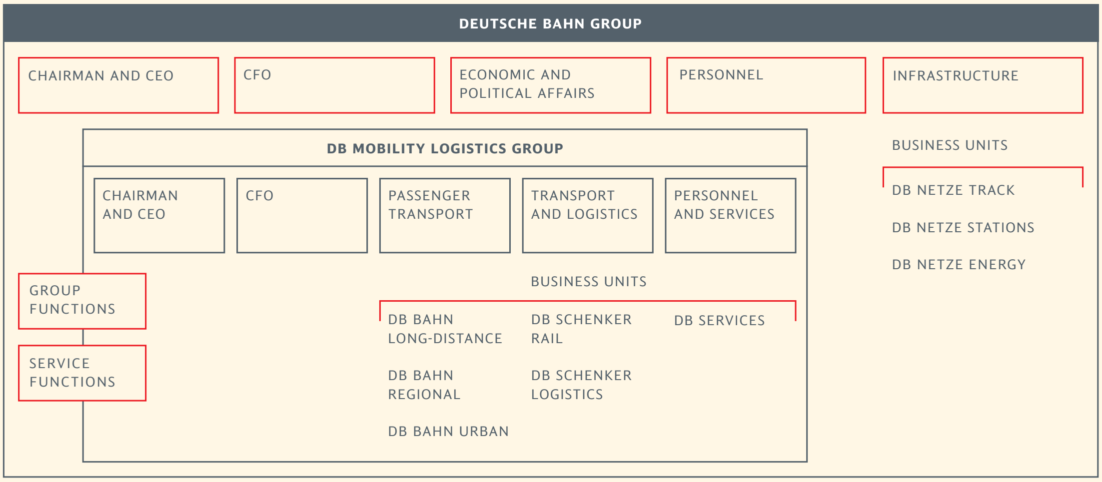
Deutsche Bahn
2008 Annual Report

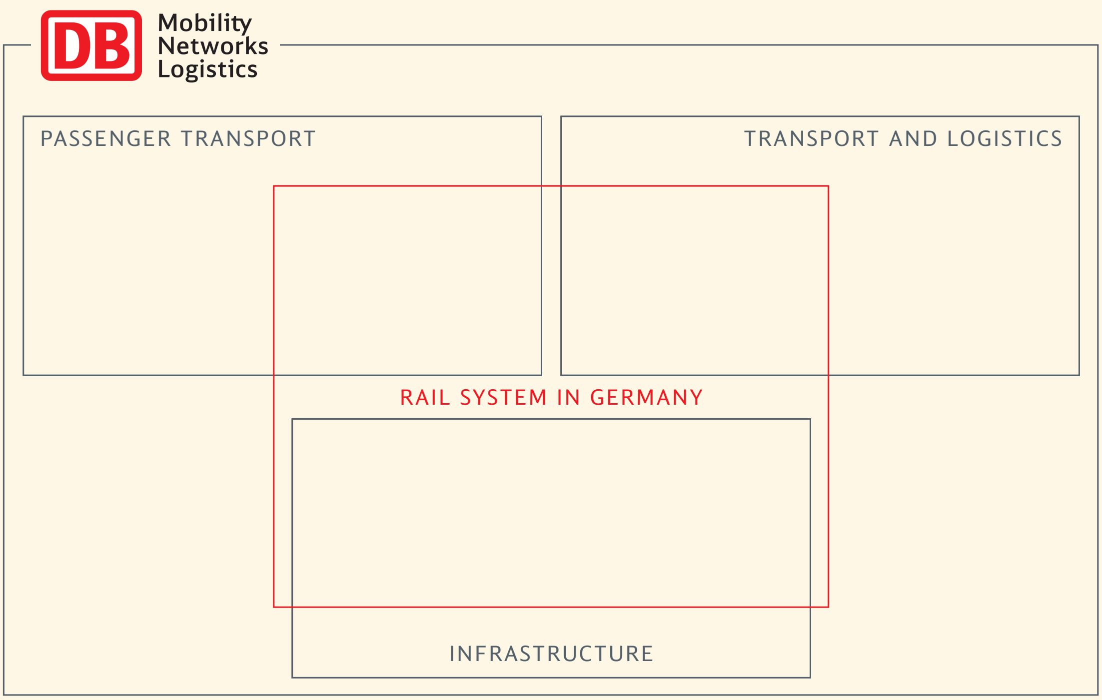
AT A GLANCE

Selected key figures	2008	2007	Change absolute	Change %
Key financial figures (€ million)				
Revenues	33,452	31,309	+ 2,143	+ 6.8
Revenues comparable	32,478	31,309	+ 1,169	+ 3.7
Profit before taxes on income	1,807	2,016	- 209	- 10.4
Net profit for the year	1,321	1,716	- 395	- 23.0
EBITDA adjusted	5,206	5,113	+ 93	+ 1.8
EBIT adjusted	2,483	2,370	+ 113	+ 4.8
Non-current assets as of Dec 31	42,353	42,046	+ 307	+ 0.7
Current assets as of Dec 31	5,840	6,483	- 643	- 9.9
Equity as of Dec 31	12,155	10,953	+ 1,202	+ 11.0
Net financial debt as of Dec 31	15,943	16,513	- 570	- 3.5
Total assets as of Dec 31	48,193	48,529	- 336	- 0.7
Capital employed	27,961	27,393	+ 568	+ 2.1
ROCE	8.9 %	8.7 %	–	–
Redemption coverage	22.5 %	21.1 %	–	–
Gearing	131 %	151 %	–	–
Net capital expenditures	6,765	6,320	+ 445	+ 7.0
Gross capital expenditures	2,599	2,060	+ 539	+ 26.2
Cash flow from operating activities	3,539	3,364	+ 175	+ 5.2
Key performance figures				
Rail passenger transport				
Passengers (million)	1,919	1,835	+ 84	+ 4.6
Volume sold (million pkm)	77,791	74,792	+ 2,999	+ 4.0
Volume produced (million train-path km)	686.8	694.1	- 7.3	- 1.1
Rail freight transport				
Freight carried (million t)	378.7	312.8	+ 65.9	+ 21.1
Volume sold (million tkm)	113,634	98,794	+ 14,840	+ 15.0
Capacity utilization (t per train)	488.3	481.4	+ 6.9	+ 1.4
Rail infrastructure				
Train kilometers on track infrastructure (million train-path km)	1,043	1,050	- 7	- 0.7
thereof non-Group customers	(161.5)	(146.6)	(+ 14.9)	(+ 10.2)
Station stops (million)	143.1	142.8	+ 0.3	+ 0.2
thereof non-Group customers	(17.9)	(16.2)	(+ 1.7)	(+ 10.5)
Bus transport				
Passengers (million)	773.2	778.9	- 5.7	- 0.7
Volume sold (million pkm)	9,192	9,099	+ 93	+ 1.0
Freight forwarding and logistics				
Shipments in European land transport (thousand)	72,340	69,568	+ 2,772	+ 4.0
Air freight volume (export) (thousand t)	1,230	1,270	- 40	- 3.1
Ocean freight volume (thousand TEU)	1,456	1,455	+ 1	+ 0.1
Other figures				
Length of line operated (km)	33,862	33,978	- 116	- 0.3
Stations	5,718	5,699	+ 19	+ 0.3
Employees as of Dec 31	240,242	237,078	+ 3,164	+ 1.3
Rating Moody's/Standard & Poor's/Fitch	Aa1/AA/AA	Aa1/AA/-	–	–

GROUP STRUCTURE



DB GROUP'S BUSINESS APPROACH



DB'S MISSION STATEMENT
ON TRACK FOR TOMORROW

WHO ARE WE?

We are a leading mobility and logistics company.

/// WE HAVE successfully modernized our company and positioned it for a promising future.

/// WE TRANSPORT people and goods in end-to-end mobility and logistics chains.

/// WE CONTINUOUSLY DEVELOP mobility and logistics solutions – locally, nationally and globally – as an integrated company with our strong railway at its core.

/// WE STRUCTURE and operate the transport networks of the future – on land, sea and in the air.

WHAT IS OUR GOAL?

We are becoming the world's leading mobility and logistics company.

/// WE WILL offer our customers innovative and individualized mobility and logistics solutions from a single source.

/// WE WILL intelligently link together the various modes of transport in an economical and ecological way.

/// WE WILL set standards for quality and customer satisfaction in our markets.

/// WE WILL thus further expand our leading market positions.

HOW DO WE ACHIEVE THIS?

We convince customers, employees and investors.

/// CUSTOMER-ORIENTED: We do everything to help each of our customers reach their goals in a simple, reliable and safe way.

/// BUSINESS-ORIENTED: We place the sustainable increase of our Group's value at the core of all of our actions – this is how we secure our future.

/// PROGRESSIVE: We encourage flexibility, a willingness to learn and the courage to question and continuously improve the status quo by offering a motivating work environment and the opportunity to share in the company's success.

/// COLLABORATIVE: We think, work and act together across all functions and business units so we can realize our full potential.

/// RESPONSIBLE: We are committed to social responsibility and see ourselves as a pioneer of climate-friendly and environmentally sustainable transport.

PREFACE TO 2008 ANNUAL REPORT

HARTMUT MEHDORN
CEO and Chairman
of the Management Board
of Deutsche Bahn AG

Dear ladies and gentlemen,

The 2008 financial year was once again a good year for Deutsche Bahn Group. We were still able to further increase our revenues and our profits over the figures noted for the record-breaking 2007 financial year, despite operating in a market environment marked by very volatile energy prices and, starting in the fall, by deep uncertainty caused by the crisis in the financial markets. DB Group revenues rose by about 7 percent to € 33.5 billion, while adjusted EBIT increased by about 5 percent to € 2.5 billion. Furthermore, our good business results enabled us to make key strategic acquisitions and further reduce our net debt.

Following the decisions taken by the Federal Government and the German Parliament (Bundestag) in early summer regarding the partial privatization we completed preparations for the initial public offering (IPO) of DB Mobility Logistics AG shares within a few months. However, due to dramatic developments on the world's stock markets, we decided at short notice to postpone the IPO on the Frankfurt Stock Exchange that was originally planned for October 27.

Our good results were powered by more customers than ever before. A total of 2.7 billion people decided to use our environmentally friendly modes of transport during the year under review. This means an average of more than 7 million passengers traveled via our trains and buses every day. We noted particularly strong results in the long-distance passenger transport sector where we increased our volume sold by almost 4 percent. Our freight transport business was hit especially hard by the effects of the global economic crisis, and we were unable to fully attain the very high level of results we achieved last year. Rail transport continued to shoulder an unfair burden of taxes and emissions trading effects which are not carried to the same extent by the road transport segment.

In the interim, the rapid increase in energy prices embodied the warning contained in the most recent report released last year by the Intergovernmental Panel on Climate Change: we will only be able to sustain our mobility over the long term if it becomes more energy efficient. As one of the biggest consumers of energy in Germany we are working intensively on measures to further reduce our consumption of energy. These measures include the development of environmentally friendlier technologies and processes, along with better utilization of our capacities. Last year we were able to increase the capacity utilization rates of our trains by using scheduling measures, special promotional offers and new BahnCard products – and at the same time we also further reduced our specific CO_2 emissions.

Sustainable and economically efficient mobility, however, requires more than rail transport. All modes of transport have to be involved. For this reason we are successfully focused on offering intelligent mobility and transport chains around the world that enable us to optimally utilize the particular strengths of each participating mode of transport. We achieve this goal by expanding, optimizing and linking our transport networks. In contrast to our competitors, we benefit decisively by being the only company in our industry that not only operates its own networks across all modes of transport, we can also link them together. This capability makes us a robust competitor – even in the crisis.

During the year under review we made important strategic advances. The acquisition of Laing Rail, a British railway, enabled us to enter one of the biggest rail passenger transport markets outside of Germany. And with the TransEurasia-Express DB proved that it was technically possible to link Hamburg harbor to the economic zones in China by rail. As soon as the global economy has recovered, the TransEurasia-Express will allow us to make an attractive offer that complements air and ocean freight services. We expanded our rail freight transport network, which is currently already the biggest in Europe, by making new collaborative agreements and acquisitions in northern Italy, Denmark, Switzerland and Poland. Our logistics activities were enhanced by DB Schenker's acquisition of Romtrans, the biggest freight forwarder in Romania, in December 2008. This move significantly strengthened our presence in Southeastern Europe.

The optimization of our networks also includes the modernization and expansion of our rail network in Germany. Our future-oriented program Pro Track (ProNetz) has made a decisive contribution towards today's reduced level of defect-related, restricted speed zones in the track network. Despite the daily presence of about 600 track-related construction sites, this program has enabled us to further improve punctuality. In addition, the infrastructure-related business units were able to further improve their results during the year under review.

The conclusion of the Service and Financing Agreement between DB AG and the Federal Government in December 2008 after long negotiations marked an important step forward for us. The agreement foresees that for the first time the Federal Government will provide a fixed € 2.5 billion per year over a multi-year period for capital expenditures in the existing network, while DB AG committed itself to maintain certain quality standards as well as € 500 million of its own funds for network, stations and the provision of energy. In addition, we also committed ourselves to spend at least an additional 1 billion euros per year to maintain the network.

Despite the fact that overall economic conditions have worsened dramatically since the end of 2008, DB Group is economically profitable and strategically well positioned. Many customers in our rail freight transport and logistics business cut back their production noticeably as the financial crisis developed into a global economic crisis. These moves have had corresponding effects on the volume of freight transported. Even though we cannot make exact forecasts at the start of 2009 about the future course of the economic crisis, we still reacted decisively and launched a new Group program designed to specifically deal with risks arising from the crisis. The program also includes other projects aimed at improving our position in the competition for customers and markets.

Even if we are keeping a sharp eye on our expenses and capital expenditures, we will continue to invest in our future – even during the crisis. Two examples of this are: first, the contract we signed in December for the purchase of 15 new ICE-3 train sets, and second, the latest general agreement we signed for 800 bi-level cars for our regional transport business.

We have proven in the past that we can realize major modernization programs throughout the Group and unlock potential to achieve new growth and greater efficiency. This is why I am convinced that when the next economic upturn begins DB Group will be better prepared and equipped than ever to successfully compete in the European rail market and the global logistics sector.

Sincerely yours,

Hartmut Mehdorn
CEO and Chairman
of the Management Board
of Deutsche Bahn AG

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DR. OTTO WIESHEU
Economic and Political Affairs
Appointed until: 2010

STEFAN GARBER
Infrastructure
Appointed until: 2013

HARTMUT MEHDORN
CEO and Chairman
Appointed until: 2011

NORBERT HANSEN
Personnel
Appointed until: 2013

DIETHELM SACK
CFO
Appointed until: 2013

DR. WERNER MÜLLER
Chairman of the Supervisory Board
of Deutsche Bahn AG

REPORT OF THE SUPERVISORY BOARD

In the year under review, the Supervisory Board exercised great care in carrying out all duties which it is required to perform in accordance with the law, articles of association, and rules of procedure. It extensively advised and monitored the Management Board in the management of the company and also managing operations. The Management Board informed the Supervisory Board regularly, promptly and extensively with regard to corporate planning and the economic, strategic and financial development of Deutsche Bahn AG (DB AG) and its subsidiaries. All major transactions were discussed in the plenary body and the relevant committees on the basis of the reports of the Management Board. Any variances relating to the overall development of business were explained in detail by the Management Board and reviewed by the Supervisory Board. The chairman of the Supervisory Board constantly maintained close contact with the chairman of the Management Board, and was regularly informed by the chairman of the Management Board of the current development of business of DB AG, the entrepreneurial decisions which were about to be taken as well as risk management. The Supervisory Board was involved in all decisions which were of crucial importance for DB AG. One member of the Supervisory Board was only able to attend less than half the Supervisory Board meetings as a result of ill health.

Meetings of the Supervisory Board

In the year under review, the Supervisory Board held four ordinary and one extraordinary meetings. In three cases, resolutions were adopted on the basis of written documents. The meetings of the Supervisory Board were prepared by meetings of the Executive Committee, the Personnel Committee and the Audit Committee. The deliberations in the plenary body focused on the development in revenues, results and employment of the company as well as major investment, equity participation and disinvestment projects. In addition, in the year under review, the Supervisory Board also deliberated intensively the partial privatization of DB Mobility Logistics AG (DB ML AG) and the associated changes in the Group structure, the composition of the Management Board as well as the adjustments to the rules of procedure of the Management Board of DB AG.

There were no conflicts of interest of members of the Management Board or Supervisory Board which have to be disclosed without delay to the Supervisory Board.

In its meeting on March 28, 2008, the Supervisory Board considered the annual financial statements 2007 as well as the Group management report and the consolidated financial statements 2008 of DB AG. In addition, the Corporate Governance principles of DB AG were adapted and brought into line with the changes of the German Corporate Governance Code, the German Stock Corporation Act (Aktiengesetz) as well as the Securities Trading Act (Wertpapierhandelsgesetz). The Management Board informed the Supervisory Board extensively of the imminent reorganization of the Group structure. The Supervisory Board also approved the acquisition of 100 % of the shares in WBN Waggonbau Niesky GmbH by DB Fahrzeuginstandhaltung GmbH as well as the modernization of the main station in Essen.

In its extraordinary meeting held on May 15, 2008, the Supervisory Board approved the reorganization of the company and Group structure. The Management Boards of DB AG and DB ML AG were also partially restructured in connection with this action, and the rules of procedure for the Management Board of DB AG were adapted and brought into line with the changed Group structure. In addition, the Supervisory Board meeting also considered the sale of 18.17 % of shares held by DB AG in Arcor AG & Co. KG and 18.15 % of shares held by DB AG in Arcor Verwaltungs AG to Mannesmann Beteiligungs GmbH & Co KG. Following extensive deliberations, the Supervisory Board approved these sales.

As part of the process of preparing the planned partial privatization of DB ML AG, the Supervisory Board, in its meeting of June 25, 2008, approved the participation agreement between the Federal Republic of Germany, DB AG and DB ML AG, and again revised the rules of procedure for the Management Board. In addition, the Supervisory Board also approved the procurement of further rolling stock for rail freight transport, and also approved the immediate programs "Port hinterland transport Duisburg" and "Port hinterland transport Hamburg." In addition, the holding of DB Schenker Rail Deutschland AG in the share capital of BLS Cargo AG, Switzerland, was increased by 25 % to 45 %.

In its meeting held on September 10, 2008, the Supervisory Board considered the acquisition of up to 100 % of the shares in the Romanian freight forwarding company Romtrans. With regard to the IPO of DB ML AG envisaged for the fourth quarter, the Supervisory Board approved the placing of up to 24.9 % of the share capital of DB ML AG on the open capital market and also approved a share capital increase of DB ML AG, and also delegated responsibility for all equity participation rights and approval conditions to the Executive Committee in accordance with the articles of association.

In the Supervisory Board meeting on December 10, 2008, the Supervisory Board noted the corporate planning scenarios which had been prepared for the year 2009 and the medium-term horizon until 2013. As a result of the uncertainty relating to overall economic conditions, the Supervisory Board agreed that the final corporate planning for the year 2009 will be submitted for adoption after the results for the first quarter of 2009 are available and that the medium-term horizon until 2013 is noted. After the negotiations with the federal government regarding the service and financing agreement were completed in November, the Supervisory Board pronounced its approval in this meeting and thus placed the current system for financing the existing track infrastructure capital expenditures on a long-term and plannable entrepreneurial basis. In addition, the Supervisory Board also approved the signing of the joint declaration regarding the implementation of the projects "Stuttgart 21" and the "new build line Wendlingen–Ulm." In order to be able to survive in the increasingly fierce competitive environment of international transport, the Supervisory Board approved the procurement of 15 high-speed trains with multi-system capability. In view of the increasing internationalization of business in rail freight transport, the form of this operating segment DB Schenker Rail was adjusted accordingly. In addition, the Supervisory Board approved the setting up of a joint venture for creating a joint production company between DB Schenker Rail Deutschland AG and the Belgian SNCB as well as the sale of 20 % of shares in ECR France to SNCB and the disposal of non-essential land of DB Netz AG and DB Station & Service AG in Aachen to the Federal State of Northrhine-Westphalia.

The subject of the written resolutions which were adopted were the acquisition of 100 % of the shares in Laing Rail Limited, London/UK, the election of State Secretary Matthias von Randow in January 2008 and the Parliamentary State Secretary Achim Großmann in November 2008 as members of the Executive Committee, the Mediation Committee, the Audit Committee and the Personnel Committee, and the approval of the Supervisory Board in accordance with Section 32 of the law on codetermination (Mitbestimmungsgesetz) with regard to changes in the Supervisory Board of DB Netz AG, DB Projektbau GmbH and also in the Supervisory Board of DB ML AG.

Meetings of the Supervisory Board committees

The Supervisory Board has created four committees in order to enable it to carry out its duties efficiently. In 2008, the Executive Committee of the Supervisory Board met in a total of six meetings, and maintained constant contact with the Management Board with regard to all major issues of business policy. In particular, the various key issues of the meetings of the Supervisory Board were prepared in this way. The Executive Committee also arranged to be regularly informed of the status of the partial privatization of DB ML AG.

The Audit Committee, which held four meetings and two telephone conferences in the year under review, dealt in particular with the quarterly financial statements, the six-month financial statements and the review results. Further key audit issues were the forecast for

2008 and the medium-term planning 2009–2013 for the DB Group. The chairman of the Audit Committee maintained regular contact with the Chief Financial Officer and the auditor. The Audit Committee also dealt with matters of accounting and risk management, the further development of corporate governance as well as the process of placing the audit engagement with the auditor, and arranged to be notified of the results of internal audits.

In the year under review, the Personnel Committee prepared the personnel decisions of the Supervisory Board in five meetings and definitively regulated the contract matters of the Management Board on behalf of the Supervisory Board.

The chairman of the Audit Committee reported regularly to the plenary body and also reported extensively on the work of the Audit Committee.

The Mediation Committee set up in accordance with Section 27 (3) MitbestG did not have to meet in the year under review, and also did not adopt any resolutions.

Corporate Governance

In the year under review, the Management Board and Supervisory Board again considered the further development of the Corporate Governance principles of DB AG. In its meeting held on March 28, 2008, the Supervisory Board approved the adjustment of the Corporate Governance principles of DB AG to bring them into line with the changes of the German Corporate Governance Code, the German Stock Corporation Act and the Securities Trading Act.

For detailed comments on Corporate Governance in DB AG, please refer to the Corporate Governance report.

More details on pages 22 ff.

Annual financial statements

The annual financial statements of DB AG prepared by the Management Board and the management report of DB AG as well as the consolidated financial statements and Group management report for the period ending December 31, 2008 have been audited by PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft (PwC), Berlin, which had been elected as the auditor by the shareholders' meeting, and were awarded an unqualified auditor's report. In addition, as part of the process of auditing the annual financial statements, the auditor also audited the risk management system in accordance with the German Control and Transparency Act in the Corporate Sector (Gesetz zur Kontrolle und Transparenz im Unternehmensbereich), and did not express any reservations.

On March 25, 2009, the report of the auditor was the subject of the meeting of the Audit Committee, and was extensively deliberated in the accounts meeting of the Supervisory Board on March 27, 2009 in the presence of the auditor who signed the auditor's report. The auditor reported on the key results of the audit and was available for answering questions. The Supervisory Board approved the result of the audit.

The Supervisory Board has reviewed the annual financial statements and the management report of DB AG as well as the consolidated financial statements and the Group management report for the year under review as well as the proposal for the appropriation of profits, and has not expressed any reservations. The annual financial statements of DB AG for the 2008 financial year were approved, and are thus adopted.

The auditor also audited the report prepared by the Management Board with regard to relations with affiliated companies. The auditor has issued an unqualified auditor's report, and reported on the result of the audit.

The Supervisory Board has also reviewed this report, and did not express any reservations against the closing statement of the Management Board included in the report and the result of the audit by PwC.

Changes in the make-up of the Supervisory Board and Management Board

State Secretary Jörg Hennerkes stepped down from the Supervisory Board as of January 31, 2008. State Secretary Matthias von Randow was appointed to be his successor on the Supervisory Board with effect from February 1, 2008. State Secretary Matthias von Randow stepped down from the Supervisory Board with effect from November 19, 2008. Parliamentary State Secretary Achim Großmann was appointed to be his successor on the Supervisory Board with effect from November 20, 2008.

State Secretary Bernd Pfaffenbach stepped down from the Supervisory Board as of January 31, 2008. State Secretary Dr. Walther Otremba was appointed to be his successor with effect from February 1, 2008.

Dr. Eggert Voscherau laid down his Supervisory Board mandate with effect from December 31, 2008. Mr. Christoph Dänzer-Vanotti was appointed to be his successor on the Supervisory Board of DB AG with effect from February 1, 2009.

Mr. Lothar Krauß laid down his Supervisory Board mandate with effect from January 31, 2009. His successor was Mr. Alexander Kirchner, who was appointed by the court as a member of the Supervisory Board with effect from February 9, 2009.

Mrs. Margret Suckale, Dr. Norbert Bensel and Dr. Karl-Friedrich Rausch stepped down from the Management Board of DB AG with effect from May 31, 2008.

Mr. Norbert Hansen was appointed as a member of the Management Board responsible for the Personnel division with effect from June 1, 2008.

At this point, the Supervisory Board would again like to thank the former members of the Management Board and Supervisory Board for their committed and constructive support for the benefit of the company.

The Supervisory Board would like to thank the Management Board, all employees as well as the employees' representatives of DB AG and its affiliated companies for their work in the year under review.

Berlin, March 2009
For the Supervisory Board

Dr. Werner Müller
Chairman

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Service

ANNUAL REVIEW

January

/// Our acquisition of Laing Rail Ltd. marks our entry into the British rail passenger transport market. The move significantly strengthens our position in the European market, and at the same time lays the foundation for further growth. Page 48

/// In addition, we also acquire WBN Waggonbau Niesky GmbH, a manufacturer of a broad range of freight cars and freight car components. Page 49

February

/// Operational testing of our innovative Touch&Travel eTicket system begins. Working together with Vodafone and other partners, we field-test the new technology.

March

/// The most difficult wage conflict in the history of DB Group is settled at the beginning of March. Together with the three railway unions, we lay the foundation for a new wage agreement that maintains uniform wages while permitting function-specific solutions. Page 110

/// DB Schenker Rail Scandinavia enters into a joint venture with Green Cargo, a Swedish freight railway company, on the North-South corridor between Scandinavia and Central Europe. The goal is to make production more efficient, thereby enhancing the competitiveness of rail freight transport. Page 48

/// Following approval by the EU Commission, DB Schenker acquires the majority of Transfesa, a Spanish logistics services provider. Page 48 f.

/// DB Schenker Rail wins the order to transport pipes that will be used in the new Baltic Sea pipeline. Page 78

/// We further expand our bicycle rental offer "Call a Bike." Plans call for about 1,000 bicycles to be available at 100 ICE stations by the end of 2009.

April

/// The 15,000th freight train operating on behalf of Audi AG arrives at the Audi plant in Győr, Hungary. The anniversary marks the highlight of a decade of successful collaboration between DB Schenker and Audi in the area of automotive logistics.

/// Ten months after the start of air freight service from Dubai to Toledo, Ohio, via Frankfurt-Hahn, DB Schenker doubles the capacities on this route. Page 80

/// The start of the second phase of construction of the modernized train formation facility in Cologne-Gremberg was marked by a symbolic groundbreaking ceremony. Plans call for the construction measures, which will cost over € 50 million, to be completed in the summer of 2010. The modernized facility will be fully automated to reduce time needed to sort and couple freight cars to build trains, as it will be possible to process up to 350 freight cars per hour.

May

/// We presented our Compliance Report 2006/2007 in Berlin. The report reviews compliance activities that took place during the past two years. In addition, it provides insight about the unit's new strategic direction and the new focal points of compliance work. Page 120 f.

/// Eurasia Rail Logistics is founded in Moscow. The purpose of the venture is to improve the efficiency of freight transports along the corridor running from Germany to Asia via Russia.

June

/// Our buses show their colors as all of them now appear in the same DB Transport Red.

/// We operate numerous special trains to and from the European Cup soccer matches in Austria and Switzerland and sell 230,000 Fan BahnCards 25, which gain an additional month of validity with every match won by the German team.
DB Schenker is the provider of logistical services for the European Cup and in charge of handling all logistical services for UEFA Media Technologies, which is responsible for worldwide TV coverage of all matches. In addition, DB Schenker is responsible for handling all of the European Cup's logistical tasks at numerous match sites in Austria and Switzerland.

/// One year after the start of German-French high-speed service with ICE and TGV trains, we welcome the one-millionth passenger on board.

July

/// Construction of a new railway bridge over the Rhine at Kehl starts. The bridge is part of the approximately 14-km-long stretch between Kehl and Appenweier, and an important section of the high-speed Paris–Eastern France–Southern Germany (POS) connection. Page 117

/// DB Schenker's specialists are helping to build the most modern facility for liquefying gas. By the time the project is concluded in 2009, DB Schenker will have transported over 230,000 freight tons of materials to the construction site in Pampa Melchorita on the coast of Peru.

/// Ostwestfalen Lippe Bus, a bus company located in eastern Westphalia, wins a European-wide tender for the bus transport of the British military forces in Germany.

August

/// DB Schenker is the exclusive provider of freight forwarding and customs clearance services for the 2008 Olympic Games in China. The company is actively providing the entire spectrum of freight forwarding services in Beijing and six other Chinese cities. In addition, more than 80 national Olympic committees employ DB Schenker to ship materials for their athletes and officials as well as equipment used in their country's hospitality centers.

September

/// DB Schenker further expands its presence in the United Arab Emirates with Joint Venture Schenker LLC, which is fully integrated into DB Schenker's global network and provides the full range of logistical services.

/// We launch cross-border connection in our regional transport business by inaugurating a rail link to Swinemünde in Poland.

/// DB Schenker acquires 49% of NordCargo, an Italian rail freight transport firm. Page 78

/// Premiere of paperless air freight from Germany: together with Lufthansa Cargo we ship the first paperless air freight shipment from the German market. E-freight not only increases the quality of data, it, above all, boosts efficiency and spares the environment.

- Two station projects and the modernization of the ICE 1 fleet were honored during the renowned Brunel Awards 2008 ceremonies in Vienna. The jury was headed by star architect Dominique Perrault and awarded 15 prizes and 15 honorary mentions.
- Together with the Federal Government, capital expenditures of about € 54 million will be made for modern technology in the Mannheim marshalling yard. Plans call for the new facility system to start operations in mid-2010.

October

- Although preparations were fully completed, the IPO of DB Mobility Logistics AG has to be postponed because of the turbulent situation in the international financial markets. Page 46
- The turnover of the 59th traction unit by DB Fahrzeuginstandhaltung (vehicle maintenance) marks the end of a four-year program to redesign the ICE 1 trains. We spend about € 180 million for the redesign.
- The first TransEurasia-Express arrives in Hamburg. Following numerous test train runs, this train is a container train chartered by Fujitsu Siemens Computers from Xiangtang, and took only 17 days to travel the approx. 12,000-km-long distance.
- The Pro Rail Alliance (Allianz pro Schiene) gives its 2008 Station of the Year Award to the Karlsruhe central station in the category "Cities with over 100,000 residents," and the Schwerin central station in the category "Cities with less than 100,000 residents."
- Groundbreaking ceremonies for the expansion of the rail infrastructure around the port of Duisburg took place as part of the "Master Plan Seaport Hinterland Transport." The master plan is a joint DB/Federal Government immediate program with an investment volume of over € 300 million, of which we provide € 50 million.

November

- Negotiations concerning the service and financing agreement for the existing network are concluded. Page 135
- We order 15 multisystem-compatible ICE train sets that will expand our offer as of 2011 and will be primarily used on international routes. Page 72
- The start of service of series ET 422 S-Bahn (metro) trains marks the start of a comprehensive renewal of the S-Bahn (metro) fleet in North-Rhine Westphalia. Plans call for old vehicles to be replaced with new traction vehicles by 2010 as part of a € 400 million renewal program.
- DB Schenker notably expands its presence in Southeast Europe by acquiring Romtrans, Romania's biggest freight forwarder. Page 49
- Together with KeyRail, a Dutch infrastructure operator, we jointly demonstrate the technical feasibility of a 1,000-meter-long freight train for the first time via the Betuwe route to Oberhausen. Page 115
- We ship the first of eight high-speed train sets for the Russian Railway, RZD, via the Sassnitz/Mukran railway ferry port on the island of Rügen.

December

- The appearance of www.bahn.de, the most popular mobility portal in Germany, is completely reworked.
- A new metro station connects Hamburg airport to the metro network.
- Together with Lidl we start another special ticket promotion. Due to the great demand we increase the DB-Lidl ticket contingent after just two days from 1.5 million to 2 million.
- After seven years of construction, the redesigned, and in many areas newly built, Erfurt central station is festively opened under the motto "Erfurt Connects – The New ICE Station."
- In a record time of just about ten months we completely renewed the 443-meter-long twin-track railway bridge over the Oder River near Frankfurt (Oder). This move eliminates a bottleneck on the European East-West corridor for both passenger and freight transport.
- We sign a general agreement for the procurement of 800 bi-level cars for use in regional transport. Page 74

FINANCIAL COMMUNICATION

Investor relations

We continued to further intensify our investor relations (IR) activities during the year under review. As part of the planned initial public offering (IPO) of our subsidiary company, DB Mobility Logistics AG (DB ML AG), the focus of our IR work in 2008 was on preparing the planned listing of DB ML AG on the Frankfurt Stock Exchange. Although the IPO of DB ML AG was planned to take place at the end of October 2008, at the beginning of October the decision was taken to postpone the IPO because of the upheavals seen in the international financial markets.

The latest financial information is available at our Web site www.deutschebahn.com/ir.

RATING

Rating agency	Long-term rating	Short-term rating
Moody's	Aa1 outlook "stable"	P-1
Standard & Poor's	AA outlook "stable"	A-1+
Fitch	AA outlook "stable"	F1+

During the year under review the rating agencies Moody's and Standard & Poor's (S&P) once again reconfirmed the very good creditworthiness of DB AG as part of their annual rating reviews. Both ratings have remained unchanged since they were first issued in 2000. In April 2008 S&P had placed the DB AG ratings on "Credit Watch with negative implications." Following a renewed examination, in December 2008 S&P took DB AG off the negative Credit Watch and once again stated that the outlook for the ratings was stable.

Moreover, as of 2009 DB AG's creditworthiness is also being rated by Fitch ratings (Fitch). Fitch's ratings also reflect the very good opinion of our creditworthiness. Fitch also stated that the outlook for their ratings is "stable." DB AG's long-term Fitch rating is just two steps below the highest possible rating (AAA), while the short-term rating is the highest possible rating. The additional very good rating from a third independent rating agency places DB AG's rating evaluations on an even broader foundation.

BONDS – ISSUES IN YEAR UNDER REVIEW

We issued our latest bond in July 2007. During the year under review we closely followed market developments in light of the financial crisis, but did not have any need for new issues.

Value management

Our financial management policies are designed to achieve a sustainable increase in our corporate value. We use the return on capital employed ratio (ROCE) as the central performance measure for the development of our Group portfolio as well as for allocating capital expenditures. DB Group's ROCE target is 10 %. We calculate our cost of capital based on a mid-term, pre-tax target capital structure of 8.9 %.

Return on Capital Employed (ROCE) € MILLION OR %	2008	2007	Change absolute	Change %
EBIT adjusted	2,483	2,370	+113	+4.8
÷ Capital employed	27,961	27,393	+568	+2.1
ROCE	**8.9%**	**8.7%**	–	–

As further indicators in our value management system we also employ redemption coverage and gearing to supervise our debt. Our mid-term redemption coverage target is 30 %, while our gearing target is to achieve a 1:1 ratio of net financial debt to equity capital.

Redemption coverage/gearing € MILLION OR %	2008	2007	Change absolute	Change %
EBIT adjusted	2,483	2,370	+113	+4.8
+ Net operating interest [1), 2)]	-746	-832	+86	-10.3
+ Depreciation [2)]	2,723	2,743	-20	-0.7
= Operating cash flow	**4,460**	**4,281**	**+179**	**+4.2**
Net financial debt	15,943	16,513	-570	-3.5
+ Present value of operating leases	3,853	3,767	+86	+2.3
÷ Adjusted net financial debt	**19,796**	**20,280**	**-484**	**-2.4**
Redemption coverage	**22.5%**	**21.1%**	–	–
Financial debt	16,853	18,062	-1,209	-6.7
– Cash and cash equivalents and receivables from financing	910	1,549	-639	-41.3
= Net financial debt	**15,943**	**16,513**	**-570**	**-3.5**
÷ Equity	12,155	10,953	+1,202	+11.0
Gearing	**131%**	**151%**	–	–

1) To properly determine redemption coverage we utilize net operating interest by eliminating those components of net interest income/expense related to the compounding of non-current liabilities and provisions and the reversal of deferred income.
2) Adjusted for special items.

Corporate Governance report

Corporate Governance rules are intended to ensure good, responsible and value-oriented corporate management. As an unlisted company, Deutsche Bahn AG (DB AG) is also explicitly committed to the German Corporate Governance Code which was presented by the Government Commission in 2002 and which was most recently amended on June 6, 2008.

We are convinced that good Corporate Governance is an essential basis for the success of our company. It is our aim to enhance our enterprise value on a sustainable basis and to promote the interests of business partners, investors, customers, employees and the public as well as to maintain and enhance confidence in DB AG.

The Management Board and Supervisory Board have therefore decided to comply with the German Corporate Governance Code on a voluntary basis and have adopted separate Corporate Governance principles for DB AG.

The current version of the Corporate Governance principles of DB AG can be found on our Web site.

www.deutschebahn.com/ir-english

We regularly adjust our Corporate Governance principles to reflect changing requirements and developments. In the year under review, we implemented the changes to the German Corporate Governance Code of June 6, 2008 to a large extent. We still do not observe the recommendations of the German Corporate Governance Code which are directly applicable only for listed companies, such as the disclosure obligations for the annual general meeting.

COOPERATION BETWEEN THE MANAGEMENT BOARD AND SUPERVISORY BOARD

As a German Aktiengesellschaft (joint stock corporation), DB AG with its Management Board and Supervisory Board is subject to a two-tier management and monitoring structure. These two bodies are strictly segregated in terms of their membership and also in terms of their powers. The Management Board manages the company under its own responsibility. In addition to its responsibility for monitoring the Management Board, the Supervisory Board is also responsible for appointing and dismissing persons to and from the Management Board.

In order to be able to guarantee optimum corporate management, we consider that it is extremely important that the Management Board and Supervisory Board maintain a continuous dialog and that they cooperate efficiently and in a climate of mutual trust for the benefit of the company. The Management Board informs the Supervisory Board regularly, promptly and comprehensively with regard to all matters of planning which are relevant for the company, the business development, the risk situation as well as risk management.

The members of the executive bodies, including their mandates, are set out in the notes to the consolidated financial statements.

More details on page 242 ff.

MANAGEMENT BOARD

The Management Board manages the company under its own responsibility. It is committed to the interests of the company and is also committed to sustainably enhancing the enterprise value. It sets out the corporate objectives and defines the strategies with which these objectives are to be attained. The Management Board is responsible for taking decisions with regard to all matters of fundamental and crucial importance for the company.

Since the restructuring of DB Group as of June 1, 2008, the Management Board of DB AG has consisted of five members. The members of the Management Board, Margret Suckale, Dr. Karl-Friedrich Rausch and Dr. Norbert Bensel, stepped down from the Management Board of DB AG with effect from May 31, 2008. Norbert Hansen was appointed as a member of the Management Board of DB AG with effect from June 1, 2008. Hartmut Mehdorn is the Chairman of the Management Board. At the same time, since June 1, 2008, Hartmut Mehdorn and Diethelm Sack have also been members of the Management Board of DB Mobility Logistics AG (DB ML AG). This has been approved by the Supervisory Boards of DB AG and DB ML AG.

More details on page 47

The members of the Management Board must disclose any conflicts of interest which arise to the Supervisory Board without delay and must notify their colleagues on the Management Board of such disclosure. No such instance occurred in the year under review.

Integration Committee of DB Group

An Integration Committee has been set up with regard to the planned partial privatization of DB ML AG; the Management Board of DB AG and also the Management Board of DB ML AG sit on this Integration Committee. In order to ensure cooperation even following partial privatization and also with regard to achieving maximum synergy effects between the two companies, the Integration Committee acts as a joint advisory and coordination body; no resolutions are adopted in this committee.

More details on page 46

The Integration Committee currently does not have any independent importance. In order to assure integrated group management, the meetings of the Management Board of DB AG are held jointly with the meetings of the Management Board of DB ML AG. In particular, efficient information and consultation regarding issues of Group-wide significance can be achieved in this way.

SUPERVISORY BOARD

The Supervisory Board advises and monitors the Management Board with regard to its management of the company. In accordance with the regulations of the German Codetermination Act (Mitbestimmungsgesetz), our Supervisory Board comprises 20 members, namely ten shareholders' representatives and ten employees' representatives. Some of the shareholders' representatives are seconded, and others are elected by the annual general meeting. The employees' representatives are elected in accordance with the requirements of the German Codetermination Act. The Chairman of the Supervisory Board is Dr. Werner Müller. Personal or business relations between individual members of the Supervisory Board and the company are disclosed in the notes to the consolidated financial statements.

The members of the Supervisory Board must disclose any conflicts of interest which arise to the Supervisory Board without delay and must notify their colleagues on the Supervisory Board of such disclosure. No such instance occurred in the year under review.

Major decisions of the Management Board resulting in a fundamental change in the net assets, financial position and results of operations of the company have to be approved by the Supervisory Board. The Supervisory Board is informed at least every quarter by the Management Board of the development of business, and in particular the development of revenues and the position of the company. The Managing Board also reports regularly to the Supervisory Board with regard to the measures taken in DB Group for complying with laws and internal measures (Compliance). The Supervisory Board is also responsible for auditing and approving the annual financial statements and the consolidated financial statements of DB AG.

More details on page 120 f.

In addition, the Chairman of the Supervisory Board maintains regular contact with the Management Board and in particular with the Chairman of the Management Board, and deliberates the strategy, business development and risk management of the company with the Chairman of the Management Board. The Chairman of the Supervisory Board is regularly informed by the Chairman of the Management Board of major events which are of crucial importance for an assessment of the position and development and also for management of the company.

In the year under review, there were again no consultancy agreements or agreements of other services between the members of the Supervisory Board and the company.

JOINT SUPERVISORY BOARD MEETINGS

In order to enhance the efficiency and intensity of discussions and also to utilize synergies in DB Group as effectively as possible, the Supervisory Board of DB AG and the Supervisory Board of DB ML AG meet jointly on a regular basis when joint discussions are held with regard to issues of Group-wide importance. Resolutions of each Supervisory Board are adopted exclusively by the members of that specific Supervisory Board in separate Supervisory Board meetings; this is also applicable for discussions of sensitive issues. It is fundamentally possible for separate Supervisory Board meetings to be held.

SUPERVISORY BOARD COMMITTEES

In order to be able to exercise its monitoring function in an optimum manner, the Supervisory Board has taken advantage of the option of creating committees, and has set up an Executive Committee, an Audit Committee and also a Personnel Committee. The committee members are set out in the notes to the consolidated financial statements.

More details on page 246

Executive Committee

The Executive Committee comprises the Chairman of the Supervisory Board, his deputy, one shareholder representative and one employees' representative. The Executive Committee deliberates the major issues of the Supervisory Board meetings and prepares the resolutions of the Supervisory Board. In urgent cases, and also in specially defined cases, the Executive Committee can exceptionally take decisions with regard to urgent business in the place of the Supervisory Board.

Personnel Committee

The Personnel Committee comprises the Chairman of the Supervisory Board, his deputy, one of the shareholders' representatives and one employees' representative on the Supervisory Board. The Personnel Committee prepares the personnel decisions of the Supervisory Board; it is also responsible for definitively settling all contractual issues of the Management Board on behalf of the Supervisory Board, and fixes the compensation of the Management Board.

Audit Committee

The Audit Committee supports the Supervisory Board in the performance of its monitoring role. It deals in particular with issues of accounting, risk management and compliance, the necessary independence of the auditor, the process of awarding the audit engagement to the auditor, determining key audit issues and the fee agreement. In addition, within the framework of its monitoring role, the Audit Committee is also informed of compliance with the recommendations of the German Corporate Governance Code. The Audit Committee comprises two shareholders' representatives on the Supervisory Board and two employees' representatives on the Supervisory Board. The Chairman of the Audit Committee is not the Chairman of the Supervisory Board, nor is he a former member of the Management Board of the company. He has special knowledge and experience in the application of accounting principles and internal control procedures. The Chairman of the Audit Committee is Dr. Jürgen Krumnow. The duties of the Audit Committee are set out in separate rules of procedure.

TRANSPARENCY

We disclose all key information regarding the consolidated financial statements and annual financial statements, the interim financial statements, the financial calendar as well as information concerning notifiable securities transactions on our Web site. In addition, we provide regular information regarding current developments within the framework of our investor relations activities and corporate communication.

www.deutschebahn.com/ir-english

RISK MANAGEMENT

Good management also comprises the responsible handling of opportunities and risks which arise in connection with business activities. For the Management Board and Supervisory Board, early identification and limitation of operating risks is of crucial importance. The Management Board and management are responsible for ensuring that the company has adequate risk management and controlling which are the subject of continuous further development. The Management Board notifies the Audit Committee of risks of major importance for DB AG and also the way in which these risks are handled by the Management Board. The Audit Committee also checks whether the early warning system complies with the requirements of Section 91(2) Stock Corporation Act (Aktiengesetz).

COMPLIANCE

The activities of DB AG are subject to national and international legal requirements and standards of conduct which the company has set itself. Accordingly, in the year under review, the existing principles of conduct in DB Group were revised and translated into a code of conduct which is applicable throughout DB Group. The code of conduct represents the enterprise values of DB Group. The aim of the code of conduct is to support the executive bodies and employees of DB Group with regard to complying with and implementing the rules of conduct in all dealings with the company, its competitors, holders of office and business partners as well as the owners, and also to provide support for all dealings between the above parties. All employees receive training with regard to the contents of the code of conduct within the framework of the Compliance E-Learning program. The senior executives of the divisions and relevant organization entities ensure that the enterprise values set out in the code of conduct are observed by all employees and business partners.

The Compliance department which was set up in the year 2000 ensures that appropriate preventative action is taken against corruption and white-collar crime in DB Group and also against problem areas which are exposed to the risk of corruption.

In its extraordinary meeting held on February 18, 2009, the Supervisory Board of DB AG set up a Compliance Committee for the duration of the ongoing investigations in connection with the monitoring of employee data. On behalf of the Supervisory Board, the Compliance Committee manages the ongoing investigations of the external consultants engaged by the Supervisory Board. In addition, it deals with the reports of KPMG AG Wirtschaftsprüfungsgesellschaft which has been engaged to carry out the audit, and also the reports of the lawyers engaged by the Management Board and Supervisory Board. As soon as the Supervisory Board adopts a resolution to dissolve the Compliance Committee, the duties carried out by the Compliance Committee will again be handled by the Audit Committee. The Compliance Committee consists of the members of the Executive Committee as well as one shareholders' representative and one employees' representative who belong to the Audit Committee. The auditors who have been entrusted with responsibility for carrying out the investigations as well as the lawyers mandated by the Supervisory Board will be regularly invited to attend the meetings of the Compliance Committee.

ACCOUNTING AND AUDIT

On March 28, 2008, the shareholders' meeting appointed PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Berlin, as the auditor for the 2008 financial year. The Audit Committee prepared the proposal of the Supervisory Board for the election of the auditor and, after the auditor had been elected by the shareholders' meeting, the Audit Committee appointed the auditor and defined the key audit issues. The Audit Committee is also responsible for monitoring the independence of the auditor. It has again been agreed with the auditor this financial year that the Chairman of the Audit Committee will be immediately notified of any reasons for exclusion or disqualification on the grounds of lack of impartiality which occur during the audit, to the extent that such grounds are not immediately remedied.

EFFICIENCY AUDIT OF THE SUPERVISORY BOARD

The Supervisory Board regularly reviews the efficiency of its activities. The Supervisory Board most recently carried out an efficiency audit in December 2007.

COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

The Corporate Governance officer of DB AG reported to the Audit Committee in its meeting held on March 25, 2009 and confirmed compliance with and implementation of the Corporate Governance principles. To summarize, it can be stated that the suggestions and recommendations of the code and the related Corporate Governance principles of DB AG regarding the work of the Management Board and Supervisory Board were also complied with last year.

COMPENSATION REPORT

The following compensation report is an integral part of the group management report.

More details on page 49

COMPENSATION OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

The members of the Management Board and Supervisory Board receive performance-linked compensation consisting of fixed and variable components. The amount of the variable component is primarily linked to the development of DB Group's operating income.

Employee representatives donate almost all of the compensation they receive as members of the Supervisory Board to the Hans-Böckler Foundation.

Members of the Management Board and Supervisory Board have liability insurance under the terms of a Directors and Officers insurance policy (D&O insurance). The insurance policy is structured as a non-deductible group policy and serves to protect the covered parties against claims for damages that may be incurred while carrying out their duties as Management Board members.

Compensation of the Management Board

In addition to fixed and variable components, total compensation of the members of the Management Board consists of benefit commitments, other commitments and ancillary benefits.

The Supervisory Board defines written personal targets with every member of the Management Board. The level of variable compensation depends on how well these targets were met. Total compensation is based on a target income consisting of fixed basic compensation (40 %) and a performance-linked annual directors' fee (60 %). The individually defined fixed income is paid out in twelve equal installments. The appropriateness of this fixed income is regularly reviewed by the Personnel Committee of the Supervisory Board. Compensation was last adjusted in the 2006 financial year.

The annual director's fee is calculated using a factor linked to the achievement of business targets based on key performance figures (director's fee factor) and the achievement of individual targets (performance factor). The size of the director's fee factor depends on the level of success achieved in achieving business goals set by corporate planning (return on capital employed and operating income). The performance factor reflects the success in meeting five differently weighted personal targets. The financial and personal targets are defined at the beginning of each financial year by the Chairman of the Supervisory Boards and the Personnel Committee of the Supervisory Board as well as the members of the Management Board.

At the end of a financial year, Group results are used as the basis for calculating the director's fee factor and the personal performance factor for each member of the Management Board. The target income is attained if the Group performance goals as well as the individual targets have been fully met. Compensation calculated for each member of the Management Board on this basis may be higher or lower than the target income and can vary by 0 % to 260 % because the annual director's fee can swing between 0 % and 260 %.

Benefit commitments amount to a percentage of the basic salary, which is based on the length of service of the member of the Management Board.

The Management Board's compensation does not include any mid-term or long-term incentives. The members of the Management Board do not receive any additional compensation for mandates exercised in control bodies of other Group companies and affiliated companies.

In addition to fixed and variable compensation, each member of the Management Board is entitled to a company car and a driver, as well as a personal BahnCard 100 First. These non-cash benefits are taxed as non-monetary benefits.

Moreover, DB AG has taken out insurance coverage for company retirement benefits for each member of the Management Board.

Just like all members of the Group's executive staff, the members of the Management Board may choose to receive a portion of their compensation as deferred compensation.

Subject to the formal approval of the actions of the Management Board by the Annual General Meeting on March 27, 2009, the members of the Management Board will receive the following compensation for their activities during the year under review:

Total compensation of the Management Board € THOUSAND	Annual income for 2008			
	Fixed compensation	Variable compensation	Other[1]	**Total**
Hartmut Mehdorn	750	1,185	9	**1,944**
Dr. Norbert Bensel (until May 31, 2008)	229	322	7	**558**
Stefan Garber	400	617	29	**1,046**
Norbert Hansen (since June 1, 2008)	233	315	8	**556**
Dr. Karl-Friedrich Rausch (until May 31, 2008)	229	322	7	**558**
Diethelm Sack	550	772	21	**1,343**
Margret Suckale (until May 31, 2008)	167	257	8	**432**
Dr. Otto Wiesheu	450	566	3	**1,019**
Total	**3,008**	**4,356**	**92**	**7,456**

[1] Monetary benefits accruing from travel benefits and usage of company cars as well as allowances for insurance policies and rent paid.

Provisions made for pensions of previous members of the Management Board are shown in total in the notes to the Group consolidated statements.

In addition to pension commitments to members of the Management Board, no further commitments were made for benefits due in the event of their employment being terminated. Furthermore, no member of the Management Board received any benefits or promises of benefits from third parties related to his activities as a member of the Management Board during the year under review.

Compensation of the Supervisory Board

Compensation of the Supervisory Board is defined in the articles of incorporation, and was most recently set by a resolution passed at the Annual General Meeting on June 30, 2006. In addition to being reimbursed for their cash outlays and the value-added tax due on their compensation and cash outlays, members of the Supervisory Board receive fixed annual compensation of € 20,000 for each completed financial year, as well as performance-linked annual compensation. Their performance-linked compensation is based on the EBIT figure shown in the consolidated financial statements for the financial year in comparison to the figure posted for the previous financial year, as well as the extent to which certain key operational performance figures were achieved. Members of the Supervisory Board may receive no more than a maximum of € 13,000 in performance-linked compensation.

The Chairman of the Supervisory Board receives compensation equal to twice the above figure, while his deputy receives compensation equal to one and a half times the above figure. Furthermore, compensation received by each member of the Supervisory Board in the above paragraph increases by 25 percent for membership in a Supervisory Board committee, and by 50 percent for being the Chairman of a Supervisory Board committee, whereby membership and chairmanships in the Mediation Committee under Article 27 section 3 Codetermination Act are not taken into consideration.

In addition, members of the Supervisory Boards receive an attendance fee of € 250 for each meeting of the Supervisory Board or Supervisory Board committee they attend. Supervisory Board members continue to have the choice of alternately receiving either a personal BahnCard 100 First or five free tickets.

Members of the Supervisory Board who were not members of the Supervisory Board for a full financial year receive one-twelfth of their compensation for every month or part of a month that they were members. The rule applies to increases in compensation for the Chairman of the Supervisory Board as well as his deputy. This also applies to compensation paid for membership in, or chairmanship of, a Supervisory Board committee.

Payment of compensation takes place following the conclusion of the Annual General Meeting that voted to approve the Supervisory Board's activities in the previous financial year.

Taxes due on compensation received, including the personal BahnCard 100 First or five free train tickets, is the individual responsibility of each member of the Supervisory Board.

DB AG will pay costs incurred by members of the Supervisory Board to participate in Management Board events or events following invitations from the Management Board, and – to the extent possible – pay the related taxes owed on a flat rate basis.

Members of the Supervisory Board currently do not hold shares in the company nor do they hold options that entitle them to purchase shares in the company.

Subject to the approval of the activities of the Supervisory Board by the Annual General Meeting on March 27, 2009, the members of the Supervisory Board will receive the following compensation for their activities during the year under review:

Total compensation of the Supervisory Board € THOUSAND	Annual income for 2008				
	Fixed compensation	Variable compensation	Attendance fees	Incidental payments	**Total**
Dr. Werner Müller	60	30	3	0	**93**
Georg Brunnhuber	20	10	1	1	**32**
Achim Großmann	9	4	1	0	**14**
Dr. Jürgen Großmann	20	10	1	5	**36**
Norbert Hansen	17	8	1	5	**31**
Horst Hartkorn	20	10	1	1	**32**
Jörg Hennerkes	3	2	0	1	**6**
Jörg Hensel	20	10	1	1	**32**
Klaus-Dieter Hommel	20	10	1	5	**36**
Günter Kirchheim	30	15	3	1	**49**
Helmut Kleindienst	25	12	2	1	**40**
Lothar Krauß	29	15	2	0	**46**
Dr. Jürgen Krumnow	30	15	2	1	**48**
Niels Lund Chrestensen	20	10	1	1	**32**
Vitus Miller	20	10	1	1	**32**
Heike Moll	20	10	1	1	**32**
Dr. Axel Nawrath	20	10	2	0	**32**
Dr. Walther Otremba	18	9	3	0	**30**
Ute Plambeck	20	10	1	0	**31**
Dr. Bernd Pfaffenbach	2	1	0	1	**4**
Matthias von Randow	29	15	3	1	**48**
Regina Rusch-Ziemba	15	7	1	0	**23**
Dr. Eggert Voscherau	20	10	1	5	**36**
Dr. Heinrich Weiss	20	10	1	5	**36**
Total	**507**	**253**	**34**	**37**	**831**[1]

[1] Including compensation for Supervisory Board and Advisory Board mandates held at subsidiary companies: € 1,003 thousand.

No pension commitments exist regarding the members of the Supervisory Board.

The members of the Supervisory Boards did not receive any compensation during the year under review for any personally provided services.

GROUP PROFILE

Group governance

The business portfolio of Deutsche Bahn Group (DB Group) is primarily organized into nine business units. Following the restructuring that took place during the year under review, Deutsche Bahn AG (DB AG) manages the DB Netze Track, DB Netze Energy and DB Netze Stations business units directly. The remaining six business units fall under the management of our fully owned subsidiary, DB Mobility Logistics AG (DB ML AG). Within our Group's structure, DB AG and DB ML AG both function as management holding companies that lead the Group. Very close cooperation between the Management Boards of DB AG and DB ML AG is ensured by an integration committee as well as by the fact that both corporations share the same Chairman of the Board of Management and CFO. This helps to ensure that synergies between the individual companies can continue to be realized. The business units are responsible for the conduct of our business operations. Our structure is rounded out by central group and service functions, some of which are performed by DB AG and some of which are performed by DB ML AG.

More details on page 47

See cover for organizational structure

DB AG has been a stock corporation established in accordance with German law since it was first founded in 1994, and therefore has separate management and supervisory structures. Information pertaining to the main companies owned directly or indirectly by DB AG, as well as the companies we hold stakes in, is shown in the notes to the consolidated financial statements.

More details on page 239 ff.

Our markets

DB Group provides national and international services to target markets reflecting our Group brand proposition of "Mobility – Networks – Logistics." We are active around the world in over 130 countries and in all of the important economic regions.

Since the passage of the 1994 German Rail Reform Act we have completed extensive restructuring and efficiency-enhancing measures as well as comprehensive modernization programs to make DB Group a strong performing business enterprise. We strive to achieve further gains in our revenues and financial strength in all of our relevant markets by convincing our customers of the high quality of our services.

Based on our integrated structure we have assumed dual responsibilities for the rail mode of transport, because we are both the operator and the leading user of our infrastructure. First, we want to further develop rail as a mode of transport in order to strengthen the German transport infrastructure, which plays such a vital role in Germany's economy. Second, we are concurrently establishing the prerequisites needed to master Europe's rising volumes of traffic.

In view of customers' demands, we have integrated our transport services into overlapping mobility offers. This applies to both international mobility and intermodal transport offers or optimized interfaces at junctures where different modes of transport meet.

The liberalization of the European passenger transport markets has begun, but has progressed at varying speeds throughout Europe. In the long-distance rail passenger transport segment, Germany has taken on a leading role with regard to open access to the market. Invitations to bid for regional and urban transport contracts are increasingly being issued throughout Europe.

Just as in the passenger transport segment, we also strategically positioned ourselves to meet current and future market demands in the area of transport and logistics: "DB Schenker" stands for our international logistics competence in clearly defined market segments. We realize opportunities available in fast growing markets via our comprehensive, internationally oriented range of offers, and in doing so we also ensure that rail freight transport will be fit for the future. Furthermore, by integrating it in a high-performing, intra-modal network, we also assure customer contacts and unlock new opportunities for growth.

Demand for international logistical services is rising due to increasing internationalization and the cross-border arrangements of production structures and material flows. We are meeting these challenges with our multimodal transport chains and our integrated offers of sector-oriented solutions.

The successive opening of the European markets, which has already begun – the market for rail freight transport has been completely open since 2007 and the market for cross-border long-distance rail passenger transport will follow as of 2010 – represents an important strategic perspective for rail transport. Liberalization will generate additional opportunities for rail as a mode of transport, and we plan to exploit these opportunities with competitive offers that we will develop either on our own or in partnership with other railways.

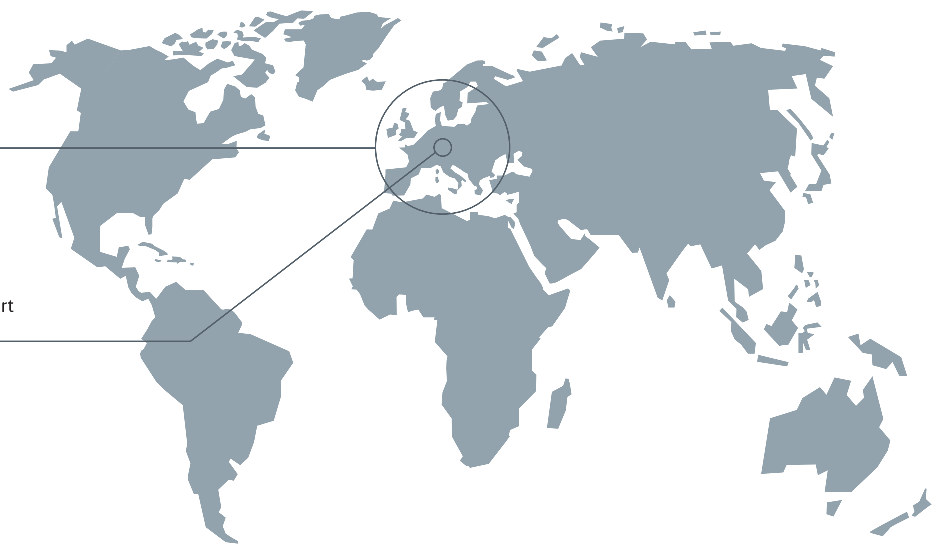
In this way, we will unlock a full range of earnings-oriented development opportunities while we concurrently continue our internal efforts to increase our efficiency.

RELEVANT MARKETS

WORLD
/// Ocean freight
/// Air freight
/// Contract logistics
/// Rail-bound projects

EUROPE
/// Land transport
/// Rail freight transport
/// Cross-border rail passenger transport
/// Regional and urban transport

GERMANY
/// Long-distance transport
/// Rail infrastructure



Our business units

PASSENGER TRANSPORT

Mobility offers are a part of DB Group's core competencies. Within the DB Bahn Long-Distance, DB Bahn Regional and DB Bahn Urban business units, our main focus is on comfortable, customer-friendly mobility services. Our range of services covers rail and bus routes, and the increasingly important other intermodal mobility offers are organized under the "DB Bahn" brand name. Our aim is to intelligently link rail offers together, as well as to achieve a smooth interface with other modes of transport. One example of this is the excellent way we use the BahnCard's CityTicket function to link our long-distance offers to regional and urban transport systems.

Today, based on our strength in our home market, we are already one of the biggest providers of passenger services in Europe. Against this backdrop, we are pursuing our goal of reinforcing our position as the leading provider of passenger services in Germany and further expanding our position in the rest of Europe.

PASSENGER TRANSPORT MARKET RANKINGS

No. 2 in rail passenger transport in Europe
BASED ON REVENUES

1. SNCF/Keolis
2. DB Bahn
3. Trenitalia
4. Veolia Transport
5. First Group

No. 1 in public local passenger transport in Europe
BASED ON REVENUES

1. DB Bahn
2. SNCF/Keolis
3. First Group
4. Veolia
5. Transport for London (subway)

No. 2 provider of passenger transport services in Europe BASED ON REVENUES

1. SNCF
2. DB Bahn
3. British Airways
4. Deutsche Lufthansa
5. Air France-KLM

Information about competitors is based on annual reports/research reports or internal estimates.

DB BAHN LONG-DISTANCE BUSINESS UNIT

/// € 3,523 million revenues
/// € 306 million adjusted EBIT
/// 14,603 employees

The DB Bahn Long-Distance business unit provides national and cross-border long-distance rail transport services. The business unit's core business is providing regularly scheduled services by day. We want to convince customers of our offer and expand our share of market based on our customer promise of providing attractively priced, fast and comfortable connections directly to the heart of cities. DB AutoZug GmbH and CityNightLine CNL AG, which provide car carrier and night train transport services, respectively, flank this offer. The inauguration of the high-speed route from Frankfurt and Stuttgart to Paris and the premiere of ICE connections to Vienna as well as Copenhagen and Aarhus marked the further expansion of our European passenger offer. This is also reflected in the establishment of Railteam – an alliance between DB, SNCF, Eurostar, NS Hispeed, ÖBB, SBB and SNBC – and the expansion of our Thalys operations.

www.railteam.eu

www.thalys.com

DB BAHN REGIONAL BUSINESS UNIT

/// € 6,687 million revenues
/// € 857 million adjusted EBIT
/// 25,084 employees

Within the DB Bahn Regional business unit we provide travelers an extensive network of regional connections within metropolitan areas and the surrounding countryside. Integrated transport operations run by DB Bahn Regional and its subsidiary companies link together offer planning and service implementation at local levels for rail and bus services in collaboration with contracting agencies and transport associations. Our goal is to offer integrated local rail and bus transport services that fully meet local transport requirements. We built a streamlined, market-aligned organizational structure based on the principles of customer orientation and profitability.

In the coming 15 years all of the routes in the German local rail passenger transport segment will be put out for tender. We aim to defend our position as the biggest provider of local transport services within Germany with our integrated transport concepts, an up-to-date fleet of vehicles, as well as convincing quality and good service. To achieve this, we also plan to bring additional customers on board by optimizing our offers with an eye to the requirements of our passengers and the contracting organizations. We also want to utilize our existing competencies to achieve international growth and develop into a leading international railroad company in Europe. To tap into the completely liberalized and highly attractive British market, we acquired the British company Laing Rail as a growth platform during the year under review.

More details on page 48

DB BAHN URBAN BUSINESS UNIT

/// € 1,962 million revenues
/// € 205 million adjusted EBIT
/// 12,259 employees

The DB Bahn Urban business unit is responsible for S-Bahn (metro) operations in Berlin and Hamburg as well as for 22 bus companies in Germany. We offer public road passenger transport services independently or on behalf of cities and counties. The business unit positions us to take advantage of opportunities arising from the liberalization and further development of a market that is currently still very fragmented. The gradual opening of this market is anticipated to lead to a successive consolidation in the coming years. In addition, we are focusing our attention on growth opportunities available in the attractive European markets as our opportunities for growth within Germany are limited by the current interpretation of cartel law. We entered the Danish market with our acquisition of Pan Bus in 2007. In the interim, we have been able to notably expand our business volume there by submitting winning bids in public tender processes.

TRANSPORT AND LOGISTICS

Since the successful integration of Schenker in 2002 we have not only become the leading European provider of rail freight transport, we are now the leading company in the freight forwarding and logistics sectors. In view of current and future customer requirements it is necessary to incorporate rail freight services in overlapping logistic service offers. Under the "DB Schenker" brand, which gives us a uniform market image in the international markets, we have positioned ourselves as a strong partner for transport and logistics customers worldwide.

DB Schenker offers its customers global solutions using all transport modes along the entire logistics chain, from bulk goods to packages. DB Group has linked together its positions in European rail freight transport and in European land transport with its strong position in the worldwide air and ocean freight business, as well as in contract logistics and supply chain management.

To further strengthen our competitive position we have continued to make active use of – and we will continue to exploit – the ongoing consolidation trends on the world logistics markets to round off our operations, not only through organic growth but also by means of strategic acquisitions. For example, during the year under review we further strengthened our position in European land transport by acquiring Romtrans.

More details on page 49

TRANSPORT AND LOGISTICS MARKET RANKINGS

No. 1 in European rail freight transport
BASED ON TKM

1. DB Schenker
2. PKP
3. SNCF
4. Trenitalia
5. RCA

No. 1 in European land transport
BASED ON REVENUES

1. DB Schenker
2. DHL
3. DSV
4. Dachser
5. Geodis

No. 2 in worldwide air freight
BASED ON T

1. DHL
2. DB Schenker
3. Panalpina
4. Kühne + Nagel

No. 3 in worldwide ocean freight
BASED ON TEU

1. DHL
2. Kühne + Nagel
3. DB Schenker
4. Panalpina

No. 6 in global contract logistics
BASED ON REVENUES

1. DHL
2. CEVA Logistics
3. Wincanton
4. Kühne + Nagel
5. Ryder
6. DB Schenker

Information about competitors is based on annual reports/research reports or internal estimates.

