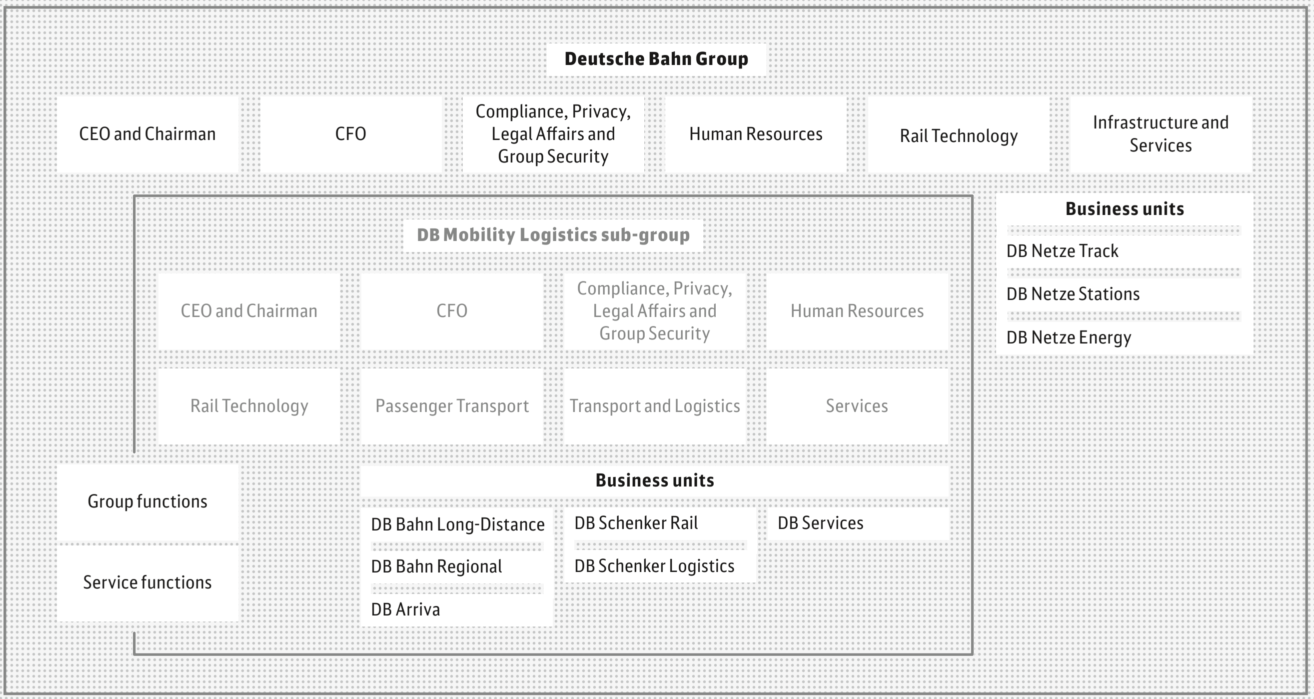
Mobility
Networks
Logistics

Deutsche Bahn AG

2013 Management Report and Financial Statements

DB2020 – Our compass, even in challenging times

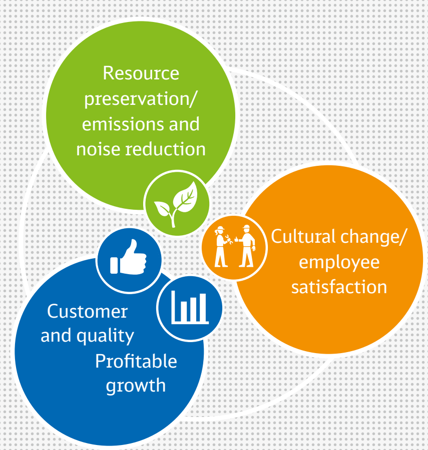
Organizational structure DB Group



DB2020 Strategy

Our three dimensions

Our four strategic directions



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Chairman's letter

DR. RÜDIGER GRUBE
CEO AND CHAIRMAN OF THE MANAGEMENT BOARD OF DEUTSCHE BAHN AG

Dear Ladies and gentlemen,

This year's Annual Report is marked by a special anniversary: Deutsche Bahn AG publishes its 20th annual balance sheet.

The rail reform of 1993 cleared the way for the founding of DB AG. The entire rail system was then newly regulated, and tracks, stations and the traction current grid were opened to competition. Twenty years later some 390 customers use our infrastructure – more than ever before, and more than in any other country in the world.

The merger of the Bundesbahn and the Reichsbahn into DB AG was and is a showcase of successful reunification of West and East. The excellent results that we have realized after 20 years of rail reform are primarily due to the efforts of the DB team which has grown together.

The German rail reform opened the way for the success story of Deutsche Bahn.

Fortunately, current trends in mobility are also pointing towards rail. However, the next 20 years will not be automatically successful, as shown by the year 2013, which involved many challenges for us.

The difficult economic situation in Europe and the moderate growth of the global economy were noticeable in our transport and logistics business, above all in rail freight transport. Additional burdens for DB Group resulted from increased factor costs, above all for personnel and energy, as well as from above-average storm damage.

In this challenging year DB Group was nevertheless successful in keeping our revenues above € 39 billion; the same level as in the previous year. Operating profit (EBIT) remained below our expectations at € 2.2 billion, while EBIT growth in the second half of 2013 accelerated again due to the slight economic recovery.

Rail passenger growth continued unabated.

Demand in passenger transport for rail in Germany grew again. Despite unusually severe weather, 42 million more passengers traveled on our trains. We expect passenger numbers to grow further in the future. This is also because we were able to win over 70 percent of all tenders for regional transport in Germany in 2013. The basic precondition for further growth in passenger numbers is and will remain the quality of our products, upon which we will place our main focus in the future as well.

We have also increased the number of our employees and trainees. In 2013, DB Group hired some 11,500 new employees, and took on more than 3,800 trainees and dual degree students in Germany alone. We were thus one of the leading companies in Germany in terms of new hires.

In addition to the new future collective wage agreement, in spring 2013 we agreed to raise wages in two stages, a one-time payment as well as an increase in the company pension benefits for about 130,000 workers subject to collective wage agreements. All of these steps highlight our ambitious goal to be one of the largest, safest and most attractive employers in Germany. On the other hand, the conclusion of the collective wage agreements were connected for DB Group with additional costs of about € 220 million more than in the previous year. As one of the largest energy consumers in Germany, we were also affected to a large extent by the increased surcharge from the German Renewable Energy Act. This added costs of almost € 60 million for DB Group in 2013 alone.

The weather was another large challenge. The long winter with snow and freezing temperatures until Easter added costs of some € 50 million which burdened the result of DB Group already at the beginning of the year. Then came the devastating floods in spring and summer. Floodwaters on the Elbe, Saale and Danube affected many of our colleagues personally, and in certain regions paralyzed rail transport. Altogether the floods caused economic damage for DB Group of over € 100 million. Particularly the weeks-long closure of the high-speed line Berlin–Hanover led to significant lost revenues. The hurricane-force storms Xaver and Christian were also not expected, and caused massive cuts in train service in the second half of the year.

Floods caused damage of over 100 million euros.

But there were also positive highlights! The new flagship of our ICE fleet rolled out. The first four ICE 3 trains from the 407 series were delivered to us at the end of 2013. The entire ICE 2 fleet had previously undergone a new design. Over half of the IC fleet was also already modernized. And in regional transport, in 2013 a further 134 trains of the type Talent 2 have started operating and offer a noticeably more comfortable journey. Furthermore, even more trains and over 100 train stations have been equipped with WiFi, where our customers now receive 30 complementary minutes of Internet access.

There was also visible progress in infrastructure development: with the city tunnel in Leipzig, six new train stations and the S-Bahn (metro) Mitteldeutschland all became operational. The first tunnels were begun for Stuttgart 21 and the new line construction Wendlingen – Ulm. We also completed the modernization of 247 medium and smaller train stations throughout Germany. Nevertheless, the assurance of stable operations in the rail network will require significantly higher public sector capital expenditures, particularly to maintain the existing infrastructure over the long term.

One milestone was our eco-power campaign in long-distance transport.

The eco-power campaign in long-distance transport was a further milestone in 2013. Three-quarters of all long-distance trips were operated with 100 percent of the electricity coming from renewable energy sources. We were able to meet not only our customers' demands but also our own aspiration of being an eco-pioneer.

35 percent renewable energy share in traction current – the target for 2020 has already been achieved.

In 2013 we were able to increase the share of renewable energy in traction current to about 35 percent. We have thereby already met the goal we had set for ourselves for 2020.

Again in 2013, we were able to expand our international mobility and logistics network as well. With the acquisition of the East European business of Veolia Transdev by DB Arriva, the joint venture with Etihad Rail for rail freight transport in the Arabian Peninsula and with new logistics centers in Singapore, Finland, the Czech Republic, the Netherlands and Switzerland, the course has been set for further profitable growth.

We were still able to make enormous progress despite a difficult year: we won more passengers, more tenders for regional transport, significantly more new hires and considerably more eco-power in traction current.

Even in volatile times we adhered strictly to our DB2020 strategy for holistic and sustainable success of our company. We have set our sights firmly on our three goals: to become a profitable market leader focused on customers and quality, a top employer and an eco-pioneer. This is demonstrated by the many improvements which you will be able to read about in this Annual Report.

Our sights are firmly set on the goals of our DB2020 strategy.

In the interests of our customers, our employees and our environment we are firmly resolved to follow further the path of the German rail reform and carry the successes of the past 20 years into the future. Not all of this is in the hands of our company, as the balance sheet for 2013 clearly shows. However, Deutsche Bahn is very well prepared for this journey.

Sincerely yours

Dr. Rüdiger Grube
CEO and Chairman of the Management Board
of Deutsche Bahn AG

Management report

Overview

DB AG is the parent company of DB Group
Difficult environment for DB Group's activities
Significant decline in net investment income

Deutsche Bahn AG (DB AG) has been a joint stock corporation in accordance with German law since it was founded in 1994 and has a dual management and controlling structure comprising a Management Board and Supervisory Board. The business portfolio of Deutsche Bahn Group (DB Group), which is managed by DB AG, consists of nine business units.

Within DB Group, DB AG manages three business units directly: DB Netze Track, DB Netze Stations and DB Netze Energy. The remaining six business units are consolidated under the management of the wholly owned subsidiary DB Mobility Logistics AG (DB ML AG). Within DB Group, DB AG and DB ML AG both function as management holding companies that lead the Group. In order to ensure an integrated Group management approach, the DB AG Management Board's meetings are usually held concurrently with those of the DB ML AG Management Board. The business units are responsible for conducting business operations.

The Group structure is completed by central Group and service functions, some of which are performed by DB AG and others by DB ML AG.

During the year under review DB Group continued the implementation of its sustainability-oriented *DB2020* strategy, which has the objective of harmonizing *economic*, *social* and *environmental* dimensions in order to ensure sustainable success and social acceptance.

During the year under review DB Group achieved solid success in ***social*** *[page 43 ff.]* and ***environmental*** *[page 50 ff.]* dimensions. One prominent success was its distinct improvement in the German employer rankings.

Progress in the *economic dimension* was not satisfactory: both Group revenues and the adjusted Group operating profit declined. Performance across all DB Group activities was sluggish or negative. Even though economic conditions in Germany were positive on a European comparison, the development was especially hard-hit by the flooding. The development was also weak in DB Group's globally oriented freight forwarding and logistics activities.

The business development of DB AG depends largely on that of DB Group, the source of its investment income. DB AG's development during the year under review was accordingly affected by the weak business development of some subsidiaries (especially Schenker AG, DB Regio AG and DB Netz AG). The ***profit situation*** *[page 36 f.]* deteriorated, particularly because of lower investment income – as is also evident from the fact that the result from ordinary activities was down compared to the previous year.

DB Group

Integrated group structure with two management holdings
Further implementation of the DB2020 strategy
Clear strategic focus of the operating divisions

DB GROUP STRUCTURE

Deutsche Bahn Group (DB Group) is a globally active company. Its headquarters are in Berlin. Other important locations in Germany are Frankfurt am Main, Essen and Mainz. Internationally, we have offices in Sunderland/Great Britain, Singapore, New York/USA and Dubai/United Arab Emirates, among other locations.

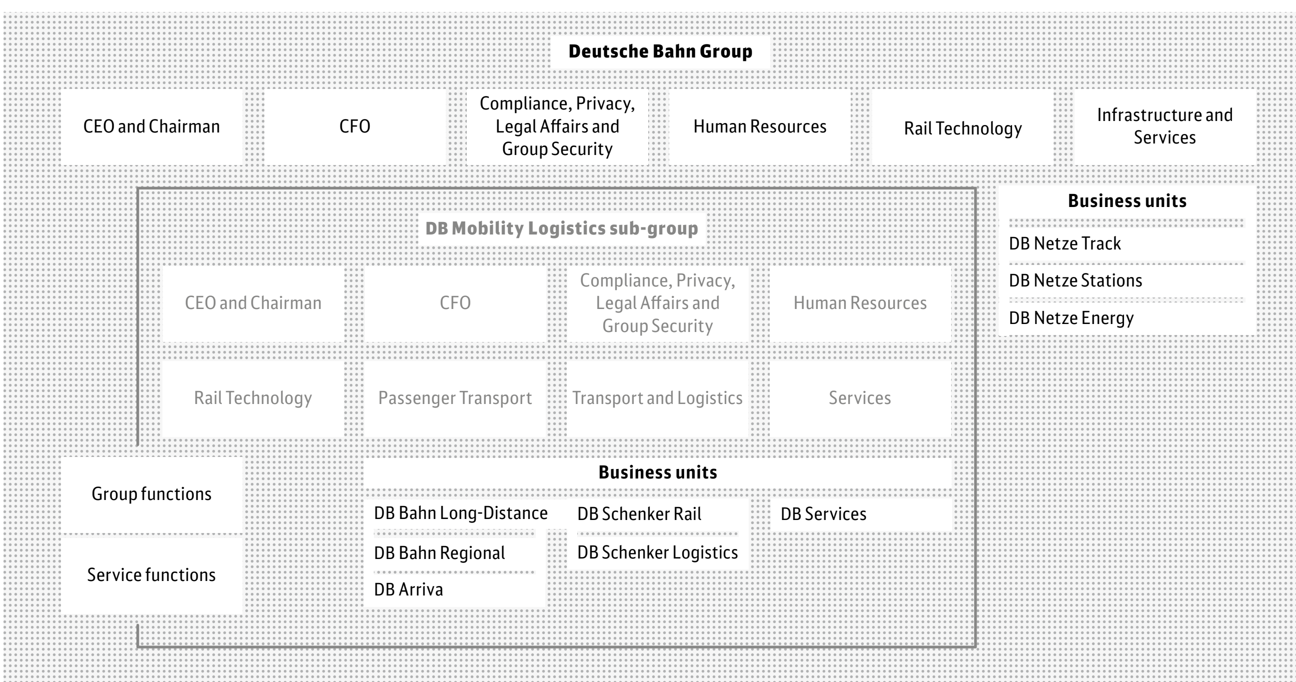
The business portfolio of DB Group consists of nine business units, organized into the divisions of Passenger Transport, Transport and Logistics, Infrastructure, and Services, managed in an integrated way. The business units are responsible for conducting business operations. The structure of DB Group is completed by central Group and service functions, some of which are performed by DB AG, while others are carried out by DB ML AG.

DB AG manages the DB Netze Track, DB Netze Stations and DB Netze Energy business units directly. The remaining six business units are consolidated under the management of DB ML AG within the DB Mobility Logistics Group (DB ML Group). Within DB Group, DB AG and DB ML AG both function as management holding companies that lead the Group.

The Group functions (Legal Affairs, Strategy, Controlling and Treasury, amongst others) support the Management Board and ensure the unity of management within DB Group. The service functions (including the ***DB Environment Center*** *[page 50]*) perform support activities.

In order to ensure an integrated Group management approach, the DB AG Management Board's meetings are usually held concurrently with the meetings of the DB ML AG Management Board. Details can be found in the Corporate Governance Report, which is part of the Group Management Report in DB Group's Annual Report.

Organizational structure DB Group



An overview of DB Group holdings can be found in the Notes to the financial statements.

Changes in the Board division structure

As of July 1, 2013, the previous Rail Technology and Services Board division was restructured. Beside the business unit Services, DB International and DB Systemtechnik were newly assigned to the Infrastructure Board division. The sole management (since 2009) of both the Rail Technology and Services and Infrastructure Board divisions by the same director was thereby ended. The new Rail Technology Board division consists of the areas Procurement, Environment, Technology, Security and Quality Management, CIO DB Group, Program Management and Division Control, Commercial Division Control and Noise Protection.

Rail Technology Board division

Within DB Group, the new Rail Technology Board division is responsible for developing efficient technology, innovation, quality and environmental strategies for the rail system based on its technological expertise.

It addresses, for example, the following key technical issues:

- quality improvement, on-time performance and availability of new rolling stock,
- the permit process for rebuilt existing rolling stock,
- pooling of purchasing needs of DB group worldwide,
- effective IT solutions.

RESEARCH AND DEVELOPMENT

As a service organization, DB Group does not conduct its own research and development in the strict sense. However, the division initiates end-user-oriented development based on technical competence and operator experience. We also support the industry through broad-based testing operations.

Changes in DB Group

CHANGES IN THE EXECUTIVE BODIES OF DB AG

The Supervisory Board approved the ending of sole management of the Rail Technology and Services Board division with the Infrastructure Board division. Dr. Volker Kefer has since then been responsible for the Infrastructure and Services Board division. In July 2013, Dr. Heike Hanagarth was appointed to the Management Board for the new Rail Technology Board division. Dr. Hanagarth assumed her new duties on December 1, 2013. Accordingly, the Supervisory Board has appointed her through November 30, 2016.

In September 2013, Ulrich Weber was reappointed as member of the Management Board and Human Resources Director of DB AG. His contract now runs through March 31, 2017.

In December 2013, Gerd Becht was reappointed as member of the Management Board of DB AG for the Compliance, Privacy, Legal Affairs and Group Security Board division, effective October 16, 2014 through February 28, 2017.

Ute Plambeck ended her term on the Supervisory Board effective April 30, 2013. Jürgen Beuttler was appointed by court order to be her successor effective August 1, 2013.

Due to his retirement, Dr. Hans Bernhard Beus resigned from his posts on the Supervisory Boards of DB AG, effective January 8, 2014.

In addition, Dr. Bernhard Heitzer resigned from his posts on the Supervisory Boards of DB AG effective January 29, 2014. Dr. Rainer Sontowski was seconded as successor to the Supervisory Boards of DB AG effective January 30, 2014.

M & A ACTIVITIES

DB Arriva business unit

- In May 2013, DB ML AG took over all shares in Veolia Transport Central Europe GmbH (Veolia Eastern Europe), which was previously part of the French Veolia Transdev Group. The purchase price was € 152 million. As a result, DB Arriva became the largest international operator of passenger transport in Eastern Europe, and expanded its existing business in Poland, Slovakia and the Czech Republic. Croatia, Serbia and Slovenia were added as new markets. The number of countries throughout Europe in which DB Arriva is active increased to 14. Veolia Eastern Europe has been included in the consolidated financial statements since May 1, 2013.

- As a long-term joint venture partner of Centrebus Holdings Limited, DB Arriva increased its previous minority share to 100 % by acquiring 56.1 % of the shares. Centrebus has 360 employees and operates over 150 buses. The company operates bus transports in West Yorkshire and the East Midlands in England. DB Arriva expands its presence in this region through the majority holding. The purchase price for the shares was € 1.4 million. Centrebus Holdings Limited has been included in the consolidated financial statements since September 1, 2013.
- To expand its business further in the Czech Republic, DB Arriva acquired 100 % of the Czech bus operations PROBO BUS a.s. and Abellio CZ from the Dutch Abellio in November 2013. The companies had about 200 employees and operated more than 110 buses in 2012. DB Arriva had already entered the Czech bus market in 2006. Subsequently DB Arriva has been able to expand its market share further through acquisitions. The purchase price was a total of € 9 million. The company has been included in the consolidated financial statements since December 31, 2013.
- DB Arriva acquired 51 % of the shares in Zeta Automotive Limited, Bicester/United Kingdom in December 2013. The company specializes in the development and manufacture of products that assist in saving fuel. With the acquisition, DB Arriva intends to expand its role as *eco-pioneer*. The purchase price for the shares was € 3.5 million. Zeta Automotive has been included in the consolidated financial statements since December 31, 2013.

DB Schenker Logistics business unit

- In March 2013, DB Schenker Logistics acquired 100 % of the shares in long-term partner Euro-Line Panamericana (Panama) S.A., Panama City/Panama. The purchase price was € 2 million. DB Schenker will continue to expand the business of Euro-Line in one of Central America's growth markets under the name Schenker (Panama), S.A. Schenker (Panama) has been included in the consolidated financial statements since April 1, 2013.
- In June 2013, DB Schenker Logistics acquired 49 % of long-term network partner Salem Freight International, Abu Dhabi/United Arab Emirates. The purchase price was € 7 million. Despite the minority holding, control is exercised by DB Group as a result of contractual regulations. The company has been operating under the name Schenker Logistics L.L.C. since the beginning of June. Up to this point, DB Schenker Logistics had been present in Dubai with a joint venture. With this acquisition, services to the United Arab Emirates, one of the most promising economic regions in the Middle East, have been expanded. Schenker Logistics L.L.C. has been included in the consolidated financial statements since June 1, 2013.

DB Netze Track business unit

- With the agreement of February 20, 2013 (closing on March 14, 2013), Deutsche Umschlaggesellschaft Schiene-Straße (DUSS) mbH increased its holding in MegaHub Lehrte and now holds 75 % of the shares.

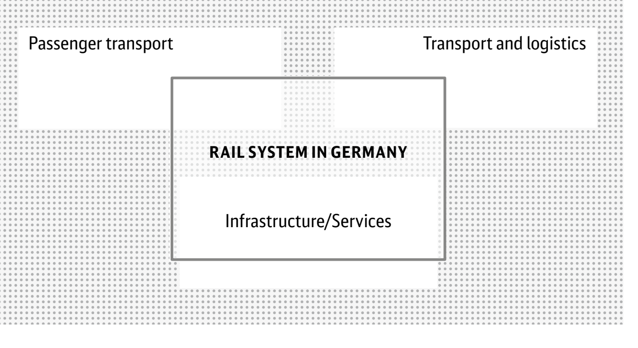
Corporate Governance report

The Corporate Governance report is a component of the Group management report in DB Group's Annual Report.

BUSINESS MODEL

The rail system in Germany is an essential part of DB Group's business activities. Since the beginning of the new millennium, DB Group has also gradually expanded its business portfolio in order to meet customers' needs more effectively and respond to new market demands.

Basic understanding of DB Group



Today, the passenger transport business activities are more broadly diversified. They comprise not only bus and rail transport, but also intelligent networks with other modes of transport. Furthermore, DB Group has business operations throughout Europe that enables it to benefit from increasing market potential in opening bus and rail transport markets.

The business activities in the Transport and Logistics division have been conducted on an international level from very early on and cover all modes of transport: rail freight and land transport are focused on Europe, while ocean and air freight activities and contract logistics are global.

This structure enables DB Group to offer high-quality logistics solutions to internationally active companies and to develop synergies between transport networks in the interest of its customers.

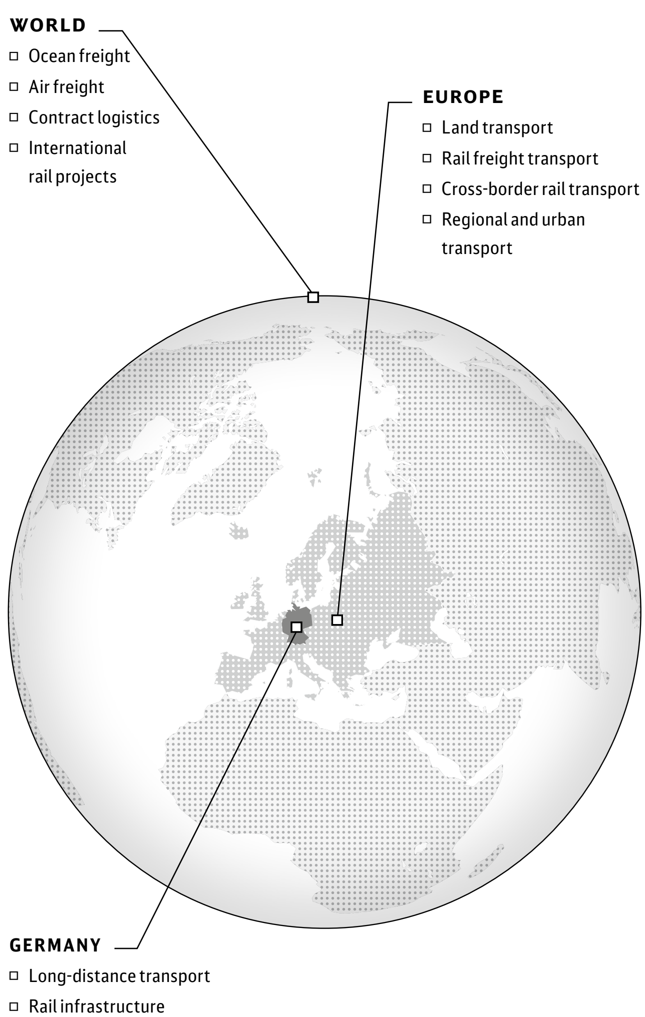
The four key success factors in the positive development of DB Group are as follows:

- Entrepreneurial approach: in the course of the German rail reform, DB Group has established itself as a commercial enterprise. Particularly worth mentioning in this context are the establishment of a modern and efficient organization and a value-based management approach with the goal of capital market capability.
- Integrated Group: as a system integrator in Germany, DB Group optimizes the wheel-rail system. In doing so, it serves as an important impetus to technology. The Group structure enables it to achieve positive synergies and align the infrastructure to support efficiency, market orientation and profitability.
- International direction: due to its focus on Europe in passenger transport as well as European and global orientation in the transport and logistics area, DB Group has an excellent position in the relevant markets. As a result, DB Group is responding to the increasing demand for cross-border solutions. At the same time, DB Group is best positioned to take advantage of growth opportunities.
- Intermodal transport solutions: DB Group offers its customers door-to-door mobility and logistics solutions from a single source. DB Group intelligently links various transport modes in an economical and environmentally friendly way. In addition, it offers complementary products and services in the transport and logistics area.

Relevant markets

DB Group provides national and international services, the target markets of which are reflected in the Group's "Mobility – Networks – Logistics" brand image. It operates worldwide in over 2,000 locations spread across more than 130 countries.

Relevant markets



PASSENGER TRANSPORT

In passenger transport, the primary objective is to maintain DB Group's strong market position in Germany in the long term while growing in Europe. With DB Bahn Long-Distance and DB Bahn Regional business units, DB Group is extremely well-positioned in the German rail and bus transport markets.

The European passenger transport market became even more important to DB Group following the acquisition of Arriva in 2010. Throughout Europe, transport contracts are being increasingly tendered in regional and urban transport. DB Group intends to profit from these as well in the future. Through its DB Arriva business unit, DB Group is now successfully active in the regional bus and/or rail transport business in 14 European countries. This puts DB Group in a good position for continued growth.

The gradual opening of the passenger transport markets in Europe represents an important strategic opportunity for rail transport: the cross-border rail passenger transport market has been open since 2010 in principle. DB Group wants to exploit the opportunities for growth generated by this opening with its own services and with services offered in partnership with other railways. DB Group also wants to drive further technological standardization together with other railways and its partners in industry. This should achieve uniform interfaces and processes between infrastructure and transportation companies, particularly in Europe.

The liberalization of the European passenger transport markets is, however, progressing at different speeds across Europe. Germany is at the forefront of liberalization of national long-distance rail passenger transport. In many other countries, the national long-distance transport market has not yet been opened to competition.

TRANSPORT AND LOGISTICS

DB Group strategically positioned itself as a leading transport and logistics service provider worldwide early on in order to respond to current and future market demands. DB Schenker represents international logistics capabilities in worldwide air/ocean freight and contract logistics, as well as dense network in European rail freight and land transport. DB Group wants to take advantage of the opportunities arising in high-growth markets in this sector.

The demand for international logistics services is rising due to increasing internationalization and the shift towards cross-border production structures and flows of goods in our customers' markets. DB Group meets these challenges with integrated and branch-specific services and solutions. By developing efficient and international logistics networks in land transport, DB Group maintains contact with its customers and creates new growth opportunities. The rail freight transport business unit also benefits from this, such as through intermodal transport chains and synergy effects.

DB Group is safeguarding the future of rail freight transport in Germany by integrating rail freight transport into high-performance, international logistics networks, thereby opening up new opportunities for growth. The European rail transport market has been completely open since 2007. DB Group serves all the important rail corridors within Europe and has its own subsidiaries or partnerships in all relevant countries.

INFRASTRUCTURE

In Germany, DB Group has assumed dual responsibility for rail transport as a result of its integrated Group structure: the DB Group is both the operator and primary user of the rail infrastructure.

The resulting high customer and efficiency focus in its infrastructure serves all train operating companies without discrimination. In addition to the Group's internal code of conduct, the competitive neutrality of the rail infrastructure is ensured by means of regulation that is considered strict by international standards. The goal of DB Group is to continue to develop the rail transport mode and thus strengthen the transport infrastructure that is vital for Germany as a business location. At the same time, DB Group is laying the foundations for coping with the increasing flow of traffic in Europe. DB Group also takes care of both the rail network and passenger stations as well as the power supply for the train operating companies in Germany.

INTERNATIONAL RAIL PROJECTS

DB Group's expertise is increasingly in demand for the realization of rail projects worldwide. The subsidiary DB International is involved in rail projects in various functions. DB Group exports its know-how in building and operating high-performance and integrated transport systems all over the world. The business model is geared towards integrating the expertise gathered in technologically sophisticated infrastructure into projects worldwide. DB International operates in 41 countries worldwide.

MARKET POSITION

DB Group is a successful provider of national and international services in all sectors of the transport market (passenger transport, transport and logistics as well as infrastructure) and has a leading market position in all the sectors.

In order to maintain competitiveness, DB Groups's objective is to continue to strengthen and expand its solid basis in all of its relevant markets.

Development of orders

In most of DB Group's business units, incoming orders are not a relevant performance indicator and the majority of the Group's revenues are generated independently of long-term contracts. The DB Bahn Regional and DB Arriva business units are an exception to this rule. In these business units, the development of orders in the form of long-term transport contracts concluded with Germany's Federal states and franchisers in other European countries constitutes a key performance metric. There are long-term contractual relationships with customers also in the contract logistics/SCM line of the business in the DB Schenker Logistics business unit.

Ticket sales in the DB Bahn Long-Distance business unit generally generate immediate revenues that are received within a short period of time.

In the DB Schenker Rail and DB Schenker Logistics business units, framework contracts are also concluded with customers who have continuous demand for transport or both transport and logistics services.

Incoming orders in the DB Netze Track business unit are generally related to train-paths assigned to train operating companies, whereby DB Group makes a distinction between scheduled and non-scheduled transport services.

The DB Netze Stations business unit has a similar structure. In this business unit, DB Group concludes contracts with train operating companies for station stops as well as long-term contracts for leasing station space. The incoming orders in the DB Netze Energy business unit pertain to energy purchased by train operating companies. The infrastructure business units generate most of their revenues with intraGroup customers.

Services provided by the DB Services business unit are likewise mainly purchased by intra-DB Group customers.

CORPORATE STRATEGY AND MANAGEMENT

DB Group is active in a challenging environment. Along with ***global and regional economic developments*** [page 23 ff.] and trends, specific challenges in the narrower environment of rail transport also shape the development of DB Group.

TRENDS IN THE ENVIRONMENT OF DB GROUP

DB Group sees itself confronted in the future even more strongly with a high number of interlinked trends. These are the most important general conditions for future business and sustainable business success.

- The international division of labor leads to an increase in global flows of goods. At the same time, through strengthened integration of regional economic areas, there is an increasing regionalization of flows of goods. The demand for custom-tailored logistics solutions is increasing.
- The liberalization of the European transport market, which is not proceeding to the same degree in all European countries, opens market opportunities for DB Group. At the same time, increasing regulation reduces the freedom of action, both for infrastructure operators and transport companies.
- Climate change and the increasing scarcity of natural resources are important challenges for the future. Social and customer demand for business models that take steps against climate change will become even stronger.

Vision and goals

Our vision: we are becoming the world's leading mobility and logistics company

Sustainable business success and social acceptance

Dimension	Economic **Profitable market leader** As a profitable market leader, we offer our customers first-class mobility and logistics solutions		Social **Top employer** As a top employer, we attract and retain qualified employees who are enthusiastic about working for DB Group and our customers.	Environmental **Eco-pioneer** As an eco-pioneer, our products set benchmarks for the efficient use of resources.
Strategic direction	Customer and quality	Profitable growth	Cultural change/ employee satisfaction	Resource preservation/ emissions and noise reduction
Top goals	Customer satisfaction Product quality Innovation	Profitability Market position Financial stability	Employee satisfaction Employer attractiveness Demographic preparedness	Reduction of CO_2 emissions Noise reduction Efficient use of materials/resources

DB Group takes its pioneering position seriously and works continuously to interlink modes of transport in an ecologically intelligent manner, to strengthen rail transport and establish environmentally friendly products.

- The digitalization of society will continue. With it the demands on DB Group's mobility services such as interlinking means of transport, on ticketing and payment as well as intelligent organization of alternative routes in real time.
- Demographic change and the resulting competition for talent are two more important and influential changes for DB Group. In most world regions, but above all in the European home markets of DB Group, the age structure of society is shifting. The challenge is to offer future-focused mobility and logistics solutions for an aging population. Beyond this, the labor market is developing into an employee's market. DB Group is in an increasingly intense competition with many other employers for talent at all qualification levels. Higher individual standards as well as workplace demands make a balance between career and family more difficult. In order to assure employee satisfaction and capacity to work in various life and career stages, DB Group must develop up-to-date responses.

SPECIAL CHALLENGES IN THE RAIL ENVIRONMENT

Along with these global challenges DB Group sees itself increasingly confronted with operative challenges in the rail environment in Germany. Examples include the shortage of vehicles in the entire passenger transport segment, changing tender requirements affecting DB Bahn Regional, or the factor price increases affecting most of DB Group's business units. Finding a sustainable solution for the financing of the rail infrastructure is also of central importance. In addition, DB Group is increasingly confronted with more regulatory requirements.

The diversity of these challenges requires a broad approach in the strategic focus. The compass for the future direction of DB Group is the sustainable *DB2020* strategy, which balances efficient operations with an emphasis on customers and quality, high employer attractiveness and the environmentally sound use of resources.

MANAGEMENT OF DB GROUP

With the strategy *DB2020* DB Group has created a general framework that harmonizes *economic*, *social* and *environmental* dimensions in order to guarantee sustainable corporate success and social acceptance. To achieve DB Group's vision to become the global leading mobility and logistics company, DB Group has set ambitious goals for all three dimensions. DB Group aims to become a *profitable market leader* with a focus on *customer and quality*, a *top employer* and an *eco-pioneer*. To develop specific content and monitor its implementation, DB Group has developed an integrated target system. Twelve top targets along four directions ensure a balanced picture of the sustainability approach.

The target system applies throughout DB Group and takes into account the specific challenges to each business unit. The target system is also intended to enable the implementation of measures based on concrete targets, to identify conflicts among targets with regard to DB Group's aim to harmonize economic, social and environmental issues, and to show the progress of implementation of the *DB2020* strategy by monitoring throughout the course of the year.

In the annual strategic management process, DB Group's business units have translated the *DB2020* strategy for themselves and developed their own similar visions and strategies. Along with the corresponding targets as well as the programs and measures derived from them, the *DB2020* strategy is set in the medium-term planning. For the first time, targets in all four strategic directions were taken into account in the 2013 end-of-year bonuses for managers and employees that are not subject to wage agreements. DB Group is actively communicating the *DB2020* strategy in order to assure the necessary transparency and inclusion of all relevant shareholders. The linkage of the themes strategy, leadership and corporate culture is particularly decisive for successful implementation.

THE DIMENSIONS OF THE DB2020 STRATEGY

Economic

As a profitable market leader, DB Group wants to offer its customers first-class mobility and logistics solutions. Two strategic directions are essential if DB Group is to achieve this leadership goal: a renewed focus on *customer and quality*, and the continued pursuit of *profitable growth*.

STRATEGIC DIRECTION: CUSTOMER AND QUALITY

DB Group has launched numerous measures to improve the focus on quality and customers: capital expenditures in the vehicle fleet – such as completion of redesign of ICE 2 trains and the conclusion of a framework agreement with Bombardier – as well as in maintenance – such as the procurement of high-performance rail grinding machines – contribute to the stabilization and improvement of quality in German rail transport. In addition, the improvement in ***customer satisfaction*** *[page 41 f.]* – through, for example, broadening of services or new products – is as before at the center of DB Group's activities. Innovation in products and processes play an increasingly large role and should continue to be encouraged in the future.

STRATEGIC DIRECTION: PROFITABLE GROWTH

In recent years DB Group was able to build up its market position through organic growth and portfolio acquisitions. The intention of DB Group is to continue on its path of further growth. Part of this will involve consistently making the most of the synergies available thanks to the integrated Group structure. Improvement of capacity utilization and productivity, and the continuous provision of competitive cost structures are an important prerequisite in order to maintain DB Group's position in the markets and to grow profitably.

Social

As a *top employer* DB Group attracts and retains qualified employees who are enthusiastic about working for DB Group and its customers.

STRATEGIC DIRECTION: CULTURAL CHANGE/ EMPLOYEE SATISFACTION

To reach its target, three core targets serve to measure DB Group's actions:

- *Strengthening attractiveness as an employer*: With 500 different occupational profiles and 50 apprenticeship trades, DB Group is one of the largest and most diverse employers in Germany. A visible and persuasive presence in the labor market is decisive for continued success in the competition for specialists and executives. A broad-based employer branding campaign presents DB Group as a multifaceted, appealing and responsible company. Against this background DB Group has taken additional measures in ***personnel recruitment*** *[page 44]*. At the same time, the growing need for qualified employees of DB Group calls for even more concerted efforts aimed at ***employee retention and development*** *[page 44]*.

- *Increase employee satisfaction*: DB Group wants to increase the long-term satisfaction, engagement and loyalty of its employees. DB Group wants to achieve this goal with a newly vitalized corporate culture in which the collaborative spirit is shown through appreciation, partnership and mutual respect. DB Group will consistently work to drive the newly begun cultural transformation. Concrete improvement measures have been developed after the first DB Group employee survey in 2012. DB Group wants to maintain employee trust in the process of corporate culture development by the implementation of these measures. The change in corporate culture and the *DB2020* strategy taken together also present new challenges for DB Group executives. The increasing complexity of executive tasks associated with these requires a stronger ***transformational understanding of leadership*** *[page 45 f.]*.
- *Fostering demographic preparedness*: Forward-looking coverage of personnel needs and maintenance of performance and employability take on increasing importance in times of demographic change and increasingly scarce workers. The focus of personnel policies that can withstand demographic change includes long-term and needs-oriented ***personnel planning*** *[page 43]* as well as ***employment conditions*** *[page 47 ff.]* that are more strongly oriented toward the professional and life stages of employees. In order to make possible employment in the company for their entire professional life, DB Group offers its employees diverse possibilities for development and a broad range of health promotion programs, as well as supplying the benefits required by collective work agreements. DB Group is also committed to promoting the diversity of its workforce. DB Group wants to increase the ***proportion of women*** *[page 46 f.]* by 2015 to 25 % of all employees, and to 20 % of executives.

Environmental

As an *eco-pioneer*, DB Group's products set benchmarks for the efficient use of available resources. Environmentally friendly activities are part of the brand and performance pledge. Rail transport already has a significant advantage in terms of environmental friendliness. DB Group wants to continue to build on its leading environmental position. In the year under review DB Group focused especially on reduction of specific CO_2 emissions and energy consumption, as well as noise reduction.

RESOURCE CONSERVATION/EMISSIONS AND NOISE REDUCTION DIRECTION

A central component of the *DB2020* strategy is the aim of becoming an *eco-pioneer*. In order to reach this goal, DB Group has defined three top targets:

- The *climate protection* target is aiming at reducing specific CO_2 emissions – in other words, those relating to volume sold – by 20 % by 2020 in comparison to 2006 levels. DB Group's goal to increase the share of regenerative energy in traction current in Germany to 35 % by 2020 has already been achieved in the year under review through DB Group's ***green products in long-distance rail transport*** *[page 51]*. DB Group want to expand the share of renewable energy in the future as well. Its aim is to offer *CO_2-free rail transport* with 100 % renewable energy. In addition to this, DB Group strives to continuously increase energy efficiency through improvements in its operations and production and by renewing its vehicle fleet.
- The *noise reduction* targets are no less ambitious. DB Group wants to halve noise pollution from rail transport in Germany by 2020 compared with 2000 levels. The focus of its activities will be the continuation of the construction of noise abatement measures on existing rail lines, equipping goods wagons with low-noise composite brake shoes and implementing other innovative track and rail vehicle solutions.
- DB Group is making a further contribution to environmental protection through enhanced *material and resource efficiency*. Part of the optimization of DB Group's resource management is above all greater use of recycling. DB Group wants to increase clearly its material efficiency by extending the service life of its production resources and regularly optimizing its material cycles.

Another ecological focal point is the reduction of pollutant emissions from its vehicles and taking environmental protection issues into account in both its operations and its construction activities.

Clear strategic focus in the operating divisions

The clear strategic focus is also reflected in the operating divisions within DB Group. This harmonious approach to the economic, social and environmental dimensions also shapes DB Group's decision-making and operating processes at division and business unit level.

OFFERING CONVINCING MOBILITY SERVICES THROUGHOUT EUROPE

DB Group has bundled its passenger transport services in Germany and in cross-border long-distance rail passenger transport under the DB Bahn brand. DB Group is present in the European passenger transport market outside of Germany with the DB Arriva brand.

To achieve DB Group's aim in the *economic* dimension, in German passenger transport DB Group wants to increase further the capabilities of its rail products and drive the integration of individual services to comprehensive mobility solutions. DB Group has efficient, integrated regional and long-distance transport networks. Keeping customer requirements in mind, DB Group works continually on linking up networks and saving time by providing optimum travel connections. Close consultation with its customers is essential for this. By doing so, DB Group can offer its customers a comfortable and more environmentally friendly alternative to motorized individual transport and continental air transport options. In the year under review, DB Group again implemented numerous measures aimed at improving the product and performance quality of its services. DB Group continues to invest heavily in new trains and improve passenger comfort through comprehensive renovation of its existing train fleet.

The liberalization of European passenger transport offers many opportunities for growth. DB Group is making the most of these opportunities by expanding cross-border long-distance transport services and the European regional service provided by DB Arriva, among other things.

In the *social* dimension, DB Group is focusing on the development of initiatives aimed at retaining and attracting employees. To do this, DB Group is making further investments in employee satisfaction.

Along with the expansion of its green products, DB Group wants to simplify access to its environmentally friendly mobility options in public passenger transport, and contribute thereby to the targets of the *environmental* dimension. To do this, DB Group is further developing the BahnCard discount card, for example with the pilot project "BahnCard 25 mobil plus" in Berlin. With ***e-Flinkster*** *[page 53]*, DB Group offers an environmentally friendly alternative to conventional car sharing. In bus transport, DB Group is making increasing use of hybrid buses, and thereby reduce exhaust emissions, particularly within cities.

COMBINING HIGH-PERFORMANCE GLOBAL NETWORKS WITH PROVEN EXPERTISE IN LOGISTICS

DB Group is well positioned with its brand DB Schenker as one of the leading global transport and logistics companies. DB Group offer its customers a diverse range of services – from transport with a single mode of transport to integrated supply chain solutions. This is on account of its dense networks in European rail freight transport, European land transport, and global air and ocean freight transport, as well as its industry-specific expertise in global contract logistics.

DB Group wants to achieve *profitable growth* by attaining the top position in target markets through financial stability and continuous placement of qualitatively high-value, integrated and innovative solutions, supported by its high-performance processes and IT system.

In the *social* dimension, DB Group wants to counteract demographic challenges through recruitment and development of skilled employees at different ages and with different professional experience, ensuring long-term employee satisfaction, and global strengthening of the DB identity.

To achieve its aims in the *environmental* dimension, DB Group wants to become the leading environmentally friendly logistics service provider by developing a green product portfolio and related consulting services for its clients. In addition, DB Group wants to be an industry leader for CO_2 and energy efficiency as well as noise reduction.

GUARANTEE HIGH-PERFORMANCE INFRASTRUCTURE

The infrastructure business units provide the basis for secure, reliable and efficient rail transport in Germany. Their portfolio of products and expertise encompasses lines (rail networks), facilities, stations and energy supply. In the provision of these services, they focus on the needs of their customers and those of passengers, train operating companies, trading and service companies and public transport authorities, designing the services provided and the associated pricing systems for infrastructure use on a non-discriminatory basis.

