

G. SIGNIFICANT DIFFERENCES BETWEEN IFRS AND U.S. GAAP

Reconciliation of net income and shareholders' equity and condensed consolidated U.S. GAAP statements of income and balance sheets.

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") adopted by the European Union as of December 31, 2005 and IFRS issued by the International Accounting Standards Board (IASB) as of the same date which, as applied by the Group, differ in certain significant respects from accounting principles generally accepted in the United States of America ("U.S. GAAP"). There are no significant differences between IFRS adopted by the European Union as of December 31, 2005, as applied by the Group, and IFRS issued by the IASB as of the same date.

The U.S. Securities and Exchange Commission has adopted an accommodation permitting foreign private issuers for their first year of reporting under IFRS to file two years rather than three years of statements of income and changes in shareholders' equity prepared in accordance with IFRS. The financial year 2005 is sanofi-aventis' first year of reporting under IFRS and as a result the reconciliation of net income and shareholders' equity to U.S. GAAP, balance sheet and income statement covers the financial year 2005 and the comparable financial year 2004.

The effects of the application of U.S. GAAP on consolidated net income for each of the years ended December 31, 2005 and 2004 are set out in the table below:

<i>(in millions of euros)</i>	December 31, 2005	December 31, 2004
Net income, as reported under IFRS	2,258	1,986
U.S. GAAP adjustments:		
(1) Differences resulting from the application of IFRS 1:		
(a) Synthelabo business combination	(379)	(366)
(b) Other business combinations	(13)	(30)
(c) Pensions – unrecognized actuarial gains and losses	(14)	(11)
(d) Deferred income tax on above adjustments	146	116
(2) Aventis business combination:		
(a) Goodwill	—	(23)
(b) Acquired in-process R&D	252	(5,262)
(c) Income taxes	(35)	(55)
(3) Other differences:		
(a) Restructuring provisions	10	28
(b) Pensions and post retirement benefits	(6)	—
(c) Research & development costs	(17)	(27)
(d) Other	2	(10)
(e) Income taxes	(2)	(11)
Total U.S. GAAP adjustments	(56)	(5,651)
Net income, as determined under U.S. GAAP	2,202	(3,665)

The effects of the application of U.S. GAAP on shareholders' equity as of December 31, 2005 and 2004 are set out in the table below:

<i>(in millions of euros)</i>	December 31, 2005	December 31, 2004
Equity attributable to equity holders of the company, as reported under IFRS	46,637	41,061
U.S. GAAP adjustments:		
(1) Differences resulting from the application of IFRS 1:		
(a) Synthelabo business combination	7,426	7,805
(b) Other business combinations	52	70
(c) Pensions – unrecognized actuarial gains and losses	185	189
(d) Deferred income tax on above adjustments	(1,035)	(1,178)
(2) Aventis business combination:		
(a) Goodwill	(1,284)	(1,214)
(b) Acquired in-process R&D	(5,111)	(4,987)
(c) Income taxes	(104)	(55)
(3) Other differences		
(a) Restructuring provisions	40	28
(b) Pensions and post retirement benefits	(523)	(128)
(c) Research & development costs	(75)	(52)
(d) Other	11	10
(e) Income taxes	184	83
Total U.S. GAAP adjustments	(234)	571
Equity attributable to equity holders of the company, as determined under U.S. GAAP	46,403	41,632

The following are the Group's condensed consolidated statements of income prepared in accordance with U.S. GAAP for each of the years ended December 31, 2005 and 2004:

<i>(in millions of euros)</i>	December 31, 2005	December 31, 2004 (*)
Revenues from sale of products	27,311	14,871
Revenues from licensing agreements	1,202	862
Revenues	28,513	15,733
Cost of goods sold	(7,567)	(4,440)
Research and development	(4,017)	(7,467)
Selling and general	(8,246)	(4,605)
Intangibles – amortization and impairment	(5,112)	(1,952)
Other income and expense, income from equity investees and minority interests	(755)	(268)
	2,816	(2,999)
Income taxes	(614)	(666)
Net income	2,202	(3,665)
Earnings per share (in euros)		
Basic earnings per share	1.65	(4.03)
Diluted earnings per share	1.64	(4.03)

(*) Certain items have been reclassified to conform to the presentation adopted under IFRS with respect to joint ventures that are no longer accounted for under the proportionate consolidation method.

