Die Bahn DB

Financial Statements and Management Report
Deutsche Bahn AG 2003

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Successful Financial Year 2003 an Important Milestone

Considering the challenging market conditions and competitive environment, the financial year 2003 was an important milestone in achieving our goal of getting the DB Group into shape for a future initial public offering. The foundations laid in previous years with the implementation of the “DB Campaign” strategy, combined with the “Fokus” restructuring program, the intense capital expenditure and modernization programs – along with the acquisition of Stinnes AG, an important complement to DB Group’s portfolio – mapped out the key strategic developments in many areas of the DB Group, of which Deutsche Bahn AG (DB AG) is the management company, in financial 2003. Our goals included the consistent continuation of our restructuring efforts and the integration of Stinnes activities with the former Group Freight Transport division to form the new Group Transport and Logistics division, while taking advantage of growth opportunities at the same time.

Major challenges in 2003 resulted from changes in the market situation and competitive conditions of our subsidiaries. While initial forecasts indicated significant economic recovery and the associated improved growth potential, it became evident at the beginning of the financial year 2003 that the projected market upswing would be delayed – if it even materialized at all. Competitive pressure increased considerably in the passenger transport segment, where the DB Group’s growth expectations were upset by significant changes in market conditions. In the year under review, the increasing spread of low-cost air carriers in the market and the response of conventional carriers in terms of offered fares and capacities resulted in predatory pricing trends in a market that declined overall. These factors, combined with the lagging market acceptance of the new pricing system introduced in December 2002 – despite the reduced fares in long-distance transport – were an early indication that a drop in revenues of our subsidiaries operating in the long-distance transport business unit was to be expected, which required the introduction of systematic countermeasures throughout the organization.

Accordingly, DB AG and its subsidiaries focused primarily on internal efforts to achieve the financial targets during the year under review, i.e. intensifying our restructuring programs and prioritizing capital expenditures even more strictly. The “Fokus” restructuring program, along with other restructuring experiences made within the DB Group, proved to be very helpful in this context.

At the same time, we also continued to pursue our strategic objectives of performance improvement and growth. Identified shortcomings such as late passenger trains (particularly in early 2003), recurring problems with newly commissioned vehicles, and the need for improved customer information were dealt with. Although some initial improvements have already been made, we will continue to address a number of critical issues in 2004 and the years to come. Key to improving the quality of our services was also the consistent realignment of our structures to meet future customer requirements and adjust to a changing competitive framework. This is reflected in the changes to our organizational structure – the establishment of the new Group Transport and Logistics division, reorganization of the Group Passenger Transport division, and promotion of the former Group Service area to division status.

In addition to the improvements made in our core rail operations business in the 10 years since the start of the German Rail Reform, we implemented numerous individual measures and continued our strategic reorganization in response to market demands for the portfolio managed by DB AG. Primary goals include achieving a higher level of internationalization, exploiting future market opportunities, benefiting from consolidation trends in urban transport, and fulfilling customer needs in the transport and logistics area. The successful integration of Stinnes logistics activities in the financial year 2003 was an important milestone in our strategic planning, which is aimed at positioning the DB Group as a leading international provider of mobility, transport, and logistics services. Apart from our focus on passengers and logistics/shipping customers, we anticipate increasing demand for utilization of our infrastructure by non-Group railroads. Accordingly, our infrastructure divisions also have to focus consistently on customer requirements.

Across the board, the general rule remains unchanged: All DB Group divisions and business units will have to focus their activities on their customers' present and future expectations if we are to achieve our goal of taking a leading competitive position in all our core businesses.

Successful Launch of the Group Transport and Logistics Division

Following the successful completion of negotiations with the previous majority owner, E.ON AG (65.4 %), we acquired Stinnes AG through our subsidiary DB Sechste Vermögensverwaltungsgesellschaft mbH within the framework of a public takeover bid in 2002. By the end of the bidding phase in October 2002, Deutsche Bahn held a total of 99.71 % of the shares, which corresponded to a purchase price of € 2.5 billion. Based on this equity position, we initiated a squeeze-out in accordance with Sec. 327a ff. German Stock Corporation Act (AktG) in December 2002. A proposal to redeem the remaining shares held by minority shareholders in exchange for cash compensation was approved at the extraordinary general meeting of Stinnes AG on February 17, 2003. In accordance with the resolution passed by the shareholders, the transfer of the shares held by minority shareholders to the majority shareholder, our subsidiary DB Sechste Vermögensverwaltungsgesellschaft mbH, was entered in the Commercial Register in May 2003. Stinnes AG was delisted. The successful completion of the squeeze-out was an important milestone in the integration of

Stinnes with the DB Group. In line with the design of DB Group's corporate structure as a contract-based group of affiliated companies, Stinnes AG has become a fully integrated Group company through a domination and profit transfer agreement.

According to the organizational structure of Stinnes AG at the time of its acquisition by DB, major segments of its domestic business were operated by management companies having the legal forms of German stock corporations or limited liability companies. These management companies operated in their own names, but for the account of Stinnes AG, and did not have any operating assets of their own. Their assets and liabilities, as well as revenues, expenses and earnings, were consolidated directly in the annual financial statements of Stinnes AG. Effective January 1, 2003, this management model was terminated for the Schenker and Brenntag (chemicals) Groups and these businesses became legally independent. The carve-out of the Interfer Group (materials) became effective on April 1, 2003. A few remaining business activities have been continued in the form of management companies. Stinnes AG and Schenker AG entered into a domination and profit transfer agreement. Divestiture initiatives are underway for most of the Stinnes activities that are not considered to be core DB Group businesses.

Within the framework of the restructuring process, Stinnes AG received from DB AG 92 % of the shares in Railion GmbH, which is the umbrella company of the Railion Group, effective September 1, 2003. As of December 31, 2003, another 6 % of the shares were acquired from the Dutch national railroad, NS Groep N.V., which exercised its put option to sell its shares. The only non-Group shareholder of Railion GmbH that remains is DSB, the Danish national railroad, which also holds a put option for its 2 % share.

Effective September 1, 2003, Stinnes AG and Railion Deutschland AG signed an agency agreement which provides that Stinnes AG will conduct its business transactions in the name and for the account of Railion Deutschland AG. Revenues of the Freight Logistics and Intermodal business units, which are allocated directly to Stinnes AG, will continue to be reported for Railion Deutschland AG. The income statement of Stinnes AG will only show the agency commissions invoiced for procuring transport orders.

Based on the reorganization of the Stinnes businesses described above, we have been able to consolidate the business of the Stinnes Transport division, which we intended to retain, with the activities of DB's existing Group Freight Transport division to form the new Group Transport and Logistics division. On September 1, 2003, this new Group division – with Stinnes AG as its management company – got off to an excellent start, presenting itself on the market with its business units Schenker, Freight Logistics, Intermodal, and Railion. We have adjusted our Group structure in line with these new business areas. In the Schenker business unit, which continues to expand its existing network also through sector-specific M & A transactions, Joyau, the French logistics group acquired in late 2002, greatly strengthened Schenker's own capacities in France and increased the size of its French customer base many times over, making the company one of the top logistics service providers in this country as well. In the Railion business unit, the companies allocated here were renamed – Railion Deutschland AG (previously DB Cargo AG), Railion Nederland N.V. (previously Railion Benelux N.V.), and Railion Danmark A/S (previously Railion Denmark A/S) – and reorganized with the focus on their carrier function. So positioned, we can ensure that non-Group forwarders will have access to high-quality rail transport services in line with market demand.

Reorganization: Group Passenger Transport and Services Divisions

In July 2003, we decided to optimize the organizational structure of the Group Passenger Transport division with a view to further improving its internal processes, and with the primary objective of achieving a clear, strengthened market presence in the growth area of urban transport. At the same time, the decision was made to establish the new Group Services division. In this context, DB AG transferred the shares in its wholly owned subsidiaries DB Fernverkehr AG and DB Regio AG to DB Personenverkehr GmbH. In accordance with our legal structure as a contract-based group of affiliated companies, the respective domination contracts and profit transfer agreements were signed or amended accordingly. Effective November 27, 2003, DB Reise & Touristik AG was renamed DB Fernverkehr AG, to reflect its core business in the company name. Together with its subsidiaries, this company represents our Long-Distance Transport unit. Local transport structures will be aligned accordingly with the structures of our customer base and our ordering parties, and allocated to the new Urban Transport and Regional Transport business units.

The Group Services division evolved from the expansion of our former Service area. In addition, our heavy maintenance business currently allocated to DB AG will become an independent legal entity under the name of DB Fahrzeuginstandhaltung GmbH and will be integrated into this new Group division in the financial year 2004. In contrast, DB ProjektBau GmbH will remain a directly managed business unit. Various companies operating in the same area have been integrated into DB ProjektBau as part of an initiative to optimize its structure. The changes in the organization of the Group Passenger Transport and Services divisions were implemented in the second half of 2003, while additional adjustments will be carried out in 2004. In anticipation of this reorganization, the new designation “Group Services division” is used in this report.

Reorganization of Real Estate Activities Completed

Effective April 1, 2003, an agreement for the sale of an extensive Deutsche Bahn real estate portfolio to Aurelis Real Estate GmbH & Co. KG was signed. The portfolio of properties no longer deemed essential to operations that was purchased by Aurelis consisted of 1,849 plots of developed and undeveloped real estate with a total area of some 30 million square meters. The shares in Aurelis were held by WestLB AG (39 %), Westdeutsche ImmobilienBank (10 %), and, initially, Westdeutsche Immobilienbeteiligungsgesellschaft (2 %). The latter sold its share to Westfälische Provinzial

Lebensversicherung Aktiengesellschaft later in 2003. DB AG retains a 49% share in the company and extended a shareholder loan to Aurelis Real Estate GmbH & Co. KG. This was a decisive step in the strategic reorganization of our real estate activities and the necessary focus on our core business. Due to the structure of the agreement, which sets forth options as well as obligations for DB AG, this transaction did not result in any disposal of real estate concerned that would be reported under properties; consequently, no gains/losses from the disposal of properties were realized. Final disposal of such real estate and any gains/losses realized will be recognized successively as the real estate concerned is sold.

Other Changes in the Group Portfolio

We made other minor changes to the portfolio structure of the DB Group to improve our competitive position and streamline our organization. Apart from the new Group Transport and Logistics division mentioned above, the changes mainly involve the Group Passenger Transport division. In the Long-Distance Transport unit, the reallocation of the International Night Trains unit from DB Fernverkehr AG to DB AutoZug GmbH with economic effect from January 1, 2003 marked the completion of the spin-out of the car carrier and night passenger transport activities in 2002. In the context of focusing the investment portfolio on DB Group's core business, Bodensee-Schiffsbetriebe GmbH, a wholly owned subsidiary of DB Fernverkehr AG, was sold to Stadtwerke Konstanz.

DB Regio AG exercised a put option in the 4th quarter of 2003 and sold back its 50% equity holding in Bayerische Oberlandbahn GmbH (BOB) acquired from Connex Regiobahn in 2002. We also continued our growth strategy in the bus area by expanding our equity holdings in small to medium-sized bus companies. Among other transactions, we purchased majority shareholdings in Strausberger Verkehrsgesellschaft mbH, Seelower Verkehrsgesellschaft mbH, and Regionalverkehr Dresden GmbH.

Modernization of Infrastructure Divisions Continued

After the "Trilateral Agreement" (with the Federal Ministry for Transport, Building and Housing, and the Federal Ministry of Finance) had provided a reliable basis for investment planning and available funding of infrastructure projects until 2003 and we had expanded our planning capacities in line with the increased funds, our subsidiaries were able to resolutely pursue their course of modernization in the financial year 2003. Both capital expenditures and cash-effective project spending of our subsidiaries remained at high levels. In the medium term, the benefit for their customers will be increased system speeds and the associated reduced journey times, along with the enhanced attractiveness of the stations.

However, it was inevitable that on-time transport performance would be affected temporarily by the large number of construction sites, where work had to be carried out while the trains kept rolling in many cases. The measures to improve on-time performance that were implemented in the year under review had already led to positive results by the second half of 2003. On-time performance in passenger transport, particularly our long-distance services, improved significantly following the introduction of the new 2004 timetable on December 14, 2003.

Overall Economic Situation

Due to the limited international diversification of the business portfolio managed by DB AG, we were again highly dependent on the development of the German economy in the year under review. Growth in Germany lagged significantly behind the original forecasts for 2003, while other countries reported first indications of a recovery.

- **Global economic development:** The global economy rebounded during 2003. In addition to the expansionist economic policies in the U.S. and Asia, as well as improved corporate financing conditions, this was helped by the reduction in uncertainties in global politics following the conclusion of the Iraq war. At almost 2.5 %, overall global growth was better than in the previous year (+1.9 %). The U.S. was once again the engine of global economic growth, with an increase of some 3 % in its gross domestic product (GDP). The Asian economies showed relatively high levels of overall economic momentum, which resulted mainly from a sharp increase in exports. In Japan, the economy took a surprisingly positive turn, with its GDP growing 2.7 %, and the temporary decline in South-East Asia, which was due not least to an outbreak of severe acute respiratory syndrome (SARS), was quickly overcome.
- **Europe:** In the euro zone, GDP growth of 0.4 % was even weaker than the poor performance in the previous year (+0.9 %). The only positive stimulus was provided by domestic demand. The appreciation of the euro curbed exports noticeably. Due to above-average growth in Great Britain, overall E.U. GDP growth, at nearly 1 %, was slightly higher than in the euro zone. Developments in Central and Eastern European countries were more positive, and they managed higher GDP growth rates.
- **Germany:** Real GDP growth in Germany declined 0.1 % in 2003 compared to the previous year's figure (+0.2 %). The mild pick-up in final domestic expenditures (accounting for +0.1 percentage points) was more than offset by the decline in the real export surplus (accounting for –0.2 percentage points). German exports were hampered by the strong euro and the weak economy in the euro zone, which itself

was partially attributable to the euro's appreciation. Ongoing uncertainty among investors and consumers affected both investment activities and consumer spending. Once again, investments failed to match the previous year's levels (equipment: – 3 %; construction: – 3.4 %). Weak employment and personal income growth resulted in a repeated year-on-year decline – although at a lower rate – in consumer spending. Similarly, real retail sales continued to decline (by about 1 %), once again lagging behind overall consumer spending.

DB's Relevant Markets and Development of Transport Performance

While the German passenger transport market suffered a steepening decline due to the persistently weak overall economic environment in Germany, the relevant markets for our subsidiaries of the Group Transport and Logistics division, in particular in the upper range of the value-added logistics services sector, showed some growth. In light of the macroeconomic data and increasing competitive pressure, the market performance of our subsidiaries was satisfactory in both passenger transport and our Group Transport and Logistics division. In contrast to the clear overall decline, our subsidiaries' passenger transport performance was only slightly below the previous year's level and they were able to gain market share. The positive performance of our Group Transport and Logistics division is also a testament to our excellent strategic position. The performance of our infrastructure divisions was affected by growing competition on the rails and the weak rental market, which in turn was due to the unfavorable trends in the retail sector.

Increased Market Share in Declining Passenger Transport Sector

According to currently available data, transport performance in the German passenger transport market (sector breakdown: motorized private traffic, rail, public road passenger transport, domestic air traffic) fell by 2.4 % in financial 2003, an even sharper downturn than in the previous year (– 1.2 %). This represented the fourth consecutive year of decline. A key factor was the significant drop in motorized private traffic (about – 3 %, according to preliminary figures; previous year: – 0.5 %). In addition to the overall weak economy, steady increases in fuel prices played a major role in this development.

