JCDecaux

showcasing the world

2005 Annual Report

Document de Référence

Pékin

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Incorporation by reference

In accordance with Article 28 of EU Regulation n°809/2004 dated 29 April 2004, the reader is referred to previous "*Documents de référence*" containing certain information:

1. Relating to fiscal year 2004:

- The Management Discussion and Analysis and consolidated financial statements, including the statutory auditors' report, set forth in the "*Document de référence*" filed on 7 April 2005 under number D.05-0364 (pages 40 to 79 and 166, respectively).
- The corporate financial statements of JCDecaux SA, their analysis, including the statutory auditors' report, set forth in the "*Document de référence*" filed on 7 April 2005 under number D.05-0364 (pages 93 to 109 and 168, respectively).
- The statutory auditors' special report on regulated agreements with certain related parties, set forth in the "*Document de référence*" filed on 7 April 2005 under number D.05-0364 (pages 169).

2. Relating to fiscal year 2003:

- The Management Discussion and Analysis and consolidated financial statements, including the statutory auditors' report, set forth in the "*Document de référence*" filed on 16 April 2004 under number R.04-055 (pages 42 to 87 and 156, respectively).
- The corporate financial statements of JCDecaux SA, their analysis, including the statutory auditors' report, set forth in the "*Document de référence*" filed on 16 April 2004 under number R.04-055 (pages 89 to 114 and 157, respectively).
- The statutory auditors' special report on regulated agreements with certain related parties, set forth in the "*Document de référence*" filed on 16 April 2004 under number R.04-055 (pages 158).

Otherwise, the information set forth in those two "*Documents de référence*" has been replaced and/or updated, as the case may be, by the information set forth in this "*Document de référence*".

MESSAGE FROM THE CHAIRMAN

Dear Shareholder,

From Lyon to Beijing, 2005 will be remembered as a year of major achievement for JCDecaux. Once again, we showed the great pioneering spirit that drives our 7,900 employees around the world.

The success of Cyclocity®, first known as Vélo'v® in Lyon, exceeded everyone's expectations. Public enthusiasm for this new service was matched by the interest shown by a host of international cities that came to see this innovation for themselves. This success is a reflection of our determination to support and anticipate the work of our towns and cities as they develop their urban space taking into consideration the environment and the health of their inhabitants. We are now the world leader in the provision of self-service bicycles.

Our breakthrough in Asia represents a major opportunity for future growth. In only a year, we have become N°1 in outdoor advertising in China by making strategic acquisitions. Our expertise in design and innovation will enable us to initiate a quality revolution in one of the most dynamic markets in the world.

From Lyon to Beijing, from Nagoya to Chicago, via Shanghai and Turin, our street furniture enhances the streets used by tens of millions of city-dwellers and are landmarks in today's urban environment.

Our strength is the ability of our employees to see the potential of new technologies and imagine the city of tomorrow, at the same time respecting local culture, which will ensure our continuing success. The passion that we all share will guarantee, as it always has, our continuing excellence.

With thanks for your continued confidence,

Jean-Claude Decaux
Founder and Chairman of the Supervisory Board

MESSAGE FROM THE CO-CHIEF EXECUTIVE OFFICERS

Did JCDecaux set new records for financial performance in 2005?

Jean-François Decaux: We had another year of growth. Revenues grew by 7.2% to €1,745.2 million, reflecting 4.0% organic growth, outperforming once again the growth of the advertising market worldwide. Net income group share jumped 25.0% to €195.3 million, and free cash flow was €189.2 million.

Jean-Charles Decaux: We are pleased and proud to announce impressive growth in our 2005 results and the first payment of a dividend to our shareholders. This is the product of rigorous financial discipline and shows our confidence in the prospects for 2006.

What were the most important achievements of JCDecaux in 2005?

Jean-François Decaux: In Europe, we consolidated our leadership with important contract wins in Turin and Milan. The renewal and extension of our contract for the New York airports has given us extraordinary visibility in the largest advertising market in the United States. In France, the successful launch of Cyclocity® in Lyon begins a new chapter in our history in city centres and is symbolic of our capacity for continuous innovation.

Jean-Charles Decaux: 2005 will be remembered as the Year of Asian expansion for the Group. The acquisitions of MediaNation, Media Partners International and Texon, the leader in bus shelters in Hong Kong, have established us as the market leader in outdoor advertising in China. In Japan, we strengthened our position with successful bids in Nagoya and Kobe and for 116 Ito Yokado shopping malls. Consistent with our strategy of international expansion, a new balance is emerging in our business: Asia-Pacific now represents 10% of our revenues, and China, the most dynamic outdoor advertising market in the world, has become our third most important market.

How is the outdoor advertising market performing?

Jean-Charles Decaux: The audience for outdoor advertising has substantially increased in recent years. Outdoor advertising has also benefited from the increasing fragmentation of other major sectors of the advertising market, especially television advertising. Lastly, urban residents are spending more and more time on the move, increasing their exposure to our advertising panels. Urban advertising is becoming tremendously important and outdoor advertising is leading the way.

Jean-François Decaux: It's up to us to make our offerings ever more attractive! By using the latest technologies to make our displays interactive, our advertisers' messages are strengthened and the attention of consumers is that much more focused. In order to create the advertising displays of tomorrow, we created JCDecaux Innovate. In addition, the development of digital advertising in train and metro stations allows advertisers to update their advertising messages online. Our other challenge is to give our advertisers the guarantees that they expect by expanding the use of audience measurement through GPS technology, which allows data collection that is as reliable as that of other advertising media.

What are JCDecaux's prospects for 2006 and beyond?

Jean-Charles Decaux: I am pleased to be able to announce that we have already had some major successes, such as our move into India, the 46th country for us, the renewal of our contract for the Hong Kong airports, and a successful bid in Barcelona, with a pioneering proposal focusing on sustainable development.

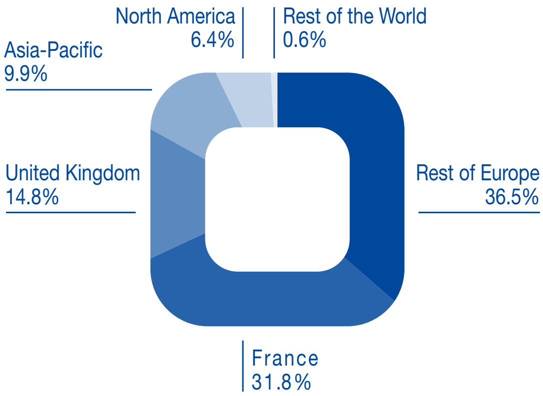
Jean-François Decaux: In 2006, there will be several strategic competitive tenders in France, including those for France Rail Publicité, which handles advertising for the French National Railways (SNCF and RFF), and the city of Paris, which has decided to implement a self-service bicycle scheme. In addition, we will continue our ambitious search for new urban mobility ideas to consolidate our global position as the benchmark for innovation and dynamism in outdoor advertising.

COMPANY OVERVIEW

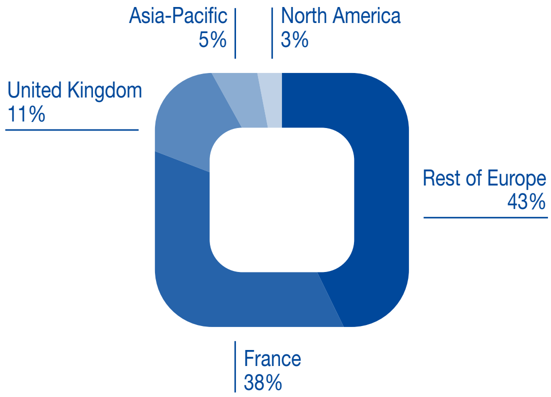
FINANCIAL HIGHLIGHTS

The following results for 2004 and 2005 are presented under IFRS standards.

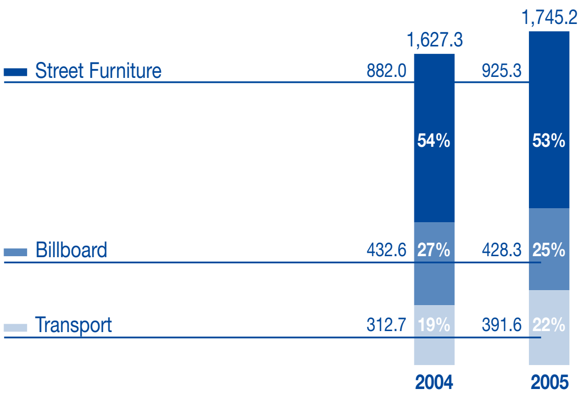
2005 REVENUES BY REGION



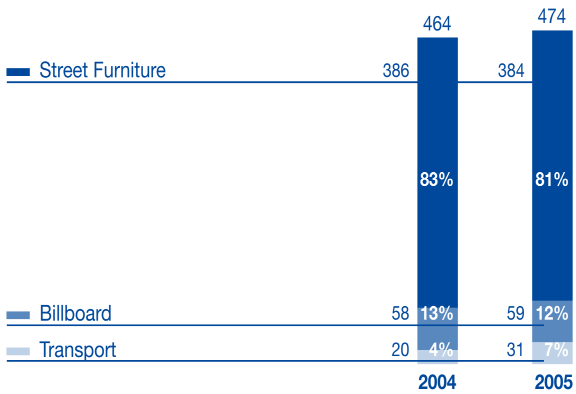
2005 OPERATING MARGIN BY REGION



REVENUES BY BUSINESS
(in € million, segment's share in %)



OPERATING MARGIN BY BUSINESS
(in € million, segment's share in %)

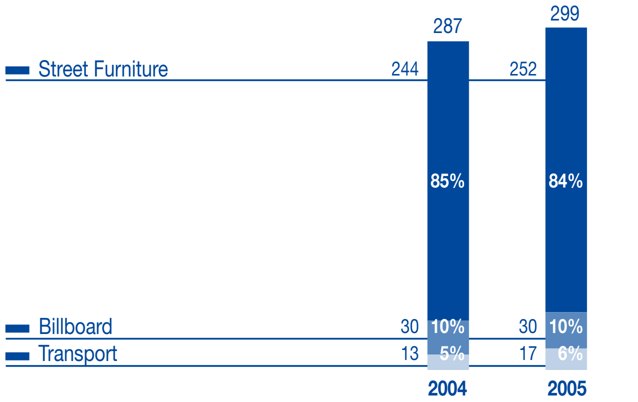


In 2005, the Group's revenues increased by 7.2% to €1,745.2 million. Excluding acquisitions and the impact of foreign exchange, organic revenue growth was 4.0%. Street Furniture revenues were €925.3 million, an increase of 4.9%. Excluding acquisitions and the impact of foreign exchange, organic revenue growth was 3.8%. Billboard revenues decreased by 1.0% and reached €428.3 million. Excluding acquisitions and the impact of foreign exchange, organic revenues decreased by 1.2%. Transport revenues grew by 25.2% to €391.6 million. Excluding acquisitions and the impact of foreign exchange, organic revenue growth was 11.7%.

The operating margin(1) increased by 2.1% to €474.1 million from €464.3 million in 2004. The operating margin as a percentage of consolidated revenues was 27.2%, down 130 basis points compared to the prior period (2004: 28.5%), reflecting the decrease in the Street Furniture operating margin as a percentage of revenues, the higher contribution from the lower-margin Transport division and the slight increase in Billboard profitability.

(1) Operating Margin: Revenues less Direct Operating Expenses (excluding Maintenance spare parts) less SG&A expenses

EBIT BY BUSINESS
(in € million, segment's share in %)



EBIT[2] increased by a sound 4.1% to €299.0 million, up from €287.1 million in 2004. The Group's EBIT margin reached 17.1% of consolidated revenues, down from 17.6% in the prior year.

(2) EBIT: Earnings Before Interests and Taxes or Operating Margin less Depreciation, amortization and provisions less Maintenance spare parts less Other operating income and expenses

NET INCOME GROUP SHARE
(in € million)

Net income Group share increased by 25.0% to €195.3 million, compared to €156.2 million in 2004. The net income Group share as a percentage of revenues was 11.2%. This strong performance was driven by the increase in EBIT, positive foreign exchange variations within the financial result, the tax rate decrease, the increase of equity affiliates, and the significant decrease of minority interests.

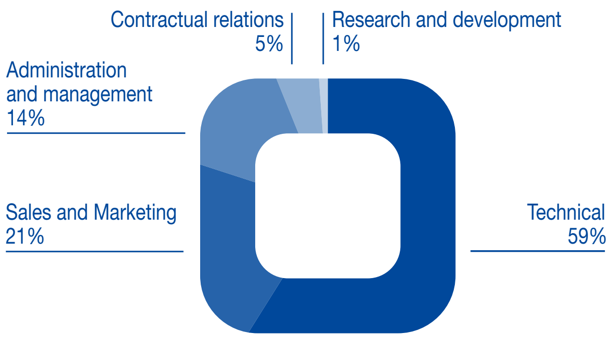
FREE CASH FLOW
(in € million)

Free cash flow[3] decreased by 1.5% to €189.2 million compared to 2004. Net debt as of 31 December 2005 was €601.4 million. The Group is rated "Baa2" by Moody's and "BBB+" by Standard and Poor's.

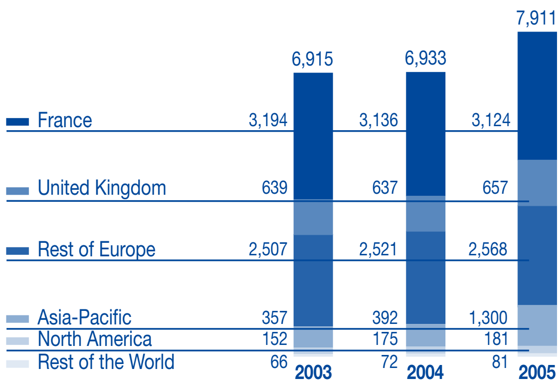
(3) Free cash flow: Net cash flow from operating activities less net capital investments (tangible and intangible assets).

FINANCIAL NET DEBT / EQUITY RATIO

2005 EMPLOYEE BREAKDOWN BY EXPERTISE



EMPLOYEE BREAKDOWN BY REGION



THE YEAR 2005

In 2005, we pursued our development primarily through organic growth and strengthened our position as the world leader in Street Furniture and airport advertising. We also made several acquisitions to penetrate new markets, or to acquire minority interests in certain subsidiaries. 2005 also saw sustained growth in China, where we made three major acquisitions and won strategic bids, while continuing the growth of our Street Furniture business in Japan.

1. OUR CONTRACTS

Europe

- In Italy, IGPDecaux won the bus shelter advertising bid for Milan, Italy's second largest city and the country's economic and financial hub, with a population of 1,272,000. With a duration of 20 years, this agreement covers installation and maintenance of 1,800 bus shelters equipped with electronic bulletin boards and handicapped-accessible public toilets.
- In the U.K., we did not win the bid tender for Network Rail. That agreement, with a length of 10 years, involved 3,100 billboards along railway lines in the U.K. Maiden is now the sole operator for this new contract. Before, it had 60% of this business, and we had 40%. As a result, we lost 1,500 faces.

Asia-Pacific

- In Japan, MCDecaux, a joint venture between JCDecaux SA and Mitsubishi Corporation, won the bid for the exclusive bus shelter contract in Nagoya. Lasting 20 years, this agreement involves 300 bus shelters with 600 faces. Japan's fourth largest city, Nagoya, with 2.2 million people, has become the new growth hub of the country. This contract provides for a trial period of six months, after which the contract will be confirmed if the people of Nagoya react favourably.

  MCDecaux was also given a 15-year exclusive agreement for installing MUPI® scrolling panels in Ito Yokado shopping malls, principally in the greater Tokyo area.

  MCDecaux also won a bid for the exclusive bus shelter contract for Kobe. With a duration of 20 years, this agreement involves 300 bus shelters with 600 faces. With 1.5 million people, Kobe is Japan's principal port and its sixth largest city and, along with Osaka and Kyoto, is the second largest urban area in the country. This agreement provides for a trial period of six months, after which the contract will be confirmed if the people of Kobe react favourably.
- Gehua JCDecaux (50% owned by Gehua and 50% by JCDecaux Pearl & Dean, a wholly-owned JCDecaux subsidiary located in Hong Kong) signed its first exclusive advertising contract for 12 years with Beijing Gehua Sunshine Advertising, a member of the Gehua Group, which gives it the right to 500 double-face advertising outlets located in the most attractive locations in Beijing.
- JCDecaux Pearl & Dean also signed an exclusive 15-year agreement with Tianjin Profound Metro Advertising & Plan to manage advertising for line 1 of the new Tianjin metro.

North America

- NBCDecaux, 70% owned by JCDecaux and 30% by NBC Universal, was not chosen to negotiate for the Street Furniture contract with New York, the City choosing instead to negotiate with Cemusa. NBCDecaux is still involved in the bidding process begun by the New York City Department of Transportation, which has reserved the right to conduct negotiations with NBCDecaux or with other bidders, if necessary.
- In New York, we renewed the advertising contract for *John F. Kennedy International* and *La Guardia* Airports. This renewal involves a ten-year contract (with a possible extension for another 5 years) and includes *Newark Liberty International Airport* (previously managed by Clear Channel), the PATH system of commuter trains between New Jersey and Manhattan, the Port Authority bus terminal and the George Washington Bridge bus terminal (previously managed by Viacom), together with new locations on bridges, tunnels, ports, and other sites managed by the Port Authority of New York and New Jersey.
- ViacomDecaux (a 50/50 joint venture between JCDecaux and Viacom Outdoor) won an exclusive 10-year contract for the supply and maintenance of street furniture in West Hollywood, a very attractive area in the heart of Los Angeles.

2. PARTNERSHIPS AND ACQUISITIONS

Europe

- In April 2005, we increased our stake in Univier Communications BV from 75% to 100%. Univier Communications BV is a Dutch company that controls several leading outdoor advertising companies in Estonia, Latvia and Lithuania.
- In September 2005, we acquired a 33% stake in Metrobus, a subsidiary of the Publicis Group. This company manages advertising for the Paris metro, RER (regional railway), busses of the RATP transportation authority, advertising for the Marseille metro, and advertising on bus lines in approximately sixty French cities. Furthermore, we acquired the stakes owned by Publicis in SOPACT (*Société de Publicité des Abribus et Cabines Téléphoniques*), a company that manages advertising agreements in Paris bus shelters, as well as in JCDecaux Nederland and VKM, companies that manage street furniture contracts in major Dutch cities. We now own 100% of these companies.
- In October 2005, JCDecaux Finland acquired 100% of Viacom Outdoor Finland, a subsidiary of Viacom handling outdoor advertising contracts on busses in Helsinki and other Finnish cities.

Asia-Pacific

- In January 2005, JCDecaux Pearl & Dean (a wholly-owned JCDecaux subsidiary located in Hong Kong) began a joint venture with the Shanghai airports authority and the media company Momentum. This new company, JCDecaux Momentum Shanghai Airport Advertising, of which we own 35%, has managed the advertising contract for the Shanghai airports since 1 January 2005.
- In April 2005, JCDecaux Pearl & Dean acquired 79.67% of MediaNation, a company traded on the Growth Enterprise Market ("GEM") of the Hong Kong stock exchange. MediaNation manages advertising for the Beijing metro and for the two lines of the Shanghai metro. It is also the principal advertising agency for busses in the People's Republic of China (15 cities) and has a contract for advertising installations and operations for 1,000 newspaper stands in Shanghai. On 31 December 2005, as a result of a tender offer for the remaining outstanding shares, MediaNation is no longer traded on the GEM of the Hong Kong stock exchange and is wholly owned by JCDecaux.
- In September 2005, we acquired 100% of Texon International ("Texon"), the leader in street furniture advertising in Hong Kong. Texon manages more than 4,800 advertising faces in Hong Kong bus shelters under long-term agreements with the three main local bus companies.
- In October 2005, JCDecaux Pearl & Dean acquired 73.38% of Media Partners International Holdings ("MPI"), also a company traded on the GEM of the Hong Kong stock market, and increased its stake to 99.43% following a tender offer for the remaining outstanding shares and prior to complete delisting. MPI acts as advertising agent for the Nanjing metro, two lines of the Shanghai metro, a metro line in Guangzhou, an overhead metro line in the suburbs of Beijing, and the express link to the Hong Kong airport. It is also the leading agency handling advertising for bus lines in China.
- In November 2005, JCDecaux Pearl & Dean entered into a 30-year agreement for the formation of a joint venture, Gehua JCDecaux Outdoor Advertising, with Beijing Gehua Cultural Development. Owned half and half by Gehua and JCDecaux, Gehua JCDecaux Outdoor Advertising will enable its partners to develop the concept of street furniture advertising in Beijing, as well as potentially, on a selective basis, to pursue other outdoor advertising opportunities.

THE OUTDOOR ADVERTISING MARKET

1. SEGMENTS OF THE OUTDOOR ADVERTISING MARKET

1.1 Three main segments

Outdoor advertising consists of three principal segments: advertising on billboards ("Billboard"), advertising on and in public transportation vehicles, stations, and airports ("Transport") and advertising on street furniture ("Street Furniture"). Billboard is the most traditional and continues to be the most utilized form of outdoor advertising. Advertising on street furniture (bus shelters, free-standing information panels (MUPI®), large-format (Senior® 8m²) advertising panels and multi-service columns) is the newest. Other outdoor advertising activities, such as advertising on shopping trolleys or in gas stations, are grouped together as "Ambient Media".

There are not as many reliable and comparable sources of data for outdoor advertising as for other types of media. Consequently, to provide the most accurate possible data, we have used various sources. Where these sources contain inconsistent information, we have tried to harmonise it based on our knowledge of the market. Therefore, based on our knowledge of the market, we estimate that in 2005, Billboard accounted for more than 50% of worldwide outdoor advertising spending, Transport accounted for approximately 26%, Street Furniture accounted for approximately 18% and Ambient Media accounted for the remaining 6% (source: JCDecaux).

1.2 The place of outdoor advertising in the advertising market

In 2005, outdoor advertising spending worldwide was approximately €17.2 billion, or 5.4% of worldwide advertising spending (compared to 5.2% in 2004), which was estimated at €317.2 billion (source: ZenithOptimedia estimates, December 2005, based on an average annual Euro/U.S. dollar exchange rate in 2005 of €0.80 to US$1). Outdoor advertising spending, expressed as a percentage of the overall display advertising market, is most significant in the Asia-Pacific region. In 2005, outdoor advertising accounted for 8% of the overall advertising market in this region, compared to only 3%, 7%, and 3% of the overall advertising market in North America, Europe, and South America, respectively.

2. OUTDOOR ADVERTISING: AN INCREASINGLY RELEVANT COMMUNICATION CHANNEL

2.1 A growing audience

The audience for outdoor advertising has grown significantly in recent years, with people spending more time outside of their homes, whether driving or walking on the street, or in trains, railway stations, or airports. Outdoor advertising displays have developed rapidly in shopping malls, grocery retailers, pubs, and car parks. Commuting times between home and work have generally increased in most countries, which means that people are increasingly exposed to outdoor advertising.

A 2003 study by the Royal Automobile Club in the United Kingdom showed that the average commute of drivers in the European Union from home to work took 37 minutes, and that automobile traffic on major British roads had increased by more than 200% between 1994 and 2004. In France, the average distances travelled per person have more than doubled in the last 20 years.

In many countries, the average number of vehicles per 1,000 inhabitants has been growing steadily, which means constant growth in road traffic. In the European Union, the average number of vehicles per 1,000 inhabitants rose by 27% between 1990 and 2004, with Spain and Italy showing the biggest growth, of 43% and 32%, respectively, over this period (source: Comité des Constructeurs Français d'Automobiles – Committee of French Car Manufacturers). In South Korea, where we have several Street Furniture contracts in Seoul, growth was 331% over this period. In Brazil and Japan, growth was 38% and 27%, respectively. These areas, therefore, should represent a significant basis for the growth of outdoor advertising in the years to come. In China, the number of vehicles per 1,000 inhabitants is relatively few, but is growing rapidly, with 260% growth recorded between 1990 and 2004.

In addition to the greater amount of time spent in cars going to work, people are spending more and more time outside their homes. The "Daily Life" study on the use of personal time, which we conducted with the BBC in the U.K., shows that people spend on average 7.9 hours per day outside the home, with working people spending an average of 9 hours per day outside the home. Inasmuch as the people studied spent half of this time outside of their place of work, advertisers have ever-increasing opportunities to reach this mobile audience whether in city centres or retail locations.

In the area of air travel, international passenger volumes continued to grow in 2005, especially as air travel became increasingly accessible to numerous segments of the population. According to the International Air Travel Association ("IATA"), international passenger volumes grew by 7 to 8% in 2005, compared to 15.6% in 2004. The number of international passengers thus exceeded the record number set in 2000. IATA forecasts annual average growth in passenger volumes for the next four years (2006-2009) at more than 5% (*IATA Passenger Forecast,* October 2005). This growth should be fuelled by good economic prospects worldwide, the rebound of air traffic in Asia, the continued expansion of the EU, and deregulation of air travel, which should lead to lower fares, in turn making air travel more accessible for more people. In Asia, the rate of growth should be greater by a percentage point over this period and reach 9.6% in China, where we recently renewed the Hong Kong airport contract for 10 years and won the bid for the 15-year contract for the Shanghai Airports.

2.2 Growing fragmentation of traditional media

As many studies show, outdoor advertising continues to benefit from the increasing fragmentation of the "in-home" advertising market, where increasing numbers of cable, satellite, and broadcast television channels, as well as Internet sites, compete for the viewer's attention. Our "Daily Life" study (mentioned above) shows that waking time spent at home is taken up by more and more activities, squeezed into shorter and shorter time slots. As a result, people who stay at home are "multi-tasking" and are less attentive to the media that surround them.

This situation is magnified by the rapid growth in the number of consumers receiving digital TV service, especially in the United Kingdom. The result is a significant expansion in the number of households with high numbers of television channels available to them, bringing in consumers who were reluctant to pay for satellite and cable options. In many households, television is now rarely consumed as a primary activity in its own right, according to the "Daily Life" study, and most viewers are distracted by another activity, or television itself is a secondary activity, while the consumer's primary activity is often something else, such as eating, talking on the phone, sending SMS messages, or surfing the Internet.

Fragmentation is a result of expanding channel choice, and the digital delivery of this choice is increasingly leading to devices in homes that allow consumers to become their own television schedulers. The most recent expansion in the number of households with the latest generation of video recorders, like TiVO in the U.S., or Sky+ in the U.K., has started to reach penetration levels that are affecting viewing habits. Households with these types of devices are able to fast-forward through advertising breaks and avoid advertising altogether. In the United Kingdom, Ofcom recently estimated that more than 10 million households were equipped with "Freeview" digital decoders equipped with hard drives facilitating downloading of television programmes. Jupiter Research forecasts that, in 2006, the penetration rate for this type of video recording will reach 14% in the U.K., 13% in Germany, and 11% in France, and then double in 2007, to the extent TiVO systems are embedded in the latest generation DVD recorders.

In addition, with the arrival of digital audio broadcasting ("DAB") and satellite radio, radio advertising will also be increasingly subject to fragmentation: consumers will have access to a much broader array of stations as well as the ability to avoid advertising by live pause and fast forwarding combinations. The podcasting phenomenon, where consumers download a radio programme for playing on a MP3 player, and Internet delivery of radio programmes, mean that radio listeners are also increasingly able to customise listening habits to suit themselves, further fragmenting home radio listening. In this environment, outdoor becomes the only mass medium that consumers will find difficult to avoid, leading to significant opportunities for growth.

In the United States, the strong growth of the Internet is threatening the effectiveness of television advertising. An ongoing study at the University of Southern California's Annenberg Center for the Digital Future entitled "*The Digital Future Report*" confirms that American consumers are increasingly surfing the Internet instead of watching television. The study, conducted annually for the last five years, shows that the average number of hours online per week has grown steadily since the Digital Future Report began in 2000. In 2005, 78.6% of Americans were connected to the Internet, and the number of hours spent online continued to grow, rising to 13.3 hours per week on average in 2005 compared to 9.4 hours in 2000. Nearly two thirds of Americans (66.2%) had Internet access at home in 2005, a substantial increase from the 46.9% of users who reported home Internet access in 2000. This study also showed that, in 2004, Internet users spent 4.6 hours less watching television than non-users (28% less time). The strong growth of high-speed Internet, now used by 65% of American users (Source: "The Bandwidth Report", January 2006) has also had a significant impact on media consumption habits in the United States.

The 2004 Digital Future Report showed that Internet users without high-speed connections tended to connect to the Internet for relatively long periods of 30 minutes, whereas users with high-speed access tended to go online in short bursts, coinciding with television commercial breaks. U.S. penetration of broadband Internet access, while rising, remains below Asian rates. In Hong Kong, 73% of households have broadband, 67% in South Korea, 51% in Singapore, and 44% in Japan (Source: Telecompaper), which tends to limit the amount of time spent watching television.

In May 2004, Wanadoo, the United Kingdom's biggest Internet Service Provider ("ISP"), conducted a study also showing that levels of TV viewing were negatively affected by the growing use of the Internet. Their research showed that broadband Internet users spent significantly less time watching television than narrowband users. This trend is likely to increase in the future, as Europe and the United States catch up with Asia in broadband penetration. The pace of change appears to be accelerating, due in large part to the price war in the telecoms market. According to a study by the Anglo-Dutch market research company Telecompaper published in June 2005, Europe surpassed the United States in 2005 in the number of households equipped with broadband access and should catch up with Asia in 2006. The growing penetration of high-speed Internet will continue to reduce the effectiveness of television and could raise questions about its position as a mass medium. This process appears to be accelerating and provides an opportunity for the development of the outdoor medium.

Following the "Daily Life" media use study , we decided in 2003 to participate in a similar study by the Institute of Practitioners in Advertising ("IPA"), called "Touchpoints", involving 10 media owners including JCDecaux. The goal of this study is to provide a link between the UK media industry's various research currencies (including Postar for outdoor advertising) through a time-based consumer study that will track media consumption throughout the day. In effect, the media currencies will be joined within one multimedia hub, or Touchpoint. The study consists of two main parts: a detailed paper questionnaire about lifestyle, media habits and demographic information, and an electronic diary to record media and travel habits at half-hour intervals over seven days. Once this information has been processed and sorted, it will be analysed to create a multimedia picture of consumer habits. Touchpoints data are expected to be available during the first quarter of 2006 and are believed to be the only system in the world to combine available media research tools in one single study. The study will provide a unique, cross-media planning tool, and JCDecaux has taken a proactive position to ensure the inclusion of outdoor advertising in the firm belief that it will improve the scope and variety in the use of the medium.

2.3 A more attractive medium

Our capacity for innovation means that we are able to offer advertisers communications media that are increasingly attractive and support the growth of outdoor advertising. In addition to recent technological and qualitative innovations that we have developed, such as scrolling panels, electronic updating of furniture and plasma screens, in 2005 we significantly expanded and developed the presence of our "JCDecaux Innovate" concept.

"JCDecaux Innovate", initiated in the United Kingdom, has been adopted by 30 of the 45 countries where we do business. The "Innovate" teams around the world have developed a range of products and a deep understanding of how technologies from other emerging communications industries can be combined with outdoor advertising to make the outdoor medium more attractive and interactive. In doing so, JCDecaux has anticipated the increasing desire from advertisers and their agencies for media that deliver engagement. Given the high volume of advertising messages to which consumers are exposed every day, new and innovative methods are required by media owners to persuade consumers to engage with the communication. "JCDecaux Innovate" teams are constantly on the lookout for new and innovative advertising concepts for our customers for their product campaigns, driving interest in the medium and stimulating diversity in our customer base and, ultimately revenue growth.

A good example of this type of campaign is the development of technologies that allow consumers to use their personal mobile devices, principally their mobile phones, to interact with a poster message and to receive information and entertainment from an advertiser. Clients like Walt Disney, Ford, Nokia, Sony Ericsson, Lancôme, Vodaphone, O2, Channel 4 Television, and Wonda in Japan have all used a range of technologies to allow consumers to interact with outdoor advertising posters via JCDecaux street furniture. These campaigns allow consumers to explore and engage with their products, adding value to the media buy. For example, Microsoft, in connection with the introduction of its new Xbox 360™ video games system, launched the first bus shelters in Paris in November 2005 that allow consumers to play directly via the furniture, equipped for the occasion with a high definition TV screen and WiFi contacts.

Among the many "JCDecaux Innovate" products we have developed is "Interact", which allows a consumer to select and obtain desired information directly via the advertising medium; "Showscreen", which integrates an interactive television screen into an advertising panel, allowing for transmission of several messages to a consumer, or, more recently, "Bluecasting", where details of a client's products, such as television programmes or a film, can be transferred to a consumer's mobile phone via Bluetooth technology. Thus, in 2005, we teamed up with Hypertag, a supplier of a technique allowing consumers to receive information on a mobile phone from infrared transmitters installed in advertising panels, to bring interactivity to the heart of Paris, on the Champs-Elysées, for the launch of the Lancôme perfume *Hypnôse*.

In 2005, we also worked with a Japanese advertiser, Wonda, to allow consumers to take digital pictures of a special code placed on a poster with his/her mobile telephone. This picture automatically linked consumers to a website, where they could browse information about the product or about bus services available from where they were placed. This technology is not yet available in Europe, but we believe the position we have taken with Innovate places us in a unique position to take advantage of it, as it develops for our advertisers.

We have also been a leader in other non-digital dynamic images, allowing advertisers to strengthen the impact of visual advertising and facilitate reception of their message. As a result of an innovative lens, we can now offer advertisers, at reduced cost, an interactive product that makes possible the transmission of different images through the same medium on the basis of the angle of vision of the panel. This approach multiplies the visual contacts and facilitates reception of the message. In addition, we have added sound, ultra-violet light, and modern forms of moving lights (Eluminate, ElectroLight) cost effectively to multiple panels in a client's buy. Peugeot used it in France in particular in connection with the launch of the Peugeot 1007 in 2005. The visual advertisements reproduce the lateral movement of the electronic door panel of the new vehicle in 3-D.

"JCDecaux Innovate" has also been broadly used by our Belgian subsidiary. To introduce its "*Grills Barbecue*" product, Smiths strengthened the impact of its national campaign by working with the Innovate team of JCDecaux Belgium to create mechanisms that flame, emit smoke, and light up. Thus, unusual advertising products allowed passers-by to grill a package of chips: smoke was released by the grills simply by pressing on the interactive button. Other systems displayed two packets of Grilled Chips *en broche*, like a real barbecue, above animated flames.

All these innovative products have changed the image of outdoor advertising for advertisers, which contributes to the medium's growth.

2.4 Competitive cost per contact

Despite an extremely competitive environment due to the continued decrease in advertising rates for television and print media, outdoor advertising continues to offer a cost per contact that is significantly lower than that of other media.

In the United Kingdom, advertising rates softened in 2005, but especially for television, where the cost per thousand contacts dropped by €1 between 2004 and 2005, thereby increasing the number of contacts reached per €1,000 spent. Despite the fall in the price of spot ads on TV, outdoor was still the most competitive medium in the United Kingdom, as is shown by the following table.

Adults reached per €1,000 spent – United Kingdom	2005	2004
Outdoor advertising (Street Furniture – Billboard)	525,997	499,060
Television (broadcast, satellite, cable) – 30 sec. spot	131,372	114,263
Radio (30 sec. spot)	258,647	261,047
Daily newspapers	150,071	160,731
Movies (30 sec. spot)	20,567	18,692

This pattern is reflected in many major markets.

The table below shows a comparison of costs per thousand contacts in four different markets in terms of breakdown of advertising spending per medium.

In most countries, outdoor advertising is the most cost-efficient medium.

Adults reached per €1,000 spent	United Kingdom	France	Ireland	Sweden
Outdoor advertising (Street Furniture – Billboard)	525,997	580,000	249,376	185,644
Television (broadcast, satellite, cable) – 30 sec. spot	131,372	125,313	125,793	113,512
Radio (30 sec. spot)	258,647	212,314	238,789	318,182
Daily newspapers	150,071	134,771	68,925	65,790
Movies (30 sec. spot)	20,567	29,420	28,580	19,567

Source: Initiative Futures (for all media except for outdoor)
Outdoor: audience rating agencies in various countries

2.5 Reliability and improvements in audience measurement

In the media world, the most advanced forms of advertising have analytical tools that allow purchasers of advertising space to plan their campaigns effectively. Outdoor advertising, unlike other major media, has traditionally lacked reliable audience measurement tools. For several years, through our subsidiary JCDecaux WorldLink, we have pioneered the development of audience measurement for outdoor advertising. In 2005, we made significant developments that will further enhance the attractiveness of this medium to advertisers.

We have significantly contributed to the development of a consistent approach to outdoor audience measurement in Europe, the United States and the Asia-Pacific region. Using our reputation, we developed a reference methodology, or "best practice" of audience measurement, together with other key players in outdoor advertising.

Generally speaking and regardless of the type of medium, the development of a method of audience measurement requires active participation by the various parties involved (principal vendors, advertising agencies, advertisers). They must agree on the measurement criteria to be used. This step is a fundamental prerequisite that conditions acceptance of the results of the audience measurement technique by the advertising market and the various participants. Audience measurements made for outside advertising thus involve the principal parties affected and are produced by independent agencies that include the key players in the industry. As for television, the quantitative surveys measure "opportunities to view" the medium.

The reference methodology used by us and other participants in the industry is built around three fundamental ideas: identifying the movements of a sample of the population over a period of one to two weeks, measuring automobile or pedestrian traffic, and measuring the visibility of the advertisement (whether the panel is back-lit or not, visibility of the panel from the traffic flow position, and in relation to the direction of traffic flow, etc.). For each panel, a probability factor of being seen can be assigned, depending on the potential visibility.

For each of these branches of the methodology, the method for collecting data can then vary from one country to another. Collection of information about pedestrian movements, for example, can be made using GPS systems, as in Chicago. The essential point is that the method makes it possible to gather reliable data about patterns of movement.

This methodology, which has been gradually implemented with success in various regions of the world, should improve the level of coverage and increase the frequency of audience measurement for outdoor advertising in order to allow comparability both with other main advertising media and from one outdoor advertising segment to another. Global advertisers will thus be able to develop a worldwide strategy for purchasing advertising space from one medium to another, increasing the ease of use and effectiveness of the medium. This reference methodology has already been adopted by the United Kingdom, Sweden, Ireland, and Finland, with results published for Ireland and Sweden in 2005. In the United Kingdom, where the system has been in place longer than in other countries, we believe that the audience-measuring methodologies have allowed us to raise our prices due to demonstrated higher audiences for high-quality panels.

In France, our key market, the Street Furniture business recently decided to join Affimétrie®, the major measurement agency, which was previously restricted to the audience for Billboard. As a result, we will have a more complete measurement of the outdoor medium in France, Europe's largest outdoor advertising market. Results for the Street Furniture study were published in 2005 and further developments are planned in 2005 and will allow the system used by Affimétrie® to measure the audience in the entire country, taking into account the variety of advertising displays.

Similarly, in 2005 the outdoor industry in Spain further enhanced its measurement system Geomex, to cover the country more comprehensively. We believe that this will allow us to better demonstrate the value of outdoor and the JCDecaux product in this market.

In connection with development of its expertise for the advertising industry, JCDecaux Airport France has worked for three years in partnership with Ipsos on an on-site, single-source audience poll. "Media Aéroport Performances" (MAP) is designed first and foremost to understand the media audience better by providing precise quantitative measurements of the airport audience.

This survey will also make it possible, as a result of specifically designed media software, to measure the performance of media through indicators widely used by the advertising industry: measurement of coverage, number of contacts, GRP (Gross Rating Point), cost per thousand of persons reached, etc. – by face or by network. This is a major innovation for this type of medium, which can now measure its impact as do print, television, or radio media in France.

Following work we conducted in Denmark, the players in the outdoor advertising market in the United States, Italy, and Switzerland have developed audience measurement systems that they have attempted to improve by employing GPS devices to monitor the movement of representative samples of people. Gathering such data via GPS could provide a major methodological improvement. Previously, analysis of movements was based on the recollections of people surveyed. In January 2005 the Italian industry launched Audiposter, the first industry study of this type on a national level to measure the movement of people passing by posters as part of the system for establishing the audience delivery of the outdoor medium. These studies will be further developed in 2006 and we believe that this is a significant development in accountability in this market, enhancing the attractiveness of the medium to our customers. The number one advertising market in Europe, Germany, has also decided to employ this method of data collection and has continued developing the technology throughout 2005, a process in which we are involved.

Following this development, in 2005 both the United States and Australia issued calls for tender for full-scale reach and frequency audience measurement in their major advertising markets. This initiative follows the successful Nielsen Media Research trial in Chicago and the launch of an improved system of traffic counting by the Traffic Audit Bureau for outdoor advertising panels in all United States advertising markets. The bid solicitation for reach and frequency research in further markets in the United States, the largest outdoor market in the world, implicitly follows the best practice we have been promoting. This project is a significant development for outdoor advertising in the United States and, through the expertise of our subsidiary JCDecaux Worldlink, we have been deeply involved in further developments. The award of the U.S. and of the Australian bids is expected in the first half of 2006.

In most of the markets described above, the audience measurement techniques, which were previously used only in the Billboard business, have been extended to all types of outdoor advertising, including transport advertising and, more recently, advertising structures located near points of sale. This development will soon allow advertisers to plan their campaigns more easily and purchase outdoor advertising networks more coherently, further boosting the attractiveness of this medium.

2.6 Measuring the effect of media on sales

In many markets, we have invested significantly in studies to analyse the effectiveness of outdoor advertising campaigns which, when conducted over a broad range of campaigns, are of particular relevance to our advertisers. Since 2003, in Sweden and the Netherlands, these effectiveness studies have been enhanced by the use of the Internet to gather information. This information makes it possible to measure the effectiveness of a larger number of campaigns at lower cost and to provide the results more rapidly to our advertisers and their agencies.

In France, working with MarketingScan, a subsidiary of GFK, we are now in a position to measure the effect of advertising media on the sale or market share of mass-market products. The goal of these studies is to measure the difference in sales of a product between an area where a campaign is being conducted (such as Angers) and an area where it is not (such as Le Mans). This methodology makes it possible to identify accurately the impact of outdoor advertising, including in the context of a multi-disciplinary campaign. To date, approximately thirty surveys have been conducted in the food and beverage industry and health and beauty products industry, using a wide variety of strategies. These studies show that, used alone or together with other media, outdoor advertising very often accelerates sales both when used to support a brand and to launch a new product.

3. COMPETITIVE ENVIRONMENT

Three major global players

In general, we compete for advertising revenues against other media such as television, radio, daily, weekly and monthly newspapers, magazines, cinema and the Internet.

In the area of outdoor advertising, several major international companies operate in all three principal market segments (Billboard, Street Furniture, and Transport) and in multiple countries. Our major competitors worldwide are Clear Channel and CBS Corporation, acting through their respective outdoor advertising affiliates.

Many local competitors

We also face competition from local competitors, especially in Billboard, the largest of which are as follows:

- France: Metrobus (Transport), 33% owned by JCDecaux since September 2005, and Liote/Citylux (Illuminated Panels).
- United Kingdom: Maiden (Billboard), Primesight (Billboard) and Van Wagner (Billboard).
- Belgium: Belgian Poster (Billboard) and Business Panel (Billboard).
- Germany: Ströer/DSM/DERG (Billboard, Street Furniture, and advertising in train stations), AWK (Billboard), Degesta (Street Furniture).
- Austria: EPA (merger of Aussenwerbung/Ankünder and Heimatwerbung) (Billboard), Aukünder Steiemark (Street Furniture).
- Spain: Cemusa (Street Furniture).
- United States: Lamar Advertising Company (Billboard), Interspace (Airport advertising), Regency (Billboard), Adams Outdoor (large-format Billboard), Van Wagner (Billboard and telephone booths), and Tri-State/PNE Media (large-format Billboard).
- China: Clear Media (Street Furniture), Tom Group (Billboard), Focus Media/Target Media (Plasma Screens in public spaces)
- Canada: Pattison Outdoor (Street Furniture, Billboard, and Transport), Astral Media (Street Furniture, Billboard).
- Australia: APN (Transport), acting especially for Buspak (Transport), and Adshel (Street Furniture), Cody & Australian Posters (Billboard), and Eye Corporation (Transport).
- Russia: News Outdoor (Street Furniture, Billboard, and Transport).

In other countries, we also face significant local competition, and some competitors have leading positions in their areas, especially in certain markets in South America and Asia.

The table below shows the fourteen largest outdoor advertising groups in terms of market share, based on 2005 revenues, set forth in order of magnitude:

Company	Country	Revenues (in million of $)	Geographic presence
Clear Channel Outdoor	United States	2,666	United States, Europe, Asia-Pacific South America, Africa
JCDecaux(1)	France	2,180	Europe, United States, Asia-Pacific, North America South America
CBS Outdoor	United States	1,949	United States, Mexico, Europe, Asia-Pacific
Lamar	United States	1,022	United States
Ströer/DSM/DERG(2)	Germany	600	Germany, Poland
News Outdoor(2)	Russia	250	Russia
Affichage Holding	Switzerland	238	Switzerland, Eastern Europe
Metrobus	France	185	France
Maiden	United Kingdom	172	United Kingdom, Ireland
AWK(2)	Germany	155	Germany
Wall	Germany	114	Germany, Netherlands, Turkey, Russia, United States
Cemusa(3)	Spain	101	Spain, Portugal, Mexico, South America, United States
Van Wagner(2)	United States	100	United States, United Kingdom
Pattison(2)	Canada	80	Canada

Source: Research reports, press releases, Internet sites of the companies and JCDecaux estimates, with currency transactions based on an average quarterly $/€ exchange rate of €0.8007/US$1 in 2005 and an average annual $/£ exchange rate of £ 0.5496/US$1 and at $/CHF rate of CHF 1.2445/US$1 in 2005.

(1) This amount does not include revenues generated by Affichage Holding, a Swiss company in which JCDecaux is the principal shareholder with a 30% interest, nor revenues generated by Wall AG, a German company in which JCDecaux owns a 35% interest, nor revenues generated by Métrobus, a French company in which JCDecaux has a 33% interest.

(2) JCDecaux estimate.

(3) 2004 Revenues.

ONE BUSINESS, THREE SEGMENTS

1. OUR STRATEGY

Each day, we reach over 170 million people around the world through our unique network of outdoor advertising displays. Our objective is to continue extending and strengthening our product line in areas of high population density and high living standards in order to continue to grow and improve profitability, which is already one of the highest in the industry.

To achieve this goal, our strategy focuses on three main objectives:

- continue our development through organic growth by winning new advertising contracts with the cities, local governments, metros, and airports that we deem the most attractive;
- make strategic, targeted acquisitions that enable us to gain a leadership position, or strengthen our existing position in our markets, and to increase our share of the outdoor advertising market by developing a national network, thereby building our capacity to achieve high returns on our investments;
- maximise the commercial potential and profitability of our advertising networks in all the countries where we do business.

1.1 Continuing organic growth

We intend to continue building the most attractive advertising network for our advertisers in each of our three lines of business. To reach this goal, we use the following methods:

- targeting cities, local governments, airports and other transport systems in each country that offer a high commercial potential in order to develop a national advertising network ;
- creating new products and services that meet or anticipate the needs of cities, airports and other transport systems and providing unequalled products and services to win bid tenders for advertising contracts;
- using proprietary market research and geomarketing research tools to build flexible advertising systems that meet the demands and budgets of our advertisers (complete national or regional coverage, targeted networks, time-share campaigns, etc.);
- offering an ever-larger audience to advertisers who target their audience both in city centres, through a system of street furniture unique in Europe, and on the outskirts of population centres, through a national display network in most European countries;
- developing a comprehensive pan European presence in each of our business segments to respond to the growing demand from international advertisers in this area;
- developing operating methods that make it possible to adapt and build networks based on the requirements of our advertisers.

1.2 Participating in the consolidation of outdoor advertising

We believe our solid financial structure and powerful advertising network, especially in Europe and Asia-Pacific, give us a significant edge in seizing the acquisition and partnership opportunities needed to enter new markets or strengthen our leading position in existing markets.

This strategy enables us to grow in cities where street furniture contracts have already been awarded and capitalise on the synergies of these activities nationally, while, at the same time, extending our product range. Our partnership with Gewista, created in 2001 and strengthened in 2003 by the increase in our equity stake to 67%, enabled us to grow our Billboard and Street Furniture networks in nine countries of Central Europe and become a major player in Street Furniture in Austria. In Italy, where we have had a partnership with IGP since 2001, IGPDecaux is the leader in outdoor advertising and now has a truly national presence in Billboard and Transport advertising. This national dimension has strengthened the business reach of our Group in Italy, which has been helpful in winning the street furniture tender in Naples and Turin, in renewing our contract in Milan, and in signing the partnership agreement to display advertising in the Rome airports.

More recently, we became the leader in outdoor advertising in China, by making three acquisitions, thanks to which we rapidly gained a significant presence in the metros and on the busses of major Chinese cities.

We believe that we have been successful in integrating the companies that we have acquired and with which we have formed alliances in recent years, especially in France, Sweden, the Netherlands, Germany, Spain, Portugal or Italy. On the strength of this experience, we also were successful in integrating recently acquired companies, especially Gewista in Austria or Unicom in the Baltic countries (100% company-owned since April 2005), and we are presently in the process of integrating the companies acquired in China in 2005.

Our acquisition strategy focuses on the following main objectives:

- acquiring, or establishing partnerships with, companies holding strong positions in their markets;
- capitalising on our resources (products, operating expertise, commercial strength) to grow and maximise the potential of these new markets;
- developing commercial synergies;
- centralising and reducing costs.

1.3 Maximising the potential of our advertising network

We will continue to maximise the growth and profitability potential of our network. To do so, we rely on our more than forty years of experience in outdoor advertising, our unique geographic coverage, our state of the art product line and on our innovative marketing and business approach. In this way, we seek to:

- retain control of the key locations of our street furniture products and maximise visibility of faces and offer networks to advertisers that ensure the success of their advertising campaigns;
- continue our product and marketing innovations and maintain a pricing policy that reflects the superior quality of our networks;
- capitalise on the synergies among our Street Furniture, Billboard, and Transport businesses to build pan-European and/or multiformat business alliances for major international advertisers;
- continue to develop outdoor market research and audience measurement techniques to reinforce the attractiveness of the outdoor medium for advertisers and enhance its use;
- use sophisticated socio-demographic behavioural, consumer, movement and audience studies of target audiences to build networks that meet the advertising objectives of our clients;
- provide quantitative audience information and data making it possible to measure the impact of our networks with respect to a specific audience.

2. STREET FURNITURE

2.1. The concept of street furniture

A simple but innovative idea

In 1964, Jean-Claude Decaux invented the concept of "street furniture" around a simple but innovative idea: to provide well-maintained street furniture free of charge to cities and towns in exchange for the right to place advertising on these structures. From the beginning, street furniture became a very attractive medium for advertisers, because it gave them access to advertising space in city centres in areas where advertising was generally very restricted.

State of the art products

For over 40 years, we have been designing and developing street furniture products that combine design and public service for cities with advertising effectiveness for advertisers.

We:

- design innovative, state-of-the-art products, or offer services that enhance the quality of urban life, such as: bus shelters, free-standing information panels (MUPI®), automatic public toilets, larger format advertising panels (Senior®), multi-service columns (such as the Morris columns in France), self-service bicycle racks (such as the Cyclocity® programme in Lyon), kiosks for flowers or newspapers, public trash bins, benches, citylight panels, public information panels, streetlights, street signage, bicycle racks and shelters, recycling bins for glass, batteries or paper, electronic message boards and interactive computer terminals;
- develop a coordinated range of street furniture by working closely with internationally renowned architects and designers, such as: Mario Bellini, Philip Cox, Peter Eisenman, Sir Norman Foster, Christophe Pillet, Philippe Starck, Robert Stern, Martin Szekely, and Jean-Michel Wilmotte;
- determine, according to the advertising potential, the amount of advertising space needed to finance a city's street furniture equipment needs;
- select advertising locations and position our products to maximise the impact of advertising.

Priority given to maintenance and service

We are recognised by cities, towns and advertisers for the quality of our maintenance service in connection with our street furniture contracts. As of 31 December 2005, approximately two thirds of our Street Furniture employees were responsible for the cleaning and maintenance of our street furniture and for poster management. We require all of our maintenance employees and those responsible for the hanging of posters to undergo rigorous training in our in-house facilities to ensure that they will maintain our know-how and the excellent reputation for maintenance service of our street furniture, which contributes to our international renown.

2.2. Street furniture contracts

Characteristics of contracts

Most of the street furniture contracts into which we enter today with cities, towns, and other government agencies result from a process of competitive bidding specific to public procurement procedures. Street furniture is installed primarily in city centre locations and along major commuting routes where pedestrian and automobile traffic is the highest. Street furniture contracts generally require us to supply products which contain advertising space, such as bus shelters, free-standing information panels (MUPI®), columns, etc., and may also require us to supply and install non-advertising products, such as benches, public trash bins, electronic message boards or street signage or bicycles. Contracts tend to differ depending on the needs of the local government and the volume of non-advertising street furniture desired.

Our strategy is to install and maintain street furniture at our expense in cities and towns with which we have a contractual relationship. In exchange, we are granted the right to sell the advertising space located on some of the street furniture. Some contracts also include an exclusive right to install additional street furniture and specify the conditions under which we can display advertising in the areas covered by our contracts. In general, contracts provide for installation of additional street furniture as new needs develop. The initial location of street furniture is usually mutually agreed upon.

Certain towns and local governments may prefer to charge a fee, instead of receiving street furniture or services. When we pay an advertising fee, the cost of such fee is generally offset, in whole or in part, by the fact that we install few or no non-advertising products. In 2005, we paid 14.4% of Street Furniture revenues to cities and towns in the form of advertising rents and fees.

Historically, almost all of our street furniture contracts were made with cities or towns granting us the right to install street furniture in public areas. Few street furniture contracts were concluded with private landowners. For several years now, we have expanded our Street Furniture business to serve shopping malls, in particular in the United States, Europe, South America and Japan. Under the agreements reached with the owners of these shopping malls, we now install street furniture in private as well as public areas.

Street furniture contracts for shopping malls

Shopping mall contracts for street furniture generally take the form of master agreements made with the operators of malls and a separate agreement made with the managing agent of each mall. The terms and conditions of the separate agreements incorporate the provisions of the master agreement and may contain specific provisions reflecting the size, design, and character of the mall. Master agreements provide that operators will afford us the opportunity to enter into individual concessions with all of the malls that they control, and that they will use their best efforts to convince the malls in which they have an investment, but do not control, to enter into individual agreements with us. Any new mall acquired or developed by the operators during the term of our master agreement becomes covered by that master agreement. Principal provisions common to most of the street furniture contracts in shopping malls are as follows:

- a term of ten to fifteen years, with a right of early termination upon material breach of the agreement by either party;
- an obligation to design, construct, install, and maintain wall displays, advertising displays and public message boards at our expense. Maintenance costs, as well as the amount of capital expenditures required in connection with such contracts, however, are less than those incurred in connection with street furniture contracts involving the public domain;
- an exclusive right to use the common areas of the mall to market and sell advertising space on fixed and scrolling panels, in exchange for payment of a fee proportional to the net revenues earned from such displays, together with payment of a minimum rent, in certain cases;
- provisions under which the mall's managing agent may ask us to move billboards, at our expense, to another location in the mall.

Long-term contracts
Our street furniture contracts have terms of 8 to 25 years. In France, the contract term is generally 10 to 15 years. As of 31 December 2005, our street furniture contracts had an average remaining term of 8 years and 4 months (weighted by 2005 advertising revenues and adjusted to account for projected revenues from new contracts, excluding shopping malls and taking into consideration contracts renewed and signed during the first quarter of 2006). In France, the average remaining term of street furniture contracts is 5 years and 7 months (weighted by 2005 advertising revenues and taking into consideration the expected early termination of the SOMUPI contract in Paris). Outside France, the average remaining term of street furniture contracts was 9 years and 9 months. Between 1 January 2006 and 31 December 2008, 16% of our street furniture contracts (weighted by 2005 advertising revenues and taking into consideration contracts renewed and signed during the first quarter of 2006) will come up for renewal.

The natural attrition rate of our contract portfolio over the next three years is provided for indicative purposes only and does not necessarily reflect the evolution of either the commercial value of advertising faces that are sold as advertising network packages or of Street Furniture revenues.

Contracts may generally be terminated in the event of material breach, as well as for public policy reasons.

High rate of success in competitive bids
We continue to renew our existing street furniture contracts successfully through competitive bids and to win a high proportion of the new contracts for which we bid. In France, in 2005, we maintained a high rate of success in competitive bids involving the renewal of existing contracts and the awarding of new contracts. Overall, in 2005, we won 78% of the competitive bids for street furniture advertising contracts (renewals and new) on which we bid worldwide and 81% in France. In France we successfully renewed 86% of the contracts on which we bid for renewal.

2.3 Geographic presence

Number one worldwide in Street Furniture
We are number one worldwide in Street Furniture in terms of revenues and number of advertising faces. As of 31 December 2005, we had street furniture contracts in approximately 1,600 cities of more than 10,000 inhabitants, totalling almost 318,000 advertising faces in 36 countries. We have a portfolio of street furniture contracts that is unique in the world and includes advertising contracts in 32 of the 50 largest cities in the European Union. In addition to our operations in public areas, we are also present in 775 shopping malls around the world.

In 2005, Street Furniture accounted for 53% of our revenues.
We believe that having street furniture contracts in major cities in each country is essential to being able to offer a national advertising network to advertisers. As a result of this unique presence in Europe, we are the only outdoor advertising group able to create networks that enable advertisers to undertake pan-European advertising campaigns, which more and more international advertisers prefer.

As of 31 December 2005, the geographic coverage of our Street Furniture business was as follows:

Country	Number of advertising faces
France	91,900
United Kingdom	16,400
Rest of Europe (1)	167,700
Asia-Pacific (2)	23,400
North America(3)	14,200
Rest of the World (4)	4,400
Total	**318,000**

(1) Includes Germany, the Netherlands, Belgium, Luxembourg, Spain, Portugal, Sweden, Norway, Finland, Denmark, Austria, Croatia, Bosnia, Hungary, Italy, Serbia and Montenegro, Slovenia, Iceland, Latvia, Lithuania, Estonia, the Czech Republic and Slovakia. Among these countries, the majority of advertising faces are located in Germany, the Netherlands, Belgium, Sweden, Portugal, and Finland.
(2) Includes Australia, Japan, Korea, China, Singapore, Thailand and China (including Hong Kong and Macau).
(3) Includes Canada and the United States. The majority of faces are located in the United States.
(4) Includes Argentina, Brazil, and Uruguay.

A street furniture network unique in Europe

We have an exceptional presence in Europe as a result of a contract portfolio that is unique in large European cities in terms of population. As of 31 December 2005, and taking into account the contracts managed by Wall (of which we own 35%), we had street furniture contracts in 33 of the 50 largest cities of the European Union[(1)], as indicated in the table below.

	City	Country	Population (in millions)	Principal Street Furniture Operators
1	London	United Kingdom	7.36	**JCDecaux**/Clear Channel (Adshel)
2	Berlin	Germany	3.39	Wall[(2)]
3	Madrid	Spain	3.09	**JCDecaux**/Cemusa
4	Rome	Italy	2.54	Clear Channel (Adshel)
5	Paris	France	2.14	**JCDecaux**
6	Hamburg	Germany	1.73	**JCDecaux**
7	Budapest	Hungary	1.71	Intermedia/Mahir
8	Warsaw	Poland	1.69	AMS
9	Vienna	Austria	1.60	**JCDecaux**[(4)]
10	Barcelona	Spain	1.58	**JCDecaux**[(6)]
11	Milan	Italy	1.27	**IGPDecaux**[(3)]
12	Munich	Germany	1.25	**JCDecaux**
13	Prague	Czech Republic	1.17	**JCDecaux**
14	Naples	Italy	1.00	**IGPDecaux**[(3)]
15	Brussels	Belgium	1.26	**JCDecaux**
16	Birmingham	United Kingdom	0.99	**JCDecaux**/Clear Channel (Adshel)
17	Cologne	Germany	0.97	**JCDecaux**
18	Turin	Italy	0.87	**IGPDecaux**
19	Marseille	France	0.80	**JCDecaux**
20	Valencia	Spain	0.78	**JCDecaux**/Cemusa
21	Lodz	Poland	0.78	AMS
22	Stockholm	Sweden	0.77	**JCDecaux**/Clear Channel (Adshel)
23	Krakow	Poland	0.76	AMS
24	Athens	Greece	0.75	Alma
25	Amsterdam	The Netherlands	0.74	**JCDecaux**
26	Riga	Latvia	0.74	**JCDecaux**
27	Leeds	United Kingdom	0.72	Clear Channel (Adshel)
28	Seville	Spain	0.71	**JCDecaux**[(5)]/Cemusa
29	Palermo	Italy	0.68	Damir
30	Frankfurt	Germany	0.64	Ströer
31	Wroklaw (Breslau)	Poland	0.64	AMS
32	Saragossa	Spain	0.63	**JCDecaux**
33	Genoa	Italy	0.60	Cemusa
34	Rotterdam	The Netherlands	0.60	Viacom
35	Dortmund	Germany	0.59	Wall[(2)]/Ruhfus
36	Essen	Germany	0.59	Ströer
37	Stuttgart	Germany	0.59	**JCDecaux**
38	Glasgow	United Kingdom	0.58	**JCDecaux**
39	Poznan	Poland	0.57	AMS
40	Dusseldorf	Germany	0.57	**JCDecaux**/Wall[(2)]
41	Helsinki	Finland	0.56	**JCDecaux**
42	Lisbon	Portugal	0.56	**JCDecaux**/Cemusa
43	Malaga	Spain	0.55	Cemusa
44	Bremen	Germany	0.54	**JCDecaux**
45	Vilnius	Lithuania	0.54	**JCDecaux**
46	Hanover	Germany	0.52	Ströer
47	Sheffield	United Kingdom	0.51	**JCDecaux**/Clear Channel (Adshel)
48	Duisburg	Germany	0.51	Ströer
49	Copenhagen	Denmark	0.50	**JCDecaux**/Clear Channel (Adshel)
50	Leipzig	Germany	0.50	**JCDecaux**

Source: Government census reports and T.Brinkhof "The principle agglomerations of the world", September 2005 (http://www.citypopulation.de).

(1) As of 31 December 2005, the European Union consisted of the following countries: Austria, Belgium, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, the Netherlands and the United Kingdom.

(2) JCDecaux owns 35% of Wall's share capital.

(3) JCDecaux owns 32.35% of IGPDecaux's share capital.

(4) The Group is present in Vienna through our subsidiary Gewista, in which we own a 67% interest.

(5) The Group is present in Seville through our subsidiary Planigrama.

(6) The Barcelona agreement was renewed in February 2006 for 10 years.

In 2005, our street furniture concessions in these 33 European cities accounted for approximately 39% of our Street Furniture revenues. These contracts had an average remaining term of nearly 8 years (weighted by 2005 revenues, taking into consideration contracts renewed and signed during the first quarter of 2006).
In Europe, we renewed several significant street furniture contracts, especially in France, Italy, Belgium, and Spain.

In France, we have exceptional territorial coverage, with street furniture contracts in 623 cities and towns, including Paris, Lyon, Marseilles, Lille, Bordeaux, Toulouse, Nice, Aix-en-Provence, Toulon, and Grenoble, *i.e.*, the largest French cities by population. Although France, the birthplace of our company, remains our largest country for Street Furniture, its relative share of our Street Furniture revenues continues to decline gradually as our international business develops (32% in 2005, compared to 34% in 2004).

In 2005, we renewed street furniture contracts with the cities of Troyes, Blagnac, Roquebrune Cap Martin, Boulogne-sur-Mer, Beauvais, Chartres, and Arcachon. In addition, we renewed 16 street furniture contracts in connection with competitive bids in the Ile-de-France region. The cities involved in the Ile-de-France contracts have a combined population of more than 700,000 people (Argenteuil, Bougival, Bourg-la-Reine, Chevilly-Larue, Fontainebleau-Avon, Issy-Les Moulineaux, La Garenne-Colombes, Mantes-la-Jolie, Montreuil, Nogent-sur-Marne, Poissy, Saint-Maur-des-Fossés, Thiais, Versailles, Villejuif and Viroflay). Conversely, the contract with Lorient was not renewed, and we lost part of the advertising faces for Colmar.

Outside France, we renewed significant agreements, including Milan in Italy, Santander in Spain, and Charleroi in Belgium.

North America, a priority growth market

We have been present in the United States since 1994, when we won our first street furniture contract in San Francisco. In 2001, in partnership with Viacom Outdoor, we won the street furniture contract with Los Angeles for a term of 20 years. Then, in 2002, we won a contract with Chicago, also for a term of 20 years, as well as our first street furniture contract in Canada, with Vancouver, the third largest Canadian city. Vancouver was won in partnership with Viacom Outdoor.

In 2003, we acquired 50% of Wall USA, a company that holds the street furniture contract with Boston until 2021. As of 31 December 2005, we held, directly or indirectly, street furniture contracts for four of the five largest urban centres in the United States (Los Angeles, Chicago, Boston, and San Francisco) and are thus in a position to offer unique coverage to advertisers.

In 2005, ViacomDecaux (a 50/50 joint venture company with Viacom Outdoor) won an exclusive 10-year contract to supply and maintain street furniture in West Hollywood, a very attractive area located in the heart of Los Angeles.

The Group extends its expertise to shopping malls

We are also developing our Street Furniture business in the United States in shopping malls, which we view as the real "downtown" of many cities in the United States. In fact, Americans make most of their essential consumer purchases (except for automobiles) in malls, where they also visit movie theatres and restaurants. In addition to a large audience, shopping malls offer the advantage of having a commercial purpose and provide advertisers with an opportunity to advertise next to points of sale. Present in 99 shopping malls in the United States, we have a 40% market share in shopping malls in the 20 largest American urban areas. Our contracts with shopping malls include some of the most prestigious malls in the United States, including *Roosevelt Field* (New York), *The Mall at Short Hills* (New Jersey), *Water Tower Place* in Chicago (Illinois), and *Westfield Century City* and *Beverly Center* in Los Angeles (California).

We have also successfully launched street furniture advertising in shopping malls in other countries. As of 31 December 2005, we had street furniture panels in approximately 566 shopping malls in 15 countries in Europe (Belgium, Bosnia, the Czech Republic, Finland, France, Hungary, Portugal, Latvia, Norway, Serbia and Montenegro, Slovakia, Slovenia, Spain, Sweden, and the United Kingdom), as compared to 539 malls in 2004. This continued growth compared to 2004 can be explained by further growth in our business in the *Sektor and Steen & Stroëm* malls in Norway and significant gains in Hungary.

We have also developed rapidly in Japan: in addition to our advertising operations with Aeon/Jusco, MCDecaux, our 60%-owned subsidiary in Japan, was also awarded a 15-year exclusive contract for installation of MUPI® advertisements in shopping malls operated by Ito Yokado, which has 179 malls across Japan, with a very high concentration in the area of greater Tokyo, where Ito Yokado has 116 malls. As of 31 December 2005, we were present in 83 shopping malls located in Japan's largest cities, compared to 61 in 2004.

We have also successfully developed this business in Argentina, Singapore and Hong Kong with 27 malls.

Key positions in Asia-Pacific

We believe there is significant potential to develop our Street Furniture business in the Asia-Pacific region, an area where the concept of street furniture is still relatively new. Present in this region since the early 1990s, we already have street furniture contracts in Sydney in Australia, Singapore, Bangkok in Thailand, Macau in China and Seoul in South Korea (taxi shelters and bus shelters). In 2004, we won the bid to put advertising in bus shelters in Yokohama, the second largest city in Japan. Advertising on street furniture had previously been prohibited, but now that this restriction has been lifted we see significant growth potential in this market and in 2005 we expanded our business in Japan by winning the tenders for exclusive 20-year street furniture contracts in Nagoya and Kobe.

In 2005, we significantly grew our footprint in China with the acquisitions of Texon Media, the number one street furniture advertiser in Hong Kong. Texon manages more than 4,800 advertising faces on Hong Kong bus shelters under long-term agreements with the three principal local bus companies. In Beijing, together with GeHua, we installed 500 double-face advertising displays, located in the most attractive locations of the Chinese capital. Lastly, with the acquisition in 2005 of MediaNation, we are now managing the contract for newspaper kiosks in Shanghai.

South America, a growth area
In South America, we hold street furniture contracts in Salvador de Bahia in Brazil, Montevideo in Uruguay, and Buenos Aires in Argentina (shopping malls).

Future public bids: a reservoir for growth
We believe that the Street Furniture business has significant growth potential and intend to pursue international growth in the coming years. New street furniture contracts could be put out for bid in North America, especially in Toronto; in Europe, in Rome in Italy, Sofia in Bulgaria, Malaga in Spain and Stockholm in Sweden; in South America, in Sao Paulo in Brazil and in Buenos Aires in Argentina; and in Asia-Pacific, with Melbourne in Australia and in certain key Japanese and Chinese cities.

2.4 Sales and marketing

We market our street furniture products as a premium quality advertising medium. Grouped in networks, these spaces are sold for advertising campaigns that last between seven days in France and the majority of European countries, to 15 days in Spain and the United Kingdom, to one month in the United States. We market and sell all of our advertising space through our own sales forces to advertisers and their advertising or media agencies. Our rates are specified on standard rate cards, and it is our policy not to offer discounts, other than volume discounts. Rates across our network may vary according to the size and quality of the network, the commercial attractiveness of the city, the time of year and the occurrence of special events, such as the Olympic Games or the Soccer World Cup.

To respond to the diversity of our clients' advertising needs, we offer both very powerful mass media networks and targeted networks built on the basis of sophisticated socio-demographic and geographic databases to offer a special appeal for precise targets. This selectivity of faces makes it possible to realise higher value from our assets.

In 2003, in France, for example, we created Distingo®, a network of 2m² advertising faces (bus shelters and MUPI®) specifically targeting highly sophisticated urban women. Likewise, in 2004 we offered a network of 2m² advertising faces, FamiliConso®, which allows for specific targeting of households with above-average weekly income, particularly adapted to advertisers of high-consumption products. This strategy was further pursued in 2005, with the creation of a network of 2,000 faces (DIVA®) targeting households with the highest levels of disposable income, a target market for many products. In 2006 we launched the new network "Cité Jeunes Actifs", targeting young people from 15 to 25 years old, and "Créamix", an innovative concept giving advertisers the possibility to maximise advertising space that may be available to them at various times during the day. Thus, a company can promote two different products simultaneously over the same network. The faces of the network are selected very precisely to reach specific targets for each product. The Créamix concept may also be used on scrolling panels, allowing an advertiser to share daily advertising time among different products and communicate at the most appropriate time, when a targeted consumer has the highest likelihood of being near a display.

In the Netherlands, we have developed a Shoppers network consisting of 1000 panels near shopping centres, malls and supermarkets. We also have a Movie & Culture network in the major cities of Amsterdam, The Hague and Utrecht, near places visited by young people and places of entertainment, allowing us to maximise the desire of entertainment customers to use the medium.
We also have successfully launched a Magazine network with panels in several cities, highly targeted close to magazine sales outlets.