The infrastructure business units operate as commercial enterprises and therefore count towards achievement of DB Group's aims in the *economic* dimension. The integrated structure of DB Group is a significant factor contributing to the success of the rail infrastructure in Germany, with activities based on an entrepreneurial approach. DB Group is fully responsible for the rail mode of transport and makes a large contribution to funding capital expenditures in infrastructure. Of the € 107 billion in infrastructure capital expenditures since the German Rail Reform in 1994, DB Group has funded € 19 billion itself, corresponding to almost € 1 billion per year. This was in addition to the redemption and repayment of interest-free loans (€ 10 billion) and investment grants (€ 3 billion) that amounted to a nominal total of more than € 13 billion. In the coming years, DB Group will also make significant contributions to infrastructure capital expenditures from its own funds. The dividend paid by DB AG is also used by the German Federal Government to strengthen infrastructure funding.

An awareness of its employees' needs and the ability to retain employees in the long term using targeted measures is of vital importance to the future development of infrastructure. DB Group wants to drive the implementation of follow-up measures and the regular repetition of the employee survey, and ensure that it becomes a *top employer*.

In the *environmental* dimension, noise reduction, CO_2 savings and resource conservation are targets set for infrastructure. Another is the increased use of renewable energy in the traction current mix. The construction materials used for network infrastructure are already recyclable to a great extent and are the main contribution made by the Infrastructure division to the preservation of resources.

SUSTAINABILITY MANAGEMENT

The theme of sustainability is anchored in the DB Group organization. The function of Chief Sustainability Officer (CSO) was created for overall responsibility, and is currently held by Dr. Karl-Friedrich Rausch (Management Board Member for Transport and Logistics). A sustainability competence center has been set up to support this function. In this committee, in which all relevant departments are represented, themes and projects related to sustainability are managed across all divisions and business units. However, the individual departments and business units are still responsible for the content.

In the year under review DB Group also published a sustainability report. It was judged by the Global Reporting Initiative (GRI) to have the highest application level (A+) and reflects the principles of the UN Global Compact. Additionally, DB Group will also report its sustainability activities in 2013 in a brochure of key figures of sustainability. In 2015 DB Group will publish for the first time an Integrated Report that combines both the Annual Report and Sustainability Report.

Stakeholder dialogue

Two-way dialogue and a trustworthy relationship with its stakeholders based on integrity, continuity and transparency are essential in order for DB Group to be perceived publicly as a sustainable company. Its audience groups consist of employees, customers, investors, politicians and regulators, suppliers, the general public, the media as well as interest groups and experts.

DB Group sees this exchange as an opportunity to create understanding for its position and transparency for business decisions while at the same time gaining recognition and impetus for its sustainable and entrepreneurial business activities. DB Group wants to recognize early on which themes are important for the different audiences in order to be able to enter into dialogue accordingly. Its stakeholders will also be involved in significant changes in direction, for example in the further development of aims in the area of climate protection and renewable energy, or in the conception of or introduction of new products.

An important component of stakeholder dialogue is the DB Sustainability Day, which took place for the second time on October 28–29, 2013. About 120 representatives from all stakeholder groups discussed constructively and critically the interim balance of the *DB2020* strategy presented by the management of DB Group. The Management Board of DB Group took part in these events, just as in 2012. Top managers of almost all business units of DB Group presented progress and areas of action in the anchoring of the *DB2020* strategy in each of the business units, and discussed the related challenges.

SUSTAINABILITY RATINGS AND AWARDS

The ratings agency oekom research has again evaluated DB Group's activities in the environmental and social dimensions. Once again DB Group was able to attain a "B" and received thereby "Prime" status which designates industry leaders. In the transport and logistics/rail branch, DB Group achieved first place. Sixteen international railway companies were evaluated, from Japan, Canada and Europe, among others. With the sustainable *DB2020* strategy, DB Group also competed for the newly announced "German Federal Government CSR Award." DB Group was able to finish in the top five in the category "Company with more than 5,000 employees."

MEMBERSHIPS

In the year under review, DB Group increased its engagement in various national and international organizations related to sustainability. Internationally, DB Group has been a member of the World Business Council for Sustainable Development (WBCSD) since April 2013 in order to forge ahead with new concepts for sustainable development in cooperation with other multinational companies. DB Group also recognizes the commercial principles of the United Nations, the ***UN Global Compact*** *[www.unglobalcompact.org]*. DB Group presents its progress towards the ten principles (Communication on Progress), most recently in the ***Sustainability Report 2012*** *[www.db.de/nachhaltigkeit]*. At the national level, DB Group is involved with econsense, the German industry forum for sustainable development. Along with this DB Group also has affirmed its commitment to the understanding of sustainability of the Council for Sustainable Development by its declaration of conformity with the ***German Sustainability Code*** *[www.deutscher-nachhaltigkeitskodex.de/en]*.

SOCIAL RESPONSIBILITY

A global network of people is the basis of commercial success of a company in a society increasingly characterized by transformation and change. This is why DB Group has engaged since 1994 in various ways in numerous social projects in Germany and worldwide.

Out of the conviction that success cannot be measured only commercially, DB Group uses its capabilities to meet its social responsibilities as well. In this regard, DB Group's efforts are focused above all on a number of areas: education and culture, integration and social work, climate protection and conservation, and humanitarian aid. Its aim is to offer future prospects and to help shape these positively over the long term on the basis of its key areas of expertise.

Along with its own projects, DB Group supports many cultural and social institutions, initiatives and activities. In the year under review, DB Group donated a total of € 1.8 million.

At the beginning of 2013 DB Group founded Deutsche Bahn Foundation as a charitable organization. The ***DB Museum*** *[www.dbmuseum.de]* is included in Deutsche Bahn Foundation. Up to 0.5 % of the operating profit of DB Group will be allocated to Deutsche Bahn Foundation each year. The task of Deutsche Bahn Foundation is to bundle together important charitable initiatives and projects of DB Group, secure charitable engagement over the long term, and further expand them in relevant future areas for a sustainable mobile society. It has begun its work and is supported by highly regarded independent experts whose specialized knowledge will be incorporated into its charitable work.

Education and culture

As a long-standing partner and member of the ***"Stiftung Lesen" (Reading Foundation)*** [www.stiftunglesen.de], DB Group contributes to providing children and young people with educational prospects and promoting social integration through numerous projects and with financial support. Joint initiatives such as the Germany-wide "Vorlesetag" (Reading Aloud Day) and the reading promotion project "DB Vorlesekoffer" (DB Reading Aloud Suitcase) aim to introduce even very young children to reading. Their goal is to strengthen the culture of independent reading and reading aloud in Germany. A total of 80,000 readers volunteered for the 10th Germany-wide Reading Aloud Day in 2013, and 1,000 of them were DB Group's employees.

Another component of DB Group's engagement is the promotion of scientific excellence. With DB Group's support, the number of national scholarship holders ("Deutschlandstipendiaten") was increased to 64 scholarships at 15 universities. Financial support for selected endowed chairs at partner universities is another part of the promotion of science.

The DB Museum also makes an important contribution to DB Group's charitable engagement for education and culture. In January 2013 a large new museum area, the children's railway park KIBALA, was opened as an interactive learning and play area for children between 3 and 12.

Integration and welfare

DB Group promotes an open and tolerant society in which people can participate who rely on help and support due to physical disability, health condition or social disadvantages.

Since 1994 DB Group has been a supporter of the foundation Off Road Kids (ORK), the only transregionally active support organization for homeless children in Germany. The ORK foundation's aim is to support the integration of children and young people in need. DB Group provides mobility for the organization's street workers throughout Germany. Since it began cooperating with the foundation, it has helped 3,000 young people find new prospects in life. Since 2007, the foundation has also organized the annual DB Kids Camp in collaboration with the Group. This is an eventful week of vacation for successful children from care homes.

Together with Freie Universität Berlin DB Group is involved in developing the social competence and civil courage of youth. The project "fairplayer.manual" is aimed at schoolchildren in the seventh to ninth grades. In a structured program designed for the long term, the components of the lesson plans teach schoolchildren how to handle harassment and prevent school violence.

In 2013, DB Group provided a financial contribution for the first time to the German Congress for Patients held by the Stiftung Deutsche Depressionshilfe (Foundation German Depression Aid, SDD). The Congress offered patients and experts the opportunity for exchange and networking, but also to destigmatize the topic for the general public. Expanded support for SDD beyond the Congress for Patients is being prepared.

DB Group also supported the work of the Bahnhofsmissionen in 2013. The donation campaign "einFach spenden" collected about € 100,000 for the work of the Bahnhofsmissionen. It donated € 100,000 to the Berliner Stadtmission (Berlin City Mission) for expansion of its help network for the homeless.

DB Group is also engaged DB Group-internally for integration and care. In the scope of the annually conducted competition "Bahn Azubis gegen Hass und Gewalt" (Railway apprentices against hate and violence), almost 9,000 apprentices have been engaged in over 9,100 projects for more tolerance and against racism.

In Romania, DB Schenker enabled about 80 children to attend the championship match of the Romanian soccer league. For many children, it was the first live soccer match that they had seen in a stadium. In addition, these children and employees took part together in the soccer tournament of the Real Madrid Soccer School.

Climate protection and conservation

A further focus of DB Group's engagement is environmental protection and conservation of nature. The goal of the sponsored projects is to protect the climate and nature as the essential basis for a life worth living and long-term development. DB Group wants to raise consciousness about climate protection and conservation and the sound use of exhaustible resources.

In Germany DB Group is continuing its engagement as partner of the “Bergwaldprojekt” association. Through redemption of premiums in the context of the bahn.bonus frequent traveler program, a further 32,000 trees were planted. As part of a special promotion of the bahn.bonus program, about € 54,000 was collected for the project.

In Romania, DB Schenker has supported the NGO ViitorPlus (Future Plus) in the context of the recycling project “Recicleta.” In this project, used paper is collected and transported without CO_2 emissions by using cargo bicycles.

Humanitarian aid

For many years DB Group has been engaged in ad hoc disaster aid. DB Group supported, among others, an aid campaign in December 2013 for victims of the typhoon disaster in the Philippines with € 100,000 for chartering a jumbo cargo plane which brought medical equipment, food, clothing, tents and other urgently needed goods to the affected areas. DB Group has also pledged about € 100,000 in aid goods and transportation services for refugees of the Syrian civil war. In Poland, DB Group has regularly transported products donated by manufacturers and individuals to the warehouses of Polish food banks for 15 years.

SPONSORING

Promoting young people has been one of DB Group's traditions. As the main sponsor of both school sports competitions “Jugend trainiert für Olympia” (Youths Training for the Olympics) and “Jugend trainiert für Paralympics” (Youths Training for the Paralympics) DB Group not only sponsor athletic talent but also the social integration of children and youths with disabilities. As co-sponsor and partner of the Deutsche Behindertensportverband (German National Paralympic Committee), DB Group is the exclusive main sponsor of “Jugend trainiert für Paralympics.” Both of these commitments provide a significant contribution to promoting school-level sports in Germany for children with and without disabilities, encouraging social integration and the long-term promotion of the next generation of skilled athletes.

DB Group promotes selected talented youth through DB Soccer Camps with Hertha BSC Berlin, 1. FC Kaiserslautern, Eintracht Frankfurt, Borussia Mönchengladbach and 1899 Hoffenheim. In the year under review, 168 boys and girls with a love of sports took part in these free programs. They have the opportunity to participate in professional training exercises in the context of a Bundesliga match. The main priorities of the camps are the enjoyment of exercise and values such as readiness for action and team spirit.

DB Group also offers young people the opportunity to experience what it is like to be a reporter. From 500 applications, 11 youths were selected in the year under review who were allowed to report for an entire Bundesliga season exclusively for the sports magazine Kicker and draufabfahren.de, DB Group’s adventure and leisure portal for young people.

The sponsor agreement with Hertha BSC was extended until mid-2015. For the first time, a soccer clause for fan outreach was specifically written into the agreement. This includes project work that improves dialog with fans and contributes to common solutions for more fairness and security. A further dialog product is the new app HerthaHelden. This app allows fans at home matches to vote for the most valuable player of the day after the 60th minute of the match, and by doing so they have a chance to win attractive prizes. The sponsoring agreement with Eintracht Frankfurt that has been extended until 2015 has also included for the first time a partnership on the issues of fairer and more secure soccer. DB Group has been a premier partner of this Bundesliga club since 2002. DB Group will coordinate more closely together with the first-league club to decide about measures and trips by fans to away matches.

Business and overall conditions

Economic climate remains stable

Relevant markets show broadly positive development

Hindrances from the regulatory environment

ECONOMIC ENVIRONMENT

Developments in important macroeconomic indicators [%]	2013	2012	2011
GROSS DOMESTIC PRODUCT (GDP)			
World	+2.2	+2.3	+3.0
USA	+1.9	+2.8	+1.8
China	+7.7	+7.7	+9.3
Japan	+1.7	+1.4	- 0.4
Europe	+ 0.3	- 0.1	+1.9
Great Britain	+1.9	+ 0.3	+1.1
Poland	+1.4	+2.0	+ 4.5
Eurozone	- 0.4	- 0.6	+1.6
Germany	+ 0.5	+ 0.9	+3.4
France	+ 0.3	+ 0.0	+2.0
Italy	-1.9	-2.6	+ 0.6
GLOBAL TRADE (REAL)			
Trade in goods	+2.9	+2.6	+ 6.6

The data for 2011 to 2013, adjusted for price and calendar effects, is based on information available in February 2014.

Source: Oxford Economics.

Weak GDP growth

The global economy grew modestly in 2013. Since mid-year there has been an increasingly bright outlook. There were many reasons for the modest growth in 2013: along with persistent structural problems in the Eurozone, the US economy grew relatively slowly compared to the previous year. Developing countries such as Brazil, India or Russia were faced with structural problems in domestic markets. Growth in most of the developing countries in Asia was higher than the global average, but was slowed slightly by developments in other regions. Despite several challenges, such as in the banking sector, China proved to be a stable anchor for the global economy in 2013. Growth was about as high as in the previous year and thereby even higher than expected at mid-year.

In 2013 global trade grew only slightly faster than the global economy despite positive trends in the second half. Developments in 2013 showed clearly the weakness of international trade, since in the previous decade global trade had grown on average twice as fast as global economic output.

USA

In 2013, economic growth in the USA was weak, which was caused above all by consumer demand, which is especially important for the US economy. Even a further recovery of the labor market and increased wealth could not contribute to stronger consumer spending. Another factor was the negative effects of the dispute over fiscal policy. Positive factors included low energy prices due to the boom in shale gas production as well as the decision of the US Federal Reserve Bank to maintain its expansionary monetary policy for the time being.

ASIA

China's economic growth in 2013 was almost the same as in the previous year, but clearly below the levels that were achieved several years ago. GDP growth of the export-dependent Chinese economy was slowed primarily by sluggish global demand. China's overall economic growth remained strong compared to the rest of the world.

Japan's economy developed relatively well in 2013. This was due to the reorientation of economic policy to expansionary fiscal and monetary policy. However, despite improved competitive conditions for Japanese companies, exports only picked up in the second half, primarily because of persistent tensions with China as well as weak global demand.

EUROPE

The European economy grew slightly in 2013. The reason for this was an incremental improvement in conditions in the Eurozone, above all since the middle of 2013. The European debt crisis still continued to be the main driver of economic development.

Great Britain, with almost 2%, had the strongest GDP growth among the large European economies in 2013. The main driver was the promotion of housing finance by the Bank of England.

Eastern Europe was also affected by developments in Western Europe through close economic interdependence in trade and capital flows. On the whole, Eastern European countries grew weakly, but not uniformly: the Czech Republic remained mired in recession, while the economy grew slightly in Poland and Romania. But even Poland could not escape completely the pessimistic mood in Europe. Its overall economic growth remained comparatively strong, however. This was primarily due to a relatively solid banking sector, strong growth in industrial production in the second half of 2013 and minor inflationary pressure.

Eurozone

In 2013, stabilization tendencies could again be seen in the Eurozone after prolonged recession. On the whole, however, the structural problems at the root of the debt crisis in the Eurozone, such as the limited competitiveness of certain countries, could only be solved to a small extent. This prevented a stronger economic recovery.

In 2013, the German economy continued more slowly on the growth path it set in 2012. At the beginning of the year, economic growth was still weak. It managed to pick up, however, over the rest of the year. As in the previous year, private consumption was the main pillar of the economy. The labor market had the highest workforce participation rate in history. In addition, falling prices on petroleum products had positive effects on disposable income. Along with private consumption, government spending also contributed to growth.

By contrast, German industrial production stagnated. The slow recovery of Eurozone sales markets, but also global demand that remained relatively weak at the beginning of 2013, led to a gradual improvement of the situation only over the course of the year.

- The manufacturing industry was able to recover from decreased output at the beginning of the year and exceed slightly the level of the previous year.
- The machine building industry had particularly strong reductions in output. Managerial restraint and increasing competition from Asia reduced demand.
- The chemical industry was able to expand its production slightly, based on weaker conditions in the previous year.
- The automotive industry saw successively increasing demand for vehicles in the second half particularly from Germany and countries outside the Eurozone.
- The situation in the iron, coal and steel industry improved with growth in the segments of their main customers (including the automotive industry). The significantly decreased output in crude steel production in the first months of 2013 was able to be smoothed out over the course of the year.

Economic growth in France was moderate in 2013. The economy grew only very weakly. Low competitiveness, the economic situation in Europe and an inflexible labor market impeded firms. The unemployment level continued to be high, but stabilized at the end of 2013.

In 2013 Italy was still in a recession. There were stabilizing tendencies over the course of the year, but tight government spending, political uncertainty and decreased private sector capital expenditure had negative effects.

Development was mixed in energy markets

			Change	
Developments in energy prices	2013	2012	absolute	%
BRENT CRUDE OIL (USD/BBL)				
Average price	109	112	-3	-2.7
Highest price	119	128	–	–
Lowest price	97	88	–	–
Year-end price	111	111	0	0.0
BASE LOAD POWER (FOLLOWING YEAR) (€/MWH)				
Average price	39.1	49.3	-10.2	-20.7
Highest price	45.6	54.5	–	–
Lowest price	36.0	45.0	–	–
Year-end price	36.5	45.3	-8.8	-19.4
EMISSIONS CERTIFICATES (€/TON CO_2)				
Average price	4.5	7.5	-3.0	-40.0
Highest price	6.8	9.6	–	–
Lowest price	2.5	5.6	–	–
Year-end price	5.0	6.7	-1.7	-25.4

Source: Thomson Reuters.

The central hedging policy of DB Group is based on the principle of minimizing energy price fluctuations and the corresponding effects on results. In this context, DB Group has established a rolling hedge program that uses graduated levels of hedging. Developments in market prices therefore did not impact with full force on the activities of DB Group.

The most important factors for developments in the oil market in 2013 were the uncertainty over the continuation of expansionary monetary policy of central banks worldwide, the above-average rate of increase in US oil production due to the shale oil boom and the drop in production due to unrest in North Africa and the Middle East. These somewhat contradictory factors produced strong price increases in the oil market in the year under review as well.

Renewable energy reached a new record share of almost 25 % of electrical production in Germany in 2013. Spot prices in the wholesale market fell markedly especially due to increased feeding in from photovoltaic plants, but isolated price spikes were repeatedly observed. In peak times, wind and solar power plants contributed about 60 % of power station output required for energy generation in Germany. The decline in spot market prices, coupled with weak economic development in the Eurozone and a fall in the price of coal and gas, has also led to falling prices on the electricity futures market.

The carbon trading market is politically driven. Uncertainty on the market caused some carbon trading certificate auctions to be terminated due to lack of demand. After the European Parliament at first rejected the so-called backloading (retention of 900 million certificates) in mid-April, prices fell sharply. In the meantime, prices recovered to almost € 5.5/ton CO_2 and at year-end were again at a lower level of about € 5/ton CO_2. The decision reached in December to implement backloading from January 2014 had no further notable effect on prices for emissions certificates.

Foreign exchange market strongly influenced by global macroeconomic developments

Developments in important currencies (average rates) as of Dec 31	2013	2012	Change absolute	Change %
€/Australian dollar (AUD)	1.37769	1.24070	+ 0.13699	+ 11.0
€/British pound (GBP)	0.84925	0.81087	+ 0.03838	+ 4.7
€/Swiss franc (CHF)	1.23106	1.20528	+ 0.02578	+ 2.1
€/Japanese yen (JPY)	129.66267	102.49187	+ 27.17080	+ 26.5
€/Swedish krona (SEK)	8.65154	8.70407	- 0.05253	- 0.6
€/US dollar (USD)	1.32812	1.28479	+ 0.04333	+ 3.4
€/South African rand (ZAR)	12.83300	10.55106	+ 2.28194	+ 21.6

Source: Thomson Reuters.

Signs of economic recovery in the Eurozone were increasingly observed in 2013. As a result, investor uncertainty was reduced and the common currency appreciated against most other currencies. Along with these basic developments, country-specific effects were important for changes in individual exchange rates.

In Australia, falling commodity prices impeded industry, and as a result unemployment increased. To stimulate the real economy, the Australian central bank followed an expansionary monetary policy which as a consequence depreciated the Australian dollar.

Economic recovery in Great Britain led to a slightly higher inflation rate compared to price developments in the Eurozone. Combined with the continued expansionary monetary policy (among others through low-cost provision of housing finance) the British pound appreciated against the euro moderately compared to the previous year.

Reduced demand for Swiss francs, due above all to better outlooks in the Eurozone, also put the euro exchange rate under pressure.

In Japan in 2013, the government together with the Bank of Japan introduced an expansionary monetary and fiscal policy: they provided large quantities of yens to the market in order to give the domestic export industry a competitive advantage through currency depreciation. As a result, the euro appreciated strongly against the yen.

In 2013, the euro exchange rate of the Swedish krona remained at about the same level as in the previous year. The increased demand for Swedish krona in the spring was reduced over the course of the year through a temporary weakness in economic conditions.

In the US, the expansionary monetary policy of the Federal Reserve Bank due to the crisis led to a weakening of the US dollar. The demand for US dollars was also limited due to weaker than expected overall economic growth and the budget showdown. On the whole, the euro appreciated slightly against the dollar.

In South Africa, a market correction of the national currency could be observed in 2013. Falling gold prices and lower demand for South African commodities added pressure for depreciation. The South African rand depreciated sharply against the euro.

Bond market with high volatility

Yield [%]	2013	2012	Change in percentage points
GERMAN BUNDS (10-YEAR)			
Average yield	1.63	1.57	+ 0.06
Highest yield	2.04	2.06	- 0.02
Lowest yield	1.17	1.15	+ 0.02
Annual yield	1.94	1.31	+ 0.63

Source: Thomson Reuters.

The bond market showed volatility in 2013 with very low returns which continued on the whole. By April 2013 returns on German Bunds fell nearly to the historic lows of the previous year. These developments were primarily driven by existing uncertainties in the Eurozone, which made German Bunds a safe investment class, and a high amount of liquidity in the market. Portfolio reallocation to higher risk capital expenditures, for example corporate bonds or peripheral country sovereign debt, was carried out as the European sovereign debt crisis eased. Price movements in German Bunds were correspondingly negatively impacted. The expectation that the USA would end its bond purchase program also weighed on the market. First, the US budget showdown and the subsequent announcement of the continuation of expansionary US fiscal policy led to revived demand for German Bunds. After both a compromise over the US budget was found and a reduction in bond purchases by the Federal Reserve was announced in December, prices for German bonds fell again.

DEVELOPMENTS IN THE RELEVANT MARKETS

Passenger transport

GERMAN PASSENGER TRANSPORT MARKET

German passenger transport market [% based on volume sold]	Growth rate		Market share	
	2013	2012	2013	2012
Motorized individual transport	+1.4	+ 0.1	84.1	83.9
Rail passenger transport	- 0.3	+ 4.0	8.0	8.2
DB Group	- 0.5	+ 3.6	7.3	7.4
Non-DB Group railways	+ 2.0	+7.4	0.8	0.7
Public road transport	- 0.5	-1.7	6.9	7.0
DB Group	-1.8	- 3.9	0.8	0.8
Air transport (domestic)	- 4.0	- 3.3	0.9	0.9
Total market	**+1.1**	**+ 0.2**	**100.0**	**100.0**

Figures for the years 2012 and 2013 are based on information and estimates available in February 2014. The market share for each mode of transport has been rounded up or down; therefore, the total may not add up to 100.

In 2013, demand in the German passenger transport market grew by about 1%. After an extremely weak opening quarter, the market recovered steadily. Winter weather conditions and the negative workings days effects were primarily responsible for these developments at the beginning of the year, as well as increasingly positive stimuli from rising participation rates and falling fuel prices.

The market-dominant motorized individual transport was able to distance itself from the relatively weak growth in other transport modes and improve volume sold by about 1%. Reduced fuel prices and displacement due to flooding were more than able to compensate for major service reductions as a result of adverse weather conditions at the start of the year. The market share rose slightly to 84.1%.

Rail passenger transport grew somewhat less in 2013 after strong growth in the previous year. The main reason for this was restrictions due to flooding. In addition, intermodal competition intensified as a result of the liberalization of the long-distance bus market. The market share fell to 8.0% because of this. Total volume sold of the companies of DB Group in 2013 was slightly below the level of the previous year. While demand for DB Bahn Regional increased moderately, the volume sold of DB Bahn Long-Distance decreased notably. Non-DB Group railways were also not able to continue the strong growth of the previous year. By calculations of DB Group, their volume sold increased by about 2% in 2013.

The reduction in demand for public road passenger transport continued in 2013. By DB Group's estimates, demand fell by 0.5%. Demographic change also dampened growth prospects. Strong growth in long-distance bus transport showed no statistical effect, because the segment still has a small market share and operator volumes are still below the regulatory reporting threshold. The market share of public road passenger transport fell to 6.9% according to calculations of DB Group.

The volume sold of domestic German air transport fell clearly in comparison to the previous year by 4.0%. On the one hand this was caused due to adverse weather conditions and selective strikes in the first half of 2013. On the other hand the air transport tax as well as reduced services dampened growth. Displacement effects from rail due to flooding were only weak. The market share remained at the level of the previous year at 0.9%.

EUROPEAN PASSENGER TRANSPORT MARKET

Economic conditions in 2013 as well were marked by the sovereign debt crisis. The difficult labor market situation prevalent in many European countries and the resulting drop in incomes weakened demand. The adverse winter weather conditions that persisted unusually long in North and Central Europe dampened growth further.

Based on the first corporate data published by the International Union of Railways (UIC), volume sold was reduced in broad parts of the European rail passenger transport market. According to what is known at this time, decreases in volume were seen in the French SNCF, the Polish PKP, the Romanian CFR Calatori and the Lithuanian LG. The Spanish Renfe was able to increase volume more than the others, despite this trend, by increasing demand significantly through marketing campaigns such as price cuts for high-speed rail connections. Smaller railways such as the Finnish VR, the Slovenian SZ and the Latvian LDZ were also able to increase volume. For rail, DB Group volume sold in Europe fell slightly by 0.6%. In the year under review, the markets that are most important for the business activities of DB Group developed as detailed below:

Great Britain

Positive developments in the labor market supported demand in British passenger transport. Passenger rail transport showed slightly increasing volume due above all to growth in local transport.

The British rail passenger transport market received a new impetus in March 2013 through the ***new franchise schedule of the Transport Ministry*** *[www.gov.uk/government/publications/rail-franchise-schedule]*. With the announcement of a prospective extension of the CrossCountry franchise, and a basic agreement on the extension of the contract for London Overground Services, DB Arriva was also able to benefit from this development. In addition, DB Arriva pre-qualified for the tender of the three franchises Crossrail, Caledonian Sleeper and ScotRail. Furthermore, DB Arriva solidified its strong position in the British bus market and expanded its service through the premium bus service Sapphire, among others.

The Netherlands

Falling workforce participation rates and reduced disposable income impeded economic developments in the Netherlands and dampened transport demand. The development of the rail passenger transport market was strongly positively influenced by a statistical basis effect based on significant reductions in performance in the previous year.

The Dutch state railways (NS) strengthened its position in urban transport in the Netherlands by acquiring a 49% stake in The Hague's urban transport operator (HTM). The problems of NS related to the Fyra service from Amsterdam to Brussels remained unresolved, however. NS found the new high-speed trains of the Italian railway train care manufacturer AnsaldoBreda to be permanently unsuitable for use and sued for damages.

In 2013, DB Arriva was able to strengthen its position in the Dutch rail passenger and bus transport markets as a result of its multimodal transport (bus and rail) operated since the end of 2012.

Denmark

Stable workforce participation rates and strongly increased real income delivered positive impetus for the development of the Danish passenger transport market.

In rail passenger transport, demand was above the level of the previous year.

In 2013, DB Arriva's position in Danish rail passenger transport remained largely stable. In the Danish bus market, DB Arriva could not only secure its existing business, but was able to strengthen its position particularly in the Mitteljütland region through successful tenders. Among other achievements, DB Arriva won a transport contract in Holstebro. For the first time in a Danish city, DB Arriva will operate this public bus transport entirely with gas-powered buses.

Sweden

Growing workforce participation rates and real incomes had positive effects on the development of the passenger transport market and led to a growing demand in rail passenger transport. The long-distance rail passenger transport market also attracted increased interest of new operators. For 2014, MTR Nordic and Citytag i Sverige ordered train-paths for trains between Stockholm and Göteborg. In rail passenger transport, Veolia Transport Sverige won the tender for operation of the Swedish part of the Öresund service.

In the year under review, DB Arriva completed the second phase of mobilization of multimodal urban transport in Stockholm.

Italy

In Italy, the economic situation continued to cloud over with continued decline in the workforce participation rate and a significant reduction in real income. Despite these conditions, rail passenger transport had a significant increase in performance which could be traced to intensified competition for long-distance routes between the state railways Ferrovie dello Stato Italiane (FS) and Nuovo Trasporto Viaggiatori (NTV). From December 2013, a connection between Vienna and Venice was restarted through cooperation by the Austrian Railways (ÖBB) and Trenitalia.

In 2013, DB Arriva won all tenders for already-operated services including the tender for bus transport in the province of Cremona (in the Lombardy region).

Freight transport

GERMAN FREIGHT TRANSPORT MARKET

German freight transport market [% based on volume sold]	Growth rate 2013	Growth rate 2012	Market share 2013	Market share 2012
Rail freight transport	+1.6	−2.9	17.4	17.4
DB Group	−4.2	−6.3	11.7	12.4
Non-DB Group railways	+16.0	+6.8	5.7	5.0
Road freight transport	+1.6	−2.3	70.5	70.8
Inland waterway	+2.2	+6.3	9.3	9.3
Long-distance pipelines	+12.2	+3.7	2.8	2.6
Total market	**+1.9**	**−1.5**	**100.0**	**100.0**

Figures for the years 2012 and 2013 are based on information and estimates available as of February 2014. The market share for each mode of transport has been rounded up or down; therefore, the total may not add up to 100.

On the whole, the German freight transport market has once again developed positively in 2013. Lack of economic impetus for growth, a negative effect of working days (−3 days) and a long-lasting winter led to a weak Q1 2013. In June 2013, there was an additional hindrance due to floods in rail freight transport and inland waterway transport. Demand only recovered in the following months, and performance growth for the whole year was almost 2%. Growth was supported by all modes of transport, while the positive development in freight rail transport was almost entirely due to a one-time statistical effect. In market share, only long-distance pipelines grew as a result of delivery rearrangement by a refinery. While market share was maintained in inland waterway transport and rail freight transport, the share of road freight transport fell again. Weak demand due to economic conditions led to a persistently high intensity of intermodal and intramodal competition as well as strong pressure on freight rates.

After setbacks in the previous year, rail freight transport in 2013 had higher volumes. With moderate impetus from economic conditions, which resulted from continued restraint in investments, and weak production across all branches (among others in the iron, coal and steel industry important for rail), the flood and an intensely competitive market environment, this increase was shaped strongly by a statistical effect: already in Q4 2012 the growth through the subsequent addition of freight railways was reflected in the statistics. This effect continued through further additions in 2013 and applied above all to combined transport, which was unable to contribute to growth due to weakness in trade and weak development in North-South transport. Without the effect of new additions, total performance would probably have been about the same as the previous year. The market share of rail transport was stagnant at 17.4%.

After the strong drop in the previous year (–6.3%), the drop in volume sold of the companies of DB Group in 2013 diminished to 4.2%. Along with the reasons already named, the causes lay in strong competition as well as in single car transport, which was about one-third of the overall revenue of DB Group. The market share of the companies of DB Group fell from 71.4% to 67.3% (intramodal) and from 12.4% to 11.7% (intermodal).

Non-DB Group railways extended their above-average growth which had been sustained for over a decade. Performance growth increased dramatically in 2013 by about 16% mostly because of the statistical effect, without which it would have still been at least as strong as in 2012. This growth came through contract awards as well as new and expanded services. The strongest growth was in the container (combined transport), coal and automobile transport market segments. The intramodal market share increased strongly compared to 2012.

In road freight transport (German and foreign trucks, including cabotage transport in Germany), the volume sold in 2013 increased by 1.6%. In Q1 2013, the lack of impetus for growth, the negative effect of working days and adverse cold weather conditions led to a significant decrease. In the following months, the developments improved, which among other reasons was due to revived demand in the construction industry. Growth was supported, however, mostly by vehicles registered in other countries. As already in 2012, according to the toll statistics of the German Federal Agency for Freight Transport, trucks from Central and Eastern European countries, primarily from Romania and Bulgaria. Trucks from Western European countries could not reach the levels of the previous year. Due to weak overall demand and the clear cost advantage of trucks from Eastern European countries, the intensity of competition and pressure on freight rates increased further. The market share of road freight transport fell again in 2013.

Growth of inland waterway transport was strong in the beginning of 2013 but lost its momentum over the course of the rest of the year. Volume sold nevertheless rose by 2.2%. While in Q1 the effects of the negative impetus from economic conditions were again more than compensated for due to a positive basis effect from the double-digit drop in performance from adverse weather conditions in February 2012, its effects on comprehensive income weakened in the following months. Along with weak demand, hindrances from the flood as well as many strikes at locks contributed to this slowdown. The market share remained stable.

EUROPEAN RAIL FREIGHT TRANSPORT

The negative development of volume sold in European rail freight transport (EU, Switzerland and Norway) in the previous year (–4%) continued somewhat weakened in the year under review with just –0.5%. The main driver of this decline continued to be weak economic conditions and their effects on industries important for rail freight transport such as the iron, coal and steel industry and the construction industry. In an intensely competitive market environment, there continued to be clear differences in regional developments. According to the first corporate data published by the International Union of Railways (UIC), and based on current knowledge of markets, despite stabilization in some countries and in some railways, volumes for the entire year remained for the most part below, and in some cases significantly below, the level of the previous year. Volumes fell for the French Fret SNCF, the Czech CD Cargo and the Slovakian ZSSK Cargo. The Bulgarian BDZ, the Romanian CFR Marfa and the Latvian LDZ were particularly affected. In the European network of DB Schenker Rail, volume sold remained 1.5% below the level of the previous year, which was mostly because of the considerable decline of 4% in Germany. Outside of the German market, on the whole, performance increased significantly. In the year under review, development in the countries that are most important for the business activities of DB Group developed as detailed below:

Great Britain

Volume sold in rail freight transport in the British market grew by roughly 3 % in 2013, at an above average rate just as in the previous year. This growth continued to be driven primarily by coal transport. But there were also increases in the construction materials industry and the dynamically developing intermodal transport. DB Schenker Rail UK was able to solidify its leading market position with above average growth.

Poland

In Poland, the second-largest European rail freight transport market, a tangible stabilization settled in the first half of 2013 after the significant decline in 2012 (– 9 %). In the second half of 2013, the market developed positively again. On the whole the volume sold in the year under review grew nearly 4 % compared to the previous year. The positive development of the state railways PKP Cargo had a market stabilizing effect. DB Schenker Rail Polska was able to maintain its market share at the same level as in the previous year.

France

After volume sold in the French rail freight transport market in 2012 was significantly (– 5 %) lower than the level of the previous year, it again developed positively in 2013. While the French state railways Fret SCNF had slightly lower performance in 2013, the DB Group company Euro Cargo Rail was able to increase its volume sold significantly and further expand market share.

EUROPEAN LAND TRANSPORT

The market situation in European land transport remained difficult in 2013 because of the weak economic situation. After a moderate start of the year, demand again picked up somewhat in the spring. In the second half of 2013, the positive trend continued, but remained relatively weak. Against this backdrop, capacity bottlenecks in the transport market continued to be exceptions limited to single trade routes or regions. Due to high price sensitivity of customers and the high intensity of competition, increased costs in transport services could not be completely passed on to customers. Accordingly, the pressure on margins in the freight market increased despite slight price increases.

The market in Europe as a whole, measured by revenues, grew by less than 1 %. Despite slightly lower revenues, DB Schenker Logistics could maintain its position as market leader.

AIR FREIGHT

The weak economic developments in previous years continued in 2013 and led to moderate growth of 1 % in total market volume. Freight rates were on the whole at a low level. The reason for this was both weak demand due to economic conditions as well as overcapacity which resulted from further new aircraft deliveries. Since September 2013, rates nevertheless rose steadily on certain routes due to reduced capacity. This was a result of market exit by Air Cargo Germany, Aeroflot and Evergreen International Airways as well as a new orientation in route planning by British Airways.

Various developments were observed in different trade routes in 2013. For transports from the Middle East and Africa, starting from a low level, growth of about 10 % was recorded. While shipments from North America, primarily to Europe, fell by about 3 %, transports from Latin America were about 3 % above the level of the previous year, which was mostly due to transports to North America. Volumes from Asia (including transports within Asia) fell by about 1 %, since truck and rail solutions have now become available for the intra-Asian market. Volumes from Europe remained stable, while the market to Asia grew and to North America fell.

Because of the challenging market conditions, DB Schenker Logistics recorded a slight decrease in volume of 0.3 % and thereby lost market share.

OCEAN FREIGHT

With about 2 % growth in 2013, the market situation in ocean freight continued to be characterized by persistently weak demand. The developments in individual routes differ, however. While the Europe to Asia volumes showed the strongest growth with about 7 %, growth was nearly stagnant from North America to Europe. Container transport on the highest-volume route Asia to North America grew by about 2 %.

Despite the positive developments in some individual routes, global demand remained below supply, so that the ocean freight market continued to be characterized by overcapacity. Because of high losses in the previous months, at the end of the year shipping companies still ended up raising shipping rates.

DB Schenker Logistics was not able to maintain its market share with a decrease in volume of 0.7 %, but it was still able to keep its market position.

CONTRACT LOGISTICS

In the global contract logistics market, positive developments from the previous year continued slightly weakened in 2013 with an increase of about 5.5 %. All important regions were affected by this, when at the same time it was the Asian markets which continued to have high growth rates. Demand development in the core industries of contract logistics/supply chain management (automotive, consumer, electronics, health care and industrial) was at a solid level in 2013. However, overall there was again good capacity utilization and order levels for both the industry and trading segments. Production quantities in the core industries were higher than the previous year's value. Growth was recorded in every key country and region, particularly the emerging countries.

In this environment of intense competition, DB Schenker Logistics achieved an increase in revenues of 5.2 %, and was able to maintain its market position.

Rail infrastructure in Germany

Selected key figures rail infrastructure of DB Group in Germany	2013	2012	Change absolute	Change %
Infrastructure customers	389	385	+ 4	+ 1.0
DB Group	18	18	–	–
Non-DB Group	371	367	+ 4	+ 1.1
Train-path demand (million train-path km)	1,034.5	1,038.7	– 4.3	– 0.4
DB Group	787.2	808.2	– 21.0	– 2.6
Non-DB Group railways	247.3	230.5	+ 16.7	+ 7.2
Share of non-Group railways (%)	23.9	22.2	–	–
Station stops (million)	146.2	146.4	– 0.2	– 0.1
DB Group	119.0	119.8	– 0.8	– 0.7
Non-DB Group railways	27.2	26.6	+ 0.6	+ 2.3

Open access to the market since 1994 means that the rail infrastructure of DB Group in Germany is used by a large number of customers, the number of which increased slightly in 2013. No other country in the EU has such a high level of competition in rail transport as Germany.

Train-path demand fell slightly in the year under review. While the volume produced in rail passenger transport services decreased, as a result of the floods during the summer among other things, a slight increase was recorded with respect to rail freight transport. The proportion of non-DB Group railways also increased slightly.

The number of station stops remained fairly stable as compared to the previous year, however the proportion of non-DB Group railways increased once more due to the loss of tenders for regional transport services on the part of DB Group.

The development of retail and gastronomy revenues and the competitive situation of the range of goods and services offered in those stations that provide the full range of retail services are particularly relevant for the stations of DB Group. In this regard, both leasing opportunities and the revenues obtained from these are conditioned by the earnings of commercial tenants. Real retail revenues in Germany (excluding motor vehicles and gas stations) were slightly higher in 2013 than in the previous year. Earnings from rental leases in stations developed favorably in the year under review.

POLITICAL ENVIRONMENT

Details of regulatory issues and the development of the European legal framework in the railway sector are also provided by DB Group in its annual ***Competition Report*** ***[www.db.de/competitionreport]***.

Regulatory issues in Germany

The Federal Network Agency for Electricity, Gas, Telecommunications, Post and Railway (Bundesnetzagentur; BNetzA) and the Federal Railway Authority (Eisenbahn-Bundesamt; EBA) continued to regulate access to railway structures in Germany and to monitor compliance with unbundling requirements for infrastructure and transport services throughout 2013, within the scope of their specific areas of responsibility.

MAINTENANCE FACILITIES CONSTITUTE RAIL INFRASTRUCTURE

On February 18, 2013, the Higher Administrative Court (OVG) of Münster confirmed in its judgment that maintenance facilities constitute infrastructure within the meaning of railway law and dismissed an application for an appeal before the Federal Administrative Court (BVerwG). As a result of this legally binding judgment, the unbundling requirements pursuant to railway law must now also be implemented for maintenance facilities, with the exception of those which are not of relevance in competitive terms. To this end, a concept for the implementation of the requirements was discussed with the EBA. In addition, regulations concerning remuneration must be developed in line with rail law and binding terms and conditions of use drawn up. A compliant price system and terms and conditions of use had already been agreed upon with the BNetzA and implemented prior to the issuance of the court's judgment.

REGULATORY REQUIREMENTS RELATING TO TRACTION POWER GRIDS

In 2013, the BNetzA carried out a review of the fees for the use of traction current lines and an efficiency comparison in accordance with the provisions of the Incentive Regulation Ordinance (Anreizregulierungsverordnung; ARegV). The scale for the revenue caps on the fees for the use of the traction current grid during the second incentive regulation period (2014 to 2018) is based on the fees approved by the BNetzA as well as the results of the efficiency comparison. Although the cuts required as a result of the review of the usage fees are smaller than in the first incentive regulation period (2009 to 2013), they will nonetheless have a significant adverse effect on the profits of DB Energie GmbH over the next five years. In the efficiency comparison of grid operators which followed the review of the usage fees, DB Energie was accorded an efficiency rating of 100%. The efficiency comparison was carried out on the basis of the reduced usage fees.

ASSESSMENT OF THE TRAIN-PATH PRICING SYSTEM

As part of the ongoing overall review of the train-path pricing system (TPS), the focus of the BNetzA in the past was largely on the evaluation and review of relevant costs (cost of providing standard services) with regard to train-path pricing. The BNetzA's objective in this regard was to resolve questions concerning the volume and limitation of the costs to be considered and the way that these costs are passed on to network users. According to a "final communication" dated November 2013, not all of the costs submitted by DB Netz as costs of providing standard services will be recognized as such by the BNetzA. BNetzA is now increasingly focusing on the principles of pricing. DB Netz and BNetzA are involved in an ongoing dialog on this subject.

DETERMINATION OF COST OF CAPITAL WITH REGARD TO RAIL INFRASTRUCTURE

In 2010, the BNetzA presented an expert opinion commissioned by it concerning the "Determination of cost of capital in the railway infrastructure sector" for consultation with a view to determining the permissible level of access fees in the fee regulation context. DB Group took part in the consultation process and itself commissioned an independent expert opinion which came to different conclusions. The consultation process ultimately came to an end without the BNetzA reaching any formal determination, as the returns actually realized by the DB infrastructure companies were significantly below the thresholds under discussion. The BNetzA published an updated version of its expert opinion in August 2013, following which DB Group also updated its expert opinion and submitted the findings to the BNetzA. In all cases, the cost of capital for the rail infrastructure divisions of DB Group as calculated by the experts commissioned by the BNetzA is significantly lower than the figures contained in the expert opinion commissioned by DB Group. It is unclear when the BNetzA will come to a conclusion as to the permissible returns.

RELATIONSHIP BETWEEN FEE REGULATION AND PRICE CONTROLS UNDER CIVIL LAW UNCLEAR

In 2011, the Federal Court of Justice (BGH) held the review of train-path usage charges by the civil courts pursuant to section 315 of the German Civil Code (Bürgerliches Gesetzbuch; BGB) at the same time as a review by the regulatory bodies to be permissible. The BGH has also upheld this judgment with regard to other fees for the use of rail infrastructure, dismissing corresponding appeals against denial of leave to appeal brought by DB Station&Service AG in November 2013. As a result, DB infrastructure companies are faced with considerable lack of legal certainty in this regard.

