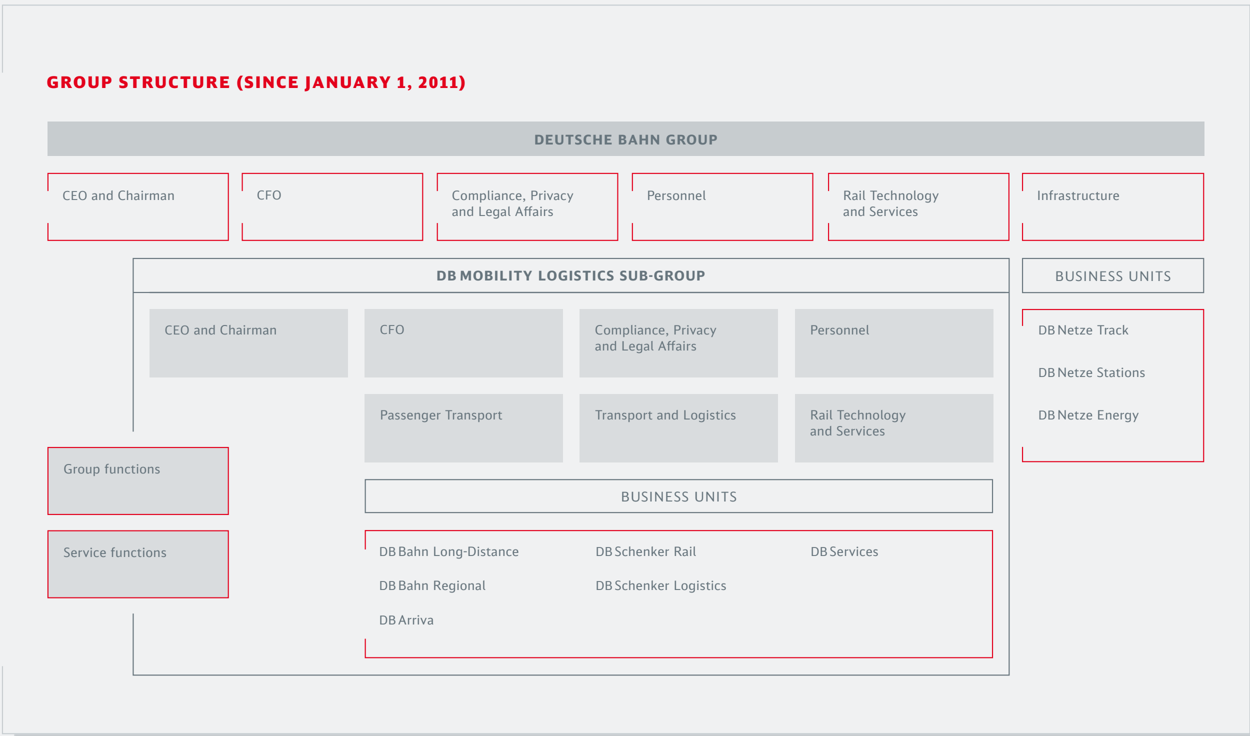
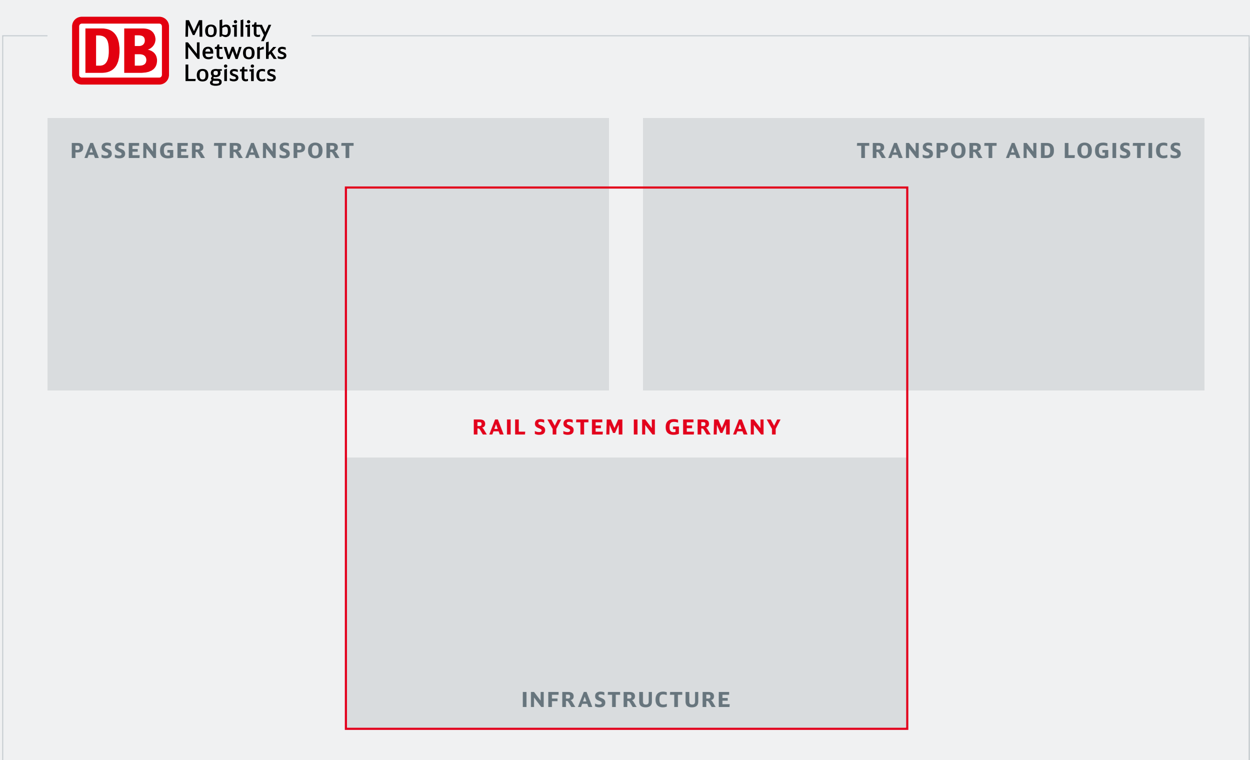
Deutsche Bahn AG

2010 Management Report and Financial Statements

Group structure



DB Group's business approach



CONTENTS

GROUP STRUCTURE U2
DB GROUP'S BUSINESS APPROACH U2
IMPRINT U3

01 **CHAIRMAN'S LETTER** 2

02 **MANAGEMENT REPORT** 4

03 **ANNUAL FINANCIAL STATEMENTS** 41

04 **REPORT OF THE SUPERVISORY BOARD** 81

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

Chairman's letter

Dear ladies and gentlemen,

First, I would like to express my thanks to our customers and our employees for the trust they placed in us, because they were the ones who made it possible for us to get back on track for growth following the global financial and economic crisis. Furthermore, we also recovered from the negative effects faster than we had expected. The DB Group's corporate structure proved to be stable during the crisis and quick to expand when the economy rebounded. And with revenues of 33.4 billion euros – excluding Arriva – they are almost back up to the record level set in 2008. Moreover, the adjusted EBIT figure of 1.9 billion euros has also improved notably.

In order to further develop our rail transport activities we launched four initiatives in 2010: the Customer and Quality Initiative, Capital Expenditures Initiative, Engineering Initiative, as well as our Market Initiative. Along with profitable and sustainable growth these initiatives are primarily aimed at improving our performance as a railway. The key lever for achieving this is having greater availability of our vehicles and an improved infrastructure. We also launched numerous measures to improve passenger service and travel information. Our goal here is to achieve a sustainable improvement – above all in Germany – so we can convince even more people to travel via rail.

Following the acquisition of Arriva our Passenger Transport division is now present in 13 European countries. With this move we created a platform for further growth that will enable us to actively participate in the opening of the local transport markets across Europe. Another milestone was the premiere of the ICE in London. The future connection from Germany to the British capital is a shining example of the gradual expansion of cross-border routes. Meanwhile, in our home market of Germany, which will naturally remain the backbone of our business, we were able to win 65 percent of the train kilometers awarded in the regional transport market in 2010.

The main focus of the Transport and Logistics division was on recovering from the global economic crisis. We defended our leading position in the transport and logistics market while at the same time the DB Schenker Logistics business unit posted an unusually strong 27 percent increase in revenues, and the DB Schenker Rail business unit raised their revenues by 13 percent.

Numerous projects were either continued or newly launched by the Infrastructure division to expand and modernize our rail network, our train stations and our energy procurement processes. The start of construction on the Stuttgart–Ulm rail project marked a decisive breakthrough for us. The financing of the rail requirements plan remains a major political task. We are absolutely adamant here in insisting that Germany must have a rail infrastructure that can successfully cope with future demands.

In 2010 challenges arose in the area of overall regulatory conditions in Germany and Europe. We believe that the priorities in this area should be placed on the actual opening of the national markets – as has been the case in Germany since the Rail Reform Act of 1994 – as well as on an entrepreneurial orientation of the rail sector. Furthermore, reducing bureaucracy and enhancing the speed and efficiency of processes must also remain important goals.

During the year under review our employees were a matter of particular importance for the members of the Management Board and myself. Once again we were one of the biggest occupational trainers in Germany thereby securing our future workforce in times of demographic change. The Management Board placed special emphasis on the continued development of our corporate culture. In this context we introduced a sustainable process which we will fill with life at all levels of our organization. I would especially like to thank our employees for their dedicated efforts in 2010.

In 2011 we will continue to resolutely take the steps needed to reach our goal of becoming a clearly customer-oriented railway and a successful service company.

Sincerely yours,

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

02 MANAGEMENT REPORT

OVERVIEW	5
BUSINESS AND OVERALL CONDITIONS	6
BUSINESS PERFORMANCE	17
FINANCIAL SITUATION	18
STRATEGY	20
SUSTAINABILITY	24
TECHNOLOGY AND PROCUREMENT	26
ADDITIONAL INFORMATION	28
RISK REPORT	29
MANAGEMENT BOARD REPORT ON RELATIONSHIPS WITH AFFILIATED COMPANIES	34
EVENTS AFTER THE BALANCE SHEET DATE	34
OUTLOOK	35

Overview

- ⟼ **Positive effects from the world economy's noticeable recovery during the 2010 financial year**
- ⟼ **Operating development of DB Group positive again**
- ⟼ **Absence of special items noted in previous year burden development of income**

Both Deutsche Bahn AG (DB AG) and DB Mobility Logistics AG (DB ML AG) – a fully owned subsidiary of DB AG – function as management holding companies within the Group structure of Deutsche Bahn Group (DB Group). Following the successful restructuring that took place in the year 2008, DB AG directly manages the DB Netze Track, DB Netze Energy and DB Netze Stations business units. The remaining six business units are bundled together in the DB Mobility Logistics sub-group under the management of DB ML AG. Very tight coordination between the Management Boards of DB AG and DB ML AG is assured by the fact that the same persons serve on both boards in cross-Group divisions. The business units are responsible for the conduct of business operations. The structure is rounded out by central Group and service functions.

DB AG's business development is primarily driven by the development of DB Group. During the year under review, DB Group was once again able to achieve significant volume increases in all of the relevant markets, which allowed it to continue the growth trend that was interrupted in the previous year due to the economic and financial crisis. The development of profits was positive overall in the year under review, though somewhat lessened by the restricted vehicle availability, the unusual weather conditions and the significantly higher maintenance costs for vehicles and infrastructure.

Although the DB Group posted overall higher revenues and better adjusted results from operations in comparison to the previous year, DB AG did not fully participate in the favorable development noted for DB Group. This was due, in particular, to the absence of special items in the year under review at DB AG and its subsidiary, DB Netz AG. Due to this, the result from ordinary activities fell notably.

Business and overall conditions

⟶ **Successful takeover of the passenger transport company Arriva**
⟶ **Notable economic recovery seen in 2010**
⟶ **Transport markets resume growth**

CHANGES IN DB GROUP

Changes in the DB AG Management Board

Stefan Garber laid down his mandate as a member of the Management Board of DB AG, with responsibility for the Infrastructure division effective March 31, 2010. He was succeeded on April 1, 2010 by Dr. Volker Kefer, who had already served as the provisional head of the Infrastructure Board division since December 9, 2009, for the remaining term of his existing appointment. Dr. Volker Kefer will also remain responsible for the Rail Technology and Services Board division that he also heads as member of the Management Board of DB ML AG.

Diethelm Sack resigned his mandate as member of the Management Board of DB AG and CFO effective March 31, 2010. He was succeeded by Dr. Richard Lutz, who was appointed a member of the DB AG Management Board for a term of three years as of April 1, 2010. Dr. Richard Lutz was appointed to concurrently serve as a member of the Management Board and CFO of DB ML AG.

Acquisition of the British passenger transport company Arriva

On May 18, 2010 we submitted a binding offer to the shareholders of the British passenger transport company Arriva Plc (Arriva), Sunderland/Great Britain, to acquire all of the shares in Arriva thereby fully taking over the company.

On June 17, 2010 85.1 % of Arriva's shareholders representing 90.4 % of the company's outstanding shares voted to accept our takeover offer. In accordance with British takeover law, once the acceptance level of 75 % has been reached all shareholders are bound to accept the takeover offer. Following the Court hearings on August 24 and 26, 2010 and the registration of the court orders, the Scheme of Arrangement whereby DB Group acquired all of the shares of Arriva took effect on August 27, 2010. The listing of Arriva's shares was cancelled on August 31, 2010. As of this date Arriva became a fully owned subsidiary of DB UK Holding Limited, Doncaster/Great Britain, and a part of DB Group. As of September 1, 2010 Arriva has been fully included into the scope of consolidation with the exception of Arriva Germany.

Per commitments made to the EU Commission, DB Group had to sign a legally binding agreement with an appropriate buyer to divest all of Arriva's activities in Germany by December 11, 2010. On December 8, 2010 the Supervisory Board approved an agreement to sell Arriva Germany Group to a consortium consisting of Ferrovie dello Stato, an Italian railway company, which also served as consortium manager, and Cube Transport SCA, a Luxemburg-based infrastructure fund. On February 16, 2011 the European Commission approved the selected buyers and further stated that they had no cartel-related objections to the purchase thus clearing the way for the deal to be closed and fully concluded on February 25, 2011.

Changes in the structure of DB Group's business units

Following the acquisition of ⟶ *Arriva* [1] we altered the management structure within the Passenger Transport Board division to include the new DB Arriva business unit. As of January 1, 2011, this business unit will contain all regional transport activities outside of Germany. Therefore, all internationally related tasks (excluding cross-border routes) will also be assigned to the DB Arriva business unit.

In the future, the DB Bahn Regional business unit will be solely responsible for regional transport activities in Germany. The previous DB Bahn Urban business unit will be absorbed by the DB Bahn Regional business unit.

Corporate Governance report

The ⟶ *Corporate Governance report* [2], which also contains the compensation report, is part of the Group management report.

[1] ⟶ ***Page 6***

[2] ⟶ ***2010 Annual Report DB Group Page 28 ff.***

BUSINESS ENVIRONMENT

Development of GDP reflects the economic and financial crisis

Change in gross domestic product (GDP) [%]	2010	2009
World[1]	+4.0	-2.3
USA	+2.9	-2.6
China	+10.3	+9.2
Japan	+4.0	-6.3
Eurozone	+1.7	-4.1
Germany	+3.6	-4.7

[1] Total selected industrial and emerging countries.
Data for 2009/2010 is based on information available on February 22, 2011.
Source: Consensus Forecasts, FERI, Federal Statistical Office, Germany.

The global economy recovered sharply in 2010 posting a 4% rate of growth. However, the pace slackened during the year under review. Global trade returned to its pre-crisis level as it expanded by 13.5%. Economic performance noted in the emerging Asian and Latin-American markets posted substantially higher growth rates than the industrialized nations and were significantly higher than their pre-crisis levels. Performance seen in rapidly growing economies like China and India were key forces driving the expansion of the global economy. The industrialized nations were less dynamic as their recovery was more moderate. Although their economic performance was significantly higher than in the depths of the financial crisis, in most cases they had not yet returned to their pre-crisis levels. The pace of economic growth slowed towards the middle of 2010 due to the expiration of economic stimulus programs and necessary measures taken by governments to consolidate their budgets. The unchanged tense situation in the financial and real estate sectors, rising levels of government debt, and, in some cases, high unemployment dampened economic growth in many industrialized countries.

The pace of economic growth in the USA slowed notably after the first half of the year 2010 due to the expiration of the government's economic stimulus program and inventory buildup. The gross domestic product (GDP) of the USA rose by 3%, mainly as a result of increased consumer spending that represents about 70% of total economic output in the USA. The situation in the labor market remained tense as the unemployment rate was stuck at a historically high level due to sluggish job growth. Capital expenditures, and especially spending for plant and equipment, expanded strongly due to the effects of pent-up demand and more attractive refinancing conditions offered to companies. The foreign trade sector did not generate much good news as imports grew somewhat larger than exports.

Asia retained its status as the fastest-growing region. A more restrictive lending policy was imposed in China in the second half of the year. Together with higher interest rates and the cautious appreciation of the exchange rate in conjunction with the expiry of economic stimulus programs, this move led to the desired cooling-off of the Chinese economy. Exports contracted during the course of the year due to weaker demand in the USA. Despite the slower pace of growth, the Chinese GDP remained at a high level as it grew by 10.3%. Therefore China replaced Japan as the second-largest economy in the world.

The recovery in Japan weakened in the second half of 2010 as economic growth slowed due to the higher yen, which in turn stifled exports. Domestic demand contracted due to expiring economic stimulus programs. Additionally higher unemployment dampened consumer spending. Nevertheless, GDP exceeded the previous year's level by 4%.

GDP rose by 1.7% in the Eurozone. Growth was primarily driven by the strong development of the German economy. The recovery of Europe's economy was primarily burdened by the end of economic stimulus programs and government spending cuts taken to consolidate their budgets. The low level of interest rates favorably influenced consumer spending and capital expenditures for plant and equipment. The French economy recovered from the recession at a steady pace that, however, was only average compared to the rebound seen in the other Eurozone countries. Consumer spending expanded and posted a positive contribution to growth although it was held back by high unemployment and weak development of disposable income. Although the level of gross capital expenditures recovered moderately, it stayed in the year under review below the 2009 level. Exports mirrored the recovery of the global economy and expanded substantially. Imports also rose significantly. A clearly restrictive fiscal policy burdened economic recovery in Great Britain along with the darkening situation in the foreign trade sector. Despite the very moderate increase in real incomes, and a barely improved situation in the labor market, private spending rose as consumers brought forward purchases ahead of the planned increase in the value-added tax rate starting at the beginning of 2011.

Development noted in the new EU member countries was uneven. GDP noted for Poland, the Czech Republic and Slovakia rose sharply in comparison to the previous year due the recovery of industrial production – especially the very important automobile sector. In contrast, the Baltic states, Hungary, Romania and Bulgaria were all burdened by heavy levels of government and consumer debt as well as the resulting need to consolidate the economy. Domestic demand was hobbled by sinking real disposable incomes, high unemployment and tight credit.

Germany's GDP rose by 3.6 %, which was the fastest pace among all of the Eurozone countries. The German economy particularly benefited from the sharp increase in global trade. The breadth of the recovery gained increasingly during the course of the year. In addition to double-digit growth in foreign trade, domestic demand also rose as consumer spending and capital expenditures by the business sector expanded notably. Production in the manufacturing industry, especially the heavily export-dependent chemical, automotive and machine-making industries, posted substantial gains due to strong (foreign) demand. The steel industry also benefited from the favorable development of its customers as steel production surged by 34 % to nearly 44 million tons. The situation in the labor market tracked the economic recovery and improved continually. Since May 2010 the number of people employed and employees subject to social security contributions was higher than the same year-ago level. Short-time working arrangements in force declined steadily over the year. The average number of persons employed during the year rose by about 0.5 %. The good labor market and income situation supported consumer spending which increased slightly. Driven by sharp rise in prices for oil-based products, the cost of living in Germany rose by 1.1 % over the previous year, while fuel prices rose by 11 % over the same year-ago period.

Mixed development in the energy market

Developments in the energy market were mixed during the year under review. Internationally traded products like crude oil and coal developed differently than nationally or regionally traded products like power and emissions rights. The prices for crude oil and coal were driven by a surprisingly strong growth of the global economy and continued to rise for part of the year, while, in contrast, future prices noted on the German power market declined.

While crude oil prices were mainly determined by general sentiment in the capital markets during the first half of 2010, fundamental data played a greater role in driving prices during the second half of 2010. Although the supply situation in 2010 was noticeably favorable based on average figures for the past five years it did, however, successively worsen towards the end of 2010. In the interim, some market players anticipate that a possible supply gap could occur in 3 to 5 years. This could in fact happen if current growing demand – mainly driven by emerging markets – continues unabated. Demand in the industrialized countries has also stabilized and rose during the final months of the year under review due to the early onset of winter. While the trading range for North Sea Brent oil in the first ten months of 2010 took place almost solely between 70 and 85 USD/barrel (bbl), it was trading above 90 USD/bbl at the end of 2010. The average price for the year was over 80 USD/bbl, which was the second-highest annual average price of all times. The weakness of the euro compared to the USD exacerbated the higher prices when converted into euros.

Prices noted for 50-hertz power (base load electricity) on the futures market developed unevenly during the year under review. Prices fell in the first quarter, rose in the second quarter and then fell again in the second half of the year. Contract prices for delivery in 2011 remained in a range between € 45 and € 55/MWh during the year under review and stabilized at € 50/MWh at the end of the year. In contrast to crude oil and coal, which reached historic averages in recent years, the average annual price for futures contracts for base load electricity remained at the previous year's level and below the level seen in the years 2006 to 2008. In contrast to futures prices, spot prices climbed during the course of the year and experienced significantly lower volatility.

During the year the coal markets posted the sharpest recovery among the energy markets. The spot market in Rotterdam rose by about 50 % while the future markets gained about 10 %. The coal markets were driven by heavy demand from India and China and at the end of 2010 coal prices were almost 100 % over the average noted for the years 2004 to 2006. In contrast, prices for CO_2 emissions rights showed little movement and were € 13/t at the beginning of the year and moved between € 14 and € 16/t at the end of 2010.

Euro faces severe test

Following the global economic and financial crisis in 2009, which mainly hit banks, the main focus of problems shifted to individual countries during the year under review. Refinancing problems also arose in certain countries due to economic stimulus programs, numerous guarantee commitments and capital contributions to banks by individual governments. During the first half of 2010 the value of the euro fell from USD 1.43 per euro to USD 1.19. Confidence in the euro returned in the second half of 2010 after the Eurozone countries, together with the EuropeanCentral Bank (ECB) and the International

Monetary Fund (IMF), were able to prevent the threatened insolvency of Greece. The euro once again advanced to over USD 1.40. This development was supported by a further easing of monetary policy in the USA. However, during the remaining course of the year Greece, Ireland, Portugal and Spain, in particular, faced increasing refinancing pressures. The euro retreated again as speculative pressures rose casting greater doubt about the financial situation in Ireland and Portugal during the year under review. At the end of 2010 the value of the euro had again declined to USD 1.34.

Bond markets reflect sovereign debt crisis

Developments in the sovereign bond markets have been driven by the increasing refinancing problems facing individual countries. The gap in yields paid by sovereign bonds issued within the Eurozone widened substantially during the year under review. While countries that were particularly affected by the economic and financial crisis were forced to accept higher refinancing costs, financially strong Eurozone countries saw the rates they paid continue to decline. The yield for ten-year German Federal bonds (bunds) fell to an all-time low of 2.09 % in August 2010 and then rebounded up to 3.0 % at the end of year. On one hand, a favorable economic outlook motivated investors to shift their money over to riskier asset classes, and on the other it was feared that a continuation of the sovereign debt crisis and related support measures could even drag down the stable Eurozone countries.

The volume of new corporate bonds issued in the Eurozone fell by half to € 149 billion in comparison to the previous year. This change was due in part to the large liquidity cushions that companies had built in the previous year as well as the impact of the lower volume of M&A activities in the market. In contrast, companies that tapped the primary markets, and very creditworthy companies in particular, realized historically low financing costs. This development was supported by the fact that many investors regarded top-rated corporate bonds as safer than sovereign bonds.

POLITICAL ENVIRONMENT

A report covering regulatory issues and the further development of the European legal framework in the railway sector is also contained in DB Group's annual → *Competition Report* [1].

Regulatory environment for rail transport in Germany

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

NEW STATION PRICING SYSTEM STARTS IN 2011

On January 1, 2011 DB Station&Service AG introduced a new → *station pricing system* [2]. The BNetzA had previously issued a ruling regarding the existing system wherein they formulated what they believed were station prices that were consistent with the law. Despite the successful appeal against this ruling in expedited legal proceedings, the new pricing system reflects the BNetzA's demands. This meant that the BNetzA did not object to the introduction of the new prices. However, additional explanations of certain elements were required and must be submitted in 2011.

The new pricing system results in shifts in state-related charges for local rail passenger transport, which will lead to additional costs for some Federal states and reduced costs for others. DB Station&Service AG is negotiating with the Federal states to explore ways to balance out the increased/decreased costs.

REGIONAL FACTOR ENDS AS OF 2012 SCHEDULE

BNetzA and DB Netz AG reached a settlement on August 18, 2010 ending court proceedings to eliminate the regional factor as a part of the train-path pricing system. The parties agreed to enter into a contract governed by public law wherein DB Netz AG agrees to reduce the regional factors as of the 2011 schedule year and eliminate them entirely as of the start of the 2012 schedule year. In return, the administrative proceeding before the BNetzA was closed. In this case adjustments to the train-path pricing system intended to offset the end of the regional factors will again lead to higher or lower prices for the individual Federal states. This is why DB Netz AG is also negotiating with the Federal states to explore ways to balance out the changed costs.

PRICES FOR TRACTION CURRENT TRANSMISSION LINES SUBJECT TO ENERGY INDUSTRY LAW

In a final ruling made on November 9, 2010, the German Federal Supreme Court ruled that fees for the use of traction current transmission lines are to be regulated in accordance with energy

[1] → ***www.db.de/competitionreport***

[2] → ***www.dbnetze.com***

industry law. Based on the terms of this ruling, DB Energy GmbH must have their usages fees approved – retroactively to October 2005 – by the BNetzA. The Federal agency will examine the fees using standards employed by the energy industry. DB Energy GmbH will have to establish procedures to meet the comprehensive reporting process required by energy industry law in order to meet the regulatory requirements.

EXPERT OPINION TO DETERMINE COST OF CAPITAL IN RAIL INFRASTRUCTURE SECTOR

With respect to fee regulation the BNetzA submitted in May 2010 for consultation an expert opinion they had commissioned for the purpose of better defining the permissible extent of access charges in the future entitled "Determination of cost of capital in the rail infrastructure sector." We participated in the consultations and commissioned ⟶ *NERA Economic Consulting* [1], an independent consulting firm, to prepare an expert opinion, which we published along with a statement of opinion in June 2010. The purpose of the expert opinion is to define the return on capital that a rail infrastructure company may earn. Discussions with the BNetzA will be continued during the course of 2011.

DB NETZ AG MAY NO LONGER BE REPRESENTED BY DB AG'S LAWYERS IN ALL CASES

In a final ruling made on May 18, 2010, the German Federal Administrative Court ruled that as of December 1, 2010 DB Netz AG may no longer be advised or represented by the DB AG legal department in issues regarding access to the rail network and the train-path prices associated with this access. With this ruling the Court confirmed a 2006 decision of the EBA. In addition to monitoring the implementation of requirements directly arising from the Court's ruling and which must be met by a set date, the EBA is also examining the ruling to determine if other measures are needed to strengthen the independence of DB Netz AG.

Further development of relevant legal framework

RECAST VERSION OF FIRST RAILWAY PACKAGE

On September 17, 2010 the European Commission submitted a proposal for the recast of the first European railway package. The proposed new version also contains a stricter regulation of service facilities, wider authority for regulatory agencies as well as detailed requirements for infrastructure financing and train-path usage fees. A further liberalization of the rail passenger transport sector is not foreseen. The lawmaking process is currently underway (first reading of the law) in the Council and the European Parliament. It is anticipated that the legislation will be passed during the course of 2011. We welcome the recast as it contributes towards the creation of uniform conditions for rail transport across Europe. It is, however, important to ensure that no disproportionate encroachment on the member state's budgetary powers or the entrepreneurial independence of the train operating companies takes place.

LIBERALIZATION OF RAIL PASSENGER TRANSPORT

Directive 2007/58/EC obligates 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 member states leeway to limit market access. On December 28, 2010 the EU Commission published a directive pertaining to this leeway whereby it may only be possible to limit the liberalization guidelines under very restrictive circumstances. The liberalization of the market in Germany was completed significantly earlier than the date when the directive took effect. Furthermore, the German implementation concept for Directive 2007/58/EC does not contain any possibility to restrict access to the market. Although the recast version of the first European railway package does not foresee any further steps towards liberalization, the EU Commission has, however, announced that it will submit in 2012 a legislation proposal to further liberalize rail passenger transport in Europe.

REGULATION FOR A EUROPEAN RAIL FREIGHT TRANSPORT NETWORK

On November 9, 2010 the EU regulation regarding the creation of a European rail network for more competitive freight transport took effect. Per the terms of the regulation, DB Netz AG is obligated to participate in the establishment of internationally staffed management structures in three European freight corridors within the next three to five years. The primary purpose of the regulation is to achieve better crossborder coordination of capacity and transport management as well as closer collaboration in the areas of capital expenditures and construction planning.

The critical issue here is that train-path must be kept clear for international freight transports even though it cannot be assured that the track will actually be used as planned. This can lead to a substantial reduction in network capacity due to the lack of track availability for other freight or passenger transports, and cause additional costs if the track is not used. This regulation can have extensive effects on the coordination between the European infrastructure operators and the future structure of timetables in the passenger and freight transport sectors. The EU Commission is currently working on a handbook to guide the

[1] ⟶ ***www.db.de/nera-e***

implementation of the regulation, which they would like to approve in the first quarter 2011. DB Netz AG is intensively working on ways to limit the negative effects of the regulation on operations.

EU COMMISSION PREPARING TRANSPORT POLICY STRATEGY THROUGH TO 2020

The EU Commission plans to submit a new White Book during the first half of 2011 wherein they define their transport policy through to the year 2020. We welcome the main points of the content that have emerged thus far. Along with the integration of transport modes and networks – including greater inclusion of rail – the main topics are climate protection, more efficient use of energy, and promoting competition by reducing regulatory, administrative and technical barriers. In addition, the Commission also addresses different financing models for the transport sector, and the internalization of external costs.

NEW TRANS-EUROPEAN TRANSPORT NETWORK GUIDELINES

The EU Commission has initiated a fundamentally new approach to its previous policy concerning the development of a trans-European transport network (TEN-V). Plans call for new directives to be published in the first half of 2011 wherein the TEN-V and the selection criteria for projects will be recast. The intention is to achieve better integration of all modes of transport through means such as the inclusion of intermodal interfaces (e.g. harbors, airports), new principles regarding targeted use of EU subsidies, and a stronger focus on a so-called core network, which still needs to be redefined.