The expansion of Innovate to 30 countries continues to have a positive effect on our business. The Innovate teams throughout the JCDecaux Group have developed a range of products and a deep understanding of how technologies from other emerging communication industries can be combined with outdoor advertising to help make the medium more interactive and attractive. By developing this expertise, we anticipated the needs of advertisers wishing to invest in increasingly innovative media. Given the volume of advertising messages bombarding consumers every day, various media have to offer advertisers campaigns that involve consumers in an original way. JCDecaux Innovate teams are constantly proposing new and innovative concepts for our customers' product campaigns, driving interest in the outdoor medium and stimulating diversity in our customer base and ultimately revenue growth.

2.5 Contracts for the sale, lease and maintenance of street furniture

Principally in France and in the United Kingdom, we sell, lease and maintain street furniture, which generates revenues that are recorded in the Street Furniture segment of our financial statements. In 2005, such activities generated revenues of €98.5 million, representing 10.6% of our total Street Furniture revenues.

These non-advertising revenues also included sale of innovative technical solutions associated with innovative street furniture campaigns (Innovate).

3. BILLBOARD

We are the leading Billboard advertising company in Europe in terms of sales. In 2005, Billboard represented 25% of our revenues.

Our billboards generally appear prominently near the principal commuter routes of cities and their suburbs, allowing our advertisers to reach a wide audience. Our billboard networks are situated in high-visibility locations in major cities such as Paris, London, Brussels, Vienna, Madrid and Lisbon, and offer advertisers extensive territorial coverage in each country.

Our Billboard activities also include illuminated advertising, consisting essentially of the creation and installation of large-format neon signs. We also offer wall wrap advertising. Present in 18 countries, with 160 neon signs, we currently cover the major European capitals and aim to become stronger in Asia and Central Europe. In 2005, illuminated advertising operations generated revenues of €13.1 million, accounting for 3.1% of total Billboard revenues.

3.1 Characteristics of billboard contracts

We lease the sites of our billboards principally from private landowners or building owners (private law contracts) and, to a lesser extent, from city authorities (public law contracts), railway authorities, universities, or real estate companies. We pay rent directly to the owners of such land or buildings. Where state or local government property is involved, billboard contracts are generally awarded after a process of competitive bidding. In the United Kingdom, we also own certain sites where we install billboards.

Principal terms and conditions common to most of our private billboard contracts are as follows:

- a term of six years from the date of signature, with, for France, automatic renewal from year to year after expiration of the initial term, unless terminated earlier on three months notice prior to expiration, with such terms being longer in countries where the term is not limited by law ;
- free access to the location to the extent required for installation and maintenance of the facility;
- provisions relating to the type of billboard, the type and surface area of the faces that may be displayed and the rent to be paid to the landlord;
- landlord responsibility for ensuring that the billboards remain visible, especially with respect to vegetation.

3.2 Geographic presence

As of 31 December 2005, we had 189,700 advertising faces in 25 European countries (in nearly 3,000 European cities with more than 10,000 people) and three Asia-Pacific countries (Thailand, Singapore, and the People's Republic of China). The number of advertising faces decreased slightly in 2005 compared to 2004. We continued our strategy of improving the quality of our large format billboards by dismantling certain low-quality panels and replacing them with better, more state-of-the-art displays, which are scrolling or back-lit. As of 31 December 2005, we had approximately 48,300 large format billboard faces in France.

The neon sign advertising business is located principally in France, but we are also developing this business in other countries, such as Spain, Portugal, Poland, Hungary, and Belgium.

As of 31 December 2005, the geographic coverage of our Billboard advertising faces was as follows:

Country	Number of advertising faces
France	48,300
United Kingdom	11,100
Rest of Europe (1)	130,100
Asia-Pacific (2)	200
Total	**189,700**

(1) Includes Germany, Austria, the Netherlands, Belgium, Italy, Spain, Portugal, Ireland, Sweden, Norway, Finland, Denmark, Bosnia, Bulgaria, Croatia, Estonia, Lithuania, Latvia, Hungary, the Czech Republic, Serbia & Montenegro, Slovakia, and Slovenia.

(2) Includes Thailand, PR China, and Hong Kong.

3.3 Our product offering

Our billboard offering includes a broad range of products, with general coverage packages offering advertisers a true "mass media" audience over a wide geographic area, and more targeted packages that offer contact with specific audiences having certain demographic or socio-economic characteristics.

The size and format of our billboards vary across our networks, primarily according to local regulation. In all areas, though, our billboards and neon signs are characterised by a high level of quality and visibility, which is essential to attracting our advertisers' target audience. Our premium billboards are also illuminated, which we estimate increases their audience size by up to 40%.

Our new billboards feature successful street furniture concepts, such as backlighting and scrolling panels. The use of scrolling panels increases the number of faces that can be marketed per display and creates new marketing opportunities, such as timesharing. Since the acquisition of Avenir in 1999, we have invested significantly to improve the quality of our Billboard network, especially in the major markets of France and the United Kingdom. Each qualitative improvement has enabled us to strengthen the advertising effectiveness of our networks and differentiate our product offering to advertisers. For the most visible and prestigious displays, for example, we have continued to replace fixed panels by 8, 12, and 18 m^2 back-lit scrolling panels called "Vitrines®".

As of 31 December 2005, we had installed over 3,600 Vitrines® in France, over 250 in the United Kingdom and approximately 300 spread over ten other European markets, mainly in Belgium, Austria, Sweden and Spain.

In 2005, in France, 42% of the advertising faces offered in our short-term campaigns were illuminated, significantly exceeding that of our competitors' networks in France, which had only 28% of their billboards back-lit on average. In the United Kingdom, we also invested in this segment to increase the number of back-lit panels. In 2003, we were the first national company to exceed a 50% illumination level. By 2005, we had grown this level further to 53%, compared to 47% for our competitors *(source: Postar)*. This should enable us to continue increasing average revenues generated per face, since these panels reach a more significant audience.

In fact, recent impact studies by Carat, the leading French media agency, and Postar, an audience survey institute for outdoor advertising in the United Kingdom, showed that an advertising campaign posted on scrolling panels (such as "Vitrines®") had as much impact as an advertising campaign posted on a fixed panel, even though the exposure time is shorter. The mobility of the panel attracts attention and reinforces the effectiveness of the advertising message, making this type of panel particularly attractive to advertisers.

In some markets, particularly the United Kingdom, we have continued to bring forward new, large, landmark large format offerings (the "Premiere" line). These are large back-lit panels, both horizontal and vertical to capture synergies with street furniture creative forms, in a range of sizes from 18 to 83m^2 and situated at only at the most prestigious and highest audience flow locations. As of 31 December 2005 we had 265 of these panels, compared with 195 as of 31 December 2004, as we expanded the product from London to key locations in the other major cities of the United Kingdom, including Manchester, Birmingham, Glasgow and Leeds. The largest Premiere sites, 4.6m high by 18m long, include the Cromwell Road in London (the premium route from the capital's centre to Heathrow Airport) and a new site next to Junction 2 on the M1 motorway (the major gateway heading from the north into and out of London).

In September 2005, we added M4 Tower, the United Kingdom's tallest purpose built advertising structure (28.5 meters tall, as high as a seven storey building), which is positioned for maximum visibility on the main highway to Heathrow Airport from London. Designed for JCDecaux by the award-winning architects Foster and Partners, the two 50m^2 panels on the structure will reach over 1.6 million consumers every week. Through innovative design incorporating thousands of mini-LEDs, the structure can change colour to reflect the corporate identity of the advertiser.

In the Netherlands in 2005, we also commissioned a landmark structure with three 106m^2 faces dominating the motorway network on one edge of Amsterdam.

3.4 Sales and marketing

We market our billboard network under the Avenir trademark in France and Spain, under the JCDecaux trademark in the United Kingdom, Ireland, the Netherlands and several other European countries, under the Gewista trademark in Austria, under the Europlakat trademark in Central Europe, under the Belgoposter trademark in Belgium, and under the IGPDecaux trademark in Italy.

All advertising space is sold by our own sales forces to advertisers or to their advertising or media agencies.

A large proportion of our Billboard business comes from short-term 7- to 15-day advertising campaigns, although in some countries, such as France, long-term packages ranging from one to three years also contribute significantly to our revenues (23% in 2005). Long-term packages tend to be purchased in order to provide directions to the location of a particular advertiser or to promote its trademark or corporate image.

Because of our unique presence and advertising network in Europe, we are able to offer advertisers pan-European, multi-display and/or multi-format campaigns.

Since its creation in 2000, JCDecaux One Stop Shop, a subsidiary that specialises in the coordination of advertising campaigns internationally, has undertaken pan-European advertising campaigns for prestigious advertisers like Alcatel, Levi's, Gap, H&M and Mitsubishi. In addition, we have entered into a certain number of pan-European, multi-year strategic alliances with international advertisers, including Unilever and Masterfoods, for which we have become the preferred partner in the area of outdoor advertising.

Unlike street furniture advertising, prices may be discounted from our standard rate cards, consistent with market practice. This practice led us to develop a system that allows our sales force to optimise billboard network sales. Thanks to our "Yield Management" system, our sales force can follow in real time the development of supply and demand for our advertising networks and can appropriately adjust discounts offered to advertisers in order to sell each billboard network at the highest possible price.

Each billboard network is assembled in conjunction with audience measurement studies. These audience measurements are compiled on the basis of geomarketing data and tools, such as "Geo-Logic®", a unique geomarketing tool that compiles socio-demographic data on movement, behaviour, consumption and sectors of activity on the basis of geography crossed with property. We use these data to help our clients to tailor their advertising campaigns to the characteristics of their target audience, such as age, gender, income, Internet usage, or the proximity of panels to particular retail stores. This tool has also helped us in optimising the placement of our panels and selecting new sites.

Constructed with the help of these geomarketing tools and audience measurement studies, our billboard networks address the specific communication objectives of our advertisers. Advertisers can buy networks that provide them with homogenous national or regional advertising coverage, or that focus coverage in a key city, or that are located near stores, movie theatres or metro stations.

Use of these tools also allows us to sell our billboard networks as a "time-share". With the advent of scrolling billboards and remote control technology, we are now able to manage in a very precise manner the display face that appears on a billboard at a given time. We offer our advertisers the option of targeting their potential audience at the times that such audience is most likely to be in the vicinity of a given billboard. Along the Paris périphérique (ring road), for example, we now sell separate advertising packages on our panels during the morning, afternoon and evening hours. Likewise, we developed a unique line of targeted display systems in France at the national level. Avenir, our Billboard subsidiary in France, is today the only operator able to make such an offering to advertisers, due in large part to the quality of its national coverage.

Our Billboard offering also benefits from the developments of our Innovate concept. We have been able to attract new advertisers with imaginative uses of our scrolling billboards, by adding LCD panels to large format boards and by using lens technology and special lighting techniques. Finally, in the United Kingdom, we have developed a new, innovative billboard technology called "Chameleon", which makes it possible to put up two completely different displays, night and day, on a single back-lit structure. We financed this innovation and own the exclusive marketing rights to use it for our clients.

4. TRANSPORT

Our Transport advertising business includes the world's leading airport advertising business, advertising concessions in metros, trains, busses, trams and other mass transit systems, as well as the express train terminals serving international airports around the world. In addition to the 153 advertising concessions we hold in airports, we also have the right to sell advertising space in over 300 metros, trains, busses and tramway systems in approximately 180 cities in Europe, South America and Asia-Pacific. Altogether, we manage over 207,000 advertising faces in transport systems throughout 21 countries, with nearly 27,000 faces in airports. This number excludes small-scale advertisements on airport luggage trolleys and in bus, tram, train and metro interiors.

In 2005, Transport accounted for 22% of our revenues. Airport advertising accounted for 54% of our Transport revenues, with advertising in other transport systems accounting for 36%. Marginal operations conducted by subsidiaries in our Transport business, like billboard or cinema advertisements, represented nearly 10% of Transport revenues.

Characteristics of transport contracts

Contracts for advertising in airports and other transport systems vary considerably. Such variations reflect the importance of the role that the grantor of the concession tries to play in managing the content of the advertising space it provides. This choice of approach can affect the terms and conditions of the contract, such as duration, the amount of any fees, ownership of the equipment, termination and the degree of exclusivity, as well as location and advertising content. Principal terms and conditions common to most of our transport advertising contracts are as follows:

- a term of between five to fifteen years;
- payment of a fee proportional to revenues realised, including a minimum in some cases;
- depending on the particular requirements of the grantors, we may design, build, install, and maintain at our expense wall supports, digital screens, dioramas, advertising panels, or any other type of furniture. We also provide to certain grantors information panels and information systems and advertising, such as local maps;
- we may or may not receive exclusive rights to conduct advertising in all or part of the terminals. Certain grantors are willing to extend our rights to include external bus shelters and terminal areas such as arrival platforms;
- the choice of initial location for billboard installations is generally made by mutual agreement. Occasionally, advertising content may be subject to the grantor's approval. Our rights may also be limited by airlines that have sublet space from the airport and, accordingly, may have rights to determine the location and content of advertising faces in their space.

4.1 Airport advertising

According to the International Air Travel Association (IATA), 1.8 billion passengers flew in 2004, which represented growth of nearly 12% compared to 2003, after three years of stagnant air traffic due to the attacks of 11 September 2001, the SARS epidemic, and the war in Iraq. This upward trend was confirmed in 2005, with growth of worldwide air traffic of between 7 and 8% during the first six months alone. We benefited from that growth and 2005 showed higher revenues, which strengthened our position as worldwide leader in airport advertising.

4.1.1 Geographic presence

Under a single trade name, "JCDecaux Airport", we reach around 29% of worldwide airport traffic with a presence:

- in Europe, with 104 airports, 3 of which are the largest in Europe: London, Paris, and Frankfurt. We manage the advertising concessions for 42 airports in France, including those for the Aéroports de Paris (Charles-de-Gaulle and Orly), the 7 British airports of the British Airport Authority (BAA) (including Heathrow, Gatwick and Stansted), the Frankfurt airport in Germany (in partnership with the Frankfurt airport authority), the Stockholm airport (Arlanda) in Sweden, 22 airports in Spain (including Barcelona, Malaga and Alicante), some Milan airports (Malpensa and Linate) and Rome airports through IGPDecaux in Italy, as well as all of the airports in Portugal and Poland;
- in Asia, with the concession for the Hong Kong airport (Chek Lap Kok), the major entry point into the region, the Macau airport, and, most recently, the concession for the Shanghai airports (Pudong International Airport and Hongqiao Domestic Airport);
- in the United States, with concessions in 36 airports, including New York (JFK and La Guardia as well as Newark, a new contract won in 2005), Houston, Philadelphia, Miami, Seattle and Washington D.C.;
- in Mexico, where we hold the advertising concession for 9 airports in Southeastern Mexico, including Cancún, Mérida and Cozumel, which are managed through a partnering agreement with UDC.

The following table sets forth our activities in the 10 largest destinations by passenger volume in 2005:

Airports	Passengers (in millions)	Holder of the contract
London	131.5	**JCDecaux**
New York	99	**JCDecaux**
Chicago	96	Clear Channel
Tokyo (1)	95	Local company
Atlanta	86	Clear Channel
Paris	78	**JCDecaux**
Los Angeles	68	Tender in progress
Dallas	65	Clear Channel/**JCDecaux**
Frankfurt	55	**JCDecaux**/Fraport (2)
Houston	48	**JCDecaux**

Source: ACI – for the period September 2004-October 2005

(1) In 2004 we entered into an agreement with Tokyu Space Creation, a subsidiary of the fourth largest Japanese advertising agency, for joint marketing of advertising space in 26 Japanese airports (including Tokyo) and the Group's 153 airports.

(2) We own a 39% stake in Media Frankfurt, a joint venture with the Frankfurt airport authority.

We hold advertising concessions in airports in 13 countries, mainly in Europe. In 2005, we won or renewed significant contracts, which strengthened our position as world leader in airport advertising. JCDecaux Airport renewed the contract for the New York airports JFK and La Guardia for 10 years, and also won the advertising concession for Newark airport. That contract took effect on 1 January 2006.

In China, JCDecaux Pearl & Dean (a subsidiary located in Hong Kong) created a joint venture with the Shanghai airport authorities (SIA/SAA) and the media company Momentum. This new company will manage indoor and outdoor advertising space at the two Shanghai airports: Shanghai Hongqiao Airport and Pudong International Airport. In 2005, traffic in the Shanghai airports was more than 41 million passengers, for growth of 17% compared to 2004.

As of 1 January 2006, the geographic coverage of our advertising faces in airports was as follows:

Country/Region	Number of airports	Number of advertising faces
France	42	5,762
United Kingdom	8	3,356
Rest of Europe (1)	54	9,155
North America (2)	36	6,119
Asia-Pacific (3)	4	2,313
Rest of the World(4)	9	189
TOTAL	**153**	**26,894**

(1) Spain, Germany, Italy, Norway, Poland, Portugal, Sweden, and Denmark.
(2) United States. The faces in Newark (contract beginning on 1 January 2006) are not included.
(3) Hong Kong, Macau and Shanghai.
(4) Mexico.

4.1.2 Airport advertising contracts

We seek to obtain the exclusive right to place advertising in airports under concessions granted by the authorities operating the airports. Concessions are granted through competitive bids, for a term that typically ranges between five and fifteen years. As of 31 December 2005, the average remaining life of our airport advertising contracts (weighted by 2005 revenues) was five years.

We pay a percentage of our advertising revenues to airport authorities under our concession agreements, varying between 50 to 70%, on average, of our realised revenues. However, our initial capital investment, which is often assumed by the airport or by advertisers, as well as our ongoing maintenance expenses, are much less than those incurred under our street furniture contracts.

4.1.3 Audience and traffic

The audience in airports is particularly sought after by advertisers because it typically includes a high percentage of business travellers, who are difficult to reach through traditional media. Such travellers spend a considerable amount of time waiting for flights and luggage, and thus constitute a captive, targeted audience relatively open to receiving an advertiser's message. Airport advertising represents one of the best ways for advertisers to reach this affluent audience that generally has little free time.

According to the most recent IATA (International Air Travel Association) report of forecasts of worldwide air traffic, 2004 saw the strongest growth since 1991 in terms of international traffic (+ 16% compared to 2003). This increase, occurring within the context of the situation post-11 September 2001, the SARS epidemic in Asia, and the Iraq war, was driven by strong business growth, particularly in Asia. In 2005, air traffic finally resumed a cycle of dynamic and steady growth of between 7 and 8% for the year.

IATA forecasts annual growth of air traffic of more than 5% on average for the next four years (2006-2009). This growth should be supported by good worldwide economic prospects and by continued deregulation of the airline industry, which should make air travel more accessible for all (given that a proliferation of low-cost carriers should lead to lower air travel prices).
Also, according to IATA, all regions of the world should see growth over the next five years, with particularly dynamic performance in Asia (driven by China), the Middle East, and Central Europe. In 2005, Europe remained the largest market worldwide in terms of international air passengers transported, with a market share of nearly 33%.

4.1.4 Sales and marketing

We sell advertising packages for individual airports as well as packages that allow international advertisers to display their advertisements in multiple airports around the world. In this connection, we believe that our presence in 153 airports around the world is a major asset both with respect to international advertisers, for which we can design national and international campaigns, and with respect to the airport authorities that benefit from our ability to generate greater sales and value per face as a result of marketing advertising displays nationally or globally.

Our global dimension in the area of airport advertising played a major role in the decision of the Frankfurt, Stockholm, Rome, and Shanghai airports, which previously had in-house agencies, to work with us in managing their advertising over a long period to maximize their advertising revenues per passenger.

We design and position our airport advertising structures to blend in with the overall design of airport terminals and to provide our advertisers with the best possible exposure and impact upon their target audience.

Our products include a wide range of advertising structures of different formats, as well as presentation stands and advertising faces mounted on trolleys. These panels are placed where passengers tend to congregate, such as at check-in areas, passenger lounges, gate areas, passenger corridors and baggage carousel areas, offering advertisers the opportunity to interact with their target audience close to points of sale and to the commercial areas of the airport. We also build custom-made advertising structures for our advertisers, such as oversized models of their products, which have a maximum impact on incoming and outgoing road traffic.

Aéo®, first televisual medium for the airport-passenger relationship
In 2003, JCDecaux Airport inaugurated the "Aéo®", the first 100% digital soundless televisual medium dedicated to the airport-passenger relationship, tested in terminal 2E of Paris's Charles de Gaulle airport. In 2005, we installed more than 150 Aéo® monitors in the Paris Orly Ouest terminal and in Terminals 2F and 2C and part of Terminal 1 of Paris's Charles de Gaulle airport in connection with its renovation plan. With an editorial line focused on sports and leisure, Aéo® broadcasts information in real time to passengers, including information about European or world news or information about the airport, as well as advertising. In the coming years, JCDecaux Airport will expand the Aéo® channel to all Paris airports to create a network of more than 300 screens. This medium, which is on the cutting edge of innovation, now allows us to position ourselves not just as a simple operator of airport advertising, but as an actual provider of services to air passengers.

Targeting and measuring the audience for airport media
A pioneer in audience measurement, we were the first outdoor advertising group to develop a system of audience measurement specifically designed for airports (RADAR), which makes it possible to inventory advertising faces, establish their proximity to points of sale and determine the socio-demographic characteristics of the public that is likely to see the advertising faces. With this tool, we can offer advertisers advertising networks that target a specific audience, such as passengers travelling first class, passengers taking domestic flights or passengers taking long-haul international flights.

Over the last three years, a major innovation was introduced in airport media in France through the development of a study of audience measurement able to provide advertisers with data on media performance by face or by network. The *Media Aéroport Performances* (MAP) is a survey that now makes it possible to quantify exactly various airport audience profiles and measure the performance of advertising through a specially-adapted media planning software package. In 2005, *Média Aéroport Performances* strengthened its reach and is now able to measure performance of event structures and relational marketing in addition to traditional media.

JCDecaux creates an airport event
To take advantage of the increase in waiting time resulting from heightened security, JCDecaux Airport has also developed several relational marketing actions. These actions are intended to present, test or describe products or services to passengers, by taking advantage of the unique opportunity offered by airports for this particular kind of contact. These targeted advertising campaigns enhance the airport environment.

In France, in 2005, JCDecaux Airport undertook a relational marketing event that is particularly representative of this development of the medium toward new forms of advertising, by creating a virtual boutique at Orly using the colours of Whirlpool. For a month, passengers at Orly Ouest could get a sneak preview of the latest concept in home dry cleaning: ready-to-wear. The advertising structure was also shown in three regional airports using unusual formats and structures.

The airport medium, because of its exceptional environment and international and national reach, is a strategic method of communication for spreading a brand worldwide. JCDecaux Airport was able to design in July 2005 a three-year major campaign for rolling out the HSBC brand in France. JCDecaux Airport covered all of the interior and external passage ways to planes at Paris Charles-de-Gaulle, Orly, Marseille, Lyon, Toulouse and Bordeaux airports and placed more than 3 000 panels with HSBC colours on luggage carts at the airports of Paris and Nice.

In Asia, Louis Vuitton put up a giant trunk six meters in height in the arrival area of the Hong Kong airport.

JCDecaux Airport is constantly looking for product innovations to attract more advertisers to the advantages of airport advertising.

4.2 Metro and Other Transport Advertising

As of 31 December 2005, we had more than 300 advertising contracts in metros, trains, busses, trams, and rapid transit systems serving airports around the world.

4.2.1 Geographic presence

In 2005, we significantly strengthened our presence in the Chinese market with the acquisition of MediaNation and Media Partners International, leading companies in managing advertising contracts on metros and busses. As a result of this rapid expansion, we became the leading outdoor advertising company in China and the operator for more than 30,000 advertising contracts on busses in 18 Chinese cities, as well as for the metros in Beijing, Shanghai, Guangzhou, Chongqing and Tianjin, for more a total of more than 66,000 faces.

We also won the 15-year contract for the new line 1 of the metro in Tianjin, the country's sixth largest city. We will have a priority right to provide advertising for the next four lines that will be built between now and 2010.

Lastly, we also hold the advertising concession contract for five urban lines of the Mass Transit Railway (MTR) system of the Hong Kong metro, as well as the contract for the express train serving the airport (Airport Express). With more than 841 million passengers per year, the Hong Kong metro is one of the largest in the world and provides a solid base for growth of our advertising business in Asia.

Following the acquisitions made in 2005, China is today the third largest country in terms of revenues for our Group, after France and the United Kingdom. According to ZenithOptimedia, China is expected to have the highest growth rate in the world in the area of outdoor advertising, of which we hope to take full advantage.

In addition to Asia-Pacific, we have contracts for the metros of Santiago de Chile, Bilbao, Barcelona, Milan, Rome, Vienna, Prague, and Oslo, and we hold the advertising contracts for the Eurostar in London, the Eurotunnel areas on both sides of the English Channel, and for the rapid transit trains serving the airports of Oslo and Heathrow.

We also hold several advertising contracts in or on busses, trams, and trains around the world, including those for Melbourne, Vienna, Oslo, Rome, Milan, Barcelona, Prague and Budapest, and, at a national level, Italy and Sweden.

4.2.2 Metro and other transport advertising contracts

The term of our metro contracts is typically between three and ten years. As of 31 December 2005, the average remaining term (weighted for 2005 revenues) of our metro and other transportation system contracts was five years. As the initial investment and ongoing maintenance expenses required in metro contracts are typically lower than those required in street furniture contracts, we pay the concession grantors a variable fee, in the form of a percentage of our advertising revenues.

4.2.3 Audience and traffic

The metro-riding population is comparable to that which views our billboards and street furniture displays. We use the same geomarketing techniques to maximize the impact of these advertising networks on the metro audience, and the effectiveness of our advertisers' commercial offerings . As indicated above, the effectiveness of audience measurement of transport advertising is gradually improving, as it becomes included in measuring systems that are further developed, as is the case in Sweden, Ireland and the United Kingdom. We believe that this tendency will become more pronounced as time goes by.

4.2.4 Sales and marketing

In 2005, our transit media experienced great success with advertisers as a result of certain highly visible advertising actions. In Chile, for example, we covered metro trains in Santiago in the colours of Coca-Cola and for Tiendras Paris jeans. These campaigns guaranteed high visibility for the brands, since the Santiago metro is used by one million passengers per day.

Through our subsidiary Gewista, we successfully marketed electronic billboards in the Vienna metro. Placed on metro platforms in nine stations and on certain rails, the screens of the "Infoscreen" system continuously broadcast information programmes, cartoons, weather forecasts, entertainment and advertising, reaching a weekly audience of 3 million people.

OUR ADVERTISERS

1. KEY ADVERTISERS

We are constantly seeking to broaden and diversify our client base. Diversification provides opportunities for growth and protection against the volatility of certain types of advertisers' budgets.
In 2005, the expansion of our business in Asia-Pacific, especially in China and Japan, further enhanced the diversification of our revenue stream.

In 2005, revenues from only five advertisers amounted to more than 1% each of our consolidated advertising revenues. Unilever remained our largest customer due to the continued success of our pan-European alliance with them, which was renewed at the beginning of 2005. However, other advertisers have increased their spending at a faster rate, with Mulliez (Auchan, Décathlon, Leroy Merlin, etc.) returning as one of our top ten clients. Ford significantly increased advertising spending with us, benefiting from our ability to coordinate international product activity more efficiently than our competitors and returning to its place as a top ten client, as did Vivendi International. Samsung became a top ten client for the first time in 2005.

Our ten largest advertisers, accounting for almost 12% of our consolidated advertising revenues, a percentage similar to that of the top ten in 2004, were: Unilever, Ford Motor Company, France Télécom, PSA (Peugeot), Renault Nissan, LVMH, Vodafone Group, Mulliez, Vivendi International and Samsung Electronics.

Breakdown of advertisers by industry

The following table shows the distribution of our advertising revenues by industry in 2004 and 2005:

	% of total revenues	
Industry	**2005**	**2004**
Leisure/entertainment/film	14.6	15.0
Retail stores	11.9	12.0
Automobile	8.4	7.5
Banking/Finance	8.3	7.2
Food and beverage	8.2	9.4
Services	8.0	6.9
Luxury and beauty products	6.9	8.0
Fashion	6.7	7.1
Travel	6.0	5.8
Telecom/technology	4.9	5.2
Wine and spirits	2.9	3.4
Government	2.6	2.4
Beer	2.2	2.1
Tobacco	1.3	1.3
Internet	0.7	0.9
Others	6.4	5.8
TOTAL	**100%**	**100%**

In 2005, companies in the leisure and film industries continued to represent the biggest client category for us, accounting for 14.6% of our consolidated advertising revenues. In a media market that remained difficult and in which advertisers found it harder to connect with their audiences, outdoor advertising continued to be the "media's medium". Subject to increasing competition, the large television, film, radio and print companies have turned increasingly to outdoor advertising to promote their products. Vivendi Universal significantly increased its advertising spending with us, returning to our top ten list of clients. Channel 4 television in the United Kingdom also significantly increased its use of outdoor advertising.

The retail industry, excluding clothing, accounted for 11.9% of our consolidated advertising revenues in 2005 compared to 12.0% in 2004, having consolidated after the rapid growth of the previous year. It remained the second largest industry for us. Even though the share of consolidated net revenues from the retail industry remained stable year on year, the advertising investments of the Mulliez group further increased in 2005, bringing it into the ranks of our top ten clients. The relative lack of growth in France was more than offset elsewhere, with strong growth in larger markets such as the United Kingdom and Germany. In the United Kingdom., B&Q (home hardware and gardening) and DFS (furniture and furnishings) transferred a portion of their television and press advertising budget to outdoor advertising, especially during peak promotional periods. Increased competition and store expansion drove the growth in spending in this segment in a broad range of markets.

The advertising investment of automobile businesses grew faster than the rate of growth in spending overall, returning the automobile industry to being our third largest category. A combination of factors was responsible for this increase. Total advertising spending is dependent on the phasing in of new vehicle introductions, and these appeared a little more buoyant in 2005 than was the case in 2004, as we predicted last year. Significantly, JCDecaux increased its share of revenues from these product launches and gained a number of new clients, particularly in our largest market, France (Alfa Romeo, Audi, Volvo).

Revenue from the financial industry experienced significant growth in 2005, becoming our fourth largest sector and accounting for 8.3% of our consolidated advertising revenue compared to 7.2% in 2004. This trend was exhibited right across the group and appears to result from growing recognition of the strength of outdoor advertising as a communication medium for this sector, particularly amongst banks. Strong local competition between banking and insurance products aided growth in the sector with several companies using outdoor advertising for the first time, particularly in the newer members of the EU but also in our largest markets, France, Spain and Italy.

The advertising spending of food and beverage companies (Kraft, Cadbury Schweppes, Nestle etc.) and household products companies (Unilever, Reckitt Benckiser, etc.) declined in 2005, but still accounted for our fifth largest group of advertisers at 8.2% of our consolidated advertising revenues. This decline resulted from an overall decline in spending by this sector on advertising as a whole in many markets, including France, following the implementation of the Sarkozy law on the reduction of consumption prices. In some cases this was due to fierce price competition diverting advertising activity into "spot" promotions and away from continuity advertising. We did, however, experience good growth in many Asian markets, particularly Thailand and South Korea, and the addition of mainland China has an offsetting effect on the relative weakness in some European markets as the food sector is a particularly strong part of our business here.

In 2005, the advertising revenues earned from service companies grew by over 24% compared to 2004, the highest growth rate among all of our client groups. Mobile phone operators continued to compete heavily with efforts aimed at sustaining their brand position and awareness of their networks, as well as significant rebranding activity as the industry continues to consolidate. A number of telephone service providers were also heavily promoting new broadband links. The telecoms and technology sector consequently continued to be affected by the spending priorities of the mobile phone networks with fewer launches of handsets being advertised. This industry, therefore, stabilised in terms of advertising spending and in terms of its contribution to our consolidated revenues between 2004 and 2005.

Revenues earned from large luxury and beauty products companies (L'Oréal, LVMH, and Clarins) showed conflicting patterns, depending on the market. Good growth in the luxury and beauty products market in Asia did not offset reductions in advertising spending on beauty products in all of the major European markets, especially France and the United Kingdom. This drop suggests a change in advertising strategy by these advertisers, particularly in France for perfumes.

As was the case in 2004, despite a slight increase in advertising spending, the percentage of our revenues represented by advertisers in the fashion industry declined slightly in 2005. There were encouraging signs of a range of new clients using the medium, particularly in Central Europe and Italy (Kenvelo, Dolce & Gabbana, Esprit), but this trend was not enough to offset entirely the decision by H&M to switch its outdoor advertising spending in Northern Europe exclusively into television. In the U.K., growth in revenues from fashion was supported by spending by Marks & Spencer, mainly for television and outdoor advertising.

Advertising spending by the travel industry continued its steady recovery in 2005, and it remained an important industry for us, accounting for 6.0% of our consolidated advertising revenues. Advertisers new to the medium, such as the Greek and Austrian Tourist Boards, boosted revenues, as did heightened competition amongst airlines in certain markets and amongst travel agencies featuring "last minute" packages, which encouraged a shift of part of their advertising spending from press to outdoor, deemed both more flexible and more effective. In the U.K., the increase in advertising spending by the company that handles London public transport, "Transport for London", and an increase in airline competitive advertising due to a price war (Monarch, BMI, Virgin Atlantic, Emirates), was particularly strong.

Revenues from government sources have typically been dependent to a large degree on the cycle of national elections. However, this activity seems to have largely been balanced year on year with an above average increase in spending for this category being driven by a greater use of the outdoor medium for awareness campaigns (such as the AIDS prevention campaign in Chile) and for more localised election campaigns. Revenue grew in 2005 to 2.6% of our consolidated advertising revenues.

In 2005, revenues from beer advertising were up slightly due to the relaxation of rules in some smaller markets and a highly competitive market situation. Revenues from wine and spirits advertising came under continued pressure, however, because of the ongoing public health debate in many countries on the need to restrict spending on advertising for alcoholic beverages. As a proportion of our advertising revenues, alcohol (including beer) declined from 5.5% in 2004 to 5.1% in 2005.

Advertising for tobacco continued to decline in most markets where it is still permitted and accounted for only 1.3% of our advertising revenues, as in 2004. An arrangement at the Frankfurt airport for tobacco companies to sponsor special smoking points helped maintain the share of this small category.

Advertising spending by Internet and Internet-related companies declined slightly and accounted for 0.7% of our consolidated advertising revenues.

Cyclicality and seasonality

Advertising spending is highly dependent on general economic conditions. In periods of sluggish economic activity, companies often cut their advertising budgets more drastically than their spending in other areas. Consequently, our advertising business is dependent on the business cycle. The location of street furniture in city centres makes street furniture particularly attractive for advertisers, limiting its susceptibility to economic swings. This phenomenon allowed us to maintain growth in Street Furniture revenues during the recessions that occurred in France in 1994, 1995, 1996, 2001 and 2002.

Street Furniture is also characterised by long reservation periods for advertising campaigns, from three to four months on average, but up to one year at times, which moderates the effect of business cycle variations.

Traditionally, and particularly in France, our business slows down in July and August, as well as during January and February. To offset these slowdowns, we grant discounts on our advertising prices during July and August.

2. CHARACTERISTICS OF ADVERTISING CONTRACTS

Advertising contracts are generally entered into by advertising agencies hired by advertisers, but may also be entered into directly with advertisers themselves.

We sell advertising space on structures where the faces are grouped into networks. Advertising campaigns normally last from 7 to 28 days (short term), or over a period of 6 months to 3 years (long term).

Most often, contracts relate to one advertising campaign and specify the number of panels and week(s) reserved, the unit prices, the overall budget, and the applicable taxes. The posters are supplied by the advertisers. Each week we prepare the posters ourselves prior to distributing them to regional or local agencies for posting across the network. Once the campaign is launched, we check that the actual advertisements posted correspond to the terms of the contract. Billing for the campaign is calculated on the basis of actual advertisements posted.

3. JCDECAUX ONE STOP SHOP: SERVING OUR INTERNATIONAL ADVERTISERS

In 2000, we created our subsidiary, JCDecaux One Stop Shop, the purpose of which is to simplify the process of purchasing international campaigns for advertisers who develop their media strategy on a European scale. Located in London, JCDecaux One Stop Shop is also responsible for developing and managing alliances with international advertisers in the 45 countries where we do business. Since its creation, JCDecaux One Stop Shop has successfully completed 450 pan-European campaigns for clients such as Levi's, Gap, Ford, Tommy Hilfiger, the Greek National Tourist Office, Prada, Armani and Fox Films.

Campaigns managed by JCDecaux One Stop Shop are innovative, since they take advantage of all creative and international aspects of a poster, the language of which is universal.

In 2001, JCDecaux One Stop Shop entered into a pan-European business alliance with Unilever, our leading worldwide advertiser. As a result of this agreement, we became the preferred partner for Unilever brands in the 24 European countries covered under the partnering agreement. This agreement looks likely to deliver revenues in excess of €100 million, more than original estimates, over five years. In 2003, we also entered into a pan-European outdoor advertising alliance with Masterfoods. Lasting for 4 years, this alliance covers Masterfoods' three main businesses — food, sweets, and pet food — the campaigns for which will be posted on our networks in 16 European countries.

These international alliances enable us to strengthen the attractiveness of outdoor advertising for our major clients.

SUSTAINABLE DEVELOPMENT

Improve the quality of life, beautify cities, control water and energy use, reduce visual pollution, recycle and reuse waste products, but also implement dynamic management of human resources based on dialogue and teamwork: for many years, we have tried to act as a responsible corporate citizen and taken concrete steps on the ground, from the design of our street furniture products to our relationship with employees, clients and suppliers, to act according to this principle.

In addition to environmental protection, we are involved in good citizenship activities the purposes of which, among others, are to:

- develop a sense of loyalty to the ethical values we all share;
- offer more services to citizens;
- act to promote safety in cities and towns;
- facilitate accessibility by the handicapped to urban infrastructures, with structures and services that are specially designed and adapted;
- support operations designed to show solidarity.

Our commitments and performance in the area of sustainable development are evaluated and recognised by ethics rating agencies as well as fund managers and analysts specialising in socially responsible investment. As a result of our membership in the ASPI Eurozone® Index in 2003, we were one of 61 multinational companies that were listed in the FTSE4Good Index in March 2005.

The FTSE4Good Index includes 904 companies around the world, 36 of which are French. The series of FTSE4Good Indices was designed to facilitate investment in companies that meet a set of criteria for strict social responsibility.

The ASPI Eurozone® Index consists of 120 companies that are publicly traded in the Euro zone (50 of which are French) with the best performance in terms of sustainable development.

1. HUMAN RESOURCES

Present in 45 countries, our employees are at the heart of our Company's growth strategy and share our core values: professionalism, know-how, transparency and integrity. The Human Resources Departments in our various subsidiaries work hard to create working conditions in which all our employees can thrive and fulfil their potential.

Changes in the number of employees

As of 31 December 2005, we employed approximately 7,911 people, an increase of 978 people, or 14.1%, compared to 2004. This significant growth in the number of employees mainly reflects our rapid development in China, where we made three major acquisitions during the year, accounting for a total of 816 persons. In Europe, we continued a policy of containing headcount while adapting our organization to the needs of the market and increasing productivity. We continued our policy of strengthening our marketing and commercial teams to maintain our leadership position in the market (59 additions).

With nearly 3,100 employees (representing 40% of our operating headcount), France represented 39% of our total headcount at the end of fiscal year 2005. Nearly 1,800 people, or 57% of our French staff, are based in the Paris region (*Ile-de-France*), and work in our offices at Plaisir and Neuilly-sur-Seine, in our poster preparation and manufacturing warehouses in Plaisir and Maurepas, or in our five Paris sales offices. Our other employees are spread evenly over 14 regions in France.

Recruitment strategy

We favour internal recruitment and promotion from within to encourage growth in our existing talent. Our "Job Market", available on our Intranet site and accessible to all employees, allows for easy access to information about job opportunities. We give priority to indefinite term agreements, rather than using part-time temporary workers or subcontractors. This strategy is directly linked to our quality standards, where priority is given to the transmission of knowledge.

Organisation of work time

Each subsidiary is responsible for organising work time in light of applicable legal requirements.

In France, the organization of work time in our various companies is based on a French agreement called the Organization and Reduction of Working Time Agreement (*Accord d'Aménagement et Réduction du Temps de Travail*), initially signed in 1998 and which became effective in 2002. This agreement provides for effective work time of all our itinerant staff of 35 hours per week, with other employees receiving days off (*journées de Réduction du Temps de Travail*). For part-time employees, the organization of working time is defined on a case-by-case basis by our Department of Human Resources.

Working conditions: safety as a priority

Continuous improvement in employee safety and working conditions is a key objective. In 2005, we continued our efforts in the area of safety training by providing more than 6,000 hours of training to nearly 610 participants. Our policy and strategy for improving safety and working conditions is directed by the technical departments of each subsidiary, based on applicable legal requirements. In 2005, JCDecaux's subsidiary in the United Kingdom received the RoSPA Gold Award (Royal Society for Prevention of Accidents), which rewards companies for the resources deployed and the results obtained in the area of controlling and reducing workplace accidents. The subsidiary was rewarded for the improvements made over the last four years to improve workplace safety and make a significant reduction in the number of workplace accidents.

Compensation strategy and social insurance contributions

Salary and compensation policy is determined at the level of each subsidiary based on applicable legal requirements, employment agreements and financial resources.

In 2005, we granted salary increases of approximately 3% in France. This adjustment includes general increases and individual adjustments. Particular attention is paid to young managers.

Employee compensation is based on objective criteria, such as job profile, qualification, and experience. We are in compliance with all legal obligations with respect to contributions to social security related to compensation. For managers, a strategy of variable compensation and bonuses based on individual objectives is generally used. At the same time, bonuses for "performance quality" are awarded for travelling employees to encourage them and reward individual results.

To promote equal opportunity, we have a chart of ethics prohibiting any form of discrimination on account of age, religion, or gender. An ethics committee has been created to ensure compliance with this charter. We are in compliance with all legal requirements relating to social insurance and other contributions relating to compensation.

Balanced employee relations

We pay significant attention to the views of our employees, which are expressed in an organized and centralized institutional framework. We attempt to reach formal agreements that are fair to the parties involved in all circumstances. We benefit from the presence of the five major French unions (CFDT, CGT, CFTC, FO, CGC). Employee relations are conducted through the Local Employee Committees, the Central Workers' Council and the joint labour/management committees that are dedicated to the employer/employee relationship and that cover issues such as employee safety, mutual supplemental health insurance, disability insurance, savings plans and training.

In 2005, eight new agreements were signed in France with our unions: these agreements related to annual salary negotiations for JCDecaux SA and Avenir, supplemental health benefits at JCDecaux SA, mutual health insurance benefits for employees of JCDecaux SA and Avenir, mutual disability benefits for JCDecaux SA employees, and profit sharing agreements for JCDecaux Artvertising and JCDecaux Holding.

Employee profit sharing

The principles governing sharing of profits with employees depend on each subsidiary. In France, profit sharing agreements apply to all employees. The aggregate of all amounts paid in respect of profit sharing during the fiscal year ended 31 December 2005 was €5.7 million. The amount of profit sharing paid in France during the last three fiscal years is as follows:

(In thousands of euros)	2005	2004	2003
Profit sharing	5,732	6,097	5,758
Participation	58	47	33
Contribution	(1)	123	66
TOTAL	**5,790**	**6,267**	**5,857**

(1) Not available

Continuing education

For many years, employee training and continuing education has been one of our key focus areas. Our training centre in Plaisir, near Paris, offers a wide variety of internal and external courses covering all of the aspects of our business, including new technologies relating to street furniture. In 2005, nearly 1,900 trainees from all regions of France and international subsidiaries took 25,000 hours of classes, a total educational investment of €2.09 million.

For the second consecutive year, developing the skill level of our sales forces in France was a major focus of our continuing education strategy: almost 500 trainees took the JCDecaux Media Academy course (for a total of more than 6,000 hours of training). Created in 2004, the JCDecaux Media Academy is a training course dedicated to media expertise, outdoor advertising, and sales, the purpose of which is to transmit to the sales force high-level commercial knowledge and abilities adapted to our business. This course received the *Trophée d'Argent* (Silver Trophy) for the best continuing education course from the magazine *Action Commerciale* in November 2005.

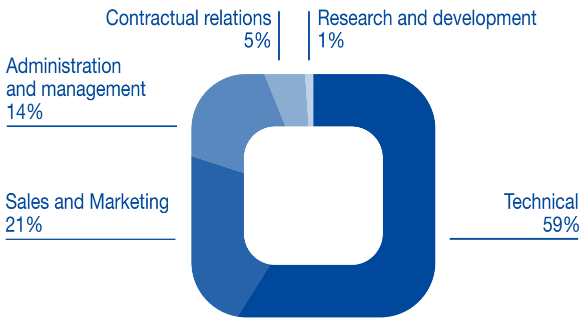
Attracting young talent
To develop a group of high-potential young managers, we work closely with universities and institutions of higher education. In France, 140 interns from various backgrounds interned at JCDecaux in 2005 for periods ranging from a few weeks to one year. Such internships are an excellent way to identify future potential and a unique source for recruiting new talent.

Employment of persons with disabilities
We comply with all laws regarding employment of persons with disabilities. In France, we renewed service contracts in 2005 with a protected workshop that employs persons with disabilities. Three principal focus areas were determined for 2006: recruitment of employees with disabilities, continued employment of employees needing medical leave, and greater use of protected workshops.

Breakdown of Employees by Expertise

As of 31 December	2005	2004	2003
Technical	4,618	4,351	4,380
Sales and Marketing	1,625	1,122	1,057
Administration and Management	1,146	949	965
Concession Relations	434	420	406
Research and Development	88	91	107
Total	**7,911**	**6,933**	**6,915**
France	3,124	3,136	3,194
Hors France	4,787	3,797	3,721

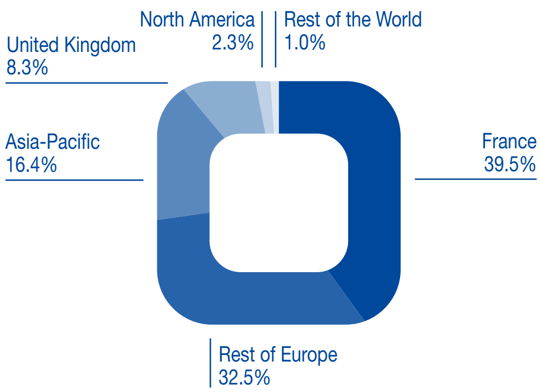
As of 31 December 2005



Breakdown of employees by region

As of 31 December	2005	2004	2003
France	3,124	3,136	3,194
United Kingdom	657	637	639
Rest of Europe	2,568	2,521	2,507
Asia-Pacific	1,300	392	357
North America	181	175	152
Rest of the World	81	72	66
Group Total	**7,911**	**6,933**	**6,915**

As of 31 December 2005



2005 Breakdown of employees by gender

2005 Breakdown of employees by gender (Excluding field staff)

Breakdown of employees by category (France)

As of 31 December	2005	2004	2003
Senior Executives	6	6	5
Managers	533	538	530
Skilled Employees	957	966	870
Employees	1,628	1,626	1,789
Total Group	**3,124**	**3,136**	**3,194**

*

As of 31 December 2005

JCDecaux Code of Ethics: Integrity as a priority

Following our acquisition of Avenir and in order to instil a set of common values among employees of the two entities, we adopted, in 2001, a set of rules of good business conduct in the form of a Code of Ethics applicable to all employees.

This Code of Ethics was revised in 2004 and implemented in early 2005. It is now organised around two sets of rules:

- Fundamental Ethical Rules which apply to dealings with government agencies, shareholders and financial markets. A Group Ethics Committee, consisting of the Chairman of the Audit Committee, the General Counsel and the Vice President for Internal Audit, is responsible for ensuring compliance with these rules, including an absolute prohibition of any form of corruption, active or passive, which are essential to our existence and success. No matter was brought to the attention of the Group Ethics Committee in 2005.
- A Code of Good Conduct regarding relations with suppliers and clients, as well as with fellow employees within our Company. The rules it contains must be implemented in each of our companies, in accordance with applicable local law and regulations. Compliance with them is the responsibility of the Group's general managers, both in France and elsewhere.

In France, this Code has already been put into effect, following the creation of an Advertising Ethics Committee whose purpose is to ensure the compliance of certain forms of visual advertising (alcohol, violence, indirect pornography, etc.) with applicable law and regulations, morality, and our Group image. In 2005, 11 matters were referred to this Committee, which recommended action against 6 billboard campaigns.

In addition, a Code of Ethics for Suppliers was distributed in 2005 to our major suppliers in France. It contains, among other things, the principles we apply in our relations with our suppliers.

2. RELATIONS WITH CLIENTS AND SUPPLIERS

Constant Adaptation to Client Needs
Our success is based on the recognized quality of our products and services, as well as our ability to understand and anticipate our clients' needs, whether they involve cities, towns, transport companies or advertisers. Our keen sensitivity to quality is supported by the ISO 9001 certification of certain subsidiaries, especially in France, Spain, Portugal and Ireland.
Our constant sensitivity to advertisers through our marketing, commercial, or "contractor relations" teams is supplemented by periodic client satisfaction surveys conducted at the initiative of each subsidiary with principal advertisers and local governments.

A Central Purchasing Facility for the Group
Located in Plaisir (Yvelines, France), our Industrial Department acts as a central procurement and supply facility for our Group. ISO 9001 certified for over 8 years, it is responsible for designing street furniture, procuring parts and subassemblies and assembling them for delivery to our various subsidiaries. The Industrial Department also supplies, on behalf of our subsidiaries, various spare parts and other items necessary for the repair and maintenance of street furniture.

The Industrial Department essentially works with small- and medium-sized French suppliers. In 2005, 80% of the Industrial Department's purchases were made from approximately 70 suppliers, representing 9% of the total range of suppliers. In 2005, no supplier represented more than 11% of our annual production expenses. These suppliers are selected based on their ability to respond to our price, quality, environmental, and ethical requirements. We periodically audit our principal suppliers, enabling us to make them into real partners motivated by a spirit of progress.

These principles for selecting, working with and auditing suppliers are also applied by all of our subsidiaries, which ensure, prior to choosing a supplier, that it adheres to our principles of ethics and applicable law and regulations, especially in the areas of working conditions and environmental protection.

3. RELATIONS WITH THE COMMUNITY

JCDecaux, a supporter of major causes

Since our formation, we have been actively involved in many humanitarian and charitable activities to support major causes such as the fight against disease, protection of the environment, protection of the disadvantaged or even road safety. Every day, we and our employees help to contribute to the welfare of the greater community. In 2005, we put up free of charge approximately 30,000 posters on our networks in support of various causes.

Among the various organizations that seek to fight disease to which we have provided displays free of charge in 2005 are the breast cancer awareness campaign sponsored by the Estée Lauder Group, and the campaign of the "*Open du Coeur*" association to help disadvantaged, sick or handicapped children. We have also participated for more than ten years in community initiatives to fight AIDS both in France and internationally.

We also actively support protection of the environment. In 2005, we supported the Nicolas Hulot Foundation, the purpose of which is to encourage each person to think about his or her role and what he or she can do to reverse environmental damage. Also in France, for the seventh year in a row, we renewed our support of the "*vacances propres*" association, which works to raise vacationers' awareness of the need to preserve and protect the environment throughout the French countryside. Our Germany subsidiary put up posters in favour of forest preservation on a *pro bono* basis , and our U.K. subsidiary focussed specifically on issues relating to sorting, removal and recycling of household waste products in London.

Community values that involve all of our employees

In 2005, we and our employees worked for the fourth year in a row with the *Association Française contre les Myopathies* (AFM) and its *Téléthon*. For an entire week, nearly 400 employees volunteered their time and experience to help fight this disease. We also contributed 50% of the cost of printing 12,000 posters and contributed vehicles (cranes, gondolas, trucks) to support the *Téléthon*'s logistics. The various efforts undertaken by our Group helped raise more than €60,000 for the *Téléthon*.

4. ENVIRONMENTAL POLICY

As a major player in urban beautification, we participate actively in protecting the urban environment. We have developed a complete environmental protection programme, which includes reduction of energy, water and raw material consumption, use of renewable energy sources, recycling of tons of posters and renovation of structures. Additionally, we made our capacity for innovation available to local governments with developments such as the Cyclocity system (a self-service bicycle rental system available 24/7 that is the only one of its kind in the world, with an automated payment system) and street furniture designed for waste collection.

Our internal environmental audit confirmed that our business operations are not heavy polluters, but that the level of control of environmental risks could be further improved. As a result, we have created an Environment Task Force, whose objective is to develop and implement environmental action programmes to reduce the level of potential environmental risk and to improve our environmental performance.

Our goal is to meet the highest international standards in the area of environmental protection. For example, our Spanish and Norwegian subsidiaries, as well as part of our U.K. subsidiary, were awarded the ISO 14001 certification. This standard is also being applied in France for industrial and operating activities, with the objective of obtaining certification in 2007.

Goals	Objectives	Actions
Improve the quality of urban life	Improve the urban environment	▪ Reduce our display inventory through use of scrolling panels.
		▪ Create multifunctional structures: Bus shelters including glass bins, Morris columns with telephone booths, etc..
	Develop environmentally friendly solutions for urban movement	▪ Design the Cyclocity system (automated, self-service bicycle rental system available 24/7).
	Assist in waste collection	▪ Create collection bins for certain types of waste, such as batteries, glass, paper.
	Contribute to changing people's habits	▪ Free posting of information campaigns supporting environmental protection.
Reduce consumption of water, energy, and raw materials	Reduce water consumption	▪ Systematic recycling of water used for cleaning automatic toilets.
		▪ Search for alternatives for cleaning structures (ex: cleaning with distilled water, recovery of rain water).
	Reduce energy consumption	▪ Systematic use of low-energy equipment to reduce energy consumption related to illuminating structures (energy gain of approximately 25%).
		▪ Use of high yield fluorescent tubes for lighting certain structures (T5 type) generating energy savings of up to 40%.
		▪ Generalize use of self-extinguishing lighting systems in common areas of our buildings.
	Use renewable energy sources	▪ Use solar panels for lighting certain urban structures.
	Reduce fuel consumption	▪ Implementation of a programme to reduce consumption of fuel by vehicles ("Black Gold" plan).
	Protect biodiversity	▪ Monitor origin of materials to be sure they do not involve use of protected plant species.
Control pollution related to our operations	Control industrial waste	▪ Recycle structures at the end of their useful lives.
		▪ Maximize shipping conditions of products and spare parts by use of reusable metal racks for storage and transport.
		▪ Use of "long-lasting" fluorescent tubes to reduce the frequency of changing such tubes.
	Sort and recycle waste	▪ Selective sorting of industrial waste and treatment by licensees.
		▪ Consideration when designing structures of end-of-life constraints (eco-design).

The bicycle: an ecological response to urban transportation

After installing a first-generation automated system of bicycle rentals in Vienna (Austria), Cordoba and Gijon (Spain) in 2003, we made 2,000 bicycles available to residents of, and visitors to, Lyon, in connection with the street furniture contract for greater Lyon. After 6 months of use, the Cyclocity system, called Vélo'v® by the Municipal Council, had nearly 34,000 subscribers who had ridden a total of more than 4 million kilometres. The success of the Vélo'v programme in Lyon earned us the *Trophée du vélo* in 2005, awarded in connection with the 16th Convention of City Cycling, and the 2005 *Prix Usine Nouvelle de l'Ingénieur* for "sustainable development". The City of Lyon, moreover, was recognized by the magazine "*Ville et Transports*" for having developed the best innovation in the area of environment friendly urban movement ("*modes doux*").

Solar energy: nearly 700 solar bus shelters installed in the United Kingdom

We also put our ability to innovate to work for the environment. Working with Solarcentury, an English company that specializes in research into solar energy, we developed a bus shelter equipped not with advertising panels, but with solar panels that can remain illuminated at night without using electrical energy. The first solar shelters were installed in Plymouth, in the United Kingdom, in the fall of 2003. Similar shelters were installed in Stoke-on-Trent, Watford, Nottingham, and Leicester, bringing to nearly 700 the total number of solar bus shelters installed in the United Kingdom in 2005.

This system of solar bus shelters has also been installed in certain cities in France, Australia, Germany, Slovakia and the United States.

Systematic research to reduce consumption of electricity by our structures

After the systematic installation of low energy lighting sources in all of our illuminated structures generated energy savings of approximately 25%, our research centre continued its research in 2005 for ways to reduce the electricity used by our structures. A new lighting system was thus developed and is being installed on all of our illuminated structures. This new system makes it possible to generate additional energy savings of 30 to 40% with an equivalent quality of lighting, due particularly to the reduction of the number of fluorescent tubes required and the use of high-yield fluorescent tubes. In addition, these new generation tubes have a life three times as long as normal tubes and offer the enormous advantage of being able to be lit even in deep cold.

Nearly 10% fuel saving for JCDecaux in France

In early 2005, we launched a programme in France to reduce fuel consumption by our 1,700 vehicles. This programme, called the "black gold programme" ("*plan or noir*"), consists, among other things, of changing the driving habits of our drivers by putting in place a good driving guide and theoretical and practical training courses. Since this project was launched, we have achieved savings of almost 10% in France on our expenses for vehicle fuel. These results have encouraged other JCDecaux subsidiaries to try this experiment. Furthermore, following an article published in the magazine "*Capital*" in December 2005, called "*l'essence flambe, les entreprises lèvent le pied*" ("When gasoline prices explode, companies throttle back"), we were contacted by the French electricity utility, EDF, and several other companies about implementing this approach.

Systematic selective sorting of waste

We give particular attention, at all stages, to controlling waste generated by our operations. A selective sorting of waste is undertaken at each production and operating facility by use of waste collection equipment specifically dedicated to recovering posters, fluorescent tubes, waste packaging materials, iron, aluminium, gravel and other ordinary waste. All waste thus recovered is taken to licensed treatment centres for treatment.

Provisions, bonds and indemnities for environmental risks

Our facilities are not required to be bonded and are not subject to special financial undertakings for emergency measures that might be required because of pollution risks. No court judgments or orders were issued or outstanding against the Company for environmental damage in 2005.

RESEARCH AND DEVELOPMENT

Our success is due to our strong commitment to research and development since our inception, resulting in a unique capacity for innovation in the market for outdoor advertising and the development of numerous new products to help build the city of tomorrow.

We work with internationally known architects and designers such as Philippe Starck, Lord Norman Foster, Robert A.M. Stern, Mario Bellini, Martin Szekely, and Jean-Michel Wilmotte to create innovative, high quality street furniture. Our agreements with these architects provide for the design of street furniture, transfer of the copyright to us, and include exclusivity clauses prohibiting them from creating street furniture for third parties.

Aesthetics and functionality are at the heart of our approach to Street Furniture. We use integrated services, including a Research & Development department and a Graphic Arts department, with which we work on the development of our new products. We try to include a maximum of functionalities in the advertising structures we develop to minimize street clutter and increase services to the public.

We are highly committed to respecting the environment and culture of the cities where we provide services. In each country, we use local architects to design customized street furniture that fits in harmoniously with local architecture and which respects the characteristics and the culture of each city.

In 2005, after equipping Vienna (Austria) and Gijon and Cordoba (Spain), we installed a new generation of rental bicycles in Lyon managed by an automated payment system (Cyclocity®). Protected by 20 patents, Cyclocity® was developed around a simple concept: combining accessibility, safety, freedom of movement and ecology within an urban zone. Technologically innovative (solidity and safety of the bicycles, automated rental and payment system), this system provides a new form of environmental-friendly transport for city residents. This unprecedented service was met with real enthusiasm by the citizens of Lyon, as well as by tourists. More than 2,000 bicycles have been made available to the public since mid-2005, and each bicycle is used 15 times per day on average.

Representatives of many cities from around the world who come to Lyon see the effectiveness and interest of such a system for a city. Cyclocity® has also received prestigious recognition, since we were awarded the *Usine Nouvelle des Ingénieurs* Prize in 2005 in the category of "sustainable development".

Reduction of electricity consumption by our structures, rationalisation of our recycling systems and the search for "environmentally friendly" materials are parts of our development strategy that we emphasized in responding to bid solicitations in 2005.

To have our emphasis on sustainable development officially recognized by outside agencies, our industrial management has begun the process of ISO 14000 certification which should be received in early 2007.

To maximise our product line, we have pursued an ambitious development strategy that combines diversity of designs, maximum standardisation of basic components, and rationalisation of production costs. Our Hydra® street furniture line, which combines aesthetics with low production cost, has already been chosen by more than 20 cities around the world.

As a major means of communication for city dwellers, Street Furniture today benefits from improvements and advances in the technology of information and communication, in the area of virtual information (screens that can be seen in full sunlight at bicycle access terminals), radio communications (use of GPRS technologies to interconnect structures without tearing up the street), nanotechnology (such as microprocessors embedded in bicycles), computer technologies from the Internet and mobile Internet environment, so as to provide a more and more proactive and personalised level of service to citizens.

With integrated Research & Development, New Technologies and Graphic Arts departments, we have all the assets and the weight needed to respond quickly to any bid tenders and to design innovative structures perfectly adapted to our clients' needs and requirements.

During the last three years, we have spent significant amounts on research and development (€7.6 million in 2005, €7.7 million in 2004, and €8.3 million in 2003), while making every effort to maximize our product line and research efforts.

The €7.6 million we spent on research and development in 2005 was mainly spent in France (€7.2 million), in connection almost entirely with our Street Furniture segment (€7.5 million).

Our investment strategy, as well as our principal present and future investments, is described on page 51 of this document.

FINANCIAL STATEMENTS

MANAGEMENT DISCUSSION AND ANALYSIS OF GROUP CONSOLIDATED FINANCIAL STATEMENTS

I. DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

The following discussion of our financial position and results of operations should be read in conjunction with our audited consolidated financial statements and the related notes thereto, as well as the other financial information included elsewhere in this document. As required by European Union Regulation n° 1606/2002, dated 19 July 2002, our consolidated financial statements for 2005 have been prepared in accordance with international accounting standards ("IAS/IFRS") adopted by the European Union and applicable on the date of such financial statements, *i.e.* as of 31 December 2005, and presented with comparative financial information for 2004 prepared in accordance with the same standards.

Introduction

Our revenues are principally derived from the sale of advertising space on outdoor displays in the following three business segments: Street Furniture ("Street Furniture"), Billboard ("Billboard"), and Transport advertising ("Transport"). We also have a non-advertising business consisting of selling, leasing, and maintaining street furniture, as well as of developing innovative techniques for advertising campaigns on street furniture.

From 1964, when we were created, to 1999, our expansion was mainly due to organic growth, and Street Furniture was our principal business. In 1999, we acquired Havas Média Communication Publicité Extérieure (also known as Avenir), thereby expanding our outdoor advertising business into Billboard and Transport advertising. Since 2001, we have continued to grow organically and externally, successfully completing acquisitions and entering into partnership agreements in several European countries, and, in 2005, in China as well.

Summary of operations for the 2004-2005 period

Our revenues saw aggregate growth of 7.2% in 2005. Excluding acquisitions and foreign exchange impact, our revenues grew by 4.0%. Our operating margin grew by 2.1% in 2005 and represented 27.2% of revenues, compared to 28.5% in 2004. EBIT grew by 4.1% in 2005 and represented 17.1% of revenues in 2005, compared to 17.6% in 2004.

Street Furniture revenue grew by 4.9% in 2005. Excluding acquisitions and foreign exchange impact, our revenues grew by 3.8% in 2005. Street Furniture operating margin made up 41.5% of Street Furniture revenues in 2005, compared to 43.7% in 2004. EBIT represented 27.2% of revenues from this segment in 2005, compared to 27.6% in 2004.

Billboard revenues declined by 1.0% in 2005. Excluding acquisitions and foreign exchange impact, our Billboard revenues declined by 1.2% in 2005. Billboard operating margin reached 13.7% of revenues from this segment in 2005, compared to 13.5% in 2004. EBIT was 7.1% of Billboard revenues in 2005, compared to 6.9% in 2004.

Transport revenues grew by 25.2% in 2005. Excluding acquisitions and foreign exchange impact, our revenues grew by 11.7% in 2005. Transport operating margin reached 7.9% of revenues from this segment in 2005, compared to 6.6% in 2004. EBIT represented 4.2% of Transport revenues in 2005 compared to 4.3% in 2004.

The following table shows our revenues, operating margin, operating margin as a percentage of revenues, EBIT and EBIT as a percentage of revenues for each of our three business segments for 2004 and 2005.

Fiscal Year ended December 31

In million of euros, except for percentages	2005	2004
STREET FURNITURE		
Revenues		
- Advertising	826.8	791.1
- Sale, rental, and maintenance	98.5	90.9
Total revenues	**925.3**	**882.0**
Operating margin	**384.4**	**385.6**
Operating margin / revenues	*41.5%*	*43.7%*
EBIT	**251.9**	**243.7**
EBIT/ revenues	*27.2%*	*27.6%*
BILLBOARD		
Revenues	**428.3**	**432.6**
Operating margin	**58.6**	**58.2**
Operating margin / revenues	*13.7%*	*13.5%*
EBIT	**30.5**	**29.8**
EBIT/ revenues	*7.1%*	*6.9%*
TRANSPORT		
Revenues	**391.6**	**312.7**
Operating margin	**31.1**	**20.5**
Operating margin / revenues	*7.9%*	*6.6%*
EBIT	**16.6**	**13.6**
EBIT/ revenues	*4.2%*	*4.3%*
TOTAL		
Revenues	**1,745.2**	**1,627.3**
Operating margin	**474.1**	**464.3**
Operating margin / revenues	*27.2%*	*28.5%*
EBIT	**299.0**	**287.1**
EBIT/ revenues	*17.1%*	*17.6%*

Where our companies are active in more than one business segment, they are grouped according to their dominant business segment. Where minority operations are significant, the revenues, the operating margin and EBIT of the companies involved are allocated to the various business segments involved. Further development in our range of operations of these companies may consequently cause us to adjust the allocations of income to each of our business segments.

1. REVENUES

1.1 Definitions

The amount of advertising revenues generated by our advertising networks generally depends on three principal factors:

Networks
We sell advertising networks that include advertising faces located on street furniture and other outlets and charge advertisers depending on the size and quality of our outdoor advertising networks. Although an increase in the number of faces resulting either from the installation of new advertising displays through new concessions won or from the installation of scrolling panels, or, conversely, a reduction in the number of faces due to the loss of one or more concessions both have an impact on the pricing of our networks, there is no direct correlation between the number of advertising faces in a network and revenue growth, because of the specific characteristics of each network.

Prices
We aim to charge prices that reflect the superior quality of our advertising displays, which are generally located in city centres and at the best locations and are grouped in network packages that enable advertisers to maximize the emergence of their advertising campaigns. Prices charged depend largely on the quality of our displays, their locations, the size of the network, and the general state of the advertising sector and the economy.

Occupancy rate
Occupancy rate is a business concept that can be defined as the ratio of actual revenues realized by a network compared to the potential revenues of such network.

1.1.1 Organic and reported growth

Our organic growth reflects growth in revenues excluding acquisitions, investments, sales of assets and the impact of foreign exchange rates, and includes revenues from new concessions. Reported growth reflects organic growth increased by revenues generated by acquired companies and by companies recently included within the scope of consolidation (including partnership arrangements) and decreased by the negative impact on revenues from sales of assets and the impact of foreign exchange rates.

1.1.2 Advertising revenues

We report our revenues from advertising on a net basis, after deducting commercial rebates. In our Billboard business, in some countries, commissions are paid to advertising agencies and media buyers that serve as intermediaries between our advertisers and us. These commissions are deducted from revenues. For contracts under which we pay variable fees or share a portion of our revenues with concession grantors, we record as revenues all of the amounts received from advertisers before payment of the share to the concession grantors, and we record the fees or revenue-sharing payments as operating expenses, insofar as we are acting on our own account and assuming the risks and rewards resulting from our business. We deduct discount charges from revenues.

1.1.3 Non-advertising revenues

In addition to the sale of advertising space on street furniture, we also generate revenues from the sale, rental, and maintenance of street furniture, principally in France and the United Kingdom. Revenues from these activities are recorded in our Street Furniture revenues. We also market and sell innovative technical solutions for advertising campaigns on Street Furniture, under the name "JCDecaux Innovate".

1.2 Revenue growth

In 2005, our Group revenues totalled €1,745.2 million, compared to €1,627.3 million in 2004. Acquisitions or partnership relationships during 2005 contributed €50.9 million to revenue. Exchange rate fluctuations between 2004 and 2005 generated a positive exchange rate effect of €2.2 million on revenues. Excluding acquisitions and foreign exchange impact, organic revenue growth reached 4.0% in 2005. This performance reflects strong organic growth in Street Furniture and especially Transport, which grew by 3.8% and 11.7%, respectively, while Billboard declined slightly, by 1.2%.

1.2.1 Revenues by segment

Street Furniture
Total Street Furniture revenues were €925.3 million in 2005, compared to €882.0 million in 2004, or growth of 4.9%.

Acquisitions contributed €2.1 million to the growth of Street Furniture revenues. The acquisition of Texon in Hong-Kong and MediaNation in China, as well as the increase of our interest in Unicom in the Baltic States to 100%, were partly offset by a change in the method of consolidation of DSM-Decaux in Germany. That company, which was fully consolidated in 2004, was accounted for under the proportional method at 50% in 2005.

In addition, businesses previously recorded as part of the majority business of the subsidiaries in which they were conducted were reclassified in the Street Furniture segment in order to reflect the evolution of certain contracts. These reclassifications, which had a positive impact of €6.8 million on the Street Furniture segment, were eliminated in the data for organic revenue growth.

Finally, currency fluctuations between 2004 and 2005 generated an annual positive effect of €0.9 million on Street Furniture revenues.

- **Advertising revenues**

Advertising revenues rose by 4.5 % in 2005.

Excluding acquisitions and foreign exchange impact, organic growth of Street Furniture advertising revenues was 3.6% in 2005. Despite a slight decline in France, where the advertising market was especially difficult in 2005, Street Furniture recorded strong revenue growth. Scandinavia recorded double-digit growth, as did the United Kingdom, which had a particularly robust first six months. Solid growth was also recorded in the Netherlands and Germany, where market conditions improved for the second consecutive year. Revenues continued their double-digit growth in North America, as well as in Asia-Pacific, where the strongest progressions were recorded in Korea, Japan, and Thailand.

In 2005, the Street Furniture occupancy rate was 71% for the entire segment, compared to 73% in 2004.

- **Non-advertising revenues**

Non-advertising revenues were €98.5 million in 2005, compared to €90.9 million in 2004, or an increase of 8.3%. Half of this growth came from non-recurring sales of equipment, and half from services, benefiting from developments in billing for innovative technical solutions associated with street furniture advertising campaigns. Street furniture rentals and maintenance services continued to decline.

Billboard

Billboard revenues were €428.3 million in 2005, compared to €432.6 million in 2004, or a decline of 1.0% in 2005. Currency fluctuations did not have a significant impact.

Acquisitions contributed €1.2 million to Billboard revenue growth, principally as a result of the inclusion of Cestrian Imaging (United Kingdom) in our consolidated financial statements.

Excluding acquisitions and foreign exchange impact, revenues declined by 1.2% in 2005. Thanks to market conditions that remained very favourable, growth was solid in Ireland and, to a lesser extent, in Portugal. Most other European countries were affected by weak demand by sponsors, especially during the summer. A slight improvement was recorded, however, during the fourth quarter in our key markets.

Transport

Transport revenues were €391.6 million in 2005, compared to €312.7 million in 2004, or an increase of 25.2% in 2005.

