Mobility
Networks
Logistics

Deutsche Bahn
2011 Annual Report

AT A GLANCE

Selected key figures	2011	2010	CHANGE absolute	%
KEY FINANCIAL FIGURES – € MILLION				
Revenues adjusted	37,901	34,410	+3,491	+10.1
Revenues comparable	35,888	34,407	+1,481	+4.3
Profit before taxes on income	1,359	900	+459	+51.0
Net profit for the year	1,332	1,058	+274	+25.9
EBITDA adjusted	5,141	4,651	+490	+10.5
EBIT adjusted	2,309	1,866	+443	+23.7
Non-current assets as of Dec 31	44,059	44,530	-471	-1.1
Current assets as of Dec 31	7,732	7,473	+259	+3.5
Equity as of Dec 31	15,126	14,316	+810	+5.7
Net financial debt as of Dec 31	16,592	16,939	-347	-2.0
Total assets as of Dec 31	51,791	52,003	-212	-0.4
Capital employed as of Dec 31	31,732	31,312	+420	+1.3
ROCE (%)	7.3	6.0	–	–
Redemption coverage (%)	20.5	18.1	–	–
Gearing (%)	110	118	–	–
Net financial debt / EBITDA	3.2	3.6	–	–
Gross capital expenditures	7,501	6,891	+610	+8.9
Net capital expenditures	2,569	2,072	+497	+24.0
Cash flow from operating activities	3,390	3,409	-19	-0.6
KEY PERFORMANCE FIGURES				
RAIL PASSENGER TRANSPORT				
Passengers[1] (million)	1,981	1,950	+31	+1.6
Volume sold[1] (million pkm)	79,228	78,582	+646	+0.8
Volume produced[2] (million train-path km)	759.8	674.8	+85.0	+12.6
RAIL FREIGHT TRANSPORT				
Freight carried (million t)	411.6	415.4	-3.8	-0.9
Volume sold (million tkm)	111,980	105,794	+6,186	+5.8
Capacity utilization (t per train)	513.6	502.4	+11.2	+2.2
RAIL INFRASTRUCTURE				
Train kilometers on track infrastructure (million train-path km)	1,051	1,034	+17	+1.6
thereof non-Group railways	219.9	195.4	+24.5	+12.5
Station stops (million)	145.2	143.9	+1.3	+0.9
thereof non-Group railways	24.7	22.0	+2.7	+12.3
BUS TRANSPORT				
Passengers[1] (million)	756.3	784.2	-27.9	-3.6
Volume sold[1] (million pkm)	8,763	9,214	-451	-4.9
Volume produced[2] (million bus km)	1,481	642.6	+838.4	+130
FREIGHT FORWARDING AND LOGISTICS				
Shipments in European land transport (thousand)	95,836	80,816	+15,020	+18.6
Air freight volume (export) (thousand t)	1,149	1,225	-76	-6.2
Ocean freight volume (export) (thousand TEU)	1,763	1,647	+116	+7.0
OTHER FIGURES				
Length of line operated (km)	33,576	33,723	-147	-0.4
Passenger stations	5,685	5,700	-15	-0.3
Employees as of Dec 31	284,319	276,310	+8,009	+2.9
Rating Moody's / Standard & Poor's / Fitch	Aa1/AA/AA	Aa1/AA/AA	–	–

[1] Excluding Arriva.

[2] Previous year excluding Arriva.

DB GROUP'S BUSINESS UNITS

DB Bahn Long-Distance

The DB Bahn Long-Distance business unit provides national and cross-border long-distance rail transport services. Our long-distance transport services link 150 German cities and the rest of the country with cities throughout Europe, such as Amsterdam, Brussels, Paris and Zurich. Regularly scheduled daily services are the core business in long-distance transport. We want to convince customers of our offers by keeping our promise of providing quick and comfortable connections directly to towns and cities at attractive prices.

DB Bahn Regional

The DB Bahn Regional business unit conducts our rail and bus operations in Germany's local and regional transport markets. Our extensive transport network provides road and rail connections in metropolitan and rural areas. Our goal is to offer integrated local rail and bus services tailored to the transport needs of customers. A market-focused organizational structure was built up around the principles of customer orientation and profitability.

DB Arriva

Our regional transport operations outside Germany are bundled within the DB Arriva business unit. The DB Arriva services portfolio includes bus, ferry and wide-ranging rail transport services. DB Arriva is active in 12 European countries: Denmark, the UK, Italy, Malta, the Netherlands, Poland, Portugal, Sweden, Slovakia, Spain, the Czech Republic and Hungary.

DB Services

The availability of reliable services is a key prerequisite for providing smooth-running mobility and logistics services, and is thus essential for competitiveness in rail transport. DB Group companies are the main buyers of this business unit's primarily transport-related infrastructure management and infrastructure-related services.

DB Schenker Logistics

DB Schenker Logistics supports industrial and trade customers in the global exchange of goods: in land transport, global air and sea freight services as well as as in the areas of contract logistics and supply chain management. With around 2,000 locations in over 130 different countries, we are a global player in fast-growing, highly competitive markets in which consolidation is accelerating.

DB Schenker Rail

DB Schenker Rail is Europe's leading rail freight carrier. Our product range extends from an open network system for single wagons and wagon group transport to point-to-point block train transport as well as additional logistics services, and services relating to combined transport. DB Schenker Rail has specialized know-how in the iron, coal and steel (Montan), chemicals, mineral oil, agriculture, forestry, consumer goods, construction materials and waste disposal industries.

DB Netze Track

The DB Netze Track business unit is a service provider for all the train operating companies in Germany that utilize our rail network spanning roughly 33,400 kilometers. Because of its geographic location, our rail network is of major importance for the European transport industry. We ensure the safe operation of our track infrastructure while providing customer-oriented route services and timetable design.

DB Netze Stations

Our stations are not only the gateway to the rail system, they are also a hub linking the various modes of transport, a marketplace and an image factor for cities and regions. This business unit operates stations and develops and markets station facilities.

DB Netze Energy

DB Netze Energy is our energy manager, providing, among other things, traction power and fuel to all trains in Germany. We also provide energy services to customers from the industrial, trade and service sectors.

CUSTOMERS AND THE ENVIRONMENT COME FIRST WITH US

In Hamburg, we are banking on electricity from renewable energy sources in rail transport. The Hamburg S-Bahn was the first railway in Germany to run entirely on carbon-free electricity from German hydropower stations, starting in early 2010. In the year under review, we were therefore the ideal partner for Hamburg, the "European Green Capital 2011."

DEVELOPING SOLUTIONS THAT HELP OUR CUSTOMERS AND THE ENVIRONMENT

GREEN PRODUCTS FOR THE FUTURE

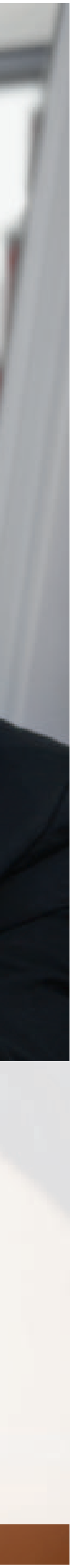
We want to offer our customers first-class mobility and logistics services. This is why we are continuously improving the quality of our services. In addition to our targeted orientation towards customers and quality, we also want to be a pioneer when it comes to the efficient allocation of resources. Therefore we have already set ourselves ambitious climate protection goals for DB Group in the past. We plan to systematically expand our range of green products, which will also benefit our customers. ▸

We fulfill our service promise in passenger transport by making comprehensive capital expenditures – for instance in redesigning our ICE 2 fleet – to improve comfort and thus to our customers' benefit.

CUSTOMER BENEFITS AT THE CENTER OF OUR ATTENTION

Our commitment to high-quality service applies across all our business units. We are therefore placing a special emphasis on improving the quality of our services, whether this concerns travellers and ordering organizations in passenger transport or companies in freight transport and infrastructure.

Last year, we launched our customer and quality initiative, which was aimed at substantially increasing our operational stability, particularly in bad weather conditions. We have tangibly improved customer information with respect to major construction work. Furthermore, we have invested extensively in our vehicle fleet, introducing new locomotives, trains, buses and wagons, as well as in our logistics networks. Through structural improvements, we enabled smoother access to many train stations. Successful bids across Europe have shown that we are able to make attractive offers to ordering organizations. We have made mobile shipment tracking even more convenient for our customers. Our aime is to continue to pursue our successful approach in the years to come.

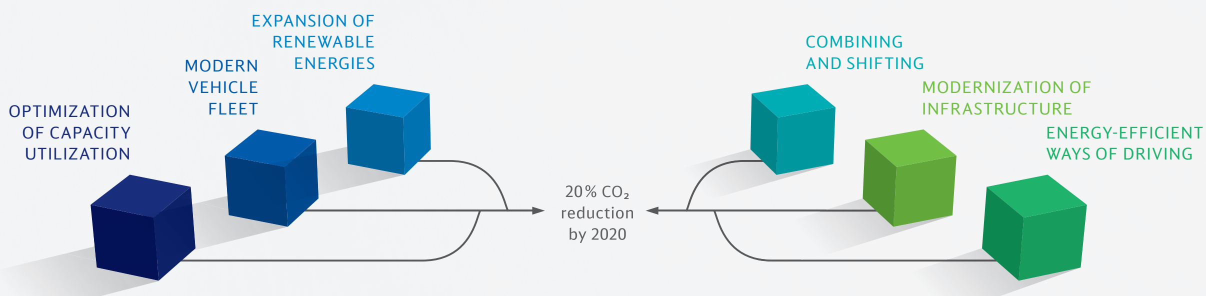


With our Eco Solutions, we are already in a position today to offer our customers top-class environmental products for optimizing their entire logistics chains.

E-mobility is no longer just a vision for us, but a concrete product portfolio – whether electric cars or electric bicycles – which we can offer our customers.

CLEAR CLIMATE PROTECTION GOAL

We have set a clear goal for DB Group: by 2020, we aim to reduce the specific CO_2 emissions Group-wide by 20% in comparison to 2006. For this purpose we are implementing a number of initiatives throughout the Group. These include increasing the share of renewable energies in the traction current mix, developing our Eco Solutions in the area of transport and logistics, and saving energy in the infrastructure. In addition, we are also seeking to promote e-mobility. In all that we do, we always bear the environmental consequences in mind.



ICE en route from Berlin to Hanover, passing through a wind farm.

EXPANDING THE ENVIRONMENTAL BENEFITS FOR RAIL

CONTINUOUS CO_2 REDUCTION

Rail transport is the most environmentally friendly mode of transport and this environmental lead should be further expanded in future. In addition to modernizing our vehicle fleet in order to raise energy efficiency, making increased use of renewable energies will be an essential driver behind this. Even today, our customers can already make use of completely CO_2-free offers in rail passenger and freight transport. With regard to the expansion of renewable energies and our CO_2-free products, we have placed a particular emphasis on the generation of electricity from hydroelectric and wind power.

For over 100 years we have been obtaining electricity from various hydropower stations in Germany – like the hydropower plant in Lehmen (on the Moselle) for instance – from which we will be acquiring electricity as of 2014.

In October 2011, the world's first hydrogen-hybrid power station went on stream in Prenzlau. It can store wind energy, which can subsequently be fed back into the power grid. We supported the construction with revenues from our carbon-free rail transport services "Environment Plus" and "Eco Plus."

PROMOTING THE EXPANSION OF RENEWABLE ENERGIES

The use of renewable energies has a long tradition at Deutsche Bahn. Our goal of continuously expanding the share of renewable energies in the traction current mix, and even our vision of using nothing but renewable energies for rail transport in Germany, were firmly established well before the tragic incidents in Fukushima.

As one of the biggest electricity consumers in Germany, requiring complete around-the-clock security of supply, particularly during peak times, this is a major challenge for us. For this reason, we support the development of new methods of generating and storing electricity. An example of this is the construction of the world's first hybrid power plant. We are also trying to make use of free spaces and facilities throughout our infrastructure for the building of new photovoltaic plants, e.g., workshop roofs, noise barriers or signals. Only through these wide-ranging measures can we achieve our climate goals.

"We make use of a variety of possibilities to promote the expansion of renewable energies – this also includes building photovoltaic plants on hitherto unused space."

Rüdiger Furch, Environmental Coordinator at DB Regio AG, in the Hesse region

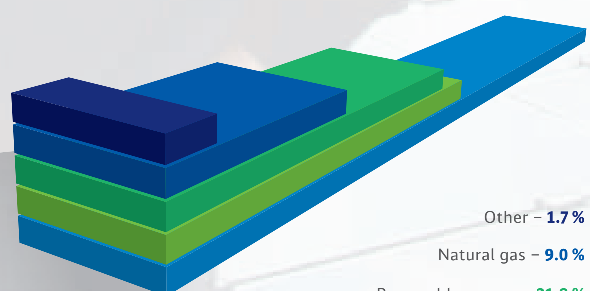
On the rooftop of the S-Bahn workshop near Frankfurt's main central station, juwi Holding AG, a project developer in the field of renewable energies, mounted 14,330 modules on a 20,000-m² surface, the total output of which is more than one megawatt. The photovoltaic plant will save 668 tons of CO_2 per year.

TRACTION CURRENT MIX IS GETTING GREENER

With traction current we mean the electrical power that is required for traction at the German trains' specific frequency of 16.7 Hz.

In 2011, the renewable energies' share of the traction current mix was 21.8%. We want to increase this share to at least 35% by the year 2020. Furthermore, it is a vision of ours to completely switch to renewable energies for supplying the traction current by 2050.

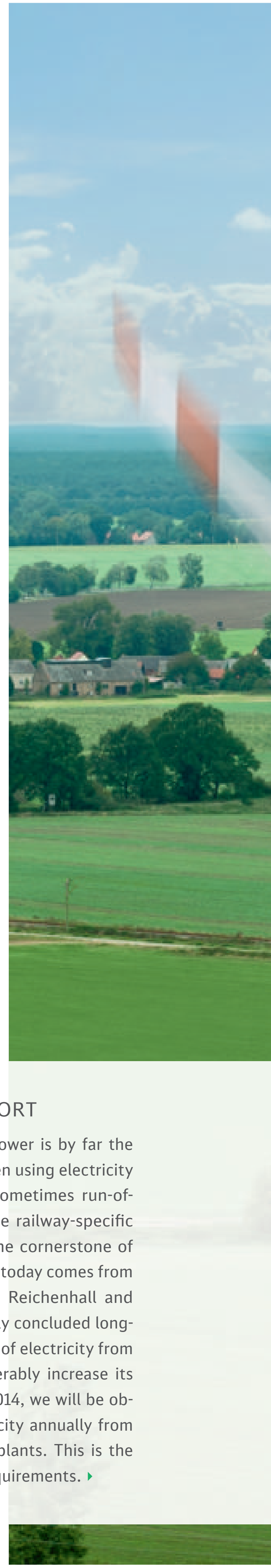
This is further complemented by the effects of our CO_2-free offers. For this purpose, we use additional electricity from renewable energy sources. ▸



“The power harnessed from hydropower, which we make available to Deutsche Bahn, secures and expands the share of renewable energies in the traction current mix in the long run.”