STRUCTURING EMISSIONS TRADING AS OF 2013

The amended version (2009/29/EC) of Directive 2003/87/EC regarding the trading of emissions rights took effect in May 2009. Per the terms of the new directive the energy industry will have to obtain all of their certificates via auction as of 2013. In addition to the current burden facing electrically powered rail transport, this complete auction process means that the cost burden arising from trading carbon dioxide (CO_2) emissions allowances will rise further as of 2013. This will lead to another substantial increase in the price of traction current. Other modes of transport are unaffected, or only marginally affected by CO_2 emissions trading: road transport and shipping are still not subject to CO_2 emissions trading despite the fact that they also emit CO_2. Per the terms of Directive 2008/101/EC, only air transport within the EU, as well as to and from Europe, will be included in CO_2 emissions trading as of 2012, however this segment will only have to obtain 15% of its CO_2 certificates via auction.

DEVELOPMENTS IN THE RELEVANT MARKETS

Passenger transport

GERMAN PASSENGER TRANSPORT MARKET

German passenger transport market [% based on volume sold]	Growth rates		Market share	
	2010	2009	**2010**	2009
Rail passenger transport	+2.4	-1.5	10.1	9.8
DB Group	+2.2	-1.6	9.4	9.2
Non-Group railways	+5.0	+0.3	0.7	0.7
Public road passenger transport	-0.5	-1.0	9.5	9.6
DB Group	-0.5	+0.7	1.1	1.1
Motorized individual transport	0.0	0.0	79.1	79.3
Air transport (domestic)	+2.2	-3.6	1.3	1.3
TOTAL MARKET	**+0.2**	**-0.3**	**100.0**	**100.0**

Data for 2009/2010 is based on information and estimates available on February 22, 2011.

The total German passenger transport market recorded a slight gain in volume sold in 2010 thereby connecting to the robust development noted in 2009.

While the rise in demand noted in the rail passenger and in domestic air transport sectors was driven by favorable overall economic conditions in Germany coupled with gains in both employment figures and disposable real income levels, the public road passenger transport segment continued its downward trend. Despite the 11 % rise in fuel prices in 2010 and the special boost resulting from the government's "cash for clunkers" stimulus program in 2009, the dominant motorized individual transport sector was able to retain its previous year's position, even though car sales were about 25 % lower. Rail was the only mode of transport to expand its intermodal share of market in 2010.

The rail passenger transport segment in Germany was able to post substantial gains in volume sold over the previous year's figure. Driven by a favorable market environment, demand noted by DB Group companies rose by 2.2 % over the same year-ago period. This gain was mainly due to the following factors: our offers and schedule measures were well accepted; the positive development of our international transports; the restrictions on air transport due to the outbreak of volcanic ash in the spring of 2010; and the harsh winter weather experienced at the beginning and the end of the year under review.

We estimate that the performance of non-Group railways rose by about 5 % due to their taking over additional lines in regional transport. Their share of the rail passenger transport market in Germany rose slightly. In total, the rail passenger transport sector was able to regain the share of market it lost in 2010 and currently has a market share of just over 10 %.

Volume sold in the public road passenger transport segment once again declined marginally and was 0.5 % below the previous year's level. Despite lower schoolchildren and trainees traffic, demand for scheduled transport rose due in part to the shift in transport away from the S-Bahn (metro) to bus transport in Berlin. Total results were, however, dampened by the decline in non-scheduled transports, which represents about one-third of volume sold. Volume sold by our bus companies tracked this overall market development. The many years of decline seen in the public road passenger transport segment led to a drop of its share of market to 9.5 %.

Domestic German air transport, which was heavily hit by the economic and financial crisis in the previous year, benefited substantially from the economic recovery and recorded a sharp rise in demand despite the handicaps seen in the first third of 2010 (pilot strike at Lufthansa, volcanic ash clouds and the unexpected onset of severe winter weather in December). Volume sold in 2010 rose by 2.2 % while market share remained at the previous year's level.

EUROPEAN PASSENGER TRANSPORT MARKET

In addition to the end of government economic stimulus programs in most countries, the European passenger transport market was also affected by the tense budgetary situation in Europe. This increased pressure on the contracting organizations to cut their costs even further.

In view of the different levels of liberalization within European countries, certain countries are experiencing increasing competition while, in contrast, growth is being hindered in other nations because of unchanging difficult access to their markets.

The market for cross-border transports in Europe tended to develop hesitantly since it was liberalized in early 2010. This is mainly due to high access barriers including high investment levels, state-sponsored protectionism, high fees to access rail networks, and technical hindrances. Based on our internal calculations, the overall rail passenger transport market in Europe in 2010 remained almost at the previous year's level.

The negative effects of the economic and financial crisis on the rail passenger transport market were still notably present in some European countries in 2010. Volume sold by the state-owned Spanish railway, Renfe, declined again by about 3 %. The rate of unemployment in Spain hit a peak of about 20 % thereby more than doubling within three years. The situation was different in Great Britain, the third-largest rail passenger transport market in Europe after France and Germany. After volume sold in the UK almost stagnated in the previous year, they rose by a strong single-digit rate of growth during the year under review despite a sluggish increase in real incomes and a barely improved situation in the labor market.

The economic situation in the Netherlands was also marked by a moderate increase in income levels and even a slight increase in unemployment compared to the same year-ago figure. Nonetheless, volume sold within the rail passenger transport sector rose, which was not lastly due to the start of service on the high-speed line from Amsterdam to Brussels via Rotterdam.

Development noted in the already heavily liberalized rail markets in Denmark and Sweden posted different results. Driven in part by greater consumer spending, the Danish economy grew by about 2 %. The drop in employment slowed during the year as the unemployment rate fell slightly. Therefore the rail passenger transport sector was not able to increase its volume sold in 2010, as the volume sold stayed at the level of 2009. The Swedish economy posted a broad recovery from the crisis as GDP rose by 4 % supported by strong contributions made by consumer and government spending as well as capital expenditures and foreign trade. Although the economic rebound had a favorable impact on the labor market as employment steadily increased in the second half of the year, this was not reflected in the volume sold by the rail passenger transport segment, which in fact remained below the previous year's level in 2010. This was due to numerous factors including the high number of trains that were cancelled due to severe winter weather at the start of 2010.

Freight transport

GERMAN FREIGHT TRANSPORT MARKET

German freight transport market [% based on volume sold]	Growth rates		Market share	
	2010	2009	**2010**	2009
Rail freight transport	+12.0	-17.1	17.2	16.5
DB Group [1]	+11.2	-20.8	12.9	12.4
Non-Group railways	+14.3	-3.7	4.3	4.1
Road freight transport	+5.4	-9.9	70.1	71.3
Inland waterway transport	+13.0	-13.4	10.1	9.5
Long-distance pipelines	+2.0	+1.8	2.6	2.7
TOTAL MARKET	**+7.1**	**-11.2**	**100.0**	**100.0**

[1] DB Schenker Rail Deutschland AG and RBH Logistics GmbH.
Data for 2009/10 is based on information and estimates available on February 22, 2011.

Following the collapse seen in the 2009 crisis year, the German freight transport market (rail, road, inland waterway transport and long-distance pipelines) recovered in 2010. The economic rebound was accompanied by robust foreign trade figures as well as higher production volumes for crude steel and the manufacturing sector. This was offset by comparatively moderate development noted for the construction industry, which is of particular importance for the road freight transport segment.

In light of these overall conditions and against the background of the different degrees of impact of the baseline effects of the previous year's declines on performance figures it is understandable why the different modes of transport did not participate equally in the recovery. A glance at volume sold and market share shows that the development seen in the previous year has been almost completed reversed. As a result of the above-average increase of volume sold the inland waterway transport and rail freight transport were able to regain market share. In contrast, road freight transport, which had previously recorded the smallest decline in volume sold, was only able to post less-than-average development and lost the majority of the market share gains it had achieved in 2009. The market continued to be marked by high levels of intense inter- and intramodal competition.

After the rail freight transport segment had already managed to once again post a slight gain at the end of 2009, the pace of its recovery picked up notably in 2010. After having seen monthly growth rates of up to 25 %, volume sold surged by nearly 12 % to 107.3 billion ton kilometers (tkm). Following the 17.1 % collapse in the previous year, the level of volume sold was still a good 7 % below the pre-crisis level seen in 2008. Growth was primarily driven by the above-average development of container and Montan (coal/coke, iron ore, steel, scrap material) transports, which had fallen sharply during the crisis. Gains posted by these types of transports already represented almost 90 % of the performance increase. The combined rail road transport (CT), which had contracted by nearly 13.5 % in 2009, posted a gain of about 18 % thereby already surpassing its pre-crisis level. This development was supported by stronger foreign trade results, the recovery of important industries and the expansion of available offers. The recovery was reflected in both the maritime and continental CT. While the automotive and fertilizer segments also posted notable gains, development noted for agricultural products, food and specialty food products, as well as petroleum-based products and construction materials, was weak.

Following the sharp decline noted in the previous year, volume sold by DB Group companies rose by 11.2 % to 80.5 billion tkm, although this was still about 12 % below the pre-crisis level.

After getting off to a slow start in 2010 development of non-Group railways, which only posted a 3.7 % decline in 2009, also grew at an extremely dynamic rate of 14.3 %. Growth was mainly supported by a sharp expansion of container transports which represented almost half of total volume sold. Furthermore, transports of coal/coke, iron and steel, goods, which in comparison are not yet involved in high levels of intramodal competition compared to other industries, developed at an above-average rate, as well as automotive traffic. The intramodal market's share rose to 25.1 % (previous year: 24.6 %).

The rebound in the road freight transport sector (German and foreign trucks – including cabotage transports in Germany) was slightly below average in 2010 as volume sold increased disproportionately by about 5.4 %. On one hand, the baseline effect was not that pronounced due to the relatively minor decline seen in the previous year, and on the other the weather-related limitations noted in the construction industry in the first quarter of 2010 had a negative effect. The weak development seen in other industries (e.g. food and specialty foods) dampened the rise in demand. Although the previous year's contraction in foreign trade resulted in an above-average decline in the performance of foreign trucks, which dominate cross-border transports, the situation turned around during the year under review. With a gain of about 10 % in volume sold, foreign trucks again posted significantly better growth than their German competitors. Based on the road toll (Maut) statistics compiled by the Federal Agency for Freight Transport, trucks from Southeastern Europe, in particular, were able to increase their road performance on German toll roads to far above average in some instances. This is notable because the same group had to absorb high double-digit losses in 2009. Gains in market share won by road transport, which were more than one percentage point for a total share of 71 % in the previous year, declined to 70.1 % in 2010.

The recovery noted for inland waterway transport at the 2009/2010 end of the year period came to an abrupt halt in February 2010 due to inclement weather conditions as performance plummeted by over 18 %. However, the situation improved again substantially as of March 2010 and posted unexpectedly strong development in the following months. In contrast to previous years, water levels were sufficient to permit shipping in the summer months, which, combined with the economic recovery, enabled inland waterway transport to boost its volume sold in 2010 by 13 %. Accordingly, the negative trend previously noted in the development of this sector's market share was also stopped as it expanded to a little more than 10 %. Growth was driven by the sharp increase of shipments originating outside of Germany. Based on cargo categories, the strongest gains were noted for transports of iron ore, scrap material, coal and coke, as well as chemical products and containers.

EUROPEAN RAIL FREIGHT TRANSPORT

Following a drop of over 18 % in the previous year caused by the crisis, our current calculations foresee that volume sold in the European rail freight transport sector rose by about 8.5 % in 2010, which was more than figures for land transport and less than inland waterway transport. Growth was partially driven by a strong increase in container transports, which again proved to be an engine driving growth due to the dynamic development of foreign trade in many countries. Furthermore, the recovery also lifted the iron and steel (Montan) industry which had collapsed in the previous year. The economic rebound was especially visible in steel production as important customer industries, such as the automotive industry, were able to once again expand their production notably. Most of the major European railways were even able to record double-digit gains in demand for transport services. However, one of the exceptions was the state-owned Italian railway, Trenitalia Cargo, which, despite a comparatively moderate recovery of the Italian economy, again posted substantial losses following the almost 30 % plunge it recorded in the previous year. This development is, however, primarily due to the cuts made in single wagon transports.

EUROPEAN LAND TRANSPORT

Driven by the overall economic recovery, the European land transport market once again recorded a steady increase in demand since February 2010. Due to the drop in the number of carriers and the adjustment made to the volume of shipping space that took place in the previous year, the notable reduction in available capacity led to bottlenecks in the carrier market until mid-2010. This, in turn, had substantial influence on the carriers' prices, which also posed a further burden on freight forwarders in addition to rising costs (e.g. above-average increase in the price of diesel fuel).

Due to the targeted price policy used by the freight forwarders in the previous year, the price level noted at the start of 2010 was relatively low and did not rise significantly over the entire year as competition remained very intense. In order to realize further cost savings, especially in the first half of 2010, some frequencies were reduced in the freight forwarders' networks. Based on revenues, which fell by almost 20 % in the depressed land transport market in the previous year, the market rebounded by about 8 % in 2010. We grew at a faster rate than the market average. DB Schenker was therefore able to retain its position as the leader in the European land transport market.

AIR FREIGHT

The previous year's decline of over 10 % in volume transported posed a challenge to all players in the air freight market. The collapsing market led to reductions in network capacity by air freight forwarding companies and, above all, the airlines. Numerous airplanes were taken out of service to remove surplus capacity from the market. However, these measures were not enough to avoid a sharp drop in shipping rates. A substantial stabilization in shipping volumes was once again observed since the fourth quarter of 2009. Driven by strong development in Asia, overall development of the air freight market was very favorable and also continued into 2010. While routes between Asia and North America or Europe, as well as inner-Asian routes, posted strong increases in tonnage shipped, volume shipped from North America to Europe as well as the domestic air freight business within the USA posted less than average growth.

On an overall basis the market gained by 20.6 % over the previous year and could surpass the pre-crisis level. This significant recovery exceeded expectations and led to capacity bottlenecks and sharp rises in rates, especially in the first half of 2010. Many of the previously decommissioned airplanes were brought back to service in order to meet heavy demand. We also benefited from the rapid recovery. DB Schenker Logistics grew at the same pace as the market and was thus able to retain its market position and to almost reach the pre-crisis level it had attained in 2008.

OCEAN FREIGHT

The ocean freight market also posted very favorable development in 2010. Volumes and freight rates on all trade routes recovered notably since mid-2009. This made it possible for the shipping companies to offset nearly all of the heavy losses they incurred in the previous year. This was mainly due to the shipping companies' forward-looking capacity management measures that enabled them to push through higher rates by restricting cargo space and equipment. It is anticipated that global container volume for 2010 expanded by about 13 %. On key routes from Asia to Europe the increase in container volume was about 23 %, nearly 17 % from Asia to North America, and about 7 % on inner-Asian transport.

The approximately 16 % increase in volume over the previous year posted by DB Schenker Logistics in 2010 was once again substantially stronger than the figure recorded for the total market. DB Schenker Logistics thereby asserted its market position. Both the total market as well as DB Schenker Logistics have already surpassed their pre-crisis level seen in 2008.

CONTRACT LOGISTICS

After the market for Contract Logistics/Supply Chain Management (SCM) declined in the previous year based on revenues by about 5.4 % due to the global recession, strong growth was once again achieved in the year under review. The contract logistics market is thus more resistant than the transport markets due to its longer-term contractual relationships and the outsourcing rate, which is still increasing. During the year under review, capacity utilization continued to rise, and good order volumes were seen both domestically and internationally. Production volumes for all of the core industries at DB Schenker Logistics (automotive, consumer and electronics) were significantly higher than in the previous year.

Favorable development was noted in all of the key countries and regions, especially in the emerging markets. With revenue growth of 14 %, DB Schenker Logistics developed much more strongly overall than the total market, which grew by about 6 % and was thus able to maintain its market position.

Rail infrastructure in Germany

Selected key figures	2010	2009	Change	
DB rail infrastructure in Germany			absolute	%
Train operating companies	370	353	+17	+4.8
DB Group	30	30	–	–
Non-Group railways	340	323	+17	+5.3
Train-path demand (million train-path km)	1,033.5	1,002.6	+30.9	+3.1
DB Group	838.1	832.2	+5.9	+0.7
Non-Group railways	195.4	170.4	+25.0	+14.7
Share of non-Group railways	18.9	17.0	–	–
Station stops (million)	143.9	143.3	+0.6	+0.4
DB Group	121.9	123.3	-1.4	-1.1
Non-Group railways	22.0	20.0	+2.0	+10.0

Against the background of the open access to the market that has been in effect since 1994, a large number of train operating companies (TOC) use our rail infrastructure in Germany. In comparison to the previous year, the number of non-Group TOCs has continued to grow. No other country in the EU has a rail transport market that is more competitive than Germany's.

In 2010, track demand increased by a total of about 3% in comparison with the previous year due to the strong recovery in rail freight transport and a slight increase in rail passenger transport. The proportion of non-Group railways continued to rise during the year under review. The number of station stops was also slightly higher than the previous year's level.

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 significant for our train stations, since the rental possibilities and the resulting revenues both depend on the earnings situation of our commercial space tenants. Total real retail trade revenues in Germany increased by about 1% during the year under review. At the same time, rental income recorded by our stations also rose during the year under review.

Business performance

⟼ **Absence of special items noted in previous year burden development of income**
⟼ **Significant decline in results from ordinary activities**
⟼ **First-time application of Accounting Law Modernization Act**

DEVELOPMENT OF REVENUES

As in the previous year, DB AG did not earn any revenues.

DEVELOPMENT OF INCOME

Due to the impact of special items, a comparison of the individual income and expense items with the previous year's figures is only possible to a limited extent.

Other income from operations declined notably to € 1,369 million (previous year: € 1,813 million) due, in particular, to the discontinuation of the previous year's special item of € 600 million arising from the new valuation of provisions made for ecological legacy burdens. Results were, however, bolstered by Group charges and other settlements, which rose during the year under review to € 306 million (previous year: € 287 million).

The cost of materials amounted to € 70 million, which was notably higher than the same year-ago figure (previous year: € 62 million). The change was mainly driven by higher costs for services purchased.

Personnel expenses fell notably during the year under review to € 281 million (previous year: € 312 million) due to a lower number of employees as well as the non-recurrence of severance payments made in the previous year. However, wage increases made during the year under review had a negative impact.

Depreciation taken amounted to € 9 million and was higher than in the previous year (previous year: € 7 million). This change was mainly due to higher depreciation taken for other properties as well as plant and equipment.

Other operating expenses fell to € 921 million (previous year: € 1,060 million) due primarily to lower charges taken for the remaining operating expenses, which fell to € 226 million during the year under review from € 365 million in the previous year. Charges incurred for consulting and other third-party services declined due to the continuation of cost control measures. However, Group charges had a negative effect.

The decline in net investment income to € 16 million (previous year: € 1,168 million) took place despite an overall favorable development of DB AG's holdings. This was due to the substantial decline in income from profit transfer agreements with the subsidiary companies. Performance was influenced by unscheduled depreciation taken for holdings as well as notably reduced results at DB Netz AG due to the absence of favorable special effects noted in the previous year.

DB AG handles the central financing function for DB Group in accordance with the financing requirements of the Group companies and then passes on the funds it has obtained at basically the same conditions. Total net interest income posted in the year under review was € 20 million (previous year: € 54 million). The decline was mainly caused by the first-time application of the Accounting Law Modernization Act (Bilanzrechtsmodernisierungsgesetz; BilMoG), which, in contrast to the previous year, led to incurring expenses in connection with interest accrued for provisions.

In total, this meant that total results from ordinary activities fell substantially to € 123 million (previous year: € 1,593 million). After consideration for a tax item of € –20 million (previous year: € 48 million), and extraordinary expenses of € 49 million arising from the first-time application of BilMoG, net profit for the year amounted to € 54 million (previous year: € 1,641 million). After bringing forward profit from the previous year of € 3,151 million (previous year: € 1,510 million) annual profits amounted to € 3,205 million (previous year: € 3,151 million).

Financial situation

⟼ **Ratings confirmed in the year under review**
⟼ **Net financial debt rose because of Arriva acquisition**
⟼ **Total assets significantly higher**

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. (DB Finance), Amsterdam/the Netherlands. These funds are passed on to DB ML AG companies within the framework of a dual-level treasury concept as time deposits or loans.

DB Group's infrastructure 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.

As of December 31, 2010 we had tapped our long-term debt issuance program of € 15 billion for a total of € 11.8 billion (as of December 31, 2009: € 9.3 billion). During the year under review we took out a EUROFIMA loan in the amount of € 200 million.

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 as of December 31, 2010 and had been tapped for € 42 million as of December 31, 2010 (previous year: not used). Furthermore, as of December 31, 2010 we also had a guaranteed unused credit facility of € 2.5 billion (€ 1.8 billion as of December 31, 2009). In addition, credit facilities of € 1.4 billion were also available for our operational business as of the date of record (€ 1.3 billion as of December 31, 2009). 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

Ratings DB AG	First issued	Last confirmation	Current ratings Short-term	long-term	Outlook
Moody's	May 16, 2000	Nov 26, 2010	P-1	Aa1	stable
Standard & Poor's	May 16, 2000	Feb 17, 2011	A-1+	AA	stable
Fitch	Feb 17, 2009	May 13, 2010	F1+	AA	stable

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

Additional information about our ⟶ *ratings* [1] as well as the rating agencies' complete analyses of DB AG can be found on our Web site.

CAPITAL EXPENDITURES

Gross capital expenditures made by DB AG in tangible and intangible assets amounted to € 13 million, and were again at the comparatively low level posted in the previous year (previous year: € 11 million). Capital expenditures made did not concentrate on a particular area or category.

[1] ⟶ ***www.db.de/rating-e***

BALANCE SHEET

Balance sheet structure [€ million]	Dec 31, 2010	Dec 31, 2009	Change absolute	Change %
Total assets	29,117	26,973	+2,144	+7.9
ASSET SIDE STRUCTURE				
Fixed assets	24,409	22,361	+2,048	+9.2
Current assets	4,708	4,612	+96	+2.1
Deferred assets	0	0	–	–
EQUITY AND LIABILITY SIDE STRUCTURE				
Equity capital	14,228	13,646	+582	+4.3
Reserves	3,402	4,230	–828	–19.6
Liabilities	11,449	9,079	+2,370	+26.1
thereof interest-bearing liabilities	10,586	8,494	+2,092	+24.6
Deferred expenses	38	18	20	+111

The implementation of requirements contained within BilMoG during the year under review impacted on certain individual balance sheet items due to changes in the accounting and valuation methods. These changes affected the valuation of plan assets as well as reserves, and accounting for foreign currencies. Income arising from the first-time application of BilMoG resulting from a new valuation of reserves as of January 1, 2010 was immediately transferred to revenue reserves and thus had a positive effect on equity. Furthermore, pursuant to the Introductory Law to the German Commercial Code (EGHGB), we exercised our option not to accordingly adjust the previous year's figures. More details may be found in the notes to the financial statements.

Total assets rose notably (+7.9 %, or +€ 2,144 million) as of December 31, 2010 over the comparable same year-ago figure. This change is mainly due to the increase in interest-bearing liabilities incurred in association with refinancing of loans to DB ML AG related to the acquisition of ⟶ *Arriva* [1].

As was the case at the same year-ago date, fixed assets consisted almost solely of financial assets as of December 31, 2010. The significant increase in financial assets to € 24,371 million (as of December 31, 2009: € 22,327 million) was driven by an increase in loans made to affiliated companies of € 10,579 million (as of December 31, 2009: € 9,263 million).

Despite a € 228 million decline in cash and cash equivalents, a € 326 million increase in trade receivables and other assets enabled current assets to rise slightly from € 4,612 million as of December 31, 2009 to € 4,708 million.

An overall slight shift in favor of fixed assets took place on the assets side of the balance sheet.

On the equity and liabilities side of the balance sheet, equity rose by € 582 million due in particular to effects arising from the first-time application of BilMoG, which led to a new valuation of provisions to € 528 million. The respective amount was transferred to profit reserves without delay. Nevertheless, the equity capital ratio declined to 48.9 % (as of December 31, 2009: 50.7 %) due to the sharp increase in liabilities.

Allocations to reserves amounted to € 3,402 million and were notably lower than the same year-ago figure (as of December 31, 2009: € 4,230 million). The change was mainly driven by the new valuation of reserves taken due to the introduction of BilMoG. The substantial drop in reserves and the simultaneous increase in total assets led to a notable decline in the percentage of total assets represented by reserves from 15.7 % as of December 31, 2009 to 11.7 % as of December 31, 2010.

Liabilities rose substantially as of December 31, 2010 by € 2,370 million to € 11,449 million (as of December 31, 2009: € 9,079 million). The change was primarily caused by an increase in liabilities owed to companies with which a participatory relationship exists to € 10,036 million (as of December 31, 2009: € 7,868 million). These primarily involve long- and short-term Group financing and, in particular, funds that DB Finance has extended to DB AG in the form of loans. DB Finance issues bonds guaranteed by DB AG to refinance these loans. The share of total assets represented by liabilities rose significantly due to the increase.

[1] ⟶ **Page 6**

Strategy

- ⟼ **Economic and financial crisis successfully mastered**
- ⟼ **Vision and strategy confirmed**
- ⟼ **Customer and quality initiative started**

ECONOMIC AND FINANCIAL CRISIS SUCCESSFULLY MASTERED

We were also affected by the effects of the economic and financial crisis and incurred substantial declines in our revenues and profits in 2009. However, we recovered significantly during the year under review and got back on track for growth just as before the crisis.

Two factors played a decisive role in our rapid recovery: first, we decisively counteracted the impact of the crisis with our Group-wide reACT program. And, secondly, the structure of our business portfolio as an integrated group proved its worth. Especially during the crisis our integrated approach towards strategy, organization and management, as well as the related linkage of the individual business units to realize the benefits of synergies and network strengths, had a stabilizing effect.

VISION AND STRATEGY CONFIRMED

We are currently already well positioned in all of the relevant mobility and logistics markets. Our goal is to become the world's leading mobility and logistics company. This goal entails providing customers innovative and individual mobility and logistics solutions from a single source, linking modes of transport together economically, ecologically and intelligently, and setting standards for quality and customer satisfaction while we continue to expand our leading positions.

These strategic goals and the related demands remain valid and continue to shape our strategic direction. We want to achieve this based on our core competence – the efficient and reliable operation of transport networks – and our strong position in the heart of Europe. And at the same time our growth is being driven forward by the long-term megatrends in the transport markets – globalization, climate change, scarcer resources, deregulation and demographic change – which are supporting our future development.

Globalization

A significant increase in the volume of global transport is clearly visible as the economic and financial crisis fades and the global economy recovers. It is expected that the growing recovery of the global economy will again add momentum to the effects of globalization. At the same time it may also be expected that the development of business will be considerably more volatile in the future. Demand for global transport and logistical solutions will be favorably influenced by the deepening global division of labor, shifting production facilities around the world, and the rapidly growing markets in Asia and Eastern Europe. We want to participate in this growth and offer our customers tailor-made solutions across all modes of transport flanked by supplementary logistical services.

Climate change and scarcer resources

Climate change and scarcer resources remain major challenges, especially for the transport markets. The transport sector is known as one of the biggest generators of climate-damaging carbon dioxide (CO_2), and thus global warming. 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. These developments will be flanked by the expected increase in prices for fossil fuels, as well as rising awareness of the changing climate and greater demand for energy-efficient and environmentally friendly transport services. We want to benefit from this trend and play a leading role in developing 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 by further reducing our own CO_2 emissions.

Deregulation

The deregulation and opening of the transport markets is being pushed at both the European and national levels. Following the complete liberalization of the European rail freight transport market in 2007, the European long-distance transport market was opened at the start of the year under review. This reform permits every European TOC to operate cross-border lines. This opens up potential opportunities for us in Europe which are already being realized in Germany by international transport companies. However, it is necessary that certain countries, like France and Italy, accelerate the pace of their hitherto listless implementation of liberalization measures in their markets.

Our long-term goal is to play a substantial role in shaping the rail transport networks in Europe, as well as securing our central position in the heart of Europe to further expand our operations.

Demographic change

Future demographic changes will lead to a change in mobility behavior. These changes include, in particular, population concentrations in major metropolitan areas, diverging business development in individual regions, as well as the increasing flexibility of employed persons. We want to realize the resulting growth potential and we will decisively adjust our transport solutions to the changing mobility needs.

CUSTOMERS AND QUALITY INITIATIVE IMPROVE QUALITY AND RAISE CUSTOMER SATISFACTION

We are continually working to enhance the attractiveness of rail transport and position rail as the mode of transport of the future. To achieve this goal it is imperative to permanently increase customer satisfaction. With this goal in mind we launched a customer and quality initiative at the start of the year under review, which systematically develops concepts across business units and ensures that service promises made to customers are being kept. Within the framework of the customer and quality initiative we also began to implement additional measures to improve customer service and further increase the stability and robustness of our operations.

This means specifically:

- we increase reliability,
- we improve comfort and service along the entire travel chain, and
- we ensure that our customers are sufficiently informed – even during special situations – and that they receive good service.

The entire portfolio consists of eleven projects in regional and long-distance transport, freight transport as well as in the infrastructure. In view of the experience gained in 2009, the main focus of the project was on preparations for the fall and winter to ensure the highest possible level of operational quality even in difficult situations caused by inclement weather. An extensive catalog of long- and short-term measures was approved.

One of the immediate short-term measures referred to long-distance transport and particularly to measures ensuring the availability of vehicles. These measures include lowering speed to reduce the number of vehicles sidelined by flying ballast, as well as additionally equipping vehicles to protect them against weather-related damages. Concurrently, the winter schedule, which was published in mid-December 2010, was adjusted to reflect available vehicle capacities. In the infrastructure area the goal was to achieve greater availability of the network by improving coordination among operational personnel.

An additional focal point of the customer and quality initiative is the intensification of the level of service provided to customers by, for example, increasing the number of service and security personnel in local transport trains, or by simplifying complaint procedures, as well as expanding the range of services offered to handicapped travelers in train stations.

There is still room for improvement, especially in the area of passenger information. In addition to the immediate measures, over the long-term we will ensure that passengers receive consistent access to information by optimizing data processes and increasing the number of service personnel in train stations.

Furthermore, we will employ a continuous monitoring process to observe the implementation of the measures, as well as the planned increase in customer satisfaction.

CLEAR STRATEGIC THRUST

Our strategic thrust is clearly defined: based on a strong core business in Germany our goal is to continue our progress by introducing new products and entering new markets. We introduced four special initiatives aimed at helping us achieve this goal: customers and quality, engineering, capital expenditures and our market initiative.

Strengthening our core business

We are continuing to further develop from our core business platform. In doing so we are pursuing the goal of sustainable stability as well as reinforcing our core business by increasing the quality and efficiency of our operations. Customer-oriented service measures are being expanded by the customer and quality initiative while ensuring that the quality of our operations is also being improved. Along with these measures the engineering initiative is focused on raising the levels of safety and quality in our operations and optimizing collaboration between us and the industrial sector. After all, the capital expenditure initiative involves significantly higher quality derived from investments made to procure new vehicles, modernize the infrastructure, as well as harmonizing the IT landscape.

Development of new offers

We want to exploit possible synergies within our business portfolio even better than in the past so we can offer our customers improved and new attractive offers. Furthermore, we also want to realize intermodal potential to reduce costs. Our emphasis here is on the further expansion of integrated offers by intelligently linking different modes of transport together.

We must take ecological challenges into consideration when we create new mobility and logistical solutions, and when we further develop existing solutions. In order to operate our transport networks in a sustainable and future-oriented manner 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.