The development of our subsidiaries' passenger transport performance (rail and public road passenger transport) was affected by the weak economic environment. In total, their transport performance slightly declined by 0.4 %, which means they were able to gain market share over motorized private traffic. Our subsidiaries' performance in rail passenger transport nearly matched the previous year's level (– 0.4 % to 69.5 billion passenger kilometers [pkm]), although performance in long-distance rail passenger transport fell by 4.7 % to 31.6 billion pkm versus a 6.1 % decline in the previous year, which had resulted mainly from market-focused changes in our service range. In addition to overall trends, domestic and intra-European low-cost airfares, poor initial public acceptance of our new pricing system – which we introduced in December 2002 and successfully modified as of August 1, 2003 – as well as a shift in demand towards local rail passenger transport induced by our service optimization program all had negative impacts on our transport performance. In contrast, local rail passenger transport showed very favorable development, with an increase of 3.4 % to 37.9 billion pkm (previous year: – 6.2 %). The driving factors behind this development were quality improvements and an expansion of our service range.

Non-Group rail transport providers, mainly non-state-owned (NSO) railroads active primarily in local rail passenger transport, were able to increase their transport performance through contracts awarded on a tender basis. According to our estimates, the NSOs achieved a growth rate of around 10 %.

Demand in public road passenger transport increased by more than 0.5 %, after a 1.9 % decline in 2002. The bus companies of the DB Group were able to benefit from this growth and gained 0.2 %. This is fully attributable to the improved performance in regular line operations, where new services offered, such as those for schoolchildren and students, attracted more riders. In contrast, non-scheduled services decreased.

Transport performance in domestic air traffic increased by just over 5 % in 2003 (previous year: – 3.5 %). This strong growth resulted mainly from the surge in demand during the first half of 2003, compared to relatively low figures from the same period of the previous year. Demand was fuelled by low-cost carriers entering the market, accompanied by price cuts among established airlines. However, this boost was not sufficient to reach the performance levels reported before September 11, 2001.

Overall, competition in the passenger transport segment continued to intensify in 2003. This applies equally to both intermodal competition and competition on the rails. In local rail passenger transport in particular, our competitors include municipal and state-operated railroads, mid-sized railroad companies, and international corporations. Non-Group railroads have achieved a market share of 2.4 % in terms of transport performance, or 9 % in terms of train kilometers.

Satisfactory Development of Transport and Logistics Market Segments

The development in the relevant markets for our Group Transport and Logistics division was satisfactory in the year under review. Here, market trends were slightly more positive than in the German passenger transport market. In light of the differing international economic performance, international growth was in many cases higher than that achieved in the German and pan-European freight transport markets.

European overland transport volumes continued to be affected by the halting recovery of the overall economy. This was true for both the Nordic countries and continental Europe. As a result, pricing pressure persisted throughout Europe and in Schenker's core markets in particular.

While volumes in the air freight sector in 2003 benefited from strong economic growth in Asia, they were negatively impacted by the Iraq war. Asian export volumes were significantly higher than in the previous year, in particular in trading with Europe. Export volumes from North America slightly declined in both the transatlantic and transpacific relations. By contrast, exports from Europe to Asia showed strong volume growth. In light of the political situation and the weak U.S. dollar, only minor increases were achieved in export relations with North America. Overall, base rates in the air freight sector remained relatively unchanged during 2003. Carriers increased their prices mainly on export routes from Asia. Freight rate surcharges for rising fuel costs and stepped-up security due to the critical situation in the Middle East were passed on to customers. War risk surcharges that some carriers had imposed were rescinded in the last few months of 2003.

Growth in the sea freight sector in the past financial year was stronger than expected. Key drivers were exports from Asia to both Europe and North America and the sharp increase in shipping within Asia. This growth resulted mainly from the increasing trend in the consumer goods industry of offshoring production to Asia. Volume growth on export routes from Europe to Asia remained below expectations for 2003. Despite the weakening U.S. dollar, export freight levels from North America to both Europe and Asia were low, while volumes increased in transpacific shipping around the end of the previous year.

Based on preliminary data, overall transport performance in the German freight transport market (rail, i.e. Railion Deutschland AG and non-state-owned railroads, inland waterway transportation, road, i.e. German trucks (excluding local haulage), and foreign trucks) increased by about 1 % (previous year: –0.2 %) amid weak economic conditions. This increase was driven mainly by the accelerating recovery in the dominating sector, road freight transport.

After a poor start in early 2003, transport performance in road freight transport (German trucks, excluding local haulage, and foreign trucks) showed a significant increase in the second half of the year. In particular, demand for cross-border transport picked up, which was mainly to the benefit of foreign truckers. Growth was curbed by the weak economy, in particular sluggish business in the construction and retail sectors. These retarding effects were partially offset by an increase in manufacturing sector output, albeit a minor one. In addition, baseline effects from the previous year were felt in the segments of vehicles/machinery/finished and semi-finished goods, and special freight (containers, part loads/groupage freight). Shifts in modes of transport from inland waterway transportation also had a positive effect on results. For the full year 2003, transport performance increased by about 2 % (previous year: + 0.5 %).

Transport performance of our subsidiary Railion Deutschland AG (formerly DB Cargo AG) suffered not only from the weak overall economy, but also from intensifying intermodal competition. Despite this negative trend of the last two years (previous year: – 2.7 %), the company was able to increase its transport performance by 2.1 % to 74.0 billion ton kilometers (tkm) and stabilize its market share. A positive special effect from our point of view was the restricted navigability of inland waterways due to low water levels in 2003. Railion Deutschland benefited heavily from the resulting shifts in transport mode for imported coal. Some significant increases were also reported for transports of finished and semi-finished goods, foodstuffs, beverages, and fertilizers. The combined rail/road transport sector was a key driver, making a substantial contribution to overall performance with the extraordinary growth rates it achieved. In contrast, transport performance in some other product segments declined, particularly petroleum, forestry and chemical products, as well as the predominant iron and steel segment. While the increase in raw steel production provided a positive stimulus in the first half of 2003, contractions in this sector in the second half of the year under review resulted in significantly lower transport demand.

As in the previous year, the share of international transports continued to increase, accounting for more than 55 % of Railion Deutschland AG's overall transport performance in the financial year 2003.

Our subsidiaries in our Railion business unit, including our international subsidiaries Railion Nederland N.V. and Railion Danmark A/S, were able to boost their transport performance to a total of 79.9 billion tkm, which is an increase of 2.4 % over the previous year.

Non-Group, NSO railroads recorded a significant increase in transport performance of some 60 % – either as partners of Railion Deutschland or, ever more frequently, as its competitors. Overall, rail freight transport in Germany grew by just over 4.5 %. This is the highest growth rate of all modes of transport and thus the biggest share gained in the growth of the overall transport sector. In terms of transport performance, the market share of non-Group railroads in the rail freight transport sector was just under 7 % in the year under review.

After extremely positive development in the first half, transport performance in inland waterway transport suffered a severe setback in the second half of 2003 caused by low water levels due to drought. As a result of the extreme situation on the Rhine, Danube, and Elbe rivers, freighters had to reduce their payloads drastically, with shipping even completely interrupted at times. It was not until the end of 2003 that the situation stabilized somewhat. This decline of about 9 % (previous year: – 1 %) also marked a record low in recent years.

Infrastructure Divisions Report Increasing Demand From Non-Group Railroads

Since non-discriminatory access to German rail infrastructure was granted to all customers in 1994, more and more non-Group railroads are entering and growing in this market. This is reflected in the development of station stops and train path usage. For instance, the number of station stops made by non-Group railroads increased by 13.6 % to 9.3 million stops (total increase, including Group and non-Group customers: 0.4 % to 136.5 million stops); demand for train path usage jumped by a heady 40.2 % to 70.4 million train-path kilometers (train-path km). In total, some 280 non-Group railroads utilized the infrastructure of DB AG's subsidiaries in the financial year 2003.

Business Performance

Revenue and Result Trends

As in the previous year, DB AG did not achieve any revenues in financial 2003. Inventory changes were also of minor significance to our business development. Internally produced and capitalized assets increased slightly during the year under review to € 532 million (previous year: € 466 million).

Other operating income increased slightly to € 3,082 million (previous year: € 2,903 million). This item contains income from services provided to Group and non-Group companies, rents and leases, and gains on sales of properties (property, plant, and equipment) within the scope of scheduled realization of our real estate holdings.

Cost of materials of € 1,328 million matched the previous year's level (€ 1,304 million).

Personnel expenses in the amount of € 720 million (previous year: € 682 million) included wages and salaries as well as compulsory social insurance contributions for the staff employed at DB AG.

With scheduled depreciation of office equipment amounting to € 46 million, the overall decline in depreciation to € 102 million in the year under review (previous year: € 155 million) resulted from lower write-downs for asset impairment in the amount of € 56 million (previous year: € 101 million), relating in particular to real estate. These involved primarily real estate retained by DB AG after the Aurelis transaction.

Other operating expenses of € 1,614 million (previous year: € 1,054 million) include rents and leases as well as miscellaneous operating expenses, such as fees, contributions, insurance payments, services rendered by non-Group companies, and indemnification. This increase resulted from transfers to provisions for restructuring charges and, to a large part, for risks our subsidiaries are exposed to in the form of planning costs for cancelled or postponed capital expenditure projects.

The decline in investment income to € – 535 million (previous year: € – 376 million) reflects mainly the weak revenue trends of our subsidiaries in the Group Passenger Transport division, which resulted in lower income from profit transfers compared to the previous year.

DB AG renders centralized financing activities for the DB Group in accordance with the Group companies' financing needs and passes on the borrowed funds essentially at the same conditions. Net interest was € – 236 million in the year under review (previous year: € – 113 million). This decline resulted primarily from an increase in interest-bearing debt.

In total, DB AG reported negative income before taxes in the amount of € – 929 million (previous year: € – 329 million). The net loss is identical to income before taxes. After clearing with the loss carried forward from the previous year in the amount of € – 464 million, we arrive at a balance sheet loss of € – 1,393 million (previous year: € – 464 million).

Balance Sheet Structure

As of December 31, 2003, balance sheet total amounted to € 28.2 billion (previous year: € 26.1 billion). The increase is due primarily to the provision of additional funds for financing the Group companies.

Financial assets represent the majority on the assets side, reflecting our holdings in the management companies. As in the previous year, properties in the amount of € 3.1 billion (previous year: € 3.2 billion) consisted primarily of real estate properties and similar rights. Of the financial assets in the amount of € 20.1 billion (previous year: € 19.6 billion), 70.1 %, or € 14.1 billion, consisted of investments in affiliated companies, while 25.4 %, or € 5.1 billion, consisted of loans to affiliated companies. Current assets in the amount of € 5.0 billion (previous year: € 3.4 billion) included receivables and other assets (€ 4.3 billion), cash and cash equivalents and securities (totaling € 0.5 billion), and inventories (€ 258 million).

Due to the balance sheet loss, equity capital declined from € 8.5 billion to € 7.5 billion (– 11.0 %). The equity ratio also declined, from 32.3 % to 26.8 %, due to an increase in balance sheet total. Transfers increased provisions to € 6.8 billion (previous year: € 5.6 billion). Liabilities of € 13.8 billion (previous year: € 12.1 billion) consisted primarily of liabilities due to affiliated companies (€ 9.7 billion). The increase resulted primarily from higher liabilities due to our subsidiary DB Finance B.V., Amsterdam/Netherlands, and is based on the total of € 1.7 billion of bonds issued by DB Finance B.V. in financial 2003 that was passed on in the form of loans. The ratio of liabilities to balance sheet total was 48.9 % (previous year: 46.4 %).

Capital Expenditures

Gross capital expenditures of DB AG in properties and intangible assets amounted to € 123 million (previous year: € 71 million). Focal areas of capital expenditures included the acquisition of real estate, the purchase of office equipment and information technology.

Financial Situation

Central Treasury Consolidates Resources

DB AG's treasury is the central treasury for the DB Group. This structure ensures that all Group companies can borrow and invest funds at the best possible conditions. We conduct intra-Group financing transactions before we seek funding from outside sources. When external funds are borrowed, DB AG takes out short-term loans in its own name, whereas long-term funds are generally obtained through the Group's finance company, DB Finance B.V., Amsterdam/Netherlands. These funds are then passed on to the Group companies in the form of time deposits or loans. This concept enables us to pool risks and resources for the entire Group, as well as consolidate our expertise, capture synergy effects, and minimize refinancing costs. Stinnes AG was successfully integrated into the DB Group financing structures in the year under review; any financing requirements arising in this area will now also be handled within our comprehensive Group financing system.

Rating Agencies Reconfirm Outstanding Creditworthiness

In May 2003, the rating agencies Moody's and Standard & Poor's conducted their annual rating reviews. Based on their analyses, both agencies reconfirmed their ratings of the DB Group's credit standing, which were just as positive as in the past. S & P's rating with "AA/stable outlook" remains unchanged since the first review in 2000. Moody's once again maintained its "Aa1", also awarded for the first time in

2000, and at the same time reversed its outlook, which it had temporarily downgraded to "negative" in the fall of 2002 after receiving initial information about the acquisition of Stinnes AG, to "stable".

Covering the Financing Requirements of the Group Companies

DB AG finances the activities of its subsidiaries with long-term loans and, in the short-term area, through cash pooling. Receivables from loans and the net position in cash pooling increased to € 7.2 billion from € 5.4 billion in the previous year.

A breakdown of the position in respect of the subsidiaries allocated to the various Group divisions shows the following development:

- Passenger Transport: The overall position increased from € 1.8 billion to € 2.6 billion.
- Transport and Logistics: The overall position increased from € 0.1 billion to € 0.7 billion.
- Passenger Stations: The overall position declined from € 0.8 billion to € 0.7 billion.
- Track Infrastructure: The overall position increased from € 2.9 billion to € 3.4 billion.

These changes in comparison to the previous year resulted primarily from changes to the respective positions in cash pooling. Other holdings resulted in a negative position in cash pooling for DB AG in the amount of some € 0.2 billion (previous year, like-for-like adjusted: € – 0.2 billion).

Financing

To refinance the financing requirements of the Group companies, DB AG obtained new loans within the scope of general Group financing in the amount of € 1.7 billion through its subsidiary Deutsche Bahn Finance B.V. Investor demand in 2003 for bonds with terms of more than 10 years was accommodating. Consequently, we focused our issuing activities on this sector and issued two bonds of € 500 million each, with terms of 15 years (due in 2018) and 12 years (due in 2015) respectively, through our international finance subsidiary Deutsche Bahn Finance B.V., Amsterdam/Netherlands. In view of strong demand, we increased the initial volumes of the 15-year bond by € 500 million and the 12-year bond by € 200 million at even more favorable spreads. Total bond issues in 2003 amounted to € 1.7 billion. In April 2003, we redeemed a 1998 issue of DM-denominated bonds exchangeable for Lufthansa shares in the aggregate amount of about € 42 million.

Our Debt Issuance Program, which we expanded to € 10 billion, and our superb creditworthiness enabled us to issue bonds in the global securities markets on a flexible, as-needed basis and at excellent terms. We were able to tailor our issues under this program specifically to the needs of our relevant investors, which in turn resulted in more favorable financing charges due to the specific demand. Our broad investor base also proved to be very conducive to these activities in the year under review. The expansion of our investor base through additional road shows in Asia in 2002 led to significant demand among Asian investors in the year under review.

