

Movements in investments in equity affiliates break down as follows:

	Year ended 31st December,	
	2001	2000
Opening balance.....	426	326
Share in net income.....	13	146
Transfer to equity affiliates and other account reclassifications.....		(21)
Changes in Group structure.....	(69)	99
Movement in share of negative net equity (Reserves for contingencies and losses).....	5	(125)
Dividends paid.....	(11)	(9)
Exchange rate fluctuations.....	2	9
Acquisitions and common stock increases	0	1
Closing balance.....	366	426

Changes in Group structure during the year primarily relate to the demerger into two companies of the Züst Ambrosetti group, equity accounted as of 31st December, 2000:

- Züst Ambrosetti Spa is fully consolidated from 1st January, 2001
- the other company was sold during the year, generating a capital gain on disposal of €22.5 million.

10. Inventory and Work-in-process

	As of 31st December, 2001			As of 31st December, 2000
	Gross	Reserves	Net	Net
Raw materials.....	574	204	370	349
Other supplies.....	36	0	36	64
Production work-in-process.....	79	0	79	52
Total.....	689	204	485	465

11. Operating Receivables

	As of 31st December, 2001			As of 31st December, 2000
	Gross	Reserves	Net	Net
Trade receivables and related accounts.....	3,2202	(167)	3,055	3,554
Payments on account of orders.....	112		112	31
Employee-related receivables.....	33	(0)	33	30
Amounts receivable from the French State.....	1,244		1,244	1,209
Other operating receivables.....	1,194	(169)	1,025	122
Prepaid expenses and deferred charges.....	621		621	729
Total.....	6,426	(336)	6,090	5,675

12. Cash and cash equivalents

	<i>As of 31st December,</i>	
	<i>2001</i>	<i>2000</i>
Initial maturities of more than three months and/or exposed to interest-rate risk		
French and foreign bonds	229	113
Medium-term marketable debt instruments	99	103
	130	10
Initial maturities of less than three months, not exposed to interest-rate risk	758	1,234
Negotiable debt instruments	272	691
French mutual funds (SICAV)	397	493
Marketable debt instrument repurchase agreements	80	25
Foreign currency investments	9	25
Accrued interest receivable	3	1
Cash in hand and at bank	344	222
Total cash and cash equivalents	1,334	1,570

Only marketable securities with an initial maturity of three months or less fall within the definition of Cash for the purposes of the Consolidated Statement of Cashflows.

13. Stockholders' equity

Movements in stockholders' equity (Group share) break down as follows:

	<i>Common stock</i>	<i>Reserves and net income for the year</i>	<i>Translation differences</i>	<i>Total Group share</i>
As of 31st December, 1999	4,271	(98)	4	4,177
Exchange rate fluctuations			7	7
Consolidated net income – Group share		177		177
Other		(10)		(10)
As of 31st December, 2000	4,271	69	11	4,351
Exchange rate fluctuations			5	5
Consolidated net income – Group share		(140)		(140)
As of 31st December, 2001	4,271	(71)	16	4,216

14. Minority Interests

	<i>Year ended 31st December,</i>	
	<i>2001</i>	<i>2000</i>
Opening balance	301	213
Dividend distribution	(6)	(7)
Exchange rate fluctuations	–	1
Changes in group structure	(5)	(8)
Minority interests share in net income	(70)	119
Other	–	(17)
Closing balance	220	301

The minority interest share in the 2001 net loss primarily concerns the Géodis and Télécom Développement sub-groups, for a net loss of € 80 million and net income of € 13 million respectively.

15. Reserves for Contingencies and Losses

Reserves for contingencies and losses break down as follows:

	<i>As of 31st December,</i>	
	<i>2001</i>	<i>2000</i>
SERNAM restructuring ⁽¹⁾	159	271
Tax, social security and customs risks ⁽²⁾	224	277
Environmental risks ⁽³⁾	111	141
Additional amortisation and Major repairs ⁽⁴⁾	146	144
Litigation and disputes ⁽⁵⁾	311	173
Compensation for work-related injuries and miscellaneous.....	116	107
Restructuring costs ⁽⁶⁾	103	71
Risks on asset disposals.....	21	26
Risks on subsidiaries.....	21	16
Negative goodwill.....	3	6
Euro compliance reserve.....	1	19
Other reserves for contingencies and losses	78	133
Total	1,294	1,384

- (1) A new heads of agreement signed by SNCF and Géodis in December 2001 lays down new terms and conditions for the takeover of SCS Sernam by Géodis. The main characteristics of this agreement are as follows:
- € 419 million common stock increase subscribed by SNCF in 2001, including € 276 million fully paid-up
 - € 195 million capital reduction, in the amount of the fiscal years 2000 and 2001 losses
 - set-up of a € 34 million participating loan in 2001
 - acquisition of a further 15 per cent. interest in the common stock of SCS Sernam in 2002 by Géodis, for the nominal consideration of € 1
 - acquisition of a further interest by Géodis in 2006, bringing its total interest to 51 per cent.
- Acquisition of this additional interest is contingent on satisfaction of a number of conditions, primarily the successful completion of the Sernam recovery plan and a return to profitability. The terms of the recovery plan are based on the plan approved by the European Commission decision on 28th May, 2001 and served as the basis for calculation of the reserve at the end of December 2001.
- (2) In the interest of prudence, the parent company raises reserves in respect of all contested tax and social security revised assessments, which mainly consist of the following:
- VAT on onboard catering € 53 million
 - 1991 to 1993 business tax rebates repayable € 41 million
 - Social security disputes € 65 million
- Amounts released from reserves during the year primarily relate to the partial repayment of 1991 to 1993 business tax rebates.
- (3) Environmental risks primarily concern:
- pollution clean-up and compliance work on hydrocarbon storage sites €36 million
 - asbestos-related costs € 70 million
- Ongoing work on the identification and estimation of environmental risks led to a partial release of the provision during the year.
- (4) This line item mainly comprises additional amortisation to reduce the value of electricity power plants held under concession by the SHERM Group to nil by the end of the concession (€ 58 million as of 31st December, 2001) and reserves for major repair work on freight cars.
- (5) The increase during the year primarily relates to Réseau Ferré de France claims and Géodis parcel delivery activities.
- (6) Including € 77 million in respect of restructuring measures decided by Géodis

16. Employee Benefits

Employee benefits (retirement and medical care and similar commitments) calculated using the projected unit credit method are as follows:

	<i>Commitments as of 31st December, 2001</i>	<i>Commitments as of 31st December, 2000</i>
Employee pensions	3,289	3,010
Medical care.....	1,075	1,055
Compensation for work-related injuries (retired employees and widows)	536	460
Total off-balance sheet commitments	4,900	4,525

The following valuation assumptions were adopted:

Net discount rate.....	5.5 per cent.
Inflation rate	1.5 per cent.
Life expectancy table.....	SNCF male table plus INSEE 94-96 table up to 55 years and TC8890 after 100 years
Rate of salary increase	2.5 per cent.
Rate of increase in pensions and medical care benefits	2.5 per cent.

