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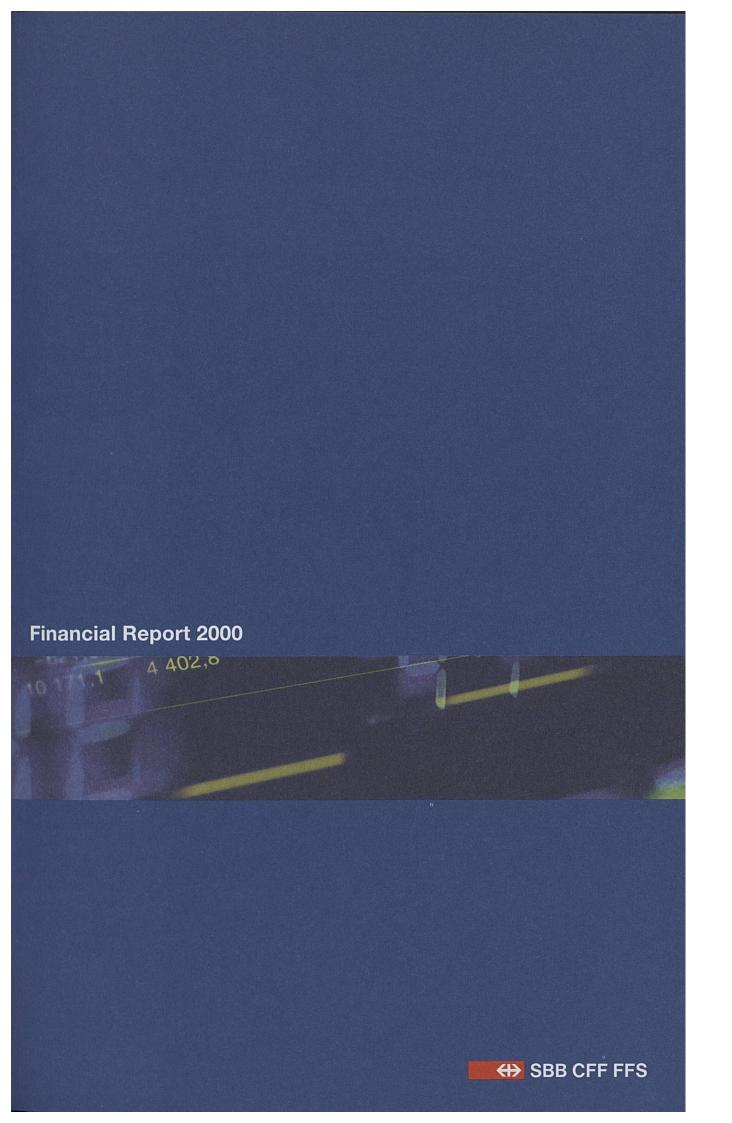
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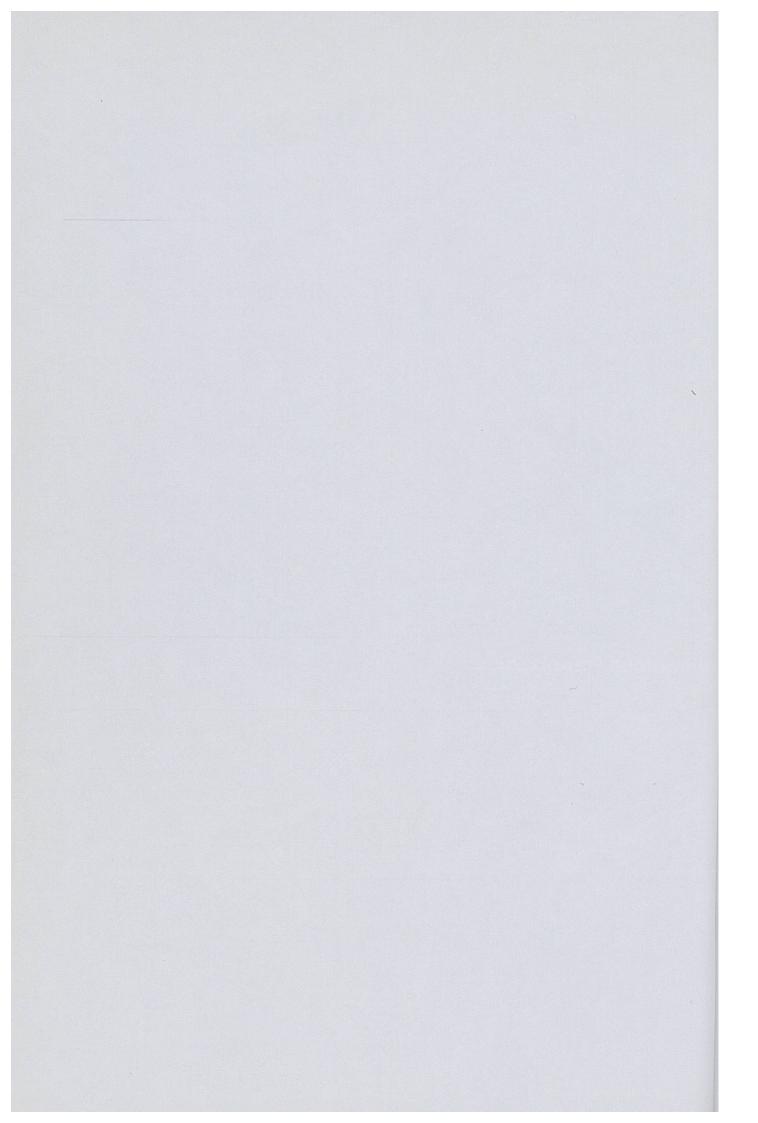
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Consolidated Profit and Loss Account

	Annex	2000 CHF m	1999 CHF m
Operating income			
Traffic income	1	2 849.1	2 744.1
Grants	2	620.8	682.9
Rental revenue from real estate		249.0	245.0
Additional income	3	529.2	484.6
Sundry earnings		15.0	7.4
Own services	4	456.7	382.6
Federal government grants for infrastructure	5	1 316.0	1 273.0
Earnings reductions		-72.5	-63.5
Total operating income		5 963.3	5 756.1
Operating expenses			
Expenses for materials		-340.5	-306.4
Personnel costs	6	-2 863.8	-2 795.6
Other operating expenses	7	-1 232.1	-993.1
Depreciations	8	-879.1	-852.3
Non-capitalisable investments		-326.4	-304.2
Total operating expenses		-5 641.9	-5 251.6
Operating result		321.4	504.5
Net proceeds from the sale of assets		34.1	41.3
Extraordinary income	9	102.4	83.5
Extraordinary expense	9	-104.9	-209.5
EBIT		353.0	419.8
Financial income	10	132.8	105.8
Financial expense	11	-343.5	-405.5
Profit before tax		142.3	120.1
Taxes	12	-1.6	-1.6
Minority shareholders		-0.8	-0.5
Group profit		139.9	118.0

The notes in the annex are an integral part of the consolidated accounts.

