OFFERING CIRCULAR
Dated 30th June 2004

SOCIETE NATIONALE DES CHEMINS DE FER FRANÇAIS

€7,000,000,000

Euro Medium Term Notes

Due from one day from the date of original issue

Under the Euro Medium Term Note Programme described in this Offering Circular (the ''Programme''), Société Nationale des Chemins de fer Français (the ''Issuer''), subject to compliance with all relevant laws, regulations and directives, may from time to time issue outside the Republic of France Euro Medium Term Notes (the ''Notes''). The aggregate nominal amount of Notes outstanding will not at any time exceed €7,000,000,000 (or its equivalent in other currencies) subject to increase as described herein.

This Offering Circular (the ''Offering Circular'') supersedes and replaces the Offering Circular dated 26th June, 2003. Any Notes issued under the Programme on or after the date of this Offering Circular are issued subject to the provisions described herein.

Notes will be issued in one or more series (each a ''Series''). Each Series shall be in bearer form or in registered form and may be issued in one or more tranches (each a ''Tranche'') on different issue dates and on terms otherwise identical (except in relation to the interest commencement dates and matters related thereto).

Application has been made to list Notes issued under the Programme on the Luxembourg Stock Exchange (the ''Luxembourg Stock Exchange'') and application may be made in certain circumstances to list Notes on Euronext Paris S.A. (''Euronext Paris''). In relation to Notes listed on the Luxembourg Stock Exchange, this Offering Circular is valid for a period of one year from the date hereof. However, unlisted Notes may be issued pursuant to the Programme. The applicable Pricing Supplement (as defined below) in respect of the issue of any Notes will specify whether or not such Notes will be listed and, if so, the relevant stock exchange(s).

This Offering Circular has not been submitted to the clearance procedures of, nor registered by, the *Autorité des marchés financiers* (the ''AMF''), and no Notes may be listed on Euronext Paris unless and until a prospectus incorporating this Offering Circular (the ''*Document de Base*'') has been approved by the AMF and a registration number granted with respect thereto.

Notes of each Tranche of each Series of Notes in bearer form will initially be represented by a temporary global note in bearer form (each a ''Temporary Global Note'') or a permanent global note in bearer form (each a ''Permanent Global Note'' and, collectively with any Temporary Global Note, the ''Global Notes''), each without interest coupons. Global Notes may be deposited (a) in the case of a Tranche intended to be cleared through Euroclear (as defined below) and/or Clearstream Banking, société anonyme (''Clearstream, Luxembourg''), on the issue date of the relevant Tranche of each Series with a common depositary on behalf of Euroclear Bank S.A./N.V., as operator of the Euroclear System (''Euroclear'') and Clearstream, Luxembourg, (b) in the case of a Tranche intended to be cleared through Euroclear France and the *Intermédiaires financiers habilités*, authorised to maintain accounts therein (together, ''Euroclear France''), on the issue date with Euroclear France, acting as central depositary, and (c) in the case of a Tranche intended to be cleared through a clearing system other than or in addition to Euroclear, Clearstream, Luxembourg or Euroclear France or delivered outside a clearing system, as agreed between the Issuer and the relevant Dealer. The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Notes are described in ''Form of Notes and Transfer Restrictions''.

Notes of each Tranche of each Series of Notes in registered form (''Registered Notes'' comprising a ''Registered Series'') and which are sold in an ''offshore transaction'' within the meaning of Regulation S under the U.S. Securities Act of 1933 as amended (the ''Securities Act'') will initially be represented by one or more global certificates (each an ''Unrestricted Global Certificate'') in fully registered form without interest coupons which will be (a) in the case of a Tranche intended to be cleared through Euroclear and/or Clearstream, Luxembourg, deposited with, and registered in the name of a nominee of, a common depositary for Euroclear and Clearstream, Luxembourg and (b) in the case of a Tranche intended to be cleared through Euroclear France, deposited with, and registered in the name of, Euroclear France or as otherwise agreed with Euroclear France, which may in each case be exchangeable under their terms for definitive Registered Notes. Notes of each Tranche of each Registered Series sold to a qualified institutional buyer within the meaning of Rule 144A under the Securities Act, as referred to in, and subject to the transfer restrictions described in, ''Form of Notes and Transfer Restrictions – Registered Notes'' and ''Subscription and Sale'', will initially be represented by one or more global certificates (each a ''Restricted Global Certificate'' and, together with the Unrestricted Global Certificates, ''Global Certificates'') in fully registered form without interest coupons which will be deposited with a custodian for, and registered in the name of a nominee of, The Depository Trust Company (''DTC'') on its issue date. See ''Form of Notes and Transfer Restrictions – Registered Notes''. Individual definitive Registered Notes will only be available in certain limited circumstances as described herein.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT AND MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT TO QUALIFIED INSTITUTIONAL BUYERS PURSUANT TO RULE 144A UNDER THE SECURITIES ACT. FOR CERTAIN RESTRICTIONS ON TRANSFER OF THE NOTES, SEE "FORM OF NOTES AND TRANSFER RESTRICTIONS".

Arranger for the Programme

ABN AMRO

Dealers

ABN AMRO

BNP PARIBAS	**Morgan Stanley**
Deutsche Bank	**Nomura International**
Dresdner Kleinwort Wasserstein	**UBS Investment Bank**

The Issuer having made all reasonable enquiries confirms that this document contains or incorporates all information with respect to the Issuer, the Issuer and its consolidated subsidiaries taken as a whole (the ''Group'') and the Notes that is material in the context of the issue and offering of the Notes, the statements contained in it relating to the Issuer and the Group are in every material particular true and accurate and not misleading, the opinions and intentions expressed in this Offering Circular with regard to the Issuer and the Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions and to the best of its knowledge and belief there are no other facts in relation to the Issuer, the Group or the Notes the omission of which would, in the context of the issue and offering of the Notes, make any statement in this Offering Circular misleading in any material respect and all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements. The Issuer accepts responsibility accordingly.

No person has been authorised by the Issuer to give any information or to make any representation other than those contained in this Offering Circular in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers or the Arranger (as defined in ''Summary of the Programme''). Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Notes shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Group since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer or the Group since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. The distribution of this Offering Circular and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Dealers and the Arranger to inform themselves about and to observe any such restrictions. The Notes have not been and will not be registered under the Securities Act and include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons. For a description of certain restrictions on offers and sales of Notes and on distribution of this Offering Circular, see ''Subscription and Sale''.

Prospective purchasers are hereby notified that a seller of the Notes may be relying on the exemption from the registration requirements of Section 5 of the Securities Act provided by Rule 144A thereunder (''Rule 144A'').

Investors in France may only participate in the issue of the Notes for their own account in accordance with the conditions set out in *décret* no. 98-880 dated 1st October, 1998. Notes may only be issued, directly or indirectly, to the public in France in accordance with articles L.411-1 and L.411-2 of the French *Code monétaire et financier*. Persons into whose possession offering material comes must inform themselves about and observe any such restrictions. This Offering Circular does not constitute, and may not be used for or in connection with, an offer to any person to whom it is unlawful to make such an offer, or a solicitation by anyone not authorised so to act.

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Dealers to subscribe for, or purchase, any Notes.

Neither the Dealers nor the Arranger have independently verified the information contained in this Offering Circular. None of them makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Offering Circular. Neither this Offering Circular nor any document incorporated by reference nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Arranger or the Dealers that any recipient of this Offering Circular or any other financial statements or any document incorporated by reference should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Offering Circular and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers or the Arranger undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arranger.

In connection with the issue and distribution of any Tranche of Notes, one of the Dealers may act as a stabilising manager (the ''Stabilising Manager''). The identity of the Stabilising Manager will be disclosed in the applicable Pricing Supplement. References in the next paragraph to "this issue" are to each Tranche in relation to which a Stabilising Manager is appointed.

In connection with this issue, the 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.

In this Offering Circular, unless otherwise specified or the context otherwise requires, references to "€", "EUR" and "euro" are to the lawful currency of the Member States of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union and as amended by the Treaty of Amsterdam. References to "U.S. dollars", "U.S.$" and "$" are to the lawful currency of the United States of America and to "Sterling" and "£" are to the lawful currency of the United Kingdom.

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THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF NOTES OR THE ACCURACY OR THE ADEQUACY OF THIS OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

NOTICE TO NEW HAMPSHIRE RESIDENTS: NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA CHAPTER 421-B IS TRUE, COMPLETE AND NOT MISLEADING, NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT, ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

DOCUMENTS INCORPORATED BY REFERENCE

All amendments and supplements to this Offering Circular prepared by the Issuer from time to time, the most recently published audited annual accounts, and any interim accounts (whether audited or unaudited) published subsequently to such annual accounts, of the Issuer from time to time, shall be deemed to be incorporated in, and to form part of, this Offering Circular and shall be deemed to modify or supersede the contents of this Offering Circular to the extent that a statement contained in any such document is inconsistent with such contents. Copies of all the documents incorporated by reference shall be available to any interested person, free of charge, at the specified offices of each of the Paying Agents.

For Euronext Paris listing purposes, the most recently published annual accounts of the Issuer and the interim accounts (whether audited or unaudited) published subsequently to such annual accounts must be contained in a document submitted to the clearance procedures of the AMF.

SUPPLEMENTAL OFFERING CIRCULAR

The Issuer has undertaken to the Dealers and the Luxembourg Stock Exchange that if at any time during the duration of the Programme there is a significant change affecting any matter contained in this Offering Circular whose inclusion would reasonably be required by investors and their professional advisers, and would reasonably be expected by them to be found in this Offering Circular, for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and the rights attaching to the Notes, the Issuer shall prepare an amendment or supplement to this Offering Circular or publish a replacement Offering Circular for use in connection with any offering of the Notes to be listed on the Luxembourg Stock Exchange or Euronext Paris, as the case may be, or otherwise and shall supply to each Dealer such number of copies of such supplement hereto as such Dealer may reasonably request.

AVAILABLE INFORMATION

For as long as any of the Notes remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer will, during any period in which it is not subject to Section 13 or 15(d) under the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, make available, upon request, to any person in whose name a Global Certificate is registered, to any owner of a beneficial interest in a Global Certificate, to a prospective purchaser of a Registered Note (as defined below) or beneficial interest therein who is a qualified institutional buyer within the meaning of Rule 144A designated by any such person or beneficial owner, or to Deutsche Bank AG London as fiscal agent (the "Fiscal Agent") for delivery to any such person, beneficial owner or prospective purchaser, as the case may be, in connection with the resale of a beneficial interest in a Global Certificate by such person or beneficial owner, the information specified in Rule 144A(d)(4) under the Securities Act. In addition, the Issuer will furnish the Fiscal Agent, the Paying Agent and the Luxembourg Stock Exchange with copies of its audited annual accounts and unaudited semi-annual accounts, in each case prepared in accordance with accounting principles generally accepted in the Republic of France.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Issuer is a corporation organised under the laws of the Republic of France. All of the officers and directors named herein reside outside the United States and all or a substantial portion of the assets of the Issuer and of such officers and directors are located outside the United States. As a result, it may not be possible for investors to effect service of process outside the Republic of France upon the Issuer or such persons, or to enforce judgments against them obtained in courts outside the Republic of France predicated upon civil liabilities of the Issuer or such directors and officers under laws other than French law, including any judgment predicated upon United States federal securities laws.

SUMMARY OF THE PROGRAMME

The following summary does not purport to be complete and is taken from, and is qualified in its entirety by the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Pricing Supplement. Words and expressions defined in the ''Form of the Notes'' and ''Terms and Conditions of the Notes'' shall have the same meaning in this summary.

Issuer:	Société Nationale des Chemins de fer Français
Description:	Euro Medium Term Note Programme (the ''Programme'')
Amount:	Up to €7,000,000,000 (or its equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time. The Issuer may increase the amount of the Programme in accordance with the terms of the Amended and Restated Dealer Agreement dated 30th June, 2004 (as further amended or supplemented as at the date of issue of the Notes (the ''Issue Date'') between the Issuer, the Arranger and the Dealers (the ''Dealer Agreement'').
Arranger:	ABN AMRO Bank N.V.
Dealers:	ABN AMRO Bank N.V., BNP PARIBAS, Deutsche Bank AG London, Dresdner Bank Aktiengesellschaft, Morgan Stanley & Co. International Limited, Nomura International plc, and UBS Limited. The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Offering Circular to ''Permanent Dealers'' are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to ''Dealers'' are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.
Fiscal Agent and Principal Paying Agent:	Deutsche Bank AG London is the initial Fiscal Agent and Principal Paying Agent.
Paying Agent:	Deutsche Bank Luxembourg S.A.
Registrar:	Deutsche Bank Trust Company Americas
Transfer Agents:	Deutsche Bank AG London, Deutsche Bank Luxembourg S.A. and Deutsche Bank Trust Company Americas
Method of Issue:	The Notes will be issued in one or more Series having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in Tranches on the same or different issue dates with no minimum issue size. In addition, Notes listed on Euronext Paris will be issued in compliance with the *Principes Généraux* of the COB and the *Conseil des marchés financiers* published from time to time. Further Notes may be issued as part of an existing Series. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in a pricing supplement to this Offering Circular (a ''Pricing Supplement'').
Distribution:	The Notes may be distributed by way of private or public placement, in each case on a syndicated or non-syndicated basis.

Redenomination:	The applicable Pricing Supplement may provide that certain Notes may be redenominated in euro. The relevant provisions applicable to any such redenomination are contained in ''Terms and Conditions of the Notes – Form, Denomination, Title and Redenomination'' below (see also ''Consolidation'' below).
Issue Price:	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly-paid Notes may be issued, the issue price of which will be payable in two or more instalments.
Form of Notes:	The Notes may be issued in bearer form (''Bearer Notes''), in bearer form exchangeable for Registered Notes (''Exchangeable Bearer Notes'') or in registered form (''Registered Notes'').
	Each Tranche of Bearer Notes and Exchangeable Bearer Notes will initially be represented by interests in a Temporary Global Note in bearer form, without interest coupons, if (i) definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date or (ii) such Notes have an initial maturity of more than one year and are being issued in compliance with the D Rules (as defined in ''Summary of the Programme – Selling Restrictions''), otherwise such Tranche will be represented by interests in a Permanent Global Note in bearer form without interest coupons.
	Registered Notes offered and sold outside the United States in reliance on Regulation S under the Securities Act (''Regulation S'') will be represented by an Unrestricted Global Certificate, in registered form, without interest coupons attached, which will be deposited on or about the Issue Date (i) in the case of a Tranche intended to be cleared through Euroclear and/or Clearstream, Luxembourg, with Deutsche Bank AG London, as common depositary for, and registered in the name of BT Globenet Nominees Limited as nominee for such common depositary in respect of interests held through, Euroclear and Clearstream, Luxembourg and (ii) in the case of a Tranche intended to be cleared through Euroclear France, with, and registered in the name of, Euroclear France or as otherwise agreed with Euroclear France in respect of interests held through Approved Intermediaries (as defined below). A beneficial interest in the Unrestricted Global Certificate may at all times be held only through Euroclear and Clearstream, Luxembourg or Euroclear France, as the case may be.
	Registered Notes offered and sold in reliance on Rule 144A will be represented by a Restricted Global Certificate, in registered form, without interest coupons attached, which will be deposited on or about the Issue Date with Deutsche Bank Trust Company Americas, as custodian for, and registered in the name of Cede & Co. as nominee for, DTC. The Restricted Global Certificate (and any definitive Registered Notes issued in exchange therefor) will be subject to certain restrictions on transfer contained in a legend appearing on the face of such Certificate.
Clearing Systems:	Clearstream, Luxembourg, Euroclear and Euroclear France for Bearer Notes and Clearstream, Luxembourg, Euroclear, Euroclear France and DTC for Registered Notes. Application will be made for trading of Registered Notes in Portal, as specified in the applicable Pricing Supplement. In relation to any Tranche, Notes may be cleared through such other clearing system or systems as may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer.
Currencies:	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and the relevant Dealer(s).

Notes having a maturity of less than one year:

Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in the Section 19 of the Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent (see ''Subscription and Sale'').

Maturities: Subject to compliance with all relevant laws, regulations and directives, any maturity greater than one day.

Denomination: Notes will be in such denominations as may be agreed by the Issuer and the relevant Dealer(s) and specified in the applicable Pricing Supplement, subject to applicable laws and regulations. However, unless otherwise permitted by then current laws, regulations and directives, Registered Notes resold pursuant to Rule 144A shall be in denominations of U.S.$500,000 (or its equivalent rounded upwards as agreed between the Issuer and the relevant Dealer(s)) and higher integral multiples of U.S.$1,000 (or its equivalent rounded as aforesaid).

Fixed Rate Notes: Fixed interest will be payable in arrear on the date or dates in each year specified in the applicable Pricing Supplement.

Floating Rate Notes: Floating Rate Notes will bear interest determined separately for each Series as follows:

(i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2000 ISDA Definitions published by the International Swaps and Derivatives Association Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series; or

(ii) by reference to LIBOR, LIBID, LIMEAN or EURIBOR (or such other benchmark as may be specified in the applicable Pricing Supplement) as adjusted for any applicable margin; or

(iii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or

(iv) on such other basis as may be agreed between the Issuer and the relevant Dealer(s).

The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer(s) for each Series of Floating Rate Notes.

Interest periods will be defined in the applicable Pricing Supplement.

Zero Coupon Notes: Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest other than to the case of late payment.

Dual Currency Notes: Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange as may be specified in the applicable Pricing Supplement.

Index Linked Notes: Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or such formula as may be specified in the applicable Pricing Supplement.

Variable Coupon Amount Notes: The Pricing Supplement issued in respect of each issue of variable coupon amount Notes will specify the basis for calculating the amounts of interest payable, which may be by reference to a stock index or formula or as otherwise provided in the applicable Pricing Supplement.

Interest Periods and Interest Rates: The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the applicable Pricing Supplement.

Redemption: The applicable Pricing Supplement will specify the basis for calculating the redemption amounts payable.

Notes having a maturity of less than one year from the date of issue may be subject to restrictions on their denomination and distribution, see ''Certain Restrictions – Notes having a maturity of less than one year'' above.

Redemption by Instalments: The Pricing Supplement issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed, see ''Certain Restrictions – Notes having a maturity of less than one year'' above.

Other Notes: Terms applicable to high interest Notes, low interest Notes, step-up Notes, step-down Notes, dual currency Notes, reverse dual currency Notes, optional dual currency Notes, partly-paid Notes and any other type of Note that the Issuer, and any Dealer or Dealers may agree to issue under the Programme will be set out in the applicable Pricing Supplement.

Optional Redemption: The Pricing Supplement issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the holders, and if so the terms applicable to such redemption.

Early Redemption: Except as provided in ''Optional Redemption'' above, Notes will be redeemable at the option of the Issuer prior to maturity only for tax reasons. See ''Terms and Conditions of the Notes – Redemption Purchase and Options''.

Status of Notes: Subject to ''Terms and Conditions of the Notes – Negative Pledge'', the Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank and will rank *pari passu* without any preference among themselves, all as described in ''Terms and Conditions of the Notes – Status''.

Negative Pledge: There will be a negative pledge as set out in Condition 4 – see ''Terms and Conditions of the Notes – Negative Pledge''.

Cross Default: There will be a cross default as set out in Condition 10(iii) – see ''Terms and Conditions of the Notes – Events of Default''.

Rating: The Issuer's long term debt has been rated AAA by Standard & Poor's, Aaa by Moody's Deutschland GmbH and AAA by Fitch Ratings Ltd. and its short term debt has been rated A-1+ by Standard & Poor's, P-1 by Moody's Deutschland GmbH and F1+ by Fitch Ratings Ltd.

Withholding Tax: Subject as set out below and unless otherwise provided in the applicable Pricing Supplement, payments in respect of the Notes will be made without withholding or deduction for, or on account of, taxes imposed by or on behalf of the Republic of France as provided by article 131 quater of the French General Tax Code, to the extent that the Notes are issued (or deemed to be issued) outside France.

	Notes constituting *obligations* under French law will be issued (or deemed to be issued) outside France (i) in the case of Notes denominated in euro, as provided in the Circular of the *Direction générale des impôts* dated 30th September, 1998, (ii) in the case of syndicated issues of Notes denominated in currencies other than euro, if, *inter alia*, the Issuer and the relevant Dealers agree not to offer the Notes to the public in the Republic of France and such Notes are offered in the Republic of France only to ''qualified investors'' as described in articles L.411-1 and L.411-2 of the *Code monétaire et financier* or (iii) in the case of non-syndicated issues of Notes denominated in currencies other than euro if each of the subscribers of the Notes is domiciled or resident for tax purposes outside the Republic of France.
	The tax regime applicable to Notes which do not constitute *obligations* will be set out in the applicable Pricing Supplement.
Consolidation:	Notes of one Series may be consolidated with those of another Series, all as described in ''Terms and Conditions of the Notes – Further Issues and Consolidation''.
Governing Law:	The Notes will be governed by, and construed in accordance with, English law.
Listing:	Application has been made to list Notes issued under the programme on the Luxembourg Stock Exchange and application may be made to list Notes on Euronext Paris or on any other stock exchange. Any listing of Notes on Euronext Paris will be subject to the requirements of the AMF and Euronext Paris. It is a requirement of the AMF that a prospectus in relation to the Programme incorporating this Offering Circular (*Document de Base*) be submitted to, and approved by, the AMF and a registration number granted with respect thereto. As of the date of this Offering Circular, neither this Offering Circular nor any *Document de Base* has been approved by the AMF. Application may be made to have one or more Series of Notes accepted for trading in The Portal Market (''Portal'') of The Nasdaq Stock Market, Inc.
	Unlisted Notes may also be issued.
	The applicable Pricing Supplement will state whether or not the relevant Notes are to be listed and, if so, on which stock exchange.
Selling Restrictions:	There are restrictions on the sale of Notes and the distribution of offering material in various jurisdictions. See ''Subscription and Sale''.
	The Issuer is Category 2 for the purposes of Regulation S.
	The Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the ''D Rules'') unless (i) the applicable Pricing Supplement states that Notes are issued in compliance with U.S. Treas. Reg. §1.163- 5(c)(2)(i)(C) (the ''C Rules'') or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute ''registration required obligations'' under the United States Tax Equity and Fiscal Responsibility Act of 1982 (''TEFRA''), which circumstances will be referred to in the applicable Pricing Supplement as a transaction to which TEFRA is not applicable.
Transfer Restrictions:	There are restrictions on the transfer of Registered Notes sold pursuant to Rule 144A under the Securities Act. See ''Form of Notes and Transfer Restrictions''.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the applicable Pricing Supplement, shall be applicable to the Notes, in definitive form (if any) issued in exchange for the Global Note(s) and the Global Certificates representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the applicable Pricing Supplement. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to ''Notes'' are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

The Notes are issued (or deemed to be issued) outside the Republic of France by Société Nationale des Chemins de fer Français (the ''Issuer'') pursuant to an amended and restated Agency Agreement dated 30th June, 2004 (as further amended or supplemented as at the date of issue of the Notes (the ''Issue Date'') between the Issuer, Deutsche Bank AG London, acting through its London Branch as successor to Bankers' Trust Company, London Branch, as *inter alia* fiscal agent and principal paying agent and the other agents named in it, (the ''Agency Agreement'')) with the benefit of a deed of covenant (as amended or supplemented at the Issue Date, the ''Deed of Covenant'') dated 30th June, 2004 and executed by the Issuer in relation to the Notes. The fiscal agent, the paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the ''Fiscal Agent'', the ''Paying Agents'' (which expression shall include the Fiscal Agent), the ''Registrar'', the ''Transfer Agents'' and the ''Calculation Agent(s)''. The Noteholders (as defined below), the holders of the interest coupons (the ''Coupons'') relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the ''Talons'') (the ''Couponholders'') and the holders of the receipts for the payment of instalments of principal (the ''Receipts'') relating to Notes in bearer form of which the principal is payable in instalments are deemed to have notice of all of the provisions of the Agency Agreement applicable to them.

Copies of the Agency Agreement and the Deed of Covenant are available for inspection at the specified offices of each of the Paying Agents, the Registrar and the Transfer Agents.

1. Form, Denomination, Title, Currency and Redenomination

(a) *Form, Denomination and Title:*

The Notes are issued in bearer form (''Bearer Notes'', which expression includes Notes that are specified to be Exchangeable Bearer Notes), in registered form (''Registered Notes'') or in bearer form exchangeable for Registered Notes (''Exchangeable Bearer Notes'') in each case in the Specified Denomination(s) shown in the applicable Pricing Supplement.

All Registered Notes shall have the same Specified Denomination. Where Exchangeable Bearer Notes are issued, the Registered Notes for which they are exchangeable shall have the same Specified Denomination as the lowest denomination of Exchangeable Bearer Notes.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, an Index Linked Redemption Note, an Instalment Note, a Dual Currency Note or a Partly Paid Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis shown in the applicable Pricing Supplement.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in the case of late payment), Coupons and Talons in these Conditions are not applicable. Instalment Notes are issued with one or more Receipts attached.

Registered Notes are represented by registered certificates (''Certificates'') and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Receipts, Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the ''Register''). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, ''Noteholder'' means the bearer of any Bearer Note and the Receipts relating to it or the person in whose name a Registered Note is registered (as the case may be), ''holder'' (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be), ''Series'' means a series of Notes comprising one or more Tranches (as defined below), whether or not issued on the same date, that except in respect of the first payment of interest and their issue price, have identical terms on issue and are expressed to have the same series number, ''Tranche'' means, in relation to a Series, those Notes of that Series that are issued on the same date at the same issue price and in respect of which the first payment of interest is identical, and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

(b) *Redenomination:*

The Issuer may (if so specified in the applicable Pricing Supplement) without the consent of the holder of any Note, Receipt, Coupon or Talon, redenominate all, but not some only, of the Notes of any Series on or after the date on which the Member State of the European Union in whose national currency such Notes are denominated has become a participating Member State in the third stage of the European economic and monetary union (''EMU''), all as more fully provided in the applicable Pricing Supplement.

2. Exchanges of Exchangeable Bearer Notes and Transfers of Registered Notes

(a) *Exchange of Exchangeable Bearer Notes:*

Subject as provided in Condition 2(f), Exchangeable Bearer Notes may be exchanged for the same aggregate nominal amount of Registered Notes at the request in writing of the relevant Noteholder and upon surrender of each Exchangeable Bearer Note to be exchanged, together with all unmatured Receipts, Coupons and Talons relating to it, at the specified office of any Transfer Agent; provided, however, that where an Exchangeable Bearer Note is surrendered for exchange after the Record Date (as defined in Condition 7(b)) for any payment of interest, the Coupon in respect of that payment of interest need not be surrendered with it. Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes that are not Exchangeable Bearer Notes may not be exchanged for Registered Notes.

(b) *Transfer of Registered Notes:*

One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor.

(c) *Exercise of Options or Partial Redemption in Respect of Registered Notes:*

In the case of an exercise of an Issuer's or Noteholders' option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) *Delivery of New Certificates:*

Each new Certificate to be issued pursuant to Conditions 2(a), (b) or (c) shall be available for delivery within three business days of receipt of the request for exchange, form of transfer or Exercise Notice (as defined in Condition 6(e)) and/or surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such request for exchange, form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant request for exchange, form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Agent (as defined in the Agency Agreement) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "business day" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(e) *Exchange Free of Charge:*

Exchange and transfer of Notes and Certificates on registration, transfer, partial redemption or exercise of an option shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(f) *Closed Periods:*

No Noteholder may require the transfer of a Registered Note to be registered or an Exchangeable Bearer Note to be exchanged for one or more Registered Note(s) (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) during the period of 15 days before any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(d), (iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date. An Exchangeable Bearer Note called for redemption may, however, be exchanged for one or more Registered Note(s) in respect of which the Certificate is simultaneously surrendered not later than the relevant Record Date.

3. Status

The Notes and the Receipts and Coupons relating to them constitute (subject to Condition 4) direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank and will rank *pari passu* without any preference among themselves and, save for statutorily preferred exceptions, equally with all its other obligations which are unsecured and unsubordinated.

4. Negative Pledge

So long as any of the Notes, Receipts or Coupons remain outstanding (as defined in the Agency Agreement) the Issuer will not secure or allow to be secured any loan, debt, guarantee or other obligation, now or hereafter existing, by any mortgage, lien (other than liens arising by operation of law), pledge or other charge upon any of the present or future revenues or assets of the Issuer (except for any mortgage, lien, pledge or other charge on property purchased by the Issuer as security for all or part of the purchase price thereof) without at the same time according to the Notes the same or equivalent security.

5. Interest and other Calculations

(a) *Interest on Fixed Rate Notes:*

Each Fixed Rate Note bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrears on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If a Fixed Coupon Amount or a Broken Amount is specified in the applicable Pricing Supplement, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount or, if applicable, the Broken Amount so specified and in the case of the Broken Amount will be payable on the particular Interest Payment Date(s) specified in the applicable Pricing Supplement.

(b) *Interest on Floating Rate Notes and Index Linked Interest Notes:*

(i) *Interest Payment Dates:*

Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. Such Interest Payment Date(s) is/are either shown in the applicable Pricing Supplement as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown in the applicable Pricing Supplement, Interest Payment Date shall mean each date which falls the number of months or other period shown in the applicable Pricing Supplement as the Specified Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) *Business Day Convention:*

If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified in the applicable Pricing Supplement is (A) the Floating Rate Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each such subsequent date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) *Rate of Interest for Floating Rate Notes:*

The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified in the applicable Pricing Supplement and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified in the applicable Pricing Supplement.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any). For the purposes of this sub-paragraph (A), ''ISDA Rate'' for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(x) the Floating Rate Option is as specified in the applicable Pricing Supplement;

(y) the Designated Maturity is a period specified in the applicable Pricing Supplement; and

(z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified in the applicable Pricing Supplement.

For the purposes of this sub-paragraph (A), ''Floating Rate'', ''Calculation Agent'', ''Floating Rate Option'', ''Designated Maturity'', ''Reset Date'', and ''Swap Transaction'' have the meanings given to those terms in the ISDA Definitions.

(B) *Screen Rate Determination for Floating Rate Notes*

Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent at or about the Relevant Time on the Interest Determination Date in respect of such Interest Accrual Period in accordance with the following:

(x) if the Primary Source for the Floating Rate is a Page, subject as provided below, the Rate of Interest shall be:

(I) the Relevant Rate (where such Relevant Rate on such Page is a composite quotation or is customarily supplied by one entity); or

(II) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Page,

in each case appearing on such Page at the Relevant Time on the Interest Determination Date;

(y) if the Primary Source for the Floating Rate is Reference Banks or if sub-paragraph (x)(I) above applies and no Relevant Rate appears on the Page at the Relevant Time on the Interest Determination Date or if sub-paragraph (x)(II) above applies and fewer than two Relevant Rates appear on the Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the arithmetic mean of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre at the Relevant Time on the Interest Determination Date, as determined by the Calculation Agent;

(z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) that the Calculation Agent determines to be the rates (being the nearest equivalent to the Benchmark) in respect of a Representative Amount of the Specified Currency that at least two out of five leading banks selected by the Calculation Agent in the principal financial centre of the country of the Specified Currency or, if the Specified Currency is euro, in the Euro-zone as selected by the Calculation Agent, (the ''Principal Financial Centre'') are quoting at or about the Relevant Time on the date on which such banks would customarily quote such rates for a period commencing on the Effective Date for a period equivalent to the Specified Duration (I) to leading banks carrying on business in Europe, or (if the Calculation Agent determines that fewer than two of such banks are so quoting to leading banks in Europe) (II) to leading banks carrying on business in the Principal Financial Centre; except that, if fewer than two of such banks are so quoting to leading banks in the Principal Financial Centre, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date (after readjustment for any difference between any Margin, Rate Multiplier or Maximum or Minimum Rate of Interest applicable to the preceding Interest Accrual Period and to the relevant Interest Accrual Period);

(iv) *Rate of Interest for Index Linked Notes:*

The Rate of Interest in respect of Index Linked Notes for each Interest Accrual Period shall be determined in the manner specified in the applicable Pricing Supplement and interest will accrue by reference to an Index or Formula as specified in the applicable Pricing Supplement.

(c) Zero Coupon Notes:

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of

Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as defined in Condition 6(b)).

(d) *Dual Currency Notes:*

In the case of Dual Currency Notes, if the rate or amount of interest fails to be determined by reference to a Rate of Exchange or a method of calculating a Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified in the applicable Pricing Supplement.

(e) *Partly Paid Notes:*

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Pricing Supplement.

(f) *Accrual of Interest:*

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (after as well as before judgment) at the Rate of Interest in the manner provided in this Condition 5, to the Relevant Date (as defined in Condition 8).

(g) *Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts, Rate Multipliers and Rounding:*

(i) If any Margin or Rate Multiplier is specified in the applicable Pricing Supplement (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with (b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin or multiplying by such Rate Multiplier, subject always to the next paragraph;

(ii) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified in the applicable Pricing Supplement, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be;

(iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes ''unit'' means the lowest amount of such currency that is available as legal tender in the country or countries of such currency.

(h) *Calculations:*

The amount of interest payable in respect of any Note for any period shall be calculated by multiplying the product of the Rate of Interest and the outstanding nominal amount of such Note by the Day Count Fraction, unless an Interest Amount (or a formula for its calculation) is specified in respect of such period, in which case the amount of interest payable in respect of such Note for such period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period shall be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.

(i) *Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts:*

As soon as practicable after the Relevant Time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, it shall determine such rate and calculate the Interest Amounts in respect of each Specified Denomination of the Notes for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment

Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange so require, such exchange as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(j) *Definitions: In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:*

''Benchmark'' means the benchmark source specified in the applicable Pricing Supplement for the purposes of calculating the Relevant Rate in respect of Floating Rate Notes;

''Business Day'' means:

(i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or

(ii) in the case of euro, a day on which the TARGET system is operating (a ''TARGET Business Day''); and/or

(iii) in the case of a currency and/or one or more additional Business Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the additional Business Centre(s) or, if no currency is indicated, generally in each of the additional Business Centres;

''Day Count Fraction'' means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period, the ''Calculation Period''):

(i) if ''Actual/365'' or ''Actual/Actual – ISDA'' is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(ii) if ''Actual/365 (Fixed)'' is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 365;

(iii) if ''Actual/360'' is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 360;

(iv) if ''30/360'', ''360/360'' or ''Bond Basis'' is specified in the applicable Pricing Supplement, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the

Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month));

(v) if ''30E/360'' or ''Eurobond Basis'' is specified in the applicable Pricing Supplement, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of a Calculation Period ending on the Maturity Date, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month);

(vi) (I) if ''Actual/Actual-ISMA'' is specified in the applicable Pricing Supplement,

(a) in case of Notes where the number of days in the relevant period from and including the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the ''Accrual Period'') is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year; or

(b) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

1. the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year; and

2. the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(II) if ''30/360'' is specified in the applicable Pricing Supplement, the number of days in the period from and including the most recent Payment Date (or, if none, the Interest Commencement Date) to but excluding the relevant payment date (such number of days being calculated on the basis of 12 30-day months) divided by 360.

''Determination Period'' means each period from (and including) a Determination Date to but excluding the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date prior to, and ending on the first Determination Date falling after, such date);

''Effective Date'' means, with respect to any Floating Rate to be determined on an Interest Determination Date, the date specified as such in the applicable Pricing Supplement or, if none is so specified, the first day of the Interest Accrual Period to which such Interest Determination Date relates;

''Euro-zone'' means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community as amended by the Treaty on European Union and by the Treaty of Amsterdam;

''Interest Accrual Period'' means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date;

''Interest Amount'' means the amount of interest payable, and in the case of Fixed Rate Notes means the Fixed Coupon Amount or Broken Amount;

''Interest Commencement Date'' means the Issue Date or such other date as may be specified in the applicable Pricing Supplement;

''Interest Determination Date'' means, with respect to Rate of Interest and Interest Accrual Period, the date specified as such in the applicable Pricing Supplement or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro;

''Interest Period'' means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date;

''Interest Period Date'' means each Interest Payment Date unless otherwise specified in the applicable Pricing Supplement;

''ISDA Definitions'' means the 2000 ISDA Definitions (as amended and updated as at the Issue Date of the first Tranche of the Notes) published by the International Swaps and Derivatives Association, Inc., unless otherwise specified in the applicable Pricing Supplement;

''Relevant Screen Page'' means such page, section, caption, column or other part of a particular information service (including, but not limited to, the Reuter Markets 3000 (''Reuters'') and Bridge Telerate (''Telerate'')) as may be specified in the applicable Pricing Supplement for the purpose of providing a Relevant Rate, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to that Relevant Rate;

''Rate of Interest'' means the rate of interest payable from time to time in respect of this Note and that is either specified in the applicable Pricing Supplement or calculated in accordance with the provisions hereon;

''Reference Banks'' means the institutions specified as such in the applicable Pricing Supplement or, if none, four major banks selected by the Calculation Agent in the interbank market (or, if appropriate, money, swap or over- the-counter index options market) that is most closely connected with the Benchmark (which if EURIBOR is the relevant Benchmark, shall be the Euro-zone);

''Relevant Financial Centre'' means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the financial centre as may be specified as such in the applicable Pricing Supplement or, if none is so specified, the financial centre with which the relevant Benchmark is most closely connected (which, in the case of EURIBOR shall be the Euro-zone) or, if none is so connected, London;

''Relevant Rate'' means the Benchmark for a Representative Amount of the Specified Currency for a period (if applicable or appropriate to the Benchmark) equal to the Specified Duration commencing on the Effective Date;

''Relevant Time'' means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre specified in the applicable Pricing Supplement or, if no time is specified, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Specified Currency in the interbank market in the Relevant Financial Centre and for this purpose ''local time'' means, with respect to Europe and the Euro-zone as a Relevant Financial Centre, Central European Time;

''Representative Amount'' means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the amount specified as such in the applicable Pricing Supplement or, if none is specified, an amount that is representative for a single transaction in the relevant market at the time;

''Specified Currency'' means the currency specified as such in the applicable Pricing Supplement or, if none is specified, the currency in which the Notes are denominated;

''Specified Duration'' means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the duration specified in the applicable Pricing Supplement or, if none is specified, a period of time equal to the relative Interest Accrual Period, ignoring any adjustment pursuant to Condition 5(b)(ii); and

''TARGET System'' means the Trans-European Real-Time Gross-Settlement Express Transfer (TARGET) System or any successor thereto.