- **Retirement benefit commitments**

Retirement benefit commitments primarily result from the Law of 21st July, 1909 defining the special regime applicable to SNCF employees and Article 30 of the SNCF terms of reference defining, with effect from 1st January, 1970, the share of such costs borne by the French State.

In return for the payment of standard contributions, the French State finances the SNCF employee retirement benefit scheme in the amount of a "standard" benefits scheme. Standard contribution levels and the benchmark scheme were reviewed regularly until 1990. The Decree of 27th February, 1991 set the standard contribution level at 36.29 per cent. of total payroll costs, broken down between employee contributions of 7.85 per cent. and employer contributions of 28.44 per cent.

All benefits specific to the SNCF scheme, created in 1990, compared with the benchmark scheme, are financed by SNCF and its employees. The different benefits relate to the definition of the pension base (successive integration of residence compensation percentages, implementation of the new remuneration system) and an increase in the minimum pension level.

- **Medical care and other commitments**

The Company finances medical care benefits provided to active and retired employees itself, via the SNCF medical care fund and the SNCF senior executive medical care fund.

Benefits include the reimbursement of medical costs, temporary accommodation allowances, retirement allowances and death allowances. Part of these guarantees are covered by the national redistribution mechanism under the Social Security healthcare regime.

As such, only additional healthcare coverage, temporary accommodation allowances, retirement allowances and death allowances are borne by the Company. These constitute the SNCF employee medical care regime, financed by employee and employer contributions over and above contributions to the national redistribution mechanism and benefiting active and retired employees.

- **Compensation for work-related injuries**

The Company itself finances compensation for work-related injuries owed to active and retired employees.

Payments made to retired employees and surviving spouses are viewed by SNCF as additional pensions. As such, the probable present value of these additional pension payments is included in off-balance sheet commitments.

Annual compensation for work-related injuries owed to active employees is viewed as additional remuneration. A reserve is booked to cover the probable present value of such payments.

2001 expense in respect of retirement benefit and medical care commitments

The increase in commitments during fiscal year 2001 was the result of:

- standard calculation:
 - financial cost linked to discounting factors,
 - cost of entitlement vested in the year due to the acquisition of an additional year of service
 - payment of services,
 - payment of employee contributions,
- changes during the year:
 - scheme amendments
 - actuarial variances resulting from changes in assumptions or relating to differences between assumptions made at the beginning of the year and their effective realisation during the year.

The 2001 pension cost includes a scheme amendment to incorporate a residence compensation half point in the liquid pension base in 2001 fiscal.

Changes in actuarial assumptions concern the use of more recent mortality tables in the calculation of compensation for work-related injuries.

These movements can be broken down as follows:

	<i>Pension</i>	<i>Medical care & other</i>	<i>Compensation</i>	<i>Total</i>
Commitments at the end of 2000	3,010	1,055	460	4,525
Financial cost	166	58	25	249
Cost of vested entitlement	54	20	-	74
Payments made	(237)	(82)	(59)	(378)
Employee contributions	21	8	-	29
Amendments	257	-	-	257
Actuarial variances	18	16	110	144
Commitments at the end of 2001	3,289	1,075	536	4,900

Simulated application of the preferred method recommended by Regulation 99.02.

The provision of all commitments as required by the preferred method recommended by Regulation 99-02 on consolidation rules and methods, would have the following impact on the SNCF Group financial statements:

	<i>Impact in € million</i>
Reserves for contingencies and losses	4,467
Stockholders' equity as of 01/01/2001	(4,230)
2001 net income	(147)
Stockholders' equity as of 12/31/2001	(4,467)

The assumptions and methods adopted for the purposes of this simulation are as follows:

- amortisation of the impact of amendments on entitlement not definitively vested, on a straight-line basis over the average employment term within the Group, that is 13.5 years in the case of the pension scheme,
- spreading of actuarial variances resulting from changes in assumption and differences between assumptions made and their effective realisation, in accordance with the corridor principle.

This method of amortising actuarial variances involves the recognition of actuarial variances only when they exceed, in absolute value, 10 per cent. of the higher of commitment levels and the value of underlying financial assets, if any. The fraction exceeding this 10 per cent. limit is spread over the life expectancy of scheme beneficiaries, starting in the fiscal year following that in which the actuarial variances arise.

The difference between total commitments as of 31st December, 2001 and reserves for contingencies and losses calculated in accordance with the preferred method recommended by Regulation 99.02, breaks down as follows:

Reserves for contingencies and losses	4,467
Actuarial variances not recognised	+245
Amendments to past service benefits not recognised	+188
Commitments as of 31st December, 2001	4,900

17. Loans and Borrowings

Loans and borrowings recorded in the balance sheet consist of long-term loans issued by the Group (excluding the parent company Special Debt Account), liabilities relating to lease finance operations entered into by the Group and cash borrowings.

	<i>As of 31st December,</i>	
	<i>2001</i>	<i>2000</i>
Long-term borrowings	18,078	19,736
Bond issues	15,477	17,138
Other long-term borrowings	1,999	1,935
Accrued interest payable	602	663
Cash borrowings	1,931	1,839
Treasury notes	1,135	996
EMTN	–	22
Deposits received	247	389
Other borrowings	30	0
Bank overdrafts	513	430
Foreign currency-denominated borrowings	5	0
Accrued interest payable	1	2
Liabilities excluding lease financing	<u>20,009</u>	<u>21,575</u>
Lease finance liabilities	4,341	4,153
Lease finance liabilities	4,299	4,105
Accrued interest payable	42	48
Loans and borrowings	<u>24,350</u>	<u>25,728</u>

Guaranteed borrowings total € 5 million.