DB SCHENKER RAIL BUSINESS UNIT

/// € 4,654 million revenues
/// € 307 million adjusted EBIT
/// 29,242 employees

Today, we are already Europe's biggest and best-performing rail freight carrier. The European perspective provides us with enormous growth potential. Rail transport can especially leverage its strengths when it comes to long-distance transports and when large volumes of freight have to be consolidated. We have paved the way for this by establishing our own companies outside of Germany and by working with international cooperation partners. Today, we operate an open network system for the transport of single cars and groups of cars, and provide block train routes for point-to-point transport services, together with selected extra logistical services (for example rail/road transshipment for bulk goods at railports, or maintenance services).

Our long-standing European expansion strategy is now reflected in a new organizational structure. To secure our leading position on the North-South Corridor and consolidate our activities in Europe, we overhauled our organization within the DB Schenker Rail business unit following our acquisition of EWS (now: DB Schenker Rail (UK)), the largest rail freight company in the UK; the purchase of the Spanish company Transfesa, and the acquisition of PCC in Poland. In the future, DB Schenker Rail will consist of five business divisions conducting business under a single umbrella organization, but responsible for their own profit or loss: the West, Central and East regions as well as the Intermodal and Automotive business units. Intermodal and Automotive will operate as separate business units because their customers and routes have a heavy international alignment, and allocation of these transports to a particular region would not make sense. The business will be flanked by a strong European sales department and by a Europe-wide approach to network management. Each new acquisition will be integrated into the unit in which the majority of its activities take place. Accordingly, EWS will manage the West region and Transfesa, which focuses primarily on automotive logistics, will become part of the Automotive unit.

More details on page 48 f.
More details on page 135 f.

Combined Transport (CT) is the fastest growing segment in European rail freight transport. Our offer includes rail traction, terminal transshipment and provision of car materials, as well as rendering extra services to resellers (operators, freight forwarders and shipping companies). We have access to all the important terminals in Germany, to seaport terminals on the North Sea and the Baltic Sea and to terminals in other countries. Together with our partner operators, our CT network extends from Europe's seaports to the hinterlands, providing shipping lines, freight forwarders and carriers with rapid maritime and continental CT connections throughout Germany as well as optimal connections to the European block train network. Our participation in the terminal network in China provided us with access to the Chinese rail market and secured us a share of the rapidly growing Chinese container market. Moreover, we are also pushing the development of the land bridge between Europe and China via Russia.

DB SCHENKER LOGISTICS BUSINESS UNIT

/// € 14,680 million revenues
/// € 381 million adjusted EBIT
/// 62,074 employees

With more than 1,500 locations in over 130 countries, we are an acknowledged global player in markets characterized by rapid rates of growth, fierce competition and accelerating consolidation. We are a market leader in European land transport, in the global air and ocean freight business sectors and in contract logistics. We are determined to retain and further expand these positions in the future.

We have systematically further expanded our networks in recent years, both through extensive capital expenditures, including investments in logistics centers and our IT infrastructure, and through a number of acquisitions, including BAX in 2006, Spain-Tir in 2007, and Romtrans in 2008. In the air and ocean freight sector we are making increased use of Dubai, which is not only a hub for the growth market of the Near and Middle East region, but is also an increasingly vital junction for moving freight from one continent to another. On the whole, these actions have enabled us to not only close existing gaps in our networks, but also to assert our leading position on the market.

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We provide integrated logistics services for handling global flows of goods via land transport and global air and ocean freight services, as well as all of the related logistics services. The market expects a logistics provider to supply a range of modular solutions, as well as sufficient capacities to match demand at all times – and to do so for individual projects as well as for global procurement and distribution concepts. Our employees prepare seamless solutions to meet our customers' requirements by linking together the modules of our entire range of services to build complex value chains. This guarantees a reliable flow of goods and information. And a company can only meet all of these demands if it can offer proven and established skills related to all forms of transport:

- /// As a European land transport specialist, we connect the major European business regions via a tightly knit network of scheduled line services and central transshipment hubs.
- /// We are equally specialized in providing global air and ocean freight solutions as well as all of the related logistics services.
- /// Our integrated logistics centers are located at the crossroads of global flows of goods and serve as effective interfaces between various modes of transport, thereby enabling a wide range of value-added services.

SERVICES

DB SERVICES BUSINESS UNIT

///	€ 3,015 million segment revenues
///	€ 112 million external revenues
///	€ 131 million adjusted EBIT
///	24,911 employees

The key prerequisites for smoothly operating mobility and logistical services are reliable and affordable services – and, accordingly, these are the key prerequisites for the long-term competitiveness of the railway system. DB Group's service activities are bundled together in the DB Services business unit. The business unit consists of six separate areas: DB Fahrzeuginstandhaltung (vehicle maintenance), DB Systel, DB Services, DB Fuhrpark (fleet management), as well as DB Kommunikationstechnik (communications technology) and DB Sicherheit (security). DB Group companies are the main customers of the business unit's primarily transport-related infrastructure management and infrastructure-related services. Non-Group business is aimed above all at optimizing capacity utilization, quality and price benchmarking, and the future positioning of the business unit's supplementary infrastructure-related offers.

The DB Services business unit's nationwide service portfolio is consistently geared to the needs of intra-Group customers, with services tailored to specific customers and a high level of quality and performance at prices that are fundamentally aligned to market levels. Based on our core competencies (comprehensive service range, command of complex rail systems, as well as the ability to be integrated into the value chain of internal customers), we can offer services from a single source, and extend our head start in expertise about railway-related services.

- DB Vehicle Maintenance (Fahrzeuginstandhaltung) is responsible for the heavy maintenance of rail vehicles and provides comprehensive inspection and maintenance work as well as conversion, modernization, upgrading trains, as well as overhaul work on components like wheel sets, bogies and brakes at 15 locations. In addition, with its acquisition of WBN Waggonbau Niesky GmbH, at the Niesky location, DB Vehicle Maintenance has expanded its range of services to include production of freight cars and related components.
- DB Systel is the DB Group's provider of IT and telecommunications services, and as a full-service provider develops and operates pioneering IT and telecommunications solutions for the passenger travel and the logistics markets. Its portfolio covers the entire IT value chain – from consultancy and concept development through development to operation and support services. The business unit looks after more than 67,000 users of Deutsche Bahn's office communication system (intranet) and operates more than 515 IT processes in one of Europe's biggest computer centers. It is also responsible for digital radio networks, such as the GSM-R network used by the infrastructure provider DB Netz AG, which are vital for safety.

- /// DB Services is our systems provider of services related to real estate and transport. The range of services offered includes professional technical and infrastructure-related facility management for commercial, administrative, transport and industrial buildings and property. Moreover, every day this business unit also carries out interior and, where needed, exterior cleaning of passenger cars (such as ICE multiple units, bi-level cars, or S-Bahn (metros)) that are in operation. DB Services' non-Group customers include shipping companies, airport operators and airlines.
- /// DB Fuhrpark (fleet management) provides mobility and fleet management services to DB Group with about 26,000 vehicles throughout Germany, making it one of the leading national providers of mobility services at the road/rail interface. It rounds out the mobility chain with services before and after rail transport. Together with the companies in which it holds stakes, the fleet management group also provides passenger and fleet management services to the German army and other companies. The DB Rent subsidiary offers a comprehensive mobility network in over 120 cities and towns, with around 1,300 vehicles available from its DB Carsharing service. The innovative "Call a Bike" bicycle rental service is also offered by DB Rent.
- /// DB Kommunikationstechnik (communications technology) is our specialist provider of nationwide technical support services. Their range of services includes the maintenance and repair of IT and network technology, security technology and passenger information facilities, automatic ticketing machines as well as printing and information logistics.
- /// DB Sicherheit (security) bundles together the security functions within DB Group and provides comprehensive and professional security services for travelers, employees, freight, Group facilities and real estate. DB Sicherheit is the leading provider of security services for public transport facilities in Germany.

INFRASTRUCTURE

The key prerequisite for smooth rail transport – and, accordingly, for the long-term competitiveness of the overall railway system – is a dependable, high-quality infrastructure. We bundled together all of our infrastructure capabilities under the "DB Netze" brand in order to optimize our offerings. Open, easy access to the rail infrastructure in Germany, individual services and high reliability – is what our DB Netze Track, DB Netze Stations and DB Netze Energy business units stand for. With professional, integrated infrastructure management, we establish the essential prerequisites for secure, dependable, efficient and environmentally friendly mobility for passengers and goods in rail transport.

"OPEN ACCESS" IN GERMANY

/// The passage of the 1994 German Rail Reform Act established the principle of non-discriminatory access to Germany's rail infrastructure.

/// Germany has a leading position across Europe in this area: the independent "Rail Liberalization Index Bahn 2007" confirmed the overall high degree of market liberalization achieved in Germany in comparison to the rest of Europe.

/// The Federal Network Agency is responsible for ensuring that access to the rail infrastructure takes place on a non-discriminatory basis.
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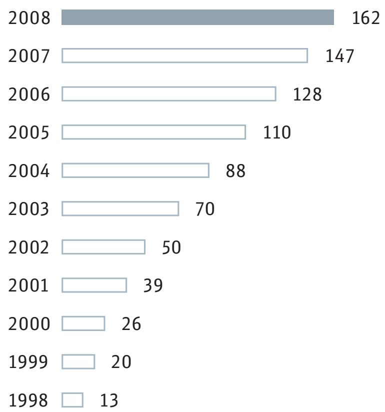
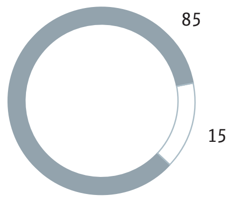
/// A total of 49,000 train path registrations were included in the 2009 rail network schedule when it was drawn up. Only three train path disputes could not be resolved during the coordination process. Train path disputes arise when two rail companies want to use the same stretch of track at the same time.

Train kilometers of non-Group railways using the DB network MILLION TRAIN-PATH KM



Profile of train-path kilometers
%



DB Group companies
Non-Group railways

Total: 1,043 million Trkm

DB NETZE TRACK BUSINESS UNIT

/// € 5,551 million segment revenues
/// € 725 million external revenues
/// € 670 million adjusted EBIT
/// 40,974 employees

The DB Netze Track business unit is the service provider to currently about 340 – including 312 non-Group – train operating companies (TOCs). All of them use the German rail network, which is over 34,000 km long and the largest in all of Europe. Its central location gives it great importance in Europe's transport sector. Germany's rail network has been open to non-discriminatory use by all TOCs registered in Germany since 1994. We are responsible for ensuring non-discriminatory access to our infrastructure. Train kilometers traveled by non-Group railways on the DB network have been increasing strongly for years.

We provide the foundation for efficient and reliable rail operations with a high-quality rail network that is structured to meet the needs of the TOCs. We ensure the safe, dependable operation of our rail infrastructure (long-distance/major metropolitan areas network, regional network, marshalling yards and maintenance facilities). At the same time, we are also responsible for the marketing of customer-oriented track usage offers, for drawing up timetables that do not present conflicts in close cooperation with the TOCs, and for rail network maintenance and repairs. This also involves the further development of the rail infrastructure by investing in the existing rail network, in modern command and control technology, as well as building new lines and upgrading old ones. Funding provided by Federal and state governments to finance the infrastructure plays a central role.

DB NETZE STATIONS BUSINESS UNIT

- /// € 1,253 million segment revenues
- /// € 344 million external revenues
- /// € 210 million adjusted EBIT
- /// 4,509 employees

Our passenger stations are not only the gateways to the world of rail transport, they are also hubs linking together various modes of transport, marketplaces and calling cards for cities and regions. The scope of the business unit's activities includes the operation of passenger stations and traffic stations, as well as the development and marketing of the floor space within the stations. We are responsible for ensuring non-discriminatory access to our infrastructure. The number of station stops of non-Group railroads has been rising strongly for years.

Since the start of the German rail reform, the passenger stations have been continually refurbished and modernized to meet the needs of travelers and station visitors. In addition to construction measures, these efforts have focused on providing comprehensive and competent service, high levels of security, good customer information and a functional layout. Moreover, increasing the earning power of our rental activities was also an important consideration, especially for heavily frequented stations.

DB NETZE ENERGY BUSINESS UNIT

- /// € 2,276 million segment revenues
- /// € 554 million external revenues
- /// € 74 million adjusted EBIT
- /// 1,556 employees

The DB Netze Energy business unit is responsible for supplying the TOCs with all energy-related services and provides a single source for the corresponding technology expertise. Alongside planning, maintenance, marketing and operation of technologically complex energy networks, our service spectrum also includes the long-term generation and procurement of traction power and stationary energy. As an independent energy manager, we also ensure smooth operations and supply traction power and fuel on a non-discriminatory basis to all railway companies in Germany. We also perform energy services for customers from the industrial sector, commercial trade and service sector.

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OVERVIEW

/// BUSINESS DEVELOPS FAVORABLY IN THE 2008 FINANCIAL YEAR
/// GLOBAL ECONOMIC DOWNSWING IN SECOND HALF ALSO BURDENS DB GROUP
/// PREPARATIONS FOR PARTIAL PRIVATIZATION OF DB MOBILITY LOGISTICS AG SUCCESSFULLY COMPLETED

Overall favorable results posted in a challenging financial year

Selected key figures € MILLION	2008	2007	Change	
			absolute	%
Revenues	33,452	31,309	+ 2,143	+ 6.8
Revenues – comparable	32,478	31,309	+ 1,169	+ 3.7
EBIT adjusted	2,483	2,370	+ 113	+ 4.8
EBITDA adjusted	5,206	5,113	+ 93	+ 1.8
Net profit for the year	1,321	1,716	– 395	– 23.0
Net financial debt	15,943	16,513	– 570	– 3.5
ROCE	8.9 %	8.7 %	–	–

The 2008 financial year represented a very challenging environment for Deutsche Bahn Group (DB Group) and its business units. While the first half was still marked by the consequences of the wage dispute and rapidly rising energy prices, the second half of 2008 clearly reflected the accelerating decline of the global economy and the impact of the financial crisis.

Despite the difficult overall conditions, the year under review was, in total, favorable. DB Group was able to continue its successful development and recorded further improvements in revenues, operating profits and key value management figures. The individual rates of increase noted were, however, no longer at the very high levels seen in previous years.

More details on page 62 ff.
More details on page 66 ff.
More details on page 69 ff.

In contrast to the previous year, the sum value of special items was of secondary importance during the year under review than in the 2006 and 2007 financial years. During the year under review special items were primarily related to the sale of our stake in Arcor AG & Co. KG (Arcor).

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Changes in the scope of consolidation also had a notable effect on the development of our revenues. Just over half of the gain in revenues stemmed from the addition of new companies to the DB Bahn Regional, DB Schenker Rail and DB Schenker Logistics business units. Additions made to our Group portfolio enabled us to further expand our European land transport and rail freight transport networks. Moreover, as of the year under review, we are also offering extensive passenger transport services outside of Germany for the first time.

More details on page 61

We were once again able to further reduce net financial debt during the year under review.

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The financial crisis and ensuing significant fall in prices on all of the world's major stock exchanges also led to a postponement of the planned partial privatization of our subsidiary, DB Mobility Logistics AG (DB ML AG). We completed preparations for the initial public offering (IPO) of DB ML AG during the year under review. As part of these preparations, we also changed the internal corporate structure of DB Group.

Preparations made to sell shares of DB ML AG

On May 30, 2008, the German Parliament (Bundestag) passed the motion submitted by the governing parties, "The Future of the Railway, the Railway of the Future – the Further Development of Rail Reform" ("Zukunft der Bahn, Bahn der Zukunft – die Bahnreform weiterentwickeln") by a big majority. At the end of April, the Federal Cabinet set the key parameters for a partial privatization. Based on this decision, up to 24.9 % of DB ML AG may be privatized.

In their meeting held on June 25, 2008, the Supervisory Board of Deutsche Bahn AG (DB AG) approved the participation agreement (Beteiligungsvertrag) negotiated with the Federal Government, covering the roles of the Federal Republic of Germany, DB AG and DB ML AG. This agreement established the basic structural and corporate law prerequisites for transferring holdings and Group functions from DB AG to DB ML AG needed to complete the planned partial privatization of DB ML AG.

The IPO of DB ML AG, which was scheduled to take place at the end of October 2008, was postponed because of the turbulent situation in the international financial markets.

BUSINESS AND OVERALL CONDITIONS

/// GROUP STRUCTURE IS CHANGED
/// WORLDWIDE ECONOMIC DOWNSWING IN SECOND HALF OF 2008
/// ENERGY PRICES CONTINUE TO RISE ON AVERAGE ANNUAL BASIS
/// RAIL PASSENGER TRANSPORT POSTS FURTHER GAINS – RAIL FREIGHT TRANSPORT ASSERTS ITSELF IN DIFFICULT ENVIRONMENT

Changes within DB Group

CHANGES MADE TO GROUP STRUCTURE

The decisions from the Federal Government and the German Parliament (Bundestag) regarding the partial privatization of DB AG opened opportunities for private investors to participate in the company. All of the activities conducted by DB Bahn Long-Distance, DB Bahn Regional, DB Bahn Urban, DB Schenker Rail, DB Schenker Logistics and DB Services are bundled together under the roof of DB ML AG. The approved key points foresee that up to 24.9 % of the shares of DB ML AG may be floated on the capital markets, and accordingly at least 75.1 % of the shares in DB ML AG will remain held by DB AG, which in turn will continue to hold 100 % of the shares of DB Group companies within the DB Netze Track, DB Netze Stations and DB Netze Energy business units.

The foreseen privatization model retains the integrated Group structure and thus the single DB Group labor market as well.

On June 2, 2008 the corresponding transfers of associated companies and Group functions took place from DB AG to DB ML AG and became effective retroactive to January 1, 2008.

ADJUSTING BUSINESS UNIT NAMES

DB Group introduced new brand architecture in December 2007. In accordance with the principles of the new structure we have now made changes to the names of the business units. The brand of the individual divisions, “DB Bahn,” “DB Schenker” and “DB Netze” now serves to link together all business units in that division. This means, for example, that in the future the Long-Distance business unit is now known as the DB Bahn Long-Distance business unit.

ORGANIC GROWTH COMPLEMENTED BY M&A TRANSACTIONS

DB Group once again complemented its organic growth with M&A transactions during the year under review. The focus was place on strengthening our market positions in the DB Bahn Regional, DB Schenker Rail and DB Schenker Logistics business units. In addition we made divestures in the area of our non-core activities.

During the year under review we once again only selectively participated in transactions that supported our strategic and financial goals within target markets defined by DB Group.

Important transactions concluded during the year under review included:

- /// JOINT VENTURE WITH GREEN CARGO: In March 2008, following approval by the responsible cartel authorities, the Swedish freight railway, Green Cargo AB, Stockholm/Sweden, acquired a 49 % stake in the previous Railion Danmark A/S, Glostrup/Denmark, which was newly restructured as a joint production company for Scandinavia and renamed DB Schenker Rail Scandinavia A/S, Taastrup/Denmark. Sales activities remain fully owned by DB Group in the form of the spun-off DB Schenker Rail Danmark Services A/S, Taastrup/Denmark. DB Schenker Rail Scandinavia serves to enhance the performance and efficiency of train transports between Scandinavia and Central Europe for our customers through the use of end-to-end trains. Both of the shareholders will invest in modern, multi-system-capable locomotives.
- /// ACQUISITION OF LAING RAIL: In March 2008, following issuance of all regulatory approvals, we took a major step forward in our internationalization efforts in the DB Bahn Regional business unit by acquiring 100 % of the shares of Laing Rail Ltd., an English rail company based in London/UK. The purchase price was € 67 million. Laing Rail, which was renamed DB Regio UK Ltd. directly after the transaction was approved, is active in the rail passenger local transport market in the UK and owns 100 % of the Chiltern Railway Company Ltd. (Chiltern), London/UK, and also holds a 50 % stake in two joint ventures: London Overground Rail Operations Ltd. (LOROL), London/UK, and Wrexham, Shropshire and Marylebone Railway Company Ltd. (WSMR), London/UK. Chiltern primarily operates commuter trains between London and Birmingham and between London and Aylesbury and frequently received the “Rail Operator of the Year” award in the UK. LOROL’s activities consist of commuter-train-similar routes in London; WSMR offers its own operated connections between London and the Wales cities of Wrexham and Shropshire.
- /// ACQUISITION OF TRANSFESA: In April 2008 the purchase of a majority stake of 55.1% in the Spanish firm Transportes Ferroviarios Especiales S.A. (Transfesa), Madrid/Spain, was concluded following the approval by the responsible cartel authorities. The purchase price was € 135 million. The Spanish railway, RENFE, and the French railway, SNCF, remain minority shareholders in Transfesa. Transfesa is an internationally active provider of rail freight and road transport as well as logistics services and is specialized in the automotive, bulk freight and general cargo segments of the transport market. Transfesa provides us with ideal access to Spain and Portugal due to its wide presence throughout the Iberian markets and the fact that it operates its own axle regauging facilities. This transaction enables us to further expand our position as a leading rail freight enterprise in Europe and make a major contribution towards optimizing freight transports to and from Southwest Europe.

- ACQUISITION OF WAGGONBAU NIESKY: In July 2008 we completed the purchase of 100 % of the shares in WBN Waggonbau Niesky GmbH. The company was subsequently renamed DB Waggonbau Niesky GmbH (WBN). WBN was acquired within the framework of planned bankruptcy proceedings under the new bankruptcy law. The purchase price was € 10 million. The company has been active in the manufacture of industrial and rail vehicles for almost 170 years, and has made a name for itself as an internationally renowned maker of freight wagons. WBN is well known far beyond its domestic market as a recognized center of competence for incorporating aluminum to manufacture rail vehicles. The company makes various kinds of freight wagon and supplies individual components for rail vehicles, especially freight wagons, to other manufacturer and railway companies.
- ACQUISITION OF ROMTRANS: In November 2008, following the approval of the responsible cartel authorities, we concluded the acquisition of the Romanian freight forwarding company, S.C. Romtrans S.A. (Romtrans) Bucharest/Romania. The shares were tendered by shareholders within the framework of a takeover offer made to all of the company's shareholders. The purchase price was € 91 million for 99.3 % of the shares. Romtrans is Romania's largest forwarding company. The company offers land, air and ocean freight transport services, as well as rail forwarding and customs clearance services. It also operates a successful multimodal transportation location at the Black Sea port of Constanța.
- SALE OF HOLDINGS IN ARCOR: In May 2008 we sold our total holdings of 18.17 % in Arcor AG & Co. KG, as well as 18.15 % in Arcor Verwaltungs-Aktiengesellschaft to Vodafone plc, Newbury/UK. The sales mark a continuation of our strategy to further focus on our core business. The sales price was € 314 million.

Compensation report

The compensation report is included in the corporate governance report and part of the Group Management report.

More details on page 27 ff.

Business environment

The vast majority of our passenger transport business, as well as our freight transport business, are highly dependent on economic developments within our home market, Germany. In 2008 the impulses driving growth were notably weaker than in 2007. Although our globally oriented freight forwarding and logistics activities benefited from the still favorable development of global trade, which expanded at a faster pace than the worldwide gross domestic product, the rate of growth noted was, however, significantly less in comparison to rate posted in the previous year.

ECONOMIC DEVELOPMENT NOTABLY BLEAKER

Total economic development: increase in gross domestic product (GDP) %	2008	2007
World[1]	2.1	3.6
USA	1.2	2.0
Japan	0.3	2.4
China	9.0	11.5
Eurozone	0.9	2.6
Germany	1.3	2.5

[1] Total selected industrial and emerging countries.
Data for 2007/2008 is based on information and estimates available on February 25, 2009.
Source: Consensus Forecasts, Federal Statistical Office, Germany.

Over the course of 2008 the world's economic growth decelerated notably due, in particular, to the crises in the financial and real estate sectors. Countries that depend on exports for their expansion were disproportionately affected at the end of the year. The notable cooling of the economy in the USA, which had already begun in 2007, continued. While this also led to a dampening of exports in the Eurozone, the decline in the value of the euro vis-à-vis the dollar that began in the spring had a stabilizing effect. However, the pace of overall economic growth slowed significantly due to factors including barely rising consumer demand and sluggish capital expenditures. The economies in Central and Eastern Europe were also affected by these factors, although the pace of growth noted in these regions was significantly more dynamic than in Southern and Western Europe. Following years of above-average growth, the economy in the UK was hit especially hard by the effects of the crises in the financial and real estate markets, and led to a significant slowdown in the UK economy. Asia was once again the world's fastest growing region, although even in China, economic growth slowed, albeit at a high level.

Despite the fact that Germany grew at a faster pace than the Eurozone average, a decline in growth by over one percentage point was noted. In view of the decelerating expansion of the global economy, rates of growth posted for exports and capital expenditures declined while employment figures still continued to grow during the course of 2008. In particular, the number of persons holding jobs requiring mandatory social insurance contributions grew significantly. Driven by sharp increases in prices for energy and food that lasted into the fall, the fastest rise in consumer prices in 14 years and a further increase in the rate of personal savings combined to restrain economic growth in Germany.

SHARP CHANGES SEEN IN ENERGY PRICES DURING THE YEAR

During the first half of 2008 the price of crude oil, which had initially started to climb in 2007, continued to rise at an accelerated pace. The American benchmark, West Texas Intermediate (WTI), set a historic record in July 2008 when it peaked at US dollars (USD) 147/barrel (bbl) only to fall within a few months to its lowest level since the end of 2003.

High demand from emerging markets as well as a decline in oil production in the western industrialized nations at the beginning of 2008 combined with fears of a further tightening of resources, including within oil-producing countries, fueled a significant increase in the price of oil. At the end of 2008 the price of WTI was 45 USD/bbl. Average annual oil prices of nearly 100 USD/bbl exceeded the comparable year-ago price by nearly 40 % – despite the price drop seen in the second half of 2008. The upward move in the exchange rate of the euro to the dollar was, however, able to cushion the swings in the price of oil within the Eurozone. While the situation on the supply side remains tight, the contraction of the global economy has caused demand around the world to decline so dramatically that an excess of oil supplies may be expected for some time to come. This situation drove the decline in prices in the second half of 2008.

Prices for 50-hertz power on the futures market weakly tracked developments in the primary energy markets as they rose by more than 40 % in the first half of 2008. The forward contract for 2009 traded at a record high of € 90/MWh and remained above the € 55/MWh level during the declines seen in the second half. The annual average of forward prices for power (base load year future) in 2008 was about 27 % higher than in 2007. Spot prices for power remained at record levels throughout the year: the EEX intra-day base load index occasionally exceeded € 100/MWh.

Coal markets tracked developments in the oil market. While the price of coal in US dollars soared by 70 % in the first half of the year, by the end of 2008 the price had retreated to the level last seen in the summer of 2007. Prices for emission rights also followed this pattern. At their peak they were selling for just over € 30/ton only to drop to € 15–16 by the end of the year.

DIVIDED DEVELOPMENT OF THE EURO

Higher interest rates in the Eurozone than in the USA led to a rise in the value of the euro, which peaked at a record 1.60 USD at mid-year. Cuts in interest rates moved to the center of attention around the world due to the subprime crisis in the USA and its subsequent effects on the global economy. The Eurozone, which had higher interest rates at the time than the United States, had greater potential to reduce its interest rates. This led to declining rates of exchange for the shared currency vis-à-vis the US dollar. Furthermore, this decline was reinforced as US firms repatriated major amounts of dollars from abroad in the second half. At the end of October the euro hit its lowest level to the US dollar in 2008 with 1 euro worth USD 1.25. The euro gained after the European Central Bank cut its key interest rate and announcement of economic stimulus plans by EU member states. At the end of the year the euro was trading for USD 1.39.

SHARP SWINGS SEEN IN THE BOND MARKET DURING THE YEAR

Rising rates of inflation fueled by very high prices for energy led to an increase in long-term yields during the first half. Peak rates for 10-year Bunds exceeded 4.60 %. High demand was noted for sovereign bonds of very creditworthy issuers as the financial crisis worsened and led to sharply higher prices for these securities. Towards the end of the year the yield stood at 2.94 %. Prices for spread products, like corporate bonds, moved in the opposite direction as investors' felt generally insecure about these types of bonds, which in turn led to heavy sales pressure on these products across all rating categories. As a result, investors demanded higher premiums for lending, which was reflected in the credit spreads seen for new issues. The capital markets remained open to good borrowers seeking funds for refinancing purposes, although only if they were willing to accept paying higher premiums for new issues.

Developments in the relevant markets

A detailed report on the development of rail transport in Germany is also available in our annual Competition Report.

www.deutschebahn.com/competitionreport

PASSENGER TRANSPORT

STRONG GROWTH OF RAIL PASSENGER TRANSPORT IN GERMANY

German passenger transport market	Growth rates		Market share	
% BASED ON VOLUME SOLD	2008	2007	2008	2007
Rail passenger transport	+ 3.5	+ 0.4	9.9	9.5
DB Group	(+ 3.0)	(+ 0.0)	(9.4)	(9.0)
Non-Group railways	(+ 11.0)	(+ 8.3)	(0.6)	(0.5)
Public road passenger transport	– 0.5	+ 0.6	9.8	9.7
DB Group	(+ 1.0)	(+ 4.5)	(1.1)	(1.1)
Motorized individual transport	– 1.5	– 0.5	79.0	79.5
Air transport (domestic)	+ 3.0	+ 7.7	1.3	1.3
Total market	– 1.0	– 0.3	100.0	100.0

Data for 2008 is based on information and estimates available on February 25, 2009; growth rates rounded up by half a percentage point

The decline in demand in the German passenger transport market (all motorized modes of transport: motorized individual transport, rail, public road passenger transport, as well as domestic air transport) accelerated slightly in 2008 in comparison to the previous year due to weakness noted in the motorized individual transport segment. This was primarily due to a long period of rising fuel prices at a high level, which reached its peak in late summer. Despite the significant drop in fuel prices that took place in the following months, the average annual price for gasoline and diesel fuel still posted a strong increase as it rose by nearly 7 %.

Volume sold recorded for the rail passenger transport sector significantly exceeded the previous year's figures and led to a correspondingly notable expansion of its share of market. Positive effects for the sector resulted from developments in the labor market and the long phase of higher fuel prices, as well as the basis effects stemming from the wage dispute in the previous year. Along with the favorable gain posted by companies within DB Group, we estimate that non-Group railways also recorded a strong increase in their volume sold. This was mainly due to them gaining more contracted routes in the regional transport area. Non-Group railways' share of volume sold in the rail passenger local transport segment rose accordingly in 2008 by 0.6 percentage points to 10.1 %.

A slight decline in demand was noted in the public road passenger transport sector – consisting of bus, streetcar and subway routes. While scheduled line services benefited from the favorable development seen in the labor market, the declining number of schoolchildren and the strike at the Berliner Verkehrsbetriebe (BVG), which lasted weeks, had a negative impact on performance (about 12 % of all passengers who use local scheduled line services in Germany are transported by the companies from Berlin).

The non-scheduled transport segment was mainly burdened by the high average annual price of fuel and stagnant disposable income figures. On an overall basis, the volume sold of DB Group bus companies rose slightly.

The dynamic growth of volume sold noted by the domestic air transport segment in the first half of 2008 in comparison to the same year-ago period was dampened by sharply rising prices for aviation fuel and the shrinking economy in the second half. The pace of growth in the low-price airlines segment decelerated significantly as these carriers responded to reduced demand by restricting their offers and decommissioning aircraft.

FREIGHT TRANSPORT

RAIL FREIGHT TRANSPORT ASSERTS ITSELF IN A DIFFICULT ENVIRONMENT

German freight transport market	Growth rates		Market share	
% BASED ON VOLUME SOLD	2008	2007	2008	2007
Rail freight transport	+ 1.9	+ 7.1	17.4	17.3
DB Group[1)]	(- 1.0)	(+ 2.9)	(13.6)	(13.9)
Non-Group railways	(+ 13.5)	(+ 28.7)	(3.8)	(3.4)
Road freight transport	+ 1.6	+ 6.2	70.7	70.5
Inland waterway transport	- 1.1	+ 1.2	9.6	9.8
Long-distance pipelines	- 3.4	- 0.1	2.3	2.4
Total market	+ 1.3	+ 5.7	100.0	100.0

[1)] DB Schenker Rail Deutschland AG (previously Railion Deutschland AG) and RBH Logistics GmbH.
Data for 2008 is based on information and estimates available on February 25, 2009.

The growth of the freight transport market in Germany (rail, road, inland waterway transport and long-distance pipelines) weakened notably in comparison to the same year-ago period. While stable gains in performance were still noted in the first half of 2008, the pace of growth of volume sold slowed considerably in the second half of 2008 due to the sharp contraction of the economy. Moreover, rising cost burdens were also felt. Despite the fact that the rapid rise of fuel prices, which peaked in July 2008, was followed by a significant drop in the subsequent months, the average price of diesel fuel for the entire year, for example, still rose by about 14 % over the same year-ago period. This meant that the price of diesel fuel rose disproportionately faster than gasoline prices. However, powered by growth noted in the first six months, the volume sold of the total market rose in 2008 – with rail once again posting the highest rate of growth in comparison to the other modes of transport, albeit at a low level.

Although the pace of growth in the rail freight transport segment slowed considerably in 2008 it was still strong enough to surpass the high level of performance noted in the previous year. Market share once again rose slightly in 2008 continuing the successful development seen in the last five years. Following very good developments in the first half of 2008, the pace of growth slowed notably in the second half due to the cooling global economy. Growth was once again driven by combined transport (CT), although its overall performance was weaker than expected in 2008. Dampening effects were noted in both the seaport hinterland transport segment as well as in the continental CT segment across all industries. Support was provided by the petroleum-based products and coal, iron and steel (Montan) sectors, although the coal, iron and steel industry was heavily burdened by economic developments in the final quarter of 2008.

DB Group companies active in the rail freight transport business in Germany were unable to fully reach the high level of performance they attained in the previous year due to the difficult market environment. The favorable development in volume sold noted for non-Group railways continued at a notably slower pace than seen in the previous year. A significant drop in the transit transport segment was countered by a sharp gain in the stronger performing domestic sector – above all due to the unbroken expansion of our international business in import and export transports. We estimate that the non-Group railways' share of the rail freight transport market rose further and was about 22 % in 2008.

The development of volume sold recorded by the road freight transport segment (German and foreign trucks – including cabotage routes in Germany) was also notably weaker. Increases in volume sold noted for foreign trucks, which clearly dominated cross-border routes, was once again stronger than the growth rates noted for their German competitors – despite the significant deceleration in impetus from foreign trade in the second half of 2008. Their share of total volume sold on German roads was about 36 %. While demand still remained stable during the first half of 2008, growth was primarily burdened by the sharp increase in fuel prices. The situation almost reversed itself during the remaining course of the year. On one hand, the price of diesel fuel again fell sharply, calming the situation, while on the other, demand fell notably, leading to excess capacities in available loading space, which had a corresponding effect on pricing. On an overall basis, volume sold posted by the road segment was slightly above the level of total market growth.

Following a slight increase in volume sold posted by inland waterway transport in 2007, the year 2008 saw a continuation of the weak growth noted in previous years. Overall, this segment's volume sold in 2008 lagged behind performance noted in the previous year. Only few weather-related restrictions and initially still stable overall economic conditions were not enough to offset the weak development stemming from the contracting economy in the second half of 2008. A further burden on this segment's performance was the sharp increase in the price of gas oil noted in the first months of 2008. The bottom line was that inland waterway transport was – unlike in the previous three years – unable to hold its share of market.

DECLINING DEVELOPMENT IN RAIL FREIGHT TRANSPORT IN GREAT BRITAIN

DB Group, with its subsidiary company DB Schenker Rail (UK) Limited, London/UK, which was acquired in July 2007, has been the biggest provider of rail freight transport services in Great Britain since 2008. DB Schenker Rail (UK) previously operated under the name English Welsh & Scottish Railway Holdings Limited (EWS). At the time when this report was being prepared we only had initial estimates available regarding developments in the UK freight transport market. These indicated that the freight transport market in Great Britain (rail and road) had posted significantly weaker growth in comparison to the same year-ago period. The modal split is also dominated in this market by road freight transport.

On an overall basis, rail transport had already recorded a decline in volume sold in the previous year. This development also continued into the start of 2008 due to comparatively warm winter weather. The cooling off of the British economy culminated in a recession in the second half of 2008 and a significant decline in production in the construction, automobile and steel industries, which rely heavily on rail transport. Furthermore, combined transports also declined because of a drop in demand for container transports.

The development of volume sold in the overall market led to heightened competitive pressures in both inter- and intramodal transports, which in turn led to greater pricing competition. The increase in fuel taxes in October 2008 was an additional negative influence that impacted on the road freight transport sector.

FREIGHT FORWARDING AND LOGISTICS

The global economic downturn in the second half of 2008 had a significant effect on the international transport and logistics markets. The relevant markets for our business recorded significantly weaker development in 2008 following strong advances in the previous years.

EUROPEAN LAND TRANSPORT

We noted favorable development in demand in the land transport market in Europe up until the summer of 2008 thanks to a growing economy. After the second quarter of 2008, however, recessionary tendencies became noticeable in all of the major countries in Europe and led to a significant decline in the volume of freight transported. Nevertheless, the total market in Europe grew by an additional 4 % to 6 %, based on revenues. Within Western Europe the first area to show signs of decline was the national business segment, in particular, while international business was initially supported primarily by growth – albeit restrained – in Eastern Europe. Declines in shipping volume noted in the second half of the year led to excess capacities in the market and increasingly aggressive pricing-based competition as market players took steps to secure their own capacity utilization levels. Shipping volumes handled by our network also declined notably since the summer.

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The consolidation trend continued in the industry and was driven by acquisitions and bankruptcies of smaller and mid-sized transport companies. Independent of the uncertainty surrounding the next moves in the price of diesel fuel following the peak reached at the end of the second quarter in 2008, the further rise in operational costs (due to factors including the introduction of the road toll, or higher tolls) led to heightened cost pressures. These were offset by rising excess capacities at freight forwarders, which made it difficult to pass on higher prices to shippers, on one hand, and also tended to lower procurement prices paid by freight forwarders.

AIR FREIGHT

Following years of strong growth, shipments, based on freight ton kilometers, in the worldwide airfreight market declined by 4 % in 2008. Tonnage shipped via our network also fell during the year under review. Up until May 2008 we had noted growth – albeit sluggish – in the market. However, the volume of goods shipped via air freight fell notably from June until the end of the year. This decline was so significant that it pulled down the total volume figure to such an extent that it was lower for all of 2008 than the previous year's figure. The main reason for this decline was the restraining effect of the financial crisis on the global economy. In addition, the market had also been burdened by high fuel prices until the middle of 2008. The Asian market, which represents close to 50 % of total market volume, played a major role in the shrinking shipment volumes. The growth of exports from Asia had already started to decline at the beginning of the year. Absolute reductions in volumes were recorded in the third quarter, and even sharper declines were posted in the fourth quarter of 2008. The total volume of goods transported from Asia declined by over 6 % in 2008. With the exception of the Near East, market volumes declined on all other trade routes.

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OCEAN FREIGHT

The optimistic growth expectations foreseen for ocean freight market in 2008 were already muddied at the start of 2008 by the decelerating pace of global economic growth, and the corresponding reduction in volumes in key markets. As a result, growth (measured in TEU) in 2008 only amounted to about 3 – 5 %. Volumes handled by our network remained stable.

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Routes from Asia to North America and Europe retained their roles as the trade lanes with the heaviest volumes in the world market. Inner-Asian transports continue to be marked by heavy activity. The unfulfilled growth expectations led to unfavorable utilization of tonnage capacities – which was made even worse as shipping lines had expanded their capacities – and ultimately to an erosion of ocean freight rates, which continued through to the end of the year. The high level of intense competition remained unbroken in both the relevant markets as well as among the shipping lines.

CONTRACT LOGISTICS

Revenues-based growth posted by the Contract Logistics / Supply Chain Management (SCM) market in 2008 expanded again, but at a weaker rate of nearly 4 %. While a strong increase in demand was still visible in the first three quarters of 2008, market growth fell abruptly in the subsequent months. The main reason for this was the dramatic drop in sales seen in the automobile industry. However, the high-tech sector also posted notable declines in volumes due to the global economic crisis. Our rate of growth was on a level with the development of the total market.

RAIL INFRASTRUCTURE IN GERMANY

Selected key figures DB rail infrastructure in Germany	2008	2007	Change absolute	Change %
Train operating companies	340	338	+ 2	+ 0.6
DB Group	28	28	–	–
Non-Group railways	312	310	+ 2	+ 0.6
Train-path demand (million train-path km)	1,043	1,050	– 7	– 0.7
DB Group	882	903	– 21	– 2.3
Non-Group railways	161	147	+ 14	+ 9.5
Station stops (million)	143.1	142.8	+ 0.3	+ 0.2
DB Group	125.2	126.6	– 1.4	– 1.1
Non-Group railways	17.9	16.2	+ 1.7	+ 10.5

Increasing numbers of non-Group train operating companies (TOC) are using the infrastructure in Germany because of the market liberalization that has been in place since 1994. This number rose slightly further in 2008. Competition in the rail sector in Germany is more intense than in any other country within the EU.

The development of the key figures relevant for our rail infrastructure companies is dependent on their customers' operational programs and, accordingly, on developments noted in the transport markets. Volumes produced by DB Group and non-Group customers in the rail passenger and freight transport segments, which is measured in track kilometers, determines the utilization of the existing infrastructure and thus demand for our products and services in the area of rail infrastructure. In 2008, demand for train-path almost reached the previous year's level, despite the difficult environment. The number of station stops rose slightly in comparison with 2007; as in previous years the number of station stops by non-Group railways climbed further.

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Furthermore, the competitive situation faced by the mix of goods and services available in our passenger stations vis-à-vis the offers in neighboring department stores, in pedestrian zones, marketplaces, as well as in other retail and dining outlets is of vital importance to our station. Total real sales recorded by retailers in Germany declined slightly during 2008.

Regulation of the railway sector in Germany

During the year under review the Federal Network Agency for Electricity, Gas, Telecommunications, Post and Railroads (Bundesnetzagentur für Elektrizität, Gas, Telekommunikation, Post und Eisenbahnen; BNA) continued to carry out its responsibilities for regulating access to the railway infrastructure in Germany, as well as monitoring the observance of guidelines regarding the unbundling of infrastructure and transport services.

A detailed report on regulatory subjects is also available in DB Group's annual Competition Report.

www.deutschebahn.com/competitionreport

BASIC RULING ISSUED ON HOW INFORMATION REGARDING CONSTRUCTION SITES SHOULD BE PROVIDED

The Federal Network Agency concluded proceedings concerning informational and coordination processes associated with construction measures, which had been ongoing since the summer of 2007, on October 31, 2008. With their ruling, the Agency ensured that a process that had been previously agreed with DB Netz AG, covering all of DB Netz AG's construction measures would integrate TOCs even earlier than before. DB Netz AG will implement the planned steps even though the ruling has not yet become legally binding. However, DB Netz AG filed a lawsuit against the ruling because the Federal Network Agency has taken a fundamental legal position with it. For example, it has retained its very broadly defined anti-discrimination position, even though it has become obsolete against the background of agreements reached for specific cases.

FEDERAL NETWORK AGENCY EXAMINING SYSTEM USED TO SET PRICES FOR STATIONS AND TRAIN-PATH

Since August 2007 the Federal Network Agency has been examining the station prices charged by DB Station & Service AG. It has also been examining the structure and extent of DB Netz AG's train-path prices since February 2008. As of the date when this report was prepared the Agency had not issued decisions for either of the two reviews.

DB REGIO AG WORKSHOPS HAVE TO POST TERMS OF USE

With rulings issued on May 8, 2008 and July 31, 2008, the Federal Network Agency obligated DB Regio AG to submit terms of use, which contain certain contents, for their workshops including, in particular, detailed descriptions of services provided. The Agency assumes that the workshops run by DB Regio AG are considered part of the rail infrastructure for the purposes of regulatory law. DB Regio AG appealed the ruling, which means that they have not yet become enforceable. On November 19, 2008, the Higher Administrative Court in Münster partially granted DB Regio AG's appeal to order the postponement of the implementation of the ruling dated July 31, 2008. In regards to the demand made by Federal Network Agency, to include detailed descriptions of services provided in the terms of use, the Court ordered that its implementation be postponed as requested in the appeal. On the other hand, the Court confirmed the view held by the Federal Network Agency that the DB Regio AG workshops are a part of the rail infrastructure. DB Regio AG retains its opposing opinion. This will be continued in the main proceedings.

BUSINESS PERFORMANCE

- REVENUES INCREASE NOTABLY BY 6.8% TO € 33.5 BILLION, OR BY 3.7% ON A COMPARABLE BASIS
- ADJUSTED EBIT AND ADJUSTED EBITDA IMPROVE BY 4.8% AND 1.8% RESPECTIVELY
- VALUE MANAGEMENT: ROCE SLIGHTLY IMPROVED AT 8.9%

Major changes in year-on-year comparison

The development of income and expenses was especially influenced by changes made to the scope of consolidation during the year under review. The following changes are relevant for comparative purposes and are explained to the extent required in the following statements:

- DB Regio (UK) has been included in the Group's consolidated financial statements as of April 1, 2008 and is carried under the DB Bahn Regional business unit.
- DB Schenker Rail (UK) has been fully included in the consolidated financial statements as of December 31, 2007 and is carried under the DB Schenker Rail business unit.
- Transfesa has been included in the consolidated financial statements as of April 1, 2008 and is carried under the DB Schenker Rail business unit.
- Spain-Tir has been included in the consolidated financial statements as of October 1, 2007 and is carried under the DB Schenker Logistics business unit. Contributions to earnings are shown from January to September 2008 as part of the changes in the scope of consolidation.
- Romtrans has been fully consolidated as of December 31, 2008 and is carried under the DB Schenker Logistics business unit. Accordingly, only the balance sheet results and the number of employees were included in the annual statements for the year under review.
- Waggonbau Niesky has been included in the consolidated financial statements as of August 1, 2008 and is carried under DB Services business unit.

As of the 2008 financial year the Transa Spedition GmbH and its subsidiary companies, which were previously carried under the DB Schenker Rail business unit, are assigned to the DB Schenker Logistics business unit. As of the 2008 financial year the DB Schenker Rail business unit has management responsibility for the rail-related logistics company, ATG Autotransportlogisic GmbH (including its subsidiary companies) and Schenker Automotive RailNet GmbH. They were previously carried under the DB Schenker Logistics business unit. The previous year's figures have been adjusted accordingly.

Effective January 1, 2008, the track services activities carried out by the DB Services business unit exclusively on behalf of DB Netz AG were bundled into a separate subsidiary company, DB Fahrwegdienste GmbH, which is part of DB Group's DB Netze Track business unit.

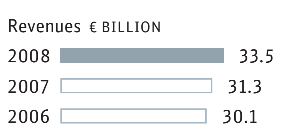
Changes in intra-Group settlement for services and charges

Internal settlement procedures were also changed as part of the restructuring of DB Group. A settlement or a charge to a business unit no longer can be made on a lump sum basis. Instead, it must be made based on a direct billing for services or expenses incurred to the extent that a clear reason for the service or charge is given. This procedure applies, in particular, to previously charged service functions, as well as expenses for insurance, which are bundled centrally at DB AG. A separate settlement has also been put in place for marketing costs incurred by DB ML AG as of the 2008 financial year.

Expenses for the remaining Group management functions will generally no longer be apportioned among the business units. As Group management functions will be carried out by DB ML AG as well as DB AG on behalf of DB ML Group and for DB Group, a corresponding mutual settlement of charges will take place between these two companies as of the 2008 financial year. Moreover, brand usage by DB ML Group will be taken into account in the form of a separate service charge between DB AG and DB ML AG. These charges had been settled at business unit level in previous years.

The previous years were retroactively adjusted in order to present the valid settlement or charges to the business units as close as possible, as this procedure is no longer being used as of the 2008 financial year.

Development of revenues



Revenues € MILLION	2008	2007	Change absolute	Change %
DB Group	33,452	31,309	+ 2,143	+ 6.8
– Effects from major acquisitions	974	0	+ 974	–
DB Group – comparable	**32,478**	**31,309**	**+ 1,169**	**+ 3.7**

On an overall basis we were able to achieve a further increase in Group revenues over the previous year's figure. More than half of the gain in revenues was generated by existing business operations. The increase in organic growth was mainly driven by the continued favorable development of our rail transport business.

The major acquisitions made were DB Schenker Rail (UK) (€ 610 million), DB Regio (UK) (€ 128 million), Spain-Tir (€ 125 million) and Transfesa (€ 111 million), which together contributed a little less than half (45 %) of the increase in revenues.

Revenues were burdened by the global economic downturn in the second half of 2008, which had a particularly notable effect on our DB Schenker Rail and DB Schenker Logistics business units. In addition, revenues also had to absorb significantly negative currency exchange rate effects amounting to € 352 million. However, exchange rate effects also had a favorable dampening effect on the corresponding expense items.

Revenues by business unit € MILLION	2008	2007	Change	
			absolute	%
DB Bahn Long-Distance	3,523	3,265	+ 258	+ 7.9
DB Bahn Regional	6,687	6,532	+ 155	+ 2.4
DB Bahn Urban	1,962	1,879	+ 83	+ 4.4
DB Schenker Rail	4,654	3,905	+ 749	+ 19.2
DB Schenker Logistics	14,680	14,022	+ 658	+ 4.7
DB Services	112	99	+ 13	+ 13.1
DB Netze Track	725	617	+ 108	+ 17.5
DB Netze Stations	344	328	+ 16	+ 4.9
DB Netze Energy	554	454	+ 100	+ 22.0
Other	211	208	+ 3	+ 1.4
DB Group	**33,452**	**31,309**	**+ 2,143**	**+ 6.8**

The business units continued to develop favorably. All of the business units contributed to the growth in revenues.

The DB Schenker Rail and DB Schenker Logistics business units noted the absolute biggest gains – supported by the first-time inclusion of DB Schenker Rail (UK) and Transfesa respectively Spain-Tir. Despite that fact the DB Schenker Logistics business unit could also continue its organic growth.

The DB Bahn Long-Distance business unit was also able to notably increase its revenues based on a significant increase in its performance. Driven by the first-time integration of DB Regio (UK), the DB Bahn Regional business unit was also able to markedly increase its revenues. Moreover, the DB Bahn Urban business unit was also able to achieve higher revenues due to the favorable development noted for the S-Bahn (metro) and bus transport businesses.

The DB Netze Energy and DB Netze Track business units were able to continue expanding their revenues based on higher demand noted from non-Group railways. Revenues posted by the DB Netze Energy business unit were also favorably influenced because it was possible to partly pass on the higher prices paid to procure energy. Slightly higher revenues were also noted for DB Netze Stations and DB Services business units.

The DB Schenker Rail business unit was able to increase its share of total revenues from 12 % to 14 %. The DB Schenker Logistics business unit retained its role as the main generator of revenues with a share of 44 %, followed by DB Bahn Regional with a share of 20 %.

Detailed information about the performance of the individual business units may be found in the chapter “Business Units”.

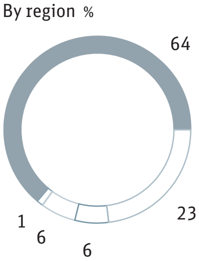
More details on page 72 ff.

Revenues by region € MILLION	2008	2007	Change	
			absolute	%
Germany	21,400	20,464	+ 936	+ 4.6
Europe (excluding Germany)	7,852	6,719	+ 1,133	+ 16.9
North America	1,884	1,827	+ 57	+ 3.1
Asia / Pacific	1,885	1,967	- 82	- 4.2
Rest of world	431	332	+ 99	+ 29.8
Total	**33,452**	**31,309**	**+ 2,143**	**+ 6.8**

The effects stemming from the changes in the scope of consolidation are also notably reflected in the breakdown of revenues by region. Due to our focus on the expansion of our European land transport and rail freight transport networks, as well as our entry into the British passenger transport sector, revenues, especially in Europe (excluding Germany), rose very sharply. Revenues in Germany also posted a further gain because of the favorable development of our rail activities. The share of revenues held by the North America and Asia / Pacific regions was at the previous year's level. Growth in these regions was burdened by the development of the US dollar's exchange rate, among other reasons.

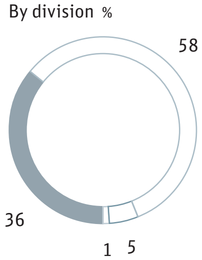
REVENUE STRUCTURE 2008

By region %



- Germany
- Europe (excluding Germany)
- North America
- Asia / Pacific
- Rest of world

By division %



- DB Bahn
- DB Schenker
- DB Netze
- Other

By business unit %	2008	2007
DB Bahn Long-Distance	10.5	10.4
DB Bahn Regional	20.0	20.9
DB Bahn Urban	5.9	6.0
DB Schenker Rail	13.9	12.5
DB Schenker Logistics	43.9	44.8
DB Services	0.3	0.3
DB Netze Track	2.2	2.0
DB Netze Stations	1.0	1.0
DB Netze Energy	1.7	1.4
Other	0.6	0.7

Development of income

Excerpt from statement of income € MILLION	2008	2007	Change	
			absolute	%
Total income	38,370	36,473	+ 1,897	+ 5.2
thereof other operating income	(3,046)	(3,219)	(– 173)	(– 5.4)
Cost of materials	– 18,544	– 17,166	– 1,378	+ 8.0
Personnel expenses	– 10,583	– 9,913	– 670	+ 6.8
Depreciation	– 2,723	– 2,795	+ 72	– 2.6
Other operating expenses	– 3,927	– 3,704	– 223	+ 6.0
Total expenses	– 35,777	– 33,578	– 2,199	+ 6.5
EBIT	**2,593**	**2,895**	**– 302**	**– 10.4**
Financial result	– 786	– 879	+ 93	– 10.6
Profit before taxes on income	**1,807**	**2,016**	**– 209**	**– 10.4**
Taxes on income	– 486	– 300	– 186	+ 62.0
Net profit for the year	**1,321**	**1,716**	**– 395**	**– 23.0**

Total income rose notably and was driven by the favorable development of revenues. After making adjustments for the major acquisitions, total income rose by 2.1%, or € 768 million. Development of revenues, in particular, had a notable effect on the change. Development of other operating income had a reverse impact and, after adjusting for major acquisitions made, was even lower than the comparable same year-ago figure (€ – 327 million). This is especially due to the lower number of special items during the year under review. Last year this figure still contained extensive effects of € 646 million arising from the sale of holdings. Opposite effects were generated by: the sale of our holding in Arcor during the year under review, which led to € 243 million in other operating income; and the sale of a holding in DB Schenker Rail Scandinavia with € 13 million, as well as the special item related to the settlement of a conflict with the Frankfurt airport for € 56 million.

Increases in personnel expenses and the cost of materials reflect, in particular, burdens arising from the wage settlement and the, on average, significantly higher costs for energy. In addition, significant acquisitions made during the year under review also pushed expenses (€ – 498 million and € – 361 million, respectively). After being adjusted, cost of materials rose by 5.1% and personnel expenses by 3.1%. Exchange rate effects noted in our international business activities had a dampening impact on expenses in this area.

Depreciation taken during the year under review was slightly below the previous year's figure, although after adjustments for the major acquisitions made the decline was a bit higher at 4.2%.

Other operating expenses noted for the year under review were higher than the previous year's level. The € 233 million recorded for this item was mainly due to changes arising from major acquisitions made. After being adjusted, they remained at last year's level.

Our EBIT figure contracted during the year under review due to significantly fewer favorable special items and the resulting decline in other operating income, in addition to higher expenses.

Despite a notable improvement in our financial result, this decline also affected profit before taxes on income. Financial result reflects, in particular, a notable improvement in interest income. This change was driven on the income side by higher interest rates and by the lower average indebtedness for the year, which in turn resulted in lower expenses for interest paid.

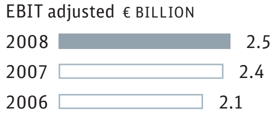
However, because taxes on income also rose notably at the same time, our total net profit for the year was lower. The change in the tax item mainly resulted from higher original income tax expenses due to the temporary discontinuance of single corporate entities for tax purposes due to restructuring measures that included the transfer of DB Regio AG and DB Stadtverkehr GmbH from DB AG to DB ML AG. This was necessary because of tender-related legal reasons in order to counter possible risks associated with awarding contracts.

Net profit due to minority interests amounted to € 14 million (previous year: € 15 million). The aforementioned development thus led to a significant contraction in net profit for the year less amounts owed to minority interests of € 1,307 million (previous year: € 1,701 million). This decline, in turn, led to a drop in earnings per share from € 3.96 in 2007 to € 3.04 in 2008.

OPERATING INCOME

EBIT

EBIT adjusted € BILLION



EBIT adjusted € MILLION	2008	2007	Change absolute	Change %
EBIT	2,593	2,895	- 302	- 10.4
- Special items	110	525	- 415	- 79.0
EBIT adjusted	**2,483**	**2,370**	**+ 113**	**+ 4.8**
thereof from major acquisitions	(- 8)	(0)	(- 8)	(-)
Adjusted EBIT margin	7.4 %	7.6 %	-	-

The adjusted EBIT figure is a key measure of performance for DB Group and its business units, and serves as the basis for measuring the value management figure of ROCE.

Excluding special items, adjusted EBIT posted another notable increase for the year under review. Favorable effects from increased performance and revenues were able to more than offset additional expense burdens.

Due to the substantial increase in revenues in comparison to adjusted EBIT, the adjusted EBIT margin declined slightly during the year under review.

Special items € MILLION	2008		2007
Result from disposal of financial instruments	258	Result from disposal of financial instruments	594
Settlement airport station Frankfurt	52	Provision for potential losses based on long-term transport contracts	- 270
Preparation costs planned IPO DB ML AG	- 59		
Other	- 141	Other	201
Total	**110**	**Total**	**525**

As in the previous year, EBIT development was influenced by special items. However, their value was far below the previous year's level. This change was mainly due to the sale of our stake in Arcor (€ 243 million) and income derived from settling a claim related to charges associated with construction measures at the Frankfurt airport train station. The figure was reduced by a negative special item for expenses incurred in making preparations for the IPO of our subsidiary company, DB ML AG.

More details on page 49

The biggest special items in the previous year involved the sale of Scandlines and Aurelis. Provisions made for potential losses in the DB Bahn Regional business unit had an opposite effect, of which € 270 million was adjusted as a special item.

EBIT adjusted by business unit € MILLION	2008	2007	Change absolute	Change %
DB Bahn Long-Distance	306	186	+ 120	+ 64.5
DB Bahn Regional	857	830	+ 27	+ 3.3
DB Bahn Urban	205	197	+ 8	+ 4.1
DB Schenker Rail	307	357	- 50	- 14.0
DB Schenker Logistics	381	421	- 40	- 9.5
DB Services	131	145	- 14	- 9.7
DB Netze Track	670	592	+ 78	+ 13.2
DB Netze Stations	210	186	+ 24	+ 12.9
DB Netze Energy	74	185	- 111	- 60.0
Other/consolidation	- 658	- 729	+ 71	- 9.7
DB Group	**2,483**	**2,370**	**+ 113**	**+ 4.8**

At the business unit level, the most notable, absolute increases in income on an adjusted basis were recorded by the DB Bahn Long-Distance, DB Netze Track, DB Bahn Regional and DB Netze Stations business units. Here we were able to book significant increases in revenues as well as make further gains in improving efficiency and cutting costs.

The DB Bahn Urban business unit was able to slightly exceed its previous year results due to the favorable development noted in its S-Bahn (metro) business.

Due to additional costs and reductions made in prices, the DB Services business unit posted lower results.

Developments noted for the DB Schenker Rail and DB Schenker Logistics business units contracted substantially. Both business units were burdened by the development of the economy in the second half of 2008. Moreover, the DB Schenker Logistics business unit also had to absorb a non-recurring charge of € 43 million incurred by Schenker N.V., Antwerp/Belgium. Higher personnel expenses and costs of materials also had a negative impact on results at the DB Schenker Rail business unit.

Results at the DB Netze Energy business unit were below the previous year's figures. Sharply higher average annual prices for electricity and oil-based products had a notably negative effect on performance.

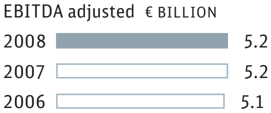
A notable improvement was seen for the item Other/consolidation. The change was driven by improvements made in the cost structures, income from insurance policies and the new valuation of personnel-related provisions.

Detailed information about the performance of the individual business units may be found in the chapter "Business Units".

More details on page 72 ff.

EBITDA

EBITDA adjusted € BILLION



EBITDA adjusted € MILLION	2008	2007	Change absolute	Change %
EBIT	2,593	2,895	- 302	- 10.4
+ Depreciation	2,723	2,795	- 72	- 2.6
EBITDA	5,316	5,690	- 374	- 6.6
– Special items	110	577	- 467	- 80.9
EBITDA adjusted	**5,206**	**5,113**	**+ 93**	**+ 1.8**
thereof from major acquisitions	(37)	(0)	+ 37	–
Adjusted EBITDA margin	15.6 %	16.3 %	–	–

Development of our adjusted EBITDA tended to track development noted for our adjusted EBIT. Development here also declined after taking special items into account. However, excluding special items, we posted favorable development. The absolute increase of the adjusted EBIT figure was slightly greater than of the adjusted EBITDA figure as depreciation decreased marginally.

Due to the notable increase in revenues in comparison to the adjusted EBITDA figure, the adjusted EBITDA margin declined slightly in the year under review.

EBITDA adjusted by business unit € MILLION	2008	2007	Change absolute	Change %
DB Bahn Long-Distance	678	554	+ 124	+ 22.4
DB Bahn Regional	1,282	1,232	+ 50	+ 4.1
DB Bahn Urban	352	345	+ 7	+ 2.0
DB Schenker Rail	560	587	- 27	- 4.6
DB Schenker Logistics	551	590	- 39	- 6.6
DB Services	316	346	- 30	- 8.7
DB Netze Track	1,604	1,556	+ 48	+ 3.1
DB Netze Stations	342	320	+ 22	+ 6.9
DB Netze Energy	167	289	- 122	- 42.2
Other/consolidation	- 646	- 706	+ 60	- 8.5
DB Group	**5,206**	**5,113**	**+ 93**	**+ 1.8**

The development of the adjusted EBIT figure also tended to track the development of the adjusted EBITDA figure at the business units level. The major reasons for the year-over-year changes are identical.

The DB Bahn Long-Distance, DB Bahn Regional and DB Netze Track business units recorded the most notable absolute increases. The DB Bahn Urban and DB Netze Stations business units were able to slightly exceed their comparable year-ago figures. The DB Schenker Rail business unit was below its previous year's figure.

In comparison to the previous year, the DB Bahn Regional and DB Schenker Rail business units incurred higher levels of depreciation. Depreciation noted in the DB Netze Track and DB Netze Energy business units declined. In the remaining business units, the development of the adjusted EBITDA tracked the adjusted EBIT figure.

Detailed information about the performance of the individual business units may be found in the chapter "Business Units".

More details on page 72 ff.

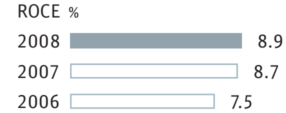
Value management

The economic dimension of value management is based ultimately on the figures shown at the bottom of the balance sheet and the income statement. The appropriateness of these results can only be judged in context of the assets that need to be financed and the cost of capital. The key goal here, in particular, is to ensure that the ability to invest in the company's core business is secured on a sustained basis.

ROCE AS A VALUE-ORIENTED CONTROL INSTRUMENT CONFORMING TO MARKET REQUIREMENTS

ROCE € MILLION OR %	2008	2007	Change	
			absolute	%
EBIT adjusted	2,483	2,370	+ 113	+ 4.8
÷ Capital employed	27,961	27,393	+ 568	+ 2.1
ROCE	**8.9 %**	**8.7 %**	–	–

ROCE %



We use target returns to manage DB Group as well as DB ML Group, taking the nature and risk of each operating business into consideration. We measure the performance of our business activities against these target returns. Furthermore, we also use these targets as a basis for planning purposes and our capital expenditure programs. As a minimum, the target returns are set at the level of the weighted average cost of capital (WACC).

The cost of capital is derived in conformity with capital market requirements taking the sustainable nature of the control concept into consideration. We estimate the pre-tax long-term cost of capital to be 8.9 % based on a mid-term target capital structure. DB Group's minimum ROCE target was set at 10 %.

To enable better comparability of accounting periods we use EBIT that has been adjusted for special items to calculate our ROCE, our key value management figure. We were able to notably improve our ROCE figure once again during the year under review. The favorable development was caused by the further improvement in the adjusted EBIT. This also more than compensated for the increase in capital employed. Capital employed stands for the part of DB Group's capital that is required for its operations and subject to interest.

More details on page 66 ff.

Derivation of capital employed from the balance sheet € MILLION	2008	2007	Change	
			absolute	%
Based on assets				
Property, plant and equipment/ intangible assets	39,976	39,855	+ 121	+ 0.3
+ Inventories	830	784	+ 46	+ 5.9
+ Receivables/other assets	4,238	4,263	– 25	– 0.6
– Other liabilities	7,556	7,577	– 21	– 0.3
– Other provisions	6,541	6,766	– 225	– 3.3
– Deferred income	2,955	3,166	– 211	– 6.7
– Receivables from financing	31	0	+ 31	–
Capital employed	**27,961**	**27,393**	**+ 568**	**+ 2.1**
Based on equity and liabilities				
Equity	12,155	10,953	+ 1,202	+ 11.0
+ Financial debt	16,853	18,062	– 1,209	– 6.7
+ Retirement benefit obligations	1,649	1,594	+ 55	+ 3.5
+ Liabilities from derivatives	325	274	+ 51	+ 18.6
+ Deferred tax liabilities	159	137	+ 22	+ 16.1
– Assets from derivatives	160	79	+ 81	+ 103
– Deferred tax assets	1,692	1,644	+ 48	+ 2.9
– Financial assets	418	355	+ 63	+ 17.7
– Cash and cash equivalents and receivables from financing	910	1,549	– 639	– 41.3
Capital employed	**27,961**	**27,393**	**+ 568**	**+ 2.1**

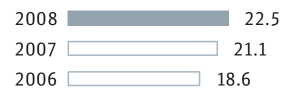
REDEMPTION COVERAGE AND GEARING

Redemption coverage/gearing	2008	2007	Change	
€ MILLION OR %			absolute	%
EBIT adjusted	2,483	2,370	+ 113	+ 4.8
+ Net operating interest [1), 2)]	- 746	- 832	+ 86	- 10.3
+ Depreciation [2)]	2,723	2,743	- 20	- 0.7
= Operating cash flow	**4,460**	**4,281**	**+ 179**	**+ 4.2**
Net financial debt	15,943	16,513	- 570	- 3.5
+ Present value of operating leases	3,853	3,767	+ 86	+ 2.3
÷ Adjusted net financial debt	**19,796**	**20,280**	**- 484**	**- 2.4**
Redemption coverage	**22.5 %**	**21.1 %**	**-**	**-**
Financial debt	16,853	18,062	- 1,209	- 6.7
- Cash and cash equivalents and receivables from financing	910	1,549	- 639	- 41.3
= Net financial debt	**15,943**	**16,513**	**- 570**	**- 3.5**
÷ Equity	12,155	10,953	+ 1,202	+ 11.0
Gearing	**131 %**	**151 %**	**-**	**-**

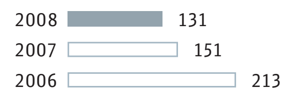
1) To properly determine redemption coverage we utilize net operating interest by eliminating those components of net interest income/expense related to the compounding of non-current liabilities and provisions and the reversal of deferred income.

2) Adjusted for special items.

Redemption coverage %



Gearing %



The key figures for controlling the level of debt are redemption coverage (ratio of operating cash flow to adjusted net financial debt, i.e. including present value of liabilities from operating leases) and gearing (the ratio of net financial debt to equity). We strive for a level of debt commensurate with our outstanding current credit rating. The mid-term goal for redemption coverage is 30 %. Our target for gearing is an equity to net financial debt ratio of 1:1.

During the year under review we were able to further improve our redemption coverage over the previous year. The improvement was due to the increase in operating cash flows and the decline in adjusted net financial debt. Gearing improved notably on a year-on-year basis due to the rise in equity and a concurrent contraction of net financial debt.

