key events. It describes:

- the change in accounting policy relating to leasing contracts;
- the change in accounting policy relating to the use of the percentage of completion method by the subsidiaries in two divisions: electrical engineering and works, and thermal and mechanical engineering

– Our report on the consolidated financial statements for 1999 draws attention to Note A to the consolidated financial statements, which describes the change in accounting policy relating to the cancellation of charges previously treated as deferred assets in respect of concession contracts temporarily in deficit.
We have no further comments to make on the fair presentation of the financial information.

Neuilly, Paris, 31 March 2000
The Statutory Auditors

Deloitte Touche Tohmatsu-Audit
Thierry Benoît Dominique Descours

Salustro Reydel
Bernard Cattenoz Bertrand Vialatte

5 • Officers responsible for financial information

Christian Labeyrie, Chief Financial Officer (+ 33 1 47 16 48 65).
Pierre Coppey, Public Relations Officer (+ 33 1 47 16 35 41).

COB cross-referencing table

To make it easier to read this document, the following table identifies the main headings required to be covered by Regulation 98-01 of the *Commission des Opérations de Bourse* (French stock exchange commission).

Contents

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COB

The information contained in this document was registered with the COB (the French stock exchange commission) as a reference document, in the form of the 1999 annual report of Société Générale d'Entreprises, on 3 April 2000 under the number R.00-112.
The Shareholders' Meeting called to approve the 1999 financial statements also approved the change of the corporate name of the Société Générale d'Entreprises to VINCI. In this document, all references to the name Société Générale d'Entreprises or SGE have been replaced by VINCI. The rest of the text is identical to that of the document registered with the COB.

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