Dr. Olaf Heil, Head of Hydro Power & New Technologies at RWE Innogy GmbH

From 2014 onwards, we will receive an additional 900 million kilowatt hours of eco-power from the power utility company RWE. 14 German hydropower stations will supply energy, which we will also be able to use to expand our carbon-free offers.



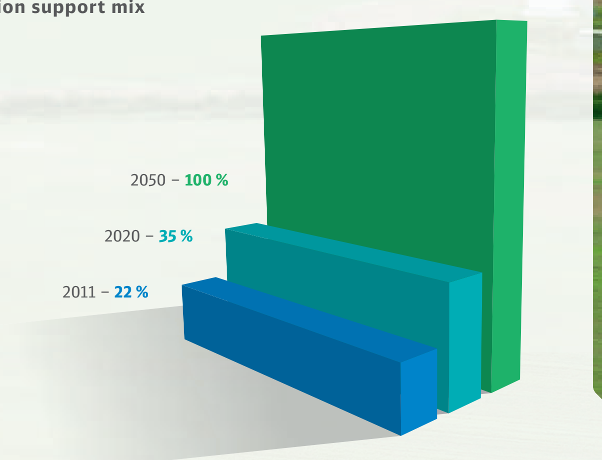
HYDROELECTRIC POWER FOR RAIL TRANSPORT

Among the sources of renewable energy, hydroelectric power is by far the most important one for us. For over 100 years, we have been using electricity from various hydroelectric power plants in Germany. Sometimes run-of-the-river power plants produce electricity directly at the railway-specific frequency of 16.7 Hz. For us, these power plants form the cornerstone of renewable energies: nearly 10 % of the traction current mix today comes from these plants. This also includes the power plants Bad Reichenhall and Kammerl, which are owned by DB Energy. Due to a recently concluded long-term supply contract with RWE regarding the procurement of electricity from hydroelectric power, we will in future be able to considerably increase its share in the traction current mix. This means that, as of 2014, we will be obtaining an additional 900 million kilowatt hours of electricity annually from hydroelectric power, partially from recently modernized plants. This is the equivalent of approximately 8 % of our traction current requirements.

In 2011, we concluded new electricity supply contracts with two wind farm operators. A total of 33 wind turbines are currently supplying our trains with electricity.

Alongside water, wind is also one of our most important renewable energy sources. Wind energy must therefore also be assigned an important role if we are to achieve our goals. DB Energy is currently obtaining energy from three wind farms. Here, our objective is also to accumulate experience in dealing with fluctuating wind power. In order to ensure a reliable energy supply it is essential that the plants feed a continuous and predictable amount of electricity into the grid. This requires the development and use of new technologies. Hybrid technology, for instance, could facilitate the storage of energy for low-wind periods. This would considerably facilitate the use of wind power.

Renewable energy's share of traction support mix

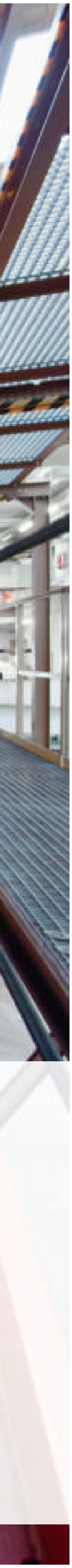


Our “Eco Plus” offer enables our customers to transport their goods completely CO_2-free by rail. 100% of the power for this comes from renewable sources of energy. Here, an Eco Plus car transport train from our pioneering client Audi being loaded in Neckarsulm.

EXPANDING OUR CARBON-FREE OFFERS

Apart from increasing the share of renewable energies in the general traction current mix, we are also enabling business customers, and in future also private customers, to travel and transport goods by train entirely on the basis of renewable energies. Mobility, logistics and environmental protection could thus complement each other very well.

The principle behind our CO_2-free offers is simple and transparent: we purchase the amount of renewable energy required in advance, based on the number of bookings we receive and our forecasts, and feed this into the traction current grid. The renewable energy fed in replaces electricity obtained from other sources. In contrast to compensation measures, this does not result in any CO_2 emissions. Each year customers receive a certificate from TÜV SÜD indicating the annual savings they have made. With 10% of the additional revenues gained from our carbon-free services, we support the building of new plants for the generation of renewable energies.



“Our employees love travelling by train, and see this as their contribution to climate protection.”

Stefan Seidel, Deputy Head of PUMA.Safe Global and Team Head of PUMA.Safe Ecology at PUMA SE

Puma is the 100th company to make use of our service for carbon-free business trips – bahn.corporate “Environment Plus.” Here, on a business trip with the ICE from Nuremberg to Berlin.

We have bundled our offers for business customers under the names “Eco Plus” and “Environment Plus.” For two years, we have been offering our customers a variety of different CO_2-free rail products, both for passenger and freight transport. “Eco Plus” is available on all routes within Germany – both for existing and new routes, irrespective of the type and quantity of goods being transported. “Environment Plus” is our offer for CO_2-free business travel by train. This service is extremely popular. In 2011, Puma was the 100th client to sign up for this service.

We are also introducing environmentally friendly concepts for ordering organizations in regional transport. Hence, since January 2010, S-Bahn Hamburg is the first railway company in Germany whose trains run exclusively on hydroelectric power. Furthermore, since July 2010, all trains of the local transport in Saarland are also being operated by renewable energy harnessed from hydroelectric power. That means that for the more than 10 million passengers in Saarland, mobility is now even more environmentally friendly: about 18,000 tons of CO_2 are saved in local transport annually. In terms of passenger transport, journeys undertaken with Ameropa as well as school and group trips can now also be organized CO_2-free. In addition, we are also offering solutions for CO_2-free arrivals and departures to and from events. Under the name Destination Nature (“Fahrtziel Natur”) we also offer a range of carbon-free trips to the most beautiful parts of Germany, Switzerland and Austria.

Our Eco Solutions enable customers to reduce CO_2 emissions along the entire transport chain. This service is complemented by our new ECO_2PHANT. It demonstrates symbolically how much CO_2 customers can save on their transports. Every ECO_2PHANT equals 5 tons of saved CO_2 – about as much as an elephant weighs.

DEVELOPING GREEN SOLUTIONS TO IMPROVE OUR CUSTOMERS' ENVIRONMENTAL PERFORMANCE

CLEAR EXPERTISE IN GREEN LOGISTICS

As one of the world's leading transport and logistics service providers, our goal is also to be a market leader in green logistics as well. In this respect we are relying on our strong network, our expertise in multiple modes of transport and, of course, our strong backbone in freight rail transport.

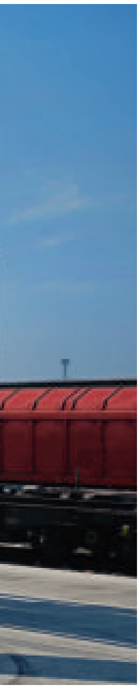
We can already offer our customers a comprehensive range of carbon-free, low-carbon and carbon-neutral products, which we call our Eco Solutions. Our Eco Solutions comprise offers for all modes of transport and help our customers to reduce their carbon footprint.

DB Schenker offers combined road and rail transport services from one source. Our customers can save up to 60% in CO_2 emissions in comparison to road transport alone by shifting in part from road to rail.

As of 2008, we evaluate the annual greenhouse gas emissions of Siemens' worldwide transport activities, which we handle on their behalf. A team collects all shipment data in order to be able to carry out analyses that are as precise as possible, and to identify potential reductions.

CREATING EMISSIONS TRANSPARENCY

At DB Schenker, climate protection already begins with customer consultation and new transport planning. Measuring the CO_2 emissions produced along the supply chain is one of the biggest challenges in transport and logistics. This isn't just because of the high level of fragmentation, it is also due to the increasing bundling of transport services for economic and ecological reasons. For this reason, we introduced measures in good time, facilitating targeted analyses to be carried out for ourselves and our customers: in collaboration with external experts, we developed a software called "EcoTransIT World," which enables all emissions to be precisely calculated. The tool analyses CO_2 emissions along the entire transport chain. In this way we can give our customers recommendations on how to avoid CO_2 emissions through a combination of more energy-efficient modes of transport or by planning alternative routes.



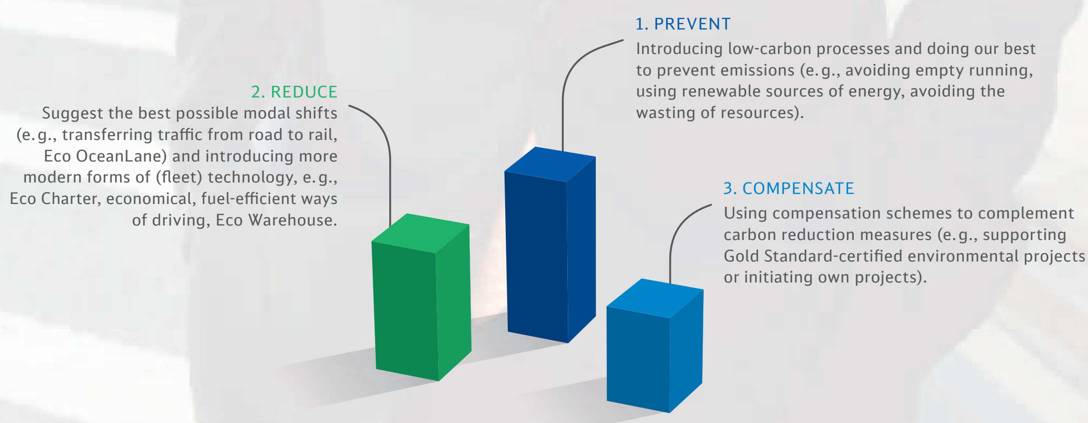
"We are on the same wavelength as DB Schenker: for us too, the responsible use of natural resources and acting in an environmentally friendly manner are important issues."

Uwe Lindemann, Managing Director of Global Markets/ Global Sales at Hapag-Lloyd AG

Also with respect to the transport of ocean freight, we give priority to maintaining long-term business relations with the best and most reliable carriers, such as Hapag-Lloyd. This way we can guarantee the highest level of quality and effectiveness of our products and services to our customers.

PREVENT – REDUCE – COMPENSATE

Our three-step approach for tackling CO_2-related issues.



We have also taken numerous environmental aspects into consideration with the construction of our new Airport Office in Melbourne, Australia. Apart from being supplied by rainwater, a photovoltaic plant and an electrically run forklift also help to considerably reduce energy consumption.

"With the precise information given to us by DB Schenker, we can determine our carbon footprint and use this as a basis to reduce our carbon emissions."

Birgit Heftrich, Corporate Supply Chain Manager at Siemens AG

STRONG SOLUTIONS FOR OUR CUSTOMERS

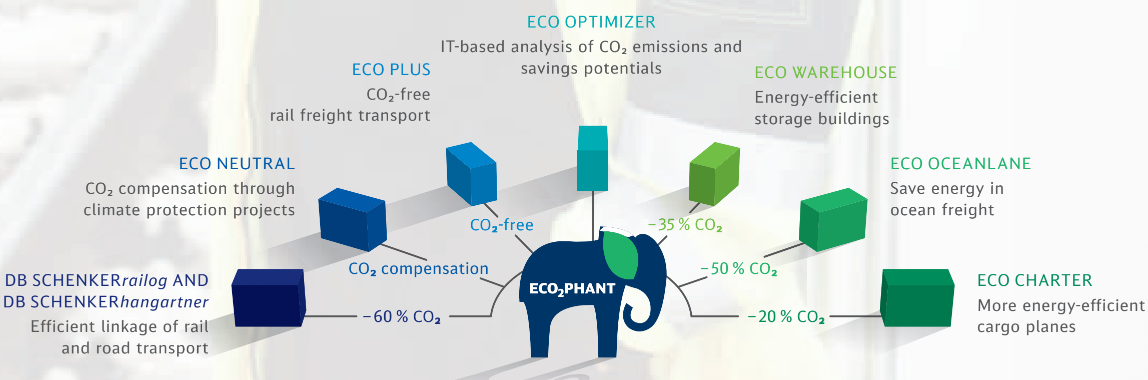
The recording of emissions is only the beginning. After ensuring transparency, the next steps are the optimization with Eco Optimizer and the use of our Eco Solutions. Up to 60% of CO_2 emissions can be saved with DB SCHENKERhangartner and DB SCHENKERrailog by moving as many transports as possible onto rail. Our Eco OceanLane product can help save up to 50% of CO_2 emissions in ocean freight, since ships can reduce their engine power with shipments that aren't time-critical and also use rail for some of the hinterland transports. With Eco Warehouse we have developed a concept for an energy-efficient storage building, with which up to 35% of CO_2 emissions can be saved. Our Eco Charter solution permits customers to reduce their carbon footprint with air freight by using more energy-efficient aircraft. Complementary to reduced CO_2 emissions, we also offer Eco Neutral. This helps offset inevitable emissions by supporting climate protection projects.

“In DB Schenker we have found a partner with whom we can realize complex rail transport projects across national borders and beyond.”

Manfred Brauckmann, Head of the Giengen/Dillingen Delivery Center, Logistics Department, at BSH Bosch und Siemens Hausgeräte GmbH

In 2011, BSH Bosch und Siemens Hausgeräte GmbH transported its goods by rail from various dispatch sites in Germany via Kornwestheim to Tournan near Paris. Further modal shifts on the part of BSH were officially recognized by the German Emissions Trading Authority as being a climate protection initiative.

OUR ECO SOLUTIONS – OUR GREEN SOLUTIONS



DB Arriva operates the world's first double-decker hybrid buses in London. They use a combination of an electric motor and a small diesel engine. We are also operating hybrid buses in Denmark, the Netherlands and on Malta.

INCREASING ENERGY EFFICIENCY FOR FURTHER CUTS IN CO_2 EMISSIONS

A RESPONSIBLE USE OF RESOURCES

In the event that emissions cannot be avoided altogether, we have a second main line of approach, which is to raise the energy efficiency of operations and production processes as a way of reducing emissions. This includes the use of modern vehicles (such as those that use energy-recovering braking systems in rail transport), increasing capacity utilization in passenger and freight transport, and encouraging our employees to operate vehicles in a more energy-efficient way on both road and rail.