Regulatory issues in Europe

DISMISSAL OF COMPLAINT BROUGHT ON GROUNDS OF IMPROPER IMPLEMENTATION OF FIRST RAILWAY PACKAGE

On June 24, 2010, the EU Commission decided to file a complaint with the European Court of Justice (ECJ) against Germany and 12 other EU member states. The countries in question were accused of improper implementation of the first European railway package, particularly in relation to the ownership unbundling requirements. The EU Commission and the Federal Republic of Germany were the parties involved in the contract violation proceedings.

On February 28, 2013, the ECJ dismissed the complaint of the EU Commission in its entirety, adopting the arguments put forward by the Federal Republic of Germany and the Advocate General to the effect that no infringement of the regulatory provisions of the Community Directives had occurred. The EU Commission had claimed poor implementation in terms of the independence of the infrastructure operator within the integrated group, the setting of infrastructure charges, the system to encourage the reduction of costs and access charges, and the powers of the national regulatory body.

By way of its verdict, the ECJ has agreed that the DB holding model is valid and has confirmed that DB AG and DB Netz AG are in compliance with European requirements for independence.

DRAFT OF FOURTH RAILWAY PACKAGE

The EU Commission presented its recommendations on the fourth railway package on January 30, 2013. This includes recommendations on the liberalization of national rail passenger transport markets, the technical interoperability and safety of the European rail system and the further separation of rail infrastructure. The adoption of the fourth railway package is subject to the consent of the EU Parliament and the Council of the EU.

DB Group views the planned improvements to the technical and administrative conditions for the accreditation of rail vehicles in Europe in a positive light, given that they could contribute to the lowering of barriers to market access and to increasing the competitive position of the railways in an intermodal context. In contrast to the situation in many other EU member states, the market for rail passenger transport in Germany has long been open to competition. DB Group therefore welcomes the EU's proposals for the opening up of national rail passenger transport markets in Europe.

The German Federal Government and DB Group see no reason for a further separation of rail infrastructure and operations. The integrated railway structure model in place in Germany has proven to be efficient and successful, and this is also reflected in the positive development of competition in this area.

The ordinary legislative procedure, according to which the EU Parliament and Council must agree to the proposals of the EU Commission, was initiated in 2013. The Committee on Transport and Tourism of the EU Parliament voted on the legislative initiatives in the context of a first reading on December 17, 2013, largely affirming the EU Commission's proposals for the extension of the unbundling provisions. These decisions with regard to rail passenger transport services are unlikely to provide any noticeable stimulus for the development of competition within Europe. The Committee also voted in favor of the technical interoperability proposals. The EU Parliament aims to conclude the first reading of the draft legislation within the current legislative period. To date, the Council of the EU has only addressed the proposals relating to technical interoperability and safety. In June 2013, the transport ministers agreed upon basic aspects of the issue of interoperability within the European railway sector, pursuant to which the European Railway Agency (ERA) will have sole responsibility for the accreditation of rail vehicles for international transport, and agreement was reached as to the amendment of the Railway Safety Directive in October

2013. Both pieces of EU legislation aim to bring about a lowering of technical barriers to market access. The draft legislation on the further separation of railways and on the opening up of the rail passenger transport market has not yet been considered by the Council.

COMPENSATION FOR RAIL PASSENGERS IN FORCE MAJEURE CIRCUMSTANCES

By way of judgment of September 26, 2013, the ECJ declared the exclusion of ticket price refunds in cases of rail transport delays due to force majeure events to be unlawful. Train operating companies must now also refund at least 25% of the ticket price to customers in cases of delays of more than one hour caused by force majeure events. The EU Commission has already announced that it will be considering an alignment of the liability provisions for all modes of transport.

ANNOUNCEMENT OF INTENTION TO BRING COMPLAINT AGAINST GERMANY IN CONTRACT VIOLATION PROCEEDINGS

On November 20, 2013, the EU Commission announced its intention to bring a complaint before the ECJ against the Federal Republic of Germany for non-compliance with the EU requirements as to financial transparency in the railway sector. The Federal Government has already on several occasions refuted the Commission's accusations and provided comprehensive information on DB Group's cash flows.

POLITICAL AGREEMENT ON TEN-T REGULATION FOR A UNIFIED EUROPEAN CORE NETWORK

The new Regulation on the Expansion of the Trans-European Transport Network and the related financing instrument, the Connecting Europe Facility (CEF), came into force on January 1, 2014. The regulation defines a European core network (planned implementation: 2030) and a comprehensive network (planned implementation: 2050). Future EU funding will focus on the core network, for which ten TEN corridors are to be created. As a result of the alignment of the new TEN corridors with the existing rail freight transport corridors, DB Netz will in the future be involved in a total of six multimodal TEN corridors which pass through Germany. Advisory bodies, which will also include the member states and infrastructure operators and will be chaired by EU coordinators, are to be established for management of the new corridors. The regulation contains detailed infrastructure requirements, such as the electrification and fitting of the core network with ERTMS (European Rail Traffic Management System), as well as technical parameters for freight transport lines (axle load, train length, speed). However, member states will have the right to make implementation depend on their respective budgetary situations.

The CEF for the development of the transport infrastructure amounts to € 26 billion for the period from 2014 to 2020, and also comprises subsidization of measures for the refitting of freight cars for noise protection purposes in the amount of € 260 million. European funding for noise protection measures at source constitutes an important contribution in light of the considerable proportion of international rail freight transport and the varying countries of origin of freight cars.

DECLARATION ON UNIFIED RAILWAY LAW SIGNED

On February 26, 2013, the heads of state and government of the member countries of the United Nations Economic Commission for Europe (UNECE) signed a political declaration on the unification of railway law. By signing the declaration, 37 countries located along key Eurasian railway corridors agreed to officially begin working towards unified railway law at UN level. At the same time, train operating companies have been asked to develop contractual conditions for Eurasian transport services. The goal is to accelerate the pace of global rail transport and make it simpler. In the future, it will be possible to navigate the route from Europe to Asia – which extends over about 11,000 kilometers – with a single contract, unified regulations and a single liability system.

RAIL REFORM IN FRANCE

On October 16, 2013, the French government unveiled draft legislation for the reform of the French railway system. The French parliament is expected to vote on it during the course of the first half of 2014. The draft legislation provides, in particular, for the reintegration of Société Nationale des Chemins de fer Français (SNCF) and the infrastructure manager Réseau ferré de France (RFF), and also increases the influence exerted by the French Government over the SNCF. It is additionally intended to bring about the harmonization of working conditions throughout the railway sector.

DB Arriva has offered to carry out a number of pilot projects for rail passenger transport services in France in order to drive forward the liberalization of the French railway market and to identify potential savings for the French taxpayer.

TENDER PROCEEDINGS CONTINUE IN GREAT BRITAIN

In October 2012, the British Department for Transport (DfT) suspended all ongoing bidding processes for rail transport licenses due to flawed tender proceedings on the West Coast Main Line franchise. However, there was renewed momentum in March 2013, with the DfT announcing its plans to restart bidding for rail transport licenses on March 26, 2013. The calendar includes a detailed schedule for the tender proceedings planned for the next eight years.

In the second half of the year, revised bidding procedures for the Essex-Thameside franchise and the Thameslink-Southern Great Northern franchise were resumed with the bidders who had already qualified in 2012, and a new tender prospectus for the InterCity East Coast franchise was published in October 2013.

PLANNED EXPANSION OF OPEN ACCESS SERVICES IN GREAT BRITAIN

On June 14, 2013, the Office of Rail Regulation (ORR) launched a new round of consultations on the options for expanding open access rail services in Great Britain. Its aim is to increase competition in rail transport to bring about bene-fits for passengers without creating unreasonable costs for taxpayers. The round of consultations should have ended in August 2013, however no further results have yet been attained.

DEVELOPMENT IN THE BUS MARKET IN GREAT BRITAIN

After a 20% cut in fuel subsidies (Bus Service Operators Grant; BSOG) in the previous year for bus companies operating local transport routes, the British government did not resolve to make any further cuts following its review of public expenditures on June 26, 2013.

In addition, the deadline for local transit authorities to apply for the title Better Bus Area (BBA) expired on June 21, 2013. The DfT had announced subsidies for Better Bus Areas in all regions within Great Britain. The measure aims to help providers of transport services, most of them commercial, in regions outside London benefit from this support within the scope of local partnerships. The authorities chosen have the opportunity to receive additional funding as part of the BSOG to help them make their bus services more appealing.

NEW REGULATIONS FOR PASSENGER TRANSPORT IN ITALY

Italy's "Stability Law" also stipulates new rules for domestic passenger transport. In the future, funding for the transport sector will be provided out of two funds: the Fund for Regional Public Transport (bus and rail) (€ 4.9 billion) and the Equalization Fund (€ 1.5 billion), which will be financed by the individual regions themselves. The entire program of measures is intended to ensure the availability of an adequate amount of funds as well as more efficient use of those funds.

Further development of the relevant regulatory framework

LIBERALIZATION OF LONG-DISTANCE BUS TRANSPORT IN GERMANY

Market activities in this area have gained considerable momentum since January 1, 2013 following the liberalization of the long-distance bus market. The creation of a network by various competitors was significantly accelerated, and planned market entries were brought forward. DB Group has reacted to these developments by making adjustments and improvements to the existing line network in Germany and to the brand image of the established Berlin Linien Bus (BLB) brand, with the extension of the BLB network being carried out on a selective basis as opportunities present themselves. In addition, DB Group has closed existing gaps in its range of long-distance rail transport services with its "IC Bus" brand, with a view to establishing an integrated network of DB long-distance transport services.

DRAFT OF A RAILWAY REGULATION BILL

In the course of the implementation of the coalition agreement between the CDU/CSU and the FDP from the fall of 2009, the Federal Government passed a draft bill on the reorganization of regulations in the railway sector on September 19, 2012, and subsequently initiated the parliamentary legislative process. The Bundestag approved the law, with a few changes, on May 16, 2013. The Bundesrat, which must also approve the law, called for the intervention of the Conciliation Committee at its meeting on June 7, 2013, as many of its demands had not been taken into account in the draft bill. The conciliation procedure ended without an agreement on June 26, 2013. The Bundesrat rejected the bill on July 5, 2013, and it is likely that a new legislative proposal implementing the necessary adjustments in the wake of the recast will be drawn up in the new legislative period.

Economic position

Significant decline in profits

Ratings confirmed

Balance sheet structure almost unchanged

PROFIT SITUATION

Year-on-year changes

During the year under review DB Services Immobilien GmbH (DB Services Property) was merged with DB AG with retroactive effect to January 1, 2013. DB Services Property was wholly owned by DB AG. All the assets of DB Services Property – including its holdings in Stinnes Immobiliendienst GmbH & Co. KG and Zweite Kommanditgesellschaft Stinnes Immobiliendienst GmbH & Co. KG – were transferred to DB AG. This particularly affected the comparability of the statement of income.

Development of revenues

As in the previous year, DB AG generated no revenues.

Development of profits

Statement of income [€ million]	2013	2012	Change absolute	Change %
Other operating income	1,087	1,348	-261	-19.4
Cost of materials	-91	-77	-14	+18.2
Personnel expenses	-303	-224	-79	+35.3
Depreciation	-12	-13	+1	-7.7
Other operating expenses	-850	-983	+133	-13.5
Net investment income	583	1,430	-847	-59.2
Net interest income	-37	15	-52	-
Result from ordinary activities	**377**	**1,496**	**-1,119**	**-74.8**
Taxes on income	-10	-13	+3	-23.1
Net profit for the year	**367**	**1,483**	**-1,116**	**-75.3**

Other operating income fell in comparison with the previous year. This was mainly the result of the non-recurrence of effects in the previous year in connection with the release of provisions for ecological legacy issues and return obligations, while increased income from services for third parties – most of which resulted from the merger of DB Services Property with DB AG – partly offset this negative effect.

The rise in cost of materials and personnel expenses during the year under review was also due to the merger. Personnel expenses were also impacted by wage increases.

Depreciation was at the same level as in the previous year.

Most of the fall in other operating expenses was due to the non-recurrence of the negative effect from the termination of leases in the previous year, and to lower additions to provisions.

The fall in net investment income was in particular the result of the negative development compared to the previous year at DB ML AG, whose profits during the year under review were mainly affected by the weak development at Schenker AG and DB Regio AG. Net investment income was also weighed down by the clearly negative development of income at DB Netz AG and DB Energie GmbH.

DB AG undertakes the central financing function for DB Group, and passes on the funds – raised as a rule by DB Finance with bond issues and passed on to DB AG by means of loans – to Group companies on terms that are substantially identical. Net interest income declined in the year under review. The rise in interest income was more than cancelled out by higher interest expense, mostly in connection with the compounding of provisions.

The overall outcome was a significant decline of € 1,119 million (74.8 %) in result from ordinary activities to € 377 million (previous year: € 1,496 million).

The tax item improved slightly by € 3 million to € −10 million (previous year: € −13 million) owing to the non-recurrence of expenses in the previous year not relating to the period.

Accordingly there was also a significant decline in net profit for the year of € 1,116 million (75.3 %) to € 367 million (previous year: € 1,483 million).

Deviation from the projected profit situation

The forecast for the 2013 financial year in the Management Report for the 2012 financial year was not achieved. This was mainly the result of the weak development compared to the previous year at subsidiaries, especially DB ML AG, DB Netz AG and DB Energie GmbH. Net investment income was significantly weighed down by this.

FINANCIAL POSITION

The purpose of financial management at DB Group is not only to achieve sustainable growth in the enterprise value, but also to comply with a capital structure which is adequate for maintaining a very good credit rating.

The DB Group Treasury is based within DB AG. This ensures that all Group companies can raise and invest funds on the best possible terms. Before arranging external funding we conduct a financial resources balancing analysis within DB Group. When raising funds outside DB Group, DB AG procures short-term cash in its own name, and long-term capital as a general rule through the Group's own funding company Deutsche Bahn Finance B.V. (DB Finance), Amsterdam, the Netherlands.

Funds are passed to companies in the DB ML Group under a dual-level treasury concept via DB ML AG using short-term credit lines that can be drawn down as part of cash pooling on internal current accounts and/or fixed short-term loans, or in the form of long-term loans.

DB Group's infrastructure companies are linked directly to DB AG's treasury, however. This concept ensures that risks and resources are pooled Group-wide. It also yields other advantages: the pooling of expertise, the realization of synergy effects, and the minimization of refinancing costs.

In the long-term sphere DB Group uses a € 20 billion ***debt issuance program*** *[www.db.de/mtn]*. The utilization of this program accordingly stood at € 15.7 billion as of December 31, 2013 (as of December 31, 2012: € 14.0 billion). This rise in utilization during the year under review was due to the refinancing of expiring financial debt and the build-up of a higher cash position.

With respect to short-term financing, as in the previous year, € 2 billion was available as of December 31, 2013 under a multi-currency, multi-issuer commercial paper program. This had not been utilized as of December 31, 2013 (as of December 31, 2012: no utilization). As of December 31, 2013 we also had guaranteed unutilized credit facilities of € 2.0 billion (as of December 31, 2012: € 2.0 billion) with a residual term of 1.3 to 1.6 years, and an additional guaranteed unutilized credit facility of € 0.1 billion (as of December 31, 2012: € 0.1 billion).

In addition, DB Group also had credit lines of € 1.6 billion available for the operating business (as of December 31, 2012: € 1.5 billion). These credit lines, which are made available to our subsidiaries around the world, include provisions for financing working capital as well as sureties for payment.

No major financed leasing transactions were concluded during the year under review.

Ratings confirmed

Ratings DB AG	First issued	Last confirmation	Current ratings		
			Short-term	Long-term	Outlook
Standard&Poor's	May 16, 2000	Jun 28, 2013	A-1+	AA	stable
Moody's	May 16, 2000	Jan 17, 2014	P-1	Aa1	negative
Fitch	Feb 17, 2009	Dec 23, 2013	F1+	AA	stable

The creditworthiness of DB Group is constantly monitored by the rating agencies Standard & Poor's (S&P), Moody's and Fitch. In the year under review all three agencies confirmed DB AG's excellent ratings in their annual reviews. These have remained unchanged since they were first issued in 2000.

Please see our investor relations website for additional information on ***ratings*** *[www.db.de/rating-e]* and the rating agencies' complete analyses for DB AG.

Statement of cash flows

Summary statement of cash flows [€ million]	2013	2012	Change absolute	Change %
Cash flow from operating activities	1,041	1,051	-10	-1.0
Cash flow from investing activities	-19	-19	-	-
Cash flow from financing activities	-392	-491	+99	-20.2
Net change in cash and cash equivalents	630	541	+89	+16.5
Cash and cash equivalents as of Dec 31	2,021	1,391	+630	+45.3

At € 1,041 million, the cash inflow from ordinary activities in the year under review was slightly below the previous year's figure of € 1,051 million. Negative effects, mostly due to the significant decline in investment income, were largely cancelled out by positive working capital effects.

The cash outflow for investing activities was stable in the year under review at € 19 million. A rise in net outflows for additional financial assets was entirely cancelled out by lower net outflows for the addition of property, plant and equipment.

The cash outflow for financing activities fell by € 99 million to € 392 million (previous year: € 491 million). This was mainly the result of higher net inflows under long- and short-term Group financing (€ +489 million) and lower outflows for the redemption of bonds and repayment of borrowings (€ –227 million). These effects were partially cancelled out by lower proceeds in connection with the assumption of debt (€ – 616 million).

As of December 31, 2013 DB AG held € 2,021 million in cash and cash equivalents, € 630 million more than at the end of the previous year (as of December 31, 2012: € 1,391 million).

Liabilities

Liabilities as of Dec 31 [€ million]	2013	2012	Change absolute	Change %
Liabilities to affiliated companies	13,026	11,319	+1,707	+15.1
Liabilities to companies in which a participating interest is held	728	728	-	-
Trade payables	13	18	-5	-27.8
Other liabilities	116	163	-47	-28.8
Total	**13,883**	**12,228**	**+1,655**	**+13.5**

Liabilities to affiliated companies rose in consequence of higher bond issues by DB Finance, which were passed on to DB AG as loans. Liabilities to associated companies were unchanged.

Capital expenditures

As in the previous year, gross capital expenditures in property, plant and equipment and intangible fixed assets were unchanged on a low level at € 15 million (previous year: € 22 million). Capital expenditures during the year under review focused principally on tenant installations and furnishings.

Deviations from the projected financial position

In the Management Report for the 2012 financial year we expected DB AG's liabilities as of December 31, 2013 to be above their level at the end of the previous year. This expectation was based on our assumption that it would not be possible to finance the significant increase in net capital expenditures by subsidiaries entirely from DB Group's operating cash flow. Actual developments were in line with expectations. The rise in liabilities, however, is mainly due to bond issues by DB Finance – larger than planned – that were conducted to increase DB Group's financial flexibility by taking advantage of very attractive financing terms.

As expected, DB Group tapped the international capital markets for some € 1.5 billion in the year under review to refinance its maturing financial liabilities (not including commercial paper or short-term bank borrowing) and to increase its cash in hand.

ASSET POSITION

Balance sheet

Balance sheet as of Dec 31 [€ million]	2013	2012	Change absolute	Change %
Total assets	33,044	31,558	+ 1,486	+ 4.7
ASSETS				
Fixed assets	27,331	26,510	+ 821	+ 3.1
Current assets	5,712	5,048	+ 664	+ 13.2
Prepayments and accrued income	1	0	+ 1	-
EQUITY AND LIABILITIES				
Equity	15,754	15,912	- 158	- 1.0
Provisions	3,357	3,372	- 15	- 0.4
Liabilities	13,883	12,228	+ 1,655	+ 13.5
thereof interest-bearing liabilities	13,266	11,539	+ 1,727	+ 15.0
Accrued and deferred income	50	46	+ 4	+ 8.7

Balance sheet structure as of Dec 31 [€ million]	2013	2012	Change absolute	Change %
ASSETS SIDE				
Fixed assets	82.7	84.0	-	-
Current assets	17.3	16.0	-	-
Prepayments and accrued income	0.0	0.0		
EQUITY AND LIABILITIES SIDE			-	-
Equity	47.7	50.4	-	-
Provisions	10.2	10.7	-	-
Liabilities	41.9	38.8		
thereof interest-bearing liabilities	40.1	36.6		
Accrued and deferred income	0.2	0.1		

Accounting and valuation methods were unchanged from those employed in the previous year.

As of December 31, 2013, the balance sheet total had increased by € 1,486 million (4.7 %) to € 33,044 million (as of December 31, 2012: € 31,558 million).

At € 27,331 million, fixed assets were up by € 821 million (3.1 %) on the figure at the end of the previous year (as of December 31, 2012: € 26,510 million). The major factor here was the rise of € 817 million in loans to affiliated companies, from € 12,672 million as of December 31, 2012 to € 13,489 million as of December 31, 2013.

As of December 31, 2013 current assets had increased by € 664 million (13.2 %) to € 5,712 million (as of December 31, 2012: € 5,048 million). This was due to the rise of € 630 million in cash and cash equivalents and of € 34 million in receivables and other assets.

In structural terms there was a slight shift in the direction of current assets. Fixed assets were the dominant item on the asset side of the balance sheet, accounting for around 83 % (as of December 31, 2012: 84 %).

On the equity and liabilities side the most important changes as of December 31, 2013 related to equity and liabilities.

Equity fell slightly by € 158 million (1.0 %) to € 15,754 million. Net profit for the year under review was insufficient to cover the dividend distribution.

Liabilities rose by € 1,655 million because of increased commitments under DB Group financing. Provisions remained at the same level as at the end of the previous year. In structural terms there was a slight shift in the direction of debt capital. The equity ratio as of December 31, 2013 was 47.7 % (as of December 31, 2012: 50.4 %).

Customer and quality

Group-wide customer and quality initiative continues

Floods affected service quality

Punctuality suffered

CUSTOMER AND QUALITY INITIATIVE CONTINUES

In the year under review, DB Group continued its Group-wide *customer and quality initiative* launched in 2010. DB Group spent roughly € 425 million on this initiative (of which about € 328 million was for capital expenditures) in the year under review.

In the past year, DB Group focused primarily on preparatory measures aimed at improving operations, especially on harsh winter days. In May 2013 the rail test of the German Transport Club (Verkehrsclub Deutschland; VCD) confirmed that the measures DB Group used had proven themselves. The customer and quality initiative provided support to preparations for winter 2013/14 as well. Measures from the previous years were continued, optimized and expanded.

Since the beginning of 2013, the customer and quality initiative has focused particularly on continuous improvement of punctuality in passenger and freight transport. This continuous improvement is a central component of DB Group's performance pledge and above all moves DB Group closer to the achievement of its *DB2020* strategic targets for the strategic direction *customer and quality*. The main focus of DB Group's customer and quality initiative is the reduction of daily occurrences of disruptions, especially through operative planning measures. A broad-based portfolio of corresponding improvement projects was initiated in the business units DB Bahn Long-Distance, DB Bahn Regional, DB Schenker Rail and DB Netze Track. The particular challenge was to manage the effects of an increasing transport volume on the German rail network as well as the increased volume of construction and maintenance work.

The customer and quality initiative is also a central platform for exchange for DB Group-wide improvement management.

IMPROVEMENTS LAUNCHED WITH PASSENGER ADVISORY BOARD

DB Group first convened a passenger advisory board in 2004. The 30 volunteer members came from all important passenger groups in regional and long-distance transport. In twice-yearly regular meetings, they come together to discuss independently and candidly the image and quality of products and services with DB executives. Over the past ten years, the passenger advisory board has advised and initiated a series of projects and measures for the benefit of customers. In the year under review, the emphasis of the cooperative work was on the establishment of what is by now the fourth passenger advisory board as well as the identification of potential improvements of services at passenger stations, the customer-friendly revision of the passenger rights form and the optimization of correspondence with customers. Members of the passenger advisory board were also included in various projects and workshops of DB Group, for example for the optimization of information at passenger stations and for improved communication with customers.

DEVELOPMENT OF PUNCTUALITY

Product quality is one of the top three goals of DB Group's *customer and quality* strategic direction. The central indicator of this is punctuality performance in the individual business units. In passenger transport, its customers measure quality first and foremost on the basis of punctuality. Connection quality is another important benchmark that DB Group intends to reliably guarantee for its customers.

To measure *punctuality*, DB Group always measures the scheduled arrival time in comparison to the actual arrival time for each train. The arrival of punctual trains and trains with a delay of up to a specified time period were summarized in the degree of punctuality. In the year under review, DB Group continuously pursued the projects that were initiated in the previous year to improve the quality of service. For instance, DB Group constantly analyzes the reasons for delays and uses these to derive measures for improving punctuality and helping people make their connections.

Punctuality (rail) [in %]	2013	2012	2011
Rail passenger transport in Germany	94.1	94.6	94.8
DB Schenker Rail – arrival punctuality (15 min.) in Europe	68.3	69.9	68.0
Punctuality in Germany [1]	93.8	94.3	94.4

[1] DB Group and non-DB Group train operating companies.

In the year under review, DB Group again recorded a decrease in the average degree of punctuality for all passenger trains. After an annual average of 94.6% measured in the previous year, the overall degree of punctuality fell to 94.1%.

The year under review was characterized by numerous negative one-time effects such as storms, route closures due to flooding, adverse effects due to mining damage and further events, such as, for example, restrictions to operations due to theft of cables. Punctuality in long-distance transport was affected most of all, but punctuality in regional transport also decreased slightly.

The punctuality of DB Schenker Rail trains in rail freight transport measured in Europe was less than the previous year in the year under review. This generally resulted from the effects of the floods in Germany as well as intensive construction work. DB Group is continuously working on further improving the quality of services, for example through international train tracking as part of European operations management.

The development of the product quality indicator for the rail infrastructure was slightly negative in the year under review as a result of flood-related adverse effects, among other things. Average total punctuality of non-DB Group and DB Group train operating companies with respect to the products in Germany was 93.8% (previous year: 94.3%).

CUSTOMER SATISFACTION

Customer satisfaction [SI]	2013	2012	2011
DB Bahn Long-Distance	61	63	62
DB Bahn Regional (rail)	68	67	66
DB Bahn Regional (bus)	74	–	–
DB Arriva	83	83	83
DB Schenker Rail	63	63	62
DB Schenker Logistics	74	–	–
DB Netze Track	72	73	74
DB Netze Stations (private customers)	67	69	68
DB Netze Energy	78	77	78

Despite significant operative restrictions, customer satisfaction remained stable in the year under review, although with a slightly worsening trend. Customer satisfaction with their most recent long-distance transport trip was rated with a customer satisfaction index (SI) score of 74 (previous year: SI of 75). In the year under review overall satisfaction with DB Fernverkehr AG was evaluated with an SI of 61 (previous year: SI of 63). The overall satisfaction of DB Group's customers in car train transport was rated with an average SI of 70 (previous year: SI of 68) and of its night train customers with an SI of 72 (previous year: SI of 71).

The measurement of customer satisfaction in bus services was newly introduced in the year under review, so there are no comparable figures from previous years. In the year under review, satisfaction with the latest bus trip among customers of scheduled bus services reached an SI of 79. For satisfaction of the entire bus line of business, an overall SI of 74 was achieved.

In the DB Arriva business unit, customer satisfaction, compiled by ordering organizations, serves as an important factor for success. The SI in the year under review was unchanged at 83, and underscores the customer focus of DB Arriva.

Customer satisfaction is an important success factor for DB Schenker Rail. As was the case last year, the SI was 63 in the year under review. In particular, improvements in vehicle availability, the high quality of order placing and billing were valued by customers. DB Group was able to identify the optimization of its transport-related information as an area in which it can further increase customer satisfaction, which DB Group is working towards through a number of measures.

The first customer satisfaction survey in DB Schenker Logistics' global network kicked off in summer 2013. The survey was conducted in 45 countries. The global satisfaction index has a value of 74, which is a very good value for the sector. Very consistent levels have therefore been able to be achieved in each country. Of particular note here is the good relationship DB Schenker Logistics has with its customers, that is reflected in the recommendation and repeat business rates, among other things. Based on the results, areas of action were identified and corresponding measures were introduced. There is potential for improvement in the area of proactive information, for example. The next customer satisfaction survey will be conducted in 2015.

The overall assessment of the stations corresponded to an SI rating of 67 in the year under review, which represents a slight decline compared to the previous year. Customers' assessment of the individual areas of service remained stable on a nationwide basis, however the appearance of the stations was the subject of some criticism. Major changes in the individual assessments could be observed on a regional basis, with the operational problems in Mainz and Essen, for example, resulting in a significantly more critical assessment of the aspects of customer information and service. However, customer service at train stations received good customer ratings overall, as did the retail, gastronomic and sales services provided.

In the fall of 2013, DB Netz AG customers took part in a survey on all areas of service. This included the topics of communication, network and nonscheduled timetables, and operations, as well as questions concerning infrastructure, construction projects, and employee and service competence. With a satisfaction index of 72, the figures from the previous remained virtually unchanged, albeit with a slight downward tendency. Above all, DB Netz AG received positive grades in the areas of service, communication and train-path allocation, especially in the network timetable, however the extensive construction work carried out as well as the effects of the floods and the staff situation in Mainz were reflected in negative customer ratings. DB Netz AG will continue to work on resolving and rectifying these issues in 2014.

DB Netze Energy customers were surveyed in the fall of 2013. Overall, the customer satisfaction index rating was very good at 78 (previous year: SI of 77). In the area of traction current and diesel, the SI rating was 77 (previous year: SI of 75). The new areas of traction current and diesel and electricity and gas plus are the result of reorganization measures. No comparison can be drawn with the previous year; in the year under review, the SI rating was 75 for internal customers and 81 for external customers.

Social

Number of employees increased
Measures derived from DB Group-wide employee surveys being implemented
Optimized personnel planning according to current and future requirements

DEVELOPMENT OF THE NUMBER OF EMPLOYEES

Employees as of Dec 31 [FTE]	2013	2012	Change absolute	Change %
Employees	3,695	2,358	+1,337	+56.7
Trainees	62	12	+50	-
DB AG	**3,757**	**2,370**	**+1,387**	**+58.5**

In order to guarantee better comparability over time, the number of employees within DB Group is calculated on the basis of full-time employees (FTE). Figures for part-time employees are measured in accordance with their share of the regular annual working time.

At the end of the year under review the number of employees was 3,757 (as of December 31, 2012: 2,370). This figure includes 62 trainees (previous year: 12 trainees). The annual average number of employees at DB AG was 3,670 (previous year: 2,323).

The increase in number of employees was mainly due to the merger of DB Services Property with DB AG.

IMPLEMENTATION OF THE HR2020 PROGRAM

Becoming one of the *top ten employers* in Germany is a central aim of the *DB2020* strategy. DB Group wants to recruit and retain qualified specialists and talented young staff members.

With the following six *HR2020 programs*, the human resources strategy contributes to the implementation of the *DB2020* strategy: strategic personnel planning, personnel recruitment, career development, corporate culture, employment conditions and optimization and internationalization of HR work.

Strategic workforce planning

With strategic workforce planning (SWP), DB Group creates transparency on future staffing and staffing needs for key employee groups. DB Group now covers about half of domestic employees with SWP based on unified DB Group standards, methods and jointly developed business scenarios. Future personnel shortages or surpluses are identified by function and region. In order to introduce corresponding countermeasures, options for action are investigated and evaluated.

DB Group wants to bring the impetus from SWP more strongly into the regions and work with it across all business units with the help of regional SWP events. In addition, DB Group wants to establish SWP in DB Group worldwide. The first international SWP models have been developed in pilot projects (DB Schenker Rail Polska, DB Arriva Denmark). In order to optimize personnel planning and management in the short and medium term, DB Group is moving forward with a standardized picture of personnel needs in a uniform IT system in Germany.

REVIEW OF ONGOING PLANNING PROCESSES

As a result of personnel shortages, which became obvious in summer 2013 in Mainz, DB Group has agreed with the Railway and Transport Workers Union (EVG) and representatives of the Group Works Council to review ongoing personnel planning. In October 2013 the personnel situation was evaluated together with the Works Councils with participation by DB Group employees. Results of the evaluation of personnel planning led in November 2013 to an agreement between the DB Group representatives, the Group Works Council and the EVG. By this agreement, an additional 1,250 employees should be employed in DB Group and an additional 450 employees temporarily hired in order to reduce overtime and unused holiday entitlements. The financial incentive to save overtime in long-term accounts was improved for the year under review. DB Group has also reached agreement with employee representatives on the key points of a unified framework regulation for personnel planning.

Personnel recruitment

In the year under review, DB Group's personnel recruitment was reorganized both for content and organization, and recruiting, personnel marketing and applicant management were bundled into a new organizational unit. This unit is responsible in Germany for the strategic directions of the employer brand, in order to achieve a place for DB Group as one of the *top ten employers* in the market for applicants. Seven regional recruiting teams work closely with local HR officers and with the business units. They provide for a unified presentation in the market and for rapid filling of positions.

DB Group's image as an employer improved strongly in the year under review. Based on ranking surveys conducted by trendence, Europe's leading research institute in the area of employer branding, personnel marketing and recruiting, DB Group improved especially from rank 46 to rank 25 on the ranking of favorite employer among schoolchildren. DB Group improved its rank from 21st to 12th rank among university graduates with work experience. On the basis of all DB Group recruiting target groups, we were able to improve our rank from the previous year by nine places, from rank 31 to rank 22.

Contributing to this was the DB Group employer branding campaign "A job like no other" started in November 2012, which was continued in the year under review. Since the campaign began, the average monthly applications received rose year-on-year by an average of 30 %. Inclusion of DB Group's employees in the new employer branding program was honored with the special prize "Employer branding innovation of the year" at the trendence awards in 2013. Furthermore, in 2013 the employer branding campaign was awarded the Queb award "Excellence Employer Branding Campaign." The Queb association honors excellent activities concerned with the theme employer branding, personnel marketing and recruiting with this prize each year. The central element of DB Group's employer branding is its careers Web site. Social media channels such as Facebook, Twitter and YouTube round out DB Group's online presence.

DB Group has restructured its applicant selection for high school graduates in the year under review. DB Group relies on a competence-based selection process since the introduction of the online test in July 2013. For schoolchildren who want to begin professional training or a work-study program in the fall of 2014 or afterwards, the preliminary screening by school grades has been eliminated. The goal is to orient permanently the selection of applications even more strongly toward competencies and potential.

DB Group wants to retain potential young staff members at an early stage with almost 370 cooperative programs with schools and 20 national and four international cooperation programs with schools of higher education and recruiting events such as DB Summer School. Students at higher education institutions can already build their first work experiences and make important career connections in DB Group during their studies through an internship, as a student trainee or in the context of a thesis. For graduates of higher education institutions, DB Group offers the possibility of a trainee program or direct entry as a regular employee. DB Group candidate pools help it to remain in dialog with interesting candidates over the long term.

Career development

DB Group retains qualified and engaged employees through strategically oriented and attractive career development. In this DB Group relies above all on internal development of specialists and executives within DB Group. The systematic promotion of high performers and high potentials is an important instrument to ensure the supply of future leaders and to retain employees also over the long term. The basis for this is continuous dialog between employees and executives.

Through written paths of development, career development possibilities are documented, which also supports succession planning across all business units. A Web tool makes the paths of development accessible to all employees and executives. A career development compass gives online information about possibilities for in-service training. In 2013, a DB Group-wide DB MA program was announced for the first time. Employees could apply on their own initiative for one of 30 places in seven different specialist fields.

Vocational training, ongoing training and further training of DB Group's employees in Germany is conducted through DB Training as the partner for DB Group education, development and change processes. For specialist and project management careers, 2,000 qualification programs are available. Beyond these, each year about 2,000 programs are developed and carried out for individual customers. DB Group trains about 250,000 participants each year at about 22,000 events.

The importance of electronically supported learning (e-learning) is increasing in connection with the individualization of education needs and the requirements of training near the workplace. About 60,000 users of the learning management system (LMS) of DB Training are receiving further training on themes such as compliance, privacy and vehicle technology.

DB Academy is responsible for the qualifications of the about 7,000 executives and future executives of DB Group. This helps DB Group ensure systematic and continual career support from one source. In the year under review, about 43% of DB Group's executives benefited from one of its talent, transition and excellence programs based on individual development phases.

The business unit DB Schenker Logistics employs the most employees outside of Germany. In order to tailor the personnel development environment to the changed international requirements, in the year under review in the regions Europe Central and Europe North, for example, decentralized training hubs were established as pilot programs, and in Singapore the training center was expanded.

At DB Schenker Rail, to develop further the European structure, the development program "People Exchange Program" (PEP) was conceptualized. In order to promote especially European integration between the country-based companies, this program allows a time-limited international project and visitation experience above all for specialists and future executives.

SECURING YOUNG TALENT

With about 12,000 trainees, dual degree students and "Chance plus" participants, DB Group is one of the *largest vocational trainers* in Germany. About 500 trainees are employed outside of Germany. Vocational training and dual degree programs are the foundation of DB Group's efforts to secure the recruitment of skilled employees.

About 3,400 young people started vocational training with DB Group during the year under review, and another 350 began a dual degree program within DB Group. The share of young people who received an offer of employment at the conclusion of their vocational training was about 95%. DB Group also offered again over 300 places in ten locations throughout Germany for qualified high school graduates who are conditionally eligible for vocational training in the framework of the vocational preparation program "Chance plus." This program serves as preparation to begin employment. Over 75% of participants of the class year 2012/2013 who had successfully completed the program were able subsequently to either directly begin work or vocational training in DB Group or in other companies. In September 2013, a pilot program of DB Group's new vocational training format "part-time vocational training" began. With this DB Group wanted to make possible, for example, a balance between vocational training and family responsibilities for young parents.

Along with the teaching of specialized knowledge and practical skills, central components of vocational training in DB Group are the acquisition of service-based, social and methodological competencies such as entrepreneurial thinking, focus on the customer, independence and team spirit.

Further improvements in vocational training and dual degree study were agreed upon by DB Group and the EVG as of September 1, 2013. The *young professionals collective wage agreement* now applies also for participants of vocational training and vocational preparation programs such as "Chance plus" and regulates important employment conditions.

TALENT MANAGEMENT AND MANAGEMENT DIAGNOSTICS

Targeted recruitment of both internal and external young talents requires the systematic identification of and promotion of suitable specialists and executives. The focus of talent management is the quality of selection processes in the executive area. The basic framework for targeted individual development of talent is a development center for selecting locations and personalized measures which expand on this. Beyond this, formats are also offered in order to identify talent in DB Group and assist thereby to expand the breadth of experience of executives and to promote careers across various stations (business units, roles, countries).

LEADERSHIP CONCEPT

Since 2012, DB Group has been working on the development of a common leadership concept in which transformative elements are emphasized more strongly. Its values- and reason-based orientation plays an important role in selection processes and decisions about evaluation of executives. In fall 2013 the DB Group dialog series “strategy and leadership” begun with the top 250 executives continued to be carried out with executives in upper management. DB Group Divisions and business units have also begun in parallel to involve middle management and line executives in the dialog.

Corporate culture

The *change in corporate culture* introduced in 2010 is a central component of the *DB2020* strategy. A strong corporate culture, which is shaped by a good collaborative spirit and high motivation, engagement and satisfaction of DB Group employees, forms the basis for corporate success over the long term.

CULTURAL CHANGE

In the framework of the cultural development process, the emphasis in the year under review was on the follow-up process to the first DB Group-wide *employee survey* in 2012 as well as on continuing to provide a DB Group-wide impetus and to support opinion leaders.

The employee survey with its biannual implementation lends a regular rhythm to the cultural change and secures a continuous organizational development process. In light of DB Group strategic goals, the results of the employee survey and the findings of regular dialog events, the process itself will determine the next new themes of the cultural change.

The results of the employee survey will be used to derive concrete change measures at all levels of DB Group. These were the basis for binding national follow-up workshops or other international follow-up activities. DB Group employees discussed together with their managers and a moderator the findings and determined measures for change. A total of 10,500 DB Group follow-up workshops and follow-up activities took place. More than 126,000 DB Group’s employees took part in these. In follow-up workshops, concrete steps were agreed upon and recorded in an online tool with binding force. A total of almost 30,000 measures should be implemented together throughout DB Group.

The DB Group Management Board will continue the dialog from the Conferences on the Future and Regional Dialogs on the Future in 2014 with employees and executives in further events. As part of the action areas of the employee survey, so-called workshops on the future are planned, in which employees and specialists from all business units come together to work on solutions that are ready to implement.

As important opinion leaders, about 850 pacesetters and ambassadors support the cultural change across all business units and beyond all hierarchies. For a targeted expansion of and strengthening of their engagement, in the year under review a support program began in the form of technical and methods training. For 150 selected DB Group HR managers there is also a qualification program. They should push important strategic themes more, such as transformational leadership and cultural change.

DIVERSITY

A value-conserving approach to diversity and the use of its innovation potential are central components of DB Group’s corporate culture. In DB Group management, the *Diversity Management* department created in 2012 advanced strategically the promotion of and living of diversity. Equal development opportunities for women and men, and the promotion of cooperative work between people of different age groups and different cultures, were identified as core themes.

As a founding member, DB Group continued to support the Diversity Charter association and participated in the Diversity Conference 2013 they organized with a diversity slam. With its engagement DB Group takes a stand for diversity and tolerance in Germany and obligates itself at the same time to continue to take steps also within DB Group for equal opportunity independent of age, gender, ethnicity, disability, religious or sexual orientation. DB Group also participated in the first German Diversity Day 2013 with various actions.

For the sixth time in a row, DB Group has been recognized for its activities for more equal opportunities for men and women with the Total E-Quality designation. The multifaceted measure for work-life balance, various mentoring programs and the concrete goal to increase the proportion of women to 25% of the total and 20% of executive positions by 2015 were especially honored. As of December 31, 2013, the proportion of women among all employees in Germany rose to 22.5%. The proportion of women in executive positions rose to 16.9% (as of December 31, 2012: 16.4%).

DB Group has developed further measures to increase the proportion of women in DB Group. When filling executive positions, for example, at least one qualified woman must be among the candidates. The mentoring program "Careers with Children" also supports women in leadership positions and young female leaders on their career paths. The program supported by the European Social Fund and carried out together with the European Academy for Women in Politics and Business (EAF) has already demonstrated its first successes.

New uniform rules on interim management were development to ease the bridging of time off for executives and to ensure re-entry. During this time off (for example, parental leave) a young executive or a young potential will take over the position and can develop leadership experience, with active support from the company while doing so.

Support of diverse employee networks in DB Group is another way to promote interest groups. DB Group has thus, for example, established a cross-company father's network in the year under review.

Employment conditions

In order to find suitable specialists on the labor market and to retain employees, the employment conditions in DB Group are always adjusted and improved.

Compensation that is fair and commensurate with performance as well as various social and ancillary benefits should guarantee the *employer attractiveness of DB Group*. For this, DB Group has worked closely with its five largest social partners (the Railway Staff Social Services Foundation (BSW), the health insurer BAHN-BKK, the association of railway staff sports clubs (VDES), the insurer DEVK and Sparda Banks) for years.

WAGE POLICIES

Employment conditions must remain both attractive and at the same time affordable for the company, even in light of changing overall conditions.

The proportion of workers with wage agreements in DB Group fell in the year under review because of an increased proportion of employees paid above the wage agreement level.

In March 2013 the Employer and Business Association of Mobility and Transport Services (Agv MoVe) and the EVG agreed to the following wage agreement:

- Increase of wages in functional group-specific wage agreements and in DB Systel GmbH by 3% each on May 1, 2013 and April 1, 2014 (term until July 31, 2014, 19 months).
- Increase of wages in DB Services GmbH, DB Sicherheit GmbH and DB Kommunikationstechnik GmbH by 3% each on May 1, 2013 and April 1, 2014 (term until November 30, 2014, 23 months).
- For the months January to April 2013, a one-time payment as a social component in the amount of € 500 for vocational trainees and € 225 for dual degree students was made.
- Increase in wages for the collective branch agreement by 3% each on February 1, 2013 and April 1, 2014 (term until December 31, 2014, 23 months).

Based on the agreement with the GDL from the summer of 2012, on November 1, 2013 there was a further wage increase of 2.4%. The next wage negotiations with the GDL will start in July 2014.

An increase in the monthly contribution to the company pension fund was agreed to with both the EVG and the GDL. According to this, DB Group will pay 2% of gross wages each month for each employee directly into the company pension fund from November 1, 2013 (GDL) and from July 1, 2014 (EVG).

Demographics collective bargaining agreement took effect

In December 2012, EVG, Agv MoVe and DB Group agreed on a *demographics collective bargaining agreement* to address demographic change. The common aim is to make it possible for DB Group employees to have perspectives and development chances throughout their entire careers. The agreement took effect on April 1, 2013 and connected to the action areas of the employee survey 2012, especially the desire for more linkage and participation. It offers instruments to work on solutions on the ground with mutual responsibility of management and labor representatives and with participation of employees. For example, a permanent job guarantee and a permanent job offer for all trainees who complete their courses successfully were agreed upon.