Expand and strengthen transport networks

Future-capable transport networks require continuous expansion into new markets. Within the framework of the market initiative we are realizing the opportunities involved in developing and strengthening transport networks based on customer needs. The advancing liberalization of our home market, in particular, requires us to expand our business activities into new markets outside of Germany. The acquisition of the British transport company Arriva during the year under review enabled us to expand our European passenger transport network thereby taking a major step forward towards becoming an international provider of mobility services. In addition to growing our transport networks, we also want to further strengthen existing networks and achieve an optimal level of integration.

Parallel to these activities we also want to market our railway know-how to a greater extent than we have in the past, thereby making a decisive contribution towards the global Renaissance of rail. We will achieve this by marketing the experience we have gained in planning complex transport networks around the world thereby creating the prerequisites to win follow-up assignments. The 49 % stake we obtained in the Qatar Railways Development Company (QRDC) in the previous year was an important step in this direction.

INTEGRATED MOBILITY IN GERMANY AND POSITIONING IN EUROPE

Within the German passenger transport sector we are further raising the performance capabilities of our rail products and integrating individual services to form comprehensive mobility solutions. This means that we are linking various transport modes together and offering our customers flexible door-to-door solutions from a single source. In doing so we enable the creation of complete end-to-end travel chains, thereby offering a competitive and ecologically beneficial alternative to motorized individual transport.

We work closely with our end-customers, as well as other companies and policymakers when we develop additional products for our range of mobility offers. This is because we operate efficient and integrated transport networks in local and long-distance transport. The links in these networks are being continually improved in line with customer requirements, thereby generating optimized connection possibilities to make time-saving transports a reality.

By integrating various individual systems into a comprehensive offer we provide our customers all of the needed travel information and make it easier for them to book various mobility options from a single source. This linkage and the possibility to bundle transport together allows customers to reduce their mobility costs and benefit from a more comprehensive offer both in terms of national and international travel. We are working together with various partners to develop the electronic Touch & Travel system that allows customers to use a mobile phone as a ticket for various modes of transport.

In addition to these developments we also want to use rail's advantages as an environmentally friendly and energy-saving mode of transport to a greater extent in the future by offering innovative solutions and green products. For example, the Hamburg S-Bahn (metro), which received the ÖkoGlobe 2010 award, and regional transport in Saarland have been solely using traction current generated from renewable sources of energy since 2010.

Growth opportunities are limited in Germany due to the open access to the German transport market and the resulting intensive competitive situation in the rail transport market. We want to actively shape the development of the European passenger transport market and use our new cross-border offers to encourage more competition in addition to further expanding our international transport network.

EFFICIENT GLOBAL NETWORKS AND LOGISTICS EXPERTISE

Under the DB Schenker brand name we have positioned ourselves as one of the world's leading transport and logistics service providers. We have achieved this because of our tightly knit networks in European rail freight transport, European land transport, global air and ocean freight as well as industry-specific expertise in global contract logistics. This structure enables us to fulfill the growing expectations of our customers in terms of handling global transport and integrated offerings.

DB Schenker's strategy is based on three strategic thrusts that were proven stable and successful even during the economic crisis. They are:

- the continued optimization of our core business,
- the further development of our transport networks, and
- the expansion of integrated services and industry solutions.

The transport sector will have a key role to play in view of the increasing importance of climate change. DB Schenker's goal is to become the leading green logistics service provider and to decouple transport growth from CO_2 emissions.

A SINGLE SOURCE FOR HIGH-QUALITY SERVICES

The DB Services business unit provides services for DB Group companies in the areas of vehicle maintenance, information technology, telecommunication services, facility management, security services and fleet management. By lowering intra-Group costs for services while simultaneously securing a marketable quality and service level, the DB Services business unit makes a significant contribution to the future of DB Group. In particular, it achieves this by additionally integrating the customers' value-added chains, by enhancing synergies within the Group, by using non-Group business to ensure capacity utilization and to benchmark quality and prices.

DB Services also plays an active role in creating job security within DB Group by consistently offering a large number of positions to employees from the Group-wide job market.

GUARANTEEING A RELIABLE AND AFFORDABLE INFRASTRUCTURE

The Infrastructure business units are the basis for safe, reliable and efficient rail transport in Germany. They provide a wide range of products and expertise relating to lines, systems, stations and energy supply. In doing so, the business units focus on the needs of their customers and passengers, rail transport companies, retail and service companies as well as the contracting authorities – and they structure their service offerings and associated pricing systems for using the infrastructure on a non-discriminatory basis. The Infrastructure business units will continue to act as commercial enterprises, minimizing production costs and further improving profits, in order to secure rail's competitive advantage as a mode of transport in the long term.

Against the background of the globalization of transport flows and changing demographic changes in Germany, it is important to address the increasingly asymmetrical utilization of the rail infrastructure's capacities. Passengers should be able to access attractive mobility offerings in the long term, even outside the major metropolitan areas. The economic stimulus packages passed by the Federal Government to develop the infrastructure provide us with an additional opportunity to modernize our stations, lines and facilities and to adapt our performance capabilities to the increased transport flows forecast for the medium term.

Sustainability

⟼ **Sustainability is an important foundation for future viability**
⟼ **Further development of corporate culture gets underway**
⟼ **Climate protection program and "green" products are further developed**

Sustainability helps secure the future. Particularly in the transport sector, sustainability is an important competitive advantage. Our climate-protection goal thus includes the entire DB Group and all of its modes of transport – rail, road, waterways and in the air. We have developed service offerings that allow us to meet the constantly growing need for mobility and transport in an environmentally friendly way that conserves resources – in Germany, Europe and worldwide. Our personnel management system helps us design attractive, family-friendly workplaces that promote staff diversity. In view of the increasing shortage of skilled workers due to the demographic development, it is even more important for us to ensure that our employees remain motivated and employable over the long term. We are laying the groundwork for this today so that we can remain successful in the market and preserve jobs in the future. And we are taking responsibility for the society in which we – our employees, our customers and our business partners – want to live tomorrow.

We are also actively fulfilling this responsibility when it comes to our internationalization process. On the basis of the Group's ethical principles (Code of Conduct), which define our fundamental ethical values and convictions, we have participated in the "UN Global Compact" since 2009: a voluntary economic initiative by the United Nations that aims to make globalization more socially and ecologically responsible. As a result, in November 2010 we were one of the world's first railway companies to sign the "Declaration on Sustainable Mobility & Transport" by the International Union of Railways (UIC), which is supported by the UN Global Compact and by the United Nations Environment Program (UNEP).

We provide additional information on the topic of sustainability in our ⟶ *Sustainability Report* [1], which most recently appeared in 2009. The report coherently summarizes environmental, personnel-related and social issues and comprehensively details our contributions to a sustainable society as a major provider of mobility and logistics services and as one of Germany's largest employers, trainers and contractors.

EMPLOYEES

Our employees and managers are central on our path to becoming the world's leading provider of mobility and logistics services. Efficient personnel management helps them fulfill their tasks, while simultaneously setting the right areas of focus for the future. This year, along with 92 other companies, DB Group qualified for the "Germany's Top Employer 2010" seal of approval; with 26 other companies, it also earned the more specialized "Top Engineering Employer 2010" seal of approval. Among other things, the rating considered development opportunities, innovation management, job security, market position and image, corporate culture, compensation, and work-life balance.

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 regular annual working time.

The number of employees at the end of the year under review was 3,427 (as of December 31, 2009: 3,549 employees). As part of this number of employees ten trainees were also employed (previous year: eight trainees). The annual average number of DB AG employees was 3,495 (previous year: 3,589 employees).

ENVIRONMENT

Protecting the environment and the earth's climate is a fixed component of our ⟶ *corporate policy* [2]. During the year under review, we further developed our climate protection program and our "green" products. Three strategic directions determine our climate-protection activities:

- 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
- Using green products to reduce the burden on the environment

[1] ⟶ ***www.db.de/sustainability***

[2] ⟶ ***www.db.de/environment***

This focus helps us work toward our vision of achieving CO_2-free rail transport by 2050 on the basis of renewable energy. The intermediate goal for 2020 is to increase the proportion of renewable energy sources in the traction current mix to at least 30 %.

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

Our range of CO_2-free rail travel and transport offerings was increasingly popular during the year under review. In the area of passenger transport, our bahn.corporate Environment Plus program – which allows corporate customers to travel on a CO_2-free basis – is used by several companies, the Federal Government and its subordinate departments, and by the State of Rhineland-Palatinate. The first customers also began using the Eco Plus program for CO_2-free freight transport. If we also consider our employees' CO_2-free business travel via rail, the environmental balance sheets for participating companies were credited a total of 42,000 t of CO_2 during the year under review.

Further reductions in energy usage and CO_2 emissions for rail transport

We have reduced our specific CO_2 emissions for rail transport in Germany by 43 % since 1990. This represents a further contribution by rail transport towards protecting our climate, and marks a further increase in rail transport's environmental lead.

Absolute emissions of soot particles and nitrogen oxide also decreased slightly in rail transport during the year under review.

SOCIAL COMMITMENT

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

In society, 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 Stiftung Lesen (the Reading Foundation) 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.

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 for children and young people. This particularly applies to "Jugend trainiert für Olympia" (Youth Training for the Olympics). As a long-standing 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 accommodations. Since 2002 we have also been setting benchmarks in how we value sports through our close partnership with the Deutscher Behindertensportverband (the German National Paralympic Committee). This partnership includes both our new involvement in "Jugend trainiert für Paralympics" (Youth Training for the Paralympics), through which we support school athletics and the social integration through sports of children with disabilities, and DB Schenker's transport of sporting goods and equipment for the 2010 Paralympics in Vancouver, Canada.

In addition to supporting elite sporting events, among other things as a partner for multiple national soccer leagues and as a national sponsor of the FIFA Women's World Cup in Germany in 2011, our involvement also 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 soccer. 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 soccer 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

⟼ **Focus on securing efficiency of the integrated rail system**
⟼ **Master plan T gives new orientation to Rail Technology and Services Board division**
⟼ **Procurement volume rises significantly again**

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

MASTER PLAN T FOR REORIENTING THE RAIL TECHNOLOGY AND SERVICES BOARD DIVISION

The task of the Rail Technology and Services Board division, which was established in the fall of 2009, is to ensure a technically flawless, environmentally friendly and economical railway system. In order to fulfill these Group-wide tasks, the Rail Technology and Services Board division is undergoing a reorientation, which began during the year under review. The Master plan T project was introduced for this purpose. The goal of the project is to orient the Rail Technology and Services Board division toward the demands of the market and internal customers.

The roll-out of the Master plan T project ensures that issues with high operational and strategic urgency take priority. The first wave, through the middle of the year under review, focused on analyzing the previous integrated rail system, including the areas of rail operations, technology, procurement and quality. All of the units in the Rail Technology and Services Board division were examined using an identical process. The investigation included analyzing the initial situation in the performance areas and determining the necessary further developments as well as any new orientation potentially required as a result. Master plan T was introduced into the TechnologyOptimizationProgram (TOP) during the second half of the year under review. TOP is the implementation program for reorientation issues that need to be addressed. TOP ensures that the department's established goals are reached; it is accompanied by comprehensive further-education measures and an extensive change management process.

The reorganization of the Rail Technology and Services Board division includes appointing a Chief Technology Officer for the technical rail system, a Chief Procurement Officer for procurement, and a Chief Quality Officer for the safety and quality management system.

TECHNOLOGY

The analysis of the current technological issues also revealed that the understanding of the roles played by DB Group and industrial firms must be revised. Before the Rail Reform Act in 1994, the Deutsche Bundesbahn played the role of the system integrator. This task was transferred to industrial firms when rail reform was implemented. However, the resulting distribution of roles still contains deficits that must be corrected.

During the year under review, we developed a catalogue of measures – partially in collaboration with industrial firms – to improve the qualitative level of vehicle development. The catalogue includes introducing quality and design milestones for the entire development and manufacturing process. This includes reviewing certain quality criteria at specific intervals, such as the implementation of technical specifications, manufacturing quality, and the completeness of technical documentation. All of these topics are included in a handbook for industrial firms, which we are currently compiling and will become a component of any new contracts. In addition, this will shorten the lengthy EBA approval processes.

Managing and further developing the rail system requires extensive technical knowledge about the interaction between operations, infrastructure and vehicle technology. It also involves expertise in specialized rail-related fields. Our railway expertise has a very strong reputation worldwide. Examples of the popular technical services we offer are our monitoring of production resources during ongoing operations, carrying out domestic and international test orders, and managing complex vehicle projects and redesign projects for entire vehicle fleets.

Testing and approval agreements are also signed with customers outside DB Group. DB Systemtechnik bundles all of our railway expertise. It offers manufacturers the use of its certified testing laboratory at an early stage of the development process. This early consultation on approval and testing requirements, particularly for European approval processes, optimizes costs and efforts, and significantly accelerates the approval process. During the year under review, such approval tests were carried out on behalf of industrial firms for vehicles such as Desiro, E-Lok Vectron, ETR 610, X 61, XRE and TGV Duplex for Germany and other European countries.

Comprehensive system optimizations comprising the further development of technology for the infrastructure and vehicles are extremely important for the rail mode of transport. Based on this task we are driving technical innovations needed to ensure commercial success and that contribute to a constant increase in production efficiency as well as operational quality. In the year under review, for example, we concluded the “GZ 1000” project, proving that freight trains with a length of up to 1,000 m were feasible.

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

The procurement of materials and services from the external supplier market is a significant lever to control processes and influence cost structures. A uniform Group-wide procurement policy allows standardized handling processes to be applied, and also ensures a uniform appearance in the market.

The year under review was still largely influenced by the after-effects of the economic and financial crisis. In order to counteract this, we established a program for optimizing supply services in the procurement area. Within the framework of this program all of the product groups were subjected to a systematic analysis of their needs and potential levers. Optimized life cycle costs are a key criterion here. In addition to the immediate cost issues, the focus was primarily on capital-intensive investments in order to optimize the level of committed capital.

These activities were supported by the parallel launch of international procurement teams. The purpose of these teams is to implement best-buy strategies in the global supplier context. The goal here is to create savings and anchor them in global framework agreements.

In addition to the immediate program building blocks to optimize procurement services, progress was also achieved for significant strategic purchasing tools: during the year under review a new supplier management system was introduced. This is a defined overall process that qualifies, evaluates and develops suppliers. Using continuous IT support, it creates a tool for strategic procurement that can systematically develop our portfolio of suppliers, improve its quality and inspire innovations. This also includes creating the corresponding content-related concepts. The supplier evaluation system will be in place starting 2011.

The total volume of orders placed of DB Group during the year under review amounted to € 22.8 billion and was higher than previous year’s level (previous year: € 19.2 billion). In particular, the € 9.8 billion in freight and freight forwarding services purchased from carriers was significantly higher than in the previous year (previous year: € 7.3 billion). In addition, the volume of industrial products purchased, with an order volume of € 4.2 billion (previous year: € 3.5 billion), was also greater than in the previous year. Construction and engineering services procured totaled € 3.8 billion (previous year: € 4.0 billion).

The procurement of third-party services, with an order volume of € 2.7 billion, was also above the level noted in the previous year (previous year: € 2.3 billion). In the area of cable-and-pipe-bound power and fuel, the order volume amounted to € 2.3 billion, which was slightly higher than the previous year’s level (previous year: € 2.1 billion).

Additional information

- Germany sued by EU Commission for insufficient implementation of first railway package
- Stuttgart 21 project mediation talks complete
- Investigations at DB International

GERMANY SUED BY EU COMMISSION FOR ALLEGED FAILURE TO CORRECTLY IMPLEMENT THE FIRST RAILWAY PACKAGE

The European Commission decided on June 24, 2010 to sue Germany and 12 other EU member states before the European Court of Justice. The affected countries are accused of insufficiently implementing the first European railway package, especially the unbundling requirements. Parties to this infringement proceeding are the European Commission and the Federal Republic of Germany. The Federal Government has fully rejected the allegations made by the Commission thus far. DB Group is also of the opinion that the arguments of the Commission are without merit. DB Netz AG is independent from other enterprises within DB Group in its decisions regarding train-path access and track charges. European railway law explicitly allows the holding structure chosen by Germany.

MEDIATION PROCESS FOR THE STUTTGART 21 PROJECT

On November 30, 2010 Dr. Heiner Geißler, who served as mediator, issued a concluding statement of results thereby ending the six-week-long mediation talks regarding the Stuttgart 21 project.

The mediator's core remarks confirmed the Stuttgart 21 project and the new rail line to Ulm. He did, however, make this confirmation contingent on certain conditions that must be taken into account when making further plans for the project. In addition to a series of subject areas (e.g. the retention and replanting of trees, talks with groups representing handicapped people and the fire department, as well as the socially acceptable valuation of the involved properties) DB Group committed itself to conduct a so-called stress test for Stuttgart 21. This test involves using a simulation to prove that the Stuttgart 21 infrastructure can deliver 30% more performance during main travel times than the current railhead station. Only after the completion of the stress test, which is being conducted by SMA, a Swiss firm, can it be decided if supplementary infrastructure measures are required. These measures could include the dual-track expansion of the western access track to the airport train station, the so-called big Wendlinger Curve, or additional train-path in the Zuffenhausen area. The stress test will take about six months.

INVESTIGATIONS AT DB INTERNATIONAL

The audit firm KPMG has been retained to conduct a special investigation at DB International GmbH (DBI) following charges made in the wake of preliminary investigation proceedings opened by the public prosecutor's office in Frankfurt am Main. The prosecutor alleges that DBI employees previously transferred payments and in-kind donations to decision makers abroad, either directly or via third parties. According to the prosecution, these contributions were made to elicit preferential treatment of DBI in regard to awarding orders. The official investigations are continuing. The investigations are based on information we ourselves gave to the investigating authorities. It cannot be excluded that a corporate fine or an order for forfeiture will be imposed on either DBI or DB AG.

Risk report

- Integrated risk management ensures transparency
- Material risks in areas of market, production, technology and procurement market
- 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.

RISK MANAGEMENT WITHIN DB GROUP

The principles of risk policy are set by Group management and are implemented within DB Group. Within the framework of our early risk detection system, quarterly reports are submitted to DB AG's Management Board and Supervisory Board. Risks or negative developments occurring outside of the regular reporting cycle must be reported immediately. Planned acquisitions are subject to additional special monitoring. Arriva, which was acquired during the year under review, has not yet been integrated into the DB Group's risk management system. This integration process will take place during the first half of 2011.

Within our 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 serves as the coordination center for our risk management system within DB Group. In the context of Group financing, which is strictly oriented to our operating business, 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 comply with the "Minimum Requirements for Risk Management" (MaRisk) formulated for financial institutions and, applying the criteria derived from these guidelines, fulfills all requirements of the KonTraG.

Key characteristics of the internal control and risk management system with regard to the Group's accounting

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 evaluates each level individually. Based on this model, our accounting-based internal control system is supported by fundamental control 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 the following accounting-based control mechanisms are used in DB Group: unified Group-wide reports based on the standard software Hyperion Financial Management (HFM) are prepared by all of the consolidated companies that are documented in our core corporate information system (Firmen Informations System; FIS), the systematic tracking of changes in accounting rules based on IFRS or the German Commercial Code (HGB), the regular and comprehensive update of the corresponding balance sheet guidelines and accounting-based systems, the uniform item number plan and the provision of the necessary information to the persons responsible for preparing the reports. The audit activities of the corporate auditors, which represent a key element of our control activities as a process independent instrument, are focused on evaluating the appropriateness and effectiveness of our internal control system. Beyond this, audits are also conducted within the framework of inventories of assets and reserves. Our control mechanisms are complemented by the work of the audit and compliance committee, respectively the Supervisory Board, as well as by the activities of the Group auditor during the execution of his legally mandated audit.

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, among other criteria, that is relevant for the annual financial statements in a quarterly internal reporting process. The confirmation report states, 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 their 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.

KEY RISK CATEGORIES AND INDIVIDUAL RISKS

In particular, key risks to DB Group's income statement are:

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

We face tough intermodal and intramodal competition in the German passenger transport market, especially from motorized individual transport, which is 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 are able to offer more attractive connections on many routes after completing measures to improve the infrastructure. We use numerous special offers and promotions as part of our efforts to improve our customers' perception of our prices. In addition, we regularly employ sales promotion measures to specifically target new customers. The further development of punctuality, which is subject to strict monitoring, remains important.

Intensive intramodal competition exists across Europe for long-term service contracts in the regional transport sector. In order to assert ourselves in this market environment we are continuously optimizing our tender management and cost structures so we can submit attractive bids that make economic sense.

Considerable intermodal competitive pressure exists in the rail freight transport sector in addition to the increasing intensity of intramodal competition. This situation is being exacerbated 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 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 freight forwarding and logistics segments are especially influenced by competitive markets, highly dynamic consolidation processes within the logistics sector and further increases in customer demands. We respond to these challenges by further expanding our network in order to not only defend our market positions, but also to strengthen them from a position of competitive strength.

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.

Operating risks

We operate a technologically complex, networked production system within the rail transport sector. 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.

In rail freight transport the punctuality of transports is an important criteria used by our customers to select the mode of 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. Furthermore, newly procured vehicles can fail to receive certification and then not be delivered as agreed with the manufacturer. These occurrences could lead to disturbances in operational processes as well as higher expenses.

It cannot be ruled out that the intervals between maintenance/ultrasound inspections will be further shortened in the future. Due to this, additional operational restrictions could occur if the size of the vehicle fleet remains unchanged.

Furthermore, possible changes in norms and the rail infrastructure are important elements of overall operating conditions. Here again, operations can be restricted or even cancelled 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.

Procurement risks

Procurement prices for commodities, energy and transport services can shift depending on the market situation. Therefore, depending on the market and competitive situation, it is not possible – or only possible to a limited extent – to pass on higher costs to customers. This will have a correspondingly negative effect on margins.

We counter the risk of higher energy prices through the use of appropriate derivative financial instruments.

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 risks

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 systematic new construction, expansion and elimination of bottlenecks (requirement plan capital expenditures). Our mid-term corporate plans assume Federal funding will be forthcoming for the successful realization of these capital expenditures, although a corresponding agreement could not yet be concluded. Moreover, there is also the risk that the Federal Government may demand refunds due to an audit of how Federal funds were employed.

Risks related to reduced concession fees

The amount of financial resources available to the contracting organizations to order routes from transport companies is the key factor driving development in the regional transport market in Europe. For this reason payments generally received from state or state-financed contracting organizations (concession fees) represent a major portion of revenues in regional passenger transport. Against the background of the public sector's need to make budget cuts there is a risk that the level of concession fees available for future tenders or existing services may be reduced. We counter this risk by making corresponding adjustments to our service offer and by increasing our farebox revenues.

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* [1] are explained in the Notes.

Exchange rate risks have risen as we expanded our international business activities because of cash flows 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.

Based on our good ⟶ *ratings* [2] we have very good access to the capital markets. In order to ensure DB Group's solvency and financial flexibility at all times we have cash and cash equivalents at our disposal as well as credit facilities, a € 2 billion commercial paper program and a € 15 million debt issuance program. Within the framework of our cross-Group cash-pooling arrangement we ensure that funds can be made available within the Group as needed.

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.

[1] ⟶ ***Page 54 ff.*** | [2] ⟶ ***Page 18***

Regulatory and political risks

Changes in the overall legal conditions at national or European level could result in risks for our business. 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 pricing systems and terms of use of our rail 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 risks 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 central importance for our future success. Our remuneration systems 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 with 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.

In order to assert ourselves in competition, the structure of our personnel expenses in comparison to our competitors is of decisive importance. Additional one-sided burdens, such as higher wage agreements than those negotiated by our competitors, worsen our competitive position. In the future, the conclusion of sector-wide wage agreements will set uniform standards for the German regional transport market.

Compliance risks

The restructuring of our Compliance department in 2009 documented that we are committed to ensuring that every DB Group employee views the full observance of valid laws, corporate guidelines and recognized regulatory standards as an assignment and an obligation. We further expanded our Compliance organization during the year under review to ensure behavior that conforms to the rules. More details on this subject may be found in the ⟶ *Compliance report* [1] of DB Group.

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 and IT processes and prevent serious breakdowns. Our wide area network (WAN) is designed redundantly wherever required by security and business continuity.

GENERAL STATEMENT REGARDING DB AG'S RISK SITUATION

The assessment of the current risk situation is based on our risk management system. The main risks during the year under review were in the areas of market, production as well as technology and procurement.

Our analysis of risks, countermeasures, hedges and provisions, as well as the assessment made by the DB AG Management Board, has established that, based on the current assessment of risk and our mid-term planning, there are no risks present which either individually or in their entirety could permanently and materially damage DB Group's asset, financial and earnings situation.

[1] ⟶ ***2010 Annual Report DB Group Page 40 f.***

Management Board report on relationships with affiliated companies

The Federal Republic of Germany holds all shares in DB AG. Pursuant to Sec. 312 German Stock Corporation Act (Aktiengesetz; AktG), the Management Board of DB AG has therefore prepared a report on its relationships with affiliated companies, which concludes with the following (translated) declaration:

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

In the year under review, the company did not take or refrain from taking any action at the instigation or in the interest of the Federal Government or parties related to it."

Events after the balance sheet date

- **Round of wage talks concluded with EVG**
- **Wage negotiations with the GDL**

ROUND OF WAGE TALKS CONCLUDED WITH EVG

We reached an agreement in the 2010 round of wage talks with the EVG including a two-step increase in wages. Wages will rise by 1.8 % as of March 1, 2011, and by an additional 2.0 % as of January 1, 2012.

In addition, preferential payment of 1.0 % per year will be paid for individual retirement benefits. Furthermore, vacation pay and extra pay for shiftwork were raised by 1.5 %. The one-time payments made in December 2010 will also become a part of the wage agreement.

Agreement was also reached to extend the job security pact between DB Group and EVG through 2011 and amend it to reflect current conditions. This agreement continues to rule out laying-off any DB Group employee for operational reasons. As a result of this new realignment, agreements reached in 2005 regarding working hours and monthly pay were partially rescinded. As of March 1, 2011, employees will work 39 hours a week on a permanent basis and will again receive full wages for these hours, which in fact means that as of March 1, 2011 their pay will rise by 2.5 %.

In total, the signed wage agreements will increase personnel expenses in the 2011 financial year by about 6 % over the comparable year-ago figure. The wage agreements will be valid for a term of 29 months and run from August 1, 2010 to December 31, 2012. The agreement concluded the wage negotiations between DB Group and the EVG.

WAGE NEGOTIATIONS WITH THE GDL

At the beginning of February 2011 the GDL stated that their negotiations with us and the local rail passenger transport companies Abellio, Arriva Germany, BeNEX, Keolis Germany, Veolia Transport and the Hessische Landesbahn had failed. At the same time GDL also announced strikes in rail passenger transport.

Outlook

⟼ **Economic growth expected to continue at slower pace**
⟼ **Profit anticipated to grow in 2011 financial year**
⟼ **Outlook remains clouded by uncertainty**

According to estimates available at the time this report was prepared, we anticipate that the recovery will continue at a weaker pace in 2011. Growth projections for the industrialized nations indicate that the economic recovery is flattening. For this reason we expect overall economic development in the 2011 financial year will remain favorable but with Germany and the Eurozone playing a lesser role along with the further recovery of the global economy and the development of global trade.

ECONOMIC OUTLOOK

The following estimates regarding economic development in 2011 are based on the assumption of stable overall geopolitical development.

Anticipated development [%]	2010	2011
GDP World	+ 4.0	↗
World Trade	+13.5	↗
GDP Eurozone	+1.7	↗
GDP Germany	+3.6	↗

↗ above previous year's figure, → on previous year's level, ↘ below previous year's figure
Data for 2010 is based on information and estimates available on February 22, 2011.

The mixed economic picture of the global economy is likely to remain unchanged in 2011. We anticipate that the recovery noted in the industrialized nation will continue although growth rates are estimated to decline. Structural problems, for example in the real estate market, do not yet appear to be resolved. Concurrently, pressures are likely to increase on governments to consolidate their financial outlays. Export nations are likely to see their growth slow as demand from emerging markets is anticipated to weaken. It appears that some of the emerging countries intend to dampen domestic growth to counter the threat of their economies overheating and to keep economic expansion at a lower level. Risks are likely to be generated, in particular, by the continuing uncertainty in the financial markets regarding the debt levels and creditworthiness of a number of industrialized countries.

We anticipate that the global economy will continue to grow further in 2011, albeit at a slower pace. The GDP figure in the USA is likely to grow more slowly than in the previous year. The same figure is anticipated to fall by half in Japan due to weaker exports. Above all, emerging Asian countries are expected to remain the driving forces behind the global economy. Measures taken in China to cool the economy will slow Chinese GDP growth to about 9 %.

The economic recovery in the Eurozone is likely to flatten out with major differences visible between the individual countries. While Germany is expected to remain the European growth locomotive, we believe that growth in France and Italy will continue at current levels. Nonetheless, we anticipate that the Eurozone will continue to be burdened by high levels of sovereign debt owed by some of the member states. The key danger is that manufacturing could shrink in these countries as the fiscal influences are notably more restrictive and additional reforms are still needed in light of their very weak ability to compete on prices in international markets.

Fiscal consolidation measures are likely to lead to reduced government spending in 2011, while higher taxes, or the elimination of tax breaks, are anticipated to shrink disposable income. Consumer spending is likely to be burdened by low capacity utilization rates and ongoing problems in the real estate markets in some of the Eurozone countries. On the other hand, the very low level of interest rates is expected to further encourage capital expenditures. Exports are likely to benefit from global trade, even though it is growing at a weaker pace than in the previous year. In view of the diminished outlook for the economy and the phasing out of short-time work (Kurzarbeit), employment levels are only expected to rise slightly.

The economy is likely to stabilize in most of the countries in Central and Eastern Europe in 2011. In view of the anticipated modest expansion of the domestic economy we expect that the recovery will be primarily driven by foreign trade. We also expect that demand for capital spending will remain weak in most countries and consumer spending will be dampened by government spending cuts and generally rising unemployment levels. The latent risk of a currency crisis still exists in countries with macroeconomic imbalances. The region's GDP is likely to remain higher than the EU average in the coming years.

The German economy is also likely to continue to recover in 2011, although by about a slower 2.5 % rate of growth due to the weakening pace of the global recovery. By the end of 2011 overall economic output for the German economy could return to the pre-crisis level recorded in the first quarter of 2008. It appears likely that the upswing will broaden. Although German exports could remain the primary driver powering the upswing in the economy, domestic demand is increasingly benefiting from foreign trade. The pace of growth for exports is likely to track weaker growth in customer markets in 2011 and slow by almost 50 %. Capital expenditures by companies are expected to rise further. In addition to outlays to restock inventories and replace equipment, which were postponed because of the crisis, rising capacity utilization rates urgently require investments be made to expand production capacities. The construction sector is likely to be favorably influenced by increasing demand for residential housing, which is being driven by the historically low financing costs.

In contrast, public-sector spending is burdened by the expiration of the economic stimulus programs and a tight budget situation at the municipal level. As a result, it has very little room to expand, and capital spending is likely to be restrained despite the dynamic pace of growth in the private sector. Supported by rising employment levels and an improved income situation, consumer spending is expected to rise notably. The increase in employment levels in 2011 is likely to grow at a slower pace than in the previous year due to a statistical base effect. The unemployment rate is expected to decline, however it will be hindered by changing overall conditions and a slight rise in the labor supply. As of May 2011 all of the still existing restrictions limiting access of workers in Central and Eastern EU member states to the rest of the EU will expire. This could result in higher numbers of commuters. Furthermore, the end of the military draft as of the summer of 2011, as well as the double number of students completing their upper secondary school education (Abitur) in some Federal states are likely to increase the domestic labor pool.