Consolidated Balance Sheet

Assets

	Annex	31.12.2000 CHF m	31.12.1999 CHF m
Current assets			
Cash and cash equivalents	13	1 380.4	1 268.1
Short-term investments/securities	14	3.0	44.5
Trade accounts receivable	15	552.7	400.5
Other receivables		133.8	28,4
Third party work in progress		19.3	32.8
Accrued income		284.0	74.4
Current assets		2 372.2	1 848.7
Fixed assets			
Financial investments	16	5 030.3	5 863.3
Materials and spare parts for own use	17	204.3	219.3
Tangible assets	18	15 914.6	15 479.8
Assets under construction	18	5 464.7	5 296.4
Intangible assets	19	32.8	33.5
Fixed assets		26 646.7	26 892.3
Total assets		29 019.9	28 741.0

The notes in the annex are an integral part of the consolidated accounts.

Liabilities and equity

Liabilities	Annex	31.12.2000 CHF m	31.12.1999 CHF m
Short-term financial liabilities	20	145.5	214.2
Trade accounts payable		845.1	668.7
Other short-term liabilities		105.2	191.8
Accrued charges	21	879.9	644.9
Short-term provisions	22	70.4	111.0
Total short-term liabilities		2 046.1	1 830.6
Long-term financial liabilities	23	4 000.3	4 005.6
Other long-term liabilities	24	10 108.6	10 242.3
Long-term provisions	25	1 522.9	1 451.4
Deferred taxes		2.0	2.0
Total long-term liabilities		15 633.8	15 701.3
Total liabilities		17 679.9	17 531.9
Minority shares		13.1	12.4
Equity			
Share capital	26	9 000.0	9 000.0
Share premium account	26	2 069.0	2 078.7
Revenue reserves	26	118.0	0.0
Group profit	26	139.9	118.0
Total equity		11 326.9	11 196.7
Total liabilities and equity		29 019.9	28 741.0

The notes in the annex are an integral part of the consolidated accounts.

Group Cash Flow Statement

	2000 Mio. CHF	1999 Mio. CHF
Net profit	139.9	118.0
Depreciation on fixed assets	879.1	852.3
Non-capitalisable investments	326.4	304.2
Change in long-term provisions	63.5	26.9
Net proceeds from sale of assets	-34.1	-41.3
Own work capitalised	-456.7	-382.6
Equity valuation	-5.6	0.0
Cash flow	912.5	877.5
Decrease in securities	41.5	105.0
Increase in trade receivables	-152.2	-62.4
Decrease in other current assets	-301.5	95.1
Decrease in short-term liabilities	284.2	-309.8
Cash flow from business activities	784.5	705.4
Investments in financial assets	-69.5	-36.9
Disposals of financial assets	921.0	913.8
Change in materials and spare parts for own use*	101.0	141.1
Investments in tangible assets*	-1 483.2	-1 494.5
Disposals of tangible assets	66.4	141.7
		141.7 -334.8
Disposals of tangible assets	66.4	
Disposals of tangible assets Cash flow from investment activities	66.4	
Disposals of tangible assets Cash flow from investment activities Short-term financial liabilities	66.4	-334.8
Disposals of tangible assets Cash flow from investment activities Short-term financial liabilities - capital raised	66.4 -464.3 36.5	-334.8 188.8
Disposals of tangible assets Cash flow from investment activities Short-term financial liabilities - capital raised - capital repaid	66.4 -464.3 36.5	-334.8 188.8
Disposals of tangible assets Cash flow from investment activities Short-term financial liabilities - capital raised - capital repaid Long-term financial liabilities - capital raised	66.4 -464.3 36.5 -105.2	-334.8 188.8 -88.6
Disposals of tangible assets Cash flow from investment activities Short-term financial liabilities - capital raised - capital repaid Long-term financial liabilities - capital raised - capital raised - capital repaid	66.4 -464.3 36.5 -105.2 58.6	-334.8 188.8 -88.6 95.1
Disposals of tangible assets Cash flow from investment activities Short-term financial liabilities - capital raised - capital repaid Long-term financial liabilities - capital raised - capital raised Other long-term liabilities	66.4 -464.3 36.5 -105.2 58.6	-334.8 188.8 -88.6 95.1
Disposals of tangible assets Cash flow from investment activities Short-term financial liabilities - capital raised - capital repaid Long-term financial liabilities - capital raised - capital raised - capital repaid Other long-term liabilities - capital raised	66.4 -464.3 36.5 -105.2 58.6 -63.9	-334.8 188.8 -88.6 95.1 -164.7
Disposals of tangible assets Cash flow from investment activities Short-term financial liabilities - capital raised - capital repaid Long-term financial liabilities - capital raised - capital raised Other long-term liabilities	66.4 -464.3 36.5 -105.2 58.6 -63.9 866.4	-334.8 188.8 -88.6 95.1 -164.7 744.8
Cash flow from investment activities Short-term financial liabilities - capital raised - capital repaid Long-term financial liabilities - capital raised - capital raised - capital raised - capital repaid Other long-term liabilities - capital repaid Other long-term liabilities - capital raised - capital raised - capital raised - capital repaid	66.4 -464.3 36.5 -105.2 58.6 -63.9 866.4 -1 000.1	-334.8 188.8 -88.6 95.1 -164.7 744.8 -1 008.9
Cash flow from investment activities Short-term financial liabilities - capital raised - capital repaid Long-term financial liabilities - capital raised - capital raised - capital repaid Other long-term liabilities - capital raised - capital repaid Other long-term liabilities - capital raised - capital raised - capital raised - capital raised Dividend payments to minorities	66.4 -464.3 36.5 -105.2 58.6 -63.9 866.4 -1 000.1 -0.2	-334.8 188.8 -88.6 95.1 -164.7 744.8 -1 008.9 -0.3
Cash flow from investment activities Short-term financial liabilities - capital raised - capital repaid Long-term financial liabilities - capital raised - capital repaid Other long-term liabilities - capital raised - capital repaid Other long-term liabilities - capital raised Capital repaid Dividend payments to minorities Cash flow from financing activities	66.4 -464.3 36.5 -105.2 58.6 -63.9 866.4 -1 000.1 -0.2 -207.9 112.3	-334.8 188.8 -88.6 95.1 -164.7 744.8 -1 008.9 -0.3 -233.8 136.8
Cash flow from investment activities Short-term financial liabilities - capital raised - capital repaid Long-term financial liabilities - capital raised - capital repaid Other long-term liabilities - capital raised - capital repaid Other long-term liabilities - capital raised - capital raised Capital repaid Dividend payments to minorities Cash flow from financing activities Overall change in funds	66.4 -464.3 36.5 -105.2 58.6 -63.9 866.4 -1 000.1 -0.2 -207.9 112.3	-334.8 188.8 -88.6 95.1 -164.7 744.8 -1 008.9 -0.3 -233.8 136.8
Cash flow from investment activities Short-term financial liabilities - capital raised - capital repaid Long-term financial liabilities - capital raised - capital repaid Other long-term liabilities - capital raised - capital repaid Other long-term liabilities - capital raised Capital repaid Dividend payments to minorities Cash flow from financing activities	66.4 -464.3 36.5 -105.2 58.6 -63.9 866.4 -1 000.1 -0.2 -207.9 112.3	-334.8 188.8 -88.6 95.1 -164.7 744.8 -1 008.9 -0.3 -233.8 136.8

