



# Financial report 2009



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# RATP EPIC and RATP group management report at December 31, 2009

## 1. RATP EPIC (PUBLIC SERVICE COMPANY)

### 1.1. 2009 trends

Financial year 2009 was the second year of implementation of:

- the contractual agreement between RATP and STIF, and its remuneration arrangements,
- RATP's business plan and the associated targets to improve the company's effectiveness.

After performing well in 2008, the company's business was adversely affected in 2009 by the economic recession. The sharp decline in employment and slump in the labour market reduced the number of work-related journeys, which constitute the primary use of RATP networks during the working week. The impact was most severe on suburban lines and on travel pass sales. Passenger traffic on the Paris network was less seriously affected, with travel pass sales remaining stable and single ticket sales increasing slightly, despite the reduction in tourism reported by experts.

Revenue increased by only 1.5%. Traffic was relatively stable, having increased 2.8% in 2008.

The company did not perform as well financially as in the previous year, despite attaining the same productivity levels for the same expenditure. The company posted cash earnings of €639 million, down €52 million from the €691 million reported the previous year.

2009 earnings were boosted by non-recurring income from financing arrangements (leasehold terminations). While net income from ordinary operations decreased 34% from €125 million in 2008 to €83 million in 2009, aggregate net income increased from €125 million in 2008 to €153 million.

Capital expenditures were up 23% at a record high of €1,246 million. However, only 71.4% were funded by cash earnings and grants. Consequently net debt increased €334 million to €4,822 million at year end.

### 1.2. Significant events

#### European regulation on public passenger transport services

The European regulation on public passenger transport services by rail and road was adopted on October 23, 2007 and entered into force on December 3, 2009. The regulation defines the role of the oversight authorities for public passenger transport and lays down the conditions governing the contracting of public services to operators and the granting of compensation to public service operators for the cost of public service obligations. It also limits the duration of the rights granted to public transport operators.

Until the effective date of the European regulation, RATP had perpetual rights to operate certain services pursuant to the Government decree of 1949 and the Order of 1959.

In France, Article 5 of the Law no. 2009-1503 of December 8, 2009 on public passenger transport services by rail (hereinafter referred to as the ORTF law) amended the Order of 1959 and introduced changes to regulations on Île-de-France area passenger transport.

The ORTF law has:

- changed the regime governing the ownership of the assets allocated to or created by RATP as of January 1, 2010;
- specified RATP's role with regard to the management of the metro and RER network infrastructure (given the responsibilities of Réseau Ferré de France) that it operates, as of January 1, 2010;
- specified that the lines created before December 3, 2009 shall continue to be operated under the terms of the current agreements in accordance with the regulations applicable as at that date and until December 31, 2024 for bus services, until December 31, 2029 for tramway services and until December 31, 2039 for other transport services (metro and RER). These operating periods apply to all operators in the Île-de-France area unless otherwise specified in a prior agreement between STIF and RATP. The operating rights granted to RATP are now limited in duration;
- set forth the framework governing the remuneration of RATP for managing the infrastructure and operating the services, ensuring an appropriate return on capital employed.

#### Leasehold contract

In 2009, ten leasehold contracts were terminated prior to their term. The transactions generated non-recurring income of €70 million, comprising the remaining net present value of the contracts (€45 million) and gains net of transaction costs of €25 million, received upon the leasehold terminations.

### 1.3. Net income for the period and the financial position of RATP

#### 1.3.1. Net income for the period

(in millions of euros)	2008	2009	2009/2008
Revenue	4,075	4,134	+1.5%
Operating expenses	3,215	3,275	+1.9%
Operating surplus	859	859	-0.1%
Cash earnings	691	639	-7.6%
Net income	125	153	+22.2%
Cash earnings from ordinary operations <sup>(1)</sup>	651	614	-5.7%
Net income from ordinary operations	125	83	-33.6%

(1) Excluding non-recurring income from the leasehold terminations.

Revenue increased 1.5% in 2009, compared with 4.6% the previous year.

This was primarily due to:

- a 1% increase in STIF's contribution to overheads and capital expense as provided for in the contractual agreement;
- RATP's low remuneration indexation, which was set at only 0.1% in 2009 after a high of 3.4% in 2008 due to exceptional economic conditions (surge in oil prices and inflation);
- the expanded service offering decided and funded by STIF, representing a 0.8% increase;
- the decline of various other factors, notably other commercial income and paying passenger traffic.

Revenue primarily comprises income from services provided under contract of €3,839 million, and includes:

- passenger revenue of €1,973 million, up 1.6%, which constitutes 48% of aggregate revenue;
- STIF contributions (€1,866 million), up 1.9%, which constitutes 45% of aggregate revenue.

In 2009 traffic on RATP's network was down 0.8% compared with 2008 levels. The number of journeys recorded on the transport network nevertheless exceeded 3 billion, as in the previous year.

The 1.9% increase in operating expense was due to:

- 0.1% increase in inflation +€3 million
- 0.9% expanded service offer +€31 million
- 0.4% decrease in external factors  
(€23 million decrease in energy expenditure,  
of which €20 million on fuel;  
a €10 million increase in taxes) -€12 million
- 1.3% increase due to management changes +€42 million

This item notably comprises:

- a €12 million increase due to management changes: obligatory professional training for bus service staff, training scheme for the inter-operational RER line B project, increased maintenance staffing levels due to changes in and ageing of rolling stock and station equipment;
- changes in specific price margins of €8 million, and €4 million in terms of volume for research and supervision fees, notably due to incentives to boost investment, alongside an €8 million increase for equipment and IT systems maintenance, and an €8 million increase for advertising and other company-wide items.

Operating surplus – or revenue less operating expenses – remained stable at €859 million. The company generated enough income from operations to cover its financial expenses (€223 million), along with cash earnings of €639 million.

Net financial expense increased €8.3 million from 2008 levels, primarily due to the 6% (€13 million) increase in average net debt from the previous year, less the impact of lower interest rates for new loans compared with those for loans repaid.

Excluding financing arrangements and due to lower economic expectations in 2009, cash earnings from ordinary operating activities decreased €37 million year-on-year to €614 million.

Financing arrangements (early leasehold terminations) contributed to the increase in net income, which at €153 million was €28 million higher than in 2008.

#### 1.3.2. RATP's financial position

Net debt increased €337 million year-on-year to €4,822 million in 2009, compared with €4,485 million in 2008.

This was due to lower cash earnings (€639 million compared with €691 million the previous year), increased aggregate capital expenditures of €1,246 million (€1,011 million the previous year) and the non-receipt of expected capital allowances of €150 million.

However, the primary cause was the funding required for service expansion (including the plans to increase the frequency of RER line A services), which accounted for €263 million.

Aggregate capital expenditure amounted to €1,246 million, comprising: €460 million for transport service expansion (€196 million for the Île-de-France regional contractual plan and €264 million for the rolling stock required for service expansion), €485 million for expenditure incurred to improve operations, perform major maintenance work and modernize the network, €207 million for rolling stock, €48 million for capital expenditure other than the expense incurred in connection with the STIF contractual agreement, and €46 million for unscheduled investments, financed by STIF and RIF.

Capital expenditure increased €235 million from 2008 levels, mainly due to the economic recovery plan and rolling stock purchases (MI09 double-decker coaches for RER services).

Expenditures on infrastructure relating to the regional contractual plan increased €22 million from the previous year to €196 million in 2009. The increase was mainly due to progress in all projects relating to the contractual plan, which are now in their construction and implementation phases. The increase should be even greater in 2010.

In terms of expenditure for service expansion, the greatest increase was due to the purchase of MI09 double-decker trains for RER services. The related expenses amounted to €202 million of the aggregate €264 million in 2009.

Expenses to improve operations, perform major maintenance work and modernize (excluding capacity due to service expansion) amounted to €485 million. Expenses for energy, infrastructure and buildings remained at similar levels to 2008.

Rolling stock expenses (excluding those relating to service expansion) amounted to €207 million and mainly comprised investments in supplies and purchases of new MF2000 and MP05 equipment as well as the renovation of MF77 and MI79 rolling stock.

Regarding the economic recovery plan, of the €450 million earmarked:

- RATP had committed €437 million by the end of December 2009;
- RATP had paid €390.8 million by the end of December, and plans to commit another €59.2 million in 2010.

Overall, RATP:

- invested €1,246 million, 23% more than in 2008;
- fulfilled its contribution to the economic recovery plan (97% committed, 87% paid);
- deployed the financing for the MI09 trains (over €200 million in 2009).

#### 1.4. Outlook

The French Law no. 2009-1503 of December 8, 2009 on public passenger transport services by rail (the ORTF law) entered into force on January 1, 2010 (see Significant events). RATP is awaiting the implementation decrees and ensuing modification of its contractual framework with STIF, particularly with regard to the terms of its remuneration for infrastructure management and transport operations, and the terms and conditions governing the return of assets to STIF upon the expiry of the operating rights.

2010 is the third year of implementation of the contractual agreement with STIF for the 2007-2010 period.

As in 2009, the company does not expect revenue levels to reach the targets set in the contractual agreement, although traffic will not necessarily decrease as in 2009.

In terms of tax, the business tax reform will not affect RATP as the reduction will be offset by the decrease in STIF's contribution. However, the reform should result in a decrease in unit costs.

RATP will continue working towards increasing productivity, which is one of the targets set out in its 2008-2012 business plan. It is also committed to cutting costs and controlling operating expenses, to reach better levels of cash earnings, which were severely affected in 2009; this is vital for funding capital expenditure, given the extent of the company's net debt.

Overall, planned capital expenditure is much higher in 2010 (up 11%) compared with 2009, notably due to:

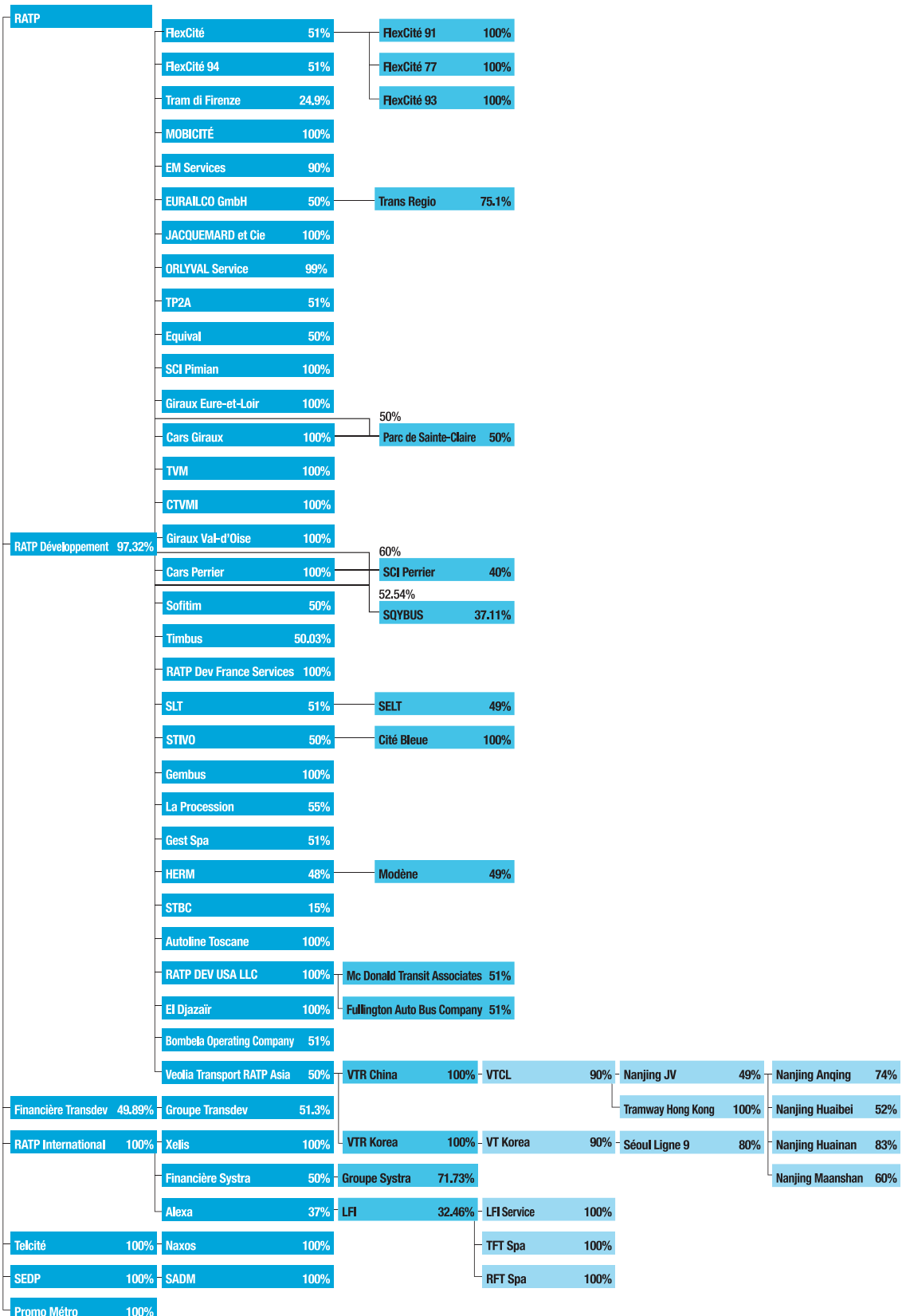
- transport capacity increases;
- rolling stock renewal.

In addition, with the same financing levels and pending the ORTF implementation decrees, loans and borrowings are expected to increase to €4,980 million by the end of 2010.

In connection with the merger between Transdev and Veolia Transport, RATP will transfer its 25.6% stake in Transdev in consideration for French and international assets currently held by Transdev and Veolia Transport.

## 2. RATP GROUP

### 2.1. Group organization chart



## 2.2. Consolidation methods and scope

- The consolidation methods were the same as in 2008.
- Changes in the consolidation scope were as follows:
  - RATP increased its stake in RATP Développement from 95.41% to 97.32%, following the capital increase in the first half of the year, in which Transdev did not participate;
  - newly-consolidated entities:
    - companies resulting from the joint venture with Veolia Transport in Asia: 12 companies were consolidated, 3 of which are 50/50 jointly owned and proportionately consolidated, and 9 of which were accounted for by the equity method,
    - the bus company ATCM, which operates in the Modena province of Italy and the upstream purchasing company (Herm). RATP Développement indirectly exercises 23.52% joint control over ATCM with its main partner in Herm,
    - two American companies: Fullington and Mac Donald;
    - the Gembus company, which operates the cross-border bus services near Geneva.

## 2.3. Business Overview

Consolidated revenue was up by 2.7% at €4,432.7 million. The contribution made by RATP increased by only 1.5%, due to stagnant traffic volumes.

Consolidated net income increased €41,5 million to €182,8 million. It was boosted by the €70 million non-recurring income generated by the early termination of ten leases.

Capital expenditure reached record highs of €1,225 million (up 19%), but only 71.5% was financed by cash earnings and grants.

Consequently net debt increased by €331,1 million to €4,795.3 million at year-end 2009.

RATP contributed:

- 92% of consolidated revenue;
- 90% of consolidated net income;
- all net debt, with the subsidiaries contributing positive cash flows, which actually reduced the Group's debt levels.

<i>(in millions of euros)</i>	12/31/2009	12/31/2008	CHANGE	% CHANGE
Revenue	4,432.7	4,317.2	115.5	2.7%
Net operating expenses	3,594.9	3,462.7	132.2	3.8%
EBIT	341.8	341.7	0.1	0.0%
Net income	182.8	141.3	41.5	29.4%
Cash earnings	673.6	695.6	-22.0	-3.2%
Capital expenditure	1,225.2	1,028.7	196.5	19.1%
Net debt	4,795.3	4,464.2	331.1	7.4%

## 2.4. Significant events

The significant events of the period are described below:

### 2.4.1. Transport

#### In France

RATP won the contract to provide urban transport in the La Rochesur-Yon area and to operate cross-border transport services near Geneva.

#### Outside France

- RATP Développement and Veolia Transport set up a joint venture (VTRA) to develop urban and suburban transport services in Asia. VTRA holds the contracts already effective in China, Nanjing (bus), Hong Kong (tram) and Seoul (line 9 of the subway);
- RATP Développement and Veolia Transport have already made bids through the joint venture for two contracts in Korea, to operate a light rail transit system connecting the towns of Busan and Gimhae and the Uijeongbu light rail transit system (Seoul). The bids were unsuccessful;
- as part of a consortium, RATP won the bid to acquire a 49% stake in the Modena transport company in Italy;
- RATP was part of the group responsible for developing the terms of the base offering (which will subsequently be opened up to competition) to build and operate line D of the Rome metro;
- contract won to operate the Dubai tramway system;

- acquisition, in the second half of the year, of a 51% stake in two American urban and intercity bus and coach transport companies: Fullington Bus Company and McDonald Transit Associates.

RATP contributed to the expansion of RATP Développement by subscribing to its €70 million capital increase, €48 million of which had been paid up in 2009.

**Regarding Transdev**, revenue and profitability continued to increase, despite negative foreign currency translation effects. The previous year's net income was severely affected by the strike at Connexion in the first half of the year.

### 2.4.2. In the engineering division:

- Xelis performed as expected, having secured new contracts with RFF;
- Systra recorded increased revenue and income levels, despite the impact of the economic crisis on the business of the UK subsidiaries.

### 2.4.3. Real property, advertising and telecoms business:

As expected, there was a downturn in the telecommunications subsidiaries' business.

## 2.5. RATP Group condensed financial information

These results are presented in compliance with IFRS.

### 2.5.1. Changes in consolidated revenue

	2009		2008		CHANGE
	<i>In millions of euros</i>	%	<i>In millions of euros</i>	%	%
RATP	4,085.0	92.16%	4,028.7	93.32%	1.40%
Other	181.0	4.08%	127.7	2.41%	41.73%
Transport division total	4,266.0	96.24%	4,156.4	96.28%	2.64%
Engineering division total	128.2	2.89%	121.2	2.81%	5.80%
Real property, advertising and telecoms division	38.4	0.87%	39.6	0.92%	-2.96%
<b>RATP GROUP TOTAL</b>	<b>4,432.7</b>		<b>4,317.2</b>		<b>2.67%</b>
Subsidiaries' contribution	347.7	7.80%	288.5	6.70%	

Consolidated revenue amounted to €4,432.7 million, compared with €4,317.2 million in 2008.

RATP's 2009 revenue (after elimination of intra-group revenue) increased 1.4%, compared with 4.6% the previous year.

The contribution of the subsidiaries, excluding the equity-accounted associates, increased at a much greater pace (up 20%), due to:

- the growth in RATP Développement's business activity: operational launch of the Mittelrheinbahn to Transregio services, preparations to launch the metro services in Algiers and Gautrain in South Africa, consolidation of the companies located in America and in the Modena province of Italy, development of the French transport

subsidiaries and the full year effect of the businesses consolidated for the first time in 2008 (Jacquemard, FlexCité 77 and 91);

- the renewed increase in Systra's revenue. Systra SA's growth (with new contracts in Saudi Arabia) more than offset the decrease in revenue recorded by the subsidiaries, which were hit by the economic crisis, particularly in the USA, Canada, the UK and parts of Asia.

The overall contribution of the subsidiaries to total revenue increased from 6.7% to 7.8%.

RATP Développement's contribution to consolidated revenue is now greater than that of all of the other subsidiaries combined.

### 2.5.2. Consolidated net income

The change in consolidated net income per business was as follows:

<i>(in millions of euros)</i>	2009	2008	CHANGE	As a %
RATP	164.3	127.2	37.1	29.2%
Other transport subsidiaries	8.9	6.5	2.4	36.9%
Transport division	173.2	133.7	39.5	29.5%
Engineering division	6.5	3.9	2.6	66.7%
Real property, advertising and telecoms division	3.1	3.7	-0.6	-16.2%
<b>GROUP TOTAL</b>	<b>182.8</b>	<b>141.3</b>	<b>42</b>	<b>29.4%</b>
Subsidiaries' contribution	18.5	14.2	4.3	30.3%

RATP's contribution increased due to the €70 million of non-recurring income generated by the termination of leaseholds. Excluding these items, its contribution would have been one quarter lower than in 2008, as its revenues grew slower than its expenses, particularly due to limited increase in STIF's contractual contribution.

The contribution of the subsidiaries increased €4.3 million, from €14.2 million to €18.5 million.

In the transport business, Transdev recorded growth of €5 million year-on-year. This simply reflected the return to normal levels, as 2008 earnings had been adversely affected by the national strike action at Connexion's operations in the Netherlands. The improvement was offset by a decline in RATP Développement's growth (down €3 million). Likewise, the company's earnings returned to normal levels, which had been much higher the previous year due

to the €4.3 million profit generated upon the deconsolidation of TVO (Société des transports du Val d'Oise) and the M'Dina bus company.

RATP Développement nevertheless posted profit for the second consecutive year, without any non-recurring items, despite the continuing difficulties for Transregio, and the new development initiatives in Italy, the USA and Asia. The other subsidiaries performed well both in France and abroad.

Net income from the engineering division was up €2.6 million, with Systra performing better, reflecting the upward revenue trend and profitable new contracts.

As expected, there was a net downturn in earnings from the telecommunications business, largely due to the increased fees for public domain rights of way, which are paid to RATP.

### 2.5.3. Consolidated net debt as at December 31, 2009

The change in consolidated net debt between year-end 2008 and 2009 was as follows:

<i>(in millions of euros)</i>	GROUP DEBT	TRANSPORT DIVISION			ENGINEERING DIVISION	REAL PROPERTY, ADVERTISING AND TELECOMS DIVISION
		RATP	OTHER	TOTAL		
Financial assets	577	473	46	519	15	44
Financial liabilities	5,372	5,289	53	5,342	6	24
<b>Net debt, December 2009</b>	<b>4,795</b>	<b>4,816</b>	<b>7</b>	<b>4,823</b>	<b>-9</b>	<b>-20</b>
<b>Net debt, December 2008</b>	<b>4,464</b>	<b>4,485</b>	<b>1</b>	<b>4,486</b>	<b>-5</b>	<b>-18</b>

Consolidated net debt at year-end 2009 increased €331 million from year-end 2008, due to RATP's contribution and the loans and borrowings contracted to fund the capital expenditures required to increase capacity.

RATP's net debt increased €337 million to €4,822 million at year-end 2009.

Changes in the net cash position of the subsidiaries concerned Systra, which managed to improve its cash position between the middle of the period and year end, and the transport subsidiaries, whose net debt increased due to the recognition of the liability relating to the put granted to minority shareholders of Fullington.

### 2.6. Outlook

The subsidiaries' strategy for 2010, especially RATP Développement, is to secure growth and higher profit levels, as set out in RATP's 2008-2012 business plan.

RATP Développement's overall aim is to further implement the strategy adopted in 2009 to develop business and earnings based a threefold approach:

- country business development, targeting France, Italy and the USA;
- project-based business development, drawing on RATP's tried and tested expertise as both infrastructure provider and operator of traditional and automatic transport systems;
- joint ventures, as reflected in the business set up with Veolia Transport in 2009 to provide services in China, Korea and India.

In connection with the merger of Transdev and Veolia Transport, RATP will transfer its 25.6% stake in Transdev in consideration for the French and international assets currently owned by Transdev and Veolia Transport.

## 3. OTHER INFORMATION

### 3.1. Consolidated net income since 2006

<b>YEAR</b> <i>(in millions of euros)</i>	<b>NET INCOME ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>
2006	49.2
2007	112.1
2008	141.3
2009	182.8

### 3.2. Breakdown of trade payables by maturity date

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

<i>(in millions of euros)</i>	<b>AMOUNT</b>
> 60 days	932.1
Between 31 and 60 days	94.0
Between 1 and 30 days	6,839.4
<b>TOTAL INVOICES OVERDUE</b>	<b>7,865.4</b>
30 days or less	170,083.5
Between 31 and 60 days	8,313.6
More than 60 days	10,343.0
<b>TOTAL INVOICES OUTSTANDING</b>	<b>188,740.1</b>
<b>TOTAL</b>	<b>196,605.5</b>

Information on environmental issues and the company's personnel is presented in the sustainable development report.

# President's report

on the preparation and organization of the Board of Directors' work and internal control for the year ended December 31, 2009

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# Introduction

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

Internal control refers to the system set up by the company to ensure:

- compliance with current laws and regulations;
- implementation of the instructions and guidelines issued by the Management Board;
- smooth running of the company's internal processes, particularly those used to safeguard assets;
- reliable financial information.

The content of this report is based on the framework for internal control reporting set out by the French securities market authority and published in January 2007 to assist French companies that are required to prepare this type of report.

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

The internal control system is based on five components:

- internal control environment;
- risk assessment;
- communication and dissemination of information;
- control activities;
- management activities.

The Board of Directors is the supreme governance body that ensures that the internal control system is appropriate for the company. The first part of this report describes the way the system works and the significant work performed during 2009.

The second part provides an overview of the organization of the internal control system.

The third part discusses the control and management activities and their role in ensuring reliable accounting and financial information.

This report was presented to the Audit Committee. Due to new legislation<sup>(1)</sup> effective as of 2008, it was approved by RATP's Board of Directors at their meeting on March 26, 2010.

## 1. THE BOARD OF DIRECTORS

### 1.1. Work of the Board

The RATP Board of Directors comprises 27 members, pursuant to the Government decree 84247 of April 13, 1984, amended by decrees 2004-500 of June 7, 2004 and 2006-1018 of August 11, 2006 (see **Appendix 1** list of directors).

It is chaired by Pierre Mongin, who was reappointed Chairman and Chief Executive Officer of RATP by the Government decree of July 29, 2009 for the period 2009-2014. The composition of the Board fundamentally changed at the time and 13 new Directors were appointed.

The Board of Directors is responsible for all the company's strategic decision-making on key economic, financial and technological issues. These include matters relating to the company's State-regional contractual plans, business plan and the contractual agreement

with the Île-de-France transport authority (*Syndicat des transports d'Île-de-France – STIF*).

Decisions are taken on the basis of input from two standing committees, one of which deals with matters concerning technical and technological modernization and development, and the second, economic and strategic issues.

The Chairmen of these two committees presented progress reports on February 6, and June 26 2009 on their assessment of the Board's governance, as mandated by the President. The reports stated that the Board's discussions had been high quality and rewarding in general, particularly due to the varied backgrounds of the Directors. They had also been the opportunity to keep Directors informed of company developments. The President underlined the need to further focus the Board's discussions on strategic matters, particularly given the changes in governance of the RATP group due to development policy, which is a major driver of change for the Company. The Board officially endorsed the principle of systematically making strategic discussions a meeting agenda item and set up a standing committee on innovation and customer service issues (CISC), open to all Directors, alongside the other two standing committees on technical and technological modernization and economic strategy, which prepare input for Board decision-making. The economic strategy committee also monitors implementation of the economic aspects of the Business Plan and contractual agreement between RATP and STIF and its related amendments, while the CISC focuses on quality of service indicators. The Directors were reminded of the importance of keeping the Board's discussions confidential, and the internal procedures on such matters were enhanced. The procedures will also be affected by changes in governance.

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

The Board approves contracts exceeding €16 million, upon the advice of the technical and technological modernization committee, which gathers comments from its members on contracts and projects valued at between €5 million and €16 million, entered into by the President.

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

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

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

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

(1) French Act 2008-649 of July 3, 2008 introducing provisions and amendments to French corporate law and EU law, articles 26 and 29 (Official Gazette July 4, 2008).

The Board, subject to ministerial approval pursuant to article 7 of Decree no. 59 1091 of September 23, 1959, sets the Directors' fees for qualified persons. These are paid to directors present at the Board meetings and at meetings of the two Board standing committees and they are set at €148 per Board meeting and €74 per Board committee, commission or working group meeting, as of January 1, 2007, following the Board of Directors meeting of February 9, 2007.

## 1.2. Significant work conducted by the Board in 2009

### 1.2.1. Chief Executive Officer's Policy Framework

The main event of 2009 was the end of the CEO's term of office for the 2004-2009 period and the reappointment of Pierre Mongin as director of RATP for the period 2009-2014 by the Government decree of July 8, 2009. At their extraordinary meeting on July 23, 2009, the Board endorsed their decision to propose to Government the appointment of Pierre Mongin as RATP's Chief Executive Officer.

The President presented the company's policy framework to the Board at their meeting on September 11, 2009. The content of the policy framework was set out in the engagement letter sent to Pierre Mongin by the President of the French Republic.

The document was discussed by the Board at its meeting on October 23, 2009. It sets out in detail the company's strategy and action for the next five years.

In 2009 three components of the policy framework were highlighted:

- public passenger transport in the Île-de-France area, with the launch of the Greater Paris development project to deploy new infrastructure and implement part of the Métrophérique project (a lightrail outer ring road around Paris) proposed by RATP;
- RATP's future in an open competitive market, given the implementation of the Regulation on Public Service Obligations effective as of December 3, 2009:
  - while confirming its choice to open the market to competition, the French government has made provision for the transition required to increase the autonomy of the RATP Group and prepare the historical operator and public service company to develop at a national and international level;
  - the company's business activities, as provider of transport and maintenance services, designer and developer of new infrastructure, and infrastructure manager following its recent mandate to manage the real property associated with transport services;
  - these provisions were made in the French law on the organization and regulation of rail transport (known as Araf), adopted on November 3, 2009 by Parliament and validated by the Constitutional Council on December 3, 2009;
- RATP's status with regard to the European Union. The European Commission validated the reform of the company's pension scheme on July 13, 2009, while recognizing the specific characteristics and economic development model of RATP as a public service company.

To meet the targets set for RATP's Chief Executive Officer by the President of the Republic, the engagement letter lists five priority areas in which RATP is expected to invest. They are major challenges reflecting the French government's confidence as shareholder in the Company:

- "Grand Paris" – Greater Paris transport development;
- external growth;
- improved performance and state-of-the-art operations;
- market leader status in terms of new and high quality services;
- flagship company in terms of sustainable development.

### 1.2.2. RATP's contribution to the national economic recovery plan

In November 2008, the Office of the President of the French Republic asked RATP to study how the company could contribute to the national economic recovery plan. It was decided that RATP would contribute €450 million, one third of which would be funded by the company, one third by the State (capital allowance) and one third by the region. At its meeting on February 6, the Board adopted the amended investment plan which was immediately mobilized to boost the economy. Implementation of the plan was assessed at the Board's meeting in June 2009. As at December 31, 2009, the capital allowance of €150 million due from the State had not been paid.

### 1.2.3. RATP's development policy

Development policy was the main focus of the Board's work in 2009.

An extraordinary meeting of the Board was held on January 20, 2009, to discuss the planned joint venture between RATP Développement and Veolia in Asia, which the Board approved.

In March the Board discussed its strategy relating to the *Grand Paris* automatic lightrail project and implementation progress of the State-Regional contractual plan.

At each of its meetings the Board was informed of the bids for tender made by RATP Développement and their outcome.

Further discussions on strategy took place at the Board meeting on June 26, 2009 in connection with the progress report on RATP/Transdev relations, and at the extraordinary Board meeting on December 17, the President was mandated to finalize the deal. The subsidiaries' outlook for 2009 was examined at the meeting on June 26, during which the Board approved plans to set up RATP Développement operations in the United States.

During the annual meeting on the following year's budget, the Board examined and approved RATP Développement's Medium Term Plan (2010-2014), and was informed of its international developments. A consolidated budget for the RATP Group was presented to the Board, for information, for the first time.

The Board was informed of the kick-off of the company's Greater Paris development project and the setup of an engineering department to separate contract ownership aspects from project management. The Board was also informed of the creation of a subsidiary to provide mobility assistance services and to bid for contracts both in the Île-de-France area and throughout France.

Development policy is central to the Chief Executive Officer's work and is a key component of RATP's strategy as directed by the State shareholder. The issue was dealt with in the Board's working group on competitiveness.

### 1.2.4. Control of financial information

The Board approved the financial statements for the 2008 reporting period, and examined and approved the balance sheet as at June 30, 2009, the income statements for the six-month period ended June 30, 2009 and the consolidated financial statements as at June 30, 2009. It also approved the company's operating budgets and capital expenditure programme for 2010 at its meeting on December 4, 2009. The budget for 2010 capital expenditure is ambitious, up 22.5% from the 2009 budget and concerns both network modernization and extension and the implementation of technical solutions to relieve traffic on the busiest lines.

The Chief Executive Officer chaired the working group on RATP's debt, which is assessing the effects of the European regulation and competition on the networks previously operated under RATP

monopoly control. The working group on competitiveness continued benchmarking the costs of RATP's activities.

The Audit Committee conducted its work to validate the processes used to prepare the annual and half-year consolidated financial statements, including an assessment of the risks relating to subsidiaries, which contributed to the company's financial security. It reviewed the reports on the audits performed in 2009 by the Internal Audit department and heard the report of the statutory auditors on internal control.

The Board examined the annual report on purchasing policy.

#### 1.2.5. Follow up of the STIF contractual plan

The Board conducted the quarterly review and analysis of the contractual plan for the period 2008-2011, focusing in particular on changes in traffic and revenue within the economic and strategic committee and on quality indicators within the new committee on customer service and innovation.

#### 1.2.6. RATP's other capital expenditure decisions

In 2009 the Board approved a major contract to purchase double deck rolling stock to improve the operations of RER line A. It also approved contracts to maintain the property allocated to RATP in working condition, along with major service contracts.

#### 1.2.7. Institutional relations

The President regularly reported to the Directors on his meetings with the company's institutional partners and representatives of the transport authority, as well as his hearings before the committees of the French National Assembly on issues such as the bill on the Greater Paris development project and the evaluation of the law on social dialogue and public service continuity for transport services.

The main issues dealt with by the Board are presented in **Appendix 2**.

## 2. ORGANIZATION OF INTERNAL CONTROL

### 2.1. Internal control environment

#### 2.1.1. Complex institutional environment

RATP has strong ethical values, which are reflected in its commitment to certain institutional charters such as the Charter of the International Association of Public Transport (UITP – 1999), the United Nations World Pact (2003), the National Accessibility Charter (2003), and the Company Diversity Charter (2004). In October 2008, RATP renewed the framework agreement entered into in 2004 with the French Agency for the Environment and Energy (Ademe), for a three-year period. The agreement focuses on two main objectives: saving energy and increasing public awareness of environmental issues.

As a State-owned company, RATP is subject to French government controls, which are conducted by two entities:

- the Economic and Financial Control Board for Transport<sup>(2)</sup>.
- the French Procurement Board, set up by the Order of January 11, 1973<sup>(3)</sup> and chaired by a representative of the National Audit Office.

In addition, RATP's annual and half-year financial statements are audited by the Statutory Auditors Pricewaterhouse Coopers and Ernst and Young. A special report on the management of RATP between 2000 and 2006 was published by the National Audit Office in 2009.

RATP entered into an agreement with the Île-de-France regional transport authority (STIF) in 2000. The RATP/STIF agreement has regularly been updated since by riders and additional clauses. The third RATP/STIF agreement was signed on February 21, 2008 for the period from January 1, 2008 to December 31, 2011.

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

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

#### 2.1.2. Compliance with laws and regulations

The company's legal department provides advice and analysis, draws up contracts, and handles claims and disputes for all the company's business activities. One of its roles is to prepare for change by monitoring legal developments (other than technical matters), disseminating information on best practice, assessing risk and setting up insurance coverage. The department's permanent primary objective, particularly as it is well positioned to provide support to all levels of the company, is to ensure that the legal aspects of all the projects and operations undertaken by the company are legally secure and compliant.

In 2009, the legal department supervised the implementation of a new management procedure for the delegation of authority and assignment of signatory authority, and set up a network of people in charge of authority assignments. Its work also focused on the entry into force of the European regulation on public service transport obligations (OJEU of December 3, 2007), the Greater Paris development reform, developments in relations with the Île-de-France public transport authority and the introduction of a company risk manager.

The efficiency of the department is reflected by the small number of claims and disputes filed and, when legal proceedings have not been avoidable, by the large number of positive outcomes for the company.

The head of the legal department is personally responsible for RATP group ethical issues.