The following are the Group's condensed consolidated balance sheets prepared in accordance with U.S. GAAP as of December 31, 2005 and 2004:

<i>(in millions of euros)</i>	December 31, 2005	December 31, 2004 (*)
Assets		
Cash, cash equivalents and financial assets	1,560	2,488
Accounts receivable	5,021	4,454
Inventories	3,426	3,057
Other current assets and deferred tax	4,140	2,284
Total – current assets	14,147	12,283
Property, plant and equipment	6,171	5,869
Goodwill	31,752	28,198
Other intangible assets	28,699	32,858
Other non-current assets and deferred tax	5,472	3,638
Total assets	86,241	82,846
Liabilities and equity		
Accounts payable	3,193	2,749
Current portion of long-term debt	6,425	7,388
Other current liabilities and deferred tax	5,719	4,958
Total – current liabilities	15,337	15,095
Long-term debt	4,734	8,638
Other non-current liabilities and deferred tax	19,580	17,052
Total – non current liabilities	24,314	25,690
Minority interests	187	429
Equity attributable to equity holders of the company	46,403	41,632
Total liabilities and equity	86,241	82,846

(*) Certain items have been reclassified to conform to the presentation adopted under IFRS with respect to joint ventures that are no longer accounted for under the proportionate consolidation method.

(1) Differences resulting from the application of IFRS 1

IFRS 1 (First-Time Adoption of International Financial Reporting Standards) has been applied by the Group in preparing its consolidated financial statements. IFRS 1 requires retrospective application of all IFRS that are effective at the reporting date. However, IFRS 1 permits certain exemptions and exceptions to this requirement. The exemptions and exceptions applied by sanofi-aventis in reliance upon the provisions of IFRS 1 are described in Note A – Basis of preparation. The most significant differences from U.S. GAAP resulting from exemptions and exceptions permitted by IFRS 1 are the following:

- **Business combinations:** Business combinations that were consummated prior to the date of transition to IFRS (January 1, 2004) have not been restated, in accordance with IFRS 3 (Business Combinations). Instead, the historical accounting applied by sanofi-aventis has been retained for purposes of its IFRS financial statements.
- **Employee benefits:** All previously unrecognized actuarial gains and losses have been recognized in retained earnings at the transition date. Sanofi-aventis will apply the corridor approach of IAS 19 (Employee Benefits) prospectively.
- **Cumulative translation differences:** All cumulative translation differences for foreign subsidiaries with a functional currency other than the euro have been included in retained earnings as of January 1, 2004.

1-a Merger of Sanofi Group and Synthelabo Group

Sanofi-Synthelabo was formed following the merger of the Sanofi Group and the Synthelabo Group in 1999. Under historical accounting, the transaction between the Sanofi Group and the Synthelabo Group was accounted for as a merger, effective July 1, 1999, which resulted in the harmonization of accounting policies and the revaluation of assets and liabilities of both the Sanofi Group and the Synthelabo Group to adjust them to their value to the Group.

Under U.S. GAAP, the merger was accounted for as a purchase in accordance with APB Opinion No. 16, “Business Combinations.” The Sanofi Group is deemed to be the accounting acquirer with the assets and liabilities of the Synthelabo Group being recorded at their estimated fair values. The effective date of the acquisition for accounting purposes was July 1, 1999.

The aggregate adjustment related to the merger included in the reconciliations of net income and shareholders’ equity includes adjustments related to both (i) the application of U.S. GAAP purchase accounting to the assets and liabilities of the Synthelabo Group as well as (ii) the effects of U.S. GAAP adjustments related to the reversal of revaluations recorded in connection with the merger related to the assets and liabilities of the Sanofi Group.