(k) *Calculation Agent and Reference Banks:*

The Issuer shall procure that there shall at all times be four Reference Banks (or such other number as may be required) with offices in the Relevant Financial Centre and one or more Calculation Agents if provision is made for them in the applicable Pricing Supplement and for so long as any Note is outstanding. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank, then the Issuer shall appoint another Reference Bank with an office in the Relevant Financial Centre to act as such in its place. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Period or Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be or to comply with any other requirement, the Issuer shall appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

6. Redemption, Purchase and Options

(a) *Redemption by Instalments and Final Redemption:*

(i) Unless previously redeemed, purchased and cancelled as provided in this Condition 6 or unless the relevant Instalment Date (being one of the dates so specified in the applicable Pricing Supplement) is extended pursuant to any Issuer's or Noteholder's option in accordance with Condition 6(d) or 6(e), each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified in the applicable Pricing Supplement. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused on presentation of the related Receipt, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.

(ii) Unless previously redeemed, purchased and cancelled as provided below or unless its maturity is extended pursuant to any Issuer's or Noteholder's option in accordance with Condition 6(d) or 6(e), each Note shall be finally redeemed on the Maturity Date specified in the applicable Pricing Supplement at its Final Redemption Amount (which, unless otherwise provided, is its nominal amount) or, in the case of a Note falling within sub-paragraph (i) above, its final Instalment Amount.

(b) *Early Redemption:*

(i) Zero Coupon Notes:

(A) The Early Redemption Amount payable in respect of any Zero-Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10, shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified in the applicable Pricing Supplement.

(B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown in the applicable Pricing Supplement, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

(C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the reference therein to the date on which the Note becomes due and payable were replaced by a reference to the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction specified in the applicable Pricing Supplement.

(ii) Other Notes:

The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount unless otherwise specified in the applicable Pricing Supplement.

(c) *Redemption for Taxation Reasons:*

(i) If by reason of any change in, or amendment to, the laws and regulations of the Republic of France or any political subdivision or any authority therein or thereof having power to tax, or any change in the official application or interpretation thereof, becoming effective after the Issue Date, the Issuer would become obliged to pay additional amounts as provided or referred to in Condition 8, the Issuer may (having given not more than 60 nor less than 30 days' notice to the Noteholders, which notice shall be irrevocable) redeem at their Early Redemption Amount (as described in Condition 6(b) above) together with interest accrued (if any) to the date fixed for redemption all (but not some only) of the Notes on any Interest Payment Date, or, if so specified in the applicable Pricing Supplement, at any time, at their Early Redemption Amount (together with interest accrued to the date fixed for redemption), provided that the due date for redemption of which notice hereunder shall be given shall be the latest practicable date at which the Issuer could make payment of principal and interest without withholding for French taxes.

(ii) If, on the occasion of the next payment due in respect of the Notes, the Issuer would be prevented by French law from making payment to the Noteholders and the Couponholders of the full amount then due and payable, notwithstanding the undertaking to pay additional amounts as provided in Condition 8(b), then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and shall redeem all, but not some only, of the Notes then outstanding at their Early Redemption Amount, together with interest accrued (if any) to the date of such redemption on (A) the latest practicable Interest Payment Date on which the Issuer could make payment of the full amount then due and payable in respect of the Notes, provided that if such notice would expire after such Interest Payment Date the date for redemption pursuant to such notice of Noteholders shall be the later of (i) the latest practicable date on which the Issuer could make payment of the full amount then due and payable in respect of the Notes and (ii) 14 days after giving notice to the Fiscal Agent as aforesaid or (B) if so specified on this Note, at any time, provided that the due date for redemption of which notice hereunder shall be given shall be the latest practicable date on which the Issuer could make payment of the full amount payable in respect of the Notes, Receipts or Coupons or, if that date is passed, as soon as practicable thereafter.

(d) *Redemption at the Option of the Issuer and Exercise of Issuer's Options:*

If Issuer Call is specified in the applicable Pricing Supplement, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified in the applicable Pricing Supplement) redeem, or exercise any Issuer's option (as may be described in the applicable Pricing Supplement) in relation to, all or, if so provided, some of the Notes on any Optional Redemption Date or Option Exercise Date, as the case may be. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the minimum nominal amount to be redeemed (the ''Minimum Redemption Amount'') specified in the applicable Pricing Supplement and no greater than the maximum nominal amount to be redeemed (the ''Maximum Redemption Amount'') specified in the applicable Pricing Supplement.

All Notes in respect of which any such notice is given shall be redeemed, or the Issuer's option shall be exercised, on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption or a partial exercise of an Issuer's option, the notice to Noteholders shall also contain the certificate numbers of the Notes to be redeemed or in respect of which such option has been exercised, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange requirements. So long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that Stock Exchange so require, the Issuer shall, once in each year in which there has been a partial redemption of the Notes, cause to be published in a leading newspaper of general circulation in Luxembourg a notice specifying the aggregate nominal amount of Notes outstanding and a list of the Notes drawn for redemption but not surrendered.

(e) *Redemption at the Option of Noteholders and Exercise of Noteholders' Options:*

If Investor Put is specified in the applicable Pricing Supplement, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified in the applicable Pricing Supplement) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued to the date fixed for redemption.

To exercise such option or any other Noteholders' option that may be set out in the applicable Pricing Supplement (which must be exercised on an Option Exercise Date) the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice (''Exercise Notice'') in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(f) *Partly Paid Notes:*

Partly Paid Notes will be redeemed whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the provisions specified in the applicable Pricing Supplement.

(g) *Purchases:*

The Issuer may at any time purchase Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or by tender or by private treaty or otherwise at any price.

(h) *Cancellation:*

All Notes purchased by or on behalf of the Issuer will be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Fiscal Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

7. Payments and Talons

(a) *Bearer Notes:*

Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 7(f)(vi)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a bank in the principal financial centre for such currency, or, in the case of euro, in a city in which banks have access to the TARGET System.

(b) *Registered Notes:*

(i) Payments of principal (which for the purposes of this Condition 7(b) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.

(ii) Interest (which for the purpose of this Condition 7(b) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "Record Date"). Payments of interest on each Registered Note shall be made in the relevant currency by cheque drawn on a bank in the principal financial centre of the country of the currency concerned, subject as provided in paragraph (a) above, and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, and, subject as provided in paragraph (a) above, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a bank in the principal financial centre of the country of that currency.

(c) *Payments in the United States:*

Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(d) *Payments Subject to Fiscal Laws:*

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) *Appointment of Agents:*

The Fiscal Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Fiscal Agent, the Paying Agents, the Registrar, Transfer Agents and the Calculation Agent(s), act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and/or approve any change in the specified office through which any Paying Agent acts and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) a Registrar in relation to

Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where the Conditions so require, (v) a Redenomination Agent and a Consolidation Agent where the Conditions so require (and further provided that on a redenomination of the Notes pursuant to Condition 1(b) and a consolidation of the Notes with a further issue of Notes pursuant to Condition 12, the Issuer shall procure that the same entity shall be appointed as the Redenomination Agent and the Consolidation Agent in respect of both the Notes and such other issues of notes), (vi) at least one Paying Agent having a specified office in a continental European city other than the jurisdiction of incorporation of the Issuer and provided further that, (A) so long as the Notes are listed on the Luxembourg Stock Exchange, the Issuer will maintain a Paying Agent and Transfer Agent in Luxembourg and (B) if and so long as the Notes are listed on Euronext Paris, the Issuer will maintain a Paying Agent and Transfer Agent in Paris, (vii) the Issuer will maintain such other agents as may be required by the rules of any other stock exchange on which the Notes may be listed (or any other relevant authority) and (viii) a Paying Agent in a Member State of the European Union (a "Member State") that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26th-27th November, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive (any such Directive or law, an "EU Savings Directive Tax Law") to the extent that any Member State does not maintain any obligation to so withhold or deduct pursuant to any EU Savings Directive Tax Law.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

(f) *Unmatured Coupons and Receipts and unexchanged Talons:*

(i) Unless the Notes provide that the relative Coupons are to become void upon the due date for redemption of those Notes, Bearer Notes should be surrendered for payment together with all unmatured Coupons (if any) appertaining thereto, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).

(ii) If the Notes so provide, upon the due date for redemption of any Bearer Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

(iv) Upon the due date for redemption of any Bearer Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.

(v) Where any Bearer Note that provides that the relative unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

(vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

(g) *Talons:*

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).

(h) *Non-Business Days:*

If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, ''business day'' means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as ''Additional Financial Centres'' in the applicable Pricing Supplement and:

(i) in the case of a payment in a currency other than euro, where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or

(ii) in the case of a payment in euro, which is a TARGET Business Day.

8. Taxation

(a) *Tax Regime:*

The Notes being issued outside the Republic of France, interest and other revenues with respect to the Notes benefit from the exemption provided for in article 131 *quater* of the Code *Général des Impôts* (general tax code) from deduction of tax at source. Accordingly, such payments do not give the right to any tax credit from any French source.

(b) *Additional Amounts:*

If French law should require that payments of principal or interest in respect of any Note be subject to withholding or deduction with respect to any taxes or duties whatsoever, the Issuer will, to the fullest extent then permitted by French law, pay such additional amounts as may be necessary in order that the net amounts received by the holders of Notes, Receipts and Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would have been receivable in respect of the Notes, Receipts or Coupons, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

(i) presented for payment in France; or

(ii) presented for payment by or on behalf of a holder who is liable to such taxes or duties in respect of such Note or Coupon by reason of his having some connection with the Republic of France other than the mere holding of the Note, Receipt or Coupon; or

(iii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to the new European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26th-27th November, 2000 on the taxation of savings income, or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(iv) presented for payment by or on behalf of a holder who would be able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union; or

(v) presented for payment more than 30 days after the Relevant Date, except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days.

As used in these Conditions, ''Relevant Date'' in respect of any Note, Receipt or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Certificate), Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) ''principal'' shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) ''interest'' shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) ''principal'' and/or ''interest'' shall be deemed to include any additional amounts that may be payable under this Condition.

9. Prescription

Claims against the Issuer for payment in respect of the Notes, Receipts and Coupons (which for this purpose shall not include Talons) shall become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

10. Events of Default

Upon any of the following events (each an ''Event of Default'') taking place, the holder of any Note may give written notice to the Issuer through the Fiscal Agent at its specified office that such Note is immediately due and payable, whereupon the Early Redemption Amount of such Note together with accrued interest to the date of payment shall become immediately due and payable, unless such Event of Default shall have been remedied prior to the receipt of such notice by the Fiscal Agent:

(i) default is made for more than 15 days in the payment of any principal and interest due in respect of the Notes; or

(ii) default by the Issuer in the performance or observance of any other obligation on its part under the Notes and such default continuing for 30 days after written notice requiring such default to be remedied has been given by the holder of any Note through the Fiscal Agent to the Issuer; or

(iii) any other indebtedness for money borrowed by the Issuer becoming prematurely repayable following a default, or steps being taken to enforce any security in respect thereof, or the Issuer defaulting in the repayment of any such indebtedness at the maturity thereof as extended by any applicable grace period, or any guarantee of any indebtedness for money borrowed given by the Issuer not being honoured when due and called upon; or

(iv) the Issuer being dissolved or merged into a company, unless in such event the obligations of the Issuer pursuant to the Notes are assumed by such company either expressly by contract or by virtue of applicable law.

11. Replacement of Bearer Notes, Certificates, Receipts, Coupons and Talons

If a Bearer Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange regulations, at the specified office of the Paying Agent in Luxembourg (in the case of Bearer Notes, Receipts, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Bearer Note, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Bearer Notes, Certificates, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Bearer Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

12. Further Issues and Consolidation

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes ranking *pari passu* with the Notes and having the same terms and conditions as the

Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with such Notes, and references in these Conditions to ''Notes'' shall be construed accordingly.

The Issuer may also from time to time upon not less than 30 days' prior notice to Noteholders, without the consent of the holders of the Notes or Coupons of any Series, consolidate the Notes with notes of one or more other Series issued by it provided that, in respect of all periods subsequent to such consolidation, the notes of all such other Series are denominated in the same currency as such Notes (irrespective of the currency in which any notes of such other Series were originally issued) and otherwise, have the same terms and conditions as such Notes. Notice of any such consolidation will be given to the Noteholders in accordance with Condition 14. The Fiscal Agent shall act as the consolidation agent (in such capacity, the ''Consolidation Agent'').

With effect from their consolidation, the Notes and the notes of such other Series will (if listed prior to such consolidation) be listed on at least one European stock exchange on which either such Notes or the notes of such other Series were listed immediately prior to consolidation.

The Issuer shall in dealing with the holders of such Notes following a consolidation pursuant to this Condition 12 have regard to the interests of the holders of such Notes and the holders of the notes of such other Series, taken together as a class, and shall treat them alike.

13. Meetings of Noteholders and Modifications

(a) *Meetings of Noteholders:*

The Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Agency Agreement) of a modification of any of these Conditions. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (other than as specifically provided in these Conditions) (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest, Instalment Amount or Redemption Amount is shown in the applicable Pricing Supplement, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, (vii) to take any steps that are specified in the applicable Pricing Supplement may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply or (viii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent, or at any adjourned meeting not less than 25 per cent. in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

These Conditions may be amended, modified, or varied in relation to any Series of Notes by the terms of the applicable Pricing Supplement in relation to such Series.

(b) *Modification of Agency Agreement:*

The Issuer shall only permit any modification (including for the purposes of giving effect to the provisions of Conditions l(b) and 12) of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders.

14. Notices

Notices to the holders of Registered Notes will be valid (i) if sent by mail to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing (ii) in addition, so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require, if published in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort* or the *Tageblatt*) and (iii) (in respect of any Notes listed on Euronext Paris and so long as the rules of that exchange so require), if published in a daily newspaper with general circulation in Paris (which is expected to be *La Tribune Defossés*). Notices to the holders of Bearer Notes shall be valid if published (i) in a daily newspaper of general circulation in London (which is expected to be the *Financial Times*), (ii) so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require, in a daily newspaper with general circulation in Luxembourg, (which is expected to be the *Luxemburger Wort* or the *Tageblatt*) and (iii) (in respect of any Notes listed on Euronext Paris and so long as the rules of that exchange so require) in a daily newspaper of general circulation in Paris (which is expected to be *La Tribune Defossés*). If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe and so long as the Notes are listed on Euronext Paris and the rules of that exchange so require, in a French language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition 14. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any other stock exchange (or other relevant authority) on which the Notes are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in each such newspaper.

Except in the case of Notes listed on the Luxembourg Stock Exchange or Euronext Paris, until such time as any definitive Notes are issued, there may (provided that in the case of Notes listed on any stock exchange, the rules of such stock exchange (or other relevant authority) so permit), so long as the global Note(s) is or are held in its/their entirety on behalf of Euroclear and Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and Clearstream, Luxembourg for communication by them to the Noteholders. Any such notice shall be deemed to have been given to the holders of the Notes on the seventh day after the day on which the said notice was given to Euroclear and Clearstream, Luxembourg.

Notices to be given by any holder of the Notes shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Agent. Whilst any of the Notes are represented by a global Note, such notice may be given by any holder of a Note to the Agent via Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

15. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999 except and to the extent (if any) that the Notes expressly provide for such Act to apply to any of their terms.

16. Governing Law and Jurisdiction

(a) *Governing Law:*

The Notes, the Receipts, the Coupons, the Talons and the Agency Agreement are governed by, and shall be construed in accordance with, English law.

(b) *Jurisdiction:*

The courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Receipts, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with any Notes, Receipts, Coupons or Talons (''Proceedings'') may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the holders of the Notes, Receipts, Coupons and Talons and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) *Service of Process:*

The Issuer irrevocably appoints Rail Europe Limited of 34 Tower View, West Malling, Kent ME19 4ED, its authorised agent in England to receive, for it and on its behalf, service of process in any Proceedings in England. Such service shall be deemed completed on delivery to such process agent (whether or not it is forwarded to and received by the Issuer). If for any reason such process agent ceases to be able to act as such or no longer has an address in London, the Issuer irrevocably agrees to appoint a substitute process agent and shall immediately notify Noteholders of such appointment in accordance with Condition 14. Nothing shall affect the right to serve process in any manner permitted by law.

(d) *Immunity from Attachment:*

The assets and properties of the Issuer cannot be subject to any attachment or other enforcement proceedings in the Republic of France.

USE OF PROCEEDS

The net proceeds of each issue of Notes will be applied by the Issuer in refinancing existing debt and financing its operations.

FORM OF NOTES AND TRANSFER RESTRICTIONS

The Notes of each Series will be in either bearer form, with or without coupons attached, or registered form, without interest coupons attached. Bearer Notes will be issued outside the United States in reliance on Regulation S under the Securities Act (''**Regulation S**'') and Registered Notes will be issued both outside the United States in reliance on the exemption from registration provided by Regulation S and within the United States in reliance on Rule 144A.

Initial Issue of Notes

Each Tranche of Bearer Notes having an original maturity of more than 365 days will initially be represented by a Temporary Global Note and each Tranche of Bearer Notes having an original maturity of 365 days or less will initially be represented by a Permanent Global Note. Upon the initial deposit of a Global Note with a common depositary for Euroclear and Clearstream, Luxembourg (the ''Common Depositary'') or registration of Registered Notes in the name of any nominee for Euroclear and Clearstream, Luxembourg and/or DTC and delivery of the relative Global Certificate to the Common Depositary and/or a custodian for DTC (the ''Custodian''), Euroclear, Clearstream, Luxembourg or DTC (as the case may be) will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Upon the initial deposit of a Global Note with, or registration of Registered Notes in the name of, or any nominee for, and delivery of the relative Global Certificate to, Euroclear France (including where Euroclear France is acting as central depositary), the *intermédiaires financiers habilités* (French banks or brokers authorised to maintain securities accounts on behalf of their clients (each an ''Approved Intermediary'')) who are entitled to such Notes according to the records of Euroclear France will credit each subscriber with a principal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Notes that are initially deposited with the Common Depositary or the Custodian may also be credited to the accounts of subscribers with Approved Intermediaries or (if indicated in the applicable Pricing Supplement) other clearing systems through direct or indirect accounts with Euroclear, Clearstream, Luxembourg and DTC held by Euroclear France or other clearing systems. Conversely, Notes that are initially deposited with Euroclear France or any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg, DTC or other clearing systems.

Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg, an Approved Intermediary, DTC or any other clearing system (an ''Alternative Clearing System'') as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg, DTC, such Approved Intermediary or such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, DTC, Euroclear France or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

Exchange of Interests in Global Notes

1. Temporary Global Notes

Each Temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date (as defined below):

(i) if the applicable Pricing Supplement indicates that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see ''Summary of the Programme-Selling Restrictions''), in whole, but not in part, for the Definitive Notes defined and described below; and

(ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a Permanent Global Note or, if so provided in the applicable Pricing Supplement, for Definitive Notes,

provided that purchasers in the United States and certain U.S. persons will not be able to receive Definitive Notes in bearer form.

Each Temporary Global Note that is also an Exchangeable Bearer Note will be exchangeable for Registered Notes in accordance with the Conditions in addition to any Permanent Global Note or Definitive Notes for which it may be exchangeable and, before its Exchange Date, will also be exchangeable in whole or in part for Registered Notes only.

2. Permanent Global Notes

Each Permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under ''Partial Exchange of Permanent Global Notes'', in part for Definitive Notes or, in the case of (iii) below, Registered Notes:

(i) unless principal in respect of any Notes is not paid when due, by the Issuer giving notice to the Noteholders and the Fiscal Agent of its intention to effect such exchange;

(ii) if the applicable Pricing Supplement provides that such Global Note is exchangeable at the request of the holder, by the holder giving notice to the Fiscal Agent of its election for such exchange;

(iii) if the Permanent Global Note is an Exchangeable Bearer Note, by the holder giving notice to the Fiscal Agent of its election to exchange the whole or a part of such Global Note for Registered Notes; and

(iv) otherwise, (1) if the Permanent Global Note is held on behalf of Euroclear, Clearstream, Luxembourg, Euroclear France or an Alternative Clearing System, and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so or (2) if principal in respect of any Notes is not paid when due, by the holder giving notice to the Fiscal Agent of its election for such exchange.

3. Partial Exchange of Permanent Global Notes

For so long as a Permanent Global Note is held on behalf of a clearing system and that clearing system so permits, such Permanent Global Note will be exchangeable in part on one or more occasions (1) for Registered Notes if the Permanent Global Note is an Exchangeable Bearer Note and the part submitted for exchange is to be exchanged for Registered Notes, or (2) for Definitive Notes (i) if principal in respect of any Notes is not paid when due or (ii) if so provided in, and in accordance with, the Conditions (which will be set out in the applicable Pricing Supplement) relating to Partly-paid Notes.

4. Delivery of Notes

On or after any due date for exchange the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Fiscal Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a Temporary Global Note exchangeable for a Permanent Global Note, deliver, or procure the delivery of, a Permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a Temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a Permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes or Registered Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes and/or Certificates, as the case may be. In this Offering Circular, ''Definitive Notes'' means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Agency Agreement. On exchange in full of each Permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

5. Exchange Date

"Exchange Date" means, in relation to a Temporary Global Note, the day falling after the expiry of 40 days after its issue and, in relation to a Permanent Global Note, a day falling not less than 60 days, or in the case of failure to pay principal in respect of any Notes when due, 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Fiscal Agent is located and in the city in which the relevant clearing system is located.

Modification of the Conditions of the Notes while in Global Form

The Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Offering Circular. The following is a summary of certain of those provisions:

1. Payments

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a Permanent Global Note or for Definitive Notes or Registered Notes is improperly withheld or refused. Payments on any Temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be endorsed on each Global Note, which endorsement will be prima facie evidence that such payment has been made in respect of the Notes.

2. Prescription

Claims against the Issuer in respect of principal and interest in respect of Notes that are represented by a Global Note will become void unless it is presented for payment within a period of ten years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8).

3. Meetings

The holder of a Permanent Global Note or of the Notes represented by a Global Certificate shall (unless such Permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and at any such meeting, as having one vote in respect of each minimum Specified Denomination of Notes for which such Global Note may be exchanged. (All holders of Registered Notes are entitled to one vote in respect of each Note comprising such Noteholder's holding, whether or not represented by a Global Certificate.)

4. Cancellation

Cancellation of any Note represented by a Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant Global Note.

5. Purchase

Notes represented by a Permanent Global Note may only be purchased by the Issuer if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.

6. Events of Default

Each Global Note and Global Certificate provides that the holder may cause such Global Note, or a portion of it, or Registered Notes represented by such Global Certificate, as the case may be, to become due and repayable in the circumstances described in Condition 10 by stating in the notice to the Fiscal Agent the nominal amount of such Global Note or Registered Notes which is becoming due and repayable. If principal in respect of any Note is not paid when due, the holder of a Global Note or Registered Notes represented by a Global Certificate may elect for direct enforcement rights against the Issuer under the terms of a Deed of Covenant executed as a deed by the Issuer on 30th June, 2004 (as supplemented from time to time) to come into effect in relation to the whole or a part of such Global

Note or such Registered Notes, as the case may be, as accountholders with a clearing system. Following any such acquisition of direct rights, the Global Note or, as the case may be, the Global Certificate and the corresponding entry in the register kept by the Registrar will become void as to the specified portion or Registered Notes, as the case may be. However, no such election may be made in respect of Notes represented by a Global Certificate unless the transfer of the whole or a part of the holding of Notes represented by that Global Certificate shall have been improperly withheld or refused.

7. Issuer's Option

Any option of the Issuer provided for in the Conditions of any Notes while such Notes are represented by a Permanent Global Note shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. If any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system or an Approved Intermediary in respect of the Notes will be governed by the standard procedures of Euroclear, Clearstream, Luxembourg, Euroclear France or other relevant clearing system (as the case may be).

8. Noteholders' Options

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a Permanent Global Note and such Global Note is held on behalf of Euroclear and/or Clearstream, Luxembourg, may be exercised by the holder of the Global Note giving a notice of exercise in relation to the principal amount of the Notes in respect of which such option is exercised within the time limits set forth in that Condition and/or as required by the relevant clearing system and at the same time presenting or procuring the presentation of the Global Note to the Principal Paying Agent for notation accordingly. Whilst all of the Notes are represented by a Permanent Global Note and such Global Note is held on behalf of Euroclear and/or Clearstream, Luxembourg, notices of exercise shall be given in accordance with the standard procedures of Euroclear and/or Clearstream, Luxembourg (which may include notice being given on the instruction of the relevant holder by the relevant clearing system or any common depository therefor to the Principal Paying Agent by electronic means) in a form acceptable to the relevant clearing system from time to time.

9. Notices

Notices to the holders of Registered Notes will be valid (i) if sent by mail to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing (ii) in addition, so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require, if published in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort* or the *Tageblatt*) and (iii) (in respect of any Notes listed on Euronext Paris and so long as the rules of that exchange so require), if published in a daily newspaper with general circulation in Paris (which is expected to be *La Tribune Defossés*). Notices to the holders of Bearer Notes shall be valid if published (i) in a daily newspaper of general circulation in London (which is expected to be the *Financial Times*), (ii) so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require, in a daily newspaper with general circulation in Luxembourg, (which is expected to be the *Luxemburger Wort* or the *Tageblatt*) and (iii) (in respect of any Notes listed on Euronext Paris and so long as the rules of that exchange so require) in a daily newspaper of general circulation in Paris (which is expected to be *La Tribune Defossés*). If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe and so long as the Notes are listed on Euronext Paris and the rules of that exchange so require, in a French language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with Condition 14. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any other stock exchange (or other relevant authority) on which the Notes are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in each such newspaper.

Except in the case of Notes listed on the Luxembourg Stock Exchange or Euronext Paris, until such time as any definitive Notes are issued, there may (provided that in the case of Notes listed on any stock exchange, the rules of such stock exchange (or other relevant authority) so permit), so long as the global Note(s) is or are held in its/their entirety on behalf of Euroclear and Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and Clearstream, Luxembourg for communication by them to the Noteholders. Any such notice shall be deemed to have been given to the holders of the Notes on the seventh day after the day on which the said notice was given to Euroclear and Clearstream, Luxembourg.

Notices to be given by any holder of the Notes shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Fiscal Agent. Whilst any of the Notes are represented by a global Note, such notice may be given by any holder of a Note to the Fiscal Agent via Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

10. Partly-Paid Notes

The provisions relating to Partly-Paid Notes are not set out in this Offering Circular, but will be contained in the applicable Pricing Supplement and thereby in the Global Notes. While any instalments of the subscription moneys due from the holder of Partly-Paid Notes are overdue, no interest in a Global Note representing such Notes may be exchanged for an interest in a Permanent Global Note or for Definitive Notes (as the case may be). If any Noteholder fails to pay any instalment due on any Partly-Paid Notes within the time specified, the Issuer may forfeit such Notes and shall have no further obligation to their holder in respect of them.

11. Redenomination and Consolidation

A Global Note or Global Certificate may be amended or replaced by the Issuer (in such manner as it considers necessary after consultation with the Redenomination Agent and/or the Consolidation Agent, as the case may be) for the purposes of taking account of the redenomination and/or consolidation of the Notes pursuant to Conditions l(b) and 12. Any consolidation may, in such circumstances, require a change in the relevant common depositary or central depositary or custodian or nominee, as the case may be.

Form of Registered Notes

Registered Notes offered and sold outside the United States in reliance on Regulation S under the Securities Act will be represented by interests in an Unrestricted Global Certificate, in registered form, without interest coupons attached, which will be deposited on or about the Issue Date (i) in the case of a Tranche intended to be cleared through Euroclear and/or Clearstream, Luxembourg with, and registered in the name of, BT Globenet Nominees Limited, as nominee for, the Common Depositary and (ii) in the case of a Tranche intended to be cleared through Euroclear France, with, and registered in the name of Euroclear France or as otherwise agreed with Euroclear France. A beneficial interest in the Unrestricted Global Certificate may at all times be held only through Euroclear and Clearstream, Luxembourg or the Approved Intermediaries.

Registered Notes offered and sold to qualified institutional buyers as defined in, and in reliance on, Rule 144A will be represented by interests in a Restricted Global Certificate, in registered form, without interest coupons attached, which will be registered in the name of Cede & Co., as nominee for, and which will be deposited on or about the Issue Date with Deutsche Bank Trust Company Americas as custodian (the "Custodian") for, DTC. The Restricted Global Certificate (and any definitive Registered Notes issued in exchange therefor) will be subject to certain restrictions on transfer contained in a legend appearing on the face of such Note described under "Transfer Restrictions in respect of Registered Notes".

Each Unrestricted Global Certificate will have an ISIN and each Restricted Global Certificate will have a CUSIP number.

Transfer Restrictions in respect of Registered Notes

On or prior to the expiry of the distribution compliance period applicable to each Tranche of Notes, a beneficial interest in the Unrestricted Global Certificate may be transferred to a person who wishes to take delivery of such beneficial interest through the Restricted Global Certificate only upon receipt by the Registrar of a written certification from the transferor (in the applicable form provided in the Agency

Agreement) to the effect that such transfer is being made to a person whom the transferor reasonably believes is a qualified institutional buyer within the meaning of Rule 144A, in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction. After the expiry of the distribution compliance period, such certification requirements will no longer apply to such transfers, but such transfers will continue to be subject to the transfer restrictions contained in the legend appearing on the face of such Notes, as set out below.

Distribution compliance period shall mean the period that ends (40) forty days after the completion of the distribution of each Tranche of Notes, as certified by the relevant Dealer (in the case of a non-syndicated issue) or the relevant Lead Manager (in the case of a syndicated issue).

A beneficial interest in the Restricted Global Certificate may also be transferred to a person who wishes to take delivery of such beneficial interest through the Unrestricted Global Certificate only upon receipt by the Registrar of a written certification from the transferor (in the applicable form provided in the Agency Agreement) to the effect that such transfer is being made in accordance with Regulation S or Rule 144 (if available) under the Securities Act.

Any beneficial interest in either the Restricted Global Certificate or the Unrestricted Global Certificate that is transferred to a person who takes delivery in the form of a beneficial interest in the other Global Certificate will, upon transfer, cease to be a beneficial interest in such Global Certificate and become a beneficial interest in the other Global Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to a beneficial interest in such other Global Certificate for so long as such person retains such an interest.

Each person purchasing Notes from a Dealer or its affiliate (the ''Vendor'') pursuant to Rule 144A acknowledges that (i) it has not relied on the Vendor in connection with its investigation of the accuracy of the information contained in this Offering Circular or its investment decision and (ii) no person has been authorised to give any information or to make any representation concerning the Issuer or the Notes other than those contained in this Offering Circular, and, if given or made, such other information or representation should not be relied upon as having been authorised by the Issuer or the Vendor. This Offering Circular has been prepared by the Issuer solely for use in connection with the offer and sale of the Notes outside the United States to non-U.S. persons and for resales of the Notes to qualified institutional buyers in the United States and for the listing of the Notes on the Luxembourg Stock Exchange and Euronext Paris. The Issuer and the Vendor reserve the right to reject any offer to purchase, in whole or in part, for any reason, or to sell less than the number of Notes which may be offered pursuant to Rule 144A. This Offering Circular does not constitute an offer to any person in the United States or to any U.S. person other than a qualified institutional buyer within the meaning of Rule 144A under the Securities Act to whom an offer has been made directly by the Vendor.

Each prospective purchaser of Notes offered in reliance on Rule 144A (a ''144A Offeree''), by accepting delivery of this Offering Circular, will be deemed to have represented and agreed with respect to such Notes as follows:

1 such 144A Offeree acknowledges that this Offering Circular is personal to such 144A Offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Notes other than pursuant to Rule 144A or in offshore transactions in accordance with Regulation S. Distribution of this Offering Circular, or disclosure of any of its contents, to any person other than such 144A Offeree and those persons, if any, retained to advise such 144A Offeree with respect thereto and other persons meeting the requirements of Rule 144A or Regulation S is unauthorised, and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited; and

2 such 144A Offeree agrees to make no photocopies of this Offering Circular or any documents referred to therein and, if such 144A Offeree does not purchase Notes or the offering is terminated, to return this Offering Circular and all documents referred to herein to the Vendor.

Because of the following restrictions, purchasers of Notes offered in the United States in reliance on Rule 144A are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such Notes.

Each purchaser of Registered Notes or person wishing to transfer an interest from one Registered Global Note to another or from global to definitive form or vice versa, will be required to represent, agree and acknowledge as follows (terms used herein that are defined in Rule 144A or Regulation S are used herein as defined therein):

1. It is either (X) (A) a qualified institutional buyer within the meaning of Rule 144A, (B) acquiring the Notes for its own account or for the account of such a qualified institutional buyer and (C) aware, and each beneficial owner of such Notes has been advised, that the sale of the Notes to it is being made in reliance on Rule 144A, or (Y) outside the United States and is not a U.S. person.

2. It understands that the Notes are being offered and sold only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, and the Notes offered hereby have not been and will not be registered under the Securities Act or other applicable securities laws of any state of the United States and may not be reoffered, resold, pledged or otherwise transferred within the United States or to, or for the account or benefit of U.S. persons except in accordance with the applicable legend set forth below.

3. It understands that the Restricted Global Certificate and any Definitive Notes issued in exchange for an interest in any Restricted Global Certificate, unless the Issuer determines otherwise in compliance with applicable law, will bear a legend to the following effect:

   "THE NOTES IN RESPECT OF WHICH THIS CERTIFICATE HAS BEEN ISSUED 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 OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR (4) TO THE ISSUER, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATIONS CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALES OF THE NOTES IN RESPECT OF WHICH THIS CERTIFICATE HAS BEEN ISSUED."

4. It understands that the Unrestricted Global Certificate and any Definitive Notes issued in exchange for an interest in any Unrestricted Global Certificate, unless the Issuer determines otherwise in compliance with applicable law, will bear a legend to the following effect:

   "THE NOTES IN RESPECT OF WHICH THIS CERTIFICATE HAS BEEN ISSUED 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 OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, RESOLD PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT. THIS LEGEND SHALL CEASE TO APPLY UPON THE EXPIRY OF 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF ALL THE NOTES OF THE TRANCHE OF WHICH THIS NOTE FORMS PART."

5. The Issuer, the Registrar, and the Dealers and their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If any purchaser of Notes offered in reliance on Rule 144A is acquiring any Restricted Notes for the account of one or more qualified institutional buyers it represents that it has sole investment discretion with respect to each such account and that is has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

6 It will, and will require each subsequent holder to, notify any purchaser of the Notes from it of the resale restrictions referred to in the applicable legend above, if then applicable.

7 It understands that the Restricted Notes offered in reliance on Rule 144A will be represented by a Restricted Global Certificate and the Unrestricted Notes offered outside the United States in reliance on Regulation S will be represented by one or more Unrestricted Global Certificate. Before any interest in a Restricted Global Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Certificate, it will be required to provide the Issuer and the Registrar with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.

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.

Exchange of Interests in Global Certificates

Registration of title to Notes initially represented by a Restricted Global Certificate in a name other than DTC or a successor depositary or one of their respective nominees will not be permitted unless (i) DTC or such successor depositary notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to the Restricted Global Certificate or ceases to be a ''clearing agency'' registered under the Exchange Act, or is at any time no longer eligible to act as such, and the Issuer is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of such depositary, (ii) principal in respect of any Notes is not paid when due (provided that the rules of DTC so permit) or (iii) the applicable Pricing Supplement specifies that the Restricted Global Certificate is exchangeable for definitive Registered Notes, and in any such case the Fiscal Agent has received a notice from the registered holder of the Restricted Global Certificate requesting exchange of the Restricted Global Certificate in full for individual definitive certificates (the ''Certificates'').

Registration of title to Notes initially represented by an Unrestricted Global Certificate in a name other than the nominee of the Common Depositary or the name of Euroclear France (or its nominee), as the case may be, will not be permitted unless (i) Euroclear, Clearstream, Luxembourg or Euroclear France, as the case may be, is closed for business for a continuous period of 14 days (other than by reason of holidays statutory or otherwise) or announces an intention permanently to cease business or in fact does so, (ii) principal in respect of any Notes is not paid when due (provided that the rules of Euroclear, Clearstream, Luxembourg or Euroclear France, as the case may be, so permit) or (iii) the applicable Pricing Supplement specifies that the Unrestricted Global Certificate is exchangeable for definitive Registered Notes, and in any such case the Registrar or any Transfer Agent has received a notice from the registered holder of a specified amount of the Unrestricted Global Certificate requesting exchange of the Unrestricted Global Certificate for individual Certificates.

In such circumstances, the relevant Global Certificate shall be exchanged in full or in part, as the case may be, for Certificates and the Issuer will, at the cost of the Issuer (but against such indemnity as the Registrar or any relevant Transfer Agent may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such exchange), cause sufficient Certificates to be executed and delivered to the Registrar for completion, authentication and dispatch to the relevant Noteholders. A person having an interest in a Global Certificate must provide the Registrar with (i) a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Certificates and (ii) in the case of the Restricted Global Certificate only, a fully completed, signed certificate substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange or, in the case of simultaneous sale pursuant to Rule 144A, that the transfer is being made in compliance with the provisions of Rule 144A. Certificates issued in exchange for a beneficial interest in the Restricted Global Certificate shall bear the legends applicable to transfers pursuant to Rule 144A, as set out under ''Transfer Restrictions''.

The holder of a Registered Note may transfer such Registered Note in accordance with the provisions of Condition 2. Certificates may not be eligible for trading in the clearing systems.

Upon the transfer, exchange or replacement of a Certificate bearing the Rule 144A legend referred to under ''Transfer Restrictions'', or upon specific request for removal of the Rule 144A legend on a Certificate, the Issuer will deliver only Certificates that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Issuer and the Registrar such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Issuer to ensure that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

The Registrar will not register the transfer of or exchange of interests in a Global Certificate for Certificates for a period of three business days ending on the due date for any payment of principal. For the purposes hereof and for payment of interest, "business day" means a day on which commercial banks and foreign exchange markets are open for business in London and New York City.

