



Sustainable Development and Activity Report

2005, A year of advances

44,860

employees

Average 2005 staffing levels in firms where the RATP Group has an at least 50% capital interest

10

**million
passengers
a day**

€3.6 billion

**in revenues under management
inc. €3.4 billion in
consolidated revenues**

WE'VE ADVANCED...

SUMMARY

Key facts 6

Interview of the President 8

Corporate governance 10

**€549
million**

in cash flow generated

**€816
million**

in investments

**€56
million**

in Group share of net profits

Enriched by the competencies and input of the nearly 45,000 persons it employs to engineer, maintain and operate a full range of public transportation modes, the RATP Group harbours serious ambitions in the area of sustainable development. Its vocation as a fully-fledged business and national Public Sector Company is to become a French champion of excellence in the Ile-de-France Region, elsewhere in France and all across the world.

Running public transportation and urban mobility services in markets that are in the process of being opened to competition, the RATP Group is constantly attempting to act more innovatively and show greater responsiveness to all its customers' needs in order to provide them with greater levels of service quality.

Rooted in a public service ethos and committed to corporate social responsibility, RATP and its subsidiaries also seek to implement their resources in an efficient and economic manner, thereby achieving **constant improvement** in all entities' performances.

Service quality 14

Sustainable projects 30

Overall performance 42



TRAJECTORY





In 2005, RATP and its subsidiaries successfully pursued **the Group development and emergence** path traced in its 2004-2007 Business Plan.

“Advancing Together” had organised RATP’s actions around four main axes:

- Demonstrate the exemplary nature of its services and economic performance by fully satisfying the objectives of the 2004-2007 STIF (Ile-de-France Transit Authority) contract that supplies the Group with a platform as well as a window for its activity.
- Adapt service responsively to customers’ changing expectations by working constantly to enhance reliability, user-friendliness and attentiveness.
- Develop activities in the Ile-de-France Region, France and abroad through reinforced competitiveness.
- Embody a sense of responsibility towards future generations by strengthening the durability of the Group and its activities.



Panorama

2005: a constructive year with progress towards increasingly **sustainable performances**.

INNOVATIVE PASSENGER SERVICE QUALITY INITIATIVES

Commitment to supply **passenger service and information** when traffic interruptions are predicted on the Ile-de-France network. / Launch of a vast commercial programme called "RATP hears you loud and clear" for a more intimate, more individualised and modern service enjoying the latest technologies. 5-year action plan involving €100 million in investments, 6,000 staff members and 100,000 hours of training. Commercial innovations: experimentation with **new communicating mobile terminals** to benefit staff members. / **New Navigo pass** top-up services at CIC-Crédit Mutuel cash points. / **On-line Agency** for Internet-based season ticket sales.

RECORD INVESTMENTS

€816 million invested in 2005, including **outlays** not covered by the State-Region Planning Contract programme but entirely paid for with Group cash flow. / Ile-de-France: Metro technical **modernisation** programme entered its concretisation phase: contracts signed with Alstom for purchase of trains, and with Siemens for Line 1 automation systems. / Work started on progressive installation of the new **Ouragan** operating system on Lines 13, 5 and 9. / Modernisation of bus fleet with an order for 490 **new buses** in Ile-de-France. / **Acquisition** of Cars Perrier and larger capital interest taken in Promo Metro and Orlyval subsidiaries.



A WHOLE HOST OF PROJECTS CARRIED OUT ON BEHALF OF PUBLIC SECTOR ENTITIES AND ORGANISING AUTHORITIES

Record activity levels in **engineering** and prime contracting: seven pre-projects adopted in Ile-de-France in 2005 under the aegis of the State-Region Planning Contract, with seven tram or Metro projects now underway. / Responsive reinforcement of STIF-stipulated service provision with operation of seven **Mobilien** lines, implementation of dual carriage trains on T2 tramline and renewal of the night bus system (launch of 35 **Noctilien** routes, including 27 RATP-run services). / Successful launch of **Flexcité 94**, a new transport service in Val-de-Marne County for persons with reduced mobility^(GC). / Outside of France, responsible for running the **Casablanca** bus network.

NEW CORPORATE RESPONSIBILITY COMMITMENTS

Energy policy launched together with cross-departmental action plans aimed at reducing consumption of electricity and greenhouse gas emissions. / Renovation of **Corporate Governance**^(GC) through modification of Board of Directors' internal by-laws. / New advances in **social dialogue** with 29 protocol agreements signed in 2005.

IMPROVED GROUP PERFORMANCE

High activity levels and good performance in 2005. New **traffic records** for RATP Public Sector Company with 2.813 billion passengers, a satisfactory rise in revenues (+4.1% to €3.43 billion) and above all sharply higher **cash flow** (+13.2% to €549 million) with a doubling of the Group's share of net profits (€56.8 million in 2005). / Continued development outside of France with a major contract in **South Africa**. / New RATP Public Sector Company pension funding channels established with a view towards to creation of a managed **pension scheme** bilaterally leaving statutory personnel's current rights unchanged.



Since 2003, RATP has ascribed to the principles of the United Nations « Global Compact », a pact based on ten principles derived from the Universal Declaration of the Rights of Man, the International Labour Organisation's core precepts and the conclusions of the Rio Summit on the Environment and Sustainable Development. A (GC) picture indicating actions taken in response to RATP's Global Compact commitments in the text of the activity report.

We're continuing to advance

2005 was a good year for RATP. We achieved record results and advanced in many constructive ways in terms of passenger service and adapting to changes in our environment. 2006 will continue to prioritise the search for **global performance**, even as we launch new initiatives demonstrating that remain the best partners for local authorities.



Anne-Marie IDRAC
President-Director General



Beyond these strong results, in what way was 2005 particularly constructive?

condition if we want to self-fund our unprecedented levels of investment without adding to our debt. But the RATP Group can also be proud of the many other constructive advances it achieved last year, starting with passenger service quality, an area where we launched a vast commercial programme and successfully implemented our service guarantee in case of strike-related

aging our know-how, diversifying our sources of growth and benefiting from the opening of a world market for public transportation are starting to translate into concrete outcomes. Working outside of the RATP Public Sector Company, the RATP Group does engineering work

notably due to uncertainty about energy prices. One of the initiatives we have begun in collaboration with our public sector partners is the search for sustainable investment financing solutions. At the same time, we are mobilising to increase our funding levels, due to the fact that our self-financing capabilities remain insufficient if we want to continue to help funding the

2005's results were based on strong growth thanks to group efforts to bolster activity levels and improve management. Sufficient profitability is pre-

traffic interruptions. Work also advanced on a number of technical modernisation projects. Secondly, there has been a further development of our networks in both Ile-de-France and elsewhere. Lastly, 2005 can also be considered constructive because of the work done to adapt to changes in our environment, notably the reform of our pension system funding channels but also the creation of Xélis, our own in-house engineering subsidiary.

You published a "Group" activity report for the first time this year. What does this change symbolise?

In an constantly evolving institutional and competitive setting, we have reaffirmed our vocation as a public transportation service company with operations in every location, business and mode – plus our ambition as a national public sector company to become a French champion of excellence both at home and abroad. Our strategy is starting to bear fruit. Actions aimed at lever-

and also acts as a system operator in Italy, Germany (where Eurailco, our joint venture with Transdev, tendered successfully on a major regional rail contract in 1Q 2006), Greece and Morocco. We also won a few new contracts in 2005, including one in South Africa. The RATP Group is starting to take shape and be structured. Together with its subsidiaries, it now constitutes a meaningful and profitable unit. The emerging reality that first became recognisable in 2005 is destined to amplify in the years to come.

Speaking about the future, what do you expect for 2006?

2006 will also continue to prioritise the search for global performance at the economic, social and environmental levels. Our activity should develop further both in Ile-de-France and elsewhere. We will still be doing our utmost to enhance service quality and are committed to promote a kind of development that respects the needs of future generations. At an economic level and after two years of rapid growth in profits, we believe that 2006 will be a year of consolidation

development of our transportation provision as we have been doing up until present.

Profitability, international activity, normalisation: RATP has begun to act like a fully-fledged business.

What are the main issues you face at present?

The adaptation of our Company remains an ongoing challenge. The absolute priority is to continue to improve service quality. Moreover, in an institutional context that never stops evolving, we need to work hard to prove that the RATP Group remains the best of all partners for local authorities. At a technical level, of course, but also with regards to innovation and value-for-money. All of which means that we will continue to highlight productivity efforts whilst mobilising everyone for innovation. After all, these are the best ways to guarantee our future development. I know that I will be able to count on RATP's men and women to all do their best, as they always have done.



An evolving organisation

As a Public Sector Industrial and Commercial Organisation with the French State as its shareholder, RATP has developed its modus operandi to achieve the **greater modernity** expected of a fully-fledged business. Today it is equipped with administrative and organisational entities ensuring that it complies with general rules of corporate governance, transparency and management performance.



EXECUTIVE COMMITTEE

**Alain
LE DUC**

Head of Finance,
Economic
Performance

**Jean-Marc
JANAILLAC**

Director General,
Group
Development

**Philippe
MARTIN**

Head of Finance,
Economic
Performance

**Anne-Marie
IDRAC**

President-
Director
General

**Josette
THEOPHILE**

Deputy Director
General, Social
Innovation

**Yves
RAMETTE**

Deputy Director
General,
Transportation

**Laurence
EYMIEU**

Chief of Staff,
Public Affairs



For several years now and again in 2005, RATP and the French State Authorities with responsibility for supervising corporate governance and transportation organisation in the Ile-de-France Region have implemented major changes to clarify the roles and responsibilities of all interested parties. In 2001, a contractual link was established between RATP and STIF, its Ile-de-France Organising Authority. First the Region entered STIF's Board of Directors in 2001, followed in 2005 by STIF's complete decentralisation¹, with this Transit Authority henceforth being piloted by elected officials from the Ile-de-France Region. Everyone's roles have been clarified now: the State acts as shareholder; the Company provides public transportation services on a contractual basis; and the Organising Authority is comprised of elected officials that prescribe the demand for transportation.

BOARD OF DIRECTORS

RATP's Board of Directors, which was renewed by decree in July 2004 for a 5-year term, is comprised of 27 members representing the Company's main stakeholders and chaired by Anne-Marie Idrac, President-Director General since September 2002.

In early 2005, RATP's Board of Directors adopted new internal by-laws. These modified its work organisation; affirmed the strategic nature thereof; redefined the respective attributions of

the commissions responsible for preparing Board proceedings to optimise their coherency; specified the role played by the Audit Committee; and adapted certain procedures, particularly relating to the organisation of market contracts and control over subsidiaries⁽⁶⁰⁾. Details concerning the organisation and functioning of the Board of Directors are presented in the President's Report on the conditions circumscribing the preparation and organisation of Board of Directors' proceedings, and on internal control procedures, for the year closing 31 December 2005.

BOARD MEMBERS

2004-2009 Mandates

States representatives

Christian Dors, *Ministry of the Interior*

Christian de Fenoyl, *Ministry for Transportation, Equipment, Tourism and Maritime Affairs*

Hugues Bied-Charreton, *Ministry for Economy, Finance and Industry*

Jean-Louis Girodolle, *Ministry for Economy, Finance and Industry*

Pierre Graff, *Ministry for Transportation, Equipment, Tourism and Maritime Affairs*

Henri Lamotte*, *Ministry for Economy, Finance and Industry*

François-Régis Orizet, *Ministry for Transportation, Equipment, Tourism and Maritime Affairs*

Jean-Pierre Giblin, *Ministry for Transportation, Equipment, Tourism and Maritime Affairs*

Claude Villain, *Ministry for Economy, Finance and Industry*

* Henri Lamotte has replaced M. Bertrand de Cordoue (decree dated 15/04/2005).

1. Became operative on 1 July as per the stipulations of the Law dated 13/08/2004 and decree dated 10/06/2005 concerning STIF's regionalisation.

Elected officials from municipalities or groups of municipalities impacted by company's activity

Denis Badré, *Senator-Mayor, Ville d'Avray*
Michel Herbillon, *Member of Parliament-Mayor, Maisons-Alfort*

Representative of Ile-de-France Regional Council, nominated by Council President

Gabriel Massou, *Ile-de-France Regional Council*

Representative of Paris City Council, nominated by Council President

Charlotte Nenner, *Paris City Council*

Leading figures from the business world

Thierry Chambolle, *SUEZ Group*
Claude Leroi, *President, CCIP Banking Group (Hauts-de-Seine County)*

User representatives

Lucien Bouis, *National Union of Family Associations (UNAF)*
Yves Boutry, *National Federation of Transportation User Associations (FNAUT)*

Individual chosen for his/her personal competencies in the field of transportation:

Anne-Marie Idrac

Elected staff representatives (supported by)

Jean-Pierre Charenton, *CFE-CGC List*
François Gillard, *CGT List*
Étienne Le Fur, *CGT List*
François-Xavier Manzano Mata, *CGT List*
Paul Mépa, *FO List*
Daniel Moreau, *CGT List*
Jean-Louis Ringuedé, *Autonomous Union list (SAT-GATC-SAM)*
Patrick St Ges, *Autonomous Union list (SAT-GATC-SAM)*
Gilbert Thibal, *CGT List*

OTHER PERSONS ATTENDING BOARD MEETINGS

Board members

Patrice Raulin, *French Government Commissioner*
Alain Briffod, *Head of the Mission for the Economic and Financial Control of Transportation*

Board secretary

Laurence Eymieu, *Chief of Staff*

Board attendees

Jean-Marc Janaillac, *Director General, Development Group*
Alain Le Duc, *Head of Finance*
Philippe Martin, *Deputy Director General*
Yves Ramette, *Deputy Director General*
Josette Théophile, *Deputy Director General*
Marc Grassullo, *CRE Secretary*

List published on 31/12/2005

COMMISSIONS AND COMMITTEES

Board of Director proceedings are prepared by two **Permanent Commissions**:

- Development and Technical and Technological Modernisation Commission, chaired by Jean-Pierre Giblin
- Economic and Strategic Commission, responsible for monitoring the RATP/STIF Contract and any amendments, plus the Company Business Plan, chaired by Christian de Fenoyl

An **Audit Committee**, comprised of six Board Members and chaired by Thierry Chambolle, is responsible for advising the Board, notably in regards to Company accounts, consolidated accounts, and the reliability of the information systems used for their preparation ^(GC).

STRATEGIC ORIENTATION COUNCIL

This was created in March 2005 to replace the former Scientific and Strategic Advisory Council. Comprised of ca. 15 individuals with a variety of experiences and backgrounds, it assists Senior Management in its long-term thinking by providing viewpoints sourced from outside the Company. The Council proved its worth this year by its contributions in the field of service innovation..

EXECUTIVE COMMITTEE

Anne-Marie Idrac, *President-Director General*
Laurence Eymieu, *Chief of Staff, Public Affairs*
Jean-Marc Janaillac, *Director General, Group Development*
Alain Le Duc, *Head of Finance, Economic Performance*
Philippe Martin, *Deputy Director General, Spaces, Services and Sales*
Yves Ramette, *Deputy Director General, Transportation*
Josette Théophile, *Deputy Director General, Social Innovation*

Gilles Alligner, *Head of Communications, also attends Executive Committee meetings.*



GENERAL ORGANISATION OF THE COMPANY

The organisation of the Company and of the Group embodies a dual objective of performance and cross-departmental transversality. Decentralisation is the rule underlying RATP's organisation. Each position is part of an operational, technical or specialised unit that is subsumed into a department. The Company's General Management is conducted by its 6-member Executive Committee on a collective basis, under the supervision of the President. Department Directors, whose next level colleagues are all responsible for the main issues the Company faces, dealing with them by means of a cross-departmental management system. These principal issues are transport reliability; desired levels of service quality and receipts; development; economic performance; social innovation; and the Company's external



positioning. Eight cross-departmental General Delegations round out this system. Lastly, the internal audit, general inspection and general safety control functions report directly to the President's Office.

THE DEPARTMENTS

Buses, François Saglier
Metro Spaces and Services, Fernand Sebban
Metro Transportation and Services, Serge Lagrange
RER Regional Express Train Network, Jérôme Martres
Environment and Safety, Alain Caire
Bus Rolling Stock, Emmanuel Tramond
Rail Rolling Stock, Jacques Flahaut
Transportation Equipment and Systems, Didier Bense
Equipment Maintenance and Spaces Systems, Jacques Bancelin
Information and Telecommunications Systems, Janick Taillandier
Projects and Premises Engineering, Francis Guittonneau

Sales, Michel Binet
Social Management and Innovation, Josette Théophile
Property, Rémi Feredj
Development and Territorial Actions, Pascal Auzannet
Management Control and Finance, Alain Le Duc
Purchasing and Logistics, Olivier Duthuit
Legal Affairs, Daniel Chadeville
Communications, Gilles Alligner

GENERAL DELEGATIONS

Rail Engineering, Jean-Maurice Bidault
Research and Innovation, Françoise Duchézeau
Senior Managers, Simone Soulas
Quality, Pierre Weil
STIF Contract, Jean-Pierre Balladur
Transportation Spaces and Intermodality, Laurent Méret
Institutional Strategy, Claude Masson
Sustainable Development, Didier Tournot
CONTROL ENTITIES
Internal Audit / General Inspection, Yves Baudiffier

General Safety Controller, Alain Caire

MEDIATOR

Cyrille de la Faye, **Chief of Staff**

List compiled on 31/12/2005

RATP FOUNDATION FOR CITIZENSHIP

President, Anne-Marie Idrac
Secretary General, Marie-Hélène Pierres

The Foundation's Activity report is available on demand.



Service quality

***TAKING THAT EXTRA STEP
FOR OUR CUSTOMERS'***
CUSTOMERS

As a benchmark in public urban and semi-urban transport services, RATP and its teams are geared to offer passengers a reliable, user-friendly and attentive daily service that also satisfies institutional customers' demands. In 2005, this quality ambition translated into several major action programmes, and to a record level of investment in transportation modernisation. RATP seeks to satisfy passenger demands for safe mass transportation and for individualised local services.



RATP is reconfiguring its **commercial spaces** to enrich the employee/passenger relationship. By yearend 2005 there were already 17 Proximity Service Points in the Metro and three more in RER Regional Express Network stations.

RATP is counting on **mobile telephony** to explore new services offering information, geo-location, validation and top-up facilities. Advances have also been made in rail network coverage which reached 50% by yearend.

With 40 million hits and 50% more visitors in 2005, the **www.ratp.fr** website has confirmed passengers' interest in remote information services.

The first step: offering reliability on a daily basis

Committing to service continuity

Reinventing the passenger relationship

Constantly improving information provision

Investing at a high level

Modernising the Metro

Building a high-performance bus fleet

Welcoming spaces

The first step: offering reliability on a daily basis

Renewing the exploit day in day out, RATP's people and machines are always on hand to enable millions of passengers to travel in conditions of maximum reliability and of safety. To face these daily challenges, the Company continued to adapt its organisation in 2005.

Carrying around **10 million passengers** daily across its Ile-de-France multimodal integrated network; restoring the bus network in a 4.5 million person agglomeration like Casablanca; ensuring reliable public transportation on the scale of an entire metropolitan area – RATP sees missions of this sort as its starting point^(GC).

A complex vocation, a daily requirement

Missions of this ilk imply the mobilisation and co-ordination of many types of engineering, operational and maintenance know-how, to be implemented by both technical and commercial teams. Moreover, service quality, secure operations and personal safety can only be ensured through adaptation. RATP's teams possess

these competencies, which are so indispensable for the proper functioning of an integrated network.

New advances in quality management

Quality management is the cornerstone underlying RATP's reliability, with 79% of the Company's activities having been certified by yearend 2005. RATP is a pioneer in this domain, being one of the driving forces behind the **NF service** passenger transportation standard that has gained widespread recognition across France and Europe. There has been a steady generalisation of various service, industrial process and environmental quality approaches since 2000. New achievements in 2005 included a world first in the transportation sector when

Metro Line 14 received an "Integrated management system" certification. The Company was also awarded its first cross-departmental **ISO 9001** certification for the "Project Management Process" it applies to its pre-studies and preparatory schemes; line project prime contracting work; and cost and traffic assessments. Note also the launch of an ISO 9001 industrial certification process for Metro Line 13, a first for an operational unit.

Dealing with dysfunctions proactively

RATP fulfilled all of its STIF service output commitments on each of its sub-networks in 2005. This result is the fruit of an ongoing effort to find solutions to any dysfunctions that may arise. Several major

Reliability

RATP's STIF contract binds it to quantitative transport provision objectives that it fulfilled on each of its sub-networks in 2005. These highly satisfying results highlight the Company's deeply ingrained sense of reliability.

2005	2005 Production*
Metro	43.90
RER A	8.05
RER B	4.09
TCSP	3.77
PDU Urban Travel Plan Lines	51.14
Suburban Lines	62.46
Paris Lines	24.07

* In millions of km travelled.

CASABLANCA

*In 2005, the RATP Group piloted **THE RESTORATION OF THE CASABLANCA BUS NETWORK**, acting via M'dina Bus, a company that is 20% owned by RATP Développement (hereafter translated as RATP Développement). A major resource management and renovation effort was undertaken on behalf of this dysfunctional network, including more than 1,000 people hired between 2004 and 2006, 10,000 days of training, in-depth infrastructure assessment studies, premises and industrial equipment modernisation initiatives and an order for 800 new buses (including an initial delivery of 200 units). As a result and despite the difficulties faced, service improved seriously in Casablanca, with the operational bus fleet rising from 30 vehicles in November 2004 to nearly 500 at present.*



steps were taken in 2005 to improve the situation on the **T1 Surface tramway**, which crosses 52 intersections and whose running speeds and frequencies have been deemed unsatisfactory. A closer co-ordination with stakeholders to adjust traffic light rights-of-way and a general mobilisation for better continuous adjustments led over the course of the year to some initial improvements in the trams' regularity, and to a reduction in the number of km lost.

Encouraging security and safety for all

One of a network operator's other daily concerns is the safety of persons and installations ⁽⁶⁹⁾. RATP teams continue to enjoy a very efficient operational co-ordination with the police, deepening their close relations with the Ile-de-France regional rail network transport police and with inner and outer suburban county public safety departments. The effectiveness of this co-ordination is something that can be measured. In 73.6% of all incidents in 2005, police or RATP Network Protection and Security Group (GPSR) staff members took fewer than 10 minutes to intervene. Another factor was **security personnel's** increased visibility. GPSR, for example,

dispatched an average of 87.6 teams daily across the network. As a technological complement to human responses, more video-protection systems were installed, helped by the joint financial efforts of STIF and the Ile-de-France Region. By yearend, RATP had fit a total of 17,000 cameras on 4,000 Ile-de-France network buses. There was also progress on the rail network, where the aim is to install 6,000 protection network-linked digital video cameras by 2008.

Ensuring public service under all circumstances

Ile-de-France operations went through some very sensitive times in 2005, notably in the wake of autumn's **urban violence**. As frontline territorial actors, RATP and its personnel, starting with bus drivers, ticket controllers and security personnel, found themselves right in the middle of the events, although thankfully no staff member received serious injury. RATP was the object of 291 acts of vandalism, including 11 attempted or actual fires; 122 buses were damaged, including four RATP buses that were entirely burned; and 23 SQYBUS network buses were destroyed by arson. In this context, RATP and its teams (operatives and managers together) co-ordinated efficiently with the police to

prepare and implement in real-time the measures needed to guarantee passenger and staff member safety whilst ensuring the continuity of public service. Such measures included deviations for certain routes, bus stop alterations and sometimes shutting routes down prematurely. The SQYBUS subsidiary, whose activity was paralysed by a bus depot fire, received replacement vehicles within 24 hours.

New tools for a continuous increase in efficiency

The efficient running of a transportation system also requires a constant improvement in its tools' performance. In the field of telecommunications, 2005 was marked, for example, by the completed **modernisation of the 3RD radio network** that provides a platform for constant data exchanges between vehicles moving across the surface network and the Aigle/altair location servers. In certain stations along Metro Lines 2 and 11, RATP also conducted a series of technical tests on its Tetra system, the future digital radio network that will support all of its Ile-de-France network's radiophony needs. Another crucial performance lever and a pillar of operational safety is materials **▶▶▶**



SYMPHONIE PROJECT



and equipment maintenance. Besides from the continuous adaptation that coincides with the arrival of new equipment, RATP has conducted a major tele-maintenance project to facilitate the detection and/or signalling of breakdowns or alarms; enact tele-diagnostic procedures; and programme or undertake remote interventions, all with a view towards improving assets' availability. Note this year the progress made by the **Symphonie project** that will help RATP to pilot the computerisation of its station equipment, and which is already up and running in six Line 11 stations. Then there is the Toscane project installed this year on Lines 11, 1 and 4, a spaces and premises equipment tele-supervision tool that will in time help to manage the maintenance of 25,000 items of equipment. Additionally, two new **surveillance centres** (at Etoile and Nation stations) have now become fully operational

and will not only secure RATP's spaces but also provide remote guidance for intercom and sound networks; escalators; ventilation; video-protection systems; payment counters; and ticket vending machines. These projects interface with the Computer Assisted Maintenance Management system implemented in 2005, and whose deployment will be completed in 2006, enabling a centralised supervision of purchasing, inventory management and premises maintenance scheduling across the whole of the Company.

An ongoing effort to improve the management of activity-related risks

At the heart of RATP's culture is risk management, a constant priority for the whole of the Company. To improve its response to this permanent preoccupation, the Company deploys a formalised and

continuous process that analyses and manages activities and worst case project risks. A General Safety Controller reporting directly to the President's Officer monitors the whole safety process, in particular where this involves the rail system, the possibility of fire, goods or persons, information systems or the **prevention of natural and environmental risks**⁽⁶⁰⁾.

RATP's first move in 2005 was to strengthen its regulatory position, specifically in regards to its system risk control policy. It also renewed its risk mapping process. Several audits were carried out with a view towards improving cross-departmental prevention approaches to problems like flood or the ventilation of underground operating premises. As for the risks of terrorism, 2005 was a year for closer collaboration with different State entities in charge of minimising any adverse effects. ■

FEEDBACK



FOLLOWING A FIRE THAT BROKE OUT AT SIMPLON METRO STATION when the tire on a MP59 Metro train carriage burst into flames, RATP implemented a complete action plan. This incident, which thankfully had no serious after-effects thanks to staff members' responsiveness and appropriate reactions (providing information, cutting the electric current and evacuating passengers), was followed by a series of concrete measures relating to rolling stock; electrical circuits; the composition of tires; platform access doors; ventilation and smoke removal systems; and fire brigade information and cooperation procedures. Feedback from this event is another key factor in the progress that RATP made in 2005⁽⁶⁰⁾.

The first step: offering reliability on a daily basis

Committing to service continuity

Reinventing the passenger relationship

Constantly improving information provision

Investing at a high level

Modernising the Metro

Building a high-performance bus fleet

Welcoming spaces

Committing to service continuity

RATP is well ahead of itself, as witnessed by the new contractual commitment to provide service and passenger information on its Ile-de-France network in case of any expected interruptions in traffic. This very innovative measure was enabled by the high quality social dialogue that RATP has promoted ever since the policy first came into effect.

In line with an overall approach that highlights dialogue and co-construction, in 2005 RATP made a **pioneer commitment** to provide specified service and information levels on its Ile-de-France network in times of strikes.

This approach mainly concretised in RATP's agreement with 17 consumers associations to amend the consultation protocol that had governed their relations since 1996⁽⁶⁰⁾. The change is intended to improve passenger information whenever the Company's conflict prevention approach is unable to prevent work stoppage-related traffic interruptions.

Committing to a sustained level of information

A complete passenger information system has been installed and becomes operative when-

ever a major interruption is on the cards:

- 48 hours beforehand: announcement of the interruption, with detailed information provided within 24 hours;
- The day before: information on the interruption's nature and location broadcast on local and national media and on all RATP info channels, including the networks themselves;
- The actual day, from 6 AM onwards: **precise information** on the state of service on each line via the same media channels, supplemented by special phone-lines. Continuous real-time updates, with the general public being immediately told, for example, if service returns to normal.

Contractually guaranteeing transport service levels

The commitment to inform was bolstered

in June 2005 when RATP agreed an amendment to its 2004-2007 STIF contract **guaranteeing minimum service levels** of at least 50% of the reference service when a strike warning has been given. As daily penalties of up to €1.71 million can be levied in case of non-compliance, this measure illustrates RATP's commitment to public service continuity and passenger information, even in case of a traffic interruption. The willingness to commit to a **50% service level** helps RATP to stay one step ahead and reflects its:

- Organisational efforts to ensure the continuity of public service whilst respecting the constitutional right to strike.
- Quality social dialogue, this being one noteworthy outcome of RATP's conflict prevention work with its social partners (353 social alarms in 2005). ■

Commitments fulfilled

The new system that first came into effect on 1 July 2005 was activated twice in 4Q 2005, on 4 October and 23 November, at a time of nationwide movements. RATP fulfilled its service and information commitments on both occasions. With a work stoppage rate of 0.5 days/staff member in 2005 (inc. 0.4 for extraneous causes) that was amongst the lowest in the profession, in 2005 RATP's networks far exceeded the strike day traffic levels to which the Company is bound by contract.

88%
average traffic levels on strike days
across the RATP network in 2005

The first step: offering reliability on a daily basis

Committing to service continuity

Reinventing the passenger relationship

Constantly improving information provision

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Building a high-performance bus fleet

Welcoming spaces

Reinventing the passenger relationship

RATP is not only a transportation company but also a service company that entertains a direct contact with its passengers. It strives to offer them a reliable, user-friendly and attentive service that adapts constantly to their changing expectations. The Company took a qualitative leap forward in 2005 with the widely trumpeted launch of an unprecedented commercial programme called “RATP hears you loud and clear”.

Having learnt a great deal from previous years’ experiments, RATP entered a decisive phase in 2005 with the implementation of a new service policy called **“RATP hears you loud and clear”**, to be deployed throughout the network by the year 2010. This vast programme entails €100 million in investments and 100,000 hours of training for 6,000 staff members in direct contact with the public.

Enriching the service relationship by spending less time on sales

The new policy service is driven by fundamental changes in passenger behaviour. A sharp rise in annual season ticket purchases over the past few years has led to a steady fall in single ticket or short-term travelcard sales. Furthermore,

passengers are accustomed to vending machines in other sectors of activity (like banking) and are happy to save time by avoiding ticket counter queues and making greater use of any automatic purchasing and top-up facilities on offer. One result is that station personnel will not have to spend as much time staffing cash tills. RATP has decided to push this change through to broaden the range of passenger **services** it provides. The “RATP hears you loud and clear” programme is an attempt by the Company to regularly improve its response to the diverse expectations of a large and variegated public through a service that is both more modern (using the **latest technologies**) and closer to passengers. Nowadays people combine a strong demand for autonomy with the need for an attentive ear and

efficient help in case of specific problems. RATP is aware of these expectations and wants to enhance its ability to cater to them. As part of this programme, RATP has chosen to diversify its premises and passenger relationship modes by making complementary commercial channels available to customers on either a face-to-face or a remote basis.

Bolstering local services

The Company’s approach in its stations is to increasingly **humanise the way that people are received**. The new commercial organisation reaffirms the crucial role that staff members play by guaranteeing their presence in all RATP stations, without exception, for the duration of service. Towards this end, Metro and RER train station spaces are progressively going

Customer loyalty

A reliable and reinforced service provision, ongoing transportation modernisation and ubiquitous involvement in service quality - all these efforts have found their just deserts in the Ile-de-France Region with the constant rise in the number of season ticket holders, reaching 3,160,000 by yearend 2005 for all durations combined. Note also the continued dynamic growth in annual ticket sales (+10.2%), with 1.776 million such cardholders now.

Number of tickets / travelcards / season tickets sold	2004 results	2005 results	2005/2004 in %
Annual season tickets, including:	18,768,431	20,683,377	10.20%
Intégrale	5,912,611	7,367,673	24.60%
Imagine R	8,466,258	8,875,862	4.80%
Émeraude + Améthyste	3,780,134	3,926,162	3.90%
Monthly + weekly season tickets, including:	22,000,796	21,476,336	- 2.40%
COM	14,607,059	13,381,826	- 8.40%
COH	7,079,127	6,819,595	- 3.70%
Monthly CST travelcard	12,492	745,612	
Weekly CST travelcard	7,800	342,219	
Shorter duration travelcards	7,292,384	8,013,789	9.90%

CONTACTLESS TICKETING

Contactless ticketing has made good progress, with 1.6 million annual season ticket holders now using a Navigo pass, a number that will rise further as advances are made in contactless pass technology. A new phase began in 2005 following **SUCCESSFUL EXPERIMENTS involving Carte Orange users in Zones 1 and 2. The whole of the network has continued to deploy and modernise this kind of equipment. More specifically, Navigo validation facilities are now available in almost all bus locations and tramway trains. Growth has skyrocketed, and 4 million Navigo season ticket holders are expected by 2008 now, thanks to the contactless Carte Orange's generalisation to all zones.**



to be redeveloped and equipped with automatic sales areas and information counters called "Proximity Service Points". With their modernised design, these new spaces will create a service atmosphere, leading notably to an elimination of ticket counter windows and ensuring a friendlier and more **direct passenger relationship**. The installation of 700 new electronic vending machines reserved for Navigo pass top-up operations has begun in these spaces, with 180 such units having already been installed by yearend 2005. The job should be finished in 2006. By 2007, 270 latest-generation automatic distributors communicating in five languages and enabling bank note transactions will be added to the 950 previously installed points. Proximity Service Points mean that staff members will be able to give passengers the information and assistance they need to travel on the public transit system. This will include journey or traffic interruption info on the various transit systems but also on any events organised in one or several Paris neighbourhoods or across the whole of the City. Ticket purchasing or initial after-sales service advice will also be provided, with staff members offering to help people with specific problems. Station employee functions will be also

broadened to include the signalling of any maintenance and safety incidents. This will guarantee a proper supervision of spaces. Staff members will be helped by the new tools made available to them, one example being the **Ocarina service portal** that provides access not only to station management tools but also to high-performance passenger information resources. System users will have knowledge of anything that might affect their urban journeys. Deployed in 2005 on Metro Lines 1, 2, 4 and 13 and in certain Line 4 and Line 6 stations, it will be fully installed by 2006 and is already being implemented in RATP's bus and RER networks. The 20 Proximity Service Points already set up by yearend 2005 (17 on the Metro and three in RER train stations) are very popular with passengers. According to a June 2005 **survey** of 1,300 users, nearly 90% said they were satisfied with staff availability, customer reception and the quality of the answers supplied. People also react positively to automated sales, with 84% of all customers who have bought a ticket from a service point vending machine describing themselves as satisfied. All in all, 62% of all interviewees feel that the new organisation is superior to the old one.

Commercial agencies for season ticket holders

In time, the busiest Metro or train stations will host 40 "Le Club" agencies offering season ticket holders or anyone who so wishes a complete and immediate processing of their (information, sales and after-sales) needs in a **friendly environment**. By late 2005, 22 such agencies were up and running.

Tele-services for a remote contact

In addition to its already highly successful information function, www.ratp.fr, one of Ile-de-France's leading websites with 40 million visitors in 2005, is due to be enriched through the creation of an **on-line Agency** thanks to which passengers will be able to buy and manage their annual Intégrale season tickets at a location of their choice. Experiments were conducted on this system in 2005, with a specific Internet site also being developed for French or non-French tourists to complement existing tour operator partnerships. RATP's new Telephone Information Centre (0892.68.77.14) is another service axis. This will assume a new dimension in 2006 thanks to the **mobile telephone** launch of the "My RATP in a pocket" **DDDD**

BUS ATTITUDE



SERVICE RELATIONSHIP

information and geo-location services package that 90% of all passengers will be able to access using their mobile phone. Note also an successful experiment with the first top-up of a Navigo chip integrated into a mobile telephone, a process based on remote (Wap site or i-mode) purchasing and contactless validation.

An extensive surface sales network

Ile-de-France customers can now buy tickets and top up their Navigo passes at nearly 1,500 franchisees, newsagents and bookstores carrying a recognisable RATP logo. The year's other initiative involved **ticket sales at new locations**, an experiment conducted in partnership with the CIC-

Crédit Mutuel banking group and enabling Navigo pass top-up functions at 50 cash points.

Multi-access customer service and quality

Lastly, customer service for very specific problems will be provided via a multi-channel interactive **customer platform** that varies depending on an individual's requirements. Customers can ring a single "after-sales" service number (01.58.76.16.16); write a letter; go on-line; or contact service personnel across the RATP network – but regardless of the vehicle chosen, they will get what everyone is looking for, to wit, a customised treatment with maximum responsiveness and a commitment to provide answers within a specified period of time (3 days by e-mail or 15 days by post).

Getting more and more of a Bus Attitude

As the precursor to a modernised service relationship with passengers, the Bus Attitude campaign launched in 2003 "So we can better appreciate our time together on the bus" has been generalised now. The approach has been a fruitful one, as witnessed by the greater courtesy being manifested on buses, more passenger awareness of bus user rules and greater respect for bus boarding rituals. Surveys have shown rising passenger satisfaction with more than three out of four users now boarding at the front of the bus. 2006 will be the year when the **project's second phase** is launched. After spending two years raising passengers' awareness of the fact that a bus space is governed by certain rules and that complying with them is to everyone's advantage, Bus Attitude is now focusing on one essential rule: journeys must be paid for as soon people board the bus.

Enabled by contactless ticketing, Bus Attitude 2 will help to reinforce respect for bus boarding rituals by implementing a systematic entry validation process that should help the fight against fraud. A pre-series will be deployed on six routes, before being progressively generalised over the course of 24 months. As a group project that touches upon some of the more pressing issues the Company faces (particularly due to its economic effects and the impact in image terms), Bus Attitude 2 will be supported on a route-by-route basis by volunteers from all departments mobilising to help RATP's bus teams. ■

MEDIATOR

Established in a 1990 protocol that RATP signed with national transportation consumer and user associations, the Mediator's mission is to augment service quality by lending a patient ear to any parties involved in a dispute⁽⁶⁰⁾.

THIS PROVISION COMPLEMENTS the usual customer service, with the Mediator's Office constituting the first port of call for 80,000 letters annually. In 2005 it took 50 cases under referral, half submitted by the signatories to the original protocol and others by private parties or by the French Republic's own National Ombudsman. 22 of the RATP Mediator's decisions this year were favourable to plaintiffs.

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Welcoming spaces

Constantly improving information provision

The information that passengers receive before and during their journeys is a real mobility aid and an integral part of the service that RATP offers. The Company continues to advance in this area, always providing more real-time information to be accessed through existing technological means.

RATP has placed collective and individual passenger information at the heart of its service quality commitment.

An ongoing deployment of information at stops and stations

Thanks to STIF funding, 2005 witnessed an accelerated deployment throughout the Ile-de-France network of the SIEL On-Line Information System that offers bus stop and train platform information about upcoming vehicles' ETA or traffic interruptions. By yearend, **72 bus routes** amounting to more than 3,000 stops were equipped with SIEL, as were six Metro Lines (1, 2, 4, 7, 11 and 13) and the Noctilien night network.

Generalisation of the On-Board Information System

Another element in RATP's collective information system is the SISVE On-Board Sound and Vision Information System, now found on an increasing number of vehicles. A further 2,200 buses were fitted last year with SISVE Sound, which is already in place on Metro Lines 1 and 14 (and some of Line 3) and installed whenever a renovation takes place on the Metro. RER network MI2N trains are also equipped with **sound and vision equipment**, having received financial support from the Ile-de-France Region. Lastly, a multimodal test is currently being conducted on Bus Route 38 and Metro Line 1. This is the Dilidam experimental project, in which an on-board plasma screen broadcasts selected transit information supplemented by news or weather reports.

More real-time accessibility to personal information

RATP has also continued to enrich the information that passengers are given by delivering this on more of a real-time basis and by using **remote servicing** to enhance intermodality. The www.ratp.fr website now supplies extra information on traffic interruptions and alternative routes; an overview of the whole of the regional transport service; and broader exposure to urban life whenever a major event is running. Note also that with the Noctilien night system. RATP has now engaged in the first specific production of an interactive bus plan, including new functions like municipality-based access and interactive route planning. ■

DISTINCTION



*2005 was the year when RATP and its partners received their just deserts for **THE COMMUNICATING MOBILE TERMINALS** developed for staff members' use. Thanks to the ingenuity of these light information tools' IT architecture, a Wi-Fi connection can be used to recover real-time information from RATP's central systems, and to calculate whatever data a staff member needs, depending on his/her profile. The information on offer will vary depending on the mission (maintenance, safety or information), location or point in time. Having been experimented on 80 staff members from the La Défense multimodal hub and at five Parisian Noctilien transfer points, these terminals offer passengers "customised" information. All in all, they constitute an essential tool for RATP's new service relationship.*

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Investing at a high level

Public transportation may be a service activity but it still requires major financial efforts, in particular to maintain and modernise the existing system. RATP Group investment programmes accelerated further in 2005, with outlays on all aspects of passenger service improvement reaching €816 million.

RATP's investment programmes have gone from strength to strength. One central feature in this proactive policy is the Public Sector Company's €505 million internal programme aimed at maintaining and modernising the current system.

Rolling stock and existing network

Rolling stock investments on the Metro in 2005 (25% of RATP's internal programme) mainly involved acquiring **new assets** (MP05 and MF2000 trains) or ongoing renovations (MF67, MS61 and MF77). Specifically, Line 13 rolling stock was adapted in 2005 to accommodate the new Ouragan system. RATP also pursued its bus renewal and adaptation policies this year, and worked to bring comfort levels on its TFS tramway up to scratch. RATP's 2005 operational improvements and/or investments in the maintenance or modernisa-

tion of its existing network (75% of the internal programme) included:

- The ongoing Metro Renewal operation (40 more stations renovated in 2005, 215 in total); modernisation work on multimodal hubs (i.e., Saint-Lazare); infrastructure, buildings and site securisation programmes;
- Major investments in operational modernisation, commercial relationships (contactless ticketing, PSP, etc.) and driving systems (adaptation of maintenance workshops to the new rolling stock, speed controls on Line B, renewal of signalling and Metro train traction systems, etc.);
- A special focus on electrical energy inputs and **IT**.

These outlays were accompanied by €66 million in external programmes that are 85% subsidised by the State Authorities and involve network accessibility, safety and passenger information systems.

€215 million to enhance passenger service

Another feature of RATP's investment programme is the €215 million spent on augmenting the overall provision of transport. This makes RATP the Ile-de-France Region's second largest source of funding under the 2000-2006 State-Region Planning Contract (SRPC) and contrasts with the general regime in France, where operators normally do not help fund network (infrastructure) or capacity (rolling stock) extensions.

The €175 million spent in 2005 under the aegis of this programme attended to SRPC projects like the Boulevards des Maréchaux tramway and the extension of Line 13 to Asnières-Gennevilliers-le Luth. Other investments entailed acquiring rolling stock to strengthen certain services (including carriages for the T3 tramline) and the delivery of RER Line A's last 14 MI2N units, which were 2/3 subsidised by the Ile-de-France Region. ■

In action since 1967, the MS61 TRAINS THAT RUN ON THE RER NETWORK will have their working lives extended by 10 years thanks to an in-depth €72 million programme that will renovate three-quarters of the existing fleet. More specifically, the trains' interiors will be transformed, with compartment walls disappearing and a SISVE On-Board Information System installed to enhance passenger comfort. The first of these rejuvenated trains will return from the renovation workshops this year and enter passenger service in early 2006.

RENOVATION



Modernising the Metro

With its strength in rail engineering know-how and the financial support it receives from French State authorities, RATP has committed to a major Metro technical modernisation programme whose concrete phases will commence this year “so that the Paris Metro will never be more than 20 years old”.

