



Attestation of the persons responsible for the annual report

We, the undersigned, hereby attest that to the best of our knowledge the financial statements have been prepared in accordance with generally accepted accounting principles and give a true and fair view of the assets, liabilities, financial position and results of operations of the company and all the companies consolidated, as well as a description of the main risks and uncertainties facing them.

Chairman and Chief Executive Officer Pierre Mongin

Chief Financial Officer **Alain Le Duc**

SUMMARY

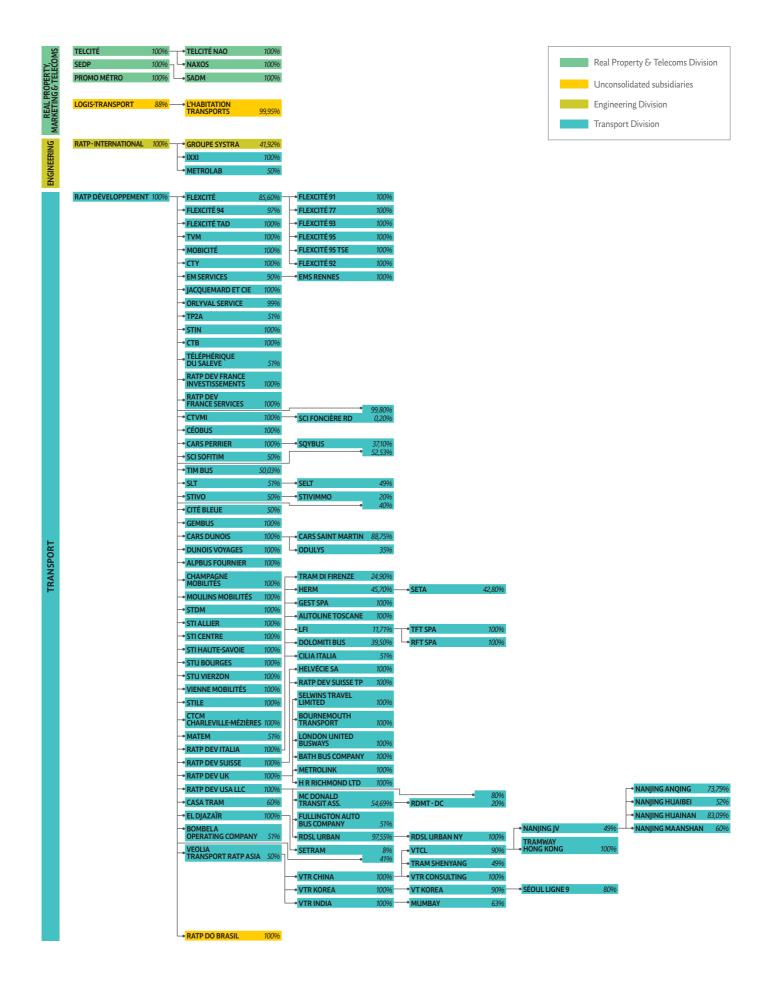




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RATP GROUP ORGANISATION CHART - 31 DECEMBER 2013



FINANCIAL RESULTS

FINANCIAL RESULTS

1 • PRINCIPAL DEVELOPMENTS IN 2013

1.1 Transport

RATP

In 2013, RATP's results improved, in line with the targets of the agreement with the Île-de-France transport authority, despite the difficult economic environment.

RATP's traffic figures were up 1% to 3,140 million journeys, mainly due to the tramway extension. However, paid journeys stayed almost flat, with a 0.1% increase, below the 0.9% increase provided for in the agreement.

Revenue reported by the RATP parent company increased by €97 million (2.2%), of which €54 million were generated by new services. The index used to revise the Île-de-France transport authority contributions decreased from 1.8% in 2012 to 1.1% in 2013. RATP's EBITDA amounted to €1,144 million, up €44 million, or 4%, mainly due to productivity gains.

This resulted in cash flows from operations of €861 million, up €28 million or 3.3% compared with 2012. Excluding non-recurring items, the increase from 2012 to 2013 was €38 million.

Net income for 2013 (€284 million) was negatively impacted by non-recurring items of €12 million (asset retirements in maintenance workshops due to new rolling stock). Comparatively, 2012 net income amounted to €286 million, of which €22 million in non-recurring items (including gains arising from the sale of property), or an increase in recurring items of €32 million.

RATP prepares separate financial statements for infrastructure management and transport operations, in accordance with the provisions of the French law of June 3, 2010. EBITDA, net income and debt were in line with the company's financial targets:

- The infrastructure management CGU generated net income of €67 million and cash flows from operations of €292 million;
- The transport operations CGU generated net income of €218 million and cash flows from operations of €568 million;
- Net debt amounted to €2,725 million and €2,514 million for infrastructure management and transport operations, respectively, with total debt of €5,239 million for RATP (impacted by the payment of €200 million to the Île-de-France transport authority for the transfer of ownership of assets to RATP).

Other developments in France

Business activity was buoyant in 2013:

- Several businesses were acquired in the Nièvre department and activities were bolstered in the areas around Moulins (via STIA), Bourges and Cosne-Cours-sur-Loire (via STIC);
- The effect of operating the Bourges city transport network as a delegated public service since July 2012 continued into 2013. The Vienne Mobilité contract was renewed;

 There was strong organic growth in the Île-de-France and Rhône-Alpes regions.

A new lease of life for the subsidiary lxxi, boosted by RATP's ticketing activities transferred during the second half.

Other developments outside France

Business outside France performed even better:

- In the United States, the full-year effect of operating the Austin (Texas) bus network contributed greatly to improved performance in the area. The vitality of the United States market was also illustrated by significant progress on the Washington DC tramway, the successful bid for the Augusta bus service, the start of the Tucson tramway management contract, and preparations to roll out tourist bus services in New York;
- There was strong organic growth in the United Kingdom with the operation of the Manchester tramway system (three new lines became operational) and the acquisition of Selwyns Travel, specializing in intercity transport services and coach hire;
- · Cilia Italia was acquired (in the region of Latium, near Rome);
- In North Africa, in addition to the Algiers tramway commissioned in 2012, tramway operations were launched in two other Algerian cities, Oran and Constantine, contributing to strong business growth. In Morocco, the full-year effect of operating the tramway explains the increase in activity since 2012:
- In Asia, the know-how of RATP's teams enabled the Shenyang tramways to be successfully commissioned within a very short time. In Macau, the shareholders terminated the contract with the local authorities on October 1 as they were unable to reach an agreement with them.

1.2 Engineering

Systra Group reported an increase of approximately 10% in business due to changes in consolidation scope. International business was buoyant again, particularly in the Middle East.

The order book amounted to €906 million, or 24 months of revenue. The following new contracts were significant in 2013: metro lines 1 to 3 in Riyadh; the Subiyah bridge in Kuwait; public transport projects in Mecca; the Batna tramway in Algeria; and in France, two major contracts for the Greater Paris project, namely, the Antony-Clamart tramway and the eastward extension of line E (the "EOLE" project).

Overall, engineering business performed well, with improved results by foreign subsidiaries, generating a 36% increase in net income.

1.3 Real Property, Marketing & Telecoms

In comparison with 2012, business growth was spurred on by the launch of 3G/4G operations by Telcité Nao.

2 • CONSOLIDATED RESULTS AS AT DECEMBER 31, 2013

The consolidated results are reflected in the following financial indicators:

- Group revenue, which was up 4.2% from year-end 2012 (15.8% for subsidiaries and 2.1% for RATP);
- Operating income (EBIT) totalling €519 million, up almost €4 million from year-end 2012. The increase was entirely generated by Group subsidiaries;
- Net income attributable to owners of the company, which amounted to €293 million, was up €8 million from year-end 2012;
- Equity, up almost €312 million compared with year-end 2012;
- And net debt, which increased by €48 million from year-end 2012.

Group capital expenditure amounted to €1,589 million, up modestly compared with 2012. Approximately 30% of capital expenditure concerned increases in transport capacity. Expenditure on modernization and maintenance of infrastructure and rolling stock accounted for some 70% of capital expenditure in 2013. Infrastructure investment involved transport line extensions (metro lines 4, 12 and 14 and tramway lines T5, T6, T7 and T8). Capital expenditure on rolling stock intended to increase capacity focused on the tramway and the MPO5 train (metro line 14). Modernization and maintenance of transport equipment accounted for 78% of capital expenditure on rolling stock, and concerned the MIO9 train (line A), MFO1 (lines 5 and 9), MPO5 (line 1), the renovation of trains MI79 (line B) and MF77, and the acquisition of new buses for various RATP group bus networks.

In general, RATP contributed the greatest share to the indicators, but strong growth in the subsidiaries' business continued, contributing 17.2% to total Group revenue.

Finally, the following data on RATP's contribution include the research and development costs incurred by Metrolab* in connection with the "metro of the future".

2.1 Consolidated revenue

In millions of euros	12/31/12 (A)	12/31/13 (B)	Chang	ge (B-A) As a %
TRANSPORT	4,887.4	5,093.3	205.9	4.2%
RATP Epic (a)*	4,168.5	4,256.4	87.9	2.1%
RATP Développement, RATPI and Ixxi	718.9	836.9	118.0	16.4%
REAL PROPERTY, MARKETING & TELECOMS	46.6	49.4	2.8	6.0%
Promo Métro	22.6	22.9	0.3	1.5%
Telecoms	21.8	25.4	3.6	16.7%
Real property	2.2	1.1	(1.2)	(53.2%)
RATP group (b)	4,934.0	5,142.7	208.7	4.2%
Subsidiaries' contribution (b-a)	765.5	886.3	120.8	15.8%
Subsidiaries' contribution as a %	15.5	17.2		

Group revenue increased €208.7 million (4.2%), of which €87.9 million for RATP and €118 million for the transport subsidiaries.

The improvement in RATP's business in 2013 was driven both by increased traffic mainly due to the tramway extension, and also by the 1.1% increase in the contribution from the Île-de-France transport authority in 2013.

The subsidiaries' contribution increased €120.8 million, which is over 15.8%. Their relative share of revenue was up from 15.5% at year-end 2012 to 17.2% at year-end 2013. Such strong growth is particularly impressive considering that unfavourable exchange rates had a negative impact of €29 million on the transport subsidiaries, mainly affecting the pound sterling (€14 million) and the South African rand (€13 million).

The strong performance was rooted mainly in the full-year effect of activities set up in 2012, the most significant being the Austin (Texas) bus network operated by McDonald Transit, Epsom Coaches business acquired in the United Kingdom, and the newly inaugurated Algiers and Casablanca tramway business. In France, the contribution of Bourges was particularly noteworthy, as the delegated public service contract had a very favourable impact on revenue.

Growth in subsidiaries' revenue also arose from expansion in business in 2013: award of the FlexCité 92 contract, takeover of the Boulogne-sur-Mer contract; acquisition of businesses in central France and Burgundy, acquisition of Selwyns Travel, and the launch of Oran and Constantine tramway services.

Revenue from real property, marketing and telecoms business increased by over 6%. The telecoms subsidiaries benefited from the start-up of 3G/4G operations, which aim to provide coverage to the main Paris metro stations by the end of 2014.

2.2 Operating income (EBIT)

In millions of euros	12/31/12 (A)	12/31/13 (B)	Change (B-A)
TRANSPORT	508.7	508.8	0.1
RATP Epic (a)	497.9	489.2	(8.7)
RATP Développement, RATPI and Ixxi	10.8	19.6	8.8
REAL PROPERTY, MARKETING & TELECOMS	6.5	10.3	3.8
Promo Métro	0.8	1.4	0.6
• Telecoms	4.7	8.0	3.3
Real property	0.9	0.8	(0.1)
RATP group (b)	515.2	519.1	3.9
Subsidiaries' contribution (b-a)	17.3	29.9	12.6

Operating income increased by nearly €4 million. The subsidiaries alone contributed €12.6 million to the increase, including €8.8 million from the transport division alone. This improvement offset the €8.7 million decrease by RATP Epic. However, for RATP the decrease was due to the positive impact of non-recurring operations in 2012 (land disposals and penalties) which had a negative impact in 2013. These items camouflage RATP's improved profitability brought about by gains in productivity.

^{*}Metrolab is presented with RATP.

Management Report

FINANCIAL RESULTS

For the transport subsidiaries, the improvement in operating profitability is also measured as a percentage of revenue. From this perspective, Algeria posted strong growth in operating profitability, with the successful launch of its tramway operations. In Italy, the Florence tramway performed well, and the restructuring of the Emilie-Romagne services in the Modena region was successful. In the United Kingdom, growth over 2012 arose principally from the acquisitions of Epsom Coaches and Selwyns Travel. Excluding these impacts, the subsidiaries' business was up slightly.

As expected, profitability improved in the United States (volume effect). Finally, Asia's contribution was negatively impacted for the last time by Macau's operating loss.

The Real Property, Marketing & Telecoms subsidiaries performed better due to the launch of 3G/4G operations and Promométro's boost to network management.

2.3 Net income

In millions of euros	12/31/12 (A)	12/31/13 (B)	Change (B-A)
TRANSPORT	280.8	282.8	2.0
RATP Epic (a)	272.6	269.8	(2.8)
RATP Développement, RATPI and Ixxi	8.2	13.1	4.8
ENGINEERING (Systra Group)	(0.5)	3.0	3.5
REAL PROPERTY, MARKETING & TELECOMS	4.5	7.0	2.4
Promo Métro	0.7	1.1	0.4
• Telecoms	3.2	5.4	2.2
Real property	0.6	0.5	(0.1)
RATP group (b)	284.8	292.8	8.0
Subsidiaries' contribution (b-a)	12.3	23.1	10.8

Net income attributable to owners of the company amounted to €292.8 million at December 31, 2013, up \in 8 million from €284.8 million at December 31, 2012.

RATP's contribution totalled €269.8 million as at December 31, 2013, down €2.8 million from €272.6 million as at December 31, 2012. The parent company's net income was negatively impacted by non-recurring items of €12 million, compared with positive non-recurring items of €22 million in 2012. RATP's performance was affected by lower cost of borrowing, combined with productivity gains.

The subsidiaries' contribution increased €10.8 million year-on-year to €23.1 million as at December 31, 2013. The improvement reflected a €4.8 million increase for transport business, €3.5 million for engineering, and €2.4 million for real property, marketing & telecoms.

The transport subsidiaries performed better due to improved operating profitability. Finally, equity-accounted Asian contracts had a very positive impact on 2013 net income.

With regard to engineering, Systra's consolidated net income increased sharply this year, in large part owing to major deals in France and abroad

(mainly the Middle East), and the recovery of Systra's foreign subsidiaries. In RATP group's consolidated financial statements, the improvement was even greater given the non-recurring expenses recorded for financial year 2012 (relating to Systra's reorganization).

The real property, marketing and telecoms subsidiaries contributed to both operating and net profitability, through the roll-out of the 3G/4G operations.

2.4 Consolidated equity

Changes in consolidated equity between December 31, 2012 and December 31, 2013 were as follows:

In millions of euros	12/31/12	12/31/13	Change
TRANSPORT	2,595.3	2,903.6	308.3
RATP Epic (a)	2,594.0	2,887.7	293.7
RATP Développement, RATPI and Ixxi	1.3	15.9	14.6
ENGINEERING (Systra Group)	40.4	41.4	1.0
REAL PROPERTY, MARKETING & TELECOMS	24.3	27.0	2.6
Promo Métro	1.6	2.0	0.5
• Telecoms	20.3	22.5	2.2
Real property	2.5	2.5	0.0
RATP group (b)	2,660.1	2,972.0	311.9
Subsidiaries' contribution (b-a)	66.1	84.3	18.2

Consolidated equity increased €312 million from €2,660 million to €2,972 million. RATP accounted for €293.7 million of the increase and the subsidiaries accounted for €18.2 million.

RATP's equity was mainly affected by net income for the year and the discount rate.

For the subsidiaries, significant items included:

- €14.6 million increase for the transport division, relating to net income for the financial year. Actuarial gains and losses were almost offset by currency translation adjustments;
- €1 million increase for engineering, relating to the distribution of dividends:
- For the Real Property, Marketing & Telecoms division, changes in scope with the subsidiary Telcité Nao.

2.5 Consolidated net debt

Changes in consolidated net debt between December 31, 2012 and December 31, 2013 were as follows:

In millions of euros	12/31/12	12/31/13	Change
RATP Epic net debt	5,214.2	5,238.8	24.6
RATP Epic lease commitments and other	(12.1)	(0.8)	11.3
Effect of IAS 39	(63.2)	(49.3)	13.9
RATP Epic net debt (incl. finance leases)	5,138.9	5,188.7	49.9
Transport subsidiaries' net debt	17.7	24.9	7.2
Transport division net debt	5,156.5	5,213.6	57.0
Engineering division net debt	0.0	0.0	0.0
Real property, marketing & telecoms division net debt	(21.2)	(30.1)	(8.9)
RATP group net debt	5,135.3	5,183.5	48.2
Subsidiaries' net debt	(3.6)	(5.3)	(1.7)

Consolidated net debt increased €48 million between December 31, 2012 and December 31, 2013. RATP accounted for almost €50 million of the increase, which was reduced by €1.7 million due to the deleveraging of the subsidiaries.

RATP's net debt rose in part due to the €200 million payment to the Îlede-France transport authority for the transfer of ownership of assets to RATP on January 1, 2010, in connection with the implementation of the ORTF law.

Excluding this item, the increase in RATP's debt is starting to slow, as stipulated in the current agreement with the Île-de-France transport authority. The 2012-2015 agreement with the Île-de-France transport authority set out a four-year investment plan to match resources with uses. The upward trend in RATP's net debt should slow over the period, before reversing to 2011 levels by 2015.

The Real Property, Marketing & Telecoms division posted an improvement in net cash at -€30.1 million due to the effects of working capital requirements and the contribution of Telcité Nao.

However, the Transport division increased net debt by €7 million yearon-year. RATP Dev's debt increased very little despite acquisitions in the financial year. In addition to healthy net cash flow from operations and favourable working capital requirements, the business benefited overall from the deconsolidation of Macau and the settlement due on termination of the Genoa agreement.

2.6 Capital expenditure

RATP group's capital expenditure amounted to €1,589 million.

Aggregate capital expenditure of RATP parent company amounted to €1,513 million, comprising:

- €453 million to increase transport capacity (compared with €504 million in 2012);
- €1,060 million for modernization and maintenance (compared with €1,001 million in 2012).

To increase transport capacity, the Group invested €453 million in the following:

- €285 million for infrastructure relating to the State and regional contractual plan and projects. In financial year 2013, extension work to metro lines 4, 12 and 14 and tramways T5 and T7, (inaugurated during the year), T6 and T8 was completed, and the final instalments were paid for the T1, T2 and T3 lines, which are already in service;
- €168 million in capital expenditure for rolling stock to increase transport capacity, mainly tramway rolling stock and MP05 trains for line 14.

Capital expenditure to modernize and maintain infrastructure and rolling stock (excluding rolling stock for operations to extend network services) amounted to €1,060 million, comprising:

- €473 million for modernization and maintenance;
- 587 million for rolling stock, primarily reflecting purchases of equipment and trains (MI09 for line A of the regional express service, MF01 for metro lines 5 and 9, and MP05 for metro line 1), and the refurbishment of rolling stock (MI79 for line B and MF77). New buses were also acquired.

3 • OUTLOOK

Financial year 2014 will be impacted by the implementation of new transport networks and Group expansion through tenders for increasingly complex contracts, the launch of new services and acquisitions. Business should therefore remain buoyant.

The Group will continue implementing plans to develop and improve productivity in order to boost economic performance, while actively undertaking its ambitious investment program, with capital expenditure set to increase by 5%.

4 • OTHER DISCLOSURES

4.1 Use of financial instruments

RATP uses all available financial instruments to optimize the cost of debt and hedge its exposure to changes in interest rates, exchange rates and commodity prices, while applying strict management rules and complying with hedge accounting criteria:

- RATP systematically hedges all exchange rate risk on its foreign currency debt or deposits using currency swaps;
- RATP regularly hedges its exposure to interest rate movements on future bond issues using swaps and swaption collars;
- RATP uses all interest rate instruments (swaps, caps, floors and swaptions) to optimize its financial expense, while complying with the microhedging rules set forth by French accounting principles:
 - All interest rate derivative instruments are matched to a specific underlying financial liability, with a shorter or equal maturity to the underlying;
- RATP backs fixed-rate financial liabilities with interest rate swaps to receive a fixed rate and pay a floating rate indexed to euro yield curves.
- RATP may cover its exposure to commodity price movements by using financial instruments indexed exactly to the physical delivery terms agreed with suppliers.

Management Report

WORKFORCE, ENVIRONMENTAL AND SOCIAL INFORMATION

RATP uses a commercial paper facility of €2 billion to manage cash and liquidity exposure. It invests surplus cash on a daily basis in funds that comply with IFRS 7 criteria for classification as cash equivalents.

Counterparty risk is limited through the systematic use of guarantee clauses in all framework agreements on financial instruments.

4.2 Consolidated net income since 2008

Year	Net income attributable to owners of the company
2008	141.3
2009	182.8
2010	186.2
2011	337.3
2012	284.8
2013	292.8

4.3 Breakdown of trade payables by maturity date

In compliance with Government decree 2008-1492, information on the breakdown of outstanding trade payables by maturity date is provided below:

In euros	2012	2013
Overdue invoices by	34,357,553	39,866,095
>60 days	6,801,924	3,239,095
31 to 60 days	1,432,507	11,570,822
1 to 30 days	26,123,122	25,056,178
Invoices due in	175,961,182	182,174,760
0 to 30 days	168,262,362	130,795,899
31 to 60 days	7,698,820	42,601,404
>60 days	0	8,777,456

WORKFORCE, ENVIRONMENTAL AND SOCIAL INFORMATION

WORKFORCE INFORMATION

Making workforce performance a strong driver of wealth creation is a key pillar of our *Vision 2020* strategic plan. Workforce performance and financial performance go hand in hand. The two dimensions feed each other and form the foundations of our growth model.

In 2013, for the third straight year, the parent company obtained Top Employers Institute certification, which recognises companies for excellence in HR policies, programmes and practices.

1 • FMPLOYMENT

1.1 Total headcount and breakdown by gender, age and geographical area

Total Group headcount	12/31/13
(Epic + relevant subsidiaries)	

Full time equivalents (FTE)	49,463
Physical headcount	50,007

The reporting system covers 90.3% of the Group in terms of revenue.

Our employment policy forms part of our overall growth model.

Apart from meeting the need to replace people who will be retiring in the coming years, the parent company adjusts its employment policies and hiring volumes to business needs, such as network upgrade, technological change and developments in services and business activities. These factors explain the continued high level of recruitment despite proactive efforts to make productivity gains in terms of headcount, in line with the objectives of the Stif contract.

The position is different for RATP Dev subsidiaries, as their continued expansion requires steady growth in staffing.

In 2013, in the consolidated reporting scope (which includes eleven subsidiaries), the parent company hired some 2,020 new employees on openended contracts and 970 on government-subsidised youth contracts, while the subsidiaries hired almost 570 new employees. We remain a driver of employment in terms of both recruitment and promoting skills.

The impacts of this policy on the local regions are described in the section on social information.

The age structure is balanced. The average age of parent company employees has increased slightly to 41 years in 2013.

Breakdown by age (% of physical headcount)	12/31/13
Under 26	4.73%
26-35	27.41%
36-45	33.74%
46-55	29.20%
56+	4.92%

Breakdown by geographical area (% of physical headcount)	12/31/13
France	90.97%
Europe excluding France	6.48%
Rest of world	2.56%

 $\label{thm:condition} \mbox{Europe is based on a geographical definition and therefore includes Switzerland}.$

Breakdown by gender (% of physical headcount)	12/31/13
Women	19.57%
Men	80.43%

Policies aiming to increase the proportion of women employees are described in section 6 on equality.

Breakdown by gender	12/31/13	
and geographical area	Men	Women
France	36,314	9,176
Europe excluding France	2,930	309
Rest of world	977	301

1.2 Compensation and trends

Compensation	12/31/13
Group's total gross payroll (in € 000s)	1,978,059
Parent company's average net monthly compensation	
per employee	2.84%

RATP group companies aim to pay their employees a fair, attractive wage in a difficult world environment, while taking account of the legal and social framework and the wide variety of contracts entered into with the public transport authorities.

The RATP group's total gross payroll amounted to €1.978 million in 2013, an increase of 3.4% compared with 2012.

Average net monthly compensation is used to measure the average increase in salary arising from general, individual and category pay measures for employees present during the review period. It is used to assess the real change in purchasing power and provides a benchmark for comparison with other companies. It rose by 2.84% for the parent company in 2013. In September 2013, the parent company signed an agreement for a purchasing power preservation allowance to cater for situations where the salary of some employees has not risen as fast as inflation over a four-year reference period. This mechanism concerns about 250 people.

1.3 Joiners and leavers

Joiners and leavers (in whole numbers = absolute value)	12/31/13
Joiners	3,394
Leavers	2,741
• retirement	1,051
resignation	543
• dismissal	611
• other*	536

^{*}Other includes death, contractually agreed termination and end of fixed-term contract.

The number of joiners and leavers is basically dictated by new transport services, development of our subsidiaries and employees retiring. In the next five years, 20% of the parent company's workforce will be replaced.

As regards joiners, we have to satisfy two key requirements.

The first involves replacing skills, which not only means identifying tomorrow's jobs (in infrastructure, engineering, etc.) but also making sure that we have the critical and strategic skills to maintain our expertise (railway skills in particular).

The second issue involves providing job opportunities for young people according to the social and urban environment. Hiring and training young people on work-study contracts is a therefore strong marker. In 2013, more than 600 young people without employment or qualifications benefited from this policy through various government-subsidised employment support contracts and vocational training contracts. The parent company pledged to offer 400 jobs under the French government's new "emplois d'avenir" employment support programme, half in 2013 and half in 2014 in the Île-de-France. Almost 800 young people aged under 26 were also hired directly on open-ended contracts after passing selection tests.

Against this backdrop, the parent company signed a cross-generation contract with all the representative trade unions on 11 December 2013, pursuant to the law of 1 March 2013. The contract contains quantitative undertakings in terms of hiring young people and keeping seniors in employment. It also defines the arrangements for supporting new employees, providing mentoring and taking better account of working conditions for employees nearing the end of their career.

2 • ORGANISATION OF WORKING TIME

2.1 Organisation of working time

Part-time employees (physical headcount)	12/31/13
Proportion in the Group	3.30%

Almost 97% of Group employees work full time. The parent company offers part-time opportunities for employees seeking a better work-life balance. Due to the specific working practices and organisation in certain RATP Dev subsidiaries, some employees are contractually employed on a part-time basis, for example school bus drivers.

2.2 Absenteeism

Absenteeism (number of days absence per employee)	12/31/13
All reasons combined*	12.57
*Except for maternity leave.	12.57

Sick leave, including long-term, represents more than three quarters of absenteeism. These figures are below the national and sector averages for sickness, although higher absenteeism levels in some areas of our business have prompted us to implement a vigilant prevention and support policy. Information on accidents at work is provided in the section on health and safety.

The *Vision 2020* strategic plan puts preventing and mitigating accidents at work among our key workforce performance targets.

3 • EMPLOYEE RELATIONS

3.1 Management-employee dialogue: consultation and collective bargaining

Management-employee dialogue is an important component of our identity. The strategic plan renews our commitment to maintaining high quality human and employee relations thanks to strong engagement on the part of all concerned.

The parent company draws up an annual schedule for collective bargaining and matters for consultation.

Since 2007, industrial conflict has declined at the parent company and is now below the sector average, public and private sector combined. The social alarm system has played a key role in preventing industrial conflict as only 8% of alarms were actually followed by a strike warning in 2013.

The industrial conflict rate remains low: 0.54 days of strike action per RATP employee in 2013.

RATP Dev subsidiaries have adopted similar practices and procedures, depending on their size, and place a strong focus on preventing conflict. It is also a core issue for international subsidiaries. In Great Britain, particularly in London and Manchester, the subsidiaries have a highly structured dialogue with the trade unions. This contributes to their very low rate of industrial conflict. In Italy, management and employees work together through joint commissions that monitor tramway driving speeds and driver shifts.

Management-employee dialogue is gradually being structured at Group level. The first step was completed in April 2012 with the creation of an RATP France Group Committee, covering a scope of 59 subsidiaries including 41 RATP Dev operating subsidiaries. It met twice in 2013.

The second step will be at European level as we have now achieved a European dimension with the acquisition of subsidiaries in Italy and Great Britain. An agreement to set up an RATP group European Works Council is expected to be negotiated and signed during the first half of 2014.

3.2 Collective agreements

Collective agreements signed during the year	2013
Number of agreements signed during the year	59

For the parent company, a large number of agreements cover job change, for example due to technological development, improved service offering, etc. They include the agreement on metro and RER driving and the "new in-station service" agreement. Others deal with change in the working environment, such as the agreement on "compensation and arrangements for night service"

Apart from the cross-generation agreement, which was signed unanimously, various transversal agreements were signed in areas such as improving staff compensation (incentive scheme, purchasing power preservation allowance), skills development (continuous vocational training) and facilitating a better work-life balance (e.g. agreement on housing and loans).

Management-employee dialogue is decentralised within the Group. The French subsidiaries have their own dialogue cycles, including annual compulsory negotiations on pay, incentive schemes, workplace equality, etc.

4 • HEALTH AND SAFETY

4.1 Health and safety at work

In our strategic plan, we confirm our aim of being an exemplar in working conditions and occupational health.

In 2013, the parent company set out these priorities in a formal master plan on risk prevention and health protection, based on three pillars: accidents at work, arduous working conditions and inaptitude. It will be finalised in 2014. In terms of prevention, management is supported by an independent occupational health department employing 33 occupational health officers.

In addition, the parent company provides a totally free healthcare service for all its employees, available through several medical centres.

The subsidiaries of RATP Dev also take measures to improve working conditions in three areas: preventing accidents at work, particularly in the maintenance workshops, improving staff premises and workstation ergonomics, and optimising the work-life balance (flexible working time).

The South African subsidiary in Johannesburg has launched a remarkable initiative. A year ago, it opened an integrated clinic. Healthcare is very expensive in South Africa and, in addition to compulsory health checks, the clinic offers employees free basic care, drugs and a special HIV care programme (10% of employees are on the programme).

4.2 Health and safety agreements

At the end of 2011, the parent company signed a five-year agreement on the prevention of psychosocial risks. Since then, an advice and support platform has been set up, which can be contacted by managers, trade union representatives, occupational health officers and employees themselves (under a "call for attention" procedure).

The Observatoire des Conditions d'Exercise des Métiers (OCEM), for which the agreement was renewed in December 2013, will work on preventing accidents at work, inaptitude and arduous working conditions.

In Algiers, the North African subsidiary consulted the joint commission sixteen times in 2013, which led to an agreement on several claims related to working conditions. It also signed an agreement on providing a top-up health insurance plan.

4.3 Work-related accidents (frequency, severity, occupational illness)

Work-related accidents	12/31/13
Number of lost-time work accidents	2,649
Number of days leave	134,850
Number of hours worked	68,818,164
Frequency	38.49
Severity	1.96

For the parent company, the two main categories are:

- · Accidents classified under "traffic, handling and storage";
- Assault (with over-representation of safety operators and ticket collectors).

The parent company's policy for work-related accidents is beginning to produce results, with a relatively stable frequency and a slight decline in accidents caused by traffic and falls. However, the increase in severity reveals the need to continue and extend the approach.

Work is being done in association with the parties responsible for working conditions, and particularly the occupational health department, social service, advice and support platform and ergonomics specialists. To optimise this approach, in 2012 the parent company set up a Risk Prevention and Health Protection unit in each of its entities, in association with human resources.

In 2013, the parent company also forged a partnership with the French national health monitoring institute (*Institut national de veille sanitaire*) with the aim of setting up an epidemiological monitoring system to better identify potential factors of risk to employee health.

Internationally, the British subsidiaries of RATP Dev took new measures to improve prevention in 2013 in the areas of fire safety, wearing of safety equipment and communications. Epsom Coaches has introduced safety briefings for new employees. London has gone further by having its occupational risk prevention system BS OHSAS 18001 assessed (British Standard Occupational Health and Safety Assessment Series), a recognised world benchmark in the field.

RATP El Djazaïr has set up a health and safety joint commission, whose role is to analyse business-related risks and implement appropriate protection measures by working with the occupational health department, developing training and implementing prevention plans with service providers.

5 • TRAINING

5.1 Policies

Training is an important long-term driver of our performance both on a workforce, human and economic level. In the parent company:

- · Three in every four employees receive training each year;
- The training budget represents about 7% of total gross payroll every year, including 2% for induction training, which is well above the legal minimum of 1.6%.

Two agreements set out the parent company's commitments in terms of training: the continuous vocational training agreement of 10 January 2013 and the three-year vocational training guidelines.

2013 marked a milestone with the inauguration of the RATP group University, which offers cross-disciplinary training, particularly in management. The Campus de Noisiel training centre is open to all employees regardless of grade, background or job. In 2013, its scope of activity was radically restructured and it can now accept a much broader public.

In the RATP Dev subsidiaries, there are two main focuses: improving local management's managerial skills and continuous training for employees in contact with passengers (drivers, customer service operators, etc.). A broad variety of subjects are dealt with including service relations, stress and conflict management, safety, accessibility, first aid and fire safety.

Internationally, all contracts have a major training component. In the past two years, RATP El Djazaïr in Algeria has devised a training programme in legal health and safety requirements prior to training new managers in team and time management.

5.2 Total number of training hours

Training	2013
Number of training hours	2,076,386

6 • EOUALITY

6.1 Gender equality

The parent company signed a third agreement on workplace gender equality in August 2012. It focuses on three areas: pay, with a system for measuring and reducing pay inequality by 10%; recruitment, with a drive to increase the proportion of women in departments currently below the 10% threshold; and increasing the number of women managers.

RATP Dev's French subsidiaries also have agreements on gender equality. For example, the CéoBus subsidiary in the Val d'Oise has an active policy for hiring women, including an information and poster campaign for bus driving jobs and awareness raising for new joiners. The international subsidiaries include this issue in their anti-discrimination policies.

Gender equality	12/31/13
Proportion of women in the total physical headcount	19.57%
Proportion of women among senior executives	33,23%

In 2012, women represented 19.8% of the parent company's total workforce. In 2013, the figure increased slightly to 20% for the parent company and 19.57% for the Group. The transport sector average was 17.8% in 2012 (UTP figures). Furthermore, the proportion of women senior executives, i.e. who are members of the departmental management committees of the parent company or subsidiaries, shows that women are increasingly well represented on the Group's governing bodies.

In 2013, action continued to combat stereotyping (particularly in how jobs are perceived), foster professional and wage equality, and promote a good work-life balance.

In 2013, 40% of new managers hired were women. However, the hiring rate for women operatives remains low at about 20%.

6.2 Disability employment and inclusion

(France scope)	
Number of people with disabilities hired	41
Total number of people with disabilities	1,439

12/31/13

These figures only apply to France (Epic and French subsidiaries in the scope).

Disability employment and inclusion

The latest agreement on disability employment, signed in 2011, was the sixth of its kind for the parent company. It aims to hire at least 120 people with disabilities by 2015, across a broad variety of jobs ranging from operatives to managers.

It combines inclusion and re-inclusion measures (particularly as regards training) with provisions for adapting workstations, and aims to take better account of all dimensions of social life, particularly as regards housing. 2013 also saw a major internal communications and awareness campaign, with the aim of changing people's mindsets about disability in the workplace.

6.3 Anti-discrimination policy

We report annually on our anti-discrimination policy as part of our commitment to the Global Compact.

Our code of conduct states that diversity, equal opportunity, openness and solidarity are fundamental underlying principles.

In the Île-de-France, the parent company has a proactive policy to promote employment in sensitive urban areas. Other actions to promote diversity include opening up to all nationalities, which since 2002 has resulted in the recruitment of people from outside the European Union. Since 2010, the rate of growth in this area is about 20%. In 2004, the parent company endorsed the Diversity Charter. In 2007, it introduced an anonymous CV procedure.

In 2013, the parent company published a practical guide for managers entitled "Secularism and neutrality in the workplace", which was circulated broadly to employees. An adapted version for the French subsidiaries is currently being drawn up and will be available in 2014.

All subsidiaries abide by the same principles for combating discrimination and promoting equality, in accordance with their national legislation. For the British subsidiaries, the main aim is to guarantee respect for diversity in the workplace. In 2013, the London subsidiary provided diversity training for new drivers. In France, the focus is on increasing the proportion of women employees, particularly in driving jobs, and preventing discrimination in the hiring process.

The South African subsidiary in Johannesburg has a committee dedicated to this issue with representatives from all reference groups, as required by the 1998 Employment Equity Act 55. It has its own five-year recruitment plan and each year publishes a report on progress in terms of hiring populations that are under-represented in the company.

7 • PROMOTING AND
OBSERVING THE
INTERNATIONAL LABOUR
ORGANISATION (ILO)
CONVENTIONS

In 2011, we published a code of conduct based on the six values common to the Group: people, dedication to the general interest, respect, professional approach to customer service, a taste for challenges and openness.

The code is intended for all Group managers and supervisors and is in keeping with the commitments already made by the parent company. In 2003, it signed the United Nations Global Compact and endorsed the ten universal principles of human rights.

The code of conduct sets out the commitments and requirement of employees to set the highest standards in their work (respect for people, competition, confidentiality and data security, supplier relations, etc.).

Eliminating discrimination in employment and in the workplace is a separate policy (see above).

The code of conduct is available on the Group Intranet in French and English. An e-learning module provides implementation guidance (details are provided in the section on social information).

In addition, we have a targeted programme for auditing our suppliers' compliance with ILO conventions (see section on social reporting).

All the British and American subsidiaries have incorporated the ILO conventions for many years now. London United makes sure that all its suppliers comply with the Ethical Trading Initiative Code, an international code of labour practice based on the ILO conventions. It also provides the public transport authority with statistics on respect for diversity.

In Italy, companies tendering for contracts are required to produce a specific document certifying that they comply with all legal requirements in terms of employment as well as the ILO conventions.

ENVIRONMENTAL INFORMATION

1 • GENERAL ENVIRONMENTAL POLICY

Our ambition is to achieve exemplary environmental practices and to be a leading player in developing sustainable travel solutions.

Eco-design projects, responsible purchasing and environmental management of industrial sites form a core pillar of our exemplary practices policy. Since 2009, the parent company has built its environmental policy around four key commitments: developing sustainable travel solutions, saving energy and combating climate change, acting to protect the health of passengers and local residents, and achieving exemplary professional practices. In energy, there are four action plans, covering bus traction, rail traction, stations and property, aiming to reduce energy consumption and greenhouse gases emissions by 15% per passenger kilometre between 2004 and 2020. In health, the parent company has pledged to take action to improve the air quality across its entire transport network, to combat noise and vibration, and to keep a close eye on emerging or as yet poorly understood risks, such as electromagnetic fields.

1.1 Environmental practices

In 2009, the Group set out its environmental priorities in a risk/opportunity analysis based on the principle that the risks to the environment caused by a company's business activities are a risk to the company itself.

A Sustainability and Innovation team has overall responsibility for the environmental policy. It keeps track of French and European standards and regulations, provides environmental expertise to general management, the departments and subsidiaries, organises staff training, runs the Group's network of environmental officers and spreads best practices.

The departments, industrial sites and some subsidiaries appoint an environmental officer responsible for exchanging best environmental practices within the Environment network and for defining and adapting local action plans to regulatory change.

A specific system for managing environmentally classified facilities (ICPE) within the meaning of French legislation, has been introduced by the parent company and the relevant subsidiaries of the Group.

Some subsidiaries have taken concrete measures to prevent and mitigate the main environmental risks and pollution caused by their operations. Two of them, in Manchester and South Africa, are ISO 14001 certified.

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Number of industrial sites with ISO 14001 certification	12/31/13
Number	61
Industrial sites with an environmental management system	12/31/13
Number	75

For the parent company, 59 industrial sites are now ISO 14001 certified (65% of the total) and 72 have an environmental management system (80% of the total).

In 2013, the bus maintenance department obtained multi-site ISO 14001 certification. The rolling stock maintenance department, whose sites are ISO 9001 and ISO 14001 certified, are gradually deploying an integrated QSE (Quality, Safety, Environment) management system at its sites.

1.2 Employee training and awareness in environmental protection

Number of hours training in environmental and quality training (parent company)

12/31/13

Number of hours

10,238

In 2013, 10,238 hours were devoted to employee training and awareness in the parent company and involved 1,247 employees.

For several years now, the parent company has been taking forceful action through:

- Specialised training;
- · Ongoing internal communications;
- · "Conference breakfasts" open to all employees;
- · Publishing practical guides;
- The RATP awards for eco-design projects (since 2012) and the responsible purchasing awards (since 2013).

1.3 Resources devoted to preventing environmental risk and pollution

Managing and handling environmental risks

The Risk Management Unit supports the departments and subsidiaries in their risk mapping. Officers have been appointed to oversee environmental risks that require strong technical skills, e.g. electromagnetic fields, air quality and acoustics. Environmental risk mitigation plans and ad hoc committees have also been put in place.

Electromagnetic fields

An electromagnetic fields committee is responsible for monitoring health, regulatory and technical issues related to electromagnetic waves in our space. Given the widespread roll-out of 3G/4G in the Paris network, rules have been defined with the operators to reduce passenger exposure to a minimum in each station and tunnel.

Underground air

The quality of underground air is a key priority for us. It is the subject of special attention and an ongoing action programme:

- An air quality monitoring network continuously measures gas and particle
 data in three metro and RER stations. The weekly metrics and annual
 report have been posted on our website since 2008. Periodical measurement campaigns are carried out to back up this ongoing supervision;
- The parent company takes part in a survey run by the French agency for food, environmental and occupational health & safety (ANSES) on under-

ground air quality and has conducted research into passenger exposure to air pollution on board buses, as well as an assessment of diesel emissions during underground maintenance or renovation operations.

Acoustics

This issue is dealt with in section 2.3 on noise pollution.

Flooding risk

Flooding is a recognised major risk for the Île-de-France underground network. An action plan to prevent the risks related a 100-year flood of the Seine has been drawn up under the aegis of the public authorities.

Resources devoted to preventing environmental risk and pollution:

- Team of experts in regulations on environmentally classified facilities (ICPF):
- RATP laboratory accredited by the Comité Français d'Accréditation (COFRAC);
- Toxicology unit in the occupational health department;
- Network of internal ISO 14001 and ISO 9001 auditors;
- Safety adviser on the transportation of hazardous goods;
- Responsible purchasing expert.

1.4 Amount of provisions and guarantees for environmental risk, provided that this disclosure is not likely to seriously harm the company's position in an ongoing lawsuit

Provisions are assessed and set aside for all financial guarantees.

2 • POLLUTION AND WASTE MANAGEMENT

2.1 Measures to prevent, mitigate or remedy environmentally harmful air, water and ground emissions

Underground air quality

Underground air quality can be improved by upgrading the rolling stock and improving in-station air circulation through ventilation units or more powerful air extraction units.

In 2013, major efforts were made to upgrade the rolling stock, replacing trains with mechanical braking systems by trains with high-performance electrodynamic braking devices. On the RER A line, trains with the highest emissions are gradually being replaced.

Urban air quality

At 31 December 2013, the parent company operated 4,521 buses, more than half of which are already Euro 5 standard compliant or better (Euro 5-EEV) in terms of polluting emissions. In 2013, the parent company ordered 239 EEV compliant, 179 Euro 6 compliant and 45 hybrid buses. At end-2013, 916 of RATP's buses were EEV compliant.

Many subsidiaries have replaced their vehicles, either with hybrid buses (London United in Great Britain) or with Euro 4, 5 and 6 compliant fleets (e.g. subsidiaries in Bourges, Haute-Savoie, Vienne and Annemasse in France, subsidiaries in Surrey in Great Britain). Half of the Bourges subsidiary's vehicle fleet is natural gas powered and the other half is Euro 5 compliant.

Water quality

Sites equipped with a water recycling system	12/31/13
Number	42

Since 2012, the parent company's new storage and maintenance sidings have all been equipped with a recycling system that considerably reduces their water consumption. To ensure that waste discharged into the sewerage system is compliant, the parent company has equipped most of its industrial sites with a used industrial water treatment plant. Tramway washing machines have been equipped with a water recycling system since 2012 (T2, T3b, T5 and T7 line maintenance sites since 2013). These systems are now standard in new projects. All industrial sites now analyse and self-monitor their industrial waste water.

Many subsidiaries have invested in measures to prevent ground and water pollution. Some subsidiaries also have a water reprocessing plant that recycles and re-uses water (La Roche-sur-Yon, Manchester, London).

STI Centre uses biodegradable vegetable-based products for cleaning its coach interiors.

In Algeria, RATP El Djazaïr has installed a high-pressure liquid aspiration system to avoid calcite waste.

2.2 Measures for preventing, recycling and eliminating waste

Office and industrial premises involved 12/31/13 in selective waste sorting

Waste recovery by type: metal, paper, glass organic (excluding worksites)

Number 115

Small entities not considered representative in terms of tertiary activity are not included.

Non-hazardous waste (total quantity)
All non-toxic residue from all activities (excluding worksites)

Tonnes

12/31/13

12/31/13

In 2013, the parent company treated 16,507 tonnes of non-hazardous waste through its various contracts.

Hazardous waste (total quantity)

12/31/13

Waste from industrial activities representing a health or environmental risk and requiring special treatment and stronger administrative control (excluding worksites)

the maximum limit specified by

12/31/13

4,849 **Tonnes**

The parent company has set new targets for recycling and reducing waste for the period 2013-2020:

- 5% reduction in waste production;
- 10% increase in recycling.

Selective waste sorting has been in place at the industrial and office sites

A large number of French and international subsidiaries have implemented waste sorting and industrial waste processing systems (sludge, used oil, hydrocarbons, filters, etc.). In France, the STI Centre subsidiary has signed a tyre maintenance contract that includes recycling of used tyres.

2.3 Noise and other forms of businessspecific pollution

We have an active policy of preventing conflicts with local residents by dealing with the noise and vibration issues caused by our construction projects around our infrastructure.

"Local resident" complaints: identifying and monitoring complaints

The parent company responds to all complaints made by local residents in the Île-de-France. The number of complaints has increased in the last twenty years, reflecting greater sensitivity to noise issues. Another contributory factor is the gradual densification of our transport network. All complaints made by local residents are followed up by an analysis of the infrastructure and sometimes even by measures to reduce the noise and/ or vibration at the person's home.

Stakeholder complaints about noise and vibrations

12/31/13

Number 416

49% of complaints are about railway noise and vibration, while the remainder involve noise from technical installations with an outlet onto the public highways (fans, escalators, etc.), as well as noise from workshops and bus maintenance depots.

Noise

Various measures are taken by the parent company to mitigate the impact of its activities on the quality of life of residents in the Île-de-France:

- · Mapping of critical zones in its 143 km of overground railways;
- Upgrading the rail rolling stock and tightening up technical requirements for noise inside the carriages and outside noise from overground trains, by adopting the European Technical Specifications for Interoperability (TSI);
- · Starting work in 2013 on noise "black spots", mainly involving treating walls or building acoustic noise barriers;
- · Adopting preventive measures:

- Increasing the number of machined track kilometres: 116 km of tracks are now machined each year (all networks combined);
- Optimising sound systems in overground stations.

Persons exposed to noise levels above European Directive 2002/49/EC

7,128

This indicator concerns the Europe scope. It is calculated regardless of index used and threshold by

3 • SUSTAINABLE USE OF RESOURCES

Eco-design projects

The parent company aims to implement an eco-design approach for all its infrastructure, public area and rolling stock projects.

3.1 Water consumption and water supply according to local constraints

Total water consumption supplied through a public network

12/31/13

(regardless of use)

920,531

Known water consumption at 31 January 2013 for the year 2013 based on invoices received is 920,531 m³

3.2 Consumption of commodities and measures taken to use them more efficiently

Paper policy

After a 26% fall in consumption from 2009 to 2012, the parent company has set a new target of 15% reduction in paper consumption by 2020.

