ANNUAL REPORT 2000
NSB-GROUP

REPORT OF THE BOARD OF DIRECTORS

For NSB the year 2000 was dominated by serious accidents, a deterioration in operating stability, lower passenger numbers, poor finances and a decline in public confidence. In early 2001 the new board of directors and management presented a comprehensive plan to rebuild trust in NSB and lay the foundation for sustainable profitability.

Major events in 2000:

- The Åsta and Lillestrøm accidents
- Problems with the new tilting trains
- Shortage of drivers
- Poor profitability
- Replacement of management and board
- Development of new strategic foundation for the Group.

Several of the events damaged the reputation of NSB and railway travel in general.

Schedules have been changed to match services with available resources and the Board has given priority to rebuilding public confidence in trains as a safe and reliable means of transport. NSB faces major challenges in establishing acceptable profitability in the Group. The negative financial trend from 2000 has continued into 2001 and the Board has given priority to turning the situation around.

Nature of the business, ownership situation

From 1 December 1996 the operator component of the former departmental public enterprise was reorganised as NSB BA, a limited company under special legislation, with the government as sole owner. Every year the Board submits a plan for the enterprise to the owner. A new Board was elected on 25 October 2000 and a new President and CEO took office on 1 March 2001.

The NSB Group is Norway's largest transport company. Its main business is the transport of people and goods by train and bus, along with the transport of goods. The Group consists of four main activity sectors: passenger rail traffic, rail freight, real estate management and road vehicle traffic.

The annual accounts

The annual accounts are presented on the going concern principle.

The NSB Group is reporting a loss for the year 2000 of NOK 325 million, compared with NOK 1,081 million last year. The operating result is NOK 324 million weaker than in 1999.

The parent company NSB BA reports a loss for the year of NOK 246 million as against a profit for 1999 of NOK 112 million. The operating result is down NOK 570 million compared with 1999.

The deficit for the year in the parent company is due inter alia to write-down of rolling stock in the sum of NOK 255 million related to rail freight operations, environmental costs of NOK 120 related to clean-up of polluted ground in the real estate sector, a loss of revenue from passenger traffic and extra costs related to accidents, operational non-conformance and faults in new trains.

Including the results for the year, the parent company's equity capital at year-end amounted to NOK 4,650 million, an equity ratio of 37%. The corresponding figure for the NSB Group is an equity ratio of 31% (NOK 3,978 million). The difference is due mainly to eliminated property capital gains in the consolidated accounts.

Settlement of loss
The Board proposes that the loss for the year of NOK 246 million be covered by a transfer from distributable reserves.

Passenger train traffic
This activity sector covers NSB BA’s passenger train operations plus Flytoget AS (the company operating the Oslo Airport Express Train). From 1 July 1999 NSB BA’s passenger train operations were organised as profit centres with responsibility for development, launch and operation of new products: “Puls” (short-distance trains), “Agenda” (intermediate distance trains) and “Signatur” (long-distance trains). A comprehensive programme for the renewal of rolling stock in the years 1999-2002 is intended to bring about improvements that our customers will notice, in terms of higher quality, range of choice and shorter travel time. Renewal and standardisation of rolling stock will also contribute to a considerable reduction in maintenance costs, as NSB phases out its older rolling stock.

NSB Signatur was launched on the Southern Line (*Sørlandsbanen*) between Oslo and Kristiansand on 1 November 1999, and on the Oslo-Trondheim and Kristiansand-Stavanger lines on 9 January 2000. The fracture of an axle of one of the new trains at Nelaug on 17 June led to all the Signatur trains being withdrawn from service. There is as yet no accepted technical solution for permanent improvement of the train units. Until this problem has been solved, the trains will be undergoing comprehensive and frequent inspections.

The Group’s passenger train operations returned a loss of NOK 87 million, of which NOK 83 million is the operating loss of the Airport Express Train.

The agreement on public purchases of passenger traffic by train is negotiated in advance, which means NSB bears the risk of deviations in income and expenses. The profitability of the products included in this scheme covering the purchase of passenger traffic services has fallen after production in Eastern Norway increased by about 20% in 1999, income grew at a slower rate and costs increased more rapidly than expected.

As regards commercial operations, the problems with the new tilting express trains have led to income losses on account of reduced seating capacity on offer, failure of reliability and punctuality, plus higher production and non-conformance costs. The traffic figures have also been affected by comprehensive infrastructure work, the accidents at Åsta and Lillestrøm and a shortage of drivers.

Flytoget AS
Flytoget AS is the most important carrier service to Oslo Airport Gardermoen. Despite a decline in air traffic at Gardermoen, the number of passengers carried by the Airport Express Train increased relative to 1999. In accordance with a decision of the Storting, the Norwegian parliament, the infrastructure of the Gardermobanen was transferred to the Norwegian National Rail Administration (*Jernbaneverket*) with accounting effect from 1 January 2000. At the same time, a new opening balance sheet has been established on the basis of a predicted cash flow and a nominal requirement for return on capital after tax of 7.5%. By agreement with the NNRA, however, Flytoget AS will undertake operation and maintenance of the infrastructure on behalf of the NNRA until 1 July 2001. At the beginning of 2001, therefore, Flytoget AS has the status of a pure traffic company.

Rail freight operations
NSB Freight concentrates on customers, the bulk of whose transport needs are in the segment in which rail has the biggest competitive edge: high volume over long distances. To meet the market’s growing needs for freight of finished goods, NSB has developed rail freight products for both domestic and international traffic. Concentration on combi-transports and flexible load-carriers (semi-trailers and containers) makes it easier to move the cargo between rail, road and water. NSB Freight offers the products CombiXpress, System Train, Wagon-Load and Express Freight.

Rail freight operations show an operating loss of NOK 321 million. This negative result is due mainly to reorganisation and a write-down of rolling stock in the sum of NOK 255 million related to the conversion of traditional wagon-load trains into combined transporters. Much restructuring work remains to be done before the operations achieve profitability. Total sales for 2000 were NOK 1,271 million, as against NOK 1,323 million in 1999.

Real estate operations

Property management operations consist of NSB Real Estate and ROM eiendomsutvikling AS, the property development subsidiary previously called NSB Eiendomsutvikling AS. NSB Real Estate manages the Group’s operations-related property portfolio and is responsible for about 2,500 properties, while ROM eiendomsutvikling AS develops commercial real estate not directly connected with rail operations. The company has major development potential estimated at 1,500,000 m^2, concentrated at central sites in the major towns. Urban development on the basis of public transport junctions is an important focus area for NSB’s real estate operations.

In 2000 the real estate business returned an operating profit of NOK 37 million, contra last year’s operating profit of NOK 202 million. The poorer result is due to environmental costs of NOK 120 million and a fall in capital gains of NOK 66 million from 1999 to 2000. The largest investments in 2000 were the rebuilding and further development of Oslo S (Oslo Central Station) in order to enhance accessibility, customer-friendliness and profitability, and the purchase of terminals from Flytoget AS.

Bus and road vehicle operations

The sub-group NSB Biltrafikk AS is Norway’s largest bus company, and in February 2000 adopted “Nettbuss” as its brand name. Its core business is running scheduled services on contract to county councils, excursions and express coach routes. Road vehicle operations were sold in the autumn of 2000.

Road vehicles show an operating profit for 2000 of NOK 78 million as against NOK 42 million in 1999. The result includes capital gains of NOK 31 million from sale of the goods vehicle operations. Tight margins in the contracts with the county councils offer few opportunities to offset increased operating costs. After the implementation of measures in the spring of 2000, bus operations have come into greater balance in relation to the targets for the second half-year.

Financing

NSB BA has achieved satisfactory credit ratings from Standard & Poor's (AA/A-1+) and Moody's (Aa2/Prime-1). In 1999 NSB BA established a European long-term borrowing programme with a framework of Euro 750 million, and at 31 December 2000 loans of NOK 2,642 million had been taken up. NSB BA has established a financial reserve of NOK 2,000 via a syndicated credit facility that expires in July 2004.

NSB BA has formed a Group bank to undertake all the Group’s financial management, and a risk management system has been implemented to ensure control of the company’s financial positions. Interest-rate hedging instruments are used to control the interest-rate risk to which NSB is exposed (see Note 23 to the annual accounts). The company does not run currency risks in its financial management.

Liquid assets at the end of the year were NOK 1,389 million, placed mostly in short-term Norwegian certificates and bonds.