Planned to run for about two decades, the recently commenced modernisation of Ile-de-France’s underground transportation system is a big enough project to be compared with two earlier major investment cycles, one in 1900-1935 that led to the building of 13 Metro Lines and another in 1955-1980 that saw rolling stock modernisation, the advent of automatic piloting and centralised command posts and the construction of the RER Regional Express Train network.

The current challenge is to adapt this transportation network to constantly **rising visitor numbers** and changing urban rhythms whilst providing a modernised response to passenger expectations and optimising economic and environmental performance. In short, to offer today’s public, along with future generations, a better service at a lower cost.

This vast technical modernisation programme, which began its concretisation phase in 2005, features two complementary chapters: the renewal and renovation of rolling stock on six Metro lines; and the implementation of operational systems on more high-performance routes.

Combining rolling stock renovation and renewal

Two complementary processes, renovation and renewal, will help RATP to achieve the modernisation it desires by staggering investments over time and ensuring that RATP’s fleet is never more than 20 years old on average. All in all, more than **2,000 cars** will be renewed or modernised over the next decade, for an annual investment programme exceeding €200 million. RATP has opted to renovate rolling stock capable of satisfying the Company’s requisite quality levels so long as the 10 year extension of an asset’s working life equates to more than ca. 20% of its replacement cost. 45 MF67 trains on Line 3 will be the first assets to undergo total renovation in 2006. The most visible advantages will be

the units’ new fittings and inside layout; new acoustic and visual communications system; and more efficient ventilation. The MF77 will follow, with its first renovated train carriages rolling out in 2006. All in all, 196 MF77 trains will be modified. Over time, this will lead to major improvements on Metro Lines 7, 8 and 13, affecting areas like: passenger compartment **comfort and design**; ventilation; lighting; accessibility and cleanliness (facilitated by reorganised and re-designed seating); automatically opening doors; and an automatic sound and vision passenger communications system. Where renovation possibilities are too limited or costly, RATP will renew rolling stock when it reaches 35 years of service. In 2005, a €474 million order was **DD**



MF 77 / MF 2000

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EXPERIMENTATION

RATP used 2005 to prepare the **TEST INSTALL NEW MID-HEIGHT TRAIN PLATFORM FACADES** offering passengers greater safety and contributing to operational performance by encouraging fluid platform-carriage exchanges and stopping track intrusions, the cause behind 60% of all delays on the Metro. This test, to be launched for a six-month period in early 2006 on two Line 13 stations (Saint-Lazare and Invalides), involves comparing three types of equipment under operational circumstances. It should help RATP to assess the system and to log passenger reactions. If the findings are conclusive, the new train platform facades will be deployed (as long as funds are available) as a priority on Line 13, which suffers from irregularity problems.

placed with Alstom for the delivery of 49 Metro trains-on-tires between 2008 and 2010, with an option for an additional 10 units. Baptised MP05, these trains are intended to run through the 2050s and will be used on Line 1, whose **automation** constitutes yet another chapter in the Metro's modernisation programme. They will imitate the technical characteristics of the driverless units already running on Line 14, and which offer passengers high levels of comfort. The emphasis here is on environmental performance, with an expected 40% improvement in energy consumption per kilometre per car in comparison with older trains-on-tires. The units have been chosen due to their potential for recycling at the end of their working lives, and because they will lead to a sharp reduction in sound pollution. Before that, Lines 2, 5 and 9 will see the arrival of 161 MF2000 trains, which first

ran in 2005. Currently undergoing endurance tests, the MF2000 will be delivered in series from 2007 onwards, at a rate of 20 trains a year until 2015, for a total cost of ca. €695 million.

Introducing Ouragan, the new line operating system

Rolling stock will be modernised as the Ouragan system replaces trains' current command control system. This will mean modernising both the Centralised Command Posts and the driving and signalling systems' automated features. Ouragan will offer many safety improvements, thanks to its **continuous speed controls**. Other advantages are greater regularity and the chance to reduce intervals between trains to 90 seconds thanks to an in-cabin signalling system. Ouragan enables both automatic piloting and manual drive systems.

Increasing Line 13's transportation capacity thanks to Ouragan

Line 13 is a priority due to its very high load rate and it will be the first to benefit from the new Ouragan operating system enabling a 22% average increase in transportation capacity. Combined with higher frequencies and **greater regularity**, passengers will enjoy superior levels of comfort, notably during rush hour. Initial experiments are currently being conducted by running a MF77 train at off-peak times, interspersing it between passenger trains to test RATP's communications and security data networks. All in all, Ouragan will cost up to €200 million on Line 13, with €70 million being spent to renovate the MF77 trains. RATP will cover up to €172.26 million (including a €6.66 million special rate loan from the Ile-de France Region), with €26.64 million coming from the State-Region Planning

Contract (€16.64 million from the Region and €9.9 million from the French State). Besides from Line 13, Ouragan will in time run on Lines 3, 5, 9, 10, and 12.

Preparing to automate Line 1

Also noteworthy is a major Metro technical modernisation programme – the complete automation of Line 1, the busiest in Paris with 160 million passengers a year. When the project enters service in 2010, Line 1 will become the first traditionally operated line in the world to be entirely automated without any interruptions in traffic. The project started its concretisation phase 2005, after a €30.8 million contract was signed with Siemens Transportation Systems to build a Train Operation

Automation System, alongside the aforementioned order for MP05 rolling stock. Line 1's functionalities will basically be identical to Line 14's. Offering an adaptable service featuring greater responsiveness, more rail safety and train regularity controls, Line 1 will benefit from all the possibilities of complete automation to enhance service quality. Furthermore, staff members' redeployment will **increase their presence** in stations and on trains, thereby improving RATP's reception, assistance and information capabilities.

Adapting maintenance tools and training

New rolling stock and new operational systems implies the development of

ancillary maintenance tools and a prior organisation of staff training. To prepare the MF2000's arrival, RATP used 2005 to work on equipment and train workshop teams. The partial automation of the new rolling stock's breakdown detection system may be a clear boon, but maintenance teams will nevertheless continue their preventive interventions to reduce RATP's reliance on curative **maintenance**, a clear source of operational interruptions. The same adaptation approaches are being followed when maintaining IT or radio-technology-reliant operational systems. ■

METRO OF THE FUTURE

The next rolling stock to make its appearance on the Metro in 2006 is the MF2000, a fleet that is remarkably modern, notably in energy saving terms, with a 30% expected gain per kilometre per car versus the MF67 it will be replacing. The MF2000 also offers more service quality and comfort due to its on-board passenger information system, wider seats, reduced noise and greater accessibility. Plus it is very safe, coming with automatically opening doors, a passenger/driver phone link and video-protection equipment – all for a 30% lower total cost (acquisition plus maintenance) in comparison with the most recent trains offering equivalent functionality. The MF2000: top performance.



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Building a high-performance bus fleet

One key element in RATP's territorial coverage is the bus system's ability to offer very precise responses to certain specific demands. Buses constitute an increasingly adapted answer to passengers' changing needs. Constant progress is also being made in their environmental performance.

With its bus fleet's performance, RATP is hoping to help public transportation offer an increasingly superior alternative to the passenger car, as it already has done through its other modes of transport. The advantage plays out first and foremost at an environmental level, due to the fall in pollutant emissions. RATP has been making investments in this area for a long time, and its fleet is now less than seven years old on average. By yearend 2005, 98% of all RATP buses were **using green fuel systems**, with 15% already running on clean energies (electricity, LPG, Natural Gas, Diester and above all Emulsion of Water and Diesel). 11% meet Euro III norms, and the rest of the fleet is equipped with catalytic dust filters.

A firm order for 490 higher-performance buses in 2005

To continue this progress, in 2005 RATP

signed a contract with Irisbus and Scania for ca. 1,200 standard buses (inc. 490 as a firm order), all compliant with the most stringent environmental standards (EURO IV and EURO V). These new buses also offer much better service quality, specifically through **total accessibility** for wheelchair passengers, better acoustics and superior air conditioning. The €234 million investment, which is the culmination of a European-wide invitation to tender, will cover the fleet's renewal needs through the year 2009 whilst helping to reduce cost since the full cost over the whole of these better-performing units' lives is lower than on existing vehicles.

From a "clean fleet" to one that is "clean and energy efficient"

Given the continuous rise in fuel costs, RATP has decided to shift from a clean

fleet objective to one targeting a clean AND energy efficient fleet. This should lead to a 5% reduction in total fuel consumption by 2008^(CO). The new buses ordered under RATP's latest contract are meant to be more efficient.

Further growth with buses that come in all shapes and sizes

2005 also witnessed the arrival of RATP's new **Microbus**, a great hit with passengers. To accelerate the service's adaptation to customer expectations and in response to the growing need for a "customised" urban provision, a consultation has also been launched concerning the use of minibuses and midibuses equipped with varying kinds of driving systems (diesel, electric and hybrid). ■

NEW SERVICES



THE MICROBUS, which entered service for the first time after the creation of a "Swallow" (Hirondelle) service funded by the City of Malakoff's CCAS Social Action Centre, is an innovative vehicle that due to its small size (22 places inc. 9 seated) is particularly well suited to urban traffic. Designed in partnership with its manufacturer, GRUAU, the vehicle offers great service quality, accessibility for wheel chair-bound passengers, wide bay windows, a panoramic roof and air conditioning. Microbuses are minibuses that do a maximum.

Welcoming spaces

The quality of RATP's passenger reception areas is of prime importance to the Company. Cleanliness, renovation, events organisation and deriving value from stations – these levers are precious tools in the battle for customer loyalty.

The first element in spaces' attractiveness is the cleanliness of RATP's rolling stock and premises. Good progress was made in this area in 2005, with RATP trains surpassing the objectives stipulated under its STIF contract, which are even more stringent than NF service standards. The reasons for this good result include train updating programmes, heavy investments in advertising lamination and sustained actions in areas like cleaning, graffiti removal and premises supervision. Metro and train station **cleanliness indicators** (dirt, smell, lighting, state of facilities), which were satisfactory on the RER Regional Express Train network, disappointed somewhat on the Metro in 2005. However, the actions taken to remedy the problems faced began to produce effects by yearend. In addition, 2006 will see the launch of an invitation to tender on cleaning contracts.

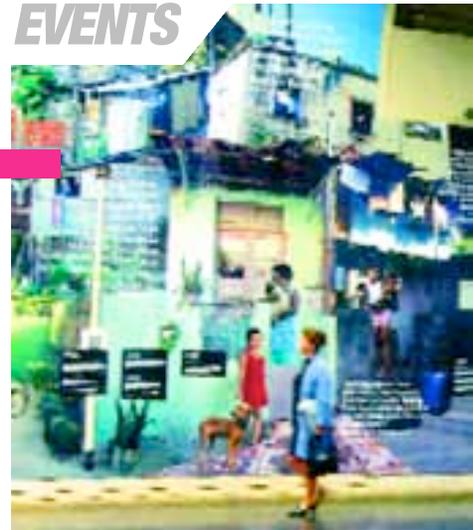
Embellishing premises

With its 297 Metro stations and 67 RER stations, the RATP network is marked by a diverse infrastructure that is the translation of its long and variegated history.

Maintaining premises such as these creates two challenges: on one hand, actions must be taken to ensure durability and levels of comfort, and these are in fact the objectives of the Metro Renewal operation; on the other hand, premises' architectural and historical qualities should be highlighted, which is why RATP has recently moved towards a cultural branding strategy. 40 Metro stations were affected in 2005, with only 18 being closed entirely.

This was the Year of Brazil in France and RATP hosted "FAVELITÉS" AT ITS LUXEMBOURG STATION, with a spectacular staging of a favela. Entitled "I live here, where are you from?", the show included sweeping photographic landscapes of "Morro da Providência", Rio de Janeiro' largest favela. The display's object was to explain the role that favelas play in Brazilian society ⁽⁶⁰⁾. The exposition was very much at home on the Luxembourg site, a culturally-oriented station built to celebrate the Metro's Centenary birthday in 2000 and dedicated to urban ecology and sustainable development.

EVENTS



Giving to see, hear and read

Bolstered by its accumulated experience and aware that the architecture of its premises is a boon for the RATP brand, in 2005 the Company devised an "Architecture Charter" tool providing a shared referent that all actors will be able to integrate when planning development projects.

Cultural branding, materialised through the oval notices and illustrated displays that adorn Metro stations, had another good year in 2005 when it was extended to other modes of transportation. A new series of displays graced the Metro, revolving around the creation of a "commemorative" cultural branding theme.

A date with poetry

In addition to these efforts, and to make festive and imaginative spirits feel at home

on its networks, RATP used 2005 to continue its habit of organising major events. One example is the poetry competition that the Company has hosted since 1997 in partnership with some of France's leading media. This has become a high point in the year's calendar for many passengers, editors and modern poets. Dedicated this year to a travel theme, the competition gave more than 4,000 poets an opportunity to craft the rhymes and verses to help people escape their environs. The Jury awarded Carl Poirier the Grand Prize for his "The wall is also the end of the world". The success of this event and of others like it (including Heritage Days, which had more than 20,000 participants), attests to the strength of the Company's ties to its passengers. ■



Sustainable projects

PARTNERING THE PROJECTS THAT WILL BUILD THE FUTURE

For RATP, public transportation means not only providing a daily passenger service but also looking to the long-term. As a partner to the future and to those who seek to build it, the RATP Group invests alongside State Authorities to support transportation projects, reinforce existing provisions and build networks. It does this by injecting all of the ingredients of sustainable development into its activities, and by doing this each and every day.



Thanks to STIF, the Ile-de-France has a new integrated night bus network called **Noctilien**. With its 35 routes, this doubles the current network and above all completely redefines the service on offer^(GC).

The T3 "des Maréchaux" tramway has forged ahead and should enter service in late 2006. The first Citadis train arrived in their Paris workshops last September.

Note also the successful launch of **Flexcité 94**, chosen via a public invitation to bid on the development of a new transport service for individuals with reduced mobility in Val-de-Marne County^(GC).

Keeping abreast of changes in traffic

A high-performance network is first and foremost one that is living, a transportation service that is adapted and in tune with changes in traffic and in passengers' lifestyles. Working in partnership with its Organising Authorities, RATP used 2005 to further strengthen its current provision and to create new services.

One of the main factors in the constant rise in traffic on the RATP Ile-de-France network is the ongoing improvement in the **transportation provision** that the STIF (Ile-de-France Transit Authority) offers local residents. The benchmark service rose by 0.4% in 2005, mainly on surface networks.

2005, the year the Noctilien system was born

The most important creation in 2005 will have been the new regional night bus network, Noctilien, replacing Noctambus, a victim of its own success.

At the request of STIF, the new network, which is twice as extensive as its predecessor, will offer 35 routes including 27 operated by RATP. Designed to extend, diversify and **facilitate night-time connections**, it will run seven days a week from 0:30 AM until 5:30 AM, making 1,950 stops in 175 Ile-de-France municipalities, including new towns and outer suburb activity zones. In Central Paris, Noctilien will centre around five main transfer stations (Gare de Lyon, Gare de l'Est, Gare Saint-Lazare, Gare Montparnasse and Châtelet). It will also offer eight direct cross-route links from one inner suburb to another.

This reinforced service responds to the ongoing increase in night travel, a reflection of the professional and leisure-oriented changes in local residents' lifestyles.

More local services and more seats on the T2 tramway

2005 also witnessed other novel implementations in response to passenger expectations, this time on the surface network. There was the creation of new **local neighbourhood services** like "the Bièvres-Montsouris Crossing" in Paris or a new service reaching the Bruyères activity zone in Bois Colombes. All in all, about 20 bus routes were reinforced, extended or adapted last year. Note also that the highly successful T2 tramline (70,000 passengers daily), a victim of its own success, shifted to (450 seat) dual carriage trains, thereby increasing its transportation capacities by more than 20%. The Metro network also continued to steadily improve Line 12's service this year, specifically by running additional trains on weekends and during evening rush hours. Lastly, on the RER Regional Express Train network the increase in Line A's transportation capacity (+12.5%) continued with the delivery of the final **Mi2N double decker trains**, funded with help from the Ile-de-France Region. A reinforced service was offered on weekends along the Cergy-Pontoise branch. Line B also used long trains to raise its capacity at workday off-peak times and on Saturdays. ■

DEVELOPMENT



A 51% subsidiary of RATP Development, Flexité 94 co-ordinates and runs transportation services by organising and reserving journeys for individuals with reduced mobility. Given responsibility for implementing this provision by Val-de-Marne County, FLEXICITÉ 94 began successfully when it showed responsiveness to a demand that was much higher than expected, thereby confirming both passengers' great expectations of a customised service and the potential room for leveraging the value of RATP Group's know-how as an actor capable of managing mobility for all ⁽⁶⁰⁾.

Advances in network development

The RATP Group proposes, studies and implements network development projects decided by its Organising Authorities, working all the while to calendar and cost limitations. In 2005, RATP and its subsidiaries again demonstrated their ability to drive projects undertaken by the actors responsible for the future of collective transportation. This year saw record levels in engineering and prime contracting activities.

State-Region Planning Contract (SRPC) projects; Mobilien surface network work carried out under the aegis of the Ile-de-France PDU Urban Travel Plan; development of the Florence tramway; worldwide interventions with the Systra system – this was a year when the RATP Group made sustained efforts to progress on its Organising Authority customers' major network and infrastructure development projects.

A record year in terms of advancing on SRPC projects

Largely bound within the Ile-de-France Region by its State-Region Planning Contract, which translated into **23 projects** over 2000-2006, RATP is used to providing the impetus for a host of large-scale initiatives: three big intermodal hubs and 100 km of new infrastructure (68 km of tramway, 12 km of Metro, 20 km of reserved lane buses) totalling an investment of €3.2 billion. RATP's own projects also advanced markedly in 2005. Two new preparatory schemes were adopted, involving T1 tramway stations at Saint-Denis/Asnieres Genevilliers-Le Luth (AGIII) and, at the pre-planning stage, the Val-de-Seine TCSP. Four more public surveys were carried out, concerning the Chatillon-Vélizy-Viroflay tramway, the T2 tramway at Pont de Bezons, the Pompadour-Sucy-Bonneuil TCSP and the AGIII T1 tramway. Several public utility recognitions were awarded. A total of 21 preparatory schemes were adopted and 19 public surveys completed

by the end of the year. 2005 was mainly marked by the adoption of seven SRPC pre-projects, at an unprecedented rate for RATP: three Metro line extensions (Line 4 to Montrouge and on to Bagneux, Line 12 to Proudhon Gardinoux then to Mairie d'Aubervilliers, Line 8 to Créteil Parc de Sports); three intermodal hubs (Massy, Nanterre Université and Noisy le Grand); and a T2 tramway pre-project at Porte de Versailles. In addition, RATP also advanced on six other surface network dossiers, basically **tramway projects**, whose procedures should be completed in 2006. In short, 2005 was a year when many new worksites began, including work on extending the Trans Val-de-Marne between Rungis international market and the Croix de Berny RER train station, or Metro Line 13 to Asnières-Gennevilliers. Preparatory

work was also done on the Massy hub and on the T2 tramway at Porte de Versailles. These advances in RATP's own projects should help the Company to obtain the lion's share of any additional public funding made available in 2006, depending on what the CIIACT decides. If satisfactory progress is made on the different projects' funding agreements, by 2010 RATP should be able to put into service **more than 70 km of tracks** out of the 100 envisaged under its Planning Contract.

Mobilien's first lines enter service

Another high profile project in Ile-de-France is the Mobilien system, a structured and high-performance surface transportation network for the future, implemented under the aegis of the Urban Travel Plan and **DDDD**

FLORENCE AND PARIS T2 PROJECTS



Keeping abreast
of changes in traffic

Advances in
network development

Proposing a new vision
of the future

Stimulating innovation
and research

Seeking an exemplary
energy policy

Respecting people,
the essential action



TRAMWAY

Serious efforts have been made on the T3 Maréchaux Sud tramway, which is expected to enter service between Pont du Garigliano and Porte d'Ivry by yearend 2006. 17 stations catering to the 100,000 passengers expected daily, half of whom will be suburbanites, will offer transfer points on five Metro Lines, two RER Lines, 18 Paris bus routes and 19 suburban bus routes.

T3 IS A UNIQUE WORKSITE for which both RATP and the Paris Mayor's Office act as prime contractors. It also aspires to exemplarity: diminution of worksite nuisances (for example, track laying operations will be reduced at certain strategic intersections from 10 to 2 weeks thanks to the use of pre-fabricated paving stones); recycled cobblestones; utilisation of ground coverings made out of recycled glass; and total accessibility – all measures taken in the name of sustainable development⁽⁶⁰⁾. Lastly, this worksite is also exemplary because of its urban and landscape development ambitions: 1,000 trees, 36,000 m² of lawn, innovative white lights at night, an original line of urban furniture.

A world people can discover on www.tramway.paris.fr

►►► co-funded by the State, the Ile-de-France Region, STIF, but also local authorities and first-tier transporters, including RATP. Mobilien is a major initiative for the Company since it affects 70 of all bus routes, half the Ile-de-France bus traffic and 83 hubs handling 2.2 million persons a day. This important programme, which highlights availability, reliability, accessibility, information and comfort, is very complex due to the many different actors involved and the urban workforce (re)entry issues raised. Mobilien's **vast development programme** will reserve lanes to increase bus running speeds and regularity; reorganise traffic lights; and re-locate stops to facilitate intermodality.

Thanks to partners' shared will, and notably because of RATP's input, the project has forged ahead and entered its operational phase. At present, amongst RATP's various Mobilien projects, 30 axis contracts and 23 pole contracts have been validated. Work is

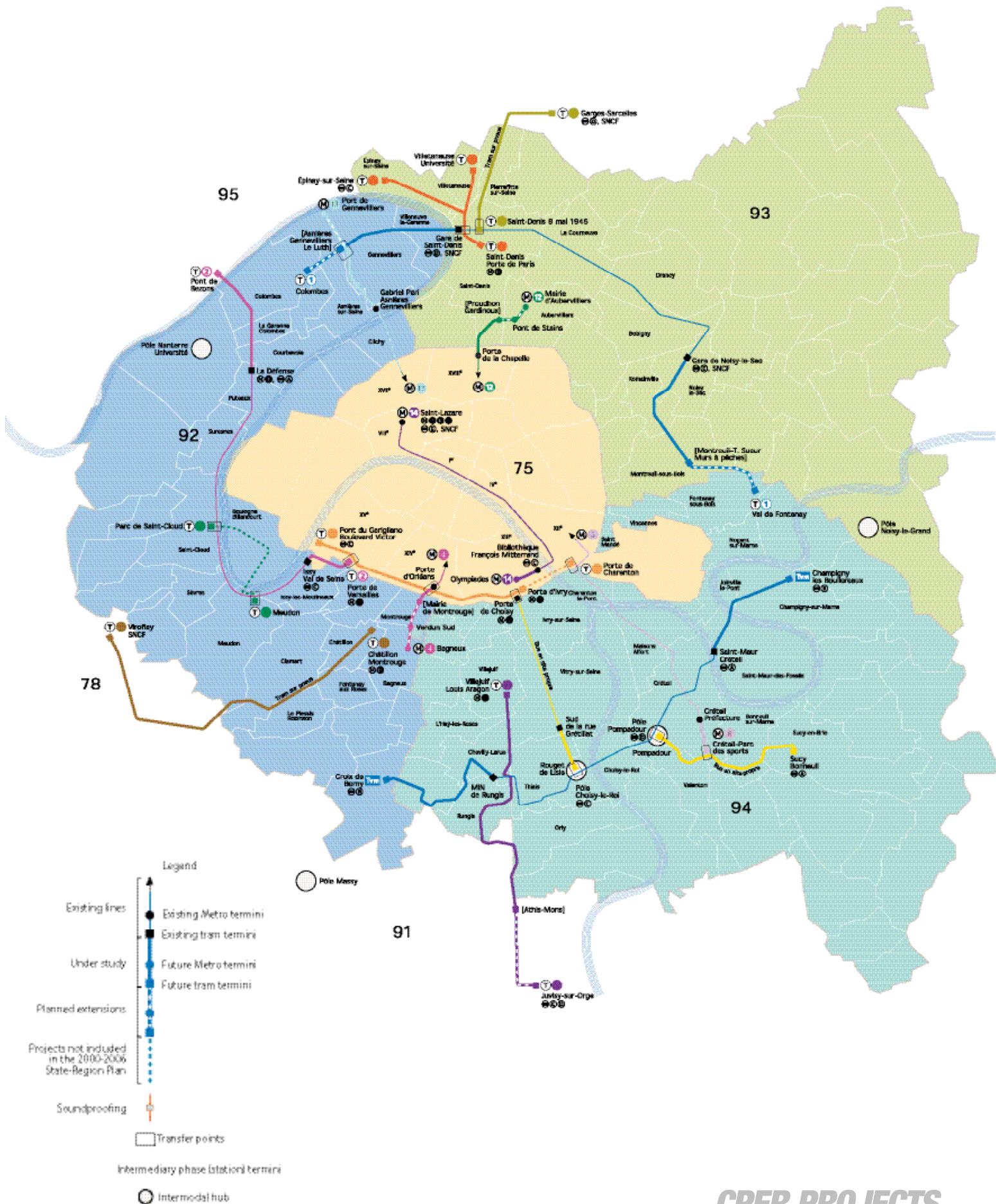
in progress on 13 Lines, including seven that began in 2005. Seven exchange hubs are being rebuilt, including three new worksites started in 2005.

All in all, by early 2006 RATP had seven Mobilien Lines in service (one in the suburbs and six in Paris). Bus speeds and regularity have risen on these lines, as has passenger satisfaction, attesting to the solid foundations of a project whose performance will improve as work advances and the network becomes more visible.

Progress also on projects outside of Ile-de-France

Another satisfaction this year for the RATP Group was the finalisation and signing, in the month of June, of a contract to build and run for 30 years an integrated tramway network in the **Florence municipal district**. By 2010, this enormous consortial bid will have translated into the transportation of 40 million passengers. The project entered

its concretisation phase in the second half of 2005 with the creation of a concessionary company called Tram di Firenze spa, in which RATP Development has a 24.9% stake, plus a future operating company, Gest spa, a 51% subsidiary of RATP Development created in partnership with ATAF, Florence's urban transportation company. The teams are already fully operational. One of the specific missions they will assume as future operator is to control the non-concessionary work that has already started on Line 1, whose entry into service is planned for 2008. Studies concerning industrialists' functional choices have also advanced on Lines 2 (7.3 km) and 3 (an initial 3.4 km segment), and the work being delegated to Tram di Firenze should be completed by 2009. In general, preparatory work here (expropriations, survey campaign and the displacement of networks approaching the end of their working life) has been on schedule. ■



CPER PROJECTS

Proposing a new vision of the future

As a partner to local State authorities and to help them forecast long-term changes in transportation networks, RATP offers its understanding of urban transportation issues, experience in running systems and engineering capabilities. This results in optimised investments, in line with an urban transportation logic that centres around sustainable development.

In 2005, RATP helped prepare a revised Ile-de-France Master Plan (for adoption in late 2007 - early 2008) by putting a variety of urban transport development projects to the test. A total of ca. 100 km of new infrastructure has been proposed.

Proposals for the year 2015

Having analysed how Ile-de-France cities and travel attitudes will change by 2015, RATP has decided to orient its proposals around two axes.

The first involves completing and logically building upon programmes that started under the 2000-2006 SPRC, including Mobilien.

The second is aimed at complementing the existing network by building a high-performance system in Paris's inner suburbs. The development of a powerful orbital infrastructure could be associated with new territorial coverage operations to optimise connectivity with current networks. Studies carried out together with regional and local actors have demonstrated the suitability of a major strategy aimed at bolstering suburb-to-suburb transportation, leading in turn to the proposal of an automatic orbital Metro in the inner suburbs. The project's territorial coverage and urban impact in Hauts-de-Seine, Seine-Saint-Denis and Val-de-Marne

countries is being studied by the Ville et Transport GIE consortium.

Other pre-studies

Local authorities and other economic actors also ordered many other pre-studies from RATP in 2005.

For the Ile-de-France Region, note in particular:

- Studies carried out about a service between Mairie d'Issy Metro station and Fort Issy-les-Moulineaux using an automatic gradient system. After initially studying the possibility of a funicular, a cable car project was developed and is now in the process of being finalised.
- A river shuttle study carried out on behalf of a company called Icade/EMGP for a Parc Millénaire service running along the Canal Saint Martin in Paris. This prime contracting assistance mission involved developing specifications for the boats, landing stages, bridges and gangways the operation would require.
- Studies conducted as part of the public debate on the T3 Boulevard des Maréchaux tramway's extension both to the east and to the west.

RATP was also included as a partner in the 2015 market definition study that the City of Paris and the SNCF made of the Austerlitz hub. ■

UNDERGROUND ORBITAL PROJECT



CABLE CAR PROJECT

Stimulating innovation and research

Traditionally, innovation originates in RATP's culture of exchange and sharing. The Company has a host of systems at its disposal, ranging from internally driven research to partnership devices, the commonalisation of good practices and participative innovation.

In 2005, RATP decided to reorganise its research policy and orient it towards the Company's strategic axes. Nine multi-annual federating projects were developed, focusing mainly on safety, performance and service innovation.

A stakeholder approach

Trying to implement this approach in a partnerial manner, RATP set up **four regional competitiveness poles** in 2005: Trans (rail pole); Systematic (software and complex systems); City and Durable Mobility; and Move'o. This was a particularly active year at the national level, with a safety theme being resurrected in 16 Predit-supported registered projects.

Moreover, as part of the research stimulation policy that RATP pursues in partnership with its suppliers, the Company worked with its industrialist customers to develop two innovative energy saving projects, one based on a clean and energy-saving bus and the other on an inertia steering wheel for tramways⁽⁶⁰⁾.

Experimentation and good practices

2005 also saw experiments with a **plethora of innovations** in all areas. For passengers, this included the extension of on-line journey finder criteria to include headings like "fewer stairs" or "smaller crowds"; a project to develop interactive city life plan-

ning; and an interactive mural display project. Other experiments benefited staff members, like the Busard communications tool linking bus drivers and maintenance crews.

Lastly, **RATP's annual Quality Involvement Days** are an important time for exchanging and highlighting good practices born out of the imagination and experience of the Company's frontline teams, i.e., a window for the actions and approaches that help to sustain performance on a daily basis. Some ideas are sourced abroad, like the proposal to saving lighting by adjusting luminosity depending on external light sources, an initiative for which the EU awarded a special "Green Light" label to RATP's Pavillons Bus depot this year⁽⁶⁰⁾. ■

DESIGN



Convinced of the need to get busy developing a truly innovative bus for the future, the RATP Group has specifically got together with seven other operators and several European Organising Authorities to conduct, with support from the UITP International Union of Public Transport, an advanced design study under the aegis of a group programme called "Bus of the Future". Baptised **RE?BUS, this operation has taken on the form of a competition open to students from European design and creation schools. Its results were presented to the UITP Congress in Rome.**

Keeping abreast
of changes in traffic

Advances in
network development

Proposing a new vision
of the future

Stimulating innovation
and research

Seeking an exemplary
energy policy

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Seeking an exemplary energy policy

To do its part in overcoming environmental and societal challenges and thereby ensuring future performance, RATP decided in 2005 to reinforce its activity's already rock-solid sustainable development dimension by launching a dual and proactive energy policy aimed at energy sobriety and the fight against climate change.

The transportation sector is France's main greenhouse gas polluter and second largest energy consumer. Within this field, however, public transportation can by its very nature serve as a **driver of sustainable development** by offering a quality alternative to the passenger car. Among the different actors in this market, RATP was one of the first to invest in improving its energy contribution^(G). As a participant in France's national **anti-climate change programme**, RATP is committed to a multitude of energy consumption reduction initiatives, notably where this involves traction systems, which account for three-

quarters of its energy needs and are more or less evenly split between bus and rail. Over 1999-2004, these efforts already enabled a global energy efficiency gain of 5.3%. More needs to be done now. RATP is directly exposed to a whole host of challenges, including the rising price of energy, increased risks in sourcing oil products and electricity and the need to control greenhouse gas emissions. These are major issues for the Company. Even if its current modes of transportation globally consume 5.5 times **less energy than the passenger car**, and despite clear improvements in its energy efficiency over

the past 20 years, because of the size of its activity RATP consumes as much energy as a city of 160,000 inhabitants (215 ktep in consumption and 369 kteqCO₂ in emissions, all types of energy combined). Moreover, in 2005 the RATP Public Sector Company faced an energy bill of €130 million. For 2006, this could jump by nearly €50 million. Determined to further reinforce its performance in this domain, RATP defined **a cross-departmental energy policy** in late 2005, including implementation action plans. It also committed to quantitative objectives by 2010 and 2020^(G).

RAISING AWARENESS



From 19 to 22 September 2005 and under the slogan "EUROPEAN MOBILITY WEEK – a time for marching ahead with RATP", the Company began a dialogue with its passengers and local residents on three very topical subjects: the rising price of petrol; global warming; and the greenhouse effect. A press and radio campaign bearing RATP's signature and that of France's Ministry for Ecology and Sustainable Development tried to depict the use of public transportation as a gesture of good citizenship and as a greener (and financially more astute) mode of transportation than the automobile. A radio broadcast gave out the following message: "By using public transportation, you no longer have to worry about rising prices at the pump. What's more, you can save money without polluting". Passenger awareness was raised through sustainable development displays.

COMFORTABLE DRIVING



The current ADEME-supported driving for comfort campaign targets a 5% **REDUCTION IN FUEL CONSUMPTION**.

For drivers, this operation combines awareness-raising actions with training in better steering practices (driving in a way that is calmer, smoother, more fuel-efficient and cleaner) leading to reduced fuel consumption and less wear and tear on bus parts. At the maintenance level, consumption is now being monitored on a per-vehicle basis, allowing RATP to identify which of its cars “over-consume”. All in all, the advantage has been threefold: falling fuel consumption and pollutant emissions; greater driver comfort, thus less fatigue; and a service that is more attentive to passengers’ needs.

A proactive policy based on formalised commitments

From 2006 onwards, RATP’s energy policy will be based on a series of operational actions geared towards energy sobriety and a controlled demand for energy. This will be rooted in **four thematic programmes**: bus transportation; rail transportation; Metro and train stations; and industrial and administrative property. The goal is to cut energy consumption and ancillary greenhouse gas emissions by at least 5% before 2010 and 10% before 2020, without altering the level of service provided. In 2006, this policy will be broken down into contracts specifying objectives for each department. A network named “Energy Observatory” was created to coordinate the Company’s energy policy. RATP’s commitment is based on the implementation of a plan for cross-departmental actions revolving around several progress axes:

- Incorporation of energy policy objectives into the project management function and generalisation of an environmental quality approach.
- Systematic highlighting during supplier bid comparisons of any CO2 emissions produced or going unmentioned in economic calculations, specifically as regards investment or purchasing policy choices.
- Drawing up of a Company Travel Plan or something equivalent, to assess solutions for cutting CO2 emissions caused by employee travel.
- Intensification of the Company’s participation in research and innovation programmes, notably where this is aimed at improving the bus network’s energy sobriety. Concomitantly and where this is technically and economically feasible, encouragement of electrical modes and other **alternative energy** sources through application of ADEME study findings.

Experiments and partnerships

RATP already engaged in some of these actions in 2005. For example, two **Carbon Reports**[®] that were implemented on an experimental basis at locations like the T2 site and the Charlebourg bus depot helped RATP to spot the main greenhouse gases being emitted and to envisage remedies. RATP reinforced its partnership with ADEME in new project assessment this year, notably when testing a new air conditioning system on Ovent type buses. Designed in collaboration with industrialists, this device tries to reduce the over-consumption of energy to which equipment of this sort is prone. ■

Keeping abreast
of changes in traffic

Advances in
network development

Proposing a new vision
of the future

Stimulating innovation
and research

Seeking an exemplary
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Respecting people, the essential action

Signatory to the UN Global Compact, RATP is careful to conduct its activities in a way that respects human values and furthers a socially useful mindset. 2005 witnessed a number of new initiatives.

Wherever it intervenes, be it in the Ile-de-France Region or nowadays outside of France's borders, the RATP Group intends to manifest corporate social responsibility and contribute, within the scope of its activities, to progress in a way that is useful to Humankind^(G).

In 2005, this commitment translated into a multitude of actions that were either novel or embodied deep-seated Company policies. Such actions were usually carried out in partnership with local authorities and associations in response to societal problems that no one actor can solve alone.

Accessibility, a collective battle

Signatory to the 2003 Accessibility Charter, RATP is committed alongside State Authorities (and with their financial support) to the idea that as many people as possible should benefit from the right to freedom of movement. Hence its deployment of a disabled passenger accessibility policy, the buses it fits with lowered floors and **wheelchair boarding facilities** and its development of acoustic information systems for the visually challenged or visual information systems for the hard-of-hearing. All in all, a manifold

number of actions have been undertaken^(G). 2005 was also noteworthy for RATP's experiment with a **new acoustic journey** enhancement system mobilising map databases and GPS identification on behalf of visually challenged passengers. In partnership with the Institute for the City in Movement and the Institute for Research in Engraved Applications, it also launched new raised-line Braille maps with large font legends. Regarding the RATP network's accessibility for Wheelchair Users (WU), things presented themselves as follows in Ile-de-France at yearend 2005:

RESPONSIBLE PURCHASING

RATP purchasing policies target more than just economic efficiency alone. After all, ethical behaviour constitutes one of the Company's basic structuring axes^(G). In 2005, a **SOCIAL QUALIFICATIONS system was set up to cover apparel contracts. By so doing, RATP is showing the way forward to other French public sector institutions.**

Abroad, the RATP Group intends to develop its activity by encouraging local suppliers. In Morocco last year, for example, a major bus order signed by M'dina Bus (in an initiative piloted by RATP Development) will help to modernise local industry, thereby creating 1,800 jobs.





ACCESSIBILITY

- 26 totally accessible bus routes in Paris and seven in the suburbs. At present and if road work is done to rebuild stops, buses on 131 RATP routes could already be WU friendly.
 - The two existing tramlines are entirely accessible to all types of disability, as the future T3 will be.
 - Accessibility has also risen to 67% on the RER Regional Express Train network. The aim is to achieve complete station accessibility in 2008. All platforms were equipped this year with movable bridges.
 - In the Metro, where total access is illusory for both economic and technical reasons, eight stations on Line 14 and seven other stations are WU accessible today. New thinking concerning the creation of a “core” network was initiated in 2005, the aim being to optimise investment outlays by creating a veritable WU Metro travel process.
- Accessibility programmes** should accelerate in the near future following France’s adoption of an Equality of Rights and Chances, Participation and Citizenship for Disabled Persons Law dated 11 February 2005 that notably envisages an Accessibility Master Plan under the guidance of Transportation Organising Authorities.

10 years of a solidarity policy

RATP is committed to the battle against exclusion⁽⁶⁰⁾. For 10 years now, its Social Shelter, where ca. 60 volunteers work, has provided aid and assistance to those who

are most vulnerable and seek refuge and shelter in the Metro. This is done in partnership with the appropriate institutions and specialised associative networks. The **Atlas** (Aid, Transportation, Housing, Shelter, Care) operation meant that this year 94,000 persons could be transported to night shelters run by humanitarian associations. Atlas is operated in partnership with the Paris DDASS Social Welfare Department, the City of Paris and the SAMU Social emergency services. Also noteworthy this year was the creation in the City’s 13th arrondissement and under the Workforce (Re)Entry Solidarity Spaces agreement signed with the French State and City of Paris, of a new day centre that RATP helps fund. Another 2005 Ile-de-France initiative was RATP’s decision to participate in the **creation of a PIMMS Multiservice Information Mediation Point**, an associative structure grouping several public services. The first experiment was carried out in Antony, with a second point then being created in Paris. PIMMS’s development will be continued at the request of local authorities who want to ease access general interest services for everyone. Lastly, mobility workshops for those who have embarked upon a social and professional workforce (re)entry pathway generalised across the Ile-de-France Region this year. Run by RATP staff members and organised in partnership with workforce (re)entry structures, workshops of this sort

were implemented in ca. 20 municipalites in Seine-Saint-Denis and Val d’Oise counties in 2005.