The global economy is currently facing major risks due to the instable situation in the Arab world. If the political crisis spreads to the major oil-producing countries it could push commodity prices even higher and increase the risk of inflation. This could also lead to a decline in real income levels in industrialized nations and choke off consumer spending thereby notably hindering the economic recovery.

ANTICIPATED DEVELOPMENT IN THE RELEVANT MARKETS

Anticipated market development [%]	2010	2011
European rail passenger transport (based on pkm)	+ 0.0	↗
German passenger transport (based on pkm)	+ 0.2	↗
European rail freight transport (based on tkm)	+ 8.5	↗
German freight transport (based on tkm)	+7.1	↗
European land transport (based on revenues)	+ 8.0	↗
Global air freight (based on t)	+20.6	↗
Global ocean freight (based on TEU)	+13.0	↗
Global contract logistics (based on revenues)	+ 6.0	↗

↗ above previous year's figure, → on previous year's level, ↘ below previous year's figure
Data for 2010 is based on information and estimates available on February 22, 2011.

It is anticipated that the German passenger transport market will be favorably influenced in 2011 by strong gains in employment and consumer spending over the comparable year-ago levels, as well as a higher – albeit restrained – increase in real income. These developments are expected to lead to a moderate rise in the overall market for the first time in years. Motorized individual transport is also likely to develop favorably unless the current high prices for fuel remain unchanged over the course of 2011. It is expected that domestic air transport volume sold in Germany will continue to show strong gains. It is still too early to tell what effect the additional burden posed by the government's air transport surcharge will have on demand. Public road passenger transport should be able to hold its previous year's level. It is anticipated that the German rail passenger transport will post a slightly weaker yet still above-average increase in volume sold compared to 2010 despite the extensive construction work taking place in the rail network.

The uneven development noted in individual countries in the previous year will also continue in the European rail passenger transport market in 2011. The fiscal consolidation measures caused by the tight budget situations in an overall weakening economy are expected to dampen disposable incomes and have a corresponding effect on demand for transport services. On average, no major fluctuations are anticipated to occur in the labor market. Against this background, and in view of the anticipated supporting effects linked to the ongoing liberalization process, it may be expected that the European rail passenger transport market will see overall stable to slightly favorable development.

Following the last two years, which were marked by the economic crisis and the subsequent sharp recovery, respectively, it is anticipated that the freight transport market in Germany will return to its moderate growth path in 2011. In doing so, development of rail freight transport should closely track the overall market's growth and accordingly hold its share of market. Truck transport is expected to record an above-average increase in volume sold resulting in an improvement of its market position, which will mainly take place at the expense of inland waterway transport. It is anticipated that competition will remain highly intense in view of the anticipated sharp increase in transport prices across the entire market.

Although the recovery of the European rail freight transport market in 2011 will only continue at a subdued pace due to the weaker growth stimuli from the economy, we do expect, however, that it will remain strong. As already noted in the year under review, notable differences will remain between the individual countries. We do not expect competitive pressures to lessen in either the intra- or intermodal market. This applies in particular to truck competition where, despite the previously announced sharp price hikes, the road freight transport segment should continue to expand at a dynamic pace in 2011, which will be even faster than the rate for rail freight transport.

We estimate that European land transport will grow favorably in almost all countries in 2011. In total, we expect a growth rate of more than 10 % in 2011. This dynamic development as well as the corresponding reduction in available shipping capacities could improve chances to push through higher prices. However, the intensive competitive situation, especially among network operators, could hinder rising prices. Network operators' capacity utilization rates will probably continue to increase due to ongoing economic recovery.

We anticipate that the global air freight market will expand by about 5 % in 2011. In ocean freight we expect that additional cargo capacities of about 7 % that were added to the market are a little bit lower than the forecasted growth in demand of about 8 %.

We expect the contract logistics/SCM market to continue developing strongly in 2011 as all of the important core countries for global contract logistics are anticipated to post further economic growth. Furthermore, favorable effects are expected from an additional increase in the outsourcing rate in the relevant industries.

Following the substantial increase in demand for train-path seen during the year under review we anticipate that it will stabilize at the previous year's level in 2011. We expect the number of station stops to increase further in 2011. The outlook for additional rental business is also favorable due to the improved overall conditions for the retail trade and the food and beverage business. We believe that retail trade revenues in Germany will rise slightly once again in 2011.

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 2011 financial year. The further development of energy prices will play a decisive role. In general, we anticipate that energy and commodity prices will rise.

Rising energy prices are likely

While the outlook for the year under review was marked by great uncertainty, in the interim most of the market observers believe that the crisis is over. It is expected that energy prices will also rise in 2011 driven by unbroken robust growth in the emerging markets as well as a stabilizing upswing in the industrialized countries coupled with the central banks' unchanged expansive monetary policy.

International demand for crude oil and refinery products is also likely to grow in 2011 and set a new record. Although the current supply situation remains comfortable, the sustained and continual growth of the emerging markets again raise the risk of supply bottlenecks over the mid-term. As long as the Organization of Petroleum Exporting Countries (OPEC) does not respond to dwindling stockpiles of oil by increasing their production, the excessive levels of liquidity available in the global financial markets make it more likely that we will again see prices of USD 100/bbl and more.

Beyond these considerations, additional costs are anticipated based on the overall conditions contained in the Federal Government's energy concept which foresees coupling the extended lifetimes of nuclear power plants in Germany to additional costs generated by the related tax on nuclear fuel elements (Brennelementesteuer) plus required investments. These costs will place an added burden on energy prices in 2011.

The spot market for gas is still in its early stages in most parts of Europe and is heavily influenced by local conditions. In total the supply situation for 2011 should be comfortable.

High level of sovereign bond issues expected

During the year under review the total volume of bonds issued by sovereign states, banks and companies in the Eurozone amounted to about € 1.7 trillion. We do not anticipate that the volume of new issues will be lower in 2011. Based on the premise of sluggish economic growth, we anticipate that not only will maturing bonds with a nominal value of € 2.0 trillion have to be refinanced in 2011, we also foresee a further increase in the level of debt in the capital markets. In this context it may also be expected that companies will tap the bond markets to a greater extent than before in response to banks' more restrictive lending conditions.

Due to the unchanging high refinancing needs of Eurozone countries, and assuming companies will have a relatively favorable cash flow situation, we anticipate that the sovereign bond share of the capital market will expand in 2011. We also anticipate that companies with good credit ratings will continue to have good access to the capital market in this environment, even if economic growth should slow.

The anticipated further strong use of the capital markets by sovereign and supranational issuers and the resulting greater offer of debt instruments in the market should generate more attractive yields for investors. The continuation of the economic recovery should also lead to higher interest rates in the mid-term. We therefore expect that long-term interest rates for financing will be higher than in 2010, even for bonds issued by companies with good credit ratings.

ANTICIPATED DEVELOPMENT OF IMPORTANT BUSINESS CONDITIONS

On September 17, 2010 the European Commission opened legislative proceedings to recast the first European railway package. It is anticipated that the proceedings will be concluded in 2011. The proposed new version includes stricter regulation of access to service facilities (e.g. terminals); wider authority for national regulatory agencies as well as detailed requirements for infrastructure financing arrangements between infrastructure operators and member states; changes to charging schemes; stricter unbundling requirements; the introduction of noise-based train-path usage fees, as well as requirements related to regulatory accounting procedures.

Irrespective of the European development, the German Federal Ministry of Transport, Building and Urban Development announced an amended version of regulations for 2011. Based on the terms of the coalition agreement, the amended version should, in particular, introduce stricter charging rules (e.g. introduction of an incentive rule).

ANTICIPATED BUSINESS DEVELOPMENT

The development of DB AG's business in the 2011 financial year will again depend on the development of its subsidiary companies and thus the development of the investment income. An overall goal within DB Group is to achieve a further sustainable increase in earnings power. In view of the favorable results expected for Group companies we anticipate that investment income will rise in the 2011 financial year. We also anticipate that our results from ordinary activities, as well as net profits, will reach or even surpass the respective figures noted for the year under review.

Based on our expectations, DB Group will also be fully able to finance its operational financial requirements via internal financing measures in the 2011 financial year. Therefore, it is not expected that DB Group's business operations will lead to an increase in debt. However, the first-time payment of a dividend in the amount of € 500 million to the owner of DB AG in the 2011 financial year will pose a burden.

In the 2011 financial year, DB AG will have maturing financial obligations of about € 2.9 billion. In order to partially refinance these obligations, we will again make use of the capital and financial markets in the 2011 financial year. We will have unchanged and appropriate financing scope based on our debt issuance program, our commercial paper program and existing, hitherto untapped credit facilities. Thus the short-term and medium-term liquidity supply for DB AG is assured.

As of December 31, 2010, € 11.8 billion of the € 15 billion debt issuance program created for the long-term area had been drawn down. As a result of the redemption of a USD 1.2 billion bond that matured in January 2011 (€ 1.0 billion), the available issuing amount for our debt issuance program increased to € 4.2 billion at the start of the 2011 financial year.

In the short-term area, a multi-currency multi-issuer commercial paper program of over € 2 billion was available as of December 31, 2010. As of that date, € 42 million of this amount had been drawn down. In addition, as of December 31, 2010 we had € 2.5 billion in guaranteed untapped, broadly diversified credit facilities that were concluded with first-class credit institutions.

ANTICIPATED DEVELOPMENT IN THE 2012 FINANCIAL YEAR

In accordance with Rule 15 of the German Accounting Standards (Deutscher Rechnungslegungsstandard; DRS) we will also state our estimate for the year following the current financial year. It is based on the assumptions made in our medium-term planning regarding market development, competition and overall conditions, as well as on our success in implementing planned measures. However, these assumptions and estimates involve greater uncertainties the farther they look into the future.

Based on the assumption that the economic recovery will develop as forecast and continue beyond 2011, we anticipate that we will also post further gains in our results from ordinary activities in the 2012 financial year.

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, market scenarios, 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 profit-focused growth, we implemented comprehensive packages 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.

The strategic orientation of DB Group proved to be successful during the financial and economic crisis, and contributed significantly to our favorable development during the year under review. The focus of our measures is always on improving our long-term competitive position. Overall, DB Group is well-positioned to benefit from opportunities arising from significant trends in our markets. In conjunction with this, we invite the reader to review the remarks made in the Strategy chapter.

The relevant overall economic conditions could improve more in total than we anticipate. Any resulting deviations would then have a positive effect on DB Group and its business units. 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 by the continuing globalization of the freight forwarding and logistics segments. The acquisition of Arriva has also significantly improved our position in the European transport market, and we now have a growth platform for all of our European target markets.

We have also positioned ourselves in such a way that we are well prepared to use the opportunities posed by open or opening markets in European rail freight as well as in European rail passenger transport.

Favorable exchange rates and interest rate moves could have a potentially favorable impact on our financial results. Group Treasury is therefore closely following developments in the financial markets to identify and take advantage of possible opportunities.

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

FORWARD-LOOKING STATEMENTS

This Management Report contains statements and forecasts pertaining to the future development of DB AG, 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 AG does not intend or assume any obligation to update the statements made within this Management Report.

03 ANNUAL FINANCIAL STATEMENTS

AUDITOR'S REPORT	42
BALANCE SHEET	43
STATEMENT OF INCOME	44
STATEMENT OF CASH FLOWS	45
FIXED ASSET SCHEDULE	46
NOTES TO THE ANNUAL FINANCIAL STATEMENTS	48
LIST OF SHAREHOLDINGS	64

Auditor’s report

The annual financial statements have been audited by PricewaterhouseCoopersAktiengesellschaft Wirtschaftsprüfungsgesellschaft, who added the following ⟶ *auditor’s report* [1]: “We have audited the annual financial statements – consisting of balance sheet, income statement and the notes – together with the accounting system, and the management report of the Deutsche Bahn Aktiengesellschaft, Berlin, for the business year from January 1 to December 31, 2010. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the company’s management. Our responsibility is to express an opinion on the annual financial statements, together with the accounting system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with §317 German Commercial Code (Handelsgesetzbuch; 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 annual financial statements in accordance with German principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the company and evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the results of our audit, the annual financial statements are in compliance with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the company in accordance with German principles of proper accounting. The management report is consistent with the annual financial statements and provides on the whole a suitable understanding of the company’s position and suitably presents the risks of future development.”

Berlin, February 25, 2011

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Gerd Eggemann	Thomas Kieper
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

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

Balance sheet

ASSETS

As of Dec 31 [€ million]	Note	**2010**	2009
A. FIXED ASSETS			
Property, plant and equipment	(2)	38	34
Financial assets	(2)	24,371	22,327
		24,409	**22,361**
B. CURRENT ASSETS			
Inventories	(3)	3	5
Receivables and other assets	(4)	3,674	3,348
Cash and cash equivalents		1,031	1,259
		4,708	**4,612**
C. PREPAYMENTS AND ACCRUED INCOME	(5)	0	0
		29,117	**26,973**

EQUITY AND LIABILITIES

As of Dec 31 [€ million]	Note	**2010**	2009
A. EQUITY			
Subscribed capital	(6)	2,150	2,150
Capital reserves	(7)	5,310	5,310
Retained earnings	(8)	3,563	3,035
Net retained profit		3,205	3,151
		14,228	**13,646**
B. PROVISIONS	(9)	3,402	4,230
C. LIABILITIES	(10)	11,449	9,079
D. ACCRUED AND DEFERRED INCOME	(11)	38	18
		29,117	**26,973**

Statement of income

Jan 1 through Dec 31 [€ million]	Note	2010	2009
Inventory changes		-1	-1
Other internally produced and capitalized assets		0	0
OVERALL PERFORMANCE		**-1**	**-1**
Other operating income	(15)	1,369	1,813
Cost of materials	(16)	-70	-62
Personnel expenses	(17)	-281	-312
Depreciation		-9	-7
Other operating expenses	(18)	-921	-1,060
		87	**371**
Net investment income	(19)	16	1,168
Net interest income	(20)	20	54
RESULT FROM ORDINARY ACTIVITIES		**123**	**1,593**
Extraordinary expenses	(21)	-49	0
Income taxes		-20	48
NET PROFIT FOR THE YEAR		**54**	**1,641**
Profit carried forward		3,151	1,510
NET RETAINED PROFIT		**3,205**	**3,151**

Statement of cash flows

Jan 1 through Dec 31 [€ million]	Note	2010	2009
Profit before taxes on income		74	1,593
Depreciation on property, plant and equipment		9	7
Changes to pension provisions[1]		26	10
CASH FLOW BEFORE TAXES		109	1,610
Changes to other provisions[2]		-326	-755
Gains / losses from disposal of property, plant and equipment[1]		1	0
Gains / losses from disposal of financial assets		0	0
Changes to current assets (exclusive cash and cash equivalents)		606	694
Changes to other liabilities (excluding financial debt)		138	-110
Taxes on income		-20	48
CASH FLOW FROM OPERATING ACTIVITIES		**508**	**1,487**
Proceeds from the gains of property, plant and equipment[1]		-1	10
Payments for purchases of property, plant and equipment[1]		-13	-11
Proceeds from the disposal of financial assets		2	0
Payments for the purchase of financial assets		-17	-27
CASH FLOW FROM INVESTING ACTIVITIES		**-29**	**-28**
Proceeds / payments from the long-term Group financing		357	-354
Proceeds / payments from the short-term Group financing		-1,106	-410
Proceeds from the issuance of bonds, (financial) loans and commercial paper		42	0
Repayment of bonds, (financial) loans and commercial paper		0	-52
CASH FLOW FROM FINANCING ACTIVITIES		**-707**	**-816**
Net change in cash and cash equivalents		-228	643
Cash and cash equivalents at the beginning of the year	(22)	1,259	616
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**(22)**	**1,031**	**1,259**

[1] Including intangible assets.

[2] Due to the first-time adoption of BilMoG € 528 million were transformed from provisions in the previous year to retained earnings.

Fixed assets schedule

[€ million]					Acquisition and production costs
	Balance at Jan 1, 2010	Additions	Transfers	Disposals	Balance at Dec 31, 2010
PROPERTY, PLANT AND EQUIPMENT					
1. Land, leasehold rights and buildings including buildings on land built by others					
a) Land and leasehold rights	3	0	0	0	3
b) Commercial, official and other buildings	1	0	0	0	1
	4	**0**	**0**	**0**	**4**
2. Track infrastructure, signaling and control equipment	0	0	0	0	0
3. Rolling stock for passenger and freight transport	2	0	0	0	2
4. Technical equipment and machinery and other than Nos. 2 and 3	23	1	1	-1	24
5. Other equipment, operating and office equipment	47	8	4	-5	54
6. Advance payments and construction in progress	12	4	-5	0	11
	88	**13**	**0**	**-6**	**95**
FINANCIAL ASSETS					
1. Investment in affiliated companies	13,019	748	0	-17	13,750
2. Loans to affiliated companies	9,263	2,081	0	-765	10,579
3. Investments in associated companies	42	0	0	0	42
4. Other loans	3	0	0	-3	0
	22,327	**2,829**	**0**	**-785**	**24,371**
TOTAL FIXED ASSETS	**22,415**	**2,842**	**0**	**-791**	**24,466**

				Depreciation		Book value
Balance at Jan 1, 2010	Depreciation 2010 financial year	Transfers	Disposals	Balance at Dec 31, 2010	Balance at Dec 31, 2010	Balance at Dec 31, 2010
0	0	0	0	0	3	3
- 1	0	0	0	- 1	0	0
- 1	**0**	**0**	**0**	**- 1**	**3**	**3**
0	0	0	0	0	0	0
- 2	0	0	0	- 2	0	0
- 17	- 1	0	1	- 17	7	6
- 34	- 8	0	5	- 37	17	13
0	0	0	0	0	11	12
- 54	**- 9**	**0**	**6**	**- 57**	**38**	**34**
0	0	0	0	0	13,750	13,019
0	0	0	0	0	10,579	9,263
0	0	0	0	0	42	42
0	0	0	0	0	0	3
0	**0**	**0**	**0**	**0**	**24,371**	**22,327**
- 54	**- 9**	**0**	**6**	**- 57**	**24,409**	**22,361**

Notes to the annual financial statements for the 2010 financial year

The annual financial statements of Deutsche Bahn AG (DB AG) have been prepared in accordance with the provisions of the German Commercial Code (Handelsgesetzbuch; HGB) and the German Stock Corporation Act (Aktiengesetz; AktG) in the version of the German Accounting Law Modernization Act (Bilanzrechtsmodernisierungsgesetz; BilMoG) of April 3, 2009 adopted by the Bundesrat (Upper House) as well as the ordinance relating to the structure of the financial statements of transport companies. In order to improve the clarity of presentation, legally required items have been grouped together in the balance sheet and the income statement. The notes to the annual financial statements contain the necessary details and explanations.

(1) Accounting and valuation methods

The accounting and valuation methods have been amended compared with the previous year as a result of BilMoG. The main changes have occurred with regard to the valuation of cover funds and also with regard to provisions and foreign currency translation. In line with the option set out in Section 67 (8) Introductory Law to the German Commercial Code (Einführungsgesetz zum HGB; EGHGB), the previous year figures have not been adjusted to bring them into line with the accounting and valuation methods which have been amended as a result of BilMoG.

Property, plant and equipment is recognized at acquisition or production cost, less depreciation, where applicable.

Fair value impairments are similarly taken where applicable.

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

Depreciation is taken to the income statement on a straight-line basis over the expected useful life of the asset. Depreciation is normally calculated in accordance with the tax depreciation tables and taken on a pro rata basis. The following table shows the useful lives of the main groups of property, plant and equipment:

[in years]	2010
Business, operating and other premises	5 - 50
Track infrastructure	20 - 25
Buildings and other constructions	10 - 50
Signaling equipment	20
Telecommunications	5 - 20
Rolling stock	10 - 30
Machinery and plant	8 - 15
Technical equipment, machinery and vehicles	5 - 25
Operating and office equipment	2 - 20

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

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

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

Valuation adjustments are taken for inventory risks arising from a decline in economic usefulness, long storage periods, price changes in the market or any other decline in value.

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

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

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

At DB AG, the cover funds which are used to fulfill liabilities arising from retirement benefit obligations are netted with the corresponding pension obligation. The corresponding costs and income resulting from the compounding or discounting of pension obligations and also resulting from the valuation of the cover funds are also netted. The funded pension obligations are shown with the value of the guaranteed minimum obligation. The difference as of January 1, 2010 resulting from the revaluation of the cover funds has been netted with the difference resulting from the revaluation of the corresponding liabilities as of January 1, 2010.

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

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

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

Pension provisions are measured using the projected unit credit (PUC) method taking account of future developments and the application of the general average market rate of the Deutsche Bundesbank for residual terms of 15 years (simplification rule). The rate applied as of the balance sheet date was 5.17 %, a rate of 5.27 % had been applied as of January 1, 2010. The additional amount resulting from the changes in valuation has been calculated in relation to the time of the initial mandatory adoption of BilMoG (January 1, 2010) and has been recognized in full as exceptional expense in the 2010 financial year. The 2005 G mortality tables of Prof. Dr. Klaus Heubeck have been applied for measuring the pension obligations.

The main actuarial parameters are set out in the following table:

[%]	**Dec 31, 2010**
Discount rate	5.17
Expected wage and salary development	2.50
Expected increase in health care costs	0.00
Expected pension development (depending on group of persons)	2.00
Average expected fluctuation	2.67

The provisions for early retirement, semi-retirement, service anniversary and death benefit obligations are measured in accordance with actuarial calculation methods (PUC method) as well as fundamental assumptions of the calculation in line with the 2005 G mortality tables of Prof. Dr. Klaus Heubeck. Matching maturity average market rates of the past seven financial years of 4.00 % (early retirement and semi-retirement) and 4.50 % (service anniversaries, death benefits and indirect retirement benefits) have been used.

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

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

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

Provisions with a remaining term of more than one year are discounted using the matching maturity average market rate of the past seven financial years of the Deutsche Bundesbank. If an increase in another provision has resulted from the revaluation as of January 1, 2010 – where appropriate after netting with the cover funds – the corresponding cost has been recognized completely in extraordinary expenses. If the revaluation as of January 1, 2010 – where appropriate after netting with the cover funds – has resulted in a reduction in the provision which will probably be reversed by no later than December 31, 2024, the option specified in Section 67 (1) Clause 2 EGHGB has not been utilized and the provision has been reversed accordingly. The difference was paid directly into retained earnings. Additions to and reversals of provisions which have taken place after January 1, 2010 are shown in the result from ordinary activities, and income and expenses resulting from compounding and discounting are shown separately in net interest income.

Liabilities are shown in their settlement amount.

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

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

Assets, liabilities, pending transactions or transactions which are extremely likely to take place (underlyings) are combined with derivative financial instruments to form valuation units in order to compensate for opposite changes in value or cash flows arising from the occurrence of equivalent risks under the appropriate conditions. Derivative financial instruments are only permitted to be used in conjunction with an underlying (micro hedge).

The derivatives allocated to the underlyings are not shown in the balance sheet (net hedge presentation method). Accordingly, Sections 249 (1), 252 (1) Nos. 3 and 4 and 256a HGB are not applied.

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

Standard valuation methods such as option price or present-value models are used and assumptions which were appropriate on the basis of market conditions on the balance sheet dates are made in order to determine the fair value of financial instruments which are not traded on an active market. If parameters which are relevant for valuation purposes are not directly observable on the market, forecasts are used; these are based on equivalent financial instruments which are traded on an active market and to which mark-ups or mark-downs are applied on the basis of historical data. The mean figure from the bid and offer price is used.

The activity of the assigned civil servants in DB Group is based on a statutory assignment under the terms of the Rail Restructuring Act (Eisenbahnneuordnungsgesetz; ENeuOG), Art. 2 Section 12. For the work of the assigned civil servants, DB AG reimburses to the Federal Railroad Fund (Bundeseisenbahnvermögen; BEV) those costs which would be incurred if a person subject to collective bargaining agreements were to be employed as an employee instead of the assigned civil servants (pro forma settlement). Consequently, the personnel expenses reimbursed to the BEV for the assigned civil servants are shown under personnel expenses due to the economic approach.

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

NOTES TO THE BALANCE SHEET

(2) Fixed assets

A fixed asset schedule is shown on pages 46–47.

(3) Inventories

[€ million]	**Dec 31, 2010**	Dec 31, 2009
Raw materials and manufacturing supplies	0	0
Unfinished products, work in progress	3	5
TOTAL	**3**	**5**

(4) Receivables and other assets

[€ million]	Dec 31, 2010	thereof with a remaining term of more than 1 year	Dec 31, 2009
Trade receivables	6	0	14
Receivables due from affiliated companies	3,581	–	3,161
Receivables due from companies in which a participating interest is held	0	–	0
Other assets	87	1	173
TOTAL	**3,674**	**1**	**3,348**

The valuation adjustments on accounts receivable and other assets amount to € 4 million (previous year: € 2 million).

The accounts due from affiliated companies comprise receivables from cash-pooling (€ 2,762 million; previous year: € 1,429 million), financing (profit transfers, short-term loans and interest; a total of € 385 million; previous year: € 1,347 million), a single entity deemed to exist for VAT purposes (€ 266 million; previous year: € 246 million) as well as trade receivables (€ 168 million; previous year: € 139 million).

The other assets mainly comprise receivables due from the fiscal authorities as well as creditors with a debit balance and interest accruals. In the previous year, the other assets included reinsurance claims of € 27 million. Of this figure, € 26 million were netted with the retirement benefit obligations in the current year.

(5) Prepayments and accrued income

Prepayments and accrued income mainly comprise the advance payment of the contribution to the Railway Accident Fund (Eisenbahnunfallkasse).

(6) Subscribed capital

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

(7) Capital reserves

The capital reserves amount to € 5,310 million (unchanged).

(8) Retained earnings

The other retained earnings in accordance with Section 266 (3) HGB amounted to € 3,563 million (previous year: € 3,035 million). The revaluation of provisions as of January 1, 2010 carried out on the occasion of the initial adoption of BilMoG resulted in reversals totaling € 528 million from the provisions. In accordance with Section 67 (1) Clause 3 EGHGB, this figure was paid directly into retained earnings.

(9) Provisions

[€ million]	Dec 31, 2010	Dec 31, 2009
Provisions for pensions and similar liabilities	170	143
Tax provisions	242	231
Other provisions	2,990	3,856
TOTAL	**3,402**	**4,230**

In the 2010 financial year, a total of € 50 million was allocated to provisions for pensions and similar commitments (previous year: € 16 million). This figure includes an amount of € 2 million for employee-financed pension obligations (deferred compensation) (previous year: € 2 million).

[€ million]	Dec 31, 2010	Dec 31, 2009
Personnel-related commitments	72	71
Restructuring charges	564	860
Inherited environmental liabilities	1,481	1,606
Reconveyance obligations	156	157
Provisions relating to Aurelis agreement	181	344
Other risks	536	818
TOTAL	**2,990**	**3,856**

The personnel-related commitments mainly comprise bonuses, indirect retirement benefit obligations as well as severance payments.

Provisions for restructuring measures are mainly attributable to a loss compensation obligation for DB JobService GmbH.

The provisions for ecological legacy issues are mainly attributable to the remedial action taken with regard to these issues which occurred before July 1, 1990 on the grounds of the former Deutsche Reichsbahn. A corresponding provision of € 2.9 billion had previously been included in the opening balance sheet of Deutsche Reichsbahn, and was transferred unchanged to the opening balance sheet of DB AG.

Provisions for potential return obligations were created for risks attributable to restitution claims for land of the former Deutsche Reichsbahn.

Other risks combine all other uncertain liabilities. This mainly include provisions for:

- Recultivation and decommissioning measures (plant closures)
- Failure to carry out maintenance (also comprises subsequent measures relating to sold/transferred land)
- Obligations arising from the implementation of real estate reclassification
- The statutory requirement to keep business documents for the main Group companies (archiving costs)
- Litigation risks

The cover funds in connection with pension provisions (€ 27 million) are netted with the corresponding pension obligations (€ 35 million).

The trust assets in connection with credit balances for long-term accounts (€ 1 million) are netted with the corresponding provisions (€ 1 million).

In accordance with Section 268 (8) Clause 3 HGB, a figure of € 0.00 is restricted with regard to dividend payments.

[€ million]	Dec 31, 2010
Cover funds at fair value	28
Cover funds at cost of purchase	27
Balance	1
– freely disposable reserves and profit carry-forwards	6,768
AMOUNT RESTRICTED FOR DIVIDEND PAYMENT	**0**

(10) Liabilities

[€ million]	Dec 31, 2010	thereof with a residual maturity of			Dec 31, 2009
		up to 1 year	1 to 5 years	more than 5 years	
Bonds	67	46	21	–	67
Advance payments received for orders	–	–	–	–	0
Trade accounts payable	20	20	–	–	20
Liabilities to affiliated companies	10,036	2,699	1,805	5,532	7,868
Liabilities to companies in which a participating interest is held	1,164	11	953	200	963
Other liabilities	162	162	0	0	161
thereof tax liabilities	17	17	–	–	58
thereof social security liabilities	–	–	–	–	0
TOTAL	**11,449**	**2,938**	**2,779**	**5,732**	**9,079**
THEREOF INTEREST-BEARING	**10,586**				**8,494**

The liabilities due to affiliated companies comprise loans due to Deutsche Bahn Finance B.V. (DB Finance), Amsterdam/the Netherlands of € 8,352 million (previous year: € 6,880 million), liabilities from cash-pooling of € 943 million (previous year: € 540 million), financing (profit transfers, further loans and interest) totaling € 415 million (previous year: € 236 million), a single entity deemed to exist for VAT purposes of € 178 million (previous year: € 147 million) as well as trade accounts payable of € 148 million (previous year: € 65 million).

Liabilities to companies in which a participating interest is held include long-term interest-bearing loans of the European Company for the Financing of Railroad Rolling Stock, Basel/Switzerland (Europäische Gesellschaft für die Finanzierung von Eisenbahnmaterial; EUROFIMA) (€ 1,153 million; previous year: € 953 million). Due to statutory considerations of EUROFIMA, these loans have to be secured by the transfer of ownership of rolling stock. This was achieved by transferring ownership of rolling stock of the subsidiaries DB Fernverkehr AG, DB Regio AG and DB Schenker Rail Deutschland AG.

Other liabilities are not secured.

A summary of the financial liabilities and further explanations are set out in note (14).

(11) Accruals and deferred income

The deferred item mainly comprises revenue deferrals from leases, building cost grants and compensation payments in connection with the extension of rental agreements.

(12) Contingencies

[€ million]	**Dec 31, 2010**	Dec 31, 2009
Warranty and guarantee obligations	4,477	4,458
thereof due to affiliated companies	4,455	4,445

DB AG has issued an unconditional and irrevocable guarantee to DB Finance for a multi-currency commercial paper program with a maximum volume of € 2 billion issued in conjunction with the latter; this was stated as € 42 million (previous year: € 0) as of December 31, 2010. In addition, DB AG has provided a guarantee to DB Finance for DB Mobility Logistics AG (DB ML AG) for repayment of loans totaling € 3,000 million.