The Traffic Safety Account

For NSB, safety is a precondition for its operations. At the same time, the railways have undergone a major reorganisation, being divided into the Norwegian National Rail Administration (*Jernbaneverket*), NSB and the Norwegian Rail Inspectorate (*Statens Jernbanetilsyn*). NSB has defined the following strategic goals for traffic safety: "NSB shall be a benchmark company as regards traffic safety" and "No one shall die or be injured in consequence of travelling with NSB." This is an ambitious target, but this goal must be the driving force of our future safety work.

The year 2000 was a dramatic one for NSB. The injury figures were the highest for 25 years, headed by the Åsta accident and level-crossing accidents. The number of rail deaths was 31, of whom 11 died on level crossings or on the permanent way. In addition, 23 persons were seriously injured. It is therefore important that everyone who works on the Norwegian railways concentrates on traffic safety and that the area is given investment priority.

NSB has been the subject of a comprehensive investigation by a Royal Commission in the wake of the Åsta accident. The Commission identified a number of factors with which NSB is now getting to grips. In addition, the Commission noted that NSB had laid the foundations for a satisfactory management system for safety. This system, and other measures now being introduced, will enable NSB to rebuild public confidence in the railway as a good and safe means of transport.

A separate traffic safety account amplifies traffic safety work and results in 2000.

The Employee Account (working environment)

A special employee account measures the development and results of the annual employee satisfaction survey. This year's survey shows progress. For the Group as a whole there is progress in all questions of management and human relations, but a certain decline in questions of relationship to the company and its ability to master future challenges. The survey shows that traffic safety is an issue of major importance to employees.

NSB BA's absence due to illness rate increased from 8.6% in 1999 to 9.4% in 2000. This is thought to be related to internal reorganisation work in combination with NSB's difficult situation in the year 2000.

Four employees tragically died in the Åsta accident and at Daler. A number of measures have been initiated in consequence of these accidents. NSB BA registered a total of 128 injuries necessitating sick leave in 2000.

The Customer Account

For NSB BA's passenger operations, the customer satisfaction survey shows a decline from 1999 to 2000. For the freight train operations the results vary somewhat according to the main product. The Airport Express' total customer satisfaction for 2000 was 93%, which is a very high figure for a service business.

Customer information related to passenger traffic is most unsatisfactory. Achieving improvements in this area has a high priority, and a number of measures are in the planning and implementation phases.

In the passenger traffic sector, the punctuality for the local trains in the Oslo region is showing an improvement, while the Bergen, Dovre and Southern Lines are suffering from a decline in punctuality due to problems with new rolling stock and work on the infrastructure, necessitating speed reductions.

The Environmental Account (external environment)
NSB's foremost contribution to sustainable development is to encourage more people to choose public – and thereby less eco-damaging – transport alternatives, and to have more freight transferred from road to rail.

The year 2000 saw the completion of a survey of energy consumption per person-kilometre for passenger traffic operations and per net tonne-kilometre for rail freight. New passenger rolling stock is subject to requirements of lower energy cost per person-kilometre.

Efficient use of energy is emphasised in real estate management. In the period 1998 to 2000 inclusive, energy consumption has fallen by 9%.

In 2000 we registered a total of 1,346 collisions with animals against 1,361 in 1999. The number of forest fires ignited by rail operations was 15, as against 14 last year.

The new rolling stock that has been ordered will be less noisy, satisfying the noise standards of the "Nordic Environmental Standard for Rolling Stock Material".

The project "Pre-sorting of waste in trains" initiated in 1998 is the beginning of a more extensive system for pre-sorting in all parts of the organisation. We are working to establish recycling centres on station premises and a complete system for waste handling.

We have conducted clean-up operations and replanting after the oil spillage at Åsta, and clean-up of oil spillage at Åndalsnes and creosote pollution in the Lillestrøm South area. Environmental work and results for 2000 are amplified in a separate Environmental Account.

Challenges for 2001 and onwards
NSB is to be a benchmark company in traffic safety and the Board has given traffic safety first priority. Undesirable incidents in the year 2000 have harmed the company's reputation, public trust and customer satisfaction. NSB will work to regain public confidence in its operations and counteract customer flight and loss of revenue by delivering safe and reliable services.

NSB is performing less well than expected in previous plans, which has necessitated a full review of the company's strategic foundations. The Board is concentrating on a rapid turnaround of the financial situation in 2001 and has prepared a comprehensive plan for rebuilding confidence in the company. This plan has been presented to the owner via the company's operating plan for 2001-2005.

The plan focuses on passenger traffic by train and bus and the development of NSB Freight as a separate company in international alliances. Plans have been drawn up for extensive profit improvement measures, realisation of real estate assets not necessary for traffic and clarification of the ownership of the Airport Express Train. The Board has furthermore proposed to the owner the conversion of a government loan of NOK 2.1 billion into equity and presented proposals for changes in the company's external operating conditions.

In parallel with the strategy work, we are endeavouring to survey and analyse the commercial processes in the business in order to achieve a more rational organisation and performance of functions.

In the Board's opinion, eco-friendly, attractive passenger traffic services will be a growth industry. However, such growth is conditional on rapid development of infrastructure in the most important markets. The infrastructure limits NSB's opportunities to achieve a major improvement of services in the short term. NSB would like infrastructure resources to be allocated to a greater extent to the parts of the Norwegian railway network in which the train can play a central role.

The Board wants NSB to be accorded external operating conditions that provide the same competitive conditions enjoyed by other transport players, taking into account their respective external expenses such as environmental and accident costs. In this connection we must emphasise that the framework conditions must help NSB develop into a profitable Group that can also function in a deregulated and highly competitive market.

The Board would like to express its appreciation in view of the fact that 2000 was a highly challenging year for NSB's employees.

Oslo, 27 April 2001

Olav Fjell, *Chairman of the Board*

Gunn Wærsted Einar Evensen Christian Brinch Ellen-Birgitte Strømø

Øystein Aslaksen Roar Aasen Ove Dalsheim Einar Enger,
President and CEO

Profit and loss account 1 January - 31 December

Parent company 2000	Parent company 1999	Figures in NOK million	Note	Group 2000	Group 1999
		Operating income:			
3 287	3 225	Sales revenue	4,5	**4 732**	4 824
991	971	Public purchase of services		**1 303**	1 279
90	135	Capital gains	6	**180**	150
742	699	Other operating income	4,6	**710**	659
5 110	5 030	**Total operating income**		**6 925**	6 912
		Operating expenses:			
2 249	2 265	Personnel and administrative expenses	9, 10	**3 134**	3 175
682	357	Depreciation and write-downs	7,17,18	**1 047**	798
2 597	2 256	Other operating expenses	8,13	**3 048**	2 919
5 528	4 878	**Total operating expenses**		**7 229**	6 892
-418	152	**Operating profit/loss**		**-304**	20
-	-	**Profit/loss share, affiliated companies**	20	**3**	-4
		Financial items:			
318	195	Financial income	12	**171**	147
246	174	Financial expenses	12	**318**	445
72	21	**Net financial items**		**-147**	-298
-346	173	**Pre-tax profit/loss on ordinary activities**		**-448**	-282
-100	61	Taxes	27	**-123**	65
-246	112	**Profit/loss on ordinary activities**		**-325**	-347
-	-	Extraordinary expenses	11	**-**	734
-246	112	**Profit/loss for the year**	28	**-325**	-1 081