Prevention, a fully-fledged corporate policy

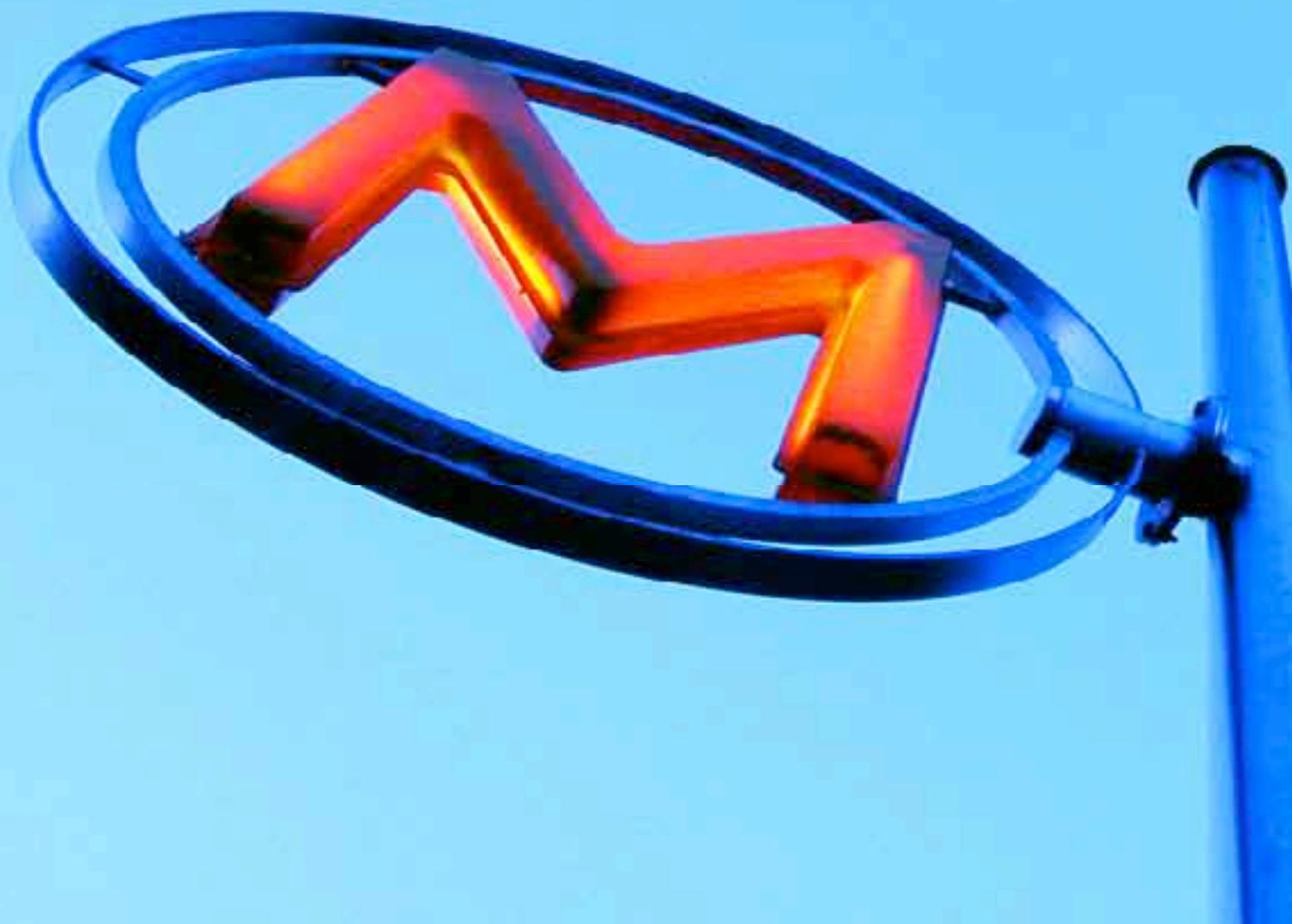
Preventive education, long a fundamental policy at RATP, also experienced some new developments in 2005. For example, the “My home is my city” **educational programme** that tries to offer preventive responses to anti-social behaviour in the city by meeting more young persons in their school environment raised the awareness of nearly 40,000 students this year (+29%). Note additionally the creation of a new educational support system for primary school children; a know-how-to-travel passport; and a 2005-2006 diary honouring France’s cities and illustrated by a selection of pictures taken by pupils as part of the prevention programme. To optimise its actions, RATP has mapped what it does in this respect in each of the regions it serves⁽⁶⁰⁾. ■

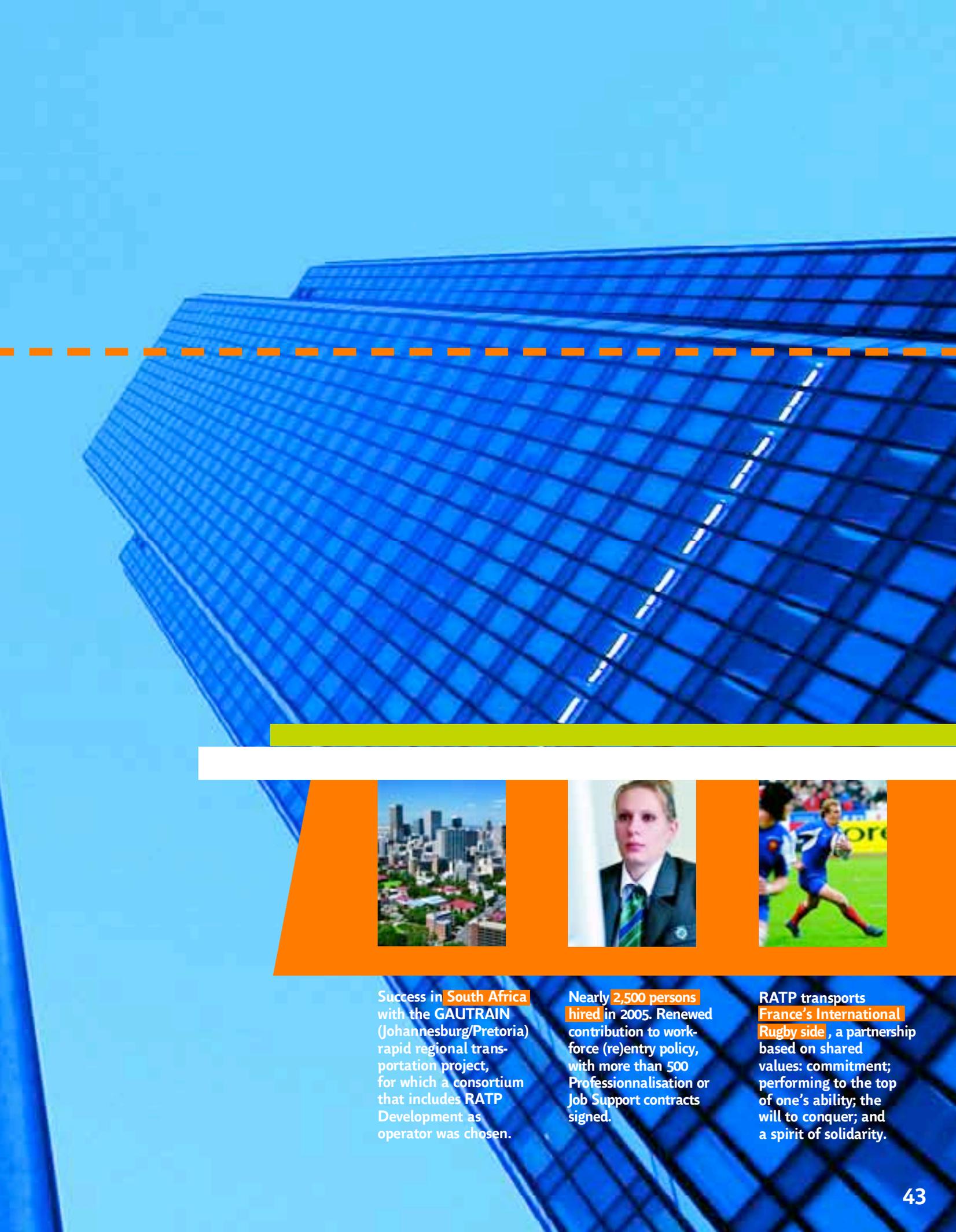
Overall performance

ADVANCING BY ACHIEVING POSITIVE RESULTS

ON ALL FRONTS

Beyond progress made in the service offered daily to millions of passengers on behalf of its Organising Authorities, RATP's strategy is to raise activity levels and constantly improve economic, social, and societal and environmental performance. RATP's development should be a boon to all and sundry.





Success in **South Africa** with the GAUTRAIN (Johannesburg/Pretoria) rapid regional transportation project, for which a consortium that includes RATP Développement as operator was chosen.



Nearly **2,500 persons hired** in 2005. Renewed contribution to workforce (re)entry policy, with more than 500 Professionnalisation or Job Support contracts signed.



RATP transports **France's International Rugby side**, a partnership based on shared values: commitment; performing to the top of one's ability; the will to conquer; and a spirit of solidarity.

Helping a Group to emerge

A world market in urban transportation is steadily taking shape. RATP decided in late 2001 to pursue a strategy of helping an internationally sized Group to emerge as an extension of the Public Sector Company. With the suitability of this choice having been confirmed, its implementation advanced further last year.

In late 2001, in an environment marked by announced changes in its institutional environment, RATP decided to implement an **offensive strategy** resolutely set in a dynamic of competitiveness. The Company was seeking to take advantage of the new possibilities offered by France's Solidarity and Urban Renewal Law – that notably authorised the RATP Public Sector Company to pursue operational activities throughout France and abroad via subsidiaries, thereby preparing the Company for an increasingly competitive environment, diversifying its sources of growth and leveraging its know-how. The over aim was to build a Group (comprised of RATP and its subsidiaries) capable of becoming a global benchmark in the Company's three professions: engineering,

operations and maintenance. The Group would be active in all public transportation modes, a ubiquitous entity active in the Ile-de-France Region but also in the French Provinces and abroad via a country strategy (based on the establishment of a strong presence in a few chosen European countries). Expansion would occur in conjunction with an opportunistic strategy of bidding on large international calls to tender. Relying on its internationally recognised technical competencies and ever higher service quality, the RATP Group has organised itself since 2002 with a view towards the **conquest of new markets**. RATP Development's creation and the 25% interest in the Transdev Group has led to the development of ancillary operational, maintenance and service activities that

complement existing positions, specifically in the field of engineering with Systra. Less than four years later, the situation is promising. Public Sector Company subsidiaries accounted for 5% of consolidated revenues at yearend 2005 but for 10.8% of all revenues under management and 12% of net profits.

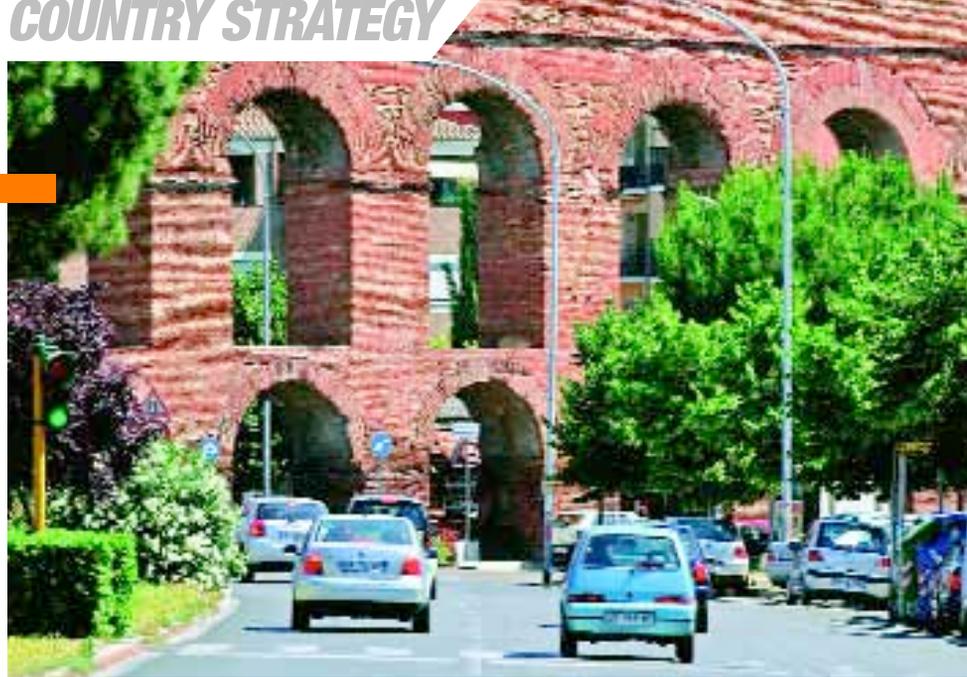
International competition, an essential element of development

As an emerging actor on the international scene, the RATP Group has already demonstrated its capacity to establish partnerships and bid successfully on major operational and maintenance tenders. It is currently responsible for running transportation systems in four countries (Italy, Greece, Germany and Morocco) and



COUNTRY STRATEGY

The RATP Group pursues a development strategy specifically aimed at building a few strongholds outside of France. One example is ITALY, which has been identified as an attractive market, due to the plans being made there to open up the domestic transportation market, and because of the absence of any dominant actors. The Group founded a branch office in Rome in 2002 and gave it the mission of signing technical cooperation agreements with local public operators and of seeking joint development possibilities. This orientation began to bear fruit as far back as 2002 when (via a joint venture with urban transportation actors from Tuscany) a 30% stake was taken in the LFI Group, which operates two rail lines plus bus services in the region of Arezzo. Underpinned by the pillar of trust resulting from these initial partnerships, the RATP Group will soon be operating an integrated network in Florence.



will develop further as the world market in urban transportation network operations continues to open up. Only about 15% of this market might be considered open today but steady progress has been made. International groups operating in several countries and even on several continents are taking shape. The potential for development is enormous here for the RATP Group, which as the operator of one of the world's largest intermodal networks enjoys a very positive image during international invitations to tender. To seize the opportunities that materialise through such large tenders, RATP pursues an active approach emphasizing **partnerships**, notably with local operators. The suitability of this strategy was illustrated in 2005 by the success in South Africa.

Running the future Johannesburg-Pretoria fast link

July 2005: following an invitation to tender organised in 2001, the Bombela Consortium

of which the RATP Group is a member was chosen by the Gauteng Province government to undertake the Gautrain regional rail transportation project.

The RER style **rapid transportation project** will equip the Province along its North-South axis with a 10 train station, 80 km rail network linking Johannesburg to Hatfield, a suburb of Pretoria, in 40 minutes at speeds approaching 160 km/hour. There will also be a branch serving the international airport in less than 15 minutes. This major "PPP" (public private partnership) type programme contains a remit to conduct pre-studies, build the network, supply equipment, operate and maintain the system and fund it. It is a complete project that was won thanks to an association of the competencies held by the partners comprising the Bombela Consortium: Bouygues Construction, Bombardier Transportation, Murray & Roberts and RATP Development, associated with Loliwe Rail Contractors and Loliwe Rail Express, two South African consortial

companies representing Black Economic Empowerment interests.

Once funding negotiations are completed, work should commence in 2006, with service due to start in 2010, coinciding with the Football World Cup being held in South Africa. Together with its South African partners, RATP Development will be the main shareholder of the entity given responsibility for running and maintaining the whole transportation system, which includes a rail network and train stations but also a bus network offering passenger service in the 10 km radius surrounding the stations, as well as the construction of nearby parking lots. This 15-year **long contract** is destined to become a major international benchmark. Encouraged by these initial successes, the RATP Group is preparing new projects in Europe, notably in the North, with a view towards the future opening of a **market for large networks**. By so doing, it is laying groundwork in zones of high economic and demographic growth (Asia, Latin America and the Mideast) where the advent of **DDDD**

Helping a Group to emerge

Performing at a high economic level

Recruiting for tomorrow's RATP

Managing and innovating on employees' behalf

Reducing RATP's environmental footprint

new heavy networks is currently being mooted. An example is Dubai, where RATP is one of the actors pre-selected to tender on a new Metro system.

RATP Development: a rapid rise in activity levels

Three years after it was founded, RATP Development has become much more than a company focused on commercial prospecting and project structuring activities alone. Heading a group of 23 operating and service subsidiaries, by 2005 it was already organising the daily departure of 53 coach services to and from the CEA complex at Saclay near Paris; transporting 400,000 persons across the Casablanca bus network; and running 26 buses daily in the Annemasse region. RATP Development and its subsidiaries are also busy transporting 60,000 disabled persons across Val-de-Marne County; helping to run nine trains on the Athens RER Regional Express; and producing a total of 1.7 million km of rail service in Germany's Rhineland-Palatinate province. Amongst other developments in 2005 and asides from the aforementioned successful bid in South Africa and the finalisation

of the contract to complete and run the Florence agglomeration integrated network (see page 34), note the success achieved last January by Equival, a joint subsidiary of RATP Development and Transdev, which was asked to manage ticketing systems in the region surrounding Aix-en-Provence. This contract, together with the transportation ticket sales activities already being operated in Isère County, illustrates the Group's ability to develop **network management** activities involving turnstile and cash till management systems, as well as multi-modality mechanisms and passenger information. Remember that 2005 also saw the implementation of two big contracts won by companies in which RATP Development holds a capital interest: Filival, a new transport service created by Flexcité 94 for individuals with reduced mobility (see page 32); and M'dina Bus, which has been given responsibility for running the Casablanca bus network (see page 17). RATP Helias pursued its **management mission** in Greece via Proastiakos, the company that runs the Athens RER system and a subsidiary of the national public

operator. Created to prepare the line's opening before the 2004 Olympic Games, this entity, with its more than 300 employees, supervises operations over 120 km of dual train tracks and in 14 train stations. Nine trains are permanently in circulation on this system, which transports an average of 13,000 passengers a day. Having been responsible for nurturing this firm in its early years, RATP Group teams opened a second line in September 2005, running from Athens to Corinth. 33 new Greek drivers were also certified following a complementary 2-month training period driving on both Ile-de-France RER lines A and B. This 3-year contract is an essential springboard for continued development in Greece. Future possibilities include an opening of Proastiakos's capital, plus other large-scale projects, in a country where sizeable needs and the existence of European funding implies significant potential for development. The RATP Group would like to build a lasting and global presence in Greece, as it has already started to do in Italy. In 2005, RATP Group teams also undertook a number of expert missions, like the Clermont-

PARTNERSHIP



RATP does enjoy competition. Having been lauded for its work at the 1998 Football World Cup and as an official partner of the 2003 World Track and Field Championships, RATP worked closely together with the team created to present Paris's candidacy for the 2012 Olympic Games, a high quality application that fell at the last hurdle. RATP has confirmed its taste for competition and sports by converting the rugby try it has scored.

AS CARRIER OF THE FRENCH NATIONAL RUGBY TEAM

(a mission for which it has developed a special bus) and official partner of the French Rugby Federation, RATP and 30 of its drivers bring the national side to all home matches, including tests and the 6 Nations Tournament. It also carries all foreign teams visiting France, and has signed a 2005-2008 partnership agreement revolving around shared values like commitment, performing to the top of one's ability, the will to conquer and a spirit of solidarity.

ACQUISITIONS



*To complement its internal growth strategy, the RATP Group bids on invitations to tender. One of the external growth operations it carried out in 2005 involved the acquisition of an Yvelines County passenger transportation company called Cars Perrier. With its 84 vehicles and 194 employees, this firm had 2005 revenues of €12.3 million. Its acquisition is the **NATURAL EXTENSION OF A PARTNERSHIP** that began in 1992 with the creation of SQYBUS, which operates transport networks in the Saint-Quentin-en-Yvelines agglomeration and in its surrounding municipalities. The operation bears witness to the RATP Group's desire to expand its activities in Ile-de-France, at a time when the opening of this market is being mooted.*

Ferrand tramway project, or in Algiers. As an example, the Algiers Metro company EMA retained the RATP Development-Systra consortium to monitor the building of its system and **to help prepare it for operating** the city's first underground line (9 km and 10 stations). There was also a prime contracting deal signed for the Algiers tramway, illustrating the possibilities of leveraging RATP's particular know-how in ensuring project continuity between the completion of building phases and the start of actual operations.

Xelis, the RATP Group's new pillar in the field of engineering

To take advantage of changes in its institutional environment and to derive as much value as possible from its competencies in **engineering transport** infrastructure development projects, the RATP Group decided in 2005 to subsidiarise some of the Public Sector Company's engineering activities by founding a company called Xelis, given responsibility for bidding on future STIF invitations to tender in the Ile-de-France Region but also over time for doing the same in France's Provinces. The remit covers all aspects of transportation engi-

neering, in particular where this involves regional rail systems, whilst excluding urban projects. Capable of setting up partnerships, notably so it is capable of participating in general prime contracting consultations, Xelis will constitute a vector of development to complement Systra, both geographically and in terms of type of activity.

Systra's contracts across the world

The Group's historical pillar in the field of engineering is Systra, an entity in which the RATP Group is the titular shareholder alongside SNCF French National Railways. Systra enjoys a level of experience that is rare in the field of urban and rail transportation. Systra ran its business in 2005, offering **assistance to transportation organising authorities** from across the world. In particular, it supported from beginning to end the construction of Metro Line 4 in Santiago (Chili), which was inaugurated this year. Amongst the contracts signed in 2005, note the prime contracting agreement covering the new phases of work on the Lyon tramway; the prime contracting assistance package undertaken on behalf of Morocco's Rabat

tramway; and the engineering review cum general supervision for the construction of a new 117-km railway line in China (Beijing-Tianjin).

Continued support for subsidiaries and capital interests

In 2005, the RATP Group confirmed its support for the development policy of Transdev, an entity in which it has a 25% stake. Some of the Group's joint ventures have also started to uncover a few interesting prospects, starting with Eurailco, which operates in the suburban and regional rail market, a sector characterised by its numerous invitations to tender. In 2005, the RATP Group also raised its controlling interest in two important subsidiaries, Orlyval Services (from 51% to 99%) and Promo Metro (from 66% to 100%). Note finally within the Spaces Enhancement activity the **very good performance** by Telcité and Naxos, RATP Group companies specialised in networks, telecommunications services and IT. In 2005, Naxos associated with TDF to prepare an application to obtain a Wi-Max license in the Ile-de-France Region. ■

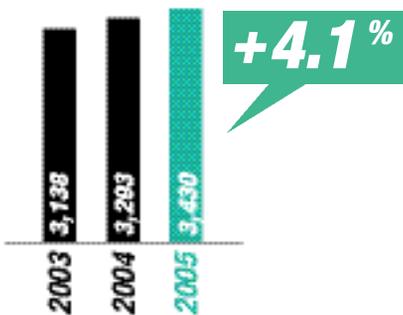
Helping a Group to emerge
 Performing at a high economic level
 Recruiting for tomorrow's RATP
 Managing and innovating on employees' behalf
 Reducing RATP's environmental footprint

Performing at a high economic level

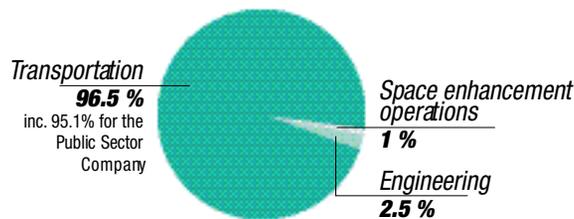
As fully-fledged businesses, RATP and its subsidiaries are committed to constant improvements in their economic performance. Revenue-raising measures and control over costs combine to generate the profits that companies need, specifically to fund their investments. A new threshold was crossed in 2005.

After accounting for (generally insignificant) variations in its perimeter of consolidation*, 2005 Group performance continued the upwards trend, in a favourable environment that gave resonance to management efforts. These results confirm the road that RATP has travelled, plus its ability to generate positive outcomes whilst tending to future needs.

Consolidated revenues (in €million)



Breakdown of 2005 consolidated revenues (by sector of activity)



REVENUES

Renewed growth in consolidated Group revenues

RATP Group consolidated revenues rose again in 2005, driven by positive developments in its main transportation activity (+4.5%). Amplified by additional growth from development subsidiaries whose revenues were up 13.8%, this good performance was basically a confirmation of the dynamism of the RATP Public Sector Company's activity.

3.6 billion€
The Group manages €3,654 million in revenues

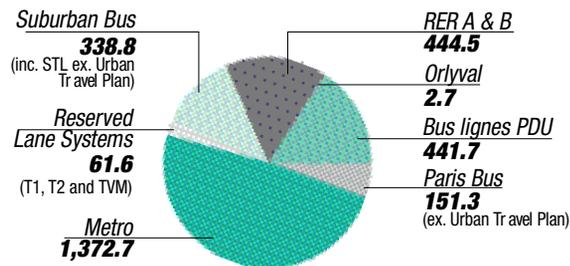
Group consolidated revenues were €3,430 million but the total under management was €3,654 million (+4.85%). This latter figure is a fairer reflection of real activity. The proportion of total revenues generated by companies consolidated on an equity basis (where the Group has a less than 50% interest in subsidiaries, their totals are not integrated into its revenue calculations) hit €224.6 million this year, up 17%.

* New entities created: Flexicié 94 (51% subsidiary of RATP Development), Tram di Firenze (company building the future Florence tramway, 24.9% owned by RATP Development), Gest Spa (company running the future Florence tramway, 51% owned by RATP Development); LFI Service, TFT Spa and RFT Spa by subsidisation of certain LFI activities in response to the requirement under Italian law that network and infrastructure operational activities be separated. Acquired entities: 3 companies purchased from the Cars Perrier Group (100% owned by RATP Development). Variations in RATP percentage of ownership: Orlyval Service (RATP Development's interest raised from 51% to 99%), Promo Metro (RATP's interest raised from 66% to 100%), SQYBUS (RATP Development's interest raised from 50.44% to 89.65%), STBC (RATP Development's interest reduced from 20% to 15% after STBC merger with TUC).

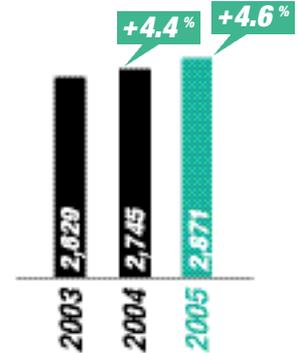
Gross traffic on ratp public sector company's integrated Ile-de-france regional network
(in million journeys)



Breakdown of Ile-de-france traffic by mode
(in million journeys)



Total net traffic receipts for the ratp public sector company
(in €million)



TRAFFIC

A rapid rise in RATP Public Sector Company traffic and receipts

Continuing last year's trend, 2005 profits were primarily driven by stronger activity levels at the RATP Public Sector Company, where revenues were up by 4.3%. A leading factor in this sustained growth on RATP's Ile-de-France network was the record number of passenger journeys, which reached the 2,813 million mark. Thanks to the combined efforts of RATP's Organising Authorities and its in-house teams, traffic levels at yearend were even higher than the already exceptional levels witnessed in 2004. Excluding calendar and traffic interruption effects, there was a 1.6% increase. Higher traffic stemmed mainly from greater use of the Metro (+2.8%) and RER (1.5%) networks. Surface networks recorded a small drop

(0.6%), basically due to major roadworks' impact on some Paris routes. The rise in traffic generated a 2.1% gross increase in paid traffic, adjusted down to 1.2% to calculate RATP's remuneration, given that the currently contracted traffic risk sharing mechanism acts to reduce community transportation costs whenever volumes are higher than forecast. This volume effect, supplemented in 2005 by a service provision reinforcement effect (0.4%), can be augmented by a price effect linked to the STIF contract's price revision clauses, which were beneficial to RATP this year. Calculated using an INSEE basket of indices, this indexation amounted to 3% in 2005 (vs. 1.8% in 2004), with the RATP Public Sector Company being

advantaged by the structural gap created by the incorporation of cost increases, an effect that had penalised it in 2004. The net result is that the RATP Public Sector Company recorded a 4.6% rise in total net traffic receipts. In total, and notably due to the sales incentive contribution rewarding

RATP for its participation in transportation ticket sales (€109 million, +7%) plus the service quality bonus it received (€8 million, +6%, with 31 out of 35 indicators surpassing their objectives this year), RATP Public Sector Company revenues hit the €3,294 million mark.

ACCOUNTING STANDARDS

Due to the harmonisation of EU accounting rules and in line with French legislation, on 1 January 2005, the RATP Group modified its method for booking fixed assets. One notable consequence was an extension of many fixed assets' working lives, to get a fairer reflection of operating assets' real economic value. The lifespan for a tunnel thus rose from 50 to 100 years and possibly 140 years in case of regeneration work. Trains' lifespans increased from 20 to 30 years and possibly 40 years in case of complete renovation. Furthermore, asset values can now be broken down into principal goods and component goods, all of which have different lifespans. In total, the number of fixed assets listed on the Public Sector Company's balance sheet jumped from 320,000 to 460,000 items. On 31 December 2005, after accounting for new investments and depreciation over the course of the fiscal year, Group fixed assets had a net value of €1.3 billion.

Helping a Group to emerge

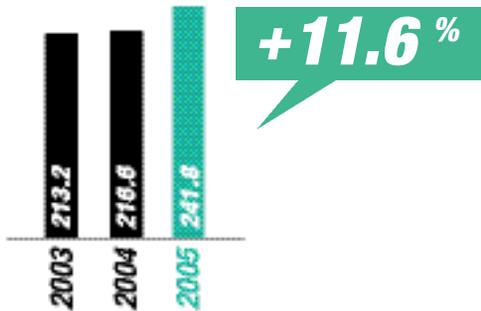
Performing at a high economic level

Recruiting for tomorrow's RATP

Managing and innovating on employees' behalf

Reducing RATP's environmental footprint

RATP group operating income
(in €million)



PROFITABILITY

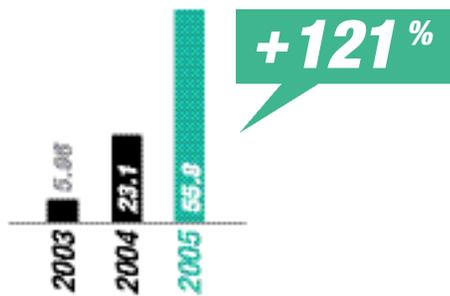
A new improvement in operational profitability

Driven by a dynamic in which takings are rising at a faster rate than operational expenses, the RATP Group's operational profitability (operating income as a percentage of consolidated revenues) increased from 6.6% to 7% in 2005. This positive variation in operating income stems from the fact that expenses rose less quickly than revenues did (+3% vs. +4.1%). Note however that two items did record two detrimental shifts

for the second year running: taxes (+8.5%); and energy costs (+7.5%). Labour costs rose by 3.35% under the combined effect of a slight change in staff numbers and higher charges for risks, with the rise in RATP's service provision being partially offset by its productivity efforts and wage policy. After accounting for a generally insignificant variations in depreciation and charges for risks (+2.9%) and despite changes in the accounting

standards applied to fixed assets and a virtually unchanged financial result of -€190.7 million, the current profits generated by companies integrated into the RATP Group skyrocketed this year, to €51.1 million.

Group share of net profits
(in €million)



NET PROFITS

A new threshold in the Group share of net profits, without any significant contribution from exceptional items

Given the kind of activity RATP pursues, this year's Group profits of €55.8 million were very high indeed, with very little contribution having come from exceptional items (€4.7 million). Note simply a new rise in contributions by companies consolidated on an equity basis (€3.5 million, or +33%) and a doubling of employees' share in profit-sharing schemes, which expanded from €9.2 million in 2004 to €18.6 million in 2005.

€549 millions d'euros

Cash flow of €549 million to service investments – and passengers. This is an essential indicator for the Group since it conditions RATP's capacity to invest. Cash flows have benefited from improved results, specifically enabling RATP to cover its internal programmes, which are devoted to existing asset maintenance and renewal investments.

NET CONSOLIDATED PROFITS

A positive contribution by all sectors of activity and a new jump in subsidiaries' performance

In 2005, the Transportation sector, which is the Group's core activity, contributed €51.4 million (+160%) to net consolidated profits thanks to sharply improved performances by the RATP Public Sector Company but also by Transdev and LFI. The Engineering sector (Systra) was able to consolidate its contributions to earnings (stable at €1.2 million) in a context that was not particularly conducive to the redeployment of activities after the announced contraction in a major Paris/London TGV link contract caused a fall in revenues and gross margins. The Spaces Enhancement sector made good progress by adding €3.2 million to net consolidated profits, notably due to the RATP Group's higher stake in Promo Metro, but also because of clear improvements in contributions from Telecommunications activities. The Group's development strategy bore fruit in 2005, with renewed growth in subsidiaries' contribution (€6.7 million) to the Group share of net profits (+ 30%). Given the Public Sector Company's particularly strong contribution in 2005 and despite subsidiaries' very good year, they only accounted for 12% of net profits, however.

PENSION FUNDING

Some important work was done in 2005 to secure long-term funding for statutory personnel's pension plans. This reform became indispensable following the STIF's regionalisation. New funding channels established with a view towards the creation of an autonomous pension pool have been in effect since January 2006. This reform will help RATP to secure its accounts both financially and legally without causing any changes to people's rights, thanks to the French State's assumption of responsibility for the past and future rights of up to 45,000 statutory employees.

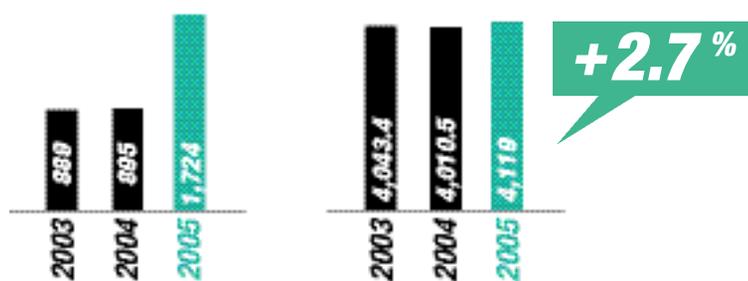
DEBT LEVELS

Another small increase in debt levels

After stabilising in 2004, consolidated financial debt began to rise again in 2005, albeit only slightly (+2.7%). This situation stemmed in part from the delayed disbursement of public monies, a situation that was partially resolved in January 2006. Another cause was RATP's "non-standard" status as a joint source of funding, alongside the Ile-de-France Region's Transportation Organising Authorities, for transport capacity extension investments. RATP Group consolidated shareholder equity was sharply higher, following a revision in the accounting standards applied to fixed assets.

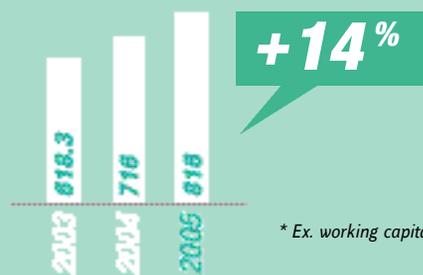
Consolidated shareholder equity
(in €million)

Net financial debt
(in €million)



RATP group cash flow
(in €million)

RATP group investments*
(in €million)



* Ex. working capital variations.

Recruiting for tomorrow's RATP

As a forward-looking company, RATP is organising itself in a way that will enable it to cope with the triple challenge of having to recruit the talents and energies underpinning future progress; cope with the large number of annual departures for retirement; and get people's competencies to evolve in a way that optimises their performance.

With 2,448 hirings in 2005, 80% at the operative level, RATP is a leading employer in Ile-de-France. By 2014, 32% of its operatives, 46% of its supervisors and 50% of its managers will have retired. This is a very important issue since the **Company recruits** for 100 different professions divided into three main categories: passenger service; techniques and maintenance; and transportation, space and information engineering.

Counting on diversity

Since RATP wants to be a company that lives in the image of the customers it transports, it is committed to an approach that concretised in late 2004 by the signature of a "Diversity Charter"^(G). This Charter's implementation in 2005 materialised in a hiring campaign.

In line with the 2004-2007 Fourth Corporate Agreement "Encouraging the Employment of Disabled Persons", RATP has pursued its priority policy of hiring and integrating individuals from these populations^(G). Its 23 recruits in 2005 bring to 979 the total number of **disabled staff members** at the Company. Note that the Agreement assigns RATP the objective of hiring 120 disabled persons over four years (including five managers a year), plus eight Skills Contracts over the whole of this period.

Alongside these efforts to recruit people from the very heart of the City it serves, RATP has intensified its workforce

CAMPAIGN



To face these challenges, RATP raised the profile of its hiring policy in 2005 via a media campaign broken down into tools playing on individual relations: flyers, comms cards, job description sheets, stands, etc.

IT ASSERTS THE VALUE OF ALL THE DIVERSITY

that the Company has to offer in terms of professions and opportunities, whilst affirming its desire to promote diversity through the profiles it seeks. The message strives to be multicultural and encourage female applicants. The only bias is that RATP wants to shine a spotlight on all its personnel. Some internal casting was organised to select staff members for each visual image produced.

(re)entry and job initiatives. Through forums and specific partnerships, and specifically by working alongside France's ANPE National Jobscentre, the Company maintains a presence throughout the Ile-de-France Region. Its attentive territorial hiring practices mean that 44% of new employees come from local "Urban Policy" neighbourhoods^(G).

Emphasizing workforce (re)entry policies

Above and beyond direct hirings, the Company pursues a social policy workforce (re)entry policy aimed at **young people**

between the ages of 16 and 26 with few or no academic qualifications. It offers training programmes providing skills and degrees to enhance these individuals' integration into the Company. Thus, a "Generational Solidarity" protocol agreement that was renewed via an amendment signed in 2005 has already translated into 268 Professionalisation Contracts and 274 Solidarity Employment or "Job Support" Contracts^(G). In addition, RATP has also suggested to France's Ministry of Transportation and Ministry of Labour an entire workforce (re)entry themed agreement. ■

Managing and innovating on employees' behalf

RATP's social policy is forward-looking and adaptable. The Company tries to offer its personnel a reliable, user-friendly and attentive internal service whilst devising optimal responses to customers' expectations.

Changes in the environment have raised serious social management issues. In response, RATP has been pursuing a dynamic **contractual policy** (29 agreements signed) as well as increasingly active social dialogue^(GC).

Developing competencies and optimising professional pathways

In 2005 and even as it was mapping the needs generated by future technological mutations, changing customer expectations and an exceptionally large number of departures for retirement, the Company was still able to fulfil all of its departments' human resource master plans. These forward-looking jobs and competencies management tools help RATP to inventory current facts on the ground and adopt

action plans for both training and hiring purposes, hence to respond to any expected changes. In short, as the Company identifies which competencies are critical, it establishes an action plan to ensure that they remain "uninterrupted".

To analyse and support the changes in the competencies that the Group requires for its development, a "professions portal" aimed at facilitating managerial level mobility through the development of professional pathways went live on the Intranet. This translated into a total of 200 job bulletins and the tracing of 1,700 crossover possibilities. In highlighting **internal mobility**, emphasis is placed on professional pathways, to ensure diversity as well as appreciation for each successful stage. Hence the implementation of an

assessment and progress interview action plan in which 93% of all staff members have already taken part.

With a 2005 budget amounting to 6.75% of the company's total wage bill and affecting more than 30,000 staff members for a cumulative total of more than 1,840,000 hours, RATP's professional **training** efforts reflect the idea that each and every employee should possess the competencies s/he needs to stay abreast of the changes affecting his/her profession.

Controlling professional risks

Underlying RATP's entire prevention approach is an assessment of employees' professional health and safety risks.

The legal obligation to establish a single document is in fact a special lever that ▶▶▶

A NEW PROCEDURE

Demande d'attention

Dispositif de prévention des conflits individuels



One original social dialogue procedure is the recently launched "DEMAND FOR ATTENTION" system helping to defuse or resolve any internal disputes that may arise between Group employees. The aim here is to avoid the emergence of individual conflicts by relying on the human touch and by encouraging a climate of trust. Thanks to this procedure, any employee who feels that s/he has been a victim of discrimination or who is in conflict with another person can officially notify a management representative from his/her department^(GC). What then follows is a reconciliation procedure that is controlled at each of its phases. This approach is born out of broad consultation and draws its inspiration from RATP's well-known social alarm mechanism. It tries to ensure reliable, user-friendly and attentive relationships within the Company.



MOBILITY

▶▶▶ should enable the Company to conduct these assessments in an efficient manner. By grouping and consigning data and findings about the risks to which different staff members are exposed in a single document, not only can such risks be identified and inventoried coherently but it also becomes easier to monitor the Company's prevention approach⁽⁶⁰⁾. In 2005, all RATP departments engaged in a thought process and produced documents about their own activities and the specific risks they create. 2006 should see the harmonisation of these contributions with in a single company document.

Piloting changes in the health at work system

RATP approaches health at work through the **multi-disciplinary** (medical, organisational and technical) approach that now underpins all of its prevention and protection policy. This change follows on from the

application of a French decree dated 28 July 2004 derived from the country's Social Modernisation Law dated 17 January 2002 instituting an in-depth reform of health at work structures. In line with the new regulatory stipulations, company doctors' activities will henceforth be organised around the time they devote (alongside management) to actions in the work environment that help to change risk parameters; the time spent on clinical activities; and any ancillary efforts⁽⁶⁰⁾. The workplace medical service is becoming increasingly multi-disciplinary and includes representatives from a number of new disciplines: ergonomics, hygiene, epidemiology, psychology, etc. Note additionally that a protocol agreement was signed awarding a special medical dispensation to staff members affected by functional and motor disorders that impact their ability to work. The purpose is to allow such staff members to remain at their work-

stations if they so desire, even if this means carrying out their professional responsibilities at a less pace.

Experimenting and modernising with management and information systems

The CPS **Shared Services Centre** project that is currently in the process of being completed will try to combine within one and the same structure administrative management activities for 3,800 employees in nine different functional departments. The basic idea here is the mutualisation of activities and implementation of new technological tools: on-line services; databases; and services included in "Rhapsodie". In time, CPS should help improve the quality of the services offered to staff members by mobilising a resource-saving service contract signed by the different departments.

Argos: Intranet for everybody

2005 saw the opening of a new Intranet company portal entitled Argos and offering a new cross-departmental ICT organisation. Built to be evolutive, Argos will host all RATP Intranet sites over time, plus any internally-oriented Internet sites, like Reseaubus.ratp.fr, ultimately becoming the sole reference **portal**. It has a double mission: to offer people the information they need to accomplish their professional activities; and to provide Intranet access to everyone in France and abroad, via traditional office workstations but also thanks to the presence of Wi-Fi links, personal assistants and the Extranet. By implementing **collaborative tools**, a company directory (Harpe) and a new electronic document and profile manager, Argos will allow for personalised information management, encouraging the emergence of new synergies by optimising collective work and renewing professional practices. ■

Adapted pathways

As a new phase in its policy of helping young people to access a starting position, RATP's has signed an Employed Student Success Charter in partnership with eight leading Parisian universities, offering students who work concomitantly with their studies a professional development activity to help them complete their course. This is an opportunity for RATP, which is already committed to offering its interns enriching pathways within the Company, to reaffirm its commitment not to resort excessively to the use of interns to fulfil its activities⁽⁶⁰⁾.

Helping a Group to emerge
Performing at a high economic level
Recruiting for tomorrow's RATP
Managing and innovating on employees' behalf
Reducing RATP's environmental footprint

Reducing RATP's environmental footprint

Above and beyond its ambitious energy plan, RATP has extended and amplified the actions it takes in the service of environmentally friendly development - one source of performance being the new sustainable development policy initiatives it adopted in 2005.

Committed to a resource-saving policy⁽⁶⁾, RATP advanced down this road in 2005 by attending to its twofold environmental and economic objectives. Besides energy, which was the priority topic of the year, the Company achieved significant results in water usage, reducing total consumption by nearly 8% in 12 months. 2005 saw great progress in equipping industrial sites with new or renovated water purification facilities. Most bus maintenance centres now use recycled water for washing. Other innovative systems have also been created, like the **water saving** device that the Charlebourg bus depot experimented with and which will be tested on other sites in 2006, notably at the Javel workshop that serves Metro Lines 8 and 11. The Rueil-Malmaison site also tested washing trains

with rainwater. Lastly, RATP decided in 2006 to draw a detailed map of the water it consumes and the grey water it produces.

A better management of materials

Another area in which RATP is committed to resource-saving is paper, where consumption dropped by 5.6% between 2004 and 2005. The aim here is to achieve a 20% fall from 2004 levels by the year 2007. The kinds of paper and cardboard **recycling** and sorting operations that first began on administrative sites back in 2002 are now being carried out by 12,000 staff members on 66 sites and have led to 1,200 tonnes of materials being recycled instead of incinerated. This has been a positive operation all in all, both from an environmental standpoint and also for the Company budget, notably due to the reduc-

tion in standard waste elimination costs. New initiatives were also taken in materials management, for example at the Pavillons-sous-bois bus depot, where a **computerised health at-work system** management system has been installed.

In short, by yearend 2005 and for all categories of waste, more than 20,000 RATP staff members on 94 industrial and administrative sites took part in selective sorting operations.

Pushing an environmental certification approach

At a broader level, since 2003 the whole of the Company has been committed to an ISO 14 001 environmental certification approach. Environmental management systems continued to deploy this year, **DD**

RESOURCES MANAGEMENT



Finding value

In line with an approach that prioritises constant improvements in its sustainable development actions, RATP used 2005 to conduct a feasibility study on the selective sorting of passenger waste in its transportation spaces. Quantities have skyrocketed (proliferation of free newspapers, wrapping materials, etc.) to now reach 7,000 tonnes annually. In the end, the study detected a potential for deriving value from half of all passenger waste, 40% of which comes from newspapers. An initial experiment in selective sorting will be carried out in 2006 on the Denfert-Rochereau multimodal hub (Metro, RER, bus) to prepare this new system's progressive extension throughout the network in the best possible conditions⁽⁶⁰⁾.

with **18 sites being certified by yearend 2005**, in line with the objective of having 100 certified sites by yearend 2010. To support this approach, RATP used 2005 to assess training and consciousness-raising tools that were installed during earlier pilot phases, with a view towards their eventual deployment. Furthermore, 11 out of the Company's 18 departments signed an

Internal Sustainable Development Charter in 2005, committing to improved practices and attesting to a generally greater awareness of the importance of these issues and of the need for everyone to get involved.

Becoming less of a nuisance

RATP is also committed to try and reduce any nuisances generated by its facilities or

assets⁽⁶⁰⁾. First and foremost is noise, an area where research is currently being conducted in collaboration with a bus industrialist. Studies have also been initiated to improve the apprehension of dust levels in the network's underground enclosures; the nature of such particles; and staff members' exposure to them. This has led to the constitution, in collaboration with several public sector laboratories like the City of Paris Hygiene Laboratory and the Laboratory for the Study of Inhaled Particles, of a scientific committee including representatives from hospitals and universities, the National Research and Safety Institute and the Health Watch Institute.