^{*} without own services

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 Rupperswil-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.

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 federal 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

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 nonmaterial items (water rights, rights of way, other rights and software) purchased. Linear depreciation has been applied over the corresponding useful life.

→ Current liabilities and longterm 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.

3 Additional income	2000 CHF m	1999 CHF m
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
4 Own work capitalised	2000 CHF m	1999 CHF m
Investment orders	370.7	298.3
Stock orders	86.0	84.3
Total own work capitalised	456.7	382.6
	2000	1999
5 Federal government grants for infrastructure	CHF m	CHF m
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	1999
6 Personnel costs	CHF m	CHF m
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).

7 Other operating costs	2000 CHF m	1999 CHF m
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	1999
8 Depreciations	CHF m	CHF m
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

9 Extraordinary profit and loss	2000 CHF m	1999 CHF m
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.

10 Financial income	2000 CHF m	1999 CHF m
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
11 Financial expenses	2000 CHF m	1999 CHF m
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

	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 accou	unts 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 accou	unts 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

18 Assets under construction and fixed assets	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
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 account	s 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 account	s 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

	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	400.0	407.0
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 pojects	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.

	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:

%	%
5.0	5.0
2.5	2.5
1.0	1.0
5.0	5.0
	1.0

	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 commitmen	nts (PBO)		684.0	684.0
Anticipated return on provident a	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

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		31.12.2000 eplacement values	Contract values		31.12.1999 eplacement values
	CHF m	positive CHF m	negative CHF m	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

		Share capital m	SBB stake m	%	
Name of company					
Traine of company					
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 Rupperswil-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	Е
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	Е
Terzag Terminal Zürich AG, Zürich	CHF	0.20	0.06	30.00	Е
Cargo Service Center Basel AG, Basel	CHF	3.00	0.90	30.00	Е
CTG-AMT Genève-La Praille SA, Lancy	CHF	0.20	0.05	25.00	Е
Lasag Schaffhausen, Schaffhausen	CHF	2.85	0.58	20.18	E
Real estate/car parks					
Immobiliengesellschaft 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	Е
cevanova AG, Bern	CHF	6.00	2.00	33.33	Е
Grosse Schanze AG, Bern	CHF	3.20	1.00	31.25	Е
Tiefgarage Bahnhofplatz AG, Luzern	CHF	3.25	0.75	23.08	Е
I.B.O. Immobiliengesellschaft Bahnhof Ost AG, Basel	CHF	3.00	0.60	20.00	Е
Parking de la Place de Cornavin SA, Genève	CHF	10.00	2.00	20.00	Е
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					
	CHF	670.00	670.00	100.00	F
SBB Cargo AG, Bern					F
S-Rail Europe GmbH, Singen	EUR	0.30	0.20	75.00	
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

		Share capital m	SBB stake m	%	
Name of company					
Private railways and shipping companies					
Schweizerische Bodensee-Schifffahrtsges. AG,			a		
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	Е
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

Report of the group auditor

→ Report of the group auditor to the General Meeting of Swiss Federal Raiways SBB, Berne

As auditor of the group, we have audited the consolidated financial statements (balance sheet, income statement, statement of cash flows and notes) of Swiss Federal Railways SBB for the year ended December 31, 2000.

These consolidated financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession, which require that an audit be planned and performed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the consolidated financial statements. We have also assessed the accounting principles used, significant estimates made and the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the Accounting and Reporting Recommendations (ARR) and comply with Swiss law under the following restrictions:

- An external expert opinion containing an assessment of the energy sector in connection with the opening balance sheet of SBB AG as at January 1, 1999 discovered the need for special depreciation on production facilities and an overall provision. Both can only be determined on condition that SBB has defined a new energy strategy with regard to a liberalized energy market. Said strategy has been defined during 2000. The special depreciation and the overall provision can be booked in 2001 (after the Federal authorities have agreed to the amounts) as an adjustment to the opening balance sheet and will be charged without being recognised in the profit & loss statement of SBB - to the Federal authorities.

- An external expert opinion established the need for a special provision for existing environmental pollution costs of CHF 393 million as at January 1, 1999. Because of the great uncertainties surrounding this special provision an agreement was reached with the Federal authorities to the effect that a full reserve would not be set up in the opening balance sheet but a special provi-

sion of CHF 110 million entered for necessary improvement costs in the years 1999 to 2002. Further costs were accepted by the Federal authorities under the performance agreement applicable from the year 2003.