In the short-term sector, similar to the previous year, DB AG had guaranteed credit facilities of approximately € 2.2 billion as well as the Multi-Currency Multi-Issuer Commercial Paper Program of € 2 billion as of the end of financial 2003.

We did not conclude any major leasing transactions in the financial year 2003.

Moreover, our subsidiary DB Netz AG received two loans earmarked for specific projects from the European Investment Bank (EIB), Luxembourg, in the amount of € 200 million each, with maturities in 2016 and 2022.

Employees

As of December 31, 2003, DB AG's employees totaled 13,989 (previous year: 15,248). The decline is due primarily to the spin-off of the Neustrelitz maintenance facility, the sale of the special Blankenburg facilities, intra-Group transfers, natural staff turnover, and separations accompanied by socially acceptable measures. 2,874 employees (previous year: 2,746) of our total headcount of 13,989 worked in Group management holding functions. In addition, as of December 31, 2003 a total of 937 apprentices were employed at DB AG (previous year: 1,440).

Technology

Our customers demand high-quality products and services from DB AG's subsidiaries conducting operational business. To achieve this, we have to include quality and reliability as decisive criteria for our internal processes and for the condition of our technical means of production. As a result of our focus on end-to-end mobility and logistics services, these quality expectations apply to us, our suppliers, and our partners in service execution – such as in cross-border transports. From a technical perspective, our emphases remained largely stable compared to the previous year. A major new challenge was the need to enhance our logistics IT systems, due to the integration of the Stinnes businesses.

In light of the increasing competition we face, the maximum reliability of our means of production must be our primary goal, as this reliability is a basic prerequisite for cost-effective operations. We also have to maintain our established high safety standards, continue to optimize the integrated wheel/rail system, and integrate it more comprehensively into our mobility and logistics services.

Quality Management and Maximum Safety as the Foundation for a Sustained Competitive Advantage

The intrinsic nature of the wheel/rail system gives it a significant safety advantage over other modes of transport. We combine this advantage with our high safety demands, which are reflected in the safety standards of our production systems and means, as well as in our corporate culture. We are making every effort to continue improvements to these high safety standards through ongoing improvements to our systems and processes. We also invest a great deal in comprehensive training measures.

We significantly expanded our quality reporting during the year under review. In the quality assurance area, we made progress in further improving our integrated processes in our operational divisions. We augmented our Group-wide standards aimed at achieving a uniform quality level and optimized the coordinated quality assurance measures at the process interfaces. We also made further refinements to our quality management processes. The successive certification of our operational subsidiaries is proof of our progress.

Our systematic process for commissioning new means of production has been completely reworked. Consistent quality monitoring now systematically accompanies the entire procurement process. We have defined “quality gates” together with our suppliers, to guarantee adherence to agreed quality goals at predefined points within the framework of implementation projects. These quality gates ensure the transparency of each development step for all parties and help detect any potential weaknesses.

Our quality improvement measures are based, among others, on the Six Sigma and CIP (Continuous Improvement Process) methods. We also make comprehensive use of the BahnStrategieCard (a balanced scorecard) as a control instrument. One example of our quality improvement measures is our “Rail Operations Quality” project, which we successfully implemented to fight problems with delays in early 2003. We intensified our efforts in this area with the establishment of our comprehensive “Service and Quality” work program, which we continue to pursue with high priority in the current financial year.

Incremental Implementation of Technology Strategy

We have systematically augmented our technology strategy, which we are implementing incrementally. Our main tools are modularization and standardization, which are increasingly characterizing our investment strategies for technical means of production. Our aim is to boost cost-effectiveness over the entire useful life of the technology, and increase the efficiency of operational workflows and maintenance measures. Our rolling stock strategy is aimed at achieving a major reduction in vehicle heterogeneity in the medium term. We have started the MOFAST (modularization of fleet assets and standardization) and BestVal (value analysis for selected drive unit vehicle models) projects in this context. We expect these measures to deliver significant cost savings in procurement and upkeep. Our track infrastructure strategy is also aimed at capturing additional cost savings through ongoing standardization and quality improvements. We have developed differentiated strategies for our command and control technology that define sensible route-path standards dependent on the specific operating requirements.

The future "European Rail Traffic Management System" (ERTMS) will control trains through electronic transmission points in the track bed, which will initially enable the deployment of high-speed trains in cross-border rail traffic. The components of the ERTMS concept are the "European Train Control System" (ETCS), the standardized European command and control technology, and GSM-R, the digital cellular communication system for railroads.

In the year under review, our ETCS pilot project made major progress towards achieving interoperable train control: The maiden voyage on the test line Jüterbog–Halle/Leipzig on July 7, 2003 marked the start of the test trials for this ultramodern train control system. In fact, it was the very first high-speed journey under ETCS in Europe. Under our planning, the successful test trials will demonstrate ETCS' feasibility and eligibility for certification under real technical and operational conditions. We began the first stage of operational trials on the test line in December 2003. The ETCS is scheduled to assume full responsibility for safety by mid-2004.

We had already equipped 44 % of all drive units with GSM-R, the new digital cellular technology, by the end of the year under review. The across-the-board fleet retrofit with GSM-R is scheduled for completion by January 1, 2005. GSM-R is not only the key factor in the ETCS, but will also replace the aging analog communication systems for rail operations.

We see significant potential in the medium to long term for cost savings in the optimization of our interlocking technology – with the introduction of a new generation of interlockings. We launched a project aimed at revising the rail-specific requirements of the interlockings. Open, standardized interfaces and a modular structure are intended to enlarge our sourcing base, promoting competition among our suppliers.

Our strategic considerations are based on the current and foreseeable short-term legal framework. The EU demands for the increased interoperability among national rail systems are an especially important factor. In the interests of optimizing international rail transport, we also aim to increase technical interoperability with our European neighbors through the optimized application planning of multisystem locomotives and rationalization effects from the joint development of the next generation of trains, among other measures.

Forward-Looking Collaboration Between Railroad Companies and Manufacturers

To achieve further increases in efficiency and further improve the competitiveness of the rails as a mode of transport, we need an ongoing, extensive exchange between railroads and manufacturers on the subjects of system development, operation, and maintenance. Additional improvements to the integrated wheel/rail system combined with mature, reliable, and cost-effective technology are the keys to attracting more traffic to the rails throughout Europe. Moreover, every mode of transport will have to play to its systemic strengths in order to cope with the accelerating traffic growth forecast for the coming years. The increasing demands for speed, efficiency, and cost-effectiveness require intensified research efforts from manufacturers, universities, and specialist institutions.

We see our role in promoting the development of competitive, pan-European products for passenger and freight transport, all based on our customers' demands. We expect the manufacturing industry to supply rail technology that functions reliably and advances technical innovation for the optimization of the integrated wheel/rail system.

Supplemental Information

Competition Officer's Report Confirms Non-Discriminatory Network Access

The DB AG Competition Officer published his third Competition Report in March 2004. It states that non-Group railroads are increasingly utilizing the non-discriminatory access to infrastructure of DB AG's subsidiaries, as the continuously intensifying competition on the rails shows. Transport performance of non-Group railroads on the network of DB Netz AG also continued to increase in the year under review. All in all, some 8.5 % of rail transport services was provided by non-Group companies. The number of market entrants demonstrates that rail transport is becoming ever more popular. The overall trend in freight transport performance, including non-Group railroads, was extremely positive, making 2003 a record year despite the difficult economic environment. The rail transport sector as a whole was able to achieve a slight increase in market share versus road and inland waterway transport.

Pricing Systems for Traction Current and Third-Party-Access to Electricity Grids: Non-Discriminatory Access for all Users

Our subsidiary DB Energie GmbH introduced a new, transparent traction current pricing system (TCPS) effective January 1, 2003. The TCPS fully conforms to all statutory requirements and guarantees all railroads simple calculation of their energy costs. It is a single-tier pricing system for full power supply, with time-zone-specific composite prices in cents per kilowatt hour.

In addition, DB Energie introduced a third-party-access pricing system (TPAPS), effective January 1, 2004, making this company the first 16.7-hertz traction current distributor to give its customers the option to buy their power from any supplier they want and have the electricity transmitted to their locomotives through DB Energie's facility network. DB Energie had already deployed the necessary infrastructure for third-party-access to transmission grids by early 2002, through the introduction of power meters with remote reading capability for locomotives.

The TPAPS is also designed as a single-tier pricing system, with consumption-specific prices in cents per kilowatt hour. This ensures equal conditions in third-party-access to the transmission grid for all customers, irrespective of the amount of power consumed. At the same time, DB Energie enhanced its system for comprehensive power supply. In the TCPS, which distinguishes between three prices depending on the time of day, the difference between high and low rates was reduced, because the same grid usage charge has to be billed in each of the three time zones. The low rate was increased and the high rate lowered.

Adoption of the EC Infrastructure Package into German Law

The "Allgemeines Eisenbahngesetz" (AEG – General Railways Act) and the "Eisenbahninfrastruktur-Benutzungsverordnung" (EIBS – Ordinance on the Use of Rail Infrastructure) are being amended in the process of adopting the "EC Infrastructure Package" into the German body of legislation. At the same time, the German legal framework is being revised to implement the recommendations of the "Future Rail" task force made in September 2001.

Initial drafts have recently been submitted. We, like other member railroads of the "Verband Deutscher Verkehrsunternehmen" (VDV – Association of German Transport Companies), are participating in the ongoing debate by making suggestions in order to ensure that the overall result is conducive to the strategic objectives of all railroad companies.

Successful 2003 Pay Negotiations and Wage Policy Milestone for DB Systems

The creation of competitive and attractive employment terms is an important business objective. During the 2003 pay negotiations with the Transnet, GBDA, and GDL unions, Deutsche Bahn was represented by the Employers' Association of Mobility and Transport Service Providers (Agv MoVe) for the first time. The agreement also provides for adjustment of apprentice pay in line with the wage increase.

Following intensive negotiations, a wage agreement was concluded in March 2003. It has a term of 24 months, ending in February 2005. Key elements that were successfully agreed upon included the equalization of wages between Western and Eastern Germany in three steps by September 2006 and a linear increase in standard wages of 3.2 % effective May 1, 2004, preceded by two one-time payments of € 200 each in the period from March 1, 2003 until April 30, 2004. Following the wage negotiations, an agreement was made with the trade unions involved to set up a road map for negotiating amendments to the collective agreement that are required for structural reasons: a competitive, performance-related pay system and more flexible rules on working hours.

In September 2003, following lengthy negotiations, a collective bargaining agreement was signed for DB Systems GmbH, which took effect on January 1, 2004. This was an important milestone that will set the trend for the DB Group's future collective wage policy. The agreement was designed along the lines of standard employment conditions in the IT sector, providing for wage elements linked to individual performance and operating results as well as flexible working hours within the framework of annual flextime accounts.

Successful Launch of 2004 Timetable

Once again, following its premiere in the previous year, all European railroads implemented their new, coordinated timetables simultaneously last December. The new 2004 European timetable was launched seamlessly on December 14, 2003. Additional improvements in service were also introduced together with the new timetable.

Risk Report

The business activities of DB AG and its subsidiaries pose risks as well as opportunities. Our risk management activities aim to proactively minimize these risks. Our risk management system processes all the relevant risk-related information. The DB Group operates an integrated risk management system, in line with the requirements of the German Act on Corporate Control and Transparency (KonTraG). This system, which is continually enhanced and refined, allows us to quickly introduce offsetting measures. Stinnes AG had its own risk management system for the Stinnes Group and all its subsidiaries in 2002, the basics of which corresponded to the system established at the DB Group. In the year under review, Stinnes was integrated into the risk management system of the DB Group.

Active Risk Management in the DB Group

The risks inherent to the DB Group managed by DB AG include:

- **Market risks** such as overall economic development and cyclical demand for services. The major factors influencing passenger transport – consumer spending and number of gainfully employed persons – showed a downturn in the year under review, but are forecasted to stabilize in the current financial year. Also, the market has been building up momentum due to competitive pressure and aggressive pricing strategies in air traffic, where growth was negative in the year under review and is expected to be only slightly positive in the current financial year.

The most important factor in rail freight transport is the transportation demand for consumer products, steel and mining products, petroleum products, chemicals products, and building materials – some of which are subject to cyclical and structural fluctuations. Market risks for Stinnes AG and our Group Transport and Logistics division are increasing with growing levels of globalization and intensifying intermodal competition. The dynamic consolidation process in the logistics sector, increasing liberalization in the European transport markets, and motorway toll charges in Germany and Austria are also presenting new challenges. Our subsidiaries are responding to these developments with extensive measures aimed at improving efficiency and reducing costs, in addition to optimizing our service offerings.

Due to the special nature of its business, the Schenker business unit of the Stinnes Group faces risks from the granting of customs guaranties and – especially after the terrorist attacks of September 11, 2001 – the submission of non-objection certificates to airlines, which could have serious consequences in individual cases. Over the past several years, Stinnes has continually revised and improved its rules for granting customs guaranties. Stinnes purchased insurance to cover the risks related to air transport and also monitors strict compliance with country-specific regulations on security measures for the transport of air and sea freight.

Several companies from the Stinnes "Brenntag" division are being sued in the U.S. for damages resulting from the delivery of health-impairing materials. These deliveries took place before the Stinnes Group purchased the companies in question. To date, all claims have been covered by existing insurance policies. Based on the claims settled so far, we assume that future claims for damages will also be covered by existing insurance policies.

We are responding to risks resulting from changes in customer demand – including the ordering organizations – and from shifts in traffic patterns with intensified market monitoring and adjustments of our service spectrum. To deal with market risks due to changes to the legal framework conditions at both the European and the domestic level, we actively represent our position in the ongoing consultations and debates.

Operating risks: In its rail transport operations, the DB Group runs a networked production system of high technological complexity. Our subsidiaries combat the risk of interruptions in service through systematic maintenance, the deployment of qualified staff, and ongoing quality assurance and process improvement measures.

In addition, the quality of the services offered by our subsidiaries depends on the reliability of the means of production they use. Sustained quality improvements resulting from our modernization programs are clearly visible. In response to several instances in which newly commissioned rolling stock did not meet our expectations, we established quality round table meetings with manufacturers for in-depth and constructive discussions to achieve sustained quality improvements.

- **Project risks:** The modernization of the overall rail system involves immense capital expenditures, as well as a number of highly complex projects. Changes in the legal framework, delays in implementation, and modifications that become necessary over the course of the project life cycles – which can extend over several years – result in project risks that can often affect multiple areas due to our networked production structures.

  Our activities continue to focus on major projects such as the Berlin hub (including the Berlin Central Station), the new Nuremberg–Ingolstadt–Munich line, and the deployment of GSM-R. An incremental commissioning concept has been developed for the Berlin hub/Berlin Central Station. Analyses aimed at identifying potential risks for the new Nuremberg–Ingolstadt–Munich line and the deployment of GSM-R were completed in the year under review. Based on the findings of these analyses, we initiated measures to offset potential risks.