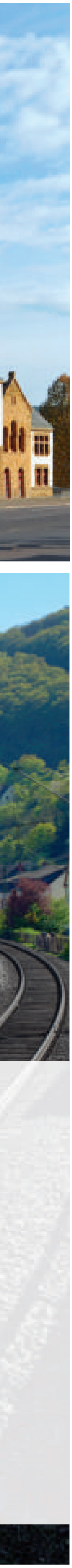
The energy requirements of Eisenach train station have been reduced by 36% as a result of extensive energy-related renovations being carried out on ceilings, walls and windows to make them more energy efficient. Furthermore, a modern co-generation unit has helped to reduce CO_2 emissions by a further 32%.

Thanks to its significantly improved aerodynamic form and lighter construction, the new ICx uses up to 30% less energy.

IMPLEMENTING GROUP-WIDE MEASURES

In an effort to further expand the eco-friendliness of rail transport, we have focused on continuously increasing the energy efficiency of our vehicles. Hence, all our modern multiple units are equipped with three-phase alternating current technology; the kinetic energy produced by the train when it brakes is converted into electricity, which in turn is fed into the overhead catenary. This enables us to re-use every tenth kilowatt hour of electricity which flows through the overhead catenary. In other words, energy is recycled and made available to other vehicles in the form of traction energy.

In terms of infrastructure, train stations across Germany have been renovated to be more energy efficient as part of the economic stimulus programs. This also included improving the insulation of the roofs, cellar roofs and facades, as well as replacing the old windows with new thermal



"Electric vehicles are perfect city cars: they complement the local public transport network, are emission-free, quiet and ideally suited to medium distances."

Dr. Frank Wolter, Project Coordinator of the research project BeMobility at Deutschen Bahn AG

"BeMobility" is a joint venture by partners from the industry and science that is currently examining the integration of electric vehicles into the public transport system by means of car-sharing schemes.

insulation glass. Within the framework of the recently launched project "Green Station," the first carbon-neutral passenger stations in Germany will be built with the help of technologies such as photovoltaic systems, solar collectors and rainwater percolation systems.

The new ICx is a prime example of energy efficiency in passenger transport: low levels of energy consumption due to significant weight reductions are one of its key features. Positive effects in terms of energy efficiency have also been achieved with the redesigning of the ICE 2 fleet, which began in 2011.

With the e-flinkster, customers can already enjoy carbon-free electric cars today, without exhaust fumes or noisy engines. We are also engaged in the "BeMobility" project, which promotes the conveyance of local passenger traffic with electric cars. Moreover, we have made about 100 electric bicycles available to our customers in Aachen and Stuttgart through our "e-Call a Bike" service.

With regard to regional transport, we have started to introduce more and more hybrid buses across Europe, currently in four countries. This way we can save up to 30 % in fuel, while maintaining the same level of performance.

Within the scope of our Eco Solutions, reducing CO_2 emissions is also a central topic in the field of transport and logistics.

We have continued the process of further developing our corporate culture by organizing regional dialogues on the future. Here, Dr. Rüdiger Grube, Chairman of the Management Board, during one of these events in Göttingen.

THIS IS WHAT OUR 295,000 EMPLOYEES ARE ENGAGED IN EVERY DAY

COMMITMENT TO OUR CUSTOMERS, THE ENVIRONMENT AND SOCIETY

Our employees are our face to the customers – their committed approach is essential to our success in the mobility and logistics markets in Germany, Europe and around the world. Our everyday performance, which has already made us into one of the world's leading mobility and logistics companies worldwide, would not have been possible without the concerted efforts of our employees. Having happy satisfied staff is therefore an essential foundation for having satisfied customers. We would also not be able to achieve our objective of being an environmental pioneer without the commitment of our employees.

In 2011, we trained nearly 2,000 local transport customer service staff, some of them at our training center in Berlin, among other places.

By 2011, roughly 20,000 drivers received instruction in energy-saving driving techniques from DB Schenker and other subcontracters. On average, drivers who have received this type of training use up to 10% less fuel.

MAKING FULL USE OF SKILLS, MAXIMIZING POTENTIAL

We assign great importance to providing our employees with means of advancement and further training. Our main focus here, as a service company, is to increase the quality of that service, especially with regard to the direct contact we have with our customers. Within the scope of our customer and quality initiative, we therefore trained a number of employees in 2011 to support them in their day-to-day work. This included a two-day seminar for our local transport service staff, which aimed to convey customer and business-oriented skills through a behavioral and specialist training program. This also covered how to develop a friendly and self-confident demeanour as well as communicating in a customer-friendly manner. These training measures have helped to turn our employees into proactive service providers and competent contact persons for our customers.

Another key area of our training measures concerns energy-efficient ways of driving in road and rail transport. ▸

Since 2004, every year the apprenticeship preparation program “Chance plus” has been offering around 400 adolescents, who don’t have the necessary qualification to start an apprenticeship, the opportunity of obtaining necessary qualifications.

In 2000, the project “Deutsche Bahn trainees against hatred and violence” was launched. Around 440 apprentices participated in the competition in 2011, entering more than 60 projects. Eight of the projects were awarded a prize at the closing event in Berlin.

TAKING RESPONSIBILITY

In order to meet our social obligations, we are committed to the long-term promotion of the next generation of skilled employees. We are one of the biggest and most diverse trainers in Germany, offering apprenticeship in more than 25 occupations.

We introduce our range of apprenticeship offers also to female pupils from grades 5 to 10, within the context of the annual Girls’Day, for instance. This aims to reduce possible obstacles to entering the field and to awaken girls’ interest in traditionally technical professions in the railway sector.

Together with the Federal Employment Agency and the Chamber of Industry and Commerce, we jointly developed the job-preparation course “Chance plus.” It is directed at adolescents who have completed their schooling but do not have the necessary skills for an apprenticeship. During the training program they can obtain the missing qualifications. Every year, around 75% of “Chance plus” graduates are subsequently offered a job or an apprenticeship.

Beyond the day-to-day job requirements, the program also focuses on developing civil courage, social competence skills and a sense of responsibility among the trainees. For the twelfth time, young apprentices at Deutsche Bahn launched an initiative against hatred and violence called “Bahn-Azubis gegen Hass und Gewalt” in 2011, and also independently organized projects related to the topic of social responsibility.

By the beginning of February 2011, up to 1,000 employees had participated in every of the five conferences on the future in which they discussed the further development of our corporate culture with members of the Management Board.

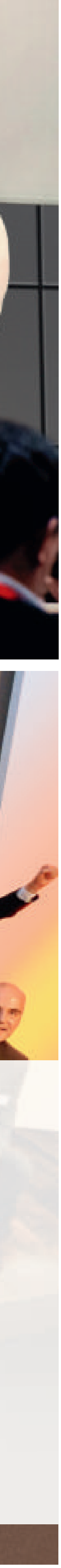
The DB Award offers an exciting platform for the transfer of know-how and opportunities to network within Deutsche Bahn. As a token of appreciation for their outstanding work, the Management Board presented each nominated team with a trophy.

SHAPING CORPORATE CULTURE

For service sector companies, in particular, having a strong corporate culture is essential for their long-term success. Having satisfied employees is the prerequisite for having satisfied customers. It is therefore also necessary to develop a certain kind of corporate culture, alongside the right strategy and organisation, to be able to successfully assert oneself on all current and future markets.

Since 2010, we have therefore been consistently striving to further develop and enhance our corporate culture. Our goal is to promote satisfied and motivated employees and executives, who are enthusiastic about working for Deutsche Bahn and its customers.

To set this long-term process of transformation in motion, five conferences on the future took place between 2010 and 2011, with the aim of further developing our corporate culture at the Group level. ▸



"A good corporate culture isn't a given. We need to cultivate it and work persistently to maintain it. The many small steps this involves will ultimately lead to a big transformation into a new culture, which will fit with our company, our employees and our customers."

Ulrich Weber, Member of the Management Board for Personnel at Deutsche Bahn AG and at DB Mobility Logistics AG

In 2010, five conferences on the future were organized with our employees to promote the continued development of our corporate culture. The amendment process was further pursued in 15 regional dialogues on the future, with the participation of members of the Company's Management Board.

The entire Management Board spent two days during every conference with in total more than 3,500 employees and executives discussing what changes would be necessary to create a corporate culture characterized by openness and trust, and aligned with our Group values. Based on the 1,300 concerns and ideas brought forth by the employees and executives, four central fields of action for this cultural transformation emerged: establishing sufficient room for maneuvre and scope for decision-making, leadership, communication and strengthening the cooperation between departments. Intensive efforts are made to introduce concrete changes in these fields, some of which have already been implemented.

In an attempt to extend this cultural development process to the regions and to encourage concrete changes on site, the next step involved proceeding with the discussions with around 300 employees and executives, in each of 15 regional dialogues on the future, which spanned various business fields and hierarchies and lasted until March 2012. In addition to discussing the strengths and weaknesses of today's DB culture and the development of further ideas regarding transformation, the object of the dialogues on the future is to pass responsibility for cultural change to the regional management levels. We want to engage as many employees and executives in this process as possible, and thus establish this development process at the local level.

CONTENTS

HYDROELECTRIC POWER

Hydroelectric power is the most widely used renewable energy source in the world. It is available around the clock and can even be used to store energy. Some 7,500 hydroelectric power plants generated 20,956 gigawatt-hours of electricity in Germany in 2010. According to the German Federal Ministry for the Environment, this represents 3.4 % of the country’s electricity consumption.

CHAIRMAN'S LETTER

Dear ladies and gentlemen,

The 2011 financial year was a very good year for DB Group. Our concerted efforts enabled us to post record revenues of € 37.9 billion, which equates to an increase of more than 10 % year on year. Every day last year, we demonstrated to our customers what it means to be proactive about service quality. We implemented large-scale infrastructure projects. We entered new markets, both in regional and rail freight transport. And we hired close to 10,000 new employees and some 3,600 trainees, whom we welcomed into our corporate family.

All of this took a tremendous team effort. The entire Group Management Board would therefore like to thank all of our 295,000 employees for their hard work. We would also like to thank our customers and partners, who continued to place their trust in us in 2011 as we grow to become the world's leading mobility and logistics company.

This trust formed the foundations of our favorable financial results in 2011. Our newly established business unit DB Arriva contributed to our record revenues additional revenues of roughly € 2 billion, due to the first-time fully inclusion. But revenues of € 35.9 billion on a comparable basis are still significantly above the pre-crisis 2008 level and 4.3 % higher than in the previous year. With adjusted EBIT of € 2.3 billion, we achieved an approximately 24 % year-on-year increase in our operating profit.

DB Schenker was the main driver behind this growth. Rail freight transport and logistics benefited from favorable economic developments last year. Passenger transport, which accounted for almost half of our adjusted EBIT, remained stable at a high level, as all passenger transport business units posted higher adjusted EBIT.

For us, this result means that we have overcome the impact of the 2008/2009 global economic crisis and are excellently positioned. Nonetheless, we felt the effects of an economic slowdown in 2011. This was most evident in the air cargo business, which declined significantly towards the year end. Experts currently project global economic growth of up to 2.5 % in 2012, but no growth for the Eurozone. There is still much uncertainty and risk, and we must therefore be prepared for further volatility.

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

Nonetheless, our efforts remain focused on the customer, and on service and operational quality. We achieved a new level of openness and transparency in our communication with customers. Since September 2011, we have been publishing a detailed monthly report online of the punctuality figures for our long-distance and regional trains in Germany. And since the end of the year, we have been using Facebook and Twitter to rapidly disseminate information and respond to customer inquiries.

Last year, we invested € 70 million in winter preparations alone to improve operational quality, purchasing additional deicing facilities, switch heaters and snow removal vehicles, for example. We ordered new regional transport trains, while the ICx contract, which will mark the dawn of a new era in long-distance transport in 2016, represents the largest single investment in DB Group's history. We also started to modernize our ICE 2 fleet.

Many of our stations were made more comfortable, more attractive and more environmentally friendly last year. In December, we concluded all the projects in connection with the Federal Government's economic stimulus program on time. Some 2,100 passenger stations in Germany benefited from this program. Station upgrading efforts are continuing this year in full force.

We completed major track infrastructure construction projects. One project relating to the existing network was, for example, the modernization of the Berlin–Hanover–Bielefeld route. Within just five months, we renewed or refurbished over 186 kilometers of track, 21 switches, some 130,000 ties, and no less than 110,000 tons of ballast. To minimize disruptions for passengers, work was confined to one set of tracks at a time, allowing trains to continue to operate on the parallel tracks.

In terms of new construction projects, 2011 was the year of the tunnel. In the German unification transport project (VDE) no. 8 alone, which focuses on the newly built and expansion lines between Nuremberg–Erfurt–Leipzig/Halle and Berlin, there were no less than six tunnel breakthroughs last year. All 25 tunnels on this line are now under construction. VDE no. 8 is an important rail project for Germany that will cut travel time between Munich and Berlin to four hours.

Stuttgart 21 is another key project, in conjunction with new construction of the Ulm–Wendlingen route. Stress testing for the new station in July 2011 confirmed its viability. In November, the citizens of Baden-Württemberg voted clearly in favor of continuation of the project in a referendum, with more than 58 % of the population approving. Work is now proceeding at top speed to allow the population of southwest Germany to enjoy the benefits of the new station as soon as possible.

We also entered new markets in 2011. These include the commencement of bus and regional train services in Malta and Sweden. We won Sweden's largest ever local transport tender procedure, in Stockholm. Services will commence in two stages scheduled for August 2012 and January 2013. We acquired the UK firm Grand Central Railway, marking our debut in open-access operations in the UK.

For the first time, we are offering rail freight transport services with continental loading dimensions between London and Continental Europe, for example to Wrocław. There is great demand, so more direct connections from London are being planned.

Key decisions were made in 2011 on how to defend our strong competitive position in the market. Social and environmental considerations are becoming increasingly important to ensuring business success, alongside focusing on the customer and profitability issues. We therefore signed a contract for the supply of some 900 million kilowatt-hours of hydroelectric power, are now sourcing electricity from three wind farms, and supported the construction of the first ever hybrid power plant. Over the next few years, we will be systematically working to employ more renewable energy and reduce our specific CO_2 emissions. Our goal is to be a leader on environmental issues. Accordingly, we have resolved to cover at least 35% of our energy needs with renewable energy sources by the year 2020.

We are similarly committed to enhancing our attractiveness as an employer. The first measures among many in 2011 included the introduction of fixed-term executive sabbaticals and a resolution to increase the proportion of women among both regular staff and management. We face challenging hiring needs, requiring between 5,000 and 7,000 new employees every year. We need people who are enthusiastic about working for Deutsche Bahn and our customers. Because customer satisfaction cannot be achieved without such people.