The components of the aggregate shareholders’ equity and net income adjustments before tax included in the reconciliations as of and for each of the years ended December 31, 2005 and 2004 are summarized below:

<i>(in millions of euros)</i>	2005		2004	
	Net Income	Equity	Net Income	Equity
Investment in Lorex	(69)	427	(69)	496
Identified intangible assets	(310)	2,318	(301)	2,628
Goodwill	—	4,692	—	4,692
Provisions and other	—	(11)	4	(11)
Total adjustment	(379)	7,426	(366)	7,805

Under SFAS 142, “Goodwill and Other Intangible Assets” and SFAS 144 “Accounting for the Impairment or Disposal of Long-Lived Assets”, goodwill is not amortized and existing goodwill and intangible assets acquired in prior business combinations are subject to periodic impairment tests using the specific methods required by these standards (at least annually for goodwill and indefinite-lived intangible assets).

These annual tests identified no impairments related to goodwill for either of the years ended December 31, 2005 or 2004.

Impairment tests performed on identified intangible assets during each of the years ended December 31, 2005 and 2004 resulted in the recognition of impairment losses, related to product rights for five of the Group’s products, of €65 million and of €73 million, respectively.

In addition, further to the change of the name of the Group from Sanofi-Synthelabo to sanofi-aventis on August 20, 2004, the brand “Synthelabo”, which was recognized under U.S. GAAP, has been impaired. This has resulted in the recognition of an impairment loss of €8 million in the year ended December 31, 2004.

1-b Other business combinations

Under historical accounting, no goodwill or intangible assets associated with certain other acquisitions made by the Sanofi Group before June 30, 1999 are reflected in the sanofi-aventis consolidated financial statements. Under U.S. GAAP, certain intangible assets were initially valued and recorded, and are being amortized over their estimated useful lives.

Goodwill is not amortized but is subject to periodic impairment tests using the specific methods required by these standards (at least annually for goodwill and indefinite-lived intangible assets).

These annual tests identified no impairment related to goodwill for either of the years ended December 31, 2005 or 2004.

1-c Pensions – Unrecognized actuarial gains and losses

In accordance with the provisions of IFRS 1, the Group elected to recognize all previously unrecognized actuarial gains and losses as of January 1, 2004 directly in shareholders’ equity. As of January 1, 2004, the impact of this election amounted to a debit to retained earnings of €207 million. The remaining impact was €189 million as of December 31, 2004 and €185 million as of December 31, 2005. Under U.S. GAAP, an additional amortization expense of €14 million and of €11 million, respectively was recorded in the income statement for each of the years ended December 31, 2005 and 2004.

1-d Deferred income tax on above adjustments

The aggregate adjustment represents the impact of deferred taxes related to the differences resulting from the application of IFRS 1 on business combinations and employee benefits.

(2) Business combination between sanofi-aventis and Aventis

The acquisition of Aventis by Sanofi-Synthelabo on August 20, 2004 occurred after the transition date to IFRS (January 1, 2004) and, accordingly was accounted for in accordance with IFRS 3 (Business Combinations) as described in note B.3 to these consolidated financial statements. Under U.S. GAAP, the acquisition was accounted for as a purchase in accordance with SFAS 141.

2-a Goodwill

Differences affecting the determination of goodwill between IFRS and U.S. GAAP are as follows:

(in millions of euros)

Goodwill as determined under IFRS (final)	29,490
Measurement date for securities issued	(1,226)
Deferred tax liability on acquired in-process R&D capitalized under IFRS	(1,862)
Other	(71)
Goodwill as determined under U.S. GAAP (final)	26,331

Measurement date of securities issued

Under IFRS, the determination of the purchase price is obtained by multiplying the number of shares issued by the sanofi-aventis stock price at the various closing dates which were equal to:

- €55.55 on August 12, 2004 in respect of the Aventis ordinary shares purchased in the initial offering period ended July 30, 2004;
- €7.30 in respect of the Aventis ordinary shares purchased in the subsequent offering period ended September 6, 2004; and
- €8.80 in respect of the Aventis ordinary shares exchanged at the merger which was effected on December 23, 2004.

Under U.S. GAAP, this same element is obtained by multiplying the number of shares issued by the average sanofi-aventis stock price for the period beginning two days before and ending two days after April 25, 2004 (the measurement date under U.S. GAAP), the date when the revised terms of the transaction were agreed to and announced, in accordance with EITF 99-12, "Determination of the Measurement Date for the Market Price of Acquirer Securities Issued in a Purchase Combination", resulting in an amount of €53.81 per share.