  In general, all new projects must pass a full plan approval procedure before implementation can begin. The DB Group also improved the quality of its planning and processes through a targeted expansion of capacity among its in-house planning engineers and the separation of contractor and builder functions. As a general rule, identified risks were compensated for by introducing offsetting measures in our operating business and by setting up adequate reserves.
- **Financial risks:** We use financial instruments and derivatives to hedge our exposure to interest rate changes, currency risks, and energy and other price fluctuations. These instruments are described in the Notes.
- **Federal government grants for infrastructure investments:** A large portion of our infrastructure investments is financed by federal government grants. These grants are provided in accordance with Article 87 e of the Basic Law of the Federal Republic of Germany, which imposes an obligation on the federal government to provide funding for such projects. The amounts of the funds to be provided in the financial years 2001 through 2003 were specified in the "Trilateral Agreement" signed by the Federal Ministry of Finance, the Federal Ministry of Transport, Building and Housing, and Deutsche Bahn AG. In March 2004, the federal government announced a reduction in funds to be provided for 2004 and the coming years. We are currently involved in intensive discussions with the federal and state governments regarding the effects of this reduction on projects under construction or planned for the future. In light of the specified amounts of government grants, we

are continuing our approach of prioritizing our capital expenditures strictly on the basis of available funds. In addition, we set up reserves to compensate for declines in profit to be expected from the cancellation of ongoing projects.

- **Funding under the Regional Restructuring Act for 2004:** Pursuant to the bills on reduced subsidies passed on December 19, 2003, federal funding provided under the Regional Restructuring Act in 2004 will be cut by 2 % as a non-recurring measure. This means the states are faced with a loss of some € 140 million in funds otherwise allocated to them by the federal government in 2004. However, the majority of the states does not intend to reduce the fees payable for transport services ordered, which would be to the disadvantage of our Group companies. Negotiations with the other states concerning adjustments to or cancellations of transport service orders are underway.
- **General uncertainties:** Our political, legal, and social environment is subject to constant change. A stable framework is needed to effectively plan our future corporate activities. We strive to positively influence these framework conditions and eliminate existing hindrances through open dialog.

We consistently anchor risk management in our standard processes. Furthermore, we took out insurance policies to secure unavoidable risks in order to limit the financial exposure to potential damages and liability risks for the DB Group.

Effective Risk Management System

The principles underlying our risk management policy are formulated by Group management and implemented at DB AG and its subsidiaries. Our system for the early recognition of risks entails quarterly reporting to the DB AG Management Board and Supervisory Board. The risks noted in the risk report are categorized and classified by their probability of occurrence; in addition to the possible consequences, we also analyze potential offsetting measures and their costs. Any suddenly detected risks and unfavorable developments must be reported immediately. Our Group Controlling department at DB AG is responsible for coordinating all risk management activities for the DB Group. In addition, planned acquisitions are subject to intensified monitoring. The central Group Treasury department is responsible for limiting and monitoring credit risks, market price risks, and liquidity risks associated with our corporate refinancing, which is strictly limited to our operations. Consolidating these transactions (money market, securities, foreign exchange, derivatives) within DB AG enables us to manage and limit the associated risks. Our Group Treasury area is organized based on the Minimum Requirements for Trading (MaH) formulated for financial institutions, the derived criteria of which meet all the requirements of the German Act on Corporate Control and Transparency (KonTraG).

Risk Portfolio Free of Existence-Threatening Risks

The risk management systems of the DB Group provide an overview of the sum total of risks exceeding defined materiality thresholds in a risk portfolio, in addition to a detailed individual listing. Based on our current assessment of risks, offsetting and hedging measures, and provisions, no risks capable of threatening the Group's continued existence are discernable, now or in the foreseeable future.

Report by the Management Board on Relations with Associated Companies

The Federal Republic of Germany is the sole shareholder of DB AG. Pursuant to Sec. 312 of the German Stock Corporation Act (AktG), the Management Board of DB AG has compiled a report on its relations with associated companies. The report concludes with the following (translated) statement:

"We hereby declare that, according to the circumstances known to us at the time the legal transactions were entered into, our company received adequate consideration in each and every legal transaction.

In the year under review, no measures were taken or omitted on the initiative or in the interest of the federal government or of any company associated with it."

Events After the Balance Sheet Date

Customer Charter for Passenger Transport Presented

Under the customer charter for passenger transport presented in February 2004, DB AG undertakes to introduce new rules with legal claims for compensation, effective October 1, 2004. These rules will apply on top of our current practice of goodwill payments, and may consist of tickets, overnight accommodation, taxi fares, and similar compensation.

Update on Bid Tenders and Transport Contracts

In January 2004, we were able to win the Schwarzwaldbahn (Karlsruhe–Konstanz) tender with a service volume of 3.1 million train-path km for our Regional Transport business unit. Passenger transport on the Seehas line (Engen–Konstanz) with a volume of 1.1 million train-path km offered under the same tender bid was awarded to one of our competitors. Service on the line will begin in December 2006.

Vehicle Maintenance Restructured

In 2004, heavy vehicle maintenance, a service function previously allocated to DB AG, is performed by DB Fahrzeuginstandhaltung GmbH as an independent legal entity. With a total of 6 product segments distributed among 13 plants and works facilities, DB Fahrzeuginstandhaltung GmbH specializes in the heavy maintenance, upgrading, and repair of rail vehicles and their components. This restructuring measure laid the foundation for positioning this business more favorably for the non-Group market. DB Fahrzeuginstandhaltung GmbH will offer its services not only to DB Group companies, but increasingly to the external rail industry and non-Group railroads as well.

Successful Divestitures of Non-Core Businesses

We had already announced at the time of the Stinnes acquisition that we would divest operations which we did not consider to be core businesses of the DB Group. We already managed to sell some non-core operations of Stinnes-Interfer in the year under review. In addition, a comprehensive deal was closed in the first quarter of 2004 regarding the divestiture of the Brenntag and Interfer Steel businesses to a financial investor (Bain Capital), which had been approved by the Supervisory Board in December 2003. The proceeds from this divestiture amounted to approximately € 1.4 billion.

Reduced Level of Federal Funding for Infrastructure Investments

In March 2004, the federal government specified its budgetary position for rail infrastructure investments and communicated the projected amounts of federal government grants for the current year and the subsequent period to 2008. According to information received, federal government grants for rail infrastructure investments in the current year will amount to approximately € 3.5 billion, a decline of € 0.6 billion compared to the previous year. The funds provided by the federal government in subsequent years will also be less than anticipated. Against this backdrop, we have revised and further prioritized our capital expenditure planning.

The DB Group supports the federal government's objective of facilitating the highest possible level of rail infrastructure investments in fiscal 2004 despite the financial squeeze. Through the early repayment of interest-free loans (at net present value) granted by the federal government, the DB Group plans to make financial resources of approximately € 1 billion available to the federal government in 2004. The federal government will in turn grant these funds to Deutsche Bahn for capital expenditures in rail infrastructure. Negotiations regarding the details of this agreement were still ongoing at the time this Report went to press.

At press time, specific DB project plans were still being negotiated with the federal government. We will not be able to determine which rail infrastructure projects can actually be carried out until these negotiations have been concluded.

Strategy

Advancement of the DB Group Based on Successful "DB Campaign" Program

Since the start of the German Rail Reform in 1994, we have implemented far-reaching changes and realigned the strategic focus of the DB Group. It has always been our objective to satisfy our present and potential customers with top-quality, competitive products and to get the DB Group into shape for a future initial public offering. Our value management system implemented in 1999 is based on ROCE (Return on Capital Employed). To promote the process of change in this final phase of the German Rail Reform as well, we initiated our strategic "DB Campaign" work program. Apart from the large number of measures under our "Fokus" program, which are designed to ensure the consistent continuation of the restructuring process, the "DB Campaign" program involves a whole range of initiatives to improve performance – such as our Service and Quality Program – as well as new business development efforts. Having knowingly accepted a temporary operating loss in the financial years 2001 through 2003 as a consequence of our accelerated restructuring and modernization programs, aimed in particular at our infrastructure, we expect the DB Group to get closer to its ROCE target of 10 % in the current financial year and the near future.

Our strategic focus for the future builds on the success achieved with our modernization and restructuring programs since the start of the German Rail Reform. In addition to the improved performance in our core rail business unit, the acquisition and successful integration of Stinnes enabled us to tap further growth potential and participate in the growing transport markets of road, air, and sea freight, as well as in the logistics sector. Moreover, the rail freight transport sector in general clearly benefits from Schenker's high-performance European distribution network. With our Group Passenger Transport and Transport and Logistics divisions, we already play a leading role in the European transport market and have an excellent starting position for future advancement.

Market focus and competitiveness will remain the guidelines in developing our strategy, which has always taken the drastic changes in the transport markets since the start of the German Rail Reform into account. These continuing trends pose major challenges, but also offer excellent opportunities to advance the DB Group.

On Track to Becoming an International Mobility and Logistics Service Provider

The increasing globalization of the economy and in modern society, as well as ongoing restructuring processes in production structures and flows of materials across national borders, are resulting in increasing demand for international mobility and logistics services. This trend is also reinforced by the ongoing integration of European economies and the pending enlargement of the European Union. It is not least for this reason that positive growth rates are forecasted for the relevant mobility, transport, and logistics markets in the years to come.

At the same time, market conditions are characterized by deregulation, intensifying competition, and more extensive customer requirements. This applies particularly to the transport and logistics area, where customers increasingly expect end-to-end solutions with cross-border and intermodal services from a single source. In passenger transport, the challenge of ensuring mobility lies in the need to network various modes of transport in an intelligent manner, in order to offer integrated services to customers.

With this goal in mind, we are setting the course for the DB Group to become a leading provider of international mobility and logistics services. To this extent, we will continue to enhance performance in our core businesses, offer integrated solutions that intelligently combine the inherent strengths of various modes of transport, and establish customer-friendly interfaces with upstream and downstream value creation levels. We are also preparing ourselves for the long-term integration of rail traffic in a European transport area, where the challenge will be to leverage and maintain our strengths in Germany, our home market.

We are positioned as an integrated Group of companies and consider it a critical success factor to focus our Group portfolio on closely related business areas. The structure of our portfolio is characterized by the vertical integration of our rail transport divisions, which is an essential prerequisite for high performance, quality, and productivity. This ensures that the market pressure to which the DB Group's transport divisions are continuously exposed is shared with our infrastructure and service divisions, making them aware of the constant need to stay up-to-date. Due to the open and non-discriminatory access to the German rail infrastructure, the efficiency improvements achieved by the DB Group are equally beneficial to all railroads operating on the German rail network.

We have formulated specific strategies for our Group divisions and business units that take the particular features of the respective markets and competitive conditions into account.

Group Transport and Logistics Division: A Worldwide Leading Transport and Logistics Service Provider Through Global Networks and Logistics Competence

The international freight transport and logistics markets are clear growth markets. The road, sea, and air freight transport markets have been liberalized to a large extent and are geared to international business. In contrast, deregulation in European rail freight transport lags behind, aside from a few exceptions such as Germany. In addition, international rail transports are obstructed by historically different track gauges, power supplies, and command and control systems, in addition to statutory provisions. However, customers also demand reliability and consistent high quality across national borders in rail transport. Furthermore, they not only expect a broad range of intermodal services, but also logistics services in increasing scope.

Our restructured Group Transport and Logistics division offers integrated solutions that permit one-stop shopping for logistics, forwarding, and transport services on the roads, the rails, at sea, and in the air. Accordingly, rail transports are being ever more closely integrated into Stinnes' end-to-end value chains. We are striving to further extend our globally integrated transport networks in overland (road and rail), sea, and air transport, as well as to strategically enhance our logistics competencies in order to maintain and strengthen our leading market position.

The Schenker business unit already has high-quality international networks with significant growth and earnings potential in place. Once integrated into the global networks, the targeted extension of these networks and the focused enhancement of its logistics know-how in attractive markets will strengthen Schenker's position even more. All current forecasts for combined rail/road transport by our Intermodal business unit also point to steady growth. Efficient network design for combined rail/road transport, reduced production costs, and continued quality improvements will make us even more attractive to customers in this market, where we already have a strong position. We have focused our Railion business unit specifically on its carrier function. Enhancing our competitiveness in rail freight transport is an elementary strategic task. To achieve it, we will not only have to improve efficiency, but also increase our presence in European markets, either through the Railion joint venture or by entering into partnerships. To achieve our goal of becoming a major player in the European bulk product transport market, we have merged Railion's and Schenker's bulk product operations in our new Freight Logistics business unit. This move will facilitate the enhancement of our logistics competence in specific industrial sectors, helping us to become a truly European logistics service provider for bulk products.

Group Passenger Transport Division:
Integrated Mobility Within Germany and Extending into the Rest of Europe – Positioning DB in the European Market

Forecasts for the European passenger transport markets point to stable growth. Deregulation of these markets is underway, but the pace of progress varies widely from country to country. In long-distance passenger transport, Germany is a clear forerunner in Europe in terms of providing free market access to the German rail infrastructure. In contrast, the number of tender offers for local rail passenger transport has been increasing throughout Europe. The traditionally closed markets for local transport services are becoming increasingly exposed to pan-European competition.

In light of this trend, strengthening and expanding DB's position as the leading mobility provider in Germany will remain a top priority for the near future. We intend to meet modern-day mobility requirements and increase customer satisfaction by improving translocal, networked transport services. In this context, DB's electronic travel information platform covering train connections throughout Europe and almost all connections in public regional and urban transport within Germany – already available at "www.bahn.de" – will be further enhanced to create a mobility information system. In addition, we will improve the harmonization of interfaces between services in long-distance, regional, and urban transport, as well as with other modes of transport used before or after rail journeys. With the introduction of city tickets, the extended coverage of the BahnCard to become a mobility card, and our DB Car-Sharing and Call-a-Bike programs, we will offer attractive mobility services that go beyond conventional rail and bus transport. Furthermore, we will continue to extend cross-border traffic and look for opportunities to make inroads into foreign markets.

The goal in the Long-Distance Transport unit is to ensure competitive services for fast links between German conurbations and to other European countries. To reach this goal, our subsidiaries will leverage the inherent advantages typical of rail transport: fast, relaxed traveling and comfortable city-to-city connections, with a lot of spare time to spend on something useful. Despite increasing competition, our subsidiaries are confident that they will be able to defend their market positions and even grow in this DB core business. Improving their information and service quality, along with their on-time performance, will be top priorities. In addition, they will continue to enhance and extend their service and pricing concepts together with their tools to increase customer loyalty. In international traffic, they will continue to intensify their cooperation with railroads in neighboring countries.

An important task for our Regional and Urban Transport units will be to offer affordable services, ensuring seamless mobility in cities and beyond. Our subsidiaries are in a unique position to leverage integration of the various transport systems. They will also continue to focus on measures to further reduce their cost base and improve service and quality. They may elect to pursue growth opportunities in European local transport markets in the medium term.

At present, the German urban transport market is still highly fragmented, served primarily by municipal transport operators. However, this market is beginning to open up. With acceptable access conditions and a proper focus on profitability in urban transport, including efficiency improvements and exploitation of synergies, this market holds significant potential for the DB Group.

Group Track Infrastructure, Passenger Stations, and Services Divisions: Building on Reliable, Affordable Infrastructure and Cost-Efficient Services

Although our subsidiaries operating in the Group Passenger Transport and Transport and Logistics divisions generate the vast majority of our consolidated external revenues, our infrastructure divisions and service providers (managing both internal and external customers) also have a major impact on the long-term competitiveness of the DB Group. The most important means for enhancing cost-effectiveness and the competitiveness of rail transport in general are continued cost reductions and performance improvements. All of DB's services and pricing systems in rail transport – in particular the train-path pricing system, the facility pricing system, the station pricing system, and the traction current pricing system in conjunction with the third-party-access pricing system – are designed to be non-discriminatory.