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

(13) Other financial obligations

[€ million]	**Dec 31, 2010**	Dec 31, 2009
Purchase order commitments for capital expenditures	3	1
Outstanding contributions	376	317
Commitments under rental, leasing and other external-party liabilities	1,836	1,665
thereof due to affiliated companies	125	–
TOTAL	**2,215**	**1,983**

The outstanding contributions relate to EUROFIMA.

The obligations arising from rental, leasing and other external debt arrangements are shown with their nominal amounts. The two following tables set out a list of nominal and present values for these obligations (as of December 31, 2010), broken down according to maturities:

[€ million]	**Nominal value**	Present value
Leasing installments		
due within 1 year	47	46
due within 1 and 5 years	154	135
due after 5 years	19	15
TOTAL	**220**	**196**

Overall, leasing installments of € 60 million were paid in financial year 2010 (previous year: € 60 million).

[€ million]	**Nominal value**	Present value
Rental and other third-party obligations		
due within 1 year	207	202
due within 1 and 5 years	615	544
due after 5 years	794	541
TOTAL	**1,616**	**1,287**

(14) Financial instruments

In its capacity as the Treasury Center of Deutsche Bahn Group (DB Group), DB AG is responsible for all financing and hedging transactions. In the 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). Treasury operates on the financial markets correspondingly using the minimum requirements applicable for risk management (Mindestanforderungen an das Risikomanagement; MaRisk) of the banks prepared by the Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht; BaFin) and is subject to regular internal audits.

A. NON-DERIVATIVE FINANCIAL INSTRUMENTS

DB Finance had extended loans totaling € 8,352 million to DB AG as of December 31, 2010. The loans are refinanced via bond issues, with a guarantee of DB AG.

In 2010, a bond of DB Finance for € 1,000 million which fell due as well as the corresponding loan of DB Finance to DB AG were repaid.

DB Finance issued five new listed bonds in the year under review. These are three bonds each for an amount of € 500 million, one bond for JPY 47.1 billion (€ 410 million) and one bond for CHF 750 million, which were issued in two tranches of CHF 400 million (€ 299 million) and CHF 350 million (€ 268 million). The proceeds which were raised were forwarded in the form of loans to DB AG.

There are also long-term interest-bearing loans of EUROFIMA (€ 1,153 million; previous year: € 953 million). In the 2010 financial year we raised a € 200 million loan from EUROFIMA.

As of December 31, 2010, DB AG had access to guaranteed credit facilities as back-up lines for the € 2 billion commercial paper program of DB AG and DB Finance (with a total volume of € 2,500 million; previous year: € 1,800 million). None of the back-up lines had been drawn down as of December 31, 2010.

B. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are used for hedging interest, currency and energy price risks. All individual transactions correspond to on-balance-sheet or anticipated underlyings (e.g. bonds, commercial paper and planned energy requirement). Speculation is not permitted. The use, processing and monitoring of derivative financial transactions are subject to internal guidelines. Ongoing market and risk assessment takes place as part of risk management. Valuation units are always created if the conditions are satisfied.

All hedging requirement within DB Group is handled via DB AG, and is arranged externally by DB AG, a distinction is therefore made between transactions of DB AG with external counterparties (banks) and the forwarding of such external transactions within the overall Group (mirror transactions).

Interest swaps and interest caps are taken out in order to hedge interest rate risks. DB AG did not hold any such instruments at the end of the year.

Foreign currency risks are attributable to financing measures and operating activities. Currency swaps/forwards are concluded in order to limit the risks arising from exchange rate fluctuations for future payments in foreign currency. Holdings of currency swaps/forwards increased as a result of the expansion in the volume of business with Arriva and also as a result of the restructuring of the company's activities in Sweden. Because the company's operations are also refinanced in currencies outside the Eurozone, these positions were translated directly into euro liabilities with the aid of cross-currency swaps in order to eliminate exchange rate risks. Internal foreign currency loans which DB AG hedges externally were also extended within the Group. In 2010, the volume of cross-currency swaps increased appreciably as a result of new foreign currency bonds and loans.

Energy price risks arise mainly in conjunction with purchases of diesel fuel and power sourcing agreements linked to the price of coal and heating oil. The volume of diesel and heating oil derivatives was virtually unchanged compared with the previous year, and some price hedging arrangements for coal expired.

The nominal volume of the hedges detailed in the following represents the sum of all purchases and sales underlying the transactions. The tonnage is specified for transactions based on diesel, coal or gas. The size of the nominal volume permits conclusions to be drawn in relation to the extent to which derivative financial instruments are utilized; however, it does not reflect the risk attributable to the utilization of derivatives.

The market value of a financial derivative reflects the price for liquidating or replacing the transaction. Present-value models or Monte Carlo simulations based on the term structure of interest rates have been used for measuring the value of the derivatives. The market data to be used for this purpose were taken from market information systems such as Reuters or Bloomberg. Opposite developments in value from the corresponding underlyings were not taken into consideration. The corresponding derivatives were also not reflected for recognizing the underlyings (no hedge accounting).

Credit risk is defined as possible asset losses due to nonfulfillment by the contracting parties (default risk). It represents the replacement cost (market values) of the transactions for which we have claims against the contracting parties. The default risk is actively managed by way of strict requirements relating to the creditworthiness of the counterparty at the point at which the transactions are concluded and also throughout the entire life of the transactions, and also by way of defining risk limits.

The following information relating to the credit risk reflects the simple sum of all individual risks, and relates to external counterparties.

NOMINAL AND FAIR VALUE OF THE INTEREST DERIVATIVES:

[€ million]	Dec 31, 2010	Dec 31, 2009
Nominal volume with external parties	3,448	2,060
Fair value of the derivatives (external parties)	78	-111
Nominal volume of mirror transactions	613	202
Fair value of the derivatives (mirror transactions)	27	-11

On December 31, 2010, the portfolio of cross-currency swaps consisted mainly of instruments with a remaining term of more than one year. The underlyings are included in the balance sheet items "Loans to affiliated companies," "Bonds" and "Liabilities to affiliated companies." The maximum term is ten years. The positive development in the value of the cross-currency swaps is attributable mainly to the weakening of the euro against the Japanese yen and the Swiss franc. It was not necessary for a provision to be created for potential losses because the unrealized losses resulting from the valuation units which have been created are opposed by corresponding unrealized profits from the underlyings. These underlyings exist in the form of micro hedges, and the maturities of the underlying and hedge are identical. The hedged exchange rate risks are completely eliminated.

NOMINAL AND MARKET VALUE OF THE CURRENCY SWAPS/FORWARDS

[€ million]	Dec 31, 2010	Dec 31, 2009
Nominal volume with external parties	1,763	1,257
thereof currency swaps	1,252	838
thereof currency forwards	511	396
Fair value of the derivatives (external)	-4	7
thereof currency swaps	-2	6
thereof currency forwards	-2	1
Nominal volume of mirror transactions	1,411	1,183
Fair value of the derivatives (mirror transactions)	1	-9

The currency hedging contracts in the portfolio as of December 31, 2010 mainly consisted of currency forwards with a remaining term of less than one year. The underlyings are included in the balance sheet items "Receivables due from affiliated companies" and "Liabilities to affiliated companies." The maximum term is five years. Most of the transactions with external counterparties have been transmitted to DB ML AG. The development in value was mainly attributable to the weakening of the euro against the US dollar and the Swedish krona. These hedges exist in the form of micro hedges, and the maturities of the underlying and hedge are identical. The hedged exchange rate risks are completely eliminated.

NOMINAL AND FAIR VALUE OF THE ENERGY DERIVATIVES:

Diesel fuel [t]	Dec 31, 2010	Dec 31, 2009
Nominal volume with external parties	589,000	525,000
Fair value of the derivatives (external parties)	39	-25
Nominal volume of mirror transactions	589,000	525,000
Fair value of the derivatives (mirror transactions)	-39	25

Gas, heating oil [t]	Dec 31, 2010	Dec 31, 2009
Nominal volume with external parties	173,000	162,000
Fair value of the derivatives (external parties)	2	5
Nominal volume of mirror transactions	173,000	162,000
Fair value of the derivatives (mirror transactions)	-2	-5

Coal, BAFA [t hard coal equivalent]	Dec 31, 2010	Dec 31, 2009
Nominal volume with external parties	949,000	1,603,000
Fair value of the derivatives (external parties)	-10	-62
Nominal volume of mirror transactions	949,000	1,603,000
Fair value of the derivatives (mirror transactions)	10	62

As of December 31, 2010, the portfolio of energy price hedges consisted of hedges with a term of less than one year as well as hedges with longer terms. The maximum term is four years. Most of the transactions were forwarded to DB Energie GmbH, and an insignificant part of the diesel hedges was forwarded directly to subsidiaries of DB ML AG. The development in value of the external energy derivatives is mainly based on the prices on the energy markets which have increased in the course of the financial year. These hedges exist in the form of micro hedges, and the underlying and hedge are identical. The hedged risks are completely eliminated.

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

In the case of energy price derivatives, the effectiveness of the hedge is checked prospectively using linear regression. The effectiveness is measured retrospectively as of each balance sheet date by using the dollar-offset method. The changes in the market values of the underlying are compared with the changes in the market value of the hedging instrument.

All energy price hedges relate to the future energy consumption, which is estimated on the basis of the planned transportation performance with the aid of consumption histories.

CREDIT RISK OF INTEREST, CURRENCY AND ENERGY DERIVATIVES WITH EXTERNAL PARTIES:

[€ million]	**Dec 31, 2010**	Dec 31, 2009
Credit risk of interest, currency and energy derivatives	273	62

The increase in credit risks compared with the previous year is mainly due to the development in the value of the cross-currency swaps. The maximum single risk – default risk in relation to individual counterparties – is € 89 million, and relates to a contract partner with a Moody’s rating of Aa3. For transactions with terms of more than one year, all contract partners with which there is a credit risk have a Moody’s rating of at least A2.

NOTES TO THE STATEMENT OF INCOME

(15) Other operating income

[€ million]	**2010**	2009
Group levies and other intra-Group cost allocation	306	287
Services for third parties and sales of materials	174	167
Rent and leases	279	260
Other operating income	25	21
Income from the disposal of fixed assets	0	0
Income from the release of provisions	385	924
Gains on the reversal / recovery of write-down / write-offs of receivables	1	1
Miscellaneous other operating income	199	153
TOTAL	**1,369**	**1,813**
thereof attributable to other periods	386	925

The income from the reversal of provisions mainly relates to the provision for restructuring measures and the provision arising from the Aurelis agreement. In the previous year, this item included the reversal of the provision for ecological legacy issues of € 600 million.

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

(16) Cost of materials

[€ million]	**2010**	2009
Cost of raw materials, consumables and supplies	6	5
Cost of purchased services	37	30
Maintenance expenses	27	27
TOTAL	**70**	**62**

Deliveries and services purchased for assets produced in-house are included in cost of materials. Other capitalized own work is used for capitalization in fixed assets.

(17) Personnel expenses

[€ million]	2010	2009
WAGES AND SALARIES		
for employees	214	234
for civil servants assigned		
Payment to the BEV in accordance with Art. 2 Section 21 (1) and (2) of the ENeuOG	20	20
Ancillary remuneration paid directly	1	1
TOTAL	**235**	**255**
SOCIAL SECURITY AND RETIREMENT PENSIONS AND BENEFITS [1)]		
for employees	42	53
for civil servants assigned (Payment to the BEV in accordance with Art. 2 Section 21 (1) and (2) of the ENeuOG)	4	4
TOTAL	**46**	**57**
thereof for retirement benefits	12	23
TOTAL	**281**	**312**

[1)] Including benefits payments, for instance to former employees and their surviving dependants.

(18) Other operating expenses

[€ million]	2010	2009
Expenses for the intra-Group offsets	221	181
Rents and leases	283	269
Contributions and fees	5	6
Consultancy and other third-party services	122	163
Sales promotion and advertising expenses	7	5
Insurance expenses	44	49
Expenses from currency translation	11	21
Other operating expenses	226	365
Losses from the disposals of fixed assets	1	0
Expenses relating to set-up of allowances for and write-off of accounts receivable	1	1
TOTAL	**921**	**1,060**
thereof attributable to other periods	2	1

Of the figure shown for other operating expenses, € 5 million relates to “Other taxes” (previous year: € 2 million).

(19) Net income from investments

[€ million]	2010	2009
Income from participating interests	0	3
thereof from affiliated companies	–	2
Income from associated companies	0	3
Income from profit transfer agreements	203	1,185
Transfer of losses	- 187	- 23
TOTAL	**16**	**1,168**

(20) Net interest income

[€ million]	2010	2009
Income from securities and long-term loans	452	433
thereof from affiliated companies	452	433
Other interest and similar income	57	66
thereof from affiliated companies	31	33
Interest and similar expenses	- 489	- 445
thereof from affiliated companies	- 359	- 345
thereof from net interest income of provisions	- 60	–
Net interest income from asset netting	0	–
thereof income from cover funds	1	–
thereof expenses from the compounding of corresponding provisions	- 1	–
TOTAL	**20**	**54**

(21) Extraordinary result

The extraordinary costs of € 49 million relate to the differences attributable to the change in valuation method for retirement benefit obligations which took place as a result of the additional adoption of BilMoG as of January 1, 2010 (€ 44 million) and also other provisions (€ 5 million).

NOTES TO THE STATEMENT OF CASH FLOWS

The structure of the statement of cash flows as attachment is consistent with the German Accounting Standard No. 2 (Deutscher Rechnungslegungsstandard Nr. 2; DRS 2) developed by the German Accounting Standards Board (Deutscher Standardisierungsrat) of the German Accounting Standards Committee (Deutsches Rechnungslegungs Standards Committee e.V.; DRSC).

The statement of cash flows shows a breakdown of cash flows by operating activities, investing activities and financing activities. Cash flow before taxes is shown in cash flow from operating activities.

(22) Cash and cash equivalents

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

OTHER INFORMATION

(23) Participations

The complete list of shareholdings is shown on pages 64–80.

(24) Employees

[in FTE]	2010		2009	
	Annual average	**at year end**	Annual average	at year end
Employees	3,028	2,979	3,101	3,063
Civil servants	458	438	482	478
SUBTOTAL	**3,486**	**3,417**	**3,583**	**3,541**
Trainees	9	10	6	8
TOTAL	**3,495**	**3,427**	**3,589**	**3,549**

The number of employees within DB Group is calculated on the basis of full-time employee (FTE) positions to permit better comparability. Temporary employees are accordingly converted into full-time employees in proportion to the extent to which their working hours are related to the standard annual working hours agreed under collective bargaining. The civil servants employed at DB AG have generally been assigned to DB AG with the entry of the company in accordance with Art. 2 Section 12 of the ENeuOG ("assigned civil servants"). They work for DB AG, their employer is the BEV.

(24) Members and total emoluments of the Management Board and the Supervisory Board

[€ thousand]	**2010**	2009
Total compensation of the Management Board	9,616	6,908
thereof fixed component	3,322	3,170
thereof performance-based competent	6,294	3,738
Compensation of former Management Board members [1]	4,166	12,566
Pension provisions for former Management Board members	52,501	28,820
Total Supervisory Board compensation	689	586

[1] Includes severance payments including additional benefits amounting to € 1,850 thousand (previous year: € 9,629 thousand).

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
a) DB Netz AG [1] (Chairman)
DEVK Deutsche Eisenbahn Versicherung Lebensversicherungsverein a.G. Betriebliche Sozialeinrichtung der Deutschen Bahn
DEVK Deutsche Eisenbahn Versicherung Sach- und HUK-Versicherungsverein a.G. Betriebliche Sozialeinrichtung der Deutschen Bahn
b) Arriva Plc, Sunderland/Great Britain [1] (Board of Directors)
Deutsche Bank AG (Advisory Board operating region Stuttgart)

Gerd Becht

Compliance, Privacy and Legal Affairs,
Member of the Management Board of DB Mobility Logistics AG,
Bad Homburg
a) DB Schenker Rail Deutschland AG [1]
DB International GmbH [1]
DB Sicherheit GmbH [1]
DEVK Rückversicherungs- und Beteiligungs-Aktiengesellschaft
b) DEVK Deutsche Eisenbahn Versicherung Sach- und HUK-Versicherungsverein a.G. Betriebliche Sozialeinrichtung der Deutschen Bahn (Advisory Board)

Stefan Garber

Infrastructure,
Bad Homburg
– up to March 31, 2010 –
a) DB Station & Service AG [1] (Chairman)
DB Energie GmbH [1] (Chairman)
DB ProjektBau GmbH [1] (Chairman)
Sparda-Bank Baden-Württemberg eG
b) IDUNA Lebensversicherung a.G. Signal Iduna Gruppe (Advisory Board)

Dr. Volker Kefer

Rail Technology and Services, Infrastructure (since March 24, 2010),
Member of the Management Board of DB Mobility Logistics AG,
Erlangen
a) DB Energie GmbH [1] (Chairman)
DB International GmbH [1] (Chairman)
DB ProjektBau GmbH [1] (Chairman)
DB Station & Service AG [1] (Chairman)
b) DB Dienstleistungen GmbH [1] (Advisory Board, Chairman)
DEVK Deutsche Eisenbahn Versicherung Sach- und HUK-Versicherungsverein a.G. Betriebliche Sozialeinrichtung der Deutschen Bahn (Advisory Board)

Dr. Richard Lutz

Chief Financial Officer,
Member of the Management Board of DB Mobility Logistics AG,
Hoppegarten (Mark)
– since April 1, 2010 –
a) DB Netz AG [1]
b) Arriva Plc, Sunderland/Great Britain [1] (Board of Directors)

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 [1] (Chairman)
b) DVA Deutsche Verkehrs-Assekuranz-Vermittlungs-GmbH [1] (Chairman)

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

[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, 2010 or the time of leaving the services of the company in 2010. If appointed after December 31, 2010, the time of appointment is used.

SUPERVISORY BOARD

Dr. Günther Saßmannshausen
Honorary Chairman of the Supervisory Board,
Hanover
– deceased November 21, 2010 –

Prof. Dr. Dr. Utz-Hellmuth Felcht
Chairman of the Supervisory Board,
Partner One Equity Partners Europe GmbH,
Munich
– since March 24, 2010 –
a) DB Mobility Logistics AG (Chairman)
b) CRH plc, Dublin/Ireland
Jungbunzlauer Holding AG,
Basel/Switzerland (Administrative Board)
Süd-Chemie Aktiengesellschaft (Chairman)

Dr. Werner Müller
Chairman of the Supervisory Board,
Mülheim an der Ruhr
– up to March 24, 2010 –
a) DB Mobility Logistics AG (Chairman)
b) Stadler Rail AG, Bussnang/Switzerland (Administrative Board)

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

Dr. Hans Bernhard Beus
State Secretary in the Federal Ministry of Finance,
Berlin
– since March 9, 2010 –
a) DB Mobility Logistics AG
b) KfW IPEX-Bank GmbH

Georg Brunnhuber
Member of the German Bundestag (retired),
Oberkochen
– up to March 24, 2010 –

Niels Lund Chrestensen
General Manager of N.L. Chrestensen Samenzucht und Produktion GmbH,
Erfurt
– up to March 24, 2010 –
a) Funkwerk AG
b) Landesbank Hessen-Thüringen (Advisory Board Public Sector Companies/Institutions, Municipalities and Savings Banks)
Thüringer Aufbaubank (Administrative Board)

Christoph Dänzer-Vanotti
Lawyer,
Essen
a) E.ON Energie AG
E.ON Energy from Waste AG

Patrick Döring
Member of the German Bundestag,
Hanover
– since March 24, 2010 –
a) VIFG Verkehrsinfrastrukturfinanzierungsgesellschaft mbH
b) DFS Deutsche Flugsicherung GmbH (Advisory Board)
WEGE RE s.a, Luxembourg/Luxembourg (Administrative Board)

Dr.-Ing. Dr. E.h. Jürgen Großmann
Chairman of the Management Board of RWE AG,
Hamburg
a) BATIG Gesellschaft für Beteiligungen mbH
British American Tobacco (Germany) GmbH
British American Tobacco (Industrie) GmbH
SURTECO SE (Chairman)
VOLKSWAGEN AG
b) Hanover Acceptances Limited, London/Great Britain

Horst Hartkorn*
Chairman of the Works Council of S-Bahn Hamburg GmbH,
Hamburg
– up to March 24, 2010 –
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
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 Schenker Rail Deutschland AG
b) DEVK Pensionsfonds-AG (Advisory Board)

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

Wolfgang Joosten*
Chairman of the Central Works Council, DB Fernverkehr AG,
Lünen
– since March 24, 2010 –
a) DB Fernverkehr AG
b) DEVK Deutsche Eisenbahn Versicherung Lebensversicherungsverein a.G. Betriebliche Sozialeinrichtung der Deutschen Bahn (Advisory Board)

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 (Chairman)
DEVK Pensionsfonds-AG (Chairman)
DEVK Vermögensvorsorge- und Beteiligungs-AG (Chairman)

Helmut Kleindienst*
Chairman of the Branch Works Council of the Services
Business Unit of DB Group,
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,
Lenze AG
b) Peek&Cloppenburg KG (Advisory Board)

Prof. Dr. Knut Löschke
Management consultant,
Leipzig
– since March 24, 2010 –
a) Stratos Aktiengesellschaft
b) Druck&Werte GmbH (Advisory Board, Chairman)

Vitus Miller*
Chairman of the Central Works Council Regional/Urban Transport
of DB Group,
Stuttgart
a) DB Regio AG
b) DB GesundheitsService GmbH (Advisory Board)

Heike Moll*
Chairwoman of the Central Works Council of DB Station&Service AG,
Munich
– up to March 24, 2010 –
a) DB Station&Service AG
b) DEVK Deutsche Eisenbahn Versicherung
Sach- und HUK-Versicherungsverein a.G.
Betriebliche Sozialeinrichtung der Deutschen Bahn
(Advisory Board)

Dr. Walther Otremba
State Secretary in the Federal Ministry of Defense,
St. Augustin
– up to March 8, 2010 –
a) DB Mobility Logistics AG

Ute Plambeck*
Management Representative of Deutsche Bahn AG for the
Federal States of Hamburg/Schleswig-Holstein,
Hamburg
a) Autokraft GmbH
S-Bahn Hamburg GmbH
Sparda-Bank Hamburg eG

Mario Reiß*
Chairman of the Works Council of DB Schenker Rail
Deutschland AG NL Süd-Ost,
Süptitz
– since March 24, 2010 –
a) DB Schenker Rail Deutschland AG

Regina Rusch-Ziemba*
Deputy Chairwoman of the Eisenbahn- und
Verkehrsgewerkschaft trade union,
Hamburg
a) DB Station&Service AG
DB Bahnbau Gruppe GmbH
DB Fahrwegdienste GmbH
DB ProjektBau GmbH
DEVK Allgemeine Lebensversicherungs-AG (Chairman)
DEVK Allgemeine Versicherungs-AG
DEVK Pensionsfonds-AG
b) DB Jobservice GmbH
DGB Rechtsschutz GmbH

Prof. Klaus-Dieter Scheurle
State Secretary, Federal Ministry of Transport,
Building and Urban Affairs,
Bonn
a) DB Mobility Logistics AG
Fraport AG
b) DFS Deutsche Flugsicherung GmbH

Dr.-Ing. E.h. Dipl.-Ing. Heinrich Weiss
Chairman of Management Board of SMS GmbH,
Hilchenbach-Dahlbruch
a) DB Mobility Logistics AG
SMS Siemag AG 1) (Chairman)
Voith AG
b) Bombardier Inc., Montreal/Canada

* 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, 2010 or the time of leaving the services of the company in 2010. If appointed after December 31, 2010, the time of appointment is used.

SUPERVISORY BOARD COMMITTEES

EXECUTIVE COMMITTEE
Prof. Dr. Dr. Utz-Hellmuth Felcht (Chairman since March 24, 2010)
Dr. Werner Müller (Chairman up to March 24, 2010)
Günter Kirchheim
Alexander Kirchner
State Secretary Prof. Klaus-Dieter Scheurle

AUDIT AND COMPLIANCE COMMITTEE
Dr. Jürgen Krumnow (Chairman)
Helmut Kleindienst
Regina Rusch-Ziemba
State Secretary Prof. Klaus-Dieter Scheurle

PERSONNEL COMMITTEE
Prof. Dr. Dr. Utz-Hellmuth Felcht (Chairman since March 24, 2010)
Dr. Werner Müller (Chairman up to March 24, 2010)
Günter Kirchheim
Alexander Kirchner
State Secretary Prof. Klaus-Dieter Scheurle

MEMBERS OF THE MEDIATION COMMITTEE IN ACCORDANCE WITH SECTION 27 (3) MITBESTG
Prof. Dr. Dr. Utz-Hellmuth Felcht (Chairman since March 24, 2010)
Dr. Werner Müller (Chairman up to March 24, 2010)
Günter Kirchheim
Alexander Kirchner
State Secretary Prof. Klaus-Dieter Scheurle

(26) Auditor's fees

Details of the fees of the company's auditor have not been disclosed because such information is included in the consolidated financial statements of DB AG.

(27) Events after the balance sheet date

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

(28) Proposed appropriation of results

The following proposal is made to the shareholders' meeting: The cumulative profit reported as of December 31, 2010 (€ 3,204,613,243.21) should be used to pay a dividend of € 500,000,000.00, and the remainder of € 2,704,613,243.21 should be carried forward to the new account.

Berlin, February 22, 2011
Deutsche Bahn Aktiengesellschaft

The Management Board

List of shareholdings

LIST OF SHAREHOLDINGS OF DB AG (ACCORDING TO SECTION § 313 (2) HGB)

Subsidiary [Name and domicile]	Equity in TLC[6]	Ownership in %
DB BAHN LONG-DISTANCE		
FULLY CONSOLIDATED		
City Night Line CNL AG i.L., Zurich/Switzerland	71[1]	100.00
DB Bahn Italia S.r.l., Verona/Italy	7,568	100.00
DB European Railservice GmbH, Dortmund[7]	-309	100.00
DB Fernverkehr Aktiengesellschaft, Frankfurt am Main[7]	2,061,803	100.00
DB Reise & Touristik Suisse SA, Bern/Switzerland	547	100.00
DB AutoZug GmbH, Dortmund[7]	134,291	100.00
GERMAN RAIL UK LIMITED, London/Great Britain	-23	100.00
le train DB S.A.S, Paris/France	1,551	100.00
AT EQUITY		
Alleo GmbH, Saarbrücken[7]	127	50.00
RailLink B.V., Amsterdam/the Netherlands[7),10]	-5,838	25.00
Railteam B.V., Amsterdam/the Netherlands[7),8),10]	82	25.00
Rheinalp GmbH, Freiburg im Breisgau[7),8]	0	50.00
DB BAHN REGIONAL		
FULLY CONSOLIDATED		
Botniatag AB, Stockholm/Sweden	19,010	60.00
Chiltern Railway Company Limited, London/Great Britain	11,125	100.00
DB Bahn Polska Sp. z o.o., Warsaw/Poland	68	100.00
DB Regio Aktiengesellschaft, Frankfurt am Main[7]	1,797,308	100.00
DB Regio Bayern GmbH, Munich[7]	25	100.00
DB Regio Essex Thameside Limited, London/Great Britain	0	100.00
DB Regio Hanse Verkehr GmbH, Rostock[7]	25	100.00
DB Regio Hessen GmbH, Frankfurt am Main[7]	25	100.00
DB Regio Nahverkehr Drei GmbH, Frankfurt am Main[7]	25	100.00
DB Regio Nahverkehr Eins GmbH, Frankfurt am Main[7]	25	100.00
DB Regio Nord GmbH, Hanover[7]	25	100.00
DB Regio Nordost GmbH, Potsdam[7]	25	100.00
DB Regio NRW GmbH, Düsseldorf[7]	249,654	100.00
DB Regio Rheinland GmbH, Cologne[7]	16,989	100.00
DB Regio Rhein-Ruhr GmbH, Essen[7]	25	100.00
DB Regio Südost GmbH, Leipzig[7]	25	100.00
DB Regio Südwest GmbH, Mainz[7]	25	100.00
DB Regio Sverige AB, Stockholm/Sweden	16,467	100.00
DB Regio Thüringen GmbH, Erfurt[7]	25	100.00
DB Regio Tyne and Wear Limited, London/Great Britain	-3,383	100.00
DB Regio UK Limited, London/Great Britain	-9,271	100.00
DB Regio Westfalen GmbH, Dortmund[7]	25	100.00
DB RegioNetz Verkehrs GmbH, Frankfurt am Main[7]	67,651	100.00
DB ZugBus Regionalverkehr Alb-Bodensee GmbH (RAB), Ulm[7]	24,218	100.00
M40 Trains Limited, London/Great Britain	38,719	100.00
RegioTram Betriebsgesellschaft mbH, Kassel	128	50.96
S-Bahn Berlin GmbH, Berlin[7]	168,146	100.00
S-Bahn Hamburg GmbH, Hamburg[7]	61,924	100.00
S-Bahn Mitteldeutschland GmbH, Leipzig[7]	25	100.00
AT EQUITY		
Bodensee-Oberschwaben Verkehrsverbundgesellschaft mit beschränkter Haftung, Ravensburg[7),9]	119	25.31
Kahlgrund-Verkehrs-Gesellschaft mit beschränkter Haftung, Schöllkrippen[7),9]	10,277	28.00
London Overground Rail Operations Limited, London/Great Britain[7),9]	3,717	50.00
NSH Nahverkehr Schleswig-Holstein GmbH, Kiel[7),10]	4	46.90
Regionalverkehr Bayerisch Schwaben GmbH (RBS), Augsburg[7),9]	111	50.00
Regio-Verkehrsverbund Freiburg GmbH (RVF), Freiburg[7),10]	411	45.00
stadtbus Ravensburg Weingarten GmbH, Ravensburg[7),9]	25	45.20
Unternehmensgesellschaft Verkehrsverbund Rhein-Neckar GmbH (URN GmbH), Mannheim[7),9]	202	34.15
Verkehrsgemeinschaft Mittelthüringen GmbH (VMT), Erfurt[7),9]	61	16.67
Verkehrsunternehmen Hegau-Bodensee Verbund GmbH (VHB), Constance[7),9]	30	34.00
Verkehrsverbund Bremen/Niedersachsen GmbH (VBN), Bremen[7),10]	181	29.65
Verkehrsverbund Großraum Nürnberg GmbH (VGN), Nuremberg[7),9]	38	26.32
Verkehrsverbund Neckar-Alb-Donau GmbH (naldo), Hechingen[7),9]	40	21.00
Verkehrsverbund Süd-Niedersachsen GmbH (VSN), Göttingen[7),10]	88	33.08
Wrexham, Shropshire & Marylebone Holdings Limited, London/Great Britain[7),9]	-10,741	50.00
WTV Waldshuter Tarifverbund GmbH, Waldshut-Tiengen[7),9]	94	40.00
DB BAHN URBAN		
FULLY CONSOLIDATED		
A. Philippi GmbH, Quierschied[7]	384	100.00