Deferred tax liability on acquired in-process research and development

Under IFRS the acquired in-process research and development identified in the business combination has been recognized in the balance sheet as an intangible asset together with the related deferred tax liability whereas, under U.S. GAAP, it was expensed at the date of acquisition on a gross basis in accordance with EITF 96-7 "Accounting for Deferred Taxes on In-Process Research and Development activities acquired in a Business Combination". The corresponding deferred tax liability recorded under IFRS is offset against goodwill resulting in an increase of goodwill under IFRS.

Although this difference does not affect consolidated shareholders' equity at inception, a reclassification adjustment is necessary under U.S. GAAP to reduce goodwill by the amount of the deferred tax liability recorded under IFRS in relation to acquired in-process research and development and to reduce deferred tax liabilities by a corresponding amount (€1,862 million). The impact on income tax expense of this difference when the acquired IPR&D is amortized for IFRS purposes is reversed under U.S. GAAP and such reversal is reflected in the caption "Income taxes" (note 2c).

Finalization of preliminary purchase price allocation

Under U.S. GAAP and IFRS, the period that is allowed for finalizing the identification and measurement of the fair value of the assets acquired and the liabilities assumed in a business combination ends when the acquiring entity is no longer waiting for information that it has arranged to obtain and that is known to be available or obtainable. That allocation period should usually not exceed one year from the consummation of a business combination. Accordingly, the measurement and recognition of certain items that were recorded on a provisional basis at December 31, 2004 have been subsequently adjusted to take into account the new information obtained in 2005 about facts and circumstances that existed as of the acquisition date and that, if known, would have affected the measurement or recognition of the amounts as of that date. Under U.S. GAAP, the prior period financial statements are not modified to reflect these adjustments. Under IFRS, the prior period financial statements are modified to reflect the effect of these adjustments from the date of acquisition, as disclosed in note D.1.1.

2-b Acquired in-process R&D

Under IFRS, separately acquired in-process research and development is considered to meet the recognition criteria for intangible assets under IAS 38 and accordingly, the in-process R&D acquired in connection with the acquisition of Aventis was capitalized under IFRS. Under U.S. GAAP, acquired in-process research and development is expensed as of the acquisition date.

This adjustment resulted in a decrease to shareholders' equity under U.S. GAAP of €5,046 million on a provisional basis and of €5,007 million at the end of the allocation period. The difference was recorded through the income statement for the period ended December 31, 2005.

In 2005, under IFRS, the Group began to amortize the portion of its acquired in-process research and development that related to projects for which regulatory approval had been obtained during the year (aggregate carrying value of €852 million). The related amortization amounted to €6 million for the year ended December 31, 2005. In addition, in accordance with IAS 36, an impairment charge amounting to €12 million was recognized through the income statement for the period ending December 31, 2005 related to IPR&D projects that were either terminated or that sustained a decline in estimated fair value during the period. Both the amortization expense and impairment charge associated with acquired in-process research and development were reversed under U.S. GAAP.

The remaining change in the amount of the adjustment to shareholders' equity results principally from translation differences (primarily attributable to movements in the exchange rate between the U.S. \$ and the euro) as these intangible assets are recorded in the functional currencies of the subsidiaries to which the intangible asset relates.

Acquired in-process research and development assets were also recognized in relation to sanofi-aventis' equity investments in Meril and Sanofi Pasteur MSD (both acquired in connection with the acquisition of Aventis) under IFRS. Under U.S. GAAP, acquired in-process research and development was expensed at the date of acquisition resulting in a reduction in equity of €301 million and €289 million as of December 31, 2005 and December 31, 2004, respectively. An amortization charge of €5 million was recorded for the year ended December 31, 2005 under IFRS for the portion of acquired in-process research and development projects for which regulatory approval was obtained during the period. Under U.S. GAAP, this expense was reversed.

2-c Income taxes

The aggregate adjustment included as “Income taxes” under the caption “Aventis business combination” in the reconciliations of consolidated net income and shareholders’ equity as of and for the years ended December 31, 2005 and 2004, consists of:

<i>(in millions of euros)</i>	2005		2004	
	Net Income	Equity	Net Income	Equity
Pre-acquisition tax contingencies	32	31	—	—
Deferred tax liability on acquired in-process research and development	(67)	(123)	(55)	(55)
Deferred tax related to acquired stock options	—	(12)	—	—
Total adjustments	(35)	(104)	(55)	(55)

Pre-acquisition tax contingencies

IFRS 3 requires provisions to be recognized in the income statement after the period allowed for adjustments to the goodwill allocation.

