

21. Purchases and External Charges

	Year ended 31st December,	
	2002	2001
Purchases (including inventory movements)	3,131	3,118
Sub-contracting	2,768	2,815
Rental	598	424
Infrastructure fees ⁽¹⁾	2,129	1,863
Other external charges	2,218	2,022
Total	10,844	10,242

(1) Includes fees invoiced by Réseau Ferré de France and Eurotunnel. The increase in 2002 is mainly due to RFF fees (full year impact of TGV Mediterranean line and adjustment to fee scale)

22. Operating Subsidies

	Year ended 31st December,	
	2002	2001
Combined transport subsidies	17	76
Employee-related subsidies	33	43
Other operating subsidies	39	15
Total	89	134

The decrease in the operating subsidies is consistent with the scheduled reduction in State subsidies.

23. Employee Costs and Numbers

	Year ended 31st December,	
	2002	2001
Employee costs	9,750	8,741
Average number of employees (full-time equivalent)	242,163	220,747

The increase in employee numbers is mainly due to the full consolidation of the Keolis group which has 22,980 employees.

23.1 Management compensation

Total compensation paid to members of Group management and decision-making bodies (Executive Committee members during 2002) in respect of fiscal year 2002 was € 1.1 million (€ 1 million in 2001).

24. Depreciation, Amortisation and Operating Provisions

	Year ended 31st December,	
	2002	2001
Depreciation and amortisation (net)	(1,033)	(977)
Provisions (net)	(133)	(155)
Non-current assets	(3)	(4)
Current assets	(99)	1
Contingencies and losses	(31)	(152)
Total	(1,166)	(1,132)

The 2002 depreciation and amortisation charge, compared with 2001, benefits from the extension of the depreciation period of TGV Réseau, Eurostar and Thalys trainsets from 15 to 30 years, effective 1st July, 2001. This generated a decrease in the depreciation charge of € 45 million.

25. Net Financial Expense

	Year ended 31st December,	
	2002	2001
Cash management and borrowing costs, net	(328)	(378)
Net gains on lease finance transactions	2	21
Income from unconsolidated equity investments	5	33
Other financial income and expenses	1	(6)
Total	(320)	(330)

26. Exceptional Items

Exceptional items break down as follows

	Year ended 31st December,	
	2002	2001
Capital gains on asset disposals	186	134
<i>Building – 10 place de Budapest</i>	83	–
<i>Building – 1 place Valhubert</i>	41	–
<i>Building – Fbg St Martin</i>	17	–
<i>Plot of land – Paris Tolbiac development zone</i>	20	–
<i>SNCF Building – rue Saint Lazare</i>	–	73
<i>SNCF Participations head office</i>	–	18
<i>Other disposals</i>	25	43
Tax and social security revised penalties	33	(10)
Reorganisation costs	(12)	(115)
Sernam restructuring	159	112
Environmental risk provisions	(42)	24
Contract risks	(29)	–
Other	2	4
TOTAL	297	149

Fiscal year 2002 was marked by a high level of capital gains on disposal (€ 186 million), and net releases from reserves following the implementation of the Sernam restructuring plan and contractual changes thereto.

27. Income Tax

27.1 Analysis of the tax charge

The income tax charge breaks down as follows:

	Year ended 31st December,	
	2002	2001
Current tax charge	(29)	(17)
Deferred tax (charge)/income	(8)	(7)
Total tax (charge)/income	(37)	(24)

The current tax charge mainly concerns Keolis (€ 16 million) and Geodis (€ 9 million).

The deferred tax charge recognised in the year primarily relates to Keolis, Geodis and Télécom Développement.

27.2 Effective tax rate

The effective tax rate is of little informational value due to the level of the unrecognised tax losses carried forward of the SNCF tax group.

27.3 Deferred tax recognised

Deferred tax assets primarily relate to Télécom Développement (€ 42 million as at 31st December, 2002 compared to € 52 million at the end of 2001) and Keolis (€ 21 million), fully consolidated in 2002

Deferred tax liabilities primarily relate to Ermewa (€ 50 million), as a result of fair value adjustments performed on the acquisition of an additional interest in the Ermewa sub-group in 2002.

	<i>As of 31st December,</i>	
	<i>2002</i>	<i>2001</i>
Tax losses carried forward (asset)	(67)	(52)
Temporary differences (liability)	61	2

27.4 Tax Assets Not Recognised

SNCF opted for the tax grouping regime on 1st July, 1988. As at 31st December, 2002, the tax group comprised 33 subsidiaries (34 subsidiaries in 2001). The main subsidiaries are SHEM Group, Seafrance, SNCF Participations and France Wagons

Company tax losses carried forward as at 31st December, 2002 are as follows

- evergreen losses (deferred tax depreciation) of € 3,518 million, pre-dating the creation of the tax group,
- evergreen losses (deferred tax depreciation) of € 8,277 million, incurred by the tax group,
- long-term capital losses of the tax group of € 427 million

28. Division and Geographical Information

The following table breaks down the key operating headings by SNCF Group division.

	<i>Year ended 31st December,</i>	
	<i>2002</i>	<i>2001</i>
Passenger transport and services		
Revenues	10,864	8,562
Gross operating income	1,209	888
Net operating income	450	230
Freight		
Revenues	6,345	6,622
Gross operating income	(87)	37
Net operating income	(361)	(283)
Infrastructure and leveraging SNCF's assets and know-how		
Revenues	4,967	4,945
Gross operating income	281	230
Net operating income	94	73
Total SNCF Group		
Revenues	22,176	20,129
Gross operating income	1,403	1,155
Net operating income	183	20

Break down by geographical area	<i>Year ended 31st December, 2002</i>		<i>Year ended 31st December, 2001</i>	
	<i>in € million</i>	<i>%</i>	<i>in € million</i>	<i>%</i>
Revenue	22,176		20,129	
France	17,286	78	16,204	80
Rest of the world	4,890	22	3,925	20
Net non-current assets	16,325		15,010	
France	15,746	96	14,673	98
Rest of the world	580	4	337	2

29. Off-balance sheet commitments

		31st December, 2002				31st December, 2001
		Maturing within				Total
Commitments	Given/ Received	Total commit	Less than 1 year	1 to 5 years	More than 5 years	commit
Lease finance agreements	Given	127	10	69	48	131
Operating leases						
Real estate operating leases ⁽¹⁾	Given	310	111	142	57	NK
Equipment operating leases ⁽²⁾	Given	627	239	311	78	NK
Real estate operating leases	Received	11	5	6	–	NK
Irrevocable purchase commitments						
Purchase commitments given to suppliers (railway equipment)	Given	2,286	999	1,279	8	1,800
Purchase commitments from suppliers	Received	42	42	–	–	NK
Eurotunnel minimum use fee ⁽³⁾	Given	571	143	428	–	614
Credit lines						
Available bank credit lines	Received	542	432	110	–	516
Financial guarantees						
<i>vis-à-vis associated undertakings</i>						
Guarantees given ⁽⁴⁾	Given	736	82	508	146	873
Guarantees received ⁽⁵⁾	Received	683	77	462	144	648
<i>vis-à-vis employees</i>						
Guarantees given in respect of loans secured by employees ⁽⁶⁾	Given	441	441	–	–	396
<i>vis-à-vis third parties</i>						
Endorsements and guarantees	Given	394	154	225	15	206
Endorsements and guarantees	Received	585	554	28	3	599
Other contingent commitments						
Offers to sell – real estate	Received	88	88	–	–	NK
Reinvestment commitment (TER) given to the regions ⁽⁷⁾	Given	109	50	59	–	151
CIWLT agreement ⁽⁸⁾	Given	15	15	–	–	15
Total off-balance sheet commitments	Given	5,616	2,244	3,021	351	NK
	Received	1,951	1,198	606	147	NK

Retirement benefit, medical care and similar commitments are presented in Note 16.