### 2.2. Organization of internal control

The internal control system is effective if all employees are involved at all levels of the company. For this reason, the company ensures that all its employees participate in developing an internal control system that guarantees personal safety and secure operations.

#### 2.2.1. A tried and tested system

##### Business unit level

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

(2) As an EPIC, RATP is subject to economic and financial control by the State (Decree no. 2002-1502 of December 18, 2002).

(3) Amended by the Order of March 23, 2005 (Official Gazette of April 13, 2005).

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

#### Department level

Other employees are involved at department or unit level:

- transport and service controls are decentralized and performed per type of control (transport or maintenance inspections);
- specialized audits are performed within each department;
- systems risk management;
- quality controls are performed within each department.

In 2009, the RER department set up an Audit Inspection unit to provide permanent control and assessment of train security.

The Inspector-General, head of the Internal Audit, is responsible for providing advice, enforcing ethics and methods and sharing information among the departments. This is done through the audit network, which comprises all the aforementioned departments. The network held three meetings in 2009.

#### Company-wide functions

The **internal audit** function is responsible for:

- conducting internal audits to “provide assurance on the level of control over operations by auditing and assessing the business activities of RATP Group”<sup>(4)</sup>;
- conducting general inspections to “enhance RATP’s management and internal control”<sup>(5)</sup>.

The internal audit work is part of an annual plan established on the basis of input from members of the Executive Board<sup>(6)</sup> and the main risks identified during the RATP’s risk mapping process. When the audit work is completed a written report is sent to the President and other members of the executive committee, and to the heads and managers of the departments and business units directly concerned. The heads and managers of the audited departments and units are asked to draft an action plan within two months of the audit.

The Group audit provides input for executive committee decision-making on company change policy, which is conducted through the Business Plan:

- the audit focuses on the company’s major risks (financial and regulatory) and strategic priorities, which include economic performance, process efficiency and high quality management;
- the audit responds rapidly to the company’s needs and ad-hoc assignments are performed alongside the planned annual work, as required;
- the audit methods are aimed at inciting the audited units to share findings and implement corrective measures (findings are objective and quantified, their analysis is transparent, draft written reports are submitted by the audited units discussing the audit findings).

The main role of the **general safety control** is to monitor all the processes relating to company safety, particularly in terms of railway safety, fire safety, information systems security, the safety of goods and persons and the prevention of natural disasters. The entity comprises two units: the *Fire Safety* unit and the *Corporate Risk Management* unit.

The audits are carried out on the basis of an annual program approved by executive management upon the advice of the Controller-General for Security. Systems risk management audits may concern products, procedures, processes or management systems. They are performed in compliance with French standard NF EN ISO 19 011 of December 2002.

(4) IG 432 C of September 2, 2003, Art. 2.1.

(5) NG 5265 of May 19, 1999.

(6) Members of the executive committee, department heads and delegates.

A written report with recommendations is issued upon the completion of each audit assignment. The audited departments prepare an action plan based on the recommendations, which is validated by the departments or by executive management, upon the advice of the Controller-General for Security.

In addition, for corporate risk management purposes, the General Safety Control prepares a monthly warning report based on data provided by the operating and maintenance departments of the Metro and RER networks. The document reports reasoned recommendations on improvements to be made in relation to identified risks. It is sent to executive management and the departments concerned.

A **risk manager** has been appointed at RATP group level, reporting directly to the Chief Executive Officer. In 2009, the priority areas for risk management were defined.

The system adopted to control identified risks is based on the following principles:

- a hands-on management approach, with operational managers playing a key role in the system;
- a specific approach for major risks affecting the company as a whole, to ensure efficient management through the appointment of company-wide risk managers;
- the implementation of the same method company-wide to ensure a consistent, rigorous approach: to identify, assess, prioritize, set up management plans, define indicators and report risk;
- company-wide training on risk management and control.

The **STIF relations manager** reports directly to the Chief Executive Officer. He is responsible for managing the implementation of the agreement entered into with STIF and he reports on operations to STIF on a monthly, quarterly and annual basis. Management committees combining members of STIF and company representatives are set up on a regular basis to discuss various issues (service offering, quality of service, ticket sales, economic and price issues, investments, communications). Specific committee meetings are held as required (for instance, on transport line issues and financial agreements).

The role of the **innovation and sustainable development unit** is to work closely with the departments to establish, implement, guide and monitor policies to enhance the quality and sustainability of the company’s design and innovation. The unit provides methodological and technical assistance to the entities under its guidance, in particular with regard to energy issues.

Information on the company’s achievements in terms of sustainable development is provided in the Sustainable Development Report.

**Appendix 4** summarizes the company-wide functions mentioned above.

The table in **Appendix 5** illustrates the internal control system.

### 2.2.2. Customized policies

#### Human resources policy

The internal and external recruitment processes are certified to ensure that a standard procedure applies to all applicants.

The management staff recruitment process is also certified (Qualicert).

An *observatory on working conditions* was set up in 2008 to map out and monitor constraints and to follow up on any preventive actions implemented. Negotiations on the scope and role of the observatory

were completed in April 2009, resulting in a majority agreement. The agreement also specifies the composition and working method of the observatory.

The observatory ensures that the company's professional risk prevention policy is applied consistently throughout the company.

In accordance with the law on social security financing, an action plan for older employees was established with the unions, specifying the following:

- recruitment: 10% increase in the recruitment of people over 50, compared with 2008, and 3,000 people informed of non-discrimination and equal opportunities;
- earlier professional development;
- improved working conditions;
- skills development;
- knowledge sharing.

A memorandum of understanding was signed in 2009 with the CGT trade union representatives on dealing with cases in which employees believed that they had been discriminated against due to their trade union activities.

#### Regrouping of the operating and technical maintenance services

To speed up incident management, enhance the consistency of internal and external communications, and improve company-wide feedback, good practice and training, a new "around-the-clock service center" was set up on July 1, 2009 combining the three service centers previously created (Metro, RER and Orly Val rail network service center; bus and tramway network service center, and a general technical service center).

The purpose of the new entity is to:

- provide a single contact point within RATP for real-time incident management (to inform passengers, the company and the public authorities);
- co-ordinate information and instructions sent to operational centers;
- mobilize staff (operations and technical staff);
- implement general instructions (particularly with regard to on-call duties), specific plans (for heat waves, pollution peaks, etc.) and/or give real time orders;
- manage operations during the night;
- advise and assist staff;
- monitor network production and quality;
- represent RATP in preparing specific events;
- manage information systems (Sagai<sup>(7)</sup>, Octave<sup>(8)</sup>, etc.);
- set out company-wide procedures and good practice.

#### Information systems tailored to the company's objectives

The company's information systems are managed and developed by the Information Systems Steering Committees dedicated to each business process, which validate expenditure. The systems' objectives and subsequent developments are determined by the project managers. They are managed on the basis of a three-year master plan.

The Information Systems Department conducts its work in compliance with ISO 9001. Incident and change management processes have been developed to integrate ITIL best practice.

The core information systems are hosted in two separate data centers, which are fully equipped to provide the rigorous physical environment required to protect this type of infrastructure (access controls, fire protection systems, backup power supply, air

conditioning). The information systems are protected on a logical and physical level and are regularly audited.

Data is stored using storage area network infrastructure architecture. Critical data is stored simultaneously on two separate sites. Operating procedures ensure that all data is backed up daily.

Business continuity of critical information systems (corporate email system, institutional website, accounting and human resources systems, and main business applications) is guaranteed by secure architecture located on the two production sites. The IT disaster recovery plans (DRP) for these systems are tested at least once a year.

Business continuity also entails human resource coordination and around-the-clock staffing through rotating on-call duties. In 2009, the system was adapted to that the company's business continuity plan, which is triggered in crisis situations such as a flu pandemic.

Unstructured data security is also being improved through the use of virtual servers. The servers are migrated to fault tolerant systems hosted in data centres, which are managed professionally.

The IT engineering units manage all documentation relating to data analysis, programming and processing, through document management procedures and tools.

#### Communication and dissemination of information

One of the priorities of the business plan for 2008-2012 is to "enhance internal managerial communication and increase involvement in common goals" to enable RATP employees to deal with changes in the institutional environment and market liberalization. To mobilize the 45,000 employees and assist management in implementing and explaining its goals to its teams, the action plans drafted collectively in 2008 and validated by the executive committee in October of the same year were implemented throughout 2009:

**February 2009:** an internal single communication label was created for all the departments and subsidiaries (the "Urban" label) to enhance Group allegiance;

**April 2009:** the first annual top management convention was held. During the convention, the company's annual results and strategic targets for the year were presented to approximately 600 executive management and department team managers;

**April 2009:** the first issue of the RATP Group magazine *Urban mag* was published, reflecting the new internal media structure of the RATP group. The 20-page monthly is sent to the homes of 62,000 employees. It includes sections on departments, a space for the subsidiaries, a space dedicated to the Foundation and a bi-annual supplement on the RATP Group's financial statements. During the year, two supplements are issued providing insight into the Group's financial results. A special supplement was published with the last issue in 2009, reporting on the progress of the 22 projects set out in the Business plan, with information on the significant events of RATP Group's business for the previous year;

**June 2009:** RATP Group's new intranet "Urban web" was launched, with a dedicated space for managers.

- During 2009, employees and managers were provided with an overview of the President Pierre Mongin's policy framework, which was presented to the Directors at their Board meeting on October 23. They also received information on corporate governance and input on the amendment of the French law on rail transport (Araf) due to the regulation on public service obligations, which entered into force as of December 3;

(7) Incident management system (Système d'aide à la gestion des anomalies et des incidents).

(8) Metro line train control system application.

- Profiling has provided 12,000 managers with access to additional information, and services tailored to responsibility levels. The LAM application (space reserved for top managers) of the managerial intranet has been enhanced and consolidated. The objective of this space is to enlighten managers on company policies and assist them in training and managing their teams. The dedicated site provides fact sheets and training materials for managers to use with employees. The fact sheets and manuals cover issues such as European regulations, sustainable development policy and the company's income statements.

## 2.3. Risk assessment and management

### 2.3.1. Decentralized management of operating risks

The units and departments previously mentioned (*see above § 2.2.1 A tried and tested system*) are responsible for operational risk management at their respective levels. The newly-appointed *Risk Manager* works alongside the departments and units to share knowledge and increase involvement in risk management company-wide.

The table in appendix 6 contains a summary of the company's business activities concerned, associated risks, risk management system and significant actions in 2008.

### 2.3.2. Main audit assignments

#### Internal Audit

The Internal Audit department audits the operational units (metro, bus), and performs department audits (SEC, M2E, CML, etc.), thematic audits (purchasing process, enquiries following passenger complaints and claims, customer services in stations, transport project management, subsidiaries' remuneration policy, etc.), IT audits and subsidiary audits (Promo Métro, Comutitres, etc.).

The Internal Audit department identified the following areas for improvement:

- meeting the productivity targets set in the Business plan;
- managing contracts and relations with sub-contractors;
- managing IT projects;
- monitoring business activity.

#### The General Safety Control (corporate risk management):

Audits were performed in 2009 on the process used to oversee civil engineering work, on flood risk prevention measures, on regulations governing metro track work by RATP maintenance staff, and on the use of security appliances by RATP maintenance staff and by the personnel of other companies in the metro, RER and tramway.

### 2.3.3. Company-wide risk

#### H1N1 Influenza virus

In May 2009, a special unit was set up to prepare the company to deal with the H1N1 Influenza virus. The unit drew up a business continuity plan, which was approved by the Prefect in charge of defense and security in the Paris area in August 2009. The *Influenza Epidemic* business continuity plan necessitated numerous organizational changes including:

- the creation of dedicated crisis units;
- the implementation of teleconference systems across RATP;
- the formalization of the roles of the heads of 190 RATP sites, and their daily contacts;
- the coordination of these measures across all the RATP Group subsidiaries.

### Strengthening the crisis management system

In 2009, a new directive (GI 528) was issued on crisis management, setting out:

- crisis management triggers;
- the role, structure and location of the various entities and units involved (crisis, executive, communication, security, experts);
- the role of those specifically in charge of crisis management;
- the role of management, and of the operating and maintenance units and centers.

The initiatives undertaken in cooperation with the Paris fire service and other entities (Paris area security and defense unit, defense and national security department) in 2009 enabled the crisis management systems to be tested and feedback obtained (coordinated by the general around the clock support unit).

In addition, a revised version of the directive on the crisis communication plan (GI 465) was issued. It set out the means of enhancing crisis communication, by creating a dedicated communication unit to manage, coordinate and validate crisis communication throughout RATP. The purpose of the unit is to:

- coordinate and validate all of the company's external and internal communication (with the exception of managerial instructions);
- develop crisis communication strategies based on policies set by executive management;
- liaise with external crisis communication units (particularly government authorities).

#### Victim support unit

Since February 1, 2008, the mediator (victim support unit) has been responsible for providing support to victims. The unit set up for this purpose was reinforced in 2009.

Victim support is now provided systematically for each accident brought to the attention of the mediator, if the unit believes that support is required. Support is provided regardless of the circumstances of the accident and irrespective of the responsibility of the parties involved. Feedback from families and victims has been positive reflecting the importance of the human approach.

The system in place (*see § 2.3.3 Strengthening the crisis management system*) now allows all employees (support units, heads and managers of operating units) to be informed and to play a part in providing real-time support to victims and their families. As a result, it is now rare for a victim or victim's family not to be contacted by the mediator within one day of an accident.

#### Information systems security

The company applies standard ISO 27002 to combat the increasingly hostile IT environment (computer abuse, outages) and comply with legislation on information and communication technology.

Since 2003, the company has implemented an information security policy, which lays down the principles and rules governing information systems security and guarantees confidentiality, integrity and continuity. A specific policy has been adopted for ticketing, which is a critical system.

The company's information systems director promotes awareness of information systems security. All employees receive training.

The company uses various measures to protect its information systems, including proxies, firewalls, antivirus and antispam applications and authentication directories.

A password security policy has also been approved. A single, centralized authentication strategy is implemented (single directory, single sign on, etc.)

The company systematically includes clauses to safeguard the security of its data (such as confidentiality agreements) in its contracts. Development and maintenance activities are also strictly controlled.

An incident management process has formally been adopted. All incidents are reported to the line managers responsible for information systems security.

Organizational and technical audits are performed (intrusion tests, vulnerability audits, etc.), along with feedback sessions, exercises, simulations and troubleshooting to verify compliance with security policies.

A company data protection agent has been appointed. The person is closely involved with all the information systems that process personal data. The list of declarations is published on the company's intranet.

The company is continuing to introduce the Payment Card Industry-Data Security Standards. An evaluation questionnaire has been prepared, quarterly vulnerability audits are performed, and staff are being trained.

## 3. INTERNAL FINANCIAL AND ACCOUNTING CONTROL PROCEDURES

### 3.1. Conformity with financial and accounting rules and legislation

#### 3.1.1. Compliance with current regulations

RATP implements a customized chart of accounts that is adapted to its social security services, pursuant to Government decree no. 2004-174 of February 23, 2004. The chart was approved by the French accounting standards board on January 25, 1984, in accordance with the Government order of April 27, 1982.

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

RATP is required to appoint an independent auditor pursuant to article 30 of French Law no. 84-148 of March 1, 1984 on the audit of financial information relating to public service companies and the provisions of article 33 of Decree no. 85-295 of March 1, 1985<sup>(9)</sup>. The newly-appointed audit firms PricewaterhouseCoopers and Ernst and Young began their six-year statutory audit engagements on April 1, 2009.

The statutory auditors now present their audit plan to the Audit Committee in June and final audit report at the Audit Committee's meeting at year end.

A description of the procedures used to produce and control the financial information prepared by RATP is presented in **Appendix 7**.

#### 3.1.2. Compliance with LME

In order to reduce payment periods, as required by the law on the modernization of the French economy, since 2009 invoices have been recorded in the management system by date of issue rather than

date of receipt. RATP settles most of its accounts payable at net 60 days.

To meet the due dates, the company's accounting department has decided to introduce electronic invoice processing for its major suppliers, defined as those who issue more than 500 invoices per year. The new system is expected to shorten invoice processing time, improve quality and reliability and reduce archiving space.

Suppliers' invoices will be processed via a platform provided by one of the market leaders in electronic invoice processing, whose system is compliant with the general tax code. The invoices will be tested for validity and some enhanced before being transferred into the Oracle Accounts Payable module. The invoices will be archived by the platform and retained for ten years. They will serve as tax evidence as suppliers will no longer issue paper versions of invoices.

## 3.2. Relevance of financial information

### Financial information

The timetable has been set for monthly, half-yearly and annual reporting of financial information. RATP uses the *Oracle Financials* software system.

Monthly statements are available eight working days after the end of the month, with the same quality pre-booking analysis.

The monthly statements enable the various departments to monitor their business performance and budget throughout the year. They also allow the finance department to perform and calculate a wide range of analyses and aggregates.

To ensure that the reporting deadlines are met, pre-closing procedures are performed at the end of May for the half-yearly financial statements and at the end of October for the annual financial statements.

### Information system developments (new version of the Oracle application)

The multi-level controls on the accounts are possible due to the highly and increasingly effective query functions available in the majority of accounting information systems.

In 2009, the department worked on the following improvements:

- implementation of a module to centralize information required for the value added tax return, and assistance to users in the choice of VAT codes;
- harmonization of the queries made in connection with the audit of the accounts in order to optimize response time.

### Information dissemination

The finance department's intranet has provided open access to various memos on operating performance, investment performance, personnel costs, customers, suppliers and fixed assets since the end of 2009. These documents contain information on best practice and an informative presentation of economic performance.

## 3.3. Control at RATP public service company level

### Control of expenses by operational entities in decentralized bank accounts

The bank account allocation procedure is controlled insofar as it is decided by the company's treasury department.

(9) Implementation decree of the Law no. 84-148 of March 1, 1984, on the settlement of a company's liabilities in the event of cash flow difficulties.

During 2009, controls focused on the responsibility of decentralized bank account holders. Each person responsible for such bank accounts co-signs a regulation with the company's treasury and accounting department managers. The objectives of the regulation are to clearly specify how the bank account is to be used for business purposes, to ensure that the names of those who authorize expenditures are kept up-to-date, to describe the validation circuit for business expenses and to set monthly expense limits.

#### Control of personnel costs

The corporate accounting unit performs process controls on personnel costs. Following the implementation of the *HR Access* payroll software on January 1, 2008 and simultaneous the transfer of accounting entries relating to the company's social security activities to the unit in charge, during 2008 the main focus was on dealing with organizational changes. During 2009 essential work was performed to ensure that the accounting entries derived from the new organizational structures were reliable. Indicators have been set up to manage the areas under assessment.

#### Control of sales

During 2009, RATP reorganized the control of its bus, metro, RER and other network sales. The corporate accounting unit was closely involved in the project, and provided reconciliation statements of sales and receipts. The project enforced the quality and reporting period objectives, which contribute to effective accounting controls.

### 3.4. Change in subsidiaries' control during the period

Subsidiaries are subject to specific controls by RATP public service company, which are designed to manage the risks inherent in development. In addition to RATP control, the subsidiary RATP Développement exercises management control over its own subsidiaries and equity investments.

#### Upstream controls

They include:

- control of subsidiaries' corporate strategy through medium-term plans. Control is exercised by a commitments board comprising executives from each subsidiary, and members of RATP's finance department and executive management;
- significant decision-making issues such as those concerning budgets, the preparation of financial statements, bids on major calls for tender, major contracts, capital transactions, equity investments and the founding of subdivisions within subsidiaries, are controlled by the commitments board of the subsidiary concerned. Major decisions and those affecting major subsidiaries may also be controlled by RATP's oversight bodies (State Equity Investment Agency, Economic and Financial Control Board for Transport, Budget department, and Transport and Maritime Board).

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

#### Downstream controls

They include:

- monthly financial reporting on the basis of the accounting information gathered in the *Magnitude* application. The information is presented in the form of an operating report on the subsidiaries, which is sent to RATP's Executive Committee. The *Magnitude* application is used for both monthly reporting and consolidation purposes, which guarantees consistent data;

- audit work: a complete audit of operations is performed on certain subsidiaries every year.

Upstream controls and monthly financial reporting are performed by the unit of the *Finance and Revenue Management* department responsible for *Subsidiaries, Financial Transactions and Tax*, while audits are performed by the Internal Audit department.

#### Other controls

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

- in March with regard to the previous year's results and consolidated financial statements;
- in June with regard to the current year results.

For the subsidiary RATP Développement, the Board of Directors issues an opinion on the budget and medium-term plan, on acquisitions and investments exceeding certain thresholds and on certain bids for tender.

In addition, the Audit Committee has set up a series of indicators to report on the key risks facing subsidiaries.

The consolidated budget for the RATP Group was presented to the Board of Directors at the end of 2009.

# Appendices

## Appendix 1. BOARD OF DIRECTORS AND COMMITTEES

### 1. THE BOARD OF DIRECTORS

In conformity with the government Decree no. 84-276 of April 13, 1984, amended by the Decrees 2004-500 of June 7, 2004, and 2006-1018 of August 11, 2006, the RATP Board of Directors comprises 27 members, which include:

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

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

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

The Secretary of the Board is nominated by the President, and appointed by the Board of Directors. The secretary is responsible for preparing the reports and minutes of all the meetings of the Board and of the standing and ad-hoc committees.

The Board convenes at least six times a year, and may also hold extraordinary meetings to renew the mandate of the Board or President.

### 2. BOARD COMMITTEES

Two standing committees, each comprising an equal number of Directors, are responsible for preparing the Board's work. The first deals with the company's technical and technological modernization and development, particularly in terms of network development and maintenance, improvement of service quality, design and contracts. The second, the economic and strategic committee, deals with RATP's operating budget and investment plans, financial statements, public and service provision agreements and contracts. It also addresses business and social issues such as training, housing policy, developments outside the RATP/STIF agreement, subsidiaries' activities and the Annual Report and Sustainable Development Report. It also enforces implementation of the RATP/STIF agreement and RATP's Business Plan.

A third standing committee, open to all Directors, was set up in 2009 to examine issues relating to services, such as quality of service performance indicators, quality actions and plans for new services.

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

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

### 3. SUBSIDIARIES AND EQUITY INVESTMENTS

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

### 4. ANNUAL REPORT AND SUSTAINABLE DEVELOPMENT REPORT

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

## 5. LIST OF DIRECTORS (TERM OF OFFICE 2009-2014)

NAME	ROLE	OTHER POSITIONS
<b>Government representatives</b>		
Mr Daniel Canepa	Prefect of Île-de-France and Prefect of Paris	no
Emmanuel Duret	Section Head in the first division of the French National Audit Office	yes
Christian De Fenoyl	Honorary Government Chief Engineer	yes
Pierre Graff	Chief Executive Officer of Aéroports de Paris	yes
Alexis Kohler	Deputy Director of Transport and Audiovisual affairs, French Government equity investment agency	yes
Henri Lamotte	Director of public policy at the French Treasury	no
Laurent Machureau	Deputy Director of the Budget administration	yes
Claude Martinand	Vice-Chairman of the council for the environment and sustainable development	no
Pierre Mongin	Chief Executive Officer of RATP	yes
<b>Local authority representatives</b>		
Mr Gilles Carrez	Member of Parliament and Mayor of Le Perreux-sur-Marne	no
Mrs Isabelle Debré	Senator for Hauts-de-Seine and Deputy Mayor of Vanves	no
<b>Business executives</b>		
Mr Alain Bugat	Chairman of NUC, advisor	yes
Mrs Danielle Deruy	Chief Executive Officer, AEF	yes
Mr Denis Samuel-Lajeunesse	Senior Advisor, KCF	yes
<b>Representatives of public transport users</b>		
Mr Stéphane Bernardelli	UNAF (national union of family non-for-profit entities)	no
Yves Boutry	FNAUT (national federation of transport users)	no
<b>Transport business experts</b>		
Mr Claude Leroi	President of the Chamber of commerce and industry of Hauts-de-Seine	yes
Patrice Raulin	Chairman of Société française du tunnel routier de Fréjus ("road tunnel company") and Lyon Turin Ferroviaire ("rail tunnel")	yes
<b>Employee representatives</b>		
Mr Daniel Gaudot	CGT union member	yes
François Gillard	CGT union member	yes
Mrs Nathalie Gondard	SUD union member	no
Mr Pascal Lejault	CFDT/CFTC union member	yes
Claude Marius	UNSA (SAT-GATC-UNSA-BUS) union member	yes
Philippe Richaud	CGT union member	yes
Jean-Louis Ringuedé	UNSA (SAT-GATC-UNSA-BUS) union member	yes
Michel Rizzi	CGT union member	yes
Francis Scotto d'Aniello	CFE-CGC union member	yes

## Appendix 2.

### MATTERS EXAMINED BY THE BOARD IN 2009

#### I. DISCUSSIONS AND MAJOR ISSUES

- President and Chief Executive Officer's policy framework for the 2009-2014 period
- RATP's contribution to the national recovery plan: amended capital expenditure programme for 2009 – authorized borrowing, presentation of additional expenditure
- Progress report on the 22 projects set out in the Business Plan
- President's report on the preparation and organization of the Board of Directors' work and internal control for the year ended December 31, 2008
- Draft annual report and sustainable development report for 2008
- Report on purchasing policy
- Progress report on the national recovery plan
- RATP quality management policy
- Changes to Board governance
- Draft amendments to the rules of procedure of RATP's Board of Directors.

#### II. ECONOMIC AND STRATEGIC ISSUES

- Economic, business and financial issues
  - Implementation of the 2008-2011 RATP-STIF contractual plan (quality aspects and indicators)
  - Presentation of RATP Group's individual and consolidated financial statements as at December 31, 2008
  - Presentation of RATP Group's individual and consolidated financial statements as at June 30, 2009
  - RATP Group consolidated budget for 2010
  - Operating budget for 2010
  - Capital expenditure programme for 2010 – authorized borrowing
  - Corporate training programme for 2009
  - RATP Group management report as at December 31, 2008
  - RATP Group management report as at June 30, 2009
  - RATP housing policy for 2010
  - RATP's acquisition through a finance lease of the property located at 226, boulevard Voltaire – Paris (11th arrondissement) to house the control rooms for metro lines 2, 6 and 9.
- Development issues
  - RATP Développement's Medium-Term Plan (MTP) for 2010-2014
  - RATP Développement – Veolia Transport joint venture in Asia
  - Guarantee by RATP in connection with the Dublin Metro North Line operations
  - RATP Développement's share capital increase
  - Guarantee by RATP in connection with the Veolia Transport joint venture
  - Progress report on RATP/Transdev relations
  - Plans to set up operations in the USA
  - Guarantee by RATP to RATP Trinidad Limited in connection with the contract to design, build, operate and maintain a public rail transport system in Trinidad and Tobago
  - Information on subsidiaries' outlook in 2009
  - Creation of a mobility assistance services subsidiary (IXXI)

#### III. CONTRACTUAL PLAN BETWEEN THE STATE-REGIONS AND OTHER OPERATIONS

- Progress report on the Contractual Plan between the State-Regions

##### Pre-contract agreements

- Pre-contract agreement on the extension of tramway T3 to porte de la Chapelle in the East

##### Agreement in principle

- Redevelopment of the RER Châtelet-les-Halles division

#### IV. MAJOR CONTRACTS

- Complementary healthcare services
- Design and provision of automated rolling stock for RER line A
- Extension of tramway line T1 from Saint-Denis to Asnières-Gennevilliers
- Extension of tramway T3 from Porte d'Ivry to Porte de la Chapelle: J. Ladoumègue maintenance and storage siding – unit SMR 01: excavation, civil engineering and infrastructure work related to covered tramway storage siding
- Renovation of MI79 rolling stock on RER line B
- Rider no. 1 to contract MRB 05-0008 (units 1 and 3) increasing the number of standard 12m urban buses with EURO 5 diesel engines to be provided from 50 to 150
- Design, documentation, provision and installation of compact escalators
- Fire surveillance of the RER network and fire and security surveillance of RATP service buildings
- Contract for cleaning stations and trains on line 14 ("Marché NET")
- Cleaning of RATP's ground-level buildings (7 contracts)

### Appendix 3. BOARD MEETINGS AND WORK IN 2009

MEETINGS	NUMBER	ACTIVITIES	NUMBER
Board of Directors	10		
January 20			
February 6			
March 13			
May 15			
June 26			
July 23			
September 11			
October 23			
December 4			Discussions
December 17		Decisions	54
Technical and technological transport modernization committee <sup>(1)</sup>	6	including : – Contracts > €16 million	10
		– Pre-contractual agreements	1
		– Agreement in principle	1
Economic strategy committee	8		
Innovations and customer service committee	2		
Audit committee	4		
<b>TOTAL</b>	<b>30</b>		

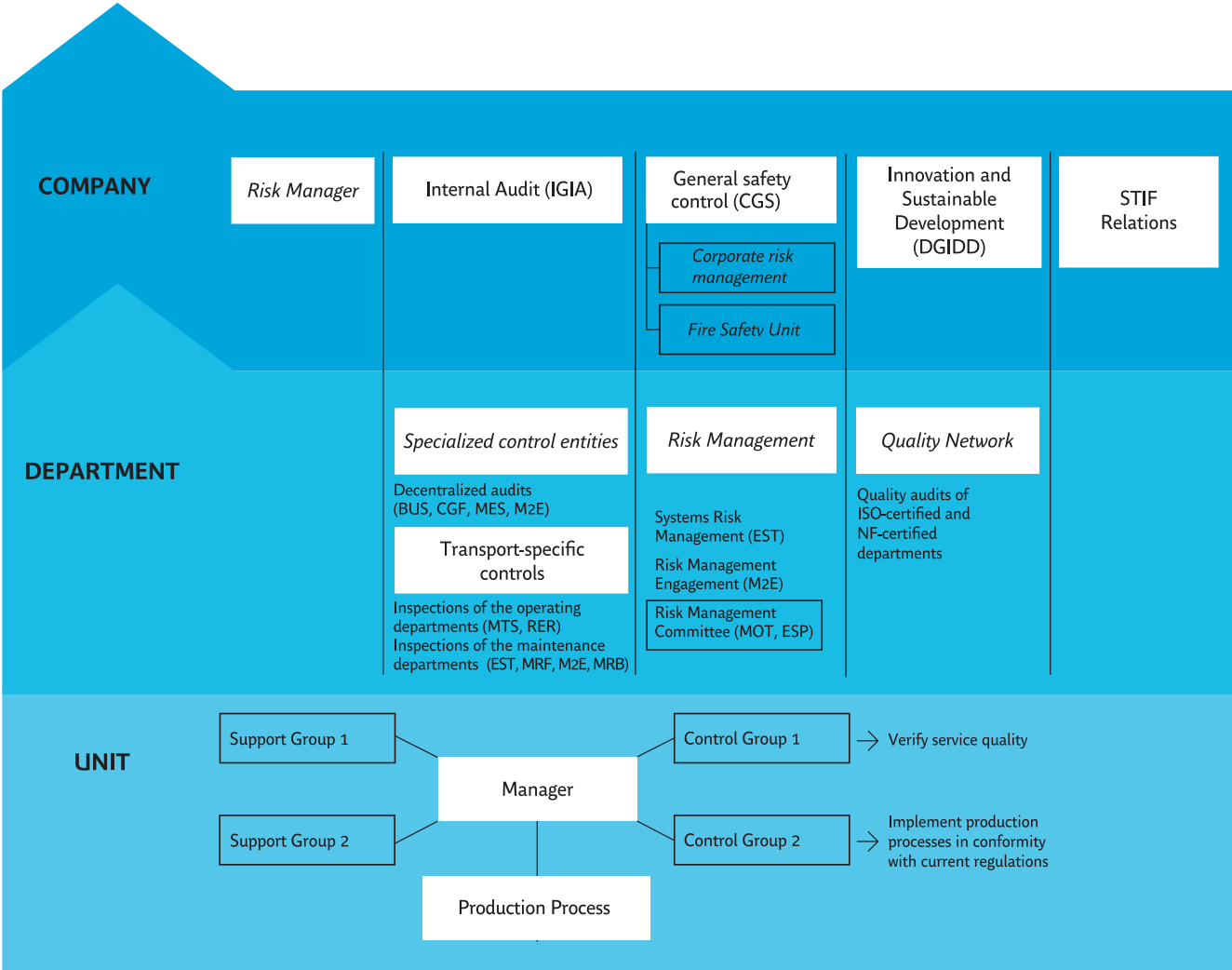
(1) Formerly Technical and technological modernization and development commission.

## Appendix 4.

### COMPANY-WIDE FUNCTIONS RELATING TO INTERNAL CONTROL

FUNCTION	ROLE	SCOPE
Risk Management	<p>The risk manager is responsible for:</p> <ul style="list-style-type: none"> <li>– overall risk management and strategy, through the identification, assessment, control and monitoring of risk;</li> <li>– raising awareness of risk throughout the company by involving employees at all levels in risk management and control;</li> <li>– establishing a risk map to serve as a tool for decision-making and raising awareness;</li> <li>– constant monitoring, particularly of the risks and opportunities specific to the company's activity.</li> </ul>	<p>The role of the risk manager is to:</p> <ul style="list-style-type: none"> <li>– implement, organize and run a global risk management system in the Group;</li> <li>– set up an annual review of risks;</li> <li>– disseminate and develop company risk management in collaboration with the company's departments.</li> </ul>
Internal Audit (IA)	<p>Conducts work and studies on:</p> <ul style="list-style-type: none"> <li>– business strategy and policies;</li> <li>– input for decision-making;</li> <li>– sensitive economic subjects.</li> </ul> <p>Performs assignments on compliance, effectiveness, management and performance.</p>	<p>Audits are conducted on administrative, technical, and financial matters and on all of RATP Group's operating, information and management systems.</p> <p>Work may focus on a department or subsidiary, on policies and processes, or on project implementation and progress.</p>
General Safety Control (CGS)	<p>The role of the <i>Corporate Risk Management</i> unit is to:</p> <ul style="list-style-type: none"> <li>– improve risk management by giving advice on all aspects of risk;</li> <li>– conduct investigations, audits and studies;</li> <li>– manage the security of IT systems with all departments.</li> </ul>	<p>The two main activities of the unit are:</p> <ul style="list-style-type: none"> <li>– information systems security;</li> <li>– audit of systems risk management.</li> </ul>
	<p>The <i>Fire Safety</i> unit advises on all aspects of fire safety and evacuation procedures. It has the following objectives:</p> <ul style="list-style-type: none"> <li>– constantly improve the company's fire safety levels;</li> <li>– coordinate the actions of the fire and emergency services with the company's fire and security services;</li> <li>– monitor operational premises and buildings under construction;</li> <li>– train employees in fire safety;</li> <li>– enforce regulatory compliance with the security procedures and systems in place in railway and metro stations and in buildings under construction or renovation, through the work of the Inspectorate General for Fire Safety.</li> </ul>	<p>The <i>Fire Safety</i> unit is active at all levels of the company, through the Technical Committee for Fire Safety and its network of local contacts.</p> <p>The unit performs smoke and fire tests to measure and analyse air movement in underground areas. The results of the tests are used to improve the security of the underground areas, and to set and upgrade smoke-clearing systems in tunnels and stations.</p> <p>The unit has an <i>Inspectorate General for Fire and Safety</i> that deals with all the public service providers (metro stations and train stations) for RATP's transport service business.</p>
Innovation and Sustainable Development (DGIDD)	<p>The Innovation and Sustainable Development function is in charge of proposing company-wide projects on innovation and sustainability and implementing them, once they have been approved by management by:</p> <ul style="list-style-type: none"> <li>– promoting quality and sustainable development within the company;</li> <li>– conducting or organizing quality audit engagements;</li> <li>– providing methodological and technical assistance;</li> <li>– guiding departments and units through implementation.</li> </ul>	<p>The Innovation and Sustainable Development unit works primarily with:</p> <ul style="list-style-type: none"> <li>– Senior Management and the departments to provide guidance in policy-making and ensure that the approach adopted is consistent with company strategy;</li> <li>– three company-wide networks (quality, environment and sustainable development) comprising representatives from each department to prompt ground initiatives, provide units with methodological assistance, and encourage the exchange of information on best practice.</li> </ul>
STIF Relations (DGS)	<p>The STIF Relations function is responsible for:</p> <ul style="list-style-type: none"> <li>– negotiating and managing implementation of the company's contractual agreement with STIF;</li> <li>– co-ordinating company and institutional relations with STIF at all levels.</li> </ul>	<p>The STIF Relations function operates at all levels within the company:</p> <ul style="list-style-type: none"> <li>– with department managers, general delegates and management controllers;</li> <li>– with the operating networks and functional departments (communications, finance, sales and quality).</li> </ul> <p>The quarterly review of the agreement is conducted under the responsibility of the Chief Executive Officer.</p>

**Appendix 5.**  
**ORGANIZATION OF THE INTERNAL CONTROL SYSTEM**



## Appendix 6.

### DECENTRALIZED MANAGEMENT OF OPERATING RISKS

AREA OF ACTIVITIES (DEPARTMENT)	BUSINESS STRUCTURE AND ROLE	RISKS	MAJOR ACTIONS IN 2009
Metro, transport operations and services (MTS)	The transport inspection department perform downstream controls on the rail network including regulations, by means of: <ul style="list-style-type: none"> <li>– regular inspections on operating units;</li> <li>– progress audits on the implementation of the action plans established by these units;</li> <li>– specific inspections on given themes.</li> </ul>	Railway incidents	– Inspection and monitoring of action plans for four metro lines.
Metro, stations management and services (MES)	As part downstream controls, the station audits involve both company-wide audits and specific audits on one or several lines.	Malfunction of station equipment	– Audit of the processing of passenger complaints and claims. – Audit of the selection, recruitment and training of mobile customer service staff.
		Deterioration of passenger services	
RER (regional trains)	The role of the <i>inspection and audit</i> assignment of the RER is to verify compliance with the regulations in place and to conduct line inspections. Preliminary investigations are conducted in places where railway accidents have occurred.	Railway accidents Malfunction of station equipment Deterioration in the quality of service provided	– Construction sites and night transport on lines A and B.
Surface transport (BUS)	The internal audit engagement conducts investigations into all of the department's activities and follows up on decisions taken after each audit.	Traffic accidents	– Audit of night transport network operations. – Audit based on performance indicators (production/ kilometer) for the bus network.
		Deterioration of passenger services	
Transport technology (EST)	In connection with the audit and inspection assignments, the technical and administrative control unit verifies that policies are applied and standards met (specific standards and maintenance standards).	Railway security	– Inspection of track circuit configuration and maintenance. – Inspection of security lighting in RER tunnels. – Inspection of preventive maintenance measures and track safety controls.
		Malfunction of transport information systems	– Audits of the information systems of strategic facilities (centralized control centers).
Equipment and transport spaces maintenance (M2E)	The internal audit engagement involves: <ul style="list-style-type: none"> <li>– centre inspections in order to test knowledge and implementation of the standards for all equipment;</li> <li>– inspections to verify the working condition of equipment.</li> </ul>	Malfunction of equipment (workplace risk prevention)	– Audit of warehouse inventories (physical condition of stock).
		Non-compliance with security standards	
Maintenance of railway rolling stock (MRF)	The <i>inspection unit</i> monitors accidents on a daily basis, conducts enquiries and inspections and verifies that action plans are followed through.	Malfunction attributed to railway rolling stock (metro, RER and tramway)	– Inspections of maintenance workshops and train repair and maintenance centres.
Maintenance of bus rolling stock (MRB)	The <i>inspection unit</i> systematically analyses operating incidents related to rolling stock, monitors and analyses department indicators, and monitors the implementation of action plans following audits and operations feedback.	Malfunction attributed to bus rolling stock over whole network	– Audits of bus and wheel products. – Audit of passenger information on buses.

