

Annex to the consolidated financial statements for 2000

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Annex to the consolidated financial statements for 2000

Principles of consolidation

→ General

The accounting principles applied to these consolidated financial statements meet the requirements of Swiss Company Law and the Swiss Accounting and Reporting Recommendations (ARR), and give a true and fair picture of the consolidated annual accounts.

Valuation took place using historical costs. There was no change in the application of the consolidation and valuation rules from the previous year.

→ Closing date

The reporting year is 12 months for all companies. With the exception of the electrical power utility Rapperswil-Auenstein AG (close of accounts: 30 September), the fiscal year is identical to the calendar year.

→ Scope of consolidation

The consolidated financial statements include the annual accounts of Swiss Federal Railways (SBB) and those interests in which the SBB directly or indirectly hold the majority of voting shares.

The 100% holding in AlpTransit Gotthard AG is not consolidated but is included by application of the equity method because – based on a special agreement between the Swiss Confederation and SBB AG – the federal government has a controlling interest. The uniform management criterion therefore does not apply.

The companies in the scope of consolidation are listed on page 26.

→ Consolidation method

For all companies in which SBB AG has a direct or indirect holding of more than 50%, the method of full consolidation is applied. Assets, liabilities, expenses and income are accounted for at 100%. Interests of third-party shareholders in the equity capital and in profit are shown separately.

Equity has been consolidated in accordance with the Anglo-Saxon purchase method. Intra-group assets, liabilities, expenses and income have been offset against each other. Interim profits on intra-group accounts not yet realised by sales to third parties have been eliminated in consolidation.

Associated companies in which SBB AG has holdings of between 20% and 50% have been included according to the equity method.

→ Minority interests

Stated minority interests in the group's equity capital correspond to the third-party holdings in the equity capital of the respective companies established on the basis of the shareholder structure currently applicable.

→ Conversion of foreign currencies

With the exception of S-Rail Europe GmbH, Singen, founded at the end of December 1999, all group companies prepare their annual accounts in Swiss francs (CHF). Balance sheets and statements of profit and loss are converted at the exchange rate on the reference date. Exchange rate differences are offset against the group reserves and are not reflected in the results. Gains or losses arising at group companies from transactions in foreign currencies are stated in the profit and loss account.

The following rates of exchange were applied in these financial statements:

	31.12.2000	31.12.1999
EUR	1.52	1.60
USD	1.64	1.59

→ Goodwill

On initial consolidation of a company, its assets and liabilities are revalued according to uniform principles (fair value). The difference between the resulting equity capital and the historical cost (goodwill) is capitalised as an asset and is normally written off on a linear basis over 5 years. There is no goodwill from acquisitions up to 31 December 2000 requiring capitalisation as assets.

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Valuation principles applicable to the consolidated accounts

→ General

The consolidated financial statements are based on the annual accounts of the group companies, prepared according to uniform valuation principles. The valuation and reporting principles correspond to the ARR accounting standards, with the following exceptions:

– An expert report prepared by external consultants to assess the energy operation in the context of the opening balance of SBB AG identified the need for special depreciations on production plants and for global provisions. The existence of a new SBB energy strategy in the liberalised electricity market environment is a requirement for determining the corresponding value adjustments and provisions. This has been accomplished in the year under review. The necessary adjustments to the balance sheet (taking the form of a supplement to the opening balance, which will not have a bearing on the SBB profit and loss account) can only be posted in 2001 after the final amounts have been established by the federal government.

– An expert report prepared by external consultants identified the need for the SBB to set aside provisions for site decontamination amounting to CHF 393 million as at 1 January 1999. In view of major uncertainties regarding the size of these provisions, it was agreed with the federal government that the total amount of the provisions should not be entered in the opening balance sheet but that provisions of CHF 110 million for cleanup costs in the years 1999 to 2002 be entered. Further costs from the year 2003 onwards will be assumed by the fed-

eral government under the performance agreement.

→ Current assets

Liquid funds are composed of cash, balances on postal and bank accounts, and financial investments that can be realised in a short time.

Securities are in principle stated at their year-end market value.

Trade accounts receivable and other receivables are stated at their nominal value, less economically-necessary value adjustments. Actual credit risks are shown individually while a global value adjustment has been made for latent credit risks.