3.3 Energy consumption, measures taken to improve energy efficiency and use of renewable energy

Total energy consumption	12/31/13	
Ktoe (thousand tonnes of oil equivalent)	256.55	

Breakdown of energy consumption by 12/31/13 use (%)

Rail traction	36.7%
Bus traction	39.5%
Buildings	23.8%

Our Vision 2020 strategic plan sets out our energy and climate policy commitments. The aim is to reduce the parent company's greenhouse gas emissions and energy consumption by 15% per passenger kilometre over the period 2004-2020.

The subsidiaries' practices mainly involve a series of adjustments and devices to reduce fossil fuel consumption (diesel, petrol, gas, fuel oil).

Overall energy efficiency of our transport facilities

Tramway development

We promote the development of low CO₂ emission transport systems and particularly the tramway, which is the most energy efficient mode of transport.

Modernising the bus fleet

In 2013, RATP ordered 45 hybrid buses, 15 of which have been delivered and are in service. The energy efficiency gain measured in the operating environment ranges from 20% to 25%.

In Great Britain, the London subsidiary increased its hybrid bus fleet from 27 to 82 buses in 2013. The Surrey subsidiaries have installed on-board regulation and control systems with the aim of reducing fuel consumption by at least 4%, coupled with the use of biodiesel.

RATP is partner to the Ellisup concept bus project, which is developing a rechargeable electric bus.

Modernising the rolling stock

In 2013, major efforts were made to upgrade our trains:

- Gradually replacing the RER A line rolling stock with new trains, generating 20% to 55% energy savings depending on the train replaced;
- Commissioning new rolling stock for metro lines 2, 5 and 9, generating 30% energy savings compared with the old trains.

In Manchester, the subsidiary has built up a fleet of trams that are more energy efficient.

The Florence subsidiary is working on a project to optimise the energy consumption of its trams.

Maintenance and eco-driving

Two measures have been taken to improve the energy efficiency of transport in the Île-de-France:

- Training drivers in energy efficient driving. An internal competition, the eco-challenge, has been held since 2008. It is open to machinists and maintenance operatives and rewards the most efficient teams in terms of fuel savings;
- Optimising fuel economy on automated lines by setting the control software to eco-mode during peak or off-peak hours.

In France, the STI Centre subsidiary now uses a lubricant for its bus engines that improves energy performance and reduces polluting emissions.

The Algerian subsidiary makes drivers aware of energy efficient driving practices, as do many French subsidiaries (Bourges, Val-de-Marne, Val d'Oise, Charleville-Mézières and Haute-Savoie, and the Mobicité ondemand transport subsidiary).

Stations

The parent company has drawn up a programme to install LED lighting in all its stations from 2013 to 2015, i.e. almost 250,000 lighting units. Lighting energy savings should reach 50%.

In 2013, the parent company became partner to Efficacity, the new research institute, where it runs the "Stations as energy hubs" programme.

Property portfolio

The parent company manages 270,000 m² of office buildings in the Île-de-France and about 70 other buildings. Since 2010, some forty energy audits have been performed on the office buildings and industrial sites.

Energy consumption in the office buildings has been reduced by 11% over three years (with a reduction of 45% for head office).

In 2013, solar roof panels were installed on the new storage and maintenance sidings for the T3 and T5 tram lines.

In Great Britain, the buildings of the Manchester, Surrey and Bournemouth subsidiaries have been equipped with LED lighting, occupancy sensors, automatic light switches, monitoring systems and heating programming systems. The Florence subsidiary has installed a heating system with optimised operating hours in all buildings and automatic light switches in all offices.

Developing environmentally friendly travel solutions

The Group focuses on three main areas of development: diversifying its transport facilities with additional travel services to meet passenger demand for "door to door" service continuity; making it easier to use public transport by improving inter-modal connections; incorporating eco-travel considerations in its infrastructure development programmes.

3.4 Ground use

In association with the City of Paris, the parent company has embarked on a programme to substantially densify its use of land and its property stock. Conversion of the old bus depot at Lagny-Pyrénées in Paris began in 2012 to make way for the construction of a property complex including an underground repair and storage centre for RATP buses and ten office buildings. The freed up space will be used to set up a childcare facility and a college. Completion of the works is scheduled for 2017.

4 • CLIMATE CHANGE

4.1 Greenhouse gas emissions

Greenhouse gas emissions from buildings	12/31/13
Tonnes de CO ₂ équivalent	91,631
Group indicator, excluding the OrlyVal Service and Metrolink subsidiaries.	
Greenhouse are emissions from	
Greenhouse gas emissions from transport services (rail and bus)	12/31/13

Group indicator, excluding the OrlyVal Service and Metrolink subsidiaries.

Management Report

WORKFORCE, ENVIRONMENTAL AND SOCIAL INFORMATION

Climate policy

The parent company's energy and climate policy aims to continue improving energy efficiency and reduce its carbon footprint.

Carbon audit

The parent company conducts an audit of its greenhouse gas emissions every three years. The indicators reveal a 6% decrease in greenhouse gas emissions related to energy consumption over the period 2004-2012, on a comparable scope.

European "Ticket to Kyoto" research project

"Ticket to Kyoto" is a European innovation partnership launched in 2011 for a period of four years. Its aim is to debate and experiment with solutions to limit the $\rm CO_2$ emissions from public transport facilities. The project brings together five partners, including four operators – STIB in Brussels, RET in Rotterdam, moBiel in Bielefeld and TfGM in Manchester – and RATP.

Display of carbon footprint by mode and by passenger

In 2013, the parent company began to display its carbon footprint by mode and by passenger in all stations in the \hat{l} le-de-France, in its trams and buses and on its website. Passengers can see exactly how much CO_2 their journey generates. In 2013, the CO_2 count per passenger kilometre was 103.3 grams for buses, 4 for the metro, 4.2 for the RER and 3.1 for the tramway, the most efficient form of travel.

In France, the Champagne subsidiaries in the Marne have signed a three-year CO_2 commitment with the Ademe, the French agency for the environment and energy.

4.2 Adapting to the impacts of climate change

A study was carried out in 2010 on the need to adapt the parent company's infrastructures to the impacts of climate change. The study revealed that its infrastructures are not particularly sensitive to climate change, with the exception of flooding risk. The risk of a 100-year flood of the Seine is dealt with in the section on measures to prevent environmental risk.

The parent company has adapted its rolling stock in anticipation of greater variations in climate (e.g. tinted windows for buses, air conditioning for rolling stock).

Adapting to severe weather conditions

Measures taken by the subsidiaries to withstand severe weather conditions constitute a first step in planning for the impacts of climate change. In France, particularly in Haute-Savoie, as well as in Geneva and Surrey in Great Britain, arrangements are in place for the availability of special snow equipment (gritters, snow blowers).

Some subsidiaries have drawn up special winter transport plans, climate prevention plans or bad weather plans. This is the case in France for the Centre and Boulogne-sur-Mer subsidiaries.

Manchester has drawn up a set of procedures under a climate plan, which includes heavy snow, heatwaves and flooding that can affect rolling stock and infrastructures.

In Italy, the Florence subsidiary has drawn up a snow plan to guarantee maximum continuity of service on the tramway. In Morocco, Casa Tram has drawn up a flooding risk prevention plan.

5 • PROTECTING BIODIVERSITY

Measures taken to preserve or develop biodiversity

Efforts to protect biodiversity mainly involving planting vegetation around the networks and infrastructures and respecting local biodiversity. In the Île-de-France, the parent company focuses on green tram tracks. In Great Britain, the Manchester and Bournemouth subsidiaries have been planting greenery around the operating and storage centres. Manchester has also undertake a greening campaign at the new Trafford depot and has created a vegetable garden for staff use.

In Florence, most of RATP Dev's tram tracks are covered with sedum. In South Africa, the plant species around the sites are all native to the area.

SOCIAL INFORMATION

1 • REGIONAL, ECONOMIC AND SOCIAL IMPACT OF THE BUSINESS

Improving the efficiency of public transport systems in terms of coverage and frequency contributes effectively to the economic and social development of a region, by making it more attractive to business, retail and tourism. Every euro invested in public transport generates four euros in the rest of the economy (source: International Association of Public Transport (UITP) figures).

1.1 Impact on employment and regional development

According to the UITP, public transport operators are often among the top five employers in a local region. This is certainly true of RATP in the Île-de-France. Building new transport infrastructure has created new jobs. Direct job creation in this context is dealt with in the section on workforce information.

Infrastructure construction also creates indirect jobs, particularly in the supply chain. In concrete terms, the €2,310 million of invoiced purchases made by the parent company in 2013 created 28,000 FTE (full-time equivalent) jobs at RATP's suppliers in France. This figure includes 9700 FTEs for all contract winners and 18,300 FTEs for their sub-contractors. The ratio is therefore twelve FTEs per million euros of purchases.

1.2 Impact on neighbouring and local populations

In 2013, the RATP Group Foundation continued to support tramway growth in the Île-de-France by subsidising actions to provide job opportunities for young people.

In 2012 and 2013, it also signed three-year agreements with the Adie (Association pour le droit à l'initiative économique): 44 micro-enterprises have been created around the T1 tramway service and eight in the Charleville-Mézières urban area. In addition, the RATP Dev subsidiaries plan to provide communications support for the Adie's local actions in Boulognesur-Mer, Charleville-Mézières, Bourges, Reims, Evreux, Rennes and La Roche-sur-Yon.

We have forged a partnership with Fondation Agir Contre l'Exclusion (FACE), which has led to RATP Dev subsidiaries taking part in enterprise clubs in France (Trappes/Saint-Quentin-en-Yvelines, La Roche-sur-Yon, Châteauroux, Reims/Châlons-en-Champagne) and abroad (Casablanca in Morocco).

Lastly, the parent company signed an agreement with the Club Régional d'Entreprises Partenaires de l'Insertion d'Île-de-France (CREPI) in Novem-

ber 2013 on providing job opportunities for the unemployed in the Île-de-France.

2 • RELATIONS WITH STAKEHOLDERS IN THE COMPANY'S ACTIVITY

2.1 Dialogue with stakeholders

2.1.1 INSTITUTIONAL RELATIONS

Relations with institutions, and particularly the transport authorities, are an inherent part of a transport company's business. High quality relations are crucial to the future construction and development of the transport networks. We therefore pay close attention to this issue in our countries and regions of operation.

The parent company has signed a four-year contract with Stif containing a number of targets in terms of service level and offering, with a bonus/penalty system. A Stif contract officer reporting to general management is responsible for monitoring the terms of the contract. For RATP Dev, contracts are all subject to a tender invitation procedure. The nature of the institutional relationship depends largely on the terms of the contract, which vary from one country to another, particularly as regards who is responsible for industrial and commercial risks.

The parent company has an entity which devotes a large part of its business to relations with regional institutions, such as local and municipal authorities and their various forms of association.

It has created regional development agencies for that purpose in each *département* of the Paris area. They dialogue and cooperate with the institutions with the aim of improving the day-to-day service provided to the local population and discussing the investment required to develop the transport service in the mutual interests of the local regions and the parent company.

In January 2013, RATP Dev created a club open to mayors and the presidents of the urban networks, to take better account of their expectations and those of the populations they serve. Each year, the Group takes part in the Association des Maires de France congress and four times a year sends out an institutional newsletter to some 1,500 contacts (elected representatives, services, employees).

2.1.2 PASSENGER ASSOCIATIONS

Keeping passengers informed is an ongoing priority for us. In the Île-de-France, a consultation master agreement signed in 2005 governs the method of dialogue with the 19 national transport user organisations. Consultation is run by a dedicated manager, who also acts as ombudsman. In 2013, discussions covered the Greater Paris project, the RER B unified department with SNCF, cleanliness and LED lighting in stations. A quarterly newsletter and annual report are also sent out to the associations. Two association representatives have a seat on RATP's Board of Directors.

For the Bourges and Florence subsidiaries, relations with these associations are handled through or with support from the public transport authority. In Great Britain, this issue is dealt with through general dialogue between the companies and their stakeholders.

The Group also has "direct" contact with the passenger community through the social media (Twitter, RATP Scope and Facebook), and in particular as regards recruitment, through a dedicated Twitter account, Linkedin and Viadeo. RATP takes part in the Open Data approach initiated by the French government, enabling the developer community to create new applications for passengers.

2.1.3 ENVIRONMENTAL PROTECTION ASSOCIATIONS

The parent company continues its partnership with two associations in the Île-de-France: Airparif, an association accredited by the French Ministry of Ecology, Sustainable Development and Energy, in charge of monitoring air quality in the Île-de-France, and Bruitparif, an equivalent association for noise. It has a seat on the governing board of Airparif and takes part in Bruitparif general meetings. It provides noise data in accordance with the regional noise mapping charter for the Île-de-France.

Apart from its relations with associations, the parent company also works with the Ademe (French agency for the environment and energy) on energy control and making the general public aware of environmental issues.

For RATP Dev's French subsidiaries, relations are generally at the request of the public transport authority. Exchange and discussion take place frequently in Great Britain and the United States.

2.1.4 ASSOCIATIONS REPRESENTING PEOPLE WITH DISABILITIES OR REDUCED MOBILITY

In accordance with the 2005 French law on "equal rights and opportunities, participation and citizenship of people with disabilities", we continue to make our French network increasingly disability friendly, save for the historical Paris metro, which is recognised as an exception by the legislator. We have a proactive policy to facilitate equal access to transport, developed jointly by the parent company and the associations:

- Since 2009, practices and procedures have been set out in a consultation protocol between the parent company and nine associations representing people with disabilities or reduced mobility. Apart from monthly meetings, a consultative accessibility committee meets twice a year and is attended by the Chairman and Chief Executive of the RATP group;
- An educational approach has been established in conjunction with specialist associations and a research centre to help give people with mental or cognitive disabilities more autonomy;
- Specific training, devised in partnership with the associations, is given to bus drivers, all of whom will have been trained in these issues by 2015.

In 2000, the parent company set up a dedicated Accessibility unit and a mobility ambassador was appointed in 2013.

Outside the Île-de-France, the subsidiaries work with specialised associations; for example, Charleville-Mézières takes account of recommendations made by the French Paralysis Association. Some subsidiaries, such as Annemasse and Moulins, provide on-demand transport services for people with reduced mobility.

In the international subsidiaries, there is also a strong focus on improving the mobility of people with disabilities. The London subsidiary works with the Royal National Institute for the Blind and has successfully improved driver service and training. Bournemouth helps people with disabilities to travel independently by reserving seats on its buses. A Surrey subsidiary has conducted a survey with the Sutton Seniors Forum to improve accessibility of buses and coaches for elderly people.

In Algeria, a special visit was arranged to the Constantine tramway for people with disabilities. In Italy, Florence is testing tramway stops in conjunction with associations for people with disabilities and the visually impaired.

Lastly, FlexCité, an RATP Dev subsidiary, was created in 2003 with input from the *Groupement pour l'insertion des Personnes Handicapées*. In six départements in the Île-de-France and Rhône-Alpes region, 50% of ondemand transport services are dedicated to people with reduced mobility.

2.1.5 ASSOCIATIONS PROMOTING INCLUSION

For several years, the parent company has been developing an educational approach to teach socially vulnerable people how to use transport systems (reading maps, understanding the various transport alternatives) and thereby helping them to find jobs. In 2013, some 210 "mobility workshops" were run by employee volunteers for the benefit of some 2,450 people. An agreement authorises the *Fondation Agir Contre l'Exclusion* (FACE) to use our educational expertise and material to train its own publics.

Helping young people to find employment is also a focus for RATP Dev's subsidiaries. The Moulins subsidiary trains and sometimes employs "second chance school" pupils. The British and American subsidiaries support their governments' employment inclusion programmes and plans.

In the Île-de-France, the parent company has an active policy of assisting homeless people found in the underground or railway networks. A dedicated operating entity called "Recueil Social" works 24/7 to assist the most needy and help them find accommodation if they wish. This anti-exclusion policy is supported by public and private partnerships, such as the Direction Régionale Interdépartementale de l'Hébergement et du Logement de Paris, the SamuSocial de Paris, mayors of the Paris arrondissements and the specialised government services.

2.1.6 RELATIONSHIPS WITH EDUCATIONAL INSTITUTIONS

We have a long tradition of partnerships with educational institutions. Various actions are taken:

- Encouraging young people to use transport facilities responsibly, abide by the rules and remain polite. In 2013, in conjunction with the *Rectorat de Paris*, the parent company devised an educational kit on "La civilité, ça change la ville" (Civility improves city life), devised in partnership with the inspection body of the Académie de Paris and Web education experts. The parent company ran its third consecutive "Restons civils sur toute la ligne" (Be civil right along the line) campaign, which provided an opportunity for meetings in the field between staff and passengers. The Vierzon subsidiary has drawn up a code of conduct for parents and children. Annemasse and the Surrey subsidiaries organise visits to bus depots to get their message across;
- Safety training: the Haute-Savoie and Marne subsidiaries have implemented coach evacuation drills in case of incident;
- Providing opportunities for young people in difficulty: in Manchester, a
 partnership with a local school provides opportunities for young people

in difficulty. The RATP group Foundation encourages young people from disadvantaged backgrounds: 60 pupils and students received grants and 28 were mentored in the Île-de-France under partnerships with the major schools. A similar agreement was signed with the *École Nationale Supérieure d'Ingénieurs de Bourges*. The programme has been extended internationally in Johannesburg (South Africa) to benefit young people from one of the townships.

2.2 Partnerships and RATP group Foundation initiatives

2.2.1 PARTNERSHIPS

In the Île-de-France, RATP aims to encourage meetings and improve personal relations with its customers. The communications and brands department forges partnerships with key municipal players and cultural institutions. In 2013, 58 cultural partnerships, 10 sports partnerships and 18 institutional partnerships were forged.

Many partnerships aim to promote sport and its values: the Bourges subsidiary is partner to the ladies' basketball league and the governing body of ladies' team sports and Vierzon sponsors a cycling club. Internationally, the Manchester and Johannesburg subsidiaries sponsor football clubs.

The British subsidiaries are involved in philanthropy initiatives. One of them finances charity initiatives as part of a partnership with the Rotary and selects a special partner each year, which was the Royal Marsden Hospital Cancer Appeal in 2013.

2.2.2 RATP GROUP FOUNDATION INITIATIVES

The RATP group Foundation supports projects in local regions where we operate, in the Île-de-France, France and internationally, as part of a 2011-2015 five-year plan.

It invests in the social field through three areas:

- Community outreach, supporting local associations that work to encourage community outreach and mutual support between the generations in a neighbourhood;
- Equal opportunity, with the aim of developing the talent and skills of people in difficulty to help them succeed;
- Access to culture and education, a programme to promote culture among people who have little or no access to it. The Foundation provides personal guided tours of museums and other cultural institutes for families in the Île-de-France and Charleville-Mézières. Internationally, the foundation helps provide access to school, care and food for young girls from a Mumbai slum and the Alexandra township in Johannesburg.

All in all, in 2013, the Foundation supported some 235 projects, including 85% in the Île-de-France, 11% in France and 4% elsewhere in the world.

3 • SUB-CONTRACTING AND SUPPLIERS

For our first year of reporting, information on sub-contracting and suppliers only covers the parent company. It is not possible to provide specific information for RATP Dev, given its low purchasing volumes (excluding energy) and the broad variety of local contexts in which it operates. RATP Dev's contribution to this indicator is one of the areas for future improvement.

The parent company's responsible purchasing policy is based on incorporating sustainability considerations in purchasing practices, reducing its environmental impact, developing socially responsible purchases, building and maintaining balanced relationships with suppliers and involving suppliers in a CSR approach. The policy is drilled down throughout the purchasing process and in the internal manuals and tools available to buyers (buying guide, practical information sheets, etc.).

ln 2013:

- 113 buyers (more than 70% of the total) received training in responsible purchasing, the aim of which was to learn about the policy, identify the issues, acquire a common base of skills and share best practices;
- To enhance this approach, the first Responsible Purchasing awards were organised to reward best practices and promote the most exemplary standards in three award categories: environment, solidarity purchases and supplier relations.

3.1 Integration of social issues in the purchasing policy

We continue to develop socially responsible purchasing from excluded populations, through various mechanisms.

- 140,000 of inclusion hours were achieved in 2013 and 320 people benefited from the mechanism. Monitoring contractual provisions was an area of work in 2013, in association with internal stakeholders and facilitators. 80% of contractual provisions were monitored on a quantitative and qualitative basis thanks to collaboration with nine facilitators based in the Île-de-France;
- €630,000 of purchases were made from the sheltered sector;
- Buyers keep a close eye on supplier working conditions (see section on fair business practices).

3.2 Importance of sub-contracting and making CSR a consideration in supplier and sub-contractor relations

We had approximately 4,524 direct suppliers in 2013, of which SMEs accounted for 66.2% and 18.3% of total purchase value.

To support SMEs, we have undertaken to make it easier for them to win our contracts through several mechanisms: contract division and allotment, simplifying procedures and the option of forming consortia.

The appointment of an ombudsman and the annual survey conducted by "Pacte PME" among RATP suppliers completes the system. The parent company has offered licences to some thirty RATP patents and sponsors three SMEs in their relations with other major accounts.

4 • FAIR BUSINESS PRACTICES

4.1 Actions taken to prevent bribery and corruption and actions taken to promote human rights

Purchasing and ethics are included in the transversal risks monitored and controlled by the risk management department and come under the internal control arrangements (see Chairman's report).

The code of ethics covers three areas, business ethics, employer's ethics and citizenship ethics. To support the approach, in September 2013, RATP introduced an e-learning course, which is compulsory for the 7.000 managers of the parent company. This training is currently being adapted for RATP Dev.

Specific arrangements apply as part of the purchasing and supplier relations policy. A code of conduct and ethics governs supplier relations (General Instruction 499 b).

Social audits are performed by an independent firm for all our clothing contracts. Contract awards depend upon the audit results and suppliers may be required to take corrective action. Since 2000, more than 45 sites have been audited, i.e. four to five a year, and two have been refused.

4.2 Passenger safety measures

Information on passenger health is provided in the section on environmental information.

Railway safety is an absolute priority for us. A dedicated railway safety unit was created in July 2012 and reports directly to the Chairman and Chief Executive. Railway safety requires a global vision as it involves all business areas: engineering, maintenance and operations. This systemic approach underpins our recognised expertise, particularly internationally. In South Africa and Algeria, staff in charge of operating the rail networks are trained in railway safety.

Our recognised expertise in operations management and safety is reflected in the appointment of the Chief Executive Officer of the Transdev and RATP Dev joint venture to the recently formed Operations and Safety Executive Committee of the Chinese rail network. It is the only foreign company to have a seat on the committee, even though its operations activity is limited.

NOTE ON EXTRA-FINANCIAL REPORTING METHODOLOGY

GENERAL FRAMEWORK

French decree no. 2012-557 on social and environmental reporting implementing the Grenelle II law was published on 24 April 2012. It requires workforce, environmental and social information to be reported by all listed companies as of 2012 and by companies exceeding certain head-count or revenue thresholds as of 2012 or later depending on the relevant thresholds.

The RATP group is not strictly subject to this reporting requirement. However, it wished to plan ahead and adopt the same rules as private sector companies by having its workforce, environmental and social information independently audited by one of its Statutory Auditors.

SCOPE OF CONSOLIDATION

For its first year of reporting, the scope chosen by the RATP group includes the parent company and eleven RATP Dev subsidiaries based in France,

Europe and the rest of the world, which are representative of the Group's core business. The reporting scope will be extended in future years. It represents 90.3% of the Group's 2013 revenues.

The exact reporting scope for each indicator is specified in the information provided.

It is identical for all data, except the following:

Workforce information

- "Compensation and trends": the concept of average net compensation per employee can only be applied to the Epic;
- "Disability employment and inclusion": only the Group's French scope is covered due to national legislation.

Environmental information

- "Persons exposed to noise levels above the maximum limit": this relates to European directive 2002/49/EC on noise pollution and therefore only covers the European scope;
- "Employee training and awareness in environmental protection" and "Ground use": information is not available for the subsidiaries;

 "Water consumption and water supply according to local constraints": information is not available in Morocco or South Africa.

Social information

"Integration of social issues in the purchasing policy" and "Importance of sub-contracting and making CSR a consideration in supplier and sub-contractor relations": this information is provided only for the parent company scope given RATP Dev's low purchasing volumes.

METHODOLOGICAL LIMITATIONS

There are methodological limitations on reporting workforce, environmental and social information for several reasons: lack of harmonisation of definitions and national or international legislation, qualitative nature of certain information or different interpretations of standards between the parent company and RATP Dev subsidiaries.

This is the case for one of the consolidated Group workforce indicators – "Absenteeism, all reasons combined", which is presented in number of days absence per employee. Due to a difference in standard between the parent company and RATP Dev, the Finance Department has developed an adjustment mechanism to reconcile the results and enable consolidation of the data.

Furthermore, the parent company's total water consumption is subject to an uncertainty inherent in the reporting tools, limiting the reconciliation of volumes billed and billing periods.

REPORTING SCHEDULE

In order to include the extra-financial information in the company's financial report, the CSR reporting schedule has been brought into line with the financial reporting schedule and covers the 2013 financial year. Workforce, environmental and social information is reported for the full calendar year, i.e. 1 January 2013 to 31 December 2013 (twelve months).

Workforce information

The Finance and Human Resources departments agreed that the quantitative workforce information provided would be the raw data taken from the various information systems at 31 December 2013. There may be slight imprecisions, but after tests carried out on 2012 data, they are not considered to be material.

Environmental information

For environmental data calculated on the basis of meter readings or invoices not available at the year-end (e.g. water and energy other than electricity), the missing information is estimated on the following basis:

"Closest possible approximation" to actual consumption based on documented sources (invoices, meter readings) across the entire year.

DATA COLLECTION AND INTERNAL RESPONSIBILITIES

Three reporting protocols govern the data collection process and set out internal responsibilities.

Data collection

The Group's quantitative data is collected and compiled at two intermediate levels: the parent company and the RATP Dev subsidiary.

- 1. For the parent company: Human Resources (GIS) and the Innovation and Sustainable Development Unit (IDD) are responsible for compiling and verifying the raw data reported by the Epic with a network of internal correspondents.
- 2. For RATP Dev: the subsidiary compiles and verifies the raw data reported by its subsidiaries save for data on greenhouse gas emissions and noise, which are collected by RATP Dev but compiled and verified by IDD using dedicated methods and tools.

Final consolidation of Group data is done by the Finance department. Qualitative information is reported via discussions with internal experts and/or questionnaires.

Reporting is the responsibility of the Communications department and is overseen jointly by the Group's Finance, Communications and Corporate Secretary's departments.

Reporting tools for quantitative data:

- 1. For the parent company: data is retrieved from existing information systems and tools. Workforce data are aggregated and/or converted by GIS using specific HR applications (Rhapsodie, Acciline). Environmental data on energy and water consumption and greenhouse gas emissions are aggregated and/or converted by IDD. For calculating greenhouse gas emissions, the emission factors used are those provided by the Ademe's database (Base carbone®). Noise data are compiled using acoustic simulation software.
- 2. For RATP Dev: the subsidiary has a Hyperion database, which automatically collects and processes data reported by the subsidiaries, save for data on greenhouse gas emissions and noise.

Internal control

Each department, unit or subsidiary in charge of the data is responsible for the information produced and must be able to provide supporting documentation. The final control is performed during consolidation.

REPORT BY ONE OF THE STATUTORY AUDITORS

Report by one of the Statutory Auditors, appointed as an independent third party, on the consolidated environmental, labour and social information presented in the management report of the RATP group

For the year ended 31 December 2013

This is a free translation into English of the Statutory Auditor's report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

In our capacity as Statutory Auditor of RATP, appointed as an independent third party, whose certification request has been approved by COFRAC, and at the request of RATP, which has chosen to present in its management report the consolidated workforce, environmental, and social information (hereinafter the "CSR Information") for the year ended 31 December 2013, by reference to Article L.225-102-1 of the French Commercial Code (Code de commerce), we hereby report to you on this CSR Information.

Responsibility of the company

The Board of Directors is responsible for preparing the company's management report which, as part of a voluntary process by RATP, includes CSR Information in accordance with the provisions of Article R.225-105-1 of the French Commercial Code, prepared in accordance with the RATP group's entire 2013 Environmental Reporting Protocol and the 2013 Labour and Social Reporting Protocol (hereinafter the "Guidelines"), summarised in the management report under "Note on extra-financial reporting methodology" and available on request from the company's Communication Department.

Independence and quality control

Our independence is defined by regulatory texts, the French code of ethics governing the audit profession and the provisions of Article L.822-11 of the French Commercial Code. We have also implemented a quality control system comprising documented policies and procedures for ensuring compliance with the codes of ethics, professional auditing standards and applicable legal and regulatory texts.

Responsibility of the Statutory Auditor

On the basis of our work, it is our responsibility to:

- Certify that the CSR Information mentioned in Article R.225-105-1 of the French Commercial Code is presented in the management report or, in the event that any CSR Information is not presented, that an explanation is provided in accordance with Article R.225-105, paragraph 3 of the French Commercial Code (the Statement of completeness of CSR Information);
- Express limited assurance that the CSR Information, taken as a whole, is, in all material respects, fairly presented in accordance with the Guidelines (Reasoned opinion on the fairness of the CSR Information).

Our work was carried out by a team of five people between 12 November 2013 and 14 March 2014 and took around eight weeks. We were

assisted in our work by our specialists in corporate social responsibility. We performed our work in accordance with the professional auditing standards applicable in France and with the decree of 13 May 2013 determining the conditions in which the independent third party performs its engagement.

1 - Statement of completeness of CSR Information

We conducted interviews with the relevant heads of department to familiarise ourselves with sustainable development policy, as a function of the labour and environmental impact of the company's activity, of its social commitments and any action or programmes related thereto.

We compared the CSR Information presented in the management report with the list provided for by Article R.225-105-1 of the French Commercial Code

For any consolidated Information that was not disclosed, we verified that the explanations provided complied with the provisions of Article R.225-105, paragraph 3 of the French Commercial Code.

We ensured that the CSR Information covers the scope of consolidation, i.e., the company, its subsidiaries as defined by Article L.233-1 and the entities it controls as defined by Article L.233-3 of the French Commercial Code within the limitations set out in the methodological information in the RATP group's management report.

Based on this work and given the limitations mentioned above, we attest to the completeness of the required CSR Information in the management report.

2 - Reasoned opinion on the fairness of the CSR Information

Nature and scope of our work

We conducted around 30 interviews with the people responsible for preparing the CSR Information in the departments charged with collecting the information and, where appropriate, the people responsible for the internal control and risk management procedures, in order to:

- Assess the suitability of the Guidelines in the light of their relevance, completeness, reliability, impartiality and comprehensibility, and taking good market practice into account when necessary;
- Verify the implementation of a data-collection, compilation, processing and control procedure that is designed to produce CSR Information that is exhaustive and consistent, and familiarise ourselves with the internal control and risk management procedures involved in preparing the CSR Information.

We determined the nature and scope of our tests and controls according to the nature and importance of the CSR Information in the light of the nature of the company, the social and environmental challenges of its activities, its sustainable development policy and good market practice.

With regard to the CSR Information that we considered to be the most important:

- At RATP parent entity level, we consulted documentary sources and conducted interviews to substantiate the qualitative information (organisation, policy, action), we followed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data and we verified their consistency and concordance with the other information in the management report;
- At the level of a representative sample of entities selected by us by activity, contribution to the consolidated indicators, location and risk analysis, we conducted interviews to ensure that procedures are followed correctly and to identify any undisclosed data and we performed tests of details, using sampling techniques, in order to verify the calculations made and recon-

cile the data with the supporting documents. The selected sample represents on average 90.5% of headcount and 83.8% of consolidated revenue.

For the other consolidated CSR information, we assessed consistency based on our understanding of the company.

We also assessed the relevance of explanations given for any information that was not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes used, in our professional judgement, allow us to express limited assurance; a higher level of assurance would have required us to carry out more extensive work.

Because of the use of sampling techniques and other limitations intrinsic to the operation of any information and internal control system, we cannot completely rule out the possibility that a material irregularity has not been detected.

Conclusion

Based on our work, no material irregularities came to light that call into question the fact that the CSR Information, taken as a whole, is presented fairly, in all material respects, in accordance with the Guidelines.

- 1 The most important CSR information is listed in the appendix to this report.
- 2 Epic RATP, Orlyval Service, STI Centre and STU Bourges in France and GEST S.p.a (Florence) in Italy.

Neuilly-sur-Seine, 14 March 2014 One of the statutory auditors **PricewaterhouseCoopers Audit**

Gérard Morin Partner Thierry Raes
Partner in charge of the Sustainable Development Department

Notes

Important information selected for the verification

Quantitative labour information

- Total headcount and breakdown by age, gender and geographical region
- Compensation and trends: gross payroll and average compensation of current employees
- · Joiners and leavers (including breakdown by reason)
- · Percentage of part-time employees
- Absenteeism
- Collective bargaining agreements
- Work-related accidents (frequency rate and severity rate)
- Total number of training hours
- Percentage of women senior executives
- Number of disabled employees and new recruits

Qualitative labour information

- Organisation of dialogue between management and employees
- · Health and safety conditions at the workplace
- Training policy
- · Anti-discrimination policy

Quantitative environmental information

- Certified industrial sites and industrial sites with an environmental management system
- Tertiary sites and industrial sites involved in selective sorting, total production of hazardous and non-hazardous waste
- Complaints from stakeholders concerning noise and vibrations, people exposed to noise levels equal to or above the limits set out in Directive 2002/49/EC
- Total consumption of water from a public supply network
- · Total energy consumption and breakdown by usage
- Greenhouse gas emissions (traction and buildings)

Qualitative environmental information

- Air quality
- · Overall energy efficiency of transport facilities

Social information

- Regional, economic and social impact of the company's activity on local populations in terms of employment and regional development
- Responsible purchasing policy
- Fair business practices
- · Railway safety

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INTRODUCTION

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

"Internal control" or "business control" means control of business activities. Internal control is the system set up by the company to ensure the control of the business, in particular:

- · Compliance with current laws and regulations;
- Implementation of the instructions and guidelines issued by executive management;
- Smooth running of the company's internal processes, particularly those used to safeguard assets;
- · Reliability of financial information.

The content of this report is based on the framework for internal control reporting set out by the French Securities Market Regulator (AMF) and published in January 2007 to assist French companies that are required to prepare this type of report.

As stated in AMF's Reference Framework, "by contributing to the prevention and management of risks that can hinder the company in achieving its objectives, the internal control system plays a key role in the manner in which the company's business activities are conducted and managed. However, internal control cannot provide absolute assurance that the company's objectives will be met".

As the Board of Directors is the governance body that ensures that the internal control system is appropriate for the company, the first part of this report describes the way the system works and the significant work performed during 2013. The second part provides an overview of the organization of the risk management and internal control system, and the third part explains how control and monitoring activities contribute to ensuring reliable accounting and financial information.

This report was presented to the Audit Committee at its meeting on February 26, 2014. Pursuant to legislation¹ effective as of 2008, it was approved by decision of the company's Board of Directors at their meeting on March 14, 2014.

1 French Law 2008-649 of July 3, 2008 introducing provisions and amendments in French corporate law from EU law, Articles 26 and 29 (Official Gazette July 4, 2008).

1 • THE BOARD OF DIRECTORS

1.1 Organization principles and role

In terms of Corporate Governance, RATP complies with the rules set forth by the State Equity Investment Agency.

RATP's Board of Directors comprises 27 members pursuant to Government decree no. 84-276 of April 13, 1984 (details are provided in *Appendix* 1). The Board has adopted internal rules in accordance with Article 6-12 of decree no. 59-1091 of September 23, 1959 on the legal form of RATP. These rules are frequently updated on the basis of the Board's governance.

The Board of Directors is chaired by Mr Pierre Mongin, who was reappointed President and Chief Executive Officer of RATP by the decree of July 29, 2009 for the period 2009-2014.

The Board of Directors is responsible for all the company's strategic decision-making on key economic, financial and technological issues. These include matters relating to the company's State-regional contractual plans, business plan and the contractual agreement with the Île-de-France transport authority (Syndicat des Transports d'Île-de-France – Stif). Decisions are taken on the basis of input from three standing committees, one of which deals with matters concerning technical and technological modernization and development, the second, economic and strategic issues and the third, innovation and customer service.

The role of the Audit Committee, comprising six Board members, is to advise the Board on the financial statements, particularly with regard to the reliability of the information systems used to prepare them, financial management, accounting and management principles, risk management and financial reporting.

The Board approves contracts exceeding €60 million, upon the advice of the Technical and Technological Modernization Committee, which exerts an evocation power for contracts between €5 million and €60 million.

The Board empowers the Chief Executive Officer to purchase, extend or dispose of investments of a nominal value below €2 million, and to reclassify securities between RATP and its majority-owned subsidiaries.

The Board has set the threshold below which the Chief Executive Officer is authorized to purchase or dispose of all real property at €2 million, in accordance with Article 8d of the Government decree of September 23, 1959 on the legal status of RATP.

During the summer and year end recess of the Board, the Board empowers the Chief Executive Officer to enter into contracts for work and supplies on its behalf and to purchase and dispose of real property or investments, on condition that such matters are reported at the following ordinary meeting of the Board.

The President's Report

Directors that represent the State or employees are unpaid. However, the expense that they incur in the performance of their duties is reimbursed by RATP. For qualified persons, if the Board decides to pay directors' fees in addition to reimbursing their travel expenses, such fees are subject to the approval of the Transport Minister and the Minister for the Economy and Finance.

The Board, subject to ministerial approval pursuant to Article 7 of decree no. 59-1091 of September 23, 1959, sets the directors' fees for qualified persons. These are paid to directors present at Board meetings and at meetings of the Board's two standing committees. They are set at €148 per Board meeting and €74 per Committee, Commission or Working Group meeting, as of January 1, 2007.

1.2 Significant Work by the Board in 2013

1.2.1 CLARIFICATION OF THE COMPANY'S ECONOMIC AND INSTITUTIONAL ENVIRONMENT

The company's economic and institutional environment was clarified through a new Stif-RATP agreement for 2012-2015, which has stabilized the company, particularly in terms of debt management, and through the adoption of the Vision 2020 business plan, setting company-wide long-term objectives for RATP. This enabled the Board to undertake in-depth analysis in two key areas:

Continued implementation of development policy and network modernization

The preliminary report on the automation of metro line 1 was presented to the Board at its meeting on February 1. On May 24, the Board closely examined plans to modernize line 4, and on June 28, it decided to launch automation of line 4.

Network development plans were also presented:

- On February 1, preliminary plans to extend T3 tramway to Porte d'Asnières;
- On March 29, extension of line 11 from Mairie des Lilas to Rosny-sous-Bois – Perrier:
- On November 29, the key objectives and characteristics for extending metro line 1 to Val de Fontenay.

Finally, the Board approved preliminary plans to upgrade line 14 stations to accommodate longer trains, increasing capacity from six to eight carriages.

Industrial and engineering policy in the Greater Île-de-France

At its meeting on November 29, the Board approved the agreement between SGP and RATP on Infrastructure Management. On July 11, its annual seminar focused on an overview of RATP's engineering issues and the medium-term business plan of Systra, its subsidiary held jointly with SNCF. During its meeting on June 28, the Board approved RATP's participation in the Railway Company Modernization Fund, and on February 1 it examined the mandate and activity of the Railway Safety Unit.

At its meeting on February 1, the Board reviewed technology for future environmentally-friendly buses.

1.2.2 THE BOARD CLOSELY MONITORS QUALITY OF SERVICE

Throughout the year the Board analysed the quarterly results of the Stif-RATP agreement based on the key performance indicators set for the purpose. It also read amendments 1, 2 and 3 of the agreement.

In addition, it widely discussed RER network matters. These included new in-station services, line B developments and quality of service issues in connection with the implementation of joint line management by RATP and SNCF.

At its meeting on June 28 the Board approved the Net cleaning contracts for the metro and RER, and at its meeting on November 29 it approved the amendment to the tramway supplies contract.

Finally, it studied the customer characterization analysis of annual pass holders in 2012 at its meeting on November 29.

1.2.3 CLOSE ATTENTION TO DEVELOPMENT POLICY

In accordance with the governance framework, the Board reviewed the four quarterly business reports prepared by RATP Dev in 2013.

The Board reviewed the subsidiaries' outlook at its meeting on June 28. It examined and discussed RATP Développement's medium-term business plan (2014-2018) before approving it at its meeting on August 30.

At its meeting on November 29, the Board approved RATP Développement's 2014 budget, and examined the consolidated budget of RATP group.

Throughout the year, the President kept directors informed of progress in RATP's development and of business wins by RATP Dev in France and internationally.

The Board's Economic Strategy Committee is particularly active in overseeing subsidiaries' development and strategy. It regularly conducts an in-depth review of the annual and half-yearly financial statements, the medium-term business plan and the quarterly reports of RATP Développement, the most significant subsidiary in terms of revenue. The Committee also monitors the activity of the other subsidiaries during the review of the consolidated financial statements and when directors of subsidiaries give an annual presentation of each subsidiary's performance and outlook.

On February 1, the Board deal with the transfer of ticketing information and operating systems to the subsidiary lxxi.

1.2.4 CONTROL OVER THE COMPANY'S FINANCIAL INFORMATION AND COMPETITIVENESS

The Board approved the 2012 financial statements at its meeting on March 29 and examined and approved the company's balance sheet, income statement and consolidated financial statements for the six-month period ended June 30, 2013, within two months of the end of the financial period.

At its June 2013 meeting, the Board examined RATP group's global risk management policy, which had previously been analysed by the Audit Committee.

At its meeting in November 2013, the Board adopted the company's operating and capital expenditure budgets, including the budgets for infrastructure management and transport operations. It also examined RATP's 2013 contribution to the capital expenditure master plan for railway rolling stock and the overview of the capital expenditure master plans.

The Board also reviewed the six-month and annual report on procurement policy.

It focused particularly on diesel supply contracts for buses (March 29) and on the amendment to the electricity supply contract for 2014 (August 30).

The Audit Committee conducted work to validate the processes used to prepare the annual and half-year consolidated financial statements, thus contributing to the security of the company's financial information. It reviewed the reports on the work performed in 2013 by the Internal Audit function, reviewed the statutory auditors' audit plan on internal control procedures and received an oral presentation of their final report.

1.2.5 SOCIAL ENVIRONMENT

On May 24 the Board approved the 2012 financial statements of the social security coordination fund, and on November 29 its budget for 2014. It approved the social housing policy for 2014 at the same meeting

Two reports were presented during the year: one at its meeting on February 1 by the University Group, and another at its meeting on May 24 on the prevention of accidents at work.

1.2.6 INSTITUTIONAL RELATIONS

The President regularly reported to Board members on his meetings with the company's institutional partners and elected regional (Île-de-France) and national representatives, and on his hearings, particularly before the Board of Directors of the Île-de-France transport authority. He also regularly reported to the Board on the initiatives and action undertaken with the Government in Brussels to ensure that the European transport framework remains stable.

2 • RISK MANAGEMENT AND INTERNAL CONTROL

Risk management and internal control systems play a complementary role in controlling the company's activities²:

- "The risk management system aims to identify and analyse the company's main risks. Risks that exceed acceptable levels set by the company are dealt with and, as the case may be, subject to plans of action. These plans may call for the implementation of controls, a transfer of the financial consequences (through insurance or an equivalent mechanism) or an adaptation of the organizational structure. The controls to be implemented are part of the internal control system. In this way the internal control system contributes to the management of the risks incurred in the company's activities;
- 2 AMF Reference Framework, revised in July 2010.

- The internal control system relies on the risk management system to identify the main risks that need to be controlled;
- The risk management system needs to include controls that are part of the internal control system and aimed at ensuring the proper functioning of the risk management system."

In addition, the risk management and internal control systems are continuously monitored to assess the quality of their performance. Oversight is implemented by the Internal Audit function, one of the roles of which is "to evaluate the effectiveness and contribute to the improvement of risk management processes", as set forth in IIA³ standard 2120.

The objective of this part of the report is to present: first, the main risks facing RATP group along with the processes that enable them to be controlled, and secondly, the various components of the internal control system.

2.1 Risk Identification and Management

2.1.1 THE ROLE OF THE RISK MANAGER

The role of the **Risk Manager**, who operates at RATP group level and reports to the Executive, is to oversee comprehensive corporate risk management systems to ensure that all Group risk is monitored.

A general instruction defines the risk management system and the company policies to be implemented by all managers.

These methods require the departments and subsidiaries to:

- Set out formal risk management procedures and identify, assess and map risk requiring priority treatment;
- Develop plans to deal with major threats as part of formal prevention and protection strategies and set out the associated improvement plans, based on risk acceptability;
- · Monitor risk on an ongoing basis.

In addition, risks that require a cross-functional approach involving several departments are dealt with specifically through work headed by the Risk Manager.

A network of Risk Management correspondents manage risk processes at department and subsidiary level and effectively relay risk management procedures at their level.

The system was initiated in 2010. It has enabled a comprehensive analysis and inventory of the risks facing RATP group along with the associated prevention and protection strategies. Status updates are performed periodically.

2.1.2 CONTROL OVER COMPANY-WIDE RISK

RATP group's risk management framework and mapping system were reviewed and updated mid-2012.

RATP Dev is actively involved in working groups on company-wide risk. Its professionals actively contribute their expertise on both risk matters and the subsidiary's business environment (competitive environment, geo-

3 IIA: Institute of Internal Auditors.

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graphic scope, etc.). The risk management framework was updated in 2013 and the company's risk map, the first version of which was prepared in 2011, is currently being reviewed.

Implementation in less significant subsidiaries began in 2013. Risk mapping enables the risk specific to each entity to be identified alongside risk affecting all subsidiaries, RATP Dev and the parent company. The system is implemented at all levels throughout the Group, each level adding layers of detail down to the most specific risk level, which is the operational entity serving the final user or customer.

Both at RATP parent company and RATP Dev level, work is currently under way to set out formal procedures for dealing with each risk identified, to highlight vulnerable areas and to establish action plans to enhance RATP group's capacity to reduce risk.

2.1.2.1 Development Risk

The risk of losing market share is particularly high at present, and expert working groups are currently conducting in-depth analyses of sensitive issues, particularly those concerning tender processes. Significant tenders include bus operations in the Île-de-France area, operating tenders for the Greater Paris transport project and network management in the Île-de-France area.

2.1.2.2 Ethical risks

RATP has strong ethical values, which are reflected in its commitment to institutional charters such as the Charter of the International Association of Public Transport (UITP – 1999), the United Nations Global Compact (2003), the National Accessibility Charter (2003), and the Company Diversity Charter (2004).

In November 2011, the Group adopted a code of ethics setting out the role of each employee with regard to professional ethics and integrity. Training is being provided through an e-learning platform for all those who play a managerial role. Set up at the beginning of September 2013, its purpose is to enable each person to fully understand the ethical principles, rights and duties applicable to all.

2.1.2.3 Legal Risks

The company's legal department provides advice and analysis, draws up contracts, and handles claims and disputes for all the company's business activities. It prepares for change, monitors legal developments (other than those relating to technical matters), disseminates information on best practice, assesses risk - in close collaboration with RATP's Risk Manager - and sets up insurance coverage.

The department's permanent primary objective, particularly as it provides support to all levels of the company, is to ensure that the legal aspects of all the projects and operations undertaken by the company are secure and compliant.

In 2012, as in the previous year, the legal affairs department devoted a considerable amount of time to developments in the following areas:

 Implementing Regulation no. 1370/2007 of October 23, 2007 on public passenger transport services and associated matters in terms of EU and

- competition law (including the *EU Pilot* procedure initiated by the European Commission);
- Contributing to the preparation of directives on public procurement and concessions in line with other public companies (establishing and defending a common position);
- Participating in the Greater Paris transport project, in which RATP should continue to play a key role;
- Setting-up and implementing various types of partnership agreements with other transport industry players;
- Safeguarding the company's interests in terms of contract performance, particularly when suppliers encounter difficulties;
- Monitoring relations with the Île-de-France transport authority (legal dimension of various common issues arising from the first year application of the RATP-Stif agreement for 2012-2015, particularly those relating to asset ownership and management);
- Supporting the development and operations of subsidiaries by providing services adapted to their requirements (contract assistance for all on criminal matters relating to contracts), by participating in working groups (for instance on Orlyval) and by specific guidance (on labour law, assurance policy, intellectual property and other matters, as required);
- Financing and hedging company risk.

