Annex to the consolidated financial statements for 2001.

Principles of consolidation.

General. The accounting principles applied to this consolidated financial statements meet the requirements of Swiss Company Law and the Swiss Accounting and Reporting Recommendations (Swiss GAAP ARR), and give a true and fair picture of the consolidated annual accounts.
Valuation took place using historical costs. With the following exceptions, there was no change in the consolidation and valuation rules from the previous year:

Restructuring of the power division. On 1 January 1999, as the first step towards the railway reform, the government assumed the majority of SBB AG's debt and transformed the former federal agency into a joint-stock company (Aktiengesellschaft) under special law. The refinancing resolution of 20 March 1998 (SR 742.30) formed the basis for the revaluation of SBB's assets and liabilities for the opening balance sheet and for the conversion of loans into equity. At that time, the power division of SBB AG was excluded from the revaluation for the purpose of the opening balance sheet. The Federal Council passed a resolution (BRB of 14 June 1999) to the effect that it will decide on the assumption of this division's debt when two years have passed, and once a long-term strategy will be defined. SBB AG subsequently examined all possible strategies for the power division and agreed the following with the federal government:

a) retention of rail power supplies (16.7Hz power plants) by SBB AG, with streamlining of operations
b) sale of its interests in the 50Hz power plants.

After taking account of the expected sales proceeds and of rationalisation potential in the rail power supplies business, the remaining restructuring costs for SBB AG's power division came to CHF 1,199.7 million. The federal government waived the repayment of variable-interest loans totalling CHF 1,199.7 million repayable only under certain conditions, and SBB AG used this sum to make the necessary value adjustments, depreciation and provisions. These bookings are posted as an addendum to the opening balance sheet for SBB AG without affecting the operating result, though technically they resulted in an extraordinary gain and loss of CHF 1,199.7 million (cf. notes 9 and 10). SBB AG has sold its shareholdings in the Leibstadt AG and Gösgen-Däniken AG power plants and in Electra-Massa AG, Naters.

Inflation-indexing of existing pensions. A number of legal opinions have concluded that the pensions of all SBB staff who retired prior to SBB's establishment as a legal entity should be inflation-indexed in the same way as federal government pensions. The ARR 16 provision in the opening balance sheet was based among other things on the Pension Fund regulations, which only allow for index-linking of pensions if the income from the Pension Fund's investments permits it, and did not therefore take account of the aforementioned entitlement. Based on the same Federal Council resolution as that regarding the restructuring of the power division, and as an addendum to the opening balance, it was decided that variable-interest loans totalling CHF 657.2 million repayable only under certain circumstances be converted into provisions (cf. note 26).

Restatement. On 1 January 2001 SBB AG and SBB Cargo AG introduced SAP R/3 in their finance and logistics departments. This has resulted in various reclassifications in the financial statements of SBB AG. In particular, goods in stock have been reclassified from fixed to current assets.

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 for all the segments included.

Scope of consolidation. The consolidated financial statements include the annual accounts of Swiss Federal Railways (SBB AG) and those interests in which SBB AG directly or indirectly holds 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.
In the year under review, the shareholding in CSC Basel AG was raised to 100%. Owing to the ongoing and planned restructuring of SBB AG's warehouse interests, CSC Basel AG continues to be valued by the equity method. The companies in the scope of consolidation are listed on pages 34 and 35.

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. Published 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, 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:

	31.12.2001	31.12.2000
EUR	1.48	1.52
USD	1.68	1.64

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. Owing to the increase in the shareholdings in BLI Bahnhof Luzern Immobilien AG and CSC Basel AG to 100% in the year under review, goodwill is stated in the balance sheet (at a net CHF 2.8 million) for the first time (cf. note 20).

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 in accordance with the principles of Swiss GAAP ARR. The valuation and reporting principles correspond to the ARR accounting standards, with the following exception regarding site contamination/environmental legacy problems:

Site contamination commitments.
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.
Materials and spare parts which are almost exclusively for the Group's own use were entered at purchase or manufacturing cost, observing the principle of the lower of cost and market value. Manufacturing costs are calculated on the basis of the material and production costs (full costs). Value adjustments are made for slow-moving goods and items with reduced marketability. Discounts claimed have been credited to the financial result.