The acquisition of MediaNation and Media Partners International in China, leaders in managing advertising contracts in buses and subways, as well as a less important acquisition in Finland, had a positive impact of €47.6 million on Transport revenues.

Furthermore, operations previously booked as part of the majority business in the subsidiaries in which they were conducted were reclassified as part of the Street Furniture segment to reflect the evolution of certain contracts. Such reclassifications, which had a negative impact of €6.8 million on the Transport segment, were eliminated in the data for organic revenue growth.

Finally, currency exchange fluctuations had a positive impact of €1.4 million on revenues for this segment in 2005.

Excluding acquisitions and foreign exchange impact, Transport revenues recorded growth of 11.7% in 2005. Spain, Germany, Norway, Hong Kong, and Chile showed double-digit growth over the period. Strong growth was also recorded in the United Kingdom, Austria, Italy, and the United States, where there was a significant increase in sales during the second half. In France, growth in the fourth quarter led to slight growth for the year as a whole.

1.2.2 Revenues by region

Year ended December 31	**2005**		**2004**	
In million of euros, except for percentages	Revenues	% of total	Revenues	% of total
France	555.0	31.8	559.8	34.4
United Kingdom	258.5	14.8	245.0	15.1
Rest of Europe	637.4	36.5	612.3	37.6
Asia-Pacific	172.7	9.9	103.0	6.3
North America	110.9	6.4	99.7	6.1
Rest of the World (1)	10.7	0.6	7.5	0.5
TOTAL	**1,745.2**	**100.0**	**1,627.3**	**100.0**

(1) In 2005, "Rest of the World" included Brazil, Argentina, Chile, and Uruguay.

Total revenues in France were €555.0 million in 2005, a decline of 0.9% compared to 2004, which reflects the difficult conditions in the French advertising market during the period, especially during the summer.

Revenues in the United Kingdom were €258.5 million, increasing 5.5% over 2004. Excluding acquisitions and foreign exchange impact, revenues in the United Kingdom grew by 4.9%, thanks to Street Furniture and Transport operations. Billboard suffered from generally unfavourable business conditions in most European countries.

Rest of Europe revenues were €637.4 million, growing by 4.1% compared to 2004. Excluding acquisitions and foreign exchange impact, Rest of Europe revenues grew by 4.9%, led by double digit growth in Scandinavia. Improvement in Germany and the Netherlands, which began in 2004, also contributed to the performance of this region.

Revenues from Asia-Pacific were €172.7 million, growing 67.7% compared to 2004. Foreign exchange fluctuations produced a positive effect of €1.2 million. Most of the 2005 acquisitions took place in this region, the most important being those of MediaNation and Media Partners International in China. Excluding acquisitions and foreign exchange impact, the increase in Asia-Pacific revenues was 14.0% compared to 2004, fuelled by economic growth in most countries of the region, and also by the significant ramp up of contracts signed in recent years in Thailand, Japan, and Korea.

Revenues from North America were €110.9 million, growing by 11.2% compared to 2004. The effect of currency fluctuations was not significant during this period. Excluding the impact of foreign exchange, North America revenues grew by 11.1%. Street Furniture revenues benefited from strong growth resulting from the Chicago and Vancouver contracts, as well as the solid performance turned in by San Francisco, Los Angeles, and in shopping malls. After a lacklustre start, advertising in airports improved significantly as the year progressed.

Rest of the World revenues were €10.7 million, growing 42.7% compared to 2004. Currency fluctuations produced a positive impact of €1.2 million. Excluding the impact of foreign exchange, Rest of the World revenues grew 27.1%. The new business of selling advertising clocks in São Paulo, the resumption of growth in Uruguay and Argentina and the strong impact of the metro contract in Santiago de Chile contributed to very strong revenue growth in this region.

Regarding the relative weight of each geographic region, the acquisitions in China brought significant growth in the contribution of the Asia-Pacific region to our consolidated revenues, rising from 6.3% in 2004 to 9.9% in 2005. Conversely, the relative weight of Europe declined, while North America and the Rest of the World region showed double-digit growth.

1.3 Impact of acquisitions on our revenues

The impact of acquisitions and partnership arrangements on our consolidated revenues was €50.9 million in 2005, including €2.1 million in Street Furniture, €1.2 million in Billboard, and €47.6 million in Transport.

This impact resulted mainly from the following transactions:

- the acquisition of MediaNation, Media Partners International, and Texon in China;
- the acquisition of Viacom's Transport business in Finlan;
- the consolidation of Cestrian Imaging in the United Kingdom;
- the acquisition of the minority stake giving JCDecaux 100% of Unicom, number one in outdoor advertising in the Baltics;
- a legal reorganization in Slovenia, including the acquisition of Madison;
- the change in the method of consolidation of DSM-Decaux in Germany, fully consolidated until 2004 and accounted for under the proportional method at 50% as from 1 January 2005.

2. OPERATING MARGIN

2.1 Definitions

We measure the performance of our businesses on the basis of two indicators, which are:

- Operating margin
- EBIT.

This structure enables us to monitor the two aspects of our financial model, business from the operation of advertising faces, on the one hand, and business related to our assets, on the other.

Our operating margin consists of revenues less direct operating and SG&A expenses, excluding consumption of spare parts used for maintenance, depreciation, amortization and provisions (net), and other income and expenses. It includes charges to provisions net of reversals relating to trade receivables. The operating margin is impacted by cash discounts granted to customers deducted from revenues, cash discounts received from suppliers deducted from direct operating expenses. It also includes stock option expenses recognized as staff costs.

Approximately 80% of operating charges are fixed and are not variable directly as a function of revenues. When we expand our network, the level of fixed operating expenses – such as fixed fees paid to landlords and concession grantors, rent, and maintenance expenses – increases, but the increase of such charges is not in direct proportion to the increase in advertising revenues. Our principal costs that vary as a function of our advertising revenues are variable rent and concession fees, advertising receipts from certain contracts where a portion of the revenues generated is paid to the concession grantor, and the subcontracting of certain operations relating to the posting of advertising panels. The proportion of variable operating expenses is structurally weaker in our Billboard and Street Furniture businesses than in our Transport business.

In light of the mainly fixed nature of our operating costs, the level of our revenues is the principal factor that determines our operating margin as a percentage of revenues. As a result, by optimizing our pricing ("yield management") and introducing innovative marketing techniques, we are able to influence our operating margin as a percentage of revenues significantly. On the other hand, a decline or stagnation in revenues has the effect of reducing our operating margin as a percentage of revenues.

We try to control costs as much as possible by taking advantage of synergies among our various businesses, as well as by maximizing the productivity of our technical teams and our purchasing and operating methods. The 14.1% increase in our headcount, which grew from 6,933 in 2004 to 7,911 in 2005, involves the addition of 858 people from acquisitions and other changes in scope in 2005, thereby accounting for nearly 90% of the increase.

2.2 Changes in operating margin

In 2005, our operating margin was €474.1 million and amounted to 27.2% of revenues, compared to 28.5% in 2004. Thus, the operating margin grew by 2.1% compared to the 2004 operating margin, which was €464.3 million.

Street Furniture

Street furniture operating margin was €384.4 million in 2005, compared to €385.6 million in 2004. The Street Furniture operating margin was 41.5% of revenues for this business in 2005, compared to 43.7% in 2004.

The operating margin as a percentage of revenues remains high compared to our other businesses. This high comparative operating margin can be explained by the fact that a significant part of the costs generated by our Street Furniture operations consists of depreciation of capital expenditures. Including depreciation and amortization costs, EBIT from our Street Furniture operations amounted to 27.2% of revenues in 2005, compared to 27.6% in 2004.

The 0.3% decline in Street Furniture operating margin in 2005 came mainly from France, where advertising revenues dipped slightly and operating costs grew moderately as a result of contract renewals, especially in Lyon.

Other regions, which had good revenue enhancement and rigorous cost controls, improved their profitability.

Billboard

Billboard operating margin, which reached €58.6 million in 2005 compared to €58.2 million in 2004, increased by 0.7% in 2005. Our Billboard operating margin was 13.7% of revenues from this business in 2005, compared to 13.5% in 2004.

The growth in Billboard operating margin as a percentage of revenues resulted from organic growth, combined with control of operating costs and, more especially, of rent for advertising locations. The strongest progressions occurred in the United Kingdom, Portugal, Spain, Ireland and Italy.

Transport

Transport operating margin amounted to €31.1 million in 2005, compared to €20.5 million in 2004, representing growth of 51.7%. Transport operating margin amounted to 7.9% of Transport revenues in 2005, compared to 6.6% in 2004.

This strong growth essentially resulted, on the one hand, from the performance of our existing companies and operations in this area and, on the other hand, from acquisitions of companies in China in 2005, where the operating margin, as a percentage of revenues, was generally better than for our existing Transport operations.

3. EBIT

3.1 Definitions

EBIT is determined based on the operating margin less consumption of spare parts used for maintenance, depreciation, amortization and provisions (net), and other operating income and expenses. Net charges for inventory reserve are recognized in the line item, "Maintenance spare parts".

Net charges related to impairment tests performed on property, plant and equipment and intangible assets are included in the line item, "Depreciation, amortization and provisions".

Street Furniture structures are depreciated over the average life of the contract, between 4 and 20 years.

Billboards are depreciated according to methods that are applicable in the country involved and are determined on the basis of applicable law and regulations and local economic conditions. The principal method of depreciation is straight-line, with a useful life of between 2 and 10 years.

3.2 Changes in EBIT

EBIT in 2005 was €299.0 million, compared to €287.1 million in 2004, representing growth of 4.1%. EBIT amounted to 17.1% of revenues in 2005, compared to 17.6% in 2004. The €11.9 million growth of EBIT from 2004 to 2005 can be explained by a €9.8 million improvement in operating margin, coupled with a €2.1 million reduction in the line item for other charges, *i.e.*, depreciation, amortization and provisions (net), spare parts for maintenance and other operating income and expenses.
Depreciation in 2005 amounted to €155.5 million, an increase of €15.0 million compared to 2004. This increase resulted essentially from the inclusion in the consolidated financial statements of companies acquired during 2005, principally those based in China.

Provision charges in 2005 amounted to €(9.4) million, down €10.0 million from 2004. This reduction can be explained largely by reverses of provisions established for litigation in various countries and principally by reverses of provisions for dismantling street furniture resulting from extensions or renewals of contracts, especially in France.

The line item "maintenance spare parts" was €27.3 million in 2005, compared to €37.3 million in 2004, a decrease of €10.0 million. This decline can be explained essentially by a non-recurring depreciation of spare parts inventories that occurred in 2004, and not in 2005.

The line item "other operating income and expenses" reflects a charge of €1.7 million in 2005, compared to proceeds of €1.3 million in 2004. Most of the amount recorded in 2005 reflects a fine levied in France by the competition authorities ("*Conseil de la Concurrence*"), reduced to €2 million by the Paris Court of Appeal (*Cour d'Appel de Paris*).

Street Furniture

Street Furniture EBIT, which was €251.9 million in 2005, compared to €243.7 million in 2004, grew by 3.4% in 2005. It amounted to 27.2% of sales in 2005, compared to 27.6% in 2004.

Depreciation charges were €113.4 million in 2005 compared to €104.2 million in 2004.

Net provision charges in 2005 were €(7.8) million, down by €10.4 million compared to 2004. This reduction was related to reversals of charges for litigation and dismantling of street furniture.

The line item "maintenance spare parts" amounted to a charge of €23.9 million, down from 2004, when it involved a charge of €34.4 million as a result of depreciation of spare parts recorded in 2004.

The line item "other operating income and expenses" amounted to €2.9 million, compared to €0.9 million in 2004; it is related essentially to a fine of €2 million imposed in France by the competition authorities (*Conseil de la Concurrence*).

Billboard

Billboard EBIT, which was €30.5 million in 2005, compared to €29.8 million in 2004, increased by 2.3% in 2005. It amounted to 7.1% of Billboard revenues in 2005, compared to 6.9% in 2004.

In 2005, Billboard EBIT benefited from €0.4 million in operating margin growth and a decrease of €0.3 million in depreciation and provision charges.

Depreciation and provision charges, spare parts and other operating income and expenses amounted to €28.1 million in 2005, or 6.6% of Billboard revenues, unchanged from 2004.

Transport

Transport produced operating EBIT of €16.6 million in 2005, compared to €13.6 million in 2004. Transport EBIT amounted to 4.2% of Transport revenues in 2005, compared to 4.3% in 2004.

€10.6 million of this increase in Transport EBIT came from operating margin, offset by a €7.5 million increase in charges for depreciation and provision. The increase in these two numbers resulted essentially from the consolidation of companies acquired during 2005, based in China. These companies, the main business of which is advertising in buses and metros, are attached on a majority basis to the Transport segment.

In the Transport business, amortization and provision charges are significantly less than for Street Furniture and Billboard. They amounted to €14.5 million in 2005, or 3.7% of revenues, compared to €7.0 million, or 2.2% of revenues in 2004. The ratio of amortization charges to revenues grew mainly as a result of acquisitions in 2005. The low level of amortization charges recorded in this business segment compared to the two others reflects the fact that, overall, we invest little in transport contracts, which do not last as long as Street Furniture contracts (from 5 to 10 years), but whose fees are higher.

4. NET FINANCIAL RESULT

In 2005, net financial result (interest and dividend income) was €(24.6) million, an improvement of €7.0 million compared to 2004. It consists largely of interests on net debt of (€19.2) million, discounting charges in the amount of €(11.8) million, and foreign exchange translation gains of €7.3 million.

The improvement in net financial result was due principally to:

- foreign exchange translation gains on loans denominated in US dollars of JCDecaux SA to its subsidiaries in Brazil and on purchases of dollars in Hong Kong;
- a reduction of €1.6 million of interest expenses as a result of reduction in our average net debt;
- other improvements, partially offset by an increase in discounting charges.

5. INCOME TAXES

In 2005, consolidated income taxes were €84.8 million, compared to €93.6 million in 2004.

The effective tax rate before impairment of goodwill and before taking into consideration the Group's share in earnings of companies accounted for under the equity method, was 30.9% in 2005 compared to 36.6% in 2004.

The 2005 effective tax rate benefited mainly from a decline in national tax rates, especially in France, the Netherlands, and in Austria, and the recognition of tax loss carry forwards previously not recognized in the United States, as a result in the significant improvement in operating results.

6. NET INCOME

Our net income amounted to €195.3 million in 2005, compared to €156.2 million in 2004. The improvement in net income Group share in 2005 can be explained by growth in EBIT, net improvement in financial result, a reduction in the tax burden, an increase in the share of net profit of associates, and a decrease in the portion of net income attributable to minority interests.

The increase in the share of net profit of associates income from companies accounted for under the equity method was mainly due to improvement in the results of operations of the Wall companies.

Net income attributable to minority interests fell, amounting to €3.7 million in 2005 and €9.2 million in 2004. This decline was mainly due to the change in the method of consolidation of DSM Decaux in Germany (accounted for under the proportional method as of 1 January 2005 and fully consolidated in 2004), on the one hand, and the effects of discounting charges and changes in estimates of debt on commitment to purchase minority interests, on the other hand.

No impairment of goodwill was recorded in 2005 (compared to €3 million in 2004).

Net income before impairment of goodwill was €199.0 million in 2005 compared to €168.4 million in 2004.

7. CASH FLOW

As of 31 December 2005, our net debt (excluding commitments to purchase minority interests and as described in greater detail in Note 2.16 of the Notes to the Consolidated Financial Statements) was €601.4 million, compared to €469.0 million as of 31 December 2004, or an increase of €132.4 million.

7.1 Net cash provided by operating activities

Net cash provided by operating activities in 2005 was €330.5 million, compared to €333.5 million in 2004.

Operating income before changes in working capital was €434.6 million. It was generated:

- from operations, in the amount of €445.1 million, reflecting an operating margin of €474.1 million, reduced by consumption of parts for maintenance, in the amount of €27.3 million, the €2.0 million fine imposed by the French competition authorities (*Conseil de la Concurrence*) and booked in other operating expenses, charges to the provision for doubtful accounts, of €2.9 million, and other items not having a financial impact, of €0.8 million, and increased by charges for stock options of €4.0 million; and
- from cash flow items of €(10.5) million reflecting the financial result (excluding net charges for provisions, exchange fluctuations, financial derivatives, discounting charges, dividends received in respect of unconsolidated investments, net interest income, and gains and losses on sales of capital assets).

Changes in working capital were €(8.4) million. The following should be noted:

- an increase in trade and other receivables of €17.5 million relating mainly to a payment of €15.5 million to the Port Authority of New York following the award of a new airport contract,
- an increase in inventories of €4.4 million, mainly relating to a bid tender in Lyon, France, and to future facilities in Spain, billboards in airports, and street furniture in towns with respect to which contracts were signed this year.
- These two increases were offset by an increase in trade and other payables of €13.5 million, mainly relating to a payment of €15.5 million remaining to be made for the acquisition in 2005 of the 50% minority stake of Sopact.

Net financial interest paid in 2005 amounted to €19.2 million, compared to €21.3 million in 2004.

Income taxes paid in 2005 were €76.5 million, compared to €65.0 million in 2004, for an increase of €11.5 million, including €6.4 million with respect to France.

7.2 Net Cash used in investing activities

Our net cash used in investing activities in 2005 consisted of €141.3 million worth of net capital expenditures for tangible and intangible assets, €240.7 million to acquire financial assets, €15.3 million to acquire other financial assets, €0.4 million of sales of financial investments and €1.1 million of sales of financial fixed investments.

Capital expenditures for tangible and intangible assets amounted to €148.3 million and sales of capital tangible and intangible assets amounted to €7.0 million, which produced a net flow of €141.3 million. Capital expenditures included €124.4 million of new street furniture and billboards and €23.9 million of general investments, consisting principally of tooling, vehicles, equipment, and computer software and structures.
In 2004, we recorded €123.4 million of acquisitions of new Street Furniture and Billboards and €27.8 million worth of general investments.

Street Furniture operations accounted for 75% of our capital expenditures in 2005, amounting to €111.9 million. Street Furniture capital investments, therefore, increased slightly from 2004, when they amounted to €108.8 million. This level resulted in large part from the implementation of contracts we made in recent years. The most important were the contracts for Lyon and Grenoble in France, Chicago and Vancouver in North America, Naples and Turin in Italy, Santander and Oviedo in Spain, Oslo in Norway and Seoul in Korea, as well as the growth of Street Furniture contracts in Japan, especially in Yokohama.

In 2005, capital expenditures for our Billboard operations amounted to €28.7 million, compared to €36.5 million in 2004. Billboard investments declined compared to 2004, during which there had been a large program of installation of glass-covered and backlit panels in Austria.

Transport capital expenditures for tangible and intangible assets were €7.7 million in 2005, compared to €5.9 million in 2004.

Acquisitions of financial assets amounted to €240.7 million in 2005, reflecting acquisitions of minority interests totalling €101.7 million, including €91.7 million related to additional investments in Sopact, JCDecaux Nederland and VKM, and acquisitions involving €139.0 million, relating mainly to MediaNation, Media Partners International Holdings Inc. (MPI) and Texon International in China, and to Metrobus in France.

Acquisition of other financial assets involved €15.3 million, including €8.8 million to repurchase a debenture owned by the seller (majority shareholder) of MPI and a €2.6 million loan made to JCDecaux Vancouver.

7.3. Net cash provided by financing activities

We increased our net indebtedness by €132.4 million in 2005. This increase can be analysed as a €206.7 million increase in gross debt, a €14.7 million reduction in derivative financial liabilities, and a €59.6 million increase in available cash and equivalents net from bank overdraft.

Foreign exchange rate fluctuations, the net impact of IAS 39 on indebtedness and financial derivatives and changes in the scope of consolidation and various reclassifications contributed €45.7 million to the increase in gross financial indebtedness, net of hedging financial derivatives.

7.3.1. Indebtedness

In 2005, net cash flow from borrowings and repayments amounted to €146.3 million. Most repayments and new borrowings were effected by JCDecaux SA. Our subsidiaries effected net debt repayments and new borrowings in the amount of €18.4 million.

In 2005, debt repayments and financings occurred in the following countries:

	Debt Repayments
Germany	6.6
Australia	1.2
Austria	1.3
Belgium	1.4
China	1.0
Denmark	3.2
France (JCDecaux SA)	65.3
France (excluding JCDecaux SA)	0.8
United Kingdom	1.5
Norway	5.6
The Netherlands	2.0
Thailand	0.6
Others	0.8
TOTAL	**91.3**
Including Non-JCDSA subsidiaries	**26.0**

	New Borrowings
Germany	1.3
Austria	0.5
Canada	2.7
Korea	0.5
United States	0.7
France (JCDecaux SA)	230.0
Japan	1.1
Other	0.9
TOTAL	**237.6**
Including Non-JCDSA subsidiaries	**7.6**

Borrowings net of repayments	**146.3**
Including Non-JCDSA subsidiaries	**-18.4**

7.3.2. Shareholders' Equity and Dividends

JCDecaux SA did not pay any dividends in 2005.

Some JCDecaux SA subsidiaries, in which there are minority stakes, made dividend payments, amounting to €9.6 million. Furthermore, we received dividends from unconsolidated companies in the amount of €0.1 million, and dividends from subsidiaries accounted for under the equity method in the amount of €6.0 million.

JCDecaux SA redeemed 1,500,000 of its own shares for €28.9 million in 2005.

The increase in shareholders' equity of €8.4 million is related to issues of new shares by JCDecaux SA as a result of the exercise of stock options.

8. FINANCIAL MANAGEMENT

The type of financial risks involved in our business and our strategy for managing them, as well as an analysis of our management of such risks in 2005, are described on pages 91 and 92 of the "Notes to Consolidated Financial Statements" of this document.

9. COMMITMENTS OTHER THAN THOSE RELATING TO FINANCIAL MANAGMENT

Our material off-balance sheet commitments as of 31 December 2005 are listed and analysed in Note 6 of the "Notes to Consolidated Financial Statements".

II. RECENT DEVELOPMENTS AND OUTLOOK

For the first quarter of 2006, we expect strong revenue growth. During 2006, organic revenue growth should exceed 5%. We will continue to orient our strategy principally toward organic growth. Numerous opportunities should come to fruition in 2006, especially in Europe and in Asia, particularly in China and Japan.

Since December 31, 2005, our business and financial condition has not experienced any material change requiring discussion in this Document.

III. INVESTMENT STRATEGY

1. MAIN COMPLETED INVESTMENTS

Most of our capital expenditures relate to the construction and installation of street furniture and advertising panels in connection with new contracts, as well as recurring investments necessary for our ongoing business operations (vehicles, computers, office furniture and buildings).

In 2005, we spent €124.4 million on investments related to new street furniture contracts, especially in Chicago in the United States, Vancouver in Canada, Naples and Turin in Italy, Oslo in Norway, Seoul in Korea, and Yokohama in Japan, as well as investments related to the renewal of expiring contracts in France (Lyon, Grenoble, Troyes, Saint Etienne) and Spain (Oviedo, Santander). We also spent €23.9 million on general investments (building improvements, office equipment and tooling, vehicles and computer systems).

In 2004, the amounts of such investments were €123.3 million and €27.8 million, respectively.

2. MAIN FUTURE INVESTMENTS

Investments in 2006 will be primarily devoted to further development and installation of street furniture programs in connection with new or renewed agreements: Chicago, the New York airports, the Urban Community of Lyon and columns in Paris in France, Milan in Italy, Barcelona in Spain, Breda in the Netherlands, Nagoya and Kobe in Japan, Hong Kong airport, and various projects in China following our recent acquisitions.

CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

BALANCE SHEET

Assets

(In million euros)	12/31/2005	12/31/2004
Intangible assets (net)	157.8	40.9
Goodwill	1,198.1	1,041.2
Property, plant and equipment (net)	920.1	888.0
Investments in associates	240.2	209.7
Financial investments	6.3	6.9
Financial derivatives	0.3	0.7
Other financial investments (net)	23.8	17.0
Deferred tax assets	20.3	7.2
Current tax assets	0.9	0.9
Other receivables (net)	32.5	28.1
NON-CURRENT ASSETS	**2,600.3**	**2,240.6**
Other financial investments (net)	0.7	0.6
Inventories (net)	81.5	75.8
Trade and other receivables (net)	574.1	500.2
Current tax assets	3.0	1.4
Cash and cash equivalents	114.7	52.7
CURRENT ASSETS	**774.0**	**630.7**
TOTAL ASSETS	**3,374.3**	**2,871.3**

Liabilities and Equity

(In million euros)	12/31/2005	12/31/2004
Share capital	3.4	3.4
Additional paid-in capital	945.6	933.2
Consolidated reserves	637.7	510.0
Net income for the period (Group share)	195.3	156.2
Translation adjustments	4.4	(2.6)
Minority interests	(33.5)	(16.4)
TOTAL EQUITY	**1,752.9**	**1,583.8**
Provisions for contingencies and losses	171.8	152.6
Deferred tax liabilities	105.0	78.8
Financial debt	631.7	447.4
Debt on commitments to purchase minority interests	63.0	60.0
Other payables	8.9	2.5
Financial derivatives	20.3	35.5
NON-CURRENT LIABILITIES	**1,000.7**	**776.8**
Provisions for contingencies and losses	12.3	9.7
Financial debt	46.3	23.9
Debt on commitments to purchase minority interests	3.8	0.0
Financial derivatives	1.1	1.0
Trade and other payables	509.4	435.3
Current tax payable	30.8	26.2
Bank overdrafts	17.0	14.6
CURRENT LIABILITIES	**620.7**	**510.7**
TOTAL LIABILITIES AND EQUITY	**3,374.3**	**2,871.3**

INCOME STATEMENT

(In million euros)	2005	2004
NET REVENUES	**1,745.2**	**1,627.3**
Direct operating expenses	(962.2)	(871.1)
Selling, general and administrative expenses	(308.9)	(291.9)
OPERATING MARGIN	**474.1**	**464.3**
Depreciation, amortization and provisions (net)	(146.1)	(141.2)
Maintenance spare parts	(27.3)	(37.3)
Other operating income and expenses	(1.7)	1.3
EBIT	**299.0**	**287.1**
Net interest expenses	(19.2)	(20.8)
Other net financial expenses	(5.4)	(10.8)
FINANCIAL RESULT	**(24.6)**	**(31.6)**
Income tax	(84.8)	(93.6)
Share of net profit of associates	9.4	6.5
INCOME FOR THE YEAR FROM CONTINUING OPERATIONS BEFORE IMPAIRMENT OF GOODWILL AND RESULT FROM DISCONTINUED OPERATIONS	**199.0**	**168.4**
Result from discontinued operations	0.0	0.0
Impairment of goodwill	0.0	(3.0)
CONSOLIDATED NET INCOME	**199.0**	**165.4**
Minority interests	3.7	9.2
NET INCOME (GROUP SHARE)	**195.3**	**156.2**
Earnings per share (in euros) (1)	**0.883**	**0.705**
Earnings per share diluted (in euros) (1)	**0.880**	**0.704**
Weighted average number of shares (1)	221,129,562	221,411,893
Weighted average number of shares (diluted) (1)	221,853,793	221,808,944

(1)After deduction of treasury shares acquired by JCDecaux SA in 2002 and in 2005, and cancelled in 2005.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Group									
(In million euros)	**Share capital**	**Additional paid-in capital**	**Treasury shares**	**Retained earnings**	**Other reserves**			**Total**	**Minority interests**	**Total**
					Financial derivatives instruments	**Available For Sale securities**	**Translation reserve adjustment**			
Equity as of December 31, 2003	**3.4**	**923.6**	**(2.1)**	**511.8**	**(0.1)**	**(0.7)**	**0.0**	**1,435.9**	**(13.7)**	**1,422.2**
Net income for the period				156.2				156.2	9.2	165.4
Change in translation adjustment							(2.6)	(2.6)	0.2	(2.4)
Balance of income and expenses recognized for the period				**156.2**			**(2.6)**	**153.6**	**9.4**	**163.0**
Capital increase		6.1						6.1		6.1
Distribution of dividends								0.0	(12.5)	(12.5)
Share-based payments		3.5						3.5		3.5
Change in consolidation scope								0.0	(0.1)	(0.1)
Other				1.1				1.1	0.5	1.6
Equity as of December 31, 2004	**3.4**	**933.2**	**(2.1)**	**669.1**	**(0.1)**	**(0.7)**	**(2.6)**	**1,600.2**	**(16.4)**	**1,583.8**
Net income for the period				195.3				195.3	3.7	199.0
Change in translation adjustment							7.0	7.0	(0.2)	6.8
Balance of income and expenses recognized for the period				**195.3**			**7.0**	**202.3**	**3.5**	**205.8**
Capital increase (1)		8.4						8.4		8.4
Distribution of dividends								0.0	(9.6)	(9.6)
Assets Available-for-sale						0.5		0.5	0.1	0.6
Cash flow hedge					(0.1)			(0.1)		(0.1)
Deferred tax on cash flow hedge								0.0		0.0
Share-based payments		4.0						4.0		4.0
Treasury shares:										
- Purchase			(28.9)					(28.9)		(28.9)
- Cancellation			31.0	(31.0)				0.0		0.0
Debt on commitments to purchase minority interests								0.0	(0.6)	(0.6)
Change in consolidation scope								0.0	(10.5)	(10.5)
Equity as of December 31, 2005	**3.4**	**945.6**	**0.0**	**833.4**	**(0.2)**	**(0.2)**	**4.4**	**1,786.4**	**(33.5)**	**1,752.9**

(1) In 2005, the increase in JCDecaux SA's share capital and additional paid-in capital is related to the exercise of stock options.

CASH FLOW STATEMENT

(In million euros)	2005	2004
Net income before tax	283.8	259.0
Share of net profit of associates	(9.4)	(6.5)
Dividends received from non-consolidated subsidiaries	(0.1)	(0.3)
Expenses related to share-based payments	4.0	3.5
Depreciation, amortization and provisions	144.2	145.5
Capital gains and losses	(1.4)	(0.5)
Discounting expenses	11.8	8.0
Net financial interest expenses	19.2	20.8
Financial derivatives and translation adjustments	(17.5)	(2.5)
Change in working capital	(8.4)	(7.2)
Change in inventories	(4.4)	20.0
Change in trade and other receivables	(17.5)	(34.8)
Change in trade and other payables	13.5	7.6
CASH PROVIDED BY OPERATING ACTIVITIES	**426.2**	**419.8**
Net financial interest paid	(19.2)	(21.3)
Income taxes paid	(76.5)	(65.0)
NET CASH PROVIDED BY OPERATING ACTIVITIES	**330.5**	**333.5**
Acquisitions of intangible assets and property, plant and equipment	(148.3)	(151.2)
Acquisitions of financial assets (long-term investments)	(240.7)	(14.8)
Acquisitions of financial assets (other)	(15.3)	(5.6)
Total investments	**(404.3)**	**(171.6)**
Proceeds on disposal of intangible assets and property, plant and equipment	7.0	9.7
Proceeds on disposal of financial assets (long-term investments)	0.4	0.7
Proceeds on disposal of financial assets (other)	1.1	1.4
Total disposals of assets	**8.5**	**11.8**
NET CASH USED IN INVESTING ACTIVITIES	**(395.8)**	**(159.8)**
Dividends paid to minority shareholders of subsidiaries	(9.6)	(12.5)
Purchase of treasury shares	(28.9)	0.0
Repayment of debt	(88.6)	(349.2)
Repayment of debt (finance lease)	(2.7)	(2.3)
Cash outflow from financing activities	**(129.8)**	**(364.0)**
Dividends received	6.1	4.9
Capital increase	8.4	6.9
Increase in long-term borrowings	237.6	72.5
Cash inflow from financing activities	**252.1**	**84.3**
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**122.3**	**(279.7)**
Effect of exchange rate fluctuations	2.6	(0.9)
CHANGE IN NET CASH POSITION	**59.6**	**(106.9)**
Net cash position beginning of period	**38.1**	**145.0**
Net cash position end of period	**97.7**	**38.1**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MAJOR EVENTS OF THE YEAR

In 2005, JCDecaux pursued its development through organic growth and strengthened its worldwide leading position in Street Furniture and airport advertising. In addition, the Group carried out several acquisitions aiming at penetrating new markets or purchasing minority interests in certain of its subsidiaries. 2005 was highlighted by the sustained growth of the Group in China, where JCDecaux completed three major acquisitions and gained strategic contracts. At the same time JCDecaux continued to develop its Street Furniture activity in Japan.

Financing

JCDecaux SA has refinanced the credit facility implemented in December 2003 and has set up a new facility for €540.0 million. As of December 31, 2005, €230.0 million had been drawn on this facility.

Change in the contract portfolio

Europe

In Italy, IGPDecaux Spa won the bus shelter advertising tender for Milan. With a term of 20 years, this contract includes the installation, placing at disposal, maintenance and operation of 1,800 bus shelters and automatic public toilets.

Asia Pacific

In Japan, MCDecaux, a joint venture between JCDecaux SA and Mitsubishi Corporation, was awarded exclusive 20-year bus shelter advertising contracts for Nagoya and Kobe, each contract covering 300 bus shelters.
MCDecaux was also awarded a 15-year exclusivity for the installation of MUPI® advertising (free-standing information panels) in the Ito Yokado shopping malls, mainly in the Greater Tokyo region.

JCDecaux Pearl & Dean Ltd also signed an exclusive 15-year contract with Tianjin Profound Metro Advertising & Plan to manage the advertising for line 1 of the new Tianjin metro.

North America

In the United States, JCDecaux renewed the advertising contract for John F. Kennedy International Airport and La Guardia Airport. The renewal was accompanied by a new 10-year contract that also includes Newark Liberty International Airport (previously managed by Clear Channel), the trains and stations of the New Jersey-Manhattan rail link known as PATH in New York, the Port Authority bus terminals, and the George Washington Bridge bus station (previously held by Viacom), in addition to new sites for Port Authority bridges, tunnels, marine terminals and other places.

Viacom Decaux (joint venture equally held by JCDecaux North America Inc. and Viacom Outdoor) was awarded an exclusive 10-year contract for the supply and maintenance of street furniture for West Hollywood.

Partnerships and acquisitions

The principal partnerships and acquisitions are detailed in Note 2.1 *Changes in the consolidation scope*.

1. ACCOUNTING METHODS AND PRINCIPLES

1.1 General principles

Pursuant to European Regulation No. 1606/2002 of July 19, 2002, the 2005 consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IAS/IFRS) adopted by the European Union and applicable as of December 31, 2005, the balance sheet date of these financial statements. These standards have been consistently applied to the 2004 comparative financial information presented.

The principles used in the preparation of these financial statements are based on:

- all standards and interpretations adopted by the European Union and in force as of 31 December 2005;
- standards that will be enforceable after 31 December 2005 but for which the Group has decided to make an early application;
- options adopted by the Group in connection with IFRS 1 *First time adoption*;
- accounting treatments adopted by the Group in cases where no guidance is provided by current standards.

These various options and positions are detailed as follows:

In order to provide comparability between the financial statements of 2004 and 2005, the Group has opted for an early adoption as at January 1, 2004, of the following standards and interpretations:

- IAS 32 *Financial instruments: Disclosure and Presentation* and IAS 39 *Financial instruments: Recognition and Measurement* applicable as of 1 January 2005;
- IFRIC 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities*, effective for accounting periods starting on or after 1 September 2004;
- IAS 19 *Employee Benefits*, adopted in advance for the December 31, 2003 consolidated financial statements which were prepared under French GAAP. In accordance with French National Accounting Council (Conseil National de la Comptabilité) Recommendation No. 2003-R.01 of April 1, 2003, the Group implemented a change in accounting method in 2003 and decided to provide for all retirement commitments and similar employee benefits starting from January 1, 2003.

However, the Group has not opted for an early application of the following standards, amendments and interpretations:

- IAS 39 *Cash flow hedge accounting of forecast intragroup transactions* applicable from 1 January 2006;
- IAS 39 *Fair value option* applicable as of 1 January 2006;
- IFRS 7 *Financial instruments - disclosures* applicable as of 1 January 2007;
- IAS 19 Amendment to IAS 19 *Employee benefits* applicable as of 1 January 2006;
- Amendment to IAS 21 *Net investment in a foreign operation* released on 15 December 2005 by the IAS B with an effective date as of 1 January 2006;
- IFRIC 4 *Determining whether an arrangement contains a lease* with an effective date as of 1 January 2006.

In connection with IFRS 1, First-time adoption of IFRS, the Group adopted the following options:

- The Group decided to apply IFRS 3 *Business combinations* on a prospective basis starting from January 1, 2004. Transactions that occurred before January 1, 2004 have not been restated.
- The Group decided not to comply with the provisions of IAS 21 *The effects of changes in foreign exchange rates* for the cumulative amount of foreign exchange differences existing at the date of transition to IFRS. Accordingly, the cumulative amount of foreign exchange differences for all foreign activities is considered to be zero as of January 1, 2004. As a result, any profits and losses realized on the sale of foreign activities exclude the exchange differences existing before January 1, 2004, but include any subsequent differences.
- The Group, in connection with IAS 19 *Employee benefits*, decided to recognize in equity all cumulative actuarial gains and losses existing as of the date of transition to IFRS. This option for the opening balance sheet does not call into question the use of the “corridor” method used for cumulative actuarial gains and losses generated subsequently.
- The Group applied IFRS 2 to stock option plans granted on or after November 7, 2002, but not yet vested as of January 1, 2005.
- The Group decided not to apply the option allowing property, plant and equipment to be remeasured at fair value at the date of transition.

Finally, in the absence of guidance from the standards or their interpretations on some issues, the Group has adopted accounting positions in accordance with paragraphs 10 to 12 of IAS 8 *Accounting policies, changes in accounting estimates and errors*. These positions described in paragraph 1.19 hereafter relate mainly to the accounting of puttable instruments relating to the acquisition of minority interests.

The effects of the transition to IFRS as well as the differences with the 2004 consolidated financial statements prepared in accordance with French GAAP are detailed in Note 12. hereafter.

1.2 Scope and methods of consolidation

Companies under exclusive control are fully consolidated.
Companies that are jointly controlled by the Group are consolidated using the proportionate method.
Companies over which the Group exercises a significant influence on the operational and financial policy are accounted for under the equity method.

All significant transactions between Group fully consolidated companies are eliminated upon consolidation. Transactions with companies consolidated under the proportionate method are eliminated up to the percentage of consolidation.
Inter-company results are also eliminated.

1.3 Recognition of foreign currency transactions in the functional currency of entities

Transactions denominated in foreign currencies are translated into the functional currency at the rate prevailing on the transaction date. At the period-end, monetary items are translated at the closing exchange rate and the resulting gains or losses are recorded in the income statement.

Long-term monetary assets held by a Group entity in a foreign subsidiary for which settlement is neither planned nor likely to occur in the foreseeable future are a part of the entity's net investment in that foreign operation. Accordingly, pursuant to IAS 21 *The effects of changes in foreign exchange rates,* exchange differences on these items are recorded in a separate component of equity, if the item is denominated in the functional currency of one of the entities, until the investment's disposal. In the opposite case, exchange differences are recorded in the income statement.

1.4 Translation of the financial statements of subsidiaries

The Group consolidated financial statements are prepared in euro, which is the parent company's presentation and functional currency.

Assets and liabilities of foreign subsidiaries are translated into the Group's presentation currency at the year-end exchange rate, and the corresponding income statement is translated at the average exchange rate of the period. Resulting translation adjustments are directly allocated to a separate component of equity.

At the time of a total or partial disposal, or the liquidation of a foreign entity, translation adjustments accumulated in equity are recorded in the income statement.

1.5 Use of estimates

As part of the process for the preparation of the consolidated financial statements, the assessment of some assets and liabilities requires the use of judgments, assumptions and estimates, notably in respect of the valuation of property, plant and equipment, intangible assets and long-term investments, provisions for contingencies and losses or write-down of inventories. These judgments, assumptions and estimates are made on the basis of information available or situations existing at the financial statement preparation date, which could prove to be different from reality in the future.

1.6 Current/non-current distinction

With the exception of deferred tax assets and liabilities which are classified as non-current, assets and liabilities are classified as current when their recoverability or payment is expected no later than 12 months after the year-end closing date; otherwise, they are classified as non-current.

1.7 Intangible assets

1.7.1 Development costs

According to IAS 38, development costs must be capitalized as intangible assets if the Group can demonstrate:

- its intention, its financial and technical ability to complete the development project;
- that it is probable that the future economic benefits attributable to such development costs will flow to the Group;
- that the cost of the asset can be measured reliably.

Development costs capitalized in the balance sheet from January 1, 2004 onwards include all costs related to the development, modification or improvement to street furniture ranges in connection with contract proposals having a strong probability of success.

Given JCDecaux's statistical success rate in its responses to street furniture bids for tender, the Group considers that it is legitimate to capitalize tender response costs. Amortization, spread out over the term of the contract, would begin when the project is awarded. Should the bid be lost, the amount capitalized would be expensed.

1.7.2 Other intangible assets

Patents are amortized over their legal useful life.

Only software that is significant (such as ERP), individualized and clearly identified is capitalized and amortized over a maximum period of 5 years. Other software is recognized in expenses for the period.

1.8 Business combinations

IFRS 3 requires the application of the purchase method to business combinations, which consists of valuing all identifiable assets, liabilities and contingent liabilities of the entity acquired at fair value.
Goodwill is the excess of the consideration paid over the fair value of all identified assets, liabilities and contingent liabilities acquired. Negative goodwill, if any, is recognized immediately against income.

Determining the fair value of assets, liabilities and contingent liabilities of the acquired entity, leads the Group to assessing contracts at fair value and recognizing them as intangible assets. When an onerous contract is identified, a provision for onerous contract is made.

IFRS grant companies with a 12 month period starting from the date of acquisition to finalize the valuation of the fair value of the assets, liabilities and contingent liabilities received in the combination.

For acquisitions achieved in stages, the purchase method applies to each transaction until control is acquired. Hence, for acquisitions of minority interests concerning companies over which the Group already exercises control, only goodwill is recognized.

In the case of an acquisition of an additional stake in a company that is already consolidated through the proportionate method, and when this method continues to apply, the excess of the consideration paid over the share of net worth acquired is only recognized as goodwill, in the absence of specific IFRS guidance on the subject.

Goodwill is no longer depreciated but tested for impairment at least annually, in accordance with IAS 36. When particular circumstances exist (significant changes in the technical, legal or market environment, insufficient profitability…), an impairment loss is recognized on the goodwill in accordance with the methodology detailed in paragraph 1.10. When recognized, such a loss cannot be reversed at a later period.

1.9 Property, plant and equipment (PP&E)

Property, plant and equipment (PP&E) are presented on the balance sheet at historical cost.

Street furniture
Street furniture (Bus shelters, MUPIs, Seniors, Electronic Information Boards (EIB), Automatic Public Toilets, Morris Columns, etc.) is depreciated on a straight-line basis over the average life of the contracts (between 4 and 20 years).

Street furniture maintenance costs are recognized as expenses.

The discounted dismantling costs expected to be paid at the end of the contract are recorded in assets and amortized over the term of the contract.

Billboards
Billboards are depreciated according to the method of depreciation prevailing in the relevant countries in accordance with local regulations and economic conditions.
The main method of depreciation is the straight-line method over a period of 2 to 10 years.

Depreciation charges are calculated over the following normal useful lives:

DEPRECIATION PERIOD

Property, plant and equipment:

▪ Buildings and constructions	10 to 50 years
▪ Technical installations, tools and equipment (excluding street furniture and billboards)	5 to 10 years
▪ Street furniture and billboards	2 to 20 years

Other property, plant and equipment:

▪ Fixtures and fittings	5 to 10 years
▪ Transport equipment	3 to 10 years
▪ Computer equipment	3 to 5 years
▪ Furniture	5 to 10 years

1.10 Valuation of intangible assets, property, plant and equipment and goodwill

As set out by IAS 36 *Impairment of assets*, items of property, plant and equipment, intangible fixed assets as well as goodwill are tested for impairment at least annually.

Impairment testing is carried out at the Cash Generating Unit (CGU) level or at the group of CGU level and consists of a comparison between the carrying value of the CGU or group of CGU tested and its recoverable value. The recoverable value is the highest of (i) the fair value less cost to sell and (ii) the value in use determined on the basis of future discounted cash flows.

When the recoverable value is determined on the basis of the value in use, forecasted future cash flows are determined using growth assumptions based either on the duration of the contracts or over a five year period with a subsequent projection to infinity. They also include a discount rate which reflects the current market's estimate of the time value of money. Risks inherent to a CGU tested are reflected to a large extent in the assumptions made for the computation of the discounted cash flows, and also in the discount rate used.

When the carrying value of a CGU or group of CGUs exceeds its recoverable value, an impairment loss is recognized in income to write down the asset's carrying value to the recoverable value.

Methodology followed

- ***Level of testing***

  - For items of PP&E and intangible fixed assets, impairment tests are carried out at the CGU level, that is the entity.
  - Regarding goodwill, tests are carried out at the level of each group of CGUs determined according to the business segment considered (Street Furniture, Billboard, Transport) and taking into account the level of synergies expected between the CGUs. Thus:
    - for the Transport segment, where a worldwide coverage is a key factor of success for the activity from a commercial viewpoint, tests are performed at the business segment level.
    - for the Street Furniture and Billboard segments, tests are performed at the intersection of the business and geographical segments, which is the level where commercial synergies for these segments are found.

- ***Discount rates used***

Values in use as taken into account in the impairment tests are determined based up on the expected future cash flows before tax, and discounted at the pre-tax rate of 8.5% which derives from the Weighted Average Cost of Capital. Given that the Group has 92% of its operations in geographical areas with similar risk profiles such as Europe, North America and Australia, this rate is applied equally across the Group, except for China and South America where a specific approach was made, using a rate of 12.5% and 15% respectively, taking into account the particular risks prevailing in those two areas.

- ***Recoverable values***

They are determined following two methods:

- Either using a standard method which is also the first level of testing to identify affiliates for which their assets might be impaired. This test is based on a projection of the 2005 operating margin following a pattern that depends on the business segments considered. Thus, for the Street Furniture and Transport segments, the residual duration of the contracts is used assuming a 3% yearly growth rate on average and the use of a discount rate as described above. For the Billboard activity a 15 year duration is used.
- Or, on the basis of a business plan when entities' assets have not passed this first level of testing or when the Group estimates that the projection of the operating margin does not reflect the expected future cash flows. Again, in this method, the future cash flows are calculated following patterns that depend on the business segment considered. Generally, the time horizon exceeds five years owing to the nature of the Group's activity:
  - in the Street Furniture segment, future cash flows are computed over the remaining life of the contract.
  - in the Billboard segment, future cash flows are computed over a five year period with a perpetual projection using on average, a yearly growth rate of 3%.
  - in the Transport segment, future cash flows are computed over the remaining life of contracts, taking into account the likelihood of the renewal after term.

The recoverable value of a group of CGUs corresponds to the sum of the individual recoverable values of each CGU belonging to that group.

1.11 Investments in associates

Goodwill recognized on acquisition is included in the value of the investments.
The share of the amortization charge arising from the depreciation of assets recognized on the acquisition or the fair value adjustment of existing assets is presented under the heading "Share of net profit of associates."
Investments in associates are subject to impairment tests on an annual basis, or when existing conditions would suggest a possible impairment. Where necessary the related loss is recorded in "Share of net profit of associates".

1.12 Financial investments (Available-For-Sale or AFS)

This heading includes investments in non-consolidated entities.
These assets are initially recognized at their fair value, generally represented by their acquisition cost plus transaction costs. In the absence of an active market, they are then measured at fair value or the value in use, which takes into account the corresponding share of shareholders' equity and the probable recovery value. Changes in values are recognized in a separate item within shareholders' equity. However, when the asset is sold or when an impairment loss for the investment is final, the cumulative gains and losses recognized directly in equity are removed from equity and recognized in the income statement.

1.13 Other financial assets

This heading includes loans to long-term investments, current account advances granted to associated or non-consolidated entities as well as loans, deposits and guarantees.
On initial recognition, they are measured at fair value plus set-up costs that are directly attributable.
At each balance sheet date, they are measured at amortized cost.
A loss in value is recorded in the income statement when the recovery value of these loans and receivables is less than their carrying amount.

1.14 Treasury shares

Treasury shares are recognized at their acquisition cost and deducted from shareholders' equity. Gains or losses on disposals are also recorded in equity and do not contribute to profit or loss for the year.

1.15 Trade and other receivables

Trade receivables are recorded at fair value, which corresponds to their nominal invoice value. Bad debt reserve is recognized when their recovery value is less than their carrying amount.

1.16 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits.

Cash equivalents comprise marketable securities.

Cash equivalents are held for trading, are easily convertible into a known cash amount and submitted to a low risk of change in valuation. They are measured at fair value and changes in fair value are recorded within financial result.

For the consolidated cash flow statement, net cash consists of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

1.17 Financial debt

Financial debt is initially recorded at the value corresponding to the amount received less related issuance costs.
It is subsequently measured at amortized cost.

1.18 Financial derivatives

A derivative is a financial instrument having the following three characteristics:

- an underlying item that changes the value of the contract (in particular, the interest rate or the foreign exchange rate);
- little or no initial net investment;
- settlement at a future date.

Derivatives are recognized in the balance sheet at fair value. Changes in subsequent values are offset in the income statement, unless they have been qualified as cash flow hedges.

Hedge accounting may be adopted if a hedging relationship between the hedged item and the derivative is established and documented from the time the hedge is set up and its effectiveness is demonstrated from inception and at each period-end. The Group currently limits itself to two types of hedges for financial assets and liabilities:

- Fair Value Hedge, the purpose of which is to limit the impact of changes in the fair value of assets, liabilities or firm commitments, due to changes in market conditions. Included in this category are, for example, receive-fixed pay-floating interest rate swaps used to transform a fixed-rate liability into a floating-rate liability. From an accounting point of view, the change in the fair value of the hedging instrument is recorded as profit or loss. However, this impact is cancelled out by symmetrical changes in the fair value of the hedged item (to the extent of hedge effectiveness).
- Cash Flow Hedge, the purpose of which is to limit changes in cash flows attributable to current assets and liabilities or highly probable forecasted transactions. Included in this category are, for example, pay-fixed receive-floating interest rate swaps used to lock in the cost of a floating-rate borrowing. From an accounting point of view, the effective portion of the change in fair value of the hedging instrument is directly offset against equity, and the ineffective portion is maintained as profit or loss. The amount included in equity is reclassified to profit or loss when the hedged item itself has an impact on profit or loss.

The hedging relationship involves a single market parameter, which currently for the Group is either a foreign exchange rate or an interest rate. When the same derivative hedges both a foreign exchange and interest rate risk, the foreign exchange and interest rate impacts are treated separately.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the cash flow hedge derivatives recognized in equity is maintained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in equity is transferred to financial result for the year.

For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are recorded directly as financial income/(expense) for the year.

The positioning of derivatives in current or non-current items is determined by that of the related underlying item.

1.19 Commitments to purchase minority interests

The application of IAS 32 results in the recognition of a financial liability relating to commitments to purchase shares held by minority interests in the Group's subsidiaries, not only for the portion already recognized in minority interests (transferred to liabilities), but also for the excess resulting from the current value of the commitment. In the absence of precision of the standard on this issue, the Group has decided to deduct the excess portion from minority interests within shareholders' equity. Subsequent changes in the fair value of the liability are recognized in financial result and allocated to the minority interests.

Commitments recorded in this respect are presented under the balance sheet heading "Debt on commitments to purchase minority interests."

1.20 Inventories

Inventories mainly consist of:

- parts necessary for the maintenance of installed street furniture,
- street furniture or billboards in kit form or partially assembled.

Inventories are valued at weighted average cost, which may include production, assembly and logistic costs.
Inventories are written down to their net realizable value when the net realizable value is less than the cost.

1.21 Provision for retirement and other long-term benefits

The Group's obligations resulting from defined benefit plans, as well as their cost, are determined using the projected unit credit method.

This method consists in measuring the obligation based on the projected end-of-career salary and the rights vested at the valuation date, determined in accordance with collective trade union agreements, branch agreements or prevailing legal rights.

The actuarial assumptions used to determine the obligations vary according to the economic conditions prevailing in the country of origin and the demographic assumptions specific to each company.

These plans are either funded, their assets being managed by an entity legally separate from the Group, or partially funded or unfunded, the Group's obligations being covered by a provision in the balance sheet.

For post-employment defined benefits, actuarial gains or losses exceeding the greater of 10% of the present value of the defined benefit obligation or the fair value of the related plan assets are amortized over the remaining average working lives of employees within the Group. Past service costs are amortized on a straight-line basis, over the average period until the benefits become vested.

For other long-term benefits, actuarial gains or losses and past service costs are recognized as income or expense when they occur.

1.22 Dismantling provision

Costs for dismantling street furniture at the end of a contract are recorded in provisions. These provisions represent the entire dismantling cost from the contract's inception and are discounted. In counterpart, the dismantling cost is recorded as fixed assets and amortized over the term of the contract. The discounting charge is recorded within financial result.

1.23 Share purchase or subscription plans at an agreed price

In accordance with IFRS 2 *Share-based payment*, employee stock options are considered as a remuneration in exchange for services rendered over the period extending from the grant date to the vesting date.
The fair value of services rendered is determined by reference to the fair value of the financial instruments granted.
The Group has decided to apply IFRS 2 to all stock option plans granted on or after November 7, 2002 for which the rights to exercise these options were not fully vested as of January 1st, 2005.

The fair value of options is determined at their grant date by an independent actuary, and any subsequent changes in the fair value are not taken into account. The Black & Scholes valuation model is used based on the assumptions described in Note 3.1 *Net operating expenses* hereafter.
The right to exercise options is vested over successive tiers over a period of three years (graded vesting). All plans are exclusively settled in shares.
The cost of the services rendered is recognized in income and against a corresponding increase in equity on a basis that reflects the vesting pattern of the options. This entry is recorded every period until the date at which all vesting rights of the considered plan have been fully granted.
The cumulative amount stated in equity reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the board of directors and based on the best available estimate, will ultimately vest.
No specific performance conditions are to be met for the stock options to be vested.

1.24 Revenues

Group revenues mainly consist in sales of advertising spaces on street furniture equipment, billboards and advertising in transport systems.

Advertising space revenues, rentals and services provided are recorded as revenues for the period in which the service is performed.

Revenues resulting from the sale of advertising spaces are recorded on a net basis after deduction of commercial rebates. In some countries, commissions are paid by the Group to advertising agencies and specialists when they act as intermediaries between the Group and advertisers. These commissions are then deducted from revenues. In agreements where the Group pays variable fees or revenues sharings to franchisers, the Group classifies gross advertising revenues as revenues and books fees and the portion of revenues repaid as operating expenses, insofar as the Group is not dealing as an agent but bears the risks and rewards incidental to the activity.
Discounts granted to customers for early payments are deducted from revenues.

1.25 Operating margin

The operating margin is defined as revenues less direct operating and SG&A expenses, excluding consumption of spare parts used for maintenance, depreciation, amortization and provisions (net), and other income and expenses.
It includes charges to provisions net of reversals relating to trade receivables.
The operating margin is impacted by cash discounts granted to customers deducted from revenues, cash discounts received from suppliers deducted from direct operating expenses. It also includes stock option expenses recognized as staff costs.

1.26 EBIT

EBIT is determined based on the operating margin less consumption of spare parts used for maintenance, depreciation, amortization and provisions (net), and other operating income and expenses. Net charges for inventory reserve are recognized in the line item, "Maintenance spare parts".
Other operating income and expenses include the gains and losses generated on the disposal of property, plant and equipment and intangible assets, as well as non-recurring items.
Net charges related to impairment tests performed on property, plant and equipment and intangible assets are included in the line item, "Depreciation, amortization and provisions".

1.27 Current and deferred income tax

The Group records deferred tax resulting from temporary differences and tax losses carried forward.
Deferred tax assets are recorded at their net estimated realization value. Deferred tax assets and liabilities are adjusted in order to take into account the impact of changes in tax legislation and in national income tax rates prevailing at closing date. Deferred tax assets and liabilities are not discounted.

The amount of deferred tax recorded results mainly from consolidation adjustments (standardization of Group accounting principles and amortization/depreciation periods for property, plant and equipment and intangible assets, finance leases, business combinations, etc.), and from temporary differences between accounting and taxable income. Deferred tax assets on tax losses carried forward are recognized when it is probable that the Group will incur future taxable profits against which those tax losses may be offset.

1.28 Finance lease and operating lease

Finance leases, which transfer to the Group substantially all the risks and benefits associated with the ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and a reduction of the lease liability so as to obtain a constant interest rate on the remaining balance of the liability. Finance charges are recognized directly in profit and loss.
Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.
Leases where the lessor retains substantially all the risks and benefits incident to ownership of the asset are considered as operating leases. Operating lease payments are recognized as an expense in the income statement.

1.29 Earnings per share

Earnings per share are calculated based on the weighted average number of outstanding shares adjusted for treasury shares. The calculation of diluted earnings per share takes into account the dilutive effect of the issue, cancellation and exercise of stock options.

2. COMMENTS ON THE BALANCE SHEET

2.1 Changes in the consolidation scope

The main changes that took place in the consolidation scope during 2005 are as follows:

Entries into the scope of consolidation
At the end of January 2005, JCDecaux Pearl & Dean Ltd (Hong Kong) created a joint venture in partnership with Shanghai Airports (SIA/SAA) and with Momentum, a media company. The new company, JCDecaux Momentum Shanghai Airport Advertising Co. Ltd, is consolidated under the proportionate method at 35%.

MediaNation Inc. (China), which was acquired for €42.3 million, was fully consolidated for the first time in 2005. At the end of April 2005, JCDecaux Pearl & Dean Ltd (Hong Kong subsidiary) acquired 79.67% of MediaNation Inc. raising its percentage of ownership to 100% during the year.

JCDecaux Asia Singapore Pte Ltd acquired 100% of Texon International Ltd at a price of €17.2 million. This company is fully consolidated.

The company Cestrian Imaging Ltd (UK), over which the Group exercises control because of potential voting rights although without owning shares, was fully consolidated for the first time in 2005, including minority interests, at 100%.

On October 7, 2005, JCDecaux Finland Oy acquired 100% of Viacom Outdoor Finland renamed JCDecaux Transport Finland Oy for €0.7 million. The company is fully consolidated.

On October 26, 2005, JCDecaux Pearl & Dean Ltd acquired 73.38% of Media Partners International Holdings Inc., increasing its interest to 99.43% as part of a takeover bid. This company, acquired for €58.5 million, is fully consolidated.

On October 28, 2005, JCDecaux Group acquired a 33% interest in Metrobus for €18.0 million. This company is consolidated using the equity method.

At the end of July 2005, JCDecaux Pearl & Dean Ltd created JCDecaux Pearl & Dean Outdoor Advertising Co (China). This company is fully consolidated.

In September 2005, the Slovene company Svetlobne Vitrine Doo, wholly owned by Proreklam Europlakat Doo, was proportionately consolidated for the first time at 16.5%.

At the end of December 2005, JCDecaux Street Furniture Pty Ltd subscribed to a capital increase of the Australian company Adbooth Pty Ltd in the amount of €0.7 million. This company, in which the Group has a 50% interest, is proportionately consolidated.

Mergers
On January 1, 2005, Aspe Srl, wholly owned by IGPDecaux Spa (Italy), was merged into IGPDecaux Spa (proportionately consolidated at 32.35%).

On September 2, 2005, Loro Prekybos Kompanija UAB and Turio Reklama UAB, wholly owned by JCD Lietuva UAB (Lithuania), were merged into JCD Lietuva UAB (fully consolidated).

Changes in percentage of ownership and in method of consolidation
On April 1, 2005, JCDecaux Group acquired the remaining 25% of shares of the company Univier Communications BV, at a price of €6.7 million. Subsequent to this additional acquisition, the Unicom group, which is composed of Univier Communications BV (The Netherlands) and its wholly owned subsidiaries, JCDecaux Latvija SIA (formerly JCDecaux Unicom Baltic SIA) (Latvia), JCDecaux Unicom Eesti OU (Estonia), and JCDecaux Lietuva UAB (formerly JCDecaux Unicom UAB) (Lithuania), is 100% held by JCDecaux Group. These companies have been fully consolidated since April 1, 2005, the Group now exercising exclusive control.

During the first half of 2005, JCDecaux Group carried out a legal restructuring of its companies in Slovenia, formerly consolidated under the proportionate method at 50%. This added Madison Doo to the scope of consolidation and changed the proportionate consolidation of the Slovenian companies, which is now at 16.5%.

In 2005, DSM Decaux GmbH (Germany) was consolidated following the proportionate method, as the Group no longer exercised exclusive control over this company.

On September 14, 2005, JCDecaux Group acquired an additional 50% interest in Sopact, JCDecaux Nederland BV and V.K.M. BV for a total amount of €91.7 million. This increased JCDecaux Group's interest in these three companies to 100%.

Removal from the scope of consolidation
Mills and Allen Holdings Ltd and Mills and Allen Group Ltd were wound up as of December 31, 2005.

2.2 Impacts of acquisitions (controlling interests)

The control of MediaNation Inc., Texon International, Univier Communications BV, JCDecaux Transport Finland Oy, Media Partners International Holdings Inc., and Adbooth Pty had the following impacts on the Group consolidated financial statements:

(In million euros)	Recognised values after purchase accounting adjustments	Purchase accounting adjustments	Carrying amounts before purchase accounting adjustments
Non current assets	162.2	62.8	99.4
Current assets	96.2	0.0	96.2
Total Assets	**258.4**	**62.8**	**195.6**
Non current liabilities	72.3	46.7	25.6
Current liabilities	72.0	0.9	71.1
Total Liabilities	**144.3**	**47.6**	**96.7**
Net asset at fair value	**114.1**	**15.2**	**98.9**
Goodwill	**71.0** (1)		
Price paid	**185.1**		
Net cash acquired	(59.0)		
Acquisitions of financial assets (long term investments)	**126.1** (2)		

(1) The amount of goodwill for €71.0 million differs from the €157.5 million mentioned in the schedule of change in goodwill (see Note 2.3), since the goodwill of Sopact, JCD Nederland BV and V.K.M. BV (these companies were already controlled before the additional purchase of 50%) for €79.8 million and other acquisitions for €0.8 million are not taken into account. In addition, the schedule of change in goodwill (see Note 2.3) does not include the goodwill of €(5.9) million recognized on the additional 25% interest acquired in Univier Communications BV (presented under the change in the scope of consolidation).

(2) The acquisitions of financial assets does not include in the above chart the acquisitions of the financial assets of Sopact, JCD Nederland BV and V.K.M. BV for €91.7 million (these companies had already been fully consolidated prior to the acquisition of the additional 50% interest), the acquisition of shares of Metrobus for €18.0 million (as the control was not effective in this company consolidated under equity method), non-consolidated investments in JCDecaux Group for €3.2 million and, finally, cash following changes in the consolidation method of DSM Decaux GmbH and Slovenia for €1.7 million.

The amount of revenues and accumulated net income, over 12 months, for the various entities acquired, as though these acquisitions had been realized as of January 1, 2005, amounted to respectively €125.5 million and €2.8 million at Group level.

2.3 Goodwill and intangible assets

Changes in gross value and net carrying amount:

(In million euros)	Goodwill	Development costs	Patents, licences, advertising contracts, ERP (3)	Leasehold rights, payments, on account, other	Total
Gross value as of January 1, 2004	**1,036.7**	**0.0**	**47.8**	**25.3**	**1,109.8**
Acquisitions	6.9	3.3	2.0	6.8	19.0
Disposals				(0.4)	(0.4)
Changes in scope	(0.4)		0.6	0.7	0.9
Translation adjustments	1.0		(0.7)		0.3
Reclassifications (1)		0.6	12.5	(10.1)	3.0
As of December 31, 2004	**1,044.2**	**3.9**	**62.2**	**22.3**	**1,132.6**
Amortization/Impairment loss as of January 1, 2004			**(23.2)**	**(18.0)**	**(41.2)**
Amortization charge		(0.1)	(8.4)	(0.1)	(8.6)
Impairment loss	(3.0)				(3.0)
Disposals				0.4	0.4
Changes in scope			2.2	(0.3)	1.9
Translation adjustments			0.2		0.2
Reclassifications (1)		(0.1)	(1.8)	1.7	(0.2)
As of December 31, 2004	**(3.0)**	**(0.2)**	**(31.0)**	**(16.3)**	**(50.5)**
Net value as of January 1, 2004	**1,036.7**	**0.0**	**24.6**	**7.3**	**1,068.6**
Net value as of December 31, 2004	**1,041.2**	**3.7**	**31.2**	**6.0**	**1,082.1**
Gross value as of January 1, 2005	**1,044.2**	**3.9**	**62.2**	**22.3**	**1,132.6**
Acquisitions	157.5	4.0	6.0	3.9	171.4
Disposals		(0.2)	(0.5)	(1.7)	(2.4)
Changes in scope	(5.8)(2)		191.1	1.4	186.7
Translation adjustments	5.2		6.0	0.1	11.3
Reclassifications (1)			11.8	(8.4)	3.4
As of December 31, 2005	**1,201.1**	**7.7**	**276.6**	**17.6**	**1,503.0**
Amortization/Impairment loss as of January 1, 2005	**(3.0)**	**(0.2)**	**(31.0)**	**(16.3)**	**(50.5)**
Amortization charge	NA	(1.2)	(18.4)	(0.1)	(19.7)
Impairment loss	0.0				0.0
Disposals	NA	0.2	0.5	1.7	2.4
Changes in scope	NA		(74.7)	(0.5)	(75.2)
Translation adjustments	NA		(3.3)	(0.1)	(3.4)
Reclassifications (1)	NA	0.1	(0.8)		(0.7)
As of December 31, 2005	**(3.0)**	**(1.1)**	**(127.7)**	**(15.3)**	**(147.1)**
Net value as of January 1, 2005	**1,041.2**	**3.7**	**31.2**	**6.0**	**1,082.1**
Net value as of December 31, 2005	**1,198.1**	**6.6**	**148.9**	**2.3**	**1,355.9**

(1) The net impact of the reclassifications is not zero, as some reclassifications have an impact on other balance sheet items.

(2) Includes the goodwill recognized on the acquisition of the additional 25% interest in Univier Communications BV for €(5.9) million. This acquisition resulted in the first-time application of the purchase method and a reallocation of a portion of the consolidated goodwill (for €14.1 million) generated during previous acquisitions in intangible assets (for €8.0 million).

(3) Includes the recognition of contracts in applying the purchase method.

The change in goodwill over 2005 breaks down as follows:

(In million euros)	Goodwill
As of January 1, 2005	**1,041.2**
New goodwill arising during the period	157.5
- Texon International	5.2
- MediaNation Inc.	20.0
- MPI Holdings Inc.	49.7
- Sopact	24.7
- JCD Nederland BV	33.1
- V.K.M. BV	22.0
- JCD Transport Finland Oy	1.2
- Aspe srl	0.6
- Adbooth Pty Ltd	0.8
- Other	0.2
Change in scope	(5.8)
Translation adjustments	5.2
As of December 31, 2005	**1,198.1**

As of December 31, 2005, goodwill amounted to €1,198.1 million, compared to €1,041.2 million as of December 31, 2004.

As of December 31, 2005, net intangible assets, excluding goodwill, amounted to €157.8 million, compared to €40.9 million as of December 31, 2004.
This increase was due, in the amount of €116.4 million, to the acquisitions of Media Partners International Holdings Inc., MediaNation Inc., Texon International and the remaining 25% of Univier Communications BV:

- On one hand, the intangible assets presented on the acquisition balance sheet of these companies, for €64.3 million, break down as follows: €37.5 million from Media Partners International Holdings Inc., €26.6 million from MediaNation Inc., and €0.2 million from Texon International.
- On the other hand, the application of the purchase method, as required by IFRS 3 *Business combinations* resulted in the recognition of contracts as intangible assets for €26.0 million with respect to Media Partners International Holdings Inc., €4.9 million for MediaNation Inc., €9.9 million for Texon International, and €11.4 million for Univier Communications BV. These intangible assets are amortized over the term of contracts. The acquisitions of Media Partners International Holding Inc. and MediaNation Inc. resulted in the recognition of a provision for onerous contracts for respectively €12.5 million and €9.0 million.

These intangible asset values and the residual goodwill relating to these transactions described below are determined on a provisional basis. The values are likely to change over the goodwill allocation period, which ends twelve months after the date of acquisition.

As of December 31, 2005, the gross value of intangible assets fully amortized and still in use amounted to €21.4 million.

2.4 Property, plant and equipment (PP&E)

Breakdown by type of asset:

	31/12/2005			31/12/2004
(In million euros)	Gross Value	Amortization or Provision	Net Value	Net Value
Land	33.0	1.3	31.7	30.8
Buildings	70.3	40.3	30.0	31.6
Technical installations, tools and equipment	1,697.0	906.5	790.5	756.5
Vehicles	100.9	75.5	25.4	23.3
Other	119.5	95.8	23.7	26.2
Assets under construction and advances payments	19.2	0.4	18.8	19.6
Total PP&E	**2,039.9**	**1,119.8**	**920.1**	**888.0**

As of December 31, 2005, net property, plant and equipment in the Street Furniture segment amounted to €735.7 million, compared to €708.5 million as of December 31, 2004.

As of December 31, 2005, net property, plant and equipment in the Billboard segment amounted to €152.7 million, compared to €151.7 million as of December 31, 2004.

As of December 31, 2005, net property, plant and equipment in the Transport segment amounted to €31.7 million, compared to €27.8 million as of December 31, 2004.