→ Fixed assets

Materials and spare parts are almost exclusively for the group's own use. They have therefore been entered as fixed assets at purchase or manufacturing cost, observing the principle of the lower of cost and market value. Manufacturing cost has been calculated on the basis solely of the material costs and the direct costs of manufacture, i.e. without adding overheads. Value adjustments are made for slow-moving goods and items with reduced marketability. Discounts claimed have been credited to the financial result.

Financial assets include holdings in associated companies in which 20% of voting rights are held, taken into the balance according to the equity method, and the other unconsolidated holdings shown at historical cost less the necessary economic depreciation. In addition, the financial assets contain long-term receivables from third parties, unconsolidated holdings and shareholders. These are shown at their nominal value less value adjustments for actual credit risks.

Fixed assets have been valued at the cost of purchase or manufacture, less the necessary depreciation. Linear depreciation has been applied to the anticipated useful life of the items. The presumed service life, i.e. depreciation period of the tangible assets, is as follows (in years):

Technical, electrical and mechanical installations	15-25
Tools, furniture, instruments	10
IT/telecom	4-10
Vehicles	
Locomotives and power cars	25
Passenger cars and freight wagons	20
Service wagons	30
Road and other vehicles	10-25
Railway installations	20-50
Site development, supply and disposal installations	15-25
Hydraulic engineering structures	80
Buildings	50-75

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Leasing contracts which serve the same commercial purpose as the purchase of a tangible asset (financial lease) are capitalised as tangible assets and depreciated over the same useful life as similar assets. Leasing liabilities are shown under financial liabilities. Profits from sale and lease-back transactions (financial lease) are deferred and written back over the contract period.

Assets under construction comprise the accrued overall costs of a project. Non-capitalisable portions of costs are taken into account with corresponding depreciation until completion of the project.

Intangible assets comprise non-material items (water rights, rights of way, other rights and software) purchased. Linear depreciation has been applied over the corresponding useful life.

→ Current liabilities and long-term debt

Contributions to the **staff provident institutions** are made in accordance with the requirements of the BVG (Swiss pension fund law). All significant group provident institutions operate on the defined benefit principle. Benefits payable to qualifying members of staff are normally calculated as a percentage of the presumed salary in the years immediately preceding retirement, and depend on the number of years of service.

Staff welfare at the SBB Group is, in principle, the responsibility of the SBB Pension Fund, an independent institution since 1 January 1999. However, around 70 employees of subsidiaries have contracts with other provident institutions.

The federal government plans to repay the following amounts to eliminate the SBB Pension Fund's actuarial reserve deficit, which amounted to CHF 5,156 million when it became independent: CHF 1,000 million p.a. in 1999 and 2000, and 3,156 million in 2001. As a result of these repayments, liabilities of the same amount will arise for SBB AG. These in turn will be written off by 2004 on a linear basis by way of waivers of claims by the federal government. With the exception of the interest expenses for the SBB Pension Fund's actuarial reserve deficit, none of the refinancing transactions have a bearing on the profit and loss account. A corresponding provision has been made for this deficit in the consolidated financial statements in compliance with ARR requirements. Calculation of the deficit is based upon an actuarial calculation using the "projected unit credit" method. This actuarial calculation is made annually.

The other provisions have been created and written back in accordance with principles of business management.

Deferred taxes, which relate solely to holdings, as SBB AG is exempt from taxes, take account of all effects on earnings taxes arising from the requirements of commercial or local law or from the internal valuation principles of the group. The provisions have been created according to the "comprehensive liability" method and continuously adapted to any changes in local tax laws.

In accordance with the prudence principle, tax-relevant loss carryovers and anticipated tax credit advices are not taken into consideration.

→ Derivatives

The SBB's financial strategy is geared to risk minimisation. Derivatives are therefore used exclusively for hedging underlying transactions. Events affecting the earnings situation are tracked continuously in the accounts. For risk management purposes, off-balance sheet transactions are valued regularly.

Notes to the consolidated financial statements

0 Changes to the scope of consolidation

Since 31st December 1999, the scope of consolidation has changed as follows:

Additions:

- SBB Cargo AG, Berne: In July, SBB AG acquired a 100% interest in this newly founded company.
- SBB RE AG, Vaduz: In October 2000, SBB AG acquired a 100% interest in this newly founded company.