Our subsidiary DB Station & Service AG, allocated to the Group Passenger Stations division, manages some 5,400 train stations, which – beyond their functions as traffic stations and calling cards of Deutsche Bahn – serve as gateways to the cities where they are located. Accordingly, we have to continue to pursue our course of station modernization as required and in keeping with the intended usage – in cooperation with the federal government and municipal authorities – and in addition our safety, cleanliness, and service programs. Based on extensive analyses, we have outlined differentiated development concepts for various types of passenger stations, which we will implement according to uniform, successively improved standards. We can also capture dormant potential by increasing rental income from commercial floor space of passenger stations at highly frequented locations. In contrast, DB Station & Service AG will continue to sell off unprofitable concourse buildings that are no longer in demand, without shutting down the stations themselves.

The competitiveness of rail transport is determined by the quality and cost of its infrastructure. Accordingly, increasing its capacities through cost-efficient modernization and eliminating bottlenecks in the existing network continue to be the primary challenges for our subsidiaries in the Group Track Infrastructure division. The pace and scope of future expansion projects will remain dependent on transport policy regulations and the level of infrastructure funding provided by the federal government.

The Group Services division adds significant value for Deutsche Bahn customers and the integrated rail system. This division will primarily provide rail-specific services at prices and a level of competence that non-Group competitors simply cannot achieve. The positive acceptance we have received also from non-Group customers to date proves that further growth potential exists.

Extensive Capital Expenditures to Support Further Strategic Development

The implementation of the strategic focus outlined above is reflected in our corporate planning and a multitude of specific measures. Deutsche Bahn will continue to build on its strong starting position and vigorously pursue its goals of becoming a leading provider of international mobility and logistics services in the coming years, enhancing its market success, and continuing to improve its profitability. Consequently, capital expenditures – primarily at the level of our subsidiaries – will remain at a high level in the years to come. We anticipate an ongoing focus on DB's Passenger Transport, Transport and Logistics, and Track Infrastructure divisions. In particular, DB will continue to modernize its rolling stock, defend its market position in passenger transport, improve its transport and logistics capacities, and increase the availability of its rail network.

Outlook and Expectations for the Financial Year 2004

Economic Outlook: Only a Mild Recovery in 2004

According to recent forecasts by economic research institutes, overall economic conditions will improve in the financial year 2004. Overall, indicators continue to be more favorable at an international level than for the German economy. Compared to the same time in the previous year, forecasting uncertainty has declined thanks to the more stable geopolitical situation. The following forward-looking statements are based on the assumption that this overall trend will not be disrupted by unforeseen destabilizing effects.

- **Global economy:** After the debilitating effects of global terrorism, fears of war, and SARS made their mark in the last few years, the global economy may now be expected to continue picking up in 2004. The economic recovery in the U.S. will continue. The ongoing expansionary economic policy will boost consumer spending, disposable income, and investments. However, the increasing current account and federal government deficits could weigh on the U.S. economy. Economic momentum in Japan will diminish slightly in 2004, due to the expected appreciation of the yen and as-yet unsolved structural problems. The economies in South-East Asia should show above-average growth rates in the current year, with China increasingly becoming the growth engine.
- **Europe:** In the euro zone, the hoped-for sweeping economic recovery remains out of reach. While low interest rates and demand for exports will have positive effects, the restrictive fiscal policy resulting from consolidating government budgets will surely have restraining effects. The favorable impact of increased demand

for exports will be curbed by the euro's continuing strength. Therefore, we anticipate only a slight GDP increase for the full year 2004. Growth rates in the aggregate economic output of the countries joining the EU are expected to be higher than EU average.

- **Germany:** The majority of recent forecasts point to only minor growth in 2004. Due to the – albeit moderate – global economic recovery, exports may grow more quickly than in the previous year, but will continue to suffer from the strong euro. Because of continuing weak development of improvements in employment figures and household income growth, consumer spending will remain flat, at best. Real retail sales will likely fall just short of the previous year's level.

Faced with these divergent forecasts, we feel it prudent to rely on moderate or conservative estimates in our decision-making processes.

Trends in the Political and Legal Framework

Current debates on the political and legal framework and pending modifications to basic conditions are unlikely to generate any considerable momentum in the financial year 2004. In the political arena, particularly at the European level, discussions on transport market liberalization will remain on the agenda, with a focus on the differing pace of progress in providing unrestricted access to the individual national rail transport markets. Germany boasts a leading role in this context. Any progress made towards pan-European harmonization, along the lines of the open rail infrastructure access already accomplished in Germany, will be welcome. However, our hopes for quick solutions are low. Another transport policy issue is the creation of equal competitive conditions for the different modes of transport. Unfortunately, we do not expect any significant change for the better in 2004 with regard to comparable tax legislation or the charging of costs for infrastructure usage. We will continue to advocate the interests of the rail transport sector in policy debates on key transport issues.

Challenging Market Prospects for the DB Group Divisions

In essence, forecasts for the performance of DB's individual Group divisions are as follows:

- **Group Passenger Transport division:** In light of the economic outlook, our primary market of German passenger transport is expected to show some moderate growth in 2004 in total, which will be mainly due to the slightly positive trend in motorized private traffic. This trend will be supported by stable fuel prices and a slight rise in new car registrations. Germany's domestic air traffic sector will continue to grow, although at significantly lower growth rates than in 2003, due to diminishing catch-up effects. The positive impact on demand by customers of low-cost carriers is expected to continue. Public road passenger transport performance will also grow slightly, driven mainly by increases in scheduled services.

In rail transport, declines resulting from unfavorable overall trends should ease slightly, in light of the slowing decline in employment figures and the end of falling real incomes. However, the positive impact of rising fuel prices in the year under review will not be repeated in 2004, when fuel prices should remain relatively flat. Intramodal competition is expected to intensify further in both long-distance and regional and urban transport. It seems doubtful that the heavily fragmented structures of the urban transport markets (including bus and rail) can be overcome so as to allow more alliances, tender offers, or consolidation opportunities as soon as 2004.

Group Transport and Logistics division: Braced by the minor recovery in the global economy, international transport and logistics markets will continue to grow. In particular, Asia and North America will remain the regions with the highest growth rates. More than many other industries, the logistics sector will once again be the prime beneficiary of the upturn in the global economy. In particular, providers of higher-value services will experience a surge in demand. Apart from these effects, the fragmented market structure is expected to lead to continued consolidation. Although competitive pressures will not ease, transport performance growth rates are also projected to rise slightly in the German freight transport market. The earnings situation may be supported by increased output in the manufacturing sector, stable consumer spending, and export growth.

In road freight transport (excluding local haulage), transport performance will rise once again in 2004. In 2004, as in past years, the major beneficiaries will be foreign trucks, thanks in particular to their dominating position in international transports, which have the highest growth potential, along with their more favorable cost base. In addition, the EU's eastward enlargement in the spring of 2004 should boost road transport volumes. The curbing effect expected from road tolls for heavy trucks is unlikely to materialize in 2004.

Inland waterway transport may be expected to experience a significant volume surge in 2004. Fresh impetus from the overall economic situation will be moderate, but the mere baseline effect after the slump in 2003 due to low water levels should be enough to drive growth. Although the inland waterway transport sector will report the highest growth rates in the current year, it will remain significantly below the performance levels reached in 2002.

Rail freight transport will experience some minor growth in 2004 due to increases in exports and manufacturing output. In addition, the drag resulting from the continued weakness in the construction industry is projected to ease. The one-time effect from previous year's slump in inland waterway transport will produce a clearly negative baseline effect in the second half of 2004. This could be aggravated by increasing competition in both intermodal and intramodal transport. Total growth in rail freight transport in 2004 is expected to remain below the previous year's rate. Apart from focusing on internal growth and specialization, the competitive strategies pursued by the various transport providers will likely be characterized by increasing numbers of alliances and acquisitions.

- **Group Passenger Stations division:** The outlook in the rental business remains overshadowed by the repeatedly gloomy forecasts for the retail sector. Due to rising demand from non-Group railroads, a slight increase in the number of station stops is expected.
- **Group Track Infrastructure division:** Train-path usage from non-Group customers is forecasted to grow once again in the financial year 2004.

DB AG Business Performance Forecast

In the current financial year, we will vigorously pursue the course we embarked on in 2001, when we began our strategic program "DB Campaign – Restructuring, Performance, Growth". In addition to our continued restructuring efforts, business operations of our subsidiaries will be focused more sharply on improving the quality of their services and exploiting growth opportunities. A critical milestone in reaching our goal of getting DB AG, or respectively, the DB Group into shape for a future initial public offering is to further improve our earnings situation in the financial year 2004. In light of the forecasts and expectations regarding market, competitive, and framework conditions described above, we and our subsidiaries have set high hopes also in the financial year 2004 on the effectiveness of our internal improvement efforts.

As usual, our outlook is subject to the reservations set forth below.

Statements Relating to the Future

This Management Report contains forward-looking statements based on beliefs of DB AG management. When used in this document, the words "anticipate", "believe", "estimate", "expect", "intend", and "plan" are intended to identify forward-looking statements. Such statements reflect the current views of Deutsche Bahn AG, Deutsche Bahn Group, its Group divisions and individual companies with respect to future events and are subject to risks and uncertainties. Many factors could cause the actual results to be materially different, especially those described in the "Risk Report". Actual results may vary materially from those projected here.

DB AG does not intend or assume any obligation to update these forward-looking statements.

Balance Sheet
on December 31, 2003

Assets

in € million	Note	Dec 31, 2003	Dec 31, 2002
A. Fixed assets			
Intangible assets	(2)	0	1
Properties	(2)	3,071	3,158
Financial assets	(2)	20,059	19,609
		23,130	**22,768**
B. Current assets			
Inventories	(3)	258	248
Accounts receivable and other assets	(4)	4,263	2,703
Securities	(5)	0	0
Cash and cash equivalents		493	418
		5,014	**3,369**
C. Prepayments and accrued income		17	1
		28,161	**26,138**

Equity and Liabilities

in € million	Note	Dec 31, 2003	Dec 31, 2002
A. Equity			
Subscribed capital	(6)	2,150	2,150
Capital reserves	(7)	5,310	5,310
Retained earnings	(8)	1,471	1,471
Balance sheet loss		– 1,393	– 464
		7,538	**8,467**
B. Provisions	(9)	**6,824**	**5,550**
C. Liabilities	(10)	**13,761**	**12,090**
D. Accruals and deferred income	(11)	**38**	**31**
		28,161	**26,138**

Statement of Income

January 1 through December 31, 2003

in € million	Note	2003	2002
Inventory changes		– 8	– 14
Other internally produced and capitalized assets		532	466
Overall performance		**524**	**452**
Other operating income	(15)	3,082	2,903
Cost of materials	(16)	– 1,328	– 1,304
Personnel expenses	(17)	– 720	– 682
Depreciation		– 102	– 155
Other operating expenses	(18)	– 1,614	– 1,054
		– 158	**160**
Investment income	(19)	– 535	– 376
Net interest	(20)	– 236	– 113
Income before taxes		**– 929**	**– 329**
Income taxes		0	0
Income after taxes		**– 929**	**– 329**
Loss carried forward		– 464	– 135
Balance sheet loss		**– 1,393**	**– 464**

Statement of Cash Flows

January 1 through December 31, 2003

in € million	Note	2003	2002
Income before taxes		**– 929**	**– 329**
Depreciation of properties[1]		102	155
Changes to pension provisions		26	4
Cash flow before taxes		**– 801**	**– 170**
Changes to other provisions		67	– 325
Depreciation/write-back on financial assets		285	0
Gains/losses from disposal of properties[1]		– 104	– 297
Gains/losses from disposal of financial assets		– 3	– 2
Changes to current assets (excl. cash and cash equivalents)		– 1,413	812
Changes to other liabilities (excl. financial debt)		1,079	1,841
Income taxes		0	0
Cash flow from business activities		**– 890**	**1,859**
Proceeds from disposal of properties[1]		206	406
Payments for purchase of properties[1]		– 117	– 69
Proceeds from disposal of financial assets		8	7
Payments for the purchase of financial assets		– 20	– 2,725
Investing activities		**77**	**– 2,381**
Proceeds from long-term Group financing		3,025	2,139
Proceeds from short-term Group financing		– 1,642	– 2,429
Proceeds from issuing bonds and new loans and commercial paper		5	521
Repayment of bonds and loans and commercial paper		– 500	0
Financing activities		**888**	**231**
Net increase (decrease) in cash		**75**	**– 291**
Cash and cash equivalents, beginning of year	(21)	418	709
Cash and cash equivalents, end of year	(21)	**493**	**418**

[1] including intangible assets

Fixed Assets Schedule

in € million	Acquisition and manufacturing costs Balance at Jan 1, 2003	Additions	Transfers
Intangible assets			
1. Licences, patents, trademarks, and similar rights	26	0	0
	26	**0**	**0**
Properties			
1. Land, leasehold rights, and buildings including buildings on land owned by others			
a) Land and leasehold rights	2,738	43	0
b) Commercial, office, and other buildings	427	7	6
c) Permanent way formation and structures	5	0	0
	3,170	50	6
2. Track infrastructure, signaling and control equipment	15	0	0
3. Rolling stock for passenger and freight transport	1	0	0
4. Technical equipment and machinery other than No. 2 or 3	207	7	6
5. Other equipment, operating and office equipment	102	16	7
6. Advance payments and construction in progress	37	44	– 19
	3,532	**117**	**0**
Financial assets			
1. Investments in affiliated companies	14,055	17	1
2. Loans to affiliated companies	5,006	265	0
3. Investments in associated companies	551	125	– 1
4. Loans to associated and related companies	0	495	0
5. Long-term securities	0	0	0
6. Other loans	0	3	0
	19,612	**905**	**0**
Total fixed assets	**23,170**	**1,022**	**0**

		Accumulated depreciation					Book value	
Disposals	**Balance at Dec 31, 2003**	Balance at Jan 1, 2003	Depreciation financial year 2003	Transfers	Disposals	**Balance at Dec 31, 2003**	**Balance at Dec 31, 2003**	Balance at Dec 31, 2002
– 23	3	– 25	– 1	0	23	– 3	0	1
– 23	**3**	**– 25**	**– 1**	**0**	**23**	**– 3**	**0**	**1**
– 120	2,661	– 108	– 34	0	27	– 115	2,546	2,630
– 10	430	– 90	– 13	0	2	– 101	329	337
0	5	– 1	0	0	0	– 1	4	4
– 130	3,096	– 199	– 47	0	29	– 217	2,879	2,971
– 1	14	– 9	0	0	0	– 9	5	6
0	1	– 1	0	0	0	– 1	0	0
– 2	218	– 112	– 25	0	2	– 135	83	95
– 10	115	– 53	– 29	0	9	– 73	42	49
0	62	0	0	0	0	0	62	37
– 143	**3,506**	**– 257**	**– 101**	**0**	**40**	**– 435**	**3,071**	**3,158**
– 2	14,071	– 2	0	0	0	– 2	14,069	14,053
– 166	5,105	0	0	0	0	0	5,105	5,006
– 2	673	– 1	– 285	0	0	– 286	387	550
0	495	0	0	0	0	0	495	0
0	0	0	0	0	0	0	0	0
0	3	0	0	0	0	0	3	0
– 170	**20,347**	**– 3**	**– 285**	**0**	**0**	**– 288**	**20,059**	**19,609**
– 336	**23,856**	**– 283**	**– 387**	**0**	**63**	**– 726**	**23,130**	**22,768**

Notes

for the Financial Year 2003

The annual financial statements of Deutsche Bahn AG have been drawn up in accordance with the provisions of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG) as well as the Ordinance relating to the structure of annual financial statements of corporations engaged in the transport sector. In order to improve the clarity of the presentation, legally required items have been consolidated in the Balance Sheet and in the Income Statement. The Notes contain the required details and explanatory remarks.