Long-term borrowings

Maturities of long-term borrowings, including lease finance liabilities, after adjustment for derivative instruments

	<i>As of 31st December,</i>	
	<i>2001</i>	<i>2000</i>
Maturing within 1 year	4,013	3,756
Maturing within 1 to 5 years	10,145	10,239
Maturing after 5 years	7,324	8,872
Neutralisation of swap contracts	293	342
Long-term borrowings excluding accrued interest	21,775	23,178
Accrued interest payable	644	711
Long-term borrowings	22,419	23,889

Currency structure of long-term borrowings, including lease finance liabilities, after adjustment for derivative instruments and excluding accrued interest payable

	<i>As of 31st December,</i>	
	<i>2001</i>	<i>2000</i>
Euro	19,298	20,216
Swiss franc	1,754	2,170
Pound Sterling	398	285
Japanese Yen	–	187
Other	32	9
Neutralisation of swap contracts	293	311
Long-term borrowings excluding accrued interest payable	21,775	23,178

Interest rate structure of long-term borrowings, including lease finance liabilities, after adjustment for derivative instruments and excluding accrued interest payable

	<i>As of 31st December,</i>	
	<i>2001</i>	<i>2000</i>
Fixed rate.....	14,188	15,658
Floating rate.....	7,294	7,209
Neutralisation of swap contracts.....	293	311
Long-term borrowings excluding accrued interest payable.....	21,775	23,178

Long-term borrowings net of the Réseau Ferre de France (RFF) receivable

The structure of the RFF receivable is described in Note 7.

Maturities of net long-term borrowings, including lease finance liabilities, after adjustment for derivative instruments

	<i>As of 31st December,</i>	
	<i>2001</i>	<i>2000</i>
Maturing within 1 year.....	2,029	1,747
Maturing within 1 to 5 years.....	3,375	3,153
Maturing after 5 years.....	2,280	2,274
Neutralisation of swap contracts.....	293	311
Net Long-term borrowings excluding accrued interest.....	7,977	7,485
Accrued interest payable.....	145	149
Net Long-term borrowings.....	8,122	7,634

Currency structure of net long-term borrowings, including lease finance liabilities, after adjustment for derivative instruments and excluding accrued interest payable

	<i>As of 31st December,</i>	
	<i>2001</i>	<i>2000</i>
Euro.....	6,986	6,213
Swiss franc.....	614	747
Japanese Yen.....	—	187
Other.....	84	27
Neutralisation of swap contracts.....	293	311
Net Long-term borrowings excluding accrued interest payable.....	7,977	7,485

Interest rate structure of net long-term borrowings, including lease finance liabilities, after adjustment for derivative instruments and excluding accrued interest payable

	<i>As of 31st December,</i>	
	<i>2001</i>	<i>2000</i>
Fixed rate.....	5,275	5,005
Floating rate.....	2,409	2,169
Neutralisation of swap contracts.....	293	311
Net Long-term borrowings excluding accrued interest payable.....	7,977	7,485

Maturities of cash borrowings

	<i>As of 31st December,</i>	
	2001	2000
Initial maturity of 3 months or less	1,856	1,805
Treasury notes	1,071	996
Bank overdrafts	514	430
Deposits received	239	379
Other borrowings	32	0
Initial maturity of more than 3 months	75	34
Treasury notes	64	0
EMTN	–	22
Deposits received	10	10
Accrued interest payable	1	2
Cash borrowings	1,931	1,839

Only cash borrowings with an initial maturity of three months or less fall within the definition of Cash for the purposes of the Consolidated Statement of Cashflows.

18. Derivative Instruments

Foreign exchange instruments

Currency swaps

In order to reduce its exposure to exchange rate fluctuations on certain borrowings, the Group enters into currency swaps. Such hedges are matched specifically against the corresponding borrowing.

The nominal amount of currency swaps as of 31st December, 2001 is as follows:

<i>(in millions)</i>	<i>Commitments received (in foreign currency)</i>	<i>Commitments given (in euro)</i>
Euro	687	687
Pound sterling	176	274
Norwegian krone	400	50
Danish krone	400	54
Swiss franc	200	124
US dollar	1,550	1,533
Hong Kong dollar	350	50
Japanese yen	85,540	691

Forward Currency Purchases

	<i>Foreign Currency</i>
US Dollar ⁽¹⁾	USD 30 million
Pound Sterling ⁽²⁾	GBP 9 million

Notes:

- (1) Finance activity hedges
- (2) Operating activity hedges

Currency Options

	<i>As of 31st December, 2001</i>
Sale Euro call	255

Interest rate instruments

In managing the interest rate risk exposure of its borrowings, the Group trades on the interest rate swap and swaption market.

Swap and swaption outstandings, represented by their nominal outstandings, are as follows:

	<i>Net long-term borrowings</i>	<i>Net short-term borrowings</i>
Floating rate payable swaps	9	-
Fixed rate receivable swaps	3,191	832
Fixed rate payable swaps	4,438	427
Index-based swaps	1,382	-
Sale of swaptions	1,200	-

Commodity instruments

As part of its ordinary activities, the Group trades on petroleum product forward markets in order to optimise its fuel supply costs. The corresponding commitments are presented below:

	<i>Volume (in tons)</i>
Commodity swaps	209,500
Sale of commodity swaptions	29,500

Management of counterparty risk

The main transactions which generate counterparty risk are primarily:

Financial investments:

Financial investments are diversified. They primarily consist of marketable debt instruments (certificates of deposit, commercial paper), treasury note repos and subscriptions to French mutual funds (SICAV).

A counterparty approval procedure exists, with investment volume and term limits for each counterparty.

Derivatives:

Derivative transactions seek to manage the interest rate and foreign exchange risk resulting from normal activities. They are restricted to regulated market and over-the-counter transactions with approved counterparties with which a framework agreement has been signed. A guarantee framework agreement is also signed with certain counterparties in order to limit counterparty risk.

Market value of derivatives

Procedures for valuing derivative instruments as of 31st December, 2001 differ according to the nature of the instrument concerned.

The fair value of conventional interest rate and currency swaps was calculated by discounting future flows, leg by leg, using zero coupon curves as of 28th December, 2001.

Other interest rate and currency swap transactions were valued at prices provided as of 28th December, 2001 by financial institution counterparties of the company.

The fair value of OTC currency options was determined using the company valuation model.

All market parameters used in this valuation were obtained from contributors external to the company.

The market value of derivatives corresponds to the amount payable (-) or receivable (+), excluding accrued interest, to cancel these commitments.

Estimated market values as of 31st December, 2001 (excluding accrued interest) are presented below:

	<i>Estimated market value (excluding accrued interest) as of 28th December, 2001</i>	<i>Profitability (premiums - market value) as of 28th December, 2001</i>
Management of forex risk		
Currency swaps.....	530	-
Currency options.....	(12)	2
Management of interest rate risk		
Interest rate swaps.....	(11)	(3)
Options.....	(6)	(3)

19. Operating Liabilities

	<i>As of 31st December,</i>	
	<i>2001</i>	<i>2000</i>
Accounts payables and related accounts.....	2,584	2,526
Payments on account received on orders.....	179	221
Employee-related payables.....	928	822
Amounts payable to the French State.....	1,593	1,626
Other operating liabilities.....	1,334	887
Accruals and deferred income.....	2,968	2,805
Total	<u>9,586</u>	<u>8,887</u>

As of 31st December, 2001, accrual and deferred income accounts comprise net investment subsidies of € 1,956 million and deferred income relating to operations.