Balance Sheet at 31 December

Parent company				Group	
31.12.00	31.12.99	Figures in NOK million	**Note**	**31.12.00**	31.12.99
		Assets			
-	-	Intangible assets	**18**	**459**	51
6 654	5 909	Tangible fixed assets	**7,16,17**	**8 927**	14 075
2 526	1 910	Fixed asset investments	**20,21**	**150**	111
9 180	7 819	**Total fixed assets**		**9 536**	14 237
284	235	Inventory	**2,15**	**292**	241
658	445	Accounts receivable	**13**	**802**	932
456	209	Short-term receivables Group		**-**	-
228	357	Other short-term receivables		**399**	142
1 389	1 163	Investments in financial instruments	**23**	**1 389**	1 163
227	155	Liquid assets	**14**	**550**	1 026
3 242	2 564	**Total current assets**		**3 432**	3 504
12 422	10 383	**Total assets**		**12 968**	17 741
		Equity and liabilities			
2 019	1 350	Deposits		**2 019**	1 350
1 350	1 350	Share premium fund		**1 350**	1 350
1 281	1 526	Other equity		**609**	933
4 650	4 226	**Total equity**	**28**	**3 978**	3 633
-	-	**Minority interests**		**1**	5
5	4	Pension commitments	**10**	**70**	72
321	421	Deferred tax	**27**	**218**	339
319	308	Other provisions for liabilities and charges	**24**	**319**	405
2 135	2 135	Government loans	**22**	**3 254**	9 500
3 292	1 880	Loans from other financial institutions	**22**	**3 318**	1 951
1	1	Other long-term liabilities		**12**	1
6 073	4 749	**Total long-term liabilities**		**7 191**	12 268
472	502	Accounts payable		**580**	709
281	133	Short-term liabilities Group		**-**	-
-	-	Accrued tax	**27**	**1**	2
177	154	Unpaid public taxes		**280**	236
769	619	Other current liabilities	**25**	**937**	888
1 699	1 408	**Total short-term liabilities**		**1 798**	1 835
7 772	6 157	**Total liabilities**		**8 989**	14 103
12 422	10 383	**Total equity and liabilities**		**12 968**	17 741

Oslo, 31 December 2000/27 April 2001

Olav Fjell, Chairman of the Board

Gunn Wærsted Einar Evensen Christian Brinch Ellen-Birgitte Strømø

Øystein Aslaksen Roar Aasen Ove Dalsheim Einar Enger, CEO

Cash Flow Statement 1 January - 31 December

Parent company 2000	Parent company 1999	Figures in NOK million	Group 2000	Group 1999
		Cash flow from operations		
-346	173	Pre-tax profit/loss	**-448**	-1 016
-	-	Paid taxes in period	**-**	-3
-90	-135	Loss/gain on sale of fixed assets	**-180**	-244
427	357	Ordinary depreciation	**792**	798
264	-	Write-downs	**255**	734
103	-64	Change in accounts receivable	**130**	25
-30	140	Change in accounts payable	**-129**	-49
-141	-98	Change in other accruals	**-511**	-91
187	**373**	**Net cash flow from operations**	**-91**	**154**
		Cash flow from investment activities		
59	274	Sale of fixed assets	**5 494**	280
-1 451	-1 003	Purchase of tangible fixed assets/plant under construction	**-1 634**	-1 471
-670	-	Investments in subsidiaries	-	-
97	61	Sale of shares	**137**	67
-6	-20	Purchase of shares	**-37**	-30
-1 971	**-688**	**Net cash flow from investment activities**	**3 960**	**-1 154**
		Cash flow from financial activities		
1 412	1 230	New interest-bearing long-term debt	**1 412**	2 047
670	-	New equity	**670**	-
-	-232	Repayment of long-term debt	**-6 201**	-291
-	-180	Lending to subsidiaries	**-**	-
-	-	Net new assets and debt from acquisitions	**-**	20
2 082	**818**	**Net cash-flow from financal activities**	**-4 119**	**1 776**
298	503	Net cash flow for the period	-250	776
1 318	815	Cash and cash equivalent balances at 01.01	2 189	1 413
1 616	**1 318**	**Cash and cash equivalent balances at 31.12**	**1 939**	**2 189**
		This consists of :		
1 616	**1 318**	Bank deposits and financial instruments	**1 939**	**2 189**

List of notes

1. Accounting principles

General
NSB was a public management company until 30 November 1996, and was included as a business enterprise in the national budget and accounts. On 1 December 1996, however, NSB was reorganized from a public enterprise into the wholly-owned limited company NSB BA (The Norwegian State Railways Traffic Corporation) via special legislation. The conditions for this reorganisation were contained in the parliamentary bill Storting Proposition No. 2 (1996-97). The annual accounts for NSB BA have been prepared in accordance with the Accounting Act of 1998 and generally accepted Norwegian accounting principles.

Consolidation
The consolidated accounts embrace both NSB BA and the subsidiaries and associated companies listed in Note 20. Subsidiaries to be consolidated prepare company accounts in accordance with the same principles employed for the consolidated accounts.

Subsidiaries are defined as companies in which NSB BA, directly or indirectly, has a long-term ownership interest and determining control via ownership of more than 50% of the voting share capital. Subsidiaries are consolidated by the purchase method in the consolidated accounts and investment in subsidiaries is valued by the cost method in the company accounts.

For joint ventures and affiliated companies in which NSB BA, directly or indirectly, has a long-term ownership interest and material control via ownership of between 20% and 50%, the investment is valued by the equity capital method in the consolidated accounts and by the cost method in the company accounts.

Goodwill acquired by investment in subsidiaries and associated companies is valued at original cost after deduction of planned amortisation. Goodwill is normally amortised over five years and is classified as ordinary amortisation. If goodwill is related to a concession or contract, the duration of the concession or contract is used as the amortisation period.

Accrual accounting
Incomes are posted when they are accrued. Expenses are matched with incomes so that the costs are charged in the same accounting period as the associated incomes. Expenses related to incomes that are accrued in subsequent periods are capitalised and accrued in accordance with incomes.

Public purchase of services
Services that are commercially unprofitable but that the authorities consider socially essential are purchased at prices agreed between NSB and the authorities and classified as operating income. The purchase is made through annual negotiations and the subsequent appropriations via the central government and county council budgets. These funds are paid in a linear manner through the year and similarly accounted for on an accruals basis.

Group contributions
Received group contributions are posted as financial income as long as they are rated as income for the year.

Pension costs and pension commitments
The pension commitments of NSB BA, Flytoget AS and MiTrans AS to their employees are covered via a group pension plan in the Norwegian Public Service Pension Fund (Statens Pensjonskasse). This pension plan is regarded as a defined-benefit plan and the premium is regarded for accounting purposes as equal to pension costs.

Other pension plans are assessed pursuant to the Norwegian Accounting Standards on pension costs. These are pension plans that entitle the employees to agreed future pension benefits (defined-benefit plans), such benefits being based on the number of years in employment and the salary level at pensionable age.

Employees are entitled to contractual early retirement (AFP) at age 62 through a collective wage agreement. The benefits are based on estimated rights earned in the national insurance system for retirement at age 67, and an agreed annual severance pay. The pension commitments are based on assumptions of withdrawal propensity, expected future pay increases and pension adjustments.

Taxes
Posted tax includes both the taxes payable for the period and the changes in deferred taxes/deferred tax assets. Changes in deferred taxes/deferred tax assets are that part of the tax levied on the period’s book profit but payable subsequently. Deferred taxes/deferred tax assets are calculated by making a full provision for all temporary differences including losses for carrying forward by the liability method with use of the tax rates and nominal figures obtaining on the date of the balance sheet. Provisions related to the formation of NSB BA are treated as permanent differences.

Classification of balance-sheet items
Assets related to the circulation of goods are classified as current assets, and correspondingly for short-term liabilities. Receivables and liabilities that are not related to the circulation of goods are classified as current assets or short-term liabilities if they are due within one year of the date of the closure of the accounts. Other assets are classified as fixed assets and other liabilities as long-term. Shares in other companies are strategic investments and classified as fixed assets.

Transactions, receivables and liabilities in foreign currency
Transactions in foreign currency are converted at the exchange rate obtaining at the time of the transaction. Assets and liabilities in foreign currency are valued at the rate obtaining on the date of the balance sheet, taking into account hedging.

Accounts receivable/Other receivables
Accounts receivable/other receivables are posted in the balance sheet after deduction for provision for assumed losses.

Fixed assets and depreciation
Tangible fixed assets are valued at purchase cost minus scheduled depreciation. If actual value is lower than book value and the fall in value is not regarded as temporary, the fixed asset is written down to actual value.

Concept development
Expenses associated with the development of new concepts and products in passenger traffic are capitalised and depreciated together with the operating assets, to the extent they are expected to yield permanent value in excess of one year. Only expenses related to physical devices and/or that contribute to the trains having the functionality and equipment that the new concept or product demands are capitalised.

Maintenance
Maintenance and repairs of rolling stock are expensed as they accrue. No provisions are made for future periodic maintenance costs.

Capitalised loan costs
Capitalised loan costs are calculated on the basis of completed investments with an interest rate equal to average borrowing rate. The costs of the loan are calculated over the entire investment period and capitalised as a part of that investment.

