

JUNE 2006

LETTER to shareholders



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SHAREHOLDERS'
NOTEBOOK



Editorial

by the Chairman
of the Management Board

Dear Shareholder,

In 2005, the Carrefour Group took a new step. We refocused our strategy on customers and growth, which resulted in taking decisions which were sometimes difficult, but always necessary.

The Group invested heavily while retaining its financial solidity.

The portfolio of assets was rationalised and the Group strengthened its position in a number of key markets. Thanks to its constant pricing policy, the Carrefour Group has started to regain market share in France, its main market, something we have not seen since 2000.

These results are going in the right direction. But there is still much to achieve.

For 2006, we have a dual objective. We must further boost growth and strengthen our marketing model. Increasing square metres of selling area will drive our future growth. Accordingly, we anticipate opening 1,000 new retail outlets in 2006.

Competitive pricing at our banners remains our priority, in France and in our other markets.

This effort is underpinned by the implementation of a different, more targeted marketing approach. We are continuing to expand our product lines with more innovative products. Our retail sales staff numbers are increasing and we are strengthening the services that help the daily life of our customers, starting with financial services, travel and online shopping.

Despite a difficult economic and competitive context, we are in the process of giving the Carrefour Group a facelift.

Our ambition through to 2008 is to achieve growth of around 10% in sales and Activity Contribution.

We have the financial solidity, the teams and the structures to achieve these objectives, and above all, we have the will. The progress we have made in 2005 shows that we are on the right path – which is why we can look to the future with confidence and determination.

José Luis Duran

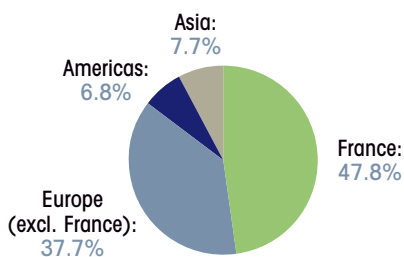


ANNUAL GENERAL MEETING 2005 ANNUAL RESULTS

More than a year of transition

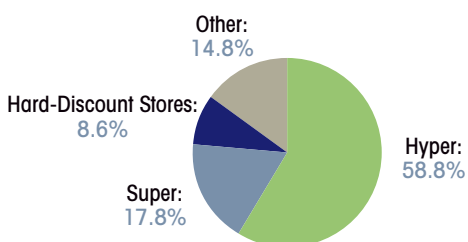
BREAKDOWN OF CONSOLIDATED NET SALES BY GEOGRAPHIC REGION

Total: €74,497m



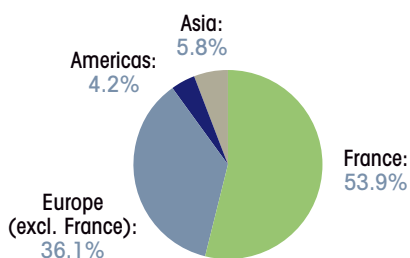
BREAKDOWN OF CONSOLIDATED NET SALES BY STORE FORMAT

Total: €74,497m



BREAKDOWN OF ACTIVITY CONTRIBUTION

Total: €3,175m



In 2005, the Carrefour Group adopted a strategy focused on customers and growth. Important choices were made for the development of its management structure, allocation of resources and definition of its marketing strategy. The management structure was simplified to speed up decision-making and the execution of its strategy.

The Group maintained a constant and determined marketing policy, particularly in France where, for the first time since 2000, it won an increased food market share over a full year.

These strategic decisions had an impact on the Group's results with an exceptional charge of 372 million euros.

Consolidated net sales

The 2005 results reflected the decisions taken. Net sales on a like-for-like basis and with constant exchange rates increased by 4.3%. Carrefour's commitment to maintaining lowest prices, particularly in France, led to a 0.2% drop in the Group's sales margin. Although this fall was partially offset by strict cost control, Activity Contribution was down 2.9%. The strong increase in Activity Contribution in other countries (+19%) partially offset the fall in France (-16%). In 2005, and for the first time in the Group's history, international operations represented nearly half of the Carrefour Group's Activity Contribution.

In 2005, consolidated net sales were up 2.5%, which represents an increase of 4.3%, disregarding the impact of exchange rate and perimeter changes. The Carrefour Group optimised its portfolio of assets, making a number of disposals and acquisitions.

