

trasse.ch

trasse schweiz ag

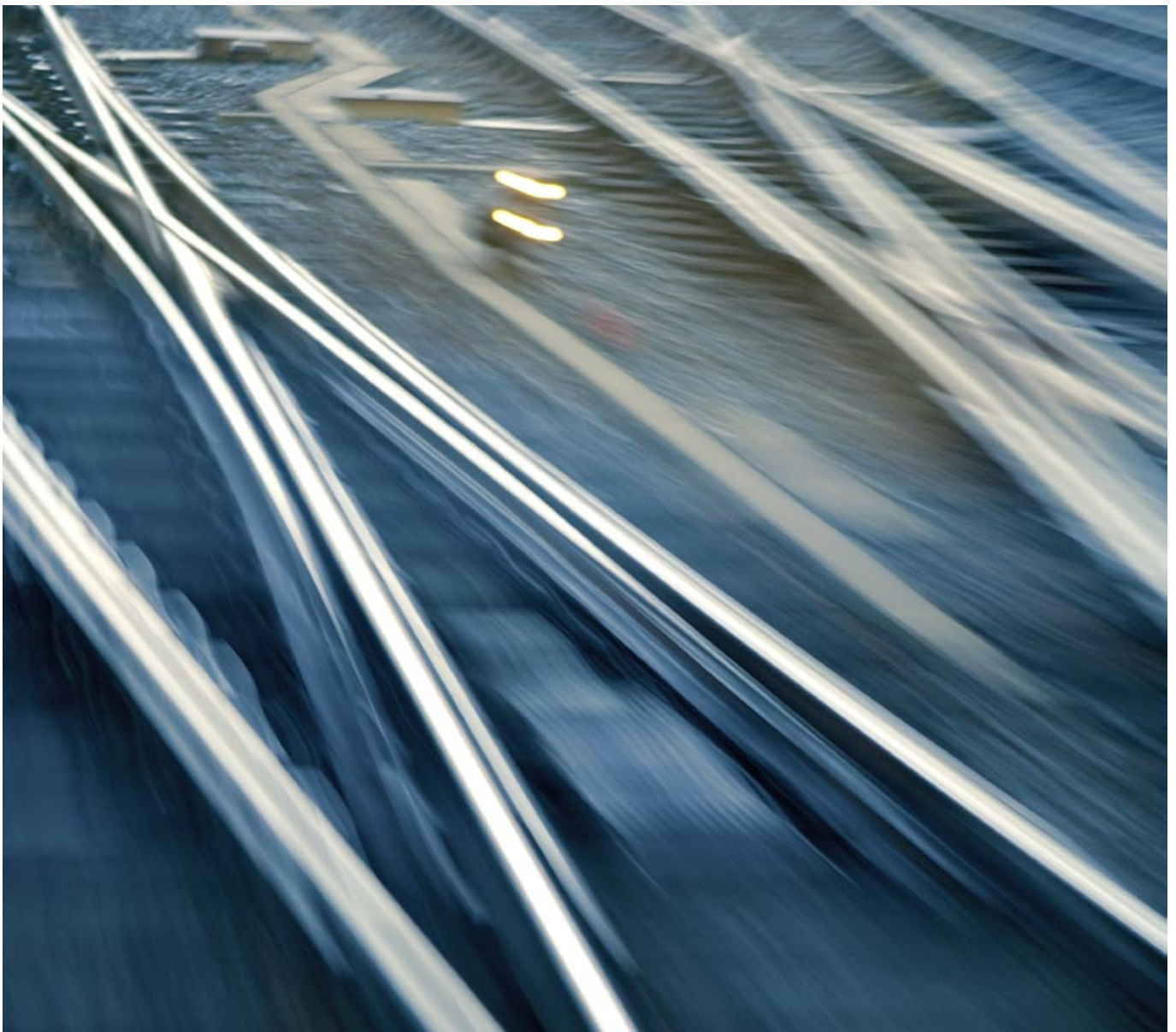
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swiss train paths ltd