Changes in gross value and net carrying amount:

(In million euros)	Land	Buildings	Technical installations, tools & equipment	Other	Total
Gross value as of January 1, 2004	**31.2**	**81.6**	**1,462.0**	**241.4**	**1,816.2**
- including finance lease		*3.9*	*3.9*	*9.3*	**17.1**
Acquisitions	2.2	0.7	105.6	40.8	**149.3**
- including acquisitions under finance lease			*0.9*	*1.3*	**2.2**
Disposals	(0.4)	(14.7)	(37.9)	(32.1)	**(85.1)**
- including disposals under finance lease				*(2.5)*	**(2.5)**
Changes in scope	0.0	0.0	3.7	0.3	**4.0**
Reclassifications	(1.0)	(0.6)	25.9	(17.8)	**6.5**
Translation adjustments	0.0	0.0	(7.4)	(0.4)	**(7.8)**
Gross value as of December 31, 2004	**32.0**	**67.0**	**1,551.9**	**232.2**	**1,883.1**
Depreciation as of January 1, 2004	**(1.6)**	**(45.6)**	**(711.7)**	**(174.1)**	**(933.0)**
- including finance lease		*(1.1)*	*(0.5)*	*(4.4)*	**(6.0)**
Net depreciation charge/reversal	(0.1)	(3.8)	(109.3)	(18.1)	**(131.3)**
- including finance lease		*(0.3)*	*(0.4)*	*(1.0)*	**(1.7)**
Impairment loss					**0.0**
Decreases	0.1	13.7	32.7	29.2	**75.7**
- including finance lease				*1.5*	**1.5**
Changes in scope	0.0	0.0	(1.3)	0.2	**(1.1)**
Reclassifications	0.4	0.3	(7.9)	(0.6)	**(7.8)**
Translation adjustments	0.0	0.0	2.1	0.3	**2.4**
Depreciation as of December 31, 2004	**(1.2)**	**(35.4)**	**(795.4)**	**(163.1)**	**(995.1)**
Net value as of January 1, 2004	**29.6**	**36.0**	**750.3**	**67.3**	**883.2**
Net value as of December 31, 2004	**30.8**	**31.6**	**756.5**	**69.1**	**888.0**
Gross value as of January 1, 2005	**32.0**	**67.0**	**1,551.9**	**232.2**	**1,883.1**
- including finance lease		*3.9*	*4.8*	*8.1*	**16.8**
Acquisitions	0.5	0.5	116.4	33.9	**151.3**
- including acquisitions under finance lease			*0.4*	*3.5*	**3.9**
Disposals	(0.3)	(0.2)	(37.5)	(15.8)	**(53.8)**
- including disposals under finance lease				*(1.0)*	**(1.0)**
Changes in scope	0.0	2.3	11.3	5.7	**19.3**
Reclassifications	0.0	0.4	25.5	(19.2)	**6.7**
Translation adjustments	0.8	0.3	29.4	2.8	**33.3**
Gross value as of December 31, 2005	**33.0**	**70.3**	**1,697.0**	**239.6**	**2,039.9**
Depreciation as of January 1, 2005	**(1.2)**	**(35.4)**	**(795.4)**	**(163.1)**	**(995.1)**
- including finance lease		*(1.4)*	*(0.9)*	*(3.9)*	**(6.2)**
Net depreciation charge/reversal	(0.1)	(3.4)	(113.5)	(17.1)	**(134.1)**
- including finance lease		*(0.2)*	*(0.4)*	*(1.8)*	**(2.4)**
Impairment loss			(1.6)(1)		**(1.6)**
Decreases		0.2	27.1	14.8	**42.1**
- including finance lease				*0.8*	**0.8**
Changes in scope	0.0	(1.7)	(5.7)	(3.1)	**(10.5)**
Reclassifications	0.0	0.1	(7.3)	(1.0)	**(8.2)**
Translation adjustments	0.0	(0.1)	(10.1)	(2.2)	**(12.4)**
Depreciation as of December 31, 2005	**(1.3)**	**(40.3)**	**(906.5)**	**(171.7)**	**(1,119.8)**
Net Value as of January 1, 2005	**30.8**	**31.6**	**756.5**	**69.1**	**888.0**
Net Value as of December 31, 2005	**31.7**	**30.0**	**790.5**	**67.9**	**920.1**

(1) Impairment loss on Brazil

The net impact of reclassifications amounts to €(1.5) million as of December 31, 2005, compared to €(1.3) million as of December 31, 2004.

As of December 31, 2005, the net value of property, plant and equipment under finance lease amounted to €11.9 million, compared to €10.6 million as of December 31, 2004:

(In million euros)	12/31/2005	12/31/2004
Buildings	2.3	2.5
Panels	3.9	3.9
Vehicles	4.7	3.8
Other property, plant and equipment	1.0	0.4
Total	**11.9**	**10.6**

As of December 31, 2005, the gross value of property, plant and equipment fully depreciated and still in use amounted to €406.3 million.

Over 80% of the Group's property, plant and equipment is comprised of street furniture, and other advertising structures. These assets represent a range of very different products (Seniors Vitrine and large format, MUPIs®, columns, flag poles, bus shelters, public toilets, benches, public bicycles, public litter bins, etc.) for which the unit value ranges from approximately €100 to €126,000. These assets are fully owned and the Group revenues represents the sale of advertising spaces present in some of this furniture.

2.5 Investments in associates

(In million euros)	% of interest as of 12/31/2005	12/31/2005	12/31/2004
Switzerland			
Affichage Holding	30.00%	129.6	129.8
Germany			
Stadtreklame Nürnberg GmbH	35.00%	9.3	8.8
Wall AG	35.00%	68.7	66.2
United States			
Wall Holdings Inc./Wall USA Inc.	50.00%	5.5	4.9
Hong Kong			
Bus Focus Ltd (1)	40.00%	0.5	
Poad	48.72%	8.4	
France			
Metrobus	33.00%	18.2	
Total		**240.2**	**209.7**

(1) Subsidiary of Texon International

The balance sheet items representative of these associates are as follows (*):

		12/31/2005			12/31/2004		
(In million euros)	% of interest	Total assets	Total liabilities (excluding equity)	Total net equity	Total assets	Total liabilities (excluding equity)	Total net equity
Switzerland							
Affichage Holding	30.00%	223.5	80.3	143.2	221.1	81.3	139.8
Germany							
Stadtreklame Nürnberg GmbH	35.00%	10.7	3.2	7.5	11.2	4.8	6.4
Wall AG	35,00%	121.9	85.7	36.2	101.0	57.1	43.9
United States							
Wall Holdings Inc/Wall USA Inc.	50.00%	19.0	20.3	(1.3)	13.6	14.9	(1.3)
Hong Kong							
Bus Focus Ltd (1)	40.00%	2.6	1.6	1.0	NA	NA	NA
Poad	48.72%	22.7	5.7	17.0	NA	NA	NA
France							
Metrobus	33.00%	99.4	85.0	14.4	NA	NA	NA

(1)Subsidiary of Texon International

(*) On a 100% basis

Changes in investments in associates are as follows:

(In million euros)	12/31/2004	Income	Dividends	Scope	Translation	12/31/2005
Affichage Holding	129.8	3.9	(3.6)		(0.5)	129.6
Stadtreklame Nürnberg Gmbh	8.8	0.8	(0.3)			9.3
Wall AG	66.2	4.2	(1.7)			68.7
Wall Holdings Inc./ Wall USA Inc.	4.9	(0.2)			0.8	5.5
Metrobus		0.2		18.0		18.2
Poad		0.1		8.3		8.4
Bus Focus Ltd (1)		0.4	(0.4)	0.5		0.5
Total	**209.7**	**9.4**	**(6.0)**	**26.8**	**0.3**	**240.2**

(1) Subsidiary of Texon International

2.6 Financial investments

(In million euros)	Income 2005	Equity 12/31/2005 (1)	Net value of shares as of 12/31/2005
France			
Gommage & Aspiration	0.3	(0.6)	0.0
Affimétrie	0.1	0.0	0.0
Austria			
ARGE Autobahnwerbung (2)	NA	NA	0.1
Objekt Werbung GmbH (2)	NA	NA	0.9
Italy			
Ser Com	0.0	0.5	0.1
Lithuania			
Prisma net Ou	0.0	0.1	0.4
Czech Republic			
ISPA Brno Spol Sro	0.0	0.0	0.3
Hungary			
VBM Kft	(0.3)	0.2	0.2
Serbia			
Air Media	0.0	0.1	0.1
Americas			
UTE JCDecaux Argentina	(0.1)	0.4	0.4
Asia/Pacific			
Shenzen MPI	0.0	0.2	0.1
Shanghai Zongle	0.1	0.5	0.1
Gehua JCDecaux	0.0	2.6	1.6
CGEN (2)	NA	NA	0.5
Pearl & Dean Pty Ltd and Pearl & Dean Fidji	0.0	3.4	0.6
Other			0.9
Total Financial investments			**6.3**

(1) Equity excluding 2005 net income
(2) Information is not available

2.7 Other financial assets (net)

(In million euros)	12/31/2005	12/31/2004
Loans	18.1	11.6
Loans to participating interests	0.8	0.2
Other financial investments	5.6	5.8
Total Other financial assets (net)	**24.5**	**17.6**

As of December 31, 2005, net financial assets increased by €6.9 million in relation to December 31, 2004.
This change is mainly attributable to the €2.6 million loan granted by JCDecaux SA to Viacom Outdoor JCDecaux Street Furniture Canada Ltd and the additional €0.9 million loan granted by JCDecaux North America to Wall USA Inc.

Maturity of other financial assets (net):

(In million euros)	12/31/2005	12/31/2004
≤ 1year	0.7	0.6
> 1 year and ≤ 5 years	20.3	13.8
> 5 years	3.5	3.2
Total Other financial assets (net)	**24.5**	**17.6**

2.8 Other receivables (non-current assets)

(In million euros)	12/31/2005	12/31/2004
- Miscellaneous receivables	12.0	2.3
Provisions for miscellaneous receivables	(3.1)	(1.2)
- Miscellaneous tax receivables	0.4	1.1
- Receivables from sales of PP&E and intangible assets	0.0	0.0
- Prepaid expenses	23.2	25.9
Total Other receivables (non-current)	**35.6**	**29.3**
Total Provisions for other receivables (non-current)	**(3.1)**	**(1.2)**
Total Other receivables (non-current) (net)	**32.5**	**28.1**

As of December 31, 2005, the Group's other receivables (non-current) increased by €4.4 million compared to December 31, 2004. This change is essentially due to the entry of Media Partners International Holdings Inc. and MediaNation Inc. into the scope of consolidation.

2.9 Inventories

(In million euros)	12/31/2005	12/31/2004
Gross value of inventories	106.6	99.7
Raw materials, supplies and goods	*68.5*	*64.4*
Finished and semi-finished goods	*38.1*	*35.3*
Depreciation	(25.1)	(23.9)
Raw materials, supplies and goods	*(23.1)*	*(23.3)*
Finished and semi-finished goods	*(2.0)*	*(0.6)*
Total Inventories (net)	**81.5**	**75.8**

The gross value of inventories as of December 31, 2005 increased by €6.9 million compared to December 31, 2004. The change is mainly attributable to the French companies, whose gross inventories increased by €2.4 million. Inventory increases are generally due to planned furniture installations that have not been carried out, following contract gains or renewals.

2.10 Trade and other receivables (net)

(In million euros)	12/31/2005	12/31/2004
- Trade receivables	477.1	435.3
Provisions for trade receivables	(31.4)	(30.7)
- Miscellaneous receivables	18.2	6.7
Provisions for miscellaneous receivables	(0.9)	(2.8)
- Other operating receivables	17.9	27.1
Provisions for other operating receivables	(2.1)	(0.2)
- Miscellaneous tax receivables	31.0	27.8
- Receivables from sales of PP&E and intangible assets	0.0	0.1
- Advances payments	5.1	5.0
- Prepaid expenses	59.2	31.9
Total Trade and other receivables	**608.5**	**533.9**
Total Provisions for trade and other receivables	**(34.4)**	**(33.7)**
Total Trade and other receivables (net)	**574.1**	**500.2**

As of December 31, 2005, trade and other receivables increased by €73.9 million, compared to December 31, 2004. The entry of Media Partners International Holdings Inc. and MediaNation Inc. into the scope of consolidation explains this change for €43.2 million. The increase of prepaid expenses mainly corresponds to the payment, by JCDecaux Airport Inc., of €15.6 million to the company that manages the New York airports, following the awarding of the New York airports contracts.

Breakdown of operating receivables by maturity:

(In million euros)	Total	≤ 1 year	> 1 year
Trade receivables	477.1	474.1	3.0
Provisions for trade receivables	(31.4)	(28.4)	(3.0)
Miscellaneous receivables	18.2	18.2	
Provisions for miscellaneous receivables	(0.9)	(0.9)	
Other operating receivables	17.9	17.9	
Provisions for other operating receivables	(2.1)	(2.1)	
Miscellaneous tax receivables	31.0	31.0	
Receivables from sales of PP&E and intangible assets	0.0	0.0	
Advances payments	5.1	5.1	
Prepaid expenses	59.2	59.2	
Total	**574.1**	**574.1**	**0.0**

2.11 Cash and cash equivalents

(In million euros)	12/31/2005	12/31/2004
Cash and deposits	113.3	50.0
Marketable securities	1.4	2.7
Total	**114.7**	**52.7**

As of December 31, 2005, the Group had €114.7 million in available cash, of which €1.4 million was invested in marketable securities and €22.9 million was invested in guarantees mainly:

- for bank loans granted to subsidiaries based in continental China for €14.6 million (cash invested in Hong Kong);
- to cover future investments of a contract in China for €5.7 million;
- for the purchase of minority interests in Media Partners InternationaI Holdings Inc. for €0.6 million.

Marketable securities break down as follows:

(In million euros)	12/31/2005	12/31/2004
France	0.6	0.5
Spain	0.0	1.6
Finland	0.3	0.5
Portugal	0.1	0.1
Croatia	0.4	0.0
Total	**1.4**	**2.7**

2.12 Tax receivable and payable

(In million euros)	12/31/2005	12/31/2004
Tax receivable	3.9	2.3
Tax payable	(30.8)	(26.2)
Total	**(26.9)**	**(23.9)**

2.13 Net deferred taxes

2.13.1 Deferred taxes recorded

(In million euros)	12/31/2005	12/31/2004
Deferred tax assets	20.3	7.2
Deferred tax liabilities	(105.0)	(78.8)
Total	**(84.7)**	**(71.6)**

Deferred taxes decreased by €13.1 million between 2004 and 2005, primarily attributable to France for €12.1 million, MediaNation Inc. for €4.0 million.
This was offset by an increase from the United States for €3.5 million.

Breakdown of deferred taxes:

(In million euros)	12/31/2005	12/31/2004
PP&E and intangible assets	(110.1)	(94.6)
Tax losses carried forward	17.8	19.6
Dismantling provision	8.8	5.9
Other	(1.2)	(2.5)
Total	**(84.7)**	**(71.6)**

2.13.2 Unrecognized deferred tax assets on tax losses carried forward

Deferred tax assets on losses carried forward that have not been recognized amounted to €29.0 million as of December 31, 2005. The breakdown by geographical areas is as follows: €14.2 million from Asia, €6.1 million from North America, €4.7 million from the Rest of the world and €4.0 million from Europe.

2.14 Equity

Breakdown of share capital

As of December 31, 2005, share capital amounted to €3,366,466.27 divided into 220,825,551 shares of the same category and fully paid up. At the time of conversion of share capital into euros, in June 2000, the reference to a par value in our by-laws was eliminated.

Reconciliation of the number of outstanding shares as of January 1, 2005 and December 31, 2005:

Number of outstanding shares as of 01/01/2005	221,993,669
Cancellation of treasury shares	(1,700,000)
Shares issued following the exercice of options	531,882
Number of outstanding shares as of 12/31/2005	220,825,551

As of December 31, 2005, the Group did not hold any treasury shares.

Delegations of authority to increase share capital granted by the General Meeting of Shareholders to the Executive Board are as follows:

Date of Shareholders' Meeting	Authority granted to the Executive Board
May 11, 2005	- Perform a capital increase on one or more occasions by issuing – with preferential subscription rights attached – shares (with the exception of preferred shares) and/or securities giving access to shares of JCDecaux SA and/or securities granting access to debt, up to a maximum aggregate nominal amount of €2,000,000 and determine the terms and conditions thereof. This authority was granted for 26 months. The same authority was granted providing for elimination of the preferential subscription right. - Issue shares without preferential subscription rights up to an amount equal to 10% of the share capital, in consideration of contributions to capital consisting of shares or securities convertible into shares, this authority to remain in effect for 26 months. - Perform a capital increase on one or more occasions by capitalizing premiums, reserves, or earnings up to a maximum nominal amount of €2,000,000, this authority to remain in effect for 26 months. - Increase the number of shares to be issued (over-allotment option) in connection with a share capital increase, with or without preferential subscription rights, at the same price as the initial issue, this authority to remain in effect for 26 months. - Perform a capital increase, on one or more occasions, up to a maximum nominal amount of €20,000, by issuing shares or securities convertible into shares reserved to employees of JCDecaux SA and its subsidiaries, this authority to remain in effect for 26 months. - Grant stock options of JCDecaux SA to some or all employees or officers of the Group and up to a total of 4% of the share capital, this authority to remain in effect for 26 months and to supersede the authority granted at the Extraordinary General Meeting of Shareholders held on May 23, 2002. - Make grants of shares issued and outstanding or to be issued, without consideration, to employees or officers of the Group, or some of them, up to an amount equal to 0.5% of the share capital, this authority to remain in effect for 26 months.

The ordinary and extraordinary General Meeting of Shareholders held on May 11, 2005 also authorized the Executive Board to buy back shares of JCDecaux SA on the market up to 10% of the share capital for a maximum price of 30 euros, that is a maximum aggregate nominal amount of €659,980,980, this authority to remain in effect for 18 months, for the purpose, among other things, of canceling these shares.

2.15 Provisions for contingencies and losses

Provisions for contingencies and losses break down as follows:

(In million euros)	12/31/2005	12/31/2004
Provisions for retirement and other benefits	26.2	23.5
Provisions for contingencies and losses	157.9	138.8
Total	**184.1**	**162.3**

Change in provisions for contingencies and losses

(In million euros)	12/31/2004	Charges	Discount	Reversals Used	Reversals Not used	Reclassifi-cations	Translation adjustments	Change in scope	12/31/2005
Provisions for dismantling costs (1)	108.2	13.0	5.4	(9.2)	(5.1)	0.0	1.8	(0.8)	113.3
Provisions for retirement and other benefits	23.5	2.7	0.0		(0.2)	0.0	0.2	0.0	26.2
Provisions for litigation	8.8	2.9	0.0	(1.2)	(3.6)	0.2	0.1	0.0	7.2
Other provisions	21.8	7.3	0.0	(4.0)	(2.5)	(2.7)	0.8	16.7	37.4
Total provisions	**162.3**	**25.9**	**5.4**	**(14.4)**	**(11.4)**	**(2.5)**	**2.9**	**15.9**	**184.1**

(1) Provisions for contingencies and losses consist mainly of provisions for dismantling costs in respect of street furniture. They are calculated at the end of each accounting period and are based on the size of the pool of street furniture currently in use and their unitary dismantling cost (labor, cost of destruction and restoration of ground surfaces).

Provisions for litigation amounted to €7.2 million as of December 31, 2005. All Group litigation has been reviewed by the Group's Legal Department. Risks related to litigation have been evaluated on a case-by-case basis depending on plaintiff claims, opinions of Group's legal consultants and any lower court decisions.

Provisions for contingencies and losses increased by €21.8 million for the year, this increase was mainly attributable to changes in the scope of consolidation. The acquisition of MediaNation Inc. and Media Partners International Holdings Inc. under the purchase method, as required by IFRS 3 *Business combinations,* resulted in the recognition of a provision for onerous contracts of €21.5 million.

Reversals of unused provisions for the year amounted to €11.4 million. Provisions for dismantling costs contributed in the amount of €5.1 million. Provisions for litigation accounted for €3.6 million, primarily representing €1.2 million relating to a lawsuit on a patent and €1.1 million for a reversal of a provision related to a rescission of a contract in the United States.

Litigation

The Group is regularly involved in legal proceedings within the normal course of its business. These business activities often involve contracts with municipalities and public authorities in France and elsewhere that might create a context where litigation becomes a sensitive issue. The expenses that can result from these proceedings are booked as provisions only when they are probable and if they can be either quantified or reasonably estimated.

The principal legal proceedings currently ongoing that involve the Group and for which necessary reserves have been set aside are the following:

In France:

- Avenir is involved in a case with SPEPP, which claims approximately €4 million in damages as a result of the termination of a subcontract for installing barriers that it had with Avenir. A judgement entered in the Commercial Court of Créteil on May 4, 2004, held Avenir liable for the payment of €200,000. This judgement has been appealed by the third party.
- The Klein company is claiming approximately €13 million against JCDecaux SA following reduction of the volumes of business with that company. A judge has been assigned in November 2005 and the hearings will continue in 2006.
- The Serriere company contests the breach of commercial relationships and is claiming approximately €3 million against JCDecaux SA.
- The State Council (Conseil d'Etat), through two decisions taken on 4th November 2005, classified street furniture advertising contracts as public markets: their award is therefore subject to the publicity and competition obligations contained within the Public Markets Code (Code des Marchés Publics). As a result, concerning the contracts previously awarded by mutual agreement, the Local Authorities could request the early termination of the contracts, in return for an early termination indemnity.
- Furthermore in 2005, the French Competition Authority (Conseil de la Concurrence) launched an enquiry relating to the counterparts given by large companies, that are not available to the small companies.
- In addition, JCDecaux SA is or has been party to a number of administrative proceedings with various municipalities, either initiated by the Group or brought against the Group at the behest of competitors as a result of termination of contracts or improper decisions to grant public contracts to our competitors.

Abroad:

- In Spain as in France, disagreements with certain local authorities have arisen with respect to the liability, or the amount of certain taxes, involving an aggregate amount of approximately €4 million, relating to advertising displays, which have led to litigation.
- The sale to Ströer of the Polish company Aussenwerbung Polen GmbH, 50%-owned by EPI, itself a 50%-owned subsidiary of the Group, gave rise to a claim by the buyer based on given representations and warranties, for an aggregate amount of €13.2 million. A compromise settlement has been concluded and EPI has accepted to pay an amount of €0.75 million to Ströer.
- In Spain, the Group has been notified of the intention of the city of Madrid to terminate the contract for clocks obtained by its subsidiary Planigrama. In a consultation notice of 30th May 2005, the State Council (Conseil d'Etat) indicated that the city was not justified in terminating the contract due to any fault of Planigrama. A negotiation is underway with the city.
- In Thailand, the company PJ has launched legal proceedings against the company JCDecaux Thailand claiming damages of around €22 million, for breach of copyright and breach of contract. A hearing is scheduled for the end of 2006.

The amount of the reserves established for these cases results from an analysis made under the supervision of the Legal Department of the Group, on the basis of the claims, the defences, the case law, and the status of the proceedings. The amount of the reserves is not indicated for each case because indicating it might be seriously prejudicial to JCDecaux group in these litigations.

Contingent assets and liabilities other than litigation

In the absence of a contractual obligation to dismantle billboards, no provision for dismantling costs is recognized in the Group financial statements. However, certain companies (in France, Austria, the United Kingdom) operate large format panels similar to street furniture for which the unitary dismantling cost is material. Accordingly, the overall dismantling cost is estimated at €4.5 million as of December 31, 2005.

Provision for retirement and other benefits

The Group's defined employee benefits obligations mainly consist in retirement benefits (legal termination benefits, pensions and other retirement benefits for Managing Directors of certain Group subsidiaries) and other long-term benefits paid during the working life such as long service awards.

The Group's retirements benefits are mainly related to France, the United Kingdom, the Netherlands and Austria.

In France, the termination benefits paid at the retirement date are calculated in accordance with the "*Convention Nationale de la Publicité*" (Collective Bargaining Agreement for Advertising). A portion of the obligation is covered by contributions made to an external fund by the French companies of JCDecaux group.

In the United Kingdom, retirement obligations mainly consist in a pension plan previously open to some employees of JCDecaux UK Ltd. In December 2002, the related vested rights were frozen.

In Austria, the obligations mainly comprise termination benefits.

In the Netherlands, retirement obligations mainly relate to a pension plan partially covered by the contributions paid to an external fund.

Defined benefits obligations represent €21.7 million at the end of December 2005.

There are two multi-employer defined benefit plans in Sweden (ITP) and in Finland (TEL). These plans have not been subject to an actuarial valuation, insofar as they are national plans for which the necessary information is not available to date and the TEL plan is classified as a social security plan.

Finally, in Norway, the fair value of the plan assets exceeds the present value of the obligation. This asset was not recognized because of the low probability of recovery.

Provisions are calculated according to the following assumptions:

	2005	2004
Discount rate		
Euro Zone	4.1%	4.5%
United Kingdom	4.7%	5.2%
Australia	5.3%	5.9%
Estimated annual rate of increase in future salaries		
Euro Zone	2.3%	2.3%
United Kingdom	0.0%	1.75%
Australia	5.5%	5.0%
Estimated annual rate of increase in post-employment benefits		
Euro Zone	0.0%	0.0%
United Kingdom	3.0%	3.0%
Australia	0.0%	0.0%
Expected return of related plan assets		
Euro Zone	4.9%	4.9%
United Kingdom	7.0%	7.0%
Australia	N/A	N/A
Expected average remaining working lives of employees		
Euro Zone	14 - 21 years	14 - 20 years
United Kingdom	19 years	19 years
Australia	11.5 years	10 years

Retirement benefits and other long-term benefits (before tax) break down as follows:

(In million euros)	Retirement benefits *unfunded*	Retirement benefits *funded*	Other long-term benefits	Total
Change in benefit obligation				
Opening balance	10.3	52.4	2.7	65.4
Service cost	0.6	1.6	0.3	2.5
Interest cost	0.5	2.7	0.1	3.3
Amendments to plans				
Actuarial gains/losses	1.7	7.5	0.3	9.5
Benefits paid	(0.8)	(1.6)	(0.2)	(2.6)
Other (exchange gains/losses)		1.1		1.1
Benefit obligation at the end of the period	**12.3**	**63.7**	**3.2**	**79.2**
including France	*7.8*	*14.8*	*1.4*	*24.0*
including other countries	*4.5*	*48.9*	*1.8*	*55.2*
Change in plan assets				
Opening balance		30.6		30.6
Actual return on plan assets		5.2		5.2
Employer contributions		2.6		2.6
Benefits paid		(1.6)		(1.6)
Other (exchange gains/losses)		0.7		0.7
Fair value of assets at the end of the period		**37.5**		**37.5**
including France		*4.3*		*4.3*
including other countries		*33.2*		*33.2*
Provision				
Funded status	12.3	26.2	3.2	41.7
Unrecognized actuarial gains/losses	(2.3)	(7.6)		(9.9)
Unrecognized past service cost	(1.3)	(2.9)		(4.2)
Assets unrecognized		0.2		0.2
Provision at the end of the period (1)	**8.7**	**15.9**	**3.2**	**27.8**
including France	*5.2*	*6.9*	*1.4*	*13.5*
including other countries	*3.5*	*9.0*	*1.8*	*14.3*
Net periodic pension cost				
Service cost	0.6	1.6	0.3	2.5
Interest cost	0.5	2.7	0.1	3.3
Expected return on plan assets		(2.1)		(2.1)
Net actuarial gains/losses recognized in the year			0.3	0.3
Net past service cost recognized in the year	0.1	0.2		0.3
Charge for the year	**1.2**	**2.4**	**0.7**	**4.3**
including France	*0.7*	*1.5*	*0.3*	*2.5*
including other countries	*0.5*	*0.9*	*0.4*	*1.8*

(1) The amount of €27.8 million includes €26.2 million of provisions accrued as a liability in the balance sheet with respect to employee-related commitments, €(1.0) million of reimbursementrights relating to the Austrian retirement benefit plan and €2.6 million included in "other liabilities" and corresponding to a part of the employee benefit obligation in the United Kingdom.

Unrecognized actuarial losses as of December 31, 2005 amount to €9.9 million and are essentially related to the UK fund, and French and Dutch companies.

Unrecognized past service cost as of December 31, 2005 amount to €4.2 million and correspond to the surplus resulting from application of the new French law ("loi Fillon"). The surplus is amortized over the average period until the benefits are vested.

In 2005, net movements in retirement and other benefits are as follows:

(In million euros)	
January 1, 2005	**26.7**
Charge for the year	4.3
Translation adjustments	0.4
Contributions paid	(2.6)
Benefits paid	(1.0)
December 31, 2005	**27.8**

The breakdown of the related plan assets as of December 31, 2005 is as follows:

	In million euros	**%**
Shares	19.5	52%
Bonds	15.3	41%
Real estate	0.4	1%
Other	2.3	6%
Total	**37.5**	**100%**

2.16 Net financial debt

		12/31/2005			**12/31/2004**		
(In million euros)		**Current portion**	**Non-current portion**	**Total**	**Current portion**	**Non-current portion**	**Total**
Bonds			377.0	377.0		367.8	367.8
Banks borrowings		38.3	259.0	297.3	18.7	98.8	117.5
Miscellaneous facilities and other financial debt		2.0	8.9	10.9	0.2	7.4	7.6
Finance lease liabilities		3.1	9.6	12.7	2.3	9.1	11.4
Accrued interests		2.9		2.9	2.7		2.7
Economic financial debt	**(1)**	**46.3**	**654.5**	**700.8**	**23.9**	**483.1**	**507.0**
Impact of amortized cost			(2.3)	(2.3)		(1.7)	(1.7)
Impact of fair value hedge			(20.5)	(20.5)		(34.0)	(34.0)
IAS 39 remeasurement	**(2)**	**0.0**	**(22.8)**	**(22.8)**	**0.0**	**(35.7)**	**(35.7)**
Gross balance sheet financial debt	**(3)=(1)+(2)**	**46.3**	**631.7**	**678.0**	**23.9**	**447.4**	**471.3**
Financial derivatives (assets)			(0.3)	(0.3)		(0.7)	(0.7)
Financial derivatives (liabilities)		1.1	20.3	21.4	1.0	35.5	36.5
Hedging financial instruments	**(4)**	**1.1**	**20.0**	**21.1**	**1.0**	**34.8**	**35.8**
Cash and cash equivalents		114.7		114.7	52.7		52.7
Overdrafts		(17.0)		(17.0)	(14.6)		(14.6)
Net cash	**(5)**	**97.7**		**97.7**	**38.1**		**38.1**
Net financial debts (excluding minority interest purchase commitments)	**(6)=(3)+(4)-(5)**	**(50.3)**	**651.7**	**601.4**	**(13.2)**	**482.2**	**469.0**

The debt on commitment to purchase minority interests is recorded separately and therefore is not included in financial debt, as broken down in Note 2.17.

Financial derivatives are described in Note 2.18.

From an economic point of view, the Group judges that it is more relevant to comment the changes in the financial debt based on its repayment value rather than on its book value. In this purpose, "economic" financial debt is defined as the financial debt after cancellation of fair value and amortized cost adjustments (resulting from the application of IAS 39).

	12/31/2005		12/31/2004	
(In million euros)	Carrying amount	Economic value	Carrying amount	Economic value
Bonds	354.9	377.0	332.2	367.8
Banks borrowings	296.6	297.3	117.4	117.5
Miscellaneous facilities and other financial debt	10.9	10.9	7.6	7.6
Finance lease liabilities	12.7	12.7	11.4	11.4
Accrued interests	2.9	2.9	2.7	2.7
Economic financial debt	**678.0**	**700.8**	**471.3**	**507.0**

Description of the main debt items

Since the issuance of a US private placement by JCDecaux SA in 2003, the Group's main financial debt consists of bonds, bank loans and committed credit facilities, the drawn amount being as follows, stated at "economic" value:

- US private placement issued in 2003 of €377.0 million;
- a committed revolving credit facility, set up by JCDecaux SA in 2005, with an outstanding amount of €230.0 million as of December 31, 2005;
- bank loans held by JCDecaux SA's direct and indirect subsidiaries, for a total amount of €67.3 million.

Financial debt also includes:

- finance lease liabilities for €12.7 million described in the final section of this paragraph;
- miscellaneous facilities and other financial debt for €10.9 million, comprising shareholder loans held by subsidiaries not wholly owned by JCDecaux SA and granted by the other shareholders of such entities;
- accrued interests for €2.9 million.

In addition, the Group has a total of €310.0 million available committed credit facilities as of December 31, 2005 (available amount of the committed revolving credit line set up by JCDecaux SA in March 2005).

Market value of financial debt

The market value of financial debt excluding derivatives amounts to €686.1 million as of December 31, 2005 as compared to a book value of €678.0 million.

This value includes the revaluation of the US private placement (USPP) of €362.3 million. However, given that the committed revolving credit facility was renegociated in March 2005, the Group assumes that the value stated in its books reflects the market value.

The Group's financial debt is not quoted on an active market, and the values mentioned here have been computed based notably on information communicated by banks. The use of different assumptions or valuation methods could result in values that could vary from those mentioned.

Terms and conditions of the Group's main sources of financing

The Group's main financing held by JCDecaux SA consists of:

- the US private placement (USPP), comprising 5 tranches:

	Tranche A	Tranche B	Tranche C	Tranche D	Tranche E
Principal amount	US$100 million	US$100 million	€100 million	US$50 million	€50 million
Repayment	Bullet	Bullet	Bullet	Bullet	Bullet
Interest rate	Fixed rate	Fixed rate	EURIBOR rate	Fixed rate	EURIBOR rate
Risk generated	Change in fair value	Change in fair value	Change in cash flow	Change in fair value	Change in cash flow
Maturity date	April 2010	April 2013	April 2013	April 2015	April 2015

- a committed revolving credit facility, set up in March 2005, for €540.0 million and consisting of a single tranche:

2005 line

Principal amount	€540 million
Interest rate	EURIBOR rate
Risk generated	Change in cash flow
Maturity date modified in January 2006	March 2011 following the exercise and acceptance of the first extension option

The margin applicable to this credit facility varies from 0.225% to 0.50%, depending on the debt coverage ratio. In 2005 the margin was 0.225%.

These sources of funding held by JCDecaux SA are committed, but they require compliance with various restrictive covenants:

- Among other restrictions, these covenants limit the Group's ability to:
  - create liens on assets;
  - sell assets;
  - set up third-party debt at the subsidiary level;
  - extend the Group's business to activities not related to outdoor advertising (concerns the bank credit line only).
- They require the Group to maintain the following financial ratios:
  - interest coverage ratio strictly greater than 3.5 to 1 (concerns private placement and bank credit line);
  - consolidated net debt coverage ratio strictly less than 3.5 to 1 (concerns the private placement only).

As of December 31, 2005, the Group was compliant with all covenants, with values significantly distant from required limits.

- They limit changes in the control of JCDecaux SA.

Breach of these covenants could trigger early repayment of these sources of funding if some conditions are met.

Maturity of financial debt (excluding unused committed credit facilities)

(In million euros)	12/31/2005	12/31/2004
Less than one year	46.3	23.9
More than one year and less than 5 years	124.8	99.1
More than 5 years	529.7	384.0
Total	**700.8**	**507.0**

Breakdown of financial debt by currency

Breakdown of debt by currency (before basis and currency swaps)

(In million euros)	12/31/2005	12/31/2004
Euro	406.5	249.4
US dollar	228.4	218.5
Chinese yuan	19.3	0.0
Hong Kong dollar	10.3	0.0
Danish krone	9.1	12.3
Chilean peso	6.1	4.8
Norwegian krone	0.0	5.5
Other	21.1	16.5
Total	**700.8**	**507.0**

Breakdown of debt by currency (after basis and currency swaps)

	12/31/2005		12/31/2004	
	In M€	In %	In M€	In %
Euro	427.0	61%	380.9	75%
Hong Kong dollar	133.1	19%	0.0	0%
US dollar	92.3	13%	67.3	13%
Chinese yuan	19.3	2%	0.0	0%
Norwegian krone	12.9	2%	11.5	2%
Danish krone	12.4	2%	16.9	4%
Chilean peso	6.1	1%	4.8	1%
Other	(2.3)	0%	25.6	5%
Total	**700.8**	**100%**	**507.0**	**100%**

Breakdown of debt by interest rate (excluding unused committed credit facilities)

Breakdown by interest rate (before interest rate derivatives)

(In million euros)	12/31/2005	12/31/2004
Fixed rate	259.2	254.1
Floating rate	441.6	252.9
Total	**700.8**	**507.0**

Breakdown by interest rate (after interest rate derivatives)

	12/31/2005		12/31/2004	
	In M€	In %	In M€	In %
Fixed rate	37.2	5%	44.9	9%
Floating rate hedged with options	110.0	16%	95.0	19%
Floating rate	553.6	79%	367.1	72%
Total	**700.8**	**100%**	**507.0**	**100%**

Finance lease liabilities

Finance lease liabilities breakdown as follows:

	2005			2004		
(In million euros)	Minimum Future lease payments	Interests	Principal	Minimum Future lease payments	Interests	Principal
≤ 1 year	3.6	0.5	3.1	3.0	0.7	2.3
> 1 and ≤ 5 years	8.1	1.1	7.0	7.4	1.5	5.9
> 5 year	2.7	0.1	2.6	3.6	0.4	3.2
Total	**14.4**	**1.7**	**12.7**	**14.0**	**2.6**	**11.4**

2.17 Debt on commitment to purchase minority interests

The debt on commitment to purchase minority interests amounts to €66.8 million as of December 31, 2005, compared to €60.0 million as of December 31, 2004.

The item comprises the following four commitments:

- a purchase commitment given to the partner Progress, for its interest in Gewista, exercisable between January 1, 2009 and December 31, 2009, for a present value on the balance sheet of €62.1 million and for which this partner is also committed not to selling its shares before January 1, 2009;
- a purchase commitment given to the minority shareholder, for 1.77% of the shares of JCDecaux Sverige, exercisable on April 1, 2006, for a present value on the balance sheet of €3.2 million;
- a purchase option, with the partner Capital One, for 12.5% of the AQMI (Austria) shares exercisable until June 16, 2009, for a present value on the balance sheet of €0.9 million;
- a debt of €0.6 million to acquire the remaining 0.57% of shares of Media Partners International Holdings Inc. following the delisting process initiated by the company on March 1st, 2006.

2.18 Financial derivatives

The Group uses derivatives solely for interest rate and foreign exchange rate hedging purposes. The use of those derivatives primarily concerns JCDecaux SA.

2.18.1 - Financial instruments related to bond issues

In connection with the issuance of its US private placement in 2003, JCDecaux SA raised funds, a significant portion of which ($250 million) were denominated in US dollars and carried a fixed coupon. As the Group did not generate such US dollar funding needs and in compliance with its policy to have its medium and long-term debt indexed to floating rates, JCDecaux SA entered into swap transactions combined with the issuance of its private placement to hedge against the change in fair value of the debt:

- interest rate swap: JCDecaux SA receives a fixed rate and pays a floating rate (LIBOR), on a nominal amount of US$100 million, with a maturity date in April 2010;
- interest rate swaps combined with basis swaps: JCDecaux SA receives a fixed rate denominated in US dollars and pays a floating rate (EURIBOR), on a nominal amount of (i) US$150 million before swaps and (ii) €142 million after swaps, with maturity dates between April 2013 and April 2015.

These swaps meet the conditions required to qualify as fair value hedges within the meaning of IAS 39:

- interest rate swap: interest rate hedging (hedging of changes in fair value of bond debt relating to changes in interest rate);
- interest rate swaps combined with basis swaps: interest rate hedging (hedging of changes in fair value of bond debt relating to changes in interest rate) and foreign exchange hedging (hedging of changes in fair value of bond debt relating to changes in foreign exchange rate).

The features of the hedged debt and the hedging instrument being identical, the hedge is effective. As the debt is measured at fair value, the changes in value of the hedged debt are offset by symmetrical changes in value of the derivatives. The impacts on the income statement are therefore cancelled out.

The market values of these derivatives were determined by discounting the future cash flow differential based on zero coupon rates prevailing as of the balance sheet date.

As of December 31, 2005, the market value of the Group's financial instruments related to bond issues amounted to €(20.3) million, which breaks down as follows:

- €(5.1) million with respect to interest rate hedging instruments, compared to €0.7 million as of December 31, 2004. The decline in value of the financial instrument is attributable to the increase in interest rates over the period.
- €(15.2) million with respect to foreign exchange rate hedging instruments, compared to €(34.2) million as of December 31, 2004. The improvement is due to the increase in the US dollar since the last balance sheet date.

2.18.2 Interest rate instruments (excluding financial instruments related to bond issues)

a – Hedging against an increase in short-term euro interest rates of JCDecaux SA's debt indexed to a floating rate (€700.8 million outstanding as of December 31, 2005):

Most of the Group's debt is denominated in euros and indexed to floating rates, and in order to limit the impact of an increase in EURIBOR rates on its cost of debt, the Group has set up medium-term hedges in the form of caps sometimes funded by sales of caps or floors.

After taking into account these hedges, the cost of the JCDecaux SA gross debt would be impacted over the year 2005 by changes in the EURIBOR rate as follows:

Change in basis points of EURIBOR rates compared to rates as of Dec. 31, 2005	-100bp	+100bp	+200bp	+300bp
Impact in basis points on the cost of gross debt	-91bp	+89bp	+181bp	+274bp

During 2005, €60 million of hedges matured. The Group set up new hedges for €75 million with more favorable terms. Accordingly, as of December 31, 2005, the euro positions contracted by the Group are as follows:

- caps purchased for €110 million maturing between April 2006 and April 2010; none was in the money on December 31, 2005;
- caps sold for €110 million maturing between April 2006 and April 2010; none was in the money on December 31, 2005;
- floors sold for €35 million maturing in April 2006; none was in the money based on a 3-month EURIBOR of 2.488% as of December 31, 2005.

In accordance with the definitions of IAS 39, the effectiveness of these financial instruments in relation to the hedged items is not perfect. The Group currently does not wish to apply hedge accounting to these instruments. Consequently, only the market value of these instruments is recorded on the balance sheet, with changes in fair value recorded in the income statement.

The market values used for this type of derivative are the valuations communicated by first rank banks.

As of December 31, 2005, the market value of these financial instruments amounts to €0.3 million, compared to €(0.9) million as of December 31, 2004. The improvement is due to the maturity of certain transactions during the year and the increase in interest rates over the period.

b – Hedging of subsidiary debt:

To hedge bank loans denominated in Danish krones and indexed on floating rates, the Danish subsidiary has set up pay-fixed receive-floating interest rate swaps with an amortizing profile and a final maturity in January 2009. The outstanding amount as of December 31, 2005 is 37.5 million Danish krones (i.e. €5.0 million).

Most of these swaps qualify as cash flow hedges within the meaning of IAS 39.

The market value of these swaps qualified as hedges is therefore presented on the balance sheet and changes in value are recorded in equity. Changes in value of the portion of these financial instruments that does not qualify as a hedge are recorded in the income statement.

The market values of these derivatives were valued by discounting the future cash flow differential based on zero coupon rates prevailing as of the closing date.

As of December 31, 2005, the market value of these swaps amounts to €(0.2) million, compared to €(0.4) million as of December 31, 2004. The value of derivatives not qualifying as hedges is immaterial.

2.18.3 – Foreign exchange rate instruments (excluding financial instruments related to bond issues)

The foreign exchange risk exposure of the Group is generated by its business in foreign countries. It is mainly related to financial activities (refinancing and recycling of cash deposits with foreign subsidiaries pursuant to the Group's cash centralization policy). The Group covers this risk with short-term currency swaps.

Since the inter-company loans and receivables are eliminated on consolidation, only the value of the hedging instruments is presented.

As of December 31, 2005, the hedging transactions implemented by the Group are as follows (net positions):

(In million euros)	12/31/2005
Forward purchases against Euro:	
Pound sterling	23.3
Swedish krone	7.2
Singapore dollar	3.4
Australian dollar	1.9
Forward sales against Euro:	
Hong Kong dollar	122.9
Norwegian krone	12.9
Czech koruna	6.2
American dollar	6.1
Canadian dollar	5.7
Danish krone	3.4
Other	0.5

For hedges with a maturity of less than three months, the foreign exchange rate used for the revaluation is the spot rate as of the balance sheet date. For the few hedges exceeding three months, the forward exchange rate is used, based on information provided by the banks.
As of December 31, 2005, the market value of these financial instruments amounts to €(1.1) million compared to €(1.0) million as of December 31, 2004.

2.19 Other payables (non-current liabilities)

Other payables totaled €8.9 million as of December 31, 2005, compared to €2.5 million as of December 31, 2004. This increase is due to the deferral of payments for the acquisition of Sopact, which has led to the recognition by JCDecaux SA of a liability with a net present value of €8.7 million to be paid on January 1, 2007.

2.20 Trade and other payables (current liabilities)

(In million euros)	12/31/2005	12/31/2004
- Trade payables	195.6	150.9
- Tax, employee and other social liabilities	130.6	128.0
- Other operating liabilities	101.3	104.3
- Payables: purchase of fixed assets	8.6	1.9
- Other liabilities	13.6	6.8
- Down payments received	5.2	4.2
- Unearned income	54.5	39.2
Total	**509.4**	**435.3**

The marked increase in current liabilities is attributable for €44.3 million to companies brought into the scope of consolidation this year, and in particular MediaNation Inc. and Media Partners International Holdings Inc. The increase in payables relating to the purchase of fixed assets is due to a debt of €6.8 million to be paid on January 1, 2006 for the acquisition of Sopact.
The trade and other payables have a maturity of less or equal to one year.

3. NOTES TO THE INCOME STATEMENT

3.1 Net operating expenses

(In million euros)	2005	2004
Purchases of materials, external charges and other net operating expenses	(921.2)	(850.6)
Taxes and duties	(18.1)	(18.1)
Staff costs	(360.8)	(330.3)
Net provision charge	9.4	(0.6)
Net depreciation	(155.5)	(140.6)
Total	**(1,446.2)**	**(1,340.2)**

Purchases of materials, external expenses and other net operating expenses
This item includes four principal cost categories:

- the cost of consumable goods used in the maintenance operations of our advertising networks, which consist mostly of the replacement of glass panels, cleaning materials, water, electricity, paint, and fuel for our vehicles;
- rents and fees (including revenue-sharing based amounts) that we pay to landlords, public authorities, airports, transport companies, shopping malls;
- the costs that we incur in hiring subcontractors to perform some of our maintenance operations;
- the fees and operating costs, excluding personnel expenses, of the different services of our Group.

In 2005, fees paid for the right to advertise and rents charges total €566.8 million:

(In million euros)	Total	Fixed expenses	Variable expenses
Fees associated with Street Furniture or Transport contracts	391.3	249.3	142.0
Rents related to Billboard locations	151.0	115.6	35.4
Operating leases	24.5	24.5	0.0
Total	**566.8**	**389.4**	**177.4**

Variable expenses are determined based on contractual terms and conditions: rents and fees that fluctuate according to revenues levels are considered as variable expenses. Rents and fees that fluctuate according to the number of furniture items or the number of passengers in the case of airports, are considered as fixed expenses.

Research costs and non capitalized development costs are also included in "Purchases of materials, external charges and other net operating expenses" and amount to €5.0 million in 2005, compared to €5.7 million in 2004.

Taxes and duties
This item includes taxes and similar charges other than income taxes. The principal taxes recorded under this item are business tax (taxe professionnelle) and real estate taxes.

Staff costs
This item includes salaries, benefits, share based payments and social security contributions paid to (or on behalf of) employees, including installation and maintenance personnel, research and development staff, sales force and administrative staff.
It also covers profit-sharing and investment plans and related expenses for French employees.

Staff costs include:

(In million euros)	2005	2004
Remuneration and other benefits	277.9	253.7
Social security contributions	78.9	73.1
Share-based payment expenses	4.0	3.5
Total Staff costs	**360.8**	**330.3**

Staff costs in respect of post-employment benefits break down as follows:

(In million euros)	2005	2004
Retirement benefits and pensions	3.6	3.7
Other long-term benefits	0.7	0.3
Total Provision for retirement benefits (1)	**4.3**	**4.0**

(1) Including €2.5 million of expenses related to retirement benefits and pensions and other post-employment benefits (excluding retirement benefits and pensions) included in "Net provision charge" in 2005.

Share-based payment expenses recognized pursuant to IFRS 2 total €4.0 million in 2005 compared to €3.5 million in 2004.

Breakdown of stock option plans:

	2005 Plan	2004 Plan	2003 Plan	2002 Plan	2001 Plan	2001 Plan	2001 Plan
Grant date	March 4, 2005	March 5, 2004	January 16, 2003	December 13, 2002	December 14, 2001	July 20, 2001	June 21, 2001
Vesting date	March 4, 2008	March 5, 2007	January 16, 2006	December 13, 2005	December 14, 2004	July 20, 2004	June 21, 2004
Expiry date	March 4, 2012	March 5, 2011	January 16, 2010	December 13, 2009	December 14, 2008	July 20, 2008	June 21, 2008
Number of beneficiaries	140	120	20	2	49	771	5,540
Number of options	690,365	678,711	209,546	88,096	340,996	479,024	3,283,684
Strike price	€19.81	€15.29	€10.78	€10.67	€11.12	€15.46	€16.50

Stock option movements during the period and average exercise price by category of options:

Year	2005	Average exercise price in euros	2004	Average exercise price in euros
Number of options outstanding at the beginning of the year	**3,868,161**	**15.38**	**3,718,177**	**15.46**
Options granted during the year	690,365	19.81	678,711	15.29
Options forfeited during the year	128,598	16.43	135,818	15.80
Options exercised during the year	531,882	16.09	392,909	15.86
Options expired during the year	0	N/A	0	N/A
Number of options outstanding at the end of the year	**3,898,046**	**16.03**	**3,868,161**	**15.38**
Number of options exercisable at the end of the year	**2,737,031**	**15.33**	**3,044,026**	**15.65**

The average strike price per plan of options exercised during the year was as follows:

Plan	Grant date	Options exerciced in 2005	Average exercice price in euros	Options exercised in 2004	Average exercise price in euros
2001	June 2001	442,172	20.48	279,625	19.71
	July 2001	56,891	19.91	82,794	19.34
	December 2001	18,847	20.12	27,499	20.99
2002	2002	0	0	0	0
2003	2003	8,843	20.34	2,991	21.49
2004	2004	5,129	19.76	0	0
2005	2005	0	0	0	0
Total		**531,882**	**20.53**	**392,909**	**19.78**

The residual terms of option plans outstanding as of December 31, 2005 and 2004 were as follows:

		12/31/2005			12/31/2004		
Plan	Grant date	In options	Residual term in years	Average strike price in euros	In options	Residual term in years	Average strike price in euros
2001	June 2001	1,864,014	2.47	16.50	2,384,932	3.47	16.50
	July 2001	168,925	2.55	15.46	229,643	3.55	15.46
	December 2001	286,987	2.95	11.12	305,834	3.95	11.12
2002	2002	88,096	3.95	10.67	88,096	4.95	10.67
2003	2003	187,376	4.04	10.78	200,641	5.04	10.78
2004	2004	627,927	5.18	15.29	659,015	6.18	15.29
2005	2005	674,721	6.18	19.81	0		
Total		**3,898,046**		**16.03**	**3,868,161**		**15.38**

The plans were valued using the Black & Scholes model based on the following assumptions:

Assumptions	Plan 2005	2004	2003	2002
- Price of underlying at date of grant	€19.70	€16.19	€11.78	€10.49
- Estimated volatility	32.84%	50.00%	50.00%	50.00%
- Risk-free interest rate	2.96%	3.61%	3.96%	4.00%
- Estimated option life (in years)	4.5	7.0	7.0	7.0
- Estimated turnover	5%	2%	2%	2%
- Options fair value	€6.21	€9.23	€6.88	€5.86

The estimated option life represents the period from the grant date to management's best estimate of the most likely date of exercise.

Stock option plans granted between 2002 and 2004 were valued at the date of transition to IFRS based on historical volatility, with the date of the stock market initial public offering (IPO) as the start point. It was assumed that options will be exercised at the end of their life.
As the Group had more historical data for the valuation of the 2005 plan, it was able to refine its volatility calculation assumptions. Therefore the first year of listing was not included in the volatility calculation, as it was considered abnormal due primarily to the sharp movements in share price inherent to the IPO and the effect of September 11, 2001.
Furthermore, based on observed behavior, the Group considered on the issue of the 2005 plan, that the option would be exercised 4 and a half years on average after the grant date.

3.2 Financial result

(In million euros)	2005	2004
Interest income	6.5	6.2
Interest expenses	(25.7)	(27.0)
Net interest expenses (1)	**(19.2)**	**(20.8)**
Dividends	**0.1**	**0.3**
Foreign exchange gains	15.1	22.5
Foreign exchange losses	(7.8)	(22.4)
Net foreign exchange gains	**7.3**	**0.1**
IAS 39 revaluation related to foreign exchange	(18.4)	8.1
Variation in fair value of foreign exchange derivatives	19.0	(8.1)
Impact of IAS 39 - foreign exchange	0.6	(0.0)
IAS 39 revaluation related to hedged debt	5.6	(0.7)
Variation in fair value of interest rate derivatives	(5.7)	0.5
Impact of IAS 39 - interest rate	(0.1)	(0.2)
Variation in fair value of derivatives not qualified as hedges	1.4	0.9
Amortized cost impact	(1.6)	(1.1)
Impact of IAS 39	**0.3**	**(0.4)**
Discounting charges	**(11.8)**	**(8.0)**
Bank guarantee costs	**(0.7)**	**(1.5)**
Charge to provisions for financial risks	(2.4)	(2.3)
Reversal of provisions for financial risks	1.4	1.5
Provisions for financial risks - Net charge	**(1.0)**	**(0.8)**
Proceeds from the sale of marketable securities and long-term investments	0.4	1.7
Expenses on the sale of marketable securities and long-term investments	(0.1)	(2.3)
Net income/loss on the sale of marketables securities & unconsolidated investments	**0.3**	**(0.6)**
Other	0.1	0.1
Other net financial expenses (2)	**(5.4)**	**(10.8)**
Financial result (3) = (1)+(2)	**(24.6)**	**(31.6)**

The financial result totals €(24.6) million in 2005 compared to €(31.6) million in 2004, representing an improvement of €7.0 million.
The net interest expense fell €1.6 million as a result of the decrease in average net debt.

The €5.4 million improvement in other net financial expenses is mainly attributable to foreign exchange gains of €7.3 million, which break down as follows:

- Foreign exchange gains of €4.5 million on the US dollar-denominated loans granted by JCDecaux SA to its Brazilian subsidiaries. These gains are due to (i) the increase in the US dollar against the euro and (ii) the decrease in the US dollar against the Brazilian real compared to December 31, 2004. In order to reduce the impact of exchange rate fluctuations in the future, the Group converted its inter-company loans to euros at the end of 2005. In accordance with IAS 21, these loans will be classified as net investments in foreign operations, and henceforth foreign exchange gains and losses will be recognized under equity in the financial statements of the subsidiaries.
- Foreign exchange gains of €2.0 million on purchases of Hong Kong dollars following the appreciation of this currency between the purchase date and the closing date. In 2005, JCDecaux SA provided its subsidiaries with Hong Kong dollar financing equivalent to €190.0 million, to fund three major acquisitions (Texon International, MediaNation Inc. and Media Partners International Holdings Inc). Part of the loans were not hedged with forward contracts as the Group intends to perform in the future a partial capitalization of current inter-company loans.

3.3 Income tax

Breakdown between deferred and current taxes

(In million euros)	2005	2004
Current taxes	(78.0)	(74.3)
Deferred taxes	(6.8)	(19.3)
Total	**(84.8)**	**(93.6)**

The effective tax rate before impairment of goodwill and the share of net profit of associates, was 36.6% in 2004 and 30.9% in 2005.

The lower effective tax rate results mainly from:

- a decrease in national tax rates notably in France, The Netherlands, and Austria,
- the recognition of prior year tax losses carried forward in the United States not previously recognized, due to improved expected earnings.

The 2005 deferred tax charge breaks down as follows:

- net deferred tax charge of €(16.1) million,
- reversal of deferred tax asset provisions in the amount of €9.3 million.

Breakdown of deferred tax charge:

(In million euros)	2005	2004
Intangible assets and PP&E	(5.7)	(7.6)
Tax losses carried forward	(4.3)	(11.1)
Dismantling provision	2.9	0.9
Other	0.3	(1.5)
Total	**(6.8)**	**(19.3)**

Tax proof:

(In million euros)	2005	2004
Consolidated net income	**199.0**	**165.4**
Income tax charge	(84.8)	(93.6)
Consolidated income before tax	**283.8**	**259.0**
Impairment of goodwill	0.0	3.0
Share of net profit of associates	(9.4)	(6.5)
Expenses related to share-based payments	4.0	3.5
Financial expenses on liabilities on commitments to purchase minority interests	6.2	2.7
Parent/subsidiary tax regime	1.6	3.6
Non-taxable income	(8.0)	(3.4)
Non-deductible expenses	24.2	13.7
Miscellaneous	(2.4)	4.6
Net income before tax subject to the standard tax rate	**300.0**	**280.2**
Weighted Group tax rate	32.26%	33.02%
Theoretical tax charge	**(96.8)**	**(92.5)**
Deferred tax on unrecognized tax losses	(1.7)	(4.3)
Use of unrecognized prior tax losses carried forward	7.0	0.7
Recognition of prior year tax losses carried forward	6.7	0.0
Other unrecognized deferred tax assets	0.3	2.8
Miscellaneous	(0.3)	(0.3)
Income tax calculated	(84.8)	(93.6)
Income tax recorded	**(84.8)**	**(93.6)**

3.4 Number of shares for the earnings per share (EPS) / diluted EPS computation

	2005	2004
Weighted average number of shares for the purposes of earnings per share	**221,129,562**	**221,411,893**
Weighted average number of stock options	3,505,394	4,133,805
Weighted average number of stock options issued at the market price	(2,781,163)	(3,736,754)
Weighted average number of shares for the purposes of diluted earnings per share	**221,853,793**	**221,808,944**

As of December 31, 2005, the March 4, 2005 stock option plan is excluded from the calculation, since having an anti-dilutive effect.

3.5 Share of net profit of associates

(In million euros)	2005	2004
Affichage Holding	3.9	3.9
Bus Focus Ltd (1)	0.4	-
Metrobus	0.2	-
Poad	0.1	-
Stadtreklame Nürnberg GmbH	0.8	0.7
Wall AG	4.2	2.3
Wall Holdings Inc./Wall USA Inc.	(0.2)	(0.4)
Total	**9.4**	**6.5**

(1) Subsidiary of Texon International

Key income statement items of associates are as follows [(1)]:

(In million euros)	% interest 12/31/2005	2005 Net Income	2005 Net Revenues	2004 Net Income	2004 Net Revenues
Switzerland					
Affichage Holding	30%	15.5	191.4	14.6	194.3
Germany					
Stadtreklame Nürnberg GmbH	35%	2.3	11.5	2.0	11.1
Wall AG	35%	7.4	91.1	5.9	82.2
United States of America					
Wall Holdings Inc./Wall USA Inc.	50%	(0.5)	6.1	(0.9)	4.9
Hong Kong					
Bus Focus Ltd	40%	0.7	4.4	NA	NA
Poad	49%	0.2	3.3	NA	NA
France					
Metrobus	33%	0.6	4.5	NA	NA

(1) on a 100% basis

3.6 Headcount

In 2005, the Group had 7,911 employees compared to 6,933 employees in 2004.

The Group's share of employees of proportionately consolidated companies is 295 as of December 31, 2005 (included in the above total of 7,911 employees).

The breakdown of employees by function for 2005 and 2004 is as follows:

	2005	2004
Technical	4,618	4,351
Sales and marketing	1,625	1,122
IT and Administration	1,146	949
Contract relation	434	420
Research and development	88	91
Total	**7,911**	**6,933**

4. COMMENTS ON THE CASH FLOW STATEMENT

4.1 Cash flows of proportionately consolidated companies

Cash flows of proportionately consolidated companies break down as follows:

- Net cash from operating activities in 2005 was €20.7 million compared to €14.8 million in 2004.
- Net cash used in investing activities was €(17.9) million in 2005 compared to €(11.4) million in 2004.
- Net cash from financing activities was €2.6 million in 2005 compared to net cash used in financing activities of €(1.6) million in 2004.

4.2 Non-cash transactions

The increase in property, plant and equipment and liabilities related to finance lease contracts amounted to €3.9 million in 2005 compared to €2.2 million in 2004.

The increase in property, plant and equipment and dismantling provisions totaled €13.0 million in 2005 compared to €8.0 million in 2004.

5. MARKET RISKS

As a result of its operations, the Group is exposed to different degrees of market risks. The objective is to minimize such risks by pursuing appropriate financial strategies. However, the Group may need to manage residual positions. This strategy is monitored and managed centrally, by a dedicated team within the Group Finance and Accounting Department. Risk management policies and hedging strategies are approved by Group management.

5.1 Risks relating to operations and strategy for managing such risks

Liquidity and financing risk

The Group generates significant operating cash that enables it to self-finance organic growth. In the Group's opinion, acquisition opportunities could lead it to temporarily increase this net debt.

The Group's financing strategy consists of:

- centralizing financing at the parent company level. Direct and indirect subsidiaries are therefore financed, in priority, through inter-company loans made by JCDecaux SA. However, the Group may have external financing for certain subsidiaries, especially (i) where the tax or currency situation is unfavorable (withholding tax, on-shore or off-shore interest rate terms, etc.); (ii) for subsidiaries that are not wholly owned by the Group; (iii) for historical reasons (financings already in place when the subsidiary joined the Group);
- having financing resources available (i) that are diversified, especially to avoid being exclusively dependent on the banking market; (ii) which maturity is in line with the medium and long-term life of its assets; (iii) that are flexible, in order to absorb fluctuations in Group net debt;
- having permanent access to a liquidity reserve in the form of committed, but unused credit facilities;
- minimizing the risk of non-renewal of financing sources, by staggering annual installments;
- optimizing financing margins, through early renewal of loans that are approaching maturity, or by re-financing certain financing sources when market conditions are favorable; and
- optimizing the cost of net debt, by recycling excess cash flow generated by different Group companies as much as possible, in particular by repatriating the cash to JCDecaux SA through loans or dividend payments.

Group medium and long-term debt is rated "Baa2" by Moody's and "BBB+" by Standard and Poor's, with a stable outlook in both cases. Standard and Poor's upgraded the Group's rating in May 2005 from "BBB" to "BBB+".

As of December 31, 2005, balance sheet debt excluding hedging instruments amounts to €678.0 million. After deduction of net cash of €97.7 million, Group net debt is €580.3 million.

Pursuant to IFRS, this debt balance includes the fair value revaluation of hedged debt and the impact of amortized cost (IAS 39 adjustments). This debt balance should, however, be corrected for these adjustments in order to assess its repayment value. Debts on commitments to purchase minority interests (IAS 32 adjustments) are recorded in a separate line of the balance sheet and are not included in financial debt.

As of December 31, 2005, the "economic" net debt is €601.4 million, representing a debt/equity ratio of 33.7%, compared to €469.0 million and a debt/equity ratio of 29.3% as of December 31, 2004.

In 2005, in accordance with the financing policy:

- JCDecaux SA renegotiated its bank credit facilities: in March 2005, the Group fully repaid the committed revolving credit facility secured in December 2003 for €665 million and replaced it with a new committed revolving credit facility for €540 million, in order to take into account the significant cash generated and to benefit from favorable market conditions. This new credit facility has an initial maturity of March 2010 and two one-year renewal options, the first of which was exercised and accepted by the bank syndicate in January 2006. From now on, the revised maturity of this credit facility is March 2011. This renegotiation enabled the Group to extend the maturity of its debt and benefit from better financial conditions.
- 87% of Group financial debt is carried by JCDecaux SA and has an average maturity of more than six years.
- As of December 31, 2005, the Group has cash of €114.7 million and unused committed credit facilities of €310 million (see Note 2.11 *Cash and cash equivalents*).

JCDecaux SA financing sources are confirmed but they require compliance with a number of covenants. Breach of these covenants could, if conditions are met, trigger early repayment of loans and credit facilities. As of December 31, 2005, the Group was compliant with all covenants, with values significantly distant from required limits. When this document is released, no exceptional event likely to trigger these covenants at March 31, 2006 occurred.

Interest rate risk
The Group is exposed to interest rate fluctuations as a result of its debt, including, but not limited to, the euro and the U.S. dollar. Given the high correlation between the advertising market and the level of general economic activity of the countries where the Group operates, it is Group strategy to secure primarily floating-rate financing. Hedging operations are mainly centralized at the JCDecaux SA level.

Interest rate hedges totaling €60 million matured during 2005. The Group negotiated new hedges in the form of caps spreads at more favorable market conditions, in the amount of €75 million.

As of December 31, 2005, 6% of total Group gross debt, all currencies combined, was at fixed rates, 16% was hedged against an increase in short-term interest rates in the currencies concerned; 6% of the total Group euro-denominated[1] gross debt was at fixed rates and 26% was hedged against an increase in EURIBOR rates.

Foreign exchange risk
Despite its presence in 45 countries, the Group is relatively immune to currency fluctuations, as the subsidiaries in each country do business solely in their own country and inter-company services and purchases are relatively insignificant. However, as the currency of financial statements of the Group is euro, these Group financial statements are affected by the conversion into euro of financial statements denominated in local currencies. In 2005, revenues realized in currencies other than the euro accounted for 39.1% of Group revenues.

In 2005, the Group mainly implemented foreign currency hedges of financial transactions:

- pursuant to application of its centralized financing policy and its multi-currency excess cash position, and in order to hedge inter-company loan transactions, the Group implemented short-term currency swaps. The Group nonetheless decided not to hedge certain positions generated by inter-company loans as (i) hedging arrangements were too costly, or not always available; (ii) the loan amount was limited; (iii) the future capitalization of part of the loans was possible;
- the Group implemented swaps covering the full term of operations, for the portion of its long-term debt denominated in US dollars[2] not used to finance the current expansion of activities in the United States.

As of December 31, 2005, the Group considers that its financial position and earnings would not be materially affected by exchange rate fluctuations.

Management of excess cash positions
As of December 31, 2005, Group excess cash position totals €114.7 million, spread across more than 40 countries.
Out of these €114.7 million, €1.4 million is invested in marketable securities (a breakdown of marketable securities by country is presented in Note 2.11 *Cash and cash equivalents*) and €22.9 million are used as guarantees.

5.2 Risks related to financial management

Risks related to interest rate and foreign exchange derivatives
The Group does not use derivative products except for hedging foreign exchange and interest rate risks, which is done centrally.

Risks related to credit rating
The Group is rated “Baa2” by Moody's and “BBB+” by Standard & Poor's. The Group’s principal financing sources (financing raised by the parent company), as well as principal hedging arrangements are not subject to early termination in the event of a downgrade of the Group’s credit rating.

Counterparty risk
Group counterparty risks relate to the investment by the subsidiaries of their excess cash balances with banks and to other financial transactions, principally involving JCDecaux SA (via unused committed credit facilities and hedging commitments). The Group strategy is to minimize this risk (i) by minimizing excess cash flows within the Group through the internal recycling strategy, with the remaining counterparty risk being managed by authorizing the opening of bank accounts with first rate banks only and (ii) by entering into these financial transactions also with first rate banks only.

Risk related to portfolio securities
To earn a return on excess cash position, the Group occasionally invests in marketable securities. The securities acquired consist of money market securities (mutual funds and money-market SICAV funds that are not sensitive; certificates of deposits issued by first rate banks; short-term government securities and treasury bills, etc.). These instruments are acquired on a short-term basis, earn interest at money market benchmark rates, are liquid, and involve only limited counterparty risk, as indicated above.
Group strategy is not to own marketable shares or securities other than money market securities and treasury shares. As such, the Group considers its risk exposure arising from marketable shares and securities to be low.

[1] *Euro-denominated debt after adjustment for currency swaps and issue swaps*
[2] *Private placement issued in the United States in 2003*

6. OFF-BALANCE SHEET COMMITMENTS

6.1 Security and other commitments

(In million euros)	12/31/2005	12/31/2004
COMMITMENTS GIVEN (1)		
Business guarantees	66.9	59.5
Other guarantees	4.4	7.5
Pledges, mortgages	22.9	2.1
Commitments on securities	66.5	72.5
Total	**160.7**	**141.6**
COMMITMENTS RECEIVED		
Guarantees	3.1	2.7
Commitments on securities	42.0	46.9
Credit facilities	310.0	600.0
Total	**355.1**	**649.6**

(1) Excluding commitments relating to lease, rent and minimum franchise payments, given in the ordinary course of business.

Business guarantees are granted mainly by JCDecaux SA. As such, JCDecaux SA guarantees the performance of contracts entered into by subsidiaries, either directly to third parties or by counter-guaranteeing guarantees granted by banks or insurance companies.

"Other guarantees" include guarantees granted mainly by JCDecaux SA: (i) covering payments under building lease agreements, and car rentals of its subsidiaries; (ii) as counter-guarantees for guarantee lines granted by banks to subsidiaries; (iii) covering payments related to financial debt of non-consolidated subsidiaries or equity associates; (iv) covering payments related to financial debts of proportionately consolidated companies when the guarantee amount exceeds the Group's percentage of interest.

The "pledges and mortgages" mainly comprise amounts of treasury given in guarantees. A breakdown is provided in Note 2.11 *Cash and cash equivalents.*

Guarantees received are mainly related to the representations and warranties received.

Commitments on securities are mainly granted and received in the context of acquisitions.

As of December 31, 2005, commitments on securities given in favor of different partners comprise the following options:

- A call option with two exercise periods: January 1, 2006 to December 31, 2006 and January 1, 2008 to December 31, 2008. This option concerns the Group's 35% interest in the Wall Group. The exercise price will be at least €63.4 million. The contractual calculation formula values this commitment at €65 million as of December 31, 2005.
- Additional consideration of €1.8 million which can be claimed up to December 14, 2006 if the Group acquires over 50% of the share capital of Wall Group.
- Regarding the 34% interest held by the Group's partner Publicis in Somupi, three put options have been granted:
  - the first, valid from September 15, 2005 to March 31, 2014, will be exercisable only in the event of a change in the control of JCDecaux Group. The exercise price will be determinated in accordance with a contractual calculation formula;
  - the second, valid from April 1, 2014 to September 30, 2014 can be exercised if the city of Paris renews its contract with Somupi. Its exercise price will be determined by investment banks. As the financial conditions relating to the renewal of this contract can not be presently determined, the commitment is not recognized as of December 31, 2005;
  - the last, valid from April 1, 2014 is exercisable in the event that JCDecaux Group wishes to transfer its entire interest to a third party. The exercise price will be determined in good faith by the parties or by an expert.

Furthermore, the Group is committed to sell, in 2009, a 12.5% interest in AQMI for a consideration of €1.3 million.

Commitments on securities received by the Group comprise the following options:

- A put option exercisable from January 1, 2008 to December 31, 2008. The option concerns the Group's 35% interest in the Wall Group. The exercise price will be at least €42 million for a 23.88% interest. The contractual calculation formula values this commitment at €44 million. The contractual calculation formula values the commitment regarding the additional 11.12% interest at €21 million.
- Regarding the 33% interest in the Metrobus Group, three put options have been received:
  - the first, valid from September 15, 2005 to March 31, 2014 can only be exercised in the event of change in the control of Publicis Group. Its exercise price will be determined in accordance with the contractual calculation formula,
  - the second, valid from April 1, 2014 to September 30, 2014 can be exercisable if the RATP renews its contract with Metrobus. The exercise price will be determined by investment banks,
  - the last, valid from April 1, 2014 is exercisable in the event that the Publicis Group wishes to transfer its entire interest to a third party. The exercise price will be determined in good faith by the parties or by an expert.

Lastly, the Group benefits from pre-emptive rights under certain partnership agreements, which are not considered as commitments given or received.

Credit facilities comprise the confirmed revolving credit line secured in March 2005 of €540 million. As of December 31, 2005, €310 million of this credit line was not drawn.

6.2 Commitments relating to lease, rent and minimum franchise payments given in the ordinary course of business

In the ordinary course of business, JCDecaux has entered into the following agreements:

- contracts with cities, airports and transport companies, which entitle the Group to operate its advertising business and collect the related revenues, in return for payment of fees, comprising a fixed portion or guaranteed minimum (*minima garantis*);
- rental agreements for billboard locations on private ground;
- lease agreements for buildings, vehicles and other equipment (computers, etc.).

Such commitments given in the ordinary course of business break down as follows (amounts are not discounted):

(In million euros)	≤ 1 year	> 1 & ≤ 5 years	> 5 years (1)	Total
Minimum franchise payments associated with Street Furniture or Transport contracts	311.1	920.3	1,078.6	2,310.0
Rents related to Billboard locations	89.6	126.8	34.8	251.2
Operating leases	21.4	51.7	17.4	90.5
Total	**422.1**	**1,098.8**	**1,130.8**	**2,651.7**

(1) until 2030.

6.3 Commitments to purchase assets

Commitments to purchase property, plant and equipment and intangible assets total €176.9 million and €0.3 million respectively as of December 31, 2005.

6.4 Commitments relating to employee benefits

Pursuant to IAS 19 *Employee benefits,* and in accordance with the Group decision to apply the corridor method, a portion of actuarial gains and losses and past service costs are not recognized as provisions. A breakdown is provided in Note 2.15.