Financial commitments are presented in Note 18.

- (1) The contracts primarily represent future lease payments in respect of Geodis hubs
- (2) The contracts represent future lease payments on the Geodis lorry fleet and the Keolis bus and railway rolling stock. These amounts include € 137 million of lease payments payable by Go Via (joint venture held 35 per cent by Keolis and 65 per cent by GO Ahead) in respect of equipment delivered as part of the South Central concession
- (3) The parent company is committed to pay Eurotunnel, up to the end of 2006, a minimum use fee independent of traffic levels
- (4) Guarantees given include € 670 million in guarantees granted by the parent company in respect of SOFIAP (formerly SOCRIF) borrowings, and € 61 million of performance bonds issued by SNCF to the UK Ministry of Transport to guarantee commitments given by its subsidiary ICRR Limited to this public authority
- (5) Guarantees received concern in full (€ 670 million), a joint and several sight counter-guarantee given to SNCF in respect of the loans granted to SOFIAP. They perfectly match guarantees given
- (6) Total outstandings on guarantees given by SNCF in respect of property loans secured by employees. Statistically, guarantee calls are very limited
- (7) In the agreements signed with the Regions regarding the organisation of regional transport, SNCF undertook to allocate, over the period 2002-2004, 80 per cent of the rolling stock depreciation charge, net of amounts released from subsidies, to capital expenditure on TER equipment
- (8) In November 1998, SNCF signed an agreement with Compagnie Internationale des Wagons-Lits (CIWLT) concerning on-board catering services, completed in November 2000, by a statement of intent covering railway catering operating conditions. These agreements provide, in particular, for
 - SNCF participation in the CIWLT redundancy programme covered by a € 20 million contingency reserve as of 31st December, 2002,
 - SNCF participation in the amount of € 15 million in a CIWLT loan, the terms and conditions of which (rate, term, etc.) are still to be defined

29.1 Investment purchase and sale options

(a) Sernam

In December 2001, the company undertook to sell to Geodis an additional 36 per cent. interest in Sernam, in 2006 in addition to the 15 per cent. of the Sernam common stock transferred in January 2002, for a consideration to be determined by an expert based on a multi-criteria analysis.

Geodis' commitment to purchase an additional 36 per cent. interest is subject to the realisation of a number of conditions and, notably, a certain level of profitability and stockholders' equity being reached at the end of December 2005. The company has also undertaken to buy back from Geodis all shares sold to it, at the original purchase price, during a ten-year period commencing 31st December, 2006, in the event of the occurrence of a number of events and in particular European Commission decisions.

An additional heads of agreement was signed in January 2003 with COGIP (see Note 32).

(b) SHEM

Under the terms of an agreement signed on 21st October, 2002 with Electrabel, the Group has the possibility to sell progressively its interest in the common stock of SHEM. Electrabel has given a firm and irrevocable commitment to purchase this interest from the Group. The schedule provides for a progressive sale, under the following terms and conditions:

- exercise of the 40 per cent. offer to purchase between 1st May, 2003 and 30th April, 2005;
- following this transfer, additional irrevocable sale of a further 40 per cent. of the common stock on the second anniversary of the initial sale;
- exercise of a second offer to purchase for the remaining balance, between the date of the additional sale and 30th April, 2010.

(c) Télécom Développement

Within the framework of partnership agreements, Cegetel granted SNCF an offer to purchase its interest in Télécom Développement during a five-year period expiring July 2002. In July 2002, SNCF decided not to exercise this option, which was not renewed.

(d) Keolis

Keolis acquired 75 per cent. of the common stock of the Canadian company Orléans Express. Purchase and sale options were granted for the remaining 25 per cent. of the common stock, available for exercise during a 180-day period commencing 15th April, 2007.

On the buy-back of 70 per cent. of the common stock of Buslink, Keolis agreed to the potential payment of additional consideration based on the results of the next three years. Purchase and sale options were granted for the residual 30 per cent. interest, available for exercise between 31st December, 2008 and 31st December, 2010.

Agreements relating to the acquisition of control of Keolis, led BNP Paribas and SNCF Participations to grant each other, via separate deeds, offers to purchase and sell the remaining Keolis shares held by BNP Paribas, with maturities running to 31st July, 2003.

(e) Ermewa

As part of the restructuring of Ermewa's common stock, negotiations are currently in progress to enable the entry of a financial partner.

With respect to the joint operation of Ermewa's container activity, Brambles and the Group granted each other offers to purchase and sell, notably in the event of changes in the shareholding structure of Ermewa. In conjunction with the restructuring of Ermewa's common stock, negotiations are currently in progress between the two parties.

(f) Geodis

As part of the sale of Borghi Trasporti shares to Sioli & Fontana, Geodis Logistics (Italia) was granted pre-emption rights enabling it to buy back the Borghi Trasporti shares should the purchaser demonstrate the intention to sell them before 31st December, 2004.

The acquisition of 62 per cent of the common stock of Pan European Transport Ltd was accompanied by a purchase option for the remaining 38 per cent. interest.

As part of the acquisition of 50 per cent of the common stock of Thales Freight Logistics, Geodis undertook to pay an additional consideration equal to 50 per cent. of 2003 and 2004 post-tax income.

29.2 Other Commitments

(a) SNCF

Between 19th and 31st December, 2002, SNCF signed four "QTE" (Qualified Technological Equipment) lease agreements. The assets concerned are leased to a US lessor which sub-leases them to SNCF with a purchase option for residual lease rights. SNCF retains full control of the assets (hardware and software) for its operating needs.

Given the specific conditions precedent of these agreements, no profit was recognised in 2002.

(b) STVA

As part of the set-up within STVA of a corporate savings scheme, whose funds will be managed by Crédit Agricole Epargne Salariale, SNCF Participations undertook to assure the liquidity of the STVA mutual fund (created specifically for this purpose), whose assets primarily comprise STVA shares.

(c) Keolis

Go Via is in active negotiation with the UK Strategic Rail Authority (SRA) regarding the granting of the South Central concession. Negotiations are progressing in accordance with the joint announcement issued by the two parties in mid-August 2002. They should rapidly result in the signature of a seven-year concession, encompassing the economic terms and conditions initially agreed.

Keolis has granted stock subscription options. For as long as Keolis securities are not traded on a regulated market, SNCF Participations has undertaken to purchase the Keolis securities targeted, on an initial request from a holder of such options.