AREA OF ACTIVITIES (DEPARTMENT)	BUSINESS STRUCTURE AND ROLE	RISKS	MAJOR ACTIONS IN 2009
Finance and revenue management (CGF)	The assignment includes audits of certain accounting processes in order to ensure their reliability. This involves working in close cooperation with the inspectorate general/internal audit department, ensuring that its audit recommendations regarding accounting processes are monitored, and performing shared audits.	Lack of reliable financial information	<ul style="list-style-type: none"> <li>– Two audits of the operation of decentralized bank sub-accounts.</li> <li>– Two audits performed in conjunction with the IA (financial authorizations, evaluation of internal control of health service cards).</li> </ul>
Purchases and logistics (HAL)	Controls were carried out on purchases in order to secure control over purchasing activities. In 2009, it was decided to develop these controls into company-wide audits on specific topics in conjunction with the Internal Audit function.	Breach of purchasing rules and principles	<ul style="list-style-type: none"> <li>– Audit of the purchasing process in conjunction with the Internal Audit function.</li> </ul>

## Appendix 7. RATP ACCOUNTING POLICIES

### 1. PREPARATION OF THE FINANCIAL STATEMENTS

RATP Group prepares audited annual individual and consolidated financial statements and half-yearly individual and consolidated financial statements.

The prospectuses prepared by RATP when issuing debt are approved by the Statutory Auditors and by the French securities market regulator (AMF).

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

### 2. CONTROL PROCEDURES ON THE PREPARATION OF THE INDIVIDUAL FINANCIAL STATEMENTS

#### 2.1. Accounting policies

RATP ensures that there is a clear separation between the roles of its accountants (employees who generally work for the *finance and revenue management* department), treasurers and the departments authorizing expenditure.

The accountants draw on an array of regulatory, management and accounting texts relating to their function, which are prepared and updated in the quality documentation system of the *company's accounting unit* of the *finance and revenue management* department.

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

#### 2.2. Midstream controls

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

2- The local accounting offices of the *company's accounting unit* are responsible for controlling the entries made in the management system. They may make the adjustments necessary and record the operations not delegated to the units.

3- All the data is reported to the central departments where summaries are prepared and centralized work is performed: booking of *payables* and *receivables*, preparation of tax returns and social security statements, control of accounting quality, preparation of financial statements including the balance sheet, income statement and notes.

#### 2.3. Monthly reporting

A partial closing of accounts is performed every month, at which time the accounting offices ensure that the changes in expenses and income have been correctly recorded, and interim balances are recorded. A central accounting unit performs a cross-company analysis of the results.

#### 2.4. Balance sheet revision, adjustments and justification

1- Revision of decentralized bank accounts: these are managed by the company's units and are audited at least once a year to verify compliance with the governing accounting and administrative procedures.

2- Accounting authorizations: some of the company's businesses allow the delegation of accounting tasks (data entries can be made without involving accountants from the *company's accounting unit*).

Work is underway to formalize these authorizations (scope, responsibilities and review).

3- Balance sheet entries are the responsibility of one or several offices within the accounting unit. They are reviewed on the basis of documentary evidence at least once every six months.

### **3. THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS OF THE RATP GROUP**

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

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

The consolidated financial statements are produced by a section of the *company's accounting unit* for the whole of the Group. The role

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

The section is responsible for recording the impact of International Financial Reporting Standards on the majority of the subsidiaries and the consolidation adjustments (harmonization of the financial statements, elimination of securities and intra-Group transactions). Audits on changes in shareholders' equity are performed on the subsidiaries. The financial statements are then audited to verify their accuracy.

The information derived from the accounting consolidation is used by the *subsidiary, financial engineering and tax* unit of the *finance and revenue management* department. As a result, during the closing of the financial statements, the information from the subsidiaries is simultaneously analysed and cross-checked against information from previous months and from budgets and forecasts.

## Statutory auditors' report on the report of the President of the Board of Directors on internal control and risk management procedures implemented within the Company

As statutory auditors of RATP and in compliance with the assignment entrusted to us, we hereby report to you on the report of the President of your Board of Directors on internal control and risk management procedures for the year ended December 31, 2009.

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

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

We conducted our work in accordance with the professional standards applicable in France.

Information on the internal control and risk management procedures relating to the preparation and processing of financial and accounting information:

Professional standards applicable in France require that we perform our work to assess whether the information presented in the President's report gives a true and fair view of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information. Our work included:

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

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

Paris-la Défense and Neuilly-sur-Seine, March 26, 2010

The statutory auditors

PricewaterhouseCoopers Audit

Paul Onillon  
*Partner*

Ernst & Young and Others

Christine Vitrac  
*Partner*

Jean-Marc Montserrat  
*Partner*

# Consolidated financial statements

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Consolidated statements of income at 31 December, 2009 page **30 /**

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Consolidated statements of cash flows at 31 December, 2009 page **33 /**

Consolidated statements of changes in equity page **34 /**

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# Statutory auditors' report

## on the consolidated financial statements

Year ended December 31, 2009

In compliance with the assignment entrusted to us by the minister for the Economy, Industry and Employment, we hereby report to you, for the year ended December 31, 2009, on:

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

The Board of Directors is responsible for the preparation of the consolidated financial statements. Our role is to express an opinion on the financial statements, based on our audit.

### 1. OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with the auditing standards generally accepted in France, with the exception of the point described in the paragraph below. Those standards require that we plan and perform our work to obtain reasonable assurance that the consolidated financial statements are free of material misstatements. An audit involves verifying, on a test basis or by other sampling methods, the evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit has provided us with sufficient relevant information on which to base our opinion.

As mentioned in note 1 on changes in the regulatory framework governing RATP's business and note 3.5 on "Property, plant and equipment", the French law on rail passenger transport of December 9, 2009:

- specified RATP's role with regard to the management of the metro network infrastructure for the transport of passengers in the Île-de-France area, given the responsibilities of Réseau ferré de France;
- limited the duration of the rights granted to operate the lines created before December 3, 2009.

For both activities, the law has specified that the compensation paid by STIF should ensure an appropriate return on capital employed. Decrees will be issued by the State Council to specify the implementation arrangements.

As the implementation decrees have not yet been issued and the current contractual framework between STIF and RATP has not yet been amended, RATP has not been able to determine the expected future cash flows from its assets to ensure that their value in use is at least equal to the carrying value recorded in the balance sheet.

Subject to this qualification, in our opinion the consolidated financial statements give a true and fair view of the financial position, assets and liabilities and the results of operations of all the entities consolidated, in accordance with the International Financial Reporting Standards adopted by the European Union.

### 2. BASIS OF OUR ASSESSMENTS

Pursuant to the provisions of article L. 823-9 of the French Commercial Code relating to the justification of our assessments, we draw your attention to the following matters:

#### Termination of ten leasehold agreements

Note 1 on "Significant events and transactions in 2009" and note 11 on the "Impact of the termination of the leasehold agreements" report on the early termination in 2009 of ten leasehold agreements entered into with foreign investors. The notes state that the transactions generated €70 million, recognized in financial income, and describe the nature and amount of the financial commitments made by RATP in connection with the transactions.

We examined the transactions and the associated accounting entries, and ensured that notes 1 and 11 provided appropriate disclosure thereon.

#### Employee benefits

Note 23 to the consolidated financial statements on "Provisions for employee benefits" describes the post-employment benefits and other long-term benefits provisioned in the balance sheet, as well as the method used to measure the provisions.

Note 30.2 provides information on the employee benefits that are not provisioned in the consolidated financial statements as the cost of the benefits is deferred.

We reviewed the manner in which these commitments and provisions had been identified, measured and recognized and we ensured that notes 3.16, 23 and 30 to the financial statements provided appropriate disclosure thereon.

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

### 3. SPECIFIC VERIFICATIONS

We have also carried out the specific verifications required by law of the information provided in the Board of Directors' Group management report.

With the exception of the effects that may ensue from the issues mentioned in the first part of the report, we have no other matters to report as to its fair presentation and conformity with the consolidated financial statements.

Neuilly-sur-Seine, March 26, 2010

The statutory auditors

PricewaterhouseCoopers Audit  
Paul Onillon  
Partner

Ernst & Young and others  
Christine Vitrac  
Partner

Jean-Marc Montserrat  
Partner

The financial statements are presented in thousands of euros.

## Consolidated statements of income

at 31 December, 2009

	NOTES	12/31/2009	12/31/2008
Revenue	Note 5	4,432,677	4,317,215
Other income from ordinary activities		53,967	72,366
<b>Income from ordinary activities</b>		<b>4,486,644</b>	<b>4,389,581</b>
Cost of sales		-232,602	-237,775
Other purchases and external charges		-660,634	-619,894
Taxes, duties and similar payments		-237,312	-225,329
Payroll and payroll-related costs	Note 6	-2,464,348	-2,371,572
Depreciation and amortization		-527,352	-513,900
Provisions		-2,005	-47,159
Other operating expenses	Note 7	-20,635	-24,032
<b>Ordinary operating income</b>		<b>341,755</b>	<b>349,920</b>
Non-recurring operating income		10,108	9,536
Non-recurring operating expenses	Note 8	-27,127	-6,519
<b>Operating income</b>		<b>324,736</b>	<b>352,937</b>
Financial income	Note 9	80,425	59,006
Financial expense	Note 9	-220,466	-265,432
<b>Pre-tax income</b>		<b>184,695</b>	<b>146,511</b>
Income from equity-accounted associates	Note 16	8,240	2,444
Income tax	Note 10	-6,179	-5,927
<b>CONSOLIDATED NET INCOME</b>		<b>186,756</b>	<b>143,028</b>
<b>NET INCOME ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		<b>182,810</b>	<b>141,347</b>
Net income attributable to non-controlling interests		3,946	1,681

## STATEMENT OF COMPREHENSIVE INCOME

	12/31/2009	12/31/2008
<b>Net income</b>	<b>186,756</b>	<b>143,028</b>
Actuarial gains and losses, net of income tax	-1,043	-22,742
Net change in fair value of available-for-sale financial assets	-456	
Net change in fair value of cash flow hedges, net of income tax	-3,991	-45,740
Foreign currency translation differences, net of income tax	-1,911	-964
Share of other comprehensive income from equity-accounted associates, net of income tax	2,663	-13,604
<b>Total comprehensive income for the period</b>	<b>182,018</b>	<b>59,978</b>
Attributable to:		
Owners of the company	177,965	58,608
Non-controlling interests	4,053	1,370

## Consolidated balance sheets

at December 31, 2009

<b>ASSETS</b>	<b>NOTES</b>	<b>12/31/2009</b>	<b>12/31/2008</b>
Goodwill	Note 12	61,912	50,978
Intangible assets	Note 13	248,856	241,713
Property, plant and equipment	Note 14	7,883,687	7,444,723
Investments in associates	Note 16	40,059	144,287
Available-for-sale financial assets	Note 18	8,417	13,402
Derivative financial instruments	Note 28	77,020	62,144
Other financial assets	Note 19	500,481	84,599
Deferred tax assets	Note 10	2,076	3,009
<b>NON-CURRENT ASSETS</b>		<b>8,822,508</b>	<b>8,044,855</b>
Inventories	Note 20	160,614	145,397
Trade and other receivables	Note 21	533,191	530,037
Tax receivables		1,965	759
Derivative financial instruments	Note 28	13,263	10,015
Other financial assets	Note 19	6,340	8,309
Cash and cash equivalents	Note 22	581,627	294,451
Non-current assets held for sale	Note 16	144,308	
<b>TOTAL CURRENT ASSETS</b>		<b>1,441,308</b>	<b>988,968</b>
<b>TOTAL ASSETS</b>		<b>10,263,816</b>	<b>9,033,825</b>

<b>EQUITY AND LIABILITIES</b>	<b>NOTES</b>	<b>12/31/2009</b>	<b>12/31/2008</b>
Capital stock		283,367	283,367
Reserve for assets made available to RATP		250,700	250,701
Retained earnings		1,533,126	1,396,476
Net income		182,810	141,347
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		<b>2,250,003</b>	<b>2,071,891</b>
Non-controlling interests		23,572	16,979
<b>TOTAL EQUITY</b>		<b>2,273,575</b>	<b>2,088,870</b>
Provisions for employee benefits	Note 23	490,097	495,387
Other provisions	Note 24	139,849	134,393
Loans and borrowings	Note 25	4,535,813	3,852,250
Derivative financial instruments	Note 28	6,016	35,894
Deferred tax liabilities	Note 10	7,284	7,067
Other trade creditors		26,893	71,209
<b>NON-CURRENT LIABILITIES</b>		<b>5,205,952</b>	<b>4,596,200</b>
Other provisions	Note 24	73,093	72,004
Short-term loans and borrowings	Note 25	1,467,206	1,115,349
Derivative financial instruments	Note 28	15,320	15,448
Trade payables and related accounts	Note 26	1,226,499	1,144,730
Income tax liabilities		2,171	1,224
<b>CURRENT LIABILITIES</b>		<b>2,784,289</b>	<b>2,348,755</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>10,263,816</b>	<b>9,033,825</b>

# Consolidated statements of cash flows

at December 31, 2009

	12/31/2009	12/31/2008
<b>CONSOLIDATED NET INCOME</b>	<b>186,756</b>	<b>143,028</b>
Share of profit of equity-accounted associates	-8,240	-2,444
Depreciation and amortization	533,519	560,684
Fair value gains and losses	-4,544	-82,641
Gains and losses from asset disposals and dilution effects	18,245	-2,283
Dividends received	-4	-78
Discounting effect	-7,071	79,321
Termination of leases	-45,012	
<b>CASH FLOW FROM OPERATIONS AFTER NET FINANCIAL EXPENSE AND TAX</b>	<b>673,648</b>	<b>695,586</b>
Adjustment of tax expense (income)	6,178	5,928
(Increase) decrease in working capital	-28,906	-117,620
Income taxes paid	-5,127	-7,117
<b>NET CASH PROVIDED BY OPERATING ACITVITIES</b>	<b>645,791</b>	<b>576,780</b>
Purchase of long-term investments	-37,705	409
Purchase of property, plant, equipment and intangible assets	-1,225,228	-1,028,690
Purchase of financial assets	-261	
Increase in loans and advances granted	-6,357	
Change in working capital relating to investments	110,230	73,986
Investment grants received	249,670	196,732
Investment grants receivable	-24,678	-19,063
Proceeds from disposals of property, plant equipment and intangible assets	5,495	2,086
Proceeds from financial assets	1,828	9
Dividends received	1,180	
Other net cash from investing activities	284	640
<b>NET CASH USED IN INVESTING ACITVITIES</b>	<b>- 925,543</b>	<b>- 773,891</b>
Proceeds from issuance of borrowings	789,918	936,651
Proceeds from issuance of commercial paper	655,102	329,936
Repayment of borrowings	-493,085	-814,079
Repayment of commercial paper	-329,936	-400,318
Increase in accrued interest	12,988	12,782
Dividends paid to owners of the Company		3,902
Dividends paid to non-controlling interests	-521	-1,269
Other cash flow from financing activities	-45,020	200
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>589,446</b>	<b>67,805</b>
Effect of changes in the exchange rate	347	115
Effect of changes in accounting principles		-41
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>310,042</b>	<b>- 129,233</b>
Cash and cash equivalents, beginning of reporting period	205,566	334,799
Cash and cash equivalents, end of reporting period	515,608	205,566
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>310,042</b>	<b>- 129,233</b>

# Consolidated statements of changes in equity

at December 31, 2009

<i>(in thousands of euros)</i>	SHARE CAPITAL	RESERVE FOR ASSETS ALLOCATED BY THE STATE	TRANSLATION RESERVE	ACTUARIAL GAINS AND LOSSES	FAIR VALUE RESERVE	CASH FLOW HEDGING RESERVE	OTHER RESERVES	NET INCOME	OWNERS OF THE COMPANY	NON-CONTROLLING INTERESTS	TOTAL EQUITY
<b>Balance at January 1, 2008</b>	<b>283,367</b>	<b>250,701</b>	<b>-1,955</b>	<b>29,316</b>	<b>475</b>	<b>19,260</b>	<b>1,321,060</b>	<b>112,143</b>	<b>2,014,366</b>	<b>15,503</b>	<b>2,029,865</b>
Net income appropriation							112,143	-112,143	0	0	0
Net income for the period								141,347	141,347	1,681	143,028
Other comprehensive income			-5,117	-23,860	-228	-53,534			-82,739	-311	-83,050
Total comprehensive income									58,608	1,370	59,978
Share of non-controlling interests in capital increases of subsidiaries									0	921	921
Share of non-controlling interests in subsidiaries dividend payments									0	-1,273	-1,273
Other changes							-1,085		-1,084	458	-626
<b>Balance at December 31, 2008</b>	<b>283,367</b>	<b>250,701</b>	<b>-7,072</b>	<b>5,456</b>	<b>247</b>	<b>-34,274</b>	<b>1,432,118</b>	<b>141,347</b>	<b>2,071,890</b>	<b>16,980</b>	<b>2,088,866</b>

<b>Balance at January 1, 2009</b>	<b>283,367</b>	<b>250,701</b>	<b>-7,072</b>	<b>5,456</b>	<b>247</b>	<b>-34,274</b>	<b>1,432,118</b>	<b>141,347</b>	<b>2,071,890</b>	<b>16,980</b>	<b>2,088,866</b>
Net income appropriation							141,347	-141,347	0	0	0
Net income for the period								182,810	182,810	3,946	186,756
Other comprehensive income			-2,284	-2,845	-1,118	1,402			-4,845	107	-4,738
Total comprehensive income									177,965	4,053	182,018
Share of non-controlling interests in capital increases of subsidiaries									0	5,139	5,139
Share of non-controlling interests in subsidiaries dividend payments									0	-506	-506
Other changes							149		149	-3,776	-3,627
<b>Balance at December 31, 2009</b>	<b>283,367</b>	<b>250,701</b>	<b>-9,356</b>	<b>2,611</b>	<b>-871</b>	<b>-32,872</b>	<b>1,573,614</b>	<b>182,810</b>	<b>2,250,003</b>	<b>23,572</b>	<b>2,273,575</b>

# Notes to the consolidated financial statements

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

RATP Group (“the Group”) is one of the major public transport providers in France, operating in towns and suburbs and particularly in the Île-de-France area.

The parent company, *Régie autonome des transports parisiens* (RATP), is a public service company created pursuant to the French Law of March 21, 1948 and registered with the Paris Trade and Companies Register (RCS). Its head office is located at 54, quai de la Rapée – 75012 Paris – France.

The main purpose of RATP is to operate public transport services in the Île-de-France area. RATP has been mandated by the Île-de-France transport authority (*Syndicat des transports d’Île-de-France – STIF*) to manage the Paris metro system and other urban transport systems in Paris and its suburbs, including the bus service, tramway lines and part of the regional express service (RER) on lines A and B.

Since the French Law no. 2000-1208 on solidarity and urban renewal (SRU), RATP has been authorized to operate public transport networks via its subsidiaries throughout France and abroad.

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

The Group’s consolidated financial statements at December 31, 2009 were approved by the Board of Directors on March 26, 2010.

## 1. SIGNIFICANT EVENTS AND TRANSACTIONS IN 2009

### Regulatory developments

The European regulation on public passenger transport services by rail and road was adopted on October 23, 2007 and entered into force on December 3, 2009. The regulation defines the role of the oversight authorities for public passenger transport and lays down the conditions governing the contracting of public services to operators and the granting of compensation to public service operators for the cost of their public service obligations. It also limits the duration of the rights granted to public transport operators.

Until the effective date of the European Regulation, RATP had perpetual rights to operate certain lines pursuant to the Government Decree of 1949 and the Order of 1959.

In France, article 5 of the Law no. 2009-1503 of December 8, 2009 on public passenger transport services by rail (hereinafter referred to as the ORTF law) has amended the Order of 1959 and introduced changes to regulations on Île-de-France area passenger transport.

The ORTF law has:

- changed the regime governing the ownership of the assets allocated to or created by RATP as of January 1, 2010;
- specified RATP’s role with regard to the management of the metro and RER network infrastructure (given the responsibilities of Réseau Ferré de France) that it operates as of January 1, 2010;
- specified that the lines created before December 3, 2009 shall continue to be operated under the terms of the current agreements in accordance with the regulations applicable as at that date and until December 31, 2024 for bus services, until December 31, 2029

for tramway services and until December 31, 2039 for other transport services (metro and RER). These operating periods apply to all operators in the Île-de-France area unless otherwise specified in a prior agreement between STIF and RATP. The operating rights granted to RATP are now limited in duration;

- set forth the framework governing the remuneration of RATP for managing the infrastructure and operating the services, ensuring an appropriate return on capital employed.

Pending the implementation decrees provided for in the ORTF law and the ensuing changes to RATP’s contractual framework, particularly with regard to the terms of remuneration of RATP for infrastructure management and line operations, and the terms and conditions governing the return of assets to STIF upon the expiry of the operating rights, the financial statements as at December 31, 2009 have not taken into account the clauses of the ORTF transport law that introduce limits on the duration of rights granted to RATP to operate urban transport services.

Consequently, RATP has used the same depreciation and valuation methods for its fixed assets as those previously applied and has not been able to determine the future cash flows from these assets.

The accounting and financial effects of these new legal provisions are currently being assessed.

### Early termination of leasehold contracts

In 2009, ten leasehold contracts were terminated prior to their term. The transactions generated additional income of €70 million comprising the remaining net present value of the contracts (€45 million), and gains net of transaction costs of €25 million, which were generated and received upon leasehold termination.

The banks and insurers have retained part of the deposits associated with the early leasehold termination. Consequently, the cost of exercising the early buyout option with regard to the American investors had to be funded by borrowings. To facilitate negotiations on the loans, RATP made cash collateral arrangements with the lending banks by issuing commercial paper. The financing arrangements have had no effect on net debt (*see note 11*).

### RATP Group development

#### Joint venture with Veolia in Asia

Veolia Transport and RATP Développement have set up a joint venture “VT RATP”, each with a 50% stake, to develop their business in China, South Korea and India.

## Acquisition of two companies in the United States

RATP Développement acquired controlling interests in two road passenger transport companies, Mac Donald Transit Associates and Fullington Bus Company, in September and November 2009.

## Development in Italy

In connection with a market offering by the Italian associates, RATP Développement acquired a 49% stake in ATCM, which provides bus services in 47 municipalities in the Modena province, with 402 buses and trolleybuses.

## Investment in Transdev

In connection with the joint venture between Transdev and Veolia Transport, RATP will sell its 25.6% stake in Transdev, in exchange for French and international assets currently owned by Transdev and Veolia Transport. The transaction requires the prior approval of the competition authorities.

The inclusion of the newly-consolidated entities and other changes in consolidation scope did not have a material effect on the financial statements as at December 31, 2009.

## New bond issues

RATP issued the equivalent of €698 million in 2009 comprising:

- CHF150 million in July (€98 million maturing in June 2019) bearing interest at 2.929%;
- €600 million in September (maturing in June 2021) bearing interest at 4%.

## 2. ACCOUNTING STANDARDS

### 2.1. Accounting policies

Pursuant to the European regulation no. 1606/2002 of July 19, 2002, the consolidated financial statements of the Group at and for the year ended December 31, 2009 have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Union.

Information on these standards is available on the European Union's website at [http://ec.europa.eu/internal\\_market/accounting/ias\\_fr.htm#adopted-commission](http://ec.europa.eu/internal_market/accounting/ias_fr.htm#adopted-commission).

### 2.2. Accounting Standards

#### 2.2.1. Standards, amendments and interpretations applicable for the first time in 2009

The accounting standards applied are the same as those used to prepare the consolidated financial statements for the year ended December 31, 2008, with the exception of the new standards, amendments and interpretations adopted by the European Union and applicable for the first time in financial year 2009. These comprise:

- the revised version of IAS 23 on "Borrowing Costs", which removes the option of expensing borrowing costs and obliges companies to capitalize borrowing costs that are directly attributable to the acquisition, construction or production of an eligible asset. The application of this standard to borrowing costs associated with eligible assets as of January 1, 2009 did not have a material effect;
- IFRS 8 on "Operating Segments", under which segment reporting is aligned with data used by management. The RATP Group operates

in three segments: Transport, Real Property & Marketing and Engineering. The latter two segments are not material given the reporting thresholds set out in the standard. The transport segment is not and may not be broken down by type of transport (for instance, metro, RER, bus and tramway) due to the current contractual agreement between STIF and RATP. As the agreement does not set performance measurement criteria (revenue, margin) by type of transport, operational management do not have the internal reporting data required to monitor business activity by type of transport. The application of IFRS 8 has not changed segment presentation;

- the revised version of IAS 1 on "Presentation of Financial Statements" prohibits the inclusion of items of income and expense in the statement of changes in equity. It requires such items to be presented separately from transactions with owners in a statement of comprehensive income. Companies have the option of presenting the information either in a single statement of comprehensive income with subtotals, or in two separate statements (an income statement followed by a statement of comprehensive income). The RATP Group has chosen to present two statements;
- amendments to IFRS 7 on "Financial Instruments: Disclosures", which enhances information on fair value measurement and liquidity risk. The amendment introduces a three-level fair value hierarchy of disclosure requirements depending on whether the measurement is based on quoted prices in active markets (level one), directly observable market inputs other than level one inputs (level two) or inputs not based on observable market data (level three). A more detailed maturity analysis is also required with additional disclosures for derivatives alongside other financial instruments;
- amendment to IFRS 1 and IAS 27 on "Cost of Investment in a Subsidiary, Jointly-Controlled Entity or Associate".

The application of these new provisions has not had a material effect on the reported net equity or net income of the reporting period.

However, the revised version of IAS 1 and the amendment to IFRS 7 have introduced changes in the presentation of the consolidated financial statements with:

- the disclosure of a new statement of comprehensive income, and gains and losses recognized directly in equity (IAS 1);
- enhanced disclosures in the notes to the financial statements of instruments measured to fair value.

In addition, the following standards that became effective in 2009 do not apply to RATP:

- IFRIC 11 on "Group and Treasury Share Transactions" in connection with IFRS 2 on share-based payment arrangements and intra-Group transactions;
- IFRIC 13 on "Customer Loyalty Programmes". This interpretation recommends deferring part of the revenue received on the sale of goods or services, by estimating the value of customer loyalty awards and allocating the corresponding amount to a liability account;
- IFRIC 14 on "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction";
- amendments to IFRS 9 and IAS 39 on "Reassessment of Embedded Derivatives". These amendments concern the reassessment of embedded derivatives when they are reclassified;
- amendments to IAS 39 on "Financial Instruments: Recognition and Measurement". Reclassification of financial assets;
- amendment to IFRS 2 on "Conditions relating to the Acquisition of Rights and Cancellations". This amendment concerns share-based payments and the conditions relating to the acquisition of rights and cancellations of transactions;
- amendment to IAS 32 and IAS 1 on "Puttable Instruments and Obligations arising on Liquidation".

## 2.2.2. Standards, amendments and interpretations that were not mandatory in 2009

The Group decided against the early application of the standards, amendments and interpretations that were not mandatory in 2009:

- revised version of IFRS 3 on “Business Combinations” and IAS 27 on “Consolidated and Separate Financial Statements” (effective for acquisitions of controlling interests on or after January 1, 2010). These standards provide clarification and institute changes regarding the accounting treatment of the acquisition of controlling interests in subsidiaries. They recommend the implementation of the single full goodwill method, which is one of two methods possible under the current IFRS 3. As the standard is applied prospectively, no impact is expected on the consolidated financial statements until the effective date;
- IFRIC 12 on “Service Concession Arrangements”. This text specifies how the financial assets and intangible components of service concession arrangements are accounted for under IFRS. This interpretation is applicable as of January 1, 2010 for RATP. Its impact is currently being assessed;
- amendment to IAS 39 on “Eligible Hedged Items”. This amendment is mandatory as of 2010;
- amendment to IAS 32 on “Classification of Rights Issues”;
- revised version of IFRS 1 on “Restructured IFRS 1”;
- IFRIC 15 on “Agreements for the Construction of Real Estate”. This interpretation concerns the construction of real estate under IAS 11 on construction contracts and IAS 18 on revenue recognition. This interpretation will be effective as of January 1, 2010;
- IFRIC 16 on “Hedges of a Net Investment in a Foreign Operation”. This interpretation specifies that hedges of a net investment for foreign exchange differences in the functional currency (not in the presentation currency) and hedging instruments may be held by any Group entity;
- IFRIC 17 on “Distributions of Non-cash Assets to Owners”;
- IFRIC 18 on “Transfers of Assets from Customers”.

The assessment of the potential effect of these standards on the Group’s consolidated financial statements is under way. With the exception of IFRIC 12, which will be assessed in connection with developments in RATP’s regulatory and contractual framework (see *note 1*), at this stage, the Group does not expect any material effect on the consolidated financial statements.

## 2.3. Use of estimates and assumptions

The preparation of consolidated financial statements in compliance with IFRS requires Group management to make estimates and assumptions, as many of the items included in the financial statements cannot be measured accurately. Management revises the estimates if there is a change in the circumstances upon which they were based, or when new facts arise or it obtains a more extensive understanding of the situation. Consequently, the estimates made as at December 31, 2009 may change significantly.

The estimates and assumptions notably concern:

- asset impairment, particularly of property, plant and equipment (note 3.5), inventories (note 3.10) and goodwill (note 3.3);
- provisions for contingencies, primarily those for decommissioning (note 26), and items relating to employee benefits (note 23);
- the measurement to fair value of financial instruments (note 25.4);
- the evaluation of counterparty risk on deposits in relation to leasehold agreements (note 15);
- recognition of deferred tax assets (note 10).

The main accounting methods used to prepare the consolidated financial statements are described below. Unless otherwise indicated,

these methods were consistently applied to the reporting periods presented.

The consolidated financial statements have been prepared in accordance with the going concern principle and with the principle on the separation of accounting periods. They have also been prepared on the historical cost basis, with the exception of available-for-sale assets which are measured at fair value and financial assets and liabilities measured at fair value through profit and loss (including derivative instruments).

## 3. ACCOUNTING POLICIES

### 3.1. Consolidation

#### 3.1.1. Consolidation scope and methods

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

Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activity. Control is presumed to exist if the company holds, either directly or indirectly via its subsidiaries, more than 50% of voting rights. The financial statements of subsidiaries are fully consolidated and those of minority interests are accounted for based on their ownership interest.

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

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

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

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

#### Low-cost housing company HLM Logis Transports

Assessing the extent of control over low-cost housing (HLM) companies is extremely complicated due to the nature of these companies and the regulatory constraints imposed upon them. Consequently, a more pragmatic than theoretical analysis is used to determine control, and the specific way in which the companies operate is also taken into account.

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

- low-cost housing regulations impose financial constraints, such as restrictions on distributable profit and liquidating dividend rights, which limit the power to manage the financial policy of the subsidiary and to gain the associated economic benefits;
- the debt of low-cost housing companies, transaction by transaction, is almost always guaranteed by the local government authorities. Consequently, RATP does not bear the risk of not being repaid the loans made to HLM Logis Transports;
- although RATP exercises influence over certain aspects of HLM Logis Transports’ management, its influence cannot be qualified as control.

For instance, the allocation of housing to RATP employees is carried out by an allocation board in the same way as for external applicants. Therefore, HLM Logis Transports does not meet the consolidation criteria set out in IAS 27. The company's shares are recorded in the balance sheet at their acquisition cost and are classified as available-for-sale financial assets.

The main financial information concerning HLM Logis Transports is presented in note 18.

### 3.1.2. Business combinations

Acquisitions of subsidiaries are recorded using the purchase method. The acquisition cost comprises the fair value of the assets acquired and the liabilities assumed, including directly-attributable transaction costs. Goodwill represents the difference between the cost of the acquisition and the Group's interest in the fair value of the assets acquired and liabilities and contingent liabilities assumed (note 12). Moreover, if the fair value of the Group's share in the assets and liabilities acquired exceeds the acquisition cost, this surplus is immediately recognised in the income statement.

Non-controlling interests are presented in a separate line on the balance sheet under shareholders' equity. Their share of consolidated net income is presented separately in the income statement.

All inter-company transactions, including profits, losses and dividends, are eliminated upon consolidation.

### 3.1.3. Commitments to purchase non-controlling interests

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

As there are no guidelines on the issue in the IFRS, the Group has adopted the following accounting treatment:

- at inception of the puts, the present value of the exercise price is recognized as a financial liability offset as a reduction of non-controlling interests with the remaining balance recognized in equity;
- at each year end, the financial liability is re-measured and changes in the liability are recognized in equity.