Despite the above restrictions, we recommend that the consolidated financial statements submitted to you be approved since the financial consequences of the insufficient provisions will be covered by the Federal authorities.

We also wish to draw your attention to the fact that the 100 % investment in AlpTransit Gotthard AG has not been consolidated, but is accounted for under the equity method. On the basis of a special agreement between the Swiss Confederation and the SBB, the Federal authorities have a dominant influence over this investment. The requirements of a common management are therefore not met.

Berne, April 26 2001 Ernst & Young AG

Franz Josef Ast
Certified
accountant
(in charge of the
audit)

Rudolf Mahnig Certified accountant

SBB AG Profit and Loss Account

	Annex	2000 CHF m	1999 CHF m
Operating income			
Traffic income	1	2 837.2	2 739.5
Grants	2	620.8	682.9
Rental revenue from real estate		247.4	242.7
Additional income	3	530.7	487.9
Sundry earnings		14.7	7.4
Own services		456.6	382.4
Federal government grants	4	1 316.0	1 273.0
Earnings reductions		-72.5	-64.7
Total operating income		5 950.9	5 751.1
Operating expenses			
Expenses for materials		-335.2	-304.0
Personnel costs	5	-2 856.1	-2 789.6
Other operating expenses	6	-1 317.6	-1 046.7
Depreciations		-829.3	-830.7
Non-capitalisable investments		-326.4	-304.2
Total operating expenses		-5 664.6	-5 275.2
Operating result		286.3	475.9
Net proceeds from sale of assets		35.7	41.1
Financial income		118.4	83.1
Financial expenses		-103.8	-208.9
EBIT		336.6	391.2
Financial income	7	130.0	108.3
Financial expenses	8	-320.4	-379.2
Profit before tax		146.2	120.3
Taxes	9	0.0	0.0
Annual profit		146.2	120.3

SBB AG Balance Sheet

Assets

265.7 43.8 400.1 5.6 32.7
43.8 400.1 5.6
43.8 400.1 5.6
400.1
5.6
1
32.7
69.7
817.6
907.6
218.9
825.2
291.0
25.9
268.6

Liabilities and equity

	Annex	31.12.2000 CHF m	31.12.1999 CHF m
Liabilities			
Short-term financial liabilities		23.2	39.3
Trade accounts payable	13	846.5	667.4
Other short-term liabilities		102.2	190.3
Accrued charges	14	871.7	629.7
Short-term provisions		69.7	104.8
Total short-term liabilities		1 913.3	1 631.5
Long-term financial liabilities	15	3 594.0	3 620.2
Other long-term liabilities	16	10 258.7	10 238.3
Long-term provisions	17	1 502.8	1 475.9
Total long-term liabilities		15 355.5	15 334.4
Total liabilities		17 268.8	16 965.9
Equity			
Share capital		9 000.0	9 000.0
Legal reserves		2 000.0	2 000.0
Net earnings	18		
Carried forward from previous year		120.3	0.0
Annual profit		146.2	120.3
Total equity		11 266.5	11 120.3
Total liabilities and equity		28 535.3	28 086.2

SBB AG Cash Flow Statement

	2000 CHF m	1999 CHF m
Annual profit	146.2	120.3
Depreciation on fixed assets, gross	829.3	837.0
Non-capitalisable investments, gross	326.4	314.7
Change in long-term provisions	26.9	25.5
Net proceeds from sale of assets	-35.7	-41.1
Own work capitalised	-456.6	-382.4
Cash flow	836.5	874.0
Change in securities	41.7	104.8
Change in trade receivables	-169.3	-62.2
Change in other current assets	-322.1	91.5
Change in short-term liabilities	297.9	-305.8
Cash flow from business activities	684.7	702.3
Investments in financial assets	-896.5	-39.3
Disposals of financial assets	925.7	954.7
Decrease in materials and spare parts for own use*	100.9	114.4
Investments in plants under construction		
and tangible assets*	-1 469.1	-1 472.2
Disposals of tangible assets	762.6	103.6
2.0000000000000000000000000000000000000		
Cash flow from investment activities	-576.4	-338.8
Short-term financial liabilities		
- capital raised	14.8	31.1
- capital repaid	-30.9	-68.8
Long-term financial liabilities		
- capital raised	22.6	87.1
- capital repaid	-48.8	-14.4
Other long-term liabilities		
- capital raised	1 020.4	744.8
- capital repaid	-1 000.0	-1 007.1
Cash flow from financing activities	-21.9	-227.3
Overall change in funds	86.4	136.2
Cash position at 1 January	1 265.7	1 129.5
Cash position at 31 December	1 352.1	1 265.7
Change in cash position	86.4	136.2

^{*} without own services

Annex to the 2000 Annual Report

Notes to the financial statements

	2000 CHF m	1999 CHF m
	OTH III	OIII III
1 Traffic revenue		
Passenger services	1 630.3	1 603.6
Freight services	1 081.2	1 012.5
Miscellaneous operations	113.8	113.8
Infrastructure	11.9	9.6
Total traffic revenue	2 837.2	2 739.5
	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

While passenger kilometres on regional services rose by 123 million, the regional passenger service grant declined by CHF 12.2 million. The grant per passenger kilometre on the SBB network fell from 11.38 CHF in 1999 to 10.25 CHF in 2000.

Unlike the previous year, substantial parts of the subsidies for piggyback services have been paid directly to the transport operator.

	2000 CHF m	1999 CHF m
3 Additional income		
Contract staff	12.3	17.9
Services to third parties	69.0	53.8
Servicing, maintenance and investments	49.8	50.8
Rental revenues	35.0	41.1
Power supplies	99.1	92.4
Foreign exchange	46.7	38.8
Commission	86.7	86.1
Sales of stationery and materials	41.4	42.9
Fees	25.6	21.5
Cost participation, contributions	45.3	27.5
Sundry additional income	19.8	15.1
Total additional income	530.7	487.9

Annex to the 2000 Annual Report

	2000 CHF m	1999 CHF m
4 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 noncapitalisable investments in new infrastructure.

