ANNUAL REPORT 2001
NSB-GROUP

Introduction by the CEO

“We are on the right track”

NSB’s management was given a clear mandate by the Board after the difficult year of 2000: Traffic safety, punctuality, regularity and finances all had to be improved. Not until then would it be possible to rebuild trust in NSB. Today we can say with certainty that we are on the right track, but that we still have a way to go. Our vision is for NSB to be the No. 1 choice of customers and the most innovative transport company in the Nordic countries. Last year we laid plans which we will implement this year. This will be a year of action for us at NSB.

On 22 August 2001 NSB’s group management met at the old station in Eidsvoll. It was natural that we travel all the way back to the early days of the Norwegian railway system in our quest to create a new beginning for NSB based on a new organization and new principles for organizational development. We wanted to prepare the group for competition and strengthen our core product, namely the transport of passengers and freight by rail or bus. We have decided to have the parent company, NSB BA, concentrate on the transport of passengers by rail. This is in keeping with the Board’s strategic decisions from April 2001 to provide NSB with a future based on higher profitability and growth.

For 2001, the NSB Group posted a loss of NOK 33 million on total operating revenues of NOK 7,126 million. This is not good enough, but is far better than in 2000. We have turned around a negative trend in the Group’s financial performance. The improvement is attributable to many factors including lower operating expenses. On the revenue side it is natural to highlight the wholly owned subsidiary Nettbuss AS, which is posting fine results. The parent company NSB BA, which includes passenger and freight transport by rail as well as real estate operations, returned a profit of NOK 26 million. An increase in the number of passengers on long distance trains began to be evident in May, although the greatest impact is expected to come next year, when we also expect the organizational changes implemented on 1 January 2002 in both the Group and parent company to exert a positive influence on the result.

NSB’s products are inextricably tied to the infrastructure of the railway and our ability to satisfy customers with trains on a network that in many cases is 100 years old. It is difficult to do anything about this, unless Norway as a society also chooses to invest more money in developing the railway system.

We are not satisfied with our punctuality on the important InterCity routes between Skien, Halden and Lillehammer. But we see improvement. While old infrastructure is a major factor, we are concentrating on removing the causes over which we have control. We are facing the replacement of the oldest local trains when the first new local trains are put into service in 2002 in the final phase of our major train replacement programme. In the first instance new local trains will mean greater comfort for local customers in Rogaland and the large concentration of people in the greater Oslo area. They will simultaneously serve to reduce the number of cancellations, further improving punctuality.

We have initiated an evaluation of the new ticket sales and distribution systems. We believe that modification of the product together with improved information will cause our customers to perceive our new distribution channels as both efficient and customer friendly.

We are satisfied with the improvements we have achieved, and we are in the process of showing that our chosen strategy is right.

This strategy also entails adopting a proactive approach with respect to competition on Norwegian railway tracks. Instead of being dragged into a competitive situation, NSB has chosen to prepare itself well to deal with the upcoming competition. And more than that, we also want to participate in the discussion on the premises for competition.

To succeed in competition, the public must have faith in NSB. Trust is a direct result of the job we do for our customers. In 2001 an MMI poll in *Aftenposten* showed that confidence in NSB was extremely low. As we see, finances, punctuality and accessibility are improving, and we will use these annual surveys to see if there is a change in our reputation. We believe we already have started the climb. As mentioned: We have long way to go yet, but we feel that 2001 has shown that we are on the right track.

With all of the good and competent employees NSB has I am in no doubt that we will succeed in achieving our goals. Thanks goes to each and every one of our employees for their work in 2001. We hope that our new subsidiaries that began operating on 1 January 2002 - Mantena AS, CargoNet AS, Ekspressgods AS and Trafikkservice AS - will succeed on their own. As parent company we will uphold family ties through close follow-up and well-meant advice. The same applies to our other wholly owned subsidiaries such as Arrive AS, Nettbuss AS, Flytoget AS, MiTrans AS and ROM Eiendomsutvikling AS, for whose efforts and cooperation in 2001 we are grateful.

To succeed we have to focus on efforts to improve our product this year, both with respect to subsidiaries and the parent company. In NSB BA we intend to continue to increase traffic on long-distance trains and strengthen our role as the main and most environmentally friendly provider of local passenger services in major urban areas and on the InterCity routes.

This will require that we all make an all-out effort in 2002.

Einar Enger
CEO

REPORT OF THE BOARD OF DIRECTORS

When the Board was appointed in the autumn of 2000, the owner (the Norwegian government) emphasized that the most important task was to improve traffic safety, punctuality, regularity and finances. This guided the Board's work in 2001.

No passengers were seriously injured in 2001. Eight employees and a lorry driver were seriously injured in connection with train operations. The number of injuries is at the same level as 1997 and 1999, which are among the best years on record in NSB.

In 2001 NSB's Board laid a new strategic foundation for improving traffic safety and the company's reputation, ensuring the traffic basis and safeguarding NSB's soundness. After the disastrous events of 2000, which weakened the trust placed in NSB by employees, customers, the public and the government alike, it has been fundamental for the Board that the company rebuild trust in the market by keeping what we promise.

Traffic safety mobilization among employees has contributed to greater safety by focusing on the joint responsibility all employees have for safety and that no matter is more important than safety. The increased focus on the customer has led to greater understanding that the quality perceived by customers should be the starting point for improvement measures.

All main groups of trains show improved punctuality over time. Even though the results for 2001 were generally somewhat lower in relation to the year before, the trend at the start of 2002 was once again positive. Regularity in 2001 showed considerable improvement from 2000.

The NSB Group posted a loss of NOK 33 million for 2001, a NOK 292 million improvement on 2000.

With the vision, "NSB shall be the No. 1 choice of customers and the most innovative transport group in the Nordic countries" and its concentration on passenger services and the development of freight operations through international alliances, the NSB Group is poised for positive development.

In 2001, the owner strengthened equity with a capital increase of NOK 2,135,000,000. To improve efficiency and profitability and to ensure management and control, a total restructuring of the company has been facilitated. Transport services to Stockholm, Gothenburg and Copenhagen are offered to customers through an alliance between NSB BA and SJ AB in Linx AB. The bus line Nettbuss was established in Sweden effective 1 January 2002. NSB Gods (Freight) was established as a separate company on 1 January 2002 and has entered into an alliance with Green Cargo AB in order to offer business and industry a Nordic network through the company CargoNet AS.