2.1.2.4 Financial Risk

The management control function is shared by the central management control department (hereinafter the CGF department) and the company' departments represented by the network of management controllers, who report to the department directors.

Management control is implemented through an annual process known as the management cycle, the purpose of which is to monitor operating and capital expenditure budgets and the structural phases of business management (such as the Île-de-France transport authority agreement and department contractual objectives).

It is based on ongoing discussions between the CGF department and all lines of business at various process stages (multi-annual forecasting, budgeting, reviewing forecasts for the current year and analysis of results).

These processes use technical tools shared by central management control and department management control, which ensure homogeneity and traceability.

The management cycle is used to steer business performance.

The operating management cycle is divided into three major sub-processes:

- The medium-term, four-year business plan (current and three following years): the objective is to manage financial risk and medium-term performance by projections relating to productivity, management developments and new services; ensuring consistency with the business plan is the priority of analyses at this stage;
- The budget has a one-year framework. The key focus of analysis at this
 stage is ensuring consistency with each department's contract objectives.
 Verification is also performed to ensure that departments' aggregate budgets comply with company targets. Analysis of variations from the previous year are performed on major causes, e.g. new services, productivity, management changes or new requirements, inter-department transfers
 (internal changes in scope), and prices developments. Changes in staffing levels are also reviewed and analysed at this stage;

Reporting on production, service quality, change and financial targets is
performed quarterly. The analysis covers Stif-RATP agreement objectives
in terms of service quality and production, and department-specific goals.
The financial components are analysed by major cause (see above), based
on Business Plan equilibrium and the Stif-RATP agreement.

The "capital expenditure" management cycle is also broken down into three major sub-processes:

- Updating the capital expenditure master plans. The annual update is performed for a 10-year period with the objective of determining upcoming capital expenditure in line with company strategy;
- The capital expenditure decision-making process. This ensures that each decision to invest is relevant and fully reasoned. It takes place before accounts are set up authorizing project inception;
- Project and project portfolio review. Updates and reviews are performed
 half-yearly. They ensure that projects are executed properly and that
 deliverables are obtained within the expected deadlines and budgets.
 The review also enables forecasts and controls of annual expenditure,
 and the associated impact on debt. The second half-yearly review is used
 to determine the budget for the following year.

Internal financial and accounting control procedures, including controls on subsidiaries, are presented in greater detail in section 3.

2.1.2.5 Procurement risk

The department in charge of Real Estate, Procurement and Logistics contributes to controlling procurement risks by:

- Providing internal communication on best practice, including regularly updating procurement policies, informing buyers and legal staff of the reservations and observations made after each review by the Procurement Board, and organizing the procurement and logistics network;
- Reviewing files relating to purchases in excess of €750,000 and submitting purchases of over €5 million to the Procurement Board;
- Preparing monthly, half-yearly and annual reports on procurement for the TTTM committee, and an annual report on the work of the Procurement Board.

During 2013, significant work included:

- · Setting up paperless procurement procedures;
- Setting up e-Procurement (except for project procurement);
- Disseminating procurement policy including responsibilities, and the governance note on HR policy for procurement activities;
- Redesigning the procurement activity report and key performance indicators for procurement at a consolidated level and by department and procurement segment;
- Implementing sustainable procurement policy (e.g. working with SMEs or businesses employing disabled and underprivileged employees) in calls for tender (selection and award criteria) and in data consolidation (indicators and data reporting);
- Setting up the VAL Shared Services Centre.

2.1.2.6 Information and telecommunications systems risks

Since 2003, the company has implemented an information security policy, which sets out the principles and rules governing the confidentiality, integrity and continuity of information systems. The policy is enforced by an information systems security manager through a structured functional network of contact persons in each RATP department.

The company applies the information security standard ISO 27002 to implement best practice. It has taken various measures, including:

- · Defining and establishing a security policy to manage passwords;
- Defining and implementing a single, centralized authentication strategy;
- Introducing security mechanisms such as gateways, firewalls, DMZ, key management infrastructure, antivirus and anti-spam applications;
- Promoting awareness of information systems security and training all Information Systems department employees;
- Systematically including security and confidentiality clauses in contracts to safeguard information property, thus enabling stringent control over IT development and maintenance activities;
- Performing systems and technical audits (intrusion tests, vulnerability audits etc.), along with feedback sessions, exercises, simulations and troubleshooting to verify compliance with security policies;
- Implementing incident management processes to ensure that all incidents are reported to the line managers responsible for information systems security.

In addition to implementing best practice, the company has approved a road map to establish information systems security governance and improve the effectiveness of operational information systems management

2.1.2.7 Human resource risks

These risks can be broken down into three categories.

Psychosocial risks

Significant developments were made in 2013 to complement the services provided by the support and advisory platform:

- A training programme on understanding and mitigating psychosocial risks was set up for all team managers, human resource managers, health and safety committee members and staff, and department heads;
- Fact sheets were created on safety professionals, to raise awareness of their role and the assistance they can provide, with practical tips for dealing with potentially complex situations;
- Research was undertaken to ensure that the best practice dialogue sessions held between colleagues were relevant for managers;
- A pilot group was set up on supporting employees through change, as part
 of Payroll Management and Innovation (PMI) services. Its purpose is to
 identify managers' needs and ensure that PMI professionals respond to
 them appropriately.

Workplace safety risks

In 2013, the processes for tracing workplace safety risks (e.g. exposure to asbestos, chemical substances, ionizing radiation and hardship at work) were revised to reflect regulatory developments. The various departments were reminded of the mandatory documents required on safety risks (e.g. templates were posted on the *UrbanWeb*).

Furthermore, the company continued to obtain official recognition for its training programmes, to ensure that employees receive initial and/or ongoing training that is both suitable to their activity and associated risks, and compliant with regulations (e.g. regarding asbestos or electrical hazards).

Data on workplace attendance or absence following work-related accidents are presented in a standardized document presented to the Board of Directors, then disseminated quarterly to the departments.

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Labour dispute prevention

As implemented at the company since 1996 and required by law since January 1, 2008, all strike notices must be preceded by collective bargaining, initiated by notices to bargain and having ended in disagreement between union and employer representatives.

Notices to bargain may be served at any level of corporate decision-making (core, department or unit) as appropriate in terms of the matter raised . A meeting is held between management affected by the matter and the union(s) that served the notice to bargain.

If the parties reach an agreement or find solutions to the matter during the meeting, a binding statement of agreement is signed by the parties. If no agreement is reached, a statement of disagreement is drafted.

The statement is then sent to all unions at the level at which the notice to bargain was served.

In accordance with service continuity requirements, RATP has a contractual obligation under the Transport Plan agreed with the Île-de-France transport authority to provide a minimum level of service at all times.

The system fulfils its purpose as a means of preventing labour disputes, as 92% of matters dealt with by collective bargaining did not result in strike action.

2.1.2.8 Corporate risks and fire risks

The objective of General Safety Control (GSC) is to ensure that the processes used to limit risks in all RATP's activities are correctly defined and implemented under the direct responsibility of the relevant departments and units. Its role is also to improve RATP's fire safety measures. At the request of the managers concerned, it may also work for RATP group subsidiaries (Infrastructure management Instruction 2012-028 of July 26, 2012).

The work of the GSC is performed by two units: the Fire Safety unit and the Corporate Risk Management unit.

The role of the Corporate Risk Management unit, at the request of executive management or the departments, is to:

- · Oversee the risk management system;
- Conduct methodological studies on safety (potential context and events);
- Perform systems reviews, appraisals, risk assessments, determine risks of human error, and gather operational feedback on rail transport matters;
- · Analyze daily operating reports on guided transport networks;
- · Run the specific railway safety committees;
- · Raise awareness of systems risk management policies.

In addition, for corporate risk management purposes, each month the General Safety Control function prepares a dashboard on danger signal alerts, based on data provided by the operating and maintenance departments of the metro, RER and tramway networks. The document reports reasoned recommendations on each identified risk. It is sent to Executive Management and to the departments concerned to produce corrective actions which are then tracked by the Committees of Railway Safety Directors chaired by the head of the Railway Safety Unit.

The Fire Safety unit deals with all aspects of fire safety and evacuation procedures. Its aim is to:

- · Constantly improve fire safety within the company;
- Coordinate emergency fire services with the company's fire safety measures:
- Monitor operating premises and projects under construction;
- Train employees in fire safety;
- Enforce regulatory compliance with fire safety procedures and systems in railway stations, metro stations and buildings, through the work of the Inspectorate General for Fire Safety.

The Fire Safety unit is active at all levels of the company, through the work of the Technical Committee for Fire Safety and its network of local contacts.

The unit performs smoke and fire tests to measure and analyze air movement in underground areas. The results of the tests are used to improve the security of the underground areas, by preparing and updating recommendations for the smoke-clearing systems in tunnels and stations.

It provides technical support to the Inspectorate General for Fire Safety (IGSI).

2.1.2.9 Infrastructure risks

Financial year 2012 was a turning point for the company, with the creation of the infrastructure management division and subsequent separation of its accounts from those of transport operations, as required by the European regulation of October 23, 2007 on public passenger transport services and the French ORTF law no. 2009-1503 on public rail transport.

The infrastructure management's maintenance department was set up on January 1, 2012. Its main purpose is to guarantee the global safety (railway security, fire safety and the safety of goods and persons) of equipment used by the operator. The infrastructure management division (GDI) ensures that RATP's infrastructure and equipment are sustainable, reliable, and in working order.

Since being set up, the infrastructure management department has assumed the corporate risk management responsibilities applicable to its activity. Risks identified under these procedures are analysed in detail, and action plans are implemented to detect weaknesses and find means of reducing RATP's exposure to such risks. The action plans back up the maintenance systems implemented by the infrastructure management department, providing daily maintenance for equipment used by the transport operator.

Each month, the infrastructure management division issues reports on preventive maintenance performance and equipment availability.

Department instructions are also used to monitor incidents daily on all networks, with analysis performed at both department and unit level. Incidents are discussed weekly by the Executive Board.

Every quarter, a safety meeting chaired by the department director is held with each of the operating units. All safety-related incidents, equipment and inspections (railway safety, fire safety, and the safety of goods and persons) are dealt with. The meeting is preceded by a meeting on the major incidents of the quarter (affecting equipment availability). Details

are provided on the incidents, and subsequent action is monitored through to completion.

A feedback process is also implemented to track significant incidents requiring specific action. Feedback reports are issued quarterly. The Engineering and Project Development and General Safety Control departments are involved.

When there are regulatory or technical developments concerning equipment, each business line's technical committee reviews them and assesses their impact and feasibility.

In 2013, the risk map drawn up in 2012 was reviewed and amended to incorporate new and previously-addressed issues.

2.1.2.10 Environmental Risks

Industrial sites

In 2013, RATP continued to improve environmental risk management by preparing to roll out environmental management systems on four industrial sites that had recently become operational (Pierrefitte, Ladoumègue, La Marine, and Vitry).

Alongside action planned in connection with sustainable development policy, several advances were made this year:

- ISO 14001 certification of the engineering department. The aim is to reduce the environmental impact of projects during the construction phase (by improving waste management and traceability) and the impact on the life cycle of services, systems and infrastructure;
- ISO 14001 certification of the bus rolling stock department for bus and vehicle maintenance and equipment storage on all sites except Lagny, Montrouge, Bastille and Saint-Denis Ornano;
- ISO 14001 certification of line 1's integrated environmental quality management system;
- ISO 14001 certification of the railway rolling stock department's regional express (RER) maintenance sites at Sucy-en-Brie and Massy.

Currently, 85.5% of RATP's industrial sites are ISO 14001 certified.

Every seven years, a specialized team from the company makes preventive control visits to installations classified by the French authorities as being exposed to environmental risks (ICPE).

Air Quality

RATP constantly monitors air quality in its underground networks. The data has been available on RATP's website www.ratp.fr and in RATP's Open Data forum since summer 2012.

The choice of bus engines is being examined with the Île-de-France transport authority. At the end of 2012, RATP set up a steering committee to look into the risk of employee exposure to diesel emissions. A pilot protocol to measure diesel emission exposure of RATP personnel was defined and set up during 2013. The company also studied the possibility of replacing high-emission worksite vehicles by autonomous and/or hybrid vehicles.

Electromagnetic fields

The RATP's Electromagnetic Field Committee monitors technical and regulatory developments on "health and radiofrequencies". It ensures that the company complies with Directive 2013/35/EU on the exposure of workers to the risks arising from physical agents (electromagnetic fields), issued in June 2013, which will be implemented in French law by June 2016 at the latest.

2.1.2.11 Risks and crisis management

Crisis management

The operations room of the Permanent Support Unit processes data received from the four operating networks, in real time, daily, in order to:

- Mobilize and coordinate operating, maintenance, safety and emergency services;
- Alert internal personnel (e.g. executive management, departments, units and the communication department) and/or external parties (e.g. Île-de-France transport authority and Maritime Transport Board).

To prepare personnel to handle specific events or multiple incidents on our networks, in 2013 the Permanent Support Unit:

- Rolled out a new company-wide information system for the six business lines. Called "Adams.1", the system encourages multi-channel incident management;
- Set up a service enabling on-call staff to access notices from the Permanent Support Unit in real-time in June 2013;
- Implemented a series of internal training sessions at the Permanent Support Unit. Five internal sessions were held during the year;
- Trained permanent staff to deal with major technical incidents affecting traffic (IG 482) emergency control plans (IG 449), and systems used by rescue services (e.g. *Crisorsec*) by implementing the general instructions issued by the Permanent Support Unit;
- Held feedback sessions on major incidents.

RATP has set up a crisis room and communications command unit to manage crisis situations. Overall crisis management processes are set out in two general instructions: crisis management (IG 528) and crisis communication (IG 465). External staff who may be commissioned to work with the Permanent Support Unit in the event of a crisis were also given training on the systems used in the Permanent Support Unit's operations room.

The Permanent Support Unit and other relevant RATP units prepare and conduct exercises with external parties (such as Paris Prefecture's Civil Security Force (SGZDS), prefectures in the departments where RATP operates, the Paris fire brigade, and departmental fire and rescue services).

In a drill on "nuclear, radiological, biological, and chemical" risks organized by the Paris civil security force on November 14, 2013, RATP detected the risk of a chemical attack, started the emergency control plan, activated the crisis unit, opened the communications command unit, and mobilized all Group departments in response to this major risk. Written feedback from the drill will be used to draw up a general action plan to reduce weakness in the event of this risk.

The company's crisis volunteer pool was updated to start delivering crisis awareness sessions once again in the Group.

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A detailed procedure was prepared for the Permanent Support Unit's facilities at the Championnet site to ensure that permanent staff would take their positions quickly in the event of a crisis. The Permanent Support Unit verifies the proper functioning of its own equipment and the equipment used by the crisis room.

Business Continuity Plans:

- The Business Continuity Plan to cope with an influenza pandemic was updated in March 2012 and will be used for the Pandemic 2013 drill with the Ministry of the Environment, Sustainable Development and Energy;
- After the Business Continuity Plan for flooding was validated by all RATP departments, the Flood Prevention Plan Team (PPRI) updated Instruction 493 to provide guidelines on the principles for covering flood risks which are set forth in the Business Continuity Plan for flooding and currently being validated by all departments.

Crisis communication

A dedicated team within the Communications department handles crisis communication and communication on sensitive matters. It is involved whenever a crisis arises at RATP group.

To bolster the effectiveness of the communication procedures and tools in place, digital communication was studied to determine how to limit media hype in the event of a crisis (social networks, etc.).

Communication crisis drills, unique to RATP, were set up and are performed every six months. Instruction 465 on the "Communication Crisis Plan" was revised and adapted with feedback from the drills.

Outside of crisis situations, the crisis communication team continued to prepare and update communication plans for specific crisis scenarios with the input of risk owners.

It also cooperated with the procedures implemented by public authorities (e.g. department prefectures, Paris civil security force) to protect populations against pandemics, storms, flooding, or terrorist attacks. During the winter of 2013, the crisis communication team came into play twice in relation with the Île-de-France Snow and Ice Emergency Plan (PNVIF).

Finally, it assists non-company bodies (e.g. public authorities, industry representatives) with Research & Development on mass transit safety for France or the European Union.

Support for victims

Since February 1, 2008, the mediator has been called the "Victim Support Representative". The system set up for mediation purposes was reinforced in 2010.

RATP set up the Victim Support function in order to translate into action its determination to assist the victims of accidents occurring during normal operations on its network. Questions of responsibility are set aside as the function focuses solely on human concerns. The active presence of the victim support representative shows victims and their families that the company is by their side.

The new approach has led to the implementation of a system adapted to each type of event handled by the Victim Support Representative. The

Representative is now systematically informed of any instance of bodily injury. Additionally, the Permanent Support Unit systematically reports all instances in which a vulnerable individual falls in a bus or tramway (e.g. children in strollers or seniors over age 70) to the Victim Support Representative. It may ask the operational unit to provide background to understand the situation, and contact the victim or the victim's family in order to express the company's concern and provide assistance, as appropriate. In return, the Representative informs management of the bus and railway operating units of the seriousness of victims' injuries. Employees involved in accidents, particularly operators, wish to be informed of victims' state of health and progress.

During 2013, the special victim support structure for major events such as fire, derailment and terrorist attacks changed. It now provides two services in the event of a crisis:

- On-site family liaison team staffed with around ten RATP employees;
- A crisis hotline in the Sales department, to provide real-time information
 to victims, or provide victims' families or other individuals with information on the identities of victims, their condition, and where they have
 been evacuated. The Sinus tool provides this real-time information and
 is jointly used by the hotline staff and the Prefecture of Paris.

The new system was tested during the major "Nuclear, Radiological, Biological, and Chemical risks" (NRBC) drill organized November 14, 2013 at the *Val d'Europe* station on regional express line A.

To boost the visibility of RATP's victim support function, the Victim Support Representative conducted initiatives with the Paris hospital board and fire brigade. A printed activity report for 2012 was also sent to all interested parties both inside and outside the company.

2.2 The internal control and audit system

The internal control system helps control business activities, and therefore to prevent and manage risks facing the company. RATP group relies on three levels of internal controls:

- On-going controls, or first level controls, to control the quality of transactions and ensure that procedures and regulations are followed;
- Periodic controls, or second and third level controls, to detect major weaknesses in the first level control system and provide reasonable assurance that activities are controlled at the corporate level.

2.2.1 FIRST LEVEL CONTROLS: FIRST LINE MANAGERS

At the local level, RATP internal control is under the direct responsibility of managers who exercise first level controls closest to operations. It includes on-going controls by line managers.

Operational managers play a key role. They are responsible for following the instructions and guidelines set by executive management, implementing production processes in compliance with current legislation and policies, performing checks at the local level and providing users with high quality transport services.

Support and control groups are on hand to assist managers in achieving their goals by providing expertise and measuring performance. The management control, human resource, and procurement functions perform these roles.

2.2.2 SECOND LEVEL CONTROLS: OPERATIONAL CONTROLS AT DEPARTMENT OR UNIT LEVEL

To the first level controls are added inspection and control structures in the company's various departments, independent from operating departments.

Operational controls at the department or unit level ensure, on a regular basis, that first level controls are in place and effective.

Operational controls mainly include:

- Transport and service controls performed per type of control (transport or maintenance inspections);
- Specialized audits within each department (e.g. service department and department on multimodal passenger service areas);
- · Systems risk management;
- Quality controls within each department.

Operational controls ensure the decentralized management of operational risks relating to the company's various business activities. The Risk Manager works alongside the departments and units to share knowledge and increase involvement in risk management company-wide.

2.2.3 THIRD LEVEL CONTROLS: COMPANY-WIDE FUNCTIONS

The Internal Audit department (IA), which reports to the President, is responsible for the following on behalf of Executive Management:

- Conducting internal audits to "provide assurance on the level of control over operations by auditing and assessing the business activities of RATP group"⁴;
- Conducting general inspections to provide Executive Management nonbiased information on sensitive matters⁵;
- Providing guidance on change management.

The Internal Audit work is part of an annual plan established on the basis of input from members of the Executive Committee⁶ and the main risks identified during RATP's risk mapping process. When each audit is completed, a written report is sent to the Chief Executive Officer and other members of the Executive Committee, and to the heads and managers of the departments and units directly concerned. The heads and managers of the audited departments and units are asked to draft an action plan within two months of the audit. The action plan is approved by the Head of Internal Audit. Implementation of the plan is monitored by Internal Audit staff and the individual who commissioned the audit.

The Group audit provides input for executive decision-making on company change policy implemented through the Business Plan:

- The audit focuses on the company's major risks (financial and regulatory) and strategic priorities, including economic performance, process efficiency and high quality management;
- The audit responds rapidly to the company's needs and ad-hoc assignments are performed alongside the planned annual work, as required;
- The audit methods are aimed at inciting the audited units to share findings and implement corrective measures (findings are objective and quan-
- 4 Instruction 432 D of November 2013, Art. 2.2.
- 5 Instruction 541 of November 2011.
- 6 Members of the Executive Committee, department heads and delegates.

- tified, their analysis is transparent, draft written reports are submitted by the audited units for discussion of audit findings);
- A new general instruction (IG 541) was issued in November 2011 updating the scope and terms of the inspections;
- A new general instruction (IG 432D) was issued in November 2013 updating internal audit action by setting forth a new type of internal audit: the flash audit. IG 432D also requires that working plans and the findings of audits/inspections be transmitted by other audit/inspection units in the company.

Internal Audit staff perform rigorous monitoring of post-audit action plans. With some "flash audits", monitoring makes it possible to more effectively track the actions recommended when there are major malfunctions.

Finally, the Inspector-General head of the Internal Audit is responsible for liaising with the audit and internal control business lines on behalf of RATP Group. He provides advice and enforces ethics and methods among all department audit and business line inspection structures, and heads the Internal Control network which aims to:

- · Organize the internal control process within the company;
- Implement cooperative relationships and pool work between company audit and inspection teams;
- Develop professionalism in the "Audit and Internal Controls" family by imparting a shared methodology, encouraging dialogue on items controlled and progress detected after audits and inspections, and sharing and leveraging best practices;
- Draw on work performed, fields of activity, and the members of the internal audit network and their teams to improve skills.

The Internal Audit network met five times in 2013 and worked on:

- New, more operational architecture for the collaborative forum dedicated to the "Audit Community" (Wiki Audit);
- · An updated chart of the company audit and inspection units;
- · Communicating the findings of work performed;
- Developing coordination with the work of the Risk Management team;
- Identifying possible areas for joint work with the Head of the Railway Safety Unit.

The **Inspectorate General for Fire Safety**, which reports to the President, is responsible for issuing a formal opinion on:

- Compliance with the general provisions of the security rules governing fire safety and the panic risk in public establishments:
- Administrative applications for building permits, construction authorizations and requests to build, renovate or refurbish areas open to or used by the public, such as the train and metro stations operated by RATP;
- Completed building work in public areas such as stations, during the preliminary inspections prior to opening to the public;
- Continued operation of stations, during periodic controls.
- Compliance of guided transport infrastructure with basic safety requirements to avoid fire and panic risk and deal with the consequences of accidents.

The **Fire Safety Unit** provides technical support to the Inspectorate General for Fire Safety as set out in Article 2 of the Order of December 24, 2007 approving the safety rules governing fire safety and panic risk in stations.

The following were the main endeavours of the Inspectorate General for Fire Safety in 2013:

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- Setting up specific monitoring to ensure that the five-year checks on the escalators are performed by an accredited body;
- Seeking regulatory approval for a mobile walk-through smoke curtain, as a smoke barrier;
- Controlling the true-to-scale fire behaviour test of a T6 tramway car;
- Preliminary inspections of the George V metro station renovations (platform facings) prior to opening to the public.

The **Corporate Risk Management unit** conducts inquiries and performs appraisals on incidents relating to railway equipment, rolling stock, buildings and civil engineering. The associated action plans are systematically drawn up and monitored.

Until June 1, 2013, the Corporate Risk Management unit performed operating safety audits on the basis of an annual program approved by executive management upon the advice of the director of the infrastructure management department. After the audit on the operating safety of the traction power systems on the tramway and regional express service networks finished, another audit was started on the metro screen doors:

- · Review of documentation;
- Overall system analysis (scope of responsibility among the various stakeholders);
- · Tests and controls during maintenance operations.

As of June 1, 2013, the Railway Safety Unit (DGSF) performs these audits.

The Railway Safety Unit was created on July 1, 2012 and reports to the President. Its role is to monitor railway safety procedures throughout the company. It enforces the railway safety policy, structures and guidelines set by executive management through a systemic approach, defined by the Chief Executive Officer.

The management and implementation of RATP's railway safety policies have been delegated by the Chief Executive Officer to the Railway Safety Unit. Railway safety policies concern infrastructure, technical installations, vehicles and operating, maintenance and control policies. The Railway Safety Unit sets out the framework to be followed by all of the company's railway safety managers. Responsibility for enforcing the railway safety guidelines issued by the Railway Safety Unit is delegated to the directors of the departments and operating units.

The head of the Railway Safety Unit may request professional advice, as appropriate, from the various departments (e.g. railway engineers, inspectors, general safety controllers). The Unit is sent all surveys, studies and reports conducted on railway safety incidents.

It audits rail security and suggests preventive and corrective measures in conjunction with the departments concerned. These audits are performed in compliance with French standard NF EN ISO 19 011 of December 2002. To complement the above-mentioned audit on metro screen doors, a safety audit on track surveillance for the metro, RER and tramway lines was started in 2013.

The Unit is responsible for RATP and its subsidiaries. It is authorized to conduct investigations in all Group entities, and consequently may be

involved in the safety aspects of an RATP Dev project or service concession arrangement.

2.3 External audit

As a State-owned company, RATP is subject to French government controls via:

- The Economic and Financial Control Board for Transport7;
- The French Procurement Board, set up by the Order of January 11, 1973⁸ and chaired by a representative of the National Audit Office.

In addition, RATP's annual and half-year financial statements are subject to audit and review by the statutory auditors PricewaterhouseCoopers and Ernst & Young respectively.

RATP entered into an agreement with the Île-de-France transport authority (Stif) in 2000. The RATP-Stif agreement has regularly been updated since by riders and amendments. The fourth agreement with the Île-de-France transport authority was signed on March 16, 2012 for the four-year period from January 1, 2012 to December 31, 2015. The Île-de-France transport authority is entitled to perform audits and controls on all matters relating to the agreement.

Improving service quality is a permanent objective for the company. Quality control systems are in place and the company has received quality certification under French and international standards (ISO, NF and Qualicert). The certifications, which are issued by independent bodies, relate to both management systems and performance in terms of environmental issues and service quality.

Those involved in internal control procedures (senior management, operational managers and specialized audit and control staff) base their work on professional audit and internal control standards and on the internal control system defined by professional bodies such as the French Audit and Internal Control Institute (IFACI), particularly for the internal audit.

3 • INTERNAL FINANCIAL AND ACCOUNTING CONTROL PROCEDURES

3.1 Compliance with Accounting Principles and Legislation

3.1.1 FRENCH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)

The financial statements of RATP parent company and the major subsidiaries are prepared in accordance with French generally accepted accounting principles (GAAP). RATP implements a customized chart of accounts

- 7 As a public service company (Epic), RATP is subject to economic and financial control by the State (Decree no. 2002-1502 of December 18, 2002).
- 8 Amended by the Order of March 23, 2005 (Official Gazette of April 13, 2005).

(CoA) as approved by the inter-ministerial order of March 21, 1985. The customized CoA was prepared in accordance with the rules, principles and framework governing the French national chart of accounts.

Due to its legal status as a public service company (Epic), RATP applies the same accounting principles as those generally accepted by and legally binding for commercial companies. Consequently, it applies the accounting policies set out by the French national accounting board in CRC regulation no. 99-03 of April 29, 1999. However, it is also required to meet the requirements specific to public service providers.

3.1.2 INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

RATP applies effective IFRS to prepare RATP group's financial statements.

3.1.3 STATUTORY AUDITORS

RATP appoints statutory auditors pursuant to the provisions of Article 30 of Law no. 84-148 of March 1, 1984 on the financial information and audit of industrial and commercial public companies, and the provisions of Article 33 of decree no. 85-295 of March 1, 1985.

3.1.4 AUDIT COMMITTEE

The Audit Committee presents its opinion to the Board of Directors on accounting and financial matters, particularly the accounting and estimation methods used by RATP to prepare its financial statements, the Internal Audit program, and risk management policy.

3.1.5 CHANGES IN THE REGULATORY FRAMEWORK GOVERNING RATP

The European regulation on public passenger transport services by rail and road was adopted on October 23, 2007 and became effective on December 3, 2009. The regulation limits the duration of the rights granted to public transport operators.

In France, Article 5 of the law of December 8, 2009 on public passenger transport services by rail introduced changes to the regulations governing Île-de-France area passenger transport. The law has entrusted RATP with the role of managing the infrastructure of the metro and RER networks that it operates as of January 1, 2010.

Finally, the law of June 3, 2010 on Greater Paris transport states that infrastructure management activities and public passenger transport service operations should be accounted for separately and an audited annual balance sheet and income statement should be prepared for each as of January 1, 2012. The law also prohibits all direct or indirect cross-subsidies between the two activities.

Since 2012, RATP's consolidated and individual financial statements have incorporated these changes.

9 Implementing decree of law no. 84-148 of March 1, 1984 on the prevention and out-of-court settlement of corporate difficulties.

3.2 RATP Financial Reporting

3.2.1 FINANCIAL REPORTING SYSTEM

RATP uses *version R12* of the *Oracle* software application (new version rolled out in September 2010) for the parent company financial statements and Business Financial Consolidation for the consolidated financial statements.

Preparation of the Parent Company Financial Statements

Monthly financial data is available after eight working days. This leaves time for a preliminary review of the financial information during which various controls are performed. The monthly data enable management controllers in the various departments to track their level of activity and budget consumption on an ongoing basis. At central corporate management control level, monthly financial reporting makes it possible to manage the risk of budget overruns and make the appropriate adjustments.

Preparation of the Consolidated Financial Statements

The consolidated financial statements are produced by a section of the company's accounting unit for the whole Group. The section ensures that the source information provided by the subsidiaries is consistent, that the consolidated financial statements are prepared in accordance with current standards and regulations and that the information provides a fair presentation of the Group's business and financial position.

The annual and half-yearly financial reports are submitted to the French securities market regulator (AMF). In order to ensure that reporting deadlines are met, hard-close financial statements are prepared at the end of May and at the end of October, respectively. The hard-close statements are verified by the statutory auditors.

A description of the procedures used to produce and control the financial information prepared by RATP is presented in *Appendix* 3.

3.2.2 INTERNAL COMMUNICATION ON BEST PRACTICE

The finance department's intranet provides employees with access to a documentation database on the company's economic performance. A number of subjects are covered: operating performance, investment performance, personnel costs, customers, suppliers, fixed assets, inventories, taxation and cash.

These documents provide both a reference guide to best practice and an informative presentation on matters covered, with forms and fact sheets. They are updated regularly.

3.2.3 INTERNAL ACCOUNTING AUDITS

Internal accounting audits are performed by the Corporate Accounting Unit annually. Reports and action plans are issued after each audit.

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In 2013, the accounting audits concerned FLUPAT accounting access authorizations¹⁰ and the linking of SEDP subsidiary's (property development) invoicing system with RATP.

An audit on parking space rental processes, managed administratively by the "Real Estate, Procurement and Logistics" department, will be performed for the company at year end.

In addition, throughout the year, the audit unit monitors the implementation of action plans and ensures that deadlines are met.

3.3 Control of Subsidiaries

Subsidiaries are subject to specific controls by RATP Epic, aimed at managing the risks inherent in development. In addition to RATP's control, the subsidiary RATP Dev exercises management control over its own subsidiaries and equity investments.

3.3.1 UPSTREAM CONTROLS

Upstream controls include:

- Control of subsidiaries' corporate strategy through medium-term business plans;
- Control of significant decision-making issues such as those concerning budgets, the preparation of financial statements, bids on calls for tender, major contracts, capital transactions, equity investments and the founding of subdivisions within subsidiaries.

This control is exercised by the commitments board of the subsidiary concerned. For major subsidiaries, if the issues are significant, decision-making is also controlled by RATP's oversight bodies (State Equity Investment Agency, Economic and Financial Control Board for Transport, Budget Department, and Maritime Transport Board).

The subsidiaries' commitments boards convene prior to Board (or Supervisory Board) meetings, to prepare input and guidance for decision-making.

For RATP Dev and Systra, these controls are performed by the committees set up by supervisory boards in conjunction with RATP Epic's finance department:

- The Investment Committee (RATP Dev) and Commitments Committee (Systra) for bids on calls for tender, contracts and acquisitions;
- The Finance Committee (RATP Dev) and Audit Committee (Systra) for budgets, half-year and annual reporting and medium-term business plans.
 These committees monitor general compliance with accounting policies, financial reporting to the supervisory boards and risk assessments.

For the other subsidiaries, control over corporate strategy is exercised by a Commitments Board, comprising, for each subsidiary, representatives of the subsidiary's management, RATP's finance department and RATP Epic's executive management.

10 The Corporate Accounting Unit of the Management and Financial Control department delegates the responsibility for processing certain accounting documents to an external unit until the flows are included in the information system, creating accounting entries.

3.3.2 DOWNSTREAM CONTROLS

Downstream controls include:

- Monthly financial reporting on the basis of the accounting information gathered in the consolidation software. The information is presented in the form of an operating report on the subsidiaries, which is sent to RATP parent company's Executive Committee. The software is used for both monthly reporting and consolidation purposes, which guarantees consistent data;
- A complete audit of operations is performed on certain subsidiaries every year.

Upstream controls and monthly financial reporting are performed by the unit of the Finance and Management Control department responsible for Subsidiaries, Financial Transactions and Tax, while audits are performed by Internal Audit staff (see 2.2.3 above).

3.3.3 OTHER CONTROLS

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

- In March it reviews the previous year's performance and consolidated financial statements;
- In June it reviews the outlook for the current year.

A quarterly report on the subsidiary RATP Dev has been sent to the Board of Directors since January 2011. The Board of Directors gives its opinion on the budget and medium-term business plan, on acquisitions and investments exceeding certain thresholds and on certain bids on calls for tender.

The consolidated budget for RATP group is presented to the Board of Directors at year end.

Appendices

Appendice 1.
Board of Directors and Committees

1 • THE BOARD OF DIRECTORS

In accordance with the Government decree no. 84-276 of April 13, 1984, amended by decrees no. 2004-500 of June 7, 2004, and no. 2006-1018 of August 11, 2006, RATP's Board of Directors comprises 27 members, which include:

- Nine Government representatives appointed by decree;
- Nine qualified persons appointed by decree:
- Two persons selected for their expertise in transport and mobility policy;
- Three persons with a professional background in business;
- Two representatives of public transport users;
- Two local authority representatives from areas directly affected by the company's activities.
- Nine employee representatives elected by company employees.

The Board nominates one of the Directors as President and Chief Executive Officer. The appointment is made by decree by the Government Ministers after the Cabinet has heard the report from the Transport Minister.

The Government Commissioner and Head of the Economic and Financial Control Board for Transport are entitled to attend all Board meetings, along with the secretary or representative of the works committee.

The secretary of the Board is nominated by the President, 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 the standing and 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.

2 • BOARD COMMITTEES

Three standing committees are responsible for preparing the Board's work. Two comprise an equal number of Directors, and the third is composed of the entire Board. The first deals with the company's technical and technological modernization and development, particularly in terms of network development and maintenance, improvement of service quality, research and contracts. The second, the economic and strategic committee, deals with RATP's operating budget and investment plans, financial statements, public and service provision agreements and contracts. It also addresses business and social issues such as training, housing policy, developments outside the RATP-Stif agreement, subsidiaries' activities and the annual report and sustainable development report. The third committee, whose Chairman is employed by RATP, monitors performance of the RATP-Stif agreement and key performance indicators on service quality. It also examines plans for new services.

The Audit Committee, comprising six directors (two elected by employees, one leading business person and three government representatives) is responsible for advising the Board on the parent company and consolidated financial statements and on the reliability of the information systems used to prepare them. It also advises on financial management, management and accounting principles, cost accounting, developments relating to accounting information systems and management control, the internal audit program and the quality of internal audit methods, and risk management policies.

Alongside management decisions, which are voted on by the Board, the President may propose issues for discussion, particularly when medium and long-term policy-making is required.

3 • SUBSIDIARIES AND EQUITY INVESTMENTS

The President appoints RATP's representative at the shareholders' general meetings and Board meetings of companies in which RATP holds equity interests and informs the Board of the appointment. RATP's Board of Directors hears a report on each of the companies in which it holds a significant stake at least once a year, and gives its opinion on RATP Dev's medium-term business plan.

4 • ANNUAL REPORT AND SUSTAINABLE DEVELOPMENT REPORT

RATP's annual report and sustainable development report are submitted to the Board for approval.

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5 • LIST OF DIRECTORS AS AT DECEMBER 31, 2013 (TERM OF OFFICE 2009-2014)

Nan	ne	Role	Other positions	
GOV	ERNMENT REPRESENTATIVES			
Ms	BERGEAL Catherine	State Council	No	
Иr	DAUBIGNY Jean	Prefect of Île-de-France and Prefect of Paris	No	
۷r	DURET Emmanuel	Former Section Head of the First Division of the French National Audit Office	No	
۷r	DE FENOYL Christian	Honorary Government Chief Engineer	Yes	
⁄lr	GRAFF Pierre	Former Chief Executive Officer of Aéroports de Paris	Yes	
Иs	LEPAGE Solenne	Director of Transport and Audiovisual Equity Investments	Yes	
۷r	CHARISSOUX Denis	Deputy director of the Budget Department	Yes	
۷r	MONGIN Pierre	Chief Executive Officer of RATP	Yes	
oca	AL AUTHORITY REPRESENTATIVE			
۷r	CARREZ Gilles	Member of French Parliament, Mayor of Le Perreux-sur-Marne	No	
Ms	DEBRE Isabelle	Senator of Hauts-de-Seine and Deputy-Mayor of Vanves	No	
			1.10	
KEPI Vir	RESENTATIVES OF PUBLIC TRANS BUGAT Alain	Chairman of NUC, Advisor	Yes	
Иs	DERUY Danielle	Chief Executive Officer, AEF	Yes	
Mr	SAMUEL-LAJEUNESSE Denis	Senior Advisor, KCF	Yes	
REPF	RESENTATIVES OF PUBLIC TRANS	SPORT USERS		
Иr	BERNARDELLI Stéphane	UNAF (national union of family non-profit organizations)	No	
Иr	BOUTRY Yves	FNAUT (national federation of transport users)	No	
TRA	NSPORT BUSINESS EXPERTS			
Иr	RAULIN Patrice	Former Chairman of Société Lyon-Turin Ferroviaire (rail tunnel)	Yes	
Иr	GIRRE Xavier	Chief Financial Officer and Deputy Chief Executive Office of La Poste	Yes	
EMD	LOYEE REPRESENTATIVES	·		
Mr.	GAUDOT Daniel	CGT union member	Yes	
Иr	GILLARD François	CGT union member	Yes	
Иs	GONDARD Nathalie	SUD union member	No	
ار ار	LEJAULT Pascal	CFDT/CFTC union member	Yes	
л Иr	MARIUS Claude	UNSA union member	Yes	
۰۰ Mr	RICHAUD Philippe	CGT union member	No	
۰۰ Mr	RINGUEDE Jean-Louis	UNSA union member	Yes	
۸r	RIZZI Michel	CGT union member	Yes	
Иr	TERNOIS Alain	CFE-CGC union member	Yes	

Appendice 2. Board Meetings and Work in 2013

Meetings	Number	Business	Number
Board of Directors February 1 March 29 May 24 June 28 August 30	6	Discussions	27
November 29		Deliberations	24
Tachnical and tachnal giral transment made mineting converted	6	Of which: • Contracts > €60 million	7
Technical and technological transport modernization committee		Preliminary projects	1
		Additional project outlines	2
Economic strategy committee	6		
Innovation and customer service committee	6		
Audit committee	5		
Working groups	4		
Seminar	1		
Total	36		

Appendice 3. RATP Accounting Policies

1 • PREPARATION OF THE FINANCIAL STATEMENTS

RATP group issues audited annual parent company and consolidated financial statements and half-yearly consolidated financial statements that are reviewed by the Statutory Auditors.

RATP also prepares prospectuses when issuing debt, which are approved by the Statutory Auditors and the French securities market regulator (AMF).

In general, the accounting information produced by RATP parent company fulfils the requirements of its departments and units in terms of budgeting, forecasting and general management.

As of January 1, 2012, in accordance with the provisions of the French law of June 3, 2010, infrastructure management and public passenger transport service operations have been accounted for separately, with a balance sheet and income statement prepared for each in the notes to the parent company financial statements. On January 1, 2012 a structure dedicated to the accounting treatment of infrastructure management operations was set up.

To prepare the separate balance sheets and income statements, the appropriate amounts have been directly allocated to the corresponding line items or flows. When this is not possible, for instance if the line items or cash flows are managed by one activity and have initially been recognized as such, internal transfers between the two activities have been arranged to bill the activities appropriately, in accordance with general practice. Such

agreements govern the scope of the transfers, the valuation principles and the invoicing methods. They are regularly reviewed by both activities.

2 • CONTROL PROCEDURES ON THE PREPARATION OF THE INDIVIDUAL FINANCIAL STATEMENTS

2.1 Accounting Policies

RATP ensures the segregation of duties of its accountants (employees who generally work for the management and financial control department), treasurers and the departments authorizing expenditure.

The accountants draw on an array of regulatory, management and accounting texts relating to their function.

RATP's accounting system is designed to ensure that controls take place throughout the process of preparing the financial statements.

2.2 Regular controls

1- The department units and support groups are involved in RATP's accounting operations insofar as they authorize and engage company expenditure and revenue and define their cost accounting systems in line with the company's common accounting rules. This may involve delegated

The President's Report

accounting tasks (data entries can be made without involving accountants from the company's central accounting unit) or direct access to accounting information systems to enter data such as external expenses, using local tools connected to the company's accounting information systems.

2- The local accounting offices of the company's central accounting unit are responsible for controlling the entries made in units' management systems on a monthly basis. They make the corrections necessary and record operations not delegated to the units. On January 1, 2012 an accounting office was set up for infrastructure management operations.

In 2013, a subdivision dedicated to capital expenditure and investment was created in the Corporate Accounting Unit. The purpose of the subdivision, which was formed by merging two accounting offices, is to centralize all issues relating to capital expenditure: the accounting treatment for property, plant, equipment and fixed intangible assets; managing capital expenditure policies, and disseminating capital expenditure rules and methods.

Accounting delegations relating to decentralized bank accounts, managed by the company units, are revised regularly throughout the year to ensure that the accounting and administrative procedures governing them are properly applied. In 2013, redesign of the control processes used for reviewing decentralized bank accounts continued, with the implementation of the AIRA software application, enabling controls to be tracked and reported to managers of the decentralized bank accounts.

Certain sections of the company have specific accounting delegations. The work initiated in 2012 to set out formal procedures for these authorizations (scope, responsibilities, review process, accounting procedures, etc.) is still under way. In addition to regular monitoring by the accounting offices, periodic reviews must be planned by the company's central accounting unit in order to control use of IT systems and compliance with applicable agreements and procedures.

Ad hoc audits are also performed by the audit office of the company's central accounting unit.

- **3-** All the data is reported to the central departments where summaries are prepared and centralized work is performed: booking of payables and receivables, payroll receipts and expenses, control of accounting quality, preparation of the financial statements (including the balance sheet, income statement and notes thereto).
- 4- Since 2012, these controls have been reorganized in order to adapt to changes in accounting systems and to the constraints of separately accounting for infrastructure management activities and public passenger transport service operations, particularly in terms of access authorizations for accountants from one or other activity.

2.3 Monthly Reporting

The accounts are closed every month, at which time the accounting offices ensure that changes in expenses and income are reasonable, and record closing entries. A central accounting unit performs a cross-company analysis of the results.

Responsibility for balance sheet accounts lies with the unit's various offices, which perform analyses and other analytical procedures on a regular basis.

These are reviewed by the central accounting unit, which conducts a global control.

2.4 Ad hoc controls

- **1-** Review of the decentralized bank accounts: these are managed by the company's units and are audited at least once a year to verify compliance with the governing accounting and administrative procedures.
- 2- Accounting delegations: some of the company's businesses are authorized to perform accounting tasks (they can make data entries without involving accountants from the company's central accounting unit). Formal procedures are currently being prepared for these authorizations (including scope, responsibilities and review arrangements).

3 • PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS OF RATP GROUP

The consolidated financial statements are prepared every six months according to a timetable set at the closing of each period by the finance department.

The consolidation of the financial statements is performed using consolidation software comprising an application that implements the accounting policies and rules, which are updated regularly. The majority of the entities' consolidation packages are compiled by the subsidiaries' accountants. Much of the control work is carried out using the consolidation system configured to include numerous and occasionally restrictive controls. The software publisher is responsible for maintenance of the tool.

The consolidated financial statements are prepared by a section of the company's central accounting unit for the whole Group. The role of the section is to ensure that the source information provided by the subsidiaries is consistent, that the consolidated financial statements are prepared in accordance with current standards and regulations and that the information gives a fair presentation of the Group's business and financial position.

The section is responsible for preparing financial information in compliance with International Financial Reporting Standards for the majority of the subsidiaries and making the consolidation adjustments (harmonization of the financial statements, elimination of intercompany securities and transactions). Changes in shareholders' equity are reviewed for each subsidiary. Reviews of account balances are then made to verify their accuracy.

The information derived from the accounting consolidation is the same as that used by analysts from the Finance and Management Control department's unit responsible for Subsidiaries, Financial Transactions and Tax. As a result, during the closing period, information from subsidiaries is simultaneously analyzed and cross-checked against information from previous months and from budgets and forecasts.

STATUTORY AUDITOR'S REPORT

On the Report of the President of the Board of Directors of RATP on Internal Control and Risk Management Procedures

As Statutory Auditors of RATP and in compliance with the assignment entrusted to us, we hereby report to you on the report of the President of your Board of Directors on internal control and risk management procedures for the year ended December 31, 2013.

It is the responsibility of the President to report on the internal control and risk management procedures implemented within RATP and to provide the other information required by Article L. 621-18-3 of the French Monetary and Financial Code, particularly in terms of corporate governance measures.

Our role is to inform you of our observations on the information provided in the President's report on the internal control and risk management procedures relating to the preparation and processing of financial and accounting information.

We conducted our audit in accordance with the auditing standards generally accepted in France. The standards require that we perform our work to assess whether the information presented in the President's report gives a

true and fair view of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information. Our work included:

- Obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of accounting and financial information on which the information presented in the President's report is based, and existing documentation;
- Obtaining an understanding of the work involved in the preparation of this information and existing documentation;
- Determining whether any significant weaknesses in the internal control
 procedures relating to the preparation and processing of accounting and
 financial information that we may have found in the course of our engagement have been properly disclosed in the President's report.

On the basis of our work, we have no matters to report on the disclosures concerning RATP's internal control and risk management procedures relating to the preparation and processing of accounting and financial information contained in the report of the President of the Board of Directors.