	2000 CHF m	1999 CHF m
5 Personnel costs		
Wages and salaries	2 440.7	2 415.7
Social insurance costs	364.6	330.8
Other personnel costs	50.8	43.1
Total personnel costs	2 856.1	2 789.6

The increase is attributable to the rise in the balance of holiday, overtime and annual working hours not taken in connection with the introduction of the 39-hour week, which has been fully deferred for the first time, and to the 1% rise in wages and salaries paid as a cost-of-living increase.

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 8).

	2000 CHF m	1999 CHF m
6 Other operating costs		
Lease of installations	20.5	20.2
Bought-in services for maintenance,		
repair and replacement	141.5	144.7
Vehicle costs	93.4	64.3
Property insurance, duties and fees	104.1	55.6
Energy and waste disposal costs	277.7	255.0
Administration and information system costs	185.6	118.8
Publicity costs	28.5	21.5
Other operating costs	57.5	41.2
Third-party operating costs	293.3	238.5
Flat rate VAT charge/input tax reduction	59.5	86.9
Rolling stock maintenance restructuring	56.0	0.0
Total other operating costs	1 317.6	1 046.7

All the freight vehicles were contributed to SBB Cargo AG on its establishment against the background of the planned SBB / FS joint venture. Since 1st August 2000, SBB AG has therefore had to lease these vehicles back from SBB Cargo AG to perform its services. This has entailed an increase of CHF 29.1 million in vehicle costs. SBB AG depreciation costs have been reduced accordingly.

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 programme 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 expenses shown against VAT / input tax reduction were shown separately in the previous year. They are mainly attributable to the VAT rules 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 grants it receives. As the tax payable is contained in these amounts, this arrangement does not influence the SBB AG profit and loss account.

A provision of CHF 56 million has been created for restructuring and realigning rolling stock maintenance.

29.5 23.4 3.3	11.3 23.8
23.4	23.8
23.4	23.8
3.3	
	2.0
	3.2
25.3	33.4
27.1	5.5
21.4	31.1
	,
130.0	108.3
CHF m	1999 CHF m
145.1	144.0
14.5	9.2
154.3	217.4
6.5	8.6
320.4	379.2
	21.4 130.0 2000 CHF m 145.1 14.5 154.3 6.5

Financial expenses from liabilities to third parties relate mainly to interest payable on liabilities to EUROFIMA. The continuing refinancing of the SBB Pension Fund actuarial reserve deficit by the federal government entails a reduction in the financial expenses arising from liabilities to staff provident institutions.

9 Taxes

SBB AG is exempt from taxes under article 21 of the SBB Act of 20 March 1998.

	31.12.2000 CHF m	31.12.1999 CHF m
10 Trade accounts receivable		
Total trade accounts receivable		
- from third parties	551.1	422.7
- from group companies	32.4	0.5
- from associated companies	16.6	2.8
Value adjustments	-30.7	-25.9
Total trade accounts receivable	569.4	400.1

Trade accounts receivable from third parties comprise receivables from clients (CHF 474 million) and receivables from Swiss and foreign railway enterprises (CHF 77.1 million).

securii fix	onstituent ties of the ed assets CHF m	Holdings CHF m	Long-term receivables from third parties CHF m	Long-term receivables form group companies CHF m	Long-term receivables from associated companies CHF m	Long-term receivables from shareholder CHF m	Total CHF m
11 Financial assets							
Historical cost							
As at 1.1.2000	301.4	332.9	583.4	16.9	470.2	4 306.8	6 011.6
Additions	22.7	829.9	41.7	0.0	2.2	0.0	896.5
Disposals	0.0	-24.5	-33.7	0.0	-19.8	-850.0	-928.0
Transfers between accoun	ts 0.0	0.0	0.0	0.0	0.0	0.0	0.0
As at 31.12.2000	324.1	1 138.3	591.4	16.9	452.6	3 456.8	5 980.1
Cumulative depreciation							
As at 1.1.2000	0.0	-72.5	-31.5	0.0	0.0	0.0	-104.0
Additions	0.0	0.0	-0.3	0.0	0.0	0.0	-0.3
Disposals	0.0	17.5	0.0	0.0	0.0	0.0	17.5
Transfers between accoun	ts 0.0	0.0	0.0	0.0	0.0	0.0	0.0
As at 31.12.2000	0.0	-55.0	-31.8	0.0	0.0	0.0	-86.8
Net book value							
31.12.2000	324.1	1 083.3	559.6	16.9	452.6	3 456.8	5 893.3

Increases in holdings are primarily attributable to the establishment of SBB Cargo AG. The equity of this company was paid up principally by a contribution in kind of fixed assets (predominantly rolling stock) and holdings.

Disposals of holdings arose firstly from the above-mentioned contribution in kind (Chemoil Logistics AG, S-Rail Europe GmbH, Hupac SA and ICF Intercontainer-Interfrigo) to SBB Cargo AG and secondly from the sale of holdings (e.g. Elca Informatique SA and CNL-City-Night-Line AG).

The decrease in long-term receivables from the shareholder are due to the payment arrangements agreed in connection with the refinancing of the SBB AG Pension Fund deficit (cf. note 16).

	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	Tota fixed assets and assets under construction CHF m
12 Assets under constru and fixed assets	ıction							
Historical cost								
As at 1.1.2000	9 907.8	10 171.0	3 686.2	1 463.9	3 157.1	28 386.0	6 145.2	34 531.2
Investment in assets								
under construction	0.0	0.0	0.0	0.0	0.0	0.0	1 827.8	1 827.8
Investment in fixed assets	0.0	10.5	0.0	0.0	0.0	10.5	0.0	10.5
Reposting of assets under								
construction as assets	314.4	651.5	208.3	9.6	138.9	1 322.7	-1 599.4	-276.7
Disposals of fixed assets	-2 897.2	-87.8	-78.4	-13.8	-132.4	-3 209.6	-49.0	-3 258.6
Transfers between account	ts 0.0	0.0	0.0	0.0	0.0	0.0	25.1	25.1
As at 31.12.2000	7 325.0	10 745.2	3 816.1	1 459.7	3 163.6	26 509.6	6 349.7	32 859.3
of which leasing	1 488.6					1 488.6		1 488.6
Cumulative depreciation								
As at 1.1.2000	-5 816.8	-3 478.4	-2 775.4	-19.7	-1 470.5	-13 560.8	-854.2	-14 415.0
Additions	-301.5	-322.2	-105.2	0.0	-54.3	-783.2	-49.8	-833.0
Disposals	2 231.1	69.3	71.1	0.0	96.7	2 468.2	4.3	2 472.5
Transfers between account	ts 0.0	0.0	0.0	0.0	0.0	0.0	-25.1	-25.1
As at 31.12.2000	-3 887.2	-3 731.3	-2 809.5	-19.7	-1 428.1	-11 875.8	-924.8	-12 800.6
of which leasing	-422.8					-422.8		-422.8
Net book value								
31.12.2000	3 437.8	7 013.9	1 006.6	1 440.0	1 735.5	14 633.8	5 424.9	20 058.7
of which leasing	1 065.8					1 065.8		1 065.8

The decrease for vehicles is attributable to the contribution in kind to SBB Cargo AG mentioned in note 11.