20. Revenue

	<i>Year ended 31st December,</i>	
	<i>2001</i>	<i>2000</i>
Passenger transport ⁽¹⁾	8,562	8,562
Freight.....	6,622	6,512
Infrastructure and leveraging of SNCF's assets and know-how.....	4,945	4,765
Total	<u>20,129</u>	<u>19,839</u>

(1) The 2000 fiscal year revenues include €224 million in respect of the Cariane sub-group, no longer included in consolidated revenues following its transfer to Kéolis and its equity accounting in this sub-group

21. Purchases and External Charges

	<i>Year ended 31st December,</i>	
	<i>2001</i>	<i>2000</i>
Purchases (including inventory movements).....	3,118	2,804
Sub-contracting.....	2,815	2,613
Rental.....	596	632
Réseau Ferré de France infrastructure fees.....	1,691	1,562
Other external charges.....	2,022	2,071
Total	<u>10,242</u>	<u>9,682</u>

The increase in this line item is primarily attributable to the rise in Télécom Développement interconnection costs, in line with the increase in traffic.

22. Operating Subsidies

	Year ended 31st December,	
	2001	2000
Subsidies for Infrastructure fees	0	61
Combined transport subsidies	76	79
Infrastructure development subsidies.....	0	31
Employee-related subsidies	43	46
Other operating subsidies	15	18
Total	134	235

The fall in this line item is consistent with the scheduled reduction in State subsidies.

23. Employee Costs and Numbers

	Year ended 31st December,	
	2001	2000
Employee costs	8,741	8,602
Average number of employees (full-time equivalent)	220,747	219,991

Management compensation

Total compensation paid to members of Group management and decision-making bodies (Executive Committee members during 2001) in respect of fiscal year 2001 was € 1 million (€ 1 million in 2000).

24. Depreciation, Amortisation and Operating Provisions

	Year ended 31st December,	
	2001	2000
Depreciation and amortisation (net)	(977)	(1,048)
Provisions (net)	(155)	(144)
Non-current assets	(4)	(18)
Current assets	1	(22)
Contingencies and losses	(152)	(104)
Total	(1,132)	(1,192)

25. Net Financial Income/(Expense)

	Year ended 31st December,	
	2001	2000
Cash management and borrowing costs, net.....	(378)	(430)
Net gains on lease finance transactions	21	73
Income from unconsolidated equity investments.....	33	22
Other financial income and expenses.....	(6)	2
Total	(330)	(333)

26. Exceptional Items

Exceptional items break down as follows:

	Year ended 31st December,	
	2001	2000
Capital gains on asset disposals	134	256
<i>France Rail Publicité</i>	-	142
<i>Extend</i>	-	73
<i>SNCF Building – rue Saint Lazare</i>	73	
<i>SNCF Building – rue de Londres</i>	-	41
<i>SNCF Participations head office</i>	18	
<i>Other disposals</i>	43	
Tax and social security revised penalties	(10)	(114)
Reorganisation costs	(115)	(57)
Sernam restructuring.....	112	15
Environmental risk provisions.....	24	(46)
Other	4	(8)
TOTAL	<u>149</u>	<u>46</u>

The fiscal year 2001 was marked by a high level of capital gains on disposal (€ 134 million), exceptional costs relating to reorganisation and restructuring measures implemented or decided, in particular by the Géodis Group (€ 98 million), and net releases from reserves following the implementation of the Sernam restructuring plan and contractual changes thereto (see Note 15).

27. Income Tax

Analysis of the tax charge

The income tax charge breaks down as follows:

	Year ended 31st December,	
	2001	2000
Current tax charge	(17)	(8)
Deferred tax (charge)/income	(7)	57
Total tax (charge)/income.....	(24)	49

The deferred tax charge recognised in the year primarily relates to Télécom Développement and Géodis.

Effective Tax Rate

The effective tax rate is of little informational value due to the level of tax losses carried forward not recognised in the scope of the SNCF tax group.

Deferred Tax Recognised

As of 31st December, 2001 and 2000, such assets primarily relate to Télécom Développement:

	As of 31st December,	
	2001	2000
Tax losses carried forward (asset)	(52)	(58)
Temporary differences (liability)	2	1

Tax Assets Not Recognised

SNCF opted for the tax grouping regime on 1st July, 1988. As of 31st December, 2001, the tax group comprised 34 subsidiaries (31 subsidiaries in 2000). The main subsidiaries are SHEM Group, Grandes Lignes Internationales (*GLI*), Société d'Équipement des Grands Itinéraires (*SEGI*), Sceta Parc, SNCF Participations and certain of its subsidiaries.

Tax losses carried forward as of 31st December, 2001 totalled € 12.3 billion and included:

- ordinary tax losses of € 0.5 billion
- evergreen losses (deferred tax depreciation) of € 8.3 billion, recognised since the creation of the tax consolidation group,
- evergreen losses (deferred tax depreciation) of € 3.5 billion, recognised prior to the creation of the tax consolidation group.

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>2001</i>	<i>2000</i>
Passenger transport and services		
Revenues	8,562	8,562
Gross operating income	888	1,130
Net operating income	230	343
Freight		
Revenues	6,622	6,512
Gross operating income	37	184
Net operating income	(283)	(69)
Infrastructure and leveraging SNCF's assets and know-how		
Revenues	4,945	4,765
Gross operating income	230	291
Net operating income	73	133
Total SNCF Group		
Revenues	20,129	19,839
Gross operating income	1,155	1,605
Net operating income	20	407

Break down by geographical area	<i>Year ended 31st December, 2001</i>		<i>Year ended 31st December, 2000</i>	
	<i>in € million</i>	<i>%</i>	<i>in € million</i>	<i>%</i>
Revenue:	20,129		19,839	
France.....	16,204	80	16,130	81
Rest of the world	3,925	20	3,709	19
Net non-current assets:	15,101		14,217	
France.....	14,673	98	14,035	99
Rest of the world	337	2	182	1

29. Off-balance sheet commitments

Financial commitments

	<i>As of 31st December,</i>	
	<i>2001</i>	<i>2000</i>
Commitments given:		
Guarantees issued in respect of loans secured by employees.....	67	77
Endorsements and guarantees ⁽¹⁾	1,087	1,096
Other commitments	39	39
Total commitments given	1,193	1,212
Commitments received:		
Bank guarantees	501	441
Bank credit lines.....	256	296
Other guarantees and endorsements.....	84	84
Total commitments received	841	820

(1) Including guarantees of € 778 million granted by SNCF in respect of Sofiap (formerly Socrif) bank borrowings. In addition, as part of its international activities, the Group issued performance bonds of GBP 39.3 million to the UK Ministry of Transport to guarantee commitments of its subsidiary ICCR Limited vis-à-vis this authority.