Capital assets. 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 value adjustments until completion of the project.

Intangible assets comprise non-material items (goodwill, 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 provident institutions of the Group operate primarily 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, which has been an independent foundation since 1 January 1999. However, around 170 employees of subsidiaries have contracts with other provident institutions.

The CHF 5,156 million shortfall in the actuarial reserve which existed at the time the pension fund was established as a separate entity has, as planned, been closed by the federal government, which made a final payment of CHF 3,156 million to the SBB Pension Fund in 2001. The liabilities in the same amount incurred by SBB AG will be amortised by 2004 on a straight-line basis through the waiver of federal government claims. The interest expense on the SBB Pension Fund's actuarial reserve deficit is recognised in the profit and loss account of SBB AG.

A corresponding provision has been made for this deficit in the consolidated financial statements as per ARR 16. Calculation of the deficit is based upon an actuarial calculation using the "projected unit credit" method. This actuarial calculation is performed annually.

Other provisions have been created and written back in accordance with standard business management principles.

Deferred taxes, which relate solely to holdings, as SBB AG and SBB Cargo AG are 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 liability method and continuously adapted to any changes in local tax laws.
At present, there are no significant loss carryovers or tax credits to be expected.

Derivatives. The financial strategy of SBB AG 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 31 December 2000, the scope of consolidation has changed as follows:

Additions:

- BLI Bahnhof Luzern Immobilien AG, Lucerne: increase in interest from 11% to 100% (1 January 2001).
- Sensetalbahn AG, Laupen: purchase of 65% interest (1 January 2001).
- Thurbo AG, Kreuzlingen: creation of 60% shareholding (1 October 2001).
- RailLink AG, Berne: creation of 55% shareholding (1 September 2001).
- Securitrans Public Transport Security AG, Berne; creation of 51% shareholding (17 January 2001).

Disposals:

- None.

1 Total traffic revenue

	2001 CHF m	2000 CHF m
Passenger services	1 714.4	1 635.0
Freight services	1 049.3	1 088.5
Miscellaneous operations	141.4	113.7
Infrastructure	14.6	11.9
Total traffic revenue	**2 919.7**	**2 849.1**

Traffic revenue increased by almost 2.5% to CHF 2.9 billion.

2 Grants

	2001 CHF m	2000 CHF m
Grants for regional passenger services		
Federal government	324.7	350.3
Cantons	212.0	195.4
Third-party contributions	2.4	0.0
Total grants for regional passenger services	**539.1**	**545.7**
Grants for reduction of infrastructure's track charges in combined traffic	37.4	54.5
./. less difference from prior year (2000)	–17.0	0.0
for other freight traffic	61.9	0.0
Total grants for track charge reductions	**82.3**	**54.5**
Grants to Cargo for intermodal transport	**16.0**	**20.6**
Total grants	**637.4**	**620.8**

Based on the contract concerning the crediting of advantages to the canton of Zurich, the Confederation in the year 2001 assumed a share of 35.6 million CHF in the grants of the canton of Zurich for regional traffic. This share is contained in the federal government grants for infrastructure and is shown in note 5.

3 **Additional income**	2001 CHF m	2000 CHF m
Contract staff	1.6	8.4
Services to third parties	135.5	67.7
Servicing, maintenance and investments	31.4	51.4
Rental revenues	31.8	35.0
Power supplies	92.7	102.6
Foreign exchange	51.3	46.7
Commission	86.1	89.7
Sales of stationery and materials	14.0	41.3
Cost participation, contributions	61.2	44.6
Sundry additional income	34.4	41.8
Total additional income	**540.0**	**529.2**

4 **Own work capitalised**	2001 CHF m	2000 CHF m
Investment orders	388.8	370.7
Stock orders	187.8	86.0
Total own work capitalised	**576.6**	**456.7**

The increase in own work capitalised (stock orders) versus the previous year is due mainly to the changed flow of values in SAP R/3. This item now appears in the profit and loss account as a gross figure, i.e. inclusive of material expenses and manufacturing overheads.