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.

	31.12.2000	31.12.1999
	CHF m	CHF m
13 Trade accounts payable		
Trade accounts payable		
- to third parties	827.5	648.4
- to group companies	8.1	4.3
- to associated companies	10.9	14.7
Total trade accounts payable	846.5	667.4

Trade accounts payable to third parties from deliveries of goods and provision of services include liabilities to suppliers (CHF 478.5 million) and liabilities to Swiss and foreign railway enterprises (CHF 119.5 million).

	31.12.2000 CHF m	31.12.1999 CHF m
Ticket deferrals	289.2	286.3
Deferred interest payments	157.6	68.7
Holiday and overtime deferrals	122.1	60.8
Other deferrals	302.8	213.9
Total deferred income	871.7	629.7

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. Unlike the previous year, interest on the SBB Pension Fund actuarial reserve deficit was charged with a value date in the subsequent year. This entailed a corresponding increase in deferred interest expenses. As already mentioned in note 5, the introduction of the 39-hour week and the deferral of the balance of the annual hours worked for the first time have led to a massive increase in the deferrals for holidays and overtime.

	31.12.2000 CHF m	31.12.1999 CHF m
15 Long-term financial liabilities		
Liabilities to banks	349.6	349.8
Leasing liabilities	1 864.4	1 841.8
Staff savings account	1 380.0	1 428.6
Total long-term financial liabilities	3 594.0	3 620.2

The EUROFIMA loans are shown on the balance sheet under liabilities to banks.

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
16 Other long-term liabilities		
Liabilities to third parties	9.8	8.9
Liabilities to group companies	154.0	0.0
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	10 258.7	10 238.3

The refinancing of the SBB Pension Fund's actuarial reserve deficit is mirrored in the decrease in liabilities to staff provident institutions. In accordance with the refinancing plan, the federal government has waived CHF 850 million of its credit balance due from SBB AG. A detailed schedule of the liabilities to the federal government as shareholder will be found in the group annual report.

	31.12.2000 CHF m	31.12.1999 CHF m
17 Long-term provisions		
ARR 16 staff provident scheme	650.0	650.0
FS/SBB joint venture restructuring costs	120.0	120.0
Rolling stock maintenance	104.9	117.3
Site contamination commitments	100.0	100.0
Rolling stock maintenance restructuring	56.0	0.0
Insurance provisions	95.6	50.0
Miscellaneous	376.3	438.6
Total long-term provisions	1 502.8	1 475.9

Notes on the provisions for employee benefit plans are contained in the consolidated financial statements.

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. The measures for cleaning up existing environmental pollution have been continued in the year under review. The expenses occurring have been charged to short-term provisions. The other provisions relate mainly to earnings from the sale of cable-laying rights and from US leasing transactions (CHF 131.3 million), provisions for the decommissioning of infrastructure (CHF 33.3 million) and other commercially-necessary provisions.

18 Unappropriated profit

The unappropriated profit of CHF 266.5 million, consisting of the annual profit of CHF 146.2 million and profit of CHF 120.3 million carried forward includes any reserve under article 64 of the Railways Act (EBG).

19 Related parties

In the year 2000, the fees amounted to CHF 0.76 million for the Board of Directors, and 2.6 million for the salaries of the Group Management.

20 Statutory information

(except where shown under the corresponding items)

	31.12.2000 CHF m	31.12.1999 CHF m
20.1 Sureties, guarantees and pledges in favour of third parties		
Sureties and guarantees	129.0	171.0
Liabilities from share capital not paid up	150.3	153.3
Total	279.3	324.3

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

20.2 Fire insurance values of the fixed 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
20.3 Liabilites of staff provident institutions		
Short-term liabilities	6.8	41.1
Long-term liabilities	3 156.8	4 156.8
Total	3 163.6	4 197.9

20.4 Major holdings

Group holdings and associated companies are listed on page 26 of the Notes to the consolidated financial statements.

21 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, i.e. until 1st January 2001

The SBB Pension Fund can only pay cost-of-living increases to pensioners if its finances and earnings permit. Since the capital required as cover, and the reserves for fluctuating annual requirements have not yet reached the amounts fixed, the obligation to pay such cost-of-living increases to the aforementioned beneficiaries must thus 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.

22 Segment report

Unlike the previous year, the segment report on the balance sheet and statement of profit and loss has been shown under the headings of traffic, infrastructure and central divisions. The results of the central divisions have also been classified appropriately, i.e. distributed among the operating result, extraordinary profit and loss and financial profit. The figures from the previous year have been adjusted accordingly. The reconstruction of the divisionalisation in regard to financing leads to considerable shifts among the profit and loss accounts of the individual divisions (e.g. displacement of the responsibility for the staff savings account from infrastructure to central division).