In France, the Group's sales in 2005 were down 0.4%. In Europe, sales were up 3.6%, while in Latin America and Asia sales were up 7.5% and 12.6% respectively.

In 2005, under various banners, the Carrefour Group opened nearly one and a half million square metres (store opening and acquisitions), corresponding to 1,400 new retail outlets.

In 2005, the Carrefour Group strengthened its portfolio of assets by selling insufficiently profitable businesses and consolidating its position in key markets.



Activity Contribution (Group Share)

The Group's Activity Contribution was down 2.9%. Performance was largely affected by its decision to cut prices in all its markets, particularly in France, and to strictly control general expenses.

The Group's Activity Contribution as a percentage of sales came to 4.3%.

Indebtedness

Net debt stood at 6.8 billion euros at the year-end and was stable overall compared to 2004. However, when restated for the first application of IAS 32 and 39 at 1 January 2005, net debt was reduced by nearly 500 million euros, as declared at the start of 2005.

Debt ratio decreased from 86% in 2004 to 72% in 2005.

Financial expenses were down by 6% over the year. Accordingly, despite the reduction in Activity Contribution, the financial expense coverage improved, from 6.7x in 2004 to 7x in 2005.

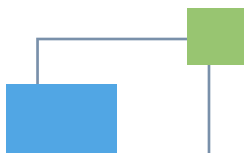
Net income from recurring operations, Group Share

Net income from recurring operations (Group Share) increased by 1.2%, taking into consideration the 6% reduction in financial expenses and a 29.4% tax rate, essentially unchanged in 2005.

Earnings per share from recurring operations

Earnings per share from recurring operations stood at 2.58 euros, an increase of 0.9% compared to 2004.

Group share of net income per share, after expenses related to divested activities or activities in the process of divestiture, amounted to 2.05 euros in 2005 versus 2.44 euros in 2004.

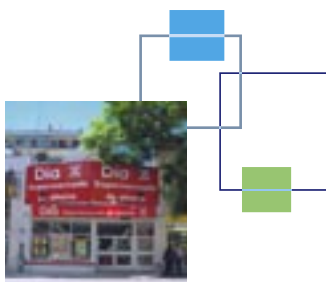


Activity Contribution

Under French accounting standards, one of the key indicators of the Group's activity was EBIT.

From now on, under IFRS, exceptional items (such as provisions for restructuring, depreciation allowance, or proceeds from the sale of capital assets, for example) are recognised as operating income, making it more volatile.

So, it is now more relevant to consider Activity Contribution.



€74,497m

Consolidated net sales

€3,175m

Activity Contribution (Group Share)

7x = Activity Contribution/Financial Income

€1,807m

Net income from recurring operations, Group Share

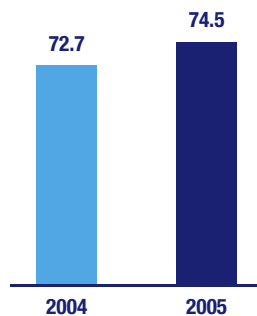
€2.58

Earnings per share from recurring operations

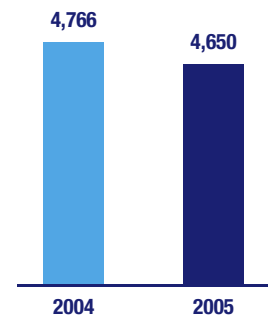


New aggregates with the application of IFRS.
Financial statements for 2005 compared to the 2004 IFRS published financial statements, restated for amortisation on buildings over a 40-year period.