Neuilly-sur-Seine and Paris-La Défense, March 14, 2014 The statutory auditors

PricewaterhouseCoopers Audit Gérard Morin Ernst & Young and others Christine Vitrac

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STATUTORY AUDITORS' REPORT

On the Consolidated Financial Statements

Year ended December 31, 2013

In compliance with the assignment entrusted to us by the Minister for the Economy, Industry and Employment, we hereby report to you, for the year ended December 31, 2013, on:

- The audit of the accompanying consolidated financial statements of RATP;
- · The justification of our assessments;
- The specific verifications required by French law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on the 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 our work to obtain reasonable assurance that the consolidated financial statements are free from material misstatement. An audit involves examining, on a test basis or by other sampling means, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall presentation of the financial statements. We believe that our audit has provided us with sufficient relevant information on which to base our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and results of all the consolidated entities in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union.

2 - Justification of our assessments

In accordance with the requirements of Article L.823-9 of the French Commercial Code relating to the justification of our assessments, we draw your attention to the following matters:

Employee benefits

Note 24 to the consolidated financial statements on "Provisions for employee benefits" describes the post-employment benefits and other long-term benefits provisioned in the balance sheet, as well as the method used to measure the provisions.

We reviewed the manner in which these benefits and provisions had been identified, measured and recognized, as well as the impact of the first-time application of revised IAS 19, and we ensured that Notes 3.16, 23 and 24 provided appropriate disclosure thereon.

Asset values

As stated in Notes 3.9 "Asset impairment" and 15 "Asset impairment tests", RATP performed impairment tests on assets. Our work entailed reviewing the methods used to perform the tests based on discounted future cash flows from the related activities and assessing the consistency of the assumptions used with foreward-looking data in light of the current contractual and regulatory framework. We also verified that Notes 3.9 and 15 provided appropriate disclosure thereon.

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

3 - Specific verifications

We also verified the information provided in the Board of Directors' management report on RATP group, as required by French law, in accordance with professional standards applicable in France.

We have no matters to report as to its fair presentation and consistency with the consolidated financial statements.

Neuilly-sur-Seine and Paris-La-Défense, March 14, 2014 The statutory auditors

PricewaterhouseCoopers Audit Gérard Morin Ernst & Young et autres Christine Vitrac

EHENSIVE INCOM

The financial statements are presented in thousands of euros.

1 • INCOME STATEMENT

• INCOME STATEMENT	Notes	12/31/13	12/31/12 restated (1)
Revenue (of which revenue from financial concession assets €153 million in 2013 and €142 million in 2012)	Note 5	5,142,722	4,934,017
Other income from ordinary activities	Note 5	451,059	626,811
Revenue	Note 5	5,593,781	5,560,828
Cost of sales		(751,738)	(917,565)
Other purchases and external charges		(819,174)	(772,411)
Taxes, duties and similar payments	Note 9	(223,289)	(219,380)
Payroll and payroll-related costs (1)	Note 6	(2,906,266)	(2,794,009)
Other operating expenses		(53,876)	(44,469)
EBITDA		839,438	812,994
Depreciation and amortization expense		(308,627)	(309,227)
Provisions, net		5,842	5,885
Gain on disposal of assets	Note 7	(18,812)	6,664
Gain on other consolidation scope changes	Note 7	980	0
Impairment		(14)	(15)
Other operating income (expenses)		261	282
Operating income		519,068	516,583
Financial income	Note 8	11,800	10,608
Financial expense	Note 8	(231,832)	(238,307)
Pre-tax income		299,036	288,884
Income from equity-accounted associates	Note 17	8,185	4,056
Income tax	Note 9	(9,822)	(5,015)
Consolidated net income		297,399	287,925
Net income attributable to owners of the company		292,827	286,243
Net income attributable to non-controlling interests		4,572	1,682

2 • OTHER COMPREHENSIVE INCOME

	Notes	12/31/13	12/31/12 restated (1)
Net income		297,399	287,925
Net change in fair value of cash flow hedges, net of tax		2,872	(24,551)
Foreign currency translation differences, net of tax		(4,482)	1,043
Associates - share of other comprehensive income that may be reclassified to profit or loss, net of tax		(679)	(258)
Total other comprehensive income that may be reclassified to profit or loss		(2,289)	(23,766)
Actuarial gains and losses, net of tax		38,219	(26,300)
Associates - share of other comprehensive income that may not be reclassified to profit or loss, net of tax		483	(295)
Total other comprehensive income that may not be reclassifed to profit or loss		38,702	(26,595)
Income and expense recognized under other components of comprehensive income		36,413	(50,361)
Total comprehensive income for the period		333,812	237,564
Attributable to:			
Owners of the company		330,239	236,368
Non-controlling interests		3,573	1,196

Actuarial gains and losses mainly reflect the increase in the discount rate from December 2012 to December 2013. Taxes only concern subsidiaries. The tax effects of other components of comprehensive income are disclosed in Note 9.

⁽¹⁾ The main impact of retrospectively applying revised IAS 19 as of January 1, 2012 is that it is no longer possible to spread past service costs over future service periods. Past service costs retrospectively increased provisions for employee benefits, which resulted in a €1,400 thousand decrease in payroll costs compared with the figures published as at December 31, 2012. Consequently, EBITDA and the aggregates below in the statement of comprehensive income increased by an identical amount, as shown by the restated figures.

CONSOLIDATED BALANCE SHEETS

Assets	Notes	12/31/13	12/31/12 restated (1)	Equity and liabilities	Notes	12/31/13	12/31/12 restated (1)
				Capital stock		433,367	433,367
Goodwill, net	Note 10	174,272	176,163	Reserve for assets allocated to RATP		250,700	250,700
Intangible assets	Note 11	538,695	476,330	Reserves (1)		1,995,152	1,672,875
Property, plant and equipment	Note 12	5,154,173	5,046,111	Retained earnings		292,827	286,243
				Equity attributable to owners of the company		2,972,046	2,643,185
Investments in associates	Note 17	151,731	149,793	or the company		2,372,040	2,043,103
Available-for-sale financial assets	Note 19	8,726	9,136	Non-controlling interests		17,778	12,804
Derivative financial instruments - non-current	Note 29	290,986	321,798				
Financial concession assets - non-current (2)	Note 14	3,548,781	3,381,702	Equity		2,989,824	2,655,989
Other financial assets -	. 1010 24	3,340,101	3,302,702	qvy		_,505,0_4	_,033,303
non-current	Note 20	651,832	561,225				
Deferred tax assets	Note 9	18,196	14,786	Provisions for employee benefits (1)	Note 24	615,310	634,688
				Other provisions - non-current	Note 25	141,067	137,882
Non-current assets		10,537,392	10,137,044	Loans and borrowings - non-current	Note 26	5,409,767	5,498,334
				Derivative financial instruments -	Note 29	11,432	19,417
Inventories	Note 21	169,095	168,298	Deferred tax liabilities	Note 9	24,094	24,020
		2, 22	, -	Other trade creditors		5,182	1,809
Trade and other receivables	Note 22	778,643	793,452				
Tax receivables		7,887	1,514	Non-current liabilities		6,206,852	6,316,150
Derivative financial instruments -							
current	Note 29	13,296	13,755	Other provisions - current	Note 25	55,496	64,957
Financial concession assets - current (2)	Note 14	279,334	257,074	Loans and borrowings - current	Note 26	2,182,689	2,163,817
Other financial assets - current	Note 20	516,222	489,974	Derivative financial instruments -		_,,	_,,
		5 -,	2,31	current	Note 29	15,198	17,676
				Trade payables and related accounts	Note 27	1,745,950	1,711,737
Cash and cash equivalents	Note 23	889,806	1,072,790	Income tax liabilities	14010 27	8,001	3,575
Assets held for sale	Note 16	12,333	0			0,001	3,313
Current assets	-	2,666,617	2,796,857	Current liabilities		4,007,333	3,961,762
Total assets		13,204,009	12,933,901	Total equity and liabilities		13,204,009	12,933,901

⁽¹⁾ The main impact of retrospectively applying revised IAS 19 as of January 1, 2012 is that it is no longer possible to spread past service costs over future service periods. Compared with the figures published as at December 31, 2012, provisions for employee benefits increased by €16,927 thousand. This resulted in a €1,400 thousand increase in 2012 net income, and a €18,327 thousand decrease in opening equity as at January 1, 2012 compared with the figures published as at December 31, 2011.

⁽²⁾ In the financial statements released on December 31, 2012, the line items "Financial concession assets" were included under "Other financial assets", of which €3,942,927 thousand were non-current financial assets and €747,048 thousand were current financial assets.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	12/31/13	12/31/12 restated (1)
Consolidated net income (1)		297,399	287,935
Income from equity-accounted associates		(8,185)	(4,056)
Depreciation and amortization (1)		283,650	329,722
Depreciation and amortization of concession assets	Note 14	291,093	283,454
Fair value remeasurement gains and losses		415	2,669
Gains from asset disposals		5,552	(10,811)
Dividends received		0	(820)
Discounting effect		40,964	(22,736)
Cash flow from operations after net financial expense and tax		910,889	865,358
Adjustment of tax expense (income)		9,822	5,015
Change in working capital	Note 22	(99,047)	(8,587)
Income taxes paid		(14,779)	(10,272)
Net cash provided by operating activities		806,885	851,514
Effect of scope changes		(5,135)	(28,944)
Purchase of property, plant, equipment and intangible assets	Notes 11 et 12	(804,835)	(550,898)
Purchase of concession assets		(784,105)	(1,013,681)
Purchase of other financial assets		(41)	(470)
Change in loans and advances granted		(153,567)	3,473
Change in working capital relating to investments and concession assets		(17,086)	(24,542)
Investment grants received	Notes 11 et 12	322,239	241,602
Investment grants related to concession assets		317,239	359,118
Investment grants receivable		12,366	(78,834)
Proceeds from disposals of property, plant equipment and intangible assets		138,302	100,940
Proceeds from financial assets		0	19
Dividends received from equity-accounted associates		5,121	970
Other net cash used in investing activities		(2,017)	0
Net cash used in investing activities		(971,519)	(991,248)
Non-controlling interests - share of proceeds from capital increase		579	
Proceeds from issuance of borrowings		499,764	56,283
Proceeds from issuance of commercial paper		1,019,720	1,008,740
Repayment of borrowings		(505,935)	(121,928)
Repayment of commercial paper		(1,008,740)	(479,885)
Increase in accrued interest		1,506	11,257
Dividends paid to non-controlling interests		(1,944)	(1,879)
Other cash flow from financing activities		(2,032)	710
Net cash from financing activities		2,918	473,298
Effect of changes in the exchange rate		(1,917)	(44)
Net increase in cash and cash equivalents		(163,633)	333,521
Cash and cash equivalents at January 1		955,387	621,866
Cash and cash equivalents at December 31	Note 23	791,754	955,387
Net decrease in cash and cash equivalents		(163,633)	333,521

⁽¹⁾ The main impact of retrospectively applying revised IAS 19 as of January 1, 2012 is that it is no longer possible to spread past service costs over future service periods. Compared with the figures published as at December 31, 2012, consolidated net income increased by €1,400 thousand, offset by a decrease in adjustments for "Depreciation and amortization".

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Reserve for assets allocated by the State	Translation reserve	Actuarial gains and losses	Fair value reserve	Cash flow hedging reserve	Other reserves	Owners of the company	Non- controlling interests	Total equity
Balance as at December 31, 2011 (issued)	433,367	250,700	(1,964)	(72,735)	1,775	(3,225)	1,843,362	2,451,280	10,312	2,461,592
Retrospective application of revised IAS 19							(18,327)	(18,327)	0	(18,327)
Restated balance as at December 31, 2011	433,367	250,700	(1,964)	(72,735)	1,775	(3,225)	1,825,035	2,432,953	10,312	2,443,265
Net income for the period							286,243	286,243	1,682	287,925
Other comprehensive income			1,219	(26,492)	(51)	(24,551)		(49,875)	(486)	(50,361)
Total comprehensive income			1,219	(26,492)	(51)	(24,551)	286,243	236,368	1,196	237,564
Other transactions with owners of the company							(22,082)	(22,082)	687	(21,395)
Other changes							(4,054)	(4,054)	609	(3,445)
Balance as at December 31, 2012	433,367	250,700	(745)	(99,227)	1,724	(27,776)	2,085,142	2,643,185	12,804	2,655,989
Net income for the period							292,827	292,827	4,572	297,399
Other comprehensive income			(4,058)	38,763		2,707		37,413	(1,000)	36,413
Total comprehensive income			(4,058)	38,763	0	2,707	292,827	330,240	3,572	333,812
Other transactions with owners of the company							40	40	(2,007)	(1,967)
Other changes							(1,419)	(1,419)	3,409	1,990
Balance as at December 31, 2013	433,367	250,700	(4,802)	(60,464)	1,724	(25,068)	2,376,591	2,972,046	17,778	2,989,824

The main impact of retrospectively applying revised IAS 19 as at January 1, 2012 for RATP Group is that it is no longer possible to spread past service costs over future service periods. Consequently, the opening balance of equity as at January 1, 2012 decreased by €18,327 thousand compared with the figures published as at December 31, 2011, and 2012 restated net income was €1,400 thousand higher than the amount reported as at December 31, 2012.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Unless otherwise stated, all amounts are presented in thousands of euros.

RATP group ("the Group") is a major public transport provider in France, operating in towns and suburbs and particularly in the Île-de-France area.

The parent company, *Régie Autonome des Transports Parisiens* (RATP), is a public service company created pursuant to the French law of March 21, 1948 and registered with the Paris Trade and Companies Register (RCS). Its head office is located at 54 quai de la Râpée, 75012, Paris, France.

The main purpose of RATP is to operate public transport services in the Île-de-France area. It has also been mandated to manage the network infrastructure allocated to public passenger transport pursuant to the French law n°2009-1503 of December 8, 2009 (known as the ORTF law). The ORTF law has:

- Entrusted RATP with the role of managing the metro and RER network infrastructure (excluding the responsibilities conferred on Réseau Ferré de France) used for its operations as of January 1, 2010;
- Specified that lines created before December 3, 2009 shall continue to be operated under the terms of the agreements effective as at that date and the agreements that shall be negotiated under the new legal framework until December 31, 2024 for bus services, until December 31, 2029 for tramway services and until December 31, 2039 for other transport services (metro and RER). The operating rights granted to RATP are now limited in duration, with renewal possible under the terms stipulated by law;
- Set forth the framework governing the remuneration of RATP for managing the infrastructure and operating the services, ensuring an appropriate return on capital employed.

Since the adoption of French law n°2000-1208 on solidarity and urban renewal, RATP has been authorized to operate public transport networks via its subsidiaries throughout France and abroad.

RATP is a State-owned company and as such the Group's consolidated financial statements are included in the combined financial statements of the State shareholder.

The Group's consolidated financial statements at December 31, 2013 were approved by the Board of Directors on March 14, 2014.

1 • SIGNIFICANT EVENTS AND TRANSACTIONS IN 2013

1.1 Transfer of ownership of assets from the Île-de-France transport authority (Stif) to RATP

In connection with the implementation of the ORTF law, RATP and the Île-de-France transport authority jointly instituted an arbitration procedure in 2012, to determine the amount of compensation due for the fully-owned assets transferred from the Île-de-France transport authority to RATP at January 1, 2010. This amount was set at €200 million through an inter-

ministerial order published on February 16, 2013. The compensation was transferred to the Île-de-France transport authority during the first half of 2013. As the compensation was required by the ORTF law, it was accounted for in the consolidated financial statements for 2012, and retroactively at January 1, 2010, under assets with an offsetting entry corresponding to the liability payable to the Île-de-France transport authority. As the interministerial order was issued subsequent to the reporting date for financial year 2012, it was not possible to allocate the compensation to individual assets or recognize the associated depreciation in the 2012 financial statements. The calculation was performed in 2013, when the distinction was drawn between depreciable and non-depreciable components. RATP opted to allocate the compensation to individual assets, both land and buildings, in proportion to the difference between the carrying amounts reported in the annual financial statements of RATP Epic and the fair values determined by independent experts.

Since the allocation, RATP has ensured, in accordance with the procedures outlined in Note 15, that the carrying amount of all balance sheet assets has remained lower than their recoverable amount. Consequently no impairment was recognized in the consolidated financial statements for financial year 2013.

1.2 Modification of guarantees on American lease transactions

When setting up the American leases described in Note 13, RATP had to pay deposits to financial institutions. Due to the downgrade in the credit rating of some of the counterparties to these deposits, in accordance with the American lease terms and conditions, the lease was restructured in July 2013 and the original security deposits were replaced by American treasury bonds totalling USD 200 million. Before the restructuring, the original security deposits were offset with lease liabilities, under the conditions described in Note 13. As the new deposits have replaced the previous ones in the arrangement, they have been offset as described in Note 13. Following the transaction, the original currency deposits are no longer offset and are reported in the consolidated balance sheet under assets. On the date of restructuring, the amount of the initial deposits equalled the value of the treasury bonds constituting the new guarantees. The replacement had no impact on the net present value (NPV) of the arrangement or on the way it is recognized in profit or loss over the lease term. Exposure to exchange rate and interest rate movements on the deposits is hedged by derivatives that qualify for fair value hedge accounting. The deposits are now measured and recognized at fair value.

1.3 Significant RATP group developments

1.3.1 DEVELOPMENTS IN FRANCE

RATP Dev continued to expand in central France through the acquisition in March 2013 of Réunir Bourgogne Centre, which provides regular coach, school and tourist transportation services in the Nièvre and Cher departments.

Since January 1, 2013, RATP Dev has operated the bus network serving the Boulogne sur Mer conurbation, through the Compagnie des Transports du Boulonnais.

1.3.2 DEVELOPMENTS OUTSIDE FRANCE

RATP Dev further developed operations in the United Kingdom by acquiring Selwyns Travel in March 3013. The company provides intercity transport services and coach hire in Manchester, Runcorn and St Helens.

In Algeria, the Oran and Constantine tramways became operational in May and July 2013, respectively. SETRAM operates and maintains the tramways.

In the United States, RATP Dev also won the contract to operate and maintain the first tramway in Tucson, Arizona. The eight-year operating contract entered into effect at the end of 2013.

1.4 Issuance of debt securities

Under its Euro Medium Term Note (EMTN) program, RATP issued new series of corporate debt securities during the financial year:

- April 2013: notes for a nominal amount of €50 million, maturing in October 2025 and bearing 2.44% interest;
- June 2013: notes for a nominal amount of €200 million, maturing in February 2015 and bearing 0.36% interest;
- September 2013: notes for a nominal amount of €200 million, maturing in October 2025 and bearing 3.03% interest.

1.5 Taxation of Île-de-France transport authority flat-rate contributions

RATP contacted the French tax authorities (DLF) on May 19, 2009 requesting an analysis of the regime governing VAT on contributions paid by the Île-de-France transport authority. Despite several follow-ups, no response has been received on the matter to date.

Since 2010, RATP has invoiced the Île-de-France transport authority without VAT in accordance with the analysis presented to the French tax authorities

Considering the contractual framework with the Île-de-France transport authority, whatever the final outcome, RATP assumes that the impact on VAT and payroll tax will not affect net income.

2 • ACCOUNTING STANDARDS

2.1 Accounting policies

Pursuant to European regulation n°1606/2002 of July 19, 2002, the consolidated financial statements of the Group at and for the year ended December 31, 2013 have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Union.

Information on these standards is available on the European Union's website at: http://ec.europa.eu/internal_market/accounting/ias/index_en.htm

The consolidated financial statements have been prepared on the historical cost basis, with the exception of available-for-sale financial assets, which are measured at fair value, and financial assets and liabilities measured at fair value through profit and loss (including derivative instruments).

2.2 IFRS developments and accounting changes

2.2.1 STANDARDS AND INTERPRETATIONS ISSUED BY THE IASB AND MANDATORY FOR THE FIRST TIME IN 2013

The amendment to IAS 1 on the presentation of items of other comprehensive income was implemented in RATP group's financial statements as at December 31, 2013. The amendment requires items of OCI that may be reclassified to profit or loss to be distinguished from those that may not (see Statement of Comprehensive Income).

The revised version of IAS 19 on employee benefits was retroactively applied with the following effects:

- Past service costs not recognized as at December 31, 2011 were accounted for through an €18,327 reduction in consolidated reserves as at January 1, 2012;
- Expected return on plan assets is measured using the discount rate applied to determine employee benefits. The difference between the discount rate and the yield on plan assets is recognized in other comprehensive income.

IFRS 13 on fair value measurement provides a single IFRS framework for all fair value measurements. Disclosures on fair value are presented in Notes 3.20 and 30.

Amendment to IFRS 7 "Offsetting Financial Assets and Financial Liabilities", which requires new disclosures, has been implemented and the information presented in Notes 13 and 28.3.

Other standards that were mandatory for the first time in 2013 had no material impact on the consolidated financial statements.

2.2.2 STANDARDS, AMENDMENTS AND INTERPRETATIONS THAT WERE NOT MANDATORY FOR THE PREPARATION OF THE 2013 CONSOLIDATED FINANCIAL STATEMENTS

The Group did not opt to apply the following standards, which will be mandatory for financial years beginning on or after January 1, 2014:

- IFRS 10 Consolidated Financial Statements;
- IFRS 11 Joint Arrangements;
- IFRS 12 Disclosure of Interests in Other Entities;
- IAS 28 (revised) Investments in Associates and Joint Ventures;
- Amendment to IAS 32 Financial Instruments: Offsetting Financial Assets and Financial Liabilities.

The application of IFRS 10, 11, 12 and IAS 28 (revised) will have no material impact on the consolidated financial statements, as the contribution of the proportionately consolidated entities to the Group's financial statements

is not significant. As at December 31, 2013 revenue would have been €51 million lower and operating income €1.5 million lower.

The Group has not applied early the other standards, amendments and interpretations that are effective for financial years after the year ended December 31, 2013, whether or not adopted by the European Commission.

2.2.3 CHANGE IN PRESENTATION IN 2013

In order to enhance understandability of the consolidated balance sheet, the Group has opted to include a separate line item for financial concession assets recognized in accordance with IFRIC 12 "Service Concession Arrangements". These assets were included in "Other financial assets" in the financial statements as at December 31, 2012.

2.3 Use of estimates and assumptions

The preparation of the consolidated financial statements requires Group management to make estimates and assumptions, as many of the items included in the financial statements cannot be measured accurately. Management revises the estimates if there is a change in the circumstances upon which they were based, or when new facts arise or it obtains a more extensive understanding of the situation. Consequently, actual results may differ significantly from the estimates made at December 31, 2013.

The estimates and assumptions notably concern:

- Assets, particularly property, plant and equipment (see Note 3.5), inventories (see Note 3.11), goodwill (see Note 3.3) and asset impairment tests (see Notes 3.9 and 15);
- Provisions for contingencies, primarily those for decommissioning (Note 25), and items relating to employee benefits (see Note 24);
- Measurement to fair value of financial instruments (see Note 30);
- Assessment of counterparty risk on deposits connected with leasehold agreements (see Note 13);
- Recognition of deferred tax assets (see Note 9);
- Recognition of concessions operated by RATP and the subsidiaries (see Note 14);
- · Measurement of goodwill.

The accounting methods used to prepare the consolidated financial statements are described below in Note 3. Unless otherwise indicated, these methods were consistently applied to the reporting periods presented.

The consolidated financial statements have been prepared in accordance with the going concern principle and with the principle on the separation of accounting periods.

2.4 Ownership regime governing assets capitalized by RATP

As of January 1, 2010, the French law on public passenger services by rail (hereinafter "the ORTF law") amended the ownership regime governing assets originally allocated to RATP or created by RATP by defining four asset categories:

- · Infrastructure assets, which are managed and owned by RATP;
- Rolling stock and the related maintenance equipment (returnable assets), which are owned by the Île-de-France transport authority as of January

- 1, 2010. The Île-de-France transport authority will take possession of the assets once the operating rights expire. Implementation decree n° 2011-320 provides for the purchase by the Île-de-France transport authority of these assets from RATP at their carrying amount net of grants, as reported in the financial statements of RATP Epic. In the consolidated financial statements, the assets are recognized as financial assets in accordance with IFRIC 12 Service Concession Arrangements (see Note 3.8 and 14):
- Other assets required for operations (reversionary assets), other than
 those mentioned in the previous two paragraphs, which are fully owned
 by RATP. Upon expiry of RATP's operating rights, the Île-de-France transport authority has the right to exercise a reversionary option on these
 assets. These assets were recognized as financial assets and intangible
 assets in accordance with IFRIC 12 Service Concession Arrangements
 (Notes 3.8 and 14);
- Real property and other assets that are not allocated to operations but are used by RATP for administrative, social or training purposes, which are fully owned by RATP.

Assets capitalized by RATP are recognized based on their ownership regime as follows:

	Infrastructure management	Transport operations				
Type of asset	Fully-owned assets	Returnable assets	Reversionary assets	Fully-owned assets		
Nature of assets	Infrastructure assets.	Rolling stock and related maintenance equipment.	Assets required for operations: – bus stations, – equipment.	Assets allocated for administrative, social and training purposes.		
Ownership regime	RATP owns these assets.	Stif has owned these assets since January 1, 2010. RATP uses and manages the assets. Stif will take possession of the assets when the operating rights expire.	RATP owns these assets. Stif holds a reversionary option subject to payment of compensation to RATP upon expiry of the agreement.	RATP owns these assets.		
Remuneration arrangements during operating period		Article 14 of French decree n°2011-320 sets forth the arrangements governing the compensation payable by Stif to RATP for the assets.	The remuneration principles and arrangements apply for the duration of the Stif-RATP agreement 2012-2015.			
Remuneration arrangements upon expiry of operating rights	NA	Article 14 of the French decree n°2011-320 provides for the repurchase of the assets at their carrying amount, net of grants.	The Stif-RATP agreement provides for the reversion of the assets at a value of zero for assets transferred to RATP as at January 1, 2010, or at their carrying amount, net of grants.	NA		
Assets eligible under IFRIC 12 – Service Concession Arrangements	No	Yes	Yes	No		

3 • ACCOUNTING POLICIES

3.1 Consolidation

3.1.1 CONSOLIDATION SCOPE AND METHODS

The consolidated financial statements of RATP group comprise the financial statements of the RATP parent company and those of its subsidiaries, joint ventures and associates. Subsidiaries are all entities over which the Group exercises control.

Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activity. Control is presumed to exist if the company holds, either directly or indirectly via its subsidiaries, more than fifty per cent of voting rights. The financial statements of subsidiaries are fully consolidated and those of non-controlling interests are accounted for based on their ownership interest.

Companies are consolidated from the date their controlling interest is transferred to the Group. They are deconsolidated from the date the Group ceases to exercise such control.

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

Subsidiaries over which the Group exercises significant influence but not control, are accounted for by the equity method. Significant influence is presumed to exist when the Group holds between 20% and 50% of voting rights.

Adjustments are made to the financial statements of consolidated subsidiaries and equity-accounted associates to bring them into compliance with the accounting policies applied by the Group.

Low-cost housing company HLM Logis Transports

Assessing the extent of control over low-cost housing (HLM) companies is extremely complicated due to the nature of the companies and the regulatory constraints imposed upon them. Pragmatic rather than theoretical analysis is used to determine control, taking into account the companies' specific operational characteristics.

Consequently, despite the fact that RATP holds an 88% stake in HLM Logis Transports, the company was not consolidated for the following reasons:

- Low-cost housing regulations impose financial constraints, such as restrictions on distributable profit and liquidating dividend rights, which limit the power to manage the financial policy of the subsidiary and to gain the associated economic benefits;
- The debt of low-cost housing companies, transaction by transaction, is almost always guaranteed by the local government authorities. Consequently, RATP does not bear any repayment risk on the loans made to HLM Logis Transports;
- Although RATP exercises influence over certain aspects of HLM Logis Transports' management, its influence cannot be qualified as control. RATP does not have control over the assets of HLM Logis Transport as a majority shareholder would. The assets of HLM Logis Transport are land and buildings used for social housing. The sale of these assets is restricted (impossible outside the low-cost housing market). They are a source of revenue (rent), which is set and adjusted by the regulator. The use of the assets is subject to certain conditions, such as the quotas for reserving housing set by the prefectures and local authorities. The allocation of housing to RATP employees is carried out by an allocation board in the same way as for external applicants.

The company's shares are recognized in the balance sheet at their acquisition cost. They are classified as available-for-sale financial assets.

The main financial information concerning HLM Logis Transports is presented in Note 19.

3.1.2 BUSINESS COMBINATIONS

Business combinations are accounted for using the acquisition method, which requires that identifiable assets acquired and liabilities assumed are measured at fair value at the acquisition date, which is the date at which control is transferred to the Group.

Goodwill is measured as the excess of (i) the fair value of the consideration transferred, the recognized amount of any non-controlling interests in the acquiree and the fair value of any pre-existing equity interest in the acquiree and (ii) the net recognized amount of the identifiable assets acquired and liabilities assumed at the acquisition date.

Goodwill is measured in the functional currency of the acquiree and accounted for on the consolidated balance sheet. The Group may elect at the acquisition date of each business combination to measure any non-controlling interest at fair value (the "full goodwill method") or at its proportionate interest in the recognized amount of the identifiable net assets of the acquiree. The latter method is more frequently applied by the Group. Transaction costs in connection with a business combination are expensed as incurred.

3.1.3 COMMITMENTS TO PURCHASE NON-CONTROLLING INTERESTS

Financial liabilities include the puts issued by the Group on non-controlling interests.

The Group has adopted the following accounting treatment:

- At inception of the puts, the present value of the exercise price is recognized as a financial liability offset through a reduction in non-controlling interests, with the remaining balance recognized in equity;
- At each reporting date, the financial liability is re-measured and changes in the liability are recognized in equity attributable to owners of the company.

Puts with variable exercise prices are measured at the reporting date on the basis of estimates and the most recent data available (either exercise price based on fair value or using a formula).

3.2 Foreign currency translation

3.2.1 FUNCTIONAL CURRENCY AND REPORTING CURRENCY

The consolidated financial statements are presented in euros, which is the Group's reporting currency. The items included in the financial statements of each Group entity are measured in the functional currency, which is the legal tender of the primary economic environment in which the entity operates.

3.2.2 FINANCIAL STATEMENTS OF FOREIGN OPERATIONS

Subsidiaries' financial statements prepared using a functional currency different from that of the Group have been converted into euros as follows:

- Balance sheet entries, using the exchange rate effective at the reporting date:
- Income statement entries, using the average exchange rate over the period.

Gains and losses from foreign currency translation are recognized directly as other comprehensive income under "Currency translation reserves" for those relating to the Group, and under "Non-controlling interests" for those relating to non-controlling interests. When a foreign operation is sold, the associated currency translation gains and losses recognized under other comprehensive income are transferred to profit and loss.

3.2.3 CONVERSION OF FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are converted into the functional currency at the exchange rate effective on the date of the transaction. At each reporting date:

- Non-monetary assets and liabilities denominated in foreign currencies are recorded at the historical exchange rate effective at the transaction date:
- Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate effective at the reporting date. Foreign currency translation adjustments are recorded in the income statement for the period or as a separate component of equity if they relate to net foreign investments or cash flow hedges.

3.3 Goodwill

Subsequent to initial measurement, goodwill is stated at cost less any impairment losses. Goodwill is not amortized but is tested for impairment at least once a year and when there is an indication of impairment. In the event of loss of control over an associate, the gains or losses recog-

In the event of loss of control over an associate, the gains or losses recognized take into account the carrying amount of goodwill of the divested business.

3.4 Intangible assets

3.4.1 RESEARCH AND DEVELOPMENT EXPENSES

Internal development costs are only capitalized under intangible assets if they meet all criteria set forth by IAS 38 and can be measured reliably. The costs are capitalized from the date management makes the investment decision, if there is proof that the asset will generate sufficient future economic benefits. Internal procedures ensure that records are available on the date management takes the investment decision.

Development costs are amortized based on the depreciation periods applied to the associated assets.

3.4.2 OTHER INTANGIBLES

Other intangible assets are recorded in the balance sheet at their historical value. They are systematically amortized over their useful life.

Software is amortized on a straight-line basis over three to ten years. Only specific development costs and configuration costs specific to the management systems deployed throughout RATP's public service business are amortized over ten years.

Other intangibles also include the intangible concession assets reflecting the reversionary assets relating to transport operations, recognized in accordance with IFRIC 12 – *Service Concession Arrangements* (see Notes 2.4 and 14).

3.5 Property, plant and equipment

As stated in Note 2.4, only RATP parent company's fully-owned assets and subsidiaries' property, plant and equipment are recorded in the consolidated balance sheet. They are measured at acquisition or production cost, or at their fair value when first consolidated.

In accordance with component-based accounting, RATP's fixed assets have been broken down into components and the useful life of each component has been determined based on their replacement or renovation frequency.

Given the current contractual remuneration arrangement between RATP and the Île-de-France transport authority, RATP does not capitalize interest.

Certain assets are funded by investment grants (Note 3.6).

For assets subject to decommissioning obligations, the estimated cost of the obligation is included in the acquisition cost of the asset and provisioned (see Notes 3.15 and 25).

Straight-line depreciation is the most appropriate method in economic terms. The depreciation periods used by the Group are as follows:

40 years
50 years
00 years
30 years
50 years
35 years
40 years
10 years
50 years
15 years

The useful life of property, plant and equipment is reviewed annually if there are significant changes.

3.6 Investment grants

Grants are recognized if there is reasonable assurance that the Group will meet grant conditions and the grant will be received. Grants are non-refundable.

Grants are allocated to particular assets and are presented as a deduction in those assets. They are transferred to the income statement over the useful life of the assets as asset depreciation is recorded.

The special interest rate obtained on loans granted by the Île-de-France region is presented in the same way as other investment grants.

3.7 Leases

3.7.1 OPERATING LEASES

Operating lease payments are expensed in the income statement on a straight-line basis over the duration of the lease.

3.7.2 FINANCE LEASES

In accordance with IAS 17, leases are classified as finance leases when in substance the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Assets held under finance leases are initially recognized as assets, with an offsetting entry under liabilities, at their fair value or, if lower, at the present value of the future minimum lease payments. Subsequently, the lease payments are accounted for as repayments of the liability and are broken down into:

- · Repayment of principal;
- Interest based on the rate specified in the lease or the discount rate used to measure the outstanding liability.

The Group mainly uses finance leases for buildings. Lease payments are indexed to the French cost of construction index.

Details of the assets recorded under property plant and equipment for finance leases are provided in Note 12 and the associated liability in Note 26.

3.8 Service concession arrangements

Service concession arrangements fall within the scope of IFRIC 12 – Service Concession Arrangements if infrastructure use is controlled by the grantor. The grantor effectively controls the infrastructure if the following two conditions are met:

- The grantor controls or regulates what services must be provided with the infrastructure, to whom it must provide them and at what price;
- The grantor controls the infrastructure, which means having the right to any residual interest in the infrastructure at the end of the arrangement.

Under IFRIC 12, the "infrastructure" used may not be recognized as property, plant and equipment by the operator, but as an intangible asset (intangible asset model) and/or as a financial asset (financial asset model), depending on the remuneration agreed with the grantor.

Financial asset model

For concession services, a financial asset is recognized when the operator has an unconditional contractual right to receive a determined amount from the grantor. Financial assets arising from the application of IFRIC 12 are recognized under "Financial concession assets" in the consolidated balance sheet. They are recognized at amortized cost. The consideration receivable is recognized in revenue.

Intangible asset model

The intangible asset model applies if the operator has the right to charge users of a public service.

Hybrid model

When only part of the investment is subject to a payment commitment from the grantor, the amount guaranteed by the grantor is recognized as a financial asset and the remaining value is recognized as an intangible asset according to the hybrid model.

Based on its analysis, RATP group applies IFRIC 12 to account for RATP's transport operation arrangements and certain contracts entered into by RATP Dev's transport subsidiaries, according to the principles described in Note 14.

3.9 Asset impairment

3.9.1 IMPAIRMENT OF CASH-GENERATING UNITS (CGUS)

In accordance with IAS 36, assets to be tested for impairment are combined in Cash-Generating Units.

A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Following the accounting separation of RATP's activities as of financial year 2012, two CGUs were defined corresponding to infrastructure management and transport operations.

The other CGUs are defined in terms of the business or geographical area: France/Switzerland, Italy, USA, United Kingdom and Asia.

In compliance with IAS 36, impairment testing is performed:

- Annually on all CGUs containing goodwill or other intangible assets with indefinite useful lives, or
- When there is an indication of impairment.

For impairment testing, the carrying amount of the asset is compared to its recoverable value. RATP group calculates the recoverable value of an asset as the higher of an asset's fair value less costs to sell and its value in use. In the event of impairment, an impairment loss is recognized in operating income. Impairment losses on goodwill cannot be reversed.

Value in use is determined by discounting the CGU's expected future cash flows using an appropriate discount rate based on the nature of the business, and taking into consideration its residual value.

3.9.2 IMPAIRMENT OF OTHER ASSETS

For all non-financial assets, impairment testing is performed whenever there is an indication of impairment. The carrying amount of the non-financial asset is compared to its recoverable value, which is defined as the higher of selling price less costs to sell and its value in use.

3.10 Financial assets

In accordance with IAS 39, the Group's financial assets are classified in one of the three following categories: available-for-sale financial assets, loans and receivables (other financial assets) and financial assets at fair value through profit and loss (derivative financial instruments and financial assets designated as fair value hedges). When initially recognized, financial assets are measured at their acquisition cost including any transaction

costs, which is deemed to reflect their fair value. The purchase and sale of financial assets is recognized at the transaction date.

3.10.1 AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale (AFS) financial assets primarily consist of unconsolidated investments or shares in UCIT funds, which are not defined as cash and cash equivalents, and assets that do not meet the definition of other financial assets.

They are measured at fair value. Subsequent changes in fair value are recognized in other comprehensive income under equity until their disposal. However, if there is an indication that the AFS asset is impaired, the accumulated impairment loss is recognized in the income statement. If the impairment loss is subsequently reversed and it relates to equity instruments, it is recognized under other comprehensive income.

If fair value cannot be determined reliably, the available-for-sale financial assets are stated at cost less any impairment losses.

3.10.2 LOANS AND RECEIVABLES (OTHER FINANCIAL ASSETS)

Other financial assets mainly consist of receivables relating to subsidiaries and affiliated companies, loans and security deposits.

These financial assets are initially measured at fair value, then at amortized cost using the effective interest rate method.

If there is an indication of impairment, the assets are tested for impairment. An impairment loss is recognized in the income statement if the carrying amount of the asset exceeds the estimated recoverable amount. Impairment is recorded in the income statement.

3.10.3 DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses interest rate, currency and commodity (fuel) forwards and financial instruments such as swaps, caps, floors and swaptions to manage its exposure to interest rate, exchange rate and diesel price escalation risk. These instruments are only used for risk management purposes. The Group's risk management is centralized by the treasury department at head office, with limits set by the Group's Finance Department.

3.10.3.1 Presentation of derivative financial instruments

Derivative financial instruments are recognized in the balance sheet under financial assets and liabilities.

In accordance with IAS 39, derivative instruments are measured at their fair value when initially recognized, then subsequently re-measured at each reporting date until maturity. At each reporting date, the fair value of the derivative financial instruments is calculated on the basis of market values using the valuation models and methods commonly used on the markets or using external valuations provided by counterparties (Note 3.20).

The method of accounting for derivative financial instruments varies according to whether they are designated as fair value hedges, cash flow hedges or are not qualified as hedging instruments.

3.10.3.2 Hedging instruments

For hedging transactions, the Group applies the hedge accounting arrangements set out in IAS 39: derivative financial instruments are recorded in the balance sheet at their fair value at the reporting date, based on their hedge classification.

Fair value hedges

A fair value hedge is a hedge of the exposure to a change in the fair value of a recognized asset or liability, or of an unrecognized firm commitment. The hedged item and the hedging instrument are re-measured, and changes in their fair values are recorded immediately in profit or loss. The net effect of the ineffective portion of the hedge is recognized immediately in the income statement.

Cash flow hedges

A cash flow hedge is a hedge of the exposure to a highly probable forecast transaction that is not recorded in the balance sheet.

Changes in the fair value of the effective portion of the hedging instrument are recognized directly in equity in the line item "Cash flow hedge reserves" and are transferred to the income statement as the hedged transaction is settled. Changes in the fair value of the ineffective portion are recognized immediately in the income statement.

Effectiveness tests are performed when the hedges are set up and then subsequently at each reporting date. Hedge accounting can no longer apply if effectiveness tests show that the limits set by IAS 39 (80% - 125%) are no longer respected. If this is the case the derivative instrument is no longer classified as a hedging instrument.

3.10.3.3 Derivatives not classified as hedges

Although they are part of the Group's hedging policy, some transactions do not qualify as hedging operations as they do not meet the specific hedge accounting criteria set out in IAS 39.

Any changes in fair value of these derivative financial instruments are immediately recorded in the income statement.

Quantitative data on the use of these derivative financial instruments is provided in Note 29.

3.11 Inventories

Inventories are measured at the lower of cost (including associated transaction costs) and net realizable value. Cost is calculated using the weighted average cost method.

An impairment loss is recorded if the probable realizable value of an item of inventory is lower than its cost.

3.12 Trade receivables

Trade receivables are recorded at fair value, which equates to their face value, as the effect of discounting is not material for assets that are due within one year.

Impairment is recorded if there is collectability risk, to reduce the carrying amount to probable realizable value.

3.13 Cash and cash equivalents

Cash equivalents are held exclusively to meet the Group's short term cash requirements.

The line item "cash and cash equivalents" includes bank accounts, liquid investments and cash equivalents.

Cash equivalents comprise risk-free investments with maturities of three months or less, which can almost immediately be converted into cash and with negligible risk of change in value.

They include:

- Negotiable instruments with a maturity date shorter than three months, carried at their nominal value;
- Shares in short-term money market funds, which are measured at net asset value at the reporting date.

Changes in the fair value of cash equivalents are recorded in the income statement.

3.14 Equity

RATP was formed by the Act of March 21, 1948. However, no capital was transferred to it at that time. In 1986, the public authorities allocated RATP capital, partially in exchange for the early repayment of the loans previously granted to it by the Economic and Social Development Fund. The amount allocated was increased by €150 million in July 2010 as part of the national recovery plan announced at the start of 2009.

3.15 Provisions

A provision is recognized at the reporting date if the Group has a legal or constructive obligation towards a third party as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the obligation can be reliably estimated.

The provision recognized corresponds to the estimated amount of resources the Group requires to settle the obligation.

Provisions are discounted if the effect of discounting is material.

Decommissioning costs mainly concern railway rolling stock. A provision is recorded to offset the amount recorded under fixed assets, and the asset components are amortized over the useful life of the trains. Any increase in the liability provisioned in terms of cost or term to maturity (decommissioning component) is capitalized in the value of the associated equipment. As the effect of discounting is not material, the provisions are not discounted.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, or a present obligation for which it is not probable that an outflow of resources will be required. Contingent liabilities are not recognized in the financial statements unless they relate to business combinations. However, disclosure is required in the notes to the financial statements.

3.16 Employee benefits

3.16.1 DEFINED CONTRIBUTION PLANS

RATP pays employer contributions into the RATP employees' pension fund. Pursuant to the decree of December 2005, these contributions are the only requirement incumbent upon RATP in terms of retirement obligations. RATP has no other actuarial liabilities. The payments made by RATP are expensed in the period they relate to.

Expenses for 2013 amounted to €264,004 thousand. The expense is included in payroll and payroll-related costs as part of operating income and expense (see Note 6).

The reform of RATP pension scheme funding was enacted by French law n°2004-809 of August 13, 2004 on State decentralization. The law aims to align the responsibilities incumbent upon the Île-de-France transport authority with those of common law companies, and transfer the responsibilities initially incumbent upon the State to the departmental and the Île-de-France regional authorities.

A series of Decrees set out the arrangements for the scheme, namely:

- Decree n°2005-1635 of December 26, 2005 regarding the RATP pension fund:
- Decree n°2005-1636 of December 26, 2005 regarding the financial agreements made under the special pension scheme for RATP employees, as well as the base and contribution rates to the scheme. The decree amends decree n°59-157 of January 7, 1959 on passenger transport services in the Île-de-France region;
- Decree n°2005-1637 of December 26, 2005 regarding RATP pension fund resources;
- Decree n°2005-1638 of December 26, 2005 setting the rates of contributions to the RATP pension fund.

These decrees state that the CRP-RATP (RATP pension fund), a State entity, assumes the liability for the payment of retirement pensions. RATP's obligation is to pay contributions, which are calculated in a specific manner, but are equal to the amounts payable by all companies with employees under statutory social protection schemes (compulsory pension schemes such as the French national pension fund (Caisse Nationale d'Assurance Vieillesse) and the complementary pension fund for managers/employees (Association générale des institutions de retraite des cadres/Association pour le régime de retraite complémentaire des salariés AGIRC-ARRCO).

The European Commission authorized this reform on July 13, 2009 by a decision addressed to the French authorities.

3.16.2 DEFINED BENEFIT PLANS FOR POST-EMPLOYMENT BENEFITS

The net liability recorded in the balance sheet for post-employment benefit obligations corresponds to the present value of the defined benefit obligation at the reporting date. The present value of the obligation, as well as the cost of past services is calculated using the projected unit credit method. Under this method, rights to benefits are allocated to service periods in the same way as rights are acquired under the plan or on a straight-line basis when the rhythm of acquisition of the rights is not uniform and would significantly defer recognition of a provision for the obligation.

The amount of future payments for employee benefits is assessed using assumptions such as salary increase rate, retirement age, number of years'

service to date and mortality tables. They are discounted to their present value using a discount rate specific to each region and currency, namely:

- The Bloomberg 15 year Eurobond composite rate for companies with an AA rating (for the eurozone);
- AA rated sterling-denominated corporate bonds (for UK companies).
 Actuarial gains and losses (change in the net liability and financial assets due to changes in assumptions and experience adjustments) and other remeasurements of post-employment benefits are recognized in "Other comprehensive income". They may not be recycled through profit or loss.
 Any effects of plan changes (gains or losses) are immediately recognized in profit or loss.

Description of various employee benefits:

Retirement benefits

Employees are entitled to RATP retirement benefits, unless a more favourable scheme is in place. The amount of the benefit is based on the length of time the employee has been employed by the company. RATP pays retirement benefits to all its employees that fulfil the vesting conditions. Benefits are calculated on the basis of gross monthly remuneration and a coefficient to reflect the employee's hierarchical status at the retirement date. The coefficient reflects the number of annuities vested at the retirement date and is set by current employment agreements. The annuities are determined based on length of service.

Death indemnities for retirees

RATP pays death indemnities to retirees who have vested rights in a seniority-based retirement or pension scheme. The amount of the indemnity is calculated at the time of death, at three times the monthly pension payment. The obligation is measured based on historical data.

Death indemnities for current employees

As for the State social security scheme, RATP's social security system provides life insurance coverage. The purpose of life insurance is to guarantee the payment of a "death indemnity" when a person covered by the policy dies. The amount is equal to twelve months of the employee's salary at the time of death. The purpose of the indemnity is to compensate the deceased's family for the loss of revenue.

Early retirement

Early retirement is granted to employees who request it, depending on their age.

Corporate savings plan for current and future retirees

The corporate savings plan is an optional collective savings scheme enabling employees to build a portfolio of investments, with contributions from the company. RATP offers all its current employees who have worked for the company for at least three months (unless they are working for the company but are not on the company's payroll) the opportunity to join the savings plan. Employees make voluntary payments, which are temporarily blocked and not taxed. The company's retirees may also participate in the corporate savings plan after they retire.

On October 22, 2010 an agreement to replace the corporate savings plan was signed by the trade unions. The agreement gives employees three options for investing their savings. The scheme also involves changes in the company's contribution.

Since January 1, 2011, employees participating in the *Tick'épargne* corporate savings plan have not been able to invest further in the scheme. Until June 30, 2015, interest on *Tick'épargne* savings will remain the same (four points above *Livret A* – the French post office savings account - with a floor at 7%). Subsequently, the return will be 0.5 points above *Livret A*.

Work-related accident and disability allowance

RATP does not contribute to the State scheme for work-related accidents and disability, as it makes the indemnity payments itself.