5 **Federal government grants for infrastructure**	2001 CHF m	2000 CHF m
Maintenance grants	777.0	729.0
Operating grants	484.0	587.0
Forwarded to ZVV	–35.6	–21.5
Total federal government grants for infrastructure	**1 225.4**	**1 294.5**

The maintenance grant covers depreciation of existing infrastructure and non-capitalisable investments in new infrastructure. The federal grants also include sums earmarked for infrastructure work assumed by the Zurich Transport Community (ZVV). These 35.6 million CHF which are not directly connected with services performed by SBB AG, take the place of grants for regional services of the ZVV, according to the agreement between the Confederation, the SBB and the canton of Zurich concerning the crediting of advantages. The payment to ZVV, which was contained in other operating expenses in the 2000 statement, has been reclassified in order to improve comparability. In addition to the grants listed here, payments for infrastructure-related track cost reductions are also credited (cf. note 2).

6 **Personnel costs**	2001 CHF m	2000 CHF m
Wages and salaries	2 470.0	2 446.5
Social insurance costs	327.6	366.1
Other personnel costs	57.6	51.2
Total personnel costs	**2 855.2**	**2 863.8**

7 **Other operating costs**	2001 CHF m	2000 CHF m
Lease of installations	19.9	19.5
Bought-in services for maintenance, repair and replacement	181.5	144.3
Vehicle costs	73.0	64.7
Property insurance, duties and fees	54.1	105.8
Power and waste disposal costs	164.6	210.1
Administration and information system costs	218.7	186.5
Publicity costs	50.5	31.4
Other operating costs	95.1	96.9
Third-party operating costs	278.0	292.0
Flat rate VAT charge/input tax reduction	58.1	59.4
Total other operating costs	**1 193.5**	**1 210.6**

The higher cost of bought-in services for maintenance, repair and replacement was due to the facelifting campaign for regional stations launched in the reporting year.

The lower figure for property insurance can be ascribed to the new risk financing and insurance system implemented in the previous year. The provision for insurance had to be increased by a once-only increment of CHF 45 million owing to the changeover mentioned above. In addition, SBB AG was spared any major material losses or natural disasters in 2001, thus reducing expenditures due to material damage.

The expenses listed under flat rate VAT/input tax reduction are mainly attributable to the VAT 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 SBB AG profit and loss account.

8 **Depreciation**	2001 CHF m	2000 CHF m
Depreciation of financial assets	8.7	0.4
Depreciation of fixed assets	987.4	875.7
Depreciation of intangible assets	6.6	3.0
Total depreciation	**1 002.7**	**879.1**

9 Net proceeds from sale of assets

The amount stated is due mainly to profits from the sale of financial assets amounting to CHF 117.8 million accruing primarily from the partial sale of the stake in TDC Switzerland AG (created on the merger of Sunrise and Diax). The sale of fixed assets generated an additional CHF 29.3 million.

10 Extraordinary income

	2001 CHF m	2000 CHF m
Write-back of provision for power charges	0.0	65.0
Write-back of Joint Venture provision	101.0	0.0
Restructuring of power division – fed. govt. waiver of claims	1 199.7	0.0
Other extraordinary and out-of-period income	82.7	37.4
Total extraordinary income	**1 383.4**	**102.4**

Of the provisions totalling CHF 120 million formed for the FS/SBB Joint Venture, CHF 19 million was used for the intended purpose in 2001. The portion of CHF 101 million no longer required at Group level was written back and reflected accordingly in the profit and loss account.

The aforementioned restructuring of the power division constituted a definitive replacement for the solution adopted for the opening balance sheet on 1 January 1999 where a provision totalling CHF 105 million was set aside for two years (65 million in 2000 and 40 million in 1999). At the same time, the waiver of variable-interest debt repayable only under certain circumstances generated extraordinary income of CHF 1,199.7 million and an extraordinary charge of the same amount.

The remaining extraordinary and out-of-period income is due to the release of other provisions from prior periods no longer required.

11 Extraordinary expenses

	2001 CHF m	2000 CHF m
“Chance” project	21.8	29.3
Restructuring of power division (depreciation, formation of provision)	1 199.7	0.0
Other extraordinary and out-of-period expenses	103.0	75.6
Total extraordinary expenses	**1 324.5**	**104.9**

The “Chance” project reflects expenses undertaken by SBB AG for the reintegration of staff made redundant due to rationalisation or restructuring.