The Board has furthermore made sure that all support functions are exposed to competition. The maintenance business has been spun off as Mantena AS. The train cleaning company Trafikkservice AS has been established with ISS. NSB's own computer unit was spun off as Arrive AS. The intention of these steps is to enable NSB to deal with future competition for and on the rails.

Through the restructuring measures the Board has laid the basis for improving profitability and views 2001 as a step in the right direction.

Nature of the business and ownership
The NSB Group is Norway's largest transport company. The Group's main activity is passenger services by train and bus and the transport of goods. The Group is divided into four business areas: passenger trains, buses, freight trains and real estate.

NSB BA is a limited company under special legislation, with the government as sole owner.

The annual accounts
The NSB Group reported a loss of NOK 33 million for 2001, against a loss of NOK 325 million in 2000. The operating result improved by NOK 412 million compared with the year before.

The parent company NSB BA posted a profit for the year of NOK 26 million, against a loss of NOK 246 million in 2000. The operating result improved by NOK 405 million compared with the year before.

The Board proposed that the NOK 26 million profit be transferred to distributable equity.

Including the result for the year, equity in the parent company at year-end totalled NOK 6,811 million, corresponding to an equity ratio of 51.4%. Corresponding figure for the NSB Group is NOK 6,078 million (46.4%). The difference is mainly due to eliminated real estate gains in the consolidated accounts.

The accounts are presented on the going concern principle.

Passenger train operations
This division covers the passenger train operations of NSB BA, Flytoget AS and Linx AB.

The operating result for the Group's passenger train traffic shows a profit of NOK 56 million, after deducting the Airport Express Train's loss of NOK 55 million. The result of the business area is not satisfactory and comprehensive steps will be taken to improve the future results.

NSB carried out a substantial increase in production after the opening of the Romeriksporten tunnel. The agreement on public purchases of passenger services by train is negotiated in advance, which means NSB bears the risk of deviations in revenues and expenses. Public purchases increased in 2001 by approx. NOK 240 million compared with the year before, thereby reducing to some extent large losses in passenger train production.

The negative development in long-distance train traffic turned around in the last half of 2001 and shows a positive trend for the main routes between the largest towns. The opposite trend was evident in intercity traffic in 2001. After increasing rapidly in 1999 and the first half of 2000, some routes have seen to some extent large decreases in traffic. Extensive maintenance work on the railway caused trains to run slow with reduced punctuality, making train travel less reliable for customers. Regularity nevertheless improved in 2001.

The decline in air traffic, particularly after 11 September, also caused a reduction in traffic on the Airport Express Train. While the total numbers show a decline in traffic, the Airport Express Train increased its market share among travellers to the main airport.
Much work remains on the basic quality factors in passenger train operations in which safety, punctuality, regularity and information are the most important elements. The new organization structure will help improve efficiency and simplify management and control of passenger train operations.

Bus operations
Nettbuss AS is Norway's largest bus company, contributing NOK 57 million in profits to NSB's 2001 result. The result is satisfactory and the Board is quite satisfied with the progress of this business area.

The core activity is fixed route services under contract to counties, tour services and express bus routes. Business operations show good stability and improved operating profitability. Efficiency-improving steps have been taken and organizational adjustments have been made to improve profitability.

The express bus venture is showing good results and liberalization of express bus licensing is expected to present the business area with further opportunities and challenges.

Nettbuss was established in Sweden effective 1 January 2002 by the purchase of Sweden's fifth largest bus company as part of the Group's Nordic strategy. This means greater growth potential for the business.

Freight train operations
Freight train operations were one of the largest challenges for the Group in 2001. The result shows an operating loss of NOK 146 million. Total revenues for 2001 amounted to NOK 1, 187 million, against NOK 1,271 million in 2000. The reason for the weak result is the decline in the traditional wagonload market combined with a general decrease in volume. Considerable restructuring remains to make the operation profitable.

NSB Gods (Freight) concentrates on customers who have the bulk of their transports where the competitive advantage of the railway is the greatest, i.e. large volumes over long distances. To meet the market's increasing need for transport services for finished goods, NSB has developed new products for domestic and international freight traffic. The focus on combined transports and flexible load-carriers (semi-trailers and containers) make it easier to move cargo between vehicle, ship and rail. In 2001 NSB Gods offered the products CombiXpress, System train, Wagonload and Express Freight. The express freight operation was spun off from NSB Gods and launched as an independent company, Ekspressgods AS, on 1 January 2002.

NSB Gods was established as a separate company with Rail Combi AB as its wholly owned subsidiary on 1 January 2002 in order to offer customers a Nordic network in combined transports. This entails a focus on a high-frequency network with strategic nodes and access to European volumes. CargoNet AS is 55% owned by NSB BA and 45% by Green Cargo AB.

Real estate operations
NSB has extensive real estate operations consisting of NSB Eiendom (Real Estate) and the subsidiary ROM Eiendomsutvikling AS. NSB BA owns, and Celexa Eiendomsforvaltning AS manages on NSB's behalf, approx. 2,500 properties. ROM Eiendomsutvikling AS develops properties unrelated to railway operations. The company has major development potential in centrally located sites in the major towns.

Real estate operations handed in an operating profit of NOK 225 million, against NOK 37 million in 2000.
As part of NSB BA's concentration on its core activity, the real estate operations of NSB Eiendom were spun off into separate limited companies on 1 January 2002. A decision has been

made to sell off real estate activities immaterial to railway operations. Unanswered questions regarding control of the sites in Bjørvika have, however, delayed realization of the properties.

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 2001 loans of NOK 3,539 million had been taken up. NSB BA has established a financial reserve of NOK 2,000 million via a syndicated credit facility that expires in July 2004.

NSB BA has set up a Group bank to undertake all financial management for the Group, 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 and the company does not run currency risks in its financial management.

NSB BA's liquid assets at the end of the year were NOK 387 million, placed mostly in short-term Norwegian certificates and bonds.

Traffic safety

No passengers were seriously injured in 2001. Eight employees and a lorry driver were seriously hurt in connection with train operations. The number of injured is at the same level as 1997 and 1999, which were some of the best years on record.

No personal injuries were reported in connection with train collisions or collisions on level crossings. Four persons on the rails were killed in 2001 after being hit by trains. This is a low figure compared with previous years.

In the last year accidents in connection with boarding and disembarking have dominated the injury statistics together with violence against onboard personnel. These incidents represent a large number of injuries. The most serious individual incidents are those involving people who are run over while on the rails.