DEVELOPMENT OF BUSINESS UNITS

- /// EXTREMELY FAVORABLE DEVELOPMENT IN THE DB BAHN LONG-DISTANCE BUSINESS UNIT
- /// WORLDWIDE ECONOMIC DOWNTURN IN THE SECOND HALF OF THE YEAR PUTS PARTICULAR STRAIN ON THE DB BAHN SCHENKER RAIL BUSINESS UNIT
- /// INFRASTRUCTURE BUSINESS UNITS SEE SIGNIFICANTLY INCREASED DEMAND FROM OUTSIDE THE GROUP
- /// STRESSES ACROSS DIFFERENT BUSINESS UNITS RESULTING FROM HIGHER COST OF MATERIALS AND PERSONNEL EXPENSES

DB Bahn Long-Distance business unit

Selected key figures € MILLION	2008	2007	Change	
			absolute	%
Passengers rail (million)	123.2	118.7	+ 4.5	+ 3.8
Volume sold rail (million pkm)	35,457	34,137	+ 1,320	+ 3.9
Load factor (%)	44.2	42.1	–	–
External revenues	3,523	3,265	+ 258	+ 7.9
EBIT adjusted	306	186	+ 120	+ 64.5
EBITDA adjusted	678	554	+ 124	+ 22.4
Gross capital expenditures	80	126	- 46	- 36.5
Employees (FTE as of December 31)	14,603	15,011	- 408	- 2.7

MAJOR EVENTS

- /// One year after the inauguration of German-French high-speed transport with the ICE and TGV trains, we already had more than a million passengers. On average, more than 3,300 passengers use the trains each day. Since June 2007, the ICE has offered up to five connections daily from Frankfurt am Main, Mannheim, Kaiserslautern and Saarbrücken to Paris. The TGV travels from Stuttgart to Paris via Karlsruhe and Strasbourg four times a day, and once a day the route extends to/from Munich.
- /// We expanded our Europe Special price offer (starting at € 39) to Switzerland, the Netherlands, Belgium, the Czech Republic, Hungary, Slovenia and Croatia, among others.
- /// During the year under review, we sold one million train trips on the online marketplace eBay.
- /// In order to expand our international offerings in particular, we ordered 15 ICE 3 trains with multisystem capability, worth approximately € 500 million, to be used starting in 2011.

PERFORMANCE DEVELOPMENT

The volume sold in the DB Bahn Long-Distance business unit increased noticeably during the year under review. The number of passengers increased significantly as well. Performance was favorably affected not only by the favorable economic environment in the first half of 2008, but also by our pricing measures and special offerings, and by the expansion of our international ICE network (especially the routes from and to France). In addition, the negative one-time effects of hurricane Kyrill in January 2007 and the wage negotiations at the end of 2007 no longer applied. There were offer-related declines in the area of car trains and night trains.

We were also able to significantly increase our load factor during the year under review. The proportion of ICE transport in the volumes sold increased slightly, to 66 % (64 % previous year).

BUSINESS DEVELOPMENT

Based on the increase in performance – and supported by our ongoing yield management measures – we were able to continue increasing our external revenues as well. In terms of expenses, there were clear increases in personnel expenses because of the implementation of the wage agreement, and increases in costs of materials because of higher costs for station and train path usage, as well as higher maintenance expenses.

Overall, the increases in revenue, together with a slight increase in other operating income, easily compensated for the increased expenses.

Thus, the adjusted EBIT and the adjusted EBITDA saw very favorable development during the year under review, as depreciation rose slightly.

Gross capital expenditures were lower than the previous year, and were comparatively low in comparison with the years before that. The main reason for this was our focus on the purchasing, upgrading and retrofitting programs undertaken in previous years, especially for the ICE fleet. These will provide us with a modern high-speed fleet that will also meet the demands of cross-border transport. With the purchase of 15 additional high-speed trains for international use starting in 2011, and the planned replacements in our EC/IC fleet as a shared platform with the successors of our ICE 1/2 train sets – scheduled to begin in 2014 – we are already preparing for future challenges. Detailed information about the significant capital expenditures made during the year under review may be found in the chapter “Capital expenditures”.

More details on page 92 f.

The number of employees decreased slightly in comparison to December 31, 2007.

DB Bahn Regional business unit

Selected key figures € MILLION	2008	2007	Change absolute	Change %
Passengers rail (million)	1,242	1,206	+ 36	+ 3.0
Volume sold rail (million pkm)	36,866	35,292	+ 1,574	+ 4.5
Volume produced rail (million train-path km)	490.7	498.0	- 7.3	- 1.5
External revenues	6,687	6,532	+ 155	+ 2.4
thereof concession fees	(4,119)	(4,147)	(- 28)	(- 0.7)
EBIT adjusted	857	830	+ 27	+ 3.3
EBITDA adjusted	1,282	1,232	+ 50	+ 4.1
Gross capital expenditures	466	459	+ 7	+ 1.5
Employees (FTE as of December 31)	25,084	24,781	+ 303	+ 1.2

MAJOR EVENTS

More details on page 48

- We entered the British rail passenger transport market with the acquisition of Laing Rail Ltd. (now DB Regio (UK)).
- We continued to upgrade our urban transport fleet. Among other things, we began an extensive modernization of the S-Bahn (metro) fleet in North Rhine-Westphalia as part of a € 300 million capital expenditure program extending through 2010. In the Rhine-Ruhr transport association area (Verkehrsverbund Rhein-Ruhr; VRR), the first new series ET 422 rail cars have been in use since November.
- We signed a framework agreement with Bombardier Transportation for 800 bi-level cars, with a total volume of up to € 1.5 billion. In the future, this means we will have powered bi-level cars in our fleet. Depending on their intended use in each urban transport network, however, it will also be possible to order individual, driving and intermediate cars. In addition, the vehicles are compatible with other generations, which provide operational cost benefits. The new generation of vehicles will improve our competitive position in local rail transport.

PERFORMANCE DEVELOPMENT

During the year under review, the development of volume sold in the DB Bahn Regional business unit was noticeably influenced by the first-time inclusion of DB Regio (UK). Still, even with adjustments for this effect, the number of passengers (+1.9 %) and volume sold (+ 2.4 %) both increased noticeably. The strong job-market environment, the average increase in fuel prices throughout the year and the continuing success of the Länder Tickets (tickets valid for travel within a state at discount prices for groups) and other flat rate offers all had favorable effects.

The level of volume produced decreased during the year under review. The effect of the first-time inclusion of DB Regio (UK) was compensated here by the decreases related to performance losses during the year under review, and by cuts in the ordered volume by contracting organizations.

AWARD DECISIONS

The contracting organizations in Germany concluded 24 tender procedures during the year under review and awarded a total of 38.2 million train-path km (33.1 million train-path km in the previous year). Of these, we were able to win ten of the procedures, or 28 % of the total train-path km awarded (previous year: 70 %).

TENDERING PROCEDURES

19.6 million train-path km were awarded in tenders in accordance with Art. 97 ff. of the Anti-Trust Act (Gesetz gegen Wettbewerbsbeschränkungen; GWB). Of these, we were able to win the tenders for the "Rhein-Sieg-Express" (2.0 million train-path km p. a.) and for "Kassel–Wabern–Bad Wildungen" (0.1 million train-path km p. a.).

NEGOTIATION PROCEDURES

Of the 5.3 million train-path km awarded in negotiation procedures in accordance with Art. 15 para. 2 of the General Railways Act (Allgemeines Eisenbahngesetz; AEG) during the year under review, we successfully concluded negotiations regarding services for the "RE 8 MV (Wismar–Rostock–Tessin)" (1.1 million train-path km p. a.).

DIRECT AWARDS

In addition, 13.3 million train-path km were directly awarded to train operating companies during the year under review, in accordance with Art. 15 para. 2 AEG. Of these, the most extensive services we won were for a portion of the "Interim Services for the City-Tunnel Leipzig," in the amount of 2.7 million train-path km p. a., and a portion of the services in the "Netz Nord" in Schleswig-Holstein, for 1.6 million train-path km.

BUSINESS DEVELOPMENT

Business development was favorable during the year under review. Revenues were higher than the same year-ago figures. Overall, the effects of the first-time inclusion of DB Regio (UK) and the increases in farebox revenues more than compensated for the decline in concession fees.

In terms of expenses, the favorable effects of further streamlining measures were more than offset by the wage increases, higher fuel costs, increased train-path and station prices as well as the effects of the first-time inclusion of DB Regio (UK).

Overall, profit development was favorable during the year under review. The increased expenses were more than compensated by higher revenues. In addition, there was an overall effect on the EBIT amounting to € 17 million caused by the utilization and the cyclical re-evaluation of the provision for potential losses in conjunction with long-term transport contracts, that was set in the previous year. Both the adjusted EBIT and the adjusted EBITDA figures posted favorable development. Depreciation increased during the year under review because of continued high capital expenditures and the special depreciation taken for locomotives that could no longer be used (€ 7 million).

Gross capital expenditures were slightly higher than in the previous year. This expansion was a result of procuring vehicles for tenders that had been won. Detailed information may be found in the chapter "Capital expenditures".

More details on page 92 f.

The number of employees rose slightly in comparison with December 31, 2007. Here, it should be taken into account that DB Regio (UK), with its 794 employees, was included in the scope of consolidation as of December 31, 2007. After being adjusted for this effect, the number of employees declined.

DB Bahn Urban business unit

Selected key figures € MILLION	2008	2007	Change	
			absolute	%
Passengers rail (million)	583.6	540.5	+ 43.1	+ 8.0
Volume sold rail (million pkm)	5,468	5,362	+ 106	+ 2.0
Volume produced rail (million train-path km)	44.5	43.3	+ 1.2	+ 2.8
Passengers bus (million)	720.1	722.6	- 2.5	- 0.3
Volume sold bus (million pkm)	8,371	8,228	+ 143	+ 1.7
Volumes produced bus (million bus km)	591.5	570.4	+ 21.1	+ 3.7
External revenues	1,962	1,879	+ 83	+ 4.4
thereof concession fees	(354)	(336)	(+ 18)	(+ 5.4)
EBIT adjusted	205	197	+ 8	+ 4.1
EBITDA adjusted	352	345	+ 7	+ 2.0
Gross capital expenditures	132	107	+ 25	+ 23.4
Employees (FTE as of December 31)	12,259	12,221	+ 38	+ 0.3

MAJOR EVENTS

- The S-Bahn (metro) Hamburg began service to the Hamburg airport in December 2008.
- The Ostwestfalen GmbH bus transport company won a Europe-wide tender and will take over bus transport for the British armed forces in Germany.

PERFORMANCE DEVELOPMENT

The S-Bahnen (metros) in the DB Urban business unit posted an overall increase in their passenger number and volume sold during the year under review. The development of the S-Bahn Berlin was substantial: here, additional favorable effects resulted from the optimized offerings and the strike of the Berlin transport company Berliner Verkehrsbetriebe (BVG) responsible for bus and subway transport in Berlin at the beginning of the year under review.

In the area of bus transport, passenger numbers decreased slightly. This was offset by an increase in volume produced and volume sold, as a result of taking over concessions and higher average travel distances. The first-time full-year inclusion of Pan Bus A/S, Viborg/Denmark, acquired in the previous year, also had a noticeable effect here.

TENDERS

In the area of bus transport, we noted a continuously high competitive intensity on the regional level, which can be seen in the earlier tenders and in the tenders still under consideration.

During the year under review, services with a total volume of about 43 million commercial vehicle kilometers were awarded in Germany. During the year under review, these awards were concentrated in the state of Hesse, the Rhine-Neckar region, the East Westphalia region and the Munich area. We do not take part in tenders if they are not of sufficient economic or strategic importance for us. For the tendering processes in which we did participate, we had a success rate of 45 % (previous year: 41 %).

BUSINESS DEVELOPMENT

In terms of revenues, the S-Bahn (metro) unit, in particular, recorded favorable development. In the development of concession fees, the addition of new routes for the S-Bahn Hamburg and the liquidation of previously made provisions, following a settlement with the contracting organization for the S-Bahn Berlin, had a favorable effect. The development of farebox revenues reflects the favorable effects of the performance increases and our cost management measures. Bus transports were at the same year-ago level.

In terms of expense development, the S-Bahn (metro) unit was burdened by higher energy costs as well as higher train-path and station costs. In terms of personnel expenses, the wage increases were absorbed by additional streamlining measures. In the area of bus transport, personnel costs increased due to an increased number of personnel and higher wage agreements. Cost of materials was particularly affected by higher diesel prices and increased maintenance expenses. Depreciation also increased as a result of our ongoing capital expenditures for vehicles.

Overall, the additional cost burdens meant that the development of revenue was not correspondingly reflected in the development of profits. While profits developed favorably in the S-Bahn (metro) area, our bus transport business saw a negative development. Nevertheless, the business unit was able to marginally increase its adjusted EBIT and its adjusted EBITDA. Depreciation was at the same level as the previous year.

Gross capital expenditures were significantly higher than the same year-ago figure. This was caused by higher capital expenditures in the bus transport area. Detailed information may be found in the chapter "Capital expenditures".

More details on page 92 f.

The number of employees rose slightly in comparison with December 31, 2007. Here, a decrease in S-Bahn (metro) employees was offset by a larger increase in bus transport employees.

DB Schenker Rail business unit

Selected key figures € MILLION	2008	2007	Change	
			absolute	%
Freight carried (million t)	378.7	312.8	+ 65.9	+ 21.1
Volumes sold (million tkm)	113,634	98,794	+ 14,840	+ 15.0
Capacity utilization (t per train)	488.3	481.4	+ 6.9	+ 1.4
External revenues	4,654	3,905	+ 749	+ 19.2
EBIT adjusted	307	357	- 50	- 14.0
EBITDA adjusted	560	587	- 27	- 4.6
Gross capital expenditures	351	192	+ 159	+ 82.8
Employees (FTE as of December 31)	29,242	28,067	+ 1,175	+ 4.2

MAJOR EVENTS

More details on page 48

/// We sold a stake of DB Schenker Rail Scandinavia to Green Cargo, a Swedish rail freight company, to make rail freight transport between Scandinavia and Central Europe more efficient and productive.

/// The acquisition of DB Schenker Rail (UK) and Transfesa creates new points of contact for the transport and logistics markets in western and southwestern Europe. For example, DB Schenker Rail (UK) introduced intermodal freight routes between Duisburg and Manchester.

/// As of the beginning of May 2009, we will be transporting special pipes on behalf of Europipe GmbH, for the planned 1,900-km-long Baltic Sea gas pipeline between Germany and Russia. The initial shipment of 60,000 pipes will be delivered directly from the manufacturer in Mülheim (Ruhr) to the rail ferry harbor in Sassnitz/Mukran on Rügen Island over a period of two years, using 15 trains per week.

/// We established Trans-Eurasia Logistics GmbH among others with RZD, the Russian rail company. The purpose of this company is to provide a single source for container transport logistics services between Western Europe and Russia, which will greatly simplify rail freight transport along this corridor.

/// In September, we acquired 49 % of the shares in NordCargo S.r.l., Milan/Italy. NordCargo operates cross-border rail freight routes on the North-South corridor between Germany, Switzerland and Italy, as well as in northwestern Italy. This acquisition was completed in January 2009.

/// In order to continue the further modernization of our vehicle fleet, we placed an order for 130 diesel locomotives, with a total volume of about € 250 million.

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PERFORMANCE DEVELOPMENT

In looking at performance development for the year under review, particular attention should be paid to the effects of the first-time inclusion of DB Schenker Rail (UK). In total the DB Schenker Rail business unit was able to significantly increase the volume of freight carried and its volume sold during the year under review. Because of the strong effects the economic downturn had on rail freight transport – caused, among other things, by production stops in the automotive industry toward the end of the year under review – these improvements were almost exclusively due to the inclusion of DB Schenker Rail (UK). If DB Schenker Rail (UK) had not been included, there would have been a slight decline in freight carried (–3.0 %) and volume sold (–0.6 %). Capacity utilization increased slightly during the year under review.

BUSINESS DEVELOPMENT

In looking at economic development during the year under review, particular attention should be paid to the effects of the first-time inclusion of DB Schenker Rail (UK) and Transfesa in the scope of consolidation. Overall, revenues showed clearly favorable development. This increase was almost entirely the result of growth from the first-time inclusion of DB Schenker Rail (UK) (€ 610 million) and Transfesa (€ 111 million). The economic downturn and related performance development were decisive for the subdued operational revenue development. The achievable prices were also slightly lower.

In terms of operating expenses, there were noticeable increases in personnel expenses and cost of materials. This was partly due to the first-time inclusion of DB Schenker Rail (UK) and Transfesa in the scope of consolidation, and partly to the wage increases for DB Schenker Rail Deutschland.

The revenue increase was not reflected in the profit development results during the year under review. Because of the difficult regional conditions for rail freight transport, DB Schenker Rail (UK) and Transfesa were not able to contribute any significant profits. Due to the effects of the negative economic development and the cost increases described above, the adjusted EBIT development was down during the year under review. Because of a significant increase in depreciation caused by the first-time inclusion of DB Schenker Rail (UK) (€ 20 million) and Transfesa (€ 11 million) in the scope of consolidation, the adjusted EBIT development was weaker than that of the adjusted EBITDA. However, the adjusted EBITDA, too, was unable to reach the same level as the previous year.

Gross capital expenditures were significantly higher than the same year-ago level. This increase was the result of the first-time inclusion of DB Schenker Rail (UK) as well as increased capital expenditures for freight cars for DB Schenker Rail Deutschland. Detailed information may be found in the chapter “Capital expenditures”.

More details on page 92 f.

The number of employees was significantly higher on December 31, 2008. This growth was the result of the acquisition of Transfesa, the continued expansion of international business and restructuring within DB Group.

DB Schenker Logistics business unit

Selected key figures € MILLION	2008	2007	Change absolute	Change %
Shipments in European land transport (thousand)	72,340	69,568	+ 2,772	+ 4.0
Air freight volume (export, thousand t)	1,230	1,270	- 40	- 3.1
Ocean freight volume (export, thousand TEU)	1,456	1,455	+ 1	+ 0.1
External revenues	14,680	14,022	+ 658	+ 4.7
EBIT adjusted	381	421	- 40	- 9.5
EBITDA adjusted	551	590	- 39	- 6.6
Gross capital expenditures	231	230	+ 1	+ 0.4
Employees (FTE as of December 31)	62,074	59,605	+ 2,469	+ 4.1

MAJOR EVENTS

/// We expanded our global presence at more than 20 locations. In Germany, we expanded existing logistics centers in Brunswick, Chemnitz, Coburg, Duisburg and Erfurt. Internationally, we added capacities in countries like Austria, Slovenia, Italy, Taiwan, the Netherlands, Norway, Sweden, Thailand, France, Belgium, Finland, Latvia and Poland.

/// As it had previously done at other international sporting events, DB SCHENKERsportsevents also performed key tasks at the UEFA EURO 2008. For example, our logistics specialists handled all logistical tasks for UEFA Media Technologies, the company responsible for TV broadcasts of the matches around the world. In addition, we coordinated all of the logistical tasks relating to the European Soccer Championship at several locations in Austria and Switzerland where the championship was held.

/// At the 2008 Olympic Games in Beijing, we were the "exclusive service provider for freight forwarding and customs clearance." Our duties included the entire spectrum of shipping services, from planning air and ocean freight capacities to arranging customs clearance, from providing services in the Olympic Village to deliveries in the high-security areas of the Olympic facilities. More than 80 national Olympic committees used our services for transporting materials for athletes and functionaries, as well as for outfitting individual countries' hospitality centers.

/// Since June 2007, we have been connecting the markets in Asia, Europe and the USA with a weekly flight between Dubai, Hahn (near Frankfurt am Main) and Toledo, Ohio. Ten months after the start of this offer, we doubled our capacities on this route. It is closely linked with the DB SCHENKERskybridge service, which combines low ocean freight costs from Asia via Dubai with the speed of air freight.

/// Since September 2008 we have been strengthening our presence in the United Arab Emirates with the Schenker LLC joint venture, which we founded in Dubai.

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/// At the end of November 2008, we concluded our acquisition of Romtrans, a Romanian freight forwarding company.

PERFORMANCE DEVELOPMENT

Within the European land transport sector, the favorable development noted in the previous year continued into the first half of 2008. We posted double-digit volume increases both in international transport and in our national less-than-carload (LCL) networks. As of about the middle of the year, the downturn in the global economy began to have increasing effects on this market as well. While the national transport systems were initially the main ones affected, the fourth quarter showed a massive decline in transport demand throughout Europe with few exceptions, even for international transport. In this environment we were still able to continue increasing our shipment volume during the year under review. After adjustments for the inclusion of Spain-Tir, our shipping volume was the same as in the previous year.

In the air freight sector, our tonnage development decreased during the year under review. Here we were able to keep our development slightly steadier than the overall market. From the beginning of the year under review, the quantities shipped to North America decreased because of the recession in the USA. Then in the fourth quarter, transport volumes between Europe and Asia collapsed, along with the export volumes from North America.

In ocean freight business, our volumes showed a slight growth of 0.1% over the level of the previous year. While decreases in volume from Asia could still be offset by increases from North America, transports to and from Latin America and in the Near East during the first nine months, the fourth quarter showed decreased quantities for all routes except the Latin American market.

BUSINESS DEVELOPMENT

During the year under review, ongoing organic growth and contributions stemming from the inclusion of Spain-Tir (€ 125 million) had a favorable influence on economic development. Negative currency exchange rate effects reduced revenues by € 352 million.

In both the European land transport and air/ocean freight segments, further revenue increases were achieved despite negative currency exchange rate effects and the economic weakening seen toward the end of 2008. These increases were supported by the acquisition of Spain-Tir for European land transport and by increased surcharges for kerosene, among other things, in air/ocean freight. Revenues also continued to increase within the area of contract logistics.

In terms of expenses, personnel expenses increased during the year under review, particularly in the European land transport sector – in part because of the inclusion of Spain-Tir. The cost of materials also increased significantly, due to the expansion of our air/ocean freight business and by the acquisition of Spain-Tir.

The profit situation was negatively affected by several factors during the year under review. First, Schenker Belgium experienced a negative one-time effect in conjunction with write-downs taken for accounts receivable (€ 43 million). In addition, profits were reduced by negative currency exchange rate effects (€ 9 million). The European land transport, air/ocean freight and contract logistics areas posted lower profits. After adjustments for the proportional one-time effect from Schenker Belgium and the currency exchange rate effects, the European land transport sector was able to post further profit increases. With depreciation at the same level as the previous year, the adjusted EBITDA figure tracked development noted for the adjusted EBIT figure.

Gross capital expenditures were at the same level as the previous year. This reflects the continued expansion of our networks. Detailed information may be found in the chapter "Capital expenditures".

More details on page 92 f.

The number of employees continued to increase significantly during the year under review. This growth was driven by additions to our scope of consolidation, as well as to our business expansion, particularly within Europe.

DB Services business unit

Selected key figures € MILLION	2008	2007	Change	
			absolute	%
Segment revenues	3,015	3,192	- 177	- 5.5
thereof external revenues	(112)	(99)	(+13)	(+13.1)
EBIT adjusted	131	145	- 14	- 9.7
EBITDA adjusted	316	346	- 30	- 8.7
Gross capital expenditures	289	281	+ 8	+ 2.8
Employees (FTE as of December 31)	24,911	26,808	- 1,897	- 7.1

MAJOR EVENTS

- DB Fahrzeuginstandhaltung (vehicle maintenance) concluded the four-year ICE 1 redesign program with the handover of the 59th first-generation ICE train set.
- DB Fahrzeuginstandhaltung (vehicle maintenance) strengthened its offerings by taking over the activities of Waggonbau Niesky.

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- DB Systel, as a strategic partner of Capgemini, took over operations for the Schufa (credit bureau's) IBM mainframe.
- We signed a multi-year facility management contract with MAN, the Munich commercial-vehicle manufacturer. Beginning in the middle of 2008, DB Services will take over operational responsibility and maintenance duties for the technical facilities, including infrastructure-related facility management services, at the MAN sites in Karlsfeld and Neufahrn.
- We signed a multi-year system service contract with Axel Springer Verlag AG. Beginning in the middle of 2008, DB Services will take over operational responsibility and maintenance duties for all building services at the publishing properties in Berlin and Hamburg.

/// As of January 1, 2009, DB Kommunikationstechnik will take over maintenance and fault clearance duties for ATMs belonging to ING-DiBa AG. A contract to this effect was concluded between the two companies in December.

BUSINESS DEVELOPMENT

The development of the DB Services business unit is primarily marked by its support function on behalf of intra-Group customers. For this reason, the major portion of total revenues was reflected by internal revenues. Overall, these decreased during the year under review. By contrast, external revenues increased during the year under review. In particular, this was caused by the development in DB FuhrparkService GmbH (fleet services) and DB Systel. Overall, segment revenues decreased during the year under review. Here it should be taken into consideration that since the year under review, DB Fahrwegdienste GmbH has been assigned within the Group to the DB Netze Track business unit. This created a negative effect that was not offset by the additional contribution from the first-time inclusion of Waggonbau Niesky.

In terms of expenses, the cost of materials decreased as a result of the intra-DB-Group restructuring of DB Fahrwegdienste GmbH, which more than compensated for the first-time inclusion of Waggonbau Niesky in the results. Personnel expenses were at the same level as the previous year despite the favorable effects from the restructuring of DB Fahrwegdienste GmbH. The effects of wage increases and reserve allocations in the personnel area, along with the first-time inclusion of Waggonbau Niesky, had an opposite effect here.

The intra-Group restructuring of DB Fahrwegdienste did not have any effects on profit development. Overall, however, it was not possible to completely offset the additional cost burdens for personnel expenses and the effects of price reductions with increased revenues or countermeasures. As a result, the adjusted EBIT decreased. The adjusted EBITDA, too, declined during the year under review. During the year under review, depreciation showed a significant decrease. This was the result of a variety of capital-expenditure cycles, particularly for low-value assets.

Gross capital expenditures were slightly above the previous year's level. Detailed information may be found in the chapter "Capital expenditures".

More details on page 92 f.

As of December 31, 2008, the number of employees decreased significantly in comparison with the end of the previous year. This is primarily due to the intra-Group transfer of employees as part of the restructuring of DB Fahrwegdienste GmbH. The first-time inclusion of Waggonbau Niesky had an opposite effect. After being adjusted for this effect, the number of employees increased slightly.

DB Netze Track business unit

Selected key figures € MILLION	2008	2007	Change	
			absolute	%
Train kilometers on track infrastructure (million train-path km)	1,042	1,049	-7	-0.7
thereof non-Group railways	(161)	(147)	(+14)	(+9.5)
Segment revenues	5,551	5,389	+162	+3.0
thereof external revenues	(725)	(617)	(+108)	(+17.5)
EBIT adjusted	670	592	+78	+13.2
EBITDA adjusted	1,604	1,556	+48	+3.1
Gross capital expenditures	4,648	4,433	+215	+4.8
Employees (FTE as of December 31)	40,974	39,780	+1,194	+3.0

MAJOR EVENTS

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/// Negotiations with the Federal Government about the service and financing agreement for the existing network were concluded in November. The agreement was signed in January 2009.

/// Through our "Pro Track" ("ProNetz") infrastructure program, we reduced the number of restricted speed zones related to track damage by 80 %; we also continued to improve punctuality in passenger transport, now at more than 90 %. At the same time, we continued to realize our plans in completing large construction projects. During the year under review, we took advantage of all Federal funds that were available to finance infrastructure-related capital expenditures.

/// Implementation of the "Rail Seaport Hinterland Transport Master Plan" began in Duisburg. The main activity here is expanding the track infrastructure around the Port of Duisburg. The measures in this master plan are to be implemented by 2011, and will create sufficient capacity through 2015.

/// Renovation and upgrading projects were begun for the Mannheim and Cologne/Gremberg switching yards. The volume of capital expenditures is more than € 50 million each.

/// With the electrification of the Hamburg–Lübeck–Travemünde line, at the end of 2008, we completed one of the largest rail infrastructure projects in northern Germany. This project will create faster connections for urban and long-distance passenger transport. In addition, the port of Lübeck now has an efficient connection to the hinterland.

/// After only 10 months of construction, the approximately 440-meter-long Oder Bridge at Frankfurt/Oder was completely renovated at a cost of about € 25 million.

PERFORMANCE DEVELOPMENT

The increased demand for train path is significantly dependent upon the operating programs of intra-Group customers, who represent 85 % of the demand for train path allocation. During the year under review, a decline was seen here, particularly for regional transport. Overall, demand for train path decreased slightly during the year under review. On the other hand, non-Group railways continued to increase their demand slightly, thus increasing their share in the demand for train path allocation (+1 percentage point, to 15 %).

BUSINESS DEVELOPMENT

Internal revenues generated by intra-Group customers (€ 3,650 million) once again represented the greatest share of total revenues due to their overall importance. Because of the decreased demand for train path, these revenues decreased slightly during the year under review. This compensated for the effects of the intra-Group restructuring of DB Fahrwegdienste GmbH. External revenues, on the other hand, rose. This development was driven by non-Group customers' increased demand for train path as well as by pricing measures and the higher invoicing volume from construction companies.

Necessitated by the network's high quality and availability, expenses for maintenance work remained at an unchanged high level. Overall, however, cost of materials expenses declined. Higher personnel expenses, which rose due to the wage agreement and the increased number of employees, had an opposite effect.

Our EBIT figure was driven by expanded revenues during the year under review. In total, we were able to achieve a significant increase in our adjusted EBIT figure. Depreciation declined significantly as a result of the retroactive allocation of construction grants received in previous years to facilities, among other things. As a result, the development of the adjusted EBIT figure was stronger than that of the adjusted EBITDA.

Our modernization program continued with major emphasis on the existing network, along with command and control technology. Gross capital expenditures remained at the previous year's high level. Detailed information about our capital expenditures may be found in the chapter "Capital expenditures".

More details on page 92 f.

The number of employees increased as of December 31, 2008. This is due to the intra-Group transfer of employees as part of the restructuring of DB Fahrwegdienste GmbH. Adjusted for the reallocation of DB Fahrwegdienste GmbH, there was a decline of 2.7 %.

DB Netze Stations business unit

Selected key figures € MILLION	2008	2007	Change absolute	Change %
Station stops (million)	140.3	140.2	+ 0.1	+ 0.1
thereof non-Group railways	(17.9)	(16.2)	(+ 1.7)	(+ 10.5)
Segment revenues	1,253	1,100	+ 153	+ 13.9
thereof external revenues	(344)	(328)	(+ 16)	(+ 4.9)
EBIT adjusted	210	186	+ 24	+ 12.9
EBITDA adjusted	342	320	+ 22	+ 6.9
Gross capital expenditures	456	350	+ 106	+ 30.3
Employees (FTE as of December 31)	4,509	4,537	- 28	- 0.6

MAJOR EVENTS

- Negotiations with the Federal Government about the service and financing agreement for the existing network were concluded in November. The agreement was signed in January 2009.

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- The modernization of the central station in Erfurt was successfully completed during the year under review.
- A new S-Bahn (metro) station now connects the Hamburg airport with the S-Bahn (metro) network.
- In order to improve conditions at the regional transport stations, in December 2000 we concluded an agreement with the state of North Rhine-Westphalia regarding a modernization offensive for train stations in North Rhine-Westphalia. The first implementation phase will modernize a total of 87 stations by 2010. The second phase, agreed upon in June 2008, includes capital expenditures for an additional 108 stations.
- Together with the state of Lower Saxony, we selected 40 stations to undergo extensive modernization within the framework of the "Niedersachsen ist am Zug 2" program (2nd program for railway improvements in Lower Saxony), at a cost of about € 100 million.

PERFORMANCE DEVELOPMENT

The number of station stops increased slightly during the year under review. Significant increases for non-Group customers – especially as a result of successful tendering processes in regional transport – were able to offset the slight decline in demand noted for companies within DB Group.

BUSINESS DEVELOPMENT

Internal revenues remained unchanged as the greatest contributor to total revenues (€ 648 million) due to the heavy weighting of intra-Group customers. These increased slightly during the year under review. This was due to higher intra-Group rental income as well as an increase in station usage fees. External revenues also expanded. The higher number of station stops as well as higher rental fees both contributed to this result.

In terms of expenses, there were increases in both personnel expenses – because of the wage increases, despite a decline in personnel numbers over the course of the year – and cost of materials, because of higher maintenance costs.

In total, the increased revenues and other operating income – including the proceeds from the sale of the passenger reception buildings (€ 16 million) – exceeded the additional cost burdens; thus the adjusted EBIT showed significant improvement. Depreciation remained at the same level as the previous year; the development of the adjusted EBITDA figure corresponded to that of the adjusted EBIT.

Gross capital expenditures were significantly higher during the year under review than in the previous year. The increase was in large part due to the Berlin Brandenburg International Airport project (BBI). Detailed information about this increase may be found in the chapter "Capital expenditures".

More details on page 92 f.

As of December 31, 2008, the number of employees was at the same year-ago level.

DB Netze Energy business unit

Selected key figures € MILLION	2008	2007	Change	
			absolute	%
Segment revenues	2,276	2,144	+132	+6.2
thereof external revenues	(554)	(454)	(+100)	(+22.0)
EBIT adjusted	74	185	-111	-60.0
EBITDA adjusted	167	289	-122	-42.2
Gross capital expenditures	147	178	-31	-17.4
Employees (FTE as of December 31)	1,556	1,611	-55	-3.4

MAJOR EVENTS

/// Negotiations with the Federal Government about the service and financing agreement for the existing network were concluded in November. The agreement was signed in January 2009.

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/// In October, we inaugurated operations in the modernized control center in Borken, Hesse. All of the overhead line systems in Hesse, Rhineland-Palatinate and parts of Bavaria are controlled remotely from this site. This makes Borken one of the most modern control centers in Europe providing electricity to trains and train stations.

/// During the year under review, the Doberlug-Kirchhain rail traction-power transformer plant was replaced by a modern, remote-controlled current converter plant.

/// The Lübeck–Travemünde and Lübeck–Hamburg lines were electrified during the year under review. In addition, a local traction-power transformer plant was built in Lübeck-Genin, providing the Lübeck-Hamburg line with single-phase alternating current at 15 kV and 16.7 hertz (Hz). Electrified train operations were inaugurated in time for the December 2008 change in the train schedule.

BUSINESS DEVELOPMENT

Internal revenues remained unchanged as the greatest contributor to total revenues earned by the DB Netze Energy business unit due to the weighting of intra-Group customers (€ 1,614 million). These rose slightly during the year under review. On the other hand, we were able to significantly increase external revenues. Higher costs for obtaining power, along with our Energy Services product, played a major role in this favorable development. Once again, we posted a significant increase in volume in this area. Furthermore, energy sales rose because of additional non-Group rail transports, which drove sales of 16.7-hertz traction power.

On the expense side, the increased energy costs had a noticeable effect in terms of an increase in cost of materials. Furthermore, personnel expenses also rose due to the wage increases.

Despite the favorable development of revenues, our adjusted EBIT for the year under review was slightly below the previous year's level. In particular, the increased price of obtaining power, which could not be passed on to customers due to supply contracts concluded for the year under review, was not completely offset by increased revenues. Depreciation declined slightly, and the absolute decrease of the adjusted EBIT figure was slightly less than that of the adjusted EBITDA.

Gross capital expenditures were lower than the previous year's level. Detailed information about our capital expenditures may be found in the chapter "Capital expenditures".

More details on page 92 f.

The number of employees was slightly less than in the same year-ago period.

FINANCIAL SITUATION

/// RATINGS RECONFIRMED IN THE YEAR UNDER REVIEW
/// NET FINANCIAL DEBT CONTINUES TO DECLINE
/// GROSS CAPITAL EXPENDITURES AGAIN AT HIGH LEVEL
/// EQUITY CAPITAL RATIO IMPROVES FURTHER TO 25.2 %

Financial management

DB AG's Treasury serves as the central treasury for DB Group. This structure ensures that all Group companies are able to borrow and invest funds at optimal conditions. Before obtaining funds externally, we first conduct intra-Group financing transactions. When borrowing external funds, DB AG takes out short-term loans in its own name, whereas long-term capital is generally obtained through the company's financing company, Deutsche Bahn Finance B.V., Amsterdam / Netherlands. These funds are passed on to DB Mobility Logistics AG companies within the framework of a dual-level treasury concept as time deposits or loans. The remaining Group companies are linked directly to DB AG Treasury. This concept enables us to pool risks and resources for the entire Group, as well as to consolidate our expertise, realize synergy effects, and minimize refinancing costs.

Our long-term debt issuance program of € 10 billion will be updated in 2009 and expanded in volume to € 15 billion. By the end of the year under review we had tapped this program for a total of € 7.2 billion.

With respect to short-term financing, as in the previous year, a multi-currency multi-issuer commercial paper program of over € 2 billion was available and had not been tapped as of December 31, 2008. Furthermore, as of December 31, 2008 we also had a guaranteed unused credit facility of € 1.7 billion. The credit facility serves as back-up to secure the commercial paper program. In addition, credit facilities of € 1,041 million were also available for our operational business as of the date of record. These credit facilities, which are available to our subsidiaries around the world, include provisions for financing working capital, as well as sureties for payment.

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

DB Group's creditworthiness is regularly examined by the rating agencies Standard & Poor's (S & P) and Moody's. During the year under review these rating agencies conducted their annual rating reviews and subsequently reconfirmed DB AG's very good credit ratings: Moody's "Aa1/stable," S & P "AA/stable" in the long-tem category, and Moody's "P-1," S & P "A-1+" in the short-term category. These ratings have remained unchanged since they were first issued in 2000. In April 2008, S & P had placed DB AG's ratings on "CreditWatch with negative implications." Following a renewed examination, in December 2008 S & P took DB AG off the negative CreditWatch and once again stated that the outlook for the ratings was stable.

Moreover, as of 2009, DB AG's creditworthiness is also being rated by Fitch Ratings.

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Cash flow statement

Summary € MILLION	2008	2007	Change	
			absolute	%
Cash flow from operating activities	3,539	3,364	+ 175	+ 5.2
Cash flow from investing activities	- 2,441	- 87	- 2,354	-
Cash flow from financing activities	- 1,755	- 2,093	+ 338	- 16.1
Net change in cash and cash equivalents	- 670	1,254	- 1,924	-
Cash and cash equivalents as of Dec 31	879	1,549	- 670	- 43.3

Despite the decline in profit before taxes on income (€ –209 million) and notably higher taxes on income (€ –277 million), cash flow from operating activities rose during the year under review. This was because last year's profit before taxes on income included extensive effects generated by the sale of Scandlines and Aurelis, which are shown in cash flow from financing activities. After taking adjustments for these effects, profit before taxes on income rose over the comparable same year-ago figure.

During the year under review, cash flow from investment activities was influenced by higher capital expenditures for property, plant and equipment, and intangible assets (€ + 527 million) and slightly lower investment grants (€ –94 million) and a notably lower inflow from disposals of property, plant and equipment, and intangible assets (€ –1,154 million). In accordance with relevant legal regulations, we finance our capital expenditures in infrastructure by means of interest-free Federal loans, construction grants netted with assets and – to a lesser extent – funds obtained under the Municipal Traffic Financing Act (Gemeindeverkehrsfinanzierungsgesetz) and the Railroad Crossings Act (Eisenbahnkreuzungsgesetz), as well as internally generated funds. The sum of cash outflows increased significantly.

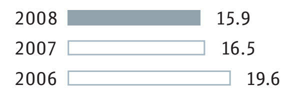
Our cash flow from financing activities reflects our activities to repay financial debt. Cash outflow in this area declined slightly due to a slightly higher cash outflow for the further redemption of bonds (€ –115 million) that was offset by a lower cash outflow to repay bank debt (€ + 457 million) and interest-free loans (€ + 49 million).

On December 31, 2008, DB Group had a lower amount of cash and cash equivalents available than it did on December 31, 2007.

Net financial debt

€ MILLION	31.12.2008	31.12.2007	Change	
			absolute	%
Non-current financial debt	14,083	16,228	- 2,145	- 13.2
thereof interest-free loans	(3,070)	(3,282)	(- 212)	(- 6.5)
Current financial debt	2,770	1,834	+ 936	+ 51.0
thereof interest-free loans	(441)	(275)	(+ 166)	(+ 60.4)
Financial debt	**16,853**	**18,062**	**- 1,209**	**- 6.7**
– Cash and cash equivalents and receivables from financing	910	1,549	- 639	- 41.3
Net financial debt	**15,943**	**16,513**	**- 570**	**- 3.5**

Net financial debt € BILLION



Financial debt is understood to include all interest-bearing liabilities including interest-free Federal loans to finance infrastructure projects. The definition of net financial debt was changed in DB Group as of the 2008 financial year. Simple receivables from financing are now taken into consideration in addition to cash and cash equivalents.

Financial debt contracted notably during the year under review and was mainly driven by the decline in outstanding debt owed to banks (€ –149 million) and outstanding bonds (€ –891 million).

The sum of financial debt excluding interest-free loans also fell substantially during the year under review by € 1,163 million to € 13,342 million (as of December 31, 2007: € 14,505 million). Using IFRS as a basis for calculation, the present value of interest-free loans declined by € 46 million to € 3,511 million (as of December 31, 2007: € 3,557 million).

The decrease in cash and cash equivalents on hand was offset by the decline in financial debt so that net financial debt also fell in comparison to the figure posted at the end of 2007. Acquisitions made during the year under review could therefore be financed without expanding our debt.

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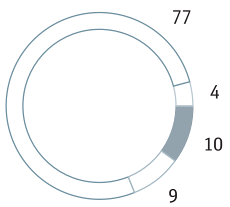
As of December 31, 2008 there was a slight shift in the structure of maturities to short-term liabilities as their share of total financial debt rose from 10 % to 16 %. The composition of financial debt remained almost unchanged in comparison to its status on December 31, 2007, and consists primarily of bonds (55 %) and interest-free loans (21 %).

Capital expenditures

Gross capital expenditures %



- DB Bahn
- DB Schenker
- DB Netze
- DB Services

Gross capital expenditures by business unit € MILLION	2008	2007	Change	
			absolute	%
DB Bahn Long-Distance	80	126	- 46	- 36.5
DB Bahn Regional	466	459	+ 7	+ 1.5
DB Bahn Urban	132	107	+ 25	+ 23.4
DB Schenker Rail	351	192	+ 159	+ 82.8
DB Schenker Logistics	231	230	+ 1	+ 0.4
DB Services	289	281	+ 8	+ 2.8
DB Netze Track	4,648	4,433	+ 215	+ 4.8
DB Netze Stations	456	350	+ 106	+ 30.3
DB Netze Energy	147	178	- 31	- 17.4
Other/consolidation	- 35	- 36	+ 1	- 2.8
DB Group	**6,765**	**6,320**	**+ 445**	**+ 7.0**
- Investment grants received from third parties	4,166	4,260	- 94	- 2.2
Net capital expenditures	**2,599**	**2,060**	**+ 539**	**+ 26.2**

During the year under review we underlined our long-term approach to business by once again making extensive gross capital expenditures, which were significantly higher than those made in the previous year. The increase was primarily driven by developments noted in the DB Netze Track, DB Netze Stations and DB Schenker Rail business units.

Capital expenditures made were once again dominated by business units in the Infrastructure Board division, and specifically by the DB Netze Track business unit. The division accounted for 77 % (previous year: 78 %) of gross capital expenditures, while the DB Netze Track business unit alone absorbed 69 % (previous year: 70 %). Business units in the Passenger Transport Board division retained an almost unchanged 10 % share (previous year: 11 %) of capital expenditures. Business units in the Transportation and Logistics Board division accounted for 9 % (previous year: 7 %).

Across DB Group major emphasis was placed on measures to improve performance and efficiency in the infrastructure area, station modernization measures, as well as the further rejuvenation of our vehicle fleets in the rail and bus transport categories. In addition, we also invested in the further development of our logistics networks.

Capital expenditures made within the DB Bahn Long-Distance business unit were again focused on vehicles with the majority earmarked for the conclusion of redesign work on the ICE 1 fleet and start of measures to equip trains (ICE 3 M and Thalys) with ETCS for multisystem operation in France and Belgium. Moreover, capital expenditures were made in the infrastructure of maintenance facilities, especially through the continuation of projects to upgrade the ICE facility in Frankfurt-Griesheim, new construction of the Leipzig plant, and alterations made to the Cologne ICE operations station.

Vehicles were also the main focus of capital expenditures made in the DB Bahn Regional business unit. Major emphasis here was on procuring vehicles to operate the following tenders won by the business unit: Nuremberg diesel networks, E-network Augsburg, Munich–Passau and E-network Würzburg, the Taunus line, as well as for Schleswig-Holstein East Network. In addition, vehicles were procured for the S-Bahn (metro) Hanover and the S-Bahn (metro) Nuremberg. We also invested in our workshops. Primary emphasis here was on the new construction of workshop facilities including vehicle cleaning in the Heilbronn and Tübingen locations, construction of vehicle cleaning facilities in Erfurt and Halle, as well as completion of rebuilt workshops in Dresden, Frankfurt and Kempten.

The DB Bahn Urban business unit mainly procured buses. Capital expenditures made by the S-Bahnen (metros) were at a low level in comparison to previous years due to the completion of the procurement and modernization program for the S-Bahn fleet.

The lion's share of capital expenditures made in the DB Schenker Rail business unit was once again for electric locomotives – which were procured as part of the multi-year modernization program, and to further continue the expansion of our international business activities and our fleet of freight vehicles.

The majority of capital expenditures made in the DB Schenker Logistics business unit were for purchases in Europe. The biggest individual projects were the airfreight hub at the Frankfurt airport, the new freight-forwarding facility in Salzburg, and projects involving the implementation of new operational IT systems that will be used in our air and ocean freight businesses as well as our land transport business.

Within the DB Services business unit, DB Fuhrpark (fleet management) made replacement investments for street vehicles, and DB Systel made expenditures to replace and expand hardware and software.

Capital expenditures made by the DB Netze Track business unit went to strengthening the performance capabilities of the existing network, especially various programs for track installations, tunnels, GSM-R and electronic interlockings, as well as the noise abatement program. In addition, the focus was also on major projects including Nuremberg–Erfurt, Erfurt–Halle/Leipzig, Leipzig–Dresden, Karlsruhe–Basel, City-Tunnel Leipzig, Augsburg–Olching, Saarbrücken–Ludwigshafen and the Berlin-Schönefeld BBI airport rail link.

Capital expenditures in the DB Netze Stations business unit were dominated by final work and expansion measures at the office buildings (Bügelbauten) at the Berlin central station, the Berlin-Schönefeld BBI airport rail link, the City-Tunnel Leipzig, various fire prevention measures, as well as the further modernization activities across the nation (including the North Rhine-Westphalia modernization offensive).

The focus of capital expenditures made in the DB Netze Energy business unit was on the nationwide renewal of substations within the 110-kV traction current network as well as the construction of switching stations.

Balance sheet

Balance sheet structure %	31.12.2008	31.12.2007
Asset side structure		
Non-current assets	87.9	86.6
Current assets	12.1	13.4
Total assets	100.0	100.0
Equity and liabilities structure		
Equity	25.2	22.6
Non-current liabilities	48.1	52.8
Current liabilities	26.7	24.6
Total assets	100.0	100.0

As of December 31, 2008 total assets declined slightly by € 336 million, or 0.7 % to € 48,193 million (as of December 31, 2007: € 48,529 million).

Non-current assets were valued at € 42,353 million, or 0.7 % (€ + 307 million) higher than the value at the end of the previous year (as of December 31, 2007: € 42,046 million). Property, plant and equipment remained at the previous year's level at € 38,066 million (as of December 31, 2007: € 38,069 million). The increase was primarily driven by an increase in intangible assets (€ +124 million) due to taking over intangible assets and goodwill as part of acquisitions, and the share of investments accounted for using the equity method (€ +124 million) due to the addition of the companies to the scope of consolidation and the adjustment of the pro rata equity value.

Current assets moved in the opposite direction as their value declined as of December 31, 2008 by 9.9 %, or € 643 million to € 5,840 million (as of December 31, 2007: € 6,483 million). This change was driven by the decline in cash and cash equivalents on hand (€ – 670 million) due to the reduction of financial debt that took place during the year under review, lower trade receivables (€ –127 million) especially due to the contraction noted for the DB Schenker Logistics business unit.

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Structurally, this resulted in a slight shift towards non-current assets.

Major changes noted on the equity and liabilities side of the balance sheet during the year under review were changes in equity and financial debt. Mainly due to the profit development equity rose by 11.0 % or by € 1,202 million to € 12,155 million (as of December 31, 2007: € 10,953 million). The equity capital ratio increased correspondingly further to 25.2 %. Non-current financial debt fell notably by 13.2 % or € 2,145 million as of December 31, 2008. Current financial debt moved in the opposite direction and grew by 51.0 % or € 936 million. However, total financial debt declined notably.

More details on page 91

Within the structure of our debt – including the Federal Government's interest-free loans shown for infrastructure financing – the share of total assets represented by non-current liabilities declined correspondingly as of December 31, 2008. In contrast, the percentage of current liabilities increased slightly as of December 31, 2008.

STRATEGY

- /// DB GROUP IS AIMING TO BECOME THE WORLD'S LEADING PASSENGER AND LOGISTICS COMPANY
- /// MAINTAIN AND EXPAND OUR LEADING MARKET POSITIONS IN ALL RELEVANT MARKETS
- /// SYSTEMATIC FURTHER DEVELOPMENT OF OUR RAIL BUSINESS AND LOGISTICS COMPETENCE

With the passage of the German Rail Reform Act in 1994, we took on the task of converting the former Federal Railways into a commercial enterprise. During the earlier years we placed special emphasis on modernizing the rail business and eliminating the backlog in capital expenditures that had accumulated over decades. We have achieved a lasting improvement in our service offers, quality and profitability due to our resolute cost management and the continual optimization of our processes combined with numerous modernization measures.

We are established as an integrated Group with regard to our business portfolio, and consider our focus on interrelated business units as a significant success factor. Our mobility and logistics activities, as well as most of our service activities, are bundled together within DB ML Group. The business activities of DB Group and DB ML Group are closely interrelated. The close link between DB Group and DB ML Group is also reflected by our integrated approach to strategy, organization and management. This approach allows us to preserve the synergies that are realized through interactions between the carriers and the infrastructure. For example, we are able to strengthen our competitive position for intermodal rail freight transport.

In our rail business, our primary goals are maintaining our strong market position in the passenger and freight transport sector and improving our competitive edge in the field of intermodal transport. Our Group's integrated structure is a fundamental prerequisite for accepting comprehensive responsibility for the further development of the overall rail system.

In addition to furthering the development of the rail system in Germany, our home market, we have also successively added to and expanded our portfolio in the European rail market as well as in the worldwide freight forwarding and logistics business. These steps have enabled us to further align DB Group's activities with changing and more demanding customer requirements as we made targeted enhancements to our core business. The acquisitions of Schenker (2002) and BAX (2006), in particular, unlocked additional potential for us to expand in European land transport, in the international air and ocean freight business, and in the field of contract logistics. The acquisitions of EWS (2007) and Transfesa (2008) marked a further expansion of our position in the European rail freight transport sector. In passenger transport, we achieved our entry into the British rail passenger transport market by acquiring shares in Laing Rail Ltd.

(2008), significantly strengthening our position in the European market. Today, we have already achieved leading market positions in all of the relevant transport segments.

DB Group has set itself the goal of becoming the world's leading passenger and logistics company

Today, we move people and freight via seamless mobility and logistics chains, thanks to our integrated operation of transport and infrastructure elements, as well as our intelligent economical and ecological linkage of all modes of transport. We are involved in creating and operating the transportation networks of the future: the railroad infrastructure in Germany, passenger transport in Germany and in Europe, rail freight transport and land transport in Europe as well as air and ocean freight around the world.

We have set ourselves the goal of becoming the world's leading passenger and logistics company. We will achieve this goal by further upgrading and expanding our transport networks to meet future market requirements – and we are setting benchmarks in our markets as we move toward our goal. We aim to achieve our goals by advancing in three key categories: expanding our transportation network, continuously upgrading our existing business, and realizing the benefits of synergies inherent in a large group.

EXPANDING OUR TRANSPORTATION NETWORKS

The continuous evolution of our transportation networks to meet changing customer needs and general competitive conditions, as well as the shifts in our societal environment, is of decisive importance in maintaining and expanding our leading market positions. The major emphasis of our planned activities is primarily driven by three megatrends: globalization, climate change and a scarcity of resources.

GLOBALIZATION

The globalization of industrial structures involving far-reaching relocations of production sites leads us to anticipate that the transport and logistics sector will continue to grow at a faster pace than GDP in the long term. In order to meet the sharply rising demand for rail freight services, especially for seaport hinterland freight transport, we will take carefully selected measures to expand the railroad infrastructure in Germany. Our customers' demands for complex and globally linked logistics solutions have also risen as a result of globalization. In response, we intend to take steps – including acquisitions – to further strengthen our contract logistics business and global freight forwarding business. We are developing offers involving the operation of complex local transportation networks in order to meet the growing demand in emerging markets for customized specific solutions that meet the requirements of their individual transport markets. Our core competencies in the field of rail transport have increasingly proven to be a decisive competitive advantage vis-à-vis competing providers of transport services.

CLIMATE CHANGE AND A SCARCITY OF RESOURCES

Climate change and long-term increases in the cost of fossil fuels, as well as an increasingly high level of public awareness regarding these issues, will significantly increase governments' and customers' demands for CO_2-efficient and energy-efficient transport and mobility solutions in the future. Because of rail's superior CO_2 and energy efficiency, we will expand our rail network competencies and networks throughout Europe, in keeping with the rising demand for environmentally friendly transport services that help conserve resources.

DEREGULATION

Within the framework of continuing deregulation of the European rail transport markets, it is likely that rail transport will see a further opening up of the market and a harmonizing of regulative and technical framework conditions, which will continue to drive the growth of European rail transport markets. Through partnerships and acquisitions, we will continue to expand our European rail freight transport network within the European rail freight transport market, which has been completely liberalized since 2007, in order to provide long-term security for our leading position in the market.

European markets will be opening their rail passenger transport sector to cross-border routes in 2010. This will provide our rail business with the same opportunities in Europe that international transport companies have actively enjoyed in Germany for years because of its open market access. Our goal is to play an active role in developing European rail transport networks. We intend to expand the European long-distance transport network primarily through partnerships with other state railways. Furthermore, we will selectively expand our activities in the European local public transport market wherever entering into foreign markets can help us realize lasting competitive advantages.

CONTINUOUSLY UPGRADING OUR EXISTING BUSINESS

Based on the restructuring successes we have achieved in recent years, we will identify additional areas with the potential for improvement – both in terms of organic growth potential and with regard to cost savings and/or increased productivity – and then realize this potential in order to further enhance the performance of our transport networks. The majority of the improvements will take place on a centrally managed, cross-divisional and intermodal basis. In addition to lowering costs and increasing capacity utilization, the goal is to improve quality throughout the Group. Furthermore, we will continue to improve processes within the business units to further enhance their productivity as we advance towards achieving one of our goals: attaining a significant increase in the quality of the railroad business in Germany. A key element here is improving punctuality in rail passenger and freight transport. With "Qualify," the Group-wide program launched for this purpose in 2007, we were able to significantly increase our punctuality. We intend to continue improving the reliability and performance of our rail networks in the future.

Rapidly rising demand for passenger and logistics services, and the corresponding effects on the environment, will pose a major challenge to providers of these services. The sustainability of the services being offered plays an important role in providers' ability to offer these services at competitive prices in the face of steadily rising energy costs, without endangering the attainment of climate protection goals.

We will continue to improve our range of passenger and logistics offers, which are already delivering a lower climate impact today than competitive offers, by further lowering our specific CO_2 emissions across the Group by an additional 20 % by 2020 (in comparison with 2006), and by increasingly linking the rail mode of transport with other modes of transport.

See chapter "Sustainability" on page 105 ff.

REALIZING THE BENEFITS OF SYNERGIES INHERENT IN A LARGE GROUP

We intend to better coordinate the individual activities within our Group so that we can provide our customers with even more attractive offers and so benefit from cross-selling opportunities. The improved coordination of our activities will enable us to realize further opportunities to cut costs and achieve greater savings. One example here is that we intend to realize additional benefits of scale by bundling procurement requirements. Additionally, we will further optimize the entire rail system and use technical improvements to reduce costs. We anticipate that bundling all of the Group's energy requirements will lead to further synergy-driven improvements in buying power beyond the already high level we currently have.

We plan to combine all of the individual offers within the business units in the Passenger Transport Board division in a single mobility platform and then add supplementary services that will make "door-to-door" mobility possible across all of Germany, thereby creating a competitive alternative to traveling by car. We will focus on more cross-selling opportunities in the Transport and Logistics Board division, which arise on a cross-business unit basis, and we will increasingly bundle together the various offers available within the Group to create products. Particular focus will be placed on exploiting the synergy effects that exist between DB Schenker Rail and DB Schenker Logistics. We will bundle together our services and quantities (efficiency and purchasing advantages) in the DB Services business unit to create a service portfolio focused on the needs of our intra-Group customers; this will also allow us to achieve additional savings by coordinating existing processes and procedures.

Integrated mobility in Germany and positioning in Europe

Further growth is anticipated in the rail passenger transport sector within Europe. The liberalization of the markets in the local and long-distance passenger transport sectors has begun, but has advanced at varying speeds across Europe. In long-distance rail passenger transport, Germany, with its open market access, has assumed a clear leadership position within Europe. In contrast, the number of tender offers for local transport routes has also been rising in other countries.

Against this backdrop, our first priority continues to be the defense of our position in our home market of Germany. This means further developing the DB Bahn Long-Distance, DB Bahn Regional and DB Bahn Urban business units, as well as linking them more closely together and creating intermodal passenger offers including back-up systems for information, ticketing and settlement.

The further development of the BahnCard into a mobility card, the consistent fares through to the level of the various public transport associations, as well as the operations of DB Carsharing and “Call a Bike” have enhanced the appeal of our offers, which are increasingly extending beyond rail and bus transports. In addition, we will continue to expand cross-border transport and, if the occasion arises, as with the acquisition of shares in Laing Rail Ltd. for the British rail transport market, take advantage of opportunities to enter foreign markets to further gradually internationalize our activities. Accordingly, we are also emphasizing the further development of www.bahn. de to make it a comprehensive mobility-booking platform for viewing Europe-wide train connections as well as almost all public local transport connections in Germany.

More details on page 48

Our goal for the DB Bahn Long-Distance business unit is to ensure a highly competitive offering of fast, high-frequency connections between German metropolitan areas and other European countries. In this context, we rely on the traditional advantages of rail systems: rapid and relaxed travel, convenient transportation from city center to city center, and plenty of time for personal use. Our offers feature open access to systems, thereby allowing customers to flexibly organize their travel arrangements. We have given priority to further improving the quality of our information and performance. Furthermore, we are continually developing our service and price concepts, along with our methods to increase customer loyalty, in target-group-oriented ways. In the cross-border transport sector we will continue to intensify our cooperation with rail companies in neighboring countries. As part of these efforts, we joined together with several other European rail companies in 2007 to establish RailTeam, a strategic alliance. The purpose of this alliance is to increase the attractiveness of European high-speed rail transport vis-à-vis air and car travel, by improving our offerings, quality and services.

www.railteam.eu

The goal for the DB Bahn Regional and DB Bahn Urban business units is to continue providing attractively priced offers to ensure smooth mobility in both urban areas and the countryside. This requires continual improvements in productivity, quality and service. Currently, the German urban transport market is still highly fragmented and characterized by municipal providers. The gradual opening of this market leads to expectations that it will see a successive consolidation process in the coming years. Since our opportunities for collaboration within Germany are limited by the current interpretation of antitrust law, we are looking at the prospects for growth opportunities in neighboring European urban transport markets, and for winning tenders in Germany.

High-performance global networks and logistics competence

The international transport and logistics markets are long-term growth markets with increasing consolidation tendencies. Customers are increasingly demanding complete coverage of global transport flows, intermodal offers and additional logistical services. We will have to strengthen our position in key markets and add new logistical services to our current services portfolio if we are to remain competitive and profitable over the long term. To achieve this goal we will systematically further develop our logistics competence and drive the expansion, as well as the linkage, of our transport networks in the coming years.

Our primary goal is to realize cross-business-unit potential by further development of integrated products. We will continue to develop comprehensive solutions for key businesses like automotive, chemical/pharmaceutical and industrial. Integrated services should be pushed and placed in the market. These services include Rail Logistics and Forwarding (RLF) in the DB Schenker Logistics business unit, seaport hinterland transport, and solutions in combined transport as well as railports. Beyond this, the integration of key account sales activities will unlock cross-selling potential between the individual product areas.

We are the market leader in the European land transport market. Our strategic program, "Market Leadership," is focused on developing the further expansion of the European network, particularly in the South and Southeast regions, as well as in the UK. In addition to the further development of the land transport network in terms of network performance and density, the products Full Truck Load (FTL) and Rail Logistics and Forwarding, as well as – regionally limited – Parcel should be established or expanded, respectively.

The development of the European hub network and a shortening of start-time intervals will continue to improve the transit times and processes for transported goods, thereby continually improving product quality for our customers.

We plan to continue expanding the air and ocean transport networks and to continue developing the hub structure. In doing this, we will focus on the Near and Middle East as well as Africa, Central Asia and Latin America. We will continue to strengthen our Asian and trans-Pacific businesses. In order to gain competitive advantages from benefits of scale, we will, for example, continue to develop the Preferred Carrier strategy and further standardize our operational and administrative processes. Customers will be provided with one-stop, door-to-door solutions tailored to their individual needs.

In the next few years, the Contract Logistics/SCM area of business to establish itself among the world's leading companies, measured by revenues in the global market, through continued organic growth at a faster pace than the overall market in specific regions and sectors, as well as through selected acquisitions.

The continuous improvement of all existing product solutions and processes will increase the quality and profitability of our offerings. To this end, existing solutions and processes should continue to be further developed and globally standardized, and investments made particularly in employees and IT. This will simultaneously increase processing quality and lower processing costs.

The ongoing liberalization of the European rail freight transport markets is leading to new opportunities in the international transport sector.

The DB Schenker Rail business unit is well positioned to handle the rising demand for cross-border routes. Here it is necessary to provide better management strategies for European-wide transport chains in order to achieve efficient and reliable rail transport services. For example, we offer end-to-end transport services on the North-South corridor from Scandinavia to Italy. Against this backdrop, we will continue to expand our existing network in an internationally targeted manner.

The expansion of sales competence in Europe and the further development of the Railport concept have contributed to the desired stabilization of our share of the intramodal transport market and an increase of our share of the intermodal market. Our long-term goal is to hold the leading position in the European rail-based transport market.

Building upon our successful restructuring of the rail freight transport business, as a result of which we were able to significantly improve our volumes sold and capacity utilization rates, the productivity and quality of the DB Schenker Rail business unit are to be further increased in terms of capacity.

Combined Transport is the fastest growing segment in the European rail freight transport market. We are the European leader in this market. We will systematically further develop our activities in order to reinforce our position. The execution of the combined transport rail business model, with its stronger focus on the high-traffic European rail corridors, will lead to higher productivity and quality and ultimately to greater customer satisfaction. We are participating in the expansion of seaport hinterland transport by ensuring our access to continental/maritime terminal capacities and by constructing a hub to secure the link between the hinterlands and the western seaports.

First-class one-stop services

The DB Services business unit, as the strategic value-adding partner for intra-Group customers and synergy managers, provides first-class services for DB Group in the areas of vehicle maintenance, information technology, telecommunication services, facility management, security services and fleet management. The DB Services business unit makes a significant contribution to the future of DB Group by consistently lowering the costs of intra-Group services while simultaneously ensuring marketable quality and performance levels. In particular, this is achieved through further integration into the customer's value-added chain, and by using the non-Group business to ensure capacity utilization as well as creating benchmarks for quality and price.

Guaranteeing a reliable, attractive and affordable infrastructure

Rail infrastructure plays a large role in determining the long-term competitive capability of rail transport. The key task here is to facilitate secure and reliable railway operations with a high-quality offer tailored to the needs of the railway companies, thereby increasing the competitive capability of rail transport. The service offerings and the associated prices for using the infrastructure are non-discriminatory.

In order to ensure high infrastructure quality for the long term, along with target-oriented further development of the rail network in Germany, we strive to create a sustainable, modern infrastructure partnership with the Federal Government. The successful conclusion of negotiations about the service and financing agreement marked a significant milestone for us on this path during the year under review. As of January 1, 2009, the service and financing agreement, as a comprehensive contractual regulation for the entire existing network infrastructure, will replace the previous collective and global agreements for the existing network, as well as any existing individual agreements.

More details on page 135

Increasing efficiency for the sharply rising traffic flows on the main routes and hubs poses a significant challenge for the DB Netze Track business unit. Its implementation is laid out in our "Net 21" strategy, and forms the strategic basis for a high-quality, reliable and secure rail transport offering. Selected expansion and new construction measures will take a targeted approach to eliminating bottlenecks and significantly increase efficiency. Sufficient capacity should be provided for future traffic developments. Another key focus is on the cost-effective and need-based modernization and maintenance of the rail network. An integrated capital expenditure and maintenance plan, along with bundling together construction sites into corridors and including them in the annual train schedule, ensures the efficient allocation of resources and minimizes the effects of extensive construction work for customers in passenger and freight transport.

In the DB Netze Stations business unit, we are working in close partnership with the Federal Government and local authorities to continue our customer-oriented, need-based modernization plan. In addition to our program for security, cleanliness and service, our integrated maintenance and capital expenditure strategy represents a milestone in the long-term development of the business unit. The "Station 11, 11 points in favor of train stations" ("Station 11, 11 Pluspunkte für die Bahnhöfe") program, with its differentiated development concepts, drives the systematic further development and increased attractiveness of our train stations based on clearly focused portfolio strategy.

In the DB Netze Energy business unit, we ensure railroad companies' rail transport offerings by providing them with a very high level of assured electricity and diesel supplies. With these purchasing advantages ensured for the long term and with our successful energy services, we aim to dampen the negative effects of highly volatile commodity prices as much as possible for the rail mode of transport.

SUSTAINABILITY

/// GROUP-WIDE REDUCTION OF CO_2 EMISSIONS BY 20% PLANNED BY 2020
/// FIRST-TIME PRESENTATION OF THE GROUP-WIDE CARBON DIOXIDE EMISSIONS BALANCE
/// WAGE AGREEMENTS WITH TRANSNET, THE TRANSPORT WORKERS' UNION AND THE GERMAN TRAIN DRIVERS' UNION SIGNED, AND NEW PAY STRUCTURE AGREED UPON

DB Group is increasingly focused on responding to the challenges of globalization, climate change, scarcer resources, deregulation and changing demographic structures. Thus, our corporate strategy is based on the criteria for sustainable business development. Today, we already offer numerous environmentally friendly products that are economical and tailored to our customers' needs. We plan to further develop our range of sustainable product offerings. Designing future-oriented mobility and logistics plans plays a significant role in sustainable corporate development. However, we are also facing our social responsibilities as a company in a comprehensive manner.

Our customers are making increasing demands for more ecological products in freight and passenger transport. With our environmentally friendly rail transport and the intelligent linking of all modes of transport, we are able to provide a high level of energy and climate efficiency throughout the entire mobility and/or logistics chain, in contrast to our competitors.

We want to further develop our leading market positions by offering more sustainable transport. To this end, we are setting challenging goals for ourselves and continuously implementing them. For example, we have been increasing our energy efficiency for years, while concurrently lowering our carbon dioxide and pollutant emissions and reducing our environmental impact. We regularly examine our activities via an annual review process. As a result, during the year under review we began to research the potential of modern engine and power supply technologies, as well as renewable energy sources such as geothermal energy. We are also researching market opportunities and designs for CO_2-free rail transport products, which we want to clearly distinguish from compensation offers.

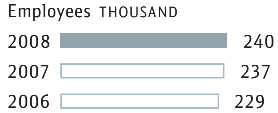
We acknowledge the principles of sustainable, future-oriented management with our sustainability management policies. Additional information about the issue of sustainability that is not a fundamental component of this Group Management Report may be found in our integrated Sustainability Report, which first appeared in July 2007. The report provides an overall view of environmental, as well as personnel and social issues. It is published only on the Internet and is supplemented by annual brochures documenting the development of the most important key figures.

www.deutschebahn.com/sustainability

Employees

Our employees are our most important resource in achieving our goals. With our employment alliance in Germany, management and employee representatives work together to preserve jobs and maintain the Group's competitive capabilities in equal measure. With our long-term health policy and our dedication to lifelong learning, we are preparing for demographic changes and providing our employees with prospects for the future. The results of these multifaceted initiatives are proving successful. In the Top Employer in Germany in 2008 ("Top-Arbeitgeber 2008") ranking, we were in 9th place out of more than 100 companies. Companies were evaluated in terms of job security, pay, work-life balance, and possibilities for development, corporate culture and corporate image.