Disposals:

- SBB AG has disposed of 30% of its holding in RailAway AG, Lucerne.

	2000 CHF m	1999 CHF m
1 Traffic revenue		
Passenger services	1 635.0	1 608.0
Freight services	1 088.5	1 012.8
Miscellaneous operations	113.7	113.8
Infrastructure	11.9	9.5
Total traffic revenue	2 849.1	2 744.1

	2000 CHF m	1999 CHF m
2 Grants		
Grants for regional passenger services	545.7	557.9
Grants/subsidy for piggyback services and train paths for intermodal traffic	75.1	125.0
Total grants	620.8	682.9

Unlike the previous year, an essential part of the subsidies for piggyback services has been paid directly to the transport operator.

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	2000 CHF m	1999 CHF m
3 Additional income		
Contract staff	8.4	14.3
Services to third parties	67.7	52.8
Servicing, maintenance and investments	51.4	53.2
Rental revenues	35.0	41.2
Power supplies	102.6	96.8
Foreign exchange	46.7	38.8
Commission	89.7	86.3
Sales of stationery and materials	41.3	42.8
Fees	20.0	15.2
Cost participation, contributions	44.6	27.5
Sundry additional income	21.8	15.7
Total additional income	529.2	484.6

	2000 CHF m	1999 CHF m
4 Own work capitalised		
Investment orders	370.7	298.3
Stock orders	86.0	84.3
Total own work capitalised	456.7	382.6

	2000 CHF m	1999 CHF m
5 Federal government grants for infrastructure		
Maintenance grants	729.0	711.0
Operating grants	587.0	562.0
Total federal government grants for infrastructure	1 316.0	1 273.0

The maintenance grant covers depreciation of existing infrastructure and non-capitalisable investments in new infrastructure.

	2000 CHF m	1999 CHF m
6 Personnel costs		
Wages and salaries	2 446.5	2 420.0
Social insurance costs	366.1	332.1
Other personnel costs	51.2	43.5
Total personnel costs	2 863.8	2 795.6

In last year's annual report, the cost of social insurance included interest on the actuarial reserve deficit of the SBB Pension Fund amounting to CHF 200.7 million, in addition to ordinary contributions to staff provident institutions. This interest is now shown under financial expenditure for both years (cf. note 11).

	2000 CHF m	1999 CHF m
7 Other operating costs		
Lease of installations	19.5	19.6
Bought-in services for maintenance, repair and replacement	144.3	147.8
Vehicle costs	64.7	64.4
Property insurance, duties and fees	105.8	63.5
Energy and waste disposal costs	210.1	189.6
Administration and information system costs	186.5	119.6
Publicity costs	31.4	22.3
Other operating costs	118.4	41.3
Third-party operating costs	292.0	238.1
Flat rate VAT charge/input tax reduction	59.4	86.9
Total other operating costs	1 232.1	993.1

SBB AG introduced a comprehensive risk finance and insurance programme on 1st January 2000, which won the European Risk Management Award. Disaster risks are insured with third parties and electrical interference claims are self-insured. All claims are entered into the new program systematically and deferred on an actuarial basis. Provisions for uncompleted claims are thus formed. This system changeover has resulted in a one-off increase of CHF 45 million in insurance reserves in the year under review.

The formation of the provision for rolling stock maintenance restructuring costs (cf. note 25) was charged to other operating expenditure.

The expenses listed under flat rate VAT / input tax reduction, shown separately in the previous year, are mainly attributable to the regulations negotiated for public transport operators. Instead of making an across-the-board reduction for input taxes, SBB AG pays 2.7% turnover tax on the payments it receives. As the tax payable is contained in these amounts, this arrangement does not influence the profit and loss account of SBB AG.

	2000 CHF m	1999 CHF m
8 Depreciations		
Depreciations of financial assets	0.4	0.8
Depreciations of fixed assets	875.7	849.3
Depreciations of intangible assets	3.0	2.2
Total depreciations	879.1	852.3

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	2000 CHF m	1999 CHF m
9 Extraordinary profit and loss		
Extraordinary income	102.4	83.5
Extraordinary expenditure	-75.6	-209.5
"Project Chance" expenditure	-29.3	0.0
Total extraordinary profit and loss	-2.5	-126.0

Extraordinary income includes the write-back of the provision for electricity supply costs (CHF 65 m), the write-back of provisions no longer required and out-of-period income.