1 Accounting and Valuation Methods

There have been no major changes in accounting or valuation methods compared to the previous year.

Intangible assets acquired for valuable consideration are carried at acquisition costs and written down on a straight-line basis. Acquired software that constitutes a low-value asset in each individual case is fully written off during the first year.

Properties (property, plant, and equipment) are carried at acquisition or manufacturing cost less scheduled depreciation, where applicable. Write-downs for asset impairment are recognized if recovery of the carrying amounts is no longer to be expected.

Manufacturing costs include direct costs, prorated material and production overheads, and scheduled depreciation. Prorated material and production overheads as well as depreciation are determined on the basis of actual capacity utilization. Neither interest on borrowed funds nor administrative overhead is included in manufacturing costs.

Scheduled depreciation is recognized using the straight-line method based on the normal useful lives. The simplification rule provided for in Section 44 (2) Income Tax Regulations (EStR) was applied up to December 31, 2002. Starting in the financial year 2003, depreciation is recognized "pro rata temporis". Depreciation is determined in accordance with the tax depreciation tables. The useful lives of the main groups are shown in the table below:

	Years
Software, other licences	5
Permanent way structures, bridges	75
Track infrastructure	20 – 25
Buildings and other constructions	10 – 50
Signaling equipment	20
Telecommunications equipment	5 – 20
Rolling stock	15 – 30
Other technical equipment, machinery, and vehicles	5 – 25
Factory and office equipment	5 – 13

Properties of minor value with individual values of up to € 2,000 are fully depreciated in the year of acquisition and carried as disposals.

Financial assets are carried at acquisition cost and are subject to write-downs for asset impairment, where appropriate.

Inventories are valued at acquisition or manufacturing cost; raw materials and manufacturing supplies are valued on the basis of average acquisition costs. Risks in inventories resulting from a decline in economic usefulness, long storage periods, price changes in the procurement markets, or any other decline in value are taken into account by adjusting such values accordingly.

Accounts receivable and other assets are stated at nominal or face value unless a lower carrying amount is required in individual cases. Discernible risks have been taken into account by individual or lump-sum valuation adjustments.

Securities held as current assets are valued at acquisition cost.

Pension provisions are carried as liabilities at their going-concern value in accordance with Section 6a of the German Income Tax Act (EStG). As in previous years, the calculations are based on the 1998 mortality tables of Prof. Dr. Klaus Heubeck. The amounts of pension provisions are calculated according to actuarial principles and at a fixed 6 % p. a. interest rate for discounting purposes.

All other provisions are stated at the amount required, based on sound business judgment. Provisions take all discernible risks into account. Furthermore, reserves for contingencies are accounted for in accordance with Section 249 (2) German Commercial Code (HGB). The remaining provisions are determined at full cost.

Liabilities are carried at the expected settlement amount.

Receivables and liabilities stated in foreign currency are translated at the selling or buying rate on the creation date. Adjustments are made if the exchange rates effective on the balance sheet date lead to lower receivables or higher liabilities.

Notes to the Balance Sheet

2 Fixed Assets

Movements in fixed assets are shown on the pages 40 – 41.

Write-downs for impairment of properties amounted to € 56 million (previous year: € 101 million) in the financial year 2003.

As of December 31, 2003, fixed assets included real property totaling € 1,056 million that were part of the Aurelis portfolio. Unless sold by Aurelis, these properties have to be accounted for by DB AG until 2013 because beneficial ownership will not pass to Aurelis until the expiration of its right of rescission of the agreement in 2013. Movements in the Aurelis property portfolio will correspond to changes in obligations to surrender possession of real property accounted for under other liabilities (see Note 10).

3 Inventories

in € million	2003	2002
Raw materials and manufacturing supplies	252	234
Unfinished products, work in progress	6	14
Advance payments to suppliers	0	0
Total	**258**	**248**

Valuation adjustments in the amount of € 108 million (previous year: € 121 million) were made to take into account the strict lower of cost or market value principle as well as marketability discounts.

4 Accounts Receivable and Other Assets

in € million	2003	of which with a remaining term of more than one year	2002
Trade receivables	209	10	262
Receivables due from affiliated companies	3,210	0	1,580
Receivables due from companies in which a participating interest is held	177	173	10
Other assets	667	270	851
Total	**4,263**	**453**	**2,703**

Value adjustments for accounts receivable and other assets amounted to € 212 million (previous year: € 170 million).

Receivables due from affiliated companies almost exclusively involve receivables from cash pooling.

The main elements of “Other assets” mainly involve tax receivables and a claim against the Federal Railroad Fund (BEV) under the “Trilateral Agreement” for the transfer of real estate.

5 Securities

Securities held as current assets totaled € 29,582.59.

6 Subscribed Capital

Subscribed capital amounts to € 2,150 million. Equity capital is subdivided into 430,000,000 no-par value bearer shares. The shares are held entirely by the Federal Republic of Germany.

7 Capital Reserves

Capital reserves remained unchanged at € 5,310 million.

8 Retained Earnings/Other Retained Earnings

Retained earnings remained unchanged at € 1,471 million.

9 Provisions

in € million	2003	2002
Provisions for pensions and similar liabilities	116	90
Tax provisions	381	331
Other provisions	6,327	5,129
Total	**6,824**	**5,550**

In the past financial year, contributions to provisions for pensions and similar liabilities amounted to € 26 million (previous year: € 4 million). They included deferred compensations in the amount of € 3 million.

Other provisions consisted of the following:

in € million	2003	2002
Personnel-related commitments	187	122
Restructuring charges	272	241
Inherited environmental liabilities	2,515	2,573
Reconveyance obligations	282	305
Provisions relating to the Aurelis agreement	1,118	–
Other risks	1,953	1,888
Total	**6,327**	**5,129**

Personnel-related commitments mainly concern leave entitlements, profit-sharing bonuses, and early retirement benefits. Severance pay and similar obligations are reported under provisions for restructuring charges.

Provisions for inherited environmental liabilities relate primarily to the remediation of residual pollution caused before July 1, 1990 in the regions served by the former Deutsche Reichsbahn. A provision of € 2.9 billion was set aside for this purpose in the opening balance sheet of Deutsche Reichsbahn and taken over unchanged to Deutsche Bahn AG's opening balance sheet. Provisions for reconveyance obligations were set up for potential restitution claims on property in the area of the former Deutsche Reichsbahn.

All remaining contingent liabilities are allocated to other risks. These primarily include provisions for:

- Recultivation and renaturation (asset retirement),
- Deferred maintenance work (also includes future measures to be taken in connection with the preparation for sale of real estate),
- Project risks,
- Risks from pending business and contingent liabilities arising from deliveries and services not yet invoiced,
- Statutory requirements for retention of business documents for major Group companies.

10 Liabilities

in € million	2003	of which with a residual maturity of up to 1 year	of which with a residual maturity of 1 to 5 years	of which with a residual maturity of over 5 years	2002
Bonds	67	0	0	67	67
Liabilities due to banks	56	5	51	0	51
Advance payments received for orders	4	2	0	2	9
Trade accounts payable	129	125	4	0	148
Liabilities due to affiliated companies	9,797	1,137	3,234	5,426	8,442
Liabilities due to companies in which a participating interest is held	1,998	126	263	1,609	1,895
Other liabilities	1,711	562	651	498	1,478
of which tax liabilities	(15)	(15)	(0)	(0)	(14)
of which social security liabilities	(11)	(11)	(0)	(0)	(11)
Total	**13,762**	**1,957**	**4,203**	**7,602**	**12,090**

Liabilities due to companies in which a participating interest is held include long-term, interest-bearing loans from EUROFIMA European Company for the Financing of Railway Rolling Stock (Basle/Switzerland) amounting to € 1,872 million (previous year: € 1,872 million). These loans have to be secured pursuant to EUROFIMA's memorandum of association by assignment of railroad equipment (rolling stock). The required security was provided by assigning rolling stock of our subsidiaries DB Fernverkehr AG, DB Regio AG, and Railion Deutschland AG.

No other liabilities have been secured.

Other liabilities of € 500 million reported in the previous year, which resulted from the issues under our Multi-Currency Commercial Paper Program, were completely redeemed.

Other liabilities include an obligation to surrender possession of real estate in the amount of € 1,056 million sold to Aurelis.

For a listing of financial debt and the corresponding comments, please see Note 14.

11 Accruals and Deferred Income

Accruals and deferred income consist primarily of accrued rents from hereditary tenancy contracts.

12 Contingent Liabilities

in € million	2003	2002
Liabilities from guaranties	1,525	183
Liabilities for third-party liabilities	126	380
Total	**1,651**	**563**

Deutsche Bahn AG furnished an unconditional, irrevocable guaranty to the benefit of Deutsche Bahn Finance B.V., Amsterdam/Netherlands, for its Multi-Currency Commercial Paper Program issued in the amount of € 2 billion. This guaranty was valuated at € zero as of December 31, 2003.

The liability for third-party liabilities was the result of the spin-offs of subsidiaries from Deutsche Bahn AG. Pursuant to Section 158 in conjunction with Section 133 of the German Conversion Act, Deutsche Bahn AG and its management companies of the businesses set up as separate legal entities as of January 1, 1999 are jointly and severally liable for the indebtedness of Deutsche Bahn AG as of December 31, 1998. This liability is limited to obligations due within five years of notice of entry of the spin-offs in the Commercial Register – e.g. to obligations becoming due no later than June 30, 2004. The memo item includes all liabilities of Deutsche Bahn AG incurred by December 31, 1998 that were transferred on January 1, 1999 to the spun-off businesses set up as separate stock corporations, that are becoming due no later than June 30, 2004 and are unpaid as of December 31, 2003.

13 Other Financial Commitments

in € million	2003	2002
Purchase order commitments for capital expenditures	14	25
Outstanding contributions	325	353
Commitments under rental, leasing, and other external-party liabilities	1,190	1,153
thereof due to affiliated companies	(31)	(14)
Total	**1,529**	**1,531**

The outstanding contributions concern EUROFIMA European Company for the Financing of Railway Rolling Stock, Basle/Switzerland.

Commitments under rental, leasing, and other external-party liabilities are reported at their nominal values. The two tables below list the corresponding nominal values and the net present values (as of December 31, 2003) by due date.

in € million	Nominal value	Net present value at 6.0%
Lease payments		
due within 1 year	78	75
due within 1 to 5 years	302	252
due after 5 years	340	209
Total	**720**	**536**

During the financial year 2003, lease payments totaled € 82 million (previous year: € 89 million).

in € million	Nominal value	Net present value at 6.0%
Rental and other external-party liabilities		
due within 1 year	86	84
due within 1 to 5 years	232	197
due after 5 years	152	89
Total	**470**	**370**

14 Financial Instruments

Deutsche Bahn AG, as the central treasury for the DB Group, is responsible for all financing and hedging activities. In terms of functions and organizational structure, lending and trading workflows in the front office on the one hand and processing and control in the back office on the other hand are kept clearly separate. The Treasury department operates in the financial markets in compliance with the Minimum Requirements for the Trading Activities of Credit Institutions established by the Federal Financial Supervisory Authority (BaFin) and it is subject to periodic internal audits.

A. Financial Instruments

The main basic financial instruments and total financial debt as of December 31, 2003 are listed in the following table, with nominal amounts and book values being equivalent:

	Currency	Residual maturity in years	Nominal interest rate in %	Book value 2003 in € million
Unlisted bonds:				
DB AG, total	JPY, USD	7.7–8.5		67
DB Finance B.V., total	HKD, JPY, CHF	8.5–8.8		126
Total				**193**
DB Finance B.V. bonds: [1]				
Bond 1997 – 2007	DEM	3.8	5.750	511
Bond 1998 – 2008	DEM	4.4	5.000	767
Bond 1999 – 2009	EUR	5.5	4.785	1,350
Bond 2000 – 2010	EUR	6.5	6.000	1,000
Bond 2001 – 2006	DEM	3.0	4.500	31
Bond 2001 – 2006	CHF	2.7	3.375	265
Bond 2001 – 2008	DKK	4.8	5.250	54
Bond 2001 – 2008	SEK	4.8	5.500	42
Bond 2001 – 2008	NOK	4.8	7.000	50
Bond 2001 – 2013	EUR	9.9	5.125	750
Bond 2002 – 2007	CHF	3.4	3.250	512
Bond 2002 – 2007	USD	3.6	4.500	604
Bond 2002 – 2008	CHF	5.0	3.000	170
Bond 2002 – 2012	EUR	8.6	5.375	500
Bond 2002 – 2008	USD	4.0	FRN	76
Bond 2002 – 2006	USD	2.8	FRN	51
Bond 2002 – 2006	EUR	2.8	FRN	100
Bond 2003 – 2018	EUR	14.2	4.750	1,000
Bond 2003 – 2015	EUR	11.5	4.250	700
Total				**8,533**
EUROFIMA loans:				
Loan 1995 – 2005 [2]	DEM	1.7	4.750	7
Loan 1996 – 2006	DEM	2.9	6.000	256
Loan 1997 – 2009	DEM	6.0	5.625	256
Loan 1999 – 2009	EUR	5.8	5.750	400
Loan 2000 – 2014	EUR	10.8	5.970	219
Loan 2001 – 2014	EUR	10.7	5.410	300
Loan 2002 – 2012	EUR	8.6	FRN	34
Loan 2002 – 2012	EUR	8.6	FRN	400
Total				**1,872**
Liabilities due to banks:				
Note loan 1998 – 2008	DEM	4.3	5.310	51
Total				**51**
Commercial Paper:				**0**
Total financial debt				**10,649**

[1] The DB Finance B.V. bonds were passed on to Deutsche Bahn AG as loans.
[2] The EUROFIMA loans to D.A.CH. Hotelzug (Zurich/Switzerland), now trading as CityNightLine CNL AG (Zurich/Switzerland), were taken over as part of a purchase of rolling stock by Deutsche Bahn AG as of December 31, 1996.

In addition to the liabilities shown on the balance sheet, banks had opened guaranteed credit facilities to Deutsche Bahn AG totaling € 2.15 billion as of December 31, 2003, to cover short-term liquidity requirements. DB AG had drawn on none of these credit lines as of December 31, 2003.

B. Financial Derivatives

We use financial derivatives to hedge against interest rate, currency, and commodity exposures of the DB Group. Each individual deal corresponds to an on-balance sheet item or an anticipated exposure (bonds, loans, planned fuel requirements, etc.). Speculative transactions are not permitted. The use, settlement, and control of derivative transactions are governed by Group guidelines. Market valuations and risk assessments are conducted on an ongoing basis as part of the Deutsche Bahn Group's risk management system.

Interest rate swaps and interest rate/currency swaps were conducted to cover possible interest rate risks. Resulting interest differentials were apportioned on an accrual basis. Future interest differentials were not carried on the balance sheet because they actually are pending transactions. Because DB refinancing also employs currencies from outside the euro area, we conducted interest rate/currency swaps to convert these items to euro-denominated liabilities, to eliminate exchange rate risks. Because these transactions were performed to hedge against interest risks, they were allocated to the column "Interest rate risks".

Foreign exchange risks were of marginal significance to Deutsche Bahn AG. To reduce exposure to exchange rate fluctuations in respect of payables denominated in foreign currencies, foreign currency forwards were used.

Commodity risks at Deutsche Bahn AG primarily involve the purchase of fuels and energy. Deutsche Bahn AG conducted external hedging transactions to secure prices for purchasing diesel fuel. Swaps and options were used in these transactions. These transactions were transferred 1:1 to our subsidiary DB Energie GmbH.