Employees who are victims of work-related accidents or illnesses, which result in permanent partial incapacity to work, may request a lump sum payment or an annual allowance for the rest of their lives. The committee on work related accidents and illnesses decides whether the victim is eligible and determines the amount of the allowance. The benefits are paid by the pension fund. The allowances are paid until the death of the beneficiary and are reversible, as appropriate.

Retirement benefit obligations of foreign subsidiaries

Some foreign subsidiaries – mainly in the United Kingdom – have defined benefit plans to cover their retirement benefit obligations. The obligations are partially covered by plan assets derived principally from local investments.

3.16.3 OTHER LONG-TERM BENEFITS

Actuarial gains and losses related to other long-term employee benefits are recognized immediately in profit or loss.

Description of long-term benefits:

Work-related accident and disability allowances

The allowances and indemnities for work-related accidents and illnesses paid to employees in service are accounted for as long-term benefits. The portion relating to retirees is accounted for under post-employment benefits (see description of the allowances in paragraph 3.16.2).

Seniority bonuses

After a specific number of years' service, employees receive seniority bonuses and additional holiday leave.

Phased retirement

This scheme previously enabled employees to opt for part-time employment remunerated at 70% for those under 55 years of age and at 75% for employees aged 55 and upwards. The scheme was closed to new contributors as of 2010.

Unemployment benefits

As for the State unemployment benefit fund (Assedic), RATP provides employees whose employment contracts have reached termination with replacement revenue known as "unemployment benefit" for a variable duration depending on the number of years of affiliation and the age of the employee. This plan is accounted for as a long-term employee benefit other than a post-employment benefit, even though payment occurs after the termination of employment.

Long-term sick-leave

Employees with extended illnesses are granted sick leave to enable them to receive the medical treatment required. Although their employment

contract is suspended, all or part of their salary is paid, subject to certain conditions.

3.17 Financial liabilities

Apart from derivative instruments, which are measured at fair value, other financial liabilities are measured at fair value when initially recorded in the balance sheet, then subsequently at amortized cost using the effective interest rate method.

Loans and borrowings:

Loans and borrowings mainly include bonds, loans from the Île-de-France region, loans from financial institutions and short-term bank loans.

They are initially recognized at their fair value, corresponding to the amount received less borrowing costs, then subsequently at amortized cost using the effective interest rate method.

For fair value hedges on loans and borrowings, the hedged part of loans and borrowings is recorded in the balance sheet at fair value, based on market value. Changes in fair value are recorded in the income statement and are offset by symmetrical changes in the fair value of the hedging instruments.

3.18 Deferred tax

Deferred taxes only concern the subsidiaries, as the RATP parent company is not subject to income tax. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the reporting period when the asset is realized or the liability settled, based on the tax rates (and tax regulations) enacted or substantially enacted at the date of the financial statements.

The Group records deferred taxes for all temporary differences between the carrying amount and taxable value of its assets and liabilities recognized in the consolidated financial statements, using the liability method. Deferred taxes are not recognized if the difference is generated by the initial recognition of an asset or liability in a transaction which is not a business combination, and which does not impact earnings, tax income or tax loss at the transaction date.

Deferred tax assets are recognized insofar as it is probable that the temporary difference will reverse in the foreseeable future.

Deferred taxes are recognized for all temporary differences arising from investments in subsidiaries, affiliates and jointly-controlled entities, unless the date at which the temporary difference will reverse can be controlled by the Group and the reversal is not expected to occur in the foreseeable future.

The effect of tax on other comprehensive income was not material.

Deferred tax is calculated using each country's tax rate. For the Group tax proof, the theoretical tax rate at the date of the financial statements was 34.43%. The temporary additional corporate tax of 10.7% is not taken into account, since the Group does not foresee paying this particular tax.

The French Finance Act of 2010 introduced a regional levy (*Contribution Economique Territoriale*) to replace business tax. Although calculated dif-

ferently from business tax, RATP accounts for the local levy on the same basis and recognizes it under ordinary operating income.

3.19 Revenue recognition

Revenue is recognized when the associated risks and benefits are transferred to the buyer, which usually coincides with the transfer of ownership or the provision of a service. Revenue is recognized net of rebates, discounts and sales tax, and after the elimination of inter-company sales.

RATP's revenue comprises:

1- Transport revenue, made up of the following components:

- Direct traffic revenue from transport users;
- Île-de-France transport authority contributions: Contributions for 2012-2015 include:
 - C1, a contribution to operating expenses arising from public service obligations. This contribution comprises three items:
 - C11, a flat-rate contribution to expenses from transport operations and infrastructure management that are not covered by revenue from transport users;
 - C12, a contribution covering the exact amount of business, professional and property-related taxes and duties levied; and
 - C13, a contribution covering the difference between the direct revenue forecasts used to calculate the C11 flat-rate contribution and the updated direct revenue forecasts based on the Île-de-France transport authority's pricing decisions.
- C2, a contribution to finance investments. In accordance with IFRIC 12 on service concession assets, the C2 contribution to returnable and reversionary assets has been accounted for as amortization and remuneration of the associated financial assets recognized (Note 14);
- A reward or penalty for quality of service;
- A performance-based bonus scheme with risks and gains shared between RATP and the Île-de-France transport authority based on the actual direct revenue generated compared with contractual revenue targets;
- C4, a contribution to finance the acquisition of rolling stock for the T3, T5, T6, T7 and T8 tramway lines (reimbursing actual finance lease payments due). In accordance with IFRIC 12 on service concession assets, the C4 contribution has been accounted for as amortization and remuneration of the associated financial assets recognized (Note 14).

Transport revenue is provided for under the terms of the 2012-2015 multiannual agreement between the Île-de-France transport authority and RATP. The C11 and C2 contributions are remeasured annually using an index-based formula, in accordance with the agreement with the Île-de-France transport authority.

Revenue is recognized when passenger transport services are used.

The public tariffs are set by the Île-de-France transport authority. For RATP, they constitute a public service obligation.

2- Transport-related revenue, comprising:

- · Revenue from advertising and commercial leases;
- · Various repayments.

3- Non-transport revenue:

Non-transport revenue consists primarily of revenue from services and work rendered to third parties, sales of goods, mobile telephony and telecommunications. Revenue from engineering and construction contracts and the associated costs are recognized under income and expense respectively, according to percentage completion at the reporting date. Percentage-of-completion is measured on the basis of the costs incurred for the work performed to date, based on estimated total contract costs.

Profit generated on contracts that are accounted for by the percentage-ofcompletion method is only recognized when it can be measured reliably. If it is likely that the total costs of the contract will exceed contract income, the expected loss at completion is immediately expensed and recorded as an impairment of contract revenue receivable, then provisioned under liabilities, as appropriate.

3.20 Measurement to fair value of financial instruments

The fair value of financial assets and liabilities is classified based on the inputs used for measurement, according to the following hierarchy:

Level 1: fair value obtained from quoted prices in active markets.

Level 2: fair value obtained using observable market data (interest rates, exchange rates and associated volatilities).

Level 3: fair value measured using unobservable inputs.

Quoted prices in active markets (Level 1)

Fair value is determined primarily using market data. Marketable securities, including certain UCITS, are classified in this category.

The fair value of bonds carried at amortized cost is disclosed in the notes. Fair value is determined on the basis of listed market prices at the reporting date.

Valuation models using observable market data (Level 2)

The assets and liabilities recognized at fair value using level 2 inputs are mainly derivative financial instruments. The fair value of such derivative instruments is determined by external counterparties (banks) using various models.

- The fair value of interest rate swaps is determined on the basis of the present value of estimated future cash flows;
- The fair value of currency swaps is determined on the basis of the present value of estimated cash flows, determined by banks at the reporting date;
- The fair value of interest rate options (swaptions, caps, floors) is determined using the Black & Scholes method.

The fair value of unlisted financial assets and liabilities carried at amortized cost is disclosed in the notes. It is determined by discounting cash flows using the market rate taking into account the issuer's credit rating. The interest rates used to discount future cash flows are determined based on the Euribor swap yield curve.

Valuation models using unobservable inputs (Level 3)

The assets and liabilities measured at fair value using level 3 inputs are mainly available-for-sale financial assets.

3.21 Segment reporting

The accounting methods used for segment reporting are those used to prepare the consolidated financial statements.

As of January 1, 2012, RATP group redefined its operating segments to reflect changes in internal reporting after it separated the accounting records for its metro and RER infrastructure management activities (infrastructure management business) and public passenger transport operations (transport business). To segregate the infrastructure management activity, RATP created a separate department within the company: Infrastructure management. Both segments are regularly reviewed by the chief operating officer in order to allocate resources among the different segments and assess performance pursuant to the Île-de-France transport authority agreement.

3.22 Consolidated Statement of Income Subtotals

RATP group has chosen to present its consolidated statement of income by nature of expense. A number of subtotals are used to assist users of the financial statements in understanding the components of net income.

1- EBITDA (Earnings before interest, income tax, depreciation and amortization)

EBITDA comprises revenue and other income from ordinary activities less directly attributable operating expenses. These include principally cost of sales, subcontract expense, other purchases and external charges, payroll and payroll-related costs and taxes (other than income tax). All payroll-related provision movements, in particular those concerning employee benefits (other than interest cost) are included in the line item "payroll and payroll-related costs".

2- Operating income

In addition to the components included in EBITDA, operating income includes most non-cash items (depreciation and amortization, movements in provisions) and other operating income and expense.

Non-recurring and extraordinary items are shown separately in order to present the fairest view of the Group's recurring operating results.

3- Financial income and expense

Under financial income and expense the Group presents the consequences of its financing transactions, which principally reflect the cost of its net debt. This comprises interest expense on loans and borrowings, interest income on cash and cash equivalents and income or expense from leasehold operations. These items are shown net of the effect of hedging operations including changes in the fair value of derivative financial instruments that do not meet IFRS hedge accounting criteria.

4 • CONSOLIDATION SCOPE

The list of companies consolidated is provided in Note 35.

Main entities in the 2013 consolidated financial statements

4.1 Developments in France

Société Compagnie des Transports du Boulonnais

The company has operated the bus network serving the Boulogne sur Mer conurbation since January 1, 2013 following the successful tender bid by RATP Dev. The company has been fully consolidated since January 1, 2013. Since that date, the business has contributed €11.3 million to Group revenue.

Société des Transports Interurbains de la Nièvre

As part of its business expansion in central France, in March 2013 RATP Dev acquired the operations of *Réunir Bourgogne Centre* through *Société des Transports Interurbains de la Nièvre* (STIN) and generated goodwill of €1.1 million. Since March 1, 2013, RATP Dev has provided regular coach services, school and tourist transportation services in the Nièvre and Cher departments. The company has been fully consolidated since March 1, 2013. Since that date, the business has contributed €7.4 million to Group revenue.

4.2 Development in the United Kingdom

As part of its business expansion in the United Kingdom, RATP has acquired full ownership of Selwyns Travel, which provides intercity bus services and coach hire in Manchester, Runcorn and St Helens. The company has been fully consolidated since April 1, 2013. Goodwill amounted to €0.4 million. Since that date, the business has contributed €13.3 million to Group revenue.

The other entities consolidated during the financial year had no material impact on the consolidated financial statements.

Other changes in consolidation scope

The shareholders of the joint venture operating the Macau public bus network decided to file for bankruptcy on October 1, 2013. As of that date, the Group lost control over the entity, which has now been deconsolidated. The loss of control resulted in a €980 thousand gain for the Group, recognized in the income statement (Note 7).

Changes in consolidation methods in 2013

There were no changes in consolidation methods during the financial year.

5 • REVENUE

	12/31/13	12/31/12
Transport	4,356,459	4,201,664
Transport-related activities	105,964	107,665
Non-transport revenue	527,023	483,151
Revenue from financial concession assets	153,275	141,537
Revenue	5,142,722	4,934,017
Proceeds from disposal of concession assets	375,020	544,879
Other	76,039	81,932
Other income from ordinary activities	451,059	626,811
Revenue	5,593,781	5,560,828

Revenue of the main subsidiaries in France and abroad:

	12/31/13				12/31/12	
	Revenue	Revenue France	Revenue International	Revenue	Revenue France	Revenue International
RATP	4,256,421	4,256,421		4,168,466	4,168,466	
RATP Dev	6,913		6,913	11,276		11,276
RATP Dev France / Switzerland	288,457	288,457		250,499	250,499	
RATP Dev Italy	41,587		41,587	37,439		37,439
RATP Dev UK	287,554		287,554	268,958		268,958
RATP Dev USA	80,355		80,355	49,095		49,095
Other international business	132,018		132,018	101,655		101,655
Other	49,417	49,417		46,629	46,629	
TOTAL	5,142,722	4,594,295	548,427	4,934,017	4,465,594	468,423

6 • PAYROLL COSTS

6.1 Financial impact

	12/31/13	12/31/12
Salaries and wages	(1,978,059)	(1,912,626)
Social security contributions	(822,156)	(787,599)
Other long-term employee benefits	1,050	3,780
Post-employment benefits	(62,501)	(53,772)
Employee profit sharing	(48,044)	(43,792)
French tax credit on payroll costs (CICE)	3,444	
Total payroll and payroll-related costs	(2,906,266)	(2,794,009)

6.2 Number of employees

	12/3:	1/13	12/31/13		
	Aggregate number of employees			Group share*	
RATP EPIC	42,869	42,869	42,886	42,886	
RATP Dev and subsidiaries	14,783	13,330	12,594	10,816	
Other subsidiaries	79	79	65	65	
Average number of employees	57,731	56,278	55,545	53,767	

^{*}All employees of fully-consolidated companies are counted. The number of employees counted for proportionately consolidated companies is proportionate to the consolidation percentage. Employees of equity-accounted companies are not included.

6.3 Individual training rights

In accordance with the provisions of the French law n°2004-391 of May 4, 2004 on professional training, the company grants its employees individual training rights of 20 hours minimum per calendar year, which may be accumulated for up to six years. If the rights have not been used after the six year period, they are capped at 120 hours. As at December 31, 2013, the number of hours accrued for training at RATP amounted to 4,688,278. The number of accrued hours not requested for training amounted to 4,070,170 hours.

7 • GAIN ON DISPOSALS OF ASSETS AND OTHER CONSOLIDATION SCOPE CHANGES

	12/31/13	12/31/12
Gain on disposal of assets (1)	(18,812)	6,664
Effects of changes in consolidation scope (2)	980	0

⁽¹⁾ In 2013, asset retirements of railway rolling stock amounted to €12.2 million.

8 • NET FINANCIAL EXPENSE

Finance costs	12/31/13	12/31/12
Interest expense on financing	(228,957)	(241,409)
Change in amortized cost	8,831	13,905
Net foreign exchange gain (loss) on borrowings	(20,786)	8,643
Ineffective portion of fair value hedges	(1,851)	(5)
Net change in fair value of hedges transferred to profit or loss	(2,247)	(2,760)
Interest expense on hedging and trading derivatives	(7,608)	(5,368)
Net change in fair value of financial assets held for trading	0	(530)
Net foreign exchange gain (loss) on derivatives	20,786	(8,643)
Total finance costs	(231,832)	(236,167)
Other financial income and expense Income from investments	333	882
Income from cash and cash equivalents	7,786	7,881
Income from leaseholds	2,104	1,719
Net foreign exchange gain (loss) on operating items	291	
		,
Other financial income or expense	1,286	126 (2,140)
Total financial income Total financial income	1,286	126 (2,140)
·	·	126

Net foreign exchange gains and losses are offset by gains and losses on hedging derivatives. Detailed information on financial risk management is provided in Note 29.

9 • INCOME TAX AND DUTIES

	12/31/13	12/31/12
Taxes, duties and similar payments	(223,289)	(219,380)

This item includes €80 million in taxes and duties on remuneration and €95 million for the regional levy (Contribution Economique Territoriale).

⁽²⁾ The shareholders of the joint venture operating the Macau public bus network decided to file for bankruptcy on October 1, 2013. As of that date, the Group lost control over the entity, which has now been deconsolidated. In accordance with IAS 27, on the date of loss of control the Group wrote off the carrying amount of the subsidiary's assets and liabilities, reclassified accrued reserves to profit or loss, and recorded the retained interest at fair value, which was estimated at zero. The resulting difference, after writing down the entity's residual receivables, was a €980 thousand gain recorded under "Effects of changes in consolidation scope".

9.1 Income tax expense

	12/31/13	12/31/12
Current tax expense	(18,197)	(10,277)
Tax consolidation income	2,793	2,562
Deferred tax income from temporary differences	5,582	2,700
Total income tax expense	(9,822)	(5,015)

9.2 Tax proof

	12/31/13	12/31/12
Net income	297,399	286,525
(-) Share of associates	8,185	4,056
(-) Income tax	(9,822)	(5,015)
Pre-tax consolidated income	299,036	287,484
Attributable to consolidated French companies	288,271	283,771
Attributable to consolidated foreign companies	10,765	3,713
Statutory tax rate in France	34.43%	34.43%
Theoretical tax expense	102,958	98,981
Effect of tax rates in foreign jurisdictions	3,761	2,967
Effect of RATP non-taxable status (Epic)	90,993	91,445
Other permanent differences	638	(1,194)
Effect of tax rate differences	555	149
Effect of tax consolidation	2,793	2,562
Other current tax items	279	444
Recognition of tax effect of previously unrecognized tax losses	628	776
Current-year losses for which no deferred tax asset is recognized	(6,511)	(3,183)
Total tax expense	9,822	5,015
Effective tax rate	3.28%	1.74%

9.3 Changes in net deferred taxes

	12/31/13	12/31/12
As at January 1	(9,234)	(13,141)
Tax recognized in the income statement	5,582	2,700
Tax recognized directly in equity	(2,369)	2,607
Change in scope	(1,972)	(1,093)
Foreign currency translation adjustment	(37)	(169)
Other	2,132	(138)
As at December 31	(5,898)	(9,234)

The effect of tax on other comprehensive income was not material.

Deferred tax by nature was as follows:

	12/31/13	12/31/12
1.00	((= 1)	202
Temporary differences	(654)	383
Valuation differences	(8,396)	(11,210)
Adjustment for leases	(1,462)	0
Employee benefits	5,229	641
Regulated provisions	(909)	(988)
Tax loss carry-forwards	356	1,691
Other	(64)	249
Total	(5,898)	(9,234)
of which:		
Deferred tax assets	18,196	14,786
Deferred tax liabilities	24,094	24,020

10 • GOODWILL

	12/31/13	12/31/12
Opening balance	176,163	167,382
Acquisitions through business combinations	1,663	7,003
Adjustment during the goodwill allocation period	(1,406)	
Currency translation gains and losses, net	(2,148)	1,778
Closing balance	174,272	176,163

The acquisitions of the financial year reflect the goodwill recorded upon the consolidation of Selwyns Travel, as well as the business goodwill of the newly-consolidated entities Latium Cilia and STIN.

The goodwill adjustment concerns HR Richmond, for which the final amount of goodwill was determined within the allocation deadline, once the measurement of identifiable assets and liabilities had been completed.

The goodwill initially recorded for the Italian CGU was fully written off (\in 6.1 million). No impairment was recognized for the other CGUs.

11 • INTANGIBLE ASSETS

	12/31/11	Acquisitions	Retirements & disposals	Reclassification	Change in scope	Impact of concession assets	12/31/12
Gross value							
Lease rights	2,668	0	0	0	2,687	0	5,355
Research and development (R&D) costs	188,893	0	0	16,000	28	(204,851)	70
Concessions, patents and similar rights	368,355	1,567	(642)	29,072	50	0	398,401
Intangible concession assets	1	0	(2,828)	0	0	309,045	306,218
Other work in progress	71,329	24,850	(10)	(30,312)	496	0	66,354
Goodwill	1,848	147	(15)	0	(1)	0	1,978
Total	633,095	26,564	(3,495)	14,759	3,259	104,194	778,377

	12/31/11	Amortization expense	Retirements, disposals and reversals	Reclassification	Change in scope	Impact of concession assets	12/31/12
Accumulated amortization and impairment							
Lease rights	(1,232)	(109)	0	0	(186)	0	(1,527)
Research and development (R&D) costs	(18,498)	(6,620)	0	0	(28)	25,099	(47)
Concessions, patents and similar rights	(254,543)	(33,929)	324	(7)	(41)	0	(288,196)
Intangible concession assets	0	0	0	0	0	(2,813)	(2,813)
Other work in progress	(5,273)	(3,448)	7	7	(78)	0	(8,784)
Goodwill	(628)	(44)	15	0	(23)	0	(679)
Total accumulated amortization and impairment	(280,174)	(44,150)	346	0	(356)	22,286	(302,047)
Net value	352,921	(17,587)	(3,150)	14,759	2,903	126,480	476,330

	12/31/12	Acquisitions	Retirements and disposals	Reclassification	Change in scope	Impact of concession assets	12/31/13
Gross value							
Lease rights	5,355	1	0	0	(54)	0	5,302
Research and development (R&D) costs	70	0	0	8,943	0	(8,878)	135
Concessions, patents and similar rights	398,402	1,324	(5,177)	22,608	(7)	0	417,150
Intangible concession assets	306,218	0	(2,937)	0	0	67,820	371,101
Other work in progress	66,353	29,700	(3)	(19,609)	767	0	77,208
Goodwill	1,978	3,335	(445)	(4,320)	1,957	0	2,506
Total	778,377	34,360	(8,562)	7,622	2,663	58,942	873,401

	12/31/12	Amortization expense	Retirements, disposals and reversals	Reclassification	Change in scope	Impact of concession assets	12/31/13
Accumulated amortization and impairment							
Lease rights	(1,527)	(116)	0	0	4	0	(1,640)
Research and development (R&D) costs	(47)	(8,866)	0	(22)	0	8,835	(99)
Concessions, patents and similar rights	(288,196)	(31,921)	5,176	(4)	2	0	(314,943)
Intangible concession assets	(2,813)	0	0	0	0	(3,384)	(6,197)
Other work in progress	(8,784)	(2,826)	0	125	408	0	(11,078)
Goodwill	(679)	(43)	0	0	(28)	0	(750)
Total accumulated amortization and impairment	(302,047)	(43,771)	5,176	99	386	5,451	(334,706)
Net value	476,330	(9,412)	(3,387)	7,720	3,048	64,393	538,695

The impact of RATP's concession assets is explained in Notes 2.4, 3.8 and 14.

12 • PROPERTY, PLANT AND EQUIPMENT

	12/31/11	Acquisitions	Retirements and disposals	Reclassification	Change in scope	Impact of concession assets	12/31/12
Gross value							
Land	379,814	0	(56)	14,995	224	(28,945)	366,032
Investment property	1,077	0	0	0	0	0	1,077
Buildings	7,915,140	860	(4,937)	468,778	785	(555,295)	7,825,330
Technical plant, equipment and machinery	4,736,947	4,213	(39,306)	187,562	1,431	(715,202)	4,175,645
Transport equipment	5,513,963	41,628	(248,776)	995,765	30,601	(5,565,969)	767,213
Other property, plant and equipment	211,529	2,340	(1,733)	5,554	1,284	(1,749)	217,224
Work in progress	2,725,928	1,492,965	(4)	(1,697,593)	11	(718,997)	1,802,309
Investment grants	(5,393,508)	(684,546)	93,394	(412)	(2,034)	(2,232)	(5,989,338)
Total	16,090,889	857,459	(201,419)	(25,351)	32,302	(7,588,389)	9,165,492

	12/31/11	Depreciation allowance	Retirements, disposals and reversals	Reclassification	Change in scope	Impact of concession assets	12/31/12
Accumulated depreciation and impairment							
Land	(34)	(837)	686	0	0	151	(34)
Investment property	(817)	0	0	0	0	0	(817)
Buildings	(3,003,611)	(176,474)	3,217	60	(85)	284,400	(2,892,494)
Technical plant, equipment and machinery	(3,191,012)	(227,167)	38,064	184	(814)	573,251	(2,807,494)
Transport equipment	(3,346,442)	(248,674)	164,085	356	(19,233)	3,104,218	(345,690)
Other property, plant and equipment	(161,379)	(13,108)	1,724	(210)	(552)	1,043	(172,482)
Investment grants	2,019,793	831	98,026	(46,698)	(1)	27,680	2,099,630
Total accumulated depreciation and impairment	(7,683,502)	(665,430)	305,801	(46,308)	(20,685)	3,990,743	(4,119,381)
Net value	8,407,387	192,029	104,383	(71,659)	11,617	(3,597,646)	5,046,111

	12/31/12	Acquisitions	Retirements and disposals	Reclassification	Change in scope	Impact of concession assets	12/31/13
Gross value							
Land	366,032	111	(1,346)	160,541	(216)	(1,119)	524,003
Investment property	1,077	0	0	0	0	0	1,077
Buildings	7,825,330	5,422	(26,720)	236,911	1,364	(15,574)	8,026,732
Technical plant, equipment and machinery	4,175,645	3,197	(18,109)	202,083	49	(39,436)	4,323,429
Transport equipment	767,213	58,913	(252,460)	766,862	25,430	(326,879)	1,039,079
Other property, plant and equipment	217,224	5,130	(2,624)	7,955	(795)	(491)	226,399
Work in progress	1,802,309	1,485,592	(87)	(1,394,288)	(2,148)	97,995	1,989,373
Investment grants	(5,989,338)	(661,781)	28,988	31	49	(2,489)	(6,624,539)
Total	9,165,492	896,585	(272,357)	(19,905)	23,733	(287,993)	9,505,554

The impact of RATP's concession assets is explained in Notes 2.4, 3.8 and 14.

	12/31/12	Depreciation allowance	Retirements, disposals and reversals	Reclassification	Change in scope	Impact of concession assets	12/31/13
Accumulated depreciation and impairment							
Land	(34)	(3,299)	2,703	0	0	597	(33)
Investment property	(817)	0	0	0	0	0	(817)
Buildings	(2,892,494)	(191,366)	12,097	1,825	134	27,049	(3,042,755)
Technical plant, equipment and machinery	(2,807,494)	(203,349)	16,329	35	(8)	25,632	(2,968,855)
Transport equipment	(345,690)	(292,368)	162,037	(1,566)	(5,929)	95,136	(388,380)
Other property, plant and equipment	(172,482)	(12,528)	2,493	(6)	378	176	(181,970)
Investment grants	2,099,630	(358)	122,830	0	(3)	9,331	2,231,430
Total accumulated depreciation and impairment	(4,119,381)	(703,269)	318,489	287	(5,428)	157,921	(4,351,381)
Net value	5,046,111	193,316	46,132	(19,618)	18,304	(130,072)	5,154,173

The impact of RATP's concession assets is explained in Notes 2.4, 3.8 and 14.

Work in progress mainly reflects projects relating to new railway rolling stock, the replacement of trains, and metro line extensions.

Commitments relating to acquisitions of property, plant and equipment are presented in Note 32.1.

As at December 31, 2013, there were no assets pledged or used as collateral.

Property, plant and equipment held under finance leases is shown below:

	12/31/13	12/31/12
_		
Gross value	67,565	44,377
Accumulated depreciation	25,766	16,722
Carrying amount	41,799	27,655

Lease commitments								
	Lease pa	yments	Outst	Outstanding lease payments				
Balance sheet item	Period	Cumulative	Up to 1 year	+ 1 to 5 years	+ 5 years			
		00				_		
Land	516	2,588	515	2,053	1,021	0		
Buildings	3,362	31,185	3,370	12,551	21,005	2,373		
Transport equipment	3,900	15,159	3,900	8,052	228	0		
Other property, plant and equipment	24	116	11	15	0	9		
TOTAL	7,802	49,048	7,796	22,671	22,254	2,382		

Lease payments of €68,016 thousand were recognized in the income statement for operating leases.

13 • SIGNIFICANT OPERATIONS

13.1 American leasehold

Between 1997 and 2002, RATP entered into a number of leaseholds. The leasehold arrangements entail RATP granting the usufruct of its assets to American investors who assume economic ownership of the assets and are thus able to amortize them and make a substantial gain by deferring tax. The gain obtained by the foreign investors is shared with RATP.

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 an early buyout option (EBO) for a period shorter than the full term of the lease, which enables it to unwind the arrangement by repurchasing the outstanding portion of the lease. In economic and accounting terms, no transfer takes place and RATP retains legal ownership of its equipment.

The various contracts that make up each leasehold arrangement are recognized as constituting separate transactions under SIC 27 and are accounted for as such. As the assets and liabilities related to these contracts generate cash flows that are fully offset in the balance sheet and income statement, the overall gain generated by each transaction is reported in a single line as net present value (NPV). The gain is recorded as deferred income when the contracts are signed and then is recognized as financial income on a straight-line basis over the term of the lease. The gross amount of assets recognized was €886.1 million and liabilities, €896.5 million. These amounts are offset by €886.1 million, so the net amount recognized was €10.4 million.

As at December 31, 2013, there were six lease transactions outstanding (13 contracts with two investors - the Bank of America and State Street).

The risks assumed by RATP are limited to equipment ownership risk, French legislation and counterparty risk on the deposits. Counterparty risk is managed:

- By defeasance agreements, which enable deposits to be offset against the associated liabilities. The corresponding deposits totalled €257.1 million as at December 31, 2013;
- By collateral agreements, which require the deposits to be replaced by American treasury bonds if the credit rating of the deposits falls below a certain threshold. The net amount of the corresponding deposits totalled €58.6 million as at December 31, 2013;
- By American treasury bonds. In July 2013, RATP replaced the last noncollateralized deposits and their associated letters of credit with American treasury bonds (see Note 1.2). The deposits totalled €150.3 million as at December 31, 2013.

13.2 Swedish Lease

The Swedish lease agreement is used to finance equipment.

The investor pays the supplier the total value of the equipment. RATP leases the equipment over an 18 year period, at the end of which it may exercise its buy-back option. At the inception of the contract RATP sets up the deposits to cover the lease payments and the equipment buyback option.

The Swedish lease is restated in the consolidated financial statements.

14 • SERVICE CONCESSION ARRANGEMENTS

RATP group considers that the operating agreements for RATP's transport services, including the four-year agreement entered into with the Île-de-France transport authority in 2012, and certain agreements with RATP Dev's transport subsidiaries should be accounted for under IFRIC 12. Pursuant to IFRIC 12, concession assets may not be recognized in the Group's balance sheet as property, plant and equipment.

The Île-de-France transport authority 2012-2015 agreement entered into on March 16, 2012 falls within the scope of IFRIC 12 because:

- The services rendered correspond to a public service mission;
- The Île-de-France transport authority determines what transport services must be provided and the pricing policy;
- The assets necessary for operations are returnable and reversionary concession assets and the Île-de-France transport authority controls a significant residual interest in these assets at the end of the concession period.
- For rolling stock and related maintenance equipment classified as returnable assets, when the operating rights expire, the Île-de-France transport authority will repurchase the assets at their carrying amount net of grants, corresponding to the amount reported in the financial statements where the assets are recognized under property, plant and equipment;
- For assets necessary for operations (such as bus stations, etc.) classified as reversionary assets, the Île-de-France transport authority can exercise a reversion option when the operating rights expire.

Contributions paid by the Île-de-France transport authority to RATP include the C2 contribution to fund investments. The contribution covers the cost of capital employed, including interest expense and net depreciation expense. The portion of this contribution covering returnable and reversionary assets decreases the amount of financial receivables.

Concerning the accounting treatment of returnable assets, these receivables are collected through the reimbursement of their depreciation and amortization expenses and payment of the carrying amount when the operating rights expire, based on the amounts reported in the financial statements. The financial asset model is applied insofar as RATP has an unconditional right to receive cash from the Île-de-France transport authority until the end of the concession period, regardless of user traffic.

For reversionary concession assets, the receivables recognized as financial assets reflect the reimbursement of depreciation and amortization expenses, based on the amounts reported in the financial statements until 2015, which is the expiry date of the current agreement with the Îlede-France transport authority, during which RATP has an unconditional right to receive cash from the Îlede-France transport authority. The share of residual carrying amount of the reversionary public concession assets, which was not recognized as a receivable in accordance with IFRIC 12, is recognized under intangible assets

Their useful lives correspond to those applied by the Group for similar property, plant and equipment and intangible assets (see Note 3.5).

Financial concession assets reflect the carrying amount net of grants of the reversionary concession assets at the reporting date, and the reimbursement of depreciation and amortization expenses until the end of the current agreement with the Île-de-France transport authority. The portion of the receivable due within one year was recognized as "current financial concession assets" and the portion that is due later than one year was recognized as "non-current financial concession assets".

Pursuant to IAS 39, receivables relating to financial concession assets are measured at amortized cost and impaired if the carrying amount is higher than the present value of the discounted future cash flows.

The revenue related to this financial model includes remuneration of the financial asset.

Pursuant to IAS 18 "Revenue", acquisitions of returnable concession assets are accounted for as purchase and sale transactions in the period and are recognized under revenue and cost of sales.

At the subsidiary level, the receivables recognized as financial assets reflect the reimbursement of depreciation and amortization expenses, based on the amounts reported in the financial statements until the expiry date of the current agreements. During this period, RATP has an unconditional right to receive cash from the transport authority. At the end of the concession period, the transport authority shall have the right to exercise its reversionary option. Consequently, the residual carrying amount of the reversionary public concession assets at the expiry date of the present agreements is recognized under intangible assets.

The net value of the financial concession assets as at December 31, 2013 is:

	12/31/13	12/31/12
Gross value	3,548,781	3,381,702
Impairment	0	0
Financial concession assets - non-current	3,548,781	3,381,702
Gross value	279,334	257,074
Impairment	0	0
Financial concession assets - current	279,334	257,074

The effect of applying IFRIC 12 on the income statement for financial year 2013 is as follows:

	12/31/13 prior to IFRIC 12	Cancelled depreciation and amortization (1)	Cancelled C2 contribution (2)	Remuneration of concession financial assets (3)	Purchase /sale transactions (4)	12/31/13 under IFRIC 12
Revenue	5,433,813		(444,366)	153,275		5,142,722
Other income from ordinary activities	76,039		(111,2	22, 12	375,020	451,059
Revenue	5,509,852	-	(444,366)	153,275	375,020	5,593,781
Cost of sales	(376,718)				(375,020)	(751,738)
Other purchases and external charges	(819,174)					(819,174)
Taxes, duties and similar payments	(223,289)					(223,289)
Payroll and payroll-related costs	(2,906,266)					(2,906,266)
Other operating expenses	(53,876)					(53,876)
EBITDA	1,130,529	-	(444,366)	153,275	-	839,438
Depreciation and amortization	(599,718)	291,091				(308,627)
Provisions, net	5,842					5,842
Gain on disposal of assets	(18,812)					(18,812)
Gain on other consolidation scope changes	980					980
Impairment losses	(14)					(14)
Other operating income (expenses)	261					261
Operating income (EBIT)	519,068	291,091	(444,366)	153,275	-	519,068

⁽¹⁾ As concession assets were previously recognized under property, plant and equipment and intangible assets on the consolidated balance sheet, they generated depreciation and amortization expense in the RATP group income statement.

⁽²⁾ Pursuant to IFRIC 12, the contribution paid to fund concession assets is no longer recognized in the income statement (excluding remuneration of the receivable). The contribution reduces the amount of financial concession assets.

⁽³⁾ Financial concession assets are remunerated at the rate set in the Île-de-France transport authority agreement.

⁽⁴⁾ Capital expenditure by RATP concerning reversionary concession assets is recognized in the income statement. RATP is responsible for all relations with manufacturers and suppliers.

15 • ASSET IMPAIRMENT TESTS

15.1 RATP's Cash-Generating Units (CGUs)

The ORTF law on public passenger transport has limited the duration of operating rights granted to RATP, set forth ownership regimes and specified what happens to assets upon contract expiry. It has also set out the remuneration arrangements for infrastructure management and line operations in order to ensure that costs are covered and there is a return on capital employed.

After allocation of the consideration the Île-de-France transport authority received for the assets transferred to RATP on January 1, 2010 (see Note 1.1), RATP performed an impairment test to ensure that the carrying amount of the transport operation assets remained lower than their recoverable amount. It also performed an impairment test on the assets of the infrastructure management CGU.

The carrying amount of the assets tested in each CGU includes:

- Fixed assets (depreciable property, plant and equipment and amortizable intangible assets) net of grants;
- · Intangible assets and financial assets recognized under IFRIC 12;
- · Working capital requirements.

The CGUs do not have any goodwill, or intangible assets with indefinite useful lives.

Assumptions used to determine recoverable value

Assumptions common to both CGUs

The value in use of assets was determined on the basis of the following key assumptions:

- 1- Allocation of assets between infrastructure management and transport operations according to the legal and regulatory provisions applicable to RATP
- 2- Future cash flows net of tax were forecast using the following data:
- 2013-2015: on the basis of the financial provisions of the Île-de-France transport authority agreement, discounted as required by changes to interest rates;
- In addition to the current Île-de-France transport authority agreement, taking into account for infrastructure management the additional compensation payable by the Île-de-France transport authority to cover additional expenses while providing for offsetting for transport operations;
- 2016-2020: on the basis of medium-term targets set in the Vision 2020 business plan approved by the Board of Directors on November 13, 2012;
- Beyond 2020: data and cash flows (including normative cash flows) were determined according to the provisions of IAS 36 by estimating the terminal value of the assets tested in accordance with applicable standards.
- **3-** The investment assumptions are based on the capital expenditure master plans presented to the Board of Director on November 29, 2013. Their amount was subsequently adjusted to comply with the debt target outlined in the *Vision 2020* business plan, in compliance with the governance principles approved at the same Board meeting.
- 4- Terminal values were calculated based on normative cash flows determined at the end of the period specified in the plan and projected to infinity on the basis of a growth rate corresponding to the estimated inflation rate, i.e. 2%. For transport operations, different terminal values were determined corresponding to the different expiry dates of the operating rights.

Infrastructure management CGU-related assumptions

- 1- The discount rate (weighted average cost of capital) of the infrastructure management CGU is 4.8%. It was determined on the basis of the average rates observed for a panel of listed companies with similar activities to RATP.
- **2-** From 2016 onwards, the Group has assumed allocation of additional complementary financial compensation from the Île-de-France transport authority to cover the additional expense while providing for offsetting for transport operations.

Transport operations CGU-related assumptions

- **1-** To determine the cash flows of the transport operations CGU beyond 2020, investment assumptions specific to rolling stock were accounted for until the return of the reversionary assets to the Île-de-France transport authority.
- **2-** The Group included assumptions specific to concession arrangements such as depreciation for obsolescence of rolling stock from 2016 onwards, under common law conditions, implying they are included in the contractual expenses provided for in the Île-de-France transport authority-RATP agreements.
- 3- The discount rate (weighted average cost of capital) of the transport operations CGU was determined using the average rates observed for a panel of listed companies with similar activities to RATP. A specific discount rate was adopted for transport operations rolling stock (returnable assets) given the remuneration arrangements for these assets, i.e. 4.3%. For other assets used in transport operations (fully-owned and reversionary assets), a discount rate of 6.4% was applied, in line with the rates used by the panel.

After allocation of the consideration the Île-de-France transport authority received for the assets transferred to RATP on January 1, 2010 (see Note 1.1), RATP performed an impairment test to ensure that the carrying amount of the transport operation assets remained lower than their recoverable amount, and that there was therefore no impairment to be recognized in the consolidated financial statements. To do so, RATP examined the recoverable amounts of these assets on the basis of their value in use. As they are support assets that do not generate independent cash inflows, they are not intended for sale, and they are allocated to the transport operations CGU of the RATP parent company, their recoverable value cannot be determined separately. Consequently, the recoverable value of these was assessed on the basis of the value in use of the assets of the RATP parent company's transport operations CGU. The same assessment was performed for the assets of the infrastructure management CGU.

Results of the impairment tests

The impairment tests performed on the infrastructure management and transport operations CGUs did not reveal any impairment losses. Consequently, no impairment losses were recognized in the consolidated financial statements for the financial year.

Sensitivity of recoverable values

Sensitivity tests were performed to confirm the results of the impairment tests:

- A 0.57% change in discount rate for the infrastructure management CGU and 0.62% for the transport operations CGU, which would bring into line the recoverable value and carrying amount of each CGU;
- A 0.25% change in growth rate per year for the infrastructure management and transport operations CGUs;

- A percentage change in normative flows resulting from a change in cash flows generated by business or operations or a change of the level of investment necessary for the business or operations, of 12.1% for the infrastructure management CGU and 13.5% for the transport operations CGU;
- The financial impact on transport operations of losing business when the statutory operating rights expire for the bus network.

Given the results of the sensitivity tests performed on the basis of the aforementioned assumptions on the recoverable value of the two CGUs, no single assumption would result in the impairment of the assets tested.

15.2 Other Cash-Generating Units (CGU)

Impairment tests were performed on the other existing CGUs at December 31, 2013. With the exception of the Italian CGU, for which goodwill had previously been written down by €6.1 million, no other impairment was recorded for the other CGUs.

16 • ASSETS HELD FOR SALE

This line item includes a building that was being disposed of at the reporting date. The disposal was examined by the Board of Directors during their meeting on January 31, 2014.

17 • INVESTMENTS IN ASSOCIATES

	12/31/13				12/31/12			
Group Companies	% Interest	Equity- accounted investments	Share of net income	Total assets	% Interest	Equity- accounted investments	Share of net income	Total assets
LFI (1)	11.71	5,386	60	60,593	11.71	3,609	19	ND
Tram Di Firenze	24.90	1,335	1,082	86,451	24.90	0	0	84,018
TFT Spa (1)	11.71	105	32	29,484	11.71	1,761	71	ND
SELT	24.99	752	179	4,936	24.99	750	162	4,735
Groupe Systra	41.92	101,879	3,005	515,341	41.92	100,863	(496)	509,850
RFT Spa (1)	11.71	178	47	4,747	11.71	159	10	ND
VTCL	45.00	26,315	276	49,692	45.00	10,355	68	50,834
VT Korea	45.00	11,229	(285)	3,478	45.00	11,389	(103)	3,168
HERM	45.70	(30)	2	8,687	45.70	(32)	2	11,142
ATCM Modène	19.35	0	0	ND	19.35	36	0	ND
Nanjing JV	22.05	435	(36)	21,002	22.05	792	227	28,801
Tramway Hong Kong	45.00	1,275	2,358	32,406	45.00	14,801	2,245	35,273
Séoul Ligne 9	36.00	1,069	1,334	9,522	36.00	799	1,029	11,345
Shenyang	24.50	299	(2)	3,633		Out of consol	idation scope	
Nanjing Anquing	16.27	148	(100)	15,102	16.27	869	179	14,111
Nanjing Huabei	11.47	261	62	15,323	11.47	684	99	15,410
Nanjing Huainan	18.32	822	249	26,230	18.32	1,680	234	26,829
Nanjing Luhe		Out of consol	idation scope		Changes	in scope	192	
Nanjing Maanshan	13.23	216	(67)	17,425	13.23	1,201	160	19,360
Nanjing Pukou		Out of consol	idation scope		Changes	in scope	(61)	
Mumbay	31.50	57	19	673	31.50	46	18	439
Odulys	35.00	1	(30)	17,915	35.00	31	1	ND
	Total	151,731	8,185		Total	149,793	4,056	

⁽¹⁾ The Group has significant influence over these companies for the following reasons:
RATP is the majority shareholder of LFI, TFT spa and RFT spa, and holds 11.71% of LFI. The difference in % control and % ownership is due to shares without voting rights.

18 • INVESTMENTS IN JOINT VENTURES

12/31/12

Group Companies	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Net income
SLT	2,122	4,403	0	678	4,419
STIVO	948	7,357	1,408	4,419	985
STIVIMMO	3,706	690	2,256	1,733	(84)
Cité Bleue	8	26	0	(69)	129
ATCM	10,164	7,456	9,594	6,183	(693)
Veolia Transport RATP Asia	34,787	70	0	325	40
VTR China	25,472	354	0	8,168	(1,968)
VTR Consulting	0	293	153	25	(132)
VTR Korea	10,094	185	3	47	(403)
VTR India	1,592	148	0	527	(284)
Macao	5,558	3,216	8,679	3,520	(1,391)
Dolomiti	10,445	4,640	7,232	2,732	551
Metrolab	212	1,584	1,280	2,282	(1,791)
Total	105,108	30,421	30,604	30,569	(622)

12/31/13

Group Companies	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Net income
SLT	2,291	4,318	0	672	4,489
STIVO	1,165	6,903	627	4,910	1,054
STIVIMMO	4,978	736	3,918	1,391	(3)
Cité Bleue	6	168	0	61	118
ATCM	11,020	8,117	9,828	7,683	(217)
Veolia Transport RATP Asia	34,823	21	0	432	(120)
VTR China	23,574	625	501	11,288	(1,750)
VTR Consulting	58	705	438	123	96
VTR Korea	9,810	334	1	(325)	(302)
VTR India	1,591	247	0	685	(162)
Macao (1)	0	0	0	0	(2,311)
Dolomiti	10,579	5,787	6,659	4,096	490
Metrolab	192	1,657	1,280	5,569	(3,235)
Total	100,087	29,617	23,251	36,583	(1,853)

⁽¹⁾ Macau net loss was included until October 1, 2013, when RATP lost control over the entity (Note 7).

19 • AVAILABLE-FOR-SALE FINANCIAL ASSETS

12/31/12

	Financial assets 01/01/12	Decrease	Increase	Currency translation gains and losses	Other	Financial assets 12/31/12
Total gross value	23,121	(172)	1,504	(352)	(1,058)	23,044
Impairment	(13,033)		(875)	0	0	(13,908)
Total net value	10,088	(172)	629	(352)	(1,058)	9,136

12/31/13

	Financial assets 01/01/13	Decrease	Increase	Currency translation gains and losses	Other	Financial assets 12/31/13
Total gross value	23,044	(3,770)	(675)	199	1,099	19,896
Impairment	(13,908)	4,091	(1,392)	39	0	(11,170)
Total net value	9,136	321	(2,067)	238	1,099	8,726

Available-for-sale financial assets primarily comprise non-consolidated investments. Impairment losses reflect impairment of the investments when the net equity of the investment is less than its acquisition value.

Available-for-sale financial assets relate to the following:

	Net value	% Interest
SA HLM Logis Transports (1)	33	88%
Irise	750	10%
Ratp Do Brazil	161	
ATVO	804	
Tour Excel	5,480	10%
Ratp via Quatro	572	
Linea (2)	826	33%
Autres	100	
Total	8,726	

⁽¹⁾ See Note 3.1.

Unaudited data at December 31, 2013 for Logis Transport:

Revenue: €58,285 thousand in 2013 compared with €55,439 thousand in 2012.

Balance sheet total = €654,833 thousand including €323,995 thousand of net debt.

Net income: €24,452 thousand.

(2) RATP holds shares in this company (any dividends received are recorded by Autolinee), but does not exercise any influence over management. Linea operates another intercity network in Florence and is the partner of Autolinee in the business combination that was awarded the contracts.

20 • OTHER FINANCIAL ASSETS

20.1 Other non-current financial assets

	01/01/12	Increase	Decrease	Currency translation gains and losses	Other	12/31/12
Deposits relating to leases (at amortized cost)	494,615	558	0	0	0	495,173
Housing loans	51,494	0	0	0	(2,606)	48,888
Other loans and receivables	17,535	20,921	(21,334)	(49)	143	17,215
Total gross value	563,644	21,479	(21,334)	(49)	(2,463)	561,276
Impairment of other financial assets	(255)	81	123	0	0	(51)
Total net value	563,389	21,560	(21,211)	(49)	(2,463)	561,225

	01/01/13	Increase	Decrease	Currency translation gains and losses	Other	12/31/13
Deposits relating to leases (at amortized cost)	495,173	9,217	(20,155)	0	(37,542)	446,693
Deposits relating to leases (at fair value)	0	150,285	(5,866)	0	0	144,419
Housing loans	48,888	6	(24)	0	(5,340)	43,530
Other loans and receivables	17,215	17,808	(9,364)	(90)	(8,552)	17,018
Other non-current financial assets	561,276	177,316	(35,409)	(90)	(51,434)	651,660
Provisions for other financial assets	(51)	(2,589)	92	70	2,650	172
Other non-current financial assets	561,225	174,727	(35,317)	(20)	(48,784)	651,832

Deposits relating to leases (at amortized cost) are allocated to the borrowings for lease terminations under financial liabilities (Note 26.1).

