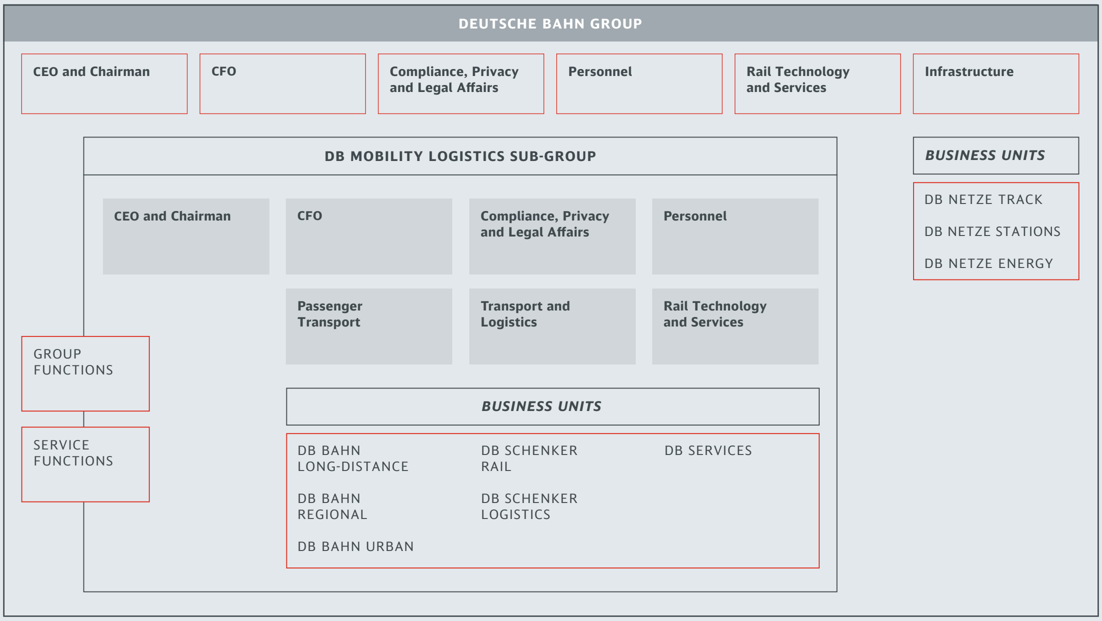
Mobility
Networks
Logistics

Deutsche Bahn
2009 Annual Report

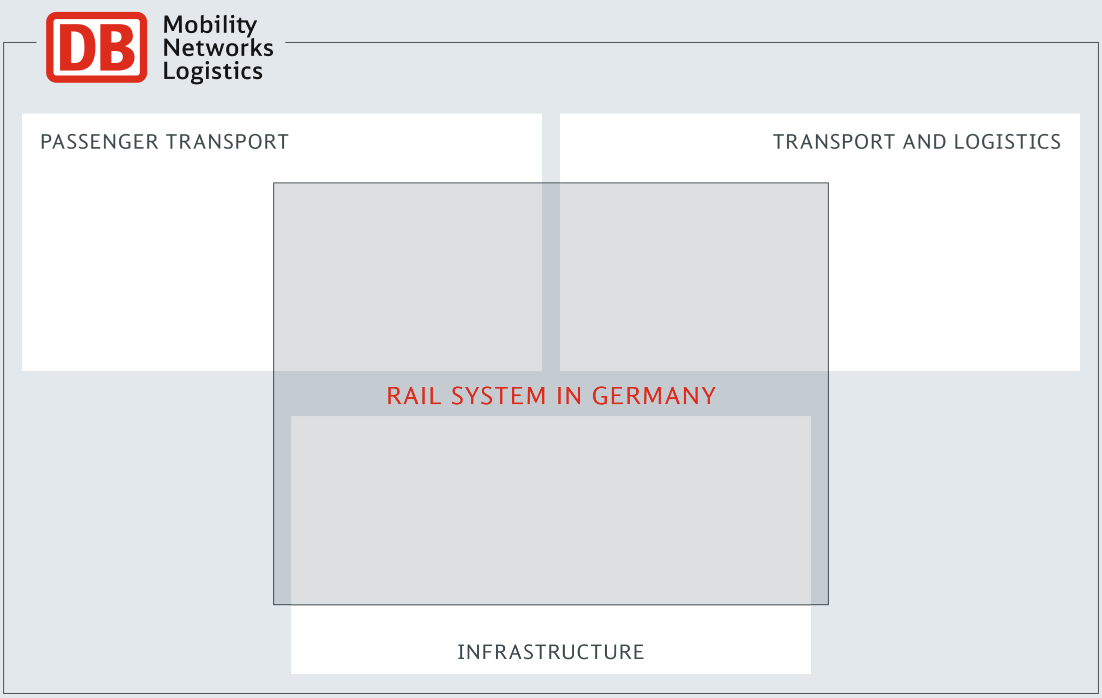
At a glance

Selected key figures	2009	2008	Change	
			ABSOLUTE	%
KEY FINANCIAL FIGURES (€ MILLION)				
Revenues	29,335	33,452	-4,117	-12.3
Revenues comparable	29,182	33,452	-4,270	-12.8
Profit before taxes on income	1,387	1,807	-420	-23.2
Net profit for the year	830	1,321	-491	-37.2
EBITDA adjusted	4,402	5,206	-804	-15.4
EBIT adjusted	1,685	2,483	-798	-32.1
Non-current assets as of Dec 31	41,308	42,353	-1,045	-2.5
Current assets as of Dec 31	5,995	5,840	+155	+2.7
Equity as of Dec 31	13,066	12,155	+911	+7.5
Net financial debt as of Dec 31	15,011	15,943	-932	-5.8
Total assets as of Dec 31	47,303	48,193	-890	-1.8
Capital employed	28,596	27,961	+635	+2.3
ROCE	5.9 %	8.9 %	-	-
Redemption coverage	19.4 %	22.5 %	-	-
Gearing	115 %	131 %	-	-
Gross capital expenditures	6,462	6,765	-303	-4.5
Net capital expenditures	1,813	2,599	-786	-30.2
Cash flow from operating activities	3,133	3,539	-406	-11.5
KEY PERFORMANCE FIGURES				
RAIL PASSENGER TRANSPORT				
Passengers (million)	1,908	1,920	-12	-0.6
Volume sold (million pkm)	76,772	77,812	-1,040	-1.3
Volume produced (million train-path km)	675.9	687.2	-11.3	-1.6
RAIL FREIGHT TRANSPORT				
Freight carried (million t)	341.0	378.7	-37.7	-10.0
Volume sold (million tkm)	93,948	113,634	-19,686	-17.3
Capacity utilization (t per train)	484.0	488.3	-4.3	-0.9
RAIL INFRASTRUCTURE				
Train kilometers on track infrastructure (million train-path km)	1,003	1,043	-40	-3.8
thereof non-Group customers	(170.4)	(161.5)	(+8.9)	(+5.5)
Station stops (million)	143.3	143.1	+0.2	+0.1
thereof non-Group customers	(20.0)	(17.9)	(+2.1)	(+11.7)
BUS TRANSPORT				
Passengers (million)	800.2	773.2	+27.0	+3.5
Volume sold (million pkm)	9,261	9,192	+69	+0.8
FREIGHT FORWARDING AND LOGISTICS				
Shipments in European land transport (thousand)	70,052	72,805	-2,753	-3.8
Air freight volume (export) (thousand t)	1,032	1,229	-197	-16.0
Ocean freight volume (export) (thousand TEU)	1,424	1,454	-30	-2.1
OTHER FIGURES				
Length of line operated (km)	33,721	33,862	-141	-0.4
Stations	5,707	5,718	-11	-0.2
Employees as of Dec 31	239,382	240,242	-860	-0.4
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.

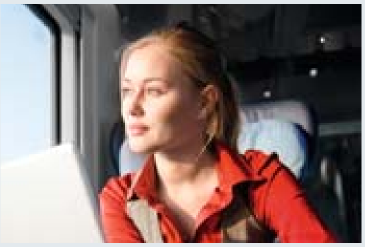
- CUSTOMER-ORIENTED: We do everything to help each of our customers reach their goals in a simple, reliable and safe way.
- BUSINESS-ORIENTED: We place the sustainable increase of our Group's value at the core of all of our actions – this is how we secure our future.
- PROGRESSIVE: We encourage flexibility, 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 climatefriendly and environmentally sustainable transport.

"DB IS LOOKING BACK ON A TRADITION STRETCHING OVER 175 YEARS. THROUGHOUT OUR HISTORY, WE HAVE BEEN COMMITTED TO TAKING ON RESPONSIBILITY FOR FUTURE GENERATIONS. WE HAVE SUCCESSFULLY PASSED THE STRESS TEST OF THE ECONOMIC CRISIS. COMPETITIVENESS, CUSTOMER- AND STAFF-ORIENTATION WILL IN THE FUTURE CONTINUE TO BE THE MAINSTAYS OF OUR BUSINESS SUCCESS. HOWEVER, THIS SUCCESS WILL ONLY BE VIABLE IF WE MAKE EFFICIENT USE OF RESOURCES AND RESPECT THE ENVIRONMENT, IF WE ARE A FORWARD-LOOKING EMPLOYER AND IF WE CONSISTENTLY ASSUME RESPONSIBILITY FOR OUR EMPLOYEES, OUR TRAINEES AND FOR SOCIETY – IN OTHER WORDS, IF WE OPERATE IN LINE WITH SUSTAINABLE PRINCIPLES IN ALL AREAS."

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

SERVICES FOR OUR CUSTOMERS

We address a wide range of different customer groups with our varied services: ranging from private and business travelers as well as ordering organizations right through to companies and state organizations. They all have one thing in common: we have to convince them with our service.



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MORE SERVICES FOR TRAVELERS

We reported more than 4 million Bahncard users and more than 2.7 million participants in our BahnBonus program at the end of 2009. We intend to further improve the number of our passengers with additional improvements to our service and product quality as well as our price awareness and customer loyalty instruments.

CONVINCING SERVICES FOR PASSENGERS AND ORDERING ORGANIZATIONS

Our regional services focus on passengers and ordering organizations. With numerous price offers and investments in modern rolling stock, we are gaining more and more passengers. We intend to defend our market position in Germany and further expand our position in Europe.

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GREEN LOGISTICS FOR THE CLIMATE AND OUR CUSTOMERS

The solutions of DB Schenker meet not only the economic objectives of our customers but also ecological objectives. For this purpose, DB Schenker provides the strengths of the individual modes of transport rail, truck, ship and aircraft, and also offers carbon-free rail transport.

A MODERN INFRASTRUCTURE FOR RAIL SERVICES

An efficient infrastructure is a crucial element for the ability of rail services to cope with future challenges, and is thus also crucial for the more than 350 railways which utilize our infrastructure. This is the responsibility of our infrastructure companies, which focus their services on the needs of customers and which ensure non-discriminatory access to the infrastructure.

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DR. RÜDIGER GRUBE
CEO and Chairman of the Management Board
of Deutsche Bahn AG

Chairman’s letter

Dear ladies and gentlemen,

We passed the acid test! That’s DB AG’s bottom line for 2009. This was a year that saw many of our transport and logistics markets convulsed by the worst global economic crisis ever seen in the post-war period.

Despite the drastic decline in volume sold in the rail freight transport sector due to the collapse of production in the iron/steel, automotive and chemicals industries, DB Group still managed to post very positive results of € 1.7 billion for the 2009 financial year. At the same time, we were also able to further reduce our net financial debt by € 932 million to currently € 15 billion.

Revenues, especially those generated by our rail freight transport and logistics businesses were substantially lower than in the previous year. We were able to keep revenues almost stable in our passenger transport business. The drop in revenues registered for long-distance passenger transport, caused by the restricted availability of the ICE fleet, was offset by revenues posted by the DB Bahn Regional business unit. Total Group revenues contracted by 12 percent to € 29.3 billion. Even during these times of crisis, the integrated DB Group again demonstrated the strength of its unified network structure.

The fact that we were able to absorb the repercussions of the global financial and economic crisis in relatively good shape is also due to the effective countermeasures we initiated early on. We had already taken decisive action to tightly control liquidity and optimize costs in 2009 as part of our Group-wide “reACT” program. These efforts already made a significant contribution to our profits in the 2009 financial year. In total, we are striving to achieve a sustainable € 2 billion improvement in our EBIT by 2013.

The job security pact we have with the unions also remained valid in 2009. Surplus capacities, especially in the rail freight transport sector, were offset by short-time work rules, early retirement agreements and, above all, through job opportunities offered by DB Group’s company-wide employment market. This is a notable accomplishment of the integrated DB Group.

In addition to the economic crisis, the year 2009 was also marked by technical challenges posed by the Berlin S-Bahn (metro) and the ICE 3 fleet of trains. Events showed that certain components were not permanently fatigue-resistant. As a result, we were only able to ensure stable and trouble-free operations if our rolling stock underwent ultrasound inspections at extremely shortened intervals. Today, the ICE 3 fleet, which is normally inspected after 240,000 kilometers of operation, has to be inspected ten to twelve times more frequently. Unfortunately, this situation notably reduced the number of vehicles available for normal operation. This in turn led to substantial operational disturbances, especially during the winter months.

Despite some setbacks we also scored some advances: we successfully ended negotiations with Siemens and Bombardier and agreed on a joint solution to replace 1,200 ICE 3 drive-wheel-set axles. We also reached an agreement with Alstom for the ICE T wheel set axles. The manufacturers will develop completely new, permanently fatigue-resistant wheel set axles and wheel discs; they will also be responsible for certification and exchange of the new equipment. The official investigation concerning the breakage of a wheel set axle on an ICE 3 on July 9, 2008 was closed. A timing plan was developed to return the Berlin S-Bahn to normally scheduled operations. An extensive program was also created to compensate passengers for their inconvenience. We have not yet reached an agreement with the responsible manufacturer, Bombardier. Internally, we are currently engaged in completely restructuring our Rail Technology division and preparing a technology master plan.

Our employees mastered the economic and operational challenges they faced in 2009 with the highest levels of performance and personal dedication. At this point I would like extend the special thanks and recognition of the entire Management Board to all our employees.

The data violations affair, which shook the company in the first months of 2009, was thoroughly investigated by a special investigative team consisting of KPMG, Däubler-Gmelin and Kollegen, and Baum, Reiter & Collegen. Based on their recommendations we initiated wide-reaching measures to ensure that the protection of personal data takes place at the highest possible standards of privacy within DB Group. The new measures included the creation of a new Board division, Compliance, Privacy and Legal Affairs, as well as the implementation of a comprehensive compliance management system, which is not limited to combating corruption and white-collar crime. In addition, personnel changes were also made in the Group Management Board and at the Group's highest executive levels.

In October 2009 Gerd Becht was appointed head of the new Board division, Compliance, Privacy and Legal Affairs. We also established another new Board division, Rail Technology and Services, which is headed by Dr. Volker Kefer. Both of the corresponding Board divisions at DB ML AG are headed by the same persons. The Board division Personnel at DB AG and DB ML AG is again managed by the same person, Ulrich Weber. The Board division Economic and Political Affairs was eliminated.

DB Group's fundamental orientation as an international mobility and logistics company proved its worth in the 2009 crisis year. Parallel to our consolidation efforts, we decisively built the foundation – here in Germany and abroad – for the future development of our business. DB Regional was not only able to win three important transport contracts in Germany, it also won tenders in England and Sweden. In the rail freight transport area, we acquired the PCC Logistics Group, the biggest privately owned railway in Poland, thereby adding an important market to our European rail freight network. We were able to finance this acquisition without increasing our financial debt. DB Schenker Logistics won the contract to provide transport services to the big Gorgon project in Australia. The four-year contract covers the provision of integrated logistical services and represents a total volume of about € 350 million.

We received the "Volkswagen Group Award 2009" for our successful logistical concepts to supply the VW/Skoda plant in Kaluga (Russia).

And we were also appointed the exclusive partner of Qatar Railways Company to help develop a rail transport system in Qatar. Investments on the order of € 17.3 billion are planned by the Emirate for the first phase of the project, which will create one of the world's most modern metro and rail systems. Forecasts call for triple-digit billions in capital expenditures to be made in the next twenty years to build and expand the rail infrastructure on the Arabian Peninsula. Our commitment in Qatar is therefore of great strategic significance for us.

We achieved an important milestone in the development of the rail infrastructure in Germany: in April 2009 we signed the financing agreement for the Stuttgart 21 project and the new, expanded Wendlingen – Ulm line. The project will connect Stuttgart to the trans-European rail network and significantly increase the performance capabilities of the Stuttgart rail hub. In addition, travel time between Stuttgart and Munich, for example, will be substantially reduced. Construction work has begun on this project-of-a-century.

Thanks to the Federal Government's economic stimulus programs we will be able to modernize about 2,050 train stations across the country. These efforts involve more than 3,000 measures that will enhance small and medium-size stations and range from building new weather-protection shelters through to renovating escalators and elevators, to installing 1,700 new information systems to keep passengers better informed.

Another important fact, especially in view of the 2009 crisis year, is that we made extensive capital expenditures of € 6.5 billon in 2009, which was almost at the previous year's level. Furthermore, we invited bids for 300 next-generation IC and EC trains. This is a multi-billion euro order and we plan on reaching a decision on it before the summer of 2010.

Securing our future does, however, involve much more than investing in new trains. My goal is to continue making our company sustainably successful in terms of business, ecological performance and social commitment.

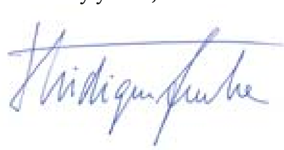
We have to remain commercially successful in order to continue doing business in the face of increasingly intensive competition. The prerequisite for this is to remain competitive and strictly align our actions with the needs of our customers. We also have to accept the ecological challenge facing us – a challenge that is becoming increasingly important for society. And, ultimately, we will only continue to exist if we assume responsibilities vis-à-vis our employees and society.

We will further expand our environmental performance, which is already at a high level today, and invest in technological innovations as well as in new products. These products are already represented by our new CO_2-free offers in the rail passenger and rail freight businesses. Electricity used to power these products is solely generated from renewable sources of energy in Germany. Already today the Hamburg S-Bahn (metro) operates on a completely CO_2-free basis as its entire power requirements are fully covered by German hydroelectric power plants. These efforts help Hamburg improve its climate balance by about 60,000 tons of CO_2 per year. Our commitment in the area of e-mobility is aimed at linking rail and road transports together in a climate-friendly way.

Another focal point in the area of sustainable operations concerns training and ensuring sufficient staff levels in the future. Despite the economic crisis, we welcomed 2,700 new apprentices to DB Group in September 2009 and concurrently opened the new training center in Hamburg-Ohlsdorf. We will continue to train more young people than we actually need in the future, and especially those who do not have access to the normal training market. This year – despite the clouded economic outlook – our goal is to further develop the job security pact and extend it beyond 2010. Well-qualified and motivated employees are the prerequisite to meeting our customers' demands.

This year we're celebrating the "175th Year of Railways in Germany." Our company's long tradition obligates us to secure its sustainability in all areas. We are very pleased to accept this responsibility.

Sincerely yours,



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

Management Board

FROM LEFT TO RIGHT

DIETHELM SACK
CFO
Appointed until: 2010

ULRICH WEBER
Personnel
Appointed until: 2014

DR. VOLKER KEFER
Rail Technology and Services, Infrastructure
Appointed until: 2012

DR. RÜDIGER GRUBE
CEO and Chairman
Appointed until: 2014

GERD BECHT
Compliance, Privacy and Legal Affairs
Appointed until: 2014

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 in particular 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. Significant 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. No member of the Supervisory Board attended fewer than half of the meetings of the Supervisory Board.

MEETINGS OF THE SUPERVISORY BOARD

In the year under review, the Supervisory Board held four ordinary and four extraordinary meetings. In two cases, resolutions were adopted on the basis of written procedures. The meetings of the Supervisory Board were prepared by meetings of the Executive Committee, the Personnel Committee, the Compliance Committee and the Audit and Compliance Committee (formerly 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 the year under review, the Supervisory Board also intensively deliberated the allegations in connection with the unlawful use of staff data and the investigations in connection with combating corruption. The Supervisory Board also arranged to be provided with comprehensive information in the year under review concerning the rolling stock problems which affected the ICE fleet and the rolling stock of S-Bahn Berlin, the resultant operational and financial effects as well as the status of negotiations regarding potential claims for damages against the manufacturers. In several meetings, the Supervisory Board also considered the make-up of the Management Board and the related changes in the allocation of duties. It also devoted considerable attention to the newly introduced Public Corporate Governance Code of the Federal Government and the resultant adjustments to the internal rules of DB AG.

In its extraordinary meeting held on February 18, 2009, the Supervisory Board deliberated the allegations in connection with the unlawful use of staff data and the investigations in connection with combating corruption and any resultant statutory violations. The Supervisory Board engaged KPMG AG Wirtschaftsprüfungsgesellschaft (KPMG) to carry out a comprehensive and independent investigation of the measures which have been carried out at DB AG since the mid-1990s with regard to combating corruption and also with regard to the unlawful use of staff data. The lawyers Prof. Herta Däubler-Gmelin and Mr. Gerhart Baum have also been engaged to support the investigations and to perform the legal evaluation of the results of the investigations. A temporary Compliance Committee has been set up for the duration of the ongoing investigations with regard to the combating of corruption and with regard to the unlawful use of staff data, and rules of procedure have been adopted for this committee.

The Supervisory Board has also considered the acquisition of the PCC Logistics Group in Poland and the framework program for the refinancing of DB Group 2009. The Supervisory Board has agreed for the debt issuance program to be topped up from € 10 billion to € 15 billion.

In its meeting on March 27, 2009, the Supervisory Board audited the annual financial statements 2008 and the management report of DB AG as well as the consolidated financial statements 2008 and the Group management report of DB AG. It approved the annual financial statements of DB AG for the financial year 2008. In addition, it notified KPMG, which was engaged in February by the Supervisory Board, of the provisional result of the independent special investigations with regard to the combating of corruption and with regard to the unlawful use of staff data.

In its extraordinary meeting held on April 25, 2009, the Supervisory Board considered the termination of the position of Mr. Hartmut Mehdorn on the Management Board, and approved the premature termination of his appointment as a member of the Management Board and as Chairman of the Management Board of DB AG as of the end of April 30, 2009. As his successor, Dr. Rüdiger Grube was appointed as a member of the Management Board of DB AG for a period of five years with effect from May 1, 2009, and was nominated as the Chairman of the Management Board and CEO of DB AG at the beginning of his activity. The Supervisory Board also agreed that Dr. Rüdiger Grube would be appointed as a member as well as Chairman of the Management Board and CEO of DB ML AG.

Mr. Norbert Hansen and Dr. Otto Wiesheu also offered to prematurely terminate their positions on the Management Board, and the Supervisory Board approved the premature termination of the positions of Mr. Norbert Hansen and Dr. Otto Wiesheu in its extraordinary meeting held on May 13, 2009. As the successor of Mr. Norbert Hansen, in the extraordinary meeting of the Supervisory Board held on May 25, 2009, Mr. Ulrich Weber was appointed as a member of the Management Board and Labor Director of DB AG for a period of five years with effect from July 1, 2009. The Supervisory Board also agreed that Mr. Ulrich Weber would assume the corresponding position as a member of the Management Board of DB ML AG.

In its December meeting in 2008, the Supervisory Board agreed that the definitive corporate planning for the years 2009 to 2013 should only be presented after the results for the first quarter of 2009 were available in view of the uncertainty surrounding the general economic situation; in its extraordinary Supervisory Board meeting held on May 13, 2009, the Supervisory Board then approved the budget of DB Group for the 2009 financial year, and noted the medium-term planning (2010–2013) as well as the long-term strategic objectives. In addition, the Supervisory Board noted the final report prepared by

KPMG concerning the investigations into the measures of DB AG with regard to the combating of corruption and the related comments of Prof. Herta Däubler-Gmelin and Mr. Gerhart Baum, and decided to hand over the reports of the special investigators without delay to the Public Prosecutor as well as the State Data Protection Officer of Berlin and the Federal Data Protection Officer. The Supervisory Board also adopted a resolution for an external audit to be carried out by PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft (PwC) with regard to the possible responsibility of the Management Board under German stock corporation law, on the grounds of neglecting the duty to guarantee legal conformity in accordance with Section 93 AktG. The Management Board was also instructed to draw the organizational and personnel consequences from the findings which were made, to notify these consequences to the Supervisory Board or, where necessary, to submit these consequences to the Supervisory Board to enable a resolution to be adopted.

As one of the consequences of the final report of the special investigator KPMG and the final report of the lawyers Prof. Herta Däubler-Gmelin and Mr. Gerhart Baum, the Supervisory Board approved the establishment of a Compliance, Privacy and Legal Affairs Board division in its extraordinary Supervisory Board meeting held on May 25, 2009. The rules of procedure for the Management Board have been adjusted accordingly. In this connection, the Supervisory Board appointed Mr. Gerd Becht to the Management Board of DB AG for a period of five years with effect from October 16, 2009, with responsibility for the Compliance, Privacy and Legal Affairs Board division, and also agreed that Mr. Gerd Becht would take up a corresponding position on the Management Board of DB ML AG.

In its meeting held on June 24, 2009, the Supervisory Board noted the verbal report of PwC with regard to the review of the legal conformity in accordance with Section 93 AktG. The Supervisory Board also arranged to be notified by the Management Board of the economic development of DB Group and the countermeasures taken in response to the economic and financial crisis. The Supervisory Board also arranged to be notified by the Management Board of the implementation status of integrated compliance management in DB Group. In addition, the Supervisory Board was concerned with the decision for engaging the auditor for auditing the financial statements 2009–2014 after a Europe-wide tender process. Following the extensive report of the Chairman of the Audit Committee responsible for preparing the award process, the Supervisory Board decided to propose to the Annual General Meeting of DB AG that PwC should be appointed as auditors for the year 2009.

After the Public Corporate Governance Code of the Federal Government was adopted on July 1, 2009, the Supervisory Board considered this issue extensively in its meeting held on September 9, 2009. The Supervisory Board approved the changes to the articles of incorporation and the rules of procedure for the Supervisory Board and the Management Board of DB AG which are necessary in accordance with the regulations of the Public Corporate Governance Code. The Compliance Committee which was set up temporarily in order to deal with the data protection issues has been dissolved, and its tasks have been transferred to the Audit Committee which in this connection has been renamed as the "Audit and Compliance Committee."

In view of the extremely complex nature of the railway system and the related considerable technical challenges, the Supervisory Board decided to set up a Rail Technology and Services Board division. Dr. Volker Kefer was appointed as a member of the Management Board of DB AG for a period of three years with effect from September 9, 2009, with responsibility for the Rail Technology and Services Board division. The Supervisory Board also agreed that Dr. Volker Kefer would take up a corresponding position as a member of the Management Board of DB ML AG.

The Supervisory Board also noted the comments of the Management Board regarding the economic conditions and also the report concerning the countermeasure program reACT. The Supervisory Board also noted the comments of the Management Board concerning the form of the Compliance, Privacy and Legal Affairs Board division as well as the form of the Rail Technology and Services Board division. In connection with the assessment of the possible responsibility under German stock corporation law of the present and former members of the Management Board of DB AG on the grounds of neglecting the duty to guarantee legal conformity in the period from January 1, 1995 to February 9, 2009, the Supervisory Board noted the final report of PwC and then determined that no legal action has to be taken in this matter against the present or former members of the Management Board on the basis of the final report. In addition, the Supervisory Board considered the investment projects planned within the framework of the economic stimulus programs and also considered new investment projects which are not considered in the adopted investment planning.

In its meeting held on December 9, 2009, the Supervisory Board arranged to be informed of the results of the efficiency audit carried out in relation to the work of the Supervisory Board of DB AG and its committees. At the request of Mr. Diethelm Sack, the Supervisory Board approved the premature termination of the position of Mr. Diethelm Sack on the Management Board as of March 31, 2010 as well as the associated departure agreement. Dr. Richard Lutz was appointed as his successor for a period of three years with effect from April 1, 2010. The Supervisory Board also agreed that Dr. Richard Lutz would additionally be appointed as a member of the Management Board of DB ML AG.

The Supervisory Board also decided to release Mr. Stefan Garber from his duties with effect from December 9, 2009.

The Supervisory Board followed the recommendations of the Personnel Committee, and approved the target agreements for the members of the Management Board for the 2010 financial year, the success of the members of the Management Board in meeting targets for the 2009 financial year, the introduction of a long-term incentive and the related changes to the contracts of the members of the Management Board.

The Supervisory Board also extensively considered the medium-term planning 2010 to 2014 for DB Group, and approved the budget of DB Group for the 2010 financial year as well as the new and amended investment projects. The Supervisory Board also arranged to be notified of the results of the draft planning of the project Stuttgart 21, and approved the inclusion of the project in the investment planning. The Supervisory Board also noted the procedure proposed by the Management Board with regard to applying the principles of the Public Corporate Governance Code in DB Group.

There were no conflicts of interest of members of the Management Board and Supervisory Board which have to be disclosed to the Supervisory Board.

MEETINGS OF THE SUPERVISORY BOARD COMMITTEES

The Supervisory Board has created four permanent committees in order to enable it to carry out its duties efficiently. In connection with the investigations into the unlawful use of staff data and the allegations of possible statutory violations raised in connection with the combating of corruption, the Supervisory Board established a Compliance Committee for the ongoing investigations. After the investigations were concluded, these tasks were transferred to the Audit and Compliance Committee.

In 2008, the Executive Committee of the Supervisory Board met in a total of eight 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 Audit and Compliance Committee, which held six 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 relevant review results as well as the six-month review of major investment projects. Further key issues were the forecast for 2009 and the medium-term planning 2010 to 2013 for DB Group. The Audit and Compliance Committee also considered issues of accounting and risk management, improving corporate governance by way of adopting the Public Corporate Governance Code and the Accounting Law Modernization Act as well as the resultant changes to the rules of procedure for the Audit and Compliance

Committee. It also considered the privacy violations in connection with the unlawful use of staff data. The Audit and Compliance Committee also considered the economic developments of acquisitions, the ongoing development of accounting principles as well as the process of placing the audit engagement with the auditor, and arranged to be notified of the results of internal audit and investigations in the field of compliance.

The Chairman of the Audit and Compliance Committee maintained regular contact with the CFO and the auditor, and regularly and extensively reported to the plenary body regarding the work of the committee.

The temporarily established Compliance Committee held four meetings and three telephone conferences in the year under review, and extensively considered the investigations with regard to clarifying the allegations made against DB AG in connection with the unlawful use of staff data.

In eight meetings held in the year under review, the Personnel Committee prepared the personnel decisions of the Supervisory Board and processed the contractual affairs of the Management Board – and in particular the modification of the contracts of the members of the Management Board with regard to the introduction of a long-term incentive, on behalf of the Supervisory Board.

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. With the Cabinet resolution of July 1, 2009, the Federal Government adopted the Public Corporate Governance Code of the Federal Government. The Public Corporate Governance Code of the Federal Government comprises major regulations of prevailing law regarding the management and monitoring of unlisted companies in which the Federal Republic of Germany owns a majority stake as well as internationally and nationally recognized standards of good and responsible management. In this context, the Supervisory Board approved the adjustment of the internal rules of DB AG to the Public Corporate Governance Code in its meeting held on September 9, 2009.

ANNUAL FINANCIAL STATEMENTS

The annual financial statements and the management report of DB AG prepared by the Management Board as well as the consolidated financial statements and Group management report for the period ending December 31, 2009 have been audited by PwC, which had been elected as the auditor by the Annual General Meeting, and were awarded an unqualified auditor's report. In addition, the auditor also audited the risk management system as part of the process of auditing the financial statements, and did not raise any objections.

On March 22, 2010, the report of the auditor was the subject of the meeting of the Audit and Compliance Committee, and was extensively deliberated in the accounts meeting of the Supervisory Board on March 24, 2010 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 2009 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 also 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

Mr. Christoph Dänzer-Vanotti was appointed as a member of the Supervisory Board with effect from February 1, 2009. He has succeeded Dr. Eggert Voscherau, who laid down his position on the Supervisory Board with effect from December 31, 2008. Mr. Lothar Krauß laid down his Supervisory Board mandate with effect from January 31, 2009. He has been succeeded by Mr. Alexander Kirchner, who was a court appointment as a member of the Supervisory Board with effect from February 9, 2009, and who was elected as the Deputy Chairman on February 18, 2009. Secretary of State Jörg Asmussen was seconded to the Supervisory Board with effect from April 1, 2009, as the successor to Secretary of State Dr. Axel Nawrath, who laid down his position on the Supervisory Board as of March 31, 2009. Parliamentary Secretary of State Achim Großmann stepped down from the Supervisory Board with effect from November 11, 2009. As his successor, Secretary of State Professor Klaus-Dieter Scheurle was seconded to the Supervisory Board with effect from November 12, 2009. Secretary of State Jörg Asmussen laid down his mandate with effect from November 30, 2009. He was succeeded by Secretary of State Dr. Bernhard Heitzer, who was seconded to the Supervisory Board with effect from December 2, 2009. Secretary of State Dr. Walther Otremba laid down his mandate with effect from March 8, 2010.

Dr. Rüdiger Grube was elected as a member of the Management Board and as the new Chairman of the Management Board with effect from May 1, 2009. He has succeeded Mr. Hartmut Mehdorn, who laid down his position as Chairman of the Management Board as of April 30, 2009.

Mr. Norbert Hansen laid down his mandate as a member of the Management Board with effect from May 31, 2009. As his successor, Mr. Ulrich Weber was appointed as Personnel and Labor Director with effect from July 1, 2009.

Dr. Otto Wiesheu laid down his position as a member of the Management Board, responsible for the Economics and Political Affairs Board division, with effect from May 31, 2009. No successor was appointed to this position, and the division was dissolved as of December 9, 2009.

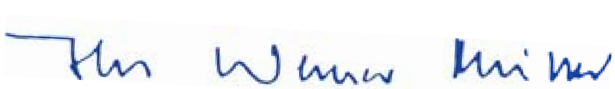
With effect from September 9, 2009, Dr. Volker Kefer was appointed as a member of the Management Board of DB AG, with responsibility for the Rail Technology and Services Board division.

With effect from October 16, 2009, Mr. Gerd Becht was appointed as a member of the Management Board, with responsibility for the newly created Compliance, Privacy and Legal Affairs Board division.

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 2010
For the Supervisory Board



Dr. Werner Müller
Chairman

LONG-DISTANCE TRANSPORT

More services for travelers

123

MILLION PASSENGERS IN 2009

Many small steps for more service: we have extended our online services in several ways, including an application for the iPhone and a more flexible facility for booking online tickets. In addition, our customers are now able to obtain information online concerning current punctuality. For purchasing tickets in large travel centers, we have enhanced the level of comfort and have been able to attract new customers with numerous price offers and actions. During the journey, we offer our customers specialties which are changed regularly in our onboard restaurant and also offer them better mobile-phone reception. We have also been able to cut some journey times, for instance between Frankfurt am Main and Brussels. Since 2009, business customers have upon request been able to take advantage of carbon-free travel.

GROUP INFORMATION

Annual review 2009

JANUARY

We reach a quick agreement with the unions to conclude the 2009 round of wage talks. Page 111

In Berlin we welcome the 15,000th child to our "Kids on Tour" travel service. Upon request, we look after unaccompanied minors aged 6 through 14 when they travel via ICE or InterCity trains.

FEBRUARY

DB Bahn Urban's Danish subsidiary, Pan Bus, wins the tender for bus services in Esbjerg, Denmark. As of the summer of 2009 Pan Bus will operate bus routes in Denmark's fifth-largest city for the next eight years. Page 83

The first spade of earth is turned for the expansion of the Ingolstadt central station. The €15 million project is scheduled to be completed at the end of 2011.

DB Schenker invests about €13 million to expand its logistics terminal in Vienna-Albern. The site, which is perfectly located for transports to and from Eastern Europe, serves mainly as a hub for truck routes, as well as air and ocean freight transports, and is also a storage logistics site.

MARCH

DB Bahn Regional is selected to operate the Stuttgart S-Bahn (metro) for 15 years starting July 2013.

We welcome the 15,000th child to "Kids on Tour"

Touch & Travel: The mobile-phone ticket

Deutsche Bahn is main sponsor of RUHR.2010

The acquisition of the biggest privately owned railway company in Poland, PCC Logistics, further expands our leading role in the European rail freight transport market. Page 52

Ticket queue management systems were installed in more than 30 highly frequented DB Travel Centers to make waiting time more pleasant for passengers.

The pilot project for "Touch & Travel," our electronic billing system for train travel, is tested for the first time by 2,000 people in Berlin and Potsdam.

The planning approval procedure begins for the expansion of the Schwarzkopf tunnel on the heavily traveled Aschaffenburg–Würzburg line. Together with the Federal Government, we will invest about € 322 million in this project.

DB International signs a contract for the complete project planning for a new rail freight line in Mongolia. Construction of the new line to China should start this year and the first trains are scheduled to use it in 2011.

We are appointed official logistics partner and main sponsor for the European Capital of Culture festivities, RUHR.2010. As part of the celebrations we offer attractively priced tickets. DB Schenker will coordinate all of the related logistical activities.

As the official logistics partner for this year's National Garden Show (Bundesgartenschau-BUGA) in Schwerin, we deliver about 6,000 trees, 30,000 roses and 55,000 plants.

APRIL

The Federal Government's economic stimulus programs provide us with a total of € 300 million just for train stations. About 2,050 small and mid-sized stations will benefit from these funds in the coming three years. Page 121

DB Schenker is official logistics partner of BUGA

Within the framework of a nationwide environmental initiative we finance the planting of 4,000 trees in areas in the Thuringia forest that were damaged by Hurricane Kyrill.

On the Federal Association of Logistics Providers' Logistics Day, DB Schenker opens its doors to the public at 19 locations. Schoolchildren and students learn about entry level job possibilities and what DB Schenker does.

MAY

Dr. Rüdiger Grube succeeds Hartmut Mehdorn and takes office as new DB CEO as of May 1. Mehdorn had previously held the position for almost ten years.

Bavaria's first solar-powered train station starts operations: 405 photovoltaic modules are installed on 650 square meters of the Landshut station's roof. On average, the system will generate 75,000 kWh of electricity.

Dr. Rüdiger Grube is the new CEO and Chairman

We inaugurate CO_2-free rail transports in our rail freight transport business. Upon request, DB Schenker Rail will ship goods on a CO_2-free basis on all European routes. The traction current used is fully generated from renewable sources of energy.

We buy 83 new multiple-unit trains for about € 450 million for the Stuttgart S-Bahn system. Plans call for the multiple-unit trains to begin operations as of 2012. The new trains use energy about 40 % more efficiently than the previous model did.

We sign a master agreement with the state of Baden-Württemberg covering the modernization of 66 stations for about € 117 million.

JUNE

Service for handicapped travelers is expanded to an additional 65 locations. The on-call service currently assists handicapped passengers to get on and off trains, and make connections, at 309 stations.

Two years of Franco-German high-speed rail

The inauguration of the new section of high-speed line between Aachen and Lüttich cuts travel time between Frankfurt am Main and Brussels by 30 minutes.

Together with SNCF we look back on two years of successful operation of Franco-German high-speed rail transport. About 2.2 million passengers used the connections during this time.

As a premium supplier to the Volkswagen Group, DB Schenker receives the “Volkswagen Group Award.”

After only three months, DB Rent welcomes the 2,000th customer of its “Flinkster” Carsharing offer in Cologne and Stuttgart.

DB Schenker opens the new European Air Freight Hub at the Frankfurt Airport. Page 86

We join together with Russian Railways to found a Center for International Logistics and Supply Chain Management at the St. Petersburg State University’s Graduate School of Management.

DB Schenker inaugurates a global distribution center near Seoul. The center is the first of its kind in Korea.

In addition to the existing rail connections, we join together with the Czech Railway to launch an express bus service between Nuremberg and Prague.

DB Schenker handles transport of an original section of the Berlin Wall presented by Berlin’s Mayor Klaus Wowereit to world champion Jamaican sprinter Usain Bolt during the 12th IAAF Track and Field championships.

DB Bahn Regional gains tender in Berlin

New European Air Freight Hub in Frankfurt

2,700 trainees start their career at DB

JULY

We order 22 energy efficient traction vehicles costing €100 million for use in the Franconia E-network (E-Netz Franken).

DB Bahn Regional wins two partial lots of bidding for the Berlin/Brandenburg rapid transit system. Page 82

We start “DB Eco Program,” our environmental initiative. The DB Group’s new climate protection goal is at the center of the program. Page 113 f.

AUGUST

Dr. Rüdiger Grube explains the DB Group’s apprentice program to Federal Chancellor Dr. Angela Merkel. Together they welcome 1,300 apprentices at the Rummelsburg ICE facility.

Together with Commerzbank, we launch the BahnCard credit card. Upon request, BahnCard holders can now upgrade their cards with MasterCard credit card functions.

SEPTEMBER

DB Group welcomes 2,700 new apprentices during nine major events, including 400 in Hamburg on the occasion of opening the new 2,000 square meter training center in Ohlsdorf.

The Erfurt central station is selected as the “Most Customer-Friendly Major City Train Station 2009” by the Allianz Pro-Rail group. The Hundertwasser station in Uelzen is the winner in the small city station category.

Modernization work starts on train stations in North Rhine-Westphalia. A total of about € 450 million will be invested in train stations in North Rhine Westphalia.

DB Schenker prepares for the European Capital of Culture festivities RUHR.2010, by rehearsing the rapid placement of 25,000 beer table/bench sets for more than 1.5 million visitors on the A 40 Autobahn.

Service in the reopened 1st class area of DB Lounge

Fall of the Wall: Special Ticket for a single price

Technical maintenance of trains in ICE plant Leipzig

OCTOBER

Following ten weeks of construction, the DB Lounge in the Frankfurt central station is reopened with more seating and a separate area for first class passengers.

We procure eight Talent-2 trains for about € 35 million for the Saxonia-Linie in Saxony. The new trains will begin operations as of the 2011 summer schedule.

We launch our new Internet site for children aged 8 to 12 where the world of railways is presented in an appropriate way for children at www.olis-bahnwelt.de.

Expansion work begins on the previous dual track line between Stelle and Lüneburg in Lower Saxony.

NOVEMBER

Within hours we sell 15,000 of our special “Fall of the Wall” tickets, celebrating the 20th anniversary of the fall of the Berlin Wall for € 20 in our travel centers and via the Internet.

The Qatar Railways Company selects us as their exclusive partner to build a rail-bound transport system in the Emirate of Qatar. Page 121

Our local transport subsidiary, DB Regio UK, wins the tender to operate the Tyne and Wear Metro in Newcastle/UK. Page 82

DECEMBER

The new Leipzig ICE plant starts operations. About 120 jobs will be created here over the long term.

Chevron, ExxonMobil and Shell appoint DB Schenker to worldwide and local transport services for the Gorgon Field, a major gas project in Australia, starting in spring 2010. With € 25 billion in expenditures this project is the biggest gas production venture in Australia. Page 87

The “BeMobility” project gets the green light: for the first time, public local transport in the Berlin-Potsdam region will be supplemented with electrically powered vehicles.

In just three days, 1.5 million new DB Lidl Tickets are sold. The sales are so successful that we decide to add an additional 500,000 tickets to the special contingent.

After two years of construction work costing € 32 million, the transshipment station in the Nuremberg harbor is opened for operation.

Financial communication

INVESTOR RELATIONS

One of the major objectives of our investor relations work is to establish and maintain sustainable communications with investors, analysts and rating agencies. We therefore provide regular, comprehensive and prompt information regarding our financial activities and the development of DB Group. In the year under review, we also responded to the changes which have taken place on the international capital markets as a result of the financial crisis, and have further expanded our investor relations activities. For instance, we have considerably enhanced our IR Web site in the year under review, and added some content as well as service functions. Moreover, the Fitch rating means that DB AG has also been rated by a total of three independent international rating agencies since February 2009.

www.deutschebahn.com/ir-e

Whereas we did not issue any bonds last year, this year has seen the successful issues of three Eurobonds and one JPY bond. All bonds encountered strong interest among international investors.

If you wish to contact us, you can find all information in the rear cover of this report or on our IR Web site.

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+

In the year under review, the rating agencies Moody's and Standard & Poor's (S & P) again confirmed the very good ratings of DB AG in the course of their annual rating reviews. The ratings of both agencies have been unchanged since they were first awarded in the year 2000.

Since 2009, Fitch Ratings (Fitch) has also been assessing the creditworthiness of DB AG and has also awarded very good ratings. The outlook for the ratings of Fitch is "stable." The long-term rating of DB AG is only two notches lower than the highest possible rating (AAA). The short-term rating corresponds to the highest possible rating. This enhancement means that we can now base our ratings on an even broader foundation, and we now enjoy a very good rating of three independent international rating agencies.

BOND ISSUES

ISIN	Issuer	Currency	Volume (million)	Coupon	Maturity	Term in years
DE000A0T7J03	Deutsche Bahn Finance B.V.	EUR	1,000	4.875	Mar 2019	10
XS0452868788	Deutsche Bahn Finance B.V.	EUR	600	4.375	Sep 2021	12
XS0457145430	Deutsche Bahn Finance B.V.	EUR	500	3.625	Oct 2017	8
XS0462825232	Deutsche Bahn Finance B.V.	JPY	7,500	1.680	Nov 2019	10

In the year under review, we tapped the capital market with three benchmark Eurobonds for a total of € 2,100 million via our financing subsidiary Deutsche Bahn Finance B.V. (DB Finance), Amsterdam/the Netherlands and a JPY private placing of JPY 7,500 million. The main purpose of the bonds was to refinance two expiring bonds with a total volume of € 1,367 million and two maturing loans of the European Company for the Financing of Railroad Rolling Stock, Basel/Switzerland (EUROFIMA) with a total value of € 656 million. We also increased our debt issuance program to € 15 billion in the year under review, and also reduced the minimum piece of bonds to € 1,000. In this way, we were able to generate much stronger demand in the retail sector with the last two benchmark bonds.

After the financial markets had gradually stabilized at the beginning of 2009, we issued a ten-year Eurobond for € 1,000 million in March. The issue generated very strong investor interest, and almost half of the issue volume was placed in France. With our second benchmark bond in September, we extended the term to 12 years, because the market had strengthened further. For this long-dated transaction of € 600 million, the strongest investor demand came from Germany. With the third benchmark bond with a volume of € 500 million and a term of eight years in October, the percentage of the overall bond placed in Germany (namely around 55 %) was even higher than was the case with the previous transaction. Our capital market transactions were rounded off with a private placing of JPY 7,500 million and a term of ten years.

In line with the development of the overall market, we succeeded in considerably reducing our credit spread in the course of the year.

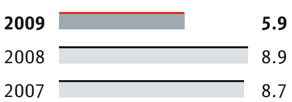
VALUE MANAGEMENT

More details on page 75 ff.

The objective of our financial management system is to achieve sustainable growth in our enterprise value. Further information concerning the subject of value management can be found in the Group management report.

We use the ROCE parameter (return on capital employed) as the key measure for expressing the development of our Group portfolio and also for investment allocation. The ROCE target for DB Group is 10 %. We use a figure of 8.9 % before tax as capital costs on the basis of a medium-term target capital structure.

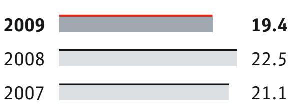
ROCE %



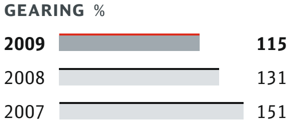
ROCE € MILLION OR %	2009	2008	Change	
			ABSOLUTE	%
EBIT adjusted	1,685	2,483	-798	-32.1
÷ Capital employed	28,596	27,961	+635	+2.3
ROCE	**5.9 %**	**8.9 %**	**–**	**–**

For managing debt, we use redemption coverage and gearing as further parameters in our value management system. In the medium term, we aim to achieve redemption coverage of 30 % as well as gearing of 1:1 (the ratio between equity and on-balance-sheet net financial debt).

REDEMPTION COVERAGE %



GEARING %



Redemption coverage/gearing € MILLION OR %	2009	2008	Change	
			ABSOLUTE	%
EBIT adjusted	1,685	2,483	-798	-32.1
+ Operating net interest [1), 2)]	-689	-747	+58	-7.8
+ Depreciation [2)]	2,717	2,723	-6	-0.2
Operating cash flow	**3,713**	**4,459**	**-746**	**-16.7**
Net financial debt	15,011	15,943	-932	-5.8
+ Present value of operating leases	4,105	3,853	+252	+6.5
÷ Adjusted net financial debt	**19,116**	**19,796**	**-680**	**-3.4**
Redemption coverage	**19.4 %**	**22.5 %**	**–**	**–**
Net financial debt	15,011	15,943	-932	-5.8
÷ Shareholders' equity	13,066	12,155	+911	+7.5
Gearing	**115 %**	**131 %**	**–**	**–**

1) In order to obtain an appropriate figure, we use operating net interest adjusted by those components of net interest which are connected to the compounding of long-term liabilities and provisions and the reversal of deferred items.

2) Adjusted for special items.

Corporate Governance report

Corporate Governance rules are intended to ensure good, responsible and value-oriented corporate management. On July 1, 2009, the Federal Government adopted the Federal Public Corporate Governance Code regarding principles of good corporate management and investment management. The Public Corporate Governance Code comprises major regulations of prevailing law regarding the management and monitoring of unlisted companies in which the Federal Republic of Germany owns a majority stake as well as internationally and nationally recognized standards of good and responsible management. The aim of the code is to ensure that corporate management and monitoring are made more transparent and plausible, and to define more clearly the role of the Federal Government as a shareholder. At the same time, the awareness of good Corporate Governance is also to be increased.

www.deutschebahn.com/cg-e

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 at the same time to promote the interests of clients, business partners, investors, employees and the public as well as to maintain and enhance confidence in Deutsche Bahn AG (DB AG).

Accordingly, in its meeting of September 9, 2009, the Supervisory Board of DB AG adjusted the rules of procedure applicable for the Management Board and the Supervisory Board of DB AG and brought them into line with the requirements of the Public Corporate Governance Code. The Public Corporate Governance Code is applicable for the Group companies of DB AG to the extent which is legally possible and admissible in view of the special features of a Group structure.

STATEMENT OF COMPLIANCE

In the year under review, the Management Board and Supervisory Board of DB AG considered the recommendations of the Public Corporate Governance Code on several occasions, and decided that a statement in accordance with point 1.4 and point 6.1 of the Public Corporate Governance Code would in future be provided annually within the framework of the Corporate Governance report; this statement will decide the extent of existing or future compliance with the recommendations of the Public Corporate Governance Code.

The Management Board and Supervisory Board of DB AG have issued the following joint statement: “The recommendations concerning the Federal Public Corporate Governance Code published by the Federal Government on July 1, 2009 have been complied with.”

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. The Supervisory Board monitors the activities of the Management Board, and is responsible for appointing persons to the Management Board and dismissing persons from the Management Board.

In the interest of 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 in particular with regard to all matters of planning which are relevant for the company, the financial planning, the business development, the risk situation as well as risk management.

More details on page 267 ff.

The notes to the consolidated financial statements set out an overview of the members of the Management Board and Supervisory Board including their mandates.

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.

More details on page 51

Details of the personnel changes in the Management Board can be found in the Group management report and in the report of the Supervisory Board.

The Management Board of the company consists of six divisions. In addition to the division of the CEO, the Management Board comprises the following divisions: Finance/Controlling, Personnel and Infrastructure as well as the Management Board divisions Compliance, Privacy and Legal Affairs and also Rail Technology and Services, which were additionally introduced in the year under review. The Economics and Political Affairs division was discontinued as of December 9, 2009.

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 possible partial privatization of DB Mobility Logistics AG (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 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.

In order to assure integrated Group management, the meetings of the Management Board of DB AG are usually held jointly with the meetings of the Management Board of DB ML AG.

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, 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. Three women are currently serving on the Supervisory Board. 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.

More details on page 260 ff.

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 notified at least quarterly by the Management Board of the development of business and the position of the company. The Management Board also reports regularly to the Supervisory Board with regard to the measures taken in DB Group for complying with laws and internal regulations (Compliance). The Supervisory Board is also responsible for auditing and approving the annual financial statements of DB, auditing the management report of DB AG, the consolidated financial statements as well as the Group management report of DB AG.

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 increase the efficiency of discussions, the Supervisory Board of DB AG and the Supervisory Board of DB ML AG meet on a regular basis when issues with Group-wide significance are jointly discussed. 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 and Compliance Committee (formerly the Audit Committee), a Personnel Committee and a Mediation Committee. An overview of the members of the committees is set out in the notes to the consolidated financial statements. The Supervisory Board provides information concerning the work of the committees in the year under review in its report. A description of the functions of the various committees can be found on our Web site.

More details on page 272
More details on page 10 ff.
www.deutschebahn.com/cg-e

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 regarding 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-e

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 business risks is of crucial importance. The Management Board is responsible for ensuring an appropriate risk management system and for monitoring the risk management system in the company, and is also responsible for continuously further developing these two aspects. The Management Board has set up the Group-wide project "Reporting to the internal control system" in order to comply with the monitoring obligations specified by the Bilanzrechtsmodernisierungsgesetz (Accounting Law Modernization Act; BilMoG) regarding the accounting and the effectiveness of the internal control system. The Management Board notifies the Audit and Compliance 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 and Compliance Committee is regularly informed of the structure of reporting with regard to the internal control system. It also checks whether the risk early warning system complies with the requirements of Section 91 (2) AktG.

COMPLIANCE

Compliance is a key component of the corporate culture of DB AG. The activities of DB AG are subject to national and international legal requirements and standards of conduct which the company has set itself. The corporate values of DB Group have been summarized in a code of conduct which is applicable throughout 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 society, the competitors, holders of office and business partners as well as the owners, and also for all dealings among each other. 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. In the year under review an integrated compliance management system was also introduced in order to ensure a corporate organization which complies with all legal requirements.

More details on page 35 f.

Further information concerning the subject of compliance is set out in the compliance report.

ACCOUNTING AND AUDIT

On July 15, 2009, the shareholders' meeting appointed PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Berlin, (PwC) as the auditor for the 2009 financial year. The Audit and Compliance 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 defined the key audit issues with the auditor. It has again been agreed with the auditor this year that the Chairman of the Audit and Compliance 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. It has also been agreed that the committee chairman is informed without delay by the auditor of separate findings and any irregularities of the statement of compliance.

EFFICIENCY AUDIT OF THE SUPERVISORY BOARD

The Supervisory Board regularly reviews the efficiency of its activities. In the year under review, a written procedure for reviewing efficiency, which included all members of the Supervisory Board, was carried out for the Supervisory Board of DB AG. The audit established that the members of the Supervisory Board of DB AG are essentially satisfied with the preparation, the content and procedure of the meetings as well as the cooperation with the Management Board.

COMPENSATION REPORT

The compensation report describes the compensation system and the individual compensation for the Supervisory Board and the Management Board. The following compensation report is part of the Group management report.

COMPENSATION OF THE MANAGEMENT BOARD

The compensation system for DB AG's Management Board aims to provide appropriate compensation to the members of the Management Board in accordance with their duties and areas of responsibility, and to directly consider the performance of each Management Board member as well as the success of the company.

The appropriate level of compensation is regularly reviewed through a comparison process. This process reviews the level of Management Board compensation in comparison with the external market (horizontal appropriateness) and with other compensation within the company (vertical appropriateness). If this process reveals a need to modify the compensation system or the compensation amount, the Personnel Committee of the Supervisory Board will make corresponding suggestions to the Supervisory Board for approval. The most recent compensation review took place in December 2009.

Compensation components

The total compensation for Management Board members is based on a target income consisting of a fixed basic compensation and a performance-linked annual director's fee. The total compensation also includes benefit commitments, other commitments, and ancillary benefits.

Fixed basic compensation is a cash compensation linked to the financial year that is based on the scope of responsibility and the experience of each Management Board member. The individually defined fixed income is paid out in twelve equal installments.

The annual performance-linked 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 director's fee factor and the performance factor are multiplicatively linked. The size of the director's fee factor depends on the level of success in attaining the business goals set by corporate planning. The parameters for this relationship are in equal parts operational success (EBIT) and return on capital employed (ROCE).

The performance factor reflects the success in meeting personal targets. The target fee corresponds to the annual director's fee that the Management Board member receives for fully meeting performance goals during a "normal financial year" (meeting the objectives). If the company profits do not meet the planned objectives, the fee factor – regardless of personal performance – can be reduced to zero in extreme cases. Thus the annual director's fee can be omitted completely. If planned objectives are significantly exceeded and the maximum performance factor is also achieved, the director's fee can amount to 2.6 times the target fee.

The economic and personal targets of the Management Board members are agreed with the Management Board members in writing each year, based on recommendations made by the Personnel Committee of the Supervisory Board.

Together with the plan established by the Supervisory Board, the personal targets form the basis for assessing the annual director's fee. Thus all of the significant parameters for total compensation are established at the beginning of the financial year.

At the end of a financial year, the Group results are used as the basis for calculating the director's fee factor and 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. The final decision is made by the Supervisory Board and prepared by the Personnel Committee.

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.

During the 2009 financial year, the Management Board compensation did not include any mid-term or long-term incentives.

In December 2009, the Supervisory Board decided to introduce a long-term incentive plan for the Management Board members beginning in the 2010 financial year.

The term of the plan will be four years, and it will be redrafted on a rolling basis each year.

The target value of the plan is approximately 50 % of the previous director's fee; half of this will be financed by reducing the director's fee, and half through an additional compensation component.