Annual Report 2008

Swiss Train Paths Ltd



Path allocation for the annual timetable of the subsequent year	2008	2007
Number of applicants	19	20
Train path applications formally rejected	0	0
Total train paths allocated	12'685	13'998
of which for passenger traffic	77%	72%
of which for freight traffic	23%	28%
Number of train path conflicts considered	127	114
of which resolved by agreement in conflict resolution meetings	88	62
of which duplicate applications	11	3
of which resolved by path coordination at border stations	26	49
of which the train path application was refused	2	0
Sections of line declared as congested	0	0

Allocation of ad-hoc train paths in the current timetable	2008	2007
Number of applicants	29	28
of which charter traffic and railway undertakings with historic rolling stock	12	12
Very short term conflicts considered (>48h before train runs)	1	4
of which resolved by agreement	1	3
of which refused by trasse.ch	0	1
Very short term conflicts considered (<48h before train runs)	12	7
of which resolved by agreement	11	3
of which justifiably refused by the infrastructure manager	1	4
of which unjustifiably refused by the infrastructure manager	0	0
Cases submitted to trasse.ch by infrastructure managers for issues to be clarified	2	10

Non-discriminatory creation of the timetable	2008	2007
Number of timetable studies overseen before the creation of the annual timetable (since the second half of 2007)	9	5
Number of times trasse.ch intervened	4	3
Number of timetable studies for the current timetable, refused by the infrastructure manager, which were subsequently checked (since 2008)	7	--
of which justifiably refused by the infrastructure manager	7	--
of which unjustifiably refused by the infrastructure manager	0	--

Personnel	31.12.2008	31.12.2007
Number of members of staff	11	(1 vacancy) 10
of whom seconded to RailNetEurope for a limited period	1	--
Equivalent in full-time posts	10.6	9.6

For Swiss Train Paths Ltd (trasse.ch), the year 2008 was characterised by the process of continuous improvement in accordance with our three strategic themes:

1. neutrality: discrimination free allocation of train paths
2. quality: prompt and clear decisions; competent support
3. effectiveness: processes focussed on customers

The processes for ensuring non-discrimination in the preparation of the timetable have been developed further. trasse.ch now not only oversees timetable studies in relation to the annual timetable which are critical to realise but has also started to check studies made for the timetable in course. Likewise, the quality of the services offered and the effectiveness of the processes have both been driven forward. To align the supervision of timetable studies more closely to the requirements of the railway undertakings applying for train paths, trasse.ch has held a number of discussions to identify the railway undertakings concrete expectations. The process of applying for freight train paths on the Gotthard and Lötschberg-Simplon axis has been simplified, in that details of the remaining available capacity are now regularly published. The process of continuous improvement also applies to the management of trasse.ch itself, and, for example, a risk management process has been set up.

Resolving conflicts between train path applications was even more demanding this year than last. The high degree of capacity utilisation of the Swiss rail network is increasingly apparent; actual train-kilometres on the rail networks of the SBB, BLS and SOB were up by 2.3% by comparison with the previous year; compared with 2000 this represents an increase of just under 27%. In the cases of 125 of the train path conflicts, it was possible to find solutions which were acceptable to the railway undertakings and which allowed all the trains to be run. For the first time however, two train path applications had to be refused.

2008 was also a successful year financially. Thanks to cost-consciousness on the part of all the members of staff, it was possible to keep operating costs just less than three per cent under the planned amount. The loss shown in the profit and loss account was deliberately planned. Because there was no previous experience in the first year of operation, large reserves had been accumulated. Accordingly, this year the Board decided to waive one eighth of infrastructure manager's fees on a once-off basis and thus to bring the balance sheet into line.

The process of continuous improvement will be carried on in the coming year. The most important initiative will be the introduction of the new standard tool for making applications - NeTS-AVIS. The introduction of this tool will not only simplify the process of applying for train paths for the benefit of railway undertakings, but will also increase the transparency of the train path allocation process.