Employees THOUSAND



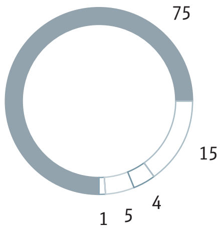
Employees by business unit FTE (FULL-TIME EMPLOYEES) AS OF DEC 31	2008	2007	Change absolute	Change %
DB Bahn Long-Distance	14,603	15,011	-408	-2.7
DB Bahn Regional	25,084	24,781	+303	+1.2
DB Bahn Urban	12,259	12,221	+38	+0.3
DB Schenker Rail	29,242	28,067	+1,175	+4.2
DB Schenker Logistics	62,074	59,605	+2,469	+4.1
DB Services	24,911	26,808	-1,897	-7.1
DB Netze Track	40,974	39,780	+1,194	+3.0
DB Netze Stations	4,509	4,537	-28	-0.6
DB Netze Energy	1,556	1,611	-55	-3.4
Other	25,030	24,657	+373	+1.5
DB Group	**240,242**	**237,078**	**+3,164**	**+1.3**
– Effects major acquisitions	2,853	0	+2,853	–
DB Group – comparable	**237,389**	**237,078**	**+311**	**+0.1**

The number of employees is calculated on the basis of full-time employee (FTE) positions to permit better comparability within DB Group and over time. Figures for part-time employees are converted into figures for equivalent full-time employees in accordance with their share of the normal annual working time. As of December 31, 2008, the number of employees had risen slightly in comparison with the same year-ago date. This is due mainly to the acquisitions of Transfesa, with approximately 500 employees, in the DB Schenker Rail business unit; of DB Regio (UK), with approximately 800 employees, in the DB Bahn Regional business unit; and of Romtrans, with approximately 1,300 employees, in the DB Schenker Logistics business unit. On a comparable basis the number of employees as of December 31, 2008 is at the same level as the end of the previous year.

The percentage of employees outside Germany increased again, up to 25 % (2007: 23 %).

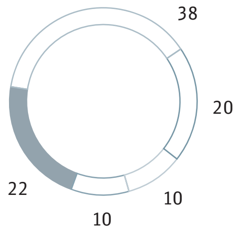
EMPLOYEES' STRUCTURE (AS OF DECEMBER 31, 2008)

By Region %



- Germany
- Rest of Europe
- North America
- Asia/Pacific
- Rest of world

By Division %



- DB Bahn
- DB Schenker
- DB Netze
- DB Services
- Other

By business unit %	Dec. 31, 2008	Dec. 31, 2007
DB Bahn Long-Distance	6.1	6.3
DB Bahn Regional	10.4	10.5
DB Bahn Urban	5.1	5.2
DB Schenker Rail	12.2	11.8
DB Schenker Logistics	25.8	25.1
DB Services	10.4	11.3
DB Netze Track	17.1	16.8
DB Netze Stations	1.9	1.9
DB Netze Energy	0.6	0.7
Other	10.4	10.4

HUMAN RESOURCES STRATEGY SUPPORTS BUSINESS STRATEGY

The goal of our human resources strategy is to support DB Group's business strategy. Our employees are of key importance as we advance toward becoming the leading international provider of mobility and logistics services. For this reason, DB Group's personnel strategy has the following four core areas: increasing employees' identification with the Group, internationalization, coming to grips with demographic changes, and business and future-oriented employee management. We implement our personnel strategy using a total of ten human resources initiatives.

IDENTIFICATION OF EMPLOYEES

Our employees are the face of DB Group. We envision our self-image based on the five values of our new Group mission statement and, at the same time, make a promise about the attitude of every employee: customer-oriented, business-like, progressive, fair and responsible. Shared values and goals also create the basis for the identification of our employees, who represent DB Group internally and externally.

The goal of our "We are DB" initiative is to work with our employees to promote a corporate culture with which they can identify. We have organized numerous cross-division events, workshops, competitions and comprehensive communication strategies to bring the "We are DB" concept to life. In order to strengthen the role of employees and managers as representatives of the company, the advertising for our employer identity has exclusively used real faces from all throughout the Group since the year under review.

INTERNATIONALIZATION

As a leading global mobility and logistics company, we are active in over 130 countries, and in the interim every fourth employee works outside Germany. In the future, the demand for employees to fill international assignments will rise along with the number of employees and managers being transferred abroad. In order to meet these demands, we founded the "International Recruiting / International Personnel Development" initiative.

Qualifying employees in foreign languages and intercultural competence also plays a major role. The new "DB PortaLingua" portal motivates employees to learn languages, and generates transparency through external and internal offerings. In addition, we have further developed our international exchange programs for the targeted recruitment of qualified graduates, and expanded our cooperation programs with prestigious universities, such as the Massachusetts Institute of Technology (MIT), Georgia Tech and Stanford University.

DEMOGRAPHIC CHANGE

The effects of a shrinking and aging population can already be seen in the job market and the workforce. This development, along with the increasing transition to flexible career paths, is creating new challenges for acquiring young talent, maintaining employability and systematically managing health and qualifications. The newly introduced "Demographic Monitor" provides key guidance in this. It serves as an early warning system that allows countermeasures to be taken in a timely fashion, and is based on continuously collected data regarding the acquisition of young talent, retention, health and age distribution for key employee groups.

The increasing shortage of skilled labor in particular trades will present us with great challenges in the coming years. This makes it even more important to retain our employees and provide them with career growth opportunities on a regular basis. The "Experience DB" initiative uses qualification programs, together with a redesigned employee interview tailored to the various phases of an employee's life, to increase employability.

In October 2008, DB was judged "Best Employer over 50" by the American Association of Retired Persons (AARP) because of our innovative employment policies for older employees.

Comprehensive training opportunities for young people

During the year under review about 2,800 young people began their training in one of over 25 DB Group training courses. In addition, a further 250 young people have taken up a dual course of studies with us. The fact that we receive more than 60,000 applications on average every year underlines the attractiveness and high quality of our training. In light of the demographic development, we must also find new recruiting avenues for young talent. This is where the "Transition Management School and Profession" (Übergangsmanagement Schule and Beruf) initiative comes in to support young people as they enter the world of work. The core of the initiative is our cooperation program with schools, which is currently partnered with 120 schools. The goal here is to strengthen the individual occupational orientation of young people, as well as to build a feeling of loyalty toward our company amongst junior skilled workers at an early stage, by promoting plant visits, student internships, job applicant training sessions and IT fitness tests, as well as regular exchanges of information with teachers.

We offer school-leavers without basic skills our entry qualification program "Chance plus," which has operated since 2004. This one-year internship program now prepares approximately 500 young people to enter the world of work each year. Upon completion of the program three-quarters of the graduates entered a regular trainee program or went straight into a job.

Better compatibility of career and family

Our "Career and Family" initiative aims to increase our appeal as a competitive, modern employer, in particular to skilled and managerial female employees. We not only anchored the compatibility of career and family in the new management principles, but also entered into a voluntary Group operations agreement. We promote reentry following family-based absences, and support families by offering multifaceted services. In doing so, we focus on childcare, as well as on family members who also need care. In addition, we participate in external family-based networks, like the "Alliance for the Family" group.

Our family services provide comprehensive support that allows our employees to care more effectively for children or other family members who need attention. During the year under review, we signed a framework agreement with a new service provider, Parent Service Workers' Welfare Association (ElternService AWO). It provides free advice to our employees for any issues regarding childcare and senior care, and offers individual help, for instance in finding daycare facilities, nannies and childcare.

BUSINESS AND FUTURE-ORIENTED PERSONNEL MANAGEMENT

The development of DB Group demands continuous examination and further development of organizations and processes through comprehensive change management.

Readiness for the future means, above all else, education. Attractive educational offers not only enhance qualifications, they can also significantly increase commitment, willingness to perform, and loyalty to the company. With their innovative programming, dialogue and learning structures, DB Training and DB Akademie provide individual and collective qualification programs for all target groups – from interns to top managers. At the same time, they greatly contribute to network formation across divisions and business units within DB Group.

WAGE AGREEMENT AND NEW PAY STRUCTURE

The 2007 wage negotiations with the collective bargaining association (Tarifgemeinschaft, TG) representing TRANSNET and the Transport Workers' Union (Gewerkschaft Deutscher Bundesbahnbeamten und Anwärter; GDBA), as well as with the German Train Drivers' Union (Gewerkschaft Deutscher Lokomotivführer; GDL), were concluded in March 2008. Two "fundamental wage agreements" form the basis for the new wage agreement, which consists of a basic wage agreement and six function-specific wage agreements.

One function-specific wage agreement is the individual train drivers' wage agreement (Lokführertarifvertrag; LfTV) negotiated with the GDL, regulating the employment conditions for train drivers. The LfTV is in effect from July 1, 2007 to January 31, 2009. Individual pay rises between 7 % and 15 % resulted from the classification of individuals according to work experience. At the same time, among other things, the pay framework was increased in two steps in May and September 2008.

The other five function-specific wage agreements were concluded with the TG, as well as an agreement regarding a new wage structure. This has been in effect since March 1, 2008 and includes 13 wage groups and six levels of experience. Employees' initial classification was based on their seniority. The average increase within the new wage structure is approximately 9.6 %.

Environment

www.deutschebahn.com/sustainability

In the light of ever rising long-term mobility and transport needs, the impact on the environment and the atmosphere caused by the transport sector should be kept as low as possible. We feel that a corporate policy that takes into account economic, ecological, and social factors is the key to business success. The successful introduction of sustainable products requires both a careful analysis of customers' wishes and the expectations of society at large, and the consideration of the latest research findings. This is reflected in our sustainability management approach, which we direct from the DB Environment Center (DB-Umweltzentrum).

In an ecological comparison with other modes of transport, rail transport offers significant advantages. In addition to technical safety, the advantages for our customers include quality performance and service orientation, a proven important factor when selecting a means of travel and/or transport. In view of the growth forecasts for flows of travel and transport in the coming years and decades, the importance of environmentally friendly rail in securing a sustainable comprehensive transport system will continue to rise.

Serving global markets also means acting as a responsible corporate citizen worldwide. By sensibly interlinking all modes of transport under a single umbrella organization, we create "green networks." Shifting shipments to environmentally friendly modes of transport equally assists our customers and ourselves in efforts to improve CO_2 figures. During the year under review, for example, shipments formerly transported by truck between Wels, Austria, and the Port of Rostock were shifted to the Danube-Nordic Shuttle, saving about 120,000 kilometers of truck transport, and thus about two-thirds of the previous CO_2 emissions, each week.

CLIMATE PROTECTION PROGRAM EXTENDED TO THE ENTIRE GROUP

With our energy savings and climate protection programs, we were able to reduce specific CO_2 emissions in rail transport by 25.9 % between 1990 to 2002 and by 15.6 % from 2002 to 2008. During the year under review, we raised our goals: our aim is to reduce Group-wide specific CO_2 emissions by 20 % between 2006 and 2020. The basis for this is the Group-wide greenhouse gas emissions balance sheet, which was first presented during the year under review. According to the balance sheet, vehicles and facilities of DB Group, along with transports performed by DB Group and by subcontractors, emitted 23.1 million tons of CO_2 worldwide in 2007. This result serves as the foundation for the implementation of our new "Climate Protection Program 2020."

LEVERAGE FOR A SUCCESSFUL CLIMATE PROTECTION PROGRAM

Within this framework, DB Schenker Logistics has also captured and calculated for the first time its worldwide CO_2 emissions in land transport, air and ocean freight, contract logistics, and operating facilities. This information will be used as the basis for future CO_2 savings – through intelligent networking of modes of transport, for instance, or by shifting transports to modes of transport with lower emissions. For example, the DB SCHENKER skybridge service combines ocean and airfreight for transports between Asia, Europe and North America. Containers are sent via ship from Asia to Dubai or Vancouver, where they are then transported by air to Europe or the United States, respectively. This makes it possible to cut shipping times by 30 % to 50 % as compared to ocean freight alone, while reducing CO_2 emissions by up to 50 % over air freight alone.

Environmental measures extend to every area of business at DB Schenker. DB Schenker is already fully certified under ISO 14001 across the European level today, and is gradually extending this certification to its global network.

Specific factors that the company leverages to reduce emissions across all modes of transport include the use of modern vehicles with enhanced energy efficiency, optimization of capacity utilization, and improvements in operational processes. Our employees contribute as well, by conserving energy when they drive. We support our train drivers and truck drivers in their efforts with appropriate training measures.

ENERGY CONSUMPTION AND CO_2 EMISSIONS IN RAIL TRANSPORT FURTHER REDUCED

Selected key figures – rail transport	2008	2007	Change	
			absolute	%
Specific primary energy consumption rail passenger transport in MJ/Pkm	1.09	1.16	- 0.07	- 6.4
Specific primary energy consumption rail freight transport in MJ/tkm	0.41	0.43	- 0.02	- 4.4
Specific carbon dioxide emissions rail passenger transport in g/Pkm	62.4	64.9	- 2.5	- 3.9
Specific carbon dioxide emissions rail freight transport in g/tkm	23.3	23.7	- 0.4	- 1.7
Emission of soot particles by diesel vehicles in rail transport in t	246	259	- 13	- 5.0

Data for 2008 is based on information and estimates available on February 25, 2009.

Since 1990, we have reduced our specific CO_2 emissions in rail transport by nearly 40 %. During the year under review, we were able to further reduce our specific CO_2 emissions, meaning CO_2 emissions with reference to the volume sold, in both rail passenger transport and rail freight transport by 2.5 % compared to last year.

Emissions of the greenhouse gas CO_2 were reduced by 3.9 % to about 62.4 grams per passenger kilometer in rail passenger transport. The same figure for long-distance transport fell by 5.1 % and specific local transport CO_2 emissions went down by 3.0 %. Rail freight transport values improved by 1.7 % to 23.3 grams of CO_2 per ton kilometer. These represent further contributions by rail transport towards protecting our climate, and mark a further increase in rail transport's environmental lead.

www.dbbahn.com/umweltmobilcheck

Our UmweltMobilCheck feature can help passengers make the decision to switch from driving a car or flying to taking the train. People are increasingly turning to this feature to calculate the climate impact of individual trips. Starting in the year under review, this environmental impact calculation function can now also be accessed online for international trips and connections in 26 European countries.

www.ecopassenger.org

www.ecotransit.org

The third instrument available for calculating precise environmental impact is EcoTransIT, an Internet-based tool aimed specifically at freight transport. It compares emissions of CO_2 and pollutants by rail transport, truck transport, inland waterway transport, oceangoing shipping, and airfreight as well as combined transport for any European route.

FURTHER IMPROVEMENTS IN REDUCING RAIL TRANSPORT NOISE

We aim to cut rail transport noise pollution to half of its 2000 levels by 2020. We are continuing to implement the Federal Government's noise abatement campaign, and by the end of the year under review, we had already been able to cut noise in 21 %, or along 740 km, of the lines most heavily affected by train-related noise. During the year under review, we built 55 km of noise protection walls along existing lines and implemented noise abatement measures in 5,100 apartments.

Our focus is still on reducing noise at its source. As part of a pilot innovation program, the Federal Government plans to have 5,000 freight cars retrofitted with low-noise composite brake shoes, which, in conjunction with smooth tracks, reduce perceived noise by half. We have been purchasing new freight cars with the low-noise brake shoes since 2001. During the year under review, the number of cars equipped with this feature rose by 1,100, to a total of 4,400 cars.

The year under review saw the launch of the research project “Quiet Train on Real Track” (Leiser Zug auf realem Gleis, LzarG), sponsored by the Federal Ministry of Economics and Technology. Industrial firms, universities and providers work together in the project, under our overall supervision, to develop and test new technologies. The research project is focusing closely on the interplay between wheels and rails.

Testing of innovative noise abatement measures along tracks was also given the green light during the year under review. These measures include low noise protection walls made of gabions (wire cages filled with material), noise-insulated ties and tracks, and ballast mats to reduce vibrations. If testing of these measures goes successfully, they will be included in the portfolio of the Federal Government’s noise abatement program and implemented throughout Germany.

ADVANCES IN CLEAN DIESEL TECHNOLOGY

During the year under review, we succeeded in reducing particulate emissions by all our vehicles (diesel and electric traction) by 3.4 %. This represents a continuation of the positive development from previous years: since 1990, we have been able to reduce particulate emissions by our vehicles by a total of 87 %. We have also recorded similar success in reducing nitrogen oxide emissions. During the year under review, we achieved an improvement of 1.9 %, and since 1990, the figures have fallen by a total of 66 %.

Important measures for the reduction of air pollutants include the use of modern vehicles, retrofitting of the existing fleet with new engines, driving with an eye to energy conservation, and the electrification of additional lines. By testing new technologies, we are preparing for stricter future limits and supporting the industry in the development of innovative technical solutions.

In the summer of 2008, a prototype of one of the world’s cleanest diesel locomotives began operation at the Kornwestheim marshaling yard. The project, known by its acronym LOCEX (Locomotive with Clean Exhaust), is scheduled to run for two years. As part of the project, a Series 294 shunting locomotive was equipped with a combination device consisting of an SCR (Selective Catalytic Reduction) catalyst to remove nitrogen oxides from exhaust gases and a particle filter. Initial test results have already come in below the limits established in the Stage IIIB exhaust gas standards, which will be applicable starting in 2012. The information on functionality, reliability and suitability for rail operations will be used to further improve clean diesel traction.

We are working together with the rail industry on testing particle filters in vehicles used in local transport. In this regard, information is being collected in day-to-day operations.

Social commitment and involvement

For us, “moving the future” (Zukunft bewegen) is not only the guiding principle behind the economic development of the company, this idea also mirrors the social responsibilities the Group undertakes. As one of Germany’s biggest employers and occupational trainers, we bear a special responsibility – to our customers, employees, the environment, and society as a whole. Providing support for children and young people is especially important to us. Our activities in this area focus on education and sports.

For example, we have been supporting reading and language development among children and young people since 1996 as a partner and member of Stiftung Lesen (the Reading Foundation). By the end of the year under review, cases of books and read-aloud materials had been supplied to 1,200 homes for children and youth throughout Germany.

Social integration of children and young people in need is the aim of the aid organization Off Road Kids, which is active in several regions. We have supported this organization for 15 years, enabling street outreach workers to travel throughout Germany by train and assist homeless young people to get their lives back on track. In the second DB Kids Camp organized with Off Road Kids, 60 children from children’s homes were again able to spend a week on vacation in Bad Dürrheim in August 2008.

Promoting sports is also a high priority for us. As a long-standing official mobility partner of Youth Training for the Olympics (Jugend trainiert für Olympia), the world’s largest school sports event, we organized low-cost transportation for participants to and from the site of the spring and fall finals in 2008 as well as their accommodation. And since 2002 we have also been setting benchmarks in how we value sports through our partnership with the German National Paralympic Committee (Deutscher Behindertensportverband), a partnership that extends far beyond Germany’s borders, as was made clear when DB Schenker transported the sporting goods and equipment for the Paralympics in Beijing in 2008.

The aim is mobility, with as few barriers as possible, for athletes and sports fans – with or without disabilities. The Bundesliga travel guide for people with disabilities, which we published with the German Football League (Deutsche Fußball Liga; DFL) and the German Working Group on Fans with Disabilities (Bundesbehindertenfan-arbeitsgemeinschaft; BBAG) in August 2008, enables handicapped football fans to prepare for and carry out their trips to the stadiums effectively. Our commitment and involvement, as reflected in the DB Young Talent Award (DB-Nachwuchs-Förderpreis), which was granted for the first time during the year under review, and which also addresses the base – and with it, the future – of the younger generations in this field.

Integrated Systems Rail

In its capacity as a service provider, the Integrated Systems Rail department supports the business units and offers integrated solutions for mobility and logistics, thereby focusing on DB Group as a whole. This organization's tasks comprise cost-effective procurement of all materials and quality assurance for those materials, overarching optimization of vehicle maintenance, ecological and economic further development of the railway as a mode of transport, and supporting the rail industry in the development of innovative, efficient and environmentally friendly products, along with ensuring safe railway operations and occupational safety and health.

QUALITY

Quality is an important part of our product-related responsibilities, and it ensures the sustainability of our product range. The Integrated Systems Rail department has consistently further developed processes associated with product and service quality in the business units. The focus was on a methodical consideration of measures to improve punctuality, and on process-oriented adaptation of the key quality indicator system. Group-wide audit programs have further contributed to the standardization of process management and firmly established these principles within the Group. We are also addressing the increasing internationalization of the Group with measures aimed at quality assurance in procurement of rail systems on the worldwide supplier market.

TECHNOLOGY

Within the Integrated Systems Rail department, DB Systemtechnik (system technology) serves as the technical interface to all areas of day-to-day railway operations. In addition to activities within the scope of system service and procurement projects, DB Systemtechnik also designs and further develops technology used by the business units, tests technical projects, and performs feasibility studies for technical projects. The further development of technology serves as an important basis for additional improvements, including the environmental advantage that rail transport enjoys. For example, work is consistently progressing to make further advances in economical, efficient noise abatement technologies for both rail vehicles and the infrastructure.

The "GZ 1000" project is testing the technical feasibility of long freight trains. In Europe, the typical maximum permissible length for these trains is 750 meters. As part of this project, which is funded by the Federal Ministry of Economics, we teamed with the Dutch infrastructure operator Keyrail to run a freight train approximately 1,000 meters long, for the first time, via the Betuwe route between Oberhausen and Rotterdam in November 2008. The aim of this project is to enhance the capacity of the network, thereby cushioning the impact of capacity shortages in hinterland transport from seaports, for instance. The information gathered in the "GZ 1000" project will be used for further projects.

Another area being explored to reduce the impact of capacity shortages in seaport hinterland transport is the potential offered by mixed transport, meaning mixed operation of passenger and freight trains, along the major corridors.

Moreover, our services in this area are increasingly in demand on the market outside DB Group as well. For example, working on behalf of the entire industry, DB Systemtechnik carried out tests for the initial licensing of several model series for use in regional transport. DB Systemtechnik, together with Balfour Beatty, also received orders for the production of overhead wire measurement instruments for use in China. In cooperation with DB International, DB Systemtechnik offers its services on an international basis as well. One example of this is the testing of the Siemens high-speed train Velaro in China.

PROCUREMENT

During the year under review we were able to realize significant savings in the acquisition of equipment, vehicles and vehicle spare parts as well as maintenance and logistical services by means of cross-business-unit procurement and optimization projects. The sustainability of solutions used to further enhance the competitive advantages enjoyed by rail transport in the areas of environmental protection and safety plays an important role in this process. In addition, long-term consideration of operating and maintenance costs is of great economic importance for products used in railway transport in particular, as they have extremely long lifetimes. Integrated procurement teams consisting of technicians, buyers, users, value analysts and logistics experts ensure a comprehensive overview of the acquisition process. This is supported by corresponding global sourcing activities used to develop new suppliers, which were continued and expanded during the year under review.

We maintain business ties with about 35,000 suppliers worldwide, and our orders provide security for up to 600,000 jobs.

The total volume of orders placed during the year under review amounted to € 23.3 billion (previous year: € 21.2 billion). Next to the € 10.2 billion (previous year: € 10.4 billion) spent on freight and shipping services, the main focus was once again on the industrial products segment, with a procurement volume of € 4.2 billion (previous year: € 3.7 billion), and on construction and engineering services, with a procurement volume of € 4.0 billion (previous year: € 3.5 billion). Our usage of third-party services rose year on year, with procurement volume of € 2.4 billion (previous year: € 1.6 billion). In the area of cable-and-pipe-bound power and fuel, total procurement volume rose to € 2.5 billion (previous year: € 2.0 billion).

More than half of the procurement volume (excluding freight and shipping services), or € 7.6 billion (previous year: € 7.2 billion), was allocated to small and mid-sized companies. More than 90 % allotted for building purposes, or € 3.6 billion, went to mid-sized companies (previous year: € 2.7 billion). This once again made us one of the biggest investors in Germany during the year under review as we made a significant contribution towards securing jobs.

In line with our major capital expenditures, significant orders were placed, in particular, in the infrastructure sector as well as for the further modernization of our rolling stock.

FURTHER MODERNIZATION OF RAIL INFRASTRUCTURE

Among the largest orders placed in the infrastructure sector during the year under review were:

- By 2010, we plan to work with the Federal State of North Rhine-Westphalia and the city of Essen to modernize that city's central station. The investment volume is expected to be € 57 million.
- The renovation/reconstruction of the Berlin Ostkreuz station will bring substantial gains in travel comfort, convenience and service for our customers. The full renovation of the station will take place even as the station continues to operate normally, without restrictions. During the year under review, the sum of € 30 million was already invested in the construction of track installations and platform bridges. The total volume projected for this project through 2016 is about € 300 million.
- The expansion and new construction of about 500 km of the Nuremberg–Erfurt–Leipzig/Halle line is paving the way for the future core section of the high-performance line from Munich to Berlin. Within the framework of the German Unification Transportation Project (Verkerhrsprojekte Deutsche Einheit; VDE) 8.1/8.2, projects for 25 tunnels totaling 56 km in length were allocated. Large tunnels with lengths of over 6 km, such as the Blessberg Tunnel, Finne Tunnel and Bibra Tunnel, were allocated during the year under review.
- The rail corridor from Paris via Strasbourg and Stuttgart to Bratislava or Budapest is one of the current projects included in the TEN guidelines. The Paris–Eastern France–Southwest Germany line is an important part of this rail axis, particularly its southern part (partial line from Kehl to Appenweier). The current single-track bridge on the Rhine will be replaced with a new dual-track two-span bridge.

FURTHER MODERNIZATION OF THE VEHICLE FLEET

Among the largest orders placed for modernization of our vehicle fleet during the year under review were:

- We are planning the replacement for our EC/IC fleet as a joint platform with the successor of our ICE 1/2 train sets. The plans call for procurement of up to 300 train sets with up to 200,000 seats for national and European use, with maximum speeds of 230 to 250 km/h (optional: 280 km/h). The delivery period will extend over at least 14 years, starting in 2014. The tender documents were sent to the potential bidders in July 2008.
- We ordered 15 ICE 3 train sets with a combined value of about € 500 million for cross-border rail passenger transport. The first vehicles are scheduled to start operation in December 2011.

- For rail freight transport, we ordered 130 diesel-operated shunting locomotives, valued together at about € 250 million. These medium-weight shunting locomotives are scheduled to start operation between 2010 and 2012. The locomotives are to be termed Series 260 and will be used for light regular line service and for marshaling. They will replace the Series 291 and 295 locomotives.
- The Stuttgart S-Bahn (metro) will use 83 modern electric traction cars to replace the old Series 420 vehicles, in particular. The contract is scheduled to be signed at the start of 2009, although the preliminary decision on allocating the project was made during the year under review.
- Under the working title "VT new," we were able to enter into a framework agreement concerning 180 diesel-operated regional transport vehicles at the beginning of the year under review. The agreement is scheduled to run until 2012.
- Under the working title "New Travel Railcar Platform," we signed a framework agreement for up to 800 bi-level cars, some of them with electric drive systems. This agreement will run until 2020.

More details on page 74

- Thirty-four Series 442 electric traction units were called up under the ET platform framework agreement.
- During the year under review, 68 vehicles were supplied by various manufacturers for regional transport. This total includes 24 Series 422 vehicles for the S-Bahn (metro) of North Rhine-Westphalia, 27 Series 648 diesel traction cars and 13 Series 425 electric traction cars. By the end of the year, it was also possible for delivery to be taken on the first four Series 440 vehicles. In total, 80 vehicles have been ordered under this series. They will be used in 2009 and 2010 in regional transport in Bavaria.

In addition, we acquired vehicle spare parts worth € 550 million during the year under review. As part of our global sourcing initiative, we additionally developed and granted qualifications to new suppliers in China, India, South Africa and Brazil.

MEASURES IN THE FIELD OF ELECTRICAL ENGINEERING, TELECOMMUNICATIONS AND COMMAND AND CONTROL TECHNOLOGY

In the area of electrical engineering, telecommunications and command and control technology, we pushed forward low-cost solutions in order to bring energy to rail lines, control rail traffic and ensure its safety, and enable communications and the interchange of data.

- The inauguration of operations in the central switchyards in Munich and Borken marked the successful conclusion of one of the biggest procurement projects for DB Energy. Since 2003, equipment used in electrical operation of the 15-kV overhead line network, as well as the remote control system used to supply electricity to the railway, have been fully modernized and upgraded to the technological state of the art as part of an extensive renovation program.

/// After the project for the Saarbrücken–Ludwigshafen line (128 km) was allocated in 2007 as part of our first Europe-wide tender for ETCS equipment, a contract for equipping the Nuremberg–Ingolstadt–Munich line (159 km) with ETCS was allocated in November 2008. The installation of ETCS equipment on this line is to take place parallel to the existing train control systems (PZB intermittent cab signaling system and LZB continuous train control system). The maximum speed on the line is 300 km/h.

PROMOTING SAFETY IN RAIL TRANSPORT

The Integrated Systems Rail division keeps an eye on safety during railway operations and on occupational safety and health for DB Group. This structure updates standards and adopts and follows up on objectives for the management systems. The measures taken focus on further development of safety consciousness as an integral feature of the corporate culture across DB Group. With our representation in international bodies, we play an active role in shaping decision-making processes.

During the year under review, we adopted a five-year safety initiative. The measures included in this initiative will ensure that the high level of safety we have achieved thus far can be maintained and even gradually enhanced, and that existing resources are utilized effectively.

ADDITIONAL INFORMATION

/// ADDITIONAL FEDERAL FUNDS FOR INFRASTRUCTURE IN 2009–2010
/// COMPLIANCE DEPARTMENT ENLARGED
/// EXPANSION OF PASSENGER RIGHTS BEGINNING IN 2009

Additional Federal funds for infrastructure in 2009–2010

In December 2008, the Federal Government passed a package of measures to ensure growth and employment (Maßnahmenpaket zur Sicherung von Wachstum und Beschäftigung). This will create opportunities for quickly overcoming the effects of the weak economy.

The Federal Ministry of Transport, Building and Urban Affairs launched a "Workplace Program for Construction and Transport" (Arbeitsplatzprogramm Bauen und Verkehr) on the basis of this package of measures. This will accelerate implementation of urgent capital expenditures for transport. It includes specific transport projects and measures for rail, roads and waterways, with a volume of € 1 billion in both 2009 and 2010. Capital expenditures for the Federal train paths will focus on strengthening ongoing projects and launching new projects, initiation of a passenger station program and providing more resources for noise abatement. A total of € 620 million has been set aside for these projects.

More details on page 137

In February 2009, the Federal Government provided an additional € 2 billion for capital expenditures relating to transport infrastructure, as part of the Economic Stimulus Plan II.

Compliance Department expanded

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During the year under review we reorganized our Compliance department and substantially increased the number of personnel in this area. We have placed our compliance activities on an international footing as increasing numbers of our employees are working abroad. We complemented the Ombudsman process we introduced in DB Group in 2000 with the launch of a worldwide electronic whistle-blowing system. The Internet-based system now provides 24/7 access to this communications platform to all branch offices and subsidiaries of DB Group, as well as to all of our business partners throughout the world. The system is operated on an external server located in a high-security computer center. This not only rules out unauthorized access, but also prevents identification of the whistle-blower.

Along with boosting the number of personnel in the Compliance department we also intensified employee training and advice. The purpose of the training is to provide employees all around the world with the certainty they need to conduct themselves properly and to make them more aware of the risks of white-collar crime. All business units will also receive additional compliance officers to ensure that national and international laws as well as internal regulations are observed across DB Group.

During the year under review standards and expectations for daily business were collated in a Code of Conduct. All members of the Management Boards, Managing Directors, executive management and DB Group employees are committed to these principles. The central elements of the Code of Conduct are customer orientation, progress, partnership and awareness of responsibility.

Restrictions in availability of our high-speed fleet

After a traction wheel set axle broke in an ICE 3 in July 2008 in Cologne we conducted additional ultrasound tests on all wheel set axles of the affected model series. None of the tests showed any evidence of possible cracking. Nevertheless, the Federal Railways Agency ordered that the testing intervals for mechanical ultrasound tests be notably reduced, thereby obligating us to conduct scheduled inspections for various wheel set axles used in ICE series 403/406 multiple unit trains every 30,000 kilometers respectively every 60,000 kilometers. As a result of this decision the availability of our ICE fleet was noticeably restricted.

In October 2008 a crack was found in a wheel set axle during a routine inspection of a series 411/415 ICE-T train equipped with tilt technology. As a result we made a commitment to the Federal Railways Agency that we would not operate the series 411/415 ICE-T trains with tilt technology activated during rapid curve operations, and that we would conduct ultrasound inspections of the wheel set axles at far shorter intervals. The test intervals were further reduced after the manufacturing consortium that built the ICE-T was unable to provide binding findings regarding possible cracks in the wheel set axles. This led to a major reduction in availability of our ICE fleet. In collaboration with the manufacturing consortium, and the support of external experts, test and trials of the ICE-T wheel set axles are being conducted to reinstate longer testing intervals.

Successful lawsuit against award procedure in French public road transport market that violated European law

At the end of 2008 we won a significant battle in our efforts to open the French public road transport market to foreign companies. The administrative court in Bordeaux, in response to a complaint by DB ML AG, suspended a completed award procedure for a contract regarding the provision of bus and streetcar services in the Communauté urbaine de Bordeaux, a community alliance encompassing the city of Bordeaux and 26 suburbs. The Court ruled that the tender did not meet the European legal requirements for transparent and non-discriminatory award proceedings. The Communauté urbaine de Bordeaux had only announced the planned contract-awarding procedure in local and/or largely unknown publications, even though – in the Court's opinion – it could be assumed that transport companies located outside France would also be interested in submitting a tender for a contract of this size. According to the court, the announcement must be made in a manner suited to reach such potential foreign providers, and the publications chosen by the city of Bordeaux in the case at hand were not appropriate. The Communauté urbaine de Bordeaux and SNCF subsidiary Keolis have appealed to the French Conseil d'Etat against this administrative court decision.

Dispute over Berlin and Brandenburg transport contract compensation

In August 2003 Veolia Verkehr GmbH (previously known as Connex Regiobahn GmbH) submitted a complaint to the European Commission wherein they alleged that certain payments made constituted illegal state aid. The specific cause and subject of the proceedings is a transport contract concluded between DB Regio AG and the states of Brandenburg and Berlin. Veolia alleges that the contractually agreed payments received by DB Regio AG are state aid in terms of related European legal requirements.

Based on a ruling passed on October 23, 2007 the Commission initiated a formal investigation against the Federal Republic of Germany. Both the Federal Republic of Germany and DB Regio AG stated in their respective responses that this is not a case of state aid. In addition, third parties have taken positions regarding the initial decision taken by the Commission. The initiation of a formal investigation is an administrative step and does not anticipate the results of the Commission's investigation in any way.

Legal conflict with the Rhein-Ruhr transport association

Since the start of 2007, the Rhein-Ruhr transport association (Verkehrsverbund Rhein-Ruhr; VRR) has withheld about € 119 million of concession fees that were legally agreed with DB Regio NRW GmbH. As grounds for the reduction, VRR alleged that it is being overcharged, and for this reason the contract is partially void due to the pricing, and fully void due to laws related to subsidy payments. Furthermore, VRR also stated that it is justified to reduce fees due to an alleged lack of quality in the services it has received.

DB Regio NRW GmbH sued VRR for payment of the withheld funds. VRR cancelled its contract with DB Regio NRW GmbH several times in June/July 2008 on grounds of important reasons: they alleged that DB Regio NRW GmbH did not provide the contractually agreed security services onboard trains. DB Regio NRW GmbH responded to this by appealing to the court to obtain a reversal of the contract cancellation because the contract was not violated as claimed.

On December 19, 2008 the Gelsenkirchen Administrative Court (Verwaltungsgericht; VG) granted the complaint submitted by DB Regio NRW GmbH whereby they are entitled to receive payment of the withheld amounts and rejected the claim that the contract was partially and/or totally invalid. Furthermore, on the same day the Administrative Court responded to the application for a declaration by the court, submitted by DB Regio NRW GmbH, by issuing a decision that the cancellations were invalid and therefore the contracts were still valid. VRR has appealed the decision.

Companies in the freight forwarding industry under investigation

The European Commission, the US Department of Justice as well as anti-trust authorities in Canada, South Africa, New Zealand and Switzerland have launched investigations of the freight forwarding industry for allegedly conspiring to limit competition in the fields of land, ocean and air freight. In connection with these investigations, authorities conducted extensive searches of the premises of numerous freight forwarding companies and associations on October 11, 2007, including searches of Schenker AG's business premises and numerous national Schenker companies. Furthermore, various requests for information from responsible local authorities were directed to individual local subsidiaries of Schenker and BAX Global. Anti-trust authorities in Australia and Japan also initiated investigation during the course of 2008. On November 18, 2008 the Spanish anti-trust authorities conducted searches or premises at numerous freight forwarding companies, including our Spanish subsidiary, Spain TIR. We support the responsible cartel authorities in the execution of their duties. In response to the official investigation, the facts of the case are being comprehensively and thoroughly investigated and will be resolved within DB Group. The internal clarification of the facts is currently taking place. It is anticipated that the investigations by the anti-trust authorities will not be completed before the end of 2010.

More details on page 120 f.

Training courses on anti-trust issues are conducted regularly within DB Group. In addition, we notably intensified our activities in the compliance area during the year under review.

Expansion of passenger rights

Following passage of EC regulation No. 1371/2007 as of October 23, 2007 by European lawmakers covering the rights and obligations of rail transport passengers, the Federal Government submitted a draft German law on October 1, 2008 to Parliament to amend existing national railway legal requirements to bring them in line with the EC regulation.

The EC regulation, which will take effect on December 3, 2009, applies to all – national and international – local and long-distance rail transport within the EU. If a train has a delay of 60 minutes, the rail passenger must receive a refund of 25 % of the ticket price paid; a refund of 50 % is due if the delay is two hours. Furthermore, in the event of delays of over 60 minutes, passengers are also entitled to receive refreshments either onboard the train or in the train station. Passengers are also entitled to a hotel stay or the cost of a taxi if the delay is such that overnight accommodations are required.

The purpose of the proposed German law is to apply the terms of the EC regulation to domestic railway transport ahead of the deadline. The draft law grants passengers additional rights in the local transport sector: in the event of a foreseeable delay of 20 minutes the law entitles passengers to take another train, including a higher-value long-distance train. Passengers are entitled to take a taxi to their destination if a local transport train is cancelled or delayed by an hour after 11 p.m.

At the end of November 2008 the Upper House of Parliament (Bundesrat) responded to the draft law submitted by the Federal Government. The German Parliament (Bundestag) began its deliberations in January 2009.

Further development of the European legal framework

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competitionreport

A detailed presentation covering the further development of the European legal framework in the railway sector is contained in our annual Competition Report. We maintain a continuous dialogue with members of the European Parliament and the European Commission to ensure that competition in Europe takes place on a level playing field.

UNIFORM EUROPEAN TRAIN SAFETY SYSTEM – ETCS

The wide spectrum of incompatible train safety systems used by the member states of the European Union is a key hindrance blocking the realization of a European railway area with cross-border railway routes that do not require locomotives to be changed at borders. In order to promote the interoperability of railway systems, European lawmakers have enacted laws that require high-speed lines, as well as conventional rail transport network lines, to be equipped with the uniform European Rail Traffic Management System (ERTMS), consisting of two technical components, ETCS and GSM-R.

After reviewing and evaluating the submitted national migration plans, the European Commission wishes to notably accelerate migration to a uniform ETCS train safety system along the conventional European railway network. To this end the Commission submitted a proposal for a binding European plan to migrate to ETCS. This proposal contains major additions to the national migration plan for the conventional rail network that was submitted by the German Federal Government to the European Commission in September 2007. The Commission's proposals, including the target dates mentioned in the proposal, can only be realized if the Federal Government and the EU substantially increase the foreseen budgets without delay. Other important transport projects will have to be postponed if these increases do not take place. Moreover, concerns have been raised about the procedural legitimacy of imposing a binding capital expenditure obligation of this extent solely by virtue of committee procedure (also known as comitlogy) and without the involvement of the European Parliament. DB group has taken the initiative to call attention to the detrimental effects of this regulation on countries with complex rail networks and mixed routes.

EUROPEAN RAIL FREIGHT REGULATION PROPOSED

At the end of 2008 the European Commission adopted a proposal for an EU regulation to develop a European rail freight transport network to foster competition in freight transport. The main purpose of the proposal is to improve the quality of service and competitiveness of long-distance, cross-border rail freight transports. The proposal calls for the mandatory creation of internationally staffed corridor operators along the European corridors. The intention here is to deepen cross-border cooperation between infrastructure operators and achieve closer coordination on investments. The proposal is not entrepreneurial driven and involves considerable bureaucratic expenses for infrastructure operators. The results will have detrimental effects on railway operations due to higher costs and the elimination of infrastructure capacities. The regulations regarding an end-to-end increase in capacities and preferred treatment for rail freight transport would primarily impact on rail passenger transport. The passenger transport sector is especially vulnerable to the effects of intermodal shifts triggered by longer travel times and interruptions in the travel chain. The Commission's proposed regulation is currently in the co-decision procedure phase in the Council and the European Parliament.

Developing an integrated railway concept for Qatar

At the end of August 2008 the government of Qatar awarded DB International the assignment to develop an integrated railway concept. The concept comprises a planned metro network in the capital of Doha, a high-speed connection and freight transport lines, as well as connecting rail lines to the neighboring countries of Bahrain and Saudi Arabia. Qatar can be certain that we will develop a modern transport concept.

Building the North-South line in Saudi Arabia

DB International has project management responsibility for building a 550-kilometer-long stretch of track on the North-South rail line in Saudi Arabia, including quality assurance, timing and cost control, and construction site logistics. The first kilometer of track was laid as testing track in December 2008. In January 2009 the track construction began following the completion of quality tests.

Pilot project for modernization of Russian train stations

Plans call for Russia's train stations to undergo extensive modernization. Refurbishing and renovation measures are planned for more than 300 train stations. The Kursk station, the biggest train station in Moscow, served as a pilot project. DB International completed the assignment it received to conduct a feasibility study and to prepare a master plan to modernize this train station. Together with DB Station & Service DB International gave support to the process. In October 2008 the Kursk train station was rededicated following the completion of modernization work.

Taking action to fight vandalism and graffiti

Every year damages caused by vandalism within DB Group cost us about € 50 million. Just in the year 2007 alone we reported approximately 46,000 incidents of vandalism, or an average of more than 120 incidents a day. This is the reason why we joined together with the German Federal Police (Bundespolizei) in the fall of 2008 to launch a program to combat vandalism, graffiti and scratching in Berlin, Munich, Frankfurt am Main, Bremen, Leipzig and Cologne.

The initiative achieved nationwide media coverage and public awareness of the costs of willful property damage and smearing colors on walls and trains. The purpose was to raise the awareness of our customers for this problem and to motivate them to play a more responsible role.

The safety initiative will be continued in 2009 under the name of "Prevention of Violence and Vandalism" in cooperation with the German Federal Police.

RISK MANAGEMENT

/// INTEGRATED RISK MANAGEMENT ENSURES TRANSPARENCY
/// ACTIVE RISK MANAGEMENT
/// RISK PORTFOLIO FREE OF EXISTENCE-THREATENING RISKS

Our business activities involve opportunities as well as risks. Our business policy is simultaneously directed at seizing opportunities and actively controlling identified risks through our risk management system. The necessary information for this is prepared in our integrated risk management system, which conforms to the legal requirements of the German Control and Transparency Act in the Corporate Sector (Gesetz zur Kontrolle und Transparenz im Unternehmensbereich; KonTraG). This system is continuously further developed.

Integrated risk management system

The principles of risk policy are set by Group management and implemented within DB Group. Within the framework of our early risk detection system, quarterly reports are submitted to DB AG's Management Board and Supervisory Board. Risks or negative developments that arise outside of the regular reporting cycle must be reported immediately. Planned acquisitions are subject to additional special monitoring.

Within DB Group's risk management system all risks are shown in a risk portfolio as well as in a detailed listing, taking materiality thresholds into account. The risks mentioned in the risk report are categorized and classified based on the probability of occurrence. In addition to the possible consequences, the analysis also contains approaches to and the costs of countermeasures.

In terms of organization, Group controlling is the risk management coordination center within DB Group. In the context of Group financing, which is strictly oriented to our operating business, the Group Treasury bears responsibility for the limitation and monitoring of the resultant credit, market price and liquidity risks. By consolidating the related transactions (money market, securities, foreign exchange or derivative transactions) at DB AG level, the associated risks are centrally controlled and limited. Group Treasury is organized to conform with the "Minimum Requirements for Risk Management" (MaRisk) formulated for financial institutions and, applying the criteria derived from these guidelines, fulfills all requirements of the KonTraG.

Active risk management

Our business actions are aligned with active risk management. In particular, the risks for DB Group include:

GENERAL ECONOMIC AND BUSINESS ENVIRONMENT RISKS

Demand for our mobility services, and especially our transport and logistics services, is also dependent on overall economic development. Economic growth drives the megatrends in our relevant markets, which in turn are key drivers of our strategy. For this reason, general economic shocks like the current financial crisis can have a negative impact on our business.

A key influencer of passenger transport is the overall development of major economic factors, such as personal disposable income and the level of employment.

In rail freight transport the most critical factor is freight demand for consumer goods, coal, iron and steel, oil, chemical products and construction materials. These, on the one hand, are subject to cyclical fluctuations. On the other hand, we must consider structural changes in the production structures of our customers, who are frequently involved in global competition. In the area of freight forwarding and logistics, demand for storage and transport services is driven by our customers' economic development.

In addition, DB Group provides rail-related services in a regulated market. Access to the German railway network has been available to third parties on a non-discriminatory basis since 1994. Regulatory measures also affect the individual components of the pricing systems and terms of use applied by DB Group's railway infrastructure companies. In this area there is a risk of complaints. So the rail transport companies face the risk of having a complaint submitted regarding the technical condition of their vehicles – specifically the risk that individual model series are prohibited from operation, or may only operate under restrictions (e.g. speed limitations or shorter service intervals). These result in disturbed operations as well as higher costs.

MARKET RISKS

In the passenger transport market we are engaged in tough intermodal competition with motorized private transport, which is still the dominant competitor. We are continuously improving our service performance in order to strengthen our competitive position. On the offer side we are optimizing the structure of our scheduled services as part of our regular timetable change. We were able to offer more attractive connections on many routes as we completed measures to improve the infrastructure. We use numerous special offers and promotions as part of our efforts to improve our customers' perception of our prices. In addition, we regularly employ sales promotion measures to specifically target new customers. The further development of punctuality, which is subject to strict monitoring, continues to be quite important.

Intensive intramodal competition exists for long-term service contracts in the regional and urban transport sector. A key influencing factor in the development of this market is the level of regionalization funds provided by the Federal Government over the medium term to states. These funds form the basis for ordering routes from transport companies by the individual states. Reductions in this area can have a serious impact on our activities. Among other measures, we work to offset these reductions by increasing our farebox revenues. We have observed the growing role played by the subsidiaries of major international corporations within the structure of market participants. A risk of tender losses exists here, especially because some companies are prepared to pay premiums to enter the market, or base their bids on ambitious assumptions. However, we can see that contracting organizations are becoming increasingly aware of the negative consequences involved here. In addition, we are continuously optimizing our tender management and cost structures so we can submit attractive bids that make economic sense. Additional burdens in the area of personnel costs, which only affect our subsidiary companies, make our competitive position more difficult.

Considerable intermodal competitive pressure exists in the rail freight transport sector in addition to the increasing intensity of intramodal competition. This situation is being aggravated by the increasing market significance of low-cost truck fleets from the new EU member states. In an isolated analysis of rail freight transport we can see market risks arising from the necessity to adjust to the increasing intensity of intermodal competition and the resulting margin losses. We react to this with intensive measures to further improve our efficiency and reduce costs. Furthermore, we are optimizing our range of rail-related services and integrating rail freight transport into a comprehensive range of logistics services.

Our activities in the logistics segments are especially influenced by the dynamic consolidation processes within the logistics industry and further increases in customer demands. From a position of competitive strength we view the coming consolidation processes as an opportunity to not only defend our market positions, but also to strengthen them. The continued expansion of our networks via acquisitions, together with the opening of logistics centers, are at the core of our activities.

Due to the special nature of the business, our airfreight activities face risks arising from the submission of clearance declarations to airlines, which could lead to serious consequences in individual cases. Over the past few years the rules for granting customs guarantees have been continuously revised and improved. In addition, we strictly observe country-specific safety regulations governing shipments of air and ocean freight. Furthermore, country-related practices regarding clearance of shipments must also be taken into account.

Across the entire DB Group we combat risks arising from changing customer demand or shifts in traffic flows with intensive market observation and by continuously upgrading our portfolio. In regard to market risks related to changing legal conditions at domestic or international levels, we actively submit our position into preliminary consultations and discussions.

Increases in energy prices impact all of our activities. Depending on the state of the markets, increased costs can only be passed on to customers to a limited extent. Within DB Group we counter this risk by employing suitable derivative financial instruments.

More details on page 196 ff.

OPERATING RISKS

In the rail transport area DB Group operates a technologically complex, networked production system. Risks arise for our rail activities due to service interruptions, in particular because of the resulting decline in punctuality. A significant reduction in punctuality in long-distance transport diminishes the perceived quality of the service and can lead to a loss of customers. In addition, we have obligated ourselves to compensate customers if they encounter delays exceeding a certain time. In the future this issue will be affected by tighter restrictions arising from new pan-European regulations. These regulations will also apply to regional transport in the future. Here we face the additional risk of fines imposed by the respective contracting organizations in the event of train cancellations or insufficient levels of on-time operation.

More details on page 124

Reliable punctuality of shipments is an important criterion for selecting the mode of transport in the rail freight transport sector. In addition, irregularities may occur during the conduct of transport operations, such as violations of customs regulations, and theft. We combat these risks by employing qualified customs coordinators, as well as a special system that immediately notifies us when tax assessments are received.

We generally counter the risk of operational disturbances with systematic maintenance and the use of qualified staff, coupled with continuous quality assurance and the improvement of our processes. The nature of the railway business as an open system, however, means that we have limited influence on certain factors that have a potentially negative impact on our flow of operations. In this case, we strive to limit the possible consequences.

We maintain an intensive quality dialog with our respective suppliers and business partners as the quality of our own efforts greatly depends on the reliability of the means of production employed, services purchased and the performance quality of our partners.

PROJECT RISK

The modernization of the overall rail system involves high amounts of capital expenditures as well as a large number of highly complex projects. Changes in the legal framework, delays in implementation or necessary adjustments during the frequent multiyear project terms can result in project risks that have a cross-business unit impact due to the networked production structures.

We take such risks into account by intensively monitoring our projects. This particularly applies to our major projects.

INFRASTRUCTURE FINANCING

A key element of the German Rail Reform is the Federal Government's constitutional obligation to finance the infrastructure. The crucial elements are not only a sufficient amount of resources, but also the predictability of future resources. We concluded a performance and financing agreement for the existing network that stipulates the financing term until 2013. The availability of sufficient funds for the systematic network expansion and the elimination of bottlenecks is a crucial factor for the long-term competitiveness of rail as a mode transport as well. As part of our mid-term planning we assume the availability of Federal funds for the successful implementation of infrastructure projects, for which binding agreements cannot exist so far.

FINANCIAL RISKS

We counter risks associated with interest rates, foreign exchange and energy prices arising from our business operations with, among other things, original and derivative financial instruments. These instruments are explained in the Notes.

Exchange rate risks have risen as we expanded our international business activities because cash flows are created in different currencies. This applies, in particular, to the US dollar, the British pound and the Swedish krona.

A portion of our obligations stemming from pension benefits and other pension-benefit-related commitments is covered by plan assets consisting of stocks, property, fixed-income securities and other assets. Declines in the value of these assets directly reduce the extent of pension benefit obligations covered by plan assets and can, under certain circumstances, lead to the company making additional allocations.

LEGAL AND CONTRACTUAL RISKS

Legal risks may arise, for instance, in the form of claims for damages and from legal disputes or ecological issues. These frequently stem from construction projects and real estate transactions. Moreover, there is also the risk that some of the long-term transport contracts may become uneconomical due to unforeseen increases in costs. In cases like this we try to counter the negative effects with commensurate measures to reduce costs and raise income.

Provisions are made for legal and contractual risks after estimating the respective probability of occurrence. The actual utilization of these provisions depends on whether the risks materialize to the extent as set forth in our current estimates.

PERSONNEL RISKS

Our employees and their skills are of key importance for our future success. Our remuneration system and personnel development programs and measures are aimed at enhancing the loyalty of our employees and motivating them to turn in top performance. Unwanted staff departures remain at a consistently low level. This, on the one hand, reflects our efforts to enhance the commitment and identification of employees with the Group. On the other hand, it shows our attractiveness as an employer. Furthermore, we are faced with increasing competition for highly qualified specialists and executives. Among other measures we are taking, we are meeting this challenge by maintaining close contacts to universities and through our recruiting measures. During the processes to integrate newly acquired companies we concentrate our efforts on raising the loyalty of employees in key positions.

Our personnel costs in comparison to those of our competitors are of decisive importance for us in order to assert ourselves in our competitive environment. Additional one-sided burdens in this area, for example wage agreements that exceed our competitors' levels, worsen our competitive position significantly.

IT RISKS

Insufficient IT management can lead to serious interruptions of operations. We employ a wide range of methods and means to minimize these risks. Ongoing system architecture monitoring and regular renewal of hardware platforms ensure that our information technology always optimally meets changing business demands and conforms to the latest state of technology.

In order to ensure high availability in IT operations, we use distributed and redundant systems for operations and data backup, fail-safe network coupling, together with partly outsourced tape backup and separate administrations. This safeguards critical business processes and IT processes, and prevents serious breakdowns. Our wide area network (WAN) is designed redundantly wherever required by security and business continuity.

Risk portfolio free of existence-threatening risks

During the year under review, as in the previous year, the main potential for risk lay in the high project volume in the infrastructure sector, as well as the high level of competition in project- and market-related risks. Regular in-depth analyses are carried out for this purpose. Operational countermeasures included extensive business-unit-specific and Group-wide efficiency and rationalization programs. In addition, we are continuing to systematically develop our offers on a market-oriented basis in the business units.

To hedge against unavoidable risks, we also take out insurance policies to limit the possible financial consequences from damage claims and liability risks for DB Group.

Based on our current assessment of risks, countermeasures, hedges and provisions, no risks are discernible that would threaten the existence of DB Group.

EVENTS AFTER THE BALANCE SHEET DATE

/// SERVICE AND FINANCING AGREEMENT SIGNED FOR THE EXISTING NETWORK
/// 2009 BARGAINING ROUND CONCLUDED
/// DB AG IS NOW ALSO RATED BY FITCH

Service and financing agreement takes effect for the existing network

In November 2008, negotiations were completed with the Federal Government regarding the service and financing agreement. According to this agreement, the Federal Government is obligated to provide us with € 2.5 billion per year for the next five years, to be used as capital expenditures for the existing network, train stations and power plants. This binding guarantee of resources significantly improves our planning reliability. It allows us to make more long-term plans regarding replacement capital expenditures and maintenance, which not only reduces our administrative overhead, but also allows us to increase our efficiency while using the same level of resources.

For our part, we agreed to give the Federal Government specific quality guarantees for the rail network, train stations and energy supply. The guarantee is based on our annual infrastructure status and development report. This gives the Federal Government the ability to monitor the usage of public funds at any time, along with the effects achieved and the overall condition of the network.

In addition to the funds provided by the Federal Government, the service and financing agreement obligates us to invest € 500 million of our own funds in the existing network each year. Together with the amount established by the service and financing agreement for maintenance use – € 1.25 billion or € 1 billion in DB funds – this means that a total of approximately € 4.2 billion or € 4 billion will flow into track infrastructure each year.

The service and financing agreement was signed on January 14, 2009 and took effect as of January 1, 2009.

Acquisition of the Polish railway company, PCC

At the end of January 2009 the contracts were signed for the purchase of the logistics arm of the PCC SE corporate group. With roughly 5,800 employees, revenues of € 350 million in 2008, and about an 8 % share of market, PCC Logistics is the biggest private railway company in Poland. PCC Logistics consists of several regionally operating companies that are primarily specialized in transporting coal, chemicals and construction materials. PCC Logistics operations are centered in Silesia. The company also operates efficient services to all of Poland's economic centers. We will integrate PCC Logistics into our rail freight transport network and we want to further develop this company to make it our central pillar for Eastern Europe.

Poland is Germany's biggest trading partner in Eastern Europe, and Germany is Poland's largest export market. Poland represents the second largest national rail market within the EU and offers great potential for growth in rail-bound logistics offers for Polish and international customers. In addition, Poland plays an important role in developing traffic along the trans-European rail corridors.

The acquisition has been concluded pending the agreement of the responsible authorities and anti-trust agencies.

Conclusion of 2009 round of wage negotiations

We began the collective wage negotiations 2009 in mid-January 2009 with the collective bargaining association (Tarifgemeinschaft, TG) representing TRANSNET and the Transport Workers' Union (Gewerkschaft Deutscher Bundesbahnbeamten und Anwärter; GDBA), as well as with the German Train Drivers' Union (Gewerkschaft Deutscher Lokomotivführer; GDL). We reached an agreement with all three unions at the end of January. The results of the negotiations foresee improvements in the structure of work and rest periods for employees working shifts, including fixed non-working periods on weekends, longer off periods and improved planning of shift schedules. In addition, our employees' wages will increase linearly by 2.5 % starting February 1, 2009 and by 2.0 % as of January 1, 2010; they will also receive a one-time payment of € 500 in December 2009. The wage agreement is valid for 18 months.

DB AG now also rated by Fitch

As of 2009, a third ratings agency in addition to Moody's and Standard & Poor's is now evaluating the creditworthiness of DB AG: Fitch Ratings (Fitch). Fitch published its first evaluation of DB AG at the beginning of February 2009. The results: a long-term Issuer Default Rating (IDR) of "AA," a Senior Unsecured Rating (SU) of "AA," and a short-term IDR of "F1+." Our long-term rating is thus only two steps below the highest possible rating (AAA). Our short-term rating is the highest possible classification.

Resources from Economic Stimulus Plan I for transport infrastructure are increased

With the investment strengthening program for transport as part of the Economic Stimulus Plan II, the Federal Government is providing an additional € 2 billion for construction projects relating to road, rail and waterways in 2009 and 2010. This will increase the momentum that began at the end of 2008 with the innovation and capital expenditures program for transport (Innovations- und Investitionsprogramm Verkehr). Of the additional € 2 billion, € 700 million are to be used for rail-related capital expenditures, and € 100 million for combined transport. Key investment areas in the rail sector are infrastructure measures, accelerated renovation of passenger stations, increased noise abatement measures for train tracks, pilot programs for innovative technology (including exhaust-cleaning systems for diesel locomotives and the development of "intelligent" freight cars), as well as the faster introduction of safety technologies.

More details on page 120

Overall, the two Economic Stimulus Plans provides total investments for rail of about € 1.3 billion for 2009 and 2010.

New Group program in response to economic development

The new Group program, reACT09, is designed to help lessen the short-term effects of the economic crisis and ensure DB Group's competitive position in the long term. It reports directly to the CEO and is based on the same management principles as the earlier Group programs, Focus and Qualify. It is guided by clear objectives and consistent monitoring. In addition to Group-wide management of expenses and capital expenditures, reACT09 includes programs to further improve our cost-related and competitive position. These include evaluating management areas, optimizing purchasing processes, and carrying out efficiency projects at the business unit level.

OUTLOOK

/// DEVELOPMENT SUBJECT TO HIGH LEVELS OF UNCERTAINTY
/// ECONOMIC DOWNTURN EXPECTED TO CONTINUE WORLDWIDE
/// ALMOST NO GROWTH IMPULSES EXPECTED IN RELEVANT MARKETS

According to the estimates available at the time this report was prepared, the fundamental economic conditions will worsen significantly in 2009 in Germany due to the international financial crisis. Growth projections for the industrialized nations also indicate a noticeable slowing in economic development. Thus we expect significant burdens for the 2009 business year stemming from the economic development in Germany and the Eurozone, as well as from the recessive phase projected for the global economy as a whole. However, the specific effects of the financial crisis and the further upheaval it will cause cannot be predicted at this time. In particular, these developments mean uncertainty regarding the duration and extent of the financial market crisis, and its effects on the economy.

Economic outlook

The following estimates regarding economic development in 2009 are based on the assumption of stable overall geopolitical development. The effects that the financial crisis will have on the economy are still unclear. If these turn out to be more serious than is currently assumed, the economic situation of both exports and capital expenditures would suffer significantly as well.

The global economy's weakening pace of growth, as observed in the previous year, should continue in 2009. While the US national economy was only able to improve slightly last year, it will decline notably in 2009. After its slight decrease in the previous year, Japan is also expected to see a greater decline in overall economic production. The rate of expansion in China will slow as a result of weaker foreign demand and unbroken high import levels. The rate of development in the other East Asian countries is also expected to slow as a result of the weaker global economy.

In the Eurozone, most of the current forecasts anticipate that the gross domestic product (GDP) will noticeably decrease in comparison to the previous year. There are no growth impulses expected from either foreign trade or domestic demand. We anticipate that capital investments will remain significantly lower than in 2008. GDP will once again be able to increase slightly in the EU member states in Central and Eastern Europe in 2009, thereby remaining significantly higher than the EU average, although the rate of growth among these countries is likely to decelerate sharply as a result of the economic slowdown in the Eurozone.

For Germany, the projections available for 2009 suggest a weak development similar to that seen throughout the Eurozone. Here, too, the average annual GDP will remain noticeably lower than in 2008. Contributions from foreign trade are expected to continue to worsen in comparison to the development seen in 2008, as exports are expected to be significantly lower than in 2008. Because of the weak foreign demand and difficult financing conditions, capital investments will sink noticeably. The employment reduction that had already begun at the end of 2008 will continue to grow, increasing consumer uncertainty and hindering private consumption. Because of the sinking energy and fuel prices in particular, the inflation rate will be noticeably lower in 2009 than in 2008.

Anticipated developments in the relevant markets

Overall economic conditions expected in Germany in 2009 preclude any thoughts of favorable demand effects that could influence the passenger or the freight transport market.

For this reason, we believe that we will once again see the passenger transport market shrink in Germany in 2009, and that the level of volumes sold for all modes of transport will contract. We expect that development in the rail passenger transport segment will remain stable in comparison to the previous year. The German freight transport market is also expected to shrink in 2009, which will also affect all modes of transport.

It is likely that the transport and logistics markets will also be negatively influenced by the global economic downturn in 2009. At this time, neither the extent of the corresponding effects can be fully foreseen nor can they be quantified. Accordingly, any statements regarding this issue involve a great deal of uncertainty. In the European market it is expected that negative developments in the major land transport markets, such as Germany, France, Italy, the UK and Spain, will contrast with dampened growth in Eastern Europe. In the face of rising excess capacities, we anticipate that all modes of transport will see competition intensify notably. The market consolidation process will continue at an accelerated pace.

It is expected that neither the ocean freight nor the air freight sector will reach the levels they posted for the year under review. This will lead to an unbroken decline in rates charged by shipping lines and carriers, which will be exacerbated by the resulting excess capacities. The contract logistics segment will also be substantially affected by the expected weakened overall conditions in 2009, which will lead to reduced demand for logistical services.

Anticipated development of the procurement markets

We do not anticipate that we will encounter any significant bottlenecks on the procurement side during the current financial year. The further development of energy prices will play a decisive role. In general, we anticipate that prices will continue to climb for energy and commodities, along with prices for construction work.

SITUATION IN ENERGY MARKETS MARKED BY GREAT UNCERTAINTY

The crisis in the financial markets and the subsequent global economic downturn resulted in a price correction in the energy markets in 2008. We believe that energy prices will remain under pressure in 2009. This effect, however, is solely due to the substantial decline seen in demand: the situation on the supply side remains tight. We anticipate that energy prices will again increase sharply as soon as the global economy recovers.

The negative outlook for industrial production in 2009 will continue to place pressure on the price of coal. Together with unchanged weak prices for CO_2 certificates, resulting from a drop in industrial production, as well as weakened regulations, the costs of coal-fired electricity will decline and be reflected in spot prices for electricity.

The spot market for gas in many areas of Europe is still in an early stage and heavily influenced by local conditions. The overall supply situation for 2009 appears to be good. It is anticipated that exchange-traded gas prices will be lower than oil-indexed prices.

It is expected that 2009 will see the first drop in oil and oil refinery products around the world since 1980 due to declining demand. Postponing capital expenditures for expanding production and refinery capacities will, however, lead to renewed bottlenecks in the mid-term.

Futures prices on the German European Energy Exchange (EEX) weakly tracked the moves seen in the primary energy markets in 2008 and are likely to continue doing so in 2009. Despite the price drop noted in the second half of 2008, futures prices noted for the next five years still remain at a very high level; spreads between individual delivery years have widened considerably and prices for delivery in later years are trading at significantly higher prices. The reasons for this situation are: the CO_2 allocation process, upcoming capital expenditures and/or restructuring measures in the power plant sector, as well as the uncertainty surrounding primary energy prices in the next decade. Thus, extremely volatile prices are anticipated to continue.

Anticipated development of important business conditions

No major impulses are expected from overall conditions that will change or are currently under discussion. We anticipate that the approved increase in the road tolls for road freight transports, which took effect on January 1, 2009, will not give a notable boost to rail freight transport.

In comparison with the rest of Europe in terms of liberalized markets, Germany has a proven leading position today as it already had opened its rail infrastructure to competition as of 1994. For this reason we welcome all advances made that move towards comprehensive alignment of standards to the one that has been already achieved in Germany. A further transport policy task is adjusting the competitive conditions faced by the various modes of transport. We will continue to be actively involved in all key transport policy issues affecting the rail mode of transport.

Anticipated income, financial and asset situation

Due to the current high levels of uncertainty and reduced ability to make forecasts arising from the current financial crisis, we cannot rule out that our income situation, as well as our financial and assets situation, will be impacted by notably negative effects in the coming years. These restrictions, in the form of great uncertainty and reduced forward forecasting visibility, are reflected by our very limited outlook. Currently, we are unable to quantify our expectations. We anticipate that we will make a forecast as part of our interim reporting.

In addition, we are currently preparing numerous countermeasures.

The focus of our capital expenditures in the 2009 financial year will again be on the DB Netze Track business unit. We anticipate that additional Federal funds will be made available for infrastructure purposes from the Federal Government's economic stimulus programs.

We anticipate that we will tap the capital market to refinance over € 2 billion in obligations that will mature in the 2009 financial year. Due to our excellent creditworthiness and the active way we care for investors' needs, we anticipate that we will also be able to obtain good conditions in the future.

In view of the overall economic challenges we are facing, and which thus far are only limited to sellers' pricing concepts, we will continue our M & A activities in a selective and focused manner in the 2009 financial year.

Opportunities report

To secure our corporate strategy of revenue-based growth, we have implemented comprehensive packages of measures as part of Group-wide or business-unit-specific programs, which we anticipate will ensure or improve our performance quality, efficiency and cost structures. Here we also see opportunities for further organic growth, which are likely to be reflected in further improvements in our results and key financial ratios.

The general conditions of the relevant macroeconomic environment could develop largely more favorably than anticipated. The resulting variations would have a positive impact on DB Group and its business units. This applies especially to the unforeseeable effects of the worldwide financial crisis. We are responding to the anticipated deterioration in overall economic conditions by implementing a comprehensive program containing a series of short- and long-term countermeasures. We view this not only as a chance to react to the current situation and weaken its related effects, we also see this as an opportunity to also further improve our long-term competitive position.

Despite the very intensive competitive situation in our markets, we also see market-related opportunities arising from the foreseeable market consolidation, which we want to use our leading market position to actively shape the process. We want to use the opportunities offered by the consolidation process and the chances contained in the continuing globalization in the area of freight forwarding and logistics. We have positioned ourselves in such a way that we are superbly prepared to use the opportunities being unlocked by open or opening markets in both the European rail freight sector as well as in the European rail passenger sector.

DB Group is generally very well positioned to benefit from the opportunities arising from the significant trends in our markets. In conjunction with these remarks, we invite the reader to review the remarks made in the "Strategy" chapter.