30. Consolidated Statement of Cashflows

30.1 Closing cash balance

The closing cash balance breaks down as follows:

	<i>As at 31st December</i>	
	2002	2001
Cash at bank and in hand	494	344
Marketable securities with an initial maturity of less than 3 months	1,667	761
Deposits received with an initial maturity of less than 3 months	83	83
Cash borrowings with an initial maturity of less than 3 months	(1,537)	(1,856)
Cash balance per the Consolidated Statement of Cashflows	707	(668)

30.2 Movement in the cash balance

(a) Cash flow from operations

(i) Cash flow from consolidated company operations totalled (€ 936 million in 2002. After adjustment for net charges to current asset provisions (€ 92 million), the cash flow from operations is € 1,028 million (€ 807 million in 2001). This increase reflects the improvement in Group operating results in 2002.

(ii) The increase in cash flow from operations between 2001 and 2002, combined with the financing of investments, resulted in a considerable improvement in the Group cash balance (+€ 1,364 million).

(b) Analysis of cash used in investing activities

(i) Non-current asset additions during 2002 totalled € 2,144 million and break down as follows:

- tangible assets (see Note 6) € 2,040 million
- including assets purchased under lease financing (€ 65) million
- intangible assets € 47 million
- unconsolidated investments € 9 million
- movements in amounts payable on fixed asset additions € 113 million

(ii) The main proceeds from disposals in 2002 (see Note 26) concerned

- sales of buildings by the parent company € 207 million
- disposals by Geodis € 82 million

(iii) Changes in Group structure generated a net cash outflow of € 183 million in 2002 and primarily concerned the acquisition of an additional interest in Ermewa (net outflow of € 101 million) and the full consolidation of Keolis (net outflow of € 59 million)

(c) Analysis of Group net debt

(i) The Statement of Cashflows shows a € 1,042 million increase in borrowings with an initial maturity of over three months, comprising a net increase in long-term borrowings of € 586 million and an increase in cash borrowings of € 456 million.

(ii) After adjustment for changes in Group structure (+€ 148 million, primarily relating to the full consolidation of Keolis and Ermewa), the impact of translation differences on bond issues recorded in the parent company financial statements (-€ 408 million) and the increase in lease finance liabilities (+€ 41 million), long-term borrowings recorded in the balance sheet increased € 356 million

(d) Changes in working capital requirements

The significant € 469 million improvement in working capital requirements achieved during the year was primarily the result of the renegotiation by SNCF of settlement terms and conditions with RFF (€ 348 million increase in the operating current account).

31. SNCF Financial Statements for the Special Debt Account and Employee-Related Benefits Account

31.1 SNCF balance sheet and income statement for the employee-related benefits service account

(a) Balance sheet

	As of 31st December, 2002				As of 31st December, 2001			
	Pension Fund	Medical care	Other Funds	Total	Pension Fund	Medical care	Other Funds	Total
Assets								
Non-current assets.....	27	2	45	74	28	2	39	69
Current assets.....	1,157	169	23	1,349	1,153	205	21	1,379
Total Assets	1,184	171	68	1,423	1,181	207	60	1,448
Liabilities & Stockholders' Equity								
Net equity.....	40	66	30	136	40	48	30	118
Other liabilities.....	116	123	37	276	88	174	35	297
Intergroup account.....	1,028	(18)	1	1,011	1,053	(15)	(5)	1,033
Total Liabilities & Stockholders' Equity	1,184	171	68	1,423	1,181	207	60	1,448
Total Liabilities & Stockholders' Equity excl. Intergroup Account	156	189	67	412	128	222	65	415

(b) Income statement

	As of 31st December, 2002				As of 31st December, 2001			
	Pension Fund	Medical care	Other Funds	Total	Pension Fund	Medical care	Other Funds	Total
Expenses								
Benefits paid to members	4,431	1,502	230	6,163	4,355	1,443	219	6,017
Other expenses	57	120	13	190	62	53	11	126
Total expenses	4,488	1,622	243	6,353	4,417	1,496	230	6,143
Income								
Members' contributions ..	332	25	1	358	326	25	1	352
Employer contributions ..	1,196	465	10	1,671	1,180	451	10	1,641
Compensations and contractual payments ..	2,935	1,050	227	4,212	2,724	1,012	209	3,945
Other income	25	100	5	130	187	24	11	222
Total income	4,488	1,640	243	6,371	4,417	1,512	231	6,160
Net Income/(loss) ..	0	18	0	18	0	16	1	17

31.2 SNCF balance sheet and income statement for the special debt account

(a) Balance sheet

	As at 31st December,	
	2002	2001
Assets		
Miscellaneous assets ⁽³⁾	165	262
Intergroup accounts	48	76
Total	213	338
Total excluding Intercompany accounts	165	262
Liabilities and SHs' Equity		
Capital contribution for the year (See Note 2 5)	65	15
Accumulated deficits ⁽¹⁾	(9,123)	(9,157)
Net income for the year	20	19
Total	(9,038)	(9,123)
Borrowings ⁽²⁾	9,211	9,291
Other liabilities ⁽³⁾	40	170
Total	213	338
Total excluding Intercompany accounts	213	338

Notes

- (1) The accumulated deficits balance is reduced each year by net income from the Special Debt Account and the prior year capital contribution
- (2) Including accrued interest payable
- (3) Asset and liability accounts are presented as at 31st December, 2002 after neutralisation of swap contracts (impact as at 31st December, 2001: € 135 million)

31.5 Interest rate structure of Special Debt Account borrowings, excluding accrued interest payable

The breakdown by interest rate type of borrowings allocated to the Special Debt Account, after adjustment for derivatives and the cash balance mechanism is as follows:

	<i>As of 31st December,</i>	
	<i>2002</i>	<i>2001</i>
Fixed rate	7,104	7,035
Floating rate	1,750	1,895
Neutralisation of swaps	14	11
Special Debt Account borrowings excl. accrued interest payable	8,868	8,941

32. Litigation and Disputes

The Group is involved in a number of legal proceedings and disputes in the course of its operating activities, which are unresolved at the year-end. Reserves are raised to cover the charges associated with these disputes where they are considered probable and they can be quantified or estimated with reasonable accuracy.