Stock of spare parts
Spare parts that are regarded as a part of the fixed asset are capitalised and depreciated over the lifetime of the fixed asset.

Inventory
Inventory consists of consumables and components. The component stock consists of free-standing components and spare parts for rolling stock. Both purchased components and revised components are capitalised. The inventory is incorporated in the balance sheet at purchase price and, for revised components, at accrued costs for repair and upgrading. Provisions are made for dead stock on the basis of physical stock-taking, stock turnover and existing plans for phasing-out of rolling stock. Consumables and components are valued at average original cost or actual value, whichever is the lower.

Leasing contracts
A leasing contract is classified as financial or operational in accordance with the real content of the agreement. If most of the financial risk and control related to the underlying lease object has been transferred to the lessee, the agreement is classified as financial and appurtenant assets and obligations are capitalised. Other contracts of lease are classified as operational.

Uncertain commitments and contingent assets
Best estimates are employed for accounting of uncertain commitments and contingent assets. Best estimates are based on the probable outcome and estimated value of the uncertain commitment/contingent asset. The estimates are based on the management's best estimates relating to these matters.

Use of estimates
In certain cases, preparation of the annual accounts in accordance with generally accepted accounting principles demands use of estimates and assumptions that affect reported figures related to assets, liabilities, expenses, incomes and notes. The results of the estimates may subsequently be found to diverge from the actual figures.

Cash flow statement
The indirect method is used to prepare the cash flow statement.

2. Change in accounting policies

Inventory
With effect from 1 January 2000 NSB BA introduced new accounting principles for treatment of inventory. Spare parts and components used in maintenance were previously expensed concurrently on purchase but are now expensed when withdrawn from inventory.

This change in accounting principle has been made so as to give a more correct timely matching of costs and incomes and for the sake of greater visibility of the capital bound in the component inventory in the balance sheet.

The comparison figures in the balance sheet for 1999 have been restructured in accordance with the new principles. The effect of the new principles on equity and the profit for 2000 is shown below.

Parent company				Group		
01.01.00	**31.12.00**	**Profit/loss 2000**	Figures in NOK million	**01.01.00**	**31.12.00**	**Profit/loss 2000**
295	341	46	Capitalised inventory -- gross	300	348	48
68	73	-5	Dead stock assessment	68	73	-5
227	**268**	**41**	**Net amount**	**232**	**275**	**43**
62	75	-13	Deferred taxes	62	75	-13
165	**193**	**-28**	**Total equity effect/Profit effect**	**170**	**200**	**-30**

3. Proforma accounts

In order to provide a better basis for comparison, proforma accounts for 2000 have been prepared with comparison figures for the year 1999. The proforma accounts have been prepared as if the sale of Flytoget AS' infrastructure, NSB Reisebyrå AS and NSB Biltrafikk AS' freight operations (Nettlast), had been completed with accounting effect from 1 January 1999.

Figures in NOK million	**Group Year 2000**	**Proforma** Year 1999
From the profit and loss account		
Total operating income	**6 784**	6 432
Total operating expenses	**7 090**	6 316
Operating profit/loss	**-306**	116
Net financial items*	**-143**	-101
Taxes	**-112**	65
Profit/loss on ordinary activitie	**-337**	-50
Total extraordinary items	**-**	-297
Profit/loss for the year	**-337**	-347

* incl. Profit/loss share, affiliated companies

4. Activity sectors

Figures in NOK million **Parent company**	**Passenger traffic (rail)**		**Freight traffic**		**Real estate**		**Joint functions/ Elim.**		**Total**	
	2000	1999	**2000**	1999	**2000**	1999	**2000**	1999	**2000**	1999
Operating income	**3 311**	3 202	**1 296**	1 341	**430**	453	**73**	34	**5 110**	5 030
Operating expenses	**2 577**	2 688	**1 189**	961	**665**	500	**415**	371	**4 846**	4 520
Internal allocations	**-501**	-259	**-88**	-241	**217**	250	**372**	250	**-**	-
Depreciation	**267**	230	**338**	71	**59**	54	**18**	3	**682**	358
Operating profit/loss	**-34**	25	**-319**	68	**-77**	149	**12**	-90	**-418**	152
Assets	**4 258**	4 301	**757**	989	**3 314**	2 924	**4 093**	2 169	**12 422**	10 383
Interest-free debt	**576**	580	**227**	191	**783**	323	**113**	315	**1 699**	1 408
Investments	**1 002**	753	**70**	54	**366**	217	**13**	15	**1 451**	1 039

Included in the operating income for Passenger Traffic are public purchases in the amount of NOK 991 million (NOK 971 million in 1999).

Figures in NOK million **Group**	**Passenger traffic (rail)**		**Freight traffic**		**Real estate**		**Road vehicle traffic**		**Travel agency**	**Joint functions/ Elim.**		**Total**	
	2000	1999	**2000**	1999	**2000**	1999	**2000**	1999	1999	**2000**	1999	**2000**	1999
Operating income	**3562**	3 519	**1 271**	1 323	**452**	400	**1 584**	1 493	160	**56**	17	**6 925**	6 912
Operating expenses	**2792**	2 922	**1 129**	871	**411**	402	**1 428**	1 374	159	**422**	366	**6 182**	6 094
Internal allocations	**-417**	-298	**-125**	-312	**62**	264	**110**	93	2	**370**	251	**-**	-
Depreciation	**440**	487	**338**	71	**66**	60	**188**	170	10	**15**	-	**1 047**	798
Operating profit/loss	**-87**	-188	**-321**	69	**37**	202	**78**	42	-7	**-11**	-98	**-304**	20
Assets	**6112**	12 040	**754**	986	**3 658**	2 820	**1 120**	1 211	185	**1 324**	499	**12 968**	17 741
Interest-free debt	**662**	793	**227**	180	**268**	124	**206**	206	101	**435**	431	**1 798**	1 835
Investments	**1036**	1 404	**73**	54	**289**	232	**222**	244	8	**14**	15	**1 634**	1 957

The Group's Passenger Traffic sector includes Flytoget's operating income of NOK 454 million (1999: NOK 393 million) and operating loss of NOK 83 million (1999: NOK 213 million loss). This also includes the Timetoget's operating loss of NOK 9 million (1999: NOK 1 million loss). Included in the operating income for Passenger Traffic are public purchases in the sum of NOK 991 million (NOK 971 million in 1999). Road Vehicle Traffic's operating income includes public purchases in the sum of NOK 312 million (1999: NOK 308 million)

For the activity sectors Passenger Traffic and Freight Traffic, expenses and incomes related to operations-related support functions are allocated in accordance with a key based on the areas' use of these functions. The key is based on internal sales figures. The distribution between the areas is governed by internal agreements based on commercial principles. Included in the support functions are Group workshops that do heavy work relating to the rebuilding and modification of rolling stock.

Joint functions consist of group staff and administrative support functions. Administrative support functions are distributed by a key based on the sectors' use of these support functions.

5. Specification of sales revenue

Parent company			**Group**	
2000	1999	Figures in NOK million	**2000**	1999
2 079	2 019	Passenger traffic revenue	3 369	3 259
1 208	1 206	Freight traffic revenue	1 363	1 405
-	-	Travel agency revenue	-	160
3 287	3 225	**Total sales revenue**	**4 732**	4 824

6. Specification of capital gains and other operating income

Parent company			Group	
2000	1999	Figures in NOK million	**2000**	1999
6	118	Real estate	59	118
55	12	Shares	87	12
29	5	Rolling stock	34	20
90	135	**Total capital gains**	**180**	150

Parent company			Group	
2000	1999	Figures in NOK million	**2000**	1999
254	241	Rental income	265	267
488	458	Other income	445	392
742	699	**Total other operating income**	**710**	659

7. Large individual transactions

On 4 May 2000 NSB Reisebyrå (travel agency) was sold to Via Gruppen AS. The sale was made with accounting effect from 1 January 2000 and involves an accounting gain of NOK 50 million.

NSB's road traffic activities in the companies Nettlast AS, Nettlast Hadeland AS and Nettlast Helgeland AS were sold to Posten Norge BA on 15 November 2000. The sale yielded an accounting gain of NOK 31 million.

In November NSB BA's shareholding in Flåm Utvikling AS was sold with a capital gain of NOK 5 million.

As part of the restructuring of the freight operations of the parent company, the freight materiel was written down by a total of NOK 255 million in the course of the year 2000. The writedown was done because the fixed value of the property, plant and machinery has been reduced.