More details on page 96 ff.

Favorable exchange rates and interest rate moves could potentially have a positive impact on our financial results. The Group Treasury department is closely following developments in the financial markets to identify possible opportunities.

These estimates are, as always, subject to the following reservations set forth below.

FORWARD-LOOKING STATEMENTS

This Management Report contains statements and forecasts pertaining to the future development of DB Group, its business units and individual companies. These forecasts are estimates we made based on information that was available at the current time. Actual developments and currently expected results may vary in the event that assumptions that form the basis for the forecasts do not take place, or risks – for example, those presented in the Risk Report – actually occur.

DB Group does not intend or assume any obligation to update the statements made within this Management Report.

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REPORT OF THE MANAGEMENT BOARD

The Management Board of Deutsche Bahn AG is responsible for the preparation, completeness and accuracy of the consolidated financial statements and the Group management report.

The consolidated financial statements have been prepared in accordance with the rules of the International Accounting Standards Board, London. The previous year figures have been established using the same principles. The Group management report is consistent with the consolidated financial statements. The Group management report contains an analysis of the net assets, financial position and results of operations of the DB Group as well as further explanations which have to be provided in accordance with the regulations of the German Commercial Code (Handelsgesetzbuch, HGB).

The existing internal management and control systems as well as the use of uniform accounting and valuation guidelines throughout the Group are intended to guarantee the adequacy and compliance of the consolidated financial statements and of the Group management report. Compliance with statutory regulations, the internal guidelines of the Group as well as the reliability and functionality of the control systems are continuously monitored throughout the Group.

In line with the requirements of the German Control and Transparency Act in the Corporate Sector (Gesetz zur Kontrolle und Transparenz im Unternehmensbereich, KonTraG), the purpose of our risk management system is to ensure that the Management Board is able to identify potential risks at an early stage and initiate countermeasures where appropriate.

In accordance with the resolution of the shareholders' meeting, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft has audited the consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) and the Group management report and has awarded an unqualified auditor's report.

The consolidated financial statements, the Group management report and the audit report have been extensively discussed in the Audit Committee and the balance sheet meeting of the Supervisory Board in the presence of the auditor. The Report of the Supervisory Board (pages 10 to 14 of this annual report) sets out the result of the audit by the Supervisory Board.

The Management Board

AUDITOR'S REPORT

The consolidated financial statements have been audited by PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, who added the following auditor's report[1]:

"We have audited the consolidated financial statements prepared by Deutsche Bahn Aktiengesellschaft, Berlin, comprising the income statement, the balance sheet, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the group management report for the business year from January 1 to December 31, 2008. The preparation of the consolidated financial statements and the group management report in accordance with the IFRS, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a (1) HGB are the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB 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 consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to 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 consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company's Board of Managing Directors, as well as evaluating the overall presentation of the consolidated financial statements and the group 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 based on the findings of our audit the consolidated financial statements comply with the IFRS as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development."

Berlin, February 27, 2009

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprufungsgesellschaft

Gerd Eggemann	Thomas Kieper
Wirtschaftsprüfer	Wirtschaftsprüfer

[1] This English version of the original German version of the auditor's report has been prepared for purposes of convenience only; in case of doubt the original German version shall prevail.

CONSOLIDATED STATEMENT OF INCOME

January 1 through December 31 € MILLION	Note	2008	2007
Revenues	(1)	33,452	31,309
Inventory changes and internally produced and capitalized assets	(2)	1,872	1,945
Overall performance		35,324	33,254
Other operating income	(3)	3,046	3,219
Cost of materials	(4)	- 18,544	- 17,166
Personnel expenses	(5)	- 10,583	- 9,913
Depreciation	(6)	- 2,723	- 2,795
Other operating expenses	(7)	- 3,927	- 3,704
Operating profit (EBIT)		**2,593**	**2,895**
Result from investments accounted for using the equity method	(8)	21	32
Net interest income	(9)	- 760	- 908
Other financial result	(10)	- 47	- 3
Financial result		**- 786**	**- 879**
Profit before taxes on income		**1,807**	**2,016**
Taxes on income	(11)	- 486	- 300
Net profit for the year		**1,321**	**1,716**
Net result attributable to:			
Shareholders of Deutsche Bahn AG		1,307	1,701
Minority interests		14	15
Earnings per share (€ per share)	(12)		
undiluted		3.04	3.96
diluted		3.04	3.96

CONSOLIDATED BALANCE SHEET

Assets

As of December 31 € MILLION	Note	2008	2007
Non-current assets			
Property, plant and equipment	(13)	38,066	38,069
Intangible assets	(14)	1,910	1,786
Investments accounted for using the equity method	(15)	355	231
Available-for-sale financial assets	(17)	63	124
Receivables and other assets	(19)	189	166
Derivative financial instruments	(21)	78	26
Deferred tax assets	(16)	1,692	1,644
		42,353	**42,046**
Current assets			
Inventories	(18)	830	784
Available-for-sale financial assets	(17)	2	0
Trade receivables	(19)	3,373	3,500
Receivables and other assets	(19)	550	482
Current tax receivables	(20)	124	115
Derivative financial instruments	(21)	82	53
Cash and cash equivalents	(22)	879	1,549
		5,840	**6,483**
Total assets		**48,193**	**48,529**

Equity and liabilities

As of December 31 € MILLION	Note	2008	2007
Equity			
Subscribed capital	(23)	2,150	2,150
Reserves	(24)	5,086	5,320
Retained earnings	(25)	4,782	3,431
Equity attributable to shareholders of Deutsche Bahn AG		**12,018**	**10,901**
Minority interests	(26)	137	52
		12,155	**10,953**
Non-current liabilities			
Financial debt	(27)	14,083	16,228
Other liabilities	(28)	379	400
Derivative financial instruments	(21)	180	225
Retirement benefit obligations	(31)	1,649	1,594
Other provisions	(32)	4,273	4,368
Deferred income	(33)	2,438	2,660
Deferred tax liabilities	(16)	159	137
		23,161	**25,612**
Current liabilities			
Financial debt	(27)	2,770	1,834
Trade liabilities	(28)	3,608	3,725
Other liabilities	(28)	3,386	3,299
Current tax liabilities	(29)	183	153
Derivative financial instruments	(21)	145	49
Other provisions	(32)	2,268	2,398
Deferred income	(33)	517	506
		12,877	**11,964**
Total assets		**48,193**	**48,529**

CONSOLIDATED STATEMENT OF CASH FLOWS

January 1 through December 31 € MILLION	Note	2008	2007
Profit before taxes on income		1,807	2,016
Depreciation on property, plant and equipment and intangible assets		2,723	2,795
Write-ups/write-downs on non-current financial assets		1	3
Result on disposal of property, plant and equipment and intangible assets		- 102	- 350
Result on disposal of financial assets		- 256	- 655
Result on sale of consolidated companies		- 2	33
Interest and dividend income		- 547	- 333
Interest expense		1,305	1,233
Foreign currency result		35	14
Result from investments accounted for using the equity method		- 21	- 32
Other non-cash expenses and income		- 217	- 203
Changes in inventories, receivables and other assets		- 107	- 74
Changes in liabilities and deferred income		91	- 89
Cash generated from operating activities		4,710	4,358
Interest received		152	81
Dividends and capital distribution received		2	19
Interest paid		- 877	- 923
Taxes on income paid		- 448	- 171
Cash flow from operating activities		**3,539**	**3,364**
Proceeds from the disposal of property, plant and equipment and intangible assets		333	1,487
Payments for purchases of property, plant and equipment and intangible assets		- 6,775	- 6,248
Proceeds from investment grants		4,166	4,260
Payments for repaid investment grants		- 202	- 167
Proceeds from the sale of financial assets		333	24
Payments for purchases of financial assets		- 7	- 27
Proceeds from the sale of shares in consolidated companies less net cash and cash equivalents diverted		3	271
Payments for acquisition of shares in consolidated companies less net cash and cash equivalents acquired		- 275	- 479
Proceeds from the disposal of investments accounted for using the equity method		0	793
Payments for additions to investments accounted for using the equity method		- 17	- 1
Cash flow from investing activities		**- 2,441**	**- 87**
Proceeds from capital increase		0	1
Distribution of profits to minority interests		- 15	- 12
Repayment of capital amounts under finance leases		- 121	- 72
Proceeds from issue of bonds		0	594
Payments for redemption of bonds		- 1,165	- 1,644
Proceeds from interest-free government loans		90	88
Payments for redemption of interest-free government loans		- 264	- 311
Proceeds from borrowings and commercial paper		26	51
Repayment of borrowings and commercial paper		- 306	- 788
Cash flow from financing activities		**- 1,755**	**- 2,093**
Net changes in cash and cash equivalents		**- 657**	**1,184**
Cash and cash equivalents at the beginning of the period	(22)	1,549	295
Changes in cash and cash equivalents due to changes in the scope of consolidation		3	15
Changes in funds due to changes in exchange rates		- 16	55
Cash and cash equivalents at the end of the period	(22)	**879**	**1,549**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€ MILLION	Subscribed capital	Reserves						Retained earnings	Equity attributable to shareholders of Deutsche Bahn AG	Minority interests	**Total equity**
		Capital reserves	Currency translation	Fair value valuation for securities	Fair value valuation for cash flow hedges[1]	Other movements	**Total reserves**				
As of Jan 1, 2008	2,150	5,310	- 58	0	65	3	**5,320**	3,431	10,901	52	**10,953**
+ Capital introduced	0	0	0	0	0	0	**0**	0	0	0	**0**
– Capital decrease	0	0	0	0	0	0	**0**	0	0	0	**0**
– Reduction of capital reserves	0	0	0	0	0	0	**0**	0	0	0	**0**
– Dividend payments	0	0	0	0	0	0	**0**	0	0	- 15	**- 15**
+/– Currency translation differences	0	0	- 61	0	0	0	**- 61**	0	- 61	2	**- 59**
+/– Other changes	0	0	0	- 5	- 169	1	**- 173**	44	- 129	84	**- 45**
+/– Net profit for the year	0	0	0	0	0	0	**0**	1,307	1,307	14	**1,321**
As of Dec 31, 2008	**2,150**	**5,310**	**- 119**	**- 5**	**- 104**	**4**	**5,086**	**4,782**	**12,018**	**137**	**12,155**

€ MILLION	Subscribed capital	Reserves						Retained earnings	Equity attributable to shareholders of Deutsche Bahn AG	Minority interests	**Total equity**
		Capital reserves	Currency translation	Fair value valuation for securities	Fair value valuation for cash flow hedges[1]	Other movements	**Total reserves**				
As of Jan 1, 2007	2,150	5,310	- 20	0	- 26	1	**5,265**	1,743	9,158	56	**9,214**
+ Capital introduced	0	0	0	0	0	0	**0**	0	0	1	**1**
– Capital decrease	0	0	0	0	0	0	**0**	0	0	0	**0**
– Reduction of capital reserves	0	0	0	0	0	0	**0**	0	0	0	**0**
– Dividend payments	0	0	0	0	0	0	**0**	0	0	- 12	**- 12**
+/– Currency translation differences	0	0	- 38	0	0	0	**- 38**	0	- 38	1	**- 37**
+/– Other changes	0	0	0	0	91	2	**93**	- 13	80	- 9	**71**
+/– Net profit for the year	0	0	0	0	0	0	**0**	1,701	1,701	15	**1,716**
As of Dec 31, 2007	**2,150**	**5,310**	**- 58**	**0**	**65**	**3**	**5,320**	**3,431**	**10,901**	**52**	**10,953**

[1] Equity capital includes deferred taxes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Segment Reporting by Business Units January 1 through December 31 € MILLION	DB Bahn Long-Distance 2008	DB Bahn Long-Distance 2007	DB Bahn Regional 2008	DB Bahn Regional 2007	DB Bahn Urban 2008	DB Bahn Urban 2007	DB Schenker Rail 2008	DB Schenker Rail 2007[6]	DB Schenker Logistics 2008	DB Schenker Logistics 2007[6]
Segment revenues										
External revenues	3,523	3,265	6,687	6,532	1,962	1,879	4,654	3,905	14,680	14,022
Internal revenues	129	133	82	82	24	23	297	309	52	73
Total revenues	3,652	3,398	6,769	6,614	1,986	1,902	4,951	4,214	14,732	14,095
Other external segment revenues	154	139	214	103	70	64	289	122	125	115
Other internal segment revenues	57	65	61	59	51	60	55	37	5	4
Total segment revenues	3,863	3,602	7,044	6,776	2,107	2,026	5,295	4,373	14,862	14,214
EBIT	306	186	825	563	205	197	301	354	381	437
EBIT adjusted[5]	306	186	857	830	205	197	307	357	381	421
EBITDA	678	554	1,250	965	352	345	554	584	551	606
EBITDA adjusted[5]	678	554	1,282	1,232	352	345	560	587	551	590
Net interest income										
Results from investments accounted for using the equity method	- 1	0	- 3	3	- 1	1	14	20	2	3
Other financial result										
Profit before taxes on income										
Taxes on income										
Net profit for the year										
Segment assets[1), 4)]	2,954	3,238	5,037	4,849	1,336	1,404	4,011	3,781	5,226	5,066
Investments accounted for using the equity method[1]	0	0	16	4	2	3	95	41	10	10
Total assets[1]	2,954	3,238	5,053	4,853	1,338	1,407	4,106	3,822	5,236	5,076
thereof goodwill	(0)	(0)	(16)	(1)	(5)	(5)	(320)	(294)	(964)	(918)
Segment liabilities[1), 4)]	901	960	1,892	1,810	420	447	1,411	1,442	2,343	2,456
Segment capital expenditures	80	126	635	459	132	122	557	813	323	381
Additions to assets from acquisition of companies	0	0	169	0	0	15	206	621	92	151
Additions to assets from capital expenditures	80	126	466	459	132	107	351	192	231	230
Investment grants received	- 1	- 7	- 28	- 64	- 12	- 12	- 1	- 6	0	0
Net capital expenditures	79	119	438	395	120	95	350	186	231	230
Scheduled depreciation[2]	361	366	409	397	147	147	255	227	170	169
Impairment losses recognized/reversed[2]	11	2	16	5	0	1	- 2	3	0	0
Other non-cash expenditures[2]	2	1	11	4	4	5	8	1	80	30
Other non-cash income[2]	14	14	63	27	16	14	9	16	16	0
Employees[3]	14,603	15,011	25,084	24,781	12,259	12,221	29,242	28,067	62,074	59,605

1) Segment assets, investments in associated companies and segment liabilities are stated as of Dec 31; the remaining items relate to the reporting period.
2) The non-cash items are included in the segment result shown and are also disclosed separately.
3) The number of employees represents the average number of employees as at year-end (part-time workforce converted into equivalent full-time workforce).

Segment Reporting by Regions January 1 through December 31 € MILLION	Germany 2008	Germany 2007
Segment revenues	24,180	23,598
thereof external revenues	(21,400)	(20,464)
Segment assets	40,695	41,781
Net capital expenditures	2,425	1,985

	DB Netze Track		DB Netze Stations		DB Services		Subsidiaries/Other		Consolidation		**DB Group**	
	2008	2007	2008	2007	2008	2007	2008	2007[6]	2008	2007[6]	**2008**	**2007**
	725	617	344	328	112	99	765	662	0	0	**33,452**	**31,309**
	3,650	3,720	648	633	1,185	1,203	2,227	2,228	- 8,294	- 8,404	**0**	**0**
	4,375	4,337	992	961	1,297	1,302	2,992	2,890	- 8,294	- 8,404	**33,452**	**31,309**
	989	864	237	118	261	225	707	1,469	0	0	**3,046**	**3,219**
	187	188	24	21	1,457	1,665	1,578	1,478	- 3,475	- 3,577	**0**	**0**
	5,551	5,389	1,253	1,100	3,015	3,192	5,277	5,837	- 11,769	- 11,981	**36,498**	**34,528**
	670	543	262	185	131	145	- 313	314	- 175	- 29	**2,593**	**2,895**
	670	592	210	186	131	145	- 490	- 511	- 94	- 33	**2,483**	**2,370**
	1,604	1,554	394	319	316	346	- 178	478	- 205	- 61	**5,316**	**5,690**
	1,604	1,556	342	320	316	346	- 355	- 352	- 124	- 65	**5,206**	**5,113**
											- 760	**- 908**
	0	0	0	0	1	2	9	3	0	0	**21**	**32**
											- 47	**- 3**
											1,807	**2,016**
											- 486	**- 300**
											1,321	**1,716**
	22,099	22,293	3,249	3,623	1,276	1,273	3,277	4,233	- 627	- 1,462	**47,838**	**48,298**
	1	0	0	0	0	8	231	165	0	0	**355**	**231**
	22,100	22,293	3,249	3,623	1,276	1,281	3,508	4,398	- 627	- 1,462	**48,193**	**48,529**
	(0)	(0)	(0)	(0)	(0)	(0)	(13)	(12)	(0)	(0)	**(1,318)**	**(1,230)**
	2,926	2,809	341	448	684	949	6,795	7,281	18,325	18,974	**36,038**	**37,576**
	4,648	4,433	456	350	302	281	208	219	- 95	- 77	**7,246**	**7,107**
	0	0	0	0	13	0	1	0	0	0	**481**	**787**
	4,648	4,433	456	350	289	281	207	219	- 95	- 77	**6,765**	**6,320**
	- 3,624	- 3,839	- 386	- 255	- 2	- 1	- 112	- 76	0	0	**- 4,166**	**- 4,260**
	1,024	594	70	95	287	280	95	143	- 95	- 77	**2,599**	**2,060**
	959	990	130	133	182	200	133	157	- 30	- 32	**2,716**	**2,754**
	- 25	21	2	1	3	1	2	7	0	0	**7**	**41**
	22	42	13	9	3	1	18	18	35	0	**196**	**111**
	121	134	38	21	28	17	108	71	0	0	**413**	**314**
	40,974	39,780	4,509	4,537	24,911	26,808	26,586	26,268	0	0	**240,242**	**237,078**

[4] Profit transfer agreements were not assigned to segment assets or liabilities.
[5] Adjusted for income respectively expenses from the disposal of financial assets and special items.
[6] Previous years' figures were adjusted due to the changes in the allocation in the segment reporting.

	Rest of Europe		North America		Asia / Pacific		Rest of World		Reconciliation		**DB Group**	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	**2008**	**2007**
	8,106	6,783	1,885	1,838	1,894	1,976	433	333	0	0	**36,498**	**34,528**
	(7,852)	(6,719)	(1,884)	(1,827)	(1,885)	(1,967)	(431)	(332)	(0)	(0)	**(33,452)**	**(31,309)**
	4,143	3,231	541	561	1,269	1,370	155	120	1,035	1,235	**47,838**	**48,298**
	236	115	10	9	20	22	3	6	- 95	- 77	**2,599**	**2,060**

Basic principles and methods

Fundamental information

Deutsche Bahn AG (referred to in the following as "DB AG"), Berlin, and its subsidiaries (together referred to in the following as "DB Group") provide services in the fields of passenger transport, transport and logistics, and operate an extensive rail infrastructure which is also available to non-Group users on a non-discriminatory basis. Whereas passenger transport activities are conducted primarily in the company's domestic market of Germany, transport and logistics activities are conducted on a worldwide basis.

In 2008, DB Group acquired 99.3 % of shares in the Romanian freight forwarding company S.C. Romtrans S.A., Romania, all shares in Waggonbau Niesky GmbH (now: DB Waggonbau Niesky GmbH), 55.1 % of the shares in the Spanish company Transportes Ferroviarios Especiales (referred to in the following as "Transfesa"), Madrid/Spain, as well as 100 % of the shares in the British rail company Laing Rail Ltd., London/UK (now: DB Regio (UK) Ltd., London/UK).

DB AG, Potsdamer Platz 2, 10785 Berlin is an Aktiengesellschaft (joint stock corporation); its shares are held entirely by the Federal Republic of Germany (referred to in the following as the "government"). The company is maintained under the number HRB 50000 in the commercial register of the Amtsgericht (local court) Berlin-Charlottenburg. DB Group has issued securities in accordance with section 2 (1) sentence 1 of the Securities Trading Act (Wertpapierhandelsgesetz; WpHG); these securities are traded on organized markets in accordance with section 2 (5) WpHG.

These consolidated financial statements have been prepared by the Management Board, and will be handed over to the Supervisory Board for the Supervisory Board meeting on March 27, 2009.

Principles of preparing financial statements

The consolidated financial statements are prepared on the basis of section 315a HGB and in accordance with the International Financial Reporting Standards (IFRS) and their interpretation by the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU.

The accounting standards have been consistently applied throughout the entire reporting period with no changes compared with the previous year.

The financial year of DB AG and its incorporated subsidiaries is the same as the calendar year. The consolidated financial statements are prepared in euros. Unless otherwise specified, all figures are stated in euro million (€ million).

a) Standards, revisions of standards and interpretations which are the subject of mandatory first-time adoption for reporting periods after January 1, 2008

In the year under review, the DB consolidated financial statements take account of all new and revised standards and interpretations which are the subject of initial binding adoption starting January 1, 2008, which are also relevant for DB Group and which have not been the subject of early adoption in prior periods. The changes to the standards have been recognized in accordance with the transitional regulations. Initial adoption of these new regulations has not had any material impact on the consolidated financial statements. They are set out in the following:

/// IAS 39 and IFRS 7: Reclassification of Financial Assets (applicable with retroactive effect as of July 1, 2008)

Within the context of the current financial crisis, the IASB has published an amendment standard in relation to "IAS 39 Financial Instruments: Recognition and Measurement" and "IFRS 7 Financial Instruments: Disclosures," which is applicable with retroactive effect as of July 1, 2008. The amendment standard reflects the current developments on the financial markets and is intended to harmonize differences between the IFRS and US-GAAP rules regarding the reclassification of certain financial instruments. The application of the amendment standard in relation to IAS 39 and IFRS 7 does not have any impact DB Group.

/// IFRIC 11: IFRS 2 – Group and Treasury Share Transactions (applicable for reporting periods starting March 1, 2007)

IFRIC 11 deals with questions of treating stock-based remuneration agreements in which treasury shares or shares of other Group companies have been granted. The interpretation is currently not relevant for DB Group.

b) Standards, revisions of standards and interpretations which are the subject of initial binding adoption for reporting periods starting January 1, 2008, but which have not yet been recognized by the European Commission

/// IFRIC 12: Service Concession Arrangements (to be adopted for reporting periods starting January 1, 2008)

IFRIC 12 deals with the accounting treatment of service concession arrangements between the public sector (the licensor) and a private company (the operator). This is applicable for arrangements if the client controls or regulates what services the operator provides with the infrastructure, to whom the operator provides the services and also the price at which the operator provides the services. At the end of the contract term, the infrastructure has to be transferred to the licensor. The regulations cover infrastructure which has been set up by the operator or acquired from an external party, and also existing infrastructure to which the licensor provides access. We are not assuming any major impact for DB Group.

/// IAS 39/IFRS 7: Reclassification of Financial Assets: Time of coming into force and transitional regulations: Amendment of IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7: Financial Instruments: Disclosures

As a result of a lack of clarity in relation to the date of the adoption of the amendment standard with regard to IAS 39 and IFRS 7 (see standards which are the subject of initial binding adoption for reporting periods starting January 1, 2008), clarification has been made with this addition.

c) Standards, revisions of standards and interpretations which have been agreed at the time of the report but which are not yet the subject of mandatory adoption and which have not been the subject of early adoption

/// IAS 1: Presentation of Financial Statements (revised September 2007, to be adopted for reporting periods starting January 1, 2009)

/// IAS 23: Borrowing Costs (revised March 2007; to be adopted for reporting periods starting January 1, 2009)

/// IAS 27: Consolidated and Separate Financial Statements (revised January 2008; applicable for reporting periods starting July 1, 2009)

/// IAS 32/IAS 1: Amendment of IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements: Puttable Financial Instruments and Obligations Arising on Liquidation (applicable for reporting period January 1, 2009)

/// IAS 39: Eligible Hedged Items Amendment to IAS 39 Financial Instruments: Recognition and Measurement (applicable for reporting periods starting July 1, 2009)

/// IFRS 1: First-time Adoption of the International Financial Reporting Standards (revised November 2008; applicable for reporting periods starting July 1, 2009)

/// IFRS 1/IAS 27: Amendment of IFRS 1 First-Time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements: Costs of Purchase of Shares in Subsidiaries, Jointly Managed Companies and Associated Companies (applicable for reporting periods starting January 1, 2009)

/// IFRS 2: Amendment of IFRS 2 Share-based Payment (applicable for reporting periods starting January 1, 2009)

/// IFRS 3: Business Combinations (revised January 2008; applicable for business combinations for which the time of acquisition is after January 1, 2010)

- IFRS 8: Operating Segments (applicable for reporting periods starting January 1, 2009)
- Improvements to IFRS: Improvements to IFRS (applicable for reporting periods starting January 1, 2009 – with some specific transitional regulations)
- IFRIC 13: Customer Loyalty Programmes (applicable for reporting periods starting July 1, 2008)
- IFRIC 14: IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction (applicable within the EU for reporting periods starting January 1, 2008)
- IFRIC 15: Agreements for the Construction of Real Estate (applicable for reporting periods starting January 1, 2009)
- IFRIC 16: Hedges of a Net Investment in a Foreign Operation (applicable for reporting periods starting October 1, 2008)
- IFRIC 17: Distributions of Non-cash Assets to Owners (applicable for reporting periods starting July 1, 2009)
- IFRIC 18: Transfers of Assets from Customers (applicable for reporting periods starting July 1, 2009)

IAS 1 (revised September 2007) mainly contains formal changes with regard to designations and contents of individual components of financial statements. The standard will have an impact on the presentation of the financial statements of DB Group.

IAS 23 (revised March 2007) specifies that borrowing interest which is directly attributable to the acquisition, construction or production of a "qualified asset" within the terms of IAS 23 will have to be capitalized in future. The option which has previously existed with regard to the capitalization of borrowing costs no longer exists. In the past, borrowing costs have been treated as an expense. The standard will have an impact on the presentation of the financial statements of DB Group.

IAS 27 (revised January 2008) governs the treatment of share purchases and sales after acquiring and retaining the possibility of control. In future, losses which are attributable to minorities and which exceed the value of minorities shown in the balance sheet have to be presented as negative carrying amounts in consolidated equity. There will be adjustments for future transactions.

IAS 32 (revised February 2008) specifies whether a financial instrument has to be classified as equity or a liability at the issuer. Under certain conditions, the new version of IAS 32 also enables financial instruments which can be terminated to be recognized as equity. This has resulted in corresponding subsequent amendments for IAS 1 (revised February 2008).

IAS 39 (revised July 2008) specifies how the principles set out in IAS 39 for presenting hedges (Hedge Accounting) is applicable for two special situations: in the case of a unilateral risk in relation to a hedged underlying and in the case of inflation in a financially hedged underlying. We are not assuming any major impact for DB Group.

IFRS 1 (revised November 2008) was restructured as part of the revision process. No amendments were made to the contents.

IFRS 1 and IAS 27 (revised May 2008) include simplified rules for measuring investments in individual financial statements which have to be prepared for the first time in accordance with IFRS. We are not assuming any major impact for DB Group.

IFRS 2 (revised January 2008) contains clarifications and a more precise definition of conditions for exercising with regard to equity-linked compensation agreements. The standard is currently not relevant for DB Group.

IFRS 3 (revised January 2008) contains regulations particularly with regard to purchase price components, with regard to the treatment of minority interests and goodwill and also with regard to the extent of assets, liabilities and contingent liabilities to be recognized. We do not anticipate any major changes with regard to previous reporting.

IFRS 8 governs reporting with regard to the operating segments of an enterprise; the rules previously included in IAS 14 (Segment Reporting) will be replaced by IFRS 8. In our opinion, IFRS 8 will not result in any fundamental adjustments compared with the current segment reporting.

"Improvements to IFRS" (published in May 2008) is a collective standard for amending various IFRS. These mainly comprise amendments which are considered to be insignificant, such as the removal of inconsistencies within the standards and the clarification of misleading formulations. We are not assuming any major impact for DB Group.

IFRIC 13 deals with the recognition and measurement of premium credits granted to customers for purchasing products and services. We are not assuming any major impact for DB Group.

IFRIC 14 provides general guidelines with regard to determining the upper limit of the surplus of a pension fund which can be recognized as an asset in accordance with IAS 19.

IFRIC 15 regulates the recognition of real estate sales in which the contract is signed before the completion of the construction work. DB Group is currently reviewing the impact attributable to future application on the consolidated financial statements.

IFRIC 16 governs issues in connection with the recognition of hedges of exchange rate risks within a company and its international operations. The interpretation is currently not relevant for DB Group.

IFRIC 17 contains regulations regarding the accounting and valuation of payments in kind. The interpretation is currently not relevant for DB Group.

IFRIC 18 clarifies the requirements for agreements in which a company receives assets from a customer (for instance cash and cash equivalents which can be used only for procuring or creating corresponding property, plant and equipment) which the company has to use either to connect the customer to a network and/or to provide the customer with permanent access to products or services (such as supplies of electricity, gas or water). DB Group is currently reviewing the impact attributable to future application on the consolidated financial statements.

Structure of the balance sheet and the income statement

Assets and liabilities are stated in the balance sheet either as current or non-current items. Assets and liabilities are classified as current if they are realized or due within twelve months after the end of the reporting period. The structure of the balance sheet takes account of the requirements of the ordinance relating to the structure of the financial statements of transport companies. The income statement uses the structure of the cost summary method.

Principles underlying the consolidated financial statements

Comparability with the previous year

After due consideration is given to the following issues, the financial information presented for the 2008 financial year is comparable with the financial information for the prior year period:

Changes in the scope of consolidation

For the 2008 financial year, changes in the scope of consolidation, and in particular the acquisition of DB Regio (UK), Romtrans and Transfesa, have resulted in financial information in the balance sheet, the income statement, the cash flow statement as well as segment reporting which is not directly comparable with that of the prior period. Detailed information relating to these acquisitions as well as explanations concerning the other transactions are set out in the section "Changes in the Group."

Changes in segment allocation

With effect from January 1, 2008, activities which are not related to transport activities and which previously had been reported under the DB Schenker Rail segment are now shown in the Subsidiaries/Other Activities segment. The prior year figures have been adjusted accordingly.

Activities between the segments DB Schenker Rail and DB Schenker Logistics were also reallocated.

Recalculation of Group levies

The Group levies have also been recalculated as part of the legal restructuring which has taken place in the year under review. The previous year figures have been adjusted accordingly. Adjustments of EBIT relate to the following segments: DB Bahn Long-Distance (€ +47 million), DB Bahn Regional (€ +112 million), DB Bahn Urban (€ +32 million), DB Schenker Rail (€ +61 million), DB Netze Track (€ +64 million), DB Netze Stations (€ +15 million), DB Services (€ +24 million) and Subsidiaries/Other (€ –355 million).

Consolidation methods

a) Consolidation principles

DB AG and all companies (subsidiaries) whose financial and business policy can be controlled by DB AG are fully consolidated in the consolidated financial statements of DB AG. They are incorporated in the consolidated financial statements at the point at which DB AG acquires the possibility of control. At the subsidiaries, "control" is defined as a situation in which DB AG directly or indirectly holds a majority of voting rights. The reference date for determining the point at which a company is taken out of the scope of consolidation is established on the basis of the time at which the possibility of control terminates.

For the purpose of uniform accounting, the affiliated companies have applied the accounting guidelines of the parent company.

Minority interests in the shareholders' equity of subsidiaries are shown separately from the shareholders' equity of the Group shareholders. The extent of the minority interests is calculated as the minority interests applicable at the point at which the subsidiary was acquired and also that proportion of the change in the shareholders' equity of the subsidiary since the acquisition attributable to the third party. Pro rata losses attributable to the minority interests which exceed the minority interests in the shareholders' equity are ascribed to the shareholders' equity of the Group shareholders, unless the external shareholders have a binding obligation to absorb such losses and are economically and financially in a position to do so.

Internal liabilities within the Group as well as expenses and income and intercompany results between fully consolidated companies are completely eliminated.

b) Business combinations

All subsidiaries acquired after December 31, 2002 have been consolidated using the acquisition method under IFRS 3. Accordingly, the acquirer shall measure the cost of a business combination as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed plus any costs directly attributable to the business combination. The acquired identifiable assets, liabilities and contingent obligations are valued under IFRS 3 with their fair value at the date of acquisition, irrespective of any minority interests. Alternatively, acquired long-term assets or groups of assets which are classified as available-for-sale in accordance with IFRS 5 are shown with their fair value less costs to sell.

Any difference between the purchase costs of the business combination and the acquired assets valued at fair value is shown as goodwill. If the purchase price is lower than the fair value of the acquired assets, the difference is shown immediately in the income statement.

Minority interests are calculated on a pro rata basis from the assets, liabilities and contingent obligations valued with their fair value.

If additional minority interests are acquired in companies which are already fully consolidated, the difference between the pro rata carrying amount of the net assets attributable to the minorities and the purchase price is shown in DB Group as goodwill. Minority sales correspondingly result in a reduction in goodwill and a profit or loss in the income statement.

c) Joint ventures and associated companies

Joint ventures are defined as companies which are managed by DB AG jointly with another party either directly or indirectly.

Associated companies are defined as equity participations for which DB Group is able to exercise a major influence on the financial and business policy. Major influence is normally defined as a situation in which DB AG directly or indirectly holds 20 % to 50 % of the voting rights in these companies and the related assumption of association is not refuted.

Joint ventures and associated companies are accounted for using the equity method. Alternatively, they are valued in accordance with IFRS 5 if the shares are classified as available-for-sale.

As part of the process of accounting for participations using the equity method, shares in associated companies and joint ventures are shown at cost of purchase in the consolidated financial statements, adjusted for the related changes in the net assets of the associated company and joint venture and any impairments resulting from the impairment test. Any pro rata losses attributable to DB Group which exceed the total investment in the associated company or joint venture, consisting of the amortized equity figure as well as other long-term receivables, are not recognized, unless DB Group has taken on corresponding obligations or made payments.

Any positive difference between the cost of the purchased shares and the pro rata assets acquired at the point of purchase and valued at fair value constitutes goodwill, which is contained in the amortized equity figure and is thus also subject to the impairment test. If the purchase price is lower than the fair value following the pro rata assets which have been acquired, the difference is taken immediately to the income statement.

Intercompany results attributable to transactions with associated companies or joint ventures are eliminated on a pro rata basis.

Changes in the Group

a) Subsidiaries

Movements in the scope of consolidated companies of DB AG are detailed in the following:

NUMBER	German 2008	Foreign 2008	**Total 2008**	Total 2007
Fully consolidated subsidiaries				
As of Jan 1	169	328	**497**	445
Additions	14	30	**44**	57
Addition due to change in type of incorporation	1	9	**10**	54
Disposals [1)]	9	12	**21**	59
Disposal due to change in type of incorporation	0	0	**0**	0
As of Dec 31	**175**	**355**	**530**	**497**

1) Including 13 disposals from intra-Group mergers.

Activities in connection with the production of installations from track infrastructure are to some extent carried out in the form of Gesellschaften bürgerlichen Rechts (company constituted under civil law) (common project units). These common project units are terminated when the particular project is completed. They carry out their business activities mainly over a period of between one and five years. Because these common project units are assessed mainly as jointly conducted activities, they are not fully consolidated. In addition, 30 (previous year: 28) subsidiaries have not been consolidated, as they are of minor significance for the presentation of the net assets, financial position and results of operations of DB Group. They are stated at amortized purchase costs of € 2 million (previous year: € 3 million) in the consolidated financial statements.

Additions of companies and parts of companies

Overall, expenses of € 308 million were incurred in purchasing companies in the 2008 financial year (previous year: € 478 million).

The additions to the scope of consolidation comprise 15 new companies which were established in the period under review as well as the acquisition of a majority stake in the Spanish company Transportes Ferroviarios Especiales S.A. (Transfesa), the acquisition of the shares in the British rail transport companies Laing Rail Ltd. (now: DB Regio (UK) Ltd.), the acquisition of the Waggonbau Niesky GmbH Group (now: DB Waggonbau Niesky GmbH), the acquisition of 99.3 % of the shares in the Romanian freight forwarding company S.C. Romtrans S.A., Helms Akeri A.B., Sweden, as well as the Finnish JOT Palveluvarastot Oy Group.

The additions attributable to the change in the type of recognition relate to companies which previously had been recognized at amortized cost.

The main transactions are detailed in the following:

- Following the approval of the EU Commission which was granted in March 2008, 55.1 % of the shares in the Spanish company Transportes Ferroviarios Especiales (Transfesa), Madrid/Spain, were acquired with closing on April 3, 2008. The agreement for acquiring the shares was signed on July 26, 2007, and the transaction was subsequently reviewed by the relevant authorities. Transfesa is a transport and logistics company with international operations specializing in rail and road transport, and provides its services to various industries, including the automotive industry. Operations in segment reporting are shown in the DB Schenker Rail segment.
- 100 % of the shares in the British rail company Laing Rail Ltd., London/UK (now: DB Regio (UK) Ltd., London/UK) were acquired with the contract of January 18, 2008 (closing March 31, 2008). This acquisition comprises Laing Rail Ltd., that company's 100 % holding in Chiltern Railway Company Ltd. (Chiltern Railways) as well as the 50 % stakes in the two joint ventures London Overground Rail Operations Ltd. (LOROL) and Wrexham, Shropshire and Marylebone Railway Company Ltd. (WSMR). Chiltern Railways mainly operates commuter services between London and Birmingham or Aylesbury. Operations in segment reporting are shown in the DB Bahn Regional segment.
- DB Fahrzeuginstandhaltung GmbH signed an agreement on February 20, 2008 for acquiring all shares in Waggonbau Niesky GmbH (now: DB Waggonbau Niesky GmbH) in liquidation in self-administration. The insolvency proceedings were suspended on August 11, 2008. The company manufactures various types of freight wagons with around 250 employees, and supplies other manufacturers with rolling stock components. In segment reporting, the activities are shown in the DB Services segment.
- On November 28, 2008, 99.3 % of the shares in the Romanian freight forwarding company S.C. Romtrans S.A., Romania, were acquired following approval of the relevant cartel authorities. The shares were acquired within the framework of a takeover offer to all shareholders of the company. The company is resident in Bucharest, and is the largest Romanian freight forwarding company; it offers overland transport, air and ocean freight services as well as rail freight and customs services. The company also has a base for multimodal transport at the Black Sea port of Constanza. In segment reporting, the company is shown in the DB Schenker Logistics segment.

The costs of purchase and the fair value of the acquired net assets are shown (cumulatively) for all changes in the scope of consolidation. All purchase price allocations for acquisitions in the period under review are consistent with IFRS 3. The goodwill is calculated as follows:

€ MILLION	31.12.2008	thereof Transfesa	thereof Romtrans[1)]	thereof DB Regio (UK)	thereof WBN Niesky
Purchase price					
Payments	300	133	87	65	10
+ Outstanding payments	0	0	0	0	0
+ Directly attributable costs	8	2	4	2	0
= Total purchase price	**308**	**135**	**91**	**67**	**10**
– Fair value of net assets acquired	199	80	57	49	10
= Goodwill	**109**	**55**	**34**	**18**	**0**

1) Provisional purchase price allocation

Goodwill is to a large extent substantiated by the synergy effects expected for the period after the acquisition. In addition, a considerable proportion of goodwill is attributable to assets which are not eligible for recognition under IFRS 3, and in particular the employee base and the future revenue potential.

/// *Purchase price allocation Transfesa Group*

The acquired net assets including the adjustments of assets and liabilities in accordance with IFRS 3 are shown as follows:

€ MILLION	Carrying amount	Adjustment	Fair value
Property, plant and equipment	90	10	100
Intangible assets	4	35	39
Investments accounted for using the equity method	7	25	32
Receivables and other assets	65	0	65
Cash and cash equivalents	9	0	9
Deferred tax assets	6	1	7
Assets	**181**	**71**	**252**
Financial debt	19	0	19
Other liabilities	51	0	51
Other provisions	2	2	4
Deferred income	1	0	1
Deferred tax liabilities	1	21	22
Liabilities	**74**	**23**	**97**
thereof recognized contingent liabilities in accordance with IFRS 3	(0)	(2)	(2)
Share of third parties	53	22	75
Net assets	**54**	**26**	**80**
Share of DB Group in net assets before acquisition	0	0	0
Net assets acquired	**54**	**26**	**80**
Purchase price paid by cash and cash equivalents	135	0	135
Cash and cash equivalents acquired with acquisitions	9	0	9
Outflow of cash and cash equivalents through transactions	**126**	**0**	**126**

The purchase price allocation has resulted in the following adjustments relating to assets and liabilities:

€ MILLION	Adjustment
Property, plant and equipment	10
Customer base	35
Investments accounted for using the equity method	25
Deferred tax assets	1
Other provisions	- 2
Deferred taxes (net)	- 21
Total	**48**
thereof share of third parties	(22)

The customer base is written down over a useful economic life of 16 or 17 years.

If the Transfesa Group had been incorporated in the DB consolidated financial statements as of January 1, 2008, DB Group would have shown additional revenues of € 47 million and an additional net profit of € 2 million.

/// *Purchase price allocation DB Regio (UK) Group*

The acquired net assets including the adjustments of assets and liabilities in accordance with IFRS 3 are shown as follows:

€ MILLION	Carrying amount	Adjustment	Fair value
Property, plant and equipment	96	18	114
Intangible assets	4	32	36
Investments accounted for using the equity method	0	20	20
Inventories	2	0	2
Receivables and other assets	24	0	24
Cash and cash equivalents	12	0	12
Assets	**138**	**70**	**208**
Financial debt	89	0	89
Other liabilities	36	0	36
Retirement benefit obligations	6	0	6
Deferred tax liabilities	8	20	28
Liabilities	**139**	**20**	**159**
thereof recognized contingent liabilities in accordance with IFRS 3	(0)	(0)	(0)
Share of third parties	0	0	0
Net assets	**- 1**	**50**	**49**
Share of DB Group in net assets before acquisition	0	0	0
Net assets acquired	**- 1**	**50**	**49**
Purchase price paid by cash and cash equivalents	67	0	67
Cash and cash equivalents acquired with acquisitions	12	0	12
Outflow of cash and cash equivalents through transactions	**55**	**0**	**55**

The purchase price allocation has resulted in the following adjustments relating to assets and liabilities:

€ MILLION	Adjustment
Property, plant and equipment	18
Franchise agreement	32
Investments accounted for using the equity method	20
Deferred taxes (net)	- 20
Total	**50**

The purchase price adjustment for the intangible assets relates to a franchise agreement which is written down over a useful economic life of 14 years.

If the DB Regio (UK) Group had been incorporated in the DB consolidated financial statements as of January 1, 2008, DB Group would have shown additional revenues of € 38 million and an additional net profit of € –204 thousand.

/// Purchase price allocation DB Waggonbau Niesky GmbH

The acquired net assets including the adjustments of assets and liabilities in accordance with IFRS 3 are shown as follows:

€ MILLION	Carrying amount	Adjustment	Fair value
Property, plant and equipment	6	3	9
Intangible assets	2	2	4
Inventories	10	0	10
Receivables and other assets	3	0	3
Cash and cash equivalents	7	0	7
Assets	**28**	**5**	**33**
Financial debt	2	0	2
Other liabilities	13	0	13
Other provisions	6	0	6
Deferred tax liabilities	0	2	2
Liabilities	**21**	**2**	**23**
thereof recognized contingent liabilities in accordance with IFRS 3	(0)	(0)	(0)
Share of third parties	0	0	0
Net assets	**7**	**3**	**10**
Share of DB Group in net assets before acquisition	0	0	0
Net assets aquisitions	**7**	**3**	**10**
Purchase price paid by cash and cash equivalents	10	0	10
Cash and cash equivalents acquired with acquisitions	7	0	7
Outflow of cash and cash equivalents through transactions	**3**	**0**	**3**

The purchase price allocation has resulted in the following adjustments relating to assets and liabilities:

€ MILLION	Adjustment
Property, plant and equipment	3
Intangible assets	2
Deferred taxes (net)	– 2
Total	**3**

No goodwill has arisen.

If DB Waggonbau Niesky GmbH had been incorporated in the DB consolidated financial statements as of January 1, 2008, DB Group would have shown additional revenues of € 14 million and an additional net profit of € – 3 million.

/// *Provisional purchase price allocation Romtrans*

The acquired net assets including the adjustments of assets and liabilities in accordance with IFRS 3 are shown as follows:

€ MILLION	Carrying amount	Adjustment	Fair value
Property, plant and equipment	13	28	41
Intangible assets	0	7	7
Receivables and other assets	19	0	19
Cash and cash equivalents	5	0	5
Assets	**37**	**35**	**72**
Financial debt	1	0	1
Other liabilities	7	0	7
Other provisions	1	0	1
Deferred tax liabilities	1	5	6
Liabilities	**10**	**5**	**15**
thereof recognized contingent liabilities in accordance with IFRS 3	(0)	(0)	(0)
Share of third parties	0	0	0
Net assets	**27**	**30**	**57**
Share of DB Group in net assets before acquisition	0	0	0
Net assets acquired	**27**	**30**	**57**
Purchase price paid by cash and cash equivalents	91	0	91
Cash and cash equivalents acquired with acquisitions	5	0	5
Outflow of cash and cash equivalents through transactions	**86**	**0**	**86**

Because of the short period between the closing date and the point at which the consolidated financial statements were prepared, the purchase price allocation has not yet been definitively carried out. The purchase price allocation has resulted in the following adjustments in relation to assets and liabilities:

€ MILLION	Adjustment
Property, plant and equipment	28
Intangible assets	7
Deferred taxes (net)	- 5
Total	**30**
thereof share of third parties	(0)

If Romtrans had been incorporated in the DB consolidated financial statements as of January 1, 2008, DB Group would have shown additional revenues of € 75 million and an additional net profit of € 1 million.

The provisional purchase price adjustment for property, plant and equipment relates to land and other property, plant and equipment; for the intangible assets, it relates to the customer base and the brand right. The customer base is written down over a useful economic life of ten years, and the brand right is written down over a useful economic life of four years.

The following overview shows a summary of the main effects on the consolidated income statement arising from the changes in the scope of consolidation which have occurred compared with the previous year period:

€ MILLION	DB Group 2008	thereof due to changes in the scope of consolidation	Amounts due to disposals from the scope of consolidation
Revenues	33,452	(1,110)	- 1
Inventory changes and internally produced and capitalized assets	1,872	(10)	0
Overall performance	35,324	(1,120)	- 1
Other operating income	3,046	(169)	0
Cost of materials	- 18,544	(- 605)	0
Personnel expenses	- 10,583	(- 388)	1
Depreciation	- 2,723	(- 47)	0
Other operating expenses	- 3,927	(- 248)	0
Operating profit (EBIT)	**2,593**	**(1)**	**0**
Results from investments accounted for using the equity method	21	(0)	0
Net interest income	- 760	(- 6)	0
Other financial result	- 47	(- 36)	0
Financial result	**- 786**	**(- 42)**	**0**
Profit before taxes on income	**1,807**	**(- 41)**	**0**
thereof result on disposal of discontinuing operations	(0)	(0)	(0)
Taxes on income	- 486	(0)	0
Net profit for the year	**1,321**	**(- 41)**	**0**

The revenues of € 1,110 million resulting from additions to the scope of consolidation mainly relate to DB Schenker Rail (UK) Ltd. Group (formerly EWS Group) (€ 610 million), DB Regio (UK) (€ 128 million), Spain-Tir (€ 125 million) and Transfesa (€ 111 million).

Disposals of companies and parts of companies

The figures relating to disposals from the scope of consolidation relate to the sale of KVB Sigmaringen.

The companies which are no longer included in the scope of consolidation have had the following cumulative impact on the net assets, financial position and results of operations of DB Group:

€ MILLION	31.12.2008	thereof KVB Sigmaringen
Sale price		
– Received payments	3	3
– Directly attributable costs	0	0
= Total sale price	**3**	**3**
– Cash and cash equivalents sold with companies	0	0
= Inflow of cash and cash equivalents through divestitures	**3**	**3**

The figures shown for revenues and net income included up to the point of deconsolidation relate almost exclusively to KVB Sigmaringen, and are detailed in the following:

€ MILLION	31.12.2008	thereof KVB Sigmaringen	31.12.2007
Revenues	2	(2)	1
Net profit for the year	0	(0)	0

b) Joint ventures and associated companies

NUMBER	German 2008	Foreign 2008	**Total 2008**	Total 2007
Joint ventures accounted for using the equity method				
As of Jan 1	11	4	**15**	7
Additions	0	3	**3**	2
Addition due to change in type of incorporation	0	0	**0**	8
Disposals	0	0	**0**	1
Disposal due to change in type of incorporation	0	0	**0**	1
As of Dec 31	**11**	**7**	**18**	**15**
Associated companies accounted for using the equity method				
As of Jan 1	64	31	**95**	51
Additions	4	14	**18**	6
Addition due to change in type of incorporation	1	0	**1**	42
Disposals	4	3	**7**	3
Disposal due to change in type of incorporation	0	0	**0**	1
As of Dec 31	**65**	**42**	**107**	**95**

The additions of joint ventures and associated companies comprise 21 companies with costs of purchase totaling € 55 million.

The addition attributable to the change in the type of recognition relate to a joint venture which was accounted for using the equity method at the beginning of the financial year (carrying amount: a total of € 0 million).

The following selected financial data are provided for the major associates and joint ventures: this information has been taken from the consolidated financial statements or the annual financial statements of the relevant companies for the period ended December 31, 2008:

As of December 31 € MILLION	Equity holding	Assets		Equity		Liabilities		Revenues		Net profit for the year	
		2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Joint ventures											
ATN Auto Terminal Neuss GmbH & Co. KG, Neuss [4), 6)]	50.0 %	11	12	5	5	6	7	15	14	0	-1
London Overground Rail Operations Limited, London/UK [2), 3), 6)]	50.0 %	28		0		28		0		4	
PKV Planungsgesellschaft kombinierter Verkehr Duisburg mbH, Duisburg [4), 6)]	50.0 %	13	9	1	1	12	8	1	1	0	0
Associated companies											
Air Terminal Handling S.A., Tremblay en France/France	20.0 %	5	4	-1	1	6	3	9	11	-2	0
ALSTOM Lokomotiven Service GmbH, Stendal [3)]	49.0 %	33	26	17	14	16	12	42	32	3	1
Autoport Emden GmbH, Emden [4)]	33.3 %	2	3	0	0	2	3	16	15	0	0
BLS Cargo AG, Bern/Switzerland [4), 6)]	44.1 %	128	123	59	54	69	70	117	118	9	7
BwFuhrparkService GmbH, Troisdorf [4), 6)]	24.9 %	185	95	30	26	155	69	208	174	4	1
Container Terminal Dortmund GmbH, Dortmund [6)]	30.0 %	4	4	2	1	2	3	14	12	1	1
CTS Container-Terminal GmbH Rhein-See-Land-Service, Cologne [6)]	22.5 %	7	6	2	2	6	4	34	29	1	1
DAP Barging B.V., Rotterdam/The Netherlands [4)]	53.9 %	5	5	2	2	3	4	2	2	1	1
DCH Düsseldorfer Container-Hafen GmbH, Düsseldorf [6)]	51.0 %	4	4	1	1	3	3	17	15	1	1
EUROFIMA Europäische Gesellschaft für die Finanzierung von Eisenbahnmaterial, Basel/Switzerland [6), 7)]	22.6 %	40,444	21,354	1,306	630	39,138	20,724	0	0	48	27
Express Air Systems GmbH (EASY), Kriftel [4)]	50.0 %	4	7	1	2	3	5	35	34	0	1
Güterverkehrszentrum Entwicklungsgesellschaft Dresden mbH, Dresden [5), 6)]	24.5 %	21	21	1	1	20	20	0	1	0	0
Hispanauto – Empresas Agrupadas A.E.I.E.©, Madrid [2), 6)]	41.4 %	6		0		6		40		0	
HML Rail Netherlands GmbH, Pullach [1), 6)]	24.8 %	12		0		12	0	3		0	
INTERCONTAINER – INTERFRIGO SA, Basel/Switzerland [4), 6)]	35.7 %	70	85	19	16	51	69	140	143	3	3
Kahlgrund-Verkehrs-Gesellschaft mit beschränkter Haftung, Schöllkrippen [4), 6)]	28.0 %	11	10	9	8	2	2	8	7	1	0
Kombiverkehr Deutsche Gesellschaft für kombinierten Güterverkehr mbH & Co. Kommanditgesellschaft, Frankfurt am Main [4), 6)]	51.4 %	50	50	16	16	34	34	408	372	1	2
LogCap-IR Grundverwertungsgesellschaft mbH, Vienna/Austria	49.0 %	23	24	4	4	19	20	2	2	0	0
Lokomotion Gesellschaft für Schienentraktion mbH, Munich [4), 6)]	29.4 %	15	10	7	5	8	5	29	21	2	2
MASPED-RAILOG Vasúti Szállitmányozási Kft., Budapest/Hungary	50.0 %	11	11	2	1	9	10	58	58	1	1
MASPED-SCHENKER Air & Sea Forwarding Ltd., Budapest/Hungary	50.0 %	9	7	3	2	6	5	31	32	2	2
METRANS a.s., Prague/Czech Republic	33.4 %	158	123	67	61	91	62	159	139	23	25
Omfesa Logistica S.A., Madrid/Spain [2), 6)]	27.6 %	29		-2		31	0	20		-2	
POLZUG Intermodal GmbH, Hamburg [4)]	33.3 %	11	11	6	6	5	5	53	53	2	2
Pool Ibérico Ferroviario A.E.I.E., Madrid/Spain [2), 6)]	6.4 %	5		0		5		26		0	
Rail Traction Company S.p.A., Bozen/Italy [4), 6)]	29.5 %	41	34	7	7	34	27	37	30	0	1
Railmax C.V., Nijmegen/The Netherlands [2), 6)]	27.3 %	7		1		6		28		0	
Sociedad de Estudios y Explotacion Material Auxiliar de Transportes, S.A. ("SEMAT"), Madrid/Spain [2), 6)]	34.6 %	34		20		14		29		0	

As of December 31 € MILLION	Equity holding	Assets		Equity		Liabilities		Revenues		Net profit for the year	
		2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
SSG Saar-Service GmbH, Saarbrücken [4), 6)]	25.5 %	3	3	1	1	2	2	11	11	0	0
TFG Transfracht Internationale Gesellschaft für kombinierten Güterverkehr mbH & Co. KG, Frankfurt am Main [6)]	50.0 %	36	37	6	5	30	32	272	253	1	0
Transfesa Distribución y Logistica S.A., Madrid/Spain [2), 6)]	30.2 %	12		9		3		17		1	
Unternehmensgesellschaft Verkehrsverbund Rhein-Neckar GmbH (URN GmbH), Mannheim [4), 6)]	39.9 %	11	8	0	0	11	8	4	4	0	0

1) No data for 2007 financial year
2) Addition in 2008
3) Deviating financial year
4) Figures from 2007 financial year
5) Based on preliminary figures
6) Figures according to local GAAP
7) Concerning financing transactions exclusively

Currency translation

a) Functional currency and reporting currency

Currency translation uses the concept of the functional currency. The functional currency of all subsidiaries included in the consolidated financial statements of DB AG is the relevant local currency.

The consolidated financial statements are prepared in euros (reporting currency).

b) Transactions and balances

Transactions which are not carried out in the functional currency of a company included in the scope of consolidation (foreign currency transactions) are translated into the functional currency of the corresponding entity using the rate applicable at the time of the transaction. Exchange rate gains and losses resulting from processing such transactions and valuing monetary assets and liabilities at the rate applicable on the reporting date in the financial statements are recognized in the income statement.

c) Subsidiaries

Subsidiaries whose functional currency is not the euro translate their financial statements which are prepared in local currency into the reporting currency (euro) for the purpose of being incorporated in the consolidated financial statements of DB AG as follows: assets and liabilities are translated using the exchange rate applicable on the reporting date, income and expenditure are translated using the average rate. Differences resulting from currency translation are shown separately under shareholders' equity.

The shareholders' equity which has to be initially consolidated as part of an acquisition of foreign subsidiaries is translated as of the relevant balance sheet date using the historical rate applicable at the time of the acquisition. Any differences resulting from the currency translation are shown separately under shareholders' equity.

As long as the subsidiary is included in the scope of consolidation, the translation differences continue to be shown under consolidated shareholders' equity. If subsidiaries are no longer included in the scope of consolidation, the corresponding translation differences are eliminated and recognized in the income statement.

Goodwill and adjustments to the fair values of assets and liabilities due to acquisitions of foreign subsidiaries are treated as assets and liabilities of the foreign companies and are translated using the exchange rate applicable on the reporting date.

The annual financial statements of subsidiaries which are domiciled in hyperinflationary economies are translated in accordance with IAS 29. No major subsidiary was domiciled in a hyperinflationary economy in the reporting and comparison period.

Currency translation differences resulting from the translation of shares in a foreign subsidiary and also resulting from loans which are part of the net investment in such foreign subsidiaries are shown under shareholders' equity. When the foreign subsidiary is no longer included in the scope of consolidation, the currency translation differences are eliminated via the income statement.

The following exchange rates are some of the rates used for currency translation purposes:

€	Closing rates		Average rates	
	2008	2007	2008	2007
1 US Dollar (USD)	0.71855	0.67930	0.67977	0.72954
1 Pound Sterling (GBP)	1.04987	1.36361	1.25424	1.46066
1 Swiss Franc (CHF)	0.67340	0.60434	0.63025	0.60872
1 Hong Kong Dollar (HKD)	0.09271	0.08711	0.08729	0.09352
1 Australian Dollar (AUD)	0.49324	0.59677	0.57357	0.61162
1 Yuan Renminbi (CNY)	0.10531	0.09300	0.09779	0.09598
1 Swedish Krona (SEK)	0.09200	0.10592	0.10390	0.10809

Recognition of income and expenditure

The revenues generated in DB Group relate to the provision of transport, transport and logistics services, the provision of rail infrastructure, the sale of goods and other services related particularly to rail operations, less turnover tax, discounts and any concessions. They are recognized with their fair value.

The services provided by DB Group are normally completed within a few hours/days. Revenues resulting from the provision of services are therefore recognized as soon as the service has been provided, the extent of the revenues and the costs is reliably measurable and the economic benefit will probably accrue to the Group.

Dividend income is recognized at the point at which the right to receive the payment arises. Interest income is recognized in the income statement using the effective interest method in the period in which the income arises.

All expense and income items are normally recognized without being netted, unless the accounting principles under IFRS permit or require netting.

Expenses are recognized in the income statement at the point at which the service is used or at the point at which the expenses are incurred.

Accounting and valuation methods

a) Property, plant and equipment

Property, plant and equipment is recognized at cost of purchase and cost of production less cumulative depreciation, and also with due consideration being given to impairments and reversals of prior impairments. Costs of purchase comprise the purchase price plus ancillary purchase costs less purchase price reductions. If there are any closure or restoration obligations, they are recognized in the costs of purchase and production of the property, plant and equipment, and a provision is shown at the same time. Cost of production comprises individual costs as well as overheads which are directly allocatable.

Interest on borrowed funds is not included, and instead is expensed immediately. Turnover tax incurred in connection with the purchase or production of property, plant and equipment is only capitalized if input tax is not permitted to be deducted.

Subsequent costs are capitalized if the expenses enhance the economic benefit of the property, plant and equipment and if the costs can be reliably measured. On the other hand, all other repairs or maintenance are principally expensed.

Depreciation is taken to the income statement on a straight-line basis over the expected service life of the asset. The following service lives for the main groups of property, plant and equipment are shown in the following:

	Years
Permanent way structures, tunnels, bridges	75
Track infrastructure	20 - 25
Buildings and other constructions	10 - 50
Land improvements	8 - 20
Signaling equipment	20
Telecommunications equipment	5 - 20
Rolling stock	15 - 30
Technical equipment, machinery and vehicles	3 - 25
Factory and office equipment	2 - 20

The appropriateness of the chosen depreciation method and the service lives is subject to an annual review. Our expectations regarding the residual value are also updated annually.

Investment grants are deducted directly from the cost of purchase or cost of production of the assets for which the grants have been given.

b) Finance lease assets

Rented and leased assets where the underlying leases are classified as finance leases under IAS 17 are capitalized with the lower of fair value or the present value of minimum lease payments at the start of the lease, and are written down using straight-line depreciation over the financial service life of the asset or the shorter duration of the lease.

c) Intangible assets and goodwill

Intangible assets acquired for a monetary consideration are recognized at cost of purchase. Intangible assets manufactured in-house are recognized with their cost of production, and consist exclusively of software. The costs of the development phase are capitalized if a future economic benefit accrues to DB Group and if the other capitalization criteria are satisfied. The costs of production comprise all costs which can be directly allocated and those costs which are incurred in order to prepare the asset for its envisaged use.

Costs of production comprise mainly costs for material and services, wage and salary costs as well as relevant overheads.

Interest on borrowed funds is not capitalized. Turnover tax incurred in connection with the purchase and production of intangible assets is only capitalized if input tax is not deductible.

Intangible assets (excluding goodwill) are subsequently valued at cost of purchase or cost of production less depreciation and impairments plus any reversals of prior impairments. Depreciation is calculated using the straight-line method. The adequacy of the depreciation method and the service life are subject to an annual review.

The following probable service lives are used as the basis for depreciation on intangible assets:

	Years
Franchises, rights, etc.	Duration of contract
Trademarks	Economic life
Brand name	Economic life
Customer base	Economic life
Purchased software	3 - 5
Software produced in-house	3

Goodwill arises as a positive difference between the costs of purchasing the shares and the fair values of the individually acquired assets, absorbed liabilities and contingent liabilities. They are not depreciated; instead, they are subject to an annual impairment test. Impairment losses in relation to goodwill are not reversed.

d) Impairments of assets

IAS 36 governs the impairment test for tangible and intangible assets with a certain economic life, which is carried out using a so-called indicator-based asset impairment test. Such an asset impairment test has to be carried out when indicators (so-called triggering events) indicate a possible loss of value. In addition, according to IAS 36, goodwill as well as intangible assets with an indefinite service life have to be subjected at least once a year to an impairment test in the form of a goodwill impairment test.

Definition of cash-generating units

Asset impairment tests have to be carried out at the level of individual assets. If it is not possible for future cash flows, which are to a large extent independent, to be established for individual assets, so-called cash-generating units (CGUs) have to be formed. The criteria for defining the CGUs are based on the structure of the operating business. In DB Group, the CGUs to a large extent correspond to the operating business units, respectively to the segments, whereby further differentiation has taken place within the DB Services business unit as a result of different performance contents. Due to the congruence between management structure and legal structure, a cash-generating unit always consists of at least one legal unit. This means that the data necessary for the asset impairment test can be derived from annual financial statements and planning data.

The impairment test for goodwill is carried out at the level of a CGU to which this goodwill has been allocated. Significant amounts of goodwill currently exist in the DB Schenker Logistics and DB Schenker Rail CGUs. The goodwill from the acquisitions of Transfesa and Laing Rail (now: DB Regio (UK)) respectively resulting from the company transaction in the 2008 financial year can be completely and uniquely allocated to the DB Schenker Logistics CGU or to the DB Bahn Regio CGU.

Method

In the impairment test in accordance with IAS 36, the carrying amount of an asset, a CGU or (for the goodwill impairment test on the basis of a group of CGUs) has to be compared with the corresponding recoverable amount. If the carrying amount is no longer covered by the recoverable amount, this results in a corresponding impairment.

The carrying amount of a CGU is established by adding the carrying amounts of the assets less the liabilities which are related to the relevant assets. In addition, for determining the carrying amount of a CGU, it is also necessary to recognize pro rata corporate assets and corporate liabilities jointly used by several CGUs, and the net working capital necessary for the corresponding CGU must also be taken into consideration.

The recoverable amount is defined as the higher of the fair value less costs to sell and the value in use. In the impairment tests carried out in DB Group, the recoverable amount is represented by the value in use. The value in use is established as the present value of the free cash flows before interest and before tax attributable to the continuation of a CGU or a group of CGUs. The cash flow forecasts are based on assumptions which represent the best assessment of management with regard to economic conditions. These cash flow forecasts are based on the medium-term planning which is submitted to the Supervisory Board of DB AG and which covers a planning horizon of five years. If cash flow forecasts are necessary beyond the five-year planning horizon, a sustainable free cash flow is derived from the planning and is extrapolated on the basis of a growth rate related to the specific market development. In general, a growth rate of 1% p.a. (previous year: 1% p.a.) is assumed.

A weighted average cost of capital (WACC) is used for discounting the free cash flows; this reflects the expectation of return on the capital market for providing debt capital and shareholders' equity to DB Group. In order to maintain consistency with the process of establishing the free cash flows before company taxes, a WACC before corporate taxes is used. Risks of free cash flows are recognized by a risk-equivalent capitalization rate. In view of the sub-group structure on the one hand and the fact that there is to a large extent a community of risk and resources within DB Group on the other, this rate is defined uniformly as 10.5% for all CGUs of DB Mobility Logistics Group and 8.4% for the CGUs of Infrastructure. A cost of capital before taxes of 8.9% was used in the previous year.

Asset impairment test

Processes which comply with the specific requirements of IAS 36 have been implemented in order to carry out the asset impairment test. The service lives of the individual CGUs used for the asset impairment test are based on the service life of the asset or a group of homogenous assets which is (are) most significant for the particular CGU and which thus provides the CGU with its characteristic nature. In addition, the process of establishing the service life disregards future cash flows which result from major structural changes, disinvestment measures or extension investments. Resultant adjustments to the original plans relate mainly to the planned major newly-build and expansion line infrastructure projects, where it is assumed that construction will commence after 2008.

The cash flow forecasts take account of internal transfer prices within the Group on the basis of arm's length assessments of the companies involved. The published infrastructure prices are applicable for products and services exchanged between transport and infrastructure segments; price increases in the period covered by the forecast have also been taken into consideration.

After the medium-term planning has been adopted in the Supervisory Board of DB AG, a regular check is carried out to establish whether there are any impairments affecting the CGUs. In addition to this annual cycle, a test is also performed if current issues arising from the development in business or changes in assumptions indicate that there has been a major deterioration in the value in use.

The voluntary impairment tests carried out in the period under review did not identify any impairment requirement for any CGU. The voluntary asset impairment test carried out after the medium-term planning was adopted also did not identify any impairment requirement for the CGU.

Goodwill impairment test

A goodwill impairment test must be carried out annually for all CGUs or groups of CGUs to which goodwill can be allocated. Because the goodwill which arises in DB Group as a result of acquisitions can always be clearly allocated to a CGU, this goodwill impairment test is an integral part of the asset impairment test which is always carried out annually on a voluntary basis for all CGUs.

The goodwill impairment test carried out for DB Bahn Regio, DB Schenker Logistics and DB Schenker Rail did not identify any impairment requirement for the CGUs. The corresponding recoverable amount is represented by the value in use of the CGU, which in turn has been derived from the medium-term planning of the two segments. The details relating to methods presented above are thus applicable correspondingly. At DB Schenker Logistics and DB Schenker Rail, it also has to be borne in mind that separate assumptions relating to the development of the economy, market and competition as well as currency relations have been made for the relevant international markets. These assumptions have been based on the external and internal expert assessments available at the time of the planning.

e) Shares in companies accounted for using the equity method

Shares in associated companies and joint ventures are accounted for using the equity method in accordance with IAS 28 (Shares in Associated Companies) or in accordance with the option specified in IAS 31 (Shares in Joint Ventures). Based on the Group costs of purchase at the time of the purchase, the figure for the change in shareholders' equity at the company accounted for using the equity method attributable to the shares of DB Group is extrapolated.

f) Financial assets

Arms-length purchases or sales of financial assets are recognized or eliminated on the settlement date. At present, there are the following categories in DB Group in accordance with IAS 39:

Available-for-sale financial assets

Available-for-sale financial assets are normally recognized with their fair value. If the fair value of equity instruments is not reliably measurable, the available-for-sale financial assets are recognized at cost of purchase less any impairment.

Shares in non-consolidated subsidiaries and other equity investments are also considered to be available-for-sale financial assets. They are normally recognized at amortized cost of purchase, as the market value of these shares cannot be reliably determined.

Available-for-sale long- or short-term securities are recognized with their market values as of the reporting date – where such values exist. Changes in fair value are recognized with no impact on the income statement in the reserve attributable to the marking-to-market of securities.