Segment information: traffic, infrastructure and central divisions

Profit and Loss Account

		Operations CHF m	Inf	rastructure CHF m		divisions CHF m		liminations CHF m		Total SBB CHF m
	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999
Operating income										
Traffic income	2 782.6	2 673.3	54.5	66.0	0.1	0.2			2 837.2	2 739.5
Grants	566.3	665.9	54.5	17.0	0.0	0.0			620.8	682.9
Rental revenue from real estate	15.8	14.2	231.6	228.5	0.0	0.0			247.4	242.7
Additional income	264.5	225.1	268.8	230.3	14.0	32.5	-16.6		530.7	487.9
Sundry earnings	4.6	3.4	7.0	3.0	3.1	1.0			14.7	7.4
Own services	99.9	91.2	340.3	279.9	16.4	11.3			456.6	382.4
Federal government grants	8.0	0.0	1 308.0	1 273.0	0.0	0.0			1 316.0	1 273.0
Earnings reductions	-69.0	-69.8	-3.8	0.2	0.3	4.9			-72.5	-64.7
Revenue from cross-charging	298.3	161.6	807.6	790.9	304.1	204.1	-1 410.0	-1 156.6	0.0	0.0
Total operating income	3 971.0	3 764.9	3 068.5	2 888.8	338.0	254.0	-1 426.6	1 156.6	5 950.9	5 751.1
Operating expenses										
Expenses for materials	-224.3	-216.0	-107.2	-82.8	-3.7	-5.2			-335.2	-304.0
Personnel costs	-1 656.8	100 100 100 100 100 100 100 100 100 100				The state of the s			-2 856.1	
Other operating expenses	-489.2	-349.4			-172.0	STATE OF THE PARTY	16.6		-1 317.6	
Depreciations	-302.8	-321.0	-519.9	-488.1		-21.6			-829.3	-830.7
Non-capitalisable investments	-11.3	22.2	-306.1	-289.4		-37.0			-326.4	-304.2
Expense from cross-charging	-1139.6	-892.4			-28.7	Name and Address of the Owner, when the Owner, which the Owner, whi	1 410.0	1 156.6	0.0	0.0
Attribution of overhead charges	-17.6	-24.0	-9.4	-17.2		41.2	1 110.0	1 100.0	0.0	0.0
Total operating expenses	-3 841.6	-3 372.6	-2 911.6	-2 805.2	-338.0	-254.0	1 426.6	1 156.6	-5 664.6	-5 275.2
Operating result	129.4	392.3	156.9	83.6	0.0	0.0	0.0	0.0	286.3	475.9
Net proceeds from sale of assets	11.4	-1.2	20.4	41.5	3.9	0.8			35.7	41.1
Extraordinary income	9.6	5.7	87.7	50.3	21.1	27.1			118.4	83.1
Extraordinary expenditure	-11.1	-133.1	-56.6	-10.5	-6.8	-65.3			-74.5	-208.9
Reallocation for central divisions	17.4	-21.8	0.8	-15.6	-18.2	37.4			0.0	C
"Chance" project	0.0	0.0	-9.2	0.0	-20.1	0.0			-29.3	C
EBIT	156.7	241.9	200.0	149.3	-20.1	0.0	0.0	0.0	336.6	391.2
Financial income	45.8	4.2	39.3		83.9				130.0	108.3
Financial expense	-170.0	-210.8	-61.8	-122.5	-127.6	-45.9	39.0		-320.4	-379.2
Reallocation for										
central divisions	-28.3	6.6	-15.4	4.7	43.7	-11.3			0.0	0.0
Profit before tax	4.2	41.9	162.1	78.4	-20.1	0.0	0.0	0.0	146.2	120.3
Taxes	0.0	0.0	0.0	0.0	0.0	0.0			0.0	0.0
Annual profit	4.2	41.9	162.1	78.4	-20.1	0.0	0.0	0.0	146.2	120.3

Segment information regarding Balance sheets SBB AG

Assets

	31.12.2000	Operations CHF m 31.12.1999	In 31.12.2000	frastructure CHF m 31.12.1999	Cent	ral divisions CHF m 31.12.1999	31.12.2000	Eliminations CHF m 31.12.1999	31.12.2000	Total SBB CHF m 31.12.1999
Current assets										
Cash and cash equivalents	170.7	42.8	0.0	0.0	1 181.4	1 222.9			1 352.1	1 265.7
Short-term investments/										
securities	0.0	1.4	0.0	0.0	2.1	42.4			2.1	43.8
Trade accounts receivable	402.5	247.1	159.0	118.5	7.9	34.5			569.4	400.1
Receivables from										
cross-charging	300.2	1 073.6	0.0	750.5	703.0	0.0	-1 003.2	-1 824.1	0.0	0.0
Other receivables	62.7	1.0	1.0	2.1	67.0	2.5			130.7	5.6
Third-party work in progress	7.0	13.0	11.6	19.8	0.0	0.0			18.6	32.7
Accrued income	236.8	55.7	55.7	16.6	3.7	-2.6	-15.4		280.8	69.7
Total current assets Fixed assets	1 179.9	1 434.6	227.3	907.5	1 965.1	1 299.6	-1 018.6	-1 824.1	2 353.7	1 817.6
Financial investments	15.1	22.9	642.1	655.4	5 236.1	5 229.3			5 893.3	5 907.6
Materials and spare										
parts for own use	94.6	90.2	109.3	128.1	1 448.3	0.6	-1 448.3		203.9	218.9
Tangible assets	3 637.1	4 195.7	10 965.2	10 491.7	31.5	137.8			14 633.8	14 825.2
Assets under construction	582.2	603.1	4 770.0	4 495.9	72.8	192.0			5 425.0	5 291.0
Intangible assets	0.0	0.0	25.6	25.9	0.0	0.0			25.6	25.9
Total fixed assets	4 329.0	4 911.9	16 512.2	15 797.0	6 788.7	5 559.7	-1 448.3	0.0	26 181.6	26 268.6
Total assets	5 508.9	6 346.5	16 739.5	16 704.5	8 753.8	6 859.3	-2 466.9	-1 824.1	28 535.3	28 086.2