Puts with variable exercise prices are measured on the basis of their estimated fair value at year end or using the contract terms relating to the exercise price based on the most recent data available.

## 3.2. Foreign currency translation

### 3.2.1. Functional currency and reporting currency

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

### 3.2.2. Financial statements of foreign operations

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

- balance sheet entries, using the exchange rate effective at year end;
- income statement entries, using the average exchange rate over the period.

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

### 3.2.3. Conversion of foreign currency transactions

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

At each reporting date:

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

## 3.3. Goodwill

Goodwill is initially measured as the difference between the cost of the business acquired and the Group's proportionate interest in the fair value of the identified assets, liabilities and contingent liabilities of the entity acquired at the acquisition date. It may be modified subsequent to adjustments in the fair value of the assets acquired and liabilities assumed within twelve months from the acquisition date.

Subsequently, goodwill is stated at cost less any impairment losses. Goodwill is not amortized but is tested for impairment at least once a year and when there is an indication of impairment.

In the event of the sale of an investment, the gains or losses recognized take into account the net book value of the goodwill of the divested business.

## 3.4. Intangible assets

### 3.4.1. Research and development expenses

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

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

### 3.4.2. Other intangibles

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

Software is amortized on a straight-line basis over three to ten years.

## 3.5. Property, plant and equipment

### 3.5.1. Until December 31, 2009

The Group's property, plant and equipment comprises the assets allocated for use by RATP that are owned by the public authorities and the Île-de-France public transport authority (STIF), the Group's fully-owned assets and assets held under finance leases.

The breakdown of real estate assets based on ownership is as follows:

- State: primarily the RER network lines;
- STIF: primarily Paris metro lines built before 1968, as well as a number of buildings used as business premises by RATP;
- RATP: all other assets.

## Ownership arrangements concerning the assets allocated to RATP by the State and STIF

RATP was formed by the Act of March 21, 1948, which transferred the rights of use of the assets and property concessions granted by the Paris municipality and the Seine department local authority to the Paris Metropolitan Railway Company and Paris Regional Public Transport Company to RATP (note 3.15 Reserve for assets).

The Decrees of 1969 and 2006 set out the list of assets owned by STIF. Infrastructure and other assets developed by RATP are owned by RATP (except those assets acquired in consideration for the transfer of assets initially allocated by the public authorities and STIF).

In addition, under the Decree of June 4, 1975, the real estate assets owned by the public authorities that constitute public interest railway infrastructure required to operate the regional network are allocated to RATP's operations.

In accordance with the above-mentioned Decrees of 1969 and 2006, the Decree of June 4, 1975 and the contractual agreement between STIF and RATP, the latter has the obligation to maintain and renew the assets allocated.

The assets made available by the French State and STIF, without transfer of ownership, are presented in RATP'S balance sheet under the appropriate fixed asset accounts in order to provide a true economic view of the assets under the Group's management. However, RATP does not have full rights to the assets as they are part of the public transport domain.

### 3.5.2. As of January 1, 2010

Subsequent to the European regulation of October 23, 2007 on public passenger transport services (effective December 3, 2009), the French ORTF law on public rail transport was adopted (note 1 Significant events and transactions) amending the ownership regime governing the assets originally allocated to RATP by the State or created by RATP in relation to four separate asset categories. The amendments are effective as of January 1, 2010.

The law provides for the transfer of legal ownership to RATP of the infrastructure assets managed by RATP, which are owned by STIF or the State. The transfer shall be made without consideration as of January 1, 2010.

All the assets required to operate the passenger transport service, such as rolling stock and the related maintenance equipment, are transferred without consideration to STIF as of January 1, 2010. STIF will take possession of these assets when the operating contracts expire. A State Council decree will set forth the terms, including the financial aspects, of the transfer to STIF when the contracts expire to ensure that there is no loss to RATP.

Ownership of the other assets allocated to operations, other than those mentioned in the previous paragraphs, is transferred to RATP as of January 1, 2010. Upon expiry of the service contracts, STIF has the right to recover these assets. A State Council decree will determine the financial terms of the asset transfer as of January 1, 2010, the period of time during which STIF may exercise its right to recover the assets and the financial terms of the return transfer to STIF.

Ownership of the real property and other assets owned by STIF or the State, which are not allocated to operations but are used by RATP for administrative, social or training purposes are transferred to RATP as of January 1, 2010. STIF will receive consideration for the assets transferred to RATP. A State Council decree will set forth the financial terms of the asset transfer.

The accounting and financial effects of the new legal provisions, which introduce limits on the duration of operating rights granted for transport services, are currently being assessed.

### 3.5.3. Accounting treatment

Property, plant and equipment allocated to or fully owned by RATP is recorded in the consolidated balance sheet at acquisition or production cost, or at the asset's fair value at the consolidation date.

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

Certain assets are funded by investment grants (notes 3.9 and 14).

For assets subject to decommissioning obligations, the estimated cost of the obligation is included in the acquisition cost of the asset, and it is provisioned (notes 3.15 and 24).

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

CATEGORIES	DURATION
Main railway infrastructure assets	70 to 140 years
Railway infrastructure asset components	15 to 60 years
Building shell and brickwork	70 to 100 years
Building fixtures and fittings	6.66 to 30 years
Tracks	12.5 to 50 years
Automated train operating system (SAET) and track signaling	5 to 35 years
Rolling stock (rail)	15 to 40 years
Rolling stock (buses)	4 to 10 years
Plant equipment, fixtures and fittings	5 to 50 years
Other property, plant and equipment	3 to 15 years

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

## 3.6. Asset impairment

### 3.6.1. Impairment of Cash-Generating Units (CGU)

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

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

As all of RATP's business activities are interdependent, they are combined in a single CGU.

The other Cash-Generating Units are defined on the basis their activity and operating location: Paris area, Italy, USA.

In compliance with IAS 36, impairment testing is performed:

- annually on all CGUs containing goodwill or other intangible assets with indefinite useful lives;
- when there is an indication that all the assets may be impaired.

If there is an indication that an asset may be impaired, the net book value of the asset is compared to its recoverable value. The recoverable value of an asset or Cash-Generating Unit is the higher of an asset's fair value less costs to sell and its value in use.

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

The asset impairment test carried out on the RATP CGU on January 1, 2006, upon transition to IFRS, was based on forecast net cash flows after capital expenditures for 2006-2011 (presumed termination year of the STIF contract) and on a presumed residual value equal to net book value. The test also assumed a theoretical selling price at the end of the contract (which for the requirements of the test and conservatively was assumed to be at least equal to the net book value). The test did not reveal any impairment.

As mentioned above (note 1 Significant events in 2009), the ORTF law on public passenger transport has limited the duration of operating rights granted to RATP, set forth ownership regimes, and specified what happens to assets upon contract expiry. It has also set out the remuneration arrangements for infrastructure management and line operations in order to ensure that the costs are covered and there is a return on capital employed. The assumptions used in the impairment tests will therefore be changed.

Pending the decrees and agreements provided for in the French law on public passenger transport and the amendment of RATP's contractual framework, no impairment tests were performed as at December 31, 2009.

### 3.6.2. Impairment of other assets

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

## 3.7. Financial assets

In accordance with IAS 39, the Group's financial assets are classified in one of the following three categories: available-for-sale financial assets, loans and receivables (other financial assets), and financial assets at fair value through profit or loss (derivative financial instruments). When initially recorded financial assets are measured at their acquisition cost, which includes any transaction costs. The purchase and sale of financial assets is recognized at the transaction date.

### 3.7.1. Available-for-sale financial assets

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

AFS assets are stated at fair value. Changes in the fair value of the assets are recognized in equity until the investment is sold or disposed of in any other way. However, if it can be shown that the AFS asset is impaired, the accumulated impairment loss is recognized in the income statement and cannot be reversed.

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

### 3.7.2. Loans and receivables (other financial assets)

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

All of these financial assets are initially measured at fair value, then at their amortized cost, which is measured using the effective interest rate method.

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

### 3.7.3. Derivative financial instruments

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

#### 3.7.3.1. Presentation of derivative financial instruments

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

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

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

#### 3.7.3.2. Hedging instruments

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

##### • Fair value hedges

A fair value hedge is a hedge of the exposure to a change in the fair value of a recognized asset or liability, or of an unrecognized firm commitment.

The hedged item and the hedging instrument are re-measured at the same time, and changes in their fair values are recorded immediately in profit or loss. The net effect of the ineffective portion of the hedge is recognized immediately in the income statement.

##### • Cash flow hedges

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

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

Effectiveness tests are performed when the hedges are set up, and then subsequently at each reporting date. If the tests show that the ineffective portion is too large, hedge accounting will no longer apply and the derivative will no longer be classified as a hedging instrument.

### 3.7.3.3. Derivatives not classified as hedges

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

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

Quantitative data on the use of these derivative financial instruments are provided in note 28.

## 3.8. Leases

### 3.8.1. Operating leases

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

### 3.8.2. Finance leases

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

- repayment of principal;
- interest, based on the rate specified in the contract or the discount rate used to measure the outstanding liability.

Depreciation and amortization is recorded in the same manner as for the associated fully-owned assets, with interest replacing the lease payments recorded in the company's annual financial statements.

The Group only uses finance leases for buildings.

Lease payments are indexed to the French cost of construction index.

Details of the assets recorded under property plant and equipment for finance leases are provided in note 14, and the associated liability is outlined in note 25.

## 3.9. Investment grants

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

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

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

## 3.10. Inventories

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

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

## 3.11. Trade receivables

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

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

## 3.12. Cash and cash equivalents

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

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

Cash equivalents comprise risk-free investments with maturities of three months or less, which can almost immediately be converted into cash and with negligible risk of change in value.

They include:

- negotiable receivables, carried at their nominal value, which is deemed to reflect fair value;
- shares in monetary UCIT funds in euros, which are measured at their liquidating value at the reporting date.

Changes in the fair value of these cash equivalents are recorded in the income statement.

## 3.13. Equity

RATP was formed by the Act of March 21, 1948. However no capital was transferred to it at that time. In 1986, the public authorities allocated RATP capital, partially in exchange for the early repayment of the loans previously granted to it by the Economic and Social Development Fund.

## 3.14. Special reserves

### Reserve for assets allocated to RATP

This account reflects the residual value of the assets allocated to RATP as of January 1, 1949 (date at which the company was created), and assets subsequently allocated to RATP (line B and the Saint-Germain-en-Laye stretch of line A).

### Gains/losses on disposal of property

In accordance with the legal provisions governing RATP's operations, gains and losses arising from the sale of property are recorded directly in reserve accounts, with a clear distinction drawn between the assets allocated by the State to RATP and those internally developed by RATP. In accordance with the provisions agreed with the supervisory authorities, the reserve accounts are used to fund capital expenditures (reinvestment, use of reserves).

### Cash flow hedge reserve

This reserve account records the accumulated changes in the fair value of the effective portion of the derivative instruments used as cash flow hedges (unrecognized transactions).

### Actuarial gains and losses on post-employment benefits

In accordance with the revised version of IAS 19, actuarial gains and losses on the post-employment benefits granted to the Group's employees are charged or credited directly to other comprehensive income.

## 3.15. Provisions

A provision is recognized at the reporting date if the Group has a legal or constructive obligation towards a third party as a result of a past event, it is probable that an outflow of economic benefits will be

required to settle the obligation, and the obligation can be reliably estimated.

The provision recognized corresponds to the estimated amount of resources the Group requires to settle the obligation.

Provisions are discounted if the effect of discounting is material.

Decommissioning costs mainly concern railway rolling stock. A provision is recorded to offset the amount recorded under fixed assets, and the asset components are amortized over the useful life of the trains. Any increase in the liability provisioned in terms of cost or term to maturity (decommissioning component) is capitalized in the value of the associated equipment. As the effect of discounting is not material, the provisions are not discounted.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or a present obligation for which it is not probable that an outflow of resources will be required. Contingent liabilities are not recognized in the financial statements unless they relate to business combinations. However, disclosure is required in the notes to the financial statements.

### 3.16. Employee benefits

#### 3.16.1. Defined contribution plans

RATP pays employer contributions into the RATP employees' pension fund. Pursuant to the Decree of December 2005, these contributions are the only requirement incumbent on RATP in terms of retirement obligations. RATP has no other actuarial liabilities. The payments made by RATP are expensed in the period they relate to. In 2009, the expenses amounted to €254,633 thousand.

#### 3.16.2. Defined benefit plans for post-employment benefits

The net liability recorded in the balance sheet for post-employment benefit obligations corresponds to the present value of the defined benefit obligation at the reporting date, less adjustments for the unrecognized cost of past services. The present value of the obligation, as well as the cost of past services, is calculated using the projected unit credit method. According to this method, the rights to benefits are attached to periods of service based on the vesting plan formula. Rights are calculated on a straight-line basis if the rate of vesting is not stable during the later years of service. There are no plan assets.

The amount of future payments for employee benefits is assessed using assumptions such as salary increase rate, retirement age, number of years' service to date and mortality tables. They are discounted to their present value using the Bloomberg 10-15 year Eurobond composite rate for companies with an AA rating.

Actuarial gains and losses are recorded in other comprehensive income.

Past service cost is expensed on a straight-line basis over the average remaining vesting period if unvested, or immediately to the extent that the benefits are already vested.

The retirement obligation for the period is fully expensed to operating income and recorded under payroll and payroll-related costs (note 6).

#### 3.16.3. Other long-term benefits

Any actuarial gains and losses and past service costs relating to other long-term benefits are immediately expensed in full.

### 3.17. Financial liabilities

Apart from derivative instruments, which are measured at fair value, other financial liabilities are measured at fair value when initially recorded in the balance sheet, then subsequently at amortized cost using the effective interest rate method.

#### Loans and borrowings

Loans and borrowings mainly include bond issues, loans from the Île-de-France region, loans from financial institutions and short-term bank loans.

They are initially recognized at their fair value, corresponding to the amount received less borrowing costs, then subsequently at amortized cost using the effective interest rate method.

For fair value hedges on loans and borrowings, the hedged part of loans and borrowings is recorded in the balance sheet at fair value, based on market value. Changes in fair value are recorded in the income statement and are offset by symmetrical changes in the fair value of the hedging instruments.

### 3.18. Deferred tax

The Group records deferred taxes for all temporary differences between the carrying amount and taxable value of its assets and liabilities recognized in the consolidated financial statements, using the liability method. Deferred taxes are not recognized if the difference is generated by the initial recognition of an asset or liability in a transaction which is not a business combination, and which does not impact earnings, tax income or tax loss at the transaction date.

Deferred taxes only concern the subsidiaries, as RATP EPIC is not subject to income tax. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the reporting period when the asset is realized or the liability settled, based on the tax rates (and tax regulations) enacted or substantially enacted at the date of the financial statements.

Deferred tax assets are recognized insofar as it is probable that the temporary difference will reverse in the foreseeable future.

Deferred taxes are recognized for all temporary differences arising from investments in subsidiaries, affiliates and jointly-controlled entities, unless the date at which the temporary difference will reverse can be controlled and the reversal is not expected to occur in the foreseeable future.

The effect of taxes on other comprehensive income is not material.

For French companies, the statutory tax rate at the date of the financial statements was 34.43%.

The French Finance Act of 2010 introduced a regional levy (*contribution économique territoriale*) to replace business tax. Although calculated differently from business tax, RATP accounts for the local levy on the same basis. Thus, it will be recognized in ordinary operating income.

### 3.19. Revenue recognition

Revenue is recognized when the associated risks and benefits are transferred to the buyer, which usually coincides with the transfer of ownership or the provision of a service. Revenue is recognized net of rebates, discounts and income tax, and after the elimination of inter-company sales.

RATP's revenue comprises:

- 1) Transport revenue, made up of three components:
  - direct traffic revenue from transport users;
  - STIF contributions;
  - C1, a contribution to operations and public service obligations. This contribution comprises three parts: a flat-rate contribution to operating expenses that are not covered by revenue from transport users; a contribution covering the exact amount of business, professional and property-related taxes and duties levied; and a contribution covering the difference between the budgeted direct revenue used to calculate the flat-rate contribution and the updated budgeted direct revenue based on STIF's pricing decisions:
    - C2, a contribution to finance investments;
    - a reward or penalty for quality of service;
    - a performance-based bonus scheme with risks and gains shared between RATP and STIF based on the actual direct revenue generated compared with the contractual revenue target.

These contributions are reviewed annually based on certain indexes.

Revenue is recognized when users actually use the transport services.

The public tariffs are set by the Île-de-France regional public transport authority (STIF). For RATP, they constitute a public service obligation.

2) Income from transport-related activities:

- revenue from advertising and commercial leases;
- various repayments.

3) Non-transport revenue

Non-transport revenue consists primarily of revenue from services and work rendered to third parties, sales of goods, mobile telephony and telecommunications. Revenue from engineering and construction contracts and the associated costs are recorded under income and expense respectively, according to percentage completion at the reporting date. Percentage of completion is measured on the basis of the costs incurred for the work performed to date, based on estimated total contract costs.

Profit generated on contracts that are accounted for by the percentage-of-completion method is only recognized when it can be measured reliably. If it is likely that the total costs of the contract will exceed contract income, the expected loss at completion is immediately expensed and recorded as an impairment of contract revenue receivable, then provisioned under liabilities, as appropriate.

### 3.20. Segment reporting

The Group only has one business segment reflecting its core business of providing public transport services in Paris and the suburbs in the Île-de-France area (*see note 2.2.1*).

## 4. CONSOLIDATION SCOPE

### 4.1. Number of companies consolidated

The list of companies consolidated is provided in note 34.

### 4.2. Changes in the consolidation scope

#### Change in % interests

##### Increase in RATP Développement's share capital

RATP fully subscribed to the increase in RATP Développement's share capital, conducted through the creation of 388,888 new shares for an aggregate €70 million. 69% of the shares subscribed for an aggregate value of €48.3 million were fully paid up as at December 31, 2009. RATP now owns 97.32% of RATP Développement, compared with 95.41% prior to the transaction.

#### Newly-consolidated entities

##### Modena province, Italy

RATP Développement acquired a 23.52% stake in ATCM, an Italian company that provides bus services to 47 municipalities in the Modena province of Italy, with its a fleet of 402 buses and trolleybuses.

RATP Développement indirectly exercises joint control over ATCM with its main partner through the company HERM (upstream). ATCM has been proportionately consolidated since April 1, 2009.

The final goodwill allocation in 2009 amounted to €1.3 million.

##### Joint venture with Veolia in Asia

RATP Développement and Veolia have set up a 50%-50% joint venture for an initial twenty-year period. Veolia Transport's current contracts and companies in China, India and South Korea have been transferred to its subsidiaries. As at December 31, 2009, twelve

companies were consolidated, three of which proportionately and nine by the equity method. The companies have been consolidated since April 1, 2009.

#### Development in the United States

Fullington and Mac Donald Transit Associates (*see note 1*), which are 51% owned, have been fully consolidated since September 1 and October 1, 2009, respectively.

Goodwill upon consolidation amounted to €8 million, including the earn-out provision of €1.3 million. The amounts recorded are provisional. Pursuant to IFRS 3, the Group has twelve months from the acquisition date to finalize the goodwill allocation.

The put option held by the minority shareholders was recognized for €8.6 million.

#### Streamlined control of French subsidiaries

As at January 1, 2009, RATP Développement, a 97.32%-owned subsidiary of RATP, owned 35 subsidiaries. In 2009, RATP Développement began streamlining its management structure and control of the French subsidiaries by eliminating the non-operational subsidiaries and sub-subsidiaries and giving RATP Développement direct control of the operational subsidiaries whenever possible.

This resulted in the dissolution or liquidation of three companies. It did not have any financial impact on the consolidated financial statements.

The new consolidations, deconsolidations and other changes in scope did not have a material effect on the financial statements as at December 31, 2009.

## 5. BREAKDOWN OF REVENUE

	12/31/2009	12/31/2008
Transport	3,977,192	3,869,604
Transport-related activities	90,279	101,387
Non-transport revenue	365,207	346,224
<b>TOTAL REVENUE</b>	<b>4,432,677</b>	<b>4,317,215</b>

Revenue of the main subsidiaries in France and abroad

	12/31/2009			12/31/2008		
	REVENUE	REVENUE FRANCE	REVENUE INTERNATIONAL	REVENUE	REVENUE FRANCE	REVENUE INTERNATIONAL
RATP	4,085,002	4,085,002		4,028,692	4,028,692	
RATP Développement	14,742	10,762	3,980	12,080	11,166	914
Giroux group	53,719	53,719		53,137	53,137	
Other transport subsidiaries	112,546	81,227	31,319	62,498	55,793	6,705
Systra group	126,240	23,079	103,161	119,830	25,550	94,280
Xelis	1,999	1,999		1,377	1,377	
Promo Métro	18,946	18,946		19,303	19,303	
Telcité-Naxos	18,648	18,648		19,269	19,269	
SEDP	835	835		1,031	1,031	
<b>TOTAL</b>	<b>4,432,677</b>	<b>4,294,217</b>	<b>138,460</b>	<b>4,317,215</b>	<b>4,215,316</b>	<b>101,899</b>

## 6. PAYROLL COSTS

### 6.1. Financial impact

	12/31/2009	12/31/2008
Salaries and wages	-1,692,216	-1,626,712
Social security contributions	-709,550	-680,649
Other long-term benefits	8,282	6,033
Post-employment benefits	-35,575	-36,263
Profit sharing	-35,289	-33,982
<b>TOTAL PAYROLL AND PAYROLL-RELATED COSTS</b>	<b>-2,464,348</b>	<b>-2,371,572</b>

The reduction in other long-term benefits mainly reflects the progressive completion of the redundancy programme.

### 6.2. Number of employees

	12/31/2009		12/31/2008	
	AGGREGATE NUMBER OF EMPLOYEES	GROUP SHARE*	AGGREGATE NUMBER OF EMPLOYEES	GROUP SHARE <sup>(1)</sup>
RATP EPIC	44,333	44,333	44,146	44,146
RATP Développement and subsidiaries	1,806	1,806	1,334	1,242
Systra group	1,807	904	1,812	906
Xelis	43	43	43	43
Promo Métro	20	20	21	21
Telcité	15	15	14	14
SEDP	36	36	37	37
<b>AVERAGE NUMBER OF EMPLOYEES</b>	<b>48,060</b>	<b>47,157</b>	<b>47,407</b>	<b>46,409</b>

(1) All employees of fully-consolidated companies are counted. The number of employees counted for proportionately consolidated companies is proportionate to the consolidation percentage, and employees of equity-associated companies are not included.

### 6.3. Individual training rights

In accordance with the provisions of the French Law no. 2004-391 of May 4, 2004 on professional training, the company grants its employees individual training rights of 20 hours minimum per calendar year, which may be accumulated for up to six years. If the rights have not been used after the six year period, they are capped at 120 hours. As at December 31, 2009 the number of hours accrued for training at RATP amounted to 3,979,075 hours. The number of accrued hours not requested for training amounted to 3,972,843 hours.

## 7. OTHER OPERATING INCOME AND EXPENSE

	12/31/2009	12/31/2008
Trade receivable write-offs	-7,927	-4,870
Various operating expenses	-12,708	-19,162
<b>TOTAL OTHER OPERATING INCOME AND EXPENSE</b>	<b>-20,635</b>	<b>-24,032</b>

## 8. OTHER OPERATIONAL INCOME AND EXPENSE

	12/31/2009	12/31/2008
Gains (losses) on disposal of assets	-16,726	6,218
Other	-293	-3,201
<b>TOTAL OTHER OPERATING INCOME AND EXPENSE</b>	<b>-17,019</b>	<b>3,017</b>

Losses on asset disposals reflect the numerous asset retirements arising due to the renovation work carried out by RATP since 1998. Retirements concerned items such as tiles, paintwork and masonry.

## 9. NET FINANCIAL EXPENSE

	12/31/2009	12/31/2008
<b>Finance costs</b>		
Interest expense on financial liabilities	-223,045	-240,018
Change in amortized cost	9,878	5,222
Net foreign exchange loss on borrowings	-3,544	-85,390
Ineffective portion of cash flow hedges	230	-94
Ineffective portion of fair value hedges	-30	227
Net change in fair value of hedges transferred to profit or loss	293	781
Interest expense on hedging and trading derivatives	-11,104	-9,237
Net change in fair value of financial assets held for trading	5,913	-2,186
Net foreign exchange gain on derivatives	3,544	85,390
<b>Total finance costs</b>	<b>-217,865</b>	<b>-245,305</b>
<b>Other financial income and expense</b>		
Income from investments	87	145
Income from cash and cash equivalents	6,825	31,501
Income from leasehold	74,821	10,460
Net foreign exchange gain (loss) on operating items	-1,308	357
Other financial expense	-2,601	-3,584
<b>Total financial income</b>	<b>80,425</b>	<b>42,463</b>
<b>Total financial expense</b>	<b>-220,466</b>	<b>-248,889</b>
<b>NET FINANCIAL EXPENSE</b>	<b>-140,041</b>	<b>-206,426</b>

Net foreign exchange gains and losses are offset by gains and losses on hedging derivatives. Detailed information on financial risk management is provided in note 27.

## 10. INCOME TAX

### 10.1. Income tax expense

	12/31/2009	12/31/2008
Current tax income/expense	-6,416	-7,035
Adjustment for current tax of prior periods	168	-
Tax consolidation income/expense	559	588
Deferred tax income/expense for temporary differences	-488	521
<b>TOTAL INCOME TAX EXPENSE</b>	<b>-6,179</b>	<b>-5,927</b>

## 10.2. Tax proof

	12/31/2009	12/31/2008
Net income	186,755	143,028
(-) share of associates	8,240	2,444
(-) income tax	-6,179	-2,927
Pretax consolidated income	184,694	143,511
Attributable to consolidated French companies	181,234	144,673
Attributable to consolidated foreign companies	-3,460	-1,162
Statutory tax rate in France	34.43 %	34.43 %
<b>Theoretical tax expense</b>	<b>-63,590</b>	<b>-49,411</b>
Effect of RATP non-taxable status (EPIC)	56,592	43,780
Permanent differences	642	-51
Effect of different rates in foreign jurisdictions	130	956
Gain on tax consolidation	-657	-641
Tax loss carry forwards	1,319	114
Other	-615	-686
<b>Income tax expense</b>	<b>-6,179</b>	<b>-5,927</b>
Effective tax rate	3.41 %	4.10 %

## 10.3. Changes in net deferred taxes

	12/31/2009	12/31/2008
<b>Opening balance</b>	<b>-4,058</b>	<b>-4,400</b>
Recognized in the income statement	-488	521
Recognized in equity	-662	-179
Currency translation differences		
Recognized in goodwill		
<b>CLOSING BALANCE</b>	<b>- 5,208</b>	<b>- 4,058</b>

The effect of tax on other comprehensive income was not material.

Deferred tax by nature was as follows:

	12/31/2009	12/31/2008
Temporary differences	-551	-388
Valuation differences	-4,377	-4,147
Present value		
CB adjustment	-2	16
Employee benefits	489	340
Regulated provisions	-276	-210
Other	-491	331
<b>TOTAL</b>	<b>- 5,208</b>	<b>- 4,058</b>
of which deferred tax assets	2,076	3,009
of which deferred tax liabilities	7,284	7,067

In 2009, €2,742 thousand of tax loss carry-forwards were capitalized by Systra group, in accordance with the method described in note 3.18. Deferred tax assets are only recognized if it is probable that the Group will generate future taxable profit.

## 11. IMPACT OF THE TERMINATION OF THE LEASEHOLD AGREEMENTS

During 2009, RATP terminated ten leasehold agreements generating €70 million.

Net present value of outstanding payments on terminated leases	€45 million
Gain net of transaction costs	€25 million
Impact on income	€70 million

The banks and insurers have retained part of their deposits. As they are no longer associated with the leasehold arrangements, the deposits have been reclassified under other financial assets (a). The cost of exercising the option to terminate the leases had to be funded by borrowings (c).

RATP posted cash collateral to facilitate negotiations on the bank loan (b). The cash collateral was funded by commercial paper issuance (d).

	12/31/2009	12/31/2008	CHANGE	CHANGE DUE TO LEASE TERMINATION
Other financial assets	500,481	84,599	415,882	428,714 (a)
Cash and cash equivalents	581,627	294,451	287,176	367,319 (b)

	12/31/2009	12/31/2008	CHANGE	CHANGE DUE TO LEASE TERMINATION
Financial liabilities	4,146,948	3,852,250	294,698	428,714 (c)
Current portion of financial liabilities	1,456,071	1,115,349	340,722	367,319 (d)

## 12. GOODWILL

	12/31/2009	12/31/2008
<b>Opening balance</b>	<b>50,979</b>	<b>45,739</b>
Acquisitions through business combinations	10,982	5,267
Currency translation gains and losses, net	-49	-29
<b>CLOSING BALANCE</b>	<b>61,912</b>	<b>50,978</b>

The changes over the period reflect the acquisition of the American and Italian companies and the increases in percentage ownership interests in 2009 (see note 4).

In accordance with the method described in note 3.3, impairment tests were performed on the CGUs as at June 30, 2009. The tests did not show any impairment and no impairment charge was recorded for the period.

### 13. INTANGIBLE ASSETS

	12/31/2007	ACQUISITIONS	RETIREMENTS & DISPOSALS	RECLASSIFICATIONS	CHANGE OF SCOPE	12/31/2008
<b>Gross value</b>						
Lease rights	2,626	0	0	0	0	2,626
Research and development (R&D) costs	94,329	0	-26	2,251	0	96,554
Software	272,287	1,828	-8,530	77,325	0	342,910
Work in progress	35,620	26,359	-412	-26,487	-173	34,905
Other intangible assets	1,328	52	0	-25	8	1,363
<b>TOTAL</b>	<b>406,190</b>	<b>28,238</b>	<b>- 8,968</b>	<b>53 064</b>	<b>- 165</b>	<b>478,358</b>

	31/12/2007	AMORTIZATION CHARGE	RETIREMENTS & DISPOSALS	REVERSALS	CHANGE IN SCOPE AND RECLASSIFICATION	12/31/2008
<b>Amortization and impairment</b>						
Lease rights	-912	-77	0	0	0	-989
Research and development (R&D) costs	-3,036	-3,291	29	0	0	-6,298
Software	-198,931	-35,923	7,148	5	702	-226,999
Work in progress	-1,882	-428	266	63	-371	-2,353
Other intangible assets	-84	0	0	0	77	-7
<b>TOTAL AMORTIZATION AND IMPAIRMENT</b>	<b>- 204,844</b>	<b>- 39,718</b>	<b>7,442</b>	<b>68</b>	<b>408</b>	<b>- 236,645</b>
<b>INTANGIBLE ASSETS, NET</b>	<b>201,345</b>	<b>- 11,481</b>	<b>- 1,527</b>	<b>53,131</b>	<b>241</b>	<b>241,713</b>

	12/31/2008	ACQUISITIONS	RETIREMENTS & DISPOSALS	RECLASSIFICATIONS	CHANGE OF SCOPE	12/31/2009
<b>Gross value</b>						
Lease rights	2,626	12	0	0	0	2,638
Research and development (R&D) costs	96,558	98	0	13,405	701	110,762
Software	342,910	1,753	-35,224	24,471	35	333,945
Work in progress	34,905	24,104	-510	-17,757	-401	40,341
Other intangible assets	1,363	0	0	0	-5	1,358
<b>TOTAL</b>	<b>478,362</b>	<b>25,967</b>	<b>- 35,733</b>	<b>20,119</b>	<b>329</b>	<b>489,043</b>

	31/12/2008	AMORTIZATION CHARGE	RETIREMENTS & DISPOSALS	REVERSALS	CHANGE IN SCOPE AND RECLASSIFICATION	12/31/2009
<b>Amortization and impairment</b>						
Lease rights	-989	-89	0	0	0	-1,078
Research and development (R&D) costs	-6,302	-4,546	0	0	-128	-10,976
Software	-226,999	-31,674	31,123	0	-92	-227,641
Work in progress	-2,353	-275	510	0	1,632	-486
Other intangible assets	-7	0	0	0	1	-7
<b>TOTAL AMORTIZATION AND IMPAIRMENT</b>	<b>- 236,649</b>	<b>- 36,584</b>	<b>31,632</b>	<b>0</b>	<b>1,413</b>	<b>- 240,188</b>
<b>INTANGIBLE ASSETS, NET</b>	<b>241,713</b>	<b>- 10,617</b>	<b>- 4,102</b>	<b>20,118</b>	<b>1,741</b>	<b>248,856</b>

The increase in intangible assets was mainly due to the placing in service of software.

## 14. PROPERTY, PLANT AND EQUIPMENT

	12/31/2007	ACQUISITIONS	RETIREMENTS & DISPOSALS	RECLASSIFICATIONS	CHANGE OF SCOPE	12/31/2008
<b>Gross value</b>						
Land	800,716	145	0	804	0	801,665
Investment property	2,059	0	0	-982	0	1,077
Buildings	6,770,407	4,620	-73,302	351,117	120	7,052,961
Technical plant, equipment and machinery	4,085,949	6,838	-58,299	220,148	-156	4,254,479
Transport equipment	4,512,835	13,315	-42,052	180,861	0	4,664,958
Other property, plant and equipment	215,450	3,293	-6,720	14,936	-50	226,909
Work in progress	1,310,141	971,632	-34	-814,559	0	1,467,181
Investment grants	-4,117,321		-196,190	238		-4,313,273
<b>TOTAL</b>	<b>13,580,235</b>	<b>999,843</b>	<b>-376,597</b>	<b>-47,438</b>	<b>-86</b>	<b>14,155,957</b>

	31/12/2007	DEPRECIATION CHARGE	RETIREMENTS & DISPOSALS	REVERSALS	CHANGE IN SCOPE AND RECLASSIFICATION	12/31/2008
<b>Depreciation and impairment</b>						
Land	-5,504	-655	0	0	0	-6,159
Buildings	-1,260	-10	0	0	460	-810
Technical plant, machinery and equipment	-2,473,376	-153,472	72,231	0	-579	-2,555,196
Transport equipment	-2,621,734	-200,702	57,889	0	-2,054	-2,766,601
Other property, plant and equipment	-2,771,304	-208,387	39,848	86	-5,921	-2,945,678
Work in progress	-145,545	-21,448	6,204	0	2,001	-158,788
Investment grants	1,619,981			102,018	0	1,722,000
<b>TOTAL DEPRECIATION AND IMPAIRMENT</b>	<b>-6,398,741</b>	<b>-584,674</b>	<b>176,171</b>	<b>102,104</b>	<b>-6,093</b>	<b>-6,711,233</b>
<b>NET VALUE</b>	<b>7,181,493</b>	<b>415,168</b>	<b>-200,427</b>	<b>54,665</b>	<b>-6,180</b>	<b>7,444,723</b>

	12/31/2008	ACQUISITIONS	RETIREMENTS & DISPOSALS	RECLASSIFICATIONS	CHANGE OF SCOPE	12/31/2009
<b>Gross value</b>						
Land	801,665	5,736	-2,766	14,686	-0	819,320
Investment property	1,077	0	0	0	0	1,077
Buildings	7,052,961	10,489	-33,688	174,179	-4	7,203,937
Technical plant, equipment and machinery	4,254,479	3,457	-95,354	181,497	29	4,344,110
Transport equipment	4,664,958	52,127	-87,161	269,434	-151	4,899,206
Other property, plant and equipment	226,909	5,134	-19,928	17,140	29	229,286
Work in progress	1,467,180	1,177,379	0	-678,239	63	1,966,384
Investment grants	-4,313,273		-251,498			-4,564,771
<b>TOTAL GROSS VALUE</b>	<b>14,155,957</b>	<b>1,254,323</b>	<b>-490,394</b>	<b>-21,303</b>	<b>-34</b>	<b>14,898,549</b>

	12/31/2008	DEPRECIATION CHARGE	RETIREMENTS & DISPOSALS	REVERSALS	CHANGE IN SCOPE AND RECLASSIFICATION	12/31/2009
<b>Depreciation and impairment</b>						
Land	-6,159	0	0	6,159	-34	-34
Buildings	-810	-7	0	0	0	-817
Technical plant, machinery and equipment	-2,555,196	-158,104	21,327	0	97	-2,691,875
Transport equipment	-2,766,601	-207,090	93,591	39	11	-2,880,050
Other property, plant and equipment	-2,945,678	-237,207	85,857	0	306	-3,096,723
Work in progress	-158,788	-24,290	19,322	4	-212	-163,965
Investment grants	1,722,001			96,602	0	1,818,603
<b>TOTAL DEPRECIATION AND IMPAIRMENT</b>	<b>- 6,711,232</b>	<b>- 626,698</b>	<b>220,097</b>	<b>102,804</b>	<b>167</b>	<b>- 7,014,861</b>
<b>NET VALUE</b>	<b>7,444,724</b>	<b>627,624</b>	<b>- 270,298</b>	<b>81,500</b>	<b>133</b>	<b>7,883,687</b>

Work in progress mainly reflects projects relating to new railway rolling stock, the replacement of trains, and metro line extensions.