Receivables and other financial assets

Receivables and other financial assets are initially measured at fair value. In general, this is equivalent to the costs of purchase. Long-term interest-free or low-interest receivables (receivables due after more than one year) are discounted to the present value of future cash flows. Discounted receivables are adjusted for cumulative interest in subsequent periods with the effective interest fixed for initial valuation.

Receivables for which there are substantial objective indications of an impairment are adjusted appropriately. Portfolio-based impairments are also recognized in relation to groups of assets; in particular, historical default rates are taken into consideration.

Cash and cash equivalents

This item comprises cash in hand and checks, deposits at banks which are due on sight, as well as cash and cash equivalents. Balances at banks comprise overnight money as well as time deposits due within three months.

Cash and cash equivalents are recognized with their nominal value.

g) Inventories

All costs which are directly related to the procurement process are capitalized as the costs of purchase of the inventories. The average method is used as the basis for establishing the cost of purchase of fungible and homogeneous raw materials and supplies. Costs of production comprise individual costs as well as the directly allocatable overheads.

As of the balance sheet date, inventories are measured with the lower of cost or net realizable value.

h) Non-current assets held for sale

Under IFRS 5, non-current assets are classified as non-current assets held for sale if their carrying amount is to be realized by way of sale and not by way of continued use. This can be an individual asset, a disposal group or part of a company. Non-current assets held for sale are stated with the lower of carrying amount or market value less costs which are incurred.

i) Deferred taxes

Deferred taxes are calculated in accordance with IAS 12 (Income Taxes).

The group tax rate used as the basis for calculating deferred taxes was 30.5 %. The group tax rate comprises the corporation tax rate plus solidarity surcharge and an average trade tax rate. Foreign subsidiaries use their relevant local tax rates for calculating deferred taxes.

A deferred tax asset is recognized in accordance with IAS 12.24 or IAS 12.34 if, after corresponding deferred tax liabilities have been deducted, it is likely that adequate taxable income is available. The medium-term planning with additional estimates is used as the basis of this process. Deferred tax assets relating to income which can be generated after the medium-term period are not recognized, on the grounds that they cannot be reliably determined.

Deferred taxes are established on the basis of the tax rates which can be expected for the period in which the deferred tax is realized on the basis of existing laws or laws which have in essence been adopted.

j) Financial debt and liabilities

Current liabilities are normally recognized with their nominal amount, which corresponds to the fair value at the point at which the liability is initially recognized and the amortized costs of purchase up to the date at which the liability is settled. Financial debt and other non-current liabilities, when initially recognized, are stated with the amount which corresponds to the fair value of the received assets, where appropriate less transaction costs. Subsequently, they are stated using amortized costs of purchase using the effective interest method. The differences between the amount paid out less transaction costs and the amount repaid are recognized in the income statement over the life of the liability.

Interest-free government loans which are related to infrastructure capital expenditures are recognized with the present value of the amounts to be repaid, and are adjusted to their nominal repayment amount over their life. The difference between the nominal amount of the loan and the present value is recognized as an interest benefit under accruals. Interest income attributable to the pro rata reversal of these accruals compensate for the interest expense relating to the loans.

Liabilities arising from leases which are classified as finance leases in accordance with the allocation criteria of IAS 17 are recognized with the present value of minimum leasing payments at the beginning of the lease, and are subsequently stated under debt in the amount of amortized cost of purchase. The leasing installments are broken down into an interest component and a repayment component. The interest component of the leasing installment is recognized in the income statement.

k) Employee benefits

Pension obligations and similar commitments

In DB Group, there are defined benefit as well as defined contribution retirement pension systems.

The provision for defined retirement benefit systems stated in the balance sheet corresponds to the present value of the pension commitment (Defined Benefit Obligation; DBO) less any plan assets on the balance sheet reporting date, adjusted by cumulative actuarial profits and losses which are not reflected in the income statement and subsequently applicable service time which has not been recognized. The pension obligation is calculated annually by independent actuarial appraisals using the projected unit credit method. Actuarial profits and losses are not recognized if they do not exceed 10 % of the higher of the obligation or the present value of plan assets (10 % corridor rule). The amount which exceeds the corridor is recognized over the expected average remaining service lives of the employees covered by the plan.

Subsequently applicable service time is immediately recognized in the income statement, unless the changes in the pension plan (retirement pension system) depend on the employee remaining in the company for a defined period (the period up to the point at which the rights become vested). In this case, the past service cost is recognized in profit or loss on a straight-line basis over the period until vesting.

The expense arising from applying interest to the pension obligations and the expected income from the plan assets is recognized in financial result.

In the case of defined contribution retirement pension systems, DB Group pays contributions to public-sector or private retirement pension schemes, either voluntarily or as a result of a contractual or statutory obligation. DB Group does not have any additional payment obligations beyond having to pay the contributions. The contributions are recognized in personnel expenditure when due. Advance payments of contributions are recognized as assets to the extent that there is a right for a repayment or reduction of future payment.

Payments on the occasion of termination of employment contracts (severance packages)

Severance packages become payable if an employee is released from his duties before normal pensionable age or if an employee voluntarily terminates his employment contract in return for a severance package. Severance payments are recognized if there is a demonstrable obligation either to terminate the employment agreements of current employees in accordance with a detailed formal plan which cannot be reversed or to pay severance payments if the employment contract is voluntarily terminated by employees within the framework of employment contract termination agreements.

Severance package obligations for agreements agreed as of the balance sheet reporting date are recognized as other liabilities and – if they are not yet included in individual agreements and if they are part of a restructuring obligation in accordance with IAS 37 (Provisions, Contingent Liabilities and Contingent Assets) – are stated as other provisions.

Semi-retirement agreements are based on the so-called block model. The top-up amounts paid in addition to salary by DB Group during the semi-retirement period as well as additional contributions to the statutory pension insurance scheme constitute benefits arising upon termination of the employment contract. They are shown with their present value at the point at which the obligation originated. The compensation backlog (plus the employer's contributions to social insurance) for the additional work performed during the employment phase is also shown with the present value. The expenses attributable to cumulative interest on the obligations are shown under personnel expenses.

Other benefits due in the long term

Employees who are covered by the regulations of the collective bargaining agreement with regard to maintaining long-term accounts for the employees of various companies of DB Group (referred to in the following as "Lzk-TV"), are able to convert the overtime which they have worked into a credit which is maintained in the form of a monetary equivalent. DB Group has agreed to pay the compensation for the additional overtime plus the related employer's contributions to social insurance into the "Fonds zur Sicherung von Wertguthaben e.V." (Wertguthabenfonds – credit fund) every month at the point at which the salary payment becomes due. The credit fund has been established in the legal form of a registered association as a joint institution of the wage-bargaining parties in accordance with the Wage Bargaining Act (Tarifvertragsgesetz). The wage bargaining parties, in their capacities as members of the association, are responsible for managing and administering the credits.

The compensation paid to the employees starting with the beginning of the phase during which the employees are exempted from their duties is financed out of the credit fund. The length of the phase during which the employees are exempted from their duties is determined by the size of the credit which has accumulated.

With regard to the credits, no further financial risks are retained in DB Group when the funds are paid out.

The plan is treated as a defined contribution plan.

l) Other provisions

Other provisions are set aside if there is a legal or actual obligation resulting from a past event which is more than 50 % likely to result in an outflow of resources and if the extent of the obligation can be reliably estimated. If it is likely that a provision will be refunded, for instance as a result of an insurance policy, the refund is recognized as a separate asset only if it is as good as certain. The income from refunds is not netted with the expenses.

Non-current provisions are discounted using market interest rates. Environmental protection provisions for the rehabilitation of existing ecological damage are discounted on the basis of real interest rates, which are adjusted to reflect the risk and the period until fulfillment. The difference between the nominal value of the expected outflows and the present value recognized for the environmental protection provisions of DB AG for novated liabilities for the elimination of inherited burdens from the time prior to the foundation of DB AG is stated under deferred income, and represents the interest benefit resulting from the longer-term release of the provision. The cumulative interest expense attributable to other provisions is recognized in financial result.

m) Deferred income

Deferred public-sector grants

DB Group receives various public-sector grants, which are provided in relation to specific assets or on the basis of a specific performance. The grants are recognized in the balance sheet as soon as it is certain that they will be provided and as soon as the conditions necessary for receiving the grants have been satisfied. The grants related to assets, and in particular investment grants, are deducted directly from the assets for which grants have been received. The interest benefit (difference between nominal value and present value) of interest-free loans are deferred on the basis of the contractual grant conditions.

Deferred profits from sale-and-lease-back agreements

If capital gains have been realized in conjunction with sale-and-lease-back agreements and if the subsequent lease has to be classified as a finance lease, these gains are deferred and released with an impact on the income statement over the life of the relevant agreements.

n) Derivative financial instruments

Recognition of derivative financial instruments

At the point at which the contract is concluded, derivative financial instruments are recognized as a financial asset or a financial liability in the balance sheet. Derivative financial instruments are initially and subsequently measured at fair value. The treatment of changes in the fair value depends on the type of the hedged underlying. At the point at which the contract is taken out, derivative financial instruments are generally classified as a hedging instrument (a) for hedging the fair value of certain assets or liabilities recognized in the balance sheet (fair value hedge) or (b) for hedging the cash flows arising from a contractual obligation or an expected transaction (cash flow hedge).

/// *Fair-value hedges*

The purpose of fair value hedges is to provide protection against changes in the value of balance sheet items. In these cases, the hedge as well as the hedged risk content of the underlying are recognized with their present value. Changes in value are recognized in the income statement.

DB Group currently does not have any fair value hedges.

/// *Cash flow hedges*

Cash flow hedges are used to provide protection against fluctuations in the cash flows of financial assets or liabilities. When future cash flows are hedged, the hedging instruments are also recognized with their fair value. Changes in value are initially recognized in shareholders' equity with no impact on the income statement, and are only recognized in the income statement at the point at which the corresponding losses or profits from the underlying have an impact on the income statement or the transactions expire.

/// Derivative financial instruments which do not satisfy the requirements for recognizing hedges in accordance with IAS 39

If hedges which in economic terms are used for interest, currency or price hedging do not satisfy the restrictive requirements of IAS 39 for being recognized as a hedge, the changes in value are immediately recognized in the income statement.

/// Calculation of the fair value

The fair value of financial instruments which are traded in an active market is derived from the market price applicable on the balance sheet reporting date. In order to calculate the fair value of financial instruments which are not traded on an active market, common measurement methods such as option price or present value models are applied and assumptions which were appropriate as a result of the market conditions on the balance sheet dates are made. If valuation-relevant parameters are not directly observable on the market, forecasts are used based on comparable financial instruments which are traded in an active market; these forecasts are then adjusted by premiums or discounts on the basis of historical data. The mean value of bid and offer rates are used. Trades for which no premium has been paid have a fair value of zero. In the case of long-dated derivatives, a credit risk adjustment is made in relation to the fair value if the counterparty is no longer classified as "high grade" by the rating agencies and if the overall position constitutes a receivable from the point of view of DB Group. However, this is not the case in these financial statements.

Capital management in DB Group (in accordance with IAS 1)

The purpose of financial management of DB Group is to achieve sustainable growth in the enterprise value and also to comply with a capital structure which is adequate for maintaining an excellent rating.

The capital structure is managed on the basis of the gearing parameter. Gearing is defined as the ratio between net debt (financial debt less financial receivables and cash and cash equivalents) and shareholders' equity. The main instruments for managing the capital structure are: scheduled repayment of financial debt as well as strengthening of the capital base by way of retained earnings or a capital increase.

The medium-term aim is to achieve gearing of 100 % and thus parity between debt and equity capital in the financing structure. This objective is unchanged compared with last year. Gearing has developed as follows:

€ MILLION	2008	2007
Financial debt	16,853	18,062
– Receivables from financing	– 31	0
– Cash and cash equivalents	– 879	– 1,549
= Net financial debt	**15,943**	**16,513**
÷ Equity	12,155	10,953
= Gearing	**131%**	**151%**

Compared with the previous year, gearing has improved considerably in the direction of the above objective as a result of the reduction in net financial debt and also as a result of the positive development in earnings with an appropriate strengthening of the equity capital.

There are no major external capital market restrictions.

Based on adjusted EBIT, return on capital employed (ROCE) is calculated as a further parameter as a key component of the value management concept. The capital employed represents the use of capital provided by shareholders and providers of debt which is tied up in DB Group and which is associated with yield expectations. The parameter is derived on the basis of the closing balance sheet for the financial year. The following table shows the process of calculating capital employed, using the asset and liability items shown in the balance sheet.

€ MILLION	2008	2007
Property, plant and equipment/ Intangible assets	39,976	39,855
+ Inventories	830	784
+ Trade receivables	3,373	3,500
+ Receivables and other assets	741	648
– Financial receivables	- 31	0
+ Income tax receivables	124	115
– Trade liabilities	- 3,608	- 3,725
– Other liabilities	- 3,765	- 3,699
– Income tax liabilities	- 183	- 153
– Other provisions	- 6,541	- 6,766
– Deferred income	- 2,955	- 3,166
Capital employed	**27,961**	**27,393**

For further calculation, the adjusted EBIT and EBITDA in the following table is derived from the EBIT shown in the income statement. The corresponding details at the segment level have been calculated using the same method.

€ MILLION	2008	2007
EBIT	2,593	2,895
Income from disposals of financial instruments	- 259	- 659
Expenses from disposal of financial instruments	1	65
Settlement airport station Fraport AG	- 52	0
Expenses for preparation of planned IPO DB ML AG	59	0
Provisions for potential losses based on long-term transport contracts	0	270
Impairments	0	52
Other	141	155
EBIT adjusted	**2,483**	**2,370**
Depreciation (previous years' figure adjusted)	2,723	2,743
EBITDA adjusted	**5,206**	**5,113**

The income and expenditure attributable to the disposal of financial instruments are described in greater detail in connection with the explanations of the corresponding items in the income statement.

In the year under review, the book profit attributable to the sale of Arcor shares (€ 243 million) was in particular adjusted as a special item, and this is reflected in the income from the disposal of financial instruments. In addition, reclassifications were recognized in relation to IPO costs and the airport settlement. For internal management purposes, all special items listed in the table are adjusted in EBIT and have been reclassified under exceptional result. Obligations for restructuring and litigation risks are the main items included under "Other".

The capital employed and the adjusted EBIT have resulted in the following figures for return on capital employed (ROCE).

€ MILLION	2008	2007
EBIT adjusted	2,483	2,370
÷ Capital employed	27,961	27,393
Return on capital employed (ROCE)	**8.9%**	**8.7%**

Critical assessments and appraisals

The consolidated financial statements are based on assessments and assumptions relating to the future. Assessments and appraisals established on this basis are continuously reviewed, and are based on historical experience and other factors, including expectations of future events which appear to be reasonable in the given circumstances. Of course, the assessments will not always correspond to subsequent actual circumstances.

The assessments and assumptions which may involve a significant risk in the form of a major adjustment of the carrying amounts of assets and liabilities during the next financial year are discussed in the following.

a) Impairment of cash-generating units

Depending on specific events or circumstances, DB Group regularly assesses whether there is any need for impairment of a cash generating unit. Fundamental principles and assumptions of the impairment procedure used in DB Group in accordance with IAS 36 (Impairment of Assets) are detailed in the section "Accounting and valuation methods" under "Impairments of assets." We have provided the following explanations concerning individual assumptions which have an impact on the value of a CGU:

EBITDA margin

If at the end of the planning period the actual EBITDA margin (EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortization) is 10 % lower than the current budget assumption, and if this effect would also have an impact on the cash flows forecast after this period, the carrying amounts of the property, plant and equipment and the intangible assets – as last year – need not to be impaired.

Average real growth rate of cash flows

If the growth rate of operating cash flows assumed after the planning period were to be 10 % lower than the current assumption – particularly 0.9 % p.a. instead of the currently assumed 1.0 % p.a. – there would be no need for impairment for the property, plant and equipment and the intangible assets (previous year: € 0 million).

Weighted average costs of capital

If the capitalization rate before taxes used for calculating the value in use had been 10 % higher than the current assumptions (in other words if it had been 11.6 % instead of the current assumption of 10.5 % for the CGUs of DB Mobility Logistics Group) and 9.2 % instead of the current assumption of 8.4 % for the CGUs of Infrastructure (in the previous year 9.8 % instead of the assumed 8.8 %), the carrying amount of the property, plant and equipment would have had to have been impaired by around € 50 million (previous year: € 40 million). Goodwill in this case would still have been of value.

Service life and residual value

If the residual value of the cash generating units were to be 10 % lower at the end of their service lives, the carrying amount of the property, plant and equipment and the intangible assets would not decline, as was the case in the previous year.

b) Deferred taxes

The calculation of deferred tax assets is generally based on the medium-term planning. If the sum of net profits planned for the medium-term planning period were to decline by 10 % in conjunction with otherwise unchanged tax parameters, deferred tax assets would have to be adjusted by € 160 million (previous year: € 159 million).

c) Environmental protection provisions

The environmental protection provisions relate primarily to the obligation of DB AG to remedy the ecological contamination which arose before January 1, 1994 on the land of the Deutsche Bundesbahn and the former Deutsche Reichsbahn. The ecological contamination comprises mainly contamination of soil and groundwater as a result of using the properties. The obligation to rehabilitate is derived from the Federal Soil Protection Act (Bundesbodenschutzgesetz; BBodSchG), the Water Management Act (Wasserhaushaltsgesetz; WHG), the Land Fill Site Ordinance (Deponieverordnung; DepV) as well as other additional acts and ordinances.

The provision has been calculated on the basis of a discounting method using the present value, where rehabilitation measures are probable, the rehabilitation costs can be reliably estimated and no future benefit is expected to be derived from these measures.

The estimation of future rehabilitation costs is subject to various uncertainties. In addition to technical developments in the rehabilitation field and the intensity of innovation, changes in the legal background can also have a substantial impact on rehabilitation costs. For establishing the amount of the provision stated in the balance sheet, the rehabilitation obligations which are currently physically known or identifiable have been used as the basis for estimating the expected costs in relation to the current price level.

The recognition for environmental protection provisions is calculated on the basis of expected cash-effective outflows and on the basis of the application of a risk-adjusted real interest rate of 0.68 % (previous year: 0.69 %).

If major legal conditions or official covenants result in implementation times of rehabilitation measures which differ considerably from the estimated time corridor, this might result in a changed time horizon for the expected cash outflows, and also to a changed provision. In addition, price increases may also result in a higher provision.

d) Trade accounts receivable and other receivables

The impairment of doubtful receivables to a considerable extent comprises assessments and appraisals of individual receivables which are based on the creditworthiness of the particular customer, current economic developments as well as an analysis of historical bad debts at the portfolio level. If the impairment is derived on the basis of historical default rates at the portfolio level, any decline in the overall volume of receivables results in a corresponding reduction of such provisions (and vice versa).

e) Pensions and similar obligations

Expenses and income attributable to pension commitments are calculated in accordance with actuarial appraisals which are based on key assumptions, including discount factors, the expected yield of fund assets or the refund claims as well as mortality tables. For all pension schemes, the values of the fund assets or the refund claims are based on the market values as of the balance sheet date. This value is used as the basis for determining the expected yield of the fund assets or the refund claims. Expenses and income attributable to benefit commitments which are similar to pensions are determined in accordance with actuarial appraisals which are based on key assumptions, including applicable discount factors and trend assumptions regarding the development in health insurance benefits. The discount factors which are used reflect the interest rates giving due consideration to the duration of the underlying obligation which are achieved on the balance sheet date for high-quality fixed-income investments with a corresponding term. The expected yield of fund assets is determined on a uniform basis, taking account of historical long-term yields, the portfolio structure and expectations of future long-term yields. Other key assumptions for expenses and income attributable to pension commitments and benefit commitments similar to pensions are to some extent based on current market conditions. Expenses and income attributable to pension commitments and benefit commitments similar to pensions may change as a result of changes to these underlying key assumptions.

f) Provisions

Estimates are associated with the process of determining all types of provisions.

Notes to the income statement

(1) Revenues

€ MILLION	2008	2007
Revenues from services	32,894	30,866
thereof ordered-service fees for rail transport	(4,477)	(4,483)
Revenues from sale of goods	558	443
Total	**33,452**	**31,309**

Revenues have increased by € 2,143 million (+ 6.8 %). This growth is attributable to the positive development in operations and also to initial consolidation effects which are related to the company acquisitions which have taken place. Adjusted by the major effects attributable to changes to the scope of consolidation, and in particular the contributions to revenues made by the acquired DB Regio (UK), DB Schenker Rail (UK) Group, Transfesa and Spain-TIR, there has been an internal increase of 3.6 % compared with the previous year (previous year: 3.6 %). Rail transport fees relate to fees generated by performance-linked transport contracts with the Federal states.

Movements in revenues broken down according to business segments and regions are set out in segment reporting.

(2) Changes in inventories and other capitalized own work

€ MILLION	2008	2007
Inventory changes	- 47	29
Internally produced and capitalized assets	1,919	1,916
Total	**1,872**	**1,945**

Own investments relate mainly to construction and project business in rail infrastructure and also the modernization of rolling stock as well as the processing of appropriate spare parts.

(3) Other operating income

€ MILLION	2008	2007
Services for third parties and sales of materials [1]	920	633
Income from Federal grants	396	336
Income from the disposal of property, plant and equipment and intangible assets	285	513
Income from the disposal of non-current financial instruments	259	688
Income from the release of provisions	252	178
Leasing and rental income	193	212
Income from claims for damages and compensation	136	93
Income from the reversal of negative differences	0	3
Other income [1]	605	563
Total	**3,046**	**3,219**

[1] Previous year's figure adjusted.

A considerable increase in services for third parties and sales of materials had a considerable impact on the extent of other operating income in the year under review. As a result of the acquisition, there was also an increase in services rendered in relation to the rolling stock of third parties and other third-party services as a result of the acquisitions of DB Schenker Rail (UK) Group and DB Waggonbau Niesky. This item also includes the one-off income attributable to the positive conclusion of the settlement with Fraport AG in connection with the construction of the airport railway station Frankfurt am Main.

The income from state grants comprises among others compensation payments of public-sector bodies in connection with the Railway Crossing Act (Eisenbahnkreuzungsgesetz; EKrG) and the Municipal Transport Financing Act (Gemeindeverkehrsfinanzierungsgesetz; GVFG) as well as compensation payments for equal-height crossings in accordance with an EU ordinance. The grants are received mainly by rail infrastructure companies. The slight increase compared with the previous year is mainly attributable to higher grants in the DB Netze Track and DB Netze Stations segments.

The decline in income from the disposal of property, plant and equipment and intangible assets compared with the previous year is essentially attributable to the sale of the Aurelis real estate portfolio in 2007 (book profit € 236 million).

Book profits were generated in connection with the sale of financial assets in the year under review from the sale of Arcor shares (18.17 %) and 49 % of the shares of Railon Denmark A/S, Glostrup/Denmark (now in DB Schenker Rail Scandinavia A/S) to Green Cargo AB (book profit: € 13 million). With economic effect as of May 19, 2008, DB Group sold its shares totaling 18.17 % in Arcor AG & Co. KG as well as 18.15 % in Arcor Verwaltungs-Aktiengesellschaft to Vodafone Group plc, Newbury/UK. The sale of the shares resulted in a book profit of € 243 million.

(4) Cost of materials

€ MILLION	2008	2007
Costs of raw materials, consumables and supplies	2,699	2,237
Costs of purchased services	12,332	11,602
Maintenance expenses	3,513	3,327
Total	**18,544**	**17,166**

The adjustments to inventories recorded under cost of materials amount to € 18 million (previous year: € 13 million).

Increases compared with the previous year are attributable to the additions to the scope of consolidation and in particular to higher energy costs resulting from globally higher prices for sourcing energy and the expansion of activities in the DB Schenker Logistics segment. Higher maintenance services have been reported particularly in relation to the infrastructure installations.

(5) Personnel expenses and employees

€ MILLION	2008	2007
Wages and salaries		
Employees	7,275	6,801
Civil servants assigned	1,375	1,318
	8,650	**8,119**
Social security expenses		
Employees	1,388	1,287
Civil servants assigned	286	266
Costs of adjusting staffing levels	135	110
Retirement benefit expenses	124	131
	1,933	**1,794**
Total	**10,583**	**9,913**

The figure stated for personnel expenses includes expense of € 666 million for defined contribution plans (previous year: € 626 million).

The figure stated for personnel adjustment mainly comprises expenses attributable to severance payment and semi-retirement agreements.

The retirement benefit expenses relate to active persons as well as persons who are no longer employed in DB Group or their surviving dependants. They are attributable primarily to service costs, employers' contributions to the company top-up benefit scheme as well as the contributions to Pensions-Sicherungs-Verein aG. The interest expense resulting from compounding the pension obligations and the expected income from plan assets is shown in financial result. For detailed explanations regarding the development of pension obligations, please refer to the Notes under (31).

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

The higher personnel expenses are attributable to the increase in the number of employees (mainly due to additions to the scope of consolidation) as well as higher wage settlements.

The development in the number of employees in DB Group, converted to full-time employees in each case, is shown in the following:

FTE	At year end		Average for the year	
	2008	2007	2008	2007
Employees	202,813	198,314	201,837	191,823
Civil servants	37,429	38,764	38,171	39,533
Subtotal	**240,242**	**237,078**	**240,008**	**231,356**
Trainees	8,963	8,594	7,664	7,262
Total	**249,205**	**245,672**	**247,672**	**238,618**

In the event of changes in the scope of consolidation, the employees are included on a pro rata basis up to the time of deconsolidation or after the date of initial consolidation.

The development in the number of employees, based on the number of natural persons, is shown in the following:

	At year end	
	2008	2007
Employees	213,221	208,610
Civil servants	39,326	40,745
Subtotal	**252,547**	**249,355**
Trainees	8,963	8,594
Total	**261,510**	**257,949**

(6) Depreciation

Depreciation relates mainly to the assets of property, plant and equipment used as rail infrastructure as well as the rolling stock. It is shown in the income statement less any recovery in amounts written down in the reporting period.

For further explanations, please refer to the details concerning the development in property, plant and equipment or intangible assets under Notes (13) and (14).

(7) Other operating expenses

€ MILLION	2008	2007
Rental and leasing expenses	1,130	952
Other purchased services	598	487
Legal, consultancy and audit fees	280	195
Travel and entertaining expenses	251	203
Contributions and fees [1]	232	218
Loss from disposal of property, plant and equipment and intangible assets	183	163
Insurance expenses	180	164
Impairments in receivables and other assets	127	24
Sales promotion and advertising expenses	110	110
Other personnel-related expenses	103	107
Cost of printing and office supplies	90	85
Damages payable	69	110
Other taxes	14	69
Research and not capitalized development costs	8	7
Expenses from disposal of non-current financial instruments	1	65
Other expenses [1]	551	745
Total	**3,927**	**3,704**

[1] Previous year's figure adjusted.

The increased expenses of leasing and rents are mainly attributable to the acquisition of DB Schenker Rail (UK) Group (€ 100 million) and the expenses incurred at that group for leasing rolling stock.

Contrary to the situation in the previous year, telecommunication expenses in the year under review are shown under the other purchased services (€ 75 million; in the previous year, this item was shown under cost of materials: € 81 million).

Legal, consultancy and audit fees comprise fees of € 24.4 million for the auditor of the consolidated financial statements (previous year: € 19.5 million); of this figure, audits of financial statements accounted for € 11.2 million (previous year: € 9.6 million), attestation services accounted for € 3.9 million (previous year: € 4.8 million), tax consultancy accounted for € 0.4 million (previous year: € 0.3 million) and other services accounted for € 8.9 million (previous year: € 4.8 million).

In the year under review, the costs of the IPO, namely € 59 million, affect other operating expenses.

The increase in impairments in relation to receivables and other assets is mainly attributable to the DB Schenker Logistics segment.

The decline in the costs of other taxes is mainly attributable to the reversal of provisions.

The decline in other expenses is due mainly to a reduced allocation of € 85 million to the provisions for contingent losses attributable to long-term transport agreements, which is considerably lower than the corresponding previous year figure (€ 310 million).

(8) Results of companies accounted for using the equity method

The following contributions to earnings are recognized in the income statement as a result of shares in companies over which significant influence can be exercised or which are managed as joint ventures:

€ MILLION	2008	2007
Joint ventures	**-1**	**0**
Other	-1	0
Associated companies	**22**	**32**
METRANS AS	7	14
EUROFIMA	7	1
Other	8	17
Total	**21**	**32**

(9) Net interest income

€ MILLION	2008	2007
Interest income		
Other interest and similar income	220	91
Income from securities	0	0
Interest accrued and other interest income	325	234
	545	**325**
Interest expenses		
Other interest and similar expenses	-817	-842
Interest accrued on non-current provisions and liabilities	-290	-228
Interest accrued on retirement benefit obligations	-121	-81
Interest expense of finance lease	-77	-82
	-1,305	**-1,233**
Total	**-760**	**-908**

The considerable increase in other interest income is attributable to an increase compared with the previous year of liquidity invested with banks on the one hand and expected income from the pension plan assets of DB Schenker Rail (UK) Ltd. on the other.

The decline in other interest expenses is mainly attributable to capital market debt which declined on average for the year. The year 2008 saw the repayment of a total of six bonds of DB Finance B.V., Amsterdam/the Netherlands which became due in amounts of DEM 1,500 million, CHF 250 million, USD 75 million, DKK 400 million, NOK 400 million and SEK 400 million as well as four bank loans/bonds for a total of € 204 million.

The interest income and expenses attributable to the financial assets and liabilities which are not measured at fair value through profit or loss amounted to € 152 million (previous year: € 79 million) and € –1,041 million respectively (previous year: € –1,060 million).

(10) Other financial result

€ MILLION	2008	2007
Result from equity investments	2	8
Result from currency exchange gains	- 310	- 102
Result from foreign exchange-based derivative contracts	276	88
Result of currency-related derivatives	- 12	1
Result from disposal of financial instruments	0	0
Impairments on financial instruments	- 1	- 2
Miscellaneous financial result	- 2	4
Total	**- 47**	**- 3**

The result of exchange rate effects is attributable to the conversion of foreign currency liabilities or receivables with an impact on the income statement using the spot rate applicable on the reference date (IAS 21). The result from exchange rate effects theoretically has to be netted with the result of currency-related derivatives. Both parameters have changed considerably compared with the previous year figure, due on the one hand to significant exchange rate fluctuations experienced as part of the financial market crisis and on the other hand due to the repayment in 2008 of hedged foreign currency bonds for SEK 400 million, NOK 400 million, DKK 400 million, CHF 250 million and USD 75 million or the termination of the corresponding hedges as a result of repayment. The result of currency-based derivatives comprises the reclassification of currency-related changes in the market value of cash flow hedges recognized under shareholders' equity with no impact on the income statement. The result of other derivatives relates to the development in the market value of derivatives which are not classified as effective hedges in accordance with IAS 39. The CAD hedges of DB Schenker Rail (UK) Ltd. which expired in 2008 had a particular impact in this respect.

The increased balance of costs is mainly attributable to exchange rate losses at DB Schenker Rail (UK) Ltd. and DB Schenker Logistics as a result of exchange rate changes affecting in particular sterling and the Chinese yuan.

(11) Taxes on income

€ MILLION	2008	2007
Actual taxes payable	- 479	- 234
Income due to lapsing of tax obligations	10	22
Actual taxes on income expenses	**- 469**	**- 212**
Deferred tax income	- 17	- 88
Total	**- 486**	**- 300**

The actual tax expense was incurred in Germany and also at foreign subsidiaries.

The tax expense has increased particularly as a result of the temporary interruption of single entities for tax purposes within the framework of restructuring of DB Mobility Logistics AG.

Starting with the profit before taxes on income of DB Group before taxes on income and the theoretical taxes on income calculated using a Group tax rate of 30.5 %, the following reconciles the calculated taxes with the actual taxes on income:

€ MILLION	2008	2007
Profit before taxes on income	1,807	2,016
Group tax rate	30.5 %	40.0 %
Expected tax expense	**- 551**	**- 806**
Tax effects related to IAS 12.33	108	146
Differences in tax rates of foreign companies	43	42
Income not subject to tax	17	337
Additional and used existing temporary differences	11	484
Effects of changes in tax legislation	0	- 432
Expenses not deductible for tax purposes	- 22	- 44
Other effects	- 92	- 27
Taxes on income as reported	**- 486**	**- 300**
Effective tax rate	26.9 %	14.9 %

The reconciliation amount as detailed in IAS 12.33 relates exclusively to additional tax write-downs resulting from the fact that tax-free grants in the IFRS financial statements have been deducted directly from the costs of purchasing the assets. It is not permissible for deferred taxes to be created in relation to these temporary differences.

In the year under review, the other effects include in particular effects attributable to the difference between the assessment bases of different income tax types, income taxes attributable to other periods and losses without the creation of deferred taxes.

(12) Earnings per share

Under IAS 33 (Earnings per Share), undiluted earnings per share are calculated by dividing the net income of DB Group attributable to the shareholders of DB AG by the weighted average number of shares in issue during the financial year. Undiluted earnings per share correspond to diluted earnings per share.

€ MILLION	2008	2007
Net profit for the year	1,321	1,716
thereof attributable to minority interests	(14)	(15)
thereof attributable to shareholders of Deutsche Bahn AG	(1,307)	(1,701)
Number of issued shares	430,000,000	430,000,000
Earnings per share (€/share), undiluted	3.04	3.96
Earnings per share (€/share), diluted	3.04	3.96

Notes to the balance sheet

(13) Property, plant and equipment

Property, plant and equipment as of December 31, 2008 € MILLION	Land	Commercial, operating and other buildings	Permanent way structures	Track infra-structure, signaling and control equipment	Rolling stock for passenger and freight transport	Technical equipment and machinery	Other equipment, operating and office equipment	Advance payments and assets under construction	**Total**
Cost of purchase and cost of production									
As of Jan 1, 2008	4,149	5,441	12,186	14,456	19,615	1,396	3,810	3,084	**64,137**
Changes in the scope of consolidation	114	26	0	0	213	54	19	26	**452**
thereof additions	(114)	(26)	(0)	(0)	(215)	(54)	(19)	(26)	**(454)**
thereof disposals	(0)	(0)	(0)	(0)	(- 2)	(0)	(0)	(0)	**(- 2)**
Additions [1]	108	180	441	1,230	535	68	378	3,759	**6,699**
Investment grants	- 4	- 96	- 357	- 1,038	- 17	- 9	- 34	- 2,611	**- 4,166**
Transfers	90	14	191	190	690	9	- 371	- 696	**117**
Transfers related to assets held for sale	0	0	0	0	0	0	0	0	**0**
Disposals	- 105	- 66	- 11	- 99	- 306	- 29	- 318	199	**- 735**
Currency translation differences	- 22	- 80	- 15	0	- 142	- 41	- 13	- 36	**- 349**
As of Dec 31, 2008	**4,330**	**5,419**	**12,435**	**14,739**	**20,588**	**1,448**	**3,471**	**3,725**	**66,155**
Accumulated depreciation									
As of Jan 1, 2008	- 342	- 1,732	- 3,281	- 7,645	- 9,672	- 877	- 2,320	- 199	**- 26,068**
Changes in the scope of consolidation	- 8	- 7	0	0	- 132	- 15	- 10	0	**- 172**
thereof additions	(- 8)	(- 7)	(0)	(0)	(- 133)	(- 15)	(- 10)	(0)	**(- 173)**
thereof disposals	(0)	(0)	(0)	(0)	(1)	(0)	(0)	(0)	**(1)**
Depreciation	- 6	- 183	- 181	- 686	- 1,121	- 88	- 348	0	**- 2,613**
Impairments	0	- 1	- 1	- 2	- 25	0	- 3	- 15	**- 47**
Reversal of impairment losses	0	0	0	34	6	0	1	0	**41**
Transfers	- 53	- 12	- 1	0	- 257	0	281	- 69	**- 111**
Transfers related to assets held for sale	0	0	0	0	0	0	0	0	**0**
Disposals	22	35	7	89	267	28	264	5	**717**
Currency translation differences	3	29	6	0	86	27	12	1	**164**
As of Dec 31, 2008	**- 384**	**- 1,871**	**- 3,451**	**- 8,210**	**- 10,848**	**- 925**	**- 2,123**	**- 277**	**- 28,089**
Net book value Dec 31, 2008	**3,946**	**3,548**	**8,984**	**6,529**	**9,740**	**523**	**1,348**	**3,448**	**38,066**
Net book value Dec 31, 2007	**3,807**	**3,709**	**8,905**	**6,811**	**9,943**	**519**	**1,490**	**2,885**	**38,069**

[1] Including € 120 million for credit items from previous years.

Property, plant and equipment as of December 31, 2007 € MILLION	Land	Commercial, operating and other buildings	Permanent way structures	Track infra-structure, signaling and control equipment	Rolling stock for passenger and freight transport	Technical equipment and machinery	Other equipment, operating and office equipment	Advance payments and assets under construction	**Total**
Cost of purchase and cost of production									
As of Jan 1, 2007	5,071	5,492	12,029	14,092	18,747	1,223	3,706	3,023	**63,383**
Changes in the scope of consolidation	- 143	115	62	0	549	147	28	123	**881**
thereof additions	(4)	(129)	(62)	(0)	(549)	(150)	(34)	(123)	**(1,051)**
thereof disposals	(- 147)	(- 14)	(0)	(0)	(0)	(- 3)	(- 6)	(0)	**(- 170)**
Additions[1)]	70	238	387	1,356	447	65	417	3,255	**6,235**
Investment grants	- 2	- 66	- 267	- 1,116	- 67	- 13	- 25	- 2,704	**- 4,260**
Transfers	- 39	- 50	- 17	224	203	1	84	- 400	**6**
Transfers related to assets held for sale	0	0	0	0	0	0	0	0	**0**
Disposals	- 802	- 231	- 8	- 98	- 264	- 27	- 416	- 212	**- 2,058**
Currency translation differences	- 6	- 57	0	- 2	0	0	16	- 1	**- 50**
As of Dec 31, 2007	**4,149**	**5,441**	**12,186**	**14,456**	**19,615**	**1,396**	**3,810**	**3,084**	**64,137**
Accumulated depreciation									
As of Jan 1, 2007	- 308	- 1,627	- 3,088	- 7,029	- 8,467	- 733	- 2,203	- 466	**- 23,921**
Changes in the scope of consolidation	4	- 35	- 23	0	- 353	- 105	2	0	**- 510**
thereof additions	(0)	(- 35)	(- 23)	(0)	(- 353)	(- 108)	(- 20)	(0)	**(- 539)**
thereof disposals	(4)	(0)	(0)	(0)	(0)	(3)	(22)	(0)	**(29)**
Depreciation	- 1	- 187	- 174	- 723	- 1,064	- 78	- 405	0	**- 2,632**
Impairments	- 47	- 3	- 2	- 4	- 9	0	- 2	- 13	**- 80**
Reversal of impairment losses	4	0	0	34	0	0	0	0	**38**
Transfers	2	- 4	0	- 2	- 1	13	- 14	0	**- 6**
Transfers related to assets held for sale	0	0	0	0	0	0	0	0	**0**
Disposals	1	78	6	79	222	27	324	280	**1,017**
Currency translation differences	3	46	0	0	0	- 1	- 22	0	**26**
As of Dec 31, 2007	**- 342**	**- 1,732**	**- 3,281**	**- 7,645**	**- 9,672**	**- 877**	**- 2,320**	**- 199**	**- 26,068**
Net book value Dec 31, 2007	**3,807**	**3,709**	**8,905**	**6,811**	**9,943**	**519**	**1,490**	**2,885**	**38,069**
Net book value Dec 31, 2006	**4,763**	**3,865**	**8,941**	**7,063**	**10,280**	**490**	**1,503**	**2,557**	**39,462**

1) Including € 204 million for credit items from previous years.

Impairments of € 47 million (previous year: € 80 million) mainly relate to planning costs of DB Netz AG as well as rolling stock of DB Autozug GmbH, DB Regio AG and Chiltern Railway Company Ltd.

Reversals of impairments relating mainly to track of DB Netz AG amounted to € 41 million (previous year: € 38 million).

The positive book value disposals of € 204 million (previous year: € 68 million) relating to work in progress are attributable to the repayment of investment grants received and shown as assets in previous years.

Debt was backed by tangible assets with carrying amounts of € 190 million (previous year: € 207 million). This relates primarily to rolling stock which is used for securing loans of EUROFIMA (European Company for the Financing of Railroad Rolling Stock), Basel/Switzerland, and which is used at DB Bahn Regio, DB Schenker Rail and DB Bahn Fernverkehr segments. Restrictions to rights of disposal in relation to property, plant and equipment existed to the extent of € 24 million (previous year: € 1 million) mainly at Südbadenbus GmbH and RSW Regionalbus Saar-Westpfalz GmbH.

Property, plant and equipment includes rented assets which are shown separately in the following overview. The rented property, plant and equipment comprises assets which are substantially but not legally owned by DB Group, so that the underlying lease agreements have to be classified as finance leases.

Leased assets € MILLION	Land	Commercial, operating and other buildings	Permanent way structures	Track infrastructure, signaling and control equipment	Rolling stock for passenger and freight transport	Technical equipment and machinery	Other equipment, operating and office equipment	**Total**
Assets leased from third parties under finance leases								
Cost of purchase and cost of production	4	762	19	0	1,002	0	0	**1,787**
Accumulated depreciation	0	- 160	- 2	0	- 622	0	0	**- 784**
Carrying amount Dec 31, 2008	**4**	**602**	**17**	**0**	**380**	**0**	**0**	**1,003**
Cost of purchase and cost of production	3	803	19	0	1,100	0	47	**1,972**
Accumulated depreciation	0	- 149	- 2	0	- 668	0	- 34	**- 853**
Carrying amount Dec 31, 2007	**3**	**654**	**17**	**0**	**432**	**0**	**13**	**1,119**

The figure shown for the commercial, operating and other buildings for the leased assets of property, plant and equipment mainly relates to railway stations of DB Station & Service AG. The figure shown under rolling stock for passenger and freight transport relates mainly to rolling stock used by the transport companies of DB Group (engines, multiple units, freight wagons).

The assets which are leased by way of an operating lease and which have been calculated on the basis of retrospective calculations and also on the basis of our own surveys report a residual carrying amount of € 1,045 million as of December 31, 2008 for land and buildings (previous year: € 816 million) and a residual carrying amount of € 4,044 million (previous year: € 3,992 million) for mobile assets (mainly rolling stock). In the case of the real estate, the increase is mainly attributable to an increase of 2.5 million m² in the rental of floor space and buildings. In the case of mobile assets, considerably higher income has been generated with existing and newly acquired rolling stock. Rental and leasing payments resulting from the rental and leasing of these assets are expected to be received in future years as detailed in the following:

Expected rental and leasing income € MILLION	Residual maturity							Total
	Less than 1 year	1–2 years	2–3 years	3–4 years	4–5 years	More than 5 years	Total more than 1 year	
Dec 31, 2008								
Minimum lease payments	389	237	201	170	151	868	1,627	**2,016**
Dec 31, 2007								
Minimum lease payments	339	182	157	136	112	903	1,490	**1,829**

(14) Intangible assets

Intangible assets as of December 31, 2008 € MILLION	Capitalized development costs – products currently in use	Capitalized development costs – products under development	Purchased intangible assets	Goodwill	Payments made on account	Total
Cost of purchase and cost of production						
As of Jan 1, 2008	64	4	1,015	1,245	19	**2,347**
Changes in the scope of consolidation	0	0	94	110	0	**204**
thereof additions	(0)	(0)	(94)	(111)	(0)	**(205)**
thereof disposals	(0)	(0)	(0)	(- 1)	(0)	**(- 1)**
Additions	0	8	46	1	11	**66**
Investment grants	0	0	0	0	0	**0**
Transfers	4	- 1	- 1	6	0	**8**
Transfers related to assets held for sale	0	0	0	0	0	**0**
Disposals	- 21	0	- 51	- 11	0	**- 83**
Currency translation differences	0	0	- 6	- 13	0	**- 19**
As of Dec 31, 2008	**47**	**11**	**1,097**	**1,338**	**30**	**2,523**
Depreciation						
As of Jan 1, 2008	- 55	0	- 491	- 15	0	**- 561**
Changes in the scope of consolidation	0	0	- 6	0	0	**- 6**
thereof additions	(0)	(0)	(- 6)	(0)	(0)	**(- 6)**
thereof disposals	(0)	(0)	(0)	(0)	(0)	**(0)**
Depreciation	- 6	0	- 98	0	0	**- 104**
Impairments	0	0	0	0	0	**0**
Reversal of impairment losses	0	0	0	0	0	**0**
Transfers	- 3	0	- 5	- 6	0	**- 14**
Transfers related to assets held for sale	0	0	0	0	0	**0**
Disposals	21	0	51	0	0	**72**
Currency translation differences	0	0	- 1	1	0	**0**
As of Dec 31, 2008	**- 43**	**0**	**- 550**	**- 20**	**0**	**- 613**
Carrying amount Dec 31, 2008	**4**	**11**	**547**	**1,318**	**30**	**1,910**
Carrying amount Dec 31, 2007	**9**	**4**	**524**	**1,230**	**19**	**1,786**

Intangible assets as of December 31, 2007 € MILLION	Capitalized development costs – products currently in use	Capitalized development costs – products under development	Purchased intangible assets	Goodwill	Payments made on account	**Total**
Cost of purchase and cost of production						
As of Jan 1, 2007	108	8	1,094	1,049	10	**2,269**
Changes in the scope of consolidation	0	0	28	246	0	**274**
thereof additions	(0)	(0)	(30)	(246)	(0)	**(276)**
thereof disposals	(0)	(0)	(– 2)	(0)	(0)	**(– 2)**
Additions	3	2	64	5	11	**85**
Investment grants	0	0	0	0	0	**0**
Transfers	4	– 5	– 3	0	– 2	**– 6**
Transfers related to assets held for sale	0	0	0	0	0	**0**
Disposals	– 48	– 1	– 155	– 13	0	**– 217**
Currency translation differences	– 3	0	– 13	– 42	0	**– 58**
As of Dec 31, 2007	**64**	**4**	**1,015**	**1,245**	**19**	**2,347**
Depreciation						
As of Jan 1, 2007	– 96	0	– 540	– 14	0	**– 650**
Changes in the scope of consolidation	– 2	0	0	– 1	0	**– 3**
thereof additions	(– 2)	(0)	(– 1)	(– 1)	(0)	**(– 4)**
thereof disposals	(0)	(0)	(1)	(0)	(0)	**(1)**
Depreciation	– 10	0	– 111	0	0	**– 121**
Impairments	0	0	0	0	0	**0**
Reversal of impairment losses	0	0	0	0	0	**0**
Transfers	1	0	5	0	0	**6**
Transfers related to assets held for sale	0	0	0	0	0	**0**
Disposals	48	0	145	0	0	**193**
Currency translation differences	4	0	10	0	0	**14**
As of Dec 31, 2007	**– 55**	**0**	**– 491**	**– 15**	**0**	**– 561**
Carrying amount Dec 31, 2007	**9**	**4**	**524**	**1,230**	**19**	**1,786**
Carrying amount Dec 31, 2006	**12**	**8**	**554**	**1,035**	**10**	**1,619**

Segment reporting shows the allocation of reported goodwill to the various segments.

(15) Shares in companies accounted for using the equity method

€ MILLION	2008	2007
As of Jan 1	231	178
Additions	71	1
Group share of profit	21	32
Other equity movements	32	0
Dividends received	- 14	- 11
Impairments	- 1	0
Reversals of impairments	0	2
Transfers	1	34
Currency translation differences	14	- 5
As of Dec 31	**355**	**231**

The figure shown in the balance sheet as of December 31, 2008 is mainly attributable to the shares held in the associated companies EUROFIMA, METRANS A.S., Prague/Czech Republic, and BLS Cargo AG, Bern/Switzerland. The negotiability of the shares in EUROFIMA is limited.

(16) Deferred taxes

€ MILLION	2008	2007
Deferred tax assets in respect of temporary differences	309	280
Deferred tax assets in respect of tax losses carried forward	1,383	1,364
Total	**1,692**	**1,644**

No deferred tax assets have been created in relation to the following losses carried forward and temporary differences:

€ MILLION	2008	2007
Tax loss carry-forwards for which no deferred tax asset has been created	13,643	13,797
Temporary differences for which no deferred tax asset has been created	5,793	5,584
Temporary differences for which IAS 12.24b in conjunction with 12.33 prohibits recognition of a deferred tax asset	5,146	5,494
Total	**24,582**	**24,875**

In the year under review, the figures shown for the losses carried forward and temporary differences in relation to which no deferred taxes have been created were adjusted to the probable utilization based on medium-term planning, whereas it has so far been assumed that temporary differences will be utilized for the time being. The previous year figures have also been adjusted accordingly in order to enable a better comparison to be made.

The losses carried forward are mainly attributable to the tax law treatment of Federal Government grants paid in previous years to DB AG in accordance with section 21 (5) and section 22 (1) Deutsche Bahn Foundation Act (Deutsche Bahn Gründungsgesetz; DBGrG) as a contribution.

On the basis of current laws, the domestic losses carried forward are not vested.

The temporary differences which are not permitted to be recognized in accordance with IAS 12.24b in conjunction with 12.33 relate exclusively to additional tax depreciation from previously received tax-free investment grants.

The following deferred tax assets and deferred tax liabilities shown in the balance sheet are applicable in relation to statement and valuation differences for the individual balance sheet items and tax losses carried forward.

€ MILLION	Deferred tax assets		Deferred tax liabilities	
	2008	2007	2008	2007
Non-current assets				
Property, plant and equipment	11	5	122	118
Intangible assets	1	1	29	15
Investments accounted for using the equity method	0	0	11	0
Real estate held as financial asset	0	0	9	0
Derivative financial instruments	0	0	0	0
Other financial instruments	0	1	5	1
Current assets				
Trade receivables	22	8	1	1
Income tax receivables				
Derivative financial instruments	0	0	0	3
Other financial instruments	1	4	1	1
Non-current liabilities				
Financial debt	1	2	1	0
Other liabilities	0	0	0	2
Derivative financial instruments	26	0	0	15
Retirement benefit obligations	12	15	6	4
Other provisions	126	172	3	5
Current liabilities				
Financial debt	1	3	0	1
Trade liabilities	19	0	5	0
Other liabilities	47	52	7	10
Derivative financial instruments	24	0	0	0
Other provisions	65	51	3	2
Liabilities for assets available for sale	0	13	0	2
Loss carried forward	1,383	1,364	0	0
Subtotal	**1,739**	**1,691**	**203**	**180**
Valuation allowance	- 3	- 4	0	0
Offsetting [1]	- 44	- 43	- 44	- 43
Amount stated in the balance sheet	**1,692**	**1,644**	**159**	**137**

[1] To the extent permitted by IAS 12 (Income Taxes).

Tax assets and liabilities are netted if they exist in relation to the same tax authority, if they are of identical maturity and if they relate to the same tax subject.

Deferred tax assets of € 44 million shown directly in equity (previous year: deferred tax liabilities of € 28 million) are included in the figure shown for deferred taxes in the balance sheet.

(17) Available-for-sale assets

€ MILLION	Investments in subsidiaries		Other investments		Securities		**Total**	
	2008	2007	2008	2007	2008	2007	**2008**	**2007**
As of Jan 1	3	17	113	117	8	16	**124**	**150**
Currency translation differences	0	0	0	0	0	0	**0**	**0**
Changes in the scope of consolidation	0	0	12	0	1	0	**13**	**0**
Additions	0	1	0	38	1	0	**1**	**39**
Disposals through sale	- 1	- 3	- 70	- 3	- 1	- 8	**- 72**	**- 14**
Other disposals	0	0	0	- 2	0	0	**0**	**- 2**
Fair value changes	0	0	0	0	- 1	0	**- 1**	**0**
Reclassifications	0	- 11	0	- 35	0	0	**0**	**- 46**
Impairment losses	0	0	0	- 2	0	0	**0**	**- 2**
Other	0	- 1	0	0	0	0	**0**	**- 1**
As of Dec 31	**2**	**3**	**55**	**113**	**8**	**8**	**65**	**124**
Non-current amount	2	3	55	113	6	8	**63**	**124**
Current amount	0	0	0	0	2	0	**2**	**0**

(18) Inventories

€ MILLION	2008	2007
Raw materials, consumables and supplies	909	822
Unfinished products, work in progress	138	206
Finished products and goods	36	38
Advance payments	15	13
Impairments	- 268	- 295
Total	**830**	**784**

(19) Receivables and other assets

€ MILLION	Trade receivables	Receivables from financing	Advance payments	Other assets	Total
As of Dec 31, 2008					
Gross value	3,680	40	114	576	**4,410**
Impairments	- 248	- 9	0	- 41	**- 298**
Net value	**3,432**	**31**	**114**	**535**	**4,112**
thereof due from related parties	(41)	(7)	(0)	(80)	**(128)**
As of Dec 31, 2007					
Gross value	3,792	15	124	509	**4,440**
Impairments	- 225	0	0	- 67	**- 292**
Net value	**3,567**	**15**	**124**	**442**	**4,148**
thereof due from related parties	(33)	(3)	(0)	(96)	**(132)**

The impairments for the financial instruments classified in accordance with IFRS 7 have developed as follows (IFRS 7.16):

€ MILLION	Trade receivables	Receivables from financing	Other assets	Total
As of Jan 1, 2008	- 225	0	- 67	**- 292**
Additions	- 90	0	- 6	**- 96**
Release	43	0	3	**46**
Amounts used	28	0	29	**57**
Changes in the scope of consolidation	- 4	- 9	0	**- 13**
As of Dec 31, 2008	**- 248**	**- 9**	**- 41**	**- 298**
As of Jan 1, 2007	- 280	0	- 65	**- 345**
Additions	- 56	0	- 17	**- 73**
Release	77	0	13	**90**
Amounts used	32	0	2	**34**
Changes in the scope of consolidation	2	0	0	**2**
As of Dec 31, 2007	**- 225**	**0**	**- 67**	**- 292**

Individual allowances are created in relation to receivables if there are objective indications of an impairment. In the case of identical receivables (portfolios of receivables) which cannot be identified as impaired individually, global individual allowances (based on experience value) are recognized on the basis of the age structure of such receivables. Any impairments which are recognized are deducted from financial assets on the assets side of the balance sheet. Prior impairments are reversed if the reasons for the original impairments are no longer applicable.

The total amount of allocations to impairments of € 96 million (previous year: € 73 million) consists of individual allowances of € 52 million (previous year: € 40 million) and global individual allowances of € 44 million (previous year: € 33 million).

The reversals have recognized reductions of individual allowances of € 33 million (previous year: € 75 million) and reductions of global individual allowances of € 13 million (previous year: € 15 million).

Expenses of € 82 million were incurred for the complete derecognition of receivables and other assets (previous year: € 23 million).

Income of € 5 million was reported for amounts received in relation to previously derecognized receivables and other assets (previous year: € 2 million).

The following overview shows the maturity structure of the receivables for the financial instruments classified in accordance with IFRS 7 and the advanced payments which have been made:

€ MILLION	Residual maturity							Total
	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total more than 1 year	
As of Dec 31, 2008								
Trade receivables	3,373	24	14	7	7	7	59	**3,432**
Receivables from financing	0	0	2	4	5	20	31	**31**
Advance payments	90	24	0	0	0	0	24	**114**
Other assets	460	6	1	0	0	68	75	**535**
Total	**3,923**	**54**	**17**	**11**	**12**	**95**	**189**	**4,112**
As of Dec 31, 2007								
Trade receivables	3,500	19	15	13	7	13	67	**3,567**
Receivables from financing	3	0	0	4	1	7	12	**15**
Advance payments	101	23	0	0	0	0	23	**124**
Other assets	378	6	1	0	0	57	64	**442**
Total	**3,982**	**48**	**16**	**17**	**8**	**77**	**166**	**4,148**

The decline in trade accounts receivable is mainly attributable to the DB Schenker Logistics segment.

As a result of the large number of customers in the various operating segments, there is no evidence of any concentration of credit risks with trade accounts receivable.

The fair values of the receivables and other assets are to a large extent equivalent to the carrying amounts.

The maximum default risk is essentially equivalent to the carrying amount in each case. No collateral is normally held.

The gross amounts of the individually adjusted receivables as well as the age structure in accordance with IFRS 7.37a are shown in the following:

€ MILLION	thereof gross value adjusted	neither written down nor overdue	not value adjusted and overdue within the following period of time (days)					
			less than 29	30–59	60–89	90–179	180–359	more than 359
As of Dec 31, 2008								
Trade receivables	323	2,233	719	179	86	78	33	29
Receivables from financing	13	27	0	0	0	0	0	0
Other assets	40	257	26	2	5	5	7	12
Total	**376**	**2,517**	**745**	**181**	**91**	**83**	**40**	**41**
As of Dec 31, 2007								
Trade receivables	311	2,232	835	173	76	85	55	25
Receivables from financing	0	14	0	0	0	0	1	0
Other assets	71	290	19	4	2	4	7	10
Total	**382**	**2,536**	**854**	**177**	**78**	**89**	**63**	**35**

As of the closing date, there are no indications that debtors of the receivables which are neither impaired nor overdue will not meet their payment obligations.

(20) Receivables attributable to taxes on income

The receivables attributable to taxes on income mainly relate to advance payments which have been made as well as allowable withholding taxes.

(21) Derivative financial instruments

The volume of hedges which have been taken out is shown in the following overview of nominal values:

€ MILLION	2008	2007
Interest-rate-based contracts		
Interest rate swaps	2,091	2,447
	2,091	**2,447**
Currency-based contracts		
Currency swaps	1,368	552
Currency forward/future contracts	213	138
Interest rate/currency swaps	2,045	2,111
	3,627	**2,801**

VOLUME	2008	2007
Other contracts		
Diesel derivatives (1,000 metric tons)	552	434
HSL (1,000 metric tons)	120	200
Hard coal (1,000 metric tons of a coal equivalent ("MTCE"))	1,702	252
USD forward contracts (USD million)	83	101

The volume of interest swaps declined compared with the previous year because some interest hedges expired and because no new business was taken out. The nominal value of the cross-currency swaps was hardly changed at all, as expiries and new transactions roughly balanced each other out.

The volume of currency swaps increased appreciably. This was attributable to an increase in the volume of short-term funding at foreign subsidiaries and also, in particular, to the hedging of SEK funding for Schenker International AB. A higher demand for rate hedging of subsidiaries as a result of operating activities resulted in a higher volume of currency forwards.

The decline in the prices of raw materials which started in the middle of the year was used to replace expiring energy hedges and to extend the hedging horizon. In particular, the volume of hedges for coal power generation was significantly increased.

All derivative financial instruments are marked-to-market on the reporting date. The following overview shows the structure of the item stated in the balance sheet depending on the type of underlying hedge:

€ MILLION	Assets		Liabilities	
	2008	2007	2008	2007
Interest-rate-based contracts				
Interest swap	5	2	6	5
Interest forward/future contracts	0	0	0	0
Other interest derivatives	0	0	0	0
	5	**2**	**6**	**5**
Currency-based contracts				
Currency swaps	74	15	44	1
Currency forward/future contracts	5	3	7	1
Interest-currency swaps	68	4	98	266
	147	**22**	**149**	**268**
Other contracts				
Energy price derivatives	8	55	170	1
	8	**55**	**170**	**1**
Total	**160**	**79**	**325**	**274**
Interest-rate-based contracts	0	1	1	5
Currency-based contracts	78	4	99	220
Other contracts	0	21	80	0
Non-current portion	**78**	**26**	**180**	**225**
Current portion	82	53	145	49

Cash flow hedges

In order to minimize the interest and exchange rate risk, virtually all variable interest financial liabilities have been converted into fixed-income liabilities, and the foreign currency issues have been transformed into euros.

The decline in the rate of the euro compared with the US dollar, Swiss franc and Japanese yen and the appreciation of the euro against the Swedish krona resulted in a considerable increase in the assets and a decline in the liabilities attributable to cross-currency swaps. The development in the value of currency swaps is attributable to the appreciation of the euro against sterling and the Swedish krona.

The price lows attained at the end of the year in the commodity sector resulted in negative market values for the energy hedges which had been taken out before that time. Advantageous price hedges expired in the year under review.

The market values of the cash flow hedges are shown as follows under assets and liabilities:

€ MILLION	Assets		Liabilities	
	2008	2007	2008	2007
Interest-based contracts	0	0	0	0
Currency-based contracts				
Currency swaps	74	10	44	1
Interest-currency swaps	68	4	98	266
	142	**14**	**142**	**267**
Other contracts				
Energy price derivatives	8	51	170	1
	8	**51**	**170**	**1**
Total	**150**	**65**	**312**	**268**
Currency-based contracts	77	3	98	220
Other contracts	0	21	80	0
Non-current portion	**77**	**24**	**178**	**220**
Current portion	73	41	134	48

The following tables show the periods within which the hedged cash flows of the underlyings (interest and redemption payments) will occur or will be reflected in the income statement:

Redemption – Nominal value MILLION						Due in
	2009	2010	2011	2012	2013	2014 ff.
USD	30	–	1,450	20	–	–
CHF	12	–	300	75	–	6
JPY	–	–	5,000	5,000	–	55,000
HKD	–	–	–	250	–	250
NOK	–	180	–	–	–	–
SEK	1,762	–	750	–	750	–
DKK	195	7	227	7	7	–

Interest payments – Nominal value MILLION						Due in
	2009	2010	2011	2012	2013	2014 ff.
USD	75	75	75	1	–	–
CHF	9	9	9	2	0	0
JPY	1,034	1,034	1,034	964	904	904
HKD	27	28	27	24	13	6
NOK	13	13	–	–	–	–
SEK	156	92	92	46	46	–
DKK	18	14	10	1	0	–

In the case of interest and cross-currency hedges, the effectiveness of the hedge relationship is assessed prospectively using the Critical Terms Match method. This method is used because the major valuation parameters of the underlying and hedges are identical. The retrospective effectiveness measurement is carried out as of every balance sheet date by means of the Hypothetical Derivative method. In this method, the development in value of the hedge which is actually taken out is compared with the development in value of a theoretical hedge in which all valuation-relevant parameters are identical to those of the underlying. In the case of energy price derivatives and foreign exchange hedging in connection with diesel sourcing, the effectiveness of the hedge is assessed prospectively using the linear regression. The retrospective measurement of effectiveness is carried out as of every balance sheet date by means of the Dollar Offset method. In this method, the changes in the market value of the underlying are compared with the changes in the market value of the hedging instrument. The resultant quotient determines the inefficiency.

The inefficiencies of cash flow hedges recognized in the income statement (energy price derivatives and foreign exchange hedging for diesel sourcing) amounted to € –2 million in 2008 (previous year: € +1 million).

Non-hedge derivatives

As part of Group financing arrangements, interest risks for future financing arrangements have been hedged using interest derivatives (forward-start interest swaps). Opposite hedges were taken out when the corresponding underlyings were transacted. In addition, early fixed-interest financing arrangements have been converted temporarily to a variable interest arrangement in certain cases in order to avoid cost-of-carry effects. Forward-start interest swaps in conjunction with fixed-income bond issues and the temporary exchange of fixed interest for variable interest do not satisfy the requirements for recognition of hedges in accordance with IAS 39, and have to be shown as "non-hedge transactions."

The figure shown for interest derivatives on the assets and liabilities side of the balance sheet increased. This is due to the considerable decline in the level of interest rates. Some interest hedges expired.

Currency forwards taken out to hedge operations are normally classified as non-hedge derivatives. The development in the value of these transactions is attributable to the appreciation of the euro against the Swedish krona and the Canadian dollar as well as the decline of the euro against the US dollar.

The currency swaps and energy hedges reported in the previous year as non-hedge are old transactions of acquired companies (mainly DB Schenker Rail (UK) Group) which expired in this financial year. New transactions in this segment are carried out in the form of cash flow hedges.

The market values of the non-hedge derivatives are shown under assets and liabilities as follows:

€ MILLION	Assets		Liabilities	
	2008	2007	2008	2007
Interest-rate-based contracts				
Interest rate swap	5	2	6	5
Other interest derivatives	0	0	0	0
	5	**2**	**6**	**5**
Currency-based contracts				
Currency swaps	0	5	0	0
Currency forward/ future contracts	5	3	7	1
	5	**8**	**7**	**1**
Other contracts				
Energy price derivatives	0	4	0	0
	0	**4**	**0**	**0**
Total	**10**	**14**	**13**	**6**
Interest-rate-based contracts	0	1	1	5
Currency-based contracts	1	1	1	0
Non-current portion	**1**	**2**	**2**	**5**
Current portion	9	12	11	1

The maximum counterparty default risk resulting from the derivative financial instruments as of the balance sheet reporting date is € 160 million (previous year: € 79 million).

The increase in counterparty default risks compared with the previous year was mainly due to the development in the value of the derivative portfolio, particularly with regard to the currency-related transactions. The maximum single risk – default risk in relation to individual counterparties – is € 55 million, and relates to a bank with a Moody's rating of Aa3. For transactions with terms of more than one year, all banks with which there is a counterparty default risk have a Moody's rating of at least Aa3.

(22) Liquid assets

€ MILLION	2008	2007
Cash at banks and in hand	877	1,534
Cash equivalents	2	15
Total	**879**	**1,549**

	2008	2007
Effective interest rate on short-term bank deposits (%)	4.42	4.30
Average term of short-term bank deposits (months)	0.3	0.2

The interest rates for current bank deposits were in a range of between 2.0 % and 5.1 % (previous year: 3.3 % to 4.8 %).

(23) Subscribed capital

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

(24) Reserves

a) Additional paid-in capital

Additional paid-in capital comprises reserves which have not been part of earnings.

b) Reserve resulting from valuation with no impact on profit or loss

Reserve for currency translation differences

The currency translation differences resulting from the method of functional currency (IAS 21) are shown separately as part of consolidated shareholders' equity.

Reserve for market valuation of securities

The reserve includes the market changes of financial instruments which have been classified as "available-for-sale financial assets" and which have to be recognized with no impact on profit or loss. The reserve has to be reversed to the income statement or eliminated when a financial instrument is sold or in the event of a permanent reduction in the market value of a financial instrument.

Reserve attributable to the market valuation of cash flow hedges

This item shows the interest-, currency- and market-price-related changes in the market value of cash flow hedges applicable for effective hedges.

The development in the reserve is shown in the following:

€ MILLION	2008	2007
As of Jan 1	65	- 26
Changes in fair value	43	225
Reclassifications		
Financial result	- 277	- 87
Net interest income	- 9	- 1
Cost of materials	2	- 1
Changes in deferred taxes	72	- 45
As of Dec 31	**- 104**	**65**

(25) Generated results

Generated shareholders' equity contains all net profits generated since January 1, 1994 less goodwill netted under HGB up to December 31, 2002.

This item also shows the impact on shareholders' equity attributable to the first-time adoption of IFRS if they are not included in the reserves attributable to valuation with no impact on the income statement.

(26) Minorities

Minorities comprise the share of third parties in the net assets of consolidated subsidiaries.

(27) Financial debt

This item shows all interest-bearing liabilities including the interest-free Federal Government loans stated with their present values. The maturity structure of debt is as follows:

€ MILLION	Residual maturity Less than 1 year	1–2 years	2–3 years	3–4 years	4–5 years	More than 5 years	Total more than 1 year	Total
As of Dec 31, 2008								
Government loans	441	448	383	365	215	1,659	3,070	**3,511**
Bonds	1,352	998	1,284	633	746	4,328	7,989	**9,341**
Bank borrowings	181	8	6	4	4	809	831	**1,012**
EUROFIMA loans	656	0	0	434	0	519	953	**1,609**
Finance lease liabilities	118	175	71	137	393	461	1,237	**1,355**
Other financial liabilities	22	0	0	0	3	0	3	**25**
Total	**2,770**	**1,629**	**1,744**	**1,573**	**1,361**	**7,776**	**14,083**	**16,853**
thereof due to related companies	(1,107)	(448)	(383)	(799)	(215)	(2,178)	(4,023)	**(5,130)**
As of Dec 31, 2007								
Government loans	275	618	467	223	213	1,761	3,282	**3,557**
Bonds	1,114	1,361	996	1,186	609	4,966	9,118	**10,232**
Commercial paper	0	0	0	0	0	0	0	**0**
Bank borrowings	285	57	2	2	1	814	876	**1,161**
EUROFIMA loans	0	656	0	0	434	519	1,609	**1,609**
Finance lease liabilities	140	112	171	68	135	857	1,343	**1,483**
Other financial liabilities	20	0	0	0	0	0	0	**20**
Total	**1,834**	**2,804**	**1,636**	**1,479**	**1,392**	**8,917**	**16,228**	**18,062**
thereof due to related companies	(289)	(1,274)	(467)	(223)	(647)	(2,280)	(4,891)	**(5,180)**

The following market values are summarized compared with the carrying amounts:

€ MILLION	Carrying amount 2008	Fair value 2008	Carrying amount 2007	Fair value 2007
Government loans	3,511	3,556	3,557	3,516
Bonds	9,341	9,579	10,232	10,306
Bank borrowings	1,012	1,012	1,161	1,161
EUROFIMA loans	1,609	1,682	1,609	1,652
Finance lease liabilities	1,355	1,404	1,483	1,507
Other finance liabilities	25	25	20	20
Total	**16,853**	**17,258**	**18,062**	**18,162**

The differences between the carrying amounts and the market values of the financial debt are due to the usually changed market interest rates for debt with a comparable risk profile. In view of the short maturities involved and also in view of the fact that interest charged is closely linked to market rates, there are no significant differences between the carrying amounts and the market values of other financial liabilities.