We are endeavoring to strike the right balance between profitability, social aspects and environmental concerns. This is no easy task for an enterprise, but we believe that this is the right course of action in order to secure not only DB Group's business success, but also its position within society in the long term.

Sincerely yours,

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

MANAGEMENT BOARD

GERD BECHT
Compliance, Privacy, Legal
and Group Security
Born in 1952
Appointed until 2014
Since 2009 in
Deutsche Bahn Group

DR. RICHARD LUTZ
CFO
Born in 1964
Appointed until 2013
Since 1994 in
Deutsche Bahn Group

DR. RÜDIGER GRUBE
CEO and Chairman
of the Management Board
Born in 1951
Appointed until 2014
Since 2009 in
Deutsche Bahn Group

DR. VOLKER KEFER
Rail Technology and Services,
Infrastructure
Born in 1956
Appointed until 2017
Since 2006 in
Deutsche Bahn Group

ULRICH WEBER
Personnel
Born in 1950
Appointed until 2014
Since 2009 in
Deutsche Bahn Group

Information with respect to the CVs are available at: www.db.de/man-board.

REPORT OF THE SUPERVISORY BOARD

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

In the year under review, the Supervisory Board observed all of the responsibilities incumbent upon it by virtue of the law, the company's Articles of Association and its bylaws. It extensively advised and supervised the Management Board in the management of the company and its business operations. The Management Board reported regularly, without delay and in detail to the Supervisory Board regarding corporate planning and the business, strategic and financial development of Deutsche Bahn AG (DB AG) and its subsidiaries. All significant business events were discussed by the full Supervisory Board and the responsible committees based on Management Board reports. Significant deviations in the actual business development were explained by the Management Board and examined by the Supervisory Board. The Chairman of the Supervisory Board maintained close contact at all times with the Management Board Chairman, who regularly reported on the latest business developments at DB AG, upcoming business decisions and risk management. The Supervisory Board was involved in all decisions of fundamental significance for DB AG.

Supervisory Board meetings

In the year under review, the Supervisory Board met for four ordinary meetings and one extraordinary meeting. Three Supervisory Board members fully participated in less than half of the meetings held in the year under review. In two cases, resolutions were adopted by written ballot. Meetings of the Executive Committee, the Personnel Committee and the Audit and Compliance Committee were held in preparation for the Supervisory Board meetings.

The main issues discussed in the plenary meetings were the development of the company's revenues, profit and employment situation, as well as significant capital expenditure, equity investment and divestment projects. The Supervisory Board additionally discussed the strategies of DB Group and of the individual Group divisions at its meetings. The Supervisory Board devoted several meetings to addressing the situation concerning the major Stuttgart 21 project. Additionally, the Supervisory Board heard numerous reports during the year under review on weather-related disruptions affecting train operation and measures taken by the Group to minimize these, as well as on the progress made on the integration of Arriva plc into DB Group following its acquisition in 2010. The extraordinary Supervisory Board meeting held in April was primarily devoted to advising on the planned purchase of ICx trains, which the Supervisory Board approved. The Supervisory Board also extensively addressed the late delivery of ordered rolling stock for regional and long-distance transport, the operational and financial consequences thereof on rail passenger transport, potential damage claims against vehicle manufacturers, and damages in connection with potential collusion among rail suppliers. In December, the Supervisory Board discussed DB Group's mid-term planning for the years 2012 to 2016 and approved the DB Group budget for the 2012 financial year and its capital expenditure planning.

Meetings of the Supervisory Board committees

The Supervisory Board has established four permanent committees to facilitate its work and increase its efficiency. The Supervisory Board's Executive Committee met four times in the year under review and was in regular contact with the Management Board regarding all major business policy issues. In its meetings, it focused in particular on preparing the focal topics for each of the Supervisory Board meetings.

The Audit and Compliance Committee met five times during the year under review and held a teleconference, addressing in particular the quarterly and half-year financial statements, the review findings concerning these, and the half-yearly review of major capital expenditure projects. Other issues included the forecast for 2011 and DB Group mid-term planning for the years 2012 to 2016. The Audit and Compliance Committee heard reports on the progress of and ongoing costs connected with the major Stuttgart 21 project, on the strategy of DB Schenker, and on acquisition-related developments, particularly concerning DB Arriva. In one meeting, the committee discussed in detail the status quo of the Group's internal labor market. It also addressed changes to corporate governance necessitated by the German Accounting Law Modernization Act (BilMoG), changes in accounting principles and to the internal controlling system, and prepared and evaluated the regular efficiency review conducted by the Supervisory Board in the year under review. The Audit and Compliance Committee also heard reports on the hiring of an auditor for the financial statements, on internal audit findings, and on compliance-related investigations.

The Chairman of the Audit and Compliance Committee was in regular contact with the Chief Financial Officer and the external auditor, and reported regularly and in detail on the committee's work to the full Supervisory Board.

The Personnel Committee met six times in the year under review to prepare Management Board-related matters for discussion by the Supervisory Board. One particular matter was preparation of a peer group comparison for the Management Board's long-term incentive program, which the Supervisory Board adopted in March 2011. The Personnel Committee also prepared data concerning the Management Board members' performance target attainment and the Management Board's performance target agreements for the year under review.

The Mediation Committee established in accordance with Article 27 (3) of the German Co-Determination Act (MitbestG) did not have occasion to meet in the year under review.

Corporate Governance

During the year under review, the Management Board and Supervisory Board again considered the further development of corporate governance. In a Cabinet decision on July 1, 2009, the German federal government adopted the Public Corporate Governance Code. The Public Corporate Governance Code outlines key provisions of applicable law governing the management and supervision of unlisted companies in which the German government holds a majority stake, and internationally and nationally recognized standards for proper and responsible corporate governance. The Supervisory Board dealt extensively with application of the Public Corporate Governance Code within DB Group and adopted the necessary resolutions. The Supervisory Board also reviewed the efficiency of its own activities during the year under review, discussing its findings in the meeting held on December 14, 2011.

Annual financial statements

The annual financial statements and management report for DB AG and the consolidated financial statements and Group management report for the period ending on December 31, 2011, as prepared by the Management Board were audited and awarded an unqualified audit opinion by PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft (PwC), the auditor appointed by resolution at the Annual General Meeting. The auditor also reviewed the risk management system as part of the annual audit of the financial statements, noting no objections.

The auditor's report was reviewed by the Audit and Compliance Committee in its meeting held on March 26, 2012, and was discussed in full at the Supervisory Board's financial statements meeting held on March 28, 2012, in the presence of the auditors who signed the audit reports. The auditors reported on the salient audit findings and were available to answer questions. The Supervisory Board concurred with the audit findings.

The Supervisory Board reviewed the annual financial statements and management report of DB AG, the consolidated financial statements and Group management report for the year under review, and the proposal for the appropriation of profits, noting no objections. The DB AG financial statements for the 2011 financial year were approved and thereby adopted.

The auditor additionally reviewed the report on relations with affiliated companies prepared by the Management Board. The auditors issued an unqualified audit opinion and reported on their audit findings.

The Supervisory Board also reviewed this report, raising no objections concerning the Management Board's concluding declaration contained in the report or the audit conducted by PwC.

Supervisory Board and Management Board membership changes

There were no Supervisory Board or Management Board membership changes in the year under review.

At a meeting on December 14, 2011, the Supervisory Board reappointed Dr. Volker Kefer to the DB AG Management Board for another five-year term, effective September 9, 2012. Dr. Kefer will retain Management Board responsibility for the Rail Technology and Services division and the Infrastructure division.

The Supervisory Board would like to thank the members of the Management Board and the Supervisory Board for their dedication and constructive work in the interests of the company.

The Supervisory Board would also like to thank the Management Board, the employees and the works council representatives of DB AG and its affiliated companies for their achievements in the year under review.

Berlin, March 2012

For the Supervisory Board

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

CORPORATE GOVERNANCE REPORT

::: THE CORPORATE GOVERNANCE REPORT IS AN INTEGRAL PART OF THE GROUP MANAGEMENT REPORT
::: GOOD CORPORATE GOVERNANCE IS FUNDAMENTAL FOR THE SUCCESS OF THE COMPANY
::: CONFORMITY WITH RECOMMENDATIONS OF THE PUBLIC CORPORATE GOVERNANCE CODE WITH ONE EXCEPTION

Corporate governance rules are intended to assure good, responsible and value-oriented management. On July 1, 2009, the Federal Government adopted the Public Corporate Governance Code of the Federal Government regarding the principles of good corporate and investment management. The Public Corporate Governance Code contains major regulations of prevailing law concerning the management and monitoring of unlisted companies in which the Federal Republic of Germany owns a majority stake, as well as internationally and nationally recognized standards of good and responsible management. The aim of the Public Corporate Governance Code is to ensure that corporate management and monitoring becomes more transparent and verifiable and to ensure that the role of the Federal Government as a shareholder is defined in a clearer manner. A further aim is to ensure that awareness of good corporate governance is enhanced.

We are convinced that good corporate governance is a major factor for the success of DB Group. Our aim is to sustainably enhance the enterprise value and promote the interests of customers, business partners, investors, employees and the public as well as to maintain and expand confidence in DB Group.

Statement of compliance

The Management Board and Supervisory Board of DB AG have issued the following joint statement: “Since the last statement of compliance of March 30, 2011, DB AG has complied with the recommendations adopted by the Federal Government on July 1, 2009, with regard to the Public Corporate Governance Code with the following exception: contrary to the recommendation of point 3.3.2 of the Public Corporate Governance Code, the D&O insurance concluded by DB AG for the members of the Supervisory Boards of the Group companies did not contain an excess in the 2011 financial year. It is still the intention that an adequate excess will be introduced. The process of establishing opinions regarding the form of an adequate excess has not yet been completed in the year 2011. A decision regarding the agreement of an adequate excess for the members of the Supervisory Board will be taken in the year 2012. DB AG also intends to comply with the other recommendations of the Public Corporate Governance Code in future.”

Cooperation between the Management Board and Supervisory Board

As a German Aktiengesellschaft (joint stock corporation), DB AG with its Management Board and Supervisory Board is subject to a two-tier management and monitoring structure. These two bodies are strictly segregated in terms of their membership and also in terms of their competencies. The Management Board is solely responsible for managing the company. The Supervisory Board monitors the activities of the Management Board, and is responsible for appointing members to and dismissing members from the Management Board.

In the interest of optimum management, we place great emphasis on ensuring that the Management Board and Supervisory Board maintain a continuous dialog with each other and that they work together efficiently and in an atmosphere of mutual trust for the benefit of the company. The Management Board provides the Supervisory Board with regular, prompt and comprehensive information regarding all matters relevant for the company, in particular matters relating to planning, the development of business, the risk position and risk management as well as the internal control system.

An overview of the *members of the Management Board and Supervisory Board* [1] including the mandates that they hold is set out in the notes to the Group financial statements.

MANAGEMENT BOARD

The Management Board is solely responsible for managing the company. It is required to safeguard the interests of the company and is committed to achieving sustainable growth of the enterprise value. It specifies the corporate objectives and defines the strategies with which these objectives are to be attained. The Management Board is responsible for taking decisions with regard to all matters of fundamental and major importance for the company.

The Management Board consists of six divisions. The division of the CEO as well as the following divisions: Finance/Controlling, Personnel, Infrastructure, Compliance, Data Protection, Legal and Group Security as well as Rail Technology and Services. The Management Board members must immediately disclose any conflicts of interest, which occur to the Supervisory Board, and notify their colleagues on the Management Board of such conflicts of interest. No such conflicts have

[1] Page 268 ff.

occurred in the year under review. In order to assure integrated Group management, the meetings of the Management Board of DB AG are generally held jointly with the meetings of the Management Board of DB Mobility Logistics AG (DB ML AG).

SUPERVISORY BOARD

The Supervisory Board advises and monitors the Management Board with regard to management of the company. In line with the requirements of the German Co-Determination Act (MitbestG), the Supervisory Board of DB AG consists of 20 members, of whom ten members are shareholders' representatives and ten members are employees' representatives. Some of the shareholders' representatives are seconded to the Supervisory Board, and some are elected at the Annual General Meeting. The employees' representatives on the Supervisory Board are elected in accordance with the requirements of the Co-Determination Act. Two women are currently serving on the Supervisory Board. The Chairman of the Supervisory Board is Professor Dr. Dr. Utz-Hellmuth Felcht. *Personal or business relations* [1] of individual members of the Supervisory Board with the company are disclosed in the notes to the Group financial statements.

The Supervisory Board members must disclose any conflicts of interest which occur immediately to the Supervisory Board, and must notify the Supervisory Board of such conflicts of interest. No such conflicts occurred in the year under review.

Transactions of fundamental importance as well as other decisions of the Management Board with a major impact on the business activities as well as the asset position, financial or profit situation of the company require the approval of the Supervisory Board. The Supervisory Board is informed by the Management Board at least once every quarter with regard to the development of business and the position of DB Group. The Management Board also reports regularly to the Supervisory Board with regard to the measures taken in DB Group for compliance with laws and the internal regulations. The area of responsibility of the Supervisory Board also includes the auditing and approval of the annual financial statements of DB AG as well as auditing the management report of DB AG, the consolidated financial statements and the Group management report of DB AG. The Supervisory Board is also responsible for monitoring the accounting process, the effectiveness of the internal control system, the risk management system and the internal audit system as well as the process of auditing the financial statements.

In addition, the Chairman of the Supervisory Board regularly maintains contact with the Management Board and in particular with the Chairman of the Management Board and discusses the strategy, business development and risk management. The Chairman of the Supervisory Board is regularly informed by the Chairman of the Management Board of major events which are significant for an assessment of the situation and development as well as the management of the company.

In the 2011 financial year, there were no consultancy agreements and other comparable service agreements and contracts for services between the members of the Supervisory Board and DB AG.

JOINT SUPERVISORY BOARD MEETINGS

The Supervisory Boards of DB AG and DB ML AG regularly hold joint meetings in order to increase the efficiency of deliberations. The resolutions of the respective Supervisory Board are adopted by the members of that Supervisory Board. It is still possible for separate Supervisory Board meetings to be held.

SUPERVISORY BOARD COMMITTEES

In order to enable the Supervisory Board to carry out its monitoring activities to the best of its ability, the Supervisory Board has taken advantage of the option of setting up additional committees, apart from the Mediation Committee, which has to be established in accordance with the Co-Determination Act, and has created an Executive Committee, an Audit and Compliance Committee as well as a Personnel Committee. An *overview of the members of the committees* [2] can be found in the notes to the Group financial statements. The Supervisory Board reports on the *work of the committees* [3] in its report. A *description of the functions* [4] can be found on our Web site.

Transparency

Our Web site [5] contains all important information regarding the consolidated and annual financial statements, the interim report, the financial calendar as well as information in relation to reportable security transactions. In addition, we regularly provide information concerning current developments within the framework of our investor relations activities and corporation communication.