Commitments relating to capital expenditures are indicated in note 31.1.

The property, plant and equipment held under finance leases exclusively concerned buildings. It amounted to the following:

	12/31/2009	12/31/2008
Gross value	45,815	32,931
Accumulated depreciation	11,358	10,639
<b>NET BOOK VALUE</b>	<b>34,457</b>	<b>22,292</b>

BALANCE SHEET LINE ITEMS	LEASE				RESIDUAL VALUE
	LEASE PAYMENTS		OUTSTANDING LEASE PAYMENTS		
	PERIOD	CUMULATIVE	+ 1 TO 5 YEARS	+ 5 YEARS	
Land	519	519	2,580	2,559	0
Buildings	3,328	17,789	14,306	32,680	2,373
Other property, plant and equipment	20	20	49	0	9
<b>TOTAL</b>	<b>3,867</b>	<b>18,328</b>	<b>16,935</b>	<b>35,239</b>	<b>2,382</b>

Payments of €2,433 thousand were recognized in the income statement for operating leases.

## 15. SIGNIFICANT OPERATIONS

### 15.1. American leasehold

Between 1997 and 2002, RATP entered into a number of leaseholds. The leasehold arrangements entail RATP granting the usufruct of its assets to American investors who assume economic ownership of the assets and are thus able to amortize them and make a substantial gain by deferring tax. The gain obtained by the foreign investors was shared with RATP.

A leasehold transaction is composed of the main lease granted by RATP and a sub-lease enabling RATP to retain the right of use of the asset. RATP has an early buyout option (BOE) for a period shorter than the full term of the lease, which enables it to unwind the arrangement by repurchasing the outstanding portion of the lease. In economic and accounting terms, no transfer takes place, and RATP retains legal ownership of its equipment.

The various contracts that make up each leasehold arrangement constitute separate transactions and are accounted for as such. As the assets and liabilities related to these contracts generate cash flows that are fully offset in the balance sheet and income statement,

the overall profit generated by each transaction is reported in a single line as the net present value (NPV). The profit is recorded as deferred income when the contracts are signed and then is recognized as financial income on a straight-line basis over the duration of the contract.

In 2009, RATP terminated 10 leasehold agreements prematurely, generating income of €70 million (note 1). As at December 31, 2009, there were six transactions outstanding (13 contracts with the American investors Bank of America and State Street).

The risks assumed by RATP are limited to equipment ownership risk, French legislation and counterparty risk on the deposits.

Part of the counterparty risk relating to deposits (€325 million as at December 31, 2009) is hedged by defeasance agreements, which enable the deposits to be offset against the associated liabilities.

Another part of counterparty risk relating to deposits (€74 million as at December 31, 2009) is hedged by collateral agreements, which

require the deposits to be replaced by American treasury bonds if the credit rating of the deposits falls below a certain threshold.

RATP bears the counterparty risk for the remaining amount of deposits (€157 million as at December 31, 2009) and provides letters of credit on its risk to American investors if the credit rating of these deposits falls below a certain threshold. Outstanding letters of credit issued in 2008 amounted to €127 million.

## 15.2. Swedish lease

The Swedish leasehold agreement is used to finance equipment.

The investor pays the supplier the total value of the equipment. RATP leases the equipment over an 18-year period, at the end of which it may exercise its buy-back option. At the inception of the contract, RATP sets up deposits to cover the lease payments and the equipment buyback option.

The Swedish lease is restated in the consolidated financial statements (note 15.1).

## 16. INVESTMENTS IN ASSOCIATES

GROUP COMPANIES	12/31/2009			12/31/2008		
	% INTEREST	SHARE OF EQUITY	SHARE OF NET INCOME	% INTEREST	SHARE OF EQUITY	SHARE OF NET INCOME
Transdev group <sup>(1)</sup>	Classified under non-current assets held for sale		8,508	25.00	134,337	3,171
LFI <sup>(3)</sup>	12.00	1,577	-206	12.00	2,521	180
Tram Di Firenze	24.90	1,840	-82	24.90	1,923	73
LFI Services <sup>(3)</sup>	12.00	1,583	71	12.00	1,512	69
TVO	Deconsolidated in 2008			35.00	0	288
Financière Transdev	49.89	1,462	-42	49.88	1,383	3
TFT Spa <sup>(3)</sup>	12.00	1,628	94	12.00	1,534	12
SELT	25.00	684	-59	24.50	826	66
Systra group <sup>(2)</sup>	50.00	246	-4	50.00	258	66
RFT Spa <sup>(3)</sup>	12.00	108	36	12.00	72	21
Alexa	37.00	-80	-26	37.00	-54	-16
STBC <sup>(3)</sup>	15.00	91	115	15.00	-23	30
M'Dina Bus	Deconsolidated in 2008			0.00	0	-1,519
VTCL	45.00	7,740	-240	Not consolidated		
VT Korea	45.00	7,676	-102	Not consolidated		
HERM	48.00	131	-62	Not consolidated		
Nanjing JV	22.05	-224	-420	Not consolidated		
Hong Kong Tramway	45.00	12,502	4	Not consolidated		
Seoul Ligne 9	36.00	740	488	Not consolidated		
Nanjing Anqing	16.32	400	4	Not consolidated		
Nanjing Huabei	11.47	358	2	Not consolidated		
Nanjing Huainan	18.30	846	99	Not consolidated		
Nanjing Maanshan	13.23	750	60	Not consolidated		
<b>TOTAL</b>		<b>40,059</b>	<b>8,240</b>		<b>144,287</b>	<b>2,444</b>

(1) This information has not yet been approved by Transdev's Board of Directors.

(2) Equity-accounted associates at Systra consolidation level.

(3) The Group has significant influence over these companies for the following reasons:

- for STBC, RATP manages operations;

- for LFI, LFI services, TFT Spa, RFT Spa, RATP is the majority shareholder of the companies, and holds 30% of LFI. The difference in % control and % ownership is due to shares without voting rights.

**17. INVESTMENTS IN JOINT VENTURES**

GROUP COMPANIES	12/31/2008				
	NON-CURRENT ASSETS	CURRENT ASSETS	NON-CURRENT LIABILITIES	CURRENT LIABILITIES	NET INCOME
Equival	308	242	96	199	26
Financière Systra	19,739	20	0	0	-9
Systra group	14,798	79,375	12,889	43,324	3,781
Eurailco GmbH	8,316	294	0	-241	0
SLT	1,908	2,711	17	830	1,995
STIVO	1,762	9,802	1,071	6,456	1,282
Cité Bleue	8	70	0	14	57
Transregio	8,966	4,593	7,116	5,029	-1,591
<b>TOTAL</b>	<b>55,802</b>	<b>97,106</b>	<b>21,187</b>	<b>55,611</b>	<b>5,541</b>

GROUP COMPANIES	12/31/2009				
	NON-CURRENT ASSETS	CURRENT ASSETS	NON-CURRENT LIABILITIES	CURRENT LIABILITIES	NET INCOME
Equival	289	205	79	129	30
Financière Systra	19,739	6	6	3	-9
Systra group	14,643	90,520	14,342	45,454	6,263
Eurailco GmbH	9,616	96	0	61	0
SLT	1,935	2,276	37	875	1,842
STIVO	1,540	6,596	885	5,004	1,081
Transregio	10,022	4,762	7,756	6,045	-1,685
Veolia Transport RATP Asia	33,711	111	0	-443	-83
VTR China	22,118	832	0	1,347	-1,683
VTR Korea	8,525	436	0	443	-440
<b>TOTAL</b>	<b>122,135</b>	<b>105,837</b>	<b>23,104</b>	<b>58,915</b>	<b>5,316</b>

**18. NON-CURRENT AVAILABLE-FOR-SALE FINANCIAL ASSETS**

	12/31/2008					
	FINANCIAL ASSETS AT JANUARY 1, 2008	DISPOSALS	ACQUISITIONS OR IMPAIRMENT	CURRENCY TRANSLATION GAINS AND LOSSES	OTHER	FINANCIAL ASSETS AT DECEMBER 31, 2008
Gross value	10,605	-860	10,885	0	126	20,756
Impairment	-5,163		-392		-1,798	-7,353
<b>TOTAL NET VALUE</b>	<b>5,443</b>	<b>-860</b>	<b>10,493</b>	<b>0</b>	<b>-1,672</b>	<b>13,402</b>

	12/31/2009					
	FINANCIAL ASSETS AT JANUARY 1, 2009	DISPOSALS	ACQUISITIONS OR IMPAIRMENT	CURRENCY TRANSLATION GAINS AND LOSSES	OTHER	FINANCIAL ASSETS AT DECEMBER 31, 2009
Gross value	20,756	-1,897	-3,926	924	167	16,024
Impairment	-7,353		-253			-7,607
<b>TOTAL NET VALUE</b>	<b>13,402</b>	<b>-1,897</b>	<b>-4,179</b>	<b>924</b>	<b>167</b>	<b>8,417</b>

Available-for-sale financial assets primarily comprise non-consolidated investments which relate to the following:

	NET VALUE	% INTEREST
SA HLM Logis Transports <sup>(1)</sup>	33	88%
Irise	750	10%
Compagnie de Transports Yonnais	210	
RATP do Brasil	129	
Solea	301	<10%
Tour Excel	3,532	
RATP via Quatro	416	
Systra group companies	1,154	<10%
Linea	826	33%
Other	1,066	
<b>TOTAL</b>	<b>8,417</b>	

(1) See note 3.1.

The unaudited data at December 31, 2009 for Logis Transports:

- revenue: €51,770 thousand in 2009, compared with €47,019 thousand in 2008.
- balance sheet total = €475,540 thousand, including €305,710 thousand of net debt.
- net income: €5,060 thousand.

## 19. OTHER FINANCIAL ASSETS

### 19.1. Other non-current financial assets

	12/31/2008					
	NET VALUE PREVIOUS YEAR END	ACQUISITIONS	DECREASES	CURRENCY TRANSLATION DIFFERENCES	OTHER	NET VALUE YEAR END
Loans	49,494	3,074	-2,599	0	-2,689	47,280
Deposits and guarantees	32,370	2,675	-1,519	8	1,565	35,099
Other	4,609	-15,900	14,250	0	-17	2,942
<b>Total value</b>	<b>86,473</b>	<b>-10,151</b>	<b>10,133</b>	<b>8</b>	<b>-1,141</b>	<b>85,320</b>
Impairment	-457		-265			-721
<b>TOTAL NET VALUE</b>	<b>86,017</b>	<b>-10,151</b>	<b>9,868</b>	<b>8</b>	<b>-1,141</b>	<b>84,599</b>

	12/31/2009					
	NET VALUE PREVIOUS YEAR END	ACQUISITIONS	DECREASES	CURRENCY TRANSLATION DIFFERENCES	OTHER	NET VALUE YEAR END
Loans	47,280	4	-1,524	0	1,518	47,278
Deposits and guarantees	35,099	419,270	-3,814	12	223	450,790
Other	2,942	1,178	-1,457	0	0	2,663
<b>Total value</b>	<b>85,320</b>	<b>420,451</b>	<b>-6,795</b>	<b>12</b>	<b>1,741</b>	<b>500,731</b>
Impairment	-721	-15	161		327	-248
<b>TOTAL NET VALUE</b>	<b>84,599</b>	<b>420,436</b>	<b>-6,634</b>	<b>12</b>	<b>2,068</b>	<b>500,481</b>

The loans mainly correspond to the housing loans granted by RATP to low-cost housing management companies (CIL).

Deposits and guarantees increased following the reclassification of the lease deposits in financial assets (see note 11).

## 19.2. Other current financial assets

	12/31/2008				FINANCIAL ASSETS AT DECEMBER 31, 2008
	FINANCIAL ASSETS AT JANUARY 1, 2008	CHANGE IN FAIR VALUE	ACQUISITIONS/ IMPAIRMENT	OTHER	
Total gross value	8,600	-176	1,196	-1,311	8,309
Impairment	127	0	-127		0
<b>TOTAL NET VALUE</b>	<b>8,727</b>	<b>-176</b>	<b>1,069</b>	<b>-1,311</b>	<b>8,309</b>

	31/12/2009				FINANCIAL ASSETS AT DECEMBER 31, 2009
	FINANCIAL ASSETS AT JANUARY 1, 2009	CHANGE IN FAIR VALUE	ACQUISITIONS/ IMPAIRMENT	OTHER	
Total gross value	8,309		-3,493	1,524	6,340
<b>TOTAL NET VALUE</b>	<b>8,309</b>	<b>0</b>	<b>-3,493</b>	<b>1,524</b>	<b>6,340</b>

## 19.3. Fair value of financial instruments measured at cost

In 2006, RATP transferred receivables amounting to €73,709 thousand from low cost housing management companies to a bank. RATP received a loan for the same amount, which it recorded as a liability. RATP still records the receivables transferred under assets as it retains substantially all of the risks relating to the receivables (credit risk). The liability is written down at the same rate as the receivables, when repayments are made by the housing management companies.

The fair value of the CIL housing loans, which have been recognized at amortized cost and transferred, is as follows:

HOUSING LOANS	12/31/2009	12/31/2008
Fair value	57,999	56,765
Amortized cost	49,620	48,110
Difference	-8,379	-8,655

The fair value hedges in place as at December 31, 2009 were fixed to Euribor interest rate swaps: RATP receives a fixed rate and pays a Euribor rate on fixed rate debt. As the sensitivity of the swaps is similar to the debt they back, their impact on profit and loss is not material.

## 19.4. Cash flow hedges

The cash flow hedges in place as at December 31, 2009 comprised:

- fixed to Euribor swaps: RATP pays a fixed rate and receives a Euribor rate on its existing floating rate debt, or on highly probable fixed rate debt. As the sensitivity of the swaps is similar to the debt they back, their impact on profit and loss is not material;
- currency swaps: the cash flows paid on borrowings in one currency are perfectly hedged by the currency swaps, so that changes in the exchange rate have no effect on profit and loss.

## 20. INVENTORIES

### 20.1. Details of inventories by type

	12/31/2009			12/31/2008		
	GROSS VALUE	PROVISION FOR IMPAIRMENT	NET VALUE	GROSS VALUE	PROVISION FOR IMPAIRMENT	NET VALUE
Raw materials and supplies	188,583	-32,436	156,148	171,632	-30,229	141,403
Other supplies	67		67	132		132
Work-in-progress	4,640	-313	4,327	3,904	-165	3,739
Merchandise	72		72	123		123
<b>TOTAL INVENTORIES</b>	<b>193,363</b>	<b>- 32,749</b>	<b>160,614</b>	<b>175,791</b>	<b>- 30,394</b>	<b>145,397</b>

### 20.2. Changes in inventory impairment

	12/31/2008	ADDITIONS	REVERSALS	12/31/2009
Provisions for inventories	-30,229	-4,530	2,323	-32,436
Provisions for work in progress	-165	-148	0	-313
<b>TOTAL</b>	<b>- 30,394</b>	<b>- 4,678</b>	<b>2,323</b>	<b>- 32,749</b>

These provisions are accounted for in accordance with the method set out in note 3.10.

## 21. TRADE RECEIVABLES AND OTHER ACCOUNTS RECEIVABLE

	12/31/2009	12/31/2008
Trade receivables	227,390	208,805
Write-downs	-20,407	-25,076
<b>Trade receivables, net</b>	<b>206,982</b>	<b>183,729</b>
Advances and downpayments	2,243	2,294
Prepaid expenses	17,376	15,217
State and local authority receivables	141,703	198,878
Other receivables	170,991	137,116
Allowance for uncollectible accounts	-6,105	-7,198
<b>Other debtors</b>	<b>326,208</b>	<b>346,308</b>
<b>TOTAL ACCOUNTS RECEIVABLE AND OTHER</b>	<b>533,191</b>	<b>530,037</b>

	12/31/2009	12/31/2008
Receivables, net at beginning of year	-25,076	-24,794
Write-downs	-3,529	-2,954
Unused reversals	0	1
Reversals	8,198	2,671
<b>RECEIVABLES, NET AT YEAR END</b>	<b>- 20,407</b>	<b>- 25,076</b>

All accounts receivable are due within one year.

## 22. CASH AND CASH EQUIVALENTS

	12/31/2009	12/31/2008
Marketable securities	473,018	200,400
Cash	108,609	94,051
<b>TOTAL</b>	<b>581,627</b>	<b>294,451</b>

Total cash and cash equivalents presented in the cash flow statement, comprised the following:

	12/31/2009	12/31/2008
Cash and cash equivalents (balance sheet)	581,627	294,451
Short-term bank loans	-66,019	-88,885
Closing cash and cash equivalents (CFS)	515,608	205,566

## 23. PROVISIONS FOR EMPLOYEE BENEFITS

Provisions for employee benefits consist of post-employment benefits and other long-term benefits.

	12/31/2009	12/31/2008
Provisions for retirement benefits	203,647	210,074
Provisions for death indemnities for retirees	26,534	24,200
Provisions for death indemnities for employees in service	12,974	12,383
Provisions for early retirement benefits	9,659	17,584
Provisions for contribution to current and future retirees' corporate savings plan	37,283	37,283
Provisions for work-related accident and disability pensions	136,787	122,368
<b>Total post-employment benefits</b>	<b>426,884</b>	<b>423,892</b>
Provisions for phased retirement	9,955	15,124
Provisions for seniority bonuses	18,031	17,981
Provisions for long-term sick-leave	6,242	6,242
Provisions for unemployment benefit	10,497	12,934
Provisions for work-related accident and disability pensions	16,924	15,624
Provision for transitional period pension scheme	1,564	3,590
<b>Total long-term employee benefits</b>	<b>63,213</b>	<b>71,495</b>
<b>TOTAL</b>	<b>490,097</b>	<b>495,387</b>

## 23.1. Retirement benefits

### Defined benefit plans

Retirement benefits comprise the following:

- termination benefits,
- death indemnities for retirees,
- death indemnities for current employees,
- early retirement benefits,
- contributions to corporate savings plan for current and future retirees,
- work-related accident and disability allowances.

	RETIREMENT INDEMNITIES	DEATH INDEMNITY (EMPLOYEES IN SERVICE)	INDEMNITY ALLOCATION	WORK- RELATED ACCIDENT AND DISABILITY ALLOWANCES	EARLY RETIREMENT	SAVINGS SCHEME CONTRIBUTION	TOTAL POST- EMPLOYMENT BENEFITS
<b>Net liability at January 1, 2008</b>	<b>201,988</b>	<b>12,035</b>	<b>34,172</b>	<b>115,579</b>	<b>11,577</b>	<b>33,467</b>	<b>408,818</b>
Service cost	12,728	993	632	–			14,353
Interest cost	10,845	621	1,718	5,437		1,966	20,587
Benefits paid	–18,605	–613	–431	–6,873	–4,962	–3,790	–35,274
Past service costs	1,399	–	–				1,399
Curtailement gain			–9,727				–9,727
Recognized in other comprehensive income	6,367	1,001	–7,808	–1,436	–4,962	–1,824	–8,662
Actuarial (gains) and losses	1,719	–653	–2,164	8,226	10,969	5,640	23,737
Recognized in equity	1,719	–653	–2,164	8,226	10,969	5,640	23,737
<b>Net liability recognized at December 31, 2008</b>	<b>210,074</b>	<b>12,383</b>	<b>24,200</b>	<b>122,369</b>	<b>17,584</b>	<b>37,283</b>	<b>423,892</b>
Obligation net of plan assets		–	–	–	–	–	0
Unrecognized past service costs	22,524	–	–	–	–	–	22,524
<b>PRESENT VALUE OF OBLIGATION AT DECEMBER 31, 2008</b>	<b>232,598</b>	<b>12,383</b>	<b>24,200</b>	<b>122,369</b>	<b>17,584</b>	<b>37,283</b>	<b>446,417</b>

	RETIREMENT INDEMNITIES	DEATH INDEMNITY (EMPLOYEES IN SERVICE)	INDEMNITY ALLOCATION	WORK- RELATED ACCIDENT AND DISABILITY ALLOWANCE	EARLY RETIREMENT	SAVINGS SCHEME CONTRIBUTION	TOTAL POST- EMPLOYMENT BENEFITS
<b>Net liability at January 1, 2009</b>	<b>210,074</b>	<b>12,383</b>	<b>24,200</b>	<b>122,368</b>	<b>17,584</b>	<b>37,283</b>	<b>423,892</b>
Service cost	13,381	1,049					14,430
Interest cost	11,184	673	1,249	6,039	597		19,742
Benefits paid	–23,912	–607	–411	–7,345	–3,349		–35,624
Past service costs	1,399						1,399
Recognized in other comprehensive income	2,052	1,115	838	–1,306	–2,752		–53
Actuarial (gains) and losses	–10,226	–524	1,496	15,724	–5,173		1,297
Newly-consolidated entity	1,752						1,752
Recognized in equity	–8,474	–524	1,496	15,724	–5,173		3,049
<b>Net liability recognized at December 31, 2009</b>	<b>203,647</b>	<b>12,974</b>	<b>26,534</b>	<b>136,786</b>	<b>9,659</b>	<b>37,283</b>	<b>426,884</b>
Obligation net of plan assets		–	–	–	–	–	0
Unrecognized past service costs	21,125	–	–	–	–	–	21,125
<b>PRESENT VALUE OF OBLIGATION AT DECEMBER 31, 2009</b>	<b>224,777</b>	<b>12,974</b>	<b>26,534</b>	<b>136,786</b>	<b>9,659</b>	<b>37,283</b>	<b>448,013</b>
Payments to defined benefit plans in 2010	–17,160	–585	–413	–7,489	–2,470		–45,277

	RETIREMENT INDEMNITIES	DEATH INDEMNITY (EMPLOYEES IN SERVICE)	INDEMNITY ALLOCATION	WORK- RELATED ACCIDENT AND DISABILITY ALLOWANCE	EARLY RETIREMENT	SAVINGS SCHEME CONTRIBUTION	TOTAL POST- EMPLOYMENT BENEFITS
Actuarial (gains) losses	-10,226	-524	1,496	15,724	-5,173		1,297
Experience adjustments	-3,040	-1,025	-573	7,212	-2,623		-49
Effects of changes in actuarial assumptions	-7,186	501	2,069	8,511	-2,550		1,345

	RETIREMENT INDEMNITIES	DEATH INDEMNITY (EMPLOYEES IN SERVICE)	INDEMNITY ALLOCATION	WORK- RELATED ACCIDENT AND DISABILITY ALLOWANCE	EARLY RETIREMENT	SAVINGS SCHEME CONTRIBUTION	TOTAL POST- EMPLOYMENT BENEFITS
<b>Net liability at January 1, 2009</b>	<b>232,598</b>	<b>12,383</b>	<b>24,200</b>	<b>122,368</b>	<b>17,584</b>	<b>37,283</b>	<b>446,416</b>
Service cost	13,381	1,049					14,430
Interest cost	11,184	673	1,249	6,039	597		19,742
Benefits paid	-23,912	-607	-411	-7,345	-3,349		-35,624
Actuarial (gains) losses	-10,226	-524	1,496	15,724	-5,173		1,297
Newly-consolidated entity	1,752						1,752
<b>NET LIABILITY RECOGNIZED AT DECEMBER 31, 2009</b>	<b>224,777</b>	<b>12,974</b>	<b>26,534</b>	<b>136,786</b>	<b>9,659</b>	<b>37,283</b>	<b>448,013</b>

The main actuarial assumptions are as follows:

	12/31/2009	12/31/2008
Discount rate	4.75%	5.25%
Inflation rate	2.00%	2.00%
Salary increase rate	3.60%	3.60%
Mortality table	TGH 05/TGF05	TGH 05/TGF05
Retirement age	55.6 years	55.6 years
Turnover rate	0.00%	0.00%

An increase of 25 base points in the discount rate would have decreased total post-employment obligations by €10,966 thousand.

### Description of the various retirement benefits:

#### Termination benefits

Employees are entitled to RATP retirement benefits, unless a more favourable scheme is in place. The amount of the benefit is based on the length of time the employee has been employed by the company. RATP pays retirement benefits to all its employees that fulfil the vesting conditions. Benefits are calculated on the basis of gross monthly remuneration and a coefficient to reflect the employee's hierarchical status at the retirement date. The coefficient reflects the number of annuities vested at the retirement date and is set by current employment agreements. The annuities are determined based on length of service. Average length of service is seventeen years.

In 2007, RATP changed the methods used to calculate the indemnity for vested and future rights. The impact on the past service cost is spread over the remaining vesting period. As at December 31, 2009 it amounted to €21,125 thousand.

#### Death indemnities for retirees

RATP pays death indemnities to retirees who have vested rights in a seniority-based retirement or pension scheme. The amount of the indemnity is calculated at the time of death, at three times the

monthly pension payment. The obligation is measured based on historical data.

On February 8, 2008, the Board of Directors opted to change the arrangements for allocating death indemnities to its retirees. The Board has limited the allocation to those with vested pension rights prior to January 1, 2009. Consequently, the obligation was reduced for future retirees as of January 1, 2009. The impact of withdrawing the benefits was €9,727 thousand and it was recognized in the income statement for 2008.

#### Death indemnities for current employees

As for the State social security scheme, RATP's social security system provides life insurance coverage. The purpose of life insurance is to guarantee the payment of a "death indemnity" when a person covered by the policy dies. The amount is equal to twelve months of the employee's salary at the time of death. The purpose of the indemnity is to compensate the deceased's family for the loss of revenue.

#### Early retirement

Early retirement is granted to employees who request it, depending on their age.

### Corporate savings plan for current and future retirees

The corporate savings plan is an optional collective savings scheme enabling employees to build a portfolio of investments, with contributions from the company. RATP offers all its current employees who have worked for the company for at least three months (unless they are working for the company but are not on the company's payroll) the opportunity to join the savings plan. Employees make voluntary payments, which are temporarily blocked and not taxed. The company's retirees may also participate in the corporate savings plan after they retire.

The provision for the employer's contribution to the corporate savings plan for current and future employees recorded as at December 31, 2008 was maintained in the financial statements at the reporting date for 2009 due to the unilateral termination by RATP of the corporate savings plan agreement and five associated amendments.

### Work-related accident and disability allowances

RATP does not contribute to the State scheme for work-related accidents and disability, as it makes the indemnity payments itself.

Employees who are victims of work-related accidents or illnesses, which result in permanent partial incapacity to work, may request a lump sum payment or an annual allowance for the rest of their lives. The committee on work related accidents and illnesses decides whether the victim is eligible and determines the amount of the allowance. The benefits are paid by the pension fund. The allowances are paid until the death of the beneficiary.

## 23.2. Other long-term benefits

Other long-term benefits comprise the following:

- work-related accident and illness allowances;
- long-service medals (seniority bonuses);
- phased retirement;
- unemployment benefits;
- long-term sick benefits.

	SENIORITY BONUSES	WORK-RELATED ACCIDENT AND DISABILITY ALLOWANCES	PHASED RETIREMENT	UNEMPLOYMENT BENEFITS	LONG-TERM ILLNESS	TRANSITIONAL MEASURES	TOTAL LONG-TERM BENEFITS
<b>Net liability at January 1, 2009</b>	<b>17,981</b>	<b>15,622</b>	<b>15,125</b>	<b>12,934</b>	<b>6,242</b>	<b>3,590</b>	<b>71,494</b>
Service cost and interest cost	2,337	701	851		–		3,889
Benefits paid	–1,303	–2,272	–6,494	–2,437	–	–2,027	–14,533
Actuarial (gains) and losses	–984	2,873	473				2,362
<b>Net liability recognized at December 31, 2009</b>	<b>18,031</b>	<b>16,924</b>	<b>9,955</b>	<b>10,497</b>	<b>6,242</b>	<b>1,563</b>	<b>63,212</b>
Obligation net of plan assets		–					–
Unrecognized past service cost		–					–
<b>PRESENT VALUE OF OBLIGATION AT DECEMBER 31, 2009</b>	<b>18,031</b>	<b>16,924</b>	<b>9,955</b>	<b>10,497</b>	<b>6,242</b>	<b>1,563</b>	<b>63,212</b>
Payments to defined benefit plans in 2010	–1,161	–2,402	–5,817	–2,500	–	–2,000	–13,880

The main actuarial assumptions are as follows:

	12/31/2009	12/31/2008
Discount rate	4.75%	5.25%
Inflation rate	2.00%	2.00%
Salary increase rate	3.60%	3.60%
Mortality table	TGH 05/TGF05	TGH 05/TGF05
Retirement age	55.6 years	55.6 years
Turnover rate	0.00%	0.00%

An increase in the discount rate of 25 base points would have decreased the aggregate long-term obligations by €658 thousand.

### Description of long-term benefits

#### Work-related accident and disability allowances

The allowances and indemnities for work-related accidents and illnesses paid to employees in post are accounted for as long-term benefits. The portion relating to retirees is accounted for under post-employment benefits (see description of the allowances in paragraph 23.1).

#### Seniority bonuses

After a specific number of years' service, employees receive seniority bonuses and additional holidays.

#### Phased retirement

This scheme previously enabled employees to opt for part-time employment remunerated at 70% for those under 55 years of age

and at 75% for employees aged 55 and upwards. The scheme was withdrawn as of 2010.

#### Unemployment benefits

As for the State unemployment benefit fund (*Assedic*), RATP provides employees whose employment contracts have reached termination with a replacement revenue known as “unemployment benefit” for a variable duration depending on the number of years of affiliation and the age of the employee.

#### Long-term sick-leave

Employees with long and costly illnesses are granted sick leave to enable them to receive the medical treatment required. Although their employment contract is suspended, all or part of their salary is paid, subject to certain conditions.

## 24. OTHER PROVISIONS

	12/31/2008	ADDITIONAL ALLOWANCE	PROVISION USED	UNUSED PROVISIONS	RECLASSIFICATION, CHANGE IN SCOPE AND EXCHANGE RATE	12/31/2009
<b>Non-current provisions</b>	<b>134,393</b>	<b>20,741</b>	<b>-17,090</b>	<b>-226</b>	<b>2,031</b>	<b>139,849</b>
Decommissioning costs <sup>(a)</sup>	53,974		-554		-20,887	32,533
Litigation <sup>(b)</sup>	62,800	6,941	-5,289		-66	64,386
Other expenses	4,039	276	-772	-226	12,879	16,195
Other contingencies <sup>(c)</sup>	13,581	13,525	-10,476		10,105	26,735
<b>Current provisions</b>	<b>72,004</b>	<b>16,982</b>	<b>-15,981</b>	<b>0</b>	<b>88</b>	<b>73,093</b>
Decommissioning costs <sup>(a)</sup>	25,325				21,376	46,701
Litigation <sup>(b)</sup>	9,892	4,046	-3,848		56	10,146
Other expenses	4,254	1,397	-1,307		10,058	14,402
Other contingencies <sup>(c)</sup>	32,533	11,539	-10,826		-31,402	1,844
<b>TOTAL PROVISIONS</b>	<b>206,397</b>	<b>37,723</b>	<b>- 33,071</b>	<b>- 226</b>	<b>2,119</b>	<b>212,942</b>

(a) Provisions for decommissioning railway rolling stock are recorded with an offsetting entry under components of property, plant and equipment. They are amortized over the useful lives of the trains.

(b) Provisions for litigation concern provisions for disputes and legal proceedings of a commercial nature or those instigated by employees involving asbestos-related illnesses contracted at work (note 30.3).

The tax inspection initiated in 2007 for financial years 2004 to 2006 is still under way. The present value of the provision recognized in 2007 based on notices of adjustments by the tax authorities was re-measured in 2009.

(c) Provisions for other contingencies comprise RATP's obligation to insure accidents on its networks (basis: cases already declared).

No provisions were recorded for the effect of discounting, as it was not material.

## 25. LOANS AND BORROWINGS

### 25.1. Breakdown of current and non-current loans and borrowings

	12/31/2009	12/31/2008
Bond issues	3,583,879	3,337,023
Change in fair value of bonds	-1,476	-1,875
Île-de-France loans	238,736	232,873
Corporate savings plan loans	141,859	132,730
Loans related to lease termination	422,417	
Borrowing from credit institutions	96,793	107,441
Loans related to finance leases	40,906	27,778
Deposits and guarantees received	4,615	4,432
Other loans and borrowings	8,084	11,848
<b>Non-current loans and borrowings</b>	<b>4,535,813</b>	<b>3,852,250</b>
Bond issues	450,363	457,711
Île-de-France loans	19,637	19,544
Corporate savings plan loans	179,974	139,936
Loans related to lease termination	6,297	
Borrowing from credit institutions	560	6,617
Loans related to finance leases	1,958	1,401
Deposits and guarantees received	226	146
Commercial paper	655,102	330,836
Other loans and borrowings	1,073	0
Bank loans	65,994	88,872
Accrued interest	86,023	70,286
<b>Short-term loans and borrowings</b>	<b>1,467,206</b>	<b>1,115,349</b>
<b>TOTAL</b>	<b>6,003,020</b>	<b>4,967,599</b>

### 25.2. Measurement of net debt

The Group defines net debt as total outstanding loans and borrowings, less accrued interest and cash equivalents and marketable securities classified as non-current available-for-sale financial assets, and the fair value of currency hedges on bonds.

	12/31/2009	12/31/2008
Loans and borrowings	6,003,020	4,967,599
Cash flow hedge	-76,937	-62,143
Accrued interest	-86,023	-70,848
CIL advances and other	-67,624	-69,148
Deposits and guarantees <sup>(1)</sup>	-428,714	-4,578
Cash and cash equivalents <sup>(1)</sup>	-581,639	-294,451
Subsidiaries' cash	4,614	4,432
Other reserves	28,629	-6,647
<b>GROUP NET DEBT</b>	<b>4,795,326</b>	<b>4,464,216</b>

(1) Restricted cash amounted to €796 million (reflecting the deposits related to leases of €429 million and cash collateral related to leases of €367 million). There was no restricted cash as at December 31, 2008.

## 25.3. Maturities of loans and borrowings

	2010	2011	2012	2013	2014	>5 YEARS
Bond issues (euros)	-450,000	-500,000	-	-450,000	-330,000	-1,300,000
Interest on bond issues (euros)	-143,052	-117,177	-93,427	-93,427	-69,802	-329,415
Cash flow cross currency swaps (euros)					-100,400	-847,443
Interest on cross currency swaps (euros)	-39,799	-40,122	-40,133	-40,133	-40,133	-120,626
Cash flows from derivatives (excluding cross currency swaps)	-464	32	269	503	683	5,816
Île-de-France loans	-20,454	-21,174	-20,147	-19,435	-18,881	-192,805
Interest on loans	-6,599	-6,085	-5,553	-5,107	-4,678	-30,708
Corporate savings plan loans	-179,974	-32,218	-30,241	-27,750	-39,158	
Interest on loans	-15,990	-9,055	-6,806	-4,683	-2,741	
Bank loans	-97,293					
Loans related to finance leases	-1,958	-5,215	-5,280	-5,350	-5,423	-23,901
Interest on loans related to finance leases	-1,334	-1,286	-1,232	-1,174	-1,114	-8,822
Deposits and guarantees received	-226	-4,615				
Commercial paper	-655,102					
Interest on commercial paper	-169					
Other loans and borrowings	-1,073					
Bank loans	-65,994					
<b>TOTAL LOANS AND BORROWINGS</b>	<b>- 1,679,481</b>	<b>- 736,915</b>	<b>- 202,550</b>	<b>- 646,556</b>	<b>- 611,647</b>	<b>- 2,847,904</b>

	2010	2011	2012	2013	2014	>5 YEARS
Cash flow swaps	2,483	-1,803	-1,209	1,913	-35,937	-567,983
Interest on long-term deposits	-11,658	-7,633	-5,042	-12,091	-26,082	-143,719
<b>TOTAL PAYMENTS IN THOUSANDS OF US DOLLARS</b>	<b>- 9,175</b>	<b>- 9,436</b>	<b>- 6,251</b>	<b>- 10,178</b>	<b>- 62,019</b>	<b>- 711,702</b>

	2010	2011	2012	2013	2014	>5 YEARS
Bond issues (Swiss francs)	-	-	-	-	-165,000	-1,345,000
Interest on bond issues (Swiss francs)	-43,508	-43,874	-43,874	-43,874	-43,874	-125,573
<b>TOTAL PAYMENTS IN THOUSANDS OF SWISS FRANCS</b>	<b>- 43,508</b>	<b>- 43,874</b>	<b>- 43,874</b>	<b>- 43,874</b>	<b>- 208,874</b>	<b>- 1,470,573</b>

Cash flows from borrowings in Swiss francs are offset by cross currency swaps in Swiss francs.