Subsidiary [Name and domicile]	Equity in TLC[6]	Ownership in %
Autokraft GmbH, Kiel[7]	8,554	100.00
Bayern Express & P. Kühn Berlin GmbH, Berlin[7]	3,913	100.00
BBH BahnBus Hochstift GmbH, Paderborn[7]	2,166	100.00
Berlin Linien Bus GmbH, Berlin	26	65.00
BRN Busverkehr Rhein-Neckar GmbH, Ludwigshafen am Rhein[7]	13,269	100.00
BRN Stadtbus GmbH, Ludwigshafen am Rhein[7]	205	100.00
BRS Busverkehr Ruhr-Sieg GmbH, Meschede[7]	4,519	100.00
Busverkehr Märkisch-Oderland GmbH, Strausberg	6,026	51.17
Busverkehr Oder-Spree GmbH, Fürstenwalde	4,003	51.17
BVO Busverkehr Ostwestfalen GmbH, Bielefeld[7]	10,924	100.00
BVR Busverkehr Rheinland GmbH, Düsseldorf[7]	4,257	100.00
DB Stadtverkehr Bayern GmbH, Coburg[7]	25	100.00
DB Stadtverkehr GmbH, Frankfurt am Main[7]	-1,262	100.00
Friedrich Müller Omnibusunternehmen GmbH, Schwäbisch Hall[7]	292	100.00
Georg Schulmeyer GmbH, Mörfelden-Walldorf[7]	444	100.00
Haller Busbetrieb GmbH, Walsrode[7]	25	100.00
Hanekamp Busreisen GmbH, Cloppenburg[7]	555	100.00
Heider Stadtverkehr GmbH, Heide[7]	52	100.00
KOB GmbH, Oberthulba	790	70.00
NVO Nahverkehr Ostwestfalen GmbH, Münster/Westphalia[7]	1,397	100.00
Omnibusverkehr Franken GmbH (OVF), Nuremberg[7]	13,703	100.00
ORN Omnibusverkehr Rhein-Nahe GmbH, Mainz[7]	5,201	100.00
Pan Bus A/S, Viborg/Denmark	8,628	90.00
RBO Regionalbus Ostbayern GmbH, Regensburg[7]	10,166	100.00
RDS bus s.r.o., Babylon/Czech Republic	87[1]	100.00
Regional Bus Stuttgart GmbH RBS, Stuttgart[7]	15,862	100.00
Regional- und Stadtverkehr Bayern GmbH (RSB), Nuremberg[7]	25	100.00
Regionalbus Braunschweig GmbH -RBB-, Brunswick[7]	7,140	100.00
Regionalverkehr Allgäu GmbH (RVA), Oberstdorf[7]	3,234	70.00
Regionalverkehr Dresden GmbH, Dresden	5,621	51.00
Regionalverkehr Kurhessen GmbH (RKH), Kassel[7]	15,515	100.00
Regionalverkehr Oberbayern Gesellschaft mit beschränkter Haftung, Munich[7]	13,255	100.00
rhb rheinhunsrückbus GmbH, Simmern	240	48.69
Rhein-Westerwald Nahverkehr GmbH, Montabaur	129	61.36

Subsidiary [Name and domicile]	Equity in TLC[6]	Ownership in %
RMV Rhein-Mosel Verkehrsgesellschaft mbH, Koblenz[7]	9,551	74.90
RVE Regionalverkehr Euregio Maas-Rhein GmbH, Aachen[7]	1,340	100.00
RVN Regionalverkehr Niederrhein GmbH, Wesel[7]	509	100.00
RVS Regionalbusverkehr Südwest GmbH, Karlsruhe[7]	7,164	100.00
Saar-Pfalz-Bus GmbH, Saarbrücken[7]	9,435	100.00
SBG SüdbadenBus GmbH, Freiburg im Breisgau[7]	6,660	100.00
Südwest Mobil GmbH, Mainz[7]	51	100.00
Verkehrsgesellschaft mbH Untermain - VU -, Aschaffenburg[7]	2,572	100.00
Verkehrsgesellschaft Schleswig-Holstein mbH, Flensburg[7]	59	100.00
Verkehrsgesellschaft Schwalm-Eder mbH (VSE), Kassel	26	100.00
WB Westfalen Bus GmbH, Münster[7]	6,024	100.00
Weser-Ems Busverkehr GmbH (WEB), Bremen[7]	10,130	100.00
Zentral-Omnibusbahnhof Berlin GmbH, Berlin[7]	414	100.00
AT EQUITY		
"Steig ein" GmbH, Kempten[7, 9]	37	23.33
die Linie GmbH Verkehrsbetrieb, Schenefeld[7, 9]	1,043	25.00
ETP EURO TRAFFIC PARTNER GmbH, Chemnitz[7, 9]	447	12.75
Filsland Mobilitätsverbund GmbH, Göppingen		30.00
FSN Fahrzeugservice Neunkirchen GmbH, Neunkirchen[7, 9]	99	47.50
Hövelhofer Ortsbus GmbH (HOB), Rheda-Wiedenbrück[7, 12]	11	50.00
Kitzinger Nahverkehrsgemeinschaft (KiNG), Kitzingen		50.00
Kreisbahn Aurich GmbH, Aurich[7, 9]	1,192	33.33
Main-Spessart-Nahverkehrsgesellschaft mbH, Gemünden (Main)[7, 10]	107	25.00
Nahverkehrsgesellschaft Kreis Gütersloh mbH (NVG) i. L., Gütersloh[7, 12]	45	24.70
OWL Verkehr GmbH, Bielefeld[7, 9]	51	34.35
RBP Regionalbusverkehr Passau Land GmbH, Bad Füssing[7, 10]	77	33.33
Rhein-Nahe Nahverkehrsverbund GmbH, Ingelheim am Rhein[7, 11]	127	38.33
Saarländische Nahverkehrs-Service GmbH, Saarbrücken[7, 10]	50	30.00
TGO - Tarifverbund Ortenau GmbH, Offenburg[7, 9]	225	48.50
UVW Unternehmensverbund Westpfalz GmbH, Kaiserslautern[9]	29	61.67
Verkehrsgemeinschaft Aalen GmbH (VGA), Aalen[7, 10]	64	26.67

Subsidiary [Name and domicile]	Equity in TLC[6)]	Ownership in %
Verkehrsgemeinschaft Schwäbisch Gmünd GmbH (VSG), Schwäbisch Gmünd[7), 11)]	28	25.00
Verkehrsgesellschaft Landkreis Nienburg mbH (VLN), Nienburg/Weser[7), 10)]	26	47.00
VerkehrsGesellschaft Main-Tauber mbH (VGMT), Lauda-Königshofen[7), 10)]	48	42.19
Verkehrs-Servicegesellschaft Paderborn/Höxter mbH (VPH), Paderborn[7), 12)]	41	37.00
Verkehrsunternehmens-Verbund Mainfranken GmbH – VVM, Würzburg[7), 9)]	28	19.82
Verkehrsverbund Schwarzwald-Baar GmbH (VSB), Villingen-Schwenningen[7), 9)]	172	45.00
VGC Verkehrsgesellschaft Bäderkreis Calw mbH, Calw[7), 9)]	321	32.50
VHN Verkehrsholding Nord GmbH & Co. KG, Flensburg[7), 9)]	720	20.00
VHN Verwaltungsgesellschaft mbH, Flensburg[7), 9)]	266	20.00
VMS Verkehrs-Management und Service GmbH, Trier[7), 9)]	56	38.46
Völklinger Verkehrsgesellschaft mbH, Völklingen[7), 9)]	231	25.50
WNS Westpfälzische Nahverkehrs-Service GmbH, Kaiserslautern[7), 9)]	290	45.00
ZOB Zentral-Omnibus-Bahnhof GmbH, Bremen[7), 9)]	30	25.60
AT COST		
Regio Verkehrsverbund Lörrach GmbH (RVL), Lörrach[7), 9), 17)]	233	54.00
Verkehrsverbund Rottweil GmbH (VVR), Rottweil[7), 9), 17)]	87	70.20
vgf Verkehrs-Gemeinschaft Landkreis Freudenstadt GmbH, Waldachtal[7), 9), 17)]	127	52.92
DB ARRIVA		
FULLY CONSOLIDATED		
A&T Motor Retailing Limited, Sunderland/Great Britain	1,514	100.00
ACTIJOVEN CONSULTING & TRAVELLING s.l., Madrid/Spain	263	100.00
AJ Transit Limited, Sunderland/Great Britain	0	100.00
Alliance Rail Holdings Ltd, York/Great Britain	-92	75.10
Alliance Rail Management Ltd, York/Great Britain	0	75.10
Alnery 1345 Limited, Sunderland/Great Britain	-0	100.00
Ambermile Ltd, Sunderland/Great Britain	98	100.00
APS (Leasing) Ltd, Sunderland/Great Britain	12,282	100.00
Arriva (2007) Limited, Sunderland/Great Britain	380,702	100.00
Arriva (Doxford) Limited, Sunderland/Great Britain	0	100.00
Arriva Abbey Line Limited, Sunderland/Great Britain	0	100.00

Subsidiary [Name and domicile]	Equity in TLC[6)]	Ownership in %
Arriva Achterhoek – Rivierenland BV, Heerenveen/the Netherlands	183	100.00
Arriva Beheer NV, Heerenveen/the Netherlands	8,051	100.00
Arriva Brabant BV, Heerenveen/the Netherlands	-1,011	100.00
Arriva Bus & Coach Holdings Limited, Sunderland/Great Britain	20,883	100.00
Arriva Bus and Coach Finance Ltd, Sunderland/Great Britain	1,871	100.00
Arriva Bus and Coach Ltd, Sunderland/Great Britain	7,781	100.00
Arriva Bus and Coach Rental (1) Ltd, Sunderland/Great Britain	3,465	100.00
Arriva Bus and Coach Rental (2) Ltd, Sunderland/Great Britain	3,166	100.00
Arriva Bus and Coach Rental (3) Ltd, Sunderland/Great Britain	1,831	100.00
Arriva Bus and Coach Rental (4) Ltd, Sunderland/Great Britain	-3,295	100.00
Arriva Busfleet NV, Heerenveen/the Netherlands	-3,619	100.00
Arriva Cheshire Limited, Sunderland/Great Britain	1,251	100.00
Arriva Colchester Limited, Sunderland/Great Britain	-64	100.00
Arriva Concessie BV, Heerenveen/the Netherlands	18	100.00
Arriva Coöperatie W.A., Heerenveen/the Netherlands	686,483	100.00
Arriva Croydon & North Surrey Limited, Sunderland/Great Britain	-16	100.00
Arriva Cymru Limited, Sunderland/Great Britain	5,534	100.00
Arriva DAV BV, Heerenveen/the Netherlands	-6,218	100.00
Arriva Derby Limited, Sunderland/Great Britain	6,295	100.00
Arriva Durham County Limited, Sunderland/Great Britain	1,424	100.00
Arriva East Herts & Essex Ltd, Sunderland/Great Britain	876	100.00
Arriva Finance Holding BV, Heerenveen/the Netherlands	76,546	100.00
Arriva Finance Lease Limited, Sunderland/Great Britain	7,557	100.00
Arriva Finance Limited, Sunderland/Great Britain	0	100.00
Arriva Findiv Limited, Sunderland/Great Britain	259,966	100.00
Arriva Fox County Limited, Sunderland/Great Britain	0	100.00
Arriva Guildford & West Surrey Limited, Sunderland/Great Britain	2,031	100.00
Arriva Holding Ceska Republika s.r.o., Prague/Czech Republic	358,617	100.00
Arriva Hongarije Holding BV, Heerenveen/the Netherlands	33,468	100.00

Subsidiary [Name and domicile]	Equity in TLC[6)]	Ownership in %
Arriva HWGO BV, Heerenveen/the Netherlands	-2,477	100.00
Arriva Insurance A/S, Kastrup/Denmark	29,985	100.00
Arriva Insurance Company (Gibraltar) Limited, Gibraltar/Gibraltar	5,570[2)]	100.00
Arriva International (2) Limited, Sunderland/Great Britain	3	100.00
Arriva International (7) Limited, Sunderland/Great Britain	151,615	100.00
Arriva International (Northern Europe) Limited, Sunderland/Great Britain	362,304[1)]	100.00
Arriva International (Southern Europe) Limited, Sunderland/Great Britain	362,302[1)]	100.00
Arriva International Finance Limited, Sunderland/Great Britain	367,108[1)]	100.00
Arriva International Limited, Sunderland/Great Britain	291,800	100.00
Arriva International Trains (Leasing) Limited, Sunderland/Great Britain	14,550[1)]	100.00
ARRIVA INVESTIMENTOS SGPS, SA, Almada/Portugal	194,820	99.99
Arriva Italia S.R.L., Bergamo/Italy	-2	100.00
Arriva Italia s.r.l., Milan/Italy	77,172	99.99
Arriva Kent & Sussex Limited, Sunderland/Great Britain	5,457	100.00
Arriva Kent Thameside Limited, Sunderland/Great Britain	10,593	100.00
Arriva Leasing (UK) Limited, Sunderland/Great Britain	0	100.00
ARRIVA LISBOA TRANSPORTES SA, Almada/Portugal	7	99.99
Arriva Liverpool Limited, Sunderland/Great Britain	736	100.00
Arriva London Limited, Sunderland/Great Britain	0	100.00
ARRIVA LONDON NORTH EAST LTD, Sunderland/Great Britain	5,749	100.00
ARRIVA LONDON NORTH LTD, Sunderland/Great Britain	35,532	100.00
ARRIVA LONDON SOUTH LTD, Sunderland/Great Britain	17,698	100.00
Arriva Magyarorszag Vagyonkezelo Kft, Budapest/Hungary	7,800,454	100.00
Arriva Malta Finance & Investments Limited, Sunderland/Great Britain	609,164[1)]	99.99
Arriva Malta Holdings Limited, Sunderland/Great Britain	582,458[1)]	100.00
Arriva Malta Limited, Sunderland/Great Britain	6[1)]	66.67
Arriva Manchester Limited, Sunderland/Great Britain	-790	100.00
Arriva Medway Towns Limited, Sunderland/Great Britain	3,338	100.00
Arriva Merseyside Limited, Sunderland/Great Britain	16,125	100.00
Arriva Midland Red North Limited, Sunderland/Great Britain	109	100.00

Subsidiary [Name and domicile]	Equity in TLC[6)]	Ownership in %
Arriva Midlands Limited, Sunderland/Great Britain	5,041	100.00
Arriva Midlands North Limited, Sunderland/Great Britain	9,672	100.00
Arriva Motor Holdings Limited, Sunderland/Great Britain	140,858	100.00
Arriva Motor Retailing Limited, Sunderland/Great Britain	67,365	100.00
Arriva Multimodaal BV, Heerenveen/the Netherlands	18	100.00
Arriva Noroeste s.l., Ferrol/Spain	20,518	100.00
Arriva North East Limited, Sunderland/Great Britain	6,330	100.00
Arriva North West Limited, Sunderland/Great Britain	1,104	100.00
Arriva Northumbria Limited, Sunderland/Great Britain	4,378	100.00
Arriva Openbaar Vervoer NV, Heerenveen/the Netherlands	62,200	100.00
Arriva Passenger Services (International) Limited, Sunderland/Great Britain	-167	100.00
Arriva Passenger Services Limited, Sunderland/Great Britain	174,647	100.00
Arriva Passenger Services Pension Trustees Limited, Sunderland/Great Britain	0	100.00
Arriva Personenvervoer Nederland BV, Heerenveen/the Netherlands	152,695	100.00
Arriva Plc, Sunderland/Great Britain	605,000	100.00
Arriva Polen Holding BV, Heerenveen/the Netherlands	4,656	100.00
Arriva Polska Sp. z o.o., Warsaw/Poland	6,516	100.00
ARRIVA PORTUGAL – TRANSPORTES LDA, Guimarães/Portugal	8,884	99.99
Arriva RP Sp. z o.o., Warsaw/Poland	141	100.00
Arriva Scotland West Limited, Inchinnan/Great Britain	2,739	100.00
Arriva Skandinavien A/S, Kastrup/Denmark	428,934	100.00
Arriva Slowakije Holding BV, Heerenveen/the Netherlands	19	100.00
Arriva Southend Limited, Sunderland/Great Britain	5,208	100.00
Arriva Southern Counties Limited, Sunderland/Great Britain	1,165	100.00
Arriva Sverige AB, Helsingborg/Sweden	26,344	100.00
Arriva Tag AB, Malmö/Sweden	53,952	100.00
Arriva Techniek BV, Heerenveen/the Netherlands	-1,363	100.00
Arriva Tees & District Limited, Sunderland/Great Britain	446	100.00
Arriva Teeside Limited, Sunderland/Great Britain	129	100.00
Arriva the Shires Limited, Sunderland/Great Britain	6,232	100.00
Arriva Tog A/S, Kastrup/Denmark	114,149	100.00

Subsidiary [Name and domicile]	Equity in TLC[6)]	Ownership in %
Arriva Touring BV, Heerenveen/the Netherlands	1,443	100.00
Arriva Tours Ltd, Sunderland/Great Britain	5	100.00
Arriva Trains (Poland) Limited, Sunderland/Great Britain	657[1)]	100.00
Arriva Trains Anglia Limited, Sunderland/Great Britain	0	100.00
Arriva Trains East Coast Limited, Sunderland/Great Britain	0	100.00
Arriva Trains Merseyside Limited, Sunderland/Great Britain	21,029	100.00
Arriva Trains Northern Limited, Sunderland/Great Britain	47,501	100.00
Arriva Trains Scotrail Limited, Sunderland/Great Britain	0	100.00
Arriva Trains Thameside Limited, Sunderland/Great Britain	0	100.00
Arriva Trains Wales Limited, Sunderland/Great Britain	24,837	100.00
ARRIVA TRANSPORTES DA MARGEM SUL, SA, Almada/Portugal	81,183	99.99
Arriva Trustee Company Limited, Sunderland/Great Britain	0	100.00
Arriva UK Trains Limited, Sunderland/Great Britain	27,951	100.00
Arriva vlaky s.r.o., Prague/Czech Republic	-538	100.00
Arriva Wadden BV, Heerenveen/the Netherlands	1,119	100.00
Arriva Waterland Rivierenland BV, Heerenveen/the Netherlands	-14,833	100.00
Arriva Watford Ltd, Sunderland/Great Britain	5	100.00
Arriva West Sussex Limited, Sunderland/Great Britain	4,332	100.00
Arriva Yorkshire Ltd, Sunderland/Great Britain	3,573	100.00
Arriva Yorkshire North Ltd, Sunderland/Great Britain	246	100.00
Arriva Yorkshire South Ltd, Sunderland/Great Britain	1,264	100.00
Arriva Yorkshire West Ltd, Sunderland/Great Britain	1,458	100.00
Arriva Zuid Europa Holding BV, Heerenveen/the Netherlands	570,343	100.00
Arrowline (Travel) Limited, Sunderland/Great Britain	-1	100.00
ASC 2001 A/S, Kastrup/Denmark	182,668	100.00
At Seat Catering Limited, Cardiff/Great Britain	-10	100.00
AUTOBUSES GREISI S.L., Madrid/Spain	246	100.00
AUTOCARES FRAY ESCOBA SLU, Madrid/Spain	1,584	100.00
Autocares Mallorca, s.l., Alcudia/Spain	4,832	100.00
Autocares Pujol s.l., Alcudia/Spain	-130	100.00
Autoservizi F.V.G. S.P.A. – SAF, Udine/Italy	63,948	60.00
B.B. Motors (Bristol) Limited, Sunderland/Great Britain	0	100.00
Bergamo Trasporti Est S.c.a.r.l., Bergamo/Italy	10	93.66
Bergamo Trasporti Ovest S.c.a.r.l., Bergamo/Italy	10	65.76
BOSAK BUS spol. s r.o., Dobris/Czech Republic	48,092	100.00
British Bus (1993) Limited, Sunderland/Great Britain	1	100.00
British Bus (Properties) Limited, Sunderland/Great Britain	74,564	100.00
British Bus Group Limited, Sunderland/Great Britain	43,138	100.00
British Bus Limited, Sunderland/Great Britain	-6,840	100.00
Broadwood Finance Company Limited, Sunderland/Great Britain	-42,845	100.00
Bus Nord Balear s.l., Alcudia/Spain	-2,800	100.00
Buscompagniet 2004 ApS, Kastrup/Denmark	9,377	100.00
BUSCOMPAGNIET ApS, Kastrup/Denmark	74,259	100.00
BUSDAN 20 ApS, Kastrup/Denmark	6,861	100.00
BUSDAN 21 ApS, Kastrup/Denmark	153,981	100.00
BUSDAN 24 ApS, Kastrup/Denmark	7,402	100.00
BUSDAN 25 ApS, Kastrup/Denmark	6,185	100.00
BUSDAN 26 ApS, Kastrup/Denmark	477	100.00
BUSDAN 27 ApS, Kastrup/Denmark	-305	100.00
BUSDAN 28 ApS, Kastrup/Denmark	1,279	100.00
BUSDAN 29 ApS, Kastrup/Denmark	-4,539	100.00
BUSDAN 291 ApS, Kastrup/Denmark	1,423	100.00
BUSDAN 30 ApS, Kastrup/Denmark	-4,592	100.00
BUS-SERVICE SLOVAKIA, spol. s r.o., Komarno/Slovakia	969	100.00
BWS Cymru Cyfyngedig, Sunderland/Great Britain	5	100.00
Caserapid Limited, Sunderland/Great Britain	241	100.00
CDK Ejendomme 2005 A/S, Kastrup/Denmark	938	100.00
CDK Fleet Management A/S, Kastrup/Denmark	-260	100.00
CDK Service A/S, Kastrup/Denmark	-26,620	100.00
Chase Coaches Limited, Sunderland/Great Britain	-215	100.00
Classic Buses (Stanley) Limited, Sunderland/Great Britain	0	100.00
Classic Coaches (Continental) Limited, Sunderland/Great Britain	201	100.00
Classic Trim Ltd, Sunderland/Great Britain	0	100.00
Clydeside Buses Limited, Sunderland/Great Britain	0	100.00

Subsidiary [Name and domicile]	Equity in TLC[6)]	Ownership in %
COMBUS EJENDOMME ApS, Kastrup/Denmark	27,030	100.00
Cooperativa Bergamasca Trasporti a r.l., Bergamo/Italy	30	59.52
County Bus Holdings Ltd, Sunderland/Great Britain	98	100.00
Cowie Aviation Limited, Sunderland/Great Britain	0	100.00
Cowie Contract Hire Limited, Sunderland/Great Britain	0	100.00
Cowie Lease Limited, Sunderland/Great Britain	0	100.00
Crossville Bus Limited, Sunderland/Great Britain	1	100.00
CTD Leasing 2001 A/S, Kastrup/Denmark	33	100.00
Curtis Coaches Limited, Sunderland/Great Britain	0	100.00
Derby City Transport Limited, Sunderland/Great Britain	12	100.00
Derby Omnibus Limited, Sunderland/Great Britain	1,420	100.00
East Coast Buses Limited, Sunderland/Great Britain	0	100.00
Eastern Tractors (1981) Limited, Sunderland/Great Britain	0	100.00
Eastern Tractors (Holdings) Limited, Sunderland/Great Britain	0	100.00
EMPRESA DE BLAS Y CIA S.L., Madrid/Spain	56,930	100.00
Entidad Unica Ltd, Ferrol/Spain	26	90.91
ESFERA BUS SLU, Madrid/Spain	1,206	100.00
ESFERA UNIVERSAL SLU, Madrid/Spain	13,672	100.00
Estacion de autobuses de Ferrol S.A., Ferrol/Spain	192	80.14
EUROBUS-INVEST Regionalis Kozlkedesfejlesztesi Zrt, Budapest/Hungary	1,572,114	100.00
EUROBUS-INVEST SLOVAKIA, s.r.o., Komarno/Slovakia	-2,465	100.00
Eurocare Travel Ltd, Sunderland/Great Britain	253	100.00
Excel Gatwick Limited, Sunderland/Great Britain	0	100.00
Excel Passenger Logistics Limited, Sunderland/Great Britain	0	100.00
Fareway Passenger Services Limited, Sunderland/Great Britain	1	100.00
Fickling Investments Limited, Sunderland/Great Britain	0	100.00
Flight Delay Services Limited, Sunderland/Great Britain	0	100.00
Foxhound Limited, Sunderland/Great Britain	-1,402	100.00
Great North Eastern Railway Company Ltd, York/Great Britain	0	75.10
Great North Western Railway Company Ltd, York/Great Britain	0	75.10

Subsidiary [Name and domicile]	Equity in TLC[6)]	Ownership in %
Green Travel Limited, Sunderland/Great Britain	3	100.00
Greenline Travel Ltd, Sunderland/Great Britain	8	100.00
Grey Green Ltd, Sunderland/Great Britain	8	100.00
Guildford & West Surrey Buses Limited, Sunderland/Great Britain	3	100.00
Hanger Trucks Limited, Sunderland/Great Britain	-1,194	100.00
Hoppanstopper Ltd, Sunderland/Great Britain	3	100.00
Horsham Buses Limited, Sunderland/Great Britain	62	100.00
Hylton Castle Motors Limited, Sunderland/Great Britain	84	100.00
INFRA-S, spol. s .r.o., Komarno/Slovakia	1,120	100.00
INTER-BUS INVEST Befektetesi Zrt, Budapest/Hungary	1,137,913	100.00
JTL 2004 ApS, Kastrup/Denmark	9,216	100.00
JTL 2009 ApS, Kastrup/Denmark	5,294	100.00
Jylland Transport Service ApS, Kastrup/Denmark	867	100.00
K Line Travel Ltd, Sunderland/Great Britain	195	100.00
Kennan Investments Limited, Sunderland/Great Britain	0	100.00
Lecco Trasporti S.c.a.r.l., Lecco/Italy	10	56.94
Linkline Coaches Limited, Sunderland/Great Britain	1	100.00
Liverline Travel Services Limited, Sunderland/Great Britain	1	100.00
LJ Transit (Southern) Limited, Sunderland/Great Britain	0	100.00
London & Country Bus (North West) Ltd, Sunderland/Great Britain	0	100.00
London & Country Ltd, Sunderland/Great Britain	282	100.00
London and Northwestern Railway Company Limited, Sunderland/Great Britain	-3,373	99.97
London Pride (Bus Sales) Ltd, Sunderland/Great Britain	65	100.00
London Pride Bus and Coach Sales Ltd, Sunderland/Great Britain	41	100.00
London Pride Engineering Ltd, Sunderland/Great Britain	0	100.00
London Pride Group Ltd, Sunderland/Great Britain	452	100.00
London Pride Sightseeing Ltd, Sunderland/Great Britain	1,579	100.00
Londonlinks Buses Limited, Sunderland/Great Britain	-6	100.00
LSK Leasing A/S, Kastrup/Denmark	2,565	100.00
Maidstone & District Advertising Limited, Sunderland/Great Britain	-13	100.00
Maidstone & District Motor Services Ltd, Sunderland/Great Britain	1,046	100.00

Subsidiary [Name and domicile]	Equity in TLC 6)	Ownership in %
Maldencrest Limited, Sunderland/Great Britain	1	100.00
Meadowhall Limited, Sunderland/Great Britain	52	100.00
Merseyrail Electrics Limited, Sunderland/Great Britain	0	100.00
Merseyrider Limited, Sunderland/Great Britain	66	100.00
Merseyside Transport Limited, Sunderland/Great Britain	0	100.00
Milton Keynes Coaches Ltd, Sunderland/Great Britain	0	100.00
MK Metro Ltd, Sunderland/Great Britain	7,062	100.00
Moordale Coaches Limited, Sunderland/Great Britain	553	100.00
Motor Coach (Holdings) Limited, Sunderland/Great Britain	553	100.00
MTL (Heysham) Limited, Sunderland/Great Britain	0	100.00
MTL Asset Management Limited, Sunderland/Great Britain	0	100.00
MTL Northern Limited, Sunderland/Great Britain	0	100.00
MTL Services Limited, Sunderland/Great Britain	29,946	100.00
MTL Transport Limited, Sunderland/Great Britain	8	100.00
MTL Transport Services Limited, Sunderland/Great Britain	-589	100.00
MTL Trust Holdings Limited, Sunderland/Great Britain	-1	100.00
NETOSEC SLU, Madrid/Spain	293	100.00
Network Colchester Limited, Sunderland/Great Britain	335	100.00
New Enterprise Coaches (Tonbridge) Limited, Sunderland/Great Britain	-274	100.00
North British Bus Limited, Sunderland/Great Britain	2,369	100.00
North East Bus Limited, Sunderland/Great Britain	16,234	100.00
North East Bus Properties Limited, Sunderland/Great Britain	118	100.00
North Western Road Car Company Limited, Sunderland/Great Britain	26	100.00
Northern Spirit Limited, Sunderland/Great Britain	0	100.00
Northern Spirit Rail Limited, Sunderland/Great Britain	0	100.00
Northern Spirit Services Limited, Sunderland/Great Britain	25	100.00
Northern Spirit Trains Limited, Sunderland/Great Britain	0	100.00
Northern Spirit Transport Limited, Sunderland/Great Britain	0	100.00
Northern Spirit Travel Limited, Sunderland/Great Britain	0	100.00

Subsidiary [Name and domicile]	Equity in TLC 6)	Ownership in %
Northumbria Motor Services Limited, Sunderland/Great Britain	126	100.00
NV Arriva Groningen, Heerenveen/the Netherlands	4,311	100.00
NV Personeel de Noord-Westhoek, Heerenveen/the Netherlands	421	100.00
OFJ Connections Limited, Sunderland/Great Britain	0	100.00
OFJ Ground Services Limited, Sunderland/Great Britain	1	100.00
OSNADO spol. s.r.o., Svoboda nad Upou/Czech Republic	54,952	100.00
Peter Sherratt Limited, Sunderland/Great Britain	0	100.00
Pickerings Transport Services Limited, Sunderland/Great Britain	1,024	100.00
Premier Buses Ltd, Sunderland/Great Britain	2,102	100.00
Proudmutual Fleet Management Ltd., Sunderland/Great Britain	221	100.00
Regional Railways North East Limited, Sunderland/Great Britain	0	100.00
RIVIERA TRASPORTI LINEA S.P.A., Imperia/Italy	325	79.99
Runway Motors (Bristol) Limited, Sunderland/Great Britain	0	100.00
S.A.B. AUTOSERVIZI S.R.L., Bergamo/Italy	27,356	99.99
S.A.L. Servizi automobilistici Lecchesi S.R.L., Lecco/Italy	5,736	99.99
S.I.A. Societa Italiana Autoservizi S.P.A., Brescia/Italy	36,860	99.99
SAB Piemonte S.r.l. a socio unico, Grugliasco (TO)/Italy	6,780	99.99
SAD-BUSZ Szemelyszallitasi es Szolgaltato Kft, Szekesfehervar/Hungary	6,754	72.25
SADEM – SOCIETA' PER AZIONI, Turint/Italy	19,572	99.99
SAIA TRASPORTI S.P.A., Brescia/Italy	19,862	99.99
SBM ApS, Kastrup/Denmark	-52,742	100.00
Selby and District Bus Company Limited, Sunderland/Great Britain	8	100.00
SERVICIOS INTEGRALES BUS & TRUCK S.A., Madrid/Spain	180	100.00
Slovenska autobusova doprava Michalovce, a.s., Michalovce/Slovakia	8,551	60.14
Slovenska autobusova doprava Nove Zamky, a.s., Nove Zamky/Slovakia	6,777	60.36
South Lancs Transport Limited, Sunderland/Great Britain	120	100.00
Stevensons Bus Services Limited, Sunderland/Great Britain	0	100.00
Stevensons of Uttoxeter Limited, Sunderland/Great Britain	374	100.00
STRM ApS, Kastrup/Denmark	74	100.00
T.Cowie Property Developments (Sheffield) Limited, Sunderland/Great Britain	-130	100.00