NSB works continuously to improve traffic safety and is implementing a number of measures. The measures are effective and are important if NSB is to achieve its strategic goal: "No harm to people or the environment."

Working environment

Sickness absence showed a welcome decline to 8.96% in 2001. Measures were carried out in several units to reduce long-term sickness absence in particular.

After the disastrous events of 2000 the Board is satisfied to note that no fatal accidents occurred among employees in 2001. Two accidents resulting in serious injury were reported. Both accidents have been investigated and measures have been implemented to prevent repetition.

The incidence of work-related health problems is relatively stable. Noise, musculo-skeletal ailments and psychological weariness are among the most common problems. Several steps have been taken to reduce noise and to improve ergonomic conditions.

External environment

NSB's foremost contribution to sustainable and environmentally friendly development is to encourage more people to choose public transport alternatives, and to have more freight transferred from road to rail.

The environmental account for 2001 shows that the cleanup of old soil pollution has had high priority. These efforts included the cleanup of creosote pollution in Lillestrøm and PCB pollution in Åkersvika in Hamar. In the course of the year a program for registering and systematizing all known soil pollution was implemented as a platform for further work. Cleanup of old pollution will continue to be a priority area.

Energy efficiency, particularly in NSB’s real estate operations, has had high priority. A bioenergy project was implemented at Marienborg in Trondheim and at Sundland in Drammen. Several systems are in the planning stage. Energy efficiency in real estate and train operations are areas in which NSB will focus on in the future.

NSB faces great challenges in the time to come. As a major supplier of sustainable transport services the company will focus on its role as a social actor and making external environmental work visible. It is both socially and economically correct to think and act environmentally. NSB wants to profile itself as an innovative transport company. In future, customers will probably become more interested in choosing environmentally efficient means of transport, thereby promoting socially responsible behaviour by all. Conscious and environmentally efficient companies will gain an advantage in the market and enhance their reputation. This applies in relation to customers, suppliers and other allies.

Infrastructure development

The Board believes that the demand for environmentally efficient and attractive passenger services will grow in the future. Adequate resources must be invested in the infrastructure of the railway in order to offer customers safe and reliable train services with higher frequency and shorter travelling times. This is crucial if trains are to compete successfully against cars in the future. Investments should be concentrated in the central and densely populated area in Eastern Norway and the main lines linking the regions. In the opinion of the Board, such a commitment will require additional funds for infrastructure investments and additional investments in safety measures beyond the NTP action plan. The plan covers NSB’s recommendations to the Ministry of Transport and Communications’ public transport report, which will be presented in spring 2002.

Expansion and maintenance of the current road, telecommunications and railway infrastructure is important for ensuring a competitive business sector and for utilizing the special advantages of each form of transport. The train can carry many people quickly and comfortably over long distances in an environmentally friendly way, while the bus offers good surface coverage and is cost-effective. NSB is working on coordinating train and bus services to provide customers with good services, thereby increasing the competitiveness of transport group.

The lion’s share of the Norwegian railway network stands as it was built 100 to 150 years ago. No other country has such a high percentage of single track stretches combined with efficient utilization of the infrastructure. Today, approx. 1,400 trains are driven to and from Oslo. A major precondition for NSB’s purchase of new trains costing almost NOK 5 billion was that the infrastructure would be improved to exploit the higher speeds at which the trains can run. This precondition not been met.

Future challenges

NSB’s goal is for no one to be injured as a result of NSB’s operations and the Board gives traffic safety priority ahead of all other duties. The systematic work done on traffic safety mobilization and emphasis on traffic safety at all levels of management will continue in 2002.

The work of ensuring reliable transport services through improvement of punctuality, regularity and information will be stepped up so that NSB will both retain and win new customers. This is fundamental for rebuilding trust in the company and for recapturing pride in the company among employees.

While 2001 was a year of analysis and study, 2002 will be a year of action. Measures based on thorough market analyses will be realized. The brand name process will be implemented after an evaluation of it is concluded. The sales and distribution system will be adapted to ensure optimal and customer friendly services. The poor financial results from NSB's operations have made it necessary to initiate a plan of action to increase NSB's revenues and reduce costs by a considerable amount. A new sales system introduced in 2002 will make it possible to optimize traffic revenues.

The reorganization of NSB from public enterprise to innovative and competitive passenger and freight services player in the Nordic market is a demanding one. This reorganization requires increased freedom of action and predictable operating conditions.

As more operations are opened to competition, the Board assumes that NSB will be offered competitive conditions equal to those of other players.

The Board is well aware that the reorganization process in 2001 was challenging for NSB employees and would like to thank them for their steadfast courage and efforts over the past year.

Oslo, 5 April 2002

Olav Fjell, *Chairman*

Ingeborg Moen Borgerud Einar Evensen Christian Brinch

Ellen-Birgitte Strømø Øystein Aslaksen Roar Aasen

Ove Dalsheim Einar Enger, *CEO*

Profit and loss account 1 January - 31 December

Parent company 2001	Parent company 2000	Figures in NOK million	Note	Group 2001	Group 2000
		Operating income:			
3207	3 287	Sales revenue	3	**4707**	4 732
1231	991	Public purchase of services		**1530**	1 303
43	90	Capital gains	4	**148**	180
648	742	Other operating income	4	**740**	710
5 129	5 110	**Total operating income**		**7126**	6 925
		Operating expenses:			
2208	2 249	Personnel and administrative expenses	7,8	**3068**	3 134
442	682	Depreciation and write-downs	5,14,15	**768**	1 047
2492	2 597	Other operating expenses	6	**3182**	3 048
5 142	5 528	**Total operating expenses**		**7018**	7 229
-13	-418	**Operating profit/loss**		**108**	-304
-	-	**Profit/loss share, affiliated companies**	17	**5**	3
		Financial items:			
402	318	Financial income	9	**210**	171
349	246	Financial expenses	9	**354**	318
53	72	**Net financial items**		**-144**	-147
40	-346	**Pre-tax profit/loss on ordinary activities**		**-31**	-448
14	-100	Taxes	24	**2**	-123
26	-246	**Profit/loss on ordinary activities**		**-33**	-325
	-	Extraordinary expenses		-	-
26	-246	**Profit/loss for the year**	25	**-33**	-325