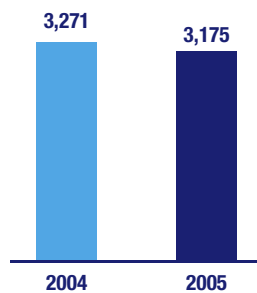
CONSOLIDATED NET SALES
(In €bn)



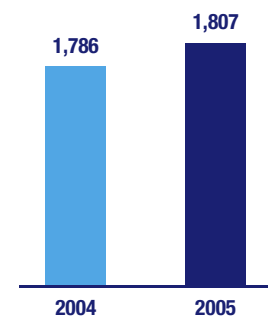
ACTIVITY CONTRIBUTION BEFORE DEPRECIATION AND AMORTISATION
(In €m)



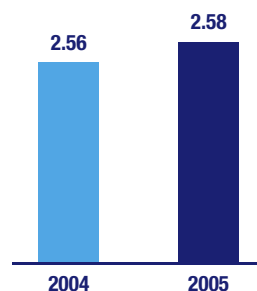
ACTIVITY CONTRIBUTION
(In €m)



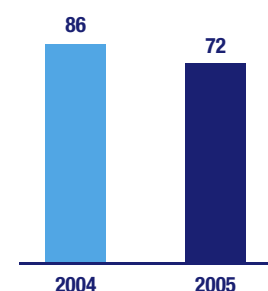
NET INCOME FROM RECURRING OPERATIONS, GROUP SHARE (In €m)



EARNINGS PER SHARE FROM RECURRING OPERATIONS (In €)



DEBT RATIO (In % of shareholders' equity)



ANNUAL GENERAL MEETING REPORT

Confidence and determination

Carrefour's AGM was held on 2 May 2006 at the Carrousel du Louvre, chaired by Luc Vandeveld, Chairman of the Supervisory Board, and was attended by over 1,200 shareholders.

The parent company's financial statements and the consolidated statements for the financial year 2005 were approved. A payment date of 5 May 2006 was set for the dividend of 1 euro per share.

The AGM approved the following resolutions in particular:

- authorisation for the Management Board to trade the company's shares;
- authorisation for the Management Board to allot bonus shares to employees or directors of the Company and its subsidiaries;
- authorisation for the Management Board to reduce the capital by cancelling shares;
- move of the corporate headquarters.

In his speech, Luc Vandeveld stressed *"the excellent performance of the governance bodies which fully responded to our objectives by acting in accordance with three principles: collective decision-making, the courage to take even the most difficult decisions, and discipline and rigour in strategic choices."*

Luc Vandeveld thanked the Members of the Supervisory Board for work performed with strict adherence to their remits. He reiterated his support for the Chairman of the Management Board, José Luis Duran, and for all the Members of the Management Board. He added that *"the Supervisory Board will ensure that discipline and rigour continue to be applied in the conduct of the affairs of the Carrefour Group."*

José Luis Duran then reported on the financial year 2005, *"a year of change, during which we had a fundamental re-think of the Group and where a strategy focused on the customer and growth was implemented."* Eric Reiss, Group Chief Finance Officer, presented the 2005 results, which reflect decisions taken by the Group.

José Luis Duran then resumed speaking and outlined the Group's prospects, anticipating faster growth from 2006. This would take the form of organic growth and a greater increase in sales than that recorded in 2006. Carrefour will concentrate on key markets outside France and open more square metres of selling space in fewer countries.

Concluding his speech, José Luis Duran reaffirmed Carrefour's ambition to increase sales and Group Activity Contribution by around 10% for 2008. While advocating caution, José Luis Duran confirmed that he viewed the future with *"confidence and determination"*.

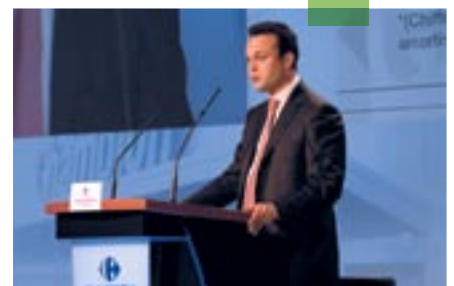
Luc Vandeveld then took the platform again and concluded his speech with the words: *"Ladies and Gentlemen – Shareholders – you can count on an efficient team, determined to win over customers wherever we operate and to forge profitable and sustainable growth once again."*



The AGM report is available on the Group's institutional website: www.carrefour.com

The 2005 annual report has been published. It is available on request from the Shareholder Relations Department.

Have you considered having your shares held in "pure registered" form? Ask for our 2006 shareholders' guide, where you will find everything you need to know about transferring your shares.