12 Financial income

	2001 CHF m	2000 CHF m
From financial investments in third parties	69.8	51.9
From financial investments in associated companies	18.9	20.5
From financial investments in the shareholder	13.9	27.1
From other holdings	3.1	3.1
From holdings in associated companies	12.0	8.8
Other financial income	25.6	21.4
Total financial income	**143.3**	**132.8**

13 Financial expenses

	2001 CHF m	2000 CHF m
From commitments to third parties	131.1	167.5
From commitments to staff provident schemes	37.7	154.3
From commitments to associated companies	0.7	0.2
From commitments to the shareholder	95.9	14.5
Other financial expenses	13.5	7.0
Total financial expenses	**278.9**	**343.5**

Interest and similar expenses payable to third parties consist primarily of interest due on the commitments to EUROFIMA. The ongoing refinancing of the SBB Pension Fund actuarial reserve deficit by the Confederation is reducing the financial expenses towards the Pension Fund and increasing financial expenses towards the shareholder. On balance, however, the refinancing of the SBB Pension Fund deficit is resulting in a continued and rapid reduction in the interest charges for SBB AG.

14 Taxes

	31.12.2001 CHF m	31.12.2000 CHF m
Current taxes on income and capital	2.1	1.6
Deferred taxes on income	0.0	0.0
Total taxes	**2.1**	**1.6**

SBB AG is exempt from taxes under article 21 of the SBB Act of 20 March 1998. However, the companies in which SBB AG has a holding are to some extent liable for taxes.

15 Liquid funds

	31.12.2001 CHF m	31.12.2000 CHF m
Cash and cash equivalents	35.9	45.2
Postal account	41.9	55.4
Banks	407.3	150.3
Term deposits	221.0	1 134.0
Cash in transit	–39.7	–4.5
Total liquid funds	**666.4**	**1 380.4**

Owing to the current provisions of budgetary law, SBB AG effects a large part of its monetary transactions through the Federal Finance Administration (EFV). The current account credit balances (CHF 20.4 million) and term deposits (CHF 150 million) with the EFV are shown under the relevant liquid funds headings.

16 Trade accounts receivable

	31.12.2001 CHF m	31.12.2000 CHF m
Trade accounts receivable		
– from third parties	706.2	566.8
– from unconsolidated holdings	39.1	16.7
Value adjustments	–55.5	–30.8
Total trade accounts receivable	**689.8**	**552.7**

17 Goods in stock and work in progress

	31.12.2001 CHF m	31.12.2000 CHF m
Goods in stock	371.6	342.2
Work in progress	24.7	19.3
Value adjustments	–187.2	–138.5
Total goods in stock and work in progress	**209.1**	**223.0**

With the changeover to SAP R/3, no spare parts were scrapped in the year under review as the necessary documents were not available. Consequently, depreciation is reflected in the value adjustments. Moreover, remaining stocks of spare parts for SBB AG power generation plants were written down completely.

18 Financial assets

	Constituent securities of the 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
Historical cost							
As at 1.1.2001	324.0	112.6	132.7	591.4	452.6	3 456.8	5 070.1
Adjustment of historical cost	0.0	4.2	0.0	0.0	0.0	0.0	4.2
Additions	209.5	14.3	1.4	27.6	0.7	0.0	253.5
Disposals	0.0	–5.5	–67.6	–17.2	–38.4	–850.0	–978.7
Transfers between accounts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
As at 31.12.2001	**533.5**	**125.6**	**66.5**	**601.8**	**414.9**	**2 606.8**	**4 349.1**
Cumulative depreciation							
As at 1.1.2001	0.0	0.0	–7.9	–31.9	0.0	0.0	–39.8
Additions	0.0	–7.3	–1.1	–0.3	0.0	0.0	–8.7
Disposals	0.0	0.0	1.8	0.0	0.0	0.0	1.8
Transfers between accounts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
As at 31.12.2001	**0.0**	**–7.3**	**–7.2**	**–32.2**	**0.0**	**0.0**	**–46.7**
Net book value							
31.12.2001	**533.5**	**118.3**	**59.3**	**569.6**	**414.9**	**2 606.8**	**4 302.4**

The additions to fixed asset securities are due to a CHF 185 million investment in EUROFIMA and the reinvestment of income accrued from investments in connection with the leasing contracts. There are equivalent entries on the liabilities side of the balance sheet.