Anticipating the future through eco-design

Upstream from any such practices, the Company now opts for eco-design, to ensure that projects' intrinsic performance incorporates their environmental performance. As a result, from now on RATP will engage **in a total cost dynamic**, much like the system that was implemented this year for its bus orders. ■

STUDIES



CLEAN BUSES

Sustainable development indicators

(RATP-EPIC)

SOCIAL INDICATORS

Number of employees* as of 31 December	Total 2004	Women 2004	Men 2004	Total 2005	Women 2005	Men 2005
Management	3,881	27.72%	72.28%	3,902	28%	72%
Supervisory	7,698	23.01%	76.99%	7,628	22.60%	77.44%
Operatives	33,437	17.70%	82.30%	33,433	17.75%	82.25%
TOTAL	45,016	19.48%	80.52%	44,963	19.45%	80.55%
Skills contracts	367			292		
Number of disabled employees	825			979		

This indicator refers to "disabled employees" (c.f., COTOREP "Work" section definition), including disabled persons hired over the course of the year under the terms of the 10 October 1994 Protocol Agreement. It also refers to workers' compensation recipients (with Permanent Partial Incapacity of at least 10%).

* Employee numbers are calculated using the social balance sheet's definition, i.e., any staff member linked to the Company via a contract of employment.

Recruitment	2004	in %*	2005	in %*
Permanent status, under the aegis of an open-ended contract	1,993	79.40%	1,856	84.44%
Under the aegis of a fixed term contract	206	8.21%	131	5.96%
Under the aegis of a skills contract	311	12.39%	211	9.60%
TOTAL**	2,510		2,198	
Inc. disable employees	25	1.00%	23	1.00%

* Expressed as a percentage of total number of recruits.

** Ex. "CES" temporary apprentices and student researchers.

Skill contracts*	2004	in %**	2005	in %
Skill programme applicants**	239		231	86.10%
Skill programme graduates	211	88.20 %	206	89.10%
Hired after graduating from skills programme	195	69.80 %	196	95.10%

* Calculations don't include supervisory-level skills contracts (48 in 2003, 41 in 2004 and 40 in 2005).

** Percentage calculated for each of the one- or two-year skills courses.

Employee deficiencies and reclassification	2004	2005
Employees definitively assessed as being deficient in terms of their current position	268	243
Inc. employees reclassified to another function	9	12
Inc. employees benefiting from a re-skilling programme	113	114

The classification of an employee declared deficient in year N can sometimes occur in year N+1 (or even later).

SOCIAL INDICATORS

Part-time work	2004	2005
Number of employees working on a part-time basis	1,790	1,945

Absenteeism	2004	2005
Absence due to illness (in days/employee)	10.4	10.7
Absence due to accident at work/accident on way to work/work-related illness	1.7	1.8
Average number of days of absence per employee	12.1	12.4

Contract terminations	2004	2005
Dismissals of permanent staff members	67	74
Dismissals of non-permanent staff members	48	40
Resignations	194	237

Accidents at work	2004	2005
Number of accidents leading to cessation of duties	2,657	2,493
Frequency*	45	41.88
Degree of gravity**	1.02	1.07

* Number of accidents leading to cessation of duties X 106 per total number of hours worked.

** Number of days lost to accidents X 103 per total number of hours worked.

Total payroll taxes	2004	2005
Cost of personnel/revenues	0.76	0.74

Remuneration	2004	2005
Net average monthly remuneration per employee (in euros)	2 166	2 257

Training	2004	2005
Percentage of total wage bill spent on training	6.78%	6.78%
Nr. of employees to have attended at least one training programme over the course of the year	33,797	30,563

Social dialogue	2004	2005
Protocol agreements or contract riders	42	29

SOCIETAL INDICATORS

Accessibility	2004	2005
Accessibility via fares policies		
Number of young persons holding an imagine'R pass	721,577	743,700
Number of young workforce entry programme participants holding a Transition pass	996	Titre supprimé
Number of persons entitled to a Solidarité Transport pass	206,000	318,767
Accessibility for persons with special needs*		
Number of RER train stations that are accessible to persons in wheelchairs**	40	41
Number of buses that are accessible to persons in wheelchairs	1,928	2,058
Number of journeys made in a wheelchair on accessible buses	18,398	18,959

* Metro: indicator currently being developed.

** Train stations equipped with self-operated lifts or goods elevators and requiring RATP staff assistance.

Prevention	2004	2005
Number of employees to have received training in the management of individual and group risks (in number of hours)	60,800	68,500

Solidarity	2004	2005
Number of persons to have been given shelter by Salvation Army-type missions	47,129	44,214

Citizenship education	2004	2005
"My home is my city" programme		
Number of employee volunteers to have been involved over the course of school year	450	500
Number of pupils involved	29,513	39,000

Territorial embeddedness	2004	2005
Number of "urban policy" district local recruits (in % of total recruitment)		
Paris	73	68.93
Seine-et-Marne	33	10.10
Yvelines	24	41.90
Essonne	57	46.15
Hauts-de-Seine	48	54.89
Seine-Saint-Denis	76	90.63
Val-de-Marne	58	67.73
Val-d'Oise	55	66.04
TOTAL	59.40	60.05

RATP Citizenship Foundation	2004	2005
Social cohesion programmes	30	34
Societal and workforce (re-)entry projects	10	14
Other partnerships	3	

ENVIRONMENTAL INDICATORS

Air quality	2004	2005
Average emissions over a distance of 1 km from a standard RATP bus (in grams)		
CO	0.7	0.7
HC	0.3	0.3
NOx	21.4	21.4
Dust particles	0.2	0.2
CO ₂	1,600	1,600
Breakdown of bus fleet by type		
Part du parc équipée en technologies propres	97.30%	98.30%
Diesel buses running on 50 ppm diesel fuel	3,595	3,597
• inc. buses equipped with dust particle filters	3,064	3,089
• inc. buses running on diester 30 fuel	64	72
Diesel buses running on emulsion of water and diesel fuel	310	310
Buses running on natural gas	90	90
Buses running on LPG	57	57
Buses running on electricity	12	12

Noise	2004	2005
Acoustic ranking of infrastructure – overground rail tracks (in km)		
Metro and RER - Paris*		
• Daytime noise levels between 70 and 76 dBA	5	5
• Daytime noise levels between 65 and 70 dBA	6	6
Metro and RER – Suburbs*		
• Daytime noise levels between 70 and 76 dBA (RER alone)	18	18
Tramway*		
• Daytime noise levels > 65 dBA	0	0
Management of sound pollution and vibration-related complaints		
Number of complaints	204	206
Average delay of response vs. 17-day target (where an actual intervention took place)	10	10
Treatment of rail-related nuisances		
Ground rails (nr. of km treated over course of the year)	128	127**
Rails treated with insulation systems (cumulative, in km)	176	182

* Reference documents: Metro and RER – Paris: Prefect Decree dated 15 November 2000. Metro and RER – Suburbs: Cartography of rail traffic noise – IAURIF (June 2000). Tramway: Municipal orders.

** RER: 63, Metro: 63, Tram: 1.

Water use	2004	2005
Total consumption (in 000s of cubic meters)	975	898
Industrial wastewater		
Number of industrial sites emitting sewage effluents	51	51
Percentage (out of more than 1,250 measurements) of effluent parameters analysed as complying with standards	87%	89%
Polluted water (i.e., charged with heavy metals)		
Total volume of water gathered and discharged into the public mains (in m ³)	7,652,271	7,718,162

ENVIRONMENTAL INDICATORS

Waste	2004	2005
Number of sites involved in selective sorting operations	86	94
Number of employees involved in selective sorting operations	17,800	20,,100
• inc. managers	8,600	8,600
Breakdown into dangerous and non-dangerous waste (excluding worn down ballast), in tonnes*		
Solid dangerous waste	1,230	1,451
Liquid dangerous waste	2,345	2,922
Non-dangerous waste	16,505	14,638
• inc. wood	3,385	2,297
• inc. cardboard	1,240	1,187
• inc. polymers	600	841
• inc. rubble/PVC foam/miscellaneous	5,705	4,487
• inc. metals	5,575	5,826
TOTAL	20,080	19,011
Répartition des déchets par filière de valorisation/élimination		
Traitement		
• Incinération	1,165	1,489
• Physico-chimique	1,200	1,466
Valorisation		
• Matière	11,080	10,823
• Énergétique	6,600	5,133
CET (centre d'enfouissement technique)	35	100

* The variation in waste tonnage figures reflects an improvement in selective sorting and traceability.

Energy	2004	2005
Total consumption (in Ktep)*	214.7	214.6
Electrical energy		
• As percentage of total consumption	55.40%	55.40%
• Total consumption (in GWh)	1,382	1,381
Chilled water - Air conditioning (in GWh)	15.7	15.8
Fossile fuels		
Part in total consumption	41.60%	41.20%
Fuel		
Diesel (in hl)	752,627	743,477
Emulsion of water and diesel (in hl)	67,126	66,827
Diester (in hl)	11,099	11,077
Petrol (in hl)	1,754	1,638
LPG (in hl)	20,286	19,982
Natural gas (in Nm3)	2,353,388	2,289,117
Natural gas excluding fuel (in GWh)	166.5	164.1
Renewable energy		
Percentage of total consumption	2.40%	2.80%
Consumption of steam (in tonnes of steam)	85,949	98,935

* Equivalency in electrical energy calculated on European basis.

Innovation	2004	2005
Percentage of research programmes dedicated to the environment and sustainable development	35%	34%

Environmental management and certification	2004	2005
Number of sites engaged in ISO 14001 certification procedure	27	45
Number of sites certified	9	18
Number of agents involved in certification approach	3,250	7,270

Glossary

ADEME: Agency for Environment and Energy Management

ADUP: Public Ticket Vending Machines

AGIII: Saint Denis/Asnières-Genevilliers-Le Luth Future T1 Tramway station.

Aigle: Computerised Security Teams Management and Location Device

Altair: Device for Bus Route Operations and Passenger Information at Stops

Argos: New Intranet portal, part of 3rd generation Intranet Carbon Report

CIACT: Interministerial Committee for Territorial Development and Competitiveness

CPER: State Region Planning Contract (SPCR)

DDASS: County Health and Social Welfare Department

EAP: Assessment and Progress Interview

EPIC: Public Sector Industrial and Commercial Organisation

GES: Greenhouse Gas

GIE: Non-Profit Consortium

GPL: Liquefied Petroleum Gas (LPG)

GPSR: RATP Network Protection and Security Group

GNV: Vehicle Natural Gas

Loi SRU: Solidarity and Urban Renewal Law

Ocarina: New Service Relationship and New Applications Support Device

Optile: Ile-de-France Transport Professional Organisation

Ouragan: New Automatically-Managed Renewed and Improved Urban Service

PDU: Urban Travel Plan

PREDIT: National Terrestrial Transportation Research and Innovation Programme

PSP: Proximity Service Point

Radio 3RD: Radio Network Reserved for Data Transmission Between Vehicles and the Aigle-Altair Location Server

Rhapsodie: Renewal of Human Resource Management Information Systems

SDRIF: Ile-de-France Region Master Plan

SISVE: On-Board Sound and Vision Information System

STIF: Ile-de-France Transit Authority

Symphonie: Modernisation System Harmonising Stations' New Information Operations

TCSP: Reserved lane public transportation network

Tetra: TERrestrial TRuncked RAdio

TOSCANE: Remote Maintenance via a Notified Equipment Anomaly Supervision Device

T1: T1 Tramway

T2: T2 Tramway

T3: T3 Tramway

TVM: Trans Val-de-Marne (County)

UITP: International Union of Public Transport

UFR: Wheelchair User (WU)

→ **FINANCIAL
REPORT**

2005

SUMMARY

→ 1. <i>Management report</i>	65
→ 2. <i>Work and Internal Controls</i>	70
→ 3. <i>Consolidated financial statements</i>	80
→ 4. <i>Financial statements</i>	112

→ **MANAGEMENT REPORT**

01

→ 1. <i>Organization chart</i>	66
→ 2. <i>Background</i>	67
→ 3. <i>Significant events</i>	67
→ 4. <i>RATP Group condensed consolidated financial information</i>	68
→ 5. <i>Outlook</i>	69

→ 2. BACKGROUND

During 2005 RATP implemented a dynamic commercial policy, reaping the rewards of increased passenger traffic and revenue, while maintaining stringent cost controls.

The Group performed well, as reflected by the record 2.813 billion passengers carried on our networks.

The production and quality objectives set for year in the STIF (Île-de-France public transportation authority) contract were achieved and surpassed in terms of quality of service.

The contribution of RATP Group subsidiaries to Group net income rose across all divisions, up an aggregate 30% compared with 2004.

RATP Développement did not make a positive contribution to the Transport division during the period, as its results were affected by the 20% share of losses recorded for its investment in the Moroccan transport company M'Dina Bus. The fundamental restructuring of the bus network by the Casablanca authorities has only just begun. Transdev contributed positively again to Group results.

Despite a decline in business in Asia, which affected all the Group's companies in the region, the Engineering division maintained positive operating margin, benefiting from the strong dollar against the euro and provision reversals.

All companies in the Real Estate and Telecommunications division posted positive results, with significant year-to-year increases.

↳ 2.1 Changes in Consolidation Scope

In the Transportation division, RATP Développement boosted expansion on an international level. In addition to contracts won in Casablanca in Morocco, Florence in Italy and South Africa, the company consolidated its position in Greece by setting up a local wholly-owned subsidiary, RATP Hellas.

In Italy negotiations on the Florence contract were finalized, enabling construction to begin on the tramway. Business activity will now gather momentum for the companies directly involved in the project - Gest Spa, the operating company 51% owned by RATP Développement, ATAF, the Florence bus transportation company and also Tram di Firenze, the contractor in which RATP has a 24.9% stake.

In France activity was also buoyant, with business expanding further in the Île-de-France Region.

On April 25, Flexcité 94 successfully launched its transportation services for disabled users in the Val-de-Marne area. The company is 51% owned by RATP, 34% by Transdev and 15% by GIHP. The three companies have combined forces to meet demands that have far exceeded initial expectations.

RATP Développement strengthened the Group's presence in the Saint-Quentin-en-Yvelines region by fully acquiring Cars Perrier at the end of June 2005, thus extending its service offering both to the local authorities and private users.

At the end of 2005, to guarantee high-quality seamless services in the Chelles region, the two service providers STBC and TUC combined their business activities. RATP now owns 15% of the newly-formed company STBC.

(in millions of €)	2005	2004	Change	% change
Revenue	3,294	3,157	+137	+4.3%
Net operating expenses	(2,788)	(2,725)	-63	+2.3%
Operating profit	506	432	+74	+17.1%
RATP expenses	(456)	(410)	-46	+11.2%
Net income	50	22	+28	+127.3%
Cash earnings	539	491	+48	+9.8%

RATP Développement increased its stake in Orlyval Service from 51% to 99%, when Matrix Transfinex decided to sell its shares.

The expansion of Transdev was particularly remarkable during the period for intercity transportation services in regions such as Lorraine in France and Yorkshire and Lancashire in England and for city transportation in places such as Laon city in France. The company has also been successful in Italy, where its business stronghold was confirmed in Genoa and it became a minority partner with the city authorities for the provision of city transportation services.

LFI, an Italian regional operating company providing bus and rail services, which is 30% owned by an RATP International consortium, restructured at the end of 2004. It separated its rail and real estate activities in order to comply with new regulations on the opening up of transportation services to competition. It also renewed its road transportation contracts.

In the Engineering division, the Systra Group set up a wholly-owned Moroccan subsidiary during 2005, and now has exclusive control over its American subsidiary.

In the Real Estate division RATP achieved the goal of gaining exclusive control over its associates by repurchasing a 34% stake in Promo Metro, which it now wholly owns. The subsidiary is responsible for marketing advertising space and business premises.

→ 3. SIGNIFICANT EVENTS

↳ 3.1 Transportation Division

RATP

RATP generated net income of €50 million in 2005, up from €22 million the previous year, due to a 4.3% increase in revenue offset by a lower 2.3% increase in operating expenses. The condensed income statement below illustrates the results of the STIF contract:

Revenue

Revenue increased 4.3% to €3,294 million from €3,157 million in 2004

RATP traffic generated aggregate revenue of €2,871 million, up 4.6% from the previous year, mainly due to:

- A rise in the number of paying customers (up 2.1%).
- Increased transportation availability.
- Customer loyalty.
- Improved quality.
- Further success in curbing ticket fraud.

Other income matched the high levels of 2004 and was generated by advertising, income from sales offices and external services.

› Net operating expenses

Net operating expenses were up 2.3% to €2,788 million from €2,725 million in 2004. They increased 5.1% the previous year. Major changes primarily concerned:

- Energy costs, due to higher fuel costs. This was offset by income from the fuel hedges set up by RATP.

- Taxes and duties, particularly due to professional tax and new taxes levied on salaries and compensation.

Other expenses changed relatively little as operating costs were carefully controlled. The implementation of new accounting principles resulted in a €9 million reduction in reported expenses.

› Operating profit

Operating profit rose by 17.1%, representing 15.4% of commercial revenue compared with 13.7% in 2004.

Depreciation increased by €29 million, of which €11 million due to the new accounting principles implemented for property, plant and equipment, requiring the revaluation of estimated useful lives and the use of component-based accounting. Income from employee benefit plans was down €16 million mainly as a result of higher pension plan expenses.

After operating expenses, fixed contributions and employee profit sharing, RATP's net income amounted to €50 million.

› **The company's cash earnings** were up €48 million from the previous year to €539 million. RATP uses cash flow to fund all its capital expenditure (excluding network extension), which increased 10% in 2005.

› **Total capital expenditure** amounted to €790 million comprising investments in:

- Transportation network extension: €215 million
- Network modernization: €505 million
- Other operations: €66 million
- Services outside the Île-de-France Region: €4 million

› **Net debt** increased €100 million to €4,128 million at December 31, 2005. Although the significant increase in cash earnings (€48 million) proved sufficient to cover the higher costs of modernizing the network (€40 million), aggregate resources (€720 million) were not enough to cover the aggregate costs incurred during the year (€790 million).

RATP's debt, which was stable on a same-to-same basis between 1997 and 2004, increased during 2005 essentially due to the financing arrangements used for its investments, which are not adapted to the company's economic model as a public transportation provider.

RATP transportation subsidiaries

The significant events of the year were as follows:

- RATP Développement successfully launched its new operations in Florence.

- M'Dina, the bus operating company in Casablanca, encountered financial difficulties relating to its bus fleet. Once resolved the financial position of the company was stabilized.

- Commercial operations were stepped up in Germany, through Transdev's Eurailco operations, which have enabled Trans Regio to bid for contracts to extend the geographic scope of its activities.

- The Open Tour operated by SLT-SELT was successful, with a significant number of tourists using the service.

- Mobicite was restructured and past losses written off, enabling the company to refocus on its core activities, particularly in the Île-de-France Region.

- Transdev's contribution to net income increased by almost 40%, with strong performance from bus operations in London, the United Kingdom, stable results in France, and the positive effect of its recent acquisitions.

↳ 3.2 Engineering Division

Activity was still hampered by delays in implementing new and extended contracts in countries such as Algeria, Dubai and China where the political environment is less receptive to public transportation services than in countries such as the United States. However, the division has profit-making potential.

↳ 3.3 Real Estate and Telecommunications Division

The contribution of the telecommunications subsidiaries and SEDP to net income rose sharply. Promo Metro reported slightly lower-than-expected net income on a same-to-same basis, due to an increase in the fees paid to RATP.

→ 4. RATP GROUP CONDENSED CONSOLIDATED FINANCIAL INFORMATION

↳ 4.1 Changes in consolidated revenue

In millions of euros	2005		2004		Change in Revenue compared with 2004
	Consolidated revenue by division	%	Consolidated revenue by division	%	
RATP	3,261	95.10%	3,125	94.90%	4.35%
Other	49	1.43%	43	1.31%	13.95%
Transportation	3,310	96.53%	3,168	96.20%	4.48%
Engineering	86	2.51%	89	2.70%	(3,37%)
Real Estate/Telecommunications	33	0.96%	36	1.09%	(8,33%)
TOTAL	3,429		3,293		4.13%

Group revenue rose 4.13%, comparable to the increase in RATP revenue.

In the Transportation division, subsidiaries' revenue rose €6 million, reflecting the expansion of RATP Développement's activities and revenue recognized for Flexicité 94, which was consolidated for the first time in 2005.

Engineering division revenue was down primarily due to decreasing income from the CTRL contract in the United Kingdom, which constituted a major part of aggregate division revenue.

The decrease in Real Estate and Telecommunications revenue was due primarily to changes in real estate business, with the termination of SADM's activities and the non-recurring revenue generated by SEDP in 2004.

↳ 4.2 Changes in consolidated net income

	31/12/05	31/12/04	Change
RATP	49	18	31
Other			
Transportation	3	2	1
Transportation Division	52	20	32
Engineering Division	1	1	0
Real Estate and Telecoms	3	2	1
Total	56	23	33

The increase in net income was mainly attributable to higher RATP net income. The contribution of subsidiaries rose from €5 to €7 million, reflecting:

- the increased contribution of Transdev and LFI, which largely offset the losses incurred by Trans Regio (compensated by the write-off of almost all negative goodwill in 2004) and M'Dina in the Transportation division.

- the increased contribution from the Real Estate and Telecommunications division, which was boosted by the performance of the subsidiary Naxos.

↳ 4.3 Group net debt at December 31, 2005

	Group debt	RATP	Other Transportation subsidiaries	Transportation division	Engineering	Real Estate Telecoms Division
Financial	269	209	8	217	19	33
Loans and borrowings *	4,388	4,365	15	4,380	6	2
Net	4,119	4,156	7	4,163	(13)	(31)
Incl. lease		(29)	1			
Incl.		1				
RATP debt		4,128				

* Not including accrued interest, financial assets and liabilities related to leaseholds, deposits and guarantees.

The increase in Group net debt of €108 million was principally attributable to the increase in RATP net debt, which was up €98 million. Subsidiaries' negative debt was down €10 million to €37 million at December 31, 2005, due to the acquisition of Cars Perrier and the ensuing assumption of its debt.

→ 5. OUTLOOK

In 2006, RATP will focus on implementing the 2004-2007 STIF contract within the institutional framework set forth by the Decentralization Act, and will set up an independent pension fund.

For the Transportation division, 2006 will be a year of growth spurred by capital increases by RATP Développement and Transdev to fund their strategic development. Transdev aims to extend its operations into other countries from the vantage points recently acquired, notably in the United Kingdom.

RATP Développement will be carefully monitoring the progress of the M'Dina bus company and managing the activities of Trans Regio, the regional rail carriage subsidiary that it owns jointly with Transdev. RATP Développement will also continue to provide transportation services for disabled users.

In the Engineering division, 2006 will be an important year with the creation and launch of the operations of its subsidiary xelis, exclusively in France.

During 2006 the subsidiaries of the Real Estate and Telecommunications division will continue to explore new ways of enhancing RATP's service offering, by extending its WiFi services and providing other commercial services to customers in the metro.

→ **WORK AND INTERNAL CONTROLS**

*President's Report on the
Preparation and Organization
of the Boards' Work and
Internal Controls for the
year ended December 31, 2005*

02

→ 1. <i>The Board of Directors</i>	71
→ 2. <i>Internal Control</i>	72
→ 3. <i>Internal Control Procedures for Accounting and Financial Information</i>	73
→ 4. <i>Control of Subsidiaries</i>	74
→ <i>Appendices</i>	75
→ <i>Statuary auditor's report</i>	79

Introduction

The purpose of this document is to report on the preparation and organization of the Board of Directors' work and on the internal control procedures implemented by RATP, in accordance with the provisions of Article L. 225-37 of the French Commercial Code.

The 2003 report described the procedures implemented, without providing an assessment of them.

The 2004 report presented a summary of key internal control procedures, with details in the appendices, highlighted the changes that had occurred since the previous year, and provided a preliminary review of the effectiveness of the procedures implemented.

In addition to presenting the internal control system in place in 2005, this report will describe:

- the improvements made by the company to its internal control system, both in terms of corporate governance and the control environment.
- the lessons learned from analyzing weaknesses in the system and the preventive and corrective action taken.

As in previous years, this document comprises four chapters covering:

- the Board of Directors' work (changes in corporate governance and significant events);
- the internal control system. During the period the focus was on increasing controls, by adopting a new approach to risk management, implementing regulations, auditing the control environment and assessing company-wide implementation of the "Assessment and Review of the Internal Control System" program;
- the internal control of accounting and financial reporting;
- the control of subsidiaries.

Additional details on the internal control system are provided in the appendices.

→ 1. THE BOARD OF DIRECTORS

↳ 1.1 Work of the Board of Directors

The RATP Board of Directors comprises 27 members, in accordance with the Decree dated June 7, 2004 (see details in Appendix I).

The Board is responsible for all the major strategic, economic, financial and technological decisions concerning the company, notably in terms of the company's multi-annual state-regional operating plan

(Contractual Plan) and business plan. The work of the Board is planned and managed by two standing committees, which deal with matters concerning corporate development, technical and technological modernization, and economic and strategic issues respectively. The committee for economic and strategic issues also monitors the implementation of the contract between RATP and STIF, any amendments made to it, and the business plan.

The role of the Audit Committee, comprising six Board members, is to report to the Board on the consolidated and individual financial statements, particularly with regard to the reliability of the information systems used for preparing them. In 2005, the Audit Committee examined and approved for the first time the 2004 consolidated financial statements and the 2005 interim financial statements of RATP Group.

The President, who is also the Chief Executive Officer (CEO), sets the agenda of strategic issues to be discussed by the Board for the purposes of policymaking.

↳ 1.2 Governance and Significant Work of the Board

The President reviewed corporate governance practices in 2005, as required under the terms of her mandate (2004-2009). At its meeting on January 28, 2005, the Board agreed to implement the following changes:

- focus increasingly on strategic issues,
- optimize the effectiveness of the two standing committees by defining their roles more clearly,
- clearly define the role of the Audit Committee,
- adapt certain subsidiary-related procedures,
- set out confidentiality regulations concerning the work of the Board.

These changes led to the adoption of new internal rules and increased the price threshold of contracts requiring Board approval from €9 to 16 million.

Consequently, the Board was able to devote more time to strategic matters. During the year it tabled a number of issues on its agenda relating to corporate strategy, perspectives for the future and control over its global environment. Structural subjects were also discussed, such as service policy, proposals to revise the Île-de-France regional development framework ("*Schéma directeur de la région Île-de-France or SDRIF*"), and energy and purchasing policies.

The Board approved the reform of the financing of RATP's special retirement

scheme, as required by the region-wide application of STIF and new accounting standards. The related implementation decrees reflect the need to provide financial, legal and technical safeguards, while guaranteeing unlimited financial support from the Government and continuity of the special retirement scheme in its entirety.

A considerable number of issues related to the Contractual Plan, which is the backbone of development in Île-de-France, were discussed to ensure optimum implementation following the decisions taken as part of CFACT on October 14, 2005. The Board approved seven preliminary projects in 2005. When possible, presentations were given to the Board by the regional development and technical modernization committee in order to better illustrate its preparatory work on development issues.

When the capital expenditure and investment program was adopted, the respective responsibilities of those involved were clarified, particularly in terms of RATP's obligation to finance infrastructure and rolling stock. RATP is the second largest contributor of funds for the Contractual Plan, after the Île-de-France local authority.

The Board also discussed major corporate policies, when the price threshold of contracts requiring Board approval was increased to €16 billion. Also, when dealing with issues such as supply contracts for MP 05 trains, the systems to automate line 1 and the replacement of the bus fleet, the Board reaffirmed service quality targets and purchasing strategy. The opening up of the electricity market to competition led to talks on changes in the economic environment, and highlighted the need to be able to anticipate changes that may have direct repercussions on operating results.

In the interests of transparency, the Board adopted a procedure enabling directors to be informed of contracts of a substantial size, but which are not subject to Board approval. After one year of practice, these measures have proved to be effective.

The Audit Committee worked extensively, primarily in two areas:

- to approve the annual and interim consolidated financial statements and assess subsidiary-related risks and ensure RATP's financial stability.
- to continue implementation of IFRS. Significant progress was made in 2005 in terms of corporate governance practices, which will enable RATP to face new challenges with greater assurance.

The main issues dealt with by the Board

are listed in Appendix II.

Details of the Board meetings and deliberations are included in Appendix III.

→ 2. INTERNAL CONTROL

The internal control system is the means by which companies manage and control the risks inherent to business, thus increasing their ability to meet their objectives.

Given its field of business and special legal status (EPIC), RATP has a long tradition of implementing internal controls and integrating internal controls in its daily operations

- As a transport company, internal controls have always been performed by RATP to guarantee the security of its operations and user and employee safety,
- As a state-owned company, RATP is subject French government controls, which are conducted by the Economic and Financial Control Board for Transport.

The relations between RATP and the Île-de-France public transport authority have been set out contractually since 2000. RATP ensures the achievement of its contractual obligations by setting objectives and implementing performance indicators at business unit level.

Improving quality is a constant concern. RATP has advanced in the implementation of French and international quality standards, both in terms of management and environmental issues, and has extended quality certification to a wide number of businesses. Over eighty percent of employees are now involved in the quality process, and quality audits have also been set up.

The employees involved in internal control procedures (senior management, operational managers and specialized audit staff) base their work on audit and internal control standards, such as those issued by the French Audit and Internal Control Institute (IFACI), and on the internal control definitions established by the profession.

↘ 2.1 Employees involved in Internal Control

External controls are conducted by the Economic and Financial Control Board for Transport, by the Statutory Auditors (Pricewaterhouse Coopers and KPMG) and by the French Procurement Board, which was set up by the Order of January 11, 1973¹ and is presided over by a representative of the National Audit Office.

Internal controls are performed by local management who are supported in their work by a number of people.

2.1.1 Local Level

At local level, internal control is performed directly by management, together with control and support groups.

• Role of management

Operational managers play a key role by guaranteeing both compliance with current legislation and regulations and quality of service.

• Support and control groups

The managers are assisted in achieving their goals by support and control groups, which lend their expertise and measure performance. This is particularly the case of the management control, human resources and purchasing departments, which function either as centralized or decentralized structures.

2.1.2 Business Unit Level

Other employees are involved at business unit level:

- Transport controls are decentralized and performed by type of transport (maintenance inspections and revenue controls),
- Specialized controls are performed within each business unit (decentralized audits, quality controls, systems risk management). Details on business level structures are provided in Appendix IV.

2.1.3 Company Level

- The Inspectorate General/ Internal Audit reports directly to the President; its terms of reference are laid down in General Instruction 432 C of September 2, 2003.
- General Security Control, which also reports directly to the President, was set up by General Instruction 5294 of February 25, 2000. Its responsibilities are divided between Fire Safety Units and Systems Risk Management. Details of their working practices and terms of reference are provided in Appendix V.

↘ 2.2 Risk Management Tools

Risks to the company have been identified and measured more clearly, particularly in terms of their impact on the company (e.g. regulatory changes).

The audit program reflected progress made and highlighted areas requiring progress. A number of incidents occurred that exposed weaknesses. These were addressed and resolved. Measures have since been taken to ensure they do not happen again.

2.2.1 Cartography of Risk

In 2005, when preparing the 2006 audit program, the Inspectorate General/Internal

1. Changed by the other dated March 23, 2005 (OJ of April 13, 2005).

Audit used the cartography of risks mapped out in 2003, based on the same principles and under the supervision of the same three task groups (executive committee, business unit managers and general delegates, and internal auditors).

The cartography of risks was originally designed to define audit priorities. However, it extends to all the risks facing the company and is based on the assessment by the three task groups of material importance and extent of control.

A report on the Cartography of Risks was sent in early 2006 to the three task groups and the Audit Committee. It shows that they concur on the five most material and least controllable risks, namely terrorism, performance and cost control, competition, institutional and regulatory change and information systems.

2.2.2 Regulatory Framework

Several texts were drawn up or amended in order to consolidate the regulatory framework and enhance management of internal control. They concerned systems risk management policies and audits, purchasing, work-related accidents and illness, and strike notice.

The amendment of General Regulation 100 (IG 100), which sets out the framework governing all Group operations was highly significant, and led to the reorganization of the company in line with its legal status as a public sector trading company (EPIC).

A list of the new regulations is provided in Appendix VI.

2.2.3 Business Unit Control

Business unit audits are progressively being extended to include performance evaluation (basic activities, objectives attained, revenue growth, mid-stream performance indicators and business plan).

The audits showed that business unit processes are generally well controlled, but that support processes and management systems are less consistent. Advances were made however in certification. Several audit reports were published in 2005 on company-wide processes, such as the flood risk prevention plan, the ventilation of underground operating areas and access to information systems. While the overall results were good, the reports showed that progress is still required in a number of areas, to:

- improve coordination,
- implement regulations,
- provide traceability of maintenance and safety training
- transfer skills and expertise.

The audit on risk management and insurance² and the audit on emerging risks provided senior management with input on the company's visibility and handling of risk management, on the roles played by those involved and on the way information is shared between the respective parties. It confirmed the thorough approach adopted to risk management in 2005 (see *infra* § 2.2.1).

2.2.4 Targeted Corrective Action

Several incidents occurred in 2005 in different sectors. They were remedied by targeted measures:

- In August 2005, a tyre on an MP59 type train burst and caught fire at the Simplon stop (Line 4). The station had to be evacuated due to the smoke. Four working groups were set up to find "operational" solutions to prevent this type of incident. The resulting action plan, validated by the executive committee in December 2005, included measures concerning rolling stock (electrical circuits, tyre material), end-of-platform gates, smoke ventilation (operating instructions, training, procedures) and operating procedures.

- The incidents on the escalators at the RER station at Nation in August 2005 and at Gare du Nord (line 4) in October 2005 resulted in recommendations on control measures (content, periodicity, traceability) and studies to improve system reliability and the replacement of certain equipment;

- Ticketing problems in Autumn 2005 revealed difficulties in maintaining and providing assistance to ticket offices. The solution was to set up a system under contract to improve the information system and establish a standby telecommunications link to the external servers. A specific policy for ticketing was also established and a person appointed to manage the ticketing information system and to define more precisely the needs, objectives and demands in terms of information systems security.

2.3 Evaluation and Review of Internal Control

The 2004 report on internal control mentioned the request made by the President to the Inspectorate General to define the scope of work required to update the internal control system³.

The Inspectorate General issued a working document in 2005 with its program entitled the Evaluation and Review on Internal Control.

The program was validated in July 2005 by the Executive Committee and at the end of October a mission statement was issued identifying five areas of work considered

2. Follow-up audit performed by Ernst & Young on insurance policies.

to be decisive for internal control.

In addition to the cartography of risk, mentioned earlier (see § 2.2.1), the program planned to:

- review current procedures regarding the "delegation of authority" and "authorized signatories", as essential elements of the control environment and operational control;
- define clearly the "audit", "inspection" and "control system", by setting out a complete description of the internal structures involved, and setting up a database on all key company-wide processes;
- train managers in internal control and increase their awareness of their role and contribution to attaining objectives;
- determine whether there is a set of regulations and procedures applicable to the entire RATP Group, other than the Group control procedures of financial information defined in March 2001.

The program primarily targets executives and managers. Its aim is to enhance their understanding and improve the evaluation of current internal control procedures. The objectives are to:

- increase knowledge of internal control,
- teach best practice and help attain the objectives set by senior management,
- define the roles of all those involved,
- ensure the transfer of best practice throughout the company.

A project leader and steering committee were appointed. The committee convened in December 2005 to review feedback on the project and validate the 2006 program schedule.

→ 3. INTERNAL CONTROL PROCEDURES FOR ACCOUNTING AND FINANCIAL INFORMATION

3.1 Accounting Policies

Given its legal status as a public sector trading company (EPIC), RATP applies the same accounting principles as those generally accepted by and legally binding for commercial companies. At the same time, it has to fulfill requirements specific to its public service missions. Its accounting policies are set out in CRC Regulation n°99.03 of April 29, 1999.

The chart of accounts of RATP is adapted to include its social security obligations, as

3. See President's report on the preparation and organization of the work of the Board and internal control procedures for the year ended December 31, 2004 (§ 2.4).

instituted by Decree n°2004-174 of February 23, 2004. The chart was approved by France's National Accounting Council (CNC) on January 25, 1984, in application of the Order of April 27, 1982.

In accordance with the provisions of Article 30 of the Law n°84-148 of March 1, 1984, relating to the audit of financial information in public sector trading companies (EPIC), and the provisions of Article 33 of Decree n°85-295 of March 1, 1985, RATP is required to appoint an independent auditor.

Below we present the recent regulatory changes, and associated improvements made to comply with those changes. A description of the procedures adopted for the production and control of financial information prepared by RATP is presented in Appendix VII.

3.2 A Changing Regulatory and Business Environment

In 2004, changes in French generally accepted accounting principles (GAAP) affected long service benefits and the measurement of retirement obligations. In addition, preparatory work began to implement component-based asset depreciation. In 2005, RATP continued to implement these standards, while preparing to apply International Financial Reporting Standards (IFRS) from 2007.

In order to provide reliable financial information in a timely fashion, RATP issued consolidated interim financial statements approved by Board of Directors and certified by the Statutory Auditors in October. At the same time, the monthly financial statements based on information from the management system are now prepared in just D+10.

3.3 Adapting Control Procedures

3.3.1 Interim Financial Statements

To prepare interim financial statements with the same degree of reliability as the 2004 annual financial statements, RATP used the same procedures. This entailed:

- recognizing the expenses and revenue that had not been recorded as of June 30.
- through its management control network:
 - preparing a detailed breakdown of supplies received and not invoiced, to calculate accrued expenses,
 - monitoring provisions, other receivables and payables, and receivables from business other than transport,
 - analyzing work-in-progress and delays in the placing in service of assets,
 - preparing a detailed breakdown of accounts.

Performing these controls at half-yearly intervals enables RATP to identify problems earlier, so that sensitive issues can be managed and resolved during the second half of the year.

3.3.2 Component-based Approach

A coordinated effort was made to conduct the significant groundwork required to implement CRC Regulations 2002-10 and 2004-06. All those involved in the life cycle of assets participated (project leaders, maintenance technicians, management controllers, accountants etc.) to:

- update the asset base by writing off obsolete equipment and specifying the location of the assets;
- prepare a complete description of the types of assets used by the company and set out regulations for their use and write-off;
- draft the associated procedures.

At the same time, work was undertaken to speed up the placing in service and write-off plans. Consequently, the work is far more than the simple application of accounting regulations, and should improve the present and future quality of the entire asset management system.

3.3.3 Carte Intégrale Travel Passes

In 2005, the management of the Carte Intégrale was transferred to the EIG COMUTITRES, which already handles Imagine'R travel passes. Before the transfer became effective, RATP worked with SNCF and OPTILE to draft and validate the specifications required by the three companies and perform operating tests.

Confirmation of the EIG and RATP's account balances was carried out at the end of 2005.

3.3.4 Improving Current Internal Processes

In order to delegate greater responsibility to the contracting business units, General Instruction 365 on third party invoicing was revised, bringing the invoicing process closer to the service provider.

3.4 International Financial Reporting Standards (IFRS)

A project team was set up in September 2005 in order to manage any difficulties relating to the implementation of IFRS. The team heads eight working groups on the following themes:

- Assets;
- Personnel;
- Financial Instruments;
- Revenue;
- Segment information and asset impairment testing;
- Consolidation;
- Provisions, off-balance sheet items and

- related parties;
- Financial statements.

The purpose of the working groups is to analyze the impact of IFRS on the various subjects and provide solutions to ensuing questions, keeping in mind all other key factors such as financial, organizational and information systems issues.

The work will then be presented to the steering committee chaired by the Chief Financial Officer, to the Audit Committee, to senior management and to the statutory auditors, for approval during the course of 2006.

→ 4. CONTROL OF SUBSIDIARIES

Subsidiaries are subject to a range of controls, which are designed to manage the risks inherent in company development.

↳ 4.1 Upstream and Downstream Controls

Upstream controls primarily comprise strategic control, which entails setting out the company's objectives and obligations, and implementing monthly reporting and auditing. These controls are detailed in Appendix VIII.

With the exception of audits, which are performed by the Inspectorate General/Internal Audit department, all controls are conducted by the 'Subsidiaries, Financial Engineering & Tax' unit of the Finance Management Control department.

↳ 4.2 Other Controls

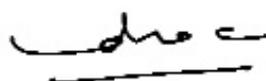
The RATP Board of Directors examines the financial position of subsidiaries twice a year:

- in March, based on the previous year's results, along with the consolidated financial statements;
- in October, along with the consolidated financial statements as of June 30.

In addition, at the end of 2003 the Audit Committee set up a quarterly risk indicator performance report to monitor the main risks concerning subsidiaries.

↳ 4.3 Current Developments

The control procedures for subsidiaries are constantly being adapted to take into account changes in the business environment and any incidents that may have occurred.



Anne - Marie IDRAC

→ Appendices

→ APPENDIX I BOARD OF DIRECTORS AND COMMITTEES

1. Board of Directors

The Board of Directors of RATP comprises 27 members, in conformity with Decree n° 84-276 of April 13, 1984 as follows:

- 9 government representatives, appointed by decree;
- 9 persons, appointed by decree:
 - One person selected for his/her expertise in transport,
 - Two persons with a background in business and economic issues
 - Two representatives of public transport users,
 - Two local authority representatives from areas directly affected by the Group's activities,
 - One representative of the Île-de-France local regional council, nominated by the council's chairman,
 - One representative of the Paris council, nominated by the council's chairman;
- 9 employee representatives elected by company employees.

The person selected for his/her expertise in transport matters is generally nominated by the Board as President and Chief Executive Officer. The actual appointment is made by Decree, after the Cabinet has heard a report on the subject from the Transport Minister.

The Government Commissioner and Head of the Economic and Financial Control Board for Transport have the right to attend all Board meetings, along with the Secretary of the Works Board or a representative.

The Secretary of the Board is nominated by the President and Chief Executive Officer, and appointed by the Board of Directors. The Secretary is responsible for preparing the reports and minutes of all the meetings of the Board and standing or ad hoc committees.

The Board convenes at least six times a year, and may also hold extraordinary meetings to renew the mandate of the Board or President and Chief Executive Officer.

2. Standing Committees

Two standing committees, each comprising an equal number of directors, are responsible

for preparing the Board's work. The committee for Corporate Development, Technical Issues and Technology, deals primarily with matters concerning development, rail network maintenance, improvement of service quality, research and markets. The Economic and Strategic Committee deals with RATP's operating budget and investment plans, its financial statements, and public service provision agreements or contracts. It also addresses business and social issues, and specifically training, housing policy, development other than that concerning the STIF contract, subsidiaries' activities and annual and sustainable development reports. It ensures the enforcement of the RATP/STIF contract and the RATP business plan.

An Audit Committee, comprising six directors (two elected by employees, one leading business person and three government representatives) is responsible for advising the Board on matters such as the individual and consolidated financial statements, financial management, accounting principles and policies, cost accounting, accounting information and management controls, the quality of the internal audit program, and risk management policies, RATP financial publications and the conclusions of the multi-annual agreement between RATP and STIF.

Independently of management decisions, which are voted on by the Board, the President may propose issues to the Board for discussion, particularly on subjects where it is necessary for the company to define medium or long-term policies.

3. Subsidiaries and Investments

The President appoints the RATP representative to the shareholders' general meetings and Board meetings of companies in which RATP has interests. The RATP Board of Directors hears a report on each of the companies in which it holds a significant stake, at least once a year.

4. Annual activity and sustainable development report

The annual report on business activity and sustainable development requires the approval of the Board.

→ APPENDIX II MATTERS EXAMINED BY THE BOARD IN 2005

DISCUSSIONS

- Service policy
- RATP proposals relating to the revision

of the SDRIF

- RATP energy policy
- RATP purchasing policy

ECONOMIC AND STRATEGIC ISSUES

- Presentation of individual and consolidated financial statements at December 31, 2004 for RATP Group
- Presentation of individual and consolidated financial statements at June 30, 2005 for RATP Group
- Operating budget for 2006
- Investment program for 2006 – borrowing authorizations
- Reform concerning the funding of retirement obligations
- Corporate training program
- Report on the STIF contract and RATP business plan
- Draft of annual activity and sustainable development reports for 2004
- Change in price threshold for approval on contracts and work
- Draft Internal Regulations for the Board of Directors
- Planned contribution to charitable institutions
- RATP housing policy for 2006
- Status report on train automation project on metro line 1.