The long-term incentive will be determined according to the sustained increase in the value of the company. This measurement basis rewards the attaining and/or exceeding of operational earnings targets as set in the mid-term planning and their effect on the company's value. At the end of each planning period, the increased value attained in comparison with the business goals and the disbursement amount are determined.

The disbursement amount for the long-term incentive plan has an upper limit and can vary between 0 % and 300 %.

In accordance with recommendations made by the Federal Public Corporate Governance Code, the company included a compensation cap in Management Board contracts for new appointments in 2009. According to this, payments made to a Management Board member upon premature termination of Management Board duties cannot, without good cause as defined by § 626 of the German Civil Code, exceed the value of two years' salary, including variable compensation components, and cannot compensate more than the remaining term of the appointment contract.

Pension entitlements

After leaving the company, the members of the Management Board are entitled to pension payments. A Management Board member is entitled to a life-long pension if the term of employment ends due to permanent disability, or if the contract is terminated before the agreed-upon termination date or is not extended and no good cause exists.

Company pension commitments equal a percentage of the basic compensation, based on how long the Management Board member has been with the company. Pension commitments include lifelong retirement and/or survivor benefits.

Furthermore, DB AG has taken out a reinsurance policy covering company pension benefits for Management Board contracts concluded before January 1, 2009.

Contractual ancillary benefits

As contractual ancillary benefits, the members of the Management Board are, among other things, entitled to a company car and driver for business and personal use, a personal first-class BahnCard for all of the company's rail routes and bus lines, and standard insurance coverage. A housing allowance is granted for second homes as required for business purposes. These non-cash benefits, if they cannot be granted on a tax-free basis, are taxed as non-monetary benefits for which the Management Board members are individually responsible.

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

The members of the Management Board are covered by property damage liability insurance (D&O insurance) for the risks associated with working for DB AG. In the 2009 financial year, this insurance was offered as a Group insurance policy without a deductible and provided coverage for potential property losses due to carrying out Management Board activities. The insurance will be adjusted for the changed legal conditions by July 1, 2010 at the latest, and will contain an appropriate deductible for the Board members of DB AG as of that point.

Compensation of the Management Board in the 2009 financial year

Subject to the decision by the Annual General Meeting on March 24, 2010 regarding the approval of the Management Board, the members of the DB AG Management Board will receive the following compensation for their duties during the year under review:

Total compensation of the Management Board	Annual income for 2009				
€ THOUSAND	Fixed compensation	Variable compensation [1]	Benefits in connection with premature termination of duties [2]	Other [3]	**Total**
ACTIVE MANAGEMENT BOARD MEMBERS ON DECEMBER 31, 2009					
Dr. Rüdiger Grube (since May 1, 2009)	600	900	–	10	**1,510**
Gerd Becht (since October 16, 2009)	137	178	–	4	**319**
Stefan Garber	550	803	–	30	**1,383**
Dr. Volker Kefer (since September 9, 2009)	124	187	–	10	**321**
Diethelm Sack	650	960	–	20	**1,630**
Ulrich Weber (since July 1, 2009)	325	425	–	3	**753**
MANAGEMENT BOARD MEMBERS WHO LEFT DURING THE YEAR UNDER REVIEW					
Hartmut Mehdorn (until April 30, 2009) [4]	300	179	4,985	1,136	**6,600**
Norbert Hansen (until May 31, 2009)	167	31	2,256	6	**2,460**
Dr. Otto Wiesheu (until May 31, 2009)	229	75	2,388	2	**2,694**
Total	**3,082**	**3,738**	**9,629**	**1,221**	**17,670**

1) Includes year-end bonuses totaling € 3,290 thousand for the 2009 financial year and still unrecorded cash transactions totaling € 448 thousand for the previous year

2) Financial settlements, including non-cash benefits accruing from travel benefits and usage of company cars

3) Monetary benefits accruing from travel benefits and usage of company cars as well as insurance and housing allowances

4) The item other includes € 1,133 thousand payment from deferred compensation

The financial settlements for members of the Management Board who left during the course of the year under review are based on the remaining term of each Management Board contract and the target compensation. The amount of the settlement is limited to two years' salary, including variable compensation components. With regard to the provisions made for pensions of previous members of the Management Board, only the payments agreed upon in the Management Board contract were granted.

The existing D&O insurance policy will continue to provide insurance coverage for a period of five years after the end of Management Board duties. Previous Management Board members Norbert Hansen and Dr. Otto Wiesheu were granted a BahnCard 100 First for life.

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.

Pension benefits of the Management Board in the 2009 financial year

During the year under review, an amount totaling € 2,537 thousand was added to the pension provisions.

Addition to the pension provisions (service cost) [1] € THOUSAND	2009
ACTIVE MANAGEMENT BOARD MEMBERS ON DECEMBER 31, 2009	
Dr. Rüdiger Grube (since May 1, 2009)	613
Gerd Becht (since October 16, 2009)	152
Stefan Garber [2]	781
Dr. Volker Kefer [3] (since September 9, 2009)	61
Diethelm Sack [4]	–
Ulrich Weber (since July 1, 2009)	432
MANAGEMENT BOARD MEMBERS WHO LEFT DURING THE YEAR UNDER REVIEW	
Hartmut Mehdorn [4] (until April 30, 2009)	–
Norbert Hansen (until May 31, 2009)	99
Dr. Otto Wiesheu (until May 31, 2009)	399
Total	**2,537**

[1] The service cost for Management Board members appointed during the year under review is based on estimated values; for part-time members of the Management Board, the amount is prorated

[2] Thereof € 656 thousand from deferred compensation

[3] For new appointments from within the Group, the service cost for prior acceptances is not taken into account

[4] Already funded

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

COMPENSATION OF THE SUPERVISORY BOARD

Compensation of the Supervisory Board is defined in the articles of incorporation and was most recently regulated by the Annual General Meeting decision 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, the members of the Supervisory Board receive fixed annual compensation of € 20,000, as well as performance-linked annual compensation. The performance-linked compensation varies depending on the relationship between the operational results (EBIT) shown in the Group's annual financial statements for the financial year and the comparable previous year's figures. The performance-linked compensation is limited to a maximum of € 13,000.

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 increases by 25 percent for being a member of a Supervisory Board committee, and by 50 percent for being the chairman of a Supervisory Board committee; however, membership and chairmanship of the committee to be formed in accordance with section 27 (3) of the Federal Codetermination Act are not taken into consideration.

In addition, the members of the Supervisory Board 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 receiving either a personal BahnCard 100 First or five free tickets for each meeting they attend.

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 correspondingly to increases in compensation for the Chairman of the Supervisory Board as well as his deputy, and to increased compensation for membership and chairmanship of a Supervisory Board committee.

Payment of compensation takes place after 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 the five free train tickets, are the individual responsibility of each member of the Supervisory Board.

DB AG will pay the costs incurred by members of the Supervisory Board to participate in events, such as invitations from the Management Board, and – to the extent possible – will pay the related taxes due 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 24, 2010, 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					Annual income for 2009
€ THOUSAND	Fixed compensation	Variable compensation	Attendance fees	Incidental payments	**Total**
ACTIVE SUPERVISORY BOARD MEMBERS ON DECEMBER 31, 2009					
Dr. Werner Müller	60	0	4	0	**64**
Georg Brunnhuber	20	0	2	1	**23**
Niels Lund Chrestensen	20	0	2	1	**23**
Christoph Dänzer-Vanotti	18	0	2	0	**20**
Dr. Jürgen Großmann	20	0	2	5	**27**
Horst Hartkorn	20	0	2	1	**23**
Dr. Bernhard Heitzer	2	0	1	0	**3**
Jörg Hensel	20	0	2	1	**23**
Klaus-Dieter Hommel	20	0	2	5	**27**
Günter Kirchheim	30	0	4	1	**35**
Alexander Kirchner	37	0	4	1	**42**
Helmut Kleindienst	25	0	3	1	**29**
Dr. Jürgen Krumnow	30	0	3	1	**34**
Vitus Miller	20	0	2	1	**23**
Heike Moll	20	0	2	1	**23**
Dr. Walther Otremba	20	0	3	0	**23**
Ute Plambeck	20	0	2	0	**22**
Regine Rusch-Ziemba	25	0	4	0	**29**
Prof. Klaus-Dieter Scheurle	6	0	1	0	**7**
Dr. Heinrich Weiss	20	0	2	5	**27**
SUPERVISORY BOARD MEMBERS WHO LEFT DURING THE YEAR UNDER REVIEW					
Jörg Asmussen	13	0	1	0	**14**
Achim Großmann	32	0	4	0	**36**
Lothar Krauß	3	0	0	0	**3**
Dr. Axel Nawrath	5	0	1	0	**6**
Total	**506**	**0**	**55**	**25**	**586** [1]

[1] Includes compensation for Supervisory and Advisory Board activities in subsidiary companies: € 877 thousand.

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

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

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

The members of the Supervisory Board are covered by property damage liability insurance (D&O insurance) for risks associated with working for DB AG. The insurance is designed as a Group policy without a deductible and provides coverage for property losses that can occur during the performance of Supervisory Board activities.

Compliance report

As a consequence of the data scandal the Supervisory Board created a new Board division for Compliance, Privacy and Legal Affairs. With this organizational measure the significance of these themes should be enforced at the highest management level and therefore care should be taken that incidents such as the data scandal are not repeated. Gerd Becht was appointed as member of the Management Board for this division. The focus of activities of the new division is the preventative risk defense for DB Group and sustainably ensuring the company's success by establishing a moral value-based company culture.

In the year under review the fixed penalty proceedings of the Berlin representative for freedom of information and data protection versus DB Group were concluded and therefore the data protection law offence was punished. After a complaint by DB Group against persons unknown, any illegal offences are investigated by the public prosecution service in Berlin, if there is sufficient initial suspicion.

COMPLIANCE REDEFINED

In the third quarter of 2009 "Integrated Compliance Management" (ICM) was introduced into DB Group. The aim of ICM is to guarantee conduct in compliance with the rules in all areas of the Group and to set up collaboration between the functions of compliance, privacy, legal affairs and security as well as neighboring functions such as revision, personnel and finances transparently, impeccably and efficiently. At the same time the contentual topics have been extended from compliance to above and beyond the previous focus – fighting corruption and other economic crime, to laws and internal codes of conduct that apply to the whole DB Group. In the future business-oriented risk analysis and targeted prevention will be the focus. This new direction is particularly linked with increased consulting and supervision as well as intensive training in particular of the operative units of DB Group. Furthermore, we are striving to simplify the internal regulations, with regard to comprehensibility and practicability. The compliance sector was strengthened with personnel according to needs and decentralized contact partners were appointed. In this way the course has been set for global compliance risk management. The previous organizational unit managed by compliance for investigation in the case of suspicion of economic criminality is now settled in the Group security sector in order to avoid conflicts of interest. A Compliance Board founded in this reporting year, with an interdisciplinary staff ensures a business-field-related compliance program in DB Group. As a further new body a Compliance Committee was established. The committee deals with cases of possible rule infringements and makes recommendations to the relevant organizational units for further handling. Apart from the Chief Compliance Officer, Group security, revision and the personnel division are also represented here.

UPGRADING PRIVACY

Apart from the compliance area, DB Group has also significantly upgraded privacy. First of all the foundations were laid for needs-oriented staffing and resources, in order to position privacy as a customer and employee-oriented quality feature in DB Group. The increase in personnel in the privacy sector is accompanied by an increase in tasks. Apart from setting up special departments for customer and employee privacy, there is also a focus on sensitizing all company areas and employees when dealing with employee data in the new organization. A significant sign of change in the company culture of DB Group is that a cornerstone paper on employee privacy was agreed between the employees and the employer. On this basis it is planned to draw up a detailed employer/Group works council agreement in 2010, which will regulate dealing with employee data worth protecting. Furthermore, the decentralized privacy and the privacy audit will be significantly strengthened.

GROUP SECURITY FOCUSES ON PREVENTION

Group Security has also undergone a basic restructuring. Measures were taken which ensure the adherence to legally demanded limits in the establishing of facts. Group Security is responsible for the security strategy, and their main task is to protect customers, employees and the property entrusted to DB Group. The security strategy is based on the pillars: presence of security employees, technical solutions such as video surveillance, a strong partnership with the Federal police and prevention work. DB Group operates around 6,500 video cameras and employs around 3,000 security staff. Group Security places particular importance on avoiding losses due to vandalism and graffiti, which cost DB Group a high two figure million sum per year. We are also focusing more on prevention in this area. The prevention train, which travelled around Germany in the reporting year and the 30 prevention employees of DB Sicherheit (security) who visited over 70,000 pupils in the past year, are only two examples of the diverse activities to prevent losses due to vandalism and graffiti in DB Group. As violence and vandalism in public areas is a social phenomenon, this problem can only be countered by society as a whole.

LEGAL DEPARTMENT SUPPORTS AND ADVISES

Apart from its standard tasks the Legal department, as part of the ICM, also supports the business areas with solution-oriented processing in adhering to the principles of proper company management. It also has its own compliance approach in the area of antitrust law.

Group profile

GROUP GOVERNANCE

The business portfolio of Deutsche Bahn Group (DB Group) is structured into nine business units: after the restructuring in 2008, Deutsche Bahn AG (DB AG) manages the DB Netze Track, DB Netze Stations and DB Netze Energy business units directly. The remaining six business units are bundled together under the management of our 100 % subsidiary company DB Mobility Logistics AG (DB ML AG). DB AG and DB ML AG both have the role of a management holding company. A very close coordination between the Management Boards of DB AG and DB ML AG is ensured by a wide reaching personnel identity and joint Board meetings. In this way further synergies can also be realized between the individual companies. The operative closures were carried out by the business units. Our structure is completed by central Group and service functions which are carried out partially by DB AG and partly by DB ML AG.

You will find the organizational structure in the cover

DB AG has been a stock corporation established in accordance with German law since its founding in 1994 and correspondingly has a dual management and control structure. You will find an overview of the major subsidiaries in the notes to the consolidated financial statements.

More details on page 264 ff.

OUR MARKETS

DB Group provides national and international services, whose target markets are reflected in our Group brand appearance under "Mobility – Networks – Logistics". We are active worldwide and are represented in over 130 countries. Our aim in all relevant markets is to convince customers with the quality of our services and to further improve our yield and financial power.

In passenger transport it is our primary goal to maintain our strong market position in Germany. But the European markets are also becoming increasingly significant for us.

An important strategic perspective for rail comes from the gradual opening of the markets in Europe: in long-distance rail passenger transport the market for cross-border transport is being opened up from 2010. 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.

More details on page 58

The liberalization of the European passenger transport markets is, however, in various states of progress throughout Europe. Germany has taken a leading role in long-distance rail passenger transport with regard to the open market access. National long-distance markets in other countries are sometimes not liberalized. Invitations to bid for regional and urban transport contracts are increasingly being issued throughout Europe. We can also benefit from that after the takeover of DB Regio UK and the successful tenders in Denmark, Great Britain and Sweden achieved in the year under review, and position ourselves increasingly in Europe.

With our integrated Group structure we have assumed dual responsibility for the rail mode of transport, as we are operator and leading user of the rail infrastructure at the same time. We want to develop rail transport further and therefore further strengthen the important transport infrastructure in Germany. In addition we achieve the prerequisites to master the increasing flows of traffic in Europe.

Just as with passenger transport 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 logistical capability in clearly defined market segments. Due to an extensive internationally oriented service portfolio in worldwide air/ocean freight and contract logistics as well as a tight network in European land transport we are taking our chances on strong growth markets. Therefore we also ensure the sustainability of rail freight transport in Germany. By integrating them into high-performance, international logistics networks, we ensure customer contact and open up new opportunities for growth.

Due to the increasing internationalization and cross-border orientation of production structures and material flows, the demand for international logistics services is increasing. We are meeting these challenges with multimodal transport chains and integrated products and sector solutions. The European rail transport market has been completely opened up since 2007. Here we serve all relevant axes and are active in all significant countries with our own subsidiaries or partnerships.

The expertise of DB Group is increasingly in demand for the realization of rail projects worldwide. In this way for example we will accompany the construction of a rail supported transport system in Qatar as an exclusive partner.

More details on page 121

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

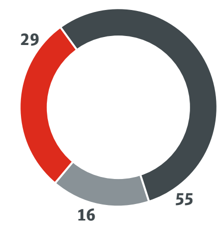
OUR BUSINESS UNITS

PASSENGER TRANSPORT

Mobility services are one of the core competences of DB Group. Within the business units DB Bahn Long-Distance, DB Bahn Regional and DB Bahn Urban we handle comfortable, customer-oriented mobility services. Under the "DB Bahn" brand we offer rail and bus transport as well as other increasingly significant intermodal mobility products. Regarding customer requirements we are developing our transport performances into comprehensive mobility services. This applies both with regard to international mobility and intramodal offers or optimized interfaces to the crossovers between various modes of transport. Our claim is an intelligent connection of the offers on the rails with a smooth crossover to other modes of transport. The CityTicket function of the BahnCard and the supplemental booking possibility of City mobil when buying tickets make it easy to continue one's journey at the destination using public transport. With the e-ticketing project Touch & Travel we are realizing the claim, together with our partner, of enabling uncomplicated use of public transport for our customers at any time.

Due to our strengths in the home market, today we are one of the leading mobility providers 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.

REVENUES DB BAHN %



- DB Bahn Long-Distance
- DB Bahn Regional
- DB Bahn Urban

More details on page 103

MARKET POSITIONS PASSENGER TRANSPORT 2008

NO. 2 IN RAIL PASSENGER TRANSPORT IN EUROPE BASED ON REVENUES	**NO. 2** IN PUBLIC LOCAL PASSENGER TRANSPORT IN EUROPE BASED ON REVENUES	**NO. 2** PROVIDER OF PASSENGER TRANSPORT SERVICES IN EUROPE BASED ON REVENUES
1. SNCF/Keolis	1. SNCF/Keolis	1. SNCF/Keolis
2. DB Bahn	**2. DB Bahn**	**2. DB Bahn**
3. First Group	3. RATP	3. Lufthansa
4. Trenitalia	4. Transport for London	4. Air France-KLM
5. NS	5. First Group	5. Trenitalia

Data for competitors based on business/research reports and own calculations.

DB Bahn Long-Distance business unit

KEY FIGURES 2009

- € 3,565 million revenues
- € 141 million adjusted EBIT
- 15,043 employees

www.railteam.com
www.thalys.com

The DB Bahn Long-Distance business unit provides national and cross-border long-distance rail transport services. Regularly scheduled services by day are the key business in long-distance transport. With the promise of offering quick and comfortable connections directly into the cities at attractive prices, we want to convince customer of our offers and expand our market share. DB AutoZug also offers car transport and night train transport. Apart from our services in Germany we are gradually building up our international offerings. Railteam – a cooperation between DB, SNCF, Eurostar, NS Hispeed, ÖBB, SBB and SNCB – and our cooperation with Thalys also represent this. Due to service optimizations our offers are becoming more and more attractive. In this way travelers can knock almost half an hour off their journey time with the start-up of the new high-speed section between Aachen and Lüttich in the year under review on the ICE connection from Frankfurt am Main to Brussels.

DB Bahn Regional business unit

KEY FIGURES 2009

- € 6,856 million revenues
- € 870 million adjusted EBIT
- 25,004 employees

In the DB Bahn Regional business unit we offer connections within metropolitan areas and surrounding areas via a wide-branching regional transport network. Regionally oriented transport operations interlock on-site offer planning and provision of services in cooperation with contracting agencies and transport associations. Our aim: an integrated regional transport program of rail and bus adapted to the local transport requirements. We built a streamlined, market-aligned organizational structure based on the principles of customer orientation and profitability.

The competitive intensity in the German rail passenger transport market has been very high for years. With coordinated transport concepts, a contemporary fleet and convincing quality and good service we want to defend our market position as the largest regional transport service provider in Germany. We would like to use our broad competence profile for international growth and in this way develop ourselves into a leading international train operating company (TOC) in Europe. After the successful market entry in Great Britain in 2008 with the acquisition of DB Regio UK, we were able to win the tender for the operation of the Tyne and Wear Metro in Newcastle in Great Britain in the year under review. DB Regio Sverige won the S-Bahn (metro) transport in the Swedish province of Östergötland. Furthermore, we built up cross-border transport so that the direct connection between Dresden and Breslau was successfully started on March 1, 2009, in cooperation with the Polish PKP PR.

DB Bahn Urban business unit

KEY FIGURES 2009

- € 1,985 million revenues
- € 100 million adjusted EBIT
- 12,636 employees

The DB Bahn Urban business unit is responsible for our 22 bus companies in Germany. Additionally the business unit was in charge of the S-Bahn (metro) systems in Berlin and Hamburg in the year under review, which will be allocated to the DB Bahn Regional business unit from 2010 on. In bus transport we offer transport services in public road passenger transport independently or on behalf of towns and districts. In this business unit we have set ourselves up in such a way that we can seize chances of opening up and further developing of the still fragmented market. The gradual opening of this market is anticipated to lead to a successive consolidation in the coming years. Additionally we are looking at growth chances in attractive European markets.

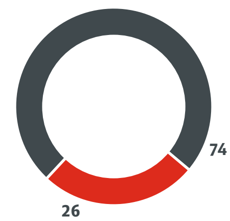
TRANSPORT AND LOGISTICS

Under the brand "DB Schenker" we have positioned ourselves with a uniform market launch as a strong partner of transport and logistics customers worldwide. DB Schenker is one of the leading globally integrated logistics service providers and has the leading freight railway in Europe. A tight network of locations in the most significant economic regions in the world, in air and ocean freight, in European land transport, in contract logistics and in supply chain management make DB Schenker stand out. With this very special combination we can offer quick and efficient solutions for the diverse requirements of customers from trade and industry.

We offer our customers worldwide solutions from bulk to parcel via all modes of transport along the whole logistics chain. Thereby we are connecting our position in European rail transport and European land transport with our strong position in worldwide air and ocean freight business as well as contract logistics and supply chain management.

International markets are growing together and the outsourcing of complete service packages is advancing. These trends will continue in the next few years. In this way not only the transport needs increase but also the requirements on all partners. With regards to the current and future customer requirements it is also necessary to integrate rail freight transport into interdisciplinary logistics offers. We oriented ourselves hereto early on.

REVENUES DB SCHENKER %



DB Schenker Rail
DB Schenker Logistics

MARKET POSITIONS TRANSPORT AND LOGISTICS 2008

NO. 1 IN EUROPEAN RAIL FREIGHT TRANSPORT BASED ON TKM	**NO. 1** IN EUROPEAN LAND TRANSPORT BASED ON REVENUES	**NO. 2** IN WORLDWIDE AIR FREIGHT BASED ON T
1. DB Schenker	**1. DB Schenker**	1. DHL
2. PKP	2. DHL	**2. DB Schenker**
3. SNCF	3. DSV	3. Panalpina
4. Trenitalia	4. Dachser	4. Kühne + Nagel
5. RCA	5. Geodis	

NO. 3 IN WORLDWIDE OCEAN FREIGHT BASED ON TEU	**NO. 5** IN GLOBAL CONTRACT LOGISTICS BASED ON REVENUES
1. DHL	1. DHL
2. Kühne + Nagel	2. CEVA Logistics
3. DB Schenker	3. Wincanton
4. Panalpina	4. Kühne + Nagel
	5. DB Schenker

Data for competitors based on business/research reports and own calculations.

DB Schenker Rail business unit

KEY FIGURES 2009

- € 4,055 million revenues
- € –189 million adjusted EBIT
- 34,145 employees

In rail freight transport we are already Europe's largest and best-performing provider. The European markets offer us great growth potential. For long distances and large, groupable flows of goods rail transport is particularly advantageous for customers. For that reason we have set up our own companies outside of Germany and work together with international cooperation partners. Today we operate an open network system for the transport of single wagons or wagon groups and produce block train transports as point-to-point transports and selected additional logistical services (for example the road/rail shipment of bulk goods in railports or maintenance services).

Our long-standing internationalization strategy will find its equivalent in a new organizational structure from 2010. In future DB Schenker Rail will encompass three business divisions under a single umbrella organization, but responsible for their own profit or loss: the three regions West, Central and East. The regional organizational structure will be flanked by strong European sales and European network management.

Also in the year under review we have further built up our European network. For this reason we acquired DB Schenker Rail Polska in the Eastern region among others. We agreed on the founding of a joint production company with SNCB in December 2009 for improvement to German-Belgian rail freight transport. In Italy we strengthened our market position by increasing our share in Nordcargo S.r.l.

More details on page 52
More details on page 122

Combined transport (CT) is a growth market. Our range here encompasses rail traction, terminal shipping, provision of wagon material and rendering additional services to resellers such as operators, freight forwarders and shipping companies. We have access both to all important terminals in Germany and sea port terminals in the North and Baltic sea and terminals abroad. Our CT network together with our partner operators reaches from European over sea ports right into the back country. It enables shipping company customers, freight forwarders and carriers to have quick connections throughout Germany in maritime and continental CT as well as optimum connection to the whole European block train network.

DB Schenker Logistics business unit

KEY FIGURES 2009

- € 11,292 million revenues
- € 199 million adjusted EBIT
- 57,134 employees

With a presence in more than 1,500 locations in over 130 countries we are holding our ground as a global player in markets which are characterized by high growth rates, stiff competition and growing consolidation tempos. We are a leader in European land transport as well as in worldwide air and ocean freight 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 the past few years both via extensive capital expenditures in logistics centers and our IT infrastructure and through acquisitions. Overall in this way we have succeeded in both closing gaps in our networks and maintaining our leading market positions.

Our services encompass integrated logistics services for worldwide flows of goods in land transport and in air and ocean freight as well as all logistical services connected to this. Our customers expect a modular range of solutions from a logistics service provider as well as demand-oriented capacities at any time – for individual projects as well as global procurement and distribution concepts. Our employees therefore work on integrated solutions for the requirements of our customers by connecting the modules of our overall service range to make complex added value chains. In this way a reliable flow of goods and information is ensured.

Therefore today we have grown competences, which enable us to deal with all modes of transport:

- As a specialist for land transport in Europe we combine the important European economic regions with a tight network of scheduled services according to timetable.
- 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 at the interfaces of global flows of goods thereby create effective connections between various modes of transport and enable a wide range of value-added services.

SERVICES

DB Services business unit

The availability of reliable and affordable services is a central requirement for smoothly operating mobility and logistical services and therefore also for the competitiveness of rail transport. Therefore we have bundled our service activities into the DB Services business unit. The business unit encompasses six different 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 primarily transport-related infrastructure management and infrastructure-close 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.

KEY FIGURES 2009

- € 2,864 million segment revenues
- € 1,237 million revenues
- € 125 million adjusted EBIT
- 24,460 employees

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.

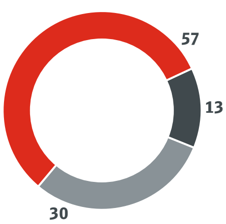
- DB Vehicle Maintenance offers comprehensive inspection and maintenance works as well as conversion, modernization, revision of trains and the reconditioning of components such as wheel sets, bogies or brakes at 15 locations in Germany. DB Waggonbau Niesky is also active in producing freight wagons and components.
- DB Systel, the IT and telecommunications service provider of DB Group, develops and operates as a full service provider of groundbreaking IT and telecommunications solutions for the travel and logistics market. The portfolio covers the whole IT value-added chain: from consulting and conception to development right up to operation and support. Apart from DB Group customers, mobile telephone network and landline carriers, DSL providers and cable network operators also use the solutions of DB Systel. The range of services also includes highly safety-relevant digital radio networks like the GSM-R network.
- DB Services is the nationwide leading system service provider for professional facility management and industrial services. The range of services includes professional technical and infrastructural facility management in commercial, administration, transport and industrial buildings. Furthermore, the passenger cars in operation are cleaned inside and if necessary outside on a daily basis. DB services non-Group customers include shipping companies, airports and airlines.
- DB Fleet Management is the mobility and fleet manager of DB Group and one of the leading suppliers with around 26,000 vehicles across Germany. Furthermore, DB Fleet Management also carries out mobility and fleet management services for other companies and the German armed forces. With DB Carsharing we offer a comprehensive mobility network in 120 locations with around 2,800 vehicles. With the innovative car sharing model Flinkster we are accommodating urban mobility needs. The bicycle rental system Call a Bike rounds off our range.

- DB Communication Technology is the specialist in area services in the technical sector. The range of services encompasses maintenance and repair of IT and network technology, safety engineering and multimedia passenger information systems. This also includes automation technology and media services. Due to a close collaboration with various leading system partners, DB Communication Technology is a successful service provider even on the market outside of DB Group.
- DB Sicherheit (security) bundles security functions in DB Group and offers extensive and professional safety and organizational services for travelers, employees, goods, railway property and real estate. DB Sicherheit (security) is the leading supplier in the public transport sector in Germany.

INFRASTRUCTURE

A high-quality and reliable infrastructure is the central requirement for smooth rail transport and therefore the long-term competitiveness of rail transport. In order to optimize our services we have bundled our infrastructural competence under the brand “DB Netze.” Free and easy access to the railway infrastructure in Germany, individual services and high reliability – that is what our business units DB Netze Track,

REVENUES DB NETZE %



- DB Netze Track
- DB Netze Stations
- DB Netze Energy

INFRASTRUCTURE ACCESS IN GERMANY

- With the start of the German Rail Reform in 1994 the principle of non-discriminatory access to Germany’s rail infrastructure was established in Germany.
- The Federal Network Agency is responsible for ensuring that access to the rail infrastructure takes place on a non-discriminatory basis. In the year under review over 320 non-Group railways used the infrastructure.
- The independent “Rail Liberalization Index Bahn 2007” confirmed the consistently high level of market opening in Germany compared to the rest of Europe.
- In the course of creating the network timetable 2010 DB Netz AG compiled over 54,900 routes. Therefore all route conflicts can be solved using a coordination procedure.

TRAIN KILOMETERS OF NON-GROUP RAILWAYS USING THE DB NETWORK

MILLION TRAIN-PATH KM

2009	**170** (17 %)
2008	162 (16 %)
2007	147 (14 %)
2006	128 (13 %)
2005	110 (11 %)
2004	88 (9 %)
2003	70 (7 %)
2002	50 (5 %)
2001	39 (4 %)
2000	26 (3 %)
1999	20 (2 %)
1998	13 (1 %)

(Percentage of overall performance)

DB Netze Stations and DB Netze Energy stand for. Due to professional and integrated infrastructure management we establish the requirements for safe, reliable, efficient and environmentally friendly mobility of passengers and goods using rail transport.

DB Netze Track business unit

The DB Netze Track business unit is the service provider for the over 350 TOCs – including 323 non-Group railways. All of them use the German rail network, which is about 34,000 km long and the largest in all of Europe. Due to its central location it is highly significant for the whole transport economy in Europe. The German rail network has been open for use to all TOCs authorized in Germany without discrimination since 1994. DB Netz AG independently ensures non-discriminatory access to our infrastructure. Train kilometers traveled by non-Group railways on the DB network have been increasing strongly for years.

With a high-quality rail network oriented towards the needs of the TOC we have achieved the basis for high-performance and reliable rail transport. We guarantee safe operation of our rail infrastructure (long-distance/major metropolitan areas network, regional network, marshalling yards and maintenance facilities), the marketing of customer-oriented track usage offers and the creation of conflict-free timetables in close collaboration with the TOCs. In addition there are maintenance and repairs as well as further development of the rail infrastructure due to capital expenditures in the existing network, modern command and control, as well as building new lines and upgrading old ones. Thereby the financing of the infrastructure by the Federal and the state governments plays a central role.

KEY FIGURES 2009

- € 4,369 million revenues
- € 558 million adjusted EBIT
- 40,354 employees

DB Netze Stations business unit

Our passenger stations are not only the gateways to the world of rail transport, but also a platform for connecting different modes of transport, a marketplace and calling cards for cities and regions. The activities of business units encompass the operation of the passenger stations as traffic stations as well as the development and marketing of train station areas. We are responsible for ensuring non-discriminatory access to our infrastructure. The number of station stops of non-Group customers has been increasing for years. Apart from structural measures, extensive service competence, a high level of safety, good customer information and functional route management come to the fore. There is also the strengthening of earning power from the renting business in particular at train stations with high customer frequency.

KEY FIGURES 2009

- € 1,025 million revenues
- € 217 million adjusted EBIT
- 4,601 employees

DB Netze Energy business unit

Technical knowledge and responsibility for inter-energy-type provision for TOCs are bundled under the roof of the business unit of DB Netze Energy. Apart from planning, maintenance, marketing and operation of technically complex energy networks, sustainable generation and procurement of traction and stationary energy are included in our range of services. As an independent energy manager we guarantee smooth operations and supply traction power and fuels on a non-discriminatory basis to all TOCs in Germany. Furthermore, we provide energy services for customers from industry, trade and the services sector.

KEY FIGURES 2009

- € 2,308 million revenues
- € 103 million adjusted EBIT
- 1,574 employees

REGIONAL AND URBAN TRANSPORT

Convincing services for passengers and ordering organizations

77%

HIT RATIO IN 2009

Measured in terms of percentage growth in passenger numbers, the Allianz pro Schiene has presented the most successful regional railways, including several of our companies. We also performed well in 2009 with attractive quotations in competitive tenders for orders to be placed by ordering organizations: we have been successful in competing for 77% of all regional transport train kilometers which have been put out to tender in Germany. And we have also established a base in the European market as a result of successfully competing for orders which have been put out to tender in Denmark, Sweden and Great Britain.

GROUP MANAGEMENT REPORT

Overview

- **DB GROUP BURDENED BY GLOBAL ECONOMIC DOWNTURN**
- **COUNTERMEASURES BUNDLED TOGETHER IN REACT PROGRAM**

DB GROUP BURDENED BY ECONOMIC CRISIS

Selected key figures € MILLION	**2009**	2008	Change	
			ABSOLUTE	%
Revenues	29,335	33,452	-4,117	-12.3
Revenues – comparable	29,182	33,452	-4,270	-12.8
EBIT adjusted	1,685	2,483	-798	-32.1
EBITDA adjusted	4,402	5,206	-804	-15.4
Net profit for the year	830	1,321	-491	-37.2
ROCE	5.9 %	8.9 %	–	–
Net financial debt	15,011	15,943	-932	-5.8
Gross capital expenditures	6,462	6,765	-303	-4.5

Development posted by Deutsche Bahn Group (DB Group) during the year under review was notably affected by negative influences stemming from the global downturn in economic conditions caused by the economic and financial crisis. The crisis-driven drop in economic growth that began in the second half of 2008 pushed the global economy into a deep recession, which hit the export-oriented countries especially hard. At the same time, future economic development was surrounded by very deep uncertainty until the middle of 2009. This in turn caused great anxiety in the financial markets and among our customers in the transport and logistics areas of our business. We responded to this situation at the beginning of 2009 by introducing a program to control costs and prioritize our capital expenditures.

This is why the year under review for DB Group was primarily influenced by the initiation of short and mid-term countermeasures, which were mainly bundled together in the Group's reACT program. Our goals here are to improve our cost position, secure our competitiveness and exploit opportunities generated by the crisis.

More details on page 102

Based on the results we posted during the year under review, and despite the heavy burdens arising from the economic and financial crisis, we consider DB Group's business situation to be stable. We say this even though, after years of strong revenue growth, the impact of the economic and financial crisis on our business was unavoidable and prevented DB Group from continuing the previous years' growth trend. Our strategic positioning has proven itself to be comparatively solid during the crisis. Furthermore, our current analyses indicate that the long-term megatrends (globalization, climate change, fewer resources and deregulation) in our markets remain valid as the cornerstones of our strategy. This in turn means that DB Group's strategic goals also remain valid.

More details on page 100 ff.

While the negative overall conditions had only a limited impact on our business units in passenger transport, development in business units operating in the transport and logistics sector were hit hard by the global drop in demand and the related decline in volumes transported. Sharp drops in transport demand noted for key industries such as the coal, iron and steel (Montan), automotive and chemical, in particular, affected our rail freight transport activities. Reduced demand for train-path, especially in the rail freight transport sector, also had a negative effect on our infrastructure business. Furthermore, limited availability of vehicles due to technical problems placed heavy burdens on our passenger transport activities during the year under review and led to restricted operations and higher costs. As a result of these developments DB Group recorded notable declines in revenues, operating results and ROCE during the year under review. Detailed information regarding the business situation of DB Group by business unit may be found in the chapter "Business units".

More details on page 80 ff.

As in the previous year, development of DB Group during the year under review was influenced by special items. During the year under review these items primarily stemmed from the realization of proceeds from property sales associated with the Stuttgart 21 Project and a new valuation of risks arising from legacy ecological burdens. The impact of these items was offset by costs generated by restructuring and personnel measures as well as provisions made for eliminating existing technical problems in vehicles. Special items are not included in the adjusted results.

More details on page 72

The impact on revenues due to changes in the scope of consolidation was very minor during the year under review.

More details on page 68

Despite a slight reduction in gross capital expenditures, capital expenditures once again remained at a very high level during the year under review. The impact of economic stimulus programs was noticeable in the area of the rail infrastructure.

More details on page 96 f.
More details on page 121

As of December 31, 2009, net financial debt – despite the acquisition of PCC Logistics (today: DB Schenker Rail Polska) and the significantly diminished development of business – was lower than the same year-ago figure. DB Group's access to capital markets continued to function smoothly even during challenging times, and as a result we were once again able to obtain funds at relatively good conditions to refinance our maturing financial debt during the year under review.

More details on page 95
More details on page 52

Business and overall conditions

- **NEW BOARD DIVISION: RAIL TECHNOLOGY AND SERVICES**
- **TIGHTLY FOCUSED M & A ACTIVITIES – ACQUISITION OF PCC LOGISTICS**
- **SUBSTANTIALLY WORSE ECONOMIC DOWNTURN IN 2009**
- **RAIL FREIGHT TRANSPORT BURDENED BY DIFFICULT ECONOMIC CONDITIONS**

FEDERAL GOVERNMENT ADOPTS "PRINCIPLES OF GOOD CORPORATE GOVERNANCE" FOR COMPANIES IN WHICH IT HOLDS A STAKE

On July 1, 2009 the Federal Government adopted new Principles of Corporate Governance for use in the government sector; the principles also comprise the so-called Public Corporate Governance Code of the Federal Government (PCGK). This establishes standards of corporate governance, which are in part stricter that those of the German Corporate Governance Code. The recommendations and suggestions contained in the PCGK apply to non-listed companies in which the Federal Government holds a majority stake.

Deutsche Bahn AG (DB AG) and DB Mobility Logistics AG (DB ML AG) have adjusted their rules in accordance with the requirements of the PCGK. The PCGK applies to companies within DB AG and DB ML AG to the extent that it is required and practical in light of the unique characteristics of a corporate structure.

Additional information regarding corporate governance may be found in the Corporate Governance Report.

More details on page 25 ff.

SERVICE AND FINANCING AGREEMENT TAKES EFFECT FOR EXISTING NETWORK

The Service and Financing Agreement (LuFV) took effect in January 2009. Based on this agreement the Federal Government is obligated to provide € 2.5 billion to us every year between 2009 and 2013 to make investments to upgrade the rail network, stations and power facilities. The binding commitment of funds provides us with a significantly improved basis for making plans for replacements and maintenance on a long term basis. This not only reduces our administrative expenses, it also enables us to work more efficiently at the same level of funds.

In exchange, we will make a concrete quality commitment to the Federal Government regarding the rail network, stations and the provision of energy. This commitment is based on our annual Infrastructure Status and Development Report. This will enable the Federal Government to continuously monitor how public funds are being used, which goals have been achieved and finally monitor the overall condition of the network.

In addition to the funds provided by the Federal Government, our rail infrastructure companies (EIU) have committed to provide € 500 million of their own funds annually for replacement investments within the framework of the LuFV. Combined with funds of € 1 billion, respectively € 1.25 billion, in DB funds for maintenance, which were also agreed on as part of the LuFV, a total of up to € 4.25 billion will be invested annually in the existing rail infrastructure.

CHANGES IN DB GROUP

CHANGES IN THE DB AG MANAGEMENT BOARD

In agreement with the Supervisory Board, Hartmut Mehdorn resigned his mandate as a member of the Management Board and Chairman of the Management Board of DB AG and DB ML AG effective April 30, 2009. The DB AG Supervisory Board appointed Dr. Rüdiger Grube member of the Management Board and Chairman of the Management Board of DB AG for a term of five years as of May 1, 2009. Dr. Rüdiger Grube concurrently assumed the corresponding mandate as member of the Management Board and Chairman of the Management Board of DB ML AG.

Mr. Ulrich Weber was appointed as member of the Management Board of DB AG responsible for Human Resources for a term of five years as of July 1, 2009. He succeeds Norbert Hansen who resigned his mandate as of May 31, 2009. In addition, Mr. Ulrich Weber is also the member of the Management Board responsible for Human Resources at DB ML AG.

On May 31, 2009 Dr. Otto Wiesheu resigned his mandate as member of the DB AG Management Board responsible for Economic and Political Affairs. The separate Board Division of Economic and Political Affairs was terminated as of December 31, 2009. Until that date it had been a part of the direct responsibilities of Dr. Rüdiger Grube. The activities within this area will report directly to the Chairman of the Management Board as of January 1, 2010.

In May 2009 the Supervisory Board of DB AG agreed to the creation of a new Management Board division: Compliance, Privacy and Legal Affairs. Mr. Gerd Becht was appointed head of this Board division as of October 16, 2009. Prior to this date the Board division had been a part of Dr. Rüdiger Grube's direct responsibilities. Mr. Gerd Becht was also appointed to the corresponding position on the Management Board of DB ML AG. His contract has a term of five years.

In September 2009 the Management Board of DB AG was expanded by the addition of a new division: Rail Technology and Services, which is headed by Dr. Volker Kefer as of September 9, 2009, the date he was appointed a member of the Management Boards of DB AG and DB ML AG. Prior to this date Dr. Volker Kefer was Chairman of the Management Board of DB Netz AG. His current contract has a term of three years.

In December 2009 Diethelm Sack resigned his mandate as Chief Financial Officer effective March 31, 2010. In addition, Mr. Stefan Garber, member of the Management Board responsible for Infrastructure, was released from his duties effective the end of the year under review. He will also step down as a member of the Management Board as of March 31, 2010.

More details on page 133

M & A ACTIVITIES STRICTLY FOCUSED

DB Group only engaged in M & A activities on a very selective basis during the year under review. Following the acquisitions made in previous years, the main focus during the year under review was on preparations for a new structure of DB Group's holdings, especially those outside of Germany. The goal here is to legally consolidate all of the Group's holdings within a country under one holding company for that country. These in turn should in principle be run as fully owned subsidiaries of DB ML AG. This will provide the holdings' structure with a higher level of transparency. In addition, this will also enhance the chances of realizing potential synergies. Responsibility for the business units remains unchanged independent of the legal status of the individual companies.

Acquisition of the logistics activities of PCC

At the end of January 2009, contracts were signed for the acquisition of the logistics activities of the Polish PCC Group. The acquisition was approved by the EU Commission in June 2009 and carried out in July 2009. As part of this transaction we acquired majority stakes in PCC Rail S.A. (today: DB Schenker Rail Polska S.A., Jaworzno/Poland), PCC Rail Rybnik S.A. (today: DB Schenker Rail Rybnik S.A., Rybnik/Poland), and in "TRAWIPOL" Sp. z o. o., Gliwice/Poland.

With about 5,800 employees, revenues of €350 million, and about an 8% share of market in 2008, DB Schenker Rail Polska S.A. is the largest privately-owned railway company in Poland. DB Schenker Rail Polska consists of several regionally operating companies which are mainly specialized in transporting coal, chemicals and construction materials. The company also offers top connections in all major Polish business centers. We will integrate DB Schenker Rail Polska into our rail freight transport network and then develop it further to make it the central pillar of our operations in Eastern Europe.

COMPENSATION REPORT

More details on page 29 ff.

The compensation report is included in the Corporate Governance report, and is part of the Group management report.

BUSINESS ENVIRONMENT

Driven by the effects of the global economic and financial crisis, the macro-economic environment significantly dampened business development in 2009. Our globally oriented freight forwarding and logistics activities, in particular, were heavily affected by sharp drops in investments and industrial production, as well as lower levels of global trade, which contracted by about 12%. The vast majority of our business in the passenger and rail freight transport is highly dependent on economic developments within our home market, Germany. The dominant sector within the passenger transport market, motorized individual transport, was stimulated by the strong increase in new car registrations generated by the German "cash for clunkers" program as well as the sharp year-over-year decrease in fuel prices, which stabilized the total market. Development seen in key industries like the coal, iron and steel (Montan) industry led to a never-before-experienced drop in the rail freight transport sector. As a result, on an overall basis, neither the rail passenger transport sector nor, above all, the rail freight transport sector was able to continue their successful growth noted in recent years and lost market share.

DEVELOPMENT OF GDP REFLECTS ECONOMIC AND FINANCIAL CRISIS

Change in gross domestic product (GDP) %	**2009**	2008
World [1]	– 2.2	+ 1.6
USA	– 2.4	+ 0.4
China	+ 8.7	+ 9.6
Japan	– 5.1	– 1.2
Eurozone	– 4.0	+ 0.6
Germany	– 5.0	+ 1.3

[1] Total selected industrial and emerging countries.

Data for 2009 is based on information and estimates available on February 23, 2010.

Source: Consensus Forecasts, FERI, Federal Statistical Office, Germany.

The sharp contraction in the global economy, which began in the fall of 2008 due to the crisis in the financial and property sectors, was followed by the start of a slow recovery in the summer of 2009, albeit from a very low level. The upturn was primarily driven by stabilizing financial markets following massive intervention by the world's central banks coupled with government stimulus programs and guarantees for the financial sector. These actions led to a greater willingness to invest. Concurrently, the favorable effects of government economic stimulus programs were becoming increasingly visible: economic growth was supported by expenditures for construction and public-sector consumption. Global trade, which had previously declined through to the spring of 2009, began to recover in the summer. Manufacturing picked up again as companies ended their pronounced rundown of inventory levels and began to restock. However, in 2009 global economic production figures were about 2.2% lower than the same year-ago figure.

During the course of the year economic activity in the USA received a boost from the government's economic stimulus program, the revival of global trade, as well as the end of inventory reduction measures. Consumer spending, on the other hand, remained almost unchanged due to rising unemployment figures, stagnating salary levels, and losses suffered due to the reduced value of financial and property assets. Investments for plant and equipment and within the construction sector did not generate any notable economic response due to higher levels of excess capacity and significantly tighter lending conditions. Economic recovery was hindered not lastly because the market continued to expect a political solution to clean up and regulate the financial sector. The market further anticipated that the crisis in the American banking sector would continue smoldering in 2010. Together, these factors led to a 2.4% decline in total GDP in the USA in 2009.

The pace of growth in China slowed down, but remained at a high level as GDP grew by 8.7%. Government programs to stimulate the economy strengthened domestic demand boosting imports and global trade.

In contrast, the Japanese economy did not begin to show signs of recovering from the deep recession before the end of 2009. The economic recovery was mainly based on increasing exports. However, GDP for the entire year was still 5.1% lower than the previous year's level.

The Eurozone's economic situation bottomed out towards the middle of 2009 as local economies were primarily supported by the effects of economic stimulus programs. However, as consumer spending barely rose and investments remained sluggish, the Eurozone's gross domestic product declined by 4.0% in 2009. The UK economy was hit particularly hard by the crisis in the financial and property sectors. This led to a notable cooling of the British economy, which showed little sign of recovering as the year ended. Development was mixed in the new EU member countries. While Poland recorded higher GDP, the Baltic nations, in particular, posted double-digit drops in GDP because of their dependence on foreign inflows of capital.

Due to its heavy emphasis on exports German GDP fell by 5.0%, which was higher than the average figure noted for the Eurozone. Foreign trade and investments in plant and equipment and other facilities remained significantly below the previous year's level. In contrast, public sector expenditures for construction only declined moderately as the realization of the Federal Government's stimulus spending program gained momentum. Production in the manufacturing industry, especially the heavily export-dependent chemical, automotive and machine-making industries, posted double-digit declines for the whole year due to the sharp drop in orders seen in the first six months. Steel production recorded nearly a 29% plunge due to the negative developments seen in the important customer industries. In fact, steel production for the year totaled just about 32.5 million tons, a level last seen in the Federal Republic of Germany at the start of the 1960s. The slight gain in consumer spending was mainly driven by the Federal Government's "cash for clunkers" stimulus program, which in turn boosted the number of cars bought by private households. Other measures within the Federal Government's economic stimulus program also generated favorable effects. The labor market was stabilized by the widespread use of short-time work arrangements. As a result, the average number of persons employed during the year declined by a comparatively minor 0.2%. The cost of living was only slightly higher than in the previous year due to sharply lower costs for petroleum-based products while fuel prices were significantly lower than in 2008 (–11%).

ENERGY PRICES BEGIN TO CLIMB AGAIN DURING THE COURSE OF THE YEAR

Following a notable drop at the beginning of the year, the price of energy began to rise again as of mid-February 2009. Prices for various primary sources of energy showed mixed development since the summer of 2009.

The price of crude oil was determined to a lesser extent by fundamental data in 2009 than by general sentiment in the capital markets. Negative opinions in the market at the start of 2009 were replaced over the course of the year by a feeling that the worst was over. Contrary moves in the euro/US dollar (USD) exchange rate were, however, able to dampen the effects of price increases within the Eurozone. During the first quarter the trading range for North Sea Brent oil was 40–50 USD/barrel (bbl), while in the final quarter of 2009 prices had risen to 70–80 USD/bbl, which was higher than the average price noted for the last five years (66 USD/bbl). The lower prices at the beginning of the year pulled the average price for 2009 down to 62 USD/bbl.

Prices for 50-hertz power (base load electricity) continued their downward movement noted in the second half of 2008 until March 2009 and hit their low for the year at nearly € 43/MWh, a level that was last recorded in 2005. The subsequent rise to € 55/MWh only lasted, however, until the middle of the year and remained significantly below the top price (€ 59/MWh) for the year seen in January. In December the contract was once again trading below € 45/MWh. The average annual price for futures contracts for base load electricity in 2009 was lower than prices noted during the previous three years. Spot prices for power remained at a lower level throughout the entire year: in more than 80 % of the cases the EEX daily index for base load electricity was below € 50/MWh (in the previous year: 8 %).

Coal markets developed similarly to the oil markets. Prices continually recovered after hitting the year's low at the end of March 2009, but were unable to set a new high for the year. The market for CO_2 emissions rights developed similarly. After hitting their low for the year of €10/t in February 2009, prices primarily moved between € 12–16/t, which was below the previous year's lows of € 15–16 €/t.

EURO RISES AGAIN

After the euro fell from its record highs following the expected change in interest rates at the end of 2008, the euro posted continual gains against the US dollar during 2009. Development of the American budget situation generated increasing skepticism in the markets which in turn led to higher exchange rates for major currencies vis-à-vis the US dollar. In November 2009 the euro was again trading at over USD 1.50. At this point the major rating agencies began to take a critical look at some of the countries within the euro zone which led to discussions concerning the creditworthiness of these countries. This in turn generated doubts and forced the euro down to USD 1.44 on December 31, 2009.

BOND MARKETS REFLECT FINANCIAL MARKET CRISIS

The price of German Federal bonds (bunds) reached new highs at the start of 2009 as investors sought them as safe harbor investments during the financial crisis. This development forced yields for ten-year bunds to fall below 3.0 %. In the interim the coupon rate on five-year bunds fell to only 2.0 %. At the same time investors were demanding very high premiums to hold higher risk paper. Corporate bonds as well as sovereign bonds issued by other countries had to offer substantial risk premiums to generate demand in the market. By mid-2009 financial markets had once again put their fears of a collapse behind them. Investors traded their German Federal Government bonds in for lower-rated bonds pushing the yield on German bunds up by over 0.5 percentage points while risk premiums for credit products fell sharply. Capital market interest rates, however, remained unchanged at a historically low level. Fears arose at the end of 2009 concerning a notable drop in the creditworthiness among others of Greece and Dubai, reversing previous moves in interest rates and premiums. At the end of the year ten-year bunds were yielding 3.4 %.

The market for new euro-denominated corporate bonds was heavily influenced by the financial crisis in 2009. After the market for new issues had almost dried up in 2008, new corporate bonds with a total nominal value of about € 300 billion were floated during the year under review. This figure is equal to the hitherto largest volume of transactions in the history of the common European currency, with more than two-thirds of total volume for the year already sold during the first half of 2009. This development was primarily driven by two factors directly related to the financial crisis. First, corporations had great interest in building up a liquidity cushion that would allow them to ride out a possible continuation of the crisis. Second, due to the crisis-driven consolidation activities in the banking sector, banks were unable to provide the volume of loans desired by borrowers. Thus, the bond market presented itself as a source of financing, especially because investors welcomed other borrowers as alternatives to financial institutions. While the market was initially tapped by investment grade corporations, issuers with weak or no ratings followed them towards the end of the year. These transactions were made possible by investors' reawakened appetite for riskier investments. Investors were initially able to demand and receive very high spreads due to the high levels of uncertainty prevailing at the beginning of the year and the greater liquidity-driven needs of corporations seeking financing via the capital market. These premiums were correspondingly reflected in the secondary market. During the course of the year these premiums contracted continually as the initial uncertainty at the start of the year was replaced by greater confidence that the economic recovery would continue, and by investors' greater willingness to invest. Corporate bonds posted very high performance in 2009 as spreads tightened over the course of the year. The iBoxx € Corporates and Non-Financials overall-index for euro-denominated corporate bonds rose by over 16% (total return) in 2009. Due to the particularly higher premiums demanded for greater risk at the start of the year, bonds with weak ratings were able to profit from this trend to a greater-than-average extent.

POLITICAL ENVIRONMENT

www.deutschebahn.com/competitionreport

A presentation covering regulatory issues and the further development of the European legal framework in the railway sector is also contained in our annual Competition Report.

REGULATORY ENVIRONMENT FOR RAIL TRANSPORT

During the year under review the Federal Network Agency for Electricity, Gas, Telecommunications, Post and Railroads (Bundesnetzagentur für Elektrizität, Gas, Telekommunikation, Post und Eisenbahnen; BNetzA), as well as the Federal Railways Agency (EBA) continued to regulate access to the railway infrastructure in Germany and monitor observance of guidelines regarding the unbundling of infrastructure and transport services within their respective areas of responsibility.

Automatic reduction of train-path prices in the event of infrastructure deficiencies

On December 13, 2009, the date the new train schedule took effect, DB Netz AG implemented a ruling by the Federal Network Agency dated April 6, 2009 requiring train operating companies (TOC) to automatically reduce prices for train-path usage in the event of delays due to deficiencies in the infrastructure. This ruling applies even if a claim for reduction has been submitted and even if DB Netz AG is not responsible for the deficiency. In expedited legal proceedings DB Netz AG defended itself against the ruling of the Federal Network Agency. However, the Higher Administrative Court in Münster confirmed the Agency's ruling. DB Netz AG is currently pursuing its interests further in formal court proceedings.

Federal Network Agency declares station price system invalid

With its ruling of December 10, 2009 the Federal Network Agency declared that fees paid for the usage of DB Station&Service AG's passenger stations were invalid and that the ruling would take effect as of May 1, 2010. DB Station&Service AG was ordered to prepare a new price list. The Federal Network Agency holds that the current station price system is discriminatory as prices for the use of same category stations vary from state to state. DB Station&Service AG submitted an objection to the ruling on December 11, 2009 and requested an expedited injunction against the Federal Network Agency's ruling on January 14, 2010.

Prices for traction current transmission lines are subject to energy industry law

On December 16, 2009 the Higher Regional Court in Düsseldorf in a landmark decision ruled that fees for the use of traction current transmission lines are to be regulated in accordance with energy industry legislation and not railway law. As a result of this decision DB Energie GmbH must have its prices approved by the Federal Network Agency prior to introducing them in the market whereby the Agency will apply the so-called incentive regulation when examining the prices. DB Energie GmbH submitted a legal protest against the decision on January 18, 2010.

FURTHER DEVELOPMENT OF THE RELEVANT LEGAL FRAMEWORK

Expansion of passenger rights

Following passage of Regulation (EC) No. 1371/2007 on October 23, 2007 by European lawmakers covering the rights and obligations of railway transport passengers, the Federal Government passed a law on May 26, 2009 altering the terms of German railway regulations to meet the requirements of the EC regulation.

The German law took effect on July 29, 2009, while the EC Regulation became law on December 3, 2009. Both of the laws complement each other. The terms of the EC regulation state that train passengers must receive a refund of 25% of the ticket price paid if their train has a delay of 60 minutes; a refund of 50% of the ticket price 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 on board 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 the continuation of the travel by rail is no longer acceptable.

The German law grants customers additional rights in the local rail passenger transport segment: in the event of an expected delay of 20 minutes, passengers can take a different train, even a more expensive long-distance train. If the last local train of the day is canceled or delayed so that the scheduled arrival of the passenger between midnight and 5 am is expected to be delayed by at least one hour, the passenger is also entitled to switch to another mode of transport, if necessary even a taxi, to reach his or her destination. Incurred expenses will be reimbursed up to € 80.

The mediation board foreseen by the German law to settle disputes between customers and carriers began its work on December 1, 2009. This body is solely financed by transport companies and its official name is Public Transport Mediation Board (Schlichtungsstelle für den öffentlichen Verkehr; söp). The söp is organized to function across all carriers.