Under U.S. GAAP (EITF 93-7), such adjustments related to pre-acquisition tax contingencies existing at the time of the purchase business combination are to be applied to increase or decrease the remaining balance of goodwill attributable to that business combination.

Deferred tax liability on acquired in-process research and development

The adjustment represents the tax effect related to the difference on amortization and impairment on acquired in process R&D as described in 2-b.

Deferred tax related to acquired stock options

Under U.S. GAAP, the expected tax benefit from fully vested option awards granted to employees of an acquiree in a purchase business combination should not result in a deferred tax asset on the business combination date. Any future deduction resulting from the exercise of the options should be recognized as an adjustment to the purchase price of the acquired business when realized to the extent that this deduction does not exceed the fair value of the awards at the business combination date. The tax benefit associated with any “excess” deduction is recognized in additional paid in capital. Under IFRS, the expected tax benefit from vested option awards results in the recognition against goodwill of a deferred tax asset on the date the business combination is consummated. Any future deduction resulting from the exercise of the options should then be recognized directly in equity.

(3) Other differences between IFRS and U.S. GAAP

3-a Restructuring provisions

As of December 31, 2005 and 2004, this adjustment corresponds to the reversal of certain provisions for restructuring that do not meet the U.S. GAAP criteria for recognition under SFAS 146 (Accounting for Costs Associated with Exit or Disposal Activities).

3-b Pensions and post retirement benefits

Under U.S. GAAP, the Group accounts for its pension and post-retirement benefit plans in accordance with SFAS 87, “Employers’ Accounting for Pensions” and SFAS 106, “Employers’ Accounting for Postretirement Benefits”. Transition obligations for pensions were calculated as of December 31, 1999 as permitted for companies outside the U.S. and have been amortized from the initial implementation date of SFAS 87 in 1989 over a period equal to the higher of 15 years or the remaining expected service life of employees.

Under U.S. GAAP, an additional minimum pension liability is required when, as a result of unamortized actuarial losses, prior service costs and transition obligation, the accrued liability is lower than the excess of the accumulated benefit obligation over the fair value of the plan assets. This additional minimum pension liability is recorded, in accordance with SFAS 87, with a counterpart recorded as an intangible asset for an amount limited to the sum of unrecognized prior service costs and transition obligation. The residual amount is recorded with a counterpart in other comprehensive income (shareholder’s equity).

In 2004, the Group changed the measurement date for its defined benefit pension plans from September 30 to December 31. This change in accounting did not have a material effect on the Group’s consolidated net income for the year ended December 31, 2004.

The negative adjustment of €6 million in 2005 consolidated income before tax corresponds to the calculation of the curtailment effect under U.S. GAAP in accordance with SFAS 88, “Employers’ Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits” on one hand and to the reversal of a part of the old-age part time provision that does not meet the SFAS 87, “Employers’ Accounting for Pensions” criteria for recognition on the other hand. This treatment is compliant with EITF 05-05, “Accounting for Early Retirement or Post-employment Programs with Specific Features (Such as Terms Specified in Altersteilzeit Early Retirement Arrangements)”, adopted by anticipation in 2005.

3-c Research and development costs acquired separately

Under IFRS, research and development costs relating to rights to products acquired from third parties are recognized by the group as an intangible asset. In that case, they are presumed to meet the recognition criteria under IAS 38, as payments made under research and development arrangements to access technology and/or databases and payments made to purchase generic files are capitalized.

Under U.S. GAAP, these costs are expensed as incurred. Accordingly, an amount of €75 million was recorded as a reduction of shareholders’ equity as of December 31, 2005 (€2 million as of December 31, 2004) and an expense of €17 million was recorded in the income statement for the period ending December 31, 2005 as a reversal of amounts capitalized and the amortization expense relating thereto during the period.

3-d Other adjustments

The adjustment included as “Other” in the reconciliations of consolidated net income and shareholders’ equity as of and for the years ended December 31, 2005 and 2004 primarily relates to the impact of long term provisions discounting.