Loans mainly correspond to the housing loans granted by RATP to low-cost housing management companies (CIL).

20.2 Other current financial assets

	12/31/12							
	Financial assets 01/01/12	Change in fair value	Increase / Decrease	Currency translation gains and losses	Other	Financial assets 12/31/12		
			ı	ı				
Dividends receivable	0	0	0	0	0	0		
Housing loans	3,611	0	34	0	1,961	5,606		
Loans, deposits and guarantees	32	40	31	0	(22)	81		
Cash collateral relating to leases	473,578	0	10,900	0	(191)	484,287		
Other current financial assets	477,221	40	10,965	0	1,748	489,974		

	12/31/13							
	Financial assets 01/01/13	Change in fair value	Increase / Decrease	Currency translation gains and losses	Other	Financial assets 12/31/13		
Dividends receivable	0	0	F2	0	0	F2		
Dividends receivable	0	0	53	0	0	53		
Housing loans	5,606	0	0	0	2,242	7,848		
Loans, deposits and guarantees	81	0	91	(3)	44,447	44,617		
Cash collateral relating to leases	484,287	0	(20,583)	0	0	463,704		
Other current financial assets	489,974	0	(20,439)	(3)	46,689	516,222		

21 • INVENTORIES

21.1 Details of inventories by type

		12/31/13			12/31/12		
	Gross value	Impairment	Net value	Gross value	Impairment	Net value	
Raw materials and supplies	202,882	(42,910)	159,972	205,335	(48,850)	156,485	
Other supplies	780	0	780	254	0	254	
Work in progress	6,210	0	6,210	9,540	0	9,540	
Merchandise	164	0	164	108	0	108	
Finished goods	1,969	0	1,969	1,912	0	1,912	
Total	212,005	(42,910)	169,095	217,148	(48,850)	168,298	

21.2 Changes in inventory impairment

	12/31/12	Additions	Reversals	Foreign currency translation adjustment	Other and reclassification	12/31/13
Impairment of inventories	(48,850)	(3,830)	1,286	324	8,160	(42,910)
Impairment of work in progress	0	0	0	0	0	0
Impairment of inventories of merchandise	0	0	0	0	0	0
Total	(48,850)	(3,830)	1,286	324	8,160	(42,910)

Impairment was accounted for in accordance with the method set out in Note 3.11.

22 • TRADE RECEIVABLES AND OTHER ACCOUNTS RECEIVABLE

	12/31/13	12/31/12
Trade receivables	241,043	264,033
Write-downs	(11,207)	(10,064)
Trade receivables	229,836	253,969
Advances and downpayments	44,537	24,591
Prepaid expenses	53,287	47,407
State and local authority receivables	186,727	191,330
Other receivables	272,610	281,015
Provisions	(8,354)	(4,859)
Other receivables	548,807	539,483
Total trade and other receivables	778,643	793,452

	12/31/13	12/31/12
Receivable write-downs, net at beginning of year	(10,064)	(10,111)
Write-downs during period	(2,951)	(2,146)
Unused reversals	(96)	10
Reversals	1,905	2,183
Receivable write-downs, end of year	(11,207)	(10,064)

All accounts receivable are due within one year.

Change in WCR	12/31/13	12/31/12
Inventories	(966)	6,022
Advances and downpayments paid	(20,476)	(6,837)
Trade and related receivables	23,245	(57,873)
Receivables from the State and other public authorities	(17,707)	1,140
Receivables from the Île-de-France transport authority	26,690	(2,410)
Other receivables	(157,849)	(86,031)
Prepaid expenses	(5,810)	1,679
Advances and downpayments received	375	(10,634)
Trade and related payables	28,107	27,171
Tax and social security payables	65,963	27,674
Amounts due to the Île-de-France transport authority	(199,720)	(30)
Other payables	153,884	90,421
Prepaid income	7,672	3,308
Lease prepayments	(2,455)	(2,187)
Change in working capital	(99,047)	(8,587)

23 • CASH AND CASH EQUIVALENTS

	12/31/13	12/31/12
Marketable securities	586,991	693,072
Cash	302,815	379,718
Total	889,806	1,072,790

Total cash and cash equivalents presented in the cash flow statement comprise the following:

	12/31/13	12/31/12
Cash and cash equivalents (balance sheet)	889,806	1,072,790
Bank overdrafts	(98,053)	(117,403)
Closing cash and cash equivalents (cash flow statement)	791,754	955,387

24 • PROVISIONS FOR EMPLOYEE BENEFITS

Provisions for employee benefits comprise post-employment benefits and other long-term benefits.

	12/31/13	12/31/12 restated (1)
Provisions for retirement benefits	293,254	291,510
Provisions for death indemnities for retirees	33,358	35,293
Provisions for death indemnities for employees in service	13,437	13,092
Provisions for early retirement benefits	3,013	3,816
Provisions for contributions to current and future retirees' corporate savings plan	14,207	28,395
Provisions for work-related accident and disability pensions	183,066	179,736
Provision for retirement benefits of foreign subsidiaries	18,833	25,654
Total post-employment benefits	559,168	577,496
Provisions for phased retirement	3,173	7,869
Provisions for seniority bonuses	19,554	16,571
Provisions for long-term sick-leave	4,619	5,015
Provisions for unemployment benefit	10,044	9,927
Provisions for work-related accident and disability pensions	18,752	17,810
Total long-term employee benefits	56,142	57,192
Total	615,310	634,688

⁽¹⁾ The main impact of retrospectively applying revised IAS 19 as of January 1, 2012 is that it is no longer possible to spread past service costs over future service periods. Compared with the figures published as at December 31, 2012, provisions for employee benefits increased by €16,927 thousand.

24.1 Post-employment benefits

Defined benefit plans

Post-employment benefits comprise the following:

- · Retirement indemnities;
- Death indemnities for retirees;
- Death indemnities for current employees;
- Early retirement benefits;
- Contributions to corporate savings plan for current and future retirees;
- Work-related accident and disability allowances;
- Defined benefit plans of foreign subsidiaries.

24.1.1 CHANGE IN PROVISIONS

Changes in provisions for post-employment benefits were as follows:

	Retirement indemnities	Death indemnities (employees in service)	Indemnity allocation	Work-related accident and disability allowance	Early retirement	Savings scheme contribution	Retirement plans of foreign subsidiaries	Total
Net liability as at January 1, 2012 restated	275,554	12,159	32,327	177,818	3,487	31,952	16,686	549,983
Current service cost and interest cost	25,075	1,556	1,097	20,845	1,456	1,118	3,390	54,537
Benefits paid	(28,943)	(1,251)	(922)	(7,948)	(1,110)	(7,254)	0	(47,428)
Actuarial (gains) losses	17,210	628	2,791	(10,979)	(17)	2,579	8,621	20,833
Asset ceiling effect (IFRIC 14)	0	0	0	0	0	0	807	807
Contributions paid into the plan	0	0	0	0	0	0	(4,224)	(4,224)
Changes in scope	2,614	0	0	0	0	0	0	2,614
Effect of change in exchange rates	0	0	0	0	0	0	374	374
Net liability recognized as at December 31, 2012 restated	291,510	13,092	35,293	179,736	3,816	28,395	25,654	577,496

	Retirement indemnities	Death indemnities (employees in service)	Indemnity allocation	Work-related accident and disability allowance	Early retirement	Savings scheme contribution	Retirement plans of foreign subsidiaries	Total
Net liability as at January 1, 2013 restated	291,510	13,092	35,293	179,736	3,816	28,395	25,654	577,496
Current service cost and interest cost	26,090	1,645	1,059	26,731	114	852	(5,953)	50,537
Benefits paid	(13,920)	(1,404)	(1,053)	(8,311)	(927)	(8,927)	0	(34,542)
Actuarial (gains) losses	(11,271)	104	(1,941)	(15,090)	10	(6,113)	5,932	(28,369)
Asset ceiling effect (IFRIC 14)	0	0	0	0	0	0	(190)	(190)
Contributions paid into the plan	0	0	0	0	0	0	(6,174)	(6,174)
Changes in scope	846	0	0	0	0	0	0	846
Effect of change in exchange rates	0	0	0	0	0	0	(435)	(435)
Net liability recognized as at December 31, 2013	293,254	13,437	33,358	183,066	3,013	14,207	18,832	559,168

24.1.2 RECOGNIZED EXPENSE

The expense recognized for the year can be broken down as follows:

Expense recognized in 2012, restated	Retirement indemnities	Death indemnities (employees in service)	Indemnity allocation	Work-related accident and disability allowance	Early retirement	Savings scheme contribution	Retirement plans of foreign subsidiaries	Total
Service cost	(15,413)	(1,113)	0	(14,900)	(1,361)	0	(2,203)	(34,990)
Net interest cost	(9,662)	(443)	(1,097)	(5,945)	(95)	(1,118)	(1,188)	(19,548)
Impact on pre-tax income	(25,075)	(1,556)	(1,097)	(20,845)	(1,456)	(1,118)	(3,390)	(54,537)

Expense recognized in 2013	Retirement indemnities	Death indemnities (employees in service)	Indemnity allocation	Work-related accident and disability allowance	Early retirement	Savings scheme contribution	Retirement plans of foreign subsidiaries	Total
Service cost	(17,478)	(1,252)	0	(21,339)	0	0	(5,086)	(45,155)
Net interest cost	(8,611)	(393)	(1,059)	(5,392)	(114)	(852)	(868)	(17,289)
Impact on pre-tax income	(26,090)	(1,645)	(1,059)	(26,731)	(114)	(852)	(5,953)	(62,444)

24.1.3 AMOUNTS RECOGNIZED DIRECTLY IN EQUITY

Actuarial gains and losses relating to post-employment benefits were as follows:

Amounts recognized directly in equity in 2012	Retirement indemnities	Death indemnities (employees in service)	Indemnity allocation	Work-related accident and disability allowance	Early retirement	Savings scheme contribution	Retirement plans of foreign subsidiaries	Total
As at January 1, 2012	(6,561)	3,627	4,385	(35,057)	(7,828)	(28,600)	(607)	(70,641)
Remeasurements	(17,210)	(628)	(2,791)	10,979	17	(2,579)	(8,621)	(20,833)
Other (IFRIC 14)	0	0	0	0	0	0	(807)	0
As at December 31, 2012	(23,771)	2,999	1,594	(24,078)	(7,811)	(31,179)	(10,035)	(92,281)
Experience adjustments for the period	(1,877)	(226)	(206)	(2,785)	(131)	150	0	(5,075)

Amounts recognized directly in equity in 2013	Retirement indemnities	Death indemnities (employees in service)	Indemnity allocation	Work-related accident and disability allowance	Early retirement	Savings scheme contribution	Retirement plans of foreign subsidiaries	Total
As at January 1, 2013	(23,771)	2,999	1,594	(24,078)	(7,811)	(31,179)	(10,035)	(92,281)
Remeasurements	11,271	(104)	1,941	15,090	(10)	6,113	(5,932)	28,369
Other (IFRIC 14)	0	0	0	0	0	0	190	190
As at December 31, 2013	(12,500)	2,895	3,535	(8,988)	(7,821)	(25,066)	(15,777)	(63,721)
Experience adjustments for the period	994	830	451	8,043	(61)	7,309	0	17,566

24.1.4 CHANGE IN OBLIGATION AND PLAN ASSETS

	Retirement indemnities	Death indemnities (employees in service)	Indemnity allocation	Work-related accident and disability allowance	Early retirement	Savings scheme contribution	Retirement plans of foreign subsidiaries	Total
Obligation as at January 1, 2012	275,554	12,159	32,327	177,817	3,487	31,952	90,783	624,079
Service cost	15,413	1,113	0	14,900	1,361	0	2,203	34,990
Interest cost	9,662	443	1,097	5,945	95	1,118	4,584	22,944
Employee contributions	0	0	0	0	0	0	131	131
Benefit payments	(28,943)	(1,251)	(922)	(7,948)	(1,110)	(7,254)	(4,294)	(51,722)
Actuarial (gains) losses	17,210	628	2,791	(10,979)	(17)	2,579	12,609	24,821
Changes in scope	2,614	0	0	0	0	0		2,614
Effect of change in exchange rates	0	0	0	0	0	0	1,915	1,915
Obligation as at December 31, 2012	291,510	13,092	35,293	179,734	3,816	28,395	107,930	659,770
Plan assets as at December 31, 2012	0	0	0	0	0	0	(83,316)	(83,316)
Obligation net of plan assets	291,510	13,092	35,293	179,734	3,816	28,395	24,614	576,454
IFRIC 14 accumulated adjustment	0	0	0	0	0	0	1,040	1,040
Net liability recognized as at December 31, 2012 restated	291,510	13,092	35,293	179,734	3,816	28,395	25,655	577,496

	Retirement indemnities	Death indemnities (employees in service)	Indemnity allocation	Work-related accident and disability allowance	Early retirement	Savings scheme contribution	Retirement plans of foreign subsidiaries	Total
Obligation as at January 1, 2013	291,510	13,092	35,293	179,734	3,816	28,395	107,930	659,770
Service cost	17,478	1,252	0	21,339	0	0	5,086	45,155
Interest cost	8,611	393	1,059	5,392	114	852	4,433	20,855
Employee contributions	0	0	0	0	0	0	127	127
Benefit payments	(13,920)	(1,404)	(1,053)	(8,311)	(927)	(8,927)	(3,885)	(38,427)
Actuarial (gains) losses	(11,271)	104	(1,941)	(15,090)	10	(6,113)	127	(34,174)
Changes in scope	846	0	0	0	0	0	0	846
Effect of change in exchange rates	0	0	0	0	0	0	(222)	(222)
Obligation as at December 31, 2013	293,254	13,437	33,358	183,064	3,013	14,207	113,597	653,930
Plan assets at December 31, 2013	0	0	0	0	0	0	(95,636)	(95,636)
Obligation net of plan assets	293,254	13,437	33,358	183,064	3,013	14,207	17,961	558,294
IFRIC 14 accumulated adjustment	0	0	0	0	0	0	872	872
Net liability recognized as at December 31, 2013	293,254	13,437	33,358	183,064	3,013	14,207	18,833	559,168
Estimate of benefit payments in 2014	(33,329)	(1,342)	(1,024)	(8,627)	(546)	(9,691)	(5,814)	(60,373)

Plan assets of foreign subsidiaries	12/31/13	12/31/12
Net asset recognized as at January 1, 2013	83,316	74,317
Interest on assets	3,565	3,396
Employer contributions	6,125	4,256
Employee contributions	127	131
Benefits paid from plan assets	(3,885)	(4,295)
Actuarial gains (losses)	6,012	3,396
Effect of change in exchange rates	387	2,142
Other	(13)	(26)
Net asset recognized as at December 31, 2013	95,636	83,316

Plan assets of subsidiaries are invested as follows: approximately 59% in equities, 28% in bonds, 1% in real estate and the remainder in other financial assets.

24.1.5 ACTUARIAL ASSUMPTIONS

The main actuarial assumptions are as follows:

	12/3	1/13	12/31/12		
	France	Foreign	France	Foreign	
Discount rate	3.25%	4.56%	3.00%	4.50%	
Inflation rate	2.00%	3.34%	2.00%	2.88%	
Salary increase rate including inflation	3.60%	2.85%	3.60%	2.95%	
Mortality table	TGH 05/TGF05	SAPS S1 NA	TGH 05/TGF05	SAPS S1 NA	
Retirement age	57.2 years old	65	55.6 years old	65	
Pension revaluation rate	NA	3.09%	NA	2.75%	
Turnover rate	0.00%	-	0.00%	-	

An increase or decrease of 25 basis points in the discount rate would have increased or decreased aggregate post-employment obligations by eq15.9 million. The average duration of post-employment obligations is 15 years, as at the reporting date 2012.

24.2 Other long-term employee benefits

Other long-term benefits comprise the following:

- Work-related accident and illness allowances;
- Long-service medals (seniority bonuses);
- Phased retirement;
- Unemployment benefits;
- Leave for long-term illness.

	Seniority bonuses	Work-related accident and disability allowances	Phased retirement	Unemployment benefits	Leave for long-term illness	Total long-term benefits
Net liability as at January 1, 2013	16,570	17,809	7,870	9,927	5,015	57,191
Service cost and interest cost	1,807	4,635	236	0	4,568	11,246
Benefits paid	(1,089)	(2,492)	(5,853)	(6,522)	(4,801)	(20,757)
Actuarial (gains) and losses	2,265	(1,201)	921	6,639	(163)	8,461
Net liability recognized as at December 31, 2013	19,553	18,751	3,174	10,044	4,619	56,141
Estimate of payments to defined benefit plans in 2014	(1,265)	(2,560)	(1,995)	0	0	(5,820)

The main actuarial assumptions are as follows:

	12/31/13	12/31/12
Discount rate	3.25%	3.00%
Inflation rate	2.00%	2.00%
Salary increase rate including inflation	3.60%	3.60%
Mortality table	TGH 05/TGF05	TGH 05/TGF05
Retirement age	57.2 years old	55.6 years old
Turnover rate	0.00%	0.00%

An increase or decrease in the discount rate of 25 basis points would have decreased or increased aggregate long-term benefits by €0.8 million. The average duration of long-term obligations is 15 years, as at the reporting date 2012.

25 • OTHER PROVISIONS

The impact on profit or loss was as follows:

	12/31/13	12/31/12
Provisions, net	5,842	5,885

Various legal proceedings have been instituted against the company and its subsidiaries in the normal course of business. In certain cases claims for damages have been made, which are provisioned when payment is probable and measurable.

	12/31/12	Additional allowance	Provisions used	Unused provisions	Reclassification, change in scope and exchange rate	12/31/13
Non-current provisions	137,882	26,451	(14,663)	(13,561)	4,957	141,067
Decommissioning costs (a)	71,536	0	0	0	3,190	74,726
Litigation (b)	17,471	7,847	(1,055)	(6,114)	247	18,396
Other expenses	11,404	3,932	(3,609)	0	1,339	13,065
Other contingencies (c)	37,472	14,672	(9,999)	(7,447)	182	34,880
Current provisions	64,957	19,718	(12,456)	(12,201)	(4,521)	55,496
Decommissioning costs (a)	4,685	0	(2,170)	(612)	(1,291)	612
Litigation (b)	18,967	3,270	(921)	(5,617)	(339)	15,359
Other expenses	11,409	4,209	(850)	(103)	(2,884)	11,780
Other contingencies (c)	29,896	12,240	(8,515)	(5,869)	(6)	27,745
Total provisions	202,840	46,169	(27,119)	(25,762)	436	196,563

⁽a) Provisions for decommissioning railway rolling stock are recorded with an offsetting entry under components of property, plant and equipment. They are amortized over the useful lives of the trains.

⁽b) Provisions for litigation concern provisions for disputes and legal proceedings of a commercial nature or those instigated by employees involving asbestos-related illnesses contracted at work (see Note 32.2). (c) Provisions for other contingencies comprise RATP's obligation to insure passenger accidents on its networks (basis: cases already declared).

26 • LOANS AND BORROWINGS

26.1 Breakdown of current and non-current loans and borrowings

	12/31/13	12/31/12
Bond issues	4,478,313	4,510,500
Île-de-France loans	226,103	230,758
Corporate savings plan loans	96,485	130,903
Loans related to lease terminations	446,693	495,173
Borrowings from credit institutions	123,747	95,761
Loans related to finance leases	35,218	30,648
Deposits and guarantees received	3	1
Other loans and borrowings	3,206	4,590
Non-current loans and borrowings	5,409,768	5,498,334
Bond issues	464,297	449,444
Île-de-France loans	22,137	23,203
Corporate savings plan loans	245,901	219,375
Loans related to lease terminations	44,403	7,707
Borrowings from credit institutions	16,759	16,030
Loans related to finance leases	6,704	2,240
Deposits and guarantees received	185,545	208,196
Commercial paper	1,019,720	1,008,740
Other loans and borrowings	60	441
Bank loans	98,053	117,395
Accrued interest	79,110	111,045
Current loans and borrowings	2,182,689	2,163,817
Total	7,592,456	7,662,151

26.2 Measurement of net debt

The Group defines net debt as total outstanding loans and borrowings, less accrued interest, cash and cash equivalents and financial assets related to lease operations (deposits, guarantees and cash collateral), and the fair value of currency hedges on debt securities. The liabilities relating to lease financing for tramways T3, T5 and T7 do not appear in net debt as they are fully offset by a receivable of the same amount from the Île-de-France transport authority.

	12/31/13	12/31/12
Loans and borrowings	7,592,456	7,662,151
Cash flow hedges	(286,852)	(321,635)
Fair value hedges	(4,134)	
Accrued interest	(79,110)	(111,045)
Housing loan advances	(54,540)	(60,305)
Deposits and guarantees (1)	(491,096)	(502,880)
Other financial assets relating to leases	(144,418)	
Cash and cash equivalents	(889,806)	(1,072,790)
Other (2)	(459,043)	(458,199)
Net debt	5,183,457	5,135,297

⁽¹⁾ The terms of these deposits match the maturities of the loans relating to lease terminations. They are deducted when calculating net debt. (2) Including cash flow hedge guarantee deposits of €463 million as at December 31, 2013.

26.3 Maturities of loans and borrowings

	2014	2015	2016	2017	2018	> 5 years
Bond issues (EUR)	330,000	200,000			650,000	2,550,000
Interest on bond issues (EUR)	137,004	122,181	121,461	121,461	121,461	477,425
Bonds denominated in foreign currencies	100,400	148,244	124,572	277,464		297,163
Interest on bonds denominated in foreign currencies	40,134	35,738	30,927	24,919	12,139	12,139
Île-de-France loans	21,233	21,050	20,993	20,058	19,847	177,517
Interest on Île-de-France loans	1,041	4,260	3,921	3,569	3,258	20,691
Corporate savings plan loans	245,261	91,901				
Interest on corporate savings plan loans	13,910	6,433				
Borrowings from credit institutions	16,759	123,747				
Loans relating to lease terminations	31,656	144,882	30,871	43,270	171,740	30,843
Interest on loans relating to lease terminations	16,613	23,948	27,715	7,322	40,431	8,071
Loans related to finance leases	4,642	4,247	3,431	2,416	1,744	15,588
Interest on loans related to finance leases	475	345	265	227	214	1,865
Deposits and guarantees received	185,545	3				
Commercial paper	1,019,720					
Other loans and borrowings	60	3,206				
Bank loans	98,053					
Accrued interest	79,110					
Total loans and borrowings	2,341,616	930,185	364,156	500,706	1,020,834	3,591,302

Cash flows relating to bond issues in Swiss francs are hedged by currency swaps in Swiss francs. The breakdown by main currency and type of interest rate is presented in Note 28.

26.4 Change in amortized cost

Bond issue	Amortized cost 12/31/13	Amortized cost 12/31/12	Change
RATP EUR 5.25% Sept 18, 2013	0	449,444	449,444
RATP EUR 4.375% Sept 24, 2014	329,926	329,830	(96)
RATP CHF 3.00% Dec 19, 2014	134,369	136,600	2,231
RATP CHF 2.125% July 21, 2015	187,609	190,940	3,331
RATP CHF 3.375% March 21, 2016	162,887	165,625	2,738
RATP CHF 3.25% Oct 9, 2017	244,306	248,416	4,110
RATP CHF 3.25% Nov 6, 2017	122,291	124,383	2,092
RATP EUR 4.50% May 28, 2018	650,064	648,033	(2,031)
RATP CHF 2.929% June 27, 2019	122,022	124,056	2,034
RATP CHF 2.625% Nov 6, 2019	256,200	260,466	4,266
RATP EUR 4.00% Sept 23, 2021	595,879	595,433	(446)
RATP EUR 2.875% Sept 9, 2022	593,769	593,149	(620)
RATP EUR 4.125% April 13, 2023	596,844	596,571	(273)
RATP EUR 3.75% Oct 19, 2026	447,439	447,286	(153)
RATP EUR 4.11% July 1, 2031	49,724	49,714	(10)
RATP EUR 2.441% Oct 25, 2025	49,735	0	(49,735)
RATP EUR 0.36% Fev 26, 2015	199,945	0	(199,945)
RATP EUR 3.03% Oct 25, 2025	199,600	0	(199,600)
Total	4,942,609	4,959,944	17,335
Île-de-France loans	248,242	253,963	(5,721)
Advance on housing loan (CIL)	54,540	60,305	(5,765)
Corporate savings plan loan	342,387	350,279	(7,892)
Loans relating to lease terminations	491,097	502,880	(11,783)
Total non-current loans and borrowings	6,078,875	6,127,370	(13,825)

27 • TRADE AND OTHER PAYABLES

	12/31/13	12/31/12
Trade payables	293,478	266,259
Payables on fixed assets	377,150	390,540
Tax and social security payables	606,069	539,779
Other operating payables	26,367	14,693
Prepaid income	74,977	76,239
Other payables	367,910	424,228
Total	1,745,950	1,711,737

All trade payables are due within one year.

28 • FINANCIAL RISK MANAGEMENT

Management of interest rate risk

Derivative instrument transactions mainly concern hedges set up to manage exposure to interest rate risk on borrowings or the investment portfolio.

Interest rate risk on borrowings and investments is essentially managed by using swaps and options to modulate the fixed and floating rate portion of the liability, based on changes in interest rates. The modulation is obtained by implementing or cancelling interest rate swaps and options.

The "stop loss" and "take profit" triggers are set by the finance department and additional limits are imposed on trading operations. As a result, the volatility of gains and losses on interest rate derivative instruments that do not qualify as hedges is limited.

Foreign currency hedges

RATP has issued loans in foreign currencies. The resulting exposure to exchange rate risk is systematically hedged with currency swaps.

Management of risk of commodity price increases

The Group may use commodities derivatives. RATP generally provides back-to-back guarantees to its subsidiaries for such transactions.

Credit and counterparty risk

Credit risk is the risk of financial loss for the Group if a customer or counterparty to a financial instrument defaults on their contract commitments. Risk concerning customers is limited as the Group's main customers are local authorities.

Counterparty risk is also limited due to collateral agreements on derivatives and the diversification of the short-term investment portfolio, which solely comprises cash equivalents.

Liquidity risk

Liquidity risk is the risk that the Group may have difficulty repaying its debt and meeting obligations when they fall due. RATP principally uses long-term financing arrangements. RATP has also issued a maximum of €2,000 million in commercial paper to obtain the liquidity it requires to pay its liabilities.

28.1 Sensitivity of short-term debt

As at December 31, 2013 RATP had short-term debt instruments in the form of commercial paper amounting to €1,020 million, of which €217 million were backed by the company savings scheme. The debt instruments have maturities of up to three months, and a portion have been issued at floating interest rates (EONIA swaps).

RATP has also issued a short-term bond (€217 million) to finance the company savings scheme.

28.2 Sensitivity of long-term debt

Effect on interest expense

Today, 88% of long term borrowings (bonds, corporate savings plan, Île-de-France loan) bear fixed rate interest.

Total unhedged debt	12/31/13	12/31/12
CHF bonds (in millions of euros)	948	948
Floating rate	0%	0%
Fixed rate	100%	100%
EUR bonds (in millions of euros)	3,730	3,730
Floating rate	0%	0%
Fixed rate	100%	100%
Île-de-France long-term bonds (in millions of euros)	281	287
Floating rate	100%	100%
Fixed rate	0%	0%
Corporate savings plan (in millions of euros)	337	345
Floating rate	100%	100%
Fixed rate	0%	0%
Total in millions of euros	5,296	5,311
Fixed rate	88%	88%
Floating rate	12%	12%

Total hedged debt	12/31/13	12/31/12
Total debt (nominal amount) (in millions of euros)	5,296	5,311
Floating rate	618	633
Fixed for floating swaps	0	0
% Fixed rate debt	88%	88%

Interest expense on bonds amounted to €193 million in 2013: as all the bonds bear interest at fixed rates, they are not exposed to the risk of increases in interest rates.

Hedge effectiveness

Forward-looking tests are used to simulate hedge effectiveness in the event of major changes in interest rates (stress scenarios).

Hedges are only considered to be effective if, in all the scenarios tested, they remain within the limits of 80% to 125%. In the event of a 1% increase or decrease in interest rates, all the hedges remain effective.

28.3 Offsetting agreements

In accordance with IAS 32, the Group's financial assets and liabilities are not offset in the balance sheet, except for assets and liabilities relating to the American lease (see Note 13).

However, the Group has entered into offsetting agreements for some derivative instruments. If either party defaults, the agreements make it possible to offset the fair value of the derivative instruments against the financial collateral.

The following table presents the potential impact of the offsetting agreements:

	Carrying amount of derivatives Assets	Carrying amount of derivatives Liabilities	Fair value of financial collateral	Net exposure
Interest rate derivatives	291,070	(11,491)	185,900	93,680
Loans relating to lease terminations	0	491,097	463,704	(27,393)

29 • DERIVATIVE FINANCIAL INSTRUMENTS

29.1 Classification of derivative financial instruments

12/31/12

	Non-current assets	Current assets	Total assets	Non-current liabilities	Current liabilities	Total liabilities
Cash flow hedge	321,798	13,755	335,553	19,417	17,676	37,093
Fair value hedge			0			0
No hedging			0			0
Total	321,798	13,755	335,553	19,417	17,676	37,093

12/31/13

	Non-current assets	Current assets	Total assets	Non-current liabilities	Current liabilities	Total liabilities
Cash flow hedge	286,852	13,296	300,148	11,432	15,198	26,630
Fair value hedge	4,134		4,134			0
No hedging			0			0
Total	290,986	13,296	304,282	11,432	15,198	26,630

29.2 Maturity of derivative instruments (maturity, notional amount, currency)

As at December 31, 2012

	Total	Classification		Maturity of notional amount			
		CFH	FVH	Trading	< 1 year	1 to 5 years	+ 5 years
Exchange rate hedges							
Cross currency swaps	989,560	989,560				650,680	338,880
Interest rate hedges							
Floating for fixed swaps	283,939	283,939				1,509	282,429
Purchases of caps	2,911	2,911				2,911	
Commodity hedges							
ULSD10 ppm (mt) swaps	14,100	14,100				14,100	

As at December 31, 2013

	Total	Classification			Maturity of notional amount		
		CFH	FVH	Trading	< 1 year	1 to 5 years	+ 5 years
Exchange rate hedges							
Cross currency swaps	1,140,452	990,167	150,285		101,023	646,118	393,310
Interest rate hedges							
Floating for fixed swaps	106,943	106,943				9,977	96,966
Sales of puts	1,276	1,276			317	959	
Commodity hedges							
Swaps	12,000	12,000			11,400	600	

Note: foreign exchange risk on debt issued in foreign currencies is systematically hedged with currency swaps. Instruments that do not qualify for hedge accounting under IAS 39 (trading instruments) are nevertheless economic hedges.

29.3 Fair value hedges

Fair value hedges as at December 31, 2013 were currency swaps on the deposits made when setting up the American leases (restructured in July 2013). As the sensitivity of the hedging derivatives to changes in interest rates and exchange rates was similar to that of the deposits hedged, the impact on profit and loss was not significant.

29.4 Cash flow hedges

The cash flow hedges in place as at December 31, 2013 comprised:

- Fixed for Euribor swaps: RATP pays a fixed rate and receives a Euribor rate on its existing floating rate debt, or on highly probable fixed rate debt. As the sensitivity of the swaps was similar to that of the underlying financial liabilities, the impact on profit and loss was not significant;
- Currency swaps: the cash flows paid on borrowings in foreign currencies are perfectly hedged by the currency swaps, so that changes in the exchange rate have no effect on profit and loss.

30 • FAIR VALUE OF THE HEDGING INSTRUMENTS

30.1 Fair value hierarchy of financial instruments

	Carrying amount				
		Fair value	Level 1	Level 2	Level 3
Measurement of assets to fair value					
Available-for-sale financial assets	8,726	8,726	0	0	8,726
Derivative financial instruments	304,282	304,282	0	304,282	0
Other financial assets	1,168,053	1,179,608	463,704	715,904	0
Cash and cash equivalents	889,806	889,806	548,931	340,875	0
Measurement of liabilities to fair value					
Financial liabilities	7,592,456	7,873,687	5,296,009	2,577,678	0
Derivative financial instruments	26,630	26,630	0	26,630	0

30.2 Measurement methods and main unobservable inputs

The table below presents the measurement techniques used to measure level 2 and 3 fair value of the main financial instruments, as well as the main unobservable inputs used:

Types of financial instruments	Measurement method	Main unobservable inputs	Correlation between inputs and measurement to fair value
Derivative financial instruments (interest rate swaps, cross currency swaps)	Discounting of future cash flows	Discount rate	The estimated fair value would increase if the discount rate was lower, and decrease if the discount rate was higher.
Financial assets (deposits, CIL housing loans)	Discounting of future cash flows	Discount rate	The estimated fair value would increase if the discount rate was lower, and decrease if the discount rate was higher.
Loans and borrowings (private equity)	Discounting of future cash flows	Discount rate	The estimated fair value would increase if the discount rate was lower, and decrease if the discount rate was higher.

30.3 Transfers between levels of the fair value hierarchy

During the financial year, there were no transfers between levels 1 and 2 of the fair value hierarchy, or to or from level 3. Changes in "available-for-sale financial assets" over the financial year were not affected by changes in fair value.

31 • GUARANTEES

31.1 Guarantees given

	12/31/13			12/31/12		
	RATP Epic	Other	Total	RATP Epic	Other	Total
Guarantees	521,617	97,762	619,379	590,739	80,121	670,860
of which:						
Non-profit organizations and other	21,227	97,762	118,989	1,594	80,121	81,715
Employee benefits	228,903		228,903	252,933		252,933
Leasehold transactions	271,487		271,487	336,212		336,212
Total	521,617	97,762	619,379	590,739	80,121	670,860

31.2 Guarantees received

	12/31/13			12/31/12		
	RATP Epic	Other	Total	RATP Epic	Other	Total
Guarantees	214,146	5,793	219,939	220,432	3,203	223,635
Leasehold transactions	214,146		214,146	220,432		220,432
Total	214,146	5,793	219,939	220,432	3,203	223,635

32 • OFF-BALANCE-SHEET COMMITMENTS

32.1 Capital expenditure

Capital expenditure contracted at the reporting date but not recorded in the financial statements amounted to €2,837 million at December 31, 2013 compared with €2,531 million at December 31, 2012.

32.2 Contingent assets and liabilities

Asbestos

An internal study has been conducted to investigate asbestos-related illnesses among employees and assess the financial impact on 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 believes that the provision of €1,094 thousand recorded in the balance sheet at December 31, 2013 is adequate and reflects the best estimate of the financial risk borne by the company (see Note 25).

33 • INFORMATION ON RELATED PARTIES

33.1 Transactions with related parties

RATP is a public service company that is fully owned by the French State. Consequently, RATP is a related party in the meaning of IAS 24 with all companies controlled by the French State. However, given that the objective of IAS 24 is to alert on the terms and conditions of unusual transactions entered into between the Group and related parties, the Group has excluded all ordinary transactions entered into under normal market conditions from the scope of transactions with related parties.

Transactions with the State and local authorities:

	12/31/13	12/31/12
Île-de-France transport authority contribution	1,999,376	1,974,423
Local council contribution to loss-making services	19,795	19,828
Investment grants called (State, Stif, RIF, other)	636,606	
	- 1	597,169
Île-de-France region loans contracted	13,683	2,502
Île-de-France region loans repaid	20,171	-
State and local authority receivables	323,220	318,770
Île-de-France transport authority receivables	18,040	44,740
State and local authority liabilities	86,270	91,490
Île-de-France transport authority liabilities	11,220	210,940
Île-de-France local authority liabilities	280,698	287,286

Transactions with subsidiaries:

Transactions with fully consolidated companies are eliminated upon consolidation. Transactions with proportionately consolidated companies (non-eliminated portion) or equity-accounted associates are not material and are usual practice for commercial or financial purposes within a group. They are performed on an arm's length basis under normal market conditions.

Other transactions with public sector companies:

These refer to ordinary transactions undertaken in normal market conditions.

33.2 Compensation of senior executives

The senior executives of RATP group are members of the Executive Committee.

	12/31/13	12/31/12
Short-term benefits excluding employer contributions (1)	2,222	2,292

⁽¹⁾ Including gross salaries, bonuses, profit sharing and benefits in kind. Other benefits were not material.

34 • INFORMATION PER OPERATING SEGMENT

Segment information is presented in compliance with IFRS 8 "Operating Segments". The accounting methods used for segment reporting are the same as those used to prepare the consolidated financial statements.

RATP group's business is divided into two segments:

- The "infrastructure management" segment: this activity entails managing the network infrastructure used to provide public passenger transport services, as entrusted to RATP by the ORTF law n°2009-1503 of December 8, 2009;
- The "transport operations" segment: this activity entails operating public passenger transport services in the Île-de-France region, in France and abroad. The parent company's support functions are included in the scope of this segment, including those provided for infrastructure management, which are subject to internal transfer agreements.

Both segments are regularly reviewed by the chief operating officer in order to allocate resources among the different segments and assess performance pursuant to the Île-de-France transport authority agreement.

The key principle for preparing segment information is to directly allocate the various line items or cash flows. When this is not possible, for instance if the line items or cash flows are managed by one activity and have initially been recognized as such, internal transfers between the two activities have been arranged to bill the activities appropriately, in accordance with general practice. The agreements set out the scope of transfers, valuation principles and invoicing arrangements.

Internal agreements were entered into outlining the financial relations between the two segments and tracking all cash flows since 2012.

On the balance sheet, property, plant and equipment and intangible assets are allocated directly in accordance with the scope defined for each activity. Investment grants are allocated to the assets they relate to.

Income statement disclosures by operating segment

As at December 31, 2012

	Infrastructure management	Transport	Eliminations	Total
External revenue	1,246	4,932,771		4,934,017
Inter-segment revenue	696,081	135,434	(831,515)	4,554,017
Revenue	697,327	5,068,205	(831,515)	
EBITDA			(031,313)	4,934,017
	399,002	413,992	-	812,994
Operating income	191,229	325,354	-	516,583
Depreciation and amortization expense	(217,609)	(91,618)	-	(309,227)

As at December 31, 2013

	Infrastructure management	Transport	Eliminations	Total
External revenue	3,635	5,139,087		5,142,722
Inter-segment revenue	741,869		(925,770)	-
Revenue	745,504	5,322,988	(925,770)	5,142,722
EBITDA	410,755	428,683	-	839,438
Operating income	196,977	322,091	-	519,068
Depreciation and amortization expense	(219,407)	(89,220)	-	(308,627)

Balance Sheet disclosures by operating segment

The main segment indicators relating to the balance sheet presented by RATP group are:

As at December 31, 2012

	Infrastructure management	Transport	Total
Balance sheet			
Property, plant and equipment and intangible assets, net	4,584,996	937,445	5,522,441
Investment grants	2,098,592	1,791,116	3,889,708
Property, plant and equipment and intangible asset investments	119,743	431,155	550,898
Purchase of concession assets		1,013,681	1,013,681
Total assets	6,917,271	6,016,630	12,933,901

As at December 31, 2013

	Infrastructure management	Transport	Total
Balance sheet			
Property, plant and equipment and intangible assets, net	4,602,837	1,090,031	5,692,868
Investment grants	2,245,759	2,147,350	4,393,109
Property, plant and equipment and intangible asset investments	176,441	628,394	804,835
Purchase of concession assets		784,105	784,105
Total assets	7,091,447	6,112,562	13,204,009

35 • GROUP COMPANIES

Transport Division	Country	% Control	% Interest	Method	Comments
AlpBus Fournier	France	100.00	100.00	FC	
Autoline Toscane	Italy	100.00	100.00	FC	
Bath Bus Company	UK	100.00	100.00	FC	
Bombela Operating Company	South Africa	51.00	51.00	FC	
Bournemouth Transport	UK	90.01	90.01	FC	
Cars Dunois	France	100.00	100.00	FC	
Cars Perrier	France	100.00	100.00	FC	
Cars Saint Martin	France	88.75	88.75	FC	
Casa Tram	Morocco	60.00	60.00	FC	
Céobus	France	100.00	100.00	FC	

Transport Division	Country	% Control	% Interest	Method	Comments
Champagne Mobilités	France	100.00	100.00	FC	
Cité Bleue	France	50.00	50.00	PC	
СТВ	France	100.00	100.00	FC	Newly consolidated
СТСМ	France	100.00	100.00	FC	
CTVMI	France	100.00	100.00	FC	
СТҮ	France	100.00	100.00	FC	
Dolomiti Bus	Italy	39.50	39.50	PC	
EL Djazair	Algeria	100.00	100.00	FC	
EM Services	France	90.00	90.00	FC	
EMS Rennes	France	90.00	90.00	FC	
FlexCité	France	85.60	85.60	FC	
FlexCité 77	France	85.60	85.60	FC	
FlexCité 91	France	85.60	85.60	FC	
FlexCité 92	France	85.60	85.60	FC	Newly consolidated
FlexCité 93	France	85.60	85.60	FC	-
FlexCité 94	France	97.00	97.00	FC	
FlexCité 95	France	85.60	85.60	FC	
FlexCité 95 TSE	France	85.60	85.60	FC	
FlexCité TAD	France	100.00	100.00	FC	
Fullington Auto Bus Company	USA	50.98	50.98	FC	
Gembus	France	100.00	100.00	FC	
Gest Spa	Italy	100.00	100.00	FC	
H R Richmond Ltd	UK	100.00	100.00	FC	
HelvéCIE SA	Switzerland	100.00	100.00	FC	
HERM	Italy	45.70	45.70	EM	
lxxi	France	100.00	100.00	FC	
acquemard et Cie	France	100.00	100.00	FC	
La Ferroviaria Italiana (LFI)	Italy	11.71	11.71	EM	
Latium Cilia	Italy	51.00	51.00	FC	Newly consolidated
London United Busways	UK	100.00	100.00	FC	Tremy componence
Matem	France	51.00	51.00	FC	
Mc Donald Transit Asociates	USA	54.69	54.69	FC	
Metrolab	France	50.00	50.00	PC	
MétroLink	UK	100.00	100.00	FC	
Mobicité	France	100.00	100.00	FC	
Modène	Italy	19.35	19.35	PC	In accordance with the shareholder agreement, indirect joint control
Moulins Mobilité	France	100.00	100.00	FC	
Mumbay	India	31.50	31.50	EM	
Nanjing Anquing	China	16.27	16.27	EM	
Nanjing Huabei	China	11.47	11.47	EM	
Nanjing Huainan	China	18.32	18.32	EM	
Nanjing JV	China	22.05	22.05	EM	
Nanjing Maanshan	China	13.23	13.23	EM	
Odulys	France	35.00	35.00	EM	
Orlyval Service (OVS)	France	99.00	99.00	FC	
RATP Dév France Investissement	France	100.00	100.00	FC	
RATP Dév France Services	France	100.00	100.00	FC	
RATP Dev Genova	Italy	100.00	100.00	FC	

Transport Division	Country	% Control	% Interest	Method	Comments
RATP Dev Italia	Italy	100.00	100.00	FC	
RATP Dev Suisse	Switzerland	100.00	100.00	FC	
RATP Dev Suisse TP	Switzerland	100.00	100.00	FC	
RATP Dev UK	UK	100.00	100.00	FC	
RATP DEV USA LLC.	USA	100.00	100.00	FC	
RATP Développement	France	100.00	100.00	FC	
RATP International	France	100.00	100.00	FC	
RDMT - DC	USA	90.94	90.94	FC	
RDMT - Tucson	USA	90.94	90.94	FC	Newly-consolidated
RDSL - Urban	USA	100.00	100.00	FC	Newly-consolidated
RDSL - Urban NY	USA	100.00	100.00	FC	Newly-consolidated
RFT SPA	Italy	11.71	11.71	EM	Trong to the same
SCI Foncière RD	France	100.00	100.00	FC	
SCI La Procession	France	55.00	55.00	FC	
SCI Sofitim	France	50.00	50.00	FC	
Selwyns	UK	100.00	100.00	FC	Newly-consolidated
Séoul Ligne 9	Korea	36.00	36.00	EM	y consolidated
Setram	Algeria	49.00	49.00	FC	
Shenyang	China	24.50	24.50	EM	Newly-consolidated
Société des Lignes Touristiques	France	51.00	51.00	PC	rvewiy-corisonaatea
Société des Transports Interurbains Allier	France	100.00	100.00	FC	
Société des Transports Interurbains Atlier	France	100.00	100.00	FC	
Société des Transports Interurbains Centre	France	100.00	100.00	FC	
Société des Transports Urbains de Bourges	France	100.00	100.00	FC	
Société des Transports Urbains Vierzon	France	100.00	100.00	FC	
Société d'Exploitation des Lignes Touristiques	France	24.99		EM	
			24.99	FC	
SQY BUS STD de la Marne	France France	89.52	89.52	FC	
STILE	France	100.00	100.00	FC	
		100.00	100.00	FC	Name and States
STIN STIVIMMO	France	100.00	100.00	PC	Newly-consolidated
	France	50.00	50.00		
STIVO	France	50.00	50.00	PC	N. I. P.L. I
STS	France	51.00	51.00	FC	Newly-consolidated
TFT SPA	Italy	11.71	11.71	EM	
TIMBUS	France	50.03	50.03	FC	
ГР2А	France	51.00	51.00	FC	
Tram di Firenze	Italy	24.90	24.90	EM	
Tramway Hong Kong	Hong Kong	45.00	45.00	EM	
ΓVM	France	100.00	100.00	FC	
/eolia Transport RATP Asia	France	50.00	50.00	PC	
/ienne Mobilités	France	100.00	100.00	FC	
/oyage Dunois	France	100.00	100.00	FC	
VT Korea	Korea	45.00	45.00	EM	
VTCL	China	45.00	45.00	EM	
VTR China	China	50.00	50.00	PC	
VTR Consulting	China	50.00	50.00	PC	
VTR India	India	50.00	50.00	PC	
VTR Korea	Korea	50.00	50.00	PC	

Engineering Division	Country	% Control	% Interest	Method	Comments
Groupe Systra	France	41.92	41.92	EM	
Real Property, Marketing & Telecoms Division	Country	% Control	% Interest	Method	Comments
Naxos	France	100.00	100.00	FC	
Promo Métro	France	100.00	100.00	FC	
SADM	France	100.00	100.00	FC	
SEDP	France	100.00	100.00	FC	
Telcité	France	100.00	100.00	FC	
Telcité NAO	France	100.00	100.00	FC	Newly-consolidated

36 • STATUTORY AUDIT FEES

Pursuant to AMF Instruction 2006-10 of December 19, 2006 and the requirements instituted by Article L820-3 of the French Financial Security Act (LSF), details of the fees charged for the audit of the consolidated and individual financial statements of the Group are provided below:

	12/31/13	12/31/12
		6-0
PricewaterhouseCoopers	700	638
KPMG	49	15
Ernst and Young	637	610
Other	243	212
Statutory Audit	1,630	1,475
PricewaterhouseCoopers	48	222
KPMG	0	1
Ernst and Young	28	240
Other	0	9
Services related to Statutory Audit	77	472
PricewaterhouseCoopers	0	9
KPMG	45	5
Ernst and Young	17	0
Other	182	158
Other Services	244	172

37 • SUBSEQUENT EVENTS

None.

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STATUTORY AUDITORS' REPORT

On the Financial Statements

Year ended December 31, 2013

In compliance with the assignment entrusted to us by the Minister for the Economy, Industry and Employment, we hereby report to you, for the year ended December 31, 2013, on:

- The audit of the accompanying financial statements of RATP, hereinafter referred to as "the Company";
- · The justification of our assessments;
- The specific verifications and information required by French law.

The Board of Directors is responsible for the preparation of the financial statements. Our role is to express an opinion on the 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 that the annual financial statements are free from material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that our audit has provided us with sufficient relevant information on which to base our opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2013 and of the results of its operations for the year then ended in accordance with French generally accepted accounting principles.