Liberalization of Cross-border rail passenger transport

Directive 2007/58/EG obligated all EU member states to open their markets for cross-border rail passenger transport as of January 1, 2010, although the terms of the directive do, however, provide significant leeway to limit market access. For example, access will be solely permitted to national rail networks for the purpose of cross-border transport – including the right to board or discharge passengers at stops along the line to the final destination – and will not be permitted for the purpose of providing railway transport services along the entire domestic passenger transport network. This feature rules out purely domestic cabotage. The primary purpose of the transport service must be to cross national borders. Furthermore, the right of access for cross-border passenger transports may be limited by national regulations if, for example, the commercial balance of general public rail transport on these lines is threatened. In contrast to Germany, many EU member states, for example France, will take advantage of the possibilities to limit access to their national rail networks.

Regulation proposal for a European rail freight transport network

At the end of 2008 the European Parliament and the EU member states' transportation ministers gave their support to the European Commission proposal for an EU regulation to develop European rail corridors for 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. Current negotiations foresee three corridors through Germany for which internationally staffed corridor operators should be established within three to five years. Furthermore, participating infrastructure operators will prepare developmental plans for each of the corridors under the supervision of the member states. The intention here is to achieve closer cross-border coordination on investments and construction planning as well as improved capacity and transport management. Both terminal operators as well as representatives of the TOCs using the corridors will work together in planning these measures.

We are particularly critical of the Commission's proposals to reserve capacities for freight transport and to give freight transport priority over passenger transport.

New local transport directive approved

Regulation (EC) No. 1370/2007 governing local public transport took effect at the end of 2009. The Directive comprises rules covering the duration and mandatory content of transport contracts as well as rules defining how contracts should be awarded. In terms of awarding contracts the Directive allows local authorities to choose between a direct award or a more formal selection process. Direct awards mandate a shorter duration of the transport contract as well as stricter transparency requirements.

Contracts awarded to internal operators (operators that the contracting organization controls) may continue to take place directly. This so-called in-house award is not based on the principles of competition as only one operator is involved in the selection process.

Amendment to emissions trading directive takes effect

The amended version of EU Emissions Trading Directive 2003/87/EC, Directive 2009/29/EC, took effect in May 2009. The amended version foresees that in the future all sectors subject to emissions trading must obtain all of their certificates through an auction process. The rail sector is indirectly affected by trading in CO_2 emissions certificates, which will be auctioned for power generation purposes starting in 2013. This change will result in another significant increase in prices paid for traction current.

Other modes of transport are not, or only to a far lesser degree, affected by trading in CO_2 emissions: road and waterway freight carriers remain unaffected by CO_2 emissions trading. Only air transport within the EU, as well as flights to and from Europe, will be included in CO_2 emissions trading in the future per the terms of Directive 2008/101/EC. They will, however, only have to obtain 15 % of the CO_2 certificates via auction.

Uniform European railway command and control system

The European Rail Traffic Management System (ERTMS) is the European railway command and control system that should ultimately replace incompatible national railway control systems. ERTMS consists of two technical components: ETCS (European Train Control System) and GSM-R (Global System Communication – Rail). An expanded European implementation plan for ERTMS took effect on September 1, 2009. This plan replaces existing legal requirements related to the introduction of ERTMS and defines legally binding requirements that directly affect member states. The European implementation plan foresees the introduction of ERTMS along 24,000 km of track in Europe and sets two binding milestone dates: by 2015 member states are required to appropriately equip major segments of six freight transport corridors (total 9,000 km). Four of the six freight transport corridors run through Germany. These corridors have to be fully equipped by the year 2020 (additional 5,000 km), and a series of important freight distribution centers also have to be connected to the corridors (approx. 10,000 km). The German Federal Government is responsible for financing the conversion of equipment to ERTMS in Germany.

DEVELOPMENTS IN THE RELEVANT MARKETS

A detailed presentation covering the development of rail transport in Germany is contained in our annual Competition Report.

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PASSENGER TRANSPORT

German passenger transport market

German passenger transport market	Growth rates		Market share	
% BASED ON VOLUME SOLD	**2009**	2008	**2009**	2008
Rail passenger transport	-1.2	+4.4	9.9	10.0
DB Group	(-1.6)	(+3.0)	(9.2)	(9.3)
Non-Group railways	(+4.6)	(+27.0)	(0.7)	(0.7)
Public road passenger transport	-0.5	-0.5	9.7	9.8
DB Group	(+0.7)	(+1.0)	(1.1)	(1.1)
Motorized individual transport	0.0	-1.4	79.1	79.0
Air transport (domestic)	-3.6	+3.0	1.3	1.3
Total market	**-0.2**	**-0.7**	**100.0**	**100.0**

Data for 2008/2009 is based on information and estimates available on February 23, 2010; Growth rates 2009 for public road passenger transport, motorized individual transport and air transport rounded by one-half of a percentage point.

Following the declines noted in the previous years, the total German passenger transport market remained just below the previous year's level in 2009. Important overall economic factors for the passenger transport segment – an unexpectedly small contraction of employment figures, and stagnant real incomes – showed comparatively solid development. Total market development was supported by the stable transport performance noted for the dominant motorized individual transport segment. This segment benefited from the substantially lower average annual price for fuel, which was 11% less than the same year-ago figure, as well as from higher car sales due to the Federal Government's "cash for clunkers" stimulus program. The motorized individual transport segment was also able to slightly expand its share of market as the performance of other modes of transport remained below the levels seen in the previous year.

More details on page 125
More details on page 124

The rail passenger transport segment in Germany contracted slightly in comparison to the previous year. A look at our own activities reveals that our business was notably affected by the generally negative economic conditions and, above all, by limitations experienced on the supply side. Development of volume sold was burdened due to technical problems experienced in certain ICE series trains and the S-Bahn (Metro) Berlin and fell by 1.6%. On the other hand, we estimate that non-Group railways were again able to record strong growth (+4.6%) thereby further expanding their share of the intramodal market to 7.0% (previous year: 6.6%). This change is mainly due to these railways taking over additional services in regional transport. Total market share held by rail passenger transport, however, contracted slightly in 2009 following successful development recorded in recent years.

The public road passenger transport (ÖSPV) segment – buses, metros and streetcars – was also unable to hold its previous year's level as it contracted by 0.5%. However, despite lower numbers of schoolchildren and employed persons, scheduled transport was able to assert its position for reasons that included a shift of passengers away from S-Bahn (metro) Berlin to the Berliner Verkehrsbetriebe. In contrast, demand in the non-scheduled transport segment was dampened by weak development in the labor market and stagnating real income levels, and led to a slight decline in overall performance in the ÖSPV segment. Volume sold by the DB bus companies contrasted with the trend seen in 2009 and rose by a further 0.7%.

Due to the effects of the financial and economic crisis, demand noted in domestic air travel began to shrink during the second half of 2008 and initially continued to contract at a faster rate in 2009 with the business traveler segment, in particular, declining the most. The situation only began to show signs of stabilizing in the fall of 2009 leading to dampening effects on the decline rate supported by the effects from the weak performance in the comparable previous year's period. Despite a 3.6% reduction in demand noted for the entire year, domestic air transport's share of market remained stable.

FREIGHT TRANSPORT AND LOGISTICS

German freight transport market

German freight transport market	Growth rates		Market share	
% BASED ON VOLUME SOLD	**2009**	2008	**2009**	2008
Rail freight transport	-17.3	+0.9	16.2	17.3
DB Group[1]	(-20.8)	(-1.0)	(12.3)	(13.7)
Non-Group railways	(-4.4)	(+8.6)	(4.0)	(3.7)
Road freight transport	-10.2	+1.2	71.9	70.7
Inland waterway transport	-16.2	-1.0	9.1	9.6
Long-distance pipelines	+2.6	-1.0	2.7	2.3
Total market	**-11.7**	**+0.9**	**100.0**	**100.0**

[1] DB Schenker Rail Deutschland AG and RBH Logistics GmbH.

Data for 2009 is based on information and estimates available on February 23, 2010.

The initial decline in the German freight transport market (rail, road, inland waterway transport and long-distance pipelines) that began in the last months of the previous year accelerated in 2009 and led to an unprecedented drop in volume sold across all modes of transport. Against the backdrop of very weak development of foreign trade figures, international transports were hit especially hard. Rail freight transport, which had posted the fastest average growth in recent years, declined the most in comparison to performance posted in the previous year and contracted by a corresponding 1.1 percentage points. In contrast to previous years, the market experienced significantly more intensive inter- and intra-modal competition. Driven by surplus capacities caused by the drop in demand – even though extensive freight capacity had been previously removed from the market – aggressive price competition took place and also led to shifts in transport. The overall market only began to show signs of stabilizing at the end of the year, albeit at a low level, as the economy showed slight signs of a recovery.

After already posting a noticeable decline in the last months of the previous year, volume sold in the rail freight transport sector collapsed by up to approximately 30 % through to the summer months of 2009. The situation only improved towards the end of the year. Total volume sold dropped by 17.3% in 2009 driven by sharp declines seen in key industries such as the iron and steel, automotive and chemicals industries. Moreover, even the previous years' growth drivers like container transports recorded heavy losses. Development of petroleum-based products, food and feed products was less depressed as was the construction industry, which was supported by economic stimulus programs. The only transport segment to surpass its previous year's level was agricultural products, although this segment had declined substantially in 2008.

In addition, transports were shifted among carriers as price competition worsened. Newly available truck capacity – including foreign capacities – entered the market cutting prices even further and in some cases with double-digit drops. This also had an immediate effect on single wagon transports, which compete directly with truck transports.

Our volume sold dropped by nearly 21%, which was a significantly sharper drop than the decline recorded by non-Group freight railways. This is primarily due to the following facts:

- Non-Group freight railways have a different freight structure. For example, transports of coal/coking coal, ore, iron/steel are very important for us and together represent more than 30 % of total volume sold. In contrast, they only represent about 7% of total volume sold for non-Group freight railways.
- International transports represent only a bit more than 30% for non-Group freight railways; for us, in contrast, these transports represent about 55 % of total performance.
- Non-Group freight railways are almost solely active in the block train segment and therefore less affected by the tougher competitive conditions in the single wagon transport segment.

Due to the fact that their business declined significantly less, non-Group railways were able to increase their share of the rail freight transport market by more than 3 percentage points to more than 24.5 % in 2009. This gain is even stronger if only the domestic market is used for comparison purposes. A look at the block train transport segment, in particular, reveals that intramodal competition intensified noticeably during the year under review. The related heavier pressure on freight prices is also due to the substantially increased activities of foreign state-owned railways, or their affiliates, coupled, in part, with aggressive pricing measures.

The road freight transport segment (German and foreign trucks – including cabotage transports in Germany) was also deeply affected by the economic crisis. However, the segment's total volume sold for 2009 developed once again more favorably than the figure for the overall transport market. While in previous years foreign trucks were able to grow at a faster rate than their German competitors, the situation reversed itself in 2009 because of the sharp drops in imports and exports. Due to the resulting high volumes of excess shipping space, competition in the road freight segment once again increased substantially and major pressure was put on prices. This in turn also affected intermodal competition and led to price-driven shifts of transport from rail to road. This effect was strengthened during the year under review by the noticeable reduction in the size of individual shipments, which made even classical rail transports attractive for shipment by truck. The decline in volume sold in this segment was significantly less than in the rail segment due, above all, to the different freight structure. The decrease was dampened by road transport's comparatively minor dependence on the iron and steel industry, the stable development noted in the food sector, which is quite important for truck transports, and by the positive effects of the economic stimulus programs in the construction sector. In light of these factors, road freight transport was able to improve its market position significantly in 2009.

Inland waterway transport contracted by 16.2% in 2009, as its volume sold fell to approximately 54 billion tkm, a level last seen about twenty years ago. The segment's market share declined accordingly and was only just above 9% in 2009. The crisis-driven collapse in shipping volumes was made worse by weather-related restrictions at the beginning of the year due to the severe winter and low water levels in the fall. It should be noted that total results for this segment were influenced by the Federal Statistical Office's new method to calculate transport distances within the inland waterway transport segment as of 2009. It is likely that the decline noted would have been even higher without this change in statistical methods. As was the case with the other carriers, developments recorded for inland waterways in Germany during the crisis year were marked by high levels of excess shipping space, substantially tougher competition and a related sharp drop in prices. At times basic loads declined by over 50% on some routes in comparison to the same year-ago period.

European rail freight transport

Development noted for volume sold for the entire European rail freight transport market was comparable to the performance recorded for the German market as rail transport was hit about twice as hard as their road transport competitors. We estimate that the economy-driven collapse in demand, as well as the price-driven shift of shipments away from rail to road due to noticeably tougher competition, caused total volume sold by freight railways in Europe to contract by more than 20%. Single wagon transports lost disproportionately more because they compete directly against trucks. Container transports, which in recent years had served as growth drivers in many countries, also posted significantly weaker results in comparison to the same year-ago figure due to the extremely weak development of foreign trade. Furthermore, in almost all countries the heavy dependence of major railways on the iron, mining and steel industries proved to be a negative factor. Steel production was hit especially hard by the effects of the economic crisis as important customer industries, like the automotive industry, had to absorb heavy losses. The drop in production in the steel industry also led to a significant drop in demand for rail transports across Europe.

Great Britain

The British rail freight transport market also posted sharply lower steel transports. Following a decline of about 40 % in the first half of the year, development improved noticeably in the remaining months. Despite gains in the last months of 2009, a heavy loss was still posted for the entire year. Development of coal transports, which dominate rail transport, recorded different results. During the winter months at the beginning of 2009, which were colder than in the previous year, greater amounts of coal were used to generate electricity instead of gas. This resulted in greater demand in the first half of the year. However, volumes fell significantly due mainly to higher stock levels. As a result of this situation a slight decline was recorded for the overall year. Total volume sold in 2009 in the second most important segment, “Domestic Intermodal,” which represents about 25 % of total rail volume sold, was only slightly below the previous year’s level. Similar results were noted for the “Oil and Petroleum” segment. Construction materials, in contrast, posted a double-digit drop in results. In total, the rail freight transport market in Great Britain declined by about 10 % in 2009, which is an above-average performance in comparison to the rest of Europe.

Poland

The Polish rail freight transport sector is heavily dominated by bulk freight shipments and saw demand drop by nearly 20 % in 2009, which was comparable to the decline noted in Germany. Development in the second largest rail freight transport market in Europe is mainly driven by the iron and steel industry, mining, and the construction industry. After a decline in the volume of coal transports due to the closure of mines had been already noted in previous years, this development initially continued at an accelerated pace in 2009. However, over the course of the year the situation recovered and an increase was recorded in the fourth quarter of 2009. As a result, the decline posted for the entire year was one of the lowest in comparison to other industries. Steel production fell by nearly 26 % and correspondingly dampened demand for transport. The Polish construction business was also notably affected by the crisis, however due to the favorable development of sub-surface construction projects, which above all benefited road freight transport, it was able to post a slight improvement. Volume sold in this segment of rail transport dropped sharply. Despite the overall dramatic drop in volume sold in the Polish rail freight transport market there was a distinct difference between development recorded for PKP Cargo and the other railway companies. Based on first estimates, PKP Cargo posted a decline of more than 20 % while the other railways were able to further increase their total volume sold and expand their share of the rail market correspondingly. Although DB Schenker Rail Polska was unable to reach the previous year’s level, it did manage to do quite well despite the crisis and was likely to have further expanded its share of the market.

France

Based on first estimates, volume sold in France, the third largest rail freight transport market in Europe, were about 25 % below the previous year’s level. The decline of rail’s share of the transport market vis-à-vis other modes of transport in France has been visible for many years and continued at an above-average pace in 2009. The drop in performance seen in the rail freight transport sector is primarily due to economically driven declines in demand noted in important industries such as the metal, automotive and chemical industries. When viewing total development of the French rail freight transport market it is important to take into consideration the very slow progress of market liberalization in France in comparison to the rest of Europe. While in the interim other countries have numerous railway companies competing along their rail systems, which are developing better in total than the state-owned railways and that were able to dampen the decline of rail transports in individual countries in 2009, this favorable effect has been almost invisible in France. The share held by the competitors of Fret SNCF is comparatively small due to the unchanged existence of market barriers. As a result of this situation, even the positive development of the DB holding, Euro Cargo Rail (ECR) – significantly higher volume sold and a corresponding increase in market share despite a difficult business environment – was hardly noticeable in the French rail freight transport market.

European land transport

The negative development in the European land transport market that was visible since the end of the previous year worsened in 2009 and drove demand for transport services accordingly lower. Triggered by lower production in various industries, transported freight volumes dropped sharply causing the European land transport market to contract by almost 10%. Reduced demand resulted in excess transport capacities which led a significant drop in freight prices in the fall of 2009, which in turn exacerbated an already aggressive price-driven competitive situation.

During the last months of 2009 even a slight increase in demand occasionally caused bottlenecks as existing freight space capacities in the market had contracted due to the reduced volume of available offers coupled with bankruptcies of smaller and mid-sized transport companies. This also had a corresponding effect on purchase prices. Furthermore, the already high operational costs, such as road tolls in most European countries, rose further adding pressure on slim margins along with the burden of lower freight prices. This effect was made even worse by a renewed increase in diesel fuel prices in the second half of 2009.

Due to our closely knit network, the total decline in shipping volumes for DB Schenker Logistics land transport operations amounted to about 7%, which was lower than the comparable figure noted for the entire industry.

Air freight

Following years of strong growth the air freight market had to record a 4% drop in freight ton kilometers in the previous year. An even sharper decline was seen through to the fall of 2009. According to the International Air Transport Association (IATA), performance fell by 13% in the first eleven months compared to the already weak figures posted in the previous year. The only region to record any growth was the Middle East with a gain of 1.6%. During the same period airlines removed massive amounts of capacity from the market, thereby deactivating about 10% of the global freight capacity in order to prevent prices from decreasing even further.

Transport volumes began to show signs of stabilizing in the middle of 2009. Favorable trends were noted, above all, in Asia. Total volumes shipped via air freight fell by about 10% to 12% in 2009 while total volumes shipped by DB Schenker declined by 16%.

Ocean freight

The downturn in container ocean freight began in the fall of 2008 and continued without interruption far into 2009. Shrinking market volumes coupled with additional cargo space brought on to the market led to a year-on-year decline in prices. Competition correspondingly intensified between freight forwarders and shipping companies forcing them to take stabilizing measures. As a result, shipping companies drastically reduced their capacities and pushed through massive price hikes since the middle of 2009. This was especially visible on the Asia-Europe route where, after the measures were implemented, demand for cargo space was greater than available capacities.

A decline of 15 % was recorded for global container volumes at the middle of the year. The recovery that began in the last two quarters helped to reduce the total decline in 2009 to about 9 %. Total declines for the year posted for key routes were: 18 % (Asia–Europe), 20 % (Asia–North America) and 5 % (Intra-Asia). Volumes shipped via the DB Schenker network fell by about 2%, or less than the figure for the total market.

Contract Logistics

We estimate that the effects of the global recession caused the market for Contract Logistics/Supply Chain Management (SCM) services to shrink by about 8.5 % in 2009. This was mainly due to the drop in sales in the automotive sector. Most of the manufacturers recorded lower volumes produced in the first two quarters of 2009 accompanied in part by temporary closures of factories. Production in the automotive industry bottomed out during the remainder of the year due mainly to government "cash for clunkers" stimulus programs in many countries that significantly boosted demand for cars. This favorable one-time effect, however, faded toward the end of the year. The high-tech industry, which also works closely with providers of logistical services to a great degree, also posted substantial declines in volumes shipped. In contrast, the consumer goods industry showed comparatively stable development. Logistics projects in the area of fast-moving consumer goods (daily-use goods), in particular, proved to be comparatively less affected by the economic situation.

Due to the crisis the number of outsourced orders and services in some business areas dropped sharply reflecting companies' efforts to fully utilize in-house capacities, although this should, however, be only a temporary countermeasure. The trend towards greater outsourcing seen in recent years will continue as markets increasingly regain stability. The intensity of competition has increased even further due to considerable pressure on margins caused by capacity utilization problems experienced at logistics locations around the world. In addition, risks related to customer bankruptcies have risen. A slight improvement was once again noted in the last quarter of 2009, especially in the Asian region.

DB Schenker network's revenues declined by 10 %, which was the level noted for the market.

RAIL INFRASTRUCTURE IN GERMANY

Selected key figures DB rail infrastructure in Germany	2009	2008	Change ABSOLUTE	 %
Train operating companies	353	340	+13	+3.8
DB Group	30	28	+2	+7.1
Non-Group railways	323	312	+11	+3.5
Train-path demand (million train-path km)	1,002.6	1,043.3	-40.7	-3.9
DB Group	832.2	881.8	-49.6	-5.6
Non-Group railways	170.4	161.5	+8.9	+5.5
Station stops (million)	143.3	143.1	+0.2	+0.1
DB Group	123.3	125.2	-1.9	-1.5
Non-Group railways	20.0	17.9	+2.1	+11.7

Numerous train operating companies (TOCs) have been using our rail infrastructure in Germany since the market was first opened in 1994. The number of non-Group TOCs, in particular, increased further in comparison to the previous year's figure. No other country within the EU has such an intensely competitive rail transport sector as Germany.

Demand for train path in 2009 was primarily influenced by the economy-driven drop in demand for rail freight transport in comparison to the previous year, although rail passenger transport demand for train path did rise slightly. The number of station stops remained at the previous year's level. As in previous years, the total number of stops by non-Group railways rose again.

Due to the competitive situation facing goods and services offered in train stations vis-à-vis offers available in the total retail trade market, the development of revenues generated by retail trade and food stores is also of significant importance for our train stations as both rental possibilities as well as the resulting revenues depend on the earnings situation of commercial space tenants. Total real retail trade revenues in Germany in 2009 decreased slightly. Nevertheless, rental income recorded by our stations rose during the year under review.

Business performance

- **REVENUES DECLINE BY ABOUT 12 % TO € 29.3 BILLION**
- **ADJUSTED EBIT CONTRACTS BY ABOUT 32 % TO € 1.7 BILLION**
- **ROCE FALLS TO 5.9 %**

MAJOR CHANGES IN YEAR-ON-YEAR COMPARISON

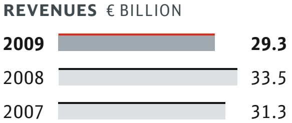
The development of income and expenses was only immaterially influenced by changes made to the scope of consolidation during the year under review. The following changes are relevant for comparative purposes at business unit level and are explained to the extent required in the following statements:

- DB Regio UK, a British company, has been included in the consolidated financial statements since April 1, 2008 and is carried under the DB Bahn Regional business unit.
- Transfesa, a Spanish company, has been included in the consolidated financial statements since April 1, 2008 and is carried under the DB Schenker Rail business unit.
- DB Waggonbau Niesky has been included in the consolidated financial statements since August 1, 2008 and is carried under the DB Services business unit.
- Schenker Romtrans, a Romanian company, has been included in the consolidated financial statements since December 31, 2008 and is carried under the DB Schenker Logistics business unit.
- DB Schenker Rail Polska, a Polish company, has been included in the consolidated financial statements since August 1, 2009 and is carried under the DB Schenker Rail business unit.

More details on page 52

DEVELOPMENT OF REVENUES

REVENUES € BILLION



Revenues € MILLION	2009	2008	Change	
			ABSOLUTE	%
DB Group	29,335	33,452	-4,117	-12.3
- Effects from major acquisitions	153	0	+153	-
DB Group - comparable	**29,182**	**33,452**	**-4,270**	**-12.8**

Group revenues decreased noticeably during the year under review in comparison to the previous year. This was primarily due, in particular, to significantly reduced volumes in our relevant transport and logistics markets caused by the global economic downturn. In addition, results were also dampened by constraints in operations in our passenger transport business and lower demand in the rail infrastructure segment.

Revenues also had to absorb negative currency effects totaling € 225 million.

Major acquisitions only made minor contributions to revenues (Schenker Romtrans: € 49 million and DB Schenker Rail Polska: € 104 million).

Total revenues by business unit € MILLION	2009	2008	Change	
			ABSOLUTE	%
DB Bahn Long-Distance	3,565	3,652	-87	-2.4
DB Bahn Regional	6,856	6,769	+87	+1.3
DB Bahn Urban	1,985	1,986	-1	-0.1
DB Schenker Rail	4,055	4,951	-896	-18.1
DB Schenker Logistics	11,292	14,732	-3,440	-23.4
DB Services	1,237	1,297	-60	-4.6
DB Netze Track	4,369	4,375	-6	-0.1
DB Netze Stations	1,025	992	+33	+3.3
DB Netze Energy	2,308	2,169	+139	+6.4
Other	796	823	-27	-3.3
Consolidation	-8,153	-8,294	+141	-1.7
DB Group	**29,335**	**33,452**	**-4,117**	**-12.3**

Development was significantly dampened in most business units. Gains were noted for the DB Bahn Regional, DB Netze Energy and DB Netze Stations business units, while revenues posted in the remaining business units were lower than in the previous year.

The decline in total revenues posted by the DB Bahn Long-Distance business unit was especially due to technical issues that resulted in a reduction of our offers. The DB Bahn Regional business unit benefited from revenues not relating to the period, the complete inclusion of DB Regio UK in the scope of consolidation, and price measures. DB Bahn Urban business unit's total revenues fell due to cutbacks in service experienced by the S-Bahn (metro) Berlin. This was offset by the favorable development noted for the S-Bahn (metro) Hamburg and our bus companies.

More details on page 124

The most substantial decrease in total revenues was posted by the DB Schenker Logistics and DB Schenker Rail business units where the effects of the economic crisis were particularly visible in the lower volumes of freight transported.

In the Infrastructure division the DB Netze Stations and DB Netze Energy business units recorded a favorable development. Total revenues in the DB Netze Track business unit were below the previous year's level despite an increase in demand of non-Group railways and price measures due to lower internal revenues. The DB Netze Stations business unit also benefited from higher demand from non-Group railways. Rental revenues also rose. Revenues posted by the DB Netze Energy business unit rose as their energy services activities expanded, among other reasons.

Based on a breakdown of external revenues by business units, business units in the Passenger Transport division were able to increase their share from 37% to 42%. The DB Bahn Long-Distance business unit's share rose from 11% to 12%. The share of revenues held by the DB Bahn Regional business unit climbed from 20% to 23%, while the DB Bahn Urban business unit's share expanded from 6% to 7%. In contrast, the DB Schenker Logistics business unit's share fell from 44% to 38% while DB Schenker Rail saw their share shrink from 14% to 13%. The DB Schenker Logistics business unit retained its role as primary revenue driver followed by the DB Bahn Regional business unit.

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

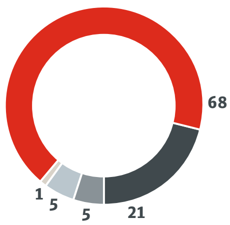
More details on page 80 ff.

External revenues by region € MILLION	2009	2008	Change	
			ABSOLUTE	%
Germany	19,930	21,400	-1,470	-6.9
Europe (excluding Germany)	6,245	7,852	-1,607	-20.5
Asia/Pacific	1,472	1,885	-413	-21.9
North America	1,371	1,884	-513	-27.2
Rest of world	317	431	-114	-26.5
DB Group	**29,335**	**33,452**	**-4,117**	**-12.3**

The revenue split by regions shows in particular the impact of the economy-driven declines in revenues on our more internationally positioned business units, DB Schenker Logistics and DB Schenker Rail, with in part sharp decreases. Revenues in Germany were supported by developments noted in the Passenger Transport and Infrastructure divisions and slipped in total by about 7%, which was more stable than in other regions. The share of revenues generated outside of Germany fell accordingly from 36% in the previous year to 32% during the year under review.

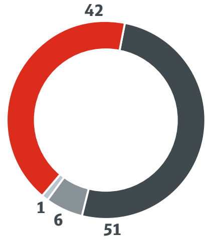
EXTERNAL REVENUE STRUCTURE 2009

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 %	2009	2008
DB Bahn Long-Distance	12	11
DB Bahn Regional	23	20
DB Bahn Urban	7	6
DB Schenker Rail	13	14
DB Schenker Logistics	38	44
DB Services	0	0
DB Netze Track	3	2
DB Netze Stations	1	1
DB Netze Energy	2	2
Other	1	0

DEVELOPMENT OF INCOME

Excerpt from statement of income € MILLION	**2009**	2008	Change	
			ABSOLUTE	%
Revenues	29,335	33,452	-4,117	-12.3
Inventory changes and internally produced and capitalized assets	1,936	1,872	+64	+3.4
Other operating income	3,864	3,046	+818	+26.9
Total income	35,135	38,370	-3,235	-8.4
Cost of materials	-15,627	-18,544	+2,917	-15.7
Personnel expenses	-11,115	-10,583	-532	+5.0
Depreciation	-2,825	-2,723	-102	+3.7
Other operating expenses	-3,360	-3,927	+567	-14.4
Total expenses	-32,927	-35,777	+2,850	-8.0
EBIT	**2,208**	**2,593**	**-385**	**-14.8**
Financial result	-821	-786	-35	+4.5
Profit before taxes on income	**1,387**	**1,807**	**-420**	**-23.2**
Taxes on income	-557	-486	-71	+14.6
Net profit for the year	**830**	**1,321**	**-491**	**-37.2**

Despite significantly higher other operating income, total income fell significantly by about 8%, or €3,235 million, due to the negative development of revenues. Development of other operating income reflects changes in favorable special items that were significantly higher in comparison to the previous year's figure.

Total expenses also decreased. However, they declined at a less than proportionate rate in comparison to the development of adjusted income that fell by 8% or €2,850 million. The cost of materials fell sharply driven by a drop in business activities noted for the DB Schenker Logistics business unit. This was offset by higher personnel expenses as a result of negotiated pay hikes, as well as costs related to restructuring, and personnel adjustment measures.

Depreciation posted for the year under review was slightly higher than the same year-ago figure.

Other operating expenses fell notably by about 14% during the year under review. The decline also reflected the introduction of Group-wide measures to control costs, as well as the discontinuation of charges related to one-time effects in the previous year, which included adjustments to trade receivables at DB Schenker Belgium.

Due to the substantial decrease in revenues seen in the year under review EBIT contracted by about 15%. Development of EBIT also impacted on profit before taxes on income, which declined by about 23% to €1,387 million.

In comparison to the previous year, taxes on income increased by about 15% to € -557 million due to the reduction of deferred tax assets. Net profit for the year fell by €491 million to €830 million.

Net profit due to minority interests totaled € 9 million (previous year: € 14 million). The aforementioned development thus resulted in total in a considerable drop in net profit for the year, less amounts owed to minority interests, of € 821 million (previous year: € 1,307 million). This in turn led to a decline in earnings per share from € 3.04 in the previous year to € 1.91 for the year under review.

OPERATING INCOME FIGURES

Adjusted EBIT

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.

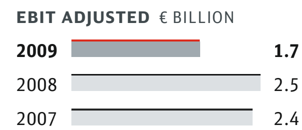
More details on page 77 f.

Special items € MILLION	**2009**		2008
Property sales, Stuttgart 21	639	Result from disposal of financial instruments	258
New evaluation of risks arising from legacy ecological burdens	600	Settlement airport station with Frankfurt airport	52
Technical risks	-331	Preparation costs IPO of DB ML AG	-59
Restructuring and personnel adjustment measures	-450	Other	-141
Other	65		
Total	**523**	**Total**	**110**

As in the previous year, EBIT development was also influenced by special items in the year under review. These were higher than in the same year-ago period. Special items incurred during the year under review primarily involved financing arrangements for the Stuttgart 21 project and thereby made possible realization of proceeds from property sales that took place in previous years, as well as the new evaluation of risks arising from legacy ecological burdens and restitution claims. These were offset by charges for restructuring and personnel adjustment measures, as well as obligations to remedy technical problems that have taken place in the areas of vehicles and infrastructure.

Special items incurred in the previous year were mainly related to the sale of our stake in Arcor (€ 243 million), and proceeds from a settlement reached regarding invoices for construction measures related to the train station at Frankfurt airport. This was offset by a negative special item, among other charges, for costs incurred in preparing the IPO of our subsidiary company, DB ML AG.

Excerpt from adjusted statement of income	2009	2008	Change	
€ MILLION			ABSOLUTE	%
Revenues	29,335	33,452	-4,117	-12.3
Inventory changes and internally produced and capitalized assets	1,936	1,903	+33	+1.7
Other operating income	2,327	2,703	-376	-13.9
Total income	**33,598**	**38,058**	**-4,460**	**-11.7**
Cost of materials	-15,295	-18,509	+3,214	-17.4
Personnel expenses	-10,648	-10,564	-84	+0.8
Depreciation	-2,717	-2,723	+6	-0.2
Other operating expenses	-3,253	-3,779	+526	-13.9
Total expenses	**-31,913**	**-35,575**	**+3,662**	**-10.3**
EBIT adjusted	**1,685**	**2,483**	**-798**	**-32.1**
Adjusted EBIT margin	5.7%	7.4%	-	-



After adjusting the statement of income for special items, other operating income decreased during the year under review. This figure includes adjustments for effects stemming from the sale of properties related to Stuttgart 21, the new evaluation of risks arising from legacy ecological burdens and restitution claims during the year under review, as well as effects stemming from the sale of our stake in Arcor and the Frankfurt airport train station settlement in the previous year. After adjustments, total income fell by 11.7% or €4,460 million.

Development of expenses reflected reductions from adjustments for costs of preparing the IPO of DB ML AG, which were carried under other operational expenses in the previous year, and by the creation of reserves for technical risks in the cost of materials and for restructuring measures in personnel costs in the year under review. After adjustments, total expenses thus decreased by 10.3% or €3,662 million.

Due to the substantial decline in income coupled with a less than proportionate drop in costs, the adjusted EBIT and the adjusted EBIT margin dropped notably during the year under review.

EBIT adjusted by business unit € MILLION	2009	2008	Change	
			ABSOLUTE	%
DB Bahn Long-Distance	141	306	-165	-53.9
DB Bahn Regional	870	857	+13	+1.5
DB Bahn Urban	100	205	-105	-51.2
DB Schenker Rail	-189	307	-496	-
DB Schenker Logistics	199	381	-182	-47.8
DB Services	125	131	-6	-4.6
DB Netze Track	558	670	-112	-16.7
DB Netze Stations	217	210	+7	+3.3
DB Netze Energy	103	74	+29	+39.2
Other/consolidation	-439	-658	+219	-33.3
DB Group	**1,685**	**2,483**	**-798**	**-32.1**

At the business unit level, declines were posted by all business units except the DB Netze Energy, DB Bahn Regional and DB Netze Stations business units. The most significant decreases were recorded in the DB Schenker Rail, DB Schenker Logistics, DB Bahn Long-Distance and DB Netze Track business units.

Lower revenues at the DB Bahn Long-Distance business unit were due in part to the hindered availability of the ICE fleet. At the same time energy, maintenance, infrastructure and personnel expenses increased substantially.

Higher costs for energy, infrastructure and personnel incurred by the DB Bahn Regional business unit were offset by higher revenues which led to a slight increase in total adjusted EBIT. The DB Bahn Urban business unit was burdened by developments noted at the S-Bahn (metro) Berlin.

The DB Schenker Rail business unit noted a sharp drop in demand for its services. Due to the unit's high level of fixed costs it was unable to cut its costs commensurately to the decline in demand. The DB Schenker Logistics business unit also posted substantially lower transport volumes. However, as fixed costs represent a lower share of total costs for this unit, they had greater possibilities to take countermeasures as their costs contracted faster than they did at the DB Schenker Rail business unit.

Higher personnel expenses also impacted negatively on the DB Netze Track business unit's EBIT. Higher revenues drove the favorable performance noted for the DB Netze Stations and DB Netze Energy business units.

The decline in the adjusted EBIT figure posted by the DB Services business unit was primarily due to lower segment revenues.

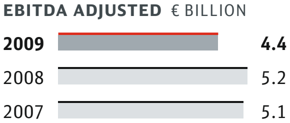
The item Other/consolidation improved noticeably due to improvements made to cost structures, income from insurance policies and a new valuation of personnel-related provisions.

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

More details on page 80 ff.

Adjusted EBITDA

EBITDA ADJUSTED € BILLION



EBITDA adjusted € MILLION	2009	2008	Change	
			ABSOLUTE	%
EBIT	2,208	2,593	-385	-14.8
+ Depreciation	-2,825	-2,723	-102	+3.7
EBITDA	5,033	5,316	-283	-5.3
- Special items	631	110	+521	-
EBITDA adjusted	**4,402**	**5,206**	**-804**	**-15.4**
Adjusted EBITDA margin	15.0 %	15.6 %	-	-

The adjusted EBITDA figure declined by € 804 million during the year under review to € 4,402 million. The development of earnings from operations before interest, depreciation and amortization (EBITDA) tracked the development of EBIT. The adjusted EBITDA margin decreased to 15.0 % (previous year: 15.6 %).

EBITDA adjusted by business unit € MILLION	2009	2008	Change	
			ABSOLUTE	%
DB Bahn Long-Distance	504	678	-174	-25.7
DB Bahn Regional	1,292	1,282	+10	+0.8
DB Bahn Urban	261	352	-91	-25.9
DB Schenker Rail	107	560	-453	-80.9
DB Schenker Logistics	371	551	-180	-32.7
DB Services	297	316	-19	-6.0
DB Netze Track	1,472	1,604	-132	-8.2
DB Netze Stations	342	342	-	-
DB Netze Energy	182	167	+15	+9.0
Other/consolidation	-426	-646	+220	-34.1
DB Group	**4,402**	**5,206**	**-804**	**-15.4**

Adjusted EBITDA also tended to mirror development of adjusted EBIT at business unit level. The major reasons for the year-on-year changes are identical. Adjusted EBITDA declined correspondingly in all business units except for the DB Bahn Regional, DB Netze Stations and DB Netze Energy business units.

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

More details on page 80 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 adjusted annual income statement. The appropriateness of 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 sustainable basis.

OPERATING VALUE DRIVERS AND COMPANY-SPECIFIC INFLUENCING FACTORS

Our value-oriented controlling concept is anchored in a key metrics system consisting of operating value drivers and company-specific influencing factors. The purpose of the operating value drivers is to control our market activities using key volume and price figures that are critical for our success and the efficiency of our production process as measured by key capacity utilization figures. The definition varies by business unit. The scope and level of details used are based on the individual requirements.

Volume and price drivers primarily affect the adjusted EBIT figure as the key metric at the core of our value management concept. Company-specific influencing factors and indicators are employed as underlying metrics in order to manage the company on an anticipatory and controllable value-oriented basis. Capacity utilization serves as the metric used to optimize the cost and capital efficiency of the business units. Our goal here is to obtain the best possible use of capital employed.

Volume, price and capacity utilization as operating value drivers

The metrics we use to control the DB Bahn Long-Distance business unit are the volume sold and the specific rate of revenues; additional important value drivers used by the DB Bahn Regional and DB Bahn Urban business units are volumes produced and concession fees. We use the capacity utilization rate to measure cost and capital efficiency. Basic influencing factors affecting the key value drivers in passenger transport are the number of employed persons in Germany and disposable income.

The metrics used to determine if price and volume targets are being met in the DB Schenker Rail business unit are, again, volume sold and the specific rate of revenues. We use capacity utilization (tons per train) to control cost and capital efficiency in this unit. The key factors influencing the DB Schenker Rail business unit are the production levels for crude steel and for the manufacturing industry, as well as imports and exports.

Control metrics used for the DB Schenker Logistics business unit are gross earnings margins and the operating value driver of volumes shipped in the air and ocean freight segment measured in tons or TEU. We also use the volume of shipments in the European land transport sector as an additional metric. The underlying factors influencing the DB Schenker Logistics business unit are the individual regional GDP growth figures, as well as global trade.

The operating value drivers of train-path km and station stops are used to control the DB Netze Track and DB Netze Stations business units. The development of these value drivers is indirectly affected by factors influencing the passenger transport business units and the DB Schenker Rail business unit.

Development of orders

Services provided by DB Group are generally transacted within a time horizon of a few hours or days. As a result, the volume of incoming orders is not used as a control metric by most of the business units. The main exceptions here are the DB Bahn Regional and DB Bahn Urban business units where the conclusion of long-term transport contracts with the Federal states' contracting authorities is of great importance. Total concession fees secured by long-term agreements amounted to approximately €28 billion at the end of the year. In general, the sale of tickets in the DB Bahn Long-Distance business unit directly results in revenues, which are recognized as such in a timely manner.

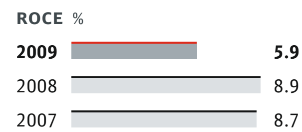
Within the DB Schenker Rail and DB Schenker Logistics business units longer-term master agreements are frequently signed with customers who have a continuing need for transport services, or transport and logistics services.

Within the DB Netze Track business unit incoming orders generally refer to train-path km that have been allotted to transport companies. A distinction is made between continuous transports and sporadic transports. A similar structure is employed by the DB Netze Stations business unit where service contracts for station stops are entered into with DB Group companies and non-Group companies. Long-term contracts are used to lease station space. At the DB Netze Energy business unit incoming orders refer to energy provided to train operating companies. Major orders were generated during the year under review with DB Group companies.

The majority of the DB Services business unit's contracts are entered into with DB Group companies.

ROCE AS A MARKET-ALIGNED, VALUE-ORIENTED CONTROLLING TOOL

ROCE € MILLION OR %	2009	2008	Change	
			ABSOLUTE	%
EBIT adjusted	1,685	2,483	-798	-32.1
÷ Capital employed	28,596	27,961	+635	+2.3
ROCE	**5.9 %**	**8.9 %**	**-**	**-**



To enable better comparability of accounting periods we use EBIT that has been adjusted for special items incurred during the financial year to calculate our ROCE, our key value management figure. Capital employed represents the interest-bearing capital that DB Group needs to sustain its operations. The ROCE figure declined during the year under review. The diminished development was mainly due to the deterioration of the adjusted EBIT figure. The increase of capital employed, especially because of a reduction in other liabilities, also contributed to the decline of ROCE.

Derivation of capital employed from the balance sheet € MILLION	2009	2008	Change	
			ABSOLUTE	%
BASED ON ASSETS				
Property, plant and equipment / intangible assets	39,509	39,976	-467	-1.2
+ Inventories	814	830	-16	-1.9
+ Trade receivables	3,030	3,373	-343	-10.2
+ Receivables and other assets	689	741	-52	-7.0
- Receivables from financing	-29	-31	+2	-6.5
+ Income tax receivables	150	124	+26	+21.0
- Trade liabilities	-3,267	-3,608	+341	-9.5
- Other liabilities	-3,183	-3,765	+582	-15.5
- Income tax liabilities	-60	-183	+123	-67.2
- Other provisions	-6,419	-6,541	+122	-1.9
- Deferred income	-2,638	-2,955	+317	-10.7
Capital employed	**28,596**	**27,961**	**+635**	**+2.3**

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

COST OF CAPITAL BEFORE TAXES

Cost of capital %	Equity	Net financial debt	Retirement benefit obligations
Risk-free interest rate [1]	3.5	3.5	3.5
Market risk premium [2]	5.0	–	–
x Beta factor [2]	0.94	–	–
+ Risk surcharge [3]	4.7	0.8	0.8
Cost of capital after taxes	8.2	4.3	4.3
x Tax factor [4]	1.44	1.03	1.00
Cost of capital before taxes	11.8	4.4	4.3
Market value oriented weighting	60	36	4
Cost of capital before taxes (WACC)			8.9
Minimum target return			10.0

[1] Based on the yield trend of ten-year bunds taking into consideration the long-term orientation of the cost of capital concept.

[2] Based on internal calculations.

[3] Risk surcharge for net financial debt and pension obligations based on current spreads for new issues of benchmark bonds issued by DB Group compared to bunds with comparable terms to maturity; adjustment for corresponding terms with risk-free investments based on internal calculations.

[4] Based on a total taxation rate of 30.5 %; the tax factor for net financial debt reflects the trade tax (Gewerbesteuer) on the attributable financing costs. Remaining taxes are assigned to the cost of equity.

The cost of capital is derived in conformity with capital market conditions taking the sustainable nature of our control concept into consideration. We estimate DB Group's long-term cost of capital to be 8.9 % before taxes based on the mid-term target capital structure. DB Group's long-term ROCE target was set at 10.0 %. The purpose of the ROCE concept is to secure the Group's financing ability. This is primarily determined by the required amount of capital expenditures and repayment of outstanding debt. The ROCE goal of 10.0 % was not achieved during the year under review. The deviation from the target value was 4.1 percentage points.

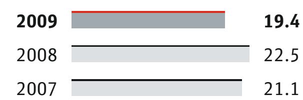
REDEMPTION COVERAGE AND GEARING

Redemption coverage/gearing	2009	2008	Change	
€ MILLION OR %			ABSOLUTE	%
EBIT adjusted	1,685	2,483	-798	-32.1
+ Net operating interest [1), 2)]	-689	-747	+58	-7.8
+ Depreciation [2)]	2,717	2,723	-6	-0.2
Operating cash flow	**3,713**	**4,459**	**-746**	**-16.7**
Net financial debt	15,011	15,943	-932	-5.8
+ Present value of operating leases	4,105	3,853	+252	+6.5
÷ Adjusted net financial debt	**19,116**	**19,796**	**-680**	**-3.4**
Redemption coverage	**19.4%**	**22.5%**	**-**	**-**
Financial debt	16,510	16,853	-343	-2.0
- Cash and cash equivalents and receivables from financing	1,499	910	+589	+64.7
Net financial debt	**15,011**	**15,943**	**-932**	**-5.8**
÷ Equity	13,066	12,155	+911	+7.5
Gearing	**115%**	**131%**	**-**	**-**

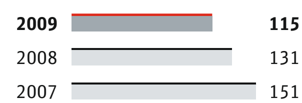
1) To properly determine redemption coverage we utilize net operating interest by eliminating those components of net interest income/expense related to the compounding of non-current liabilities and provisions and the reversal of deferred income.

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 very good credit rating. The mid-term goal for redemption coverage is unchanged at 30%. Our target for gearing is as in the previous year an equity to net financial debt ratio of 1:1.

During the year under review redemption coverage was below the same year-ago figure. This meant that we were unable to attain our goal of achieving a further increase towards our target figure. The deterioration was driven by a significant decline of operating cash flow due to the declining development of business. Although adjusted net financial debt was lower than the previous year's level it was, however, unable to fully compensate for the decline of operating cash flow. We were able to further improve our gearing during the year under review thereby taking a further step closer to our goal of a balanced capital structure. The improvement was driven by an increase in equity as well as the reduction of net financial debt.

Development of business units

- DEVELOPMENT OF PASSENGER TRANSPORT BUSINESS HINDERED BY RESTRICTED SERVICE OFFERS
- BUSINESS RESULTS, ESPECIALLY IN TRANSPORT AND LOGISTICS DIVISION, HIT BY NEGATIVE ECONOMIC DEVELOPMENTS
- BUSINESS UNITS IN INFRASTRUCTURE DIVISION SEE SIGNIFICANTLY HIGHER DEMAND FROM NON-GROUP CUSTOMERS

DB BAHN LONG-DISTANCE BUSINESS UNIT

Selected key figures € MILLION	2009	2008	Change	
			ABSOLUTE	%
Passengers rail (million)	122.7	123.2	-0.5	-0.4
Volume sold rail (million pkm)	34,708	35,457	-749	-2.1
Load factor (%)	45.1	44.2	–	–
Total revenues	3,565	3,652	-87	-2.4
thereof external revenues	(3,435)	(3,523)	(-88)	(-2.5)
EBIT adjusted	141	306	-165	-53.9
EBITDA adjusted	504	678	-174	-25.7
Gross capital expenditures	47	80	-33	-41.3
Employees (FTE as of December 31)	15,043	14,603	+440	+3.0

MAJOR EVENTS

- The availability of our ICE 3 fleet during the year under review was substantially reduced due to shortened inspection intervals for various wheel set axles used in multiple-unit ICE 3 and ICE T trains. Furthermore, during the year under review our ICE T trains were only permitted to operate their tilt technology on a limited basis, which in turn led to notably longer travel times.

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- A new € 27.5 million ICE facility was opened in December in Leipzig. The facility includes a 220-meter-long twin-track maintenance hall with a building housing an underfloor wheel set lathe. This allows us to improve the availability of our vehicles.
- Thanks to our numerous special price promotions like the "Celebrate the Fall of the Wall" ticket, the "Permanent Family Special" ticket, the Tchibo Ticket and the Lidl Ticket, we were once again able to successfully reach and win new customers.

PERFORMANCE DEVELOPMENT

Certain negative factors hindered development of the DB Bahn Long-Distance business unit during the year under review. These included reduced service offers due to the diminished availability of our ICE fleet caused by shortened maintenance intervals and burdens created by major construction work in the network (especially along the high-speed line between Berlin and Hamburg). Added to this was the fact that overall economic conditions did not stimulate business. Declines were also noted in the night train segment due to reduced service offers. Accordingly, both the number of passengers (-0.4%) as well as volume sold (-2.1%) fell. However, our international ICE offers developed favorably. We successfully continued our sales promotion offers and marketing measures.

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We were able to further increase our load factor during the year under review. The share of total volume sold held by ICE routes fell slightly to 65% (previous year: 66%).

BUSINESS DEVELOPMENT

Negative effects seen in performance were also reflected in the development of revenues. Additional burdens resulted from the use of IC trains as substitutes due to the restricted availability of the ICE fleet. Accordingly, total revenues and external revenues fell slightly during the year under review.

On the expenses side we noted significant increases in personnel costs due to the implementation of the terms of the wage agreement, and a higher number of employees. The cost of materials also rose significantly. This increase resulted from higher energy costs, more expensive fees to use stations and train-path, as well as higher maintenance expenses arising from replacement of axles, and for vehicles used as transport substitutes. In contrast, other operating costs decreased because of our cost management measures.

In total, decreased revenues and increased expenses placed notable burdens on the adjusted EBITDA figure, which fell correspondingly by a significant 25.7% as it dropped to €504 million. Depreciation was lower than the previous year's figure. Adjusted EBIT fell by 53.9% to €141 million.

Gross capital expenditures were lower than the same year-ago figure. This change was primarily due to the nearly completed redesign of the ICE 1 trains and the conclusion of modernization measures at a maintenance facility in Frankfurt am Main. In contrast, capital expenditures made to equip ICE trains with ETCS technology for international routes increased. In addition, we also invested in additional ultrasound testing units to inspect wheel set axles. The main emphasis of the capital expenditures made during the year under review may be found in the chapter "Capital expenditures".

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The number of employees rose slightly in comparison to December 31, 2008. The change took place due to hiring additional onboard service staff and for additional inspections of our ICE fleet.

DB BAHN REGIONAL BUSINESS UNIT

Selected key figures € MILLION	2009	2008	Change	
			ABSOLUTE	%
Passengers rail (million)	1,242.5	1,242.4	+0.1	–
Volume sold rail (million pkm)	36,711	36,866	–155	–0.4
Volume produced rail (million train-path km)	484.4	490.7	–6,3	–1.3
Total revenues	6,856	6,769	+87	+1.3
thereof external revenues	(6,775)	(6,687)	(+88)	(+1.3)
thereof concession fees	(4,163)	(4,119)	(+44)	(+1.1)
EBIT adjusted	870	857	+13	+1.5
EBITDA adjusted	1,292	1,282	+10	+0.8
Gross capital expenditures	402	466	–64	–13.7
Employees (FTE as of December 31)	25,004	25,084	–80	–0.3

MAJOR EVENTS

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- Events that took place in Germany during the year under review included the extension of the transport contracts with VRR until 2023, and with the S-Bahn (metro) Stuttgart until 2028. Furthermore, we won sections 1 and 3 with total volume of 15.7 million train-path kilometers of service per year in a tender process for operating the Berlin/Brandenburg Netz-Stadtbahn (rapid transit network).
- DB Regio Sverige won the tender to provide 3.3 million train-path kilometers of service and operate the S-Bahn (metro) routes in the Swedish province of Östergötland as of December 2010 and 3.8 million train-path kilometers at a later date. DB Regio UK won the bidding to operate the Tyne and Wear Metro in Newcastle, UK. The contract has an annual volume of 5.8 million train-path kilometers and runs for seven years.
- We purchased 83 new multiple unit trains for the Stuttgart S-Bahn (metro). The new four-section, electrically powered multiple unit new trains cost about € 450 million and will begin operations as of 2012. We purchased 16 diesel multiple unit trains for about € 40 million for the Netz Nord (network north) in Schleswig-Holstein. The two-section, Lint 41 (series 648.4) multiple unit trains will begin operation as of the start of the new schedule in December 2011.

PERFORMANCE DEVELOPMENT

Performance noted for the DB Bahn Regional business unit during the year under review was marked by losses arising from lost tenders that took operational effect during 2009, as well as weak economic development. The first-time, full-year inclusion of DB Regio UK in the scope of consolidation had an overall positive effect on results. The number of passengers rose slightly, while volume sold decreased to 36,711 million pkm (–0.4 %).

Volumes produced during the year under review also contracted and totaled 484.4 million train-path kilometers (–1.3 %). This more than offset the positive effect from the first-time, full-year inclusion of DB Regio UK in the scope of consolidation due to declines stemming from lost tenders.

AWARD DECISIONS

The contracting organizations in Germany concluded 21 tender procedures (previous year: 24) during the year under review and awarded a total of 80 million train-path kilometers (previous year: 38 million train-path kilometers). Of these, we were able to win 11 of the procedures (previous year: ten procedures) or 77 % of the total train-path kilometers awarded (previous year: 28 %).

BUSINESS DEVELOPMENT

Development of total revenues and of external revenues during the year under review was mildly favorable as revenues rose by 1.3 %. The gain was driven by revenues not related to the year under review, higher farebox revenues and the first-time, full-year inclusion of DB Regio UK in the scope of consolidation.

Expenses were especially influenced by higher wages for personnel, increased costs for energy, higher charges for use of train-path and stations, and effects related to the first-time, full-year inclusion of DB Regio UK in the scope of consolidation. This resulted in higher personnel expenses and increased cost of materials.

Our adjusted EBITDA figure rose slightly by 0.8% during the year under review as revenues rose at a faster pace than expenses. Depreciation was slightly below the level noted in the previous year. Adjusted EBIT rose by 1.5% to € 870 million.

Gross capital expenditures were lower than the same year-ago figure. The main emphasis of the capital expenditures made during the year under review may be found in the chapter "Capital expenditures".

More details on page 96 f.

The number of employees fell slightly as of December 31, 2009 compared to the same year-ago figure. This change was mainly due, in particular, to lower performance stemming from routes that were lost.

DB BAHN URBAN BUSINESS UNIT

Selected key figures € MILLION	2009	2008	Change	
			ABSOLUTE	%
Passengers rail (million)	568.9	583.6	-14.7	-2.5
Volume sold rail (million pkm)	5,260	5,468	-208	-3.8
Volume produced rail (million train-path km)	40.6	44.5	-3.9	-8.8
Passengers bus (million)	747.6	720.1	+27.5	+3.8
Volume sold bus (million pkm)	8,446	8,371	+75	+0.9
Volumes produced bus (million bus km)	599.6	591.5	+8.1	+1.4
Total revenues	1,985	1,986	-1	-0.1
thereof external revenues	(1,953)	(1,962)	(-9)	(-0.5)
thereof concession fees	(310)	(354)	(-44)	(-12.4)
EBIT adjusted	100	205	-105	-51.2
EBITDA adjusted	261	352	-91	-25.9
Gross capital expenditures	62	132	-70	-53.0
Employees (FTE as of December 31)	12,636	12,259	+377	+3.1

MAJOR EVENTS

- Services offered by the S-Bahn (metro) Berlin were substantially diminished from mid-July to beyond the end of the year under review due to the reduced availability of vehicles.
- Pan Bus, a Danish subsidiary of DB Bahn Urban, won the Sydtrafik 2 tender to provide transport services in the Esbjerg transport region. Pan Bus A/S has been operating urban routes in Denmark's fifth largest city with 30 buses since the summer of 2009. The contract has a term of eight years. In addition, Pan Bus also won the order to provide bus transport between Sønderborg and Kruså.

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PERFORMANCE DEVELOPMENT

Development noted for the S-Bahns (metros) operated by the DB Bahn Urban business unit varied greatly. Favorable development noted for the S-Bahn (metro) Hamburg, especially due to the inauguration of transport service to the Hamburg airport in December 2008, was more than offset by declines posted by the S-Bahn (metro) Berlin due to reductions in services offered. As a result, the business unit posted declines in the total number of passengers (–2.5%) and volume sold (–3.8%). The volumes produced also fell significantly (–8.8%) due to the restrictions in offered services.

Developments in the bus transport sector were favorable as both the number of passengers (+3.8 %) and volume sold (+0.9 %) increased. These gains are primarily due to the tender won last year to provide transport services to the British military forces in Germany, as well as tenders won in Denmark during the year under review.

TENDERS

Competition remains intense in the regional bus transport segment in Germany and has noticeably affected the pending tender processes.

During the year under review, services with a total volume of about 32 million commercial vehicle kilometers (Nkm) were awarded (previous year: 43 million Nkm). The awards were regionally focused on routes in Hesse, North-Rhine Westphalia and Schleswig-Holstein in 2009. We only participate in tenders that are of sufficient economic or strategic importance for our business. We won 41 % (previous year: 46 %) of the tender processes we participated in.

BUSINESS DEVELOPMENT

In terms of revenues, lower revenues earned by the S-Bahn (metro) Berlin offset favorable developments noted for the S-Bahn (metro) Hamburg and the bus companies, and led to a € 1 million decline in total revenues and a € 9 million decline in external revenues. The development of concession fees was also impacted by development at the S-Bahn (metro) Berlin.