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

Financial commitments are presented in Note 18.

Other commitments given

In the course of its ordinary activities, the Group entered into capex-related commitments in respect of its rail transport activities. These commitments amount to € 1.8 billion as of 31st December, 2001.

Agreements concerning the takeover of VIA GTI resulted in Paribas and SNCF Participations granting each other, in separate agreements, three promises to purchase or sell the VIA GTI stock still held by Paribas, expiring 31st July, 2003.

On 18th May, 2000, VIA GTI granted a guarantee to Storstockholms Lokaltrafik on behalf of Citypendeln in the amount of SEK 300 million.

Other commitments received

Within the framework of existing partnership agreements, Cegetel granted SNCF a promise to purchase its interest in Télécom Développement over a five-year period expiring July 2002.

SNCF Participations holds a preferential right to purchase, in full or in part, the 55 per cent. stake held by its founder stockholder, Ermewa, at a price to be determined by common agreement at the time of the transaction.

30. Consolidated Statement of Cashflows

Cashflow from consolidated company operations in fiscal year 2001 totalled € 800 million. After adjustment for current asset reserves (€ 7 million), working capital provided by operations is € 807 million (€ 1,244 million in 2000). This drop is consistent with the downturn in Group net operating income in 2001.

Closing cash balance – Increase/(decrease) in cash balance

The closing cash balance breaks down as follows:

	<i>As of 31st December,</i>	
	<i>2001</i>	<i>2000</i>
Cash at bank and in hand	344	222
Marketable securities with an initial maturity of less than 3 months	761	1,235
Deposits received with an initial maturity of less than 3 months	83	–
Cash borrowings with an initial maturity of less than 3 months	(1,856)	(1,805)
Cash balance per the Consolidated Statement of Cashflows	(668)	(348)

The marked drop in cash flow from operating activities between 2000 and 2001, combined with a substantial increase in Group capital expenditure, necessitated recourse to external borrowings and resulted in a deterioration in the Group cash balance, of € 355 million and € 351 million respectively.

ANALYSIS OF CASH USED IN INVESTING ACTIVITIES

- Non-current asset additions during 2001 totalled €1,876 million and break down as follows:

– tangible assets (Note 6)	€ 1,880 million
– intangible assets	€ 44 million
– unconsolidated investments	€ 21 million
– movements in amounts payable on fixed asset additions	(€ 69 million)

Stock subscriptions primarily concerned VFLI Cargo and Sealogis.

- The principal capital gains and losses on disposal in fiscal 2001 were as follows:
 - sale of the SNCF rue Saint Lazare building € 73 million
 - sale of SNCF Participations' head office € 18 million
 - restructuring of Züst Ambrosetti € 23 million
- Changes in Group structure generated a net cash outflow of € 18 million in 2001 and primarily concerned the Géodis sub-group, Züst Ambrosetti (net cash outflow of € 19 million).

ANALYSIS OF GROUP NET DEBT

The Statement of Cashflows shows a € 446 million increase in borrowings with an initial maturity of over 3 months, comprising a net increase in long-term borrowings of € 405 million and an increase in cash borrowings of € 41 million.

After adjustment for changes in Group structure (+ € 51 million, primarily relating to the entry of Züst Ambrosetti into the scope of consolidation), borrowings with an initial maturity of over 3 months increased € 529 million. The parent company, SNCF, accounts for € 344 million of this increase, which primarily concerns euro-denominated bond issues (and US dollar bond issues hedged by euro swaps).

CHANGES IN WORKING CAPITAL REQUIREMENTS

The € 74 million decrease in working capital requirements during the year is primarily attributable to:

- a marked deterioration in various outstanding balances such as amounts payable to or receivable from the State, the RFF current account and advances and down payments,
- partially offset by a significant drop in trade receivables, particularly in respect of freight activities.

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

Balance sheet

	As of 31st December, 2001				As of 31st December, 2000			
	Pension Fund	Medical care	Other Funds	Total	Pension Fund	Medical care	Other Funds	Total
Assets								
Non-current assets.....	28	2	39	69	29	2	39	70
Current assets.....	1,153	205	21	1,379	1,166	148	23	1,337
Total Assets.....	1,181	207	60	1,448	1,195	150	62	1,407
Liabilities & Stockholders' Equity								
Equity								
Net equity.....	40	48	30	118	39	32	29	100
Other liabilities.....	88	174	35	297	93	188	35	316
Intergroup account.....	1,053	(15)	(5)	1,033	1,063	(70)	(2)	991
Total Liabilities & Stockholders' Equity.....	1,181	207	60	1,448	1,195	150	62	1,407
Total Liabilities & Stockholders' Equity excl. Intergroup Account	128	222	65	415	132	220	64	416

Income Statement

	As of 31st December, 2001				As of 31st December, 2000			
	Pension Fund	Medical care	Other Funds	Total	Pension Fund	Medical care	Other Funds	Total
Expenses								
Benefits paid to members	4,355	1,443	219	6,017	4,288	1,439	228	5,955
Other expenses	62	53	11	126	55	55	11	121
Total expenses	4,417	1,496	230	6,143	4,343	1,494	239	6,076
Income								
Members' contributions.....	326	25	1	352	312	25	1	338
Employer contributions.....	1,180	451	10	1,641	1,126	442	10	1,578
Compensations and contractual payments.....	2,724	1,012	209	3,945	2,715	1,006	220	3,941
Other income	187	24	11	222	190	26	10	226
Total income	4,417	1,512	231	6,160	4,343	1,499	241	6,083
Net Income/(loss)	0	16	1	17	0	5	2	7

SNCF Balance Sheet and Income Statement for the Special Debt Account

Balance Sheet

Assets

	As at 31st December,	
	2001	2000
Miscellaneous assets	262	129
Intergroup accounts	76	29
Total	338	158
Total excluding Intergroup accounts	262	129

Liabilities and SHs' Equity

	As at 31st December,	
	2001	2000
Capital contribution for the year (See Note 2.5)	15	23
Accumulated deficits ⁽¹⁾	(9,157)	(9,204)
Net income for the year	19	24
Total	(9,123)	(9,157)
Borrowings ⁽²⁾	9,291	9,288
Other liabilities	170	27
Total	338	158
Total excluding Intergroup accounts	338	158

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.