Extraordinary expenditure is predominantly attributable to the formation of the provision for replacement of the SBB AG telephone system (CHF 19 m, see note 22) and other out-of-period expenditure.

"Project Chance" reflects expenditure undertaken by SBB AG for retraining staff made redundant due to rationalisation or restructuring.

	2000 CHF m	1999 CHF m
10 Financial income		
From cash holdings and securities	80.5	42.5
From unconsolidated holdings	10.4	4.0
Interest earned from unconsolidated holdings	20.5	28.2
Other financial income	21.4	31.1
Total financial income	132.8	105.8

	2000 CHF m	1999 CHF m
11 Financial expenses		
From commitments to third parties	322.0	387.6
From commitments to the shareholder	14.5	9.3
Other financial expenses	7.0	8.6
Total financial expenses	343.5	405.5

	2000 CHF m	1999 CHF m
12 Taxes		
Current taxes on income and capital	1.6	1.6
Deferred taxes on income	0.0	0.0
Taxes	1.6	1.6

SBB AG is exempt from taxes under article 21 of the SBB Act of 20 March 1998. However, this does not apply to the companies in which SBB AG has a holding.

	31.12.2000 CHF m	31.12.1999 CHF m
13 Liquid funds		
Cash and cash equivalents	45.2	43.2
Postal account	55.4	3.0
Banks	150.3	56.2
Term deposits	1 134.0	1 163.5
Cash in transit	-4.5	2.2
Total liquid funds	1 380.4	1 268.1

Owing to the current provisions of budgetary law, SBB AG effects a large part of its monetary transactions through the Federal Finance Administration (EFV). Since the current account credit balance and term deposits with the EFV (CHF 91.4 million and CHF 1,130 million respectively) are of prime importance to the assessment of liquidity, they are shown under the relevant liquid funds headings.

	31.12.2000 CHF m	31.12.1999 CHF m
14 Short term investments/securities		
Securities realisable in the short term	3.0	4.3
Other short-term investments	0.0	40.2
Short-term investments/securities	3.0	44.5

The assets earmarked for assistance to needy SBB employees hitherto shown as other short-term investments have been contributed to the newly-established SBB Staff Fund foundation.

	31.12.2000 CHF m	31.12.1999 CHF m
15 Trade accounts receivable		
Trade accounts receivable		
– from third parties	566.8	423.6
– from unconsolidated holdings	16.7	2.8
Value adjustments	-30.8	-25.9
Total trade accounts receivable	552.7	400.5

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	Constituent securities of fixed assets CHF m	Holdings in associated companies CHF m	Other holdings CHF m	Long-term receivables from third parties CHF m	Long-term receivables from unconsolidated holdings CHF m	Long-term receivables from shareholder CHF m	Total CHF m
16 Financial assets							
Historical cost							
As at 1.1.2000	301.4	109.4	134.1	583.4	470.2	4 306.8	5 905.3
Additions	22.6	6.0	1.0	41.6	2.2	0.0	73.4
Disposals	0.0	-2.8	-2.4	-33.6	-19.8	-850.0	-908.6
Transfers between accounts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
As at 31.12.2000	324.0	112.6	132.7	591.4	452.6	3 456.8	5 070.1
Cumulative depreciation							
As at 1.1.2000	0.0	-0.2	-10.3	-31.5	0.0	0.0	-42.0
Additions	0.0	0.0	0.0	-0.4	0.0	0.0	-0.4
Disposals	0.0	0.2	2.4	0.0	0.0	0.0	2.6
Transfers between accounts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
As at 31.12.2000	0.0	0.0	-7.9	-31.9	0.0	0.0	-39.8
Net book value							
31.12.2000	324.0	112.6	124.8	559.5	452.6	3 456.8	5 030.3

The decrease in long-term receivables from the shareholder are due to the payment arrangements agreed in connection with the refinancing of the SBB Pension Fund deficit (cf. note 24).