Euroclear, Clearstream, Luxembourg, Euroclear France and DTC Arrangements for Registered Notes

So long as DTC or its nominee or Euroclear, Clearstream, Luxembourg or the nominee of the Common Depositary or Euroclear France (or its nominees) is the registered holder of a Global Certificate, DTC, Euroclear, Clearstream, Luxembourg, Euroclear France or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Global Certificate for all purposes under the Agency Agreement and the Notes. Payments of principal, interest and additional amounts, if any, in respect of the Global Certificates will be made to DTC, Euroclear, Clearstream, Luxembourg, Euroclear France or such nominee, as the case may be, as the registered holder thereof. None of the Issuer, any Agent or any Dealer or any affiliate of any of the above or any person by whom any of the above is controlled for the purposes of the Securities Act will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the Global Certificates or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Distributions of principal and interest with respect to book-entry interests in the Notes held through Euroclear, Clearstream, Luxembourg or Euroclear France, as the case may be, will be credited, to the extent received by, or on behalf of, Euroclear, Clearstream, Luxembourg or Euroclear France, as the case may be, from the Fiscal Agent, to the cash accounts of Euroclear or Clearstream, Luxembourg customers or the accounts of Approved Intermediaries, as the case may be, in accordance with the relevant clearing system's rules and procedures.

Holders of book-entry interests in the Notes through DTC will receive, to the extent received by DTC from the Fiscal Agent, all distributions of principal and interest with respect to book-entry interests in the Notes from the Fiscal Agent through DTC. Distributions in the United States will be subject to relevant U.S. tax laws and regulations.

Interest on the Notes (other than interest payable on redemption) will be paid to the holder shown on the Register on the third business day before the due date for such payment so long as the Notes are represented by a Global Certificate, instead of on the fifteenth day before the due date for such payment (as provided by Condition 2(f)) so long as the Notes are in definitive form (the "Record Date"). Trading between a Restricted Global Certificate and a related Unrestricted Global Certificate will therefore be net of accrued interest from the relevant Record Date to the relevant Interest Payment Date.

The laws of some states of the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer interests in a Global Certificate to such persons will be limited. Because DTC, Euroclear, Clearstream, Luxembourg and Euroclear France (or Approved Intermediaries) can only act on behalf of participants, who in turn act on behalf of indirect participants, the ability of a person having an interest in a Global Certificate to pledge such interest to persons or entities which do not participate in the relevant clearing system, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate in respect of such interest.

The holdings of book-entry interests in the Notes through Euroclear, Clearstream, Luxembourg and DTC will be reflected in the book-entry accounts of each such institution. As necessary, the Registrar will adjust the amounts of Notes on the Register for the accounts of (i) BT Globenet Nominees Limited and (ii) Cede & Co. to reflect the amounts of Notes held through Euroclear, Clearstream, Luxembourg, Euroclear France and DTC, respectively. Beneficial ownership of Notes will be held through financial institutions as direct and indirect participants in Euroclear, Clearstream, Luxembourg, Euroclear France and DTC, as the case may be.

Interests in each Unrestricted Global Certificate and Restricted Global Certificate will be in uncertified book-entry form.

Trading between Euroclear and/or Clearstream, Luxembourg Accountholders and/or Approved Intermediaries. Secondary market sales of book-entry interests in the Notes held through Euroclear, Clearstream, Luxembourg or Euroclear France, as the case may be, to purchasers of book-entry interests in the Notes through Euroclear, Clearstream, Luxembourg or Euroclear France, as the case may be, will be conducted in accordance with the normal rules and operating procedures of Euroclear, Clearstream, Luxembourg or Euroclear France, as the case may be, and will be settled using the procedures applicable to conventional Eurobonds.

Trading between DTC Participants. Secondary market sales of book-entry interests in the Notes between DTC participants will occur in the ordinary way in accordance with DTC rules and will be settled using the procedures applicable to United States corporate debt obligations in DTC's Same-Day Funds Settlement System. Where payment is not effected in U.S. dollars, separate payments outside DTC are required to be made between the DTC participants.

Trading between DTC Seller and Euroclear/Clearstream, Luxembourg/Euroclear France Purchaser. When book-entry interests in Notes are to be transferred from the account of a DTC participant to the account of a Euroclear or Clearstream, Luxembourg accountholder, as the case may be, wishing to purchase a beneficial interest in an Unrestricted Global Certificate (subject to such certification procedures as are provided in the Agency Agreement), the DTC participant will deliver instructions for delivery to the relevant Euroclear or Clearstream, Luxembourg accountholder to DTC by 12 noon, New York City time, on the settlement date. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream, Luxembourg accountholder, as the case may be. On the settlement date, the Custodian will instruct the Registrar to (i) decrease the amount of Notes registered in the name of the nominee for DTC and evidenced by the relevant Restricted Global Certificate and (ii) increase the amount of Notes registered in the name of the nominee for the Common Depositary and evidenced by the relevant Unrestricted Global Certificate. Certificate book-entry interests will be delivered free of payment to Euroclear or Clearstream, Luxembourg, as the case may be, for credit to the relevant accountholder on the first business day following the settlement date. See above for details of the Record Date for payments of interest.

The relevant procedures relating to transfers of book-entry interests in Notes to be transferred from the account of a DTC participant to the account of an Approved Intermediary will be in such manner as shall be agreed by DTC and Euroclear France at the relevant time.

Trading between Euroclear/Clearstream, Luxembourg/Euroclear France Seller and DTC Purchaser. When book-entry interests in Notes are to be transferred from the account of a Euroclear or Clearstream, Luxembourg accountholder, as the case may be, to the account of a DTC participant wishing to purchase a beneficial interest in a Restricted Global Certificate (subject to such certification procedures as are provided in the Agency Agreement), the Euroclear or Clearstream, Luxembourg accountholder must send to Euroclear or Clearstream, Luxembourg delivery free of payment instructions by 19.45 hours, Brussels or Luxembourg time, one business day prior to the settlement date. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream, Luxembourg accountholders, as the case may be. On the settlement date, the Common Depositary will (i) transmit appropriate instructions to the Custodian who will in turn deliver such book-entry interests in the Notes free of payment to the relevant account of the DTC participant and (ii) instruct the Registrar to (a) decrease the amount of Notes registered in the name of the nominee of the Common Depositary and evidenced by the relevant Unrestricted Global Certificate and (b) increase the amount of Notes registered in the name of the nominee for DTC and evidenced by the relevant Restricted Global Certificate. See above for details of the Record Date for payments of interest.

The relevant procedures relating to transfers of book-entry interests in Notes to be transferred from the account of an Approved Intermediary to the account of a DTC participant will be in such manner as shall be agreed between Euroclear France and DTC at the relevant time.

DTC has advised the Issuer as follows: DTC is a limited purpose trust company organised under the laws of the State of New York, a ''banking organisation'' under the laws of the State of New York, a member of the U.S. Federal Reserve System, a ''clearing corporation'' within the meaning of the New York Uniform Commercial Code and a ''clearing agency'' registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participants and facilitate the clearance and settlement of securities transactions between participants through electronic computerised book-entry changes in the accounts of its participants, thereby eliminating the need for physical movement of certificates. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to DTC is available to others, such as banks, securities brokers, dealers and trust companies, that clear through or maintain a custodial relationship with a DTC direct participant, either directly or indirectly.

Although the foregoing sets out the procedures of Euroclear, Clearstream, Luxembourg, Euroclear France and DTC in order to facilitate the transfers of interests in the Notes among participants of DTC, Euroclear, Clearstream, Luxembourg and Euroclear France, none of Euroclear, Clearstream, Luxembourg, Euroclear France or DTC is under any obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, any Agent or any Arranger or Dealer or any affiliate of any of the above, or any person by whom any of the above is controlled for the purposes of the Securities Act, will have any responsibility for the performance by DTC, Euroclear, Clearstream, Luxembourg or Euroclear France (or any Approved Intermediary) or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations or for the sufficiency of any purpose of the arrangements described above.

SOCIETE NATIONALE DES CHEMINS DE FER FRANÇAIS ("SNCF")

INTRODUCTION

1. Establishment

SNCF is a French public entity of an industrial and commercial character (*établissement public industriel et commercial-"EPIC"*) with autonomous management created under Act No. 82-1153 dated 30th December, 1982 and modified by the Reform Law of 13th February, 1997 as Act No. 97-135. Its duration is unlimited. As from 1st January, 1983, SNCF became the successor of the corporation created pursuant to the Laws of 31st August, 1937 and took over the name Société Nationale des Chemins de fer Français. The registered office of SNCF is currently at 34, rue du Commandant Mouchotte, 75014 Paris.

As with all French public entites (whether *Etablissements Publics Administratifs ("EPAs")* or *EPICs*), the French State is ultimately responsible for the solvency of SNCF pursuant to Act No. 80-539 dated 16th July, 1980 (the "Act of 1980") on the execution of judgments regarding public entities. In the event that an EPIC defaults, the Act of 1980 assigns responsibility to the relevant supervisory authority (which in the case of SNCF is the French State itself) which must either provide the EPIC with new resources or automatically approve the sums for which the EPIC is held liable by court order.

Moreover, court-ordered reorganisation and liquidation proceedings do not apply to EPICs (Article 620-2 of the *Code de Commerce* replacing Article 2 of the Act dated 25th January, 1985).

2. SNCF's objects

The Reform Law modifies Act No. 82-1153 dated 30th December, 1982 (the "Act of 1982") which, *inter alia*, sets out SNCF's objects. SNCF's current objects are to operate railway services over the national railway network and to manage the railway infrastructure on behalf of *Réseau Ferré de France* ("RFF"), each in accordance with the principles applicable to public services. SNCF is empowered to carry out all activities directly or indirectly connected with such objects. The management of the railway infrastructure involves responsibility for traffic regulation, the security of the network and the good state of repair and maintenance of the infrastructure. SNCF may create subsidiaries or take shareholdings in companies, group or other entities, the purpose of which is related or contributes to that of SNCF.

3. Capital

SNCF's capital amounts to €4,270,897,305.31 and is totally owned by the French State. SNCF has no shares and pays no dividends.

4. Relationship with RFF

SNCF's fixed assets relating to railway infrastructure existing as at 1st January, 1997 were transferred to RFF with effect from 1st January, 1997. These fixed assets were detailed in *Décret* No. 97-445 of 5th May, 1997 and principally comprised installations, tracks, signals, lighting, telecommunication devices and the real estate on which such assets were located.

SNCF, as Transportation Service Provider, pays RFF fees for using the infrastructure. The fees are determined in accordance with *Décret* No. 97-446 of 5th May, 1997 and the decree of 30th December, 1997. The fees amount to €1,950 million in 2003 compared to €1,953 million in 2002.

RFF makes payments to SNCF in respect of management activities. This amounts to €2,648 million in 2003 compared with €2,669 million in 2002.

In parallel, there was a transfer of a €20.5 billion liability to RFF in consideration for the transfer of infrastructure assets on 1st January, 1997. This transfer resulted in the appearance of a RFF receivable in the balance sheet assets. SNCF liabilities remained unchanged. As at 31st December, 2003 the outstanding amount of this debt is €10.034 billion (cf financial statements).

5. Relationship with the French State

Pursuant to the Act of 1982, a *Cahier des Charges*, an operating agreement entered into between the Republic of France and SNCF, was approved by *Décret* No. 83-817 dated 13th September, 1983 as modified by *Décret* No. 99-11 dated 7th January, 1999. It set out the conditions and general principles, including the principle of compensatory payments, under which SNCF shall provide its services to the public and the basis of the contractual relationship between SNCF and both the French State and the Local Authorities.

The *Pacte de Modernisation* signed between SNCF and the French State on 18th November, 1996 defines the relationship between SNCF and the French State over the coming years. SNCF's retirement rules remain unchanged and the French State will continue to assume liability for the debt transferred to the Special Debt Account referred to below.

It also provides that the French State will continue to support SNCF financially in its role as provider of public services, and that agreements will be signed between SNCF and the State or Regional Authorities. The Urban Solidarity an Renewal law (''SRU'') was enacted on 13th December, 2000 with effect from January 2002, acting the transfer of the responsibility for regional passenger rail transport to the Regional Authorities. Article 129 of the SRU specifies that the Regional Authorities have to sign contracts with SNCF to determine the managing and financial conditions of the regional passenger rails services. All agreements between SNCF and the Regional Authorities were signed in 2002.

Having the services defined by the Regional Authorities, putting the services thus defined into a contract and adding the corresponding financial contributions from the Regions led to an unprecedented increase in public service and an improvement in the profitability of Regional Express Transport (''TER'') activities.

SNCF receives public contributions as passenger fare subsidies, contributions by regulatory authorities which remunerate global service offerings within a contractual framework or specific services (Syndicat des Transport de l'Ile de France-''STIF''- and Regional Councils for the TER) and operating subsidies essentially of a social nature in connection with its employment policy (employment for young persons and other specific contracts), and the subsidy for the transport of journalists. As at 31st December, 2003 the amount of these contributions included in the net income of SNCF is €5,730 million compared with €5,674 million in 2002.

Special Debt Account

In accordance with the corporate plan (*''contrat de plan''*) signed by the French State and SNCF in 1990, a Special Debt Account was set up on 1st January, 1991. This account has no independent legal status, although separate accounting records are kept by SNCF.

The role of this account is to isolate part of SNCF's debt, on which interest and capital payments are essentially made by the French State. Debt transferred to the Special Debt Account remains there until extinguished.

Debts of €5.8 billion, corresponding to accumulated losses of SNCF at the end of 1989, were transferred to the Special Debt Account.

In 1997 and 1999 further amounts were transferred (€4.4 billion and €0.6 billion respectively).

The outstanding indebtedness of the Special Debt Account as at 31st December, 2003 amounts to €8.682 billion (see Note 31 to the consolidated financial statements). Special Debt Account resources consist of an annual contribution from the French State of €677 million and an annual payment by SNCF of €18 million.

6. Corporate Plan

The first phase of SNCF's corporate plan, was completed in 1999 with a view to making SNCF an exemplary public service in France and in Europe with a return to equilibrium and a debt stabilisation. The second phase, taking place over the 2000-2002 period, was launched in 2000 with a focus on customers, Europe and efficiency.

Regarding it's 2003-2005 Corporate Plan, SNCF has entered a new stage in its development, based on four strategic focal points, to:

- continue to renew the public service engagements, particularly through regionalisation and contractualisation in the Ile de France region,
- focus on Europe and, for Freight, to control the opening of markets to competition,
- finance development via a return to break-even and subsequently to profit,
- successfully complete the management review of SNCF in order to develop employee initiative and responsibility.

Accordingly, the Group set up a new management structure in April 2003 in order to:

- clarify management by activities,
- ensure consistency and effectiveness for the provisioning of production resources,
- strengthen the synergy between SNCF and its subsidiaries.

7. European Background

European legislation requires a new organisation for national railway systems and imposes improved access to the market for third parties in order to enhance competition.

Several reforms introduced by the French State have made the French railway system compliant with the EU directives.

The first Railway Package, consisting of directives no. 2001/12, 2001/13,2001/14, was implemented in France by decree no. 2003-194 dated 7th March, 2003. It enacts into French law from 15th March, 2003 the opening to competition of international freight traffic on the pan-european railways freight network, and from 15th March, 2008,on the whole railways network .

Moreover, it establishes a set of non discriminatory rules for network access, thus ensuring regulation of the railways system.

The second Railway Package proposed by the European Commission on 23rd January, 2002 was adopted on 17th March, 2004 by the Conciliation Committee, made up of 15 representatives of the European Parliament and 15 representatives of the Ministers of Transport.

The major items contained in the package are:

In respect of freight,

- the opening of international traffic to competition throughout the European Railway Network on 1st January, 2006;
- the opening of domestic traffic on 1st January, 2007

In respect of passengers,

- the opening of international passenger traffic to competition as required by the European Parliament. This matter was not actually taken up but will be in the context of a 3rd Railway Package that the Commission has just proposed.

In respect of safety and interoperability,

- the creation of a European Railway Agency (''ERA''). The ERA should be set up at the beginning of 2005 at the latest. Located in Lille and Valenciennes, France, it will have a staff of 100. It will have the remit, among other duties, of proposing measures towards the gradual harmonisation of safety rules and drawing up Technical Specifications for Interoperability (''TSIs''). Sector experts, including those of SNCF, will take part in the working groups led by the ERA. The social partners (representatives of management and labour) will also be involved in some of the working groups.

The texts of the second Railway Package were endorsed by the Parliament in plenary meeting on 22nd April, 2004 and by the Council on 26th April, 2004 and were officially published on 30th April, 2004.

MANAGEMENT REPORT FOR THE YEAR ENDED 31st DECEMBER, 2003

1. Group Presentation

CORPORATE STRUCTURE

PASSENGER – LONG DISTANCE TRANSPORT DIVISION

Voyages France Europe

- **International long-distance transport**
  - Eurostar
  - Thalys
  - Artesia
  - Rhealys
  - Lyria
  - Elipsos
  - Ferry transport
  - Seafrance
- **Transport-related services**
  - Services
    - A2C
  - Distribution and new services
    - Rail Europe Ltd
    - Voyages-sncf.com
    - Rail Europe Inc.
    - Gle commerce
    - Eurovacation
    - GL Expedia

PASSENGER – PUBLIC TRANSPORT DIVISION

TRANSILIEN – TER

- **Public, regional and local transport**
  - Keolis Group
  - Effia Group

FREIGHT – TRANSPORTATION AND LOGISTICS DIVISION

FRET SNCF

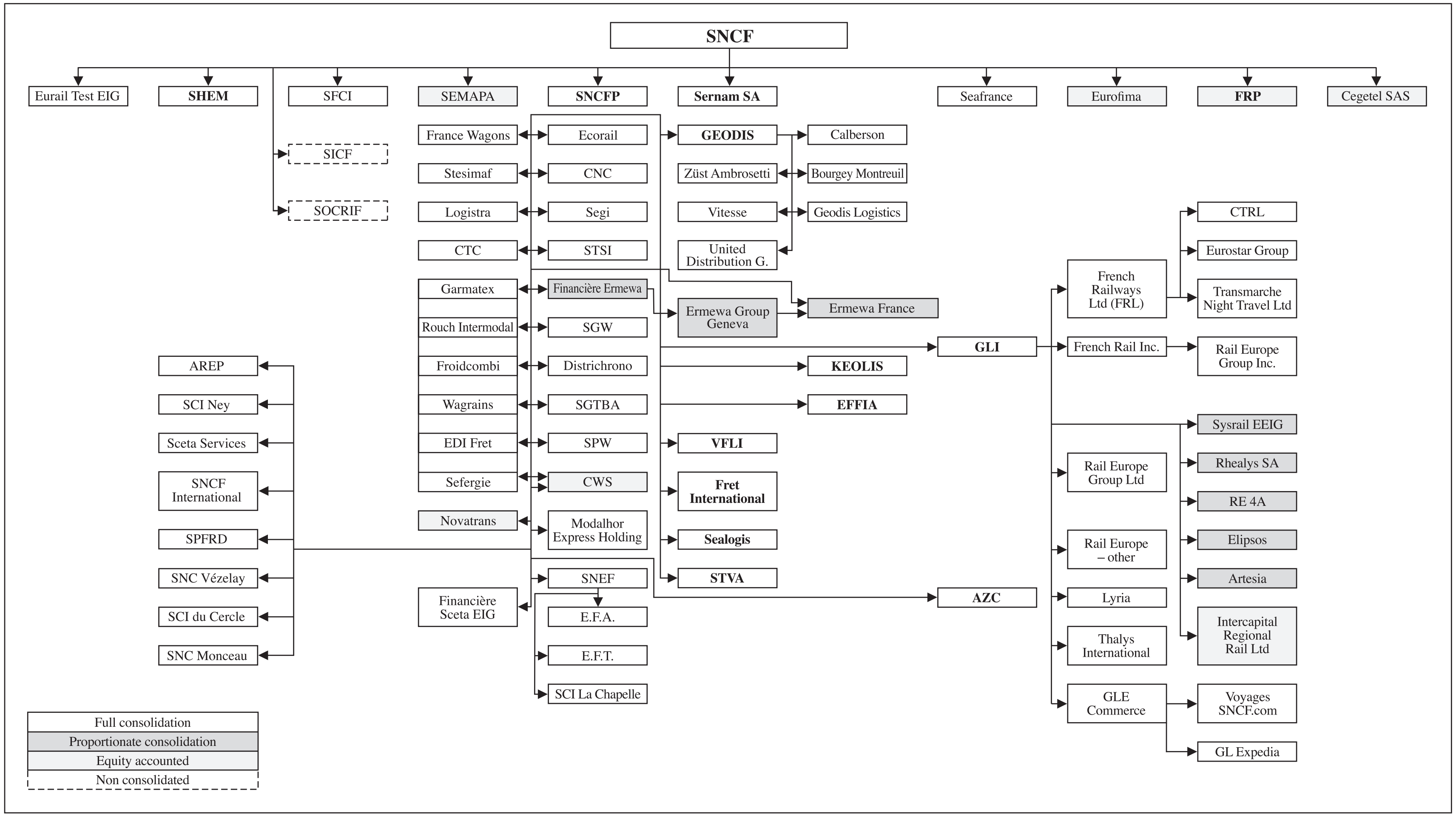
- **Transport and logistics operators**
  - Combined transport
    - CNC
    - Novatrans
    - Rouch
    - Froidcombi
    - Ecorail
    - Iron highway
    - CME
    - Distribution
    - Districhrono
  - Grain
    - Logistra
    - CTC
    - Nuclear chemicals & indivisible loads
    - STSI
    - Automobile
    - STVA
  - Geodis Group
    - France
    - Europe (exc. France)
    - Rest of the world
    - Parcel delivery
    - Sernam
    - Port
    - Sealogis
  - International
    - Fret International
    - Freight cars
    - France Wagons
    - Ermewa
    - SGW
    - Final-stage carriage & logistics
    - VFLI
    - Garmatex
- **Financing & other services**
  - Segi
  - Sefergie
  - Stesimaf
  - Edifret

INFRASTRUCTURE AND LEVERAGING OF SNCF'S ASSETS AND KNOW-HOW

Infrastructure maintenance and management, Construction project management, Engineering

- SNCF International
- Cegetel SAS
- SFCI
- SNEF
- Systra
- Shem
- SICF
- Eurofima
- AREP
- SOCRIF

LEGAL STRUCTURE



Number of subsidiaries by division and subgroup:

Passenger – Long-distance Transport	**32**
Grandes Lignes International	27
A2C	4
Seafrance	1
Passenger – Public Transport	**226**
Keolis	216
Effia	10
Freight Transport	**402**
Geodis	261
STVA	38
Ermewa	30
Sernam	18
VFLI	13
Fret International	10
SEALOGIS	10
Other	22
Leveraging of SNCF's Assets and Know-how	**63**
SNCF International	37
FRP	5
SHEM	4
SNEF	4
Cegetel SAS	1
Other	12
Total	**723**

2. Significant events of the year

2.1 Group environment and strategy

- **A harsh economic and geopolitical climate. . .**

The continuing economic slump experienced in France and Europe during 2003 affected all Group activities. Specifically, this resulted in reduced activity for Freight industrial customers and a marked slowdown in infrastructure investments. The weak economy was aggravated by a geopolitical situation troubled by the war in Iraq, with very negative impacts on international passenger traffic and road and ferry activities.

- **. . . made worse by labor unrest in the Spring of 2003**

The results for fiscal 2003 were particularly affected by the cost of strike days between March and June, resulting in a partial production stoppage in all activities of the parent company and certain subsidiaries of the Freight – Transport and Logistics division. The immediate consequence was a significant loss in revenues. The total net cost of these strikes for the Group is estimated at €270 million.

The parent company reacted through the "Starter" action plan, resulting in measures to recover clientele and reduce operating expenses. The plan's rapid implementation led to a turnaround in the 2003 second half results.

- **A European context undergoing sweeping change**

The European Directive governing the free circulation of international freight traffic on European rail networks, called the "1st Railway Package," entered into force in France on 15th March, 2003. This opening of Freight to competition is not yet a reality. As part of the new regulatory measures, the obligations of the French rail infrastructure capacity allocation body, Organisme de Régulation de Capacités, have been transferred to RFF.

In October 2003, the Community of European Railways (CER), which comprises European rail companies and the European Transport Workers' Federation (ETF), encompassing the European transport unions, concluded two harmonisation agreements, one on minimum standards for regulated work by train crews working cross-border services and the other on a European driving license, certifying that the driver possesses the physical and vocational aptitudes required and knows the safety regulations, the lines of routes and the rolling stock used in trains running on the infrastructures of several Member States.

The search for interoperability with other networks was given a boost in 2003, through the type approval of interoperable rolling stock and the training of driving staff. Interoperability for France-Belgium traffic is fully functional. Also, since December 2003, 60 trains have been running between the Metz and Mannheim zones, saving 2 hours on a 223 km journey. New locomotives have been approved for interpenetration with the German and Swiss networks (15 kV $16^{2/3}$ Hz) and the Belgian and Italian networks (3 kV DC).

- **A new stage in Group development**

With respect to its 2003-2005 Corporate Plan, SNCF has entered a new stage in its development, based on four strategic focal points:

– continue to renew the public service offerings, particularly through continued regionalisation and operation of Ile-de-France (region of Paris) network on a contract basis,

– focus on the European market and, for Freight, reasoned opening of markets to competition,

– finance growth via a return to break-even and subsequently profit,

– successfully complete the management renewal in order to develop employee initiative and responsibility.

Accordingly, the Group set up a new management structure in April 2003 in order to:

– clarify the ''management by activities'' approach,

– ensure consistency and effectiveness in making available production resources,

– strengthen the synergy between SNCF and its subsidiaries.

- **SNCF Freight sets up a plan for major overhaul of its production system**

The Board of Directors of the parent company approved a restructuring plan aimed at breaking even by 2006-2007. The plan calls for a major overhaul of SNCF Freight, its carriage offerings and its production process. The initial measures were implemented immediately.

The allocation of 120 locomotives to road-rail combined traffic provided a 90 to 95 per cent. punctuality rate for all domestic combined transport trains. Two ''Local Freight Zones'' – Rhône Alpes and Grand Ouest – out of the twelve scheduled to be created were set up. The five principal trunk route managements – for Basle-Bettembourg, EPOC (Ile-de-France hub for combined transport), North-East/Savoie, East/South-East and North/Atlantic – handle long-distance traffic. A quality gain of 6 per cent. was observed already in 2003 on the Basle-Bettembourg trunk.

- **Customer affection reaffirmed: success of the "Le Train Capitale" exhibition**

From 17th May to 15th June, 2003, SNCF presented the "Le Train Capitale" exhibition on the Champs-Elysées, in partnership with railway rolling stock manufacturers Alstom, Siemens and Bombardier and with RFF. The exhibition, which attracted more than five million visitors, looked back on 150 years of French railroad history by presenting the most striking examples of past and future trains. The success demonstrated the public's affectionate regard for trains.

2.2 Other events by division

Creation of "Public Transport" and "Voyages France Europe" divisions

Since June 2003, the Mainline and Stations activities have been integrated within a larger grouping, Voyages France Europe (VFE), which also includes the Trains department, and the TGV Est and new lines programs.

Appointed on 22nd October, 2003, the Public Transport Director is responsible for the Transilien (Ile-de-France, i.e. Paris region, commuter trains) business, the activities of the twenty TER (Regional Express Transport) regions and the Corsican railways, and will take up the interregional activity that will result from the redefinition of the Corail trains' scope. These local rail services, at the core of the company's public service obligations, represent over €4 billion in revenues realised on behalf of regional authorities. Synergies within the Group companies, particularly Keolis (urban and intercity public transport), are thus reinforced within a new SNCF "division," alongside existing divisions.

This new segmentation of passenger activities is subject to the approval of the Joint Labor-Management Committee. The creation of the Public Transport division is now being submitted to the competent employee representative bodies.

- **Passenger – Long-Distance Transport**

Long-distance rail transport is launching new commercial product ranges, upgrading its stations,

Fiscal 2003 was highlighted by the successful launch of several new commercial products: Prem's, Escapades card, Last Minute offers and home on-line ticket printing.

In September, SNCF celebrated the tenth anniversary of the Northern high-speed line, ''TGV Nord Europe'', and in November the one-billionth TGV passenger.

In 2003, the technical innovation and upgrading policy for stations was marked by the WIFI experiment at the Paris North station and subsequently the Lille Flanders, Lille Europe, Paris Montparnasse, Bordeaux and Pau stations and by the French standardisation body's (AFNOR's) quality certification of the Valence, Limoges, Strasbourg, Amiens, Tours, Poitiers, and Clermont stations, as well as 3 TGV Mediterranean stations, the redevelopment of Paris Gare de l'Est station, the creation of a multi-office space at Paris Lyon station, and the launch of the "Demain Saint Lazare" project to modernise Saint Lazare station.

. . . accelerating on-line development and distribution,

The partnership between Voyages France Europe and the US on-line travel company Expedia was reinforced by the sale of 2.9 per cent. of the GL Expedia common stock to Expedia Inc., thus increasing its stake to 49.9 per cent. This collaboration was further bolstered by the voyages-sncf.com website, the e-commerce leader in France. The site tripled its sales volume for airline tickets, hotel reservations, car rentals and holiday packages (€87 million or 19 per cent. of the site's activity).

. . . meeting the challenge of modernising Corail,

The new "Teoz" Corail train was commissioned by SNCF on 1st September, 2003 on the Paris-Clermont-Ferrand line, following the Corail business development campaign commenced at the end of 2002. In early 2004, four new trains were allocated to the Paris-Nancy-Strasbourg line. Discussions were held with public authorities concerning certain lines which fulfill regional development missions.

. . . and boosting Eurostar competitiveness

The first phase of the new high-speed line between London and the Channel Tunnel was brought into service on 28th September, 2003, thus linking Paris to London in 2 hours and 35 minutes and Brussels to London in 2 hours and 20 minutes. This launch, under optimum operating conditions, reinvigorated Eurostar traffic in the last quarter of 2003.

To meet the challenges lying ahead, a new organisation is being examined in order to streamline management and operations, which could be combined within a single company, Eurostar Ltd. SNCF Group would hold the majority interest with 54.6 per cent. of common stock.

The conversion of line management subsidiaries into entities resembling rail companies is currently being considered, particularly in terms of services to and from Italy (Artesia II) and Switzerland (Lyria II).

- **Passenger – Public Transport**

Upgrading of TER and Transilien rolling stock

The first deliveries of the Z-TER emu, which can run at 200 km/h, and the trials of the Autorail Grande Capacité (AGC) (high-capacity multiple unit) substantiated the renewal of the TER equipment. Half of the railroad cars circulating in Ile-de-France are now new or renovated, and 230 stations had been beqeathed the Transilien quality label at the end of 2003.

Keolis pursues its development at the international level ...

Go Via (a joint venture owned 35 per cent. by Keolis and 65 per cent. by Go Ahead) operates the South Central rail concession in Britain under the previous contract taken over from Connex in August 2001. On 9th May, 2003, an agreement officially launching the new South Central concession for a seven-year period, ending in December 2009, was signed between the Strategic Rail Authority (SRA), the

British rail regulator, and Go Via. The agreement concerns the main service from the south of London to Brighton, covering 600 km of track.

Keolis increased its stake in the Danish company City Trafik from 35 per cent. to 49 per cent. With 550 employees and 230 buses, City Trafik is the leading private group for passenger transport in Denmark. In Germany, Keolis was selected as the operator of the Zwickau bus network for a 7-year period.

Finally, Keolis and Connex, 50/50 partners, have become the unchallenged leaders for regular international bus liner services in France, as a result of the purchase of Intercars.

. . . and consolidates its position in France

In France, Keolis contracts were renewed in the cities of Bayeux and Arles for 6 years, Laval for 5 years, Arras for 7 years, and Chartres for 3 years. In November 2002, the urban community of Lille also renewed its trust in the subsidiary Transpole, for a period of 7 years.

- **Freight – Transport and Logistics**

An essential financial effort to support the restructuring of combined transport

The €20 million recapitalisation of CNC in October 2003 should finance the subsidiary's restructuring. It comes in addition to the sale and leaseback transaction covering the pool of 1,159 freight cars spread over the period December 2002 to January 2003. The CNC restructuring plan involved 173 jobs (out of a total of 750) and led to the closing of 6 terminals.

Commercial gains for Geodis with significant logistics contracts

In January 2003, Geodis and Alstom signed a four-year logistics contract for Europe, covering the management of non-strategic components. In April 2003, a major five-year contract was concluded with ExxonMobil for the supply of logistics services and the construction of a 1,200 km pipeline between Chad and Cameroon.

For a three-year period beginning 1st October, 2003, Geodis will manage logistics and distribution for all Dell printer consumables in Europe. In 2003, Geodis became the sole transport and logistics partner in Europe for TI Automotive, a world leading supplier of automotive equipment.

In June 2003, Geodis won a storage contract from the mail-order house 3 Suisses for a 20,000 m^2 platform in northern France. In July 2003, Geodis began the construction of two platforms (16,000 m^2 in Ottmarsheim and 13,000 m^2 near Sochaux) in order to accompany the reorganisation of the PSA sites in Mulhouse and Sochaux.

The improved performance of Geodis in 2003 is due to the significantly enhanced quality of its marketing and production organisation.

Change in the Group's stake in Sernam

On 30th June, 2003, SNCF submitted its response to the questions raised by the European Commission in connection with the terms and conditions for opening a formal procedure for the review of aids previously granted.

Following the opening of this procedure on 30th April, 2003, and in accordance with the agreement signed on 21st December, 2001, SNCF purchased the 15 per cent. interest in Sernam held by Geodis (interministerial decree of 28th July, 2003).

Castle Services winding up

Purchased in July 2001 by Freight International via its subsidiary Freight Europe UK, Castle Services, which was located in England, lost two major contracts (Corus and ASW) without experiencing any parallel success. For lack of a purchaser, it was decided to shut down Castle Services in July 2003. The wind-up cost a total of €3 million.

Freight International is developing in Italy

The acquisition of Cargo Docks on 30th April, 2003 enables the Group to position itself as a genuine logistics operator in Italy. Specifically, the company has a modern 35,000 m^2 logistics platform and an adjoining 10,000 m^2 parking lot in the industrial zone of Modena.

Reorganisation of port activities

On 1st July, 2003, the Group sold 33⅓ per cent. of the common stock of MTND/GMP, a stevedoring company in Le Havre. A minority interest was retained to develop rail logistics activities related to port handling operations.

STVA opens two new storage and logistics platforms

STVA inaugurated two new operating sites (Bordeaux with an area of 20 hectares and Avrigny, near Compiègne, with an area of 37 hectares).

- **Infrastructure – leveraging of SNCF's assets and know-how**

Leveraging of hydro-electric assets

Following the signature of a partnership with Electrabel at the end of 2002 in order to obtain better value from electricity production, SHEM's contract with the utility EDF was terminated on 30th April, 2003.

The purchase of the Saint Pierre de Marèges plant's peaking equipment during the second half of 2003 represents the most significant development operation carried out by SHEM in several decades.

In addition, SNCF sold its interest in Compagnie Nationale du Rhône in August 2003 to Caisse des Dépôts et Consignations, the public lending institution.

2.3 Change in Group structure

- **Change in the Group's stake in Telecom Développement**

On 30th December, 2003, SNCF and SFR Cegetel Group concluded a merger agreement resulting in the merger of Telecom Développement and the fixed telephony activities of Cegetel Group. This merger received the preliminary authorisation of DGCCRF (French authority responsible for competition, consumer affairs and fraud prevention, ART (French telecommunications authority), and the Commission des Participations et Transferts (Commission for investments and stock transfers). SNCF Group now holds 35 per cent. of the new entity, called Cegetel SAS. The activity of Telecom Développement for the twelve months of the year is recorded in the SNCF Group income statement, and the securities accounted for under the equity method as of 30th December, 2003 for the new Cegetel SAS entity are reported in the balance sheet.

- **Proportionate consolidation of Ermewa group**

The Ermewa common stock restructuring was finalised in April 2003 with the arrival of a financial partner, Investors in Private Equity (IPE). In accordance with commitments made to the founding shareholder of Ermewa, the Group purchased additional stakes from the interested parties in 2002 and, as of 31st December, 2002, directly or indirectly held 99.8 per cent. of the securities. The leveraged buyout with IPE brings a new financial associate to the Group, the Swiss holding company created for this purpose, "Financière Ermewa," held jointly by the Group (49.6 per cent.) and IPE (50.4 per cent.).

The Ermewa group, fully consolidated as of 31st December, 2002, was consolidated on a proportionate basis beginning 1st January, 2003 (49.6 per cent. for the Swiss companies and 66.3 per cent. for the French companies). The consolidation's impact is presented in paragraph 3.1.

Marine shipping activities were presented as a net asset for disposal. The disposal process is in fact underway, as the Group is refocusing on its core business: car rental, freight forwarding, container rental and equipment repairs.

- **Expansion of Keolis in Sweden**

As of 1st January, 2003, Keolis acquired a 70 per cent. majority interest in the common stock of Busslink, the third largest public transportation company in Sweden and operator of a bus and tramway network in Stockholm and the surrounding region. With the rail franchise Citypendeln (Stockholm regional express train network) already operated by the group, Keolis is now a reference in the passenger transport market in Sweden.

- **Withdrawal from ferry transport in the Mediterranean**

The SNCF stake in SNCM fell to 6.98 per cent., following the common stock increase in November 2003. Consequently, SNCM, previously accounted for under the equity method, was removed from the Group's scope of consolidation.

3. SNCF Group

3.1 Consolidated net income

	Year ended 31st December, 2003	*Year ended 31st December, 2002*	*Change*	
	In € millions		*In € millions*	*In %*
Consolidated revenues	**22,523**	**22,176**	**347**	**2%**
Capitalised production and production for stock	662	575	87	15%
Operating subsidies	43	89	(46)	-52%
Purchases and external charges	(10,805)	(10,844)	39	0%
Taxes and duties other than income tax	(809)	(843)	34	-4%
Personnel costs	(10,051)	(9,750)	(301)	3%
Gross operating income	**1,563**	**1,403**	**160**	**11%**
Depreciation, amortisation and provisions, net	(1,350)	(1,166)	(184)	16%
Other operating income and expenses	(63)	(54)	(9)	17%
Net operating income	**150**	**183**	**(33)**	**-18%**
Net financial expense	**(271)**	**(320)**	**49**	**-15%**
Net loss from ordinary activities of consolidated companies	**(121)**	**(137)**	**16**	**-12%**
Exceptional items	230	297	(67)	-23%
Income tax	(34)	(37)	3	-8%
Net income of consolidated companies	**75**	**123**	**(48)**	**-39%**
Share in earnings/(loss) of equity affiliates	13	(2)	15	-750%
Amortisation of goodwill	(22)	(28)	6	-21%
Consolidated net income	**66**	**93**	**(27)**	**-29%**
Minority interests	55	30	25	83%
Net income for the year (Group share)	**11**	**63**	**(52)**	**-83%**

- **Impact of main changes in Group structure**

  Two changes in Group structure affect the comparability of 2003 and 2002 net income:

  – The proportionate consolidation of the Ermewa group as of 1st January, 2003. Ermewa had been equity accounted in 2002. The consolidation's impact for fiscal 2003 is +€85 million on revenues, -€2 million on operating income and -€13 million on net income, compared to a -€2 million contribution to net income (Group share) in 2002.