Federal Government loans are attributable almost exclusively to financing provided by the Federal Republic of Germany for investments in expanding and replacing track. This is based on the responsibility for the transport needs of the public (section 87e (4) GG) which is anchored in the Basic Law (Grundgesetz; GG) and specified in the Federal Track Expansion Act (Bundesschienenwegeausbaugesetz; BSchwAG). The loans have been extended as interest-free loans.

The interest-free loans have developed as follows:

€ MILLION	2008	2007
As of Jan 1	3,557	3,600
Addition	70	56
Repayment	- 263	- 309
Reclassification	- 20	39
Cumulative interest	167	171
As of Dec 31	**3,511**	**3,557**

The arrangements for repaying the loans are detailed in individual and collective financing agreements. In general, the loans are repaid in equal annual installments, which are based on the corresponding annual depreciation applicable for the financed assets.

The issued bonds consist of the following transactions:

€ MILLION	Volume of issue	Issue currency	Residual maturity in years	Effective interest rate in %	Carrying amount 2008	Fair value 2008	Carrying amount 2007	Fair value 2007
Unlisted bonds:								
Total DB AG	67	JPY, USD	2.7 - 3.5		54	56	44	45
Total DB Finance B.V.	189	HKD, JPY, CHF	3.5 - 5.5		177	186	150	153
Total					**231**	**242**	**194**	**198**
Listed bonds of DB Finance B.V.:								
Bond 1998 - 2008	767	DEM	–	5.150	–	–	767	766
Bond 1999 - 2009	1,350	EUR	0.5	5.600	1,348	1,361	1,344	1,353
Bond 2000 - 2010	1,000	EUR	1.5	6.150	998	1,031	996	1,035
Bond 2001 - 2008	53	DKK	–	5.250	–	–	54	54
Bond 2001 - 2008	42	SEK	–	5.500	–	–	42	43
Bond 2001 - 2008	50	NOK	–	7.000	–	–	50	51
Bond 2001 - 2013	750	EUR	4.9	5.250	746	805	745	764
Bond 2002 - 2008	170	CHF	–	3.200	–	–	151	152
Bond 2002 - 2012	500	EUR	3.6	5.500	498	527	498	513
Bond 2002 - 2008	76	USD	–	FRN	–	–	51	51
Bond 2003 - 2018	1,000	EUR	9.2	5.000	987	1,020	986	990
Bond 2003 - 2015	700	EUR	6.5	4.600	691	696	689	679
Bond 2004 - 2011	209	USD	2.5	5.090	179	185	169	175
Bond 2004 - 2018	300	EUR	9.2	4.850	297	306	297	297
Bond 2004 - 2009	17	EUR	0.8	3.500	17	17	17	17
Bond 2004 - 2016	500	EUR	7.9	4.300	499	491	499	478
Bond 2004 - 2014	366	JPY	5.9	1.700	395	380	302	306
Bond 2004 - 2011	197	CHF	3.0	2.300	201	210	180	176
Bond 2006 - 2011	678	USD	2.0	5.200	574	594	542	560
Bond 2006 - 2011	316	USD	2.0	5.820	284	297	267	280
Bond 2006 - 2018	300	EUR	9.2	4.510	305	306	306	297
Bond 2006 - 2017	500	EUR	8.0	4.116	496	477	496	466
Bond 2007 - 2019	600	EUR	10.6	5.110	595	634	594	605
Total					**9,110**	**9,337**	**10,042**	**10,108**
Adjustments from derivatives					0		- 4	
Total					**9,341**	**9,579**	**10,232**	**10,306**

The 2008 financial year saw the repayment of a total of six bonds of DB Finance B.V., Amsterdam/the Netherlands which became due, namely for DEM 1,500 million, CHF 250 million, USD 75 million, DKK 400 million, NOK 400 million and SEK 400 million.

No new bonds were issued in the 2008 financial year.

All bonds issued in foreign currency were swapped into euros, and there is accordingly no currency risk attached to these original financial instruments. One exception in this respect is a USD 800 million issue, which was used partially for direct payment of USD payment obligations.

Bank debt is detailed in the following table:

Bank borrowings € MILLION	Currency	Residual maturity in years	Nominal interest rate in %	Carrying amount 2008	Fair value 2008	Carrying amount 2007	Fair value 2007
Loan 1998 – 2008	DEM	–	4.770	–	–	51	51
Loan 1998 – 2008	DEM	–	4.720	–	–	51	51
Loan 1999 – 2008	DEM	–	4.580	–	–	51	51
Loan 1999 – 2009	DEM	0.2	4.850	51	51	51	51
Loan 2002 – 2016	EUR	7.7	FRN	200	200	200	200
Loan 2002 – 2022	EUR	13.7	FRN	200	200	200	200
Loan 2003 – 2016	EUR	7.7	FRN	200	200	200	200
Loan 2003 – 2022	EUR	13.7	FRN	200	200	200	200
Note loan 1998 – 2008	DEM	–	5.310	–	–	51	51
Other				161	161	106	106
Total				**1,012**	**1,012**	**1,161**	**1,161**

The € 149 million decline in bank loans is due mainly to the repayment of borrowers' note loans which became due (for a total of € 204 million) in conjunction with a simultaneous increase of € 55 million in other bank liabilities. The other bank liabilities mainly comprise short-term drawings of the foreign subsidiaries.

Of the figure stated for bank borrowings, € 2 million was secured (previous year: € 4 million).

As of December 31, 2008, guaranteed loan facilities with a total volume of € 2,691 million (previous year: € 3,142 million) were available to DB Group. Of this figure, € 1,650 million was applicable to back-up lines for the € 2.0 billion commercial paper program of DBAG and DB Finance B.V. None of these back-up lines had been drawn down as of December 31, 2008. Global credit facilities totaling € 1,041 million (previous year: € 1,042 million) are used for working capital and Aval financing for the subsidiaries with worldwide operations, primarily in the DB Schenker Logistics segment.

The liabilities due to EUROFIMA are detailed in the following:

Liabilities due to EUROFIMA € MILLION	Currency	Residual maturity in years	Effective interest rate in %	Carrying amount 2008	Fair value 2008	Carrying amount 2007	Fair value 2007
Loan 1997 – 2009	DEM	1.0	5.625	256	262	256	261
Loan 1999 – 2009	EUR	0.8	5.750	400	409	400	408
Loan 2000 – 2014	EUR	5.8	5.970	219	247	219	236
Loan 2001 – 2014	EUR	5.7	5.410	300	330	300	313
Loan 2002 – 2012	EUR	3.6	FRN	34	34	34	34
Loan 2002 – 2012	EUR	3.6	FRN	400	400	400	400
Total				**1,609**	**1,682**	**1,609**	**1,652**

As was the case last year, no new EUROFIMA loans were taken out in the year under review. The liabilities due to EUROFIMA are secured by way of transfer of ownership of rail material (rolling stock) in view of the statutes of EUROFIMA.

Of the figure stated for liabilities attributable to finance leases, € 441 million (previous year: € 456 million) related to real estate leasing agreements for various passenger stations of DB Station & Service AG and a logistics center of Schenker Deutschland AG, and € 681 million (previous year: € 779 million) related to leasing agreements for various rolling stock (multiple units, engines, freight cars). These agreements have generally been concluded as sale-and-leaseback transactions for achieving advantageous financing conditions with German lessors.

The following table provides information concerning the main finance leases:

€ MILLION	Nominal amount	Currency	Residual maturity in years	Effective interest rate in %	Carrying amount 2008	Fair value 2008	Carrying amount 2007	Fair value 2007
Finance leases – assets other than real estate								
ICE 1 multiple units (1994)	119	DEM	0.0	5.75	–	–	63	63
Double-deck coaches (1994)	174	DEM	5.0	5.87	109	116	116	121
ICE 2 multiple units (1997)	184	DEM	3.0	4.50	110	112	118	118
Locomotives/freight cars (1999)	182	NLG	1.0 – 5.3	5.69 – 5.83	102	105	109	111
Freight locomotives (2000)	101	DEM	7.5	5.35	77	83	80	85
Freight locomotives (2000)	154	EUR	9.0	5.40	131	139	136	141
Locomotives (2001)	178	EUR	7.5 – 9.0	4.87	152	156	157	158
					681	**711**	**779**	**797**
Finance leases – real estate								
Logistics center (1986)	24	DEM	8.0	8.50	7	9	8	9
Concourse buildings (1998)	497	DEM	5.3 – 14.0	4.00 – 5.95	434	449	448	452
					441	**458**	**456**	**461**
Other					233	235	248	249
Total					**1,355**	**1,404**	**1,483**	**1,507**

The above finance leases for engines and multiple units cannot be terminated during a fixed basic lease term, and have a maximum remaining term of nine years. Most of the contracts contain a clause enabling the lessee to purchase the assets for the residual value or the higher market value after the end of the lease, whereby the difference between the residual value and the market value at the end of the lease is shared between the lessor (25 %) and the lessee (75 %).

The finance leases for the passenger stations of DB Station & Service AG have a maximum remaining term of 13 years, and cannot be terminated during the fixed lease. At the end of the lease, the lessee is able to buy the assets for a fixed price. If this option is not exercised, the lease is extended for a second period, at the end of which the lessor has a put option for the real estate with regard to the lessee.

In addition, liabilities attributable to finance leases (see Note (13)) are secured by rights of the lessors in relation to the leased assets. The leased assets have a carrying amount of € 1,003 million (previous year: € 1,119 million).

The item "Other" also includes the carrying amount of a power procurement agreement of DB Energie GmbH worth € 136 million (previous year: € 143 million) as well as the carrying amount of an inverter agreement of DB Energie GmbH in the amount of € 60 million (previous year: € 62 million). Both agreements are classified as embedded financial leases as a result of the fact that the power is procured primarily by DB Energie GmbH and also in view of the underlying agreement duration in accordance with IFRIC 4 (Determining whether an Arrangement Contains a Lease) in conjunction with IAS 17.

In the subsequent years, the following payments have to be made in connection with finance leases:

€ MILLION	Residual maturity							Total
	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total more than 1 year	
As of Dec 31, 2008								
Minimum lease payments (nominal value)	186	238	125	188	424	568	1,543	**1,729**
– Future finance charges	68	63	54	51	31	107	306	**374**
Finance lease liabilities	**118**	**175**	**71**	**137**	**393**	**461**	**1,237**	**1,355**
As of Dec 31, 2007								
Minimum lease payments (nominal value)	215	180	234	123	187	994	1,718	**1,933**
– Future finance charges	75	68	63	55	52	137	375	**450**
Finance lease liabilities	**140**	**112**	**171**	**68**	**135**	**857**	**1,343**	**1,483**

(28) Other liabilities

€ MILLION	Residual maturity Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total more than 1 year	Total
As of Dec 31, 2008								
Trade liabilities	3,608	28	26	28	26	210	318	**3,926**
Other liabilities	3,386	18	12	5	2	24	61	**3,447**
Total	**6,994**	**46**	**38**	**33**	**28**	**234**	**379**	**7,373**
thereof due to related parties	(317)	(0)	(0)	(0)	(0)	(0)	(0)	**(317)**
As of Dec 31, 2007								
Trade liabilities	3,725	27	22	26	27	224	326	**4,051**
Other liabilities	3,299	25	13	9	6	21	74	**3,373**
Total	**7,024**	**52**	**35**	**35**	**33**	**245**	**400**	**7,424**
thereof due to related parties	(365)	(0)	(0)	(0)	(0)	(0)	(0)	**(365)**

The other liabilities comprise the following:

€ MILLION	2008	2007
Personnel-related liabilities		
Unused holiday entitlements	245	245
Outstanding overtime	227	231
Social security	57	57
Severance payments	23	22
Christmas bonuses	20	20
Holiday pay	12	13
Other obligations	459	468
Other taxes		
Value-added tax	60	15
Payroll and church taxes, solidarity surcharge	74	68
Other taxes	99	108
Interest payable	269	295
Sales discounts	90	103
Deferred construction grants	60	88
Liabilities due to Railway Crossings Act	4	13
Reconveyance obligations	2	2
Other	1,746	1,625
Total	**3,447**	**3,373**

The other liabilities were not secured in the year under review and in the previous year.

(29) Income tax liabilities

The income tax liabilities as of December 31, 2008 related mainly to obligations to the fiscal authorities in Germany, India, Austria and the USA.

(30) Additional disclosures relating to the financial instruments

Carrying amounts, values and fair values based on valuation categories.

Categories of financial assets and financial liabilities as of December 31, 2008

Valuation categories (according to IAS 39) € MILLION	Held for trading[1]	Held to maturity	
	Fair value	At amortized cost	At cost
Categories of financial assets and financial liabilities (according to IFRS 7)			
Assets			
Non-current financial assets			
Shares in affiliated companies (at cost)	0	0	2
Subsidiaries (at cost)	0	0	55
Securities (at fair value)	0	0	0
Available-for-sale financial assets	**0**	**0**	**57**
Trade receivables	0	0	0
Receivables from financing	0	0	0
Receivables from finance lease	0	0	0
Advance payments and accrued income	0	0	0
Plan assets according to IAS 19	0	0	0
Other miscellaneous assets	0	0	0
Receivables and other assets	**0**	**0**	**0**
Currency-based derivatives – hedging	0	0	0
Currency-based derivatives – non-hedging	1	0	0
Derivative financial instruments	**1**	**0**	**0**
Total	**1**	**0**	**57**
Current financial assets			
Securities (at cost)	0	0	1
Securities (at fair value)	0	0	0
Available-for-sale financial assets	**0**	**0**	**1**
Trade receivables	0	0	0
Trade receivables	**0**	**0**	**0**
Advance payments and accrued income	0	0	0
Receivables from other taxes	0	0	0
Plan assets according to IAS 19	0	0	0
Other miscellaneous assets	0	0	0
Other receivables and assets	**0**	**0**	**0**
Currency-based derivatives – hedging	0	0	0
Commodity derivatives – hedging	0	0	0
Interest-based derivatives – non-hedging	5	0	0
Currency-based derivatives – non-hedging	4	0	0
Derivative financial instruments	**9**	**0**	**0**
Cash and cash equivalents	0	0	0
Total	**9**	**0**	**1**

[1] Including non-hedge derivatives.
DB Group did not apply the fair value option according to IAS 39. Thus the subcategory "held for trading" was used instead of the main category "fair value through profit and loss."

Available for sale	Loans and receivables		Not attributable to a category according to IAS 39	**Total**	Fair value
Fair value	At cost	At amortized cost			
0	0	0	0	**2**	n/a
0	0	0	0	**55**	n/a
6	0	0	0	**6**	6
6	**0**	**0**	**0**	**63**	**6**
0	0	59	0	**59**	59
0	0	9	0	**9**	9
0	0	0	22	**22**	22
0	0	0	25	**25**	n/a
0	0	0	30	**30**	n/a
0	0	13	31	**44**	44
0	**0**	**81**	**108**	**189**	**134**
0	0	0	77	**77**	77
0	0	0	0	**1**	1
0	**0**	**0**	**77**	**78**	**78**
6	**0**	**81**	**186**	**330**	**218**
0	0	0	0	**1**	n/a
1	0	0	0	**1**	1
1	**0**	**0**	**0**	**2**	**1**
0	0	3,373	0	**3,373**	3,373
0	**0**	**3,373**	**0**	**3,373**	**3,373**
0	0	0	89	**89**	89
0	0	0	126	**126**	126
0	0	0	2	**2**	2
0	0	299	34	**333**	333
0	**0**	**299**	**251**	**550**	**550**
0	0	0	66	**66**	66
0	0	0	7	**7**	7
0	0	0	0	**5**	5
0	0	0	0	**4**	4
0	**0**	**0**	**73**	**82**	**82**
0	0	879	0	**879**	879
1	**0**	**4,551**	**324**	**4,886**	**4,885**

Categories of financial assets and financial liabilities as of December 31, 2008

Valuation categories (according to IAS 39) € MILLION	Held for trading[1)]	Other liabilities	
	Fair value	At cost	At amortized cost
Categories of financial assets and financial liabilities (according to IFRS 7)			
Equity and liabilities			
Non-current financial liabilities			
Federal loans	0	0	3,070
Bonds	0	0	7,989
Bank liabilities	0	0	831
EUROFIMA loans	0	0	953
Finance lease liabilities	0	0	0
Other financial liabilities	0	0	3
Financial debt	**0**	**0**	**12,846**
Trade liabilities	0	0	6
Other miscellaneous liabilities	0	0	61
Other liabilities	**0**	**0**	**67**
Currency-based derivatives – hedging	0	0	0
Commodity derivatives – hedging	0	0	0
Interest-based derivatives – non-hedging	1	0	0
Currency-based derivatives – non-hedging	1	0	0
Derivative financial instruments	**2**	**0**	**0**
Total	**2**	**0**	**12,913**
Current financial liabilities			
Federal loans	0	0	441
Bonds	0	0	1,352
Bank liabilities	0	0	181
EUROFIMA loans	0	0	656
Finance lease liabilities	0	0	0
Other financial liabilities	0	0	22
Financial debt	**0**	**0**	**2,652**
Trade liabilities	0	0	3,490
Trade liabilities	**0**	**0**	**3,490**
Liabilities from other taxes	0	0	0
Other miscellaneous liabilities	0	0	2,109
Other liabilities	**0**	**0**	**2,109**
Currency-based derivatives – hedging	0	0	0
Commodity derivatives – hedging	0	0	0
Interest-based derivatives – non-hedging	5	0	0
Currency-based derivatives – non-hedging	6	0	0
Derivative financial instruments	**11**	**0**	**0**
Total	**11**	**0**	**8,251**

1) Including non-hedge derivatives.
DB Group did not apply the fair value option according to IAS 39. Thus the subcategory “held for trading” was used instead of the main category “fair value through profit and loss.”

Not attributable to a category according to IAS 39	**Total**	Fair value
0	**3,070**	3,115
0	**7,989**	8,227
0	**831**	831
0	**953**	1,026
1,237	**1,237**	1,286
0	**3**	3
1,237	**14,083**	**14,488**
312	**318**	6
0	**61**	61
312	**379**	**67**
98	**98**	98
80	**80**	80
0	**1**	1
0	**1**	1
178	**180**	**180**
1,727	**14,642**	**14,735**
0	**441**	441
0	**1,352**	1,352
0	**181**	181
0	**656**	656
118	**118**	118
0	**22**	22
118	**2,770**	**2,770**
118	**3,608**	3,608
118	**3,608**	**3,608**
233	**233**	233
1,044	**3,153**	3,153
1,277	**3,386**	**3,386**
44	**44**	44
90	**90**	90
0	**5**	5
0	**6**	6
134	**145**	**145**
1,647	**9,909**	**9,909**

Categories of financial assets and financial liabilities as of December 31, 2007

Valuation categories (according to IAS 39) € MILLION	Held for trading[1)	Held to maturity	
	Fair value	At amortized cost	At cost
Categories of financial assets and financial liabilities (according to IFRS 7)			
Assets			
Non-current financial assets			
Shares in affiliated companies (at cost)	0	0	3
Subsidiaries (at cost)	0	0	113
Securities (at fair value)	0	0	0
Available-for-sale financial assets	**0**	**0**	**116**
Trade receivables	0	0	0
Receivables from financing	0	0	0
Advance payments and accrued income	0	0	0
Plan assets according to IAS 19	0	0	0
Other miscellaneous assets	0	0	0
Receivables and other assets	**0**	**0**	**0**
Currency-based derivatives – hedging	0	0	0
Commodity derivatives – hedging	0	0	0
Interest-based derivatives – non-hedging	1	0	0
Currency-based derivatives – non-hedging	1	0	0
Derivative financial instruments	**2**	**0**	**0**
Total	**2**	**0**	**116**
Current financial assets			
Trade receivables	0	0	0
Trade receivables	**0**	**0**	**0**
Receivables from financing	0	0	0
Advance payments and accrued income	0	0	0
Receivables from other taxes	0	0	0
Other miscellaneous assets	0	0	0
Other receivables and assets	**0**	**0**	**0**
Currency-based derivatives – hedging	0	0	0
Commodity derivatives – hedging	0	0	0
Currency-based derivatives – non-hedging	8	0	0
Commodity derivatives – non-hedging	4	0	0
Derivative financial instruments	**12**	**0**	**0**
Cash and cash equivalents	0	0	0
Total	**12**	**0**	**0**

[1) Including non-hedge derivatives.
DB Group did not apply the fair value option according to IAS 39. Thus the subcategory “held for trading” was used instead of the main category “fair value through profit and loss.”

	Available for sale	Loans and receivables		Not attributable to a category according to IAS 39	**Total**	Fair value
	Fair value	At cost	At amortized cost			
	0	0	0	0	**3**	n/a
	0	0	0	0	**113**	n/a
	8	0	0	0	**8**	8
	8	**0**	**0**	**0**	**124**	**8**
	0	0	67	0	**67**	67
	0	0	12	0	**12**	12
	0	0	0	23	**23**	n/a
	0	0	0	20	**20**	n/a
	0	0	12	32	**44**	44
	0	**0**	**91**	**75**	**166**	**123**
	0	0	0	3	**3**	3
	0	0	0	21	**21**	21
	0	0	0	0	**1**	1
	0	0	0	0	**1**	1
	0	**0**	**0**	**24**	**26**	**26**
	8	**0**	**91**	**99**	**316**	**157**
	0	0	3,500	0	**3,500**	3,500
	0	**0**	**3,500**	**0**	**3,500**	**3,500**
	0	0	3	0	**3**	3
	0	0	0	101	**101**	101
	0	0	0	12	**12**	12
	0	0	332	34	**366**	366
	0	**0**	**335**	**147**	**482**	**482**
	0	0	0	11	**11**	11
	0	0	0	30	**30**	30
	0	0	0	0	**8**	8
	0	0	0	0	**4**	4
	0	**0**	**0**	**41**	**53**	**53**
	0	0	1,549	0	**1,549**	1,549
	0	**0**	**5,384**	**188**	**5,584**	**5,584**

Categories of financial assets and financial liabilities as of December 31, 2007

Valuation categories (according to IAS 39) € MILLION	Held for trading[1)	Other liabilities	
	Fair value	At cost	At amortized cost
Categories of financial assets and financial liabilities (according to IFRS 7)			
Equity and liabilities			
Non-current financial liabilities			
Federal loans	0	0	3,282
Bonds	0	0	9,118
Bank liabilities	0	0	876
EUROFIMA loans	0	0	1,609
Finance lease liabilities	0	0	0
Financial debt	**0**	**0**	**14,885**
Trade liabilities	0	0	6
Other miscellaneous liabilities	0	0	74
Other liabilities	**0**	**0**	**80**
Currency-based derivatives – hedging	0	0	0
Interest-based derivatives – non-hedging	5	0	0
Derivative financial instruments	**5**	**0**	**0**
Total	**5**	**0**	**14,965**
Current financial liabilities			
Federal loans	0	0	275
Bonds	0	0	1,114
Bank liabilities	0	0	285
Finance lease liabilities	0	0	0
Other financial liabilities	0	0	20
Financial debt	**0**	**0**	**1,694**
Trade liabilities	0	0	3,554
Trade liabilities	**0**	**0**	**3,554**
Liabilities from other taxes	0	0	0
Other miscellaneous liabilities	0	0	2,051
Other liabilities	**0**	**0**	**2,051**
Currency-based derivatives – hedging	0	0	0
Currency-based derivatives – non-hedging	1	0	0
Derivative financial instruments	**1**	**0**	**0**
Total	**1**	**0**	**7,299**

1) Including non-hedge derivatives.
DB Group did not apply the fair value option according to IAS 39. Thus the subcategory “held for trading” was used instead of the main category “fair value through profit and loss.”

Not attributable to a category according to IAS 39	Total	Fair value
0	**3,282**	3,241
0	**9,118**	9,192
0	**876**	876
0	**1,609**	1,652
1,343	**1,343**	1,367
1,343	**16,228**	**16,328**
320	**326**	6
0	**74**	74
320	**400**	**80**
220	**220**	220
0	**5**	5
220	**225**	**225**
1,883	**16,853**	**16,633**
0	**275**	275
0	**1,114**	1,114
0	**285**	285
140	**140**	140
0	**20**	20
140	**1,834**	**1,834**
171	**3,725**	3,725
171	**3,725**	**3,725**
191	**191**	191
1,057	**3,108**	3,108
1,248	**3,299**	**3,299**
48	**48**	48
0	**1**	1
48	**49**	**49**
1,607	**8,907**	**8,907**

Cash and cash equivalents, trade accounts receivable as well as other receivables mostly have short remaining terms. Accordingly, their carrying amounts as of the closing date closely approximate the fair value.

The fair values of other long-term receivables with remaining terms of more than one year are equivalent to the present values of the cash flows associated with the assets.

Trade accounts payable as well as other liabilities normally have short remaining terms; the figures shown in the balance sheet closely approximate the fair values.

The fair values of other long-term receivables with remaining terms of more than one year are equivalent to the present values of the cash flows associated with the assets.

No held-to-maturity securities are shown as of the balance sheet date.

The net results according to valuation categories are detailed in the following:

€ MILLION	2008	2007
Held for trading assets and liabilities including non-hedge derivatives	- 10	1
Held to maturity	0	0
Available for sale	261	630
Loans and receivables	- 7	45
Other liabilities	- 967	- 980
Total	**- 723**	**- 304**

The net result mainly comprises foreign currency gains and losses, impairments and reversals of prior impairments, disposal gains and losses of financial instruments, interest income and expenses as well as income from equity participations.

The interest attributable to financial instruments is shown in net interest income (see point (9) in the Notes); the other components of net result are shown under other financial result.

The net result of financial liabilities in the category "Other liabilities" includes interest expenses attributable to the cumulative interest relating to interest-free loans.

Foreign currency gains and losses attributable to the translation of foreign currency liabilities are opposed by almost identical losses/gains attributable to derivatives (see point (10) in the Notes).

(31) Pension obligations

In DB Group, a distinction is made between pensions for employees and pensions for civil servants:

Pensions for civil servants

After they retire, civil servants assigned to the companies of DB Group receive pensions from the Federal Railroad Fund (Bundeseisenbahnvermögen; BEV) under the Civil Servants Benefits Act (Beamtenversorgungsgesetz) as a result of their status as civil servants.

Only while the assigned civil servants are actively working for DB Group are payments made to the BEV as part of a pro forma settlement in the same way as for newly recruited employees (section 21 (1) DBGrG). These payments also include notational contributions to the statutory pension insurance scheme as well as notational expenses in accordance with the supplementary benefits wage agreement (ZVersTV). The payments made to the BEV for retirement pensions and supplementary benefits of civil servants are defined contribution retirement schemes.

Pensions for employees

The retirement benefit obligations with regard to employees mainly relate to the following:

a) Employees who were employed by the Deutsche Bundesbahn before the company was privatized (January 1, 1994) enjoy supplementary benefits in view of their former membership of the public sector. The employees are entitled to benefits from this additional pension insurance from Deutsche Rentenversicherung Knappschaft-Bahn-See (KBS). As an official authority, KBS has not only assumed responsibility for managing and paying the statutory pension for the employees of Deutsche Bahn; it also continues the additional pension insurance for the transferred employees who are beneficiaries.

The BEV bears the costs of these additional benefits, less the contribution made by the employees themselves (section 14 (2) DBGrG). Accordingly, DB AG does not set aside any provisions for these public sector benefits:

b) Employees of the former Deutsche Reichsbahn and the employees who have been recruited since January 1, 1994 receive a company pension from DB AG under the ZVersTV. This supplementary company pension is a defined benefit scheme, which is linked to salary and length of service.

c) Employees in the domestic Schenker segment mainly have a commitment for benefits from a defined contribution employer financed benefit plan which is not salary-linked. Depending on the extent of benefits and in the event of early payment of benefits, capital payments have to be made or, if appropriate, pension benefits to be capitalized have to be provided. For senior executives, there is a defined contribution employer financed benefit scheme which is salary-linked. The benefits have to be provided in the form of an annuity with a capital option.

There are no plan assets for both benefit schemes. In addition, most employees are able to participate in an employee financed benefit scheme in which a defined contribution direct commitment without plan assets is provided in return for a salary waiver. The employee contributions are topped up by the employer.

Senior executives have a purely employee financed benefit scheme. This scheme has plan assets which are capable of being netted.

Employees of the Schenker Group abroad mainly have final-salary benefit schemes with and without a length-of-service link. These include some government schemes. Approximately half of the benefit obligations abroad is funded exclusively by provisions. The other half is included in schemes featuring proportionate fund and insurance cover. Employee and employer contributions are normally paid into these schemes.

In Germany, there are defined contribution plans in the form of direct insurance at the Schenker Group. Abroad, some benefit schemes have to be treated as defined contribution plans.

d) The direct commitments provided to senior executives as a result of employment agreements and the commitments arising from other pension obligations comprise defined-benefit as well as defined contribution retirement benefit schemes. These are employee as well as employer financed and are partially or completely covered with plan assets eligible for netting purposes.

e) In addition, there are also employee financed direct insurance policies, mainly with DEVK Deutsche Eisenbahn Versicherung, Lebensversicherungsverein a.G., as well as a purely employee financed pension fund at DEVK Pensionsfonds-AG which is the subject of a collective bargaining agreement.

Abroad, there are mainly compensation-linked defined benefit schemes with and without a link to the period of service with the company. The obligations are financed by provisions and are also proportionately fund-backed or insurance-backed by means of employee as well as employer contributions.

f) Abroad, there are mainly compensation-linked defined benefit schemes with and without a link to the period of service with the company. The obligations are financed by provisions and are also proportionately fund-backed or insurance-backed by means of employee as well as employer contributions.

g) The company pension scheme of DB Schenker Rail (UK) Group is essentially a defined benefit pension scheme (linked to salary and length of service) within the British "Railway Pension Scheme." The costs of the pension scheme are shared between the employer and the employee in the ratio 60:40. The plan assets are managed by an independent trustee, whose most recent actuarial measurement of the assets was carried out as of December 31, 2004.

The figures stated for pension provisions in the balance sheet are detailed in the following:

€ MILLION	2008	2007
Funded obligations	1,029	1,312
Unfunded obligations	1,552	1,434
Total obligation as of Dec 31	**2,581**	**2,746**
Fair value of plan assets as of Dec 31 [1]	- 813	- 1,359
Unrecognized actuarial losses	- 118	132
Supplementary not recognized past service cost	- 1	- 1
Amount due to the limitation of IAS 19.58 not recognized as an asset	0	76
Net liability recognized in the balance sheet	**1,649**	**1,594**

[1] Plus € 29 million (previous year: € 20 million) as pension asset realized asset.

The decline in the present value of plan assets is mainly attributable to the company pension scheme of DB Schenker Rail (UK) Group.

The total pension commitment has developed as follows:

€ MILLION	2008	2007
Obligations as of Jan 1	2,746	1,764
Current service cost, excluding employee contributions	77	66
Employee contributions	3	3
Interest expense	121	81
Pensions paid	- 87	- 54
Outstanding past service cost	0	3
Plan settlements of retirement benefit obligations	- 1	- 1
Plan cuts	- 24	- 3
Transfers	- 37	2
Effect of changes in the scope of consolidation	84	1,102
thereof additions	(84)	(1,114)
thereof disposals	(0)	(- 12)
Actuarial gains (-)/losses	- 15	- 208
Currency effects	- 286	- 9
Obligations as of Dec 31	**2,581**	**2,746**

The development of the plan assets is detailed in the following:

€ MILLION	2008	2007
Fair value of plan assets as of Jan 1	1,359	168
Employer contributions	30	7
Employee contributions	1	1
Expected return on plan assets	59	8
Pensions paid	- 37	- 7
Plan settlements of retirement benefit obligations	- 1	0
Plan cuts	- 16	0
Transfers	- 47	- 19
Effect of changes in the scope of consolidation	77	1,209
thereof additions	(77)	(1,210)
thereof disposals	(0)	(- 1)
Actuarial losses	- 368	- 5
Currency effects	- 244	- 3
Fair value of plan assets as of Dec 31 [1]	**813**	**1,359**

[1] Plus € 29 million (previous year: € 20 million) as pension asset realized asset.

The reported plan assets are broken down as follows:

€ MILLION	2008	2007
Stocks and other securities	600	889
Interest-bearing securities	113	199
Real estate or other self-used assets	3	4
Reinsurance	71	70
Other assets	55	217
	842	**1,379**
thereof as pension asset realized asset	(- 29)	(- 20)
	813	**1,359**

The actual expenses from plan assets amounted to € 310 million (previous year: € 3 million income).

Changes in the net pension provisions are detailed in the following:

€ MILLION	2008	2007
Provision as of Jan 1	1,594	1,514
Pension expenses	130	147
Employer contributions	- 30	- 7
Pensions paid	- 50	- 47
Transfers	10	0
Effect of changes in the scope of consolidation	6	- 9
thereof additions	(6)	(0)
thereof disposals	(0)	(- 9)
Currency effects	- 11	- 4
Provision as of Dec 31	**1,649**	**1,594**

The expenses to be stated in the income statement are detailed in the following:

€ MILLION	2008	2007
Amortization of unrealized profits (-)/losses	- 3	9
Current service cost, excluding employee contributions	77	66
Employee contributions	2	2
Interest expense	121	81
Past service cost	0	0
Expected return on plan assets	- 59	- 8
Plan shortening	- 8	- 3
Result on transfer of retirement benefit obligations	0	0
Asset ceiling	0	0
Pension expense	**130**	**147**

The interest expense and expected income from the plan assets are recorded under financial result.

The expected income from plan assets has been derived on the basis of the income actually generated in the past.

All other items are recognized under personnel expenses.

The actuarial parameters used for assessing the value of most of the pension provision are set out in the following:

%	2008	2007
Discount rate	5.00/6.40	5.25/5.80
Expected rate of salary increases	2.50	2.50
Expected medical cost trend rate	0.00	0.00
Expected rate of pension increases (dependent on staff group)	2.00/3.00	2.00/3.20
Expected average staff turnover	2.58	2.58
Expected return on plan assets	2.5 - 8.0	2.5 - 8.0

The 2005 G mortality tables of Professor Dr. Klaus Heubeck have been used for valuing the pension obligations for the German Group companies (discount rate 5.00 %). Country-specific mortality tables have been used for valuing the pension obligations of the other Group companies.

Pension payments of € 56 million as well as payments of € 28 million into the plan assets are expected for 2009.

€ MILLION	2008	2007	2006
Present value of pension obligation as of Dec 31	2,581	2,746	1,764
Fair value of plan assets as of Dec 31	- 813	- 1,359	- 168
Deficit	**1,768**	**1,387**	**1,596**
Experience-based adjustment of pension provisions	3	- 11	64
Experience-based adjustment of plan assets	368	5	4

(32) Other provisions

€ MILLION	Environmental protection provisions		Construction and project risks provisions		Staff-related provisions		Decommissioning provisions		Other		**Total**	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	**2008**	**2007**
As of Jan 1	2,162	2,253	123	121	1,301	1,460	332	358	2,848	2,196	**6,766**	**6,388**
Currency translation differences	- 1	- 5	0	0	- 3	- 2	0	0	- 6	- 1	**- 10**	**- 8**
Changes in the scope of consolidation	0	- 41	0	- 4	2	5	0	0	5	- 25	**7**	**- 65**
thereof additions	(0)	(4)	(0)	(0)	(2)	(6)	(0)	(0)	(6)	(19)	**(8)**	**(29)**
thereof disposals	(0)	(- 45)	(0)	(- 4)	(0)	(- 1)	(0)	(0)	(- 1)	(- 44)	**(- 1)**	**(- 94)**
Amounts used	- 54	- 49	- 6	- 4	- 396	- 506	- 5	- 15	- 526	- 509	**- 987**	**- 1,083**
Unused amounts reversed	0	- 1	- 40	- 2	- 51	- 20	- 4	- 36	- 308	- 179	**- 403**	**- 238**
Reclassifications	0	0	0	0	0	- 2	0	0	2	26	**2**	**24**
Additional amounts provided	0	4	2	12	317	342	20	9	797	1,333	**1,136**	**1,700**
Compounding/discounting	13	1	0	0	- 24	24	16	16	25	7	**30**	**48**
As of Dec 31	**2,120**	**2,162**	**79**	**123**	**1,146**	**1,301**	**359**	**332**	**2,837**	**2,848**	**6,541**	**6,766**

The following table breaks down the other provisions into current and non-current amounts, and also details their estimated residual maturity:

€ MILLION	Residual maturity							**Total**
	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total more than 1 year	
As of Dec 31, 2008								
Environmental protection provisions	103	103	103	102	117	1,592	2,017	**2,120**
Construction and project risks provisions	39	14	6	6	4	10	40	**79**
Staff-related provisions	341	175	108	60	100	362	805	**1,146**
Decommissioning provisions	11	0	0	0	0	348	348	**359**
Other	1,774	522	196	117	63	165	1,063	**2,837**
Total	**2,268**	**814**	**413**	**285**	**284**	**2,477**	**4,273**	**6,541**
As of Dec 31, 2007								
Environmental protection provisions	74	94	102	101	102	1,689	2,088	**2,162**
Construction and project risks provisions	81	21	2	4	10	5	42	**123**
Staff-related provisions	435	324	222	194	17	109	866	**1,301**
Decommissioning provisions	6	0	0	0	0	326	326	**332**
Other	1,802	461	166	110	98	211	1,046	**2,848**
Total	**2,398**	**900**	**492**	**409**	**227**	**2,340**	**4,368**	**6,766**

Provisions for environmental protection

Of the figure stated for environmental protection provisions, € 2,110 million relate to remedial action obligations of DB AG. In order to take account of the remedial action obligations recognized in the environmental protection provisions, DB AG has set up the following programs:

- 4-stage soil decontamination program
- 3-stage sewerage network program
- 2-stage landfill shut-down program

These measures will ensure that the work on investigating and carrying out remedial action will be systematic, cost-efficient and consistent with the legal situation.

In the 4-stage soil decontamination program, the contamination in the soil and/or groundwater is localized using the following stages: historical investigation, rough examination and detailed analysis. The program involves a feasibility study, implementation and approval planning as well as remedial action, and due consideration is given to technical and legal requirements for the remedial action which aims to ensure appropriate utilization.

The 3-stage sewerage network program aims to remedy any contamination of soil and/or groundwater resulting from leaks. The program also involves a plan to optimize the existing sewerage network to ensure that it is capable of meeting future requirements and to ensure that the need to take remedial action can be limited to this future network. The network which is not utilized will be decommissioned.

The 2-stage landfill program will guarantee that landfill sites on railroad property are identified and measured in a standard manner, and that these landfill sites will be decommissioned in accordance with the Landfill Regulation (Deponieverordnung; DepV)/Technical Instructions for Residential Area Waste (Technische Anleitung Siedlungsabfall; TASi) and the German Federal Soil Protection Act (Bundesbodenschutzgesetz; BBodSchG).

The term of the provision for existing ecological contamination taken on from previous owners is unchanged, namely until 2028, as a result of the long-term periods attributable to remedial action.

Staff-related provisions

€ MILLION	2008	2007
Obligations under employment contracts	748	822
Costs of early retirement/part-time working in the run-up to retirement	208	277
Service anniversary provisions	93	95
Other	97	107
Total	**1,146**	**1,301**

The staff-related provisions also include obligations which are connected with the employment contracts taken on at the point at which DB AG was founded as of January 1, 1994 and which relate to wage elements attributable to the company's previous existence as a public-sector authority. These obligations comprise charges which can be measured independently and which do not involve any benefits in return and for which offers for compensation have already been made. The provisions also cover obligations which result from the status of many employees under labor law and the willingness of DB AG not to terminate employment contracts for operational reasons before the end of 2023. In such cases, DB Group will incur losses in the form of personnel expenses which will have to be borne until the employment contract is terminated or the employee is placed with another company; no reciprocal benefit will be provided in return for these costs. DB AG has set up a separate subsidiary, namely DB JobService GmbH, in order to absorb employees who have been made redundant.

The provisions set aside to cover early retirement obligations and part-time working in the run-up to retirement cover the obligations arising from collective bargaining agreements, and have been calculated on the basis of actuarial reports.

Decommissioning provisions

The decommissioning provisions refer mainly to the company's pro rata decommissioning obligation in relation to a joint power generation plant. The valuation of the provision is based on a discount rate of 5.0 % (previous year: 5.0 %).

Other provisions

The other provisions include provisions for outstanding billings of transport services, return obligations, litigation risks, decommissioning and demolition obligations, anticipated losses, guarantees and warranties as well as other real estate risks and numerous additional aspects which, individually, are of minor significance.

The decline in the allocations to the other provisions is attributable to the fact that the allocations to this item shown in the previous year in connection with the sales of the Aurelis portfolio (€ 387 million) and the contingent losses attributable to transport agreements (€ 310 million) were not repeated this year.

(33) Deferred income

€ MILLION	2008	2007
Deferred Federal Government grants	2,391	2,612
Deferred revenues	369	351
Deferred profits on sale-and-leaseback transactions	78	93
Other	117	109
Total	**2,955**	**3,165**
Non-current	2,438	2,660
Current	517	506

The deferred Federal Government grants comprise mainly the interest benefit (difference between the nominal value and present value) attributable to the interest-free loans; this has developed as follows during the period under review:

€ MILLION	2008	2007
As of Jan 1	2,277	2,536
Additions	19	32
Reclassifications	19	– 32
Amounts released	– 254	– 259
As of Dec 31	**2,061**	**2,277**

Of the figure shown for the reversal in the year under review, the main item of € 167 million (previous year: € 171 million) is attributable to compensation for the cumulative interest in relation to the present value of interest-free Federal Government loans. The remainder is attributable to the release of amortized deferrals relating to premature one-off repayments at the present value in 1999 and in 2004.

Deferred revenues constitute that part of compensation which is attributable to the period after the balance sheet date.

The deferred profits on sale-and-leaseback transactions relate to concourse buildings of various stations with the related retail premises as well as rolling stock.

Notes to the cash flow statement

The cash flow statement shows the changes in cash and cash equivalents in the year under review, and was prepared in accordance with IAS 7 (Cash Flow Statements). The cash flows are broken down into operating activities, investing activities and financing activities. The indirect method has been used for showing cash flow from operating activities.

Interest income and interest payments, dividend income as well as tax payments are stated under operating activities.

Cash and cash equivalents include the cash and cash equivalents stated in the balance sheet with a residual maturity of less than three months (cash in hand, cash deposited with the Bundesbank, cash at banks and checks as well as securities).

Cash flow from operating activities

The cash flow from operating activities is calculated by adjusting the net profit for the period before taxes by items which are not cash-effective and by adding the change in non-current assets and liabilities. The cash flow from operating activities is then established after due consideration is given to interest and tax payments.

Earnings before taxes declined, and the increase in cash flow from operating activities is mainly attributable to a considerably lower result from the disposal of financial assets as well as property, plant and equipment and intangible assets with a simultaneous increase in interest and dividend income and income taxes paid.

Cash flow from investing activities

The cash flow from investing activities is calculated as the inflow of funds attributable to the disposal of property, plant and equipment and intangible assets as well as capital spending grants, and the outflow of funds for capital spending in property, plant and equipment and intangible assets as well as non-current financial assets.

Inflow of funds attributable to investment grants are shown under investing activities, because there is a close relationship between investment grants which are received and the outflows of funds for capital spending in property, plant and equipment.

The considerable increase in the cash outflow from investing activities is attributable to higher outflows for investments in property, plant and equipment and in particular lower inflows from the disposal of property, plant and equipment and intangible assets and the sale of shares in affiliated companies, a reduced balance of inflows from investment grants, lower inflows from the sale of financial assets as well as lower inflows from the disposal of companies accounted for using the equity method in conjunction with a simultaneous decline in outflows for the acquisition of shares in consolidated companies.

When changes take place in the scope of consolidation as a result of the acquisition or sale of companies, the acquisition price which is paid (excluding any liabilities which are transferred) less the acquired or sold financial resources are stated as cash flow from investing activities. The other effects of the acquisition or sale on the balance sheet are eliminated in the corresponding items of the three categories.

Cash flow from financing activities

The cash flow from financing activities is due to the net inflows and outflows attributable to issued bonds, bank loans which have been raised as well as inflows attributable to the raising of interest-free loans and outflows for the redemption of interest-free loans.

The decline in outflows due to financing activities is mainly caused by the net decline in outflows attributable to the repayment of debt. The balance of outflows attributable to the redemption and repayment of interest-free loans has declined slightly compared with the previous year.

Notes on the segment report

Segment reporting has been prepared in accordance with IAS 14 (Segment Reporting). On the basis of the DB AG organization and reporting structure, selected data of the consolidated financial statements are differentiated according to business segments and regions. The operations of the business segments are covered in the primary reporting format in line with the organizational structure of DB Group. The main regions covered by DB Group are detailed in the segment information based on regions.

DB Group uses the following primary segments:

/// *DB Bahn Long-Distance*

This segment comprises all cross-regional transport and other services in rail passenger transport. Most of these transport services are provided in Germany.

/// *DB Bahn Regional*

This segment comprises the activities for regional rail passenger transport and other services. Most of these services are provided in Germany.

/// *DB Bahn Urban*

This segment comprises the S-Bahn (metro) systems in Berlin and Hamburg and in particular urban bus activities. Most of these services are provided in Germany.

/// *DB Schenker Rail*

This segment pools the activities for rail transport in freight transport services. The segment operates primarily in Germany, Denmark, the Netherlands, Italy, Great Britain and Spain.

/// *DB Schenker Logistics*

In the DB Schenker Logistics segment, Schenker is a logistics service provider with global activities involving freight, transport and other services in commodity and product transport.

/// *DB Netze Track*

This segment is responsible for installing, maintaining and operating our track-related rail infrastructure in Germany.

/// *DB Netze Stations*

This segment comprises the operation, development and marketing of passenger stations and retail facilities in stations in Germany.

/// *DB Services*

This segment offers services, mainly in the fields of transport, logistics, information technology and telecommunications. The companies in this segment mainly render their services within the Group.

/// *Holdings/Other activities*

DB AG with its numerous management, financing and service functions in its capacity as the management holding of DB Group is shown in this segment. In addition, this segment also comprises DB Energie GmbH, DB ProjektBau GmbH and the other subsidiaries and remaining activities.

/// *Consolidation*

The data concerning the segments are shown after intra-segment relations have been eliminated. The transactions between the segments (inter-segment relations) are eliminated in the column “Consolidation.” This column also includes reconciliation amounts relating to figures shown in the consolidated financial statements.

Notes to primary segment reporting

The segment revenues comprise external revenues, other external segment revenues as well as internal segment revenues attributable to the operations of the segment. Inventory changes and internally produced and capitalized assets are not included in segment revenues; their effect is to reduce segment expenses.

The external segment revenues consist exclusively of revenues generated by the segments with parties outside the Group. The internal segment revenues comprise revenues with other segments (inter-segment revenues). Market prices are used for establishing the transfer prices for internal transactions. The segment expenses include cost of materials and personnel expenses, depreciation, impairments and reversals of impairments, as well as other operating expenses attributable to the operations of the segment.

Segment result (operating profit before interest) is defined as the difference between segment revenues and segment expenses, and is operating profit (EBIT) before financial result (consisting of earnings from investments accounted for using the equity method, net interest income and other financial result) and taxes on income.

The adjusted segment result ("adjusted EBIT") is used for internal management of DB Group and its segments. Aspects which are of an exceptional nature are adjusted from segment result and operating result (EBIT). A general adjustment is recognized to reflect the income and expenses attributable to the disposal of financial instruments. An adjustment is also recognized if an individual adjustment is of an exceptional and non-operational nature and if the extent of the impact on earnings is significant.

Adjusted EBITDA (earnings before interest, taxes, depreciation and amortization) is also significant for internal management purposes. This parameter is derived from adjusted EBIT, by adding the depreciation and amortization – where appropriate adjusted by the exceptional factors included in this item.

Segment assets comprise property, plant and equipment, intangible assets, receivables and other assets (excluding profit and loss transfer agreements, receivables from financing and taxes on income), inventories, derivative financial instruments related to operations as well as cash and cash equivalents. The amortized goodwill resulting from the acquisition of the relevant companies is shown separately. The figures are reconciled with the figures stated in the consolidated financial statements by including the receivables from financing and receivables related to taxes on income in the column "Consolidation."

Segment liabilities comprise the provisions and operating liabilities (excluding profit and loss transfer agreements, liabilities from financing and taxes on income) as well as the derivative financial instruments (liabilities) relating to operations and available-for-sale liabilities. The figures are reconciled with the figures stated in the consolidated financial statements by including the liabilities from financing and liabilities related to taxes on income in the column "Consolidation."

Segment gross capital expenditures comprise capital expenditures related to intangible assets (including acquired goodwill) as well as to property, plant and equipment and, with the additions to assets attributable to company acquisitions and gross capital expenditures, cover all additions to the scope of consolidation as of the balance sheet date before the investment grants which have been received are taken into consideration.

Additions to assets from company acquisitions are shown as part of segment gross capital expenditures, and comprise exclusively the capital expenditures in property, plant and equipment and intangible assets, including the goodwill acquired as part of company acquisitions.

The additions to assets attributable to gross capital expenditures comprise the property, plant and equipment and intangible assets acquired in the financial year by the companies in the scope of consolidation, before the additions to assets attributable to company acquisitions are taken into consideration.

The net capital expenditures are based on the allocation of the assets to the legal entities, and comprise the additions to assets resulting from gross investment in property, plant and equipment as well as the intangible assets less the deducted investment grants.

Depreciation refers to the property, plant and equipment attributable to the various divisions as well as the intangible assets.

Impairments which are recognized constitute the amount of the impairment relating to the property, plant and equipment and the intangible assets including any goodwill included in the segment assets.

Reversals of prior impairments which are recognized comprise the amount of the reversal in relation to the property, plant and equipment or the intangible assets included in segment assets.

The other non-cash expenses and income also relate to impairments and reversals of prior impairments in relation to short-term assets as well as income from the reversal of deferred items if they are segmented.

The segments are subject to the same accounting principles which are described in the section "Principles of the combined financial statements" and which are applicable for the remainder of the combined financial statements. Internal segment transactions within the Group are generally conducted on an arm's length basis.

Notes to secondary segment reporting

Items are stated under segment income generated with third parties on the basis of the registered offices of the Group company providing the service. Only external income items are stated. This logic is used for showing external revenues.

Segment assets are allocated on the basis of the location of the company. The breakdown of contents is equivalent to that used in the primary reporting format.

Net capital expenditures are also based on the location of the company and comprise capital spending on property, plant and equipment as well as intangible assets less the relevant investment grants.

Risk management and derivative financial instruments

Management of financial and energy price risks

As a logistics group with international operations, DB Group is exposed to financial risks in the form of changes in interest rates and exchange rates. In addition, there are also energy price risks on the procurement side as a result of fluctuations in the prices of diesel fuel and electricity. One of the aspects of corporate policy is to actively manage and thus limit these risks by means of the use of derivative financial instruments.

DB AG with its central Group Treasury is responsible for all financing and hedging transactions of DB Group. It cooperates with the subsidiaries to identify, evaluate and control financial and energy price risks. At regular intervals, the Management Board is informed of all types of major financial risks and receives a schedule of all financial instruments as well as the impact on results and the balance sheet.

The Management Board of DB AG has defined principles for risk management. The guidelines for Group financing and for the internal control system contain binding rules for the use of derivative financial instruments for managing interest rate and foreign exchange risks and the risks of energy price changes, as well as the procedure for dealing with related counterparty default risks. In the structure and procedure organization, there is a clear functional and organization distinction between scheduling and trading on the one hand (front office) as well as settlement and monitoring on the other (back office). Group Treasury operates on the global financial markets using the minimum requirements applicable for risk management (Mindestanforderungen an das Risikomanagement; MaRisk) of the banks prepared by the Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht; BaFin), and is subject to regular internal and external control.

Derivative financial instruments are used exclusively for hedging interest, currency and energy price risks. All individual transactions correspond to on-balance-sheet or anticipated underlyings (for instance bonds, commercial paper, purchases of diesel fuel and electricity). The aim is to achieve qualification as an effective hedge in accordance with IAS 39. Speculation is not permitted. Ongoing market and risk assessment takes place as part of risk management.

Interest rate risks

In line with the length of time that assets are tied up, the financial requirement is covered mainly by issuing long-term and fixed-interest bonds. Interest rate management comprises a reasonable amount of variable interest for optimizing interest costs. Interest rate risks are primarily hedged by means of interest swaps.

In accordance with IFRS 7, existing interest rates are detailed by means of a sensitivity analysis which investigates the effects of theoretical changes in market interest rates on results and shareholders' equity.

The sensitivity analysis which has been carried out has taken account of the following financial instruments:

- Derivatives designated in cash flow hedges (interest / currency hedges) have an impact on the hedge reserve in shareholders' equity and are therefore taken into consideration in the sensitivity calculations relating to shareholders' equity;
- Interest derivatives which are not included in a hedge in accordance with IAS 39 have an impact on other financial result via the change in fair value, and are therefore taken into consideration in the sensitivity calculations relating to result;
- Floating-rate loans (EIB and EUROFIMA).

If the level of market interest rates for the exposure had been 100 basis points higher (lower) as of the balance sheet date, the result would have been € 13 million lower (higher) (previous year: € 15 million) and shareholders' equity would have been € 5 million lower (higher) (previous year: € 0.5 million).

Foreign currency risks

The foreign currency risks are attributable to financing measures and operating activities.

In order to avoid interest rate and foreign currency risks, the foreign currency bonds issued within the framework of Group financing are converted into euro liabilities by means of cross-currency swaps. However, it is not necessary for such bonds to be converted in individual cases if there is a guarantee that the bond can be serviced out of inflows of foreign currency payments.

We have international operations with our activities in the Transport and Logistics division, and are thus exposed to operational exchange rate risks. In order to minimize these risks, the subsidiaries take out internal foreign exchange transactions with Group Treasury and hedge all major foreign currency positions in their functional currency. Group Treasury in turn hedges its open foreign currency positions by way of opposite transactions on the financial markets. In exceptional cases and to a limited extent, subsidiaries are permitted themselves to hedge foreign currency positions with external counterparties.

In order to present foreign currency risks, IFRS 7 requires a sensitivity analysis which investigates the effects of theoretical changes in foreign currency relations on result and shareholders' equity.

The currency sensitivity analysis is based on the following assumptions:

The interest-currency swaps which are concluded and the current currency transactions are always allocated to original underlyings.

All major foreign currency positions arising from operating activities are always 100 % hedged. If exchange rate changes are 100 % hedged, they do not have any impact on results or capital.

Foreign currency can accordingly only occur if a 100 % hedge does not exist in justified exceptional cases; for instance if a conservative estimate is made for hedge volumes for anticipated foreign currency cash flows in order to avoid overhedging.

In addition, foreign currency risks may occur in the balance sheet as a result of currency hedges for future energy procurement. If the foreign currencies for these currency hedges had declined (increased) by 10 % as of the balance sheet date, the result for GBP would have been € 2.6 million lower (higher), the capital for GBP would have been € 0.3 million higher (lower), the result for CAD would have been € 4.4 million lower (higher), the result for CHF would have been € 0.2 million higher (lower), the result for NOK would have been € 0.1 million lower (higher), the result for CNY would have been € 0.6 million lower (higher), the result for SGD would have been € 0.2 million higher (lower), the result for UAH would have been € 0.3 million lower (higher), the result for USD would have been € 0.5 million higher (€ 0.3 million lower) and the capital for USD would have been € 4.5 million lower (€ 5.3 million higher).

Please note that no sensitivity analysis was carried out in the previous year because the foreign currency risk is not material.

DB Group has numerous equity investments in foreign subsidiaries, whose net assets are exposed to a translation risk. This translation risk is not perceived to be a foreign currency risk for the purposes of IFRS 7, and is not hedged.

Energy price risks

DB Group is one of the largest consumers of electricity in Germany. In addition, the Group also requires considerable volumes of diesel fuel. The high energy procurement volume and the volatility of electricity and mineral oil markets result in substantial earnings risks.

Hedging strategies for controlling and minimizing these risks are implemented as part of active energy price risk management. Financial and energy derivatives are used for these purposes. Swaps relating to the commodities underlying the price formulae (coal and gas) are used as hedges for the risks of price changes for sourcing electricity. Diesel price risks are for instance limited by taking out diesel swaps and zero-cost collars (hybrid hedges of diesel price and currency risks and individual hedges of currency risks).

Energy price risks are quantified by means of sensitivity analyses in accordance with IFRS 7. These provide information concerning the effects of theoretical energy price changes on result and shareholders' equity (in relation to the balance sheet exposure on the balance sheet date).

The following assumptions have been made for performing the sensitivity analyses:

In the case of energy price swaps, the effective part is recognized in shareholders' equity, and the ineffective part is recognized in the income statement.

In the case of options (collars), the intrinsic value constitutes the completely effective hedge, so that the intrinsic value is shown in shareholders' equity. On the other hand, the fair value is not part of the hedge, and is shown in the income statement.

If energy prices at the end of the year had been 10 % lower (higher), cost of materials would have been € 0.2 million higher (lower) (previous year: € 0.2 million) and shareholders' equity would have been € 41 million lower (higher) (previous year: € 29 million). The theoretical impact of € 41 million on shareholders' equity is attributable to the energy price sensitivities of diesel (€ 21 million), coal (€ 17 million), heavy fuel oil (€ 3 million).

Counterparty default risk of interest, currency and energy derivatives

Counterparty default risk is defined as possible losses due to the default of counterparties ("worst-case scenario"). It represents the replacement costs (at market values) of the derivative financial instruments for which DB Group has claims against contract partners. The counterparty default risk is monitored and actively managed by way of strict requirements relating to the creditworthiness of the counterparty at the point at which the transactions are concluded and also throughout the entire life of the transactions, and also by way of defining risk limits.

Liquidity risk

Liquidity management involves maintaining adequate cash and cash equivalent, constantly checking the commercial paper market for ensuring adequate market liquidity and depth and the constant availability of financial resources via guaranteed credit facilities of banks (see Note (27)).

The following table shows the contractually agreed undiscounted interest payments and redemption payments relating to the original financial liabilities as well as the derivative financial instruments with a positive and negative fair value of DB Group:

Maturity analysis of financial commitments

€ MILLION	2009		2010		2011 - 2013		2014 - 2018		2019 ff.	
	Fixed/ variable interest	Redemp-tion	Fixed/ variable interest	Redemp-tion	Fixed/ variable interest	Redemp-tion	Fixed/ variable interest	Redemp-tion	Fixed/ variable interest	Redemp-tion
Financial debt										
Federal loans	–	451	–	481	–	1,126	–	1,308	–	1,411
Bonds	439	1,367	373	1,000	791	2,661	741	3,759	30	600
Commercial paper	–	–	–	–	–	–	–	–	–	–
Bank liabilities	23	181	18	8	52	14	66	404	32	400
EUROFIMA loans	78	656	41	–	111	434	29	519	–	–
Finance lease liabilities	68	118	63	175	139	601	69	346	38	115
Other financial liabilities	–	22	–	–	–	3	–	–	–	–
Trade liabilities	–	3,608	–	28	–	80	–	210	–	–
Other miscellaneous liabilities	–	3,386	–	18	–	19	–	24	–	–
Compulsory information about derivatives										
Derivative financial liabilities (net/gross settled)										
Interest/currency derivatives connected with cash flow hedges	66	6	66	–	109	1,169	18	430	–	–
Interest derivatives not connected with hedges	5	–	–	–	–	–	–	–	–	–
Interest derivatives connected with cash flow hedges	–	–	–	–	–	–	–	–	–	–
Currency derivatives connected with cash flow hedges	–	453	–	–	–	–	–	–	–	–
Currency derivatives not connected with hedges	–	106	–	5	–	–	–	–	–	–
Energy prices derivatives	–	102	–	44	–	39	–	–	–	–
Derivative financial assets (gross settled)										
Interest/currency derivatives connected with cash flow hedges	20	41	17	19	36	168	14	185	–	–
Interest derivatives not connected with hedges	–	–	–	–	–	–	–	–	–	–
Interest derivatives connected with cash flow hedges	–	–	–	–	–	–	–	–	–	–
Currency derivatives connected with cash flow hedges	–	678	–	154	–	–	–	–	–	–
Currency derivatives not connected with hedges	–	91	–	6	–	3	–	–	–	–
Energy prices derivatives	–	–	–	–	–	–	–	–	–	–
Voluntary information about derivatives										
Derivative financial assets (net settled)										
Interest/currency derivatives connected with cash flow hedges	–	–	–	–	–	–	–	–	–	–
Interest derivatives not connected with hedges	-5	–	–	–	–	–	–	–	–	–
Interest derivatives connected with cash flow hedges	–	–	–	–	–	–	–	–	–	–
Currency derivatives connected with cash flow hedges	–	–	–	–	–	–	–	–	–	–
Currency derivatives not connected with hedges	–	–	–	–	–	–	–	–	–	–
Energy prices derivatives	–	-4	–	-4	–	0	–	–	–	–
Inflow of funds from gross settled derivative financial instruments										
Interest/currency derivatives connected with cash flow hedges	-76	-58	-73	-24	-118	-1,250	-30	-637	–	–
Interest derivatives not connected with hedges	–	–	–	–	–	–	–	–	–	–
Interest derivatives connected with cash flow hedges	–	–	–	–	–	–	–	–	–	–
Currency derivatives connected with cash flow hedges	–	-1,143	–	-175	–	–	–	–	–	–
Currency derivatives not connected with hedges	–	-195	–	-11	–	-3	–	–	–	–
Energy prices derivatives	–	–	–	–	–	–	–	–	–	–

This includes all instruments which were held at the end of 2008 and for which payments had already been agreed. Foreign currency amounts have been translated using the spot rate applicable as of the reference date. The variable interest payments attributable to the financial instruments have been calculated on the basis of the interest rates applicable on December 31, 2008 (previous year on December 31, 2007). Financial liabilities which can be repaid at any time are allocated to the earliest possible time segment.

Preparation of partial privatization of DB Mobility Logistics AG

As part of the company law restructuring process of DB Group in the first half of 2008 in connection with the intended partial privatization the direct equity participations of DB AG in the companies which were allocated to the Passenger Transport Group Division (the business units DB Bahn Long-Distance, DB Bahn Regional, DB Bahn Urban as well as Servicecenter Sales) as well as the business unit DB Services were transferred to DB ML AG by way of the spin-off procedure in accordance with the German Company Transformation Act (Umwandlungsgesetz). This spin-off process, which was effective retrospectively as of January 1, 2008, comprised in particular DB Fernverkehr AG, DB Regio AG, DB Stadtverkehr GmbH, DB Vertrieb GmbH and DB Dienstleistungen GmbH. In addition, as part of this restructuring process, some additional majority or minority equity participations as well as major group and service functions of DB AG were also transferred to DB ML AG. The equity participations of DB AG in companies whose activities comprise the construction, maintenance and operation of track and stations (rail infrastructure companies) as well as DB ProjektBau GmbH will thus not be transferred to DB ML AG. The companies which have not been transferred are mainly companies which are allocated to the business units DB Netze Track, DB Netze Stations and DB Netze Energy or the Infrastructure division of DB AG.

The transfers of the parent companies DB Regio AG and DB Stadtverkehr GmbH from DB AG to DB ML AG have resulted in the single entity deemed to exist with DB AG for tax purposes being terminated. The additional income tax expense compared with the corresponding previous year period amounted to € 172 million.

Other information

(34) Contingent receivables and liabilities and guarantee obligations

Contingent receivables were stated as € 60 million as of December 31, 2008 (previous year: € 115 million), and mainly comprise a claim for a refund of construction grants which had been paid; however, as of the balance sheet date, the extent and due date of the claim were not sufficiently certain.

The contingent liabilities are broken down as follows:

€ MILLION	2008	2007
Contingent liabilities from		
Provision of collateral for third-party liabilities	0	0
Provision of warranties	0	0
Other contingent liabilities	172	182
Total	**172**	**182**

Other contingent liabilities also comprise risks arising from litigation which had not been stated as provisions because the expected probability of occurrence is less than 50 %.

The contingencies attributable to warranties amounted to € 135 million as of December 31, 2008 (previous year: € 103 million) and mainly comprise customs guarantees of foreign Schenker companies which have been provided. In addition, fixed assets with carrying amounts of € 190 million (previous year: € 207 million) were used as security for loans of EUROFIMA extended to DB AG; this relates mainly to rolling stock which is used at the operating companies in the segments DB Bahn Long-Distance, DB Bahn Regional and DB Schenker Rail.

The proceedings against the freight industry initiated by the European Commission, the US Ministry of Justice and the cartel authorities in Canada, South Africa, New Zealand and Switzerland on the grounds of the suspicion of anti-competitive agreements in the fields of overland, sea and air freight are still ongoing; these proceedings are not expected to be completed before the end of 2009. At present, because the proceedings have not yet been completed, we are not able to assess the time at which possible fines might be imposed, nor are we able to assess the potential extent of any such fines. This is also applicable with regard to the extent of claims for damages as a result of potentially anti-competitive conduct.

DB Group acts as guarantor mainly for equity participations and joint ventures, and is subject to joint and several liability for all syndicates in which it is involved.

(35) Other financial obligations

Capital expenditures in relation to which the company has entered into contractual obligations as of the balance sheet date, but for which no consideration has yet been received, are broken down as follows:

€ MILLION	2008	2007
Committed capital expenditures		
Property, plant and equipment	5,415	4,512
Intangible assets	9	14
Outstanding capital contributions	325	284
Total	**5,749**	**4,810**

The increase in the order commitment for property, plant and equipment is mainly attributable to the procurement of new rolling stock as well as an increase in investment volume.

The outstanding capital contributions related to outstanding contributions to EUROFIMA (€ 317 million; previous year: € 284 million). The change in relation to the figure stated for the previous year is attributable to exchange rate effects.

Various companies in DB Group have leased assets, e.g. property, buildings, technical equipment, plant and machinery as well as operational and business equipment within the framework of operating lease agreements. If assets relating to the core business of DB Group have been leased, they are generally leased to cover a temporary requirement up to the point at which the ordered material has been made available for delivery and actually supplied.

The terms of the future minimum payments arising from operating lease agreements are set out in the following table:

€ MILLION	2008	2007
Less than 1 year	871	875
1–2 years	662	676
2–3 years	542	566
3–4 years	444	474
4–5 years	389	393
More than 5 years	1,915	1,638
Total	**4,823**	**4,622**

The slight increase compared with the previous year is mainly attributable to the expansion of the overall volume of business, particularly in the segments DB Schenker Rail and DB Schenker Logistics.

(36) Infrastructure and transport contracts

The following notes and information refer to the requirements of SIC-29 (Disclosure – Service Concession Arrangements).

Infrastructure contracts

In accordance with section 6 of the General Railway Act (Allgemeines Eisenbahngesetz; AEG), the infrastructure companies which belong to DB Group, and in particular DB Netz AG, DB Station & Service AG, DB Energie GmbH, have been granted temporary authorization as railroad infrastructure companies as detailed in section 2 (3) AEG to operate and develop the rail infrastructure network in Germany. This comprises in detail the authorization to operate the rail network, the related power network and the station premises related to operations.

The approvals of the EBA for DB Netz AG and DB Station & Service AG have been provided until December 31, 2048, and the approvals for DB Energie GmbH have been provided until June 30, 2051.

