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## Bulletin:

# Ratings On French Rail Companies Unaffected By Entry Into Force Of Reform Law

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LONDON (Standard & Poor's) Jan. 9, 2015--Standard & Poor's Rating Services said today that its ratings and outlooks on French rail companies SNCF Reseau (formerly Reseau Ferre de France; AA/Negative/A-1+), and SNCF Mobilites (formerly Societe Nationale des Chemins de Fer Francais; AA-/Negative/A-1+) are not immediately affected by the entry into force from Jan. 1, 2015, of the French railway reform law of Aug. 4, 2014.

This law amends the structure of the French railway organization. Its immediate impact includes the change in name of both issuers, who remain the same legal entities and state undertakings (établissement public à caractère industriel et commercial; EPIC). A new state-owned holding entity called SNCF (not rated), also an EPIC, has been created. We view this new entity as a pure intermediary holding company, which we understand will be solely in charge of strategic coordination and control at the group level and of some mutualized functions, including human resources policies, legal affairs, and purchasing. We understand that, if needed, extraordinary state support would most likely be provided directly to SNCF Reseau and SNCF Mobilites, rather than through SNCF.

In the coming months, the French railway reform law should also result in assets, liabilities, and personnel being transferred within the new public railway group comprising SNCF, SNCF Reseau, and SNCF Mobilités. In addition, we expect each member of the group to enter into a management contract with the state. While we expect these changes to be neutral to the ratings, we will review their impact as information becomes available.

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