Balance Sheet at 31 December

Parent company 30.12.01	31.12.00	Figures in NOK million	Note	Group 30.12.01	31.12.00
		Assets			
-	-	Intangible assets	15	**429**	459
7212	6 654	Tangible fixed assets	5,13,14	**9 496**	8 927
3989	2 526	Fixed asset investments	17,18	**267**	150
11 201	9 180	**Total fixed assets**		**10 192**	9 536
300	284	Inventory	12	**309**	292
819	658	Accounts receivable	10	**1 064**	802
229	456	Short-term receivables Group		**-**	-
303	228	Other short-term receivables		**352**	399
526	1 389	Investments in financial instruments	20	**526**	1 389
-139	227	Liquid assets	11	**658**	550
2 038	3 242	**Total current assets**		**2 909**	3 432
13 239	12 422	**Total assets**		**13 101**	12 968
		Equity and liabilities			
4155	2 019	Deposits		**4 155**	2 019
1350	1 350	Share premium fund		**1 350**	1 350
1306	1 281	Other equity		**573**	609
6 811	4 650	**Total equity**	25	**6 078**	3 978
-	-	**Minority interests**		**1**	1
4	5	Pension commitments	8	**68**	70
335	321	Deferred tax	24	**214**	218
192	319	Other provisions for liabilities and charges	21	**223**	319
-	2 135	Government loans	19	**-**	3 254
4189	3 292	Loans from other financial institutions	19	**4 189**	3 318
1	1	Other long-term liabilities		**8**	12
4 721	6 073	**Total long-term liabilities**		**4 702**	7 191
601	472	Accounts payable		**853**	580
60	281	Short-term liabilities Group		**-**	-
-	-	Accrued tax	24	**2**	1
123	177	Unpaid public taxes		**179**	280
923	769	Other current liabilities	22	**1 286**	937
1 707	1 699	**Total short-term liabilities**		**2 320**	1 798
6 428	7 772	**Total liabilities**		**7 022**	8 989
13 239	12 422	**Total equity and liabilities**		**13 101**	12 968

Oslo, 31 December 2001/5 April 2001

Olav Fjell, Chairman of the Board

Ingeborg Moen Borgerud   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 2001	2000	Figures in NOK million	Group 2001	2000
		Cash flow from operations		
40	-346	Pre-tax profit/loss	**-31**	-448
-43	-90	Loss/gain on sale of fixed assets	**-148**	-180
-	-	Group-profit	**-27**	-
442	427	Ordinary depreciation	**764**	792
-16	-51	Change in inventory	**-17**	-51
-	264	Write-downs	**4**	255
-161	103	Change in accounts receivable	**-262**	130
129	-30	Change in accounts payable	**273**	-129
-1451	-141	Change in other accruals	**80**	-460
-1 060	187	**Net cash flow from operations**	**636**	-91
		Cash flow from investment activities		
111	59	Sale of fixed assets	**523**	5 494
-1067	-1 451	Purchase of tangible fixed assets/plant under construction	**-1 678**	-1 634
-124	-670	Investments in subsidiaries	**-**	-
14	97	Sale of shares	**14**	137
-	-6	Purchase of shares	**-2**	-37
-1 066	-1 971	**Net cash flow from investment activities**	**-1 143**	3 960
		Cash flow from financial activities		
897	1 412	New interest-bearing long-term debt	**871**	1 412
2135	670	New equity	**2 135**	670
-2135	-	Repayment of long-term debt	**-3 254**	-6 201
897	2 082	**Net cash-flow from financal activities**	**-248**	-4 119
-1229	298	Net cash flow for the period	**-755**	-250
1616	1 318	Cash and cash equivalent balances at 01.01	**1 939**	2 189
387	1 616	**Cash and cash equivalent balances at 31.12**	**1 184**	1 939
		This consists of :		
387	1 616	Bank deposits and financial instruments	**1 184**	1 939

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 17. 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, MiTrans AS, Arrive AS and Trafikkservice 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. Activity sectors

Figures in NOK million **Parent company**	**Passenger traffic (rail)**		**Freight traffic**		**Real estate**		**Joint functions/ Elim.**		**Total**	
	2001	2000	**2001**	2000	**2001**	2000	**2001**	2000	**2001**	2000
Operating income	**3 553**	3 311	**1 200**	1 296	**365**	430	**11**	73	**5 129**	5 110
Operating expenses	**2 678**	2 577	**1 248**	1 189	**408**	665	**366**	415	**4 700**	4 846
Internal allocations	**-488**	-501	**-31**	-88	**212**	217	**307**	372	**-**	-
Depreciation	**286**	267	**71**	338	**78**	59	**7**	18	**442**	682
Operating profit/loss	**101**	-34	**-150**	-319	**91**	-77	**-55**	12	**-13**	-418
Assets	**2 357**	4 258	**206**	757	**2 504**	3 314	**8 172**	4 093	**13 239**	12 422
Interest-free debt	**971**	576	**227**	227	**164**	783	**345**	113	**1 707**	1 699
Investments	**918**	1 002	**47**	70	**104**	366	**3**	13	**1 072**	1 451

Included in the operating income for Passenger Traffic are public purchases in the amount of NOK 1231 million (NOK 991 million in 2000).

Figures in NOK million **Group**	**Passenger traffic (rail)**		**Road vehicle traffic**		**Freight traffic**		**Real estate**		**Joint functions/ Elim.**		**Total**	
	2001	2000	**2001**	2000	**2001**	2000	**2001**	2000	**2001**	2000	**2001**	2000
Operating income	**3979**	3562	**1 436**	1 584	**1 187**	1 271	**500**	452	**24**	56	**7 126**	6 925
Operating expenses	**2901**	2792	**1 276**	1 428	**1 227**	1 129	**430**	411	**416**	422	**6 250**	6 182
Internal allocations	**-592**	-417	**72**	110	**-35**	-125	**241**	62	**314**	370	**0**	0
Depreciation	**430**	440	**175**	188	**71**	338	**86**	66	**6**	15	**768**	1 047
Operating profit/loss	**56**	-87	**57**	78	**-146**	-321	**225**	37	**-84**	-11	**108**	-304
Assets	**3974**	6112	**1 167**	1 120	**205**	754	**4 139**	3 658	**3 616**	1 324	**13 101**	12 968
Interest-free debt	**1015**	662	**297**	206	**222**	227	**263**	268	**523**	435	**2 320**	1 798
Investments	**1069**	1036	**293**	222	**49**	73	**245**	289	**20**	14	**1 676**	1 634

The Group's Passenger Traffic sector includes Flytoget's loss of NOK 55 million (2000: NOK 83 million loss). Included in the operating income for Passenger Traffic are public purchases in the sum of NOK 1231 million (NOK 991 million in 2000).