Increased *flexibility for work time* was taken into account within the demographics collective bargaining agreement. The aim is to design work time and working conditions more individually, in order to achieve a better balance of work, family and life stage. One instrument is the operational working hours project that had already been proven to work well in DB Group. The employee is actively involved and collaborative partnership between representatives of management and labor is supported. With the introduction of the demographics collective bargaining agreement, DB Group employees may use a long-term account for a sabbatical. The previously established possibilities to take a leave of absence remain in place.

To design measures to reduce the burden of older employees with especially strenuous tasks, an initial model, special part-time work for older employees ("besondere Teilzeit in Arbeit"), was agreed upon, for example. Employees aged 60 years and older may reduce their work time by fulfilling certain preconditions by paying a partial wage compensation.

A *future collective wage agreement* was under negotiation with the GDL in 2013. However, no agreement has been reached yet.

EMPLOYMENT CONDITIONS FOR EXECUTIVE EMPLOYEES AND EMPLOYEES NOT SUBJECT TO COLLECTIVE WAGE AGREEMENTS

Employment conditions for DB Group executives and employees not subject to wage agreements are also being continuously improved. Compensation policy and ancillary benefits will be oriented towards DB Group's strategic targets.

The target system of the *DB2020* strategy was integrated into the variable portion of compensation for the year 2013. This not only considered customer and employee satisfaction, but also took environmental results into equal consideration for variable compensation. About 3,000 executive employees and 2,000 employees not subject to collective wage agreements in DB Group receive variable end-of-year bonus.

Mobility services for DB Group managerial-level employees were revised and expanded. The BahnCard 100 First, Flinkster car sharing and the bicycle rental service Call a Bike are environmentally conscious DB Group alternatives to a company car. The company car service was oriented to environmental criteria and incentives were created for the use of alternative engine technology.

To improve work-life balance, since 2012 executive employees and DB Group employees not subject to collective wage agreements have been able to negotiate a sabbatical of up to six months. DB Group also supports the provision of part-time executive employment.

WORK-LIFE BALANCE

The balance between work, family and life stage is coming into the foreground in the work world today. It has an even higher priority in connection with the conclusion of the demographics collective bargaining agreement.

In September 2013, DB Group and the Group Works Council signed a *Framework Group Works Council Agreement for balance between work, family and life stage*. It is valid for a large portion of DB companies in Germany and offers assistance to employees with questions about this topic.

With the expansion of childcare services, DB Group wants to carry out its commitment for a better work-life balance. In September 2013, the first DB-operated day care center for children, “Bahnbini,” opened in Frankfurt am Main with care places for 90 children. There are about 150 care places reserved for DB employee’s children in private day care centers available throughout Germany. Parents are supported by regional childcare coordinators of the BSW Foundation in their search for day care centers with available space as well as emergency and weekend childcare services. During the summer school vacation, employees in Berlin, Frankfurt am Main and Munich can have their children cared for by the DB Group-operated program “DB RasselBAHNde.” In addition, DB Group’s cooperation partner Elternservice AWO finds, for example, au pair and day care personnel and supports the organization of advice and support for care of dependents.

Greater flexibility in work time is of great importance for work-life balance. For this, DB Group offers its employees various part-time models.

HEALTH MANAGEMENT

A diverse set of offerings for health promotion and a *modern occupational health management program* have positive effects on employee satisfaction, employer attractiveness and the demographic preparedness. For this DB Group wants to expand the comprehensive programs that it has already established, such as nutrition programs in company cafeterias, courses to stop smoking or how to handle addictive substances, in accordance with demand. Along with diverse sports programs DB Group also has a strong awareness of mental health in the workplace. There has been a support concept for over ten years for train drivers who must process the experience of an accident. Through the employee support teams (MUT), all DB Group employees and their family members also have a contact person for individual emergency situations.

Since DB Group wants to retain its employees for as long as possible, it has been exploring a health-oriented prevention program for older employees together with Heidelberg University since 2012. The pilot project “Smart and Active Aging” (Clever und Aktiv in Richtung Alter, CLARA) links the central themes of health promotion. In December 2013, CLARA was awarded the HR Excellence Award as an innovative project addressing demographic change.

Optimization and internationalization of HR work

By building an international personnel manager network in the previous year, DB Group has created the basis for a trusting cooperation in the human resources area of DB Group. In the year under review, two Group-wide HR manager meetings took place in London and Amsterdam. At these events, the framework was created for working together to implement the ***HR2020 program*** *[page 43]* in the international context. In international project groups across business units, important themes were processed that will implement DB Group’s human resource strategy worldwide. Cooperative work in selected HR2020 programs – SWP, career development and further development of corporate culture – was intensified in the year under review.

The first international model for DB Group’s ***SWP*** *[page 43]* was developed. In processing the themes for career development, cooperation was expanded above all in the area of the competence system, 360-degree leadership feedback and development of international career paths. DB Group is relying on dialog for the further development of its corporate culture in an international context as well. In February 2013, the first international Regional Dialog on the Future took place in Wrocław with Polish employees, followed by another Dialog on the Future in Amsterdam in November 2013 with employees from Belgium and the Netherlands. The Dialogs on the Future were organized across business units in each country.

A European Works Council of DB Group has existed since 2005 for representation of the interests of employees beyond national borders. DB Group companies in 20 European countries send employee representatives to the European Works Council.

Environmental

Positive interim results for DB Group's climate protection program

Increased use of renewable energy

Millions of customers traveling in long-distance transport with 100 % eco-power

ENVIRONMENTAL MANAGEMENT

Within the scope of the strategic management process (SMP) of DB Group, content, strategies and the ***top targets*** *[page 15]* with regard to the *environmental* dimension are developed and approved together with the corporate and business unit business development and specialist environmental departments of Group management and the business units. The specialist environmental departments also implement environmental management in the business units, while DB Environment Center is responsible for environmental management at the Group level. It also provides assistance to the Group and the individual business units in developing, implementing, monitoring and improving environmental strategies, targets and measures.

The Group Environment Committee, consisting of representatives from DB Environment Center and all of the business units of DB Group, ensures smooth cooperation and continual improvement in environmental issues across DB Group. The Committee's working groups and expert groups jointly develop and approve the content and strategies of DB Group's environmental protection program.

DB Group's environmental management system is ISO 14001 compliant, and applies to all business units worldwide. The DB Bahn Regional and DB Bahn Long-Distance business units have already been certified, and about 70 % of DB Schenker Logistics sites worldwide were already certified in the year under review as well. Further certifications will follow.

Stakeholder dialogue

Two-way dialogue and critical exchanges with its stakeholders are of importance to DB Group, with workshops involving the individual stakeholder groups, among other things, providing a forum for such regular dialogue. In the year under review, DB Group held the 17th annual "Passenger, Environment & Transport" workshop with some 50 representatives of passengers, disabled persons and environmental associations from about 30 institutions.

DB Group keeps its employees informed, for example by way of qualification and informational events, as well as numerous environmental courses. In the year under review, DB Environment Center and DB Training together trained about 700 employees in the context of 60 environmental courses. The electronic "Eco Training 2013" course was set up in order to provide the employees of DB Schenker with comprehensive information and assistance for their dealings with customers; in four modules, it acquaints them with the relevance of environmental and climate protection as well as the objectives of DB Group.

REDUCTION OF EMISSIONS

DB Group has set itself the goal of reducing its worldwide specific CO_2 emissions by 20 % between 2006 and 2020, with a further key aspect of DB Group efforts being the reduction of pollution from its vehicles.

Further reduction of energy consumption and CO_2 emissions in rail transport

Since 1990 and thus since the beginning of its first climate protection program, DB Group has been able to reduce the specific CO_2 emissions produced by DB rail transport in Germany by a total of 54 %. In absolute terms, CO_2 emissions in this area have decreased by about 0.9 million t as compared to the previous year. The data relating to DB Schenker Logistics and DB Arriva will not be available until the second half of 2014.

SIGNIFICANT INCREASE IN PROPORTION OF RENEWABLE ENERGIES IN TRACTION CURRENT PROCUREMENT VOLUME

In the year under review, DB Group further increased the proportion of *renewable energy* in the traction current mix. This proportion of the total volume of power procured for the electric rail transport services provided by DB Netze Energy in Germany, the so-called purchasing mix, increased by about 11 percentage points to 35.2 % and is therefore much higher than in the overall energy mix in Germany. This large increase can be attributed to additional purchases of eco-power for green long-distance transport products and new contracts for wind energy and hydropower, substituting nuclear power and fossil fuels. DB Group therefore already achieved its goal of increasing the proportion of renewable energy to at least 35 % by 2020 in the year under review.

Additional renewable energy is procured for its green product offerings at the business unit level, and is directly reflected in the carbon footprint of the business units in question.

A major driver of the development at DB Bahn Long-Distance has been the introduction of new *green products* in April 2013, which will bring the proportion of renewable energy in the total volume of power procured by DB Bahn Long-Distance in 2014 to about 75 %.

The proportion of renewable energy in the total volume of power procured by DB Schenker Rail Germany and DB Bahn Regional also increased in the year under review.

The Hamburg S-Bahn (metro) and the regional transport services in the Federal state of Saarland also contribute to reducing the carbon footprint of DB Bahn Regional, as these also run on 100 % eco-power and are thus CO_2-free.

In addition, DB Netze Energy also procures power for its CO_2-free rail freight (Eco Plus) and long-distance (Environment Plus) transport services separately, and this volume – amounting to about 69 GWh in the year under review – serves to further "greenify" the traction current mix. However, the volume of eco-power procured on behalf of DB Group's customers does not form part of DB Group's goal of continuing to increase the proportion of renewable energy in the traction current mix and is therefore reported on a separate basis.

INCREASED BRAKE ENERGY RECOVERY

All modern railway vehicles are able to convert kinetic energy into electrical energy upon braking and to feed it back into the traction current grid. In the year under review, the proportion of so-called brake energy recovery has increased, in particular as a result of the use of new vehicles in regional rail passenger transport, enabling 1,040 GWh of electricity to be "recycled" and thus savings of about 11 % to be made in the procurement context.

PHOTOVOLTAIC PLANTS ON DB SITES EXPANDED

DB Group has used suitable surfaces and roofs for the installation of photovoltaic systems since 1997. In 2013 DB Group launched the largest and most powerful photovoltaic system on a DB surface to date together with the project developer Greenvest Solar from Starnberg/Güsten near Magdeburg. This solar power plant, installed on the roof of a former marshaling yard, extends over a surface of about 10.4 ha and generates power in the amount of some 6.4 MWp. The electricity produced here is fed into the public grid and is enough to meet the energy requirements of about 1,500 four-person households.

IMPROVED ENERGY EFFICIENCY AT STATIONS

DB Group also aims to improve the energy efficiency of its stations. DB Group will be opening Germany's first *carbon-neutral station* in Kerpen-Horrem in mid-2014. its station facilities as a whole are becoming increasingly energy-efficient. In 2013, DB Group was able to reduce primary energy consumption at stations by 34 GWh as a result of numerous implemented measures, such as:

- optimization of thermal building physics in concourse buildings,
- use of energy-efficient systems technology such as LED lighting and regenerative conveyance technology,
- combined heat and power plants in order to improve the degree of efficiency of primary energy use,
- integration of building automation systems.

DB Group long-term energy conservation goal with respect to its stations is to reduce primary energy consumption by a total of 14 % between 2010 and 2020.

CAPITAL EXPENDITURES IN ENVIRONMENTALLY FRIENDLY LOGISTICS CENTERS

A new logistics center with a total area of 90,800 m² has been established in Rudná in the Czech Republic. This modern building project comprises an in-house photovoltaic service station and a solar-powered system for heating water on the premises. Therewith, both the office buildings and the warehouse facilities should largely be able to generate enough power to meet their own energy requirements. The environmentally sustainable facilities also include intelligent lighting systems, an ultra-modern heating, ventilation and air-conditioning system, and a liquid petroleum gas filling station for vehicles which run on compressed natural gas.

Reduction of emissions through the use of modern vehicles and technology

DB Group is constantly working towards reducing the emissions produced by its existing vehicle fleet. Overall, DB Group was able to reduce emissions of soot particles and also nitrogen oxide emissions from diesel vehicles in the year under review while increasing the proportion of electric vehicles used in rail transport in Germany by a further 0.5 %.

HIGH EMISSIONS STANDARDS IN EXISTING FLEET

DB Schenker Logistics continually renews its vehicle fleet on both environmental and economic grounds. More than 80 % of the trucks used for long-distance transport comply with the strictest emissions standards, Euro V and VI. In addition, stringent monitoring measures also ensure that fleets used by subcontractors are up-to-date, with all national subsidiaries being required to subject the truck fleets of their about 6,000 subcontractors to an annual evaluation in accordance with a standardized procedure. Among other things, the evaluation relates to the current condition of the fleet structure, focusing on its Euro standard classification and on the training provided to drivers.

DB Group is also reducing the emission of pollutants by its fleet of cars through increasing use of vehicles which comply with the Euro 5 standard.

MEASURES IMPLEMENTED IN 2013

- DB Group has come to an understanding with Bombardier as to the conclusion of a framework agreement for the supply of electric locomotives which generate lower costs over the useful lives and are very energy-efficient. They will enable DB Group to achieve energy savings through their use of more efficient current transformers, driver assistance systems for optimal energy-efficient operation and brake energy recovery systems.
- DB Bahn Regional Bus has acquired 350 buses from EvoBus and Iveco Irisbus, all of which have engines that comply with the most stringent emissions standard applicable at the present time, that of an “enhanced environmentally friendly vehicle” (EEV), and thus go beyond the requirements of the Euro V standard imposed by statute up until 2013. Vehicles which comply with the Euro VI standard are to be supplied for orders made from 2014 onwards.
- DB Arriva already has more than 140 hybrid buses in operation in London, with 77 hybrid buses and 21 gas-powered buses joining the fleet servicing the area around London in the year under review. DB Arriva is also increasingly focusing on the use of environmentally friendly hybrid technology to reduce emissions of CO_2 and pollutants in other European countries: more than 50 hybrid buses are in operation in the Netherlands, with more in use in Southern Europe.
- DB Arriva has acquired a majority shareholding in ***Zeta Automotive*** [page 11], an innovative supplier of environmental technology solutions in the area of vehicle inspection and engine control systems. One of its main products, Econospeed, is a system which enables appreciable fuel savings to be made in the road transport context, and will be gradually introduced by DB Arriva from 2014 onwards. Its use in other business units in the future is also a possibility.
- As of the end of the year under review, 125 of the 130 Gravita shunting locomotives equipped with soot particle filters that had been ordered had been delivered to DB Schenker Rail Germany. According to the manufacturer’s claims, the special filters capture 97 % of soot particle emissions. DB Schenker Rail is therefore the first German company to deploy diesel locomotives with particle filters in large numbers.

- At the end of March 2013, DB Schenker Logistics put the first truck to run on so-called *frozen biogas* into operation in Sweden. This refers to a type of gas containing methane that is used as an alternative fuel. The source is key: it is touted as a second-generation biofuel since it comes from organic waste and therefore poses no competition to the cultivation of food. According to the results of a complete analysis of the fuel cycle (well-to-wheel; WTW), it brings about a reduction in greenhouse gases as compared to conventional diesel fuel of more than 80 %.

MANDATORY PURIFICATION OF EXHAUST GASES FOR CONSTRUCTION SITE VEHICLES

The first phase of DB Group's new tender procedure for the purification of exhaust gases on construction sites came into effect on July 1, 2013. It initially applies to inner urban areas and goes beyond the statutory requirements, stipulating contractual obligations regarding the use of *low-emissions vehicles and construction machinery*. DB Group's fundamental requirements are green stickers for road vehicles and a particulate reduction system for all other diesel-operated construction machines that removes at least 90 % of particulate matter. The three-stage regulatory model will increase the requirements as to emissions standards in July 2015 and again in July 2018, while already limiting the exceptions which are still permissible at the present time.

FURTHER ECO RAIL INNOVATIONS

Further participants joined DB Group's "Eco Rail Innovation" (ERI) industry initiative in the year under review, bringing the total to 19 partners cooperating with each other in the development of technological innovations with a view to strengthening the competitive position of rail-based modes of transport in the intermodal context. The *hybrid H3 shunting locomotive* project was launched in August 2013 as part of the ERI, together with DB Group's partners Alstom Germany, the Free State of Bavaria and DAL Deutsche Anlagen-Leasing. Five model H3 shunting locomotives equipped with hybrid technology are to be built and then subjected to operational viability testing at DB Bahn Regional locations in Würzburg and Nuremberg over an eight-year period beginning in 2015, with a view to establishing their viability for production in technical and economic terms. As compared to conventional shunting locomotives, an H3 locomotive produces up to 70 % less pollution and also requires up to 50 % less fuel, and as such makes low-emissions local rail transport – for example, in inner city areas – possible.

Extension of environmentally friendly mobility chains

DB Group considers there to be excellent opportunities for the deployment of *electric vehicles* by way of supplement to its rail transport services, particularly in the urban transport context, and to this end DB Group is developing mobility concepts and products for its customers which DB Group intends to build on further.

NEW CAR-SHARING CONCEPTS LAUNCHED

The launch in March 2013 of "e-Mobil Saar" represented a further milestone in the use of electric cars by Flinkster, DB Group's car-sharing program. The research project on electromobility sponsored by the Federal Ministry of Transport and Digital Infrastructure (Bundesministerium für Verkehr und digitale Infrastruktur; BMVI) aims to more closely link public local passenger transport and individual transport systems. Public mobility options are becoming more numerous and also increasingly environmentally friendly as a result of the use of electric vehicles in the car-sharing rental system.

The "Use of electromobiles in Thuringia outside of cities" (Elektromobiles Thüringen in der Fläche; EMOTIF) research project conducts electromobility trials, particularly in rural and tourist regions. In cooperation with regional tourism organizations, the electric vehicle car-sharing option represents an attempt to guarantee the mobility of train travelers in their effort to connect to tourist destinations in the region of Erfurt/Weimar/Jena/Eisenach. The "E-Wald" project, a collaboration involving DB RegioNetz, six administrative districts and 90 municipalities, has been launched with 150 vehicles over an area of 7,000 km² in the Bavarian Forest and provides customers arriving at train stations with the option of continuing their journey in an electric car. A similar project was launched in July 2013 at the Garmisch-Partenkirchen Station where electric vehicles are made available as part of the *e-Flinkster car-sharing* program. The goal is to also provide customers with attractive and environmentally friendly services outside of the major metropolitan areas. Should these projects prove successful, they may be extended to other regions.

Furthermore, Peugeot Germany and DB Netze Energy renewed their collaboration in April 2013 and extended the scope to include Peugeot's subsidiary Citroën. DB Netze Energy is assisting the automobile manufacturer in the marketing of its electric vehicles in Germany, providing energy-related services in areas ranging from recharging infrastructure to power supply.

The Citroën Multicity car-sharing concept in Berlin, which was launched in August 2012, is attracting ever more customers. About 3,700 customers registered for the first cross-station, entirely electric one-way car-sharing service in Germany and completed about 47,700 journeys with the Citroën C-Zero within the first year. A fleet of 450 Citroën C-Zero vehicles was in operation in the year under review, and there are plans to increase the number of cars to 500 in 2014. Holders of the Multicity loyalty card are also able to use the services of both Flinkster and Call a Bike.

FURTHER GROWTH RECORDED BY CALL A BIKE

About 615,000 customers – including the customers of StadtRAD Hamburg and Konrad Kassel – completed a total of about 3.3 million journeys with "Bahn bikes" in 2013. Call a Bike customers had about 9,000 bikes at their disposal in Germany throughout the entire cycling season. In August 2013, DB Group's new StadtRAD bicycle rental system was launched with 50 bikes at five locations in Lüneburg.

NOISE REDUCTION

DB Group's goal with respect to *noise reduction* is also an ambitious one: DB Group wants to reduce rail transport noise in Germany by half between 2000 and 2020.

Progress made with noise remediation program

The "noise remediation of existing rail lines of the Federal Republic of Germany (Lärmsanierung an bestehenden Schienenwegen des Bundes)" program launched by the Federal Government in 1999 is a central element in DB Group's efforts to reduce rail transport noise. DB Group proceeded with the implementation of the *noise remediation program* in 2013. The erection of a further 62 km of sound barriers in the year under review has increased the total distance covered by noise protection measures to over 500 km. All in all, DB Group equipped more than 2,500 homes with noise-reducing windows and soundproof ventilators in the year under review.

Noise prevention measures are implemented in the construction and expansion of new and existing lines in accordance with the provisions of the 16th Federal Emission Control Regulation. These vary depending on the extent of the construction work to be carried out in a given year and are thus subject to fluctuation.

Noise reduction in rail freight transport

The use of quieter brakes, so-called composite brake shoes (V brake shoes), which minimize abrasion on the wheel surface, enables the noise produced in the freight transport context to be effectively reduced. Two types of V brake shoes are available, and DB Group has exclusively purchased freight cars equipped with the K type of brake shoe since 2001. The number of new freight cars with this noise-reducing technology increased by about 280 to about 7,750 in the year under review. Following its accreditation in June 2013, DB Group is now able to refit its existing freight cars with the LL type of brake shoe. Within the scope of the "Leiser Rhein" ("Quiet Rhine") project DB Group was thus able to increase the number of freight cars which have been refitted with K and LL brake shoes to 650, bringing the proportion of DB Group-owned freight trains which are equipped with the new brake shoe to over 10%. DB Group aims to refit all of its relevant existing freight trains by 2020.

INTRODUCTION OF NOISE-BASED TRAIN-PATH PRICING SYSTEM

This project for the refitting of its freight cars is also reinforced by the newly introduced *noise-based train-path pricing system*, which imposes a noise-based remuneration component for loud freight trains.

Implementation of special program for noise control

As part of the Infrastructure Improvement Acceleration Program (IBP II), the Federal Government has provided a total of € 40 million for the implementation of a *special program for noise control* in 2013 and 2014. The funds are intended to finance, among other supplementary measures to the noise remediation program, the development of innovative noise control technology along tracks, such as trial installations of rail web dampers, noise-reduced rails or low-noise switches. New developments which have been successfully tested may also be implemented, where viable on an individual case basis, in the noise prevention context once the "Schall 03" calculation regulation to be revised by the Federal Government comes into force.

About half of the € 40 million or so in funding for additional rail noise control measures provided by the BMVI pursuant to the IBP II is earmarked for the Middle Rhine Valley. The first set of measures has already been implemented or is currently under construction. Rail web barriers have been built along more than 25 km of track in the Middle Rhine Valley, and more than 140 so-called insulated rail joints have been extended in order to minimize selective noise pollution. Furthermore, in November DB Group deployed special machinery to sand down 64 km of railway lines in the Middle Rhine Valley with a view to producing smooth tracks and thereby reducing the noise produced by up to 3 dB. This measure in conjunction with the rail web barriers means that DB Group is able to reduce rail transport noise by up to 6 dB at some sites.

MATERIAL AND RESOURCE EFFICIENCY

Scarcity of resources and increasing prices also pose a considerable challenge for DB Group. There is increasing pressure to take action, above all with the use of materials for products which are necessary for rail infrastructure. DB Group is living up to its responsibilities in this regard at every stage of its value chain, from purchasing to operational use to recycling and disposal. DB Group intends to transform its waste management process from an optimized disposal management system into a modern resource management system.

A major element of the *optimization of the resource management system* of DB Group is the strengthening of its recycling activities as a means of encouraging greater use of secondary raw materials and conserving natural resources. DB Group is also keen to increase its use of recycled materials and to prolong the useful life of materials used in its vehicles.

Recycling of ballast and concrete ties

DB Group has established a material flow for ballast, concrete ties and tracks for the purposes of regular renewal and maintenance. Every year, between 4 and 5 million t of old, worn down material are removed from the network and almost the same amount is reintegrated again.

About 1.6 million t of ballast is mechanically processed on location using rail-mounted ballast cleaning machines or mobile processing equipment and then directly reintegrated into the gravel bed. This not only significantly reduces the amount of new ballast required but also the related transport costs and CO_2 emissions. Most of the remaining material is then recycled at certified external waste management facilities to produce ballast for use by DB Group, or chippings or crushed sand for use in road construction. About 3.8 million t of ballast was used in 2013, about 760,000 t of which consisted of recycled material.

Concrete ties likewise have a limited useful life and must be replaced. Two million concrete ties were installed in 2013, about 230,000 of which were recycled. Concrete ties which are no longer capable of being reprocessed in accordance with the necessary quality criteria are recycled and put to other profitable use outside of DB Group.

Redesigning as a means of prolonging useful life

In order to extend the useful life of its vehicle fleet, DB Group is gradually modernizing its ***ICE and IC trains***, for example, which will considerably reduce its material and energy consumption and enable DB Group to save up to 80 % on the material costs which would be incurred for the purchase of new vehicles.

REDUCED WATER CONSUMPTION

According to its estimates and on the basis of the data available at the time of the preparation of this report, DB Group reduced its global water consumption, based on the volume procured from public providers, by about 5 % on a year-on-year comparison to 7.81 million m^3 in the year under review.

DB Group has installed water-saving toilet facilities on its trains in the interests of resource conservation. In addition, DB Group has adopted water-saving cleaning practices which reuse water several times.

CONSERVATION MEASURES IMPLEMENTED

The conservation of nature is of great importance to DB Group. DB Group is confronted with nature conservation issues in both the context of its day-to-day operations and the construction and expansion of new and existing lines. Railway lines often provide a unique habitat for protected species. DB Group seeks solutions that make both ecological and economic sense wherever conflicts arise. In order to be able to promptly identify points of contact between the natural world and train-paths, DB Group uses a geographical information system (GIS) which stores details of rail lines and all digitally registered conservation areas within Germany. DB Group can only conduct its operations in a manner which takes account of the sensitivity of these areas armed with knowledge of any points of contact between its train-paths, zones or overhead lines and conservation areas.

Vegetation control as a means of ensuring safety of railway operations

In order to guarantee the safety of its passengers, DB Group carries out regular maintenance on its trains, tracks and track systems. This also entails the regular removal of plant life to ensure that these do not impair the functioning of the gravel bed or obstruct the visibility of signals. As a general rule, DB Group only uses chemical pesticides in the direct vicinity of the tracks, as there is no alternative means of preventing these from becoming overgrown. The volume of the substances used on more than 57,500 km of track in 2013 amounted to 85 t – equivalent to 1.47 kg/km. This means that about 94% of the tracks are being treated with herbicides. DB Group used substances that are approved by the Federal Office of Consumer Protection and Food Safety specially for use in track areas: flazasulfuron, flumioxazin and glyphosate. Vegetation is removed from the area surrounding the tracks and also from stations, paths and other spaces by mechanical means.

Mitigation and compensation measures

Not only the areas along rail transport routes but also other facilities and spaces managed by DB Group are often important habitats, and also the sole refugium in highly populated areas, for flora and fauna. This fact forms the basis for DB Group's acknowledgment of its responsibility to maintain biological diversity, as the business activities of DB Group have a direct impact on the habitats of any number of species of flora and fauna.

DB Group takes the issue of nature conservation into account early on in the planning process for the construction or expansion of railway lines. This allows DB Group to prevent any construction work from encroaching into natural habitats. However, if there is no other option, then DB Group always ensures that it carries out adequate mitigation or compensation measures for the area affected. In December 2013, DB Group also set up a *department with responsibility for ensuring that construction projects follow good environmental practice* during the construction phase itself, and that encroachments upon conservation areas and bird sanctuaries are kept to an absolute minimum. An example of DB Group's endeavors in this regard relates to the expansion work carried out on the Berlin–Rostock rail line in the year under review and the related renovation of an old transformer building earmarked for demolition in the Nossentiner/Schwinzer Heide nature reserve in Mecklenburg. DB Group has provided € 23,000 to fund the renovation and preservation of the transformer building and the construction and maintenance of nesting boxes. In addition, 12 mitigation measures for nature conservation are being implemented in the context of the electrification of the Saxon-Franconian trunk line. The largest relates to the village of Gassenreuth in the Vogtland region, where antiquated stables have been removed and an area extending over 1.6 ha has been reforested.

Additional information

DB Group's purchasing volume reduced to about € 24 billion
DB International awarded a new contract in Saudi Arabia
Complaint against anti-competitive practices in France

PURCHASING VOLUME DOWN

In the year under review, DB Group's purchasing volume decreased to € 24.2 billion (previous year: € 29.4 billion). The purchasing volume of industrial products dropped from € 8.7 billion to € 4.3 billion, as the previous year's high volume of vehicle orders was not repeated. The other key components saw comparatively stable development. Freight and freight forwarding services reduced slightly from € 10.3 billion to € 9.7 billion. Construction and engineering services declined from € 5.1 billion to € 4.7 billion. In contrast, third-party services increased from € 2.9 billion to € 3.1 billion. Cable-and-pipe-bound power and fuel have remained constant at € 2.4 billion.

Significant contract awards

INFRASTRUCTURE

- The following contracts in particular were awarded as part of the Stuttgart-Ulm project: the Albaufstieg tunnel (about € 635 million) and the Albabstieg tunnel (about € 250 million), an expansion of the S-Bahn (metro) running through the Stuttgart central station and Stuttgart Nord (about € 56 million), the Filstal bridge (about € 53 million) as well as the construction of the Widderstall tunnel (about € 37 million).
- Contracts amounting to about € 224 million were awarded for construction services for the Hanau – Nantenbach expansion line, including four tunnels as well as renewal and alteration measures.
- The awarding of construction contracts for the German Unity Transport Projects (VDE) 8.1 Hallstadt – Ebensfeld – Erfurt amounts to about € 59 million.
- The installation contracts for command and control technology, crossings and electrical engineering resulted in a total contract volume of about € 240 million.
- The contract volume for the framework agreements concerning the delivery of concrete sleepers amounted to about € 140 million.
- The framework agreements for rail transport services for supply and waste disposal on track construction sites amount to an order volume of about € 110 million.
- Framework contracts with a total volume of about € 110 million were awarded for the disposal of superstructure material as well as construction and demolition waste.

VEHICLES

- Bombardier was awarded a contract for the delivery of 12 electric double-decker multiple units for regional transport. The capital expenditure volume is about € 113 million.
- DB Group has agreed to a framework agreement with Bombardier for the provision of electric locomotives with a potential delivery volume of up to 450 locomotives with possibly differing technical equipment by the year 2023. The capital expenditure volume amounts to a maximum of € 1.5 billion. A total of 110 locomotives for DB Schenker Rail and 20 locomotives for DB Bahn Regional were requested as part of the framework agreement.
- From Bombardier 60 new trains were also ordered for the S-Bahn (metro) Hamburg. The total capital expenditure volume is about € 327 million.
- DB Group has concluded its first vehicle order contract with Skoda for the delivery of six locomotive-driven double-decker trains for regional transport. The capital expenditure volume is about € 101 million.
- Bombardier was awarded a contract for the delivery of 18 electric double-decker multiple units for regional transport. The capital expenditure volume is about € 216 million.
- From PESA (Pojazdy Szynowe PESA Bydgoszcz Spolka Akcyjna), DB Group ordered 36 LINK diesel multiple units (DMU) (20 two-part and 16 three-part DMU) for regional services. The capital expenditure volume amounted to more than € 118 million.

PROCUREMENT WITH NEW CHALLENGES

Centralized procurement makes a contribution to the implementation of the *DB2020* strategy. To assist the achievement of the goal of becoming a *profitable market leader*, centralized procurement is continuing to analyze potential for further optimization in all product groups in order to safeguard the business units' profit lines. Higher wage agreements – especially in Germany – create increasing price pressure, particularly when it comes to overwhelmingly local, labor-intensive and poorly tradable goods and services. There were very few price increases in raw materials in the year under review. The utilization of capacity in various supply sectors therefore declined. The persistently weak economic development in Europe has had a dampening effect on prices. In the context of supplier qualifications, DB Group checks that all suppliers meet minimum eligibility requirements independently of the awarding of a contract.

As part of DB Group's goal to become a *top employer*, DB Group has introduced the "professional career in procurement." All procurement employees were assigned to one of five professional career levels in the year under review. Each professional career level has standardized skills requirements and qualification offers. The qualification offers were rolled out in the year under review.

Through the analysis of central environmental key figures in the relevant product groups, centralized procurement contributes to DB Group's goal of becoming an *eco-pioneer*. In future, selected sustainability aspects, such as product life cycle costs, will be systematically investigated in the product groups concerned.

ADDITIONAL ISSUES RELATED TO OPERATIONS AND BUSINESS OPERATIONS

DB International receives contract in Saudi Arabia

DB International GmbH (DB International) has been awarded a contract for the first high-speed line in Saudi Arabia. In mid-September 2013, the project managers commissioned DB International with the design review of the superstructure, installation technology, construction supervision and monitoring vehicle production as well as project management.

Combating non-ferrous metal theft

The number of incidents of metal theft fell further in the year under review. In total, about 1,750 incidents were counted, which represents a year-on-year decline of more than one-third. The consequential damage, such as operational disruptions and delays, multiplied the value of the stolen metal. In the year under review, about 10,000 trains were affected by operational disruptions, causing some 134,000 minutes of delay. These figures decreased by about 40% compared to the previous year, however.

As part of prevention, DB Group has engaged in a security partnership with Deutsche Telekom, RWE and the Association of German Metal Traders, including for the standardization of the use of markers such as artificial DNA. DB Group started a cross-border initiative against metal theft with the police, customs and other European railways in June 2013. The aim of the international work is to stop sales channels outside of Germany.

Other legal issues

ANTITRUST PROCEEDINGS AGAINST BRENNTAG

During the acquisition of Stinnes AG at the end of 2002, DB AG also acquired the Brenntag Group, active in the distribution of chemicals, which was resold at the start of 2004. In May 2013, the French antitrust authorities imposed a fine of about € 48 million against the Brenntag Group due to alleged antitrust violations, in which companies of Brenntag Group were allegedly involved. Although DB ML AG (formerly Stinnes AG) has not been accused of any antitrust practices on its own part, as former parent company it would be jointly and severally liable with Brenntag for this fine. Furthermore, a fine of about € 5 million was imposed against DB ML AG, as it should not benefit from the fine reduction for the application for leniency made by the Brenntag Group in 2006. DB ML AG first learned of the proceedings in mid-2012. DB ML AG has filed an appeal against the decision to impose fines at the Cour d'appel in Paris. The French tax authorities asked Brenntag SA to pay the fine of about € 48 million. It therefore asserted a claim for payment in the amount of about € 24 million against DB ML AG. DB ML AG rejected this claim.

COMPLAINT AGAINST ANTI-COMPETITIVE PRACTICES IN FRANCE

On December 18, 2012, the French antitrust authorities reached a decision against SNCF in a case in which Euro Cargo Rail (ECR) acted as a petitioner. In the authorities' opinion, SNCF employed a variety of illegal practices to impede competition in the French rail freight transport market. The authorities imposed a fine of about € 60 million on SNCF and required it to end the practices. The fine is not yet legally binding, as SNCF has appealed the ruling. The ECR is involved in the appeal proceedings as a co-applicant on the side of the authorities in order to uphold the decision regarding the fine. In addition to the multiple practical barriers to market entry, such as a lack of terms and conditions for terminal access, the non-rental of freight cars necessary for transporting crops, the forwarding of ECR's business secrets from the SNCF's infrastructure line of business to its freight transport line of business, the decision regarding the fine also considered the application of predatory pricing tactics in particular. The ECR filed a claim for damages against SNCF freight on June 14, 2013. The claim amount was set at € 68 million on the basis of an external report.

CONTRACT VIOLATION PROCEEDINGS DUE TO THE TRANSFER OF PUBLIC FUNDS

The EU Commission has accused the Federal Republic of Germany of having insufficiently implemented the provisions of accounting separation at DB AG, and is therefore preparing further contract violation proceedings against the Federal Republic of Germany.

On June 21, 2013, the EU Commission issued a "reasoned opinion" against the Federal Republic of Germany. The Commission's accusation is that DB AG, in being able to freely dispose of the profits of the DB Group rail infrastructure companies as well as train operating companies (TOCs), violates European law. This enables a forbidden cross-subsidization of TOCs. The same applied with regard to concession fees. Public funds (concession fees) could also be transferred illegally to other operating areas of DB Group. The Commission's argument draws upon the "ban on the transfer of public funds" governed under railway law, among other things.

The German Federal Government provided the EU Commission with its detailed position on the allegations at the end of August 2013. It is the opinion of the Federal Government, which DB AG completely agrees with, that the EU Commission's allegations are unfounded. German law guarantees the ban on the transfer of public funds.

GROUP COMPANIES TARGETED IN ANTITRUST PROCEEDINGS

The EU Commission carried out follow-up investigations at several DB Group locations as part of antitrust proceedings in the year 2011. Written requests for information were subsequently submitted. The proceedings were formally opened in June 2012. The proceedings focus on the traction current pricing system of DB Energie GmbH, which has been in place since 2003. This system was deemed admissible in 2006 by the Higher Regional Court of Frankfurt am Main.

The EU Commission quashed the proceedings against the transfer of commitments in December 2013. The appeal filed against these follow-up investigations was rejected by the Court of the European Union in Luxembourg. DB AG filed an appeal against the decision with the European Court of Justice.

INVESTIGATIONS AT DB INTERNATIONAL

Accounting firm KPMG conducted a special audit of DB International after allegations against DB International came to the attention of the Frankfurt public prosecutor in legal proceedings. The prosecution alleges that former employees paid cash or in-kind contributions to decision makers in foreign countries, either directly or through third parties. The findings of the special audit partially confirmed the allegations. DB International has taken action accordingly. The official investigations are slated for completion in 2014. DB International must anticipate a fine as well as seizure of profits. At the same time, DB International is claiming damages from former decision makers at the company.

Outlook

Improvement of economic growth in 2014
Earnings development is expected to improve in 2014
Outlook remains uncertain

ECONOMIC OUTLOOK

The outlook for economic development in 2014 is based on the assumption of generally stable geopolitical development.

Anticipated development [%]	2013	2014
GDP World	+2.2	<+3.0
World trade [1]	+2.9	~+5.0
GDP Eurozone	−0.4	~+1.0
GDP Germany	+0.5	>+1.5

[1] Trade in goods only.
The data for 2013, adjusted for price changes and calendar effects, is based on the findings and assessments available as of February 2014. Expectations for 2014 are rounded off to the nearest half percentage point.
Source: Oxford Economics.

In 2014, economic performance at the global level is expected to experience stronger growth than in 2013, most likely as a result of the increasing pace of recovery in the industrial nations – in particular, the United States and large parts of Europe. Overall, the major emerging markets are expected to experience growth more or less at the same level as in 2013.

The recovery in the United States is likely to be influenced first and foremost by domestic demand for consumer and investment goods, while lower energy costs should increase the attractiveness of US locations on a comparison at the international level. This should generate positive momentum for the development of the economy as a whole, on both the demand and the supply side.

Expectations with regard to US monetary policy will be of particular interest from the perspective of global economic growth: the Fed is expected to further restrict liquidity injections in 2014, with the resultant reduction in capital giving rise to risks affecting the development of the emerging markets, in particular. In spite of this, economic growth in Asia in 2014 should be in line with that experienced in 2013. The Chinese government is addressing the ongoing concerns as to the stability of the economic and political situation in the country by introducing extensive reforms to its market economy and social policy.

The Eurozone is expected to continue its recovery in 2014, however strong economic growth is unlikely in the light of ongoing structural problems.

While growing demand at the global level should encourage companies in the Eurozone to continually expand production in 2014, there is unlikely to be any lowering of unemployment figures in most of the crisis-hit countries in 2014. The propensity to invest is expected to vary among the members of the currency union, in some cases to a significant extent. In countries such as Spain, France and Italy, the existing uncertainty as to future economic developments is set to persist, with the result that capital expenditures should decrease or increase only slightly. In countries with competitive industrial structures in place, such as Germany, investments should increase significantly, and in Eastern Europe growth is expected to rise in line with that in Western Europe.

Germany is expected to benefit from greater momentum generated by the global economy in 2014 than was the case in the previous year, which should stimulate GDP growth. Private consumption is set to remain a reliable driver of growth in 2014, while foreign trade is expected to generate greater positive effects. The prospects for German goods in important sales markets should improve in the wake of the gradual recovery within the Eurozone and rising GDP growth rates in the Anglo-Saxon countries.

ANTICIPATED DEVELOPMENT OF THE RELEVANT MARKETS

Passenger Transport

Anticipated development [%]	2013	2014
German passenger transport market (based on pkm)	+1.1	≤ +1.0 to +1.5

The data for 2013 is based on the information and estimates available as of February 2014. Expectations for 2014 are rounded off to the nearest half percentage point.

In the German passenger transport market, the volume sold is once again expected to increase by up to 1.5 % in 2014, benefiting from the robust economic situation in Germany as compared to other European countries, with rising employment figures and greater disposable income as well as falling fuel prices, among other things. These factors will also serve to drive the development of motorized individual transport as the dominant mode of transport in the market.

DB Group expects the German domestic air transport sector to experience a positive baseline effect in 2014 arising as a result of the fall in demand experienced in 2013. In light of the probable retention of the air transport tax and continued consolidation efforts on the part of airlines, a moderate in-crease in the volume sold would appear to be realistic.

Public road passenger transport services are once again set to experience a moderate decline in performance. Demographic changes are likely to result in a decline in regional bus services, while positive momentum is likely to be generated by the dynamic growth in long-distance bus services.

DB Group expects there to be a considerable rise in demand for long-distance rail passenger transport services, with one of the major growth drivers in this regard being recovery effects following the flood. Improvements in the overall economic environment should furthermore have a positive impact on the volume sold.

In Europe, no significant improvement in the labor market situation or in the development of incomes is likely to occur in 2014, despite signs of economic recovery. As in previous years, developments in the European rail passenger transport market are expected to vary from one region to another.

Transport and Logistics

Anticipated development [%]	2013	2014
German freight transport market (based on tkm)	+1.9	+3.0 to +3.5
European rail freight transport market (based on tkm)	–0.5	+1.0 to +2.0
European land transport (based on revenues)	+0.8	+3.0 to +3.5
Global air freight (based on t)	+1.0	~+2.0
Global ocean freight (based on TEU)	+2.0	+3.0 to +4.0
Global contract logistics (based on revenues)	+5.5	~+7.0

The data for 2013 is based on the information and estimates available as of February 2014. Expectations for 2014 are rounded off to the nearest half percentage point.<

In view of the stimulus for growth expected to arise out of production and trade, the German freight transport market should experience an increase in demand for transport services of about 3.0 to 3.5 %. In spite of the improved economic environment in Europe, ongoing structural problems mean that the outlook remains uncertain, and, with signs of only gradual recovery, an expected increase in factor costs and sustained (price) competition, market players are likely to face further challenges in 2014.

The development of the rail freight transport sector in Germany should be bolstered in 2014 by the expected recovery of the important iron, coal and steel industry, in particular, while dynamic foreign trade is expected to contribute significantly to the growth of combined transport services, which should result in an improvement in performance slightly ahead of overall market growth.

The signs of recovery in road freight transport which were already discernible in the second half of 2013 are expected to pick up pace, resulting in significantly improved performance for this sector.

Inland waterway transport is expected to experience only moderate growth in 2014 as compared to other modes of transport. After the previous year, which was influenced by baseline effects, it is expected that waterway transport will return to the below-average growth trajectory already evident prior to the crisis in 2009.

In the European rail freight transport context, the outlook for 2014 appears to be cautiously positive, however the anticipated recovery of the economy in the course of the year and the positive baseline effects expected to arise out of the weaker conditions prevailing in previous years should result in more dynamic growth in demand. This is once more expected to vary from one region to another.

In the European land transport market of relevance for DB Schenker, revenues are expected to increase by 3.0 to 3.5% in 2014 on the basis of the anticipated economic recovery, with the greatest growth being experienced in Eastern Europe. Pressure on margins is likely to decrease in 2014 in light of the anticipated recovery of the market, and price levels are also expected to recover in the medium term in line with consistent market growth.

DB Group expects the global air freight market to recover slightly in 2014 and to experience growth of about 2%, and sufficient tonnage should again be available in 2014 in the light of the anticipated increase in belly capacity in particular (above all due to deliveries of larger passenger aircraft). It remains to be seen whether freight rates will remain at the high level attained in the fourth quarter of 2013.

Ocean freight services are expected to experience growth of about 3.0 to 4.0% in 2014. The anticipated rise in demand will not be sufficient to make full use of the projected increase in capacity resulting from new deliveries of shipping vessels, however the resultant pressure on freight rates could be counterbalanced by measures on the part of the shipping companies (scrapping of older vessels or laying up of tonnage).

DB Group expects accelerated market development with market growth of about 7% in the contract logistics/SCM area in 2014, with the major drivers here being the anticipated recovery of the global economy, the related assumed rise in outsourcing rates and the increase in complex solutions in the Group's key industries.

Infrastructure

In the passenger transport market in 2014, DB Group expects there to be an increase in the volume produced, primarily as a result of multiple orders by public transport authorities in the framework of newly awarded tenders for local rail passenger transport services. In addition, due to the only moderate recovery of the economy, DB Group also anticipates that there will not be any significant growth in the volume produced in the rail freight transport context.