(a) Sernam

- (i) A notification was submitted by the Group to the European Commission in respect of the Sernam restructuring plan. The Commission decision authorising the restructuring subsidies, issued on 23rd May, 2001, over one year later, necessitated the negotiation by SNCF of a new heads of agreement with Geodis, finally resulting in the signature of this agreement on 21st December, 2001 and the transfer of 15 per cent. of the common stock of Sernam to Geodis on 15th January, 2002.
- (ii) The delay in the transfer of Sernam to Geodis and the amendments to the terms and conditions of this transfer, led SNCF to look for another investor to compensate for the reduced share transferred to Geodis compared with its initial commitment of 60 per cent. In its meeting of 29th January, 2003, the SNCF Board of Directors approved the immediate transfer of 15 per cent. of the common stock to Compagnie Générale d'Investissements et de Participations (COGIP), subject to the issue of an inter-ministerial notice authorising the sale of the shares, followed by subsequent transfers bringing this company's interest in the common stock of Sernam to 49 per cent, in accordance with terms and conditions similar to those agreed with Geodis.
- (iii) In addition, and due to the delayed effect of the heads of agreement between Geodis and SNCF, Sernam sought additional financial support from SNCF of € 41 million, bringing total financial assistance granted to € 489 million, compared to the € 448 million initially notified.
- (iv) Following the request submitted by the Managing Director, Energy and Transport, the French authorities forwarded at the end of January 2003 a detailed memorandum on the implementation of the Sernam restructuring plan to the European Commission, and requested Commission approval of the amended plan. This memorandum detailed the compensatory measures taken to resolve the difficulties identified by the Commission concerning the implementation conditions of the Sernam restructuring plan, and notably the amendments to Geodis contractual commitments regarding Sernam.

(b) Keolis

The European Commission issued an information request regarding the terms and conditions of the grant of the South Central concession to Go Via, the 35 per cent /65 per cent. joint venture between Keolis and Go Ahead.

33. Scope of Consolidation

A list of the main consolidated subsidiaries is presented below. These sub-groups and the parent company contributed 97.8 per cent. of consolidated revenues in 2002. A comprehensive list of all subsidiaries may be obtained by simple request to the company registered office.

- (a) **Percentage interest:** share in the common stock of the consolidated company held by the consolidating company, either directly or indirectly.

- (b) **Percentage control:** percentage of voting rights held by the consolidating company in the consolidated company, either directly or indirectly.

	% control	% interest
<i>Passenger transport and services</i>		
Direct SNCF subsidiaries		
Fully consolidated		
Seafrance	100.00	100.00
Direct SNCF Participations subsidiaries		
Fully consolidated		
Grandes Lignes International	100.00	99.80
Kéolis	43.51	43.42
<i>Freight Transport</i>		
Direct SNCF subsidiaries		
Fully consolidated		
Sernam	100.00	91.48
Direct SNCF Participations subsidiaries		
Fully consolidated		
France Wagons	100.00	99.80
Sté de Transports de Véhicules Automobiles (S.T.V.A.)	80.91	80.35
Cie Nouvelle de Conteneurs (C.N.C.)	76.05	72.86
Cie de Transports de Céréales (C.T.C.)	53.06	62.56
Géodis	48.92	45.01
ermewa	100.00	99.80
Direct Géodis subsidiaries		
Fully consolidated		
Bourgey Montreuil Holding	100.00	43.23
Calberson SA	100.00	43.23
<i>Infrastructure, leveraging of SNCF's assets and know-how</i>		
Direct SNCF subsidiaries		
Fully consolidated		
Sté Française de Construction Immobilière (S.F.C.I.)	100.00	100.00
SNCF Participations	99.83	99.80
Sté Hydro-Electrique du Midi (S.H.E.M.)	99.62	99.62
Télécom Développement	50.01	50.01
Direct SNCF Participations subsidiaries		
Fully consolidated		
SNCF International	100.00	99.80

**STATUTORY AUDITORS' REPORT
ON THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER, 2002**

The following is a free translation of the statutory auditors' report on the consolidated financial statements for the year ended 31st December, 2002. References in this translation to the "company" are to SNCF and to the "Group" are to SNCF and its consolidated subsidiaries

In our capacity as appointed statutory auditors, we present below our report on the accompanying consolidated accounts of SNCF for the year ended 31st December, 2002

These consolidated accounts have been prepared by the Board of Directors. Our responsibility is to express an opinion on these accounts based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with French professional standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated accounts are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in these accounts. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall account presentation. We believe that our audit provides a reasonable basis for our opinion

- As at 31st December, 2001, differences of opinion remain between Réseau Ferré de France (RFF) and SNCF as to ownership of certain fixed assets as well as to the terms and conditions of transfers which could result from future settlement of this matter (see Note 6 to the Consolidated financial statements). We are not able to evaluate the impact of this situation on the consolidated financial statements for the year ended 31st December, 2002.

In our opinion, except for the matter described above, the consolidated accounts present fairly the financial position of the Group as of 31st December, 2002 and the results of its operations for the year then ended, in accordance with French accounting principles

Without qualifying our opinion, we draw attention to note 20 concerning the impact of the implementation of the passenger transport revenue subsidiary ledger application in the parent company.

We have also reviewed the information contained in the Director's report, in accordance with French professional standards

Except for the effect of the matters described above, we have nothing to report with respect to the fairness of this information and its consistency with the consolidated accounts.

The Statutory Auditors
French original signed by

MAZARS & GUERARD

ERNST & YOUNG Audit

Jean-Louis Lebrun

Gilles Ramaut

Patrick Gounelle

Francis Gidoin

19th March, 2003

CAPITALISATION

The following unaudited table sets out the capitalisation of SNCF (including Special Debt Account) as at 30th April, 2003 (in € million)

		<i>Principal amounts outstanding</i>	<i>Equivalent in EUR</i>
2% Bonds due 2004	CHF	300.00	198.27
7% Bonds due 2004	CHF	450.00	297.40
5 ¹ / ₄ % Bonds due 2005	CHF	300.00	198.27
4 ¹ / ₈ % Bonds due 2005	CHF	200.00	132.18
4.5% Bonds due 2006	CHF	300.00	198.27
5% Bonds due 2015	CHF	200.00	132.18
Loans from European Investment Bank	CHF	200.90	132.77
6 ³ / ₈ % Bonds due 2004	DKK	400.00	53.88
SNCF Mutual funds 2003	EUR	158.69	158.69
SNCF Mutual funds 2004	EUR	184.58	184.58
8.60% Bonds due 2004	EUR	2,398.24	2,398.24
8 ¹ / ₈ % Bonds due 2004	EUR	37.18	37.18
Zero coupon Bonds due 2004	EUR	76.22	76.22
SNCF Mutual funds 2005	EUR	202.53	202.53
8 ¹ / ₄ % Bonds due 2005	EUR	2,515.25	2,515.25
SNCF Mutual funds 2006	EUR	219.31	219.31
6% Bonds due 2006	EUR	1,981.84	1,981.84
SNCF Mutual funds 2007	EUR	260.91	260.91
8% Bonds due 2007	EUR	457.35	457.35
6 ³ / ₄ % Bonds due 2007	EUR	914.69	914.69
8 ³ / ₈ % Bonds due 2007	EUR	400.00	400.00
FRN Bonds CNO-TEC10 due 2007	EUR	304.90	304.90
F/RFRN Notes due 2007	EUR	83.59	83.59
SNCF Mutual funds 2008	EUR	63.29	63.29
7 ¹ / ₂ % Bonds due 2008	EUR	1,829.39	1,829.39
6 ³ / ₄ % Bonds due 2009	EUR	457.35	457.35
4 ⁵ / ₈ % Bonds due 2009	EUR	1,000.00	1,000.00
5 ⁷ / ₈ % Bonds due 2010	EUR	500.00	500.00
4 ³ / ₄ % Bonds due 2012	EUR	500.00	500.00
6 ³ / ₄ % Bonds due 2013	EUR	609.80	609.80
5 ⁵ / ₈ % Bonds due 2013	EUR	500.00	500.00
8 ¹ / ₂ % Bonds due 2021	EUR	60.10	60.10
8 ⁷ / ₈ % Bonds due 2023	EUR	907.07	907.07
Private Placements	EUR	76.22	76.22
Loans from the Paris Regional District and misc.	EUR	172.76	172.76
Loans from ECSC	EUR	133.82	133.82
Loans from European Investment Bank	EUR	275.24	275.24
Loans from European Investment Bank	GBP	387.55	556.03
5 ³ / ₈ Bonds due 2027	GBP	500.00	717.36
4.95% Bonds due 2037	GBP	50.00	71.74
Reverse Dual Currency Bonds JPY/AUD due 2006	JPY	12,000.00	90.24
Reverse Dual Currency Bonds JPY/AUD due 2006	JPY	15,000.00	112.80
F/RFRN Bonds due 2015	JPY	20,000.00	150.40
Reverse Dual Currency Bonds JPY/AUD-DEM-USD due 2015	JPY	10,000.00	75.20
5 ¹ / ₂ % Bonds due 2008	NZD	100.00	50.25
5 ³ / ₈ % Bonds due 2005	USD	300.00	269.52
Loans from European Investment Bank	USD	100.00	89.84
Total long-term debt			20,806.89