The right of the rail infrastructure companies to operate the infrastructure is connected to various obligations. In particular, the infrastructure companies are obliged to ensure that the rail infrastructure is constructed in a safe manner, that it is maintained in a safe condition and that it is developed further in a forward-looking manner. In addition, the infrastructure operators also have to observe statutory duties with regard to noise abatement in the case of any new and expansion projects. DB Group voluntarily participates in the "Rail noise abatement program" for existing lines.

The rail infrastructure companies provide non-discriminatory access to the rail infrastructure in accordance with section 14 et seq. AEG and charge train path utilization fees to the rail transport companies in accordance with the principles of the Ordinance Governing Use of Railway Infrastructure (Eisenbahninfrastrukturbenutzungsverordnung; EIBV). The Federal Network Agency (Bundesnetzagentur) is responsible for monitoring compliance with the principles applicable for imposing the fees in accordance with the EIBV, and is also responsible for ensuring that these principles are applied in a non-discriminatory manner.

The above-mentioned infrastructure companies generated overall revenues of € 7,265 million in 2008 (previous year: € 7,013 million); of this figure, € 1,455 million was generated with non-Group customers (previous year: € 1,278 million).

The assets of the rail infrastructure are the legal and economic property of the company.

Transport contracts

Service licenses and similar approvals which guarantee the general public access to important economic and public facilities have been granted to companies in DB Group. This is applicable particularly for DB Regio AG as well as its subsidiaries which conduct rail passenger operations.

DB Regio AG and its subsidiaries provide transport services on the basis of ordered-service contracts. These so-called "transport contracts for local passenger transport services" are signed with the organization which orders the transport services (e.g. Federal states, local transport company, special-purpose entity/association); these contracts determine the way in which the transport service is provided and continued, and also governs the relevant compensation paid for the transport services.

The funds necessary for this purpose are made available to the Federal states by the Federal Government in accordance with the regulations of the Regionalization Act (Regionalisierungsgesetz; RegG). The total compensation amounted to € 4,477 million in the year under review (previous year: € 4,483 million) (see Note (1)).

The adjustment of 1.5 % to 2 % to the ordering party compensation set out in most transport agreements was not able to compensate for effects attributable to failure to gain success in tendering procedures and cuts in payments of ordering parties in the year under review.

The transport contracts run for periods of between 10 and 15 years. All transport contracts run until at least 2010. 70 % of the transport contracts run until at least 2018, and 26 % run until at least 2016. The transport contracts can only be terminated by the ordering party during the term of the contract for a compelling reason. In general, a transport contract contains stipulations according to which parts of the transport service can be taken out of the contract while the contract is still running and put out to tender again. This is applicable for on average 30 % of the services at the beginning of the contract term. After the transport contracts have expired, it is expected that the transport services will be put out to competitive tender.

The company enjoys legal and beneficial ownership of virtually all of the assets necessary for providing the services, and in particular the rolling stock. No special obligations exist after the end of the contract term.

(37) Related party disclosures

The following parties are deemed to be related parties of DB Group in accordance with IAS 24 (Related-Party Disclosures):

- /// the Federal Government in its capacity as the owner of all shares in DB AG,
- /// the companies or enterprises subject to the control of the Federal Republic of Germany (referred to in the following as "Federal companies"),
- /// affiliated, non-consolidated and associated companies as well as joint ventures of DB Group, as well as
- /// the members of the Management Board and the Supervisory Board of DB AG and their close relatives.

Transactions with related parties are conducted on an arm's length basis.

The figures attributable to related companies and persons are totalled under the corresponding items of the "Notes to the balance sheet" with the designation "thereof." Individual figures are set out in the Notes (19), (27) and (28).

Details and explanations of transactions between DB Group and the Federal Republic of Germany are included in the Notes (3), (5), (9), (13), (31), (35) and (36).

Significant economic relations which need to be reported separately between DB Group and related companies and persons are explained in the following:

Relationships with the Federal Republic of Germany

€ MILLION	Federal Government	
	2008	2007
Services received by DB Group		
Purchase of goods and services	1,729	1,622
Lease and rental payments received	1	0
Taking out loans	90	88
Investment grants	3,554	3,466
Other grants	223	240
	5,597	**5,416**
Services rendered by DB Group		
Sales of goods and services	275	269
Lease and rental payments received	8	11
Other services rendered	20	21
Repayment of loans	264	311
Repayment of investment grants	112	128
Repayment of other grants	2	1
	681	**741**
Other disclosures		
Unsecured receivables	80	96
Unsecured liabilities	3,790	3,890
Current total of guarantees received	3,066	2,993
Current total of guarantees granted	7	7

Purchases of products and services mainly comprise the fees paid to the Federal Government within the framework of the pro forma billing of the allocated civil servants as well as cost refunds for staff secondments in the service provision field.

The interest-free loans extended by the Federal Government in the year under review in accordance with the Federal Rail Infrastructure Extension Act (Bundesschienenwegeausbaugesetz; BSchwAG) are shown with their nominal value under borrowings.

The investment grants have been extended via the Transport Infrastructure Financing Company (Verkehrsinfrastrukturfinanzierungsgesellschaft; VIFG) mainly in accordance with the Federal Rail Infrastructure Extension Act (Bundesschienenwegeausbaugesetz; BSchwAG), the Municipal Transport Financing Act (Gemeindeverkehrsfinanzierungsgesetz; GVFG) for measures under the € 2 billion transport program and the Transport Infrastructure Financing Act (Verkehrsinfrastrukturfinanzierungsgesetz; VIFGG).

The grants recognized in the income statement relate mainly to payments provided by the Federal Government for covering excessive burdens borne by DB Group as a result of operating and maintaining equal-height crossings with roads of all construction authorities.

Sales of products and services also comprise services for carrying severely disabled persons, persons who are working on alternative military service and Bundeswehr traffic.

DB AG has repaid € 264 million interest-free loans to the Federal Government in accordance with the BSchwAG; almost all of this payment was covered by the agreed annual standard redemption payments.

The liabilities due from the Federal Government comprise the interest-free loans, which are shown with their present values, and other liabilities of € 279 million (previous year: € 333 million).

The guarantees received from the Federal Government primarily relate to the loans received from EUROFIMA as well as the outstanding contributions and liabilities arising from collective liability of DB AG at EUROFIMA. The guarantees which have been received include a maximum commitment of € 2,354 million of the Federal Government for loans of EUROFIMA. The loan amounted to € 1,609 million as of the balance sheet date.

The following agreements were concluded with the Federal Government in 2008:

In the course of the financial year, 23 new financing agreements were concluded, with a Federal content totaling approximately € 4.2 billion. The financing agreements have different terms (ranging from one year up to eight years). Financing is provided completely in the form of capital spending grants which do not have to be repaid.

For the years 2004 to 2008, DB AG has waived its entitlement to reimbursement of the costs for employees and assigned civil servants which it incurs as a result of the fact that employment contracts which were transferred to DB AG in accordance with section 14 (2) of the Deutsche Bahn Foundation Act (Deutsche Bahn Gründungsgesetz; DBGrG) cannot be terminated (see section 21 (5) and (6) DBGrG) although the personnel requirements of DB AG has diminished because of technical, operational and organizational measures. In return, the Federal Government suspended the repayment of loans of around € 660 million extended to DB AG, which received the loans on the basis of the joint declaration regarding the extent of track capital expenditures in the year 2001 to 2003 (trilateral agreement).

In accordance with the agreements which had been reached, these loans will now be repaid to the Federal Government in four annual installments of around € 165 million in each case starting in 2009. In return, DB AG receives benefits in accordance with the terms of the DBGrG.

In January 2009, DB AG and the Federal Government agreed a service and financing agreement with a volume of € 2.5 billion per annum, which came into force as of January 1, 2009. This will result in the funding of existing network capital expenditures being fundamentally reformed. Whereas the previous solution involved replacement investments being funded in relation to specific individual measures on the basis of framework and collective agreements, the application of Federal funds in future is to be managed on a quality-driven basis. The aim is to improve the plannability, efficiency and transparency of funding for maintaining the infrastructure.

Relations with Federal companies

Most of the transactions carried out in accordance with IAS 24 in the period under review and in the corresponding previous year period related to operations, and overall were of minor significance for DB Group. The receivables and liabilities which have arisen cancelled each other out almost completely as of the reporting date.

€ THOUSAND	2008	2007
Services rendered by DB Group		
Sales of goods and services	17,088	21,118
Lease and rental payments received	0	0
Trade receivables as of Dec 31	198	149
Services received by DB Group		
Purchase of goods and services	56,780	57,265
Trade liabilities as of Dec 31	5,346	6,948

The revenues of € 17,088 thousand (previous year: € 21,118 thousand) generated by DB Group (service provider) mainly comprise transport and freight forwarding services of the DB Schenker Rail and DB Schenker Logistics segments; of this figure, € 3,934 thousand (previous year: € 3,407 thousand) was generated with the SMS Group, and € 13,154 thousand (previous year: € 17,711 thousand) was generated with Georgsmarienhütte Holding GmbH.

The goods and services purchased by DB Group (service recipient) comprise exclusively supplies of Georgsmarienhütte Holding GmbH.

Relations with affiliated, non-consolidated companies, associates and joint ventures

In the course of the 2008 financial year DB Group purchased products and services worth € 209 million (previous year: € 177 million), mainly for purchasing passenger and freight transport services. Most of this figure, namely € 202 million (previous year: € 169 million), was attributable to transactions conducted with associates.

Interest payments of € 88 million (previous year: € 80 million) were also incurred in the period under review. This figure relates almost exclusively to interest payments for the loans extended by EUROFIMA. Please refer to the details under Note (27).

In 2008, DB Group generated revenues of € 695 million (previous year: € 584 million) from sales of products and services. The revenues were generated mainly in the DB Schenker Rail segment and relate to revenues generated by transport services which were provided.

Guarantees totaling € 13 million (previous year: € 12 million) have been extended; of this figure € 12 million (previous year: € 11 million) was attributable to joint ventures.

An equivalent volume of transactions with related companies was conducted in the previous year period.

Relations with the Management Board and Supervisory Board of DB AG

The following section sets out the transactions between DB Group and the members of the Management Board and the Supervisory Board, as well as the companies in which members of the Management Board or the Supervisory Board own a majority interest.

Compensation of the Management Board

€ THOUSAND	2008	2007
Total compensation of the Management Board [1]	**8,534**	**17,827**
Fixed [1]	4,178	7,637
Variable [1]	4,356	10,190
Short-term [1]	7,456	14,260
For retirement provision [2]	1,078	3,567
Compensation of former members of the Management Board	**2,116**	**1,570**
Retirement benefit obligation in respect of former members of the Management Board	**24,544**	**24,222**

[1] Members of the Management Board (pro rata temporis): Dr. Norbert Bensel (January 1 – May 31, 2008), Norbert Hansen (June 1 – December 31, 2008), Dr. Karl-Friedrich Rausch (January 1 – May 31, 2008), Margret Suckale (January 1 – May 31, 2008)

[2] Long-term compensation for the 2008 financial year of the members of the Board of Management that moved to DB ML AG are shown in total at DB ML AG.

No loans and advances were extended to members of the Management Board in the year under review. Nor did the company take on any contingencies for the benefit of members of the Management Board.

Compensation of the Supervisory Board

€ THOUSAND	2008	2007
Total compensation of the Supervisory Board	**1,003**	**873**
thereof short-term	(1,003)	(873)
Fixed	507	503
Performance-related	253	272
Attendance fees	34	34
Pecuniary advantage condition from travel benefits	37	33
Compensation for membership in Supervisory Boards of DB Group companies (including attendance fees)	172	31

There was no compensation for former members of the Supervisory Board and their surviving dependants. There are no pension obligations for former members of the Supervisory Board and their surviving dependants.

No loans and advances were extended to members of the Supervisory Board in the year under review. Nor did the company take on any contingencies for the benefit of members of the Supervisory Board.

With regard to an individual breakdown and further details of the compensation of the members of the Management Board and members of the Supervisory Board, please refer to the comments in the audited compensation report on pages 27 to 31 of the annual report.

(38) Events after the balance sheet date

On September 19, 2008, the DB Schenker subsidiary DB Schenker Rail Italia S.r.L. signed an agreement to acquire 49 % of NordCargo S.r.L. based in Milan.The agreements are still subject to the necessary approvals of the relevant bodies and authorities. With around 180 employees, the company operates cross-border rail freight transport activities along the north-south axis Germany-Switzerland-Italy and also in north-west Italy. The closing date was January 12, 2009 when the purchase price was paid.

On January 16, 2009, Transfesa acquired the remaining 45.12 % of the shares in Transfesa Distribución y Logistica, S.L., a subsidiary of Transfesa, for a price of € 11 million. This acquisition still has to be approved in accordance with section 65 (3) of the Federal Budget Code (Bundeshaushaltsordnung; BHO).

On January 14, 2009, negotiations were concluded with the Federal Government with regard to the service and financing agreement (LuFV), according to which the Federal Government will provide € 2.5 billion per annum in the next five years for investments in the existing network, stations and power installations. In return, DB Group will provide the Federal Government with specific quality commitments for the track network, the stations and power supply system. In addition to the funds provided by the Federal Government, DB Group has agreed to invest € 500 million of its own funds every year in the existing network within the framework of the LuFV.

At the end of January 2009, DB Group signed a contract for the acquisition of PCC Logistics (logistics segment of the PCC Group). PCC Logistics is the largest private rail company in Poland, and specializes in the transport of coal, chemical products and construction material. Completion of the acquisition is subject to the approval of the relevant authorities and cartel bodies.

At the end of January 2009, agreement was reached in the wage-bargaining round 2009 with all three trade unions (TRANSNET, Gewerkschaft Deutscher Bundesbahnbeamten und Anwärter (GDBA) as well as Gewerkschaft Deutscher Lokomotivführer (GDL)). The results of the negotiations envisage improvements in the form of the working and rest times for shift workers. For instance, fixed weekend rest periods, longer rest periods and better plannability of shifts are some of the aspects which have been agreed. In addition, starting February 1, 2009, the employees will receive a linear increase of 2.5 % in wages and salaries, and a linear increase of 2.0 % starting January 1, 2010 as well as a one-off payment of € 500 in December 2009. The wage-bargaining agreement is due to run for a period of 18 months.

The new Group program reACT09 has been set up in response to the economic developments; the purpose of this program is to alleviate the short-term impact of the economic crisis and to assure the competitive position of DB Group in the long term. In addition to Group-wide spending and investment management, it comprises programs for further improving the cost and competitive position. reACT09 is the direct responsibility of the Chairman of the Management Board.

(39) Exemption of subsidiaries from the disclosure requirements of the German Commercial Code

The following subsidiaries intend to make use of section 264 (3) HGB, which provides an exemption from the disclosure requirements:

A. Philippi GmbH, Quierschied
AMEROPA-REISEN GmbH, Bad Homburg v.d.H.
Anterist & Schneider GmbH, Saarbrücken
Anterist + Schneider Automotive Service GmbH, Saarwellingen
Anterist + Schneider Möbel-Logistik GmbH, Saarbrücken
ATG Autotransportlogistic Gesellschaft mbH, Eschborn
Autokraft GmbH, Kiel
Bacchus-Reisen GmbH, Bad Kreuznach
Bayern Express & P. Kühn Berlin GmbH, Berlin
BBH BahnBus Hochstift GmbH, Paderborn
BRN Busverkehr Rhein-Neckar GmbH, Ludwigshafen
BRN Stadtbus GmbH, Ludwigshafen
BRS Busverkehr Ruhr-Sieg GmbH, Meschede
BVO Busverkehr Ostwestfalen GmbH, Bielefeld
BVR Busverkehr Rheinland GmbH, Düsseldorf
DB Akademie GmbH, Potsdam
DB Bahnbau GmbH, Berlin
DB BahnService GmbH, Berlin
DB Dialog Telefonservice GmbH, Berlin
DB Dienstleistungen GmbH, Berlin
DB European Railservice GmbH, Dortmund
DB Gastronomie GmbH, Frankfurt am Main
DB Intermodal Services GmbH, Mainz
DB International GmbH, Berlin
DB JobService GmbH, Berlin
DB Kommunikationstechnik GmbH, Berlin
DB Media & Buch GmbH, Kassel
DB Mobility Logistics AG, Berlin
DB ProjektBau GmbH, Berlin
DB Rent GmbH, Frankfurt am Main
DB Schenker BTT GmbH, Mainz
DB Schenker Nieten GmbH, Freilassing
DB Schenker Rail GmbH, Mainz
DB Services Immobilien GmbH, Berlin
DB Sicherheit GmbH, Berlin
DB Stadtverkehr GmbH, Frankfurt am Main
DB Systel GmbH, Frankfurt am Main
DB Vertrieb GmbH, Frankfurt am Main
DB Zeitarbeit GmbH, Berlin
DBFuhrparkService GmbH, Frankfurt am Main
Deutsche Gleis- und Tiefbau GmbH, Berlin
DVA Deutsche Verkehrs-Assekuranz-Vermittlungs-GmbH, Bad Homburg
ECO-Trucking GmbH, Coburg
ELAG Emder Lagerhaus und Automotive GmbH, Emden
EVAG Emder Verkehrs und Automotive Gesellschaft mbH, Emden
EVB Handelshaus Bour GmbH, Landau in der Pfalz
Friedrich Müller Omnibusunternehmen GmbH, Schwäbisch Hall
Georg Schulmeyer GmbH, Mörfelden-Walldorf
H. Albrecht Speditions Gesellschaft mit beschränkter Haftung, Frankfurt am Main
Haller Busbetrieb GmbH, Walsrode
Hanekamp Busreisen GmbH, Cloppenburg
Heider Stadtverkehr GmbH, Heide
Ibb Ingenieur-, Brücken- und Tiefbau GmbH, Dresden
Intertec GmbH, Landau in der Pfalz
Intertec Retail Logistics GmbH, Landau in der Pfalz

Inter-Union Technohandel GmbH, Landau in der Pfalz
NVO Nahverkehr Ostwestfalen GmbH, Halle/Westphalia
Omnibusverkehr Franken GmbH (OVF), Nuremberg
ORN Omnibusverkehr Rhein-Nahe GmbH, Mainz
RBO Regionalbus Ostbayern GmbH, Regensburg
Regional Bus Stuttgart GmbH RBS, Stuttgart
Regionalbus Braunschweig GmbH -RBB-, Brunswick
Regionalverkehr Allgäu GmbH (RVA), Oberstdorf
Regionalverkehr Kurhessen GmbH (RKH), Kassel
Regionalverkehr Oberbayern Gesellschaft mit beschränkter Haftung, Munich
RMV Rhein-Mosel Verkehrsgesellschaft mbH, Koblenz
RSW Regionalbus Saar-Westpfalz GmbH, Saarbrücken
RVE Regionalverkehr Euregio Maas-Rhein GmbH, Aachen
RVN Regionalverkehr Niederrhein GmbH, Wesel
RVS Regionalbusverkehr Südwest GmbH, Karlsruhe
SBG SüdbadenBus GmbH, Freiburg im Breisgau
Schenker (BAX) Europe Holding GmbH, Essen
SCHENKER AIR TRANSPORT GmbH, Kelsterbach
Schenker Aktiengesellschaft, Essen
Schenker Automotive RailNet GmbH, Kelsterbach
SCHENKER BETEILIGUNGS GmbH, Dortmund
Schenker Deutschland AG, Frankfurt am Main
SCHENKER INTERNATIONAL AKTIENGESELLSCHAFT, Essen
SCHENKER INTERNATIONAL DEUTSCHLAND GMBH, Kelsterbach
Schenker NIGHT PLUS GmbH, Wülfrath
Stinnes Beteiligungs-Verwaltungs GmbH, Essen
Stinnes Immobiliendienst Verwaltungsgesellschaft mbH, Mülheim an der Ruhr
Stinnes Logistics GmbH, Essen
TLS Transa Logistik & Service GmbH, Offenbach am Main
TRANSA Spedition GmbH, Offenbach am Main
Trilag Geschäftsführungs GmbH, Trier
Verkehrsgesellschaft mbH Untermain -VU-, Aschaffenburg
Verkehrsgesellschaft Schleswig-Holstein mbH, Flensburg
WB Westfalen Bus GmbH, Münster
Weser-Ems Busverkehr GmbH (WEB), Bremen
Zehlendorfer Eisenbahn- und Hafen Gesellschaft mit beschränkter Haftung, Berlin
Zentral-Omnibusbahnhof Berlin GmbH, Berlin

(40) Major subsidiaries

The major participations are set out on the following pages. The revenue figures correspond to IFRS reporting.

The complete list of all participations of DB Group is published in the electronic Federal Gazette (elektronischer Bundesanzeiger).

Major equity participations Deutsche Bahn Group

Name and domicile	Ownership %	Revenues 2008 € million	Employees as of Dec 31, 2008
DB Bahn Long-Distance			
City Night Line CNL AG, Zurich/Switzerland	100.00	53	123
DB Fernverkehr Aktiengesellschaft, Frankfurt am Main	100.00	3,429	13,462
DBAutoZug GmbH, Dortmund	100.00	194	359
DB Bahn Regional			
Chiltern Railway Company Limited, London/UK	100.00	128	789
DB Regio Aktiengesellschaft, Frankfurt am Main	100.00	5,260	18,948
DB Regio NRW GmbH, Düsseldorf	100.00	1,115	3,493
DB RegioNetz Verkehrs GmbH, Frankfurt am Main	100.00	160	740
DB ZugBus Regionalverkehr Alb-Bodensee GmbH (RAB), Ulm	100.00	292	1,109
DB Bahn Urban			
Autokraft GmbH, Kiel	100.00	86	645
BRN Busverkehr Rhein-Neckar GmbH, Ludwigshafen	100.00	53	440
Omnibusverkehr Franken GmbH (OVF), Nuremberg	100.00	91	511
ORN Omnibusverkehr Rhein-Nahe GmbH, Mainz	100.00	50	371
RBO Regionalbus Ostbayern GmbH, Regensburg	100.00	66	299
Regional Bus Stuttgart GmbH RBS, Stuttgart	100.00	72	483
Regionalbus Brunswick GmbH -RBB-, Brunswick	100.00	41	262
Regionalverkehr Kurhessen GmbH (RKH), Kassel	100.00	70	675
Regionalverkehr Oberbayern Gesellschaft mit beschränkter Haftung, Munich	100.00	59	584
RMV Rhein-Mosel Verkehrsgesellschaft mbH, Koblenz	74.90	61	283
RSW Regionalbus Saar-Westpfalz GmbH, Saarbrücken	100.00	64	301
RVS Regionalbusverkehr Südwest GmbH, Karlsruhe	100.00	56	377
S-Bahn Berlin GmbH, Berlin	100.00	559	2,786
S-Bahn Hamburg GmbH, Hamburg	100.00	220	841
SBG SüdbadenBus GmbH, Freiburg im Breisgau	100.00	73	490
Weser-Ems Busverkehr GmbH (WEB), Bremen	100.00	62	322
DB Schenker Rail			
ATG Autotransportlogistic Gesellschaft mbH, Eschborn	100.00	290	57
DB Schenker BTT GmbH, Mainz	100.00	87	104
DB Intermodal Services GmbH, Mainz	100.00	62	313
DB Schenker Rail (UK) Limited, London/UK	100.00	532	3,614
Euro Cargo Rail SAS, Paris/France	100.00	61	828
DB Schenker Nieten GmbH, Freilassing	100.00	123	48
DB Schenker Rail Deutschland AG (formerly Railion Deutschland AG), Mainz	98.00	3,676	20,263
DB Schenker Rail Nederland N.V., Utrecht/the Netherlands	98.00	162	893
DB Schenker Rail Scandinavia A/S, Taastrup/Denmark	49.98	66	311
RBH Logistics GmbH, Gladbeck	98.00	182	841
Schenker Automotive RailNet GmbH, Kelsterbach	100.00	57	49
Transportes Ferroviarios Especiales S.A., Madrid/Spain	55.10	87	243

Name and domicile	Ownership %	Revenues 2008 € million	Employees as of Dec 31, 2008
DB Schenker Logistics			
Anterist & Schneider GmbH, Saarbrücken	100.00	98	450
HANGARTNER S.r.l., Verona/Italy	100.00	81	108
HANGARTNER Terminal AG, Aarau/Switzerland	100.00	105	5
RAILOG AB, Malmö/Sweden	100.00	82	26
SCHENKER & Co. AG, Vienna/Austria	100.00	766	1,745
Schenker (H.K.) Ltd., Hong Kong/China	100.00	84	305
Schenker (Ireland) Ltd., Shannon/Ireland	100.00	60	172
Schenker (S.A.) (Pty) Ltd., Isando/South Africa	100.00	124	541
Schenker (Thai) Ltd., Bangkok/Thailand	49.00	97	1,096
Schenker A/S, Hvidovre/Denmark	100.00	190	295
Schenker AB, Göteborg/Sweden	100.00	1,219	2,483
Schenker Akeri AB, Göteborg/Sweden	100.00	94	893
Schenker Aktiengesellschaft, Essen	100.00	3,574	10,045
Schenker AS, Oslo/Norway	100.00	468	1,429
Schenker Australia Pty. Ltd., Alexandria/Australia	100.00	303	920
Schenker B.V., Tilburg/the Netherlands	100.00	170	624
Schenker Cargo Oy, Turku/Finland	100.00	215	978
Schenker China Ltd., Shanghai/China	100.00	703	2,180
Schenker Dedicated Services AB, Göteborg/Sweden	100.00	100	75
Schenker do Brasil Transportes Internacionais Ltda., São Paulo/Brazil	100.00	138	414
Schenker Espana, S.A., Madrid/Spain	100.00	91	269
SCHENKER INDIA PRIVATE LIMITED, New Delhi/India	100.00	162	1,183
Schenker International (HK) Ltd., Hong Kong/China	100.00	572	1,180
Schenker International B.V., Rotterdam/the Netherlands	100.00	174	268
Schenker Italiana S.p.A., Peschiera/Italy	100.00	488	1,070
Schenker Korea Ltd., Seoul/South Korea	100.00	118	290
Schenker Logistics (Malaysia) Sdn Bhd., Kuala Lumpur/Malaysia	100.00	160	1,203
Schenker LTD., London/UK	100.00	332	912
SCHENKER N.V., Antwerp/Belgium	100.00	218	569
Schenker of Canada Ltd., Toronto/Canada	100.00	463	1,825
Schenker OY, Helsinki/Finland	100.00	333	405
Schenker Russija ZAO, Moscow/Russia	100.00	74	190
Schenker SA, Gennevilliers/Switzerland	100.00	660	1,376
Schenker Schweiz AG, Zürich/Switzerland	100.00	141	364
Schenker Singapore (PTE) Ltd., International Forwarders, Singapore	100.00	254	1,206
Schenker Sp.zo.o., Warsaw/Poland	99.60	309	1,675
SCHENKER spol. s r.o., Prague/Czech Republic	100.00	107	764
Schenker Transitarios, S.A., Loures/Portugal	100.00	81	289
Schenker-Arkas Nakliyat Ve Tic. A.S., Zincirlikuyu/Turkey	55.00	125	383
SCHENKER-JOYAU SAS, Montaigu Cedex/France	99.94	404	3,322
Schenker-Seino Co. Ltd., Tokyo/Japan	60.00	254	376
SPAIN-TIR Transportes Internacionales S.A., Barcelona/Spain	100.00	114	295
Star Global International (HK) Ltd., Hong Kong/China	80.00	73	98
Stinnes Corporation[1], Tarrytown/USA	100.00	1,753	6,751
TRANSA Spedition GmbH, Offenbach am Main	100.00	357	341

Name and domicile	Ownership %	Revenues 2008 € million	Employees as of Dec 31, 2008
DB Services			
DB Kommunikationstechnik GmbH, Berlin	100.00	48	1,175
DB Rent GmbH, Frankfurt am Main	100.00	75	158
DB Services Nord GmbH, Hamburg	100.00	42	1,306
DB Services Nordost GmbH, Berlin	100.00	59	2,010
DB Services Süd GmbH, Munich	100.00	47	1,450
DB Services Südost GmbH, Leipzig	100.00	46	1,645
DB Services Südwest GmbH, Frankfurt am Main	100.00	69	1,762
DB Services West GmbH, Cologne	100.00	55	1,263
DB Systel GmbH, Frankfurt am Main	100.00	815	4,617
DBFuhrparkService GmbH, Frankfurt am Main	100.00	158	163
DB Netze Track			
DB Bahnbau GmbH, Berlin	100.00	145	935
DB Netz Aktiengesellschaft, Frankfurt am Main	100.00	4,113	34,900
DB RegioNetz Infrastruktur GmbH, Frankfurt am Main	100.00	61	528
Deutsche Bahn Gleisbau GmbH, Duisburg	100.00	99	453
Deutsche Gleis- und Tiefbau GmbH, Berlin	100.00	187	1,195
Deutsche Umschlaggesellschaft Schiene – Straße (DUSS) mbH, Bodenheim	87.50	37	478
Ibb Ingenieur-, Brücken- und Tiefbau GmbH, Dresden	100.00	53	234
DB Netze Stations			
DB Station & Service Aktiengesellschaft, Berlin	100.00	983	4,499
DB Netze Energy			
DB Energie GmbH[2], Frankfurt am Main	100.00	2,169	1,556
Other holdings			
AMEROPA-REISEN GmbH, Bad Homburg v.d.H.	100.00	95	115
DB Dialog Telefonservice GmbH, Berlin	100.00	55	1,161
DB International GmbH, Berlin	100.00	92	614
DB Media & Buch GmbH, Kassel	100.00	94	0
DB Mobility Logistics AG, Berlin	100.00	32	2,186
DB ProjektBau GmbH, Berlin	100.00	531	3,505

[1] Figures comply with (provisional) consolidated Group figures from Stinnes Corp.
[2] Included in the segment report under Subsidiaries/Other.

(41) Supervisory Board and Management Board

The names and mandates of the members of the Supervisory Board and Management Board of DB AG are set out in the list on the following pages.

Management Board

Hartmut Mehdorn
Chief Executive Officer (CEO),
Chief Executive Officer (CEO) of
DB Mobility Logistics AG,
Berlin

a) DB Netz 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
b) Allianz Deutschland AG (Advisory Board)

Dr. Norbert Bensel
Transport and Logistics,
Berlin
– up to May 31, 2008 –

a) DB Fernverkehr AG [1)]
DB Regio AG [1)]
DB Schenker Rail Deutschland AG (Chairman) [1)]
Schenker AG (Chairman) [1)]
DB Services Immobilien GmbH [1)]
Schenker Deutschland AG (Chairman) [1)]
DEVK Deutsche Eisenbahn Versicherung Sach- und HUK-Versicherungsverein a.G.
DEVK Rückversicherungs- und Beteiligungs-Aktiengesellschaft
Praktiker Bau- und Heimwerkermärkte AG
Praktiker Bau- und Heimwerkermärkte Holding AG
Sparda-Bank Berlin eG
b) BLG LOGISTICS GROUP AG & Co. KG (Advisory Board)
IAS Institut für Arbeits- und Sozialhygiene Stiftung (Advisory Board)

Stefan Garber
Infrastructure and Services,
Bad Homburg

a) DB Station & Service AG (Chairman) [1)]
DB Energie GmbH (Chairman) [1)]
DB ProjektBau GmbH (Chairman) [1)]
IDUNA Lebensversicherung a.G.
Sparda-Bank Baden-Württemberg eG
b) Signal Iduna Group (Advisory Board)

Norbert Hansen
Personnel,
Hamburg
– since June 1, 2008 –

a) DB Gastronomie GmbH (Chairman) [1)]
DB JobService GmbH (Chairman) [1)]
DEVK Allgemeine Versicherungs-AG (Chairman)
DEVK Rückversicherungs- und Beteiligungs-Aktiengesellschaft (Chairman)
DEVK Vermögensvorsorge- und Beteiligungs-AG
b) DB Zeitarbeit GmbH (Advisory Board, Chairman) [1)]
Verband der Sparda-Banken e.V. (Advisory Board)

Dr. Karl-Friedrich Rausch
Passenger Transport,
Weiterstadt
– up to May 31, 2008 –

a) DB Fernverkehr AG (Chairman) [1)]
DB Regio AG (Chairman) [1)]
Schenker AG [1)]
DB Vertrieb GmbH (Chairman) [1)]
S-Bahn Berlin GmbH (Chairman) [1)]
DEVK Allgemeine Versicherungs-AG
DEVK Deutsche Eisenbahn Versicherung Sach- und HUK-Versicherungsverein a.G.
b) DB Zwölfte Vermögensverwaltungs AG (Chairman) [1)]

Diethelm Sack
Chief Financial Officer (CFO),
Member of the Management Board
of DB Mobility Logistics AG,
Frankfurt am Main

a) DB Services Immobilien GmbH (Chairman) [1)]
DVA Deutsche Verkehrs-Assekuranz-Vermittlungs-GmbH (Chairman) [1)]

Margret Suckale
Personnel and Legal,
Berlin
– up to May 31, 2008 –

a) Schenker AG [1)]
DB Gastronomie GmbH (Chairwoman) [1)]
DB JobService GmbH (Chairwoman) [1)]
DEVK Deutsche Eisenbahn Versicherung Lebensversicherungsverein a.G.
DEVK Deutsche Eisenbahn Versicherung Sach- und HUK-Versicherungsverein a.G.
Sparda-Bank Hamburg eG
b) DB International GmbH [1)]
DB Zeitarbeit GmbH (Advisory Board, Chairwoman) [1)]
Verband der Sparda-Banken e.V. (Advisory Board)

Dr. Otto Wiesheu
Economic and Political Affairs,
Zolling

a) DB Sicherheit GmbH [1)]
b) DB International GmbH (Chairman) [1)]
DEVK Deutsche Eisenbahn Versicherung Lebensversicherungsverein a.G.
INA-Holding Schaeffler KG (Advisory Board)
Märker Holding GmbH (Advisory Board)

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

Information relating to December 31, 2008 or the time of leaving the services of the company in 2008. If appointed after December 31, 2008, the time of appointment is used.

Supervisory Board

Dr. Günther Saßmannshausen
Honorary Chairman of the Supervisory Board,
Hanover

Dr. Werner Müller
Chairman of the Supervisory Board,
Mülheim an der Ruhr

a) DB Mobility Logistics AG (Chairman)
EVONIK Degussa GmbH (Chairman) 1)
EVONIK Immobilien AG 1)
EVONIK STEAG AG (Chairman) 1)
b) g.e.b.b. Gesellschaft für Entwicklung, Beschaffung und Betrieb mbH (Chairman)
Stadler Rail AG (Administrative Board)

Alexander Kirchner*
Deputy Chairman of the Supervisory Board
– since February 18, 2009 –
Chairman of TRANSNET Gewerkschaft,
Runkel
– since February 9, 2009 –

a) DB Fahrzeuginstandhaltung GmbH
DB JobService GmbH
DB Sicherheit GmbH
DB Systel GmbH
b) DB Dienstleistungen GmbH (Advisory Board)
DB Zeitarbeit GmbH (Advisory Board)

Lothar Krauß*
Deputy Chairman of the Supervisory Board
– from May 16, 2008 to January 31, 2009 –
Deputy Chairman of TRANSNET Gewerkschaft,
Rodenbach
– up to January 31, 2009 –

a) DB Mobility Logistics AG
DBV-Winterthur Holding AG
Sparda-Bank Baden-Württemberg eG (Chairman)
b) DEVK Deutsche Eisenbahn Versicherung Sach- und HUK-Versicherungsverein a.G. (Advisory Board, Chairman)

Norbert Hansen
Deputy Chairman of the Supervisory Board,
Chairman of TRANSNET Gewerkschaft,
Hamburg
– up to May 15, 2008 –

a) Arcor Verwaltungs-Aktiengesellschaft
DEVK Allgemeine Versicherungs-AG (Chairman)
DEVK Deutsche Eisenbahn Versicherung Lebensversicherungsverein a.G. (Chairman)
DEVK Deutsche Eisenbahn Versicherung Sach- und HUK-Versicherungsverein a.G. (Chairman)
DEVK Rückversicherungs- und Beteiligungs-Aktiengesellschaft (Chairman)
DEVK Vermögensvorsorge- und Beteiligungs-AG
b) Verband der Sparda-Banken e.V. (Advisory Board)

Georg Brunnhuber
Member of the German Bundestag,
Oberkochen

b) Kreissparkasse Ostalb (Administrative Board)

Niels Lund Chrestensen
General Manager of N.L. Chrestensen Samenzucht und Produktion GmbH,
Erfurt

a) Funkwerk AG
b) Landesbank Hessen-Thüringen (Advisory Board public sector companies/ institutions, municipalities and savings banks)
Thüringer Aufbaubank (Administrative Board)

Christoph Dänzer-Vanotti
Member of the Management Board of E.ON AG,
Essen
– since February 1, 2009 –

a) E.ON Energie AG 1)
b) E.ON Nordic AB, Malmö, Sweden 1)
E.ON Sverige AB, Malmö, Sweden 1)

Achim Großmann
Parliamentary State Secretary, Federal Ministry of Transport, Building and Urban Affairs,
Würselen
– since November 19, 2008 –

a) DB Mobility Logistics AG
b) ÖPP Deutschland AG

Dr. Ing. Dr. E.h. Jürgen Großmann
Chairman of the Management Board of RWE AG,
Hamburg

a) BATIG Gesellschaft für Beteiligungen mbH
British American Tobacco (Germany) GmbH
British American Tobacco (Industrie) GmbH
SURTECO Aktiengesellschaft (Chairman)
VOLKSWAGEN AG
b) Hanover Acceptances Limited, London/UK

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 Hennerkes
State Secretary (retired), Federal Ministry of Transport, Building and Urban Affairs,
Berlin
– up to January 31, 2008 –

Jörg Hensel*
Chairman of the Central Works Council
of DB Schenker Rail Deutschland AG,
Chairman of the Branch Works Council
of DB Mobility Logistics AG,
Hamm

a) DB Mobility Logistics AG
DB Schenker Rail Deutschland AG
b) DEVK Pensionsfonds-AG (Advisory Board)

Klaus-Dieter Hommel*
Federal Chairman of the GDBA Transport
Workers' Union,
Frankfurt am Main

a) DB Schenker Rail Deutschland AG
DEVK Deutsche Eisenbahn Versicherung
Lebensversicherungsverein a.G.
DEVK Deutsche Eisenbahn Versicherung
Sach- und HUK-Versicherungsverein a.G.
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) 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 (Chairman)

Helmut Kleindienst*
Chairman of the Branch Works Council
of the Services Business Unit of Deutsche
Bahn Group,
Chairman of the Works Council
of DB Dienstleistungen GmbH,
Eppstein/Taunus

b) DB Dienstleistungen GmbH
(Advisory Board)

Dr. Jürgen Krumnow
Former member of the Management Board
of Deutsche Bank AG,
Königstein/Taunus

a) DB Mobility Logistics AG
Hapag-Lloyd AG
Lenze AG
TUI AG (Chairman)
b) Peek & Cloppenburg KG (Advisory Board)

Vitus Miller*
Chairman of the Central Works Council
Regional/Urban Transport of Deutsche Bahn
Group,
Stuttgart

a) DB Regio AG
DB Vertrieb GmbH

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)

Dr. Axel Nawrath
State Secretary in the Federal Ministry
of Finance,
Berlin

a) DB Mobility Logistics AG

Dr. Walther Otremba
State Secretary in the Federal Ministry
of Economics and Technological Affairs,
St. Augustin
– since February 1, 2008 –

a) DB Mobility Logistics AG

Dr. Bernd Pfaffenbach
State Secretary in the Federal Ministry
of Economics and Technological Affairs,
Wachtberg-Pech
– up to January 31, 2008 –

a) Deutsche Postbank AG
KfW IPEX-Bank GmbH
Lufthansa Cargo AG

Ute Plambeck
Management Representative Deutsche Bahn AG
for the Federal States of Hamburg/Schleswig-Holstein,
Hamburg

a) Autokraft GmbH
S-Bahn Hamburg GmbH

Regina Rusch-Ziemba*
Deputy Chairwoman
of TRANSNET Gewerkschaft,
Hamburg
– since June 5, 2008 –

a) DB Fahrwegdienste GmbH
DB ProjektBau GmbH
DB Station & Service AG
DEVK Deutsche Eisenbahn Versicherung
Lebensversicherungsverein a.G.
(Chairwoman)
DEVK Deutsche Eisenbahn Versicherung
Sach- und HUK-Versicherungsverein a.G.

Matthias von Randow
State Secretary (retired),
Berlin
– from February 1 to November 19, 2008 –

a) DB Mobility Logistics AG
Fraport AG

Dr. h.c. Eggert Voscherau
Wachenheim
– up to December 31, 2008 –

a) Carl Zeiss AG (Chairman)
   CropEnergies AG (Chairman)
   HDI Haftpflichtverband der Deutschen Industrie VVaG
   SCHOTT AG (Chairman)
   Talanx AG
b) Nord Stream AG (Shareholders' Committee)
   ZEW (Zentrum für Europäische Wirtschaftsforschung) GmbH

Dr.-Ing. E.h. Dipl.-Ing. Heinrich Weiss
Chairman of the Management Board of SMS GmbH,
Hilchenbach-Dahlbruch

a) DB Mobility Logistics AG
   SMS Demag AG (Chairman) [1)]
   COMMERZBANK AG
   Voith AG
b) Bombardier Inc., Montreal/Canada
   Thyssen-Bornemisza Group, Monaco

* Employees' representative on the Supervisory Board
1) Mandate within the Group
a) Membership in other supervisory boards required by law
b) Membership in comparable domestic and foreign corporate control committees of business enterprises

Information relating to December 31, 2008 or the time of leaving the services of the company in 2008. If appointed after December 31, 2008, the time of appointment is used.

Supervisory Board Committees

Executive Committee
Dr. Werner Müller (Chairman)
Norbert Hansen – up to May 15, 2008 –
Lothar Krauß
– from May 16, 2008 to January 31, 2009 –
State Secretary (retired) Jörg Hennerkes
– up to January 31, 2008 –
State Secretary (retired) Matthias von Randow
– from February 1, 2008
to November 19, 2008 –
Parliamentary State Secretary
Achim Großmann – since December 1, 2008 –
Günter Kirchheim

Audit Committee
Dr. Jürgen Krumnow (Chairman)
State Secretary (retired) Jörg Hennerkes
– up to January 31, 2008 –
State Secretary (retired) Matthias von Randow
– from February 1, 2008
to November 19, 2008 –
Parliamentary State Secretary
Achim Großmann – since December 1, 2008 –
Lothar Krauß – up to June 24, 2008 –
Regina Rusch-Ziemba – since June 25, 2008 –
Helmut Kleindienst

Personnel Committee
Dr. Werner Müller (Chairman)
State Secretary (retired) Jörg Hennerkes
– up to January 31, 2008 –
State Secretary (retired) Matthias von Randow
– from February 1, 2008
to November 19, 2008 –
Parliamentary State Secretary
Achim Großmann – since December 1, 2008 –
Norbert Hansen – up to May 15, 2008 –
Lothar Krauß
– from May 16, 2008 to January 31, 2009 –
Günter Kirchheim

Members of the Mediation Committee in accordance with article 27 section (3) MitbestG
Dr. Werner Müller (Chairman)
State Secretary (retired) Jörg Hennerkes
– up to January 31, 2008 –
State Secretary (retired) Matthias von Randow
– from February 1, 2008
to November 19, 2008 –
Parliamentary State Secretary
Achim Großmann – since December 1, 2008 –
Norbert Hansen – up to May 15, 2008 –
Lothar Krauß
– from May 16, 2008 to January 31, 2009 –
Günter Kirchheim

Berlin, February 24, 2009

Deutsche Bahn AG
The Management Board

ADDITIONAL INFORMATION

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MAJOR ACTIVITY RELATIONSHIPS WITHIN DB GROUP

The following table shows the major intra-Group activity relationships among the segments of the DB Group. The figures indicate the infrastructure-related offset for the use of train-paths, local infrastructure (including marshalling yards and storage sidings) and passenger stations, as well as energy cost offset.

The offset for infrastructure utilization is billed based on the published pricing systems (train-path pricing system, facility pricing system and station pricing system). The activities are rendered by DB Netz AG or DB Station & Service AG. The recipients of intra-Group activities are primarily the railroad companies in the passenger and freight transport area.

Energy activities are consolidated: DB Energie GmbH purchases all energy products from external sources and then charges these activities on to the intra-Group consumers, at fair market conditions. Energy cost offset includes both tractive energy (diesel fuel, rail electricity) and electricity for stationary facilities (such as switch-track heaters and train preheating units of DB Netz AG).

€ MILLION	DB Bahn Long-Distance	DB Bahn Regional	DB Bahn Urban	DB Schenker Rail	DB Schenker Logistics	DB Services	DB Netze Track	DB Netze Stations	DB Netze Energy	Holdings/ Other
Train-path utilization	- 752	- 1,907	- 180	- 513	0	- 1	3,354	0	0	- 1
Utilization of local infrastructure	- 20	- 48	- 1	- 146	0	- 1	218	0	- 2	0
Station utilization	- 96	- 397	- 102	0	0	0	0	595	0	0
Energy allocation	- 283	- 629	- 101	- 395	- 3	- 12	- 117	- 63	1,613	- 10

DEVELOPMENT OF INVESTMENT GRANTS

Development of investment grants for fixed assets € MILLION	Beginning value as of Jan 1, 2008	Addition	Transfer[1]	Cancellations	End value as of Dec 31, 2008
DB Group	43,206	4,113	1	- 258	47,062
DB Station & Service AG	3,534	386	0	- 9	3,911
DB Netz AG	39,060	3,624	- 9	- 244	42,431
DB Energie GmbH	612	103	10	- 5	720

[1] In the year under review infrastructure assets were transferred from the rail operating companies to the rail infrastructure companies to secure the non-discriminatory marketing. In this context capitalized and set off investment grants in an amount of € 1 million were transferred.

The table shows the development of the investment grants in fixed assets for the rail infrastructure companies.

The investment grants are granted for purchasing or creating a fixed asset. They are essentially extended by the Federal Government within the framework of the procedure for calling off funds (Mittelabrufverfahren). However, other parties (a Federal state, municipality, third parties) also provide investment grants to DB Group. After the fixed asset has been completed, investment grants are deducted as an asset from the purchase and production costs. This means that the asset is shown with a reduced carrying amount and that correspondingly lower depreciation is incurred. The subsidy accordingly has a positive impact on the results of operations for the entire economic service life of the asset. In such cases, tax law speaks of grants being recognised directly in equity.

In the following, you will find important information concerning the various types of investment subsidy.

Grants from third parties

Grants from third parties – with the effect of reducing purchase and production costs – not public sector

These third party grants relate to investments in the non-public sector, for instance from private persons or companies (partnerships or corporations) for investment measures in fixed assets.

Grants from third parties – with the effect of reducing purchase and production costs – public sector

These are grants extended by third parties (a Federal state, municipality, central, regional and local authority) in the public sector; in the case of the infrastructure companies, they mainly comprise grants for billing road/rail crossing measures under the Railway Crossing Act (Eisenbahnkreuzungsgesetz; EKrG).

Grants from third parties under the Municipality Transport Financing Act (excluding Federal Government)

Grants under the Municipality Transport Financing Act (Gemeindeverkehrsfinanzierungsgesetz; GVFG) are granted by the Federal state authorities (in addition to Federal financing) for up to 40 % of the approved costs of “investments designed to improve the transport conditions of municipalities” in accordance with section 1 GVFG. In addition, a planning cost allowance of 7 % is normally paid on top of the total costs which are eligible for grants. However, different percentages can be agreed bilaterally with the Federal states.

Federal grants and grants of the European Union

Federal grants – noise remediation

The federal government pays grants for “Noise remediation measures on existing track of the Federal railways.” Grants are paid for active noise insulation (investments = noise barriers) if the noise level exceeds certain limits.

Federal grants – port hinterland traffic

This is a new Federal budget title which was set up in 2008. In these cases, the Federal Government pays grants for investments on the basis of the port hinterland transportation immediate program for remedying bottlenecks in rail freight transportation.

Federal grants – VIFG funds

These are grants for investments in the Federal railways which are granted via the transport infrastructure financing company (Verkehrsinfrastrukturfinanzierungsgesellschaft VIFG). These funds are earmarked for rail infrastructure measures, and are made available via the Federal company set up in the year 2003 out of the revenues generated by the distance-related road toll for lorries.

Federal grants – special burdens due to past underinvestment

The Federal Government made grants for legacy investments in accordance with section 22 (1) No. 2 Deutsche Bahn Foundation Act (Deutsche Bahn Gründungsgesetz; DBGrG) for remedying the prior failure to invest in fixed assets and for modernizing existing fixed assets of the former Deutsche Reichsbahn, for harmonizing the track network and the entire rail infrastructure. The funds were extended for a maximum period of nine years after the point at which DB AG commenced operations, and the arrangement was terminated as of December 31, 2002.

Because the financing volume was not attained in the specified agreed period, the Federal Government, the new Federal states/free states and DB AG have adopted, following the expiry of the ruling under Federal law, a new "joint declaration concerning the further reduction of legacy investments in the field of the former DR special fund after the year 2003." This defined the various aspects, including the fact that the Federal funds which have not yet been utilized will be extended in the form of non-repayable grants in accordance with the rules of the Federal Rail Infrastructure Expansion Act (Bundesschienenwegeausbaugesetz; BSchwAG).

Federal grants – civil defense

In these cases, Federal Government grants are extended for tasks for which Deutsche Bahn is obliged to carry out for purposes of civil defense in accordance with section 10a of the Transport Assurance Act (Verkehrssicherstellungsgesetz; VSG).

Federal grants – GVFG (local public passenger transport)

These Federal grants relate to Federal grants in accordance with section 11 GVFG equivalent to up to 60 % of the costs eligible for grants.

Investment grants extended under GVFG are deducted as assets from the purchase and production costs of the subsidized assets and cost grants are recognized in the appropriate period under income. This arrangement has been approved by the Federal Railway Authority (Eisenbahnbundesamt; EBA).

In addition to the Federal funds under the GVFG, these Federal grants also comprise the grants from the Capital City Agreement (Hauptstadtvertrag) of 1994, according to which the Federal Government agrees to bear some of the additional costs which have resulted from expanding the government and parliament field.

Federal grants – Federal Rail Infrastructure Expansion Act

Federal grants are paid under section 8 of the BSchwAG for investments in building new lines or expanding existing lines or for replacement investments in existing Federal permanent way. The appendix to section 1 BschwAG contains the individual projects included for completion in the "demand plan for the Federal permanent way"– in line with the Federal Transport Route Plan (Bundesverkehrswegeplan; BVWP).

The Federal Government has also extended funds out of the € 2 billion transport program for improving the transport infrastructure under a separate budget title. These funds were adopted in the cabinet as a contribution towards strengthening economic development for the years 2005 to 2008. The program is intended to ensure that urgent transport investments can be implemented.

Future investment program/UMTS funds

These Federal grants are extended on the basis of the "Joint declaration of the Federal Republic of Germany, represented by the BMVBW and the BMF as well as DB AG, concerning the extent of permanent way investments in the years 2001 to 2003" (trilateral agreement).

These funds resulted from the sale of the UMTS radio licenses and were primarily earmarked for measures designed to improve the quality of the existing permanent way by means of "Upgrading track which is subject to severe speed restrictions and the immediate and noticeable modernization of control and security technology." After 2006, a separate Federal budget title will no longer exist, and no further funds will be called off. The remainder will be processed under the title "BSchwAG."

Federal grants – imposed track

These grants are Federal grants for obligations of Deutsche Bahn in accordance with section 10 b VSG in conjunction with section 23 VSG for maintaining rail infrastructure for certain lines. The legal basis is EWG-VO 1191/69.

Grants – EU funds

The European Union pays community grants to Deutsche Bahn in response to a special application and subject to certain obligations to provide supporting evidence.

Under this program, grants are also extended for the so-called Trans-European Networks (TEN funds).

Community grants for Trans-European Networks are also paid for the project "European Rail Traffic Management System (ERTMS)" or "European Train Control System (ETCS)."

The EU also grants financing grants out of the European fund for regional development (EFRE). The existence of a community subsidy concept prepared by a member state and approved by the EU Commission is an essential precondition for such grants.

DB ADVISORY BOARD

In 2002 the Management Board established the DB Advisory Board to provide independent counsel for public debates and to position the corporation.

The DB Advisory Board consists of renowned personalities from the worlds of business, science and public life, with whom DB Group intensively discusses central corporate positions and issues. The DB Advisory Board's mission is to challenge and question the DB Group's positions and then to discuss their findings with the Management Board. Moreover, the Board also assists in substantiating statements and supporting dialogue between DB Group and the general public.

The DB Advisory Board meets at least twice yearly to review current issues related to the corporate development of DB Group. Furthermore, the DB Advisory Board has also established committees for the purpose of deeply reviewing core issues with the appropriate specialist departments within DB Group.

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of North Rhine-Westphalia, Aachen

Dr. Wendelin Wiedeking
Chairman of the Management Board
of Porsche Automobil Holding SE

GLOSSARY

Financial glossary

Capital employed – Comprises properties (including intangible assets) plus net working capital.

Cash flow statement – Representation of movements in cash and cash equivalents during a financial year.

Commercial paper program – Contractual framework or sample documentation for the issuance of short-term bonds.

Credit facilities – Credit lines arranged with banks that can be drawn upon as necessary.

Debt issuance program – Contractual framework or sample documentation for the issuance of bonds. Ensures high flexibility in issuing activity.

Derivative financial instruments (derivatives) – Finance contracts, the value of which depends on the performance of the underlying assets (reference amounts include, for example, interest rates or commodity prices). Important examples include options, futures, forwards and swaps.

EBIT (earnings before interest and taxes) – Operating income before interest and taxes.

EBITDA (earnings before interest, taxes, depreciation and amortization) – Operating income before interest, taxes, depreciation and amortization.

Equity method/at-equity accounting – Procedure used to account for investments where assets and liabilities are not fully consolidated in the consolidated financial statements. The carrying amount of the investment is adjusted to reflect the development of the pro rata share of equity.

Equity ratio – Key financial performance indicator based on the balance sheet structure: expresses equity as a percentage of total assets.

Fair value – Price calculated in efficient markets taking into account all factors influencing prices, and negotiated between knowledgeable, willing parties in an arm's length transaction.

Gearing – Key financial performance indicator that expresses the ratio of net financial debt to equity as a percentage.

Gross capital expenditures – Total capital expenditure for property, plant and equipment and intangible assets – irrespective of the type of financing.

Hedging – Hedging transactions conducted within the scope of risk management, particularly to minimize interest and currency risks.

IFRS (International Financial Reporting Standards) – Internationally recognized accounting standards. Since 2005, the term IFRS has applied to the entire accounting concept issued by the International Accounting Standards Board. Standards issued prior to this continue to be referred to as International Accounting Standards (IAS).

Interest-free loans – Repayable, yet interest-free loans extended by the German Federal Government. Result from the financial participation of the Federal Republic of Germany in capital expenditure for the extension and replacement of track infrastructure.

Investment grants – Third-party financial investments in specified investment projects without future repayment requirements.

Net capital expenditures – Gross capital expenditures less third-party investment grants, for example for infrastructure capital expenditures.

Rating – An assessment of creditworthiness issued by rating agents for a company; affects a company's refinancing options and costs.

Redemption coverage – Key financial performance indicator that describes the ratio between the ongoing financing power and the financial obligations of the company (adjusted net financial debt).

Return on capital employed (ROCE) – Key ratio used in value-based management. Expresses ratio of adjusted EBIT to capital employed as a percentage.

Scope of consolidation – Group of subsidiaries that are included in a group's consolidated financial statements.

Special burden compensation – Deutsche Bahn received Federal compensation from 1994 to 2002 for the increased cost of materials and personnel expenses resulting from the inefficient structures inherited from the former Deutsche Reichsbahn.

Swap – A financial transaction in which two counterparties exchange financing conditions and in which each party benefits from the other's cost advantages.

DB-specific terms

Combined rail/road transport – The integrated transport of containers or entire trucks on the roads and rails.

Existing network – The existing rail network – and thus the backbone of the rail infrastructure.

Freight carriers – Companies that are used for the transport of goods.

GSM-Rail (Global System for Mobile Communication – Rail) – A special European standard that is based on the GSM standard for mobile cellular technology. The platform for the future standardized pan-European command and control technology in rail transport.

Hub – Principal handling base. Collection point for the handling and the centralization of good flows in different directions.

Intermodal competition – Competition with other modes of transport, e.g. between rail and air transport.

Interoperability (multisystem capability) – The ability of track vehicles to adapt to different technical standards (e.g. track widths or power systems) and to operate on different rail networks with as little delay as possible.

Intramodal competition – Competition within a mode of transport, e.g. within the railway sector.

Length of line operated – The length of the rail network – irrespective of the number of parallel tracks. Unit of measure: kilometers (km).

"Net 21" ("Netz 21") – Our strategic approach for segregating passenger and freight traffic within the network, to increase line capacity.

One-stop shopping – Complete offerings of products and services from one source in line with customer requirements.

Ordering organizations – Generally the German Federal states, which are responsible for providing local rail passenger transport and order the respective services from transport companies.

Passenger kilometers (pkm) – Unit of measure for volume sold in passenger transport: product of number of passengers and mean travel distance.

Regionalization Act – Regulates the payments of the German Federal Government to the German Federal states and thus facilitates ordering of local transport services on the roads and rails.

Requirement plan network – New line construction and expansion contained in the Federal Transport Infrastructure Plan (Bundesverkehrswegeplan).

Station pricing system – Transparent and non-discriminatory pricing system for the utilization of passenger stations. The specific station prices depend primarily on the performance and furnishings of the respective stations.

TEU (Twenty-Foot Container Equivalent Unit) – Standardized twenty-foot-long container unit (1 foot = 30 cm).

Ton kilometers (tkm) – Unit of measure for volume sold in freight transport: product of freight carried (in metric tons) and mean transport distance (km).

Train-path – Route traveled by a train, defined in the timetable.

Train-path pricing system (TPS) – Regulates in a transparent and non-discriminatory manner the prices for the utilization of the rail network by internal and external customers. Takes into account the individual characteristics of the infrastructure utilized.

Transport contract – A contract between an ordering organization and a railway regarding the rendering of local passenger transport services.

Volume produced – Distance traveled by train operating companies on the rail network. Unit of measure: train-path kilometers (train-path km).

Volume sold – Central key performance indicator used to measure performance rendered in passenger and freight transport. Unit of measure: passenger kilometers (pkm) and/or ton kilometers (tkm).

LIST OF ABBREVIATIONS

A

AEG – General Railways Act
AktG – German Stock Corporation Act

B

BEV – Federal Railroad Fund
BMF – Federal Ministry of Finance
BMVBS – Federal Ministry of Transport, Building and Urban Affairs
BNA – Federal Network Agency
BR – Series
BSchwAG – Federal Track Expansion Act

C

CGU – Cash generating unit

D

DBGrG – Deutsche Bahn Foundation Act

E

EBA – Federal Railway Authority
EIBV – Ordinance Governing Use of Railway Infrastructure
EKrG – Railway Crossings Act
ENeuOG – German Rail Restructuring Act
EPS – Earnings per share
ERTMS – European Rail Traffic Management System
ETCS – European Train Control System

F

FTE – Full-time employee
FTL – Full track load

G

GDP – Gross domestic product
GG – Basic Law
GVFG – Municipal Transport Financing Act
GWB – Anti-Trust Act

H

HGB – German Commercial Code
HGV – High-speed traffic

I

IAS – International Accounting Standard
IASB – International Accounting Standards Board
IFRIC – International Financial Interpretations Committee
IFRS – International Financial Reporting Standards

K

KonTraG – German Control and Transparency Act in the Corporate Sector
KV – Combined Transport

L

LuFV – Service and financing agreement

M

MitbestG – German Codetermination Act
MIV – Motorized individual transport

O

ÖPNV – Local public transport
ÖSPV – Public road transport

P

P – Passenger
Pkm – Passenger kilometer

R

RegG – Regionalization Act
RIC – Rail infrastructure company
ROCE – Return on capital employed

S

SIC – Interpretation of the Standing Interpretations Committee
SCM – Supply chain management
SPE – Special purpose entity

T

t – Ton
TEN – Trans-European networks
TEU – Twenty-foot-container equivalent unit
Tkm – Ton kilometer
TOC – Train operating company

V

VDE – German unification transport project
VIFGG – Transport Infrastructure Financing Act
VIFG – Transport infrastructure financing company

W

WACC – Weighted average cost of capital
WpHG – Securities Trading Act
WTI – West Texas Intermediate

IMPRINT

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10-YEAR SUMMARY

€ MILLION	2008	2007	2006	2005	2004	2003[1)]	2002[1)]	2001[1)]	2000[1)]	1999[1)]
Consolidated statement of income										
Revenues	33,452	31,309	30,053	25,055	23,962	28,228	18,685	15,722	15,465	15,630
Overall performance	35,324	33,254	31,943	26,728	25,890	30,438	20,900	17,535	17,267	17,521
Other operating income	3,046	3,219	2,859	2,366	2,860	3,138	2,830	2,406	3,653	2,511
Cost of materials	- 18,544	- 17,166	- 16,449	- 12,650	- 12,054	- 15,776	- 9,546	- 7,108	- 6,625	- 6,688
Personnel expenses	- 10,583	- 9,913	- 9,782	- 9,211	- 9,556	- 10,337	- 8,387	- 7,487	- 8,475	- 8,285
Depreciation	- 2,723	- 2,795	- 2,950	- 2,801	- 2,722	- 2,694	- 2,434	- 2,162	- 2,052	- 1,965
Other operating expenses	- 3,927	- 3,704	- 3,144	- 3,080	- 3,274	- 4,316	- 3,358	- 3,282	- 3,436	- 2,790
Operating profit (EBIT)	2,593	2,895	2,477	1,352	1,144	-	-	-	-	-
Investment income	-	-	-	-	-	51	46	2	- 44	- 55
Result from investments accounted for using the equity method	21	32	18	76	49	-	-	-	-	-
Other financial result	- 47	- 3	1	7	- 55	-	-	-	-	-
Net interest income	- 760	- 908	- 941	- 945	- 984	- 637	- 489	- 313	- 251	- 158
Profit before taxes on income	1,807	2,016	1,555	490	154	- 133	- 438	- 409	37	91
Net profit for the year	1,321	1,716	1,680	611	180	- 245	- 468	- 406	85	87
Operating income										
EBITDA	5,316	5,690	5,427	4,153	3,866	3,092	2,464	2,271	2,492	2,036
Special burden compensation	-	-	-	-	-	-	443	838	1,228	1,609
EBITDA before special burden compensation	-	-	-	-	-	-	2,021	1,433	1,264	427
EBITDA adjusted	5,206	5,113	-	-	-	-	-	-	-	-
EBIT adjusted	2,483	2,370	2,143	1,350	1,011	465	37	109	450	71
Value management										
Capital employed	27,961	27,393	28,693	27,013	26,490	30,964	30,428	28,649	27,443	24,911
Return on capital employed (ROCE)	8.9 %	8.7 %	7.5 %	5.0 %	3.8 %	1.5 %	0.1 %	0.4 %	1.6 %	0.3 %
Redemption coverage	22.5 %	21.1 %	18.6 %	14.7 %	12.7 %	-	-	-	-	-
Gearing	131 %	151 %	213 %	256 %	276 %	-	-	-	-	-
Cash flow/capital expenditures										
Cash flow from operating activities	3,539	3,364	3,678	2,652	2,736	-	-	-	-	-
Gross capital expenditures	6,765	6,320	6,584	6,381	7,238	9,121	9,994	7,110	6,892	8,372
Net capital expenditures	2,599	2,060	2,836	2,362	3,251	4,013	5,355	3,307	3,250	3,229
Balance sheet										
Non-current assets	42,353	42,046	43,360	42,907	43,200	-	-	-	-	-
thereof property, plant and equipment and intangible assets	(39,976)	(39,855)	(41,081)	(40,430)	(40,861)	(40,093)	(38,869)	(35,055)	(34,071)	(32,815)
thereof deferred tax assets	(1,692)	(1,644)	(1,800)	(1,556)	(1,301)	(-)	(-)	(-)	(-)	(-)
Current assets	5,840	6,483	5,080	4,194	4,416	-	-	-	-	-
thereof cash and cash equivalents	(879)	(1,549)	(295)	(305)	(765)	(265)	(271)	(363)	(394)	(280)
Equity	12,155	10,953	9,214	7,675	7,067	5,076	5,708	8,436	8,788	8,701
Equity ratio	25.2 %	22.6 %	19.0 %	16.3 %	14.8 %	10.7 %	12.4 %	20.1 %	22.3 %	23.5 %
Non-current liabilities	23,161	25,612	26,319	27,963	29,440	30,464	27,779	24,421	21,331	21,149
thereof financial debt	(14,083)	(16,228)	(17,165)	(18,310)	(19,045)	(-)	(-)	(-)	(-)	(-)
thereof retirement benefit obligations	(1,649)	(1,594)	(1,514)	(1,414)	(1,341)	(-)	(-)	(-)	(-)	(-)
Current liabilities	12,877	11,964	12,907	11,463	11,109	12,107	12,524	9,090	9,329	7,325
thereof financial debt	(2,770)	(1,834)	(2,716)	(1,664)	(1,231)	(-)	(-)	(-)	(-)	(-)
Net financial debt	15,943	16,513	19,586	19,669	19,511	-	-	-	-	-
Total assets	48,193	48,529	48,440	47,101	47,616	47,647	46,023	41,962	39,467	37,198

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Rail performance figures										
Passenger transport										
Passengers (million)	1,919	1,835	1,854	1,785	1,695	1,681	1,657	1,702	1,713	1,681
Long-distance transport	123	119	120	119	115	117	128	136	145	147
Regional and urban transport[2]	1,796	1,717	1,735	1,667	1,580	1,564	1,529	1,566	1,568	1,534
Volume sold (million pkm)	77,791	74,792	74,788	72,554	70,260	69,534	69,848	74,459	74,388	72,846
Long-distance transport	35,457	34,137	34,458	33,641	32,330	31,619	33,173	35,342	36,226	34,897
Regional and urban transport[2]	42,334	40,654	40,331	38,913	37,930	37,915	36,675	39,117	38,162	37,949
Freight transport										
Freight carried (million t)	378.7	312.8	307.6	274.6	295.3	282.3	289.4	291.3	310.8	289.7
Volume sold (million tkm)	113,634	98,794	96,388	88,022	89,494	85,151	82,756	84,716	85,008	75,785
Total transport performance (million ptkm)	191,425	173,586	171,177	160,576	159,754	154,685	152,604	159,175	159,396	148,631
Track infrastructure										
Train kilometers on track infrastructure (million train-path km)	1,043	1,050	1,016	998	1,001	988	967	977	984	977
Employees[3]										
Average	240,008	231,356	228,990	220,343	229,830	249,251	224,758	219,146	230,615	244,851
At year end	240,242	237,078	229,200	216,389	225,632	242,759	250,690	214,371	222,656	241,638

[1] Figures according to German GAAP.
[2] Adjusted for multiple counts.
[3] Full-time employees, part-time employees are converted in accordance with their share of normal annual work time.

CONTACTS

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This Annual Report, the Annual Report of DB Mobility Logistics Group and the Financial Statements of Deutsche Bahn AG and additional information are available on the Internet.

This Annual Report, the Annual Report of DB Mobility Logistics Group and the Financial Statements of Deutsche Bahn AG are published in German and English. In case of any discrepancy, the German version shall prevail.

CORPORATE COMMUNICATIONS

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

Fax: +49-30-297-61919
E-mail: presse@deutschebahn.com
Internet: www.deutschebahn.com/presse

DB TELEPHONE INFORMATION

Deutsche Bahn's hotline for general telephone requests is available under the telephone number +49-30-297-0.

DB SERVICE NUMBER

Our service number gives you direct access to all of our telephone services. Just dial +49-1805-996-633 and you will be automatically asked to select the service you require by responding verbally or by using your phone's keyboard, for example to book train tickets, find train times, service for handicapped travelers or the bicycle hotline. Frequent travelers can access their individual personal service site by entering short commands or passwords.

Calls will be charged as follows: calls from the German fixed-line network cost 14 cents/min. Charges will vary for calls from cell phone networks.

FINANCIAL CALENDAR

AUGUST 20, 2009	Publication of the Interim Report January–June 2009
MARCH 25, 2010	Annual Results Press Conference, Publication of 2009 Annual Report

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