CONTRACTUAL PLAN-STATE AND LOCAL AUTHORITIES PLANS ANNOUNCED

- Extension of the T2 tram line to Porte de Versailles
- Multi-modal station at Nanterre-Université
- Multi-modal station at Noisy-le-Grand
- Multi-modal station at Choisy-le-Roi

AGREEMENTS IN PRINCIPLE

- RER B Nord +
- Extension of the T1 tram line to Asnières-Gennevilliers-III
- Public transport network in the Val-de-Seine area.

PRE-CONTRACT AGREEMENTS

- Restructuring of the multi-modal platform in Massy
- Multi-modal station at Nanterre-Université
- Extension of metro line 4 from Porte-d'Orléans to Montrouge and Bagneux (Phase 1)
- Extension of metro line 12 from Porte-de-la-Chapelle to the Aubervilliers town hall (Phase 1)
- Extension of the Issy Val-de-Seine T2 tram line to Porte-de-Versailles
- Multi-modal station in Noisy-le-Grand Mont-d'Est
- Extension of metro line 8 to Créteil-Parcs des Sports

MAJOR CONTRACTS

- Electricity supply (framework agreement)

- Extension of the TVM (Trans Val de Marne) from Rungis to Croix-de-Berny station
- Development, supply, installation and maintenance of 64 escalators
- Integration and maintenance of the Rhapsodie application
- Implementation of the automated train operating system on metro Line 1
- Cleaning services in all RATP establishments
- Imagine'R customer relations management (EIG COMUTITRES)/Contract rider
- Fuel and cleaning of buses and bus terminals
- Surveillance of bus terminals and workshops, and metro stations and workshops
- Rider to the MF2000 contract for the supply of Métro MF2000 rail equipment and related services
- Supply of MP05 trains and related equipment
- Supply of ALSTOM railway signalling equipment for RATP fixed installations
- Supply of standard equipment for 12-metre euro 1V diesel engine buses

→ APPENDIX III BOARD MEETINGS AND DECISIONS IN 2005

	Board	Nombre	Activités	Nombre
	Conseil d'administration :			
	- January 28			
	- April 1			
	- June 3	7	Decisions, of which:	64
	- June 24			
	- September 30			
	- October 28			
	- November 25			
<i>Before changes in internal regulations</i>	1 st Committee (January)*	1	Contracts > 9,146 M€	1
			Contracts < 9,146 M€	4
			Agreements in principle	1
			Pre-contract Agreements	1
	2 nd Committee (January)*	1		
<i>After changes in internal regulations</i>	Committee on Corporate Development,	6	Contracts > € 16 million	12
	Technical Issues and Technology		Agreements in principle	2
	Economic and Strategic Committee	5	Pre-contract Agreements	6
	Audit Committee	6	Debates	4
	Total	26		

* Following the amendments to the Internal Regulations of the Board, the first and second standing committees convened for the last time in January 2005. They were replaced by the Committee on Corporate Development and Technical Issues and the Committee on Technology and Economic and Strategic issues.

→ APPENDIX IV BUSINESS UNIT STRUCTURES

- Transport-specific decentralized controls
 - Inspections of the operating (MTS and RER) and maintenance (MRF, EST, M2E) units,
 - Control on commercial and operating revenue (MES, RER, BUS).
- Specialized controls within the business units
 - internal audit (BUS unit),
 - audit of metro stations (MES unit),
 - audit of the cleaning contracts (SEC unit),
 - contract revenue control (HAL unit).
- Quality network
 - "Quality" audit missions in ISO or NF Service-certified business units (MRB and MRF business units),
 - Quality entity (BUS business unit),
 - Quality team (M2E business unit).
- Systems Risk Management
 - Systems risk management team, part of General Security Control,
 - Systems risk management entities (EST and M2E business units).

→ APPENDIX V COMPANY-WIDE CONTROL BODIES

1. Inspectorate General/Internal Audit

The aim of the Internal Audit is to give management assurance that they are managing their company's operations effectively, by monitoring and assessing the business operations of RATP Group and its main subsidiaries.

Reporting directly to the President, the Inspectorate General/Internal Audit Group performs internal audits on all administrative, technical and financial matters and on all operating, IT and management systems used by RATP Group.

Internal audits are performed for general inspection purposes, and also to test the regularity, effectiveness and management of accounting and reporting systems. The auditor from the Inspectorate General/Internal Audit may also be asked to perform an enforcement audit after a period of time has elapsed, to give company directors reasonable assurance that action plans are being implemented to follow up on recommendations made in previous audits.

The audit program is conducted on the basis of an annual plan submitted to the Audit Committee and approved by management.

The independent auditor is appointed by an engagement letter signed by the President and Chief Executive Officer. The auditors' observations are compiled in a report which is addressed to the President, and copied to the Managing Directors and managers of the departments and business units directly concerned by the issues reported.

Within two months following the presentation of the auditors' report, the heads of the departments audited establish an action plan. This plan is sent to the Inspectorate General/Internal Audit, which verifies the recommendations before sending it for validation either to the department managers concerned (depending on the type of audit) or to management, along with its opinion on the action plan.

Management may ask the Inspectorate General to conduct work on corporate strategies and policy, to enlighten strategic choices and decision-making, and provide input on sensitive issues and the protection of economic interests, particularly in areas where the individual behavior of certain directors may be questioned. A confidential report is issued directly to the President and

to the director who initiated the study, upon completion of the assignment.

The Audit Committee may ask for audit work to be carried out on an ad-hoc basis and may ask the Inspectorate General/ Internal Audit to give advice on audit conclusions.

2. General Safety Control

Reporting directly to the President, the main role of the General Safety Control is to monitor all processes relating to Company safety, particularly in terms of railway safety, fire safety, information systems security, the safety of goods and persons and natural disasters.

The entity comprises two units, a Fire Safety Unit and a Systems Risk Management Unit.

The Fire Safety Unit ensures the coordination of fire security systems and includes the general inspection for fire safety (IGSI), created under the Order dated February 20, 1983.

The systems risk management unit ensures the compliance with and coordination of all actions on a company-wide basis. This includes information systems security and producing the audit report, 'Systems Risk Management', under General Instruction 450 B dated January 4, 2005

It is responsible for ensuring compliance with all regulations concerning business design, engineering, operations and maintenance. Its priority is to ensure employee safety and the security of property. Systems risk management audits may concern a product, a procedure, a process or management. They are carried out under EN ISO 19 011 of December 2002.

Systems risk management audit assignments are carried out on the basis of an annual program approved by management, upon the advice of the Controller-General for Security. A written report is issued upon completion of each audit assignment, with recommendations. The business unit or department audited then prepares an action plan, which is validated either by the business units concerned or by management, upon the advice of the Controller-General for Security.

→ APPENDIX VI MAIN REGULATIONS

In addition to regulations external to RATP, the regulatory texts on internal controls

comprise:

- General Note n°4756 dated July 31, 1990, defining the role and work of Management Control, along with the 1992 Terms of Reference for Management Control.
- General Note n°5265 dated May 19, 1999, setting out the terms of reference of the Inspectorate General.
- General Note n°5294 dated February 25, 2000, defining the missions of the General Safety Control.
- General Instruction n°224 A dated July 31, 1952 (plus its updates and successive amendments), relating to the control of all RATP spending.
- General instruction n°475 B dated July 18, 1994 defining the role and technical control work of the Maintenance, Works and Industrial Policy department (MTPi).
- General Instruction n°435 B dated April 23, 1998 setting out legal and regulatory provisions concerning hygiene and safety on various sites and the role of site managers.
- General Instruction n°432 C dated September 2, 2003 governing the role, resources and methods used for internal audit work within RATP Group.
- General Instruction n°497 dated December 11, 2003 setting out project management regulations.
- General Instruction n°499 dated June 2004 setting out the Code of Conduct and professional ethics concerning suppliers.
- General Instruction n°450 B dated January 4, 2005 concerning the audit function of systems risk management within RATP Group.
- General Instruction n°506 dated January 26, 2005 concerning work-related accidents and illness of eligible employees.
- General Instruction n°500 dated March 2005 on purchasing.
- General Instruction n°507 dated March 30, 2005 setting out the conditions of advance notice for strikes.
- General Instruction n°510 dated September 29, 2005 setting out RATP policy on systems risk management.
- General Instruction n°100 C dated December 30, 2005, concerning general regulations.

→ APPENDIX VII RATP ACCOUNTING POLICIES

1. Preparation of the Financial Statements

In addition to its monthly statements, produced for internal purposes, RATP prepares audited annual individual and consolidated financial statements and

audited half-yearly individual and consolidated financial statements.

The prospectuses prepared by RATP when issuing debt are approved by the Auditors and by the French Securities and Exchange Commission (AMF).

As a whole, the financial reporting performed by RATP fulfills the requirements of its departments and business units in terms of budget and general management. RATP also produces a quarterly operating report for each of its transport networks.

2. Control Procedures regarding the Preparation of Individual Financial Statements

2.1 Accounting Practices

RATP ensures that there is a clear separation between the functions of its accountants (employees who generally work for the Management Control and Finance Department), treasurers and the departments authorizing expenditures. The accountants dispose of an array of regulatory, management and accounting texts relating to their function, which are prepared and updated as required in the document quality system of the accounting department. Controls take place throughout the accounting process.

2.2 Midstream Controls

- Business units or support groups are involved in RATP's accounting operations insofar as they authorize Company expenditure and revenue and define their cost accounting systems, in line with the company's common accounting rules. This may involve entering data in the company's accounting information systems (notably external expenses).
- The local accounting offices of the Accounting unit are responsible for controlling the entries made by the various units in the management system. They may make any adjustments necessary and record the operations not delegated to the units.

- All the data is reported to centralized management departments where summary documents are prepared and centralized work is performed. Payables and receivables and revenues are booked, tax returns and social security statements are prepared; control of accounting quality is performed; financial statements, including the balance sheet, income statement, and notes are prepared.

2.3 Monthly Reporting

Partial accounts are prepared every month, at which time the accounting departments ensure that the changes in expenses and income have been correctly recorded, and interim balance entries are made. A central accounting department performs a cross-company analysis of the results.

2.4 Balance Sheet Entries, Accounting Adjustments, Justification and Delegation of Powers

- Revision of decentralized bank accounts: these are managed by Company units and are audited at least once year to verify compliance with the governing accounting and administrative procedures.
- Accounting authorizations: some Company businesses allow the delegation of accounting tasks, meaning that certain employees may make entries in their systems without involving the accountants from the Company's Accounting unit. The Company is currently working towards providing such Authorization on a contractual basis, with written instructions as to the scope, responsibilities, and eventual amendments.
- Balance sheet entries are the responsibility of one or several unit-level offices. They are reviewed and justifications provided at least once every six months.

→ APPENDIX VIII SUBSIDIARY CONTROL PROCEDURES

1. Upstream Controls

- The corporate strategy of subsidiaries is controlled by setting five-year plans for operating subsidiaries, with three-year objectives, as is the case for RATP's business units. Control is exercised by a Commitments Committee, which comprises representatives of the subsidiary's management, and members of RATP's Finance department and senior management.
- Significant decision-making issues are budgets, the preparation of financial statements, bids on major calls for tender, major contracts, investments, founding of other subsidiaries, borrowings, etc. Control is exercised by each subsidiary's Commitments Committee, and for major subsidiaries, depending on the importance of the decisions involved, by RATP's supervisory bodies: the State Equity Investment Agency, the Economic and Financial Control Board for Transport, the Budget Department, and the Land Transport Department. These controls are implemented prior to controls by the subsidiaries' Board of Directors.

2. Downstream Controls

These controls involve:

- Monthly reports, based on a summary of accounting information gathered from the CARAT application and presented as operating report to the management board. The CARAT application, acquired in 2000, is used for both monthly reporting and consolidation purposes. The system guarantees consistent information.
- Audits: certain subsidiaries are subject to a complete audit of their operations every year. The first three types of control are performed by the "Subsidiaries, Financial Engineering and Tax" unit of the Finance Management Control Department, with the audits being carried out by the Inspectorate General/Internal Auditing.

3. Other Controls

RATP's Board of Directors examines the financial position of its subsidiaries twice a year:

- in April, with regard to the previous year's results and the consolidated financial statements;
- in October, to examine the results reported as of June 30 and over the consolidated financial statements for the six-month period then ended.

In addition, at the end of 2003, the Audit Committee introduced quarterly reporting of significant risks facing subsidiaries, using a detailed risk indicator tables.

→ STATUTORY AUDITOR'S REPORT ON THE REPORT BY THE PRESIDENT OF THE BOARD OF DIRECTORS ON INTERNAL CONTROL PROCEDURES AND THE PREPARATION OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2005

As Statutory Auditors of RATP and in accordance with the engagement entrusted to us by your President, we hereby present our report on the report prepared by the Chairman of the Board of Directors of your company on Internal Control procedures for the period ended December 31, 2005.

It is for the Chairman to report on the manner in which the work of the Board is prepared and organized and on the internal control procedures in place within the company, in accordance with Article 621-18-3 of the Monetary and Financial Code.

It is our responsibility to inform you of any observations we have on the information set out in the Chairman's report with regard to the internal control procedures applied in the preparation and treatment of accounting and financial information.

We have conducted our work in accordance with auditing standards generally accepted in France. Those standards require that we assess the fairness of the information presented in the President's report on the internal control procedures relating to the preparation and processing of financial and accounting information. These procedures notably entailed:

- 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;

- understanding of the work performed to support the information given in the report.

On the basis of these procedures, we have no matters to report on RATP internal control procedures regarding the preparation and treatment of accounting and financial information contained in the report of the Chairman of the Board of Directors, in accordance with the provisions of Article L. 225-37 of the French Commercial Code.

Paris, April 3, 2006
The Statutory Auditorss

PRICEWATERHOUSECOOPERS AUDIT
Paul ONILLON

SALUSTRO REYDEL
Member of KPMG InternationalPhilippe
ARNAUD

→ **CONSOLIDATED FINANCIAL STATEMENTS**

03

→ <i>Statuary auditors' report on the Consolidated Financial Statements</i>	81
→ <i>Consolidated Balance Sheet</i>	82
→ <i>Consolidated Statement of income and cash flows</i>	84
→ <i>Notes</i>	86
→ <i>Additional notes</i>	93

→ STATUTORY AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2005

In accordance with the assignment entrusted to us by the French Minister of the Economy, Finance and the Budget, we have audited the accompanying consolidated financial statements of RATP Group, for the year ended December 31, 2005. The consolidated financial statements have been approved of by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

↘ 1. Opinion on the Consolidated Financial Statements

We conducted our audit in accordance with the auditing standards generally accepted in France. Those standards require that we plan and perform the audit to obtain reasonable assurance that the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, the evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated 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 Group's financial position and its assets and liabilities, and of the results of its operations for the entities included in the consolidated statements. Without qualifying the opinion expressed above, we would like to draw your attention to the information provided in note 5 of the appendix on the impact of the changes in accounting method during the year on the

financial statements following the application of CRC regulations 2002-10 and 2004-06 concerning assets.

↘ 2. Substantiation of our Assessments

Pursuant to the provisions in article L.823-9 of the French Commercial Code relating to the justification of our assessments, our report notes the following:

Changes in accounting methods

As mentioned in the first part of this report, note 5 of the appendix provides the details on changes during the year in accounting methods concerning assets. The application of new regulations as of January 1, 2005 led to an increase in equity of RATP Group to €764.8 million and a decrease in net income of €2 million.

In line with our assessment of the accounting standards and methods used by RATP, we have evaluated the appropriateness of changes in accounting methods, the overall presentation of the financial statements and the reasonableness of the net book values recorded under assets in the balance sheet.

Employee-related off-balance sheet commitments

Note 4 of the appendix indicates that by Decree n°2005-1635 of December 26, 2005, a pension fund for RATP employees was instituted as of January 1, 2006. As a consequence, employee-related off-balance sheet commitments, detailed in item 26 of the additional notes, were revaluated with changes after January 1, 2006 taken into account. Note 26 also provides the details of current commitments and those that were met. In line with our assessment of the significant estimates used for the preparation of the financial statements, we reviewed the assumptions made and the calculation methods used to ensure that they concur with the amounts given.

Provisions for risks and litigations

We have ensured that the procedures applied by RATP list, evaluate and account for risks and litigation under satisfactory conditions. We have also reviewed assumptions and calculation methods to ensure that they concur with the amounts given under liabilities for the end of the period.

These assessments were part of our audit of the financial statements taken as a whole and thus contributed to our unqualified opinion expressed in the first part of this report.

↘ 3. Vérifications et informations spécifiques

We also verified the information given in the Group's management report. We have no comments to make as to the fair presentation and the conformity with the consolidated financial statements.

Paris, April 3, 2006
The Statutory Auditors

PRICEWATERHOUSECOOPERS AUDIT
Paul ONILLON

SALUSTRO REYDEL
Member of KPMG International
Philippe ARNAUD

→ CONSOLIDATED BALANCE SHEET at December 31, 2005

<i>(in thousands of euros)</i>		31/12/05			
ASSETS	Note	Gross	Depreciation amortization and provisions	Net	31/12/04
• Uncalled subscribed capital					
• Goodwill	Note 10	6,751	-4,356	2,395	2,812
• Intangible assets	Note 11	291,632	-198,174	93,458	107,685
• Property, plant and equipment	Note 12	16,087,536	-7,445,521	8,642,015	7,287,388
• Financial assets	Note 13	115,684	-4,639	111,045	114,363
• Equity method investments	Note 14	65,905	0	65,905	59,723
NON-CURRENT ASSETS		16,567,508	-7,652,690	8,914,818	7,571,971
• Inventories	Note 15	138,747	-25,207	113,540	151,244
• Advances and down-payments		3,287		3,287	9,254
• Accounts receivable	Note 21	4,762,172	-26,214	4,735,958	4,345,527
- Trade receivable and related accounts		194,570	-19,645	174,925	161,768
- Leaseholds	Note 8	4,266,116		4,266,116	3,963,638
- Other receivables		301,486	-6,569	294,917	220,121
• Financial assets					
• Marketable securities	Note 19	180,364		180,364	505,242
- Leaseholds	Note 8	22,470		22,470	22,470
- Other marketables securities		157,894		157,894	482,772
• Cash and cash equivalents	Note 19	111,073		111,073	167,696
- Leaseholds	Note 8				396
- Other cash and cash equivalents		111,073		111,073	167,300
• Prepaid expenses	Note 23	62,683		62,683	34,778
CURRENT ASSETS		5,258,326	-51,421	5,206,906	5,213,741
• Deferred expenses	Note 24	5,628		5,628	10,143
• Bond redemption premiums		12,004		12,004	14,821
TOTAL ASSETS		21,843,466	-7,704,111	14,139,356	12,810,676

EQUITY AND LIABILITIES	Note	31/12/05	31/12/04
• Capital stock		283,367	283,367
• Assets made available		250,701	250,701
• Retained earnings		1,134,713	338,548
• Currency translation reserves		-338	-767
• Net income		55,830	23,200
EQUITY	Note 16	1,724,273	895,049
• Minority interest reserves		11,970	13,019
• Minority interest currency translation reserves		43	- 43
• Income (loss) from minority interests		-27	803
MINORITY INTERESTS	Note 16	11,986	13,779
• Provisions for liabilities		2,479,676	2,189,279
- Leaseholds	Note 8	2,371,695	2,105,858
- Other		107,981	83,421
• Provisions for contingencies		46,227	50,465
• Negative goodwill	Note 10	54	68
TOTAL PROVISIONS	Note 17	2,525,957	2,239,812
• Loans and borrowings	Notes 18 and 19	4,455,025	4,725,114
• Advances and down payments		2,044	4,093
• Trade payables and related accounts	Note 22	190,278	185,015
• Other payables		1,310,144	1,070,815
- Leaseholds		425,602	319,719
- Other		884,542	751,096
• Prepaid income		3,919,649	3,676,999
- Leaseholds		1,599,510	1,679,684
- Investment grants		2,160,086	1,835,678
- Other prepaid income		160,053	161,637
LIABILITIES		9,877,140	9,662,036
TOTAL EQUITY AND LIABILITIES		14,139,356	12,810,676

→ CONSOLIDATED STATEMENT OF INCOME at December 31, 2005

<i>(in thousands of euros)</i>	Note	31/12/05	31/12/04
• Revenue	Note 2	3,429,572	3,293,263
• Standard contribution		684,461	677,175
• Other operating income		199,719	196,119
• Cost of sales		-726,015	-714,893
• Payroll costs	Note 3	-2,022,949	-1,957,384
• Net income (loss) from RATP employee benefit plans	Note 4	-476,707	-460,486
• Other operating expenses		-37,220	-42,483
• Taxes and duties		-229,644	-211,679
• Net depreciation amortization and provisions		-579,441	-563,046
OPERATING INCOME BEFORE FINANCING COSTS		241,776	216,586
• Net financing costs	Note 6	-190,658	-193,515
INCOME FROM ORDINARY ACTIVITIES BEFORE MINORITY INTERESTS		51,118	23,071
• Income from non-recurring activities	Note 7	4,731	1,483
• Income tax	Note 9	-2,486	-2,581
NET INCOME BEFORE MINORITY INTERESTS AND ASSOCIATES		53,363	21,973
• Income from associates	Note 14	3,503	2,632
• Goodwill depreciation		-1,063	-602
NET INCOME		55,803	24,003
• Minority interests	Note 16	27	-803
NET INCOME, GROUP SHARE	Note 16	55,830	23,200

→ CONSOLIDATED STATEMENT OF CASH FLOWS* in December 31, 2005

<i>(in thousands of euros)</i>	31/12/05	31/12/04
NET INCOME	55,803	24,003
• Depreciation, amortization and provisions	583,625	556,986
• Provisions for liabilities	(1,245)	(3,700)
• Share of investment grants transferred to income	(94,454)	(122,989)
• Gains from the disposal of assets	8,516	32,788
• Deferred tax	51	211
• Share of income (loss) from associates	(3,504)	(2,632)
	548,792	484,667
• Dividends received from associates	1,662	1,300
• Increase (decrease) in working capital**	(96,270)	96,013
NET CASH PROVIDED BY OPERATING ACTIVITIES	454,184	581,980
• Purchases of property, plant, equipment, and intangible assets - of which change in WCR for capital expenditure	(742,366)	(731,360)
	74,328	(15,513)
• Proceeds from sale of property, plant, equipment and intangible assets	16,899	13,361
• Disposal (acquisition) of long-term investments	(6,899)	2,302
NET CASH USED IN INVESTING ACTIVITIES	(732,366)	(715,697)
• Dividends paid to minority shareholders	(387)	(350)
• Proceeds from borrowings	257,487	152,925
• Repayments of borrowings	(437,391)	(72,978)
• Investment grants	173,078	162,128
NET CASH FROM (USED IN) FINANCING ACTIVITIES	(7,213)	241,725
• Effect of change in exchange rate	253	(191)
• Effect of change in accounting principles		265
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(285,142)	108,081
Cash and cash equivalent		
• At beginning of year	510,075	398,069
• Effect of Systra Group on cash and cash equivalents		3,925
• At end of year	224,933	510,075
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(285,142)	108,081

* See note 25.

** Of which change in RATP investment grants requested but not yet received.

→ Notes to the consolidated financial statements at December 31, 2005

→ 1. DATE OF THE CONSOLIDATED FINANCIAL STATEMENTS

The fiscal year of the consolidated companies ends on December 31.

The financial statements of Alexa, LFI, LFI Service, RFT Spa, TFT Spa and M'Dina Bus at December 31, 2005 are provisional, as the information required to finalize them was not available at year end.

→ 2. SIGNIFICANT ACCOUNTING POLICIES

↳ 2.1 Accounting policies

The consolidated financial statements of RATP Group (hereinafter referred to as "the Group") have been prepared in accordance with the provisions of Regulation 99-02 of the French accounting regulations committee (Comité de Réglementation Comptable).

↳ 2.2 Recommended methods

Regulation 99-02 (§ 300) recommends certain methods for the preparation of the consolidated financial statements.

The Group has applied the following recommended methods, leading it to:

- Capitalize assets financed by leasing agreements (see § 5.2);
- Systematically defer transaction expenses, redemption premiums and bond issue expenses over the term of bonds (see § 5.7);
- Recognize the foreign currency translation gains and losses reported in the consolidated companies' individual financial statements in the consolidated income statement (see § 5.14);
- Use the percentage-of-completion method to recognise operations partially completed at year end (see § 5.15).

However, the Group has elected not to apply the following recommendation:

- Provision retirement obligations and other employee benefits.
- "Régie Autonome des Transports Parisiens" (RATP) reports retirement obligations and other employee benefits as off-balance sheet commitments (see note 26).

↳ 2.3 Comparative accounting periods

The following accounting principles are applied:

- going concern;
- separation of accounting periods.

↳ 2.4 Restatement of the individual financial statements

The following restatements have been made in the Group's consolidated financial statements:

- adjustments to standardize the valuation methods and presentation used by the consolidated companies and bring them into line with Group rules (see § 5.1 – set-up costs; § 5.14 – foreign currency translation gains and losses; § 2.6 - revaluation);
- adjustments to eliminate entries made in the individual financial statements for tax reporting purposes (Investment grants: see § 5.12 ; Regulated provisions);
- adjustments relating to the reporting of deferred taxes (see § 5.8);
- revenue restatements: fines and penalties and other operating income from RATP's ordinary activities have been included in Group revenue.

↳ 2.5 Financial statements of foreign operations

The financial statements of the subsidiaries Systra, Transdev, Eurailco UK and M'Dina Bus, which are prepared using a different functional currency from the parent company, have been converted to euros in the following way:

- Balance sheet entries, using the exchange rate ruling at year end;
- Income statement entries, using the average exchange rate over the period.

Gains or losses arising from foreign currency translation are recognised directly in equity as "Conversion reserves" for those relating to the Group and as "Minority Interests" for those relating to minority interests.

When a foreign operation is sold, the associated currency translation gains or losses recognized in equity are transferred to profit and loss.

↳ 2.6 Revaluation differences

In 1976, the Group revalued all its land and investments.

Under Regulation 99-02 (§ 302), if a consolidated company carries out a statutory or voluntary revaluation of its assets and the other consolidated companies do not, either all the Group's assets must be revalued or the effect of the revaluation cancelled out. As RATP was the only company to revalue its

assets, the effect of the revaluation was cancelled in the Group's financial statements.

↳ 2.7 Initial consolidation

When a consolidated company is acquired, the cost of the investment is allocated based on the fair value of the company's identifiable assets and liabilities.

Goodwill is the difference between the cost of the investment and the fair value of its identifiable assets and liabilities.

Goodwill is recorded under assets in the consolidated balance sheet and is amortized over a set period based on the business activity of the investment but not exceeding 20 years. The amortization period is determined by assessing the terms of the contracts held by the acquired companies.

Negative goodwill is recorded as a provision for contingencies under consolidated balance sheet liabilities. It is transferred to earnings in accordance with the assumptions and objectives set at the time of acquisition (see note 10: Goodwill).

→ 3. CONSOLIDATION SCOPE

↳ 3.1 Consolidation scope and methods

See note 1: List of consolidated companies and methods.

↳ 3.2 Changes in scope

3.2.1 Acquisitions/newly-consolidated companies

The following companies were set up and newly consolidated in 2005:

› **Flexicité, 94:** Operates public transportation services under a government procurement contract for physically disabled users in the Val-de-Marne area. The company is 51% owned by RATP Développement and is fully consolidated.

› **Tram di Firenze:** Set up in June 2004 to build the tramway in Florence. RATP Développement owns a 24.9% stake in the company, which is accounted for by the equity method.

› **Gest Spa:** Set up in 2004 to operate the future tramway in Florence. As construction of the tramway has not yet been completed, the company only operates as a service provider. The company is 51% owned by RATP Développement and is fully consolidated.

In order to comply with Italian legislation, which requires the separation of transportation network operations and infrastructure management, LFI (La Ferrovia Italiana) set up three wholly-owned subsidiaries to which it transferred part of its assets. As the Group has a 12% stake in LFI Group, the following companies have been accounted for by the equity method.

› **LFI Service:** The registered office and buildings relating to the bus services were transferred to this company.

› **TFT Spa:** The railway operating licence, security certificate, trains and goods station were transferred to this company. The company also operates two railway lines.

› **RFT Spa:** The passenger railway buildings were transferred to this company.

The following companies were acquired and newly consolidated in 2005:

› **Société Financière, Perrier Group:** Holding company wholly-owned by RATP Développement. It is fully consolidated.

› **Cars Perrier:** This company operates bus lines. It is wholly-owned by RATP Développement, 20.13% directly and 79.87% indirectly by Société Financière of the Perrier Group. It is fully consolidated.

› **SCI Perrier Bruyère:** This company owns the land on which the buildings, workshops and parking areas of the SQYBUS/PERRIER bus service are constructed. It is wholly-owned by RATP Développement: 60% directly and 40% indirectly by Cars Perrier. The company is fully consolidated.

3.2.2 Changes in percentage interests

› **Orlyval Service:** On July 20, 2005, RATP Développement bought back the 47.98% stake in Orlyval Service from MATRA TRANSFINEX and the 2.02% of shares held by individuals. This increased RATP Développement's stake in Orlyval Service from 51% to 99%. The consolidation method was not changed.

› **Promo Métro:** On July 19, 2005, RATP bought back a 34% stake in Promo Métro from Media et Regies Europe and Publicis SA. RATP thus increased its interest in Promo Métro from 66% to 100%. The consolidation method was not changed.

› **SQYBUS:** After taking legal action, RATP Développement exercised its pre-emptive right to buy the Sqybus shares held by Société des Autocars Louis Gaubert, which had been sold to Veolia Transport (formerly Connex). RATP Développement thus increased its direct interest in Sqybus from 50.44% to 52.54%. In total, RATP

Développement owns 89.65% of Sqybus (52.54% directly and 37.11% indirectly through Cars Perrier). The consolidation method was not changed.

› **STBC:** In September 2005, STBC merged with TUC, effective retroactively as of January 1, 2005. Due to the merger, RATP Développement's stake in STBC decreased from 20% to 15%. The company is now accounted for by the equity method.

3.2.3 Divestments and deconsolidated companies

No companies were deconsolidated in 2005.

3.3 Basis of consolidation

The consolidated financial statements are derived from the financial statements of RATP, its subsidiaries and its investments that are material to the true and fair presentation of the consolidated Group.

Companies which are directly or indirectly controlled exclusively by the Group are fully consolidated.

Companies jointly controlled by the Group and other shareholders are proportionately consolidated.

Companies over which the Group has no control but significant influence are accounted for by the equity method. Significant influence is presumed if the Group holds a minimum 20% stake in the company.

The financial statements of companies consolidated or accounted for by the equity method have been restated in accordance with the Group's accounting policies.

Companies controlled by the Group or over which the Group has significant influence but which do not have a material impact on the Group's financial statements in the aggregate, are not included in the consolidation scope.

Thus:

- The Economic Interest Groups (EIGs) were not consolidated if their impact on the fair presentation of the Group's financial statements was negligible (i.e. revenue less than €1.5 million, and balance sheet assets and liabilities less than €2 million) as their earnings were fully distributed and allocated to the current accounts of their members.

- The EIG "Commutitres" was not consolidated because its sole activity is appropriating income between its members. All its income and expenses are recorded

in members' accounts and net income is automatically allocated to those current accounts. In addition, all its assets are financed by its members. Furthermore, consolidating the EIG would mean reclassifying all members' current accounts as non-current or current assets in the consolidated balance sheet. This would not have a material impact on the fair presentation of the Group's financial statements.

- SAEM Tram de Mulhouse was not consolidated since in substance the Group has no control over the company. It is under the exclusive control of its management authority.

- The purpose of the public limited company Logis Transports is to provide low-income housing (Habitation à Loyer Modéré or HLM). It is therefore not consolidated as regulatory restrictions extend to companies providing such services. In conformity with the opinion of the French Emerging Issues Committee of the French national accounting council (CNC) of July 4, 2001 if the consolidating company is not a public limited company set up to provide social housing, it should not consolidate the public limited HLM companies it controls or over which it exercises significant influence, since the consolidating company does not have any rights to the equity of those companies.

- The company Roue Libre Développement was not consolidated, as its financial statements are not material (i.e. revenue less than €1.5 million, and balance sheet assets and liabilities less than €2 million).

→ 4. SIGNIFICANT AND POST-BALANCE SHEET EVENTS

Creation of an RATP pension fund: Decree n°2005-1635 of December 26, 2005, instituted a pension fund for RATP employees as of January 1, 2006. This fund will provide special retirement benefits for RATP's current and retired employees and related persons with vested rights.

The RATP pension fund is a private legal entity providing social security services. It has a public service mission and is governed by the ministers for the budget, transport and social security.

The RATP now pays pension contributions at the common law rate.

RATP increased salaries by 4.8% as of January 1, 2006 to offset the effect of the

higher employee contributions on employees' net salary.

These provisions will affect payroll liabilities (provision for paid vacation, etc.) in two ways:

- Recognition of a provision of €9.9 million to account for the impact of the increase in salaries at January 1, 2006 on the provision for payroll liabilities at December 31, 2005. This provision was expensed in the period;
- As RATP has to pay pension contributions to an external entity from January 1, 2006, it will have to provision for these contributions from this date. The impact on the provision for payroll liabilities at January 1, 2006 amounted to €28.5 million. It is reported as an off-balance sheet commitment (see note 26). Until December 31, 2005, as no payments were paid for this purpose to an external entity, the commitment was accounted for as a retirement obligation.

→ 5. CHANGES OF METHOD

Application of Regulation CRC 2002-10 on the depreciation, amortization and impairment of assets, and Regulation CRC 2004-06 on the definition, recognition and valuation of assets

RATP Group has applied Regulations CRC-2002-10 and CRC 2004-06 since January 1, 2005.

These regulations require:

- The breakdown of assets into components;
- The review of the useful lives of each component (application of the amortized cost method) and the recognition of provisions for amortization and investment grants;
- Cancellation of the provision for RATP overhauls. The provision for major repairs has been maintained on a provisional basis in Orlyval Service's financial statements and will be restated in the 2006 financial statements;
- Reclassification of spare parts as property, plant and equipment;
- The recognition of a provision for decommissioning costs of rolling stock with an offsetting entry of these costs as a component of property, plant and equipment.

The companies the most impacted by the new standards are RATP, Systra (owns real estate property), Telcité and Naxos (optical fibres).

Impairment tests:

The new accounting rules provide for annual impairment testing to identify whether there

is an indication that an asset may have been impaired. If there is an indication of impairment, an impairment test is performed. The net carrying amount of the asset is compared to its present value, which is defined as the higher of fair value and value in use.

RATP did not identify any impairment during the period.

The legal and financial framework now governing RATP's activities has made valuation based on expected future cash flows (value in use) irrelevant, as the remuneration provided for in the framework agreement between RATP and the Paris regional transport authority STIF is close to zero and it is not possible to define the value in use of the assets.

The contract terms, and the involvement of STIF and the local authorities mean that investment choices are made on the basis of socio-economic criteria rather than on purely financial grounds. Furthermore, the remuneration methods implemented (reimbursement of financing costs, margin of 1%) make it difficult to set a discount rate.

It has therefore been agreed that the potential to provide services and the market value of the assets justify the net carrying amounts recorded in the balance sheet.

Changes in the means of financing RATP's activities, in particular with regard to its investments, could lead it to consider impairment testing on the basis of value in use, when the next contract is drawn up with STIF. As RATP represents more than 99% of property, plant and equipment, impairment testing was not performed at group level.

In addition, Regulation CRC 2004-06 states that expenses which could previously be recognised as deferred expenses, should be capitalized if they meet the definition and recognition criteria for capitalization, or expensed if they do not meet these conditions. After analysing all the deferred expenses recorded in the balance sheet, the Group made the required reclassifications. The expenses reported as of January 1, 2005 which did not meet the capitalization criteria were charged against retained earnings.

The impact on equity, Group share was €764.8 million (see note 16).

	<i>in millions of euros</i>
Asset amortization	-0.64
Cancellation of the provision for overhauls	+3.01
Spare parts	-0.82
Amortization of decommissioning costs	-4.62
Deferred expenses	+1.07
Total impact	-2.00

The negative impact on net income, calculated only for RATP, amounted to €2 million and comprised the following:

The negative impact on net income, apparently unexpected due to the extension of amortization periods, was due to the retroactive implementation of CRC 2002-10. Some of the assets which had been fully written off as of January 1, 2005 in compliance with previous methods, had to be amortized for €15 million during the period following the measurement of their net carrying amount at the beginning of the period, in accordance with the new regulations. During subsequent periods, the new regulations should have the opposite effect and should result in significantly lower amortization charges.

→ 6. ACCOUNTING AND VALUATION METHODS

› BALANCE SHEET

↘ 6.1 Intangible assets

6.1.1 Research costs

Research and development costs associated with clearly separable asset components, which will probably be used for commercial purposes and have identifiable separate costs, are recorded on the balance sheet and amortized over a period of three years. All other research costs are recognized in operating expenses.

6.1.2 Software

Information systems acquired or developed by the company are recorded on the balance sheet.

They are broken down as follows:

- Development and configuration costs are amortized over a 5 to 10 year period depending on how long the system will be used.
- Software packages and equipment acquired to set up the system are amortized over a 3 year period.

6.1.3 Set-up costs

The set-up costs recorded under assets in the individual financial statements of the consolidated companies are eliminated and reported as expenses for the period.

The associated amortization is appropriately restated.

↘ 6.2 Property, plant and equipment

Group property, plant and equipment comprises:

6.2.1 Assets made available to RATP by the Île-de-France public transport authority (STIF)

These assets remain the property of the public authorities, notably the Île-de-France public transport authority, which runs the public transport system in the Paris region. However, under its operating terms and conditions, RATP is responsible for servicing and maintaining the assets, which it records on its balance sheet to illustrate its role as public service provider.

The assets made available to RATP on January 1, 1949 (the date RATP was created) were valued at that date at their replacement cost.

6.2.2 Newly-acquired or self-constructed assets

These assets are valued at:

- cost, which is the acquisition cost plus all external expenses directly related to the acquisition (transport charges, installation,

assembly costs), and internal costs required to place the equipment in service. All overheads not directly related to construction of the asset, such as interest and general expenses, are not included;

- production cost for assets internally developed by the company, which is the cost of the materials used plus direct expenses and a percentage of the overheads.

6.2.3 Assets held under leaseholds

Leaseholds have been set up in the United States and Sweden for railway rolling stock.

- The American leaseholds do not need to be restated in the consolidated financial statements. RATP records the related assets on the balance sheet at their acquisition cost (see above) if RATP retains ownership and the right of use. Income generated by these operations is recorded in the income statement over the term of the leasehold agreement.

- The Swedish leasehold agreement, set up in 2002 (tranche 1) and 2004 (tranche 2) has been restated in the consolidated financial statements in order to reflect the acquisition cost of the assets minus any financial benefits received. The associated lease payments recorded in the individual financial statements have been cancelled out in the consolidated financial statements, and depreciation has been recorded in accordance with the Group's methods.

6.2.4 Assets held under finance leases

Assets held under finance leases are restated at historic cost under assets on the consolidated balance sheet. An offsetting entry is recorded under liabilities. They are depreciated in the same way as assets fully owned by the company and an interest expense is recognized instead of the lease payments recorded in the individual financial statements.

Property, plant and equipment is recorded by component, with each component depreciated over its useful life based on how often it is replaced or renovated. RATP uses the amortized cost method.

↘ 6.3 Depreciation period

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, which are determined by technicians.

The estimated useful lives are as follows:

6.3.1 Buildings

Useful life comparative to December 31, 2004:

- buildings, infrastructure: 20 to 50 years;
- site development: 10 to 20 years;
- industrial installations: 10 to 20 years;
- other installations: 10 to 20 years.

Type of Asset	Useful life from January 1, 2005
<i>Building shell and brickwork</i>	70 to 150 years
<i>Fixtures and fittings, internal fittings</i>	Roofing, woodwork, facades, internal fittings, roads and, access networks
	6 to 30 years

6.3.2 Rail equipment and infrastructure

Useful life comparative to December 31, 2004:

- Tracks: 15 to 20 years.

Type of asset	Useful life from January 1, 2005
<i>Tunnel structure and brickwork, staging areas and access ways</i>	Structure and brickwork, renovation, embedding airtight seals
	100 or 140 years 70 years 35 years
<i>Fittings for staging areas and access ways</i>	Tiles, asphalt, plumbing, metalwork, paint work station entrances
	40 years 20 years 15 years 30 or 100 years
<i>Tracks</i>	Track components (steel tyred metros) track components (rubber tyred metros) track components (regional train - RER) track components (tram)
	15 to 40 years 20 to 50 years 10 to 30 years 12.5 to 30 years
<i>Conductors, traction current (métro)</i>	Traction cable, other equipment
	50 years 5 to 30 years
<i>Catenary systems for RER- tramsy</i>	Reinforced pillars and gantry supports Catenary repair or replacement other equipment
	40 or 50 years 20 or 25 years 15 to 40 years

6.3.3 Track signalling and aid to driving systems:

- Train operating system: 10 to 20 years.

	Type of asset	Useful life from January 1, 2005
<i>Automated train operating system (SAET)</i>	5 sub-systems	5 to 35 years
	Implementation of sub-systems	5 to 7 years
<i>Automatic driving</i>	RER	15 to 20 years
	Metro	15 to 30 years
<i>Track signalling</i>	Computerized manoeuvre post	40 ans and 10 years
	Teletransmission	20 years
	Track circuit provisional services, connections, signalling equipment	30 years

6.3.4 Rolling stock

Useful life comparative to December 31, 2004:

- Buses: 8 to 12 years;
- Trams: 15 years;
- Metros: 20 years;
- Regional trains (RER): 25 years;
- Company cars and commercial vehicles: 2 to 8 years.

	Type of asset	Useful life from January 1, 2005
<i>Rolling stock (rail)</i>	Cabs	20 to 40 years
	Components (repair or replacement)	20 years
	Additional equipment	then 15 years 15 years
<i>Rolling stock (bus)</i>	Coaches	8 to 10 years
	Additional equipment	4 to 8 years
<i>Company cars</i>	Cars	8 years
	Additional equipment	4 years

6.3.5 Fixtures and fittings, equipment and tools

Useful life comparative to December 31, 2004:

- Escalators: 10 to 20 years
- Equipment and tools: 2 to 10 years
- Office and computer equipment: 10 years maximum
- Furniture: 10 years
- Technical installations: 10 to 20 years
- Electronic equipment: 6 to 20 years

	Type of asset	Useful life from January 1, 2005
<i>Elevators and escalators</i>	Mechanical escalators, elevators, etc.	30 or 40 years
	Renovated component	10 to 20 years
<i>Automatic gates, passenger turnstiles</i>	Doors and turnstiles	10 to 20 years
	Renovated component	10 years
<i>Equipment to print, deliver and stamp tickets</i>	Equipment	5 to 10 years
	Renovated component	5 years
<i>Telecom equipment and alarms</i>		5 to 15 years
<i>Electrical installations</i>		5 to 30 years
<i>Transforming stations</i>	Cables	100 years
	Equipment	30 years
	Tooling	10 years
<i>Ventilation and air evacuation equipment</i>	Equipment	30 years
	Renovated component	15 years
<i>Air conditioning systems</i>	Air conditioning	5 to 10 years
	Renovated component	5 years
<i>Sound and lighting equipment</i>	Asset component	10 to 30 years
<i>Equipment and tooling</i>	Equipment and tooling	5 to 30 years
	Renovated component	7.5 to 15 years
<i>Other equipment and furniture</i>		3 to 15 years

6.3.6 Spare parts

Spare parts are measured at unit cost. For spare parts relating to GMAO managed tools, they are measured using the weighted average unit cost method. Depreciation of spare parts is calculated on the basis of the depreciation period implemented for the associated assets.