	31.12.2000 CHF m	31.12.1999 CHF m
17 Material and spare parts for the group's own use		
Goods in stock	342.2	350.6
Advance payments to suppliers	0.6	0.6
Value adjustments	-138.5	-131.9
Total material and spare parts for the group's own use	204.3	219.3

	Vehicles (incl. leasing) CHF m	Civil engineering, trackbed and railway fittings CHF m	Other fixed assets CHF m	Property CHF m	Buildings CHF m	Total fixed assets CHF m	Assets under construction CHF m	Total fixed assets under construction CHF m
18 Assets under construction and fixed assets								
Historical cost								
As at 1.1.2000	9 919.9	10 171.1	4 402.8	1 482.3	3 225.4	29 201.5	6 150.6	35 352.1
Investment in assets under construction	0.0	0.0	0.0	0.0	0.0	0.0	1 828.0	1 828.0
Investment in fixed assets	0.1	10.5	15.0	0.0	0.2	25.8	0.0	25.8
Reposting of assets under construction as assets	314.4	651.5	208.3	9.6	138.9	1 322.7	-1 599.3	-276.6
Disposals of fixed assets	-297.5	-87.9	-79.2	-14.1	-133.0	-611.7	-10.6	-622.3
Transfers between accounts	0.0	0.0	0.0	0.0	0.0	0.0	25.1	25.1
As at 31.12.2000	9 936.9	10 745.2	4 546.9	1 477.8	3 231.5	29 938.3	6 393.8	36 332.1
of which leasing	1 488.6					1 488.6		1 488.6
Cumulative depreciation								
As at 1.1.2000	-5 821.7	-3 478.4	-2 918.1	-19.7	-1 483.8	-13 721.7	-854.2	-14 575.9
Additions	-331.0	-322.2	-123.5	0.0	-55.2	-831.9	-57.5	-889.4
Disposals	292.2	69.3	71.3	0.0	97.1	529.9	8.7	538.6
Transfers between accounts	0.0	0.0	0.0	0.0	0.0	0.0	-26.1	-26.1
As at 31.12.2000	-5 860.5	-3 731.3	-2 970.3	-19.7	-1 441.9	-14 023.7	-929.1	-14 952.8
of which leasing	-422.8					-422.8		-422.8
Net book value								
31.12.2000	4 076.4	7 013.9	1 576.6	1 458.1	1 789.6	15 914.6	5 464.7	21 379.3
of which leasing	1 065.8					1 065.8		1 065.8

Other fixed assets comprise all installations, information system and telecommunication equipment, and supply and disposal plants. Leased vehicles were written down by CHF 62.4 million in the year under review.

Interest paid on loans with a variable rate of interest for financing Rail 2000 has been capitalised. Capitalised interest expenses amounted to CHF 10.5 million in the year under review.

	31.12.2000 CHF m	31.12.1999 CHF m
19 Intangible assets		
Intangible assets	48.6	50.4
Value adjustments	-15.8	-16.9
Total intangible assets	32.8	33.5

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	31.12.2000 CHF m	31.12.1999 CHF m
20 Short-term financial liabilities		
Short-term liabilities to banks	18.4	3.7
Financial liabilities to third parties	127.1	179.1
Financial liabilities to the shareholder	0.0	31.4
Total short-term financial liabilities	145.5	214.2

Based on the option to redeem it in advance per 15th October 2001 and 15th October 2002, the CHF 100 million bond issue 1999–2003 of Kraftwerk Amsteg AG is shown in the short-term financial liabilities.

	31.12.2000 CHF m	31.12.1999 CHF m
21 Deferred income		
Ticket deferrals	289.2	286.3
Holiday and overtime deferrals	122.5	61.2
Deferred interest payments	168.6	83.8
Other deferrals	299.6	213.6
Total deferred income	879.9	644.9

Deferrals for travel documents relate mainly to the General Abonnement, Half-Fare Card and point-to-point season tickets. They do not extend to individual tickets.

	31.12.2000 CHF m	31.12.1999 CHF m
22 Short-term provisions		
Electricity supply costs	0.0	65.0
Environmental clean-up costs	8.9	10.0
Short-term provisions for taxes	0.3	0.4
Replacement telephone system	19.0	0.0
Other short-term provisions	42.2	35.6
Total short-term provisions	70.4	111.0

The reduction in short-term provisions is mainly attributable to the write-back of the provision for electricity supply (cf. note 9). The SBB telephone system will be replaced in 2001. Replacement also covers parts of the system which have not yet reached the end of their useful life. The resultant residual book value write-off will be covered by the provision formed in the year under review (cf. note 9). An additional CHF 100 million has been shown in the long-term provisions for environmental clean-up costs (cf. note 25).