Owing to the increase in scheduled transport and the opening of new stations (in particular, the City Tunnel Leipzig), DB Group expects there to be a slight increase in the number of station stops.

The prospects for the leasing division should improve slightly as a result of the positive general framework in the retail and food service sectors and the stable situation in the private consumption context. Furthermore, retail sales in Germany are likely to continue to increase to a moderate extent.

ANTICIPATED DEVELOPMENT OF THE PROCUREMENT AND FINANCIAL MARKETS

Anticipated development of the procurement markets

As in the previous year, DB Group does not expect to encounter any major bottlenecks on the procurement side during the 2014 financial year. Developments in the Middle East and oil production in the United States are likely to continue to have a significant impact on the market, with the diminishing dependence of the United States on oil imports having far-reaching geopolitical consequences. Overall, DB Group anticipates a moderate rise in energy and commodities prices.

Anticipated development of the financial markets

In 2014, developments in the financial markets are likely to be greatly influenced by the monetary policy decisions of the major central banks in the United States, Europe and Japan.

The current yield forecasts for the 2014 financial year do not indicate that any major changes in the yields for ten-year German government bonds (German Bunds) are likely up to the end of 2014.

The US dollar should once again perform more strongly during 2014, while possible setbacks with respect to the consolidation of the debt of individual European countries or a slowing-down of reform efforts could exert pressure on the euro and at the same time result in a widening of yield spreads within the currency union.

ANTICIPATED DEVELOPMENT OF IMPORTANT FRAMEWORK CONDITIONS

Within the scope of transport policy and the regulatory environment, the legislative initiatives of the EU Commission relating to the *fourth railway package* [page 33] and preparations for the *Railway Regulation Act* [page 35] could have a noticeable impact on DB Group's business operations in the future. In view of the current plans, however, the Group does not expect any concrete measures to be implemented during the 2014 financial year.

ANTICIPATED DEVELOPMENT OF DB AG

Profit situation

In the 2014 financial year the business development of DB AG will continue to be largely dependent on the development of its subsidiaries, and thus on the level of its net investment income. One of DB Group's overriding objectives is the long-term improvement of its earnings power.

After the weak development in the year under review, net investment income is expected to be stable in the 2014 financial year. At DB Netz AG especially, negative effects are expected from the increase in maintenance costs and a rise in personnel expenses to ensure that adequate numbers of employees are available for work. This will likely entirely cancel out the expected moderately positive development of most other subsidiaries.

DB AG should achieve improvements on the expenses side in the 2014 financial year. DB Group therefore expects that result from ordinary activities and net profit for the year will exceed those of the year under review.

Financial position

Efficient liquidity management is once again a top priority for DB Group in the 2014 financial year. DB Group is focusing on continually forecasting the cash flow from its operational activities, as this is the main source of cash and cash equivalents. A liquidity forecast is produced every month on the basis of a 12-month liquidity plan.

In the 2014 financial year, DB Group must redeem financial liabilities (excluding commercial paper and current bank liabilities) amounting to about € 1.2 billion. The financing needs will be offset by the issue of public and private bonds, with roadshows in Europe and Asia planned. It is anticipated that the structure of the liabilities side of the balance sheet will remain essentially unchanged despite the financing measures, as these will primarily serve to refinance expiring financial debt.

DB Group's debt issuance and commercial paper programs remain a source of sufficient financing for its capital market activities, with DB Group's guaranteed credit facilities serving as a fallback in case of restrictions in access to the capital markets. The short and medium-term liquidity supply of DB Group and DB AG is therefore also secure in the 2014 financial year.

The majority of the gross capital expenditures in the 2014 financial year will again be covered by investment grants. Net capital expenditures to be financed by DB Group are expected to rise considerably in the 2014 financial year, with the result that it will probably not be possible to entirely fund the net capital expenditures from internal sources of financing, and liabilities of DB AG as of December 31, 2014 is therefore likely to be higher than at the end of the year under review.

DB Group will continue its M&A activities in a selective and focused manner in the 2014 financial year. DB Group does not expect these activities to have any significant impact on its financial position in the 2014 financial year.

FORWARD-LOOKING STATEMENTS

This management report contains statements and forecasts pertaining to the future development of DB AG, DB Group and its business units and individual companies. These forecasts are estimates based on information available to us at the present time. Actual developments and results may diverge from current expectations owing to the assumptions upon which the forecasts are based not materializing or owing to the risks as presented in the Risk Report actually occurring.

DB AG does not assume any obligation to update the statements made within this management report.

Opportunity and risk report

Integrated risk management ensures transparency
Significant risks in the areas of regulation, markets as well as production and technology
Portfolio without any risks to DB Group as a going concern

DB Group's business activities bring not only opportunities, they also carry risks. For this reason, DB Group's business policy aims to take advantage of opportunities through its opportunity management system while also actively managing any risks identified within the framework of the risk management system. The information processing required for this takes place within the integrated risk management system. This system is based on the legal requirements of the Corporate Sector Supervision and Transparency Act (Gesetz zur Kontrolle und Transparenz im Unternehmensbereich; KonTraG) and is constantly being developed.

MANAGEMENT ASSESSMENT OF THE RISK SITUATION

The assessment of the current risk situation is based on the risk management system. In the year under review, DB Group's main risks were in the areas of regulation, markets as well as production and technology. A year-on-year comparison shows a slight reduction in the overall risk position during the year under review.

In addition, there is an impairment risk as a result of the low return on capital employed in infrastructure as well as the risk of structural underfinancing in the existing network. An impairment would also have an effect on DB AG's ability to pay dividends. Regulations regarding infrastructure financing are still pending. Third-party assessments also play an important role in the overall risk assessment. Alongside the internal risk assessment system, DB Group's creditworthiness and default risk is rated by the three rating agencies Moody's, S&P and Fitch. Their external assessments of the overall risk position of DB Group are reflected in the good ratings.

The analyses of risks, countermeasures, hedging and precautionary measures, together with the opinion of the DB Group Management Board based on the current risk assessment and the medium-term planning, indicate that there are no risks that, individually or jointly, could have an impact on the net assets, financial or earnings position of DB Group and would pose a threat to the Group as a going concern.

In terms of organization, DB Group has created all of the conditions necessary to enable the early identification of possible risks. DB Group's continuous risk management and the active management of key risk categories help limit risks within DB Group.

OPPORTUNITY AND RISK MANAGEMENT WITHIN DB GROUP

The principles of risk management are laid down by DB Group corporate management and implemented throughout DB Group. As part of the early-warning system for risks, quarterly reports are submitted to the Management Board and the Supervisory Board of DB AG. Major risks occurring outside of this reporting cycle must be reported immediately. Planned acquisitions are subject to additional specific monitoring.

DB Group's risk management system (RMS) maps all of the risks in a risk portfolio and also individually in detail, factoring in materiality thresholds. The risks considered within the risk management report are categorized and classified according to probability. Together with possible consequences, the analysis also takes into account the starting position and the cost of countermeasures. In organizational terms, Group controlling is the central coordination point for DB Group's risk management system.

In conjunction with Group financing, with its strict focus on the operating business, Group Treasury is responsible for limiting and monitoring the resulting credit, market and liquidity risks. The centralized handling of the relevant transactions (money market, securities, foreign exchange and derivative transactions) by DB AG means that potential risks can be managed and limited centrally. Group Treasury is organized in line with the minimum requirements for risk management formulated for banks (Mindestanforderungen an das Risikomanagement; MaRisk), which means that it complies with the resulting criteria of the KonTraG.

DB Group's opportunity management efforts are mainly derived from the goals and strategies of its business units. Operational management executives in the business units are primarily responsible for the early and regular identification, analysis and management of opportunities. These activities are an integral element of the Group-wide planning and controlling system. DB Group focuses intensely on detailed analyses of its markets and competitors, market scenarios, relevant cost drivers and critical factors for success, including those within its political and regulatory environment. Concrete opportunities for specific business units emerge from these efforts and are subsequently analyzed.

OPPORTUNITIES REPORT

To achieve its corporate objective of *profitable growth*, DB Group implements comprehensive packages of measures as part of DB Group-wide or business-unit-specific programs, which it anticipates will improve its performance quality, efficiency, cost structures and profitability. Here, DB Group also sees opportunities for further growth as well as improvement in its results and key financial ratios. These have partly also been handled in its medium-term planning, but partly also go beyond.

Overall, DB Group is well positioned to benefit from opportunities arising from significant trends in its markets. For more details, please see the ***Corporate strategy and management section*** [page 14].

To comply with its performance pledge as well as to ensure the continuous quality improvement of its products in the rail segment, DB Group has implemented a ***customer and quality initiative*** [page 40]. DB Group will continue to invest intensively in the sustainable improvement of its service and product quality in the coming years.

The development of the relevant economic environment could on the whole be better than DB Group anticipated. Any resulting positive momentum would then have a positive effect on the performance of the business units, in particular in the area of transport and logistics.

DB Group also sees market-based opportunities in terms of its ability to actively shape consolidations in the market by leveraging its leading market positions. In doing so, DB Group wants to seize the opportunities offered by the ongoing globalization process. DB Group could benefit from this development in particular thanks to DB Schenker Logistics' excellent position in the market.

With DB Arriva, DB Group has a strong position in the European transport market. DB Group has also positioned itself in such a way that it is well prepared to take advantage of the opportunities posed by open and opening markets. As a result of the sovereign debt crisis in Europe, DB Group sees opportunities in increased tender procedure activities for bus and rail transport in countries where their governments are forced to implement austerity measures. In addition, there is the possibility that new markets or market segments will be opened for competition.

Favorable exchange rates and interest rate moves could potentially have a positive impact on its financial result. Group Treasury therefore closely follows developments in the financial markets to identify and take advantage of possible opportunities.

RISK REPORT

There have been methodical changes in the drafting of risk reports for DB Group in the year under review. The main change results from the reference point switching from the previous year's actual figures ("status quo") to the respective current plan. As a result, risks are defined as potential deviations from the plan. As part of the annual planning process, it is decided which risks will be incorporated into the plan.

Key characteristics of internal control and risk management with regard to Group accounting processes

DB Group's risk management system is complemented by a Group-wide internal control system (ICS) that also includes the accounting process. This ICS is based on the criteria set out by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in its "Internal Control – Integrated Framework" guidelines. The COSO model is a widely recognized theoretical framework that classifies internal control systems into five levels for individual assessment. Based on this, the internal accounting-related ICS centers on basic control mechanisms such as automated and manual reconciliation, the separation and clear definition of functions, and compliance with Group-wide guidelines and work processes.

In addition to the instruments listed above, the control mechanisms governing the DB Group's accounting process include a Group-wide, uniform reporting system based on standard Oracle Hyperion Financial Management (HFM) software and regular updating of the relevant accounting directives and accounting systems.

The auditing activities of the intra-Group auditors, which represent a key element of DB Group's control mechanisms in the form of a process-independent monitoring instrument, are focused on evaluating the adequacy and effectiveness of its ICS. Property, plant and equipment as well as inventories are also audited. In addition to these measures, the Audit and Compliance Committee and the Supervisory Board monitor the DB Group's accounting process and the effectiveness of the internal control system.

In line with a binding schedule, the issues relevant to this are dealt with in the decentralized accounting departments, which for the most part use standard software in line with IFRS principles and in compliance with Group-wide, uniform procedures. These are then transmitted to the centralized HFM software.

The management of the companies included in the consolidated financial statements and of the individual business units verifies a number of points, including the correctness of data relevant to the financial statements, using a quarterly internal reporting process. Confirmation is also given that the executives responsible have implemented the centrally defined internal control systems for reporting and, where appropriate, have supplemented these with their own documented control and monitoring instruments.

Key risk categories

PROFIT RISKS

Markets

Market risks result from overall economic development as well as changes in the competitive situation.

Demand for DB Group's mobility services and, in particular, for its transport and logistics services is dependent on overall economic development, among other things. Economic growth fuels the megatrends underlying its strategy in the operating markets. This means that macroeconomic shocks such as economic and financial crises can have a negative impact on DB Group's business. Throughout the Group, DB Group is responding to risks arising from changes in demand from its customers or from shifting transport flows by intensive market observation and the continuous expansion of its portfolio. In order to respond to risks resulting from changing legal conditions on either a national or international level, DB Group takes an active part in the discussions and debates that take place ahead of this type of change.

Passenger transport is particularly affected by the development of key economic parameters such as disposable income and unemployment levels. Risks arising from the sovereign debt crisis could have negative effects (particularly in the form of spending cuts), primarily on the activities in the DB Arriva business unit.

DB Bahn Long-Distance is facing stiff intermodal and intramodal competition, particularly from motorized individual transport, which is the main competitor. The liberalization of long-distance bus transport led to the further intensification of the competition. In order to strengthen its competitive position, DB Group is continuously improving its service and performance. DB Group closely monitors its ***punctuality record*** *[page 40 f.]* and uses special offers as a means of improving its customers' perception of its prices. It is also continuing to invest extensively in its vehicle fleet. Restrictions in product quality could also lead to the planned price measures only being implemented to a limited extent or not at all.

There is intense competition in regional transport throughout Europe for securing long-term contracts. The market volume here is greatly determined by the financial situation of the contracting organizations. In Germany, this scope is regulated in the Regionalization Act up to the year 2015.

There is also the risk of a loss of tender processes. To be able to succeed in this market, DB Group is constantly working to optimize its tender management and its cost structure. In this case, DB Group runs the risk of planned new/reacquisitions of transport contracts not taking place. What is more, depending on the contract type, there is also the risk of a loss of passengers without the possibility of being able to adapt the operating program.

The most important factor for the rail freight transport business is demand for the transport of consumer goods, goods related to iron, coal and steel (Montan), mineral oil products, chemical products and building materials. Demand for these goods is subject to economic fluctuations. Structural changes to DB Group's customers' production structures should also be taken into account, as customers are frequently faced with international competition. In addition, there is extreme intramodal and intermodal competitive pressure. This situation is exacerbated by the increasing importance of low-cost truck fleets from the newer EU member states in the market. The increasing competition intensity affecting multiple modes of transport may lead to a loss of margins. DB Group is reacting to the situation with measures aimed at further improving efficiency and lowering costs. DB Group is also optimizing its services and integrating its rail freight services into a comprehensive range of logistics services. Competition could also be further tightened through longer trucks being authorized.

DB Group's customers' economic development dictates the need for storage and transport services, which in turn affects its freight forwarding and logistics businesses. DB Group's activities are affected in particular by the very competitive nature of the market. DB Group is responding to this by further expanding its networks and improving its cost structures, services and IT infrastructure.

The development of demand in rail infrastructure is dependent on rail transport's ability to compete on the upstream transport markets.

Production and technology

DB Group's activities as a train operating company are based on a technologically complex, networked production system. In general, DB Group tries to combat the risk of potential operational disruptions through regular maintenance and by taking on qualified employees, coupled with continuous quality assurance and improvement of its processes. The nature of rail transport as an open system means that certain factors (such as accidents, sabotage and theft) over which DB Group has only limited influence could have a negative impact on operations. DB Group's efforts in such cases focus on minimizing the potential effects. However, this could also result in cost risks from countermeasures.

The availability and the condition of rail infrastructure are significant criteria for the performance capabilities of rail transport. Intensive construction activity in the network has an effect on the production quality of the transport companies (in particular operating program and punctuality), that cannot be fully compensated.

If the quality of long-distance transport suffers, this has an impact on service quality and can lead to the loss of customers. In regional transport, there is the additional risk of penalties imposed by the relevant ordering organization if trains are canceled or punctuality targets are missed.

Sufficient availability of DB Group's vehicle fleet is essential for its operations. Significant reductions in vehicle availability pose a threat to operating schedules. DB Group tries to minimize this risk by taking preventative actions and also by minimizing the consequences should it happen, such as by providing replacement vehicles or by organizing replacement transport services.

In regional transport, a risk can arise from the redundancy of vehicles following the expiry or awarding of a new transport contract. As a countermeasure, alternative possible uses are checked continuously.

Punctuality is a key factor for rail freight transport customers when selecting a mode of transport. In addition to this, irregularities can occur during operations, such as customs violations and theft. DB Group combats these risks with measures such as employing qualified customs coordinators and using a system of immediate reporting for tax assessment notices.

The range and quality of DB Group's services depend to a significant extent on the availability and reliability of the production resources used, intermediate services procured and the quality of its partners' services. DB Group therefore keeps up an intense dialog with its suppliers and business partners on the subject of quality. This is of particular importance in the vehicle industry.

The technical production resources used in rail transport must comply with applicable standards and requirements, which are subject to change. As a result, DB Group may receive technical complaints concerning its vehicles. This leads to the risk that DB Group may only be permitted to use individual series or cars under certain conditions, such as limited speeds, shorter intervals between maintenance or reduced wheel set loads. In addition, DB Group cannot accept newly purchased vehicles that have flaws or for which the necessary vehicle certification has not been granted.

Regulatory risks

Changes to the legal framework at national or European level could pose risks to DB Group's business. This general regulatory risk could result in tangible negative effects on revenues and profit.

DB Group provides rail transport services in a regulated market. These regulations govern the individual components of the pricing systems, and general terms and conditions applied by DB Group's rail infrastructure companies. Risks in this regard are complaints and intervention. Measures that threaten or even prevent DB Group from attaining reasonable returns in its infrastructure business units (such as intervention in pricing systems) make it more difficult to control these activities from a business perspective and can therefore threaten financing contributions by DB Group to capital expenditures in infrastructure.

IT/telecommunications

To an increasing extent, the business processes of DB Group are dependent on highly available and secure information technology. The majority of Group business processes are IT-dependent, and this proportion will increase steadily in the future. DB Group's forward-looking IT management ensures that the necessary security measures are in place for its IT-based business processes. A vital method for this is IT risk management for applications, infrastructure and services. This systematically analyses, assesses and eliminates or minimizes the relevant risks. Residual risks are documented, reported to the competent department as applicable, and monitored. Examples of these risks would be interruptions in the availability of IT systems or unauthorized third parties accessing customer data.

Loss of income and damage to image can result from credit card fraud or in the event of the online sales channel malfunctioning. In order to avoid critical gaps in security, appropriate countermeasures (such as firewalls, encryption and closed servers) have been implemented. In order to ensure high availability of IT operations, DB Group uses redundant operational and data backup systems distributed across different locations, fail-safe systems, outsourced tape backup and separate administration structures. The wide area network (WAN) in particular is redundantly designed wherever IT security and business continuity require this. These measures reduce the risk of IT system failures and avoid large-scale disruptions, ensuring that mission-critical business processes are operational at all times.

Personnel risks

DB Group's employees are essential to DB Group's continued success in the future. DB Group's compensation systems and staff development programs and measures aim to retain and motivate employees. Undesired employee turnover is at a very low level.

The current age structure within DB Group will mean a significant increase in staff requirements in the future. At the same time, demographic changes will make it harder to recruit new staff. Competition to attract highly qualified specialists and executives is also increasing steadily. DB Group is rising to both of these challenges by maintaining close ties with schools and universities, and with specific recruitment measures that are further strengthened by the expansion of its recruitment organization.

DB Group's staffing cost structure in relation to that of its competitors is a crucial factor in allowing it to remain competitive. Burdens, such as higher collective wage agreements compared to its competitors, have a negative impact on its competitive position. DB Group is trying to minimize this through concluding collective branch agreements.

Procurement/energy market risks

Purchase prices for raw materials, energy and transport services vary according to market conditions. This means that depending on the market conditions and competitive situation, it may not be possible or may only be possible to a very limited extent to pass increased costs on to the customer in the short term. This in turn has a negative impact on margins.

DB Group responds to the risk of increasing energy prices by using appropriate ***derivative financial instruments*** *[page 264ff.]*.

A risk arises from the development of energy prices and the related development of the energy index used to calculate the price adjustment for energy.

To date, DB Energy has not paid any allocations in accordance with the German Renewable Energies Act (EEG) to the transmission system operators for energy produced in the traction power generation stations. This will change in future. The amount of future EEG surcharges is a matter of great uncertainty, particularly with regard to the price trends on the electricity exchange, the increase in EEG facilities and not least through the formation of policies.

Noticeable train-path price increases by national infrastructure operators outside of Germany (for example in France) result in costs for the use of infrastructure rising significantly. Due to the intensity of competition, it is not always possible to pass on cost increases.

RISKS WITH ACCOUNTING PROVISIONS

These include all risk factors for which an accounting provision has been booked, from a value of € 250 million per individual provision.

- Pending losses from transport contracts: negative contributions to earnings are expected for individual transport contracts. The provision takes the discounted future losses from these contracts into account. The countermeasures include cost reductions and an increase in farebox revenues.
- Closure, decommissioning and disposal of GKN: the provision affects the proportionate decommissioning provisions for the Neckarwestheim Nuclear Power Station. The cost for the closure and the decommissioning of the facility as well as the disposal of fuel are taken into consideration. The provision is set by the operator Energie Baden-Württemberg (EnBW).
- Demography collective agreement: through the expansion of restrictions to the termination of employment contracts, the ***demography collective agreement*** *[page 48]* leads to higher staff numbers in DB Group.
- Rehabilitation of existing ecological burdens: the costs for DB AG's remedial action obligations to remediate ecological burdens are taken into account. To ensure that investigating and carrying out remedial action is systematic, legally compliant and cost-optimized, DB Group has introduced a soil decontamination and landfill shutdown program as well as a sewerage network program.
- Real estate valuation: it is expected that the recognized figures will not be achieved for parts of the real estate portfolio.
- Receivables portfolio and inventories: provisions have been formed accordingly for potential impairments on receivables and inventories.

Other risks

INFRASTRUCTURE FINANCING RISKS

As a key element of the German Rail Reform Act, the Federal Republic of Germany has enacted a constitutional obligation to finance the capital expenditures in rail infrastructure. The main criterion is the provision of sufficient amounts of funding, but also the ability to plan the financing available in the future. In addition to the risk of a lack of available funds for financing capital expenditures, there is also a risk of insufficient funds for the adequate maintenance of the existing network. The economic sustainability of capital expenditures or financial contributions to capital expenditure projects funded with DB funds is essential to ensure DB Group's ability to invest in the long term.

DB Group has a service and financing agreement with the Federal Government that sets out the financing of the existing network until 2015. For the future, an adequate minimum level for replacement capital expenditures must be agreed on and then be integrated into the contractual agreement.

However, to ensure the long-term competitiveness of rail as a mode of transport, sufficient financial means must be available to ensure systematic new construction and expansion as well as to eliminate bottlenecks (requirement plan capital expenditures). Government funding for these capital expenditures is factored into DB Group's multiyear business planning, although no final agreements have been made in this regard as yet. There is also the risk that the government could reclaim its funding on the basis of an audit of exactly how the Federal funds were used.

PROJECT RISKS

DB Group's measures involve not only in part huge capital expenditure volumes, but also a large number of highly complex projects. Changes in the legal framework, delays in implementation or necessary adjustments during these projects, which often last for several years, can lead to project risks. The networked production structure means that these can often affect a number of business units. Price increases for purchased services or construction services can also have a negative impact. DB Group keeps up to date with this by closely monitoring projects. This applies in particular to large, centrally managed projects. Significant cost risks became clear during the year under review in conjunction with the Stuttgart 21 project, which led to an increase in funding by € 2.0 billion to € 6.5 billion.

POLITICAL RISKS

Political risks particularly affect the tightening of existing standards and regulations affecting the railways. The structure of DB Group may also expose it to regulatory risks. These could arise on a national or a European level.

FINANCIAL RISKS

DB Group uses original and derivative financial instruments as one means of countering interest rate, currency and energy price risks. These instruments are discussed in the notes. There is a risk that these hedging measures will not pay off, or not in the way expected.

To prevent the risk of counterparty default risk from financial and energy derivatives, DB Group concludes credit support agreements (CSA) for all hedges.

The expansion of the international business brings currency risks with it. This is relevant for the US dollar and the pound sterling, among others.

Pensions and similar retirement benefit obligations are partially covered by plan assets from stocks, real estate, fixed-income securities and other investments. Value losses in these assets directly reduce the cover of pension obligations by plan assets, potentially resulting in the company having to provide additional cover.

In addition, there exist potential risks from back-tax payments from tax audits that are in progress.

COMPLIANCE RISKS

Compliance with current laws, corporate guidelines and recognized regulatory standards is the task and duty of every DB Group employee. It is the mission of DB Group's Compliance department to ensure compliance with such criteria.

Large-scale capital expenditures mean that the Infrastructure division is exposed to a significant risk of becoming the target and victim of corruption, cartel agreements or fraud. As a third-party provider of financing, the Federal Government is placing high demands on DB Group with its anti-corruption guidelines. In order to provide managers and employees with targeted information on matters concerning compliance, and to raise their awareness of the matter, the Infrastructure division launched a special information campaign in December 2012.

LEGAL AND CONTRACTUAL RISKS

Legal risks exist in the form of damage claims and legal disputes, among other things. These often affect construction projects and real estate or environmental issues. The risk also exists that certain long-term transport contracts could become uneconomical to operate as a result of unforeseeable cost increases or other factors. DB Group is working to counteract this with cost-cutting and income-boosting measures.

Provisions have been made for legal and contractual risks based on an assessment of their probability of occurrence.

Management Board report on relationship with affiliated companies

The Federal Republic of Germany holds all the shares in DB AG. In accordance with §312 AktG, the Management Board has prepared a report on relationships with affiliated companies, which concludes with the following statement: "We declare that our company has received appropriate compensation for every business transaction according to the circumstances known to us at the time that the relevant transactions were conducted.

No measures were taken or omitted at the instruction of or in the interest of the Federal Republic or any of its affiliated companies in the year under review."

Events after the balance sheet date

Regulations regarding infrastructure financing are still pending

Four bonds issued

Arriva Malta sold

CARTEL PROCEEDINGS DUE TO TICKET SALES

The Federal Cartel Office opened proceedings against DB AG on grounds of the suspected abuse of a market-leading position in the sale of tickets for rail passenger transport. In this context, the Federal Cartel Office has sent a questionnaire requesting information on tariff and sales cooperations with other train operating companies as well as sales commissions and sales channels. DB Group will cooperate fully with the Federal Cartel Office. The Federal Cartel Office has also requested information about market conditions and the behavior DB AG is accused of from other local/long-distance rail passenger transport companies as well as from the collective bargaining association of Federally owned and non-Federally owned railway companies in Germany.

PLACEMENT OF FOUR BOND ISSUES

At the beginning of 2014, DB Group issued four bonds with a total volume of € 560 million through the Group's financing company, DB Finance.

BUSINESS ACTIVITIES IN MALTA AND GOZO SOLD

In January 2014, DB Group sold the activities of DB Arriva in Malta and Gozo to the country of Malta. Significant for this step were the ongoing operational difficulties.

REGULATIONS REGARDING INFRASTRUCTURE FINANCING ARE PENDING

The coalition agreement concluded by the CDU, CSU and SPD in November 2013 acknowledges that the transport infrastructure has for many years been structurally underfunded, and that planning and financing are in need of radical reform and must be placed on a new foundation that will be reliable and efficient in the long term. On the relationship between maintenance and expansion the coalition agreement states that after decades of network expansion, asset preservation is now the order of the day – and the top priority must therefore be "preservation and renovation before expansion and new construction." Under the coalition agreement, Federal funds for the transport infrastructure are to be increased by a total of € 5 billion between 2014 and 2017.

The statements in the coalition agreement are expressly supported by DB Group. In order to ensure the quality and availability of the existing network, substantially more funds must be appropriated in future for maintenance and capital expenditure. Because of the reduced result and yield expectations of DB Group infrastructure companies, moreover, equity investment in the infrastructure must be cut back to an entrepreneurially tolerable level.

The budget statements indicating the amount that will be available for the track infrastructure had not been finalized at the time when the annual financial statements for 2013 were prepared.

From DB Group's point of view, the financial conditions of the coalition contract provide leeway for the quality and the availability of the existing network to be retained and the risk of a devaluation of the recognized infrastructure assets to be avoided. The most important requirements are that an appropriate proportion of the total financing is allocated to rail infrastructure, that a higher level is available from 2017, that dividends fully flow back into infrastructure, and that greater budget flexibility is achieved in the long-term planning and financing as well as in the permeability between the existing network and the requirement plan, if financing for the requirement plan is not ordered due to project delays.

The final budgetary and contractual bases for infrastructure financing can have a considerable effect on the position and development of DB Group, depending on what is specified. With regard to the individual financial statements of DB AG, furthermore, there is a risk that the participation book values of infrastructure companies may have to be written down. Should major aspects of the requirements presented not materialize, it cannot be ruled out that there will be effects on the value of the assets recognized in the infrastructure, adverse effects on quality and availability as well as the necessity to consider a long-term reshuffling of rail infrastructure.

ADDITIONAL SETTLEMENT AGREEMENT WITH THYSSEN-KRUPP CAME INTO EFFECT

The settlement agreement reached with ThyssenKrupp in November 2013 in connection with cartel-related damages based on direct supplies of rails and switch blades, having been approved by the relevant bodies at ThyssenKrupp and the subsidy providers affected, came into effect on January 31, 2014.

Financial statements

Statement of income

Jan 1 through Dec 31 [€ million]	Note	2013	2012
Inventory changes		0	0
Other internally produced and capitalized assets		–	0
Overall performance		**0**	**0**
Other operating income	(16)	1,087	1,348
Cost of materials	(17)	-91	-77
Personnel expenses	(18)	-303	-224
Depreciation		-12	-13
Other operating expenses	(19)	-850	-983
		-169	**51**
Net investment income	(20)	583	1,430
Net interest income	(21)	-37	15
Result from ordinary activities		**377**	**1,496**
Taxes on income	(22)	-10	-13
Net profit for the year		**367**	**1,483**
Profit carried forward		4,364	3,406
Net retained profit		**4,731**	**4,889**

Balance sheet

ASSETS

[€ million]	Note	Dec 31, 2013	Dec 31, 2012
A. FIXED ASSETS			
Property, plant and equipment	(2)	33	30
Financial assets	(2)	27,298	26,480
		27,331	**26,510**
B. CURRENT ASSETS			
Inventories	(3)	1	1
Receivables and other assets	(4)	3,690	3,656
Cash and cash equivalents		2,021	1,391
		5,712	5,048
C. PREPAYMENTS AND ACCRUED INCOME	(5)	1	0
Total assets		**33,044**	**31,558**

EQUITY AND LIABILITIES

[€ million]	Note	Dec 31, 2013	Dec 31, 2012
A. EQUITY			
Subscribed capital	(6)	2,150	2,150
Capital reserves	(7)	5,310	5,310
Retained earnings	(8)	3,563	3,563
Net retained profit	(9)	4,731	4,889
		15,754	**15,912**
B. PROVISIONS	(10)	3,357	3,372
C. LIABILITIES	(11)	13,883	12,228
D. ACCRUED AND DEFERRED INCOME	(12)	50	46
Total assets		**33,044**	**31,558**

Statement of cash flows

Jan 1 through Dec 31 [€ million]	Note	2013	2012
Profit before taxes		377	1,496
Depreciation on property, plant and equipment		12	13
Changes to pension provisions (without intra-Group changes)		13	16
Cash flow before taxes		402	1,525
Changes to other provisions (without cumulative assumption of debt)		-62	-415
Gains/losses from disposal of property, plant and equipment		1	0
Gains/losses from disposal of financial assets		2	0
Changes to current assets (excluding cash and cash equivalents)		780	-87
Changes to other liabilities (excluding financial debt)		-72	41
Taxes on income		-10	-13
Cash flow from operating activities		**1,041**	**1,051**
Proceeds from gains of property, plant and equipment		-1	3
Payments for purchases of property, plant and equipment		-15	-22
Proceeds from the disposal of financial assets		7	0
Payments for the purchases of financial assets		-10	0
Cash flow from investing activities		**-19**	**-19**
Distribution of profit to shareholder		-525	-525
Payments for finance lease transactions		-1	0
Proceeds/payments from long-term Group financing		853	-16
Proceeds/payments from short-term Group financing		-738	-358
Proceeds from bonds, borrowings and commercial paper		0	0
Payments for the redemption of bonds, borrowings and commercial paper		0	-227
Proceeds/payments for the transfer of provision obligations from/to Group companies (intragroup changes and cumulative assumption of debt)		19	635
Cash flow from financing activities		**-392**	**-491**
Net change in cash and cash equivalents		**630**	**541**
Cash and cash equivalents at the beginning of the year	(23)	1,391	850
Cash and cash equivalents at the end of the year	**(23)**	**2,021**	**1,391**

Fixed assets schedule

	Acquisition and manufacturing costs					Depreciation					Book value	
[€ million]	As of Jan 1, 2013	Additions	Transfers	Disposals	**As of Dec 31, 2013**	As of Jan 1, 2013	Impairment	Transfers	Disposals	**As of Dec 31, 2013**	**As of Dec 31, 2013**	As of Dec 31, 2012
PROPERTY, PLANT AND EQUIPMENT												
1. Land, leasehold rights and buildings including buildings on land built by others												
a) Land and leasehold	1	0	0	0	**1**	0	0	0	0	**0**	**1**	1
b) Commercial, official and other buildings	4	0	0	0	**4**	0	-1	0	0	**-1**	**3**	4
	5	**0**	**0**	**0**	**5**	**0**	**-1**	**0**	**0**	**-1**	**4**	**5**
2. Track infrastructure, signaling and control equipment	0	0	0	0	**0**	0	0	0	0	**0**	**0**	0
3. Rolling stock for passenger and freight transport	0	0	0	0	**0**	0	0	0	0	**0**	**0**	0
4. Technical equipment and machinery and other than Nos. 2 and 3	2	0	0	0	**2**	-1	0	0	0	**-1**	**1**	1
5. Other equipment, operating and office equipment	44	12	1	-7	**50**	-21	-11	0	7	**-25**	**25**	23
6. Advance payments and construction in progress	1	3	-1	0	**3**	0	0	0	0	**0**	**3**	1
	52	**15**	**0**	**-7**	**60**	**-22**	**-12**	**0**	**7**	**-27**	**33**	**30**
FINANCIAL ASSETS												
1. Investment in affiliated companies	13,766	63	0	-56	**13,773**	0	0	0	0	**0**	**13,773**	13,766
2. Loans to affiliated companies	12,672	997	0	-180	**13,489**	0	0	0	0	**0**	**13,489**	12,672
3. Investments in associated companies	42	0	0	-6	**36**	0	0	0	0	**0**	**36**	42
4. Other loans	0	0	0	0	**0**	0	0	0	0	**0**	**0**	0
	26,480	**1,060**	**0**	**-242**	**27,298**	**0**	**0**	**0**	**0**	**0**	**27,298**	**26,480**
Total fixed assets	**26,532**	**1,075**	**0**	**-249**	**27,358**	**-22**	**-12**	**0**	**7**	**-27**	**27,331**	**26,510**

Notes to the financial statements

The annual financial statements of Deutsche Bahn AG (DB AG) have been prepared in accordance with the provisions of the German Commercial Code (Handelsgesetzbuch; HGB) and the German Stock Corporation Act (Aktiengesetz; AktG) in the currently valid version as well as the ordinance relating to the structure of the financial statements of transportation companies. The balance sheet and the income statement items required by law have been combined to improve the overall clarity of presentation. The notes to the annual financial statements contain the necessary details and explanations.

(1) Accounting and valuation methods

The accounting and valuation methods are unchanged compared with the previous year.

DB Services Immobilien GmbH was merged with DB AG as of January 1, 2013. The transaction involved the transfer of assets of € 18 million as well as provisions and liabilities totalling € 18 million. In the year under review, the merged unit reported the following: other operating income of € 94 million, cost of materials of € 7 million, personnel expenses of € 74 million and other operating expenses of € 17 million. The 2013 annual financial statements of DB AG are therefore not comparable with the previous year mainly with regard to the above-mentioned items of the income statement.

Purchased intangible assets, with the exception of minor-value software, are shown with their costs of purchase less straight-line depreciation. Purchased software which is of minor value in an individual case is recognized completely as expense in the year of acquisition. The option provided by Section 248 (2) HGB for capitalizing self-created intangible assets is not exercised in Deutsche Bahn Group (DB Group).

Property, plant and equipment are stated at acquisition or manufacturing costs less depreciation if subject to wear and tear.

Fair value impairments are similarly recognized where applicable.

Production cost comprises individual costs as well as cost of materials, production overheads and depreciation. Overheads and depreciation are calculated on the basis of the costs incurred by normal employment conditions and under economic conditions. Neither interest on borrowed funds nor administrative overhead is included in production cost.

Depreciation is recognized on a pro rata straight-line basis and reflects the normal useful life. The useful lives of the main groups are set out in the following table:

	years
Commercial, operating and other buildings	5 - 50
Track infrastructure	20 - 25
Superstructures and other constructions	10 - 50
Signaling equipment	20
Telecommunications equipment	5 - 20
Rolling stock	10 - 30
Machines and machinery equipment	8 - 15
Technical equipment, machinery and vehicles	5 - 25
Operating and business equipment	2 - 20

Low-value assets with individual values of less than € 2,000 are expensed in full in the year of acquisition and shown as disposals.

Financial assets are shown with their cost of purchase, where necessary after recognizing impairments to reduce the carrying amount down to the lower fair value in the event of any reduction in value which is probably of a permanent or temporary nature.

Inventories are stated at acquisition or production cost; the average method is mainly applied when valuing raw materials and supplies (please refer to the description of fixed assets for the components of production cost).

Value adjustments are recognized to take account of inventory risks arising from a decline in economic usefulness, long storage periods, price changes in the market or any other decline in value.

Accounts receivable and other assets are stated at cost, unless a lower carrying amount is required in individual cases. Individual and global individual allowances have been taken to cover identifiable insolvency- and rating-related risks. General valuation adjustments are formed at 1 % of the net amount receivable.

In accordance with Section 246 (2) Clause 2 HGB, assets which are not available to any creditors and which serve exclusively to fulfill liabilities arising from retirement benefit obligations or equivalent obligations due in the long term have to be netted with these liabilities.

This netting requirement is also applicable for corresponding costs and income resulting from compounding or discounting the liabilities and also from the valuation of these assets. In accordance with Section 253 (1) Clause 4 HGB, the assets used for netting purposes are measured completely at fair value on the basis of market values applicable on the balance sheet date. Section 253 (1) Clause 3 is relevant for the obligations associated with the assets.

At DB AG, the cover funds which are used to fulfill liabilities arising from retirement benefit obligations (so-called contractual trust agreements; CTA) are netted with the corresponding pension obligation. The corresponding costs and income resulting from the compounding or discounting of pension obligations (including the impact on the income statement resulting from the change in the discount rate) and also resulting from the valuation of the cover funds are also netted. The resultant net figure is shown in net interest income.

Pension provisions are shown as the value of the guaranteed minimum obligation or the present value of cover funds which exceed the guaranteed minimum obligation.

The income from valuing the cover funds at fair value is not permitted to be paid out in the form of dividends. However, in accordance with Section 268 (8) HGB, the fact that adequate freely disposable reserves and profits carried forward are available means that no restriction has been imposed with regard to the payment of a dividend.

DB AG has long-term obligations arising from credit balances for long-term accounts. In accordance with Section 246 (2) Clause 2 HGB, these are netted with the investments managed by the trustee who has been engaged. Because there is always a corresponding development in the value of provisions and cover assets, no income which is subject to a restriction in terms of a dividend distribution has arisen.

Cash in hand and cash at banks are measured at cost of purchase, unless a lower figure has to be shown in individual cases.

Pension provisions are measured using the projected unit credit (PUC) method taking account of future developments and the application of a forecast rate which is based on the discount rate published by the Deutsche Bundesbank as of September 2013 for residual terms of 15 years (simplification rule). Any impact on the income statement resulting from the change in the discount rate for pension provisions for which no cover funds exist is recognized in personnel expenses. The 2005 G mortality tables of Prof. Dr. Klaus Heubeck have been applied for measuring the pension obligations.

The main actuarial parameters applied as of December 31, 2013 are set out in the following table:

[%]	Dec 31, 2013
Discount rate	4.87
Expected wage and salary development	2.50
Expected pension development (depending on the group of persons)	2.00
Average expected fluctuation	2.67

The provisions for early retirement, semi-retirement, service anniversary and death benefit obligations as well as provisions for indirect retirement benefits (refund payments to the Federal Railway Fund as a result of existing civil servant benefit commitments) are measured in accordance with actuarial calculation methods (PUC method) as well as fundamental assumptions of the calculation in line with the 2005 G mortality tables of Prof. Dr. Klaus Heubeck. Matching maturity average market rates of the past seven financial years of 3.75% (early retirement and semi-retirement) and 4.25% (service anniversaries, death benefits and indirect retirement benefits) have been used.

The provisions take account of all identifiable risks which have to be recognized in the balance sheet. If costs represent probable liabilities due to third parties, although the timing of their occurrence is uncertain, they are shown under other provisions.

Other provisions are measured as the settlement amount necessary in the opinion of a prudent businessman. Future price and cost increases are taken into consideration in the process of determining the provisions.

The remaining provisions are determined at full cost. Provisions for pending claims and litigation are not normally recognized unless the probability of occurrence exceeds 50%.

Provisions with a remaining term of more than one year are discounted using the matching maturity average market rate of the past seven financial years of the Deutsche Bundesbank. Income and expenses attributable to changes in the discounting rate and interest effects of changes in estimated remaining terms are shown in net interest income.

Liabilities are shown in their settlement amount.

DB AG has exercised the option set out in Section 274 (1) Clause 2 HGB and has not capitalized any deferred taxes.

Foreign currency receivables and liabilities, cash at banks and liabilities due to banks with remaining terms of less than one year as well as cash in hand in foreign currency are translated using the spot mid-rate applicable on the balance sheet date.

Assets, liabilities, pending transactions or transactions which are extremely likely to take place (underlyings) are combined with derivative financial instruments to form valuation units in order to compensate for opposite changes in value or cash flows arising from the occurrence of equivalent risks under the appropriate conditions. Derivative financial instruments are only permitted to be used in conjunction with underlyings (micro and portfolio hedges). The derivatives allocated to the underlyings are not shown in the balance sheet (so-called net hedge presentation method). Accordingly, Sections 249 (1), 252 (1) Nos. 3 and 4 and 256a HGB are not applied.

The fair value of financial instruments which are traded in an active market is derived from the market price applicable on the balance sheet date.

In order to calculate the fair value of financial instruments which are not traded on an active market, common measurement methods such as option price or present value models are applied and assumptions which were appropriate as a result of the market conditions on the balance sheet date are made. If valuation-relevant parameters are not directly observable on the market, forecasts are used based on comparable financial instruments which are traded in an active market; these forecasts are then adjusted by premiums or discounts on the basis of historical data. The mean value of bid and offer rates are used. In the case of uncovered derivative transactions, a credit risk adjustment for the calculated market value is carried out using the previous figures observable on the market. DB AG always conducts business with long-dated financial derivatives on a secured basis.

The activities of allocated civil servants in DB Group are based on statutory allocation within the framework of the German Rail Restructuring Act (Eisenbahnneuordnungsgesetz; ENeuOG), Art. 2 §12. For the work of the allocated civil servants, DB AG reimburses to the Federal Railroad Fund (Bundeseisenbahnvermögen; BEV) those costs which would be incurred if an employee covered by collective bargaining arrangements were to be employed instead of the allocated civil servant (pro forma calculation). Consequently, the personnel expenses reimbursed to the BEV for the assigned civil servants are shown under personnel expenses due to the economic approach.

Contrary to the structure of the income statement prescribed in Section 275 (2) HGB, the other taxes are not shown under the specified item no. 19 because the taxes involved relate to costs. These are shown under other operating expenses.

NOTES TO THE BALANCE SHEET

(2) Fixed assets

The development of fixed assets is shown in the fixed assets schedule on page 76.

(3) Inventories

[€ million]	Dec 31, 2013	Dec 31, 2012
Raw materials, consumables and supplies	0	0
Unfinished products, unfinished services	1	1
Total	**1**	**1**

(4) Receivables and other assets

[€ million]	Dec 31, 2013	Thereof with a remaining term of more than 1 year	Dec 31, 2012	Thereof with a remaining term of more than 1 year
Trade receivables	2	–	18	–
Receivables from affiliated companies	3,513	–	3,525	–
Receivables from companies in which a participating interest is held	–	–	0	–
Other assets	175	51	113	52
Total	**3,690**	**51**	**3,656**	**52**

The impairments recognized in relation to receivables and other assets amounted to € 1 million (previous year: € 1 million).

The receivables from affiliated companies comprise receivables from cash pooling (€ 2,334 million; previous year: € 1,529 million), financing (profit transfers, short-term loans and interest; a total of € 897 million; previous year: € 1,709 million), single entity deemed to exist for VAT purposes (€ 240 million; previous year: € 228 million) as well as trade receivables (€ 42 million; previous year: € 59 million).

Other assets mainly comprise receivables due from the fiscal authorities, reinsurance receivables, receivables due from the state as well as creditors with a debit balance and interest accruals.

(5) Prepayments and accrued income

This item mainly comprises the advance payment of the premium to the railway accident fund.