  – The full consolidation of Busslink as of 1st January, 2003: the contribution to revenues is +€213 million and operating income is break-even.

- **Revenues**

Revenues increased by 1.6 per cent. in relation to 2002. However, on a constant Group structure basis, they are virtually stable at +0.2 per cent., compared to 2002. The impact of the Spring strikes on Group revenues is estimated at -€320 million. In addition, the economic slowdown had a major impact on the Freight – Transport and Logistics division, international Mainlines, and ferry activity.

- **Gross operating income**

Despite a Group net cost for the strikes estimated at €270 million, gross operating income rose 11 per cent., representing 6.9 per cent. of revenues, compared to 6.3 per cent. in 2002. The growth is the result of the parent company's "Starter" recovery plan measures and the solid results of Geodis and Keolis in France.

- **Net operating income**

Net operating income stood at +€150 million, a decline of 18 per cent. due to depreciation, amortisation and provisions, mainly accrued at the parent company level.

- **Net financial expense**

The consolidated net financial expense improved by €49 million (-€271 million, compared to -€320 million in 2002) due to a favorable foreign exchange impact of +€40 million on the Swiss franc compared to fiscal 2002.

In addition, net financial expense benefited from one-off net income of €89 million on finance leases, called "QTE leases," for ticket sale and reservation equipment, which offset the -€82 million decrease in debt management net charges, largely due to a volume impact and the scheduled reduction of the Special Debt Account equalisation payment (-€47 million).

- **Net loss from ordinary activities of consolidated companies**

Net loss from ordinary activities of consolidated companies stood at -€121 million, compared to -€137 million in 2002. The slight improvement is attributable to the contrasting impacts of non-recurring elements:

Net loss from ordinary activities of consolidated companies – 2002:	- €137 million
Impact of 2003 strikes:	- €270 million
Income related to QTE lease:	+€90 million
Other changes in operating income:	+€196 million
Net loss from ordinary activities of consolidated companies – 2003:	- €121 million

- **Exceptional items**

Exceptional income amounted to €230 million, compared to €297 million for 2002. The line item essentially represents capital gains on the disposal of Compagnie Nationale du Rhône securities and on the Telecom Développement/Cegetel SAS share exchange. The result for the year also includes restructuring costs for the road transport and logistics subsidiaries in the amount of €39 million (compared to €12 million in 2002).

- **Share in earnings of equity affiliates**

The equity affiliates' contribution to net income for €13 million stems from the solid performance of Eurofima (+€7 million) and the turnaround of Société de Manutention de l'Activité Portuaire (€2.5 million).

- **Income tax**

The tax charge remains stable (€36 million).

- **Consolidated net income**

Consolidated net income totaled €66 million, heavily affected by the strikes and restructurings (Freight plan, elimination of night trains in Italy and Geodis, Sernam and CNC restructurings). These impacts were offset by non-recurring elements (QTE lease and asset disposals).

Net income – 2002:	€93 million
Impact of 2003 strikes:	- €270 million
Cost of parent company restructurings:	- €60 million
Cost of subsidiary restructurings:	- €40 million
Income related to QTE lease:	+€90 million
Other changes in net income:	+€253 million
Net income – 2003:	€66 million

Net income (Group share)

Net income (Group share) broke even (€11 million compared to €63 million) after recognition of minority interests, which increased significantly with the improved results of Telecom Développement and Geodis.

3.2 Cash position and finance sources

	Note	2003	2002
Net income of Consolidated Companies		**75**	**123**
Add-back of non-cash items:			
• Depreciation, amortisation and provisions, net (excluding current asset provisions)		1,384	1,013
• Deferred tax movement		3	8
• Capital losses on disposal		(306)	(192)
• Other		(6)	(16)
Cash flow from consolidated company operations	30	**1,150**	**936**
Dividends received from equity affiliates		6	5
Change in working capital requirements		218	469
Net cash from operations	30	**1,374**	**1,410**
Non-current asset purchases		(2,143)	(2,144)
Non-current asset disposals		413	338
Change in loans and receivables		(13)	112
Impact of changes in Group structure		19	(183)
Other investment changes		2	
Net cash used in investing activities	30	**(1,722)**	**(1,877)**
Dividends paid to minority interests in consolidated companies		(7)	(7)
New loans secured		1,862	2,534
Loan repayments		(1,887)	(1,948)
Investments subsidies received		625	734
Change in marketable securities(1)		(92)	71
Change in cash borrowings(2)		(375)	456
Change in receivables(2)		5	(9)
Net cash from financing activities	30	**131**	**1,831**
Increase/(decrease) in cash balance	30	**(217)**	**1,364**
Opening cash balance		707	(668)
Closing cash balance		486	707
Impact of exchange rate fluctuations		(4)	9
Impact of changes in accounting method		1	2

(1) Portion with an initial maturity of more than 3 months

(2) Loan issue premium

- **Cash position**

Net cash from operations

Net cash from operations amounted to €1,374 million, compared to €1,410 million in 2002.

The cash contribution is essentially due to the Gross operating income (+€1,563 million) and working capital resource (+€218 million) generated by the Group in 2003, minus the interest charges on loans (-€410 million).

The working capital resource of €218 million generated over the period essentially stems from the increase in outstanding accounts payable (+€316 million) in part offset by the increase in outstanding accounts receivable (-€104 million) in the SNCF accounts.

The resources generated by the activity have declined slightly compared to 2002. In fact, the Group's Gross operating income and Net financial expense improved (+€160 million and +€49 million, respectively), but the change in working capital requirement has not benefited from the positive impact of the SNCF renegotiations of settlement term and conditions with RFF (-€251 million).

Net cash used in investing activities

Net cash used in investing activities remains substantial: €1,722 million in 2003 (compared to €1,877 million in 2002).

Investments primarily concerned the acquisition and renovation of railway rolling stock (€1,225 million), fixtures, fittings and upgrading of stations and buildings (€447 million), the acquisition of equipment in relation to the development of client access and broad-band at Cegetel SAS (€86 million), road transport rolling stock (€74 million, including €40 million for Keolis), real estate assets (€68 million) and the Saint Pierre de Marèges peaking equipment by SHEM for €27 million.

The resources essentially stem from asset disposals, particularly the sale of CNR securities and cash gains from changes in Group structure.

The change compared to 2002 is related to changes in Group structure. The impact of the full consolidation of Keolis and Ermewa as of 31st December, 2002 generated an additional cash flow from investing activities of €160 million. In 2003, the various changes in Group structure, particularly the proportionate consolidation of Ermewa (-€100 million), the equity accounting of Cegetel SAS (+€49 million), and the acquisition of Busslink (+€17 million) reduced investments by €19 million.

At the same time, Group receivables increased in 2003. SeaFrance, in particular, granted a subordinated loan and a bridge loan to Chantiers de l'Atlantique in connection with the construction of the new ship "Le Berlioz."

Net cash from financing activities

Net cash from financing activities generated a net resource of +€131 million. Financing activities included €618 million in investment subsidies, primarily for TER rolling stock.

Loan issues on the market totaled €1,862 million, with repayments of €1,887 million.

In order to restore the cash resources that had been heavily solicited the previous year, loan issues in 2002 exceeded maturities by €586 million, whereas cash flows from operations and investing activities, adjusted for investment subsidies received, generated a resource of €267 million.

In 2003, despite a resource generated by operations and investments adjusted for investment subsidies that were €109 million less than 2002, new loan issues were €25 million lower than maturities and the balance was taken to cash.

- **Sources of financing – Debt management**

The €1.93 billion in financing set up in 2003 by the Railway decreased by €0.34 billion compared with 2002. Eurofima contributed €220 million, and European Investment Bank loans accounted for €200 million. At the end of the first quarter of 2003, SNCF performed two public transactions, taking advantage of favorable conditions on the Canadian and New Zealand dollar markets.

In order to build on the improvement in the long-term credit rating issued by Moody's in July 2002, from Aa1 to Aaa, a €500 million 15-year benchmark bond issue was launched at the end of June. Issued at 99.004 per cent., the bond bears an annual coupon of 4.375 per cent. The issue was placed 44 per cent. in France, 13 per cent. in Benelux and England, 11 per cent. in Switzerland, and 9 per cent. in Germany. SNCF benefited from the demand by institutional investors for long securities to continue extending the average term of debt, pursuing the 2002 policy.

As was the case in 2002, SNCF performed private placements as part of its EMTN program, resulting in several transactions. The last quarter in particular was very active. In fact, the first quarter drop in interest rates encouraged many issuers to meet their financing needs early in the year, while Asian investors, looking for investments in the last quarter, demonstrated a particular attraction for prime paper.

The year's transactions were either concluded directly in euros at a fixed or variable rate, or under initial foreign exchange contracts converting foreign currency commitments into variable rate euro commitments.

In addition, the lower interest rates prompted the Group to increase the fixed-rate portion of its indebtedness from 68.3 per cent. as of 31st December, 2002 to 73.4 per cent. as of 31st December, 2003.

- **Net indebtedness**

Group net indebtedness is presented in the following table using balances detailed in the notes to the financial statements:

	Note	*31st December, 2003*	*31st December, 2002*
LT borrowings	17	14,973	16,623
Accrued interest payable		445	487
LT borrowings excluding accrued interest payable		14,528	16,136
RFF receivables excluding accrued interest payable	7	(10,034)	(11,808)
Finance lease liabilities excluding accrued interest payable	17	3,546	4,030
Impact of foreign exchange contracts	17	347	132
Net borrowings (a)		8,387	8,490
Current net cash (b)		(161)	(72)
Net indebtedness (a)+(b)		**8,226**	**8,418**

Current net cash	*Note*	*31st December, 2003*	*31st December, 2002*
Cash borrowings		1,635	2,073
Marketable securities excluding accrued interest payable		(1,422)	(1,825)
Leasehold transaction receivables		–	–
QTE transaction receivables		–	–
Deposits paid		(315)	(83)
Loans to subsidiaries		(16)	(16)
Bank overdrafts		(39)	(199)
Other		(4)	(22)
Current net cash (b)		(161)	(72)

3.3 Public Contributions (from State and Local Authorities) received by the Railway

Contributions granted to the parent company by the State and local authorities are presented in the following table:

In € millions	*2003*	*2002*
Passenger fare subsidies	479	457
Contribution of regulatory authorities	1,546	1,495
Operating subsidies	34	65
Investment subsidies received	618	721
Retirement benefits (equalisation contribution – Article 30)	2,376	2,259
Special debt accounts *(annual State contribution)*	677	677
TOTAL	**5,730**	**5,674**

- **Public contributions included in 2003 net income**

Fare subsidies

This involves subsidies for low-fares granted to passenger categories (large families, military personnel, etc.) determined by the State. They are recorded under Revenues.

Contribution of Transport Organising Authorities

These contributions remunerate comprehensive service offerings provided on a contract basis or specific services. They are paid by the Greater Paris Transit Authority (Syndicat des Transports d'Ile-de-France – STIF) for the region of Paris and by the Regional Councils for the regional express (TER) services and are recorded under Revenues.

Operating subsidies

These consist mainly of subsidies of a social nature paid to companies by the State in connection with its employment policy (youth jobs and various other agreements with employers) and of a subsidy for carrying newspaper and periodicals.

- **Other payments received without impact on 2003 net income**

Investment subsidies received

SNCF receives investment subsidies in the form of third-party financing, primarily from local authorities, for rolling stock.

Investment subsidies are recorded as deferred income and released to operating income (deducted from Depreciation, amortisation and provisions) over the estimated economic life of the relevant assets.

Retirement benefits (equalisation contribution - Article 30)

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 terms and conditions under which the French State assures the financial balance of this regime.

In return for the payment by SNCF of "standard" contributions to the Pension fund, the French State assures the financial balance of the pension regime. The "standard" contribution rate is determined based on SNCF contributor and pensioner populations, adjusted for demographic imbalance compared to that of other common law pension schemes. The contribution rate was regularly reviewed until 1990. The Decree of 27th February, 1991 set it 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.

However, the benefits specific to the SNCF scheme, created in 1990, compared with the benchmark scheme, are financed by SNCF and its employees.

Special debt accounts (annual State contribution)

In accordance with the multi-year planning contract ("contrat de plan") between the French State and the parent company, signed in 1990, a Special Debt Account was set up on 1st January, 1991. This account has no independent legal status, although separate accounting records are kept by the parent company.

The role of this account is to isolate part of SNCF debt, in respect of which interest and capital payments are essentially made by the French State. Debt transferred to the Special Debt Account remains there until extinguished.

Special Debt Account resources consist of an annual contribution from the French State of €677 million and an annual payment by the parent company of €18 million.

3.4 Staffing and Social Policy

The average number of Group employees increased by 0.7 per cent. as a result of Group structure changes (particularly the entry of Busslink with 3,576 employees) and the increase in Keolis employees due to growth in France. These changes were partly offset by the reduction in parent company employees and the impact of restructuring plans in subsidiaries.

	2003	*2002*	*Change in %*
SNCF(2)	180,339	183,955	-1.97%
Geodis Group	22,631	23,500	-3.70%
Keolis Group	28,854	22,980	25.56%
Sernam Group	2,808	3,099	-9.39%
STVA Group	2,026	2,030	-0.20%
Seafrance Group	1,544	1,429	8.05%
Other subsidiaries and equity investments	5,742	5,170	11.06%
TOTAL	**243,944**	**242,163**	**0.74%**

(*) Paid employees, including 1,111 employees seconded to Group subsidiaries.

Changes in the number of employees over the last four years were as follows:

	2003	2002	2001	2000
Parent company*	180,339	183,955	184,695	182,804
Subsidiaries	63,605	58,208	36,052	37,187
TOTAL	**243,944**	**242,163**	**220,747**	**219,991**

(*) Paid employees

3.5 Outlook for the Future

- **Passenger – Long-Distance Transport**

Voyages France Europe accelerates its transformation to serve customers in the context of Europe

In 2004, the new Voyages France Europe/Public Transport organisational segmentation will be marked by a redefinition of the scope of the Corail ''network'' of conventional trains. The fleet of Corail trains used on long-distance lines will be modernised and the recently introduced, high-quality *Teoz* service will be gradually extended to the Paris-Strasbourg line and by year end to the Paris-Limoges-Toulouse line. Corail services more associated with regional and interregional transport or national and regional economic development should be incorporated into the Public Transport division.

The Voyages France Europe branch on the other hand will reinforce its position as European leader in high-speed trains and should confirm its profit-making ability by optimising the additional TGV capacities, with the help of new commercial offers, the coming on line of a new rail reservation system, the relaunching of Eurostar and continued cost control measures.

SeaFrance continues to renew its ferry fleet

To remain a credible cross-Channel player when the economy recovers, Seafrance continued to renew its fleet and ordered a ferry in July 2003 to be brought into service in the first quarter of 2005. The ferry ordered from Chantiers de l'Atlantique, an Alstom subsidiary, can carry 1,900 passengers and 120 trucks or cars at a rate of 25 knots, making it one of the fastest ferries of its category.

- **Passenger – Public Transport**

''Contract'' transportation striving to satisfy local needs

The TER and Transilien regional express activities of the parent company continued to improve production quality and cost control. New travel offers will be opened mainly thanks to continued procurement of new rolling stock, for example for the high-speed TER (''TER GV'') in Nord-Pas-de-Calais and new TER electric multiple unit trains in Western France, and progress on construction of the Tram/Train between Bondy and Aulnay, expected to be commissioned in 2006. The commissioning of the *Grande Ceinture Ouest* (Outer Circle West) line is a significant component of the inter-''departmental'' transportation network within the Ile-de-France region. Improved punctuality, already marked by the progress in Line C of the RER, and security, for which the downward trend was reversed in 2003, are the primary objectives.

The initial four-year contract signed on 12th July, 2000 between SNCF and the Ile-de-France Transit Authority, STIF, expired in 2003. The new contract signed in January 2004 for the 2004-2007 period emphasises punctuality and quality of service.

Keolis confirms its international expansion

In the UK, the FGK consortium set up by Keolis (45 per cent.) and the British First Group (55 per cent.) was authorised in December 2003 to create the TransPennine Express joint venture to operate the railway franchise of the same name. This intercity network, serving, in particular, Liverpool, Manchester, Leeds, Newcastle, Sheffield and York, carries 13 million passengers each year. The eight-year contract, renewable for five years, began in February 2004.

The contract mainly focuses on the modernisation of rolling stock (56 new trains) and a complete review of services to improve quality, punctuality and intermodality. This success is part of the Group's strategy to penetrate the British railway industry by forming partnerships.

London South Eastern Railways, a consortium of Go-Ahead and Keolis, is one of the four candidates selected by the Strategic Rail Authority (SRA) to operate the new ''integrated'' franchise in

Kent, scheduled to start operations early in 2005, consisting of the former South Eastern franchise and the new high-speed Channel Tunnel Rail Link (CTRL), the second half of which should be commissioned in 2007.

In December 2003, Orléans Express finalised the acquisition of Acadian Lines, the main coach company for the maritime provinces of Canada. Acadian Lines serves 72 cities and transports more than 500,000 passengers each year.

In addition, the restructuring of the Keolis common stock with the withdrawal of BNP Paribas is a major issue for the SNCF Group in the first half of 2004.

- **Freight – Transport and Logistics**

A new rail freight production organisation as part of a restructuring plan

The aim of the Freight restructuring plan, adopted by the Board of Directors of 19th November, 2003, is to achieve a 20 per cent. improvement in efficiency within 3 years, in order to restore competitiveness and renew growth.

The set-up of a new production organisation includes a change in commercial approach based on a segmented view of customer requirements. This segmentation forms the basis of a new range of services that will be implemented as from 2004. In December 2003, a group of sample customers, representing the main SNCF Freight user markets, was set up in order to assess the impact of the SNCF Freight transformation in the field. Its creation reflects SNCF Freight's desire to forge a new type of partnership with its customers.

This reorganisation will be finalised in the first half of 2004, with the generalisation of ''local zones'' and ''trunk routes'' managements, and in 2005 when freight booking will be implemented.

The Freight restructuring plan also resulted in the order of 400 diesel locomotives in February 2004.

This plan will be financially backed by the French State subject to the European Commission's approval. The State contribution would amount to €800 million over 3 years. At the same time, SNCF will reinforce this financing with a €700 million cash contribution.

Geodis wins major logistics contracts

On 1st March, 2004, upon termination of the previous contract signed in 1998, Geodis entered into a major logistical services agreement with IBM on a greater scale than before. The 5-year agreement gives Geodis the logistics management of all finished goods manufactured at European plants and going to 15 European countries, customs formalities, and the collection and processing of waste and end-of-life products (reverse logistics) across Europe, the Middle East and Africa. Geodis will coordinate the entire logistics chain.

In February 2004, Geodis inaugurated a 10,000 m^2 logistics platform to serve Metro Cash & Carry in Romania, and entered into a logistics agreement with France Telecom to manage items of business electrical and electronic equipment and reclaim it at the end of its life cycle.

Since January 2004, in connection with its policy to gain partnerships and expand its geographical coverage, Geodis Overseas France's has maintained a correspondent in the US, the Phoenix company. Since the beginning of 2004, Geodis and its partner Rohde & Liesenfeld have coordinated the logistics chain of the Swiss group Holcim, a world leading cement manufacturer.

Trans-Alpine iron highway begins its test phase

At the beginning of 2003, the new side-loading Modalohr car received ministerial authorisation for commercial use. The Alpine iron highway or ''rail motorway'' carries full road units on special shuttle trains between the Aiton-Bourgneuf terminal at the entry to the Maurienne valley in France and the Orbassano terminal in the western suburbs of Torino, Italy. The commercial test phase began gradually on 4th November, 2003 for tank trucks and flatbed or low-boy semi-trailers. Four piggyback trains shuttle each way daily between Chambéry and Torino in 3 hours in the present trial phase. The trial phase should end in 2006, when the line upgrading and tunnel gauge enlargement work are completed.

- **Infrastructure – Leveraging of SNCF's Assets and Know-How**

Changes in electricity generation activities

Since 21st October, 2002, SNCF has held the right, exercisable at any time, to sell 40 per cent. of SHEM's securities to Electrabel. The heads of agreement specifies that exercising this option shall result in the de facto transfer of an additional 40 per cent. in two years on the same date.

A common subsidiary with Accor to modernise hostels for train crew

The Group undertook a new accommodation policy for its 26,000 train employees, in order to convert over the next decade the current stock of 264 hostels into a network of 120 residential hotels managed by hotel management professionals. Orfea, a subsidiary held 50 per cent. by the Group and 50 per cent. by Accor, will be responsible for the management of these new living quarters. As from 2004, 15 hostels, including those in Lille, Villeneuve St Georges, Mulhouse and Nîmes will be converted into residential hotels. Several residential hotel construction projects have already begun, among which projects in Aulnoye, Lyon-Perrache and Toulouse.

- **General policy**

Implementation of International Financial Reporting Standards (IFRS) in the Group

In 2003, SNCF financial management set up a project to prepare for the transition to new international accounting standards.

The conclusions of the initial project phase were presented to the Audit Committee in January 2004:

- The main points concerning the SNCF Group were identified;
- The impact of their implementation on the future opening balance sheet and the income statement was estimated.

SNCF will submit a draft schedule to the Audit Committee in the first half of 2004, which will approve the main options that it intends to use.

Financial management, activities and subsidiaries are well prepared to meet the project deadlines.

4. Activity and Results by Division

The contribution of the various divisions to Group revenues, gross operating income and net operating income was as follows:

	Passenger – Long-distance Transport	*Passenger – Public Transport*	*Freight – Transport and Logistics*	*Infra-structure Leveraging of SNCF's Assets and Know-how*	*Group*
			In € millions		
Division revenues	**5,166**	**6,136**	**6,287**	**4,934**	**22,523**
Gross operating income	**645**	**693**	**(67)**	**292**	**1,563**
As % of revenues	12.5%	11.3%	-1.1%	5.9%	6.9%
Net operating income	**257**	**237**	**(429)**	**85**	**150**
As % of revenues	5.0%	3.9%	-6.8%	1.7%	0.7%

4.1 Passenger – Long Distance Transport

The Passenger – Long-Distance Transport division encompasses all the Group non-contract (not regionalised) passenger carrying activities, including rail (TGV and Corail, Thalys and Eurostar), ferries (Seafrance) as well as travel product distribution and new services (GLI, A2C) complementary to the division's core business.

	2003	2002	Change in %
	In € millions		
Division revenues	**5,166**	**5,224**	-1%
Gross operating income	**645**	**587**	+10%
As % of revenues	12.5%	11.2%	
Net operating income	**257**	**237**	+8%
As % of revenues	5.0%	4.5%	

Mainline traffic fell 2.2 per cent. (down 0.3 per cent. for national TGV traffic, down 1.6 per cent. for Eurostar traffic and down 4.4 per cent. for Thalys traffic) and car ferry transport increased by 2.9 per cent.

The decrease in revenues was contained at €57 million, despite the combined effects of an unfavorable economic climate, the geopolitical context, low cost competition, rail strikes and the depreciation of the pound sterling for ferry transport, and mainly concerned international relations.

The Group responded to the losses generated by the Spring strike with a cost control plan launched by the parent company, dubbed "Starter", and new sales and fare offers in order to increase the division's gross operating income by €58 million and its net operating income by €18 million. These measures succeeded in cutting back operating expenses and curbing the rise in personnel costs.

- **Voyages France Europe**

The good results achieved during the first four months of the year, despite the worsening economic and international contexts, were dramatically curbed by the strikes in May and June and the significant decline in the Eurostar market, faced with intense competition, until the commissioning of CTRL1 on 28th September.

The 2.2 per cent. fall in traffic was partly offset by the 1.5 per cent. increase in average income obtained in particular thanks to the Summer 2002 fare increases. TGV traffic income continued to rise by 3.8 per cent. in a difficult context. The TGV Méditerranée, the Province-to-Province TGVs and the "Intersector" services (by TGVs that run on all of France's HSLs, formerly called "Network" TGVs) in particular maintained high growth levels. The capacities on Intersector links were reinforced by the delivery of 15 new Duplex (double-decker) trains. However, Corail revenues dropped by 1.8 per cent. The favorable trend in average income was curbed by the fall in business ridership and the significant decline in average Eurostar fares due to promotional offers and the fall in the pound sterling. The slight drop for Thalys was concentrated on the Paris-Netherlands route.

The distribution of railway travel products abroad sharply declined, essentially on the US and UK markets, following the disaffection of customers and the dollar's fall against the euro. With regard to e-business activities, Voyages sncf.com confirmed its position as the leading e-commerce site in France, with a business volume of €467 million in 2003, up 72 per cent. over 2002.

Fees from businesses concessions in railway stations also increased (up 22 per cent.).

Gross operating income increased by €76 million (up 13.9 per cent.), due to cost cutting measures, the improved management of paths, which resulted in the reduction of infrastructure fees despite higher rates, and productivity improvements in rolling stock maintenance and driving. The reduction in unprofitable rail services also contributed to the rise in income.

Net operating income also improved, by €44 million (up 20.8 per cent.).

- **Ferry transport**

After an exceptional 2002 marked by strong growth, SeaFrance suffered a significant decline and lost considerable market share in 2003 due to a deteriorated economic climate, newly exacerbated competition and a depreciated pound sterling. In depressed markets, SeaFrance's activity was marked with contrasting passenger and freight traffic trends:

– a 2.9 per cent. rise in car traffic in a market which suffered an overall decline of 0.5 per cent.,

– a 12.9 per cent. decrease in truck traffic in a market that fell 0.6 per cent.

Revenues amounted to €214 million in 2003, down 17 per cent. compared to 2002, with the pound sterling falling by more than 9 per cent. Operating expenses dropped by 8.5 per cent., giving a consolidated net operating loss of €3 million, compared to a profit of €18 million in 2002.

Faced with a market characterised by sharp swings, SeaFrance set up a cost-control plan.

4.2 Passenger – Public Transport

	2003	*2002*	*Change in %*
	In € millions		
Division revenues	**6,136**	**5,640**	+9%
Gross operating income	**693**	**622**	+11%
As % of revenues	11.3%	11.0%	
Net operating income	**237**	**213**	+11%
As % of revenues	3.9%	3.8%	

The Passenger – Public Transport division encompasses all the Group's transportation activities provided on a contract basis, chiefly to regional authorities: rail (TER, Transilien and Keolis UK subsidiaries), bus, tramway or subway (Keolis) and transport-related services (Effia).

TER and Ile-de-France traffic fell by 0.3 per cent. and 1.2 per cent. respectively, compared to the increased traffic from Keolis' French activities. On a constant Group structure basis, consolidated revenues as a whole increased by 4.1 per cent. Excluding the acquisition of Busslink representing €214 million in revenues in 2003, the rise in revenues is attributable to the improvement in the Keolis Group, particularly in France.

At the same time, net operating income rose by €24 million due to Keolis' sound performances.

- **French rail: Regional Express Transport (TER) and Transilien**

Contribution to revenues increased by 2.9 per cent. to €4,060 million due to fare increases (August 2002 fare increases and the "full fare" increase), the strict application of contractual clauses, and an exceptional consideration from STIF in the amount of €15 million.

However, traffic dropped by 1.2 per cent. in Ile-de-France and 0.3 per cent. in other regions due to strikes and, to a lesser extent, the interruption of services under the Monaco tunnel and the heat wave. The impact of strikes represents the elimination of 1.8 million train-kilometers in Ile-de-France and 3.7 million in other regions, resulting in a loss of around €20 million. This traffic decrease was curbed by making adjustments to service patterns: among other improvements, services in NordPasdeCalais were reorganised; the TER 200 on the Strasbourg-Mulhouse line was put on regular interval service; the Paris-Auxerre-Dijon service and the Metz-Sarrebrücken link were reinforced and Paris' RER E line was extended to Tournan.

Production reorganisation continued, with more ''line managers'' being appointed and rolling stock turn-around being made more reliable, and helped the company's response to the cost control measures necessitated by the strikes. The Starter plan helped stabilise gross operating income at €483 million (up 5.8 per cent.) although net operating income fell by 4.5 per cent. to €171 million due to higher depreciation and amortisation expenses following the capital expenditure program of recent years, particularly the Transilien program.

- **Keolis**

In spite of a major reshuffle of the competitive environment, Keolis reinforced its position as French leader in passenger transportation by road, with revenues of €2,018 million, up 22.7 per cent. Part of this revenue increase stems from the Swedish company Busslink joining the Keolis subgroup in 2003. On a comparable Group structure basis, the increase over 2002 was 6.6 per cent. and is mainly due to renewal of the franchise to operate the Lille public transportation network, for the period from 2003 to 2008 and start-up of operations with the new automatic subway in Rennes in March 2002.

In France, the increase in both urban and intercity activities was bolstered by numerous contract renewals, including in Lille, Dijon, Arles, Bayeux, Laval, Tarbes, Châteauroux and Chartres, by new contracts such as in Arras and a contract to manage Grenoble airport jointly with Vinci, and the joint purchase with Connex of Intercars by Keolis subsidiary Eurolines. In addition, the urban and intercity businesses' performance benefited from the anticipation effect of the fares increase scheduled for June 1 and the tight control of overhead costs.

In the international arena, Orléans Express in Canada suffered a decline in activity, partly due to the impact of the SARS epidemic. In Sweden, the new Busslink management implemented streamlining measures in order to solve start-up difficulties.

Contribution to the consolidated net operating income totaled €33 million, compared to €13 million in 2002 (€19 million in 2002, following the reclassification of subsidies from exceptional to operating items). This €14 million increase on a constant group structure basis was due to the entry of Busslink into the Group, and, in particular, the profitability of Transpole. In addition, the 2002 net operating income suffered from strikes, notably in Lyon.

4.3 Freight – Transport and Logistics

The Freight – Transport and Logistics division encompasses all the Group's freight and logistics activities, both rail and road.

	2003	*2002*	*Change in %*
	In € millions		
Division revenues	**6,287**	**6,345**	-1%
Gross operating income	**(67)**	**(87)**	+23%
As % of revenues	-1.1%	-1.4%	
Net operating income	**(429)**	**(361)**	-19%
As % of revenues	-6.8%	-5.7%	

The economic slump and the strike primarily affected rail freight operations, especially combined transport. The other activity sectors held up well, especially Geodis and STVA activities, which improved their contributions to the consolidated net operating income compared to 2002.

On a constant group structure basis, revenues fell by 1.4 per cent. €34 million of the apparent increase in gross operating income was due to the change in the method of consolidation for Ermewa, as the good results achieved by Geodis were not enough to offset losses by Sernam (parcels) and rail freight.

- **SNCF Freight activities**

In a morose economic context, the Spring strikes generated a loss of revenues estimated at €92 million. Traffic dropped by 3.2 billion ton-kilometers (6.4 per cent.). Conventional rail freight, down 5.6 per cent., faired only slightly better than the total traffic. The sharp fall in combined transport (8 per cent.) was partly expected by SNCF Freight when it increased its freight rates to offset the cessation of subsidy payments for combined transport by the French State.

A traffic decrease was recorded in all sectors, except for agriculture, which increased by €4 million. Several major heavy industry sectors fell significantly, particularly those handled by the Steel & Coal, and the Oil, Chemicals & Nonferrous Metals business units.

Special offers to win back customers in the wake of the Spring strikes partly reduced the gains from the fare increases introduced at the beginning of 2003, such that the average income rose by only 1.4 per cent. over the year.

The increase in gross operating losses from €201 million to €258 million was mainly due to the fall in revenues and the loss of French State subsidies for combined transport (€17 million). However, right from 2003, Freight management focused its direction on three primary levers in order to improve its economic efficiency: fleet management, where considerable savings of €29 million were achieved on rolling stock maintenance, coordination of path reservations with RFF and staffing (reduced by 3.3 per cent.).

At the same time, the net operating loss rose from €335 million in 2002 to €425 million, due to the €37 million increase in depreciation and amortisation charges, mainly relating to the adjustment of the depreciation periods of locomotives that are to be or have been written off as part of the Freight plan.

- **Parcels carriage and logistics**

Geodis

In the same weak economic context, and faced with intense competition, Geodis managed to record a net operating income of €62 million, compared to €50 million in 2002, up 23.5 per cent., and to stabilise its revenues, which rose by 1 per cent. on a comparable group structure and exchange rate basis, even though it fell from €3,266 million to €3,225 million after taking account of group structure changes.

The France zone posted revenues of €2,262 million in 2003 compared to €2,260 million in the previous year, down 0.4 per cent. on a comparable group structure basis.

The state of the economy explains the decline in France parcel delivery, which dropped slightly in terms of standard and express parcel volumes, but improved its market share. Geodis reinforced its position as leader in this sector.

Logistics partly offset the fall in volumes managed on behalf of its customers through the considerable development of the Overseas activity.

Road carriage revenues likewise dropped by 0.3 per cent. on a comparable group structure basis, following the decline in volumes transported in the crisis-stricken chemicals sector, and despite the substantial growth in the General Cargo and Consumer Products activities.

The France zone showed good progress with a net operating income of €72 million (compared to €61 million in 2002). The operating margin improved thanks to price increases, termination of unprofitable contracts, cost cutting and better yield management overall.

The 4 per cent. increase in revenues on a comparable group structure basis in the **Europe excluding France zone** was primarily attributable to the good performance from activity in Italy (up 2.6 per cent.), the main contributor, particularly due to the growth in the Projects Abroad activity and in spite of the difficulties faced by Italian logistics operators who are heavily dependent on electronics industry customers.

Despite this turnaround, the net operating loss in the Europe excluding France zone totaled €9 million (compared to a loss of €11 million in 2002). Italy suffered from a lack of profitability in its principal logistics contracts, while Great Britain dramatically reduced its losses due to restructuring measures.

The **Rest of the World zone**, heavily marked by group structure changes and the depreciation of the dollar against the euro, increased by 4.7 per cent. on a comparable Group structure basis, due to a more buoyant economic climate in several Asian countries. Whereas the Group reduced its involvement in Latin America and the Ivory Coast, it reinforced its teams in Asia. The zone recorded a slight net operating loss (€2 million) as in 2002.

Sernam

The contribution of Sernam to consolidated revenues totaled €348 million, down 9 per cent. due to the impact of the general slowdown and labor unrest. The substantial price increases, particularly for groupage, curbed the impact of the fall in volumes. Sernam continued to gain market shares through its new "XPRESS" product range and improved its gross margin rate.

Despite the additional costs in transporting and compensating customers due to the Spring strikes, which totaled around €5 million, and soaring oil prices, Sernam managed to increase its gross operating income by €9 million and recorded a net operating loss of €68 compared to a €72 million loss in 2002.

Production facilities continued to be adjusted with the closure of the Veauche and Chambéry sites, the amalgamation of other sites, and the continued program for the redevelopment or construction of new agencies. The reduction in the number of employees in order to adapt resources to the level of activity totaled 487, including 450 in connection with restructuring plans. This resulted in a 2.4 per cent. reduction in payroll costs compared with 2002.

- **Automobile transport**

Through external growth in the second half of 2002 with the acquisition of Helf and Egerland, STVA recorded a slight 3.1 per cent. increase in its contribution to consolidated revenues (€303 million compared to €294 million in the previous year).

However, on a constant group structure basis, revenues fell by €13 million or 4.4 per cent. The French automobile market recorded a substantial decrease in registrations (down 6.3 per cent.) and European markets fell by 1.3 per cent. during the year, to the extent that 804,000 vehicles were carried by rail, compared to 914,000 in 2002 (down 12 per cent.) and road transport activity remained sluggish during the year, with a drop in volumes of around 10 per cent. Cost-cutting measures did not curb losses as, at the same time, the activity was faced with higher fuel prices, infrastructure fees, insurance costs and wage bills (Fillon Law).

Gains by the Group's transhipment platforms partly offset the revenues and margins lost in the other market segments. However, they suffered from the reorganisation of transport patterns, as shippers avoided France because of the SNCF strikes. Storage levels, which were high during the first months of the year, fell steadily from September due to production adjustments.

STVA posted net operating income of €4 million compared with a €0.5 million loss in 2002, due to yield management of its production resources that translated into improved management of empty returns, better control of freight car maintenance and cessation of traffic to Italy.

- **Combined transport**

The downturn in the economy, the insufficient competitiveness of combined transport against road hauliers with their excess capacity, the decrease in subsidies and the disruptions in rail traffic due to strikes heavily penalised rail-road combined transport. In this context, CNC revenues fell considerably by 9.6 per cent. to €187 million compared to €207 million in 2002. This decrease corresponds to the drop in the business volume of mainland activities, while ferry transport activities maintained their positions. The consolidated net operating loss amounted to €13 million this year, compared to a €5 million loss in 2002.

Interruptions of the rail leg significantly disrupted the service provided by CNC and this brought about not only revenue losses and margin losses due to the cost of additional alternate carriage, but also a depreciation of goodwill because of the extent and duration of those interruptions.

CNC began to implement a restructuring plan involving:

– repositioning itself in the market as a land carrier for ocean shipping flows serving industrial shippers and logistics operators.

– Recasting the traffic schedule to simplify it and offer carriage on a day A/day C basis, reducing the number of stops and refocusing mainly on the Ile-de-France hub,

– Streamlining the production plant by cutting back the size of the freight car and swap body fleet,

– Shedding 192 jobs.

CNC pursued its cost savings and capital investment reduction policy aimed at expanding its harbor leg of transport operations, which are more profitable than its overland business, and of maintaining its train load factor thanks to a less extensive traffic schedule, focusing on its hub and on a few trunk line trains, while retaining its international foothold.

- **Port and shipping logistics**

The revenues of Sealogis rose by 4.6 per cent. to €176 million, despite the general slowdown in the economy. The sub-group Challenge benefited from the growth trend in the cocoa market and the dollar's weakness, which boosted imports, particularly of coffee whose price was low. The positive impact of the rise in imports more than offset the slowdown in the chemicals market. The Feron sub-group advanced despite a low volume of loads on the South American and African shipping lines. Feron maintained a net operating income of €2 million.