	31.12.2000 CHF m	31.12.1999 CHF m
23 Long-term financial liabilities		
Liabilities to banks	423.6	427.8
Leasing liabilities	1 864.3	1 841.8
Mortgages	7.3	7.4
Bonds	325.0	300.0
Staff savings account	1 380.1	1 428.6
Total long-term financial liabilities	4 000.3	4 005.6

The leasing liabilities have increased because the interest payable on leasing contracts has been partly capitalised.

	31.12.2000 CHF m	31.12.1999 CHF m
24 Other long-term liabilities		
Liabilities to third parties	13.7	12.9
Liabilities to the federal government as shareholder	6 938.1	6 072.6
Liabilities to provident institutions	3 156.8	4 156.8
Total other long-term liabilities	10 108.6	10 242.3

Liabilities to the federal government as shareholder are made up as follows:

	31.12.2000 CHF m	31.12.1999 CHF m
Variable-interest loans	3 469.3	3 389.0
Interest-bearing loans for refinancing the SBB Pension Fund	270.6	120.6
Interest-bearing loans for major rail projects	401.7	242.9
Variable-interest loans for major rail projects	2 796.5	2 320.1
Total	6 938.1	6 072.6

Investments in Rail 2000 are financed by loans from the major rail projects fund. The interest rates payable on interest-bearing loans are between 2.75% and 3.75%.

The refinancing of the SBB Pension Fund is mirrored in the decrease in liabilities to staff provident institutions. The federal government has waived CHF 850 million of its credit balance with the SBB (cf. note 16) in accordance with the refinancing plan.

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	31.12.2000 CHF m	31.12.1999 CHF m
25 Long-term provisions		
ARR 16 staff provident scheme	650.0	650.0
Rolling stock maintenance	104.9	117.3
FS/SBB joint venture restructuring costs	120.0	120.0
Site contamination commitments	100.0	100.0
Restructuring costs for rolling stock maintenance	56.0	0.0
Insurance reserves	98.6	50.0
Miscellaneous	393.4	414.1
Total long-term provisions	1 522.9	1 451.4

The provision for rolling stock maintenance covers additional expenditure on vehicle overhaul arising from statutory obligations (e.g. environmental protection). The restructuring costs of the joint venture will accrue in the next 1 to 3 years. In the year under review, measures to clean up contaminated sites were initiated, and the related costs will only be debited to the provisions with effect from the 2001 financial statements. The provision for rolling stock maintenance restructuring costs has been formed by debiting other operating expenses in the year under review (cf. note 7). The other provisions relate mainly to earnings from the sale of cable-laying rights and from US leasing transactions (CHF 131.3 m), provisions for the decommissioning of infrastructure (CHF 33.3 m) and other commercially-necessary provisions.

Staff provident scheme

The medium and long-term actuarial parameters used for calculating the contributions to the staff provident institutions in accordance with ARR 16 can be summed up as follows:

	2000 %	1999 %
Interest discount factor	5.0	5.0
Wage increases	2.5	2.5
Pension increases	1.0	1.0
Anticipated return on assets	5.0	5.0

	31.12.2000 CHF m	31.12.1999 CHF m
Financial status of staff provident commitments		
Provident assets	12 949.0	13 102.0
Provident commitments	-13 582.0	-13 682.0
Deficit in provident commitments	-633.0	-580.0

The actuarial reserve deficit increased by CHF 53.0 million in the year under review. As long as fluctuations are within the band stipulated by ARR 16, this item will not be reflected in the profit and loss account.

	2000 CHF m	1999 CHF m
Net annual pension costs		
Annual provident service cost	198.0	198.0
Interest on provident commitments (PBO)	684.0	684.0
Anticipated return on provident assets	-655.0	-655.0
Annual pension costs	227.0	227.0

	Share capital CHF m	Capital reserves/ premium CHF m	Profit reserves CHF m	Total CHF m
26 Development of equity capital				
As at 1.1.2000	9 000.0	2 078.7	118.0	11 196.7
Group profit	0.0	0.0	139.9	139.9
Sales of associated companies	0.0	-1.7	0.0	-1.7
Formation of reserve at the expense of the premium	0.0	-8.0	0.0	-8.0
Dividend	0.0	0.0	0.0	0.0
As at 31.12.2000	9 000.0	2 069.0	257.9	11 326.9

The share capital is divided up into 180 million fully paid-up registered shares with a nominal value of 50 CHF each.