On 1 November 2000 the annual general meeting of TIMEtoget Bratsbergbanen AS voted to wind up the company on the grounds that the commercial basis of its operations no longer existed. The corresponding shareholding has been written down in the accounts by NOK 10 million.

Infrastructure of Flytoget AS
Flytoget AS has undertaken the construction of terminals and stations. Ownership has been transferred to NSB BA and the Norwegian National Rail Administration respectively with accounting effect from 1 January 2000.

8. Uncertain commitments and contingent assets

Parent company

Polluted land
In conjunction with sale of sites, pollution of the ground was discovered. When NSB BA was formed the fact of the pollution was known, but not its extent, and no provision was made for environmental commitments on the grounds that NSB BA was not the polluter. The scope of the clean-up operation is still uncertain, but the cost has been provisionally estimated at about NOK 315 million. NSB BA has brought a claim against the polluter for refund of the costs related to these obligations. Estimated clean-up costs and expected refund thereof have been included in the accounts. Environmental commitments are covered in Note 24.

Accidents, compensation claims and insurance settlements
NSB BA incurs costs in connection with accidents and injuries and can receive compensation claims from third parties. Accrued expenses and claims that NSB BA regards as legitimate are registered in the accounts and claims are made against its insurers. Accrued share of expected compensation is included in the accounts.

Claims against Adtranz
NSB BA has brought a claim against Adtranz regarding liability and compensation for faults and defects in Type 73 express trains. On the basis of the contract's indemnity rules, NSB BA has brought claims for coverage of direct and indirect costs, plus delay fines. Compensation and damages are included in the accounts only to a limited extent and within the offer the counterparty has submitted.

Sales option
In connection with the winding up of TIMEtoget Bratsbergbanen AS, NSB BA has issued a sales option to the company whereby it is given the right, but not a duty, to sell rolling stock at book value.

Severance pay
Public employees who are members of the Norwegian Public Service Pension Fund are entitled to severance pay if they are made redundant due to overmanning. This right is restricted to a certain period or until they get new jobs. It is also applicable to employees of NSB BA. The Norwegian Government will cover the costs to NSB BA of severance pay for employees who are made redundant up to 1 January 2003. This means that severance pay costs that are triggered by redundancies in the company created by the special legislation up to that date will be paid out of the state budget.

Group

Pensions NSB Biltrafikk
As of 1 January 1998 NSB Biltrafikk AS switched management of its pension fund from the Norwegian Public Service Pension fund to Storebrand. Accrued pension entitlements from before 1 January 1998 are managed by the Norwegian Public Service Pension Fund while Storebrand is responsible for all accruals after this point in time. A considerable gap has been uncovered between the capitalised value of the earned entitlements in the Norwegian Public Service Pension Fund and the accounting allocation at 31 December 1997. Work continues on calculations that document that NSB Biltrafikk does not have to cover this commmitment.

9. Personnel expenses, remuneration, staffing

Parent company			Group	
2000	1999	Figures in NOK million	**2000**	1999
1863	1 917	Salary and other benefits	**2616**	2 704
269	287	National insurance contribution	**367**	363
146	132	Pension costs	**179**	179
-29	-71	Utilised restructuring funds	**-29**	-71
2 249	2 265	**Total**	**3 134**	3 175

Remuneration to President and CEO, Board and Auditor

The President and CEO has a contract for a pension under the rules at any given time of the Norwegian Public Service Pension Fund. A private supplementary pension is also awarded, so that his overall pension at retirement will be 66% of his salary at pensionable age. He can apply for his pension at age 60. If the President and CEO has held the post for at least five years at the time of his departure, he will be guaranteed full pension rights at age 62. If he leaves his post before he has held it for two years, he will have earned 50% of the pension rights, and if after two to five years, 75% of the pension rights. The President and CEO has no right to receive pension for the periods in which severance pay is disbursed. He has an agreement for severance pay for 6 + 18 months after leaving, as the Board may determine

Remuneration of the President and CEO in 2000 was a salary of NOK 1,252,500 plus a car allowance of NOK 120,000. Pension premium for the period was NOK 566,000. Pension premium for the former President and CEO in the period was NOK 516,000 and entitles him to full pension from age 61. The pension level is set at 66% of salary upon departure. In the event of disability before agreed pensionable age, disability pension is calculated at 66% of the pension basis.

The salary of the former President and CEO at departure is maintained by coordinating it with other earned income during the guarantee period 1 January – 1 July 2001, to a maximum of NOK 632,500.

Parent company			Group	
2000	1999	Figures in NOK thousand	**2000**	1999
755	745	The Board	**2511**	2183
1 032	861	Auditing	**2 762**	2 952
2 480	1058	Other auditing services	**3 742**	2 947

The parent company's agreed auditing fee for financial year 2000 is NOK 900,000.

Staffing

Parent company			Group	
2000	1999		**2000**	1999
5 680	6 108	Number of man-years at 31.12	**8 379**	9 267
6 652	7 058	Number of employees at 31.12	**10 029**	10 797

10. Pension funds and pension commitments

NSB BA, Flytoget AS and MiTrans AS have a group pension plan for their employees with the Norwegian Public Service Pension Fund. The pension plan embraces benefits under the Public Service Pension Fund Act: old-age pension, disability pension, spouse's and children's pension. The pension benefits are coordinated with the benefits of the National Insurance system. Payment of pensions is guaranteed by the Norwegian Government. The companies in the Group that do not have plans in the Norwegian Public Service Pension Fund have partly funded their pension commitments vis-à-vis employees in various group pension plans with life assurance companies. There are also some unfunded commitments.

See Note 8 concerning the pension entitlement-related gap between NSB Biltrafikk AS and the Norwegian Public Service Pension Fund (NPSPF).

Summary of pension costs

Parent company			Group	
2000	1999	Figures in NOK million	**2000**	1999
137	130	Norwegian Public Service Pension Fund	**144**	140
5	2	Other funded plans	**26**	30
4	-	Unfunded AFP (early retirement) plan	**9**	9
146	**132**	**TOTAL**	**179**	179

Number of persons covered by the plans

Parent company			Group	
2000	1999		**2000**	1999
7 325	**7 443**	Norwegian Public Service Pension Fund	**7 696**	8 163
16	**12**	Other funded plans	**2 074**	2 075
-	**-**	Unfunded AFP (early retirement) plan	**2 204**	2 312
1	**-**	Other unfunded plans	**19**	23

Pension costs for the year, NPSPF

Parent company			Group	
2000	1999	Figures in NOK million	**2000**	1999
137	130	Premium to Norwegian Public Service Pension Fund	**144**	140

Premiums are fixed and pension commitments calculated in the Norwegian Public Service Pension Fund in accordance with actuarial principles. The pension plan is treated as a defined-benefit plan, on the assumption that the paid premiums will cover the earned pension rights at any given time. However, the plan is not based on unit trust investment. In the premium calculation, a deduction is nevertheless made for yield on simulated unit trust funds (claims on the Government) corresponding to the commitment as if the funds had been placed in long-term government bonds. The actuarial assumptions are the same as those employed by the Norwegian Public Service Pension Fund. Claims on the Government will thus correspond to accrued pension commitments. Commitments in consequence of pension plan changes are expensed in the year the improvements of the pension plan are approved. The Norwegian Public Service Pension Fund plan also includes a contractual early retirement pension (AFP) for NSB BA and MiTrans AS.

Accrued commitments and simulated unit trust funds related to the NPSPF

Parent company			**Group**	
31.12.00	31.12.99	Figures in NOK million	**31.12.00**	31.12.99
3 015	2 847	Accrued commitments	**3 076**	2 953
3 015	2 847	Similated fund (claim against the government)	**3 076**	2 953
-	-	**Net pension commitment**	**-**	-

The Norwegian Public Service Pension Fund submits calculations showing the under- or overfunding from one year to the next. These are regarded as estimate deviations and are posted in the profit and loss account over the remaining accrual period. The following assumptions underpin the calculation:

Discount rate	6.0%
Pay adjustment	3.3%
Adjustment of G (national insurance baseline)	2.9%
Pension indexing	2.9%
Expected yield	6.1% - 7%

Other funded plans
Some companies in the Group have special pension plans through life insurance companies. Consequently, pension funds and pension commitments relating to these are presented separately. Pension commitments and pension funds have been estimated for NSB Biltrafikk AS' pension plan following the switch from the Norwegian Public Service Pension Fund.