Prof Dr Ulrich Zimmerli
Chairman of the Board



Dr Thomas Isenmann
Managing Director

Allocation of train paths in the 2009 annual timetable

Train path allocation for the 2009 annual timetable was successfully accomplished. On 22 August 2008, trasse.ch allocated a total of 12'685 train paths to the nineteen railway undertakings which had applied for paths. The reduction in the number of train paths allocated by comparison with the previous year was for two reasons: firstly, in 2007, an exceptionally large number of extra trains were run for the EURO 08 football championship, and secondly, one freight railway undertaking had to apply for many of its train paths to serve private sidings as ad hoc train paths in the current timetable because it had not finalised planning its commercial offer at the time applications closed in April.

The train path applications submitted gave rise to 127 conflicts. The conflicts were considered in four conflict-resolution meetings under the chairmanship of trasse.ch. This process identified alternatives for 125 cases which were acceptable to the railway undertakings in question and which allowed all the trains to be run. In the case of two conflicts however, it was not possible to find a solution; this was the first time this has happened. The cases in question involved conflicts between applications for train paths for freight trains and applications to run relief Inter-City trains through the Lötschberg base tunnel on occasional weekends of heavy traffic. In accordance with the statutory requirements, trasse.ch allocated the train paths to the freight railway undertakings because of their higher contribution margin. The applications made by the passenger railway undertaking were refused. The decision was accepted by the railway undertakings in question.

Conflict resolution has become more difficult compared to previous years. In looking for alternatives, it is no longer sensible to consider just the heavily occupied Swiss network. Handover at the frontiers between the networks in the north and south must also be considered. For that reason, in the coming annual timetable process, trasse.ch will intensify the exchange of information with neighbouring train path allocation bodies and, together with the infrastructure managers involved, will increase the level of coordination in the planning of train paths at the frontiers of the networks.

Ad hoc train path allocation in the current timetable

Applications submitted for additional train paths in the current timetable are considered on a "first come – first served" basis and allocations are made from the available capacity remaining. In 2008, only one very short term application (application less than 48 hours before the train is to run) had to be refused. It was possible nevertheless for the train to be run at a later time.

Two events characterised the allocation of ad hoc train paths in the 2008 timetable: firstly, some 3'800 extra trains for the EURO 08 football championship ran on the Swiss network between 6 and 29 June. This was only possible thanks to the suspension of maintenance and renewal work during this period. Two-thirds of the extra trains were applied for as ad hoc trains in the current timetable. In 499 cases the additional applications affected existing train paths in the annual timetable. The infrastructure managers looked for alternatives in conjunction with the owners of these existing train paths. trasse.ch oversaw this process and ensured there was no discrimination. Because the railway undertakings were prepared to be very flexible, it was possible to find an agreed solution in every case. Secondly, the Monte Olimpino 2 tunnel, south of Chiasso, has been closed since the timetable change date in December 2008 for maintenance work. The numerous diversions for which railway undertakings applied were considered with effect from September. It was possible to find alternatives for all the train path applications.

Since summer 2008, trasse.ch has regularly published details of the capacity remaining available for freight traffic on the Gotthard and Lötschberg-Simplon transit routes. This helped railway undertakings by facilitating application for ad hoc train paths and increased the efficiency of the train path allocation process.

Auditing freedom from discrimination in the preparation of the timetable

trasse.ch's responsibility for ensuring that the creation of the timetable is free of discrimination covers not only the annual timetable process but extends beyond it to the study phase which precedes the creation of the timetable. Accordingly, infrastructure managers have committed themselves to submitting timetable studies which are crucial to implementation to trasse.ch for review. In addition, railway

undertakings can ask trasse.ch to supervise the preparation of studies they have themselves commissioned from the infrastructure managers. Lastly, trasse.ch randomly examines the planning tools used by the infrastructure managers looking for studies which are crucial to implementation and which are potentially discriminatory. When supervising studies, trasse.ch considers if all elements of the request of the applicant have been taken into account, whether the statutory requirements have been satisfied and whether the best possible alternatives have been proposed.