The profit reserves contain a general reserve in accordance with article 64 of the Railways Act (EBG).

27 Statutory information

(except where shown under the corresponding items)

	31.12.2000 CHF m	31.12.1999 CHF m
27.1 Sureties, guarantees and pledges in favour of third parties		
Sureties and guarantees	138.1	173.0
Liabilities from share capital not paid up	109.9	110.1
Total	248.0	283.1

In addition, SBB AG has interests in a number of civil partnerships with joint and several liability.

	31.12.2000 CHF m	31.12.1999 CHF m
27.2 Assets pledged		
Book value of assets pledged	13.9	14.1
Total	13.9	14.1

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27.3 Fire insurance value of the tangible assets

The fire insurance values of the fixed assets correspond to their replacement or new value.

	31.12.2000 CHF m	31.12.1999 CHF m
27.4 Liabilities towards staff provident institutions		
Short-term liabilities	6.9	41.1
Long-term liabilities	3 156.8	4 156.8
Total	3 163.7	4 197.9

	31.12.2000 CHF m	31.12.1999 CHF m
27.5 Bonds		
6.750% bond Etzelwerk AG 1992–2000	0.0	15.0
5.250% bond Kraftwerk Amsteg AG 1995–2000	0.0	150.0
3.500% bond Kraftwerk Amsteg AG 2000–2002	125.0	0.0
4.625% bond Kraftwerk Amsteg AG 1993–2003	100.0	100.0
4.375% bond Kraftwerk Amsteg AG 1996–2006	150.0	150.0
3.500% bond Kraftwerk Amsteg AG 1998–2007	50.0	50.0
Total	425.0	465.0

The 4.625% bond issue Kraftwerk Amsteg AG 1999–2003 is shown in the short-term financial liabilities because of the option to redeem it in advance per 15th October 2001 and 15th October 2002 (cf. note 20).

28 Related parties

The federal government holds 100% of the equity in SBB AG. In the year under review, SBB AG received CHF 1,741.3 million in PSO grants from its shareholder. These break down as follows:

	2000 CHF m	1999 CHF m
Infrastructure maintenance grant	729.0	711.0
Infrastructure operating grant	587.0	562.0
Grants for regional passenger traffic	350.2	400.7
Grants for piggyback services and subsidies for train paths for intermodal traffic	75.1	125.0
Total	1 741.3	1 798.7

Concerning the liabilities towards the shareholder, we refer to the table and note 24.

29 Financial instruments

To hedge the commitments from the US leasing transactions, various investments in securities with fixed values at maturity were effected. The discounted value of USD 203.7 million stated in the balance sheet compares with a present market value of USD 218.4 million.

To hedge the foreign currency risks, the following derivatives were outstanding as at the balance sheet date:

	Contract values CHF m	31.12.2000 Replacement values		Contract values CHF m	31.12.1999 Replacement values	
		positive CHF m	negative CHF m		positive CHF m	negative CHF m
Forward	2.5	0.0	0.0	64.1	0.3	0.7
Options	0.0	0.0	0.0	49.9	0.2	1.2
Total	2.5	0.0	0.0	114.0	0.5	1.9

30 Segment report

SBB's commercial activity consists mainly of performing rail-related transport and infrastructure services. SBB AG itself correspondingly dominates segmental reporting. The performance of the group companies figure in the accounts mainly as SBB AG inputs and are thus not considered in consolidation. Business activities are focused mainly on Switzerland, which is regarded as a single geographical entity for the purposes of segmental reporting. We therefore refer to the segment report in the Notes to the SBB AG financial statements (cf. page 10 of the Notes to the financial statements of SBB AG).

31 Events after the balance sheet date

Every member of the SBB Pension Fund who retired before 1st January 1999 has a statutory right to the same treatment as members of the federal government pension fund. A similar rule also fundamentally applies to those who first received a pension between 1st January 1999 and 1st January 2001, at least until the Federal Personnel Act comes into force on 1st January 2001. The SBB Pension Fund can only pay cost-of-living increases to pensioners if its finances and earnings permit. Because the capital required as cover, and the reserves for fluctuating annual requirements of the pension fund have not yet reached the fixed level, the obligation to pay such cost-of-living increases to the aforementioned beneficiaries has to be borne by the employer. No allowance was made for this situation when the opening balance of SBB AG was drawn up as at 1st January 1999. Corresponding negotiations between SBB AG and the Federal Finance Administration commenced at the end of 2000.