Risk management

Good management also comprises the responsible handling of risks and opportunities which arise in connection with business operations. For the Management Board and Supervisory Board, the early identification and limitation of business risks is thus extremely important.

[1] Page 251, [2] Page 270, [3] Page 39, [4] www.db.de/committees, [5] www.db.de/ir-e

The Management Board is responsible for assuring adequate risk management and the related monitoring in the company, and is also responsible for continuously improving both of these aspects. The German Accounting Law Modernization Act (BilMoG) has precisely defined the responsibilities of the Supervisory Board with regard to monitoring the accounting process, the effectiveness of the internal control system, the risk management system and the internal audit system. To be able to meet this responsibility, the Supervisory Board must be provided with suitable information which enables it to form an opinion of the adequacy and functionality of the systems. The adequacy and effectiveness of the internal control system are the subject of regular reporting to the Audit and Compliance Committee. In addition, the Management Board reports to the Audit and Compliance Committee regarding risks which are of major significance for DB AG and DB Group as well as the handling of such risks by the Management Board. It also monitors whether the risk early warning system complies with the requirements of Section 91 (2) Stock Corporation Act (AktG).

Compliance

Compliance Management in DB Group is responsible for ensuring Group-wide compliance with laws and rules, and is a major element of our corporate culture. The activities of DB AG are subject to legal requirements with a national and international impact, and are also subject to values and rules which the company has established itself. The corporate values of DB Group have been summarized in a code of conduct which is valid throughout the Group. The aim of the code of conduct is to support the executive bodies and employees of DB Group with regard to complying with and implementing the rules with regard to society, competitors, officials and business partners, the owner and also in dealings with one another. Our employees and senior executives receive training with regard to the contents of the code of conduct and also with regard to the relevant laws and rules within the framework of our various training programs in line with a risk-based approach. The senior executives of the corporate divisions and responsible organizational entities are responsible for ensuring that they themselves and their employees conduct themselves in line with the relevant regulations.

In order to ensure that the corporate organization is consistent with the relevant regulations, the compliance management system has been enhanced to include a clearly preventative focus, in particular with regard to local structures in the business unit and subsidiaries. Further information concerning the subject of Compliance can be found in the *Compliance report* [1].

1 Page 52 f.

Accounting and auditing

On April 5, 2011, the Annual General Meeting appointed PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft (PwC), Berlin, as the auditor for the 2011 financial year 2011. The Audit and Compliance Committee has prepared the proposal of the Supervisory Board regarding the election of the auditor and, after the auditor was elected by the Annual General Meeting, this committee defined the key audit aspects in conjunction with the auditor. This year, it was again agreed with the auditor that the Chairman of the Audit and Compliance Committee will be notified immediately of any possible reasons for exclusion or prejudice which occur in the course of the audit, to the extent that a remedy cannot be found immediately. It has also been agreed that the Chairman of the committee will be notified immediately by the auditor of any separate findings and any irregularities in the statement of compliance.

Efficiency audit Supervisory Board

The Supervisory Board regularly monitors the efficiency of its activity. The efficiency audit is carried out every two years. The results of the scheduled efficiency audit carried out in 2011 have been discussed in the Audit and Compliance Committee and also in the Supervisory Board.

Compensation report

The compensation report describes the compensation system and presents the individual compensation of the Management Board and the Supervisory Board members.

COMPENSATION SYSTEM OF THE MANAGEMENT BOARD

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

The appropriate level of compensation is regularly reviewed through a comparison process. This process reviews the level of Management Board compensation in comparison with the external market (horizontal appropriateness) and within the company (vertical appropriateness). If this process reveals a need to modify the compensation system or the compensation amount, the Personnel Committee of the Supervisory Board will make corresponding suggestions to the Supervisory Board for approval. The most recent review of the adequacy of compensation was held in the first half of 2011.

Compensation components

The total compensation for Management Board members consists of a fixed basic compensation, a performance-linked annual director's fee and a long-term bonus program with a multi-year measurement basis (long-term incentive plan). Total compensation also includes benefit commitments, other commitments and ancillary benefits.

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

The annual performance-linked director's fee is calculated using a factor linked to the achievement of business targets based on key performance figures (director's fee factor) and the achievement of individual targets (performance factor). The director's fee factor and the performance factor are multiplicatively linked. The size of the director's fee factor depends on the level of success in attaining the business goals set by corporate planning. The parameters for this relationship are, in equal parts, operational success (operating profit after interest) and return on capital employed (ROCE).

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

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

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

At the end of a financial year, the results are used as the basis for calculating the director's fee and the personal performance factor for each Management Board member. The target income is attained if the Group and the individual targets have been fully met. The final decision is made by the Supervisory Board and is prepared by the Personnel Committee.

The long-term incentive is determined according to the sustained increase in the value of the company. This measurement basis rewards the attaining and/or exceeding of mid-term operational profit targets and their effect on the company's value. After the end of the respective planning period, the increase in value achieved in comparison with the company's original planning and the payout degree are calculated. A peer-group comparison is performed to modify the payout ratio of the long-term incentive to reflect the outperformance of the company compared with a peer group. The term of the plan is four years.

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

The Management Board members are entitled to an appropriate severance arrangement if the contract is terminated before the contractually agreed termination date and if there is no material cause for which the members of the Management Board themselves are responsible. The severance arrangement is based on the remaining term of the contract, the agreed target compensation and, if applicable, the pension benefits already owed by DB AG for the remainder of the contract.

In accordance with recommendations made by the Public Corporate Governance Code, DB AG included a compensation cap in all Management Board contracts. According to this, payments made to a Management Board member upon premature termination of Management Board duties cannot, without good cause as defined by Art. 626 of the German Civil Code (BGB), exceed the value of two years' salary, including variable compensation components, and must also not provide compensation for more than the remaining term of the employment agreement.

The Management Board members do not receive any additional compensation for mandates exercised in control bodies of other Group companies and affiliated companies.

Pension entitlements

The Supervisory Board defined a general retirement age of 65 for Management Board members. After leaving the company, the Management Board members are entitled to pension payments. A Management Board member is entitled to a lifelong pension if the term of employment ends due to permanent disability, or if the contract is terminated before the agreed termination date or is not extended and no material cause exists, or if the Management Board member refuses to continue the contract under the same or more beneficial conditions.

Company pension commitments equal a percentage of the basic compensation, based on how long the Management Board member has been with the company. Pension commitment includes lifelong retirement and/or surviving dependant benefits. There is no lump-sum option. Furthermore, DB AG has concluded a reinsurance policy covering company pension benefits for Management Board contracts concluded before January 1, 2009.

Contractual ancillary benefits

As contractual ancillary benefits, the members of the Management Board are, among other things, entitled to a company car and driver for business and personal use, a personal BahnCard 100 First and standard insurance coverage. A housing allowance is granted for second homes as required for business purposes. These non-cash benefits, if they cannot be granted on a tax-free basis, are taxed as non-monetary benefits for which the Management Board members are individually responsible. Just like all members of the Group's executive staff, Management Board members may choose to take part in the company's deferred compensation program.

The members of the Management Board are covered by liability insurance against financial losses incurred due to working for DB AG (D&O insurance). In the 2011 financial year, this insurance was offered as a Group insurance policy with a legally established deductible; it provides coverage for potential financial losses arising from carrying out Management Board activities. The insurance cover of the existing D&O insurance policy is applicable for a period of five years after termination of membership in the Management Board.

Compensation of the Management Board in the 2011 financial year

The director's fee for the previous financial year falls due at the end of the month in which the company's Annual General Meeting takes place.

The members of the DB AG Management Board will receive the following compensation for their duties during the year under review:

Total compensation of the Management Board — € thousand	Fixed compensation	VARIABLE COMPENSATION Short-term [1]	Long-term [2]	Other [3]	Total
MANAGEMENT BOARD MEMBERS AS OF DEC 31, 2011					
Dr. Rüdiger Grube	900	1,202	330	30	**2,462**
Gerd Becht	650	743	210	34	**1,637**
Dr. Volker Kefer	400	530	150	32	**1,112**
Dr. Richard Lutz	400	530	150	29	**1,109**
Ulrich Weber	650	743	210	10	**1. 613**
Total	**3,000**	**3,748**	**1,050**	**135**	**7,933**

[1] Pending decision by the Supervisory Board.

[2] Long-term variable compensation refers to additions to pension provisions for long-term incentives.

[3] Non-cash benefits accruing from travel benefits and usage of company cars as well as insurance and housing allowances.

In the year under review, the consultancy agreement concluded with Mr. Diethelm Sack who stepped down from the Management Board in the previous year was extended beyond the term which originally ended on December 31, 2011.

No Management Board member received any benefits or promises of benefits from third parties related to his activities as a Management Board member during the 2011 financial year.

Pension benefits of the Management Board in the 2011 financial year

During the year under review, an amount totaling € 2,848 thousand was added to the pension provisions.

Additions to pension provisions (service costs) — € thousand	2011
MANAGEMENT BOARD MEMBERS AS OF DEC 31, 2011	
Dr. Rüdiger Grube	961
Gerd Becht	731
Dr. Volker Kefer	209
Dr. Richard Lutz	58
Ulrich Weber	889
Total	**2,848**

Provisions for pensions of former members of the Management Board [1] are shown in total in the notes to the consolidated financial statements.

COMPENSATION OF THE SUPERVISORY BOARD FOR THE 2011 FINANCIAL YEAR

Compensation of the Supervisory Board was most recently regulated by the Annual General Meeting decision on September 21, 2010. In addition to being reimbursed for their cash outlays and the value-added tax due on their compensation and cash outlays, the Supervisory Board members receive fixed annual compensation of € 20,000 as well as performance-linked annual compensation. The performance-linked compensation

1 Page 251

varies depending on the relationship between the operational results (EBIT) for the financial year compared to the previous year's figure, as well as attaining specific operational performance figures. The performance-linked compensation is limited to a maximum of € 13,000.

The Chairman of the Supervisory Board receives compensation equal to twice the above figure, while his deputy receives compensation equal to one and a half times the above figure. Furthermore, compensation received by each member of the Supervisory Board increases by 25% for being a member of a committee. The compensation increases by 100% for being the Chairman of the Executive Committee or the Audit and Compliance Committee, and by 50% for being the Chairman of the Personnel Committee. Membership and chairmanship of the committee to be formed in accordance with Art. 27 Para. 3 of the MitbestG are not to be taken into consideration.

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

The Supervisory Board members are covered by financial loss liability insurance for risks associated with working for DB AG (D&O insurance). This insurance is designed as a Group insurance policy without a deductible and provides coverage for financial losses that may occur during the performance of Supervisory Board activities. In addition, a Group accident insurance policy exists for members of the Supervisory Board. The company pays the premiums for these policies.

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

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

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

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

Subject to the approval of the activities of the Supervisory Board by the Annual General Meeting on March 28, 2012, the members of the Supervisory Board will receive the following compensation for their activities during the year under review:

Total compensation of the Supervisory Board — € thousand	ANNUAL INCOME 2011				
	Fixed compensation	Variable compensation	Attendance fees	Incidental payments	Total [1]
SUPERVISORY BOARD MEMBERS AS OF DEC 31, 2011					
Prof. Dr. Dr. Utz-Hellmuth Felcht	70.0	39.9	2.8	0.0	**112.7**
Alexander Kirchner	40.0	22.8	2.5	0.9	**66.2**
Dr. Hans Bernhard Beus	20.0	11.4	2.0	0.0	**33.4**
Christoph Dänzer-Vanotti	20.0	11.4	1.3	6.4	**39.1**
Patrick Döring	20.0	11.4	1.0	0.0	**32.4**
Dr. Jürgen Großmann	20.0	11.4	1.0	6.4	**38.8**
Dr. Bernhard Heitzer	20.0	11.4	2.3	0.0	**33.7**
Jörg Hensel	20.0	11.4	1.0	0.9	**33.3**
Klaus-Dieter Hommel	20.0	11.4	1.3	6.4	**39.1**
Wolfgang Joosten	20.0	11.4	1.3	6.4	**39.1**
Günter Kirchheim	30.0	17.1	2.8	0.9	**50.7**
Helmut Kleindienst	25.0	14.3	2.5	0.9	**42.6**
Dr. Jürgen Krumnow	40.0	22.8	2.5	0.9	**66.2**
Prof. Knut Löschke	20.0	11.4	1.3	6.4	**39.1**
Vitus Miller	20.0	11.4	1.0	0.9	**33.3**
Ute Plambeck	20.0	11.4	1.3	0.0	**32.7**
Mario Reiß	20.0	11.4	1.3	6.4	**39.1**
Regina Rusch-Ziemba	25.0	14.3	2.3	0.0	**41.5**
Prof. Klaus-Dieter Scheurle	35.0	20.0	3.8	0.9	**59.6**
Dr. Heinrich Weiss	20.0	11.4	0.5	6.4	**38.3**
Total [1]	**525.0**	**299.3**	**35.3**	**50.9**	**910.4**
Supervisory Board compensation from subsidiaries					**98.5**
Total					**1,008.9**

[1] Possible differences are due to rounding.

No pension commitments exist for Supervisory Board members.

The Supervisory Board members did not receive any compensation in the 2011 financial year for any personally provided services.

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

GROUP INFORMATION

WIND POWER

Wind energy has become a mainstay in Germany's energy supply mix. In 2010, turbines throughout the country, from Flensburg in the north to Lake Constance in the south, produced around 37,800 gigawatt-hours of wind energy. Wind energy is thus the source of 6.2 % of Germany's national electricity consumption, and this percentage is rising. Wind turbine output in Germany has increased tenfold over the last 20 years.

FINANCIAL COMMUNICATION

::: INVESTOR RELATIONS ACTIVITIES STEPPED UP
::: ISSUE OF 11 BONDS WORTH € 2.1 BILLION
::: RATINGS RECONFIRMED IN THE YEAR UNDER REVIEW

Investor relations

Targeted and sustained communication with investors, analysts and rating agencies are among the chief objectives of our investor relations activities. These involve providing regular, comprehensive and timely information regarding the financial activities and development of DB Group.

We stepped up our investor relations activities again in the year under review. Dialog with existing and prospective investors in Europe and Asia was actively pursued through events and individual meetings. We significantly increased both the number and the geographic scope of these events in the year under review. For example, we interacted with investors in Finland, South Korea and Taiwan for the first time.

This laid the foundations for our successful bond issues in the year under review. After the previous year's issue of three euro-denominated bonds, a Japanese yen-denominated bond and a Swiss franc-denominated bond, in the year under review we issued five euro bonds plus a follow-on offering, one bond in Norwegian krona plus a follow-on offering, one bond in Hong Kong dollars, one bond in Swiss francs, and one denominated in US dollars. All of these bonds met with great interest among international investors, with our regional investor spread remaining focused on France, Germany, Switzerland and Japan.