The disposals shown under other holdings are primarily attributable to the partial sale of the holding in TDC Switzerland AG plus the disposal of the holdings in the Leibstadt AG and Gösgen-Däniken AG nuclear power plants and in Electra Massa AG, Naters.
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 26).

19 Assets under construction and fixed assets

	Vehicles (incl. leasing) CHF m	Civil engineering, trackbed and railway install. CHF m	Other fixed assets CHF m	Property CHF m	Buildings CHF m	Total fixed assets CHF m	Assets under constr. and downpayments CHF m	Total CHF m
Historical cost								
As at 1.1.2001	9 936.9	10 745.2	4 546.9	1 477.8	3 231.5	29 938.3	6 393.8	36 332.1
Investments	43.0	7.7	73.7	14.3	118.2	256.9	2 075.0	2 331.9
Change in scope of consolidation	1.2	3.4	3.7	0.1	95.4	103.8	0.0	103.8
Reposting of assets under construction as assets	384.1	716.3	289.8	31.4	61.2	1 482.8	–1 482.8	0.0
Disposals of fixed assets	–144.7	–216.8	–125.4	–24.8	–151.9	–663.6	–300.6	–964.2
Transfers between accounts	0.0	0.0	0.0	–50.6	0.0	–50.6	0.0	–50.6
As at 31.12.2001	**10 220.5**	**11 255.8**	**4 788.7**	**1 448.2**	**3 354.4**	**31 067.6**	**6 685.4**	**37 753.0**
of which leasing	**1 488.6**					**1 488.6**		**1 488.6**
Cumulative depreciation								
As at 1.1.2001	–5 860.5	–3 731.3	–2 970.3	–19.7	–1 441.9	–14 023.7	–929.1	–14 952.8
Change in scope of consolidation	0.0	–2.6	–2.5	0.0	–6.0	–11.1	0.0	–11.1
Additions	–338.7	–334.7	–177.5	0.0	–57.7	–908.6	–129.2	–1 037.8
Disposals	101.0	168.4	69.9	0.0	18.6	357.9	11.7	369.6
Transfers between accounts	0.0	–0.2	0.0	0.0	0.2	0.0	–1.6	–1.6
Power division restructuring	–0.2	32.8	–180.2	–2.5	–33.9	–184.0	4.3	–179.7
As at 31.12.2001	**–6 098.4**	**–3 867.6**	**–3 260.6**	**–22.2**	**–1 520.7**	**–14 769.5**	**–1 043.9**	**–15 813.4**
of which leasing	**–485.4**					**–485.4**		**–485.4**
Net book value								
31.12.2001	**4 122.1**	**7 388.2**	**1 528.1**	**1 426.0**	**1 833.7**	**16 298.1**	**5 641.5**	**21 939.6**
of which leasing	**1 003.2**					**1 003.2**		**1 003.2**

Other fixed assets comprise all installations, information system and telecommunication equipment, and supply and disposal plants. Leased vehicles were written down by CHF 62.6 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 16.7 million in the year under review.

20 Intangible assets

	31.12.2001 CHF m	31.12.2000 CHF m
Intangible assets	99.4	48.6
Goodwill	7.5	0.0
Value adjustments for intangible assets	–18.8	–15.8
Value adjustment for goodwill	–4.7	0.0
Total intangible assets	**83.4**	**32.8**

The capitalised goodwill is attributable to the purchase prices paid for increasing the shareholdings in BLI Bahnhof Luzern Immobilien AG and in CSC Basel AG. Owing to the current restructuring, the goodwill in CSC Basel AG was written down in full (CHF 4 million).

21 Short-term financial liabilities

	31.12.2001 CHF m	31.12.2000 CHF m
Short-term liabilities to banks	3,4	18,4
Financial liabilities to third parties	130,4	127,1
Total short-term financial liabilities	**133,8**	**145,5**

As it falls due on 6 March 2002, the CHF 125 million Kraftwerk Amsteg AG bond (2000-2002) is included in short-term financial liabilities to third parties.