In 2008, trasse.ch oversaw nine studies. Of these, two were submitted by infrastructure managers, in four cases railway undertakings had commissioned them and in three cases trasse.ch proposed an audit. In the studies we oversaw we could not find any intentional discrimination on the part of the infrastructure managers' timetable specialists. In four cases we intervened either because all the alternatives had not been presented or because not all railway undertakings had been sufficiently considered. The unsystematic consideration of traffic with the same ranking which was noted in 2007 increasingly caused infrastructure managers to bring forward conflicts that they had identified in advance of the annual timetable process and to discuss them jointly with the railway undertakings in question. The need to provide information about ongoing studies still remained unresolved. The fact that we still don't have a single total overview, makes it difficult for us to identify all the studies which are critical to implementation and which are potentially discriminatory.

Since the beginning of 2008, trasse.ch has been able to examine the requests for studies in the current timetable which the infrastructure managers judged as not realisable. Proper and discrimination-free consideration on the part of the infrastructure managers could be confirmed in all the seven cases that were analysed.

The continuous improvement process

trasse.ch makes great efforts to increase continuously the efficiency and effectiveness of its processes and the appropriateness of its services. Ever since being founded we have therefore held regular discussions with train path applicants. In this way their requirements have been identified and feedback on the allocation process obtained. In 2008 for the first time we also identified the expectations of the railway undertakings on the supervision of studies by trasse.ch. This will allow us to make the overseeing of studies even more customer focussed in future.

In the coming year, the introduction of the new standard tool for applying for train paths - NeTS-AVIS - will bring the greatest increase in efficiency. Railway undertakings will then be able to look at the status of their applications at any time; this will increase the transparency of the train path allocation process. trasse.ch monitored the development of the tool for applying for train paths from the applicants' viewpoint and has developed a training plan jointly with the infrastructure managers. The training programme will be implemented in 2009.

In addition trasse.ch has created a risk management process. The first analysis of the strategic and operational risks shows that trasse.ch is not exposed to any dangerous risks necessitating immediate measures.

Committees and contact with partners

Interest in the work of trasse.ch continued to increase in 2008. The Managing Director explained the work of trasse.ch in several presentations, to, for example the Committee for Transportation and Telecommunications of the Swiss National Council. To the Railways Arbitration Commission trasse.ch explained its activities in the course of three meetings.

trasse.ch became a full member of the European association of infrastructure managers and train path allocation bodies - RailNetEurope (RNE), in May 2008. Previously, trasse.ch had had the status of a candidate without the right to vote. Our commitment to the RNE is shown in the fact that a staff member has been seconded for two years to the headquarters of the RNE in Vienna. In Vienna, he holds the post of Timetabling Manager, a post which is particularly involved with international coordination of the timetable process.

Balance sheet on 31 December

	2008	2007
	CHF	CHF
Current assets		
Liquid assets	402'101	527'198
Receivables from sales and services	0	0
Other receivables	4'160	5'629
Items paid in advance	16'262	11'438
Total current assets	422'523	544'265
Fixed assets		
Furniture and equipment	1	1
Office machines, IT installations	1	1
Total fixed assets	2	2
Total assets	422'525	544'267
Liabilities		
Current liabilities		
Creditors arising from purchases and services		
from third parties	39'180	30'379
from shareholders	0	0
Finance liabilities	0	0
Items received in advance	36'172	67'705
Provisions	23'507	11'194
Fixed liabilities		
Other liabilities	0	0
Provisions	0	0
Total liabilities	98'859	109'278
Capital		
Share capital	100'000	100'000
Statutory general reserves	50'000	50'000
Other reserves	200'000	200'000
Profit/loss from the profit and loss account		
Brought forward from the previous year	84'989	41'422
Profit/loss for the year	- 111'323	43'567
Total capital	323'666	434'989
Total liabilities	422'525	544'267

Profit and loss account

	2008	2007
	CHF	CHF
Operating income		
Fees for services SBB	1'635'173	1'718'533
Fees for services BLS	134'096	141'455
Fees for services SOB	35'856	37'011
Other income	81'773	8'971
Total operating income	1'886'898	1'905'970
Operating expenses		
Staff expenses: salaries and social security	1'673'089	1'699'482
Other staff expenses	96'348	36'549
Accommodation expenses	68'577	68'299
Maintenance and repairs	4'853	1'804
Property insurance	1'499	2'059
Power and waste disposal	2'923	4'834
Administrative expenses	39'849	40'052
IT expenses	87'684	92'871
Costs of representation	3'663	5'170
Other operating expenses	30'028	26'990
Depreciation	0	0
Total operating expenses	2'008'513	1'978'110
Operating results before interest and taxes	- 121'615	- 72'140
Financial income	10'292	15'707
Taxes	0	0
Exceptional income	0	100'000
Profit/loss for the year	- 111'323	43'567