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.

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.

Road Vehicle Traffic's operating income includes public purchases in the sum of NOK 299 million (2000: NOK 312 million. The 2000 figures include the results from NSB's road vehicle operations up to 15 November 2000. The sale of the business entailed an accounting profit of NOK 31 million, which is included in the 2000 operating revenues.

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. Joint functions includes NSB Forsikring AS and the Arrive-group with operating loss/profit on Nok -30 million, and NOK +11 million. In the operating income 2000 is a capital gains on NOK 50 million from the sale of NSB Reisebyrå AS includet.

3. Specification of sales revenue

Parent company			**Group**	
2001	2000	Figures in NOK million	**2001**	2000
2 077	2 079	Passenger traffic revenue	**3 558**	3 369
1 130	1 208	Freight traffic revenue	**1 149**	1 363
3 207	3 287	**Total sales revenue**	**4 707**	4 732

4. Specification of capital gains and other operating income

Parent company			Group	
2001	2000	Figures in NOK million	**2001**	2000
46	6	Real estate	**133**	59
-1	55	Shares	**-1**	87
-2	29	Rolling stock	**16**	34
43	90	**Total capital gains**	**148**	180

Parent company			Group	
2001	2000	Figures in NOK million	**2001**	2000
171	254	Rental income	**242**	265
477	488	Other income	**498**	445
648	742	**Total other operating income**	**740**	710

5. Large individual transactions

Claim against ADtranz/Bombardier
NSB, the Airport Express Train and Bombardier Transportation have agreed on a solution to the technical problems with the Type 71 (Airport Express Train), Type 73 (Signatur train) and Type 73B (new InterCity trains). The solution involves both financial compensation to the NSB Group and the resolution of the technical problems by the supplier. The work will be concluded by the summer of 2004. The financial compensation is booked against additional expenses incurred as a result of delayed delivery. For the 2001 financial year, compensation in the sum of NOK 51 million for NSB BA and NOK 61 million for the Group was taken to income.

Spin-off of operations into separate limited companies in 2001
In connection with the reorganization of NSB BA the following operations have been spun off with their employees into separate limited companies: NSB Data (Arrive AS) and the management operations of NSB Eiendom (Celexa Eiendomsforvaltning AS).

Spin-off of operations into separate limited companies at 1 January 2002
In connection with the reorganization of NSB BA the following operations have been spun off with accounting continuity and employees transferred to the separate limited companies: the workshop and maintenance operation (Mantena AS), the cargo operation NSB Gods (CargoNet AS), the express freight operation NSB Ekspressgods (Ekspressgods AS) and the real estate operations of NSB Eiendom (NSB Eiendom AS). In addition, employees of the train cleaning operation have been transferred to Trafikkservice AS.

Establishment of a cargo group at 1 January 2002
NSB Gods has been established as a separate company, CargoNet AS, with Rail Combi AB as a wholly owned subsidiary. CargoNet AS is 55% owned by NSB BA and 45% by Green Cargo AB.

6. 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 21.

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.

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 Nettbuss AS
As of 1 January 1998 Nettbuss 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 Nettbuss AS does not have to cover this commmitment.

7. Personnel expenses, remuneration, staffing

Parent company			Group	
2001	2000	Figures in NOK million	**2001**	2000
1816	1863	Salary and other benefits	**2539**	2616
262	269	National insurance contribution	**363**	367
139	146	Pension costs	**175**	179
-9	-29	Utilised restructuring funds	**-9**	-29
2 208	2 249	**Total**	**3 068**	3 134

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 2001 was a salary of NOK 1,333,335 plus a car allowance of NOK 99,000. Pension premium for the period was NOK 566,000.

Parent company			Group	
2001	2000	Figures in NOK thousand	**2001**	2000
840	755	The Board	**2 138**	2 511
900	1 032	Auditing	**2 672**	2 762
1 960	2 480	Other auditing services	**3 493**	3 742

Staffing

Parent company			Group	
2001	2000		**2001**	2000
5 139	5 680	Number of man-years at 31.12	**8 022**	8 379
5 927	6 652	Number of employees at 31.12	**9 358**	10 029

8. Pension funds and pension commitments

NSB BA, Flytoget AS, MiTrans AS, Arrive AS and Trafikkservice 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 6 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	
2001	2000	Figures in NOK million	**2001**	2000
130	137	Norwegian Public Service Pension Fun	**136**	144
5	5	Other funded plans	**35**	26
4	4	Unfunded AFP (early retirement) plan	**4**	9
139	146	**Total**	**175**	179

Number of persons covered by the plans

Parent company			Group	
2001	2000		**2001**	2000
7 195	7 325	Norwegian Public Service Pension Fund	**7 598**	7 696
18	16	Other funded plans	**3 037**	2 074
-	-	Unfunded AFP (early retirement) plan	**2 100**	2 204
-	1	Other unfunded plans	**5**	19

Pension costs for the year, NPSPF

Parent company			Group	
2001	2000	Figures in NOK million	**2001**	2000
130	137	Premium to Norwegian Public Service Pension Func	**136**	144

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, MiTrans AS, Arrive AS og Trafikkservice AS.

Accrued commitments and simulated unit trust funds related to the NPSPF

Parent company			Group	
31.12.01	31.12.00	Figures in NOK million	**31.12.01**	31.12.00
3 283	3 015	Accrued commitments	**3 379**	3 076
3 283	3 015	Similated fund (claim against the government)	**3 379**	3 076
-	-	**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 Nettbuss 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	
2001	2000	Figures in NOK million	**2001**	2000
5	5	Earned retirement for the year	**33**	29
-	-	Interest expense on accrued retirement commitmen	**8**	14
-	-	Expected return on retirement funds	**-10**	-15
-	-	Amortisation of estimate deviation, posted to profit a	**-**	-2
5	5	**Total retirement expenses**	**31**	26

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

Parent company			Group	
2001	2000	Figures in NOK million	**2000**	2000
5	5	Year's pension accruals	**5**	5
1	-	Interest cost of accrued pension commitments	**1**	-
-1	-1	Expected return on the pension funds	**-1**	-1
5	4	**Total pension expenses**	**5**	4

