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To SNCF
attn. C. Queille

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Subject Registrations HSL-Zuid

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Contact person
Jeroen Kok

Extension
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Dear Madam,

We are pleased to announce to you that the government has decided to proceed with the public tender of the international high-speed train services using the Dutch High Speed Line (HSL).

The Dutch Railways (NS) were invited to bid for the domestic services, but decided to put forward an integrated plan for all services using HSL, plus the other major routes in The Netherlands. This proposal has not been accepted by the Government.

The Government has given NS a last chance to sign a contract for the domestic services on the condition that they will not participate in the public tender for the international services, other than as a junior partner in a consortium. If NS does not accept this before the end of this week, the domestic HSL-services will be publicly tendered as well.

We would like to discuss with you the decision of the Dutch government and the tender procedure as soon as possible. May we call you this week to agree on a suitable time and venue?

Kindest regards,

b/k

Jeroen Kok
Project Manager HSL-South Transport

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Venw/DGMO-2009/4821.01

Projectorganisatie HSL-Zuid	
Datum ontvangst	: 04-08-99
Registratiecode	: I199902517
Beh. eenh. (+ rubriek)	: GRANDES LIGNES
Behandelen door	: MWi
Kopie:	

SNCF

**Mr M. Wiedenhof
Ministry of Transport, Public Works
and Water Management
Project Organisation HSL
PO Box 43
3500 AA UTRECHT
The NETHERLANDS**

Paris July 29, 1999

Dear Sir,

In reaction to your document "HSL-Zuid Transport Contracts", SNCF is very pleased to register its interest in the contracts to provide domestic and/or international transport services over HSL-Zuid. You will find, attached, the registration form duly completed.

We are pleased to stay at your disposal for any further information you may request. The persons named in the registration document will be the appropriate contacts.

Yours faithfully,



**For SNCF
Cécile QUEILLE
Directeur International Grandes Lignes**

Interest registration – HS – services contract(s)

I. Details of Company

Name SOCIETE NATIONALE des CHEMINS de FER FRANCAIS
Current Trading Name SNCF
Previous Trading Names (if different) N/A
Principal Address 34, rue du Commandant Mouchotte – 75014 PARIS –France

Name of contact person Cécile QUEILLE : Directeur adjoint International
Direction Grandes Lignes
Telephone 33 1 53 33 74 25
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Other contact Patrick HOFFSTETTER – Pilotage International
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Type of Organisation Etablissement Public Industriel et Commercial
Country of Registration France
Registration Number RCS B 552 049 447 (19055 B04944)
Year of Registration 31 Mars 1955

Describe the nature of the business and the services the company provides.

Rail Transport Services

Is the company a subsidiary of another organisation? ~~Yes~~ / No. If yes, please provide:

Name of the parent company _____

What interest does the parent company have in the company?

II. Type of contract (s)

Assuming the objectives and conditions laid out in this document and assuming both international and domestic contracts will be publicly offered, do you intend to register for:

- International transport contract yes ~~no~~
- Domestic transport contract yes ~~no~~
- The combination of the two yes ~~no~~

III. Expertise

NB. Any company or consortium with adequate passenger transport experience can register as potential operator on HSL-Zuid. In a later phase consortia can still be formed or modified, provided there is a registered operator as a member in the consortium.

1. What is the specific expertise and/or experience that your company can bring to attract and accommodate passengers and make HSL-Zuid transport services a success?