Another focus during the year under review was the ongoing development of our *IR Web site* [1]. We publish all of the Group's annual and interim reports on the Internet. The investor relations Web site also contains comprehensive information about DB Group, corporate presentations and answers to frequently asked questions, as well as extensive details of our capital market activities and our ratings. In addition, a special newsletter is published for automatic and speedy delivery of the latest information by e-mail.

See the back page of this report or visit the IR Web site for information on how to contact us.

Bond issues

ISIN	Issuer	Currency	Volume (million)	Coupon	Maturity	Term (years)
XS0632241112	Deutsche Bahn Finance B.V.	EUR	500	3.750	Jun 2021	10
XS0642351505	Deutsche Bahn Finance B.V.	EUR	500	2.875	Jun 2016	5
CH0134208427	Deutsche Bahn Finance B.V.	CHF	375	1.500	Dec 2017	6.3
XS0632241112	Deutsche Bahn Finance B.V.	EUR	200	3.750	Jun 2021	9.8
XS0669864976	Deutsche Bahn Finance B.V.	NOK	750	3.375	Sep 2016	5
XS0698630513	Deutsche Bahn Finance B.V.	HKD	836	2.000	Oct 2016	5
XS0669864976	Deutsche Bahn Finance B.V.	NOK	500	3.375	Sep 2016	4.8
XS0703713320	Deutsche Bahn Finance B.V.	EUR	92	3.535	Nov 2026	15
XS0707434428	Deutsche Bahn Finance B.V.	EUR	10	FRN	Nov 2016	5
XS0707435078	Deutsche Bahn Finance B.V.	EUR	50	FRN	Nov 2016	5
XS0707816202	Deutsche Bahn Finance B.V.	USD	200	FRN	Nov 2016	5

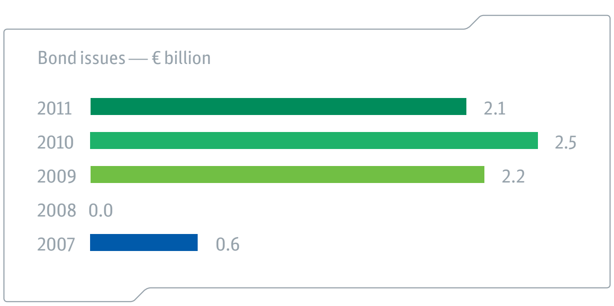
1 www.db.de/ir-e

In the year under review, we issued nine new bonds and increased two existing bonds valued at a total of € 2.1 billion in the capital market, through our financing subsidiary Deutsche Bahn Finance B.V. (DB Finance), Amsterdam/the Netherlands. The main purposes of these bonds were to refinance four matured foreign currency bonds valued at an equivalent of € 1.4 billion and to make an *early repayment of interest-free loans* [1] to the Federal Government.

Following our European road show in June, we first conducted two euro benchmark bond issues with maturities of five and ten years for € 500 million each. These bonds were primarily placed in France and Germany. In July, a € 200 million follow-on offering was conducted for the ten-year bond in view of strong investor demand.

As the euro debt crisis deepened in the second half of 2011, we focused on the increasing demand from Swiss investors and on private placements, particularly in Asia. In August, we first placed a six-year benchmark bond in Switzerland for CHF 375 million. Then, in September, we issued a five-year benchmark bond for Swiss investors for NOK 750 million, for which a follow-on offering was conducted in view of demand, raising a further NOK 500 million in November.

Following our Asia road show, we conducted five private placements in various currencies (HKD, EUR and USD) tailored to the needs of Asian investors in October and November, valued at an equivalent of € 376 million in total. To avoid exchange rate risks, we entered into interest rate/currency swaps with identical maturities to the foreign currency bonds. Only a portion of the HKD transaction was passed on directly to our Hong Kong subsidiary as a loan.



Rating

Ratings DB AG	First issued	Last confirmation	Short-term (current ratings)	Long-term (current ratings)	Outlook
Moody's	May 16, 2000	Aug 30, 2011	P-1	Aa1	stable
Standard & Poor's	May 16, 2000	Jan 17, 2012	A-1+	AA	stable
Fitch	Feb 17, 2009	Aug 03, 2011	F1+	AA	stable

As of February 21, 2012.

DB Group's creditworthiness is regularly examined by the rating agencies Standard & Poor's (S&P), Moody's and Fitch. In the year under review, all three rating agencies conducted their annual rating reviews and subsequently reconfirmed DB AG's good credit ratings. The agencies' ratings have therefore not changed since they were first issued in 2000 (S&P and Moody's) and 2009 (Fitch).

As the European sovereign debt crisis worsened and the economy showed signs of slowing down in the course of the year, the agencies began to take a closer look at their DB AG ratings, partly because they are supported by the rating of the Federal Republic of Germany.

S&P was the only agency that placed its long-term unsolicited sovereign credit rating on the Federal Republic of Germany on CreditWatch with negative implications on December 5, 2011, together with those of 14 other European countries. Consequently, on December 8, 2011, S&P announced that its long-term corporate credit rating on DB AG was placed on CreditWatch with negative implications, too, in line with the Federal Republic of Germany's rating. This reflected S&P's opinion that a downgrading of Germany's rating would indirectly erode support for the DB AG rating.

On January 13, 2012, S&P affirmed its rating and outlook for Germany and then *removed the CreditWatch* [2] on the DB AG rating on January 17, 2012, confirming DB AG's rating and its stable outlook.

Additional information on *ratings* [3] and the rating agency's complete analyses for DB AG are available to download from our Web site.

1 Page 220, 2 Page 159, 3 www.db.de/rating-e

Value management

Value management and cost of capital — %	DB Group	DB ML Group	Infra-structure
Minimum yield target (ROCE target pre-tax)	10.0	14.0	8.0
Cost of capital (pre-tax)	9.3	9.9	8.1
Redemption coverage	30	50	30
Gearing	100	100	100
Net financial debt / EBITDA (multiple)	2.5	1.5	2.5

The aim of DB Group's corporate strategy is to achieve profitable growth while increasing enterprise value in the long term. In particular, the objective is to be able to secure and finance capital expenditures in the core business in the long term. The financial management and controlling of DB Group is performed using a metric-based value-oriented management system. Our value management targets play a key role in our strategic focus, investment decisions and performance-related employee and management compensation. The controlling concept is primarily built around protecting our profitability and creditworthiness.

Focusing on profitability as the overriding objective of value management ensures that we can offer our investors adequate interest yields in the long term, irrespective of economic cycles. DB Group's target ROCE is set higher than the cost of capital as a long-term metric. The different business characteristics in each respective division result in different target values for our activities in the DB Mobility Logistics sub-group (essentially passenger transport as well as transport and logistics) and in the area of infrastructure. The cost of capital and thus the expected returns from the infrastructure business units are lower due to our projection of continually low earning volatility. Controlling of the operating business is principally done before taxes, based on the reporting of key figures primarily as pre-tax figures.

As a high-investment company, it is essential that we have permanent access to the capital market under good conditions. Consequently, another major priority of our value management is achieving appropriate key debt figures. The key figures for controlling indebtedness are redemption coverage (ratio of operating cash flow to the adjusted net financial debt), gearing (ratio of net financial debt to equity) and the ratio of net financial debt to adjusted EBITDA. The target values for the key debt figures are derived from key rating figures as well as annual benchmarking with comparable companies with an excellent credit rating.

More detailed information on *value management* [1] is provided in the Group management report.

1 Page 79 ff.

COMPLIANCE REPORT

::: THE COMPLIANCE REPORT IS PART OF THE GROUP MANAGEMENT REPORT
::: DECENTRALIZED UNITS INCORPORATED INTO THE COMPLIANCE ORGANIZATION
::: DATA PROTECTION REORGANIZED

Compliance – understanding and principles

Compliance is an integral part of DB Group's corporate and management culture. To us, compliance means ensuring our activities conform with all the laws and regulations relevant to our business operations.

One focus of our compliance work is systematically deterring corruption and corporate crime. Our mandatory compliance policies serve principally to protect the company, our employees, executives and responsible committees. These policies create a reliable framework for making the right decisions regarding difficult issues encountered in our day-to-day operations.

Educating staff and managers and raising their awareness of issues are of great importance. This is because employees must be able to recognize risks if they are to avoid negative consequences.

DECENTRALIZED COMPLIANCE STRUCTURE ESTABLISHED

Establishing a decentralized compliance structure was a priority in the year under review. These efforts were aimed at enhancing compliance on the business management and operations levels. As a result, we have taken another step closer to our customers and business units.

Having regional contacts in place is optimal for responding to local conditions and specific business requirements. They allow for intensive and more personalized support, such as for our subsidiaries in Germany and in international consulting projects. As a result, the potential risks in specific regions, companies and business units are identified in good time and targeted measures to contain the risks are jointly implemented. This provides the framework for modern compliance risk management on a global scale.

The organizational structures and personnel required for this were put in place in the year under review. Compliance vulnerability assessments were conducted, whistle-blowing management was more sharply focused on significant DB Group violations, training programs were further developed, and new policies were enacted.

VERSION 2.0 OF COMPLIANCE RISK ANALYSIS INTRODUCED

In the year under review, we incorporated systematic computer-based compliance software into our existing compliance risk analysis structures at Group companies. The software allows for more accurate analysis of compliance risks at individual Group companies. It also yields a comprehensive risk overview for all business units and subsidiaries. At the end of the process, suitable countermeasures were agreed with the business units with a view to continuing to deter corporate crime, conflicts of interest and anti-competitive practices.

COMPLIANCE TRAINING FURTHER EXPANDED

As part of our prevention work, we further developed our comprehensive awareness and training program for domestic and international employees. Practical training is provided on the applicable laws and internal policies by means of seminars, workshops and an array of e-learning modules tailored for specific companies and business activities. In the year under review, over 160 training seminars were conducted for over 3,000 managers and staff at domestic and international locations. These ensure that our standards of business conduct are anchored Group-wide.

The central compliance division's advice, which includes help desk assistance, again afforded reliable guidance in the year under review.

FOCUS ON ANTITRUST LAW COMPLIANCE

There is a separate unit in place for compliance with antitrust legislation, staffed by specialized attorneys. A directive translated into 23 different languages establishes the basic Group-wide rules of conduct for interacting with competitors. Also, specific guidelines outline the special requirements for conformance with antitrust law in the markets and areas in which we operate.

Managers and employees receive awareness and educational training on antitrust law in Group-wide seminars. The training formats are individually tailored to the needs of the respective business units.

Between 2008 and 2011, our antitrust attorneys trained more than 5,000 employees in over 40 countries in antitrust law. The training is directed at all managers and employees who have contact with competitors or otherwise hold functions that are sensitive from a competition standpoint.

Additionally in the year under review, over 15,000 employees participated in a Web-based e-learning program that highlights the most relevant antitrust laws for each specific business unit.

Our antitrust compliance experts advise employees at all Group companies on specific antitrust issues on an ongoing basis, such as partnership development and formulating commercial terms and conditions. Our compliance team conducts compliance risk reviews of the business practices and the competitive landscape in areas of the company which are especially affected by antitrust legislation. These allow for the early identification of and effective responses to potential problem areas.

DB Group data protection reorganized

The reorganization of DB Group's data protection initiated in 2010 to meet the latest requirements regarding customer and employee data protection has now been essentially completed.

Five departments were set up at the corporate headquarters, responsible for customer data privacy, employee data privacy, auditing, data protection training, and creating and overseeing the decentralized data protection structure.

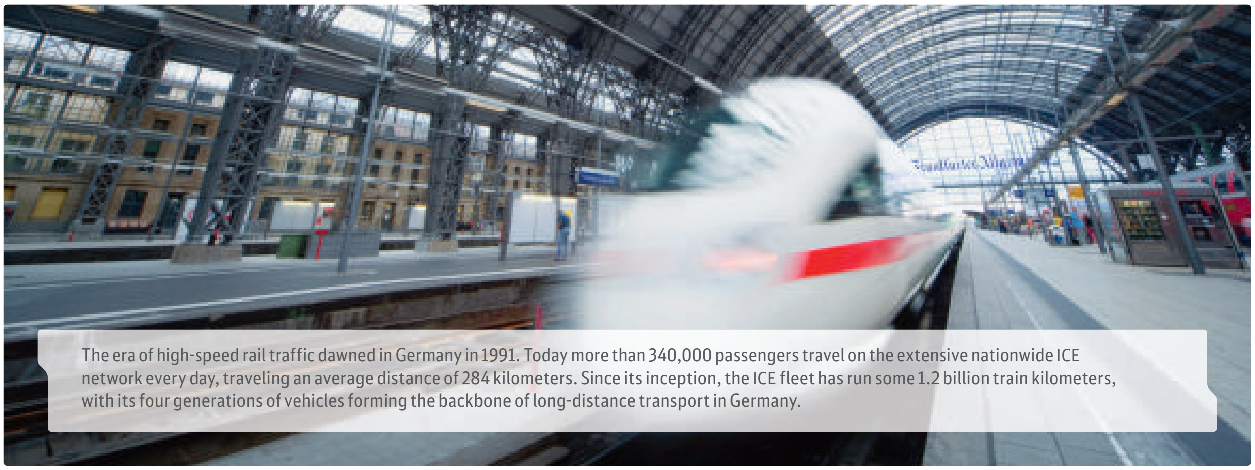
Specialist staff and officers for the business units and Group companies assist with implementing and enforcing data protection regulations within their respective operational and organizational units.

In 2011, roughly 4,000 DB Group employees and managers attended six central Group conferences on employee data protection and 35 regional data protection workshops where they learned more about handling employee and customer data. Further workshops are planned for 2012, with the focus remaining on the comprehensive training of employees and continuous strengthening of data protection within DB's international organization.

DATA PROTECTION ADVISORY BOARD

The Data Protection Advisory Board was founded two years ago as an independent body to advise the DB Group Management Board on data protection issues. The Data Protection Advisory Board also makes proposals for the optimization of data protection practices as needed going forward.

20 YEARS OF HIGH-SPEED RAIL TRAFFIC IN GERMANY



The era of high-speed rail traffic dawned in Germany in 1991. Today more than 340,000 passengers travel on the extensive nationwide ICE network every day, traveling an average distance of 284 kilometers. Since its inception, the ICE fleet has run some 1.2 billion train kilometers, with its four generations of vehicles forming the backbone of long-distance transport in Germany.

THE BEGINNING

A rally from Hamburg, Munich, Stuttgart, Mainz and Bonn to Kassel-Wilhelmshöhe on May 29, 1991, heralded the advent of high-speed rail in Germany.