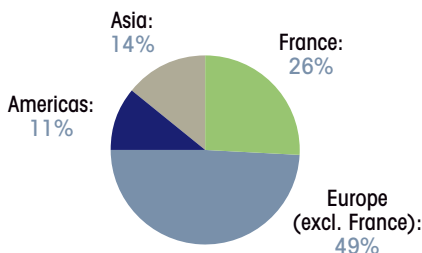




NEWS GROWTH

What is the international growth strategy?

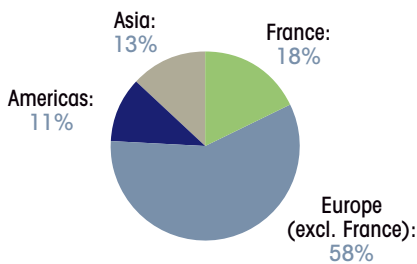
GROWTH CAPEX SPLIT PER REGION IN 2005*



* 2.6 billion euros, ie expansion capex and tactical acquisitions

NEW M² SPLIT PER REGION

1.5 million m² in 2005



In 2005, the Carrefour Group established the basis for lasting growth. The Group invested heavily to reconfigure its portfolio of assets while respecting a simple principle: concentrate on markets where it has leader-position potential. This strategy can be summarised in a few words: more stores in fewer countries.

In 2005, the Carrefour Group had a full complement of growth opportunities

In 2005, the Group opened nearly 1.5 million new square metres, which is 50% more than in 2004. Of this total, over a million square metres were strictly organic growth openings and 425,000 m² were tactical acquisitions. The realigning of the portfolio of assets reflects a simple principle: to be among the top three retailers in each of the Group's markets.

In line with this principle, in 2005, the Group disposed its businesses in Mexico, its Prodirest catering business in France, its Spanish Puntocash cash & carry businesses and it signed a franchise agreement with Aeon in Japan. The Group also withdrew the Champion banner from Spain and Brazil.

At the same time, the Group consolidated its positions in markets where it was already firmly anchored. The Carrefour Group thus proceeded with the acquisition of 12 Ahold hypermarkets in Poland, Aligros in Italy, Gima and Endi in Turkey, Chris Cash & Carry in Cyprus, the hard-

discount business of the Rewe Group in France and 10 Sonae hypermarkets in Brazil. The Carrefour Group exchanged its businesses in the Czech Republic and Slovakia for Tesco's activities in Taiwan. At the end of the year 2005, the Group also launched a takeover bid for Hyparlo.

Growth, today and tomorrow

The Carrefour Group will be opening a hundred new hypermarkets in 2006, which is the largest number of new stores opened through organic growth in one year.

Altogether the Group's organic growth will represent an additional 1.3 million m² which is 30% more than that achieved in 2005.

From 2006 to 2008, the Group will be opening more stores, on a more limited country basis. Between 2001 and 2004, Carrefour opened 800,000 new square metres on average each year in 24 countries. Between 2006 and 2008, the Group intends to open 1.5 million m² per annum in fewer than 20 countries.





NEWS CUSTOMERS

The Carrefour Group is listening to its customers

The customer is once again the focus of the Carrefour Group's strategy. Based on surveys of consumer expectations, the Group has taken a series of decisions concerning new store formats, revamping its own-brands and loyalty programmes.

New store formats

In seeking to maximise customer satisfaction requirements, the Carrefour Group has re-thought its multi-format strategy.

The Group has consequently developed a new format under the Carrefour Express banner. This concept, which capitalises on the reputation of the Carrefour brand, has a retail area of 1,200m² to 2 500 m². It offers 6,700 food product lines, a third of which are own-brand, and a price positioning similar to that of a standard supermarket.

Another innovation is Maxi Dia, a concept rolled out over a larger area than a standard maxi-discount. It offers a wider discount range, including over 2,500 product lines. The selection is composed of a large range of fresh products, supplemented by a basic range of frozen and non-food products.

These two concepts were tested in Spain in 2005 and initial results are very promising.

Revamp of own-brands

Carrefour hypermarkets are adapting to consumers' changing purchasing behaviour by creating the 3rd generation of Carrefour own-brands.

The new range is positioned on three targeted segments: the Carrefour range, central to the market, which represents 80% of products; the Carrefour Agir range, whose products respond to sustainable development issues; and the higher-end Carrefour Selection range, for special occasions.