Notes to the annual accounts

Amount for which the tangible assets are insured against fire 250'000 250'000

Risk evaluation

trasse.ch has set up a risk management process. The Board and the senior management have made an initial analysis of the strategic and operational risk and taken appropriate action.

No other information is required by statute.

Financial results

The 2008 financial year closed with a deliberately planned loss of CHF 111'323.

trasse.ch is a not-for-profit organisation which is financed by fees from the three infrastructure managers, SBB, BLS and SOB, who cover the costs which are planned and agreed by the Board in the budget. Because there was no previous experience and the budget was therefore drawn up conservatively, the first financial year (2006) closed with a large surplus of over CHF 290'000. Likewise release of the provisions allowed 2007 to close with a surplus.

Given the high liquidity and the fact that the reserves are above average compared to the share capital, the Board decided on one-off correctional action in summer 2008. It allowed the infrastructure managers a reduction of 12.5 per cent (CHF 257'875) on the fees necessary to balance the budget. Accordingly, the loss for the 2008 financial year was deliberately planned.

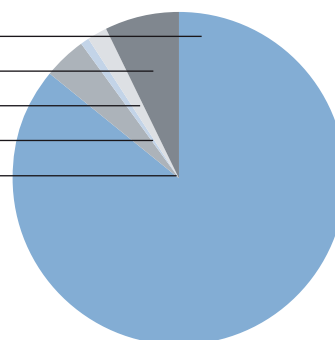
Operating income

Income: Only 87.5 per cent of the fees were demanded in this financial year because of the corrective action (see above), this deliberately led to the loss sustained.

The **other income** comes from contributions by third parties to expenses and from income from the loan of staff members, in particular the secondment to RailNetEurope.

The **financial income** was received from the credit balances on the current account.

SBB	1'635'173	86%
BLS	134'096	7%
SOB	35'856	2%
Financial income	10'292	1%
Other	81'773	4%

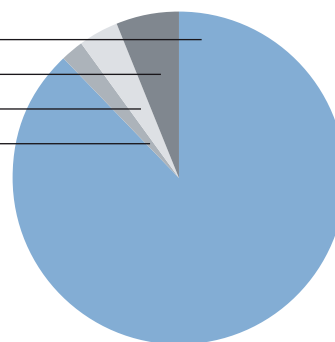


Operating expenses

Because of a vacancy up to autumn, **staff expenses** turned out less than in 2007. The additional costs in other staff expenses are partly due to the personnel development programme started in 2007 and partly to increased costs for the travel facilities offered to members of the staff.

The levels of expenditure coming under the **other expenses headings** were of the same order of magnitude as in the previous year. Individual variances were within normal limits. **Administrative expenses** include on-going expenses for stationery, telephones, consultancy contracts and membership fees. **IT expenses** include on-going expenses for systems, licences and maintenance. **Other operating expenses** include rent, maintenance, representation and fees for external professional services.

Staff expenses	1'769'437	88%
Other operating expenses	111'543	6%
IT expenses	87'684	4%
Administrative expenses	39'849	2%
Depreciation	0	0%



Depreciation

Because the fixed assets were written down to CHF 2 in the year trasse.ch was founded, no provision for depreciation was made in 2008.

Taxes

No taxes are due because trasse.ch is tax-exempt.

The Board's proposal to the General Assembly to cover the loss for the year

	2008 CHF	2007 CHF
Build up of the loss:		
Balance brought forward	84'989	41'422
Profit/loss for the year	- 111'323	43'567
Total available to the General Assembly	- 26'334	84'989
Proposed use:		
Transfer from the statutory general reserves	0	0
Transfer from other reserves	- 50'000	0
Balance carried forward	23'666	84'989
Total profit allocated	- 26'334	84'989

As auditors, we have examined the bookkeeping and the annual accounts (balance sheet, profit and loss statement and notes) of Swiss Train Paths Ltd, Bern, for the year ending 31 December 2008.