- **Freight cars**

The contribution of Ermewa to consolidated sales in 2003 was €85 million, down compared to its activity in 2002, which would have represented a contribution of €94 million, had Ermewa been consolidated on a proportionate basis. Industrial freight car rental activities suffered from an unfavorable price effect, from the fall in the dollar, from the loss of a major contract and the loss of some loads due the postponed delivery of new cars. The container business suffered from the weak dollar. Freight forwarding operations suffered from the sluggish economy, especially in Japan.

The collateral effects of the war in Iraq and the fall in the dollar weighed heavily on the containers business, which incurred a significant loss. The freight car branch, although it was in a better position, nevertheless suffered from the SNCF strikes. Ermewa's share of the division's net operating loss was €2 million.

4.4 Infrastructure, Leveraging of SNCF's Assets and Know-How

	2003	*2002*	*Change in %*
	In € millions		
Division revenues	**4,934**	**4,967**	-1%
Gross operating income	**292**	**281**	+4%
As % of revenues	5.9%	5.7%	
Net operating income	**85**	**94**	-10%
As % of revenues	1.7%	1.9%	

Division revenues fell by 0.7 per cent. due to the impact of Telecommunications activities. The 4 per cent. increase in gross operating income results from the excellent management of all division sectors. However, the 11 per cent. decrease in net operating income, despite the satisfactory results of Telecom Développement, was due to the comparison with 2002, which had included some favorable settlements of legal disputes for the delegate Infrastructure Manager.

- **Infrastructure management**

The contribution of delegated infrastructure management to revenues remained stable (€3,513 million compared to €3,512 million). The expected €25 million decrease in remuneration relating to the management agreement, and non-recurring income due to the termination of the works on the new TGV Mediterranean line (down €33 million) were offset by the rise in the amount of work on the TGV Est (€21 million) and other contracts from RFF. The maintenance plan agreed with RFF for 2003 was fulfilled.

In a difficult context of dwindling French government financing for 12th plan investments, SNCF's Infrastructure Department mobilised to fit its resources to the workload and overcome the problems that arose, particularly due to very bad weather (heat wave and floods). An effective plan was implemented in May to keep the wagebill under control (hirings reduced and employees urged to take already budgeted paid holidays) and cut back procurement and external charges (outsourcing and purchases were cut back in both price and volume). The Starter plan, implemented half-way through the year by SNCF to improve its bottom line, further reinforced the cost-control scheme set up by Infrastructure. These actions improved gross operating income by €12 million.

The net loss on operations came to €28 million, compared with €3 million in 2002. In 2002, a provision had been reversed due to the favorable settlement of several legal disputes.

- **Telecommunications**

While the Internet continued to grow considerably, with the increasingly apparent preference for ADSL over small bandwidth, the fixed voice sector, which continued to decrease in volume and value, became even more competitive. The data market continued to grow steadily.

The contribution of the telecommunications activity to revenues dropped by 3.4 per cent. (€1,009 million compared to €1,045 million in 2002), following price reductions in all sectors, which, in certain cases, were intensified due to technological changes.

However, net operating income increased by €23 million (€68 million compared to €45 million in December 2002), due to the control of interconnection costs and the renegotiation of network operating costs with subcontractors.

- **Electricity generation**

SHEM's contributions to consolidated revenues remained generally stable (€77.8 million compared to €77.1 million). SHEM's revenue account has since 1st May, 2003 recorded sales of electricity to Electrabel, as SHEM's contract with the national utility, EDF, was terminated in 2002 to get a better price for the electrical power it generates.

However, gross operating income (€48 million) dropped by €4 million, mainly due to exceptional factors such as the increase in hydroelectric taxes, which will be eliminated in 2004, and real-estate taxes.

- **Real estate**

Since 1st January, 2003, SFCI has managed the entirety of its own property assets and those lease-managed on behalf of SNCF. SFCI set up an operational network and hired employees on a voluntary basis from SNCF's real estate agencies as from 1st July, 2003.

The contribution of SFCI to consolidated net operating income increased from €3 million to €5 million at the closing of accounts on 31st December, 2003.

5. Additional Information Concerning The Parent Company

5.1 Parent Company Results

Comparability of financial statements

The only factors affecting the comparability of the 2003 financial statements with those of 2002 are the recognition of a reserve for major repairs of €1,310 million and a reserve for long-time service medals of €34 million. In terms of the change in method, the charge is recorded in equity. There is no impact on the net income for the period.

Results for the year

The Company posted a net profit of €50 million in 2003, up from €19 million in 2002.

This figure is made up from the following main items:

- the impact of the 2003 Spring strikes, estimated at €250 million for the full year,
- the economic slowdown, which weighed heavily on Freight and Mainline revenues abroad,
- the Company's very strong response (Starter plan), which generated significant cost savings (total payroll costs, external charges),
- an exceptional financial income of €89 million from financial transactions carried out in the first half of 2003,
- capital gains on disposal of assets.

Gross operating income increased by €43 million.

Net loss from ordinary activities totaled €204 million, despite improved financial results due to the financing transactions performed during the period.

5.2 Material Movements in Investments

Movements of securities primarily concern:

- Sale of CNR securities,
- Release of Sernam securities for €97 million,
- Partial sale of Telecom Développement securities.

5.3 Corporate Governance

The Board of Directors of the State-owned railway, SNCF, comprises eighteen members:

- Seven representatives of the French State appointed by decree, based on the report of the Transport Minister:
  - two at the recommendation of the Transport Minister,
  - one at the recommendation of the Minister for Economy and Finance,
  - one at the recommendation of the Budget Minister;
  - one at the recommendation of the Minister for Planning and Regional Development,
  - one at the recommendation of the Minister for Industry,
  - the Chairman of the Board appointed from among directors and at their recommendation by a Council of Ministers Decree.
- Five members chosen for their expertise and appointed by decree:
  - a representative of passengers;
  - a representative of shippers;

– two local councilors chosen for their knowledge of regional, department and local rail-related matters,

– an individual chosen for his personal expertise in the transport sector.

- Six members, including a management representative, elected by employees of the Company and its subsidiaries having a minimum workforce of 200.

A Council of State ("Conseil d'Etat") decree lays down the parent company bylaws and sets the procedures for the appointment and election of Board members.

Board members are appointed for a five-year term of office. A director may not exercise more than three consecutive terms of office. Directors receive no compensation for their activities.

The Government Commissioner or, in his absence, the Assistant Government Commissioner has an advisory seat on the Board and all committees and commissions created.

The head of the Transport Economic and Finance Control Office or his representative has an advisory seat on the Board and all committees and commissions. The Board Secretary and the Secretary of the Joint Labor-Management Committee (CCE) also have a seat on the Board. The Board of Directors meets monthly.

In order to strengthen its analysis and decision-making capacity and in accordance with the terms of the bylaws, the Board of Directors has set up a number of specialised committees and commissions.

Audit and Risk Committee, responsible for reviewing the accounts, budget and risk control.

Finance and Plan Commission, responsible for dealing with questions concerning financial management, the budget and the annual and half-year financial statements.

Group Commission, consulted on matters concerning general policy and Group restructuring, Group company financial statements, acquisitions of new or additional investments and disposals, the creation, sale or winding-up of subsidiaries.

Regionalisation Commission, responsible for monitoring matters concerning the regionalisation of regional and local passenger public transport services.

Contracting Commission, consulted on projects involving government or private contracts, acquisitions, disposals, building exchanges, etc., exceeding a predetermined threshold set by the Board.

General Management

Executive Committee

The Chairman appoints the members of the Executive Committee and defines their tasks.

The Executive Committee collectively reviews, at the initiative of the Chairman or on the proposal of one of its members, development and strategic projects necessary to the development of the Group.

The Chairman approves decisions concerning all matters reviewed by the Executive Committee. Within their areas of expertise, Executive Committee members are delegated powers by the Chairman enabling them to act and decide in his name.

The powers delegated carry authority over all Company bodies.

5.4 Extracts from the SNCF Parent Company Financial Statement

The key explanations concerning the Company financial statements of the state-owned enterprise SNCF are presented in the consolidated financial statements. As such, only the summary financial statements of SNCF are presented here.

The Company financial statements may be obtained by simple request from the SNCF Management Controller and can be consulted on the SNCF website: http://www.sncf.fr.

Summary income statement

	2003	2002
	In € millions	
Revenues	**14,742**	**14,782**
Capitalised production and production for stock	658	551
Purchases and external charges	(6,380)	(6,403)
Value added	**9,020**	**8,930**
Operating subsidies	34	65
Taxes and duties other than IT	(605)	(629)
Personnel costs	(7,693)	(7,653)
Gross operating income	**756**	**713**
Depreciation, amortisation and provisions, net	(848)	(708)
Other operating charges	(17)	(22)
Net operating loss	**(109)**	**(17)**
Net financial expense	(95)	(166)
Net loss from ordinary activities	**(204)**	**(183)**
Exceptional items	223	168
Profit from tax grouping regime	31	34
Net income for the year	**50**	**19**

Summary balance sheet

	31st December, 2003	31st December, 2002
	In € millions	
Tangible and intangible assets	12,836	12,123
Réseau Ferré de France receivable	10,331	12,201
Other long-term investments	5,180	3,470
Inventory and work-in-progress	449	461
Operating receivables	6,324	6,224
Special Debt Account and Employee-related Benefits Service Account - assets	1,637	1,588
Cash and cash equivalents	1,395	1,820
Prepaid expenses and deferred charges	233	384
Total assets	**38,385**	**38,271**
Stockholders' equity	5,400	6,347
Reserves for contingencies and losses	2,888	1,482
Borrowings	18,169	18,684
Operating liabilities	8,585	8,486
Special Debt Account and Employee-related Benefits Service Account - liabilities	660	625
Accruals and deferred income	2,683	2,647
Total liabilities and stockholders' equity	**38,385**	**38,271**

Summary statement of cash flows

	31st December, 2003	31st December, 2002
	In € millions	
Cash flow from Company operations ***(a)***	726	598
Change in working capital requirements ***(b)***	256	387
Net cash from operations (a) + (b)	**982**	**985**
Net cash used in investing activities	**(1,396)**	**(1,424)**
Net cash from financing activities	**182**	**1,640**
Increase/(decrease) in the cash balance	**(232)**	**1,201**

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated information set forth below for 2002 and 2003 is included for information purposes. The financial information appearing below should be read in conjunction with ''Characteristics of Financial Year 2002 and Subsequent Events'' and ''Characteristics of Financial Year 2003 and Subsequent Events''. The consolidated financial statements of SNCF for 2002 and 2003 including the notes thereto have been audited by SNCF's statutory auditors.

CONSOLIDATED BALANCE SHEET AS OF 31st DECEMBER

(in € millions)

	Note	2003	2002
Assets			
Goodwill	4	264	322
Intangible assets	5	139	181
Tangible assets	6	16,248	16,144
Reseau Ferre de France (''RFF'') receivable	7	10,331	12,201
Other long-term investments	8	1,184	842
Equity affiliates	9	403	225
Total non-current assets		**28,569**	**29,915**
Inventory and work-in-progress	10	515	524
Operating receivables	11	4,841	5,273
Special debt account – Assets	31	195	165
Employee-related benefits service account – Assets	31	1,441	1,423
Cash and cash equivalents	12	1,928	2,320
Total current assets		**8,920**	**9,705**
Total Assets		**37,489**	**39,620**

	Note	2003	2002
Liabilities and stockholders' equity			
Common stock	13	4,271	4,271
Reserves and accumulated profit		(1,340)	9
Stockholders' equity (group share)	13	**2,931**	**4,280**
Minority interests	14	**210**	**328**
Reserves for contingencies and losses	15	**2,519**	**1,127**
Loans and borrowings	17,18	20,171	22,755
Operating liabilities	19	10,998	10,505
Special debt account – Liabilities	31	234	213
Employee-related benefits service account – Liabilities	31	426	412
Total liabilities		**31,829**	**33,885**
Total liabilities and stockholders' equity		**37,489**	**39,620**

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31st DECEMBER
(in € millions)

	Note	2003	2002
		in € millions	
Consolidated revenues	20	**22,523**	**22,176**
Capitalised production and production for stock		662	575
Operating subsidies	22	43	89
Purchases and external charges	21	(10,805)	(10,844)
Taxes and duties other than income tax		(809)	(843)
Personnel expenses	23	(10,051)	(9,750)
Gross operating income		**1,563**	**1,403**
Depreciation, amortisation and provisions, net	24	(1,350)	(1,166)
Other operating income and expenses		(63)	(54)
Net operating income		**150**	**183**
Net financial expense	25	**(271)**	**(320)**
Net loss from ordinary activities of consolidated companies		**(121)**	**(137)**
Exceptional items	26	**230**	**297**
Income tax	27	(34)	(37)
Net income of consolidated companies		**75**	**123**
Share in earnings of equity affiliates	9	13	(2)
Amortisation of goodwill	4	(22)	(28)
Consolidated net income		**66**	**93**
Minority interests	14	55	30
Net income for the year (Group share)	13	**11**	**63**

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31st DECEMBER

(in € millions)

	Note	*2003*	*2002*
Net income of consolidated companies		**75**	**123**
Add-back of non-cash items:			
Depreciation, amortisation and provisions, net (excluding current asset provisions)		1,384	1,013
Deferred tax movement		3	8
Capital gains/(losses) on disposal		(306)	(192)
Other		(6)	(16)
Cash flow from consolidated company operations	30	**1,150**	**936**
Dividends received from equity affiliates		6	5
Change in working capital requirements		218	469
Net cash from operations	30	**1,374**	**1,410**
Non-current asset purchases		(2,143)	(2,144)
Non-current asset disposals		413	338
Change in loans and receivables		(13)	112
Impact of changes in group structure		19	(183)
Other investment changes		2	–
Net cash used in investing activities	30	**(1,722)**	**(1,877)**
Dividends paid to minority interests in consolidated companies		(7)	(7)
New loans secured		1,862	2,534
Loan repayments		(1,887)	(1,948)
Investment subsidies received		625	734
Change in marketable securities(1)		(92)	71
Change in cash borrowings(1)		(375)	456
Change in financial receivables(2)		5	(9)
Net cash from financing activities	30	**131**	**1,831**
Increase/(decrease) in cash balance	30	**(217)**	**1,364**
Opening cash balance		707	(668)
Closing cash balance		486	707
Impact of exchange rate fluctuations		(4)	9
Impact of changes in accounting method		1	2

(1) Portion with an initial maturity of more than 3 months.

(2) As of 31st December, 2003, bond issue premiums totaled €5 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All amounts are in millions of euros, unless stated otherwise

1. Accounting Standards

Pursuant to Article 25 of the Orientation Law on Domestic Transport (LOTI) of 30th December, 1982, Société Nationale des Chemins de fer Français (SNCF), a state-owned industrial and commercial corporation "is subject to the financial management and accounting rules applicable to commercial companies." SNCF keeps its accounting books and records in accordance with prevailing legislation and regulations in France.

The consolidated financial statements are prepared in accordance with the rules and methods applicable to consolidated financial statements, approved by the Ministerial Order of 22nd June, 1999 authorising CRC Regulation 99-02 issued by the French Accounting Standards Setting Body.

2. Comparability of the Financial Statements

Changes in group structure / Consolidation methods

The list of companies included in the scope of consolidation is presented in Note 34.

The changes to the consolidation method for the year are as follows:

– Change to the proportionate consolidation method for the Ermewa group as of 1st January, 2003 (fully consolidated as of 31st December, 2002 and equity accounted previously) following the sale of 50.4 per cent. of the Groupe Ermewa Suisse shares to an external partner;

– The equity accounting as of 31st December, 2003 of Cegetel SAS (formerly Telecom Développement) 35 per cent. held following the merger of Telecom Développement and Cegetel SA, which resulted in the SNCF group selling 15 per cent. of the shares in December 2003.

In addition, as of 1st January, 2003, Keolis acquired a 70 per cent. majority interest in the share capital of Busslink, the third largest public transport company in Sweden and operator of a bus and tramway network in Stockholm and the surrounding region.

The impact of the changes in Group structure on the Group balance sheet is presented in the following table (balance sheet as of 31st December, 2002, adjusted for the impacts of Ermewa and Telecom Développement):

Assets	31st December, 2002 published	Impact of Ermewa FC	Ermewa 50% PC	Impact of TD FC	TD EA	31st December, 2002 adjusted	31st December, 2003
Goodwill	322	(59)	30			293	264
Intangible assets	181	(25)	13	(38)		131	139
Tangible assets	16,144	(293)	147	(543)		15,455	16,248
Réseau Ferre de France (RFF) receivable	12,201					12,201	10,331
Other long-term investments	842	(48)	24			818	1,184
Equity affiliates	226	(1)			140	365	403
Total non-current assets	29,916	(426)	213	(581)	140	29,262	28,569
Inventory and work-in-progress	524	(5)	3			521	515
Operating receivables	5,274	(132)	66	(346)		4,862	4,841
Special debt account and employee-related benefits service account - assets	1,587					1,587	1,636
Cash and cash equivalents	2,320	(19)	10	(1)		2,309	1,928
Total current assets	9,704	(156)	78	(347)		9,279	8,920
Total assets	39,620	(582)	291	(928)	140	38,541	37,489

Liabilities and stockholders' equity	31st December, 2002 published	Impact of Ermewa FC	Ermewa 50% PC	Impact of TD FC	TD EA	31st December, 2002 adjusted	31st December, 2003
Common stock	4,271					4,271	4,271
Reserves and accumulated profit/(loss)	9	4	(2)	(132)	132	10	(1,340)
Stockholders' equity (Group share)	4,280	4	(2)	(132)	132	4,281	2,931
Minority interests	328	(2)	1	(139)		188	210
Reserves for Continencies and losses	1,127	(26)	13	(8)		1,106	2,519
Loans and borrowings	22,756	(185)	92	(104)		22,558	20,171
Operating liabilities	10,504	(373)	187	(545)	8	9,781	10,997
Special debt account and employee-related benefits service account – liabilities	625					625	661
Total liabilities	33,885	(558)	279	(649)	8	32,965	31,829
Total liabilities and stockholders' equity	39,620	(582)	291	(928)	140	38,541	37,489

Changes in accounting method

Two changes in accounting method had an impact on the comparability of the 2003 and 2002 financial statements.

Reserves for major repairs

Pursuant to the transitional measures of CRC Regulation 2003-07 governing the depreciation and impairment of assets, the Company raised reserves for major repairs with respect to expenses for long-term major repair or overhaul programs whose sole purpose was to verify the smooth operation of facilities and provide maintenance without extending the initial useful life.

The reserve covers the expenses incurred for complete mid-life overhauls of rolling stock and for long-term building maintenance and repair work. It was based on projected annual expense flows and the length of time of the overhauls for the assets in question (10 to 15 years for the rolling stock, 15 to 30 years for the real estate assets).

In terms of the change in method, the reserve was recorded as a reduction in equity for €1,310 million as of 1st January, 2003 (see Note 13). The charge for the year is equivalent to the consumption for the period, given the stability of annual expense flows.

Reserve for long-time service medals

In accordance with recommendation 2003-R-01 of the French National Accounting Council with respect to the recording of pension and similar benefits, the Company has recognised a reserve for long-term service medals awarded to its personnel. The reserve covers the bonus and paid holidays granted, based on the internal regulations in force.

The reserve totaled €34 million as of 1st January, 2003. With respect to the change in accounting method, it was recorded as a reduction in equity (see Note 13). The change for the year is taken to the income statement.

3. Accounting Policies

Consolidation policy

Companies over which the Group exercises exclusive control, directly or indirectly, are fully consolidated.

Companies over which control is exercised jointly with a limited number of stockholders are consolidated on a proportionate basis.

Companies which the Group does not control but over which it exercises significant influence are equity accounted. Significant influence is deemed to exist when the Group holds a percentage interest of 20 per cent. or more.

Companies over which the Group exercises control or significant influence but which are not, as a whole, material to the consolidated financial statements are excluded from the scope of consolidation.

The SICF and SOCRIF sub-groups, comprising HLM (low-rental housing) companies, are not consolidated due to the regulatory restrictions applicable to HLM companies (see Note 8).

The financial statements of consolidated and equity accounted companies are adjusted in accordance with Group accounting policies.

The financial statements of all companies included in the scope of consolidation are drawn up to 31st December, 2003 (with the exception of the Financière Systra financial statements drawn up to 30th September).

Translation of foreign company financial statements

The financial statements of autonomous foreign subsidiaries are translated into euros using the closing rate of exchange method:

- balance sheet accounts are translated at the year-end rate of exchange,
- income statement items are translated at the average annual rate of exchange,
- translation differences arising on the retranslation of opening balance sheet items (movement between opening and closing exchange rates) and income statement items (movement between average and closing exchange rates) are taken to Translation reserves in Consolidated stockholders' equity.

Translation of foreign currency transactions

Foreign-currency denominated transactions are translated at the exchange rate prevailing at the transaction date or at the appropriate hedge rate.

Foreign-currency denominated assets and liabilities are valued at the closing rate of exchange or the appropriate hedge rate and any gains or losses are taken to the income statement.

Statement of cash flows

The Statement of Cash flows is prepared using the indirect method which involves adjusting Company net income for non-cash income and expense items in order to determine cash flow from operations.

The cash balance presented in the Statement comprises cash and cash equivalents, marketable securities, deposits and cash borrowings with an initial maturity of three months or less.

Goodwill

On the acquisition of a company, the difference between the acquisition cost of the investment and the fair value of identifiable assets and liabilities as of the acquisition date is recorded as goodwill. Operating assets are stated at their carrying value. Assets not intended for use in operations are stated at their estimated market value as of the acquisition date or, in the absence of a market value, at their expected realisable value.

Positive goodwill balances are recorded in consolidated assets and amortised over a period generally not exceeding 20 years.

Negative goodwill balances are recorded in Reserves for Contingencies and Losses in the balance sheet and released to income in accordance with the assumptions and objectives set at the time of the acquisition.

Goodwill values are reviewed annually based, in particular, on an appraisal of future cash flows, discounted at a rate appropriate to the activity sector concerned.

Intangible assets

Preliminary expenses are amortised in full in the year incurred.

Software is amortised over a period of 1 to 5 years, depending on its forecast economic life.

Purchased goodwill and market share is amortised over a period not exceeding 20 years, commencing on the date of acquisition.

Assets are valued using methods specific to each category and enabling value movements over time to be monitored. The methods adopted refer to one or more physical or financial indicators enabling such values to be monitored on a regular basis.

An impairment reserve is booked when the market value of such assets is less than their net book value.

Tangible assets

Group tangible assets include assets made available by the French State, assets owned outright and assets held under finance lease agreements.

- **Public domain real estate assets made available by the French State**

The French Orientation Law on Domestic Transport (LOTI) lays down the terms of possession of assets entrusted to SNCF.

On the creation of the State-owned railway company SNCF on 1st January, 1983, the real estate assets previously given under concession to the semi-public limited liability company which it succeeded were appropriated to it.

These assets made available by the French State, without transfer of title, are recorded in the Group balance sheet in the relevant tangible asset accounts, to enable an economic assessment of Group performance.

Subject to legal provisions applicable to infrastructures deemed of general interest or public utility, the parent company exercises full management powers over all real estate assets entrusted to it or purchased by it.

Real estate assets held by the public institution, no longer used in the performance of its activities or which are part of its private domain, may be allocated to another purpose or sold by the State-owned corporation for profit.

- **Owned assets**

Tangible assets owned outright are recorded in consolidated assets at acquisition or production cost, or at fair value upon entry into the scope of consolidation.

Production cost comprises the cost of raw materials and labor used to manufacture the assets, including that of purchased spare parts. Interest costs are not capitalised.

Maintenance and repair expenses are recognised as follows:

- all current maintenance expenses borne during the useful life of equipment (repair work on faulty spare parts and replacement of unusable and missing parts) are recorded as operating expenses;
- expenses for long-term major overhaul programs are subject to a reserve for major repairs;
- overhauls performed at the end of the useful life of rolling stock, together with refurbishment and transformation costs, are capitalised in assets.

Tangible assets are depreciated on a straight-line basis over their estimated useful life (except for computer hardware depreciated on a declining balance basis over a period of 4 years).

- **Depreciation period**

Tangible assets are depreciated over the following periods:

• Buildings and facilities	10 to 50 years
• Industrial plant and machinery (excluding rolling stock)	3 to 20 years
• Overland transport equipment:	
– TGV high-speed trains	15 to 30 years
– Electric locomotives	25 to 30 years
– Diesel locomotives	20 to 30 years
– Diesel and electric multiple unit trains (dmus, emus)	15 to 30 years
– Passenger cars	20 years
– Freight cars	7 to 15 years
– Road tractors and trailers	4 to 10 years
– Buses (road coaches)	8 to 14 years
• Rolling stock overhaul, refurbishment and conversion costs	7 years
• Ferries	8 to 14 years
• Other tangible assets	3 to 5 years

Depreciation charges relating to assets held under concession agreements by the Group, which will be returned to the franchiser free of charge at the end of the concession period, are written to Reserves for Contingencies and Losses.

Long-term investments

Investments in unconsolidated companies and other long-term investments are recorded in the balance sheet at acquisition cost net of any impairment reserves.

Impairment reserves are booked when the fair value of an investment is less than its acquisition cost. The fair value of an investment is its carrying value to the Group. This is determined taking account of the Group's share in net equity (potentially revalued), future profitability and, for listed companies, stock market trends.

Inventory

Inventory is valued at the lower of cost price and net realisable value. Cost price is equal to acquisition or production cost. Production cost includes both direct and indirect production expenses.

Cost price is calculated using the weighted average cost method.

Inventory reserves are booked based on the age of items.

Operating receivables

Receivables are stated at nominal value. An impairment reserve is booked when a potential risk of non-recovery arises. This reserve is determined based on an individual or statistical appraisal of non-recovery risk.

Marketable securities

Marketable securities are recorded in the balance sheet at the lower of acquisition cost and market value. The market value of listed shares is equal to the stock market price on the last day of the fiscal year.

Bonds are recorded on the acquisition date at face value adjusted for any premiums or discounts. The year-end value includes any accrued interest receivable.

Shares in French open-ended investment funds (SICAVs) are recorded at acquisition cost net of purchase charges. An impairment reserve is booked at the year-end when the net asset value is less than the acquisition cost.

Negotiable debt instruments are recorded at acquisition cost and interest is taken to financial income on a time-apportioned basis.

Derivatives

Derivatives traded by the Group to manage currency, interest rate and commodity risks are recorded off-balance sheet (see Note 18).

All hedging instruments used by the Group to manage long-term commitments are allocated, as a general rule, to borrowings on issue or to existing borrowings.

- **Currency derivatives**

The Group trades on the forex market to hedge foreign-currency denominated receipts and payments linked to debt servicing and commercial activities. The Group uses futures and forward contracts, swaps and forex options.

Forex option premiums received or paid are recognised in full in the income statement in the year of exercise.

- **Interest rate derivatives**

Interest rate swaps and swaptions

The Group uses interest rate swaps and swaptions to hedge loan issues and manage its existing debt.

Option premiums received or paid are recognised in full in the income statement in the year of exercise.

Whenever possible, the Group seeks to cancel existing contracts in order to reduce the number of contracts covering the same loan and thereby reduce counterparty risk and commitment levels. Cash balances received or paid on the conclusion or cancellation of swaps are deferred over the term of the underlying commitment. However, when a debt restructuring operation calls for the implementation of options, the cash balance resulting from the cancellation of swaps following the exercise of these options is taken directly to the income statement, provided such cancellation is designed to optimise implementation of the strategy.

Interest rate futures and forward contracts

The Group may be called on to trade on interest rate forward markets, notably when preparing a loan issue or in order to manage interest-rate exposure on floating-rate assets and liabilities. Transactions are performed on both organised markets and over-the-counter.

Income and expenses on firm futures and forward contracts are deferred over the term of the underlying debt.

Option premiums received and paid are recognised in full in the income statement in the year of exercise.

- **Commodity derivatives**

In order to optimise the average cost of fuel supplies, the Group trades in the petroleum hedge markets. Transactions traded primarily consist of swaps and swaptions.

Option premiums received and paid are recognised in full in the income statement in the year of exercise.

Issue premiums, discounts and expenses, loan redemption premiums

When an issue is performed at below par, the discount is deducted from the liability accounts. Expenses are recorded in deferred charges in balance sheet assets.

Discounts and expenses are released to the income statement on a straight-line basis over the loan term.

When an issue is performed at above par, the issue premium is allocated in priority to the amortisation of issue expenses. The residual balance represents:

- deferred income when the premium exceeds issue expenses,
- offset issue expenses when the premium is less than issue expenses.

The residual balance is released to the income statement over the loan term.

Investment subsidies

The Group receives investment subsidies in the form of third-party financing, primarily from regional authorities.

Investment subsidies are recorded as deferred income and released to operating income (deducted from Depreciation, Amortisation and Provisions) over the estimated economic life of the relevant assets.

Finance lease transactions

Leased assets are recorded as purchases when the contract terms and conditions correspond to finance lease arrangements. Finance lease agreements are contracts whereby the lessor transfers to the lessee the right to use an asset for a given period in exchange for payment; the lessor transfers all benefits and risks inherent to ownership of the asset.

Such assets are recorded in assets at historical cost and depreciated over the same period as similar assets owned outright or public domain real estate assets made available by the French State.

Lease agreements not having the characteristics of finance lease arrangements are recorded as operating leases. Only the lease installments are taken to income.

- **Sale and lease-back transactions and equivalent**

Sales and lease-back transactions

Proceeds from the sale of assets to a lessor under a finance lease arrangement are cancelled in net income in the year of the transaction and released to income over the term of the contract.

Other transactions

In addition, certain financial arrangements concern existing finance lease agreements. As the existing equipment financing structure is not altered, the proceeds of such transactions are recognised in net financial income on signature of the agreements.

Deferred tax

The Group recognises deferred tax on all temporary differences between the tax and book values of assets and liabilities in the consolidated balance sheet.

Deferred tax is recorded using the liability method, applying the most recently voted tax rate at the year-end applicable to the period in which the temporary differences are expected to reverse.

Deferred tax assets in respect of temporary differences and tax losses or credits carried forward are recognised when recovery is deemed probable.

Deferred tax balances are discounted to present value when the impact of such discounting is material and the reversal schedule for temporary differences and tax losses can be drawn up reliably.

Reserves for contingencies and losses

- **Reserves for major repairs**

These reserves are intended to cover foreseeable material costs, not incurred each year and which relate to railway rolling stock and real estate assets.

- **Reserves for environmental risks**

The Group provides for environmental risks when the realisation of the risk is deemed probable.

- **Reserves for disputes and litigation**

The Group is involved in a certain number of disputes and litigation arising in the normal course of its business and notably:

- performance bonds received from companies supplying construction work,
- guarantees granted to clients in the freight transportation sector covering incidents arising during transport.

Such disputes and litigation are provided based on an assessment of the related risk.

Up to and including 1999, the parent company self-insured the majority of risks associated with its activities. In 2000, the parent company took out a number of insurance policies providing coverage beyond an initial level covered by self-insurance.

- **Restructuring reserves**

The cost of restructuring measures is provided in full in the current year when such measures have been decided, in principle, and announced prior to accounts closure. Restructuring costs primarily consist of employee departure costs and the cost of writing off non-current assets, inventory and other assets.

Revenue and other income recognition

- **Transport activities (passengers, freight)**

Revenue is recognised based on the effective transportation of passengers and freight.

Revenue recognised on the issue of a passenger transport ticket is adjusted at the period-end for tickets issued but not used (taken to Deferred Income).

- **Contributions from the French State and Regional Authorities**

These contributions comprise price subsidies covering socially motivated prices introduced by the French State and contributions remunerating global services within a contractual framework or specific services.

They are recorded in Revenues.

- **Engineering and contracting services performed by the Group**

  Sub-contracting and project management work performed by the Group is recognised on a percentage of completion basis.

- **Maintenance**

  Maintenance income and income from the operation of the rail network is recognised in accordance with the contract negotiated with the network owner, RFF.

Research and development costs

Research and development costs are expensed in the year incurred.

Ordinary and exceptional activities

Net income from ordinary activities includes all recurring income and expense items directly relating to the operating activities of the Group.

Exceptional income and expenses comprise material items which, due to their nature, unusual character or non-recurrence cannot be considered inherent to the operating activities of the Group.

Division and geographical segment information

- **Business segments**

  Around its core businesses of passenger and freight rail transport and the delegated management of the infrastructure, SNCF has developed a number of activities performed by subsidiaries.

  These primarily enrich, complement and extend the activities of the parent company in four operating divisions:

  – passenger – long-distance transport,
  – passenger – public transport,
  – freight transport and logistics,
  – management of the railway infrastructure and enhancement of assets and know-how: Infrastructure and Leveraging of SNCF's Assets and Know-How.

- **Segment indicators**

  The business segment indicators are:

  – Revenues,
  – Gross Operating Income,
  – Net Operating Income.

  Items common to the different divisions, SNCF Participations holding company costs and results specific to services rendered by the parent company (Traction, i.e. train driving and haulage), are allocated to the operating divisions based on their respective contributions to Revenues.

  The accounting methods adopted by each operating division are identical to those used in the preparation of the consolidated financial statements.

- **Inter-division transactions**

  All material transactions between operating divisions are eliminated.

- **Geographical areas**

  As activities are essentially carried out in France, the geographical areas presented are France and Rest of the World. The latter category encompasses all activities performed abroad and the export activities of French Group companies.

Employee benefits

Defined employee benefits (retirement and medical care) are estimated in accordance with prevailing actuarial standards. These commitments are not accrued but recorded off-balance sheet.

Accounting treatment of employee-related benefits service accounts

Pursuant to the French Act of 21st July, 1909, employee-related services carried out by the parent company have no independent legal status but have been granted accounting and financial autonomy.

In order to ensure the comparability of the Group's financial statements with other business groups, total asset and liability accounts relating to these employee-related parent company services are presented in the Group balance sheet under the headings "Special debt account and employee-related benefits service account – Assets" and "Special debt account and employee-related benefits service account – Liabilities" respectively.

The financial statements of these employee-related services are presented in Note 31.

Debt transferred to the Special Debt Account ("SAAD")

In accordance with the multi-year planning contract ("contrat de plan") signed by the French State and the parent company in 1990, a Special Debt Account was set up on 1st January, 1991. This account has no independent legal status, although separate accounting records are kept by the parent company.

The role of this account is to isolate part of SNCF debt, in respect of which interest and capital payments are essentially made by the French State. Debt transferred to the Special Debt Account remains there until extinguished.

A total of €10.7 billion has been transferred to the Special Debt Account:

– €5.8 billion (€5.9 billion face value) at the creation of the SAAD on 1st January, 1991,
– net liabilities of €4.3 billion on 1st January, 1997 (€4.4 billion face value),
– €0.6 billion on 1st January, 1999 (€0.61 billion face value) accompanied by an amendment to its structure by loan substitution.

Special Debt Account resources consist of an annual contribution from the French State of €677 million, paid in equal quarterly installments and an annual payment by the parent company of €18 million, paid mid-year. The excess of the French State contribution over net annual expenses is capitalised in the Special Debt Account. The parent company contribution is recorded in net financial income of the account.

When loan repayments allocated to the Special Debt Account exceed the debt repayment capacity of the year, the shortfall is covered by interim financing deducted from the financing in euros, directly or after swap contracts, secured by the parent company on the markets during the year. As the respective balances were not of identical composition at the outset, nor were they expected to be during the life of the Special Debt Account, the decision was taken to equalise the financial charges borne by the two accounting structures once a year as follows:

– the effective charge rate borne by the debt allocated to the Special Debt Account and the debt retained by the parent company and the effective rate borne by the overall debt is calculated at each year-end,

– the charge rates borne by "IN" denominated debt recorded in the Special Debt Account and that retained by the Company are equalised, such that each entity bears the overall charge rate. An equalisation payment is calculated and taken to net financial income for the year. Between 1999 and 2002 inclusively, the equalisation payment owed by the SNCF was subject to an exemption of €85 million. Totaling €38 million in 2003, the exemption will amount to €30 million in 2004 and €23 million in 2005, before being withdrawn completely in 2006.

Total Special Debt Account assets and liabilities are presented in the Group balance sheet under the headings "*Special debt account – Assets, and Employee-related benefits service account – Assets*" and "*Special debt account – Liabilities, and Employee-related benefits service account – Liabilities*" respectively (see Note 31).

4. Goodwill

	Gross value	*Amortis- ation*	*Net value*
31st December, 2002	**435**	**(113)**	**322**
Amortisation		(24)	(24)
Entries into the scope of consolidation	19		19
Removals from the scope of consolidation	(63)	12	(51)
Translation differences	(4)	2	(2)
31st December, 2003	**387**	**(123)**	**264**

As of 31st December, 2003, the principal goodwill balances, net of amortisation, concern:

– the Keolis sub-group in the amount of €152 million (€144 million as of 31st December, 2002); the increase year-on-year is mainly due to the acquisition of Busslink,

– the Geodis sub-group in the amount of €69 million (€78 million as of 31st December, 2002),

– the Ermewa sub-group in the amount of €14 million (€59 million as of 31st December, 2002); the change stems from the partial sale of securities (proportionate consolidation as of 1st January, 2003) and the goodwill adjustment as part of the fair value review of assets and liabilities.

5. Intangible assets

	31st December, 2002	*Additions/ charges*	*Disposals/ releases*	*Changes in Group structure*	*Commis- sionings*	*Transla- tion differences*	*31st December, 2003*
Gross value							
Concessions, patents and software	191	13	(5)	(52)	15	(1)	161
Purchased goodwill	112	2	(1)	(9)	–	(8)	96
Other intangible assets	82	11	(3)	(32)	(1)		57
Total gross value	**385**	**26**	**(9)**	**(93)**	**14**	**(9)**	**314**
Amortisation							
Concessions, patents and software	142	31	(5)	(45)	-	(1)	122
Purchased goodwill	36	8	(1)	(4)	–	(4)	35
Other intangible assets	26	7	(2)	(13)	–	-	18
Total amortisation	**204**	**46**	**(8)**	**(62)**	**–**	**(5)**	**175**
Net value	**181**	**(20)**	**(1)**	**(31)**	**14**	**(4)**	**139**

The main additions concern software investments at Geodis for €4 million and Cegetel SAS for €9 million.