Income Statement**Expenses**

	<i>As at 31st December,</i>	
	<i>2001</i>	<i>2000</i>
Financial expenses	666	760
Other expenses	0	0
Net income for the year	19	24
Total	685	784

Income

	<i>As at 31st December,</i>	
	<i>2001</i>	<i>2000</i>
Financial income	5	112
French State contribution	662	654
SCNF contribution	18	18
Total	685	784

As of 31st December, 2001, Special Debt Account liabilities, after swap contracts, amounted to € 8.9 billion, excluding accrued interest payable.

Maturities of Special Debt Account Borrowings

	<i>As at 31st December,</i>	
	<i>2001</i>	<i>2000</i>
Maturing within less than 1 year	76	0
1 to 5 years	4,443	4,281
More than 5 years	4,411	4,649
Neutralisation of swaps	11	7
Special Debt Account borrowings excl. accrued interest payable	8,941	8,937
Accrued interest payable	350	351

Currency Structure of Special Debt Account borrowings, excluding accrued interest payable

The currency breakdown of borrowings allocated to the Special Debt Account, before adjustment for derivative instruments, is as follows:

	<i>As of 31st December,</i>	
	<i>2001</i>	<i>2000</i>
Euro	8,806	8,806
Swiss franc	135	131
Special Debt Account borrowings excl. accrued interest payable	8,941	8,937

The currency breakdown of borrowings allocated to the Special Debt Account, after adjustment for derivative instruments, is as follows:

	<i>As of 31st December,</i>	
	<i>2001</i>	<i>2000</i>
Euro	8,930	8,930
Neutralisation of swaps	11	7
Special Debt Account borrowings excl. accrued interest payable	8,941	8,937

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 derivative instruments and the cash balance mechanism is as follows:

	<i>As of 31st December,</i>	
	<i>2001</i>	<i>2000</i>
Fixed rate	7,035	6,659
Floating rate	1,895	2,271
Neutralisation of swaps	11	7
Special Debt Account borrowings excl. accrued interest payable	8,941	8,937

32. Litigation and Disputes

In the course of its operating activities, the Group is involved in a number of legal proceedings and disputes, 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.

In 1999, the SNCF was involved in two proceedings before the European Commission concerning Sernam. The complaint behind the first proceeding was withdrawn by the plaintiff during 2000. The second proceeding concerns European Commission notification of the Sernam restructuring plan.

This second complaint was examined by the Commission together with the notification filed by the Company concerning restructuring subsidies. A decision was handed down by Brussels on 28th May, 2001, authorising SNCF to undertake the transaction involving Sernam and Géodis. Financial assistance for the implementation of the restructuring plan and the takeover by Géodis Group may not exceed € 448 million.

33. Scope of Consolidation

A list of the main consolidated subsidiaries is presented below. A comprehensive list of all subsidiaries may be obtained by simple request to the company registered office.

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

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
Equity affiliate		
Kéolis	43.51	43.42
<i>Freight</i>		
Direct SNCF subsidiaries		
Fully consolidated		
SCS SERNAM	100.00	100.00
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	43.32	43.23
Equity affiliate		
ERMEWA SA - GENEVE	45.00	44.91
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

The only major change in Group structure in 2001 concerned the demerger of Züst Ambrosetti into two companies, within the Géodis sub-group.

**STATUTORY AUDITORS' REPORT
ON THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER, 2001**

The following is a free translation of the statutory auditors' report on the consolidated financial statements for the year ended 31st December, 2001. 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 statutory auditors, we have audited the accompanying consolidated financial statements of the SNCF for the year ended 31st December, 2001, presented in euro, in accordance with French accounting principles.

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

The implementation of the passenger transport revenue monitoring system has progressed during the year. However, some uncertainties remain in respect of such revenues for the year ended 31st December, 2001 and may only be resolved once the system has been actually implemented.

As explained in note 6, differences of opinion remain between RFF and SNCF as to ownership of certain fixed assets as well as to conditions of transfers which could result from future settlement of this matter. We are not able to evaluate the impact of this situation on the consolidated financial statements for the year ended 31st December, 2001.

Except for these matters, in our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31st December, 2001, and the results of the Group's operations included in the consolidation for the year then ended, in accordance with French accounting principles.

Without qualifying the opinion, we draw your attention to note 2 to the consolidated financial statements, which states that the useful economic life of certain equipment has been revised.

We have also reviewed the information contained in the Director's report. Except for the effect of the facts described above, we have nothing to report with respect to the fairness of such information and its consistency with the consolidated financial statements.

The Statutory Auditors
French original signed by

CALAN RAMOLINO & Associés
Membre de Deloitte Touche Tohmatsu

ERNST & YOUNG Audit

Etienne Jacquemin

Pascal Pincemin

Patrick Gounelle

Francis Gidoin

27th March, 2002

CAPITALISATION

The following unaudited table sets out the capitalisation of SNCF (including Special Debt Account) as at 30th April, 2002 (in € million).

		<i>Principal amounts outstanding</i>	<i>Equivalent in EUR</i>
3¾% Bonds due 2002.....	CHF	250.00	170.99
2% Bonds due 2004.....	CHF	300.00	205.18
7% Bonds due 2004.....	CHF	450.00	307.78
5¼% Bonds due 2005.....	CHF	300.00	205.18
4½% Bonds due 2005.....	CHF	200.00	136.79
4.5% Bonds due 2006.....	CHF	300.00	205.18
5% Bonds due 2015.....	CHF	200.00	136.79
Loans from European Investment Bank.....	CHF	200.9	137.41
6¾% Bonds due 2004.....	DKK	400.00	53.81
SNCF Mutual funds 2002.....	EUR	138.58	138.58
7% Bonds due 2002.....	EUR	60.10	60.10
SNCF Mutual funds 2003.....	EUR	158.69	158.69
9% Bonds due 2003.....	EUR	2,247.62	2,247.62
SNCF Mutual funds 2004.....	EUR	184.58	184.58
8.60% Bonds due 2004.....	EUR	2,415.01	2,415.01
8½% 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
8¼% 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	28.77	28.77
8% Bonds due 2007.....	EUR	457.35	457.35
6¾% Bonds due 2007.....	EUR	914.69	914.69
8¾% 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
7½% Bonds due 2008.....	EUR	1,829.39	1,829.39
6¾% Bonds due 2009.....	EUR	457.35	457.35
4½% Bonds due 2009.....	EUR	1,000.00	1,000.00
57 8% Bonds due 2010.....	EUR	500.00	500.00
6¾% Bonds due 2013.....	EUR	609.80	609.80
5½% Bonds due 2013.....	EUR	500.00	500.00
8½% Bonds due 2021.....	EUR	60.10	60.10
8¾% Bonds due 2023.....	EUR	907.07	907.07
Private Placements.....	EUR	76.22	76.22
Loans from the Paris Regional District and misc.....	EUR	180.23	180.23
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	626.29
5¾% Bonds due 2027.....	GBP	350.00	565.61
Reverse Dual Currency Bonds JPY/AUD due 2006.....	JPY	12,000.00	103.75
Reverse Dual Currency Bonds JPY/AUD due 2006.....	JPY	15,000.00	129.69
F/RFRN Bonds due 2015.....	JPY	20,000.00	172.92
Reverse Dual Currency Bonds JPY/AUD-DEM-USD due 2015.....	JPY	10,000.00	86.46
7½% Bonds due 2002.....	NOK	400.00	52.82
Floating Rate Credit due 2002.....	USD	150.00	166.52
6½% Bonds due 2002.....	USD	250.00	277.53
5½% Bonds due 2003.....	USD	500.00	555.06
5¾% Bonds due 2005.....	USD	300.00	333.04
Total long-term debt.....			23,584.22