The Board of Directors is responsible for the annual accounts; our task is to audit them. We confirm that we satisfy the statutory requirements regarding licensing and independence.

Our audit complied with the Swiss standards for a limited audit, in accordance with which audits are to be planned and carried out in such a way that significant misstatements in the annual accounts are detected. A limited audit principally includes examination and analytical audit procedures together with detail auditing, appropriate to the circumstances, of documents supplied by the undertaking being audited. On the other hand, audit of the operating procedures and the internal control systems together with examination and further audit procedures to detect fraudulent transactions and other illegal activity does not form part of this audit.

In our audit we did not come across facts which would lead us to conclude that the annual accounts and the proposal to cover the loss for the year do not comply with statutory law or the statutes.

Bern, 2 February 2009 gr/kz

Dr Röthlisberger AG

Ueli Ochsenbein
Chartered Auditor

Peter Graf
Chartered Auditor
(Senior Auditor)

Board of Directors

Chairman: Prof. Dr Ulrich Zimmerli
 Members: Bruno Baumgartner, Director, Central Services SOB
 Walter Flühmann, Director, Operations BLS Infrastructure
 Markus Geyer, Director, Major Projects SBB Infrastructure
 Alexander Stüssi, Director, Legal and Resources VöV

Auditors

Dr Röthlisberger AG, Bern

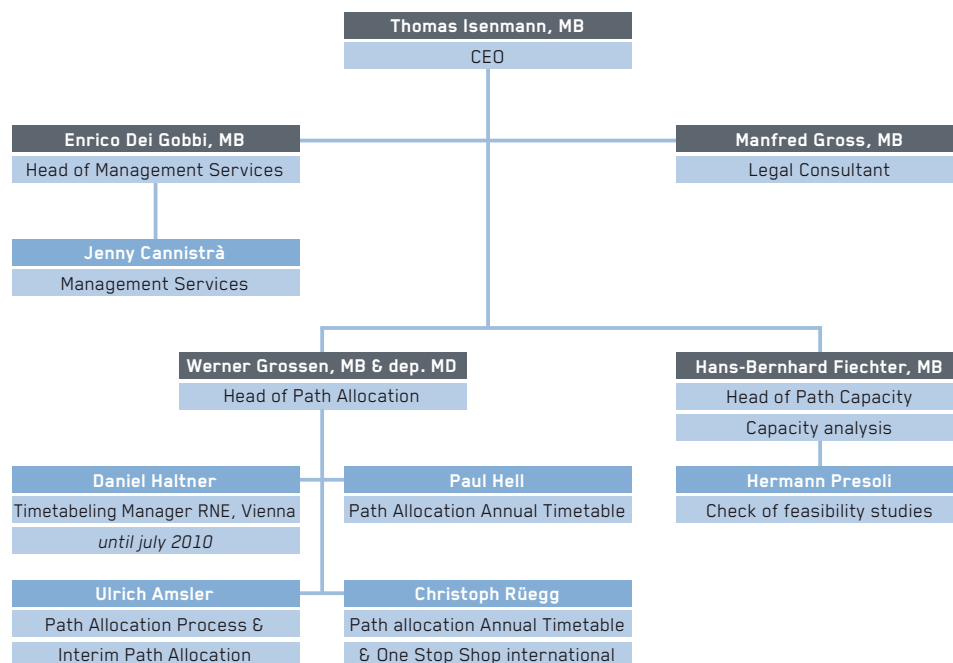
Management Board

Managing Director: Dr Thomas Isenmann
 Members: Enrico Dei Gobbi
 Hans-Bernhard Fiechter
 Manfred Gross (advisory)
 Werner Grossen

Shareholders

Swiss Federal Railways SBB	25%
BLS AG	25%
Schweizerische Südostbahn AG	25%
Swiss Public Transport Operators Association (VöV)	25%

Organisation



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