22 Trade accounts payable

	31.12.2001 CHF m	31.12.2000 CHF m
Trade accounts payable		
– to third parties	615.1	557.0
– to railway companies	316.7	277.2
– to associated companies	0.0	10.9
Total trade accounts payable	**931.8**	**845.1**

23 Accrued charges

	31.12.2001 CHF m	31.12.2000 CHF m
Ticket deferrals	298.6	289.2
Holiday and overtime deferrals	177.6	122.5
Deferred interest payments	44.6	168.6
Other deferrals	444.2	299.6
Total accrued charges	**965.0**	**879.9**

The ticket deferrals relate mainly to the General Abonnement, Half-Fare Card and point-to-point season tickets. They do not extend to individual tickets.

24 Short-term provisions

	31.12.2001 CHF m	31.12.2000 CHF m
Environmental cleanup costs	24.9	8.9
Provision for index-linking of pensions	88.9	0.0
Other short-term provisions	77.0	61.5
Total short-term provisions	**190.8**	**70.4**

The increase in short-term provisions is due to the reclassification of long-term provisions used within 12 months.

A further CHF 4 million was charged to the provision for environmental remediation work in the year under review. In anticipation of the cleanup operations planned for 2002, CHF 20 million was transferred from long-term provisions.

25 Long-term financial liabilities

	31.12.2001 CHF m	31.12.2000 CHF m
Liabilities to banks	123.9	423.6
Leasing liabilities	1 888.8	1 864.3
Mortgages	65.6	7.3
Bonds	300.0	325.0
Staff savings account	1 371.7	1 380.1
Total long-term financial liabilities	**3 750.0**	**4 000.3**

The EUROFIMA loans are shown on the balance sheet under liabilities to banks. In the year under review, repayments of CHF 315 million were effected. Leasing liabilities have increased because the interest payable on leasing contracts has been partly capitalised.

26 Other long-term liabilities

	31.12.2001 CHF m	31.12.2000 CHF m
Liabilities to third parties	19.0	13.7
Liabilities to the federal government as shareholder	8 115.3	6 938.1
Liabilities to provident institutions	0.0	3 156.8
Total other long-term liabilities	**8 134.3**	**10 108.6**

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

	31.12.2001 CHF m	31.12.2000 CHF m
Variable-interest loans	1 683.1	3 469.3
Interest-bearing loans for refinancing the SBB Pension Fund	2 606.8	270.6
Interest-bearing loans for major rail projects fund	558.5	401.7
Variable-interest loans for major rail projects fund	3 266.9	2 796.5
Total	**8 115.3**	**6 938.1**

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 reflected in the repayment of all commitments to staff provident institutions and in the increase in interest-bearing federal government loans for the refinancing of the SBB Pension Fund. In a year-on-year comparison, the federal government's waiver of a further CHF 850 million in loans to SBB AG, as agreed in the refinancing plan, should be taken into account (cf. note 18).

Net indebtedness	31.12.2001 CHF m	31.12.2000 CHF m
Long-term financial liabilities	3 750.0	4 000.3
Liabilities to the federal government as shareholder	8 115.3	6 938.1
Liabilities to provident institutions	0.0	3 156.8
Term deposits at building cooperative of railway staff	19.0	13.7
Total financial liabilities	**11 884.3**	**14 108.9**
Less liquid funds, bonds and investment in securities	–1 201.7	–1 707.3
Less receivables from shareholder conc. pension fund	–2 606.8	–3 456.8
Net indebtedness	**8 075.8**	**8 944.8**
Changes compared with previous year	**–869.0**	**495.3**

The reduction in net indebtedness is mainly due to the one-time effect of the waiver of the federal government of the repayment of the variable-interest loans repayable only under certain circumstances, in the total amount of 1,856.9 million CHF in connection with the remediation of the energy sector and cost-of-living increases of old pensions (cf. page 9).