The breakdown by main currency and type of interest rate is presented in note 28.

## 25.4. Fair value of financial liabilities measured at cost

	12/31/2009		12/31/2008	
	FAIR VALUE	COST	FAIR VALUE	COST
Bond issues	4,224,850	4,034,242	3,973,395	3,794,724
Change in fair value of bonds	0	-1,476		-1,875
Île-de-France loans	289,736	258,373	262,973	252,417
Corporate savings plan loans	210,988	321,833	169,345	272,666
Loans related to lease termination	367,319	428,714		
Loans from credit institutions	97,353	97,353	121,703	114,058
Loans related to finance leases	42,864	42,864	29,179	29,179
Deposits and guarantees (received)	4,841	4,841	4,578	4,578
Commercial paper	655,102	655,102	330,836	330,836
Other loans and borrowings	10,231	9,157	3,634	11,289
Accrued interest	86,023	86,023	70,855	70,855
Bank loans	65,994	65,994	88,872	88,872
<b>TOTAL LOANS AND BORROWINGS</b>	<b>6,483,613</b>	<b>6,003,020</b>	<b>5,055,370</b>	<b>4,967,599</b>

Fair value is determined on the basis of the listed market price at the reporting date. If listed prices are not available it is determined by discounting cash flows using the market rate based on the issuer's credit risk. The interest rates used to discount future cash flows are determined based on Euribor swap rates.

### Change in amortized cost

BOND ISSUE	AMORTIZED COST 12/31/2009	AMORTIZED COST 12/31/2008	CHANGE
RATP 2009		457,709	-457,709
RATP 2010	449,412	448,721	691
RATP 2011	501,128	501,947	-819
RATP 2013	446,260	445,371	889
RATP 2014	329,566	329,487	79
RATP 2035	50,000	50,000	0
RATP 2014 CHF	111,058	110,924	134
RATP 2015 CHF	154,709	154,510	199
RATP 2016 CHF	134,737	134,599	138
RATP 2017 CHF	202,092	201,889	203
RATP 2017 CHF B	101,266	101,188	78
RATP 2018	647,139	646,832	307
RATP 2019 CHF	211,793	211,547	246
RATP 2019 CHF B	100,878		100,878
RATP 2021	594,197		594,197
<b>TOTAL</b>	<b>4,034,235</b>	<b>3,794,724</b>	<b>239,511</b>

	AMORTIZED COST 12/31/2009	AMORTIZED COST 12/31/2008	CHANGE
Île-de-France loans	258,376	252,417	5,959
CIL advance on loan	67,624	69,148	-1,524
Corporate savings plan loan	321,834	272,666	49,168
Loans relating to lease termination	428,714		428,714
<b>TOTAL NON-CURRENT LOANS AND BORROWINGS</b>	<b>5,110,783</b>	<b>4,388,955</b>	<b>721,828</b>

## 25.5. Balance sheet classification of financial instruments measured to fair value

**Level 1:** Fair value obtained from quoted market prices for similar instruments.

Outstanding amount: UCITS: €80,738 thousand.

**Level 2:** Fair value obtained from directly observable market inputs other than level one inputs and derived from interest rates, exchange rates and exchange rate volatilities.

	MARKET VALUE IN THOUSANDS OF EUROS
Cash flow hedge derivatives	69,000
Of which cross currency swaps	73,640
Fair value hedge derivatives	-278
Trading derivatives	221

**Level 3:** Fair value measured from inputs not based on observable market data.

No financial instruments were classified in this category.

## 26. TRADE AND OTHER PAYABLES

	12/31/2009	12/31/2008
Trade payables	199,604	237,951
Payables on fixed assets	434,541	324,283
Accrued tax and social security payables	434,333	413,310
Other operating payables	15,630	6,470
Deferred income	43,023	51,063
Other payables	99,369	111,651
<b>TOTAL</b>	<b>1,226,499</b>	<b>1,144,730</b>

All trade payables are due within one year.

## 27. FINANCIAL RISK MANAGEMENT

### Management of interest rate risk

Derivative instrument transactions mainly concern hedges set up to manage exposure to interest rate risk on debt or the investment portfolio.

Interest rate risk on borrowings and investments is essentially managed by using swaps and options to modulate the fixed and floating rate portion of the liability based on changes in interest rates. The modulation is obtained by implementing or cancelling interest rate swaps and options.

The “stop loss” and “take profit” triggers are managed by the finance department and additional limits are imposed on operations classified as trading. The volatility of gains and losses on mark-to-market interest derivatives is limited.

### Foreign currency hedges

RATP issues loans in foreign currencies. The resulting exposure to exchange rate risk is systematically hedged with currency swaps.

The Systra group sells services in USD and GBP and pays interest in euros. Systra’s revenue and operating margin are denominated and calculated in euros.

The Systra group uses currency hedges to cover the exposure to unfavourable changes in the EUR/USD and EUR/GBP exchange rates, which could have a material impact on operating margin.

### Exposure to risk of commodity price increases

No hedges were set up for commodities in 2009.

### Credit risk

Credit risk is the risk of financial loss for the Group if a customer or counterparty to a financial instrument defaults on their contract commitments. The risk is limited as the Group’s main customers are local authorities.

Short-term counterparty risk is also limited due to the diversification of the investment portfolio, which solely comprises cash equivalents.

The Group systematically secures collateral agreements to reduce counterparty risk on interest rate derivatives.

### Liquidity risk

Liquidity risk is the risk the Group may have difficulty repaying its debt and meeting obligations when they fall due. RATP uses long-term financing and its commercial paper programme (€1,500 million) to obtain the liquidity it requires to pay its liabilities.

## 27.1. Sensitivity

### 27.1.1. Short-term liabilities

RATP has short-term liabilities in the form of fixed rate commercial paper (€330 million at December 31, 2008, and €655 million at December 31, 2009), some of which has been converted into variable rate debt using Eonia swaps. The commercial paper has maturities ranging from one to several months and it is regularly rolled over. RATP also has commercial paper backed by the short-term bonds associated with the corporate savings plan. The commercial paper is fixed rate, but the rate changes every three months when new commercial paper is issued.

### 27.1.2. Long-term liabilities

#### Effect on interest

Borrowings (bonds, corporate savings plan, Île-de-France loan) are now 83% fixed rate.

TOTAL UNHEDGED DEBT	12/31/2009	12/31/2008
<b>CHF bonds (millions of euros)</b>	<b>948</b>	<b>849</b>
Variable rate	0%	0%
Fixed rate	100%	100%
<b>EUR bonds (millions of euros)</b>	<b>3,030</b>	<b>2,887</b>
Variable rate	0%	0%
Fixed rate	100%	100%
<b>Long-term bonds (millions of euros)</b>	<b>292</b>	<b>285</b>
Variable rate	98%	98%
Fixed rate	2%	2%
<b>Corporate savings plan (millions of euros)</b>	<b>309</b>	<b>259</b>
Variable rate	100%	100%
Fixed rate	0%	0%
<b>TOTAL IN MILLIONS OF EUROS</b>	<b>4,579</b>	<b>4,280</b>
Variable rate	87%	87%
Fixed rate	13%	13%

TOTAL HEDGED DEBT	12/31/2009	12/31/2008
Total debt (nominal amount) (millions of euros)	4,579	4,280
Variable rate	595	538
Fixed for floating swaps	198	248
<b>% FIXED RATE DEBT</b>	<b>83%</b>	<b>82%</b>

Interest payments on bonds amounted to €179 million in 2009: a 1% increase in interest rates on variable rate debt would have increased interest expense by approximately €0.5 million, as a result of the fair value adjustment (mark-to-market) of –€8 million of derivatives (FVH and Trading) and it would have increased equity by €6.4 million due to the mark-to-market adjustment of cash flow hedge derivatives.

#### Effect on hedge effectiveness

Forward-looking tests are used to simulate hedge effectiveness in the event of major changes in interest rates (stress scenarios).

Hedges are only effective if, in all the scenarios tested, the hedge remains within the limits of 80%-125%. In the event of a 1% increase or decrease in interest rates, all the hedges remain effective.

#### Liabilities and deposits covered by the deposits relating to lease terminations

	12/31/2009	12/31/2008
Outstanding USD debt (stated in millions of euros)	418	0
Variable rate	0	0
% Fixed rate	100	0

	12/31/2009	12/31/2008
Outstanding USD deposits (stated in millions of euros)	418	0
Variable rate	0	0
% Fixed rate	100	0

## 28. DERIVATIVE FINANCIAL INSTRUMENTS

### 28.1. Maturity of derivative instruments (maturity, notional amount, currency)

As at December 31, 2008

	TOTAL	CLASSIFICATION			MATURITY OF NOTIONAL AMOUNT		
		CFH	FVH	TRADING	<1 YEAR	1 TO 5 YEARS	>5 YEARS
<b>Foreign currency hedges</b>							
<i>Cross currency swaps</i>	849,417	849,417					849,417
<b>Interest rate hedges</b>							
Short-term fixed for floating swaps	139,338			139,338	139,338		
Long-term fixed for floating swaps	50,000		50,000				50,000
Long-term fixed for capped floating swaps	198,000			198,000	50,000		148,000
Floating for fixed swaps	575,577	475,577		100,000	100,000		475,577
<b>Commodity hedges</b>							
Swaps							
Calls							
Puts							

As at December 31, 2009

	TOTAL	CLASSIFICATION			MATURITY OF NOTIONAL AMOUNT		
		CFH	FVH	TRADING	<1 YEAR	1 TO 5 YEARS	>5 YEARS
<b>Foreign currency hedges</b>							
<i>Cross currency swaps</i>	947,842	947,842					947,842
<b>Interest rate hedges</b>							
Short-term fixed for floating swaps	399,450	399,450			399,450		
Long-term fixed for floating swaps	50,000		50,000				50,000
Long-term fixed for capped floating swaps	148,000			148,000			148,000
Floating for fixed swaps	192,368	192,368					192,368
<b>Commodity hedges</b>							
Swaps							
Calls							
Puts							

Note: foreign exchange risk on debt issued in foreign currencies is systematically hedged with cross currency swaps. Instruments that do not qualify for hedge accounting under IAS 39 (trading instruments) are nevertheless economic hedges.

### 28.2. Fair value of derivatives

	12/31/2008					
	NON-CURRENT ASSETS	CURRENT ASSETS	TOTAL ASSETS	NON-CURRENT LIABILITIES	CURRENT LIABILITIES	TOTAL LIABILITIES
Cash flow hedges	62,144	6,362	68,506	34,063	8,553	42,616
Fair value hedges	0	1,204	1,204	1,831	118	1,949
No hedge	0	2,449	2,449	0	6,777	6,777
<b>TOTAL</b>	<b>62,144</b>	<b>10,015</b>	<b>72,159</b>	<b>35,894</b>	<b>15,448</b>	<b>51,342</b>

	12/31/2009					
	NON-CURRENT ASSETS	CURRENT ASSETS	TOTAL ASSETS	NON-CURRENT LIABILITIES	CURRENT LIABILITIES	TOTAL LIABILITIES
Cash flow hedges	77,020	9,640	86,660	4,554	13,101	17,655
Fair value hedges		1,204	1,204	1,462	21	1,483
No hedge		2,419	2,419		2,198	2,198
<b>TOTAL</b>	<b>77,020</b>	<b>13,263</b>	<b>90,283</b>	<b>6,016</b>	<b>15,320</b>	<b>21,336</b>

The fair value of derivative instruments is determined by external counterparties (banks) based on various models:

- the fair value of interest rate swaps is determined on the basis of the present value of estimated future cash flows;
- the fair value of currency swaps is determined on the basis of the present value of estimated cash flows, converted at the European Central Bank exchange rate at the reporting date;
- the fair value of interest rate options (swaptions, caps, floors) is determined using the Black & Scholes method.

### 28.3. Effect on balance sheet of fair value recognition of derivative instruments

Details on cash flow hedging instruments:

	EXPECTED MATURITY OF HEDGED ITEMS	RECOGNIZED IN 2009 EARNINGS (THOUSANDS OF EUROS)
Pre-hedging swaps before 2009	Payments on derivatives prior to 2009	1,351
2009 pre-hedging swaps	Transfer from equity: payments in 2009	-1,059
Leasehold swaps I1 and I3	Leases for 2002-2027 and 2003-2028 Payment expected first day of each quarter	-970
Leasehold swaps I2	Lease for 2002-2016 Payment expected first day of each quarter	
Housing swap	Swap on housing contract for 2009-2028	-1,044
Cross currency swap	Swaps on CHF bond issues expiring in June 2019	3,544

## 29. GUARANTEES

### 29.1. Commitments given

	12/31/2009			12/31/2008		
	RATP EPIC	OTHER RESERVES	GROUP TOTAL	RATP EPIC	OTHER RESERVES	GROUP TOTAL
Guarantees	1,337,232	1,147	1,338,379	1,851,052	29,843	1,880,895
of which						
– Not-for-profit entities and other	2,022	0	2,022	2,022	17,476	19,498
– Employee benefits	304,720	1,147	305,867	327,897	1,093	328,990
– Leasehold transactions	1,030,490		1,030,490	1,521,133		1,521,133
<b>TOTAL</b>	<b>1,337,232</b>	<b>1,147</b>	<b>1,338,379</b>	<b>1,851,052</b>	<b>29,843</b>	<b>1,880,895</b>

### 29.2. Commitments received

	12/31/2009			12/31/2008		
	RATP EPIC	OTHER RESERVES	GROUP TOTAL	RATP EPIC	OTHER RESERVES	GROUP TOTAL
Guarantees	154,509	15	154,524	139,159	3,632	142,791
Leasehold transactions	154,509			139,159		
<b>TOTAL</b>	<b>154,509</b>	<b>15</b>	<b>154,524</b>	<b>139,159</b>	<b>3,632</b>	<b>142,791</b>

## 30. OFF-BALANCE-SHEET COMMITMENTS

### 30.1. Capital expenditures

Capital expenditures contracted as at the reporting date but not recorded in the financial statements amounted to €3,206 million as at December 31, 2009, compared with €2,855 million as at December 31, 2008.

### 30.2. Employee benefits

The past service cost relating to the change in actuarial calculations of retirement benefit obligations amounted to €21,125 thousand as at December 31, 2009. It has been amortized since 2008.

## 31. INFORMATION ON RELATED PARTIES

### 31.1. Transactions with related parties

RATP is a public service company that is fully owned by the French State. Consequently, RATP is a related party in the meaning of IAS 24 with all the companies controlled by the French State. However, given that the objective of IAS 24 is to alert on the terms and conditions of non-current transactions entered into between the Group and related parties, the Group has excluded all ordinary transactions entered into under normal market conditions from the scope of transactions with related parties.

#### Transactions with the State and local authorities

	12/31/2009	12/31/2008
STIF contract resources (tariff compensation, quality of service rewards/penalties, etc.)	1,867,006	1,829,751
Local council contribution to loss-making services	16,219	16,969
Investment grants called (State, STIF, RIF, others)	249,762	196,732
Île-de-France region loans contracted	26,798	16,061
Île-de-France region loans repaid	19,544	18,404
Government and local authority receivables	229,243	187,170
STIF receivables	25,930	99,100
Government and local authority borrowings	49,491	42,830
STIF borrowings	15,131	10,600
RIF loans and borrowings	292,899	287,646

#### Transactions with subsidiaries

Transactions with fully consolidated companies are eliminated upon consolidation. Transactions with proportionately consolidated companies (non-eliminated portion) or equity-accounted associates are not material and are usual practice for commercial or financial purposes within a group. They are performed on an arm's length basis under normal market conditions.

#### Other transactions with public sector companies

This refers to ordinary transactions undertaken in normal market conditions.

### 31.2. Compensation of senior executives

The senior executives of RATP Group are members of the Executive Board.

	12/31/2009	12/31/2008
Short-term benefits excluding employer contributions <sup>(1)</sup>	1,690	1,276

<sup>(1)</sup> Including gross salaries, bonuses, profit sharing and benefits in kind.

The other benefits are not material.

## 32. GROUP COMPANIES

Transport Division	COUNTRY	% CONTROL	% INTEREST	METHOD	CHANGE % INTEREST
RATP Développement	France	100.00	97.32	FC	Change % interest
RATP France Investissement (Cars Giraux)	France	100.00	97.32	FC	Change % interest
Cité Bleue	France	50.00	48.66	PC	Change % interest
CTVMI	France	100.00	97.32	FC	Change % interest
Giroux Eure-et-Loir	France	100.00	97.32	FC	Change % interest
Giroux Val-d'Oise	France	100.00	97.32	FC	Change % interest
RATP Dév France Services	France	100.00	97.32	FC	Newly consolidated
SCI Parc de la Sainte-Claire	France	100.00	97.32	FC	Change % interest
SCI Pimian	France	100.00	97.32	FC	Change % interest
SCI La Procession	France	55.00	53.53	FC	Change % interest
SCI Sofitim	France	50.00	48.66	FC	Change % interest
STIVO	France	50.00	48.66	PC	Change % interest
TIMBUS	France	50.03	48.69	FC	Change % interest
TVM	France	100.00	97.32	FC	Change % interest
Cars Perrier	France	100.00	97.32	FC	Change % interest
SCI Perrier	France	100.00	97.32	FC	Change % interest
EM Services	France	100.00	87.58	FC	Change % interest
Equival SAS	France	50.00	48.66	PC	Change % interest
Flexcité	France	100.00	49.63	FC	Change % interest
Flexcité 77	France	100.00	49.63	FC	Change % interest
Flexcité 91	France	100.00	49.63	FC	Change % interest
Flexcité 93	France	100.00	49.63	FC	Change % interest
Flexcité 94	France	100.00	49.63	FC	Change % interest
Gembus	France	100.00	97.32	FC	Newly consolidated
Jacquemard et Cie	France	100.00	97.32	FC	Change % interest
Mobicité	France	100.00	97.32	FC	Change % interest
Orlyval Service (OVS)	France	100.00	96.35	FC	Change % interest
SQY BUS	France	100.00	87.25	FC	Change % interest
Société d'exploitation des Lignes touristiques	France	25.00	24.32	EM	Change % interest
Société des Lignes touristiques	France	51.00	49.63	PC	Change % interest
Société des transports du bassin chellois	France	15.00	14.60	EM	Change % interest
TP2A	France	100.00	49.63	FC	Change % interest
Bombela Operating Company	South Africa	51.00	49.63	FC	Change % interest
EL Djazair	Algeria	100.00	97.32	FC	Newly consolidated
Eurailco GmbH	Germany	50.00	48.66	PC	Change % interest
Trans Regio	Germany	50.00	36.54	PC	Change % interest
Nanjing Anqing	China	16.32	15.88	EM	Newly consolidated
Nanjing Huabei	China	11.47	11.16	EM	Newly consolidated
Nanjing Huainan	China	18.30	17.81	EM	Newly consolidated
Nanjing Maanshan	China	13.23	12.88	EM	Newly consolidated
Nanjing JV	China	22.05	21.46	EM	Newly consolidated
Seoul Lignes 9	Korea	36.00	35.03	EM	Newly consolidated
Tramway Hong Kong	Hong Kong	45.00	43.79	EM	Newly consolidated
VTCL	China	45.00	43.79	EM	Newly consolidated

<b>Transport Division</b>	<b>COUNTRY</b>	<b>% CONTROL</b>	<b>% INTEREST</b>	<b>METHOD</b>	<b>CHANGE % INTEREST</b>
VT Korea	Korea	45.00	43.79	EM	Newly consolidated
Veolia Transport RATP Asia	France	50.00	48.66	PC	Newly consolidated
VTR China	China	50.00	48.66	PC	Newly consolidated
VTR Korea	Korea	50.00	48.66	PC	Newly consolidated
RATP DEV USA LLC.	USA	100.00	97.32	FC	Newly consolidated
Fullington Auto Bus Company	USA	51.00	49.63	FC	Newly consolidated
Mc Donald Transit Associates	USA	51.00	49.63	FC	Newly consolidated
Autoline Toscane	Italy	100.00	97.32	FC	Change % interest
Gest Spa	Italy	100.00	49.63	FC	Change % interest
HERM	Italy	48.00	46.71	EM	Newly consolidated
Modène	Italy	23.52	22.89	PC	Newly consolidated
Tram di Firenze	Italy	24.90	24.23	EM	Change % interest
Financière Transdev	France	49.89	49.89	EM	
Transdev groupe	France	25.60	25.60	EM	
RATP International	France	100.00	100.00	FC	
ALEXA	Italy	37.00	37.00	EM	
La Ferroviaria Italiana (LFI)	Italy	12.00	12.00	EM	
LFI Services	Italy	12.00	12.00	EM	
TFT SPA	Italy	12.00	12.00	EM	
RFT SPA	Italy	12.00	12.00	EM	
<b>Engineering division</b>					
Financière Systra	France	50.00	50.00	PC	
Systra groupe	France	50.00	35.87	PC	
Xelis	France	100.00	100.00	FC	
<b>Advertising and real estate division</b>					
Promo Métro	France	100.00	100.00	FC	
Telcité	France	100.00	100.00	FC	
Naxos	France	100.00	100.00	FC	
SEDP	France	100.00	100.00	FC	
SADM	France	100.00	100.00	FC	
<b>Deconsolidation</b>					
Giroux Transports Services	France	100.00	95.41	FC	Deconsolidated
Société Financière Groupe Perrier	France	100.00	95.41	FC	Deconsolidated
SCI 132 Ave. du Général Leclerc	France	100.00	95.41	FC	Deconsolidated

### 33. STATUTORY AUDIT FEES

Pursuant to AMF Instruction 206-10 of December 19, 2006 and the requirements instituted by article L. 820-3 of the French Financial Security Act (LSF), details of the fees charged for the audit of the consolidated and individual financial statements of the Group are provided below:

STATUTORY AUDIT FEES	12/31/2009	12/31/2008
<b>RATP</b>	<b>542</b>	<b>633</b>
PricewaterhouseCoopers	280	313
KPMG	0	320
Ernst and Young	262	
<b>Fully consolidated subsidiaries</b>	<b>431</b>	<b>311</b>
PricewaterhouseCoopers	204	214
KPMG	90	97
Ernst and Young	57	
Other	80	
<b>GROUP TOTAL</b>	<b>973</b>	<b>944</b>

DIRECTLY-RELATED SERVICES	12/31/2009	12/31/2008
<b>RATP</b>	<b>159</b>	<b>100</b>
PricewaterhouseCoopers	30	
KPMG	0	100
Ernst and Young	129	
<b>Fully consolidated subsidiaries</b>	<b>73</b>	<b>163</b>
PricewaterhouseCoopers	18	163
Other	55	
<b>GROUP TOTAL</b>	<b>232</b>	<b>263</b>

### 34. POST-BALANCE SHEET EVENTS

None.

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# Statutory auditors' report on the financial statements

Year ended December 31, 2009

In compliance with the assignment entrusted to us by the minister for the Economy, Industry and Employment, we hereby report to you, for the year ended December 31, 2009, on:

- the audit of the accompanying financial statements of RATP EPIC, hereinafter referred to as "the company";
- the justification of our assessments;
- the specific verifications and information required by law.

The Board of Directors is responsible for the preparation of these financial statements. Our role is to express an opinion on the financial statements, based on our audit.

## 1. OPINION ON THE FINANCIAL STATEMENTS

We conducted our audit in accordance with the auditing standards generally accepted in France, with the exception of the point described in the paragraph below. Those standards require that we plan and perform our work to obtain reasonable assurance that the financial statements are free from material misstatement. An audit involves examining, on a test basis or by other sampling means, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit has provided us with sufficient relevant information on which to base our opinion.

As mentioned in note 1 on changes in the regulatory framework governing the company's business and note 2.1.2 on "Property, plant and equipment", the French law on rail passenger transport services of December 9, 2009:

- specified the company's role with regard to the management of the metro network infrastructure for the transport of passengers in the Île-de-France area, given the responsibilities of Réseau ferré de France;
- limited the duration of the rights granted to operate the transport lines created before December 3, 2009.

For both activities, the law has specified that the compensation paid by STIF should ensure an appropriate return on capital employed. Decrees will be issued by the State Council to specify the implementation arrangements.

As the implementation decrees have not yet been issued and the current contractual framework between STIF and the company has not yet been amended, the company has not been able to determine the expected future cash flows from its assets to ensure that their value in use is at least equal to the carrying value recorded in the balance sheet.

Subject to this qualification, in our opinion the financial statements give a fair and true view of the company's financial position and assets and liabilities as at December 31, 2008, and of the results of its operations for the year then ended, in accordance with the accounting principles generally accepted in France.

## 2. BASIS OF OUR ASSESSMENTS

Pursuant to the provisions of article L. 823-9 of the French Commercial Code relating to the justification of our assessments, we draw your attention to the following matters:

### Termination of ten leasehold agreements

Note 1 on "Significant events and transactions in 2009" reports on the early termination in 2009 of ten leasehold agreements entered into with foreign investors. It states that the transactions generated non-recurring income of €70 million, and it describes the nature and amount of the financial commitments made by the company in connection with the transactions.

We examined the transactions and the associated accounting entries, and ensured that note 1 provided appropriate disclosure thereon.

### Employee benefits

Note 3.13 to the financial statements on "Long-term employee benefits" describes the long-term employee benefits provisioned in the balance sheet and the method used to measure the obligations.

Note 5.20 on "Off-balance sheet commitments at December 31, 2009" presents the employee benefits that are not provisioned in the financial statements, in the line item "Employee benefits".

We reviewed the manner in which these two categories of long-term employee benefits had been identified, measured and recognized, and we ensured that the notes 3.13, 5.3 and 5.20 provided appropriate disclosure thereon.

Our assessments were an integral part of our audit of the financial statements as a whole, and therefore contributed to the formation of the opinion expressed in the first part of this report.

## 3. SPECIFIC VERIFICATIONS AND INFORMATION

We have also carried out the specific verifications required by law.

With the exception of the effects that may ensue from the issues mentioned in the first part of the report, we have no further matters to report regarding the fair presentation and conformity with the financial statements of the information provided in the Board of Directors' management report.

Neuilly-sur-Seine and La Défense, March 26, 2010

The statutory auditors

PricewaterhouseCoopers Audit  
Paul Onillon  
Partner

Ernst & Young and others  
Christine Vitrac  
Partner

Jean-Marc Montserrat  
Partner

# Balance sheet

At December 31, 2009

<i>(in thousands of euros)</i>	12/31/2009			12/31/2008
	GROSS	ACCUM. DEPRECIATION, AMORTIZATION AND PROVISIONS	NET	NET
<b>ASSETS</b>				
<b>INTANGIBLE ASSETS</b>	<b>474,417</b>	<b>235,380</b>	<b>239,038</b>	<b>234,654</b>
– Research and development costs	109,959	10,836	99,123	90,256
– Lease rights	2,626	1,066	1,560	1,637
– Other	361,833	223,478	138,354	142,760
<b>PROPERTY, PLANT AND EQUIPMENT</b>	<b>20,034,543</b>	<b>9,588,187</b>	<b>10,446,355</b>	<b>9,889,905</b>
– Land	400,871	–	400,871	384,551
– Buildings	8,357,156	3,447,251	4,909,905	4,910,575
– Technical plant, equipment and industrial tooling	4,362,877	2,922,054	1,440,822	1,464,198
– Transport equipment	4,736,001	3,064,395	1,671,605	1,602,598
– Other	212,523	154,486	58,037	62,195
– WIP, advances and down payments	1,965,115	–	1,965,115	1,465,789
<b>FINANCIAL ASSETS</b>	<b>953,974</b>	<b>23,216</b>	<b>930,758</b>	<b>453,754</b>
– Investments and affiliates	329,345	4,123	325,222	255,180
– Receivables from other investments and affiliates	2,340	–	2,340	2,420
– Other portfolio investments	–	–	–	–
– Loans	99,890	213	99,677	93,297
– Other	522,399	18,881	503,518	102,857
<b>NON-CURRENT ASSETS (I)</b>	<b>21,462,934</b>	<b>9,846,784</b>	<b>11,616,151</b>	<b>10,578,313</b>
Inventories and work in progress	189,672	32,391	157,281	142,649
Advances and prepayments to suppliers	1,297	–	1,297	1,070
<b>ACCOUNTS RECEIVABLE</b>	<b>1,660,022</b>	<b>11,553</b>	<b>1,648,470</b>	<b>4,932,320</b>
– Trade receivables and related accounts	121,499	5,912	115,587	113,921
– State and local authority receivables	233,577	–	233,577	264,263
– Other	56,801	5,641	51,159	47,900
– Receivables from leases	1,248,146	–	1,248,146	4,506,236
<b>FINANCIAL ASSETS</b>	<b>495,411</b>	<b>30</b>	<b>495,381</b>	<b>209,934</b>
Marketable securities	470,641	30	470,611	184,565
Cash and cash equivalents	24,770	–	24,770	25,369
Prepaid expenses	90,763	–	90,763	54,933
<b>CURRENT ASSETS (II)</b>	<b>2,437,166</b>	<b>43,974</b>	<b>2,393,192</b>	<b>5,340,906</b>
Bond issuance costs (III)	9,541	–	9,541	10,022
Bond redemption premiums (IV)	11,752	–	11,752	8,896
Unrealized currency translation adjust. (V)	30,712	–	30,712	533
<b>TOTAL ASSETS ( I + II + III + IV + V )</b>	<b>23,952,105</b>	<b>9,890,758</b>	<b>14,061,347</b>	<b>15,938,670</b>

<i>(in thousands of euros)</i>	12/31/2009	12/31/2008
<b>EQUITY AND LIABILITIES</b>		
Reserve for assets allocated to RATP	250,700	250,701
Revaluation surplus	230,796	231,140
Capital endowment	283,367	283,367
<b>RESERVES</b>	<b>294,699</b>	<b>285,371</b>
– Reserve from disposal of assets allocated by STIF and no longer used (redeployment)	184,519	184,419
– Reserve from disposal of assets allocated by the State and no longer used	136	136
– Reserve from disposal of assets constructed by RATP and no longer used (reinvestment)	52,119	42,890
– General reserve	57,926	57,926
Retained earnings	1,071,205	946,209
Net income	152,778	124,995
<b>NET EQUITY</b>	<b>2,283,545</b>	<b>2,121,785</b>
Investment grants	2,678,327	2,527,300
Regulated provisions	430,772	441,016
<b>EQUITY (I)</b>	<b>5,392,643</b>	<b>5,090,101</b>
Provisions for contingencies	122,526	116,541
Provisions for commitments	148,004	156,655
<b>PROVISIONS FOR CONTINGENT LIABILITIES (II)</b>	<b>270,530</b>	<b>273,196</b>
<b>LOANS AND BORROWINGS</b>	<b>5,867,986</b>	<b>4,850,915</b>
– Loan from Île-de-France region	292,899	285,646
– Bonds	4,287,185	3,995,784
– Borrowings from and liabilities to financial institutions (credit balance bank accounts)	126,766	152,032
– Other borrowings and loans	1,075,866	346,625
– Accrued interest	85,270	70,828
Advances on orders in process	2,780	1,036
Trade payables and related accounts	162,807	205,094
Taxes and social security contributions	441,217	417,129
Payables to suppliers of assets and related accounts	425,982	315,752
Other liabilities	107,591	99,045
Lease payables	1,268,190	4,575,867
Prepaid income	90,765	109,761
<b>LIABILITIES (III)</b>	<b>8,367,319</b>	<b>10,574,599</b>
Unrealized currency translation adjust. (IV)	30,856	774
<b>TOTAL EQUITY AND LIABILITIES ( I + II + III + IV )</b>	<b>14,061,347</b>	<b>15,938,670</b>
Net debt	4,821,503	4,484,464
(RATP indicator, see note 13c)		

# Income statement

(in thousands of euros)

	12/31/2009	12/31/2008	% CHANGE
<b>OPERATING INCOME</b>	<b>4,476,327</b>	<b>4,422,624</b>	<b>1.2%</b>
<b>Revenue</b>	<b>4,133,669</b>	<b>4,074,547</b>	<b>1.5%</b>
– Revenue from transport services	3,889,059	3,815,773	1.9%
– Other operating income	109,575	118,203	–7.3%
– Non-transport revenue	131,675	133,604	–1.4%
– Sales of by-products	3,359	6,968	–51.8%
<b>Other income</b>	<b>236,409</b>	<b>238,585</b>	<b>–0.9%</b>
– Decrease in stock of manufactured goods	1,319	–1,069	NS
– Capitalized production	83,685	82,277	1.7%
– Provision reversals and costs transferred	108,094	89,650	20.6%
– Operating subsidies	617		100.0%
– Other	42,693	67,728	–37.0%
<b>Income used to offset depreciation expenses</b>	<b>106,249</b>	<b>109,491</b>	<b>–3.0%</b>
– Reversal of revaluation provisions	10,091	10,290	–1.9%
– Portion of investment grants transferred to income	96,158	99,201	–3.1%
<b>OPERATING EXPENSES</b>	<b>4,129,522</b>	<b>4,063,502</b>	<b>1.6%</b>
<b>Cost of purchased goods and services</b>	<b>835,795</b>	<b>819,268</b>	<b>2.0%</b>
<b>Energy</b>	<b>171,435</b>	<b>189,967</b>	<b>–9.8%</b>
– Electricity	84,197	85,389	–1.4%
– Fuel	73,623	91,670	–19.7%
– Heating	13,615	12,908	5.5%
<b>Cost of leased tracks</b>	<b>24,810</b>	<b>24,202</b>	<b>2.5%</b>
<b>User rights payable to SNCF</b>	<b>20,664</b>	<b>19,992</b>	<b>3.4%</b>
<b>Equipment, supplies and other external services</b>	<b>618,887</b>	<b>585,106</b>	<b>5.8%</b>
– Equipment and supplies	182,374	177,101	3.0%
– Other external services	436,513	408,006	7.0%
<b>Tax, duties and other payables</b>	<b>228,452</b>	<b>217,760</b>	<b>4.9%</b>
<b>Payroll costs</b>	<b>2,345,558</b>	<b>2,274,069</b>	<b>3.1%</b>
– Wages and salaries	1,646,754	1,601,829	2.8%
– Payroll-related costs	689,937	659,871	4.6%
– RATP employee benefit plan cost, net	8,867	12,369	–28.3%
<b>Depreciation, amortization and provisions</b>	<b>682,022</b>	<b>719,489</b>	<b>–5.2%</b>
– Asset depreciation and amortization	626,751	613,546	2.2%
– Asset provisions	259	655	–60.5%
– Current assets provisions	5,451	7,501	–27.3%
– Provisions for contingent liabilities	49,562	97,788	–49.3%
<b>Other expenses</b>	<b>37,694</b>	<b>32,915</b>	<b>14.5%</b>
<b>OPERATING INCOME ( I )</b>	<b>346,805</b>	<b>359,122</b>	<b>– 3.4%</b>

	12/31/2009	12/31/2008	% CHANGE
<b>FINANCIAL INCOME</b>	<b>84,262</b>	<b>98,029</b>	<b>-14.0%</b>
– From investments in subsidiaries and affiliated companies	4,291	7,180	-40.2%
– Other long-term investments and asset receivables	347	470	-26.2%
– Accrued interest and related income	75,773	82,154	-7.8%
– Provision reversals and operating expenses transferred	104	478	-78.3%
– Foreign currency translation gains	633	2	NS
– Proceeds from disposal of marketable securities	3,115	7,746	-59.8%
– Financial income (Athens)			-
<b>FINANCIAL EXPENSES</b>	<b>301,630</b>	<b>304,224</b>	<b>-0.9%</b>
– Accrued interest and related expenses	296,009	298,002	-0.7%
– Amortization and provisions	4,956	5,806	-14.6%
– Foreign currency translation losses	664	5	NS
– Losses on disposal of marketable securities		410	-100.0%
<b>FINANCIAL EXPENSE ( II )</b>	<b>-217,368</b>	<b>-206,195</b>	<b>5.4%</b>
<b>ORDINARY INCOME ( I + II )</b>	<b>129,437</b>	<b>152,927</b>	<b>-15.4%</b>
<b>NON-RECURRING INCOME</b>	<b>84,848</b>	<b>14,995</b>	<b>NS</b>
– From operating transactions	3,111	1,337	132.6%
– From capital transactions	601	333	80.3%
– From leases	74,821	10,461	NS
– Other	4,487	136	NS
– Provision reversals and operating expenses transferred	1,829	2,728	-32.9%
<b>NON-RECURRING EXPENSES</b>	<b>27,208</b>	<b>9,538</b>	<b>185.3%</b>
– From operating transactions	969	2,376	-59.2%
– Other	25,172	6,351	NS
– Amortization and provisions	1,067	810	31.7%
<b>NON-RECURRING ITEMS</b>	<b>57,640</b>	<b>5,457</b>	<b>NS</b>
Employee profit sharing	34,300	33,389	2.7%
Income tax			-
<b>TOTAL INCOME</b>	<b>4,645,438</b>	<b>4,535,647</b>	
<b>TOTAL EXPENSES</b>	<b>4,492,660</b>	<b>4,410,652</b>	
<b>NET INCOME</b>	<b>152,778</b>	<b>124,995</b>	<b>22.2%</b>

# Notes to the financial statements

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

The financial statements as at December 31, 2009 were approved by the Board of Directors at their meeting on March 26, 2008.