Liabilites and equity

		Operations CHF m	Infrastructure CHF m		Central divisions CHF m		Eliminations CHF m			Total SBB CHF m
Liabilities	31.12.2000	31.12.1999	31.12.2000	31.12.1999	31.12.2000	31.12.1999	31.12.2000	31.12.1999	31.12.2000	31.12.1999
Short-term financial liabilities	0.0	0.2	4.7	35.6	18.5	3.5			23.2	39.3
Trade accounts payable	436.4	223.2	352.2	407.8	57.9	36.4			846.5	667.4
Liabilities from cross-charging	g 0.0	0.0	1 003.2	0.0	0.0	1 824.1	-1 003.2	-1 824.1	0.0	0.0
Other short-term liabilities	1.5	2.8	0.5	33.7	100.2	153.8			102.2	190.3
Accrued charges	685.0	540.2	143.2	79.9	58.9	9.6	-15.4		871.7	629.7
Short-term provisions	0.2	9.7	59.5	30.1	10.0	65.0			69.7	104.8
Total short-term liabilities	1 123.1	776.1	1 563.3	587.1	245.5	2 092.4	-1 018.6	-1 824.1	1 913.3	1 631.5
Long-term financial liabilities	1 448.3	1 889.0	0.0	1 428.7	3 594.0	302.5	-1 448.3		3 594.0	3 620.2
Other long-term liabilities	0.0	0.0	6 668.4	5 953.8	3 590.3	4 284.5			10 258.7	10 238.3
Long-term provisions	233.3	639.5	267.3	656.5	1 002.2	179.9			1 502.8	1 475.9
Total long-term liabilities	1 681.6	2 528.5	6 935.7	8 039.0	8 186.5	4 766.9	-1 448.3	0.0	15 355.5	15 334.4
Total liabilities	2 804.7	3 304.6	8 499.0	8 626.1	8 432.0	6 859.3	-2 466.9	-1 824.1	17 268.8	16 965.9
Equity										
Share capital	1 800.0	2 000.0	7 000.0	7 000.0	200.0	0.0			9 000.0	9 000.0
Legal reserves	900.0	1 000.0	1 000.0	1 000.0	100.0	0.0			2 000.0	2 000.0
Profit carried forward	0.0	0.0	78.4	0.0	41.9	0.0			120.3	0.0
Profit for the year	4.2	41.9	162.1	78.4	-20.1	0.0			146.2	120.3
Total equity	2 704.2	3 041.9	8 240.5	8 078.4	321.8	0.0	0.0	0.0	11 266.5	11 120.3
Total liabilites and equity	5 508.9	6 346.5	16 739.5	16 704.5	8 753.8	6 859.3	-2 466.9	-1 824.1	28 535.3	28 086.2

Additional segment information Traffic

(pro forma, not audited)

Profit and Loss Accounts

	Passenger Traffic* 2000 CHF m	Freight 2000 CHF m	Traffic total 2000 CHF m
Operating income			
Traffic income	1 684.7	1 097.9	2 782.6
Grants	545.7	20.6	566.3
Sundry earnings with third parties	246.2	77.6	323.8
Revenue from cross-charging	201.0	97.3	298.3
Total operating income	2 677.6	1 293.4	3 971.0
Operating expenses			
Personnel, materials and other expenses	-1 527.2	-787.1	-2 314.3
Depreciations and non-capitalisable			
investments	-266.2	-47.9	-314.1
Rolling stock maintenance restructuring	-41.3	-14.7	-56.0
Expense from cross-charging	-676.8	-462.8	-1 139.6
Attribution of overhead charges	-11.8	-5.8	-17.6
Total operating expenses	-2 523.3	-1 318.3	-3 841.6
Operating result	154.4	-25.0	129.4
Net proceeds from sale of assets	10.2	1.2	11.4
Extraordinary income	1.5	-3.0	-1.5
Reallocation for central divisions	16.9	0.5	17.4
EBIT	183.0	-26.3	156.7
Financial income	-101.0	-23.2	-124.2
Reallocation for central divisions	-19.0	-9.3	-28.3
Profit before tax	63.0	-58.8	4.2
Taxes	0.0	0.0	0.0
Annual profit	63.0	-58.8	4.2

^{*} incl. Business Field Brünig



Proposal of the Board of Directors on the appropriation of the net profit

The Board of Directors proposes to the General Meeting that the net profit be appropriated as follows:

	2000 CHF m	1999 CHF m
Net annual profit	146.2	120.3
Carried forward from previous year	120.3	0.0
Net profit at the disposal of the General Meeting	266.5	120.3
Carried forward to the new account	266.5	120.3

The net profit includes a possible general reserve according to article 64 of the Railways Act (EGB), on which the General Meeting cannot decide.

Report of the statutory auditors

→ Report of the statutory auditors to the General Meeting of Swiss Federal Railways SBB, Berne

As statutory auditors, we have audited the accounting records and the financial statements (balance sheet, income statement, statement of cash flows and notes) of Swiss Federal Railways SBB for the year ended December 31, 2000.

These financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records and financial statements comply with the law and the results of operations and the cash flows in accordance with the Accounting and Reporting Recommendations (ARR) and comply, as well as the proposed appropriation of available earnings, with Swiss law and the company's articles of incorporation under the following restrictions:

- An external expert opinion containing an assessment of the energy sector in connection with the opening balance sheet of SBB AG as at January 1, 1999 discovered the need for special depreciation on production facilities and an overall provision. Both can only be determined on condition that SBB has defined a new energy strategy with regard to a liberalized energy market. Said strategy has been defined during 2000. The special depreciation and the overall provision can be booked in 2001 (after the Federal authorities have agreed to the amounts) as an adjustment to the opening balance sheet and will be charged - without being recognised in the profit & loss statement of SBB - to the Federal authorities.

– An external expert opinion established the need for a special provision for existing environmental pollution costs of CHF 393 million as at January 1, 1999. Because of the great uncertainties surrounding this special provision an agreement was reached with the Federal authorities to the effect that a full reserve would not be set up in the opening balance sheet but a special provision of CHF 110 million entered for necessary improvement costs in the years 1999 to 2002. Further

costs were accepted by the Federal authorities under the performance agreement applicable from the year 2003.

Despite the above restrictions, we recommend that the financial statements submitted to you be approved since the financial consequences of the insufficient provisions will be covered by the Federal authorities.

We further draw your attention to the fact that the Federal Transport Office - supervisory authority according to art 70 of the Swiss Railway Act (Eisenbahngesetz) - has approved, in a letter dated April 26, 2001, the financial statements 2000 with the following qualification: The operational costs and performance calculation according to art 12 of the ordinance of accounts (REVO) has not yet been established. The final distribution of profit and the establishment of provisions according to art 64 of the Swiss Railway Act (Eisenbahngesetz) will depend on this calculation.

Berne, April 26 2001 Ernst & Young AG

Franz Josef Ast
Certified
accountant
(in charge of the audit)

Rudolf Mahnig Certified accountant