The total notional value of hedging transactions listed below represents the sum of all purchase and sales contracts being hedged. The tonnage is specified for commodity transactions. From the level of this notional volume, conclusions can be drawn as to the extent to which financial derivatives were used, but this level does not reflect the risk inherent in the use of such derivatives.

The fair market value of a derivative financial instrument is equivalent to its cost of liquidation or the amount at which the instrument could be exchanged. The fair values listed below were computed as per the balance sheet date using common financial models; offsetting changes in the values of the items being hedged were not taken into account. In turn, the related financial derivatives were not taken into account for stating the underlying transactions in the balance sheet (no hedge accounting). Because valuation units (derivative/underlying) were formed, the fair values of derivatives as well as changes in the fair values of the underlying transactions are shown in the following tables.

The credit risk is the danger of loss due to nonperformance by counterparties (risk of default). It represents the replacement cost (at fair value) of transactions with a positive fair value giving DB AG a claim against its counterparties. The risk of default of counterparties is actively controlled by our high demands on the financial standing of counterparties both when entering into a contract and for its entire term, as well as by the setting of risk limits. The following information on the credit risk contains the cumulative result of all individual risks.

Notional and Fair Market Values of Interest Rate Derivatives

in € million	2003	2002
Total notional value	6,696	6,722
Performance of valuation units:		
Fair market value of derivatives	– 262	– 23
Change in the fair market value of underlying transactions	26	– 222
Total	**– 236**	**– 245**

On December 31, 2003, the portfolio of interest rate derivatives consisted almost exclusively of swaps (both interest rate and interest rate/currency swaps) with a remaining term of more than one year. The change in fair market value of the derivatives and their underlying transactions resulted primarily from the appreciation of the euro over other currencies.

Notional and Fair Market Values of Currency Derivatives

in € million	2003	2002
Total notional value	129	394
Performance of valuation units:		
Fair market value of derivatives	– 1	– 14
Change in the fair market value of underlying transactions	1	14
Total	**0**	**0**

As of December 31, 2003, existing contracts to hedge foreign exchange risks consisted primarily of currency futures contracts with a remaining term of less than one year.

Notional and Fair Market Values of Commodity Derivatives

in € million	2003	2002
Total notional volume (diesel fuel in t)	**540,000**	**648,000**
Performance of valuation units:		
Fair market value of derivatives	– 3	– 2
Change in the fair market value of underlying transactions	3	2
Total	**0**	**0**

As of December 31, 2003, the portfolio of commodity derivatives consisted primarily of contracts with a remaining term of up to one year.

Credit Risk Involved in Interest Rate, Currency, and Commodity Derivatives

in € million	2003	2002
Credit risk, interest rate, currency, and commodity derivatives	**106**	**188**

The decrease in credit risk in comparison to the previous year is due to the value trends of our derivatives portfolio.

The single biggest risk – the risk of default by a specific counterparty – amounts to € 29 million and relates to a counterparty having a Moody’s rating of Aa3.

As regards credit risks arising from contracts with a remaining term of more than one year, all counterparties have a Moody’s rating of no less than A2.

Notes to the Income Statement

15 Other Operating Income

in € million	2003	2002
Income from costs debited to Group companies and other intra-Group cost allocations	898	686
Services to external parties and sale of materials	1,195	1,171
Rents and leases	341	363
Other operating income	166	116
Gains on the disposal of properties	136	307
Income from the release of provisions	320	199
Gains on the reversal/recovery of write-downs/write-offs of receivables	26	61
Total	**3,082**	**2,903**

16 Cost of Materials

in € million	2003	2002
Cost of raw materials, supplies, and merchandise	313	287
Cost of services purchased	120	149
Maintenance expenses	895	880
Subtotal (gross cost of materials)	**1,328**	**1,316**
Federal government contributions	0	– 12
Total	**1,328**	**1,304**

The cost of services and merchandise purchased for self-constructed assets is recognized under cost of materials. Such cost is capitalized by inclusion in other internally produced and capitalized assets under properties.

Federal government contributions were provided in accordance with Article 2 Section 22 (1) No. 3 German Railroad Restructuring Act. They were intended to reduce Deutsche Bahn’s increased cost of materials for harmonizing the levels of development, technical equipment, and productivity in the area of the former Deutsche Reichsbahn (East Germany) with those in the area of the former Deutsche Bundesbahn (West Germany). Federal government contributions were reduced from year to year in proportion to the forecasted decrease in the additional cost of materials and were granted for the final time in the year 2002.

17 Personnel Expenses

in € million	2003	2002
Wages and salaries		
for employees	504	521
for civil servants assigned		
Payments to the Federal Railroad Fund IAW Article 2 Section 21 (1) (2) German Railroad Restructuring Act	69	55
Ancillary remuneration paid directly	2	1
	575	**578**
Compulsory social security contributions, pensions and similar benefits, and support payments		
for employees	127	115
for civil servants assigned		
Payments to the Federal Railroad Fund IAW Article 2 Section 21 (1) (2) German Railroad Restructuring Act	18	18
	145	**133**
of which for pensions and similar benefits	(79)	(65)
Subtotal (gross personnel expenses)	**720**	**711**
Contributions by the Federal Railroad Fund	0	– 29
Total	**720**	**682**

Expenses related to pensions and similar benefits also include social security contributions paid by employers as well as supplemental social security contributions paid by employers for civil servants assigned but on leave of absence.

The contributions by the Federal Railroad Fund (BEV) were made in accordance with Article 2 Section 21 (5) No. 1 German Railroad Restructuring Act. They were a compensation for increased personnel expenses in the area of the former Deutsche Reichsbahn (East Germany) as compared to those in the area of the former Deutsche Bundesbahn (West Germany). These contributions were reduced from year to year in proportion to the forecasted decrease in personnel expenses and were granted for the final time in the year 2002.

18 Other Operating Expenses

in € million	2003	2002
Expenses for intra-Group offsets	248	298
Rents and leases	244	178
Fees and dues	34	32
Miscellaneous operating expenses	956	423
Losses on the disposal of fixed assets	28	8
Expenses relating to set-up of allowances for and write-off of accounts receivable	104	115
Total	**1,614**	**1,054**

€ 41 million (previous year: € 35 million) of miscellaneous operating expenses are attributable to “Other taxes”. Furthermore, they include a € 260 million transfer to provisions for project risks and a transfer to provisions for restructuring charges in the amount of € 160 million.

19 Investment Income

in € million	2003	2002
Income from participating interests	3	2
of which from affiliated companies	(1)	(2)
Income from associated companies	8	4
Income from profit transfer agreements	258	490
Transfer of losses	– 519	– 872
Write-down of financial assets	– 285	0
Total	**– 535**	**– 376**

The write-down relates to the book value of the shareholding in ARCOR AG & Co. KG.

20 Net Interest

in € million	2003	2002
Income from other securities and long-term loans	278	286
of which from affiliated companies	(278)	(286)
Other interest and similar income	171	206
of which from affiliated companies	(83)	(82)
Interest and similar expenses	– 685	– 605
of which to affiliated companies	(– 460)	(– 408)
Total	**– 236**	**– 113**

Notes to the Cash Flow Statement

The cash flow statement is set out in accordance with German Accounting Standard No. 2 (GAS 2), Cash Flow Statement, developed by the German Accounting Standards Board of the German Accounting Standards Committee (GASC) e.V.

The cash flow statement shows a breakdown of cash flows by business activities, investing activities, and financing activities. Cash flow before taxes is reported under the cash flow from business activities.

21 Cash and Cash Equivalents

This item comprises cash and cash equivalents (cash on hand, Deutsche Bundesbank balance, cash in banks, and checks) as shown on the balance sheet.

Supplemental Information

22 Investment Holdings

The complete list of shareholdings in accordance with Section 285 No. 11 HGB has been filed with the Commercial Register of the Local Court of Berlin-Charlottenburg under No. HRB 50000.

23 Employees

	2003 Annual average	2003 As of Dec 31	2002 Annual average	2002 As of Dec 31
Wage and salary earners	13,414	12,648	14,763	13,733
Civil servants assigned	1,409	1,341	1,603	1,515
Subtotal	**14,823**	**13,989**	**16,366**	**15,248**
Apprentices	946	937	1,542	1,440
Total	**15,769**	**14,926**	**17,908**	**16,688**

In general, civil servants previously working for the former Deutsche Bundesbahn and Deutsche Reichsbahn have been assigned to work for DB AG as of its registration date by virtue of Article 2 Section 12 German Railroad Restructuring Act ("civil servants assigned"). Although they work for Deutsche Bahn AG, their official employer is the Federal Railroad Fund (BEV).

24 Total Emoluments of the Management Board and the Supervisory Board, Including Former Members

in € thousand	2003	2002
Total Management Board emoluments	5,964	5,085
of which fixed component	(3,176)	(2,957)
of which performance-based component	(2,788)	(2,128)
Emoluments of former Management Board members	2,319	1,374
Pensions provisions for former Management Board members	13,130	12,717
Total Supervisory Board emoluments	279	232
Emoluments of former Supervisory Board members	0	0
Loans granted to Management Board members	0	0
Loans granted to Supervisory Board members	0	0

For the names and functions of the members of the Supervisory Board and the Management Board, please see the pages 60 – 63.

25 Events After the Balance Sheet Date

Events after the balance sheet date are stated in the Management Report.

26 Proposed Appropriation of Profit/Loss for the Year

After the net loss for the year and including the loss carried forward from the previous year of € 464,022,256.09, the income statement of Deutsche Bahn AG shows a balance sheet loss of € 1,393,180,980.05 as of December 31, 2003, which will be carried forward into the next financial year.

Berlin, April 5, 2004

Deutsche Bahn AG
The Management Board

Independent Auditor’s Report

The Consolidated Financial Statements were audited by PwC Deutsche Revision Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, who added the following auditor’s certificate:

“We have audited the annual financial statements, together with the bookkeeping system, and the management report of the Company Deutsche Bahn Aktiengesellschaft, Berlin, for the business year from January 1 to December 31, 2003. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company’s management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 HGB (“Handelsgesetzbuch”, “German Commercial Code”) and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting. On the whole the management report provides a suitable understanding of the Company's position and suitably presents the risks of future development."

Frankfurt am Main, April 5, 2004

PwC Deutsche Revision
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

(Kämpfer)	(Jäcker)
Wirtschaftsprüfer	Wirtschaftsprüfer

Management Board of Deutsche Bahn AG

Hartmut Mehdorn
CEO and Chairman
of the Management Board,
Berlin
a) DB Fernverkehr AG (Chairman)[1)]
DB Regio AG (Chairman)[1)]
DB Station&Service AG (Chairman)[1)]
DB Netz AG (Chairman)[1)]
Stinnes AG (Chairman)[1)]
DEVK Deutsche Eisenbahn Versicherung Lebensversicherungsverein a.G.
DEVK Deutsche Eisenbahn Versicherung Sach- und HUK-Versicherungsverein a.G.
Dresdner Bank AG
SAP AG
Vattenfall Europe AG
b) Bayerische Magnetbahnvorbereitungsgesellschaft mbH (Chairman)[1)]
DB Akademie GmbH (Advisory Board)[1)]
Projektgesellschaft METRORAPID mbH[1)]
Railog GmbH (Advisory Board)[1)]
Allianz Versicherungs-AG (Advisory Board)
Bayerische Hypo- und Vereinsbank AG (Advisory Board)
COMMERZBANK AG (Berlin State Advisory Board)
Deutsche Bank AG (Advisory Board, Eastern Region)

Dr. Norbert Bensel
Personnel,
Berlin
a) DB Fernverkehr AG[1)]
DB Regio AG[1)]
DB Station&Service AG[1)]
DB Netz AG[1)]
Stinnes AG[1)]
Railion Deutschland AG[1)]
Schenker AG[1)]
DB Gastronomie GmbH (Chairman)[1)]
DB Vermittlung GmbH (Chairman)[1)]
DEVK Deutsche Eisenbahn Versicherung Lebensversicherungsverein a.G.
DEVK Deutsche Eisenbahn Versicherung Sach- und HUK-Versicherungsverein a.G.
Partner für Berlin – Gesellschaft für Hauptstadt-Marketing GmbH
b) DB Akademie GmbH (Advisory Board)[1)]
DB Dienstleistungen GmbH (Advisory Board, Chairman)[1)]
DBFuhrparkService GmbH (Chairman)[1)]
DEVK Deutsche Eisenbahn Versicherung a.G. (Advisory Board)

Klaus Daubertshäuser
Marketing and Political Relationships,
Wettenberg
a) DB Fernverkehr AG[1)]
DB Regio AG[1)]
DB Station&Service AG[1)]
DB Netz AG[1)]
Stinnes AG[1)]
DB ProjektBau GmbH (Chairman)[1)]
DE-Consult Deutsche Eisenbahn Consulting GmbH[1)]
S-Bahn Berlin GmbH (Chairman)[1)]
Sparda-Bank Baden-Württemberg eG
b) DEVK Deutsche Eisenbahn Versicherung Lebensversicherungsverein a.G. (Advisory Board)

Dr. Christoph Franz
Passenger Transport,
CEO and Chairman of the Management Board of DB Reise&Touristik AG,
CEO and Chairman of the Management Board of DB Regio AG,
Darmstadt
– until May 31, 2003 –
a) DEVK Allgemeine Versicherungs-AG
DEVK Deutsche Eisenbahn Versicherung Sach- und HUK-Versicherungsverein a.G.
DF Deutsche Forfait AG
Lufthansa CityLine GmbH

Roland Heinisch
Track Infrastructure,
CEO and Chairman of the Management Board of DB Netz AG,
Idstein
a) DB Fernverkehr AG[1)]
DB Regio AG[1)]
DB ProjektBau GmbH[1)]
DB Systems GmbH[1)]
b) DEVK Deutsche Eisenbahn Versicherung a.G. (Advisory Board)

Dr. Bernd Malmström
Transport and Logistics,
CEO and Chairman of the Management Board of Stinnes AG,
Berlin
a) Railion Deutschland AG (Chairman)[1]
Schenker AG (Chairman)[1]
BRENNTAG AG (Chairman)[1]
Stinnes Interfer AG (Chairman)[1]
K+S Aktiengesellschaft
ThyssenKrupp Serv AG
b) Hansa Rail GmbH[1]
POLZUG GmbH[1]
Stinnes Corporation, Tarrytown, USA (Chairman)[1]
BLG LOGISTICS GROUP AG & Co. KG (Advisory Board)
DAL Deutsche Afrika-Linien GmbH & Co. KG (Advisory Board)
DEVK Deutsche Eisenbahn Versicherung a.G. (Advisory Board)

Dr. Karl-Friedrich Rausch
Passenger Transport,
CEO and Chairman of the Management Board of DB Personenverkehr GmbH,
Weiterstadt
a) DB Fernverkehr AG[1]
DB Regio AG[1]
DB Systems GmbH[1]
b) Bayerische Magnetbahnvorbereitungsgesellschaft mbH[1]
MVP Versuchs- und Planungsgesellschaft für Magnetbahnsysteme mbH[1]
Projektgesellschaft METRORAPID mbH[1]
DEVK Deutsche Eisenbahn Versicherung Sach- und HUK-Versicherungsverein a.G. (Advisory Board)

Diethelm Sack
CFO,
Frankfurt/Main
a) DB Fernverkehr AG[1]
DB Regio AG[1]
DB Station&Service AG[1]
DB Netz AG[1]
Stinnes AG[1]
DEVK Allgemeine Lebensversicherungs-AG
DEVK Deutsche Eisenbahn Versicherung Lebensversicherungsverein a.G.
b) DVA Deutsche Verkehrs-Assekuranz-Vermittlungs-GmbH (Chairman)[1]
EUROFIMA Europäische Gesellschaft für die Finanzierung von Eisenbahnmaterial, Basel, Schweiz (Administrative Board)
Dresdner Bank Luxembourg S.A., Luxemburg

[1] Position within the Group

a) Membership in Supervisory Boards required by law

b) Membership in comparable Supervisory Boards of domestic and foreign companies

Information as of December 31, 2003, or the date of resignation.