Notes:

- (1) The foregoing table does not include the equivalent (as at 30th April, 2002) of approximately € 3.580 billion principal amount outstanding under rolling stock lease financing contracts with Eurofima.
- (2) Translation of foreign currencies to euros in this table have been made at the rates as of 30th April, 2002.
- (3) References in this table to CHF are to Swiss Francs, to DKK are to Danish Kroners, to € and EUR are to Euro, to GBP are to Great Britain Pounds, to JPY are Japanese Yen, to NOK are to Norwegian Kroners and to USD are to United States 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 € 12.327 billion owed by RFF to SNCF following the Reform.
- (5) SNCF has a € 7,000,000,000 Euro Medium Term Note Programme, dated 19th July, 2001.
The foregoing table does not include the equivalent (as at 30th April, 2002) of € 850.32 million private placements issued under this Programme.
- (6) Save as disclosed above, there has been no material change in the capitalisation of SNCF since 30th April, 2002.

The following unaudited table sets out at 30th April, 2002 the aggregate payments (expressed in € million) required to be made in respect of principal on the outstanding long-term debt of SNCF (including Special Debt Account and lease financing contracts with EUROFIMA) as modified by currency exchange agreements:

		(EUR millions)					
	2002	2003	2004	2005	2006	2007	2008
EUR.. .. .	1,287.50	3,657.44	3,142.30	3,150.71	2,868.37	2,375.27	1,838.83
CHF.. .. .	304.19	0.51	499.11	341.97	205.19	0.00	0.00
GBP.. .. .							
Total	1,591.69	3,657.95	3,641.44	3,492.68	3,073.56	2,375.27	1,838.83

		(EUR millions)					
	2009	2010	2011	2012	2013	Balance	Total
EUR.. .. .	1,854.45	938.70	410.59	502.41	1,118.99	2,595.13	25,740.72
CHF.. .. .	0.00	0.00	0.00	0.00	0.00	274.19	1,625.16
GBP.. .. .			103.24	69.53	0.00	168.70	341.47
Total	1,854.45	938.70	513.83	571.94	1,118.99	3,038.02	27,707.35

RECENT DEVELOPMENTS

Appointment of Statutory Auditors

Pursuant to article 30 of the French *loi* n° 84-148 of 1st March, 1994, and following the favourable opinions of the President of the *Commission des Opérations de Bourses* and the President of the *Commission Nationale d'Inscription des Commissaires aux Comptes*, the Economy, Finance and Industry Minister appointed as the statutory auditors of SNCF for the fiscal years 2002 to 2007 the following firms:

ERNST and YOUNG Audit

Represented by Mr. Patrick GOUNELLE and Mr. Francis GIDOIN

4, rue Auber

75009 PARIS

and

MAZARD et GUERARD

Represented by Mr. Gilles RAINAUT and Mr. Jean-Louis LEBRUN

125, rue de Montreuil

75011 PARIS

Telecom Development

SNCF decided not to exercise the put option, valid until 11th July, 2002, granted to it by Groupe CEGETEL in respect of SNCF's participation in Télécom Développement. SNCF remains a 50.01 per cent. shareholder alongside Groupe CEGETEL.

SNCF will continue discussions on developments and possible methods of bringing together the parties which would facilitate the reinforcement of synergies between Télécom Développement and CEGETEL.

SHEM – Société hydroélectrique du midi

A commercial partnership agreement is currently being negotiated between SHEM, SNCF and Electrabel.

Geodis

A capital increase is currently under consideration for the Geodis Group. SNCF-Participation, a 99.83 per cent. owned subsidiary of SNCF and majority shareholder of Geodis (43.32 per cent.), intends to subscribe that capital increase on a pro rata basis to its current shareholding in Geodis.

Keolis

Keolis, a 43.51 per cent. owned subsidiary of SNCF-Participations, has been selected by the Swedish authorities as their preferred bidder to take over from « Busslink » in the operation of bus lines in the suburbs of Stockholm.

SUBSCRIPTION AND SALE

Subject to the terms and on the conditions contained in an amended and restated Dealer Agreement dated 17th July, 2002 (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 which 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.

Investors in France may only participate in the issue of Notes for their own account in accordance with the conditions set out in *décret* No.98-880 of 1st October, 1998. Notes may only be issued, directly or indirectly, to the public in the Republic of France in accordance with Articles L.411-1 and L.411-2 of the *Code Monétaire et Financier*.

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.

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.

[Date]

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 17th July, 2002. This Pricing Supplement is supplemental to and must be read in conjunction with such Offering Circular.

[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 must be redeemed before the first anniversary of their date of issue, and the issue proceeds are to be accepted in the United Kingdom, the minimum denomination [must/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: | [●] |
| | | (If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible.) |
| 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 | [(i)] Issue Date [and Interest Commencement Date]: | [●] |
| | [(ii)] Interest Commencement Date (if different from the Issue Date): | [●] |
| 8 | Maturity Date: | [specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to (specify the relevant month and year)] |
| 9 | Interest Basis: | [[●] per cent. Fixed Rate] |

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

**PROVISION RELATING TO INTEREST (IF ANY)
PAYABLE**

- 16 Fixed Rate Note Provisions
- (i) Rate(s) of Interest:
- (ii) Interest Payment Date(s):
- (iii) Fixed Coupon Amount(s):
- (iv) Broken Amount(s):
- (v) Day Count Fraction (Condition 5(j)):
- [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-
paragraphs of this paragraph)
[●] per cent. per annum [payable
[annually/semi-annually/quarterly/
monthly] in arrear] (If payable other than
annually consider amending Conditions)
[●] in each year
[●] per [●] in nominal amount
[Insert particulars of any initial or final
broken interest amounts which do not
correspond with the Fixed Coupon
Amount{(s)} and the Interest Payment
Date(s) to which they relate]
[●]
[Consider if day count fraction for euro
denominated issues should be on an Actual/
Actual-ISDA or Actual/Actual-ISMA
basis]