## 1. SIGNIFICANT EVENTS OF THE PERIOD

### European regulation on public transport service obligations

The European regulation on public passenger transport services by rail and road was adopted on October 23, 2007 and entered into force on December 3, 2009. The regulation defines the role of the oversight authorities for public passenger transport and lays down the conditions governing the contracting of public services to operators and the granting of compensation to public service operators for the cost of public service obligations. It also limits the duration of the rights granted to public transport operators.

Until the effective date of the European regulation, RATP had perpetual rights to operate certain lines pursuant to the government Decree of 1949 and the Order of 1959.

In France, article 5 of the Law no. 2009-1503 of December 8, 2009 on public passenger transport services by rail (hereinafter referred to as the ORTF law) amended the Order of 1959 and introduced changes to regulations on Île-de-France area passenger transport.

The ORTF law has:

- changed the regime governing the ownership of the assets allocated to or created by RATP as of January 1, 2010;
- specified RATP's role with regard to the management of the metro and RER network infrastructure (given the responsibilities of Réseau Ferré de France) that it operates as of January 1, 2010;
- specified that the lines created before December 3, 2009 shall continue to be operated under the terms of the current agreements in accordance with the regulations applicable as at that date and until December 31, 2024 for bus services, until December 31, 2029 for tramway services and until December 31, 2039 for other transport services (metro and RER). These operating periods apply to all operators in the Île-de-France area unless otherwise specified in a prior agreement between STIF and RATP. The operating rights granted to RATP are now limited in duration;
- set forth the framework governing the remuneration of RATP for managing the infrastructure and operating the services, ensuring an appropriate return on capital employed.

Pending the implementation decrees of the ORTF law and the ensuing changes to RATP's contractual framework particularly with regard to the terms of remuneration of RATP for infrastructure management and line operations, and the terms and conditions governing the return of assets to STIF upon the expiry of the operating rights, the financial statements as at December 31, 2009 have not taken into account the clauses of the ORTF law that introduce limits on the duration of rights granted to RATP to operate urban transport services.

Consequently, RATP has used the same depreciation and valuation methods for its fixed assets as those previously applied and has not been able to determine the future cash flows from these assets.

The accounting and financial effects of these new legal provisions are currently being assessed.

### New bond issues

RATP issued bonds for the equivalent of €698 million in 2009 comprising:

- €600 million in September (maturing in June 2021) bearing interest at 4%;
- CHF150 million in July (€98 million maturing in June 2019) bearing interest at 2.929%.

### Leasehold contracts

In 2009, ten leasehold contracts were terminated prior to their term. The transactions generated income of €70 million comprising the remaining net present value of the contracts (€45 million), and gains net of transaction costs of €25 million, received upon leasehold termination.

The banks and insurers have retained part of the deposits associated with the early leasehold termination. Consequently, the cost of exercising the early buyout option with regard to the American investors had to be funded by borrowings. To facilitate negotiations on the loans, RATP made cash collateral arrangements with the lending banks by issuing commercial paper. The financing arrangements have had no effect on net debt.

BALANCE SHEET LINE ITEMS AFFECTED BY THE LEASE TERMINATIONS	12/31/2009	12/31/2008	CHANGE
Financial assets (deposits retained)	419,913	16,293	403,620
Financial assets (cash collateral)	367,319	0	367,319
<b>TOTAL ASSETS</b>	<b>787,232</b>	<b>16,293</b>	<b>770,939</b>
Loans and borrowings (to fund buyout option)	420,150	16,530	403,620
Loans and borrowings (commercial paper)	367,319	0	367,319
<b>TOTAL LIABILITIES</b>	<b>787,469</b>	<b>16,530</b>	<b>770,939</b>
<b>NET IMPACT</b>	<b>237</b>	<b>237</b>	<b>0</b>

## Investment in Transdev

In connection with the joint venture between Transdev and Veolia Transport, RATP will sell its 25.6% stake in Transdev in exchange for French and international assets currently owned by Transdev and Veolia Transport. The transaction requires the approval of the competition authorities.

## 2. SIGNIFICANT ACCOUNTING POLICIES

RATP applies a customized Chart of Accounts as approved by the interministerial Order of March 21, 1985, and the French National Accounting Board (*Conseil national de la comptabilité*). The Chart was prepared in accordance with the rules, principles and framework governing the French national Chart of Accounts.

It includes additional line items reflecting RATP's reporting and disclosure requirements and specific characteristics in terms of legal form and financing.

### 2.1. Balance sheet

A detailed breakdown of non-current assets and the associated depreciation and amortization schedules are provided in tables 5.1 and 5.2.

#### 2.1.1. Intangible assets

- Research and development costs associated with assets that are clearly separable, technically feasible and likely to generate future economic benefits are capitalized if they meet the criteria set forth in the generally accepted accounting principles. They are amortized based on the useful life of the assets to which they relate. All other research and development costs are expensed.
- Information systems acquired or developed by the company are capitalized. They comprise the following components:
  - development and configuration costs, which are amortized over five to ten years, on the basis of the useful life of the system;
  - software and equipment acquired to place the system in service, which are amortized over a three-year period.

#### 2.1.2. Property, plant and equipment

##### 2.1.2.1. Until December 31, 2009

Property, plant and equipment comprises the assets allocated for use by RATP that are owned by the public authorities and the Île-de-France public transport authority (STIF), the Group's fully-owned assets and assets held under finance leases.

The breakdown of real estate assets based on ownership is as follows:

- State: primarily the RER network lines;
- STIF: primarily Paris metro lines built before 1968, as well as a number of buildings used as business premises by RATP;
- RATP: all other assets.

##### Ownership arrangements concerning the assets allocated to RATP by the State and STIF

RATP was formed by the Act of March 21, 1948, which transferred the rights of use of the assets and property concessions granted by the Paris municipality and the Seine department local authority to the Paris Metropolitan Railway Company and Paris Regional Public Transport Company to RATP at the time of its formation (note 3.15 Reserve for assets). Legal ownership of these assets was transferred to STIF by a law enacted in 1964. These assets are still allocated to RATP's operations.

The Decrees of 1969 and 2006 set out the list of assets owned by STIF. Infrastructure and other assets developed by RATP are owned by RATP (except those assets acquired in consideration for the transfer of assets initially allocated by the public authorities and STIF).

In addition, under the Decree of June 4, 1975, the real property owned by the public authorities comprising public interest railway infrastructure required for regional network operations is allocated to RATP's operations.

Pursuant to with the above-mentioned decrees of 1969 and 2006, the Decree of June 4, 1975 and the contractual agreement between STIF and RATP, RATP has the obligation to maintain and renew the assets allocated.

The assets allocated by the French State and STIF, without transfer of ownership, are presented in RATP'S balance sheet under the appropriate fixed asset accounts in order to provide a true economic view of the assets under the Group's management. However, RATP does not have full rights to the assets as they are part of the public transport domain.

##### 2.1.2.2. As of January 1, 2010

Subsequent to the European regulation of October 23, 2007 on public passenger transport services (effective December 3, 2009), the French ORTF law on public rail transport was adopted (note 1 Significant events and transactions) amending the ownership regime governing the assets originally allocated to RATP by the State or created by RATP in relation to four separate asset categories. The amendments are effective as of January 1, 2010.

- The law provides for the transfer of legal ownership to RATP of the infrastructure assets managed by RATP, which are owned by STIF or the State. The transfer shall be made without consideration as of January 1, 2010.
- All the assets required to operate the passenger transport service, such as rolling stock and the related maintenance equipment, are transferred without consideration to STIF as of January 1, 2010. STIF will take possession of these assets when the operating contracts expire. A State Council decree will set forth the terms, including the financial aspects, of the transfer to STIF when the contracts expire to ensure that there is no loss to RATP.
- Ownership of the other assets allocated to operations, other than those mentioned in the previous paragraphs, is transferred to RATP as of January 1, 2010. Upon expiry of the service contracts, STIF has the right to recover these assets. A State Council decree will determine the financial terms of the asset transfer as of January 1, 2010, the period of time during which STIF may exercise its right to recover the assets and the financial terms of the return transfer to STIF.
- Ownership of the real property and other assets owned by STIF or the State, which are not allocated to operations but are used by RATP for administrative, social or training purposes are transferred to RATP as of January 1, 2010. STIF will receive consideration for the assets transferred to RATP. A State Council decree will set forth the financial terms of the asset transfer.

The accounting and financial effects of the new legal provisions, which introduce limits on the duration of operating rights granted for transport services, are currently being assessed.

##### 2.1.2.3. Accounting treatment of assets

The assets allocated for use or owned by RATP are recorded at their historical (acquisition or production) cost, with the exception of those in operation at December 31, 1976, which were re-valued pursuant to article 61 of the 1977 French Finance Act.

Since January 1, 2005 RATP has used component-based accounting to record all its property, plant and equipment. The assets are broken down into their component parts and each component is recognized with a separate useful life based on how often it is replaced or repaired. As at January 1, 2005 RATP adopted the amortized historical cost method.

Certain assets are funded by investment grants.

Pursuant to CRC Regulation no. 2004-06 of the French Accounting Regulations Committee (*Comité de la réglementation comptable*), the costs of dismantling railway rolling stock are provisioned to offset the amount capitalized for the asset components, which are depreciated over the useful lives of the trains.

Provisions for depreciation and amortization are calculated using the straight-line method based on the useful lives of the assets, as defined by RATP technicians. The useful lives of property, plant and equipment are reviewed annually if there are significant changes.

The main depreciation periods for RATP assets are provided in the table below:

BUILDINGS	USEFUL LIFE
Building shell and brickwork	70 to 100 years
Building fixtures and fittings	6 to 30 years

RAILWAY INFRASTRUCTURE	USEFUL LIFE
Tunnels, stations and access ways	35 to 140 years
Fittings for stations and access ways	15 to 40 years
Tracks	10 to 50 years
Conductors, traction power supply for the metro system	5 to 50 years
Catenary systems for the regional railway network (RER) and trams	15 to 50 years

TRACK SIGNALLING AND ASSISTED DRIVING SYSTEMS	USEFUL LIFE
Automated train operating system (SAET)	5 to 35 years
Automated driving system	15 to 30 years
Track signalling	10 to 40 years

ROLLING STOCK	USEFUL LIFE
Rolling stock (rail)	20 to 40 years
Rolling stock (bus)	4 to 10 years
Company cars	5 years

PLANT AND EQUIPMENT, FIXTURES AND FITTINGS	USEFUL LIFE
Elevators, escalators and moving walkways	10 to 40 years
Automatic gates, passenger turnstiles	10 to 20 years
Equipment to print, deliver and stamp tickets	5 to 10 years
Telecom equipment and alarms	5 to 15 years
Electrical installations	5 to 30 years
Transformers	10 to 100 years
Ventilation and air evacuation equipment	15 to 30 years
Air conditioning systems	5 to 10 years
Sound and lighting equipment	10 to 30 years
Equipment and tooling	5 to 30 years
Other equipment and furniture	3 to 15 years

The accounting principles also provide for impairment testing to assess whether there is any indication that an asset may be impaired. If there is an indication, impairment testing is performed. This entails comparing the net book value of the asset with its fair value, which is defined as the higher of the asset's sale price less costs to sell and its value in use.

As mentioned above, the ORTF law on public passenger transport has limited the duration of operating rights granted to RATP, set forth ownership regimes and specified what happens to assets upon contract expiry. It has also set out the remuneration arrangements for infrastructure management and line operations in order to ensure that the costs are covered and there is a return on capital employed. The assumptions used in the impairment tests will therefore be changed.

Pending the decrees and agreements provided for in the ORTF law on public passenger transport and the amendment of RATP's contractual framework, no impairment tests were performed as at December 31, 2009.

## Spare parts

Spare parts are measured at unit cost or at weighted average cost per unit if managed by a computerized maintenance management system (CMMS). Depreciation of spare parts is calculated on the basis of the depreciation period of the associated assets.

### 2.1.3. Leased assets

Leased assets (note 3.12) are recorded as non-current assets on RATP's balance sheet. The assets held under the Swedish lease (note 3.12) have been recorded as long term deposits. The net present value of lease payments is recorded over the term of the leases (note 5.21a).

### 2.1.4. Financial assets

The gross value of financial assets comprises the purchase price and directly attributable acquisition costs. RATP includes the conveyance stamp duties, fees, commission and other taxes in the acquisition cost.

The fair value of investments held by RATP is determined based on the net equity of the subsidiary, or for subsidiaries that hold investments themselves, based on the consolidated net equity of the sub-group and on the earnings outlook of the subsidiary or sub-group. If the fair value of the investment is lower than the net carrying amount, a provision for impairment is recognized (see details of provisions in note 5.3).

### 2.1.5. Inventories

Inventories are stated at the lower of cost (including associated transaction costs) and net realizable value. The cost is calculated using the weighted average cost method (see details of inventories per category in note 5.4).

### 2.1.6. Accounts receivable

Receivables are recorded at face value. An allowance for uncollectible accounts equal to the full amount of the receivable is recorded if there is collection risk (see detailed breakdown of provisions in note 5.3).

### 2.1.7. Bond redemption premium

The cost of bond redemption premiums is spread on a straight-line basis over the term of the bonds. However, if early repayment is decided before the date of the financial statements, the expense is recorded in full.

### 2.1.8. Equity

The contra-account entitled "Reserve for assets made available to RATP" essentially reflects the residual value as of January 1, 1949 –when RATP was created– of the assets provided for use by RATP at that time, which were recorded on the balance sheet as of December 31, 1976.

The revaluation surplus recorded under equity results from the revaluation performed in 1963 on the basis of 1959 data, which amounted to €8.6 million, and the revaluation of non-depreciable assets performed in 1978 on the basis of 1976 data for €222.6 million (see table 5.8).

RATP was formed under the Act of March 21, 1948, but no capital was transferred to the entity at that time. In 1986, the public authorities allocated capital of €283.3 million to RATP.

Pursuant to the legal provisions governing RATP's operations, gains and losses resulting from the sale of property are recorded directly in reserves, with a separation between the assets allocated to RATP and those internally developed by RATP. These reserves may be used to

fund the acquisition of new assets, under the terms agreed with the supervisory authorities.

Income from investment grants is recognized on the basis of the depreciation schedule of the associated assets, with the exception of grants received for purchasing land, of which one tenth is recognized as income per financial year.

Regulated provisions relate to the revaluation of the depreciable assets performed in 1978 on the basis of 1976 data. They are transferred to income as the associated assets are written off. (See breakdown of changes in equity in note 5.7)

### 2.1.9. Loans and borrowings and hedging instruments

Loans and borrowings are recorded on the balance sheet at their redemption value in euros.

### Currency transactions

Balances denominated in foreign currencies are converted at the reporting date exchange rate, with the exception of loans and borrowings that are fully hedged by currency swaps, which are presented at the hedged rate. All currency transactions are fully hedged.

If at the reporting date the exchange rate impacts the amounts previously recorded in euros, adjustments are recorded under balance sheet liabilities if they reflect unrealized exchange gains and under assets if they reflect unrealized currency translation losses. If unrealized currency translation losses are recorded, a foreign exchange contingency provision is also recorded.

### Derivative financial instruments

RATP uses derivative financial instruments to manage its exposure to changes in interest rates, exchange rates and commodity prices (interest rate and commodity swaps and options and currency swaps). Almost all the derivative instruments qualify for hedge accounting and fully cover debt and fuel consumption.

The income and expense arising from hedging instruments is systematically recorded in profit and loss when collected or incurred.

The difference between the interest receivable and the interest payable on swaps, caps and floors, and the premiums and net payments associated with these transactions are recorded as an adjustment to interest expense over the term of the instruments.

Unrealized gains and losses arising from hedges on future purchases of diesel fuel (budgeted) are deferred and reported in the income statement when the hedged transaction is settled.

### 2.1.10. Trade payables

Prepayments to suppliers are reported under balance sheet assets. They are provisioned if their fair value falls below their carrying amount.

## 2.2. Income statement

### 2.2.1. Revenue generated by the agreement with the Île-de-France regional public transport authority (STIF)

Revenue generated by the agreement entered into with STIF on February 21, 2008, for the period from 2008 to 2011, comprised:

- **direct revenue** from users of transport services
- the **contribution** to public service obligations;
- the **contribution** to fund investments;
- a **reward or penalty based on quality of service indicators**;

- a profit-sharing system with risks and gains divided between RATP and STIF based on the direct revenues generated, benchmarked with contract targets.

These items are all included in RATP's revenue.

In addition, RATP may be fined if it fails to meet its contractual service coverage requirements.

### 2.2.2. Grants for unprofitable services

Pursuant to article 8 § 6 of Decree 59.157 of January 7, 1959 on the Paris regional passenger transport, RATP receives grants from the local authorities to cover the cost of providing unprofitable public transport services.

Details of the revenue generated by activity are provided in note 5.9 and by type of transport service in note 5.10.

### 2.2.3. Income used to offset depreciation expenses

This item reflects income from investment grants and special revaluation provisions.

### 2.2.4. Payroll and payroll-related costs

Since 1999, RATP has accounted separately for its transport business and its social security obligations.

The dual accounting system is based on:

- for social security service obligations, income statements for each type of risk covered (health, permanent disability and life insurance, industrial accidents, unemployment, family allowances);
- employer social security contributions comparable with those required in the social security system.

The system as a whole is called the Social Security Accounting System.

#### Presentation of payroll costs in RATP's individual financial statements

In order to facilitate the understanding and comparison of RATP's income statement with income statements prepared by other transport companies, the payroll costs related to the transport business have been presented in the same way as they are for common law companies, with two separate lines, one reflecting "Wages and salaries" and the other "Payroll-related costs". RATP's social security service obligations are reported under a single line item "Net cost of RATP employee benefit plan".

Further details on RATP's social security service obligations are provided in the table in note 5.11. The social security services are presented in the same way as for other social security entities and show:

- the origin and amount of resources, in particular in terms of the employer's contributions;
- the amount of benefits paid to plan members;
- compensation with other social security funds and entities;
- management costs.

Retirement benefit obligations have not been managed as part of RATP's social security services since the creation of the pension fund in 2006.

#### Main characteristics of the social security accounts

##### • Employer and employee contributions

The resources in the social security accounts mainly comprise the employer contributions recorded as "Payroll-related costs" in RATP's income statement. In terms of health insurance, as employee contributions have been replaced by the CSG tax, which is paid to Urssaf, RATP receives a contribution to its health insurance fund from the CSG tax collected. The amount received is set by a government order published in the French Official Gazette.

##### • Benefits

Benefits provided by RATP include:

- benefits in kind, such as the reimbursement of medical and hospital costs, medical tests and pharmaceuticals, and the services rendered by RATP's healthcare centre (Espace Santé), etc.;
- financial benefits, such as wages and salaries paid to employees on sick leave (daily indemnities), lump sums paid upon death in service, work-related accident and disability pensions, family allowances, etc.

##### • Health insurance and family allowances under the State social security system

RATP has provided health insurance and family allowances since 1972 under the terms of the State social security system. In compliance with its agreement with the State, the "bilateral compensation" agreement, RATP pays contributions to the State health insurance funds (CNAM and CNAF) and the insurance funds reimburse RATP for benefits provided (only the healthcare benefits in kind). The arrangements and amounts paid by RATP are set forth by decree, and the transfers to RATP are governed by the terms and conditions of the Social Security Code.

##### • Demographic compensation between systems

As part of its social policy, the State has set up a compensation system to offset the differences in supply and demand between the various social security systems in France, which arise due to demographic differences. The compensation system provides coverage for RATP's health insurance services.

### 2.2.5. Extraordinary Income and Expense

RATP recognizes items that are material, non-recurring and not part of its normal operations in extraordinary income and expense.

The breakdown of extraordinary income and expense is provided in note 5.12.

## 3. OTHER INFORMATION

### 3.1. Maturities of receivables and payables

(see note 5.13)

### 3.2. Receivables and payables

(see note 5.14)

### 3.3. Related parties

(see note 5.15)

### 3.4. Trade receivables and trade payables

(see note 5.15)

### 3.5. Number of employees

(see note 5.16)

### 3.6. Compensation of ten highest-paid executives

(see note 5.17)

### 3.7. Subsidiaries and investments

Note 5.18 provides information on the financial position of companies in which RATP holds a minimum 20% stake or investments of more than €1.5 million.

### 3.8. Consolidation

RATP prepares consolidated financial statements.

### 3.9. Economic interest groups

(see note 5.19)

### 3.10. Off-balance sheet commitments (note 5.20)

### 3.11. Asbestos

The plan to eliminate friable asbestos required by the Decree no. 96-97 of February 7, 1996, has almost been completed. In financial terms, only minor immaterial operations remain outstanding.

All non-friable asbestos (covered asbestos or material containing asbestos) will gradually be removed as maintenance work is carried out on plant and equipment. Precise information on the plant and equipment containing asbestos is not available, so it is not yet possible to determine the asbestos elimination plan beyond a six-month timeframe. Consequently, no provisions were recorded for this purpose in the 2009 financial statements. In 2009, the expenses incurred for asbestos removal amounted to €0.9 million.

RATP also complies with the new obligations set forth by the Decree of July 13, 2001 and regularly takes measures to control dust accumulation.

An internal study has been conducted to investigate asbestos-related illnesses among employees and assess the financial impact on the company. All risks arising from cases already declared or which have been brought to court have been provisioned. Although it is not possible to predict the financial impact of future litigation, RATP believes that the provision of €1.9 million recorded in the balance sheet as of December 31, 2009 is adequate and reflects the best estimate of the financial risk borne by the company.

### 3.12. Leases and lease-purchase contracts

Details of the impact of lease transactions on the financial statements are shown in note 5.21a.

#### Leaseholds

RATP enters into a number of leaseholds, whereby it grants a right of use to its assets enabling foreign investors, particularly in the United States, to assume economic ownership of the assets and thus amortize the assets and benefit from significant tax breaks.

A leasehold transaction is composed of the main lease granted by RATP and a sub-lease enabling RATP to retain the right of use of the asset. RATP also has an early buyout option (EBO), enabling it to unwind the arrangement before the term of the main lease.

Under French generally accepted accounting principles, a lease arrangement is not recognized as a sale during the term of the EBO.

The tax advantage gained by the foreign investor is shared with RATP. The overall profit generated on each transaction is included in the down payment received when the contracts are signed. It is immediately used to reduce RATP's liabilities, and is accounted for on a straight-line basis over the term of the lease as extraordinary income.

All associated costs, sub-leases payments, interest and principal are recorded in a single entry under extraordinary income and expense, in accordance with accounting principles on defeasance transactions.

The various contracts that make up each leasehold arrangement constitute separate transactions and are accounted for as such. As the assets and liabilities related to these contracts generate cash flows that are fully offset in the balance sheet and income statement, the overall profit generated by each transaction is reported in a single line as the net present value (NPV). The profit is recorded as deferred income when the contracts are signed and then is recognized as financial income on a straight-line basis over the duration of the contract.

In 2009, RATP terminated ten leasehold agreements prematurely, generating income of €70 million.

As at December 31, 2009, there were six transactions outstanding (13 contracts with the American investors Bank of America and State Street).

The risks assumed by RATP are limited to equipment ownership risk, French legislation and counterparty risk on the deposits. Part of the counterparty risk relating to deposits (€325 million as at December 31, 2009), is hedged by defeasance agreements, which enable the deposits to be offset against the associated liabilities. Another part of counterparty risk relating to deposits (€74 million as at December 31, 2009) is hedged by collateral agreements, which require the deposits to be replaced by American treasury bonds if the credit rating of the deposits falls below a certain threshold. RATP bears the counterparty risk for the remaining amount of deposits (€157 million as at December 31, 2009) and provides letters of credit on its risk to

American investors if the credit rating of these deposits falls below a certain threshold. Outstanding letters of credit issued in 2008 amounted to €127 million.

#### Swedish lease

The Swedish leasehold agreement is used to finance equipment.

The investor pays the supplier the total value of the equipment. At the inception of the contract RATP sets up deposits to cover the lease payments and the equipment buyback option. The difference between the deposits and the value of the material represents the profit made by RATP.

The lease payments are recognized as operating expenses and the interest and deposits in financial income. The net present value is recorded as extraordinary income. Net income is impacted by the deferred profit relating to the net present value and the theoretical asset depreciation in RATP's balance sheet.

#### Lease-purchase contracts

RATP's leases-purchase contracts are presented in note 5.21b.

### 3.13. Long-term employee benefits

RATP's long-term employee obligations include those relating to:

- work-related accidents and illnesses. RATP insures its current and retired employees for work-related illnesses and accidents. The benefits paid compensate employees for the permanent physical or psychological damage incurred due to an accident or illness and any other negative effects on the employee's career. Only the benefits paid to current employees are classified as long-term benefits. A provision of €16.9 million was recorded for such benefits during the period;
- seniority benefits ("médailles du travail"): €18 million;
- phased retirement: €10 million;
- unemployment benefits: €10.5 million;
- long-term sick leave: €6.2 million.

Employee benefits are measured using actuarial calculations based on assumptions regarding demographic variables (mortality, employee turnover, etc.) and economic variables (discount rate, salary increase rate, etc.).

The effective discount rate at December 31, 2009 was 4.75%, compared with 5.25% as at December 31, 2008. This rate includes an adjustment for inflation.

The main actuarial assumptions are as follows:

	12/31/2009	12/31/2008
Discount rate	4.75%	5.25%
Inflation rate	2.00%	2.00%
Salary increase rate	3.60%	3.60%
Mortality table	TGH 05/TGF 05	TGH 05/TGF 05
Retirement age	55.6 years	55.6 years
Turnover rate	0.00%	0.00%

## 4. INFORMATION ON EXPOSURE TO MARKET RISK

### 4.1. Risk management

RATP uses financial instruments to manage its exposure to interest rate risk. Its financial instruments are used to back both debt and investments.

In accordance with recommended accounting practice, RATP only records accrued interest on derivatives.

### 4.2. Exposure to interest rate risk

Interest rate risk on borrowings and investments is essentially managed using swaps and options to modulate fixed and floating rates based on changes in interest rates.

#### Swaps as at December 31, 2009:

Derivatives by maturity (in millions of euros)

	12/31/2009	12/31/2008
<b>Swaps on long-term borrowings (in euros)</b>		
Maturity <1 year	0	50
Maturity (1-5 years)	0	0
Maturity >5 years	366	648
<b>Cross currency swaps on long-term borrowings</b>		
Maturity <1 year	0	0
Maturity (1-5 years)	100	0
Maturity >5 years	847	849
<b>Swaps on short-term borrowings</b>		
OIS swap maturity <1 year	400	139
FRA maturity <1 year	0	100
<b>TOTAL SWAPS, IN MILLIONS OF EUROS</b>	<b>1,713</b>	<b>1,786</b>

## Derivatives listed by type (in millions of euros)

	31/12/2009	31/12/2008
<b>A – Swaps on long-term borrowings</b>		
1) Fixed to floating swaps (excluding currency swaps)		
Positions on short-term interest rates	50	100
Positions on long-term interest rates	148	148
2) Floating to fixed rate swaps (excluding currency swaps)		
Position on short-term interest rates	168	450
Position on long-term interest rates	0	0
3) Other swaps		
Basis swaps	0	0
FRA	0	100
Cross currency swaps	947	849
<b>B) Swaps on short-term borrowings</b>		
Eonia swaps	400	139
<b>TOTAL SWAPS, IN MILLIONS OF EUROS</b>	<b>1,713</b>	<b>1,786</b>

The tables above do not take into account the notional amount of the asset swaps on the 1999 leasehold transaction for which there is no interest rate risk.

Breakdown of bonds and commercial paper as at December 31, 2009, in millions of euros, excluding those relating to the corporate savings plan:

EXCLUDING DERIVATIVE INSTRUMENTS		INCLUDING DERIVATIVE INSTRUMENTS	
Bonds	3,977	Bonds	3,977
Fixed rate	3,977	Fixed rate	3,779
Variable rate	0	Variable rate	198
Commercial paper	504	Commercial paper	504
Fixed rate	504	Fixed rate	104
Variable rate	0	Variable rate	400

### Options at December 31, 2009:

#### Euro options (long-term borrowings) (in millions of euros)

Maturity <1 year	0
Maturity (1-5 years)	0
Maturity >5 years	366

#### Euro options (long-term borrowings) (in millions of euros)

PUT	CAP	0
Call	Cap	148
Put	Floor	148
Call	Floor	0
Put	Swaption	50
Call	Swaption	50
Automatic Call		0

Hedging transactions at the end of December 2009 generated financial expense of €7.15 million, comprising expense of €11.10 million for ongoing transactions and €3.95 million for the deferred recognition of net cash payments and premiums.

## Sensitivity of variable rate debt at December 31, 2009

As at December 31, 2009, given outstanding derivatives (swaps, cap, floors), variable rate positions comprised 4.98% of all bonds (excluding the corporate savings plan), for a value of €198 million.

### No short-term sensitivity:

Outstanding commercial paper, excluding the corporate savings plan, amounted to €504 million. It is invested in monetary UCITS funds, negotiable receivables and security deposits.

### Bond sensitivity:

Under identical financial conditions, a 1% increase in short-term rates would have increased interest expense by €500 thousand.

## Valuation of the portfolio of derivative financial instruments

The fair value of derivative financial instruments corresponds to the amounts which would have to be paid (-) or received (+) to unwind these instruments.

The fair values of derivatives have been determined on the basis of the listed prices provided by banks and financial institutions.

INSTRUMENTS	FAIR VALUE AT 12/31/2009 (IN MILLIONS OF EUROS)
Swap (excl. currency swaps)	-4.33
Cross currency swaps	+73.64
Structured instruments	-0.37
Options	0.00
<b>TOTAL</b>	<b>68.94</b>

**NB:** The exchange rate part of the currency swaps is offset by the exchange rate part of the underlying bonds. RATP is not exposed to exchange rate risk.

## Mark-to-Market instruments at December 31, 2009 (excluding exchange rate part of currency swaps) amounted to -€4.70 million.

Derivative instruments are not reported on the balance sheet.

## 4.3. Exposure to exchange rate risk

RATP issues loans in foreign currencies. The resulting exposure to exchange rate risk is systematically hedged using currency swaps.

The table below shows the currency swaps in place at December 31, 2009.

DEBT ISSUED		CURRENCY SWAPS			
AMOUNT OF FOREIGN CURRENCY (IN THOUSANDS)	FOREIGN CURRENCY	PAY		RECEIVE	
		AMOUNT OF FOREIGN CURRENCY (IN THOUSANDS)	FOREIGN CURRENCY	AMOUNT IN THOUSANDS OF EUROS	FOREIGN CURRENCY
1,510	CHF	1,510	CHF	947	EUR

## 4.4. Exposure to commodity price risk

RATP hedges against increases in commodity prices for diesel fuel and also against increases in the dollar against the euro.

No hedges were set up in 2009.

**5. NOTES TO THE BALANCE SHEET AND INCOME STATEMENT**

<b>Note 5.1</b>	<b>Fixed assets</b>	<b>Note 5.13b</b>	<b>Maturities of payables</b>
<b>Note 5.2</b>	<b>Depreciation and amortization</b>	<b>Note 5.13 c</b>	<b>Net debt</b>
<b>Note 5.3</b>	<b>Provisions</b>	<b>Note 5.14</b>	<b>Receivables and payables</b>
<b>Note 5.4</b>	<b>Inventories, gross</b>	<b>Note 5.15</b>	<b>Balance sheet items</b>
<b>Note 5.5</b>	<b>Prepaid income and expenses</b>	<b>Note 5.16a</b>	<b>Average number of employees</b>
<b>Note 5.6</b>	<b>Loan transaction costs</b>	<b>Note 5.16b</b>	<b>Employee training rights</b>
<b>Note 5.7</b>	<b>Changes in equity</b>	<b>Note 5.17a</b>	<b>Compensation of Directors and executives</b>
<b>Note 5.8</b>	<b>Revaluation surplus</b>	<b>Note 5.17b</b>	<b>Statutory audit fees</b>
<b>Note 5.9</b>	<b>Revenue</b>	<b>Note 5.18</b>	<b>Subsidiaries and investments</b>
<b>Note 5.10</b>	<b>Transport revenue</b>	<b>Note 5.19</b>	<b>Economic interest groups</b>
<b>Note 5.11</b>	<b>Social security income statement</b>	<b>Note 5.20</b>	<b>Financial commitments</b>
<b>Note 5.12</b>	<b>Extraordinary income and expense</b>	<b>Note 5.21a</b>	<b>Leases</b>
<b>Note 5.13a</b>	<b>Maturities of receivables</b>	<b>Note 5.21b</b>	<b>Lease-purchase contracts</b>

## Note 5.1. Fixed assets at December 31, 2009

	A	B	C	D	E
POSITION AND CHANGES ITEMS	GROSS VALUE AT 12/31/08	INCREASE	TRANSFERS BETWEEN LINE ITEMS	DECREASE	GROSS VALUE AT YEAR END <sup>(1)</sup>
<b>Intangible assets:</b>					
– Research and development costs	96,554	0	13,404	0	109,959
– Lease rights	2,626	0	0	0	2,626
– Other					
Software in use	336,284	0	22,669	–34,282	324,671
Software in process	29,881	21,676	–14,396	0	37,162
<b>TOTAL</b>	<b>465,346</b>	<b>21,676</b>	<b>21,677</b>	<b>–34,282</b>	<b>474,418</b>
<b>Property, plant and equipment:</b>					
– Land	390,710	0	13,235	–3,074	400,871
– Buildings	8,122,022	0	175,299	–34,966	8,262,355
– Buildings on land not owned	93,799	0	1,002	0	94,801
– Technical plant, equipment and industrial tooling	4,278,671	0	180,954	–96,748	4,362,877
– Transport equipment	4,547,972	5,983	268,363	–86,316	4,736,001
– Other	214,666	0	16,443	–18,586	212,523
– Work in progress	1,465,789	1,176,299	–676,973	0	1,965,115
<b>TOTAL</b>	<b>19,113,629</b>	<b>1,182,282</b>	<b>–21,677</b>	<b>–239,690</b>	<b>20,034,543</b>
<b>Financial assets:</b>					
– Investments	259,345	70,000	0	0	329,345
– Receivables from investments	2,420	90	0	–170	2,340
– Other investments					
– Loans <sup>(2)(4)</sup>	93,558	11,558	0	–5,226	99,890
– Other (deposits and guarantees) <sup>(3)</sup>	118,680	410,032	0	–6,313	522,399
<b>TOTAL</b>	<b>474,003</b>	<b>491,680</b>	<b>0</b>	<b>–11,709</b>	<b>953,974</b>
<b>TOTAL ASSETS</b>	<b>20,052,978</b>	<b>1,695,638</b>	<b>– 0</b>	<b>– 285,681</b>	<b>21,462,935</b>

(1) Gross value at year end is calculated as follows: (A + B + C + D = E).