7. SEGMENT REPORTING

Pursuant to IAS 14 *Segment Reporting,* primary segment information is reported by line of business and secondary segment information is reported by geographical area. This distinction is based on the internal organization systems and management structure of the Group. The primary segment information reflects the three business models suitable for each of the three lines of business.

7.1 By line of business

Definition of business segments

Street Furniture
The Street Furniture line of business covers, in general, the advertising agreements relating to public property entered into with cities and local authorities. It also includes advertising in shopping malls, as well as the renting of street furniture, the sale and rental of equipment, and other various services such as cleaning and maintenance.

Billboard
The Billboard line of business covers advertising on private property, including both traditional billboards and back-light billboards. It also includes neon-type activity.

Transport
The Transport line of business covers advertising in public transport systems, including airports, subways, buses, tramways and trains.

Transactions between business lines
Transfer prices between business lines are equal to prices determined on an arm's length basis, as in transactions with third parties.

The breakdown of the 2005 segment reporting by line of business is as follows:

(In million euros)	Street Furniture	Billboard	Transport	Eliminations	Total
Net revenues					
- to third parties	925.3	428.3	391.6		1,745.2
- inter-segment revenues	24.9	10.3	3.6	(38.8)	0.0
Total	**950.2**	**438.6**	**395.2**	**(38.8)**	**1,745.2**
Operating margin	**384.4**	**58.6**	**31.1**	**0.0**	**474.1**
EBIT	**251.9**	**30.5**	**16.6**	**0.0**	**299.0**
Impairment of goodwill	0.0	0.0	0.0	0.0	0.0
Segment profit/loss	**251.9**	**30.5**	**16.6**	**0.0**	**299.0**
Financial result					(24.6)
Income tax					(84.8)
Share of net profit of associates	5.2	4.0	0.2		9.4
Consolidated net income					**199.0**
Segment assets	1,541.2	885.2	608.1	(70.4)	2,964.1
Investments in associates	83.9	138.1	18.2		240.2
Financial investments					6.3
Other financial investments (net)					24.5
Financial derivatives					0.3
Cash and cash equivalents					114.7
Tax assets					24.2
Total assets					**3,374.3**
Segment liabilities	427.4	182.6	162.8	(70.4)	702.4
Balance sheet financial debt					678.0
Debt on commitments to purchase minority interests					66.8
Financial derivatives					21.4
Bank overdrafts					17.0
Tax liabilities					135.8
Total equity					1,752.9
Total liabilities and equity					**3,374.3**
Acquisitions of intangible assets and PP&E (1)	111.9	28.7	7.7		148.3
Depreciation and amortization (2)	113.4	26.6	15.5		155.5
Non-cash expenses other than depreciation and amortization	(7.3)	(0.2)	0.2		(7.3)

(1)excluding sales of intangible assets and PP&E
(2)including impairment losses on intangible assets and PP&E

The breakdown of the 2004 segment reporting by line of business is as follows:

(In million euros)	Street Furniture	Billboard	Transport	Eliminations	Total
Net revenues					
- to third parties	882.0	432.6	312.7		1,627.3
- inter-segment revenues	21.7	8.0	1.3	(31.0)	0.0
Total	**903.7**	**440.6**	**314.0**	**(31.0)**	**1,627.3**
Operating margin	**385.6**	**58.2**	**20.5**	**0.0**	**464.3**
EBIT	**243.7**	**29.8**	**13.6**	**0.0**	**287.1**
Impairment of goodwill	(2.9)	(0.1)			(3.0)
Segment profit / loss	**240.8**	**29.7**	**13.6**	**0.0**	**284.1**
Financial result					(31.6)
Income tax					(93.6)
Share of net profit of associates	2.6	3.9			6.5
Consolidated net income					**165.4**
Segment assets	1,430.7	902.4	352.0	(110.9)	2,574.2
Investments in associates	80.0	129.7			209.7
Financial investments					6.9
Other financial investments (net)					17.6
Financial derivatives					0.7
Cash and cash equivalents					52.7
Tax assets					9.5
Total assets					**2,871.3**
Segment liabilities	387.4	199.8	123.8	(110.9)	600.1
Balance sheet financial debt					471.3
Debt on commitments to purchase minority interests					60.0
Financial derivatives					36.5
Bank overdrafts					14.6
Tax liabilities					105.0
Total equity					1,583.8
Total liabilities and equity					**2,871.3**
Acquisitions of intangible assets and PP&E (1)	108.8	36.5	5.9		151.2
Depreciation and amortization (2)	104.3	28.0	8.3		140.6
Non-cash expenses other than depreciation and amortization	16.8	3.3	(1.3)		18.8

(1) excluding sales of intangible assets and PP&E
(2) including impairment losses on intangible assets and PP&E

7.2 By geographical area

The 2005 segment reporting by geographical area breaks down as follows:

(In million euros)	France	United Kingdom	Rest of Europe	North America	Pacific-Asia	Rest of the world	Eliminations	Total
Revenues	555.0	258.5	637.4	110.9	172.7	10.7	0.0	**1,745.2**
Segment assets	784.5	389.4	1,123.1	146.6	255.6	15.6	(46.8)	**2,668.0**
Unallocated assets								**296.1**
Acquisitions of intangible assets and PP&E (1)	62.0	13.2	57.5	9.2	6.1	0.3		**148.3**

(1) excluding sales of intangible assets and PP&E

Unallocated assets of €296.1 million comprise goodwill of the Transport business line not allocated by geographical area. Global coverage is a key success factor in the Transport business line from both a commercial point of view and with regards to securing the renewal of contracts. As such Transport goodwill is not allocated to a specific geographical area. This also applies to impairment tests.

The 2004 segment reporting by geographical area breaks down as follows:

(In million euros)	France	United Kingdom	Rest of Europe	North America	Pacific-Asia	Rest of the world	Eliminations	Total
Revenues	559.8	245.0	612.3	99.7	103.0	7.5	0.0	**1,627.3**
Segment assets	740.2	387.6	1,070.5	107.6	71.3	15.4	(38.0)	**2,354.6**
Unallocated assets								**219.6**
Acquisitions of intangible assets and PP&E(1)	54.4	15.3	58.3	15.4	7.2	0.6		**151.2**

(1) excluding sales of intangible assets and PP&E

Unallocated assets of €219.6 million comprise goodwill of the Transport business line not allocated by geographical area.

8. RELATED PARTIES

8.1 Related party transactions

Loans granted to related parties as of December 31, 2005 totaled €15.3 million, including a loan of €8.3 million to Wall USA Inc., a loan of €2.3 million to Europlakat International in Austria and a loan of €2.9 million to Viacom Outdoor JCDecaux Street Furniture Canada Ltd.

Borrowings secured from related parties as of December 31, 2005 totaled €4.0 million, including €1.5 million from DSM Decaux GmbH in Germany and €2.3 million from Affichage Holding in Switzerland.

Liabilities to related parties as of December 31, 2005 totaled €8.5 million, including €3.2 million towards Shanghai Metro Advertising Corp. in China, €2.6 million towards MNI Beijing Metro in China and €1.5 million towards Dopravni Podnik in Czech Republic.

Receivables held by the Group on the related parties as of December 31, 2005 totaled €6.3 million, including €3.9 million with IGP Decaux Spa in Italy.

Income realized with related parties totaled €8.4 million in 2005, including €4.7 million realized with IGP Decaux Spa in Italy.

Purchases from related parties totaled €20.2 million in 2005, including €10.1 million of rent charges with the companies SCI Lyonnaise d'entrepôt, Clé Saint Pierre and Troisjean in France, Belgium, Spain and the United Kingdom, €4.9 million of rents and fees with Shanghai Metro Advertising Corp. in China and €2.4 million with Dopravni Podnik in Czech Republic.

In 2005, financial income realized with related parties totaled €0.6 million and financial expenses totaled €0.1 million.

8.2 Executive officer compensation

Compensation paid to members of the Executive Board breaks down as follows:

(In million euros)	2005	2004
Short-term benefits	7.0	7.1
Life insurance / special pension	0.3	0.2
Share-based payments	0.7	0.8
Total	**8.0**	**8.1**

In addition, three of the five members of the Executive Board possess golden parachutes, under the terms of which compensation of up to one to two years' salary would be payable on termination of their employment contract by the Group.

Post employment benefits booked in the balance sheet amount to €0.3 million as of December 31, 2005 and as of December 31, 2004.

Directors' fees of €0.1 million were paid to members of the Supervisory Board in respect of 2005.

9. PROPORTIONATELY CONSOLIDATED COMPANIES

The Group holds a number of investments which are proportionately consolidated.

The Group's share in the assets, liabilities and earnings of these joint ventures as of December 31, 2005 and 2004, recorded in the consolidated financial statements, is as follows:

(In million euros)	12/31/2005	12/31/2004
Non-current assets	45.4	11.3
Current assets	64.3	41.8
Total Assets	**109.7**	**53.1**
Non-current liabilities	32.6	14.6
Current liabilities	41.5	33.5
Total liabilities (excluding equity)	**74.1**	**48.1**
Equity	**35.6**	**5.0**
including net income	**10.6**	**5.0**

The increase in net equity of €30.6 million breaks down as follows:

- €27.8 million in respect of companies proportionately consolidated for the first time in 2005 (mainly in China, MNI Beijing Metro for €13.2 million and MPI Metro-Ads for €13.5 million);
- €(1.9) million in respect of Univier Communications BV, fully consolidated from April 1, 2005;
- €4.7 million in respect of changes in net equity of companies proportionately consolidated in 2004 and 2005.

10. SCOPE OF CONSOLIDATION

10.1 Identity of the parent company

As of December 31, 2005, 70.22% of the share capital of JCDecaux SA is held by JCDecaux Holding.

10.2 List of consolidated companies

See following pages.

COMPANIES	Country	% interest	Consolidation method	% control
STREET FURNITURE				
JCDECAUX SA	France	100.00	F	100.00
JCDECAUX MOBILIER URBAIN	France	100.00	F	100.00
SOPACT	France	100.00	F	100.00
SEMUP	France	100.00	F	100.00
DPE	France	100.00	F	100.00
SOMUPI	France	66.00	F	66.00
ACM GmbH	Germany	100.00	F	100.00
JCDECAUX STADTMOBLIERUNG GmbH	Germany	100.00	F	100.00
JCDECAUX DEUTSCHLAND GmbH	Germany	100.00	F	100.00
GEORG ZACHARIAS GmbH	Germany	50.00	F	50.00
RGS	Germany	25.00	F	50.00
DSM DECAUX GmbH	Germany	50.00	P	50.00
JCDECAUX GmbH (formerly KLETT DECAUX GmbH)	Germany	100.00	F	100.00
STADTREKLAME NÜRNBERG GmbH	Germany	35.00	E	35.00
ILG AUSSENWERBUNG GmbH	Germany	50.00	F	50.00
WALL AG	Germany	35.00	E	35.00
WFA WARTEHALLEN FINANZ AG (1)	Germany	100.00	F	100.00
JCDECAUX UK Ltd (2)	United Kingdom	100.00	F	100.00
JCDECAUX ARGENTINA S.A.	Argentina	99.93	F	99.93
JCDECAUX STREET FURNITURE Pty Ltd	Australia	100.00	F	100.00
JCDECAUX AUSTRALIA Pty Ltd	Australia	100.00	F	100.00
ADBOOTH Pty	Australia	50.00	P	50.00
AQMI GmbH (3)	Austria	29.31	P	50.00
JCDECAUX BELGIUM PUBLICITE SA	Belgium	100.00	F	100.00
ACM SA	Belgium	100.00	F	100.00
JCDECAUX DO BRASIL Ltda	Brazil	100.00	F	100.00
JCDECAUX SALVADOR S.A.	Brazil	100.00	F	100.00
VIACOM OUTDOOR JCDECAUX STREET FURNITURE CANADA Ltd	Canada	50.00	P	50.00
JCD P&D Outdoor Advertising Co	China	100.00	F	100.00
MNI KIOSK (4)	China	80.00	F	80.00
IPDECAUX, Inc.	Korea	50.00	P	50.00
AFA JCDECAUX A/S (2)	Denmark	50.00	F	50.00
EL MOBILIARIO URBANO S.L.	Spain	100.00	F	100.00
JCDECAUX ATLANTIS S.A.	Spain	85.00	F	85.00
JCDECAUX & SIGN S.A.	Spain	100.00	F	100.00
PLANIGRAMA EXCLUSIVAS PUBLICITARIAS S.A.	Spain	100.00	F	100.00
JCDECAUX EESTI OU	Estonia	100.00	F	100.00
JCDECAUX NEW YORK Inc.	United States	100.00	F	100.00
JCDECAUX SAN FRANCISCO Llc	United States	100.00	F	100.00
JCDECAUX MALLSCAPE Llc	United States	100.00	F	100.00
JCDECAUX CHICAGO Llc	United States	100.00	F	100.00
JCDECAUX NEW YORK Llc	United States	100.00	F	100.00
VIACOM DECAUX STREET FURNITURE Llc	United States	50.00	P	50.00
JCDECAUX NORTH AMERICA Inc.	United States	100.00	F	100.00
WALL HOLDINGS Inc. (5)	United States	50.00	E	50.00
WALL USA Inc. (5)	United States	50.00	E	50.00
JCDECAUX FINLAND Oy	Finland	100.00	F	100.00
JCDecaux TEXON (6)	Hong Kong	100.00	F	100.00
IWI (TEXON'S HOLDING)	Hong Kong	100.00	F	100.00
AFA JCD ICELAND ehf	Iceland	50.00	F	100.00

COMPANIES	Country	% interest	Consolidation method	% control
MCDECAUX Inc. (7)	Japan	60.00	P	60.00
JCDECAUX LATVIJA SIA (formerly JCDECAUX UNICOM BALTIC SIA)	Latvia	100.00	F	100.00
JCDECAUX LIETUVA UAB (formerly JCDECAUX UNICOM UAB)	Lithuania	100.00	F	100.00
JCDECAUX LUXEMBOURG SA	Luxembourg	100.00	F	100.00
JCDECAUX GROUP SERVICES SARL	Luxembourg	100.00	F	100.00
JCDECAUX NEDERLAND BV	The Netherlands	100.00	F	100.00
V.K.M. BV	The Netherlands	100.00	F	100.00
UNIVIER COMMUNICATIONS BV	The Netherlands	100.00	F	100.00
JCDECAUX PORTUGAL Lda	Portugal	100.00	F	100.00
PURBE Lda	Portugal	100.00	F	100.00
JCDECAUX MESTSKY MOBILIAR Spol Sro	Czeck Rep.	100.00	F	100.00
ALMA QUATTRO (3)	Serbia	29.31	P	50.00
JCDECAUX SINGAPORE Pte Ltd	Singapore	100.00	F	100.00
JCDECAUX PEARL & DEAN Pte Ltd	Singapore	100.00	F	100.00
JCDECAUX SLOVAKIA Sro	Slovakia	100.00	F	100.00
JCDECAUX SVERIGE AB (2)	Sweden	98.23	F	98.23
JCDECAUX THAÏLAND Co., Ltd	Thailand	95.15	F	95.15
JCDECAUX URUGUAY (8)	Uruguay	100.00	F	100.00
BILLBOARD				
AVENIR	France	100.00	F	100.00
JCDECAUX ARTVERTISING (formerly JCDECAUX PUBLICITE LUMINEUSE)	France	100.00	F	100.00
MILLS AND ALLEN HOLDINGS Ltd (9)	United Kingdom	100.00	F	100.00
MILLS AND ALLEN GROUP Ltd (9)	United Kingdom	100.00	F	100.00
JCDECAUX MEDIA SERVICES Ltd	United Kingdom	100.00	F	100.00
MARGINHELP Ltd	United Kingdom	100.00	F	100.00
JCDECAUX Ltd	United Kingdom	100.00	F	100.00
JCDECAUX UNITED Ltd	United Kingdom	100.00	F	100.00
CESTRIAN IMAGING Ltd	United Kingdom	0.00	F	100.00
GEWISTA WERBEGES.mbH (2)	Austria	67.00	F	67.00
EUROPLAKAT INTERNATIONAL WERBE GmbH	Austria	33.50	P	50.00
PROGRESS AUSSENWERBUNG GmbH	Austria	67.00	F	100.00
PROGRESS WERBELAND Werbe. GmbH	Austria	34.17	F	51.00
ISPA WERBEGES.mbH	Austria	67.00	F	100.00
USP WERBEGES.mbH	Austria	50.25	F	75.00
JCDECAUX INVEST HOLDING GmbH	Austria	100.00	F	100.00
JCDECAUX SUB INVEST HOLDING GmbH	Austria	100.00	F	100.00
JCDECAUX CENTRAL EASTERN EUROPE GmbH	Austria	100.00	F	100.00
GEWISTA SERVICE GmbH	Austria	67.00	F	100.00
BELGOPOSTER	Belgium	100.00	F	100.00
AFFICHAGE NOUVEL ESSOR NV	Belgium	61.15	F	61.15
JCDECAUX ARTVERTISING BELGIUM (formerly JCDECAUX PUBLICITE LUMINEUSE Lichtreklame NV)	Belgium	100.00	F	100.00
EUROPLAKAT Doo (BANJA LUKA) (3)	Bosnia	23.45	P	50.00
EUROPLAKAT Doo (SARAJEVO) (3)	Bosnia	23.45	P	50.00
EUROPLAKAT-PROREKLAM Doo (3)	Croatia	17.09	P	50.00
JCDECAUX ESPANA SL (2)	Spain	100.00	F	100.00
JCDECAUX PUBLICIDAD LUMINOSA SL	Spain	100.00	F	100.00
POAD(10)	Hong Kong	48.72	E	49.00
AVENIR BUDAPEST Kft (3)	Hungary	18.43	P	50.00
JCDECAUX NEONLIGHT BUDAPEST Kft (3)	Hungary	27.47	P	50.00
EUROPLAKAT Kft (3)	Hungary	22.78	P	50.00

COMPANIES	Country	% interest	Consolidation method	% control
PERON REKLAM Kft (3)	Hungary	5.70	E	25.00
DAVID ALLEN HOLDINGS Ltd (11)	Ireland	100.00	F	100.00
DAVID ALLEN POSTER SITES Ltd	Ireland	100.00	F	100.00
SOLAR HOLDINGS Ltd	Ireland	100.00	F	100.00
JCDECAUX IRELAND Ltd	Ireland	100.00	F	100.00
EUROPOSTER BV	The Netherlands	100.00	F	100.00
JCDECAUX NEONLIGHT Sp zoo	Poland	60.00	F	60.00
RED PORTUGUESA S.A.	Portugal	94.86	F	94.86
PLACA Lda	Portugal	100.00	F	100.00
CENTECO Lda	Portugal	70.00	F	70.00
AUTEDOR Lda	Portugal	51.00	F	51.00
GREEN Lda	Portugal	54.02	F	55.00
RED LITORAL Lda	Portugal	71.14	F	75.00
AVENIR PRAHA	Czeck Rep.	90.00	F	90.00
AUSSENW.TSCHECH.-SLOW.BETEILIGUNGS GmbH (12)	Czeck Rep.	67.00	F	100.00
EUROPLAKAT Spol Sro	Czeck Rep.	67.00	F	100.00
EUROPLAKAT YU Doo (3)	Serbia	33.50	P	50.00
ISPA BRATISLAVA Spol Sro	Slovakia	67.00	F	100.00
EUROPLAKAT INTERWEB Spol Sro (13)	Slovakia	67.00	F	100.00
INREKLAM PROGRESS Doo (3)	Slovenia	11.05	P	50.00
PROREKLAM-EUROPLAKAT Doo (3)	Slovenia	11.05	P	50.00
PLAKATIRANJE Doo (3)	Slovenia	11.05	P	50.00
SVETLOBNE VITRINE	Slovenia	11,05	P	50.00
MADISON Doo	Slovenia	11,05	P	50.00
AFFICHAGE HOLDING	Switzerland	30.00	E	30.00
TRANSPORT				
JCDECAUX AIRPORT FRANCE	France	100.00	F	100.00
METROBUS	France	33.00	E	33.00
MEDIA FRANKFURT GmbH	Germany	39.00	P	39.00
JCDECAUX AIRPORT MEDIA GmbH	Germany	100.00	F	100.00
JCDECAUX AIRPORT UK Ltd	United Kingdom	100.00	F	100.00
INFOSCREEN AUSTRIA GmbH	Austria	67.00	F	100.00
JCDECAUX CHILE S.A.	Chile	100.00	F	100.00
JCD MOMENTUM SHANGHAI AIRPORT ADVERTISING Co Ltd	China	35.00	P	35.00
MNI BUS (2) (4)	China	80.00	F	80.00
MNI SHANGHAI METRO (4)	China	90.00	F	90.00
MNI BEIJING METRO (4)	China	38.00	P	38.00
MPI TRANSPORT (SHANGHAI) (10)	China	99.43	F	100.00
MPI METRO-ADS (SHANGHAI) (10)	China	89.48	P	90.00
MPI METRO-DONGHU (SHANGHAI) (10)	China	69.60	F	70.00
MPI METRO (NANJING) (10)	China	69.60	F	70.00
MPI METRO (GUANGZHOU) (10)	China	32.31	P	32.50
MPI BUS (NANJING) (10)	China	49.71	F	50.00
MPI BUS (CHONGQINQ) (10)	China	99.43	F	100.00
MPI BUS (CHENGDU) (10)	China	49.71	F	50.00
JCDECAUX AIRPORT ESPAÑA S.A.	Spain	100.00	F	100.00
JCDECAUX-PUBLIMEDIA UTE	Spain	70.00	F	70.00
JCDECAUX AIRPORT Inc.	United States	100.00	F	100.00
JCDECAUX TRANSPORT INTERNATIONAL Llc	United States	100.00	F	100.00
JCDECAUX TRANSPORT FINLAND OY	Finland	100.00	F	100.00
JCDECAUX PEARL & DEAN Ltd	Hong Kong	100.00	F	100.00
MNI HOLDING (4)	Hong Kong	100.00	F	100.00

COMPANIES	Country	% interest	Consolidation method	% control
MPI HOLDING (10) (14)	Hong Kong	99.43	F	100.00
MPI HONG KONG (10)	Hong Kong	99.43	F	100.00
MPI HK - SIGNMAKER (10)	Hong Kong	99.43	F	100.00
IGP DECAUX Spa (2)	Italy	32.35	P	32.35
AEROPORTI DI ROMA ADVERTISING Spa	Italy	24.10	P	32.35
JCDECAUX PEARL & DEAN Sdn Bhd	Malaysia	100.00	F	100.00
JCDECAUX NORGE AS (2)	Norway	97.34	F	100.00
JCDECAUX AIRPORT POLSKA Sp zoo	Poland	100.00	F	100.00
JCDECAUX AIRPORT PORTUGAL S.A.	Portugal	85.00	F	85.00
RENCAR PRAHA AS	Czeck Rep.	48.24	F	72.00
JCDECAUX ASIA SINGAPORE Pte Ltd	Singapore	100.00	F	100.00
XPOMERA AB	Sweden	77.60	F	79.00

Note : *F = Full integration* *P = Proportional Integration* *E = Equity Method*

(1) Swiss registered company operating in Germany.

(2) Companies operating several businesses (Street Furniture, Billboard and Transport) have their data split for the purpose of information by segment activity, but are disclosed depending on their historical activity in this table.

(3) Held by Europlakat International Werbe GmbH, company 50% owned by JCDecaux Group and 50 % by Affichage Holding (consolidated under the equity method).

(4) Companies belonging to the MNI Group acquired on the first half 2005.

(5) 50% held by the JCDecaux Group and 50% by WALL AG (consolidated under the equity method).

(6) including Bus Focus Ltd, company consolidated under equity method

(7) The MCDecaux company (Japan) is consolidated under the proportional method according to the joint management with the partner of the Group.

(8) This company is a representative office of JCDecaux Mobilier Urbain.

(9) Company liquidated as at December, 31 2005

(10) Companies belonging to the MPI Group acquired on the 2005 second half.

(11) UK registered company operating in Northern Ireland.

(12) Company registered in Austria and operating in the Czeck Republic.

(13) Company registered in the Czeck Republic and operating in Slovakia.

(14) MPI Holding includes 14 companies (dormant or holding).

11. SUBSEQUENT EVENTS

JCDecaux UK Ltd acquired Allam Group on January 12, 2006 for a consideration of £25.5 million (acquired cash amount of £12.5 million not taken into account). This company had net equity of £13.5 million as of December 31, 2005. Founded in 1926, Allam has built a UK-wide portfolio of large format advertising by developing panels for a wide range of customers from local authorities and property developers to private landlords across the UK.

On January 30, 2006, the Paris Council authorized the Mayor to:

- launch a contract for the introduction of bikes to be used by the general public and the operation of information and advertising street furniture,
- announce the early termination of the agreement signed on July 12, 1976 with Somupi, expiring December 31, 2010.

This early termination will take effect at a date to be determined and will give rise to compensation determined in accordance with the terms and conditions normally applicable to such administrative contracts. In its decision of January 30, 2006, the Mayor of Paris forecasts the opening of a new service in the summer of 2007.
Somupi has not yet received notice of termination. The Group considers that the compensations normally received in the event of early contract cancellation would be greater that the value of the assets under consideration, and has hence not recorded any impairment loss.

On February 21, 2006 a judgment rendered by the Court of Appeal of Paris reverses the French Competition Council's decision of June 30, 2005.
On that date, the Council had condemned five of the Group's companies to pay fines totaling €10 million for failure to comply with injunctions enacted by the Council in 1998. The Council imposed these injunctions in connection with certain provisions contained in the former street furniture contracts, while recognizing that the contracts signed since 1998 were exempt from the challenged clauses.
The Court of Appeal cleared of all charges four of the five companies condemned by the Council (JCDecaux SA, Somupi, Sopact, Semup) and found that the fifth company of the Group (JCDecaux Mobilier Urbain) abided by three of the four injunctions enacted in 1998.
The Court reduced the fine from €10 million to €2 million, amount recorded in the financial statements as at December 31, 2005.
On March 1st, 2006, notices in relation to the compulsory acquisition of the outstanding shares has been dispatched to the holders of outstanding shares of Media Partners International Holdings Inc. Within one month of the compulsory acquisition notice, JCDecaux will be entitled and bound to acquire the outstanding shares on or about April 4, 2006. As a result of the compulsory acquisition and with effect from completion thereof, JCDecaux will become the sole owner of the entire issued share capital of Media Partners International Holdings Inc.

12. EFFECTS ON THE TRANSITION TO IFRS

12.1 Main restatements

Only those standards that have impacts on the Group financial statements are discussed below.

12.1.1 - Property, plant and equipment (IAS 16, IAS 36)

Under IFRS, the cost of street furniture is depreciated over the average actual life of the contracts (between 4 and 20 years), which results in an extension of the depreciation period compared to accounting policies previously adopted (between 7 and 10 years). As a result, maintenance consumption of street furniture no longer contributes to extending their useful lives beyond the depreciation period and as such consumption is recognized in expenses and no longer capitalized, which was the previous accounting practice.

In accordance with IAS 36 and based on the principles described in Note 1.10 *Valuation of intangible assets, property, plant and equipment and goodwill*, impairment tests have been set up.

12.1.2 - Finance leases (IAS 17)

As part of the first-time adoption of IFRS, the Group identified all major finance leases and restated them on the opening balance sheet in accordance with IAS 17.

12.1.3 - Provisions (IAS 37, IFRIC 1)

With the exception of dismantling provisions, the application of IAS 37 does not lead to any major changes compared to previous accounting practice (French Accounting Regulation Committee *(Comité de la Réglementation Comptable)* Regulation No. 00-06 of December 7, 2000 on the definition of liabilities).

The application of IFRS on provisions mainly concerns the dismantling provisions.
The entire amount of the provisions recognized to cover the dismantling costs for street furniture upon contract expiration are under IFRS recognized upon contract origination in liabilities and discounted. The dismantling costs are recorded in assets and amortized over the duration of the contract. According to previous accounting practice (French Accounting Regulation Committee *(Comité de la Réglementation Comptable)* Regulation No. 99-02), provisions to cover street furniture dismantling costs which were recorded in liabilities were not discounted and were recognized on a straight line basis over the duration of the contracts.

12.1.4 - Business combinations (IFRS 3)

The principles of the standard applied are described in Note 1.8 *Business combinations*.

Since January 1, 2004, the Group applied IFRS 3 *Business Combinations* to all transactions arising from that date.

12.1.5 - Financial instruments, valuation of non-consolidated subsidiaries and commitments to purchase minority interests (IAS 32 & IAS 39)

12.1.5.1. Financial instruments (IAS 39)

According to previous accounting practice:

- Derivatives used to hedge foreign exchange and interest rate risk were not recorded in the balance sheet, but presented in the notes to the financial statements.
- Only paid and accrued interests on loans, borrowings and the related hedging instruments were recorded in the income statement and any future expected cash flow amounts were excluded.
- Unrealized gains and losses arising from forward foreign exchange transactions set up to hedge foreign exchange risk were recorded in the Group's financial income. They offset the unrealized gains and losses on the hedged items.
- Loan issuance costs were recorded in deferred charges at the date when the borrowing was set up and spread out on a straight-line basis over its term.

IAS 32 and IAS 39 favor a balance sheet approach and require all financial instruments, including derivatives, to be recognized on the balance sheet.

Financial derivatives recognition and measurement methods are detailed in Note 1.18 *Financial derivatives*.

Moreover, according to the standard, the consequence of recognizing loans and borrowings at amortized cost results in the deduction of issuance costs from the initial fair value of the borrowing. Accordingly, the Group's application of this provision simply leads to a reclassification on the opening balance sheet of the expense recorded previously in deferred charges and a decrease in balance sheet liabilities. However, under IFRS, the amortization of this cost generates a financial expense instead of an operating expense under previous accounting practice.

12.1.5.2. Commitments to purchase minority interests (IAS 32)

The accounting treatment of commitments to purchase minority interests is detailed in Note 1.19 *Commitments to purchase minority interests*.

12.1.5.3. Valuation of non-consolidated subsidiaries (IAS 39)

Under IFRS, investments in non-consolidated companies are considered to be available-for-sale financial assets. Recognition and measurement methods are detailed in Note 1.12 *Financial investments*.

12.1.6 - Stock options (IFRS 2)

This standard described in Note 1.23 *Share purchase or subscription plans at an agreed price* applies to all plans granted on or after November 7, 2002, but not yet vested as of January 1, 2005.

12.1.7 - Companies consolidated under the equity method (IAS 28, IAS 1)

12.1.7.1. Ensuring IFRS compliance for companies consolidated using the equity method (IAS 28)

The financial statements of equity-accounted companies in the consolidated financial statements of JCDecaux Group have been restated to comply with IFRS for both the opening net equity as of January 1, 2004, and the December 31, 2004 financial statements as soon as the impact was judged to be material at JCDecaux Group level. This restatement has been made regardless of whether or not the equity-accounted companies have the legal obligation to publish their financial statements according to IFRS.

12.1.7.2. Presentation of goodwill recognized for companies consolidated under the equity method (IAS 1)

Under French GAAP, goodwill arising from consolidation under the equity method was presented in the line item "Goodwill" and the charge to amortization was presented in the line item "Amortization of goodwill."
Under IFRS, the measurement of equity-accounted investments on the balance sheet includes any possible goodwill, and the line item "Share of net profit of associates" on the income statement includes any goodwill impairment loss.

12.1.8 - Development costs (IAS 38)

The principle of capitalization of development costs according IAS 38 is described in Note 1.7.1 *Development costs*.

No development costs have been capitalized in opening net worth since the Group does not have the possibility to reliably identify costs responding to the standard's definition retrospectively.

12.1.9 - Inventory write-downs (IAS 2)

The application of IFRS does not result in any change in the inventory valuation method. Inventory is valued at the lower of cost and net probable realizable value. On the other hand, provision charges and reversals are under IFRS considered as a net cost for the period and are recognized in EBIT.

12.1.10 - Extraordinary items (IAS 1)

The concept of extraordinary income no longer exists under IFRS. As a result, the few non-recurring items recorded under previous accounting practice have mainly been reclassified in “Other operating income and expenses” in the EBIT. They correspond to unusual items due to their nature, amount or non-recurring character.

12.1.11 - Revenues and cash discounts (IAS 18)

Under IFRS, cash discounts are excluded from the financial result and are reclassified in EBIT. Cash discounts granted to customers are deducted from revenues and cash discounts received from suppliers are deducted from direct operating expenses.

The quantified impact of the IFRS transition is detailed in the reconciliation tables below.
These summary tables include the identified IFRS transition impacts on the main aggregates.

12.2 Reconciliation of January 1, 2004 summary consolidated balance sheet (IFRS transition date)

	01 01 04	12.2.1.	12.2.2.	12.2.3.	12.2.4.	12.2.5.1.	12.2.5.2.	12.2.6.	12.2.7.	01 01 04
(In million euros)	**Previous accounting practice**	**Property, plant & Equip.**	**Fin. Lease**	**Prov.**	**Goodwill**	**Fin. Instruments**	**Commit. to purchase minority interests**	**Employee benefits & stock options**	**Equity affiliates**	**IFRS**
Working capital	155.4					(3.1)				152.3
Net deferred tax	(1.5)	(54.2)	0.2	(0.3)		0.7		(0.4)		(55.5)
Financial derivatives						0.2				0.2
Goodwill	1,178.6				3.0				(144.9)	1,036.7
Property, plant & equipment and intangible assets	707.2	158.6	11.0	38.2						915.0
Financial assets	75.9								152.3	228.2
Total Assets	**2,115.6**	**104.4**	**11.2**	**37.9**	**3.0**	**(2.2)**	**0.0**	**(0.4)**	**7.4**	**2,276.9**
Provisions	114.6			37.7				(1.4)		150.9
Financial derivatives						29.3				29.3
Net financial debt	635.8		11.5			(30.1)				617.2
Liability on commitment to purchase minority interests							57.3			57.3
Total Liabilities (excl. Equity)	**750.4**	**0.0**	**11.5**	**37.7**	**0.0**	**(0.8)**	**57.3**	**(1.4)**	**0.0**	**854.7**
Equity	1,365.2	104.4	(0.3)	0.2	3.0	(1.4)	(57.3)	1.0	7.4	1,422.2
Total Liabilities & Equity	**2,115.6**	**104.4**	**11.2**	**37.9**	**3.0**	**(2.2)**	**0.0**	**(0.4)**	**7.4**	**2,276.9**

Notes relating to the reconciliation of the January 1, 2004 summary consolidated balance sheet

The application of IFRS to the January 1, 2004 Group consolidated balance sheet had a positive impact of €57.0 million on consolidated equity.

The main impacts are listed below.

12.2.1 - Property, plant and equipment (IAS 16, IAS 36)

The cumulative impact on the opening balance sheet of the change in depreciation period and the waiver of the maintenance consumption capitalization adjustment is a €158.6 million increase to property, plant and equipment on the January 1, 2004 opening balance sheet.
This adjustment modifies the net deferred tax asset by €(54.2) million.

12.2.2 - Finance leases (IAS 17)

The retrospective application of IAS 17 to the January 1, 2004 opening balance sheet results in a €11.0 million increase in property, plant and equipment and a €11.5 million increase in financial indebtedness.
This adjustment modifies the net deferred tax asset by €0.2 million.

12.2.3 - Provisions (IAS 37, IFRIC 1, IAS 19)

The restatement of provisions involves the recognition of a discounted provision to cover all dismantling costs and the discounting of other provisions. The application of IFRS to these provisions had no material impact on net equity as of January 1, 2004. It results in a €38.2 million increase in property, plant and equipment and in a €37.7 million increase in provisions.
This adjustment modifies the net deferred tax asset by €(0.3) million.

12.2.4 - Goodwill (IFRS 3)

Negative goodwill is reclassified in the opening balance sheet in addition to equity. The impact on the January 1, 2004 opening balance sheet is a €3.0 million increase in assets offset by an identical increase in equity.

12.2.5 - Financial instruments and commitments to purchase minority interests (IAS 32 and IAS 39)

It should be noted that the Group limits the use of financial derivatives and when they are used, they mainly involve JCDecaux SA. The Group only uses derivatives to hedge against interest rate and foreign exchange risks. However, certain hedges are not fully effective within the meaning of IAS 39. For purposes of simplifying documentation work, the Group does not wish to apply hedge accounting to certain of these instruments.

Accordingly, the impact on the main balance sheet aggregates and the breakdown and analysis by type of product are as follows:

- a €30.1 million decrease in net indebtedness, €2.6 million of which is due to the application of amortized cost;
- recognition of new "financial derivatives" account headings for €29.3 million in liabilities and €0.2 million in assets;
- recognition in liabilities of commitments to purchase minority interests with an impact of €57.3 million on the Group's net indebtedness.

12.2.5.1. Financial instruments (IAS 39)

12.2.5.1.1. Financial instruments related to bond issues

In connection with the issuance by the Group of the US private placement in 2003, a significant portion ($250 million) of the funds raised by JCDecaux SA was denominated in US dollars and was bearing a fixed coupon. As the Group did not generate such US dollar funding needs and in compliance with its policy to have its medium and long term debt indexed on short term rates, JCDecaux SA entered into swap transactions combined with the issuance of its private placement:

- interest rate swap: JCDecaux SA receives a fixed rate and pays a LIBOR floating rate,
- currency interest rate swaps: JCDecaux SA receives a fixed rate denominated in US dollars and pays an EURIBOR floating rate.

These swaps meet the conditions required to qualify as fair value hedges within the meaning of IAS 39:

- interest rate swap: interest rate hedge (hedge of changes in the fair value of bonds due to interest rate variations);
- currency interest rate swaps: interest rate hedge (hedge of changes in the fair value of bonds due to interest rate variations) and foreign exchange hedge (hedge of changes in the fair value of bonds due to foreign exchange rate changes).

They are treated according to the methods explained below.

Impacts on the opening balance sheet:

Foreign exchange hedge (Fair Value Hedge)
The drop in the US dollar compared to the market rate as at the issuance date of the bond generated an unrealized translation difference which reduced the debt by €23.5 million. Such reduction was offset by the valuation of the hedging derivative for the same amount and recognized in liabilities.

Interest rate hedge (Fair Value Hedge)
As of December 31, 2003, the increase in the yield curves since the implementation of these transactions had a positive impact of €0.5 million on the Group financial indebtedness. However, this impact was offset in the Group balance sheet by an equivalent and opposing impact of the interest rate derivative recognised in liabilities.
The difference in accrued interest between the interest rate hedge and the hedged item, recorded under previous accounting practice in a miscellaneous receivables/payables account was reclassified in assets on the balance sheet, under financial instruments item, for an amount of €0.7 million.
For accounting presentation purposes, these two valuations were offset in assets, in a derivatives account for €0.2 million.

Application of the amortized cost method
Loan issuance costs resulted in a €2.6 million decrease in the Group financial indebtedness, in order to comply with the amortized cost method.

12.2.5.1.2. Foreign exchange hedge other than financial instruments related to bond issues

The foreign exchange risk exposure of the Group is related to its business in foreign countries. It is mainly related to:

- Commercial transactions: purchase of equipment
  As of December 31, 2003, no material hedging transaction of this type had been set up.
- Financial transactions: refinancing and use of the excess cash generated by foreign subsidiaries: short-term currency swaps to hedge intragroup loans and borrowings.
  As a result of the elimination of these intragroup loans and borrowings through the consolidation process, only the valuation of these hedging instruments is recognized in the balance sheet. These instruments, which were already recognized under previous accounting practice in a miscellaneous receivables/payables account, were reclassified in the Group liabilities, under a financial instruments item for €0.1 million under IFRS.

Moreover, a portion of the US private placement denominated in US dollars which was not used by the US subsidiary was hedged by a short-term currency swap. Despite the qualification adopted under previous accounting practice, the Group decided not to qualify this derivative as a hedge within the meaning of IAS 39.
This results in a valuation of the debt outstanding at the year-end, thus reducing liabilities by €3.5 million and the recognition of a foreign exchange derivative for €3.5 million under liabilities.

12.2.5.1.3. Interest rate hedge other than financial instruments related to bond issues

The Group's interest rate risk mainly stems from its bank borrowings and its bonds bearing floating rates.
A significant portion of the Group's medium and long term debt is indexed on floating rates.

In order to limit the impact on its cost of funding of an increase in EURIBOR rates, the Group has set up hedges by receiving fixed rate through interest rate swaps and purchasing straight caps financed by sales of caps or floors.

As of December 31, 2003, the operations in euros made by the Group were: caps purchased, financed by sales of caps and floors.

Within the meaning of IAS 39, the effectiveness of these financial instruments compared to the hedged items is not perfect. Therefore, only the value of these instruments is recognized, appearing under liabilities for €1.7 million as of December 31, 2003.

To hedge floating rate debts denominated in Danish Krones, the Danish subsidiary set up interest rate swaps paying a fixed rate, most of them are qualified as cash flow hedges.
These hedging swaps have been recognized under liabilities for €0.3 million and offset in a separate equity account. Other swaps total €0.2 million.

All of these restatements impact the net deferred tax asset by € 0.7 million.

12.2.5.2. Commitments to purchase minority interests (IAS 32)

The €57.3 million allocated to liabilities as of January 1, 2004 corresponds to the discounted amount of:

- Minority interests put on shares of €74.3 million that can be exercised between January 1, 2009 and December 31, 2009;
- Commitments given by the Group to purchase shares in 2006 for an amount estimated at €2.1 million.

Under previous accounting practice, these amounts appeared in the off-balance sheet commitments section.

In the absence of a market position on this subject and while waiting for an interpretation of this standard to be published, the excess amount of debt compared to the minority interests was taken to equity.

12.2.6 - Employee benefits (IAS 19)

The provisions of the January 1, 2004 opening balance sheet decreased by €1.4 million as a result of the option proposed by IFRS 1, which is the recognition of all cumulative actuarial gains and losses as of the IFRS transition date, in accordance with IAS 19.
This adjustment modifies the net deferred tax asset by €(0.4) million.

12.2.7 - Companies consolidated under the equity method (IAS 28, IAS 1)

12.2.7.1. IFRS compliance for companies consolidated under the equity method (IAS 28)

IFRS compliance for the financial statements of companies consolidated under the equity method results in a €7.4 million increase in equity and "investments in associates" on the January 1, 2004 opening balance sheet.
This increase corresponds to IFRS restatements for the share held by JCDecaux Group in the opening net equity of Wall AG Group (Germany) and of Wall companies in the United States. This IFRS compliance mainly corresponds to adjustments to depreciation and amortization periods.

12.2.7.2. Presentation of goodwill recognized for companies consolidated under the equity method (IAS 1)

Goodwill recognized for companies consolidated under the equity method are reclassified in the line item "Investments in Associates" under Financial Investments on the balance sheet for €144.9 million.

12.3 Reconciliation of the 2004 summary consolidated income statement

(In million euros)	2004 Previous accounting practice	12.3.1. Prop., Plant & Equip	12.3.2. Fin. lease	12.3.3. Prov.	12.3.4. Goodwill & purchase accounting	12.3.5.1. Fin. Instru-ments	12.3.5.2. Commit. To purchase minority interests	12.3.6. Employee benefits & Stock options	12.3.7. Equity affiliates	12.3.8. Dev. costs.	12.3.9. Inven-tories	12.3.10. Extraor.	12.3.11. Cash Discounts	12.3.12. Others	2004 IFRS	
Net revenues	**1,631.4**												**(4.1)**		**1,627.3**	**Net revenues**
Direct operating expenses	(876.0)		2.8							1.3			0.8		(871.1)	Direct operating expenses
Sales, general & administrative expenses	(290.2)		0.4					(3.5)		2.0				(0.6)	(291.9)	Sales, general & administrative expenses
EBITDA	**465,2**	**0.0**	**3.2**	**0.0**	**0.0**			**(3.5)**	**0.0**	**3.3**	**0.0**		**(3.3)**	**(0.6)**	**464.3**	**Operating margin**
	28.5%														28.5%	
Depreciation, amortization & provisions (net)	(193.6)	40.0	(2.6)	3.7	(0.2)	1.1					9.6	0.2		0.6	(141.2)	Depreciation, amortization & provisions (net)
		(27.7)									(9.6)				(37.3)	Maintenance spare parts
												1.3			1.3	Other operating income and expenses
EBIT	**271.6**	**12.3**	**0.6**	**3.7**	**(0.2)**	**1.1**		**(3.5)**	**0.0**	**3.3**	**0.0**	**1.5**	**(3.3)**	**0.0**	**287.1**	**EBIT**
	16.6%														17.6%	
Financial result	(25.3)		(0.9)	(5.2)		(0.2)	(2.7)					(0.6)	3.3		(31.6)	Financial result
Extraordinary income	0.9											(0.9)				
Income tax	(88.3)	(4.5)	0.1	0.5		(0.3)				(1.1)					(93.6)	Income tax
Share of net profit of associates	5.6								0.9						6.5	Share of net profit of associates
Goodwill amortization	(75.7)				72.7										(3.0)	Goodwill amortization
Consolidated Net income	**88.8**	**7.8**	**(0.2)**	**(1.0)**	**72.5**	**0.6**	**(2.7)**	**(3.5)**	**0.9**	**2.2**	**0.0**	**0.0**	**0.0**	**0.0**	**165.4**	**Consolidated Net income**

The following aggregates have been modified compared to previous accounting practice:

Operating margin

Operating margin replaces EBITDA as an indicator for measuring the operating performance of business activities.
It is defined as revenues less direct operating and SG&A expenses, excluding consumption of spare parts used for maintenance, depreciation charges and provisions (net), and other operating income and expenses.
It includes charges to provisions net of reversals relating to trade receivables. Those charges were recorded below EBITDA under previous accounting practice.
The operating margin is impacted by reclassified cash discounts granted to customers deducted from revenues and reclassified cash discounts received from suppliers deducted from direct operating expenses on the one hand and stock option expenses recognized in employee costs on the other hand.

EBIT

EBIT is determined based on the operating margin less consumption of spare parts used for maintenance, depreciation charges and provisions (net), and other operating income and expenses. Net charges for inventory write-down are recognized in the line item "Maintenance spare parts".
Other operating income and expenses include the gains and losses generated on the sale of property, plant and equipment and intangible assets and non-recurring items recognized in extraordinary income under previous accounting practice.
The net charges related to impairment tests performed on property, plant and equipment and intangible assets are recognized in the line item "Depreciation, amortization and provisions (net)".

Financial Result

Financial result now includes changes in the value of financial instruments under IAS 39, amortization of borrowing costs (amortized cost), changes in the value and the impact of discounting the value of commitments to purchase minority interests under IAS 32, interest expenses on finance leases, as well as expenses related to the discounting of provisions (IAS 37).
Under IFRS, cash discounts are reclassified in operating margin. Cash discounts granted to customers are deducted from revenues and cash discounts received from suppliers are deducted from direct operating expenses.

Share of net profit of associates

This line item includes the net income/(loss) from equity affiliates, as well as any possible amortization charges of goodwill recognized for companies consolidated using the equity method.

Goodwill impairment

Any depreciation of goodwill arising from fully or proportionately consolidated companies when impairment tests are performed is recognized in this line item.

12.3.1 - Property, plant and equipment (IAS 16, IAS 36)

Changes in the depreciation periods of street furniture and the fact that maintenance consumption are no longer capitalized have a positive impact of €12.3 million on Group EBIT.
These adjustments translate into a €4.5 million increase in the tax charge.
The net impact of this adjustment is a €7.8 million increase in net income.

12.3.2 - Finance leases (IAS 17)

The recognition on the balance sheet of finance leases results in a €3.2 million decrease in lease payments and a €2.6 million increase in charges to depreciation, i.e. a net impact on EBIT of €0.6 million offset by the recognition of interest expenses for €0.9 million.
This adjustment results in a €0.1 million decrease in the tax charge.
The net impact generates a €0.2 million decrease in net income.

12.3.3 - Provisions (IAS 37, IFRIC 1)

On the Group's income statement, the application of IFRS to the dismantling provision generates a €7.1 million increase in depreciation charges for fixed assets, due to the capitalization of dismantling costs, which is offset by a €10.8 million decrease in charges to provisions, i.e. a net impact of €3.7 million on EBIT. The discounting of the provisions under liabilities results in a discounted expenses of €5.2 million.
This adjustment results in a €0.5 million decrease in the tax charge.
The net impact of this restatement generates a €1.0 million decrease in net income.

12.3.4 - Business combinations (IFRS 3, IAS 36)

The cancellation of goodwill amortization under IFRS results in a €72.7 million improvement in net income. A goodwill impairment of €3.0 million is nevertheless maintained under IFRS. It corresponds to a goodwill impairment loss, which was also recognized under previous accounting practice.
The application of the purchase accounting method to the acquisition in 2004 of 100% of WFA Wartehallen Finanz AG resulted in the recognition of an intangible asset for €3.0 million, the amortization of which under IFRS translated into a €0.2 million decrease in EBIT in 2004.

12.3.5 - Financial instruments and commitments to purchase minority interests (IAS 32 and IAS 39)

12.3.5.1. Financial instruments (IAS 39)

The impacts of the application of IAS 39 are as follows by type of transaction:

- Items qualified as hedges by the Group

Fair Value Hedge
These hedges concern the swap transactions set up in connection with the issuance of the US private placement.
Changes in the fair value of hedged financial assets and liabilities are offset by symmetrical changes in the value of derivatives. Accordingly, the impacts on the income statement are cancelled out.

Cash Flow Hedge
These hedges concern the pay-fixed interest rate swaps set up by the Danish subsidiary to hedge its floating rate debt.
Changes in the value of these derivatives do not generate any material changes in equity.

- Items not qualified as hedges by the Group

These items concern:

- Interest rate derivatives set up to limit the impacts of EURIBOR rate changes.
  Changes in the fair value of these derivatives generate financial income of €0.9 million, mainly as a result of the decrease in the time value of the options included in those interest rate derivatives. The related impact on taxes is a €0.3 million charge.
- Short-term foreign exchange derivatives on the portion of the private placement denominated in US dollars not used by the US subsidiary. This derivative was qualified as a hedge under previous accounting practice. Under IFRS, the Group did not wish to adopt this qualification.
  Changes in the fair value of these derivatives are recognized in the balance sheet with an offsetting entry of €1.4 million in financial income. However, the liability – valued at the foreign exchange hedging rate under previous accounting practice – must be revalued at the year-end foreign exchange rate under IFRS. This change in the value of the liability offsets the impact of the change in the value of the derivative. Therefore, there is no impact on the Group's income statement.

- Amortized cost

The amortization of issuance costs of borrowing was recognized in operating depreciation and amortization charges under previous accounting practice for €1.1 million. Under IFRS, these charges are considered as a financial expense, in the same amount.

12.3.5.2. Commitments to purchase minority interests (IAS 32)

The restatement described below and applied to the 2004 Group IFRS financial statements is not clearly expressed by the standards; it is an interpretation.

The financial liability recognized in the IFRS balance sheet corresponding to commitments to purchase shares held by minority interests in Group's subsidiaries is discounted, which results in a discounted financial expense of €2.9 million in 2004.

The change in the valuation recognized on one of the two options implies a restatement which is recognized in financial income to the amount of €0.2 million.

The net impact of this restatement is a €2.7 million decrease in net income.

12.3.6 - Stock options (IFRS 2)

The application of the fair value treatment to stock option plans after November 7, 2002 has a negative impact of €3.5 million on the Group's operating margin and net income in 2004.

12.3.7 - Companies consolidated under the equity method (IAS 28)

IFRS compliance with respect to the financial statements of companies consolidated under the equity method results in a €0.9 million increase in the share of the net profit of associates in 2004.

This increase corresponds to the impact of restating the share held by JCDecaux Group in the 2004 net income of Wall AG Group (Germany) and of Wall companies in the United States under IFRS. This compliance with IFRS mainly corresponds to restatement of depreciation periods.

12.3.8 - Development costs (IAS 38)

The capitalization of development costs meeting the IFRS definition generates a €3.3 million improvement in the 2004 operating margin.
This restatement results in a €1.1 million increase in the tax charge.
The net impact of this restatement is a €2.2 million improvement in net income.

12.3.9 - Inventory write-down (IAS 2)

Inventory write-downs, recognized in "Depreciation charges and provisions (net)" under previous accounting practice, are reclassified under IFRS in the line item "Maintenance spare parts" for a total amount of €9.6 million.

12.3.10 - Extraordinary items (IAS 1)

Under IFRS, non-recurring items of €0.9 million are reclassified in EBIT (€1.5 million) and financial result (€(0.6) million).

12.3.11 - Revenues and cash discounts (IAS 18)

Under IFRS, the reclassification of cash discounts results in a €4.1 million decrease in revenues and a €0.8 million decrease in direct operating expenses, offset by a €3.3 million improvement in financial result.

12.3.12 - Other

Net charges to provisions for bad debt, classified below the EBITDA under previous accounting practice, are transferred to the operating margin under IFRS. This reclassification has a negative impact of €0.6 million on the operating margin and no impact on EBIT.

In summary, the impact of IFRS on the 2004 income statement is mainly the following:

- a €15.5 million increase in EBIT, €12.3 million of which is related to restatements made to property, plant and equipment (change in the depreciation period for street furniture and the fact that the maintenance costs are no longer capitalized);
- a €76.6 million increase in net income, €72.7 million of which is related to the cancellation of goodwill amortization under IFRS.

12.4 Reconciliation of the December 31, 2004 summary consolidated balance sheet

(In million euros)	12/31/04 Previous accounting practice	Property, Plant & Equip.	Fin. Lease	Prov.	Goodwill & purchase accounting	Fin. Instru-ments	Commit. To purchase minority interests	Employee benefits & Stock options	Equity affiliates	Dev. Costs	Others	12/31/04 IFRS
Working capital	144.0					(1.2)					(0.4)	142.4
Net deferred tax	(14.0)	(57.0)	0.3	0.1		0.5		(0.4)		(1.1)		(71.6)
Financial derivatives						0.7						0.7
Goodwill	1,113.7				72.6				(145.1)			1,041.2
Property, plant & equipment and intangible assets	703.3	170.2	10.6	38.3	2.8					3.3	0.4	928.9
Financial assets	80.8								153.4			234.2
Total Assets	**2,027.8**	**113.2**	**10.9**	**38.4**	**75.4**	**0.0**	**0.0**	**(0.4)**	**8.3**	**2.2**	**0.0**	**2,275.8**
Provisions	124.3			39.4				(1.4)				162.3
Financial derivatives						36.5						36.5
Net financial debt	457.5		11.4			(35.7)						433.2
Liability on commit. to purchase minority interests							60.0					60.0
Total Liabilities (excl. Equity)	**581.8**	**0.0**	**11.4**	**39.4**	**0.0**	**0.8**	**60.0**	**(1.4)**	**0.0**	**0.0**	**0.0**	**692.0**
Equity	1,446.0	113.2	(0.5)	(1.0)	75.4	(0.8)	(60.0)	1.0	8.3	2.2		1,583.8
Total Liabilities & Equity	**2,027.8**	**113.2**	**10.9**	**38.4**	**75.4**	**0.0**	**0.0**	**(0.4)**	**8.3**	**2.2**	**0.0**	**2,275.8**

The table above presents the impacts of the IFRS transition on the December 31, 2004 consolidated balance sheet.

The application of IFRS to the Group's December 31, 2004 consolidated balance sheet has a positive impact of €137.8 million on consolidated equity.

When analyzing this table, in addition to the impacts detailed above on the January 1, 2004 opening balance sheet and 2004 income statement, attention should also be paid to the possible impact of exchange differences on balance sheet items.

12.5 Reconciliation of changes in 2004 consolidated cash flow statement

(In million euros)	2004 Previous accounting practice	Property, Plant & Equip.	Finance leases	Development costs	Dividends	Others	2004 IFRS
Net cash from operating activities	**360.1**	**(27.7)**	**2.3**	**3.3**	**(4.9)**	**0.4**	**333.5**
Net cash used in investing activities	**(183.8)**	**27.7**		**(3.3)**		**(0.4)**	**(159.8)**
Net cash used in financing activities	**(282.3)**	**0.0**	**(2.3)**		**4.9**		**(279.7)**
Effect of exchange rate fluctuations	(0.9)						(0.9)
Change in net cash position	**(106.9)**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**(106.9)**

Net cash from operating activities of €360.1 million under previous accounting practice, now stands at €333.5 million under IFRS. This decrease is mainly related to:

- the fact that maintenance costs are no longer capitalized, for an amount of €(27.7) million. This decrease is offset by a decrease in Capex in the same amount;
- a reclassification of dividends received from "Net cash from operating activities" to "Net cash used in financing activities" for €(4.9) million;
- the €2.3 million impact in connection with the restatement of finance leases;
- the €3.3 million impact in connection with the restatement of development costs.

These different impacts are offset on the net cash used in investing activities and the net cash used in financing activities: there is no impact of the transition to IFRS on net cash of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS OF CORPORATE FINANCIAL STATEMENTS

In accordance with Article 148 of the French Decree of March 23, 1967, a table setting forth the Company's financial results for the last five fiscal years is appended hereto.

1. DISCUSSION OF OPERATIONS

In a challenging advertising market still characterized by strong competition, the Company pursued its strategy of protecting market share in France and selectively limiting capital expenditures and operating costs. This strategy continues to be based on a policy of innovation, particularly in the area of marketing. Fiscal year 2005 was thus highlighted by the launch of the Innovate product line based on event-driven communication solutions.

The Company's activities cover the following areas:

- Marketing of advertising space for JCDecaux Mobilier Urbain, Sopact and Somupi;
- Installation, maintenance, repair and removal of street furniture, and operation for advertising purposes of street furniture owned;
- Maintenance of sidewalk furniture and cleaning of canine pollution;
- Sale of street furniture, spare parts and maintenance products to all Group subsidiaries;
- Assistance and consulting services in the technical, administrative, IT, legal, real estate, employee relations and industrial areas for the various JCDecaux Group subsidiaries.

1. DISCUSSION OF THE FINANCIAL STATEMENTS

2.1 Revenue

Revenue for 2005 rose to €583.6 million, an increase of €34 million compared to 2004.

This change reflected growth in equipment sales for €18.9 million, primarily due to the renewal of street furniture contracts in France, as well as in Italy and Spain. It was accompanied by an increase in re-invoicing for technical services with respect to the French subsidiaries, particularly for installation services in contracts under renewal.

Advertising revenue decreased by 0.7%, or €(2.2) million, amounting to €287.2 million in 2005. This item represented 49.2% of revenue for fiscal year 2005, compared to 52.7% in 2004.

2.2 Operating expenses

Operating expenses totaled €562.6 million in 2005, compared to €546.9 million in 2004.

The increase is mainly attributable to higher furniture manufacturing costs, combined with an increase in equipment sales and technical sub-contracting related to installation plans for contracts under renewal.

Employee-related expenses increased to €123.2 million, compared to €117.1 million in 2004. The rise is due to a general increase of over 2.5%, higher employer contributions and a slight growth in the number of employees.

Depreciation, amortization and provisions totaled €25.9 million in 2005, compared to €38.5 million in 2004.

Depreciation and amortization charges decreased by €1 million, mainly due to lower depreciation charges for vehicles.

Charges to provisions on current assets decreased by €11.6 million, primarily because of a €9.1 million charge recorded in 2004 with respect to provisions for inventory impairment.

Other charges declined by €1.3 million in 2005, amounting to €5.4 million, mainly due to a decrease in losses on non-recoverable receivables.

Non-deductible expenses for income tax purposes, as provided under Article 223 quater of the French Tax Code, amounted to €41,528, generating an estimated tax charge of €3,139.

2.3 Operating income

Operating income is up to €48.7 million in 2005, compared to €35.8 million in 2004.

2.4 Net financial income

The net financial income is down to €38.3 million in 2005, compared to €117.2 million in 2004, a decrease of €78.9 million. The change arises from the decrease in dividends received and an increase in charges to provisions on equity investments.

2.5 Non-recurring income (Loss)

The item posted a loss of €3 million in 2005, mainly due to a provision for employee-related contingencies, compared to a €9.1 million loss in 2004.

2.6 Net income

Despite higher operating income, net income amounted to €80.0 million in 2005, compared to €143.6 million in 2004. The decline is primarily due to the decrease in dividends.

2. RECENT DEVELOPMENTS AND OUTLOOK

Advertising revenue should show renewed growth in 2006, but remains subject to market trends and the global economic situation. Equipment sales should increase, in line with investment forecasts, which project a rise in the Street Furniture business for France. Continued cost control should make it possible to achieve an improved level of operating profitability compared to 2005.

CORPORATE FINANCIAL STATEMENTS AND NOTES

BALANCE SHEET

Assets

(In million euros)		2005	2004	2003
INTANGIBLE ASSETS	Gross Value	44.1	42.0	34.7
	Amortization	(27.6)	(23.9)	(19.3)
	Net value	16.5	18.1	15.4
PROPERTY, PLANT AND EQUIPMENT	Gross Value	144.5	148.4	161.7
	Amortization	(115.2)	(108.7)	(120.9)
	Net value	29.3	39.7	40.8
LONG-TERM INVESTMENTS	Gross Value	2,660.9	2,341.7	2,334.9
	Amortization	(66.2)	(29.6)	(28.3)
	Net value	2,594.7	2,312.1	2,306.6
NON-CURRENT ASSETS		**2,640.5**	**2,369.9**	**2,362.8**
INVENTORIES	Gross Value	57.9	55.5	58.5
	Provision	(16.6)	(17.3)	(8.1)
	Net value	41.3	38.2	50.4
TRADE RECEIVABLES	Gross Value	199.0	180.0	155.1
	Provision	(5.1)	(5.5)	(5.8)
	Net value	193.9	174.5	149.3
OTHER RECEIVABLES	Gross Value	22.9	25.2	40.9
	Provision	(1.8)	(1.8)	0.0
	Net value	21.1	23.4	40.9
MISCELLANEOUS	Marketable securities (net)	0.0	0.0	84.8
	Cash and cash equivalents	2.4	6.7	26.5
PREPAID EXPENSES		7.0	7.1	6.7
CURRENT ASSETS		**265.7**	**249.9**	**358.6**
	Deferred charges	2.3	3.0	3.9
	Unrealized translation losses	3.5	16.7	9.9
TOTAL		**2,912.0**	**2,639.5**	**2,735.2**

Liabilities and Equity

(In million euros)		2005	2004	2003
Share capital		3.4	3.4	3.4
Premium on share issues, mergers and contributions		1,100.9	1,092.5	1,086.4
Reserves		23.3	25.9	25.9
Retained earnings		649.2	534.0	318.7
NET INCOME FOR THE YEAR		80.0	143.6	215.8
Regulated provisions		9.9	9.6	7.2
EQUITY		**1,866.7**	**1,809.0**	**1,657.4**
PROVISIONS FOR CONTINGENCIES AND LOSSES		**18.2**	**17.2**	**14.8**
LONG-TERM DEBT	Others bonds	379.8	370.2	377.6
	Bank borrowings	239.0	68.4	321.2
	Miscellaneous loans and long-term debt	239.1	216.4	209.3
OPERATING LIABILITIES	Trade payables and related accounts	59.8	62.2	58.4
	Tax and social security liabilities	60.7	60.1	50.7
MISCELLANEOUS LIABILITIES	Amounts due on non-current assets and related accounts	16.9	1.3	1.3
	Other liabilities	6.5	9.7	27.4
DEFERRED INCOME		10.4	8.2	8.0
LIABILITIES		**1,012.2**	**796.5**	**1,053.9**
	Unrealized translation gains	14.9	16.8	9.1
TOTAL		**2,912.0**	**2,639.5**	**2,735.2**

INCOME STATEMENT

(In million euros)	2005	2004	2003
NET REVENUE	**583.6**	**549.6**	**551.0**
Change in inventories of finished goods and work-in-progress	0.4	(0.8)	0.1
Own work capitalized	2.1	11.9	5.6
Reversals of amortization, depreciation, provisions, expense reclassifications	9.6	6.6	12.0
Other revenue	15.6	15.4	1.3
TOTAL OPERATING INCOME	**611.3**	**582.7**	**570.0**
Purchase of raw materials and other supplies	68.2	59.9	64.9
Other purchases and external charges	331.5	315.8	296.8
Taxes and similar charges	8.5	9.0	8.2
Wages and salaries	86.7	83.7	84.4
Employer social contributions	36.4	33.4	31.6
Amortization, depreciation and provisions	25.9	38.5	30.0
Other charges	5.4	6.6	1.3
TOTAL OPERATING CHARGES	**562.6**	**546.9**	**517.2**
NET OPERATING INCOME	**48.7**	**35.8**	**52.8**
NET FINANCIAL INCOME	**38.3**	**117.2**	**35.0**
CURRENT INCOME BEFORE TAXES	**87.0**	**153.0**	**87.8**
Non-recurring income	8.3	3.4	308.7
Non-recurring charges	11.4	12.6	181.2
NON-RECURRING INCOME (CHARGES)	**(3.0)**	**(9.2)**	**127.5**
Employee profit-sharing	0.0	0.0	0.0
Income taxes	3.9	0.2	(0.5)
NET INCOME	**80.0**	**143.6**	**215.8**

NOTES TO THE CORPORATE FINANCIAL STATEMENTS

The corporate financial statements for the year ended December 31, 2005 were approved by the Executive Board and show revenue of €583.63 million, net income of €80 million and total assets of €2,912 million.

1. ACCOUNTING POLICIES AND METHODS

1.1 General principles

The corporate financial statements for the twelve-month period ended December 31, 2005 have been prepared in accordance with current legal provisions and regulations and with generally accepted accounting principles in France, i.e.:

- going concern,
- consistency,
- accrual basis.

As of January 1, 2005, the Company has applied regulations CRC No. 2002-10 relating to asset depreciation and impairment, CRC No. 2004-06 relating to the definition, recognition and measurement of assets, and the CNC Emergency Committee's Notice No. 2005 H of December 6, 2005, relating to the recognition of dismantling, removal and site restoration costs in the individual financial statements. The application of these regulations had no material impact on the financial statements.

The items recorded in the accounts are valued according to the historical cost method.

1.2 Main principles used

1.2.1 Non-current assets

Non-current assets are valued at acquisition cost in accordance with accounting standards. There has been no change in valuation methods.

1.2.1.1 Intangible assets

Intangible assets consist mainly of software. They are amortized on a straight-line basis, over a period of 3 to 5 years.

1.2.1.2 Property, plant and equipment

The depreciation methods and periods used are as follows:

- Buildings……………………………………………… straight-line - 20 years
- Fixtures and fittings in buildings…………………………… straight-line - 10 years
- Technical installations, machinery and equipment……. straight-line or declining balance - 5 years
- Transport equipment……………………………………. straight-line - 4 years
- Office and computer equipment……………………… straight-line or declining - 3 or 5 years
- Furniture…………………………………………….... straight-line - 10 years
- Street furniture……………………………………….. term of contracts

1.2.1.3 Long-term investments

Equity investments are presented on the balance sheet at acquisition cost. An impairment loss is recognized when their going concern value, assessed for each subsidiary, is less than the acquisition cost.

The Company has reviewed the value of assets by comparing it with the value in use resulting from the impairment tests performed for the JCDecaux SA Group consolidated financial statements. This value was primarily calculated using discounted cash flows.

The going concern value also takes into account the share in net equity and profitability projections when the latter provide reasonable assurance.

When equity investments are sold, the FIFO method is applied.

1.2.2 Current assets

1.2.2.1 Inventories and work-in-progress

Inventories of raw materials are valued at purchase price, while semi-finished and finished goods are valued at cost, including direct and indirect production costs.
An impairment loss is recognized on the basis of value in use and the probability of future sale.

1.2.2.2 Receivables

Provisions for impairment based on the risk of non-recovery are recognized for bad or aging debt.

1.2.2.3 Prepaid expenses

In accordance with the accrual basis principle, expenses relating to 2006 and thereafter are recorded in this account.

1.2.3 Liabilities

1.2.3.1 Provisions for contingencies and losses

Provisions are recognized to cover potential contingencies or anticipated losses.

1.2.3.2 Provisions for retirement and similar benefits

JCDecaux SA's obligations resulting from defined benefit plans, as well as their cost, are determined using the projected unit credit method.

This method consists in measuring the obligation based on the projected end-of-career salary and the rights vested at the valuation date, determined in accordance with collective trade union agreements, Company-wide agreements or prevailing legal rights.

For post-employment defined benefits, actuarial gains or losses exceeding the greater of 10% of the present value of the defined benefit obligation or the fair value of the related plan assets are amortized over the remaining average working lives of employees within the Group. Past service costs are amortized on a straight-line basis, over the average period until the benefits become vested.

For long-term benefits, actuarial gains or losses and past service costs are recognized as income or expense when they occur.

1.2.3.3 Deferred income

In accordance with the accrual basis principle, income relating to 2006 and thereafter is recorded in this account.

1.2.4 Foreign currency transactions and financial instruments

1.2.4.1 Foreign currency transactions

Payables, receivables and cash denominated in foreign currencies are shown on the balance sheet at their equivalent value using year-end exchange rates. Any difference resulting from the revaluation of these foreign currency payables and receivables is recorded in the balance sheet under "Unrealized translation gains and losses" within assets and liabilities.

Unrealized foreign exchange losses that are not hedged are covered by a foreign exchange loss provision.

1.2.4.2 Financial instruments

The purpose of interest rate hedging is to limit the impact of fluctuations in short-term interest rates on loans secured by the Company.

Items are hedged by means of over-the-counter instruments with first-rate banking counterparts. The financial instruments used are mainly swaps, forward rate agreements and interest rate options.

The purpose of foreign exchange hedging is to protect the Company against foreign currency fluctuations affecting the euro. The instruments used are mainly forward purchases and sales of foreign currencies against the euro and foreign exchange options.

2. NAME AND ADDRESS OF THE CONSOLIDATING PARENT COMPANY

Although the Company publishes consolidated financial statements, its corporate financial statements are fully consolidated into the consolidated financial statements of the following company:

JCDECAUX HOLDING
17, Rue Soyer
92200 Neuilly sur Seine

3. INTANGIBLE ASSETS

(In million euros)	Amount as of 01/01/2005	Increase	Decrease	Amount as of 12/31/2005
Gross value	42.0	12.7	10.6	44.1
Amortization and provisions	(23.9)	(5.9)	(2.2)	(27.6)
Net value	**18.1**	**6.8**	**8.4**	**16.5**

Gross value

(In million euros)	Amount as of 01/01/2005	Increase	Decrease	Amount as of 12/31/2005
Patents, licenses and software	36.3	9.0	2.3	43.0
Purchased goodwill	0.1	-	-	0.1
Intangible assets under development	5.6	3.7	8.3	1.0
Total	**42.0**	**12.7**	**10.6**	**44.1**

Amortization

(In million euros)	Amount as of 01/01/2005	Increase	Decrease	Amount as of 12/31/2005
Patents, licenses and software	(23.9)	(5.9)	(2.2)	(27.6)
Total	**(23.9)**	**(5.9)**	**(2.2)**	**(27.6)**

Expenses incurred, both internal and external, to develop significant software (core business line IT applications) are carried in intangible assets and amortized on a straight-line basis over 5 years. In accordance with prevailing accounting regulations, only expenses incurred in the detailed design, programming and configuration, testing and acceptance phases are recorded under intangible assets.

Any research and development expenditure incurred over the year is expensed.