Subsidiary [Name and domicile]	Equity in TLC[6)]	Ownership in %
Tees and District Transport Company Limited, Sunderland/Great Britain	0	100.00
Teeside Motor Services Limited, Sunderland/Great Britain	3	100.00
Teesside Bus Services Ltd, Sunderland/Great Britain	0	100.00
Tellings Golden Miller Group Limited, Sunderland/Great Britain	7,714	100.00
Tellings Golden Miller Limited, Sunderland/Great Britain	-1,280	100.00
TGM Group Limited, Sunderland/Great Britain	-6,530	100.00
The Beeline Buzz Company Limited, Sunderland/Great Britain	3,743	100.00
The Keep Motor Group (Epsom) Limited, Sunderland/Great Britain	0	100.00
The Keep Motor Group (High Wycombe) Limited, Sunderland/Great Britain	0	100.00
The Keep Motor Group (Wolverhampton) Limited, Sunderland/Great Britain	0	100.00
The Keep Motor Group (Worcester) Limited, Sunderland/Great Britain	0	100.00
The Keep Trust Limited, Sunderland/Great Britain	0	100.00
The Original London Sightseeing Tour Ltd, Sunderland/Great Britain	5,309	100.00
The Original Passenger Picture Show Limited, Sunderland/Great Britain	880	100.00
The Proudmutual Transport Group Limited, Sunderland/Great Britain	102	100.00
Transcare Solutions Limited, Sunderland/Great Britain	-65	100.00
TRANSCENTRUM bus s.r.o., Kosmonosy/Czech Republic	65,667	100.00
Transportes Sul do Tejo S.A., Almada/Portugal	9,493	99.99
TRANSURBANOS DE GUIMARAES TP, LDA, Guimarães/Portugal	1,137	99.99
Trasporti Brescia Nord S.c.a.r.l., Brescia/Italy	100	91.99
Trasporti Brescia Sud S.c.a.r.l., Brescia/Italy	100	92.99
Trolebuses Coruna Carballo S.A., Ferrol/Spain	2,570	98.38
TUF-TRANSPORTES URBANOS DE FAMALICAO, LDA, Vila Nova de Famalicao/Portugal	-423	66.66
U Drive Rental Limited, Sunderland/Great Britain	0	100.00
Uddannelsescenteret for kollektiv trafik A/S, Kastrup/Denmark	20,545	100.00
United Automobile Services Limited, Sunderland/Great Britain	13,085	100.00
Upperchance Limited, Sunderland/Great Britain	0	100.00
Utbildningscenteret för kollektivtrafikken AB, Malmö/Sweden	10,609	100.00
Viajes Ideal S.L., Ferrol/Spain	3	100.00

Subsidiary [Name and domicile]	Equity in TLC[6)]	Ownership in %
Viking Tours and Travel Limited, Sunderland/Great Britain	245	100.00
VSK Bus 2007 A/S, Kastrup/Denmark	386,961	100.00
WBL gmbH, Berlin	9,684	100.00
West Riding Automobile Company Limited, Sunderland/Great Britain	0	100.00
XC Trains Limited, Sunderland/Great Britain	77,445	100.00
Yorkshire Bus Group Ltd, Sunderland/Great Britain	38,541	100.00
Yorkshire Bus Holdings Ltd, Sunderland/Great Britain	34,408	100.00
Yorkshire Woolen District Transport Co Limited, Sunderland/Great Britain	68	100.00
AT EQUITY		
Aquabus BV, Heerenveen/the Netherlands[7), 8)]	4,050	50.00
Barraqueiro SGPS SA, Lisbon/Portugal	215,299	21.50
Bergamo Trasporti Sud Scarl, Bergamo/Italy[7)]	10	25.57
Bus Center Srl, Rodengo Saiano (BS)/Italy[14)]	-2	45.00
Bus Point Srl, Lallio (BG)/Italy[7)]	114	30.00
Centrebus Holdings Limited, Leicester/Great Britain[14)]	155	40.00
Estacion Autobuses de Pobra, Ferrol/Spain	9	33.33
Explotacion Gasoleos de la Coruna, s.l., Ferrol/Spain	98	40.00
Garda Trasporti Scarl, Desenzano del Garda (BS)/Italy[7)]	20	23.00
Great Park Bus Company Limited, Sunderland/Great Britain[14)]	0	50.00
Intercambiador de Transportes Principe PIO S.A., Madrid/Spain	9,066	30.00
KM S.P.A., Cremona/Italy[14)]	4,043	49.00
Omnibus partecipazioni S.R.L., Milan/Italy[7)]	7,810	50.00
Prometro S.A., Porto/Portugal[7), 8)]	3,804	20.00
PTI (South East) Limited, Sunderland/Great Britain[14)]	238	20.00
Rodinform – Informatica Aplicada aos Transportes, SA, Lisbon/Portugal[14)]	182	20.00
S.I.T. VALLEE SOC. CONS. AR.L., Charvensod (AO)/Italy[7), 8)]	150	20.00
TPL FVG Scarl s.r.l., Gorizia/Italy[7), 8)]	81	15.00
Trieste Trasporti S.P.A., Trieste/Italy[7)]	43,678	39.94
Union Ferrolana de Transportes S.A., Ferrol/Spain[9)]	2	50.00
Veoercombinatie Noord B.V., Heerenveen/the Netherlands[8)]	37	33.00
VIAJEROS DEL EO SL, Ferrol/Spain[9)]	9	50.00
VT-Transman Szemelyszallito es Szolgaltato Kft, Szekesfehervar/Hungary[8)]	1,105,045	49.91
DB SCHENKER RAIL		
FULLY CONSOLIDATED		
"TRAWIPOL" Sp. z o.o., Gliwice/Poland	22,010	100.00

Subsidiary [Name and domicile]	Equity in TLC[6]	Ownership in %
Activa Rail S.A., Madrid/Spain	19	77.32
ATG Autotransportlogistic Sp. z o. o., Malaszewicze/Poland	255	100.00
Autologistic Poland Sp. z o. o., Tychy/Poland	2,417	51.00
Auxiliar Logística de Vehiculos S.L., Saragossa/Spain	13	65.28
Axiom Rail (Cambridge) Limited, Doncaster/Great Britain	457	100.00
Axiom Rail (Stoke) Limited, Doncaster/Great Britain	-6,973	100.00
Axiom Rail Components Limited, Doncaster/Great Britain	-2,769	100.00
Axiom Rail SAS, Paris/France	-233	100.00
Boreal & Austral Railfreight Ltd, Doncaster/Great Britain	67,500	100.00
Compañía Aragonesa de Portacoches S.A., Saragossa/Spain	13,546	65.28
Container Szállítmányátrakó Állomás Kft., Györ/Hungary	104[1]	100.00
container-Terminal Púchov s. r. o., Púchov/Slovakia	297	100.00
Contiwaggon SA, Freiburg/Switzerland	15,710	77.32
DB Intermodal Services GmbH, Mainz[7]	4,131	100.00
DB Polska Acquisition Sp. z.o.o, Warsaw/Poland	796,015	100.00
DB PORT SZCZECIN Sp. z o.o., Szczecin/Poland	14,647	93.40
DB Schenker BTT GmbH, Mainz[7]	2,061	100.00
DB Schenker Nieten GmbH, Freilassing[7]	3,989	100.00
DB Schenker Rail (UK) Limited, Doncaster/Great Britain	159,966	100.00
DB Schenker Rail Automotive GmbH, Kelsterbach[7]	11,748	100.00
DB Schenker Rail Bulgaria EOOD, Sofia/Bulgaria	1,153	100.00
DB Schenker Rail Coaltran Sp. z o.o., Warsaw/Poland	18,899	100.00
DB Schenker Rail Corridor Operations GmbH, Mainz	47	98.00
DB Schenker Rail Danmark Services A/S, Taastrup/Denmark	4,589	100.00
DB Schenker Rail Deutschland Aktiengesellschaft, Mainz[7]	464,773	98.00
DB Schenker Rail GmbH, Mainz[7]	650,934	98.00
DB Schenker Rail Italia S.r.L., Alessandria/Italy	13,210	98.00
DB Schenker Rail Italia Services S.r.l., Milan/Italy	470	98.00
DB Schenker Rail Lok-Wag S.A. i. L., Jaworzno/Poland	363	100.00
DB Schenker Rail Nederland N.V., Utrecht/the Netherlands	-32,642	98.00
DB Schenker Rail Polska S.A., Jaworzno/Poland	461,688	100.00

Subsidiary [Name and domicile]	Equity in TLC[6]	Ownership in %
DB Schenker Rail Rybnik S.A., Rybnik/Poland	206,375	100.00
DB Schenker Rail Scandinavia A/S, Taastrup/Denmark	306,048	49.98
DB Schenker Rail Schweiz GmbH, Opfikon/Switzerland	992	98.00
DB Schenker Rail Slawkow S.A. i. L., Slawkow/Poland	1,874	100.00
DB Schenker Rail Spedkol Sp. z o.o., Kedzierzyn-Kozle/Poland	27,872	100.00
DB Schenker Rail Tabor S.A., Rybnik/Poland	38,407	100.00
DB Schenker Rail Zabrze S.A., Zabrze/Poland	177,472	100.00
Deutsche TRANSFESA GmbH Internationale Eisenbahn-Spezial-Transporte, Kehl/Rhein	856	77.32
Doker-Port Sp. z o.o., Szczecin/Poland	-302	58.38
DUSS Italia Terminal s.r.l., Verona/Italy	124	80.00
East & West Railway Ltd, Doncaster/Great Britain	0	100.00
Energoport Sp. z o.o., Rybnik/Poland	40,376	100.00
Engineering Support Group Ltd, Doncaster/Great Britain	3,158	100.00
English Welsh & Scottish Railway Holdings Ltd, Doncaster/Great Britain	267,224	100.00
English Welsh & Scottish Railway International Ltd, Doncaster/Great Britain	-9,961	100.00
Euro Cargo Rail S.A., Madrid/Spain	-1,508	100.00
Euro Cargo Rail SAS, Paris/France	43,905	100.00
EW&S Trustees Ltd, Doncaster/Great Britain	0	100.00
EWS Information Services Ltd, Doncaster/Great Britain	521	100.00
Guga B.V., Amsterdam/the Netherlands	5,999	77.32
Infra Silesia S.A., Rybnik/Poland	7,379	100.00
LGP Lagerhausgesellschaft Pfullendorf mbH, Pfullendorf	279	49.08
Loadhaul Ltd, Doncaster/Great Britain	16,131	100.00
Locomotive 6667 Ltd, Doncaster/Great Britain	0	100.00
Logistic Center Hungaria Kft., Györ/Hungary	285,527	100.00
Logistic Services Danubius S.R.L., Temeswar/Romania	37,780	98.00
Logística Sanmival S.L., Burgos/Spain	342	57.99
Mainline Freight Ltd, Doncaster/Great Britain	21,266	100.00
Marcroft Holdings Ltd, Doncaster/Great Britain	-3,097	100.00
MDL Distribución y Logistica S.A., Madrid/Spain	2,586	77.32
MDL Servicios de Marketing y Logística S.A., Barcelona/Spain	336	77.32
Mitteldeutsche Eisenbahn GmbH, Schkopau[7]	1,953	78.40
Nadwislanski Zaklad Transportu Kolejowego Sp. z o.o., Miedzna/Poland	44,252	100.00
New Locomotive Finance Ltd, Doncaster/Great Britain	0	100.00

Subsidiary [Name and domicile]	Equity in TLC[6)]	Ownership in %
NordCargo S.r.l, Milan/Italy	6,934	58.80
OOO Railion Russija Services, Moscow/Russia	52,346	98.00
PRZEDSIEBIORSTWO INWESTYCYJNO-TECHNICZNE "INTECHKOP" Sp. z o.o., Katowice/Poland	285	71.75
PRZEDSIEBIORSTWO USLUG TRANSPORTOWYCH "TRANS PAK" Sp. z o.o., Konin/Poland	5,792	100.00
Rail Cargo East Sp.z.o.o., Warsaw/Poland	91	99.60
Rail Express Systems Ltd, Doncaster/Great Britain	29,681	100.00
Rail Service Center Rotterdam B.V., Rotterdam/the Netherlands	8,425	98.00
Rail Terminal Services Limited, Doncaster/Great Britain	-2,104	100.00
Railway Approvals Ltd, Doncaster/Great Britain	1,366	100.00
Railway Investments Ltd, Doncaster/Great Britain	68,907	100.00
RBH Logistics GmbH, Gladbeck[7)]	37,917	98.00
RES December Ltd, Doncaster/Great Britain	16,048	100.00
T.M.T. (Transporte Marítimo Terrestre), Cantabria/Spain	253	46.39
TGP Terminalgesellschaft Pfullendorf mbH, Pfullendorf	239	75.50
Transervi France S.A.S., Cerbère/France	368	77.32
Transervi S.A., Madrid/Spain	1,529	77.32
Transfesa Benelux S.P.R.L., Brussels/Belgium	238	77.32
Transfesa Distribución y Logistica S.L., Madrid/Spain	14,193	77.32
Transfesa France SAS, Gennevilliers/France	2,018	77.32
Transfesa Italia S.r.l., Milan/Italy	185	77.32
Transfesa Portugal Lda., Lisbon/Portugal	847	77.32
Transfesa UK Ltd., Rainham (Essex)/Great Britain	329	77.32
Transportes Ferroviarios Especiales S.A., Madrid/Spain	187,767	77.32
Transportes Jouchoux España S.L., Valencia/Spain	222	77.32
Zehlendorfer Eisenbahn- und Hafen Gesellschaft mit beschränkter Haftung, Berlin[7)]	474	98.00
AT EQUITY		
ATN Auto Terminal Neuss GmbH & Co. KG, Neuss[7), 9)]	3,567	50.00
Auto Logistic Spain S.A., Madrid/Spain[7), 11)]	455	50.00
Autoterminal Slask Logistic Sp.z.o.o., Dabrowa Gornicza/Poland	14,701	50.00
Autotrax Limited, Lufton/Great Britain		24.00
BLS Cargo AG, Bern/Switzerland[7), 9)]	93,817	44.10
Cererail A.E.I.E., Madrid/Spain		25.77
Container Terminal Dortmund GmbH, Dortmund[7), 9)]	2,295	30.00
Corridor Operations NMBS/SNCB DB Schenker Rail N.V., Brussels/Belgium		48.02

Subsidiary [Name and domicile]	Equity in TLC[6)]	Ownership in %
CTS Container-Terminal GmbH Rhein-See-Land-Service, Cologne[7), 9)]	3,395	22.50
DAP Barging B.V., Rotterdam/the Netherlands[7), 9)]	2,233	53.90
DCH Düsseldorfer Container-Hafen GmbH, Düsseldorf[7), 9)]	559	51.00
Doerpener Umschlaggesellschaft für den kombinierten Verkehr mbH (DUK), Dörpen[7), 9)]	3,395	35.00
Elevator-Gesellschaft mit beschränkter Haftung, Hanover	245	50.00
EuroShuttle A/S i.L., Copenhagen/Denmark[7), 13)]	17,302	26.54
Hansa Rail GmbH i.L., Frankfurt am Main[10)]	260	49.00
Hispanauto – Empresas Agrupadas A.E.I.E. ©, Madrid/Spain	0	58.04
INTERCONTAINER – INTERFRIGO SA, Brussels/Belgium[7), 9)]	4,893[1)]	35.66
Kombiverkehr Deutsche Gesellschaft für kombinierten Güterverkehr mbH & Co. Kommanditgesellschaft, Frankfurt am Main[7), 9)]	14,999	50.00
Lokomotion Gesellschaft für Schienentraktion mbH, Munich[7), 9)]	5,638	29.40
METRANS a. s., Prague/Czech Republic	97,409[1)]	34.33
OFP La Rochelle Maritime Rail Services SAS, La Rochelle/France		24.90
Omfesa Logistica S.A., Madrid/Spain	3,050	38.66
OPTIMODAL NEDERLAND B.V., Rotterdam/the Netherlands[7), 10)]	300	23.85
PKV Planungsgesellschaft kombinierter Verkehr Duisburg mbH, Duisburg[7), 9)]	897	50.00
POLZUG Intermodal GmbH, Hamburg[8)]	6,787	33.33
Pool Ibérico Ferroviario A.E.I.E., Madrid/Spain	0	9.02
PORT HANDLOWY SWINOUJSCIE Sp. z o.o., Swinoujscie/Poland[7)]	15,706	42.80
Rail Euro Concept SAS i.L., Levallois-Perret/France[7), 10)]	193	49.00
Railmax B.V., Nijmegen/the Netherlands	87	38.66
Railmax C.V., Nijmegen/the Netherlands[9)]	192	38.27
SLASKIE CENTRUM LOGISTYKI S.A., Gliwice/Poland		21.86
Sociedad de Estudios y Explotacion Material Auxiliar de Transportes, S.A. ("SEMAT"), Madrid/Spain[7)]	12,268	48.56
Stifa S.A., Alverca de Ribatejo/Portugal	-85	38.66
Terminal Singen TSG GmbH, Singen[7), 9)]	589	50.00
TFG Transfracht Internationale Gesellschaft für kombinierten Güterverkehr mbH & Co. KG, Frankfurt am Main	-707	50.00
TFG Verwaltungs GmbH, Frankfurt am Main[7)]	127	50.00
Trans-Eurasia Logistics GmbH, Berlin[7), 9)]	306	30.00
Vistula Rail Operator Sp. z o.o., Swiecie/Poland[7)]	1,497	50.00
Xrail S.A., Brussels/Belgium		31.76

Subsidiary [Name and domicile]	Equity in TLC[6)]	Ownership in %
ZAO Eurasia Rail Logistics i.L., Mosow/Russia[7), 10)]	1,675	34.20
DB SCHENKER LOGISTICS		
FULLY CONSOLIDATED		
Air Terminal Handling S.A., Tremblay en France/France	1,066	94.50
AkeriTerminal Bilspedition Aktiebolag, Tranas/Sweden	1,523	58.33
ALB Automative Logistica LTDA, Juiz de Fora – MG/Brazil	3,377	51.00
Anterist & Schneider GmbH, Saarbrücken[7)]	7,021	100.00
Anterist + Schneider Automotive Service GmbH, Saarwellingen[7)]	2,662	100.00
Anterist + Schneider Logistik GmbH, Zwenkau	295	100.00
Anterist + Schneider Möbel-Logistik GmbH, Saarbrücken[7)]	88	100.00
Anterist + Schneider Zeebrugge B.V., Zeebrugge/Belgium	355	100.00
AS Schenker, Tallinn/Estonia	336,851	100.00
ASIMEX Anterist + Schneider Import – Export S.a.r.L., Stiring-Wendel/France	713	100.00
ATLANTIQUE EXPRESS SAS, Montaigu Cedex/France	357	99.91
BAX Global (Aust.) Pty Ltd., Alexandria/Australia	190	100.00
BAX Global (Israel) Ltd., Ramat Gan/Israel	-4,023	100.00
BAX Global (Malaysia) Sdn. Bhd., Petaling Jaya/Malaysia	-3,231	100.00
BAX Global (Pty.) Ltd., Johannesburg/South Africa	10	100.00
BAX Global (Thailand) Limited, Bangkok/Thailand	391,106	49.00
BAX Global (UK) Limited, London/Great Britain	7,979	100.00
BAX Global B.V., Haarlemmermeer/the Netherlands	9,081	100.00
BAX Global Cartage Pty Ltd., Alexandria/Australia	0	100.00
BAX Global EPE Transportation Freight Forwarding & Logistics Solutions, Athens/Greece	52	100.00
BAX Global Holding, S.L.U., Barcelona/Spain	20,155	100.00
BAX Global Holdings Pty Ltd., Alexandria/Australia	0	100.00
BAX Global Inc., Irvine/USA	135,674	100.00
BAX Global Kft., Csor/Hungary	-40,005	100.00
BAX Global Limited, London/Great Britain	2,738	100.00
BAX Global Limited, Hong Kong/Hong Kong	23,044	100.00
BAX Global Logistics (Shanghai) Co. Ltd., Shanghai/China	159,528	100.00
BAX Global Logistics Sdn.Bhd., Petaling Jaya/Malaysia	90,916	100.00

Subsidiary [Name and domicile]	Equity in TLC[6)]	Ownership in %
BAX Global Networks B.V., Ridderkerk/the Netherlands	50,702	100.00
BAX Holdings Inc., Makati City/the Philippines	0	100.00
BEMI JOYAU SCI, Montaigu Cedex/France	123	99.94
Bilspedition Transport & Logistics AB, Göteborg/Sweden	4,500	100.00
Bischof Betriebsführungsgesellschaft mbH, Vienna/Austria	38	100.00
Bosch y Bassols Distribuciones y Almacenases S.L., Barcelona/Spain	101	100.00
Bosch y Bassols S.A., Mataro/Spain	867	100.00
BTL AB, Göteborg/Sweden	3,678,822	100.00
BTL International AB, Göteborg/Sweden	160,376	100.00
BTL Nord GmbH, Lübeck	19,843	100.00
BTL Reinsurance S.A., Luxembourg/Luxembourg	61,832[3)]	100.00
Cold Stores AB, Göteborg/Sweden	408,959	100.00
Deutsche Bahn Iberica Holding, S.L., Barcelona/Spain	188,703	100.00
DP Schenker, Kiev/Ukraine	-9,247	100.00
Dritte Kommanditgesellschaft Stinnes Immobiliendienst GmbH & Co. KG, Mülheim an der Ruhr	10,857	100.00
ECO-Trucking GmbH, Coburg[7)]	50	100.00
ELAG Emder Lagerhaus und Automotive GmbH, Emden[7)]	1,363	100.00
ELSPED Speditions-Gesellschaft m.b.H., Hamburg[7)]	3,663	100.00
Engelberg Transportes Internacionales C.A. (Entra), Caracas/Venezuela	5,560	100.00
EVAG Emder Verkehrs und Automotive Gesellschaft mbH, Emden[7)]	1,262	100.00
EVB Handelshaus Bour GmbH, Landau in der Pfalz[7)]	25	100.00
Facility Plus B.V., Tilburg/the Netherlands	855	100.00
Fastighets Aktiebolaget Orbyn, Göteborg/Sweden	11,167	100.00
Fastighetsaktiebolaget Kylen 1, Göteborg/Sweden	3,870	100.00
Fertrans AG, Buchs/Switzerland	6,635	100.00
FERTRANS d.o.o. za medunarodni prijevoz, Zagreb/Croatia	-2,059	100.00
General de Manipulacion y Almacenases S.A. (Gemalsa), Barcelona/Spain	186	100.00
General de Transportes Zona Central, S.A., Alcala de Menares (Madrid)/Spain	-3,806	100.00
H. Albrecht Speditions Gesellschaft mit beschränkter Haftung, Frankfurt am Main[7)]	460	100.00
HANGARTNER S.r.l., Verona/Italy	4,953	100.00
HANGARTNER Terminal AG, Aarau/Switzerland	-201	100.00
HANGARTNER Terminal S.r.l., Verona/Italy	1,391	100.00
HB Zolldeklarationsservice GmbH, Vienna/Austria	158	100.00

Subsidiary [Name and domicile]	Equity in TLC[6)]	Ownership in %
Herber Hausner Süd-Ost Speditions-gesellschaft m.b.H., Vienna/Austria	1,789	100.00
Herber Hausner Szállítmányozási Kft., Budapest/Hungary	88,956	100.00
I.C.S. "Schenker" S.R.L, Chisinau/Moldova	- 492	100.00
Intertec Asia Limited, Sheung Wan/Hong Kong	233	100.00
Intertec GmbH, Landau in der Pfalz[7)]	26	100.00
INTERTEC Polska Sp.zo.o., Nardarzyn/Poland	769	100.00
Intertec Retail Logistics GmbH, Landau in der Pfalz[7)]	26	100.00
Inter-Union Technohandel Gesellschaft m.b.H., Vienna/Austria	19	100.00
Inter-Union Technohandel GmbH, Landau in der Pfalz[7)]	26	100.00
Intreprinderea Mixta Moldo-Romana "Balcantir" S.R.L., Chisinau/Moldova	3,302	97.21
Joyau S.A., Montaigu Cedex/France	12,791	99.94
Karpeles Flight Services GmbH, Frankfurt am Main[7)]	1,698	100.00
KB Ädelgasen 1-Jönköping, Jönköping/Sweden	114,388	100.00
KB Älghunden Jönköping, Jönköping/Sweden	20,248	100.00
KB Älghunden 1-Jönköping, Jönköping/Sweden	28,334	100.00
KB Anholt 3, Stockholm/Sweden	9,203	100.00
KB Arbetsbasen 4-Stockholm, Stockholm/Sweden	42,384	100.00
KB Ättehögen Östra 1-Helsingborg, Helsingborg/Sweden	59,832	100.00
KB Backa 107:3-Göteborg, Göteborg/Sweden	128,113	100.00
KB Backa 107:4-Göteborg, Göteborg/Sweden	33,707	100.00
KB Backa 107:5-Göteborg, Göteborg/Sweden	27,585	100.00
KB Baggböle 2:35-Umeå, Umeå/Sweden	21,486	100.00
KB Benkammen 12-Malmö, Malmö/Sweden	118,467	100.00
KB Bleckslagaren 9-Örebro, Örebro/Sweden	20,459	100.00
KB Bleket 1-Karlstad, Karlstad/Sweden	40,099	100.00
KB Distributören 3 och 4-Örebro, Örebro/Sweden	79,493	100.00
KB Forsmark 2-Stockholm, Stockholm/Sweden	63,979	100.00
KB Forsmark 3-Stockholm, Stockholm/Sweden	159,424	100.00
KB Forsmark 5 Stockholm, Göteborg/Sweden	- 305	100.00
KB Frysen 1 Visby, Visby/Sweden	16,392	100.00
KB Fryshuset 3-Visby , Visby/Sweden	813	100.00
KB Gurkan 2-Eslöv, Eslöv/Sweden	31,336	100.00
KB Hajen 19 Göteborg, Göteborg/Sweden	39,850	100.00
KB Husby 4:2-Sigtuna, Sigtuna/Sweden	4	100.00
KB Husby 6:7-Sigtuna, Sigtuna/Sweden	1	100.00
KB Jordbromalm 4:4-Haninge, Haninge/Sweden	48,085	100.00

Subsidiary [Name and domicile]	Equity in TLC[6)]	Ownership in %
KB Kolet 4-Malmö, Malmö/Sweden	24,502	100.00
KB Köpmannen 10-Västerås, Västerås/Sweden	34,536	100.00
KB Kungsängen 28:1-Uppsala, Uppsala/Sweden	13,559	100.00
KB Langtradaren 2-Borlänge, Borlänge/Sweden	33,986	100.00
KB Lertaget 1, Skara, Skara/Sweden	46,376	100.00
KB Malmö Hamnen 22 Malmö, Malmö/Sweden	65,891	100.00
KB Maskinen 3-Linköping, Linköping/Sweden	57,880	100.00
KB Neonljuset 3-Eskilstuna, Eskilstuna/Sweden	4,978	100.00
KB Önnestad 108:4-Kristianstad, Kristianstad/Sweden	40,788	100.00
KB Överön 1:66-Örnsköldsvik, Örnsköldsvik/Sweden	10,816	100.00
KB Pantern 1-Växjö, Växjö/Sweden	36,825	100.00
KB Reläet 8-Norrköping, Norrköping/Sweden	29,471	100.00
KB Sandstuhagen 3-Stockholm, Stockholm/Sweden	26,578	100.00
KB Sockret 4-Malmö, Malmö/Sweden	3,075	100.00
KB Sörby 24:3-Gävle, Gävle/Sweden	33,723	100.00
KB Storheden 1:8-Luleå, Luleå/Sweden	28,259	100.00
KB Tigern 10-Kalmar, Kalmar/Sweden	11,057	100.00
KB Tingstadsvassen 31:3-Göteborg, Göteborg/Sweden	44,802	100.00
KB Transporten 1-Hultsfred, Hultsfred/Sweden	18,603	100.00
KB Transportören 1-Värnamo, Värnamo/Sweden	82,321	100.00
KB Viken 3-Karlshamn, Karlshamn/Sweden	11,584	100.00
KB Vindtrycket 1-Borås, Borås/Sweden	62,524	100.00
KB Vivstamon 1:13-Timrå, Timrå/Sweden	52,601	100.00
Kiinteistö Oy Ferryroad, Helsinki/Finland	- 235	100.00
Kiinteistö Oy Helsingin Metsäläntie 2-4, Helsinki/Finland	4,783	100.00
Kiinteistö Oy Kaakon Terminaali, Lappeenranta/Finland	128	100.00
Kiinteistö Oy Porin Kiitolinja, Björneborg/Finland	152	100.00
Kiinteistö Oy Reininkatu 9, Vasa/Finland	89	100.00
Kiinteistö Oy Seinäjoen Kiitolinja-asema, Seinäjoki/Finland	86	100.00
Kiinteistö Oy Tampereen Rahtiasema, Helsinki/Finland	374	100.00
Kiinteistö Oy Tir-Trans, Joentaustankatu/Finland	421	100.00
Kiinteistö Oy Turun Nosturinkatu 6, Abo/Finland	1,181	100.00
Kiinteistö Oy Varastohotelli, Tikkurilantie, Vantaa/Finland	1,468	100.00