2 - Justification of our assessments

In accordance with the provisions of Article L.823-9 of the French Commercial Code relating to the justification of our assessments, we draw your attention to the following matters:

Employee benefits

Note 3.13 to the financial statements on "Long-term employee benefits" describes the long-term employee benefits provisioned in the balance sheet and the method used to measure the obligations.

Note 5.20 to the financial statements on "Off-balance sheet commitments as at December 31, 2013" presents the employee benefits that are not provisioned in the financial statements, in the section on "Employee benefits".

We reviewed the manner in which these two categories of commitments had been identified, measured and recognized and we ensured that Notes 3.13, 5.3 and 5.20 provided appropriate disclosure thereon.

Asset values

As stated in Note 2.1.4 "Asset impairment tests", RATP performed impairment tests on assets. Our work entailed reviewing the methods used to perform the tests based on discounted future cash flows from the related activities and assessing the consistency of the assumptions used with forecast data in light of the current contractual and regulatory framework. We also verified that Note 2.1.4 provided appropriate disclosure thereon.

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

3 - Specific verifications and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report regarding the fair presentation and conformity with the financial statements of the information provided in the Board of Directors' management report.

Neuilly-sur-Seine and Paris-La-Défense, March 14, 2014 The statutory auditors

PricewaterhouseCoopers Audit Gérard Morin Ernst & Young and others Christine Vitrac

Financial Statements

BALANCE SHEET AT 12/31/13

ASSETS (In thousands of euros)	GROSS	12/31/13 Accum. Depreciation, Amortization and Provisions	NET	12/31/12 NET
INTANGIBLE ASSETS	659,518	342,751	316,767	315,273
Research and development costs	213,729	33,934	179,795	179,752
Lease rights	2,626	1,374	1,252	1,329
• Other	404,663	307,443	97,220	104,720
Work in progress	38,501		38,501	29,472
PROPERTY, PLANT AND EQUIPMENT	24,750,661	11,302,048	13,448,613	12,729,686
• Land	571,275	4,136	567,139	406,360
Buildings	9,725,349	4,129,721	5,595,628	5,560,887
Technical plant, equipment and industrial tooling	5,085,349	3,591,694	1,493,655	1,493,252
Transport equipment	6,564,522	3,408,914	3,155,608	2,718,906
• Other	203,189	167,582	35,607	37,449
WIP, advances and down payments	2,600,977		2,600,977	2,512,831
FINANCIAL ASSETS	1,237,609	31,654	1,205,955	1,076,823
Investments and affiliates	424,255	352	423,902	423,902
Receivables from investments and affiliates				
Other long-term investments	1,650	491	1,159	898
• Loans	71,402	58	71,344	78,258
• Other	740,302	30,753	709,550	573,765
NON-CURRENT ASSETS (I)	26,647,788	11,676,453	14,971,335	14,121,782
Inventories and work in progress	201,144	42,734	158,410	159,051
Advances and prepayments to suppliers	38,558		38,558	21,757
ACCOUNTS RECEIVABLE	1,455,775	8,498	1,447,277	1,621,498
Trade receivables and related accounts	118,138	4,308	113,830	147,171
State and local authority receivables	341,268		341,268	362,377
• Other	110,275	4,190	106,085	109,527
Receivables from leases	886,095		886,095	1,002,424
FINANCIAL ASSETS	1,204,442		1,204,442	1,413,042
Marketable securities	1,031,641		1,031,641	1,163,229
Cash and cash equivalents	172,801		172,801	249,813
Prepaid expenses	68,383		68,383	77,783
CURRENT ASSETS (II)	2,968,302	51,232	2,917,070	3,293,131
Bond issuance costs (III)	7,265		7,265	8,324
Bond redemption premiums (IV)	14,533		14,533	16,604
Unrealized currency translation adjust (V)	19,783		19,783	19,983
TOTAL ASSETS (I + II + III + IV + V)	29,657,672	11,727,684	17,929,987	17,459,825

EQUITY AND LIABILITIES (In thousands of euros)	12/31/13	12/31/12
Reserve for assets allocated to RATP	250,700	250,700
Revaluation surplus	222,799	225,50
Capital endowment	433,367	433,367
RESERVES	294,699	294,699
Reserve from the disposal of assets allocated by Île-de-France transport authority (Stif) and no longer used (redeployment)	184,519	184,519
Reserve from disposal of assets allocated by the State and no longer used	136	136
Reserve from disposal of assets constructed by RATP and no longer used (reinvestment)	52,119	52,119
General reserve	57,926	57,926
Retained earnings	1,987,291	1,701,756
Net income	284,256	285,53
Regulated provisions	393,223	402,186
EQUITY excluding investment grants	3,866,336	3,593,740
Investment grants	4,286,583	3,789,22
EQUITY (I)	8,152,919	7,382,97
Provisions for contingencies	86,366	95,359
Provisions for expenses	138,268	139,929
PROVISIONS FOR CONTINGENCIES AND EXPENSES (II)	224,634	235,288
LOANS AND BORROWINGS	7,220,843	7,277,978
• Loans from Île-de-France region	280,698	287,286
• Bonds	5,014,978	5,018,498
Borrowings from and liabilities to financial institutions (bank account credit balances)	145,501	164,52
Other loans and borrowings	1,646,537	1,675,30
Accrued interest	133,129	132,36
Advances and down payments on orders in process	1,345	307
Trade payables and related accounts	230,357	211,640
Taxes and payroll-related payables	577,763	717,65
Payables to suppliers of assets and related accounts	380,837	397,87
Other liabilities	152,012	122,58
Lease payables	896,516	1,015,260
Prepaid income	73,031	78,334
LIABILITIES (III)	9,532,703	9,821,63
Unrealized currency translation adjustment (IV)	19,731	19,928
TOTAL ASSETS (I + II + III + IV)	17,929,987	17,459,82

Financial Statements

INCOME STATEMENT (in thousands of euros)	12/31/13	12/31/12	% Change
OPERATING INCOME	5,025,773	4,907,272	2.4%
Revenue	4,589,930	4,492,176	2.2%
Revenue from transport services	4,287,763	4,198,994	2.1%
Other operating income	128,614	129,834	(0.9%
Non-transport revenue	168,431	159,344	5.7%
Sales of by-products	5,121	4,004	27.9%
Other income	294,941	298,737	(1.3%
Stock of manufactured goods	(3,411)	(6,387)	(46.6%
Capitalized production	143,580	138,716	3.5%
Provision reversals and costs transferred	112,444	121,743	(7.6%
Operating subsidies	1,004	1,726	(41.8%
• Other	41,324	42,939	(3.8%
Income used to offset depreciation expenses	140,903	116,359	21.1%
Reversal of revaluation provisions	11,432	9,736	17.4%
Portion of investment grants transferred to income	129,471	106,624	21.4%
OPERATING EXPENSES	4,458,106	4,356,933	2.3%
Cost of purchased goods and services	947,046	923,261	2.6%
• Energy	216,051	216,401	(0.2%
- Electricity	99,737	96,510	3.3%
- Fuel	99,604	104,518	(4.7%
- Heating	16,711	15,373	8.7%
Cost of leased tracks	27,156	26,480	2.6%
User rights payable to SNCF	19,855	19,393	2.4%
Equipment, supplies and other external services	683,984	660,988	3.5%
- Equipment and supplies	186,434	186,827	(0.2%
- Other external services	497,550	474,161	4.9%
Tax, duties and other payables	211,131	208,964	1.0%
Payroll costs	2,488,012	2,446,644	1.7%
Wages and salaries	1,736,611	1,711,386	1.5%
Payroll-related costs	724,592	715,444	1.3%
RATP employee benefit plan cost, net	26,809	19,815	35.3%
Depreciation, amortization and provisions	777,714	744,526	4.5%
Asset depreciation and amortization	711,566	674,912	5.4%
Asset provisions		1,915	(100.0%
Current assets - provisions	8,926	4,898	82.29
Provisions for contingent liabilities	57,222	62,802	(8.9%
Other expenses	34,204	33,537	2.0%
OPERATING INCOME (I)	567,667	550,339	3.1%

INCOME STATEMENT (in thousands of euros)	12/31/13	12/31/12	% Change
FINANCIAL INCOME	91,507	114,777	(20.3%)
From investments in subsidiaries and affiliated companies	4,382	3,843	14.0%
Other long-term investments and asset receivables	57	86	(33.3%)
Accrued interest and related income	81,438	107,521	(24.3%)
Provision reversals and expenses transferred	376	320	17.5%
Foreign exchange gains	4,289	605	608.9%
Proceeds from disposal of marketable securities	964	2,402	(59.9%)
FINANCIAL EXPENSES	315,404	346,138	(8.9%)
Accrued interest and related expenses	305,775	339,770	(10.0%)
Amortization and provisions	5,758	5,780	(0.4%)
Foreign exchange losses	3,871	588	558.1%
Losses on disposal of marketable securities			-
FINANCIAL EXPENSE (II)	(223,898)	(231,361)	(3.2%)
ORDINARY INCOME (I + II)	343,770	318,978	7.8%
NON-RECURRING INCOME	146,762	114,287	28.4%
From operating transactions	5,577	15,333	(63.6%)
From capital transactions	120,269	93,244	29.0%
• From leases	2,123	1,719	23.5%
• Other	1,636	1,270	28.8%
Provision reversals and expenses transferred	17,158	2,720	530.7%
NON-RECURRING EXPENSES	159,106	104,947	51.6%
From operating transactions	4,367	4,983	(12.4%)
• Other	152,582	97,859	55.9%
Amortization and provisions	2,158	2,105	2.5%
NON-RECURRING ITEMS	(12,344)	9,340	(232.2%)
Employee profit sharing	47,170	42,783	10.3%
Income tax			
TOTAL INCOME	5,264,042	5,136,336	
TOTAL EXPENSES	4,979,786	4,850,801	
NET INCOME	284,256	285,534	(0.4%)

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31,2013

Unless otherwise stated, all amounts are presented in thousands of euros. The financial statements as at December 31, 2013 were approved by the Board of Directors at their meeting on March 14, 2014.

1 • SIGNIFICANT EVENTS OF THE PERIOD

1.1 Transfer of ownership of assets from the Île-de-France transport authority (Stif) to RATP

In connection with the implementation of the French law on public passenger services by rail (hereinafter the "ORTF law"), RATP and the Île-de-France transport authority jointly instituted an arbitration procedure in 2012, to determine the amount of compensation due for the fully-owned assets transferred from the Île-de-France transport authority to RATP on January 1, 2010. This amount was set at €200 million through an inter-ministerial order published on February 16, 2013. The compensation was transferred to the Île-de-France transport authority during the first half of 2013. As the compensation was required by the ORTF law, it was accounted for retrospectively in 2012 under assets, with an offsetting entry corresponding to the liability payable to the Île-de-France transport authority.

As the inter-ministerial order was issued subsequent to the reporting date for financial year 2012, it was not possible to allocate the compensation to individual assets or recognize the associated depreciation in the 2012 financial statements. The calculation was performed in 2013, when the distinction was drawn between depreciable and non-depreciable components. RATP opted to allocate the compensation to individual assets, both land and buildings, in proportion to the difference between the carrying amounts reported in the annual financial statements of RATP and the fair values determined by independent experts.

Since the allocation, RATP has ensured, in accordance with the procedures outlined in Note 2.1.4, that the carrying amount of all balance sheet assets has remained lower than their recoverable amount. Consequently, no impairment was recognized in the consolidated financial statements for financial year 2013.

1.2 Modification of guarantees on certain American lease transactions

When setting up the American lease described in Note 3-12, RATP had to pay deposits to financial institutions. Due to the downgrade in the credit rating of some of the counterparties to these deposits, in accordance with the American lease terms and conditions, the lease was restructured in July 2013 and the original security deposits were replaced by American treasury

bonds totalling USD 200 million. On the date of restructuring, the amount of the initial deposits equalled the value of the treasury bonds constituting the new guarantees. The replacement had no impact on the net present value (NPV) of the arrangement or on the way it is recognized in profit or loss over the lease term. Exposure to exchange rate and interest rate movements on the deposits is hedged.

1.3 Issuance of debt securities

Under its Euro Medium Term Note (EMTN) programme, RATP issued new series of corporate debt securities during the financial year:

- April 2013: notes for a nominal amount of €50 million, maturing in October 2025 and bearing 2.44% interest;
- June 2013: notes for a nominal amount of €200 million, maturing in February 2015 and bearing 0.36% interest;
- September 2013: notes for a nominal amount of €200 million, maturing in October 2025 and bearing 3.03% interest.

1.4 Taxation of Île-de-France transport authority flat-rate contributions

RATP contacted the French tax authorities (DLF) on May 19, 2009 requesting an analysis of the regime governing VAT on contributions paid by the Île-de-France transport authority. Despite several follow-ups, no response has been received on the matter to date.

Since 2010, RATP has invoiced the Île-de-France transport authority without VAT in accordance with the analysis presented to the French tax authorities.

Considering the contractual framework with the Île-de-France transport authority, whatever the final outcome, RATP assumes that the impact on VAT and payroll tax will not affect net income.

2 • SIGNIFICANT ACCOUNTING POLICIES

RATP applies a customized chart of accounts (CoA) as approved by the inter-ministerial order of March 21, 1985 and the French National Accounting Board (Conseil National de la Comptabilité). The customized CoA was prepared in accordance with the rules, principles and framework governing the French national chart of accounts.

It includes additional line items reflecting RATP's reporting and disclosure requirements and specific characteristics in terms of legal form and financing.

2.1 Balance Sheet

A detailed breakdown of non-current assets and the associated depreciation and amortization schedules are provided in tables 5.1 and 5.2.

2.1.1 OWNERSHIP REGIME GOVERNING ASSETS CAPITALIZED BY RATP

As of January 1, 2010, the ORTF law amended the ownership regime governing assets originally allocated to RATP or created by RATP by defining four asset categories:

- Infrastructure assets, which are managed and owned by RATP;
- Rolling stock and the related maintenance equipment (returnable assets), which are owned by the Île-de-France transport authority as of January 1, 2010. The Île-de-France transport authority will take possession of the assets once the operating rights expire. Implementation decree n° 2011-320 provides for the purchase by the Île-de-France transport authority of these assets from RATP at their carrying amount net of grants, as reported in the financial statements of RATP;
- RATP has full ownership of other items of property, plant and equipment required for operations (reversionary assets), other than those mentioned in the previous two paragraphs. Upon expiry of RATP's operating rights, the Île-de-France transport authority has the right to exercise a reversion option on these assets:
- Real property and other assets that are not allocated to operations but are used by RATP for administrative, social or training purposes, which are fully owned by RATP.

	Infrastructure management	Transport operations		
Type of asset	Fully-owned assets	Returnable assets	Reversionary assets	Fully-owned assets
Nature of assets	Infrastructure assets.	Rolling stock and related maintenance equipment.	Assets required for operations: – bus stations, – equipment.	Assets allocated for administrative, social and training purposes.
Ownership regime	RATP owns these assets.	These assets belong to the Île-de- France transport authority as of January 1, 2010. RATP maintains control. The Île-de-France transport authority will take possession of the assets when the agreement expires.	RATP retains legal ownership of these assets. Stif holds a reversionary option subject to payment of compensation to RATP upon expiry of the agreement.	RATP owns these assets.
Remuneration arrangements during operating period		Article 14 of French decree n°2011- 320 sets forth the arrangements governing the compensation payable by Stif to RATP for the assets.	The remuneration principles and arrangements apply for the duration of the Stif-RATP agreement 2012-2015.	
Remuneration arrangements upon expiry of operating rights	Not applicable.	Article 14 of the French decree n°2011-320 provides for the repurchase of the assets at their carrying amount, net of grants.	The Stif-RATP agreement provides for the reversion of the assets at a value of zero for assets transferred to RATP as at January 1, 2010, or at their carrying amount, net of grants.	Not applicable.

2.1.2 INTANGIBLE ASSETS

- Research and development costs associated with assets that are clearly separable, technically feasible and likely to generate future economic benefits are capitalized if they meet the criteria set forth in the generally accepted accounting principles. They are amortized based on the useful life of the assets to which they relate. All other research and development costs are expensed;
- Information systems acquired or developed by the company are capitalized. They comprise the following components:
- Development and configuration costs, which are amortized over five to ten years, on the basis of the useful life of the systems;
- Software and equipment acquired to place the system in service, which are amortized over a three-year period.

2.1.3 PROPERTY, PLANT AND EQUIPMENT

RATP's fixed assets and the reversionary concession assets provided by the Île-de-France transport authority are recorded at their historical (acquisition or production) cost, with the exception of those in operation as at December 31, 1976, which were revalued pursuant to Article 61 of the 1977 French Finance Act.

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In accordance with component-based accounting, RATP's fixed assets have been broken down into components and the useful life of each component has been determined based on their replacement or renovation frequency. As at January 1, 2005 RATP adopted the amortized historical cost method.

Certain assets are funded by investment grants.

Pursuant to CRC Regulation n°2004-06 of the French Accounting Regulations Committee (*Comité de la Règlementation Comptable*), the costs of dismantling railway rolling stock are provisioned to offset the amount capitalized for the asset components, which are depreciated over the useful lives of the trains.

Provisions for depreciation and amortization are calculated using the straight-line method based on the useful lives of the assets, as defined by RATP technicians. The useful lives of property, plant and equipment are reviewed annually if there are significant changes.

Spare parts

Spare parts are measured and recognized at unit cost or at weighted average cost per unit if managed by a computerized maintenance management system (CMMS).

Depreciation of spare parts is calculated on the basis of the depreciation schedule for the associated assets.

The main depreciation periods for RATP assets are provided in the table below:

Building shell and brickwork Building fixtures and fittings Railway infrastructure Tunnels, stations and access ways Fittings for stations and access ways Tracks Conductors, traction power supply for the metro system Catenary systems for the regional express network (RER) and trams Track signalling and assisted driving systems Automated train operating system (SAET) Automated driving system Track signalling Rolling stock Rolling stock (rail) Rolling stock (bus) Company cars Coto 30 years 15 to 40 years 15 to 50 years Useful life Useful life 20 to 40 years 5 years	Buildings	Useful life
Railway infrastructure Tunnels, stations and access ways Fittings for stations and access ways Tracks Conductors, traction power supply for the metro system Catenary systems for the regional express network (RER) and trams Track signalling and assisted driving systems Automated train operating system (SAET) Automated driving system Track signalling Rolling stock Rolling stock (rail) Rolling stock (bus) Useful life 20 to 40 years 4 to 10 years	Building shell and brickwork	70 to 100 years
Tunnels, stations and access ways Fittings for stations and access ways Tracks Conductors, traction power supply for the metro system Catenary systems for the regional express network (RER) and trams Track signalling and assisted driving systems Automated train operating system (SAET) Automated driving system Track signalling Catenary systems for the regional express network (RER) and trams Useful life Useful life Track signalling 10 to 40 years Rolling stock Rolling stock (rail) 20 to 40 years Rolling stock (bus)	Building fixtures and fittings	6 to 30 years
Fittings for stations and access ways Tracks 10 to 50 years Conductors, traction power supply for the metro system Catenary systems for the regional express network (RER) and trams 15 to 50 years Track signalling and assisted driving systems Automated train operating system (SAET) Automated driving system 15 to 30 years Track signalling 10 to 40 years Rolling stock Rolling stock (rail) Rolling stock (bus) 4 to 10 years	Railway infrastructure	Useful life
Tracks Conductors, traction power supply for the metro system Catenary systems for the regional express network (RER) and trams 15 to 50 years Track signalling and assisted driving systems Automated train operating system (SAET) Automated driving system Track signalling 15 to 35 years Automated driving system 15 to 30 years Track signalling 10 to 40 years Rolling stock Useful life Rolling stock (rail) 20 to 40 years Rolling stock (bus) 4 to 10 years	Tunnels, stations and access ways	35 to 140 years
Conductors, traction power supply for the metro system 5 to 50 years Catenary systems for the regional express network (RER) and trams 15 to 50 years Track signalling and assisted driving systems Automated train operating system (SAET) 5 to 35 years Automated driving system 15 to 30 years Track signalling 10 to 40 years Rolling stock Useful life Rolling stock (rail) 20 to 40 years Rolling stock (bus) 4 to 10 years	Fittings for stations and access ways	15 to 40 years
for the metro system 5 to 50 years Catenary systems for the regional express network (RER) and trams 15 to 50 years Track signalling and assisted driving systems Automated train operating system (SAET) 5 to 35 years Automated driving system 15 to 30 years Track signalling 10 to 40 years Rolling stock (rail) 20 to 40 years Rolling stock (bus) 4 to 10 years	Tracks	10 to 50 years
Track signalling and assisted driving systems Automated train operating system (SAET) Automated driving system Track signalling Automated driving system Track signalling To to 40 years Rolling stock Rolling stock (rail) Rolling stock (bus) 15 to 35 years 15 to 30 years 10 to 40 years 4 to 10 years	Conductors, traction power supply for the metro system	5 to 50 years
Automated train operating system (SAET) 5 to 35 years Automated driving system 15 to 30 years Track signalling 10 to 40 years Rolling stock Useful life Rolling stock (rail) 20 to 40 years Rolling stock (bus) 4 to 10 years		15 to 50 years
Automated driving system 15 to 30 years Track signalling 10 to 40 years Rolling stock Useful life Rolling stock (rail) 20 to 40 years Rolling stock (bus) 4 to 10 years		Useful life
Track signalling10 to 40 yearsRolling stockUseful lifeRolling stock (rail)20 to 40 yearsRolling stock (bus)4 to 10 years	Automated train operating system (SAET)	5 to 35 years
Rolling stockUseful lifeRolling stock (rail)20 to 40 yearsRolling stock (bus)4 to 10 years	Automated driving system	15 to 30 years
Rolling stock (rail) 20 to 40 years Rolling stock (bus) 4 to 10 years	Track signalling	10 to 40 years
Rolling stock (bus) 4 to 10 years	Rolling stock	Useful life
	Rolling stock (rail)	20 to 40 years
Company cars 5 years		
	Rolling stock (bus)	4 to 10 years

Plant equipment, fixtures and fittings	Useful life	
Elevators, escalators and moving walkways	10 to 40 years	
Automatic gates, passenger turnstiles	10 to 20 years	
Equipment to print, deliver and stamp tickets	5 to 10 years	
Telecom equipment and alarms	5 to 15 years	
Electrical installations	5 to 30 years	
Transformers	10 to 100 years	
Ventilation and air evacuation equipment	15 to 30 years	
Air conditioning systems	5 to 10 years	
Sound and lighting equipment	10 to 30 years	
Equipment and tooling	5 to 30 years	
Other equipment and furniture	3 to 15 years	

2.1.4 ASSET IMPAIRMENT TESTS

The accounting principles also provide for impairment testing to assess whether there is any indication that an asset may be impaired. If there is an indication that a non-financial asset may be impaired, an impairment test is performed: the carrying amount of the asset is compared with its fair value, which is defined as the higher of an asset's market value and its value in use.

Given the effective date of the first four-year agreement with the Île-de-France transport authority since the entry into force of the new legal framework set forth by the ORTF law and implemented through the ministerial orders and decrees mentioned in Note 1.1, RATP was able to perform impairment tests on the infrastructure management and transport operation assets at January 1, 2012.

The ORTF law on public passenger transport has limited the duration of operating rights granted to RATP, set forth ownership regimes and specified what happens to assets upon contract expiry. It has also set out the remuneration arrangements for infrastructure management and line operations in order to ensure that costs are covered and there is a return on capital employed.

After allocation of the consideration the Île-de-France transport authority received for the assets transferred to RATP on January 1, 2010 (see Note 1.1), RATP performed an impairment test to ensure that the carrying amount of the transport operation assets remained lower than their recoverable amount. It also performed an impairment test on the assets of the infrastructure management CGU.

The carrying amount of the assets tested in each CGU includes:

- Fixed assets (depreciable property, plant and equipment and intangible assets) net of grants;
- Working capital requirements.

Assumptions used to determine recoverable value

Assumptions common to both CGUs

The value in use of assets was determined on the basis of the following key assumptions:

- 1- Allocation of assets between infrastructure management and transport operations according to the legal and regulatory provisions applicable to RATP
- **2-** Future cash flows net of tax were forecast using the following data:
- 2012-2015: on the basis of the financial provisions of the Île-de-France transport authority agreement, discounted as required by changes to interest rates:
- In addition to the current Île-de-France transport authority agreement, taking into account for infrastructure management the additional compensation payable by the Île-de-France transport authority to cover additional expenses while providing for offsetting for transport operations;
- 2016-2020: on the basis of medium-term targets set in the Vision 2020 business plan approved by the Board of Directors on November 13, 2012;
- Beyond 2020: data and cash flows (including normative cash flows) were determined according to the provisions of IAS 36 by estimating the terminal value of the assets tested in accordance with applicable standards.
- **3-** The investment assumptions are based on the capital expenditure master plans presented to the Board of Directors on November 29, 2013. Their amount was subsequently adjusted to comply with the debt target outlined in the *Vision 2020* business plan, in compliance with the governance principles approved at the same Board meeting.
- 4- Terminal values were calculated based on normative cash flows determined at the end of the period specified in the plan and projected to infinity on the basis of a growth rate corresponding to the estimated inflation rate, i.e. 2%. For transport operations, different terminal values were determined corresponding to the different expiry dates of the operating rights.

Infrastructure management CGU-related assumptions

The discount rate (weighted average cost of capital) of the infrastructure management CGU is 4.8%. It was determined on the basis of the average rates observed for a panel of listed companies with similar activities to RATP.

Transport operations CGU-related assumptions

- **1-** To determine the cash flows of the transport operations CGU beyond 2020, investment assumptions specific to rolling stock were accounted for until the return of the reversionary assets to the Île-de-France transport authority.
- **2-** The Group included assumptions specific to concession arrangements such as depreciation for obsolescence of rolling stock from 2016 onwards, under common law conditions, implying they are included in the contractual expenses provided for in the Île-de-France transport authority-RATP agreements.
- 3- The discount rate (weighted average cost of capital) of the transport operations CGU was determined using the average rates observed for a panel of listed companies with similar activities to RATP. A specific discount rate was adopted for transport operations rolling stock (returnable assets) given the remuneration arrangements for these assets, i.e. 4.3%. For other assets used in transport operations (fully-owned and reversionary assets), a discount rate of 6.4% was applied, in line with the rates used by the panel.

After allocation of the consideration to the Île-de-France transport authority for the assets transferred to RATP on January 1, 2010 (see Note 1.1), RATP performed an impairment test to ensure that the carrying amount of the transport operation assets remained lower than their recoverable amount, and that no impairment had to be recognized in the financial statements. To test for impairment, RATP examined the recoverable amounts of the assets based on their value in use.

Results of the impairment tests

The tests performed on the infrastructure management and transport operations CGUs did not reveal any impairment losses.

2.1.5 LEASED ASSETS

Leased assets (see Note 3.12) are recorded as non-current assets on RATP's balance sheet. The assets held under the Swedish lease (see Note 3.12) have been recorded as long term deposits. The net present value of lease payments is recorded over the term of the leases (see Note 5.21a).

2.1.6 FINANCIAL ASSETS

The gross value of financial assets comprises the purchase price and directly attributable acquisition costs. RATP includes conveyance stamp duties, fees, commission and other taxes in the 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.

A provision for impairment is recognized (see details of provisions in Note 5.3) if the fair value of the investment falls below its carrying amount.

2.1.7 INVENTORIES

Inventories are stated at the lower of cost (including associated transaction costs) and net realizable value. Cost is calculated using the weighted average cost method (see details of inventories per category in Note 5.4). Inventories are written down as appropriate based on their turnover and economic life.

2.1.8 RECEIVABLES

Receivables are recorded at face value. An allowance for uncollectible accounts equal to the full amount of the receivable is recorded if there is collection risk (see detailed breakdown of provisions in Note 5.3).

2.1.9 BOND REDEMPTION PREMIUMS

The cost of bond redemption premiums is 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 expense is recorded in full.

2.1.10 EQUITY (SEE NOTE 5.7).

The equity contra-account entitled "Reserve for assets allocated to RATP" essentially reflects the residual value as at January 1, 1949 – when RATP was created – of the assets provided for use by RATP at that time, which were recorded on the balance sheet at December 31, 1976.

The revaluation surplus recorded under equity results from the revaluation performed in 1963 on the basis of 1959 data, and the revaluation of non-depreciable assets performed in 1978 on the basis of 1976 data (see Note 5.8).

RATP was formed under the Act of March 21, 1948. However, no capital was transferred to it at that time. In 1986, the public authorities allocated

Financial Statements

capital of €283.3 million to RATP. The amount allocated was increased by €150 million in July 2010 as part of the national recovery plan announced at the start of 2009.

Income from investment grants is recognized on the basis of the depreciation schedule of the associated assets, with the exception of grants received for purchasing land, of which one tenth is recognized as income per financial year.

Regulated provisions relate to the revaluation of depreciable assets performed in 1978 on the basis of 1976 data. They are transferred to income in proportion to the depreciation and amortization recognized for the corresponding assets.

2.1.11 LOANS AND BORROWINGS AND HEDGING INSTRUMENTS

Loans and borrowings are recorded on the balance sheet at their redemption value in euros.

Currency transactions

Balances denominated in foreign currencies are converted at the reporting date exchange rate, with the exception of loans and borrowings that are fully hedged by currency swaps (Cross Currency Swaps), which are presented at the hedged rate. All currency transactions are fully hedged.

If at the reporting date the exchange rate impacts the amounts previously recorded in euros, adjustments are recorded under balance sheet liabilities if they reflect unrealized currency translation gains and under assets if they reflect unrealized currency translation losses. If unrealized currency translation losses are recorded, a foreign exchange contingency provision is also recorded.

Derivative financial instruments

RATP uses derivative financial instruments to manage its exposure to changes in interest rates and exchange rates (interest rate and commodity swaps and options and currency swaps). Almost all the derivative instruments qualify for hedge accounting and are used manage risk on debt and diesel consumption.

The income and expense arising from the use of hedging instruments is recorded when the profit and loss from the hedged items is collected or incurred.

The difference between the interest receivable and the 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 over the term of the instruments.

Unrealized gains and losses arising from hedges on future purchases of diesel fuel (budgeted) are deferred and reported in the income statement when the hedged transaction is settled. As in 2012, no transactions were undertaken on the commodities markets in 2013.

2.1.12 TRADE PAYABLES

Prepayments to suppliers are reported under balance sheet assets.

2.2 Income Statement

2.2.1 REVENUE GENERATED BY THE AGREEMENT WITH THE ÎLE-DE-FRANCE TRANSPORT AUTHORITY

Transport revenue is made up of three components:

- Direct traffic revenue from transport users;
- Île-de-France transport authority contributions:
 - The C1 contribution to operations and public service obligations. This contribution comprises three parts: a flat-rate contribution to operating expenses that are not covered by revenue from transport users; a contribution covering the exact amount of business, professional and property-related taxes and duties levied; and a contribution covering the difference between the forecast direct revenue used to calculate the flat-rate contribution and based on the Île-de-France transport authority's pricing decisions;
 - C2, a contribution to finance investments (amortization and interest);
- A reward or penalty for quality of service, and potential fines if RATP fails to meet its contractual service coverage requirements;
- A performance-based bonus scheme with risks and gains shared between RATP and the Île-de-France transport authority based on the actual direct revenue generated compared with contractual revenue targets.

Transport revenue is provided for under the terms of the 2012-2015 multiannual agreement.

These contributions are reviewed annually based on certain indexes. These items are all included in RATP's revenue.

2.2.2 INCOME USED TO OFFSET DEPRECIATION EXPENSES

This item reflects income from investment grants and revaluation provisions.

2.2.3 PAYROLL COSTS

Since 1999, RATP has accounted separately for its transport business and its social security obligations.

The dual accounting system entails:

- For RATP's social security service obligations, income statements for each type of risk covered (health, industrial accidents, unemployment, family allowances);
- Employer social security contributions comparable in level and function with those required in the social security system.

The system as a whole is called the Social Security Accounting System.

Presentation of payroll costs in RATP's parent company financial statements

In order to facilitate the understanding and comparison of RATP's income statement with income statements prepared by other transport companies, the payroll costs related to the transport business have been presented in the same way as they are for common law companies, with two separate lines, one reflecting "Wages and salaries" and the other "Payroll-related costs". RATP's social security service obligations are reported under a single line item "RATP employee benefit plan cost, net".

Further details on RATP's social security service obligations are provided in the table in Note 5.11. The social security services are presented in the same way as for other social security entities and show:

- The origin and amount of resources, in particular in terms of employer contributions:
- · The amount of benefits paid to plan members;
- · Compensation with other social security funds and entities;
- Management costs.

Retirement benefit obligations have not been managed as part of RATP's social security services since the creation of the pension fund in 2006.

Main characteristics of the Social Security accounts

Employer and employee contributions

The social security accounts are mainly funded by the employer contributions recorded as "Payroll-related costs" in RATP's income statement. In terms of health insurance, as employee contributions have been replaced by the CSG tax, which is paid to URSSAF, RATP receives a contribution to its health insurance fund from the CSG tax collected. The amount received is set by a government order published in the French Official Gazette.

Benefits

Benefits provided by RATP include:

- Benefits in kind, such as the reimbursement of medical and hospital costs, medical tests and pharmaceuticals, and the services rendered by RATP's healthcare centres (Espace Santé), etc.;
- Financial benefits, such as wages and salaries paid to employees on sick leave (daily indemnities), lump sums paid upon death in service, workrelated accident and disability pensions, family allowances, etc.

Health insurance and family allowances under the State social security system

RATP has provided health insurance and family allowances since 1972 under the terms of the State social security system. In compliance with its agreement with the State, the "bilateral compensation" agreement, RATP pays contributions to the State health insurance funds (CNAM and CNAF) and the insurance funds reimburse RATP for benefits provided (for healthcare, benefits in kind only). The arrangements and amounts paid by RATP are set forth by decree, and the transfers to RATP are governed by the terms and conditions of the Social Security Code.

Demographic compensation

In 1974, as part of its Social Policy, the State set up a compensation system to offset the differences in supply and demand between the various social security systems in France, which arise due to demographic differences. The compensation system provides coverage for RATP's health insurance services.

2.2.4 EXTRAORDINARY INCOME

RATP recognizes items that are material, non-recurring and not part of its normal operations in extraordinary income and expense.

The breakdown of extraordinary income and expense is provided in Note 5.12.

3 • OTHER INFORMATION

- 3.1 Maturities of receivables and payables (see Note 5.13)
- 3.2 Receivables and payables (see Note 5.14)
- 3.3 Related parties (see Note 5.15)
- 3.4 Trade receivables and trade payables (see Note 5.15)
- 3.5 Number of employees (see Note 5.16)
- 3.6 Compensation of ten highest-paid executives (see Note 5.17)

3.7 Subsidiaries and investments

Note 5.18 provides financial information on the companies in which RATP holds more than 20% interests or investments of more than €1.5 million.

3.8 Consolidation

RATP parent company's financial statements are included in the consolidated financial statements of RATP group.

- 3.9 Economic interest groups (see Note 5.19)
- 3.10 Off-balance sheet commitments (see Note 5.20)

3.11 Asbestos

The plan to eliminate friable asbestos required by the decree n° 96-97 of February 7, 1996, has almost been completed. In financial terms, only minor operations remain outstanding.

All non-friable asbestos (covered asbestos or material containing asbestos) is gradually being removed as maintenance work is carried out on plant and equipment. As precise information on the plant and equipment containing asbestos is not available, it is not yet possible to determine the asbestos elimination schedule beyond a six-month timeframe. Consequently, no provision was recognized for 2013. In 2013, related expenses amounted to €9 million.

RATP also complies with the obligations set forth by the decree of July 13, 2001 and regularly takes measures to control dust accumulation.

An internal study has been conducted to investigate asbestos-related illnesses among employees and assess the financial impact on 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 believes that the provision of \in 1 million recorded in the balance sheet as at December 31, 2013 is adequate and reflects the best estimate of the financial risk borne by the company.

3.12 Leases and lease-purchase contracts

Details of the impact of lease transactions on the financial statements are shown in Note 5.21a.

Leaseholds

RATP enters into a number of leaseholds, granting the rights to use its assets through arrangements that enable foreign investors, particularly in the United States, to assume the economic ownership of the assets and thus amortize the assets and benefit from significant tax breaks.

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 (EBO), enabling it to unwind the arrangement before the term of the principal lease.

Under French generally accepted accounting principles, a lease arrangement is not recognized as a sale during the term of the EBO.

The gain obtained by the foreign investors 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 liabilities, and is accounted for on a straight-line basis over the term of the lease as extraordinary income.

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

The various contracts that make up each leasehold arrangement constitute separate transactions and are accounted for as such. As the assets and liabilities related to these contracts generate cash flows that are fully offset in the balance sheet and income statement, the overall profit generated by each transaction is reported in a single line as the net present value (NPV). The profit is recorded as deferred income when the contracts are signed and then is recognized as financial income on a straight-line basis over the duration of the contract.

As at December 31, 2013, there were six lease transactions outstanding (13 contracts with two investors - the Bank of America and State Street).

The risks assumed by RATP are limited to equipment ownership risk, risks relating to French legislation and counterparty risk on the deposits. Counterparty risk is managed:

- By defeasance agreements, which enable deposits to be offset against the associated liabilities. The corresponding deposits totalled €257.1 million as at December 31, 2013;
- By collateral agreements, which require the deposits to be replaced by American treasury bonds if the credit rating of the deposits falls below a

certain threshold. The net amount of the corresponding deposits totalled €58.6 million as at December 31, 2013;

By American treasury bonds. In July 2013, RATP replaced the remaining non-collateralized deposits and their associated letters of credit with American treasury bonds. The deposits totalled €150.3 million as at December 31, 2013.

Swedish lease

The Swedish lease agreement is used to finance equipment.

The investor pays the supplier the total value of the equipment. At the inception of the contract RATP sets up deposits to cover the lease payments and the equipment buyback option. The difference between the deposits and the value of the material represents the profit made by RATP.

The lease payments are recognized as operating expenses and the interest and deposits in financial income. The net present value is recorded as extraordinary income. Net income is impacted by the deferred profit relating to the net present value and the theoretical asset depreciation in RATP's balance sheet.

Finance leases in connection with tramway developments

The Île-de-France transport authority and RATP have set up a finance lease arrangement for rolling stock for the T3E, T5, T6, T7 and T8 tramway lines. In the arrangement RATP contracts a bank loan as lessee and the Île-de-France transport authority reimburses the associated lease payments. During the construction period, RATP pays the supplier. Once the tramways have been delivered, RATP transfers them to the bank. The finance lease is then set up. The Île-de-France transport authority will take over the finance lease in 2029.

3.13 Long-term employee benefits

RATP recognizes provisions for long-term employee obligations including those relating to:

- Work-related accidents and illnesses. RATP insures its current employees for work-related illnesses and accidents. The benefits paid compensate employees for the permanent physical or psychological damage incurred due to an accident or illness and any other negative effects on the employee's career. Only the benefits paid to current employees are classified as long-term benefits: €18.7 million;
- Seniority benefits (médailles de travail): €19.6 million;
- Phased retirement: €3.2 million;
- Unemployment benefits: €10 million;
- Long-term sick leave: €4.6 million.

Employee benefits are measured using actuarial calculations based on assumptions regarding demographic variables (mortality, employee turnover, etc.) and economic variables (discount rate, salary increase rate, etc.). Since the 2012 reporting date the Bloomberg 15-year rate has been used as the discount rate. As at December 31, 2013 it was 3.25%, compared with 3% as at December 31, 2012.

The main actuarial assumptions are as follows:

	12/31/13	12/31/12
Discount rate	3.25%	3%
Inflation rate	2%	2%
Salary increase rate	3.6%	3.6%
Mortality table	TGH05/TGF05	TGH05/TGF05
Turnover rate	0%	0%
Retirement age	See table below	

Retirement age corresponds to the age at which employees leave the company to retire. Assumptions regarding retirement age are defined on an individual basis. They take into account the age when employees are entitled to retire, the reform of the special pension scheme for RATP employees and the average retirement age per rank, calculated on the basis of retirement experience over the last 12 months. The individual assumption corresponds to the maximum between the entitlement date and the average retirement age per rank calculated on the basis of retirements.

4 • INFORMATION ON EXPOSURE TO MARKET RISK

4.1 General principles

RATP uses financial instruments to manage its exposure to interest rate risk. All financial instruments are used to back both debt and investments. In accordance with accounting best 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 portion of the liability, based on changes in interest rates. The modulation is obtained by implementing or cancelling interest rate swaps and options.

Swaps as at December 31, 2013:

Derivatives by maturity, in millions of euros

	12/31/13	12/31/12		
Swaps on long-term borrowings (in euros)	1			
Maturity > 5 years	0	200		
Cross currency swaps on long-term borrowings	5			
Maturity (1-5 years)	651	651		
Maturity > 5 years	297	297		
Interest rate swaps on the finance leases				
Maturity (1-5 years)	1	2		
Maturity > 5 years	20	20		

Swaps on short-term borrowings

Maturity	0	0
Total swaps, in millions of euros	969	1,169

Derivatives by type, in millions of euros

	12/31/13	12/31/12
A- Swaps on long-term borrowings		
1- Fixed to floating swaps (excluding currency swaps)	0	0
2- Floating to fixed rate swaps (excluding currency swaps)		
Position on short-term interest rates	81	88
Position on long-term interest rates	0	200
3- Other swaps		
Cross currency swaps	947	947
B- Swaps on short-term borrowings	0	0
Total swaps, in millions of euros	1,028	1,235

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.

The breakdown of bonds and commercial paper as at December 31, 2013 (in millions of euros), excluding those relating to the corporate savings plan, was as follows:

Excluding derivatives		Including derivatives		
Bonds	/ 670	Bonds	/ 670	
Donus	4,070	Donus	4,678	
Fixed rate	4,678	Fixed rate	4,678	
Floating rate	0	Floating rate	0	
Commercial paper		Commercial paper		
Fixed rate	802	Fixed rate	802	
Floating rate	0	Floating rate	0	

Hedging transactions as at the end of December 2013 generated financial expense of \in 2.3 million corresponding to \in 2.3 million for the deferred recognition of net cash payments and premiums.

Sensitivity of floating rate debt as at December 31, 2013:

No short-term sensitivity:

Outstanding commercial paper, excluding the corporate savings plan, amounted to €802 million. It is invested in money market UCITS investments, marketable debt securities and security deposits.

Valuation of the portfolio of derivative financial instruments

The fair value of derivative financial instruments corresponds to the amounts that would have to be paid (-) or received (+) to unwind the instruments. The fair values of derivatives have been determined on the basis of prices quoted by banks and financial institutions.

Income	Market value as at December 31, 2013 (in millions of euros)		
Swaps (excluding currency swaps)	(11.5)		
Currency swaps	292.0		
Total	280.5		

NB: The exchange rate part of the currency swaps is offset by the exchange rate part of the underlying bonds. RATP is not exposed to exchange rate risk.

These instruments are not reported on the balance sheet.

4.3 Exposure to exchange rate risk

RATP issues loans in foreign currencies. The resulting exposure to exchange rate risk is systematically hedged using currency swaps.

The table below shows the positions in currency swaps as at December 31, 2013.

Debt issued		Currency swaps			
			Pay		eive
Amount of foreign currency (in thousands)	Foreign currency	Amount of foreign currency (in thousands)	Foreign currency	Amount of foreign currency (in thousands)	Foreign currency
1,510	CHF	1,510	CHF	948	EUR

4.4 Exposure to risk of commodity price increases

RATP hedges increases in commodity prices for diesel fuel and also the appreciation of the dollar against the euro.

No hedges were set up in 2013.

5 • NOTES TO THE BALANCE SHEET AND INCOME STATEMENT

Note 5.1	Fixed assets	Note 5.18	Subsidiaries and equity investments
Note 5.2	Depreciation and amortization	Note 5.19	Economic interest groups
Note 5.3	Provisions	Note 5.20	Off-balance sheet commitments
Note 5.4	Inventories	Note 5.21a	Lease transactions and sub-leases
Note 5.5	Prepaid income and expenses	Note 5.21b	Lease purchase commitments
Note 5.6	Loan transaction costs		
Note 5.7	Changes in equity		
Note 5.8	1976 revaluation surplus		
Note 5.9	Breakdown of revenue		
Note 5.10	Revenue from passenger transport services		
Note 5.11	RATP social security income statement		
Note 5.12	Breakdown of extraordinary income and expense		
Note 5.13a	Maturities of receivables		
Note 5.13b	Maturities of payables		
Note 5.13c	Net debt		
Note 5.14	Receivables and payables		
Note 5.15	Other balance sheet items		
Note 5.16a	Average number of employees and retired employees		
Note 5.16b	Employee training rights		
Note 5.17a	Compensation of directors and executive officers		
Note 5 17h	Statutory audit fees		

Note 5.1 - Fixed assets as at December 31, 2013

	Α	В	С	D	E
Position and changes	Gross value as at 12/31/12	Increase	Transfers between line items	Decrease	Gross value as at year end
Intangible assets					
Research and development costs	204,851	0	8,878	0	213,729
Lease rights	2,626	0	0	0	2,626
• Other					
- Software in use	387,257	0	22,430	(5,024)	404,663
- Software in process	29,472	28,409	(19,381)	0	38,501
TOTAL	624,206	28,409	11,927	(5,024)	659,519
Property, plant and equipment:					
• Land	407,197	0	165,383	(1,305)	571,275
Buildings	9,412,376	0	246,198	(28,497)	9,630,076
Buildings on land not owned	95,272	0	0	0	95,272
Technical plant, equipment and industrial tooling	4,901,017	646	202,210	(18,524)	5,085,349
Transport equipment	6,011,304	31,311	762,651	(240,743)	6,564,522
• Other	196,997	0	7,995	(1,802)	203,189
Work in progress	2,512,831	1,484,510	(1,396,364)	0	2,600,977
TOTAL	23,536,994	1,516,467	(11,927)	(290,871)	24,750,660
Financial assets:					
• Investments	428,025	0	0	(3,770)	424,255
• Receivables from investments	0	0	0	0	0
Other investments	1,220	430			1,650
• Loans (*)	78,364	0	0	(6,962)	71,402
Other (deposits and guarantees) (**)	601,607	233,047	0	(94,351)	740,302
TOTAL	1,109,215	233,477	0	(105,083)	1,237,608
TOTAL ASSETS	25,270,415	1,778,353	0	(400,978)	26,647,788

^(*) The net change in loans comprises:

(763) Employee loans (accrued interest €170 thousand)

(6,199) Other loans

^(**) Including €645,488 thousand of deposits for leases unwound or under way (including accrued interest on deposits classified as loans excluding associated currency translation adjustments). The main operations impacting fixed assets were the acquisition of rolling stock for €793 million and the extension of the 4 and 12 metro lines for €240 million.

Note 5.2 - Depreciation and amortization as at December 31, 2013

	Α	В	С	D
	Accumulated	Increase in	Decrease in	Accumulated
	amortization and depreciation as at	depreciation and amortization	depreciation and amortization	amortization
Position and changes	beginning of year	and amortization	and amortization	and depreciation as at year end
	, , , , , , , , , , , , , , , , , , ,			,
Intangible assets				
Research and development costs	25,099	8,835	0	33,934
Lease rights	1,297	77	0	1,374
• Other	282,536	29,930	(5,024)	307,443
TOTAL	308,932	38,842	(5,024)	342,751
Property, plant and equipment:				
• Land	837	3,300	0	4,136
Buildings (*)	3,859,863	195,363	(13,399)	4,041,827
Buildings on land not owned	84,985	1,105	0	86,090
Technical plant, equipment and industrial tooling	3,407,765	200,669	(16,740)	3,591,694
Transport equipment	3,292,397	262,738	(146,221)	3,408,914
• Other	159,547	9,785	(1,750)	167,582
TOTAL	10,805,394	672,960	(178,110)	11,300,243
Loan transaction costs	7,940	1,538	(1,288)	8,190
TOTAL	7,940	1,538	(1,288)	8,190
Bond redemption premiums	12,255	2,350	(5,726)	8,879
TOTAL ASSETS	11,134,521	715,690	(190,148)	11,660,063

^(*) Excluding impairment of €1,806 thousand.