(6) Subscribed capital

The subscribed capital of DB AG is € 2,150 million. It consists of 430,000,000 no-par-value bearer shares. All shares are held by the Federal Republic of Germany.

(7) Capital reserve

The capital reserve is unchanged at € 5,310 million.

(8) Retained earnings

The other retained earnings in accordance with Section 266 (3) HGB amounted to € 3,563 million (previous year: € 3,563 million).

(9) Net retained profit

In the year under review, a dividend of € 525 million was paid out of the net retained profit of the previous year (€ 4,889 million). The figure of € 4,731 million shown for net retained profit as of December 31, 2013 includes profit brought forward of € 4,364 million.

(10) Provisions

[€ million]	Dec 31, 2013	Dec 31, 2012
Provisions for pensions and similar obligations	208	184
Tax provisions	101	104
Other provisions	3,048	3,084
Total	**3,357**	**3,372**

In the year under review, a figure of € 8 million was added to the provisions for pensions and similar obligations (previous year: € 18 million).

The similar obligations include provisions for deferred compensation of € 23 million (previous year: € 20 million).

The cover funds which exist in connection with pension provisions and obligations which are similar to pensions (€ 33 million) are netted with the corresponding obligations (€ 45 million). The fair value and the purchase costs of the cover funds amount to € 33 million in each case.

On December 13, 2012, DB AG and DB Mobility Logistics AG (DB ML AG) concluded an agreement, with effect from December 31, 2012, regarding an internal agreement whereby DB AG agrees to the cumulative assumption of debt, as part of an arrangement which transfers the obligation to fulfill the pension commitments granted by DB ML AG to its employees. The arrangement comprises an ongoing assumption of joint liability. Accordingly, pension provisions of € 7 million for which there are no cover funds as well as pension provisions with cover funds of € 4 million were transferred to DB AG during the year under review. In line with the latter pension obligations, cover funds of € 4 million have been transferred to DB AG.

At the same time, DB AG has also announced that it will also become a party to the liabilities with a fulfilment guarantee for the pension commitments awarded by further subsidiaries to their employees. Accordingly, pension provisions totalling € 18 million for which there are no cover funds were transferred to DB AG by the relevant subsidiaries during the year under review.

In the year under review, as part of the process of merging DB Services Immobilien GmbH, a figure of € 9 million was reclassified under non-derivative pension provisions, whereas previously it had been recognized as provisions for assumption of joint liability.

DB ML AG and DB AG and its subsidiaries will in future be jointly and severally liable for all existing and future claims of the pension beneficiaries of the relevant companies. For the agreed assumption of joint liability, DB ML AG and the other subsidiaries are required to pay DB AG amounts calculated in accordance with commercial law valuation principles as of the respective balance sheet date. Accordingly, the obligations vested as of the reference date were assumed as of December 31, 2012 in return for reimbursement of the commercial law present value of the pension obligations. In the following years, further elements of the obligations (which were vested in the financial year) will be assumed in return for reimbursement of the commercial law service cost. This was also the case in the year under review. The companies which are obliged to pay the pensions will also bear the increases in the present value which occur after December 31, 2013 as a result of the future activity of the active employees.

The pension provisions transferred as part of the assumption of joint liability are shown under other provisions; the transferred cover funds are shown under other assets.

Other provisions are broken down as follows:

[€ million]	Dec 31, 2013	Dec 31, 2012
Personnel obligations	77	61
Restructuring measures	369	455
Special partial retirement for older employees	46	-
Ecological legacy issues	1,113	1,171
Return obligations	30	31
Provisions from the Aurelis agreement	66	80
Cumulative assumption of debt	722	685
Other risks	625	601
Total	**3,048**	**3,084**

The personnel obligations mainly comprise bonuses, indirect retirement benefit obligations as well as semi-retirement obligations.

Provisions for restructuring measures relate to an obligation to absorb losses with regard to DB JobService GmbH.

In the year under review, the company for the first time disclosed a special partial retirement provision for older employees which had to be created on the basis of the demographic collective agreement for employees of DB AG and its subsidiaries concluded in the previous year.

The provisions for ecological legacy issues mainly relate to the rehabilitation of the ecological legacy issues which arose before July 1, 1990 on the territory of the former Deutsche Reichsbahn. A provision of € 2.9 billion had already been created in the opening balance sheet of Deutsche Reichsbahn, and was transferred unchanged to the opening balance sheet of DB AG.

Provisions for potential return obligations have been created for risks arising from restitution claims for land in the territory of the former Deutsche Reichsbahn.

The other risks combine all other uncertain liabilities. They mainly comprise provisions for:

- Recultivation and decommissioning measures (shutting down installations)
- Obligations arising from the implementation of the property reallocation process
- Uncertain liabilities arising from deliveries and services which have not yet been billed
- The legal requirement to archive business documents for the main group companies (archiving costs)
- Litigation risks

The trust assets in connection with credit balances of long-term accounts (€ 2 million) are netted with the corresponding provision (€ 2 million).

(11) Liabilities

		Thereof with a remaining term of				
[€ million]	Dec 31, 2013	up to 1 year	1 to 5 years	more than 5 years	Dec 31, 2012	Thereof with a remaining term of more than 1 year
Trade payables	13	13	0	-	18	18
Liabilities due to affiliated companies	13,026	1,175	2,556	9,295	11,319	1,459
Liabilities due to companies in which a participating interest is held	728	528	-	200	728	9
Other liabilities	116	70	19	27	163	120
thereof for taxes	17	17	-	-	8	8
thereof for social security	-	-	-	-	0	0
Total	**13,883**	**1,786**	**2,575**	**9,522**	**12,228**	**1,606**
thereof interest-bearing	13,266				11,539	

The accounts due to affiliated companies comprise loans due to Deutsche Bahn Finance B.V. (DB Finance), Amsterdam/the Netherlands (€ 12,281 million; previous year: € 10,610 million), liabilities under cash pooling (€ 266 million; previous year: € 208 million), financing (profit transfers, further loans and interest; a total of € 274 million; previous year: € 219 million), a single entity deemed to exist for VAT purposes (€ 171 million; previous year: € 164 million) as well as trade payables (€ 34 million; previous year: € 118 million).

The accounts due to other group companies include long-term interest-bearing loans of EUROFIMA European Company for the Financing of Railroad Rolling Stock, Basel/Switzerland (€ 719 million; previous year: € 719 million). Due to statutory reasons of EUROFIMA, these loans have to be secured by way of transfer of ownership of rolling stock. This has been achieved by transferring ownership of rolling stock of the subsidiaries DB Fernverkehr AG, DB Regio AG and DB Schenker Rail AG.

Other liabilities are not secured.

A summary of the financial debt and further related explanations are set out under note (15).

(12) Accrued and deferred income

This item mainly comprises revenue deferrals from ground leases, construction grants and compensation payments in connection with the extension of rental agreements.

(13) Contingencies

[€ million]	Dec 31, 2013	Dec 31, 2012
Warranty and guarantee obligations	5,916	5,985
thereof with regard to affiliated companies	5,899	5,960

DB AG has provided DB Finance with an unconditional and irrevocable guarantee for a multi-currency commercial paper program (with a maximum volume of € 2 billion) which was issued with the latter; this guarantee was stated as € 0 million as of December 31, 2013 (previous year: € 0 million). In addition, DB AG has issued a guarantee for the repayment of bonds of € 3,393 million issued by DB Finance (previous year: € 3,402 million).

DB AG has issued unlimited guarantees for affiliated companies. These guarantees consist of letters of comfort and ultimate parent company guarantees as well as contract fulfillment guarantees. Because it is not possible to reliably calculate the obligation arising from the guarantees as of the reference date, a nominal value has been shown for the relevant guarantees as of the reference date.

DB AG is the shareholder with unlimited liability for the following:

- Stinnes Immobiliendienst AG & Co. KG, Mülheim an der Ruhr
- Zweite Kommanditgesellschaft Stinnes Immobiliendienst AG & Co., Mülheim an der Ruhr

It was not necessary for the obligations taken on for the benefit of affiliated companies in relation to guarantee agreements with regard to third parties to be recognized because it is probable that the underlying liabilities can be fulfilled by the affiliated companies, and a claim is therefore not likely.

(14) Other financial obligations

[€ million]	Dec 31, 2013	Dec 31, 2012
Ordering commitment for capital expenditures	1	5
Outstanding contributions	383	389
Obligations arising from rental agreements, leasing agreements and other third-party liabilities	1,865	1,963
thereof due to affiliated companies	96	104
Total	**2,249**	**2,357**

The outstanding contributions relate to EUROFIMA.

The obligations arising from rental agreements, leasing agreements and other third-party liabilities are recognized with their nominal values. The following two tables show a list of nominal and present values for these obligations (as of December 31, 2013), broken down according to maturity:

[€ million]	Nominal value	Present value
LEASING INSTALLMENTS:		
due in less than 1 year	36	35
due between 1 and 5 years	54	50
due in more than 5 years	–	–
Total	**89**	**85**

In total, leasing installments of € 35 million were paid in the year under review (previous year: € 48 million).

[€ million]	Nominal value	Present value
RENTAL AGREEMENTS AND OTHER THIRD-PARTY LIABILITIES:		
due in less than 1 year	244	240
due between 1 and 5 years	801	722
due in more than 5 years	730	538
Total	**1,776**	**1,499**

(15) Financial instruments

In its capacity as the treasury centre of DB Group, DB AG is responsible for all financing and hedging transactions. In the work process organization, there is a clear functional and organizational segregation between scheduling and trading on the one hand (front office) as well as settlement and monitoring on the other (back office). The Treasury Center operates on the financial markets using the minimum requirements applicable for risk management (Mindestanforderungen an das Risikomanagement; MaRisk) of the banks prepared by the Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht; BaFin), and is subject to regular internal audits.

A. NON-DERIVATIVE FINANCIAL INSTRUMENTS

As of December 31, 2013, DB Finance had extended loans totalling € 12,281 million to DB AG. The loans are refinanced by way of bond issues with a guarantee of DB AG.

In the year under review, a listed bond of DB Finance for € 750 million which has become due was repaid; this had previously been extended as a loan to DB AG. The due loan of DB AG was repaid to DB Finance during the year under review.

DB Finance issued eight new bonds and two increases in the year under review. These are listed bonds of € 300 million, € 50 million, NOK 1,500 million (€ 202 million), CHF 475 million (€ 223 million plus increase € 163 million), GBP 425 million (€ 346 million plus increase € 151 million), € 500 million, € 300 million and USD 250 million (€ 186 million). The proceeds which were raised were forwarded in the form of loans to DB AG.

There are also long-term interest-bearing loans of EUROFIMA of € 719 million (previous year: € 719 million).

As of December 31, 2013, guaranteed credit facilities with a total volume of € 2,080 million (previous year: € 2,030 million) were available to DB AG as backup lines for the € 2 billion commercial paper program of DB AG and DB Finance. None of the backup lines had been drawn down as of December 31, 2013.

B. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are used for hedging interest, currency and energy price risks. All individual transactions correspond to on-balance-sheet or anticipated underlyings (for instance bonds, commercial paper or planned electricity demand). Transactions for speculation purposes are not permitted. Internal guidelines are used to govern the use, processing and control of derivative financial transactions. Ongoing market and risk assessment takes place as part of risk management. Valuation units are always created if the relevant criteria are satisfied.

All hedging requirement within DB Group is handled via DB AG, which is responsible for arranging external cover. A distinction is therefore made between transactions of DB AG with external counterparties (banks) and the process of forwarding such external transactions within the overall Group (mirror transactions).

Interest swaps and interest caps are taken out in order to hedge interest rate risks. At the end of the year, DB AG had only one transaction with a comparatively low volume (€ 60 million).

The foreign currency risks are attributable to financing measures and operating activities. Currency swaps/forwards are concluded in order to limit the risks arising from exchange rate fluctuations for future payments in foreign currency. The portfolio of foreign currency swaps has increased by € 160 million to € 1,097 million. The minor decline in the currency forwards is due purely to reference date factors. Because DB Group's operations are also refinanced in currencies outside the Eurozone, these positions were translated directly into euro liabilities with the aid of cross-currency swaps in order to eliminate exchange rate risks. Internal foreign currency loans which DB AG hedges externally were also extended within the Group. In the year under review, the volume of cross-currency swaps increased as, in particular, the hedges for the issued foreign currency bonds more than compensated for the effect of the repayment of expiring business.

Energy price risks arise mainly in conjunction with purchases of diesel fuel and power sourcing agreements linked to the price of coal and heating oil. The volume of diesel derivatives declined slightly, whereas there was a slight nominal increase in heating oil and coal hedges.

The nominal volume of the hedges detailed in the following is the sum of all purchase and sale amounts underlying the transactions. In the case of transactions based on diesel, coal or heating oil, the relevant tonnage is specified. The extent of the nominal volume permits conclusions to be drawn with regard to the extent of the use of derivative financial instruments, but does not reflect the risk arising from the use of derivatives.

The market value of a financial derivative is equivalent to the price for reversing or replacing the transaction. Present-value models or Monte Carlo simulations in conjunction with appropriate interest rate structure curves are used for determining the value of the derivatives. The market data to be used for this purpose are taken from market information systems such as Reuters or Bloomberg. Opposite developments in value of the corresponding underlyings are not taken into consideration.

Credit risk is defined as potential loss of assets resulting from the non-fulfillment of contract partners ("default risk"). It is defined as the replacement costs (market values) of the transactions in which we have claims against our contract partners. The default risk is actively managed by way of strict requirements relating to the creditworthiness of the counterparty at the point at which the transactions are concluded and also throughout the entire life of the transactions, and also by way of defining risk limits. In order to minimize the credit risk of derivatives, DB AG has concluded credit support agreements (CSA) with its core banks. In the CSA, it was agreed that both parties would mutually provide cash securities for interest and cross-currency swaps as well as energy derivatives.

The following credit risk figures reflect the simple sum of all individual risks, and relate to external counterparties.

Nominal and market values of interest rate swaps and cross-currency swaps:

[€ million]	2013	2012
Nominal volume with external parties	5,151	4,025
Market value of derivatives (external)	-285	-121
Nominal volume of mirror transactions	1,203	1,347
Market value of derivatives (mirror transactions)	19	80

As of December 31, 2013, the portfolio of cross-currency swaps consisted mainly of instruments with a remaining term of more than one year. The underlyings are included in the balance sheet items "Loans to affiliated companies" and "Liabilities due to affiliated companies." The maximum term is less than 13 years. The negative development in the values of the cross-currency swaps with external parties is due to the appreciation of the euro in relation to most currencies and in particular due to the weakness of the Japanese yen. It was not necessary for a provision to be created for potential losses because the unrealized losses resulting from the valuation units which have been created are opposed by corresponding unrealized profits from the underlyings. These hedges exist in the form of micro hedges, and the maturities of the underlying and hedges are identical. The hedged exchange rate risks are fully compensated.

Nominal and market value of the currency swaps/forwards:

[€ million]	2013	2012
Nominal volume with external parties	1,845	1,755
thereof currency swaps	1,097	937
thereof currency forwards	748	818
Market value of derivatives (external)	-1	5
thereof currency swaps	-1	4
thereof currency forwards	0	1
Nominal volume of mirror transactions	1,494	1,354
Market value of derivatives (mirror transactions)	1	-3

The volume of currency hedging contracts in the portfolio as of December 31, 2013 mainly comprised currency forwards with a remaining term of less than one year. The underlyings are included in the balance sheet items "Receivables from affiliated companies" and "Liabilities due to affiliated companies." The maximum term is five years. Most of the transactions with external counterparties have been transmitted to DB ML. These hedges exist in the form of micro hedges, and the maturities of the underlying and hedges are identical. The hedged exchange rate risks are fully compensated.

Nominal and market value of energy derivatives:

Diesel fuel [t]	2013	2012
Nominal volume with external parties	1,470,000	1,590,070
Market value of derivatives (external)	-42	-14
Nominal volume of mirror transactions	1,470,000	1,590,070
Market value of derivatives (mirror transactions)	42	14

Gas, heating oil [t]	2013	2012
Nominal volume with external parties	288,000	265,200
Market value of derivatives (external)	-5	0
Nominal volume of mirror transactions	288,000	265,200
Market value of derivatives (mirror transactions)	5	0

Coal, BAFA [t coal equivalents]	2013	2012
Nominal volume with external parties	2,234,000	2,054,000
Market value of derivatives (external)	-46	-18
Nominal volume of mirror transactions	2,234,000	2,054,400
Market value of derivatives (mirror transactions)	46	18

As of December 31, 2013, the portfolio of energy price hedges comprised hedges with a term of less than one year as well as hedges with longer terms. The maximum term is eight years. The transactions have been transmitted to DB Energie GmbH, or forwarded directly to subsidiaries of DB ML (mainly in the DB Arriva segment). The development in the value of the external energy derivatives is mainly due to the lower futures prices on the oil and coal market. These hedges exist in the form of micro hedges, and the underlyings and hedges are identical. The hedged risks are fully compensated.

In the case of interest and cross-currency hedges, the effectiveness of the hedge is assessed prospectively using the critical terms match method. This method is used because the major valuation parameters of the underlying and hedges are identical. The effectiveness is measured retrospectively as of each balance sheet date by using the dollar-offset method. In this method, the development in value of the hedge which is actually taken out is compared with the development in value of a theoretical hedge in which all valuation-relevant parameters are identical to those of the underlying.

In the case of energy price derivatives, the effectiveness of the hedge is assessed prospectively using the linear regression. The effectiveness is measured retrospectively as of each balance sheet date by means of a linear regression of the cash flows realized from underlyings and hedges.

Credit risk of interest, currency and energy derivatives with external parties:

[€ million]	2013	2012
Credit risk of interest, currency and energy derivatives	38	131

The reduction in credit risks compared with the previous year is mainly due to the development in the value of the cross-currency swaps. The maximum individual risk – default risk in relation to individual contract partners – is € 7 million, and exists in relation to a contract partner with a Moody's rating of A2. For transactions with terms of more than one year, all contract partners which are exposed to a credit risk have a Moody's rating of at least Baa2.

NOTES TO THE STATEMENT OF INCOME

(16) Other operating income

[€ million]	2013	2012
Services for third parties and sale of materials	427	319
thereof sale of materials and energy	0	0
Thereof other third-party services	427	319
Income from leasing and rental operations	311	320
Income from claims for damages and cost refunds	55	4
Income from creating fixed assets	23	18
Income from Federal grants	5	4
Income from the disposal of property, plant and equipment and intangible assets	0	1
Income from the disposal of financial assets	0	0
Income from the reversal of provisions (including other taxes)	150	463
Income from the reversal of impairments recognized in relation to receivables and payments received in relation to previously derecognized receivables	0	0
Currency gains	2	14
Other income	114	205
thereof income from third-party charges	0	0
thereof income from the rehabilitation of ecological legacy issues	15	15
thereof miscellaneous other income	99	190
Total	**1,087**	**1,348**
thereof attributable to other periods	150	464

The income from the reversal of provisions mainly relates to the provision for restructuring measures.

The income attributable to other periods mainly comprises the income from the reversal of provisions.

(17) Cost of materials

[€ million]	2013	2012
Cost of raw materials and supplies and purchased products	11	10
thereof costs of energy	11	10
thereof other consumables and purchased products	3	3
thereof price adjustments and allowances for material	-3	-3
Costs of purchased services	52	39
thereof cleaning, security, disposal, winter service	12	10
thereof costs in connection with utilization of infrastructure	0	0
thereof other purchased services	40	29
Costs of maintenance and production	28	28
Total	**91**	**77**

The deliveries and services purchased for self-created installations are included in cost of materials. Items capitalized in fixed assets are recognized via other capitalized own work.

(18) Personnel expenses

[€ million]	2013	2012
WAGES AND SALARIES		
for employees	234	168
for assigned civil servants		
Payment to the BEV in accordance with Art. 2 Section 21 (1) and (2) ENeuOG	20	9
Directly paid ancillary compensation	1	1
	255	**178**
SOCIAL SECURITY, PENSION AND OTHER BENEFIT COSTS [1]		
for employees	44	44
for assigned civil servants	4	2
Payment to the BEV in accordance with Art. 2 Section 21 (1) and (2) ENeuOG		
	48	**46**
thereof for pensions	13	22
Total	**303**	**224**

[1] Also includes benefit payments, for instance to former employees or their surviving dependants.

(19) Other operating expenses

[€ million]	2013	2012
Costs of leasing and rental arrangements	288	295
Legal, consultancy and audit fees	23	18
Fees and contributions	11	11
Costs of insurance	43	44
Costs of advertising and sales promotion	2	2
Printing and stationery costs	4	2
Travel and representation expenses	13	10
Research and development costs	2	0
Other purchased services	291	317
thereof purchased IT services	38	33
thereof other communication services	2	1
thereof other services	251	283
Damages payable	42	38
Impairments recognized in relation to receivables and other assets	0	0
Losses from the disposal of property, plant and equipment and intangible assets	1	2
Expenses from the disposal of financial assets	2	–
Other operating taxes	0	0
Other expenses	128	244
thereof other personnel expenses	12	17
thereof exchange rate losses	2	13
thereof miscellaneous other expenses	114	214
Total	**850**	**983**
thereof attributable to other periods	3	2

(20) Net investment income

[€ million]	2013	2012
Income from investments	22	8
thereof from affiliated companies	22	8
Income from associated companies	0	0
Income from profit transfer agreements	648	1,476
Expenses from loss absorption	-87	-54
Total	**583**	**1,430**

(21) Net interest income

[€ million]	2013	2012
Income from other long-term securities and loans	545	524
thereof from affiliated companies	545	524
Other interest and similar income	47	69
thereof from affiliated companies	35	44
Interest and similar expenses	- 629	- 578
thereof to affiliated companies	- 425	- 394
thereof from the compounding of provisions	- 130	- 82
thereof net interest from asset netting	- 1	- 1
thereof income from cover funds	2	1
thereof costs of compounding of corresponding provisions	- 3	- 2
Total	**- 37**	**15**

In the year under review, interest paid amounted to € 491 million (previous year: € 487 million) and interest received amounted to € 601 million (previous year: € 580 million). For the sake of simplicity, premiums and discounts have been included in the above figures.

(22) Taxes on income

The taxes on income (€ 10 million) do not include any expenses attributable to other periods (previous year: € 6 million).

NOTES TO THE STATEMENT OF CASH FLOWS

The structure of the statement of cash flows enclosed on page 75 is consistent with recommendations of the German Accounting Standard No. 2 (DRS 2) Cash Flow Statements developed by the German Standardization Council of the German Accounting Standards Committee e.V. (Deutsches Rechnungslegungs Standards Committee e.V.; DRSC).

The statement of cash flows is broken down into cash flows from operating activities, cash flows from investing activities and cash flows from financing activities. The cash flows from operating activities also include the cash flows before taxes.

(23) Cash and cash equivalents

Cash and cash equivalents comprise the cash and cash equivalents shown in the balance sheet (cash in hand, cash at banks and checks).

OTHER DISCLOSURES

(24) Shareholdings

The complete list of shareholdings is set out on pages 92 to 104.

(25) Employees

[FTE]	2013 Annual average	2013 At year end	2012 Annual average	2012 At year end
Employees	3,144	3,244	2,119	2,166
Assigned civil servants	470	451	199	192
Subtotal	**3,614**	**3,695**	**2,318**	**2,358**
Trainees / apprentices	56	62	5	12
Total	**3,670**	**3,757**	**2,323**	**2,370**

In order to improve comparability, the number of employees within DB Group is expressed in full-time equivalents (FTE). Figures for part-time employees are converted into full-time equivalents using the ratio between their actual annual working hours and the collectively agreed annual working hours.

Civil servants have in general been assigned to DB AG at the point at which this company was registered in accordance with Art. 2 Section 12 ENeuOG ("assigned civil servants"). They work for DB AG, and their employer is the BEV.

(26) Members and compensation of the Management Board and the Supervisory Board

[€ thousand]	2013	2012
Total remuneration of the Management Board	6,130	8,700
thereof fixed	3,579	3,212
thereof variable	2,551	5,488
Remuneration of former members of the Management Board	3,257	3,693
Pension provisions for former members of the Management Board	52,959	52,193
Total compensation of the Supervisory Board	631	843

The total emoluments of the Management Board consist of a fixed basic payment totaling € 3,471 thousand, a profit-linked annual bonus of € 1,472 thousand and a long-term incentive plan (€ 1,079 thousand). The total emoluments also comprise other ancillary benefits.

No loans or advances were extended to members of the Management Board in the year under review.

Nor did the company take on any contingencies for the benefit of members of the Management Board.

THE FOLLOWING PERSONS SERVED ON THE SUPERVISORY BOARD IN THE 2013 FINANCIAL YEAR:

Prof. Dr. Dr. Utz-Hellmuth Felcht
Chairman of the Supervisory Board,
Partner One Equity Partners Europe GmbH,
Munich
a) ▫ DB Mobility Logistics AG (Chairman)
b) ▫ CRH plc, Ireland
▫ Jungbunzlauer Holding AG, Switzerland (Administrative Board)

Alexander Kirchner*
Deputy Chairman of the Supervisory Board,
Chairman of the Eisenbahn- und Verkehrsgewerkschaft trade union,
Runkel
a) ▫ DB Mobility Logistics AG
▫ DEVK Deutsche Eisenbahn Versicherung Lebensversicherungsverein a.G. Betriebliche Sozialeinrichtung der Deutschen Bahn (Chairman)
▫ DEVK Deutsche Eisenbahn Versicherung Sach- und HUK-Versicherungsverein a.G. (Chairman) Betriebliche Sozialeinrichtung der Deutschen Bahn
▫ DEVK Rückversicherungs- und Beteiligungs-Aktiengesellschaft (Chairman)

Dr. Hans Bernhard Beus
State Secretary in the Federal Ministry of Finance,
Berlin
– until January 8, 2014 –
a) ▫ DB Mobility Logistics AG
▫ Deutsche Telekom AG
b) ▫ Bundesanstalt für Immobilienaufgaben (Administrative Board)
▫ g.e.b.b. Gesellschaft für Entwicklung, Beschaffung und Betrieb mbH
▫ KfW IPEX-Bank GmbH

Jürgen Beuttler
Head of ITK and CIO Long-Distance, Privacy, Compliance at DB Fernverkehr AG,
Wiesbaden
– since August 1, 2013 –

Christoph Dänzer-Vanotti
Lawyer,
Essen
a) ▫ RWE Generation SE
b) ▫ RAG Stiftung (Board of Trustees)

Patrick Döring
Member of the Management Board of Agila Haustierversicherung AG,
Hanover
a) ▫ VIFG Verkehrsinfrastrukturfinanzierungsgesellschaft GmbH

Dr.-Ing. Dr. E.h. Jürgen Großmann
Shareholder Georgsmarienhütte Holding GmbH,
Hamburg
a) ▫ BATIG Gesellschaft für Beteiligungen mbH
▫ British American Tobacco (Germany) GmbH
▫ British American Tobacco (Industrie) GmbH
▫ SURTECO SE (Chairman)
b) ▫ Hanover Acceptances Limited, London/Great Britain
▫ RAG Stiftung (Chairman of Board of Trustees)

Dr. Bernhard Heitzer
State Secretary in the Federal Ministry of Economics and Energy,
Alfter
– up to January 29, 2014 –
a) ▫ DB Mobility Logistics AG

Jörg Hensel*
Chairman of the Central Works Council of DB Schenker Rail AG,
Hamm
a) ▫ DB Schenker Rail AG
b) ▫ DEVK Deutsche Eisenbahn Versicherung Sach- und HUK-Versicherungsverein a.G. Betriebliche Sozialeinrichtung der Deutschen Bahn
▫ DEVK Pensionsfonds-AG (Advisory Board)

Klaus-Dieter Hommel*
Deputy Chairman of the Eisenbahn- und Verkehrsgewerkschaft trade union,
Frankfurt am Main
a) ▫ DB Fahrzeuginstandhaltung GmbH
▫ DEVK Deutsche Eisenbahn Versicherung Lebensversicherungsverein a.G. Betriebliche Sozialeinrichtung der Deutschen Bahn
▫ DEVK Deutsche Eisenbahn Versicherung Sach- und HUK-Versicherungsverein a.G. Betriebliche Sozialeinrichtung der Deutschen Bahn
▫ DEVK Pensionsfonds-AG
▫ DEVK Rechtsschutz-Versicherungs-AG
b) ▫ DB Dienstleistungen GmbH (Advisory Board)

Wolfgang Joosten*
Chairman of the Central Works Council of DB Fernverkehr AG,
Lünen
a) ▫ DB Fernverkehr AG
b) ▫ DEVK Deutsche Eisenbahn Versicherung
Lebensversicherungsverein a.G.
Betriebliche Sozialeinrichtung der Deutschen Bahn
(Advisory Board)

Dr. Jürgen Krumnow
Former member of the Management Board of Deutsche Bank AG,
Wiesbaden
a) ▫ DB Mobility Logistics AG
▫ Lenze SE (Chairman)
b) ▫ Peek & Cloppenburg KG (Advisory Board)

Prof. Dr. Knut Löschke
Management consultant,
Leipzig
a) ▫ SoftLine AG (Chairman)
▫ Stratos Business Solutions AG
b) ▫ Druck & Werte GmbH (Advisory Board, Chairman)
▫ Universitätsklinikum Leipzig, AÖR (Chairman)

Vitus Miller*
Chairman of the Central Works Council Regional/Urban Transport
of Deutsche Bahn Group,
Stuttgart
a) ▫ DB Regio AG

Fred Nowka*
Chairman of the Central Works Council of DB Netz AG,
Glinzig
b) ▫ DEVK Lebensversicherungsverein a.G.
(Advisory Board, Chairman)

Michael Odenwald
State Secretary in the Federal Ministry of
Transport and Digital Infrastructure,
Kleinmachnow
a) ▫ DB Mobility Logistics AG
▫ DFS Deutsche Flugsicherung GmbH (Chairman)
▫ Fraport AG

Ute Plambeck*
Management Representative Deutsche Bahn AG
for the Federal States of Hamburg/Schleswig-Holstein,
Hamburg
– until April 30, 2013 –
a) ▫ Autokraft GmbH (Chairman)
▫ S-Bahn Hamburg GmbH
▫ Sparda-Bank Hamburg eG
b) ▫ Seehafen Kiel GmbH & Co. KG (Advisory Board)

Mario Reiß*
Chairman of the Works Council of DB Schenker Rail AG, NL Süd-Ost,
Süptitz
a) ▫ DB Schenker Rail AG

Regina Rusch-Ziemba*
Deputy Chair of the Eisenbahn- und Verkehrsgewerkschaft
trade union (EVG),
Hamburg
a) ▫ DB Regio AG
▫ DB Station & Service AG
▫ DB Bahnbau Gruppe GmbH
▫ DB Fahrwegdienste GmbH
▫ DB JobService GmbH
▫ DB ProjektBau GmbH
▫ DEVK Allgemeine Lebensversicherungs-AG (Chairman)
▫ DEVK Allgemeine Versicherungs-AG
▫ DEVK Pensionsfonds-AG

Jens Schwarz*
Chairman of the Group Works Council of Deutsche Bahn AG,
Chemnitz
a) ▫ DB Fahrzeuginstandhaltung GmbH
▫ DEVK Deutsche Eisenbahn Versicherung
Sach- und HUK-Versicherungsverein a.G.
Betriebliche Sozialeinrichtung der Deutschen Bahn
(Advisory Board)
b) ▫ DEVK Allgemeine Lebensversicherungs-AG

Dr. Rainer Sontowski
State Secretary in the Federal Ministry of Economics and Energy,
Berlin
– since January 30, 2014 –
a) ▫ DB Mobility Logistics AG

Dr.-Ing. E.h. Dipl.-Ing. Heinrich Weiss

Chairman of Supervisory Board of SMS Holding GmbH,
Meerbusch

a) ▫ DB Mobility Logistics AG
▫ SMS Holding GmbH (Chairman)
▫ Voith GmbH

b) ▫ Bombardier Inc., Montreal/Canada

* Employees' representative on the Supervisory Board.

a) Membership in other supervisory boards required by law.

b) Membership in comparable domestic and foreign corporate control committees of business enterprises.

Information relating to December 31, 2013 or the time of leaving the services of the company in 2013. If appointed after December 31, 2013, the time of appointment is used.

Supervisory Board Committees

MEMBERS OF THE EXECUTIVE COMMITTEE

- Prof. Dr. Dr. Utz-Hellmuth Felcht (Chairman)
- Alexander Kirchner
- Sts Michael Odenwald
- Jens Schwarz

MEMBERS OF THE AUDIT AND COMPLIANCE COMMITTEE

- Dr. Jürgen Krumnow (Chairman)
- Jörg Hensel
- Sts Michael Odenwald
- Regina Rusch-Ziemba

MEMBERS OF THE PERSONNEL COMMITTEE

- Prof. Dr. Dr. Utz-Hellmuth Felcht (Chairman)
- Alexander Kirchner
- Sts Michael Odenwald
- Jens Schwarz

MEMBERS OF THE MEDIATION COMMITTEE

- Prof. Dr. Dr. Utz-Hellmuth Felcht (Chairman)
- Alexander Kirchner
- Sts Michael Odenwald
- Jens Schwarz

THE FOLLOWING PERSONS SERVED ON THE MANAGEMENT BOARD IN THE 2013 FINANCIAL YEAR:

Dr. Rüdiger Grube

Chief Executive Officer and Chairman of the Management Board,
Chief Executive Officer and Chairman of the Management Board of DB Mobility Logistics AG,
Hamburg

a) ▫ DB Netz AG [1)] (Chairman)
▫ DEVK Deutsche Eisenbahn Versicherung Lebensversicherungsverein a.G. Betriebliche Sozialeinrichtung der Deutschen Bahn
▫ DEVK Deutsche Eisenbahn Versicherung Sach- und HUK-Versicherungsverein a.G. Betriebliche Sozialeinrichtung der Deutschen Bahn

b) ▫ Allianz SE (Advisory Board)
▫ Deutsche Bank AG (Advisory Board operating region Stuttgart)

Gerd Becht

Compliance, Privacy, Legal Affairs and Group Security,
Member of the Management Board of DB Mobility Logistics AG,
Bad Homburg

a) ▫ DB Schenker Rail AG [1)]
▫ Schenker AG [1)]
▫ DB International GmbH [1)]
▫ DB Sicherheit GmbH [1)]
▫ DEVK Rückversicherungs- und Beteiligungs-Aktiengesellschaft

b) ▫ DEVK Deutsche Eisenbahn Versicherung Sach- und HUK-Versicherungsverein a.G. Betriebliche Sozialeinrichtung der Deutschen Bahn (Advisory Board)

Dr. Heike Hanagarth

Technology,
Member of the Management Board of DB Mobility Logistics AG,
Oberteuringen
– Since December 1, 2013 –

Dr. Volker Kefer
Infrastructure and Services,
Member of the Management Board of DB Mobility Logistics AG,
Erlangen
a) ▫ DB Energie GmbH [1] (Chairman)
▫ DB International GmbH [1] (Chairman)
▫ DB ProjektBau GmbH [1] (Chairman)
▫ DB Station & Service AG [1] (Chairman)
▫ DB Systemtechnik GmbH [1]
b) ▫ DB Dienstleistungen GmbH [1] (Advisory Board, Chairman)
▫ DEVK Deutsche Eisenbahn Versicherung Sach- und HUK-Versicherungsverein a.G. Betriebliche Sozialeinrichtung der Deutschen Bahn (Advisory Board)

Dr. Richard Lutz
Finance/Controlling,
Member of the Management Board of DB Mobility Logistics AG,
Hoppegarten (Mark)
a) ▫ DB Netz AG [1]
b) ▫ Arriva Plc, Sunderland/Great Britain [1] (Board of Directors)

Ulrich Weber
Personnel,
Member of the Management Board of DB Mobility Logistics AG,
Krefeld
a) ▫ DB Schenker Rail AG [1]
▫ Schenker AG [1]
▫ DB Gastronomie GmbH [1] (Chairman)
▫ DB JobService GmbH [1] (Chairman)
▫ DEVK Deutsche Eisenbahn Versicherung Lebensversicherungsverein a.G. Betriebliche Sozialeinrichtung der Deutschen Bahn
▫ DEVK Deutsche Eisenbahn Versicherung Sach- und HUK-Versicherungsverein a.G. Betriebliche Sozialeinrichtung der Deutschen Bahn
▫ HDI-Gerling Industrie Versicherung AG
b) ▫ DB Zeitarbeit GmbH [1] (Advisory Board, Chairman)
▫ Sparda-Bank West eG

[1] Mandate within the Group.
a) Membership in other supervisory boards required by law.
b) Membership in comparable domestic and foreign corporate control committees of business enterprises.

Information relating to December 31, 2013 or the time of leaving the services of the company in 2013. If appointed after December 31, 2013, the time of appointment is used.

(27) Auditor's fees

Information concerning the fees of the company's auditor has not been disclosed, because this information is included in the consolidated financial statements of DB AG.

(28) Events after the balance sheet date

Events after the balance sheet date are detailed in the management report.

(29) Proposed appropriation of profits

The following proposal is made to the Annual General meeting: The net retained profit reported as of December 31, 2013 (€ 4,730,247,978.38) should be used to pay a dividend of € 200,000,000.00, and the remainder of € 4,530,247,978.38 should be carried forward to the new account.

Berlin, February 18, 2014

Deutsche Bahn Aktiengesellschaft

The Management Board

List of shareholdings

Subsidiary [name and domicile]	Currency	Equity (TLC[1])	Ownership (%)
DB BAHN LONG-DISTANCE			
FULLY CONSOLIDATED			
DB Bahn Italia S.r.l., Verona/Italy	EUR	5,485	100.00
DB European Railservice GmbH, Dortmund	EUR	-34	100.00
DB Fernverkehr Aktiengesellschaft, Frankfurt am Main	EUR	2,284,425	100.00
DB Reise & Touristik Suisse SA, Basel/Switzerland	CHF	-906	100.00
AT EQUITY			
Alleo GmbH, Saarbrücken [2]	EUR	223	50.00
RailLink B.V., Amsterdam/the Netherlands [3),4)]	EUR	115	25.00
Railteam B.V., Amsterdam/the Netherlands [3),4)]	EUR	61	25.00
Rheinalp GmbH, Freiburg im Breisgau [3),4)]	EUR	116	50.00
DB BAHN REGIONAL			
FULLY CONSOLIDATED			
Autokraft GmbH, Kiel	EUR	10,278	100.00
Bayern Express & P. Kühn Berlin GmbH, Berlin	EUR	4,218	100.00
BBH BahnBus Hochstift GmbH, Paderborn	EUR	2,419	100.00
BERLIN LINIEN BUS Gesellschaft mit beschränkter Haftung, Berlin	EUR	26	65.00
BRN Busverkehr Rhein-Neckar GmbH, Ludwigshafen am Rhein	EUR	13,897	100.00
BRS Busverkehr Ruhr-Sieg GmbH, Meschede	EUR	4,829	100.00
Busverkehr Märkisch-Oderland GmbH, Strausberg	EUR	5,860	51.17
Busverkehr Oder-Spree GmbH, Fürstenwalde	EUR	3,637	51.17
BVO Busverkehr Ostwestfalen GmbH, Bielefeld	EUR	12,363	100.00
BVR Busverkehr Rheinland GmbH, Düsseldorf	EUR	4,556	100.00
DB Busverkehr Hessen GmbH, Gießen	EUR	2,442	100.00
DB Regio Aktiengesellschaft, Frankfurt am Main	EUR	1,920,583	100.00
DB Regio Bus Bayern GmbH, Coburg	EUR	1,165	100.00
DB Regio Bus Ost GmbH, Potsdam	EUR	26	100.00
DB RegioNetz Verkehrs GmbH, Frankfurt am Main	EUR	68,321	100.00
DB ZugBus Regionalverkehr Alb-Bodensee GmbH (RAB), Ulm	EUR	26,325	100.00
Friedrich Müller Omnibusunternehmen GmbH, Schwäbisch Hall	EUR	566	100.00
Haller Busbetrieb GmbH, Walsrode-Honerdingen	EUR	369	100.00
Hanekamp Busreisen GmbH, Cloppenburg	EUR	205	100.00
KOB GmbH, Oberthulba	EUR	1,013	70.00
NVO Nahverkehr Ostwestfalen GmbH, Münster (Westphalia)	EUR	1,371	100.00
Omnibusverkehr Franken GmbH (OVF), Nuremberg	EUR	14,375	100.00
ORN Omnibusverkehr Rhein-Nahe GmbH, Mainz	EUR	5,329	100.00

Subsidiary [name and domicile]	Currency	Equity (TLC[1])	Ownership (%)
RBO Regionalbus Ostbayern GmbH, Regensburg	EUR	10,760	100.00
Regional Bus Stuttgart GmbH RBS, Stuttgart	EUR	17,392	100.00
Regionalbus Brunswick GmbH -RBB-, Brunswick	EUR	7,186	100.00
Regionalverkehr Allgäu GmbH (RVA), Oberstdorf	EUR	3,040	70.00
Regionalverkehr Dresden GmbH, Dresden	EUR	6,155	51.00
Regionalverkehr Kurhessen GmbH (RKH), Kassel	EUR	11,931	100.00
Regionalverkehr Oberbayern Gesellschaft mit beschränkter Haftung, Munich	EUR	12,269	100.00
RegioTram Betriebsgesellschaft mbH i. L., Kassel	EUR	266	50.96
rhb rheinhunsrückbus GmbH, Simmern	EUR	159	48.69
Rheinpfalzbus GmbH, Ludwigshafen am Rhein	EUR	329	100.00
Rhein-Westerwald Nahverkehr GmbH, Montabaur	EUR	103	61.36
RMV Rhein-Mosel Verkehrsgesellschaft mbH, Koblenz	EUR	9,942	74.90
RVE Regionalverkehr Euregio Maas-Rhein GmbH, Aachen	EUR	1,442	100.00
RVN Regionalverkehr Niederrhein GmbH, Wesel	EUR	610	100.00
RVS Regionalbusverkehr Südwest GmbH, Karlsruhe	EUR	7,595	100.00
Saar-Pfalz-Bus GmbH, Saarbrücken	EUR	9,654	100.00
Saar-Pfalz-Mobil GmbH, Bexbach	EUR	470	100.00
S-Bahn Berlin GmbH, Berlin	EUR	170,972	100.00
S-Bahn Hamburg GmbH, Hamburg	EUR	62,238	100.00
SBG SüdbadenBus GmbH, Freiburg im Breisgau	EUR	7,655	100.00
Südwest Mobil GmbH, Mainz	EUR	-73	100.00
Verkehrsgesellschaft mbH Untermain -VU-, Aschaffenburg	EUR	2,613	100.00
Vorpommernbahn GmbH, Wolgast	EUR	8,476	100.00
WB Westphalia Bus GmbH, Münster	EUR	6,069	100.00
Weser-Ems Busverkehr GmbH (WEB), Bremen	EUR	10,439	100.00
Zentral-Omnibusbahnhof Berlin GmbH, Berlin	EUR	414	100.00
AT EQUITY			
"Steig ein" GmbH i. L., Kempten [3),4)]	EUR	50	23.33
"ZOB" Zentral-Omnibus-Bahnhof Gesellschaft mit beschränkter Haftung, Bremen [3),5)]	EUR	27	25.60
Bodensee-Oberschwaben Verkehrsverbund-gesellschaft mit beschränkter Haftung, Ravensburg [3),4)]	EUR	163	25.31
Connect-Fahrplanauskunft GmbH, Hanover [3),4)]	EUR	111	42.00
die linie GmbH, Kellinghusen [3),4)]	EUR	1,144	25.00
FahrBus Ostalb GmbH, Aalen [3),4)]	EUR	202	49.90