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

Parent company			Group	
2001	**2000**	Figures in NOK million	**2001**	2000
-	**-**	Estimated market value of pension funds	**84**	110
-	**-**	Surplus not employed	**-**	-
-	**-**	Estimated accrued gross pension commitments	**81**	102
-	**-**	**Net pension funds as of 31.12**	**3**	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	
2001	2000	Figures in NOK million	**2001**	2000
19	12	Estimated market value of pension funds	**89**	108
23	17	Estimated accrued gross pension commitments	**113**	127
-4	-5	**Net pension commitments as of 31.12.**	**-24**	-19

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, MiTrans AS, Arrive AS and Trafikkservice AS have AFP plans funded through the Norwegian Public Service Pension Fund. The subgroup Nettbuss AS 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	
2001	2000	Figures in NOK million	**2001**	2000
-	-	Pension earnings this year	**2**	4
-	-	Interest cost for accrued pension comm	**2**	1
-	-	**Expenses for the early retirement plar**	**4**	5

Pension commitments

Parent company			Group	
2001	2000	Figures in NOK million	**2001**	2000
-	-	Pension commitments as of 31.12	**-41**	-48

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

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

Parent company			Group	
2001	2000	Figures in NOK million	**2001**	2000
-	**-**	Pension commitments via operations	**-3**	-3

9. Financial items

Parent company			Group	
2001	2000	Figures in NOK million	**2001**	2000
325	198	Interest incomes	**203**	160
72	116	Group contributions	**-**	-
4	4	Agio (exchange rate gain)	**4**	4
-	-	Dividend	**1**	3
-	-	Other financial income	**2**	4
402	318	**Total financial incomes**	**210**	171
345	232	Interest expenses	**342**	302
4	4	Disagio (exchange rate loss)	**5**	4
-	10	Other financial expenses	**7**	12
349	246	**Sum financial expenses**	**354**	318
53	72	**Net financial items**	**-144**	-147

10. Customers

Parent company			Group	
2001	2000	Figures in NOK million	**2001**	2000
47	19	Allocated for insecure accounts receivable 1 Jan.	**49**	21
44	47	Allocated for insecure accounts receivable 31 Dec.	**47**	49
-3	28	**Changes in allocations for insecure acc. receivable**	**-2**	28
11	15	Ascertained loss for the year	**12**	16
1	-	Payments of previously written-off receivables	**1**	-11
9	43	**Total loss on accounts receivable**	**10**	33

11. Liquid assets

Parent company			Group	
2001	2000	Figures in NOK million	**2001**	2000
88	96	Tax withholding funds	**121**	127

12. Inventory

Parent company 2001	2000	Figures in NOK million	Group 2001	2000
362	362	Spare parts and components	**373**	372
-62	-78	Dead stock assessment	**-64**	-80
300	284	**Total inventory**	**309**	292

The share of revised components makes up approx. 46,6% of the value of spare part stocks and components before write-down of dead stock.

13. Plant under construction

Parent company 2001	2000	Figures in NOK million	Group 2001	2000
1 627	1 442	Original cost 01.01.	**1 732**	1 543
-	-	Sale of infrastructure / land areas	**-77**	-73
-860	-945	Transferred to investments	**-905**	-963
-2	-	Transferred to other Group entities/companies	**-**	-
513	1 130	Change in cash balance	**667**	1 225
1 278	1 627	**Original cost 31 Dec.**	**1 417**	1 732
195	151	of which capitalised loan costs	**195**	151

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

14. 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.	1 133	5 567	582	2 034	2 831	296	12 443
Acquisitions this year	45	500	-	5	6	-	556
Transferred from plant under construction	30	650	1	2	177	-	860
Disposals this year	-17	-18	-52	-21	-32	-29	-169
Original cost 31 Dec.	**1 191**	**6 699**	**531**	**2 020**	**2 982**	**267**	**13 690**
Acc. depreciation 1 Jan.	786	3 311	491	1 197	1 499	132	7 416
Disposals this year	-13	-11	-50	-20	-8	-	-102
Depreciation for the year	85	198	9	61	79	10	442
Acc. depreciation 31 Dec.	**858**	**3 498**	**450**	**1 238**	**1 570**	**142**	**7 756**
Write-downs for the year	-	**-**	-	-	**-**	**-**	**-**
Capitalised value at 31 Dec.	**333**	**3 201**	**81**	**782**	**1 412**	**125**	**5 934**
-of which capitalised loan costs	**-**	103	**-**	**-**	**-**	3	**106**
Depreciation period **Depreciation plan**	**3 - 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	38	-	22	1	37	-	**98**

Group Figures in NOK million	Machines & equipm.	Passenger carriages	Freight wagons	Loco-motives	Buses/ trucks	Buildings	Land areas	Total
Cost price 1 Jan.	1 430	6 602	582	2 034	1 917	3 121	505	16 191
Acquisitions this year	112	587	-	5	252	22	31	1 009
Transferred from plant under construction	54	650	1	2	-	198	-	905
Disposals this year	-4	-38	-52	-21	-359	-42	-42	-558
Original cost 31 Dec.	**1 592**	**7 801**	**531**	**2 020**	**1 810**	**3 299**	**494**	**17 547**
Acc. depreciation 1 Jan.	926	3 385	491	1 197	1 300	1 564	133	8 996
Disposals this year	45	76	-50	-20	-320	9	-1	-261
Depreciation for the year	151	272	9	61	140	86	10	729
Acc. depreciation 31 Dec.	**1 122**	**3 733**	**450**	**1 238**	**1 120**	**1 659**	**142**	**9 464**
Write-downs for the year	-	-	-	-	-	4	-	**4**
Capitalised value at 31 Dec.	**470**	**4 068**	**81**	**782**	**690**	**1 636**	**352**	**8 079**
-of which capitalised loan costs	-	103	-	-	-	4	3	**110**
Depreciation period	**5 - 15 år**	**15 år**	**15 år**	**20 år**	**5-10 år**	**30 år**	**10 - 100 år**	
Depreciation plan	**lineær**	**lineær**	**lineær**	**lineær**	**lineær**	**lineær**	**lineær**	
Annual rent of non-capitalised fixed assets	38	-	22	1	-	37	-	**98**

15. Goodwill

Figures in NOK million	Group **2001**	2000
Original cost 1 Jan.	**537**	107
Acquisition new opening balance Flytoget AS	**-**	412
Acquisitions this year	**2**	23
Disposals this year	**-**	-5
Original cost 31 Dec.	**539**	537
Acc. depreciation 1 Jan.	**78**	56
Disposals this year	**-**	-5
Depreciation this year	**33**	27
Acc. depreciation 31 Dec.	**110**	78
Book value 31 Dec.	**429**	459

16. 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.