SNCF has a strong expertise in operating high speed services since 1981 with the launch of TGV South East in France. Since then, SNCF is the leading operator of high speed rail services in Europe with :

- Domestic TGV services in France operated by SNCF including TGV South East, TGV Atlantic, TGV North and TGV Province to Province (without connection in Paris) : this represents a volume of 27,5 billion traffic passenger-kilometre per year with an annual turnover of 11,9 billion FF i.e. 1,8 billion Euro (1998 figures).
- SNCF is also operating high speed services between France and Switzerland in co-operation with CFF, between France and Italy in co-operation with FS and between Brussels and the French provinces in co-operation with SNCB.
- Eurostar services on the Paris-London and Brussels-London route operated in co-operation with SNCB in Belgian and EUROSTAR UK in Great Britain : this represents a total volume of traffic of 6,5 million passengers through the Tunnel and an annual turnover for SNCF of 350 million Euro (1998 figure). This represents a volume of 2,15 billion passenger-kilometre in France.
- Thalys TGV services on Paris – Brussels, Paris – Amsterdam and Paris - Köln routes operated in co-operation with SNCB in Belgium and NS in Netherlands and DBAG in Germany : this represents a total volume of traffic of 4,7 million passengers and an annual turnover for SNCF of 110 million Euro (1998 figure). This represents a volume of 780 million passenger-kilometre in France.

Approximately an overall of 70 million passengers used a domestic or international TGV in France in 1998.

The high speed railway network in France is continuously expanding : the next step will be the launch of "TGV Méditerranée" linking Paris to the French Riviera's doors in about three hours journey time. Other high speed projects in development are being currently defined in detail for connections to Spain ("Perpignan to Barcelona" HSL) and Germany ("TGV Est" line). SNCF has heavily invested in high speed train-sets and currently owns more than 350 TGV train-sets of various types (including double deck TGV train-sets, Thalys and Eurostar train-sets).

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SNCF has a strong experience of working in co-operation with other operators : with CFF, FS , SNCB, NS, DB and Eurostar UK. We have set up several joint entities for international high speed services such as :

- EIG with CFF for the "ligne de cœur" product since 1993
- EIG with FS for the "artesia" product since 1995
- WestRail International with SNCB since 1996 (recently renamed Thalys International)
- Recently Eurostar Group with SNCB and Eurostar UK Ltd . SNCF is also member of the Consortium ICRR (with National Express, SNCB and British Airways) who has signed in 1998 with the DETR the managing agreement of Eurostar UK Ltd.
- Another joint entity currently under construction with DBAG, CFF and CFL for the "TGV Est" project.

Other partnerships have also been set up for international conventional services such as night services between France and Italy or Spain.

Those joint entities are currently in charge of the complete commercial policy and of some services such as on board catering.

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SNCF has proven its expertise in the commercial and operational domains both in France and internationally, for example in the following areas :

- Marketing and Product definition : strong expertise in market analysis and prospective combining experiences on the full range of passenger rail services (conventional, high speed, night trains, regional, charters.....)
- Pricing :
 - the launch of "Découverte fares" since 1996 has greatly participated to the progression of rail market share in France.
 - first railway to launch market price concept (1993) in order to stick to the market and thus be more competitive and reactive to the competition and more attractive to induce traffic
- Communication : in addition to traditional tools (advertising, PR, ...), SNCF has developed a strong knowledge of its customers in order to implement direct marketing and interactive communication.
- Services :
 - first rail carrier to launch rail loyalty programs (Eurostar in 96, "Grand Voyageur" for French customers in April 1999),
 - door to door luggage services
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- Large expertise in building non-rail partnerships :
 - hotel with ACCOR,
 - car rental with AVIS,
 - airlines with Air France, Star Alliance and One World,
 - credit cards with American Express,...
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- Distribution systems :
 - SNCF made big investments in the area of sales and distribution systems able to support code share capabilities like in the airline industry.
 - Capability of hosting other railways inventory in separate partitions (currently used for Eurostar and Thalys inventories)
 - first railway to have developed a railway yield management software put into operations on TGV in 1993 and currently used on Thalys and Eurostar TGV trains.
 - Connections to the major world-wide GDS (Global Distribution Systems) like Amadeus, Sabre and Galileo have been implemented to improve distribution through travel agencies.
 - SNCF has also invested on Minitel (the French teletext) and now on Internet (one of the few operators selling tickets safely on Internet)
- Distribution channels :
 - In France, SNCF sales offices are located in 2500 stations and boutiques in other places like shopping centres. Nearly all French travel agencies are currently selling SNCF railway products. SNCF has also installed several call centres ; direct sales (through Internet, Minitel and call centres) represents now 20% of total turnover and this percentage is continuously increasing.
 - In addition, SNCF is the world-wide leader in rail product distribution with 9 "Rail Europe" subsidiaries covering railway product promotion and distribution in most of the world (North America, South America, Asia and Europe) with a volume of 0,4 billion Euro of European railway product sales in 1998.