In terms of expenses, lower volumes produced dampened the development of expenses. In contrast, increases were posted for maintenance expenses, energy costs and compensation paid to sub-contractors in the bus segment. As a result, the sum total of the cost of materials rose slightly. Personnel costs expanded at a faster rate due to higher wages and an increase in the number of employees.

The total impact of additional costs and lower revenues on the development of our EBIT figure was significant. Adjusted EBIT dropped by 51 % to € 100 million. Adjusted EBITDA fell by 26 % to € 261 million.

Gross capital expenditures made were significantly lower than the comparable level seen in the previous year. The reason behind this change was a shift in purchase dates for vehicles. The main emphasis of the capital expenditures made during the year under review may be found in the chapter "Capital expenditures".

More details on page 96 f.

The number of employees rose in comparison to December 31, 2008. Gains were noted for the S-Bahns (metros), although increases were primarily recorded by the bus companies.

DB SCHENKER RAIL BUSINESS UNIT

Selected key figures € MILLION	2009	2008	Change	
			ABSOLUTE	%
Freight carried (million t)	341.0	378.7	-37.7	-10.0
Volume sold (million tkm)	93,948	113,634	-19,686	-17.3
Capacity utilization (t per train)	484.0	488.3	-4.3	-0.9
Total revenues	4,055	4,951	-896	-18.1
thereof external revenues	(3,791)	(4,654)	(-863)	(-18.5)
EBIT adjusted	-189	307	-496	-
EBITDA adjusted	107	560	-453	-80.9
Gross capital expenditures	319	351	-32	-9.1
Employees (FTE as of December 31)	34,145	29,242	+4,903	+16.8

MAJOR EVENTS

- In July we acquired the biggest private railway company in Poland, DB Schenker Rail Polska (formerly: PCC Logistics Group). DB Schenker Rail Polska was included in consolidated financial statements as of August 1, 2009.
- In December 2009 we signed a contract with SNCB, a Belgian railway, to establish a joint production company. The purpose of the company is to make German-Belgian rail freight transport more efficient and more competitive.
- Starting in May 2009 DB Schenker Rail's Eco Plus service offered customers the opportunity to ship their goods via CO_2-free rail freight transport.

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PERFORMANCE DEVELOPMENT

Business volumes fell significantly during the year under review due to economic conditions. Slight signs of recovery were only seen in the 4th quarter of 2009. For this reason, volume sold by the DB Schenker Rail business unit amounted to 93.9 billion tkm during the year under review, or 17.3% lower than the previous year's figure. The decline was mainly driven by development noted by DB Schenker Rail Deutschland AG in the central region where demand substantially contracted in the iron and steel (Montan), chemical, automotive, forestry products and construction materials sectors, in addition to seeing demand shrink for combined transport services. Volume sold in the region west was 2.2 billion tkm less than the same year-ago figure. Offsetting effects resulted from the favorable development of performance posted for our activities in France, and the first-time inclusion of DB Schenker Rail Polska (+1.8 billion tkm).

Due to the lower development of performance during the year under review, we also posted significant declines in volumes produced. As a result, the capacity utilization rate was only slightly lower than the same year-ago figure.

BUSINESS DEVELOPMENT

Due the economic downturn and the resulting drop in performance, revenues posted by the DB Schenker Rail business were € 896 million, or 18% (based on total revenues) respectively € 863 million, or 19% (based on external revenues) lower than the same year-ago figure. External revenues recorded for the region central dropped by € 742 million, which was primarily due to development noted for DB Schenker

Rail Deutschland AG (€ –623 million, or –21%). External revenues posted by the region west were influenced by declines caused by weak economic conditions, as well as negative currency effects, and were €50 million less than the same year-ago figure. Favorable effects were generated by the first-time inclusion of DB Schenker Rail Polska (€ +104 million).

The cost of materials fell sharply due to the lower volumes produced and the correspondingly lower expenses for energy, train-path and maintenance. Personnel costs were influenced by the first-time inclusion of DB Schenker Rail Polska, and were higher than the previous year's figure. Total revenues fell at a faster rate than expenses.

Cost cutting measures were only able to partially offset the negative effects of lower performance due to the high level of fixed costs in the business unit. Adjusted EBITDA therefore fell significantly to €107 million.

As a result of the high capital expenditures made in the previous years, especially for vehicles, depreciation rose during the year under review. The adjusted EBIT figure fell significantly during the year under review and was € –189 million, or € 496 million lower than the previous year's figure.

Due to prioritization measures, gross capital expenditures made were lower than the same year-ago figure. The main emphasis of the capital expenditures made during the year under review may be found in the chapter "Capital expenditures".

More details on page 96 f.

The number of employees rose significantly as of December 31, 2009 due to the addition of Schenker Rail Polska with 5,979 employees. This addition more than offset the personnel restructuring measures made because of the deterioration seen in business development.

DB SCHENKER LOGISTICS BUSINESS UNIT

Selected key figures € MILLION	**2009**	2008	Change	
			ABSOLUTE	%
Shipments in European land transport (thousand)	70,052	72,805	-2,753	-3.8
Air freight volume (export, thousand t)	1,032	1,229	-197	-16.0
Ocean freight volume (export, thousand TEU)	1,424	1,454	-30	-2.1
Total revenues	11,292	14,732	-3,440	-23.4
thereof external revenues	(11,249)	(14,680)	(-3,431)	(-23.4)
EBIT adjusted	199	381	-182	-47.8
EBITDA adjusted	371	551	-180	-32.7
Gross capital expenditures	196	231	-35	-15.2
Employees (FTE as of December 31)	57,134	62,074	-4,940	-8.0

MAJOR EVENTS

- Despite the economic crisis, we again continued the expansion of our networks during the year under review, and opened new logistics centers in countries around the world including Germany, Austria, Australia, Bulgaria, Korea and Vietnam.
- In the future, air freight shipments from all over the world will be bundled together, temporarily stored and dispatched for further transit to their destinations at the new European air freight hub in Frankfurt am Main.

- The Kellogg Joint Venture awarded DB Schenker the contract to provide global and national logistical services for the big Gorgon project in Australia. Kellogg is a consortium formed by Chevron, Exxon-Mobil and Shell. The project has a investment volume of € 25 billion and is the biggest natural gas production venture in Australia, and currently one of the biggest in the world. The contract has a volume of about € 350 million and runs for four years during which DB Schenker will provide integrated logistical services to the project.

PERFORMANCE DEVELOPMENT

The DB Schenker Logistics business unit recorded lower volumes in all areas in comparison to the previous year due to the global economic crisis.

Shipping volumes in the European land transport segment declined by about 7 % in comparison to the same year-ago figure, which affected both national and international land transport. Competitive conditions reflected the difficult economic conditions and the resulting surplus capacities in the market, which in turn led to a reduction in capacities and pressure on the freight rates. After taking the parcel business – which expanded – into consideration, the decline in volumes shipped was a lower 3.8 %.

The air freight market was especially affected by the global economic crisis. With the exception of routes from Europe to North America, volumes on all other major routes fell, and in some cases significantly. Our total volumes fell by 16.0 % in comparison to the same year-ago figure.

Performance noted in the ocean freight segment tracked the negative market trend as volumes declined by 2.1 % in comparison to the previous year.

Our contract logistics business was particularly negatively affected by the global drop in sales in the automotive sector.

BUSINESS DEVELOPMENT

Total revenues posted by the DB Schenker Logistics business unit for the year under review amounted to € 11,292 million, or 23.4 % less than the comparable year-ago figure. Due to the global economic crisis and the related decline in volumes, all the segments recorded lower revenues in comparison to the previous year. Revenues generated by the European land transport business fell by 20 % compared to the previous year's figures; by 29 % in the air/ocean freight business and by 10 % in the contract logistics / SCM business.

Despite the negative development of revenues, the gross profit margin rose from 28.7 % in the previous year to 32.7 % for the year under review. Due to the low percentage of fixed costs involved in the business it was possible to significantly reduce personnel expenses and the cost of materials. In addition, the other operating expenses fell because of strict cost management measures and the absence of the one-time effect at Schenker Belgium noted in the previous year. This made it possible to mitigate the impact of reduced revenues on earnings. The adjusted EBITDA figure was € 371 million, or 33 % below the same year-ago figure.

Adjusted EBIT amounted to € 199 million and was 48 % lower than the comparable figure in the previous year. This decline was mainly driven by developments seen in the land transport and air/ocean freight business. EBIT fell by 49 % in the European land transport business, where both national and cross-border land transports declined. The air/ocean freight business saw its EBIT contract by 60 % in comparison to the same year-ago figure. Here the development of the domestic American business was particularly weak. The EBIT figure for the contract logistics/SCM countered the trend seen in the other sectors, and despite the above-mentioned negative effects seen in the automotive sector. In this area we noted an improved development of business, especially in the Asia/Pacific region.

Although gross capital expenditures were lower than the same year-ago figure we continued to expand our networks despite facing difficult conditions. The main emphasis of the capital expenditures made during the year under review may be found in the chapter "Capital expenditures".

More details on page 96 f.

The number of employees fell during the year under review. This change was due to adjustments made because of the weaker business results due to economic reasons.

DB SERVICES BUSINESS UNIT

Selected key figures € MILLION	2009	2008	Change	
			ABSOLUTE	%
Segment revenues	2,864	3,015	-151	-5.0
thereof total revenues	(1,237)	(1,297)	(-60)	(-4.6)
thereof external revenues	(109)	(112)	(-3)	(-2.7)
EBIT adjusted	125	131	-6	-4.6
EBITDA adjusted	297	316	-19	-6.0
Gross capital expenditures	138	289	-151	-52.2
Employees (FTE as of December 31)	24,460	24,911	-451	-1.8

MAJOR EVENTS

- During the year under review DB Services was appointed by BMW AG to provide infrastructural and technical facility management services at four new locations in southwest Germany. This new contract increases the number of BMW sites where DB Services is employed to ten.
- Our Carsharing offer is becoming increasingly popular. We signed up our 100,000th customer during the year under review.

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, internal segment revenues (€ 2,524 million) once again represented the major portion of total segment revenues, which declined during the year under review. The decline was primarily driven by economic conditions that led to lower demand and cost-cutting measures that were carried out by intra-Group customers. Total revenues as well as external revenues recorded for the year under review were slightly below the level noted in the previous year. Total segment revenues dropped significantly during the year under review by € 151 million to € 2,864 million. This change was generated by lower internal revenues (€ -57 million) as well as reduced revenues in the area of rail freight transport vehicle maintenance. This was partially offset by effects stemming from the full-year inclusion of DB Waggonbau Niesky.

In terms of expenses, the cost of materials fell sharply because economic conditions led to a reduction in business activities. Personnel expenses rose due to the higher wages and the full-year inclusion of DB Waggonbau Niesky.

Due to the unit's high level of fixed costs, measures taken to cut costs could only partially offset the decline in revenues. As a result, the adjusted EBIT figure fell. In total, adjusted EBIT declined by € 6 million to € 125 million, while adjusted EBITDA dropped by € 19 million to € 297 million. Depreciation fell during the year under review due to lower capital expenditures.

Gross capital expenditures were significantly lower than in the previous year. This decline was due to the Group-wide prioritization of capital expenditures to manage liquidity coupled with the temporary conversion of financing for newly purchased vehicles for DB FuhrparkService over to an operating lease basis. The main emphasis of the capital expenditures made during the year under review may be found in the chapter "Capital expenditures".

More details on page 96 f.

The number of employees fell slightly as of December 31, 2009 in comparison to the same date in 2008.

DB NETZE TRACK BUSINESS UNIT

Selected key figures € MILLION	2009	2008	Change ABSOLUTE	Change %
Train kilometers on track infrastructure (million train-path km)	1,001	1,042	-41	-3.9
thereof non-Group railways	(170.4)	(161.5)	(+8.9)	(+5.5)
Total revenues	4,369	4,375	-6	-0.1
thereof external revenues	(764)	(725)	(+39)	(+5.4)
EBIT adjusted	558	670	-112	-16.7
EBITDA adjusted	1,472	1,604	-132	-8.2
Gross capital expenditures	4,624	4,648	-24	-0.5
Employees (FTE as of December 31)	40,354	40,974	-620	-1.5

MAJOR EVENTS

- The Service and Financing Agreement (LuFV) for the existing network took effect in January 2009. This streamlined processes substantially.
- As part of the Federal Government's economic stimulus program which will continue no longer than 2011, nearly € 520 million in additional funds will be spent on infrastructure measures as stated in the requirement plan according to the Federal Track Expansion Act (Bundesschienenwegeausbaugesetz; BSchwAG). These funds are in addition to the already available funds earmarked for urgently required projects to build and expand rail lines and combined transport terminals.

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- The financing agreements for the transport projects Stuttgart 21 and the newly build Wendlingen–Ulm line were signed in April 2009.

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- Following the substantial 80 % reduction in damage-related, restricted speed zones registered in the previous year as part of our "Pro Track" ("ProNetz") infrastructure program, we maintained this level during the year under review. The level of punctuality in passenger transport remained significantly higher 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.
- Extensive work took place to exchange sleepers on the Hamburg–Berlin line.

PERFORMANCE DEVELOPMENT

Development of demand for train-path is primarily dependent on the operations of intra-Group customers, who represent a dominant 83% of demand for train-path. During the year under review, a decline was noted due to economic conditions, especially in rail freight transport. In contrast, non-Group railways' demand for train-path again expanded slightly by two percentage points to currently 17%. Total demand noted for the year under review was slightly below the previous year's level.

BUSINESS DEVELOPMENT

Internal revenues generated by intra-Group customers (€3,605 million) once again represented the greatest share of total revenues due to their overall importance. These revenues fell slightly during the year under review due to the decreased demand for train-path. This more than compensated for the effects from price measures. In contrast, external revenues rose. This development was driven by non-Group customers' increased demand for train-path as well as by pricing measures. In total, segment revenues were higher than the same year-ago figure. This was the result of a special item in connection with the Stuttgart 21 Project, of which €619 million was allocated to the DB Netze Track business unit.

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

Despite the improved cost position, development of earnings was negative during the year under review after the adjustment for the special item Stuttgart 21. Above all else, lower adjusted segment revenues, which were caused by lower volumes produced as well as lower revenues from sales of materials, had an effect on earnings. Adjusted EBITDA fell by €132 million to €1,472 million and adjusted EBIT decreased by €112 million to €558 million.

The modernization program was continued with primary focus on track installations, bridges and tunnels, as well as command and control technology. Gross capital expenditures made were slightly lower than the same-year figure. The main emphasis of the capital expenditures made during the year under review may be found in the chapter "Capital expenditures".

More details on page 96 f.

The number of employees fell slightly as of December 31, 2009.

DB NETZE STATIONS BUSINESS UNIT

Selected key figures € MILLION	**2009**	2008	Change	
			ABSOLUTE	%
Station stops (million)	140.5	140.3	+0.2	+0.1
thereof non-Group railways	(20.0)	(17.9)	(+2.1)	(+11.7)
Total revenues	1,025	992	+33	+3.3
thereof external revenues	(373)	(344)	(+29)	(+8.4)
EBIT adjusted	217	210	+7	+3.3
EBITDA adjusted	342	342	–	–
Gross capital expenditures	488	456	+32	+7.0
Employees (FTE as of December 31)	4,601	4,509	+92	+2.0

MAJOR EVENTS

- The Service and Financing Agreement (LuFV) for the existing network took effect in January 2009. This streamlined processes substantially.
- About 2,050 stations across Germany will benefit from the Federal Government's economic stimulus programs. These efforts involve more than 3,000 measures that will enhance small and medium-size stations and range from building new weather-protection shelters through to renovating escalators and elevators, to installing 1,700 new information systems to keep passengers better informed.
- The financing agreements for the Stuttgart 21 transport project were signed in April 2009.

More details on page 50
More details on page 121
More details on page 122 f.

PERFORMANCE DEVELOPMENT

The number of station stops only increased marginally (+0.1%) during the year under review in comparison to the previous year. In this context, the decline in intra-Group customers due to reduced operations registered for the S-Bahn (metro) Berlin, in particular, was offset by substantial increases recorded for non-Group customers – especially because of tenders won in previous years in regional transport.

BUSINESS DEVELOPMENT

Internal revenues generated by intra-Group customers (€ 652 million) once again represented the greatest share of total revenues, which increased in the year under review by € 33 million or 3.3%, due to their overall importance. The internal revenues rose slightly during the year under review due to higher revenues received for station stops because of pricing reasons. In contrast, internal rental revenues declined. External revenues increased driven by higher numbers of non-Group station stops and increased station charges, as well as higher rental revenues. Total segment revenues were lower due mainly to the discontinuation of the special item related to the settlement reached regarding construction measures at the long-distance station at the Frankfurt airport in the previous year.

In terms of expenses, personnel expenses increased due to higher wages and a greater number of employees, along with the cost of materials due to higher energy costs.

The increase in revenues was greater than the increase in expenses. As a result, the adjusted EBIT figure gained slightly by € 7 million to € 217 million. Adjusted EBITDA remained at the previous year's level. Depreciation was slightly lower than the same year-ago figure.

Gross capital expenditures made during the year under review were significantly higher than the same year-ago figure. The increase was mainly related to measures associated with the Federal Government's economic stimulus program. The main emphasis of the capital expenditures made during the year under review may be found in the chapter "Capital expenditures".

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More details on page 96 f.

The number of employees was higher as of December 31, 2009 than on the same date last year. Additional personnel were hired to implement measures stemming from the economic stimulus programs.

DB NETZE ENERGY BUSINESS UNIT

Selected key figures € MILLION	2009	2008	Change	
			ABSOLUTE	%
Total revenues	2,308	2,169	+139	+6.4
thereof external revenues	(645)	(554)	(+91)	(+16.4)
EBIT adjusted	103	74	+29	+39.2
EBITDA adjusted	182	167	+15	+9.0
Gross capital expenditures	164	147	+17	+11.6
Employees (FTE as of December 31)	1,574	1,556	+18	+1.2

MAJOR EVENTS

More details on page 50

- The Service and Financing Agreement (LuFV) for the existing infrastructure took effect in January 2009. This streamlined processes substantially.

BUSINESS DEVELOPMENT

Internal revenues generated by intra-Group customers (€1,663 million) once again represented the greatest share of total revenues generated by the DB Netze Energy business unit, which increased by €139 million or 6.4% to €2,308 million in the year under review, due to their major importance. The internal revenues rose slightly during the year under review due primarily to passing on the higher energy procurement prices. The contracted procurement prices were due to hedging transactions, partially because of volume-related reasons, higher than market prices. Due to economic conditions, energy sales of all products contracted. We were also able to increase our external revenues during the year under review. The increase was mainly driven by higher energy prices and the favorable performance of the energy services business, where we once again registered a substantial increase in volume.

On the expenses side, higher prices to obtain energy led to a noticeable increase in our cost of materials. Furthermore, personnel expenses rose due to increased wages.

Earnings were mainly influenced by the favorable development of external revenues during the year under review as adjusted EBIT rose by €29 million to €103 million, and the adjusted EBITDA figure expanded by €15 million to €182 million. Depreciation was slightly less due to the lower amount of capital expenditures made in the previous year.

Gross capital expenditures made were higher than in the previous year. The main emphasis of the capital expenditures made during the year under review may be found in the chapter "Capital expenditures".

More details on page 96 f.

The number of employees rose slightly as of December 31, 2009. Additional personnel were hired to implement measures stemming from the economic stimulus programs.

Financial situation

- **RATINGS RECONFIRMED IN THE YEAR UNDER REVIEW**
- **NET FINANCIAL DEBT DECLINED BY NEARLY €1 BILLION**
- **GROSS CAPITAL EXPENDITURES AGAIN AT HIGH LEVEL**
- **EQUITY CAPITAL RATIO IMPROVES FURTHER TO 27.6%**

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 Group's financing company, Deutsche Bahn Finance B.V., Amsterdam/the Netherlands. These funds are passed on to DB ML Group 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's 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 was expanded during the year under review, from €10 billion to €15 billion. As of December 31, 2009, we tapped this program for a total of €9.3 billion (by the end of 2008: €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 at the end of the year and had not been tapped as of December 31, 2009. Furthermore, as of December 31, 2009 we also had a guaranteed unused credit facility of €1.8 billion (€1.7 billion as of December 31, 2008). The credit facility serves as additional backup to secure the commercial paper program. In addition, credit facilities of €1.3 billion were also available for our operational business as of the balance sheet date (€1.0 billion as of December 31, 2008). 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.

RATINGS RECONFIRMED

DB AG ratings	First issued	Last change	Last confirmation	Current ratings		
				Short-term	Long-term	Outlook
Moody's	May 16, 2000	–	Nov 10, 2009	P-1	Aa1	stable
Standard & Poor's	May 16, 2000	Credit Watch negative from April through December 2008	Feb 4, 2010	A-1+	AA	stable
Fitch	Feb 17, 2009	–	Nov 20, 2009	F1+	AA	stable

Information as of February 4, 2010

DB Group's creditworthiness is regularly examined by the rating agencies Standard & Poor's (S & P) and Moody's, as well as by Fitch as of the year under review. During the year under review, S & P and Moody's conducted their annual rating reviews and subsequently reconfirmed DB AG's very good credit ratings. These ratings have remained unchanged since they were first issued in 2000.

During the year under review, Fitch published its ratings for DB AG for the first time. Fitch's ratings for DB AG: long-term issuer default rating of "AA" and a short-term issuer default rating of "F1+," represent a very high credit rating. The outlook is "stable." The long-term rating for DB AG is thus only two levels below the highest possible rating (AAA). The short-term rating is the highest rating possible.

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Additional information about these ratings can be found on our Web site.

CASH FLOW STATEMENT

Summary € MILLION	2009	2008	Change	
			ABSOLUTE	%
Cash flow from operating activities	3,133	3,539	-406	-11.5
Cash flow from investing activities	-1,935	-2,441	+506	-20.7
Cash flow from financing activities	-615	-1,755	+1,140	-65.0
Net change in cash and cash equivalents	591	-670	+1,261	-
Cash and cash equivalents as of Dec 31	1,470	879	+591	+67.2

As a result of the decline in profit before taxes on income (€ -420 million) and the changes in liabilities and deferred income (€ -826 million), cash inflow from operating activities decreased significantly during the year under review, dropping approximately 12 % (€ 406 million) to € 3,133 million.

The cash outflow for capital expenditures was also lower during the year under review, decreasing by € 506 million to € 1,935 million. Cash flow from investment activities was influenced by lower capital expenditures for property, plant and equipment (€ +289 million) together with a significant increase in investment grants (€ +483 million) and a lower inflow from disposals of property, plant and equipment, and from intangible assets (€ -85 million), which mainly resulted from the sale of Arcor in the previous year. In accordance with relevant legal regulations, we finance our infrastructure capital expenditures by means of grants for construction costs netted with assets, interest-free Federal loans, and – to a lesser extent – funds obtained under the Municipal Traffic Financing Act and the Railroad Crossings Act, as well as internally generated funds.

Our cash flow from financing activities reflects our activities to repay financial debt. Cash outflow in this area declined significantly during the year under review, by € 1,140 million to € 615 million, due to a cash inflow during the year under review totaling € 2,140 million from the issuing of loans, while no loans were issued during the previous year. Counteracting this were in the year under review a higher cash outflow for the redemption of bonds (€ -202 million), the repayment of financial credits and commercial paper (€ -586 million), and the repayment of interest-free loans (€ -174 million).

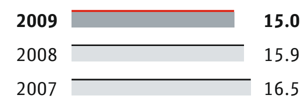
As of December 31, 2009, DB Group had a higher amount of cash and cash equivalents available than it did on December 31, 2008 as this figure increased by € 591 million to € 1,470 million.

NET FINANCIAL DEBT

€ MILLION	2009	2008	Change	
			ABSOLUTE	%
Non-current financial debt	14,730	14,083	+ 647	+ 4.6
thereof Federal loans	(2,785)	(3,070)	(– 285)	(– 9.3)
Current financial debt	1,780	2,770	– 990	– 35.7
thereof Federal loans	(491)	(441)	(+ 50)	(+ 11.3)
Financial debt	**16,510**	**16,853**	**– 343**	**– 2.0**
– Cash and cash equivalents and receivables from financing	1,499	910	+ 589	+ 64.7
Net financial debt	**15,011**	**15,943**	**– 932**	**– 5.8**

NET FINANCIAL DEBT

€ BILLION



Financial debt is understood to include all interest-bearing liabilities, including Federal loans to finance infrastructure projects.

Financial debt decreased during the year under review by € 343 million to € 16,510 million. Among other things, bonds totaling € 1,367 million and two EUROFIMA loans totaling € 656 million were repaid. Using IFRS as a basis for calculation, the present value of interest-free loans declined by € 730 million to € 2,781 million (as of December 31, 2008: € 3,511 million). During the year under review, interest-free loans totaling € 660 million were converted to an interest-bearing Federal loan. In total, Federal loans were reduced by € 235 million to € 3,276 million (as of December 31, 2008: € 3,511 million). In addition, four bonds with a volume of € 2,154 million were issued during the year under review.

Financial debt excluding Federal loans decreased slightly during the year under review, to € 13,234 million (as of December 31, 2008: € 13,342).

Since cash and cash equivalents as of December 31, 2009 had increased by € 589 million, net financial debt was reduced to € 15,011 million as of December 31, 2009.

The acquisition of PCC could therefore be financed without increasing the level of financial debt.

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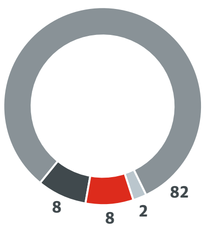
As of December 31, 2009 there was a slight shift in the structure of maturities to short-term financial debt as their share of total financial debt decreased from 16 % to 11 %. The composition of financial debt remained almost unchanged in comparison to its status on December 31, 2008, and consists primarily of bonds (61 %) and Federal loans (20 %).

CAPITAL EXPENDITURES

GROSS CAPITAL EXPENDITURES %



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

Gross capital expenditures by business unit € MILLION	2009	2008	Change ABSOLUTE	Change %
DB Bahn Long-Distance	47	80	-33	-41.3
DB Bahn Regional	402	466	-64	-13.7
DB Bahn Urban	62	132	-70	-53.0
DB Schenker Rail	319	351	-32	-9.1
DB Schenker Logistics	196	231	-35	-15.2
DB Services	138	289	-151	-52.2
DB Netze Track	4,624	4,648	-24	-0.5
DB Netze Stations	488	456	+32	+7.0
DB Netze Energy	164	147	+17	+11.6
Other/consolidation	22	-35	+57	-
DB Group	**6,462**	**6,765**	**-303**	**-4.5**
- Investment grants	4,649	4,166	+483	+11.6
Net capital expenditures	**1,813**	**2,599**	**-786**	**-30.2**

More details on page 121

During the year under review we underlined our long-term approach to business by making gross capital expenditures totaling € 6,462 million. They were about 5 % less than the same year-ago figure. We were able to make higher capital expenditures in the DB Netze Energy and DB Netze Stations business units due to the implementation of the Federal Government's economic stimulus programs. The capital expenditure prioritization measures introduced as a result of the financial and economic crisis had a damping effect during the year under review.

Capital expenditures made were once again dominated by business units in the Infrastructure Board division, and specifically by the DB Netze Track business unit, as before. The division accounted for 82 % (previous year: 78 %) of gross capital expenditures, while the DB Netze Track business unit alone absorbed 72 % (previous year: 69 %). Business units in the Passenger Transport Board division held an 8 % share (previous year: 10 %) of capital expenditures. Business units in the Transport and Logistics Board division also accounted for 8 % (previous year: 9 %).

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 rail and bus transport. 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 and workshops. Expenditures made for vehicles were mainly to equip multisystem trains (ICE 3 M and Thalys) with ETCS for operation in France and Belgium, as well as to develop and test a chassis frame monitoring system for high-speed trains. Moreover, capital expenditures were made to support the infrastructure of maintenance facilities, especially through the continuation of the construction of the new Leipzig plant, plans for the new construction of another hangar for new multisystem trains in the Frankfurt-Griesheim ICE facility, and the acquisition of additional ultrasound testing units for driving-wheel-set axles on ICE trains.

Vehicles were 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: Rhine-Ruhr (North-Rhine Westfalia) and the S-Bahn (metro) Nuremberg (Bavaria), E-network Würzburg, Munich – Passau, E-network Augsburg, Schleswig-Holstein East Network, and the Cottbus – Leipzig line. We also invested in our vehicle maintenance and management infrastructure. The focus here was on the expansion and new construction of workshops in Essen, Lübeck and Münster, as well as the construction of vehicle cleaning facilities in Erfurt and Halle.

Capital expenditures for the DB Bahn Urban business unit were lower than in previous years. The focus remained on procuring vehicles for the bus business.

The lion's share of capital expenditures made in the DB Schenker Rail business unit was spent on rejuvenating our fleet of freight vehicles and our locomotives – continuing our multi-year modernization program as well as further expanding our international business activities through the use of multi-system locomotives.

The majority of capital expenditures in the DB Schenker Logistics business unit was made in Europe. The biggest individual projects were the air freight hub at the Frankfurt airport, the construction and expansion of freight forwarding facilities in Germany (Munich), Austria (Salzburg, Vienna), France (Montaigu) and Switzerland (Pfungen), as well as projects involving the implementation of new operational IT systems for our air and ocean freight business as well as our land transport business.

Within the DB Services business unit, DB Fuhrpark (fleet management) made replacement capital expenditures for road vehicles, while DB Systel made expenditures to replace and expand hardware and software. The decrease in comparison with the previous year is primarily due to the temporary conversion of financing for newly procured DB FuhrparkService vehicles into operating leases.

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

Capital expenditures in the DB Netze Stations business unit were dominated by final work and expansion measures at the Berlin central station/associated office buildings (Bügelbauten), the City-Tunnel Leipzig, the electrification of the Elsenz and Schwarzbachtalbahn, various fire prevention measures, as well as 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 € MILLION OR %	31.12.2009	31.12.2008	Change	
			ABSOLUTE	%
Total assets	47,303	48,193	-890	-1.8
ASSET SIDE				
Non-current assets	41,308	42,353	-1,045	-2.5
Current assets	5,995	5,840	+155	+2.7
EQUITY AND LIABILITIES				
Equity	13,066	12,155	+911	+7.5
Non-current liabilities	23,359	23,161	+198	+0.9
Current liabilities	10,878	12,877	-1,999	-15.5
ASSET SIDE STRUCTURE				
Non-current assets	87.3%	87.9%	–	–
Current assets	12.7%	12.1%	–	–
EQUITY AND LIABILITIES STRUCTURE				
Equity	27.6%	25.2%	–	–
Non-current liabilities	49.4%	48.1%	–	–
Current liabilities	23.0%	26.7%	–	–

More details on page 154 ff.

DB Group's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS). There were no relevant changes to the IFRS regulations, and no changes to the Group's consolidation and accounting basis. Thus there were no changes affecting the Group's consolidated financial statements during the period under review.

As of December 31, 2009 total assets declined by € 890 million, or 1.8%, to € 47,303 million (as of December 31, 2008: € 48,193 million).

Non-current assets were valued at € 41,308 million, or 2.5% (€ -1,045 million) lower than the same figure at the end of the previous year (as of December 31, 2008: € 42,353 million). This was largely driven by the decrease in property, plant and equipment, from € 38,066 million as of December 31, 2008 to € 37,439 million as of December 31, 2009. Intangible assets increased by € 160 million to € 2,070 million.

More details on page 94 f.

Current assets moved in the opposite direction as their value increased as of December 31, 2009 by 2.7%, or € 155 million, to € 5,995 million (as of December 31, 2008: € 5,840 million). This change was driven by the increase in cash and cash equivalents on hand (€ +591 million). Conversely, trade receivables declined (€ -343 million) mainly due to a decrease in the DB Schenker Logistics business area.

Structurally, this resulted in a slight shift toward current assets. Major changes noted on the equity and liabilities side of the balance sheet during the year under review affected equity and financial debt. Mainly driven by profits, equity rose by 7.5%, or € 911 million, to € 13,066 million (as of December 31, 2008: € 12,155 million). The equity capital ratio increased correspondingly further to 27.6%. Non-current financial debt rose by 5%, or € 647 million, as of December 31, 2009. Current financial debt moved in the opposite direction and fell by 36%, or € 990 million. Overall, financial debt decreased.

More details on page 95

In comparison to the end of the previous year, current financial debt declined notably as of December 31, 2009 by 15.5 % or € 1,999 million.

Within the structure of our liabilities – including the Federal loans shown for infrastructure financing – the share of total assets represented by non-current liabilities increased correspondingly as of December 31, 2009. In contrast, the percentage of current liabilities decreased as of December 31, 2009.

OFF-BALANCE-SHEET FINANCING INSTRUMENTS AND NON-RECOGNIZED ASSETS

In addition to the assets shown in the Group's consolidated statement, DB Group also uses off-balance-sheet financing instruments and assets that cannot be recognized in the balance sheet.

The off-balance-sheet financing instruments exclusively refer to leased, hired or rented goods (operating lease) for which a financial present value has been calculated within the value management system. Regarding pensions for employees obligations for each retirement plan are covered and offset by plan assets that are eligible for offsetting. More information on this can be found in the Notes. Overall, off-balance-sheet financing instruments are of secondary importance for DB Group's asset situation.

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More details on page 178 f.

EXERCISING BALANCE SHEET VOTING RIGHTS

For more information on exercising balance sheet voting rights, please see the Notes.

More details on page 154 ff.

Strategy

- **STRATEGIC LONG-TERM PREMISES REMAIN INTACT**
- **DB GROUP'S STRATEGIC GOALS REMAIN VALID**
- **DECISIVE SHORT- TO MID-TERM COUNTERACTION MEASURES BUNDLED IN REACT PROGRAM BUILD FOUNDATION FOR PROFITABLE GROWTH**

STRATEGIC LONG-TERM PREMISES REMAIN INTACT

DB Group's business portfolio is structured as an integrated Group. We view the linkage between the individual business units as a major factor driving the further successful development of DB AG. This linkage is also mirrored in the integrated approach we use for our strategy, organization and management, and which also enables us to realize synergies.

Following many years of growing income, DB Group was unable to avoid the effects of the economic and financial crisis and had to accept a substantial decline in Group income. Our strategy, however, proved itself to be comparatively solid – even during the crisis.

Our strategic work is based on the Strategic Management Process (SMP), which is closely linked to our mid-term planning process. Based on this approach, we examine our strategic guidelines, goals and programs once a year and compare the major planning premises with actual developments noted in long-term trends, economic conditions, social changes, as well as market and competition-related developments.

Our current analyses show that long-term megatrends in our markets – globalization, climate change and increasing scarcity of resources, as well as deregulation – remain intact as the foundation for our strategy:

GLOBALIZATION

The globalization of industrial structures involving far-reaching relocations of production sites has enabled the transport and logistics sector to grow at a faster pace than global GDP. This trend was interrupted by the financial and economic crisis as global trade flows contracted significantly. We anticipate, however, that the global division of labor will remain unchanged along with the rapid growth of the emerging nations. Based on this premise, we therefore expect that long-term demand for global transport and logistics solutions will grow strongly. We want to participate decisively in this growth.

CLIMATE CHANGE AND A SCARCITY OF RESOURCES

Climate change and scarcer resources remain major challenges facing our markets. One of the biggest generators of climate-damaging carbon dioxide (CO_2), and thus global warming, is transport. This is why we anticipate that in the future, governments and customers in Germany and abroad will significantly increase their efforts to decrease CO_2 in the transport and mobility sector. We want to benefit from this trend and actively shape the market for climate-friendly mobility and transport offers. We will achieve this by supporting our customers in their efforts to reach their environmental targets with our environmentally friendly transport services, and further reduce our own CO_2 emissions.

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DEREGULATION

Despite individually voiced fears that the crisis would lead to stronger protectionism and decelerate the pace of deregulation and market liberalization in the transport markets, these efforts actually progressed even further at both the European and national levels in 2009.

While the European rail freight transport market has already been completely liberalized since 2007, the market for cross-border rail passenger transport will be opened in 2010. This means that we will enjoy similar benefits across Europe as those already enjoyed today by international rail companies in Germany. However, we do expect that this change will also lead to additional challenges in our home market.

In principle, competition generates important stimuli for growth – growth that we want to sustainably participate in. This is why our goal is to play a major role in shaping rail transport networks in Europe while we benefit from, and further expand, our central position in the heart of Europe.

DB GROUP WANTS TO BECOME THE WORLD'S LEADING MOBILITY AND LOGISTICS COMPANY

We have set ourselves the goal of becoming the world's leading mobility and logistics company. Following many successful years of strong growth we have achieved leading positions in many markets. This goal remains fully valid for DB Group in view of our evaluation of the megatrends.

The strategic guidelines to achieve our goal are optimization, expansion and integration: optimization of our existing business, expansion of transport networks, and realization of synergies through integration. This is the path we will take to continually increase our performance and further expand the very good market positions that we have already achieved today.

OPTIMIZATION OF OUR EXISTING BUSINESS

The development of the global economy continues to face high risks. It will still take years for the global economy as well as the German economy to fully recover from the crisis.

Against this backdrop, our long-term goal can only be achieved by decisive action. We must consolidate our existing business over the short and medium term in order to create the prerequisites needed for future growth. In order to achieve this goal we have bundled together all of our optimization activities in a single Group program: the reACT program.

REACT

The purpose of the Group-wide reACT program is to sustainably improve EBIT by €2 billion between 2009 and 2013. Thirteen projects have been established to achieve this goal. reACT is a decisive response to the economic crisis and the structural changes in our markets. The most important goals of the program are to secure liquidity in the short term, and build competitive cost structures over the long term in the areas of administration and production. Furthermore, companies that have been acquired in recent years should be thoroughly integrated into DB Group's structures within the framework of the reACT program in order to realize synergies in the area of costs, and also to take better advantage of market opportunities.

EXPANDING OUR TRANSPORT NETWORKS

The continuous expansion of our transport networks to meet changing customer needs and general competitive conditions is of decisive importance in maintaining and expanding our leading market positions. Following the expansion of our transport networks in past years, which was mainly driven by acquisitions, we will place less emphasis on this in the near term.

In the future we will place greater importance on marketing our experience in the areas of planning, building, managing and operating transport systems. In addition to obtaining direct consulting, planning, training and management services, this approach should also lead to follow-up assignments to operate transport systems. Our participation in the Qatar Railways Development Company (QRDC) is one of the first steps in this direction.

More details on page 121

REALIZING SYNERGIES VIA INTEGRATION

We intend to better coordinate the individual activities within DB Group so that we can provide our customers with even more attractive offers and benefit from cross-selling possibilities, while we also realize opportunities to cut costs. For example, in the Passenger Transport division we plan to bundle all of the individual offers together in a single mobility platform and then add supplementary services to make "door-to-door" mobility possible across all of Germany, thereby creating a competitive alternative to traveling by car. We will focus more on realizing cross-selling opportunities in the Transport and Logistics division and offer integrated products. Our goal in the DB Services business unit is to achieve additional cost-cutting effects by further consolidating our services and volumes, in addition to optimizing processes.

A very important strategic aspect of how we position our transport networks to meet future challenges will be the approach we use to meet tomorrow's ecological demands. We have set ourselves the goal of reducing the CO_2 emitted by our rail, road, air and waterway transports by 20 % (in comparison to 2006) by 2020. In order to achieve this ambitious goal we bundled together the most important activities within DB Group into DB Eco Program during the year under review.

More details on page 113 f.

INTEGRATED MOBILITY IN GERMANY AND POSITIONING IN EUROPE

The individual business units within the Passenger Transport division will also continue to defend our market position in Germany in the future. To achieve this we will further develop the business units as well as take additional measures to increase customer loyalty.

Beyond this, our goal is to offer a comprehensive spectrum of mobility services and end-to-end travel chains to make "door-to-door" mobility a reality. We will achieve this by integrating our existing, new and supplementary services thereby offering travelers a competitive, ecologically advantageous alternative to traveling by car. Accordingly, we are accelerating the further development of our Internet site www.bahn.de to make it a comprehensive mobility booking platform presenting pan-European train connections, almost all local public transport connections, as well as supplementary offers for connecting mobility and overnight lodging. Special focus will be placed on offering customers innovative solutions in the areas of information, ticketing and payment.

We want to further expand our strong German transport network and strengthen our international position by entering into alliances and collaborative agreements.

Sales activities in the Passenger Transport division are consolidated in a service center. The main focus here is on self-service sales channels. Therefore, a pilot project is underway for the "Touch & Travel" project, a new, simpler and customer-friendlier sales channel. In addition the focus of the reACT project "Selling in the Future" is the further development of people-served sales channels in Germany. Plans call for top travel centers and DB agencies to either be better equipped or become closer connected so they can help win new customers and deepen customer loyalty in the coming years.

TOUCH&TRAVEL

Passengers use their mobile phones to register at the start and end of the journey, while automatic ticketing and settlement takes place in the background. The customer receives a statement at the end of the month detailing the services used during the billing period. Touch&Travel will be introduced in 2010 for many local and selected long-distance transport lines in, or to, the Ruhr region on the occasion of events celebrating Essen as the European Capital of Culture. The service may also be used as a ticket to various events, as well as a source of information.

DB BAHN LONG-DISTANCE BUSINESS UNIT

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 transport from city center to city center, and plenty of time for personal use.

We have given priority to further improving our quality, service and price concepts as well as our customer loyalty tools, to enable us to expand our share of the intermodal market and increase the average capacity utilization rates of our trains.

In terms of the competitive situation, the defense of our strong position in our home market is our top strategic priority.

www.railteam.com

In addition, the European transport network is being further expanded. In the area of cross-border transport we are accelerating the RailTeam alliance further to increase the attractiveness of European high-speed rail transport vis-à-vis air and car travel, by improving our offerings, quality and services. We base our decisions on widening our activities outside of Germany via the alliance or by means of competitive offers on a case-by-case basis within the framework of anti-trust laws.

In the future we plan to expand our successful CO_2-free travel offer for corporate customers by also offering CO_2-free travel to private customers as part of our efforts to attain our sustainability goals.

DB BAHN REGIONAL BUSINESS UNIT

The DB Bahn Regional business unit's goal is to provide attractively priced offers for smooth mobility across the country. In the coming years major portions of market volumes in the rail passenger local transport sector in Germany, as well as in other European states will be opened to competitive bids.

Our top priority is to maintain our strong market position in Germany over the long term. This requires us to continuously increase our productivity, quality and performance, which will also take place within the reACT program in addition to other measures. A further key measure is the strengthening of corporate responsibility at the local level as well as increasing local scope for flexibility.

At the same time we are looking closely at additional opportunities to grow in the European local transport markets. In addition to the expansion of the cross-border routes, our focus is on participating in international tenders.

DB BAHN URBAN BUSINESS UNIT

Currently, the German urban transport market is still highly fragmented and typically consists of municipal providers. The gradual opening of this market leads to expectations that it will experience a successive consolidation process in the coming years. Our opportunities for collaboration within Germany are limited by the current interpretation of antitrust laws. Our primary goal in Germany is to sustainably secure our market share by making competitive offers.

The expansion of our international activities is a key focal point of our strategy. Major emphasis is being placed on participating in international tenders.

Another main area of strategic focus of the DB Bahn Urban business unit is the reduction of the unit's specific energy consumption and CO_2 emissions.

More details on page 124

The short-term stabilization of operations at the S-Bahn (Metro) Berlin is also an important goal of the DB Bahn Urban business unit.

HIGH-PERFORMANCE GLOBAL NETWORKS AND LOGISTICS COMPETENCE

We have positioned ourselves under the DB Schenker brand name as one of the world's leading providers of transport and logistics services. We are capable of meeting customers' rising expectations regarding coverage of global transport flows, comprehensive multimodal transport offers, and supplemental logistical services.

DB Schenker's strategy consists of three main elements:

- the continual improvement of our core business,
- the further development of our transport networks, and
- the expansion of cross-business unit services and offers.

Furthermore, the transport sector is destined to play a key role in light of the increasing importance of climate change. DB Schenker has set itself the goal of becoming the leading providers of green logistical services, and decoupling transport growth from CO_2 emissions.

DB SCHENKER LOGISTICS BUSINESS UNIT

The DB Schenker Logistics business unit holds a leading market position in all of the market segments where it is active (European land transport, ocean and air freight, as well as contract logistics). We aim to further expand these positions in the coming years. An important prerequisite for this is the improvement of profitability by standardizing processes and wage structures, automating business processes and modernizing our overall IT capabilities.

DB Schenker Logistics is the market leader in the European land transport market and plans to further expand its European network, especially in Southern and Southeast Europe, as well as in the United Kingdom, within the framework of its "Market Leadership" program. Beyond this, we are accelerating the development of pan-European direct transports thereby further enlarging our product portfolio.

The focus in the air and ocean freight segment is on two targets: First, to expand our competitive positions. Following the substantially lower volume of shipments seen during the year under review, we anticipate that growth will pick up again in the coming years – growth that DB Schenker Logistics wants to disproportionately participate in. Second, to increase our profitability. This should be achieved primarily by standardizing and simplifying processes and introducing a new uniform IT system for all of our operations, which was launched during the year under review.

In the Contract Logistics/SCM business we initiated a global growth program, "Go for Growth," during the year under review. The purpose of this program is to expand at a faster pace than the market thereby increasing profitability. The focus of "Go for Growth" is on four core industries (heavy industrials, consumer, electronics, automotive). Individually standardized products are being offered to each of these sectors.

DB SCHENKER RAIL BUSINESS UNIT

The strategy of the DB Schenker Rail business unit is focused on the modernization of the national network and the expansion of the unit's European offers. Central projects to implement these strategic goals will be advanced within the framework of the reACT program.

The negative development noted for the economy has further exacerbated the competitive situation. It is absolutely vital for a company to have competitive production and cost structures in place, as well as to continually improve quality, if it is to continue doing business in this environment. One key lever to accomplish this is to modernize the production system and intelligently link single wagon and block train transports together.

We are striving to create a European offer for our customers. This strategy includes the acquisition of stakes in companies, among others in England, Spain and Italy, as well as Poland, where we acquired a company during the year under review. This means that DB Schenker Rail is able to offer end-to-end transport services along the North-South corridor as well as the East-West corridor. This fact also means that DB Schenker Rail has a unique rail freight transport network in Europe at its disposal.

Plans call for hubs and access points (e.g. railports and terminals) to be further developed to improve access to, and utilization of, rail freight transport. The expansion of logistical services means that in the future it will be possible to increasingly offer integrated door-to-door solutions to customers. The increasing links between rail freight transport and DB Schenker Logistics' land transport activities will further strengthen rail transport and enable us to make attractive offers to customers.

FIRST-CLASS ONE-STOP SERVICES

The DB Services business unit provides DB Group with high-value services in the areas of vehicle maintenance, information technology, telecommunication services, facility management, security services and fleet management. The DB Bahn Services business unit makes a major contribution to the future of DB Group by consistently lowering intra-Group costs for services while simultaneously ensuring marketable levels of quality and performance. In particular, this is achieved by further integrating our services into the customer's value-added chain, and by using business with non-Group customers to ensure capacity utilization as well as setting benchmarks for quality and price.

The DB Services business unit is responding to the challenges of the crisis in the area of vehicle maintenance with the two reACT projects "Fitness Facilities" and "Process-Oriented Materials Management" thereby creating forward looking facilities as well as an optimized cross-Group process for procuring replacement parts for vehicles, and materials management.

GUARANTEEING A RELIABLE, ATTRACTIVE AND AFFORDABLE INFRASTRUCTURE

The key task of the business units within the Infrastructure division is to facilitate safe and reliable railway operations and to increase the competitiveness of rail transport over the long term. To achieve this the units tailor their services to meet the needs of railway companies. The services they offer and the related prices for using the infrastructure are non-discriminatory.

More details on page 121

The Federal Government's economic stimulus programs to expand the infrastructure provide an additional opportunity to modernize our stations, lines and facilities and to align our performance capabilities with the projected mid-term expansion of transport flows. In this context, the reACT Project "Economic Programs and Infrastructure Expansion" coordinates both calling and employment of funds.

DB NETZE TRACK BUSINESS UNIT

Our "Netz 21" strategy forms the long-term basis for a high-quality, reliable and safe rail transport offering. Selected expansion and new construction measures take a targeted approach to eliminating bottlenecks and significantly increase efficiency and also ensure that sufficient capacity is available for future traffic developments. Another key focus is on the cost-effective and needs-based modernization and maintenance of the existing rail network. An integrated capital expenditure and maintenance plan, along with the bundling of 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 passenger and freight transport customers. Key concepts for these activities are developed in the strategic ProNetz program.

We have entered into a long-term, viable, modern infrastructure partnership agreement with the Federal Government to secure the long-term quality and availability of the rail network in Germany.

More details on page 50

This agreement is being supplemented by funds from the Federal Government's economic stimulus programs within the framework of our reACT project "Economic Stimulus Programs and Infrastructure Expansion." A series of projects listed in the requirement plan and which have already been started – including the expansion and new construction of the Nuremberg–Erfurt line and the expanded Berlin–Cottbus line – will be reinforced. In addition, economic stimulus funds will be used to improve the quality of the infrastructure of the regional transport lines.

DB NETZE STATIONS BUSINESS UNIT

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, needs-based modernization plan. A key focal point of collaboration is the "Station 11, 11 points in favor of train stations" ("Station 11, 11 Pluspunkte für die Bahnhöfe") program. With this program we use differentiated developmental concepts to systematically further develop and increase the attractiveness of our train stations based on a clearly focused portfolio strategy.

In addition to the capital expenditures already planned for stations, almost 3,000 individual measures at over 2,000 mostly small and mid-sized stations will take place within the framework of the reACT project "Economic stimulus Programs and Infrastructure Expansion."

DB NETZE ENERGY BUSINESS UNIT

The goal of the DB Netze Energy business unit is to ensure the long-term provision of traction current and diesel fuel supplies at a very high level of reliability. This goal is being sustainably supported by replacing transformer facilities with modern power converters, as well as renewing traction current lines using funds from economic stimulus programs contained in the reACT Project "Economic Stimulus Programs and Infrastructure Expansion." An additional benefit of employing modern technology is the resulting higher level of efficiency, which means that we also reduce CO_2 emissions.

We use long-term secured purchasing advantages, as well as structured procurement and intelligent use of networks, to protect train operating companies against the negative effects of volatile commodity prices. The expansion of renewable energies in the energy procurement portfolio will be advanced on a sustained basis (taking into consideration the security of supplies and the economic impact of these energy sources) in order to realize DB Group's vision of having CO_2-free rail transport by the year 2050. To achieve this we have entered into a long-term contract with swb, a power company located in Bremen, to provide us with electricity that has been generated by the Märkisch Linden wind park. The contract runs for 19 years and states that we will purchase about 59 gigawatt hours (GWh) of power annually. Furthermore, we use our knowledge of structured energy procurement to successfully offer our energy services to the market.

Sustainability

- **SUSTAINABILITY FURTHER STRENGTHENED IN DB GROUP**
- **BEST SUSTAINABILITY REPORT FOR 2009 IN THE TRANSPORT/LOGISTICS/TOURISM SECTOR**

Sustainability secures the future. This applies not just to our society, but also to businesses and to DB Group in particular, since sustainability provides an important competitive advantage in the transport sector. Our climate-protection goal therefore includes the entire DB Group and all modes of transport – rail, road, ocean and air. We have developed service offerings that meet the constantly growing need for mobility and transport in an environmentally friendly way that conserves resources – in Germany, Europe and around the world. Our personnel management system creates attractive, family-friendly jobs, promotes diversity in the workforce, and enables us to always have excellently motivated and qualified employees despite demographic changes. Our sustainability management policy underscores our commitment to the principles of sustainable, forward-looking management in every major area of sustainability.

This means we are already laying the groundwork today to continue our success in the market and secure jobs in the future. And we are taking responsibility for the society we – our employees, our customers and our business partners – want to live in tomorrow.

We are also actively fulfilling this responsibility as we become a more international firm. Since the beginning of 2009 we have been participating in the "UN Global Compact," a voluntary economic initiative by the United Nations that aims to make globalization more socially and ecologically responsible. This participation is based on our Group ethics principles (Code of Conduct) that define the fundamental ethical values and beliefs of DB Group.

www.deutschebahn.com/sustainability

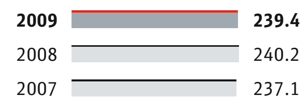
Additional information about the issue of sustainability can be found in our Sustainability Report, which most recently appeared in 2009. The report provides an overall view of environmental as well as personnel and social issues, and comprehensively explains the contributions DB Group has made toward a sustainable society, both as a major provider of mobility and logistics solutions and as one of Germany's largest employers, training providers and contracting entities. DB Group came fifth in the 2009 ranking of sustainability reports for the 150 largest German companies, improving on its previous position (2007: 12th place) despite more stringent criteria. We also once again submitted the best report in the "Transport/Logistics/Tourism" sector. The ranking is carried out every two years by the Institute of Ecological Economic Research (Institut für ökologische Wirtschaftsforschung, IÖW) and the "future e.V." corporate initiative, sponsored by the Sustainable Development Council and the German Federal Ministry of Labor and Social Affairs.

EMPLOYEES

DB Group employees and executives play a key role as we advance towards becoming the world's leading provider of mobility and logistics services. An effective personnel management policy strengthens DB team members as they fulfill their tasks, and concurrently sets the right strategic accents for the future. In the Top Employer in Germany in 2009 ("Top-Arbeitgeber 2009") employer ranking, DB moved up in three individual categories and was ranked 19th out of more than 100 companies. Among the criteria used to rank companies were job security, compensation, work-life balance, career prospects, corporate culture and corporate image.

Employees by business unit FTE AS OF DEC 31	**2009**	2008	Change	
			ABSOLUTE	%
DB Bahn Long-Distance	15,043	14,603	+440	+3.0
DB Bahn Regional	25,004	25,084	-80	-0.3
DB Bahn Urban	12,636	12,259	+377	+3.1
DB Schenker Rail	34,145	29,242	+4,903	+16.8
DB Schenker Logistics	57,134	62,074	-4,940	-8.0
DB Services	24,460	24,911	-451	-1.8
DB Netze Track	40,354	40,974	-620	-1.5
DB Netze Stations	4,601	4,509	+92	+2.0
DB Netze Energy	1,574	1,556	+18	+1.2
Other	24,431	25,030	-599	-2.4
DB Group	**239,382**	**240,242**	**-860**	**-0.4**
- Effects of major acquisitions	5,979	0	+5,979	-
DB Group - comparable	**233,403**	**240,242**	**-6,839**	**-2.8**

EMPLOYEES FTE, THOUSANDS



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, 2009, the number of employees had declined slightly in comparison with the figure on the same year-ago date. This change was due mainly to reduced business activities in the DB Schenker Logistics and DB Schenker Rail business units because of unfavorable economic conditions. In contrast, the number of persons employed in business units within the Passenger Transport division rose slightly.

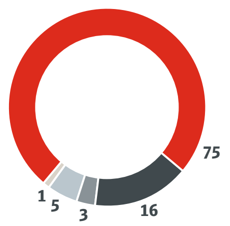
We were forced to introduce short-time work during the year under review because of economic developments and the resulting substantial drop in volumes registered for the rail freight transport and the freight forwarding and logistics businesses. In the 2009 financial year a total of 13,107 employees were working under various short-time work conditions. On average about 3,500 employees (with a declining number) were working under short-time work conditions since March 2009. Most of them belong to the DB Schenker Rail business unit. This had no impact on the employee figures as reported.

DB Schenker Rail Polska was included in the scope of consolidation for the first time. As of December 31, 2009 this change increased the number of DB Group employees by 5,979. On a comparable year-on-year basis the number of employees as of December 31, 2009 was still notably lower than the level recorded on the same year-ago date.

The percentage of employees working outside Germany increased slightly and currently stands at 25% (previous year: 24%).

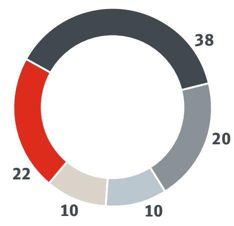
EMPLOYEES STRUCTURE (AS OF DECEMBER 31, 2009)

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 %	2009	2008
DB Bahn Long-Distance	6.3	6.1
DB Bahn Regional	10.4	10.4
DB Bahn Urban	5.3	5.1
DB Schenker Rail	14.3	12.2
DB Schenker Logistics	23.9	25.8
DB Services	10.2	10.4
DB Netze Track	16.9	17.1
DB Netze Stations	1.9	1.9
DB Netze Energy	0.7	0.6
Other	10.1	10.4

HUMAN RESOURCES STRATEGY SUPPORTS CORPORATE STRATEGY

The central focus of our human resources strategy is on hiring sufficient numbers of high-performing, dedicated employees and executives who are loyal to DB Group and who will work to ensure its long-term success. In line with our business strategy and the development of the business units in mind, we pursue three strategic goals:

- Mobilize personnel resources
- Ensure performance and commitment
- Further develop the working and corporate culture

Mobilize personnel resources

Securing young talent and developing human resources

DB Group is not just one of the largest employers in Germany, it is also one of the biggest providers of training. Vocational training and dual study programs are the foundation of our efforts to secure younger employees, and attract more than 90% of our specialized talent. Our response to the declining numbers of schoolchildren in Germany has been to create a total of 269 school cooperation programs to date, which promote pupils' professional aims and helps to position our company as an attractive employer early on. Our "Chance plus" internship program also gives young people with limited trainee capabilities the preparation they need to enter into the world of employment. With 2,700 trainees, 170 participants in the dual study program and 400 "Chance plus" internship positions during the year under review, our efforts to secure our future workforce were almost at the previous year's level, despite the economic crisis.