Champion's own-brand has also been expanded. The aim is to create 1,000 new product lines by the end of 2006, particularly with the advent of new top-of-the-range Champion products, called "Collection Champion" – and new health, cosmetic, organic and sustainable development ranges.

The Group's own-brands represent one of its greatest strengths in combining quality and competitive price.

Loyalty programmes

Carrefour has developed loyalty programmes in most of its markets. These help refine analysis of customers' needs and wishes, increase responsiveness by constantly adapting the range, and optimise communications by better targeting messages.

The Group already has several programmes of this type in Italy, Greece, Belgium and France. Since 2000, in this market, Champion has successfully developed its Iris Champion card (6 million cardholders). Meanwhile, the Carrefour brand launched its loyalty card in April 2004 which now boasts 8.2 million holders.

In Spain, 8 million customers are Dia loyalty cardholders. Last year, Carrefour Spain also launched its loyalty programme which already numbers 5 million cardholders.

SHAREHOLDERS' NOTEBOOK

The Carrefour share

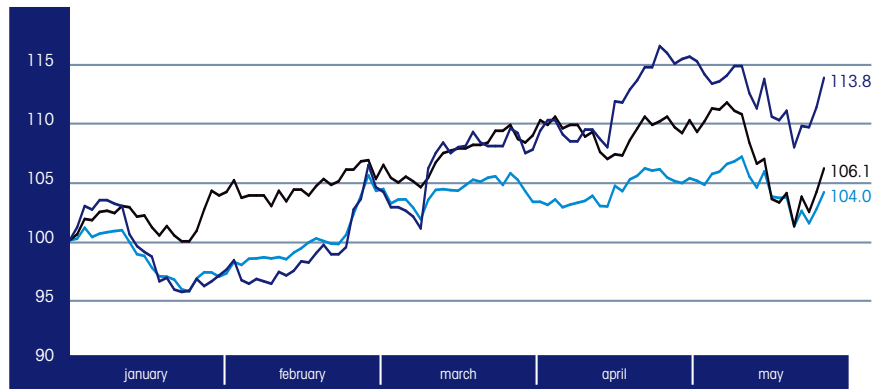
Share price performance in relation to the CAC 40 index and the Reuters Food Retail index

(Base 100)

(January to May 2006)

— Carrefour
— CAC 40 index
— Reuters Food Retail*

* Composition of the Reuters Food Retail index: Carrefour, Casino, Metro AG, Ahold, Tesco, Morrison, Sainsbury, Colruyt and Delhaize



source: Reuters

ISIN code
FR0000120172

Par value
2.50 euros

Listing market
Eurolist Paris (deferred settlement system)
IPO on Paris stock exchange on 16 June 1970

Main indexes
CAC 40, DJ Euro Stoxx 50 and DJ Stoxx 50

Timetable

12 July 2006

Sales for the second Quarter 2006

7 September 2006

2006 First Half Results

11 October 2006

Sales for the third Quarter 2006

7 November 2006

Shareholders' meeting in Marseille

9 November 2006

Shareholders' meeting in Lille

20 November 2006

Shareholders' meeting in Strasbourg

27 November 2006

Shareholders' meeting in Nancy

5 December 2006

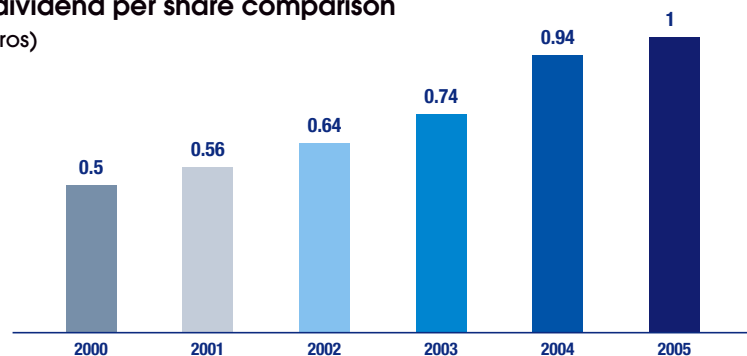
Shareholders' meeting in Rennes

11 January 2007

Sales for the fourth Quarter 2006

Dividend

Net dividend per share comparison (in euros)



The dividend was paid out on 5 May 2006.

Contacts

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