17. 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. 2001 Capitalised value**
Nettbuss AS	01.12.96	Oslo	100	372	36	274
Flytoget AS	01.12.96	Oslo	100	501	-88	670
ROM eiendomsutvikling AS	18.12.98	Oslo	100	482	30	440
MiTrans AS	01.07.99	Drammen	100	16	-	15
Arrive AS	01.07.01	Oslo	100	13	8	12
Trafikkservice AS	01.10.01	Oslo	85	1	-	1
NSB Forsikring AS	01.12.01	Oslo	100	28	-22	50
Others	30.11.99	Notodden	100	-	-	1
Total shares in subsidiaries				**1 413**	**-36**	**1 463**

Figures in NOK million **Shares in associated companies**	**Acquisition date**	**Registered office**	**Share of votes and profits in %**	**Equity**	**31 Dec. 2001 Capitalised value**
Oslo S Parkering AS	01.04.97	Oslo	25	14	10
Linje arkitekter AS	01.09.00	Oslo	30	-	-
Linx AB	12.05.00	Gøteborg	50	5	6
Øvrige				-	1
Total shares in associated companies				**19**	**17**

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. 2001 Capitalised value**
Ålesund Bilruter	1985	Ålesund	50	15	-	2	17
Oslo S Parkering AS	01.04.97	Oslo	25	4	-	-1	3
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
Nordlandsbuss AS	01.06.01	Bodø	34	-	12	-	12
Andre		Oslo	50	1	2	-	3
Total shares in associated companies				**35**	**4**	**1**	**40**

Transactions with closely associated parties are booked at market price.

18. Receivables with maturity later than one year

Parent company			**Group**	
2001	2000	Figures in NOK million	**2001**	2000
86	102	Other receivables (fixed assets)	**86**	102
14	-	MiTrans AS	**-**	-
1040	-	Flytoget AS	**-**	-
910	660	ROM eiendomsutvikling AS	**-**	-
324	380	Nettbuss AS	**-**	-
-	16	Timetoget Bratsbergbanen	**-**	-
2 374	1 158	**Total**	**86**	102

19. Interest-bearing debt and redemption structure

Parent company		Figures in NOK million	**Group**	
2001	2000	**Interest-bearing debt per loan type**	**2001**	2000
-	2 135	Interest-bearing debt to the State	**-**	3 254
650	650	Bonds	**650**	650
3 539	2 642	Borrowing under the EMTN programme	**3 539**	2 642
-	-	Other	**-**	26
4 189	5 427	**Total long-term interest-bearing debt**	**4 189**	6 572

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 2001 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. As of 31 December 2001 loans corresponding to NOK 3 539 million had been taken up under the programme.

Average weighted maturity of the parent company's long-term debt at 31 December 2001 is 4.6 years. The corresponding figure for the Group is 3.0 years.

With the exception of certain loans taken up before 1 December 1996 by Nettbuss AS and its subsidiaries, all borrowing in the NSB Group is done through the parent company and channelled to the subsidiaries.

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

Year:	Figures in NOK million
2002	763
2005	986
2007	650
2008	275
2011	1 515

Overview of bond loans/loans under the EMTN programme.

Amount	**Interest**	**Maturity**
JPY 10 bill	0,10 %	2002
CHF 150 mil	3,75 %	2005
USD 25 mill	6,91 %	2005
350 mill kr	5,75 %	2007
300 mill kr	5,85 %	2007
USD 30 mill	7,05 %	2008
JPY 3,8 bill	1,70 %	2011
EUR 150 mill	4,625 %	2011

20. 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 19.

Status of currency and interest-rate hedging instruments as of 31 December 2001.

Amount	NSB pays		NSB receives		Instrument	Maturity
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 2001 was NOK 526 million valued at original cost and had a remaining maturity of 0.13 years. The market value is the same as the book value.

21. Other provisions for commitments

Parent company			Group	
2001	2000	Figures in NOK million	**2001**	2000
78	136	Restructuring	**78**	136
114	183	Environmental commitments	**119**	183
-	-	Expenses related to operating accidents	**26**	-
192	319	**Total**	**223**	319

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 2001 NOK 78 million of the appropriations remained. The amount will be used in line with the conclusion of the various restructuring projects.

22. Other short-term liabilities

Parent company			Group	
2001	2000	Figures in NOK million	**2001**	2000
12	38	Prepaid income	**176**	105
718	534	Accrued expenses	**845**	617
193	197	Other short-term liabilities	**265**	215
923	769	**Total**	**1286**	937

23. Mortgages and guarantees

NSB BA has no mortgages or guarantee commitments as of December 31, 2001.

24. Taxes

Figures in NOK million	Parent company		
Specification of temporary differences	**31.12.01**	31.12.00	Change
Current assets/Short-term liabilities	**-42**	-80	38
Fixed assets/Long-term liabilities	**2193**	1946	247
Total differences	**2 151**	1 866	285
Forwardable deficit	**-954**	-701	-253
Basis for deferred taxes	**1 197**	1 165	32
of which 28 % deferred taxes	**335**	321	14

Analysis of the tax basis	**2001**	2000
Pre-tax profit, incl. Extraordinary items	**40**	-347
Change in temporary differences	**-285**	249
Permanent differences	**-8**	-11
Tax basis for the year	**-253**	-109
Change deferred tax	**14**	-100
Tax cost for the year	**14**	-100

Reconciliation of tax cost for the year	**2001**	2000
Tax on year's ordinary result	**11**	-97
Tax on permanent differences	**-2**	-3
Excess/deficit deferred tax from previous years	**5**	-
Tax cost for the year	**14**	-100

Figures in NOK million	Group		
Specification of temporary differences	**31.12.01**	31.12.00	**Change**
Current assets/Short-term liabilities	**110**	115	-5
Fixed assets/Long-term liabilities	**1863**	1371	492
Total differences	**1 973**	1 486	487
Forwardable deficit	**-1212**	-710	-502
Basis for deferred taxes	**761**	776	-15
of which 28 % deferred taxes	**214**	218	-4

Analysis of the year's tax cost	**2001**	2000
Tax payable	**2**	1
Change in deferred taxes	**-4**	-121
Excess/deficit deferred tax from previous years	**4**	-3
Tax cost for the year	**2**	-123

25. Change in equity

Parent company		Group
2001	Figures in NOK million	2000
4 650	Equity at 31 December	3 978
-	Merger 01.01.02	-2
2 135	Capital increase	2 135
26	Profit/loss 1 January - 31 December	-33
6 811	**Equity 31 December**	**6 078**

Major events in NSB 2001

Proactive course

NSB’s Board of Directors has staked out a proactive course for the Group. The new strategic foundation will create greater profitability and growth. NSB intends to be the leading passenger services company in Norway, and is actively pursuing freight traffic through the establishment of a separate limited company (CargoNet) and alliances with Scandinavian and international players in so-called combi-transports.