27 Long-term provisions

	31.12.2001 CHF m	31.12.2000 CHF m
ARR 16 staff provident scheme	650.0	650.0
Provision for index-linking of pensions	240.6	0.0
Rolling stock maintenance	87.7	104.9
FS/SBB joint venture restructuring costs	0.0	120.0
Site contamination commitments	80.0	100.0
Restructuring costs for rolling stock maintenance	49.9	56.0
Insurance provisions	97.4	98.6
Power division restructuring	958.3	0.0
Miscellaneous	436.7	393.4
Total long-term provisions	**2 600.6**	**1 522.9**

Every member of the SBB Pension Fund who retired before 1 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 1 January 1999 and 1 January 2001, at least until the Federal Personnel Act came into force, i.e. until 1 January 2001.
The SBB Pension Fund can only pay cost-of-living increases to retirees if its finances and earnings permit. Since the actuarial reserve and the fluctuation reserves of the SBB Pension Fund have not yet reached the required amounts, the obligation to pay such cost-of-living increases to the aforementioned beneficiaries must thus be borne by the employer.
To take account of this fact, a provision of CHF 639.4 million was created through the federal government waiving variable-interest debts totalling CHF 657.2 million (including VAT input tax deduction) that were repayable only under certain circumstances. In the year under review, SBB AG transferred CHF 309.9 million to the Pension Fund for commitments accrued to date. The provision for index-linking totalled CHF 329.5 million as at 31 December 2001. Of this amount, CHF 88.9 million becomes due in 2002 and is thus stated under short-term provisions.

The provision for rolling stock maintenance covers additional expenditure on vehicle overhaul arising from statutory obligations (e.g. environmental protection). The provision formed in connection with the FS/SBB joint venture has been fully released. Environmental cleanup operations have commenced. The amount set aside for this remedial work in the next 12 months has been transferred 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.

Staff provident scheme

	Ordinary provision as per ARR 16 CHF m	Long-term provision for retirees CHF m	Short-term provision for retirees CHF m	Total CHF m
Development of the provision as per ARR 16				
As at 1.1.2001	650.0	0.0	0.0	650.0
Financing of cost-of-living increases by federal government	0.0	240.6	398.8	639.4
Payment to Pension Fund	0.0	0.0	–309.9	–309.9
Formation	0.0	0.0	0.0	0.0
Transfer	0.0	0.0	0.0	0.0
As at 31.12.2001	**650.0**	**240.6**	**88.9**	**979.5**

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:

Parameters applied to staff provident institution provision	2001 %	2000 %
Interest discount factor	5.0	5.0
Wage increases	2.5	2.5
Development of pensions to 31.12.2005	1.75	1.0
Development of pensions from 1.1.2006	1.0	1.0
Anticipated return on assets	5.0	5.0

Financial status of staff provident commitments	31.12.2001 CHF m	31.12.2000 CHF m
Provident assets	12 634.0	12 949.0
Provident commitments	–14 404.0	–13 582.0
Deficit in provident commitments	**–1 770.0**	**–633.0**
Difference (gains/losses)	–1 088.0	17.0
Liabilities at balance sheet date	**682.0**	**650.0**

Owing to the stockmarket situation and to the increase in pension liabilities, the deficit in provident commitments has increased by CHF 1,137 million. The difference at 31 December 2001 is CHF 1,088 million (deficit of CHF 1,770 million less passive amount of CHF 682 million). As long as fluctuations are within the band stipulated by ARR 16, this item will not be reflected in the profit and loss account.

Net annual pension costs	2001 CHF m	2000 CHF m
Annual provident service cost	328.0	198.0
Interest on provident commitments (PBO)	679.0	684.0
Anticipated return on provident assets	–647.0	–655.0
Contributions from employees	–134.0	–141.0
Annual pension costs	**226.0**	**86.0**

28 Development of equity capital

	Share capital CHF m	Capital reserves/ premium CHF m	Profit reserves CHF m	Total CHF m
As at 1.1.2001	9 000.0	2 069.0	257.9	11 326.9
Group profit	0.0	0.0	314.1	314.1
Prior-year adjustment	0.0	4.4	0.0	4.4
Transfers between accounts	0.0	3.4	–3.4	0.0
Currency translation effect	0.0	0.0	0.0	0.0
Dividend	0.0	0.0	0.0	0.0
As at 31.12.2001	**9 000.0**	**2 076.8**	**568.6**	**11 645.4**

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

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

29 Statutory information

(except where shown under the corresponding items)