Supervisory Board of Deutsche Bahn AG

Dr. Günther Saßmannshausen
Honorary Chairman
of the Supervisory Board,
Hanover
a) Einhorn Verwaltungsgesellschaft mbH
(Chairman)
Heraeus Holding GmbH
b) Deilmann Montan GmbH
(Advisory Board)

Dr. Michael Frenzel
Chairman of the Supervisory Board,
Chairman of the Executive Board of TUI AG,
Burgdorf
a) Hapag Lloyd Fluggesellschaft mbH
(Chairman)[1)]
Hapag-Lloyd AG (Chairman)[1)]
TUI Deutschland GmbH (Chairman)[1)]
AXA Konzern AG
Continental AG
E.ON Energie AG
ING BHF Holding AG
ING BHF-BANK AG
VOLKSWAGEN AG
b) Preussag North America, Inc.,
Greenwich, USA (Chairman)[1)]
Norddeutsche Landesbank

Norbert Hansen*
Deputy Chairman of the Supervisory Board,
Chairman of TRANSNET German Railroad
Workers' Union,
Hamburg
a) DB Netz AG
Stinnes AG
DEVK Deutsche Eisenbahn Versicherung
Lebensversicherungsverein a.G.
(Chairman)
DEVK Deutsche Eisenbahn Versicherung
Sach- und HUK-Versicherungsverein a.G.
(Chairman)
DEVK Vermögensvorsorge-
und Beteiligungs-AG

Niels Lund Chrestensen
General Manager of N.L. Chrestensen,
Erfurter Samen- und Pflanzenzucht GmbH,
Erfurt
a) Funkwerk AG
b) Dresdner Bank AG
(Advisory Board, Eastern Region)
Thüringer Aufbaubank
(Administrative Board)

Peter Debuschewitz*
Management Representative
of Deutsche Bahn AG for the State of Berlin,
Taufkirchen
b) DB Akademie GmbH (Advisory Board)
DEVK Deutsche Eisenbahn Versicherung
Lebensversicherungsverein a.G.
(Advisory Board)

Horst Fischer*
Member of the Works Council,
Northern Bavaria Region,
Franconian regional transport
of DB Regio AG,
Fürth

Volker Halsch
State Secretary, Federal Ministry of Finance,
Berlin
– since February 5, 2003 –

Horst Hartkorn*
Chairman of the Works Council of S-Bahn
Hamburg GmbH,
Hamburg
a) S-Bahn Hamburg GmbH
DEVK Deutsche Eisenbahn Versicherung
Lebensversicherungsverein a.G.
DEVK Deutsche Eisenbahn Versicherung
Sach- und HUK-Versicherungsverein a.G.

Jörg Hensel*
Chairman of the Central Works Council
of Railion Deutschland AG,
Hamm
a) Stinnes AG
Railion Deutschland AG

Klaus Dieter Hommel*
Chairman of GDBA
Transport Workers' Union,
Königstein/Ts.
– since September 16, 2003 –
a) Railion Deutschland AG
DB Systems GmbH
DEVK Pensionsfonds-AG
DEVK Rechtsschutz-Versicherungs-AG

Günter Kirchheim*
Chairman of the Group Works Council
of Deutsche Bahn AG,
Chairman of the Central Works Council
of DB Netz AG,
Essen
a) DB Netz AG
DEVK Deutsche Eisenbahn Versicherung
Lebensversicherungsverein a.G.
DEVK Deutsche Eisenbahn Versicherung
Sach- und HUK-Versicherungsverein a.G.
DEVK Pensionsfonds-AG
DEVK Vermögensvorsorge- und
Beteiligungs-AG
b) DB Akademie GmbH (Advisory Board)

Lothar Krauß*
Deputy Chairman of TRANSNET
German Railroad Workers' Union,
Rodenbach
a) DB Station&Service AG
DB Services Technische Dienste GmbH
DB Vermittlung GmbH
DBV-Winterthur Holding AG

Executive Committee
Dr. Michael Frenzel (Chairman)
Ralf Nagel
Norbert Hansen
Günter Kirchheim

Audit Committee
Dr. Heinrich Weiss (Chairman)
Ralf Nagel
Jörg Hensel
Lothar Krauß

Mediation Committee under Article 27 Section 3 Codetermination Act
Dr. Michael Frenzel (Chairman)
Ralf Nagel
Norbert Hansen
Günter Kirchheim

Heike Moll*
Chairwoman of the Central Works Council
of DB Station&Service AG,
Munich
a) DB Station&Service AG
b) DEVK Deutsche Eisenbahn Versicherung
Sach- und HUK-Versicherungsverein a.G.
(Advisory Board)

Ralf Nagel
State Secretary, Federal Ministry
of Transport, Building, and Housing,
Berlin
a) Fraport AG

Dr. rer. nat. h.c. Friedel Neuber
Former Chairman and CEO
of Westdeutsche Landesbank,
Duisburg-Rheinhausen
a) Hapag-Lloyd AG
RAG AG
RWE AG (Chairman)
ThyssenKrupp AG
TUI AG (Chairman)
b) Landwirtschaftliche Rentenbank
(Administrative Board)

Günter Ostermann*
Former Deputy Chairman of TRANSNET
German Railroad Workers' Union,
Wunstorf
– until July 31, 2003 –
a) DEVK Pensionsfonds-AG
DEVK Rechtsschutz-Versicherungs-AG
Sparda-Bank Hannover eG (Chairman)

Dr. Manfred Overhaus
State Secretary, Federal Ministry of Finance,
St. Augustin
– until January 10, 2003 –
a) Deutsche Post AG
Deutsche Telekom AG
b) g.e.b.b. Gesellschaft für Entwicklung,
Beschaffung und Betrieb mbH

Prof. Dr. Ekkehard D. Schulz
Chairman of the Management Board
of ThyssenKrupp AG,
Krefeld
a) ThyssenKrupp Automotive AG
(Chairman)[1)]
ThyssenKrupp Services AG (Chairman)[1)]
ThyssenKrupp Steel AG (Chairman)[1)]
AXA Konzern AG
COMMERZBANK AG
MAN AG
RAG AG
TUI AG
b) ThyssenKrupp Budd Company, Troy,
Michigan, USA[1)]

Dr. Ulrich Schumacher
Former Chairman of the Management
Board of Infineon Technologies AG,
Starnberg
b) Infineon Technologies Asia Pacific Pte.
Ltd., Singapore (Chairman)[1)]
Infineon Technologies Austria AG,
Villach, Austria (Chairman)[1)]
Infineon Technologies China Co., Ltd.,
Shanghai, China (Chairman)[1)]
Infineon Technologies Japan K.K.,
Tokyo, Japan (Chairman)[1)]
Infineon Technologies North America
Corp., Wilmington, Delaware, USA
(Chairman)[1)]

Dr. Alfred Tacke
State Secretary, Federal Ministry
of Economics and Labor,
Celle
a) Deutsche Postbank AG

Dr.-Ing. E.h. Dipl.-Ing. Heinrich Weiss
Chairman of the Management Board
of SMS GmbH,
Hilchenbach-Dahlbruch
a) SMS Demag AG (Chairman)[1)]
COMMERZBANK AG
Ferrostaal AG
HOCHTIEF AG
Voith AG
b) Concast AG, Zurich, Switzerland
(Chairman)[1)]
Concast Holding AG, Zurich, Switzerland
(Chairman)[1)]
Thyssen-Bornemisza Group, Monaco

Margareta Wolf
Parliamentary State Secretary,
Federal Ministry for the Environment,
Nature Conservation, and Nuclear Safety,
Rüsselsheim-Bauschheim
– since January 1, 2003 –

Horst Zimmermann*
Chairman of the Central Works Council
of DB Fernverkehr AG,
Nuremberg
a) DB Fernverkehr AG
DEVK Deutsche Eisenbahn Versicherung
Sach- und HUK-Versicherungsverein a.G.

* Employee representative on the Supervisory Board

1) Position within the Group

a) Membership in other Supervisory Boards required by law

b) Membership in comparable Supervisory Boards of domestic and foreign companies

Information as of December 31, 2003, or the date of resignation.

Report of the Supervisory Board

Dr. Michael Frenzel
Chairman of the Supervisory Board
Deutsche Bahn AG

During the financial year 2003 the Supervisory Board monitored and advised the Management Board in the discharge of its functions. This was based on the detailed written and oral reports by the Management Board to the Supervisory Board and its committees. In addition, the Chairman of the Supervisory Board maintained regular contact with the Chairman of the Management Board to share information and exchange ideas.

Meetings of the Supervisory Board

The Supervisory Board convened for four regular meetings and one special meeting in the financial year 2003. During its meetings, the Supervisory Board was briefed in detail by the Management Board on the business situation of Deutsche Bahn AG (DB AG) and its Group companies, important transactions, and planned policy. The Supervisory Board was extensively involved in the work of the Management Board and the company's position and development. In particular, it undertook in-depth consultations on business transactions that are subject to Supervisory Board approval according to law or the Articles of Incorporation.

In its meeting on March 12, 2003, the Supervisory Board approved the divestment of a majority shareholding in Aurelis Real Estate GmbH & Co. KG and the sale of a real estate portfolio to Aurelis Real Estate GmbH & Co. KG, effective April 1, 2003.

In its meeting on May 20, 2003, the Supervisory Board specifically discussed the annual accounts of DB AG for 2002 and pending personnel-related issues.

In its meeting on July 2, 2003, the Supervisory Board approved extensive restructuring measures in the Group divisions Passenger Transport, Transport and Logistics, and Services.

In its special meeting on October 23, 2003, the Supervisory Board mainly discussed the medium-term plan for further capital expenditures on infrastructure.

In its meeting on December 10, 2003, the Supervisory Board approved the financial year 2004 budget plan and acknowledged receipt of the medium-term planning 2004–2008 and the long-term strategic goals of DB AG, which were brought to its attention and which it debated at length with the Management Board. Furthermore, the Supervisory Board approved the divestment of the Brenntag group (former Group Chemicals Distribution division of Stinnes AG) and the Interfer steel group (former Group Steel Trading division of Stinnes AG).

Meetings of the Supervisory Board Committees

The Executive Committee of the Supervisory Board maintained regular contact with the Management Board to discuss crucial business policy issues. The Executive Committee of the Supervisory Board assembled for four regular meetings and one special meeting. During these meetings, the Executive Committee discussed in detail the major topics pending for the respective meetings of the full Supervisory Board. The Executive Committee was also regularly informed of the assessment of the company's risk situation. Furthermore, the Executive Committee made the decisions referred to it on personnel-related issues involving the Management Board.

In accordance with the corporate governance policy adopted by the Management Board and the Supervisory Board, the Supervisory Board resolved in its meeting on July 2, 2003 to establish an Audit Committee, which began work on September 29, 2003 and convened twice in the year under review. As set forth in the Rules of Procedure of the Supervisory Board, the Audit Committee deals mainly with accounting and risk management issues. It prepares the resolutions concerning the annual financial statements to be passed by the Supervisory Board. In addition, the responsibilities of the Audit Committee include issues relating to the auditor's independence and awarding the audit contract.

Corporate Governance

In its meeting on March 12, 2003, the Supervisory Board passed a resolution on the adoption of the corporate governance policy of Deutsche Bahn AG, which took effect on July 3, 2003. In the Supervisory Board meeting on December 10, 2003, this corporate governance policy was updated and adjusted in line with the amendments made to the German Corporate Governance Code by the government commission, which came into force in the interim. At the same time, the Supervisory Board conducted a survey to assess the efficiency of its work.

Financial Statements

The annual accounts prepared by the Management Board and the Management Report of DB AG as of December 31, 2003 were audited, together with the corresponding Group documents, and were issued an unqualified audit certificate by PwC Deutsche Revision Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt/Main, the auditors selected by the Annual General Meeting. Furthermore, as part of his audit of the financial statements, the auditor also examined the company's risk management system, as required pursuant to the German Act on Control and Transparency (KonTraG), and raised no objections.

The auditor's report was the key item on the agenda of the Audit Committee meeting on May 11, 2004 and was discussed at length during the meeting on the financial statements on May 12, 2004 in the presence of the auditors, who had attested the audit reports. The auditors presented the primary results of the audit and made themselves available for questions. The Supervisory Board accepted the results of the audit.

The Supervisory Board examined the annual accounts, the Management Report of DB AG, the consolidated financial statements, the Group Management Report for the financial year 2003, and the proposal for appropriation of retained earnings and raised no objections. The annual financial statements of DB AG for the financial year 2003 have been approved. They have thus been adopted.

The auditors also inspected the report prepared by the Management Board on relations with associated companies and issued it an unqualified audit certificate. The Supervisory Board also examined this report and raised no objections to the Management Board's declaration at the end of this report nor to the result of the audit by PwC.

Changes in the Composition of the Supervisory Board and the Management Board

Ms. Margareta Wolf, Parliamentary State Secretary at the Federal Ministry for the Environment, Nature Conservation, and Nuclear Safety, took office as a member of the Supervisory Board as of January 1, 2003, succeeding Mr. Albert Schmidt, Member of the German Bundestag.

Dr. Manfred Overhaus (State Secretary) resigned from the Supervisory Board effective January 10, 2003. Mr. Volker Halsch, State Secretary at the Federal Ministry of Finance, was appointed his successor on the Supervisory Board by the Federal Republic of Germany, in accordance with Sec. 9 (2) of Deutsche Bahn AG's Articles of Incorporation, effective February 5, 2003.

Mr. Günter Ostermann resigned from the Supervisory Board effective July 31, 2003. Mr. Klaus-Dieter Hommel, Chairman of GDBA Transport Workers' Union, was appointed his successor by the competent court of justice effective September 16, 2003.

In its meeting on July 2, 2003, the Supervisory Board elected the members of the Audit Committee who, in turn, elected Dr. Heinrich Weiss their chairman. The other members of the Audit Committee are Mr. Ralf Nagel (State Secretary), Mr. Jörg Hensel, and Mr. Lothar Krauß.

Dr. Karl-Friedrich Rausch, previously responsible as a Management Board member for Technology, took the position on the Management Board responsible for Passenger Transport, which had been vacated by Dr. Christoph Franz, effective May 20, 2003. At the same time, the structure of the Management Board was streamlined and a Chief Technology Representative, who is now in charge of the former Technology decision unit of the Management Board, was appointed.

The Supervisory Board wishes to thank Dr. Overhaus, Mr. Ostermann, and Dr. Franz for their committed, constructive work on the respective boards.

The Supervisory Board would also like to thank the Management Board, all employees and employee representatives of DB AG and its associated companies for their dedication during the financial year 2003.

Berlin, May 2004
For the Supervisory Board

Dr. Michael Frenzel
Chairman

Imprint

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This Report, the Annual Report of DB Group, and additional information are available on the Internet.

This Report is published in German and English. In case of any discrepancies, the German version shall prevail.

Corporate publications, the Report of the Competition Officer, and the Environmental Report can be requested from Corporate Communications:
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