(vi)	Determination Date(s) (Condition 5(j)):	<i>[Insert day(s) and month(s) on which interest is normally paid (if more than one, then insert such dates in the alternative)] in each year</i>
(vii)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	[Not Applicable/give details]
17	Floating Rate Provisions	<i>[Applicable/Not Applicable] (If not applicable, delete the remaining sub-paragraphs of this paragraph. Also consider whether EURO BBA LIBOR or EURIBOR is the appropriate reference rate for Notes denominated in euro)</i>
(i)	Specified Period(s)/Specified Interest Payment Dates:	[●]
(ii)	Business Day Convention:	[Floating Rate Business Day Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/other (give details)]
(iii)	Additional Business Centre(s) (Condition 5(j)):	[●]
(iv)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination/other (give details)]
(v)	Interest Period Date(s):	[Not Applicable/specify dates]
(vi)	Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent):	[●]
(vii)	Screen Rate Determination (Condition 5(b)(iii)(B)):	<div data-bbox="352 1312 831 1357">– Relevant Time:</div> <div data-bbox="352 1357 831 1402">– Interest Determination Date:</div> <div data-bbox="352 1503 831 1547">– Primary Source for Floating Rate:</div> <div data-bbox="352 1581 831 1659">– Reference Banks (if Primary Source is “Reference Banks”):</div> <div data-bbox="352 1671 831 1715">– Relevant Financial Centre:</div> <div data-bbox="352 1783 831 1827">– Benchmark:</div> <div data-bbox="352 1861 831 1906">– Representative Amount:</div> <div data-bbox="352 1973 831 2018">– Effective Date:</div>

- Specified Duration: *[Specify period for quotation if not duration of Interest Accrual Period]*
- (viii) ISDA Determination (Condition 5(b)(iii)(A)):
 - Floating Rate Option: [●]
 - Designated Maturity: [●]
 - Reset Date: [●]
 - ISDA Definitions: (if different from those set out in the Conditions) [●]
- (ix) Margin(s): [+/-] [●] per cent. per annum
- (x) Minimum Rate of Interest: [●] per cent. per annum
- (xi) Maximum Rate of Interest: [●] per cent. per annum
- (xii) Day Count Fraction (Condition 5(j)): [●]
- (xiii) Rate Multiplier: [●]
- (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 subparagraphs 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 subparagraphs 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 Business Day Convention/
Following Business Day Convention/
Modified Following Business Day
Convention/Preceding Business Day
Convention/other (give details)]
 - (vi) Additional 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] (<i>If not applicable, delete the remaining subparagraphs of this paragraph</i>)
	(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:	[●]
	(v) Day Count Fraction (Condition 5(j)):	[●]
PROVISIONS RELATING TO REDEMPTION		
21	Call Option	[Applicable/Not Applicable] (<i>If not applicable, delete the remaining subparagraphs of this paragraph</i>)
	(i) Optional Redemption Date(s):	[●]
	(ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s):	[●]
	(iii) If redeemable in part:	[●]
	(a) Minimum nominal amount to be redeemed:	[●]
	(b) Maximum nominal amount to be redeemed:	[●]
	(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	Put Option	[Applicable/Not Applicable] (<i>If not applicable, delete the remaining subparagraphs of this paragraph</i>)
	(i) Optional Redemption Date(s):	[●]
	(ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s):	[●]
	(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	[Nominal amount/Other/See Appendix]

24 **Early Redemption Amount**

- | | | |
|-------|---|-------------------------|
| (i) | Early Redemption Amount(s) 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**

- | | | |
|-----|---|--|
| (i) | Temporary or permanent global Note/Certificate: | <p>[Bearer Notes/Exchangeable Bearer Notes/Registered Notes]</p> <p>[Delete as appropriate]</p> <p>[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]</p> <p>[Temporary Global Note/Certificate exchangeable for Definitive Certificates on [●] days' notice]</p> <p>[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]</p> <p>[Unrestricted Global Certificate/Restricted Global Certificate]</p> |
|-----|---|--|

- | | | |
|----|--|--|
| 26 | Additional 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): | [●] |
| (iii) | Minimum Instalment Amount: | [●] |
| (iv) | Maximum Instalment Amount: | [●] |

- | | | |
|----|--|--|
| 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] |
| | (iii) Dealer's Commission: | [●] |
| 34 | If non-syndicated, name of Dealer: | [Not Applicable/give name] |
| 35 | If non-syndicated, name of Dealer: | [Not Applicable/give name] |
| 36 | Additional selling restrictions: (*French selling restrictions) | [Not Applicable/give details] |

OPERATIONAL INFORMATION

- | | | |
|----|---|---|
| 37 | ISIN Code: | [●] |
| 38 | Common Code: | [●] |
| 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 Depository | [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 details 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 REGULATION S 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 REGULATION S [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.]

* If any change is disclosed in the Pricing Supplement, it will require approval by the Financial Services Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 (for London-listed deals) or the Stock Exchange(s) as the case may be. Consideration should be given as to whether or not such disclosure should be made by means of a supplemental Offering Circular [comprising supplementary listing particulars] rather than in a Pricing Supplement.

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 Chief Registrar of the District Court in Luxembourg ("*Greffier en Chef du Tribunal d'Arrondissement de et à 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*. The relevant approval in relation to each issue of Notes will be evidenced by the issue of a visa by the COB. The visa number will be disclosed in the applicable Pricing Supplement.
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 applicable 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, 2001 and no material adverse change in the financial position or prospects of the Issuer or the Group since 31st December, 2001.

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 Savings Directive

On 13th December, 2001, the Council of the European Union published a revised document for a new directive regarding the taxation of savings income. It is proposed that, subject to a number of important conditions being met, Member States will be required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to an individual resident in that other Member State, except that Austria, Belgium and Luxembourg will instead operate a withholding system for a transitional period in relation to such payments. The proposed directive is not yet final, and may be subject to further amendment and/or clarification.

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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France

DEALERS

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Nomura International PLC
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England

UBS AG,
acting through its business group
UBS Warburg
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London EC2M 2PP
England

ARRANGER

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FISCAL AGENT, PRINCIPAL PAYING AGENT AND TRANSFER AGENT

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PAYING AGENT AND TRANSFER AGENT

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CALCULATION AGENT

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LUXEMBOURG LISTING AGENT

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PARIS LISTING AGENT

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