Subsidiary [name and domicile]	Currency	Equity (TLC[1])	Ownership (%)
Filsland Mobilitätsverbund GmbH, Göppingen[3),4)]	EUR	59	30.00
FSN Fahrzeugservice Neunkirchen GmbH, Neunkirchen[3),4)]	EUR	140	47.50
Hövelhofer Ortsbus GmbH (HOB), Rheda-Wiedenbrück[3),4)]	EUR	26	50.00
Kahlgrund-Verkehrs-Gesellschaft mit beschränkter Haftung, Schöllkrippen[3),4)]	EUR	8,235	28.00
Kitzinger Nahverkehrsgemeinschaft (KiNG), Kitzingen	EUR	–	50.00
Kreisbahn Aurich GmbH, Aurich[2),3)]	EUR	1,163	33.33
Main-Spessart-Nahverkehrsgesellschaft mbH, Gemünden (Main)[3),4)]	EUR	107	25.00
Niedersachsentarif GmbH, Hanover[3),4)]	EUR	54	8.33
NSH Nahverkehr Schleswig-Holstein GmbH, Kiel[3),6)]	EUR	71	46.90
OWL Verkehr GmbH, Bielefeld[3),4)]	EUR	60	30.43
RBP Regionalbusverkehr Passau Land GmbH, Bad Füssing[3),4)]	EUR	75	33.33
Regionalverkehr Bayerisch Schwaben GmbH (RBS) i. L., Augsburg[3),5)]	EUR	118	50.00
Regio-Verkehrsverbund Freiburg GmbH (RVF), Freiburg[3),4)]	EUR	419	45.00
Rhein-Nahe Nahverkehrsverbund GmbH, Ingelheim am Rhein[3),4)]	EUR	124	38.33
Saarländische Nahverkehrs-Service GmbH, Saarbrücken[3),4)]	EUR	50	41.67
stadtbus Ravensburg Weingarten GmbH, Ravensburg[3),4)]	EUR	25	45.20
TGO – Tarifverbund Ortenau GmbH, Offenburg[3),4)]	EUR	240	48.50
Unternehmensgesellschaft Verkehrsverbund Rhein-Neckar GmbH (URN GmbH), Mannheim[3),4)]	EUR	238	30.91
UVW Unternehmensverbund Westpfalz GmbH i. L., Kaiserslautern[3),4)]	EUR	47	61.67
Verkehrsgemeinschaft Aalen GmbH, Aalen[3),4)]	EUR	70	26.67
Verkehrsgemeinschaft Mittelthüringen GmbH (VMT), Erfurt[3),4)]	EUR	69	16.67
Verkehrsgemeinschaft Schwäbisch Gmünd GmbH (VSG) i. L., Schwäbisch Gmünd[3),5)]	EUR	26	25.00
Verkehrsgesellschaft Landkreis Nienburg mbH (VLN), Nienburg/Weser[3),4)]	EUR	26	47.00
VerkehrsGesellschaft Main-Tauber mbH (VGMT), Lauda-Königshofen[3),5)]	EUR	50	42.19
Verkehrsunternehmen Hegau-Bodensee Verbund GmbH (VHB), Constance[3),4)]	EUR	30	34.00
Verkehrsunternehmens-Verbund Mainfranken GmbH – VVM, Würzburg[3),4)]	EUR	28	18.64
Verkehrsverbund Großraum Nuremberg GmbH (VGN), Nuremberg[2),3)]	EUR	52	26.92
Verkehrsverbund Neckar-Alb-Donau GmbH (naldo), Hechingen[3),4)]	EUR	40	21.00

Subsidiary [name and domicile]	Currency	Equity (TLC[1])	Ownership (%)
Verkehrsverbund Schwarzwald-Baar GmbH (VSB), Villingen-Schwenningen[3),6)]	EUR	17	45.00
Verkehrsverbund Süd-Niedersachsen GmbH (VSN), Göttingen[3),5)]	EUR	85	33.08
VGC Verkehrsgesellschaft Bäderkreis Calw mbH, Calw[3),4)]	EUR	445	32.50
VHN Verkehrsholding Nord GmbH & Co. KG, Schleswig[3),4)]	EUR	720	20.00
VHN Verwaltungsgesellschaft mbH, Schleswig[3),4)]	EUR	617	20.00
VMS Verkehrs-Management und Service GmbH, Trier[2),3)]	EUR	51	38.46
Völklinger Verkehrsgesellschaft mbH, Völklingen[3),4)]	EUR	217	25.50
WNS Westpfälzische Nahverkehrs-Service GmbH, Kaiserslautern[3),4)]	EUR	269	45.00
WTV Waldshuter Tarifverbund GmbH, Waldshut-Tiengen 3[4)]	EUR	96	40.00
AT COST			
Regio Verkehrsverbund Lörrach GmbH (RVL), Lörrach[3),4)]	EUR	179	54.00
Verkehrsverbund Rottweil GmbH (VVR), Rottweil[3),4)]	EUR	94	70.20
vgf Verkehrs-Gemeinschaft Landkreis Freudenstadt GmbH, Waldachtal[3),4)]	EUR	154	51.92
DB ARRIVA			
FULLY CONSOLIDATED			
A & T Motor Retailing Limited, Sunderland/Great Britain	GBP	1,522	100.00
ACTIJOVEN CONSULTING & TRAVELLING s.l., Madrid/Spain	EUR	560	100.00
Alliance Rail Holdings Ltd, York/Great Britain	GBP	–1,115	75.10
Alliance Rail Management Ltd, York/Great Britain	GBP	0	75.10
Ambuline Limited, Birmingham/Great Britain	GBP	1,970	100.00
Ambuline Training Limited, Birmingham/Great Britain	GBP	5	100.00
APS (Leasing) Ltd, Sunderland/Great Britain	GBP	117,781	100.00
Arriva (2007) Limited, Sunderland/Great Britain	GBP	393,832	100.00
Arriva Abbey Line Limited, Sunderland/Great Britain	GBP	0	100.00
Arriva Achterhoek – Rivierenland BV, Heerenveen/the Netherlands	EUR	5,133	100.00
Arriva Beheer NV, Heerenveen/the Netherlands	EUR	3,998	100.00
Arriva Brabant BV, Heerenveen/the Netherlands	EUR	1,140	100.00
Arriva Bus & Coach Holdings Limited, Sunderland/Great Britain	GBP	21,250	100.00
Arriva Bus and Coach Finance Ltd, Sunderland/Great Britain	GBP	2,919	100.00
Arriva Bus and Coach Ltd, Sunderland/Great Britain	GBP	20,640	100.00

Subsidiary [name and domicile]	Currency	Equity (TLC[1])	Ownership (%)
Arriva Bus and Coach Rental (4) Ltd, Sunderland/Great Britain	GBP	-147	100.00
Arriva Bus Transport Polska Sp. z o.o., Warsaw/Poland	PLN	4,594	100.00
Arriva Busfleet NV, Heerenveen/the Netherlands	EUR	10,942	100.00
Arriva Colchester Limited, Sunderland/Great Britain	GBP	0	100.00
Arriva Coöperatie W.A., Heerenveen/the Netherlands	EUR	690,518	100.00
Arriva CR s.r.o., Prague/Czech Republic	CZK	112	100.00
Arriva Crossrail Limited, Sunderland/Great Britain	GBP	0	100.00
Arriva Croydon & North Surrey Limited, Sunderland/Great Britain	GBP	0	100.00
Arriva Cymru Limited, Sunderland/Great Britain	GBP	36,469	100.00
Arriva Danmark A/S, Kastrup/Denmark	DKK	1,355,108	100.00
Arriva DAV BV, Heerenveen/the Netherlands	EUR	3,335	100.00
Arriva Derby Limited, Sunderland/Great Britain	GBP	8,041	100.00
Arriva DLR Limited, Sunderland/Great Britain	GBP	0	100.00
Arriva Dolenjska in Primorska, druzba za prevoz potnikov, d.d., Koper/Slovenia	EUR	4,672	100.00
Arriva Durham County Limited, Sunderland/Great Britain	GBP	8,005	100.00
Arriva East Herts & Essex Ltd, Sunderland/Great Britain	GBP	1,140	100.00
Arriva Europe GmbH, Berlin	EUR	133,558	100.00
Arriva Finance Holding BV, Heerenveen/the Netherlands	EUR	68,746	100.00
Arriva Finance Lease Limited, Sunderland/Great Britain	GBP	7,035	100.00
Arriva Findiv Limited, Sunderland/Great Britain	GBP	259,966	100.00
Arriva Guildford & West Surrey Limited, Sunderland/Great Britain	GBP	3,177	100.00
Arriva Holding Česká Republika s.r.o., Prague/Czech Republic	CZK	612,685	100.00
Arriva Hongarije Holding BV, Heerenveen/the Netherlands	EUR	33,468	100.00
Arriva Hrvatska d.o.o., Osijek/Croatia	HRK	53,997	100.00
Arriva Hungary Zrt., Budapest/Hungary	HUF	3,641,991	100.00
Arriva HWGO BV, Heerenveen/the Netherlands	EUR	-1,257	100.00
Arriva Insurance A/S, Kastrup/Denmark	DKK	70,250	100.00
Arriva Insurance Company (Gibraltar) Limited, Gibraltar/Gibraltar	GBP	4,119	100.00
Arriva International (2) Limited, Sunderland/Great Britain	GBP	18	100.00
Arriva International (7) Limited, Sunderland/Great Britain	GBP	212,007	100.00
Arriva International (Northern Europe) Limited, Sunderland/Great Britain	EUR	355,058	100.00
Arriva International (Southern Europe) Limited, Sunderland/Great Britain	EUR	355,058	100.00
Arriva International Finance Limited, Sunderland/Great Britain	EUR	297,236	100.00
Arriva International Limited, Sunderland/Great Britain	EUR	401,587	100.00
Arriva International Trains (Leasing) Limited, Sunderland/Great Britain	EUR	28,225	100.00
ARRIVA INVESTIMENTOS SGPS, SA, Almada/Portugal	EUR	216,877	100.00
Arriva Italia Rail S.R.L., Milan/Italy	EUR	322	100.00
Arriva Italia s.r.l., Milan/Italy	EUR	190,373	100.00
Arriva Kent & Surrey Limited, Sunderland/Great Britain	GBP	77,588	100.00
Arriva Kent Thameside Limited, Sunderland/Great Britain	GBP	52,934	100.00
ARRIVA LISBOA TRANSPORTES SA, Almada/Portugal	EUR	6	100.00
Arriva LITAS d.o.o. Pozarevac, Požarevac/Serbia	RSD	1,062,457	100.00
Arriva Liverpool Limited, Sunderland/Great Britain	GBP	716	100.00
Arriva London Limited, Sunderland/Great Britain	GBP	0	100.00
ARRIVA LONDON NORTH EAST LTD, Sunderland/Great Britain	GBP	5,752	100.00
ARRIVA LONDON NORTH LTD, Sunderland/Great Britain	GBP	53,627	100.00
ARRIVA LONDON SOUTH LTD, Sunderland/Great Britain	GBP	38,171	100.00
Arriva LUV doo Beograd (Palilula), Belgrade/Serbia	RSD	286,086	100.00
Arriva Malta Finance & Investments Limited, Valletta/Malta	EUR	528,691	100.00
Arriva Malta Holdings Limited, Valletta/Malta	EUR	520,079	100.00
Arriva Malta Limited, Qormi/Malta	EUR	0	100.00
Arriva Manchester Limited, Sunderland/Great Britain	GBP	-730	100.00
Arriva Medway Towns Limited, Sunderland/Great Britain	GBP	6,671	100.00
Arriva Merseyside Limited, Sunderland/Great Britain	GBP	135,231	100.00
Arriva Michalovce, a.s., Michalovce/Slovakia	EUR	10,319	60.14
Arriva Midlands Limited, Sunderland/Great Britain	GBP	21,600	100.00
Arriva Midlands North Limited, Sunderland/Great Britain	GBP	54,180	100.00
Arriva Morava a.s., Ostrava/Czech Republic	CZK	1,443,348	100.00
Arriva Motor Holdings Limited, Sunderland/Great Britain	GBP	140,863	100.00
Arriva Multimodaal BV, Heerenveen/the Netherlands	EUR	18	100.00
Arriva Night Trains Limited, Sunderland/Great Britain	GBP	0	100.00
Arriva Nitra a.s., Nitra/Slovakia	EUR	16,049	60.48
Arriva Noroeste s.l., Ferrol/Spain	EUR	13,323	100.00

Subsidiary [name and domicile]	Currency	Equity (TLC[1])	Ownership (%)
Arriva North East Limited, Sunderland/Great Britain	GBP	6,319	100.00
Arriva North West Limited, Sunderland/Great Britain	GBP	-16,246	100.00
Arriva Northumbria Limited, Sunderland/Great Britain	GBP	11,819	100.00
Arriva Nove Zamky, a.s., Nove Zamky/Slovakia	EUR	8,563	60.36
Arriva Openbaar Vervoer NV, Heerenveen/the Netherlands	EUR	109,221	100.00
Arriva Östgötapendeln AB, Stockholm/Sweden	SEK	77,987	100.00
Arriva Passenger Services (International) Limited, Sunderland/Great Britain	GBP	73	100.00
Arriva Passenger Services Limited, Sunderland/Great Britain	GBP	334,808	100.00
Arriva Passenger Services Pension Trustees Limited, Sunderland/Great Britain	GBP	0	100.00
Arriva Personenvervoer Nederland BV, Heerenveen/the Netherlands	EUR	226,757	100.00
Arriva Plc, Sunderland/Great Britain	GBP	605,502	100.00
Arriva Poland Holding B.V., Heerenveen/the Netherlands	EUR	6,103	100.00
Arriva Polska Sp. z o.o., Warsaw/Poland	PLN	33,702	100.00
ARRIVA PORTUGAL – TRANSPORTES LDA, Guimaraes/Portugal	EUR	11,564	100.00
Arriva Praha s.r.o., Prague/Czech Republic	CZK	652,604	100.00
Arriva RP Sp. z o.o., Warsaw/Poland	PLN	4,905	100.00
Arriva Scotland West Limited, Inchinnan/Great Britain	GBP	2,021	100.00
Arriva Scotrail Limited, Sunderland/Great Britain	GBP	0	100.00
Arriva Service s.r.o., Komárno/Slovakia	EUR	25,663	100.00
Arriva Services a.s., Králův Dvůr/Czech Republic	CZK	65,982	100.00
Arriva Southend Limited, Sunderland/Great Britain	GBP	7,804	100.00
Arriva Southern Counties Limited, Sunderland/Great Britain	GBP	722	100.00
Arriva Spolka z o.o., Toruń/Poland	PLN	139,678	99.57
Arriva Stajerska, druzba za prevoz potnikov, d.d., Maribor/Slovenia	EUR	2,381	75.90
Arriva Sverige AB, Helsingborg/Sweden	SEK	163,850	100.00
Arriva Tag AB, Helsingborg/Sweden	SEK	5,033	100.00
Arriva Techniek BV, Heerenveen/the Netherlands	EUR	532	100.00
Arriva Tees & District Limited, Sunderland/Great Britain	GBP	957	100.00
Arriva Teesside Limited, Sunderland/Great Britain	GBP	749	100.00
Arriva Teplice s.r.o., Teplice/Czech Republic	CZK	137,157	100.00
Arriva the Shires Limited, Sunderland/Great Britain	GBP	55,158	100.00

Subsidiary [name and domicile]	Currency	Equity (TLC[1])	Ownership (%)
Arriva Tog A/S, Kastrup/Denmark	DKK	321,569	100.00
Arriva Touring BV, Heerenveen/the Netherlands	EUR	2,414	100.00
Arriva Trains (Poland) Limited, Sunderland/Great Britain	EUR	710	100.00
Arriva Trains Merseyside Limited, Sunderland/Great Britain	GBP	0	100.00
Arriva Trains Northern Limited, Sunderland/Great Britain	GBP	0	100.00
Arriva Trains Wales Limited, Sunderland/Great Britain	GBP	59,311	100.00
Arriva Transport Česká Republika a.s., Prague/Czech Republic	CZK	1,688,049	100.00
Arriva Transport Services s.r.o., Nitra/Slovakia	EUR	10,819	100.00
Arriva Transport Solutions Limited, Sunderland/Great Britain	GBP	5,254	100.00
ARRIVA TRANSPORTES DA MARGEM SUL, SA, Almada/Portugal	EUR	82,276	100.00
Arriva Trustee Company Limited, Sunderland/Great Britain	GBP	0	100.00
Arriva UK Trains Limited, Sunderland/Great Britain	GBP	154,979	100.00
Arriva vlaky s.r.o., Prague/Czech Republic	CZK	-1,764	100.00
Arriva Východní Čechy a.s., Chrudim/Czech Republic	CZK	588,410	100.00
Arriva Wadden BV, Heerenveen/the Netherlands	EUR	2,980	100.00
Arriva Waterland Rivierenland BV, Heerenveen/the Netherlands	EUR	-139	100.00
Arriva West Sussex Limited, Sunderland/Great Britain	GBP	4,331	100.00
Arriva Yorkshire Ltd, Sunderland/Great Britain	GBP	36,900	100.00
Arriva Yorkshire North Ltd, Sunderland/Great Britain	GBP	1,283	100.00
Arriva Yorkshire South Ltd, Sunderland/Great Britain	GBP	0	100.00
Arriva Yorkshire West Ltd, Sunderland/Great Britain	GBP	5,282	100.00
Arriva Zuid Europa Holding BV, Heerenveen/the Netherlands	EUR	510,184	100.00
At Seat Catering (2003) Limited, Sunderland/Great Britain	GBP	15	100.00
AUTOBUSES GREISI S.L., Madrid/Spain	EUR	355	100.00
AUTOCARES FRAY ESCOBA SLU, Madrid/Spain	EUR	238	100.00
Autocares Mallorca, s.l., Alcudia/Spain	EUR	2,169	100.00
Autoservizi F.V.G. S.P.A. – SAF, Udine/Italy	EUR	59,763	60.00
B.B. Motors (Bristol) Limited, Sunderland/Great Britain	GBP	0	100.00
Bergamo Trasporti Est S.c.a.r.l., Bergamo/Italy	EUR	10	93.67
Bergamo Trasporti Ovest S.c.a.r.l., Bergamo/Italy	EUR	10	65.76
BOSAK BUS spol. s r.o., Dobris/Czech Republic	CZK	65,236	100.00
Botniatåg AB, Stockholm/Sweden	SEK	-309,386	60.00

Subsidiary [name and domicile]	Currency	Equity (TLC[1])	Ownership (%)
British Bus (Properties) Limited, Sunderland/Great Britain	GBP	75,822	100.00
British Bus Limited, Sunderland/Great Britain	GBP	8,090	100.00
Broadwood Finance Company Limited, Sunderland/Great Britain	GBP	32,181	100.00
Bus Nort Balear s.l., Alcudia/Spain	EUR	574	100.00
BUSDAN 29 ApS, Kastrup/Denmark	DKK	26,012	100.00
BUSDAN 29.1 ApS, Kastrup/Denmark	DKK	45,723	100.00
BUSDAN 30 ApS, Kastrup/Denmark	DKK	41,809	100.00
BUSDAN 31 ApS, Kastrup/Denmark	DKK	32,793	100.00
BUSDAN 32 ApS, Kastrup/Denmark	DKK	25,845	100.00
Busdan 32.1 A/S, Kastrup/Denmark	DKK	235,434	100.00
BUSDAN 33 ApS, Kastrup/Denmark	DKK	32,169	100.00
BUSDAN 34 ApS, Kastrup/Denmark	DKK	50,836	100.00
Centrebus Holdings Limited, Leicester/Great Britain	GBP	325	100.00
CERTUS Transport družba za prevoz potnikov d.o.o., Maribor/Slovenia	EUR	8	100.00
Classic Coaches (Continental) Limited, Sunderland/Great Britain	GBP	483	100.00
Cooperativa Bergamasca Trasporti a.r.l. i. L., Bergamo/Italy	EUR	1	80.63
DB Regio Tyne and Wear Limited, London/Great Britain	GBP	-2,195	100.00
DB Regio UK Limited, London/Great Britain	GBP	-812	100.00
EMPRESA DE BLAS Y CIA S.L., Madrid/Spain	EUR	133,221	100.00
ESFERA BUS SLU, Madrid/Spain	EUR	2,416	100.00
ESFERA UNIVERSAL SLU, Madrid/Spain	EUR	25,884	100.00
Estacion de autobuses de Ferrol S.A., Ferrol/Spain	EUR	341	80.14
Eurocare Travel Ltd, Sunderland/Great Britain	GBP	343	100.00
Flight Delay Services Limited, Sunderland/Great Britain	GBP	0	100.00
GCRC Holdings Limited, Bristol/Great Britain	GBP	195	100.00
Grand Central Railway Company Limited, Bristol/Great Britain	GBP	22,153	100.00
Great North Eastern Railway Company Ltd, York/Great Britain	GBP	0	75.10
Great North Western Railway Company Ltd, York/Great Britain	GBP	0	75.10
Greenline Travel Ltd, Sunderland/Great Britain	GBP	8	100.00
JTL 2004 ApS, Kastrup/Denmark	DKK	43,324	100.00
JTL 2009 ApS, Kastrup/Denmark	DKK	32,523	100.00
Lecco Trasporti S.c.a.r.l., Lecco/Italy	EUR	10	56.94
London and North Western Railway Company Limited, Sunderland/Great Britain	GBP	3,394	100.00
London Pride Sightseeing Ltd, Sunderland/Great Britain	GBP	4,681	100.00
Londonlinks Buses Limited, Sunderland/Great Britain	GBP	0	100.00
M40 Trains Limited, London/Great Britain	GBP	43,344	100.00
Meadowhall Limited, Sunderland/Great Britain	GBP	52	100.00
Merseyrail Electrics Limited, Sunderland/Great Britain	GBP	0	100.00
Merseyside Transport Limited, Sunderland/Great Britain	GBP	0	100.00
Midland Red North Limited, Sunderland/Great Britain	GBP	0	100.00
MK Metro Ltd, Sunderland/Great Britain	GBP	9,355	100.00
Moor-dale Coaches Limited, Sunderland/Great Britain	GBP	500	100.00
MTL Services Limited, Sunderland/Great Britain	GBP	29,464	100.00
NETOSEC SLU, Madrid/Spain	EUR	237	100.00
Network Colchester Limited, Sunderland/Great Britain	GBP	335	100.00
New Enterprise Coaches (Tonbridge) Limited, Sunderland/Great Britain	GBP	-245	100.00
Nitravel s.r.o., Nitra/Slovakia	EUR	238	60.48
Northern Spirit Limited, Sunderland/Great Britain	GBP	0	100.00
Northern Spirit Trains Limited, Sunderland/Great Britain	GBP	0	100.00
Northern Spirit Transport Limited, Sunderland/Great Britain	GBP	0	100.00
NV Personeel de Noord-Westhoek, Heerenveen/the Netherlands	EUR	421	100.00
OFJ Ground Services Limited, Sunderland/Great Britain	GBP	102	100.00
OSNADO spol. s.r.o., Svoboda nad Úpou/Czech Republic	CZK	42,581	100.00
Panturist dioničko društvo za prijevoz putnika i tutizam d.d., Osijek/Croatia	HRK	24,578	99.69
Pickerings Transport Services Limited, Sunderland/Great Britain	GBP	1,032	100.00
Premier Buses Ltd, Sunderland/Great Britain	GBP	2,102	100.00
PROBO BUS a.s., Králův Dvůr/Czech Republic	CZK	195,030	100.00
PT REAL, spol. s r.o., Králův Dvůr/Czech Republic	CZK	47,285	100.00
RDS bus s.r.o., Babylon/Czech Republic	CZK	1,020	100.00
RIVIERA TRASPORTI LINEA S.P.A., Imperia/Italy	EUR	591	80.00
S.A.B. AUTOSERVIZI S.R.L., Bergamo/Italy	EUR	34,596	100.00
S.A.L. Servizi automobilistici Lecchesi S.R.L., Lecco/Italy	EUR	7,448	100.00
S.I.A. Società Italiana Autoservizi S.p.A., Brescia/Italy	EUR	43,170	100.00

Subsidiary [name and domicile]	Currency	Equity (TLC[1])	Ownership (%)
SAB Piemonte S.r.l. a socio unico, Grugliasco (TO)/Italy	EUR	6,483	100.00
SADEM – SOCIETÀ PER AZIONI, Turin/Italy	EUR	19,973	100.00
SAIA TRASPORTI S.P.A., Brescia/Italy	EUR	22,202	100.00
SERVICIOS INTEGRALES BUS & TRUCK S.A., Madrid/Spain	EUR	451	100.00
Stevensons of Uttoxeter Limited, Sunderland/Great Britain	GBP	226	100.00
Teamdeck Limited, Leicester/Great Britain	GBP	2,429	100.00
Tellings Golden Miller Limited, Sunderland/Great Britain	GBP	657	100.00
TGM (Holdings) Limited, Sunderland/Great Britain	GBP	7,873	100.00
TGM Group Limited, Sunderland/Great Britain	GBP	10,659	100.00
The Chiltern Railway Company Limited, London/Great Britain	GBP	–38,074	100.00
The Original London Sightseeing Tour Ltd, Sunderland/Great Britain	GBP	1,639	100.00
Transcare Solutions Limited, Sunderland/Great Britain	GBP	16	100.00
TRANSCENTRUM bus s.r.o., Kosmonosy/Czech Republic	CZK	72,198	100.00
Transportes Sul do Tejo S.A., Almada/Portugal	EUR	5,702	100.00
TRANSURBANOS DE GUIMARAES TP, LDA, Guimaraes/Portugal	EUR	13	100.00
Trasporti Brescia Nord S.c.a.r.l., Brescia/Italy	EUR	100	92.00
Trasporti Brescia Sud S.c.a.r.l., Brescia/Italy	EUR	100	93.00
TUF-TRANSPORTES URBANOS DE FAMALICAO, LDA, Vila Nova de Famalicao/Portugal	EUR	–380	66.67
UCPLUS A/S, Kastrup/Denmark	DKK	26,909	100.00
United Automobile Services Limited, Sunderland/Great Britain	GBP	13,085	100.00
White Rose Bus Company Limited, Leicester/Great Britain	GBP	–996	100.00
XC Trains Limited, Sunderland/Great Britain	GBP	75,839	100.00
Yorkshire Bus Group Ltd, Sunderland/Great Britain	GBP	38,544	100.00
Yorkshire Tiger Limited, Leicester/Great Britain	GBP	2,074	100.00
Zeta Automotive Limited, Bicester/Great Britain	GBP	4,543	51.00
AT EQUITY			
Aquabus BV, Heerenveen/the Netherlands [2),3)]	EUR	4,558	50.00
Barraqueiro SGPS SA, Lisbon/Portugal [2)]	EUR	180,743	31.50
Bergamo Trasporti Sud Scarl, Bergamo/Italy [3),4)]	EUR	10	25.57
Bus Point Srl, Lallio (BG)/Italy [3),4)]	EUR	151	30.00
Estacion Autobuses de Pobra, Ferrol/Spain [6)]	EUR	9	33.33
Explotacion Gasoleos de la Coruna, s.l., Ferrol/Spain [3),4)]	EUR	83	40.00
EXTRA.TO S.c.a.r.l., Turin/Italy [3),5)]	EUR	100	30.01
Garda Trasporti Scarl, Desenzano del Garda (BS)/Italy [3),4)]	EUR	20	23.00
Great Park Bus Company Limited, Sunderland/Great Britain	GBP	–	50.00
Intercambiador de Transportes Principe PIO S.A., Madrid/Spain [2),3)]	EUR	9,074	30.00
KM S.P.A., Cremona/Italy [2)]	EUR	4,912	49.00
London Overground Rail Operations Limited, London/Great Britain [3)]	GBP	3,224	50.00
Omnibus partecipazioni S.R.L., Milan/Italy [2),3)]	EUR	7,244	50.00
Prometro S.A., Porto/Portugal [3),4)]	EUR	3,831	20.00
PTI (South East) Limited, Sunderland/Great Britain [10)]	GBP	238	20.00
Rodinform – Informatica Aplicada aos Transportes, SA, Lisbon/Portugal [2),3)]	EUR	27	20.00
S.T.I. Servizi Transporti Interregionali SpA, Cordenons PN/Italy [3),5)]	EUR	962	9.81
TPL FVG Scarl s.r.l., Gorizia/Italy [2),3)]	EUR	83	15.00
Trieste Trasporti S.P.A., Trieste/Italy [2),3)]	EUR	44,459	39.94
Union Ferrolana de Transportes S.A., Ferrol/Spain [3),6)]	EUR	2	50.00
Viajeros del Eo, Ferrol/Spain [3),7)]	EUR	11	50.00
VT-ARRIVA Személyszállító és Szolgáltató Kft., Székesfehérvár/Hungary [2)]	HUF	3,329,670	49.91
WSMR (Holdings) Limited, London/Great Britain [3),4)]	GBP	0	50.00
DB SCHENKER RAIL			
FULLY CONSOLIDATED			
ATG Autotransportlogistic Sp. z o. o., Malaszewicze/Poland	PLN	8,286	100.00
Autologistic Poland Sp. z o. o., Tychy/Poland	PLN	2,607	51.00
Auxiliar Logística de Vehiculos S.L., Saragossa/Spain	EUR	83	65.28
Axiom Rail (Cambridge) Limited, Doncaster/Great Britain	GBP	677	100.00
Axiom Rail (Stoke) Limited, Doncaster/Great Britain	GBP	–5,854	100.00
Axiom Rail Components Limited, Doncaster/Great Britain	GBP	–2,117	100.00
Axiom Rail SAS, Paris/France	EUR	–1,083	100.00
Boreal & Austral Railfreight Ltd, Doncaster/Great Britain	GBP	67,500	100.00
Compañía Aragonesa de Portacoches S.A., Saragossa/Spain	EUR	13,312	65.28
Container Szállítmányátrakó Állomás Kft., Győr/Hungary	EUR	106	100.00
Container-Terminal Púchov s.r.o., Púchov/Slovakia	EUR	97	100.00

Subsidiary [name and domicile]	Currency	Equity (TLC[1)])	Ownership (%)
Corridor Operations NMBS/SNCB DB Schenker Rail N.V., Brussels/Belgium	EUR	1,562	51.00
DB Intermodal Services GmbH, Mainz	EUR	3,786	100.00
DB PORT SZCZECIN Sp. z o.o., Szczecin/Poland	PLN	12,063	96.80
DB Schenker BTT GmbH, Mainz	EUR	1,825	100.00
DB Schenker Nieten GmbH, Freilassing	EUR	3,856	100.00
DB Schenker Rail (UK) Holdings Limited, Doncaster/Great Britain	GBP	195,441	100.00
DB Schenker Rail (UK) Limited, Doncaster/Great Britain	GBP	112,408	100.00
DB Schenker Rail Aktiengesellschaft, Mainz	EUR	665,706	100.00
DB Schenker Rail Automotive GmbH, Kelsterbach	EUR	11,771	100.00
DB Schenker Rail Bulgaria EOOD, Sofia/Bulgaria	BGN	3,930	100.00
DB Schenker Rail Corridor Operations GmbH, Mainz	EUR	47	100.00
DB Schenker Rail Danmark Services A/S, Taastrup/Denmark	DKK	895	100.00
DB Schenker Rail Deutschland Aktiengesellschaft, Mainz	EUR	50	100.00
DB Schenker Rail Hungaria Kft., Györ/Hungary	HUF	691,508	100.00
DB Schenker Rail Information Services Limited, Doncaster/Great Britain	GBP	804	100.00
DB Schenker Rail International Limited, Doncaster/Great Britain	GBP	-15,249	100.00
DB Schenker Rail Italia S.r.L., Alessandria/Italy	EUR	13,709	100.00
DB Schenker Rail Italia Services S.r.l., Milan/Italy	EUR	1,009	100.00
DB Schenker Rail Nederland N. V., Utrecht/the Netherlands	EUR	3,804	100.00
DB Schenker Rail Polska S.A., Zabrze/Poland	PLN	522,359	100.00
DB Schenker Rail Romania S.R.L., Timişoara/Romania	RON	13,305	100.00
DB Schenker Rail Scandinavia A/S, Taastrup/Denmark	DKK	347,326	51.00
DB Schenker Rail Switzerland GmbH, Opfikon/Switzerland	CHF	1,148	100.00
DB Schenker Rail Spedkol Sp. z o.o., Kędzierzyn-Koźle/Poland	PLN	30,650	100.00
Deutsche TRANSFESA GmbH Internationale Eisenbahn-Spezial-Transporte, Kehl am Rhein	EUR	1,872	77.33
Doker-Port Sp. z o.o., Szczecin/Poland	PLN	-179	60.50
DUSS Italia Terminal s.r.l., Verona/Italy	EUR	93	80.00
East & West Railway Ltd, Doncaster/Great Britain	GBP	0	100.00
Euro Cargo Rail SAS, Paris/France	EUR	90,192	100.00
Guga B.V., Amsterdam/the Netherlands	EUR	-77	77.33
Infra Silesia S.A., Rybnik/Poland	PLN	4,825	100.00

Subsidiary [name and domicile]	Currency	Equity (TLC[1)])	Ownership (%)
KombiTerminal Burghausen GmbH, Mainz	EUR	299	67.62
LGP Lagerhausgesellschaft Pfullendorf mbH i. L., Pfullendorf	EUR	182	49.08
Loadhaul Ltd, Doncaster/Great Britain	GBP	16,131	100.00
Locomotive 6667 Ltd, Doncaster/Great Britain	GBP	0	100.00
Logística Sanmival S.L., Burgos/Spain	EUR	461	57.99
Mainline Freight Ltd, Doncaster/Great Britain	GBP	21,266	100.00
Marcroft Holdings Ltd, Doncaster/Great Britain	GBP	-3,048	100.00
MDL Distribución y Logistica S.A., Madrid/Spain	EUR	13,186	77.33
Mitteldeutsche Eisenbahn GmbH, Schkopau	EUR	1,239	80.00
New Locomotive Finance Ltd, Doncaster/Great Britain	GBP	0	100.00
NordCargo S.r.l, Milan/Italy	EUR	10,778	60.00
OOO Railion Russija Services, Moscow/Russia	RUB	81,024	100.00
Rail Express Systems Ltd, Doncaster/Great Britain	GBP	30,012	100.00
Rail Service Center Rotterdam B. V., Rotterdam/the Netherlands	EUR	5,042	100.00
Rail Terminal Services Limited, Doncaster/Great Britain	GBP	-2,073	100.00
Railway Investments Ltd, Doncaster/Great Britain	GBP	-200	100.00
RBH Logistics GmbH, Gladbeck	EUR	28,242	100.00
RES December Ltd, Doncaster/Great Britain	GBP	16,048	100.00
TFG Transfracht Internationale Gesellschaft für kombinierten Güterverkehr mbH, Frankfurt am Main	EUR	-28	100.00
TGP Terminalgesellschaft Pfullendorf mbH, Pfullendorf	EUR	322	75.50
Transervi France S.A.S., Cerbère/France	EUR	458	77.33
Transervi S.A., Madrid/Spain	EUR	3,830	77.33
Transfesa Benelux S.P.R.L., Genk/Belgium	EUR	683	77.33
Transfesa France SAS, Gennevilliers/France	EUR	2,264	77.33
Transfesa Maritimo Terrestre, S.L., Cantabria/Spain	EUR	44	77.33
Transfesa Portugal Lda., Lisbon/Portugal	EUR	321	77.33
Transfesa Rail S.A., Madrid/Spain	EUR	716	77.33
Transfesa UK Ltd., Rainham (Essex)/Great Britain	GBP	461	77.33
Transportes Ferroviarios Especiales S.A., Madrid/Spain	EUR	189,580	77.33
AT EQUITY			
"Cross-Baltic Terminaloperators" Sp. z o. o. i.L., Szczecin/Poland	PLN	-	48.40
ATN Auto Terminal Neuss GmbH & Co. KG, Neuss [3),4)]	EUR	5,330	50.00

Subsidiary [name and domicile]	Currency	Equity (TLC[1])	Ownership (%)
Autoterminal Slask Logistic Sp. z o. o., Dąbrowa Górnicza/Poland [2]	PLN	4,031	50.00
Autotrax Limited, Lufton/Great Britain [3),4]	GBP	1,616	24.00
baymodal Bamberg GmbH, Bamberg [3),4]	EUR	168	25.10
BLS Cargo AG, Bern/Switzerland [3),4]	CHF	88,927	45.00
Container Terminal Dortmund GmbH, Dortmund [3),4]	EUR	3,977	30.00
CTS Container-Terminal GmbH Rhein-See-Land-Service, Cologne [3]	EUR	1,643	22.50
DAP Barging B.V., Rotterdam/the Netherlands [3),4]	EUR	2,029	55.00
DCH Düsseldorfer Container-Hafen GmbH, Düsseldorf [3]	EUR	434	51.00
Doerpener Umschlaggesellschaft für den kombinierten Verkehr mbH (DUK), Dörpen [3),4]	EUR	4,483	35.00
Etihad Rail DB Operations LLC, Abu Dhabi/United Arab Emirates [2),3]	AED	300	49.00
Hansa Rail GmbH i.L., Frankfurt am Main [6]	EUR	222	50.00
Hispanauto-Empresas Agrupadas A.E.I.E. ©, Madrid/Spain [2]	EUR	0	58.04
INTERCONTAINER – INTERFRIGO SA i.L., Brussels/Belgium [3),9]	EUR	- 5,874	36.20
Intermodal Sea Solutions, S.L., Orejo-Cantabria/Spain	EUR	–	24.75
Kombiverkehr Deutsche Gesellschaft für kombinierten Güterverkehr mbH & Co. Kommanditgesellschaft, Frankfurt am Main [3),4]	EUR	16,759	50.00
Lokomotion Gesellschaft für Schienentraktion mbH, Munich [3),4]	EUR	8,076	30.00
OFP La Rochelle Maritime Rail Services SAS, La Rochelle/France	EUR	3	24.90
Omfesa Logistica S.A., Madrid/Spain [2]	EUR	280	38.66
OPTIMODAL NEDERLAND B.V., Rotterdam/the Netherlands [3),5]	EUR	399	24.34
PKV Planungsgesellschaft kombinierter Verkehr Duisburg mbH, Duisburg [2),3]	EUR	1,361	50.00
Pool Ibérico Ferroviario A.I.E., Madrid/Spain [2]	EUR	0	9.02
Railmax B.V., Nijmegen/the Netherlands [2]	EUR	88	38.66
Railmax C.V., Nijmegen/the Netherlands [2]	EUR	0	38.28
ŚLĄSKIE CENTRUM LOGISTYKI S.A., Gleiwitz/Poland [2),3]	PLN	47,131	21.86
Sociedad de Estudios y Explotacion Material Auxiliar de Transportes, S.A. ("SEMAT"), Madrid/Spain [2]	EUR	4,377	48.56
Stifa S.A. i. L., Malveira/Portugal [2]	EUR	- 85	38.66
Terminal Singen TSG GmbH, Singen [3),4]	EUR	549	50.00
Trans-Eurasia Logistics GmbH, Berlin [3),4]	EUR	1,237	40.00
Xrail S.A., Brussels/Belgium [3),4]	EUR	308	32.00
ZAO Eurasia Rail Logistics i. L., Moscow/Russia [3),8]	RUB	1,675	34.90

Subsidiary [name and domicile]	Currency	Equity (TLC[1])	Ownership (%)
DB SCHENKER LOGISTICS			
FULLY CONSOLIDATED			
Air Terminal Handling S.A., Tremblay en France/France	EUR	1,621	100.00
ALB Automotive Logistica LTDA, Juiz de Fora – MG/Brazil	BRL	3,101	51.00
Anterist + Schneider Zeebrugge B.V., Zeebrugge/Belgium	EUR	1,175	100.00
AS Schenker, Tallinn/Estonia	EUR	10,987	100.00
ASIMEX Anterist + Schneider Import-Export SAS, Stiring-Wendel/France	EUR	562	100.00
ATLANTIQUE EXPRESS SAS, Montaigu Cedex/France	EUR	308	100.00
BAX Global (Aust.) Pty Ltd., Alexandria/Australia	AUD	190	100.00
BAX Global (Malaysia) Sdn. Bhd., Petaling Jaya/Malaysia	MYR	- 3,102	100.00
BAX Global (Pty.) Ltd., Johannesburg/South Africa	ZAR	68	100.00
BAX Global (Thailand) Limited, Bangkok/Thailand	THB	391,445	100.00
BAX Global (UK) Limited, London/Great Britain	GBP	7,979	100.00
BAX Global Holdings Pty Ltd., Alexandria/Australia	AUD	0	100.00
BAX Global Inc., Norfolk/USA	USD	79,913	100.00
BAX Global Limited, London/Great Britain	GBP	2,738	100.00
BAX Global Logistics (Shanghai) Co. Ltd., Shanghai/China	CNY	108,697	100.00
BAX Global Logistics Sdn.Bhd., Petaling Jaya/Malaysia	MYR	92,000	100.00
BEMI JOYAU SCI, Montaigu Cedex/France	EUR	134	100.00
Bischof Gesellschaft mbH., Vienna/Austria	EUR	109	100.00
BTL AB, Göteborg/Sweden	SEK	2,013,616	100.00
BTL Nord GmbH, Lübeck	EUR	19,374	100.00
BTL Reinsurance S.A./ Luxembourg/Luxembourg	SEK	42,791	100.00
DB Schenker FLLC, Minsk/Belarus	BYR	- 117,072	100.00
DP Schenker, Kiev/Ukraine	UAH	- 21,735	100.00
DVA Marine Re S.A., Luxembourg/Luxembourg	EUR	11,041	65.00
ELAG Emder Lagerhaus und Automotive GmbH, Emden	EUR	1,490	100.00
ELSPED Speditions-Gesellschaft m.b.H., Hamburg	EUR	3,400	100.00
Engelberg Transportes Internacionales C.A. (Entra), Caracas/Venezuela	VEF	19,483	100.00
EVAG Emder Verkehrs und Automotive Gesellschaft mbH, Emden	EUR	2,501	100.00
EVB Handelshaus Bour GmbH, Landau in der Pfalz	EUR	25	100.00
Facility Plus B.V., Tilburg/the Netherlands	EUR	855	100.00

Subsidiary [name and domicile]	Currency	Equity (TLC[1])	Ownership (%)
Fastighets Aktiebolaget Orbyn, Göteborg/Sweden	SEK	10,874	100.00
Fertrans AG, Buchs SG/Switzerland	CHF	849	100.00
HANGARTNER Terminal AG, Aarau/Switzerland	CHF	586	100.00
HANGARTNER Terminal S.r.l., Verona/Italy	EUR	-115	100.00
HB Zolldeklarationsservice GmbH, Vienna/Austria	EUR	65	100.00
Heck Slovensko s.r.o., Bratislava/Slovakia	EUR	36	100.00
Herber Hausner Szállitmányozási Kft., Budapest/Hungary	HUF	21,879	100.00
Intertec Asia Limited, Sheung Wan/Hong Kong	HKD	14,116	100.00
Intertec Beteiligungs-GmbH, Landau in der Pfalz	EUR	29,729	100.00
Intertec GmbH, Landau in der Pfalz	EUR	26	100.00
INTERTEC Polska Sp.zo.o., Nadarzyn/Poland	PLN	412	100.00
Intertec Retail Logistics GmbH, Landau in der Pfalz	EUR	26	100.00
Inter-Union Technohandel Gesellschaft m.b.H., Vienna/Austria	EUR	19	100.00
Inter-Union Technohandel GmbH, Landau in der Pfalz	EUR	26	100.00
Intreprinderea Mixta "S.C. Schenker" S.R.L., Chisinau/Moldavia	MDL	2,655	96.69
Joyau S.A., Montaigu Cedex/France	EUR	14,298	100.00
Karpeles Flight Services (H.K.) Limited, Hong Kong/Hong Kong	HKD	5,264	100.00
Karpeles Flight Services GmbH, Frankfurt am Main	EUR	1,637	100.00
Karpeles Freight Services Inc., Delaware/USA	USD	-15	100.00
KB Ädelgasen 1-Jönköping, Jönköping/Sweden	SEK	111,422	100.00
KB Älghunden Jönköping, Jönköping/Sweden	SEK	21,894	100.00
KB Älghunden 1-Jönköping, Jönköping/Sweden	SEK	28,871	100.00
KB Anholt 3, Stockholm/Sweden	SEK	9,199	100.00
KB Arbetsbasen 4-Stockholm, Stockholm/Sweden	SEK	43,517	100.00
KB Ättehögen Östra 1-Helsingborg, Helsingborg/Sweden	SEK	67,336	100.00
KB Backa 107:3-Göteborg, Göteborg/Sweden	SEK	137,409	100.00
KB Backa 107:4-Göteborg, Göteborg/Sweden	SEK	33,707	100.00
KB Baggböle 2:35-Umeå, Umeå/Sweden	SEK	23,787	100.00
KB Benkammen 12-Malmö, Malmö/Sweden	SEK	133,304	100.00
KB Bleket 1-Karlstad, Karlstad/Sweden	SEK	44,604	100.00
KB Distributören 3 och 4-Örebro, Örebro/Sweden	SEK	87,093	100.00
KB Forsmark 2-Stockholm, Stockholm/Sweden	SEK	65,891	100.00