6.3.7 Commercial and advertising space

Expenses relating to commercial and advertising space are fully amortized in the period they are incurred.

↳ 6.4 Financial Assets

Unconsolidated investments and other financial assets are reported on the balance sheet at acquisition cost, net of provisions for impairment. As all additional costs (fees, etc.) are included in the acquisition costs of investments in the financial statements, they are no longer included in the consolidated statements.

A provision for impairment is recorded if the market value is less than the acquisition value, taking into account the proportion of net equity held or the probable market value, and the company's profitability outlook.

↳ 6.5 Inventories

6.5.1 Raw materials and equipment

Raw materials and equipment are valued using the weighted average cost method. The costs incurred in acquiring the inventories may be included in their cost. RATP records a partial provision for the impairment of inventories that are dormant or slow-moving (measured by applying flat rates per categories of inventory items), and a full provision for inventories that are to be written off in the short term.

6.5.2 Work-in-progress

Work-in-progress is stated at production cost, which includes all the direct and indirect production expenses incurred. A provision for impairment is recorded when the net realizable value of the item of inventory is lower than its production cost.

↳ 6.6 Trade and other receivables

Trade and other receivables are stated at cost. An allowance for impairment is recorded if there is collection risk.

↳ 6.7 Bond redemption premiums

Bond issue charges and redemption premiums are spread on a straight-line basis

over the term of the bonds. However, if early repayment is decided before the date of the financial statements, the related expenses will be fully amortized at that time.

↘ 6.8 Deferred taxes

The Group records deferred taxes for all temporary differences between the carrying amount and taxable value of its assets and liabilities. These adjustments are not made in RATP's individual financial statements, as RATP does not pay corporate income tax. Deductible temporary differences, tax losses and tax credits are recorded as deferred tax assets. Taxable temporary differences are recorded as deferred tax liabilities. Deferred taxes are calculated using the liability method. For French companies the statutory tax rate at the date of the financial statements was 33.33% in 2005. Deferred taxes are not discounted.

No loss carryforwards were used by the Group during the period

↘ 6.9 Reserve for assets made available to RATP

This account reflects the residual value of the assets made available to RATP as of January 1, 1949 when RATP was set up.

↘ 6.10 Equity

RATP was formed under the provisions of the Act of March 21, 1948. However, no capital was transferred to the entity at that time. In 1986, the public authorities allocated capital to RATP partially in exchange for the early repayment of loans granted by the Economic and Social Development Fund.

↘ 6.11 Reserves

In accordance with the legal provisions governing RATP's operations, the gains and losses arising from the sale of property are recorded directly in reserves, with a distinction drawn between the assets made available to RATP and those internally developed by RATP. In accordance with the agreement made with the supervisory authorities, these reserves may be used to fund the acquisition of other property.

↘ 6.12 Investment grants

The Group receives investment grants from the local authorities. Pursuant to Regulation 99-02, grants related to future years are recorded as deferred income. Each year one tenth of the grants received for purchasing land are transferred to

income. For other assets, the grants are transferred to income as the associated assets are amortized.

↘ 6.13 Provisions for contingent liabilities

In compliance with Regulation CRC 2000-06, provisions for contingent liabilities are recognized to cover risks known at the date of the financial statements.

↘ 6.14 Foreign currency translation gains and losses

Foreign currency translation gains and losses from receivables and payables denominated in foreign currencies, which are recorded in the individual financial statements of consolidated companies, are reported under earnings in the consolidated financial statements.

Cash balances denominated in foreign currencies are translated at the exchange rate at year end, with the exception of those concerning operations perfectly hedged by cross currency swaps. The perfectly hedged operations, particularly loans denominated in foreign currencies, are presented at the hedged rate.

➤ STATEMENT OF INCOME

↘ 6.15 Revenue recognition

The percentage-of-completion method is used to recognize revenue in the following subsidiaries:

- Systra Group
- RATP Développement

According to this method revenue and margin are recognized in proportion to contract progress.

Provisions for losses upon contract completion are recorded for all loss-making contracts.

↘ 6.16 Retirement benefits

Retirement benefits are recorded as deferred expenses for employees in service with vested rights.

However, the rights vested by other employees in terms of retirement benefit and other post-retirement benefits are recorded as off-balance sheet commitments (see note 26).

↘ 6.17 Extraordinary items

Extraordinary items are generated by operations other than the Group's ordinary activities.

Items relating to ordinary business opera-

tions which are non-recurring or of an unusual amounts are recorded under income from ordinary activities, with the exception of leasehold agreements set up by RATP.

See note 7: Extraordinary items.

➔ 7. SIGNIFICANT OPERATIONS IN 2005

↘ 7.1 American leasehold

RATP has a number of leaseholds, which it uses for debt management purposes. RATP grants a right of use to its assets enabling foreign investors (to date American) to assume economic ownership of the assets, and thus amortize the assets and charge the amortization against tax.

A leasehold transaction is composed of the main lease granted by RATP and a sub-lease enabling RATP to retain the right of use of the asset. RATP has set up early buyout options, enabling it to unwind the leaseholds before the terms initially agreed.

Under French generally accepted accounting principles during the period in which the early buyout option (EBO) may be exercised the arrangement is not deemed to be a sale.

The tax advantage gained by the foreign investor is shared with RATP. The overall profit generated on each transaction is included in the down payment received when the contracts are signed. It is immediately recorded against RATP's debt, and is accounted for on a straight-line basis over each year, as exceptional income.

All associated costs, sub-lease payments, interest and principal lease payments are recorded in a single entry under exceptional income and expense, in accordance with accounting principles on defeasance transactions.

RATP did not enter into any new leaseholds during 2004.

Leaseholds agreements are not restated in the consolidated financial statements.

↘ 7.2 Swedish lease

The Swedish leasehold agreement is set up for the period prior to the delivery of equipment.

The investor pays the supplier the total value of the equipment. RATP uses swapped deposits to cover lease payments and equipment buyback options. The difference between the deposits and the value of

the equipment reflects the profit made by RATP.

↳ 7.3 Leases

During 2003, LFI signed several leases, primarily for buses. Gains on the leases recognized in the individual financial statements amounted to €5,629 thousand. They have been spread over a 6-year period (average contract term) in the consolidated financial statements.

→ 8. OTHER INFORMATION

↳ 8.1 Asbestos (RATP)

The plan to eliminate friable asbestos, required by Decree 96-97 of February 7, 1996, has almost been completed. In financial terms, only a few minor operations are outstanding.

All non-friable asbestos (covered asbestos or material containing asbestos), will gradually be removed as maintenance work is carried out on the plant and equipment. As precise information is lacking as to which equipment and machinery contains non-friable asbestos, it is not yet possible to set out an asbestos elimination plan beyond six months. Consequently, no provisions were recorded for this purpose in the 2005 financial statements. In 2005, the expenses incurred for asbestos removal amounted to €2,284 million.

RATP also complies with the new obligations set forth by the Decree of July 13, 2001, which require it to regularly measure and deal with dust accumulation.

An internal study has been performed to investigate asbestos-related illnesses among employees and the financial consequences for the company. All risks arising from cases already declared or which have been brought to court have been provisioned. Although it is not possible to predict the financial impact of future litigation, RATP considers that the provision of €10,482 million, recorded in the balance sheet as of December 31, 2005, is adequate and reflects its best estimate of the financial risk borne by the company.

↳ 8.2 International Financial Reporting Standards (IFRS)

As an unlisted public entity (EPIC) publicly traded on a European market, RATP will be required to prepare its financial statements for the year ended December 31, 2007 in accordance with International Financial Reporting Standards (IFRS).

RATP has thus set up an IFRS project team to manage the transition process. It currently estimates that the following items will be affected by IFRS implementation:

- Non-current assets
- Financial Instruments
- Provisions for contingent liabilities
- Employee benefits
- Off-balance sheet commitments

At present it is not possible to estimate the precise impact of the transition to IFRS on the financial statements.

→ **ADDITIONAL NOTES**

(Unless otherwise stated, all figures are in thousands of euros)

↘ 1. Consolidation Scope	94
↘ 2. Breakdown of Revenue	95
↘ 3. Payroll Costs	95
↘ 4. Employee Benefit Plans	95
↘ 5. Average Number of Employees	96
↘ 6. Financial Income and Expense	97
↘ 7. Extraordinary Income and Expense	97
↘ 8. Leasehold Transactions	98
↘ 9. Income Tax	99
↘ 10. Goodwill	100
↘ 11. Intangible Assets	100
↘ 12. Property, Plant and Equipment	100
↘ 13. Financial Assets	101
↘ 14. Equity Method Investments	101
↘ 15. Inventories	102
↘ 16. Changes in Equity	102
↘ 17. Provisions for Contingent Liabilities	103
↘ 18. Loans and Borrowings	103
↘ 19. Financial Assets and Liabilities	104
↘ 20. Interest Rate Hedging	104
↘ 21. Accounts Receivable	107
↘ 22. Accounts Payable	107
↘ 23. Accruals	107
↘ 24. Deferred Expenses	108
↘ 25. Cash Flow Statement	108
↘ 26. Off-Balance Sheet Commitments	109
↘ 27. Segment Information	110
↘ 28. Compensation of Directors and Executive Officers	110

→ 1. CONSOLIDATION SCOPE

	Siren	% control	% interest	Consolidation method	Change in 2005
OPERATIONS AND SALES DIVISION					
• RATP Développement 54 quai de la Rapée, LAC A,318, 75599 Paris cedex,12	389 795 006	75	75	FC	
• Orlyval Service (OVS) Établissement de Wissous, chemin de Fresnes, 91320 Wissous	380 041 962	99	74.25	FC	Increase % interest
• SQYBUS ZI "Les Bruyères" 9 avenue Jean-Pierre Timbaud, 78192 Trappes Cedex	387 950 322	89.65	67.24	FC	Increase % interest
• Société des lignes touristiques (SLT) 13 rue Auber, 75009 Paris	418 517 215	50	37.5	PC	
• Société d'exploitation des lignes touristiques (SELT) 147-149 rue Saint-Honoré, 75001 Paris	418 176 053	24.5	18.37	EM	
• Société des transports du Val-d'Oise (TVO) 1 chemin du clos Saint-Paul, 95210 Saint-Gratien	314 388 950	35	26.25	EM	
• Société des transports du Bassin chellois (STBC) 9 place du Grand Jardin, 77500 Chelles	415 290 832	15	11.25	EM	Decrease % interest
• TP2A 6 rue des biches, 74100 Ville-la-Grand	444 714 380	51	38.25	FC	
• Equival SAS 54 quai de la Rapée, 75599 Paris cedex 12	453 974 354	50	37.5	PC	
• Equival 38 12 rue des pies, 38360 Sassenage	444 410 088	50	37.5	PC	
• Equival 87 14 rue de l'amphithéâtre, 87000 Limoges	432 101 632	50	37.5	PC	
• Mobicité 54 quai de la Rapée, 75599 Paris cedex 12	442 325 460	100	75	FC	
• Flexcité 54 quai de la Rapée, LAC A 318, 75599 Paris cedex 12	450 710 207	51	38.25	FC	
• Eurailco GmbH Maybachstrasse-6, 70469 Stuttgart	HRB 24.127	50	37.5	PC	
• Trans Regio Markstrasse, 19 Kaiserslautern	HRB 5225	37.55	28.16	PC	
• Eurailco UK Ltd Garrick House 74 Chiswick H. Ro, London W41SY	4 531 158	50	37.5	PC	
• EM Services 54 quai de la Rapée, 75599 Paris cedex 12	453 815 961	90	67.5	FC	
• M'Dina Bus 10 avenue du 2 mars, Casablanca, Maroc	133 511	20	15	EM	
• Tram di Firenze Florence		24.9	18.68	EM	Newly-created
• Gest Spa Florence		51	38.25	FC	Newly-created
• Flexcité 94 allée Jean-Baptiste Preux, 94140 Alfortville	480 200 393	51	38.25	FC	Newly-created
• Société financière Groupe Perrier ZI "Les Bruyères", 9 avenue Jean-Pierre Timbaud, 78192 Trappes cedex	350 302 147	100	75	FC	Acquired
• Cars Perrier ZI "Les Bruyères", 9 avenue Jean-Pierre Timbaud, 78192 Trappes cedex	589 725 266	100	75	FC	Acquired
• SCI Perrier ZI "Les Bruyères", 9 avenue Jean-Pierre Timbaud, 78192 Trappes cedex	429 490 550	100	75	FC	Acquired
• Financière Transdev L'Atrium, 6 place Abel Gance, 92100 Boulogne-Billancourt	442 610 788	49.88	49.88	EM	
• Transdev Group L'Atrium, 6 place Abel Gance, 92100 Boulogne-Billancourt	542 104 377	25	25	EM	
• RATP International 54 quai de la Rapée, LAC A 318, 75599 Paris cedex 12	419 997 044	100	100	FC	
• Alexa Viale dei Mille 115, Florence	05 266 640 480	37	37	EM	
• La Ferroviaria Italiana (LFI) Via Guido Monaco 37, 52100 Arezzo	00 092 220 516	12	12	EM	
• LFI Service Italy		12	12	EM	Newly-created
• TFT Spa Italy		12	12	EM	Newly-created
• RFT Spa Italy		12	12	EM	Newly-created
ENGINEERING DIVISION					
• Financière Systra 5 avenue du Coq, 75009 Paris	384 061 958	50	50	PC	
• Systra Group 5 avenue du Coq, 75009 Paris	387 949 530	50	35.87	PC	
REAL ESTATE/TELECOMMUNICATIONS DIVISION					
Commercial					
• Promo Métro 43-45 rue du Gouverneur Général Félix Éboué, 92137 Issy-les-Moulineaux	712 029 099	100	100	FC	Increase % interest
Telecommunications					
• Telcité 1 avenue Monta fcne, 93167 Noisy-le-Grand cedex	411 759 962	100	100	FC	
• Naxos 1 avenue Monta fcne, 93167 Noisy-le-Grand cedex	420 511 990	100	100	FC	
Real Estate					
• SEDP 54 quai de la Rapée, 75599 Paris cedex,12	380 038 687	100	100	FC	
• SADM 54 quai de la Rapée, 75599 Paris cedex,12	380 962 902	100	100	FC	

• **Systra Group**
Systra Group's assets and liabilities are 50% proportionately consolidated, and minority interests of 14.13% are recognised. This complies with the consolidation method recommended in Regulation 99-02 and the shareholders' agreement, as the parent companies of SNCF and RATP's have control over the strategy and

decision-making of the Systra Group, through the management entity, Financière Systra.

• **Société des transports du Bassin chellois (STBC)**
Following the merger of STBC with TUC, the RATP stake in the company was reduced to 15%. However, as certain strategic decisions require a

unanimous shareholder vote, RATP still exercises a significant influence on the company. Consequently the company is accounted for by the equity method.

• **The percentage control and interest** mentioned above do not include the stake held by Transdev Group.

→ 2. BREAKDOWN OF REVENUE

Group revenue comprises:

- Passenger transport revenue generated by the contract with the Île-de-France public transport authority (STIF). It includes:
 - revenue collected directly from transport users,
 - tariff compensation,
 - commissions on network sales,

- bonuses or penalties for service quality
 - penalties and fines paid by users
- Note that the RATP parent company receives a standard contribution for the duration of the contract with STIF to guarantee its viability. That payment is not recorded as revenue.*
- income from other business activities, such

as advertising and income from business premises

- revenue from business other than transport, comprising:
 - services rendered to third parties, such as SNCF,
 - sale of goods and by-products,
 - mobile telephone services and telecommunications.

	31/12/05	31/12/04
• Transport	3,121,161	2,983,349
• Transport-related activities	79,824	78,730
• Services rendered other than transport	125,118	119,199
• Sale of goods and merchandise other than transport	92,948	102,410
• Mobile telephony and telecommunications	10,522	9,575
REVENUE	3,429,572	3,293,263

→ 3. PAYROLL COSTS

RATP payroll costs represent 96% of aggregate Group payroll costs.

→ 4. EMPLOYEE BENEFIT PLANS

Net expense for each commitment	31/12/05	31/12/04
• Retirement	-462,559	-450,359
• Sick pay	-14,954	-10,729
• Work injuries	1,498	337
• Unemployment	-1,954	-1,434
• Family allowance	1,262	1,699
EXPENSE ARISING FROM SOCIAL BENEFITS	-476,707	-460,486

RATP reports the results of each employee benefit and insurance plan separately (health, family allowance, retirement and industrial accidents), as is generally accepted for social security entities:

- Benefits paid and directly attributable management costs are expensed.
- Employee and employer contributions received

are recorded in the transport business accounts, or under payroll-related costs. An additional compensatory payment is recorded as gap funding for pension commitments under "additional funding for pension commitments".

For health insurance and pension plans, the final balance of bilateral compensation is determined

with a 12 month deferral. In terms of obligatory plans, the balance is systematically guaranteed either by bilateral compensatory mechanisms with the relevant social security bodies, or for retirement, by the recognition of the financing requirements to be covered each year in the "retirement commitments account". Commitments for RATP employee benefit plans are not provisioned.

→ 5. AVERAGE NUMBER OF EMPLOYEES

	Consolidation method	% interest	31/12/05		31/12/04	
			Aggregate n° of employees	Share of Group*	Aggregate n° of employees	Share of Group*
• Alexa	EM	37	0		0	
• Cars Perrier	FC	100	191	191	NC	
• EM Services	FC	100	8	8	6	6
• Equival	PC	50	13	7	6	3
• Equival 38	PC	50	6	3	5	3
• Equival 87	PC	50	NA		NA	
• Eurailco UK	PC	50	0		0	
• Eurailco GmbH	PC	50	0		NA	
• Financière Cars Perrier	FC	100	0	0	NC	
• Financière Systra	PC	50	0		0	
• Financière Transdev	EM	50			0	
• Flexcité	FC	100	1	1	2	2
• Flexcité 94	FC	100	40	40	NC	
• Systra Group	PC	50	1,386	693	1,347	674
• Transdev Group	EM	25	NA		11,829	
• LFI	EM	12	NA		284	
• LFI Service	EM	12	NA		NC	
• M'Dina Bus	EM	20	NA		NA	
• Mobicité	FC	100	13	13	19	19
• Naxos	FC	100	0		0	
• Orlyval Service	FC	100	79	79	80	80
• Promo Métro	FC	100	NA		28	28
• RATP maison mère	FC	100	43,616	43,616	43,582	43,582
• RATP Développement	FC	100	NA		30	30
• RATP International	FC	100	NA		2	2
• RFT Spa	EM	12	NA		NC	
• SADM	FC	100	0		0	
• SCI Cars Perrier	FC	100	0	0	NC	
• SEDP	FC	100	46	46	44	44
• SELT	EM	49	NA		NA	
• SLT	PC	50	NA		8	4
• SQYBUS	FC	100	41	41	40	40
• STBC	PC	20	NA		4	1
• Telcité	FC	100	22	22	12	12
• TFT Spa	EM	12	NA		NC	
• Trans Regio	PC	50	62	31	NA	
• TP2A	FC	100	69	69	69	69
• TVO	EM	35	315		315	
AVERAGE NUMBER OF EMPLOYEES OF COMPANIE CONTROLLED				44,860		44,599

* This figure includes all employees of fully consolidated companies. For proportionately consolidated companies the number of employees is calculated based on percentage control, and no employees have been included for companies accounted for by the equity method.

NC: not consolidated.

NA: information not available.

→ 6. FINANCIAL INCOME AND EXPENSE

	31/12/05	31/12/04
• Interest expense	-228,611	-222,525
• Other financing cost	-339,898	-114,224
• Financial expense	-3,824	-3,615
- or wich bond redemption	-2,817	-2,841
• Income from loans and receivables	392	382
• Income from marketable securities	1,164	1,321
• Other financial income	379,164	144,264
• Reversal of financial provisions	955	882
FINANCIAL EXPENSE NET	-190,658	-193,515

The main financial income and expense items are as follows:

- Interest expense on RATP borrowings:	-€227,864 thousand
- Net gains on swaps:	€23,046 thousand
- Interest expense on commercial paper:	-€5,496 thousand
- Gains on fuel hedges:	€8,916 thousand
- Other income:	€10,740 thousand

Total net expense **-€190,658 thousand**

→ 7. EXTRAORDINARY INCOME AND EXPENSE

	31/12/05	31/12/04
• Non-recurring expenses on operating activities	-1,252	-6,219
• Net book value of non-current assets	-9,203	-10,644
• Other non-recurring expenses	-295,501	-172,655
• Non-recurring depreciation, amortization and provisions	-398,900	-417,848
• Non-recurring income form operating activities	3,013	2,307
• Income from sales	1,634	408
• Cancellation of debt		
• Other non-recurring income	571,377	577,729
• Reversals of depreciation, amortization and provisions	133,563	28,405
NET NON-RECURRING INCOME (EXPENSES)	4,731	1,483

Extraordinary items included the following:

RATP

Losses form sale and write-off of property and equipment and intangible assets	-2,675
Reversal of overhaul grants	-272
Asbestos-related health insurance	-725
Asbestos removal	-2,284
Leasehold agreements	10,892
Swedish leasehold agreements	-1,033
Revaluation of asset write-backs	812
Others	-135
	4,580

Promo Métro

Restatement of reversal of provision for promotion on the "Marché des enfants rouges"	-737
Other	-4
	-741

Other **892**

Group Total **4,731**

→ 8. LEASEHOLD TRANSACTIONS

The detailed impact of train leases and sub-leases on the financial statements for the period is as follows:

AMERICAN LEASEHOLDS

↳ Impact on cash position

<i>(in thousands of euros)</i>								
Contracts	1997	1998	1999	2000	2001	2002	2003	2004
• Income from primary leasehold	560,061	269,516	228,874	840,625	639,985	454,943	0	0
• Sub-lease expenses	526,587	239,242	205,264	799,837	600,768	447,049	0	0
NET PROFIT FOR RATP	33,474	30,274	23,610	40,788	39,217	7,894	0	0

Income generated by these leasehold transactions is recorded under non-recurring income over the term of the contracts, which may vary.

↳ Impact on net non-recurring income

Non-recurring items generated income of €10,892 million.

	Contracts 1997	Contracts 1998	Contracts 1999	Contracts 2000	Contracts 2001	Contracts 2002	Total 31/12/2005	31/12/2004
• Net income from primary leaseholds (1)	101,372	44,973	172,421	28,699	20,723	21,234	389,422	389,843
• Interest paid on sub-leases (2)	30,068	14,948	10,568	66,130	41,524	16,607	179,845	183,076
• Reversal of provisions (3)	6,835	0	0	21,137	5,407	98,276	131,655	23,320
• Other income from leaseholds		0	0		0	0		928
• Sub-leasing expenses (4)	47,327	12,946	30,836	42,337	149,698	9,014	292,158	168,498
• Excess lease payments	0	0	0	0	0	0		0
• Early Buyout Option	0	0	0	0	0	0		0
• Expenses	46	26	0	0	0	191	263	661
• Provision for completion costs (3)	88,665	45,531	172,031	55,197	8,387	27,682	397,493	416,554
• Currency translation adjustment				116			116	292
NET INCOME	2,237	1,418	-19,878	18,316	-90,431	99,230	10,892	11,162

(1) The principal payments are made when the leases are signed. Each year, the part of the lease payment related to the period is recorded in income with a balancing entry in prepaid income.

(2) Interest received or accruing on sub-leases paid to financial institutions (deposits).

(3) Deferral of cancellation indemnity and excess lease payments to spread income on a straight line basis over the term of the contracts.

(4) Sublease payments received or accruing from financial institutions.

All sub-lease expenses, income from principal leases and interest are recorded under extraordinary income and expenses.

The provision for cancellation is recorded under extraordinary expense.

↳ Impacts on the balance sheet

<i>(in thousands of euros)</i>			
ASSETS	Impact leasehold		Change 2005/2004
	31/12/05	31/12/04	
• Financial assets	-1,753	-1,753	0
• Government and local authority receivables	-47,800	-43,313	4,487
• Other receivables	-4,117,574	-3,819,139	298,435
• Financial assets	-22,470	-22,866	-396
• Prepaid expenses	-100,742	-101,186	-444
TOTAL	-4,290,339	-3,988,257	302,082

<i>(in thousands of euros)</i>			
EQUITY AND LIABILITIES	Impact leasehold		Change 2005/2004
	31/12/05	31/12/04	
• Provisions for commitments and contingencies	-2,371,695	-2,105,858	265,837
• Taxes and social security contributions	-247,382	-186,769	60,613
• Other liabilities	-178,220	-132,950	45,270
• Prepaid income	-1,599,510	-1,679,684	-80,174
• Loans and borrowings	-1,765	-1,732	33
TOTAL	-4,398,572	-4,106,993	291,579

→ 9. INCOME TAX

↳ Breakdowns of income tax expense

The breakdown of the tax expense between the deferred tax and tax expense reported on the income statement is as follows:

	31/12/05	31/12/04
Taxes due	-2,448	-2,381
Deferred taxes	-38	-200
TOTAL	-2,486	-2,581

The deferred taxes are reported in the balance sheet under other receivables and payables.

The RATP does not pay income tax.

	31/12/05		31/12/04		Effect of change retained 05	Effect of change net income 05
	DTA	DTL	DTA	DTL		
• Cars Perrier	0	234	0	0	-230	-4
• EM Services	1	0				1
• Flexcité 94	0	6				-6
• Systra Group	80	129	207	2	7	-6
• Mobicité	0	71	0	81		10
• Naxos	2	0	1	0		1
• Promo Métro	0	64	5	0	10	-69
• OVS	25	0	11	0	-28	14
• SADM	0	2	0	2		0
• SEDP	0	46	0	15	-26	-5
• SQYBUS	0	97	0	125		29
• SLT	0	12	0	9		-2
• Telcité	1	0	0	1	-2	2
• RATP Développement	0	0	3	0	7	-4
DEFERRED TAXES	108	660	227	235	-262	-38

↳ Breakdown of deferred tax assets and liabilities

Temporary differences	Base	Deferred tax
• Provision for paid vacation	15	1
• Provision for employee profit sharing	4	-5
• Social security compensating tax	39	1
• Housing construction tax	4	0
• Proceeds from investment trusts	1	0
• Other		0
Adjustments		
• Elimination of pensions and similar benefits		-99
• Goodwill amortization		10
• Leasing agreement adjustment		25
• Elimination of set-up costs		-2
• Elimination of regulated provisions		-62
• Cancellation of provisions for major repairs		0
• Reporting package corrections		-1
• Taxes on Systra reporting package		94
DEFERRED TAXES, NET		-38

→ 10. GOODWILL

	Gross	Amortization and provisions	Net
• Goodwill at January 1, 2005	6,056	-3,244	2,812
• Increase (decrease)	695	-1,114	-419
GOODWILL AT DECEMBER 31, 2005	6,751	-4,356	2,395

	Gross	Amortization and provisions	Net
• Goodwill at January 1, 2005	936	-868	68
• Increase (decrease)	35	-50	-15
NEGATIVE GOODWILL AT DECEMBER 31, 2005	971	-918	54

→ 11. INTANGIBLE ASSETS

	31/12/04	Acquisitions/ Amortization and provisions	Disposals/ Amortization and provision written back	CRC Impact 2002-10	Other transfers	31/12/05
• Gross	302,906	28,365	-7,673	1,962	-33,928	291,632
• Less amortization and provisions	-195,221	-31,233	7,671	20,156	453	-198,174
INTANGIBLE ASSETS, NET	107,685	-2,868	-2	22,118	-33,475	93,458

The other inflows and outflows reported at gross value essentially arise from the reclassification of work in progress as property, plant and equipment.

The implementation of Regulation CRC 2002-10 resulted in a reduction of software amortization of €20,738 thousand.

The cost of configuring and developing software is now amortized over a 5 to 10 year period, instead of over 3 years as was previously the case.

→ 12. PROPERTY, PLANT AND EQUIPMENT

	31/12/04	Acquisitions/ DAP	Disposals/ RAP	CRC impact 2002-10	Other transfers	31/12/05
• Gross value	15,198,661	776,191	-103,143	154,989	60,838	16,087,536
• Less accumulated depreciation and provisions	-7,911,273	-546,890	95,457	925,164	-7,979	-7,445,521
TOTAL, NET	7,287,388	229,301	-7,686	1,080,153	52,859	8,642,015
• of which, leased	30,226	-1,789	-33	-1,586	882	27,700

RATP made the majority of the purchases and placing in service of assets during the period, with capital expenditure of €726,676 thousand.

Pursuant to Regulation CRC 2002-10, RATP reclassified its spare parts held in inventory as property, plant and equipment.

Regulation CRC 2002-10 had a considerable impact on transportation equipment. For vehicles, the amortization period of 20 years was extended to a range of 20 to 40 years.

The amortization period for components of buildings was also extended, with the useful life of items such as building shell and brickwork being extended from 50 years to a range of 20 to 100 years.

→ 13. FINANCIAL ASSETS

	31/12/04 Net value	Gross value	31/12/05 DAP	Net value
• Unconsolidated investments	5,176	8,382	-4,008	4,374
• Receivables relating to subsidiaries	4,973	3,077		3,077
• Loans and accrued interest	98,834	98,440	-631	97,809
• Other financial assets	5,380	5,785		5,785
FINANCIAL ASSETS	114,363	115,684	-4,639	111,045

Unconsolidated investments comprise the following:

	31/12/05	
	Net value	% Interest
• Société billétique monétique	379	9
• Logis transport	33	88
• IRISE	750	10
• Tram de Mulhouse	451	22.5
• Roue Libre	8	100
• Alexa (shares without voting rights)	1,820	14
• Sofib	191	<10
• LCR London/URS	190	<10
• Busan Gimhae	147	<10
• Other unconsolidated investments	405	
NET UNCONSOLIDATED INVESTMENTS	4,374	

→ 14. EQUITY METHOD INVESTMENTS

Company	% Interest	31/12/05		31/12/04	
		Share of equity	of which share of net income	Share of equity	of which share of net income
• Alexa	37	-12	0	-12	-13
• Financière Transdev	49.88	254	13	3,164	30
• Systra Group	50	142	36	88	40
• Transdev Group	25	58,238	3,834	52,328	2,756
• LFI	12	2,215	658	3,633	56
• LFI Service	12	1,260	75		
• M'Dina Bus	20	-15	-1,342	-476	-490
• RFT Spa	12	34	6		
• SELT	24.5	481	142	388	112
• STBC	15	-31	-41		
• SITRAM	25				-5
• TFT Spa	12	882	19		
• Tram di Firenze	24.9	1,721	-22		
• TVO	35	737	126	611	146
EQUITY METHOD INVESTMENTS (ASSOCIATES)		65,905	3,503	59,723	2,632

→ 15. INVENTORIES

	31/12/05	31/12/04
• Inventories	259,786	250,996
• Impact CRC 2002-10*	-121,039	
• Provisions for inventories	-100,400	
• Impact CRC 2002-10*	75,193	-99,752
INVENTORIES, NET	113,540	151,244

* In accordance with CRC regulation 2002-10, spare parts have been reclassified as property, plant and equipment.

→ 16. CHANGES IN EQUITY

↳ Group Share

	Reserve for assets made available	Capital	Retained earnings	Currency translation adjustments	Net income	Change during the period
DECEMBER 31, 2003	250,701	283,367	346,965	-383	5,962	886,612
• Net income appropriation			5,962		-5,962	0
• Capital increase						0
• Net income					23,200	23,200
• Currency transl. Adjustment				-384		-384
• Other			-14,379			-14,379
DECEMBER 31, 2004	250,701	283,367	338,548	-767	23,200	895,049
• Net income appropriation			23,200		-2,200	0
• Capital increase						0
• Net income					55,830	55,830
• Currency transl. Adjustment				429		429
• Impact CRC 2002-10*			764,780			764,780
• Other**			8,184			8,184
DECEMBER 31, 2005	250,701	283,367	1,134,713	-338	55,830	1,724,273

* The impact of CRC regulation 2002-10 on reserves is as follows:

RATP

Impact Reg. CRC 2002-10 on parent company financial statements	765,358
Lease restatement	-1,586
Swedish lease restatements	-102
Restatement of deferred expenses	-738
	<u>762,932</u>
Other subsidiaries	1,848
Total	764,780

** Other changes, which amounted to €8,184 thousand, essentially comprised gains from the sale of RATP assets (€7,673 thousand).

↳ Minority interests:

	Retained earnings	Currency translation adjustments	Net income	Change during the period
DECEMBER 31, 2005	13,019	-43	803	13,779
• Net income appropriation	803		-803	0
• Dividends paid	-388			-388
• Capital increase	83			83
• Net income			-27	-27
• Currency transl. Adjustments		86		86
• Impact CRC reg. 2002-10	-108			-108
• Other	-1,440			-1,140
DECEMBER 31, 2005	11,970	43	-27	11,986

→ 17. PROVISIONS FOR CONTINGENT LIABILITIES

	31/12/04	Provisions during year	Reversals during year (used)	Reversals during year (unused)	Impact CRC 2002-10	Change in scope	Other*	31/12/05
• Provisions for litigation	14,812	2,764	-3,740	-4,205	0	0	174	9,805
• Provisions for non-recurring risks	9,178	3,038	-2,993	-329	0	0	-116	8,778
• Provisions for accidents	12,900	12,223	-10,423		0	0		14,700
• Provisions for other risks	13,575	1,416	-809	-728	-593	83	0	12,944
PROVISIONS FOR LITIGATION	50,465	19,441	-17,965	-5,262	-593	83	58	46,227
• Provisions for non-recurring expenses	2,125,247	403,620	-133,848	-314	-56	200	1,994	2,396,843
• Provisions for major repairs	60,514	232	-395		-59,848			503
• Other provisions for liabilities	3,518	1,302	-2,001	-167	79,645	13	19	82,330
PROVISIONS FOR CONTINGENT LIABILITIES	2,189,279	405,154	-136,244	-481	19,741	213	2,013	249,676
• Negative goodwill	68		-50			0	35	54
TOTAL PROVISIONS	2,239,812	424,595	-154,258	-5,743	19,148	296	2,106	2,525,957

* Reclaifications, foreign currency, translation adjustments, etc.

The provision amounting to -€19,741 million under Other provisions for liabilities comprises

Cancellation of provisions for major repair work: RATP

-€59,848 thousand

Provision for dismantling RATP rolling stock

€79,645 thousand

Other

-€56 thousand

→ 18. LOANS AND BORROWINGS

↳ Loans and borrowings

	31/12/05	31/12/04
• Fixed rate loans and borrowings	4,022,163	4,283,933
• Floating rate loans and borrowings	432 862	441,181
TOTAL LOANS AND BORROWINGS	4,455,025	4,725,114

↳ Maturity of loans and borrowings

	Total	2006	2007-2010	> 2010
TOTAL LOANS AND BORROWINGS	4,455,025	651,763	1,988,718	1,814,544

→ 19. FINANCIAL ASSETS AND LIABILITIES

	31/12/05	31/12/04
ASSETS	291,437	672,938
• Marketable securities	180,364	505,242
• Cash and cash equivalents	111,073	167,696
LIABILITIES	4,455,025	4,725,114
• Île-de-France loan	274,188	277,890
• Loans on the financial markets	3,589,621	3,690,292
• Tick'Epargne loan	164,435	139,011
• Bank loans	10,324	6,013
• Loans and borrowings from financial institutions*	72,658	166,412
• Other loans and borrowings	65,135	62,634
• Deposits and guarantees received	4,118	3,631
• Commercial paper	274,547	379,231
NET DEBT	4,163,588	4,052,176
* Of which leaseholds.	29,273	29,535

→ 20. INTEREST RATE HEDGING

↳ Introductory Remark

RATP has principally set up hedges to manage interest rate risk on its borrowings and investment portfolio.

As a result, in accordance with accounting recommendations, RATP only records accrued interest on derivatives.

↳ Interest Rate Risk

Interest rate risk on borrowings and investments is essentially managed by using swaps and options to modulate the fixed and floating rate part, based on interest rate changes.

↳ Interest Rate Swaps at December 31, 2005

Interest rate swaps listed by maturity in millions of euros

	31/12/2005	31/12/2004
Swaps on long term borrowings		
• Maturity < 1 year	0	202.9
• Maturity (1 year -5 years)	0	199.9
• Maturity > 5 years	350.0	900.0
Cross currency swaps on long term borrowings		
• Maturity < 1 year	0	298.7
• Maturity (1 year -5 years)	14.8	14.8
• Maturity > 5 years	148.2	0
EONIA swaps on short term borrowings		
• Maturity < 1 year	179.3	299.4
TOTAL SWAPS IN MILLIONS OF EUROS	692.3	1,915.7

Swaps in millions of euros

	31/12/2005	31/12/2004
A) Swaps on long term borrowings		
1) Swaps changing fixed rates to floating rates (excluding currency swaps)		
• Positions on short term interest rates	250.0	599.9
• Positions on long term interest rates	0	0
2) Swaps changing floating rates to fixed rates (excluding currency swaps)		
• Positions on short term interest rates	0	702.9
• Positions on long term interest rates	0	0
3) Other swaps		
• Basis swaps	0	
• Fixed to fixed swaps	100.0	0
• Cross currency swaps – receive	14.8	313.5
• Cross currency swaps – pay	148.2	0
B) Swaps on short term borrowings		
• Eonia swaps – receive	179.3	299.4
• Eonia swaps – pay	0	0
TOTAL SWAPS IN MILLIONS OF EUROS	692.3	1,915.7

The tables above do not take into account the notional amount of the asset swaps on the 1999 leasehold transaction, for which there is no interest rate risk. Recall of the breakdown of the bonds and commercial paper as of December 31, 2005, in millions of euros, excluding those relating to the corporate profit-sharing scheme:

Excluding the effect of derivative instruments		Excluding the effect of derivative instruments	
Bonds		Bonds	
• Fixed rate	3,590	• Fixed rate	3,375
• Floating rate	0	• Floating rate	215
Commercial paper		Commercial paper	
• Fixed rate	179	• Fixed rate	0
• Floating rate	0	• Floating rate	179

At the end of December 2005, 5.99% of the fixed rate bonds (excluding those relating to the corporate profit-sharing scheme) were converted to floating rates using derivatives. Floating rate positions (bonds, commercial paper and derivatives) thus represented 10.45% of aggregate debt.

Options as of December 31, 2005

Euro options (to manage long term borrowings) in millions of euros		
• Maturity < 1 year		0
• Maturity (1 year -5 years)		0
• Maturity > 5 years		700
TOTAL COMMITMENTS		700
Euro options (to manage long term borrowings) in millions of euros		
Sell	Cap	300
Buy	Cap	100
Sell	Floor	150
Buy	Floor	0
Sell	Swaption	50
Buy	Swaption	0
Automatic call		100
TOTAL COMMITMENTS		700

Hedging operations at the end of December 2005 generated financial income of €24,185 thousand, comprising €9,454 thousand for ongoing transactions and €14,731 thousand related to the deferred recognition of cash payments and premiums, particularly on positions purchased previously and reversed before the end of December 2005.

Sensitivity of the floating rate borrowings at December 31, 2005:

As of December 31, 2005, floating rate positions represented 5.99 % of bonds (excluding commercial paper and those relating to the corporate profit-sharing scheme), or €214,788 thousand. Outstanding commercial paper (100% floating rate) excluding commercial paper relating to the corporate profit sharing scheme amounted to €179,289 thousand. Under identical financing conditions a 1% rise in short term interest rates would increase financial expense by €3,941 thousand.

Valuation of the portfolio of derivative financial instruments:

The market value of the derivative financial instruments corresponds to the amounts which would have to be paid (-) or received (+), to unwind the instruments. The market values of derivatives have been determined on the basis of listed price supplied by banks and financial institutions.

Instruments	Market value at December 31, 2005 (in millions of euros)
• Swaps (excluding currency swaps)	-0.66
• Cross currency swaps	-0.30
• Structured instruments	-2.20
• Options	0
TOTAL	-3.16

NB: The exchange rate part of the Cross Currency Swaps is offset by the exchange rate part of the corresponding bond (€1,408 million). The RATP is not exposed to exchange rate risk.

These instruments are not recognised in the balance sheet.

↳ Exposure to exchange rate risk

RATP issues loans in foreign currencies. The resulting exposure to exchange rate risk is systematically hedged using cross currency swaps. The cross currency swaps in place at December 31, 2004 are shown below.

Debt		Cross currency Swap		
Amount in foreign currency (in thousands)	Currencys	Receive		Pay
		Amount in foreign currency (in thousands)	Currency	Amount in thousands of euros
2,000,000	JPY	2,000,000	JPY	14,788
230,000	CHF	230,000	CHF	148,244

↳ Exposure to risk of commodity price increases

RATP hedges against the risk of commodity price increases for future purchases of diesel fuel and/or increases in the dollar over the euro.

The price estimates are determined on the basis of ULSD 50 ppm CARGOES CIF NWE MEAN fuel prices of \$381.5 /T at an exchange rate of 1.22.

The company has covered 98% of estimated requirements (90% in 2004).

The fuel hedge is a two-phase transaction on 50% of the annual requirement.

Hedge n°1

RATP entered into a plain vanilla swap of €312/T. Whereby, each month:

- If the benchmark price is higher than the swap price, the counterpart pays RATP the net

difference, multiplied by the monthly quantity hedged.

- If the benchmark price is below the swap price, RATP pays the counterpart the net difference, multiplied by the monthly quantity hedged.

Hedge n°2

RATP entered into a "Range Out Swap" [260-300].

This hedge is identical to the hedge set up in 2004. RATP hedged against an increase in the capped price of €300 /T, while enjoying the benefit of decreases in diesel oil prices to a floor of €260 /T.

- If the price set is above or equal to 300, RATP receives the quantity' (price set ULSD50 ppm -300)
- If the price set is between 260 and 300 inclusive, no payments are made between the parties.

- If the price set is below 260, RATP pays the quantity' (300- price set ULSD50 ppm)

Gains and losses on commodity hedges are recognised as financial income. As of December 31, 2005, gains amounted to €8,916 million.

→ 21. ACCOUNTS RECEIVABLE

	31/12/04 Net value	Gross value	31/12/05 DAP	Net value
• Trade receivables	161,768	194,570	-19,645	174,925
• Other receivables	220,121	301,486	-6,569	294,917
• Receivables from leaseholds	3,963,638	4,266,116		4,266,116
ACCOUNTS RECEIVABLE	4,345,527	4,762,172	-26,214	4,735,958

Maturities of Accounts Receivable:

	TOTAL	2006	2007-2010	>2010
ACCOUNTS RECEIVABLE	4,735,958	422,043	4,313,915	0

→ 22. ACCOUNTS PAYABLE

	31/12/05	31/12/04	Change, 2005/2004
• Trade payables	190,278	185,015	2.84%
• Other payables	884,542	751,096	17.77%
• Payables related to leaseholds	425,602	319,719	33.12%
TOTAL OF TRADE AND OTHER PAYABLES	1,500,422	1,255,830	19.48%

→ 23. ACCRUALS

	31/12/05	31/12/04
PREPAID INCOME	3,919,649	3,676,999
• Income from leasehold agreements	1,599,510	1,679,684
• Investment grants*	2,160,086	1,835,678
• Other deferred income	160,053	161,637
PREPAID EXPENSES	62,683	34,778

* The change in investment grants was partially due to the implementation of Regulation CRC 2002-10, which increased grants by €324.4 million.