Pension expenses for the year for other secured funds

Parent company			**Group**	
2000	1999	Figures in NOK million	**2000**	1999
5	2	Earned retirement for the year	**29**	32
-	-	Interest expense on accrued retirement commitments	**14**	7
-	-	Expected return on retirement funds	**-15**	-8
-	-	Amortisation of estimate deviation, posted to profit and loss account	**-2**	-1
5	**2**	**Total retirement expenses**	**26**	30

Pension costs for the year for other funded plan for former President and CEO

Parent company			**Group**	
2000	1999	Figures in NOK million	**2000**	1999
5	-	Year's pension accruals	**5**	-
-	-	Interest cost of accrued pension commitments	-	-
-1	-	Expected return on the pension funds	**-1**	-
4	-	**Total pension expenses**	**4**	-

Pension funds/commitments, other funded plans for companies with net pension funds

Parent company			Group	
2000	1999	Figures in NOK million	**2000**	1999
-	-	Estimated market value of pension funds	**110**	42
-	-	Surplus not employed	**-**	2
-	-	Estimated accrued gross pension commitments	**102**	36
-	-	**Net pension funds as of 31.12**	**8**	8

Net pension funds are presented as fixed asset investments.

Pension funds/commitments, other funded plans for companies with net pension commitments

Parent company			Group	
2000	1999	Figures in NOK million	**2000**	1999
12	6	Estimated market value of pension funds	**108**	100
17	10	Estimated accrued gross pension commitments	**127**	120
-5	-4	**Net pension commitments as of 31.12.**	**-19**	-20

The following assumptions underpin the calculation:

Discount rate	6.0%
Expected yield	7.0%
Pay adjustment	3.3%
Adjustment of G (national insurance baseline)	2.9%
Pension indexing	2.9%
National insurance contribution	5.1% - 14.1%

Early retirement plan
The NSB Group has contractual early retirement provisions (AFP) through its wage agreement. The accounting of the plan is in conformity with the Norwegian Accounting Standard for pension costs.

NSB BA and MiTrans AS have AFP plans funded through the Norwegian Public Service Pension Fund. The subgroup NSB Biltrafikk and Flytoget AS have unfunded plans.

NSB BA has included the AFP commitments in the total estimated pension commitments.

The following financial assumptions underpin the calculation of pensions:

Discount rate	6.0%
Pay adjustment	3.3%
Adjustment of G (national insurance baseline)	2.9%
National insurance contribution rate	5.1% - 14.1%

Anticipated withdrawal propensity in the Group's various activity sectors is estimated on the basis of actual circumstances.

Expenses for early retirement plan this year

Parent company			Group	
2000	1999	Figures in NOK million	**2000**	1999
-	-	Pension earnings this year	**4**	8
-	-	Interest cost for accrued pension commitments	**1**	1
-	-	**Expenses for the early retirement plan this year**	**5**	9

Pension commitments

Parent company			Group	
2000	1999	Figures in NOK million	**2000**	1999
-	-	Pension commitments as of 31.12	**-48**	-51

The AFP in NSB BA and MiTrans AS is part of the funded plan in the Norwegian Public Service Pension Fund.

Other unsecured pension commitments
Eighteen persons have pension agreements covered via operations. The annual cost of this is 0.

Parent company			Group	
2000	1999	Figures in NOK million	**2000**	1999
-	**-**	Pension commitments via operations	**-3**	-1

11. Extraordinary expenses

	Group	
Figures in NOK million	**2000**	1999
Capitalised costs related to track network (N. National Rail Administration)		437
Terminals Oslo S and Gardermoen		187
IT investments		17
Capitalised costs in connection with preparation for operations		93
TOTAL	**-**	**734**

In 1999 Flytoget AS undertook an extraordinary writedown corresponding to the costs of the overrun when the link between the main line and Gardermobanen was built on behalf of the NNRA. The write-down of terminals and operational preparations has otherwise been completed as shown.

12. Financial items

Parent company			Group	
2000	1999	Figures in NOK million	**2000**	1999
198	175	Interest incomes	**160**	131
116	15	Group contributions	**-**	-
4	5	Agio (exchange rate gain)	**4**	5
-	**-**	Dividend	**3**	1
-	**-**	Other financial income	**4**	10
318	195	**Total financial incomes**	**171**	147
232	171	Interest expenses	**302**	441
4	3	Disagio (exchange rate loss)	**4**	3
10	**-**	Other financial expenses	**12**	1
246	174	**Sum financial expenses**	**318**	445
72	21	**Net financial items**	**-147**	-298

Group interest expenses in 1999 include interest relating to the financing of Flytoget AS' infrastructure.

13. Customers

Parent company			Group	
2000	1999	Figures in NOK million	**2000**	1999
19	10	Allocated for insecure accounts receivable 1 Jan.	21	14
47	19	Allocated for insecure accounts receivable 31 Dec.	49	23
28	9	**Changes in allocations for insecure acc. receivable**	**28**	9
15	5	Ascertained loss for the year	16	7
-	-	Payments of previously written-off receivables	-11	-
43	**14**	**Total loss on accounts receivable**	**33**	16

A reclassification of accrued income for 1999 was undertaken in the balance sheet between the reporting lines other short-term receivables and accounts receivable in the amount of NOK 270 million for the parent company and NOK 303 million for the Group.

14. Liquid assets

Parent company			Group	
2000	1999	Figures in NOK million	**2000**	1999
96	89	Tax withholding funds	**127**	130

15. Inventory

Parent company			Group	
2000	1999	Figures in NOK million	**2000**	1999
16	8	Consummable materials	**16**	8
16	7	Components in progress	**16**	7
252	220	Spare parts and components	**260**	226
284	235	**Total inventory**	**292**	241

The share of revised components makes up approx. 65% of the value of spare part stocks and components before write-down of dead stock.

16. Plant under construction

Parent company			Group	
2000	1999	Figures in NOK million	**2000**	1999
1 442	1 323	Original cost 01.01.	**1 543**	4 098
-	-	Sale of infrastructure	**-73**	-
-945	-560	Transferred to investments	**-963**	-3 493
-	-5	Transferred to other Group entities/companies	-	-
-	-47	Other disposals	-	-
1 130	731	Change in cash balance	**1 225**	938
1 627	1 442	**Original cost 31 Dec.**	**1 732**	1 543
151	82	of which capitalised loan costs	**151**	150

Plant under construction mainly consists of railway rolling stock under construction and real estate projects.

17. Tangible fixed assets

Parent company Figures in NOK million	**Machines & equipm.**	**Passenger carriages**	**Freight wagons**	**Loco-motives**	**Buildings**	**Land areas**	**Total**
Cost price 1 Jan.	1 068	4 781	602	2 045	2 516	270	11 282
Acquisitions this year	61	2	-	23	225	10	321
Transferred from plant under construction	13	807	-	-	109	16	945
Disposals this year	-9	-23	-20	-34	-19	-	-105
Original cost 31 Dec.	**1 133**	**5 567**	**582**	**2 034**	**2 831**	**296**	**12 443**
Acc. depreciation 1 Jan.	709	3 138	437	968	1 442	121	6 815
Disposals this year	-5	-25	-16	-35	-	-	-81
Depreciation for the year	80	198	13	68	57	11	427
Acc. depreciation 31 Dec.	**784**	**3 311**	**434**	**1 001**	**1 499**	**132**	**7 161**
Write-downs for the year	2	**-**	57	196	**-**	**-**	**255**
Capitalised value at 31 Dec.	**347**	**2 256**	**91**	**837**	**1 332**	**164**	**5 027**
-of which capitalised loan costs	**-**	81	**-**	**-**	**-**	3	**84**
Depreciation period **Depreciation plan**	**5 - 15 år lineær**	**15 år lineær**	**15 år lineær**	**20 år lineær**	**30 år lineær**	**10 - 100 år lineær**	
Annual rent of non-capitalised fixed assets	24	-	16	41	42	-	**123**