The changes in Group structure are due to the proportionate consolidation of the Ermewa group (–€10 million) and the equity accounting of Cegetel SAS (–€27 million).

6. Tangible assets

	31st December, 2002	*Additions/ charges*	*Disposals/ releases*	*Changes in Group structure*	*Commis- sionings*	*Transla- tion differences*	*31st December, 2003*
Gross value							
Land	1,469	13	(14)	3	33	–	1,504
Buildings	7,474	112	(85)	(55)	223	(2)	7,667
Industrial and technical plant	2,566	85	(18)	(657)	130	(1)	2,105
Rail transport equipment	17,429	55	(153)	(61)	1,181	–	18,451
Road transport equipment	901	61	(84)	71	–	–	949
Ferries	145	–	–	–	–	–	145
Other tangible assets	802	161	(51)	(32)	(33)	(5)	842
Assets under construction	1,654	1,595	–	(70)	(1,548)	–	1,631
Total gross value	**32,440**	**2,082**	**(405)**	**(801)**	**(14)**	**(8)**	**33,294**
Depreciation							
Land	53	9	–	–	–	–	62
Buildings	2,971	262	(45)	(27)	–	–	3,161
Industrial and technical plant	1,397	210	(13)	(225)	–	(1)	1,338
Rail transport equipment	10,712	696	(167)	1	–	–	11,242
Road transport equipment	675	79	(84)	41	–	–	711
Ferries	58	7	–	–	–	–	65
Other tangible assets	430	124	(77)	(6)	–	(4)	467
Total depreciation	**16,296**	**1,387**	**(386)**	**(246)**	**–**	**(5)**	**17,046**
Net value	**16,144**	**695**	**(19)**	**(555)**	**(14)**	**(3)**	**16,248**

The main changes in Group structure are related to changes to the consolidation method of Ermewa for –€102 million and Cegetel SAS for –€537 million. The other changes in Group structure are essentially due to the entry of Busslink (+€64 million).

Investments for 2003 comprise:

– the parent company's acquisition and renovation of railway equipment for €1,182 million, including: double-decker TGVs (€242 million), Eastern European TGVs (€28 million), TERs (€408 million), Transilien trains (€37 million), and Freight locomotives (€127 million);

– the upgrading of stations and buildings (infrastructures related to the opening of the TGV East line, renovation of the Saint-Charles station in Marseilles, etc.) for a total of €447 million at the parent company;

– the acquisition and renovation of rail transport equipment by the Freight subsidiaries for €43 million and other transport equipment for €74 million (particularly Keolis for €40 million);

– the acquisition of real estate assets (land, buildings, and fittings and fixtures) for €68 million (particularly Geodis for €27 million);

– the acquisition of equipment in relation to the development of client access and high-speed transmission at Cegetel SAS for €86 million.

– SHEM's acquisition from EDF of the concession corresponding to the peaking equipment of Saint Pierre de Marèges for €27 million.

Assets recorded in tangible assets and held under finance lease agreements break down as follows:

	31st December, 2003			*31st December, 2002*
	Gross	*Depreciation*	*Net*	*Net*
Land	33		33	35
Buildings	371	136	235	210
Railway equipment	4,169	2,530	1,639	1,664
Ferries	91	14	77	84
Other transport equipment	105	61	44	17
Other non-current assets	102	9	93	103
TOTAL	**4,871**	**2,750**	**2,121**	**2,113**

Parent company fixed asset register

SNCF has a fixed asset register representative of all its properties, including those assets subject to, since 1997, conflicting interpretations of Law no. 97-135 of 02/13/97 and its application decrees.

Since 1999, the *Commission Nationale de Répartition des Actifs* (National Commission of Asset Allocation) has analysed the four main areas of disagreement between the Réseau Ferré de France and SNCF concerning land used for freight purposes (CM4 plots), housing, passenger concourses in stations and the volume division of buildings. These assets are currently included in Company fixed assets.

In 2001, SNCF proposed a mechanism to RFF for the financial recognition of the decisions made on asset allocation, involving the remuneration of all asset additions and disposals at a price at least equal to the net book value of the assets in the Company's balance sheet. This financial compensation mechanism has yet to be approved.

At the request of the supervisory ministries, a report on the allocation of assets between RFF and SNCF was submitted on 2nd January, 2004. The terms and conditions governing the allocation principles specified in this report and their financial and accounting impacts are being analysed.

7. Reseau Ferre de France receivable

In the law of 13th February, 1997 that led to the creation of Réseau Ferré de France (RFF), Article 7 provides for the transfer of a €20.5 billion liability to RFF in consideration of the transfer of infrastructure assets as of 1st January, 1997.

This transfer resulted in the recognition of an RFF receivable in the Company's assets, with no change in liabilities.

The RFF receivable was constructed line by line so as to present a structure in terms of maturities, foreign currencies and interest rates that is identical in all respects to that of the Company's liability, which totaled €30.3 billion as of 31st December, 1996, after swap contracts.

The 1996 year-end exchange rate was the initial rate used for the foreign currencies included in the receivable.

Deferred income and expenses corresponding to issue premiums and costs or swap contract income or expenses were also transferred, resulting in a cash payment.

This payment was recorded in the Company financial statements as deferred income, which is recorded in the income statement according to the maturities of the corresponding transactions.

The RFF receivable is embodied in an agreement signed by the two companies.

Debt maturities after adjustment for derivatives

	As of 31st December, 2003	2002
Maturing within:		
Less than 1 year	1,776	1,692
1 to 5 years	5,865	6,443
More than 5 years	2,393	3,673
Total	**10,034**	**11,808**
Accrued interest receivable	297	393
Total	**10,331**	**12,201**

Currency structure after adjustment for derivatives and excluding accrued interest receivable

	As at 31st December, 2003	2002
Euro	8,940	10,631
Swiss franc	794	852
Pound sterling	300	325
Total	**10,034**	**11,808**

Interest rate structure after adjustment for derivatives and excluding accrued interest receivable

	As at 31st December, 2003	2002
Fixed rate	7,138	8,760
Floating rate	2,896	3,048
Total	**10,034**	**11,808**

8. Other long-term investments

	As at 31st December, 2003			As at 31st December, 2002
	Gross	Amortisation and reserves	Net	Net
Unconsolidated investments	388	(39)	349	388
Loans to unconsolidated investments[(1)]	297	–	297	290
Loans	123	(30)	93	15
Deposits paid[(2)]	315		315	82
Other long-term investments	130		130	67
Total	**1,253**	**(69)**	**1,184**	**842**

(1) Loans granted to unconsolidated HLM (low-rental) housing subsidiaries in connection with employee housing subsidies ("1 per cent. logement").

(2) Deposits with an initial maturity of less than three months.

Unconsolidated investments break down as follows:

	As of 31st December, 2003				As of 31st December, 2002
	% interest	Stock-holders' equity	Net income	NBV of the investment	NBV of the investment
SICF	100%	472	27	289	289
SOCRIF	99.77%	85	1	–	–
Ermewa shipping activity[(1)]	100%			20	26
Other unconsolidated investments				40	73
Total				**349**	**388**

(1) The Ermewa shipping activity is currently being sold and has therefore been recorded in Unconsolidated investments based on its estimated sale price as of 31st December, 2003.

Ermewa Maritime (as of 31st December, 2003)

Non-current assets, net	110	Stockholders' equity	20
Current assets, net	10	Reserves for contingencies and losses	16
		Borrowings	76
Cash flow	5	Operating liabilities	13
Total assets	**125**	**Total liabilities and stockholders' equity**	**125**

The SICF and SOCRIF sub-groups are not consolidated due to regulatory restrictions regarding the appropriation of earnings applicable to HLM (low-rental housing limited liability companies):

- the liquidation surplus which may be distributed to stockholders is limited to 50 per cent. of the par value of securities held,
- distributable earnings are limited to 5 per cent. of common stock each year.

As of 31st December, 2003, the sub-group balance sheets were as follows (in € millions):

SICF sub-group (as of 31st December, 2003)

Non-current assets, net	1,943	Stockholders' equity *(including net income of €27 million)*	472
Current assets, net	324	Reserves for contingencies and losses	132
		Borrowings	1,450
		Other liabilities	81
Prepaid expenses and deferred charges	1	Accruals and deferred income	133
Total assets	**2,268**	**Total liabilities and stockholders' equity**	**2,268**

SOCRIF sub-group (as of 31st December, 2003)

Non-current assets, net	81	Stockholders' equity *(including net income of €1 million)*	85
Current assets, net	10	Liabilities	6
Total assets	**91**	**Total liabilities and stockholders' equity**	**91**

9. Equity affiliates

	As of 31st December, 2003			As of 31st December, 2002
	% interest	Net income	Investment	Investment
Cegetel SAS[1]	35.00%	–	188	–
Eurofima	24.35%	7	148	156
FRP Group	20.00%	(1)	3	4
SNCM[2]	6.98%	2	–	–
Geodis Group subsidiaries		–	11	11
Keolis Group subsidiaries		–	1	1
STVA Group subsidiaries[3]		2	28	29
Systra Group	35.80%	–	18	18
Novatrans	37.11%	(2)	3	5
Other investments		5	3	1
Total		**13**	**403**	**225**

(1) This entity is equity accounted as of 31st December, 2003

(2) Deconsolidated as of 31st December, 2003

(3) Including the Transfesa subsidiary

Movements in investments in equity affiliates break down as follows:

	Year ended 31st December, 2003	2002
Opening balance	**225**	**366**
Share in net income	13	(2)
Impact of the full consolidation of the Keolis Group	–	(50)
Impact of the full consolidation of the Ermewa Group	–	(89)
Impact of the equity accounting of Cégetel SAS	188	–
Other changes in Group structure	(10)	5
Movement in share of negative net equity	2	(1)
Dividends paid	(5)	(8)
Exchange rate fluctuations	(10)	3
Acquisitions and common stock increases	–	1
Closing balance	**403**	**225**

10. Inventory and work-in-progress

	As of 31st December, 2003			As of 31st December, 2002
	Gross	Reserves	Net	Net
Raw materials	580	223	357	384
Other supplies	36	1	35	37
Production work-in-progress	123	–	123	103
Total	**739**	**224**	**515**	**524**

11. Operating Receivables

	As of 31st December, 2003			*As of 31st December, 2002*
	Gross	*Reserves*	*Net*	*Net*
Trade receivables and related accounts	3,220	(220)	3,000	3,268
Payments on account of orders	53		53	58
Employee-related receivables	53		53	47
Amounts receivable from the French State and local authorities	930		930	996
Other operating receivables	733	(160)	573	558
Prepaid expenses and deferred charges	232		232	346
Total	**5,222**	**(380)**	**4,841**	**5,273**

The heading Trade receivables and related accounts includes the impact from the equity accounting of Cegetel SAS for €236 million.

12. Cash and cash equivalents

	As of 31st December, 2003	*2002*
Initial maturities of more than three months and/or exposed to interest-rate risk	**251**	**158**
French and foreign bonds	176	72
Medium-term negotiable debt instruments	75	86
Initial maturities of less than three months, not exposed to interest rate risk	**1,171**	**1,667**
Negotiable debt instruments	697	1,345
French mutual funds (UCITS)	266	255
Negotiable debt instrument repurchase agreements	114	40
Foreign currency investments	94	27
Accrued interest receivable	**10**	**1**
Cash in hand and at bank	**496**	**494**
Total cash and cash equivalents	**1,928**	**2,320**

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 cash flows.

13. Stockholders' equity

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

	Common stock	*Change in method*	*Reserves and net income for the year*	*Translation differences*	*Total Group share*
31st December, 2001	4,271		(71)	16	4,216
Exchange rate fluctuations				1	1
Consolidated net income – Group share			63		63
As of 31st December, 2002	**4,271**	**–**	**(8)**	**17**	**4,280**
Reserves for major repairs[1]		(1,310)			(1,310)
Reserves for long-time service medals[1]		(34)			(34)
Exchange rate fluctuations				(16)	(16)
Consolidated net income – Group share			11		11
As of 31st December, 2003	**4,271**	**(1,344)**	**3**	**1**	**2,931**

(1) See Comparability of the financial statements (Note 2).

14. Minority interests

	Year ended 31st December, 2003	*2002*
Opening balance	**328**	**220**
Dividend distribution	(6)	(7)
Exchange rate fluctuations	(2)	(4)
Changes in Group structure	(4)	64
Common stock increase		19
Minority interest share in net income[1]	55	30
Change in Cegetel SAS consolidation method	(161)	
Other		6
Closing balance	**210**	**328**

(1) The minority interest share in the 2003 net income mainly concerned Cegetel SAS (€22 million), Keolis (€14 million) and Geodis (€17 million).

As of 31st December, 2003, minority interests mainly concerned Keolis (€88 million) and Geodis (€89 million).

15. Reserves for contingencies and losses

Reserves for contingencies and losses break down as follows:

	As of 31st December, 2002	Change in method	Charge	Release: For utilisation	Release: For excess	Changes in Group structure	As of 31st December, 2003
Tax, social security and customs risks(1)	147		5	(3)	(10)	(9)	130
Environmental risks(2)	144		14	(28)			130
Major repairs(3)	166	1,310	170	(190)		20	1,476
Litigation and disputes(4)	294		129	(39)	(20)	(12)	352
Compensation for work-related injuries and miscellaneous	167		8	(1)		13	187
Restructuring costs(5)	68		16	(19)		(27)	38
Risks on subsidiaries(6)	15		5	(4)			16
Other reserves for contingencies and losses(7)	121	34	46	(16)	(7)	7	190
Total	**1,127**	**1,344**	**393**	**(300)**	**(37)**	**(8)**	**2,519**

(1) In the interests of prudence, the parent company raises reserves in respect of all contested tax and social security revised assessments, which mainly consist of the following:

– 1991 to 1993 business tax rebates repayable .... €17 million
– Social security disputes .... €66 million

(2) Environmental risks primarily concern the parent company:

– pollution clean-up and compliance work on hydrocarbon storage sites .... €32 million
– asbestos-related costs .... €98 million

(3) Major repairs primarily includes reserves for major repairs recorded in the amount of €1,310 million as of 1st January, 2003 by the parent company, and in the amount of €51 million by France Wagons for car servicing and the additional amortisation to reduce to zero the value of the electric power plants held under concession from the SHEM Group (€39 million).

(4) This reserve mainly includes the litigation and contractual risks vis-à-vis RFF.

(5) The decrease in this reserve is primarily due to the reclassification of the reserve for the departure of Zust Ambrosetti employees in Compensation for work-related injuries and miscellaneous.

(6) This reserve mainly comprises negative equity investments, particularly in the Geodis Group.

(7) A reserve for long-time service medals in the amount of €34 million was recognised in the parent company financial statements as of 1st January, 2003.

16. Employee benefits

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

	Commitments as of 31st December, 2003	Commitments as of 31st December, 2002
Employee pensions	4,481	4,102
Medical care	1,187	1,166
Compensation for work-related injuries (retired employees and widows)	572	566
Total off-balance sheet commitments	**6,240**	**5,834**

The following valuation assumptions as of 31st December, 2003 were adopted:

Gross discount rate	5 per cent.
Inflation rate	2 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.

The rise in the inflation rate (2 per cent. compared to 1.8 per cent. at the end of 2002) had a significant impact on the valuation of commitments.

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 terms and conditions under which the French State assures the financial balance of this regime.

In return for the payment by SNCF of ''standard'' contributions to the Pension fund, the French State assures the financial balance of the pension regime. The ''standard'' contribution rate is determined based on SNCF contributor and pensioner populations, adjusted for demographic imbalance compared to that of other common law pension schemes. The contribution rate was regularly reviewed until 1990. The Decree of 27th February, 1991 set it 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.

However, the 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 liquid pension base (successive integration of residence compensation percentages, implementation of the new remuneration system) and an increase in the minimum pension level. SNCF's commitment relates to these new benefits.

Medical care and other commitments

The Company itself finances medical care benefits provided to active and retired employees, 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 SNCF. 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 self-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 loss reserve is booked to cover the probable present value of such payments (€81 million as of 31st December, 2003).

2003 expense in respect of employee benefits

The increase in commitments during fiscal year 2003 was the result of:

Standard calculation:

- financial cost linked to discounting factors,
- cost of entitlement vested 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 and their effective realisation during the year.

The 2003 pension cost includes an amendment to incorporate a residence compensation half-point in the liquid pension base in fiscal 2003.

These movements can be broken down as follows in € millions:

	Pension	*Medical care & other*	*Compen-sation*	*Total*
Commitments at the end of 2002	**4,102**	**1,166**	**566**	**5,834**
Financial cost	205	58	29	292
Cost of vested entitlement	75	23	–	98
Payments made	(279)	(86)	(62)	(427)
Employee contributions	–	9	–	9
Amendments	292	–	–	292
Actuarial variances	86	17	39	142
Commitments at the end of 2003	**4,481**	**1,187**	**572**	**6,240**

Simulated application of the preferred method recommended by Regulation 99-02.

	Impact in € millions
Reserves for contingencies and losses	4,879
Stockholders' equity as of 1st January, 2003	(4,653)
2003 net income	(226)
Stockholders' equity as of 31st December, 2003	(4,879)

If provisions were recognised for all net commitments, as required by the preferred method recommended by Regulation 99-02 on consolidation rules and methods, retirement benefit commitments and related benefits, the impacts on the SNCF Group financial statements would be as follows:

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 residual life expectancy of the Group, that is 13.5 years in the case of the pension scheme,
- spreading of actuarial variances resulting from changes in assumption or 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 residual 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, 2003 and reserves for contingencies and losses calculated in accordance with the preferred method recommended by CRC Regulation 99-02, would break down as follows:

	Impact in € millions
Reserves for contingencies and losses	4,879
Actuarial variances not recognised	1,042
Amendments to past service benefits not recognised	319
Commitments as of 31st December, 2003	6,240

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 finance lease transactions entered into by the Group and cash borrowings.

	As of 31st December, *2003*	*2002*
Long-term borrowings (A)	**14,973**	**16,623**
Bond issues	12,219	13,927
Other long-term borrowings	2,309	2,209
Accrued interest payable	445	487
Cash borrowings	**1,635**	**2,074**
Treasury notes	939	1,161
EMTN	60	100
Deposits received	154	248
Other borrowings	101	52
Bank overdrafts	377	512
Foreign currency-denominated borrowings	3	–
Accrued interest payable	1	1
Liabilities excluding finance leases	**16,608**	**18,697**
Finance lease liabilities (B)	**3,563**	**4,058**
Finance lease liabilities	3,546	4,030
Accrued interest payable	17	28
Loans and borrowings	**20,171**	**22,755**
Including long-term borrowings (A)+(B)	**18,536**	**20,681**

Long-term borrowings

Maturities of long-term borrowings, including finance lease liabilities, after adjustment for derivatives.

	As of 31st December, *2003*	*2002*
Maturing within 1 year	3,403	1,790
Maturing within 1 to 5 years	8,461	11,537
Maturing after 5 years	6,557	6,970
Neutralisation of swap contracts	(347)	(132)
Long-term borrowings excluding accrued interest	**18,074**	**20,165**
Accrued interest payable	**462**	**516**
Long-term borrowings	**18,536**	**20,681**

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

	As of 31st December, *2003*	*2002*
Euro	16,575	18,305
Swiss franc	432	1,512
Pounds sterling	1,353	409
Other	61	71
Neutralisation of swap contracts	(347)	(132)
Long-term borrowings excluding accrued interest payable	**18,074**	**20,165**
By interest rate:		
Fixed rate	12,141	14,465
Floating rate	6,280	5,832
Neutralisation of swap contracts	(347)	(132)

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

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

Maturities of net long-term borrowings, including finance lease liabilities, after adjustment for derivatives.

	As of 31st December,	
	2003	*2002*
Maturing within 1 year	1,627	98
Maturing within 1 to 5 years	2,596	5,094
Maturing after 5 years	4,164	3,297
Neutralisation of swap contracts	(347)	(132)
Net long-term borrowings excluding accrued interest payable	**8,040**	**8,357**
Accrued interest payable	**165**	**123**
Net long-term borrowings	**8,205**	**8,480**

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

	As of 31st December,	
	2003	*2002*
Euro	7,635	7,675
Swiss franc	577	659
Other	175	155
Neutralisation of swap contracts	(347)	(132)
Net long-term borrowings excluding accrued interest payable	**8,040**	**8,357**
By interest rate:		
Fixed rate	5,903	5,707
Floating rate	2,484	2,782
Neutralisation of swap contracts	(347)	(132)

Maturities of cash borrowings

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 cash flows.

	As of 31st December,	
	2003	*2002*
Initial maturity of 3 months or less	**1,496**	**1,537**
Treasury notes	879	747
Bank overdrafts	377	512
Deposits received	145	226
Foreign currency-denominated borrowings	3	
Other borrowings	92	52
Initial maturity of more than 3 months	**139**	**537**
Treasury notes	60	414
EMTN	60	100
Deposits received	9	8
Other borrowings	9	14
Accrued interest payable	1	1
Cash borrowings	**1,635**	**2,074**

Group net indebtedness

The Group manages its net indebtedness by reference to a nominal debt amount approved by the stockholder.

The Group net indebtedness breaks down as follows:

	As of 31st December, *2003*	*2002*
LT borrowings	14,973	16,623
Accrued interest payable	445	487
LT borrowings excluding accrued interest payable	14,528	16,136
RFF receivables excluding accrued interest payable	(10,034)	(11,808)
Financial lease liability excluding accrued interest payable	3,546	4,030
Impact of swap contracts	347	132
Net borrowings (a)	8,387	8,490
Cash equivalent at less than 1 year (b)	(161)	(72)
Net indebtedness (a) + (b)	**8,226**	**8,418**

	As of 31st December, *2003*	*2002*
Cash equivalent at less than 1 year		
Cash borrowings	1,635	2,073
Marketable securities excluding accrued interest payable	(1,422)	(1,825)
Deposits paid	(315)	(83)
Loans to subsidiaries	(16)	(16)
Bank overdrafts	(39)	(199)
Other	(4)	(22)
Cash equivalent at less than 1 year (b)	(161)	(72)

18. Derivatives

Foreign exchange instruments

(a) 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, 2003 is as follows:

	Commitments received (in foreign currency)	*Commitments given (in €)*
	(in millions)	
Euro	495	492
Danish krone	400	54
US dollar	1,389	1,380
Australian dollar	43	23
Canadian dollar	100	63
Hong Kong dollar	672	84
New Zealand dollar	100	50
Swiss franc	200	124
Pounds sterling	726	1,162
Japanese yen	80,500	620

(b) Forward currency purchases

	Foreign currency (in millions)
Pounds sterling	GBP 23
Swiss franc	CHF 100

Currency options

	As of 31st December, 2003 (in millions)
Purchase Euro call	135
Sale Euro put	93

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:

	Net long-term borrowings	*Net short-term borrowings*
Fixed rate receivable swaps	3,994	1,142
Fixed rate payable swaps	6,236	874
Floating rate payable swaps	99	
Index-based swaps	2,666	
Sale of swaptions	3,065	
Floor purchases	100	

Commodity instruments

As part of its ordinary activities, the parent company trades on petroleum product forward markets in order to optimise its fuel supply costs. As of 31st December, 2003, the parent company did not have any commodity commitments. The 2003 transactions fell due at the end of 2003.

Management of counterparty risk

The main transactions which could generate counterparty risk are:

Financial investments:

Financial investments are diversified. They primarily consist of negotiable debt instruments (certificates of deposit, commercial paper), treasury note repos and subscriptions to French money-market mutual funds (UCITS).

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 derivatives as of 31st December, 2003 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 31st December, 2003, using the valuation model of a market software package used by the company.

Other interest rate and currency swap transactions were valued at prices provided as of 31st December, 2003 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, 2003 (excluding accrued interest) are presented below:

	Estimated market value (excluding accrued interest) as of 31st December, 2003	*Profitability (premiums-market values) as of 31st December, 2003*
Management of forex risk		
Currency swaps	(292)	
Currency options	6	2
Management of interest rate risk		
Interest rate swaps	(156)	
Options	(4)	9

Securitisation of receivables

The Group transferred receivables to third parties under a trade receivable securitisation program, reducing total Group indebtedness by €118 million.

19. Operating Liabilities

As of 31st December, 2003, accrual and deferred income accounts comprise net investment subsidies of €2,433 million (€354 million in 2003) and deferred income relating to operations.

	As of 31st December,	
	2003	*2002*
Accounts payable and related accounts	2,758	2,718
Payments on account received on orders	119	109
Employee-related payables	1,151	1,021
Amounts payable to the French State and local authorities	2,122	1,934
Deferred tax liabilities	35	61
Other operating liabilities	955	1,249
Accruals and deferred income	3,858	3,413
Total	**10,998**	**10,505**

20. Revenues

	Year ended 31st December,	
	2003	*2002*
Passenger – Long-distance transport	5,166	5,224
Passenger – Public transport	6,136	5,640
Freight transport	6,287	6,345
Infrastructure and leveraging of SNCF's assets and know-how	4,934	4,967
Total	**22,523**	**22,176**

21. Purchases and External Charges

	Year ended 31st December, 2003	2002
Purchases (including inventory movements)	3,140	3,131
Sub-contracting	2,647	2,768
Rental	790	598
Infrastructure fees[(1)]	1,947	2,129
Other external charges	2,281	2,218
Total	**10,805**	**10,844**

(1) Includes fees invoiced by Réseau Ferré de France and Eurotunnel.

22. Operating Subsidies

	Year ended 31st December, 2003	2002
Combined transport subsidies	–	17
Employee-related subsidies	21	33
Other operating subsidies	22	39
Total	**43**	**89**

23. Employee Costs and Numbers

	Year ended 31st December, 2003	2002
Employee costs	**10,051**	**9,750**
Of which employee profit sharing	18	15
Average number of employees (full-time equivalent)	**243,944**	**242,163**

The number of SNCF Group employees increased slightly by 0.7 per cent. The fall in the number of parent company employees by 3,616 was offset by the entry of 3,329 Busslink employees in Keolis and the rise in the number of employees in the other Keolis companies by 2,558.

Compensation paid to members of parent company management and decision-making bodies totaled €1.8 million in 2003 (compared to €1.2 million in 2002).

24. Depreciation, Amortisation and Operating Provisions

	Year ended 31st December, 2003	2002
Depreciation and amortisation (net)	**(1,193)**	**(1,033)**
Provisions (net)	**(157)**	**(133)**
Non-current assets	(18)	(3)
Current assets	(51)	(99)
Contingencies and losses	(88)	(31)
Total	**(1,350)**	**(1,166)**

The main changes were attributable to:

- the change in the consolidation method of Ermewa (€37 million),
- the change of the depreciation period for certain Freight locomotives (€24 million),
- the increase in commissioned assets (€67 million).

25. Net Financial Expense

	Year ended 31st December, 2003	2002
Cash management and borrowing costs, net	(410)	(328)
Net gains on finance lease transactions[1]	93	2
Income from unconsolidated investments	6	5
Other financial income and expenses[2]	40	1
Total	**(271)**	**(320)**

(1) Including gains on QTE lease transactions for €89 million.

(2) Including a €36 million positive exchange on Eurofima shares due to strong fluctuations in the Swiss franc.

In 2003, SNCF finalised 5 QTE lease agreements for a total amount of $1,542 million.

The QTE Lease consists in leasing a ‘‘qualified technological equipment’’ network, in this case ticket sales and reservation equipment, to a US lessor, who immediately sub-leases them to SNCF for a maximum period of 16 years.

At the end of the 16-year period, SNCF has 2 options. It can either exercise a purchase option for the residual leasing rights at a predefined price, thus maintaining its initial profit or give the equipment to the US lessor who will use it in his own name.

The lessor is a fiscally transparent US trust, specially created for this transaction, which can only operate for this purpose.

During the initial period (16 years), all payments made and received in connection with the lease offset each other and do not impact the financial statements, apart from the net profit recognised during the transaction period. This profit corresponds to the retrocession of a portion of the tax deferral obtained by the investor.

The use, replacement, operation and definition of the hardware and software are not affected. The risks borne by SNCF are limited to risks of equipment ownership and those generated by French law. Risks relating to the changes in US tax laws are fully borne by the investor.

26. Exceptional Items

Exceptional items break down as follows:

	Year ended 31st December, 2003	2002
Capital gains on asset disposals	306	186
Disposals of shares	231	
Other disposals	75	186
Tax and social security revised assessments	11	33
Contract risks	(33)	(29)
Reorganisation costs	(39)	(12)
Sernam restructuring		159
Environmental risk provisions	(3)	(42)
Other	(12)	2
Total	**230**	**297**

27. Income Tax

Analysis of the tax charge

	Year ended 31st December, 2003	*2002*
Current tax charge	(31)	(29)
Deferred tax charge	(3)	(8)
Total tax charge	**(34)**	**(37)**

The current tax charge mainly concerns Keolis (€17 million) and Geodis (€10 million), and Ermewa (€4 million).

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.

Tax Assets Not Recognised

SNCF opted for the tax grouping regime on 1st July, 1988. As of 31st December, 2003, the tax group comprised 37 subsidiaries. The main subsidiaries are SHEM, Seafrance, SNCF Participations and France Wagons.

Company tax losses carried forward as of 31st December, 2003 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 €8,248 million, incurred by the tax group,
- long-term capital losses of the tax group of €221 million.

Deferred tax recognised

	31st December, 2003	*31st December, 2002*
Deferred tax assets	(23)	(67)
Deferred tax liabilities	35	61

Deferred tax assets mainly stems from Keolis (€21 million).

The decrease in deferred tax assets is attributable to the change in the Cegetel SAS consolidation method (-€42 million).

Deferred tax liabilities mainly concern Ermewa (€25 million) and STVA (€4 million).

28. Division Segment Information

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

	Year ended 31st December, *2003*	*2002*
Passenger – Public transport		
Revenues	6,136	5,640
Gross operating income	693	622
Net operating income	237	213
Passenger – Long-distance transport		
Revenues	5,166	5,224
Gross operating income	645	587
Net operating income	257	237
Freight		
Revenues	6,287	6,345
Gross operating income	(67)	(87)
Net operating income	(429)	(361)
Infrastructure and leveraging of SNCF's assets and know-how		
Revenues	4,934	4,967
Gross operating income	292	281
Net operating income	85	94
Total SNCF Group		
Revenues	22,523	22,176
Gross operating income	1,563	1,403
Net operating income	150	183

	Year ended 31st December, 2003		*Year ended 31st December, 2002*	
	€ millions	*%*	*€ millions*	*%*
Revenues	**22,523**		**22,176**	
France	18,542	82%	18,002	81%
Rest of the world	3,981	18%	4,174	19%
Net non-current assets	**16,387**		**16,325**	
France	15,889	97%	15,746	96%
Rest of the world	498	3%	580	4%

29. Off-balance sheet commitments

Commitments *In € millions*	*Given/ Received*	*31st December, 2003* *Total commit.*	*Maturing within* *Less than 1 year*	*1 to 5 years*	*More than 5 years*	*31st Dec., 2002* *Total commit.*
Finance lease agreements	Given	83	10	32	41	127
Operating leases						
Real estate operating leases(1)	Given	566	116	288	162	310
Equipment operating leases(2)	Given	560	145	305	110	627
Real estate operating leases	Received	–				11
Irrevocable purchase commitments						
Purchase commitments given to suppliers (railway equipment)	Given	2,604	1,116	1,487	1	2,286
Purchase commitments from suppliers(3)	Received	1,766	643	1,122	1	1,042
Eurotunnel minimum use fee(4)	Given	388	137	251		571
Credit lines						
Available bank credit lines	Received	523	523			542
Financial guarantees						
vis-à-vis associated undertakings						
Guarantees given(5)	Given	969	343	476	150	736
Guarantees received(6)	Received	558	96	313	149	683
vis-à-vis employees						
Guarantees given in respect of loans secured by employees(7)	Given	596	596			441
vis-à-vis third parties						
Endorsements and guarantees	Given	336	91	48	197	394
Endorsements and guarantees	Received	556	551	5		585
Debt purchase commitment		86		86		
Other contingent commitments						
Offers to sell – real estate	Received	96	96			88
Other guarantees						
Investment purchase or sale option	Given	108	89	19		
Reinvestment commitment (TER) given to the regions(8)	Given	39	38	1		109
CIWLT agreement	Given	3	3			15
Total off-balance sheet commitments	Given	6,338	2,684	2,993	661	5,616
	Received	3,499	1,909	1,440	150	2,951

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 truck fleet and the Keolis bus fleet and railway equipment. These amounts include the lease payments payable by Go Via *(joint venture between Keolis (35 per cent.) and GO Ahead (65 per cent.))* in respect of equipment delivered as part of the South Central concession.

(3) Investment subsidies receivable from Regions for ordered rolling stock (TER).

(4) The company has committed to pay Eurotunnel, up to the end of 2006, a minimum use fee independent of traffic levels.

(5) Guarantees given include mainly €558 million in guarantees granted by the Company in respect of SOFIAP (formerly SOCRIF) borrowings.

(6) Guarantees received concern in full a joint and several sight counter-guarantee given to the Company in respect of the loans granted to SOFIAP. They perfectly match guarantees given.

(7) Total outstandings on guarantees given by the Company in respect of real estate loans secured by employees. Statistically, guarantee calls are very limited.

(8) In the agreements signed with the Regions regarding the organisation of regional transport, the Company 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.

Ermewa

In connection with the sale of 50.4 per cent. of Groupe Ermewa Suisse securities to an external partner, the following commitments were given:

- A draft sales agreement was signed by the stockholders, indicating the preferred withdrawal option and a guarantee of a return on the Group's investment for the partner by July 2007 for a total amount of €88 million.
- Commitments have been granted by the Group until July 2007 for the partner's backers in the total amount of €68 million, the payments made for the purchase of these commitments being deducted from the aforementioned guarantee.
- Pledge of Financière Ermewa, Groupe Ermewa Genève and Ermewa Paris securities to lending banks as a guarantee against the repayment of amounts borrowed.
- Pledge of the Ermewa France and TMF business values to lending banks.
- Distribution of preferred dividends by Ermewa France to Financière Ermewa .

Furthermore, with respect to the joint operation of Ermewa's container activity, Brambles and the Group granted each other sale and purchase commitments. In an amendment dated 4th March, 2003, Brambles waived its right to exercise its purchase option.

Cegetel SAS

The merger agreements between Telecom Développement and the fixed telephony activity of Cegetel were signed on 30th December, 2003. Pursuant to these agreements, SNCF holds 35 per cent. of the new merged entity, Cegetel SAS.

The stockholders' agreement between SNCF and SFR (formerly the Cegetel Group) comprises the following commitments:

- SFR's commitment to purchase SNCF's 35 per cent. interest, exercisable between 1st January, 2007 to 31st March, 2010;
- SNCF's commitment to sell to SFR, exercisable as from the end of the period during which the purchase commitment can be exercised until 30th June, 2013,
- Possibility for SNCF to sell its interest at any time under certain terms and conditions.

Other investment purchase and sale options

Sernam

Following the investigation by the European Commission (see Note 29), and in accordance with the heads of agreement of December 2001, SNCF purchased Geodis' 15 per cent. interest in the common stock of Sernam (inter-ministerial decree of 28th July, 2003). Accordingly, the commitment undertaken by SNCF in December 2001 to transfer 51 per cent. of its interest to Geodis in 2006 has been suspended.

SHEM

Under the terms of an agreement signed on 21st October, 2002 with Electrabel, the Group has the possibility to progressively sell its interest in the common stock of SHEM. Electrabel has given a firm and irrevocable commitment to purchase this interest from the company. 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.

Keolis

In 2002, 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 Busslink, 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 Group to grant each other, via separate deeds, offers to purchase and sell the remaining Keolis shares held by BNP Paribas, with maturities running until June 2004.

Geodis

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

As part of the acquisition of 62 per cent. of the common stock of Pan European Transport, Geodis was granted a purchase option for the remaining 38 per cent., which is valid until 2004.

As part of the acquisition of 50 per cent. of the common stock of Thalès Freight and Logistics, Geodis undertook to pay an additional consideration equal to 50 per cent. of 2004 post-tax income. The foreseeable impact of this commitment was reflected in the acquisition cost of the common stock as of 31st December, 2003 and will be subject to further adjustments.

Other commitments

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.

Keolis

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

30. Consolidated Statement of Cash flows

Closing cash balance

The closing cash balance breaks down as follows:

	As of 31st December,	
	2003	*2002*
Cash at bank and in hand	496	494
Marketable securities with an initial maturity of less than 3 months	1,171	1,667
Deposits received with an initial maturity of less than 3 months	315	83
Cash borrowings with an initial maturity of less than 3 months	(1,496)	(1,537)
Cash balance per the Consolidated Statement of Cashflows	**486**	**707**

Movement in the cash balance

Cash flow from operations

Cash flow from consolidated company operations totaled €1,150 million in 2003. After adjustment for net charges to current asset provisions (€46 million), the cash flow from operations is €1,196 million (€1,028 million in 2002). This increase reflects the improvement in Group operating results in 2003. Significant amounts were borrowed in 2002 to cover the negative cash flow. In 2003, cash flow used in investing activities remained stable and the level of financing returned to normal, which explains the cash decrease. Nevertheless, a positive cash balance was recorded at the year-end.

Analysis of cash used in investing activities

- Non-current asset additions during 2003 totaled €2,143 million and break down as follows:
  - tangible assets (see Note 6) €2,082 million
  - intangible assets €26 million
  - unconsolidated investments €3 million
  - movements in amounts payable on fixed asset additions €32 million
- The principal proceeds from disposals in 2003 concerned the sales of tangible assets (Note 26) for €193 million and securities for €220 million:

  The principal proceeds from tangible asset disposals concerned:
  - sales of land and buildings by the parent company €113 million
  - disposals by Geodis €31 million
  - disposals by Keolis €18 million
  - disposals by France Wagons €5 million
  - disposals by STVA €5 million

  The principal proceeds from security disposals concerned:
  - disposal of securities by the parent company €200 million
  - disposal of FDI securities by Geodis €10 million
  - disposal of URS Ltd securities by GLI €8 million
- Changes in Group structure generated cash of €19 million in 2003 and primarily concerned the financial restructuring of the Ermewa Group (€102 million), the purchase of Busslink by Keolis (cash outflow of €20 million), and the change in the consolidation method for Cegetel SAS (cash outflow of €49 million).