NSB will focus proactively on greater profitability and growth. The ambition is to become the No. 1 choice of customers and the most innovative transport company in the Nordic countries. NSB BA will increase its revenues by NOK 200 million and reduce its expenses by NOK 300 million by 2003, and the state converted a government loan of NOK 2.1 billion into equity.

For passenger traffic operations the main strategy is to develop bus and rail products to achieve higher revenues in existing markets and expansion into new ones. This also underscores our new business concept: NSB shall develop, produce and market safe and attractive land-based passenger transport products in the Nordic countries, offering predictable quality adapted to the needs of customers.

Growth in passenger train traffic requires an infrastructure and rolling stock that ensure shorter travelling times, higher frequency and punctuality together with high traffic safety standards. Due to limited funds, this means that most of the investments will be made in populous areas.

The Board of NSB has adopted ambitious but not unrealistic goals to ensure higher profitability and growth, thereby securing jobs. One of NSB’s strategic goals is to become one of Norway’s 10 most attractive employers in the future. Another goal is that that NSB’s activities must not harm people or the environment.

Main office in Prinsens gate

NSB’s Board has decided that the Group’s main office shall remain in Prinsens gate 7-9. KLP, the owner of the building, will spend much of 2002 remodelling the premises to meet NSB’s needs as best possible.

CEO Einar Enger believes there are many good reasons for making this choice. “First of all, the new premises will be adapted to our new organization and manner of working, and will also be less expensive,” he says. He emphasizes that more than 80% open team and project-based office solutions also make managers more visible, something the CEO has emphasized in all contexts.

Maintenance became a separate limited company

NSB’s maintenance operations were spun off into a new company called Mantena AS on 2 January. Maintenance departments in Oslo, Trondheim, Skien, Drammen, Stavanger and Bergen make up the body of the new company, which at the start of business has 1,000 employees and just over NOK 1 billion in revenues.

”The establishment of Mantena is part of a plan to prepare for tomorrow’s competitive situation,” says Enger, welcoming the new subsidiary.

Mantena’s business plan calls for realizing cost savings, a basic element of NSB’s Group plan. ”This will allow us to create a competitive force in NSB BA,” says Enger.

Employee unions support the new establishment and are represented on the new company’s board and corporate assembly. Ole Edvardsen is managing director.

Jæren Line performs well

In January the last Type68 train sets rolled out of Jæren in southwestern Norway, an event marked by an extra run from Stavanger to Egersund for railway enthusiasts. During the same month NSB confirmed that the Jæren Line had set a punctuality record of 93% in 2000. The Kvalaberg service centre is ready to take delivery of the new local train, Type72, expected to arrive in the Stavanger area in 2002/2003.
Starting in June the half-hour schedule was extended to Nærbø. NSB now offers half-hour departures outside the newly established toll road ring in northern Jæren.

Gjøvik Line stays open

In September NSB decided to keep the Gjøvik Line running, based on the use of railcars in a new and integrated local and regional train model. NSB will maintain the train service as long as the state and/or private users are willing to pay for it. The administration will continue to assess alternative solutions for rolling stock.

NSB Trafikkservice AS

On 29 June 2001 the new train cleaning company NSB Trafikkservice AS was established. The company is owned by NSB and ISS in a 85/15% split. The purpose of establishing the company is to reduce costs and improve the quality of train cleaning. In the new company train cleaning is the core operation, entailing an important boost for the cleaning profession.
The autumn of 2001 was used to make preparations and all cleaning services in NSB BA were transferred to the new company when it began operating on 1 January 2002. The company is headed by Managing Director Knud Thiesen, who comes from ISS. Senior Vice President Arne Wam chairs the company’s board.

Ticket sales through Narvesen

In 2001 ticket sales for NSB Mellomdistanse (Medium Distance) services were transferred to Narvesen. The intention is to increase access to purchasing train tickets, both in the form of more sales outlets and longer business hours. The level of service follows concrete demands satisfying both NSB’s and Narvesen’s customer service standards. All types of tickets are available at Narvesen. Tickets requiring reservations must, however, be ordered in advance. This can be done via the NSB customer service number or from a direct line connection to ticket sales at Narvesen.

The customer receives a reference number and can collect the ticket at Narvesen. The ticket may also be mailed to the customer.
The new approach to selling tickets includes the Internet and the use of credit cards on trains. Purchasing train tickets via the Internet is already popular and in the autumn of 2001 it also became possible to pay by credit card on all intercity trains.

Better overview

A new IT solution has been introduced for work schedule planning and human resources and payroll management to increase the efficiency and quality of schedule and service lists for on-board personnel. This will ensure a better overview, management and control of operative human resources. Part of this system became operative for conductors in January 2001 and has been put into service for drivers in time for the schedule change in June. Short-term planning and payroll management will become fully operational in 2002.

NSB Gods becomes CargoNet

In April 2001 it was decided that NSB Gods (Freight) would be established as a limited company at the turn of 2001-2002. The Swedish company Rail Combi is a subsidiary of the new company, which will operate under the name CargoNet AS. CargoNet AS will be 55% owned by NSB BA, while Green Cargo AB (Svenska Järnväger) owns 45% of the shares. The new company represents the owners' focus on container and other cargo transport services in Scandinavia via a seamless network of routes between the countries and the European market.

New agreements

In the spring of 2001 NSB Gods signed a cooperation agreement with Hupac in Switzerland and Kombiverkehr in Germany to develop a European container service network. A container shuttle service to Oslo was established for Tor Line in the port of Brevik.

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To the Annual Shareholders' Meeting of NSB BA

Auditor’s report for 2001

We have audited the annual financial statements of NSB BA as of 31 December 2001, showing a profit of MNOK 26 for the parent company and a loss of MNOK 33 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 allocation of the profit. 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, 2001, 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 allocation of the profit are consistent with the financial statements and comply with the law and regulations.

Oslo, April 05, 2002
PricewaterhouseCoopers DA

Johnny Skaug
State Authorised Public Accountant (Norway)
Note: This translation from Norwegian has been prepared for information purposes only.