Notes

- (1) The foregoing table does not include either the equivalent (as at 30th April, 2003) of approximately EUR 3 449 billion principal amount outstanding under lease financing liabilities and EUR 80 million issued after 30th April, 2003, or CAD 100 million HKD 200 million issued after 30th April, 2003
- (2) Translation of foreign currencies to euros in this table have been made at the rates as of 30th April, 2003
- (3) References in this table to CHF are to Swiss Francs, to DKK are to Danish Kroners, to EUR are to Euro, to GBP are to Great Britain Pounds, to JPY are Japanese Yen, to NZD are New Zealand Dollars and to USD are United State Dollars
- (4) The capitalisation of SNCF in the foregoing table does not take account of the net debt owing by SNCF as a result of the EUR 10,430 billion owed by RFF to SNCF following the Reform
- (5) SNCF has a EUR 7,000,000,000 Euro Medium Term Note Programme, dated 17th July, 2002 The foregoing table does not include the equivalent (as at 30th April, 2003) of EUR 705 million private placements issued off this Programme
- (6) Save as disclosed above, there has been no material change in the capitalisation of SNCF since 30th April, 2003

The following unaudited table sets out at 30th April, 2003 the aggregate payments (expressed in EUR millions) required to be made in respect of principal on the outstanding long-term debt of SNCF including Special Debt Account and lease finance liabilities) as modified by currency exchange agreements:

	<i>(EUR millions)</i>													
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Balance	Total
EUR	883.97	3 125.53	3 195.41	2 891.95	2 607.47	1 975.67	1 854.55	1 030.85	506.67	1,063.46	1 384.03	148.93	2 951.46	23 619.95
CHF	0.50	482.29	330.45	198.27	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	264.93	1 276.44
GBP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	91.66	61.73	0.00	0.00	149.77	303.16
Total	884.47	3,607.82	3,525.86	3,090.22	2,607.47	1,975.67	1,854.55	1,030.85	598.33	1,125.19	1,384.03	148.93	3,366.16	25,199.55

RECENT DEVELOPMENTS

Activity

The activity of the group has been adversely affected by a combination of (i) unfavourable economic circumstances generally affecting the entire transport sector, (ii) a difficult geo-political environment for all international trade and (iii) the effects of strikes during the second quarter of 2003. Emergency measures concerning the anticipated recovery of the activity of the group are currently being prepared

ERMEWA

Since the 2002 financial year end, the restructuring of Ermewa's capital has been carried out in the following way:

- A Swiss finance holding company (Financière Ermewa) was set up to hold all the shares of Groupe Ermewa Genève. This holding company with a share capital of €125M is held as to 50.4 per cent. by IPES (€63M) and as to 49.6 per cent. by SNCF-Participations (€62M).
- Furthermore SNCF-Participations still holds a 33.2 per cent. stake in Ermewa France which is held by Groupe Ermewa Genève as to 66.8 per cent.

Groupe Ermewa has three lines of business:

- freight business
- container business through a joint venture with Brambles
- shipping business. This activity should be transferred during the course of 2003.

Various commitments have been undertaken by SNCF-Participations in the context of this restructuring

Furthermore, the business relationship with Brambles is governed by a co-operation agreement which was subject to an amendment at the time of the participation of IPES which provides that SNCF-Participations has no financial commitment towards Brambles

SERNAM

SNCF has sent an official response following the opening, on 30th April, 2003, by the European Commission in Brussels of a formal inquiry into the assistance provided by the SNCF in the restructuring of SCS SERNAM.

KEOLIS

The Strategic Rail Authority (SRA) and Govia, a joint venture between Go Ahead and KEOLIS, signed a contract on Friday 9th May, 2003 officially launching the new rail franchise South Central. This contract, which has a term of 7 years, relates to the main service from London to Brighton, comprising 600km of track. It took effect on the 25th May, 2003 and will terminate in December 2009.

TELECOM DEVELOPPEMENT

Discussions are currently underway between TELECOM DEVELOPPEMENT and CEGETEL Groupe with a view to bringing together the business operations of TELECOM DEVELOPPEMENT and CEGETEL Fixe.

SUBSCRIPTION AND SALE

Subject to the terms and on the conditions contained in an amended and restated Dealer Agreement dated 17th July, 2002 as supplemented by the Supplemental Dealer Agreement dated 26th June, 2003 (the “Dealer Agreement”), between the Issuer, the Permanent Dealers and the Arrangers, the Notes will be offered by the Issuer to the Permanent Dealers. However, the Issuer has reserved the right to issue Notes directly on its own behalf to Dealers that are not Permanent Dealers and who agree to be bound by the restrictions below. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer has agreed to reimburse the Arranger for certain of its expenses incurred in connection with the update of the Programme. The commissions in respect of an issue of Notes on a syndicated basis will be stated in the applicable Pricing Supplement.

The Issuer has agreed to indemnify the Dealers and the Arrangers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Dealer Agreement provides that the Dealers may directly or through their respective agents or affiliates which are U.S. registered broker-dealers arrange for resales of Notes in registered form in the United States to qualified institutional buyers pursuant to Rule 144A.

Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

In connection with any Notes offered or sold outside the United States in reliance on Regulation S (“Unrestricted Notes”) each Dealer has agreed that neither it nor its affiliates nor any person acting on its or their behalf and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver Unrestricted Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of an identifiable Tranche of which such Unrestricted Notes are a part as determined, and certified to the Issuer and the relevant Dealer by the Fiscal Agent or, in the case of Notes issued on a syndicated basis, by the Lead Manager, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each Dealer to which it sells Unrestricted Notes during the distribution compliance period (other than resales pursuant to Rule 144A) a confirmation or other notice setting out the restrictions on offers and sales of the Unrestricted Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the preceding sentence have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of any identifiable tranche of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering of such Notes) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

Each issuance of index-, commodity- or currency-linked Notes may be subject to such additional U.S. selling restrictions as the relevant Dealer(s) may agree with the Issuer as a term of the issuance and purchase or, as the case may be, subscription of such Notes. Each Dealer agrees that it shall offer, sell and deliver such Notes only in compliance with such additional U.S. selling restrictions.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (i) in relation to Notes which have a maturity of one year or more, it has not offered or sold and, prior to the expiry of the period of six months from the issue date of such Notes, will not offer or sell any such Notes to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 (as amended);
- (ii) in relation to any Notes having a maturity of less than one year from the date of issue, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the "FSMA") by the Issuer,
- (iii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer, and
- (iv) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom

France

The Dealer Agreement contains a full description of the selling restrictions that may apply in France with respect to a particular issue of Notes

Each of the Dealers and the Issuer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in the Republic of France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public of the Republic of France, the Offering Circular or any other offering material relating to Notes, and that such offers, sales and distributions have been and shall only be made in the Republic of France to qualified investors (*investisseurs qualifiés*), as defined in and in accordance with articles L.411-1 and L.411-2 of the *Code monétaire et financier* and *décret* No.98-880 of 1st October, 1998.

Germany

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that Notes have not been and will not be offered, sold or publicly promoted or advertised by it in the Federal Republic of Germany other than in compliance with the German Securities Selling Prospectus Act (*Wertpapierverkaufsprospektgesetz*) of 13th December, 1990, as amended, or any other laws applicable in the Federal Republic of Germany governing the issue, offering and sale of securities.

Japan

The Notes have not been and will not be registered under the Securities and Exchange Law of Japan (the "Securities and Exchange Law"). Accordingly, each of the Dealers has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the Securities and Exchange Law and other relevant laws and regulations of Japan. As used in this paragraph, "resident of Japan" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

The Netherlands

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, offer or sell in the Netherlands any Notes other than to persons who trade or invest in securities in the conduct of a profession or business (which include banks, stockbrokers, insurance companies, pension funds, other institutional investors and finance companies and treasury departments of large enterprises)

General

These selling restrictions may be modified by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Pricing Supplement issued in respect of the issue of Notes to which it relates or in a supplement to this Offering Circular.

No action has been or will be taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Offering Circular or any other offering material or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required

Each Dealer has agreed that it will comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Offering Circular, any other offering material or any Pricing Supplement and obtain any consent, approval or permission required for the purchase, offer or sale of Notes under the laws and regulations in force in any jurisdiction to which it is a subject or in which it makes such purchases, offers or sales and neither the Issuer nor any other Dealer shall have responsibility therefor.

FORM OF PRICING SUPPLEMENT

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Notes issued under the Programme

Pricing Supplement dated [●]

SOCIETE NATIONALE DES CHEMINS DE FER FRANÇAIS

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

**under the € 7,000,000,000
Euro Medium Term Note Programme**

This document constitutes the Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 26th June, 2003. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular.

[The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date]

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Offering Circular dated [original date]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Offering Circular dated [current date], save in respect of the Conditions which are extracted from the Offering Circular dated [original date] and are attached hereto.]

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs]

[If the Notes have a maturity of less than one year from the date of issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.]

- | | | |
|----|-----------------------------------|---|
| 1. | Issuer. | Société Nationale des Chemins de fer Français |
| 2. | (i) Series Number: | [●] |
| | (ii) Tranche Number: | [●] |
| | | <i>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible.)</i> |
| 3. | Specified Currency or Currencies: | [●] |
| 4. | Aggregate Nominal Amount: | |
| | (i) Series: | [●] |
| | (ii) Tranche: | [●] |
| 5. | (i) Issue Price: | [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)] |
| | (ii) Net proceeds: | [●] (Required only for listed issues) |
| 6. | Specified Denominations: | [●] |
| 7. | (a) Issue Date: | [●] |
| | (b) Interest Commencement Date: | [●] |

8. Maturity Date: [Fixed Rate – specify date/Floating Rate – Interest Payment Date falling in or nearest to (specify month)]
9. Interest Basis: [[●] per cent Fixed Rate]
 [[specify reference rate] +/- [●] per cent. Floating Rate]
 [Zero Coupon]
 [Index Linked Interest]
 [Dual Currency Interest]
 [Other (specify)]
 (further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]
 [Index Linked Redemption]
 [Dual Currency]
 [Partly Paid]
 [Instalment]
 [Other (specify)]
11. Change of Interest or Redemption/Payment Basis [Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis]
12. Put/Call Options: [Investor Put]
 [Issuer Call]
 ((further particulars specified below))
13. Status of the Notes: Unsubordinated
14. Listing. [Euronext Paris/Luxembourg/Other (specify)/None]
15. Method of distribution: [Syndicated/Non-syndicated]

PROVISION RELATING TO INTEREST (IF ANY) PAYABLE

16. **Fixed Rate Note Provisions** [Applicable/Not Applicable]
 (If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate(s) of Interest: [●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear] (If payable other than annually consider amending Conditions)
- (ii) Interest Payment Date(s). [[●] in each year [adjusted in accordance with [specify Business Day Convention and any applicable Business Centre(s) for the definition of Business Day]/not adjusted]
- (iii) Fixed Coupon Amount(s): [●] per [●] in nominal amount

(iv)	Broken Amount(s).	<i>[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount/(s)]</i>
(v)	Day Count Fraction (Condition 5(j)).	<i>[30/360/Actual/Actual (ISMA)/other]</i>
(vi)	Determination Date(s) (Condition 5(j)).	<i>[] in each year (Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon NB Only relevant where Day Count Fraction is Actual/Actual (ISMA))</i>
(vii)	Other terms relating to the method of calculating interest for Fixed Rate Notes	<i>[Not Applicable/give details]</i>
17.	Floating Rate Provisions	<i>[Applicable/Not Applicable] (If not applicable, delete the remaining sub-paragraphs of this paragraph.)</i>
(i)	Specified Period(s):	<i>[●]</i>
(ii)	Specified Interest Payment Dates.	<i>[●]</i>
(iii)	Business Day Convention:	<i>[Floating Rate Business Day Convention/ Following Business Day Convention/ Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]</i>
(iv)	Additional Business Centre(s) (Condition 5(j)).	<i>[●]</i>
(v)	Manner in which the Rate(s) of Interest is/are to be determined.	<i>[Screen Rate Determination/ISDA Determination/other (give details)]</i>
(vi)	Interest Period Date(s):	<i>[Not Applicable/specify dates]</i>
(vii)	Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent):	<i>[●]</i>
(viii)	Screen Rate Determination (Condition 5(b)(iii)(B)).	
	– Relevant Time.	<i>[●]</i>
	– Interest Determination Date:	<i>[] (Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)</i>
	– Primary Source for Floating Rate:	<i>[[Specify Reference Screen Page] or [Reference Banks]]</i>
	– Reference Banks (if Primary Source is “Reference Banks”):	<i>[Not Applicable] [Specify four]</i>
	– Relevant Financial Centre:	<i>[The financial centre most closely connected to the Benchmark – specify if not London]</i>