Following this symbolic rally involving five ICEs, the then Federal President of Germany, Richard von Weizsäcker, gave the starting signal for high-speed rail in Germany. Heinz Dürr, Chief Executive Officer of the Bundesbahn (federal railways) at that time, greeted distinguished guests and visitors at this dawn of a new era of rail travel.

A few days later, on June 2, 1991, the first scheduled ICE pulled out of the Hamburg-Altona station heading for Frankfurt am Main, right on time at 5:53 a.m. The era of high-speed rail traffic had thus begun in Germany, with the ICE as its unmistakable trademark.

Rally to Kassel in 1991.

THE ICE FAMILY

The history of our ICE fleet began with the ICE1. Back in 1991, it represented a technical revolution. Featuring three-phase technology, digital drive control, high-speed pantographs and an innovative braking system, it set a new standard in modern rail transport. With two power cars and usually 12 trailer cars, it could reach a maximum speed of 280 km/h – a feat which had previously been unthinkable. At the same time, it marked the starting point of the modern multiple unit concept, moving away from the locomotive model. The highly reliable ICE1 is still setting standards today, logging average annual travel distances of more than 500,000 kilometers. All ICE1 trains had undergone complete modernization by the year 2008.

ICE2, the second ICE generation, came into operation in 1996. The ICE2 employs a double traction concept in which two trains can be coupled together, enabling demand-based use on less busy routes.

The ICE T has been a part of our ICE fleet since 1999. The ICE T can tilt up to eight degrees on bends, making it as much as 20 % faster than conventional trains on winding routes.

The ICE3 came as a technical breakthrough in the year 2000, with a top speed of 300 km/h and wear-free eddy current brakes. Germany's fastest train is a real multiple-unit train, having no conventional locomotives (power cars), in contrast to its predecessors. Even gradients of up to 4 % are no problem for the ICE3.

EXPANSION OF THE HIGH-SPEED NETWORK

ICE trains can now travel on 1,200 kilometers of new construction and expansion lines throughout Germany. The inauguration of the high-speed Berlin – Hanover line in 1998 was a developmental milestone, as were the start of operations on the new construction line Cologne – Rhine/Main, the upgrading of the Berlin – Hamburg line to allow for speeds of 230 km/h by the end of 2004, and the new construction line between Nuremberg and Ingolstadt, which has been in use since 2006. The ICE 3 can reach speeds of up to 300 km/h on the new construction lines Cologne – Rhine/Main and Nuremberg – Ingolstadt. Thirteen multi-system ICE 3s were purchased for the new construction Cologne – Rhine/Main line in view of its central location for international connections to Austria, Switzerland, Belgium, France and the Netherlands. These 406-series trains run on all four European power systems.

ICE 3 on the new construction line Cologne – Rhine/Main.

The ICE 3 at London station St. Pancras International.

THE ICE GOES INTERNATIONAL

The ICE travels beyond the confines of Germany's high-speed network. It began rolling into Switzerland as early as September 1992. And today the ICE travels to six neighboring European countries, in cooperation with the railway systems of Switzerland, France, Belgium, the Netherlands, Denmark and Austria. And in 2010, the ICE left mainland Europe for the first time, making its debut in London to a crowd of distinguished representatives.

Some 80 European cities are accessible from Germany via 250 connections. Some 60 ICE trains travel these routes, providing mobility to over 40,000 travelers daily.

Passenger numbers in cross-border long-distance transport have been growing handsomely.

THE FUTURE

Some of the 44 half-trains of the ICE 2 fleet have been in operation for 15 years. By mid-2013 all power, control, trailer and restaurant cars will have undergone comprehensive modernization. We are investing roughly € 100 million in these efforts.

The ICx will be the backbone of our long-distance transport fleet in the future. The existing Intercity and Eurocity fleets will be replaced by up to 300 new long-distance trains. These will begin running in 2016, gradually replacing the old fleet.

The new ICx at Berlin central station (Montage).

15 YEARS OF REGIONALIZATION IN GERMANY

Local rail passenger transport has been a competitive market in Germany for 15 years. In 1996, the German Federal Government handed over responsibility for these services to the Federal states. Since then, it has also provided the Federal states with funding to enable them to order local rail transport services from the train operating companies (TOCs). Competition has grown vigorously ever since.

PROVEN SYSTEM FOR GERMAN LOCAL RAIL PASSENGER TRANSPORT

In accordance with the Local Passenger Transport Regionalization Act, the Federal Government provided the German states with approximately € 7 billion in funding for local rail transport in 2011. The Regionalization Act also prescribes the share of the total funding allocated to each state. The funds are used by public transport authorities. Twenty-seven transport authorities currently plan and contract the transport services. These entities are organized differently in accordance with varying state laws. Promoting competition between transport companies has always been the explicit objective of the transport authorities.

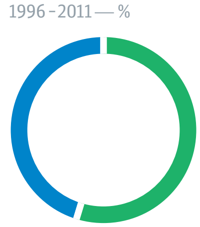
Passenger numbers have increased significantly since 1996.

COMPETITION STEADILY GROWING

Since 1996, a total of approximately 370 million train kilometers have been awarded in some 175 procedures. Competition has steadily intensified, as there were few competitors when regionalization first commenced and many new railway companies were just being founded.

The competitive landscape in German local rail transport has greatly changed in recent years. Besides our own organization, there are now more than 50 other TOCs active in the German local rail passenger transport. But many local operating companies have been pushed out of the market or acquired by international transport corporations. The state-owned railways of many neighboring countries are now also competing for local rail transport contracts in Germany, such as France's SNCF with Keolis, the Dutch company NS with Abellio, Switzerland's SBB, Denmark's DSB and Italy's state-owned railway FS with Netinera. German local rail passenger transport is therefore now an international business. While liberalization is only just getting underway in many European countries, the German local rail market is already open to any provider.

Awarded tenders [1] in the German local rail passenger transport market 1996 – 2011 — %



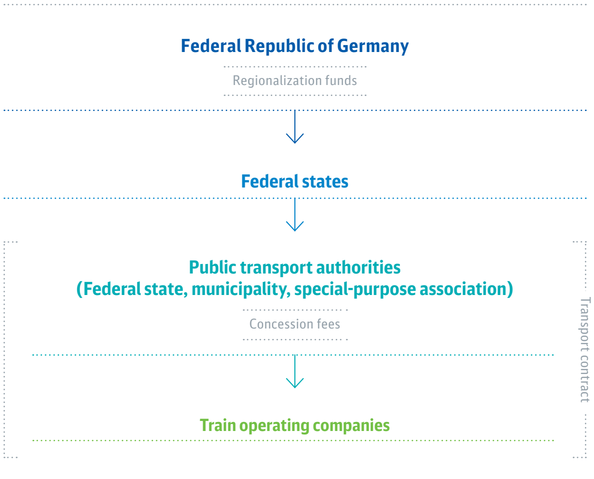
54.9 – DB Group
45.1 – Competitors
Total volume: 373 million train km

[1] Tenders and negotiation procedures.

FINANCING LOCAL RAIL PASSENGER TRANSPORT

The transport authorities are organized differently in accordance with varying state laws, for example as transport associations, special-purpose associations, local authorities, state-owned companies under private law or as part of the state government. They commission the TOCs with the provision of local rail passenger transport services and pay these companies in the form of concession fees. The details of such business relations are regulated by transport contracts between the parties. As transport contracts typically have durations of 12 years, many networks have now been on the market twice or are about to be opened up for tenders again soon. In the next few years, competition will continue to increase substantially.

Financing of regional rail public transport in Germany



PASSENGER NUMBERS CONSTANTLY RISING

Competition levels have significantly improved the quality of local rail transport services. But rather than being determined by the TOCs, many aspects such as the precise manner in which local rail transport is organized, what trains are run on which lines at what time, how many seats they have and whether conductors are on board primarily fall within the remit of the transport authorities. The transport authorities have increased timetabled services (train kilometers) by around 18 % since 1996 by raising the efficiency of the transport services. Passengers greatly appreciate the considerable improvements that regionalization has brought to local rail transport. Back in 1996, local transport trains traveled 36 billion pkm. But by 2011, this figure had exceeded 46 billion pkm, constituting an increase of over 25 %. With approximately 24,000 train runs a day, DB Bahn Regional offers services throughout Germany, providing transport services to some five million passengers every day.

Volume sold local rail passenger transport in Germany — billion pkm

OUTLOOK

In 2011, our local transport trains and those of our competitors covered over 640 million train kilometers, as compared to only 536 million in 1996. With a market share of around 76 %, DB Bahn Regional is still Germany's largest local rail passenger transport provider.

In the next few years, competition will continue to increase substantially. The German Federal Association of Transport Authorities (BAG-SPNV) estimates that roughly 325 million train kilometers will be retendered by the year 2015. Industry experts expect this will pose challenges for TOCs participating in the tender procedures, for the transport authorities overseeing these procedures, and for the train manufacturing industry, which is to provide new vehicles for many networks.

Local transport services have noticeably improved for passengers.

ANNUAL REVIEW

DB Schenker is offering rail freight transport between Oslo and Narvik with the DB Schenker North Rail Express.

The interior of our ICE 2s were modernized. Among other things traveling will be more pleasant through new seats and information displays.

We have secured the continued operation of the Cologne diesel network for a further 20 years.

JANUARY

::: We reach agreement with the Railway and Transport Workers Union in the *current round of collective bargaining* [1].

::: Just one day after its introduction, the DB Navigator for the iPad takes the no. 1 spot in the category of travel in the Apple iTunes charts.

::: The port on the *Oldenburg – Wilhelmshaven* [2] line is connected to the rail network.

::: The newly constructed concourse building at Aschaffenburg central station opens.

::: DB Energy starts to source electricity from wind turbines at Hoher Fläming Natural Park as its *second wind farm supplier* [3].

::: DB Schenker offers rail freight transport services between Oslo and Narvik in the Arctic Circle. The DB Schenker North Rail Express takes about 28 hours to complete its 1,960 km route, making it much faster than truck transport.

FEBRUARY

::: Complete modernization (*redesign* [4]) work begins on our 44 ICE 2 trains.

::: DB Regional Hesse is awarded a contract for transport services in the *Niddertal subnetwork* [5]. The transport contract has a duration of 15 years.

::: Renovation of the landmarked station building in Plauen is completed, including an energy upgrade. Its primary energy consumption is reduced by 22.7 %.

::: The *sale of Arriva Germany* [6] to a consortium comprised of Ferrovie dello Stato and Cube Infrastructure is concluded.

MARCH

::: *Arriva Danmark* [7] is awarded two-thirds of the transport services in the largest regional bus tender procedure in the history of Denmark.

::: The Green Station construction program for climate-friendly stations is initiated. Green Station is about station buildings that meet the very latest environmental standards and have a number of innovative features.

::: The specialty chemicals group Lanxess starts using DB Schenker Rail's carbon-free Eco Plus service introduced in the previous year.

::: DB Regional Rhineland wins the *Cologne diesel network tender procedure* [5]. The contract is for more than 7 million train kilometers annually and has a duration of 20 years.

1 Page 142 f., 2 Page 128, 3 Page 127, 4 Page 113, 5 Page 113 f., 6 Page 85, 7 Page 114

APRIL

::: We sign a framework agreement with Bombardier for the on-demand supply of 200 diesel route locomotives for passenger and freight transport through to 2020 in a deal valued at up to € 600 million.

::: DB Schenker is the official logistics service provider to the FIFA Women's World Cup 2011, planning and controlling all material flows for the venues and the international media center.

::: The EuropeTrain is unveiled in Berlin. It is being operated throughout Europe to test a new kind of whisper brake in preparation for serial production.

::: The first children's lounges open at Nuremberg and Essen central stations. Unaccompanied children and parents with small children can use these facilities while waiting.

MAY

::: We sign a contract with Siemens for the on-demand ordering of up to 300 *ICx trains* [1]. We immediately order 130 trains under this contract, with plans for another 90. This represents the largest investment in our history.

::: Berlin central station celebrates its fifth anniversary.

::: DB Schenker Rail sets up shuttle service between the Netherlands and Great Britain for the global steel producer Tata Steel.

::: In Oldenburg, DB Schenker Logistics opens the first site to be heated and cooled entirely using geothermal energy.

::: DB Schenker presents *Eco Solutions* [2], its new green service portfolio.

JUNE

::: We celebrate *20 years of high-speed rail traffic in Germany* [3].

::: We sign a € 325 million *contract for 56 diesel multiple units* [4] with Alstom. Starting in December 2013, the trains will run on the predominantly non-electrified routes in the Cologne diesel network.

::: After an approximately 20-month construction period, the energy renovation of Dresden central station is completed.

::: Further timetable information improvements are introduced: at m.bahn.de, travelers can get up-to-the-minute schedule information on their mobile terminal devices.

DB Schenker is the official logistics services provider for the FIFA Women's World Cup 2011.


The new ICx forms the backbone of future long-distance transport and will eventually replace our current IC and EC fleets.


Dresden central station was comprehensively renovated.

1 Page 113, 2 Page 120, 3 Page 54, 4 Page 150

We are finalizing an agreement with RWE on the supply of electricity from hydroelectric power plants.

During construction work on the East–West corridor, one track was closed for work while the other remains operational.

200 buses were in service for the Pope's visit to Freiburg im Breisgau on September 24 and 25.

JULY

::: Under a ten-year contract, DB Arriva introduces a new local bus system in Malta and on the neighboring island of Gozo.

::: DB Regional is awarded the *contract for the southwest regional network* [1] in the state of Rhineland-Palatinate, with connections to Luxembourg via Trier. The contract duration is 15 years and the contract volume is nearly 6 million train kilometers per annum.

::: We sign a *contract with RWE* [2] for the supply of hydroelectric power. Between 2014 and 2028, a total of 14 hydroelectric power plants will power our trains.

AUGUST

::: We complete the upgrading of the *Berlin–Hanover–Bielefeld line* [3], known as the East–West corridor. Within just five months, more than 186 kilometers of track, 21 switches, some 130,000 ties and no less than 110,000 tons of ballast are renewed or refurbished.

::: Leipzig central station is named "City Train Station of the Year" by the Pro-Rail Alliance. Halberstadt is named "Town Train Station of the Year."

::: The *Munich-Pasing electronic interlocking* [3] commences operation. In total, 415 signals and 230 switches are integrated into the electronic interlocking and roughly 780 kilometers of copper and fiber-optic cables are laid.

::: Upgrading of the *Augsburg–Munich line* [3] is successfully completed. This work involved nearly € 760 million in capital expenditure.

SEPTEMBER

::: Arriva Nederland starts operating city buses in Lelystad. The contract has a term of ten years.