4. PROPERTY, PLANT AND EQUIPMENT

(In million euros)	Amount as of 01/01/2005	Increase	Decrease	Amount as of 12/31/2005
Gross value	148.4	7.8	11.7	144.5
Depreciation and provisions	(108.8)	(11.7)	(5.3)	(115.2)
Net value	**39.6**	**(3.9)**	**6.4**	**29.3**

Gross value

(In million euros)	Amount as of 01/01/2005	Increase	Decrease	Amount as of 12/31/2005
Land	0.2	-	-	0.2
Buildings	24.5	0.2	0.2	24.5
Street furniture	5.3	-	5.0	0.3
Street furniture dismantling cost	-	0.2	0.2	-
Technical installations, machinery and equipment	25.4	2.4	0.3	27.5
Fixtures and fittings	34.6	0.6	0.6	34.6
Transport equipment	39.6	2.2	2.4	39.4
Office and computer equipment	16.5	2.0	1.3	17.2
Other	0.1	-	-	0.1
PPE under construction	2.0	0.2	1.6	0.6
Advances and payments on account	0.2	-	0.1	0.1
Total	**148.4**	**7.8**	**11.7**	**144.5**

Depreciation

(In million euros)	Amount as of 01/01/2005	Increase	Decrease	Amount as of 12/31/2005
Buildings	(12.6)	(1.4)	(0.1)	(13.9)
Street furniture	(0.8)	(0.2)	(0.9)	(0.1)
Street furniture dismantling cost	-	(0.2)	(0.2)	-
Technical installations, machinery and equipment	(21.6)	(2.7)	(0.2)	(24.0)
Fixtures and fittings	(24.9)	(2.2)	(0.3)	(26.7)
Transport equipment	(36.3)	(2.0)	(2.3)	(36.0)
Office and computer equipment	(12.3)	(3.0)	(1.3)	(14.0)
Other	(0.1)	-	-	(0.1)
PPE under construction	(0.2)	-	-	(0.2)
Total	**(108.8)**	**(11.7)**	**(5.3)**	**(115.0)**

5. LONG-TERM INVESTMENTS

(In million euros)	Amount as of 01/01/2005	Increase	Decrease	Amount as of 12/31/2005
Equity investments	2,144.2	109.8	-	2,254.0
Loans to affiliates	136.4	87.6	75.4	148.6
Other long-term investments	2.1	28.9	31.0	-
Loans and other long-term investments	59.0	228.3	29.1	258.2
Gross value	**2,341.7**	**454.6**	**135.5**	**2,660.8**
Provision for impairment	(29.5)	(45.1)	(8.4)	(66.2)
Net value	**2,312.2**	**409.5**	**127.1**	**2,594.6**

Breakdown of the increase in equity investments (in million euros):

JCD Nederland BV	41.7
SOPACT	29.0
VKM BV	21.0
METROBUS	17.9
VBM	0.2
Increase in equity investments	**109.8**

The increase or decrease in “Loans to affiliates” corresponds to new loans and to the repayment of loans granted to subsidiaries. Changes in “Other long-term investments” correspond to new loans exceeding one year and the repayments of subsidiaries.

6. INVENTORIES

(In million euros)	2005	2004
Raw materials and supplies	26.9	25.0
Work-in progress	0.9	1.2
Semi-finished goods	17.8	17.8
Finished goods	12.3	11.5
Total Gross Value	**57.9**	**55.5**
Provision for impairment	(16.6)	(17.3)
Total Net Value	**41.3**	**38.2**

7. MARKETABLE SECURITIES AND OTHER FINANCIAL INSTRUMENTS

As of December 31, 2005, the portfolio of JCDecaux SA does not contain any marketable security.

8. CASH AND CASH EQUIVALENTS

(In million euros)	2005	2004
Bank and current accounts	2.4	6.7
Cash	N/M	N/M
Total	**2.4**	**6.7**

9. DEFERRED CHARGES

(In million euros)	2005	2004
Loan issuing costs	2.3	3.0
Total	**2.3**	**3.0**

Loan issuing costs relate primarily to the 2003 issue of the private placement in the United States and the renewal of credit facilities in March 2005. These costs are expensed over the respective term of each loan.

10. MATURITY OF RECEIVABLES AND PAYABLES

(In million euros)	Total	Less than 1 year	More than 1 year but less than 5 years	More than 5 years
Receivables	635.4	233.8	401.6	-
Payables	1,012.2	163.9	326.1	522.2

The amounts shown in receivables include loans to affiliates, loans, other long- term investments, as well as trade receivables and related accounts, other receivables and prepaid expenses.

The amounts appearing under "Payables" include bond debt, bank debt and other long-term debt with respect to subsidiaries as well as trade payables and related accounts, other liabilities and deferred income.

JCDecaux SA's long-term debt with respect to companies that are not directly or indirectly owned subsidiaries consists of:

- a private placement issued in 2003 in the United States, for an amount of €380 million, repayable between 2010 and 2015,
- a credit facility, set up in March 2005, with an outstanding amount of €230 million. To take into account the significant cash flow generated and benefit from improved market conditions, the Company decided to renegotiate its bank debt. In March 2005, the Company repaid its €665 million credit facility set up in December 2003 and maturing in 2008 and set up a new confirmed revolving credit facility for €540 million, with an initial maturity in March 2010 and two one-year renewal options. Consequently, as of December 31, 2005, the Company had available confirmed credit facilities amounting to €310 million, with a final maturity in March 2010.
- In January 2006, the first option was exercised by JCDecaux SA and accepted by the bank syndicate; the new maturity of the credit facility is therefore March 2011. The set-up of this new credit facility will enable the Company to extend its debt maturity and benefit from improved financial conditions.

While JCDecaux SA financing sources are confirmed, they impose compliance with a number of covenants. Failure to comply with these covenants could trigger early repayment of loans and credit facilities.

- Among other restrictions, these covenants limit the ability of JCDecaux SA to:
  - grant collateral on assets;
  - sell assets;
  - set up third-party debt at the subsidiary level;
  - extend the Group's business to activities not related to outdoor advertising (bank credit facility only).
- They require JCDecaux SA and its consolidated subsidiaries to maintain the following financial ratios:
  - interest coverage ratio: consolidated EBITDA / consolidated net finance costs > 3.5 to 1. (private placement and bank credit facility);
  - consolidated net debt ratio: consolidated net debt / consolidated EBITDA < 3.5 to 1 (private placement only).

As of December 31, 2005, the Group was in compliance with both these criteria and far from the requested limits.

- They limit changes in control of JCDecaux SA.

11. PREPAID EXPENSES AND DEFERRED INCOME

(In million euros)	2005	2004
Leasing of advertising sites	5.8	5.6
Miscellaneous costs (maintenance, leasing, etc.)	1.2	1.5
Prepaid expenses	**7.0**	**7.1**
Sales of advertising space	10.3	8.1
Miscellaneous	0.1	0.1
Deferred income	**10.4**	**8.2**

12. EQUITY

(In million euros)	01/01/2005	Allocation of 2004 net income	Change 2005	12/31/2005
Share capital	3.4	-	-	3.4
Share premium	689.4	-	8.4	697.8
Merger premium	159.1	-	-	159.1
Contribution premium	244.0	-	-	244.0
Legal reserve	0.3	-	-	0.3
Net long-term capital gains reserve	22.5	-	(22.5)	0.0
Other reserves	3.1	-	19.9	23.0
Retained earnings (accumulated deficit)	534.1	143.6	(28.5)	649.2
Net income (loss) for the year	143.6	(143.6)	80.0	80.0
Net equity	**1,799.5**	**-**	**57.3**	**1,856.8**
Regulated provisions	9.5	-	0.4	9.9
Total equity	**1,809.0**	**-**	**57.7**	**1,866.7**

As of December 31, 2005, share capital amounts to €3,366,466.27, consisting of 220,825,551 fully paid-up shares. During the year, 531,882 shares were created following the exercise of stock options and 1,700,000 treasury shares were cancelled.

As part of the stock option plan authorized by the Shareholders' General Meetings of March 23, 2001, May 23, 2002, May 12, 2004 and May 11, 2005, the Executive Board granted 690,365 options during fiscal year 2005, bringing the number of allocated stock options to 5,770,422 as of December 31, 2005. Stock options break down as follows:

Date of issuance	06/21/2001	07/20/2001	12/14/2001	12/13/2002	01/16/2003	03/05/2004	03/04/2005
Number of options issued	3,283,684	479,024	340,996	88,096	209,546	678,711	690,365
Option strike price	€16.50	€15.46	€11.12	€10.67	€10.78	€15.29	€19.81
Expiry date	06/21/2008	07/20/2008	12/14/2008	12/13/2009	01/16/2010	03/05/2011	03/04/2012

As of December 31, 2005, JCDecaux Holding held 70.217% of the Company's share capital (i.e. 155,056,749 shares) and Lansdowne Partners Limited held 3.088% (i.e. 6,819,332 shares).

The Company did not pay any dividends in 2005.

Regulated provisions consist of a provision for foreign operations in the amount of €2.3 million and an accelerated depreciation provision in the amount of €7.6 million.

13. PROVISIONS FOR CONTINGENCIES AND LOSSES

(In million euros)	Amount as of 01/01/05	Restatement of the historical amount as of the 01/01/2005 opening	Movement with offsetting entry in assets 2005	Charges 2005	Reversals 2005	Amount as of 12/31/05
Provisions for contingences						
Litigation	3.0	-	-	1.6	0.5	4.1
Subsidiary contingencies	2.6	-	-	2.5	1.5	3.6
Foreign exchange losses	3.6	-	-	0.1	3.6	0.1
Other	1.4	0.2	N/M	2.5	1.4	2.7
Provisions for losses						
Provision for retirement benefits and long-service bonuses	6.6	-	-	1.1	-	7.7
Total	**17.2**	**0.2**	**-**	**7.8**	**7.0**	**18.2**

JCDecaux SA's commitments in respect of defined-benefit plans for employees are mainly made up of retirement benefits pursuant to the applicable collective bargaining agreement and long-service bonuses.
The retirement benefit plan is financed in part by a special fund.
Provisions are calculated based on the following assumptions:

As of 31 December 2005	
Discount rate	4.1%
Salary revaluation rate	2%
Expected return on plan assets	4.5%
Average remaining length of service	18 years

Retirement and other long-term benefits break down as follows:

(In million euros)	Pension plans	Other commitments	Total
Change in benefit obligation			
Opening balance	13.1	0.8	13.9
Service cost	0.8	0.1	0.9
Interest cost	0.6	-	0.6
Actuarial gains / losses	0.6	0.1	0.7
Benefits paid	(0.5)	(0.1)	(0.6)
Benefit obligation at the end of the period	**14.6**	**0.9**	**15.5**
Change in plan assets			
Opening balance	4.1	-	4.1
Expected return on plan assets	0.2	-	0.2
Actuarial gains / losses	0.1	-	0.1
Benefits paid by the fund	(0.5)	-	(0.5)
Employer contribution	0.5	-	0.5
Fair value of assets at the end of the period	**4.4**	**-**	**4.4**
Provision			
Funded status	10.3	0.9	11.2
Unrecognized actuarial gains / losses	(0.7)	-	(0.7)
Unrecognized past service cost	(2.8)	-	(2.8)
Provision at the end of the period	**6.8**	**0.9**	**7.7**
Net periodic pension cost			
Service cost	0.8	0.1	0.9
Interest cost	0.6	-	0.6
Expected return on plan assets	(0.2)	-	(0.2)
Net actuarial gains / losses recognized in the year	0.0	0.1	0.1
Net past service cost recognized in the year	0.2	-	0.2
Charge for the year	**1.4**	**0.2**	**1.6**

Unrecognized past service cost amounts to €2.8 million as of December 31, 2005.

Net changes during the year are as follows:

(In million euros)	2005
As of 1 January 2005	**6.7**
Cost according to income statement	1,6
Benefits paid	(0.6)
As of 31 December 2005	**7.7**

The breakdown of assets is as follows:

	2005	
(In million euros)	M€	%
Shares	0.4	9%
Bonds	3.5	81%
Real estate	0.4	9%
Total	**4.3**	**100%**

14. UNRECOGNIZED TAX ASSETS OR LIABILITIES

Decrease (+) and increase (-) in the future tax base

(In million euros)	2005	2004
Losses	1.2	44.4
Net long-term capital losses	11.4	19.9
Retirement benefits	6.8	5.8
Other provisions for contingencies and losses	2.7	6.8
Allowances for receivables	0.4	0.2
Social security tax	0.6	0.4
Unrealized foreign exchange gains /losses	5.2	(1.7)
Other	(0.5)	(1.3)
Total	**27.9**	**74.5**

15. BREAKDOWN OF REVENUE

(In million euros)	2005	2004
France	522.7	501.7
Export	60.9	47.9
Total	**583.6**	**549.6**

(In million euros)	France	Export
Administrative and financial services	26.6	6.4
Sales of advertising space	276.6	11.5
Sales of street furniture	58.3	35.8
Other services	161.2	7.2
Total	**522.7**	**60.9**

Revenue includes the sale of advertising space for the Street Furniture business in France, the provision of services to non-advertiser clients (local authorities), the sale of street furniture to French and foreign subsidiaries, as well as technical and administrative services provided to all of the Group's French companies.

16. NET FINANCIAL INCOME

The net financial income is down to €38.3 million in 2005, compared to 117.2 million in 2004, a decrease of €78.9 million. The change is primarily explained by:

- The €46.7 million decrease in dividends received from French and foreign subsidiaries;
- The €35.9 million increase in net change of provisions for long-term investments primarily related to the impairment of the Affichage Holding securities.

17. NON-RECURRING INCOME AND CHARGES

(In million euros)	2005	2004
NBV of assets sold	5.0	0.5
Sales/contributions of shares	-	8.2
Fines and penalties	-	0.8
Accelerated depreciation charge	3.8	3.1
Charge to provisions for contingencies	2.5	-
Other	0.1	-
Total non-recurring charges	**11.4**	**12.6**

(In million euros)	2005	2004
Revenue from assets sold	4.6	0.1
Sales/contributions of shares	-	2.0
Reversal of accelerated depreciation	1.9	0.8
Reversal of provisions for contingencies	1.8	-
Other	-	0.6
Total non-recurring income	**8.3**	**3.5**

18. ACCRUED INCOME AND EXPENSES

(In million euros)	2005	2004
ACCRUED EXPENSES		
Long-term debt		
Bonds	2.7	2.5
Borrowings from banks and subsidiaries	0.2	-
Other borrowings and long-term debts	0.6	-
Operating liabilities		
Trade payables and related accounts	30.3	38.2
Tax and social security liabilities	24.8	23.7
Miscellaneous liabilities		
Debts related to non-current assets and related accounts	1.1	0.8
Other liabilities	2.8	6.1

(In million euros)	2005	2004
ACCRUED INCOME		
Long-term investments		
Loans to affiliates	0.3	0.5
Loans	0.2	0.4
Operating receivables		
Trade receivables and related accounts	28.3	28.4
Other receivables	5.1	5.6
Miscellaneous receivables		
Cash instruments	6.2	1.7
Cash and cash equivalents	**0.4**	**0.5**

19. BREAKDOWN OF INCOME TAX

(In million euros)	Income before taxes	Taxes	Income after taxes
Current income	86.9	(4.2)	82.7
Non-recurring income (charge)	(3.0)	0.3	(2.7)
Employee-profit sharing			
Accounting net income	83.9	(3.9)	80.0

A tax consolidation agreement, in which JCDecaux SA is the head of a consolidated tax group, came into effect as of January 1, 2002 and included the following companies:

- JCDecaux Mobilier Urbain
- Avenir
- JCDecaux Airport France
- JCDecaux Artvertising
- SEMUP
- DPE

Pursuant to the provisions of this agreement and in accordance with prevailing regulations, each tax-consolidated company determines its taxable income and calculates its corporate income tax as if there were no tax consolidation. The tax expense is recorded by the tax-consolidated company, and the corporate income tax is paid by the consolidating company. In the event of a tax loss for the consolidated company, the tax saving represents an immediate gain for the consolidating company.

In the event that one of the Group's subsidiaries leaves the consolidated tax group, for whatever reason, the parties shall meet to analyze the consequences.

20. OFF-BALANCE SHEET COMMITMENTS OTHER THAN FINANCIAL INSTRUMENTS

(In million euros)	12/31/2005	12/31/2004
COMMITMENTS GIVEN		
Business guarantees (1)	41.9	36.8
Other guarantees (2)	29.4	34.2
Pledges, mortgages and collateral	-	-
Commitments given on shares (3)	78.7	76.0
Total	**150.0**	**147.0**
COMMITMENTS RECEIVED		
Commitments received on shares (4)	-	74.0
Available credit facility	310.0	600.0
Debt forgiveness (return to profit clause)	13.5	12.2
Total	**323.5**	**686.2**

(1) Business guarantees correspond to guarantees issued whereby the Company guarantees, either directly or through counter-guarantees with respect to banks or insurance companies, the performance of concession agreements by subsidiaries.

(2) The "Other guarantees" line item consists of the guarantees issued in respect of settlement of lease payments, long-term debt, vehicle rental for certain subsidiaries or counter-guarantees to banks within the scope of collateral security granted to certain subsidiaries. It should be noted that the amount of the guarantees with regard to long-term debt (credit facilities and bank overdrafts) and collateral security corresponds to the amount actually drawn as of December 31, 2005.

Commitments given and received on shares are primarily related to acquisition transactions.

(3) Commitments given on shares include a right of sale in favor of our partners, estimated at €75.5 million as of December 31, 2005, that may be exercised between January 1, 2009 and December 31, 2009, along with a commitment from partners not to sell their shares before January 1, 2009. There is also a commitment to purchase, in 2006, shares (1.77%) for an estimated amount of €3.2 million.

Commitments given on shares also include:

- *A put option exercisable from March 31, 2014 to September 30, 2014. This option concerns the 34% interest held by the Group's partner Publicis in Somupi, and the exercise price will be determined by investment banks. This option can only be exercised if the City of Paris renews its contract with Somupi.*

- *A put option exercisable from September 15, 2005 to March 31, 2014. This option concerns the 34% interest held by the Group's partner Publicis in Somupi, and the exercise price will be determined in accordance with a contractual calculation formula. This option can only be exercised in the event of a change in control of JCDecaux Group.*
- *A put option exercisable from March 31, 2014. This option concerns the 34% interest held by the Group's partner Publicis in Somupi, and the exercise price will be determined in good faith by the parties or an independent expert. This option can only be exercised should JCDecaux Group wish to transfer to an acquirer its entire interest.*

(4) *Commitments received on shares consist in:*

- *A put option exercisable from March 31, 2014 to September 30, 2014. The option concerns the Group's 33% interest in the Metrobus Group, and the exercise price will be determined by investment banks. This option can only be exercised if the RATP renews its contract with Metrobus.*
- *A put option exercisable from September 15, 2005 to March 31, 2014. The option concerns the Group's 33% interest in the Metrobus Group, and the exercise price will be determined in accordance with a contractual calculation formula. This option can only be exercised in the event of a change in control of the Publicis Group.*
- *A put option exercisable from March 31, 2014. The option concerns the Group's 33% interest in the Metrobus Group, and the exercise price will be determined in good faith by the parties or an independent expert. This option can only be exercised should the Publicis Group wish to transfer to an acquirer its entire interest.*

21. FINANCIAL INSTRUMENTS

The Company uses derivative instruments solely for interest rate and foreign exchange rate hedging purposes.

a) Financial instruments related to bond issues

In connection with the issuance of its US private placement in 2003, JCDecaux SA raised funds, a significant portion of which ($250 million) were denominated in US dollars and carried a fixed coupon. As the Group did not generate US dollar funding needs for such an amount and in compliance with its policy to have its medium and long-term loans indexed to floating rates, JCDecaux SA entered into issue swap transactions in tandem with the issuance of its private placement:

- Interest rate swap: JCDecaux SA receives a fixed rate and pays a floating rate (Libor), on a nominal amount of US$100 million, with a maturity date in April 2010;
- Interest rate swap combined with basis swaps: JCDecaux SA receives a fixed rate denominated in US dollars and pays a floating rate (Euribor), on an initial nominal amount of US$150 million before swaps and €142 million after swaps, with maturity dates between April 2013 and April 2015.

The market value of the financial instruments portfolio as of December 31, 2005 (theoretical cost of liquidation) is €(20.5) million.

b) Hedging of foreign exchange risk

The Company is exposed to foreign exchange rate risk on the activities of its subsidiaries abroad. Such risks are primarily related to:

- commercial transactions: purchases of raw materials;
- financial transactions:
  - refinancing and recycling of cash flows for foreign subsidiaries, hedged by foreign exchange swaps (the latest maturity of these agreements is October 31, 2006);
  - loans denominated in US dollars and converted into euros, hedged through issue swaps with the same maturity as the loans (see paragraph above).

As of December 31, 2005, the Company had entered into the following hedging agreements:

(In million euros)	Financial and commercial assets	Financial and commercial liabilities	Assets – Liabilities	Off-balance sheet (1)	Contingent positions	Difference
USD	93.4	229.0	(135.6)	136.4	-	0.8
CAD	5.8	0.0	5.8	(5.7)	-	0.1
GBP	3.1	24.2	(21.1)	22.8	-	1.7
SGD	0.9	3.4	(2.4)	3.4	-	0.9
SEK	1.3	7.8	(6.5)	7.2	-	0.7
AUD	0.2	1.9	(1.7)	1.9	-	0.2
NOK	13.5	-	13.5	(12.9)	-	0.6
DKK	3.4	-	3.4	(3.4)	-	0.0
JPY	-	-	-	-	-	-
HKD	193.4	-	193.4	(123.0)	-	70.4
THB	0.1	-	0.1	-	-	0.1
CZK	6.3	-	6.3	(6.2)	-	0.1
Other currencies	0.6	-	0.6	(0.5)	-	0.1
Total	**322.0**	**266.3**	**55.8**	**(20.0)**	**-**	**75.7**

(1) Issue swaps and short-term foreign exchange swaps. Issue swaps are valued at the hedging rate in the same way as the corresponding financial liabilities. The other swaps are valued at the year-end rate.

The €70.4 million difference on the HKD currency is mainly related to the 2005 financing in this currency drawn down by JC Decaux SA for its subsidiaries, so as to enable them to make acquisitions. Insofar as a partial capitalization of the current loan is contemplated, a portion of the currencies was purchased for cash and was not hedged on a forward basis.

The market value of the short-term financial instrument portfolio (foreign exchange swaps, excluding issue swaps covered above) as of December 31, 2005 (theoretical cost of liquidation) is €(1.8) million.

c) Hedging of interest rate risk

The Company is exposed to interest rate risk on:

- bonds issued directly at a floating rate or at a fixed rate but converted into a floating rate upon issue of the bonds, throughout their term;
- bank loans indexed to a floating interest rate.

Thus, the loans subscribed by the Company are mainly indexed to money market rates. In order to protect itself against a rise in Euribor rates, the Company has entered into hedges in the form of fixed-rate swaps, purchases of straight caps, or caps financed by sales of caps or floors.

As of December 31, 2005, the Company had entered into the following interest rate hedging agreements:

- caps purchased for €110 million, maturing between April 2006 and April 2010, none of which were in the money as of December 31, 2005;
- caps sold for €110 million, maturing between April 2006 and April 2010, none of which were in the money as of December 31, 2005;
- floors sold for €35 million, maturing in April 2006, none of which were in the money based on the Euribor 3-month rate as of December 31, 2005, i.e. 2.488% .

The market value of these financial instruments as of December 31, 2005 (theoretical cost of liquidation) is €0.2 million.

22. COMPENSATION OF SENIOR EXECUTIVES

Attendance fees paid to members of the Supervisory Board in respect of 2005 amount to €137,975.

Fees paid to the members of the Executive Board amount to €3,169,290.

23. HEADCOUNT

The headcount breakdown by employee category is as follows:

Category	2005	2004
Executives	361	362
Supervisors	674	675
Employees	1,487	1,473
Total	**2,522**	**2,510**

24. TRANSACTIONS CARRIED OUT WITH RELATED COMPANIES

(In million euros)

Balance sheet items (gross value)	2005	2004
Long-term investments		
Equity investments	2,254.0	2,144.2
Loans to affiliates	148.6	136.4
Loans	256.7	57.2
Deposits and sureties paid	0.3	0.5
Receivables		
Trade receivables and related accounts	105.4	84.9
Other receivables	1.7	6.2
Prepaid expenses	5.8	5.6
Liabilities		
Miscellaneous loans and long-term debt	239.1	216.4
Trade payables and related accounts	21.7	31.9
Other liabilities	1.0	2.3
Amounts due on non-current assets and related accounts	0.6	0.4

Income statement items	2005	2004
Operating expenses	**228.2**	**232.7**
Operating income	**303.2**	**247.1**
Finance costs		
Interest and similar charges	6.2	4.2
Finance revenue		
Income from equity investments	85.2	135.5
Interest	10.4	6.9
Non-recurring income		
Income from the disposal of non-current assets	4.5	2.0

In addition to companies likely to be fully consolidated, related companies include companies that are proportionately consolidated in the JCDecaux Group financial statements.

25. SUBSIDIARIES AND EQUITY INVESTMENTS AS OF 12/31/2005

COMPANIES	Capital In K currency	Other equity (1) in K currency	Share in capital as %	Net carrying amount of Shares held in K€		Loans and advances granted by the Company and not repaid In K€	Amount of garantees and securities provided by the Company In K€	Revenue excluding tax for 2005 in K€	Net income (loss) for 2005 in K€	Dividends received by the Company during the year in K€
				Gross	Net					
Information concerning the subsidiaries and equity investments with material net carrying amounts										
A – FRENCH SUBSIDIARIES										
SOMUPI	762	4,497	66	1,135	1,135	-	-	19,057	3,183	2,409
SOPACT	229	9,288	100	30,031	30,031	-	-	14,411	1,206	462
JCDECAUX MOBILIER URBAIN	993	83,660	100	233,677	233,677	-	-	204,631	35,750	55,385
SEMUP	831	11,163	100	39,471	39,471	-	-	30,298	5,329	8,012
DPE	152	18	27.71	3,168	3,168	2,700	-	9,238	337	114
AVENIR	26,805	172,745	100	608,462	608,462	-	-	179,549	20,189	0
JCDECAUX Artvertising	778	1,195	100	30,390	30,390	-	-	9,480	1,125	1,480
JCDECAUX AIRPORT France	768	5,129	100	98,799	88,434	7,900	3,971	37,552	1,183	4,620
METROBUS	1,840	27,998	33	17,886	17,886	-	-	148,342	(1,305)	-

(1)Equity excluding share capital and net income for the year.

COMPANIES	Capital In K currency	Other equity (1) in K currency	Share in capital as %	Net carrying amount of Shares held in K€		Loans and advances granted by the Company and not repaid in K€	Amount of garantees and securities provided by the Company In K€	Revenue excluding tax for 2005 in K€	Net income (loss) for 2005 in K€	Dividends received by the Company during the year in K€
				Gross	Net					
B – FOREIGN SUBSIDIARIES										
JCD FINLANDE Oy	432 EUR	37,684 EUR	89.89	58,671	58,671	-	-	26,745	6,893	-
JCD Belgium publicité sa	155 EUR	8,158 EUR	100	42,193	42,193	2,300	-	31,360	1,476	1,718
ACM SA	62 EUR	1,129 EUR	100	4,320	4,320	-	-	-	975	1,090
JCD LUXEMBOURG SA	1,048 EUR	236 EUR	100	1,539	1,539	-	-	1,772	609	400
JCD CENTRAL EASTERN EUROPE Gmbh	35 EUR	106,997 EUR	100	199,763	199,763	-	-	-	3,832	-
Affichage Holding	33,750 CHF	170,358 CHF	30	134,414	100,865	-	-	-	22,197	3,641
JCD UK Ltd	5,500 GBP	17,908 GBP	100	7,926	7,926	-	-	196,044	23,570	-
JCD DEUTSCHLAND Gmbh	8,232 EUR	63,175 EUR	100	60,461	60,461	-	-	51,485	15,737	-
ACM Gmbh	77 EUR	5,094 EUR	100	1,726	1,726	-	-	12,093	5,139	-
JCD MESTSKY MOBILIAR Spol Sro	120,000 CZK	12,000 CZK	96.20	3,092	3,092	6,172	-	5,933	1,765	419
JCD SVERIGE AB	75,000 SEK	8,460 SEK	98.23	27,116	27,116	-	-	33,751	4,643	-
IP DECAUX Inc.	1,000,000 KRW	(1,633,312) KRW	50	385	385	-	3,545	4,440	58	-
JCD STREET FURNITURE Pty Ltd	43,510 AUD	(22,510) AUD	100	26,500	26,500	-	-	-	12,245	-
PURBE Lda	60 EUR	12 EUR	100	37,847	37,847	-	-	-	3,193	3,272
MC DECAUX INC.	910,000 JPY	(819,297) JPY	60	3,943	3,943	-	2,592	4,388	2	-
JCD PORTUGAL Lda	1,247 EUR	11,007 EUR	0.15	253	253	-	-	39,557	7,256	55
JCD DO BRAZIL Ltda	5,367 BRL	(6,760) BRL	100	3,962	0	803	75	1,670	(1,242)	-
JCD NORGE AS	62,000 NOK	(3,171) NOK	75.38	12,021	12,021	13,275	876	19,573	2,193	-
JCD CHILE S.A.	122,236 CLP	(1,393,051) CLP	99.90	207	207	-	7,536	5,305	(102)	-
JCD SLOVAKIA Sro	7,300 SKK	1,652 SKK	100	184	184	502	-	1,909	657	580
V K M BV	18 EUR	(2,261) EUR	100	21,012	21,012	-	-	-	3,815	25
AFA JCDECAUX A/S	7,200 DKK	32,178 DKK	50	2,209	2,209	3,351	4,548	17,857	492	-
JCD NEDERLAND BV (ex publex)	20 EUR	5,616 EUR	100	45,007	45,007	-	-	37,025	5,799	2,247
JCD SINGAPOUR Pte Ltd	7,500 SGD	(11,966) SGD	100	4,495	-	-	878	3,553	(496)	-
JCD ARGENTINA S.A.	14 ARS	6,423 ARS	99.93	8,394	2,946	-	-	786	71	-
JCD Artvertising Belgique	1,735 EUR	174 EUR	9.29	274	274	-	-	889	(357)	14
JCD ASIA SINGAPORE Pte Ltd	5,510 SGD	17,943 SGD	100	23,384	23,384	-	-	-	110	-
JCD NORTH AMERICA Inc.	104,694 USD	1,218 USD	100	293,809	293,809	90,786	1,227	966	211	-
IGP DECAUX Spa	7,391 EUR	58,024 EUR	20.48	34,861	34,861	-	-	146,238	2,912	-
JCD SALVADOR S.A.	5,200 BRL	(24,777) BRL	99.98	2,330	2,330(2)	14,209	136	1,937	984(3)	-
PLACA Lda	13 EUR	549 EUR	55	5,087	5,087	-	-	-	524	228
RED PORTUGUESA S.A.	383 EUR	235 EUR	60.65	10,231	10,231	-	-	11,490	1,137	-
JCD ESPANA SI	29,050 EUR	83,066 EUR	100	111,656	111,656	6,221	-	36,704	2,764	2,669
JCD Pearl & Dean Media Sdn	- MAL	1,742 MAL	100	827	827	-	105	1,682	225	-
UDC-JCDECAUX Airport (non consolidé)	12,600 MXN	(12,400) MXN	50	596	0	102	-	-	-	-
JCD MACAU (non consolidé)	1,000 MOP	494 MOP	80	114	114	-	559	1,073	60	-
VBM (non consolidé)	120,000 HUF	-	33	596	0	-	-	0	(307)	-
MC DECAUX TAIWAN (non consolidé)	1,000 TWD	NC	60	33	33	-	-	NC	NC	-

(1) Equity excluding share capital and net income for the year.
(2) A provision for foreign operations has been set aside for the total value of the equity investments.
(3) Includes the debt waived by JC Decaux SA for €1.3 million.

26. FIVE-YEAR FINANCIAL SUMMARY

Type of data	2001	2002	2003	2004	2005
I - CAPITAL AT THE END OF THE FISCAL YEAR					
a) Share capital (in euros)	3,378,284	3,378,284	3,378,284	3,384,274	3,366,466
b) Number of common shares	221,600,760	221,600,760	221,600,760	221,993,669	220,825,551
c) Maximum number of future shares to be created (stock options)	4,103,704	4,191,800	4,401,346	4,687,148	3,895,898
II - OPERATIONS AND INCOME FOR THE FISCAL YEAR (in euros)					
a) Revenue excluding taxes	630,311,692	577,865,331	551,028,006	549,606,687	583,634,027
b) Income before taxes, profit-sharing and calculated charges (depreciation / amortization and provisions)	77,196,352	80,973,816	244,911,913	177,558,052	138,468,132
c) Income tax	10,901,232	(7,548,673)	(493,718)	192,997	4,894,074
d) Employee profit-sharing	-	347,036	29,043	22,145	33,774
e) Income after taxes, profit-sharing and calculated charges (depreciation / amortization and provisions)	17,208,957	54,559,112	215,836,942	143,639,313	79,977,350
f) Dividends paid	-	-	-	-	-
III - EARNINGS PER SHARE (in euros)					
a) Income after taxes and profit-sharing but before calculated charges	0.30	0.40	1.11	0.80	0.61
b) Income after taxes, profit-sharing and calculated charges	0.08	0.25	0.97	0.65	0.36
c) Net dividend allocated to each share	-	-	-	-	(1)
IV - PERSONNEL					
a) Average headcount during the fiscal year	2,912	2,726	2,609	2,510	2,522
b) Total payroll for the fiscal year (in euros)	79,059,056	85,335,562	84,417,060	83,650,042	86,748,722
c) Total amounts paid during the fiscal year for employee-related benefits (social security, welfare organizations, etc.) (in euros)	29,648,524	32,273,264	31,581,498	33,416,275	36,405,945

(1)Subject to approval by the General Meeting of Shareholders of the proposed allocation of income for 2005.

LEGAL INFORMATION

CORPORATE GOVERNANCE AND INTERNAL CONTROL

Since 2000, our Company has been organised as a French corporation (*Société Anonyme*) with an Executive Board and a Supervisory Board.

We comply with the recommendations contained in the AFEP/MEDEF Report on Corporate Governance of Publicly Traded Companies of October 2003, which consolidates the so-called "Viénot" and "Bouton" (named for their principal authors) Reports of 1995, 1999, and 2002. Any discrepancies or points of divergence from the AFEP/MEDEF Report are indicated and explained in this annual report.

1. COMPOSITION OF THE EXECUTIVE BOARD AND SUPERVISORY BOARD

1.1 Executive Board

Under our Articles of Association, the Executive Board may consist of no fewer than two and no more than seven members, appointed by the Supervisory Board for terms of three years. The term of office of the members of the Executive Board expires at the end of the General Meeting of Shareholders that reviews the financial statements of the fiscal year just ended and that is held during the year in which such term of office is due to expire.

The members of the Executive Board must be individuals and need not be chosen from among the shareholders. Incumbent members may be re-appointed. They may be removed at any time by the General Meeting of Shareholders or by the Supervisory Board. The Supervisory Board appoints a Chairman from among the members of the Executive Board, whose length of term it determines.

No one past the age of seventy may serve on the Executive Board. Any Executive Board member who reaches that age is deemed to have retired at the close of the meeting of the Supervisory Board following the date on which he or she reaches that age, unless the Supervisory Board decides to allow the member to serve out the balance of his or her term.

Our Executive Board presently consists of 5 members:

Mr. Jean-François DECAUX

47 years old

Chairman of the Executive Board of JCDecaux SA (annual rotation between Jean-François Decaux and Jean-Charles Decaux)

Date first appointed:	9 October 2000
Expiration of term of office:	10 May 2006
Professional address:	17, rue Soyer, 92200 Neuilly-sur-Seine, France

Jean-François Decaux joined the Company in 1982 and started and developed our German subsidiary. He then supervised the development, mainly through organic growth, of all of our subsidiaries in Northern and Eastern Europe. More recently, he undertook our successful moves into the United States and Australia.

Jean-François Decaux has been Chairman of the Executive Board since 11 May 2005.

As of 31 December 2005, Jean-François Decaux owned 1,796,179 shares of JCDecaux SA.

Mr. Jean-Charles DECAUX

36 years old

Chief Executive Officer of JCDecaux SA

Date first appointed:	9 October 2000
Expiration of term of office:	10 May 2006
Professional address:	17, rue Soyer, 92200 Neuilly-sur-Seine, France

Jean-Charles Decaux joined our Company in 1989. He started the Spanish subsidiary and then created and developed, mostly through organic growth, all of our subsidiaries in Southern Europe, Asia, and South America.

At the time of the Avenir acquisition in 1999, he was appointed Chairman and Chief Executive Officer of Avenir, AP Systèmes, now called JCDecaux Airport France, and of Claude Publicité, now called JCDecaux Artvertising.

Jean-Charles Decaux has been Chief Executive Officer of JCDecaux SA since 11 May 2005.

As of 31 December 2005, Jean-Charles Decaux owned 1,712,210 shares of JCDecaux SA.

Both Jean-François Decaux and Jean-Charles Decaux have the same authority to represent the Company *vis-à-vis* third parties, and use the title of Group Co-Chief Executive Officer for business and public relations purposes.

Mr. Robert CAUDRON

57 years old
Member of the Executive Board of JCDecaux SA

Date first appointed:	9 October 2000
Expiration of term of office:	10 May 2006
Professional address:	17, rue Soyer, 92200 Neuilly-sur-Seine, France

Mr. Robert Caudron, Chief Operating Officer, joined the Company in 1984 as Finance Director and thereafter was appointed President of JCDecaux Services and Managing Director of the Group in 1995.

Prior to joining the Company, he was with Eternit and Ciments Français, where he was responsible for finance and investment.

As of 31 December 2005, Robert Caudron owned 19,420 shares of JCDecaux SA.

Mr. Gérard DEGONSE

58 years old
Member of the Executive Board of JCDecaux SA

Date first appointed:	9 October 2000
Expiration of term of office:	10 May 2006
Professional address:	17, rue Soyer, 92200 Neuilly-sur-Seine, France

Chief Financial Officer, Gérard Degonse joined the Company in June 2000.

Prior to joining the Company, he was Corporate Treasurer of Elf-Aquitaine and VP Treasurer-Company Secretary of Euro Disney.

In 2004, Gérard Degonse was voted Finance Director of the Year by a jury of experts.

As of 31 December 2005, Gérard Degonse did not directly own any shares of JCDecaux SA.

Mr. Jeremy MALE

47 years old
Member of the Executive Board of JCDecaux SA

Date first appointed:	9 October 2000
Expiration of term of office:	10 May 2006
Professional address:	17, rue Soyer, 92200 Neuilly-sur-Seine, France

Managing Director for Northern and Central Europe, Jeremy Male joined the Company in August 2000. Previously, he was Managing Director of European Operations for Viacom Outdoor and held management positions with companies in the food and beverage industry such as Jacobs Suchard and Tchibo.

As of 31 December 2005, Jeremy Male did not own any shares of JCDecaux SA.

1.2 Supervisory Board

Our Articles of Association provide that the Supervisory Board may consist of no fewer than three and no more than 18 members, who are appointed by the annual General Meeting of Shareholders for a maximum term of six years. The term of office of the Members expires at the end of the General Meeting of Shareholders that reviews the financial statements for the fiscal year just ended and that is held during the year in which such term of office is due to expire.

Members of the Supervisory Board are eligible for re-election. They may be removed at any time by a General Meeting of Shareholders. The Supervisory Board appoints a Chairman and a Vice Chairman, who must be individuals, from among its Members. They are appointed for a term that is equal in length to their term of office on the Supervisory Board. They may always be re-appointed.

The number of members of the Supervisory Board over the age of 75 may not be greater than one-third of the incumbent members. When this limit is passed, the oldest member is deemed to have left office. In addition, starting at age 75, the term of office is annual.

The Supervisory Board presently has six members, each elected for a term of three years:

Mr. Jean-Claude DECAUX

68 years old
Chairman of the Supervisory Board

Date first elected:	9 October 2000
Expiration of term of office:	10 May 2006
Professional address:	17, rue Soyer, 92200 Neuilly-sur-Seine, France

Jean-Claude Decaux is the founder of JCDecaux.

As of 31 December 2005, Jean-Claude Decaux owned 8,175 shares of JCDecaux SA.

Mr. Jean-Pierre DECAUX

62 years old
Vice-Chairman of the Supervisory Board
Date first elected: 9 October 2000
Expiration of term of office: 10 May 2006
Professional address: 17, rue Soyer, 92000 Neuilly-sur-Seine, France

Throughout his career with the Company, which he joined at its founding in 1964, Jean-Pierre Decaux has held several offices, notably:

- from 1975 to 1988: Chairman and Chief Executive Officer of SOPACT (*Société de Publicité des Abribus et des Cabines Téléphoniques*)
- from 1980 to 2001: Chairman and Chief Executive of RPMU (*Régie Publicitaire de Mobilier Urbain*)
- from 1989 to 2000: Chief Executive of Decaux SA (now JCDecaux SA)
- from 1995 to 2001: Chairman and Chief Executive of SEMUP (*Société d'Exploitation du Mobilier Urbain Publicitaire*)

As of 31 December 2005, Jean-Pierre Decaux owned 6,574 shares of JCDecaux SA.

Mr. Pierre-Alain PARIENTE

70 years old
Member of the Supervisory Board
Date first elected: 9 October 2000
Expiration of term of office: 10 May 2006
Professional address: 17, rue Soyer, 92200 Neuilly-sur-Seine, France

Pierre-Alain Pariente held various positions in our Company from 1970 to 1999, notably as Sales and Marketing Director of RPMU (*Régie Publicitaire de Mobilier Urbain*).

As of 31 December 2005, Pierre-Alain Pariente owned 1,020 shares of JCDecaux SA.

Mr. Xavier de SARRAU

55 years old
Independent member of the Supervisory Board
Date first elected: 14 May 2003
Expiration of term of office: 10 May 2006
Professional address: 12, quai Gustave Ador, 1207 Geneva, Switzerland

Xavier de Sarrau, an attorney, specialises in advising private companies and family businesses. He holds a degree from the French school of business administration HEC (*Hautes Etudes Commerciales*) and holds a doctorate in tax law.

He began his career in 1973 with Arthur Andersen as a lawyer in their Legal and Tax Department.
He has also held the following positions:

- from 1989 to 1993: Managing Partner of Arthur Andersen - Tax and Legal for France
- from 1993 to 1997: Chairman of Arthur Andersen for all operations in France
- from 1997 to 2000: Chairman of Arthur Andersen for Europe, Middle East, India, and Africa, based in London
- from 2000 to 2002: Managing Partner - Global Management Services, based in London and New York.
  He also served multiple terms on the Board of Directors of Arthur Andersen.

All of this experience has enabled Mr. de Sarrau to acquire expertise in the areas of international taxation, ownership structures, management of private assets, complex financial instruments, mergers and reorganisations. He has also written several books and articles in the area of international tax law and has lectured at the World Economic Forum.

Xavier de Sarrau is a *Chevalier de la Légion d'Honneur* and a former member of the National Bar Council (*Conseil National des Barreaux*).

As of 31 December 2005, Xavier de Sarrau owned 11,000 shares of JCDecaux SA.

Mr. Christian BLANC

63 years old
Independent member of the Supervisory Board
Date first elected: 9 October 2000
Expiration of term of office: 10 May 2006
Professional address: 17, rue Soyer, 92200 Neuilly-sur-Seine, France

Christian Blanc holds a degree from the School of Political Science of Bordeaux and was Chairman and Chief Executive of the Paris Transit Authority (*RATP*) from 1989 to 1992, then, from 1993 to 1997, Chairman and Chief Executive of Air France and Air France Europe.

From 2000 to 2001, Christian Blanc was a Vice-President of Merrill Lynch Europe and President of Merrill Lynch France.

Christian Blanc was elected to the French Parliament in 2002.
As of 31 December 2005, Christian Blanc owned 1,500 shares of JCDecaux SA.

Professor Lothar SPÄTH

68 years old
Independent member of the Supervisory Board

Date first elected:	14 May 2003
Expiration of term of office:	10 May 2006
Professional address:	17, rue Soyer, 92200 Neuilly-sur-Seine, France

Professor Späth, who holds a degree from the School of Public Administration of Stuttgart (Germany), is an Honorary Doctor (Docteur *Honoris Causa*) of the Faculty of Economics of the Universities of Karlsruhe (Germany) and Pecs (Hungary), and is Senator Emeritus (*Honoris Causa*) and Professor Emeritus (Professeur *Honoris Causa*) of Friedrich-Schiller University of Jena (Germany) in media and social science.

In 1965, Professor Späth was appointed Adjunct and Delegate for Finance of the City of Bietigheim in the German State of Baden-Württemberg, and was elected Mayor of that City in 1967.

From 1978 to 1991, he was the Prime Minister of the German State of Baden-Württemberg.

From 1991 to 2003, he served as Chairman of the Executive Board of Jenoptik SA. In 2003, he became Chairman of the Supervisory Board.

Professor Späth has been President of Merrill Lynch Management GmbH Germany/Austria since July 2003.

As of 31 December 2005, Professor Lothar Späth owned 2 shares of JCDecaux SA.

Under the internal By-Laws of the Supervisory Board, which were adopted on 3 July 2003, a member of the Board is considered "independent" if he or she meets the following conditions:

- is not an employee, director or executive officer of our Company, an employee or director of our parent company or any of its subsidiaries, and has not held any of those positions during the past five years;
- is not a director of a company in which our Company is a director (directly or indirectly) or in which a director or a designated employee of our Company (presently or during the past five years) is a director;
- is not a significant client, supplier, investment banker or commercial banker of our Company or our Group, or for which our Company or our Group represents a material portion of their respective businesses;
- does not have close family ties with one of our directors or members of our senior management;
- has not been an auditor of our Company during the past five years;
- has not have been a member of our Supervisory Board or a director for more than 12 years.

These criteria of independence are those recommended in the AFEP/MEDEF Report of October 2003 on Corporate Governance, consolidating the so-called Viénot and Bouton Reports of 1995, 1999, and 2000.

The By-Laws provide that, to ensure the objectivity required for it to discharge its responsibilities, the Board must, at all times during the year, be composed of at least one third independent members, as stated in the AFEP/MEDEF, which recommends that companies like JCDecaux SA, which have a controlling shareholder and whose share capital is not widely held, have at least one-third of its Board members be independent.

At its meeting on 14 March 2006, the Board determined that, on the basis of the conclusions of the Compensation and Nomination Committee, half of the Board's members met the criteria of independence set forth in the internal By-Laws: Christian Blanc, Lothar Späth, and Xavier de Sarrau.

As a practical matter, we exceed the public recommendations and requirements set forth in our By-Laws.

Article 17 of our Articles of Association provides that each member of the Board must own at least two shares in the Company during his or her term of office. The obligation of owning shares set forth in the Articles does not apply to employees who may be elected members of the Supervisory Board.

1.3 Nature of family ties between/among members of the Executive Board and Supervisory Board

Jean-Claude and Jean-Pierre Decaux, Chairman and Vice Chairman, respectively, of the Supervisory Board, are brothers.

Jean-François and Jean-Charles Decaux, President of the Executive Board and Chief Executive Officer, respectively, are sons of Jean-Claude Decaux.

2. AUTHORITY AND FUNCTIONING OF THE EXECUTIVE BOARD AND SUPERVISORY BOARD

2.1 Executive Board

Powers and Responsibilities of the Executive Board

Our Executive Board has the broadest possible authority to act in all circumstances on behalf of our Company, exercising its authority within the limits prescribed by our corporate purposes and subject to the powers expressly reserved to the shareholders and the Supervisory Board.

As a practical matter, it defines our broad strategic direction, implements it and monitors proper performance. In this connection it relies on a system of delegation of authority, an internal control manual, and a Code of Ethics that are described on pages 154 and 155. It monitors the development of our revenues based on a system of producing financial and accounting information that is described on pages 155 and 156.

Functioning of the Executive Board

The Executive Board meets as often as our corporate interest requires, at our registered office or at any other place indicated in the notice of meeting. Meetings of the Executive Board are called by the Chairman, or, in his absence, by at least half of its members, by any appropriate means, including orally.

Meetings of the Executive Board are chaired by its Chairman or, in his absence, by the Vice-Chairman or, in his absence, by a member of the Executive Board chosen at the beginning of the meeting.

If the Executive Board consists of only two members, both must be present, and actions must be taken unanimously. If it has more than two members, at least half of the members need to be present in order to take valid decisions ; actions are then taken by a majority of the members present in person or by proxy. In the event of a tie, the person chairing the meeting has the deciding vote.

The Executive Board generally meets every month for an entire day, and organizes a weekly telephone conference to keep abreast of current developments. The Executive Board met 11 times in 2005. Except for the meeting held in March, which Mr. Robert Caudron was unable to attend, participation in meetings was 100%.

The Executive Board meetings are generally divided into three parts:

- review and discussion of our Company's business and affairs, the level of commercial activity, prospects for the year, and development of revenues;
- presentation and analysis of organic growth operations, new bids, and proposed acquisitions. In this connection, the Executive Board sets objectives, allocates resources and reviews risks relating to these transactions;
- review of pending matters that are either:
    - recurrent, such as the results of audits, the computer and management information plan, the terms and conditions of executive compensation (bonus, stock-options), review and approval of six-month and annual financial statements, the results of the reviews and audits by Statutory Auditors, financing of our Group;
    - or non-recurrent, such as new product developments, our Group strategy and our financing strategy.

Depending on the subject, employees or third parties may be asked to attend and participate in an Executive Board meeting.

Minutes are prepared of each Executive Board meeting.

The Executive Board does not have By-Laws.

Financial disclosures to the market are handled exclusively under the authority of the Executive Board. As a practical matter, this matter is handled by Mr. Jean-François Decaux and Mr. Jean-Charles Decaux, our co-Chief Executive Officers, Gérard Degonse, our Chief Financial Officer, and Alexandre Hamain, Manager of Financial Communications and Investor Relations.

2.2 Supervisory Board

Authority of the Supervisory Board

The Supervisory Board oversees the management of our Company by the Executive Board. The Supervisory Board may review or investigate our Company's operations at any time it deems appropriate and may obtain any documents that it believes are necessary for this purpose. At least once every quarter, the Executive Board must report to the Supervisory Board on our Company's business and affairs. Within three months following the end of each fiscal year, the Executive Board must present to the Supervisory Board, for its review and approval, the financial statements for the period. The Supervisory Board must present its report to the annual General Meeting of Shareholders on the report of the Executive Board, as well as on the financial statements for the period.

Functioning of the Supervisory Board

The Supervisory Board meets as often as our corporate interests require and at least once every quarter to hear the report of the Executive Board, at our registered office or at such other location indicated in the notice of meeting.

Meetings of the Supervisory Board are chaired by its Chairman or, in his absence, by the Vice-Chairman or, otherwise, by any member chosen by the Supervisory Board at the beginning of the meeting. At least half of the Board members must be present for the Supervisory Board to transact business validly. Actions must be taken by a majority of the members present in person or by proxy. In the event of a tie, the person chairing the meeting has the deciding vote.

The Supervisory Board is assisted by two Committees: the Audit Committee and the Compensation and Nominating Committee.

Consistent with past practice, the Supervisory Board met five times during fiscal year 2005, in March, May, July, September and December. At four meetings all Board members were present. One meeting was held with only five members, since Mr. Lothar Späth was unable to attend the December meeting.

At each Board meeting:

- the Managing Director and the Chief Executive always report on:
  - the Group's operations;
  - proposed bids and external growth projects and, more generally, implementation of our Group's strategy and possible changes to it.
- various matters are discussed, including:
  - recurring subjects, such as the annual or half-year financial statements, forecasts as provided by Article L.232.2 of the French Commercial Code (at the Board meetings held in March and September), executive compensation, review of documents prepared in connection with the annual General Meeting of Shareholders, a list of intra-group agreements covering current matters, approval of agreements with related parties (so-called "*conventions réglementées*"), guarantees and security interests;
  - other non-recurring matters are also discussed. Among the matters discussed during fiscal year 2005 were capital increases related to exercises of stock options and capital reductions resulting from cancellation of treasury shares. The portfolio of outstanding guarantees given by the Company was reviewed. Board members were also informed about legislative and regulatory developments, both within France and at the EU level, in the areas of securities law and corporate governance.
- the Chairmen of the Audit Committee and of the Compensation and Nominating Committee report on their work.

The meeting of the Supervisory Board held on 14 March 2006 also reviewed and approved the Report of the Chairman on the operations of the Board and internal controls. This report was prepared with the assistance of the Internal Audit Department and the Legal Department on the basis of work done in 2005 in connection with the continued implementation of the internal control system within our Company. The information developed was reviewed and discussed with the Audit Committee, the Statutory Auditors, and the members of the Executive Board.

During the fiscal year just ended the Supervisory Board approved the following agreements with related parties in accordance with the procedure set forth in Article L.225.86 of the French Commercial Code:

- grant of a retirement allowance and a non-competition allowance in the event of termination at the Company's initiative to Mr. Gérard Degonse, member of the Executive Board and Chief Financial Officer;
- establishment of new terms and conditions for calculating the pension rights of Mr. Jeremy Male, member of the Executive Board;
- debt forgiveness in favour of JCDecaux Do Brasil (Brazil) in the maximum amount of €400,000, with a return to better fortune clause;
- debt forgiveness in favour of JCDecaux Salvador (Brazil) in the maximum amount of €2 million, with a return to better fortune clause;
- debt forgiveness in favour of IP Decaux (South Korea) in the amount of €2.2 million, with a return to better fortune clause.

Our Supervisory Board has not approved any agreements subject to Article L.225.86 of the French Commercial Code since the end of 2005.

By-Laws of the Supervisory Board

The Board adopted By-Laws on 3 July 2003. In addition to provisions relating to the independence of Board members, described on page140, they include the following other principal provisions:

- use of video-conferencing and other telecommunication means is permitted on the terms and conditions provided by applicable law and regulations and must allow for identification of the members and ensure their effective participation in Board meetings. No use of this technique was made during 2005;
- the distribution among Board members of the aggregate amount of directors' fees approved at the General Meeting of Shareholders. The directors' fees paid in 2005, amounting to €168,760, are divided as follows under the By-Laws:
    - a fixed amount of €62,600 is distributed among the members of the Board on an equal basis. This fixed base amount is payable each quarter, on the condition that the Board meet at least once during the quarter involved;
    - a variable portion (€3,075 per member per meeting) is paid on the basis of effective presence of the members at Board meetings.
    - An exception is made for the Board meeting held in May, the purpose of which is to ensure the rotation of the offices of Chairmen and which does not give rise to payment of the variable portion of the directors' fees, but any additional meeting over and above the meetings of March, July, September, and December does give rise to a variable payment of €2,050 per member present.

The amounts allocated in respect of the fixed base amount are pro-rated when terms of office begin or end during the course of a fiscal year.

The By-Laws also provide that members of the Board will receive specific fees in respect of their service on committees. Out of the total amount of fees approved by the annual General Meeting of Shareholders, the By-Laws allocate €23,600 to committees, as follows:

Audit Committee	
Chairman	€8,200
Member	€6,200
Compensation and Nominating Committee	
Chairman	€5,100
Member	€4,100

Fees are paid to members of the Board and committees quarterly, in arrears.

The total amount paid to members of the Supervisory Board, including with respect to service on committees, excluding reimbursement of out-of-pocket expenses, may not exceed the amount approved at the annual General Meeting of Shareholders, *i.e.* €168,760.

Mr. Jean-Claude Decaux waived his fees as a member of the Supervisory Board and Chairman of the Compensation and Nominating Committee.

- The By-Laws establish the rights and responsibilities of members of the Board, which include:
    - each member may receive continuing education on specific issues relating to our Company, its operations and its industry;
    - in connection with the right to be kept informed, members are entitled to receive any information necessary for them to perform their duties, including critiques, and to be provided with any information they deem useful. As a practical matter, to assist them in their discussions, members receive documents, (at least on week before a Supervisory Board meeting) translated if necessary, relating to items on the agenda of a Board meeting at least one week in advance;
    - they are required to disclose transactions they may undertake in respect of our Company's shares under terms and conditions prescribed by law, and, in accordance with legal requirements, must refrain from such transactions during certain periods. As a practical matter, the members are advised of the periods during the year when they may not trade in our shares, based on the dates for making public disclosure of financial information.
- The Board must set as an agenda item for at least one of its meetings an evaluation of its operations, especially in respect of the following points:
    - the adequacy, in light of its responsibilities, of the frequency and length of its meetings, and of the information that it, and each of its members, has available to enable it to make informed decisions;
    - the quality of the preparatory work of the committees and their membership, which membership should ensure sufficient objectivity for the preparation of the matters to be considered;
    - the desirability of reserving certain types of decisions to the Supervisory Board;
    - on the recommendation of the Compensation and Nominating Committee, the independence of the members of the Supervisory Board.

For fiscal year 2005, this evaluation took place at the Board meeting held on 14 March 2006, and, among other things, was based on the responses of Board members to a questionnaire submitted to them by the Compensation and Nominating Committee related to the operation of the Board during the fiscal year under consideration.

The Board members were asked to indicate their degree of satisfaction with, and any comments on the following points:

- the general operation and membership of the Supervisory Board, in terms of independence, abilities, and number of its members;
- the definition of the Board's responsibilities, the adequacy of the frequency and duration of its meetings to fulfil its responsibilities of permanent supervision and oversight of management by the Executive Board, the performance of all appropriate audits and reviews;
- the conduct of Supervisory Board meetings: lead time for notices of meetings, availability and presentation of information required to make informed decisions, clarity of the agenda, relevance of subjects discussed, general conduct of meetings in terms of discussion, opportunity to participate and exchange points of view, accuracy of transcription of discussions and actions taken in the minutes, length of meetings;
- the processes for reviewing, considering, and adopting the financial statements: availability, on a timely basis, of the information required to make informed decisions; quality of the explanations given and discussions that occurred in analysing the financial statements; participation of the Audit Committee in the review process, considering and adopting the financial statements;
- the processes for approving related-party agreements, guarantees and security deposits: availability, on a timely basis, of the information required to make informed decisions;
- review of the documents prepared in connection with the Annual General Meeting of Shareholders: availability of the information required to make informed decisions; sufficiency of the explanations given, especially regarding the substance of the financial approvals;
- with respect to the Audit Committee and the Compensation and Nominating Committee: definition of their responsibilities, membership, frequency of their meetings, resources made available and timeliness thereof, quality of the information provided.

On the basis of the responses given by the members, the Committee concluded that the Board had functioned satisfactorily during the fiscal year ended 31 December 2005.

In connection with its constant effort to improve its methods of operation, the By-Laws are regularly reviewed by the Supervisory Board and, if necessary, adapted to reflect changes in applicable law and regulations in the area of corporate governance as well as the wishes of the members themselves. Thus, in 2005, the By-Laws were amended to make possible the use of telecommunications technology during meetings of the Supervisory Board and to reflect an increase in the amount of directors' fees.

2.3 Committees of the Supervisory Board

The Audit Committee and the Compensation and Nominating Committee each have their own by-laws, annexed to the By-Laws of the Supervisory Board, containing provisions relating to their membership, their purposes, and the terms and conditions of their operation.

Minutes are prepared for each meeting of such Committees. These minutes are kept with the Company's books and records.

The Audit Committee

Membership

The Audit Committee consists of no fewer than two members and no more than three members, the majority of whom are appointed from among the independent members of the Supervisory Board. Given the limited number of members of the Supervisory Board, it did not seem appropriate to follow the recommendations of the AFEP/MEDEF Report of October 2003, which recommended that such a Committee consist of three to five members.

The Audit Committee presently has two members: Xavier de Sarrau, Chairman, and Christian Blanc, both independent members of the Supervisory Board.

We thus exceed the recommendations of the AFEP/MEDEF Report, which recommends that the Audit Committee consist of two-thirds independent members. We generally follow the U.S. Sarbanes-Oxley Act, which recommends that all members of an Audit Committee be independent.

Committee Responsibilities

The responsibilities of the Audit Committee are mainly as follows:

- review the accounting methods and principles used, or make recommendations for changing such methods and principles, and ensure their consistent application or the soundness of any proposed changes;
- review any changes in the scope of consolidation;
- review drafts of the semi-annual and annual corporate and consolidated financial statements;
- provide oversight of external and internal audits of our company;
- become familiar with pending litigation and request any appropriate explanations related thereto;
- lead the process for selecting the Statutory Auditors and, as a general matter, ensure compliance with rules guaranteeing their independence.

Functioning of the Committee
The Audit Committee may validly conduct business either by meeting in person or by telephone or videoconference, upon notice given by its Chairman or Secretary, as long as at least half of its members participate in the meeting. Notices of meetings must include an agenda and may be given verbally, or by any other means.

As a practical matter, a calendar of meetings is agreed at the end of each fiscal year for the following year. Notices of meetings are sent in writing, at least one week prior to the meeting, together with the necessary preparatory documents.

The Audit Committee acts if at least half of its members are present.

The Audit Committee meets as often as necessary and, in any event, at least twice a year, in March and September, in connection with the preparation of the annual and half-year financial statements.

The Audit Committee met a total of 4 times during the year just ended, in March, July, September and December. Mr. de Sarrau, Committee Chair, attended four meetings, and Mr. Christian Blanc, a member, attended three of them.

During these meetings, the Committee discussed the following matters:

- in March, it discussed the financial statements for 2004, as well as the independence of the statutory auditors in light of the fees paid to them during that fiscal year; on this latter point, the Committee did not find anything likely to call into question the independence of the Statutory Auditors;
- in July, it discussed the implementation of our new Group Code of Ethics, which was approved in December 2004 and distributed in early 2005, and the identification and management of the risks within our Company;
- in September, it discussed the half-year financial statements as of 30 June 2005, together with the auditing plan of the Statutory Auditors for the 2005 financial statements;
- in December, it discussed pending litigation, the internal audits conducted in 2005, and the internal audit plan for 2006. The conduct of the procedure for selecting the Statutory Auditors was discussed (the term of the appointment of the present Statutory Auditors expires in 2006), as was a description of the existing mechanisms within our Company to address misuse of oversight.

The members of the Committee also met with the Statutory Auditors, Company management, and the Director of Group Internal Audit, to whom they have a right of direct access.

The Compensation and Nominating Committee

Membership
The Compensation and Nominating Committee consists of no fewer than two members and no more than three, at least half of whom must be independent members of the Supervisory Board. Given the limited number of members of the Supervisory Board, it did not seem appropriate to follow the recommendations of the AFEP/MEDEF Report of October 2003, which recommended that such a Committee consist of three to five members.

The Committee presently has two members:

Mr. Jean-Claude Decaux, Chairman, and Mr. Christian Blanc, who is an independent member of the Supervisory Board.

Half of the Committee, therefore, consists of independent members. While it is true that the AFEP/MEDEF Report recommends that a majority of the Compensation and Nominating Committee be independent, it also recommends that, where such Committee also performs responsibilities in the area of nominations, as is the case with our Committee, that the Chairman also be a member.

Committee Responsibilities
The responsibilities of the Compensation and Nominating Committee consist mainly of the following:

- regarding compensation, it must make recommendations to the Supervisory Board, among other things, about:
  - the amounts and criteria for awarding directors' fees to members of the Board;
  - compensation of any kind for members of the Executive Board;
  - the general policy for granting options.

The Committee, therefore, is responsible for ensuring that the compensation of our officers is justified and justifiable under relevant criteria, such as the practices of our competitors in the area involved, or the size and complexity of the company, while also taking into consideration the responsibilities and risks assumed by our Executive Board members.

The Committee must define the rules applicable to the variable portion of compensation, ensuring the consistency of these rules with the annual performance appraisals of our Executive Board members and our Company's strategy in the medium term. The Committee must oversee the annual application of these rules.

- regarding nominations, it must make recommendations to the Supervisory Board relating to:
  - appointment of members to the Executive Board;
  - membership of the Supervisory Board, taking into consideration, among other things, the composition and changes in our Company's shareholder structure and the existence of potential conflicts of interest.

Functioning of the Committee
The Compensation and Nominating Committee may validly conduct business either by meeting in person, or by telephone or videoconference, upon notice given by its Chairman or Secretary, as long as half of the members participate in the meeting. Notices of meetings must include an agenda and may be given verbally or by any other means.

As a practical matter, a calendar of meetings is agreed at the end of each fiscal year for the next fiscal year. In addition, notices of meetings are sent in writing, at least one week prior to the meeting, together with the necessary preparatory documents.

The Compensation and Nominating Committee may validly act if at least half of its members are present.

The Compensation and Nominating Committee meets as often as necessary and, in any event, at least once per year.

The Compensation and Nominating Committee held a total of three meetings during the fiscal year just ended, twice in March and once in November; both members were present at all three meetings.

During these meetings, the Committee discussed the following matters:

- in March, it discussed the independence of the members of the Board, together with the responses provided by them to the evaluation questionnaire relating to the operation of the Board during fiscal year 2004 and the financial terms and conditions of the employment agreements for Gérard Degonse and Jeremy Male.
- in November, it discussed:
  - the variable portion (bonus and stock-options) of the compensation of members of the Executive Board for 2005 and the criteria for awarding this variable portion for 2005.
  - the variable compensation depends on our overall performance, i.e. the achievement of budgets and personal objectives (for example, the awarding or renewal of major contracts).

    Regarding stock options, the general policy for making awards to members of the Executive Board and Company employees is based on achievement of budgeted levels of EBIT and disposable cash flow and on the achievement of personal performance objectives, with the number of options awarded being related to a percentage of each grantee's base salary.
  - the amount of the fixed portion of the compensation of the members of the Executive Board for 2006;
  - the proposals for the amounts and distribution of directors' fees among members of the Board and the Committees; the Committee in particular approved maintaining the identical amount of directors' fees for 2006, together with the terms and conditions of payment and distribution between the Board and the Committees;
  - the terms of the evaluation questionnaire on the functioning of the Supervisory Board during fiscal year 2005;
  - the advisability of electing new members; on this point, the Committee concluded that such appointments did not appear necessary at the present time.

3. OFFICES AND DIRECTORSHIPS

The offices and directorships currently held by members of the Executive Board and the Supervisory Board in any company are as follows:

Executive Board
All of the offices and directorships held by members of the Executive Board in 2005 were in direct or indirect subsidiaries of JCDecaux SA or in companies in the area of outdoor advertising in which we held a significant stake.

Mr. Jean-François Decaux – Chairman of the Executive Board

Offices and Directorships held during 2005, or currently, in all companies of our Group:

JCDecaux Holding (France)	Director – Acting Chief Executive Officer
Metrobus (France)	Director (since 18 Nov. 2005)
Media Frankfurt GmbH (Germany)	Vice Chairman of the Supervisory Board
Europlakat International Werbe (Austria)	Member of the Supervisory Board
Gewista Werbegesellschaft MbH (Austria)	Vice Chairman of the Supervisory Board
JCDecaux Central Eastern Europe (Austria)	Managing Director
JCDecaux Street Furniture Pty Ltd. (Australia)	Chairman
David Allen Ltd. (Ireland)	Director
Leesons Advertising Ltd. (Ireland)	Director
Summerbrook Enterprises Ltd. (Ireland)	Director
Affichage Holding (publicly traded company - Switzerland)	Director

Offices and directorships held during the last five years, or currently, in companies outside our Group:
None

Mr. Jean-Charles Decaux – Chief Executive Officer

Offices and Directorships held during 2005, or currently, in all companies of our Group:

JCDecaux Holding (France)	Director - Acting Chief Executive Officer
Avenir (France)	Chairman
JCDecaux Airport France (France)	Chairman
Metrobus (France)	Director (since 18 Nov. 2005)
JCDecaux España (Spain)	Chairman - Acting Chief Executive Officer
El Mobiliario Urbano SA (Spain)	Chairman - Acting Chief Executive Officer
JCDecaux & Sign SA (Spain)	Chairman - Acting Chief Executive Officer
JCDecaux Atlantis (Spain)	Chairman - Acting Chief Executive Officer
Planigrama Exclusivas (Spain)	Chairman - Acting Chief Executive Officer (until 15 Nov. 2005)
JCDecaux & Cevasa SA (Spain)	Chairman of the Board of Directors
MediaNation Inc. (Hong Kong)	Director
Media Partners Internat. Hold. Inc. (Hong Kong)	Director

Offices and directorships held during the last five years, or currently, in companies outside our Group:
None

Mr. Robert Caudron - Member of the Executive Board

Offices and Directorships held during 2005, or currently, in all companies of our Group:

S.E.M.U.P. (France)	Chairman
S.O.M.U.P.I. (France)	Chairman-Chief Executive Officer
JCDecaux Mobilier Urbain (France)	Chairman
S.O.P.A.C.T. (France)	Director – Chief Executive Officer
JCDecaux Artvertising (France)	Chairman
JCDecaux UK Ltd. (United Kingdom)	Director
Belgoposter (Belgium)	Director
Ste Holding de Gestion et de Participation (Belgium)	Director
JCDecaux Nederland BV (Netherlands)	Member of the Supervisory Board
SIMU BV (Netherlands)	Member of the Executive Board
Verkoop Kantoor Media BV (Netherlands)	Member of the Executive Board (until 27 Oct. 2005)
JCDecaux Group Services (Luxembourg)	Managing Director
JCDecaux Sverige AB (Sweden)	Director
AFA JCDecaux A/S (Denmark)	Director
JCDecaux Finland Oy (Finland)	Director
JCDecaux Portugal Mobiliario Urbano & Publicidade Ltda (Portugal)	Managing Director
JCDecaux Do Brasil (Brazil)	Representative of JCDecaux SA
JCDecaux Transport Finland Oy (Finland)	Director
Centre de Formation JCDecaux Communicat. Ext. (France)	Managing Director

Offices and directorships held during the last five years, or currently, in companies outside our Group:

B.D.T.	Director (from 31 March 1994 to 19 Dec. 2000)
Bouygues Telecom	Director (from 20 Jun. 1994 to 15 Dec. 2000)

Mr. Gérard Degonse - Member of the Executive Board

Offices and Directorships held during 2005, or currently, in all companies of our Group:

JCDecaux United Ltd. (United Kingdom)	Director
JCDecaux UK Ltd. (United Kingdom)	Director
JCDecaux Finland Oy (Finland)	Director
Affichage Holding (publicly traded company - Switzerland)	Director
JCDecaux Transport Finland Oy (Finland)	Director

Offices and directorships held during the last five years, or currently, in companies outside our Group:

B.D.T. (France)	Director (from 20 Dec. 2000 to 12 June 2003)
Bouygues Télécom (France)	Director (from 16 Dec. 2000 to 19 Feb. 2004)

Mr. Jeremy Male - Member of the Executive Board

Offices and Directorships held during 2005 or currently held in all companies of our Group:

JCDecaux Finland Oy (Finland)	Chairman of the Board of Directors
Xpomera AB (Sweden)	Director
JCDecaux Sverige AB (Sweden)	Chairman of the Board of Directors
AFA JCDecaux A/S (Denmark)	Director
AFA JCDecaux Iceland Ehf (Iceland)	Director
JCDecaux Norge (Norway)	Chairman of the Board of Directors
JCDecaux Media Services Ltd. (United Kingdom)	Director
JCDecaux Ltd. (United Kingdom)	Director
JCDecaux Airport UK Ltd. (United Kingdom)	Director
JCDecaux UK Ltd. (United Kingdom)	Director
JCDecaux Ireland (Ireland)	Director
Street Furniture Ltd. (Ireland)	Chairman
JCDecaux Nederland BV (Netherlands)	Member of the Executive Board
Verkoop Kantoor Media BV (Netherlands	Member of the Executive Board
SIMU BV (Netherlands)	Member of the Supervisory Board
Univier Communications BV (Netherlands)	Member of the Supervisory Board
JCDecaux Stadtmoblierung GmbH (Germany)	Managing Director
Abribus City Media GmbH (Germany)	Managing Director
JCDecaux Deutschland GmbH (Germany)	Managing Director
JCDecaux Airport Polska SpZoo (Poland)	Chairman of the Supervisory Board
JCDecaux Transport Finland Oy (Finland)	Chairman of the Board of Directors

Offices and directorships held during the last five years, or currently, in companies outside our Group:
None

Supervisory Board

Mr. Jean-Claude Decaux – Chairman of the Supervisory Board

Offices and Directorships held during 2005, or currently, in all companies of our Group:

JCDecaux Holding (France)	Chairman-Chief Executive Officer
S.O.P.A.C.T. (France)	Chairman of the Board of Directors
S.C.I. Troisjean (France)	Managing Director
S.C.I. Clos de la Chaîne (France)	Managing Director
S.C.I. Lyonnaise d'Entrepôt (France)	Managing Director

Offices and directorships held during the last five years, or currently, in companies outside our Group:

Crédit Commercial de France (France)	Director (from May 2003 to 12 May 2004)
Bouygues Télécom (France)	Representative of JCDecaux Holding, Director

Mr. Jean-Pierre Decaux - Vice Chairman of the Supervisory Board

Offices and Directorships held during 2005, or currently, in all companies of our Group:
None

Offices and directorships held during the last five years, or currently, in companies outside our Group:

S.C.I. de la Plaine St-Pierre (France)	Managing Director
S.C. Bagavi (France)	Managing Director
Assor (France)	Director
Société Foncière de Joyenval (France)	Director

Mr. Pierre-Alain Pariente - Member of the Supervisory Board

Offices and Directorships held during 2005, or currently, in all companies of our Group:
None

Offices and directorships held during the last five years, or currently, in companies outside our Group:

SCEA La Ferme de Chateluis (France)	Managing Director
Arthur SA (France)	Director

Mr. Christian Blanc - Member of the Supervisory Board

Offices and Directorships held during 2005, or currently, in all companies of our Group:
None

Offices and directorships held during the last five years, or currently, in companies outside our Group:
Principal occupation: Member of Parliament

Carrefour (France)	Director (term of office expired in February 2005)
Thomson Multimédia (France)	Director
COFACE (France)	Director
Cap Gemini (France)	Director

Mr. Lothar Späth - Member of the Supervisory Board

Offices and Directorships held during 2005, or currently, in all companies of our Group:
None

Offices and directorships held during the last five years, or currently, in companies outside our Group:

Merrill Lynch Management GmbH (Germany/Austria)	Chairman
Herrenknecht AG (Germany)	Chairman of the Supervisory Board
Bizerba GmbH & Co KG	Chairman of the Supervisory Board
Verlagsgruppe Georg von Holtzbrinck	Vice Chairman of the Supervisory Board
Jenoptik AG	Chairman of the Supervisory Board

Mr. Xavier de Sarrau - Member of the Supervisory Board

Principal occupation: Attorney-at-law

Offices and Directorships held during 2005, or currently, in all companies of our Group:
None

Offices and directorships held during the last five years, or currently, in companies outside our Group:
None

4. INTERESTS OF MANAGEMENT

4.1 Management Compensation

The amount of gross compensation and other benefits paid to each officer by JCDecaux SA, by JCDecaux Holding, and by other companies in our Group in 2005 was as follows:

Members of the Executive Board
The amounts shown as paid in France are the amounts paid by JCDecaux SA aggregated with the amounts paid by JCDecaux Holding, controlling shareholder of JCDecaux SA.