Furthermore, our close collaboration with selected universities and technical colleges through the DB College Partnership Program (DB Hochschulpatenprogramm) assures the recruitment of young academic talent. We also offered training programs for young executives in 2009: TRAIN, and TRAIN Tec (specifically for engineers).

However, the goal is not just to gain new employees, but also to provide them with solid career prospects within DB Group. Outstanding personnel development therefore remains essential. Our three internal training partners – DB Akademie (for top management), DB Training (for employees), and the online Academy of International Mobility ("Akademie für internationale Mobilität"), which offers degree programs and Chamber of Commerce seminars – provide a wide variety of further education options for all employees within the company.

An important objective of DB Group is to secure replacements for key positions through to the year 2014. To achieve this, we are counting on developing specialized and management talent within the company. Internal personnel development is the highest priority for DB Group. We develop our talented personnel and fill approximately 90% of our specialized and management positions internally. In the future, employees will be supported even more systematically through specialist, project and management career paths.

Internationalization at personnel level

As a leading global passenger and logistics company, DB Group is active in more than 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 Personnel Development" initiative. This program aims to systematically integrate employees from foreign subsidiaries into the Group's overall personnel development program, and prepares employees from Germany for their duties in other countries.

Ensuring productivity and commitment

Employment conditions

The most important objective of our wage policy is to make DB Group's employment conditions crisis-proof, while at the same time creating appealing services that will attract and retain qualified employees and managers in the long term. The employment alliance in Germany is an agreement whereby management and employee representatives work together to ensure job security and the competitiveness of DB Group. This concept has proven its worth, especially during the crisis year of 2009.

On January 31, 2009 we concluded a wage agreement with all three railway unions. The 2009 wage negotiations brought employees significant improvements in working hours and income. Since regional transport tenders, in particular, are heavily influenced by price and therefore by personnel costs, DB Group needs long-term rules to ensure its competitiveness. This is why we support the railway unions' demands for uniform wages and social standards.

We need attractive employment conditions that build trust and offer prospects for the future, but that also increase the company's planning security and its ability to respond quickly to crises. An important prerequisite for this is the integrated Group as a unified system consisting of the network and operations. The integrated Group structure not only offers a wide variety of development opportunities, it can also help soften the effects of personnel adjustments for employees affected as it provides access to the proven tool of the Group-wide job market.

Fundamental terms agreed for protection of employees' personal data

In November 2009 we agreed with the Group works council on the fundamental terms of a new agreement covering the protection of employees' personal data. The terms focus closely on issues like trust, confidentiality, process security and trust-based cooperation with representatives of various interest groups. Furthermore, the central data protection system will be significantly expanded to include regional data protection officers. These employees will ensure that data protection regulations are observed by the business units and subsidiaries.

Employability and demographic change

The effects of the demographic change are already making themselves felt within DB Group. The average employee age is now more than 45, and will continue to rise. At the same time, our increasing shortage of skilled workers will pose great challenges in the next few years. This trend, along with the increasing transition to flexible career paths, is creating new challenges for recruiting young talent, maintaining employability and systematically promoting good health and qualification management. We are preparing for the demographic change and offering our employees prospects for the future with our long-term health policy and our commitment to lifelong learning.

Further developing the working and corporate culture

Together, DB Group's employees and executives create a sustainable, success-driven and value-oriented work and corporate culture. A key element in promoting openness and respect, dialogue and trust was this year's dialogue campaign, which involved 16 events across Germany and approximately 5,400 executives and company interest groups.

Employee dialogues in the workplace

Employee dialogues are an important way to improve the flow of information to employees. However, they are also a tool to strengthen open exchange of ideas and foster active discussions between employees and their managers. Critical proposals, suggestions and innovative ideas can thus be taken up by the employees' immediate superiors in order to develop possible solutions. Executives also receive specially developed online moderation resources to assist them during this process.

Diversity

With its commitment to heterogeneity and its target-group-specific programs, DB Group aims to meet challenges arising from demographic changes and support internationalization. The Group's corporate policy establishes binding standards and expectations for the day-to-day actions of all employees and executives in DB Group. The primary objective here is to ensure social responsibility and responsibility vis-à-vis our colleagues, competitors and business partners, as well as owners.

ENVIRONMENT

Protecting the environment and the earth's climate is a fixed component of DB Group's corporate policy. During the year under review, we approved our new climate and energy strategy. In the future, three strategic directions will determine our climate-protection activities:

- Using green products to reduce the burden on the environment
- Aiding climate protection through high energy efficiency in operations and production
- Reducing dependency on fossil fuels and increasing the proportion of renewable energy in the traction current mix

www.deutschebahn.com/environment

Environmentally friendly rail transport is the backbone of sustainable mobility, both in passenger and freight transport. Our customers rely on this factor, in addition to technical safety, performance and service. We are constantly working to expand the environmental friendliness of our travel and transport routes.

In addition to reducing CO_2 emissions, this also involves reducing air pollutants from diesel vehicles. While all new buses and trucks are fundamentally built to comply with the Euro V hazardous materials norms (or with the EEV standard), we aim to apply the new limits – which will not take effect until 2012 – not just in terms of particulates, but also for nitrogen oxides, when we acquire 130 new switching locomotives.

DB Group sees itself as a pioneer in the field of environmentally friendly and climate-friendly transport. Accordingly, during the year under review we formulated a vision for achieving CO_2-free rail transport by 2050.

As a step in that direction, we set ourselves the goal to continuously decrease our specific energy usage and CO_2 emissions. We feel that a corporate policy that takes into account economic, ecological, and social factors is more than just a societal obligation. It is also the key to business success. The sustainability management approach, which we direct from the DB Environment Center, sets the parameters for the company's ambitious environmental goals.

START OF DB ECO PROGRAM, ENVIRONMENTAL INITIATIVE

The demands and expectations placed on companies' sustainability and environmental friendliness are rising further. In order to continue expanding our environmental friendliness we launched an environmental initiative during the year under review. The DB Eco Program bundles together existing environmental protection activities and supplements them with innovative approaches.

www.dbecoprogram.com

CO_2-free travel and transport with Environment Plus and Eco Plus

Since the beginning of 2009, large corporate customers of our passenger rail transport have been able to use the Environment Plus program to travel on a CO_2-free basis, while rail freight customers use the Eco Plus program for CO_2-free freight transport. This is achieved as follows: DB Group feeds in additional amounts of renewable power from German energy sources to the traction current network to compensate for the energy used by the customer, and replaces the corresponding amount of power in the traditional traction current mix. Since the beginning of 2010, this principle has been used to supply all of the energy needs of the Hamburg S-Bahn (metro) from renewable sources of energy. TÜV SÜD certifies the origin of energy received from German power plants as well as its physical supply to the traction current network. Since DB Group is the largest power consumer in Germany, this approach provides incentives for developing renewable energy. In order to generate additional environmental benefits, we plan to use 10 % of the profits from our CO_2-free offers to support the construction of new facilities to generate renewable energy.

Environmental balance sheet for corporate and private customers

We provide corporate customers in passenger transport a free environmental balance sheet for their business trips. During the year under review, more than 1,000 environmental statements were created. One innovation is that the calculations can now be made automatically. Corporate customers can see at a glance how they have improved their company's CO_2 balance, and they can use the documentation for their own reporting purposes.

Green Logistics Networks

DB Schenker offers its customers a CO_2-optimized transport chain under the umbrella of "Green Logistics Networks." From freight trains to trucks through to air and ocean freight, we link together all modes of transport in terms of both economical and ecological aspects. An intelligent modal split combines, for example, the flexibility of road transport with the cost-effectiveness and energy efficiency of rail transport. This makes it possible to increase the percentage of low-emission vehicles in the transport chain and to reduce the customer's, and DB Schenker's, CO_2 emissions.

Calculating the environmental balance sheet for freight transport

www.ecotransit.org

Freight transport customers can use the Internet application EcoTransIT (Ecological Transport Information Tool) to quickly and easily calculate the most environmentally sound way to move their goods from point A to point B. EcoTransIT compares the environmental impact of shipping via rail, road, inland waterway/ocean or air, well as the results for combined transport. In the future, the environmental calculator will also be able to determine freight transport balances around the world.

GROUP-WIDE CLIMATE PROTECTION PROGRAM MOVES AHEAD

Plans call for Group-wide specific CO_2 emissions – emissions per volume sold – to decrease by 20 % (compared to 2006) by the year 2020. According to current figures, the specific global CO_2 emissions of DB Group decreased by a total of about 2 % between 2006 and 2009. Levers to help us to cut emissions are the use of modern vehicles with enhanced energy efficiency, the optimization of capacity utilization, and improvements in operational processes. Our employees also contribute by conserving energy when they drive. We support our train, bus and truck drivers in their efforts with appropriate training measures. CO_2 emissions can be further cut in the rail transport segment by using more renewable energy. In 2009, the percentage of renewable energy in the traction current mix increased to 18.5 %. We plan to increase the proportion of renewable energy in the traction current mix to 30 % by 2020.

FURTHER REDUCTIONS IN ENERGY USAGE AND CO_2 EMISSIONS IN RAIL TRANSPORT

Selected key figures – rail transport	**2009**	2008	Change	
			ABSOLUTE	%
Specific primary energy consumption rail passenger transport in MJ/pkm	1.07	1.09	–0.02	–1.8
Specific primary energy consumption rail freight transport in MJ/tkm	0.40	0.41	–0.01	–2.4
Specific carbon dioxide emissions rail passenger transport in g/pkm	60.6	62.4	–1.8	–2.9
Specific carbon dioxide emissions rail freight transport in g/tkm	22.6	23.3	–0.7	–3.0
Emission of soot particles by diesel vehicles in rail transport in t	199	246	–47	–19.1
Nitrogen oxide emissions by diesel vehicles in rail transport in t	11,357	12,979	–1,622	–12.5

Data for 2009 is based on information and estimates available on February 23, 2010.

We have reduced our specific CO_2 emissions in rail transport by more than 40% since 1990. During the year under review, we were able to further reduce our specific CO_2 emissions in both the rail passenger transport and rail freight transport business in comparison to the same year-ago figures.

Emissions of the greenhouse gas CO_2 were reduced by 2.9% to about 61 grams per pkm in rail passenger transport. The same figure for long-distance transport fell by 3%, and by 2.9% in local transport. Rail freight transport values improved by 3% to 22.6 grams of CO_2 per tkm. These represent further contributions by rail transport towards protecting our climate, and mark a further increase in rail transport's environmental lead.

Absolute emissions of soot particles and nitrogen oxide decreased more strongly in rail transport during the year under review than in previous years. The main reason for this is the drop in freight transports due to the economic crisis.

Data for DB Schenker Logistics will be available in the second half of 2010.

www.deutschebahn.com/nachhaltigkeitskennzahlen

RAIL TRANSPORT NOISE REDUCED FURTHER

We aim to cut rail transport noise to half of its 2000 levels by 2020. An important component of this is the Federal Government's noise abatement campaign, which began in 1999 and which we are continuing to successfully implement. During the first ten years, about 795 kilometers, or 23% of the 3,400 total rail kilometers included in the noise abatement campaign, were upgraded. As part of this campaign, we built a total of 279 km of noise protection walls and implemented noise abatement measures – noise-reducing windows or other measures such as soundproofed roofs – in nearly 40,500 apartments. During the year under review, we built 53 km of noise protection walls along existing lines and implemented noise abatement measures in 3,000 apartments.

DB Schenker Rail increased the number of freight cars equipped with low-noise composite brake shoes, also known as "whisper brakes," by about 800 to more than 5,200. This technology cuts the perceived noise of passing trains by half.

During the year under review, the research project "Quiet Train on Real Track" (Leiser Zug auf realem Gleis; LZarG) was continued. 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. The goal is to finish developing the components and systems by 2011. The program, sponsored by the Federal Ministry of Economics and Technology (BMWi), began in January 2008 and will last three years, through 2010. Cumulatively, the technologies will supplement whisper brakes to further reduce the noise of passing trains by about 5 dB(A).

The Federal Government's Economic Stimulus Package II will provide a total of € 100 million in pilot projects to test innovative noise and vibration abatement measures in the infrastructure. This will allow innovative processes and infrastructure technologies to be tested and implemented in known noise-polluted regions. The 11 introduced technologies must still prove their effectiveness in reducing noise. If these measures pass their tests they will be added to the spectrum of conventional noise abatement measures.

SOCIAL COMMITMENT

For us, "moving the future" is not only the guiding principle behind the economic development of the company, this idea also mirrors the social responsibilities DB 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.

We support numerous cultural, social and athletic establishments, initiatives and activities. Our major focus here is also on children and young people. In the knowledge society of today and tomorrow, education is the greatest asset. Providing education is the task of society as a whole, and we play an active role in this. Since 1996, we have been working as a partner and member of the Reading Foundation (Stiftung Lesen) to strengthen Germany's reading and read-aloud culture.

The social integration of children and young people in need is the aim of the nationally active Off Road Kids Foundation. We have supported this organization since 1994 by enabling the Foundation's street outreach workers to travel throughout Germany. In addition, for the last three years we have jointly operated a one-week vacation camp for approximately 250 children and young people from children's homes.

Promoting sports is also a high priority for us, since it provides joy in movement and promotes values like motivation and team spirit, fair play and social integration; it also provides role models who teach by example. This particularly applies to Youth Training for the Olympics (Jugend trainiert für Olympia). As a longstanding official mobility partner of this school sports event, the largest such event in the world, we organize low-cost transport for participants to and from the site as well as their accommodation. Since 2002 we have also been setting benchmarks in how we value sports through our close partnership with the German National Paralympic Committee (Deutscher Behindertensportverband). This partnership includes both our new involvement in Youth Training for the Paralympics (Jugend trainiert für Paralympics) and DB Schenker's transport of sporting goods and equipment for the Paralympics in Beijing in 2008 and in Vancouver in 2010.

Our commitment and involvement addresses the basis and thereby the future of the younger generation. By granting the DB Young Talent Award (DB-Nachwuchs-Förderpreis), we acknowledge the dedication of the many people who work with children and young people in the field of football. This experience of integration is just as important for the future of society as it is for creating a spirit of initiative and the sense of community that young people encounter in the DB football camps. It is important to us to promote tolerance, team spirit, cultural skills and educational perspectives, and to make a contribution to our society. For our company, long-term commitment and involvement are synonymous with investing in young people.

Technology and procurement

More details on page 51

The new Board division, Rail Technology and Services ensures the efficiency of the integrated rail system, and thus economical, environmentally friendly, and reliable railway operations in the future. The technical competence for the total railway system and procurement are bundled together in the integrated system rail (Systemverbund Bahn). Operational safety is at the forefront of these efforts.

TECHNOLOGY

Our technological competence is focused on achieving the best possible use of the overall rail system. Certain technological capacities are mandatory to maintain top quality operations of infrastructure and vehicles.

Progress was made in a number of key projects during the year under review:

- Longer freight trains: Results of the "GZ 1000" project were summed up in the year under review. Studies made as part of the project revealed information on adjustments required for the operation of longer freight trains. The preferred, potential operational concept for the future foresees the consolidation and splitting of freight trains.
- BR 185.2 series locomotives certified for use in Austria: BR 185.2 locomotives equipped for cross-border transport were certified for use in Austria during the year under review. These locomotives were already in operation in Denmark and Sweden since the previous year. The decisive factor behind the now rapidly issued certification were regulations agreed on by numerous European countries at the end of 2008 that permit reciprocal recognition of vehicle certification.
- Rail damper Mittelrheintal: A section of the Bingen–Gau Algesheim rail line was selected as the planned test track for a short-notice noise abatement measure known as "rail damper." The high level of effectiveness in reducing noise registered for the test track indicates that noise can be reduced on tracks running through towns, in particular. During the year under review a total of 17 track kilometers were already equipped with rail dampers.

Engineering services and know-how are also offered to customers outside of DB Group. This is why DB Systemtechnik already began to sign master agreements with testing organizations and other providers in recent years and entered into partnerships with them. Collaboration with DEKRA and other testing organizations outside of Germany established the prerequisites needed to also conduct testing for third parties abroad.

RESEARCH AND DEVELOPMENT

As a service provider, DB Group does not conduct its own research and development in the narrow sense of the term. Due to our technological competence and broad operational experience, we do, however, initiate user-oriented developments and support industrial firms with services including extensive testing capabilities.

PROCUREMENT

DB Group follows a Group-wide uniform procurement policy, thereby improving its competitiveness. The Group function "Procurement" is responsible for defining standards in the purchasing process, procurement of construction and technical facilities, vehicles and vehicle replacement parts, as well as maintenance services. During the year under review Group-wide purchasing and optimization projects once again resulted in significant savings. The main focus of these activities was on the increased use of strategic and technical procurement levers in early procurement phases. Mixed teams consisting of technical specialists, buyers, users and other participants ensure a holistic approach to procurement. In 2009 the corresponding programs initially focused on renegotiating existing master agreements and major orders. The systematic lever used in these cases was value analysis, especially the methodical calculation of target prices. In a further step, topics requiring intensive coordination were addressed and all of the order categories underwent a potential analysis.

The search for the world's best suppliers is a significant aspect of procurement policy. Group-wide standards for products with international procurement potential were defined during the year under review. The goal here was to ensure secure supplies, also over the mid-term, by further developing our portfolio of suppliers and alternative sources of supply. The standardization of products, as well as bundling global requirements, in particular, should allow us to realize the predicted potential offered by the international procurement market. During the year under review we began to streamline supplier management functions across the entire Group. In the future, the sustainable development of the portfolio will take place via a system-supported qualifying process that will evaluate and develop our suppliers. This procedure ensures that possible weaknesses in services provided will be recognized and subsequently eliminated.

The total volume of orders placed during the year under review amounted to €19.2 billion and was below the level noted in the previous year (previous year: € 23.3 billion). In addition to the € 7.3 billion (previous year: € 10.2 billion) for freight and freight forwarding services purchased from carriers, the main emphasis was again on industrial products, with a procurement volume of € 3.5 billion (previous year: € 4.2 billion), as well as construction and engineering services with an order volume of € 4.0 billion, which was at the previous year's level. Our procurement of third-party services amounted to € 2.3 billion and remained at about the previous year's level. In the area of cable-and-pipe-bound power and fuel, total procurement volume declined slightly to € 2.1 billion (previous year: € 2.5 billion).

More than half of the procurement volume (excluding freight and shipping services), was allocated to small and mid-sized companies. In accordance with the main focus of our capital expenditures, we made major purchases in the Infrastructure division, and purchases to further modernize our fleet of vehicles.

Among the largest orders placed during the year under review were:

- Nine further tunnels for the approximately 500-km-long upgraded and newly constructed Nuremberg–Erfurt–Leipzig/Halle line (total volume: € 582 million)
- The four largest earth-moving/excavation lots for the stretch of line between Erfurt and Leipzig/Halle (total volume: € 136 million)
- Shell work to construct a new tunnel, approx. 4.2 km long, on the Koblenz and Ehrang line (total volume: about € 80 million)
- Construction orders awarded as part of the major Berlin-Brandenburg International (BBI) airport project for the eastern connection of the airport rail station (total volume: about € 35 million)
- The bidding process for traction vehicles for the Stuttgart S-Bahn (metro) (total volume: € 452 million)
- Calling up additional vehicles based on the master contract for ET-Platform Talent 2 (BR 442) (traction vehicles for the Franconia E-Network, traction vehicles for the Mittelhessennetz, as well as traction vehicles for Saxonia (total volume: € 221 million)
- Calling up traction vehicles for the VT-Network Northern Schleswig-Holstein based on the master contract VT-new Lint 41 (BR 648.4) (total volume: about € 40 million)
- Procurement of vehicle spare parts (total volume: € 519 million)

Additional information

- **DB GROUP SUCCESSFUL IN QATAR**
- **ADDITIONAL FEDERAL FUNDS FOR THE INFRASTRUCTURE IN 2009–2011**
- **LAUNCH OF STUTTGART 21 INFRASTRUCTURE PROJECT**

ADDITIONAL FEDERAL FUNDS FOR INFRASTRUCTURE FROM ECONOMIC STIMULUS PROGRAMS

The Federal Government has prepared an economic stimulus program of measures that will be realized by 2011 for the purpose of countering the effects of the economic crisis and to save jobs in Germany. The economic stimulus program contains € 620 million (Economic Stimulus Package I) and € 700 million (Economic Stimulus Package II) which are intended for railway investments over the years 2009 and 2010. An additional € 50 million is intended for transhipment terminals in combined rail/road transport.

A total of € 520 million is available for new and expansion measures in the rail network. An additional € 100 million is solely foreseen for existing regional transport lines. A total of € 300 million is foreseen for modernizing stations, and a further € 100 million has been set aside for noise abatement measures. In addition, € 100 million is earmarked for new energy facilities, as well as € 200 million for the European Train Control System (ETCS).

DB GROUP SELECTED AS EXCLUSIVE PARTNER TO BUILD RAIL-BOUND TRANSPORT SYSTEM IN QATAR

DB Group will be the exclusive partner of Qatar Railways Company (RAIL) in a venture to build a rail-bound transport system in the Emirate of Qatar. DB International will acquire a 49 % stake in Qatar Railways Development Company (QRDC) for this purpose. The remaining 51 % are held by Qatari Diar, a state-owned Qatar firm.

The new planning and management company is responsible for building a railway organization and will manage all planning and construction measures for one of the world's most modern metro and train systems. Plans call for a metro system to be built in the capital city of Doha, as well as long-distance transport and freight lines. QRDC is responsible for managing a planning volume of € 700 million. The foreseen investment volume for the venture is about € 17 billion. The partnership also covers the areas of education and training.

The partnership in the planning company also has strategic significance for us. Forecasts call for triple-digit euro billions in investments to be spent in the coming twenty years to build and expand the rail infrastructure on the Arabian Peninsula. A successful venture in Qatar would also give us good prospects in other Arab countries.

DB SCHENKER RAIL AND SNCB ESTABLISH PRODUCTION COMPANY

During the year under review negotiations between SNCB, a Belgian railway, and DB Schenker Rail to establish a joint venture company for production purposes were successfully concluded. In the future the joint venture firm will serve as the single source for handling the production aspects of rail freight transports between Belgium and Germany for its parent companies. Pending the approval of the Federal Cartel Office, DB Schenker Rail Germany AG will hold 49 % of the production company, and SNCB will hold the remaining 51%. Our goal is to optimally utilize the available resources to achieve better quality for cross-border rail freight transports between Belgium and Germany, as well as along the corridor between Antwerp and Rotterdam.

AGREEMENT REACHED WITH VRR

The Rhine-Ruhr transport association (Verkehrsverbund Rhein-Ruhr; VRR) had withheld a part of the legally agreed contractor fees since the start of 2007. More information is available in the 2008 DB Group Annual Report on page 123.

Negotiations to reach an out-of-court settlement between VRR and DB Group have taken place since June 2008. Both parties prepared a key issues paper that they signed on June 30, 2009. The paper resolved the open issues. It was also agreed that the existing transport contract would be modified. Among the points we agreed to were that we would make extensive capital expenditures for vehicles. In addition, agreement was reached regarding payment of the unpaid fees. The modified agreement was signed at the end of November 2009.

On January 6 and 7, 2010, Abellio Rail NRW GmbH and Wersus Public Passenger Transport Ltd. respectively submitted applications to initiate revision proceedings to the contracting authority (Vergabekammer) in Münster to partially or fully void the modified agreement reached between VRR and DB Group based on the alleged inadmissibility of the agreement pursuant to laws governing the awarding of contracts. It is anticipated that the revision proceedings will be concluded in mid-2010.

GREEN LIGHT FOR STUTTGART 21 AND NBS WENDLINGEN–ULM INFRASTRUCTURE PROJECTS

The financing agreements for the Stuttgart 21 project were signed on April 2, 2009. Stuttgart 21 will completely change the perception of rail transport in Stuttgart. A total of nearly 60 kilometers of new rail lines and three new stations will ensure a substantial increase in the performance of the entire rail hub. The most prominent highlight of the project will be the conversion of the Stuttgart central station from a railhead to an underground through station. A forward-looking station will be created featuring four platforms and eight through tracks, as well as sufficient capacities and reserves to handle additional transport requirements in the future. Most of the local service trains will no longer originate or end in Stuttgart, and instead will be linked to so-called "Diameter Lines" (Durchmesserlinien) that will intersect at the Stuttgart central station, thereby creating numerous connections that no longer require passengers to switch trains to reach their destinations.

Construction of the new 60-km-long Wendlingen–Ulm line is closely linked to Stuttgart 21. This line will cut travel time between Stuttgart and Ulm by half.

DISPUTE REGARDING TRANSPORT CONTRACT BERLIN AND BRANDENBURG

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 of the Federal Republic of Germany. Both the Federal Republic of Germany and DB Regio AG stated in their respective responses that they are of the opinion that subsidy payments were not involved. A decision by the European Commission is anticipated during the first half of 2010. The initiation of a formal investigation is an administrative step and does not anticipate the results of the Commission's investigation in any way.

COMPANIES IN THE FREIGHT FORWARDING INDUSTRY UNDER INVESTIGATION

Anti-trust authorities around the world, including the European Commission and US Department of Justice, have been investigating companies in the freight forwarding industry since the fall of 2007. During the year under review investigations were also initiated by cartel authorities in Brazil and Italy. The investigation, which also involves companies in the DB Schenker Logistics business unit, is based on suspicions that illegal contacts took place between competitors in the areas of land, ocean and air freight. Some of the investigations involving DB Group companies were closed during the year under review. On February 9, 2010 the EU Commission served DB AG, as well as four of its subsidiaries, with formal notice of their objections. In the notice the EU Commission stated their preliminary assessment of a possible violation of EU cartel law. The investigations by the cartel authorities are not expected to be concluded before the end of 2011.

Based on the reports of the anti-trust investigations, a private class-action lawsuit was filed against a series of freight forwarding companies in the United States in 2008. DB Group companies named in the lawsuit concluded an out-of-court settlement with the class-action group in July 2009. The claimants dropped their lawsuit against DB AG and its subsidiary companies in return for payment of USD 8.75 million and various cooperative services. Approval of the settlement by the court of jurisdiction is still pending.

RESTRICTIONS FOR BERLIN S-BAHN (METRO) OPERATIONS

Due to a wheel disk failure that occurred on an S-Bahn (metro) train on May 1, 2009, extensive investigation and replacement work became necessary for the series 481 quarter trains used by the Berlin S-Bahn (metro). Compensation payments also had to be made to customers and the contracting authorities for this reason. Since the wheel disks' endurance strength could not be proven by the manufacturer to the Federal Railways Agency's (Eisenbahn-Bundesamt, EBA) satisfaction, the EBA determined in July 2009 resolution that the trains' wheel disks were to be replaced according to their mileage and wheel set position. Furthermore, the wheel disks are to be tested for cracks every 30,000 or 60,000 km, depending on their wheel set position, using an eddy current/ultrasound test.

As a result, as of mid-July 2009 only one-third of the S-Bahn fleet was available for use. This meant that some lines could only operate with shorter trains or with greater scheduled intervals. Some services had to be completely canceled in part on some routes. After train availability began to increase steadily as of August 2009, the S-Bahn Berlin GmbH had to remove numerous quarter trains from service in September 2009 due to defective brake cylinders and conduct special inspections of all of these series brake cylinders, and also inspect all of the remaining operational trains in the S-Bahn fleet. Normal service could not be completely restored by the end of 2009.

In order to soften the effects of these service cutbacks for our customers, we established a Group-wide partnership to provide alternate services using buses and a significantly larger number of regional express trains. Furthermore, we are investigating if, and to what extent, the damages resulting from the EBA's requirements can be reclaimed from the manufacturers of the S-Bahn quarter trains.

DB GROUP DEEMED NOT COMPLICIT IN JULY 2008 ICE WHEELSET AXLE FAILURE

After an ICE train derailed on July 9, 2008 while leaving Cologne central station because a car's drive axle had broken, the department of public prosecution charged the Federal Institute for Materials Research (Bundesanstalt für Materialforschung, BAM) with investigating the cause of the axle failure. According to the BAM report, manufacturing-related material inclusions in the drive axle led to the initial crack and ultimately caused the drive axle to break. Since these material inclusions occurred during the manufacturing process in 2000, and were not noticeable to the responsible parties in DB Group, and since no similar occurrences were known to have occurred in this series, the investigation process was ended in July 2009.

RESTRICTED AVAILABILITY OF ICE FLEET

After an ICE 3 drive axle broke in Cologne in July 2008 we conducted additional ultrasound inspections for all of the same series wheel sets. None of the inspections conducted revealed any signs of crack formation. Nevertheless the Federal Railways Agency ordered sharply reduced inspection intervals using mechanized ultrasound testing, and required us to regularly inspect the various wheel sets used in ICE 3 series 403/406 traction vehicles every 30,000 km or 60,000 km depending on the material used. These shortened inspection intervals significantly restricted the availability of our ICE 3 fleet.

In October 2008, a routine ultrasound inspection of a series 411/415 ICE T equipped with tilt technology found crack-relevant signs on two wheel sets. As a result, we made a commitment to the Federal Railways Agency to stop operating series 411/415 ICE T vehicles with fully activated tilt technology and to conduct ultrasound inspections of the wheel sets at substantially shortened intervals of 45,000 km. The inspection intervals were further reduced to 30,000 km after the manufacturing consortium responsible for building the ICE T was unable to provide any verifiable findings regarding crack propagation on the wheel set axles. This led to a significant reduction in the availability of the ICE T fleet.

AGREEMENT REACHED WITH MANUFACTURERS ON JOINT SOLUTION FOR ICE AXLES

In October 2009 we reached a joint solution with Siemens and Bombardier for exchanging ICE 3 drive axles. The first step will be that the manufacturers will be responsible for developing and testing new drive axles. The wheel set axles will then have to be approved by the Federal Railways Agency. Following approval, we will jointly agree with the manufacturers on implementing the exchange of axles and on the corresponding time plan. A total of about 1,200 drive axles are affected.

The negotiations with alstom, in place of the consortium of producers, regarding the contractual responsibilities for the restrictions in use of the BR 411/415 multiple units could not be finalized during the time this report was made.

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. During the year under review the Group-wide valid risk guidelines were revised and took effect. The purpose of the revision was to align the guidelines with current legal requirements. Based on our previous experience we also further developed the contents of the guidelines.

INTEGRATED RISK MANAGEMENT

The principles of risk policy are set by Group management and implemented within DB Group and its subsidiaries. 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, fulfils all requirements of the KonTraG.

Our risk management system is supplemented by a Group-wide internal control system, which also includes accounting-related processes.

Our internal control system is aligned with criteria defined by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) publication: "Internal Control-Integrated Framework." The COSO model is a generally accepted theoretical framework that divides an internal control system into five levels and then individually evaluates each level. Based on this model our accounting-based internal control system is supported by fundamental mechanisms such as system-technical and manual coordination, separate and clearly defined functions, and the observance of guidelines that are applicable across the Group, and special work instructions.

In addition to the aforementioned instruments belonging to the accounting-based control mechanisms, as used in DB Group, a unified Group-wide reporting based on the standard software Hyperion Financial Management (HFM) at all consolidated subsidiaries, which are documented in our core corporate information system (Firmenstamminformationssystem; FIS), the systematic tracking of changes in accounting rules based on IFRS or HGB, the regular and comprehensive updating of all of the corresponding balance sheet guidelines and accounting-based systems, the uniform item number catalog as well as the supply of information to the persons responsible for the reports are used. Beyond this, the activities of the Group audit department, within the framework of their inventory of assets and reserves, of the audit committee respectively the Supervisory Board and of the auditor supplement our control mechanisms as process-independent tools.

Based on a binding schedule for closing the books, accounting materials are prepared by the decentralized bookkeeping departments in accordance with IFRS principles and primarily with SAP standard software, while observing valid uniform Group procedures. This information is then transmitted to the centrally managed HFM system.

The respective management of the companies included in the scope of consolidation and of our individual business units confirm the correctness of data that is relevant for the annual financial statements in a quarterly internal reporting process. The confirmation includes, in particular, that the financial data submitted by the reporting unit provides a fair and true presentation of their major areas of business as well as the unit's asset, financial and income situation. In addition, it also confirms that the responsible management has established the centrally defined internal control system for reporting and, if necessary, has supplemented this with its own internal control system.

No changes were made to DB Group's internal control system between the time when the balance sheet was prepared and when the Management Report was prepared.

ACTIVE RISK MANAGEMENT

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

GENERAL ECONOMIC 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 corporate strategy. For this reason, general economic shocks like the economic and financial crises can have a negative impact on our business.

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

The most critical factor in the rail freight transport business 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 depends on our customers' economic development.

MARKET RISKS

In the passenger transport market we are engaged in tough intermodal and intramodal competition, especially 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 schedule updates. We were able to offer more attractive connections on many routes after we completed measures to improve the infrastructure. We use numerous special offers and promotions as part of our efforts to notably 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 ordered 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 an impact on our activities. Among other measures, we work to offset 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 sector 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 air freight 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 temporarily 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 209 ff.

OPERATING RISKS

In the rail transport sector 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 substantial reduction in punctuality in long-distance transport diminishes the perceived quality of service and can lead to a loss of customers. Furthermore, in regional transport there is also the additional risk of incurring penalty fees levied by the responsible contracting organization in the event of train cancellations or insufficient punctuality. The availability of our vehicle fleet is an additional critical factor. Significant limitations can endanger scheduled operations. DB Group attempts to eliminate this risk by taking precautionary measures and in the case of occurrence to minimize the impact by, for example, providing substitute vehicles or organizing substitute transports.

Reliable punctuality of shipments is an important criteria for selecting the mode of transport in rail freight transport. In addition, irregularities may occur during the conduct of transport operations such as violations of customs regulations or 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.

TECHNOLOGY RISKS

The range and quality of the services we offer depends greatly on the availability and reliability of the production resources used, procured preliminary work as well as the quality of our partners' performance. We engage in intensive quality dialogues with our relevant suppliers and business partners.

In addition, the technical production resources used in rail transport must fulfill applicable norms and requirements, which may change over time. As a consequence technical objections regarding vehicles could occur. The risk here is that individual model series or wagon categories cannot be used for operations, or may only be used on a restricted basis – for example, at lower speeds, shorter maintenance intervals, or lower wheel set loads. This will result in disturbances in operational processes as well as higher expenses.

Furthermore, possible changes in norms and the rail infrastructure are important elements of overall operating conditions. Here again, operations can be restricted or even prohibited in the event of deviations from the norm. In order to counter these risks we have consolidated the respective activities in DB Group and engage in an active dialogue with the responsible authorities.

PROJECT RISKS

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 frequently multiyear project terms can result in project risks that have a cross-business unit impact due to the networked production structures. Furthermore, increased prices for ordered services or construction measures can lead to negative effects.

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

INFRASTRUCTURE FINANCING

A key element of the German Rail Reform Act 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 available funds. We signed the Service and Financing Agreement with the Federal Government, which covers financing of the existing network until 2013. However, in order to ensure the long-term competitiveness of the rail mode of transport, sufficient availability of funds is required to ensure the systematic expansion of the system and elimination of bottlenecks. Our long-term corporate plans assume Federal funding will be forthcoming for the successful execution of these capital expenditures, although a corresponding agreement could not yet have been concluded. Moreover, there is also the risk that the Federal Government may demand refunds due to an audit of how Federal funds were employed.

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.

More details on page 209 ff.

Exchange rate risks have risen as we expanded our international business activities because cash flows are generated 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. These frequently stem from construction projects, real estate transactions, or environment-related issues. 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.

REGULATORY AND POLITICAL RISKS

DB Group provides rail transport service in a regulated market. Access to the German railway network has been available on a non-discriminatory basis since 1994. Regulatory measures also affect the individual components of DB Group's railway infrastructure companies such as their pricing systems and terms of use. In this area there is a risk that a complaint may be submitted to the regulatory authorities and that they may respond.

The structure of DB Group has potential exposure to regulatory risks. These risk could arise on both the national as well as the European level.

Political risks refer to, in particular, the tightening of existing norms and rules that apply to railway activities.

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 raise 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 integration period for newly acquired companies we concentrate our efforts on raising the loyalty of employees in key positions.

Our personnel expenses in comparison to those of our competitors are of decisive importance to us for asserting 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 business operations. We employ a wide range of methods and means to minimize these risks. Ongoing monitoring of system architecture and the 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. These measures safeguard critical business processes and IT processes, and prevent 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 the main emphasis of risk in the overall economic and market-related risks stemmed from the financial and economic crisis and the increasing intensity of competition. Regular in-depth analyses are carried out for this purpose.

More details on page 102

Operational countermeasures include extensive business-unit-specific and Group-wide efficiency and rationalization programs including, in particular, the Group-wide reACT program. 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 facing 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, now or in the foreseeable future.

Events after the balance sheet date

- **DR. RICHARD LUTZ NEW CFO AS OF APRIL 1, 2010**
- **NEW TRAINS FOR REGIONAL TRANSPORT IN BERLIN-BRANDENBURG**
- **STUTTGART 21 CONSTRUCTION WORK BEGINS**

DB SCHENKER RAIL BUSINESS UNIT STREAMLINES ITS MANAGEMENT AND ORGANIZATIONAL STRUCTURE

Effective January 1, 2010 DB Schenker Rail has streamlined its managerial and organizational structures. This move was taken in response to the economic situation. The goal here is to link together our business activities even more closely across Europe to benefit our customers and generate business success. As of January 1, 2010 the business unit consists of three regional business segments: Germany/Region Central, Region West and Region East, as well as four units managed on a pan-European basis.

CHANGES IN DB AG MANAGEMENT BOARD

Diethelm Sack will step down as of March 31, 2010 as member of the Management Boards of DB AG and DB ML AG responsible for Finance/Controlling. He will be succeeded by Dr. Richard Lutz, who was previously Head of Group Controlling. Dr. Lutz was appointed CFO for a term of three years by the Supervisory Board. He will assume his new duties as CFO of DB AG and DB ML AG as of April 1, 2010.

Effective January 1, 2010, Dr. Volker Kefer will also be the provisional head of the Infrastructure Board division until further notice. The previous Board member for Infrastructure, Stefan Garber, was released from his duties as of the above date and will step down from DB AG Management Board on March 31, 2010.

NEW TRAINS FOR REGIONAL TRANSPORT IN BERLIN-BRANDENBURG

DB Group ordered 48 electrically powered, multiple-unit trains worth about € 200 million. Plans call for the first of the model Talent 2, series ET 442, three- and five-section, multiple-unit trains to begin operation in the Berlin-Brandenburg regional transport sector as of December 2011. The vehicles represent the basic version of DB Bahn Regional's future local transport vehicles. Modern interior color design, air-conditioning and information displays for passengers are the comfort hallmarks of these new multiple-unit trains.

STUTTGART 21 CONSTRUCTION WORK BEGINS

More details on page 122 f.

The official start of construction work for the Stuttgart 21 project took place in early February 2010 with the removal of buffer stop 49 in the Stuttgart central station. The new Stuttgart central station and the new line to Ulm will generate network effects that will extend far beyond Baden-Württemberg as the changes will cut travel time between Frankfurt am Main and Munich to less than three hours.

Outlook

- **LOW LEVEL OF ECONOMIC RECOVERY**
- **CRISIS EFFECTS STILL VISIBLE IN 2010**
- **OUTLOOK REMAINS MARKED BY UNCERTAINTY**

According to estimates available at the time this report was prepared, fundamental economic conditions will improve slightly in Germany due to the recovery of the global economy in 2010. Growth projections for the industrialized nations indicate that the economic recovery will continue. For this reason we anticipate that economic development in Germany and in the Eurozone will again have a slightly favorable influence on business in the 2010 financial year. Further favorable effects will also be generated by the continued recovery of the global economy and the revival of global trade.

ECONOMIC OUTLOOK

Anticipated GDP development %	**2009**	2010
GDP World	-2.2	↗
GDP Eurozone	-4.0	↗
GDP Germany	-5.0	↗

↗ above previous year's level → on previous year's level ↘ below previous year's level

The following estimates regarding economic development in 2010 are based on the assumption of stable overall geopolitical development. Experience gained during previous periods of economic weakness have shown that in most cases recessions associated with banking and real estate crises are only overcome slowly. For this reason we anticipate that the pace of economic growth will be marginal. The correction of economic imbalances – the reduction of high trade balance deficits and getting accustomed to lower levels of wealth due to the effects of the real estate crisis – will still burden the economy for some time to come. Furthermore, problems that appeared in the international financial systems have not yet been fully overcome, and, together with the high levels of personal debt in important countries, limit the chances for a robust upswing. In addition, the favorable influence of lower energy prices on personal consumption and corporate profits in industrialized countries is likely to be reversed in 2010 as prices for crude oil rise. The effects of government economic stimulus programs will weaken in 2010. Moreover, employment figures have not yet fully adjusted to significantly reduced production levels. Therefore, we anticipate that unemployment will continue to increase for a while, even if production expands notably. This development will dampen disposable income and domestic demand. Uncertainties exist regarding the impact of these negative effects on the economy. If the impact is more severe than currently expected we could see significantly slower economic growth, or the economy might even slip back into a recession.

The recovery of the global economy that began in 2009 is likely to continue in 2010. Following the contraction of the overall economy in the USA, it will begin to grow again in 2010. Japan's GDP is also expected to expand in 2010 as the country recovers from the sharp recession it experienced in 2009. China's high rate of growth will continue in light of the country's expansive economic policy.

The majority of forecasts for the Eurozone anticipate that the economy will recover slowly and be supported by the revival of global trade. In addition, a number of countries within the Eurozone (including Spain, Ireland and Greece) are undergoing structural adjustment processes to correct macroeconomic imbalances including excessive building of new housing, unacceptably high levels of private- and public-sector debt, and reduced pricing competitiveness stemming from exaggerated wage increases. These conditions hinder the recovery of consumer demand and dampen production gains. For this reason the upswing in exports from the Eurozone is more likely to be moderate as demand in important customer countries is expected to be burdened by private-sector efforts to reduce excessive levels of debt. Fiscal policies had an expansive effect at the start of 2010 as the effectiveness of economic stimulus measures was still unfolding. However, it is anticipated that the impact of these measures will fade in the second half of 2010. It should be taken into particular consideration that after the end of the European versions of the American "cash for clunkers" program to stimulate new car purchases, and the subsequent restocking of inventories, we could see automotive production collapse yet again. Unemployment will continue to rise far into the coming year. In total, the real GDP figure for the Eurozone will only grow at a slow pace. Most of the countries in Central and Eastern Europe will see their exports and industrial production stabilize further in 2010. However, countries with economic imbalances still face the latent risk of a currency crisis. It is expected that the region's GDP will still be higher than the EU average.

Current forecasts foresee that in 2010 Germany will record similar development as in the overall Eurozone. We anticipate that the German economy will post a slight increase. Due to the revival of global trade, positive foreign factors should have a greater impact on the German economy and stimulate exports. Capital expenditures are expected to expand again in the coming years due to growing demand, especially from abroad. One of the results of the financial and economic crisis is that banks have seen their equity capital levels shrink significantly. This situation is not expected to improve by much because of the anticipated increase in the number of companies filing for bankruptcy. This will restrict banks' lending to corporate customers. Capital expenditures will expand moderately. Domestic demand will be negatively affected by weaker consumption by the public sector, in particular, as well as by the fragile development of personal incomes due to rising unemployment, which in turn will lead to anemic growth in private consumption levels.

ANTICIPATED DEVELOPMENTS IN THE RELEVANT MARKETS

Anticipated market development %	**2009**	2010
German passenger transport (based on pkm)	0	↘
German freight transport (based on tkm)	-12	↗
European land transport (based on revenues)	-10	↗
Global air freight (based on t)	-10 to -12	↗
Global ocean freight (based on TEU)	-9	↗
Global contract logistics (based on revenues)	-10	→

↗ above previous year's level → on previous year's level ↘ below previous year's level

Overall economic conditions anticipated for Germany in 2010 foresee a deteriorating employment situation and low real income levels. As a result, no favorable demand effects are anticipated for the passenger transport market. We therefore expect that total demand noted for the overall market will contract. Rail transport, however, is likely to expand slightly due to the expected favorable basis effects.

Following the sharp drop in performance seen in 2009, the German freight transport sector is expected to post strong growth in 2010. Even if the effects from the crisis will still be noticeable, and the recovery of the economy is more likely to be only moderate, economic effects will once again be favorable and lead to a commensurate increase in demand for transport, which will benefit all modes of transport. Due to the weak development registered in 2009, growth will be supported by a favorable basis effect. This especially applies to rail freight transport, which had to record the sharpest decline in 2009. The market will still be characterized by intense competition and high pricing pressures.

The effects of the crisis will also be felt for a long time in the European land transport sector. Neither the West European nor the East European markets will return to levels seen in previous years in 2010. Due to the anticipated increase in demand that is expected over the course of the year, we anticipate that capacity bottlenecks will be visible for all modes of transport and lead to higher demand for substitute resources. This in turn will, for example, lead to higher prices in the subcontractor market. Therefore, it is anticipated that sharply reduced capacities will only be adjusted on a delayed basis.

Forecasts for the development of the global air and ocean freight markets in 2010 are difficult to make. Experts expect, however, that after the collapse seen in 2009, these segments will grow at a moderate pace.

The contract logistics segment is expected to see a continuation of the slight upswing noted in 2009 through to and including the first quarter of 2010. The situation for the rest of the year is too uncertain for forecasts. It is possible that the automotive industry, which is particularly important for the contract logistics business, will see a substantial drop in demand.

ANTICIPATED DEVELOPMENT OF THE PROCUREMENT AND CAPITAL MARKETS

We do not anticipate that we will encounter any major 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 energy and commodity prices will rise, along with prices for construction work.

SITUATION IN ENERGY MARKETS STILL MARKED BY GREAT UNCERTAINTY

During the year under review, commodity prices were influenced by expectations that emerging markets would drive a recovery of the global economy, as well as by a deluge of liquidity. An outlook for the current year is clouded by great uncertainty. Although the OECD countries are showing first signs of growth after stabilizing, and leading indicators in emerging markets point towards a strong upswing, leading economic institutions are, however, divided on the sustainability of these signals. It is also unknown how the global economy will react when central banks begin to tighten liquidity.

International demand for crude oil and refinery products will grow in 2010, however it will once again remain below demand levels seen in the years 2007 and 2008. Sustained and continuous growth in the emerging countries will again increase the mid-term risk of bottlenecks.

Demand for coal will also be primarily driven by the Asian markets, while Europe and North America will be initially engaged in reducing their high stocks of coal. It is expected that the market will tighten gradually. Costs for coal-fired power generation are expected to rise due to slightly higher prices for CO_2 certificates as industrial production recovers. It remains to be seen, however, when a binding agreement will be reached for the post-Kyoto Protocol period. At that point in time a stronger influence of Phase 3 emissions trading, which starts in 2013, could be felt and will possibly lead to a noticeable tightening in the market.

The spot market for gas is still in its early stages in most parts of Europe and heavily influenced by local conditions. The overall supply situation for 2010 appears to be comfortable. It is anticipated that exchange-traded prices for gas will remain below oil-indexed prices.

Prices for futures traded on the German European Energy Exchange (EEX) did not track the increase noted in the primary energy markets. Futures prices are likely to rise if the economic recovery advances further in 2010. Despite the price declines seen during the financial crisis, futures prices noted for the next five years still remain at a very high level; spreads between individual delivery years have widened further 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.

HEAVY ISSUING ACTIVITIES IN THE CAPITAL MARKETS

Although we expect issuing activities to remain heavy once again in 2010, we do not anticipate, however, that they will reach the record levels seen in 2009. We believe that new issues of corporate bonds in 2010 will still remain above the average level noted in recent years, however the volume of new issues will be significantly lower than the comparable volume registered in 2009. We expect that corporate bonds will offer certain risk premiums in comparison to sovereign state issues in 2010. The strong demand for corporate bonds is likely to continue as long as the European Central Bank (ECB) does not alter its exceedingly expansive monetary policy. We anticipate that the ECB will initially signal its exit measures by gradually tightening its quantitative measures and will only begin to increase its key interest rate in the fourth quarter.

ANTICIPATED DEVELOPMENT OF IMPORTANT BUSINESS CONDITIONS

More details on page 58

European lawmakers opened the market for international rail passenger transport, including carriage on solely national stretches of international lines, with the third railway package that took effect on January 1, 2010. This means that access rights will not be issued for providing rail transport services in the entire domestic passenger transport. Instead, railways will only be entitled to engage in cross-border passenger transport, including the right to board and discharge passengers at interim stops. We do not expect that this will have any major short-term effects. However, we fear that other EU member states may abuse existing possibilities to protect public routes and use them as a tool to wall-off their markets. This would further exacerbate imbalances that exist today whereby countries like Germany and Italy have opened their rail passenger transport markets to competitors, while others, like France, have not.

ANTICIPATED INCOME SITUATION

Uncertainties arising from the financial and economic crisis have not yet been overcome. Forecasts are still subject to substantial caveats regarding major uncertainties and reduced predictability. The following statements are subject to special reservations, especially statements regarding the overall development of business in the future.

DB GROUP

Anticipated development in the 2010 financial year € MILLION	**2009**	2010
Revenues – comparable	29,182	↗
EBIT adjusted	1,685	↗
ROCE	5.9 %	↗
Net financial debt	15,011	↘
Gross capital expenditures	6,462	↗

↗ above previous year's level → on previous year's level ↘ below previous year's level

Based on current estimates for the 2010 financial year, we anticipate that comparable revenues will rise by about 5%, following the notable decline experienced during the year under review. This prediction is based on the anticipated economic recovery and the resulting higher levels of performance and volumes.

The further favorable development of revenues along with the measures we initiated, especially those within the framework of our Group-wide reACT program, are anticipated to be reflected in the development of adjusted EBIT. This increase in earnings will be driven by operational cost items (cost of materials, personnel expenses, depreciation and other operating expenses), which will rise at a slower pace than revenues.

More details on page 102

Due to the currently expected further increase in adjusted EBIT, we also anticipate that our ROCE figure will improve.

Based on the anticipated favorable development of our business, we expect that we will also be able to further reduce our net financial debt. This change will also improve the key gearing and redemption coverage figures and move them closer to their mid-term targets.

We will further continue on our modernization course at an unchanged high level of capital expenditures, which are anticipated to be greater than they were during the year under review.

BUSINESS UNITS

Anticipated development in the 2010 financial year	Revenues		EBIT adjusted	
€ MILLION	**2009**	2010	**2009**	2010
DB Bahn Long-Distance	3,565	↗	141	→
DB Bahn Regional	6,856	↘	870	↘
DB Bahn Urban	1,985	→	100	→
DB Schenker Rail	4,055	↗	-189	↗
DB Schenker Logistics	11,292	↗	199	↗
DB Services	1,237	→	125	↘
DB Netze Track	4,369	↗	558	↗
DB Netze Stations	1,025	→	217	→
DB Netze Energy	2,308	↗	103	↘

↗ above previous year's level → on previous year's level ↘ below previous year's level

DB Bahn Long-Distance
Based on improved availability of vehicles and a further improvement in our offers, we expect the DB Bahn Long-Distance business unit to post higher volume sold and make a greater contribution to revenues and profits.

DB Bahn Regional
We expect volume sold and revenues in the DB Bahn Regional business unit to be slightly lower. It is likely that gains from higher farebox revenues will be unable to fully compensate for lower levels of ordered services and lost routes. We also expect profits to decline in the 2010 financial year.

DB Bahn Urban
Development noted for the DB Bahn Urban business unit during the year under review was especially influenced by service limitations at the S-Bahn (metro) Berlin. It is anticipated that these restrictions will continue into the 2010 financial year. We expect that this reason will dampen development of the business unit's total revenues and profits in the 2010 financial year.

DB Schenker Rail
We expect the DB Schenker Logistics business unit to post notably better results in 2010 following the substantial decline noted for the year under review. Based on the economic recovery, we also expect that the unit's volume sold will also be more favorable. This development should also have a favorable effect on revenues and profits.

DB Schenker Logistics
Following the notable decline posted by the DB Schenker Logistics business unit for the year under review we expect the unit to record a notable improvement in 2010 based on the recovering economy. This development should also have a favorable effect on revenues and profits.

DB Services

We expect to see revenues with Group and non-Group customers in the 2010 financial year that are on the same level as in the year under review. We also anticipate that further price cuts, which pass on gains in efficiency to our customers, will be a burden and lead to a lower adjusted EBIT figure.

DB Netze Track

Revenues earned by the DB Netze Track business unit will also increase further in the 2010 financial year due to higher volumes and prices. Higher revenues along with further rationalization measures are anticipated to have a favorable effect on the unit's adjusted EBIT figure.

DB Netze Stations

We anticipate that revenues earned by the DB Netze Stations business unit will be on the level posted for the year under review. Favorable effects here will be driven by the non-Group railways' rising demand, as well as price measures. We do anticipate that income will again reach the level recorded for the year under review.

DB Netze Energy

Revenue trends noted during the year under review are also expected to continue in the 2010 financial year. We therefore expect external revenues to be higher than in the previous year. We do not expect income to reach the level posted for the year under review.

ANTICIPATED FINANCIAL SITUATION

The focus of our capital expenditures in the 2010 financial year will again be on the DB Netze Track business unit. Additional funds from the Federal Government's economic stimulus program are in place. We anticipate that funds required for our capital expenditures program – taking into consideration third-party financing of infrastructure measures – will be totally financed by internal means in the 2010 financial year.

We will continue our M&A activities in a selective and focused manner in the 2010 financial year.

Cash and cash equivalents held at the beginning of 2010 should, in consideration of the continually positive cash flow from operations expected in 2010, be sufficient to cover internal financing requirements for capital expenditures, as well as maturing long-term financial obligations of about €1.6 billion. This does not take into account possible changes to our portfolio arising from M&A activities.

After taking into consideration anticipated cash flow from operating activities, as well as the effect the redemption of long-term financial obligations will have on debt, it may be assumed that net financial debt will decline further in 2010. We will have unchanged and appropriate financial scope in 2010 based on our debt issuance program, our commercial paper program and existing, hitherto untapped credit facilities.

ANTICIPATED DEVELOPMENT IN THE 2011 FINANCIAL YEAR

In accordance with Rule 15 of the German Accounting Standards (Deutschen Rechnungslegungsstandard; DRS) we will also state our estimate for the year following the current financial year. However, a forecast at this time still involves significant uncertainties regarding expected market development, competition and overall conditions. Based on the assumption that the economic upswing will develop as anticipated and continue beyond 2010, we also believe that we will record further increases in both revenues and adjusted EBIT. Based on our current assessment we expect that our ROCE will improve further towards the target level of 10%.

OPPORTUNITIES REPORT

Our opportunity management efforts are mainly driven by our business units' targets and strategies. Operational management personnel in the business units are primarily responsible for the early and regular identification, analysis and management of opportunities. These activities are an integral element of the Group-wide planning and controlling system. We focus intensely on detailed analyses of our markets and competitors, relevant cost drivers and critical factors for success – including those within our political and regulatory environment. Concrete business-unit-specific opportunities are derived from these efforts and then analyzed.

To secure our corporate strategy of revenues-based growth, we 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 the further improvement of our results and key financial ratios.

We are seeing an increasing awareness of the changing climate and a more responsible approach to the environment in our markets, which is leading to rising demand for environmentally friendly products. As the biggest provider of rail transport services in Europe, and one of the world's leading freight forwarding and logistics companies, we are developing offers that reflect this rising awareness, along with climate-neutral products in various market segments.

More details on page 113 f.

The general conditions of the relevant macroeconomic environment could, in total, develop more favorably than anticipated. The resulting variations would have a positive impact on DB Group and its business units. This applies especially to the economic recovery process that is anticipated to take place in the coming years. We responded to the economic and financial crisis with reACT, a comprehensive program containing a series of short- and mid-term countermeasures. We view this not only as a chance to counter the current situation and weaken its related effects, we also see this as an opportunity to 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, and we want to use our leading market position to actively shape the process. We want to realize the opportunities offered by the consolidation process, in particular, and the chances contained in the continuing globalization of the freight forwarding and logistics segments. We have positioned ourselves in such a way that we are well prepared to use the opportunities posed by open or opening markets in both the European rail freight sector as well as in the European rail passenger sector.

DB Group is very well positioned in total to benefit from opportunities arising from 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 100 ff.

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

OVERALL STATEMENT REGARDING THE ECONOMIC DEVELOPMENT OF DB GROUP

We believe that DB Group is well positioned to protect itself against the current economic risks. We want to further strengthen our market position and decisively implement our strategy. For this reason we believe that the overall outlook for DB Group is favorable.

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.

MORE THAN

4,700

TRAINS PER DAY

DB LOGISTICS

Green Logistics for the climate and our customers

For their choice of means of transport, more and more customers are also considering the impact on the environment of their chosen means of transport. Under the umbrella of DB Schenker, we have a unique environmentally friendly transport network. Our European rail freight services are the mainstay in this respect. Intelligently linked with the strength of our other modes of transport – ranging from trucks, right through to air and ocean freight – it is able to take full advantage of its strengths. In this way, we are able to offer our customers economic and environmentally friendly products, and our customers are also able to reduce their carbon footprint.

CONSOLIDATED FINANCIAL STATEMENTS

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, as applicable in the EU, and the supplementary regulations of commercial law applicable in accordance with section 315a (1) German Commercial Code (Handelsgesetzbuch; HGB). 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 DB Group as well as further explanations which have to be provided in accordance with the regulations of the 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.