(2) The net change in loans comprises:

– 1,516	Employee loans (accrued interest –€105 thousand)
7,848	Other loans
6,332	

(3) Including deposits made following the termination of leaseholds in 2009.

(4) Including interest accrued on deposits made following the termination of leaseholds in 2009.

## Note 5.2. Depreciation and amortization at December 31, 2009

POSITION AND CHANGES ITEMS	A ACCUMULATED AMORTIZATION AND DEPRECIATION AT BEGINNING OF YEAR	B INCREASE IN DEPRECIATION AND AMORTIZATION	C DECREASE IN DEPRECIATION AND AMORTIZATION	D ACCUMULATED AMORTIZATION AND DEPRECIATION AT YEAR END <sup>(1)</sup>
<b>Intangible assets</b>				
– Research and development costs	6,298	4,538	0	10,836
– Lease rights	988	77	0	1,065
– Other	223,406	30,368	–30,296	223,478
<b>TOTAL</b>	<b>230,692</b>	<b>34,983</b>	<b>–30,296</b>	<b>235,379</b>
<b>Property, plant and equipment</b>				
– Buildings	3,225,107	163,185	–22,585	3,365,707
– Buildings on land not owned	80,138	1,404	0	81,542
– Technical plant, equipment and industrial tooling	2,814,473	202,585	–95,004	2,922,054
– Transport equipment	2,945,374	204,214	–85,193	3,064,395
– Other	152,471	20,347	–18,332	154,486
<b>TOTAL</b>	<b>9,217,563</b>	<b>591,735</b>	<b>–221,114</b>	<b>9,588,184</b>
– Bond issue costs	10,713	1,910	–6,015	6,608
<b>TOTAL</b>	<b>10,713</b>	<b>1,910</b>	<b>–6,015</b>	<b>6,608</b>
Bond redemption premiums	10,151	1,854	0	12,005
<b>TOTAL</b>	<b>9,469,119</b>	<b>630,482</b>	<b>– 257,425</b>	<b>9,842,176</b>

(1) Total depreciation and amortization at year end is calculated as follows: (A + B + C = D)

The share of assets allocated to social security service obligations

	Assets allocated to social security service obligations
• Software (other intangible assets):	483
• Buildings:	118
• Buildings on land not owned:	0
• Industrial equipment and tooling:	1,095
• Transport equipment:	0
• Other:	185
	<hr/> 1,881

### Note 5.3. Provisions at December 31, 2009

POSITION AND CHANGES ITEMS	A	B	C	D		E
	PROVISIONS AT BEGINNING OF YEAR	OTHER RECLASSIFICATIONS	INCREASE IN PROVISIONS	DECREASE: REVERSALS DURING YEAR		PROVISIONS AT YEAR END (A + B + C + D = E)
				USED	ADJUSTMENTS	
Regulated provisions (revaluation reserve)	441,016	0	0	10,091	153	430,772
<b>TOTAL 1</b>	<b>441,016</b>	<b>0</b>	<b>0</b>	<b>10,091</b>	<b>153</b>	<b>430,772</b>
<b>Provisions for contingencies and liabilities</b>						
– Provisions for contingencies						
• Provisions for litigation <sup>(1)</sup>	70,747	0	10,084	1,022	6,795	73,014
• Provisions for work-related accidents	37,643	0	21,919	16,313	178	43,071
• Provisions for operating or financial liabilities	5,566	0	1,944	3,045	0	4,465
• Provisions for extraordinary liabilities	2,584	0	1,067	863	813	1,975
	116,540	0	35,014	21,243	7,786	122,525
– Provisions for expenses						
Reserve for extraordinary expenses <sup>(2)</sup>	156,656	489	15,615	22,038	2,718	148,004
	156,656	489	15,615	22,038	2,718	148,004
<b>TOTAL 2</b>	<b>237,196</b>	<b>489</b>	<b>50,629</b>	<b>43,281</b>	<b>10,504</b>	<b>270,529</b>
<b>Provisions for impairment</b>						
– Property, plant and equipment	6,159	0	259	6,418	0	0
– Financial assets	20,249	0	3,072	0	104	23,217
– Inventories	30,213	0	4,489	2,311	0	32,391
– Trade receivables and related accounts	11,019	0	869	942	5,035	5,911
– Marketable securities	0	0	30	0	0	30
– Other	6,866	0	92	0	1,316	5,642
<b>TOTAL 3</b>	<b>74,506</b>	<b>0</b>	<b>8,811</b>	<b>9,671</b>	<b>6,455</b>	<b>67,191</b>
<b>TOTAL ASSETS</b>	<b>788,718</b>	<b>489</b>	<b>59,440</b>	<b>63,043</b>	<b>17,112</b>	<b>768,492</b>
<i>Appropriation:</i>						
<i>Op.: operating activities</i>	765,885	489	55,271	62,180	16,195	743,270
<i>Fin.: financing activities</i>	20,249	0	3,102	0	104	23,247
<i>Ex.: extraordinary activities</i>	2,584	0	1,067	863	813	1,975
	788,718	489	59,440	63,043	17,112	768,492

(1) These provisions are for commercial or industrial litigation or disputes, and for the tax audit. The tax audit began in 2007 and is still in progress. The provision recognized as of 2007 based on the adjustments made by the tax authorities was remeasured in 2009.

(2) These provisions effectively cover the cost of decommissioning railway rolling stock, and long-term employee benefits (seniority bonuses, work-related accident and disability allowances, phased retirement, etc.).

### Note 5.4. Inventories (gross) at December 31, 2009

	12/31/2009	12/31/2008
– Commodities and supplies	186,408	170,917
– Work in progress	3,264	1,945
<b>TOTAL</b>	<b>189,672</b>	<b>172,862</b>

### Note 5.5. Prepaid income and expenses at December 31, 2009

	12/31/2009		12/31/2008	
	EXPENSES	INCOME	EXPENSES	INCOME
Operating activities	8,359	27,265	5,798	31,676
Financing activities	80,016	53,705	46,528	67,527
Extraordinary activities	2,389	9,795	2,606	10,557
<b>TOTAL</b>	<b>90,764</b>	<b>90,765</b>	<b>54,932</b>	<b>109,760</b>

**Note 5.6. Loan transaction costs at December 31, 2009**

	NET AMOUNT AT BEGINNING OF YEAR	INCREASES	DECREASES OR ADJUSTMENTS	NET AMOUNT AT YEAR END
Loan transaction costs <sup>(1)</sup>	10,022	1,430	-1,910	9,541
<b>TOTAL</b>	<b>10,022</b>	<b>1,430</b>	<b>- 1,910</b>	<b>9,541</b>

(1) Loan transaction expenses are amortized over the term of the loans. However, if early repayment is decided before the date of the financial statements, the expenses are fully amortized.

**Note 5.7. Changes in equity at December 31, 2009**

	12/31/2008	INCREASES	REDUCTIONS	12/31/2009
Reserve for assets allocated to RATP	250,701		2	250,700
Revaluation surplus <sup>(3)</sup>	231,140		345	230,796
Capital endowment	283,367			283,367
Statutory reserves	184,419	100		184,519
Reserves from sale of assets constructed by RATP	43,026	9,229		52,255
General reserve	57,926			57,926
Retained earnings <sup>(1)(2)</sup>	946,209	124,995		1,071,205
Net income	124,995	152,778	124,995	152,778
Investment grants	2,527,300	249,663	98,637	2,678,327
Regulated provisions <sup>(3)</sup>	441,016	0	10,244	430,772
<b>TOTAL</b>	<b>5,090,101</b>	<b>536,765</b>	<b>234,222</b>	<b>5,392,643</b>

(1) Net income from 2008 was allocated to retained earnings.

(2) See paragraph 1 of the notes.

(3) Details of the revaluation surplus are provided in note 5.8.

**Note 5.8. Revaluation surplus at December 31, 2009**
**Note 5.8.1. Revaluation from 1976**

POSITION AND CHANGES ITEMS	DIFFERENCES AT BEGINNING OF YEAR		DIFFERENCES DURING YEAR		DIFFERENCES AT YEAR END	
	GROSS VALUE OF ASSETS	ACC. DEPREC. AMORTIZATION AND PROVISIONS	RETIREMENT OF ASSETS	DEPRECIATION, AMORTIZATION AND PROVISIONS	GROSS VALUE OF ASSETS	ACC. DEPREC. AMORTIZATION AND PROVISIONS
<b>Property, plant and equipment</b>						
- Land	222,568	0	-345	0	222,223	0
- Buildings	1,197,992	761,246	-1,479	7,641	1,196,512	768,888
- Technical plant, equipment and industrial tooling	71,063	70,412	-2,492	-2,343	68,571	68,070
- Transport equipment	71,134	67,999	-1,223	-249	69,911	67,751
- Other	485	0	0	0	485	0
	1,563,241	899,658	-5,539	5,050	1,557,703	904,708
<b>Financial assets</b>						
- Investments	15	0	0	0	15	0
	15	0	0	0	15	0
<b>TOTAL</b>	<b>1,563,257</b>	<b>899,658</b>	<b>- 5,539</b>	<b>5,050</b>	<b>1,557,718</b>	<b>904,708</b>
					Net total	653,010

**Note 5.8.2. Revaluation in 1963 (base 1959)**

Revaluation surplus	8,557
<b>TOTAL REVALUATION SURPLUS</b>	<b>661,567</b>

## Note 5.9. Breakdown of revenue at December 31, 2009

	12/31/2009	12/31/2008
Transport revenue (excluding Orlyval)	1,973,435	1,941,527
Tariff compensation	0	0
Bandwidth (risks shared with STIF)	37,819	12,216
Additional contribution	0	0
<b>Revenue from transport services excluding VAT<sup>(1)</sup></b>	<b>2,011,254</b>	<b>1,953,743</b>
Sales incentives	0	0
Service quality bonus	15,010	10,777
C11 – contribution to operating expenses	875,710	860,760
C12 – contribution to taxes and duties	162,765	154,318
C13 – contribution to difference of R7 index under clause C11 and tariff decisions	-13,210	37,240
C2 – contribution to financing investments	787,700	755,329
Other transport revenue	49,831	43,606
<b>1 – Transport revenue excluding VAT</b>	<b>3,889,059</b>	<b>3,815,773</b>
<b>2 – Transport-related revenue excluding VAT</b>	<b>92,918</b>	<b>100,009</b>
<b>3 – Penalties</b>	<b>16,657</b>	<b>18,193</b>
<b>4 – Other service revenue</b>	<b>135,035</b>	<b>140,572</b>
<b>Revenue<sup>(2)</sup></b>	<b>4,133,669</b>	<b>4,074,547</b>

(1) The standard contribution for 2008 has been included to provide better comparability.

(2) Revenue is measured on the basis of the principles set out in paragraph 2.3.1.

## Note 5.10. Revenue from passenger transport services (VAT included) at December 31, 2009

	REVENUE IN MILLIONS OF EUROS		
	12/31/2009	AS A %	12/31/2008
<b>RATP networks: METRO, RER and BUS</b>	<b>2,081,974</b>	<b>100%</b>	<b>2,048,311</b>
– Monthly, weekly and annual “Orange” travel passes	1,184,790	56.91%	1,162,509
– Other subscriptions (police, emerald, amethyst)	111,134	5.34%	107,339
– Tickets	693,825	33.33%	689,416
– Flat-rate travel cards (Mobilis, youth tickets)	32,732	1.57%	31,332
– Unsubsidized tickets (Paris-visit, Orlybus, Roissybus)	57,963	2.78%	56,031
– Weekly travel passes, subsidized school passes, fire service passes and night buses	1,529	0.07%	1,684
<b>Special ticket rates (VAT included)</b>	<b>-2,563</b>		<b>-2,664</b>
<b>Transport services and leases (VAT included)</b>	<b>6,631</b>		<b>4,767</b>
<b>Revenue/long-term subscriptions (VAT included)</b>	<b>7,241</b>		<b>6,240</b>
<b>Orlyval revenue (VAT included)</b>	<b>22,274</b>		<b>22,725</b>
<b>Transport service revenue from previous years (VAT included)</b>	<b>3,506</b>		<b>-1,058</b>
<b>ALL NETWORKS</b>	<b>2,119,062</b>		<b>2,078,321</b>

## Note 5.11. RATP social security income statement

	2009 INCOME (LOSS)	2008 INCOME (LOSS)
<b>Health insurance plan</b>		
– Employer contribution	237,864	222,465
– Transfers received from CSG tax collected (ACOSS) and employee contributions	106,603	102,322
– CNSA Contribution (for disabled transport users)	–766	804
– Benefits in kind	–235,354	–227,989
– Cash benefits (paid sick leave, death benefits)	–55,030	–55,772
– Healthcare services	–9,161	–9,037
– Special plan expense (including general compensation)	–1,310	–2,757
– Management expense (net)	–17,508	–17,718
<b>Bilateral compensation with state health insurance fund (CNAM):</b>		
– Contributions paid to the RATP special scheme	–281,192	–266,231
– Allowance for management expenses	10,252	12,459
– Reimbursement of benefits in kind from the national social security scheme	234,860	227,581
<b>Net income (loss)</b>	<b>–10,742</b>	<b>–13,873</b>
<b>Work-related accident insurance plan</b>		
– Employer contribution	26,797	25,763
– Benefits paid	582	402
– Benefits in kind and allowances	–11,556	–11,416
– Cash benefits (paid sick leave)	–9,473	–8,638
– Management expense (net)	–3,445	–3,091
<b>Net income (loss)</b>	<b>2,906</b>	<b>3,020</b>
<b>Unemployment insurance plan</b>		
– Employer contribution	5,989	7,274
– Benefits paid	–6,693	–6,395
– Management expense (net)	–201	–272
<b>Net income (loss)</b>	<b>–904</b>	<b>606</b>
<b>Family allowance plan</b>		
– Employer contribution	72,825	68,195
– Flat-rate contribution for interns	0	0
– Statutory benefits	–16,982	–17,091
– Other benefits	–442	–397
– Management expense (net)	–1,670	–1,631
<b>Bilateral compensation with state family fund (CNAF):</b>	<b>0</b>	<b>0</b>
– Contributions paid to the RATP special scheme	–73,564	–70,626
– Allowance for management expenses	2,723	2,336
– Reimbursement of statutory benefits (national social security scheme)	16,982	17,091
<b>Net income (loss)</b>	<b>–127</b>	<b>–2,122</b>
<b>RATP SOCIAL SECURITY, NET LOSS</b>	<b>– 8,867</b>	<b>– 12,369</b>

## Note 5.12. Breakdown of extraordinary income and expense at December 31, 2009

<b>Extraordinary income</b>	<b>57,642</b>
Proceeds from disposal and retirement of PPE and intangible assets	-18,137
Transfer to inventories of equipment recovered	1,190
Asbestos-related disease (benefits paid and provisions reversed), net	-260
Asbestos removal work	-1,919
Leases (including €69,938 thousand related to the early termination of leases) <sup>(1)</sup>	74,821
Swedish lease: NPV <sup>(1)</sup>	125
Other	1,822

(1) see table no. 5.21a.

## Note 5.13.a. Maturities of receivables at December 31, 2009

ACCOUNTS RECEIVABLE	GROSS AMOUNT <sup>(1)</sup>	LIQUIDITY OF ASSETS MATURITIES	
		DUE WITHIN 1 YEAR	MORE THAN 1 YEAR
<b>Receivables relating to non-current assets</b>			
• Receivables from investments	2,340	90	2,250
• Loans <sup>(2)(3)</sup>	99,890	2,733	97,158
• Others <sup>(5)</sup>	522,399	747	521,652
	<b>624,629</b>	<b>3,570</b>	<b>621,060</b>
<b>Receivables relating to current assets</b>			
• Trade receivables and related accounts	121,499	121,499	0
• State and local authority receivables	233,577	233,577	0
• Other	56,801	56,801	0
	<b>411,877</b>	<b>411,877</b>	<b>0</b>
<b>Financial assets</b>			
• Marketable securities <sup>(4)</sup>	470,611	103,291	367,319
• Cash and cash equivalents	24,770	24,770	0
	<b>495,381</b>	<b>128,062</b>	<b>367,319</b>
Prepaid expenses	90,763	12,413	78,351
Currency translation adjustment	30,712	0	30,712
<b>TOTAL</b>	<b>1,653,362</b>	<b>555,920</b>	<b>1,097,442</b>

(1) Gross amount reported on the balance sheet before the deduction of provisions for impairment, which amounted to €34,799 thousand.

(2) Employee loans granted during the period: €315 thousand.

Employee loans repaid during the period: €1,726 thousand.

(3) Loans granted by RATP to employees and housing management entities, under the 1% mandatory employer contribution. Such loans bear lower interest than the usual market rates for loans of similar maturities.

(4) With accrued interest of: €117 thousand.

(5) In connection with the terminations of leaseholds in 2009, the banks have retained their deposits.

We therefore maintain deposits of €403,620 thousand under balance sheet assets.

## Note 5.13.b. Maturities of payables at December 31, 2009

LOANS AND BORROWINGS	GROSS AMOUNT	MATURITIES		
		LESS THAN 1 YEAR	BETWEEN 1 AND 5 YEARS	MORE THAN 5 YEARS
<b>Loans and borrowings</b>				
– Île-de-France loans <sup>(1)(4)</sup>	292,899	19,637	99,513	173,749
– Bonds <sup>(1)(4)</sup>				
• Eurozone financial markets	3,030,000	450,000	950,000	1,630,000
• International financial markets	947,843	0	100,400	847,443
• “Tick’épargne” loans	309,342	179,974	129,368	0
– Borrowings from and liabilities to financial institutions				
• Borrowings	67,624	1,196	20,334	46,094
• Bank accounts (creditor)	58,989	58,989	0	0
• Postal cheques	152	152	0	0
– Other loans and borrowings <sup>(2)(5)</sup>	1,075,866	654,805	34,504	386,557
– Accrued interest <sup>(3)</sup>	85,270	85,270	0	0
	<b>5,867,986</b>	<b>1,450,024</b>	<b>1,334,119</b>	<b>3,083,843</b>
<b>Accounts payable</b>				
– Trade payables and related accounts	162,807	162,807	0	0
– Tax and social security liabilities	441,217	441,217	0	0
– Payables to suppliers of assets and related accounts	425,982	425,982	0	0
– Other payables	107,591	107,591	0	0
	<b>1,137,597</b>	<b>1,137,597</b>	<b>0</b>	<b>0</b>
Prepaid income	90,765	19,110	26,051	45,604
Currency translation adjustment	30,856	128	4,551	26,177
<b>TOTAL</b>	<b>7,127,204</b>	<b>2,606,860</b>	<b>1,364,721</b>	<b>3,155,624</b>

(1) Loans contracted during period (in thousands of euros): 775,546  
Loans repaid during period (in thousands of euros): 476,891

(2) Including:  
• Commercial paper: 504,000  
• “Tick’épargne” commercial paper: 151,102

(3) Including:  
• Accrued interest on IDF loans: 1,416  
• Accrued interest - Eurozone financial markets: 57,116  
• Accrued interest - international financial markets: 9,231  
• Accrued interest on “Tick’épargne” loans: 8,761  
• Accrued interest on lease deposits: 8,744

(4) Including:  
• Loans at fixed interest rates: 3,981,351  
• Loans at floating interest rates: 598,733

(5) Including loans for financing lease terminations in 2009.

### Note 5.13.c. Net debt at December 31, 2009

	12/31/2009	12/31/2008
Financial assets (A)	473,914	209,786
Marketable securities <sup>(1)(3)</sup>	80,735	184,417
Cash collateral	367,319	0
Cash and cash equivalents <sup>(1)</sup>	25,860	25,369
Currency translation adjustment	0	0
Loans and borrowings (B)	5,295,417	4,694,250
Île-de-France loan	292,899	285,646
Loans on financial markets	3,977,843	3,736,765
“Tick’épargne” loan	309,342	259,019
Loans and borrowings	60,230	82,884
Commerical paper <sup>(2)</sup>	655,102	329,936
Currency translation adjustment	0	0
<b>NET DEBT (B – A)</b>	<b>4,821,503</b>	<b>4,484,464</b>

(1) Excluding financial assets allocated to lease transactions; see details in note 21-a.

(2) See (2) table 13b.

(3) Excluding accrued interest.

### Note 5.14. Receivables and payables at December 31, 2009

	12/31/2009	12/31/2008
<b>Receivables</b>		
Financial assets	1,564	1,753
Trade receivables and related accounts	41,460	35,861
State and local authority receivables <sup>(1)</sup>	132,342	169,732
Other receivables	18,782	17,282
Marketable securities	117	148
Cash and cash equivalents	0	0
<b>TOTAL</b>	<b>194,264</b>	<b>224,776</b>
<b>Payables</b>		
Île-de-France loans	1,416	1,516
Bonds on French financial market	57,116	54,647
Bonds on international financial markets <sup>(2)</sup>	9,231	6,063
Private bonds	8,761	8,596
Loans and borrowings from financial institutions	6	19
Trade payables and related accounts	115,614	112,898
Tax and social security payables	380,493	367,495
Payables to suppliers of assets and related accounts	221,406	201,282
Other payables	24,930	26,527
<b>TOTAL</b>	<b>818,973</b>	<b>779,043</b>

(1) Including investment grants due but not yet received.

(2) In Swiss francs and yen.

**Note 5.15. Other balance sheet items at December 31, 2009**

	POSITION AT YEAR END	
	12/31/2009	12/31/2008
<b>Commercial paper</b>		
Assets		
Trade receivables and related accounts	1	32
<b>TOTAL</b>	<b>1</b>	<b>32</b>
Liabilities		
Trade payables and related accounts	0	0
Payables for assets and related accounts	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>
<b>Items with related parties<sup>(1)</sup></b>		
Assets		
Financial assets	351,296	281,333
Trade receivables and related accounts	20,559	19,191
Other receivables	3,584	3,354
<b>TOTAL</b>	<b>375,439</b>	<b>303,878</b>
Liabilities		
Loans and borrowings	4	12
Trade payables and related accounts	3,274	3,050
Payables for assets and related accounts	32,857	11,176
Other payables	2,245	2,253
<b>TOTAL</b>	<b>38,379</b>	<b>16,491</b>

(1) RATP Développement, Snybus, Promo Métro, Logis-Transports, SEDP, SADM, Telcité, RATP International, Systra, Naxos, Mobicité, SLT, Tivo, Orlyval, FlexCité, STBC, FlexCité 91, FlexCité 77, FlexCité 93, FlexCité 94, EM services, Société billettique monétique services, Cars Perrier, Equival, TP2A, Cars Giroux, Xelis.

**Note 5.16.a. Average number of employees and retired employees paid by the company during the year**

	12/31/2009	12/31/2008	CHANGES NUMBER	As a %
<b>AVERAGE NUMBER OF EMPLOYEES</b>	<b>44,333</b>	<b>44,146</b>	<b>187</b>	<b>0.42%</b>
<b>Breakdown by category</b>				
– Executives + managers	11,139	10,950	189	1.73%
– Other employees	33,194	33,196	–2	–0.01%
<b>Breakdown by contract</b>				
– Indefinite	43,454	43,433	21	0.05%
– Fixed-term contract	879	714	165	23.11%

**Note 5.16.b. Employee training rights**

In accordance with the provisions of French Act no. 2004-391 of May 4, 2004 on vocational training, RATP grants its employees a minimum of 20 hours' individual training per calendar year, which can be accumulated for a six-year period. If the rights are not used at the end of the six-year period, they are capped at 120 hours.

As at December 31, 2009, the number of hours accrued for training amounted to 3,979,075 hours.

The number of unused accrued training hours amounted to 3,972,843 hours.

**Note 5.17.a. Compensation of Directors and executive officers (in thousands of euros) for the year ended December 31, 2009**

	2009	2008
Members of the Board of Directors	7	5
Executive officers (aggregate amount of the ten highest salaries)	2,029	1,982

**Note 5.17.b. Statutory audit fees in thousands of euros**

	PRICEWATERHOUSECOOPERS	ERNST
Statutory auditors	281	263
Work/services directly related	30	14
<b>TOTAL</b>	<b>311</b>	<b>277</b>

**Note 5.18. Subsidiaries and investments**

POSITION AT DECEMBER 31, 2009	SHARE CAPITAL	ADDITIONAL PAID-IN CAPITAL	% INTEREST HELD BY RATP	CARRYING AMOUNT OF OF SHARES		LOANS AND ADVANCES GRANTED BY RATP AND NOT YET REPAID <sup>(1)</sup>	GUARANTEES GIVEN BY RATP	REVENUE EXCLUDING VAT AT DECEMBER 31, 2009	PROVISIONAL NET RESULT AT DECEMBER 31, 2009	DIVIDENDS RECEIVED BY RATP IN 2009
				GROSS	NET					
<b>1 – Subsidiaries</b>										
<b>SEDP</b> 2, square Félix-Nadar 94684 Vincennes Cedex (SIREN 380038687)	459	920	100.00	457	457	3,354	145	5,852	237	0
<b>RATP DEVELOPEMENT</b> Société de Participation pour l'exploitation 54, quai de la Rapée 75012 Paris (SIREN 389795006)	168,000	-20,003	97.32	163,499	163,499	0	Info requested	24,884	2,064	0
<b>LOGIS TRANSPORTS</b> 158, rue de Bagnole 75020 Paris (SIREN 592025811)	40	ND	88.00	33	33	ND	Info requested	ND	ND	ND
<b>PROMO MÉTRO</b> 43- 45, rue du Gouverneur-Général-Félix-Eboué 92130 Issy-les-Moulineaux (SIREN 712029099)	910	2,854	100.00	2,619	2,619		Info requested	19,154	485	577
<b>RATP INTERNATIONAL</b> 54, quai de la Rapée 75599 Paris Cedex 12 (SIREN 419997044)	19,721	3,536	100.00	19,721	19,721	2,250	0	23	727	0
<b>TELCITE</b> 1, avenue Montaigne 93160 Noisy-le-Grand (SIREN 411759962)	1,525	13,234	100.00	1,524	1,524	0	Info requested	17,285	1,554	2,625
<b>2 – Other investments</b>										
<b>FINANCIERE TRANSDEV</b> 6, place Abel-Gance 92100 Boulogne-Billancourt (SIREN 442610788)	272,774	1,733	49.89	137,320	137,320	ND	ND	5	2,345	1,088
<b>BMS</b> 25, rue de Ponthieu 75008 Paris (SIREN 423749886)	20,995	ND	7.00	3,770	0	ND	ND	ND	ND	ND
<b>Other</b>				400	48					

(1) Including accrued interest.

ND = no data available.

**Note 5.19. Economic interest groups**

Position at December 31, 2009	RATP % CONTRIBUTION TO OVERHEADS
<b>EURAILTEST</b>	10%
1, boulevard Saint-Martin	
75003 Paris	
(SIREN 421526468)	
<b>COMUTITRES</b>	33.33%
185, rue de Bercy	
75012 Paris	
(SIREN 433136066)	
<b>EMIF (no activity)</b>	50%
54, quai de la Rapée	
75012 Paris	
(SIREN 438281461)	
<b>SECTRANS</b>	
In liquidation	
<b>QUAI 54</b>	
In liquidation	
<b>TOTHEME 54</b>	
In liquidation	

## Note 5.20. Off-balance sheet commitments at December 31, 2009

	12/31/2009	12/31/2008
<b>Commitments given</b>		
<b>1 – Subsidiaries and investments</b>		
. Guarantee for Logis-Transports	1,157	1,157
. Guarantee for SEDP	145	144
. Guarantee backing a security given by RATP Développement	2,000	4,000
<b>2 – Not-for-profit entities</b>		
. Guarantee for IAPR	265	265
. Guarantee for Compagnons du Voyage	600	600
<b>3 – Employee benefits</b>		
– Employee loans: guarantee granted for SBE	12,468	14,981
– Employees: “Low income housing” guarantees	292,252	312,916
– Retirement benefits	181,114	199,140
– Death indemnities for employees in service	12,974	12,384
– Death indemnities for retired employees	26,534	24,199
– Pensions for work-related illnesses and accidents to retired employees and those with vested rights	136,787	122,369
– Guaranteed contribution under the corporate savings plan for retired employees	37,823	37,823
– Early retirement	9,658	17,564
<b>4 – Financial transactions</b>		
– Cross currency swaps on bonds (a)	947,843	849,417
– Interest rate swaps on bonds (a)	365,624	698,000
– Interest rate options on commercial paper	399,541	139,337
– FRA	0	100,000
– Caps (puts)	0	0
– Floors (puts)	148,000	198,000
– Swaptions (puts)	50,000	50,000
– Lease-transactions: sub-leases of trains (b)	1,030,490	1,520,133
– Other commitments given	1,000	1,000
<b>TOTAL</b>	<b>3,656,275</b>	<b>4,303,429</b>
<b>Commitments received</b>		
– Cross currency swaps on bonds (a)	947,843	849,417
– Interest rate swaps (a)	365,624	698,000
– Interest rate swaps on commercial paper	399,541	139,337
– Caps	148,000	198,000
– Floors	0	0
– FRA	0	100,000
– Buyback options on bonds	50,000	50,000
– Bank credit letters	0	0
– Bank guarantees	154,509	139,159
<b>TOTAL</b>	<b>2,065,517</b>	<b>2,173,913</b>

(a) RATP has opted to account for swaps in the same way as for traditional loans and borrowings.  
The breakdown of swaps by maturity is as follows:

	<1 YEAR	1 TO 5 YEARS	>5 YEARS	TOTAL
INTEREST RATE SWAPS (on bonds and commercial paper)	399,541	0	365,624	765,165

(b) A bank credit letter for a maximum of €127 million was issued in the first half of 2008 to guarantee payment obligations to TRUSTS.

### Additional information regarding employee benefits:

The discount rate used to calculate post-employment benefits was 4.75% at December 31, 2009. The rate at December 31, 2008 was 5.25%.

**Note 5.21.a. Lease transactions and sub-leases****I – American lease transactions****Impact on cash position (in thousands of euros)**

LEASES	1997	1998	1999	2000	2001	2002
Main lease payment income	560,061	269,516	228,874	840,625	639,985	454,943
Sub-lease expenses	526,587	239,242	205,264	799,837	600,768	447,049
RATP net profit	33,474	30,274	23,610	40,788	39,217	7,894

As the leases are effective over variable periods, the profit generated is recorded as extraordinary income over the terms of the leases.

**Impact on net income for 2009 (in thousands of euros)**

Leases generated income of €74,821 thousand at December 31, 2009:

	LEASE SIGNATURE DATE						TOTAL	TOTAL IN 2008
	1997	1998	1999	2000	2001	2002		
Income from main lease <sup>(1)</sup>	23,744	29,629	93,192	499,381	487,319	21,234	1,154,499	334,673
Interest paid on sub-leases <sup>(2)</sup>	9,566	11,401	5,120	16,798	6,344	13,719	62,947	153,094
Provision reversal <sup>(3)</sup>	78,373	286,667	1,340,572	236,147	99,035		2,040,794	283,807
Prepaid interest	3,182	1,897				3,352	8,431	8,900
Sub-lease expenses <sup>(4)</sup>	15,455	12,358	12,700	22,876	6,230	11,011	80,630	170,570
Income from other leases	0	4,761	6,973	7,537	8,366	736	28,374	695
Early buyout option	66,058	281,872	1,321,641	709,358	549,437		2,928,366	82,718
Expenses	12,464	259	450	573	881	1,363	15,992	1,377
Excess lease payments							0	175,709
Provision for termination costs <sup>(3)</sup>	20,388	29,555	96,014	7,122	15,896	26,149	195,124	340,228
Currency translation adjustment							0	0
Interest on loans				113			113	107
<b>NET INCOME</b>	<b>499</b>	<b>10,311</b>	<b>15,052</b>	<b>19,821</b>	<b>28,620</b>	<b>518</b>	<b>74,821</b>	<b>10,460</b>

(1) The main lease payment is received in full upon signature of the lease. The annual instalment is recorded in the income statement as a balancing entry against prepaid income.

(2) Interest received or to be received on sub-lease payments to financial institutions (deposits).

(3) Income from the termination indemnity and excess lease payments is spread on a straight-line basis over the term of the leases.

(4) Sub-leases paid or payable by financial institutions.

Sub-lease expenses, income from the main lease and interest are recorded under extraordinary income and expense.

The provision for final termination cost is recorded under extraordinary expense.

**II – Swedish lease****Impact on cash position (in thousands of euros)**

LEASES	2002	2003	2004
Swedish lease tranche 1 completed in 2002	620	–	
Swedish lease tranche 1 completed in 2004			118
Swedish lease tranche 2 completed in 2004			1,444
RATP net profit	620	–	1,562

**Impact on 2009 net income (in thousands of euros)**

	12/31/2009	12/31/2008
Deferred amortization of NPV	125	124

## Note 5.21.b. Lease purchase commitments at december 31, 2009 (in thousands of euros)

RATP has two lease-purchase contracts with floating rate payments. They are covered by fixed-rate hedging instruments. The figures presented below include the hedges.

LEASE	AGGREGATE VALUE	TERM	RESIDUAL VALUE
Cour de Vincennes	5,336	15	0
Philidor Maraichers	25,308	25	2,373
Voltaire plot	5,034	12	0
Voltaire building	8,566	12	0

### Leased assets

BALANCE SHEET ITEM	INITIAL COST	DEPRECIATION ALLOWANCE		NET VALUE
		PERIOD <sup>(1)</sup>	ACCUMULATED <sup>(1)</sup>	
Land	5,034			5,034
Buildings	39,210	2,467	11,137	28,073
Plant, property and equipment				
Other property and equipment	90	18	29	62
Work in progress				
<b>TOTAL</b>	<b>44,334</b>	<b>2,485</b>	<b>11,166</b>	<b>33,168</b>

(1) Depreciation for the period and the accumulated depreciation that would have been recorded had RATP owned these assets.

### Lease commitments

BALANCE SHEET ITEM	INSTALMENTS PAID		PAYMENTS OUTSTANDING			RESIDUAL PRICE
	AT YEAR END	ACCRUED	UP TO 1 YEAR	1 TO 5 YEARS	+ 5 YEARS	
Land	519	519	518	2,580	2,559	0
Buildings	3,328	17,789	3,337	14,306	32,680	2,373
Plant, property and equipment						
Other property and equipment	20	30	20	49	0	9
Work in progress						
<b>TOTAL</b>	<b>3,867</b>	<b>18,338</b>	<b>3,875</b>	<b>16,935</b>	<b>35,239</b>	<b>2,382</b>



[Attestation of the persons responsible for the annual report](#)

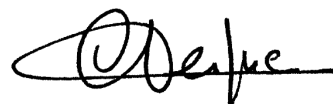
We, the undersigned, hereby attest that to the best of our knowledge the financial statements have been prepared in accordance with generally accepted accounting principles and give a true and fair view of the assets, liabilities, financial position and results of operations of the company and all the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

Chairman and Chief Executive Officer



Pierre Mongin

Chief Financial Officer



Alain Le Duc



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