29.1 Sureties, guarantees and pledges in favour of third parties	31.12.2001 CHF m	31.12.2000 CHF m
Sureties and guarantees	127.4	138.1
Liabilities from share capital not paid up	147.3	109.9
Total	**274.7**	**248.0**

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

29.2 Assets pledged	31.12.2001 CHF m	31.12.2000 CHF m
Book value of assets pledged	89.3	13.9
Total	**89.3**	**13.9**

29.3 Fire insurance value of the tangible assets

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

29.4 Liabilities towards staff provident institutions	31.12.2001 CHF m	31.12.2000 CHF m
Short-term liabilities	0.6	6.9
Long-term liabilities	0.4	3 156.8
Total	**1.0**	**3 163.7**

The federal government's refinancing of the actuarial reserve deficit in the SBB Pension Fund is reflected in the reduction in long-term liabilities.

29.5 Off-balance-sheet leasing liabilities	31.12.2001 CHF m	31.12.2000 CHF m
IT leasing (hardware and software)	66.0	59.5
Vehicle leasing	1.1	0.0
Total	**67.1**	**59.5**

29.6 Bonds	31.12.2001 CHF m	31.12.2000 CHF m
3.500% Kraftwerk Amsteg AG bond 2000-2002	125.0	125.0
4.625% Kraftwerk Amsteg AG bond 1993-2003	0.0	100.0
4.375% Kraftwerk Amsteg AG bond 1996-2006	150.0	150.0
3.500% Kraftwerk Amsteg AG bond 1998-2007	50.0	50.0
3.750% Kraftwerk Amsteg AG bond 2001-2009	100.0	0.0
Total	**425.0**	**425.0**

As it falls due on 6 March 2002, the CHF 125 million Kraftwerk Amsteg AG bond (2000-2002) is included in short-term financial liabilities to third parties (cf. note 21).
The CHF 100 million 4.625% Kraftwerk Amsteg AG bond (1993-2003) was called in advance of final maturity and replaced by the 3.75% bond (2001-2009).

30 Related parties

The federal government holds 100% of the equity in SBB AG. In the year under review, SBB Group received CHF 1,648.4 million in PSO grants from its shareholder. These break down as follows:

	31.12.2001 CHF m	31.12.2000 CHF m
Infrastructure maintenance grant	777.0	729.0
Infrastructure operating grant	484.0	587.0
Forwarded to ZVV	–35.6	–21.5
Grants for regional passenger services	324.7	350.2
Grants for piggyback services/subsidies for track charges in combined traffic	98.3	75.1
Total	**1 648.4**	**1 719.8**

Owing to the purchase of the shareholding in Sensetalbahn AG in 2001, the stated grants for regional passenger traffic are now no longer confined to sums remitted by the federal government to SBB AG. The amount in question for the year under review is CHF 2 million.

For information on the liabilities towards the shareholder (federal government), please see the table under note 26.

Remuneration of the Board of Directors and the Management Board

The following remuneration was paid to SBB directors and Management Board members in the financial year 2001:

	Fixed salary (CHF '000)	Performance linked component (CHF '000)	Total (CHF '000)
Chairman of the Board of Directors	250		250
Vice-Chairman of the Board of Directors	90		90
Members of the Board of Directors (7)	420		420
Chief Executive Officer	400	130	530
Members of the Management Board (5)	1 913	525	2 438

31 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 219.1 million stated in the balance sheet compares with a present market value of USD 243.6 million. To hedge the foreign currency risks, the following derivatives were outstanding as at the balance sheet date:

	31.12.2001			31.12.2000		
	Contract values	Replacement values		Contract values	Replacement values	
		positive	negative		positive	negative
	CHF m	CHF m	CHF m	CHF m	CHF m	CHF m
Forward contracts	26.0	0.1	0.3	2.5	0.0	0.0
Options	0.0	0.0	0.0	0.0	0.0	0.0
Total	**26.0**	**0.1**	**0.3**	**2.5**	**0.0**	**0.0**

32 Segment report

Since the freight business has been spun off into an independent legal entity and is no longer part of SBB AG, segment reporting is performed at the Group level as of this year. As shown in the table below, business is broken down into passenger traffic, freight, infrastructure and central services. As in previous years, business operations are largely confined to Switzerland. For this reason, there is no geographical breakdown.