The criteria for calculating variable compensation (bonus, etc.) of the members of the Executive Board are set forth on page 146 of this Annual Report.

For compensation paid in pounds sterling, the exchange rate used was the average exchange rate in 2005, 1 pound sterling for €1.477.

Mr. Jean-François Decaux

(in euros)	Salary and profit share	Bonus and other	Life insurance/ Supplemental retirement
France	587,000	721,000	18,000
Foreign Subsidiaries	447,000	500,000(*)	-

(*) the bonuses paid in 2005 to Mr. Jean-François Decaux by foreign subsidiaries were based on results for fiscal year 2005.

Mr. Jean-François Decaux has the use of a company car in the United Kingdom.

Mr. Jean-François Decaux is not entitled to receive any special compensation upon the termination of his responsibilities.

Mr. Jean-Charles Decaux

(in euros)	Salary and profit share	Bonus and other	Life insurance/ Supplemental retirement
France	587,000	721,000	18,000
Foreign Subsidiaries	441,000	800,000(**)	1,200

(**) the bonuses paid in 2005 to Mr. Jean-Charles Decaux by foreign subsidiaries were based on results for fiscal year 2004.

Mr. Jean-Charles Decaux has the use of a company car in France and Spain. In addition, he also has the use of a company residence in Spain.

Mr. Jean-Charles Decaux is not entitled to receive any special compensation upon the termination of his responsibilities.

Mr. Robert Caudron

(in euros)	Salary and profit share	Bonus and other	Life insurance / Supplemental retirement
France	300,000	-	16,000
Foreign Subsidiaries	122,000	55,000	90,000

Mr. Robert Caudron has the use of a company car in France.

In the event the employment agreement is terminated at the Company's initiative, Mr. Robert Caudron will be entitled to receive compensation equal to 23 months of aggregate salary, in addition to compensation or indemnities provided by law or agreement.

Mr. Gérard Degonse

(in euros)	Salary and profit share	Bonus and other	Life insurance/ Supplemental retirement
France	310,000	148,000	-
Foreign Subsidiaries	67,000	-	-

Mr. Gérard Degonse has the use of a company car in France.

In the event his employment agreement is terminated at the Company's initiative, Mr. Gérard Degonse will be entitled to receive:

- retirement compensation equal to two years of base and variable salary, including indemnities provided by law or agreement;
- a non-competition indemnity equal to 1.5 years of base and variable salary for two years.

Mr. Jeremy Male

(in euros)	Salary and profit share	Bonus and other	Life insurance/ Supplemental retirement
France	-	-	-
Foreign Subsidiaries	689,000	516,000	201,000

Mr. Jeremy Male has the use of a company car in the United Kingdom.

Mr. Jeremy Male is entitled to have a contribution made on his behalf to a retirement fund equal to 15% of his annual salary and bonus.

If his employment agreement is terminated at the Company's initiative, Mr. Male is entitled to receive compensation equal to one year's salary and the average of his performance bonuses paid for the preceding two years.

In addition, stock options were granted by the Executive Board during fiscal year 2005 to Robert Caudron, Gérard Degonse, and Jeremy Male. This information is set forth in the table on page 164 of this Annual Report.
Mr. Jean-François Decaux and Mr. Jean-Charles Decaux do not have any stock options, as they have waived the right to receive them.

No members of the Executive Board exercised any options during the fiscal year.

Members of the Supervisory Board

During the fiscal year ended 31 December 2005, the members of the Supervisory Board received the following gross amounts by JCDecaux SA:

Christian Blanc	€24,820
Jean-Pierre Decaux	€24,820
Pierre-Alain Pariente	€24,820
Xavier de Sarrau	€24,820
Lothar Späth	€21,745

During the same period, the following members of the Supervisory Board received the following gross amounts in connection with their service on Committees (see below).

Audit Committee

Xavier de Sarrau	€8,200
Christian Blanc	€4,650

Compensation and Nominating Committee

Christian Blanc	€4,100

Jean-Claude Decaux has waived receipt of directors' fees for his service as Chairman of the Supervisory Board and Chairman of the Compensation and Nominating Committee.
In 2005, he received compensation of €45,700 for his service as Chairman of Sopact as well as compensation of €195,400 as Chairman and Chief Executive Officer of JCDecaux Holding.

The aggregate of amounts provisioned or paid by our Company and its subsidiaries in respect of pensions, retirement, and other benefits to members of the Executive Board and the Supervisory Board is set forth on page 98 of this Annual Report.

4.2 Shares owned by officers and directors

During the fiscal year just ended, the following officers and directors engaged in the following transactions in respect of our Company's shares:

- Jean-Pierre Decaux: sale of 33,000 shares. Various persons related to Jean-Pierre Decaux also sold 220,700 shares during the fiscal year just ended;
- Pierre-Alain Pariente: acquisition of 1,000 shares
- Christian Blanc: acquisition of 1,500 shares

As of 31 December 2005, the members of the Executive Board and of the Supervisory Board owned an aggregate of 3,556,080 of our Company's shares (accounting for approximately 1.61% of the share capital and voting rights), distributed as follows:

Holdings as of 31 December 2005

Directors and Officers	Number of shares	% of share capital	% of voting rights
Jean-François Decaux	1,796,179	0.813	0.813
Jean-Charles Decaux	1,712,210	0.775	0.775
Jean-Claude Decaux	8,175	0.004	0.004
Jean-Pierre Decaux	6,574	0.003	0.003
Robert Caudron	19,420	0.009	0.009
Xavier de Sarrau	11,000	0.005	0.005
Christian Blanc	1,500	0.001	0.001
Pierre-Alain Pariente	1,020	-	-
Lothar Späth	2	-	-

As of 31 December 2005, members of the Executive Board and of the Supervisory Board owned, with full legal title or limited legal title (*nue-propriété*), 1,300,030 shares of JCDecaux Holding (accounting for approximately 67% of the share capital and voting rights of that company).

4.3 Total number of stock options granted for our shares

Stock options awarded to directors and officers during fiscal year 2005 are set forth on page 164 of this Annual Report.

4.4 Assets belonging directly or indirectly to our directors and officers and members of their family

4.4.1 Real estate assets

All premises where we conduct business are owned by us or leased under commercial leases.

Some premises belong to companies controlled by JCDecaux Holding, which owns approximately 70% of our shares. Our registered office in Neuilly-sur-Seine, for example, and our premises in Plaisir, Maurepas (Yvelines), and Puteaux, our offices in London, Brussels, and Madrid belong to SCI Troisjean, a subsidiary of JCDecaux Holding. We occupy premises under commercial leases that have been entered into based on market conditions. These market conditions were verified by an independent expert in November 2004. The aggregate amount of rent paid by us during the fiscal year ended 31 December 2005, under such commercial leases was €9,262,728.

4.4.2 Intellectual property

We protect intellectual property necessary for our business (trademarks, designs and models, patents, domain names) by exclusive rights both in France and in the principal countries where we have operations. The trademark "JCDecaux" is protected in many countries.

Under a trademark co-existence agreement with Mr. Jean-Claude Decaux, JCDecaux SA and its subsidiaries have the exclusive right, royalty-free, to use and file on an unlimited basis JCDecaux trademarks, as well as any trademark containing the words "JCDecaux", in the operations relating to use and sale of advertising space on street furniture, billboards, and illuminated structures.

We own more than 200 secondary trademarks. Over 900 designs and models registered in France and abroad protect products such as bus shelters, columns, billboards and interactive kiosks, some of which are designed by internationally known architects. Patents protect technical innovations such as the computer system that regulates the provision of bicycle rentals or our automatic public toilets. We thus protect more than 40 inventions in France and abroad. As fees applicable to our patents become due, we regularly review the appropriateness of maintaining the monopoly on the inventions these patents protect.

4.5 Agreements with the Company, loans, security interests made by our Company

- Agreements governed by Article L.225-86 of the French Commercial Code made during the fiscal year just ended are set forth on page 142 of this Annual Report.

  There are no service agreements between our Company and any officers conferring a benefit at the end of such agreement.
- During the fiscal year just ended, no loan or security was made or granted by our Company in favour of any member of the Executive Board or Supervisory Board.

4.6 Transactions by our Company with affiliates

Comments on these transactions with respect to fiscal year 2005 are set forth in the Notes to the Consolidated Financial Statements on page 97 of this Annual Report. The rent paid by us to SCI Troisjean, a subsidiary of JCDecaux Holding, represents the most significant transaction amount, *i.e.* 45% of the total purchases made in transactions with related entities in 2005. They were made under market conditions, as verified by an independent expert in November 2004.
The total amount of rent paid by us under such commercial leases was €8,358,000 in 2004 and €9,262,728 in 2005.
The amount of rent paid to SCI Troisjean during the first quarter of 2006 was €2,416,395.

4.7 Adverse judgements, penalties and conflicts of interest

No judgement for fraud has been entered against any member of the Executive Board or the Supervisory Board during the last five years.

No official citation or penalty has been entered against any of them by any legal or regulatory authority. Among other things, none of them has been prevented or prohibited by a court from acting as a member of a corporate governance body or from participating in the management or conduct of the business and affairs of a company during the last five years.

No member of the Executive Board or of the Supervisory Board has been associated as a member of a corporate governance body with any insolvency or bankruptcy or receivership or liquidation proceeding of a company during the last five years.

Except for the conflict of interest mentioned by Mr. Gérard Degonse, whose spouse was appointed Chief Executive Officer of the insurance company Chubb France, which is involved in several insurance programmes with our Group, there is no conflict of interest between the responsibilities of members of the Executive Board or members of the Supervisory Board and their private interests and/or other responsibilities that they may have.

5. EMPLOYEE PROFIT SHARING AND BENEFIT PLANS

In France, the profit sharing plans for JCDecaux SA, Avenir and JCDecaux Airport France were renewed in 2004 and supplemented with a Group agreement. These plans are intended not only to motivate employees with respect to the performance of their company, but to enhance their loyalty to our Group. Other agreements remaining outstanding were made, in 2005, by JCDecaux Artvertising (formerly JCDecaux Publicité Lumineuse) and by JCDecaux Holding and, in 2003, by JCDecaux Mobilier Urbain.

Each such agreement was made for three years and covers the employees of the companies involved who have at least three months' service with our Group during the fiscal year giving rise to the profit share.

In France, a Group participation plan was adopted in 2001 providing for a profit pooling agreement among its parties (JCDecaux SA, JCDecaux Airport France, Avenir, JCDecaux Artvertising). This agreement applies to all employees having served at least three months with our Group during the fiscal year giving rise to the profit share. The calculation of the benefit is made pursuant to the provisions of Article L.442.2 of the French Labour Code.

The amounts of the profit share and participation paid for France for the last three fiscal years is set forth on page 34 of this document.

JCDecaux SA, Avenir, JCDecaux Airport France, JCDecaux Artvertising, JCDecaux Mobilier Urbain, and JCDecaux Holding each have a Company Savings Plan (*Plan d'Epargne d'Entreprise*), and each of these Plans was renewed in 2002. The covered employees can make voluntary contributions to a fund consisting of JCDecaux shares, allowing employees to invest in JCDecaux SA's share capital.

6. INTERNAL CONTROL

6.1 Internal control procedures

The purpose of the internal control and audit procedures is to ensure effective operations, compliance with applicable law and regulations, and the reliability of financial and accounting information.

One of the objectives of our internal control and audit procedures is to prevent and control risks resulting from our Company's business and the risk of negligence or fraud, in particular in the areas of accounting and finance. Like any system of control, it cannot, however, provide an absolute guarantee that such risks have been completely eliminated.

Our internal control procedures are the result of an analysis of the financial and operating risks arising from our Company's business. They have been defined by reference to the Committee of Sponsoring Organization of the Treadway Commission (COSO) system, even though this system was not developed within our Company. They are distributed broadly to the employees concerned, and their application is the responsibility of operating management of our Group: the Finance and Control Department, Legal Department and Management Information Services Department. The Internal Audit Department is responsible for verifying compliance with the procedures adopted and identifying any weaknesses in such procedures.

6.1.1. Risk analysis

Our business is organized around four processes: asset management, commercial management, operations and financial management. The management committees of our Group's subsidiaries reflect this organization.

Asset management
Since our Company's purpose is to market advertising space, the acquisition of new sites and the renewal of existing occupancy rights is an important activity for us. This process covers all of the operations involved in the preparation of bid tenders, the negotiation of agreements and the performance of contracts.

The risks associated with this process are legal risks relating to compliance with applicable law and rules of competition. Over time we have developed a department of lawyers with specialised knowledge in public and administrative law to manage our bids in France and elsewhere. This legal team analyses the content of the public tenders and ensures strict compliance with procedures and standard specifications issued by the procurement authority.

The preparation of responses to public tenders follows a precise process that includes all of the relevant departments of our Company, under the supervision of a member of the Executive Board. Tenders that exceed certain criteria are systematically referred to the Executive Board.

Commercial management
Since we market advertising space principally through networks, this process covers the following phases: definition of products and prices, definition of our commercial strategy, taking orders and making contracts, management planning and sales administration. The Sales and Marketing Departments are responsible for relations with our advertisers and their advertising agencies.

The essential risk in this process is the integrity of our revenues. Over and above the commercial, accounting and financial procedures in place, we rely on the integration of management information systems (assets, commercial and financial) to ensure the integrity of revenues.

Operations
This process covers all operational functions that range from installation of structures or billboards, to posting posters and maintenance of structures.

The major risks relating to these operations are controlled by an organization and the existence of procedural safeguards relating to:

- diversification of sources of supply, means of production, and transportation of posters to their display sites, delays in which can directly affect the level of sales;
- operations, which include most of our employees: working conditions and safety are checked on a regular basis by our Occupational Safety and Health Committees;
- in addition, we have installed facilities to make it possible to continue operations, even in the event of a major casualty, fire, etc.
- Finally, information systems are protected from intrusions and physical risks by a private detection and firewall network (with alarms in real time) and the doubling up of systems and the regular back-up of stored data at various sites.

Finance
The process for producing financial information is described in Section 6.2 below, as well as the procedures implemented for reducing risks.

6.1.2 Rules and procedures

Code of Ethics
The change in our Group's size beginning in 1999 led us to adopt a Code of Ethics in 2001, formalising the rules of conduct which have been integral to our success from our inception.

In 2004, this Charter was updated and now consists of two sets of rules:

- Fundamental Ethical Rules which apply to dealings with government agencies, shareholders, and the financial markets; a Group Ethics Committee is responsible for ensuring compliance with these rules, which are essential to our existence and success and which include the absolute prohibition of any form or corruption, active or passive.
- A Code of Good Conduct covering relations with suppliers, clients and fellow employees within our Company. The rules it contains must be implemented in each company of the Group, in accordance with applicable local law and regulations. Compliance with them is the responsibility of the Group's local general managers, both in France and elsewhere.

This new version of the Code of Ethics took effect in early 2005.

The Ethics Committee consists of three members: the Chairman of the Audit Committee of the Supervisory Board, the General Counsel, and the Director of Internal Audit.

The role of the Ethics Committee is to be informed of and handle violations of the Fundamental Ethical Rules, while ensuring strict confidentiality.

The Ethics Committee is also responsible for:

- dealing with any matter relating to our Group's ethics and making any recommendations it deems necessary;
- ensuring distribution of the Code of Ethics and recommending any changes to it;
- preparing any responses to claims against, or questions to, our Group relating to its ethics.

No matter was brought to the attention of the Ethics Committee in 2005.

In January 2006, the Executive Board decided to take additional steps to enhance the awareness and responsibility of our senior managers with respect to ethics.

Delegations of authority
Since our Group's operating structure is based on fully operational subsidiaries in each country where we do business, the general management of these companies is vested by law with the appropriate authority.

In 2004, however, the Executive Board adopted a system of more specific delegations of authority by function for subsidiaries in France and elsewhere.
In three areas of particular sensitivity to us, the Executive Board has limited the authority of subsidiaries to make binding commitments:

- in responding to bid tenders;
- in opening and maintaining bank accounts with instructions in these areas to be covered in an annual internal audit;
- in entering into commitments other than those relating to banking transactions: commercial agreements, employment agreements, purchases and sales of real estate and registration of patents, trademarks and models, etc.

As a general matter, within our Group, decisions are made through an initial tier of delegation in the areas of Sales, Operations, Finance and Products. A second tier of delegation has been put in place in the areas essentially responsible for Operations, Human Resources, Legal, Information Systems, and Finance (Financial Control, Treasury Management, Development).

Internal Control Manual and Self-Evaluation

In 2003, we prepared an Internal Control Manual with the help of an outside consultant. This Manual was presented to all Financial Directors of our Group in June 2003 and sent to all subsidiaries. The preparation of this Manual enabled us to identify the principal decision-making processes and to define the major risks with respect to each of them.

On the basis of the Internal Control Manual, we developed a self-evaluation questionnaire to obtain feedback from the Financial Directors of our subsidiaries regarding the administrative processes and the related risks for which they were responsible.

This questionnaire made it possibly to identify certain weak points in our internal controls over certain administrative cycles with respect to which corrective actions have been included in action plans implemented beginning in 2004. These weaknesses are not considered to be material deficiencies in our internal controls.

Lastly, beginning on the same date, we undertook an analysis of the various stages of each of the processes identified to define the most appropriate points of control. With respect to each of such points, the subsidiaries were asked to describe the internal controls they applied and evaluate the suitability and adequacy of such controls. In 2005, three processes were covered:

- sales cycle (from order taking to invoicing)
- purchasing cycle (from submitting an order to payment)
- cycle for managing assets (leases, city contracts, etc.)

The responses from the subsidiaries, although they did not expose major deficiencies in our internal controls, helped identify corrective actions that should now be implemented.

This analysis will continue into 2006.

6.1.3 Implementation

The application of internal controls within our Group is done through the Legal, Finance and IT Departments, and through a Quality Control Department.

Our Corporate Legal Department inventories and classifies from subsidiaries and their outside counsel all litigation (type, subject matter, amounts, proceedings, level of risk) and tracks and monitors it on a regular basis, reporting thereon to the Audit Committee.

The Finance Department tracks the performance of the subsidiaries on the basis of the information they report, prepares comparisons among subsidiaries, and makes specific analyses of costs and investments. Within the Finance Department, a group of controllers is responsible for the financial monitoring of our foreign subsidiaries. Each year, the Financial Directors meet to analyse and discuss technical and ethical developments and their responsibilities in the area of controls.

The IT Department works in three areas with respect to internal controls: security of data and information, harmonisation of systems, and hosting of systems.

6.1.4 Internal Audit

Since our initial public offering in 2001, we have sought to strengthen internal controls and develop a culture of risk management by developing the Internal Audit Department.

A new organisation took effect as of 1 April 2004; the position of Internal Audit Director was created, and the existing staff and level of expertise were strengthened.

The Internal Audit Department reports to our Co-Chief Executive Officer who does not hold the office of Chairman of the Executive Board. The members of the Audit Committee and the Chairman of the Supervisory Board have direct access, outside normal reporting lines, to this Department and may assign specific tasks and responsibilities to it.

In 2005, as set forth in the Audit Plan, the Internal Audit Department:

- conducted an audit of the Management Information Systems Department;
- conducted financial audits of certain subsidiaries (Denmark, Slovenia, Bosnia, Belgium, etc.);
- conducted audits of key processes for managing leases in certain subsidiaries (Austria, United Kingdom, Spain);
- conducted audits in France of the processes for booking fixed assets and inventories;
- supervised the evaluation of internal control processes by the subsidiaries.

6.2 Process for Producing Financial and Accounting Information

The process for producing the financial and accounting information of JCDecaux SA is intended to:

- provide to members of the Executive Board and to operating management the information they need to manage our Company and its subsidiaries;
- permit accounting consolidation, management of operations through reporting and budgeting;
- ensure proper financial communication within the Group.

The process of producing financial and accounting information is organized around three cycles: budget, reporting and consolidation. These three cycles apply to all legal entities and follow an identical format (scope, definitions, treatment) set forth in the "Finance Manual". This Manual contains all the accounting and management principles, rules and procedures within our Group.

- The budget is prepared in the fall and covers closing forecasts for the end of the fiscal year then pending, the budget for the year N+1, and forecasts for the years N+2 and N+3. Approved by the Executive Board in December, it is sent out to the subsidiaries before the beginning of the year involved. In addition to information which is strategic and commercial, the budget includes an operating income account and a table of source and application of funds prepared according to the same format as the consolidated financial statements.
- Reporting prepared monthly, except for January and August, includes several parts: an operating income account, monitoring of investments, treasury and cash flow reporting, and monitoring of headcount. In addition to the usual comparisons with prior periods and budget, the reports include an updated forecast of the closing forecasts.
- The consolidated financial statements are prepared quarterly, but distributed on a half-yearly basis. They include an income statement, balance sheet and a cash flow statement and notes. Consolidation is centralized (no consolidation cut-off).

All of these cycles are under the responsibility of the Chief Financial Officer's Office, organized as follows:

- A Financial Control Department consisting of a Budget and Reporting Group, a Consolidation Group and an International Management Control Group responsible for tracking the financial performance of foreign subsidiaries;
- A Treasury Management and Development Department consisting of a Financing-Treasury Group, a Corporate Development-Acquisitions Group and a Quality Control and Tax Group;
- A Financial Communications and Investor Relations Department.

The managers that head these Departments have global and interdivisional responsibility for all subsidiaries. The Chief Financial Officer has operational authority over the finance Departments of all of our subsidiaries. This structure is strengthened by the delegations of authority described above.

When the financial statements are closed, the General Managers and Financial Directors of the subsidiaries prepare "letters of confirmation" signed jointly and sent to the Corporate Controller.

Involvement of outside auditors

Our financial statements are audited twice a year by our statutory auditors, in connection with the annual closing (full audit) and half-year closing (limited examination) of the consolidated financial statements and company accounts of JCDecaux SA.

In connection with the annual closing, subsidiaries within the scope of consolidation are audited. For the half-year closing, targeted audits are conducted on significant subsidiaries.

TRENDS

We believe we have a strong and coherent system of internal control, well adapted to our business. We will continue to evaluate it, however, on a regular basis and make any changes that appear necessary.

The work undertaken with subsidiaries, which are asked to describe and evaluate the adequacy and appropriateness of control points, will be continued.

SHAREHOLDERS AND TRADING INFORMATION

1. BREAKDOWN OF SHARE CAPITAL

As of 31 December 2005, the ownership of the share capital was as follows:

- registered shares: 158,204,063 shares owned by 53 shareholders,
- bearer shares: 62,621,488 shares.

As of 31 December 2005

DISTRIBUTION OF LISTED FLOATING SHARES BY GEOGRAPHIC AREA

As of 31 December 2005

Source: Thomson Financial/Euroclear
(on the basis of shares identified (98.32% of the float)).

2. PRINCIPAL SHAREHOLDERS

As of 31 December 2005, our Company's shares were held as follows:

Shareholders	Number of shares	Percentage of share capital	Percentage of voting rights
JCDecaux Holding	155,056,749	70.217	70.217
Public (Bourse)	61,168,267	27.700	27.700
Jean-François Decaux	1,796,179	0.813	0.813
Jean-Charles Decaux	1,712,210	0.775	0.775
Jean-Sébastien Decaux	768,824	0.348	0.348
Employee shareholders (FCPE JCDecaux Développement)	254,000	0.115	0.115
Robert Caudron	19,420	0.009	0.009
Annick Piraud	18,572	0.008	0.008
Xavier de Sarrau	11,000	0.005	0.005
Jean-Claude Decaux	8,175	0.004	0.004
Jean-Pierre Decaux	6,574	0.003	0.003
Danielle Decaux	3,059	0.001	0.001
Christian Blanc	1,500	0.001	0.001
Pierre-Alain Pariente	1,020	-	-
Lothar Späth	2	-	-
Treasury shares	0	-	-
Total	**220,825,551**	**100%**	**100%**

To our knowledge, there are no agreements among the shareholders listed above relating to their respective interests in the Company. We were not party to any shareholder agreements whether relating to a publicly traded company, or to non-publicly traded subsidiaries containing provisions that could have a material effect on our share price.

To our knowledge, no shareholder other than JCDecaux Holding owns, directly or indirectly or with others, 5% or more of our share capital or voting rights. As of 31 December 2005, to our knowledge, three shareholders (Lansdowne Partners Limited, Northern Cross Investments Limited and Franklin Mutual Advisers) own shares reaching the threshold of 2% of the share capital or voting rights set in Article 9 of the Articles of Association (Lansdowne Partners Limited: 6,819,332 shares (3.09% of share capital and voting rights) - Northern Cross Investments Limited: 4,929,000 shares (2.23% of share capital and voting rights) - Franklin Mutual Advisers: 4,905,508 shares (2.22 % of share capital and voting rights).

Our principal shareholders do not have different voting rights. No shares have double voting rights.

3. 2005 STOCK PERFORMANCE

JCDecaux shares are traded on Eurolist by Euronext Paris (Section A), and only on that market. JCDecaux shares have been among the shares constituting the SBF 120 index since 26 November 2001, and the Euronext 100 index since 2 January 2004. Since 3 January 2005, we have also joined a new stock index, called the CAC Mid100 index. This index consists of the 100 first market capitalisations that follow the 60 largest stocks that make up the CAC 40 and CAC Next20 indices. Since 22 September 2003, we have also been part of the ASPI Eurozone Index, a European index used by investors who wish to invest in companies committed to sustainable development and social responsibility. Finally, as of 21 March 2005, we have been included in the FTSE4Good Index, another share index of socially responsible companies.

As of 31 December 2005, the number of shares outstanding was 220,825,551, and there were no treasury shares. The weighted average number of shares was 221,129,562 during fiscal year 2005. On average 314,154 shares were traded per day.

Our shares closed the year at €19.70, down 8.3% compared to 2004.

4. TREND IN TRADING PRICE AND TRADING VOLUME

Since 1 January 2004, the trading price and transaction volumes of JCDecaux shares have been as follows:

	PRICE			VOLUME		
	High (in euros)	Low (in euros)	Closing price (in euros)	Number of shares traded	Average shares traded	Market capitalisation[(1)] (in €M)
2004						
January	15.35	13.30	14.84	5,642,453	268,688	3,288.50
February	16.12	14.25	16.12	6,139,868	306,993	3,572.20
March	18.19	14.20	18.19	7,145,649	310,680	4,027.30
April	19.15	17.40	17.50	7,273,405	363,670	3,878.00
May	17.80	16.49	17.80	4,503,852	214,469	3,944.50
June	18.25	17.20	17.59	3,759,775	170,899	3,898.00
July	17.80	16.63	17.68	4,026,780	183,035	3,917.90
August	17.84	15.74	16.05	3,311,508	150,523	3,556.70
September	18.60	16.20	18.30	7,528,944	342,225	4,055.30
October	19.51	17.91	19.49	5,113,460	243,498	4,319.00
November	20.53	19.65	19.98	6,320,392	287,291	4,427.60
December	21.75	20.17	21.48	5,511,381	239,625	4,760.00
2005						
January	21.63	20.16	20.51	3,627,214	172,724	4,545.10
February	20.57	19.26	19.43	6,640,137	332,007	4,313.30
March	21.08	19.37	21.06	7,211,601	643,410	4,675.20
April	21.81	19.83	20.48	4,626,340	220,302	4,546.40
May	20.97	19.70	19.70	4,477,255	203,512	4,373.30
June	21.36	19.83	20.95	4,587,773	208,535	4,650.80
July	21.10	19.05	19.24	7,195,061	342,622	4,271.20
August	19.91	18.90	18.95	7,186,288	312,447	4,206.80
September	19.78	18.11	18.36	12,119,769	550,899	4,072.10

	PRICE			VOLUME		
	High	Low	Closing price	Number of shares traded	Average shares traded	Market capitalisation[1]
	(in Euros)	(in Euros)	(in Euros)			(in €M)
2005						
October	18.35	16.20	17.06	9,662,089	460,099	3,783.80
November	18.75	16.89	18.45	8,956,919	407,133	4,092.10
December	19.74	18.51	19.70	4,447,149	211,769	4,369.30
2006						
January	20.98	19.67	20.44	10,497,707	477,169	4,513.70
February	21.69	20.17	21.05	7,116,373	355,819	4,648.30

(1) Source: Bloomberg (on the basis of the last closing trading price of the month)

As of 31 December 2005, the number of shares was 220,825,551.

Stock information

ISIN Code	FR 0000077919
SRD/PEA Eligibility	Yes/Yes
Reuters Code	JCDX.PA
Bloomberg Code	DEC FP

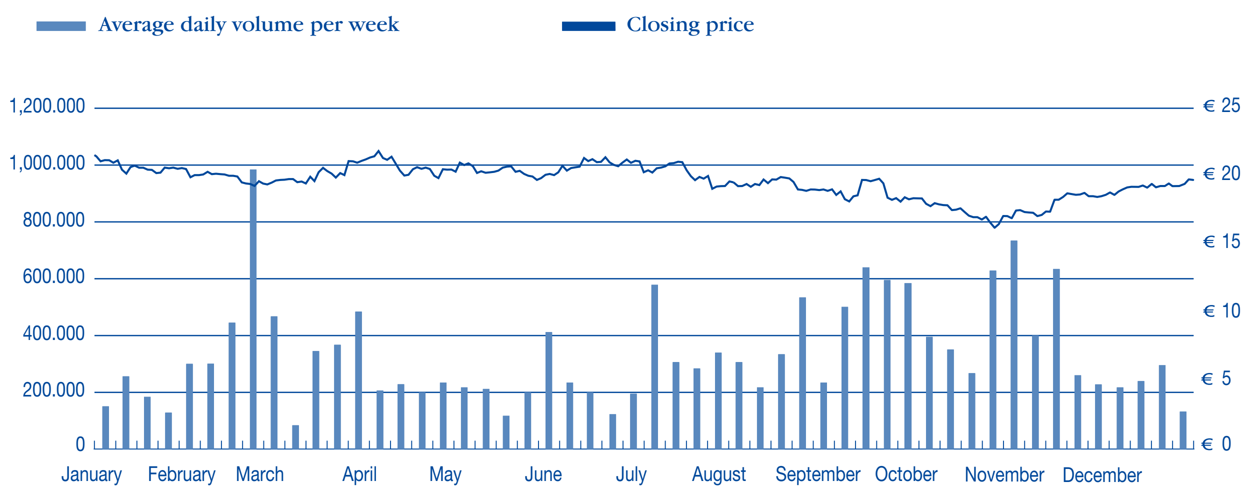
2005 trading data

Highest price (8 April 2005) (1)	21.81
Lowest price (27 October 2005) (1)	16.20
Market capitalisation (2)	4,369.30
Number of shares as of 31 December 2005	220,825,551
Average daily trading volume	314,154

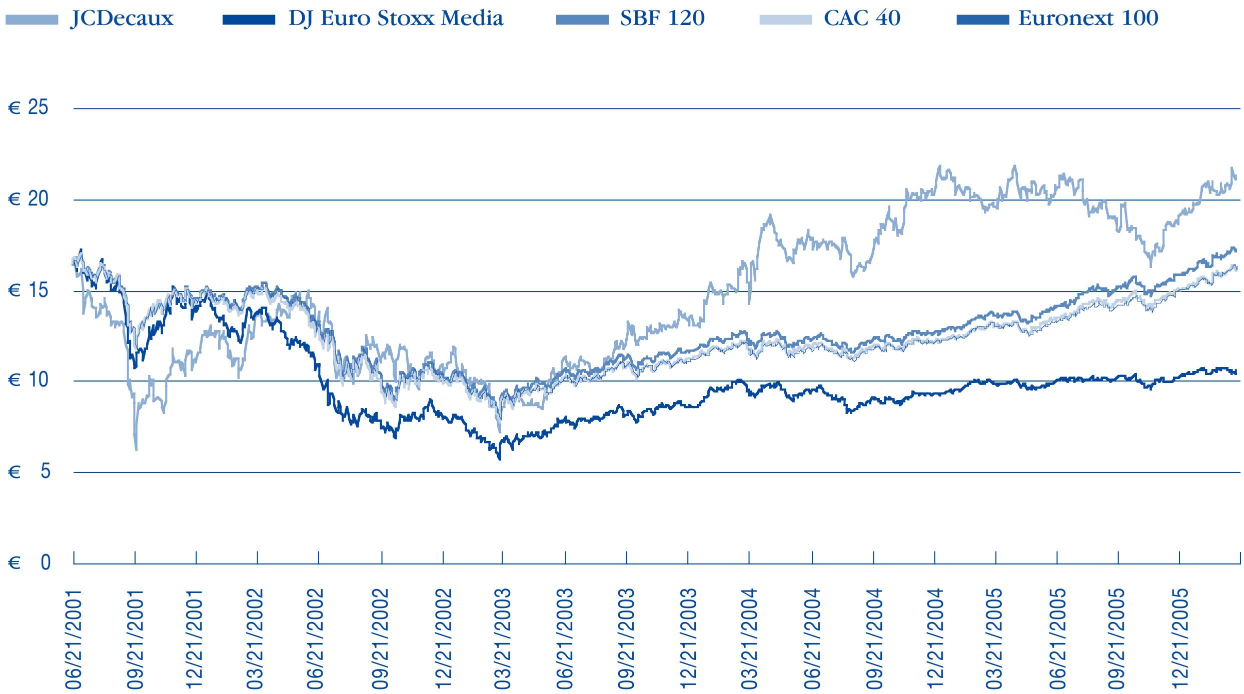
Source: Bloomberg
(1) In euros, closing price; (2) In million of euros, as of 31 December 2005

TREND OF TRADING PRICES

Evolution of share price and trading volumes in 2005



Performance of our share price since the IPO on 21 June 2001 compared to the CAC 40, SBF 120, DJ Euro Stoxx Media and Euronext 100 Indices



5. SHAREHOLDER RELATIONS

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Market Information is available to shareholders at the Internet site: www.jcdecaux.com

Investor Relations calendar

Date	Event
26 April 2006	First quarter 2006 revenues
10 May 2006	Annual General Meeting of Shareholders
26 July 2006	Second quarter 2006 revenues
13 September 2006	2006 half year results
25 October 2006	Third quarter 2006 revenues

SHARE CAPITAL

1. GENERAL INFORMATION

1.1 Provisions in the Articles of Association relating to changes in the share capital and voting rights

Any changes in our share capital or voting rights are subject to applicable law. Our Articles of Association do not provide for any other restrictions.

The breakdown of our shareholding structure is set forth on page 157.

1.2 Share capital

As of 31 December 2005, our share capital was €3,366,466.27 and consisted of 220,825,551 shares, all of the same class and fully paid.

When our share capital was converted into Euros in June 2000, the reference to nominal value of the shares was deleted from the Articles of Association.

Delegations of authority granted to our Executive Board to increase the share capital currently outstanding are as follows:

Date of Shareholders' Meeting	Description of authority delegated to Executive Board	Use made of delegation by our Executive Board in 2005
11 May 2005	- Increase the share capital on one or more occasions by issuing shares and/or securities carrying the right to acquire shares of the Company and/or securities carrying the right to acquire securities exchangeable for or convertible into shares – with preferential subscription rights attached – up to an aggregate maximum nominal amount of €2,000,000, and determine the terms and conditions thereof. The authority was delegated for 26 months. The same authority was delegated with the power to eliminate the preferential subscription right of existing shareholders. - Issue shares without the preferential right of existing shareholders, in consideration of contributions in kind relating to equity securities or securities carrying the right to acquire shares, up to a limit of 10% of the share capital, such authority being delegated for 26 months. - Increase the share capital on one or more occasions through capitalisation of premiums, reserves, or earnings in the aggregate maximum amount of €2,000,000, such authority being delegated for 26 months. - Increase the number of shares to be issued (overallotment option), in the event of a capital increase with or without preferential subscription rights, at the same price as that of the initial issue, such authority being delegated for 26 months. - Increase the share capital on one or more occasions in the aggregate maximum nominal amount of €20,000 by issuing shares or securities carrying the right to acquire shares to employees of the Company and its subsidiaries, such authority being delegated for 26 months.	None of these delegations was used during the fiscal year just ended
	- Grant subscription and purchase options to some or all officers or employees of the Group, up to a limit of 4% of the share capital, such authority to last for 26 months and to replace the authority delegated by the Shareholders at the Extraordinary General Meeting held on 23 May 2002.	On 20 February 2006, the Executive Board granted 70,758 stock options pursuant to this delegation of authority.
	- Award free of charge existing shares, or shares to be issued, to some or all officers and employees of the Group, up to a limit of 0.5% of the share capital, such authority delegated for 26 months.	On 3 February 2006, 25,974 free shares were granted.

The Combined Extraordinary and Ordinary General Meeting of Shareholders held on 11 May 2005 also authorised our Executive Board:

- to repurchase and redeem the Company's shares in the market within the limit of €30 per share and up to an aggregate maximum amount of €659,980,980, such authority to last for 18 months, for the purpose, among other things, of cancelling such shares.

The Company had previously filed an Offering Memorandum ("*Note d'information*") with the French securities regulatory authority, the *Autorité des marchés financiers* (Visa n° 05 267, dated 18 April 2005).

In connection with such delegation, 1,500,000 shares were acquired (via an engagement given to a financial institution), for the purpose of cancelling these acquired shares. This transaction was completed at an average price of €19.3071, amounting to an aggregate amount of €28,960,588.43. The fees and expenses of such transaction were €28,961 (excluding taxes).

Such shares were cancelled by action of the Executive Board taken on 8 December 2005.

In light of the cancellation by the Executive Board on 3 June 2005 of 200,000 treasury shares acquired under a share repurchase programme approved on 23 May 2002, the Company held no more shares in its treasury as of 31 December 2005.

New share repurchase programme

A new share repurchase programme, to last for 18 months, together with a resolution authorising cancellation of the shares repurchased, will be submitted to the Shareholders for their action at the Combined Extraordinary and Ordinary Meeting of Shareholders scheduled for 10 May 2006.

The main characteristics of such programme are as follows:

- **Affected shares:** Shares of our Company (except for preference shares)
- **Maximum percentage authorized to be repurchased:** 10% of the shares of our Company's share capital outstanding at any time, such percentage to apply to an amount of share capital adjusted on the basis of transactions affecting it subsequent to the General Meeting of Shareholders to be held on 10 May 2006, *i.e.*, for indicative purposes, 22,082,555 shares as of 31 December 2005.
- **Maximum unit price authorised:** €30
- **Maximum aggregate amount of the programme:** €662,476,650
- **Objectives of such programme:**
  - implementation of any Company stock option plan under Articles L.225-177 *et seq.* of the French Commercial Code; or
  - grants of shares to employees to reward them for contributing to our Company's growth and implement any stock savings plan on the terms and conditions provided by law and especially under Articles L.443-1 *et seq.* of the Labour Code; or
  - grants of free shares as provided under Articles L.225-197-1 *et seq.* of the French Commercial Code; or
  - delivery of shares upon exercise of rights attached to securities carrying the right to acquire shares by redemption, conversion, exchange, or presentation of a bond, or in any other manner; or
  - cancellation of all or part of the shares thereby acquired, subject to approval of the twenty-first resolution submitted to the Combined Meeting of Shareholders scheduled for 10 May 2006; or
  - delivery of shares in respect of an exchange, payment, or otherwise in connection with acquisitions under applicable law and regulations; or
  - support for a secondary market or for the liquidity of JCDecaux SA shares by an investment bank in connection with a liquidity contract that complies with the ethical standards of the *Autorité des Marchés Financiers (AMF).*

Such authority will also allow our Company to conduct transactions for any other purpose that is authorised, or that may be authorised, by applicable law or regulations. In such case, the Company will advise the shareholders through a press release.

- **Length of the programme:** This programme is valid for 18 months from the General Meeting of Shareholders held on 10 May 2006, *i.e.* until 10 November 2007.
- **Prior to implementing such programme, the Company will publish a description of such programme, as required under Article 241-2 of the General Rules and Regulations of the *AMF*.**

Changes in the Company's share capital over the last three years

Date	Transaction	Number of shares issued/ cancelled	Nominal amount of the capital increase/ decrease	Issue premium/ per share	Aggregate amount of issue premium	Successive amounts of share capital	Aggregate number of shares	Nominal value
			In Euros	In Euros	In Euros	In Euros		
2003	N.A	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
30-June-04	Capital increase in connection with exercises of stock options	20,010	305.05	15.12	302,474.81	3,378,589.32	221,620,770	(1)
31-Dec-04	Capital increase in connection with exercises of stock options	372,899	5,684.81	15.66	5,840,738.71	3,384,274.13	221,993,669	(1)
3-June-05	Capital reduction by cancellation of treasury shares	200,000	3,049.98	10.26	2,052,536.12	3,381,225.15	221,793,669	(1)
7-July-05	Capital increase in connection with exercises of stock options	233,684	3,562.49	15.51	3,623,707.45	3,384,787.64	222,027,353	(1)
8-Dec-05	Capital reduction by cancellation of treasury shares	1,500,000	22,867.37	19.29	28,937,721.06	3,361,920.27	220,527,353	(1)
31-Dec-05	Capital increase in connection with exercises of stock options	298,198	4,546	16.06	4,787,921.07	3,366,466.27	220,825,551	(1)

(1) Upon the conversion of the share capital into Euros, reference to a nominal, or par, value of the shares was deleted from the Articles of Association.

Changes in our shareholders over the last three years

Shareholders	31 December 2003			31 December 2004			31 December 2005		
	Number of shares	% of share capital	% of voting rights	Number of shares	% of share capital	% of voting rights	Number of shares	% of share capital	% of voting rights
JCDecaux Holding	154,062,745	69.523	69.585	155,056,745	69.847	69.91	155,056,749	70.217	70.217
Public	61,614,797	27.804	27.830	62,118,856	27.982	28.007	61,168,267	27.700	27.700
Jean-François Decaux	2,436,179	1.100	1.100	1,796,179	0.809	0.810	1,796,179	0.813	0.810
Jean-Charles Decaux	2,066,210	0.932	0.933	1,712,210	0.771	0.772	1,712,210	0.775	0.775
Jean-Sébastien Decaux	858,324	0.387	0.388	768,824	0.346	0.347	768,824	0.348	0.347
FCPE JCDecaux Développement	266,300	0.120	0.120	248,900	0.112	0.112	254,000	0.115	0.115
Treasury shares	200,000	0.090	0.000	200,000	0.090	0.000	0.000	0.000	0.000
Jean-Pierre Decaux	31,723	0.014	0.014	31,723	0.014	0.014	6,574	0.003	0.003
Robert Caudron	23,670	0.011	0.011	19.420	0.009	0.009	19,420	0.009	0.009
Annick Piraud	18,572	0.008	0.008	18,572	0.008	0.008	18,572	0.008	0.008
Xavier de Sarrau	11,000	0.005	0.005	11,000	0.005	0.005	11,000	0.005	0.005
Jean-Claude Decaux	8,175	0.004	0.004	8,175	0.004	0.004	8,175	0.004	0.004
Danielle Decaux	3,059	0.001	0.001	3,059	0.001	0.001	3,059	0.001	0.001
Christian Blanc	2.000	-	-	2.000	-	-	1,500	0.001	0.001
Pierre-Alain Pariente	2.000	-	-	2.000	-	-	1,020	-	-
Lothar Späth	2.000	-	-	2.000	-	-	2.000	-	-
Total	**221,600,760**	**100**	**100**	**221,993,669**	**100**	**100**	**220,825,551**	**100**	**100**

The difference between the percentage of share capital and the difference in voting rights can be explained by the number of treasury shares.

2. STOCK OPTIONS

At the Combined Extraordinary and Ordinary General Meeting of Shareholders held on 11 May 2005, the Executive Board was authorised to grant options carrying the right to subscribe shares of the Company, up to a limit of 4% of the share capital, for 26 months from the date of such Meeting to salaried employees of the Company and its French and non-French subsidiaries at least 50% owned by our Company and to salaried employees of JCDecaux Holding. This authority replaced the authority granted at the General Meeting of Shareholders held on 23 May 2002.

In connection with the authority granted at the Combined General Meeting of Shareholders held on 23 March 2001, 4,103,704 stock options were granted by the Executive Board to 6,254 employees during fiscal year 2001.

Under the authority granted by the Combined General Meeting of Shareholders held on 23 May 2002:

- during fiscal year 2002, 88,096 options were granted to 2 members of the Executive Board;
- during fiscal year 2003, 209,546 options were granted to 20 employees;
- during fiscal year 2004, 678,711 options were granted to 120 employees;
- during fiscal year 2005, 690,365 options were granted to 142 employees.

Grants and exercises of stock options during 2005

Options to subscribe shares awarded to and exercised by officers	Number of options	Price in Euros	Expiration date	Plan
Options awarded to officers during the fiscal year (grant made on 4 March 2005)				
- Jeremy Male	48,748	19.81	4 March 2012	23 May 2002
- Robert Caudron	31,575	19.81	4 March 2012	23 May 2002
- Gérard Degonse	27,410	19.81	4 March 2012	23 May 2002
Options exercised by officers during the fiscal year	N.A.			

Options to subscribe shares awarded to and exercised by non-officer employees	Number of options awarded/ exercised	Weighted average price in Euros	Expiration date	Plan
Options awarded during the fiscal year to the ten employees of our Company and of any company included within the scope of qualifying companies, whose number of options awarded is the highest (date of grant: 4 March 2005)	117,930	19.81	4 March 2012	23 May 2002
Options exercised by our Company's ten employees within the scope of qualified employees having the highest number of options exercised during the fiscal year	94,001	15.59		

Summary of terms of our 2001 and 2002 stock option plans

	2001 Plan	2002 Plan
Date of Extraordinary Shareholders' Meetings authorising the stock option plans	23 March 2001	23 May 2002
Dates of option grants and number of options per date of grant	21 June : 3,283,684 options, 20 July: 479,024 options 14 December 2001: 340,996 options	13 December 2002 : 88,096 options 16 January 2003: 209,546 options 5 March 2004: 678,711 options 4 March 2005: 690,365 options
Total number of beneficiaries under all grants	6,254	160
Types of options	Subscription Options	Subscription Options
Total number of shares under options granted, including:	4,103,704	1,666,718
- officers	250,919	334,742
- top ten employees	183,485	362,628
Criteria for exercising options	**Beneficiaries under an employment agreement with a French company:** - no option may be exercised before the first anniversary of the date of the meeting of the Executive Board at which these options were granted; - each beneficiary may exercise up to one third of the options granted on the date of the first anniversary of the date on which the meeting of the Executive Board was held granting these options. A three-year holding period applies to any shares so acquired; - each beneficiary may exercise up to two thirds of the options granted on the date of the second anniversary of the date on which the meeting of the Executive Board was held granting these options. A two-year holding period applies to any shares so acquired; - each beneficiary may exercise all of the options granted from and after the date of the third anniversary and until the date of the seventh anniversary of the date on which the meeting of the Executive Board was held granting these options. A one-year holding period applies to any shares so acquired; **Beneficiaries under an employment agreement with a foreign company:** - no option may be exercised before the first anniversary of the date of grant of these options by the Executive Board; - each beneficiary may exercise on the anniversary of the date of grant of these options by the Executive Board up to one third of the options granted; - each beneficiary may exercise on the second anniversary of the date of grant of these options by the Executive Board up to two thirds of the options granted; - each beneficiary may exercise from and after the third anniversary and up to the seventh anniversary of the date of grant of these options by the Executive Board up to all of the Options awarded	**Beneficiaries under an employment agreement with a French company:** - no option may be exercised before the first anniversary of the date of the meeting of the Executive Board at which these options were granted; - each beneficiary may exercise up to one third of the options granted on the date of the first anniversary of the date on which the meeting of the Executive Board was held granting these options. A three-year holding period applies to any shares so acquired; - each beneficiary may exercise up to two thirds of the options granted on the date of the second anniversary of the date on which the meeting of the Executive Board was held granting these options. A two-year holding period applies to any shares so acquired; - each beneficiary may exercise all of the options granted as from the date of the third anniversary and until the date of the seventh anniversary of the date on which the meeting of the Executive Board was held granting these options. A one-year holding period applies to any shares so acquired. **Beneficiaries under an employment agreement with a foreign company:** - no option may be exercised before the first anniversary of the date of grant of these options by the Executive Board; each beneficiary may exercise on the anniversary of the date of grant of these options by the Executive Board up to one third of the options granted; - each beneficiary may exercise on the second anniversary of the date of grant of these options by the Executive Board up to two thirds of the options granted; - each beneficiary may exercise from and after the third anniversary and up to the seventh anniversary of the date of grant of these options by the Executive Board up to all of the Options awarded
Expiration Date	7 years from the date of grant	7 years from the date of grant
Exercise price for shares pursuant to options granted:	- 21 June 2001: €16.50 - 20 July 2001: €15.46 - 14 December 2001: €11.12	- 13 December 2002: €10.67 - 16 January 2003: €10.78 - 5 March 2004: €15.29 - 4 March 2005: €19.81

As of 31 December 2005, 924,791 options had been exercised. Taking into consideration the options exercised and options cancelled, there remained as of such date 3,898,046 options to be exercised.

If all such options are exercised, the employees of our Company and its subsidiaries and of JCDecaux Holding will own 1.73% of our Company's shares (excluding FCPE), taking into consideration options exercised as of 31 December 2005.

3. CONDITIONAL OR UNCONDITIONAL CALL OPTION OR AGREEMENT ON SHARES OF COMPANIES IN OUR GROUP

Such options or agreements are described in Notes to the Consolidated Financial Statements, on pages 82, 93 and 94 of this Annual Report.

4. COMPANIES THAT OWN A CONTROLLING INTEREST IN OUR COMPANY

Our Company's principal shareholder is JCDecaux Holding, which is majority owned by the Decaux family, and whose corporate purpose is principally to give strategic direction to companies in which it holds interests, directly or indirectly.

As of 31 December 2005, the share capital of JCDecaux Holding was distributed as follows:

	Number of shares	
Shareholders	**Full legal title**	**Bare legal title *(Nue propriété)***
Jean-Claude Decaux	30	-
Jean-François Decaux	103,935	-
JFD Investissement	117,000	-
JFD Participations		429,000 (1)
Jean-Charles Decaux	45,435	604,500 (1)
Jean-Sébastien Decaux	45,435	604,500 (1)
Jean-Pierre Decaux	65	-
Robert Caudron	65	-
Danielle Decaux	35	-
Subtotal	312,000	1,638,000
Total	**1,950,000**	

(1) Jean-Claude Decaux is the beneficial owner of these shares.

JCDecaux Holding exercises control of our Company subject to the following:

Neither the Articles of Association nor the By-Laws of the Supervisory Board contain provisions having the effect of delaying, deferring, or preventing a change of the control presently held by JCDecaux Holding.

No double voting rights or other advantages, such as awards of shares without consideration, have been granted to the controlling shareholder, JCDecaux Holding.

With respect to corporate governance bodies, half of the members of the Supervisory Board are independent, as are half of the members of the Compensation and Nominating Committee. The Audit Committee is completely independent.

The agreements with JCDecaux Holding or with family companies, especially leases, as set forth on page 152 of this Annual Report, were made under normal market terms and conditions.

Lastly, it should be noted that the compensation of our Company's directors and officers who are members of the family is reviewed annually by the Compensation and Nominating Committee. The compensation of members of the family who have positions within our Group, but are not members of management, is set in a manner which is identical to that of persons who perform similar jobs within the Company.

5. PLEDGES, SECURITY INTERESTS AND GUARANTEES

As of 31 December 2005, no material pledges, security interests or guarantees on or over or in respect of shares of our Company existed.

6. DIVIDENDS

Our Company did not distribute dividends in respect of fiscal years 2002, 2003, and 2004. We are currently following a strategy of growth and development that gives priority first to organic growth by winning and renewing advertising contracts, then to growth by acquisition (acquisitions and purchases of minority interests). We continue to generate significant cash flow that exceeds our forecast financing needs, except in the case of a "transforming" acquisition.

In light of this situation, our Executive Board has decided to propose at the General Meeting of Shareholders scheduled to be held on 10 May 2006 a dividend of €0.40 per share in respect of fiscal year 2005.

Unclaimed dividends will revert to the French State five years from the payment date.

OTHER LEGAL INFORMATION

1. GENERAL INFORMATION

Company name	JCDecaux SA
Registered office	17, rue Soyer 92200 Neuilly-sur-Seine
Principal administrative office	Ste Apolline 78378 Plaisir Cedex
Telephone number	33 (0)1 30 79 79 79
Registry of Commerce and Companies (*Registre du commerce et des sociétés*)	307 570 747 (Nanterre)
Legal form	French corporation (*Société Anonyme*) with Executive Board and Supervisory Board
Governing law	French law
Date of formation	5 June 1975
Expiration Date	5 June 2074 (unless prematurely dissolved or extended)
Fiscal year	From 1 January to 31 December

The Company's purposes, in France and elsewhere (Article 2 of the Articles of Association) are:

- the study, invention, development, manufacture, repair, assembly, maintenance, leasing, and sale of all articles or equipment destined for industrial or commercial use, and especially the manufacture, assembly, maintenance, sale, and operation of all types of street furniture, whether advertising or not, and the performance of all services, including advisory and public relations services; transport of goods, directly or indirectly, by public ways and leasing of vehicles for transport of such goods;
- advertising, marketing of advertising space on all types of street furniture, advertising displays, as well as any other media, including neon signs, façades, television, radio, the Internet, and all other media, and the undertaking on behalf of third parties of all sales, leasing, display, installation, and maintenance of advertising displays and street furniture;
- management of investments in securities, particularly relating to advertising and especially display advertising, and use of its resources to invest in securities, especially through acquisition of, or subscription for, shares, equity interests, bonds, bills and notes, or other securities issued by French or foreign companies and relating particularly to advertising;
- and more generally, engaging in any financial, commercial, business or real estate transactions which may be related, directly or indirectly, to the corporate purposes, or likely to further or develop them. In particular, the Company may organize a centralized treasury management system with all companies in which it has a direct and/or indirect equity interest, for the purpose of optimising its credit, such as by investing its surplus cash, in any manner permitted by law at that time.

2. HISTORY

1964:	Jean-Claude Decaux invents the concept of street furniture and forms JCDecaux. First street furniture concession in Lyon.
The 1970s:	We invest in Portugal and Belgium.
1972:	First citylight information panels (MUPI®). Street furniture contract for Paris.
1973:	Introduction of the short-term (seven-day) ad campaign.
The 1980s:	Expansion in Europe, in Germany (Hamburg), the Netherlands (Amsterdam), and Northern Europe.
1980:	Installation of the first automatic public toilets in Paris.
1981:	First electronic information boards.
1988:	Introduction of "Senior®", the first larger format advertising panels (8 m²).
The 1990s:	We are present on three continents: in Europe, the United States, and Asia-Pacific.
1994:	First street furniture contract in San Francisco.
1998:	We extend the concept of street furniture to shopping malls in the United States.
1999:	Acquisition of Avenir and diversification of our business into Billboard and Transport advertising. We become a world leader in outdoor advertising.
2001:	Partnership with Gewista in Central Europe and IGPDecaux in Italy. We become number 1 in Billboard in Europe. We win contracts for Los Angeles and Chicago, in the United States.
2002:	We sign the Chicago contract in the United States and, in partnership with Viacom, win the tender for the city of Vancouver in Canada.
2003:	JCDecaux increases to 67% its interest in Gewista, a leader in outdoor advertising in Austria.

2004: We renew the street furniture contract for Lyon. In Asia-Pacific, we sign the first exclusive bus shelter advertising contracts in Yokohama, the second largest city in Japan, and win the contract to manage advertising space in the airports of Shanghai, in partnership with them.

2005: We make three major acquisitions in China and become number 1 in outdoor advertising in this fast-growing market. We simultaneously pursue our growth in Japan.

3. ARTICLES OF ASSOCIATION

3.1 Allocation of earnings

Our Shareholders, after making any necessary credit to the legal reserve, may allocate any amount of net distributable income that they choose to retained earnings, any special reserve fund, or any other special or ordinary purpose. The remainder is to be distributed among all shareholders, in proportion to their equity interest in the share capital. Following the General Shareholders' Meeting held on 23 May 2002 to approve the financial statements for the fiscal year ended 31 December 2001, the legal reserve was fully funded.

3.2 General Shareholders' Meetings

General Shareholders' Meetings are called and transact business on the terms and conditions provided by law. They may be held at our registered office or at any other location in France.

General Shareholders' Meetings are open to all shareholders, regardless of the number of shares they own, as long as their shares have been fully paid, to the extent that payment is due.

The right to be present in person or by proxy at a shareholders' meeting is subject to the shareholder being identified to us at least five full days before the date of the meeting. The Executive Board, however, acting for all shareholders, may reduce this time period.

Shareholders owning bearer shares must deposit such shares, their certificate of deposit, or their certificate of safekeeping (*certificat d'immobilisation*) at the place indicated in the notice of meeting, at least five days prior to the date of the General Shareholders' Meeting.

An intermediary that meets the requirements set forth in Article L.228-1 of the French Commercial Code, acting under general authority to manage securities, may transmit the vote or proxy of a shareholder for any General Shareholders' Meeting. Prior to transmitting the proxy or votes to the General Shareholders' Meeting, the intermediary is required to supply a list of the non-resident shareholders with respect to which the voting rights attach, at the request of the Company or its representative. This list must be provided on the terms and conditions set forth in Articles L228-2 or L228-3, as appropriate, of the French Commercial Code.

The vote or proxy issued by an intermediary that either has not registered as such, or has not disclosed the shareholder's name, may not be counted.

General Shareholders' meetings are chaired by the Chairman of the Supervisory Board or, in his absence, by the Vice-Chairman of the Supervisory Board or, in his absence, by a member of the Supervisory Board specially delegated for such purpose by the Supervisory Board. Otherwise, the shareholders may elect their own person to chair the meeting.

Each share has the right to one vote. Our Articles of Association prohibit shares having the rights to more than one vote.

3.3 Exceeding certain thresholds

In addition to the filings for crossing thresholds required to be made on the terms and conditions set forth in the first and second paragraphs of Article L.233-7 of the French Commercial Code, Article 9 of our Articles of Association provides, in particular, that any person or entity acting alone or in concert with others who becomes the owner, directly or indirectly, through one or more companies that it controls for purposes of Article L.233-3 of the French Commercial Code, of a number of shares representing 2% or more of our share capital or our voting rights, must notify us by registered mail with return receipt within five trading days of crossing such threshold of the total number of shares and voting rights the person then owns, as well as of any securities convertible into shares or voting rights which may potentially be attached. The same notice requirement applies to each increase of more than 1% above such threshold.

Such notice must also be given to the Company, when a shareholder's ownership of shares or voting rights falls below one of the thresholds set forth above.

Any individual or entity that fails to comply with such notice requirements will be deprived of voting rights with respect to the shares in excess of the relevant threshold upon the request at the General Shareholders' Meeting of one or more shareholders holding at least 5% of our share capital or voting rights, duly recorded in the minutes of the General Shareholders' Meeting, until the end of a two-year period following the date on which such person or entity complies with the notification requirements.

4. RISK FACTORS

4.1 Reputational risk

Our business is dependent to a significant degree on the quality and integrity of the relations we have with local governmental authorities, essentially with respect to our Street Furniture business. Our reputation for, and our history of, integrity are essential factors that help us to procure contracts with local governments.

Beginning in 2001, we developed ethical rules applicable to our entire Group. Such rules were revised in 2004 and implemented in early 2005, and have been broadly distributed throughout all companies in our Group. They have been clarified with terms and conditions of application adapted to our lines of business in order to avoid any misunderstanding as to their interpretation.

We plan to reinforce our employees' awareness of these ethical rules again in 2006.

4.2 Specific risks relating to our business

Reliance on key executives

We depend to a large extent on the continued services of our key executive officers, including Jean-François Decaux and Jean-Charles Decaux, both members of the Executive Board and each a Co-Chief Executive Officer, and Jean-Claude Decaux, the Chairman of our Supervisory Board and founder of the Group. The loss of the services of any of our key executive officers, for any reason, could have an adverse effect upon our business.

4.3 Legal risks

Risks relating to public procurement procedures

The entering into of public procurement contracts with local governments in France and elsewhere is governed by complex statutory and regulatory provisions. In France, our most significant contracts are subject to legal review by local representatives of the central government (the *préfet*), as provided under French administrative law. Affected competitors also have the right to challenge the validity of the procurement process, based on alleged defects in the public bid process, prior to the signing of the contracts. Finally, local governments themselves can cancel their contracts. In such case, an indemnity is awarded to the counterparty, but it does not necessarily cover the total amount of the loss. In the history of our Company, there have been several such actions, and the Group itself has sought such recourse against its competitors in different countries. In certain cases, these challenges have been successful.

In addition, under French law, any central governmental authority or local governmental authority that is party to a public procurement contract may terminate it at any time, in whole or in part, for reasons of general public interest, regardless of whether or not such termination right is specifically provided in the contract. The indemnification that may be awarded to the counterparty in such case is supposed to cover the entire amount of the loss. As a practical matter, such terminations could have a negative impact on the national coverage of our network, or on our image. We have rarely been confronted with termination of one of our agreements on the ground of general public interest in the past. At the end of January 2006, however, we became aware of a decision by the City of Paris to solicit public bids to implement a system of self-service bicycles, street furniture, and advertising, which will lead to the premature termination of the current contract with SOMUPI, a 67%-owned subsidiary of JCDecaux and 33%-owned subsidiary of MRE (Publicis). This termination is to occur at a date to be determined, on indemnification terms normally applicable to such a public procurement contract. The expiration date originally provided in such contract was 31 December 2010.

Furthermore, in Japan, street furniture contracts provide for a six-month trial period in order to present the concept of bus shelter advertising to the local population and solicit their opinions. If they are favourable, the contract is then confirmed. Trial periods are presently ongoing in Nagoya and Kobe involving street furniture contracts we won in 2005.

We have developed internal rules relating to public procurement contracts that are systematically applied in the conduct of our business. Although we believe that our Company and its executives are in compliance with applicable law and regulations, application of the public tender procedures and related rules is complex in certain countries, especially in France, and often involves difficult factual and legal judgments. Due to this complexity and the legal uncertainty surrounding the application of certain rules, no assurance can be given that our Company will not be involved in legal proceedings concerning the application of such rules.
Furthermore, in connection with the procedures for the awarding of contracts, whether or not they involve cities where we already have a presence, we may make investments upon signature of the contracts that are greater than in the past, or be required to refund a significant part of our advertising revenues to the grantors. If we do not have an opportunity to recover such additional costs in our sales prices, our income could be adversely affected.

In addition, if we should lose concessions in key cities when they are put up for bid, we could have problems attracting clients that are as prestigious as our present ones and setting rates appropriate to our state-of-the art media. Between 1 January 2006 and 31 December 2008, 16% of our street furniture contracts (weighted by 2005 revenues, adjusted to take into consideration renewals of contracts that occurred during the first quarter of 2006) will expire and will have to be renewed.

A degree of uncertainty persists in certain countries (for example, the Netherlands) regarding the legal status of street furniture advertising contracts. In France, they have recently been characterised as public procurement contracts ("*marchés publics*") by the French Council of State ("*Conseil d'Etat*"), the highest court of appeal in the French system of administrative courts) (decisions handed down on 4 November 2005). Even though they do not involve any expenditure of money by the local governmental authority, it was held that such authority nevertheless provides "benefits having a value" (*avantages à titre onéreux*") in consideration of services rendered as a result of the lack of any royalty or fee collected for the use of public space and the grant of an exclusive right to advertise. As a result of generalised recourse by French local governmental authorities to the Public Procurement Code ("*Code des marchés publics*") for several years, this case law should, however, have only limited practical consequences.

Risks related to changes in law and regulations applicable to outdoor advertising

The outdoor advertising industry is subject to significant governmental regulation at both the national and local level, particularly in Europe and the United States, relating to the density, size and location of billboards and street furniture in urban and other areas, and regulation of the content of outdoor advertising (including bans and/or restrictions in certain countries on tobacco and alcohol advertising).

In the principal markets where we do business:

- In France, the Environment Code (Law n° 79-1150, dated 29 December 1979) sets forth the general rules applicable to advertising, to signs and indications visible from any thoroughfare open to the public. The law authorizes this type of advertising in urban areas subject to compliance with certain conditions and prohibits advertising in rural areas, natural parks and on buildings designated as historic landmarks or monuments, or listed on an additional registry of historical monuments, in the absence of prior approval from local governmental authorities. Illuminated advertising is subject to specific regulation regarding size and may not be installed until after local governmental approval, on a case-by-case basis. A system of prior approval applies to advertising and signs under a provision of Decree n° 96-946 dated 24 October 1996.
- In the United States, each State or municipality has its own laws and regulations. The City of New York, for example, has strengthened its rules restricting the locations of panels near principal roads and parks. Companies must supply the New York City Department of Buildings with a list of locations of displays located (i) less than 900 feet (approx. 275 m) from any major roads and visible from such roads or (ii) less than 200 feet (approx. 60 m) from public parks larger than ½ acre (approx. 2,000 m^2) and visible from such parks. The Department may add new limitations in its discretion (such as an obligation to provide additional information, or prior approval).
- In the United Kingdom, outdoor advertising is subject to regulation under the Town and Country Planning (Control of Advertisements) Regulations of 1992. Similar to French regulations, these rules permit large-format billboard advertising subject to compliance with certain conditions relating to size, location, content and illumination. However, installations that have already been in place a certain length of time set by law are deemed to have tacit approval. As a general matter, installation of most advertising panels requires the express prior approval of the local planning and zoning authorities. The principal conditions to be met by advertisers relate to public safety and harmonisation with local surroundings.
- In China, at the national level, the Advertising Law of the People's Republic of China of 1994 prohibits billboards in certain places, such as historical monuments. In addition, installation of billboards and advertising displays is subject to issuance of a certificate from the State Administration for Industry and Commerce defining the conditions of the advertisement, its form, and the length of time it can remain posted.
  At the local level, each city and town has specific rules with which to comply in addition to national law.
  In Beijing, for example, under the Registration Regulation of Outdoor Advertisement dated 15 November 1998, the length of time an advertisement may remain posted may not exceed two years, renewable by administrative authorisation.
  Likewise, in Shanghai, the length of time an advertisement may be displayed may not exceed three years, renewable by governmental authorisation (Display and Supervision Rules On Outdoor advertisement dated 1 April 2005).
  In Hong Kong, installation of advertising and billboards is subject to governmental authorisation under certain circumstances. The Advertisements Regulations under the Public Health and Municipal Services Ordinance of 2000 impose installation rules and prohibit advertising in certain places and under certain circumstances where advertising might have an adverse impact on local aesthetics or circulation. Furthermore, several decisions relating to various advertising themes (indecency, illness, banking activities) limit advertising.
- In Spain, it is illegal to put posters on any location visible from the public domain, *i.e.* 8 metres from either side of motorways and high speed roads and three metres from either side of secondary roads. Non-compliance with these standards is subject to a fine of €6,000 to €150,000, for which the owner of the structures and the media company are jointly liable. Except for these prohibitions, advertising is permitted in urban areas (in town and on any land characterised as urban by zoning plan). The size of advertising structures is regulated by municipal ordinances that relate only to support structures (as opposed to mural displays).

To our knowledge, there is no legislation proposed that would have the effect of significantly limiting our ability to display advertising in the principal countries where we do business. Local law and regulations, however, are moving in the direction of reducing the total number of advertising spaces, and local authorities are becoming stricter in applying existing law and regulations. A portion of our advertising media, especially in the area of Billboard, may thus have to be withdrawn or repositioned at some point, both in France and elsewhere.

