

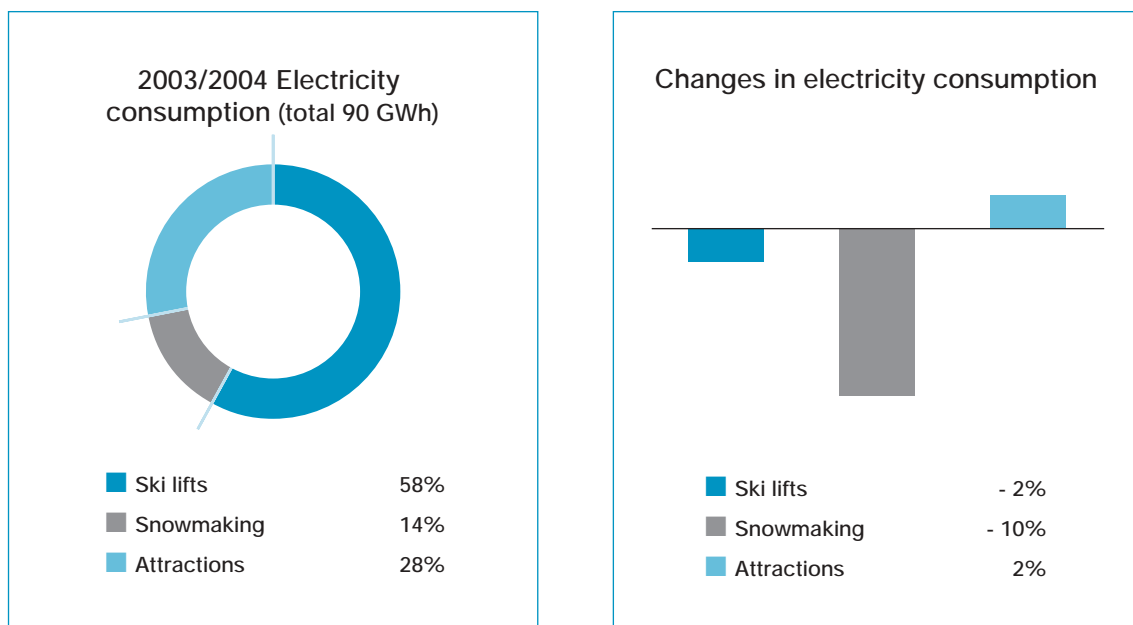
7. IMPACT OF GROUP ACTIVITIES ON THE ENVIRONMENT

The activities of the Compagnie des Alpes Group do not create serious risks for the environment. Still, the Group's companies in its two areas of business share the same ambitions to respect the environment, to preserve flora and fauna, and to manage natural resources in light of sustainable development.

The environmental information below is based on the real scope of consolidated companies in France and abroad.

7.1. Energy Policy

● Electricity consumption



Group activities require electric energy and consume more than 90 kWh, including 75% in the ski areas and 25% in the theme parks. For several years, the Group has been seeking out equipment that limits electricity consumption, a strategy that, in 2003/2004, resulted in reduced consumption despite higher activity.

Moreover, throughout the fiscal year, Compagnie des Alpes implemented a horizontal process to rationalize the Group's purchases and electricity consumption.

The first phase of this process involved a worldwide call for tenders for electricity providers. At the end of this phase, the Group diversified its providers (EDF is still the most dominant among them) and set up a system for centralizing data.

The second phase, to be implemented in 2004/2005, will mainly consist of a study on optimizing electricity consumption in snowmaking and the evaluation of the energy policies at the Group's German and Dutch sites.