Subsidiary [Name and domicile]	Equity in TLC[6]	Ownership in %
Kiinteistömaaliikenne Oy, Helsinki/Finland	1,912	54.70
Kommanditgesellschaft Stinnes Immobiliendienst GmbH & Co., Emden	51	100.00
Langtradaren i Jämtland AB, Göteborg/Sweden	5,861	100.00
Logidocks S.L., Barcelona/Spain	1,002	100.00
Nordisk Bilspedition AB, Göteborg/Sweden	14,436	100.00
Oy Schenker East AB, Helsinki/Finland	54,231	100.00
Rengaslinja Oy, Helsinki/Finland	235	100.00
Romtrans Benelux N.V., Antwerp/Belgium	103	66.67
Romtrans GmbH Internationale Speditionsgesellschaft i.L., Munich	- 17	100.00
Romtrans Holiday Ltd., Eforie Sud, Constanţa/Romania	- 42	100.00
Romtrans Impex Ltd., Bucharest/Romania	59	100.00
Scansped S.A., Mitry-Mory Cedex/France	1,267	100.00
Scanspol Sp. z o. o. Warsaw/Poland	2,642	99.60
Scantrans SAS, Rouen/France	437	100.00
SCHENKER & Co. AG, Vienna/Austria	165,466	100.00
Schenker (Asia Pacific) Pte. Ltd., Singapore/Singapore	201,872	100.00
Schenker (BAX) Europe Holding GmbH, Essen[7]	289,355	100.00
Schenker (BAX) Holding Asia Limited, Hong Kong/Hong Kong	1,805,184	100.00
Schenker (BAX) Holding Corp., Delaware/USA	144,788	100.00
Schenker (H.K.) Ltd., Hong Kong/Hong Kong	208,495	100.00
Schenker (Ireland) Ltd., Shannon/Ireland	14,335	100.00
Schenker (L.L.C), Dubai/United Arab Emirates	19,940	60.00
Schenker (NZ) Ltd., Auckland/New Zealand	790	100.00
Schenker (Thai) Holdings Ltd., Bangkok/Thailand	49,520	49.00
Schenker (Thai) Ltd., Bangkok/Thailand	1,006,190	49.00
Schenker A.E., Athens/Greece	2,108	100.00
Schenker A/S, Hvidovre/Denmark	123,225	100.00
Schenker AB, Göteborg/Sweden	439,355	100.00
SCHENKER AIR TRANSPORT GmbH, Kelsterbach[7]	230	100.00
Schenker Akeri AB, Göteborg/Sweden	8,766	100.00
Schenker Aktiengesellschaft, Essen[7]	898,718	100.00
Schenker Argentina S.A., Buenos Aires/Argentina	- 6,159	100.00
Schenker AS, Oslo/Norway	592,114	100.00
Schenker Australia Pty. Ltd., Alexandria/Australia	226,520	100.00
Schenker B.V., Tilburg/the Netherlands	16,956	100.00
SCHENKER BETEILIGUNGS GmbH, Dortmund[7]	26	100.00
SCHENKER BETEILIGUNGS GmbH & Co. OHG, Mülheim an der Ruhr	0	100.00
Schenker BITCC Customs Broker (Beijing) Co. Ltd., Beijing/China	1,146	70.00
Schenker BITCC Logistics (Beijing) Co., Ltd., Beijing/China	63,090	70.00
Schenker Cargo Oy, Turku/Finland	18,844	100.00
Schenker Chile S.A., Santiago/Chile	5,276,689	100.00
Schenker China Ltd., Pudong, Shanghai/China	1,243,299	100.00
Schenker Consulting AB, Göteborg/Sweden	12,793	100.00
Schenker Customs Agency B.V., Rotterdam/the Netherlands	- 63	100.00
Schenker d.d, Ljubljana/Slovenia	16,287	100.00
SCHENKER d.o.o., Sarajevo/Bosnia and Herzegovina	1,125	100.00
Schenker d.o.o., Zagreb/Croatia	16,120	100.00
Schenker d.o.o., Belgrade/Serbia	62,504	100.00
Schenker Dedicated Services AB, Göteborg/Sweden	19,235	100.00
Schenker Deutschland AG, Frankfurt am Main[7]	56	100.00
Schenker do Brasil Transportes Internacionais Ltda., São Paulo/Brazil	26,134	100.00
SCHENKER DOOEL, Skopje/Macedonia	33,753	100.00
Schenker Egypt Ltd., Cairo/Egypt	417	60.00
SCHENKER EOOD, Sofia/Bulgaria	8,747	100.00
Schenker Espana, S.A., Coslada/Madrid (Spain)	12,222	100.00
Schenker Filen 8 Aktiebolag, Göteborg/Sweden	3,924	100.00
Schenker High Tech Logistics B.V., Rotterdam/the Netherlands	15,358	100.00
Schenker Holdings (NZ) Limited, Auckland/New Zealand	2,798	100.00
SCHENKER INDIA PRIVATE LIMITED, New Delhi/India	1,763,668	100.00
Schenker International (HK) Ltd., Hong Kong/Hong Kong	1,831,015	100.00
Schenker International (Macau) Ltd., Macao/Macao	35,324[4]	100.00
Schenker International AB, Göteborg/Sweden	1,238,769	100.00
SCHENKER INTERNATIONAL AKTIENGESELLSCHAFT, Essen[7]	56	100.00
Schenker International B.V., Rotterdam/the Netherlands	13,420	100.00
Schenker International S.A. de C.V., Mexico/Mexico	361,727	100.00
Schenker Ireland Holding Limited, Dublin/Ireland	19,701	100.00
Schenker Italiana S.p.A., Peschiera/Italy	52,541	100.00
Schenker Korea Ltd., Seoul/South Korea	31,819,424	100.00
Schenker Limited, London/Great Britain	30,674	100.00

Subsidiary [Name and domicile]	Equity in TLC[6]	Ownership in %
Schenker Logistics (Chongqing) Co. Ltd., Chongqing/China	5,282	100.00
Schenker Logistics (Guangzhou) Company Ltd., Guangzhou/China	64,954	100.00
Schenker Logistics (Malaysia) Sdn Bhd., Kuala Lumpur/Malaysia	100,896	100.00
Schenker Logistics (Shanghai) Co., Ltd., Shanghai/China	20,833	100.00
Schenker Logistics (Shenzhen) Co. Ltd., Shenzhen/China	13,316	100.00
Schenker Logistics (Suzhou) Company Ltd., Suzhou/China	106,759	100.00
Schenker Logistics (Xiamen) Co. Ltd., Xiamen/China	46,542	100.00
Schenker Logistics AB, Göteborg/Sweden	29,376	100.00
Schenker Logistics Inc., Calamba City/the Philippines	23,125	100.00
Schenker Logistics LTD, Lod/Israel		100.00
Schenker Logistics, Inc., Greensboro, NC/USA	15,033	100.00
Schenker Ltd., Nairobi/Kenya	93,266	100.00
SCHENKER LUXEMBURG GMBH, Leudelange/Luxembourg	316	100.00
Schenker Malaysia Sdn. Bhd., Kuala Lumpur/Malaysia	14,122	100.00
Schenker Maroc S.a.r.l., Casablanca/Morocco	11,743	100.00
Schenker Mauritanie SAS, Nouakchott/Mauritania	-130,116	100.00
Schenker Mauritius (Malaysian Holdings) Ltd., Port Louis/Mauritius	35,931[5]	100.00
Schenker Mauritius (Thai Holdings) Ltd., Port Louis/Mauritius	35,118[5]	100.00
Schenker Metafores A.G. i. L., Athens/Greece	786	100.00
Schenker Middle East FZE, Dubai/United Arab Emirates	5,725	100.00
SCHENKER N.V., Antwerp/Belgium	24,089	100.00
Schenker Nederland Holding B.V., Rotterdam/the Netherlands	-3,341	100.00
Schenker Nemzetközi Szallitmanyozasi es Logisztikai Kft., Budapest/Hungary	2,815,599	100.00
Schenker NIGHT PLUS GmbH, Wülfrath[7]	25	100.00
Schenker North AB, Göteborg/Sweden	994,805	100.00
Schenker o.g. Beheer B.V., Tilburg/the Netherlands	4,163	100.00
Schenker of Canada Ltd., Toronto/Canada	119,192	100.00
Schenker OY, Helsinki/Finland	22,721	100.00
Schenker Peru S.R.L., Lima/Peru	6,135	100.00
Schenker Petrolog Utama, PT, Jakarta/Indonesia	13,272[5]	71.00
Schenker Philippines, Inc., Makati City/the Philippines	466,467	100.00
Schenker Privpak AB, Boras/Sweden	3,095	100.00

Subsidiary [Name and domicile]	Equity in TLC[6]	Ownership in %
Schenker Privpak AS, Oslo/Norway	-13,697	100.00
Schenker Property Sweden AB, Göteborg/Sweden	117,471	100.00
Schenker Re Limited, Dublin/Ireland	45,571	100.00
Schenker Romtrans S.A., Bucharest/Romania	365,360	100.00
Schenker Russia LLC, Moscow/Russia	874	100.00
Schenker S.A., Guatemala City/Guatemala	-7,691	100.00
SCHENKER s.r.o., Bratislava/Slovakia	1,751	100.00
Schenker SA, Gennevilliers/France	104,536	100.00
Schenker Saudi Arabia LLC, Riad/Saudi Arabia	3,318	100.00
Schenker Schweiz AG, Zurich/Switzerland	86,164	100.00
Schenker Shared Services (Nanjing) Co. Ltd., Nanjing/China	6,085	100.00
Schenker Singapore (PTE) Ltd., International Forwarders, Singapore/Singapore	164,825	100.00
Schenker South Africa (Pty) Ltd., Isando/South Africa	121,574	100.00
Schenker Sp.zo.o., Warsaw/Poland	216,428	99.60
SCHENKER spol. s r.o., Prague/Czech Republic	178,580	100.00
Schenker Transitarios, S.A., Loures/Portugal	2,280	100.00
Schenker Transport Aktiebolag, Göteborg/Sweden	70,879	100.00
Schenker Transport Groep B.V., Tilburg/the Netherlands	332	100.00
Schenker Vastgoed B.V., Enschede/the Netherlands	1,761	100.00
Schenker Vietnam Co., Ltd., Ho Chi Minh City (Saigon)/Vietnam	3,681[5]	51.00
Schenker Warehousing & Customs Brokerage (Xiamen) Co. Ltd., Xiamen/China	2,832	100.00
Schenker, Inc., New York/USA	65,125	100.00
Schenker-Arkas Nakliyat Ve Tic. A.S., Zincirlikuyu/Turkey	27,567	55.00
Schenker-Gemadept Logistics Vietnam Company Limited, Binh Duong Province/Vietnam	731[5]	51.00
SCHENKER-JOYAU SAS, Montaigu Cedex/France	18,333	99.94
Schenkerocean Ltd, Wanchai/Hong Kong	17,179	100.00
Schenker-Seino Co. Ltd., Tokyo/Japan	4,366,589	60.00
SIA Schenker, Riga/Latvia	2,109	100.00
SIA Sky Partners, Riga/Latvia	5	100.00
Sky Partners OÜ, Tallinn/Estonia	13,715	100.00
SPAIN TIR Centro Transportes Internacionales S.A., Coslada (Madrid)/Spain	5,990	100.00
Spain Tir Norte, Transportes Internacionales, S.A., Zaisa/Spain	2,147	100.00
SPAIN-TIR Transportes Internacionales S.A., Barcelona/Spain	129,660	100.00
Star Global (Shanghai) Ltd., Shanghai/China	458	100.00

Subsidiary [Name and domicile]	Equity in TLC[6]	Ownership in %
Star Global International (HK) Ltd., Hong Kong/Hong Kong	-874	100.00
Star Global Services Limited, Hong Kong/Hong Kong	4,552	100.00
Stinnes (UK) Limited, Feltham, Middlesex/Great Britain	21,750	100.00
Stinnes Danmark A/S, Hvidovre/Denmark	119,578	100.00
Stinnes Immobiliendienst GmbH & Co. KG, Mülheim an der Ruhr	1,609	100.00
Stinnes Immobiliendienst Verwaltungsgesellschaft mbH, Mülheim an der Ruhr[7]	-89	100.00
SW Zoll-Beratung GmbH, Dortmund	2,568	100.00
TEGRO AG, Schwerzenbach/Switzerland	13,287	90.00
TLS Transa Logistik & Service GmbH, Offenbach am Main[7]	268	100.00
Traficos Comerciales E Inmobiliarios SL, Barcelona/Spain	86,019	100.00
Trafikaktiebolaget NP Kagström, Göteborg/Sweden	2,277	100.00
Tramex, S.A., Poligono Malpica/Spain	-242	100.00
TRANSA Spedition GmbH, Offenbach am Main[7]	13,205	100.00
Transorient SA, Bucharest/Romania	4,242	54.00
Transport Gesellschaft mbH, Hamburg	538	96.70
Transworld Asig – Broker de Asigurare Ltd., Bucharest/Romania	256	100.00
Trilag Geschäftsführungs GmbH, Trier[7]	27	100.00
UAB "Schenker", Vilnius/Lithuania	4,068	100.00
Viktor E. Kern Gesellschaft m.b.H., Vienna/Austria	1,240	100.00
ZAO Schenker, Moscow/Russia	101,960	100.00
ZAO Schenker Russija, Moscow/Russia	226,394	100.00
Zweite Kommanditgesellschaft Stinnes Immobiliendienst GmbH & Co., Mülheim an der Ruhr	113,889	100.00
AT EQUITY		
ATS Air Transport Service AG, Zurich/Switzerland[8]	7,906	26.00
Autoport Emden GmbH, Emden	77	33.30
Bäckebols Akeri AB, Hisings Backa/Sweden[8]	53,050	35.00
BTU – Bilspedition Transportörer Utvecklings AB, Solna/Sweden[9]	6,237	50.00
DASH Global Logistics SAS, Saint Julien/France	41	50.00
Express Air Systems GmbH (EASY), Kriftel[8]	2,758	50.00
Gardermoen Perishables Center AS, Gardermoen/Norway[8]	4,360	33.30
Germans Corbalan & Alvarez, S.L., Manresa (Barcelona)/Spain[8]	257	20.00
Halmstadsakarnas Fastighets AB, Halmstad/Sweden[8]	16,971	31.44
Immo Fumeron S.A.R.L., Arnage/France[8]	377	27.98

Subsidiary [Name and domicile]	Equity in TLC[6]	Ownership in %
LogCap-IR Grundverwertungsgesellschaft mbH, Vienna/Austria	4,603	49.00
Moldromukrtrans SRL, Chisinau/Moldova	16,859	33.33
Speditionsbau und Verwertungsgesellschaft m.b.H., Salzburg/Austria[9]	50	25.00
Titan Containers Romania SRL, Constanţa/Romania	207	20.00
Trans Jelabel S.L., Aldeamayorde S Martin/Spain[8]	453	20.00
Transatlantic Shipping and Trading SRL, Bucharest/Romania	930	50.00
Värnamo Akeri AB, Värnamo/Sweden[8]	14,364	50.00
Volla Eiendom AS, Oslo/Norway[8]	10,503	50.00
DB SERVICES		
FULLY CONSOLIDATED		
DB Dienstleistungen GmbH, Berlin[7]	618,562	100.00
DB Fahrzeuginstandhaltung GmbH, Frankfurt am Main[7]	177,168	100.00
DB FuhrparkService GmbH, Frankfurt am Main[7]	3,650	100.00
DB Kommunikationstechnik GmbH, Berlin[7]	4,028	100.00
DB Rent GmbH, Frankfurt am Main[7]	18	100.00
DB Services Nord GmbH, Hamburg[7]	1,240	100.00
DB Services Nordost GmbH, Berlin[7]	317	100.00
DB Services Süd GmbH, Munich[7]	1,550	100.00
DB Services Südost GmbH, Leipzig[7]	363	100.00
DB Services Südwest GmbH, Frankfurt am Main[7]	1,871	100.00
DB Services West GmbH, Cologne[7]	1,111	100.00
DB Sicherheit GmbH, Berlin[7]	1,247	100.00
DB Systel GmbH, Frankfurt am Main[7]	161,032	100.00
DB Waggonbau Niesky GmbH, Niesky	11,813	100.00
AT EQUITY		
Leipziger Servicebetriebe (LSB) GmbH, Leipzig[7),9]	285	49.00
DB NETZE TRACK		
FULLY CONSOLIDATED		
DB Bahnbau Gruppe GmbH, Berlin[7]	28,224	100.00
DB Fahrwegdienste GmbH, Berlin[7]	2,870	100.00
DB Netz Aktiengesellschaft, Frankfurt am Main[7]	7,318,307	100.00
DB RegioNetz Infrastruktur GmbH, Frankfurt am Main[7]	1,494	100.00
Deutsche Umschlaggesellschaft Schiene – Straße (DUSS) mbH, Bodenheim am Rhein[7]	2,948	87.50
AT EQUITY		
EEIG Corridor Rotterdam-Genoa EWIV, Frankfurt am Main[7),10]	0	33.33
Güterverkehrszentrum Entwicklungsgesellschaft Dresden mbH, Dresden[7),9]	1,523	24.53

Subsidiary [Name and domicile]	Equity in TLC[6]	Ownership in %
MegaHub Lehrte Betreibergesellschaft mbH, Hanover[7), 11)]	1,198	29.17
S-Bahn Tunnel Leipzig GmbH i. L., Leipzig[7), 16)]	81	30.00
TKN Terminal Köln-Nord GmbH, Cologne[7), 9)]	24	42.88
TriCon Container-Terminal Nürnberg GmbH, Nuremberg[7), 9)]	137	21.88
DB NETZE STATIONS		
FULLY CONSOLIDATED		
DB BahnPark GmbH, Berlin	2,830	51.00
DB Station & Service Aktiengesellschaft, Berlin[7)]	1,496,682	100.00
AT COST		
Immobilien-Vermietungsgesellschaft Schumacher & Co Objekt Bahnhöfe Deutschland KG, Düsseldorf[7), 9), 17)]	-21,872	100.00
TUDO Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Bahnhöfe KG Düsseldorf, Düsseldorf[7), 9), 17)]	-2,541	100.00
DB NETZE ENERGY		
FULLY CONSOLIDATED		
DB Energie GmbH, Frankfurt am Main[7)]	665,247	100.00
OTHER SUBSIDIARIES		
FULLY CONSOLIDATED		
AMEROPA-REISEN GmbH, Bad Homburg v.d. Höhe[7)]	2,748	100.00
CLG Lagerhaus GmbH i. L., Mannheim	-1,201	100.00
DB (UK) Logistics Holdings Limited, Doncaster/Great Britain[7)]	1,880,045	100.00
DB Akademie GmbH, Potsdam	6,034	100.00
DB Belgie Holding BVBA, Antwerp/Belgium	19	100.00
DB Consult GmbH, Berlin	716	100.00
DB Danmark Holding ApS, Taastrup/Denmark	210,043	100.00
DB Dialog Telefonservice GmbH, Berlin[7)]	885	100.00
DB France Holding SAS, Gennevilliers Cedex/France	529,214	100.00
DB Gastronomie GmbH, Frankfurt am Main[7)]	792	100.00
DB Hungaria Holding Kft., Budapest/Hungary	11,039,475	100.00
DB International GmbH, Berlin[7)]	31,812	100.00
DB International USA, Inc., Delaware/USA	284	100.00
DB JobService GmbH, Berlin[7)]	875	100.00
DB Media & Buch GmbH, Kassel[7)]	26	100.00
DB Mobility Logistics AG, Berlin[7)]	2,697,632	100.00
DB Nederland Holding B.V., Utrecht/the Netherlands	18	100.00
DB Polska Holding Sp.z.o.o, Warsaw/Poland	1,716,744	100.00
DB ProjektBau GmbH, Berlin[7)]	26,471	100.00
DB Services Immobilien GmbH, Berlin[7)]	-410	100.00

Subsidiary [Name and domicile]	Equity in TLC[6]	Ownership in %
DB UK Holding Limited, Doncaster/Great Britain	1,884,991	100.00
DB US Corporation, Tarrytown/USA	256,383	100.00
DB US Holding Corporation, Tarrytown/USA	290,399	100.00
DB Vertrieb GmbH, Frankfurt am Main[7)]	5,974	100.00
DB Zeitarbeit GmbH, Berlin[7)]	-295	100.00
Deutsche Bahn Aktiengesellschaft, Berlin	15,328,720	100.00
Deutsche Bahn Finance B. V., Amsterdam/the Netherlands	57,355	100.00
Deutsche Bahn France Voyages & Tourisme SARL, Paris/France	221	100.00
Deutsche Bahn Romania Holding S.R.L., Bucharest/Romania	0	100.00
Deutsche Industrieholz GmbH, Essen	733	29.15
Die Bahn DB Demiryollari Limited Sirketi, Istanbul Bagcilar/Turkey	25	99.95
DVA Deutsche Verkehrs-Assekuranz-Vermittlungs-GmbH, Bad Homburg[7)]	3,217	65.00
DVA REINSURANCE LIMITED, Dublin/Ireland	5,368	65.00
Frank & Schulte GmbH, Essen	26	100.00
GI-Consult Geo Information Consult GmbH, Berlin	2,509	50.00
GI-CONSULT GEO INFORMATION CONSULT Polska Sp.zo.o., Warsaw/Poland	35[1)]	50.00
Grundstückspool Potsdam Center GbR mbH, Berlin		70.00
HD ocel s.r.o., Prague/Czech Republic	-9,047	100.00
HEROS Rail Rent GmbH, Fürth[15)]	3,621	2.00
Mataki Kemi AB, Malmö/Sweden	19,113	100.00
Precision National Plating Services, Inc., Delaware/USA	-11,204	100.00
Stinnes Beteiligungs-Verwaltungs GmbH, Essen[7)]	175,181	100.00
Stinnes Grundstücke GmbH & Co. Sanitär Heizung Fliesen Immobilien KG, Mülheim an der Ruhr	22,268	100.00
Stinnes Handel GmbH & Co. Beteiligungs OHG, Essen	-89	100.00
Stinnes Holz GmbH, Essen	420	53.00
Stinnes International AG, Zug/Switzerland	602	100.00
Stinnes Logistics GmbH, Essen[7)]	2,754	100.00
Stinnes Montan Gesellschaft mit beschränkter Haftung i.L., Essen	182	100.00
Stinnes ocel s.r.o., Prague/Czech Republic	2,074	100.00
UBB Polska Sp.z o.o., Swinemünde/Poland	79	100.00
UBB Usedomer Bäderbahn GmbH, Heringsdorf[7)]	2,442	100.00
Unterstützungskasse der Firma H.M. Gehrckens Gesellschaft mit beschränkter Haftung, Hamburg	263	100.00
Vienna Consult Verkehrsberatungsgesellschaft mbH, Vienna/Austria	75	100.00

Subsidiary [Name and domicile]	**Equity in TLC** [6]	**Ownership in %**
Zweite Kommanditgesellschaft Stinnes Immobiliendienst GmbH & Co., Berlin	56	100.00
AT EQUITY		
ALSTOM Lokomotiven Service GmbH, Stendal [7]	19,484	49.00
BahnflächenEntwicklungsGesellschaft NRW mbH, Essen [7), 8)]	218	49.90
Beijing HuaJing DeBo International Engineering Consulting Co., Ltd, Beijing / China		25.00
BwFuhrparkService GmbH, Troisdorf [7), 9)]	98,000	24.90
CD-DUSS Terminal, a.s., Lovosice / Czech Republic [7), 10)]	6,753	49.00
EUROFIMA Europäische Gesellschaft für die Finanzierung von Eisenbahnmaterial, Basel / Switzerland [7), 8)]	1,439,847	22.60
Innovationszentrum für Mobilität und gesellschaftlichen Wandel (InnoZ) GmbH, Berlin [7), 9)]	54	50.40
Qatar Railways Development Company, Doha / Katar		49.00
Rail Technology Company Limited, Jeddah / Saudi Arabia		24.90
SSG Saar-Service GmbH, Saarbrücken [7), 9)]	1,416	25.50
AT COST		
TREMA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Bahnhöfe West KG, Berlin [7), 9), 17)]	4,128	94.00
TRENTO Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Bahnhöfe Ost KG, Düsseldorf [7), 9), 17)]	- 87	100.00

1) Euro
2) GBP
3) SEK
4) HKD
5) USD
6) IFRS data
7) Local GAAP data
8) Preliminary data
9) Data: 2009 financial year
10) Data: 2008 financial year
11) Data: 2007 financial year
12) Data: 2006 financial year
13) Data: 2005 financial year
14) Data: Interim balance sheet as of Aug 31, 2010
15) Inclusion in the consolidated financial statements according to SIC-12 (Consolidation – Special Purpose Entities)
16) Data: Final liquidation balance sheet 2004
17) Inclusion has been omitted, as DB AG cannot exercise control with respect to these subsidiaries.

Figures in thousand local currency (TLC); ownership calculated in indirect ownership

Report of the Supervisory Board

During the year under review the Supervisory Board carried out its supervisory functions in accordance with the legal requirements, the company's Articles of Association and its bylaws. It extensively advised and supervised the Management Board in the management of the company as well as the management of its business operations. The Management Board informed the Supervisory Board regularly, without delay and comprehensively, especially about all issues regarding corporate planning, and the business, strategic and financial development of Deutsche Bahn AG (DB AG) and its subsidiary companies. All business issues of fundamental importance were discussed in plenary meetings and the relevant Supervisory Board committees based on reports prepared by the Management Board. Significant deviations in the actual business development were pointed out by the Management Board and examined by the Supervisory Board. The Chairman of the Supervisory Board remained in close contact with the Chairman of the Management Board and was kept regularly informed about Deutsche Bahn Group's (DB Group) current business developments, pending business decisions and risk management. The Supervisory Board was involved in all decisions of fundamental 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

The Supervisory Board was newly constituted in March 2010 at the end of its previous term. During the year under review the Supervisory Board met for its constituent meeting as well as four regular meetings and one extraordinary meeting. In three 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 and the Audit and Compliance Committee.

The focal points of discussions in the plenary meetings were the development of DB Group's revenues, results and employment situation, as well as significant capital expenditure, participation and divestment projects. Furthermore, the Supervisory Board also considered DB Group's strategy as well as the strategies pursued by the individual divisions. In addition, the Supervisory Board dealt intensively with the technical deficiencies affecting the ICE fleet and the S-Bahn (metro) vehicles in Berlin, which had major operational and financial repercussions on the rail passenger transport business. Moreover, during the year under review the Supervisory Board repeatedly requested reports on the weather-related disturbances in rail transport operations that took place, as well as the measures taken to preclude them. In many of its meetings the Supervisory Board also dealt with the status of the major Stuttgart 21 Project. The main purpose of the extraordinary meeting of the Supervisory Board held in April 2010 was to deliberate the takeover offer for Arriva Plc (Arriva), Sunderland / Great Britain, for which the Supervisory Board gave its consent. The progress of the acquisition process as well as the integration of Arriva into DB Group were discussed during the subsequent meetings of the Supervisory Board. Due to the legal requirements imposed by anti-trust law, the Supervisory Board consented to the divestment of Arriva's activities in Germany in December 2010.

In December 2010 the Supervisory Board took DB Group's mid-term plan covering 2011 to 2015 under consideration, and consented to DB Group's budget for the 2011 financial year and its capital expenditure plans.

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

MEETINGS OF THE SUPERVISORY BOARD COMMITTEES

The Supervisory Board has established four permanent committees to facilitate its work and increase its efficiency. The Executive Committee of the Supervisory Board met six times during the year under review and was in continual contact with the Management Board regarding all fundamental business policy issues. This was also the method used to prepare various key issues, in particular, for the Board's meetings.

During the year under review the Audit and Compliance Committee held four meetings and one telephone conference, and primarily dealt with the quarterly financial statements, the six-month financial statements and the related review results, as well as the six-month review of major capital expenditure projects.

Additional focal points were the 2010 forecast and DB Group's mid-term plan covering the period 2011 to 2015. The Audit and Compliance Committee kept itself informed about the operational difficulties experienced by the S-Bahn (metro) Berlin, the technical deficiencies in the ICE fleet, as well as the progress and development of costs associated with the major Stuttgart 21 project. Furthermore, the Audit and Compliance Committee also considered issues pertaining to accounting and risk management, the further development of corporate governance due to the passage of the Public Corporate Governance Code and the Accounting Law Modernization Act, and the resulting changes to the rules of procedure for the Audit and Compliance Committee. The Audit and Compliance Committee also kept itself informed about the business development of acquisitions, the issuing of the audit mandate to the auditor, as well as the results of the internal audit and compliance-related investigations.

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 meeting regarding the Committee's work.

During the year under review the Personnel Committee met three times to prepare personnel decisions for the Supervisory Board, and in particular prepared a peer group comparison as an addition to the Long-Term Incentive Plan for the Management Board. Moreover, on behalf of the Supervisory Board the Personnel Committee prepared the target agreements for the members of the Management Board for the 2011 financial year.

The Mediation Committee, which was established in accordance with Article 27, Para. 3 of the Codetermination Act (MitbestG), did not have to meet during the year under review.

CORPORATE GOVERNANCE

During the year under review the Management Board and Supervisory Board again considered the further development of Corporate Governance. With the Cabinet resolution of July 1, 2009, the Federal Government adopted the German Public Corporate Governance Code. The German Public Corporate Governance Code contains the essential provisions of existing laws regarding the management and supervision of unlisted companies in which the Federal Republic of Germany holds a majority stake, as well as internationally and nationally recognized standards of good and responsible management. The Supervisory Board was intensively engaged in implementing the Public Corporate Governance Code within DB Group and took the necessary related decisions.

Furthermore, the passage of the Accounting Law Modernization Act (BilMoG) in May 2009 redefined the main emphasis of audit committee work as described in the German Stock Corporation Act (AktG). Therefore, the rules of procedure for the Supervisory Board's Audit and Compliance Committee were clarified to the extent that, as part of its supervisory function, the Audit and Compliance Committee will also regularly inform itself about the effectiveness and appropriateness of the risk management and the internal control systems in accordance with the requirements stated in Article 107, Para. 3 (2) of the AktG. The DB AG Supervisory Board consented to the revision of the rules of procedure for the Audit and Compliance Committee.

PROFESSOR DR. DR. UTZ-HELLMUTH FELCHT
Chairman of the Supervisory Board of Deutsche Bahn AG

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, 2010 were audited by the auditor elected by the Annual General Meeting, Pricewaterhouse-Coopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft (PwC), Berlin, and received the auditor's unqualified certification. In addition, the auditor also audited the risk management system as part of the annual audit and did not raise any objections.

The auditor's report was the subject of the Audit and Compliance Committee meeting held on March 28, 2011 and was also extensively discussed during the Supervisory Board's financial statements meeting on March 30, 2011 that took place in the presence of the auditor who signed the auditor's report. The auditor reported on the fundamental results of the audit and was available to answer questions. The Supervisory Board concurred with the results of the audit.

The Supervisory Board examined DB AG's annual financial statements and management report, as well as the consolidated financial statements and the Group management report for the year under review, as well as the proposed allocation of profits, and did not express any reservations. The annual financial statements of DB AG for the 2010 financial year were approved, and are thus adopted.

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

The Supervisory Board examined this report, and did not express any reservations regarding the closing statement of the Management Board included in the report and the results of the audit by the auditor.

CHANGES IN DB AG'S SUPERVISORY BOARD AND THE MANAGEMENT BOARD

Professor Dr. Dr. Utz-Hellmuth Felcht was elected Chairman of the Supervisory Board on March 24, 2010. He succeeds Dr. Werner Müller whose mandate ended on this date due to the expiration of his term of office.

The term of office of the following members of the DB AG Supervisory Board ended on March 24, 2010: shareholder representatives Mr. Georg Brunnhuber and Mr. Niels-Lund Chrestensen; employee representatives Mr. Jörg Hartkorn and Ms. Heike Moll. New members elected to the Supervisory Board effective March 24, 2010 were: Mr. Patrick Döring and Professor Dr. Knut Löschke were elected as shareholder representatives. On March 11, 2010 Messrs. Mario Reiß and Wolfgang Joosten were newly elected to the Supervisory Board as employee representatives.

Dr. Walther Otremba, who resigned his mandate as member of the Supervisory Board effective March 8, 2010, was succeeded by State Secretary Dr. Hans Bernhard Beus, who was seconded to the Supervisory Board effective March 9, 2010.

Effective March 31, 2010 Mr. Diethelm Sack resigned his mandate as member of the DB AG Management Board, where he was the Chief Financial Officer. He was succeeded effective April 1, 2010 by Dr. Richard Lutz. Effective March 31, 2010 Mr. Stefan Garber also resigned his mandate as member of the DB AG Management Board, where he was the head of the Infrastructure division. He was succeeded on April 1, 2010 by Dr. Volker Kefer who will serve for the remainder of his existing term. Dr. Kefer had already served as the provisional head of the Infrastructure division since December 9, 2009. Dr. Kefer is also responsible for the Rail Technology and Services Division.

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

The Supervisory Board thanks the Management Board, all employees as well as the DB AG employees' representatives and its affiliated companies for their dedicated efforts during the year under review.

Berlin, March 2011

For the Supervisory Board
Sincerely,

Professor Dr. Dr. Utz-Hellmuth Felcht
Chairman of the Supervisory Board
of Deutsche Bahn AG

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