List of group holdings and associated companies

Group companies and associated companies

Name of company		Share capital m	SBB stake m	%	
Power plants					
Etzelwerk AG, Einsiedeln	CHF	20.00	20.00	100.00	F
Kraftwerk Amsteg AG, Amsteg	CHF	80.00	72.00	90.00	F
Kraftwerk Ruppertswil-Auenstein AG, Aarau	CHF	12.00	6.60	55.00	F
Kraftwerk Wassen AG, Wassen	CHF	16.00	8.00	50.00	E
Kraftwerk Göschenen AG, Göschenen	CHF	60.00	24.00	40.00	E
ENAG Energiefinanzierungs AG, Schwyz	CHF	100.00	20.00	20.00	E
Warehouses and transshipment installations					
Silo AG Brunnen, Brunnen	CHF	0.65	0.35	53.85	F
Cargo Service Center Aarau AG, Aarau	CHF	5.00	2.00	40.00	E
Umschlags AG, Basel	CHF	6.00	2.12	35.33	E
Cargo Service Center St. Margrethen AG, St. Margrethen	CHF	2.40	0.82	34.00	E
Terzag Terminal Zürich AG, Zürich	CHF	0.20	0.06	30.00	E
Cargo Service Center Basel AG, Basel	CHF	3.00	0.90	30.00	E
CTG-AMT Genève-La Praille SA, Lancy	CHF	0.20	0.05	25.00	E
Lasag Schaffhausen, Schaffhausen	CHF	2.85	0.58	20.18	E
Real estate/car parks					
Immobilien-gesellschaft Casa Nostra AG, Bern	CHF	0.05	0.05	100.00	F
Parking Simplon-Gare SA Lausanne, Lausanne	CHF	2.20	1.10	50.05	F
Parking de la Gare de Neuchâtel S.A., Neuchâtel	CHF	0.10	0.05	50.00	E
cevanova AG, Bern	CHF	6.00	2.00	33.33	E
Grosse Schanze AG, Bern	CHF	3.20	1.00	31.25	E
Tiefgarage Bahnhofplatz AG, Luzern	CHF	3.25	0.75	23.08	E
I.B.O. Immobilien-gesellschaft Bahnhof Ost AG, Basel	CHF	3.00	0.60	20.00	E
Parking de la Place de Cornavin SA, Genève	CHF	10.00	2.00	20.00	E
Refrigeration services					
Bahnhofkühlhaus AG, Basel	CHF	1.30	0.45	34.62	E
SGF, Genève	CHF	1.77	0.37	20.95	E
Haulage, forwarding					
SBB Cargo AG, Bern	CHF	670.00	670.00	100.00	F
S-Rail Europe GmbH, Singen	EUR	0.30	0.20	75.00	F
ChemOil Logistics AG, Basel	CHF	0.25	0.13	51.00	F
Cargo SI S.p.A., Milano	EUR	0.10	0.05	50.00	E
Cisalpino SA, Bern	CHF	86.00	34.57	40.20	E
Hupac SA, Chiasso	CHF	20.00	4.77	23.85	E
Termi SA, Chiasso	CHF	0.50	0.10	20.00	E

Name of company		Share capital m	SBB stake m	%	
Private railways and shipping companies					
Schweizerische Bodensee-Schiffahrtsges. AG, Romanshorn	CHF	4.60	4.46	96.96	F
Tourism					
RailAway AG, Luzern	CHF	0.10	0.07	70.00	F
Rail Europe Australasia SNC, Paris	FRF	6.00	3.00	50.00	E
Rhealys SA, Luxembourg	EUR	0.05	0.01	25.00	E
SwissAccessGroup AG, St. Gallen	CHF	0.40	0.10	25.00	E
Miscellaneous					
SBB RE AG, Vaduz	CHF	10.00	10.00	100.00	E
AlpTransit Gotthard AG, Luzern	CHF	5.00	5.00	100.00	E

References:

F = fully consolidated

E = stated according to the equity method