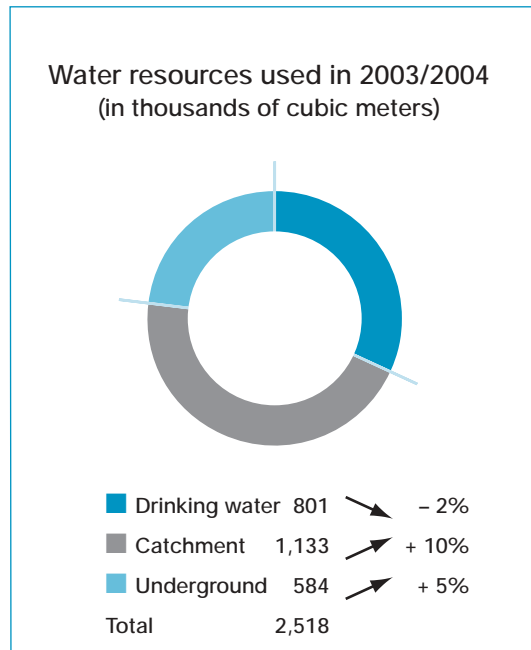
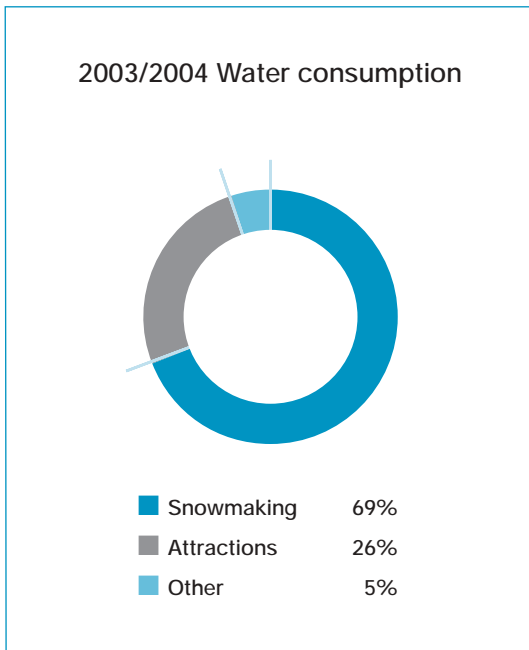
● Fuel consumption

(in thousands of units)	Gasoline	Diesel fuel	Fuel oil	Gas
2003/2004	126	616	2,991	2,226
2002/2003	119	573	2,818	2,334

Hydrocarbons are mainly used for trail grooming equipment, e.g. snowcats, and the fleet of vehicles. In the theme parks, the goal is to progressively replace 20% of the diesel vehicles with electric vehicles. Fourteen percent were replaced by the end of 2004.

The theme parks primarily use gas heating, and more than two million cubic meters are consumed each year.

7.2. Water



The large majority of water is used for snowmaking and filling the tanks in the aquariums and dolphinariums, as well as for watering plants in the parks.

Snowmaking compensates for shortfalls in natural snow to facilitate skiing. In their growing use of snowmaking, the Group's companies take care to minimize water consumption as much as possible. They have fine-tuned special preparation and trail grooming techniques that considerably reduce the amount of snow needed while guaranteeing a high quality of service.

With some exceptions (particularly at Courmayeur), opportunities for using groundwater are rare, so the Group's companies limit their use of drinking water by setting up basins for surface water catchment. Snowmaking technology is constantly evolving to reduce water consumption.

For the most part, the aquariums and dolphinariums are filled with groundwater (Parc Astérix) or sea water (Saint Malo and Harderwijk). At Parc Astérix, on-site groundwater is also used for watering. Conservation measures include monitoring basin levels and a centralized watering system.

7.3. Waste water and waste

Waste water

Waste water amounts to approximately 550,000 cubic meters each year. The waste water produced by the Group's activities is close in nature to household waste water.

The water used for snowmaking is directly returned to nature in the form of snowmelt.

In the theme parks with aquariums, waste water is reprocessed before being discharged.

Waste

WASTE VOLUME (in tons)	Household waste, paper, cardboard	Scrap iron	Common industrial waste	Special industrial waste	Total
2003/2004	1,295	311	331	83	2,020
2002/2003	1,356	387	407	56	2,206

Generally speaking, the Group's activities generate common waste such as household items and paper. This category makes up 65% of the waste produced by the Group as a whole. The reduction in waste volume is generally due to the dip in theme park visitor levels. Furthermore, ground clearing (site redevelopment) and the dismantling of old ski lifts generated approximately 650 tons, down nearly 20% compared to the preceding fiscal year (exceptional ground clearing was done in 2003).