2. Please describe the activities or projects relevant to HSL-Zuid transport services that you are or were involved in. Please include in your description:
- mode of transport
 - number of passenger trips per year, number of passenger kilometres per year,
 - type of involvement (operator running trains, ticketing and distribution, additional customer services, etc)
 - annual turnover in passenger transport (at least EURO 50 million per year)
 - relevance to, lessons learnt for HSL-Zuid

Projects relevant to HSL- Zuid transport services :

1 - SNCF is currently involved in the operation of high speed services on the Paris-Amsterdam route through the existing Thalys product.

Number of passenger trips per year on the Paris – Netherlands route : 700 000 (out of the total number of Thalys passengers : 4,7 million)

Number of passenger kilometres per year on this route : 338 million (out of a total of 1,7 billion on Thalys)

Annual turnover : 32 million Euro (total turnover of Thalys being 192 million Euro including Paris – Brussels and Paris – Germany routes).

Type of involvement of SNCF :

- SNCF is involved as an operator running trains on the French network.
- SNCF is also hosting the Thalys inventory in its own reservation and distribution system which is directly connected to the national distribution of SNCB and NS. SNCF is also providing the yield management software for the revenue management of Thalys trains.
- SNCF is the leading distributor of Thalys product (close to 50% of the total sales)
- SNCF is strongly implicated in the management of Thalys International (70% of the shares)

2 – As described in the previous chapter, SNCF is strongly involved in the operation of Eurostar trains, the Brussels to London route being relevant to HSL-Zuid project.

Number of passenger trips per year on the Brussels – London route : 1,5 million (out of the total number of Eurostar passengers : 6,5 million)

Annual turnover : around 100 million Euro (total turnover of Eurostar being 520 million Euro including Paris – London and beyond Paris destinations).

Type of involvement of SNCF :

- SNCF is involved as an operator running trains on the French network.
- SNCF is also hosting the Eurostar inventory in its own reservation and distribution system which is directly connected to the national distribution of SNCB and Eurostar UK Ltd. SNCF is also providing the yield management software for the revenue management of Eurostar trains.
- SNCF is one of the major distributor of Eurostar product (around 40% of the total sales)
- SNCF is strongly involved in the management of Eurostar Group (majority of the shares)

3 – In general, SNCF has been developing inter modality to increase rail market share :

- Interconnections between rail services (Eurostar, Thalys, TGV province to province,...) developing the “hub concept” in Lille Europe, Roissy CDG, Massy Palaiseau, Marne la Vallée – Disney Paris.
- Air – Rail connections in bimodal TGV stations (Roissy CDG, Lyon Satolas) and with the Thalys trains in Schiphol : this is developed through code share agreements with various airlines.

3. Do you intend to form a consortium or otherwise expand to pre-qualify for operation of transport services and accommodation of passenger over HSL-Zuid. If so, what types of partners/expertise (banks, local transport companies, travel agencies, etc) would you engage and would you choice for partners in your consortium be different depending on whether you bid for the international and/or the domestic contract(s)?

SNCF intends to form a consortium. SNCF currently considers the Belgian and Dutch operators as the natural partners ; nevertheless, depending on external factors and content of the bid (international and/or domestic), SNCF does not exclude other partners including non rail ones.