3-e Income taxes

The aggregate adjustment included in “Income taxes” in the reconciliations of consolidated shareholders’ equity and net income consists of the following:

<i>(in millions of euros)</i>	2005		2004	
	Net Income	Equity	Net Income	Equity
Deferred tax on above adjustments (3a to 3e)	(1)	205	1	57
Deferred tax related to acquired stocks options	10	(38)	—	—
Deferred tax on equity investees	(11)	(14)	(5)	(5)
Deferred tax on intercompany margins	5	36	4	31
Other	(5)	(5)	(11)	—
Total adjustments	(2)	184	(11)	83

Deferred tax related to acquired stock options

In some tax jurisdictions, the Group receives a tax deduction that relates to compensation paid in stock options. The amount of that tax deduction is based on the intrinsic value of the stock options at the date of exercise.

Under U.S. GAAP, the amount of income tax benefit recognized during the vesting period is equal to the amount of the related compensation cost recognized multiplied by the statutory tax rate. If the actual tax deduction reflected on the company’s income tax return for an award (generally at option exercise) exceeds the cumulative amount of compensation cost recognized in the financial statements for that award, the excess tax benefit is recognized as an increase to additional paid-in capital.

Under IFRS, the measurement of the deductible temporary difference is based on the options’ intrinsic value at the end of the period. If the amount of the tax deduction (or estimated future tax deduction during the exercise period) exceeds the amount of the related cumulative compensation expense, the excess of the associated current or deferred tax is recognized directly in equity at each closing date.

Deferred tax on equity investees

Under both U.S. GAAP and IFRS, a deferred tax liability is recorded for the difference between the value used for financial reporting purposes and the tax basis of equity-method investments in certain circumstances.

The adjustment arises because the value for financial reporting purposes under U.S. GAAP differs from that used under IFRS.

In addition in terms of presentation, under U.S. GAAP, income tax expenses related to partnerships accounted for as equity investees are presented in the line “Income taxes” as such income tax expenses are paid by the Group. Under IFRS, income from equity investees is presented net of tax.

Deferred tax on intercompany margins

Under IFRS (IAS 12), the deferred tax effect on the elimination of intercompany margins is calculated using the purchaser’s tax rate whereas under U.S. GAAP (FAS 109), this is calculated using the vendor’s tax rate.

Additional disclosures for the Group’s U.S. GAAP financial statements

Additional financial disclosures are required under U.S. GAAP related to the Group’s financial statements measured under U.S. GAAP. The following disclosures relate to the Group’s financial statements after reconciliation to U.S. GAAP.

4-a Intangible assets

The Group’s intangible assets as of December 31, 2005 and 2004, as determined under U.S. GAAP, consist of:

<i>(in millions of euros)</i>	Estimated Useful Life (years)	December 31, 2005	December 31, 2004
Total goodwill		31,752	28,198
Amortized intangible assets			
Trademarks, patents, licenses and other rights	5 -23	2,016	2,144
Rights to marketed Synthélabo products	10 -23	4,136	4,432
Rights to marketed Aventis products	3 -16	29,505	29,828
Software	3 - 5	546	476
		36,203	36,880
Less: Accumulated amortization		(7,533)	(4,064)
Sub-total – amortized intangible assets		28,670	32,816
Intangible asset related to pensions		29	42
Total—other intangible assets		28,699	32,858

As of December 31, 2005 and 2004, the geographical allocation of goodwill by reportable segment, net of accumulated amortization, was as follows:

<i>(in millions of euros)</i>	December 31, 2005	December 31, 2004
Pharmaceuticals	31,285	27,752
Europe	13,958	13,265
United States	13,093	10,670
Other countries	4,234	3,817
Vaccines	467	446
United States	379	322
Countries other than the USA	88	124

Amortization expense and impairment losses recognized during the year ended December 31, 2005 and 2004 amounted respectively to €1,100 million and €1,952 million.