For common industrial waste, the Group systematically conducts selective sorting.

7.4. Protection of fauna and flora

Concerning the ski area activity, the land operated and developed for public use represents approximately 3,500 hectares (8,649 acres), or 20% of the trail surface of all Northern Alp resorts and 14% of the total French trail surface.

At the ski resorts, beyond the gradual decrease in ski lift numbers, all machines that are replaced are taken apart and evacuated, and the massive pylon supports are buried. The Group buries electrical lines whenever possible. Helicopters are used to transport concrete or ski lift parts in order to limit the number of trails on the mountainside. During the construction of new trails and the improvement of existing trails, run-off channels are installed and the areas are returfed. In 2003/2004, more than 100 hectares were thus returfed or reforested. Furthermore, "Clean Mountain" operations are organized on several sites to clean up the winter season's waste

In the family leisure division, Parc Astérix signed a 1998 agreement with the Conservatoire des Sites de Picardie to preserve the Bois de Morrière protected area. This area is classified as a ZNIEF (natural zone of ecological interest). The site is part of the future Parc Régional Oise-Pays de France, which includes the forests of Halatte, Ermenonville, and Chantilly. All the sites that own protected areas (Parc Astérix, Saint Malo aquarium, Val de Loire aquarium) comply with the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).

7.5. Sound and odor nuisances

Concerning sound nuisances in the family leisure parks, all applicable legal restrictions are fully complied with. At Parc Astérix, for instance, the equivalent continuous sound level due to the Park's activity is under 40 dB at the property border. The loudest impulse emissions were measured at 42 dB (A), for very short times only.

Concerning the ski areas, sound nuisances are low and are mostly due to the ski lift stations and the snow guns located close to urban areas. The replacement of the ski lifts and snow guns with new-generation machines will limit these sound nuisances.

No odor nuisances have been noted either in the ski areas or in the leisure parks.

7.6. Certifications and conformity with legislative and regulatory measures

In the ski areas, most of the resorts are certified ISO 9000. None has a dedicated environmental department, as these issues are mainly dealt with by the quality/security and trail departments.

In the family leisure activities, no site has yet obtained ISO certification. In March 1999, Parc Astérix nonetheless initiated a voluntary sustainable development policy that included the adoption of a PEEA (ADEME Business Environment Plan), adjusted to the ISO 14001 standard by the executive committee for the 2000/2002 period. This plan outlines an environmental policy based on three priorities: managing resources, the impact of the activity on the environment, and communication and training. At Parc Astérix, an "energy and environment" department is in charge of regulatory issues, the collection and sorting of waste, and the management of the ADEME Business Environment Plan.

8. GROUP RISKS

8.1. Risk factors

Market risks

Group companies are mainly exposed to liquidity and interest rate risks. Exchange rate risks, on the other hand, are very limited. These risks are analyzed below.

Liquidity risk

As of 9/30/2004, the Group's debt⁽¹⁾ represented €297.9 million, broken up by maturity date as follows:

Total in €millions	Less than 1 year	1-5 years	More than 5 years
231.7	45.5	113.0	73.2

Certain finance contracts concluded by the Group companies contain recall provisions in case financial ratios are not respected. As of 9/30/2004, the total amount of debt to which these clauses applied stood at €126.6 million. Details of these ratios are shown in the Appendix to the Consolidated Accounts, in Note 4.11.

As of 9/30/2004, all these clauses had been complied with.

Moreover, the Group's companies generally have short-, medium-, and long-term committed unused credit lines at their disposal. These credit lines enable the companies to deal with any unforeseen developments which might affect operations (for example, the late arrival of the first snowfalls) and to safeguard financing in available volumes and of cost. As of 9/30/2004, the Group had €76 m in unused committed credit lines.

(1) The debt set out here covers bond loans, borrowings from lending institutions, other borrowings and assimilated debts, partners' advances, and leasing.