Risks related to changes in regulations applicable to other media

The application in France of the EU Directive on "Cross-Border Television" broadcasts, dated 3 October 1989, involves a progressive opening of all media to all types of advertising. In France, the Decree dated 7 October 2003 means that, until 1 January 2007, access to television advertising will be progressively opened to large retailers. Such access could have a negative impact on outdoor advertising media. In the past, we have been able to adapt our business to changes in applicable law and regulations. Revenues we generated from large retailers in France accounted for 4.6% of our consolidated revenues in 2005.

Risks related to regulations applicable to tobacco advertising

Anti-tobacco campaigns have become a major priority in the European Union, and European countries have taken steps to harmonise the legislation against tobacco products advertising, especially in light of EU Directive 89/552 EEC, as amended by Directive 97/36/EC, on cross-border television.

In particular, outdoor advertising of tobacco products is prohibited in France, the United Kingdom, Italy, Finland, Portugal, Hong Kong, the Netherlands, Ireland, Denmark, Belgium, Austria and Sweden, with minor exceptions in the last two countries. Tobacco products advertising is permitted, subject to restrictions, in Germany.

- In Spain, since 27 December 2005, tobacco advertising is a violation punishable by a fine from €10,000 to €60,000, applicable jointly to the advertising agency, the advertiser and the owner of the advertising space. It can also involve additional measures, such as temporary suspension of a company's business operations or temporary closure of its facilities.
- In China, outdoor advertising of tobacco is subject to the Advertising Law of the People's Republic of China dated 27 October 1994, which requires approval from local or provincial authorities and the inclusion of a warning that "smoking is dangerous to health". In Hong Kong, tobacco advertising is prohibited.
- In the United States, the Master Settlement Agreement ("MSA") dated 23 November 1998 among the major manufacturers of tobacco products and 46 states (including New York, Illinois, and California) prohibits outdoor advertising for tobacco products and provides for development of an anti-tobacco campaign. Each state, moreover, has its own laws, and the general trend is to restrict advertising near schools and playgrounds, etc.

Our business could be affected by the gradual prohibition of outdoor tobacco advertising in Europe, which could lead to a decline in the number of advertisers. In 2005, tobacco advertising in Europe accounted for 1.3% of our consolidated revenues.

Risks related to regulations applicable to alcoholic beverage advertising

The European Directive on television broadcasting, dated 30 June 1997, regulates the advertising of alcoholic beverages. Regulation in this area varies considerably from country to country, from complete prohibition of advertising to permission only at points of sale. Most countries, however, have adopted laws that regulate the content, presentation and even the timing of such advertising.

Alcoholic beverage advertising is strictly regulated in France by the "Evin" law of 10 January 1991. Alcoholic beverage advertising must contain a health warning stating that abuse of alcohol is dangerous for health. In Spain, such advertising is currently subject to regulation at the local level (it is prohibited, in particular, in Valladolid, Salamanca, and Burgos) and at the regional level. A law, adopted on 27 June 2005 by the City of Madrid, for example, limits alcohol advertising. An agreement signed on 8 April 2005 between the City and Autocontrol, the representative of outdoor advertising, interprets this law as prohibiting advertising on public property, but allows it on private property, subject, however, to certain restrictions, including restrictions on display size.

- In the United States, certain municipalities prohibit advertising of alcoholic beverages near schools and churches, and other towns prohibit it completely. Moreover, makers of alcoholic beverages attempt to avoid having such advertising reach persons who are under the legal drinking age.
- In the United Kingdom, such advertising is not prohibited, but the industry applies self-regulatory mechanisms and thus prohibits promotion of alcoholic beverages near schools, hospitals or workplaces.
- In China, advertising of alcoholic beverages is subject to regulation under the Regulatory Rules on Alcoholic Beverage Advertising, dated 17 November 1995. These rules require obtaining a certificate issued by the "Inspection by the Food Quality Inspection Organ" for alcohol made in China and obtaining a Health Certificate from the "Supervision and Control over Import Foods" for imported alcoholic products. Advertising of wine must comply with health regulations that require that terms analogous to medical or health care terms not be used. In Hong Kong, there are no laws prohibiting advertising of alcoholic beverages.

Measures involving the total prohibition of this type of advertising could have a negative impact on our business.

Risks relating to regulation of competition

An element of our growth strategy involves acquisitions of additional outdoor advertising companies and properties, many of which are likely to require the prior approval of national and/or European competition authorities.

In France, the Ministry of the Economy has imposed certain restrictions on our external growth in the past. The European Commission or national competition authorities could prevent us from making certain acquisitions or impose conditions limiting such acquisitions.

In connection with our business, we bring, or are the subject of, actions and other proceedings with national competition authorities.

Risks related to the environment

As a major participant in urban beautification, we also have a responsibility for protecting the urban environment. As a result, we have developed a complete programme of actions intended to protect the environment: reduction of energy, water and raw materials consumption, use of renewable energy sources and recycling of thousands of tons of posters. At the same time, we make our capacity for innovation available to local governments, such as, for example, the development of the Cyclocity system (a system unique in the world for renting bicycles on a self-service, 24/7 basis) or the design of structures to collect waste.

An internal environmental audit conducted in 2002 confirmed that our business activities do not involve a serious risk of pollution, but that our management of potential environmental risks could be improved. As a result, we have created an Environment Department which, working with the Technical Departments of our subsidiaries, is responsible for applying new standards and legal requirements in the area of environmental regulation.

Our goal is to meet the highest international standards of environmental protection. Our subsidiaries in Spain, Norway and part of our U.K. subsidiary have received ISO 14001 certification. This standard is also being sought for our Industrial Department, and our objective is to obtain certification in early 2007.

A risk of accidental pollution cannot be ruled out, even though our operations do not expose us to a significant degree of risk.

Litigation

We are regularly involved in legal proceedings within the normal course of our business activities. Our business activities with local governmental authorities, in France and elsewhere, can, however, lead to greater vulnerability to legal proceedings.

The principal legal proceedings currently pending that involve our Group and for which necessary reserves have been set aside are the following:

In France:

- In March 2000, Vivendi Group filed a request for summary proceedings against Avenir in the Nanterre Commercial Court seeking recovery of a *précompte* tax of approximately €4.8 million that it deemed to be due as a result of an exceptional dividend paid by Avenir before its sale of Avenir advertising to JCDecaux SA in 1999. On 27 April 2001, the court held in favour of Vivendi. This decision was affirmed by a decision issued on appeal on 7 April 2005. A petition for review by the *Cour de Cassation* has been filed by Avenir.
- Avenir is also involved in a case with SPEPP, which claims approximately €4 million in damages as a result of the termination of a subcontract for installing barriers that it had with Avenir. A judgment entered by the Commercial Court of Créteil on 4 May 2004 held Avenir liable for €200,000. This judgment has been appealed.
- Klein has made a claim for approximately €13 million against JCDecaux SA following a reduction in its volume of business with our Company. A judge was assigned to the case in November 2005, and hearings should continue in 2006.
- Serriere, challenging termination of its business relationship, has made a claim for approximately €3 million against JCDecaux SA.
- The French Competition Commission (*Conseil de la concurrence*) on 30 June 2005, imposed a fine of €10 million on five of our French companies (including €6.4 million against JCDecaux SA) in connection with verification of compliance with orders entered in 1998. In a decision handed down on 21 February 2006, the Court of Appeal of Paris reversed the decision of the Competition Commission and dismissed claims against four of the companies involved. The Court of Appeal imposed a fine of €2 million only on JCDecaux Mobilier Urbain.
- The French Council of State (*Conseil d'Etat*), in two decisions handed down on 4 November 2005, characterised street furniture advertising contracts as public procurement contracts: the making of such contracts is subject, therefore, to the requirements of public bidding that is contained in the Public Contracts Code (*Code des Marchés Publics*). As a result, local governments are now in a position to request anticipated termination of existing contracts made on a private, negotiated basis against payment of an indemnity.
- In addition, the Competition Commission began an investigation in 2005 into consideration that may have been provided by big companies that is not available to small companies.
- In addition, we are, or have been, party to a number of administrative proceedings, both initiated by us or brought against us at the behest of competitors, as a result of termination of contracts or improper decisions to grant public contracts to our competitors.

Outside France:

- In Spain, as in France, differences with certain local authorities appeared in the application of the liability for or the amount of taxes, in an aggregate amount of approximately €4 million, relating to advertising structures and have led to litigation;
- The sale to Stroër of Aussenwerbung Polen GmbH, 50%-owned by EPI, itself a 50% subsidiary of our Company, led to a claim by Stroër under the representations and warranties in an aggregate amount of €13.2 million. A settlement agreement was reached under which Stroër agreed to accept payment of €750,000.
- In Spain, we have been advised of the city of Madrid's intention to terminate the "clocks" contract won by our subsidiary Planigrama. In a consultative notice, notified to us on 30 May 2005, the Council of State indicated that the City did not have valid grounds for terminating this agreement for any reason attributable to Planigrama. Settlement negotiations with the city of Madrid are underway.
- In Thailand, PJ has brought an action claiming infringement of a model and violation of a license against JCDecaux Thailand, claiming approximately €22 million. A hearing is expected at the end of 2006.

It should be noted that several disputes and proceedings came to a close during the fiscal year just ended.

Thus,

- Our subsidiary G&A has been party since 1995 to litigation involving a patent for an anti-graffiti process that it does not believe is suitable for industrial use. A settlement agreement was signed on 6 July 2005, under which the parties fully and finally waive and release, on a reciprocal basis, any claims against each other.
- In February 2003, we were notified of the commencement of a proceeding based on possible illegal acts involving our Belgian subsidiary, JCDecaux Belgium. To our knowledge, no facts have been found to date against our subsidiary.
- In France, the Competition Commission began a proceeding against JCDecaux SA after a complaint was filed with it by a competitor for abuse of dominant position as a result of our business strategy in Rennes. We have been ordered to pay a fine of €700,000.

The amount of the reserves established for each of these cases is the result of an analysis, conducted under the supervision of our Legal Department, of the basis for the claims and possible defences against them, the applicable case law, and the status of the proceedings. This analysis has been presented and explained to the Audit Committee and the Statutory Auditors. The amount of the reserves is not indicated, as indicating them might be seriously prejudicial to us.

To the best of our knowledge, there are no court, arbitration or administrative proceedings that have recently been commenced, or are threatened, that could have a material effect on the financial condition or profitability of our Group.

Insurance

- **Organisation**

Given the similarity of our operations in various countries, our strategy is to cover essential risks centrally under worldwide insurance policies obtained by JCDecaux SA from major insurers with international operations. We thus obtain coverage for risks of damage to property and operating losses, as well as for civil liability risks and directors' and officers' insurance.

This strategy enables us both to obtain a significant level of coverage on the basis of worldwide premium rates, but also to ensure that the degree of coverage applicable to our companies, both in France and elsewhere, is consistent with the potential risks that have been identified and with our Group strategy for risk coverage.

The insurance policies were renewed on 1 January 2005 for a period of 18 months.

We may also obtain local and/or specific coverage to comply with locally applicable law and regulations, or to meet specific requirements. Purely local risks, such as vehicle insurance, are covered separately in each country under its responsability. For essential risks, our worldwide coverage applies under various conditions and at different levels of coverage where local coverage is not sufficient.

In addition, to obtain the most value for our insurance investment and have full control of risks, we self-insure low-level or mid-range risks, essentially through Business Interruption/Damage and Civil Liability policies.

Our insurance policies and their adequacy and appropriateness to the development of our risks and the insurance market will be reviewed in June 2006.

- **Strategy**

Our insurance management strategy is to identify major catastrophic risks by analysing the consequences of which would be most important for third parties, for our employees and for our Group.

Our policy is not to work with insurers that do not have the highest rating.

All of these insurance programmes include levels of deductibles which ensure that only non-recurring risks are covered, and levels of coverage that, in light both of our past risk history, in particular the severe storms of 1999 in Europe, and the study undertaken of our essential industrial facilities, have the objective of insuring major risks that are exceptional in character.

- **Implementation – principal Group policies**

For 2005 our principal coverage under Group policies obtained for 18 months are as follows:

- **Civil liability**

We self-insure risks in a unit amount of €3,000 in general, which may go up to €10,000 for certain countries that have a high level of recurring risks.
Above these levels of self-insurance, we put in place two successive levels of coverage the amounts of which have been determined after analysis of risk factors specific to our business and their possible consequences. These two levels cover all our subsidiaries around the world.
The basic deductible of these group policies is €1 million; below that level, specific policies have been obtained in each country.
In 2005, we had no major claims.

- **Property damage – Business interruption**

A single policy has been obtained for principal European countries (a "free servicing agreement") as of 1 January 2005 (in particular for France, the United Kingdom, Germany, Spain, Portugal, and Belgium). Our other main subsidiaries are covered under a worldwide programme that provides reinsurance of local policies (particularly in Denmark, the United States, Hong Kong, and Finland).

The smallest foreign subsidiaries are insured locally, and our group policy provides coverage of losses.

Advertising structures are covered up to €10 million per event and €20 million for the insurance period of 18 months.

Operating facilities, especially studios and facilities where posters are made, are insured up to €100 million per event. Coverage limitations include business interruption losses as a result of a covered event.

An absolute deductible of €50,000 applies to each claim (€100,000 in the Netherlands), and coverage applies only if the aggregate portion of losses over €50,000 exceeds, during the policy period of 18 months, a total amount of €300,000.

In terms of operations, the deductible is three days.

In 2005, there were no claims or losses that caused us to reach the annual deductible of €200,000. Policies obtained are typical for the market. They include specific endorsements for certain events, consistent with the market.

The strategy described above is provided as an illustration of a situation over a given period and should not be considered as representative of a permanent situation.

Our insurance strategy may change at any time, depending on market conditions, opportunities, circumstances of renewal as of 1 July 2006, and analysis of risks and appropriateness and adequacy of coverage.

No assurance can be given that we will not be subject to an uninsured loss.

4.4 Market risks

Market risks are discussed in the Notes to the Consolidated Financial Statements (pages 91 and 92 of this Annual Report).

5. PRINCIPAL SUBSIDIARIES AND AFFILIATES

A simplified organisation chart of companies owned by JCDecaux SA as of 31 December 2005 is set forth on page 176. A list of companies controlled by JCDecaux SA is set forth in the Notes to the Consolidated Accounts, appearing on page 99. None of these companies owns any equity interest in JCDecaux SA.

We have subsidiaries in 45 countries: these subsidiaries conduct most of their operations locally (sales to advertisers, local operating charges, etc.). Thus, there exists little in the way of operating charges and income that flows between and among the various countries where we do business. Our principal subsidiaries are located in France (31.8% of our revenues in 2005), the United Kingdom (14.8% of revenues in 2005), and the Rest of Europe (36.5% of revenues in 2005). The financial information by principal groups of subsidiaries are set forth in the Notes to the Consolidated Accounts on page 97 of this Annual Report (sector information).

JCDecaux SA provides its French and non-French subsidiaries with support in the areas of finance and control, legal and insurance services, management and administration. Such services are billed to the subsidiaries in proportion to the gross margin of revenues that they represent, when they involve general assistance, and based on key factors of the type of service actually rendered to such subsidiaries when they involve pooling of resources. In 2005, JCDecaux SA thus billed its subsidiaries €24.5 million.

In addition, JCDecaux SA invoices the use by its subsidiaries of intellectual property rights belonging to it. The amount billed in this respect in 2005 was €13.7 million.

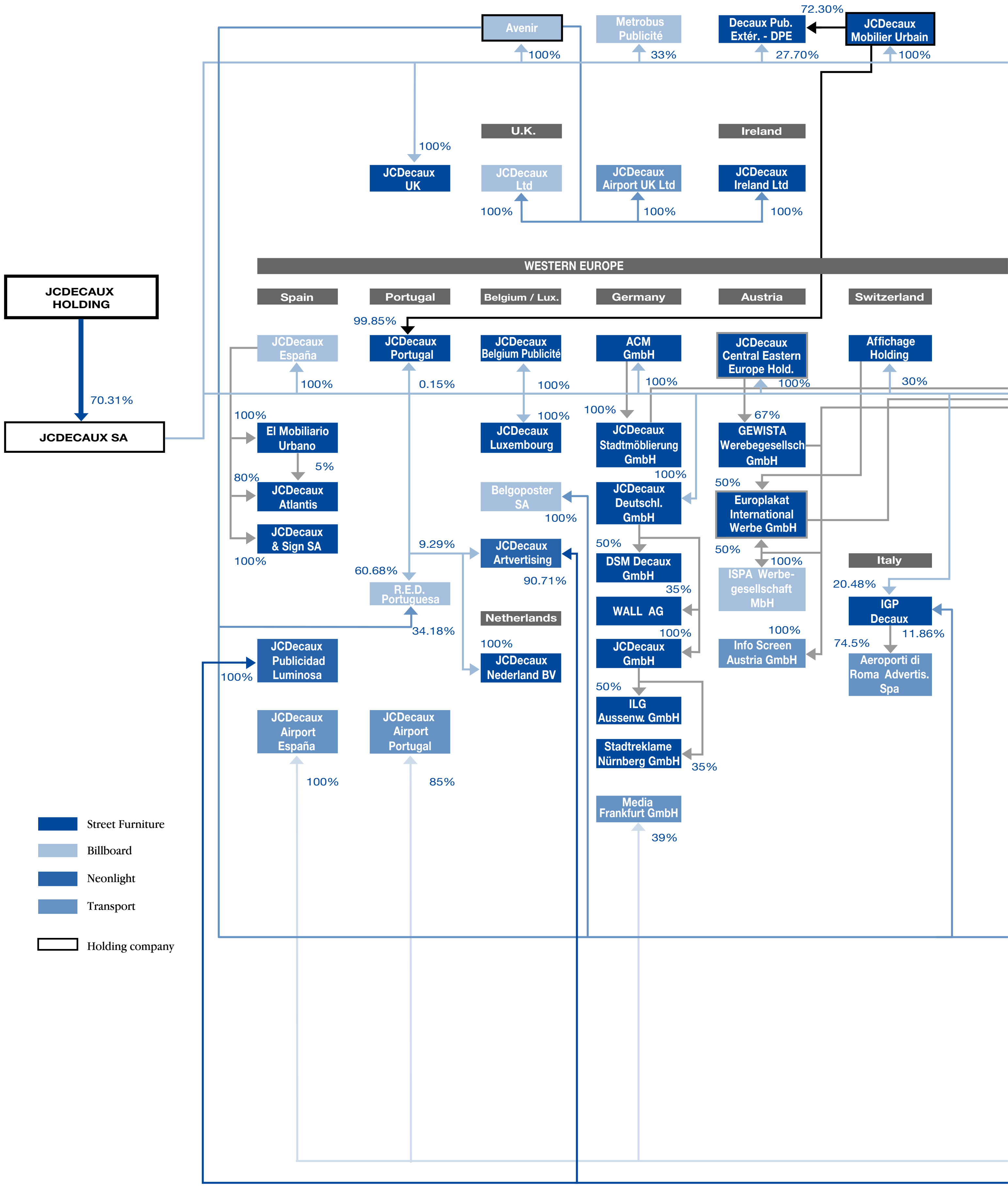
JCDecaux SA, in addition to its role as a parent company, also has its own business operations in France (sale of advertising space on Street Furniture, non-advertising services to clients (local governments), sale of street furniture to our subsidiaries and technical and administrative services provided to all of our French companies).

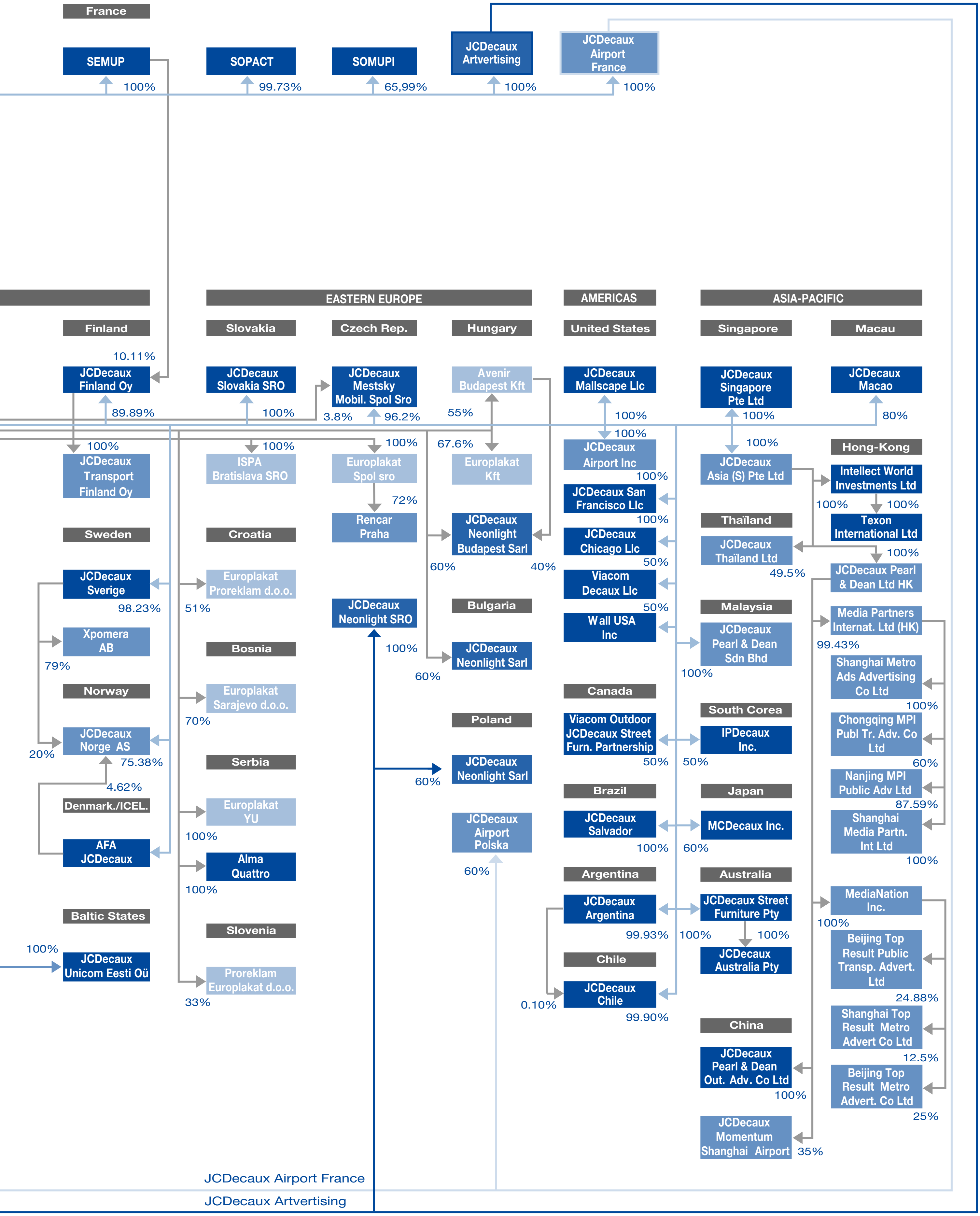
6. RELATIONSHIP WITH JCDECAUX HOLDING

JCDecaux Holding provides JCDecaux SA with services in the areas of conception and implementation of strategic plans, alliances, financing and organisation under an Agreement dated 21 January 2000.

In 2005, JCDecaux Holding billed JCDecaux SA €762,245 under this agreement. This amount has not changed since 2000.

7. SIMPLIFIED ORGANISATION CHART AS OF 31 DECEMBER 2005




France
SEMUP
100%
SOPACT
99.73%
SOMUPI
65,99%
JCDecaux Artvertising
100%
JCDecaux Airport France
100%
EASTERN EUROPE
AMERICAS
ASIA-PACIFIC
Finland
10.11%
JCDecaux Finland Oy
89.89%
100%
JCDecaux Transport Finland Oy
Sweden
JCDecaux Sverige
98.23%
Xpomera AB
79%
Norway
JCDecaux Norge AS
20%
75.38%
4.62%
Denmark./ICEL.
AFA JCDecaux
Baltic States
100%
JCDecaux Unicom Eesti Oü
Slovakia
JCDecaux Slovakia SRO
100%
100%
ISPA Bratislava SRO
Croatia
Europlakat Proreklam d.o.o.
51%
Bosnia
Europlakat Sarajevo d.o.o.
70%
Serbia
Europlakat YU
100%
Alma Quattro
100%
Slovenia
Proreklam Europlakat d.o.o.
33%
Czech Rep.
JCDecaux Mestsky Mobil. Spol Sro
3.8%
96.2%
100%
Europlakat Spol sro
72%
Rencar Praha
JCDecaux Neonlight SRO
100%
Hungary
Avenir Budapest Kft
55%
67.6%
Europlakat Kft
JCDecaux Neonlight Budapest Sarl
60%
40%
Bulgaria
JCDecaux Neonlight Sarl
60%
Poland
JCDecaux Neonlight Sarl
60%
JCDecaux Airport Polska
60%
United States
JCDecaux Mallscape Llc
100%
100%
JCDecaux Airport Inc
100%
JCDecaux San Francisco Llc
100%
JCDecaux Chicago Llc
50%
Viacom Decaux Llc
50%
Wall USA Inc
Canada
Viacom Outdoor JCDecaux Street Furn. Partnership
50%
Brazil
JCDecaux Salvador
100%
Argentina
JCDecaux Argentina
99.93%
Chile
0.10%
JCDecaux Chile
99.90%
Singapore
JCDecaux Singapore Pte Ltd
100%
100%
JCDecaux Asia (S) Pte Ltd
Thaïland
JCDecaux Thaïland Ltd
49.5%
Malaysia
JCDecaux Pearl & Dean Sdn Bhd
100%
South Corea
IPDecaux Inc.
50%
Japan
MCDecaux Inc.
60%
Australia
JCDecaux Street Furniture Pty
100%
100%
JCDecaux Australia Pty
China
JCDecaux Pearl & Dean Out. Adv. Co Ltd
100%
JCDecaux Momentum Shanghai Airport
35%
Macau
JCDecaux Macao
80%
Hong-Kong
Intellect World Investments Ltd
100%
100%
Texon International Ltd
100%
JCDecaux Pearl & Dean Ltd HK
Media Partners Internat. Ltd (HK)
99.43%
Shanghai Metro Ads Advertising Co Ltd
100%
Chongqing MPI Publ Tr. Adv. Co Ltd
60%
Nanjing MPI Public Adv Ltd
87.59%
Shanghai Media Partn. Int Ltd
100%
MediaNation Inc.
100%
Beijing Top Result Public Transp. Advert. Ltd
24.88%
Shanghai Top Result Metro Advert Co Ltd
12.5%
Beijing Top Result Metro Advert. Co Ltd
25%
JCDecaux Airport France
JCDecaux Artvertising

8. PUBLICLY AVAILABLE DOCUMENTS

During the entire time this "*Document de Référence*" is outstanding, the following documents may be consulted at our registered office electronically.

- our Articles of Association;
- all reports, letters, evaluations, statements prepared by an expert at our request which are included, in whole or in part, in this Annual Report;
- historical financial information of JCDecaux SA and its subsidiaries for the last three fiscal years;
- as well as the "Document d'Information Annuel", which may be consulted on the Internet site of the *AMF* and of our Company (www.jcdecaux.com).

DOCUMENT D'INFORMATION ANNUEL

1. Press releases

Financial results

03/16/2005	2004 Annual results
03/31/2005	2004 Annual results in IFRS form
04/27/2005	First quarter 2005 revenues
07/27/2005	First six months 2005 revenues
09/14/2005	Half-year 2005 results
10/26/2005	Third quarter 2005 revenues
02/01/2006	2005 Annual revenues
03/15/2006	2005 Annual results

Acquisitions-Alliances

03/29/2005	JCDecaux Pearl & Dean Ltd sign a conditional contract for the acquisition of 79.67% of the shares of MediaNation Inc
04/25/2005	JCDecaux Pearl & Dean Ltd and MediaNation Inc: acquisition of MediaNation is now unconditional. Completion date scheduled for 26 April 2005
05/16/2005	JCDecaux - Publicis Group: Negotiations under way
06/15/2005	JCDecaux: Number one in outdoor advertising in China (Acquisition of MediaNation)
06/28/2005	JCDecaux - Publicis Group agreement on reorganisation of their investments
09/21/2005	JCDecaux Pearl & Dean sign a conditional contract for the acquisition of 73.38% of the shares of Media Partners International
10/27/2005	JCDecaux: acquisition of Media Partners International strengthens its position as number one in China
11/03/2005	JCDecaux and Beijing Gehua Cultural Development sign an exclusive 30-year agreement for the creation of a joint venture company for outdoor advertising for Beijing
01/16/2006	JCDecaux United Kingdom acquires Allam group

Contracts

06/02/2005	Japan: MCDecaux wins exclusive 20-year contract for installation of bus shelters with advertising in Nagoya
09/05/2005	Japan: MCDecaux becomes number 1 in shopping mall advertising by signing an exclusive 15-year agreement with Ito Yokado
09/12/2005	JCDecaux renews and expands its contract with the New York airports
09/13/2005	JCDecaux acquires Texon, number one in street furniture in Hong Kong
09/22/2005	United States: NBCDecaux not chosen to negotiate Street Furniture contract for New York City
09/28/2005	Japan: MCDecaux wins exclusive a 20-year contract for installation of bus shelters with advertising in Kobe
10/25/2005	IGPDecaux wins a 20-year bus shelter contract for Milan
12/07/2005	JCDecaux signs an exclusive 15-year contract for operation of Line 1 of the Tianjin metro
12/08/2005	JCDecaux wins prestigious street furniture contract for West Hollywood
01/09/2006	JCDecaux renews 16 street furniture contracts in the Ile-de-France region
01/26/2006	Bicycles in Paris: JCDecaux will participate in proposed tender
01/30/2006	JCDecaux renews and expands its exclusive 10-year contract with Hong Kong International Airport
03/01/2006	JCDecaux wins street furniture tender for Barcelona
03/09/2006	JCDecaux renews and expands its Street Furniture contract with Cannes
03/13/2006	JCDecaux wins its first contract in India

Various

04/04/2005	JCDecaux joins FTSE4Good Index, index of socially responsible companies
05/13/2005	JCDecaux SA Annual Meeting held on 11 May 2005
05/18/2005	The Antwerp Court dismisses lawsuit against JCDecaux Belgium
07/04/2005	JCDecaux appeals decision of French Competition Commission (*Conseil de la Concurrence*)
07/07/2005	Cyclocity: 10,000 participants sign up for a world tour by bicycle!
09/01/2005	JCDecaux: First French company to be rewarded for its contribution to the dynamism of the Japanese economy
10/21/2005	Vélo'v®, bicycle trophy for 2005: institutional recognition for a truly popular success
07/07/2006	United States: JCDecaux victim of fraudulent schemes of two former managers of Skysites, a subsidiary of JCDecaux Airport
02/23/2006	JCDecaux: Court of Appeal of Paris reverses in part the decision of the Competition Commission

Disclosures of transactions in own shares

06/09/2005 Cancellation of 200,000 treasury shares
07/11/2005 – 25 July 2005 – 1 Aug. 2005 – 9 Aug. 2005 – 16 Aug. 2005 – 23 Aug. 2005 – 29 Aug. 2005 – 6 September 2005
09/12/2005 Repurchase of 1,500,000 shares in 2005
12/15/2005 Cancellation of 1,500,000 treasury shares

Disclosures of transactions involving JCDecaux SA shares by directors and officers

02/22/2005	Jean-Pierre Decaux
06/06/2005	Jean-Pierre Decaux
06/22/2005	Pierre-Alain Pariente
12/13/2005	Christian Blanc

2. Publications in *BALO* (Newspaper carrying legal notices)

02/09/2005	Revenues for fourth quarter 2004
03/23/2005	Provisional 2004 annual financial statements
03/25/2005	Pre-Notice of Annual General Meeting of Shareholders
04/22/2005	Notice of Annual General Meeting of Shareholders
05/04/2005	Revenues first quarter 2005
05/23/2005	Voting rights
05/23/2005	Final annual financial statements
08/03/2005	Revenues second quarter 2005
10/12/2005	Half-year financial statements
11/02/2005	Revenues third quarter 2005
02/10/2006	Revenues fourth quarter 2005
04/07/2006	Provisional 2005 annual financial statements

3. Publications in *Petites Affiches*

01/24/2005	Capital increase
05/17/2005	Amendment of Articles of Association, changes in management
06/09/2005	Capital reduction
08/02/2005	Capital increase
12/16/2005	Capital reduction
01/12/2006	Capital increase

4. Offering Memorandum ("*Note*") on share repurchase programme approved by the *AMF* on 18 April 2005

5. Press releases released on the Internet site of the Growth Enterprise Market ("GEM") of the Hong Kong Stock Exchange – Acquisitions of MediaNation and Media Partners International

MediaNation

03/24/2005	Possible mandatory cash offer
04/14/2005	Resignation of CEO, Director and Compliance Officer
04/15/2005	Extension of fulfilment of condition precedent
04/22/2005	Supplemental agreement and fulfilment of condition precedent
04/26/2005	Completion of agreement and appointment of IFA
04/29/2005	Despatch of composite offer document
04/29/2005	Composite offer document
05/06/2005	Sale of shares by director during black-out
05/13/2005	Solicitation announcement
05/20/2005	Extension of fulfilment of offer period
05/23/2005	Resignation of directors, change in compliance officer, authorised rep. and member of audit committee
06/03/2005	Solicitation announcement

Media Partners International

09/21/2005	Conditional sale of controlling interest & possible mandatory cash offer
10/20/2005	Extension of time for fulfilment of condition under agreement
10/24/2005	Fulfilment of condition under agreement and appointment of IFA
10/27/2005	Completion of agreement
10/31/2005	Despatch of offer document
10/31/2005	Composite offer document
11/21/2005	Privatisation, level of acceptances and extension of offer period
12/05/2005	Closing of offers, privatisation and suspension of trading

COMBINED ANNUAL GENERAL MEETING OF SHAREHOLDERS – 10 MAY 2006

AGENDA

1. ORDINARY MEETING

1) Approval of 2005 corporate financial statements
2) Approval of 2005 consolidated financial statements
3) Allocation of net income
4) Expenses and charges described in Article 39-4 of the French General Tax Code
5) Regulated agreement
6) Regulated agreement
7) Regulated agreement
8) Regulated agreement
9) Expiration of term of office of members of the Supervisory Board – Re-election
10) Expiration of appointment of Principal and Alternate Statutory Auditors – Re-appointment
11) Share repurchase programme

2. EXTRAORDINARY MEETING

12) Delegation to be given to the Executive Board to reduce share capital by cancellation of treasury shares
13) Modifications to Articles of Association
14) Authority with respect to formalities

SUMMARY OF PROPOSED RESOLUTIONS

1. ORDINARY MEETING

- *In the 1st and 2nd Resolutions*, we ask that you approve the corporate and consolidated financial statements for the fiscal year ended 31 December 2005, as they have been presented to you.

- *The 3d Resolution* asks that you make various allocations of the income from the fiscal year, of €79,977,349.58, to declare and pay a dividend in the aggregate amount of €88,330,220.40, or €0.40 per share, with the balance to be allocated to "Other Provisions".

- *The 4th Resolution* takes note of the amount of expenses and charges under Article 39-4 of the French General Tax Code.

- In the *5th to 9th Resolutions*, we request that you approve certain agreements that fall under the provisions of Article L.225.86 of the French Commercial Code and that were previously approved by the Supervisory Board during the course of the fiscal year just ended.

- In the *10*th to *15th* Resolutions, we ask you, as necessary, to re-elect the persons serving on the Supervisory Board whose terms of office are expiring.

- In the *16th* to *19th* Resolutions, the Shareholders are asked to renew the appointment of, or appoint, principal and alternate Statutory Auditors for six years.

- The *20th* Resolution asks the Shareholders to authorize the Executive Board to repurchase shares for a new period of eighteen months. The essential terms and conditions of such authorisation are as follows:
  - the maximum purchase price per share will be €30;
  - the maximum number of shares that the Company will be authorised to repurchase or to hold at any time in its Treasury under this Resolution will not exceed 10% of the share capital, which, for informational purposes, would be a maximum of 22,082,555 shares as of 31 December 2005;
  - accordingly, and for informational purposes, the aggregate maximum amount to be used for share repurchases by the Company would be €662,476,650.

The authorisation given to the Executive Board will carry the power to grant subdelegations to implement this action, in particular by placing orders on the stock exchange, and undertaking and making any required formalities and filings.

2. EXTRAORDINARY MEETING

- The *21st* Resolution delegates to the Executive Board any and all necessary authority for the purpose of decreasing share capital by cancelling treasury shares, within the limits provided by law, and as provided in Articles L.225-209 *et seq.* of the French Commercial Code. Such authority is to be granted for a period of 18 months.

- The *22nd* Resolution amends and supplements Articles 14 (Organisation and Functioning of the Executive Board) and 18 (Organisation and Functioning of the Supervisory Board) of the Articles of Association to allow those bodies to meet by any means, including videoconference and telephone, under the terms and conditions provided in the French Commercial Code.

PROPOSED RESOLUTIONS

1. ORDINARY MEETING

FIRST RESOLUTION

(Approval of 2005 corporate financial statements)

The Shareholders, after reviewing the reports of the Executive Board, the Supervisory Board, and the Statutory Auditors, hereby resolve to approve such reports in their entirety, together with the corporate financial statements for the fiscal year ended 31 December 2005, as presented to them, such financial statements showing a profit of € 79,977,349.58.

Consequently, they resolve to approve the transactions reflected in such financial statements and summarised in such reports.

SECOND RESOLUTION

(Approval of the 2005 consolidated financial statements)

The Shareholders, after reviewing the reports of the Executive Board, the Supervisory Board, and of the Statutory Auditors, hereby resolve to approve such reports in their entirety, together with the consolidated financial statements for the fiscal year ended 31 December 2005, as presented to them.

Consequently, they resolve to approve the transactions reflected in such financial statements and summarised in such reports.

THIRD RESOLUTION

(Allocation of income)

The Shareholders, after reviewing the report of the Executive Board, and finding that:

▪ profit as of 31 December 2005, is:	€79,977,349.58
▪ retained earnings carried forward:	€649,337,902.24
▪ for a total amount of:	**€729,315,251.82**

hereby resolve to make the following allocations:

▪ declaration and payment of a dividend of:	€88,330,220.40
▪ other provisions:	€640,985,031.42

Consequently, there shall be paid, with respect to each of the 220,825,551 shares constituting the share capital as of 31 December 2005, a dividend of €0.40.

After such allocation of net income, other provisions will amount to €663,981,684.17.

Such dividend shall give rise to a withholding tax of 40%, as provided in 2° of 3 of Article 158 of the French General Tax Code, when the recipients are individuals resident in France for tax purposes. It shall not give rise to such withholding tax in any other case.

If, in connection with payment of this dividend, the Company should hold any of its own shares, the amount of distributable income corresponding to the dividend not paid in account of holding such shares shall be credited to retained earnings.

As required by law, it is hereby stated that no dividends have been paid in respect of the three preceding fiscal years.

FOURTH RESOLUTION

(Expenses not deductible for tax purposes under Article 39-4 of the French General Tax Code)

As required under Article 223 *quater* of the French General Tax Code, the Shareholders hereby take note of the fact that the expenses and charges not deductible for tax purposes and described in Article 39-4 of such Code amounted to €41,528 during the fiscal year just ended and generated a tax charge of €3,139.

FIFTH RESOLUTION

(Regulated agreement)

The Shareholders, after reviewing the Special Report of the Statutory Auditors on the execution and performance during the 2005 fiscal year of agreements with related parties described in, and subject to, Article L.225-86 of the French Commercial Code, hereby take note of the conclusions set forth in such report, which refer in particular to the following agreement:

- The grant by JCDecaux SA to Mr. Gérard Degonse, a member of the Executive Board, of a retirement allowance corresponding to two years of base and variable compensation, including legal and contractual indemnities, and of a non-competition indemnity, in the event of termination at the Company's initiative.

The Shareholders ratify the abovementioned agreement.

SIXTH RESOLUTION

(Regulated agreement)

The Shareholders, after reviewing the Special Report of the Statutory Auditors on the execution and performance of agreements with related parties described in, and subject to, Article L.225-86 of the French Commercial Code, hereby take note of the conclusions set forth in such report, which refer in particular to the following agreement:

- Redefinition of the method of calculating the commitment to finance retirement benefits (pension funds) for Mr. Jeremy Male. Such financing shall be equal to 15% of the total of his salary and bonuses.

The Shareholders ratify the abovementioned agreement.

SEVENTH RESOLUTION

(Regulated agreement)

The Shareholders, after reviewing the Special Report of the Statutory Auditors on the execution and performance of agreements with related parties described in, and subject to, Article L.225-86 of the French Commercial Code, hereby take note of the conclusions set forth in such report, which refer in particular to the following agreement:

- To forgive the debts of JCDecaux Salvador (Brazil), in the maximum amount of €2 million, along with a return to better fortune clause.

The Shareholders ratify the abovementioned agreement.

EIGHTH RESOLUTION

(Regulated agreement)

The Shareholders, after reviewing the Special Report of the Statutory Auditors on the execution and performance of agreements with related parties described in, and subject to, Article L.225-86 of the French Commercial Code, hereby take note of the conclusions set forth in such report, which refer in particular to the following agreement:

- To forgive debts of JCDecaux do Brasil (Brazil), in the maximum amount of €400,000, along with a return to better fortune clause.

The Shareholders hereby ratify the abovementioned agreement.

NINTH RESOLUTION

(Regulated agreement)

The Shareholders, after reviewing the Special Report of the Statutory Auditors on the execution and performance of agreements with related parties described in, and subject to, Article L.225-86 of the French Commercial Code, hereby take note of the conclusions set forth in such report, which refer in particular to the following agreement:

- To forgive debts of IP Decaux (South Korea), in the maximum amount of €2.2 million, along with a return to better fortune clause.

The Shareholders hereby ratify the abovementioned agreement.

TENTH RESOLUTION
(Re-election of a member of the Supervisory Board)

The Shareholders, finding that the term of office of Mr. Jean-Claude Decaux as a member of the Supervisory Board is due to expire on the date hereof, hereby re-elect him to a new three-year term of office which will terminate at the end of the Ordinary General Meeting of Shareholders that will take place in 2009 to review and approve the financial statements for the fiscal year closing 31 December 2008.

Mr. Jean-Claude Decaux has indicated that he accepts his re-election to a new term of office, and that he is not subject to any disability that might bar him from holding such office.

ELEVENTH RESOLUTION
(Re-election of a member of the Supervisory Board)

The Shareholders, finding that the term of office of Mr. Jean-Pierre Decaux as a member of the Supervisory Board is due to expire on the date hereof, hereby re-elect him to a new three-year term of office which will terminate at the end of the Ordinary General Meeting of Shareholders that will take place in 2009 to review and approve the financial statements for the fiscal year closing 31 December 2008.

Mr. Jean-Pierre Decaux has indicated that he accepts his re-election to a new term of office, and that he is not subject to any disability that might bar him from holding such office.

TWELFTH RESOLUTION
(Re-election of a member of the Supervisory Board)

The Shareholders, finding that the term of office of Mr. Pierre-Alain Pariente as a member of the Supervisory Board is due to expire on the date hereof, hereby re-elect him to a new three-year term of office which will terminate at the end of the Ordinary General Meeting of Shareholders that will take place in 2009 to review and approve the financial statements for the fiscal year closing 31 December 2008.

Mr. Pierre-Alain Pariente has indicated that he accepts his re-election to a new term of office, and that he is not subject to any disability that might bar him from holding such office.

THIRTEENTH RESOLUTION
(Re-election of a member of the Supervisory Board)

The Shareholders, finding that the term of office of Mr. Xavier de Sarrau as a member of the Supervisory Board is due to expire on the date hereof, hereby re-elect him to a new three-year term of office which will terminate at the end of the Ordinary General Meeting of Shareholders that will take place in 2009 to review and approve the financial statements for the fiscal year closing 31 December 2008.

Mr. Xavier de Sarrau has indicated that he accepts his re-election to a new term of office, and that he is not subject to any disability that might bar him from holding such office.

FOURTEENTH RESOLUTION
(Re-election of a member of the Supervisory Board)

The Shareholders, finding that the term of office of Mr. Christian Blanc as a member of the Supervisory Board is due to expire on the date hereof, hereby re-elect him to a new three-year term of office which will terminate at the end of the Ordinary General Meeting of Shareholders that will take place in 2009 to review and approve the financial statements for the fiscal year closing 31 December 2008.

Mr. Christian Blanc has indicated that he accepts his re-election to a new term of office, and that he is not subject to any disability that might bar him from holding such office.

FIFTEENTH RESOLUTION
(Re-election of a member of the Supervisory Board)

The Shareholders, finding that the term of office of Mr. Lothar Späth as a member of the Supervisory Board is due to expire on the date hereof, notes that he does not wish to have his mandate renewed.

SIXTEENTH RESOLUTION
(Expiration of the engagement of the Statutory Auditors)

The Shareholders hereby re-appoint Barbier Frinault & Autres as principal Statutory Auditors for a term of six years, *i.e.* until the Ordinary General Meeting of Shareholders that will review and approve the financial statements for fiscal year 2011.

Barbier Frinault & Autres have indicated in advance that they are willing to accept this re-appointment.

SEVENTEENTH RESOLUTION
(Expiration of the engagement of the Statutory Auditors)

The Shareholders, finding that the engagement of Fiduciaire Revisunion as principal Statutory Auditor is due to expire, hereby appoint:

- KPMG S.A. (KPMG Audit department) as principal Statutory Auditor,

for a term of six years, *i.e.* until the Ordinary General Meeting of Shareholders that will review and approve the financial statements for fiscal year 2011.

KPMG S.A. has indicated in advance to the Company that it is willing to accept this engagement.

EIGHTEENTH RESOLUTION
(Expiration of the engagement of the Statutory Auditors)

The Shareholders, finding that the engagement of Mr. Maxime Petiet as Alternate Statutory Auditor is about to expire, hereby appoint:

- SCP Jean-Claude André & Autres as alternate Statutory Auditor,

for a term of six years, *i.e.* until the Ordinary General Meeting of Shareholders that will review and approve the financial statements for fiscal year 2011.

SCP Jean-Claude André & Autres have indicated in advance to the Company that they are willing to accept this engagement.

NINETEENTH RESOLUTION
(Expiration of the engagement of the Statutory Auditors)

The Shareholders, finding that the engagement of Mr. Christian Thelier as Alternate Statutory Auditor is due to expire, hereby appoint:

- Auditex S.A. as Alternate Statutory Auditor,

for a term of six years, *i.e.* until the Ordinary General Meeting of Shareholders that will review and approve the financial statements for fiscal year 2011.

Auditex S.A. has indicated in advance to the Company that it is willing to accept this engagement.

TWENTIETH RESOLUTION
(Authority to be given to the Executive Board to conduct transactions in the Company's shares)

The Shareholders, acting pursuant to the quorum and majority requirements applicable to ordinary general meetings of shareholders, after reviewing the report of the Executive Board:

- hereby authorise the Executive Board, with the right to subdelegate, to repurchase, or cause to be repurchased, shares of the Company, as provided in Articles L.225-209 et seq. of the French Commercial Code, for the purpose:
  - of implementing any stock option plan to acquire shares of the Company's stock under Articles L.225-177 *et seq.* of the French Commercial Code; or
  - of awarding shares to employees in respect of their participation in the Company's growth and implementing any company savings plan on the conditions provided by law, including, but not limited to, Articles L.443-1 *et seq.* of the French Labour Code; or
  - of awarding free shares as provided in Articles L.225-197-1 *et seq.* of the French Commercial Code; or
  - of delivering shares upon exercise of rights attached to securities carrying the right to acquire shares of the Company's capital stock by redemption, conversion, exchange, or presentation of any coupon or in any other manner; or
  - of cancelling, in whole or in part, the shares so repurchased, subject to adoption by the Shareholders, in an Extraordinary meeting, of the 21st resolution set forth hereafter and on the terms and conditions therein indicated; or
  - of delivering shares in respect of an exchange, payment, or otherwise in connection with acquisitions, as provided by applicable law and regulations; or
  - of encouraging active trading or liquidity in JCDecaux SA shares by an investment services provider in connection with a liquidity agreement complying with the professional code adopted by the AMF.

Such authority shall also allow the Company to act with any other objective that is authorised, or may be authorised, by applicable laws and regulations. In this case, the Company shall inform the Shareholders through a press release.

Repurchases of the Company's shares may involve a number of shares, such that:

- the number of shares that the Company acquires during the period of such authority shall not exceed 10% of the Company's issued and outstanding shares at any time, such percentage to apply to the share capital as adjusted on the basis of the transactions that may occur following this General Meeting of Shareholders, i.e., as an indication, 22,082,555 shares as of 31 December 2005;
- the number of shares the Company owns or holds at any time not exceed 10% of the Company's issued and outstanding shares on the date involved.

The acquisition, sale or transfer of the shares may be made at any time (including during a period of a public offering) and by any means, on the market or in private transactions, including through acquisition or block trades (without limiting the portion of the repurchase programme that may be made by this means), by public offering, or by use of options or other forward financial instruments on a regulated market, or in private transactions following an issuance of securities carrying the right to acquire shares of the Company's capital stock by conversion, exchange, redemption or exercise of a coupon, or otherwise, either directly or indirectly, through an investment services provider.

The maximum purchase price of the shares under this resolution shall be €30 per share (or the equivalent thereof in another currency on the same date), such maximum price to be applicable only to acquisitions completed from the date of this Shareholders' Meeting and not to forward transactions made under authority previously granted by the Shareholders and providing for acquisitions of shares subsequent to the date of this Shareholders' Meeting.

Consequently, as an indication, the maximum amount that the Company may pay to repurchase its shares shall be €662,476,650, assuming a maximum price of €30 per share and a maximum number of 22,082,555 shares, subject to adjustments required in the event of transactions involving the share capital.

This authorisation shall replace and supersede from and after the date hereof any prior delegation of authority to the Executive Board to conduct transactions in respect of the Company's shares. It shall be granted for 18 months from the date hereof.

The Shareholders hereby resolve to delegate to the Executive Board the power to adjust the price set forth above, in the event of a change in the nominal value of the shares, a capital increase through capitalisation of reserves, grants of shares without consideration, split or amalgamation of shares, distribution of reserves or any other assets, amortization of the share capital, or any other transaction involving the Company's share capital, to take into consideration the impact of such transactions on the value of the shares.

The Shareholders hereby resolve to grant to the Executive Board any and all authority, with power to subdelegate under the terms and conditions provided by law, to decide and implement this authorisation, to specify the terms and conditions hereof and determine the mechanisms hereof, if necessary, and especially to place any orders in the market, enter into any agreement for the purpose of maintaining records of purchases and sale of shares, and make any filings with the *AMF* or any other authority that may be substituted therefor, carry out any formalities, and, as a general matter, do whatever may be necessary.

II – EXTRAORDINARY MEETING

TWENTY-FIRST RESOLUTION

(Delegation of authority to the Executive Board to reduce the share capital by cancellation of shares held in the Treasury)

The Shareholders, acting pursuant to the quorum and majority requirements applicable to extraordinary general meetings of shareholders and after reviewing the report of the Executive Board and the Special Report of the Statutory Auditors, hereby authorise the Executive Board to decrease the share capital on one or more occasions, in the proportions and at the times it may decide, by cancelling any number of treasury shares that it may decide within the limits permitted by law and as provided in Articles L.225-209 *et seq.* of the French Commercial Code.

The maximum number of shares that may be cancelled by the Company pursuant to this authorisation during a period of twenty-four months shall be ten percent (10%) of the Company's issued and outstanding shares, it being understood that this limit shall apply to an amount of the Company's share capital that shall be adjusted to take into consideration transactions affecting the share capital that are subsequent to this General Meeting of Shareholders.

This authorisation shall replace and supersede, from and after the date hereof, any prior delegation of authority to the Executive Board in the amount unused, if any, to decrease the share capital through cancellation of treasury shares. It shall be granted for 18 months from the date hereof.

The Shareholders hereby resolve to grant to the Executive Board any and all authority, with power of delegation, to complete such transactions cancelling or decreasing the share capital that may be made under this authorisation, and to amend the Articles of Association as a consequence and carry out any formalities.

TWENTY-SECOND RESOLUTION

(Modifications to the Articles of Association)

The Shareholders, acting pursuant to the quorum and majority requirements applicable to extraordinary general meetings of shareholders and after reviewing the report of the Executive Board, hereby modify the Articles of Association as follows:

1 - Article 14 of the Articles of Association ("Organisation and Functioning of the Executive Board"), in order to improve the terms and conditions of the organisation and functioning of the Executive Board's work:

Point 4 thereof shall hereafter read as follows:

"For purposes of determining the presence of a required quorum and majority, there shall be deemed present members of the Executive Board who participate in a meeting by means of videoconference or **telecommunications, the nature and application of which are set forth in the French Commercial Code, that make possible identification of the members and ensure their effective participation**."

2 - Article 18 of the Articles of Association ("Organisation and Functioning of the Supervisory Board"), in order to harmonise it with Law n°2005-842 dated 26 July 2005, for the confidence and modernisation of the economy:

Point 4 thereof shall hereafter read as follows:

"The Supervisory Board may adopt by-laws ("*Règlement Intérieur*") providing, in particular, for the appointment of one or more committees from among its members, the responsibilities of which it shall determine, and, for purposes of determining the presence of a required quorum and majority, there shall be deemed present members of the Supervisory Board who participate in the meetings by means of videoconference or **telecommunications** under the terms and conditions provided by the French Commercial Code."

TWENTY-THIRD RESOLUTION

(Authority with respect to formalities)

The Shareholders hereby resolve to grant any and all necessary authority to a bearer of copies or abstracts of the minutes of this Meeting for the purpose of making any statements and completing any legal, filing, publication or other formalities.

OTHER INFORMATION

REPORT OF STATUTORY AUDITORS ON CONSOLIDATED FINANCIAL STATEMENTS

This is a free translation into English of the statutory auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. This report includes information specifically required by French law in all audit reports, whether qualified or not, and this is presented below the opinion on the financial statements. This information includes an explanatory paragraphs discussing the auditors' assessment of certain significant accounting matters. These assessments were made for the purpose of issuing an opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements. The report also includes information relating to the specific verification of information in the group management report.

This report, together with the statutory auditors' report addressing financial and accounting information in the President's report on internal control, should be read in conjunction with, and is construed in accordance with French law and professional auditing standards applicable in France.

To the shareholders of JCDecaux S.A.,

In compliance with the assignment entrusted to us by your Shareholders' Meeting, we have audited the accompanying consolidated financial statements of JCDecaux for the year ended December 31, 2005.

These consolidated financial statements have been approved by the Executive Board of Directors. Our role is to express an opinion on these financial statements based on our audit.
These financial statements were established for the first time in accordance with International Financial Reporting Standards ("IFRS"), as adopted in the European Union. These standards have been applied consistently to the 2004 fiscal year presented.

I. OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with the professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the 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 give a true and fair view of the assets, liabilities, financial position and results of the consolidated group in accordance with IFRS as adopted in the European Union.

II. JUSTIFICATION OF ASSESSMENTS

In accordance with the requirements of article L. 823-9 of French Company Law (Code de commerce) relating to the justification of our assessments, we draw the following matters to your attention:

- Note 1.19 to the financial statements describes the accounting treatment of purchase commitments for minority interests, which is not specifically described in IFRS as adopted in the European Union. We have assessed that this note gives the relevant information as to the method used by the company.
- Tangibles and intangibles fixed assets and goodwill are subject to impairment tests based on the prospects of future profitability following the method described in Note 1.10 to the financial statements. We have assessed the appropriateness of the methodology applied and of the data and assumptions used by the Group to perform these valuations. On those basis, we carried out the assessment of the reasonableness of these estimates.

These assessments were made in the context of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. SPECIFIC VERIFICATION

In accordance with professional standards applicable in France, we have also verified the information given in the Group's management report. We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Paris and Neuilly-sur-Seine, March 14th, 2006

The Statutory Auditors

FIDUCIAIRE REVISUNION MAZARS		BARBIER FRINAULT & AUTRES
Claude Chezaud	Michel Rosse	Gilles Galippe

REPORT OF STATUTORY AUDITORS ON CORPORATE FINANCIAL STATEMENTS

This is a free translation into English of the statutory auditors' report issued in French language and is provided solely for the convenience of English speaking readers. This report includes information specifically required by French law in all audit reports, whether qualified or not, and this is presented below the opinion on the financial statements. This information includes an explanatory paragraph discussing the auditors' assessment of certain significant accounting matters. These assessments were made for the purpose of issuing an opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the corporate financial statements. The report also includes information relating to the specific verification of information included in the group management report. This report should be read in conjunction with, and is construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders of JCDecaux S.A.,

In compliance with the assignment entrusted to us by your shareholders' meeting, we hereby report to you for the financial year ended December 31, 2005, on:

- the audit of the accompanying financial statements of JCDecaux S.A, and,
- the justification of assessments
- the specific procedures an information required by law.

These financial statements have been approved by the Executive Board. Our responsibility is to express an opinion on these financial statements based on our audit.

I. - OPINION ON THE FINANCIAL STATEMENTS

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

In our opinion, the financial statements give a true and fair view of the assets, liabilities, financial position and results of the Company in accordance with the accounting rules and principles applicable in France.

Notwithstanding our opinion, we wish to draw your attention to the following point set out in Note 1.1 '*General principles regarding the notes to the accounts*', concerning the application from January 1, 2005 of CRC regulation no. 2002-10 regarding the depreciation and impairment of assets, and CRC regulation no. 2004-06 regarding the definition, recognition and measurement of assets, and CNC Emergency Committee recommendation no. 2005 H of December 6, 2005, regarding the recognition of dismantling and removal costs and site rehabilitation costs in the detail accounts.

II. - JUSTIFICATION OF ASSESSMENTS

In accordance with the requirements of article L.225-235 of the French Company Law (Code de Commerce) relating to the justification of our assessments, we bring to your attention the following matters:

Within the scope of our assessment of the accounting standards and methods applied by your company, we verified the appropriateness of the change in accounting method referred to previously and the manner in which this was presented in the financial statements.

As specified in Note 1.2.1.3 to the financial statements, JCDecaux's Management carries out a valuation of equity investments based on the prospects of future profitability.

In compliance with French professional standards applicable to accounting estimates, we analyzed the data and assumptions used to make these estimates, notably relating to the determination of the fair value of these assets to be used as a comparison with their book value. We have assessed that these estimates are reasonable.

The assessments were thus made in the context of the performance of our audit of the statutory financial statements taken as a whole and therefore contributed to the formation of the unqualified audit opinion expressed in the first part of this report.

III. - SPECIFIC VERIFICATION

We have also performed the specific procedures required by law in accordance with professional standards applied in France.

We have nothing to report with respect to the fairness of the information given in the management report of the Executive Board and in the documents addressed to the shareholders on the financial position and the financial statements or its consistency with those financial statements.

As required by law, we have verified that information concerning investments and controlling interests and the identity of shareholders or holders of voting rights are disclosed in the management report.

Paris and Neuilly-sur-Seine, March 14th, 2006

The Statutory Auditors

FIDUCIAIRE REVISUNION MAZARS | **BARBIER FRINAULT & AUTRES**

Claude Chezaud | Michel Rosse | Gilles Galippe

SPECIAL REPORT OF STATUTORY AUDITORS ON AGREEMENTS WITH RELATED PARTIES ("*CONVENTIONS RÉGLEMENTÉES*")

The following report is a free English translation of the French language report, for convenience purposes only. It should be understood that the agreements reported on are only those provided by French applicable rules and regulations, and that the report does not apply to related party transactions as described in other accounting standards.

To the Shareholders of JCDecaux S.A.,

In our capacity as Statutory Auditors of your Company, we hereby present you our report on the regulated agreements with certain related parties.

In application of article L.225-88 of the French Commercial Code (Code de Commerce), we have been informed of the agreements that have received the prior authorization of your Supervisory Board.

We are not required to search for the existence of such agreements but to inform you, on the basis of the information provided to us, of the key terms and conditions of those agreements indicated to us, without having to express an opinion on their usefulness or appropriateness. Pursuant to Article 117 of the Decree of March 23, 1967, it is your responsibility to assess the company's interest in entering into these agreements in view of their approval.

We conducted our work in accordance with professional standards applicable in France; those standards require that we perform work necessary to verify the consistency of the information that we have been given with the original documents from which the information is drawn.

AGREEMENTS AUTHORIZED DURING THE FINANCIAL YEAR

With JCDecaux SA

Nature and purpose
Your Supervisory Board meeting held on March 15, 2005, authorized the payment to Mr. Gérard Degonse, a Member of the Executive Board, of retirement indemnities equivalent to two years of his fixed and variable salary, including indemnities provided for under French law and a non-competition indemnity, in the event that his employment contract should be terminated by the Company.
Related party concerned: Mr. Gérard Degonse, Member of the Executive Board.

Nature and purpose
Your Supervisory Board meeting held on March 15, 2005, authorized the redefinition of the terms and conditions for calculating the pension due to Mr. Jeremy Male. This pension will be equal to 15 % of his total salary and bonuses.
Related party concerned: Mr. Jeremy Male, Member of the Executive Board.

With JCDecaux Salvador

Nature and purpose
Your Supervisory Board meeting held on December 9, 2005, authorized the forgiveness of debt by JCDecaux S.A. in favor of its subsidiary JCDecaux Salvador (Brazil) for a maximum amount of € 2 million. This forgiveness of debt is subject to a return to profit clause.

Terms and conditions
As of December 31, 2005, JCDecaux SA had forgiven debts for an amount of €1.3 million in favor of JCDecaux Salvador.

With JCDecaux do Brasil

Nature and purpose
Your Supervisory Board meeting held on December 9, 2005, authorized the forgiveness of debt by JCDecaux S.A. in favor of its subsidiary JCDecaux do Brasil (Brazil), for a maximum amount of €400k. This forgiveness of debt is subject to a return to profit clause.

Terms and conditions
As of December 31, 2005, no debt had been forgiven.

With IPDecaux

Nature and purpose
Your Supervisory Board meeting held on December 9, 2005, authorized the forgiveness of debt by JCDecaux S.A. in favor of its subsidiary IP Decaux (South Korea), for a maximum amount of € 2.2 million. This forgiveness of debt is subject to a return to profit clause.

Terms and conditions
As of December 31, 2005, no debt had been forgiven.

Furthermore, in accordance with the French Decree of March 23, 1967, we have been advised that the following agreements, approved in prior years, remained effective in the year ended December 31, 2004.

With JCDecaux Argentina

Nature and purpose
Your Supervisory Board meeting held on December 13, 2002, authorized the forgiveness of debt by JCDecaux S.A. in favor of its subsidiary JCDecaux Argentina for an amount of USD 0.9 million. This forgiveness of debt is subject to return to profit clauses, should the subsidiary's net equity exceed the amount of share capital before December 31, 2007.

Terms and conditions
As of December 31, 2005, the conditions for the effect of the return to profit clauses have not been met.

Related party concerned
JCDecaux S.A. as shareholder of JCDecaux Argentina

With JCDecaux Street Furniture (Australia)

Nature and purpose
Your Supervisory Board meeting held on December 13, 2002, authorized the forgiveness of debt by JCDecaux S.A. in favor of its subsidiary JCDecaux Street Furniture (Australia) for an amount of AUD 14 million. This forgiveness of debt is subject to return to profit clauses, should the subsidiary's net equity exceed the amount of share capital before December 31, 2007.

Terms and conditions
As of December 31, 2005, the conditions for the effect of the return to profit clauses have not been met.

Related party concerned

JCDecaux S.A. as shareholder of JCDecaux Street Furniture (Australia)

With JCDecaux Australia

Nature and purpose
Your Supervisory Board meeting held on December 13th, 2002, authorized the forgiveness of debt by JCDecaux S.A. in favor of its subsidiary JCDecaux Australia for an amount of AUD 2.7 million. This forgiveness of debt is subject to return to profit clauses, should the subsidiary's net equity exceed the amount of share capital before December 31, 2007.

Terms and conditions
As of December 31, 2005, the conditions for the effect of the return to profit clauses have not been met.

Related party concerned
JCDecaux S.A. as shareholder of JCDecaux Australia

With JCDecaux Norge

Nature and purpose
Your Supervisory Board meeting held on December 13, 2002, authorized the forgiveness of debt by JCDecaux S.A. in favor of its subsidiary JCDecaux Norge for an amount of €1.3 million. This forgiveness of debt is subject to return to profit clauses, should the subsidiary's net equity exceed the amount of share capital before December 31, 2007.

Terms and conditions
As of December 31, 2005, the conditions for the effect of the return to profit clauses have not been met.

Related party concerned
JCDecaux S.A. as shareholder of JCDecaux Norge

Paris and Neuilly-sur-Seine, March 14th 2006

The Statutory Auditors

FIDUCIAIRE REVISUNION MAZARS		BARBIER FRINAULT & AUTRES
Claude Chezaud	Michel Rosse	Gilles Galippe

REPORT ON THE REPORT PREPARED BY THE CHAIRMAN OF THE SUPERVISORY BOARD DEALING WITH INTERNAL CONTROL PROCEDURES RELATING TO THE PREPARATION AND TREATMENT OF FINANCIAL AND ACCOUNTING INFORMATION

The following report is a free English translation for convenience purposes only of the original report in French language, which has been prepared pursuant to the new requirements under the August 1, 2003 French Financial Security law. The procedure and practices utilised by the statutory auditors in France with respect to the report prepared by the Chairman referred to hereabove may differ from these generally accepted and applied by auditors in other countries with respect to internal control.

To the Shareholders of JCDecaux S.A.,

In our capacity as Statutory Auditors of JCDecaux S.A., and in accordance with article L.225-235 of the French Commercial Code, we hereby report to you on the report prepared by the Chairman of your company in accordance with Article L. 225-68 of the French Code of Commerce for the financial year ended December 31, 2005.

It is for the Chairman to give an account, in his report, of the conditions in which the tasks of supervisory board are prepared and organized and the internal control procedures in place within the company.

It is our responsibility to report to you our observations on information given in the Chairman's report on the internal control procedures relating to the preparation and processing of financial and accounting information.

We conducted our work in accordance with the professional guidelines applicable in France. These guidelines require that we assess the fairness of information given in the report prepared by the Chairman of the Supervisory Board, on the internal control procedures relating to the preparation and processing of financial and accounting information. We have:

- obtained an understanding of the objectives and general organization of internal control, as well as the internal control procedures relating to the preparation and processing of financial and accounting information, as set out in the Chairman's report; and
- obtained an understanding of the company's procedures supporting the information given in the Chairman's report.

On the basis of the procedures we have performed, we have no matters to report in connection with the information given on the internal control procedures relating to the preparation and processing of financial and accounting information, contained in the Chairman of the supervisory board's report, prepared in accordance with article L.225-68 of the French Code of Commerce.

Paris and Neuilly-sur-Seine, March 14th, 2006

The Statutory Auditors

FIDUCIAIRE REVISUNION MAZARS — **BARBIER FRINAULT & AUTRES**

Claude Chezaud — Michel Rosse — Gilles Galippe

PERSON RESPONSIBLE FOR THE ANNUAL REPORT AND PERSONS RESPONSIBLE FOR THE AUDIT OF THE FINANCIAL STATEMENTS

1. PERSON RESPONSIBLE FOR THIS DOCUMENT

Mr. Jean-François Decaux,
Chairman of the Executive Board of JCDecaux S.A.

2. CERTIFICATE OF THE PERSON RESPONSIBLE FOR THIS DOCUMENT

"I hereby certify, after taking every reasonable step for such purpose, that the information contained in this Annual Report is, to my knowledge, true to reality and does not omit any information required to make it not misleading.
I have obtained from persons legally responsible for auditing the financial statements a "*lettre de fin de travaux*" in which they state that they have conducted an audit of the information relating to the financial condition and accounting data in this Annual Report, as well as having read the entire Annual Report. The historical financial information presented in this Annual Report has been the subject of a report by the statutory auditors, indicated on page 192 of this Annual Report, which contains a comment."

April 6, 2006

Jean-François Decaux
Chairman of the Executive Board

3. PERSONS RESPONSIBLE FOR THE AUDIT OF THE FINANCIAL STATEMENTS AND FOR INVESTOR INFORMATION

PRINCIPAL STATUTORY AUDITORS
Barbier Frinault & Autres
Affiliated with Ernst & Young
41, rue Ybry
92200 Neuilly-sur-Seine
represented by Mr. Gilles Galippe,
appointed on 20 June 2000, the engagement of which will expire at the General Meeting of Shareholders reviewing and approving the financial statements for the fiscal year ended 31 December 2005.

Fiduciaire Révisunion
Affiliated with Mazars
169, boulevard Malesherbes
75017 Paris
represented by Mr. Claude Chezaud,
appointed on 25 April 1980, the engagement of which will expire at the General Meeting of Shareholders reviewing and approving the financial statements for the fiscal year ended 31 December 2005.

ALTERNATE STATUTORY AUDITORS
Mr. Christian Thelier
141, avenue de Wagram
75017 Paris
appointed on 23 May 2002, the engagement of which will expire at the General Meeting of Shareholders reviewing and approving the financial statements for the fiscal year ended 31 December 2005.

Mr. Maxime Petiet
41, rue Ybry
92200 Neuilly-sur-Seine
appointed on 20 June 2000, the engagement of which will expire at the General Meeting of Shareholders reviewing and approving the financial statements for the fiscal year ended 31 December 2005.

PERSON RESPONSIBLE FOR SHAREHOLDER AND INVESTOR INFORMATION
Alexandre Hamain
Manager for Investor Relations and Financial Communications
Telephone: +33 1 30 79 43 77
Fax: + 33 1 30 79 77 91

STATUTORY AUDITORS' FEES

Fees of statutory auditors and their associates

(in thousands of euros, except percentages)	Ernst & Young				MAZARS			
	2005	**2004**	**2005**	**2004**	**2005**	**2004**	**2005**	**2004**
Statutory Audit, Review and Certification of Consolidated and Individual Financial Statements	1,199	1,504	88%	94%	625	402	90%	97%
Other services	165	95	12%	6%	70	12	10%	3%
TOTAL	**1,364**	**1,599**	**100%**	**100%**	**695**	**414**	**100%**	**100%**

Barbier Frinault accounts for 66% of the fees of the Statutory Auditors and the member firms of their network paid by our Group. Barbier Frinault is a member of the international firm of Ernst & Young and, as a result, is involved in auditing the local financial statements in 20 countries, including France (together with Fiduciaire Révisunion/Mazars). Barbier Frinault is also responsible for auditing the consolidated financial statements of JCDecaux SA (together with Fiduciaire Révisunion/Mazars). At the time of consolidation, Barbier Frinault ensures international coordination.

Fiduciaire Révisunion/Mazars, which accounts for 34% of the fees of the Statutory Auditors, and members of their network paid by our Group, is responsible for auditing the consolidated and corporate financial statements of JCDecaux SA (together with Barbier Frinault) and is involved in auditing local financial statements in 6 other countries.

Other services provided by Barbier Frinault consist essentially of various assignments in connection with partnership transactions or acquisitions.

This document constitutes the English language translation of JCDecaux's 2005 *Document de référence*, which was filed with the French *Autorité des marchés financiers (AMF)* on 7 April 2006, as provided in Article 212-13 of the Rules and Regulations of the *Autorité des marchés financiers*. It may not be used to support a financial transaction unless it is completed with an operation note approved by the *Autorité des marchés financiers (AMF)*.
Only the French version of the 2005 *Document de Référence* is legally binding.

This document was produced by
JCDecaux SA's Corporate Finance Department/Financial Communications
and Investor Relations

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