- Benchmark. *[LIBOR, LIBID, LIMEAN, EURIBOR or other benchmark although additional information is required if other – including fallback provisions in the Agency Agreement)]*
- Representative Amount: *[Specify if screen or Reference Bank quotations are to be given in respect of a transaction of a specified notional amount]*
- Effective Date: *[Specify if quotations are not to be obtained with effect from commencement of Interest Accrual Period]*
- Specified Duration: *[Specify period for quotation if not duration of Interest Accrual Period]*
- (ix) ISDA Determination (Condition 5(b)(iii)(A)):
 - Floating Rate Option: ☐
 - Designated Maturity ☐
 - Reset Date: ☐
- (x) Margin(s): ☐ +/- ☐ per cent. per annum
- (xi) Minimum Rate of Interest ☐ per cent. per annum
- (xii) Maximum Rate of Interest: ☐ per cent. per annum
- (xiii) Day Count Fraction (Condition 5(j)). ☐ Actual/365
☐ Actual/365 (Fixed)
☐ Actual/360
☐ 30/360
☐ 30E/360
☐ Other]
- (xiv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: ☐
- 18. **Zero Coupon Note Provisions** ☐ [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
 - (i) Amortisation Yield (Condition 6(b)). ☐ per cent. per annum
 - (ii) Day Count Fraction (Condition 5(j)): ☐
 - (iii) Any other formula/basis of determining amount payable: ☐
- 19. **Index Linked Interest Note Provisions** ☐ [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
 - (i) Index/Formula: ☐ *[Give or annex details]*
 - (ii) Calculation Agent responsible for calculating the interest due: ☐
 - (iii) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable: ☐
 - (iv) Specified Period(s)/Specified Interest Payment Dates: ☐

(v)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/other (give details)]
(vi)	Business Centre(s) (Condition 5(j))	[●]
(vii)	Minimum Rate of Interest	[●] per cent per annum
(viii)	Maximum Rate of Interest	[●] per cent. per annum
(ix)	Day Count Fraction (Condition 5(j))	[●]
20	Dual Currency Note Provisions	[Applicable/Not Applicable] (If not applicable, delete the remaining sub-paragraphs of this paragraph)
(i)	Rate of Exchange/Method of calculating Rate of Exchange.	[Give details]
(ii)	Calculation Agent, if any, responsible for calculating the principal and/or interest due	[●]
(iii)	Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable	[●]
(iv)	Person at whose option Specified Currency(ies) is/are payable	[●]

PROVISIONS RELATING TO REDEMPTION

21.	Issuer Call	[Applicable/Not Applicable] (If not applicable, delete the remaining sub-paragraphs of this paragraph)
(i)	Optional Redemption Date(s):	[●]
(ii)	Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[●] per Note of [] specified denomination
(iii)	If redeemable in part:	[●]
(a)	Minimum Redemption Amount:	[●]
(b)	Maximum Redemption Amount:	[●]
(iv)	Option Exercise Date(s):	[●]
(v)	Description of any other Issuer's option:	[●]
(vi)	Notice period (if other than as set out in the Conditions):	[●]
22.	Investor Put	[Applicable/Not Applicable] (If not applicable, delete the remaining sub-paragraphs of this paragraph)
(i)	Optional Redemption Date(s):	[●]
(ii)	Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[●] per Note of [] specified denomination
(iii)	Option Exercise Date(s):	[●]
(iv)	Description of any other Noteholders' option:	[●]

- (v) Notice period (if other than as set out in the Conditions): [●]
23. **Final Redemption Amount of each Note** [[●] per Note of [] specified denomination/*Specify Other/See Appendix*]
24. **Early Redemption Amount**
- (i) Early Redemption Amount(s) of each Note payable on redemption for taxation reasons (Condition 6(c)) or an event of default (Condition 10) and/or the method of calculating the same (if required or if different from that set out in the Conditions): [●]
- (ii) Redemption for taxation reasons permitted on days other than Interest Payment Dates (Condition 6(c)): [Yes/No]
- (iii) Unmatured Coupons to become void upon early redemption (Bearer Notes only) (Condition 7(f)): [Yes/No/Not Applicable]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

25. Form of Notes
- Bearer**
[Delete as appropriate]
 [Temporary Global Note/Certificate exchangeable for a permanent Global Note/Certificate which is exchangeable for Definitive Notes/Certificates on [●] days' notice/at any time/in the limited circumstances specified in the permanent Global Note/Certificate]
 [Temporary Global Note/Certificate exchangeable for Definitive Certificates on [●] days' notice]
 [Permanent Global Note/Certificate exchangeable for Definitive Notes/Certificates on [●] days' notice/at any time/in the limited circumstances specified in the permanent Global Note/Certificate]
- Registered**
 [Unrestricted Global Certificate/Restricted Global Certificate]
26. Financial Centre(s) (Condition 7(h)) or other special provisions relating to payment dates: [Not Applicable/*Give details. Note that this item relates to the place of payment, and not interest period end dates, to which item 17(iii) relates*]
27. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. *If yes, give details*]
28. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/*give details*]
29. Details relating to Instalment Notes: [Not Applicable/*give details*]
- (i) Instalment Amount(s): [●]

- | | | |
|------|---|--|
| (ii) | Instalment Date(s) | [●] |
| 30. | Redenomination, renominatisation and reconventioning provisions | [Not Applicable/The provisions [in Condition 1(b)] [annexed to this Pricing Supplement] apply] |
| 31. | Consolidation provisions | [Not Applicable/The provisions [in Condition 12] [annexed to this Pricing Supplement] apply] |
| 32. | Other terms or special conditions ⁽²⁾ | [Not Applicable/give details] |

DISTRIBUTION

- | | | |
|-----|---------------------------------------|-------------------------------|
| 33. | (i) If syndicated, names of Managers: | [Not Applicable/give names] |
| | (ii) Stabilising Manager (if any). | [Not Applicable/give name] |
| 34. | If non-syndicated, name of Dealer. | [Not Applicable/give name] |
| 35. | Additional selling restrictions | [Not Applicable/give details] |

OPERATIONAL INFORMATION

- | | | |
|-----|--|---|
| 36. | ISIN Code | [●] |
| 37. | Common Code | [●] |
| 38. | Sicovam No: | [●] |
| 39. | CUSIP Code | [●] |
| 40. | CINS Code | [●] |
| 41. | Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and Euroclear France and the relevant identification number(s) | [Not Applicable/give name(s) and number(s)] |
| 42. | Delivery | Delivery [against/free of] payment |
| 43. | The Agents appointed in respect of the Notes are. | [●] |

GENERAL

- | | | |
|-------|--|-------------------------------|
| 44. | Additional steps that may be taken following approval by an Extraordinary Resolution in accordance with Condition 13(a): | [Not Applicable/give details] |
| 45. | The aggregate principal amount of Notes issued has been translated into euro at the rate of [●], producing a sum of (for Notes not denominated in euro): | [Not Applicable/euro[●]] |
| [46.] | Euroclear France to act as Central Depositary | [Specify, if yes]] |
| [47.] | Details of any additions or variations to the Dealer Agreement:] | [●] |

(2) If full terms and conditions are to be used, please add the following here
 “The full text of the Conditions which apply to the Notes [and which will be endorsed on the Notes in definitive form] are set out in [the Annex hereto], which Conditions replace in their entirety those appearing in the Offering Circular for the purposes of these Notes and such Conditions will prevail over any other provision to the contrary”
 The first set of bracketed words is to be deleted where there is a permanent global Note instead of Notes in definitive form
 The full Conditions should be attached to and form part of the pricing supplement

[LISTING APPLICATION

This Pricing Supplement comprises the final terms required to list the issue of Notes described herein pursuant to the €7,000,000,000 Euro Medium Term Note Programme of Société Nationale des Chemins de fer Français.]

[THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR ANY JURISDICTION OF THE UNITED STATES [AND THE NOTES COMPRISE BEARER NOTES THAT ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS]. SUBJECT TO CERTAIN EXCEPTIONS, THE NOTES MAY NOT BE [OFFERED OR SOLD/OFFERED, SOLD OR DELIVERED] WITHIN THE UNITED STATES [OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT (“REGULATION S”)). THIS PRICING SUPPLEMENT HAS BEEN PREPARED BY THE ISSUER FOR USE IN CONNECTION WITH THE OFFER AND SALE OF THE NOTES OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN RELIANCE ON REGULATIONS [AND WITHIN THE UNITED STATES TO “QUALIFIED INSTITUTIONAL BUYERS” IN RELIANCE ON RULE 144A UNDER THE SECURITIES ACT (“RULE 144A”) [AND FOR LISTING OF THE NOTES ON THE [LUXEMBOURG/PARIS] STOCK EXCHANGE]. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT SELLERS OF THE NOTES MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A]. FOR A DESCRIPTION OF THESE AND CERTAIN FURTHER RESTRICTIONS ON OFFERS AND SALES OF THE NOTES AND DISTRIBUTION OF THIS PRICING SUPPLEMENT, SEE “SUBSCRIPTION AND SALE” IN THE OFFERING CIRCULAR.]

[STABILISING

In connection with this issue, [*insert name of Stabilising Manager*], or any person acting for him, may over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period after the issue date. However, there may be no obligation on the Stabilising Manager or any agent of his to do this. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after a limited period.

MATERIAL ADVERSE CHANGE STATEMENT

[Except as disclosed in this document, there/There] has been no significant change in the financial or trading position of the Issuer or of the Group since [insert date of last audited accounts or interim accounts (if later)] and no material adverse change in the financial position or prospects of the Issuer or of the Group since [insert date of last published annual accounts.]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement which, when read together with the Offering Circular [and the supplemental Offering Circular] referred to above, contains all information that is material in the context of the issue of the Notes.

Signed on behalf of the Issuer:

By: _____

Duly authorised

GENERAL INFORMATION

Clearing Systems

Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg clearing systems. The Common Code, the International Securities Identification Number (ISIN) and (where applicable) the Sicovam number, if any, for each Series will be contained in the Pricing Supplement relating thereto. The Issuer will make an application with respect to any Restricted Notes of a Registered Series to be accepted for trading in book-entry form by DTC. Acceptance by DTC of Restricted Notes of each Tranche of a Registered Series will be confirmed in the applicable Pricing Supplement. The CINS and CUSIP numbers, if any, for each Series will be contained in the Pricing Supplement relating thereto. Application may be made for acceptance for trading of Restricted Notes in Portal.

Consents and Authorisations

The Issuer has obtained all necessary consents, approvals and authorisations in the Republic of France in connection with the issue and performance of the Notes.

Listing

1. In connection with the application to list the Notes issued under the Programme on the Luxembourg Stock Exchange, a legal notice relating to the issue of the Notes and copies of the constitutive documents of the Issuer will be deposited with the Luxembourg trade and company register ("*Registre de commerce et des sociétés, Luxembourg*") where such documents may be examined and copies obtained. The Luxembourg Stock Exchange has allocated to the Programme the number 12027 for listing purposes.
2. Prior to listing of any Notes on Euronext Paris, a prospectus incorporating this Offering Circular and referred to as the "*Document de Base*" is required to be submitted to, and approved by, the COB and a registration number granted by the COB with respect to it. In addition, the Pricing Supplement applicable to an issue of Notes is currently required to be approved at the time of the relevant issue. The relevant approval in relation to this Offering Circular has not at the date of this Offering Circular been granted by the COB and no registration number has been granted by the COB in relation to any *Document de Base*.
3. In connection with any application to list Notes on Euronext Paris:
 - (a) a legal notice relating to the issue of such Notes will be published in the *Bulletin des Annonces Légales Obligatoires* prior to such listing;
 - (b) the Pricing Supplement applicable to such issue will be submitted to the approval of the COB and the relevant approval will be evidenced by the issue of a visa by the COB which will be disclosed in the Pricing Supplement applicable to the relevant Notes and by publication in the *Bulletin d'Euronext Paris S.A.*; and
 - (c) the Pricing Supplement applicable to such issue will specify the additional places in Paris at which documents required to be made available for inspection may be inspected during normal business hours

Significant or Material Change

Save as disclosed herein, there has been no significant change in the financial or trading position of the Issuer or the Group since 31st December, 2002 and no material adverse change in the financial position or prospects of the Issuer or the Group since 31st December, 2002.

Litigation

Except as disclosed in this Offering Circular, the Issuer is not involved in any legal or arbitration proceedings which are material in the context of the Programme or the issue of the Notes under the Programme nor, so far as the Issuer is aware, are any such proceedings pending or threatened.

U.S. Tax Wording

Each Bearer Note, Receipt, Coupon and Talon will bear the following legend: “Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code”

Documents available

Copies of the latest annual report and consolidated accounts of the Issuer and all amendments and supplements (including the Pricing Supplements) to this Offering Circular may be obtained free of charge, and copies of the Agency Agreement and the Deed of Covenant will be available for inspection, at the specified offices of each of the Paying Agents during normal business hours, so long as any of the Notes is outstanding. The Issuer does not publish interim balance sheets or income statements

Proposed EU Directive on the Taxation of Savings Income

On 3rd June, 2003, the European Council of Economics and Finance Ministers agreed on proposals under which Member States will be required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State, except that, for a transitional period, Belgium, Luxembourg and Austria will instead be required to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). The proposals are anticipated to take effect from 1st January, 2005.

Contracts (Rights of Third Parties) Act 1999

The Contracts (Rights of Third Parties) Act 1999 (the “Act”) was enacted on 11th November, 1999 and provides that persons who are not parties to a contract governed by the laws of England and Wales or Northern Ireland may be given enforceable rights under such contract. Unless specifically provided in the applicable Pricing Supplement to the contrary, this Programme expressly excludes the application of the Act to any issue of Notes under the Programme.

ISSUER

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To the Issuer

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