Group Figures in NOK million	**Machines & equipm.**	**Passenger carriages**	**Freight wagons**	**Loco-motives**	**Buses/ trucks**	**Track GMB**	**Buildings**	**Land areas**	**Total**
Cost price 1 Jan.	1 692	6 274	602	2 045	1 981	4 905	2 970	476	20 945
Sale of infrastructure	-324	-477	-	-	-	-4 905	-13	-	-5 719
Acquisitions this year	76	6	-	23	171	-	113	20	409
Transferred from plant under construction	14	823	-	-	-	-	110	16	963
Disposals this year	-28	-24	-20	-34	-235	-	-59	-7	-407
Original cost 31 Dec.	**1 430**	**6 602**	**582**	**2 034**	**1 917**	**0**	**3 121**	**505**	**16 191**
Acc. depreciation 1 Jan.	898	3 245	437	968	1 327	65	1 516	121	8 577
Sale of infrastructure	-137	-107	-	-	-	-65	-10	-	-319
Disposals this year	-18	-24	-16	-35	-178	-	-11	-	-282
Depreciation for the year	181	271	13	68	151	-	69	12	765
Acc. depreciation 31 Dec.	**924**	**3 385**	**434**	**1 001**	**1 300**	**0**	**1 564**	**133**	**8 741**
Write-downs for the year	2	-	57	196	-	-	-	-	**255**
Capitalised value at 31 Dec.	**504**	**3 217**	**91**	**837**	**617**	**0**	**1 557**	**372**	**7 195**
-of which capitalised loan costs	25	194	-	-	-	-	4	3	**226**
Depreciation period **Depreciation plan**	**5 - 15 år lineær**	**15 år lineær**	**15 år lineær**	**20 år lineær**	**5-10 år lineær**	**15-100 år lineær**	**30 år lineær**	**10 - 100 år lineær**	
Annual rent of non-capitalised fixed assets	24	-	16	41	-	-	42	-	**123**

18. Goodwill

	Group	
Figures in NOK million	**2000**	**1999**
Original cost 1 Jan.	**107**	99
Acquisition new opening balance Flytoget AS	**412**	-
Acquisitions this year	**23**	8
Disposals this year	**-5**	-
Original cost 31 Dec.	**537**	107
Acc. depreciation 1 Jan.	**56**	44
Disposals this year	**-5**	-
Depreciation this year	**27**	12
Acc. depreciation 31 Dec.	**78**	56
Book value 31 Dec.	**459**	51

19. Transfer of title

At the company formation in 1996, NSB BA took over property from the Government, then held by the public enterprise NSB. The work on title transfer is not yet complete and is expected to take several years. For title to some of the sold properties to be transferred, it has been necessary to obtain the consent of the Norwegian National Rail Administration to the individual conveyances.

20. Shares in subsidiaries, associated companies and joint ventures

Figures in NOK million **Shares in subsidiaries**	**Acquisition date**	**Registered office**	**Share of votes and profits in %**	**Equity**	**Profit/ Loss**	**31 Dec. 2000 Capitalised value**
NSB Biltrafikk AS	01.12.96	Oslo	100	294	50	212
Flytoget AS	01.12.96	Oslo	100	589	-80	670
ROM eiendomsutvikling AS	18.12.98	Oslo	100	500	50	440
MiTrans AS	01.07.99	Drammen	100	15	6	15
TIMEtoget Bratsbergbanen AS	30.11.99	Notodden	100	-	-9	-
Total shares in subsidiaries				**1 398**	**17**	**1 337**

Figures in NOK million **Shares in associated companies**	**Acquisition date**	**Registered office**	**Share of votes and profits in %**	**Equity**	**Profit/ Loss**	**31 Dec. 2000 Capitalised value**
Oslo S Parkering AS	01.04.97	Oslo	25	16	-2	9
Narvik Vekst AS	16.06.99	Narvik	41	39	-	16
Linje arkitekter AS	01.09.00	Oslo	30	1	-	-
Linx AB	12.05.00	Gøteborg	50	5	-	5
Total shares in associated companies				**61**	**-2**	**30**

Shares in associated companies and joint ventures - Group

Figures in NOK million **Group**	**Acquisition date**	**Registered office**	**Share of votes and profits in %**	**Value in balance sheet at 1. Jan.**	**Acquisitions (Disposals)**	**Profit/ Loss**	**31 Dec. 2000 Capitalised value**
Ålesund Bilruter	1985	Ålesund	50	12	-	2	14
Oslo S Parkering AS	01.04.97	Oslo	25	4	-	-	4
Flåm Utvikling AS	01.06.97	Aurland	49	4	-4	-	-
Narvik Vekst AS	16.06.99	Narvik	41	10	-	-	10
Linje arkitekter AS	01.09.00	Oslo	30	-	-	-	-
Linx AB	12.05.00	Gøteborg	50	-	5	-	5
Andre		Oslo	50	-	1	1	2
Total shares in associated companies				**30**	**2**	**3**	**35**

Transactions with closely associated parties are booked at market price.

21. Receivables with maturity later than one year

Parent company			**Group**	
2000	1999	Figures in NOK million	**2000**	1999
102	32	Other receivables (fixed assets)	**102**	59
660	660	ROM eiendomsutvikling AS	**-**	**-**
380	461	NSB Biltrafikk AS	**-**	**-**
-	12	NSB Reisebyrå AS	**-**	**-**
16	-	Timetoget Bratsbergbanen	**-**	**-**
1 158	1 165	**Total**	**102**	59

22. Interest-bearing debt and redemption structure

Parent company		Figures in NOK million	Group	
2000	1999	**Interest-bearing debt per loan type**	**2000**	1999
2 135	2 135	Interest-bearing debt to the State	**3 254**	9 102
650	650	Bonds	**650**	650
2 642	1 230	Borrowing under the EMTN programme	**2 642**	1 230
-	-	Other	**26**	71
5 427	4 015	**Total long-term interest-bearing debt**	**6 572**	11 053
		Subordinated loans per loan type		
-	-	Subordinated loan capital from the State	**-**	398
5 427	4 015	**Total long-term debt**	**6 572**	11 451

At 31 December 2000 NSB BA has no short-term interest-bearing debt.

NSB BA was granted a loan from the Government in connection with the establishment of the company on 1 December 1996. This loan has a maturity of five years and falls due in its entirety on 1 December 2001. The interest on the loan is based on Norwegian Interbank Offered Rate (NIBOR).

On 31 July 1997 NSB BA signed an agreement for a syndicated multicurrency revolving credit facility of NOK 2,000 million with 15 Norwegian and foreign banks. The credit facility has a maturity of seven years and the interest on the loan is based in NIBOR. As of 31 December 2000 no drawdowns have been made on this syndicated credit facility.

In June 1998 NSB BA floated two bond issues on the European market. The bonds, which total NOK 650 million, are fixed interest-rate and fall due finally in the year 2007. The transaction was facilitated by Handelsbanken Markets, London. The bond issues are listed on the Luxembourg exchange.

In 1999 a long-term loan programme for the European market (EMTN) was established with a framework of Euro 750 million. In 1999 loans were initiated under the programme to a value of NOK 1,230 million. In the course of 2000 a further four loans corresponding to NOK 1,412 million were initiated.

Average weighted maturity of the parent company’s long-term debt at 31 December 2000 is 4.3 years. The corresponding figure for the Group is 3.7 years.

Average duration including the effect of interest-rate hedging instruments at 31 December 2000 is 2.6 years. The corresponding figure for the Group is 2.2 years.

In connection with the establishment of a new balance sheet for Flytoget AS, the company was granted a government loan of about NOK 1,118 million. This loan was granted with effect from 1 January 2000 and falls due in its entirety on 1 December 2001. The interest is NIBOR-based.

With the exception of the government loan to Flytoget AS and certain loans in NSB Biltrafikk AS with subsidiaries taken up prior to 1 December 1996, all the NSB Group’s borrowing is channelled through the parent company NBS BA for relending to the subsidiaries.

The total interest-bearing long-term debt has the following redemption structure:

Year:	Figures in NOK million
2001	3 280
2005	986
2007	650
2008	426
2011	1 230

Overview of bond loans/loans under the EMTN programme.

Amount	Interest	Maturity
CHF 150 mil	3,75 %	2005
USD 25 mill	6,91 %	2005
350 mill kr	5,75 %	2007
300 mill kr	5,85 %	2007
JPY 2 mrd	1,86 %	2008
USD 30 mill	7,05 %	2008
EUR 150 mill	4,625 %	2011

23. Financial market risk

Currency risk

In order to exploit the benefit of better interest rate terms in other lending markets, NSB borrows loans in foreign currency. Such loans are converted to Norwegian kroner through currency swap agreements. NSB does not run a currency risk in its financial management.