Interest and exchange rate risks

CDA uses financial instruments to manage interest and exchange rates pertaining to the scope of the Group's activity. The Group's intention is not to manage market risks in a speculative fashion. The only goals are to guarantee a minimum of available resources and a minimum cost. These management efforts are centralized through the Group Finance Department, which is directly attached to the Board of Directors.

➔ Interest rate risk hedging

In the current favorable interest-rate context, the policy focuses on guaranteeing interest expense by setting up caps for the short and medium term.

As of 9/30/2004, variable-rate debt represented 85% of total debt, or €196.3 m. Of this amount, €157.5 m was subjected to hedging through the following financial instruments:

- guaranteed caps, sometimes in conjunction with floor rates;
- swaps of fixed rates or variable capped rates.

Debt exposure to interest rate risks as of 9/30/04, in percentage terms, along with changes occurring in the FY 2004/2005⁽²⁾, may be summarized as follows:

	9/30/2004	2004/2005
Exposed debt	21.0%	23.0%
Non-exposed debt	79.0%	77.0%
	100.0%	100.0%

Non-exposed debt includes fixed-rate borrowings and the hedged portion of variable rate borrowings. As of 9/30/2003, exposed debt came in at 35.5%.

In the event of a 1 and 2% increase in base rates (three-month Euribor, 12-month Euribor, and average monthly market rates) over the whole of FY 2004/2005, there would be, respectively, a €0.9 and €1.7 million after-tax increase in the Group's interest costs.

A 1% fall in the same base rates over the whole of FY 2004/2005 would result in a €0.8 million after-tax decrease in the Group's interest costs.

➔ Foreign exchange hedging

The Group did not resort to foreign exchange hedging. The reasons for this were the following:

- intragroup forex flows are limited;
- sales income is generated in the same foreign currency as that of operating expenses.

Investments in subsidiaries located abroad are made in the currency of the foreign country. This position is not hedged insofar as these are long-term operations.

Customer credit risks

Given its sales structure, which consists of ski lift packages and entry tickets for the leisure sites, the Group is little exposed to customer credit risks.

Legal Risks

The regulations governing the Group's activities vary depending on the activities themselves and the countries in which the CDA Group is operating.

(2) Data for the financial period 2004/2005 are provided on the basis of the average outstanding debt over the period.

In France, ski resort operations are carried out under the terms of the "Mountains Act" of January 9, 1985, which deals with "the provision of ski-lift and ski-slope services." The features of the concession contracts under which the Group operates by virtue of these regulations are set out in the Appendix to the Consolidated Accounts (Note 1.7). The transfer of concession contracts requires the approval of the granting authority. In the case of STGM (Tignes) and Sevabel (Les Ménuires), any change in control of the concessionary company also requires the approval of the authority concerned.

In Italy and Switzerland, there is no legal provision for a regulatory structure for public service concession contracts. Ski-lift operators own the facilities they operate under a system of authorizations which, in general, are issued for items of equipment on an item-by-item basis for an officially-determined life span.

The operation of family-oriented leisure sites does not give rise to a legal framework applying specifically to that activity. It should be noted that the Bioscope project is run under a concession contract that was concluded with a territorial authority.

The following events occurred during the fiscal year:

- DSF was again named the management company of the Arâches-la-Forêt municipality's public ski lift service after proceedings initiated by the Grenoble Administrative Appeals Court decision of October 17, 2002.
- The European Commission ruled that participation by local authorities in financing the Bioscope complies with European law.

The Leisureplan company, which ceded its Dolfinarium Harderwijk and Avonturenpark Hellendoorn parks to Grévin & Cie and its subsidiary, Harderwijk Hellendoorn Holding BV, has brought a formal complaint against these two companies in Dutch courts. Because no damages have been sustained by Leisureplan at this point, no amount has been specified. The maximum possible amount would be approximately five million euros. The initial ruling in December 2004 was not in Grévin & Cie's favor. Grévin & Cie continues to consider Leisureplan's claim unfounded. The company and its advisers believe that the Dutch courts are likely to rethink their position when Grévin appeals the December 2004 judgment. No developments since September 30, 2003, have caused CDA to modify its opinion on this trial.