The German Accounting Law Modernization Act (Gesetz zur Modernisierung des Bilanzrechts; BilMoG) has specified details of the tasks of the Supervisory Board with regard to monitoring the accounting process, the effectiveness of the internal control system, the risk management system and the internal audit system. If the Supervisory Board is to be able to fulfil these tasks, it must be provided with suitable information which enables it to form an opinion of the adequacy and functionality of the systems. At present, a systematic inventory is being carried out in relation to the existing major control instruments of the systems and the way in which these instruments are interlinked. This will be followed by an analysis of the adequacy of the systems. A corresponding report will be submitted to the Supervisory Board.

In accordance with the resolution of the Annual General Meeting, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft has audited the consolidated financial statements which have been prepared in accordance with the International Financial Reporting Standards (IFRS) as applicable in the EU, and the supplementary regulations of commercial law applicable in accordance with section 315a (1) HGB, and has also audited the Group management report; it has awarded the unqualified auditor's opinion set out in the following.

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 15 of this annual report) sets out the result of the audit by the Supervisory Board.

The Management Board

Consolidated statement of income

January 1 through December 31 € MILLION	Note	2009	2008
Revenues	(1)	29,335	33,452
Inventory changes and internally produced and capitalized assets	(2)	1,936	1,872
Overall performance		31,271	35,324
Other operating income	(3)	3,864	3,046
Cost of materials	(4)	-15,627	-18,544
Personnel expenses	(5)	-11,115	-10,583
Depreciation	(6)	-2,825	-2,723
Other operating expenses	(7)	-3,360	-3,927
Operating profit (EBIT)		**2,208**	**2,593**
Result from investments accounted for using the equity method	(8)	9	21
Net interest income	(9)	-826	-760
Other financial result	(10)	-4	-47
Financial result		**-821**	**-786**
Profit before taxes on income		**1,387**	**1,807**
Taxes on income	(11)	-557	-486
Net profit for the year		**830**	**1,321**
Net result attributable to:			
Shareholders of Deutsche Bahn AG		821	1,307
Minority interests		9	14
Earnings per share (€ per share)	(12)		
undiluted		1.91	3.04
diluted		1.91	3.04

RECONCILIATION OF CONSOLIDATED COMPREHENSIVE INCOME

January 1 through December 31 € MILLION	2009	2008
Result	830	1,321
CHANGE IN ITEMS COVERED DIRECTLY IN EQUITY		
Changes from currency translation	29	-59
thereof shareholders of Deutsche Bahn AG	28	-61
thereof minority interests	1	2
Changes resulting from market valuation of securities	5	0
Changes resulting from market valuation of cash flow hedges	71	-241
thereof result transfered into consolidated statement of income	96	-284
thereof result from market valuation of cash flow hedges	-25	43
Share of result items with no impact on the income statement from investments accounted for using the equity method	7	-5
Balance of result items covered directly in equity (before taxes)	112	-305
Change in deferred taxes on result items covered directly in equity	-23	72
thereof deferred taxes from changes of market valuation of securities	-1	0
thereof deferred taxes from changes of market valuation of cash flow hedges	-22	72
Balance of result items covered directly in equity (after taxes)	**89**	**-233**
Comprehensive income	**919**	**1,088**
Total result attributable to:		
Shareholders of Deutsche Bahn AG	909	1,072
Minority interests	10	16

Consolidated balance sheet

ASSETS

As of December 31 € MILLION	Note	2009	2008
NON-CURRENT ASSETS			
Property, plant and equipment	(13)	37,439	38,066
Intangible assets	(14)	2,070	1,910
Investments accounted for using the equity method	(15)	369	355
Available-for-sale financial assets	(17)	37	63
Receivables and other assets	(19)	184	189
Derivative financial instruments	(21)	36	78
Deferred tax assets	(16)	1,173	1,692
		41,308	**42,353**
CURRENT ASSETS			
Inventories	(18)	814	830
Available-for-sale financial assets		1	2
Trade receivables	(19)	3,030	3,373
Receivables and other assets	(19)	504	550
Income tax receivables	(20)	150	124
Derivative financial instruments	(21)	26	82
Cash and cash equivalents	(22)	1,470	879
		5,995	**5,840**
Total assets		**47,303**	**48,193**

EQUITY AND LIABILITIES

As of December 31 € MILLION	Note	2009	2008
EQUITY			
Subscribed capital	(23)	2,150	2,150
Reserves	(24)	5,174	5,086
Retained earnings	(25)	5,596	4,782
Equity attributable to shareholders of Deutsche Bahn AG		**12,920**	**12,018**
Minority interests	(26)	146	137
		13,066	**12,155**
NON-CURRENT LIABILITIES			
Financial debt	(27)	14,730	14,083
Other liabilities	(28)	451	379
Derivative financial instruments	(21)	180	180
Retirement benefit obligations	(31)	1,736	1,649
Other provisions	(32)	3,990	4,273
Deferred income	(33)	2,096	2,438
Deferred tax liabilities	(16)	176	159
		23,359	**23,161**
CURRENT LIABILITIES			
Financial debt	(27)	1,780	2,770
Trade liabilities	(28)	3,267	3,608
Other liabilities	(28)	2,732	3,386
Income tax liabilities	(29)	60	183
Derivative financial instruments	(21)	68	145
Other provisions	(32)	2,429	2,268
Deferred income	(33)	542	517
		10,878	**12,877**
Total assets		**47,303**	**48,193**

Consolidated statement of cash flows

January 1 through December 31 € MILLION	Note	2009	2008
Profit before taxes on income		1,387	1,807
Depreciation on property, plant and equipment and intangible assets		2,825	2,723
Write-ups/write-downs on non-current financial assets		33	1
Result on disposal of property, plant and equipment and intangible assets		-465	-102
Result on disposal of financial assets		0	-256
Result on sale of consolidated companies		0	-2
Interest and dividend income		-347	-547
Interest expense		1,171	1,305
Foreign currency result		-25	35
Result from investments accounted for using the equity method		-9	-21
Other non-cash expenses and income		-440	-217
Changes in inventories, receivables and other assets		602	-107
Changes in liabilities and deferred income		-735	91
Cash generated from operating activities		3,997	4,710
Interest received		55	152
Dividends and capital distribution received		2	2
Interest paid		-725	-877
Taxes on income paid		-196	-448
Cash flow from operating activities		**3,133**	**3,539**
Proceeds from the disposal of property, plant and equipment and intangible assets		248	333
Payments for purchases of property, plant and equipment and intangible assets		-6,486	-6,775
Proceeds from investment grants		4,649	4,166
Payments for repaid investment grants		-137	-202
Proceeds from the sale of financial assets		0	333
Payments for purchases of financial assets		0	-7
Proceeds from the sale of shares in consolidated companies less net cash and cash equivalents diverted		0	3
Payments for acquisition of shares in consolidated companies less net cash and cash equivalents acquired		-202	-275
Proceeds from the disposal of investments accounted for using the equity method		0	0
Payments for additions to investments accounted for using the equity method		-7	-17
Cash flow from investing activities		**-1,935**	**-2,441**
Distribution of profits to minority interests		-12	-15
Repayment of capital amounts under finance leases		-61	-121
Proceeds from issue of bonds		2,140	0
Payments for redemption of bonds		-1,367	-1,165
Proceeds from Federal loans		10	90
Payments for redemption of Federal loans		-438	-264
Proceeds from borrowings and commercial paper		5	26
Repayment of borrowings and commercial paper		-892	-306
Cash flow from financing activities		**-615**	**-1,755**
Net changes in cash and cash equivalents		**583**	**-657**
Cash and cash equivalents at the beginning of the period	(22)	879	1,549
Changes in cash and cash equivalents due to changes in the scope of consolidation		4	3
Changes in funds due to changes in exchange rates		4	-16
Cash and cash equivalents at the end of the period	**(22)**	**1,470**	**879**

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 [1]	Fair value valuation for cash flow hedges [1]	Other movements	**Total reserves**				
As of Jan 1, 2009	2,150	5,310	-119	-5	-104	4	**5,086**	4,782	**12,018**	137	**12,155**
+ 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**	-12	**-12**
+/- Other changes	0	0	0	0	0	0	**0**	-7	**-7**	11	**4**
+/- Total result	**0**	**0**	**28**	**11**	**49**	**0**	**88**	**821**	**909**	**10**	**919**
Net profit for the year	0	0	0	0	0	0	**0**	821	**821**	9	**830**
Currency translation	0	0	28	0	0	0	**28**	0	**28**	1	**29**
Deferred taxes	0	0	0	-1	-22	0	**-23**	0	**-23**	0	**-23**
Market valuation	0	0	0	5	71	0	**76**	0	**76**	0	**76**
Share of items with no impact on the income statement from investments accounted for using the equity method	0	0	0	7	0	0	**7**	0	**7**	0	**7**
As of Dec 31, 2009	**2,150**	**5,310**	**-91**	**6**	**-55**	**4**	**5,174**	**5,596**	**12,920**	**146**	**13,066**

€ 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**
+/- Other changes	0	0	0	0	0	1	**1**	44	**45**	84	**129**
+/- Total result	**0**	**0**	**-61**	**-5**	**-169**	**0**	**-235**	**1,307**	**1,072**	**16**	**1,088**
Net profit for the year	0	0	0	0	0	0	**0**	1,307	**1,307**	14	**1,321**
Currency translation	0	0	-61	0	0	0	**-61**	0	**-61**	2	**-59**
Deferred taxes	0	0	0	0	72	0	**72**	0	**72**	0	**72**
Market valuation	0	0	0	0	-241	0	**-241**	0	**-241**	0	**-241**
Share of items with no impact on the income statement from investments accounted for using the equity method	0	0	0	-5	0	0	**-5**	0	**-5**	0	**-5**
As of Dec 31, 2008	**2,150**	**5,310**	**-119**	**-5**	**-104**	**4**	**5,086**	**4,782**	**12,018**	**137**	**12,155**

[1] Equity capital includes deferred taxes.

Notes to the consolidated financial statements

Segment reporting by business segments January 1 through December 31 € MILLION	DB Bahn Long-Distance		DB Bahn Regional		DB Bahn Urban		DB Schenker Rail		DB Schenker Logistics	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
Segment revenues										
External revenues	3,435	3,523	6,775	6,687	1,953	1,962	3,791	4,654	11,249	14,680
Internal revenues	130	129	81	82	32	24	264	297	43	52
Total revenues	3,565	3,652	6,856	6,769	1,985	1,986	4,055	4,951	11,292	14,732
Other external segment revenues	140	154	251	214	54	70	249	289	140	125
Other internal segment revenues	51	57	61	61	50	51	37	55	2	5
Total segment revenues	3,756	3,863	7,168	7,044	2,089	2,107	4,341	5,295	11,434	14,862
EBIT	80	306	790	825	-41	205	-291	301	108	381
Adjustments [1]	61	0	80	32	141	0	102	6	91	0
EBIT adjusted [1]	141	306	870	857	100	205	-189	307	199	381
EBITDA	443	678	1,212	1,250	120	352	5	554	280	551
EBITDA adjusted [1]	504	678	1,292	1,282	261	352	107	560	371	551
Net interest income										
Results from investments accounted for using the equity method	0	-1	0	-3	0	-1	-2	14	1	2
Other financial result										
Profit before taxes on income										
Taxes on income										
Net profit for the year										
Segment assets [2,3]	2,599	2,954	4,923	5,037	1,264	1,336	4,481	4,011	4,841	5,226
Investments accounted for using the equity method [2]	0	0	15	16	2	2	97	95	11	10
Total assets [2]	2,599	2,954	4,938	5,053	1,266	1,338	4,578	4,106	4,852	5,236
thereof goodwill	(0)	(0)	(17)	(16)	(5)	(5)	(452)	(320)	(980)	(964)
Segment liabilities [2,3]	1,026	901	1,979	1,892	569	420	1,528	1,411	2,291	2,343
Segment capital expenditures	57	80	402	635	62	132	674	557	208	323
Additions to assets from acquisition of companies	10	0	0	169	0	0	355	206	12	92
Additions to assets from capital expenditures	47	80	402	466	62	132	319	351	196	231
Investment grants received	0	-1	-35	-28	-12	-12	-7	-1	0	0
Net capital expenditures	47	79	367	438	50	120	312	350	196	231
Scheduled depreciation [4]	363	361	417	409	149	147	276	255	172	170
Impairment losses recognized/reversed [4]	0	11	5	16	12	0	20	-2	0	0
Employees [5]	15,043	14,603	25,004	25,084	12,636	12,259	34,145	29,242	57,134	62,074

[1] Adjusted for income or expenses from the disposal of financial assets and special items.
[2] Segment assets, investments in associated companies and segment liabilities are stated as of Dec 31; the remaining items relate to the reporting period.
[3] Profit transfer agreements were not assigned to segment assets or liabilities.

Segment reporting by regions January 1 through December 31 € MILLION
External revenues
Segment assets [1]
thereof non-current assets [1]

[1] Stated as of Dec 31. Profit transfer agreements were not assigned to segment assets.

	DB Netze Track		DB Netze Stations		DB Services		Subsidiaries/Other		**Sum of segments**		Consolidation		**Total**	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	**2008**	**2009**	2008	**2009**	**2008**
	764	725	373	344	109	112	886	765	**29,335**	**33,452**	0	0	**29,335**	**33,452**
	3,605	3,650	652	648	1,128	1,185	2,218	2,227	**8,153**	**8,294**	-8,153	-8,294	**0**	**0**
	4,369	4,375	1,025	992	1,237	1,297	3,104	2,992	**37,488**	**41,746**	-8,153	-8,294	**29,335**	**33,452**
	1,355	989	127	237	231	261	1,287	707	**3,834**	**3,046**	30	0	**3,864**	**3,046**
	210	187	25	24	1,396	1,457	1,667	1,578	**3,499**	**3,475**	-3,499	-3,475	**0**	**0**
	5,934	5,551	1,177	1,253	2,864	3,015	6,058	5,277	**44,821**	**48,267**	-11,622	-11,769	**33,199**	**36,498**
	1,017	670	214	262	104	131	275	-313	**2,256**	**2,768**	-48	-175	**2,208**	**2,593**
	-459	0	3	-52	21	0	-573	-177	**-533**	**-191**	10	81	**-523**	**-110**
	558	670	217	210	125	131	-298	-490	**1,723**	**2,577**	-38	-94	**1,685**	**2,483**
	2,039	1,604	339	394	276	316	398	-178	**5,112**	**5,521**	-79	-205	**5,033**	**5,316**
	1,472	1,604	342	342	297	316	-175	-355	**4,471**	**5,330**	-69	-124	**4,402**	**5,206**
													-826	**-760**
	0	0	0	0	0	1	10	9	**9**	**21**	0	0	**9**	**21**
													-4	**-47**
													1,387	**1,807**
													-557	**-486**
													830	**1,321**
	21,721	22,099	3,241	3,249	1,195	1,276	3,894	3,277	**48,159**	**48,465**	-1,225	-627	**46,934**	**47,838**
	1	1	0	0	0	0	243	231	**369**	**355**	0	0	**369**	**355**
	21,722	22,100	3,241	3,249	1,195	1,276	4,137	3,508	**48,528**	**48,820**	-1,225	-627	**47,303**	**48,193**
	(0)	(0)	(0)	(0)	(0)	(0)	(13)	(13)	**(1,467)**	**(1,318)**	(0)	(0)	**(1,467)**	**(1,318)**
	2,380	2,926	393	341	685	684	5,949	6,795	**16,800**	**17,713**	17,437	18,325	**34,237**	**36,038**
	4,624	4,648	488	456	138	302	256	208	**6,909**	**7,341**	-70	-95	**6,839**	**7,246**
	0	0	0	0	0	13	0	1	**377**	**481**	0	0	**377**	**481**
	4,624	4,648	488	456	138	289	256	207	**6,532**	**6,860**	-70	-95	**6,462**	**6,765**
	-4,109	-3,624	-411	-386	0	-2	-75	-112	**-4,649**	**-4,166**	0	0	**-4,649**	**-4,166**
	515	1,024	77	70	138	287	181	95	**1,883**	**2,694**	-70	-95	**1,813**	**2,599**
	953	959	125	130	171	182	123	133	**2,749**	**2,746**	-31	-30	**2,718**	**2,716**
	69	-25	0	2	1	3	0	2	**107**	**7**	0	0	**107**	**7**
	40,354	40,974	4,601	4,509	24,460	24,911	26,005	26,586	**239,382**	**240,242**	0	0	**239,382**	**240,242**

[4] The non-cash items are included in the segment result shown.

[5] The number of employees represents the average number of employees without trainees as at year-end (part-time workforce converted into equivalent full-time workforce).

	Germany		Rest of Europe		North America		Asia/Pacific		Rest of World		Reconciliation		**DB Group**	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	**2008**
	19,930	21,400	6,245	7,852	1,371	1,884	1,472	1,885	317	431	0	0	**29,335**	**33,452**
	40,402	40,695	4,410	4,143	465	541	1,181	1,269	143	155	333	1,035	**46,934**	**47,838**
	(36,781)	(37,664)	(2,667)	(2,207)	(186)	(196)	(580)	(586)	(31)	(26)	(-615)	(-574)	**(39,630)**	**(40,105)**

BASIC PRINCIPLES AND METHODS

FUNDAMENTAL INFORMATION

Deutsche Bahn AG (DB AG), and its subsidiaries (together "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 and rail infrastructure activities are conducted primarily in the company's domestic market of Germany, transport and logistics activities are conducted on a worldwide basis.

In the year under review, DB Group acquired a majority holding of shares in the Petro Charbo Chem (PCC) Logistics Group (after the acquisition had been approved by the EU Commission).

DB AG, Potsdamer Platz 2, 10785 Berlin is an Aktiengesellschaft (joint stock corporation); its shares are held entirely by the Federal Republic of Germany (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) clause 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 24, 2010.

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) as applied in the EU and their interpretation by the International Financial Reporting Interpretations Committee (IFRIC). 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, 2009

In the year under review, DB consolidated financial statements took account of all new and revised standards and interpretations which are the subject of initial binding adoption starting January 1, 2009, which are also relevant for DB Group and which have not been the subject of early adoption in previous 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 1: Presentation of Financial Statements (revised September 2007)*
  There are mainly formal changes with regard to designations and contents of individual components of financial statements. The standard has an impact on the presentation of the financial statements of DB Group.

- *IAS 23: Borrowing Costs (revised March 2007)*
  IAS 23 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. 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 no major impact on the presentation of the financial statements of DB Group.
- *IAS 32/IAS 1: Change to IAS 32 "Financial Instruments: Presentation" and IAS 1: "Presentation of Financial Statements:" Puttable Financial Instruments and Obligations arising on Liquidation (revised February 2008)*
  IAS 32 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 are puttable to be recognized as equity. For IAS 1, this has resulted in corresponding subsequent modifications. At present, this has not resulted in any impact on the financial statements of DB Group.
- *IFRS 1/IAS 27: Changes to IFRS 1: First-Time Adoption of International Financial Reporting Standards and IAS 27: Consolidated and Separate Financial Statements: Costs of Subsidiaries, Jointly Controlled Entities or Associates (revised May 2008)*
  The rules for measuring the value of equity participations in individual financial statements to be prepared for the first time under IFRS have been simplified. There is no impact on DB Group.
- *IFRS 2: Changes to IFRS 2: Share-Based Payment: Exercising Conditions and Annulments (revised January 2008)*
  IFRS 2 now 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 7: Changes to IFRS 7: Financial Instruments: Disclosures: Improved Disclosures regarding Financial Instruments (revised March 2009)*
  The change has resulted in extended disclosures regarding the fair value measurement (three-tier hierarchy) and disclosures regarding the liquidity risk. This has resulted in an impact on the financial statements of DB Group.
- *IFRS 8: Operating Segments (published November 2006)*
  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. The adoption of IFRS 8 has not resulted in any fundamental adjustments compared with the previous segment reporting.
- *Improvements to IFRS 2008: "Improvements to IFRS" (published May 2008)*
  "Improvements to IFRS" 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. The adoption of the "Improvements to IFRS" has not had any major impact on DB Group.

- *IFRIC 9/IAS 39: Change to IFRIC 9 Reassessment of Embedded Derivatives and IAS 39 Financial Instruments: Recognition and Measurement: Embedded Derivatives (revised March 2009)*
  The changes clarify how embedded derivatives have to be treated when a company reclassifies securities from the category "measured at fair value through profit or loss." There is no impact on DB Group.
- *IFRIC 13: Customer Loyalty Programmes (published June 2007)*
  IFRIC 13 deals with the recognition and measurement of premium credits granted to customers for purchasing products and services. The application of IFRIC 13 does not have any major impact on DB Group.
- *IFRIC 14: IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction (published July 2007[1])*
  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. The application of IFRIC 14 does not have any impact on DB Group.

b) 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

- *IFRS 1: "Limited Exemptions from Comparative IFRS 7 Disclosures for First-time Adopters Amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards" (revised January 2010; applicable for reporting periods starting July 1, 2010)*
  IFRS 1 has been extended as follows: IFRS first-time adopters are exempted from the disclosures in the notes introduced in March 2009 following the change to IFRS 7. This ensures that the transitional rules for adopting the changed IFRS 7 are also applicable for IFRS first-time adopters.
- *IAS 24: Disclosures regarding Relations with Related Parties (revised November 2009; applicable for reporting periods starting January 1, 2011)*
  IAS 24 has been changed as follows: Public sector enterprises are partially exempted from certain disclosure obligations. In addition, the definition of a related party has been specified more precisely. The standard will have an impact on the disclosures concerning relations with related parties in the financial statements of DB Group.
- *IAS 27: Consolidated and Separate Financial Statements (revised January 2008; applicable for reporting periods starting July 1, 2009)*
  IAS 27 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.

[1] The time of application for the interpretation envisaged by the International Accounting Standards Board (IASB) has been postponed by the EU from January 1, 2008 to March 29, 2009.

- *IAS 32: Changes to IAS 32: Financial Instruments: Presentation: Classification of Subscription Rights (revised October 2009; applicable for reporting periods starting February 1, 2010)*
  IAS 32 governs the accounting treatment for subscription rights which are denominated in a currency other than the functional currency. In the past, such subscription rights have been shown as derivative liabilities. In future, such rights have to be shown as shareholders' equity under certain conditions. We are not assuming any impact for DB Group.
- *IAS 39: Changes to IAS 39 "Financial Instruments: Recognition and Measurement: Eligible Underlyings" (revised July 2008; applicable for reporting periods starting July 1, 2009)*
  IAS 39 specifies how the principles set out in IAS 39 for presenting hedges (Hedge Accounting) are 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: First-time Adoption of the International Financial Reporting Standards (revised November 2008; applicable for reporting periods starting July 1, 2009)*
  IFRS 1 was restructured as part of the revision process. No amendments were made to the contents.
- *IFRS 1: "Additional Exemptions for First-time Adopters Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards" (revised July 2009; applicable for reporting periods starting January 1, 2010)*
  IFRS 1 specifies that companies which apply the full-cost method are exempted from the retrospective application of IFRS for oil and gas assets. In addition, under certain conditions, companies are exempted from reassessing existing agreements to determine whether they include leases. We are not assuming any impact for DB Group.
- *IFRS 2: "Group Cash-settled Share-based Payment Transactions Amendments to IFRS 2 Share-based Payment" (revised June 2009; applicable for reporting periods starting January 1, 2010)*
  IFRS 2 contains clarifications regarding the accounting treatment of cash-settled share-based payment involving several group companies. The standard is currently not relevant for DB Group.
- *IFRS 3: Business Combinations (revised January 2008; applicable for business combinations for which the time of acquisition is after July 1, 2009)*
  IFRS 3 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. There will be adjustments for future transactions.

- *IFRS 9: "Financial Instruments" (published November 2009; applicable for reporting periods starting January 1, 2013)*
  IFRS 9 has revised the classification and measurement of financial assets. The four previous valuation categories have now been replaced by only two valuation categories (amortized cost and fair value). This will have an impact on the accounting treatment of financial assets in DB Group. In the year 2010, IFRS 9 is to be extended to include rules governing further issues.
- *Improvements to IFRS 2009: "Improvements to IFRS" (published April 2009; applicable for reporting periods starting January 1, 2010)*
  "Improvements to IFRS 2009" is a second collective standard for amending various IFRS. This contains 15 different changes to 12 existing 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. DB Group is currently reviewing the impact attributable to future application on the consolidated financial statements.
- *IFRIC 12: Service Concession Arrangements (published November 2006; applicable for reporting periods starting March 29, 2009 [1)])*
  IFRIC 12 deals with the accounting treatment of service concession arrangements between the public sector (the licensor) and a private company (the operator). We are not assuming any impact for DB Group.
- *IFRIC 14: "Prepayments of a Minimum Funding Requirement Amendments to IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" (published November 2009; applicable for reporting periods starting January 1, 2011)*
  IFRIC 14 has been changed as follows: companies which are subject to minimum funding requirements and which make contribution prepayments in order to satisfy these minimum funding obligations are able to recognize the benefit of such a prepayment as an asset. We are not assuming any major impact for DB Group.
- *IFRIC 15: Agreements for the Construction of Real Estate (published July 2008; applicable for reporting periods starting January 1, 2010 [2)])*
  IFRIC 15 regulates the recognition of real estate sales in which the contract is signed before the completion of the building work. The interpretation is currently not relevant for DB Group.
- *IFRIC 16: Hedges of a Net Investment in a Foreign Operation (published July 2008; applicable for reporting periods starting June 30, 2009 [3)])*
  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.

[1)] The time of application for the interpretation envisaged by the IASB has been postponed by the EU from January 1, 2008 to March 29, 2009.

[2)] The time of application for the interpretation envisaged by the IASB has been postponed by the EU from January 1, 2009 to January 1, 2010.

[3)] The time of application for the interpretation envisaged by the IASB has been postponed by the EU from October 1, 2008 to June 30, 2009.

- *IFRIC 17: "Distributions of Non-Cash Assets to Owners" (published November 2008; applicable for reporting periods starting November 1, 2009[1])*
  IFRIC 17 contains regulations regarding the accounting and valuation of distributions of non-cash assets. The interpretation is currently not relevant for DB Group.
- *IFRIC 18: "Transfer of Assets from Customers" (published January 2009; applicable for reporting periods starting November 1, 2009[1])*
  IFRIC 18 governs the accounting treatment in those cases in which a company receives assets from its customers in order to provide the customer with access to a network or permanent access to services or the delivery of goods. DB Group is currently reviewing the impact attributable to future application on the consolidated financial statements.
- *IFRIC 19: "Extinguishing Financial Liabilities with Equity Instruments" (published November 2009; applicable for reporting periods starting July 1, 2010)*
  IFRIC 19 governs the accounting treatment of so-called debt-for-equity swaps. Under such arrangements, a company partially or completely repays a financial liability by way of issuing shares or other instruments of shareholders' equity. This interpretation is currently not relevant for DB Group.

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 12 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 total cost accounting 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 year under review is comparable with the financial information for the previous year:

Changes in the scope of consolidation

For the 2009 financial year, changes in the scope of consolidation, and in particular the acquisition of the PCC Logistics Group, 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 previous 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

There have been no major changes in the period under review.

[1] The time of application for the interpretation envisaged by the IASB has been postponed by the EU from July 1, 2009 to November 1, 2009.

CONSOLIDATION METHODS

a) Consolidation principles

DB AG and all companies (subsidiaries) whose financial and business policy can be determined 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 group of fully consolidated companies 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 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 group of fully consolidated companies of DB AG are detailed in the following:

NUMBER	German 2009	Foreign 2009	**Total 2009**	Total 2008
FULLY CONSOLIDATED SUBSIDIARIES				
As of Jan 1	175	355	**530**	497
Additions	7	31	**38**	44
Addition due to change in type of inclusion	3	21	**24**	10
Disposals [1]	1	12	**13**	21
Disposal due to change in type of inclusion	0	0	**0**	0
As of Dec 31	**184**	**395**	**579**	**530**

[1] Including ten 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, one (previous year: 30) subsidiary has not been consolidated, that is 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 €1 million (previous year: €2 million) in the consolidated financial statements.

Additions of companies and parts of companies

Overall, expenses of €212 million were incurred for purchasing companies in the year under review (previous year: €308 million).

The additions to the scope of consolidation consists of eleven new companies which were established in the period under review as well as the acquisition of the shares in Petro Carbo Chem (PCC) Logistics Group, Poland, and acquisition of the shares of DB Regio Tyne and Wear Limited, London/Great Britain. A further two additions are attributable to the acquisition of the remaining shares in Transfesa Distribución y Logística, S.L., Madrid/Spain, a subsidiary of the group company Transportes Ferroviarios Especiales S.A. (Transfesa), Madrid/Spain.

The additions due to the change in the type of recognition are attributable to the above-mentioned acquisition of shares in Transfesa Distribución y Logística, and also comprise companies which have previously been recognized at amortized cost of purchase.

The main transactions are detailed in the following:

- On January 16, 2009, Transfesa acquired the remaining 45.12 % of the shares in Transfesa Distribución y Logística, S.L. Issues of segment reporting are shown in the DB Schenker Rail segment.
- The majority holding of Petro Carbo Chem (PCC) Logistics Group was acquired with the agreement of January 29, 2009 (closing July 21, 2009). This deal involved the acquisition of a total of 97.65% of the shares in DB Schenker Rail Polska S.A. (formerly PCC Rail S.A.), 90.09 % of the shares in DB Schenker Rail Rybnik S.A. (formerly PCC Rail Rybnik S.A.) and 96.17% of the shares in “TRAWIPOL” Sp. z o.o. The acquisition was approved by the EU Commission in June 2009.

  In the further course of the year, a small quantity of further shares was acquired, and the holdings as of December 31, 2009 had accordingly increased to 97.69 % (DB Schenker Rail Polska S.A.), 92.40 % (DB Schenker Rail Rybnik S.A.) and 96.94% (“TRAWIPOL” Sp. z o.o.). Issues of segment reporting are shown in DB Schenker Rail 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	31.12.2009	Thereof TDL	Thereof PCC
PURCHASE PRICE			
Payments	220	18	202
– Share of purchase price allocated to minority interest	-8	-8	0
+ Outstanding payments	0	0	0
+ Directly attributable costs	0	0	0
Total purchase price	**212**	**10**	**202**
– Fair value of net assets acquired	86	3	83
Goodwill	**126**	**7**	**119**

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 DISTRIBUCIÓN Y LOGÍSTICA

The acquired net assets are broken down as follows:

€ MILLION	Carrying amount	Adjustment	Fair value
Property, plant and equipment	0	0	0
Intangible assets	0	0	0
Investments accounted for using the equity method	4	0	4
Receivables and other assets	1	0	1
Cash and cash equivalents	3	0	3
Assets	**8**	**0**	**8**
Financial debt	0	0	0
Other liabilities	2	0	2
Other provisions	0	0	0
Liabilities	**2**	**0**	**2**
thereof recognized contingent liabilities in accordance with IFRS 3	(0)	(0)	(0)
Share of third parties	3	0	3
Net assets	**3**	**0**	**3**
Share of DB Group in net assets before acquisition	2	0	2
Net assets acquired	**1**	**0**	**1**
Purchase price paid in cash and cash equivalents	11	0	11
– Cash and cash equivalents acquired with acquisition	3	0	3
Outflow of cash and cash equivalents through transaction	**8**	**0**	**8**

There have been no purchase price adjustments.

PURCHASE PRICE ALLOCATION PCC LOGISTICS GROUP (NOW: DB SCHENKER RAIL POLSKA)

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	166	8	174
Intangible assets	0	54	54
Investments accounted for using the equity method	2	0	2
Inventories	10	0	10
Receivables and other assets	64	0	64
Cash and cash equivalents	11	0	11
Deferred tax assets	9	5	14
Assets	**262**	**67**	**329**
Financial debt	129	0	129
Other liabilities	65	0	65
Retirement benefit obligations	3	0	3
Other provisions	14	9	23
Deferred tax liabilities	2	15	17
Liabilities	**213**	**24**	**237**
thereof recognized contingent liabilities in accordance with IFRS 3	(0)	(0)	(0)
Share of third parties	6	3	9
Net assets	**43**	**40**	**83**
Share of DB Group in net assets before acquisition	0	0	0
Net assets acquired	**43**	**40**	**83**
Purchase price paid in cash and cash equivalents	202	0	202
– Cash and cash equivalents acquired with acquisition	11	0	11
Outflow of cash and cash equivalents through transaction	**191**	**0**	**191**

The purchase price allocation has resulted in the following adjustments relating to assets and liabilities:

€ MILLION	Adjustment
Property, plant and equipment	8
Customer base	23
Sand mine license	19
Orders in hand	12
Other provisions	– 9
Deferred taxes (net)	– 10
Total	**43**
thereof share of third parties	(3)

The purchase price adjustments for intangible assets relate to a customer base (amortization over a useful economic life of 12 to 20 years), a sand mine license (amortization over a useful economic life of nine years) and orders in hand (amortization over a useful economic life of one to three years).

If the PCC Logistics Group had been included in DB consolidated financial statements as of January 1, 2009, DB Group would have shown additional revenues of € 140 million and an additional net income of € 5 million.

PURCHASE PRICE ALLOCATION SCHENKER ROMTRANS (ACQUIRED IN 2008)

The net assets acquired in the previous year (provisional purchase price allocation as of December 31, 2008) including the adjustments to assets and liabilities in accordance with IFRS 3 are shown in the following after the purchase price allocation:

€ MILLION	Carrying amount	Adjustment	Fair value
Property, plant and equipment	13	19	32
Intangible assets	0	5	5
Receivables and other assets	19	0	19
Cash and cash equivalents	5	0	5
Assets	**37**	**24**	**61**
Financial debt	1	0	1
Other liabilities	7	0	7
Other provisions	1	0	1
Deferred tax liabilities	1	4	5
Liabilities	**10**	**4**	**14**
thereof recognized contingent liabilities in accordance with IFRS 3	(0)	(0)	(0)
Share of third parties	0	0	0
Net assets	**27**	**20**	**47**
Share of DB Group in net assets before acquisition	0	0	0
Net assets acquired	**27**	**20**	**47**
Purchase price paid in cash and cash equivalents	91	0	91
– Cash and cash equivalents acquired with acquisition	5	0	5
Outflow of cash and cash equivalents through transaction	**86**	**0**	**86**

The definitive purchase price allocation has resulted in the following adjustments in relation to assets and liabilities: compared with the provisional purchase price allocation 2008, the figures shown for the adjustment amounts have declined by € 9 million for property, plant and equipment, € 2 million for intangible assets and € 1 million for deferred tax liabilities. This results in the following breakdown:

€ MILLION	Adjustment
Property, plant and equipment	19
Intangible assets	5
Deferred taxes (net)	- 4
Total	**20**
thereof share of third parties	(0)

The goodwill is broken down as follows (with figures as of December 31, 2008):

€ MILLION	Romtrans
PURCHASE PRICE	
Payments	87
+ Outstanding payments	0
+ Directly attributable costs	4
Total purchase price	**91**
– Fair value of net assets acquired	47
Goodwill	**44**

The disposals from the scope of consolidation comprise ten mergers as well as three liquidations.

The following overview shows a summary of the effects on the consolidated income statement arising from the changes in the scope of consolidation compared with the previous year period:

€ MILLION	DB Group January 1 to December 31, 2009	Therefore due to changes in the scope of consolidation	Amounts due to disposals from the scope of consolidation
Revenues	29,335	(305)	- 2
Inventory changes and internally produced and capitalized assets	1,936	(25)	0
Overall performance	31,271	(330)	- 2
Other operating income	3,864	(28)	- 1
Cost of materials	- 15,627	(- 195)	0
Personnel expenses	- 11,115	(- 84)	1
Depreciation	- 2,825	(- 25)	0
Other operating expenses	- 3,360	(- 60)	1
Operating profit (EBIT)	**2,208**	**(- 6)**	**- 1**
Results from investments accounted for using the equity method	9	(0)	0
Net interest income	- 826	(- 8)	1
Other financial result	- 4	(0)	0
Financial result	**- 821**	**(- 8)**	**1**
Profit before taxes on income	**1,387**	**(- 14)**	**0**
Taxes on income	- 557	(3)	0
Net profit for the year	**830**	**(- 11)**	**0**

The revenues of € 305 million resulting from additions to the scope of consolidation mainly relate to DB Schenker Rail Polska (€ 104 million), Schenker Romtrans (€ 49 million), Transfesa (€ 42 million) and DB Regio UK (€ 34 million).

Disposals of companies and parts of companies
The amounts for disposals from the scope of consolidation mainly relate to KVB Sigmaringen GmbH which was sold in the previous year.

b) Joint ventures and associated companies

NUMBER	German 2009	Foreign 2009	**Total 2009**	Total 2008
JOINT VENTURES ACCOUNTED FOR USING THE EQUITY METHOD				
As of Jan 1	11	7	**18**	15
Additions	0	1	**1**	3
Addition due to change in type of inclusion	0	0	**0**	0
Disposals	0	0	**0**	0
Disposal due to change in type of inclusion	0	0	**0**	0
As of Dec 31	**11**	**8**	**19**	**18**
ASSOCIATED COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD				
As of Jan 1	65	42	**107**	95
Additions	1	5	**6**	18
Addition due to change in type of inclusion	0	0	**0**	1
Disposals	0	4	**4**	7
Disposal due to change in type of inclusion	1	5	**6**	0
As of Dec 31	**65**	**38**	**103**	**107**

The additions of joint ventures and associated companies comprise seven companies with costs of purchase totalling € 5 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, 2009:

Selected financial data

As of December 31 € MILLION	Equity holding	Assets		Equity		Liabilities		Revenues		Net profit for the year	
		2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
JOINT VENTURES											
ATN Auto Terminal Neuss GmbH & Co. KG, Neuss [5)]	50.00 %	11	14	7	8	4	6	10	13	-1	-1
London Overground Rail Operations Limited, London/UK [1), 4), 6)]	50.00 %	28		0		28		0		4	
NordCargo S.r.l, Milan/Italy [2), 4), 6)]	48.02 %	18	15	3	3	15	12	33	29	0	-1
PKV Planungsgesellschaft kombinierter Verkehr Duisburg mbH, Duisburg [4), 6)]	50.00 %	13	13	1	1	12	12	1	1	0	0
ASSOCIATED COMPANIES											
ALSTOM Lokomotiven Service GmbH, Stendal [3), 6)]	49.00 %	36	33	20	17	16	16	54	42	3	3
Autoport Emden GmbH, Emden	33.30 %	3	2	0	0	3	2	13	5	0	0
BLS Cargo AG, Bern/Switzerland [4), 6)]	44.10 %	155	128	65	59	90	69	127	117	2	9
BwFuhrparkService GmbH, Troisdorf [4), 6)]	24.90 %	199	185	97	30	102	155	260	208	1	4
Container Terminal Dortmund GmbH, Dortmund [4), 6)]	30.00 %	4	4	2	1	2	3	14	12	1	1
CTS Container-Terminal GmbH Rhein-See-Land-Service, Cologne [3), 6)]	22.50 %	6	7	1	2	5	5	29	34	1	1
DAP Barging B.V., Rotterdam/The Netherlands [4), 6)]	53.90 %	7	5	3	2	4	3	38	34	2	1
DCH Düsseldorfer Container-Hafen GmbH, Düsseldorf [3), 6)]	51.00 %	3	4	1	1	2	3	13	17	0	1
EUROFIMA Europäische Gesellschaft für die Finanzierung von Eisenbahnmaterial, Basel/Switzerland [6), 7)]	22.60 %	25,200	27,235	938	879	24,262	26,356	0	0	34	31
Express Air Systems GmbH (EASY), Kriftel [5)]	50.00 %	5	7	2	2	3	5	27	27	0	0
Güterverkehrszentrum Entwicklungsgesellschaft Dresden mbH, Dresden [4), 6)]	24.53 %	19	21	1	1	18	20	1	0	0	0
Hispanauto – Empresas Agrupadas A.E.I.E.©, Madrid/Spain [8)]	41.36 %	7	6	0	0	7	6	28	40	0	0
INTERCONTAINER – INTERFRIGO SA, Brussels/Belgium [4), 6)]	35.66 %	64	70	19	19	45	51	141	140	-2	3
Kahlgrund-Verkehrs-Gesellschaft mit beschränkter Haftung, Schöllkrippen [4), 6)]	28.00 %	11	11	9	9	2	2	8	8	1	1
Kombiverkehr Deutsche Gesellschaft für kombinierten Güterverkehr mbH & Co. Kommanditgesellschaft, Frankfurt am Main [4), 6)]	51.36 %	45	50	15	16	30	34	432	408	0	1

As of December 31 € MILLION	Equity holding	Assets		Equity		Liabilities		Revenues		Net profit for the year	
		2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
LogCap-IR Grundverwertungs-gesellschaft mbH, Vienna / Austria	49.00 %	22	23	4	4	18	19	1	2	0	0
Lokomotion Gesellschaft für Schienentraktion mbH, Munich [4), 6)]	29.40 %	14	15	7	7	7	8	32	29	2	2
MASPED-RAILOG Vasúti Szállitmányozási Kft., Budapest / Hungary	50.00 %	5	11	0	2	5	9	0	58	0	1
MASPED-SCHENKER Air & Sea Forwarding Ltd., Budapest / Hungary	50.00 %	6	9	2	3	4	6	25	31	1	2
METRANS a. s., Prague / Czech Republic [5)]	34.33 %	168	158	83	67	85	91	110	159	15	23
Omfesa Logistica S.A., Madrid / Spain [6)]	27.55 %	23	29	2	-2	21	31	13	20	-2	-2
POLZUG Intermodal GmbH, Hamburg [4)]	33.33 %	13	11	6	6	7	5	62	53	0	2
Pool Ibérico Ferroviario A.E.I.E., Madrid / Spain [6)]	6.43 %	6	5	0	0	6	5	20	26	0	0
Railmax C.V., Nijmegen / The Netherlands [6)]	27.27 %	5	7	0	1	5	6	21	28	0	0
Saarländische Nahverkehrs-Service GmbH, Saarbrücken [4), 6)]	30.00 %	0	0	0	0	0	0	24	25	0	0
Sociedad de Estudios y Explotacion Material Auxiliar de Transportes, S.A. ("SEMAT"), Madrid / Spain [6)]	34.60 %	40	34	15	20	25	14	22	29	-5	0
SSG Saar-Service GmbH, Saarbrücken [4), 6)]	25.50 %	3	3	1	1	2	2	12	11	0	0
TFG Transfracht Internationale Gesell-schaft für kombinierten Güterverkehr mbH & Co. KG, Frankfurt am Main	50.00 %	28	36	5	6	23	30	211	272	-2	1
Unternehmensgesellschaft Verkehrsverbund Rhein-Neckar GmbH (URN GmbH), Mannheim [4), 6)]	40.69 %	6	11	0	0	6	11	4	4	0	0

1) No data for 2008 financial year
2) Addition in 2009
3) Deviating financial year
4) Figures from 2008 financial year
5) Based on preliminary figures
6) Figures according to local GAAP
7) Concerning financing transactions exclusively
8) Previous year's figures according to local GAAP

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 included 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	
	2009	2008	**2009**	2008
1 US Dollar (USD)	0.69416	0.71855	0.71727	0.67977
1 Pound Sterling (GBP)	1.12600	1.04987	1.12222	1.25424
1 Swiss Franc (CHF)	0.67404	0.67340	0.66223	0.63025
1 Hong Kong Dollar (HKD)	0.08952	0.09271	0.09253	0.08729
1 Australian Dollar (AUD)	0.62469	0.49324	0.56402	0.57357
1 Yuan Renminbi (CNY)	0.10168	0.10531	0.10500	0.09779
1 Swedish Krona (SEK)	0.09754	0.09200	0.09416	0.10390
1 Canadian Dollar (CAD)	0.66103	0.58830	0.63092	0.64074
1 Norwegian Krone (NOK)	0.12048	0.10256	0.11459	0.12143
1 Polish Zloty (PLN)	0.24364	0.24076	0.23105	0.28438

RECOGNITION OF INCOME AND EXPENDITURE

The revenues generated in DB Group relate to the provision of passenger 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 price deductions. 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 previous 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 overhead costs which are directly allocatable.

If a considerable period is required for manufacturing an asset in order to place it in its intended state in which it is capable of being used or sold, directly attributable borrowing costs are capitalized as costs of production of the asset. If a direct link cannot be established, the average borrowing cost rate of the year under review is used. 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 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 taken as a basis:

	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 depreciated using the straight-line method 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 overhead costs.

If a considerable period is required for manufacturing an asset in order to place it in its intended state in which it is capable of being used or sold, directly attributable borrowing costs are capitalized as costs of production of the asset. If a direct link cannot be established, the average borrowing cost rate of the year under review is used.

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 previous 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

Goodwill impairment tests have to be carried out at the level of individual assets as part of the asset impairment test. If it is not possible to determine future cash flows, which are to a large extent independent, for an individual asset, 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, whereby further differentiation has taken place within the DB Services business unit as a result of different contents. Due to the congruence between management structure and legal structure, a CGU 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 DB Schenker Logistics and DB Schenker Rail CGUs. The goodwill which resulted from the acquisitions of the remaining shares in Transfesa Distribución y Logística, S.L. and the shares in DB Schenker Rail Polska in the year under review can clearly be allocated to the CGU DB Schenker Rail.

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 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 forecast 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 corporate 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 hand, this rate is defined uniformly as 10.5% for all CGUs of DB ML sub-Group and 8.4% for the CGUs of Infrastructure. The unchanged capital cost rates of the previous year were used.

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.

In addition, the process of establishing the service life disregards future cash flows which result from major structural changes, disinvestment measures or extension investments. Resulting adjustments to the original plans relate mainly to the major new and expansion infrastructure projects, where it is assumed that construction will commence after 2009.

The cash flow forecasts take account of internal transfer prices within DB 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 completed, a regular check is carried out to determine whether impairments are necessary at the CGU level. 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 in May 2009 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 tests carried out for DB Bahn Regional, DB Schenker Logistics and DB Schenker Rail did not identify any impairment requirement for the CGUs. The respective 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 business units. 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

Arm's 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 shown with their amortized cost of purchase because the future cash flows for determining the market value of the shares cannot be reliably established.

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 allowances 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.

Liquid assets 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 overhead costs.

As of the balance sheet date, inventories are measured with the lower of cost or net realizable value.

h) Available-for-sale non-current assets

Under IFRS 5, non-current assets are classified as available-for-sale non-current assets 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 available-for-sale assets are stated with the lower of carrying amount or market value less costs which are incurred. In the year under review, there were no reclassifications in accordance with IFRS 5.

i) Deferred taxes

Deferred taxes are calculated in accordance with IAS 12 (Income Taxes).

The group tax rate for domestic companies 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 Federal 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 compounding of 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 financial 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 costs which has not yet 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.

Past service cost 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 expenses 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.

The discount rate for measuring pension obligations was determined on the basis of the yields obtained on the market on the balance sheet date for prime fixed-income industrial bonds. Prime corporate bonds with an AA rating are used as the basis in this respect (previous year: prime corporate bonds with an AAA or AA rating). With the method used in the year 2009, a rate of 5.0 % instead of 5.5 % would have resulted in Germany in the year 2008.

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 their 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.” (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 constructive 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 legacy issues 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 transferred liabilities for the elimination of legacy issues from the time previous 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 date are made. If valuation-relevant parameters are not directly observable on the market, forecasts are used based on comparable financial instruments which are traded in an active market; these forecasts are then adjusted by premiums or discounts on the basis of historical data. The mean value of bid and offer rates are used. Trades for which no premium has been paid have a fair value of zero upon conclusion. 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 "investment 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 due to considerations of materiality.

All derivatives used in DB Group are measured using common methods such as option price or present value models, because their fair values are not traded on an active market. No parameters from non-observable markets are used for measurement purposes.

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 a very good rating.

The capital structure is managed on the basis of the gearing figure. Gearing is defined as the ratio between net financial debt (financial debt less receivables from financing 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.

The medium-term aim is to achieve gearing of 100 % and thus parity between debt and equity in the financing structure. This objective is unchanged compared with last year. Gearing has developed as follows:

€ MILLION	**2009**	2008
Financial debt	16,510	16,853
– Receivables from financing	– 29	– 31
– Cash and cash equivalents	– 1,470	– 879
Net financial debt	**15,011**	**15,943**
÷ Equity	13,066	12,155
Gearing	**115 %**	**131 %**

Compared with the previous year, gearing has continued to improve 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 net income with an appropriate strengthening of equity.

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 year under review. The following table shows the process of calculating capital employed, using the asset and liability items shown in the balance sheet.

€ MILLION	2009	2008
Property, plant and equipment/intangible assets	39,509	39,976
+ Inventories	814	830
+ Trade receivables	3,030	3,373
+ Receivables and other assets	689	741
– Receivables from financing	-29	-31
+ Income tax receivables	150	124
– Trade liabilities	-3,267	-3,608
– Other liabilities	-3,183	-3,765
– Income tax liabilities	-60	-183
– Other provisions	-6,419	-6,541
– Deferred income	-2,638	-2,955
Capital employed	**28,596**	**27,961**

For further calculation, the adjusted EBIT and EBITDA in the following table is derived from the operating result (EBIT) shown in the income statement. The corresponding details at the segment level have been calculated using the same method.

€ MILLION	2009	2008
Operating profit (EBIT)	2,208	2,593
Income from disposals of financial instruments	0	-259
Expenses from disposal of financial instruments	0	1
Property sales Stuttgart 21	-639	0
New evaluation of risks arising from legacy ecological burdens	-600	0
Technical risks	331	0
Restructuring and personnel adjustment measures	450	0
Settlement airport station Fraport AG	0	-52
Expenses for preparation of planned IPO DB Mobility Logistics AG	7	59
Other	-72	141
EBIT adjusted	**1,685**	**2,483**
Depreciation	2,825	2,723
Impairment track installations / properties	-108	0
EBITDA adjusted	**4,402**	**5,206**

In the year under review, total adjustments to EBIT amounted to € -523 million. These mainly consisted of the adjustments of the realized book profit Stuttgart 21 (€ -639 million), the reversal of the provision resulting from the revalued ecological legacy issues (€ -600 million), the creation of the provision for technology risks of rolling stock and superstructures (€ 331 million) as well as obligations resulting from restructuring and personnel adjustment measures (€ 450 million).

The capital employed and the adjusted EBIT have resulted in the following figures for return on capital employed (ROCE).

€ MILLION	2009	2008
EBIT adjusted	1,685	2,483
÷ Capital employed	28,596	27,961
Return on capital employed (ROCE)	**5.9 %**	**8.9 %**

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 CGU. 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 more than 6% lower than the current budget assumption, and if this effect would also have an impact on the cash flows forecast after this period, an impairment would have to be recognized in the DB Netze Track business unit. In addition, an impairment would also have to be recognized for the DB Schenker Rail business unit if there is a difference of more than 9% between the EBITDA margin and the corresponding budgeted figure and if there is a difference of more than 7% between the EBITDA margin of the CGU DB Fahrzeuginstandhaltung (in the DB Services business unit) compared with the corresponding budgeted figure. For the other CGUs, no impairment has to be recognized if the differences are less than 10%.

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 – i.e. 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 (as was the case in the previous year).

Weighted average costs of capital

If the discount rate before tax which was used for calculating the value in use were to be higher than the current assumptions of 8.4% for CGUs in infrastructure and 10.5% for CGUs in DB ML sub-Group, impairments would have to be recognized in relation to fixed assets for the DB Netze Track business unit in excess of an increase of 5%, for the DB Schenker Rail business unit for an increase in excess of 6% as well as for the CGUs DB Fahrzeuginstandhaltung and DB Fuhrpark (both in the DB Services business unit) in excess of an increase of 6% and 9% respectively. For all other CGUs, no impairment would have to be recognized below 10%.

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 € 107 million (previous year: € 160 million).

c) Environmental protection provisions

The environmental protection provisions relate primarily to the obligation of DB AG to remedy the ecological legacy issues which arose before January 1, 1994 on the land of the Deutsche Bundesbahn and the former Deutsche Reichsbahn. The ecological legacy issues comprise mainly contamination of soil and groundwater as a result of using the properties. The obligation to rehabilitate the property 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 figure shown 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 0.69 % (previous year: 0.68 %).

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 receivables 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

Actuarial methods have been used for measuring defined benefit pension commitments as well as benefit commitments which are similar to pensions and the resultant costs and income. The valuations are based on actuarial assumptions. These include in particular discount factors, salary and pension trends as well as biometrical calculation bases. 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 bonds with a corresponding term. In the case of externally financed pension plans, the values of the corresponding plan 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. The expected yield of fund assets or the refund claims 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	2009	2008
Revenues from services	28,677	32,894
thereof concession fees for rail transport	(4,489)	(4,477)
Revenues from sale of goods	658	558
Total	**29,335**	**33,452**

Revenues have declined by € 4,117 million compared with the corresponding previous year figure (–12.3 %). This decline is mainly attributable to the economic downturn in Germany, Europe and the rest of the world which continued in the year under review. The most severe declines in terms of revenues are reported for the two segments DB Schenker Rail and DB Schenker Logistics. Adjusted by the major effects of changes to the scope of consolidation, and in particular the contribution to revenues made by the acquired Schenker Romtrans and DB Schenker Rail Polska (formerly PCC Logistics Group), the decline compared with the previous year was 12.8 %. The concession fees for rail transport which have increased slightly compared with the previous year consist almost exclusively of payments arising from performance-based transport agreements with the Federal German states.

Movements in revenues broken down according to business segments and regions are set out in segment reporting.

(2) INVENTORY CHANGES AND INTERNALLY PRODUCED AND CAPITALIZED ASSETS

€ MILLION	2009	2008
Inventory changes	16	-47
Internally produced and capitalized assets	1,920	1,919
Total	**1,936**	**1,872**

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	2009	2008
Services for third parties and sales of materials		
Income from maintenance and repairs	1	0
Sale of materials and energy	101	182
Other third-party goods and services	716	738
	818	**920**
Leasing and rental income	181	193
Income from claims for damages and compensation	99	136
Income from Federal grants		
Federal compensation payments	79	77
Other investment grants	41	35
Other federal grants [1]	142	221
	262	**333**
Income from the disposal of property, plant and equipment and intangible assets	594	285
Income from the disposal of non-current financial instruments	0	259
Income from the release of provisions	1,038	252
Other income		
Income from third parties fees	25	23
Income from remediation of ecological burdens	66	49
Miscellaneous other income [1]	781	596
	872	**668**
Total	**3,864**	**3,046**

[1] Previous year's figure adjusted.

A considerable increase in the income from the release of provisions had a considerable impact on the extent of other operating income in the year under review. This mainly comprises the partial reversal of the provision for ecological legacy issues of € 600 million at DB AG.

The increase in income from the disposal of property, plant and equipment and intangible assets as well as the other income compared with the previous year is mainly attributable to the realization of the sale of land relating to Stuttgart 21 in the segments DB Netze Track and DB Bahn Regional.

The income from Federal 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 decline compared with the previous year is mainly due to lower grants in DB Netze Track segment.

(4) COST OF MATERIALS

€ MILLION	2009	2008
Costs of raw materials, consumables and supplies		
Energy costs		
Electricity	1,307	1,176
Electricity tax	166	182
Diesel, other fuel	789	976
Other energies	115	93
	2,377	2,427
Other supplies	333	319
Price and value adjustments to materials	- 35	- 47
	2,675	**2,699**
Costs of purchased services		
Purchased transport services	8,308	11,135
Cleaning, security, disposal, snow and ice control	230	267
Provisions	130	143
Infrastructure usage expenses		
Train-path usage	128	144
Station usage	1	0
	129	144
Other purchased services	569	643
	9,366	**12,332**
Maintenance expenses	3,586	3,513
Total	**15,627**	**18,544**

The adjustments to inventories recorded under cost of materials amount to €18 million (unchanged to previous year).

Declines in the costs of purchased services compared with the previous year are mainly attributable to a lower level of operations in the DB Schenker Logistics segment. Higher maintenance expenses have resulted mainly from the creation of provisions for rolling stock for passenger and freight services.

(5) PERSONNEL EXPENSES AND EMPLOYEES

€ MILLION	2009	2008
Wages and salaries		
Employees	7,335	7,275
Civil servants assigned	1,403	1,375
	8,738	**8,650**
Social security expenses		
Employees	1,382	1,388
Civil servants assigned	281	286
Costs of adjusting staffing levels	555	135
Retirement benefit expenses	159	124
	2,377	**1,933**
Total	**11,115**	**10,583**

The figure stated for personnel expenses includes expense of € 684 million for defined contribution plans (previous year: € 666 million).

The amount shown for adjusting staffing levels mainly comprises costs of severance payment agreements and semi-retirement agreements and, for the first time, restructuring costs arising from adjustment programs in response to the economic development (around € 373 million).

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 (pension backing association). 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 (Eisenbahnneuordnungsgesetz; ENeuOG), Art. 2 § 12. For the work of the allocated civil servants, DB AG reimburses to the Federal Railroad Fund (Bundeseisenbahnvermögen; BEV) those costs which would be incurred if an employee covered by collective bargaining arrangements were to be employed instead of the allocated civil servant (pro forma calculation).

The development in wages and salaries for the domestic companies is mainly attributable to the conclusion of the collective bargaining negotiations in 2009; the companies outside Germany are affected by exchange rate fluctuations and structural changes.

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	
	2009	2008	**2009**	2008
Employees	203,062	202,813	202,972	201,837
Civil servants	36,320	37,429	36,916	38,171
Subtotal	**239,382**	**240,242**	**239,888**	**240,008**
Trainees	9,259	8,963	8,109	7,664
Total	**248,641**	**249,205**	**247,997**	**247,672**

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.