Share of assets appropriated to social insurance function	Assets appropriated to insurance
Software (other intangible assets)	1,427
Buildings	3
Buildings on land not owned	0
Technical plant, equipment and industrial tooling	295
Transport equipment	0
Other	50
	1,775

Note 5.3 - Provisions as at December 31, 2013

	Α	В	С	Ι)	E
	Provisions as at beginning of year	Other reclassifications	Increase in provisions		ease: luring year Adjustments	Provisions as at year end (A + B + C - D = E)
				Useu	Aujustilients	/
Regulated provisions (revaluation reserve)	402,186	0	0	8,729	234	393,223
TOTAL 1	402,186	0	0	8,729	234	393,223
Provisions for contingencies and expenses						
Provisions for contingencies						
- Provisions for litigation (1)	29,736	0	10,097	1,230	11,731	26,872
- Provisions for work-related accidents	57,245	0	20,827	12,413	12,349	53,310
- Provisions for operating or financial liabilities	7,320	0	1,234	2,610	855	5,089
- Provisions for extraordinary liabilities	1,058	0	2,158	2,010	112	1,094
	95,359	0	34,316	18,263	25,047	86,365
Provisions for expenses						
- Provisions for extraordinary expenses (2)	139,929	1,899	25,065	26,498	2,126	138,269
	139,929	1,899	25,065	26,498	2,126	138,269
TOTAL 2	235,288	1,899	59,381	44,761	27,173	224,634
Provisions for impairment						
Property, plant and equipment	1,915	0	0	0	110	1,805
Financial assets	32,392	0	3,408	3,770	376	31,654
• Inventories	40,207	0	3,805	1,279	0	42,733
Trade receivables and related accounts	3,416	0	2,227	255	1,080	4,308
Marketable securities	0	0	0	0	0	0
• Other	3,940	0	2,893	2,096	547	4,190
TOTAL 3	81,870	0	12,334	7,400	2,113	84,689
TOTAL ASSETS	719,344	1,899	71,714	60,890	29,520	702,547
Appropriation:						
Op: operating activities	685,894	1,899	66,148	55,110	29,032	669,799
Fin: financing activities	32,392	0	3,408	3,770	376	31,654
Ex: extraordinary activities	1,058	0	2,158	2,010	112	1,094
	719,344	1,899	71,714	60,890	29,520	702,547

⁽¹⁾ These provisions are for commercial, industrial and social litigation or disputes.

Note 5.4 - Inventories, gross as at December 31, 2013

	12/31/13	12/31/12
Commodities and supplies	196,598	191,302
Work in progress	4,546	7,956
Impairment	(42,734)	(40,207)
TOTAL	158,410	159,051

⁽²⁾ These provisions essentially cover the cost of decommissioning railway rolling stock, and long-term employee benefits (seniority bonuses, work-related accident and disability allowances, phased retirement, etc.).

Note 5.5 - Prepaid income and expenses as at December 31, 2013

	12/3	1/13	12/31/12		
	Expenses Income		Expenses	Income	
Operating activities	8,625	18,873	5,119	18,770	
Financing activities	58,241	47,413	70,929	52,056	
Extraordinary activities	1,517	6,745	1,735	7,507	
TOTAL	68,383	73,031	77,783	78,334	

Note 5.6 - Loan transaction costs as at December 31, 2013

	Net amount at beginning of year	Increases	Decreases or adjustments	Net amount at year end
Loan transaction costs (1)	8,324	480	(1,539)	7,265
TOTAL	8,324	480	(1,539)	7,264

⁽¹⁾ Loan transaction expenses are amortized over the term of the loans. However, if early repayment is decided before the date of the financial statements, the expenses are fully amortized.

Note 5.7 - Changes in equity as at December 31, 2013

	12/31/12	Increases	Reductions	12/31/13
Reserve for assets allocated to RATP	250,700			250,700
Revaluation surplus (2)	225,502		2,703	222,799
Capital endowment	433,367			433,367
Statutory reserves	184,519			184,519
Reserves from sale of real property assets before Jan 1, 2010	52,255			52,255
General reserve	57,926			57,926
Retained earnings (1)	1,701,756	285,534		1,987,291
Net income	285,534	284,256	285,534	284,256
Equity excluding investment grants	3,191,559	569,790	288,237	3,473,113
Investment grants	3,789,227	636,679	139,323	4,286,583
Regulated provisions (2)	402,186		8,963	393,223
TOTAL EQUITY	7,382,972	1,206,469	436,523	8,152,919

⁽¹⁾ Net income for 2012 was allocated to retained earnings.

⁽²⁾ Details on the revaluation surplus are provided in Note 5.8.

Note 5.8 - Revaluation surplus as at December 31, 2013

5.8.1 Revaluation in 1976

	Surplus as at be	eginning of year	Changes during year		Surplus as a	at year end
Situation et mouvements	Gross value of assets	Accumulated dep., amort. and provisions	Retirement of assets	Dep., amort. and provisions	Gross value of assets	Accumulated dep., amort. and provisions
Property, plant and equipment:						
• Land	217,616	686	0	2,703	217,616	3,389
Buildings	1,194,767	793,445	(2,527)	6,202	1,192,240	799,647
Technical plant, equipment and industrial tooling	65,959	65,916	(450)	(439)	65,509	65,477
Transport equipment	58,418	58,099	(4,144)	(3,939)	54,274	54,160
• Other	506	3	0	17	506	20
	1,537,266	918,149	(7,121)	4,544	1,530,145	922,693
Financial assets:						
Investments	15	0	0	0	15	0
	15	0	0	0	15	0
TOTAL	1,537,281	918,149	(7,121)	4,544	1,530,160	922,693
					Net total:	607,467

5.8.2 Revaluation in 1963 (1959 base)

Revaluation surplus	8,557
Total revaluation surplus	616,024

Note 5.9 - Breakdown of revenue as at December 31, 2013

	12/31/13	12/31/12
Transport revenue (excluding Orlyval)	2,249,930	2,193,370
Bandwidth (risks shared with Île-de-France transport authority - Stif)	4,145	(4,975)
RATP direct revenue	2,254,075	2,188,395
Service quality bonus	5,639	3,599
C11 - contribution to operating expenses	988,387	946,751
C12 - contribution to taxes and duties	110,009	104,889
C13 - contribution to difference in R7 index under C11 and pricing decisions	(18,584)	33,421
C2 - contribution to financing investments	910,655	886,464
C4 - specific contribution to financing rolling stock	2,134	411
Other transport revenue	43,702	45,194
Penalities (services + validation + incentives)	(8,181)	(10,130)
1 - Transport revenue excluding VAT	4,287,836	4,198,994
2 - Transport-related revenue excluding VAT	104,263	108,096
3 - Penalties and fines	24,351	21,738
4 - Other service revenue	173,480	163,348
Revenue	4,589,930	4,492,176

Revenue is measured on the basis of the principles set out in paragraph 2.2.1.

Note 5.10 - Revenue from passenger transport services (VAT included) at December 31, 2013

Revenue in thousands of euros

	12/31/13	As a %	12/31/12
RATP networks: Metro, RER and Bus	2,407,425	100%	2,346,906
Monthly, weekly and annual Navigo travel passes	1,401,281	58.21%	1,353,688
Other subscriptions (police, emerald, amethyst)	109,546	4.55%	115,808
• Tickets	782,628	32.51%	770,084
• Flat-rate travel cards (Mobilis, youth tickets, travel passes for conference-goers)	35,788	1.49%	33,792
Unsubsidized tickets (Paris-visit, Orlybus, Roissybus)	76,569	3.18%	71,974
Weekly travel passes, subsidized school passes, fire service passes and night buses	1,613	0.06%	1,560
Special ticket rates (VAT included)	(16,612)		(15,376)
Transport services and leases (VAT included)	2,985		6,522
Revenue / long-term subscriptions (VAT included)	10,149		8,620
Orlyval revenue (VAT included)	27,502		27,237
Transport service revenue from previous years (VAT included)	481		398
ALL NETWORKS	2,431,930		2,374,307

Note 5.11 - RATP social security income statement

	2013 Surplus (Deficit)	2012 Surplus (Deficit)
Health Insurance Plan		
Employer contribution	224,717	229,555
Transfers received from CSG tax collected (ACOSS) and employee contributions	119,021	115,876
CNSA Contribution (for disabled transport users)	1,240	1,009
Benefits in kind	(247,792)	(241,210
Cash benefits (paid sick leave, death benefits)	(59,588)	(55,825
Healthcare services	(10,753)	(10,592
Special plan expense (including general compensation)	(1,954)	(1,650
Management expense (net)	(18,302)	(19,353
Bilateral compensation with state health insurance fund (CNAM):		
- Contributions paid to the RATP special scheme	(288,793)	(288,336
- Allowance for management expenses	11,696	12,147
- Reimbursement of benefits in kind from the national social security scheme	247,382	240,556
Deficit	(23,126)	(17,823)
Work-related Accident Insurance Plan		
Employer contribution	29,543	25,701
Special scheme contribution	191	(106
Benefits in kind and allowances	(14,726)	(14,172
Cash benefits and paid leave	(14,361)	(13,243
Management expense (net)	(3,925)	(3,426
Deficit	(3,278)	(5,246
Unemployment Insurance Plan		
Employer contribution	6,782	7,599
Benefits paid	(7,150)	(5,766
Management expense (net)	(364)	(326
Surplus (Deficit)	(732)	1,507
Family Allowance Plan		
Employer contribution	74,906	76,137
Flat-rate contribution for interns	0	(
Statutory benefits	(17,262)	(16,540
Other benefits + salary allowance	(108)	(84
Management expense (net)	(1,166)	(1,308
Bilateral compensation with state family fund (CNAF):	0	(
- Contributions paid to the RATP special scheme	(76,119)	(75,796
- Allowance for management expenses	2,815	2,799
- Reimbursement of statutory benefits (national social security scheme)	17,262	16,540
Surplus	328	1,747
RATP Social Security, Net Loss	(26,808)	(19,815

Note 5.12 - Breakdown of extraordinary income and expense as at December 31, 2013

Extraordinary income	(12,344)
Asbestos removal work	(9,036)
Asbestos-related disease	(2,046)
Loss on disposal and retirement of assets (2)	(14,910)
Proceeds from financial engineering (1)	2,229
Indemnities received from suppliers	3,965
Transfer to income of property grants (1/10 th)	8,248
Other	(794)

⁽¹⁾ See table 21a.

Note 5.13a - Maturities of receivables as at December 31, 2013

	Gross amount (1)	Matu	rities
Accounts receivable		Due within 1 year	More than 1 year
Receivables relating to non-current assets			
- Receivables from equity investments	0	0	0
- Other long-term investments	1,650	0	1,650
- Loans (2) (3)	71,402	9,804	61,598
- Other (5)	740,302	44,014	696,288
	813,355	53,818	759,537
Receivables relating to current assets			
- Trade receivables and related accounts	118,138	118,138	0
- State and local authority receivables	341,268	341,268	0
- Other	110,275	88,909	21,366
	569,681	548,314	21,366
Financial assets			
- Marketable securities (4)	1,031,641	1,031,641	0
- Cash and cash equivalents	172,801	172,801	0
	1,204,442	1,204,442	0
Prepaid expenses	68,383	17,655	50,728
Currency translation adjustment	19,783	2,250	17,533
TOTAL	2,675,644	1,826,479	849,164

⁽²⁾ In 2013, asset retirements amounting to €12.2 million were recognized for railway rolling stock.

⁽¹⁾ Gross amount reported on the balance sheet before the deduction of provisions for impairment amounting to €40,152 thousand.

(2) Employee loans granted during the period: €3 thousand.

Employee loans repaid during the period: €552 thousand.

(3) Loans granted by RATP to employees and housing management entities, in connection with the 1% mandatory employer contribution. Such loans bear lower interest than the usual market rates for loans of similar maturities.

⁽⁴⁾ Including accrued interest: €1,821 thousand.
Including cash collateral of €463,704 thousand set up following the leasehold terminations in 2009.

⁽⁵⁾ In connection with leasehold terminations, outstanding amounts are still due from financial intermediaries. Deposits amounting to €645,488 for leases unwound or under way.

Note 5.13b - Maturities of payables as at December 31, 2013

	Gross amount		Maturities	
Lanca and hammed as		Less than 1 year	Between	More than
Loans and borrowings			1 and 5 years	5 years
Loans and borrowings				
• Île-de-France loans (1) (4)	280,698	20,271	83,928	176,499
• Bonds (1) (4)				
- Eurozone financial markets	3,730,000	330,000	650,000	2,750,000
- International financial markets	947,843	100,400	550,280	297,163
- "Tick'épargne" loans	337,135	258,202	78,933	0
Borrowings from and liabilities to financial institutions				
- Borrowings	54,540	8,446	20,805	25,289
- Short-term bank loans	87,277	87,277	0	0
- Postal cheques	3,684	3,684	0	0
Other loans and borrowings (2) (5)	1,646,537	1,234,716	381,468	30,353
Accrued interest (3)	133,129	92,166	40,963	0
	7,220,843	2,135,161	1,806,377	3,279,305
Accounts payable				
Trade payables and related accounts	230,357	230,357	0	0
Taxes and payroll-related payables	577,763	577,763	0	0
Payables to suppliers of assets and related accounts	380,837	380,837	0	0
Other payables	152,012	74,945	77,067	0
	1,340,968	1,263,901	77,067	0
Prepaid income	73,031	24,683	29,280	19,067
Currency translation adjustment	19,731	2,188	17,091	452
TOTAL	8,654,573	3,425,934	1,929,816	3,298,824
(1) Loans contracted during period (in thousands of euros): Loans repaid during period (in thousands of euros):	486,401 496,509			
(2) Including: • Commercial paper (in thousands of euros): • "Tick épargne" commercial paper (in thousands of euros):	802,362 217,358			
(3) Including: • Accrued interest - IDF loans: • Accrued interest - Eurozone financial markets: • Accrued interest - international financial markets: • Accrued interest - "Ticképargne" loans: • Accrued interest on lease deposits: • Accrued interest on guarantees:	246 57.973 11,455 9,219 54,209			
(4) Including: Loans at fixed interest rates: Loans at floating interest rates: (5) including loans for financing lease terminations in 2009.	4,677,843 617,833			

Note 5.13c - Net debt as at December 31, 2013

	12/31/13	12/31/12
Financial assets (A)	1,352,906	1,412,465
Lease deposit receivables (2013)	150,285	
Marketable securities (1) (3)	566,116	678,365
Cash collateral	463,704	484,287
Cash (1)	172,801	249,813
Loans and borrowings (B)	6,591,657	6,626,642
Île-de-France loans (3)	280,698	287,286
Borrowings from financial markets (3)	4,677,843	4,677,843
Tick'Epargne loans (3)	337,135	340,655
Borrowings from and liabilities to financial institutions	90,961	104,218
Commercial paper (2)	1,019,720	1,008,740
Collateral	185,300	207,900
Net debt (B-A)	5,238,751	5,214,177

⁽¹⁾ Excluding financial assets allocated to lease transactions; see details in Note 21a. (2) See (2) in table 13b. (3) Excluding accrued interest.

Note 5.14 - Receivables and payables as at December 31, 2013

		12/31/13	12/31/12
	Financial assets	631	805
	Financial engineering instruments	54,232	48,060
	Trade receivables and related accounts	26,854	33,101
Receivables	State and local authority receivables (1)	203,759	238,941
Receivables	Other receivables	14,238	17,503
	Marketable securities	1,821	576
	Cash	0	0
	TOTAL	301,535	338,986
	Île-de-France loans	246	778
	Bonds issued on French financial market	57,973	62,438
	Bonds issued on international financial markets (2)	11,455	11,648
	Private borrowings	9,219	9,443
	Financial engineering instruments	54,209	48,042
Payables	Loans and borrowings from financial institutions	28	14
	Trade payables and related accounts	145,445	137,376
	Tax and payroll-related payables	491,423	450,954
	Payables to suppliers of assets and related accounts	224,469	241,969
	Other payables	26,378	26,802
	TOTAL	1,020,845	989,464

⁽¹⁾ Including investment grants due but not yet received. (2) In Swiss francs.

Note 5.15 - Other balance sheet line items as at December 31, 2013

		Position as at	
		12/31/13	12/31/12
	Assets:		
	Trade receivables and related accounts	0	
	TOTAL	0	
Commercial paper	Liabilities:		
	Trade payables and related accounts	0	
	Payables for assets and related accounts	0	
	TOTAL	0	
	Assets:		
	Financial assets	444,708	446
	Trade receivables and related accounts	4,981	16,
	Other receivables	3,354	3,
	TOTAL	453,043	466,
Items with related parties (1)	Liabilities:		
	Loans and borrowings	1	
	Trade payables and related accounts	18,396	3,
	Payables for assets and related accounts	15,600	15,
	Other payables	1,803	1,
	TOTAL	35,800	21,

⁽¹⁾ Concerns RATP Développement, SQYBUS, Promo Métro, Logis-Transports, SEDP, SADM, Telcité, Ixxi, RATP International, Naxos, Mobicité, STL, Orlyval, FlexCité (77) (91) (93) (94), EM Services, Car Perrier and TP2A.

Note 5.16a - Average number of employees paid by the company during the year

	12/31/13	12/31/12	Char	iges
			Number	As a %
Average number of employees	42,869	42,886	(17)	(0.04%)
Breakdown by category:				
• Executives + managers	11,115	11,101	14	0.13%
Other employees	31,754	31,785	(31)	(0.10%)
Breakdown by contract:				
• Permanent	41,414	41,599	(185)	(0.44%)
Fixed-term contract	1,455	1,287	168	13.05%

Note 5.16b - Employee training rights

In accordance with the provisions of French law n°2004-391 of May 4, 2004 on professional training, the company grants employees individual training rights of 20 hours minimum per calendar year, which may be accumulated for up to six years.

If the rights have not been used after the six year period, they are capped at 120 hours.

As at December 31, 2012, the number of hours accrued for training amounted to 4,688,278 hours.

The number of unused accrued training hours amounted to 4,070,170 hours.

Note 5.17a - Compensation of directors and executive officers (in thousands of euros) for 2013

	2013	2012
Members of the Board of Directors	11	10
Executive Officers (aggregate amount of the ten highest salaries)	2,387	2,373

Note 5.17b - Statutory audit fees (in thousands of euros)

	PricewaterhouseCoopers	EY
Statutory audit	297	279
Work/services directly related	25	25
Total	322	304

Note 5.18 - Subsidiaries and equity investments

Position as at December 31, 2013	Share capital	Additional paid-in capital	% Interest held by RATP	Carrying a sha Gross	amount of ires Net	Loans and advances granted by RATP and not yet repaid (1)	Guarantees given by RATP	Revenue excluding VAT as at December 31, 2013	Provisional net result as at December 31, 2013	Dividends received by RATP in 2013
1- Subsidiaries										
S.E.D.P. 12, avenue du Val de Fontenay - Le Péripôle II 94120 Fontenay-sous-bois (SIREN 380038687)	459	2,115	100,00	457	457	3,354		8,807	525	555
RATP Développement 54, quai de la Rapée 755999 PARIS Cedex 12 (SIREN 389795006)	347,301	(11,118)	100,00	359,499	359,499	0		30,494	2,619	
Logis Transports 158, rue de Bagnolet 75020 PARIS (SIREN 592025811)	40	ND	88,00	33	33	ND		ND	ND	
Promo Métro 35, boulevard Sébastopol 75001 PARIS (SIREN 712029099)	910	3,200	100,00	2,619	2,619	0		23,321	1,060	587
RATP International 54, quai de la Rapée 755999 PARIS Cedex 12 (SIREN 419997044)	59,721	25,883	100,00	59,721	59,721	0		935	(1,204)	
Telcité 1, avenue Montaigne 93160 Noisy-le-Grand (SIREN 411759962)	1,525	14,066	100,00	1,524	1,524	0		19,619	3,506	3,234
2- Other equity investments										
Other				400	47					6

⁽¹⁾ Including accrued interest. ND = no data available.

Note 5.19 - Economic interest groups

Position as at December 31, 2013 ### EURAILTEST 1, boulevard St Martin 75003 PARIS (SIREN 421 526 468) ### COMUTITRES 14, rue Auber 75009 PARIS (SIREN 433 136 066) #### RATP % contribution to overheads 10% 61%

Note 5.20 - Off-balance sheet commitments as at December 31, 2013

Commitments given	12/31/13	12/31/12
1 - Subsidiaries and equity investments:		
Guarantee for Logis-Transports	1,087	1,189
Guarantee backing a security given by RATP Développement	20,000	0
2 - Not-for-profit entities:		
Guarantee for IAPR	140	140
Guarantee for Compagnons du Voyage	0	265
3 - Employee benefits		
Employee loans: guarantee for SBE	3,188	5,958
Employees: "Low income housing" guarantees	225,715	246,975
Retirement benefits	229,437	238,798
Death indemnities for employees in service	13,437	13,093
Death indemnities for retired employees	33,358	35,293
Pensions for work-related illnesses and accidents to retired employees and those with vested rights	183,065	179,737
Guaranteed return on corporate savings plan for retired employees	14,207	28,395
Early retirement	3,013	3,815
4- Financial transactions		
Currency swaps on bonds (a)	947,843	947,843
Currency swap on deposits	151,764	
Medium/long-term interest rate swaps (a)	0	200,000
Lease transactions: sub-leases of rolling stock	271,487	336,212
Other commitments given	0	0
TOTAL	2,097,741	2,237,712
Commitments received		
Currency swaps on bonds (a)	947,843	947,843
Currency swap on deposits	151,764	
Medium/long-term interest rate swaps (a)	0	200,000
Bank guarantees	214,146	220,432
TOTAL	1,313,753	1,368,275

(a) RATP has opted to account for swaps in the same way as traditional loans and borrowings.

Additional information on employee benefits:

The discount rate used to calculate post-employment benefits was 3.25% as at December 31, 2013, compared with 3% as at December 31, 2012.

Note 5.21a - Lease transactions and sub-leases

I - American lease transactions (in thousands of euros)

Effect on cash position on lease signature date (< 2002)

LEASES

M 1 I	0.004.004
Main lease payment income	2,994,004
Sub-lease expenses	2,818,747
RATP net gain	175,257

As the leases are effective over variable periods, the profit generated is recorded as extraordinary income over the term of the leases.

Effect on balance sheet as at December 31, 2013

	12/31/12	12/31/13
	4 000 (0)	006.005
Lease receivables	1,002,424	886,095
Lease payables	1,015,260	896,516
Outstanding NPV	12,836	10,421
Change in NPV = effect on 2013 net income		2,415

Effect on net income for 2012 (in thousands of euros)

Leases generated income of €2,123 thousand as at December 31, 2013:

			TOTAL	2012				
	1997	1998	1999	2000	2001	2002		information
Income from main lease (1)	9,975	17,816		3,082		18,967	49,840	53,956
Interest paid on sub-leases (2)	4,959	8,057		2,213		13,613	28,842	33,344
Provision reversal (3)	12,839	7,937		11,844		73,901	106,521	139,806
Prepaid interest	2,528	1,541				1,288	5,357	6,635
Sub-lease expenses (4)	4,133	8,376		6,972		3,359	22,840	41,657
Other lease Income	8	476		674		102	1,260	2
Other lease expense	6,688	3,375		5,306		61,995	77,364	0
Early Buyout Option							0	54,359
Expenses	42	23	5			459	529	854
Excess lease payments							0	79,659
Provision for termination costs (3)	19,142	23,486		4,805		41,393	88,826	55,363
Foreign exchange difference							0	0
Interest on loans				138			138	132
Other				292				
NET INCOME	304	567	(5)	884	0	665	2,415	1,719

⁽¹⁾ The main lease payments are received in full upon signature of the lease. The annual instalment is recorded in the income statement as an offsetting entry against 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.

All sub-lease expenses, income from the main lease and interest are recorded under extraordinary income and expense. The provision for the final termination cost is recorded under extraordinary expense.

II - Swedish lease

Effect on cash position on lease signature date (<2004) (in thousands of euros)

Leases

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 gain	2,182

Effect on 2013 net income

	12/31/13
Deferred amortization of NPV	125
Expenses	19

⁽⁴⁾ Sub-leases paid or payable by financial institutions.

Note 5.21b - Lease purchase commitments as at December 31, 2013

RATP has two real estate lease-purchase contracts with floating rate payments. They are covered by fixed-rate hedging instruments. The figures presented below include the hedges.

(In thousands of euros)

Lease	Aggregate value	Term	Residual value
Cour de Vincennes	5,336	15	0
Philidor Maraichers	25,308	25	2,373
Voltaire land	5,034	12	0
Voltaire building	8,566	12	0

Leased assets

Initial cost Depreciation allowance		n allowance	Net value	
Balance sheet line item		period (1)	accumulated (1)	
Land	5,034			5,034
Buildings	39,210	1,492	18,129	21,081
Plant, property and equipment				
Other plant, property and equipment	133	22	107	26
Work in progress				
TOTAL	44,377	1,514	18,236	26,141

⁽¹⁾ Depreciation for the period and the accumulated depreciation that would have been recorded had RATP owned these assets.

Lease commitments

	Instalme	ents paid	Payments outstanding			Residual price
Balance sheet line item	at year end	accrued	up to 1 year	+ 1 to 5 years	+ 5 years	
Land	516	2,588	515	2,053	1,021	0
Buildings	3,362	31,185	3,370	12,551	21,005	2,373
Plant, property and equipment						
Other plant, property and equipment	24	116	11	15	0	9
Work in progress						
TOTAL	3,902	33,889	3,897	14,619	22,026	2,382

6 • SEPARATE FINANCIAL STATEMENTS FOR TRANSPORT OPERATIONS AND INFRASTRUCTURE MANAGEMENT

Pursuant to the French law of June 3, 2010 on Greater Paris Transport integrated by ministerial order into the French Transport Code of October 28, 2010, RATP has held separate accounting records for metro and RER infrastructure management activities and public passenger transport operations since January 1, 2012. A balance sheet and income statement are prepared for each activity in the notes to the parent company financial statements. The scope of each activity, the allocation principles for items of assets and liabilities, income and expenses and the key principles governing financial relations between the activities are specified below.

6.1 Scope

6.1.1 METRO AND RER INFRASTRUCTURE MANAGEMENT

The French ORTF law of December 8, 2009 on public passenger transport services by rail entrusted RATP with the role of managing the railway network infrastructure used for urban public transport in the Île-de-France region, within the limits of the responsibilities of *Réseau Ferré de France*.

RATP's main responsibilities are as follows:

- Develop, maintain and renovate the metro and RER infrastructure and guarantee the safety, interoperability and continuity of public transport services at all times;
- Manage the control, regulation and security systems of railway lines and networks in the Île-de-France region;
- Adapt the lines, infrastructure and facilities it manages technically, to meet the needs of users through enhanced interoperability.

To segregate the activity, RATP created a separate department within the company: Infrastructure management. The department employed 1,868 people as at January 1, 2012. It reports directly to the Chief Executive Officer.

The support functions used by this activity are not included in its scope.

6.1.2 PUBLIC PASSENGER TRANSPORT OPERATIONS

Public passenger transport operations comprise the activities that are not related to infrastructure management, as defined by law.

The activity is operated by 18 departments, each of which report to the Directors, Members of the Executive Committee, responsible for one of the following divisions:

- Transport operations and maintenance;
- Services, customer relations, passenger areas;
- · Projects, engineering and investments;
- Economic and financial performance;
- · Strategy and coordination;

- · Communication and brand:
- · Payroll management and innovation.

The support functions are included in the scope of this activity, including those provided to the infrastructure management activity, which are subject to internal transfer agreements.

Investments in subsidiaries are also part of this activity.

6.2 Allocation principles

The key principle for preparing the balance sheet and income statements is to directly allocate the various line items or cash flows. When this is not possible, for instance if the line items or cash flows are managed by one activity and have initially been recognized as such, internal transfers between the two activities have been arranged to bill the activities appropriately, in accordance with general practice. Such agreements govern the scope of the transfers, the valuation principles and the invoicing methods.

6.2.1 BALANCE SHEET

6.2.1.1 Assets, investment grants, 1976 legal revaluation

Property, plant and equipment and intangible assets are allocated directly in accordance with the scopes defined for each activity. Investment grants, revaluation surplus and revaluation provisions are allocated to the associated assets.

As at January 1, 2012, fixed assets were divided between the two business segments based on the rules set forth by the decree of March 23, 2011. The allocation of assets was legally endorsed through the ministerial orders of November 7, 2011, December 13, 2011 and January 5, 2012 concerning the transfer of ownership of assets between the Île-de-France transport authority, the State and RATP. Assets previously owned by RATP were allocated based on the same principles.

Schedule of allocation of main assets:

Assets	то	IM
Tramway lines, maintenance workshops, rectifier stations	Х	
Metro lines, maintenance workshops, rectifier stations		Х
RER lines, maintenance workshops, rectifier stations		Х
Centralized control rooms		Х
Bus stations	Χ	
Bus routes with dedicated lanes	Χ	
Bus stations	Χ	
Administrative buildings	Χ	
Social buildings	Χ	
Logistic platforms	Χ	
Maintenance workshops for railway infrastructure and related technical work		Х
Passenger rolling stock	Χ	
Passenger rolling stock maintenance equipment	Χ	
Metro and RER maintenance vehicles		Χ
Tramway maintenance vehicles	Χ	

Investment projects ongoing as at January 1, 2012 were also allocated to the relevant activity.

Assets that were not mentioned in the decree were allocated to the maintenance department's activities.

RATP is in charge of projects underway on transport network extensions due to its responsibility for public passenger transport operations, as legal and regulatory provisions have not given the infrastructure management activity the responsibility for building new networks. Once the metro and RER network extensions are built and formally accepted, the associated assets and liabilities are transferred to infrastructure management. At the reporting date, these projects amounted to €23 million net of investment grants.

Financial assets related to investments in subsidiaries are fully allocated to the transport operations activity.

6.2.1.2 Provisions for contingencies and expenses

Provisions for contingencies and expenses are allocated on a project by project basis, to the activity concerned by the contingency. When a project implies a risk common to both activities, an allocation key is determined. The same principle was applied for the preparation of opening balance sheets as at January 1, 2012.

6.2.1.3 Current assets and liabilities (or working capital)

The direct allocation principle also applies to current assets and liabilities such as inventories, trade receivables, trade payables, VAT line items, payroll payables, accrued expenses, etc.

6.2.1.4 Equity and net debt

Net debt and equity were allocated according as at January 1, 2012 to the separate "net debt/equity" gearing ratios determined for the infrastructure

management and transport operations activities. The levels were determined in line with target long-term gearing ratios and observed market data for each activity.

		TO	IM	Epic
Net assets allocated	Α	3.835	3.941	7.776
	A			
As a %		49%	51%	100%
Net debt	В	(2.272)	(2.815)	(5.087)
As a %		45%	55%	100%
Equity (1)	С	(1.563)	(1.126)	(2.689)
As a %		58%	42%	100%
Balance sheet equilibrium	A+B+C	0	0	0
Net debt/equity	B/C	1.5	2.5	1.9

(1) Equity net of investment grants and 1976 legal revaluations already allocated to assets.

6.2.2 INCOME STATEMENTS

As at January 1, 2012 each activity recognized income and expense items in the separate accounting systems set up by RATP for the purpose.

The principles applied are the following:

- Direct allocation of income and expenses when possible;
- When an expense or income item concerns both activities, it is allocated to the main activity concerned, then an internal transfer is set up under an agreement:
- Passenger revenue is fully allocated to the transport operations activity;
- The Île-de-France transport authority's contributions are fully invoiced to
 the Île-de-France transport authority by the transport operations activity,
 pursuant to the service agreement setting out the financial arrangements
 with the Île-de-France transport authority. An internal transfer is made
 for the share attributable to the infrastructure management activity, the
 amount of which is defined in the Île-de-France transport authority agreement (infrastructure management is necessary for transport operations,
 to meet objectives and to fulfil public service obligations);
- Financial expenses are fully recognized in the transport operation activity's financial statements when incurred, then an internal transfer is set up for the share attributable to the infrastructure management activity. The amount re-invoiced corresponds to the cost of net debt of the infrastructure management activity, assuming that it is proportionately identical to that of the transport operations activity.

6.3 Internal transfer agreements

The French law of June 3, 2010 states that "all direct or indirect cross-subsidies between activities are prohibited". In order to guarantee this segregation principle, since 2012 approximately sixty agreements have been entered into governing financial relations and tracking all flows between the separate activities.

As at December 31, 2013, infrastructure management had received additional compensation for the following three reasons:

1- Since transport operation activities were transferred to infrastructure management in 2013, infrastructure management accounts have been directly expensed. €0.75 million in compensation for these activities has

therefore been transferred from transport operations to infrastructure management. These transfers are marginal;

- 2- €5.5 million to correct faulty estimates when initial compensation was assigned to either department (e.g. taxes, employee profit-sharing, central services);
- **3-** When the accounting systems were separated, the transport operator temporarily kept tracking the operations of projects on-going as at January 1, 2012, relating to transport network extension (see 6.2.1.1). Construction operating expenses were kept in the transport operations income statement, which therefore featured the remuneration of the Île-de-France transport authority at its initial 2012 amount throughout the duration of the Stif-RATP agreement 2012-2015.

These expenses in the transport operation accounts are coming to an end (end of construction), and at the same time, expenses relating to operations started on or after January 1, 2012 are incurred by the infrastructure management department. No compensation is planned for these expenses. They will change in accordance with the model contract with the Île-de-France transport authority, which provided for relatively stable annual capital expenditure within infrastructure management. Starting in 2013, the initial compensation has been allocated to infrastructure management to cover operating expenses relating to transport network extension transactions.

To accomplish this, it was decided to transfer to infrastructure management €19 million of the initial compensation for all these transactions, and to rebill €16.1 million in operating expenses relating to capital expenditure incurred by transport operations in 2013.

6.3.1 AGREEMENT STRUCTURE

The agreements comprise:

- An activity section: description of the services or duties entrusted to the activity, along with technical targets and related operating performance indicators;
- Economic conditions: valuation and invoicing arrangements, review principle;
- Agreement management arrangements: reporting, revision, disputes.

The agreements are entered into for a period of five years but are reviewed at the end of each year, to update obligations for the following year.

6.3.2 AGREEMENT TYPES

There are three types of agreements:

- 1- Services corresponding to the provision of metro and RER equipment and facilities for transport operations. The infrastructure management activity owns and manages the equipment and facilities and provides them to the transport operations activity as a service.
- 2- Services required for the specific purposes of each activity, which are not carried out within the activity (such as maintenance and operation of the trains used for maintenance work by the transport operations activity for the infrastructure management activity, maintenance of tramway equipment owned by the transport operations activity and carried out by the infrastructure management activity).

3- Head office services including re-invoicing to the infrastructure management activity of costs relating to offices owned by the transport operations activity and the support functions included within the scope of the transport operations activity (management and financial control, human resources, legal services, etc.).

6.3.3 VALUATION OF THE AGREEMENTS

Given that the internal transfers occur within the same legal entity, valueadded tax is excluded.

6.3.3.1 Type 1 agreements

The valuation principles regarding type 1 agreements are set out in the Île-de-France transport authority agreement. The transport operations activity is obliged to contract with the infrastructure management activity to use metro and RER equipment and facilities. The value of the services was determined on the basis of the financial targets set in the infrastructure management activity's financial model.

6.3.3.2 Type 2 agreements

For type 2 agreements, given that cross subsidies are prohibited, the value of services provided under the agreement is measured at full actual cost price excluding margin.

Internal transfers are made on a monthly basis according to amounts budgeted; in the event of a significant difference between budgeted/actual amounts due, the annual and half-year financial statements are adjusted.

The valuation method is defined by RATP's Management and Financial Control department, and is used as appropriate by each company department entering into agreements as a supplier. The agreement is signed by both parties (the relevant department of the transport operations activity and the infrastructure management activity) once the services and price determination procedures have been agreed.

The cost comprises:

- Direct service costs;
- Indirect costs of the local unit and department providing the service, expressed as a rate. The rate and basis to which it applies are validated every year by the Management and Financial Control department;
- Structural costs of the company (invoiced through "type 3 agreements").

6.3.3.3 Type 3 agreements

Office costs comprise:

- Rent (for offices rented from third parties) or depreciation (for offices owned):
- Property-related expenses.

The cost is allocated to each activity in proportion to the area used.

Depending on the support service provided by the local departments and units, the cost of support functions is allocated directly when the cost is indisputably attributable to a certain activity, or divided between the two activities using an allocation key validated by the Management and Financial Control department. The allocation basis is the total department expenses net of income, including office costs and those provided under type 2 agreements.

6.4 Financial statements for transport operations and infrastructure management

6.4.1 FINANCIAL STATEMENTS: BALANCE SHEET ASSETS

(In thousands of euros)	Transport o	perations	Infrastructure management		Epic	
Assets	12/31/13	12/31/12	12/31/13	12/31/12	12/31/13	12/31/12
Intangible assets	310,163	308,670	6,605	6,604	316,767	315,273
Research and development costs	179,795	179,752	0	0	179,795	179,752
Lease rights	1,252	1,329	0	0	1,252	1,329
• Other	93,352	101,743	3,867	2,977	97,220	104,720
Work in progress	35,764	25,846	2,737	3,627	38,501	29,472
Property, plant and equipment	6,606,622	6,052,702	6,841,991	6,676,984	13,448,613	12,729,686
• Land	323,662	154,319	243,476	252,041	567,139	406,360
Buildings	952,416	1,047,865	4,643,211	4,513,022	5,595,628	5,560,887
Technical plant, equipment and industrial tooling	262,632	259,785	1,231,023	1,233,467	1,493,655	1,493,252
Transport equipment	3,114,695	2,675,297	40,913	43,610	3,155,608	2,718,906
• Other	30,329	31,664	5,277	5,785	35,607	37,449
WIP, advances and down payments	1,922,887	1,883,772	678,090	629,059	2,600,977	2,512,831
Financial assets	1,205,827	1,076,644	128	179	1,205,955	1,076,823
Investments and affiliates	423,902	423,902	0	0	423,902	423,902
Receivables from investments and affiliates	0	0	0	0	0	0
Other long-term investments	1,159	898	0	0	1,159	898
• Loans	71,216	78,079	128	179	71,344	78,258
• Other	709,550	573,765	0	0	709,550	573,765
Non-current assets (I)	8,122,612	7,438,016	6,848,723	6,683,767	14,971,335	14,121,782
Inventories and work in progress	133,633	135,853	24,777	23,199	158,410	159,051
Advances and prepayments to suppliers	38,558	21,757	0	0	38,558	21,757
Accounts receivable	1,394,349	1,589,056	53,063	32,442	1,447,277	1,621,498
Trade receivables and related accounts	110,667	144,134	3,162	3,036	113,830	147,171
State and local authority receivables	292,538	334,334	48,730	28,043	341,268	362,377
• Other	105,049	108,164	1,170	1,363	106,085	109,527
Receivables from leases	886,095	1,002,424			886,095	1,002,424
Financial assets	1,223,069	1,432,661	84	15	1,204,442	1,413,042
Marketable securities	1,031,641	1,163,229	0	0	1,031,641	1,163,229
Cash and cash equivalents (1)	191,428	269,432	84	15	172,801	249,813
Prepaid expenses	68,383	77,783	0	0	68,383	77,783
Current assets (II)	2,857,991	3,257,110	77,924	55,656	2,917,070	3,293,132
Bond issuance costs (III)	7,265	8,324	0	0	7,265	8,324
Bond redemption premiums (IV)	14,533	16,604	0	0	14,533	16,604
Unrealized currency translation adjust (V)	19,783	19,983	0	0	19,783	19,983
Total assets (I + II + III + IV + V)	11,022,185	10,740,037	6,926,647	6,739,422	17,929,987	17,459,825

⁽¹⁾ Depending on the analysis level (company or parent company (EPIC) level), a banking entity may classify this line item as an asset or a liability.

6.4.2 FINANCIAL STATEMENTS: BALANCE SHEET LIABILITIES

(In thousands of euros)	Transport o	perations	Infrastructure	management	Ep	ic
Equity and liabilities	12/31/13	12/31/12	12/31/13	12/31/12	12/31/13	12/31/12
Reserve for assets allocated by the State	250,700	250,700			250,700	250,700
Revaluation surplus	72,377	68,753	150,422	156,749	222,799	225,502
Capital endowment	433,367	433,367	0	0	433,367	433,367
Reserves	294,699	294,699	0	0	294,699	294,699
 Reserve from the disposal of assets allocated by the Île-de-France transport authority (Stif) and no longer used (redeployment) 	184,519	184,519			184,519	184,519
 Reserve from the disposal of assets allocated by the State and no longer used 	136	136			136	136
 Reserve from the disposal of assets constructed by the RATP and no longer used (reinvestment) 	52,119	52,119			52,119	52,119
General reserve	57,926	57,926		0	57,926	57,926
Infrastructure management - Transport operations equity transfer at Jan 1, 2012	(1,125,661)	(1,125,661)	1,125,661	1,125,661	0	0
Retained earnings	1,904,024	1,701,756	83,267	0	1,987,291	1,701,756
Net income for the period (surplus or loss)	217,693	202,267	66,563	83,267	284,256	285,534
Regulated provisions	3,831	4,319	389,392	397,867	393,223	402,186
Equity excluding investment grants	2,051,031	1,830,201	1,815,305	1,763,544	3,866,336	3,593,746
Investment grants	2,041,823	1,690,635	2,244,759	2,098,592	4,286,583	3,789,227
Equity (I)	4,092,855	3,520,837	4,060,064	3,862,136	8,152,919	7,382,973
Provisions for contingencies	84,127	93,060	2,238	2,299	86,366	95,359
Provisions for expenses	134,606	137,903	3,662	2,026	138,268	139,929
Provisions for contingencies and expenses (II)	218,734	230,963	5,900	4,325	224,634	235,288
Loans and borrowings	4,514,602	4,552,961	2,724,952	2,744,650	7,220,843	7,277,978
• Île-de-France loans	280,698	287,286	0	0	280,698	287,286
Bond issues	5,014,978	5,018,498	0	0	5,014,978	5,018,498
• Infrastructure management - Transport operations: debt transfer at Jan 1, 2012	(2,815,000)	(2,815,000)	2,815,000	2,815,000	0	0
Borrowings from and liabilities to financial institutions (bank account credit balances) (1)	128,837	125,478	35,375	58,678	145,501	164,523
• Infrastructure management - Transport operations: transfer of financial liabilities	125,423	129,028	(125,423)	(129,028)	0	0
Other loans and borrowings	1,646,537	1,675,308	0	0	1,646,537	1,675,308
Accrued interest	133,129	132,363	0	0	133,129	132,363
Advances and down payments on orders in process	1,345	307	0	0	1,345	307
Trade payables and related accounts	212,338	196,883	18,019	14,757	230,357	211,640
Taxes and payroll-related payables	548,422	686,080	29,475	31,577	577,763	717,657
Payables to suppliers of assets and related accounts	292,932	316,486	87,904	81,387	380,837	397,873
Other payables	151,679	121,998	333	590	152,012	122,587
Lease payables	896,516	1,015,260	0		896,516	1,015,260
Prepaid income	73,031	78,334	0	0	73,031	78,334
Liabilities (III)	6,690,865	6,968,310	2,860,683	2,872,961	9,532,703	9,821,637
Unrealized currency translation adjustment (IV)	19,731	19,928	0	0	19,731	19,928
Total assets (I + II + III + IV)	11,022,185	10,740,037	6,926,647	6,739,422	17,929,987	17,459,825

⁽¹⁾ Depending on the analysis level (at company or Epic level), a banking entity may classify this line item as an asset or a liability.

6.4.3 FINANCIAL STATEMENTS: INCOME STATEMENT AS AT DECEMBER 31, 2013

Income statement	Transport operations	Infrastructure management	Elimination of intercompany transactions	Epic
OPERATING INCOME	5,051,744	899,800	(925,770)	5,025,773
Revenue	4,770,196	745,504	(925,770)	4,589,930
Revenue from transport services	4,287,763	0		4,287,763
	183,901	741,869	(925,770)	
Other operating income	128,614	0		128,614
Non-transport revenue	164,796	3,635		168,431
Sales of by-products	5,121	0		5,121
Other income	219,247	75,694		294,941
Stock of manufactured goods	(3,761)	350		(3,411)
Capitalized production	70,636	72,944		143,580
Provision reversals and costs transferred	110,730	1,714		112,444
Operating subsidies	1,004	0		1,004
• Other	40,637	687		41,324
Income used to offset depreciation expenses	62,301	78,602		140,903
Reversal of revaluation provisions	3,103	8,329		11,432
Portion of investment grants transferred to income	59,197	70,274		129,471
OPERATING EXPENSES	4,681,271	702,605	(925,770)	4,458,106
Cost of purchased goods and services	1,627,725	245,091	(925,770)	947,046
• Energy	214,549	1,503		216,051
Electricity	99,033	704		99,737
• Fuel	99,504	100		99,604
Heating	16,012	699		16,711
• Cost of leased tracks	27,156			27,156
User rights payable to SNCF	19,855			19,855
Equipment, supplies and other external services	1,366,165	243,589	(925,770)	683,984
Equipment and supplies	163,526	22,908		186,434
Other external services	1,202,639	220,681	(925,770)	497,550
Tax, duties and other payables	166,850	44,281		211,131
Payroll costs	2,368,917	119,095		2,488,012
Wages and salaries	1,652,144	84,467		1,736,611
Payroll-related costs	689,964	34,628		724,592
RATP employee benefit plan cost, net	26,808			26,809
Depreciation, amortization and provisions	483,769	293,945		777,714
Asset depreciation and amortization	421,535	290,030		711,566
Asset provisions	0	0		0
Current assets - provisions	7,661	1,265		8,926
Provisions for contingent liabilities	54,573	2,649		57,222
Other expenses	34,010	194		34,204

Income statement	Transport operations	Infrastructure management	Elimination of intercompany transactions	Epic
OPERATING INCOME (I)	370,473	197,194		567,667
Financial income	208,127	3	(116,621)	91,507
From investments in subsidies and affiliated companies	4,382	0		4,382
Other long-term investments and asset receivables	59	0		57
Accrued interest and related income	81,438	0		81,438
	116,621	0	(116,621)	
Provision reversals and operating expenses transferred	373	3		376
Foreign exchange gains	4,289	0		4,289
Proceeds from disposal of marketable securities	964	0		964
Financial expenses	315,404	116,624	(116,621)	315,404
Accrued interest and related expenses	305,775	3		305,775
		116,621	(116,621)	
Amortization and provisions	5,758	0		5,758
Foreign exchange losses	3,871	0		3,871
Losses on disposal of marketable securities	0	0		0
Financial expense (II)	(107,277)	(116,621)		(223,898)
Ordinary income (I + II)	263,196	80,573		343,770
Non-recurring income	145,070	1,693		146,762
From operating transactions	5,569	8		5,577
From capital transactions	119,704	565		120,269
• From leases	2,123			2,123
• Other	1,014	623		1,636
Provision reversals and operating expenses transferred	16,661	497		17,158
Non-recurring expenses	145,490	13,617		159,106
From operating transactions	4,152	215		4,367
• Other	139,180	13,402		152,582
Amortization and provisions	2,158	0		2,158
Non-recurring items	(420)	(11,924)		(12,344)
Employee profit sharing	45,082	2,088		47,170
Income tax	0	0		0
Total income	5,404,941	901,496	(1,042,391)	5,264,042
Total expenses	5,187,247	834,934	(1,042,391)	4,979,786
Net income	217,693	66,563		284,256

7 • POST-BALANCE SHEET EVENTS

None.

NOTES

Practicalities

The RATP group's activity report, the CSR report and the financial and CSR report are also available at www.ratp.fr under the heading "Group".

RATP TO GROUP

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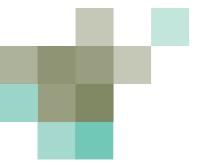












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