Risks arising from the privatization of CDA

The privatization of CDA in 2004 does not pose significant risks for the sustainability and development of the Group's activities. In particular, the transfer of the parent company CDA to the private sector as such does not affect concession contracts between French ski area management companies and local communities (see paragraph 9.1 2 and note 1.7 in the notes to the consolidated financial statements).

Likewise, the privatization of CDA has not affected the Group's refinancing conditions, insofar as the recall provisions linked to shareholdings that are attached to part of the debt require that the CDC Group hold at least 33 1/3% of the shares in CDA, which remains the case. No other possible impact has been identified to date.

Special risks

Personal and property safety

All companies within the Compagnie des Alpes Group have taken steps to secure ISO 9000 certification for facilities, construction, and maintenance, so as to fully satisfy the most stringent safety-related obligations while at the same time keeping costs under control.

Within the Group itself, each company has designated a "risk manager;" and a working group has been established which has compiled a comprehensive handbook on industrial and environmental risks, drawn up crisis management procedures, and put in place a specific reporting system.

The effectiveness of on-piste safety measures is thus under constant review (with regard to the existence of safety procedures, how staff members are informed of them, the installation of signage and safety equipment in risk-prone areas, relations with local communities). Where safety is concerned, ski areas are subject to the police powers exercised by mayors. Specific rules relating to the delegation of responsibilities and resources are applied by companies that have been delegated responsibility for care of the ski slopes by local communities.

There is also a constant focus on public safety and the safety of staff in the Group's Family Leisure activities. Management of these risks draws on the accumulated experience gained since 1989 at the Parc Asterix site, whose methods are being progressively implemented across all sites.

First and foremost, the Parc Asterix complies with all French regulations relating to Category 1 Places of Assembly. These regulations include safety, fire-protection and crowd management standards, etc. Each year, the Safety Committee of the Prefecture of the Oise inspects the Parc Asterix before it is allowed to open for business.

In the absence of legal and mandatory standards which apply specifically to amusement park operators, Grévin & Cie has developed standards and procedures at its own initiative:

- corrective and preventative maintenance and inspection procedures covering the amusement facilities;
- the regular staging of crisis simulation exercises involving all staff;
- the existence and regular updating of a "single document" which sets out the operating procedures and maintenance processes for the amusement facilities, so as to ensure that staff are provided with the most comprehensive information and that their safety is protected to the extent possible.

These procedures and standards are being progressively extended to all family leisure sites and tailored to suit the size of each site and the regulations specifically applying to it.

Environmental risks

The Group's activities do not generate any type of air, water, or soil pollutants that might have a serious impact on the environment.

Measures adopted to reduce energy consumption and environmental harm are set out in paragraphs 8.1 and 8.2.

No conviction was recorded against any CDA Group companies, and none was required to pay any compensation under the provisions of the environmental regulations in the last financial year. The companies did not have to set aside any reserves to cover environmental risks.

Weather-related risks

The main weather-related risks for ski resorts are sustained lack of snow, storms, and avalanches, and, for open-air amusement parks, heavy rainfall.

Group ski resort operators forestall the risk of avalanches by developing ski slopes away from risk-prone areas, by installing avalanche barriers, by restricting access to the slopes when conditions are dangerous, and by setting off avalanches preventatively whenever the state of the snow cover requires this action. They implement appropriate procedures and staff training programs, and ensure that the public is made aware of these risks.

The threat resort operators fear more than any other is a prolonged lack of snow. CDA subsidiaries are all located at altitudes (with ski slopes between 1,500 and 3,500 meters or 5,000 and 11,500 feet) that offer them greater protection against this risk than other resorts; this was, from the outset, a strategic choice made by the Group. The Group pursued its artificial snowmaking program during the 2003/2004 financial year in order to further contain the effects of poor snowfalls and to improve the quality of services offered to customers.

To prepare for the eventuality of a lack of snow, the Group has drawn up crisis management procedures and devised solutions involving short-term credits, and would immediately reduce its investment program for the period required to rebuild the affected liquid assets.