Adjusted by the number of employees at DB Schenker Rail Polska which was acquired in the year under review, the full-time employees are stated as 233,403 employees (annual average: 236,992 employees). The number of employees (excl. DB Schenker Rail Polska) declined by 2.8 % (full-time persons at the end of the year) and 1.3 % respectively (full-time persons, annual average).

The development in the number of employees, based on the number of natural persons, is shown in the following:

NATURAL PERSONS	At year end	
	2009	2008
Employees	213,394	213,221
Civil servants	38,199	39,326
Subtotal	**251,593**	**252,547**
Trainees	9,259	8,963
Total	**260,852**	**261,510**

(6) DEPRECIATION

Depreciation relates mainly to the 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	2009	2008
Rental and leasing expenses		
Operating lease expenses	1,100	1,125
Conditional leasing expenses	6	5
	1,106	**1,130**
Legal, consultancy and audit fees	139	280
Contributions and fees	229	232
Insurance expenses	169	180
Sales promotion and advertising expenses	77	110
Cost of printing and office supplies	75	90
Travel and entertaining expenses	210	251
Research and not capitalized development costs	7	8
Other purchased services		
IT services	147	161
Other communication services	64	75
Other services	254	362
	465	**598**
Damages payable	67	69
Impairments in receivables and other assets [1]	-7	127
Loss from disposal of property, plant and equipment and intangible assets	129	183
Expenses from disposal of non-current financial instruments	0	1
Other operational taxes	0	14
Other expenses [2]		
Grants for third-party facilities	82	89
Other personnel-related expenses	78	103
Miscellaneous other expenses	538	469
Net of expenses and income consolidation	-4	-7
	694	**654**
Total	**3,360**	**3,927**

[1] Including payments for receivables written down in the previous year.

[2] Previous year's figure adjusted.

The fact that other operating expenses have declined compared with the previous year is mainly attributable to a consistent policy of managing spending in DB Group.

Legal, consultancy and audit fees comprise fees of € 21.9 million for the auditor of the consolidated financial statements (previous year: € 24.4 million); of this figure, costs for the audits of financial statements accounted for € 10.9 million (previous year: € 11.2 million), other attestation services accounted for € 4.1 million (previous year: € 3.9 million), tax consultancy accounted for € 0.3 million (previous year: € 0.4 million) and other services accounted for € 6.6 million (previous year: € 8.9 million).

The changes in the impairments recognized in relation to receivables and other assets are mainly attributable to DB Schenker Logistics segment, as a one-off charge was recognized in the previous year as a result of a higher impairment requirement. On the other hand, there were major reversals in the year under review.

The decline in the costs of other taxes is mainly attributable to the reversal of provisions.

The increase in miscellaneous other expenses is mainly attributable to the addition to provisions.

(8) RESULT FROM INVESTMENTS 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	**2009**	2008
Joint ventures		
Other	- 2	- 1
	- 2	**- 1**
Associated companies		
METRANS a. s.	6	7
EUROFIMA	8	7
Other	- 3	8
	11	**22**
Total	**9**	**21**

(9) NET INTEREST INCOME

€ MILLION	**2009**	2008
Interest income		
Other interest and similar income	94	220
Income from securities	0	0
Interest accrued and other interest income	251	325
	345	**545**
Interest expenses		
Other interest and similar expenses	- 642	- 817
Interest accrued on non-current provisions and liabilities	- 339	- 290
Interest accrued on retirement benefit obligations	- 121	- 121
Interest expense of finance lease	- 69	- 77
	- 1,171	**- 1,305**
Total	**- 826**	**- 760**

The significant decline in other interest and similar income is attributable to the lower level of market interest rates caused by the financial market crisis.

In the year under review, the decline in other interest and similar expenses is attributable to a reduction in the volume of financial debt and also the fact that the refinancing costs of new business are lower than the corresponding costs of expiring transactions.

The interest income and expenses attributable to the financial assets and liabilities amounted to € 38 million (previous year: € 152 million) and € –821 million respectively (previous year: € –1,041 million).

(10) OTHER FINANCIAL RESULT

€ MILLION	2009	2008
Result from equity investments	2	2
Result from currency exchange gains	121	-310
Result from foreign exchange-based derivative contracts	-96	276
Result of other derivatives	2	-12
Result from disposal of financial instruments	0	0
Impairments on financial instruments	-33	-1
Miscellaneous financial result	0	-2
Total	**-4**	**-47**

The result from 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 from currency-related derivatives. Both parameters have changed appreciably compared with the corresponding previous year figure due to significant exchange rate fluctuations attributable to the financial market crisis. The result from 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 from 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 impairments recognized in relation to financial instruments are an impairment recognized in relation to the equity participation in China United International Rail Containers Co. Ltd., Beijing/China.

(11) TAXES ON INCOME

€ MILLION	2009	2008
Actual tax expences	-73	-479
Income due to lapsing of tax obligations	27	10
Actual taxes on income expenses	**-46**	**-469**
Deferred tax income	-511	-17
Total	**-557**	**-486**

The actual tax expense was incurred mainly in relation to foreign subsidiaries, whereas tax income was reported in Germany. The decline compared with the previous year is mainly attributable to the temporary interruption of the single entity for tax purposes in the year 2008 (restructuring of DB ML AG) and also the lower net profit for 2009. The increase in deferred tax expenses was mainly attributable to the updated medium-term planning which indicates lower tax results over the medium term.

Starting with the net profit 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	**2009**	2008
Profit before taxes on income	1,387	1,807
Group tax rate	30.5 %	30.5 %
Expected tax expense	**-423**	**-551**
Reduced (previous year: additional) recognition as well as usage of existing temporary differences	-206	11
Income not subject to tax	18	17
Tax effects related to IAS 12.33	108	108
Expenses not deductible for tax purposes	-28	-22
Differences in tax rates of foreign companies	15	43
Other effects	-41	-92
Taxes on income as reported	**-557**	**-486**
Effective tax rate	40.2 %	26.9 %

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 in the assessment bases of different income tax bases, income taxes attributable to other periods and losses without the creation of deferred taxes. The income arising from actual income taxes attributable to other periods amounts to € 47 million.

(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 year under review. Undiluted earnings per share correspond to diluted earnings per share.

€ MILLION	**2009**	2008
Net profit for the year	830	1,321
thereof attributable to minority interests	(9)	(14)
thereof attributable to shareholders of DB AG	(821)	(1,307)
Number of issued shares	430,000,000	430,000,000
Earnings per share (€ /share), undiluted	1.91	3.04
Earnings per share (€ /share), diluted	1.91	3.04

NOTES TO THE BALANCE SHEET

(13) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment as of December 31, 2009 € 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	Advance payments and assets under construction	**Total**
COST OF PURCHASE AND COST OF PRODUCTION									
As of Jan 1, 2009	4,330	5,419	12,435	14,739	20,588	1,448	3,471	3,725	**66,155**
Changes in the scope of consolidation	16	32	3	11	198	28	18	5	**311**
thereof additions	(16)	(32)	(3)	(11)	(198)	(28)	(18)	(5)	**(311)**
thereof disposals	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	**(0)**
Additions [1]	123	118	415	1,235	656	71	229	3,555	**6,402**
Investment grants	-12	-54	-397	-1,003	-14	-15	-29	-3,124	**-4,648**
Transfers	26	-4	127	333	368	32	40	-920	**2**
Transfers related to assets held for sale	0	0	0	0	4	0	0	-4	**0**
Disposals	-86	-35	-13	-133	-260	-22	-252	268	**-533**
Currency translation differences	7	36	4	0	39	12	12	26	**136**
As of Dec 31, 2009	**4,404**	**5,512**	**12,574**	**15,182**	**21,579**	**1,554**	**3,489**	**3,531**	**67,825**
ACCUMULATED DEPRECIATION									
As of Jan 1, 2009	-384	-1,871	-3,451	-8,210	-10,848	-925	-2,123	-277	**-28,089**
Changes in the scope of consolidation	-2	-10	-2	-10	-77	-15	-7	0	**-123**
thereof additions	(-2)	(-10)	(-2)	(-10)	(-77)	(-15)	(-7)	(0)	**(-123)**
thereof disposals	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	**(0)**
Depreciation	-8	-184	-182	-678	-1,158	-93	-316	0	**-2,619**
Impairments	-58	0	-1	-51	-25	-3	-1	-12	**-151**
Reversal of impairment losses	0	0	0	44	0	0	0	0	**44**
Transfers	-10	12	-3	0	0	-1	2	-1	**-1**
Transfers related to assets held for sale	0	0	0	0	0	0	0	0	**0**
Disposals	8	24	8	105	231	20	212	2	**610**
Currency translation differences	0	-16	-2	0	-24	-7	-8	0	**-57**
As of Dec 31, 2009	**-454**	**-2,045**	**-3,633**	**-8,800**	**-11,901**	**-1,024**	**-2,241**	**-288**	**-30,386**
Carrying amount Dec 31, 2009	**3,950**	**3,467**	**8,941**	**6,382**	**9,678**	**530**	**1,248**	**3,243**	**37,439**
Carrying amount Dec 31, 2008	**3,946**	**3,548**	**8,984**	**6,529**	**9,740**	**523**	**1,348**	**3,448**	**38,066**

[1] Including € 129 million for credit items from previous years.

Property, plant and equipment as of December 31, 2008 € 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	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**
Carrying amount Dec 31, 2008	**3,946**	**3,548**	**8,984**	**6,529**	**9,740**	**523**	**1,348**	**3,448**	**38,066**
Carrying amount 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.

Impairments of €151 million (previous year: €47 million) mainly relate to track and real estate of DB Netz AG as well as rolling stock of DB Schenker Rail Deutschland AG and work-in-progress of S-Bahn Berlin GmbH.

Reversals of impairments relating mainly to track of DB Netz AG amounted to €44 million (previous year: €41 million).

The positive book value disposals of €270 million (previous year: €204 million) relating to work in progress are attributable to the repayment of investment grants received and shown as assets in previous years.

Financial debt was backed by tangible assets with carrying amounts of €131 million (previous year: €190 million). This relates primarily to rolling stock which is used for securing loans, mainly of EUROFIMA (European Company for the Financing of Railroad Rolling Stock), Basel/Switzerland, and which is used at DB Bahn Regional, DB Schenker Rail and DB Bahn Long-Distance segments. Restrictions to rights of disposal in relation to property, plant and equipment existed to the extent of €24 million (previous year: €24 million) mainly at SüdbadenBus GmbH and Regional Bus Stuttgart 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	6	750	19	0	979	8	0	**1,762**
Accumulated depreciation	0	-173	-2	0	-667	-2	0	**-844**
Carrying amount Dec 31, 2009	**6**	**577**	**17**	**0**	**312**	**6**	**0**	**918**
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**

The figure shown for the commercial, operating and other structures under rented fixed assets mainly relates to concourse buildings 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 (locomotives, multiple units, freight wagons).

The assets which are leased (as lessor) 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, 2009 for land and buildings (as of December 31, 2008: € 1,045 million) and a residual carrying amount of € 2,220 million (as of December 31, 2008: € 2,173 million)[1] for mobile assets (mainly rolling stock). The residual carrying amount of the rented (as lessor) real estate is roughly unchanged compared with the previous year figure. With regard to the mobile assets, the slight increase is mainly attributable to capital expenditures in locomotives and freight cars at DB Schenker Rail. Rental and leasing income 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, 2009								
Minimum lease payments	387	256	212	189	167	969	**1,793**	**2,180**
Dec 31, 2008								
Minimum lease payments	389	237	201	170	151	868	**1,627**	**2,016**

[1] Previous year figure adjusted.

(14) INTANGIBLE ASSETS

Intangible assets as of December 31, 2009 € 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, 2009	47	11	1,097	1,338	30	**2,523**
Changes in the scope of consolidation	0	0	54	128	0	**182**
thereof additions	(0)	(0)	(54)	(128)	(0)	**(182)**
thereof disposals	(0)	(0)	(0)	(0)	(0)	**(0)**
Additions	1	8	38	9	13	**69**
Investment grants	0	0	-1	0	0	**-1**
Transfers	-4	-1	4	0	0	**-1**
Transfers related to assets held for sale	0	0	0	0	0	**0**
Disposals	0	0	-33	-1	0	**-34**
Currency translation differences	0	0	4	14	0	**18**
As of Dec 31, 2009	**44**	**18**	**1,163**	**1,488**	**43**	**2,756**
ACCUMULATED DEPRECIATION						
As of Jan 1, 2009	-43	0	-550	-20	0	**-613**
Changes in the scope of consolidation	0	0	-2	0	0	**-2**
thereof additions	(0)	(0)	(-2)	(0)	(0)	**(-2)**
thereof disposals	(0)	(0)	(0)	(0)	(0)	**(0)**
Depreciation	-4	0	-95	0	0	**-99**
Impairments	0	0	0	0	0	**0**
Reversal of impairment losses	0	0	0	0	0	**0**
Transfers	7	0	-7	0	0	**0**
Transfers related to assets held for sale	0	0	0	0	0	**0**
Disposals	0	0	29	0	0	**29**
Currency translation differences	0	0	0	-1	0	**-1**
As of Dec 31, 2009	**-40**	**0**	**-625**	**-21**	**0**	**-686**
Carrying amount Dec 31, 2009	**4**	**18**	**538**	**1,467**	**43**	**2,070**
Carrying amount Dec 31, 2008	**4**	**11**	**547**	**1,318**	**30**	**1,910**

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**
ACCUMULATED 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**

Segment reporting shows the allocation of reported goodwill to the various segments.

(15) INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

€ MILLION	2009	2008
As of Jan 1	355	231
Additions	5	71
Disposals from divestitures	0	0
Group share of profit	9	21
Capital increase	2	0
Other movements in capital	10	32
Dividends received	-8	-14
Impairments	0	-1
Transfers	-7	1
Currency translation differences	3	14
As of Dec 31	**369**	**355**

The figure shown in the balance sheet as of December 31, 2009 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 TAX ASSETS

€ MILLION	2009	2008
Deferred tax assets in respect of temporary differences	433	309
Deferred tax assets in respect of tax losses carried forward	740	1,383
Total	**1,173**	**1,692**

No deferred tax assets have been created in relation to the following losses carried forward and temporary differences:

€ MILLION	2009	2008
Tax loss carry-forwards for which no deferred tax asset has been created	14,323	13,643
Temporary differences for which no deferred tax asset has been created	5,918	5,793
Temporary differences for which IAS 12.24b in conjunction with 12.33 prohibits recognition of a deferred tax asset	4,764	5,146
Total	**25,005**	**24,582**

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) DBGrG as a contribution.

On the basis of current laws, the domestic losses carried forward are 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 not 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	
	2009	2008	**2009**	2008
NON-CURRENT ASSETS				
Property, plant and equipment	16	11	120	122
Intangible assets	1	1	37	29
Investments accounted for using the equity method	0	0	9	11
Real estate held as financial asset	1	0	8	9
Other financial instruments	1	0	2	5
CURRENT ASSETS				
Inventories	0	0	0	1
Trade receivables	14	22	1	0
Other financial assets	5	1	0	1
Assets held for sale	1	0	0	0
NON-CURRENT LIABILITIES				
Financial debt	97	1	1	1
Other liabilities	0	0	1	0
Derivative financial instruments	10	26	0	0
Retirement benefit obligations	12	12	3	6
Other provisions	124	126	3	3
CURRENT LIABILITIES				
Financial debt	33	1	2	0
Trade liabilities	9	19	1	5
Other liabilities	26	47	3	7
Derivative financial instruments	14	24	0	0
Other provisions	86	65	2	3
Loss carried forward	740	1,383	0	0
Subtotal	**1,190**	**1,739**	**193**	**203**
Valuation allowance	0	-3	0	0
Offsetting [1]	-17	-44	-17	-44
Amount stated in the balance sheet	**1,173**	**1,692**	**176**	**159**

[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 €24 million shown directly in equity (previous year: €44 million) and deferred tax liabilities of €1 million (previous year: €0 million) are included in the deferred taxes shown in the balance sheet.

(17) AVAILABLE-FOR-SALE FINANCIAL ASSETS

€ MILLION	Investments in subsidiaries		Other investments		Securities		Total	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	**2008**
As of Jan 1	2	3	55	113	8	8	**65**	**124**
Currency translation differences	0	0	1	0	0	0	**1**	**0**
Changes in the scope of consolidation	-1	0	3	12	0	1	**2**	**13**
Additions	0	0	0	0	0	1	**0**	**1**
Disposals through sale	0	-1	0	-70	0	-1	**0**	**-72**
Other disposals	0	0	0	0	0	0	**0**	**0**
Fair value changes	0	0	0	0	0	-1	**0**	**-1**
Reclassifications	0	0	2	0	0	0	**2**	**0**
Impairment losses	0	0	-33	0	0	0	**-33**	**0**
Other	0	0	4	0	-3	0	**1**	**0**
As of Dec 31	**1**	**2**	**32**	**55**	**5**	**8**	**38**	**65**
Non-current amount	1	2	32	55	4	6	**37**	**63**
Current amount	0	0	0	0	1	2	**1**	**2**

(18) INVENTORIES

€ MILLION	2009	2008
Raw materials, consumables and supplies	897	909
Unfinished products, work in progress	165	138
Finished products and goods	36	36
Advance payments	13	15
Impairments	-297	-268
Total	**814**	**830**

(19) RECEIVABLES AND OTHER ASSETS

€ MILLION	Trade receivables	Receivables from financing	Advance payments	Other assets	Total
As of Dec 31, 2009					
Gross value	3,291	38	99	544	**3,972**
Impairments	-209	-9	0	-36	**-254**
Net value	**3,082**	**29**	**99**	**508**	**3,718**
thereof due from related parties	(47)	(2)	(0)	(93)	**(142)**
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)**

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, 2009	-248	-9	-41	**-298**
Additions	-71	0	-3	**-74**
Release	105	0	7	**112**
Amounts used	12	0	2	**14**
Transfer to current assets	0	0	0	**0**
Changes in the scope of consolidation	-7	0	-1	**-8**
Currency translation differences	0	0	0	**0**
As of Dec 31, 2009	**-209**	**-9**	**-36**	**-254**
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**
Transfer to current assets	0	0	0	**0**
Changes in the scope of consolidation	-4	-9	0	**-13**
Currency translation differences	0	0	0	**0**
As of Dec 31, 2008	**-248**	**-9**	**-41**	**-298**

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 allowances (based on experience) 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. Previous impairments are reversed if the reasons for the original impairments are no longer applicable.

The total amount of allocations to impairments of € 74 million (previous year: € 96 million) consists of individual allowances of € 60 million (previous year: € 52 million) and global individual allowances of € 14 million (previous year: € 44 million).

The reversals have recognized reductions of individual allowances of € 60 million (previous year: € 33 million) and reductions of global individual allowances of € 52 million (previous year: € 13 million).

Costs of €32 million were incurred for the complete derecognition of receivables and other assets (previous year: €82 million).

Income of €10 million was reported for amounts received in relation to previously derecognized receivables and other assets (previous year: €5 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, 2009								
Trade receivables	3,030	19	18	8	7	0	**52**	**3,082**
Receivables from financing	0	1	2	6	2	18	**29**	**29**
Advance payments	74	25	0	0	0	0	**25**	**99**
Other assets	430	6	1	0	0	71	**78**	**508**
Total	**3,534**	**51**	**21**	**14**	**9**	**89**	**184**	**3,718**
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**

The decline in trade receivables 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 receivables.

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, 2009								
Trade receivables	213	2,178	621	134	51	43	23	28
Receivables from financing	13	25	0	0	0	0	0	0
Other assets	33	236	29	3	3	5	8	12
Total	**259**	**2,439**	**650**	**137**	**54**	**48**	**31**	**40**
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 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) INCOME TAX RECEIVABLES

The income tax receivables 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	2009	2008
Interest-based contracts		
Interest swaps	7	2,091
	7	**2,091**
Currency-based contracts		
Currency swaps	838	1,368
Currency forward/future contracts	437	213
Interest-currency swaps	2,060	2,045
	3,335	**3,626**

Volume	2009	2008
OTHER CONTRACTS		
Diesel (1,000 metric tons)	525	552
HSL (1,000 metric tons)	162	120
Hard coal (1,000 metric tons of a coal equivalent ("MTCE"))	1,603	1,702
USD forward contracts for procurement of diesel fuel (USD million)	32	83

The volume of interest swaps declined strongly compared with the previous year because almost all interest hedges expired and because no new business was taken out. The reported volume of € 7 million is attributable to legacy business of companies which have been acquired. The nominal value of the interest-currency swaps was hardly changed at all, as expiries and new transactions roughly balanced each other out.

Holdings of currency swaps have declined as a result of expired forward-start transactions. The hedging of the planned capital increase at DB Polska Acquisition Sp.z.o.o, Warsaw/Poland has resulted in an increase in the volume of currency forwards.

The volume of energy price hedges has remained virtually unchanged; expiring transactions were replaced by new business.

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	
	2009	2008	**2009**	2008
Interest-based contracts				
Interest swap	0	5	0	6
Interest forward/future contracts	0	0	0	0
Other interest derivatives	0	0	0	0
	0	**5**	**0**	**6**
Currency-based contracts				
Currency swaps	13	74	7	44
Currency forward/future contracts	5	5	4	7
Other currency derivatives	**0**	**0**	**0**	**0**
Interest-currency swaps	29	68	140	98
	47	**147**	**151**	**149**
Other contracts				
Energy price derivatives	**15**	**8**	**97**	**170**
Interest-currency swaps	0	0	0	0
	15	**8**	**97**	**170**
Total	**62**	**160**	**248**	**325**
Interest-based contracts	0	0	0	1
Currency-based contracts	28	78	142	99
Other contracts	8	0	38	80
Non-current portion	**36**	**78**	**180**	**180**
Current portion	26	82	68	145

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 strengthening of the euro against the US dollar and the Japanese yen has resulted in a considerable decline in assets and an increase in liabilities attributable to interest-currency swaps. The development in the value of the currency swaps is attributable to a slight weakening of the euro against sterling, the Polish zloty and the Swedish krona.

The decline in the liabilities attributable to energy derivatives is mainly attributable to the expiry of legacy transactions.

The market values of the cash flow hedges are shown as follows under assets and liabilities:

€ MILLION	Assets		Liabilities	
	2009	2008	**2009**	2008
Interest-based contracts				
Interest forward/future contracts	0	0	0	0
	0	**0**	**0**	**0**
Currency-based contracts				
Currency swaps	13	74	7	44
Currency forward/future contracts	0	0	0	0
Interest-currency swaps	29	68	140	98
	42	**142**	**147**	**142**
Other contracts				
Energy price derivatives	15	8	97	170
	15	**8**	**97**	**170**
Total	**57**	**150**	**244**	**312**
Interest-based contracts	0	0	0	0
Currency-based contracts	28	77	140	98
Other contracts	8	0	38	80
Non-current portion	**36**	**77**	**178**	**178**
Current portion	21	73	66	134

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	Due in					
MILLION	2010	2011	2012	2013	2014	2015 ff.
USD	13	1,450	20	–	–	–
GBP	186	–	–	–	–	–
CHF	10	300	75	–	–	6
JPY	–	5,000	5,000	–	55,000	7,500
HKD	9	–	250	–	250	–
NOK	230	–	–	–	–	–
SEK	1,914	750	–	750	–	–
DKK	162	235	15	15	8	31
SGD	54	–	–	–	210	153
NZD	–	–	23	–	–	–
CAD	69	–	–	–	–	–
MXN	141	–	–	–	–	–
PLN	1,256	–	–	–	–	–
ZAR	1	–	–	–	–	–
SAR	9	–	–	–	–	–

Interest payments – nominal	Due in					
value MILLION	2010	2011	2012	2013	2014	2015 ff.
USD	75	75	1	–	–	–
GBP	0	–	–	–	–	–
CHF	9	9	2	0	0	0
JPY	1,160	1,160	1,090	1,030	1,030	630
HKD	28	27	24	13	6	–
NOK	13	–	–	–	–	–
SEK	139	92	46	46	–	–
DKK	18	14	3	3	2	3
SGD	12	12	12	12	9	19
NZD	1	1	1	–	–	–
CAD	0	–	–	–	–	–
MXN	1	–	–	–	–	–
PLN	20	–	–	–	–	–
ZAR	0	–	–	–	–	–
SAR	0	–	–	–	–	–

In the case of interest and interest-currency hedges, the effectiveness of the hedge is assessed prospectively using the Critical Terms Match method. This method is used because the major valuation parameters of the underlying and hedges are identical. The 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 € –1 million in the year under review (previous year: € –2 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.” These transactions expired in the year under review.

Currency forwards taken out to hedge operations are normally classified as non-hedge derivatives. The development of the euro against the US dollar has had a negative impact on the development in the value of the non-hedge derivatives. This development was positively affected mainly by the weakening of the euro against the Polish zloty.

The market values of the non-hedge derivatives are shown under assets and liabilities as follows:

€ MILLION	Assets		Liabilities	
	2009	2008	**2009**	2008
Interest-based contracts				
Interest swaps	0	5	0	6
Other interest derivatives	0	0	0	0
	0	**5**	**0**	**6**
Currency-based contracts				
Currency forward/future contracts	5	5	4	7
Other currency derivatives	0	0	0	0
	5	**5**	**4**	**7**
Other contracts				
Energy price derivatives	**0**	**0**	**0**	**0**
Miscellaneous other contracts	0	0	0	0
	0	**0**	**0**	**0**
Total	**5**	**10**	**4**	**13**
Interest-based contracts	0	0	0	1
Currency-based contracts	0	1	2	1
Other contracts	0	0	0	0
Non-current portion	**0**	**1**	**2**	**2**
Current portion	5	9	2	11

The maximum counterparty default risk resulting from the derivative financial instruments as of the balance sheet date is € 62 million (previous year: € 160 million).

The decline 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 € 14 million, and relates to a bank with a Moody's rating of A1. 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 A1.

(22) CASH AND CASH EQUIVALENTS

€ MILLION	2009	2008
Cash at banks and in hand	1,469	877
Cash equivalents	1	2
Total	**1,470**	**879**
Effective interest rate on short-term bank deposits (%)	0.76	4.42
Average term of short-term bank deposits (months)	0.2	0.3

The interest rates for current bank deposits were in a range of between 0.2% and 2.5% (previous year: 2.0% to 5.1%).

(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.

The measurement of financial instruments directly in equity has resulted in the creation of deferred tax liabilities of €1 million in the year under review.

Reserve attributable to the market valuation of cash flow hedges

This item shows the interest-, currency- and fair-value-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	**2009**	2008
As of Jan 1	- 104	65
Changes in fair value	- 25	43
Reclassifications		
Financial result	96	- 277
Net interest income	1	- 9
Cost of materials	- 1	2
Changes in deferred taxes	- 22	72
As of Dec 31	**- 55**	**- 104**

Reclassification effects relate exclusively to this reserve.

(25) RETAINED EARNINGS

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) MINORITY INTERESTS

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 loans stated with their present values. The maturity structure of financial 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, 2009								
Federal loans	491	422	402	226	215	1,520	**2,785**	**3,276**
Bonds	999	1,244	623	746	434	6,017	**9,064**	**10,063**
Bank borrowings	87	8	6	4	4	807	**829**	**916**
EUROFIMA loans	0	0	434	0	519	0	**953**	**953**
Finance lease liabilities	185	83	144	401	38	430	**1,096**	**1,281**
Other financial liabilities	18	1	0	2	0	0	**3**	**21**
Total	**1,780**	**1,758**	**1,609**	**1,379**	**1,210**	**8,774**	**14,730**	**16,510**
thereof due to related companies	(495)	(423)	(836)	(226)	(734)	(1,520)	**(3,739)**	**(4,234)**
As of Dec 31, 2008								
Federal 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)**

The following fair values are summarized compared with the carrying amounts:

€ MILLION	**Carrying amount 2009**	**Fair value 2009**	Carrying amount 2008	Fair value 2008
Federal loans	3,276	3,522	3,511	3,556
Bonds	10,063	10,596	9,341	9,579
Bank borrowings	916	916	1,012	1,012
EUROFIMA loans	953	1,014	1,609	1,682
Finance lease liabilities	1,281	1,368	1,355	1,404
Other finance liabilities	21	21	25	25
Total	**16,510**	**17,437**	**16,853**	**17,258**

The differences between the carrying amounts and the fair values of the financial debt are due to the usually changed market interest rates for financial 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 fair values of other financial liabilities.

Federal loans are attributable almost exclusively to financing provided by the Federal Republic of Germany for capital expenditures in expanding and replacing track. This is based on the responsibility for the transport needs of the public which is anchored in section 87e (4) of the Basic Law (Grundgesetz) and specified in the Federal Track Expansion Act (Bundesschienenwegeausbaugesetz; BSchwAG). The loans are generally extended as interest-free loans.

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 Federal loans granted by the Federal Government have developed as follows:

€ MILLION	**2009**	2008
As of Jan 1	3,511	3,557
Addition	9	70
Repayment	-435	-263
Reclassification	57	-20
Cumulative interest	134	167
As of Dec 31	**3,276**	**3,511**

A loan of € 660 million has to be repaid in four equal installments at the beginning of the years 2009 to 2012. For this period, interest is charged on the installments – contrary to the common situation.

The issued bonds consist of the following transactions:

€ MILLION	Volume of issue	Issue currency	Residual maturity in years	Effective interest rate in %	**Carrying amount 2009**	**Fair value 2009**	Carrying amount 2008	Fair value 2008
UNLISTED BONDS:								
Total DB AG	67	JPY, USD	1.7–2.5		52	53	54	56
Total DB Finance B.V.	243	HKD, JPY, CHF	2.5–9.9		227	228	177	186
Total					**279**	**281**	**231**	**242**
LISTED BONDS OF DB FINANCE B.V.:								
Bond 1999–2009	1,350	EUR	–	5.600	–	–	1,348	1,361
Bond 2000–2010	1,000	EUR	0.5	6.150	999	1,021	998	1,031
Bond 2001–2013	750	EUR	3.9	5.250	746	817	746	805
Bond 2002–2012	500	EUR	2.6	5.500	499	538	498	527
Bond 2003–2018	1,000	EUR	8.2	5.000	989	1,069	987	1,020
Bond 2003–2015	700	EUR	5.5	4.600	692	740	691	696
Bond 2004–2011	209	USD	1.5	5.090	173	182	179	185
Bond 2004–2018	300	EUR	8.2	4.850	298	321	297	306
Bond 2004–2009	17	EUR	–	3.500	–	–	17	17
Bond 2004–2016	500	EUR	6.9	4.300	499	526	499	491
Bond 2004–2014	366	JPY	4.9	1.700	374	382	395	380
Bond 2004–2011	197	CHF	2.0	2.300	202	207	201	210
Bond 2006–2011	678	USD	1.0	5.200	555	576	574	594
Bond 2006–2011	316	USD	1.0	5.820	276	288	284	297
Bond 2006–2018	300	EUR	8.2	4.510	305	321	305	306
Bond 2006–2017	500	EUR	7.0	4.116	496	514	496	477
Bond 2007–2019	600	EUR	9.6	5.110	595	642	595	634
Bond 2009–2019	1,000	EUR	9.2	4.923	994	1,065	–	–
Bond 2009–2021	600	EUR	11.8	4.445	596	607	–	–
Bond 2009–2017	500	EUR	7.8	3.774	496	499	–	–
Total					**9,784**	**10,315**	**9,110**	**9,337**
Total bonds					**10,063**	**10,596**	**9,341**	**9,579**

In 2009, a total of two matured bonds of Deutsche Bahn Finance B.V. (DB Finance), Amsterdam/the Netherlands, for € 1,350 million and € 17 million were repaid, and three new listed bonds of € 1,000 million, € 600 million and € 500 million and one unlisted bond of JPY 7,500 million (€ 54 million) were issued.

Bank borrowings are detailed in the following table:

Bank borrowings € MILLION	Currency	Residual maturity in years	Nominal interest rate in %	**Carrying amount 2009**	**Fair value 2009**	Carrying amount 2008	Fair value 2008
Loan 1999-2009	DEM	–	4.850	–	–	51	51
Loan 2002-2016	EUR	6.7	FRN	200	200	200	200
Loan 2002-2022	EUR	12.7	FRN	200	200	200	200
Loan 2003-2016	EUR	6.7	FRN	200	200	200	200
Loan 2003-2022	EUR	12.7	FRN	200	200	200	200
Other				116	116	161	161
Total				**916**	**916**	**1,012**	**1,012**

The € 96 million decline in bank borrowings is due mainly to the repayment of a loan which became due (for a total of € 51 million) in conjunction with a simultaneous reduction of € 45 million in other bank borrowings. The other bank borrowings mainly comprise short-term working capital finance of foreign subsidiaries.

Of the figure stated for bank borrowings, € 1 million was secured (previous year: € 2 million).

As of December 31, 2009, guaranteed credit facilities with a total volume of € 3,055 million (previous year: € 2,691 million) were available to DB Group. Of this figure, € 1,800 million (previous year: € 1,650 million) was attributable to back-up lines for the € 2.0 billion commercial paper program of DB AG and DB Finance. None of these back-up lines had been drawn down as of December 31, 2009. Global credit facilities totaling € 1,255 million (previous year: € 1,041 million) are used for working capital and surety for payment financing of subsidiaries with worldwide operations, primarily in DB Schenker Logistics segment,

The liabilities due to EUROFIMA are detailed in the following:

Liabilities due to EUROFIMA € MILLION	Currency	Residual maturity in years	Nominal interest rate in %	**Carrying amount 2009**	**Fair value 2009**	Carrying amount 2008	Fair value 2008
Loan 1997-2009	DEM	–	5.625	–	–	256	262
Loan 1999-2009	EUR	–	5.750	–	–	400	409
Loan 2000-2014	EUR	4.8	5.970	219	248	219	247
Loan 2001-2014	EUR	4.7	5.410	300	332	300	330
Loan 2002-2012	EUR	2.6	FRN	34	34	34	34
Loan 2002-2012	EUR	2.6	FRN	400	400	400	400
Total				**953**	**1,014**	**1,609**	**1,682**

In the year under review, two matured EUROFIMA loans for a total of € 656 million were repaid. 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, € 434 million (previous year: € 441 million) related to real estate leasing agreements for various concourse buildings of DB Station & Service AG and a logistics center of Schenker Deutschland AG in Echingen, and € 600 million (previous year: € 681 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	Nominal interest rate in %	**Carrying amount 2009**	**Fair value 2009**	Carrying amount 2008	Fair value 2008
FINANCE LEASES – ASSETS OTHER THAN REAL ESTATE								
Double-deck coaches (1994)	174	DEM	3.0	5.87	102	110	109	116
ICE 2 multiple units (1997)	184	DEM	1.0	4.50	101	104	110	112
Locomotives/freight cars (1999)	182	NLG	1.0–4.3	5.69–5.83	50	53	102	105
Freight locomotives (2000)	101	DEM	5.5	5.35	73	81	77	83
Freight locomotives (2000)	154	EUR	7.0	5.40	127	138	131	139
Locomotives (2001)	178	EUR	5.5–7.0	4.87	147	156	152	156
					600	**642**	**681**	**711**
FINANCE LEASES – REAL ESTATE								
Logistics center (1986)	24	DEM	6.0	8.50	14	15	7	9
Concourse buildings (1998)	497	DEM	3.3–12.0	4.00–5.95	420	447	434	449
					434	**462**	**441**	**458**
Other					247	264	233	235
Total					**1,281**	**1,368**	**1,355**	**1,404**

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 seven 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 concourse buildings of DB Station & Service AG have a maximum remaining term of twelve 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 DB Station & Service AG.

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 € 918 million (previous year: € 1,003 million).

The item "Other" also includes the carrying amount of a power procurement agreement of DB Energie GmbH worth € 129 million (previous year: € 136 million) as well as the carrying amount of an inverter agreement of DB Energie GmbH in the amount of € 57 million (previous year: € 60 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, 2009								
Minimum lease payments (nominal value)	251	140	196	433	64	514	**1,347**	**1,598**
– Future interest charges	66	57	52	32	26	84	**251**	**317**
Finance lease liabilities	**185**	**83**	**144**	**401**	**38**	**430**	**1,096**	**1,281**
As of Dec 31, 2008								
Minimum lease payments (nominal value)	186	238	125	188	424	568	**1,543**	**1,729**
– Future interest charges	68	63	54	51	31	107	**306**	**374**
Finance lease liabilities	**118**	**175**	**71**	**137**	**393**	**461**	**1,237**	**1,355**

(28) OTHER LIABILITIES

€ 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, 2009								
Trade liabilities	3,267	29	28	24	26	178	**285**	**3,552**
Miscellaneous other liabilities	2,732	18	10	3	2	133	**166**	**2,898**
Total	**5,999**	**47**	**38**	**27**	**28**	**311**	**451**	**6,450**
thereof due to related parties	(424)	(0)	(0)	(0)	(0)	(0)	**(0)**	**(424)**
As of Dec 31, 2008								
Trade liabilities	3,608	28	26	28	26	210	**318**	**3,926**
Miscellaneous 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)**

The miscellaneous other liabilities comprise the following:

€ MILLION	2009	2008
PERSONNEL-RELATED LIABILITIES		
Unused holiday entitlements	220	245
Outstanding overtime	207	227
Social security	65	57
Severance payments	27	23
Christmas bonuses	5	20
Holiday pay	9	12
Other obligations	465	459
OTHER TAXES		
Value-added tax	98	60
Payroll and church taxes, solidarity surcharge	88	74
Miscellaneous other taxes	95	99
Interest payable	270	269
Sales discounts	121	90
Deferred construction grants	131	60
Liabilities due to Railway Crossings Act	3	4
Reconveyance obligations	2	2
Miscellaneous liabilities	1,092	1,746
Total	**2,898**	**3,447**

The decline in the other liabilities is due to the income received from the project Stuttgart 21.

The other liabilities were secured in an amount of €1 million in the year under review (previous year: unsecured).

(29) INCOME TAX LIABILITIES

The income tax liabilities as of December 31, 2009 related mainly to obligations to the fiscal authorities in Germany, India, Austria and Norway.

(30) ADDITIONAL DISCLOSURES RELATING TO THE FINANCIAL INSTRUMENTS

Carrying amounts and fair values based on valuation categories.

Categories of financial assets and financial liabilities as of December 31, 2009

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			
ASSETS			
NON-CURRENT FINANCIAL ASSETS			
Shares in affiliated companies (at cost)	0	0	1
Subsidiaries (at cost)	0	0	25
Subsidiaries (at fair value)	0	0	0
Securities (at cost)	0	0	0
Securities (at fair value)	0	0	0
Available-for-sale financial assets	**0**	**0**	**26**
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
Miscellaneous other assets	0	0	0
Receivables and other assets	**0**	**0**	**0**
Interest-based derivatives – hedging	0	0	0
Currency-based derivatives – hedging	0	0	0
Commodity-based derivatives – hedging	0	0	0
Interest-based derivatives – non-hedging	0	0	0
Currency-based derivatives – non-hedging	0	0	0
Derivative financial instruments	**0**	**0**	**0**
Total non-current financial assets	**0**	**0**	**26**
CURRENT FINANCIAL ASSETS			
Subsidiaries (at cost)	0	0	0
Securities (at cost)	0	0	0
Securities (at fair value)	0	0	0
Available-for-sale financial assets	**0**	**0**	**0**
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
Held to maturity securities	0	0	0
Receivables from other taxes	0	0	0
Plan assets according to IAS 19	0	0	0
Miscellaneous other assets	0	0	0
Other receivables and assets	**0**	**0**	**0**
Interest-based derivatives – hedging	0	0	0
Currency-based derivatives – hedging	0	0	0
Commodity-based derivatives – hedging	0	0	0
Interest-based derivatives – non-hedging	0	0	0
Currency-based derivatives – non-hedging	5	0	0
Commodity-based derivatives – non-hedging	0	0	0
Derivative financial instruments	**5**	**0**	**0**
Cash and cash equivalents	0	0	0
Total current financial assets	**5**	**0**	**0**

Available for sale	Loans and receivables		Not attributable to a category according to IAS 39 [2]	Total	Fair value
Fair value	At cost	At amortized cost			
0	0	0	0	1	n/a
0	0	0	0	25	n/a
8	0	0	0	8	8
0	0	0	0	0	n/a
3	0	0	0	3	3
11	**0**	**0**	**0**	**37**	**11**
0	0	52	0	52	52
0	0	8	0	8	8
0	0	0	21	21	21
0	0	0	25	25	n/a
0	0	0	25	25	n/a
0	0	14	39	53	53
0	**0**	**74**	**110**	**184**	**134**
0	0	0	0	0	0
0	0	0	28	28	28
0	0	0	8	8	8
0	0	0	0	0	0
0	0	0	0	0	0
0	**0**	**0**	**36**	**36**	**36**
11	**0**	**74**	**146**	**257**	**181**
0	0	0	0	0	n/a
0	0	0	0	0	n/a
1	0	0	0	1	1
1	**0**	**0**	**0**	**1**	**1**
0	**0**	**3,030**	**0**	**3,030**	**3,030**
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	74	74	74
0	0	0	0	0	0
0	0	0	97	97	97
0	0	0	2	2	2
0	0	280	51	331	331
0	**0**	**280**	**224**	**504**	**504**
0	0	0	0	0	0
0	0	0	14	14	14
0	0	0	7	7	7
0	0	0	0	0	0
0	0	0	0	5	5
0	0	0	0	0	0
0	**0**	**0**	**21**	**26**	**26**
0	0	1,470	0	1,470	1,470
1	**0**	**4,780**	**245**	**5,031**	**5,031**

[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.”

[2] For the transition from the categories of financial assets and financial liabilities to the figures stated in the balance sheet.

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			
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
Miscellaneous other 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 non-current financial liabilities	**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
Miscellaneous other assets	0	0	0
Other receivables and assets	**0**	**0**	**0**
Currency-based derivatives – hedging	0	0	0
Commodity-based 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 current financial assets	**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."

[2] For the transition from the categories of financial assets and financial liabilities to the figures stated in the balance sheet.

Available for sale	Loans and receivables		Not attributable to a category according to IAS 39 [2)]	**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**	**185**	**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, 2009

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			
EQUITY AND LIABILITIES			
NON-CURRENT FINANCIAL LIABILITIES			
Federal loans	0	0	2,785
Bonds	0	0	9,064
Bank liabilities	0	0	829
EUROFIMA loans	0	0	953
Finance lease liabilities	0	0	0
Other financial liabilities	0	0	3
Financial debt	**0**	**0**	**13,634**
Trade liabilities	0	0	4
Miscellaneous other liabilities	0	0	166
Other liabilities	**0**	**0**	**170**
Currency-based derivatives – hedging	0	0	0
Commodity-based derivatives – hedging	0	0	0
Currency-based derivatives – non-hedging	2	0	0
Commodity-based derivatives – non-hedging	0	0	0
Derivative financial instruments	**2**	**0**	**0**
Total non-current financial liabilities	**2**	**0**	**13,804**
CURRENT FINANCIAL LIABILITIES			
Federal loans	0	0	491
Bonds	0	0	999
Bank liabilities	0	0	87
Finance lease liabilities	0	0	0
Other financial liabilities	0	0	18
Financial debt	**0**	**0**	**1,595**
Trade liabilities	0	0	3,125
Trade liabilities	**0**	**0**	**3,125**
Liabilities from other taxes	0	0	0
Miscellaneous other liabilities	0	0	1,453
Other liabilities	**0**	**0**	**1,453**
Currency-based derivatives – hedging	0	0	0
Commodity-based derivatives – hedging	0	0	0
Currency-based derivatives – non-hedging	2	0	0
Derivative financial instruments	**2**	**0**	**0**
Total current financial liabilities	**2**	**0**	**6,173**

[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."

[2] For the transition from the categories of financial assets and financial liabilities to the figures stated in the balance sheet.

Not attributable to a category according to IAS 39 2)	Total	Fair value
0	**2,785**	3,031
0	**9,064**	9,597
0	**829**	829
0	**953**	1,014
1,096	**1,096**	1,183
0	**3**	3
1,096	**14,730**	**15,657**
281	**285**	4
0	**166**	166
281	**451**	**170**
140	**140**	140
38	**38**	38
0	**2**	2
0	**0**	0
178	**180**	**180**
1,555	**15,361**	**16,007**
0	**491**	491
0	**999**	999
0	**87**	87
185	**185**	185
0	**18**	18
185	**1,780**	**1,780**
142	**3,267**	3,267
142	**3,267**	**3,267**
281	**281**	281
998	**2,451**	2,451
1,279	**2,732**	**2,732**
7	**7**	7
59	**59**	59
0	**2**	2
66	**68**	**68**
1,672	**7,847**	**7,847**

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			
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
Miscellaneous other liabilities	0	0	61
Other liabilities	**0**	**0**	**67**
Currency-based derivatives – hedging	0	0	0
Commodity-based 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 non-current financial liabilities	**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
Miscellaneous other liabilities	0	0	2,109
Other liabilities	**0**	**0**	**2,109**
Currency-based derivatives – hedging	0	0	0
Commodity-based 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 current financial liabilities	**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."

[2] For the transition from the categories of financial assets and financial liabilities to the figures stated in the balance sheet.

	Not attributable to a category according to IAS 39 2)	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**

Cash and cash equivalents, trade receivables 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 non-current receivables with remaining terms of more than one year are equivalent to the present values of the cash flows associated with the assets.

Trade liabilities and other liabilities generally have short remaining terms. The recognized figures are approximately equivalent to the fair values.

The fair values of other non-current 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	2009	2008
Held for trading assets and liabilities including non-hedge derivatives	1	-10
Available for sale	-31	261
Loans and receivables	70	-7
Other liabilities	-754	-967
Total	**-714**	**-723**

The net results mainly include net interest income of € –716 million and impairments, reversals of previous impairments as well as foreign exchange gains and foreign exchange losses.

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 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 Federal Railroad Fund as part of a pro forma settlement in the same way as for newly recruited employees (section 21 (1) DBGrG). This also includes theoretical amounts for contributions to statutory pension insurance schemes as well as theoretical costs in accordance with the collective bargaining agreement regarding the additional company pension scheme for employees of DB AG (ZVersTV). The payments made to the Federal Railroad Fund 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 Federal Railroad Fund 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 after January 1, 1994 receive an additional company pension from DB AG within the framework of 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 Logistics Group 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 Logistics 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 Logistics 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. These external facilities for a company pension scheme are not relevant for the purpose of creating provisions.

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 and respectively recognized in the balance sheet. The plan assets are managed by an independent trustee. The most recent actuarial valuation of assets and obligations in the plan for the purpose of meeting the legal requirements with regard to the plan members was carried out as of December 31, 2007.

The figures stated for pension provisions in the balance sheet are detailed in the following:

€ MILLION	**2009**	2008
Funded obligations	1,417	1,029
Unfunded obligations	1,687	1,552
Total obligation as of Dec 31	**3,104**	**2,581**
Fair value of plan assets as of Dec 31 [1]	-1,010	-813
Unrecognized actuarial losses	-358	-118
Unrecognized past service cost	0	-1
Amount not recognized as an asset due to the limitation of IAS 19.58	0	0
Net liability recognized in the balance sheet	**1,736**	**1,649**

[1] Plus € 24 million (previous year: € 29 million) realized as pension asset.

The increase 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	**2009**	2008
Obligations as of Jan 1	2,581	2,746
Current service cost, excluding employee contributions	74	77
Employee contributions	3	3
Interest expense	121	121
Pensions paid	-92	-87
Outstanding past service cost	4	0
Plan settlements of retirement benefit obligations	0	-1
Plan cuts	-1	-24
Transfers	14	-37
Changes in the scope of consolidation	4	84
thereof additions	(4)	(84)
thereof disposals	(0)	(0)
Actuarial gains (-)/losses	320	-15
Currency effects	76	-286
Obligations as of Dec 31	**3,104**	**2,581**

The development of the plan assets is detailed in the following:

€ MILLION	**2009**	2008
Fair value of plan assets as of Jan 1	813	1,359
Employer contributions	31	30
Employee contributions	1	1
Expected return on plan assets	41	59
Pensions paid	-40	-37
Plan settlements of retirement benefit obligations	0	-1
Plan cuts	0	-16
Transfers	18	-47
Changes in the scope of consolidation	0	77
thereof additions	(0)	(77)
thereof disposals	(0)	(0)
Actuarial gains (-)/losses	88	-368
Currency effects	58	-244
Fair value of plan assets as of Dec 31 [1]	**1,010**	**813**

[1] Plus € 24 million (previous year: € 29 million) realized as pension asset.

The reported plan assets are broken down as follows:

€ MILLION	2009	2008
Stocks and other securities	750	600
Interest-bearing securities	142	113
Real estate or other self-used assets	3	3
Reinsurance	52	71
Other assets	87	55
	1,034	**842**
thereof realized as pension asset	(-24)	(-29)
	1,010	**813**

The actual income from plan assets amounted to € 129 million (previous year: losses of € 310 million).

Changes in the net pension provisions are detailed in the following:

€ MILLION	2009	2008
Provision as of Jan 1	1,649	1,594
Pension expenses	166	130
Employer contributions	-32	-30
Pensions paid	-52	-50
Transfers	-4	10
Changes in the scope of consolidation	4	6
thereof additions	(4)	(6)
thereof disposals	(0)	(0)
Currency effects	5	-11
Provision as of Dec 31	**1,736**	**1,649**

The expenses to be stated in the income statement are detailed in the following:

€ MILLION	2009	2008
Amortization of unrealized profits (-)/losses	7	-3
Service cost, excluding employee contributions	74	77
Employee contributions	2	2
Interest expense	121	121
Past service cost	4	0
Expected return on plan assets	-41	-59
Plan cuts	-1	-8
Result on transfer of retirement benefit obligations	0	0
Asset ceiling	0	0
Pension expense	**166**	**130**

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:

%	2009	2008
Discount rate	4.75/5.50	5.00/6.40
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)	2.00/3.70	2.00/3.00
Expected average staff turnover	2.67	2.58
Expected return on plan assets	1.25-7.30	2.50-8.00

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 4.75 %). Country-specific mortality tables have been used for valuing the pension obligations of the other Group companies.

In the 2010 financial year, pension payments are expected to be € 58 million, and payments into plan assets are expected to be € 31 million.

€ MILLION	2009	2008	2007
Present value of pension obligation as of Dec 31	3,104	2,581	2,746
Fair value of plan assets as of Dec 31	- 1,010	- 813	- 1,359
Deficit	**2,094**	**1,768**	**1,387**
Experience-based adjustment of pension provisions	91	3	- 11
Experience-based adjustment of plan assets	- 88	368	5

(32) OTHER PROVISIONS

€ MILLION	Environmental protection provisions		Construction and project risks provisions		Staff-related provisions		Decommissioning provisions		Other provisions		**Total**	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	**2008**
As of Jan 1	2,120	2,162	79	123	1,146	1,301	359	332	2,837	2,848	**6,541**	**6,766**
Currency translation differences	0	-1	0	0	2	-3	0	0	3	-6	**5**	**-10**
Changes in the scope of consolidation	3	0	0	0	12	2	0	0	10	5	**25**	**7**
thereof additions	(3)	(0)	(0)	(0)	(12)	(2)	(0)	(0)	(10)	(6)	**(25)**	**(8)**
thereof disposals	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(-1)	**(0)**	**(-1)**
Amounts used	-53	-54	-6	-6	-343	-396	-3	-5	-459	-526	**-864**	**-987**
Unused amounts reversed	-600	0	-14	-40	-16	-51	-3	-4	-562	-308	**-1,195**	**-403**
Reclassifications	-1	0	0	0	-3	0	0	0	-5	2	**-9**	**2**
Additional amounts provided	4	0	1	2	679	317	12	20	1,023	797	**1,719**	**1,136**
Compounding/discounting	61	13	3	0	63	-24	18	16	52	25	**197**	**30**
As of Dec 31	**1,534**	**2,120**	**63**	**79**	**1,540**	**1,146**	**383**	**359**	**2,899**	**2,837**	**6,419**	**6,541**

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, 2009								
Environmental protection provisions	102	95	97	102	101	1,037	**1,432**	**1,534**
Construction and project risks provisions	28	13	10	3	4	5	**35**	**63**
Staff-related provisions	384	244	170	106	139	497	**1,156**	**1,540**
Decommissioning provisions	18	0	0	0	0	365	**365**	**383**
Other provisions	1,897	552	145	134	44	127	**1,002**	**2,899**
Total	**2,429**	**904**	**422**	**345**	**288**	**2,031**	**3,990**	**6,419**
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 provisions	1,774	522	196	117	63	165	**1,063**	**2,837**
Total	**2,268**	**814**	**413**	**285**	**284**	**2,477**	**4,273**	**6,541**

Provisions for environmental protection

Of the figure stated for environmental protection provisions, €1,518 million (previous year: €2,109 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 rail 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 legacy contamination is unchanged (until 2028) as a result of the long-term periods applicable for remedial action. The provisions attributable to the individual programs were reviewed and adjusted at the point at which the financial statements were prepared as a result of various factors, including legal changes. In particular, the definitive valuation of the necessary costs of closing landfill sites and the costs connected with property sales and infrastructure measures have resulted in total in the reversal of provisions of € 600 million.

Staff-related provisions

€ MILLION	**2009**	2008
Obligations under employment contracts	1,043	748
Costs of early retirement/part-time working in the run-up to retirement	257	208
Service anniversary provisions	122	93
Other	118	97
Total	**1,540**	**1,146**

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 semi-retirement cover the obligations arising from collective bargaining agreements, and have been calculated on the basis of actuarial reports.

The increase in personnel provisions is mainly attributable to the restructuring and personnel adjustment program.

Decommissioning provisions
The decommissioning provisions refer to the company's pro rata decommissioning obligation in relation to a joint power generation plant. The valuation of the provision is based on an unchanged discount rate of 5.0%.

Other provisions
The other provisions comprise provisions for outstanding invoices for transport services, revenue reductions, litigation risks, decommissioning, demolition, guarantee and warranty obligations, third-party obligations for maintenance, potential losses as well as other real estate risks and numerous other aspects which individually are of minor significance.

Of the figure shown for the increase in additions to the other provisions, € 331 million is attributable to third-party obligations for maintenance (technology risks).

(33) DEFERRED INCOME

€ MILLION	**2009**	2008
Deferred Federal grants	2,064	2,391
Deferred revenues	397	369
Deferred profits on sale-and-leaseback transactions	67	78
Other	110	117
Total	**2,638**	**2,955**
Non-current	2,096	2,438
Current	542	517

The deferred Federal 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	**2009**	2008
As of Jan 1	2,061	2,277
Additions	1	19
Reclassifications	-53	19
Amounts released	-220	-254
As of Dec 31	**1,789**	**2,061**

Of the figure shown for the reversal in the year under review, the main item of € 134 million (previous year: € 167 million) is attributable to compensation for the cumulative interest in relation to the present value of interest-free Federal 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.

The decline in the cash inflow from operating activities is mainly attributable to the reduced pre-tax profit. In addition, this has also been due to the considerable decline in liabilities, the reduced result from the disposal of financial assets, an increased result from the disposal of property, plant and equipment and intangible assets as well as the decline in interest and dividend income and the income tax which has been paid. The decline in trade receivables and other assets has had the opposite effect in this respect.

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 investment 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 decline in the outflow of cash from investing activities is attributable to higher net inflows of investment grants, lower inflows from the sale of financial assets and the disposal of property, plant and equipment and intangible assets in conjunction with a simultaneous decline in the outflows for investments in property, plant and equipment and intangible assets as well as 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 and other loans which have been raised as well as inflows attributable to the raising of and/or outflows for the redemption of Federal loans.

The decline in the outflow of cash from financing activities is mainly attributable to the net increase in inflows from the raising of debt finance. There has been an increase in net inflows from issuing bonds compared with the previous year, and the net outflows from the redemption and repayment of the Federal loans has increased appreciably compared with the previous year.

NOTES TO THE SEGMENT REPORT

Segment reporting has been prepared in accordance with IFRS 8 (Operating Segments). DB Group has identified its operating segments on the basis of internal management reporting; the segmentation of the divisions is based on the services rendered by the various divisions. In this connection, management reporting is addressed to the Group Management Board in its function as the primary decision maker. Management reporting in DB Group is based on the accounting principles in accordance with IFRS. With regard to reconciling the segment data with the corresponding corporate data, it is accordingly mainly necessary to take account of consolidation effects. For this reason, a consolidation column is used for reconciliation purposes. The operations of the Group divisions are covered in the reporting format in line with the corporate organization 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 operations and other passenger transport services. Most of these transport services are provided in Germany.
- *DB Bahn Regional*
  This segment comprises the activities for regional passenger transport and other services. Most of these services are provided in Germany.
- *DB Bahn Urban*
  DB Bahn Urban segment comprises the S-Bahn services in Berlin and Hamburg and in particular urban bus services. Most of these services are provided in Germany.
- *DB Schenker Rail*
  This segment pools the activities for rail transport in freight transport services. It operates primarily in Germany, Denmark, the Netherlands, Italy, Great Britain, Poland and Spain.
- *DB Schenker Logistics*
  The main player in DB Schenker Logistics segment is Schenker as a logistics service provider with global activities involving freight forwarding, transport and other services in commodity and product transport.

- *DB Netze Track*
  This segment is responsible for installing, maintaining and operating the complete 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*
  DB Services segment provides all types of 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 operations*
  DB AG and DB ML AG with their numerous management, financing and service functions in their capacity as the management holding of DB Group are 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.

The segment revenues comprise external and internal revenues, other external segment revenues as well as other 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 (intersegment 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 and other financial result) and taxes on income.