→ 24. DEFERRED EXPENSES

	31/12/05	31/12/04
DEFERRRED EXPENSES	5,628	10,143
• of which, bond issue charges	5,628	5,489
• of which, raviver transaction	0	1,513

In accordance with CRC regulation 2004-06 applicable at January 1, 2005, deferred expenses at January 1, 2005 which could not be longer be clearly defined as or accounted for as assets were cancelled or reclassified as proprety, plant and equipment, which accounts for the decrease of €4,515 million in this item.

→ 25. CASH FLOW STATEMENT

↳ Changes in cash flows

	31/12/05	31/12/04	Variation
CASH AND CASH EQUIVALENTS	268,967	650,072	-381,105
• Marketable securities not including leaseholds	157,894	482,772	-324,878
• Cash not including leaseholds	111,073	167,300	-56,227
CURRENT LOANS	-44,034	-139,997	95,963
• Bank loans	-44,034	-139,997	95,963
TOTAL CASH AND CASH EQUIVALENTS	224,933	510,075	-285,142

RATP's share of the bank loans shown above, which amounted to €33,710 thousand for the period, has been recorded in the item loans and borrowings from banks and financial institutions in note 19.

↳ Reconciliation of cash flow statement and balance sheet cash and cash equivalents

	31/12/05
• Marketable securities not incl. leaseholds	157,894
• Cash and cash equivalents excl. leaseholds	111,073
STATEMENTS OF CASH FLOWS CASH AND CASH EQUIV.	268,967
• Marketable securities leaseholds	22,470
• Cash flow from leaseholds	0
LEASEHOLD CASH FLOW	22,470
• Total marketable securities	180,364
• Total cash and equivalents	111,073
BALANCE SHEET CASH AND CASH EQUIVALENTS	291,437

↳ Effect of scope changes on cash flows

Scope changes resulted in a reduction in cash of €6,899 thousand, due to:

Acquisition of Perrier Group companies :	expense of €4,706 thousand (1)
Buyback of minority interests in Promo Métro	expense of €1,499 thousand (2)
Buyback of minority interests in Orlyval Service :	expense of €423 thousand (2)
Other acquisitions :	expense of €271 thousand
	€6,899 thousand expense

(1) During 2005, the Group acquired 100% of Cars Perrier, Société Financière of the Perrier Group and SCI Cars Perrier. The breakdown of net cash used for this acquisition is as follows:

Amount paid by RATP Développement :	€4,089 thousand
Cash contributed by the Perrier Group :	-€617 thousand
	-€4,706 thousand

(2) The buyback of minority interests from Orlyval Service and Promo Métro did not generate additional cash.

→ 26. OFF-BALANCE SHEET COMMITMENTS

	31/12/05	31/12/04
Commitments		
• Guarantees given	25,639	18,652
• Employees: guarantees	348,434	352,232
• Loans to employees: guarantees undertaken by SBE	19,895	27,942
• Life insurance for employees in service	12,173	11,327
• Lump sum payment upon death in service	153,952	NC**
• Impact of pension fund creation on payroll liabilities	28,481	
• Retirement benefits	176,173	147,396
• Long service compensation		
• Compensation for work-related illness and accidents	124,118	94,062
• RATP retirement obligations		21,615,000
• Leasehold agreements	2,332,664	2,766,326
• Interest rate swaps	1,242,320	2,565,676
• Other commitments given*	5,989	7,098
TOTAL COMMITMENTS GIVEN	4,469,838	27,605,711
Commitments received		
• Guarantees received	86,924	54,893
• Bank credit letters	45,657	41,546
• Other commitments received		500,000
• Swap agreements	842,320	1,915,676
TOTAL COMMITMENTS RECEIVED	974,901	2,515,115

* Of which, leasehold agreements.

** NC: not calculated.

2,332,664

2,766,326

ADDITIONAL INFORMATION RELATING TO EMPLOYEE BENEFIT COMMITMENTS:

The Decree of December 27, 2005 set up a Pension Fund for RATP employees as of January 1, 2006. Consequently, all the commitments presented in these notes have been valued as of January 1, 2006 to take into account the impact of the Pension Fund on RATP's commitments. The discount rate used to calculate the commitments was 4% as of December 31, 2005 compared with 4.5 % as of December 31, 2004. It includes a 2% inflation rate.

1. RATP pension benefits

As a pension fund has been set up for RATP employees as of January 1, 2006, the information on retirement obligations is not longer disclosed. Retirement obligations amounted to €23.06 billion as of June 30, 2005 (discounted at 4.25 %).

2. Retirement benefits

Retirement benefits are recognised as deferred expenses if the employees in service have vested rights. Any additional commitments calculated by an actuary are recognised as off-balance sheet commitments.

3. Lump sum payment upon death in service

This commitment was not accounted for previously.

4. Life insurance for retired employees

The value of this commitment has not yet been determined. As the Pension Fund is not liable to pay this benefit, RATP is responsible for the payments.

5. Impact of the Pension Fund on payroll liabilities

As an independent Pension Fund was set up on January 1, 2006 pension contributions now have to be provisioned as of January 1, 2006.

6. Work related illness and accidents

Benefits paid to employees in service for work-related illnesses and accidents are provisioned in the financial statements. The benefits paid to retired employees or those with vested rights are recognised as off-balance sheet commitments.

7. Other employee benefits

The table above shows the commitments calculated to date. However, the scope of employee benefits is currently being analysed to take into account the transition to IFRS in 2007.

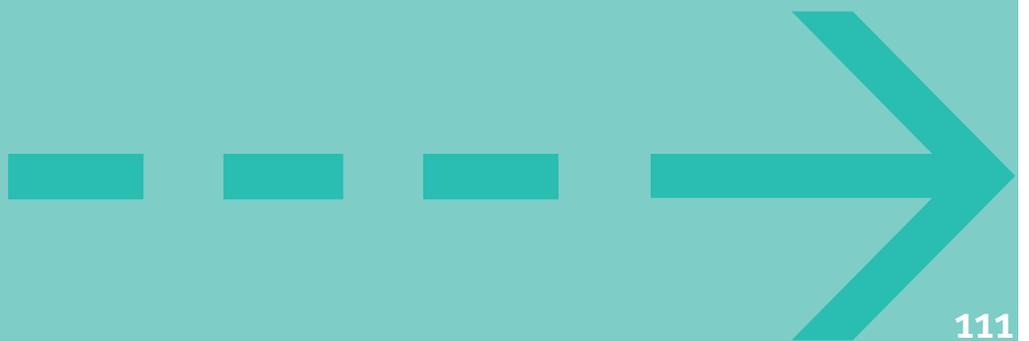
→ 27. SEGMENT INFORMATION

Company	Aggregate revenue per subsidiary	31/12/05		31/12/04		
		In France	Outside France	Aggregate revenue per subsidiary	In France	Outside France
• Cars Perrier	853	853		NC		
• EM Services	774	774		811	811	
• Equival	199	199		55	55	
• Equival,38	477	477		598	598	
• Equival,87	198	198		193	193	
• Eurailco UK	207		207	24		24
• Eurailco GmbH	124		124	55		55
• Flexcité	0			215	215	
• Flexcité 94	1,744	1,744		NC		
• Gest Spa	259		259	NC		
• Systra Group	85,725	19,288	66,436	88,706	23,897	64,809
• Mobicité	850	850		1,097	1,097	
• Naxos	2 591	2,591		1,103	1,103	
• Promo Métro	18,006	18,006		17,409	17,409	
• RATP	3,261,546	3,261,546		3,124,880	3,124,880	
• RATP International	623		623	774		774
• Orlyval Service	41	41		52	52	
• SADM	0			0		
• SEDP	1,310	1,310		7,490	7 490	
• SCI Perrier	24	24				
• SLT	5,013	5,013		4,676	4,676	
• SQYBUS	20,628	20,628		20,095	20,095	
• STBC	0			1,041	1,041	
• Telcité	11,006	11,006		10,279	10,279	
• TP2A	114	114		79	79	
• Trans Regio	5,997		5,997	3,962		3,962
• RATP Développement	11,265	11,265		9,669	9,669	
CONSOLIDATED REVENUE	3,429,572	3,355,926	73,646	3,293,263	3,223,639	69,624

* NC: unconsolidated.

→ 28. COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

(in thousands of euros)	31/12/05	31/12/04
Directors	1.01	3.57
Executive officers (10 highest salaries, gross)	1,686.13	1,674.15



→ **FINANCIAL STATEMENTS**

04

→ <i>Statutory auditors' report</i>	113
→ <i>Balance sheet</i>	114
→ <i>Statement of income</i>	116
→ <i>Notes</i>	118
→ <i>Additional information</i>	125

→ STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

Year Ended December 31, 2005

In compliance with the assignment entrusted to us by the Minister for the Economy, Finance and the Budget, we hereby report to you, for the year ended December 31, 2005, on:

- the audit of the accompanying financial statements of RATP,
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been prepared and approved by your board of directors. Our role is to express an opinion on these financial statements based on our audit.

↘ 1. Opinion on the financial statements

We conducted our audit in accordance with the auditing standards generally accepted in France. Those standards require that we plan and perform our work 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 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 fair and true view of RATP's financial position and its assets and liabilities as of December 31, 2005 and of the results of its operations for the year then ended, in accordance with French generally accepted accounting principles.

Without qualifying the opinion given above, we draw your attention to the information provided in Note 2.1, which describes the effect on the financial statements of the change in accounting method relating to assets that was adopted during the year, following the implementation of regulations CRC 2002-10 and CRC 2004-06.

↘ 2. Justification of our assessments

In accordance with the requirements of Article L.823-9 of the Commercial Code relating to the justification of our assessments, we inform you of the following items:

Change in accounting method

As mentioned in the first part of this report, Note 2-1 describes the change in accounting method relating to assets that was adopted during the year. Due to the implementation of new regulations as of January 1, 2005, RATP reported an increase of €1,436.5 million in equity and a reduction of €2 million in net income.

In connection with our assessment of the accounting policies adopted by RATP, we ensured that the changes in method and presentation were justified, and that the net amounts reported in balance sheet assets were accurate.

Off balance-sheet commitments relating to employee benefits

Note 1 to the financial statements states that pursuant to the Decree n°2005-1635 of December 26, 2005, a pension fund for RATP employees was set up as of January 1, 2006

The off-balance sheet commitments relating to employee benefits presented in Note 5-20 have been re-measured to take into consideration the situation as of January 1, 2006. Note 5-20 also states that only the commitments known and which could be measured at the date of the financial statement have been reported.

In connection with our assessment of the significant estimates used for the preparation of these financial statements, we have analyzed the assumptions made and calculations performed, to enable us to justify the amount of the commitments reported.

Provisions for contingent liabilities and commitments

We have also examined the procedures implemented by RATP enabling the identification, valuation and recognition of provisions for contingent liabilities. We reviewed the assumptions made and calculations performed to validate the amount of provisions recorded in balance sheet liabilities at year end.

These assessments were made in the context of our audit of the financial statements taken as a whole, and therefore contributed to the formation of the opinion expressed in the first part of this report.

↘ 3. Specific verifications and information

We have also performed the specific verifications required by law, in accordance with the auditing standards generally accepted in France.

We have no matters to report regarding the fair presentation and the conformity with the financial statements of the information given in the management report of the board of directors, and in the documents with respect to the financial position and financial statements for the year ended December 31, 2005.

Paris, April 3, 2006
Statutory Auditors

PRICEWATERHOUSECOOPERS AUDIT
Paul ONILLON

SALUSTRO REYDEL
Member of KPMG International
Philippe ARNAUD

→ BALANCE SHEET December 31, 2005

<i>(in thousands of euros)</i>	Dec. 31, 2005		Dec. 31, 2004	
ASSETS	Gross	Accumulated Depr., amort. and provisions	Net	Net
INTANGIBLE ASSETS	280,319	194,475	85,844	106,255
• Research and development costs	4,916	4,427	489	2,086
• Leases	2,245	736	1,509	299
• Other	273,157	189,312	83,846	103,870
PROPERTY, PLANT AND EQUIPMENT	17,532,463	8,332,766	9,199,696	7,461,427
• Land	384,322	4,129	380,193	370,526
• Buildings	7,638,766	3,204,540	4,434,226	4,245,469
• Technical installations, machinery and tooling	3,756,257	2,477,223	1,279,033	436,104
• Transportation equipment	4,169,376	2,487,489	1,681,887	1,173,565
• Other	217,589	159,385	58,204	115,132
• Work-in-progress	1,366,152	-	1,366,152	1,120,632
FINANCIAL ASSETS	308,881	11,318	297,563	295,289
• Investments	96,612	4,291	92,321	89,981
• Receivables from subsidiaries and affiliates	13,499	-	13,499	8,878
• Other portfolio investments	-	-	-	-
• Loans	97,635	631	97,003	97,727
• Other	101,135	6,396	94,739	98,702
NON-CURRENT ASSETS (I)	18,121,662	8,538,559	9,583,103	7,862,970
Inventories and work-in-progress	137,331	25,027	112,304	148,709
Advances and prepayments to suppliers	3,259	-	3,259	9,273
ACCOUNTS RECEIVABLE	4,591,307	17,148	4,574,159	4,193,598
• Trade receivables and related accounts	137,342	11,223	126,119	119,556
• Government and local authority receivables	288,095	-	288,095	186,120
• Other	4,165,870	5,925	4,159,945	3,887,921
FINANCIAL ASSETS	230,250	-	230,250	519,117
• Marketable securities	176,234	-	176,234	478,996
• Cash and cash equivalents	54,016	-	54,016	40,121
Prepaid expenses	165,223	-	165,223	131,942
CURRENT ASSETS (II)	5,127,370	42,175	5,085,196	5,002,638
Deferred expenses (III)	5,767	-	5,767	9,209
Bond redemption premiums (IV)	12,004	-	12,004	14,821
Unrealized foreign exchange losses (V)	0	-	0	1
TOTAL ASSETS (I + II + III + IV + V)	23,266,804	8,580,734	14,686,070	12,889,639

(in thousands of euros)

EQUITY AND LIABILITIES	December 31, 2005	December 31, 2004
Reserve for assets made available to RATP	250,701	250,701
Revaluation surplus	231,352	232,193
Capital endowment	283,367	283,367
RESERVES	285,186	277,513
• Reserve from disposal of assets made available to RATP and no longer used (redeployment)	184,724	177,983
• Reserve from disposals constructed by RATP and no longer used (reinvestment)	42,536	41,604
• General reserve	57,926	57,926
Retained earnings	839,765	51,892
Net income	50,025	22,515
Investment subsidies	2,154,521	1,831,976
Regulated provisions	471,949	72,570
TOTAL EQUITY (I)	4,566,866	3,022,727
Provisions for contingencies	40,812	42,231
Provisions for commitments	2,477,123	2,186,892
PROVISIONS FOR LIABILITIES (II)	2,517,935	2,229,122
LIABILITIES	4,399,221	4,586,013
• Loans from the Île-de-France Region	274,188	277,890
• Bonds	3,754,038	3,829,006
• Borrowings from and liabilities to financial institutions	33,710	39,034
• Other borrowings and loans	276,124	381,224
• Accrued interest	61,162	58,859
Advances on orders in process	1,772	1,527
Trade payables and related accounts	169,596	169,564
Taxes and social security contributions	733,867	617,350
Payables to suppliers of assets and related accounts	245,983	175,281
Other liabilities	289,493	241,412
Prepaid income	1,761,126	1,846,452
LIABILITIES (III)	7,601,057	7,637,599
Unrealized foreign exchange gains (IV)	212	190
TOTAL EQUITY AND LIABILITIES (I + II + III + IV)	14,686,070	12,889,639
Net debt (RATP indicator, see figure in note 13c.)	4,128,483	4,028,448

→ STATEMENT OF INCOME at December 31, 2005

<i>(in thousands of euros)</i>	31/12/05	31/12/04
OPERATING INCOME	4,210,863	4,066,337
<i>Revenue fom transport (services) (1)</i>	3,021,817	2,886,919
<i>Standard contribution</i>	684,461	677,175
<i>Other operating income (1)</i>	89,163	88,957
Other income	314,423	316,924
• Income from services other than transport (1)	124,910	124,427
• Sales of by-products (1)	3,628	2,399
• Decrease in stocks of manufactured goods	-2,611	-741
• Capitalized production	60,287	58,958
• Provision reversals and costs transferred	70,886	76,712
• Other	57,322	55,169
Income used to offset depreciation expenses	100,999	96,363
• Reversal of special revaluation provision	10,338	4,821
• Portion of investment subsidies released to profit during the year	90,661	91,542
• STP – Residual portion of transport taxes and proceeds from fines	0	0
OPERATING EXPENSES	3,960,240	3,850,105
<i>Use of bought-in goods and services</i>	673,278	650,633
Energy	131,611	122,388
• Electricity	55,038	55,753
• Fuel	66,326	57,285
• Heating	10,247	9,350
Cost of leased tracks.	18,261	18,842
User rights payable to SNCF	21,071	20,743
Equipment and other external services	502,334	488,661
• Equipment and supplies	150,068	149,620
• Other external services	352,267	339,041
Taxes, duties and other payables.	225,280	208,191
Payroll costs	2,412,905	2,353,456
• Wages and salaries	1,390,531	1 365,831
• Payroll-related costs.	545,667	527,139
• Net RATP employee benefit plan cost	476,707	460,486
Depreciation, amortization and provisions.	611,786	599,307
• Depreciation and amortization	576,249	543,598
• Asset provisions	711	3,418
• Depreciation and amortization of current assets	8,940	20,425
• Provisions for contingent liabilities	25,885	31,866
Other expenses	36,991	38,518
OPERATING INCOME (I)	250,623	216,233

<i>(in thousands of euros)</i>	31/12/05	31/12/04
FINANCIAL INCOME	383,770	147,648
• From investments in subsidiaries and affiliated companies	3,066	2,580
• Other long-term investments and asset receivables	408	377
• Accrued interest and related income	368,751	132,578
• Provision reversals and operating expenses transferred	834	818
• Foreign currency translation gains	0	144
• Proceeds from disposal of marketable securities	10,710	11,151
• Financial income (Athens)	0	0
FINANCIAL EXPENSE	571,333	337,794
• Accrued interest and related expenses	563,964	333,568
• Amortization and provisions	6,714	3,629
• Foreign currency translation losses	655	596
• Losses on disposal of marketable securities	0	0
NON-RECURRING INCOME (II)	-187,564	-190,146
ORDINARY INCOME (I + II)	63,059	26,087
NON-RECURRING INCOME	711,533	613,588
• From operating transactions	3,052	5,623
• From capital transactions	628	365
• Other	574,346	579,225
• Provision reversals and operating expenses transferred	133,507	28,375
NON-RECURRING EXPENSES	706,194	608,103
• From operating transaction	1,158	5,763
• Other	301,001	184,493
• Amortization and provisions	404,034	417,847
NON-RECURRING INCOME	5,339	5,484
• Employee profit sharing	18,359	9,038
• Income taxes	14	18
TOTAL INCOME	5,306,165	4,827,573
TOTAL EXPENSES	5,256,140	4,805,058
NET INCOME	50,025	22,515
(1) Revenue	3,239,519	3,102,702
(2) including executive bonuses	52,095	55,094
Net income N	50,025	
Net income N-1	22,515	

→ NOTES to the Financial statements For the year ended December 31, 2005

The financial statements have been prepared in thousands of euros.

→ 1. SIGNIFICANT AND POST-BALANCE SHEET EVENTS

↘ 1.1 Creation of an RATP pension fund

Decree n°2005-1635 of December 26, 2005, instituted a pension fund for RATP employees as of January 1, 2006. This fund will provide special retirement benefits for RATP's current and retired employees and related persons with vested rights.

The RATP pension fund is a private legal entity providing social security services. It has a public service mission and is governed by the ministers for the budget, transport and social security.

↘ 1.2 Subsidiaries and investments

In 2005, RATP increased its interest in Promo Métro. The company is now fully owned by RATP.

→ 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

RATP has its own specific chart of accounts, which was approved by the inter-ministerial order of 21 March 1985, in conformity with the requirements of the French national accounting council (Conseil National de la Comptabilité or CNC). The chart was prepared in accordance with the rules, principles and framework governing the standard national chart of accounts. In addition to the accounts present in the national chart of accounts, RATP's chart includes items to reflect RATP's specific management reporting requirements and characteristics in terms of legal form and financing system.

↘ 2.1 Implementation of specific accounting principles

2.1.1 Application of CRC Regulation 2002-10 on the depreciation, amortization and impairment of assets, and CRC Regulation 2004-06 on the definition, recognition and valuation of assets

RATP Group applies CRC Regulations 2002-10 and 2004-06.

Since January 1, 2005 the implementation of those regulations has resulted in the following:

- Breakdown of assets into components;
- Review of the useful lives of each component (using the amortized cost method) and adjustment of depreciation, along with the recognition of a special revaluation provision and investment grants;
- Cancellation of the provision for RATP major overhauls.
- Reclassification of spare parts as property, plant and equipment;
- Recognition of a provision for rolling stock decommissioning costs with an offsetting entry for the asset component in property, plant and equipment.

Impairment testing:

The new accounting rules provide for annual impairment testing to identify whether there is an indication that an asset may have been impaired. If there is an indication of impairment, an impairment test is performed. The net carrying amount of the asset is compared to its present value, which is defined as the higher of fair value and value in use.

RATP did not identify any impairment during the period.

The legal and financial framework now governing RATP's activities has made valuation based on expected future cash flows (value in use) irrelevant, as the remuneration provided for in the framework agreement between RATP and the Paris regional transport authority (Syndicat des Transports d'Île de France – STIF) is almost nil, which means it is not possible to define the value in use of the assets.

The contract terms and the involvement of STIF and the local authorities mean that investment choices are made on the basis of socio-economic criteria rather than on purely financial grounds. Furthermore, the remuneration methods implemented (reimbursement of financing costs, margin of 1%) make it difficult to set a discount rate.

It has therefore been agreed that the potential to provide services and the market value of the assets justify the net carrying amounts recorded in the balance sheet.

Changes in the means of financing RATP's activities, in particular with regard to its investments, could lead it to consider impairment testing on the basis of value in use, when the next contract is drawn up with STIF.

In addition, CRC Regulation 2004-06 states that expenses which could previously be recognized as deferred expenses, should be capi-

talized if they meet the definition and recognition criteria for capitalization, or expensed if they do not meet these conditions. After analysing all the deferred expenses recorded in the balance sheet, the Group made the required reclassifications. The expenses reported as of January 1, 2005 which did not meet the capitalization criteria were deducted from retained earnings.

2.1.2 Impact on equity at January 1, 2005

Items	in millions of €	§ note
Impact on retained earnings	+765.4	2.1.b
Special revaluation provision	+409.8	2.1.b
Investment grants	+261.3	2.1.b
Total impact on equity	+1,436.5	table 8

2.1.3 Summary of impact on retained earnings at January 1, 2005

Items	in millions of €	§ note
Asset amortization	+1,410.1	2.1.a
Special revaluation provision	-409.8	2.1.a
Investment grants	-261.3	2.1.a
Cancellation of the provision for overhauls	+59.8	2.1.a
Spare parts	+9.4	2.1.a
Amortization of decommissioning costs	-43.4	2.1.a
Impact of CRC Regulation 2002-10 on the Swedish lease	+1.8	3.l
Deferred expenses	-1.2	2.1.a
Total impact on retained earnings	+765.4	table 8

2.1.4 Impact on 2005 net income

The estimated effect of the new accounting methods on net income as of January 1, 2005 was a net expense of €2 million for the period.

Items	In millions of €	§ note
Asset amortization		
- difference on existing assets at January 1, 2005: -15.29		
- difference on assets placed in service in 2005: +14.65	-0.64	2.1.a
Cancellation of the provision for major overhauls	+3.01	2.1.a
Spare parts	-0.82	2.1.a
Amortization of decommissioning costs	-4.62	2.1.a
Deferred expenses	+1.07	2.1.a
Total impact on net income	-2.00	

2.2 Accounting policies: balance sheet

For a detailed breakdown of property, plant and equipment and amortization see tables 1 and 2.

2.2.1 Intangible assets

- The research and development costs related to clearly separable projects, which will probably be used for trading purposes and whose cost can be identified, are recorded in the balance sheet and amortized over a three-year period. All other research costs are recorded as operating expenses.
- Information systems that are acquired or developed by the company are recorded in the balance sheet. They are broken down as follows:
 - Development and set up costs are amortized over a period of 5-10 years according to the length of use of the system.
 - Software packages and equipment acquired to set up the system are amortized over a three-year period.

2.2.2 Property, plant and equipment

Property, plant and equipment includes the assets made available to RATP that remain the property of the local authorities, notably the Île-de-France public transport authority (STIF), which manages public transport in the Paris region, and newly-acquired or assets constructed by RATP.

Under its operating terms and conditions, RATP is responsible for servicing and maintaining all of these assets, including those that are the property of the local authorities. It recognizes them as balance sheet assets.

Assets made available to the RATP on January 1, 1949 (the date RATP was created) were valued at that date at their replacement cost.

Assets acquired or internally developed are measured at their acquisition cost or production cost.

All items of property, plant and equipment in use as of December 31, 1976, have been re-measured according to the conditions set out in article 61 of the 1977 Finance Act.

In compliance with the component accounting method, effective as of January 1, 2005, all items of property, plant and equipment have been broken down into components and depreciated over their useful lives, based on how often they are replaced or renovated. RATP has used the amortized cost method for this purpose.

In addition, CRC Regulation 2004-06 now requires a provision to be recognized for rolling stock decommissioning costs, to offset

the asset recognized under property, plant and equipment as the components are depreciated over the useful lives of the trains.

Provisions for depreciation and impairment are calculated using the straight-line method

based on the useful lives of the assets, as defined by RATP technicians.

The depreciation periods for major RATP assets are provided in the table below:

› Buildings

Type of asset	New useful lives, applied retrospectively	Previous depreciation periods used (until Dec. 31, 2004)
<i>Building shell and brickwork</i>	70 to 100 years	50 years
<i>Building fixtures and fittings</i>	Roofing, woodwork, facades, interior, roads and distribution networks	6 to 30 years 50 years 25 years

› Railway infrastructure

Type of asset	New useful lives, applied retrospectively	Previous depreciation periods used (until Dec. 31, 2004)
<i>Tunnels, stations, and access ways</i>	Structure and brickwork, renovation, waterproofing	100 or 140 years 70 years 35 years
<i>Fittings for stations and access ways</i>	Tiles, asphalt, plumbing, metalwork, paint work, station entrances	40 years 20 years 15 years 30 or 100 years
<i>Tracks</i>	Components for steel-tired metros Components for rubber-tired metros Components for regional train – RER Components for tram	15 to 40 years 20 to 50 years 10 to 30 years 12.5 to 30 years
<i>Conductors, traction power supply (metro)</i>	Traction cable, other equipment	50 years 5 to 30 years
<i>Catenary systems for RER-trams</i>	Reinforced pillars and frames Catenary repair or replacement, Other equipment	40 or 50 years 20 or 25 years 15 to 40 years

› Track signalling and assisted driving systems

Type of asset	New useful lives, applied retrospectively	Previous depreciation periods used (until Dec. 31, 2004)
<i>Automated train operating system (SAET)</i>	5 sub-systems Upgrading of sub-systems	5 to 35 years 5 to 7 years
<i>Automated driving system</i>	RER Metro	15 to 20 years 15 to 30 years
<i>Track signalling</i>	Computerized signal box Remote control Track circuit services, connectors, signalling equipment	40 years and 10 years 15 years 20 years 30 years

› Rolling stock

	Type of asset	New useful lives, applied retrospectively	Previous depreciation periods used (until Dec. 31, 2004)
<i>Rolling stock (rail)</i>	Passenger coaches	20 to 40 years	25 years (RER)
	Repair or replacement	20 years then 15 years	20 years (metro)
	Additional equipment	15 years	15 years (tramway)
<i>Rolling stock (bus)</i>	Coaches	8 to 10 years	10 years
	Additional equipment	4 to 8 years	8 years
<i>Company cars</i>	Cars	8 years	8 years
	Additional equipment	4 years	

› Plant and equipment, fixtures and fittings

	Type of asset	New useful lives, applied retrospectively	Previous depreciation periods used (until Dec. 31, 2004)
<i>Elevators and escalators</i>	Escalators, elevators, etc.	30 or 40 years 10 to 20 years	20 years
	Renovated component		
	<i>Automatic gates, passenger turnstiles</i>	Gates and turnstiles	10 to 20 years
	Renovation component	10 years	
<i>Equipment to print, deliver and stamp tickets</i>	Equipment	5 to 10 years	10 years
	Renovation component	5 years	
<i>Telecom equipment and alarms</i>		5 to 15 years	15 years
<i>Electrical installations</i>		5 to 30 years	15 years
<i>Transformers</i>	Cables	100 years	20 to 50 years
	Equipment	30 years	
	Tooling	10 years	
<i>Ventilation and air evacuation equipment</i>	Equipment	30 years	30 years
	Renovation component	15 years	
<i>Air conditioning systems and equipment</i>	Air-conditioning	5 to 10 years	6 years 2/3
	Renovation component	5 years	
<i>Sound and lighting equipment</i>	Asset component	10 to 30 years	6 years 2/3
<i>Equipment and tooling</i>	Equipment and tooling	5 to 30 years	10 years
	Renovation component	7.5 to 15 years	
<i>Other equipment and furniture</i>		3 to 15 years	5 to 15 years

› Spare parts

Spare parts are measured at unit cost. For spare parts relating to GMAO managed tools, they are measured using the weighted average unit cost method. Depreciation of spare parts is calculated on the basis of the depreciation period of the associated assets.

› Commercial and advertising space

Expenses relating to commercial and advertising space are fully amortized in the period they are incurred.

2.2.3 Equipment held under leases and subleases

Assets held under leases (see. § 3-l) are recorded as non-current assets in RATP's balance sheet. The assets held under the Swedish leasehold (see § 3-l) have been derecognized. The net present value of revenue generated by leases is recorded

over the term of the leasehold transactions (table 21a).

2.2.4 Financial assets

The gross value of financial assets reflects the acquisition cost less associated transaction costs. RATP recognizes conveyance stamp duties, fees, commission and other taxes as part of the asset acquisition cost. The fair value of investments held by RATP is determined based on the net equity of the subsidiary or for subsidiaries that hold investments themselves, based on the consolidated net equity of the sub-group and on the earnings outlook of the subsidiary or sub-group.

If the fair value of the investment is lower than the net carrying amount a provision for impairment is recorded (see breakdown of provisions in table 3).

2.2.5 Inventories

Inventories are stated at weighted average cost (see breakdown of inventory by category in 4).

Purchasing costs may be included in the gross value of the supplies.

RATP provisions for inventory impairment (see detail of provisions in table 3) through a partial provision for dormant and slow-moving stock (valued by applying flat rates to categories of items) and a full provision for stock that is to be retired in the short term.

2.2.6 Accounts receivable

Receivables are measured at face value. An allowance for uncollectible accounts covering the full amount of the receivable is recorded if there is collection risk (see detail of provisions in table 3).

2.2.7 Bond redemption premiums

Bond redemption premiums are recorded on a straight line basis over the term of the bonds. However, if early repayment is made before the date of the financial statements, the related expenses are fully amortized.

2.2.8 Equity

The account under equity and liabilities entitled "Reserve for assets made available to RATP" essentially reflects the residual value, set as of January 1, 1949 – when RATP was created – of the assets made available to RATP and which were still recorded in the balance sheet as of December 31, 1976. The revaluation surplus recorded under equity arises from the revaluation performed in 1963 on the basis of 1959 data, which amounted to €8,557 thousand, and the revaluation performed in 1978 on the basis of 1976 data for €225,248 thousand (see table 7). RATP was formed under the provisions of the Act of March 21, 1948. However, no capital was transferred to the entity at that time. In 1986, the public authorities allocated capital of €283,367 thousand to RATP partially in exchange for the repayment of loans granted by the Economic and Social Development Fund.

In accordance with the legal provisions governing RATP's operations, gains and losses resulting from the sale of property are recorded directly in reserves, with a distinction drawn between the assets made available to RATP and those internally developed by RATP. In accordance with the agreement made with the supervisory authorities, these reserves may be used to fund the acquisition of new property.

Investment grants are transferred to the income statement as the associated assets are amortized, except for grants received for purchasing land of which one tenth is trans-

ferred. In order to comply with CRC Regulation 2002-10 and implement the amortized cost method, the net book values of the subsidized assets were recalculated. This resulted in a positive impact on investment grants of €261,314 thousand. They currently amount to a total €2,154,521 thousand.

Compliance with CRC Regulation 2002-10 had a positive impact on the special provision for the 1976 revaluation of €409,798 thousand. The net book values of the re-valued assets were recalculated using the amortized cost method. The special provision for revaluation amounts to €471,948 thousand. (See breakdown of changes in equity, table 8).

2.2.9 Provisions for contingent liabilities

They are recorded in accordance with CRC regulation n°2000-06 on liabilities (see breakdown of provisions, table 3).

2.2.10 Financial instruments

Loans are stated in the balance sheet at their redemption value in euros.

› *Currency Transactions*

Balances denominated in foreign currencies are translated at the year-end exchange rate, with the exception of those concerning operations which are fully hedged by cross currency swaps. Fully hedged operations, particularly those concerning debt denominated in foreign currencies, have been presented at the hedged rate.

At the date of the financial statements, if the exchange rate applied modifies the amounts previously recorded in euros, the adjustments are recorded under liabilities if they reflect unrealized foreign exchange gains and under assets if they reflect unrealized foreign exchange losses. If unrealized foreign exchange losses are recorded, a foreign exchange contingency provision should also be recorded.

› *Derivative financial instruments*

RATP uses derivative financial instruments (interest rate swaps, interest rate swaptions and currency swaps) to manage risk relating to interest rates and exchange rates. It also uses floors and caps to hedge against exposure to commodity price increases, particularly for diesel fuel. Almost all the derivative instruments are used for hedging debt and fuel consumption.

The income and expense arising from hedging instruments is systematically recorded when collected or incurred.

The difference between the interest receivable and interest payable on swaps, caps

and floors, and the premiums and net payments associated with these transactions are recorded as an adjustment to interest expense.

Unrealized gains and losses arising from hedges on future purchases of diesel fuel are deferred. They are reported in the income statement when the hedged transaction is concluded.

2.2.11 Trade payables

Prepayments to suppliers are reported under balance sheet assets. If their market value falls below their carrying amount they are provisioned.

2.2.12 Prepaid income

Prepaid income is principally composed of the payments relating to leaseholds in the United States and Sweden. It reflects the lease payments collected in full upon signature of the leaseholds, but which concern future periods. (See breakdown in table 5).

› 2.3 Accounting policies: income statement

2.3.1 Revenue generated by the contract with the Île-de-France public transport authority (“Syndicat des transports d’Île-de-France”)

Revenue generated by the contract originally entered into on July 12, 2000 with the Île-de-France transport authority, and renewed on January 19, 2004 from 2004-2007, comprised

› *Income included in RATP’s reported revenues*

- Direct revenue from users of transport services,
- Compensation for the difference between the actual price paid by users and the contractually agreed price, by transport ticket type,
- Commissions on sales generated by the network,
- A bonus or surcharge for service quality, aimed at motivating RATP to improve the quality of its services.

› *Income not included in RATP’s revenues*

- A standard contribution set contractually over the term of the contract.

This contribution covers expenses that cannot be allocated to overheads for contractually agreed services

2.3.2 Grants for unprofitable service provisions

Under article 8 § 6 of Decree 59.157 of January 7, 1959 on the Paris regional transport system, grants are paid by the local authorities to RATP for providing unprofitable services.

Table 9 presents the breakdown of revenue by business sector, and exhibit 10 shows revenue by type of transport ticket.

2.3.3 Income used to offset depreciation expenses

This item reflects the use of investment grants and special revaluation provisions.

2.3.4 External expenses

The transport business has a number of particularly significant expense items. They include energy costs, leased line costs, and SNCF interconnection costs (interconnection of RATP and SNCF networks).

2.3.5 Payroll and payroll-related costs

Since 1999, RATP has used an accounting system enabling the separation of its “transport” business from its “social security insurance” business.

The accounting system entails:

- > preparing income statements for each type of risk covered (Retirement, Health, Permanent Disability and Death, Industrial Accidents, Unemployment, Family);
- > instituting employer social security contributions comparable in function and level with those applicable to common law social security systems.

The system as a whole is known as the Social Security Accounting System (Traitement Comptable de la Protection Sociale or TCPS).

› *Presentation of payroll costs in the company’s financial statements*

In order to facilitate the understanding and comparison of RATP’s income statement with that of other transport companies, the payroll costs related to the transport business have been presented in the same manner as they are for common law companies, in two separate lines, one reflecting “Wages and salaries” and the other “Payroll-related costs”. RATP’s business as a social security service provider is reported in a single line entitled “RATP employee benefit plan cost”.

RATP’s business as a social security service provider is illustrated in more detail in appendix 11. The business is presented in the same way as for other social security entities and shows:

- The origin and amount of resources involved: particularly in terms of the employer’s contributions and, where appropriate, employee contributions;
- The amount of benefits paid to participants,
- The compensation system with other social security funds and entities,
- Management costs.

› *Main characteristics of the social security accounts*

• Employer and employee contributions: The resources recorded in the social security accounts mainly comprise the employer's contributions which are stated as "payroll-related costs" in RATP's income statement, and any contributions made by employees. In terms of health insurance, as employee contributions have been replaced by a special tax (CSG) paid to URSSAF, RATP receives a contribution to its health insurance fund from the CSG taxes collected; the amount is set by a government order published in the French official gazette.

• Benefits

• Benefits in kind, rendered by RATP's healthcare centre (Espace Santé), along with medical and hospital costs, and the reimbursement of medical tests and pharmaceuticals, etc.

• Financial benefits, such as wages and salaries paid to employees on sick leave (daily indemnities), lump sum payment upon death in service, work-related accident and disability pensions, family allowances, etc.

› *Health insurance and family allowance under agreement with the general social security system*

RATP has provided health insurance and family allowances since 1972 under the terms of the general social security system. In compliance with its agreement with the state social security provider, referred to as the bilateral compensation system, RATP pays contributions to the national health insurance funds (CNAM and CNAF), and the insurance funds reimburse RATP for benefits given (healthcare benefits in kind). The arrangements and amounts paid by RATP are set forth by decree, and the transfers to RATP are performed under the terms and conditions of the Social Security Code.

› *Demographic compensation between systems*

As part of its Social Policy, the Government set up a compensation system in 1974 to offset differences in resources and requirements between the various social security systems in France, which arise particularly due to demographic differences. The compensation system provides coverage for health insurance, and is especially important for retirement and pension benefits.

2.3.6 Extraordinary income and expense

RATP recognizes extraordinary income and expense as specified in the National Chart

of Accounts, as well as items that are classified as non-recurring, which are rare and unforeseeable and occur outside the regular sphere of RATP activities.

The breakdown of non-recurring income and expenses is given in table 12.

→ 3. OTHER INFORMATION

↳ 3.1 Maturity of receivables and payables (table 13)

↳ 3.2 Receivables and payables (table 14)

↳ 3.3 Related parties (table 15)

↳ 3.4 Trade receivables and trade payables (table 15)

↳ 3.5 Number of employees (table 16)

↳ 3.6 Compensation of the ten highest paid executives (table 17)

↳ 3.7 Subsidiaries and investments

Table 18 shows the financial characteristics of companies in which RATP holds a minimum 20% stake or an investment worth more than €1.5M gross.

↳ 3.8 Consolidation

RATP prepares consolidated financial statements.

↳ 3.9 Economic interest groups (exhibit 19)

↳ 3.10 Off-balance sheet commitments (exhibit 20)

↳ 3.11 Asbestos

The plan to eliminate friable asbestos instituted by the Decree 96-97 of February 7, 1996, has almost been completed. In financial terms, only minor operations are outstanding.

Non-friable asbestos (both covered asbestos and material containing asbestos), will gradually be removed during maintenance work. As the company does not know precisely which equipment and machinery contains non-friable asbestos, it is not yet possible to foresee elimination requirements beyond six months. Consequently, no provisions were recorded for this purpose in the 2005 financial statements. In 2005, the expenses incurred for asbestos removal amounted to €2,284 thousand.

RATP also complies with the new obligations set forth by the Decree of July 13, 2001, which require it to regularly take measures to control dust accumulation.

An internal study has been performed to investigate cases of employees with asbestos related illnesses and the financial consequences for the company. All risks arising from cases already declared or which have been brought to court have been provisioned. Although it is not possible to predict the financial impact of future cases, RATP recorded a provision of €10,482 thousand in the balance sheet as of December 31, 2005, reflecting its best estimate of the financial risk borne.

↳ 3.12 Leases

The detailed impact of lease transactions on the financial statements is shown in table 21a.

› *Leasehold*

RATP has a number of leaseholds, which it uses for debt management purposes. RATP grants a right of use to its assets enabling foreign investors (mainly American) to assume economic ownership of the assets, and thus amortize the assets and benefit from significant tax advantages.

A leasehold transaction is composed of the main lease granted by RATP and a sub-lease enabling RATP to retain the right of use of the asset. RATP also has an early buyout option, enabling it to unwind the arrangement before the initial term of the transaction.

Under French generally accepted accounting principles, a lease arrangement is not recognized as a sale until the early buyout option (EBO) may be exercised.

The tax advantage gained by the foreign investor is shared with RATP. The overall profit generated on each transaction is included in the down payment received when the contracts are signed. It is immediately used to reduce RATP's debt, and is accounted for on a straight-line basis over each year, under extraordinary income.

All associated costs, sub-lease payments, interest and principal lease payments are recorded in a single entry under exceptional income and expense, in accordance with accounting principles on defeasance.

RATP did not set up any new leasehold transactions in 2005.

› *Swedish lease*

The Swedish lease functions prior to equipment delivery.

The investor pays the supplier the full value of the equipment. RATP makes swapped deposits to cover the lease payments and buyback option on the equipment. RATP then records the difference between the deposits and the value of the equipment as profit.

The lease payments are recognized as operating expenses, and the interest and deposits in financial income. Only the Net Present Value is recorded as extraordinary income. The impact on income reflects the deferred profit and the theoretical asset depreciation in RATP's balance sheet.

In accordance with CRC Regulation 2002-10, RATP changed the depreciation periods of its leased equipment, which includes equipment under the Swedish lease. The revaluations generated a positive impact on equity of €1,809 thousand at January 1, 2005.

RATP did not institute any new Swedish leasehold transactions in 2005.

› Other leases

RATP did not set up any new leases in 2005.

Table 21b shows details of RATP's other lease commitments.

↳ 3.13 Disability pensions for industrial accidents and occupational diseases

RATP insures its employees and retirees against industrial accidents and occupational disease. The purpose of disability pensions is to compensate employees for long-term physical or psychological damage or other negative effects on their professional capacity resulting from an incident during their time at work.

The following accounting principles were applied:

- Pensions paid to retirees and other persons entitled to the benefits were recorded in a similar manner as retirement pensions. Consequently, their probable present value was reported as an off-balance sheet commitment, as other retirement pension commitments are not provisioned.
- An expense provision was recorded for the probable present value of the pensions for employees in post.

The discount rate applied as of December 31, 2005 was 4%, compared with 4.5%, as of December 31, 2004. Inflation of 2% is included. Provisions amounted to €14,158 thousand.

↳ 3.14 Long service benefits

RATP accounts for its long service benefits (médailles du travail) in accordance with CNC Opinion n°2004-05 of 25 March 2004, following CNC Recommendation n°2003-R.01.

The long service benefit commitment comprises two components: a bonus given upon award of the long service benefit, and two days vacation allocated in the year the award is made, which can be taken over an indefinite period.