So far as the family leisure activities are concerned, customers' sensitivity to rainy weather at the open-air sites is offset by the high level of pre-sales (70% for Parc Asterix) and by the tendency of customers residing in the area to defer their attendance to a later date. The growing geographic diversification of the activity, and integration within covered sites (the Grévin Museum, Bouveret Aquapark), reduce the magnitude of this risk.

8.2. Insurance – Risk Coverage

The majority of the Group's insurance covers risks for losses and damages (and operating losses) and liability risks. Additional coverage has been obtained to address legal obligations and to cover risks specific to certain activities.

Insurance premium costs for all of the Group's companies amounted to approximately 0.5% of Group sales for the 2003/2004 fiscal year.

Loss and damage and liability insurance

All CDA Group companies are covered by insurance policies for loss and damage and civil liability.

The main policies for civil liability, damage to assets, and operating losses are the following:

Main companies	Civil liability	Damage to assets	Operating losses
MERIBEL ALPINA	AXA 2477686004	AGF 37182809 / AGF 34258269	
SAP	AGF 39201966	Gerling 67.985.28.86.08	
SEVABEL	MMA 112.781.946	GAN 029100043	–
SMA	AXA 1 108 026 605		AIG 341.728
STAG*	AXA 1 108 026 605		AIG 341.728
STGM	AGF 38 566 783		AGF 38085256
DSF	AGF 39168328		AGF 34258499/34258500
Grévin & Cie **	GAN 086.126.712/002		AGF 901.192.414

* STAG is covered by SMA's policies for these risks.

** Group policy.

All of these policies have been taken out with reputable insurance companies operating in the French market.

In the case of companies operating ski resorts, the policies are taken out by each company on an individual basis. All ski area companies establish an insurance program and prepare a corresponding budget. Balance is sought between the level of coverage, exclusions, and premium and deductible amounts.

Civil liability policies cover personal injury and damage to property and satisfy the civil liability insurance obligations applying to ski-lift equipment for personal injury (law 63-708).

Asset insurance policies cover the risk of fire, flood, and avalanches and, very generally, the risk of equipment breakdown and operating losses resulting from accidents covered.

Aside from the personal injury risks anticipated by law 63-708, for which coverage is limited with zero deductible, amounts covered by the insurance policies generally range from €7,500,000 to €15,000,000 per claim. The main sub-limits apply to criminal negligence, combined property damage and moral damages, subsequent damages and accidental pollution.

The values that apply under these policies have been determined through prior valuations carried out by agencies recognized by the insurance companies.

The only noteworthy instance of automobile insurance in the Group's ski areas is at Sevabel, which self-finances its machinery and operating loss insurance following a risk analysis process.

For the family leisure division, Grévin & Compagnie SA handles the insurance for all of the French sites and reviews and optimizes coverage for the European sites upon their consolidation.

A "Master" insurance policy for the Group has been taken out. It comprises a civil liability policy with three components (operator's civil liability, post-delivery civil liability and professional indemnity, travel agents' civil liability) and a damage insurance policy with an operating loss clause.

Assets insured under the provisions of this policy represent a sum exceeding €300 m.

The Group's self-insurance policy is based on a negotiated annual lien, excluding the franchises. In the 2004-2005 fiscal year, the amount of this lien reached €75,000 per year (beyond the franchises).

Insurance other than damage and civil liability

Along with obligatory insurance such as that for the vehicle fleet and insurance for facilities development operations, the Group's companies have taken out more specific policies for additional coverage. CDA's management is covered by the Group insurance scheme for senior officers. The other policies are not significant on a Group-wide scale.

Coverage for weather-related uncertainties

For its main French ski areas, CDA and its financial partners have set up coverage for risks arising from a lack of snow and poor weather (wind and rainfall) during peak ski season (Christmas vacation and February).

This five-year policy was established in winter 2004/2005, with a €15 m maximum indemnity for this period. The policy provides systematic coverage for the Christmas season, with an option for the February vacation as well.