Analysis of Group net debt

The statement of cash flows shows a €395 million increase in borrowings with an initial maturity of over 3 months, comprising a net decrease in long-term borrowings of €20 million and a decrease in cash borrowings of €375 million.

	31st December, 2003	*31st December, 2002*	*Change*
Long-term borrowings excluding accrued interest payable	14,528	16,136	(1,608)
Financial lease liabilities excluding accrued interest payable	3,546	4,030	(484)
Cash borrowings maturing in more than 3 months (excluding deposits)	130	529	(399)
RFF receivable excluding accrued interest payable	10,034	11,808	(1,774)
Exchange rate fluctuations on RFF receivable			(83)
Exchange rate fluctuations on borrowings			333
Telecom Développement – Change in method			87
Other changes in Group structure			(15)
Increase/decrease in borrowings in the statement of cash flows			**(395)**

Changes in working capital requirements

The working capital increase of €218 million achieved during the year was mainly attributable to the increase in the parent company's outstanding accounts payable. The increase is lower than the 2002 improvement, which primarily resulted from the renegotiation by SNCF of payment terms and conditions with RFF. The cash flows generated by activity during the period represented a resource of €1,374 million.

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

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

(a) Balance sheet

	As of 31st December, 2003				*As of 31st December, 2002*			
	Pension Fund	*Medical care*	*Other Funds*	*Total*	*Pension Fund*	*Medical care*	*Other Funds*	*Total*
Assets								
Non-current assets	27	2	45	74	27	2	45	74
Current assets	1,207	139	21	1,367	1,157	169	23	1,349
Total Assets	**1,234**	**141**	**66**	**1,441**	**1,184**	**171**	**68**	**1,423**
Liabilities & Stockholders' Equity								
Net equity	40	112	31	183	40	66	30	136
Other liabilities	97	111	35	243	116	123	37	276
Inter-company account	1,097	(82)		1,015	1,028	(18)	1	1,011
Total Liabilities & Stockholders' Equity	**1,234**	**141**	**66**	**1,441**	**1,184**	**171**	**68**	**1,423**
Total Liabilities & Stockholders' Equity excl. Inter-company Account	**137**	**223**	**66**	**426**	**156**	**189**	**67**	**412**

(b) Income statement

	Year ended 31st December, 2003				*Year ended 31st December, 2002*			
	Pension Fund	*Medical care*	*Other Funds*	*Total*	*Pension Fund*	*Medical care*	*Other Funds*	*Total*
Expenses								
Benefits paid to members	4,484	1,547	233	6,264	4,431	1,502	230	6,163
Other expenses	54	113	17	184	57	120	13	190
Total expenses	**4,538**	**1,660**	**250**	**6,448**	**4,488**	**1,622**	**243**	**6,353**
Income								
Members' contributions	335	25	1	361	332	25	1	358
Employer contributions	1,204	465	11	1,680	1,196	465	10	1,671
Compensation & contractual payments	2,973	1,137	222	4,332	2,935	1,050	227	4,212
Other income	26	78	17	121	25	100	5	130
Total income	**4,538**	**1,705**	**251**	**6,494**	**4,488**	**1,640**	**243**	**6,371**
Net Income	**–**	**45**	**1**	**46**	**–**	**18**	**–**	**18**

SNCF balance sheet and income statement for the special debt account

(a) Balance sheet

Assets	*As of 31st December, 2003*	*2002*
Miscellaneous assets[3]	196	165
Inter-company accounts	38	48
Total	**234**	**213**
Total excluding Inter-company Accounts	**195**	**165**

Liabilities and SHs' Equity	*As of 31st December, 2003*	*2002*
Capital contribution for the year	190	65
Accumulated deficits[1]	(9,038)	(9,123)
Net income for the year	23	20
Total	**(8,825)**	**(9,038)**
Borrowing[2]	8,905	9,211
Inter-company accounts	–	–
Other liabilities	154	40
Total	**234**	**213**
Total excluding Inter-company Accounts	**195**	**165**

(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 after neutralisation of swap contracts.

(b) Income statement

Expenses	*Year ended 31st December, 2003*	*2002*
Financial expenses	488	615
Other expenses	1	–
Net income for the year	23	20
Total	**512**	**635**

Income	*Year ended 31st December, 2003*	*2002*
Financial income	7	5
French State contribution	487	612
SNCF contribution	18	18
Total	**512**	**635**

As of 31st December, 2003, Special Debt Account liabilities, after swap contracts, amounted to €8,769 billion, excluding accrued interest.

Maturities of Special Debt Account borrowings

	As of 31st December,	
	2003	*2002*
Maturing within		
Less than 1 year	533	2,247
1 to 5 years	3,902	2,267
More than 5 years	4,334	4,340
Neutralisation of swaps	(87)	14
Special Debt Account borrowings excluding accrued interest payable	**8,682**	**8,868**
Accrued interest payable	223	344

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 derivatives, is as follows:

	As of 31st December,	
	2003	*2002*
Euro	8,058	8,730
Swiss franc	128	138
US dollar	317	
Australian dollar	25	
Canadian dollar	61	
Hong Kong dollar	41	
New Zealand dollar	52	
Special Debt Account borrowings excluding accrued interest payable	**8,682**	**8,868**

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

	As of 31st December,	
	2003	*2002*
Euro	8,769	8,854
Neutralisation of swaps	(87)	14
Special Debt Account borrowings excluding accrued interest payable	**8,682**	**8,868**

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:

	As of 31st December,	
	2003	*2002*
Fixed rate	6,725	7,104
Floating rate	2,044	1,750
Neutralisation of swaps	(87)	14
Special Debt Account borrowings excluding accrued interest payable	**8,682**	**8,868**

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.

Sernam

Sernam's restructuring plan was approved by the European Commission on 23rd May, 2001.

In January 2003, the Commission was asked to approve the terms and conditions of implementation governing Sernam's restructuring plan.

On 20th June, 2003, the company submitted to the European Commission its response to the questions asked as part of procedure initiated under Article 88 of the EC treaty, concerning, in particular, the review of restructuring aids.

Upon initiation of this procedure, SNCF purchased Geodis' 15 per cent. interest in the common stock of Sernam (interministerial decree of 28th July, 2003).

33. Subsequent Events

Signing of a new agreement with STIF

On 19th January, 2004, SNCF and the Ile-de-France Transit Authority (STIF) signed a new 4-year agreement (2004 to 2007) with the same terms and conditions as the previous one, particularly with respect to remuneration.

Railway equipment orders

At the beginning of 2004, SNCF placed two significant firm orders for railway equipment:

- 60 Transilien locomotives for a total amount of €173 million;
- 400 diesel Freight locomotives for a total amount of €860 million.

These orders will be fully financed by the company.

Restructuring of keolis common stock

The reclassification of the common stock held by BNP Paribas is currently being discussed.

34. Scope of Consolidation

Simplified scope of consolidation

A list of the main consolidated subsidiaries is presented below. These sub-groups and the parent company contributed 97.7 per cent. of consolidated revenues in 2003.

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.

PASSENGER – Public Transport	*% control*	*% interest*
Direct SNCF Participations subsidiaries		
Fully consolidated		
Keolis	44.15	44.06

PASSENGER – Long Distance	*% control*	*% interest*
Direct SNCF subsidiaries		
Fully consolidated		
Seafrance	100.00	100.00
Direct SNCF Participations subsidiaries		
Fully consolidated		
Grandes Lignes International	100.00	99.80

Infrastructure, leveraging of SNCF's assets and know-how	*% control*	*% interest*
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
Equity accounted		
Cegetel SAS (fully consolidated on net income)	35.00	35.00
Eurofima	24.35	24.35
Direct SNCF Participations subsidiaries		
Fully consolidated		
SNCF International	100.00	99.80

Freight Transport	*% control*	*% interest*
Direct SNCF subsidiaries		
Fully consolidated		
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.)	81.63	81.73
Cie Nouvelle de Conteneurs (C.N.C.)	93.81	94.16
Cie de Transports de Céréales (C.T.C.)	62.98	69.21
Geodis	45.09	45.00
Consolidated on a proportional basis		
Ermewa SA (Paris)	66.34	64.09
Groupe Ermewa SA	49.60	49.50
Direct Geodis subsidiaries		
Fully consolidated		
Bourgey Montreuil Holding	100.00	45.00
Calberson SA	100.00	45.00

Detailed scope of consolidation

Consolidation methods:

- FC: Full Consolidation
- PC: Proportionate Consolidation
- EA: Equity Accounted
- UC: Unconsolidated

Change in scope of consolidation:

- CGN: Change in corporate name
- CME: Change in method
- CPC: Change in per cent. control
- EEX: Entry – external growth
- ECO Entry – consolidation criteria
- ECR: Entry – creation
- RDI: Removal – disposal
- RCO: Removal – consolidation criteria
- RME: Removal – merger
- RLI: Removal – liquidation

	M	PC Year N	PI Year N	PC Year N-1	PI Year N-1	Chg
S.N.C.F.	*FC*	*Consolidating parent company*				
Passenger Public Transport						
Aerolignes	FC	100.00	44.06	100.00	43.65	
Aéroport Angers Marcé	FC	100.00	44.06	100.00	43.65	
AEROSAT	FC	85.00	37.45	85.00	37.10	
Airelle	FC	100.00	44.06	100.00	43.65	
Ateliers Chantiers de Fécamp	FC	99.99	44.06	99.99	43.65	
Athis Cars	FC	99.40	44.94	99.40	43.39	
Autocars Charriere Fils	FC	99.70	43.93	99.70	43.52	
Autocars Léon Bolle Fils	FC	99.95	44.04	99.95	43.63	
Bad Kreusnach Bus	PC	50.00	22.04	52.00	11.35	
Best Sell Air	PC	49.45	22.33	49.93	21.79	
Busslink	FC	70.00	30.85			EEX
C.A.B.R.I. St Brieuc	FC	100.00	44.06	100.00	43.65	
C.F.T. Chalons	FC	97.12	42.79	97.12	42.39	
C.F.T.V.	FC	100.00	45.21	100.00	43.65	
C.S.T.A.	FC	100.00	45.21	100.00	43.65	
C.T.A. Valentinoise	FC	99.96	44.04	99.96	43.63	
C.T.C.O.P.	PC	49.88	21.98	49.92	21.79	
Calvados Transports Services	FC	100.00	44.06	100.00	43.65	
CANAL TP	FC	99.96	85.83	99.96	85.72	
Cariane sur Oise	FC	99.80	45.13	99.80	43.56	
Cariane Adour	FC	100.00	45.22	100.00	43.65	
Cariane Atlantique (T.T.O.)	FC	99.99	45.21	99.99	43.64	
Cariane Aveyron	FC	99.87	44.80	99.87	43.59	
Cariane Bourgogne	FC	98.88	44.76	99.00	43.21	
Cariane Cars Val de Saône	FC	90.00	40.33	90.00	38.93	
Cariane Centre	FC	100.00	45.22	100.00	43.65	
Cariane Drôme	FC	99.93	45.18	99.79	43.62	
Cariane Est	FC	100.00	45.22	100.00	43.65	
Cariane Eure (Seuge Suzanne)	FC	100.00	35.23	100.00	43.65	
Cariane Languedoc	FC	100.00	45.22	100.00	43.65	
Cariane les Pyrénées	FC	89.21	40.34	89.19	38.94	
Cariane Littoral	FC	100.00	45.22	100.00	43.65	
Cariane Loiret	FC	100.00	45.22	100.00	43.65	
Cariane Nord	FC	100.00	45.22	100.00	43.65	
Cariane SA	FC	100.00	45.22	100.00	43.65	
Cariane Somme	FC	100.00	45.22	100.00	43.65	
Cariane Tour	FC	100.00	45.22	100.00	43.65	
Cariane Touriscar Ain	FC	65.00	29.39	65.00	28.37	
Cariane Val d'Oise	FC	100.00	45.22	100.00	43.65	
Caron Voyages	FC	99.94	44.04	99.94	43.62	
Cars de Bordeaux	FC	100.00	44.01	100.00	43.59	
CARS GINDRAT	UC	100.00	43.85	100.00	43.65	RCO
Cars Jura sud	FC	100.00	45.21	100.00	43.65	
Cars Rebmann Lavergne	FC	100.00	43.96	100.00	43.54	
Cars Sylvestre	FC	100.00	45.21	100.00	43.65	
Ceyte Tourisme Méditerranée	FC	100.00	44.06	100.00	43.65	
Cie Bus Alençonnais – Cobal	FC	100.00	44.06	100.00	43.65	
Cie Maritime Penn Ar Bed	FC	100.00	44.06	100.00	43.65	
Cie Tpt Agglom. Caennaise	FC	98.90	43.58	98.90	43.17	
Cie Tpts Agglom. Annemasse	UC	100.00	43.85	100.00	43.65	RCO
Cie Tpts Agglom. Chatellerault	FC	100.00	44.06	100.00	43.65	
Cie Tpts Besançon	FC	99.93	44.03	99.93	43.62	
Cie Tpts Cherbourg	FC	99.88	44.01	99.88	43.60	
Cie Tpts Comm. Urb. Brest	FC	100.00	44.06	100.00	43.65	
Cie Tpts De l'Artois	FC	99.98	44.06	99.98	43.64	
Cie Tpts de Morlaix	FC	100.00	44.06	100.00	43.65	
Cie Tpts de Saintes – Buss	FC	100.00	44.06	100.00	43.65	
Cie Tpts Henin Carvin	FC	100.00	44.06	100.00	43.65	
Cie Tpts Languedoc Narbonne	FC	100.00	44.06	100.00	43.65	
Cie Tpts Méditerranéens	FC	99.75	43.96	99.75	43.54	
Cie Tpts Pays Montbeliard	FC	100.00	44.06	100.00	43.65	
Cie Tpts Région Angevine	FC	100.00	44.06	100.00	43.65	
Cie Tpts Région Lorientaise	FC	99.95	44.04	99.95	43.62	
Cie Tpts Roche/Yon – S.T.Y	FC	100.00	44.06	100.00	43.65	
Cie Tpts Urb. Agglom. Quimperoise	FC	100.00	44.06	100.00	43.65	
Cie transports de Tours	FC	100.00	44.06	100.00	43.65	

	M	PC Year N	PI Year N	PC Year N-1	PI Year N-1	Chg
S.N.C.F.	*FC*	*Consolidating parent company*				
CIP SECURITY	FC	100.00	44.06			ECR
Citram Littoral	FC	100.00	44.06	100.00	43.65	
City	FC	100.00	45.21	100.00	43.65	
City Trafik	PC	49.70	21.90	32.64	14.25	
Citypendeln	FC	100.00	44.06	90.00	39.28	
Compagnie du Blanc Argens	FC	99.40	44.95	99.40	43.39	
Courriers Agglom. Concarneau	FC	100.00	44.06	100.00	43.65	
Devillairs	FC	99.92	45.18	99.92	43.61	
EASTBOURNE BUSES	EA	20.00	8.77	20.00	8.73	
EFFIA	FC	99.99	99.79	99.99	99.79	
EFFIA SERVICES	FC	99.99	99.78	99.99	99.78	
EFFIA VOYAGEURS	FC	99.99	99.78	99.99	99.78	
Entreprise Philipe Détré	FC	100.00	44.06	100.00	43.65	
Eurolines Belgique	PC	100.00	22.61	50.00	21.84	
Eurolines Nederland	PC	49.15	22.59	50.00	21.87	
Eurolines S.A.	PC	49.99	22.36	49.99	21.82	
Eurolines Tchéquie	FC	100.00	44.64	100.00	43.65	
First / Keolis Ltd	PC	45.00	19.83			ECR
First / Keolis Transpennine Holding	PC	45.00	19.83			ECR
First / Keolis Transpennine LTD	PC	45.00	19.83			ECR
Freiberg	PC	85.00	18.73	42.50	18.55	
G.T.I. UK	FC	100.00	44.06	100.00	43.65	
Garrel et Navarre	FC	100.00	44.06	100.00	43.65	
Gie Orset	FC	100.00	45.22	100.00	43.65	
Govia	PC	35.00	15.42	35.00	15.28	
Groupe Orléans Express	FC	75.00	33.05	75.00	32.74	
Groupe SERA SA	FC	99.76	43.96	99.75	43.54	
Groupement SCAC Bagnis	FC	51.00	23.05	51.00	22.26	
GTI Espagne	FC	100.00	44.06	100.00	43.65	
Idar Oberstein	PC	50.00	22.04	43.64	19.05	
Intercars International France	PC	50.00	21.66			EEX
Interhone	FC	100.00	44.06	100.00	43.65	
Intrabus Orly	FC	100.00	45.22	100.00	43.65	
Keolis holding	FC	44.15	44.06	43.74	43.65	
Keolis Canada Inc	FC	100.00	44.06	100.00	43.65	
Keolis Gohelle	FC	99.89	44.06			ECR
KEOLIS Nordic	FC	100.00	44.06	100.00	43.65	
KEOLIS Provence	FC	100.00	44.06	100.00	43.65	
Les Autocars Gris	FC	100.00	45.22	100.00	43.65	
Les Cars de Camargue	FC	99.01	43.64	98.98	43.20	
Les Cars du Bassin de Thau	FC	100.00	44.06			ECR
Les cars Roannais	FC	100.00	44.06	100.00	43.65	
Les Courriers Bretons	FC	100.00	44.06	99.99	43.65	
Les Courriers Catalans	FC	100.00	44.06	99.99	43.65	
Les Courriers d'Ile de France	FC	99.95	44.04	99.95	43.63	
Les Courriers du Midi	FC	100.00	44.06	100.00	43.65	
Les Courriers Mosellans	FC	99.98	44.06	99.98	43.64	
Les Courriers Normands	FC	99.96	44.04	99.95	43.63	
Les Grands Courriers	FC	99.61	45.04	99.61	43.48	
M.T.I.	FC	100.00	99.79	100.00	99.79	
Martin Becker Gmbh	PC	100.00	22.04	36.75	16.04	
Martin Becker Vervaltung	PC	100.00	22.04	25.00	10.91	
MJ 70	FC	100.00	45.21	100.00	43.65	
MJ 90	FC	100.00	45.21	100.00	43.65	
Monts Jura autocars	FC	100.00	45.21	100.00	43.65	
Moselbahn	PC	50.00	22.04	50.00	21.82	
Netlog	EA	25.00	5.51	12.50	5.46	
Orgebus	PC	50.00	22.47	50.00	21.69	
Pacific Car	FC	99.69	44.77	99.69	43.51	
PRIORIS (Segway)	FC	100.00	44.06			ECR
Pyrennées Bus	FC	100.00	44.06	100.00	43.65	
QUIBERON STATIONNEMENT	FC	52.00	46.08	52.00	46.04	
Regionale Europaîsche Verkehr	UC	50.00	10.93	25.00	10.91	RCO
Rhenus Keolis Verkehrs Gmbh	PC	50.00	22.04	50.00	21.82	
Rhenus Keolis Verkehrs Verwaltung	PC	50.00	22.04	49.00	21.72	
S.A.P.	FC	99.87	45.16	99.87	43.59	
S.C.A.C.	FC	99.98	45.21	99.98	43.64	

	M	PC Year N	PI Year N	PC Year N-1	PI Year N-1	Chg
S.N.C.F.	*FC*	*Consolidating parent company*				
S.E.S.	FC	100.00	44.06	100.00	43.65	
S.N.C.O.A. (cars de l'ouest Aquitain)	FC	100.00	44.01	100.00	43.59	
S.N.T. Comett	FC	100.00	44.06	100.00	43.65	
S.R.T.A.	FC	100.00	44.06	100.00	43.65	
S.T.A.	FC	100.00	45.22	100.00	43.65	
S.T.A. Chauny	PC	50.00	22.04	50.00	21.82	
S.T.A.D.	FC	99.78	45.11	99.78	43.55	
S.T.A.R. Arles	FC	100.00	44.06	100.00	43.65	
S.T.A.V.S.	FC	99.70	43.91	99.70	43.49	
S.T.C. Cagnes	FC	99.93	44.61	49.92	21.79	CME
S.T.C. Castelleroussins – ST2C	FC	100.00	44.06	100.00	43.65	
S.T.E.F.I.M.	FC	100.00	44.06	100.00	43.65	
S.T.I.L.L. Lens-Liévin	FC	99.98	44.06	99.98	43.64	
S.T.U. du Lot et Garonne	FC	100.00	44.06	100.00	43.65	
S.T.U.V	FC	50.88	23.00	50.88	22.21	
S.T.U.V.G.	FC	100.00	45.22	100.00	43.65	
S.V.I.	FC	100.00	45.22	99.90	43.65	
S.V.T.U.	FC	99.96	45.20	99.60	43.63	
SA Sap Drogoul	FC	99.17	44.23	50.00	21.70	CME
RDI A14	FC	50.92	22.44	50.92	22.23	
SCETA PARC	FC	99.97	99.75	99.97	99.75	
SCI La Rouvière	FC	99.07	40.10	99.07	39.71	
Scodec	EA	35.00	15.83	35.00	15.28	
SEG	FC	99.00	87.73			ECR
SERAG Voyages	FC	99.90	43.94	99.86	43.51	
SERATECH'	FC	100.00	43.96	95.00	41.36	
SETU Oyonnax	FC	100.00	44.06			ECR
Setver	FC	100.00	44.06	99.99	43.65	
SFD	FC	100.00	45.22	100.00	43.65	
SGFA	FC	90.00	79.75	90.00	79.68	
Slivia Inc	PC	40.00	17.62	40.00	17.46	
Sodeli	PC	50.00	22.59	50.00	21.82	
Sodetrav	FC	91.86	40.48	91.85	40.09	
SOMAP (Société pour la Mobilité à Paris)	FC	100.00	44.06			ECR
SOTRAM Martigues	FC	100.00	44.06	100.00	43.65	
South Central	PC	35.00	15.42	35.00	15.27	
ST2L Westell	FC	100.00	44.06	100.00	43.65	
StadtVerkehr Martin Becker	PC	100.00	22.04	35.75	16.04	
STCAR Sté des Transports Côte d'Azur R.	FC	100.00	44.23			ECO
Sté des Tpts du littoral de Toulon	FC	100.00	44.06	100.00	43.65	
Sté des Tpts Urbains de Sète	FC	99.84	45.16	99.84	43.58	
Sté Lyonnaise de Tpts Commun	FC	100.00	44.06	100.00	43.65	
Sté Rennaise Tpts et Services	FC	100.00	44.06	100.00	43.65	
Ste Tpt Région Boulogne	FC	99.99	44.06	99.99	43.64	
Sté Tpt Services Aeroportuaires	FC	99.98	44.06	99.98	43.64	
Sté Tpts Agg. Alesienne	FC	95.10	41.91	95.10	41.51	
Sté Tpts Agglom. Chartraine	FC	100.00	44.06	100.00	43.65	
Sté Tpts Agglom. Montargis	FC	100.00	44.06	100.00	43.65	
Sté Tpts Agglom. Roannaise	FC	100.00	44.06	100.00	43.65	
Sté Tpts Commun Bourgoin-Jallieu	UC	100.00	43.85	100.00	43.65	RCO
Sté Tpts Commun Nimois	FC	99.80	43.98	99.80	43.56	
Sté Tpts De Givors GIBUS	FC	100.00	44.06	100.00	43.65	
Sté Tpts du Sud-Ouest Auch	FC	100.00	44.06	100.00	43.65	
Sté Tpts Région Abbeville	FC	99.02	43.63	99.02	43.22	
Ste Tpts Région Dijonnaise	FC	99.67	43.92	99.67	43.50	
Sté Tpts Robert	FC	99.92	44.01	99.92	43.61	
Sté Tpts Urb. Cahors	FC	100.00	44.06	100.00	43.65	
Ste Tpts Urb. Des Deux Cantons	FC	100.00	44.06	100.00	43.65	
Sté Tpts Urbains Lavallois	FC	100.00	44.06	100.00	43.65	
Sté Tpts Urbains Rennais	FC	99.92	44.01	99.92	43.61	
Sydvästen A.B.	UC	51.00	22.26	51.00	22.26	RLI
T.A.E.	FC	99.99	45.21	99.99	43.64	
T.I.C.E.	EA	18.83	8.81	18.83	8.21	
T.P.R.	FC	100.00	45.21	100.00	43.65	
T.V.B.	FC	100.00	45.21	100.00	43.65	
T.V.B.S.	FC	100.00	45.21	100.00	43.65	
Thameslink	PC	35.00	15.42	35.00	15.27	

	M	PC Year N	PI Year N	PC Year N-1	PI Year N-1	Chg
S.N.C.F.	*FC*	*Consolidating parent company*				
Tpt Urbains du Blaisois	FC	100.00	44.06	100.00	43.65	
Tpts Commun Metropole Lilloise	FC	87.99	38.77	87.99	38.41	
Tpts Commun Montelimar	FC	100.00	44.06	100.00	43.65	
Train Bleu de St Marcellin	FC	100.00	45.22	100.00	43.65	
TRANS PISTES	PC	40.00	17.61	40.00	17.45	
Transaude S.A.	FC	100.00	44.06	100.00	43.65	
Transétude	FC	100.00	44.06	100.00	43.65	
Transévry	PC	39.43	17.47	39.43	17.21	
Transorly	FC	100.00	45.22	100.00	43.65	
Transport Braichotte Bendel	FC	100.00	45.21	100.00	43.65	
Transport GEP Vidal	FC	99.93	44.03			EEX
Transports Citram	UC	100.00	43.65	100.00	43.65	RLI
Transports de la Briere	FC	59.90	27.09	59.80	26.10	
Transports George's	FC	99.98	45.20	99.97	43.63	
Transports Provost	FC	100.00	44.48	99.70	43.51	
Transports Urbains de Reims	FC	98.49	43.40	98.49	42.99	
Transroissy	FC	100.00	45.22	100.00	43.65	
Transtub	FC	99.84	45.14	99.84	43.58	
Urbest	FC	100.00	44.81	99.99	43.65	
Urbest Vesoul	FC	100.00	44.81			ECR
Var Tours	FC	99.45	40.26	99.45	39.87	
Via Autoroute	FC	99.97	44.05	99.98	43.63	
Via International	FC	100.00	44.06	100.00	43.65	
Via Normandie	FC	100.00	44.06	99.94	43.65	
VIA STATIONNEMENT	FC	100.00	88.61	100.00	88.53	
Via Verkehr Holding Gmbh	FC	100.00	44.06	100.00	43.65	
Via Verkehr Holding Vervaltung	FC	100.00	44.06	100.00	43.65	
Voyages Dourlens	FC	100.00	44.06	100.00	43.65	
VRLV	FC	100.00	44.06	100.00	43.65	
VS Voyages	FC	100.00	43.96	100.00	43.54	
Zwei Brücken	PC	50.00	22.04	52.00	11.35	
Zwickau	PC	50.00	22.04			EEX
Passenger Long-Distance						
A2C	FC	100.00	99.80	100.00	99.80	
Artesia SAS	PC	50.00	49.90	50.00	49.90	
Brit Cities	FC	100.00	99.80	100.00	99.80	
CTRL	FC	100.00	99.80	100.00	99.80	
Elipsos	PC	50.00	49.90	50.00	49.90	
Eurostar Group	FC	62.00	61.88	62.00	61.88	
French Rail Inc	FC	100.00	99.80	100.00	99.80	
French Railways Ltd (F.R.L.)	FC	100.00	99.80	100.00	99.80	
French travel service	FC	100.00	99.80	100.00	99.80	
GEIE Sysrail	PC	50.00	49.90	50.00	49.90	
GL Expedia	FC	50.10	50.00	53.00	52.89	
Gle-commerce	FC	100.00	99.80	100.00	99.80	
Grandes Lignes Internationales SA	FC	100.00	99.80	100.00	99.80	
Intercapital Régional Rail Ltd	EA	35.00	34.93	35.00	34.93	
Lyria	FC	89.00	88.82	89.00	88.82	
Rail Europe Benelux	FC	100.00	99.80	100.00	99.80	
Rail Europe Deutschland	FC	100.00	99.80	100.00	99.80	
Rail Europe Espagne SRL	FC	100.00	99.80	100.00	99.80	
Rail Europe Group Inc	FC	85.49	85.31	85.49	85.31	
Rail Europe Group Ltd	FC	100.00	99.80	100.00	99.80	
Rail Europe Italia	FC	100.00	99.80	100.00	99.80	
Rail Europe Limited	FC	100.00	99.80	100.00	99.80	
Rail Europe Suisse	FC	100.00	99.80	100.00	99.80	
RE 4A	PC	50.00	49.90	50.00	49.90	
Rhealys SA	PC	30.00	29.94	30.00	29.94	
Seafrance	FC	100.00	100.00	100.00	100.00	
Sté Nationale Maritime Corse-Méditerranée	UC	6.98	6.98	20.00	20.00	RCO
Thalys International	FC	70.00	69.86	70.00	69.86	
Transmanche Night Travel Ltd	FC	100.00	99.80	100.00	99.80	
Voyages – SNCF.Com	FC	100.00	99.80	100.00	99.80	

S.N.C.F.	M FC	PC Year N	PI Year N	PC Year N-1	PI Year N-1	Chg
		Consolidating parent company				
Leveraging of SNCF's assets and know-how						
AREP	FC	99.99	99.79	99.99	99.79	
Canarail consultants Canada Inc	EA	66.66	23.40	66.66	23.40	
Canarail consultants International Inc	EA	39.92	14.02	39.92	14.02	
CEGETEL FIXE	UC	20.00	20.00	20.00	20.00	RME
Citilabs Inc	EA	49.48	17.71	49.48	17.71	
Citilabs Ltd	EA	49.48	17.71	49.48	17.71	
EFA – Espaces Ferroviaires Aménagement	FC	99.93	99.73			ECO
EFT – Espaces ferroviaires transactions	FC	99.80	99.60			ECO
Energie Lagarde	FC	100.00	99.62	100.00	99.62	
Energie Sud Ouest	FC	100.00	99.62	100.00	99.62	
EUROFIMA	EA	24.35	24.35	24.90	24.90	CPC
Financière Systra	PC	50.00	49.90	50.00	49.90	
Foncière du Coq	EA	50.00	35.80	50.00	35.80	
Forces Motrices du Valentin (F.M.V.)	FC	100.00	99.62	100.00	99.62	
France Rail Publicité (F.R.P.)	EA	20.00	20.00	20.00	20.00	
France-Bus Publicité	EA	15.20	15.20	15.20	15.20	
G.I.E. FINANCIERE SCETA	FC	100.00	76.25	100.00	72.00	
Gestion Canarail	EA	50.00	20.36	50.00	20.36	
GIE EURAIL TEST	FC	90.00	90.00	90.00	90.00	
Kuo Tung	EA	50.00	35.79	50.00	35.79	
LANDIMAT	EA	20.00	20.00	20.00	20.00	
LS Transit Systems Inc	EA	100.00	35.10	100.00	35.10	
Maintes International	EA	50.00	35.80	50.00	35.80	
Média Car	EA	20.00	20.00	20.00	20.00	
MVA Asia	EA	100.00	35.10	100.00	35.10	
MVA Beijing	EA	50.00	17.90	50.00	17.90	
MVA Consultancy	EA	100.00	35.10	100.00	35.10	
MVA Consultancy Group	EA	100.00	35.10	100.00	35.10	
MVA Consultancy Paris	EA	50.00	35.80	50.00	35.80	
MVA France	EA	100.00	35.10	100.00	35.10	
MVA Hong Kong Ltd	EA	50.00	35.80	50.00	35.80	
MVA Ltd	EA	50.00	35.80	50.00	35.80	
MVA Malaysia	EA	50.00	17.55	50.00	17.55	
MVA Philippines	EA	39.95	14.30	39.95	14.30	
MVA Singapour	EA	50.00	35.80	50.00	35.80	
MVA Systematica	EA	100.00	35.10	100.00	35.10	
MVA Thailande	EA	50.00	35.79	50.00	35.79	
Parvis	FC	100.00	99.80			ECO
Publibus	EA	100.00	20.00	100.00	20.00	
Rail Transportation Systems Inc (RTS)	EA	89.00	32.39	89.00	32.39	
S.P.F.R.D.	FC	100.00	99.80	100.00	99.80	
SAM Paris Nord	FC	100.00	59.88			ECO
SCETA SERVICES	FC	100.00	99.80	99.76	99.56	
SCI DU CERCLE	FC	100.00	99.80	100.00	99.80	
SCI La Chapelle	FC	100.00	99.80			ECO
SCI NEY	FC	100.00	99.79	100.00	99.79	
SEMAPA	EA	20.00	20.00	20.00	20.00	
SNC MONCEAU	FC	100.00	99.79	100.00	99.79	
SNC VEZELAY	FC	100.00	99.80	100.00	99.56	
SNCF International	FC	100.00	99.80	100.00	99.80	
SNCF PARTICIPATIONS	FC	100.00	99.80	100.00	99.80	
SNEF	FC	100.00	99.80	100.00	99.80	
SOGET	EA	100.00	35.10	100.00	35.10	
SOTEC Ingénierie	EA	65.00	22.82	65.00	22.82	
Sté Française de Construction Immoblière	FC	100.00	100.00	100.00	100.00	
Sté Hydro-Electrique du Midi (S.H.E.M.)	FC	99.62	99.62	99.62	99.62	
Systra (Groupe)	EA	35.87	35.80	50.00	35.80	
Systra Consulting	EA	50.00	33.04	50.00	33.04	
Systra Ltd	EA	50.00	35.80	50.00	35.80	
Systra Philippines	EA	50.00	14.29	50.00	14.29	
SYSTRA SA	EA	100.00	35.09	100.00	35.09	
Systra Sotecni spa	EA	50.00	35.80	50.00	35.80	
SYSTRA SPA	EA	100.00	35.10	100.00	35.10	
SYSTRA U.S.A. Inc	EA	92.28	32.90	92.28	32.90	

S.N.C.F.	M FC	PC Year N	PI Year N	PC Year N-1	PI Year N-1	Chg
		Consolidating parent company				
Télécom Développement	EA	35.00	35.00	50.01	50.01	CPC
TIFSA	EA	24.50	8.60	24.50	8.60	
Transport Public Participations	EA	50.00	35.80	50.00	35.80	
Freight Transport						
A.A.T.	FC	100.00	81.73	100.00	80.35	
Ain Express (01 Express)	FC	69.85	31.30	69.85	31.30	
Aisne Express (02 Express)	FC	100.00	44.94	100.00	44.94	
Akidis	FC	99.99	81.73			ECR
Alpes-Maritimes Express (06 Express)	FC	100.00	45.00	100.00	45.00	
Ambrosetti Stracciari	FC	100.00	44.99	100.00	44.54	
Artois Express	FC	49.90	22.45	49.90	22.45	
Ateliers d'Orval	PC	66.34	64.09	100.00	66.45	CME
Ateliers ferrov.et industriels de Fos	PC	66.34	64.09	100.00	66.44	CME
Atlantis Cargo	FC	100.00	68.20			ECR
Autolink	EA	50.00	40.86	50.00	40.18	
Aveyron Express	FC	100.00	45.00	100.00	45.00	
Axis et associés	EA	49.00	22.05	49.00	22.05	CME
B.M. Dauphine	FC	100.00	45.00	100.00	45.00	
B.M.Auvergne	FC	100.00	45.00	100.00	45.00	
B.M.Normandie	FC	100.00	45.00	100.00	45.00	
B.M.Provence	FC	100.00	45.00	100.00	45.00	
Batrans	FC	100.00	81.73	100.00	80.35	
Begey	FC	100.00	45.00	100.00	45.00	
Belgitrans	FC	100.00	45.00	100.00	45.00	
Beugniet	FC	100.00	45.00	100.00	45.00	
Blazy	FC	100.00	45.00	100.00	45.00	
BM Chimie	FC	100.00	45.00	100.00	45.00	
BM Deutschland	FC	100.00	45.00	100.00	45.00	
BM Equipt 1	FC	100.00	45.00	100.00	45.00	
BM Equipt 2	FC	100.00	45.00	100.00	45.00	
BM Equipt 3	FC	100.00	45.00	100.00	45.00	
BM Francilienne	FC	100.00	45.00	100.00	45.00	
BM Holding	FC	100.00	45.00	100.00	45.00	
BM Italia	FC	99.75	44.44	99.75	44.44	
BM Ouest	FC	100.00	45.00	100.00	45.00	
BM Route	FC	100.00	45.00	100.00	45.00	
Bouches-du-Rhône Express	FC	100.00	45.00	99.70	44.86	
C.A.A.T.	FC	100.00	81.73	100.00	80.35	
C.H.C.M.	FC	100.00	100.00	100.00	100.00	
C.N.C.	FC	93.81	94.16	71.05	72.86	
C.T.C.	FC	62.98	69.21	62.68	75.87	
Cadefer	EA	20.00	19.96	20.00	19.96	
Calberson	FC	100.00	45.00	100.00	45.00	
Calberson Alsace	FC	99.95	44.98	99.95	44.98	
Calberson Ardennes	FC	99.90	44.95	99.90	44.95	
Calberson Armorique	FC	100.00	45.00	100.00	45.00	
Calberson Aube	FC	95.00	42.75	95.00	42.75	
Calberson Autun	FC	100.00	44.99	100.00	44.99	
Calberson Belgium	FC	100.00	45.00	100.00	45.00	
Calberson Bretagne	FC	100.00	45.00	100.00	45.00	
Calberson Danzas	FC	99.94	22.44	99.94	22.44	
Calberson Eure et Loir	FC	99.03	44.56	99.03	44.56	
Calberson Europe Ile de France	FC	100.00	45.00	99.91	45.00	
Calberson Europe Nord	FC	99.97	44.98	99.97	44.98	
Calberson Europe Rhône Alpes	FC	100.00	45.00	99.99	44.99	
Calberson F.M.	FC	100.00	45.00	99.98	45.00	
Calberson GE	FC	99.97	46.96	99.97	46.96	
Calberson Grèce	FC	50.00	22.50	50.00	22.50	CME
Calberson Ile de France	FC	100.00	45.00	100.00	44.99	
Calberson International	FC	100.00	45.00	100.00	45.00	
Calberson Limousin	UC	99.99	45.00	99.99	45.00	RCO
Calberson Location	FC	99.99	45.00	99.99	44.99	
Calberson Loir et Cher	UC	99.94	44.97	99.94	44.97	RCO
Calberson Loire	FC	99.80	44.91	99.80	44.91	
Calberson Loiret	FC	99.95	44.98	99.95	44.98	
Calberson Lorraine	FC	100.00	44.99	100.00	44.99	
Calberson Marne la Vallée	FC	99.99	45.00	99.99	45.00	