Estimated amortization charges for the next five years are presented below:

	Amount
	<i>(in millions of euros)</i>
2006	4,225
2007	4,171
2008	3,931
2009	3,741
2010	3,728

Measurement of an impairment loss for intangible assets other than goodwill

If indicators of impairment are present, an impairment review must be carried out for the purposes of both IFRS and U.S. GAAP. However under the IAS 36 methodology for testing for an impairment, the value in use calculation involves discounting the expected future cash flows to be generated by the asset to their net present value. Under SFAS 144 a recoverability test must be performed by comparing the estimated sum of undiscounted cash flows attributable to the asset with its carrying amount. Only if the asset fails this recoverability test will the amount of impairment be calculated by comparing the asset's carrying amount to its fair value. This difference of principle did not create any material difference in the impairment charge in 2005 or in 2004.

4-b Pensions and post retirement benefits

The following table analyses the amounts recognized in the Group's U.S. GAAP condensed consolidated balance sheet as of December 31, 2005 and 2004:

<i>(in millions of euros)</i>	Pensions and Retirement Indemnities		Post-retirement Benefits Other Than Pensions	
	2005	2004	2005	2004
Amounts recognized in the balance sheet				
Prepaid benefit costs	(3)	(52)	—	—
Accrued benefit liability	3,627	3,019	192	172
Intangible asset	(29)	(42)	—	—
Accumulated other comprehensive income	(511)	(128)	—	—
Net amount recognized	3,084	2,797	192	172

The aggregate benefit obligation for domestic plans with benefit obligations in excess of plan assets as of December 31, 2005 amounted to €1,849 million (€1,745 million as of December 31, 2004) and the fair value of plan assets to €3 million (€7 million as of December 31, 2004). For foreign plans, the benefit obligation amounted to 7,253 million as of December 31, 2005 (€6,213 million as of December 31, 2004) and the fair value of assets to €5,218 million (€4,402 million as of December 31, 2004). The aggregate pension accumulated benefit obligation for domestic plans with accumulated benefit obligations in excess of plan assets amounted to €1,780 million and for foreign plans to €6,952 million as of December 31, 2005 with a fair value of assets amounting to €5 million for domestic plans and €5,077 million for foreign plans.

4-c Accumulated other comprehensive income

Accumulated other comprehensive income (determined in accordance with U.S. GAAP) net of deferred tax as of December 31, 2005 and 2004 comprises:

<i>(in millions of euros)</i>	December 31, 2005	December 31, 2004
Foreign currency translation adjustments	651	(3,156)
Net unrealized gain (loss) on cash flow hedges	(4)	56
Net unrealized gain (loss) on available-for-sale securities	98	79
Additional minimum pension liability	(326)	(85)
Total	419	(3,106)

4-d Recent accounting pronouncements

The U.S. Financial Accounting Standards Board (FASB), recently issued the following accounting pronouncements which are applicable to our Company.

SFAS 123 (revised 2004), referred to as SFAS 123(R), "Share-Based Payment" issued in December 2004 is a revision of SFAS 123, "Accounting for Stock-Based Compensation". SFAS 123(R) requires all share-based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values at the date of grant. Pro forma disclosure is no longer an alternative. SFAS 123(R) is effective for fiscal periods beginning after June 15, 2005, with early adoption permitted and the Company chose to adopt this pronouncement by anticipation as at January 1, 2005. Generally, the approach in SFAS 123(R) is similar to the approach described in IFRS 2 which is implemented in the Company's primary financial statements (cf. Item 18 – Note B.26), except for the valuation of deferred taxes on stock options. However, the adoption of SFAS 123(R) did not have a material effect on the Company's financial statements.

SFAS 154, "Accounting Changes and Error Corrections" issued in May 2005 replaces APB No. 20 and SFAS 3. SFAS No. 154 changes the requirements for the accounting and reporting of a change in accounting principle and guidance for retrospective application of a change in accounting principle. We do not expect that the adoption of SFAS 154 effective January 1, 2006 will have a material effect on our financial statements.

FIN 47, "Accounting for Conditional Asset Retirement Obligations" issued in March 2005 is an interpretation of FASB Statement No. 143, "Accounting for Asset Retirement Obligations," and requires an entity to recognize a liability for the fair value of a conditional asset retirement obligation when incurred if the liability's fair value can be reasonably estimated. This Interpretation was effective for fiscal years ending after December 15, 2005 and its adoption did not have a material effect on our financial statements.