The discount rate applied as of December 31, 2005 was 4%, down from 4.5% as of January 1, 2004. Inflation of 2% is included. Provisions amounted to €10,791 thousand.

→ 4. INFORMATION ON EXPOSURE TO MARKET RISK

↳ 4.1 Introductory remark

The transactions entered into by RATP principally concern interest rate hedges, which are used to manage interest rate risk on borrowings and investments.

In accordance with recommended practice, RATP only records accrued interest on derivatives.

↳ 4.2 Exposure to interest rate risk

Interest rate risk on borrowings and investments is essentially managed by using swaps and options to modulate the fixed and floating rate part, based on interest rate changes.

Interest rate swaps listed by maturity in millions of euros	December 31, 2005	December 31, 2004
Swaps on long term borrowings		
Maturity < 1 year	0	202.9
Maturity (1 year -5 years)	0	199.9
Maturity > 5 years	350.0	900.0
Cross currency swaps on long term borrowings		
Maturity < 1 year	0	298.7
Maturity (1 year -5 years)	14.8	14.8
Maturity > 5 years	148.2	0
EONIA swaps on short term borrowings		
Maturity < 1 year	179.3	299.4
Total swaps in millions of euros	692.3	1,915.7

Swaps in millions of euros	December 31, 2005	December 31, 2004
A) Swaps on long term borrowings		
<i>1) Swaps changing fixed rates to floating rates (excluding currency swaps)</i>		
Positions on short term interest rates	250.0	599.9
Positions on long term interest rates	0	0
<i>2) Swaps changing floating rates to fixed rates (excluding currency swaps)</i>		
Positions on short term interest rates	0	702.9
Positions on long term interest rates	0	0
<i>3) Other swaps</i>		
Basis swaps	0	
SFixed to fixed swaps	100.0	0
Cross currency swaps	163	313.5
B) Swaps on short term borrowings		
EONIA swaps	179.3	299.4
Total swaps in millions of euros	692.3	1,915.7

4.2.1 Interest Rate Swaps at December 31, 2005

This table above does not show the notional amount of cross-currency and assets swaps backing the 1999 leasehold transaction, which are not exposed to interest rate risk.

Recall of the breakdown of the bonds and commercial paper as of December 31, 2005, in millions of euros, excluding those relating to the corporate profit-sharing scheme:

	Before	After
	Excluding the effect of derivative instruments	
Bonds		
fixed rate	3,590	3,375
floating rate	0	215
Commercial paper		
fixed rate	179	0
floating rate	0	179

At the end of December 2005, 5.99% of the fixed rate bonds (excluding those relating to the employee profit-sharing scheme) were converted to floating rates using derivatives. Floating rate positions (bonds, commercial paper and derivatives) represented 10.45% of aggregate debt.

4.2.2 Options as of December 31, 2005

Euro options (long term borrowings) in millions of euros	
Maturity < 1 year	0
Maturity (1 year - 5 years)	0
Maturity > 5 years	700
Total	700

Euro options (long term borrowings) in millions of euros		
Sell	Cap	300
Buy	Cap	100
Sell	Floor	150
Buy	Floor	0
Sell	Swaption	100
Buy	Swaption	0
Automatic call		100
Total		700

Aggregate financial income from hedging transactions at the end of December, 2005 was €24,185 thousand, comprising €9,454 thousand from current transactions and €14,731 thousand from the deferral of net payments and premiums, particularly for positions previously acquired and unwound before the end of 2005.

4.2.3 Floating rate borrowings at December 31, 2005

As of December 31, 2005, floating rate positions represented 5.99 % of bonds (excluding commercial paper and those relating to the employee profit-sharing scheme), or €214,788 thousand. Outstanding commercial paper (100% floating rate) excluding commercial

paper relating to the employee profit sharing scheme amounted to €179,289 thousand. Under identical financing conditions a 1% rise in short term interest rates would increase financial expense by €3,941 thousand.

4.2.4 Valuation of the portfolio of derivative financial instruments

The market value of derivative financial instruments corresponds to the amounts to be paid (-) or received (+), upon settlement. The market values of derivatives are determined on the basis of listed prices supplied by financial institutions.

Instruments	Market value at December 31, 2005 (in millions of euros)
Swap (hors currency swaps)	-0.66
Cross currency swaps	-0.30
Structured instruments	-2.20
Options	0
Total	-3.16

NB: The exchange rate part of the Cross Currency Swaps is offset by the exchange rate part of the corresponding bond (€1,408 thousand). The RATP is not exposed to exchange rate risk.

Total MtM at December 31, 2005 (excluding the exchange part of Cross Currency Swaps): - €1.56m. These instruments are not recognized in the balance sheet.

4.3 Exposure to exchange rate risk

RATP issues loans in foreign currencies. The associated exposure to exchange rate risk is systematically hedged using cross currency swaps.

The cross currency swaps in place at December 31, 2005 are shown below.

Borrowing		Cross currency swap		
Amount in foreign currency (in thousands)	Currency	Receive	Pay	
		Amount in foreign currency (in thousands)	Currency	Amount in thousands of euros
2,000,000	JPY	2,000,000	JPY	14,788
230,000	CHF	230,000	CHF	148,244

4.4 Exposure to risk of commodity price increases

RATP hedges against the risk of commodity price increases for its future purchases of diesel fuel and/or increases in the dollar over the euro.

The price estimates are determined on the basis of ULSD 50 ppm CARGOES CIF NWE MEAN fuel prices of \$381.5 /T at an exchange rate of 1.22.

The company decided to cover 98% of estimated requirements (90% in 2004). The fuel hedge comprises a dual phase transaction, for 50% of the annual quantity.

4.4.1 Hedge n°1

RATP entered into a plain vanilla swap of €312/T whereby, each month:

- If the benchmark price is higher than the swap price, the counterpart pays RATP the net difference, multiplied by the monthly quantity hedged.
- If the benchmark price is below the swap price, RATP pays the counterpart the net difference, multiplied by the monthly quantity hedged.

4.4.2 Hedge n°2

RATP entered into a "Range Out Swap" [€260/T - €300/T].

This hedge is identical to the hedge set up in 2004.

RATP hedged against an increase in the capped price of €300/T, while enjoying the benefit of decreases in diesel oil prices to a floor of €260/T.

RATP accepts to relinquish the benefit of any decrease below the floor price of €260/T and to pay the capped price of €300/T :

- If the price set is above or equal to 300, RATP receives quantity x (price set at ULSD50 ppm -€300/T)
- If the price set is between €260/T and €300/T inclusive, no payments are made between the parties.
- If the price set is below €260/T, RATP pays quantity x (€300/T - price set of ULSD50 ppm).

At December 31, 2005, gains amounted to €8,916 million.

→ **ADDITIONAL INFORMATION ON THE BALANCE SHEET AND INCOME STATEMENT**

1. Assets	126
2. Depreciation and amortization	127
3. Provisions	128
4. Inventories	129
5. Prepaid income and expenses	129
6. Deferred expenses	129
7. Revaluation surplus from 1976	130
8. Changes in equity	130
9. Breakdown of 2005 revenue	131
10. Passenger Transport Service Income	131
11. RATP Social Security Service Income Statement	132
12. Breakdown of extraordinary income	133
13a. Maturity of receivables (at December 31, 2005)	133
13b. Maturity of debt (at December 31, 2005)	134
13c. Net financing cost (at December 31, 2005)	135
14. Payables and receivables	135
15. Other items included in several balance sheet accounts	136
16a. Average number of current and retired employees	136
16b. Employee training program	136
17. Compensation to members of the executive and management boards	137
18. Subsidiaries and investments	137
19. Economic interest Groups	138
20. Financial commitments	139
21a. Leasehold transactions/sub-leases	140
21b. Lease commitments	142

→ 1. ASSETS at December 31, 2005

<i>Position and changes (in thousands of euros)</i>	A	B	C	D	E	F	
<i>Items</i>	Gross value at Dec 31, 2004	Impact CRC 2002-10 and 2004-06	Gross value at beginning of the period	Acquisitions	Transfers from one item to another	Reductions	Gross value at the end of the period*
Intangible assets							
• Research and development costs	12,291	-	12,291	36		-7,411	4,916
• Lease rights	351	1,894	2,245				2,245
• Other							
<i>Software in use</i>	207,165	68	207,233		47,815	-25	255,023
<i>Software in process</i>	77,855		77,855	27,129	-86,849		18,135
TOTAL	297,662	1,962	299,624	27,165	-39,035	-7,436	280,319
Property, plant and equipment							
• Land	373,944	6,931	380,875		1,214	2,233	384,322
• Buildings	9,588,660	-2,161,966	7,426,694	1,596	164,790	-33,889	7,559,191
• Buildings on land not owned	79,575		79,575			79,575	
• Technical plant, equipment and industrial tooling	1,427,719	2,146,767	3,574,486	378	188,667	-7,274	3,756,257
• Transport equipment	3,846,941	154,077	4,001,018	5,296	233,194	-70,131	4,169,377
• Other	253,267	2,402	255,669		-33,065	-5,015	217,589
• Work in process	1,120,632	5,878	1,126,510	755,406	-515,765		1,366,151
TOTAL	16,690,738	154,089	16,844,828	762,676	39,035	-114,076	17,532,463
Financial assets							
• Investments	93,889	1,230	95,119	1,499		-6	96,612
• Receivables from investments	8,878		8,878	5,000		-379	13,499
• Other investments							
• Loans**	98,081		98,081	3,430		-3,877	97,634
• Other (deposits and guarantees)	98,702		98,702	7,707		-5,273	101,136
TOTAL	299,550	1,230	300,780	17,636	-	-9,535	308,881
TOTAL ASSETS	17,287,950	157,281	17,445,231	807,477	-	-131,047	18,121,662

* Gross value at year end is calculated as follows: (A + B + C + D = E).

** The net change in loans comprises:

-1,435	Employee loans (with accrued interest of 233K€)
988	Other loans
<u>-447</u>	

→ 2. DEPRECIATION AND AMORTIZATION at December 31, 2005

<i>Position and changes (in thousands of euros)</i>	A	B	C	D	E	F
<i>Items</i>	Accumulated amorti- zation and depreciation Dec 31, 2004	Impact CRC 2002-10 and 2004-06	Gross value at beginning of year	Depreciation and amortization and increase	Depreciation amortization decrease	Accumulated amorti- zation and depreciation at year end*
Intangible assets						
• Research and development costs	10,205		10,205	1,632	-7,411	4,426
• Lease rights	52	582	634	102		736
• Others	181,150	-20,794	160,356	28,981	-25	189,312
TOTAL	191,407	-20,212	171,195	30,715	-7,436	194,474
Property, plant and equipment						
• Buildings	5,363,658	-2,335,312	3,028,346	144,560	-32,630	3,140,276
• Buildings on other land	59,109	-150	58,959	5,305	0	64,264
• Technical plant, equipment and industrial tooling	991,615	1,309,910	2,301,525	182,078	-6,380	2,477,223
• Transport equipment	2,673,377	-313,934	2,359,443	196,584	-68,537	2,487,490
• Other	138,135	7,004	145,139	18,705	-4,459	159,385
TOTAL	9,225,894	- 1,332,482	7,893,412	547,232	- 112,006	8,328,638
Deferred operating expenses						
• Asset purchase costs	738	-738	0			0
• Bond issue costs	7,855		7,855	554		8,409
• Deferred expenses	60,973	-60,973	0			0
TOTAL	69,566	-61,711	7,855	554	0	8,409
Bond redemption premiums	19,878		19,878	1,889		21,767
TOTAL	9,506,745	-1,414,405	8,092,340	580,390	-119,442	8,553,288

* Accumulated depreciation at year end is calculated as follows: (C+D+E=F).

Share of assets allocated to RATP's business as a social security insurance provider

Social security business assets

• Software (other intangible assets)	1,491
• Buildings	1
• Buildings on land not owned	-
• Industrial equipment & tooling	981
• Transport equipment	-
• Other	508
	<u>2,981</u>

→ 3. PROVISIONS at December 31, 2005

<i>Position and changes (in thousands of euros)</i>	A	B	C	D		E	
<i>Items</i>	Provisions at beginning of year	Impact CRC 2002-10 and 2004-06	Increases provisions for the period	Reversals for the period Uses	Adjustments	Transfer from item to item	Provisions at the year end (A + B + C - D = E)
Regulated provisions							
<i>(special revaluation provision)</i>	72,570	409,798	-	10,420	-		471,948
TOTAL 1	72,570	409,798	-	10,420	-		471,948
Provisions for contingent liabilities							
• Provisions for contingencies							
- Provisions for litigation	9,560		2,444	1,008	4,205		6,791
- Provisions for industrial accidents	12,900		12,223	10,423			14,700
- Provisions for operating or financial liabilities	9,179		3,038	2,993	329	-116	8,779
- Provisions for extraordinary liabilities	10,593		1,406	729	728		10,542
	42,232	-	19,111	15,153	5,262	-116	40,812
• Provisions for expenses							
- Provisions for extraordinary expenses (1)	2,106,171		397,493	131,655	314		2,371,695
- Provisions for major repairs	59,848	-59,848					0
- Other provisions for expenses (2)	20,871	79,645	8,198	3,120	167		105,427
	2,186,891	19,797	405,691	134,775	481		2,477,123
TOTAL 2	2,229,123	19,797	424,802	149,928	5,743	-116	2,517,935
Provisions for depreciation and amortization							
• Intangible assets	3,418		711				4,129
• Financial assets	4,261	-1,808	9,007	37	105		11,318
• Inventories	99,154	-75,193	5,185	4,119			25,027
• Trade receivables and related accounts	13,566		1,189	3,532			11,223
• Marketable securities	667		6	673			-
• Other	4,564		2,566	1,305	17	116	5,924
TOTAL 3	125,630	-77,001	18,664	9,666	122	116	57,621
TOTAL	2,427,324	352,594	443,466	170,014	5,865	-	3,047,504
(1) Appropriation							
Op.: operating activities.....	305,625	354,402	35,536	36,821	4,718		654,024
Fin.: financing activities.....	4,934	-1,808	3,896	728	105		6,189
Ex.: extraordinary activities.....	2,116,764		404,035	132,465	1,042		2,387,292
	2,427,323	352,594	443,467	170,014	5,865	-	3,047,504

(1) Including a provision for the termination cost relating to leaseholds/sub-leases of train: €2,371,695 K.

(2) In compliance with CRC Regulation 2004-06, rolling stock decommissioning costs are provisioned to offset the associated asset.

→ 4. INVENTORIES (GROSS) at December 31, 2005

<i>(in thousands of euros)</i>	Dec 31, 2005	Dec 31, 2004
• Spare parts (1)	-	121,040
• Other inventory	135,225	122,106
• Work-in-progress	2,106	4,717
TOTAL	137,331	247,863

(1) In accordance with CRC Regulation 2002-10 applicable as of January 1, 2005, spare parts have been reclassified as assets.

→ 5. PREPAID INCOME AND EXPENSES at December 31, 2005

<i>(in thousands of euros)</i>	Dec. 31, 2005		Dec. 31, 2004	
	<i>Expenses</i>	<i>Income</i>	<i>Expenses</i>	<i>Income</i>
• Operating activities	4,087	40,726	4,065	62,882
• Financing activities	57,133	108,044	26,691	90,260
• Extraordinary activities (1)	104,002	1,612,356	101,186	1,693,310
TOTAL	165,222	1,761,126	131,942	1,846,452

(1) Correspond to the leasehold transactions described in note 21a.

→ 6. DEFERRED EXPENSES at December 31, 2005

<i>(in thousands of euros)</i>	Amounts (net) beginning of year	Impact CRC 2004-06 (1)	Increases	Decreases or adjustments	Net amount at year end
• Asset acquisition expenses	492	-492	0	0	0
• Loan transaction expenses (2)	5,489		1,563	-1,285	5,767
• Deferred expenses	3,228	-3,228	0	0	0
TOTAL	9,209	-3,720	1,563	-1,285	5,767

(1) In accordance with CRC Regulation 2004-06 as of January 1, 2005, deferred expenses at January 1, 2005 that no longer meet the definition for recognition as assets are derecognized or reclassified as property, plant and equipment.

(2) Loan transaction expenses amounting to €5,767 thousand are spread over the term of the loans. If early repayment is decided before the date of the financial statements all expenses relating to the loan are fully written off.

→ 7. REVALUATION SURPLUS at December 31, 2005

↳ 7.1 Revaluation in 1976

Situation et mouvements (in thousands of euros)	Difference at beginning of year		Impact CRC 2002-10		Difference during year		Difference at year end	
	Gross value of assets	Accumulated amortization and provisions	Gross value of assets	Accumulated amortization and provisions	Retirement of assets	Provisions for amortization and provisions	Gross value of assets	Accumulated amortization and provisions
Property, plant and equipment								
• Land	223,620	0			-841		222,779	0
• Constructions	1,310,340	1,237,770	-72,702	-472,300	-2,022	6,799	1,235,616	772,269
• Technical plant, equipment and industrial tooling	17,922	17,922	68,181	66,825	-1,704	-1,509	84,399	83,238
• Transport equipment	91,197	91,197	-11,750	-20,109	-964	440	78,483	71,528
• Other	486	486		-485			486	1
	1,643,565	1,347,376	-16,271	-426,069	-5,531	5,730	1,621,763	927,037
Financial Assets								
• Investments	15	0			0	0	15	0
	15	-			0	0	15	0
TOTAL	1,643,581	1,347,376	-16,271	-426,069	-5,531	5,730	1,621,779	927,037
						Net total		694,742

↳ 7.2 Revaluation in 1963 (base 1959)

Revaluation surplus	8,557
TOTAL REVALUATION SURPLUS	703,299

→ 8. CHANGES IN EQUITY at December 31, 2005

(in thousands of euros)	Impact CRC				
	Dec. 31, 2004	2002-10 et, 2004-06	Increases	Reductions	Dec. 31, 2005
• Reserve for assets made available to RATP	250,701				250,701
• Revaluation surplus	232,193			841	231,352
• Capital endowment	283,367				283,367
• Statutory reserves	177,983		6,741		184,724
• Reserves from sale of assets constructed by RATP	41,604		936	4	42,536
• General reserve	57,926				57,926
• Retained earnings (1)	51,892	765,358	22,515		839,765
• Net income	22,515		50,026	22,515	50,026
• Investment grants	1,831,976	261,313	172,921	111,689	2,154,521
• Regulated provisions	72,570	409,798		10,419	471,949
TOTAL	3,022,727	1,436,469	253,139	145,468	4,566,867

(1) Net income from 2004 was allocated to retained earnings.

→ 9. BREAKDOWN OF 2005 REVENUE

<i>(in thousands of euros)</i>	2005	2004
• Revenue from transport services (excluding Orlyval)	1,754,117	1,666,963
• Tariff compensation	1,153,697	1,100,878
• Bandwidth (risk shared with STIF)	-51,619	-25,644
• Additional contribution	13,440	2,911
TOTAL REVENUE FROM TRANSPORT SERVICES, EXCL. VAT	2,869,635	2,745,107
• Sales incentives	108,786	101,665
• Service quality bonus	7,970	7,599
• Other transport income	35,346	32,547
1 - Transport revenue excl. VAT	3,021,737	2,886,918
2 - Income from transport-related business, excl. VAT	89,163	88,957
3 - Income from other services	128,344	126,827
SUB-TOTAL (1)	3,239,244	3,102,702
4 - Penalties	19,969	19,202
5 - Other ordinary income (including capitalized production)	34,742	35,226
TOTAL, EXCL. VAT	3,293,955	3,157,130

(1) Revenue is measured on the basis of the principles set out in paragraph 2.3.1.

→ 10. PASSENGER TRANSPORT SERVICE INCOME at December 31, 2005

<i>(in thousands of euros)</i>	Income in euros	as a %	Balance in 2004
RATP network: METRO, RER and BUS	1,851,389	100%	1,758,698
• Monthly, weekly, and annual "Orange" travel passes	1,068,496	57.71%	1,018,726
• Other subscriptions (police, emerald, amethyst)	95,628	5.17%	76,368
• Tickets	619,991	33.49%	600,894
• Flat-rate travel cards per zone (Mobilis, youth tickets)	22,424	1.21%	20,310
• Special unsubsidized tickets (Paris Visite, Orlybus, Roissybus)	42,977	2.32%	40,337
• Weekly travelcards, subsidized school subscriptions, fire department subscription, night buses	1,863	0.10%	2,062
• Free all-night transport for the "nuit blanche" campaign	10	0.00%	
Special ticket rates	-2,150		-1,528
Transport services and leases including VAT	4,120		3,925
Income/long term subscriptions including VAT (administrative expenses)	4,397		4,705
Orlyval income	19,431		18,411
Transport service income from previous years including VAT	-723		1,786
ALL NETWORKS	1,876,464		1,785,997

→ 11. RATP SOCIAL SECURITY INCOME STATEMENT

<i>(in thousands of euros)</i>	2005 Income (Loss)	2004 Income (Loss)
Retirement benefits plan		
• Employer's contribution	193,448	186,909
• Employee contribution	98,040	95,356
• General and specific demographic compensation	-28,094	-30,971
• Retirement and post-retirement benefits	-717,323	-691,135
• Complementary retirement benefits	-2,124	-2,021
• Various repayments	-1,827	-3,812
• Management expense (net)	-4,679	-4,687
NET LOSS	-462,559	-450,359
Health Insurance Plan		
• Employer's contribution	192,244	187,645
• Transfer received from CSG tax (ACOSS) and employee contribution	91,743	88,944
• CNSA contribution (in favour of disabled transport users)	569	
• Benefits in kind	-205,343	-196,603
• Cash benefits (deferred income, paid sick leave)	-53,926	-51,437
• Healthcare services	-9,638	-10,116
• Special plan expense (including general compensation)	-2,650	-2,012
• Management expense (net)	-17,871	-17,332
Bilateral compensation with state health insurance fund (CNAM)		
- Contributions paid	-229,574	-221,781
- Management expense	11,494	11,605
- Reimbursement of benefits in kind	207,998	200,360
NET LOSS	-14,954	-10,729
Work-related accident insurance plan		
• Employer's contribution	22,625	20,546
• Special plan expense (incl. contribution to work accident fund)	-714	-814
• Benefits in kind and pensions	-9,103	-9,189
• Cash benefits (paid sick leave)	-7,892	-7,416
• Management cost (net)	-3,418	-2,790
NET INCOME	1,498	337
Unemployment Insurance Plan		
• Employer's contribution	4,819	4,551
• Benefits paid	-6,581	-5,846
• Management expense (net)	-192	-140
NET LOSS, UNEMPLOYMENT INSURANCE PLAN	-1,954	-1,434
Family Allowance Plan		
• Employer's contribution	62,118	60,468
• Statutory benefits	-19,721	-21,698
• Other benefits	-487	-385
• Management expense (net)	-1,355	-1,437
Bilateral compensation with state health insurance fund (CNAF)		
- Contributions paid	-61,283	-59,138
- Management expense	2,269	2,190
- Reimbursement of statutory benefits	19,721	21,698
NET INCOME	1,262	1,699
NET LOSS, RATP SOCIAL SECURITY PLAN	-476,707	-460,486

→ 12. BREAKDOWN OF EXTRAORDINARY INCOME at December 31, 2005

(in thousands of euros)

EXTRAORDINARY INCOME	5,339
Income from disposals of property, plant and equipment and intangible assets	-2,675
Transfer to inventories of equipment recovered	2,742
Asbestos-related illness risk (net)	-725
Asbestos removal work	-2,284
Leasehold transactions (1)	10,892
Swedish Lease transactions: NPV (1)	124
Swedish Lease transactions: correction of errors from previous periods	-2,600
Other	-135

(1) See table n°21 a.

→ 13a. MATURITY OF RECEIVABLES at December 31, 2005

Receivables	Gross amount (1)	Liquidity of assets Maturity	
		Due within 1 year	More than 1 year
Receivables relating to non-current assets			
• Receivables from investments	13,499	509	12,990
• Loans (2) (3)	97,635	4,079	93,556
• Other	101,135		101,135
	212,269	4,588	207,681
Receivables relating to current assets			
• Trade receivables and related accounts	137,342	137,342	
• State and local authority receivables	288,095	240,295	47,800
• Leasehold receivables	4,117,574		4,117,574
• Other	48,296	48,296	
	4,591,307	425,933	4,165,374
Financial assets			
• Marketable securities (4)	176,233	153,763	22,470
• Cash & cash equivalents	54,016	54,016	
	230,249	207,779	22,470
Prepaid expenses	165,223	4,798	160,425
TOTAL	5,199,048	643,098	4,555,950

(1) Gross amount recorded in balance sheet before deduction of provisions for accumulated depreciation and amortization, which amounted to €24,175 thousands.

(2) Employee loans granted during period: 1,245

Employee loans repaid during period: 2,448

(3) Loans granted by RATP to employees or to housing management entities, under the 1% mandatory employer contribution. Such loans bear lower interest than the usual market rates for loans of similar maturities.

(4) With accrued interest: 19.

→ 13b. MATURITY OF DEBT at December 31, 2005

<i>(in thousands of euros)</i> Debt	Gross amount	Less than 1 year	Maturity Between 1 year & 5 years	More than 5 years
Loans and borrowings				
• Île-de-France loans (1) (4)	274,188	15,902	52,848	205,438
• Bonds (1) (4)				
- on Eurozone financial markets	3,426,572	252,449	1,844,123	1,330,000
- on international financial markets	163,031		14,788	148,244
- "Tick'Épargne" loans	164,435		65,897	98,538
• Borrowings from and liabilities to financial institutions				
- Loans (1)	0			
- Bank accounts (creditor)	32,773	32,773		
- Postal cheques	936	936		
- Bank loans	0			
• Other loans and borrowings (2)	276,124	274,259	100	1,765
• Accrued interest (3)	61,162	61,162		
	4,399,221	637,481	1,977,756	1,783,984
Accounts payable				
• Trade payables and related accounts	171,368	171,368		
• Tax and social security liabilities (5)	733,867	368,226		365,641
• Payables to suppliers of assets and related accounts	245,983	245,983		
• Other payables (5)	289,493	111,273		178,220
	1,440,711	896,850	0	543,861
Prepaid income (5)	1,761,126	45,637	47,753	1,667,736
Foreign currency translation gains	211,845			211,845
TOTAL	7,812,903	1,579,968	2,025,509	4,207,426

(1) Loans contracted during year: 253,492
Loans repaid during year: 332,163

(2) including:
• deposits and guarantees received: 100
• bonds: 146
• commercial paper: 180,000
• "Tick'Épargne" commercial paper: 94,096
• subsidiaries: 15

(3) including:
• accrued interest on IDF loans: 1,346
• accrued interest on Eurozone financial market: 53,297
• accrued interest on international financial market: 1,430
• accrued interest on "Tick'Épargne": 5,088

(4) including:
• loans at fixed interest rates: 3,589,604
• loans at floating interest rates: 438,622

(5) including leasehold transactions see note 21a.

→ 13c. NET FINANCING COST at December 31, 2005

<i>(in thousands of euros)</i>	Dec. 31, 2005	Dec. 31, 2004
FINANCIAL ASSETS (A)	207,761	591,852
• Marketable securities (1) (3)	153,745	457,177
• Cash & cash equivalents (1)	54,016	134,674
• Foreign currency translation losses	0	1
LOANS AND BORROWINGS (B) (3)	4,336,244	4,620,301
• Île-de-France loan	274,188	277,890
• Loan on financial markets	3,589,603	3,689,995
• "Tick'Epargne" loan	164,435	139,011
• Borrowings from and liabilities to financial institutions	33,710	133,984
• Commercial paper (2)	274,096	379,231
• Foreign currency translation gains	212	190
NET FINANCING COST (B - A)	4,128,483	4,028,448

(1) Excluding financial assets allocated to leasehold transactions; see details in Appendix 21a.

(2) See (2) of exhibit 13b.

(3) Excluding accrued interest.

→ 14. PAYABLES AND RECEIVABLES at December 31, 2005

<i>(in thousands of euros)</i>	Dec. 31, 2005	Dec. 31, 2004
Receivables		
• Financial assets	2,014	2,250
• Trade receivables and related accounts	57,842	47,812
• State and local authority receivables (1)	182,112	82,569
• Other receivables	226,535	219,003
• Marketable securities	19	15
• Cash & cash equivalents		
TOTAL	468,522	351,650
Payables		
• Île-de-France region loans	1,346	1,563
• Bonds on French financial market	53,297	52,086
• Bonds on international financial markets (2)	1,430	897
• Private bonds	5,088	4,312
• Loans and borrowings from financial institutions	14	15
• Trade payables and related accounts	91,053	83,023
• Taxes and social security contributions	308,698	271,886
• Payables to suppliers of assets and related accounts	118,413	74,674
• Other payables	133,272	125,247
TOTAL	712,611	613,705

(1) of which investment grants due but not yet received.

(2) in euros, dollars and yens.

→ 15. OTHER ITEMS INCLUDED IN SEVERAL BALANCE SHEET ACCOUNTS at December 31, 2005

<i>(in thousands of euros)</i>	Position at	
	Dec. 31, 2005	Dec. 31, 2004
Commercial paper		
• Assets		
Trade receivables and related accounts	14	17
TOTAL	14	17
• Liabilities		
Trade payables and related accounts	0	0
Payables for assets and related accounts	0	0
TOTAL	0	0
Related parties (1)		
• Assets		
Financial assets	143,845	118,281
Trade receivables and related accounts	15,087	14,208
Other receivables	3,354	3,478
TOTAL	162,286	135,966
• Liabilities		
Loans and borrowings	14	15
Trade payables and related accounts	903	4,094
Payables for assets and related accounts		4,119
Other payables	871	1,084
TOTAL	1,788	9,312

(1) *Ratp Développement, Sqybus, Promo Metro, Logis-transports, SEDP, SADM, Telcite, RATP International, Systra, Naxos, Mobicite, SLT, TVO, Orlyval, Flexicité, STBC, M'Dina bus, Flexicité 94, Roue Libre, EM Services.*

→ 16a. AVERAGE NUMBER OF CURRENT AND RETIRED EMPLOYEES

	Dec. 31, 2005	Dec. 31, 2004	Changes	
			in figures	as a %
AVERAGE NUMBER OF EMPLOYEES	43,616	43,582	34	0.08%
Breakdown by Category				
• Executives + managers	11,083	11,071	12	0.11%
• Other employees	32,533	32,511	22	0.07%
Breakdown by Employment Status				
• Permanent	43,050	42,944	106	0.25%
• Fixed term contract	566	638	-72	-11.29%
Average number of retired employees	39,112	38,983	129	0.33%
• Direct pensions	27,665	27,376	289	1.06%
• Indirect pensions	11,447	11,607	-160	-1.38%

→ 16b. EMPLOYEE TRAINING PROGRAM

In accordance with the provisions of French law n°2004-391 dated May 4, 2004 in relation to employee training programs, RATP provides its employees with 20 hours training per calendar year. The hours can be accrued for up to six years, and for a maximum 120 hours.

At December 31, 2005, employees had accrued 886,016 hours of training.

The number of unused accrued training hours amounted to 882,763.

→ 17. COMPENSATION TO MEMBERS OF THE EXECUTIVE AND MANAGEMENT BOARDS

(in euros)	2005	2004
• <i>Members of the Board of Directors</i>	1,006	3,567
• <i>Executive officers</i> (aggregate amount of 10 highest salaries)	1,686,129	1,674,154

→ 18. SUBSIDIARIES AND INVESTMENTS

Position at December 31, 2005	Share capital	Equity other than share capital	% of capital held by RATP	Carrying amount of shares		advances granted by RATP and not yet repaid (1)	Loans and Guarantees given by RATP	Revenue excluding tax at December 31, 2005	Provisional result at December 31, 2005	Dividends received by en,2005 RATP in 2005
				Gross	Net					
1 - FILIALES										
• <i>SEDP</i>										
2 square Félix Nadar 94684 Vincennes cedex (Siren,380,038,687)	459	473	100	457	457	3,354	142	4,816	184	
• <i>RATP Développement</i>										
Société de participation pour l'exploitation 54 quai de la Rapée 75599 Paris cedex,12 (Siren,389,795,006)	18,000	-5,991	75	13,499	13,457	7,353		13,893	-324	
• <i>Logis Transports</i>										
158 rue de Bagnolet 75020 Paris (Siren,592,025,811)	40	(2)	88	33	33	20,772	1,764	(2)	(2)	
• <i>Promo Métro</i>										
43-45 rue du Gouverneur Général Félix Éboué 92130 Issy-les-Moulineaux (Siren,712,029,099)	910	3,314	100	2,619	2,619			18,483	855	748
• <i>RATP International</i>										
54 quai de la Rapée 75599 Paris cedex,12 (Siren,419,997,044)	19,721	-,503	100	19,721	19,216	5,421		663	1	
• <i>Telcité</i>										
1 avenue Montaigne 93160 Noisy-le-Grand (Siren,411,759,962)	1,525	13,007	100	1,524	1,524	742		12,561	1,344	556
• <i>Financière Transdev</i>										
6 place Abel Gance 92100 Boulogne-Billancourt (Siren,442,610,788)	106,929	545	49.9	54,570	54,570				3,386	1,600
• <i>BMS</i>										
25 rue de Ponthieu 75008 Paris (Siren,423,749,886)	20,995	-16,522	7	3,770	379	2,096		655	-4,798	
2 - OTHER INVESTMENTS				419	66					

(1) including accrued interest.

(2) information not available.

→ 19. ECONOMIC INTEREST GROUPS

Position at December 31, 2005	Siren	RATP % share of overheads
1 - Eurailtest		10%
75 avenue Parmentier 75544 Paris Cedex,11	Siren 421 526 468	
2 - Quai,54		60%
54 quai de la Rapée 75012 Paris	Siren 407 668 409	
3- Tothème,54		90%
54 quai de la Rapée 75012 Paris	Siren 411 248 594	
4 - Sectrans		50%
29 rue Lebrun 75013 Paris	Siren 410 535 892	
5 - Trans-Val-de-Marne Pilot test site		26%
Winding up		
6 - Comutitres		57.60%
185 rue de Bercy 75012 Paris	Siren 433 136 066	
7 - Ville et Transports		50%
28 rue Pascal 75005 Paris	Siren 437 664 998	
8 - EMIF		50%
54 quai de la Rapée 75012 Paris	Siren 438 281 461	
9 - Armonia		8.90%
49 rue de Provence 75009 Paris	Siren 442 611 703	
10 - Microbus		28.17%
54 quai de la Rapée 75009 Paris	Siren 442 696 860	

→ 20. FINANCIAL COMMITMENTS at December 31, 2005

<i>(in thousands of euros)</i>	2005	2004
Commitments given		
• Subsidiaries and investments		
- Guarantee for LOGIS-TRANSPORTS	2,095	2,095
- Guarantee for SEDP	142	411
• Associations		
- Guarantee for IAPR	265	265
- Guarantee for Compagnons du Voyage	700	700
- Guarantee for CapVille	174	-
• Employee loan: guarantee granted to SBE	19,895	27,942
• Employees: "Low income housing" guarantees	348,434	352,232
• Retirement benefits (2)	175,210	140,204
• Lump sum payment upon death in service (3)	12,173	11,327
• Life insurance for retired employees (4)	153,952	NC
• Impact of setting up the retirement fund on payroll costs (5)	28,481	-
• Pensions for work-related illness and accidents (6)	124,118	94,062
• Interest rate swaps on bonds (a)	513,031	1,616,322
• Interest rate swaps on commercial paper	179,289	299,354
• Caps	300,000	350,000
• Floor	150,000	150,000
• Sale of swaptions	100,000	150,000
• Leasehold transactions: sub-lease of trains	2,332,664	2,766,326
• Other commitments given	3,100	2,220
TOTAL	4,443,723	5,963,460
Commitments received		
• Interest rate swaps (a)	513,031	1,616,322
• Interest rate options on commercial paper	179,289	299,354
• Caps	100,000	-
• Buyback options on bonds	50,000	-
• Bank credit letters	45,657	41,546
• Bank guarantees	86,900	54,893
TOTAL	974,877	2,012,115

* NC: not calculated.

(a) RATP opted to account for swaps in the same way as traditional loans and borrowings.

The breakdown of swaps by maturity is as follows:

	< 1 year	1 to 5 years	> 5 years	Total
INTEREST RATE SWAPS				
<i>(on bonds and commercial paper)</i>	179,289	14,788	498,244	692,321

Additional information on employee benefits

The Decree of December 27, 2005 set up a Pension Fund for RATP employees as of January 1, 2006. Consequently, all the commitments presented in these notes have been measured as of January 1, 2006 to take into account the impact of the Pension Fund on RATPs commitments. The discount rate used to calculate the commitments was 4% as of December 31, 2005 compared with 4.5% as of December 31, 2004. It includes a 2% inflation rate.

1. RATP pensions:

As a pension fund was set up for RATP employees as of January 1, 2006, the information on retirement obligations is not longer disclosed. Retirement obligations amounted to €23.06 billion as of June 30, 2005 (discounted at 4.25 %).

2. Retirement benefits:

Retirement benefits are recognised as deferred expenses if the employees in service have vested rights. Any additional commitments calculated by an actuary are recognised as off-balance sheet commitments.

3. Lump sum payment upon death in service:

This commitment was not accounted for previously.

4. Life insurance for retired employees:

The value of this commitment has not yet been determined. As the Pension Fund is not liable to pay this benefit, RATP is responsible for the payments.

5. Impact of the Pension Fund on payroll costs:

As an independent Pension Fund was set up on January 1, 2006 pension contributions now have to be provisioned as of January 1, 2006.

6. Work-related illness and accidents:

Benefits paid to employees in service for work-related illnesses and accidents are provisioned in the financial statements. The benefits paid to retired employees or those with vested rights are recognised as off-balance sheet commitments.

7. Other employee benefits:

The table above shows the commitments calculated to date. However, the scope of employee benefits is currently being analysed to take into account the transition to IFRS in 2007.

→ 21a. LEASEHOLD TRANSACTIONS/SUB-LEASES

I - American leasehold transactions

Impact on cash position (in thousands of euros)

Leases	1997	1998	1999	2000	2001	2002
• Income from main lease	560,061	269,516	228,874	840,625	639,985	454,943
• Sub-lease expenses	526,587	239,242	205,264	799,837	600,768	447,049
RATP NET PROFIT	33,474	30,274	23,610	40,788	39,217	7,894

The leases are effective over variable periods and any profit generated is recorded as an extraordinary item over the term of the leases. No impact on cash position since 2003.

Impact on net income for 2005 (in thousands of euros)

Leases generated income of €10,892 thousand in 2005:

Lease signature date	1997	1998	1999	2000	2001	2002	TOTAL	Total in 2004
• Income from main lease (1)	101,372	44,973	172,421	28,699	20,723	21,234	389,422	389,843
• Interest on sub-leases paid (2)	30,068	14,948	10,568	66,130	41,524	16,607	179,845	183,076
• Provision reversal (3)	6,835			21,137	5,407	98,276	131,655	23,320
• Other income								928
• Sub-lease expenses (4)	47,327	12,946	30,836	42,337	149,698	9,014	292,158	168,498
• Excess lease payments								0
• Early buyout option								0
• Expenses	46	26				191	263	661
• Provision for termination cost (3)	88,665	45,531	172,031	55,197	8,387	27,682	397,493	416,554
• Interest				116			116	292
NET INCOME	2,237	1,418	-19,878	18,316	-90,431	99,230	10,892	11,162

(1) The main lease payment is received in full upon signature of the lease. The annual installment is recorded in the income statement as a balancing entry for prepaid income.

(2) Interest received or to be received on sub-lease payments to financial institutions (deposits).

(3) Income from the termination indemnity and excess lease payments is spread on a straight-line basis over the term of the leases.

(4) Sub-lease payments paid or payable by financial institutions.

Sub-lease expense, income from the main lease and interest is recorded under extraordinary income and expense. The provision for the final termination cost is recorded under extraordinary expense.

II - Swedish lease

Impact on cash position (in thousands of euros)

Leases	2002	2003	2004	2005
• Swedish lease tranche 1 completed in 2002	620		-	
• Swedish lease tranche 1 completed in 2004			118	-
• Swedish lease tranche 2 completed in 2004			1,444	-
RATP NET PROFIT	620	-	1,562	-

Impact on 2005 net income

	2005
• Spread of NPV	,124

III - Overall impact of leases on the balance sheet at December 31, 2005

<i>(in thousands of euros)</i>				
ASSETS	Balance Sheet	Impact of leasehold	Impact of Swedish Lease	Exclu. lease
• <i>Property, plant and equipment</i>	9,199,696		82,205	9,281,901
• <i>Financial assets</i>				
- Deposits and guarantees	94,739	-1,753	-89,769	3,217
• <i>State and local authority receivables</i>	288,095	-47,800		240,295
• <i>Other receivables</i>	4,159,945	-4,117,574		42,371
- Other receivables - Sub-leases paid to financial institutions		-2,512,232		
- Other receivables - EIGI/Trust receivables on main leases		-1,388,566		
- Other receivables - Interest receivable on sub-lease payments		-95,798		
- Other receivables - Main lease payment receivables		-120,978		
• <i>Financial assets</i>	230,250	-22,470		207,780
• <i>Prepaid expenses</i>	165,223	-100,742	-3,260	61,221
TOTAL		-4,290,339	-10,824	

LIABILITIES	Balance Sheet	Impact of leasehold	Impact of Swedish Lease	Hors lease
• <i>Provisions for contingent liabilities</i>	2,517,935	-2,371,695		146,240
• <i>Loans and borrowings</i>	276,124	-1,765		274,359
• <i>Tax and social security contributions</i>	733,867	-247,382		486,485
- Tax and social security contributions - VAT on receivables		-19,826		
- Tax and social security contributions - VAT on main lease payments received		-227,556		
• <i>Other liabilities</i>	289,493	-178,220		111,273
• <i>Prepaid income</i>	1,761,126	-1,599,510	-12,845	148,771
TOTAL		-4,398,572	-12,845	
	Expected future income	108,233	2,021	

→ 21b. LEASE COMMITMENTS at December 31, 2005

Two property leases are effective.

<i>(in thousands of euros)</i>			
Lease	Aggregate value	Term	Residual value
Cour de Vincennes	5,336	15	0
Philidor Maraîchers	25,308	25	2,373

Leased Assets				
<i>Balance Sheet items</i>	<i>Initial cost</i>	<i>Depreciation</i>		<i>Net value</i>
		<i>year (1)</i>	<i>accumulated (1)</i>	
Land				
Buildings	30,644	1,472	4,254	26,390
Plant, equipment and tooling				
Other property and equipment				
Work-in-progress				
TOTAL	30,644	1,472	4,254	26,390

(1) Allocations for the year and accumulated depreciation which would have been recorded for these assets if they had been purchased by RATP.

Lease Commitments						
<i>Balance Sheet items</i>	<i>Instalments paid</i>			<i>Fees payable</i>		<i>Residual price</i>
	<i>during the year</i>	<i>accrued</i>	<i>up to 1 year</i>	<i>1 to 5 years</i>	<i>+ 5 years</i>	
Land						
Buildings	1,436	4,368	2,415	9,758	39,208	2,373
Installations, equipment and tooling						
Other property and equipment						
Work-in-progress						
TOTAL	1,436	4,368	2,415	9,758	39,208	2,373

Breakdown by leasehold contract						
<i>(in thousands of euros)</i>		<i>installments</i>	<i>accrued</i>	<i>up to 1 year</i>	<i>1 to 5 years</i>	<i>+ 5 years</i>
Cours de Vincennes	T1	324	1,341	372	1,490	2,283
	T2	97	271	136	543	852
Philidor Maraîchers initial		648	1,945	1,214	4,917	22,585
Centre socioculturel		367	811	693	2,808	13,487
TOTAL		1,436	4,368	2,415	9,758	39,208

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