Subsidiary [name and domicile]	Currency	Equity (TLC[1])	Ownership (%)
KB Forsmark 3-Stockholm, Stockholm/Sweden	SEK	173,366	100.00
KB Forsmark 5 Stockholm, Göteborg/Sweden	SEK	-290	100.00
KB Frysen 1 Visby, Visby/Sweden	SEK	16,809	100.00
KB Fryshuset 3-Visby, Visby/Sweden	SEK	1,029	100.00
KB Köpmannen 10-Västerås, Västerås/Sweden	SEK	39,729	100.00
KB Kungsängen 28:1-Uppsala, Uppsala/Sweden	SEK	11,357	100.00
KB Langtradaren 2-Borlänge, Borlänge/Sweden	SEK	35,968	100.00
KB Lertaget 1, Skara, Skara/Sweden	SEK	48,419	100.00
KB Malmö Hamnen 22 Malmö, Malmö/Sweden	SEK	67,791	100.00
KB Maskinen 3-Linköping, Linköping/Sweden	SEK	63,924	100.00
KB Neonljuset 3-Eskilstuna, Eskilstuna/Sweden	SEK	4,979	100.00
KB Önnestad 108:4-Kristianstad, Kristianstad/Sweden	SEK	43,243	100.00
KB Överön 1:66-Örnsköldsvik, Örnsköldsvik/Sweden	SEK	11,319	100.00
KB Pantern 1-Växjö, Växjö/Sweden	SEK	39,145	100.00
KB Reläet 8-Norrköping, Norrköping/Sweden	SEK	27,259	100.00
KB Sandstuhagen 3-Stockholm, Stockholm/Sweden	SEK	53,698	100.00
KB Sörby 24:3-Gävle, Gävle/Sweden	SEK	36,845	100.00
KB Storheden 1:8-Luleå, Luleå/Sweden	SEK	30,105	100.00
KB Tingstadsvassen 31:3-Göteborg, Göteborg/Sweden	SEK	38,328	100.00
KB Transporten 1-Hultsfred, Hultsfred/Sweden	SEK	20,123	100.00
KB Transportören 1-Värnamo, Värnamo/Sweden	SEK	88,730	100.00
KB Viken 3-Karlshamn, Karlshamn/Sweden	SEK	12,103	100.00
KB Vindtrycket 1-Borås, Borås/Sweden	SEK	67,791	100.00
KB Vivstamon 1:13-Timrå, Timrå/Sweden	SEK	55,409	100.00
Kiinteistö Oy Ferryroad, Helsinki/Finland	EUR	437	100.00
Kiinteistö Oy Helsingin Metsäläntie 2-4, Helsinki/Finland	EUR	4,075	100.00
Kiinteistö Oy Kaakon Terminaali, Lappeenranta/Finland	EUR	137	100.00
Kiinteistö Oy Porin Kiitolinja, Björneborg/Finland	EUR	136	100.00
Kiinteistö Oy Reininkatu 9, Vaasa/Finland	EUR	34	100.00
Kiinteistö Oy Seinäjoen Kiitolinja-asema, Seinäjoki/Finland	EUR	165	100.00
Kiinteistö Oy Tampereen Rahtiasema, Tampere/Finland	EUR	437	100.00
Kiinteistö Oy Tir-Trans, Joentaustankatu/Finland	EUR	529	100.00
Kiinteistö Oy Turun Nosturinkatu 6, Turku/Finland	EUR	1,100	100.00

Subsidiary [name and domicile]	Currency	Equity (TLC[1])	Ownership (%)
Kiinteistömaaliikenne Oy, Helsinki/Finland	EUR	1,759	54.70
Langtradaren i Jämtland AB, Göteborg/Sweden	SEK	5,677	100.00
Luxemburger Transport Logistik Diekirch S.A., Wilwerdange/Luxembourg	EUR	669	100.00
Oy Schenker East AB, Helsinki/Finland	EUR	56,322	100.00
PT. Schenker Petrolog Utama, Jakarta/Indonesia	USD	17,310	71.00
Rengaslinja Oy, Helsinki/Finland	EUR	360	100.00
Romtrans Holiday Ltd., Eforie Sud, Constanţa/Romania	RON	-213	99.46
Scanspol Sp.zo.o., Warsaw/Poland	PLN	2,507	99.62
Scantrans SAS, Rouen/France	EUR	447	100.00
SCHENKER & Co. AG, Vienna/Austria	EUR	138,177	100.00
Schenker (Asia Pacific) Pte. Ltd., Singapore/Singapore	SGD	574,195	100.00
Schenker (BAX) Europe Holding GmbH, Essen	EUR	25	100.00
Schenker (BAX) Holding Corp., Delaware/USA	USD	120,295	100.00
Schenker (H.K.) Ltd., Hong Kong/Hong Kong	HKD	114,329	100.00
Schenker (Ireland) Ltd., Shannon/Ireland	EUR	11,166	100.00
Schenker (L.L.C), Dubai/United Arab Emirates	AED	39,311	60.00
Schenker (Lao) Sole Co., Ltd., Vientiane/Laos	USD	166	100.00
Schenker (NZ) Ltd., Auckland/New Zealand	NZD	15,143	100.00
Schenker (Thai) Holdings Ltd., Bangkok/Thailand	THB	54,916	100.00
Schenker (Thai) Ltd., Bangkok/Thailand	THB	1,587,952	100.00
Schenker A.E., Athens/Greece	EUR	106	100.00
Schenker A/S, Hvidovre/Denmark	DKK	129,000	100.00
Schenker AB, Gothenburg/Sweden	SEK	667,609	100.00
Schenker Akeri AB, Gothenburg/Sweden	SEK	139,556	100.00
Schenker Aktiengesellschaft, Essen	EUR	855,074	100.00
Schenker Argentina S.A., Buenos Aires, Argentina	ARS	5,245	100.00
Schenker AS, Oslo/Norway	NOK	612,850	100.00
Schenker Australia Pty. Ltd., Alexandria/Australia	AUD	247,314	100.00
Schenker B.V., Tilburg/the Netherlands	EUR	2,108	100.00
SCHENKER BETEILIGUNGS GmbH, Dortmund	EUR	26	100.00
SCHENKER BETEILIGUNGS GmbH & Co. OHG, Mülheim an der Ruhr	EUR	0	100.00
Schenker BITCC Customs Broker (Beijing) Co. Ltd., Beijing/China	CNY	1,015	70.00
Schenker BITCC Logistics (Beijing) Co., Ltd., Beijing/China	CNY	81,225	70.00
Schenker Business Services LLC, Moscow/Russia	RUB	-2,024	100.00
Schenker Cargo Oy, Turku/Finland	EUR	21,810	100.00
Schenker Chile S.A., Santiago/Chile	CLP	5,165,016	100.00

Subsidiary [name and domicile]	Currency	Equity (TLC[1])	Ownership (%)
Schenker China Ltd., Pudong, Shanghai/China	CNY	1,441,699	100.00
Schenker Consulting AB, Göteborg/Sweden	SEK	12,793	100.00
Schenker Customs Agency B.V., Rotterdam/the Netherlands	EUR	3	100.00
Schenker d.d., Ljubljana/Slovenia	EUR	16,993	100.00
SCHENKER d.o.o., Sarajevo/Bosnia-Herzegovina	BAM	1,106	100.00
Schenker d.o.o., Zagreb/Croatia	HRK	19,424	100.00
Schenker d.o.o., Belgrade/Serbia	RSD	58,803	100.00
Schenker Dedicated Services AB, Göteborg/Sweden	SEK	17,315	100.00
Schenker Dedicated Services Germany GmbH, Essen	EUR	292	100.00
Schenker Deutschland AG, Frankfurt am Main	EUR	64	100.00
Schenker do Brasil Transportes Internacionais Ltda., São Paulo/Brazil	BRL	29,547	100.00
SCHENKER DOOEL, Skopje/Macedonia	MKD	51,916	100.00
Schenker Egypt Ltd., Cairo/Egypt	EGP	5,876	60.00
SCHENKER EOOD, Sofia/Bulgaria	BGN	10,709	100.00
Schenker Equipment AB, Gothenburg/Sweden	EUR	5,044	100.00
Schenker Filen 8 Aktiebolag, Gothenburg/Sweden	SEK	4,973	100.00
Schenker High Tech Logistics B.V., Rotterdam/the Netherlands	EUR	21,899	100.00
Schenker Holdings (NZ) Limited, Auckland/New Zealand	NZD	20,314	100.00
SCHENKER INDIA PRIVATE LIMITED, New Delhi/India	INR	1,895,327	100.00
Schenker International (HK) Ltd., Hong Kong/Hong Kong	HKD	1,475,382	100.00
Schenker International (Macau) Ltd., Macau/Macau	HKD	30,899	100.00
SCHENKER INTERNATIONAL AKTIENGESELLSCHAFT, Essen	EUR	56	100.00
Schenker International B.V., Rotterdam/the Netherlands	EUR	9,617	100.00
Schenker International S.A. de C.V., Mexico City/Mexico	MXN	244,828	100.00
Schenker Ireland Holding Limited, Dublin/Ireland	EUR	23,991	100.00
Schenker Italiana S.p.A., Peschiera/Italy	EUR	54,751	100.00
Schenker Khimji's LLC, Maskat/Sultanate of Oman	OMR	336	60.00
Schenker Korea Ltd., Seoul/Republic Korea	KRW	35,040,429	100.00
Schenker Limited, London/Great Britain	GBP	17,899	100.00
Schenker Logistics (Chengdu) Co., Ltd., Chengdu/China	CNY	-12,583	100.00
Schenker Logistics (Chongqing) Co. Ltd, Chongqing/China	CNY	14,747	100.00
Schenker Logistics (Guangzhou) Company Ltd., Guangzhou/China	CNY	71,275	100.00
Schenker Logistics (Malaysia) Sdn Bhd., Kuala Lumpur/Malaysia	MYR	107,771	100.00

Subsidiary [name and domicile]	Currency	Equity (TLC[1)])	Ownership (%)
Schenker Logistics (Shanghai) Co., Ltd., Shanghai/China	CNY	8,540	100.00
Schenker Logistics (Shenzhen) Co. Ltd., Shenzhen/China	CNY	34,071	100.00
Schenker Logistics (Suzhou) Company Ltd., Suzhou/China	CNY	108,978	100.00
Schenker Logistics (Xiamen) Co. Ltd., Xiamen/China	CNY	51,726	100.00
Schenker Logistics AB, Göteborg/Sweden	SEK	-1,500	100.00
Schenker Logistics Inc., Calamba City/Philippines	PHP	10,868	100.00
Schenker Logistics L.L.C., Abu Dhabi/United Arab Emirates	AED	32,959	70.00
Schenker Logistics S.A., Barcelona/Spain	EUR	135,600	100.00
Schenker Logistics, Inc., Greensboro, NC/USA	USD	39,643	100.00
Schenker Ltd., Nairobi/Kenya	KES	-296,083	100.00
SCHENKER LUXEMBOURG GMBH, Leudelange/Luxembourg	EUR	634	100.00
Schenker Malaysia Sdn. Bhd., Kuala Lumpur/Malaysia	MYR	0	100.00
Schenker Maroc S.a.r.l., Casablanca/Morocco	MAD	12,406	100.00
Schenker Mauritanie SAS, Nouakchott/Mauretania	MRO	298,817	100.00
Schenker Mauritius (Malaysian Holdings) Ltd., Port Louis/Mauritius	USD	36,017	100.00
Schenker Mauritius (Thai Holdings) Ltd., Port Louis/Mauritius	USD	35,100	100.00
Schenker Metafores A.G. i. L., Athens/Greece	EUR	786	100.00
Schenker Middle East FZE, Dubai/United Arab Emirates	AED	49,150	100.00
SCHENKER N.V., Antwerp/Belgium	EUR	42,244	100.00
Schenker Namibia (Pty) Ltd., Windhoek/Namibia	NAD	5,166	100.00
Schenker Nederland B.V., Rotterdam/the Netherlands	EUR	5,396	100.00
Schenker Nemzetközi Szállítmányozási és Logisztikai Kft., Budapest/Hungary	HUF	3,921,107	100.00
Schenker North AB, Göteborg/Sweden	SEK	1,864,755	100.00
Schenker of Canada Ltd., Toronto/Canada	CAD	54,756	100.00
Schenker OY, Helsinki/Finland	EUR	28,063	100.00
Schenker Panama S.A., Panama City/Panama	USD	2,897	100.00
Schenker Peru S.R.L., Lima/Peru	PEN	5,795	100.00
Schenker Philippines, Inc., Makati City/Philippines	PHP	623,321	100.00
Schenker Privpak AB, Borås/Sweden	SEK	2,876	100.00
Schenker Privpak AS, Oslo/Norway	NOK	-101	100.00
Schenker Property Sweden AB, Göteborg/Sweden	SEK	28,598	100.00
Schenker Re Limited, Dublin/Ireland	EUR	42,522	100.00

Subsidiary [name and domicile]	Currency	Equity (TLC[1)])	Ownership (%)
Schenker Romtrans S.A., Bucharest/Romania	RON	378,844	99.46
Schenker S.A., Guatemala City/Guatemala	GTQ	-11,437	100.00
SCHENKER s.r.o., Bratislava/Slovakia	EUR	2,109	100.00
Schenker SA, Gennevilliers/France	EUR	87,509	100.00
Schenker Saudi Arabia LLC, Riyadh/Saudi Arabia	SAR	24,212	100.00
Schenker Switzerland AG, Zurich/Switzerland	CHF	59,050	100.00
Schenker Shared Services (Nanjing) Co. Ltd., Nanjing/China	CNY	7,043	100.00
Schenker Singapore (PTE) Ltd., International Forwarders, Singapore/Singapore	SGD	167,058	100.00
Schenker South Africa (Pty) Ltd., Isando/South Africa	ZAR	202,098	100.00
Schenker Sp. z o.o., Warsaw/Poland	PLN	299,406	99.62
SCHENKER spol. s r.o., Prague/Czech Republic	CZK	294,172	100.00
Schenker Transitarios, S.A., Loures/Portugal	EUR	-384	100.00
Schenker Transport Aktiebolag, Göteborg/Sweden	SEK	71,005	100.00
Schenker Transport Groep B.V., Tilburg/the Netherlands	EUR	2,066	100.00
Schenker Vietnam Co., Ltd., Ho-Chi-Minh City/Vietnam	USD	13,566	100.00
Schenker, Inc., New York/USA	USD	86,459	100.00
Schenker-Arkas Nakliyat Ve Tic. A.S., Zincirlikuyu/Turkey	TRY	41,521	55.00
Schenker-BTL Ltd., London/Great Britain	GBP	0	100.00
Schenker-Gemadept Logistics Vietnam Company Limited, Province Binh Duong/Vietnam	USD	-545	51.00
SCHENKER-JOYAU SAS, Montaigu Cedex/France	EUR	22,905	100.00
Schenkerocean Ltd, Wanchai/Hong Kong	HKD	5,748	100.00
Schenker-Seino Co. Ltd., Tokyo/Japan	JPY	5,393,958	60.00
SIA Schenker, Riga/Latvia	LVL	3,136	100.00
SIA Sky Partners, Riga/Latvia	LVL	30	100.00
Sky Partners OÜ, Tallinn/Estonia	EUR	1,073	100.00
Stinnes (UK) Limited, Feltham, Middlesex/Great Britain	GBP	22,194	100.00
Stinnes Immobiliendienst AG & Co. KG, Mülheim an der Ruhr	EUR	5,909	100.00
Suomen Kiitoautot Oy, Kuopio/Finland	EUR	19,153	100.00
SW Zoll-Beratung GmbH, Wees	EUR	1,317	100.00
TEGRO AG, Schwerzenbach/Switzerland	CHF	7,404	90.00
Trafikaktiebolaget NP Kagström, Göteborg/Sweden	SEK	1,899	100.00
TRANSA Spedition GmbH, Offenbach am Main	EUR	13,139	100.00
Transorient SA, Bucharest/Romania	RON	2,623	53.71
Transport Gesellschaft mbH, Hamburg	EUR	586	96.70
Transworld Asig - Broker de Asigurare Ltd., Bucharest/Romania	RON	351	99.46
UAB "Schenker," Vilnius/Lithuania	LTL	4,940	100.00

Subsidiary [name and domicile]	Currency	Equity (TLC[1])	Ownership (%)
Viktor E. Kern Gesellschaft m.b.H., Vienna/Austria	EUR	1,958	100.00
ZAO Schenker, Moscow/Russia	RUB	239,772	100.00
ZAO Schenker Russija, Moscow/Russia	RUB	5,409	100.00
Zweite Kommanditgesellschaft Stinnes Immobiliendienst AG & Co., Mülheim an der Ruhr	EUR	96,205	100.00
AT EQUITY			
ADRIA KOMBI, nacionalna družba za kombinirani promet d.o.o., Ljubljana/Slovenia	EUR	10,749	26.00
ATS Air Transport Service AG, Zurich/Switzerland [4]	CHF	5,650	26.00
Autoport Emden GmbH, Emden [2),3]	EUR	95	33.30
Bäckebols Åkeri AB, Hisings Backa/Sweden [3]	SEK	65,447	35.00
BTU – Bilspedition Transportörer Utvecklings AB, Solna/Sweden [3]	SEK	974	50.00
Express Air Systems GmbH (EASY), Kriftel [2),3]	EUR	3,709	50.00
Gardermoen Perishables Center AS, Gardermoen/Norway [2]	NOK	7,346	33.30
Germans Corbalan & Alvarez, S.L., Manresa (Barcelona)/Spain [3]	EUR	814	20.00
Halmstadsåkarnas Fastighets AB, Halmstad/Sweden [2),3]	SEK	19,984	31.44
I.M. "Moldromukrtrans" S.R.L., Chisinau/Moldova [3]	MDL	16,080	33.15
LogCap-IR Grundverwertungsgesellschaft mbH, Vienna/Austria [2]	EUR	4,977	49.00
Speditionsbau und Verwertungsgesellschaft m.b.H., Salzburg/Austria [2),3]	EUR	45	25.00
Titan Containers Romania SRL, Constanța/Romania [3]	RON	261	19.89
Trans Jelabel S.L., Aldeamayorde S Martin/Spain [3]	EUR	202	20.00
Transatlantic Shipping and Trading SRL, Bucharest/Romania [3]	RON	5,209	49.73
Värnamo Åkeri AB, Värnamo/Sweden [3]	SEK	15,910	50.00
Volla Eiendom AS, Oslo/Norway [2),3]	NOK	13,321	50.00
DB SERVICES			
FULLY CONSOLIDATED			
DB Dienstleistungen GmbH, Berlin	EUR	618,511	100.00
DB Fahrzeuginstandhaltung GmbH, Frankfurt am Main	EUR	199,850	100.00
DB FuhrparkService GmbH, Frankfurt am Main	EUR	3,363	100.00
DB Kommunikationstechnik GmbH, Berlin	EUR	3,685	100.00
DB Mobility Services Austria GmbH, Vienna/Austria	EUR	330	100.00
DB Rent GmbH, Frankfurt am Main	EUR	32	100.00
DB Services GmbH, Berlin	EUR	10,677	100.00
DB Sicherheit GmbH, Berlin	EUR	1,893	100.00
DB Systel GmbH, Frankfurt am Main	EUR	226,219	100.00
DB Systel UK Limited, Doncaster/Great Britain	GBP	1,567	100.00
DB Waggonbau Niesky GmbH, Niesky	EUR	-8,154	100.00
DB NETZE ENERGY			
FULLY CONSOLIDATED			
DB Energie GmbH, Frankfurt am Main	EUR	656,732	100.00
DB NETZE TRACK			
FULLY CONSOLIDATED			
DB Bahnbau Gruppe GmbH, Berlin	EUR	27,255	100.00
DB Fahrwegdienste GmbH, Berlin	EUR	2,491	100.00
DB Netz Aktiengesellschaft, Frankfurt am Main	EUR	7,323,531	100.00
DB RegioNetz Infrastruktur GmbH, Frankfurt am Main	EUR	1,902	100.00
Deutsche Umschlaggesellschaft Schiene-Straße (DUSS) mbH, Bodenheim am Rhein	EUR	2,380	87.50
MegaHub Lehrte Betreibergesellschaft mbH, Hanover	EUR	296	65.62
THG Terminal Heilbronn GmbH, Heilbronn	EUR	33	65.71
AT EQUITY			
EEIG Corridor Rotterdam-Genoa EWIV, Frankfurt am Main [3),5]	EUR	22	33.33
Güterverkehrszentrum Entwicklungsgesellschaft Dresden mbH, Dresden [2),3]	EUR	2,397	24.53
TIA GmbH, Augsburg [3),4]	EUR	146	42.88
TKN Terminal Köln-Nord GmbH, Cologne [3),4]	EUR	18	42.88
TriCon Container-Terminal Nuremberg GmbH, Nuremberg [3),4]	EUR	1,489	21.88
DB NETZE STATIONS			
FULLY CONSOLIDATED			
DB BahnPark GmbH, Berlin	EUR	3,975	51.00
DB Station & Service Aktiengesellschaft, Berlin	EUR	1,496,691	100.00
AT COST			
Immobilien-Vermietungsgesellschaft Schumacher & Co Objekt Bahnhöfe Deutschland KG, Düsseldorf [3),4]	EUR	-18,382	100.00
TUDO Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Bahnhöfe KG Düsseldorf, Düsseldorf [3),4]	EUR	-987	100.00
OTHER SUBSIDIARIES			
FULLY CONSOLIDATED			
AMEROPA-REISEN GmbH, Bad Homburg v. d. Höhe	EUR	2,843	100.00
DB (UK) Investments Limited, Sunderland/Great Britain	GBP	901,080	100.00
DB (UK) Logistics Holdings Limited, Doncaster/Great Britain	GBP	1,880,054	100.00
DB Belgie Holding BVBA, Antwerp/Belgium	EUR	37,769	100.00
DB Czech Holding s.r.o., Rudná/Czech Republic	CZK	245,875	100.00
DB Danmark Holding ApS, Hvidovre/Denmark	DKK	206,936	100.00
DB Dialog GmbH, Berlin	EUR	1,003	100.00

Subsidiary [name and domicile]	Currency	Equity (TLC[1])	Ownership (%)
DB France Holding SAS, Gennevilliers Cedex/France	EUR	540,152	100.00
DB Gastronomie GmbH, Frankfurt am Main	EUR	1,203	100.00
DB Hungaria Holding Kft., Budapest/Hungary	HUF	11,098,876	100.00
DB International Brasil Servicos de Consultoria Ltda., Rio de Janeiro/Brazil	BRL	-641	100.00
DB International GmbH, Berlin	EUR	33,466	100.00
DB International USA, Inc., Delaware/USA	USD	-208	100.00
DB JobService GmbH, Berlin	EUR	3,354	100.00
DB Media & Buch GmbH, Kassel	EUR	26	100.00
DB Mobility Logistics AG, Berlin	EUR	2,388,783	100.00
DB Nederland Holding B.V., Heerenveen/the Netherlands	EUR	206,522	100.00
DB Polska Holding Sp.z.o.o, Warsaw/Poland	PLN	1,527,416	100.00
DB Projekt Stuttgart-Ulm GmbH, Stuttgart	EUR	1,896	100.00
DB ProjektBau GmbH, Berlin	EUR	22,339	100.00
DB Switzerland Holding AG, Zug/Switzerland	CHF	96,066	100.00
DB Systemtechnik GmbH, Minden	EUR	1,371	100.00
DB UK Holding Limited, Doncaster/Great Britain	GBP	1,882,917	100.00
DB US Corporation, Tarrytown/USA	USD	438,383	100.00
DB US Holding Corporation, Tarrytown/USA	USD	460,685	100.00
DB Vertrieb GmbH, Frankfurt am Main	EUR	9,135	100.00
DB Zeitarbeit GmbH, Berlin	EUR	17	100.00
Deutsche Bahn Finance B. V., Amsterdam/the Netherlands	EUR	35,671	100.00
Deutsche Bahn France Voyages & Tourisme SAS, Paris/France	EUR	274	100.00
Deutsche Bahn Iberica Holding, S.L., Barcelona/Spain	EUR	176,549	100.00
Deutsche Bahn Romania Holding S.R.L., Bucharest/Romania	RON	182	100.00
Deutsche Bahn Stiftung gGmbH, Berlin	EUR	494	100.00
Deutsche Industrieholz GmbH, Essen	EUR	236	29.15
DVA Deutsche Verkehrs-Assekuranz-Vermittlungs-GmbH, Bad Homburg	EUR	1,078	65.00
DVA REINSURANCE LIMITED, Dublin/Ireland	EUR	5,966	65.00
Engineering Support Group Ltd, Doncaster/Great Britain	GBP	724	100.00
Frank & Schulte GmbH, Essen	EUR	26	100.00
Grundstückspool Potsdam Center GbR mbH, Berlin	EUR	-	70.00
HEROS Rail Rent GmbH, Fürth[11]	EUR	1,951	2.00
Mataki Kemi AB, Malmö/Sweden	SEK	0	100.00
Precision National Plating Services, Inc., Delaware/USA	USD	-18,125	100.00
Railway Approvals Ltd, Doncaster/Great Britain	GBP	253	100.00

Subsidiary [name and domicile]	Currency	Equity (TLC[1])	Ownership (%)
Schenker International AB, Göteborg/Sweden	SEK	847,005	100.00
Stinnes Beteiligungs-Verwaltungs GmbH, Essen	EUR	175,181	100.00
Stinnes Handel GmbH & Co. Beteiligungs OHG, Essen	EUR	-92	100.00
Stinnes Holz GmbH, Essen	EUR	151	53.00
Stinnes Logistics GmbH, Essen	EUR	4,071	100.00
Stinnes Montan Gesellschaft mit beschränkter Haftung i. L., Essen	EUR	182	100.00
UBB Polska Sp.z o.o., Swinoujscie/Poland	PLN	601	100.00
UBB Usedomer Bäderbahn GmbH, Heringsdorf	EUR	2,486	100.00
Unterstützungskasse der Firma H.M. Gehrckens Gesellschaft mit beschränkter Haftung, Hamburg	EUR	103	100.00
AT EQUITY			
BahnflächenEntwicklungsGesellschaft NRW mbH, Essen[3),4)]	EUR	302	49.90
Beijing HuaJing DeBe International Engineering Consulting Co., Ltd, Beijing/China[3),4)]	CNY	6,061	25.00
BwFuhrparkService GmbH, Troisdorf[3),4)]	EUR	139,983	24.90
CD-DUSS Terminal, a.s., Lovosice/Czech Republic[3),4)]	CZK	6,844	49.00
Elevator-Gesellschaft mit beschränkter Haftung, Hanover[2)]	EUR	210	50.00
EUROFIMA Europäische Gesellschaft für die Finanzierung von Eisenbahnmaterial, Basel/Switzerland	CHF	1,545,392	22.60
Innovationszentrum für Mobilität und gesellschaftlichen Wandel (InnoZ) GmbH, Berlin[3),4)]	EUR	177	50.27
Rail Technology Company Limited, Jeddah/Saudi Arabia[3),4)]	SAR	2,712	24.90
SSG Saar-Service GmbH, Saarbrücken[3)]	EUR	1,352	25.50
AT COST			
TREMA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Bahnhöfe West KG, Berlin[2),3)]	EUR	4,155	94.00
TRENTO Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Bahnhöfe Ost KG i. L., Düsseldorf[3),4)]	EUR	-504	100.00

1) IFRS data.
2) Preliminary data.
3) Local GAAP data.
4) Data: 2012 financial year.
5) Data: 2011 financial year.
6) Data: 2010 financial year.
7) Data: interim balance sheet August 31, 2010.
8) Data: 2009 financial year.
9) Data: liquidation balance sheet September 30, 2010.
10) Data: 2008 financial year.
11) Inclusion in the consolidated financial statements according to SIC-12 (Consolidation Special Purpose Entities).

Independent Auditor's Report

To Deutsche Bahn Aktiengesellschaft, Berlin

NOTES ON THE FINANCIAL STATEMENTS

We have audited the appended annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, of Deutsche Bahn Aktiengesellschaft, Berlin, for the business year from January 1 to December 31, 2013.

Responsibility of the Management Board for the financial statements

The Management Board of Deutsche Bahn Aktiengesellschaft is responsible for the bookkeeping and the preparation of these annual financial statements. This responsibility includes ensuring that the financial statements are prepared in accordance with German commercial law and that they give a true and fair view of the net assets, financial position and results of operations of the company in compliance with the (German) principles of proper accounting. The Management Board is also responsible for the internal controls that are regarded as necessary in order to enable the preparation of financial statements that are free from significant, intentional or unintentional false representation.

Auditor's responsibility

Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system based on our audit. We conducted our audit of the annual financial statements in accordance with Section 317 HGB ("Handelsgesetzbuch:" "German Commercial Code") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW) and with due regard to the International Standards on Auditing (ISA). Those standards require that we plan and perform the audit such that sufficient certainty is obtained that the financial statements are free from significant false representation.

An audit comprises the execution of audit activities in order to obtain audit proof concerning the values included in the annual financial statements and other disclosures. The selection of the audit activities lies within the obligatory discretion of the auditor. This includes an assessment of the risks of significant, intentional or unintentional false representations in the annual financial statements. For an assessment of these risks, the auditor takes into account the internal control system that is relevant for the preparation of the annual financial statements that give a true and fair view of the company. The goal is to plan and perform the audit activities that are reasonable under the given circumstances, but not to issue an audit opinion on the effectiveness of the internal control system of the company. An audit also comprises an assessment of the appropriateness of the applied accounting principles and the justifiability of the estimated amounts determined by the Management Board in the accounting and the assessment of the overall presentation of the annual financial statements.

We believe that the audit proof which we obtained is sufficient and suitable to serve as a basis for our audit opinion.

Audit opinion

In accordance with Sec. 322 (3) Clause 1 HGB, we establish that our audit of the annual financial statements did not lead to any objections.

According to our opinion, based on the findings of our audit, the annual financial statements comply, in all significant matters, with the legal requirements and give a true and fair view of the net assets and financial position of the company as of December 31, 2013, and of the results of operations for the financial year ending on this date, in accordance with (German) principles of proper accounting.

NOTE ON THE MANAGEMENT REPORT

We have audited the enclosed management report of Deutsche Bahn Aktiengesellschaft for the financial year from January 1 to December 31, 2013. The Management Board of Deutsche Bahn Aktiengesellschaft is responsible for the preparation of the management report in accordance with the German statutory provisions. We conducted our audit in accordance with Section 317 (2) HGB ("Handelsgesetzbuch:" "German Commercial Code") and German generally accepted standards promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW) for the audit of the management report. Accordingly, the audit of the management report is to be planned and performed such that sufficient certainty is obtained that the management report is consistent with the annual financial statements and the findings of our audit, and gives a true and accurate view of the position of the company and appropriately represents the opportunities and risks of future development.

In accordance with Sec. 322 (3) Clause 1 HGB, we establish that our audit of the management report did not lead to any objections.

In our opinion based on the findings of our audit of the annual financial statements and the management report, the management report is consistent with the annual financial statements and as a whole provides a suitable view of the company's position and suitably presents the opportunities and risks of future development.

Berlin, February 28, 2014

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Thomas Kieper	Rainer Kroker
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Report of the Supervisory Board

Report of the Supervisory Board

In view of the integrated Group management structure, the report of the Supervisory Board of Deutsche Bahn AG (DB AG) also includes, for information purposes only, the report of the Supervisory Board of DB Mobility Logistics AG (DB ML AG).

In the year under review, the Supervisory Boards of DB AG and DB ML AG observed the entire responsibilities incumbent upon them by virtue of the law, the company's Articles of Association and its bylaws. The Supervisory Boards extensively advised and supervised the respective Management Boards in their management of the companies and business operations. The Management Boards reported regularly, without delay and in detail to the Supervisory Boards regarding corporate planning and the business, strategic and financial development of DB AG and its subsidiaries as well as DB ML AG and its subsidiaries. All significant business events were discussed by the Supervisory Boards and the responsible committees based on Management Boards' reports. Significant deviations in the actual business development were explained by the respective Management Board and examined by the respective Supervisory Board. The Chairmen of the Supervisory Boards of DB AG and DB ML AG maintained close contact at all times with the Management Board Chairman of DB AG and DB ML AG, who regularly reported on the latest business developments at DB AG and/or DB ML AG, upcoming business decisions and risk management.

SUPERVISORY BOARD MEETINGS

DB AG

The Supervisory Board of DB AG was involved in all decisions of fundamental significance for DB AG.

In the year under review, the Supervisory Board of DB AG met for four ordinary meetings, two extraordinary meetings and one strategy meeting. Four Supervisory Board members fully participated in less than half of the meetings held in the year under review. In six cases, resolutions were adopted by written ballot. Meetings of the Executive Committee, the Personnel Committee and the Audit and Compliance Committee were held in preparation for the meetings of the Supervisory Board of DB AG.

The main issues discussed in the plenary meetings were the development of the Deutsche Bahn Group's (DB Group) revenues, profit and employment situation, as well as significant capital expenditures, equity investment and divestment projects. The Supervisory Board also discussed the strategy of DB Group and of the Group divisions at its meetings and at a special strategy meeting. Following the ruling made in the extraordinary meeting of the Supervisory Board on March 5, 2013 regarding the continuation of the major Stuttgart 21/Wendlingen–Ulm project, the Supervisory Board intensively dealt with the progress and cost development of the project in all further meetings during the year under review. Furthermore, the Supervisory Board discussed the vehicle situation in rail transport in detail. It addressed the persistent late delivery of previously ordered rolling stock for regional and long-distance transport and addressed the resulting operational and financial consequences and damages in connection with potential collusion among rail suppliers and resulting damage claims. In addition, the Supervisory Board approved multiple vehicle procurement plans for rail passenger and rail freight transport. As regards the temporarily reduced schedule in Mainz introduced as a result of a lack of transport inspectors, the Supervisory Board was informed in detail about the staffing situation in the Group and the revision of personnel planning. Furthermore, it intensively addressed issues in the financing of rail infrastructure. In December, the Supervisory Board approved DB Group's budget and capital expenditures planning for the year 2014.

DB ML AG

The Supervisory Board of DB ML AG was involved in all decisions of fundamental significance for DB ML AG.

In the year under review, the Supervisory Board of DB ML AG met for four ordinary meetings, two extraordinary meetings and one strategy meeting. Two Supervisory Board members fully participated in less than half of the meetings held in the year under review. In three cases, resolutions were adopted by written ballot. Meetings of the Executive Committee, the Personnel Committee and the Audit and Compliance Committee were held in preparation for the Supervisory Board meetings.

PROFESSOR DR. DR. UTZ-HELLMUTH FELCHT
CHAIRMAN OF THE SUPERVISORY BOARD OF DEUTSCHE BAHN AG

The main issues discussed in the plenary meetings were the development of DB Mobility Logistics Group's (DB ML Group) revenue, profit and employment situation, as well as significant capital expenditures, equity investment and divestment projects. The Supervisory Board also discussed the strategy of DB ML Group and of the Group divisions at its meetings and at a special strategy meeting. Furthermore, the Supervisory Board discussed the vehicle situation in rail transport in detail. It addressed the persistent late delivery of previously ordered rolling stock for regional and long-distance transport and addressed the resulting operational and financial consequences and damages in connection with potential collusion among rail suppliers and resulting damage claims. In addition, the Supervisory Board approved multiple vehicle procurement plans for rail passenger and rail freight transport. As regards the temporarily reduced schedule in Mainz introduced as a result of a lack of transport inspectors, the Supervisory Board was informed in detail about the staffing situation in the Group and the revision of personnel planning. In December, the Supervisory Board approved DB ML Group's budget and capital expenditures planning for the 2014 financial year.

MEETINGS OF THE SUPERVISORY BOARD COMMITTEES

DB AG

The Supervisory Board of DB AG has established four permanent committees to efficiently facilitate its work. The Supervisory Board's Executive Committee met five times in the year under review and was in regular contact with the Management Board regarding all major business policy issues. In its meetings, it focused in particular on preparing the focal topics for each of the Supervisory Board meetings.

The Audit and Compliance Committee met five times during the year under review, addressing, in particular, the Group's current financial situation and individual business units, the quarterly and half-year financial statements, the review findings concerning these, and the half-yearly review of major capital expenditure projects. The Audit and Compliance Committee discussed the continuation of the major Stuttgart 21 project and the progress of costs associated with the project. Furthermore, it addressed changes to internal reporting, updates in corporate governance as well as changes in accounting principles and to the internal controlling system necessitated by the German Accounting Law Modernization Act (BilMoG). The Committee also prepared the 2013 efficiency tests carried out on a cyclical basis by the

Supervisory Board and reported their results. The Audit and Compliance Committee also received regular information on compliance-related investigations and internal audit findings. In addition, the committee discussed the hiring of an auditor for the financial statements and the progress of the auditing process. The Chairman of the Audit and Compliance Committee was in regular contact with the Chief Financial Officer and the external auditor, and reported regularly and in detail on the committee's work to the full Supervisory Board.

The Personnel Committee met seven times in the year under review to prepare Management Board-related matters for discussion by the Supervisory Board. In particular, advice was given on the appointment of Dr. Hanagarth as Management Board member for Rail Technology during an extraordinary meeting of the Supervisory Board on July 22, 2013 as well as the reappointments of Mr. Becht and Mr. Weber during the year under review. Furthermore, the committee prepared data concerning the Management Board members' performance target attainment for 2012 and the Management Board's performance target agreements for the year under review.

The Mediation Committee established in accordance with section 27 (3) of the German Co-Determination Act (MitbestG) did not have occasion to meet in the year under review.

DB ML AG

The Supervisory Board of DB ML AG has established four permanent committees to efficiently facilitate its work. The Supervisory Board's Executive Committee met five times in the year under review and was in regular contact with the Management Board regarding all major business policy issues. In its meetings, it focused in particular on preparing the focal topics for each of the Supervisory Board meetings.

The Audit and Compliance Committee met five times during the year under review, addressing, in particular, the Group's current financial situation and individual business units, the quarterly and half-year financial statements and the review findings concerning these. Furthermore, it addressed changes to internal reporting, updates in corporate governance as well as changes in accounting principles and to the internal controlling system necessitated by the German Accounting Law Modernization Act (BilMoG). The Committee also prepared the 2013 efficiency tests carried out on a cyclical basis by the Supervisory Board and reported their results. The Audit and Compliance Committee also received regular information on compliance-related investigations and internal audit findings. In addition, the committee discussed the hiring of an auditor for the financial statements and the progress of the auditing process. The Chairman of the Audit and Compliance Committee was in regular contact with the Chief Financial Officer and the external auditor, and reported regularly and in detail on the committee's work to the full Supervisory Board.

The Personnel Committee met seven times in the year under review to prepare Management Board-related matters for discussion by the Supervisory Board. In particular, advice was given on the appointment of Dr. Hanagarth as Management Board member for Rail Technology during an extraordinary meeting of the Supervisory Board on July 22, 2013 as well as the reappointments of Mr. Homburg, Mr. Becht and Mr. Weber during the period under review. Furthermore, the committee prepared data concerning the Management Board members' performance target attainment for 2012 and the Management Board's performance target agreements for the year under review.

The Mediation Committee established in accordance with section 27 (3) of the German Co-Determination Act (MitbestG) did not have occasion to meet in the year under review.

CORPORATE GOVERNANCE

During the year under review, the Management Boards and Supervisory Boards of DB AG and DB ML AG again considered the further development of corporate governance. In a Cabinet decision on July 1, 2009, the German Federal Government adopted the Public Corporate Governance Code. The Public Corporate Governance Code outlines key provisions of applicable law governing the management and supervision of unlisted companies in which the German government holds a majority stake, and sets forth internationally and nationally recognized standards for proper and responsible corporate governance. The Supervisory Boards of DB AG and DB ML AG dealt with the application of the Public Corporate Governance Code within DB Group and adopted the necessary resolutions.

ANNUAL FINANCIAL STATEMENTS

DB AG

The annual financial statements and management report for DB AG as prepared by the Management Board and the consolidated financial statements and Group management report for the period ending on December 31, 2013 were audited and awarded an unqualified audit opinion by PricewaterhouseCoopers AG (PwC), the auditor appointed by resolution at the Annual General Meeting. The auditor also reviewed the risk early warning system as part of the annual audit of the financial statements, noting no objections.

The auditor's report was reviewed by the Audit and Compliance Committee in its meeting held on March 24, 2014 and was discussed in full at the Supervisory Board's financial statements meeting held on March 26, 2014 in the presence of the auditors who signed the audit reports. The auditors reported on the salient audit findings and were available to answer questions. The Supervisory Board concurred with the audit findings.

The Supervisory Board reviewed the annual financial statements and management report of DB AG, the consolidated financial statements and Group management report for the year under review, and the proposal for the appropriation of profits, noting no objections. The DB AG financial statements for the 2013 financial year were approved and thereby adopted.

The auditor additionally reviewed the report on relationships with affiliated companies prepared by the Management Board. The auditors issued an unqualified audit opinion and reported on their audit findings.

The Supervisory Board also reviewed this report, raising no objections concerning the Management Board's concluding declaration contained in the report or the audit conducted by PwC.

DB ML AG

The annual financial statements and management report for DB ML AG as prepared by the Management Board and the consolidated financial statements and Group management report for the period ending on December 31, 2013 were audited and awarded an unqualified audit opinion by PwC, the auditor appointed by resolution at the Annual General Meeting. The auditor also reviewed the risk management system as part of the annual audit of the financial statements, noting no objections.

The auditor's report was reviewed by the Audit and Compliance Committee in its meeting held on March 24, 2014 and was discussed in full at the Supervisory Board's financial statements meeting held on March 26, 2014, in the presence of the auditors who signed the audit reports. The auditors reported on the salient audit findings and were available to answer questions. The Supervisory Board concurred with the audit findings.

The Supervisory Board reviewed the annual financial statements and management report of DB ML AG, the consolidated financial statements and Group management report for the year under review, and the proposal for the appropriation of profits, noting no objections. The DB ML AG financial statements for the 2013 financial year were approved and thereby adopted.

The auditor additionally reviewed the report on relationships with affiliated companies prepared by the Management Board. The auditors issued an unqualified audit opinion and reported on their audit findings.

The Supervisory Board also reviewed this report, raising no objections concerning the Management Board's concluding declaration contained in the report or the audit conducted by PwC.

CHANGES IN THE COMPOSITION OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

DB AG

In the course of changes to the structure of Management Board divisions that were approved by the Supervisory Board in 2013 concerning the rearrangement of Rail Technology and Services and Infrastructure Board divisions, in addition to the organizational changes in the Board divisions, the combined management of both Board divisions, which had to date been the sole responsibility of Dr. Kefer, was ended and Rail Technology Board division is now headed by its own Management Board member. In its extraordinary meeting of July 22, 2013, the Supervisory Board of DB AG appointed Dr. Heike Hanagarth as Member of the Management Board for Rail Technology, and she assumed this role in DB Group on December 1, 2013.

At the meeting on September 18, 2013, the Supervisory Board of DB AG reappointed Mr. Ulrich Weber to the Management Board and as Director of Labor Relations effective July 1, 2014 until March 31, 2017. Mr. Weber remains the Management Board member in charge of Human Resources.

On December 11, 2013, the Supervisory Board reappointed Mr. Gerd Becht as member of the Management Board for the Compliance, Privacy, Legal Affairs and Group Security, effective October 16, 2014 through February 28, 2017.

Ms. Ute Plambeck ended her term on the Supervisory Board effective April 30, 2013 due to her appointment as Board member of a subsidiary company. Mr. Jürgen Beuttler was appointed by court order to be her successor effective August 1, 2013.

Due to his retirement, Dr. Hans-Bernhard Beus resigned from his post effective January 8, 2014.

In addition, Dr. Bernhard Heitzer resigned from his post effective January 29, 2014. Dr. Rainer Sontowski was seconded as successor to the Supervisory Boards of DB AG effective January 30, 2014.

The Supervisory Board thanks the departing members of the Supervisory Board for their committed and constructive support for the company.

The Supervisory Board would also like to thank the Management Board, the employees and the works council representatives of DB AG and its affiliated companies for their achievements in the year under review.

DB ML AG

In the course of changes to the structure of Management Board divisions that were approved by the Supervisory Board in 2013 concerning the rearrangement of Rail Technology and Services and Infrastructure Board divisions, in addition to the organizational changes in the Board divisions, the combined management of both Board divisions, which had to date been the sole responsibility of Dr. Kefer, was ended and Rail Technology is now headed by its own Management Board member. In its extraordinary meeting of July 22, 2013, the Supervisory Board of DB ML AG appointed Dr. Heike Hanagarth as Member of the Management Board for Rail Technology, and she assumed this role in DB ML Group on December 1, 2013.

On June 19, 2013, Ulrich Homburg was appointed by the Supervisory Board of DB ML AG as Management Board member for the Passenger Transport Board division, effective June 1, 2014, for five more years until May 31, 2019.

At the meeting on September 18, 2013, the Supervisory Board of DB ML AG reappointed Mr. Ulrich Weber to the Management Board and as Director of Labor Relations effective July 1, 2014 until March 31, 2017. Mr. Weber remains the Management Board member in charge of Human Resources.

On December 11, 2013, the Supervisory Board reappointed Mr. Gerd Becht as member of the Management Board for Compliance, Privacy, Legal Affairs and Group Security, effective October 16, 2014 through February 28, 2017.

Mr. Horst Hartkorn ended his term on the Supervisory Board of DB ML AG effective September 30, 2013. His successor, Ms. Heike Moll, was appointed by court order effective November 29, 2013.

Due to his retirement, Dr. Hans Bernhard Beus resigned from his post effective January 8, 2014.

In addition, Dr. Bernhard Heitzer resigned from his post effective January 29, 2014. Dr. Rainer Sontowski was seconded as successor to the Supervisory Boards of DB ML AG effective January 30, 2014.

The Supervisory Board thanks the departing members of the Supervisory Board for their committed and constructive support for the company.

The Supervisory Board would also like to thank the Management Board, the employees and the works council representatives of DB ML AG and its affiliated companies for their achievements in the year under review.

Berlin, March 2014
For the Supervisory Board

Professor Dr. Dr. Utz-Hellmuth Felcht
Chairman of the Supervisory Board
of Deutsche Bahn AG

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