Interest-rate risk

NSB is exposed to changes in Norwegian Interbank Offered Rate (NIBOR) on all loans that are based on floating interest rates. The parent company uses interest hedging instruments to reduce the interest rate and achieve the desired interest-rate structure for its debt. See also Note 22.

Status of currency and interest-rate hedging instruments as of 31 December 2000.

Amount	NSB pays		NSB receives		Instrument	Maturity
NOK 1300	NOK	5.35 %	NOK	NIBOR 6 months	Interest swap agreement	2001
NOK 100	NOK	5.64 %	NOK	NIBOR 6 months	Interest swap agreement	2003
NOK 754	NOK	6.83 %	CHF	Fixed: 3.75%	Interest and currency swap ag.	2005
NOK 232	NOK	6.71 %	USD	Fixed: 6.76%	Interest and currency swap ag.	2005
NOK 100	NOK	5.92 %	NOK	NIBOR 6 months	Interest swap agreement	2007
NOK 200	NOK	NIBOR 6 months	NOK	5.75 %	Interest swap agreement	2007
NOK 151	NOK	NIBOR 6 months	JPY	Fixed: 1.86%	Interest and currency swap ag.	2008
NOK 275	NOK	NIBOR 6 months	USD	Fixed: 7.38	Interest and currency swap ag.	2008
NOK 200	NOK	6.04 %	EUR	Fixed: 4.625%	Interest swap agreement	2009
NOK 310	NOK	6.83 %	EUR	Fixed: 4.625%	Interest swap agreement	2010
NOK 410 *)			NOK	0.18 %		2011
NOK 410	NOK	6.20 %	EUR	Fixed: 4.625%	Interest and currency swap ag.	2011
NOK 310	NOK	NIBOR 6 months	EUR	Fixed: 4.625%	Interest and currency swap ag.	2011

*) NSB has issued an option that entitles the counterparty to demand that NSB pay a fixed interest of 6.195% on NOK 410 million from 2002 to 2011. NSB receives the option premium in the form of semi-annual payments of 0.18% per annum in the period 1999-2011.

Bonds and certificates

NSB places its surplus liquidity in Norwegian bonds and certificates. The portfolio as of 31 December 2000 was NOK 1,389 million valued at original cost and had a remaining maturity of 0.12 years. The market value is the same as the book value.

24. Other provisions for commitments

Parent company			Group	
2000	1999	Figures in NOK million	**2000**	1999
136	220	Restructuring	**136**	220
183	79	Environmental commitments	**183**	79
-	9	Expenses related to operating accidents	**-**	17
-	**-**	Provisions for Gardermobanen	**-**	89
319	308	**Total**	**319**	405

A reclassification of the environmental commitment for 1999 has been undertaken in the sum of NOK 60 million between the reporting lines of other short-term liabilities and other provisions for commitments.

Restructuring
On the formation of NSB BA the Storting (the Norwegian parliament) granted restructuring subsidies to a total of NOK 870 million. The reason for the subsidies was to establish NSB BA on a sound financial basis, so that the company can adapt itself to technological and market changes. For this purpose it was calculated that restructuring costs needed to be covered in the sum of NOK 912 million (present value). Specifically this applied to costs related to:
- the personnel centre (handling of redundancy)
- early retirement
- technical training related to new workshop structure
- extraordinary maintenance of El 14 locomotives and BM 69 local train set

As of 31 December 2000 NOK 136 million of the appropriations remained. The amount will be used in line with the conclusion of the various restructuring projects.

25. Other short-term liabilities

Parent company			Group	
2000	1999	Figures in NOK million	**2000**	1999
38	61	Prepaid income	**105**	71
534	419	Accrued expenses	**617**	522
197	139	Other short-term liabilities	**215**	295
769	619	**Total**	**937**	888

A reclassification of the environmental commitment for 1999 has been undertaken in the sum of NOK 60 million between the reporting lines other short-term liabilities and other provisions for commitments.

26. Mortgages and guarantees

NSB BA has no mortgages or guarantee commitments as of 31 December 2000.

27. Taxes

Figures in NOK million	Parent company		
Specification of temporary differences	**31.12.00**	31.12.99	**Change**
Current assets/Short-term liabilities	**67**	69	-2
Fixed assets/Long-term liabilities	**1752**	1 999	-247
Total differences	**1 819**	2 068	**-249**
Forwardable deficit	**-666**	-559	-107
Basis for deferred taxes	**1 153**	1 509	**-356**
of which 28 % deferred taxes	**321**	421	**-100**

Analysis of the tax basis	**2000**	1 999
Pre-tax profit, incl. Extraordinary items	**-347**	173
Change in temporary differences	**249**	-376
Permanent differences	**-11**	-22
Tax basis for the year	**-109**	-225
Change deferred tax	**-100**	61
Tax cost for the year	**-100**	61

Reconciliation of tax cost for the year	**2000**	1 999
Tax on year's ordinary result	**-97**	49
Tax on permanent differences	**-3**	-6
Excess/deficit deferred tax from previous years	**-**	18
Tax cost for the year	**-100**	61

Figures in NOK million		**Group**	
Specification of temporary differences	**31.12.00**	31.12.99	**Change**
Current assets/Short-term liabilities	**115**	63	52
Fixed assets/Long-term liabilities	**1371**	1 720	-349
Total differences	**1 486**	1 783	**-297**
Forwardable deficit	**-710**	-567	-143
Basis for deferred taxes	**776**	1 216	**-440**
of which 28 % deferred taxes	**218**	339	-121

Analysis of the year's tax cost	**2000**	1 999
Tax payable	**1**	2
Change in deferred taxes	**-121**	64
Excess/deficit deferred tax from previous years	**-3**	-1
Tax cost for the year	**-123**	65

28. Change in equity

Parent company		**Group**
2000	Figures in NOK million	**2000**
4 061	Equity at 31 December	**3 463**
165	Revision of equity due to change of principle inventory 1 Jan.	**170**
4 226	Revised Equity at 1 January	**3 633**
670	Capital increase	**670**
-246	Profit/loss 1 January - 31 December	**-325**
4 650	**Equity 31 December**	**3 978**

Capital increase
Pursuant to Storting Proposition No. 52 and Storting Recommendation No. 237, the equity of Flytoget AS was increased by a capital increase of NOK 669.5 million, in that NSB BA converted a claim on Flytoget AS with face value NOK 669.5 million into equity. On this occasion a corresponding capital increase was undertaken in NSB BA in that the Government transferred a claim on Flytoget AS in the sum of NOK 669.5 million to NSB BA against NSB BA's undertaking a corresponding debt commitment vis-à-vis the Government, which was then converted to contributed capital.

Statutory reserve
The statutory reserve's entry balance at 1 January 2000 is pursuant to Act No. 41 of 16 June 2000 amending Act No. 66 of 22 November 1996 reclassified in the following manner:

Share premium fund	1350
Other equity	127
Total reclassified	**1 477**

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To the Annual Shareholders' Meeting of NSB BA

Auditor's report for 2000

We have audited the annual financial statements of NSB BA as of 31 December 2000, showing a loss of MNOK 246 for the parent company and a loss MNOK 325 for the group. We have also audited the information in the directors' report concerning the financial statements, the going concern assumption, and the proposal for the coverage of the loss. The financial statements comprise the balance sheet, the statements of income and cash flows, the accompanying notes and the group accounts. These financial statements are the responsibility of the Company's Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and on other information according to the requirements of the Norwegian Act on Auditing and Auditors.

We conducted our audit in accordance with the Norwegian Act on Auditing and Auditors and auditing standards and practices generally accepted in Norway. Those standards and practices require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and auditing standards an audit also comprises a review of the management of the Company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- the financial statements have been prepared in accordance with the law and regulations and present the financial position of the Company and of the Group as of December 31, 2000, and the results of its operations and its cash flows for the year then ended, in accordance with accounting standards, principles and practices generally accepted in Norway
- the company's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of accounting information as required by law and accounting standards, principles and practices generally accepted in Norway
- the information given in the directors' report concerning the financial statements, the going concern assumption, and the proposal for the coverage of the loss are consistent with the financial statements and comply with the law and regulations.

Oslo, April 27, 2001
PricewaterhouseCoopers DA

Johnny Skaug
State Authorised Public Accountant (Norway)

Note: This translation from Norwegian has been prepared for information purposes only.