The adjusted segment result (EBIT adjusted) 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 changes in the scope of consolidation 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 or included in the consolidated financial statements for the first time.

The additions to assets attributable to gross capital expenditures comprise the property, plant and equipment and intangible assets acquired in the year under review 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 capital expenditures 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 previous 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 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.

EXPLANATION CONCERNING THE INFORMATION FOR REGIONS

External revenues are stated on the basis of the registered offices of the Group company providing the service.

Segment assets and non-current assets are allocated on the basis of the location of the company. The contents are determined in accordance with segment reporting. The non-current assets comprise intangible assets, property, plant and equipment as well as non-current receivables and other assets (excluding financial instruments, deferred tax assets, rights from insurance policies as well as assets in conjunction with benefits after termination of the employment agreement).

INFORMATION CONCERNING MAJOR CLIENTS

In the year under review and the previous year, no single customer accounted for more than 10 % of overall revenues at DB Group.

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 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 organizational segregation 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, 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.

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;
- Financial instruments with a variable return have an impact on net interest income. This is applicable to variable-income cross-currency swaps as well as variable-rate loans (European Investment Bank and EUROFIMA);
- Cash at banks and current borrowings/deposits with banks have an impact on net interest income.

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 € 1 million lower (higher) (previous year: € 13 million) and shareholders' equity would have been € 3 million lower (higher) (previous year: € 5 million). It has to be borne in mind that cash at banks and current borrowings/investments with banks were not taken into consideration in the previous year.

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 to hedge foreign currency positions with banks themselves.

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 risks 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 following foreign currencies for currency hedges had weakened by 10 % as of the balance sheet date, the result would have been affected as follows:

Currency € MILLION	**2009**	2008
GBP	-3	-3
CAD	-1	+4
PLN	-22	
USD	-2	-5

On the other hand, if the currencies were to have strengthened by 10 %, the result in 2009 would have been € 3 million higher for GBP, € 1 million higher for CAD, € 22 million higher for PLN and € 2 million higher for USD.

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 heating oil) 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 (or higher), cost of materials would have been € 0.4 million higher (or lower) (previous year: € 0.2 million) and shareholders' equity would have been € 43 million lower (or higher) (previous year: € 41 million). The theoretical impact of € 43 million on shareholders' equity is attributable to the energy price sensitivities of diesel (€ 30 million), coal (€ 11 million), heavy fuel oil (€ 2 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 liquid assets, 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

As of December 31, 2009 € MILLION	2010		2011		2012–2014		2015–2019		2020 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
NON-DERIVATIVE FINANCIAL LIABILITIES										
Federal loans	26	498	18	441	9	963	–	1,271	–	1,184
Bonds	465	1,000	405	1,246	944	1,810	1,020	5,456	53	600
Commercial paper	–	–	–	–	–	–	–	–	–	–
Bank liabilities	15	87	18	8	52	14	58	407	24	400
EUROFIMA loans	35	–	35	–	93	953	–	–	–	–
Finance lease liabilities	66	185	57	83	110	583	61	327	24	103
Other financial liabilities	–	18	–	1	–	2	–	–	–	–
Trade liabilities	–	3,262	–	29	–	77	–	178	–	–
Other miscellaneous liabilities	–	2,846	–	17	–	15	–	21	–	–
DERIVATIVE FINANCIAL LIABILITIES (NET/GROSS SETTLED)										
Interest/currency derivatives connected with cash flow hedges	66	–	66	1,017	66	542	12	64	–	–
Interest derivatives not connected with hedges	–	–	–	–	–	–	–	–	–	–
Interest derivatives connected with cash flow hedges	–	–	–	–	–	–	–	–	–	–
Currency derivatives connected with cash flow hedges	–	547	–	–	–	–	–	–	–	–
Currency derivatives not connected with hedges	–	123	–	28	–	–	–	–	–	–
Energy prices derivatives	–	53	–	39	–	6	–	–	–	–
DERIVATIVE FINANCIAL ASSETS (GROSS SETTLED)										
Interest/currency derivatives connected with cash flow hedges	19	22	17	103	27	228	9	80	–	–
Interest derivatives not connected with hedges	–	–	–	–	–	–	–	–	–	–
Interest derivatives connected with cash flow hedges	–	–	–	–	–	–	–	–	–	–
Currency derivatives connected with cash flow hedges	–	290	–	–	–	–	–	–	–	–
Currency derivatives not connected with hedges	–	281	–	3	–	2	–	–	–	–
Energy prices derivatives	–	–	–	–	–	–	–	–	–	–

As of December 31, 2009 € MILLION	2010		2011		2012-2014		2015-2019		2020 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
VOLUNTARY INFORMATION ABOUT DERIVATIVES										
DERIVATIVE FINANCIAL ASSETS (NET SETTLED)										
Interest/currency derivatives connected with cash flow hedges	–	–	–	–	–	–	–	–	–	–
Interest derivatives not connected with hedges	–	–	–	–	–	–	–	–	–	–
Interest derivatives connected with cash flow hedges	–	–	–	–	–	–	–	–	–	–
Currency derivatives connected with cash flow hedges	–	-0	–	–	–	–	–	–	–	–
Currency derivatives not connected with hedges	–	–	–	–	–	–	–	–	–	–
Energy prices derivatives	–	-6	–	-5	–	-4	–	–	–	–
INFLOW OF FUNDS FROM GROSS SETTLED DERIVATIVE FINANCIAL INSTRUMENTS										
Interest/currency derivatives connected with cash flow hedges	-73	-24	-72	-1,013	-64	-755	-19	-143	–	–
Interest derivatives not connected with hedges	–	–	–	–	–	–	–	–	–	–
Interest derivatives connected with cash flow hedges	–	–	–	–	–	–	–	–	–	–
Currency derivatives connected with cash flow hedges	–	-841	–	–	–	–	–	–	–	–
Currency derivatives not connected with hedges	–	-407	–	-29	–	-2	–	–	–	–
Energy prices derivatives	–	–	–	–	–	–	–	–	–	–
Financial warranties	–	126	–	–	–	–	–	–	–	–

Maturity analysis of financial commitments

As of December 31, 2008 € MILLION	2009		2010		2011–2013		2014–2018		2019 ff.	
	Fixed/ variable interest	Redemption	Fixed/ variable interest	Redemption	Fixed/ variable interest	Redemption	Fixed/ variable interest	Redemption	Fixed/ variable interest	Redemption
NON-DERIVATIVE FINANCIAL LIABILITIES										
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	–	–
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	–	–	–	–	–	–	–	–	–	–

As of December 31, 2008 € 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
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 2009 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, 2009 (previous year on December 31, 2008). Financial liabilities which can be repaid at any time are allocated to the earliest possible time segment.

The financial liabilities are opposed by cash and cash equivalents of €1,470 million, consisting of positive account balances (50%) and current fixed-term deposits (50%).

OTHER DISCLOSURES

(34) CONTINGENT RECEIVABLES AND LIABILITIES AND GUARANTEE OBLIGATIONS

Contingent receivables were stated as € 62 million as of December 31, 2009 (as of December 31, 2008: € 60 million), and mainly comprise a claim for a refund of investment grants which had been paid; however, as of the balance sheet date, the extent and due date of the claim was not sufficiently certain.

The contingent liabilities are broken down as follows:

As of December 31 € MILLION	**2009**	2008
Contingent liabilities from		
Issuance and transfer of bills	2	0
Provision of collateral for third-party liabilities	1	0
Provision of warranties	2	0
Other contingent liabilities [1]	113	114
Total	**118**	**114**

[1] Previous year's figure adjusted.

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 € 128 million as of December 31, 2009 (as of December 31, 2008: € 135 million) and mainly comprise customs guarantees of foreign Schenker companies which have been provided. In addition, fixed assets with carrying amounts of € 131 million (previous year: € 190 million) were used as security mainly for loans of EUROFIMA extended to DB AG; this relates to rolling stock used at the operating companies in the segments DB Bahn Long-Distance, DB Bahn Regional and DB Schenker Rail.

The investigation proceedings initiated against the freight forwarding sector by the European Commission, the US Ministry of Justice and further national cartel authorities on the grounds of the suspicion of anti-competitive collusion in the field of land, ocean and air freight are still ongoing. On February 9, 2010, the EU Commission notified the grievances to DB AG as well as four subsidiaries. The investigations are not expected to be completed before the year 2011. 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. A class action for damages in the USA was settled for the companies of DB Group in return for the payment of USD 8.75 million and in return for the promise of various cooperation services – subject to the court approval which is still outstanding.

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:

As of December 31 € MILLION	**2009**	2008
Committed capital expenditures		
Property, plant and equipment	6,280	5,415
Intangible assets	2	9
Outstanding capital contributions	317	325
Total	**6,599**	**5,749**

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 capital expenditures volume particularly for construction projects at DB Netz AG.

The outstanding contributions related to outstanding contributions to EUROFIMA (€ 317 million; previous year: € 317 million).

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.

The terms of the future minimum payments arising from operating lease agreements are set out in the following table:

€ MILLION	**2009**	2008
Less than 1 year	966	871
1–2 years	677	662
2–3 years	544	542
3–4 years	452	444
4–5 years	367	389
More than 5 years	1,955	1,915
Total	**4,961**	**4,823**

(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 Railways Act (Allgemeines Eisenbahngesetz, AEG), the rail infrastructure companies which belong to DB Group and which operate track, control systems or platforms have to have appropriate approval. This is applicable particularly for DB Netz AG, DB Station&Service AG and DB Energie GmbH.

The approvals of the Federal Railway Authority for DB Netz AG and DB Station&Service AG are limited until the end of December 31, 2048.

The rights of the rail infrastructure companies to operate the railway infrastructure is connected to various obligations. According to Section 4 (1) AEG, they are required in particular to manage their operations safely, construct the rail infrastructure in a safe manner and ensure that it is maintained in a safe condition. With regard to compliance with this regulation, the rail infrastructure companies of DB Group are regulated by the Federal Railway Authority.

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 Sections 14 et seq. AEG, and charge the train operating companies for this access. They must comply with the requirements of the AEG and the Rail Infrastructure Utilization Ordinance (Eisenbahninfrastrukturverordnung; EIBV). Compliance with these regulations is regulated by the Federal Network Agency.

DB Netz AG, DB Station&Service AG as well as DB Energie GmbH generated total revenues of € 7,446 million in the year under review (previous year: € 7,265 million); of this figure, € 1,628 million (previous year: € 1,455 million) was generated with non-Group customers.

The assets of the rail infrastructure are the legal and economic property of the companies.

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 regional 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, special-purpose association, local transport company); these contracts determine the way in which the transport service is provided and continued, and also governs the relevant compensation (concession fees) 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 concession fees which were mainly received by DB Regio AG and its subsidiaries amounted to € 4,489 million in the year under review (previous year: € 4,477 million) (see Note (1)).

In the year under review, the fact that most transport agreements include a provision for the ordering organization payments to increase by 1.5 % per year, as well as revenues attributable to final settlements of previous years compensated for the effects of performance losses and cuts of the ordering organizations in the year under review.

The transport contracts usually run for periods of between 10 and 15 years. All transport contracts run until at least 2011. 80 % of the transport contracts run until at least 2014, 50 % run until at least 2016 and 33 % run until at least 2018. The transport contracts can only be terminated by the ordering organization 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 companies enjoy 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 stated 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	
	2009	2008
Services received by DB Group		
Purchase of goods and services	1,724	1,729
Purchase of properties, buildings, track infrastructure and other assets	1	0
Lease and rental payments made	1	1
Taking out loans	10	90
Other services received	4	0
Investment grants received	3,922	3,554
Other received grants	190	223
	5,852	**5,597**
Services rendered by DB Group		
Sales of goods and services	285	275
Sale of properties, buildings, track infrastructure and other assets	0	0
Lease and rental payments received	9	8
Other services rendered	108	20
Repayment of loans	436	264
Repayment of investment grants	118	112
Repayment of other grants	0	2
	956	**681**
OTHER DISCLOSURES		
Unsecured receivables	89	80
Unsecured liabilities	3,673	3,790
Current total of guarantees received	3,067	3,066
Current total of guarantees granted	0	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.

In the year under review, it was necessary for short-time working to be introduced as a result of the economic development and the resultant significant decline in the volume of rail freight services and in the freight forwarding and logistics segment. In 2009, DB AG received a figure of €17 million from the Bundesagentur für Arbeit for short-time working benefit and the related social insurance contributions.

With effect from January 1, 2009, DB AG and the Federal Government signed a performance and financing agreement with a volume of €2.5 billion; this agreement has fundamentally reformed the financing regime for the existing network. The purpose of this agreement is to ensure that the use of Federal funds is managed in a quality-oriented manner. The aim is to improve the plannability, efficiency and transparency of funding for maintaining the infrastructure. The Federal Government undertakes to pay €2.5 billion per annum for carrying out replacement capital expenditures in the existing network; the contribution of DB AG is €500 million per annum. DB AG guarantees the maintenance and sales of the infrastructure. It is measured in terms of meeting the quality objectives and also providing supporting evidence for minimum replacement capital expenditures and minimum maintenance expenses (€1.0 billion to €1.25 billion per annum).

Further investment grants are provided for transport program measures in accordance with the Municipal Transport Financing Act (Gemeindeverkehrsfinanzierungsgesetz; GVFG) and via the Transport Infrastructure Financing Company (Verkehrsinfrastrukturfinanzierungsgesellschaft; VIFG) in accordance with the Transport Infrastructure Financing Act (Verkehrsinfrastrukturfinanzierungsgesetz; VIFGG).

Under the Federal economic stimulus programs I and II, the Federal Government will provide around €1.4 billion for track investment. The additionally provided funds from both economic stimulus programs will be used for specific measures for improving quality of the rail infrastructure. In 2009, of the Federal funds of around €1.4 billion, around €1.1 billion was used for signing new contracts or for the APV 2009 (adjustment agreements).

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 €435 million 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 granted Federal loans, which are shown with their present values, and other liabilities of €397 million (previous year: €279 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 €953 million as of the balance sheet date.

The following agreements were concluded with the Federal Government in the year under review:

In the year under review, 22 new financing contracts were agreed with a Federal content of around €15.5 billion (of this figure: approx. €2.75 billion for 2009). This volume includes the performance and financing agreement with an annual volume of €2.5 billion over a term of five years. The financing agreements have different terms (ranging from one year up to twelve years). Financing is provided completely in the form of investment 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 requirement of DB AG has diminished because of technical, operational and organizational measures. Starting in 2009, these claims will be settled by the Federal Government for the years 2009 to 2012 with an annual amount of around € 70 million in accordance with the regulations of Section 21 (5) DBGrG. For the entire period, DB AG will receive a refund of around € 279 million.

Within this context, DB AG will repay Federal loans of around € 660, which were granted on the basis of the joint declaration regarding the extent of track investment in the year 2001 to 2003 (trilateral agreement). In line with the agreements which have been reached, interest will be charged on the loan starting January 1, 2009, and, starting in the year 2009, the loan will be repaid to the Federal Government in four annual installments of around € 165 million each.

Relations with Federal companies

Most of the transactions carried out in accordance with IAS 24 in the period under review and in the previous year period related to operations, and overall were of minor significance for DB Group.

Relations with affiliated, non-consolidated companies, associates and joint ventures

In the year under review, DB Group purchased products and services worth € 189 million (previous year: € 209 million), mainly for purchasing passenger and freight transport services. Most of this figure, namely € 122 million (previous year: € 202 million), was attributable to transactions conducted with associates.

Interest payments of € 71 million (previous year: € 88 million) were also incurred in the year 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 the year under review, DB Group generated revenues of € 795 million (previous year: € 695 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: € 13 million) have been extended; of this figure € 12 million (previous year: € 12 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.

€ THOUSAND	2009	2008
SERVICES RENDERED BY DB GROUP		
Sales of goods and services	14,065	17,088
Lease and rental payments received	0	0
Trade receivables as of Dec 31	406	198
SERVICES RECEIVED BY DB GROUP		
Purchase of goods and services	55,244	56,780
Trade liabilities as of Dec 31	6,416	5,346

The revenues of €14,065 thousand (previous year: €17,088 thousand) generated by DB Group (service provider) mainly comprise transport and freight forwarding services of DB Schenker Rail and DB Schenker Logistics segments; of this figure, €4,025 thousand (previous year: €3,934 thousand) was generated with the SMS GmbH Group, and €10,040 thousand (previous year: €13,154 thousand) was generated with the Georgsmarienhütte Holding GmbH Group.

The products and services purchased by DB Group (service recipient) comprise exclusively supplies of Georgsmarienhütte Holding GmbH.

Compensation of the Management Board

€ THOUSAND	2009	2008
Total compensation of the Management Board [1]	**19,551**	**8,534**
Fixed [1]	5,051	4,178
Variable [1]	3,738	4,356
Severance payments including additional benefits	9,629	0
Payments from deferred compensation	1,133	0
Short-term [1]	17,670	7,456
Long term for retirement provision [1), 2), 5)]	2,537	1,078
Compensation of former members of the Management Board and their surviving dependants	2,211	2,116
Retirement benefit obligation in respect of former members of the Management Board and their surviving dependants [3), 4)]	39,322	24,544

1) Pro rata temporis: Dr. Rüdiger Grube (May 1–December 31, 2009), Hartmut Mehdorn (January 1–April 30, 2009), Gerd Becht (October 16–December 31, 2009), Norbert Hansen (January 1–May 31, 2009), Dr. Volker Kefer (September 9–December 31, 2009), Ulrich Weber (July 1–December 31, 2009), Dr. Otto Wiesheu (January 1–May 31, 2009).

2) The figures for long-term compensation for retirement provisons of the new Board members are estimates.

3) Details of defined benefit obligation.

4) Including Board members who retired in the 2009 financial year.

5) Including € 656 thousand from deferred compensation in the 2009 financial year.

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	2009	2008
Total compensation of the Supervisory Board	**877**	**1,003**
thereof short-term	(877)	(1,003)
Fixed	506	507
Variable	0	253
Attendance fees	55	34
Pecuniary advantage condition from travel benefits	25	37
Compensation for membership in Supervisory Boards of DB Group companies (including attendance fees)	291	172

No compensation was incurred 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 29 to 34 of this Annual Report.

(38) EVENTS AFTER THE BALANCE SHEET DATE

As of March 31, 2010, Diethelm Sack will step down as Chief Financial Officer of DB AG and DB ML AG. The Supervisory Board has appointed Dr. Richard Lutz, who has previously been head of Group Controlling, as his successor for a period of three years. He will take up his new position on the Management Board of DB AG and DB ML AG on April 1, 2010. With effect from January 1, 2010 and until further notice, Dr. Volker Kefer has also assumed temporary responsibility for heading the Infrastructure division. The former Infrastructure Board member Stefan Garber has been exempted from his duties since that time, and will step down from the Management Board of DB AG as of March 31, 2010.

(39) EXEMPTION OF SUBSIDIARIES FROM THE DISCLOSURE REQUIREMENTS OF THE GERMAN COMMERCIAL CODE (HANDELSGESETZBUCH; HGB)

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
- Bayern Express&P. Kühn Berlin GmbH, Berlin
- BBH BahnBus Hochstift GmbH, Paderborn
- BRN Busverkehr Rhein-Neckar GmbH, Ludwigshafen am Rhein
- BRN Stadtbus GmbH, Ludwigshafen am Rhein
- 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 Regio Hanse Verkehr GmbH, Rostock
- DB Regio Nahverkehr Drei GmbH, Frankfurt am Main
- DB Regio Nahverkehr Eins GmbH, Frankfurt am Main
- DB Regio Nahverkehr Vier GmbH, Frankfurt am Main
- DB Regio Nahverkehr Zwei GmbH, Frankfurt am Main
- DB Regio Thüringen GmbH, Erfurt
- 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 v.d.H.
- ECO-Trucking GmbH, Coburg
- ELAG Emder Lagerhaus und Automotive GmbH, Emden
- ELSPED Speditions-Gesellschaft m.b.H., Hamburg
- 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, Berlin
- 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
- RVE Regionalverkehr Euregio Maas-Rhein GmbH, Aachen
- RVN Regionalverkehr Niederrhein GmbH, Wesel
- RVS Regionalbusverkehr Südwest GmbH, Karlsruhe
- Saar-Pfalz-Bus GmbH, Saarbrücken
- 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 Industrial Logistics GmbH, Munich
- 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
- Südwest Mobil GmbH, Mainz
- 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 subsidiaries are set out in the following pages. The revenue figures correspond to IFRS reporting.

The complete list of all subsidiaries of DB Group is published in the electronic Federal Gazette.

Major subsidiaries DB Group

Name and domicile	Ownership %	Revenues 2009 € million	Employees as of Dec 31, 2009
DB BAHN LONG-DISTANCE			
City Night Line CNL AG, Zurich/Switzerland	100.00	50	104
DB Fernverkehr Aktiengesellschaft, Frankfurt am Main	100.00	3,353	13,972
DBAutoZug GmbH, Dortmund	100.00	183	377
DB BAHN REGIONAL			
Chiltern Railway Company Limited, London/ Great Britain	100.00	134	770
DB Regio Aktiengesellschaft, Frankfurt am Main	100.00	5,418	18,893
DB Regio NRW GmbH, Düsseldorf	100.00	1,052	3,405
DB RegioNetz Verkehrs GmbH, Frankfurt am Main	100.00	164	783
DB ZugBus Regionalverkehr Alb-Bodensee GmbH (RAB), Ulm	100.00	299	1,145
DB BAHN URBAN			
Autokraft GmbH, Kiel	100.00	91	597
BRN Busverkehr Rhein-Neckar GmbH, Ludwigshafen am Rhein	100.00	53	417
BVO Busverkehr Ostwestfalen GmbH, Bielefeld	100.00	49	239
Omnibusverkehr Franken GmbH (OVF), Nuremberg	100.00	91	544
ORN Omnibusverkehr Rhein-Nahe GmbH, Mainz	100.00	49	374
RBO Regionalbus Ostbayern GmbH, Regensburg	100.00	66	311
Regional Bus Stuttgart GmbH RBS, Stuttgart	100.00	79	503
Regionalbus Braunschweig GmbH – RBB –, Brunswick	100.00	41	264
Regionalverkehr Kurhessen GmbH (RKH), Kassel	100.00	64	656
Regionalverkehr Oberbayern Gesellschaft mit beschränkter Haftung, Munich	100.00	61	585
RMV Rhein-Mosel Verkehrsgesellschaft mbH, Koblenz	74.90	63	306
RVS Regionalbusverkehr Südwest GmbH, Karlsruhe	100.00	59	383
Saar-Pfalz-Bus GmbH, Saarbrücken	100.00	66	298
S-Bahn Berlin GmbH, Berlin	100.00	499	2,769
S-Bahn Hamburg GmbH, Hamburg	100.00	237	895
SBG SüdbadenBus GmbH, Freiburg im Breisgau	100.00	76	500
Weser-Ems Busverkehr GmbH (WEB), Bremen	100.00	62	324
DB SCHENKER RAIL			
ATG Autotransportlogistic Gesellschaft mbH, Eschborn	100.00	196	57
DB Intermodal Services GmbH, Mainz	100.00	53	305
DB Schenker BTT GmbH, Mainz	100.00	70	102
DB Schenker Nieten GmbH, Freilassing	100.00	85	47
DB Schenker Rail (UK) Limited, Doncaster/ Great Britain	100.00	403	3,258
DB Schenker Rail Deutschland Aktiengesellschaft, Mainz	98.00	2,927	19,157
DB Schenker Rail Nederland N.V., Utrecht/the Netherlands	98.00	140	783
DB Schenker Rail Scandinavia A/S, Taastrup/Denmark	49.98	69	252
Euro Cargo Rail SAS, Paris/France	100.00	89	727
RBH Logistics GmbH, Gladbeck	98.00	138	832
Schenker Automotive RailNet GmbH, Kelsterbach	100.00	50	51
Transportes Ferroviarios Especiales S.A., Madrid/Spain	55.10	87	161

Name and domicile	Ownership %	Revenues 2009 € million	Employees as of Dec 31, 2009
DB SCHENKER LOGISTICS			
Anterist & Schneider GmbH, Saarbrücken	100.00	79	391
BAX Global Inc., Irvine/USA	100.00	255	422
HANGARTNER S.r.l., Verona/Italy	100.00	58	87
HANGARTNER Terminal AG, Aarau/Switzerland	100.00	81	6
SCHENKER & Co. AG, Vienna/Austria	100.00	547	1,610
Schenker (H.K.) Ltd., Hong Kong/China	100.00	53	253
Schenker (Thai) Ltd., Bangkok/Thailand	49.00	70	984
Schenker A/S, Hvidovre/Denmark	100.00	142	244
Schenker AB, Göteborg/Sweden	100.00	986	2,350
Schenker Akeri AB, Göteborg/Sweden	100.00	72	868
Schenker Aktiengesellschaft, Essen	100.00	2,677	9,646
Schenker AS, Oslo/Norway	100.00	387	1,252
Schenker Australia Pty. Ltd., Alexandria/Australia	100.00	234	838
Schenker B.V., Tilburg/the Netherlands	100.00	137	580
Schenker Cargo Oy, Turku/Finland	100.00	211	867
Schenker China Ltd., Pudong, Shanghai/China	100.00	556	1,895
Schenker Dedicated Services AB, Göteborg/Sweden	100.00	98	81
Schenker do Brasil Transportes Internacionais Ltda., São Paulo/Brazil	100.00	96	435
Schenker Espana, S.A., Coslada/Madrid/Spain	100.00	64	223
SCHENKER INDIA PRIVATE LIMITED, New Delhi/India	100.00	130	1,175
Schenker International (HK) Ltd., Hong Kong/China	100.00	373	962
Schenker International B.V., Rotterdam/the Netherlands	100.00	94	256
Schenker International S.A. de C.V., Mexico	100.00	50	185
Schenker Italiana S.p.A., Peschiera/Italy	100.00	370	1,026
Schenker Korea Ltd., Seoul/South Korea	100.00	76	267
Schenker Logistics (Malaysia) Sdn Bhd., Kuala Lumpur/Malaysia	100.00	109	1,094
Schenker Logistics, Inc., Greensboro, NC/USA	100.00	112	2,295
Schenker LTD., London/Great Britain	100.00	257	826
SCHENKER N.V., Antwerp/Belgium	100.00	163	483
Schenker of Canada Ltd., Toronto/Canada	100.00	350	1,425
Schenker OY, Helsinki/Finland	100.00	231	347
Schenker SA, Gennevilliers/France	100.00	434	1,286
Schenker Schweiz AG, Zürich/Switzerland	100.00	116	354
Schenker Singapore (PTE) Ltd., International Forwarders, Singapore	100.00	192	1,158
Schenker South Africa (Pty) Ltd., Isando/South Africa	100.00	99	484
Schenker Sp.zo.o., Warsaw/Poland	99.60	235	1,548
SCHENKER spol. s r.o., Prague/Czech Republic	100.00	75	633
Schenker Transitarios, S.A., Loures/Portugal	100.00	71	263
Schenker, Inc., New York/USA	100.00	986	3,227
Schenker-Arkas Nakliyat Ve Tic. A.S., Zincirlikuyu/Turkey	55.00	107	351
SCHENKER-JOYAU SAS, Montaigu Cedex/France	99.94	415	3,428
Schenker-Seino Co. Ltd., Tokyo/Japan	60.00	190	362
SPAIN-TIR Transportes Internacionales S.A., Barcelona/Spain	100.00	90	268
TRANSA Spedition GmbH, Offenbach am Main	100.00	308	341

Name and domicile	Ownership %	Revenues 2009 € million	Employees as of Dec 31, 2009
DB SERVICES			
DB Kommunikationstechnik GmbH, Berlin	100.00	47	1,178
DB Rent GmbH, Frankfurt am Main	100.00	76	189
DB Services Nord GmbH, Hamburg	100.00	44	1,294
DB Services Nordost GmbH, Berlin	100.00	54	1,924
DB Services Süd GmbH, Munich	100.00	42	1,441
DB Services Südost GmbH, Leipzig	100.00	38	1,542
DB Services Südwest GmbH, Frankfurt am Main	100.00	77	1,787
DB Services West GmbH, Cologne	100.00	50	1,235
DB Systel GmbH, Frankfurt am Main	100.00	766	4,549
DBFuhrparkService GmbH, Frankfurt am Main	100.00	151	153
DB NETZE TRACK			
DB Bahnbau GmbH, Berlin	100.00	158	907
DB Netz Aktiengesellschaft, Frankfurt am Main	100.00	4,123	34,363
DB RegioNetz Infrastruktur GmbH, Frankfurt am Main	100.00	55	523
Deutsche Bahn Gleisbau GmbH, Berlin	100.00	76	428
Deutsche Gleis- und Tiefbau GmbH, Berlin	100.00	148	1,176
Deutsche Umschlaggesellschaft Schiene – Straße (DUSS) mbH, Bodenheim am Rhein	87.50	36	466
Ibb Ingenieur-, Brücken- und Tiefbau GmbH, Berlin	100.00	46	226
DB NETZE STATIONS			
DB Station&Service Aktiengesellschaft, Berlin	100.00	1,014	4,590
DB NETZE ENERGY			
DB Energie GmbH, Frankfurt am Main	100.00	2,308	1,574
OTHER HOLDINGS			
AMEROPA-REISEN GmbH, Bad Homburg v. d. H.	100.00	99	115
DB Dialog Telefonservice GmbH, Berlin	100.00	50	1,070
DB International GmbH, Berlin	100.00	109	636
DB Media & Buch GmbH, Kassel	100.00	71	0
DB Mobility Logistics AG, Berlin	100.00	1	2,871
DB ProjektBau GmbH, Berlin	100.00	504	3,524

(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

Dr. Rüdiger Grube
Chief Executive Officer and
Chairman of the Management Board,
Chief Executive Officer and
Chairman of the Management Board
of DB Mobility Logistics AG,
Gechingen
– since May 1, 2009 –

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

b) Deutsche Bank AG (Advisory Board operating region Stuttgart)

Hartmut Mehdorn
Chief Executive Officer and
Chairman of the Management Board,
Chief Executive Officer and
Chairman of the Management Board
of DB Mobility Logistics AG,
Berlin
– up to April 30, 2009 –

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

b) Allianz Deutschland AG (Advisory Board)

Gerd Becht
Compliance, Privacy and Legal Affairs,
Member of the Management Board of
DB Mobility Logistics AG,
Bad Homburg
– since October 16, 2009 –

a) DB Schenker Rail Deutschland AG [1)]
DB International GmbH [1)]
DB Sicherheit GmbH [1)]

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

Stefan Garber
Infrastructure,
Bad Homburg
– up to March 31, 2010 –

a) DB Station&Service AG (Chairman) [1)]
DB Energie GmbH (Chairman) [1)]
DB ProjektBau GmbH (Chairman) [1)]
Sparda-Bank Baden-Württemberg eG

b) IDUNA Lebensversicherung a.G. Signal Iduna Gruppe (Advisory Board)

Norbert Hansen
Personnel,
Hamburg
– up to May 31, 2009 –

a) DB Gastronomie GmbH (Chairman) [1)]
DB JobService GmbH (Chairman) [1)]

b) DB Zeitarbeit GmbH (Advisory Board, Chairman) [1)]

Dr. Volker Kefer
Rail Technology and Services,
Member of the Management Board
of DB Mobility Logistics AG,
Erlangen
– since September 9, 2009 –

a) DB International GmbH (Chairman) [1)]

b) DB Dienstleistungen GmbH (Advisory Board, Chairman) [1)]
DEKRA e.V. (Advisory Board)
DEVK Deutsche Eisenbahn Versicherung Sach- und HUK-Versicherungsverein a.G. Betriebliche Sozialeinrichtung der Deutschen Bahn (Advisory Board)

Diethelm Sack
Chief Financial Officer,
Member of the Management Board
of DB Mobility Logistics AG,
Frankfurt am Main
– up to March 31, 2010 –

a) DB Services Immobilien GmbH (Chairman) [1)]

b) DVA Deutsche Verkehrs-Assekuranz-Vermittlungs-GmbH (Chairman) [1)]

Ulrich Weber
Personnel,
Member of the Management Board
of DB Mobility Logistics AG,
Krefeld
– since July 1, 2009 –

a) DB Regio AG [1)]
DB Schenker Rail Deutschland AG [1)]
Schenker AG [1)]
DB Gastronomie GmbH (Chairman) [1)]
DB JobService GmbH (Chairman) [1)]
DEVK Deutsche Eisenbahn Versicherung Lebensversicherungsverein a.G. Betriebliche Sozialeinrichtung der Deutschen Bahn
DEVK Deutsche Eisenbahn Versicherung Sach- und HUK-Versicherungsverein a.G. Betriebliche Sozialeinrichtung der Deutschen Bahn
HDI-Gerling Industrie Versicherung AG
HDI-Gerling Sach Serviceholding AG

b) DB Dienstleistungen GmbH (Advisory Board) [1)]
DB Zeitarbeit GmbH (Advisory Board, Chairman) [1)]
RAG BILDUNG GmbH (Advisory Board, Chairman)

Dr. Otto Wiesheu
Economic and Political Affairs,
Zolling
– up to May 31, 2009 –

a) DB International GmbH (Chairman) [1)]
DB Sicherheit GmbH [1)]
DEVK Deutsche Eisenbahn Versicherung Lebensversicherungsverein a.G. Betriebliche Sozialeinrichtung der Deutschen Bahn

b) 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, 2009 or the time of leaving the services of the company in 2009. If appointed after December 31, 2009, 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)
b) Stadler Rail AG, Bussnang/Switzerland
(Administrative Board)

Alexander Kirchner*
Deputy Chairman of the Supervisory Board
(since February 18, 2009),
Chairman of the TRANSNET trade union,
Runkel
– since February 9, 2009 –
a) DB Mobility Logistics AG
DB JobService GmbH
DEVK Deutsche Eisenbahn Versicherung
Lebensversicherungsverein a.G.
Betriebliche Sozialeinrichtung der
Deutschen Bahn (Chairman)
DEVK Deutsche Eisenbahn Versicherung
Sach- und HUK-Versicherungsverein a.G.
Betriebliche Sozialeinrichtung der
Deutschen Bahn (Chairman)
DEVK Rückversicherungs- und
Beteiligungs-Aktiengesellschaft
(Chairman)

Lothar Krauß*
Deputy Chairman of the Supervisory Board,
Director of the Education and Development
Institution of the TRANSNET trade union,
Rodenbach
– up to January 31, 2009 –
a) DB Mobility Logistics AG
DBV-Winterthur Holding AG
DEVK Deutsche Eisenbahn Versicherung
Lebensversicherungsverein a.G.
Betriebliche Sozialeinrichtung der
Deutschen Bahn (Chairman)
Sparda-Bank Baden-Württemberg eG
(Chairman)

Jörg Asmussen
State Secretary in the Federal Ministry
of Finance,
Berlin
– between April 1 and November 30, 2009 –
a) DB Mobility Logistics AG
Deutsche Gesellschaft für Technische
Zusammenarbeit (GTZ) GmbH
Deutsche Telekom AG

Georg Brunnhuber
Member of the German Bundestag (retired),
Oberkochen

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 Saving 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)]
E.ON Energy Trading SE [1)]
b) E.ON Nordic AB, Malmö/Sweden [1)]
E.ON Sverige AB, Malmö/Sweden [1)]

Achim Großmann
Parliamentary State Secretary (retired) in
the Federal Ministry for Transport, Building
and Urban Affairs
Würselen
– up to November 11, 2009 –
a) DB Mobility Logistics AG

Dr. Ing. Dr. E.h. Jürgen Großmann
Chairman of the Management Board
of RWE AG,
Hamburg
a) Amprion GmbH (Chairman)
BATIG Gesellschaft für Beteiligungen mbH
British American Tobacco (Germany) GmbH
British American Tobacco (Industrie) GmbH
SURTECO SE (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.
Betriebliche Sozialeinrichtung der
Deutschen Bahn
DEVK Deutsche Eisenbahn Versicherung
Sach- und HUK-Versicherungsverein a.G.
Betriebliche Sozialeinrichtung der
Deutschen Bahn

Dr. Bernhard Heitzer
State Secretary in the Federal Ministry
of Economics and Technological Affairs,
Alfter
– since December 2, 2009 –
a) DB Mobility Logistics AG

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.
Betriebliche Sozialeinrichtung der
Deutschen Bahn
DEVK Deutsche Eisenbahn Versicherung
Sach- und HUK-Versicherungsverein a.G.
Betriebliche Sozialeinrichtung der
Deutschen Bahn
DEVK Pensionsfonds-AG
DEVK Rechtsschutz-Versicherungs-AG

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.
Betriebliche Sozialeinrichtung der
Deutschen Bahn
DEVK Deutsche Eisenbahn Versicherung
Sach- und HUK-Versicherungsverein a.G.
Betriebliche Sozialeinrichtung der
Deutschen Bahn
DEVK Pensionsfonds-AG
DEVK Vermögensvorsorge- und
Beteiligungs-AG (Chairman)

Helmut Kleindienst*
Chairman of the Branch Works Council
of the Services Business Unit of DB 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
b) Peek & Cloppenburg KG (Advisory Board)

Vitus Miller*
Chairman of the Central Works Council
Regional/Urban Transport of the Deutsche
Bahn Group,
Stuttgart
a) DB Regio AG
DB Vertrieb GmbH
b) DB GesundheitsService GmbH
(Advisory Board)

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.
Betriebliche Sozialeinrichtung der
Deutschen Bahn (Advisory Board)

Dr. Axel Nawrath
State Secretary (retired) in the Federal
Ministry of Finance,
Berlin
– up to March 31, 2009 –
a) DB Mobility Logistics AG

Dr. Walther Otremba
State Secretary in the Federal
Ministry of Finance,
St. Augustin
a) DB Mobility Logistics AG

Ute Plambeck*
Management Representative Deutsche Bahn AG for the Federal States of Hamburg/Schleswig-Holstein,
Hamburg
a) Autokraft GmbH
S-Bahn Hamburg GmbH
Sparda-Bank Hamburg eG

Regina Rusch-Ziemba*
Deputy Chairwoman of the TRANSNET trade union,
Hamburg
a) DB Station&Service AG
DB Fahrwegdienste GmbH
DB ProjektBau GmbH
DEVK Allgemeine Lebensversicherungs-AG (Chairwoman)
DEVK Allgemeine Versicherungs-AG
DEVK Pensionsfonds-AG
b) DGB-Rechtschutz GmbH

Prof. Klaus-Dieter Scheurle
State Secretary, Federal Ministry of Transport, Building and Urban Affairs,
Bonn
– since November 12, 2009 –
a) DB Mobility Logistics AG

Dr.-Ing. E.h. Dipl.-Ing. Heinrich Weiss
Chairman of the Management Board of SMS GmbH,
Hilchenbach-Dahlbruch
a) DB Mobility Logistics AG
SMS Siemag AG (Chairman) [1)]
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, 2009 or the time of leaving the services of the company in 2009. If appointed after December 31, 2009, the time of appointment is used.

Supervisory Board committees

Executive committee
Dr. Werner Müller (Chairman)
Alexander Kirchner (since February 18, 2009)
State Secretary Prof. Klaus-Dieter Scheurle (since November 16, 2009)
Günter Kirchheim
Parliamentary State Secretary Achim Großmann (since November 11, 2009)
Lothar Krauß (up to January 31, 2009)

Audit and Compliance Committee
Dr. Jürgen Krumnow (Chairman)
State Secretary Prof. Klaus-Dieter Scheurle (since November 16, 2009)
Regina Rusch-Ziemba
Helmut Kleindienst
Parliamentary State Secretary Achim Großmann (since November 11, 2009)

Personnel Committee
Dr. Werner Müller (Chairman)
Alexander Kirchner (since February 18, 2009)
State Secretary Prof. Klaus-Dieter Scheurle (since November 16, 2009)
Günter Kirchheim
Parliamentary State Secretary Achim Großmann (since November 11, 2009)
Lothar Krauß (up to January 31, 2009)

Members of the Mediation Committee in accordance with section 27 (3) MitbestG
Dr. Werner Müller (Chairman)
Alexander Kirchner (since February 18, 2009)
State Secretary Prof. Klaus-Dieter Scheurle (since November 16, 2009)
Günter Kirchheim
Parliamentary State Secretary Achim Großmann (since November 11, 2009)
Lothar Krauß (up to January 31, 2009)

Frankfurt am Main, February 23, 2010

Deutsche Bahn Aktiengesellschaft
The Management Board

Auditor's report

We have audited the consolidated financial statements prepared by the Deutsche Bahn Aktiengesellschaft, Berlin, comprising the consolidated statement of income and the reconciliation of the consolidated comprehensive income, the consolidated balance sheet, consolidated statement of cash flows, consolidated statement of changes in equity and the notes to the consolidated financial statements, together with the group management report for the business year from January 1 to December 31, 2009. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs 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 management board. 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 management board, 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 IFRSs 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 25, 2010

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Gerd Eggemann	Thomas Kieper
Wirtschaftsprüfer	Wirtschaftsprüfer

DB NETZE

A modern infrastructure for rail services

1,003

MILLION TRAIN-PATH KM VOLUME SOLD IN 2009

The rail infrastructure has been the main focus of our capital expenditure since 1994. The additional funds from the economic stimulus programs of the Federal Government have enabled us to accelerate the pace of many projects since mid-2009. Key aspects in this respect have been the modernization particularly of small and mid-size stations, local transport lines as well as the expansion of main lines and hubs. These aspects have benefited rail transport overall in competition with the other modes of transport.

ADDITIONAL INFORMATION

Major activity relationships within DB Group

The following table shows the major intra-Group activity relationships among the segments of 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 railway 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	-764	-1,924	-174	-428	0	0	3,293	0	0	-3
Utilization of local infrastructure	-22	-47	-1	-149	0	-1	222	0	-2	0
Station utilization	-95	-400	-105	0	0	0	0	601	0	-1
Energy allocation	-307	-666	-105	-337	-3	-12	-132	-66	1,637	-10

Development of investment grants

Development of investment grants for fixed assets € MILLION	**Beginning value as of Jan 1, 2009**	Addition	Transfer	Cancellations	**End value as of Dec 31, 2009**
DB Netz AG	42,431	4,105	-3	-341	46,192
DB Station&Service AG	3,911	411	0	-33	4,289
DB Energie GmbH	720	74	3	-4	793
DB Group	**47,062**	**4,590**	**0**	**-378**	**51,274**

The table shows the development of the investment grants in fixed assets for the rail infrastructure companies of DB Group.

The investment grants are granted for purchasing or creating a fixed asset. They are extended by the Federal Republic of Germany (Federal Government) within the framework of the procedure for calling off funds (Mittelabrufverfahren) and also in the form of monthly instalments as an infrastructure contribution. However, other parties (Federal states, municipalities, third parties) also provide investment grants to the rail infrastructure companies of DB Group. After the fixed asset has been completed, investment grants are deducted as an asset from the purchase or production costs. This means that the asset is shown with a reduced carrying amount and that correspondingly lower depreciation is incurred. The grant 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 recognized directly in equity.

In the following, you will find important information concerning the various types of investment grants.

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 capital expenditures in the non-public sector, for instance from private persons or companies (partnerships or corporations) for capital expenditures 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 (Federal states, municipalities, 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 GVFG excluding Federal Government – public sector

Grants under the Municipality Transport Financing Act (Gemeindeverkehrsfinanzieungsgesetz; 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 (noise barriers) if the noise level exceeds certain limits.

Federal grants – economic stimulus programs I and II

Additional investment grants are made available for projects of the infrastructure companies on the basis of the Federal Government's economic stimulus programs I and II. One of the purposes of these funds is to accelerate the process of implementing major projects. The measures which are subsidized with funds out of the economic packages include projects for creating new track and expanding existing track, measures carried out on existing regional lines, modernization measures for railway stations, noise protection measures, new energy installations and the introduction of the European train control system (ETCS).

Federal grants – VIFG funds

These are grants for capital expenditures 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 Group 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). No further funds were called off in the year under review.

Federal grants – civil defense

In these cases, Federal Government grants are extended for tasks which DB Group is obliged to carry out for purposes of civil defense in accordance with section 10a of the Transport Assurance Act (Verkehrssicherstellungsgesetz; VSG).

Federal grants – port hinterland traffic

In the Federal budget title which was set up in 2008, the Federal Government pays grants for investments on the basis of the port hinterland transport immediate program (Sofortprogramm Seehafenhinterlandverkehr) for remedying bottlenecks in rail freight transport.

Federal grants – GVFG local public passenger transport

These Federal grants relate to Federal grants in accordance with section 11 of the Municipality Transport Financing Act (Gemeindeverkehrsfinanzieungsgesetz; 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 under a separate budget title.

Federal grants – LuFV

The purpose of the Performance and Financing Agreement (Leistungs- und Finanzierungsvereinbarung; LuFV) between the Federal Government and the rail infrastructure companies of DB Group is to maintain and finance the existing network. For this purpose, this agreement is used as the basis for the Federal Government providing payments which are exclusively earmarked for specific purposes for the maintenance (section 8 (4) BSchwAG) and carrying out of replacement capital expenditures in the existing network (section 11 (1), section 8 (1) BSchwAG), a so-called infrastructure contribution. The replacement capital expenditures in the existing network comprise all investments which are not included in the requirement plan.

Federal grants – BSchwAG

Federal grants are paid under section 8 of the Federal Railway Expansion Act (Bundesschienenwegeausbaugesetz; BSchwAG) for capital expenditures in building new lines or expanding existing lines or for replacement capital expenditures in existing Federal permanent way, if such capital expenditures are not financed via the LuFV. The appendix to section 1 of the 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).

Future investment program (Zukunftsinvestitionsprogramm; ZIP)/UMTS funds

These Federal grants are extended on the basis of the "Joint declaration of the Federal Republic of Germany, represented by the Federal Ministry of Transport, Building and Urban Affairs (BMVBS) and the Federal Ministry of Finance (BMF) as well as DB AG, concerning the extent of permanent way capital expenditures 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 network by way 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 has not existed, and no further funds have been called off. The remainder is processed under the title "BSchwAG."

Federal grants – imposed track

These grants are Federal grants for obligations of DB Group 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 DB Group in response to a special application and subject to certain obligations to provide supporting evidence. Under this program, grants are also extended for the Trans-European Network (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 pays 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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Hoffmann und Campe Verlag GmbH

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Chairman of the Supervisory Board of Deutsche Bahn AG and DB Mobility Logistics AG

Dr. Hugo Müller-Vogg
Publicist

Prof. Dr. Dr. Franz Josef Radermacher
University of Ulm

Prof. Dr. Rolf Riccius
University of Technology, Berlin
Aerospace Consultant, Munich

Prof. Dr. Werner Rothengatter
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Hamburg World Economic Institute

Dr. Günter Struve
First German Television Network

Horst Stuchly
President Federal Railways Agency (Ret.)

Dr. Jürgen Weber
Chairman of the Supervisory Board of Deutsche Lufthansa AG

Ulrich Weiß
Member of the Board of the German Association of Mid-Sized (Mittelstand) Construction Companies

Prof. Dr.-Ing. Ekkehard Wendler
Institute of Technology of North Rhine-Westphalia, Aachen

Dr. Wendelin Wiedeking
Entrepreneur

Glossary

FINANCIAL GLOSSARY

Capital employed – Comprises properties (including intangible assets) plus net working capital.

Commercial paper program – Contractual framework or sample documentation for the issuance of short-term securities.

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.

Gross settlement – Cash inflows and outflows (from a single transaction) are not netted.

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 2002, 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.

Net settlement – Cash inflows and outflows (from a single transaction) are netted if possible, only the difference is settled.

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
BAM – Federal Institute for Materials Research and Testing
bbl – Barrel
BBodSchG – Federal Soil Protection Act
BMF – Federal Ministry of Finance
BMVBS – Federal Ministry of Transport, Building and Urban Affairs
BMWi – Federal Ministry of Economics and Technology
BNA – Federal Network Agency
BR – Series
BSchwAG – Federal Track Expansion Act
BUGA – Bundesgartenschau
Buskm – Bus kilometers
BVWP – Federal Transport Network Plan

C
CAD – Canadian dollar
CGU – Cash generating unit
COSO – Committee of Sponsoring Organizations of the Treadway Commission
CO_2 – Carbon dioxide
CT – Combined transport

D
DBGrG – Deutsche Bahn Foundation Act
DepV – Land Fill Site Ordinance
D&O – Directors&Officers

E
EBA – Federal Railway Authority
ECB – European Central Bank
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
FIS – Corporate information system
FTE – Full-time employee
FTL – Full truck load

G
GAS – German Accounting Standards
GASB – German Accounting Standards Board
GBP – British pound (sterling)
GDP – Gross domestic product
GG – Basic Law
GSM-R – Global Systems for Mobile Communications – Rail
GVFG – Municipal Transport Financing Act
GWB – Anti-Trust Act

H
HFM – Hyperion Financial Management
HGB – German Commercial Code
HGV – High-speed traffic

I
IAS – International Accounting Standards
IASB – International Accounting Standards Board
ICM – Integrated Compliance Management
IFRIC – International Financial Interpretations Committee
IFRS – International Financial Reporting Standards
IT – Information technology

J
JPY – Japanese yen

L
LTL – Less Than Full Truck Load
LuFV – Service and Financing Agreement

M
M&A – Mergers&Acquisitions
MaRisk – Appropriate Risk Control and Management Systems
MitbestG – German Codetermination Act
MIV – Motorized individual transport
MJ – Megajoule

O
ÖPNV – Local public transport
ÖSPV – Public road transport

P
P – Passenger
PCGK – Public Corporate Governance Kodex
Pkm – Passenger kilometer
PLN – Polish zloty
Ptkm – Total sum of volume sold (pkm+tkm)

R
RegG – Regionalization Act
RIC – Rail Infrastructure Company
ROCE – Return on capital employed

S
SCM – Supply chain management
SIC – Interpretation of the Standing Interpretations Committee
SNB – Rail track conditions for usage
söp – Mediation body for public transport
SPE – Special purpose entity

T
t – Ton
TEN – Trans-European networks
TEU – Twenty-foot container equivalent unit
Tkm – Ton kilometer
TOC – Train Operating Company

U
UIC – International Union of Railways
USD – United States dollar

V
VDE – German unification transport project
VIFG – Transport infrastructure financing company
VIFGG – Transport Infrastructure Financing Act

W
WACC – Weighted average cost of capital
WHG – Water Management Act
WpHG – Securities Trading Act
WTI – West Texas Intermediate

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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.

The 2009 Annual Report was published March 25, 2010 and is available on the Internet at www.deutschebahn.com/ar-online.

CORPORATE COMMUNICATIONS

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

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DB SERVICE NUMBER

Our service number +49-18 05-99 66 33 gives you direct access to all of our telephone services. The access includes information regarding general information, booking of train tickets, finding train times, our customer dialogue and our frequent traveler system (BahnCard).

Calls will be charged as follows: calls from the German fixed-line network cost 14 ct/min. Charges from the German cell phone network cost 42 ct/min at most.

IMPRINT

CONCEPT, EDITING DEUTSCHE BAHN AG, INVESTOR RELATIONS
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10-year summary

€ MILLION	2009	2008	2007	2006	2005	2004	2003 [1)]	2002 [1)]	2001 [1)]	2000 [1)]
STATEMENT OF INCOME										
Revenues	29,335	33,452	31,309	30,053	25,055	23,962	28,228	18,685	15,722	15,465
Overall performance	31,271	35,324	33,254	31,943	26,728	25,890	30,438	20,900	17,535	17,267
Other operating income	3,864	3,046	3,219	2,859	2,366	2,860	3,138	2,830	2,406	3,653
Cost of materials	-15,627	-18,544	-17,166	-16,449	-12,650	-12,054	-15,776	-9,546	-7,108	-6,625
Personnel expenses	-11,115	-10,583	-9,913	-9,782	-9,211	-9,556	-10,337	-8,387	-7,487	-8,475
Depreciation	-2,825	-2,723	-2,795	-2,950	-2,801	-2,722	-2,694	-2,434	-2,162	-2,052
Other operating expenses	-3,360	-3,927	-3,704	-3,144	-3,080	-3,274	-4,316	-3,358	-3,282	-3,436
Operating profit (EBIT)	2,208	2,593	2,895	2,477	1,352	1,144	-	-	-	-
Result from investments accounted for using the equity method	9	21	32	18	76	49	-	-	-	-
Other financial result	-4	-47	-3	1	7	-55	-	-	-	-
Net interest income	-826	-760	-908	-941	-945	-984	-637	-489	-313	-251
Profit before taxes on income	1,387	1,807	2,016	1,555	490	154	-133	-438	-409	37
Net profit for the year	830	1,321	1,716	1,680	611	180	-245	-468	-406	85
OPERATING INCOME										
EBITDA adjusted	4,402	5,206	5,113	-	-	-	-	-	-	-
EBIT adjusted	1,685	2,483	2,370	2,143	1,350	1,011	465	37	109	450
VALUE MANAGEMENT										
Capital employed	28,596	27,961	27,393	28,693	27,013	26,490	30,964	30,428	28,649	27,443
Return on capital employed (ROCE)	5.9 %	8.9 %	8.7 %	7.5 %	5.0 %	3.8 %	1.5 %	0.1 %	0.4 %	1.6 %
Redemption coverage	19.4 %	22.5 %	21.1 %	18.6 %	14.7 %	12.7 %	-	-	-	-
Gearing	115 %	131 %	151 %	213 %	256 %	276 %	-	-	-	-
CASH FLOW/CAPITAL EXPENDITURES										
Cash flow from operating activities	3,133	3,539	3,364	3,678	2,652	2,736	-	-	-	-
Gross capital expenditures	6,462	6,765	6,320	6,584	6,381	7,238	9,121	9,994	7,110	6,892
Net capital expenditures	1,813	2,599	2,060	2,836	2,362	3,251	4,013	5,355	3,307	3,250

	2009	2008	2007	2006	2005	2004	2003[1]	2002[1]	2001[1]	2000[1]
BALANCE SHEET										
Non-current assets	41,308	42,353	42,046	43,360	42,907	43,200	–	–	–	–
thereof property, plant and equipment and intangible assets	(39,509)	(39,976)	(39,855)	(41,081)	(40,430)	(40,861)	(40,093)	(38,869)	(35,055)	(34,071)
thereof deferred tax assets	(1,173)	(1,692)	(1,644)	(1,800)	(1,556)	(1,301)	(–)	(–)	(–)	(–)
Current assets	5,995	5,840	6,483	5,080	4,194	4,416	–	–	–	–
thereof cash and cash equivalents	(1,470)	(879)	(1,549)	(295)	(305)	(765)	(265)	(271)	(363)	(394)
Equity	13,066	12,155	10,953	9,214	7,675	7,067	5,076	5,708	8,436	8,788
Equity ratio	27.6 %	25.2 %	22.6 %	19.0 %	16.3 %	14.8 %	10.7 %	12.4 %	20.1 %	22.3 %
Non-current liabilities	23,359	23,161	25,612	26,319	27,963	29,440	30,464	27,779	24,421	21,331
thereof financial debt	(14,730)	(14,083)	(16,228)	(17,165)	(18,310)	(19,045)	(–)	(–)	(–)	(–)
thereof retirement benefit obligations	(1,736)	(1,649)	(1,594)	(1,514)	(1,414)	(1,341)	(–)	(–)	(–)	(–)
Current liabilities	10,878	12,877	11,964	12,907	11,463	11,109	12,107	12,524	9,090	9,329
thereof financial debt	(1,780)	(2,770)	(1,834)	(2,716)	(1,664)	(1,231)	(–)	(–)	(–)	(–)
Net financial debt	15,011	15,943	16,513	19,586	19,669	19,511	–	–	–	–
Total assets	47,303	48,193	48,529	48,440	47,101	47,616	47,647	46,023	41,962	39,467
RAIL PERFORMANCE FIGURES										
PASSENGER TRANSPORT										
Passengers (million)	1,908	1,920	1,835	1,854	1,785	1,695	1,681	1,657	1,702	1,713
Long-distance transport	123	123	119	120	119	115	117	128	136	145
Regional and urban transport[2]	1,785	1,797	1,717	1,735	1,667	1,580	1,564	1,529	1,566	1,568
Volume sold (million pkm)	76,772	77,812	74,792	74,788	72,554	70,260	69,534	69,848	74,459	74,388
Long-distance transport	34,708	35,457	34,137	34,458	33,641	32,330	31,619	33,173	35,342	36,226
Regional and urban transport[2]	42,064	42,355	40,654	40,331	38,913	37,930	37,915	36,675	39,117	38,162
FREIGHT TRANSPORT										
Freight carried (million t)	341.0	378.7	312.8	307.6	274.6	295.3	282.3	289.4	291.3	310.8
Volume sold (million tkm)	93,948	113,634	98,794	96,388	88,022	89,494	85,151	82,756	84,716	85,008
Total transport performance (million ptkm)	170,720	191,446	173,586	171,177	160,576	159,754	154,685	152,604	159,175	159,396
TRACK INFRASTRUCTURE										
Train kilometers on track infrastructure (million train-path km)	1,003	1,043	1,050	1,016	998	1,001	988	967	977	984
thereof non-Group customers	(170)	(162)	(147)	(128)	(110)	(88)	(70)	(50)	(39)	(26)
EMPLOYEES[3]										
Average	239,888	240,008	231,356	228,990	220,343	229,830	249,251	224,758	219,146	230,615
At year end	239,382	240,242	237,078	229,200	216,389	225,632	242,759	250,690	214,371	222,656

[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 regular annual work time.

Financial calendar

JULY 29, 2010
Publication of the Interim Report January–June 2010

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