	M	PC Year N	PI Year N	PC Year N-1	PI Year N-1	Chg
S.N.C.F.	*FC*	*Consolidating parent company*				
Calberson Méditerranée	FC	99.99	44.99	99.99	44.99	
Calberson Moselle	FC	100.00	45.00	100.00	45.00	
Calberson Normandie	FC	100.00	45.00	100.00	45.00	
Calberson Oise	FC	99.99	44.99	99.99	44.99	
Calberson Paris	FC	99.99	45.00	99.99	45.00	
CALBERSON Picardie	FC	99.95	44.98	99.95	44.98	
Calberson Rhône-Alpes	FC	100.00	44.99	100.00	44.99	
Calberson Roussillon	FC	99.96	44.98	99.96	44.98	
Calberson Seine-St-Denis	FC	100.00	45.00	100.00	45.00	
Calberson Sud-Ouest	FC	100.00	45.00	100.00	45.00	
Calberson Yvelines	FC	99.99	44.99	99.99	44.99	
Caldéveloppement	UC	0.00	0.00	100.00	45.00	RME
Calfinances	UC	0.00	0.00	100.00	45.00	RME
Calopération	UC	100.00	45.00	100.00	45.00	RCO
Calsystème	UC	0.00	0.00	100.00	45.00	RME
Calvados Express	FC	100.00	45.00	100.00	45.00	
Camionnages transports rapides	UC	100.00	100.00	100.00	100.00	RME
Car & Commercial	FC	100.00	81.73	90.00	72.32	
Car & Commercial Deliveries	FC	100.00	73.06	100.00	72.32	
Car & Commercial Land	FC	100.00	81.73	100.00	72.32	
Cargo Docks	FC	100.00	99.80			EEX
Castle Services	FC	100.00	99.80	100.00	99.80	
CES	EA	40.00	18.00	40.00	18.00	
CFDI	FC	65.00	64.66	65.00	64.66	
CFM	UC	100.00	44.75	100.00	44.75	RME
Chalabre Transport	FC	100.00	100.00	100.00	100.00	
Challenge Intern. Belgium NV	FC	99.95	66.27	99.95	66.27	
Challenge Intern. Méditerranée	FC	100.00	66.30	99.90	66.24	
Challenge International SA	FC	66.44	66.30	66.44	66.30	
Charente Express	UC	99.76	44.89	99.76	44.89	RCO
Chaveneau Bernis	FC	99.91	32.53	99.91	32.53	
Chemfreight Tpt Logistik & Waggonvermietung GmbH	PC	24.80	24.75	50.00	49.80	CPC
Ciat Rossi	FC	100.00	45.00	100.00	45.00	
Cie Modalhor Express	FC	51.00	50.90	51.00	50.90	
Cita GmbH	PC	66.34	57.62	100.00	59.75	CME
Cobatrans	FC	96.00	78.45	96.00	77.14	
Cofital	FC	100.00	81.73	100.00	80.35	
Cogewip	FC	100.00	80.47	100.00	78.57	
Cogip	EA	34.00	15.30	34.00	15.30	
Compagnie Catalane de Logistique (CICAL)	EA	33.15	32.04	33.35	33.22	CPC
Compagnie des Containers Réservoirs	PC	66.34	64.08	100.00	66.42	CME
Coquelle Gourdin	FC	98.33	97.44	98.33	96.79	
Créneau SA	FC	100.00	45.00	100.00	45.00	
CWS	EA	33.93	33.86	33.93	33.86	
D.A.T.	EA	49.99	40.86	49.99	40.17	
Delisle	FC	99.99	44.73	99.85	44.49	
DESBRUGERES	FC	100.00	64.66	100.00	64.66	
Distribusione Internationale Ferrovaria	FC	100.00	44.99	100.00	44.11	
DISTRICHRONO	FC	100.00	99.80	100.00	99.80	
Dordogne Express	FC	100.00	45.00	100.00	45.00	
Drôme Express	FC	99.81	44.91	99.81	44.91	
Dusolier Calberson	FC	99.93	44.97	99.93	44.97	
E.D.I. FRET	FC	60.84	60.72	60.84	60.72	
EAT	UC	50.00	32.21	50.00	31.99	RDI
ECORAIL	FC	99.99	99.79	99.99	99.79	
Egerland France	FC	51.00	49.69	51.00	48.85	
Ego Boniface	FC	99.96	44.98	99.96	44.98	
ENERGIE ET TRACTION	FC	98.67	98.14	99.67	98.14	
ERMECHEM	UC	83.19	69.44	100.00	66.39	RDI
ERMECHEM	FC	83.19	69.44			EEX
Ermefer Berlin GmbH	PC	49.60	49.50	100.00	99.60	CME
Ermefer Genève SA	PC	49.60	49.50	100.00	99.60	CME
Ermefer GmbH (Vienne)	PC	49.60	49.50	100.00	99.60	CME
Ermefret Belgium	PC	66.34	64.02	100.00	99.60	CME
Ermefret Italia Srl	PC	66.34	42.95	33.35	33.22	CPC

S.N.C.F.	M FC	PC Year N	PI Year N	PC Year N-1	PI Year N-1	Chg
		Consolidating parent company				
Ermefret Nederland BV	PC	49.60	49.50	100.00	99.60	CME
Ermewa Ferroviaire	PC	66.34	64.09			ECR
Ermewa Hambourg GmbH	PC	49.60	49.50	100.00	99.60	CME
ERMEWA IBERICA	PC	66.34	64.09			ECR
Ermewa Intermodal	PC	66.34	64.09			ECR
ERMEWA SA	PC	66.34	64.09	100.00	99.80	CME
Ermewa SA Suisse	PC	49.60	49.50	100.00	99.80	CME
Ermewa Sati	PC	66.34	64.09	100.00	66.45	CME
Euromatic Belgium	FC	98.39	44.03	100.00	44.75	
Europe Courses 33	FC	100.00	44.97	100.00	44.97	
Eurotainer Asie	PC	33.17	32.05	48.76	48.66	CPC
Eurotainer Europe	PC	33.17	32.05	33.35	33.22	CPC
Eurotainer Finances	PC	33.17	32.05	33.36	33.23	CPC
Eurotainer Inc	PC	33.17	32.05	33.35	33.22	CPC
Eurotainer SAS	PC	33.17	32.05	33.35	33.22	CPC
EVS	PC	66.34	33.03	55.00	53.95	CME
Express Seine & Marne	FC	100.00	45.00	100.00	45.00	
F.A.T	FC	99.74	44.88	99.74	44.88	
Féron de Clebsattel	FC	100.00	99.10	98.00	98.43	
Fertis	FC	100.00	99.47			ECR
Financière Ermewa	PC	49.60	49.50			ECR
Flandre Express	FC	74.88	33.69	74.88	33.69	
Foissin	FC	100.00	45.00	100.00	45.00	
Fortec Distribution network Ltd	FC	100.00	45.00	100.00	45.00	
FRANCE WAGONS	FC	100.00	99.80	100.00	99.80	
France-Location Caudron Meunerie	EA	50.00	22.50	50.00	22.50	
France-Location Distribution	FC	100.00	45.00	100.00	45.00	
Francomtoise de Distribution et Camionnage	UC	100.00	100.00	100.00	100.00	RLI
Freight Europe UK	FC	100.00	99.80	100.00	99.80	
FRET INTERNATIONAL	FC	100.00	99.80	100.00	99.80	
FROIDCOMBI	FC	50.93	49.74	50.93	49.74	
Gard Express	FC	100.00	45.00	100.00	45.00	
GARMATEX	FC	78.42	78.26	78.42	78.26	
GEMAFER	FC	100.00	99.47			ECR
Géodis Overseas Polynésie	FC	93.83	42.21	93.83	42.21	
Geodis Afrique	FC	100.00	45.00	100.00	45.00	
Geodis Amérique	UC	100.00	45.00	100.00	45.00	RME
GEODIS BENELUX	FC	100.00	45.00	100.00	45.00	
Geodis BM Rakotrans	FC	52.00	23.40	52.00	23.40	
Geodis BM Réseau	FC	100.00	45.00	100.00	45.00	
Geodis Deutschland	FC	100.00	45.00	100.00	45.00	
Geodis Groupage Services	FC	100.00	45.00	100.00	45.00	
GEODIS INTERNATIONAL	FC	100.00	45.00	100.00	45.00	CGN
Geodis Interservices	FC	100.00	45.00	100.00	45.00	
Géodis Italie	FC	99.00	44.55	99.00	44.55	
Geodis Logistics	FC	99.45	44.75	99.45	44.75	
Geodis logistics Argentina	FC	100.00	45.00	100.00	45.00	
Geodis Logistics Center C.V.	FC	98.53	44.34	48.92	22.01	
Geodis Logistics Euromatic	FC	100.00	44.75	100.00	44.75	
Geodis Logistics Europarts	FC	100.00	44.75	100.00	44.75	
Geodis Logistics France	FC	100.00	44.75	100.00	44.75	
Geodis Logistics France Champagne Ar...	FC	99.99	44.75	99.99	44.75	
Geodis Logistics France Nord	FC	99.99	44.75	99.99	44.75	
Geodis logistics France ouest	FC	99.99	44.75	99.99	44.75	
Geodis Logistics France Rhône-Alpes	FC	99.99	44.75	99.99	44.75	
Geodis Logistics France Sud	FC	99.99	44.75	99.99	44.75	
Geodis logistics France sud ouest	FC	99.99	44.75	99.99	44.75	
Geodis Logistics Gestion Immobilière	FC	99.96	44.74	99.76	44.65	
Géodis Logistics Gmba & CoKG	UC	100.00	45.00	100.00	45.00	RME
Geodis Logistics Ile de France	FC	100.00	45.00			ECR
Geodis Logistics Ireland	FC	100.00	45.00			ECR
Geodis logistics Mexico	FC	99.99	44.99	99.99	44.99	
Géodis logistics Polska	FC	100.00	45.00	100.00	45.00	
Geodis logistics Taïwan	FC	100.00	45.00	100.00	45.00	
Geodis Logistics Vitesse Belgium N.V.	FC	100.00	45.00	100.00	45.00	
Geodis logistics Vitesse holding	FC	100.00	45.00	100.00	45.00	

	M	PC Year N	PI Year N	PC Year N-1	PI Year N-1	Chg
S.N.C.F.	FC	Consolidating parent company				
Geodis Logistique Méditerranée	FC	99.99	44.75	99.76	44.75	
Geodis Magyarorszag Logisztik	FC	100.00	45.00	100.00	45.00	
Geodis Overseas Air Pte Ltd	FC	100.00	45.00	100.00	45.00	
Geodis Overseas Cameroun	FC	90.18	40.58	90.18	40.58	
Geodis Overseas Côte d'Ivoire	FC	100.00	45.00	100.00	45.00	
Geodis Overseas France SA	FC	99.98	44.99	99.98	44.99	
Geodis Overseas Guadeloupe	FC	99.92	44.95	99.88	44.93	
Geodis Overseas India	FC	96.50	43.42	94.00	42.30	
Geodis Overseas Ltd (H K + chine)	FC	99.89	44.95	99.80	44.91	
Geodis Overseas Ltd Taïwan	FC	100.00	45.00	100.00	45.00	
Geodis Overseas Ltd Thaïland	FC	100.00	45.00	100.00	45.00	
Geodis Overseas Malaysia	FC	100.00	45.00	100.00	45.00	
GEODIS Overseas Maroc	FC	99.98	44.99	99.96	44.97	
Geodis Overseas Martinique	FC	99.87	44.93	99.80	44.90	
Geodis Overseas Mexico	FC	100.00	45.00	100.00	45.00	
Geodis Overseas PT Indonesia	FC	90.00	40.50			ECR
Geodis Overseas PTE (Singapore)	FC	100.00	45.00	100.00	45.00	
Geodis Overseas Réunion	FC	89.95	40.47	89.95	40.47	
Geodis Overseas Sénégal	FC	100.00	45.00	100.00	45.00	
Geodis Overseas Services-GOS	FC	100.00	45.00	100.00	45.00	
Geodis Overseas Shanghaï E & T	FC	49.78	22.38	49.78	22.40	
Geodis Overseas Transport Thaïland	FC	100.00	45.00	100.00	45.00	
Géodis Overseas UK Ltd	UC	100.00	45.00	100.00	45.00	RCO
Géodis Overseas Vitesse Belgium	FC	100.00	45.00	100.00	45.00	
Geodis Réseaux	FC	100.00	45.00	100.00	44.35	
Geodis SA	FC	45.09	45.01	48.92	45.01	
Geodis Solutions	FC	99.84	44.93	99.84	44.93	
Geodis Tchad	FC	100.00	45.00			ECO
GEODIS UK	FC	100.00	45.00	100.00	45.00	
Geodis UK Ltd	FC	100.00	45.00	100.00	45.00	
Geodis Vitesse Distribution B.V.	FC	100.00	45.00	100.00	45.00	
Geodis Vitesse Overseas B.V.	FC	100.00	45.00	100.00	45.00	
Géosiap Cameroun	FC	100.00	45.00	100.00	45.00	
Gie Financière Géodis	FC	100.00	45.00	100.00	45.00	
Gironde Express	FC	99.93	44.97	99.93	44.97	
GMP	UC	50.00	49.55	50.00	49.22	RDI
Gordon Leslie	UC	100.00	45.00	100.00	45.00	RCO
Groupe Ermewa SA	PC	49.60	49.50	100.00	99.80	CME
Haute-Garonne Express	FC	100.00	45.00	100.00	45.00	
Haute-Provence Express	FC	100.00	45.00	100.00	45.00	
Helf	FC	100.00	78.42	37.95	30.82	
Helu Trans Malaysia	FC	100.00	45.00	100.00	45.00	
Hérault Express	FC	100.00	45.00	100.00	45.00	
Holding de St Jean	FC	100.00	45.00	100.00	45.00	
Indre Express	UC	99.96	44.98	99.96	44.98	RCO
Infralog	FC	100.00	44.73	100.00	44.75	
Inst. de Formation Eur. Multimodal	FC	91.50	91.02			EEX
Le Bois Chaland	FC	100.00	44.75	100.00	44.75	
Locatransports	UC	66.34	64.02	100.00	66.32	RDI
LOCOREM	FC	100.00	64.73	100.00	64.73	
LOCOTRACT	UC	100.00	98.14	100.00	98.14	RME
LOGISTRA	FC	99.80	99.60	99.80	99.60	
M. N. Walbaum	FC	99.75	44.88	99.75	44.88	
M.E.I. (Mancelle d'Emballages)	FC	99.40	44.69	99.40	44.69	
M.G. Transports	FC	99.50	44.77	99.50	44.77	
Management Invest	UC	100.00	99.10	100.00	98.43	RDI
Marne Express	FC	100.00	44.88	100.00	44.88	
Mostva	EA	50.00	40.86	50.00	40.18	
MPL	FC	99.99	44.99	99.99	44.99	
MTM	UC	50.00	47.17	50.00	39.37	RDI
MTND	UC	50.00	49.55	50.00	49.22	RDI
Normanche	FC	100.00	81.73	100.00	80.35	
NOVATRANS	EA	38.63	38.17	40.63	39.11	
Ortrans	FC	100.00	81.73	100.00	80.35	
Pan European Transport Ltd	FC	62.21	27.99	62.21	27.99	
Paris 8	FC	100.00	45.00	100.00	45.00	
Picardie Express	FC	49.70	22.36	49.70	22.36	

	M	PC Year N	PI Year N	PC Year N-1	PI Year N-1	Chg
S.N.C.F.	*FC*	*Consolidating parent company*				
PLC	FC	100.00	45.00	100.00	45.00	
Provence Express	FC	100.00	45.00	100.00	45.00	
Puy de Dôme Express	FC	100.00	29.96	100.00	29.96	
R.D.C. S.p.a.	FC	50.00	22.50	50.00	22.27	
Rail Euro Concept	EA	50.00	49.90	50.00	49.90	
Ramscroft Ltd	FC	100.00	45.00	100.00	45.00	
RFS France	FC	100.00	45.00	100.00	45.00	
RFS Hollande	FC	100.00	45.00	100.00	45.00	
Rhône Dauphiné Express	FC	99.58	44.81	99.58	44.81	
RIVERAIN	FC	65.00	64.66	65.00	64.66	
ROUCH INTERMODAL	FC	99.92	98.68	99.92	98.70	
Rouen domicile	FC	99.91	99.91	99.91	99.91	
Rouleurs du Cambresis	FC	99.93	44.97	99.93	44.97	
S.C.T.B.	FC	99.00	30.19	99.00	30.19	
S.M.C.	FC	100.00	45.00	100.00	45.00	
S.M.T.R.	FC	99.98	44.99	99.99	44.99	
S.N.T.C.	FC	100.00	81.73	100.00	80.35	
S.N.T.N. Calberson	FC	99.93	44.97	64.95	29.23	
S.T.S.I.	FC	97.22	97.02	97.22	97.02	
S.T.V.A.	FC	81.63	81.73	80.80	80.35	
S.T.V.A. U.K.	FC	100.00	81.73	100.00	80.35	
Savin	FC	99.92	44.96	99.92	44.96	
SBGTA (Sté Gestion Terminal d'Aiton)	FC	65.00	33.08			ECR
Sceta Transport	FC	100.00	45.00	100.00	45.00	
Schuhler et Nestra	FC	100.00	45.00	100.00	45.00	
SCI Alsace	FC	100.00	45.00	100.00	45.00	
SCI BM Chelles	FC	100.00	45.00	100.00	45.00	
SCI BM Craywick	FC	80.00	36.00	80.00	36.00	
SCI BM Le Fontanil	FC	80.00	36.00	80.00	36.00	
SCI Borny	FC	80.00	36.00	80.00	36.00	
SCI Cel	FC	100.00	45.00	100.00	45.00	
SCI Champagne Ardennes	FC	100.00	45.00	100.00	45.00	
SCI Charlotte	FC	100.00	44.75	100.00	44.56	
SCI Charval	FC	99.50	44.77	99.50	44.77	
SCI Danjoutin	FC	80.00	36.00	80.00	36.00	
SCI de la Brèche	FC	100.00	45.00	100.00	45.00	
SCI De La Poudrière	FC	80.00	36.00	80.00	36.00	
SCI de Vaux	FC	100.00	44.99	100.00	44.99	
SCI Du Rouvray	FC	100.00	45.00	100.00	45.00	
SCI Du Serp	FC	100.00	45.00	100.00	45.00	
SCI Etupes	FC	99.90	44.95	99.90	44.95	
SCI Euroflory	FC	80.00	36.00	80.00	36.00	
SCI Ferrus Immo	FC	100.00	81.73	100.00	80.35	
SCI Gilly	FC	82.50	37.12	82.50	37.12	
SCI Horizons	FC	100.00	45.00	100.00	45.00	
SCI Ile de France	FC	100.00	45.00	100.00	45.00	
SCI Immolog	FC	99.00	44.31	99.00	44.31	
SCI JCC	FC	80.00	36.00	80.00	36.00	
SCI Le Petit Bois	FC	80.00	36.00	80.00	36.00	
SCI Le Polygone	FC	100.00	45.00	100.00	45.00	
SCI Mery	FC	80.00	36.00	80.00	36.00	
SCI Norferrus	FC	100.00	81.73	100.00	80.35	
SCI Normandie	FC	100.00	45.00	100.00	45.00	
SCI Ouest	FC	100.00	45.00	100.00	45.00	
SCI Portes Les Valences	FC	100.00	44.99	100.00	44.99	
SCI Prosolder	FC	99.87	44.94	99.87	44.94	
SCI Région Bretagne	FC	100.00	45.00	100.00	45.00	
SCI Rhône Ferrus	FC	100.00	81.73	100.00	80.35	
SCI Royneau le Coudray	FC	98.39	43.84	99.38	43.84	
SCI Salaise	FC	80.00	36.00	80.00	36.00	
SCI Sopyrim	FC	100.00	81.73	100.00	80.35	
SCI Sud Est	FC	100.00	45.00	100.00	45.00	
SCI Sud Ouest	FC	100.00	45.00	100.00	45.00	
SCI SVIG	FC	99.97	44.99	99.97	44.99	
SCI Val Ferrus	FC	80.00	65.38	80.00	64.28	
SCI Voujeaucourt	FC	80.00	36.00	80.00	36.00	
SD Calberson	FC	99.97	44.98	99.97	44.98	

S.N.C.F.	M FC	PC Year N	PI Year N	PC Year N-1	PI Year N-1	Chg
		Consolidating parent company				
Sealogis	FC	100.00	99.80	100.00	99.80	
SEFERGIE	FC	100.00	98.76	98.61	97.41	
SEGI	FC	98.31	98.76	98.31	98.77	
Seine Express Transport	FC	100.00	45.00	100.00	45.00	
Seine-Maritime Express	FC	100.00	45.00	100.00	45.00	
SERMA	FC	100.00	99.47	100.00	99.47	
SERNAM Route	FC	100.00	100.00	100.00	100.00	
SERNAM SA	FC	100.00	100.00	100.00	91.48	
SERNAM Transport Ile-de-France	FC	99.76	99.76	99.76	99.76	
Set CARGO International	EA	33.50	10.20	33.50	10.20	
Setcargo	FC	100.00	45.00	100.00	45.00	
Seti	FC	49.89	22.45	49.89	22.45	
Setrada	FC	100.00	81.73	100.00	80.35	
Setram	EA	25.00	20.43	23.08	18.55	
SEVIAK	FC	100.00	45.00	0.00	0.00	ECO
SFC	FC	99.98	99.07	99.97	98.40	
SGW	FC	65.93	67.36	60.61	0.74	
SHGT Midi	UC	100.00	66.46	100.00	66.46	RDI
Sideuropa	EA	50.00	49.90	50.00	49.90	
Silagro	UC	100.00	66.46	100.00	66.46	RDI
SLV	FC	100.00	45.00	100.00	45.00	
SNC Bercy	FC	100.00	71.85	100.00	71.85	
SNC SERNAM CENTRE	FC	100.00	100.00	100.00	100.00	
SNC SERNAM EST	FC	100.00	100.00	100.00	100.00	
SNC SERNAM ILE de FRANCE	FC	100.00	100.00	100.00	100.00	
SNC SERNAM LDI	FC	100.00	100.00	100.00	100.00	
SNC SERNAM NORD	FC	100.00	100.00	100.00	100.00	
SNC SERNAM OUEST	FC	100.00	100.00	100.00	100.00	
SNC SERNAM Services	FC	100.00	100.00	100.00	100.00	
SNC SERNAM SUD-EST	FC	100.00	100.00	100.00	100.00	
SNC SERNAM SUD-OUEST	FC	100.00	100.00	100.00	100.00	
SNCF Fret Benelux	FC	100.00	99.80	100.00	99.80	
SNCF Fret Deutschland	FC	100.00	99.80	100.00	99.80	
SNCF Fret Italia Srl	FC	100.00	99.80	100.00	99.80	
SNTD Noyon	EA	35.59	16.02	35.59	16.02	
Société des entrepôts Paris-Sud (SEPS)	FC	100.00	44.75	100.00	44.75	
Sogewag	FC	100.00	79.16	100.00	76.07	
Somap	FC	63.67	63.09	63.67	62.66	
Somedat	FC	100.00	81.73	100.00	80.35	
Soptrans	FC	100.00	81.73	100.00	80.35	
Sotraf	FC	100.00	81.73	100.00	80.35	
Sotrago	FC	100.00	45.00	100.00	45.00	
Sotrameuse	FC	100.00	45.00	100.00	45.00	
Soyer Devaux	FC	100.00	66.30	98.85	66.21	
SPW Modalhor	FC	100.00	99.80	100.00	50.90	
Sté Lilloise de camionnage à domicile	FC	100.00	100.00	95.17	95.17	CPC
Sté Marseillaise de Camionnage et de Mes.	FC	97.12	97.12	97.12	97.12	
STESIMAF	FC	80.00	86.61	80.00	86.61	
Stockage Manutention Transit (SMT)	UC	100.00	66.46	100.00	66.46	RDI
STRACCIARI	FC	100.00	45.00	100.00	45.00	
Strasbourg Domicile	FC	66.40	29.88	66.40	29.88	
TEISA	FC	99.44	44.75	99.44	44.75	
Telf Lamaysouette	FC	100.00	45.00	100.00	45.00	
Téthys	FC	99.99	81.73			ECR
Thales Geodis Freight Logistics	PC	50.00	22.50	50.00	22.50	
Transcars	FC	100.00	81.73	100.00	80.35	
TRANSFESA (Groupe)	EA	20.20	16.51	20.20	16.23	
Transnord	FC	100.00	45.00	100.00	45.00	
Transport Bernis	FC	67.64	30.44	67.64	30.44	
Transport Logistique Marnais (TLM)	UC	66.34	64.00	100.00	66.44	RDI
Transports Bigaud	FC	98.74	44.43	98.74	44.43	
Transports Petitbon	FC	100.00	45.00	100.00	45.00	
Transports Raisch	FC	100.00	45.00	100.00	45.00	
Transports Terrestres Maritimes et Fluviaux	PC	66.34	64.09	100.00	66.45	CME
Transportvoiture Belgique	FC	99.96	81.69	99.95	80.32	
TRANSUCRE	PC	66.34	38.45	39.97	39.81	CME

	M	PC Year N	PI Year N	PC Year N-1	PI Year N-1	Chg
S.N.C.F.	*FC*	*Consolidating parent company*				
Trappes Distribution	FC	100.00	100.00	100.00	100.00	
Trate Sud S.R.L.	FC	50.00	22.50	50.00	22.27	
Union & Gest. de Moyens de Tpts ferrov.	PC	66.34	61.55	100.00	66.46	CME
Uniroute	FC	100.00	81.72	100.00	80.35	
United Distribution Group plc	FC	100.00	45.00	100.00	45.00	
United Distribution Homelink Ltd	UC	100.00	45.00	100.00	45.00	RDI
United Distribution Internation. Ltd	FC	100.00	45.00	100.00	45.00	
United Distribution Ltd	FC	100.00	45.00	100.00	45.00	
Valenciennes Express	FC	100.00	44.97	100.00	44.97	
Valenda	FC	100.00	45.00	100.00	45.00	
Valtrans	FC	80.00	65.38	80.00	64.28	
Van der Laan	FC	100.00	45.00	100.00	45.00	
Var Express	FC	100.00	45.00	100.00	44.86	
Vellave de Transport	FC	98.04	44.12	98.04	44.12	
VFLI	FC	99.67	99.47	99.67	99.47	
VFLI CARGO	FC	100.00	99.47	100.00	99.47	
VFLI Romania	FC	100.00	99.47			ECR
Vienne Express	FC	100.00	32.53	100.00	32.53	
Vitesse Belgium Bvba	FC	100.00	45.00	100.00	45.00	
Vitesse Logistics BV	FC	100.00	45.00	100.00	45.00	
Vitesse Onroerend Goed BV	FC	100.00	45.00	100.00	45.00	
Vitesse Pharmaceuticals distribution BV	FC	100.00	45.00	100.00	45.00	
Vitesse Transport BV	FC	100.00	45.00	100.00	45.00	
Vitesse Warehousing and distribution BV	FC	100.00	45.00	100.00	45.00	
Vitesse Warehousing and distribution Venlo.	FC	100.00	45.00	100.00	45.00	
VOIES FERREES DU MORVAN	FC	65.00	64.66	65.00	64.66	
WAGRAIN	FC	100.00	73.60	100.00	68.78	
Waren Brokers	FC	100.00	45.00	100.00	45.00	
Waren Shipping	FC	100.00	45.00			ECO
Werner Egerland	EA	20.00	16.35	20.00	16.07	
XP LOG	FC	99.82	66.19	99.82	66.19	
ZA Far (SEA) pte Ltd Singapore	FC	100.00	45.00	100.00	45.00	
ZASPED (Malaysia) Sdn Bhd	FC	100.00	45.00	100.00	45.00	
ZATI SPA	EA	48.97	22.04	48.72	21.92	CGN
ZUST AMBROSETTI Far East Ltd (Hong-K)	UC	72.00	32.07	72.00	32.07	RDI
Zûst Ambrosetti KOREA (Séoul)	FC	100.00	45.00	100.00	45.00	
Zûst Ambrosetti spa	FC	100.00	44.99	98.47	44.54	

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER, 2003

SNCF

This is a free translation into English of the statutory auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. The statutory auditors' report includes information specifically required by French law in all audit reports, whether qualified or not, and this is presented below the opinion on the consolidated financial statements. This information includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

In compliance with the assignment entrusted to us, we have audited the accompanying consolidated financial statements of SNCF for the year ended 31st December, 2003.

These consolidated financial statements have been prepared under the responsibility of Board of Directors. Our responsability is to express an opinion on these consolidated financial statements based on our audit.

1. Opinion on the consolidated financial statements

Except as discussed in the following paragraph, we conducted our audit in accordance with professional standards applicable in France. 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 principals used and significant estimates made by the management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

As at 31st December, 2002, 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 assess the consequences of this situation on the consolidated financial statements for the year ended 31st December, 2003.

In our opinion, except for the matter described above, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31st December, 2003 and the results of the Group's operations included in the scope of consolidation for the year then ended, in accordance with the accounting rules and principles applicable in France.

Without further qualifying our opinion, we draw your attention to the matter set out in Note 2 to the consolidated financial statements relating to changes in accounting methods regarding reserves for major repairs and the reserve for long time service medals.

2. Justification of our assessments

In accordance with the requirements of article L. 225-235 of the French Commercial Law (Code de commerce) relating to the justification of our assessments, introduced by the Financial Security Act of 1st August, 2003 and which came into effect for the first time this year, we bring to your attention the following matters:

- Note 3 of the consolidated financial statements sets out:
  - the principle of non-inscription on the balance sheet of the financial debt transferred to the special debt account,
  - the accounting treatment of the employee-related benefits service account.

In connection with our assessment of the overall presentation of accounts, we assessed the appropriateness of the related information provided in Note 31 of consolidated financial statements.

- Defined employee benefits (retirements and medical care) are not accrued in accordance with the option given by the accounting principles applicable in France. In connection with our assessment of the significant estimates used, we reviewed the basis and methods of the actuarial calculation as well as related information disclosed in Note 16, which describes the specificities of SNCF's systems.

Our assessments on these matters were made in the context of the performance of our audit of the consolidated financial statements taken as a whole and therefore contributed to the formation of the opinion expressed in the first part of this report.

3. Specific verification

In accordance with professional standards applicable in France, we have also verified the information given in the group management report.

Except for the effect, if any, of the matters described above, we have no other matters to report with respect to the fairness of this information and its consistency with the consolidated financial statements.

The Statutory Auditors

Mazars & Guérard — Ernst & Young Audit

Jean-Louis Lebrun — Gilles Rainaut — Christine Vitrac — Francis Gidoin

24th March, 2004

CAPITALISATION

The following unaudited table sets out the capitalisation of SNCF Parent Company (including Special Debt Account) as at 30th April, 2004 (in millions).

		Principal amounts outstanding	*Equivalent in €*
$4^1/_4$% Bonds due 2008	CAD	100.00	61.04
4% Bonds due 2009	CAD	150.00	91.56
2% Bonds due 2004	CHF	300.00	193.41
7% Bonds due 2004	CHF	450.00	290.12
$5^1/_4$% Bonds due 2005	CHF	300.00	193.41
$4^1/_8$% Bonds due 2005	CHF	200.00	128.94
4.5% Bonds due 2006	CHF	300.00	193.41
5% Bonds due 2015	CHF	200.00	128.94
Loans from European Investment Bank	CHF	200.90	129.52
$6^3/_8$% Bonds due 2004	DKK	400.00	53.75
SNCF Mutual funds 2004	EUR	184.58	184.58
Zero coupon Bonds due 2004	EUR	76.22	76.22
$8^1/_8$% Bonds due 2004	EUR	37.18	37.18
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	254.51	245.51
$7^1/_2$ % 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
$4^3/_8$% Bonds due 2018	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	196.07	196.07
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	575.26
5% Bonds due 2010	GBP	150.00	222.65
$5^3/_8$ Bonds due 2027	GBP	500.00	742.17
4.95% Bonds due 2037	GBP	50.00	74.22
Reverse Dual Currency Bonds JPY/AUD due 2006	JPY	12,000.00	91.00
Reverse Dual Currency Bonds JPY/AUD due 2006	JPY	15,000.00	113.75
F/FRN Bonds due 2015	JPY	20,000.00	151.66
Reverse Dual Currency Bonds JPY/AUD-DEM-USD due 2015	JPY	10,000.00	75.83
$5^1/_2$ % Bonds due 2008	NZD	100.00	52.21
$5^3/_8$% Bonds due 2005	USD	300.00	251.11
Loans from European Investment Bank	USD	220.00	184.15
Total long-term debt			**19,427.02**

Notes:

(1) The foregoing table does not include either the equivalent (as at 30th April, 2004) of approximately €2,990 million principal amount outstanding under lease financing liabilities.

(2) Translation of foreign currencies into euros in this table have been made at the rates as of 30th April, 2004.

(3) References in this table to CAD are Canadian Dollars, 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 NOK are to Norvegian Kroners, 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 €8,588 million owed by RFF to SNCF following the Reform.

(5) SNCF has a €7,000,000,000 Euro Medium Term Note Programme, dated 26th June, 2003.The foregoing table does not include the equivalent (as at 30th April, 2004) of €1,209.26 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, 2004.

The following unaudited table sets out at 30th April, 2004 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:

	2004	*2005*	*2006*	*2007*	*2008*	*2009*	*2010*	*2011*	*2012*	*2013*	*2014*	*2015*	*Balance*	*Total*
EUR	586.90	3,195.43	2,893.16	2,631.77	2,265.73	2,025.32	1,743.34	590.73	1,148.19	1,385.52	352.74	373.79	3,199.92	22,392.54
CHF	378.28	322.35	193.41	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	161.31	97.16	1,152.51
GBP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	94.83	63.86	0.00	0.00	89.22	65.73	313.64
Total	965.18	3,517.78	3,086.57	2,631.77	2,265.73	2,025.32	1,743.34	685.56	1,212.05	1,385.52	352.74	624.32	3,362.81	23,858.69

RECENT DEVELOPMENTS

Restructuring of Keolis's capital

Following a consultation which commenced in 2003, the 3i Fund put in a bid to acquire the shares held by BNP Paribas and Vivendi Universal in the capital of Keolis.

This agreement was signed on 19th May, 2004. Further to the waiving of the conditions precedent, in particular the expected approval of the competition authorities of the European Commission, this transaction should take place at the end of July.

At the end of this restructuring, 3i Fund will hold 53 per cent of Keolis's capital, SNCF Participations, 44 per cent and Keolis's management, 3 per cent.

Sernam

In the context of the opening of the procedure envisaged by article 88 of the EC Treaty and dealing more specifically with assistance regarding the restructuring, SNCF provided the additional information requested by the Commission, the latter being due to deliver its opinion shortly.

Transfer of assets between RFF and SNCF

At the request of the supervising ministries of the two organisations, an arbitration structure is in the process of being put into place and should report its conclusions between now and the end of October, 2004.

SUBSCRIPTION AND SALE

Subject to the terms and on the conditions contained in an amended and restated Dealer Agreement dated 30th June, 2004 (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, in the Federal Republic of Germany other than in compliance with the German Securities Sales Prospectus Act (*Wertpapier-Verkaufsprospektgesetz*), or any other laws applicable in the Federal Republic of Germany.

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 apppointed 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, sale or delivery 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 or deliveries 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 30th June, 2004. 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". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Pricing Supplement.*]

[*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:	[●]
			(*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.	(a)	Issue Date:	[●]
	(b)	Interest Commencement Date:	[●]

8.	Maturity Date:	[*Fixed Rate – specify date/Floating Rate –* Interest Payment Date falling in (*specify a month and a year)*]
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):	[*Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount[(s)]*]
(v)	Day Count Fraction (Condition 5(*j*)):	[30/360/Actual/Actual (ISMA)/*other*]
(vi)	Determination Date(s) (Condition 5(*j*)):	[ ] 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: This will need to be amended in the case of regular interest payment dates which are not of equal duration NB: Only relevant where Day Count Fraction is Actual/Actual (ISMA)*)
(vii)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	[Not Applicable/*give details*]

17.	**Floating Rate Provisions**	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph.*)
(i)	Specified Period(s):	[●]
(ii)	Specified Interest Payment Dates:	[●]
(iii)	Business Day Convention:	[Floating Rate Business Day Convention/ Following Business Day Convention/ Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
(iv)	Additional Business Centre(s) (Condition 5(*j*)):	[●]
(v)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination/other (*give details*)]
(vi)	Interest Period Date(s):	[Not Applicable/*specify dates*]
(vii)	Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent):	[●]
(viii)	Screen Rate Determination (Condition 5(*b*)(iii)(B)):	
	– Relevant Time:	[●]
	– Interest Determination Date:	[ ] (*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*)
	– Primary Source for Floating Rate:	[[*Specify Reference Screen Page*] or [Reference Banks]]
	– Reference Banks (if Primary Source is ''Reference Banks''):	[Not Applicable] [*Specify four*]

	–	Relevant Financial Centre:	[*The financial centre most closely connected to the Benchmark – specify if not London*]
	–	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/Fomula:	[*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 Notes/ 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, renominalisation 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:;(1)	[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.	Applicable TEFRA exemption:	[C Rules/D Rules/Not Applicable]
36.	Additional 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 Depositary	[Specify, if yes]]
[47.	Details of any additions or variations to the Dealer Agreement:]	[●]

(1) 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 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.*]

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 du 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 AMF and a registration number granted by the AMF 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 AMF and no registration number has been granted by the AMF 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 AMF and the relevant approval will be evidenced by the issue of a visa by the AMF 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, 2003 and no material adverse change in the financial position or prospects of the Issuer or the Group since 31st December, 2003.

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.

EU Directive on the Taxation of Savings Income

On 3rd June, 2003, the European Council of Economics and Finance Ministers adopted a Directive on the taxation of savings income under which Member States will be required, if a number of important conditions are met and from a date not earlier than 1st January, 2005, from a date not earlier than 1st January, 2005, 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 (unless during that period they elect otherwise) 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).

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.

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