::: 1.4 million severely disabled people can now ride for free on our local trains all across Germany.

::: Our new monthly *online punctuality statistics* [4] give an insight into our punctuality in three categories: local transport, long-distance transport and an aggregate figure for all passenger transport.

::: Puma is signed on as our 100th customer to utilize our carbon-free offer for business travel.

::: For the Pope's visit to Freiburg im Breisgau, our subsidiary Südbadenbus organizes its largest-ever special bus deployment.

1 Page 113 f., 2 Page 125, 3 Page 128, 4 Page 138

OCTOBER

::: The world's first *hybrid power plant* [1] goes into operation. Its construction was partially financed with funds from the new plant bonus from our CO_2-free offerings.

::: The cultural change process initiated within DB Group in the previous year continues in a series of *"Regional Dialogue on the future"* [2].

::: The "DB Kaffeepunkte" coffee points on platforms at Frankfurt central station win this year's Brunel Award for their innovative design.

::: The Belgian logistics services provider *Jean Heck* [3] is acquired, which specializes in land transport and contract logistics.

::: A new online service adviser function on the Web site rapidly directs customers to relevant travel offers by asking targeted questions.

::: DB Schenker Logistics officially opens a new freight terminal for operation in the Macedonian capital Skopje.

NOVEMBER

::: Continuation of the *Stuttgart 21* [4] rail project is decided by referendum in the state of Baden-Württemberg.

::: Acquisition of the British rail passenger transport company *Grand Central Railway* [5].

::: DB Arriva wins *Sweden's largest-ever local transport tender procedure* [6], landing a 12-year contract.

::: DB Energy connects its third wind farm, *Elsdorf II* [7], to the grid.

::: *DB Carsharing* [8] celebrates its tenth anniversary. Customers in Germany have access to some 2,500 rental cars offered at competitive rates at 800 stations in over 140 towns and cities.

::: The energy efficiency renovation of the main building at Eisenach station is completed at a cost of approximately € 1.7 million. Its energy consumption is reduced by 36 %.

DECEMBER

::: A new maintenance facility for multi-system ICEs is opened in Frankfurt-Griesheim. Roughly € 40 million was invested in this project.

::: A new direct express bus service is established between Munich and Prague. The buses travel four times daily in each direction, the route taking roughly four hours and 45 minutes to complete.

The "DB Kaffeepunkt" mobile kiosks at the central station in Frankfurt am Main received a prestigious architectural award.

The majority of trains serviced at the new ICE facility in Frankfurt-Griesheim are multi-system ICE 3 trains.

We are connecting Munich and Prague with an express bus route.

1 Page 144 f., 2 Page 143, 3 Page 86, 4 Page 125 f., 5 Page 85, 6 Page 114, 7 Page 127, 8 Page 124

OUR FLEET AND NETWORKS

DB BAHN LONG-DISTANCE
ICE FLEET: 253 trains – 59 ICE 1, 44 ICE 2, 67 ICE T, 19 ICE TD and 64 ICE 3 | **LOCOMOTIVES:** 276 | **PASSENGER CARS:** 2,005
SEATS: 208,749 – 43,761 (1st class) and 164,988 (2nd class) | **TRAINS PER DAY:** 1,404

ICE 2 (ELECTRIC MULTIPLE UNIT)

The ICE 2 is a high-speed, eight-section multiple-unit train consisting of six intermediate cars, a power car and a driving trailer. All ICE 2 trains are to undergo an extensive redesign by the year 2013. DB Fahrzeuginstandhaltung (vehicle maintenance) will be executing the redesign.

MANUFACTURER: Consortium coordinators Siemens, Adtranz
COMMISSIONING: 1996
POWER: 4,800 kW
MAXIMUM SPEED: 280 km/h
SEATS: 368 (381 after redesign)
NUMBER IN FLEET AS OF DEC 31, 2011: 44

ICx (ELECTRIC MULTIPLE UNIT)

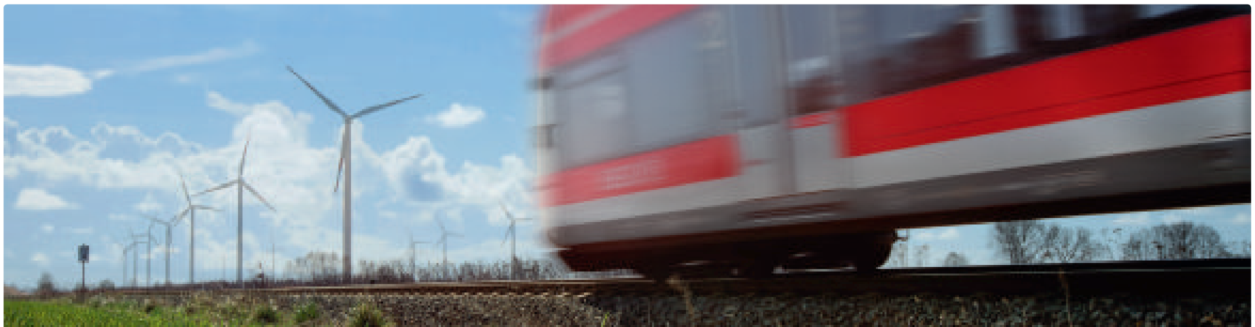
To modernize our long-distance fleet, we are ordering up to 300 new ICx trains from Siemens. The modular drive concept employed involves independent power cars with identical traction technology, allowing for variable train configuration.

MANUFACTURER: Siemens
COMMISSIONING: from 2016
POWER: 8,250 kW (5 power cars)
MAXIMUM SPEED: 249 km/h
SEATS: 724 (ten sections)
NUMBER IN FLEET AS OF DEC 31, 2011: 0

ICE 3 (ELECTRIC MULTIPLE UNIT)

The ICE 3 is a high-speed, eight-section multiple-unit train. The underfloor single-axle powertrain drives 50 % of the axles, allowing for rapid acceleration. The 14 multi-current system trains are easily adaptable to international electricity systems. This makes cross-border use for long-distance transport services possible.

MANUFACTURER: Consortium coordinator Siemens, Bombardier Transportation
COMMISSIONING: from 2000
POWER: 8,000 kW
MAXIMUM SPEED: 330 km/h
SEATS: 429/432 (BR 403), 419/413 (BR 406)
NUMBER IN FLEET AS OF DEC 31, 2011: 64 (50/14)



DB BAHN REGIONAL

LOCOMOTIVES: 1,197 – 1,014 electric and 183 diesel | **MULTIPLE UNITS:** 3,472 – 1,583 S-Bahn (metro) trains, 1,485 diesel power cars and 404 other **PASSENGER CARS:** 4,739 | **SEATS:** 1,004,028 – 76,658 (1st class) and 927,370 (2nd class) | **TRAINS PER DAY:** 24,021

ET 440 ELECTRIC MULTIPLE UNIT

These four-car trains feature attractive and wheelchair-accessible facilities, the latest technology and environmentally friendly construction. In 2011, we began equipping the ET 440s with retracting steps.

MANUFACTURER: Alstom LHB
COMMISSIONING: 2009 – 2010
POWER: 2,120 kW (three sections), 2,880 kW (four and five sections)
MAXIMUM SPEED: 160 km/h
SEATS: 171/245/288
NUMBER IN FLEET AS OF DEC 31, 2011: 26/48/6

BR 146 LOCOMOTIVE

The BR 146.2 is one of the newest and most powerful locomotives for local transport. Based on the 185.2 series, it is equipped with extra features specifically for local transport. Installation space was added for multi-system and diesel-electric drive capability.

MANUFACTURER: Bombardier Transportation
COMMISSIONING: 2001 – 2006
POWER: 5,600 kW
MAXIMUM SPEED: 160 km/h
NUMBER IN FLEET AS OF DEC 31, 2011: 31 (BR 146.0), 32 (BR 146.1), 47 (BR 146.2)

LOW-FLOOR REGIONAL LINE BUS

These buses are run on low-emission, low-noise diesel engines that meet the latest EEV emissions standard. The low-floor design allows for stepless entry. Powerful heating and ventilation units ensure pleasant temperatures.

MANUFACTURER: MAN Truck & Bus AG
COMMISSIONING: from 2010
POWER: 235 kW
NEW VEHICLES IN 2011: 197
MAXIMUM SPEED: 80 km/h
SEATS: 45/36 (depending on version)
NUMBER IN FLEET AS OF DEC 31, 2011: more than 300

DB ARRIVA
LOCOMOTIVES: 24 | **MULTIPLE UNITS:** 544 – 45 S-Bahn (metro) trains, 412 diesel and 87 electric power cars | **POWER CARS:** 1,494
PASSENGER CARS: 97 | **SEATS:** 99,094 – 3,367 (1st class) and 95,727 (2nd class) | **BUSES:** 12,571

VDL/WRIGHTBUS SB200

This single-deck bus is highly spacious. It has a Cummins ISBe engine and a fully automatic Allison transmission. It is thus one of the most fuel-efficient buses in our UK fleet and a true benchmark for other models.

MANUFACTURER: VDL/Wrightbus
COMMISSIONING: from 2002
POWER: 165 kW – 2,500 rpm
SEATS: 44/28
NUMBER IN FLEET AS OF DEC 31, 2011: 531
NEW VEHICLES IN 2011: 157

SCANIA OMNILINK

This low-floor city bus for high-traffic urban transport has an especially environmentally friendly diesel engine. The low-floor design allows for stepless entry. Air-conditioning and high seat backs make it very comfortable.

MANUFACTURER: Scania AB Sweden
COMMISSIONING: from 2003
POWER: 206 kW
SEATS: 43/70
NUMBER IN FLEET AS OF DEC 31, 2011: 145
NEW VEHICLES IN 2011: 35

SA 134 ARTICULATED DIESEL POWER CAR

These articulated diesel power cars are used for regional transport in the Dutch provinces of Groningen and Friesland. Eight of our 51 power cars can be utilized for cross-border transport to Germany as well. DB Bahn Regional also uses this vehicle type in Germany, where its designation is BR 646.

MANUFACTURER: Stadler Bussnang AG
COMMISSIONING: 2006 – 2007
MAXIMUM SPEED: 140 km/h
POWER: 600 kW
SEATS: 186 (GTW 2/8) and 119 (GTW 2/6)
NUMBER IN FLEET AS OF DEC 31, 2011: 51 (29 GTW 2/8, 22 GTW 2/6)

DB SCHENKER RAIL
LOCOMOTIVES: 3,587 – 1,507 electric and 2,080 diesel | **CARS:** 106,727 (of which 95,245 own rolling stock – 40,395 flat cars, 33,907 open cars, 19,149 covered cars and 1,794 container cars) | **LOAD CAPACITY:** 6,158 t | **TRAINS PER DAY:** 5,261

BR 186 LOCOMOTIVE
The BR 186 has a platform design derived from the BR 145 and 185. In contrast to the two-frequency locomotive BR 185, the BR 186 has multi-system equipment, allowing it to be deployed in direct-current networks. This forms the basis for its use throughout Europe.

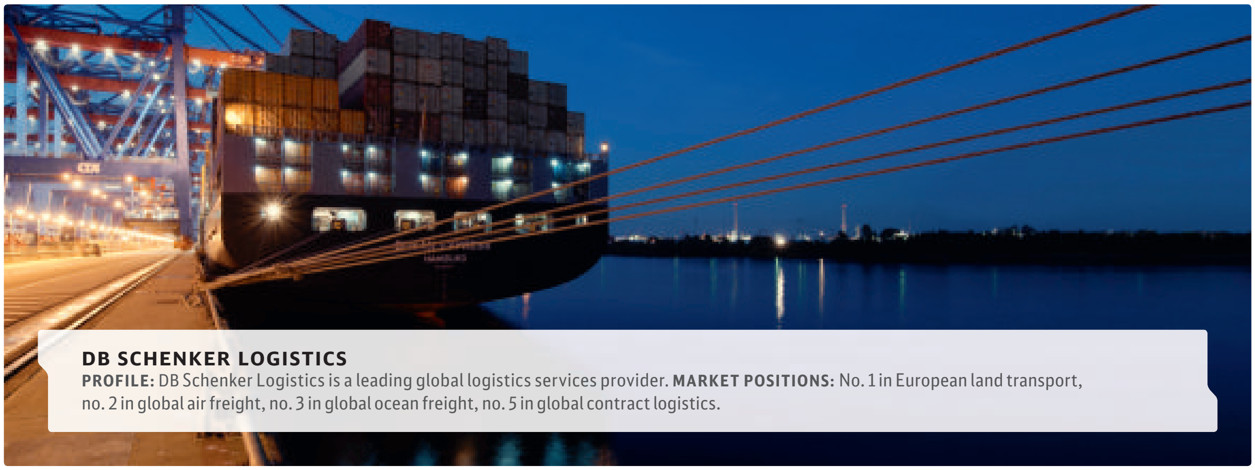
MANUFACTURER: Bombardier Transportation
COMMISSIONING: 2010 – 2012
POWER: 5,600 kW
MAXIMUM SPEED: 140 km / h
NUMBER IN FLEET AS OF DEC 31, 2011: 55
NEW VEHICLES IN 2011: 40

BR 261 LOCOMOTIVE
The BR 261 is being procured for use in heavy-shunting situations. The vehicles are equipped for remote control and have shunting couplings. They are also especially environmentally friendly, as they feature a particulate filter. A total of 130 of these vehicles are being procured.

MANUFACTURER: Voith Turbo Lokomotivtechnik GmbH
COMMISSIONING: 2010 – 2013
POWER: 1,000 kW
MAXIMUM SPEED: 100 km / h
NUMBER IN FLEET AS OF DEC 31, 2011: 53
NEW VEHICLES IN 2011: 43

LAAERS 560 (AUTOMOBILE TRANSPORT CAR)
The Laaers 560 is a four-axle, close-coupled automobile transport car for the international transport of cars, SUVs and vans. The car's high load limit (34 tons) allows for the transport of very heavy vehicles of these types. The upper loading deck is infinitely adjustable.

LENGTH OVER BUFFERS: 31 m
LOADING LENGTH, BOTTOM / TOP: 30.07 m / 30.55 m
LOADING WIDTH, BOTTOM / TOP: 2.95 m / 2.75 m
DEADWEIGHT: ∅ 29.6 t
CAR HEIGHT: 3.578 m
NUMBER IN FLEET AS OF DEC 31, 2011: 463
NEW VEHICLES IN 2011: 205



DB SCHENKER LOGISTICS

PROFILE: DB Schenker Logistics is a leading global logistics services provider. **MARKET POSITIONS:** No. 1 in European land transport, no. 2 in global air freight, no. 3 in global ocean freight, no. 5 in global contract logistics.

EUROPEAN LAND TRANSPORT

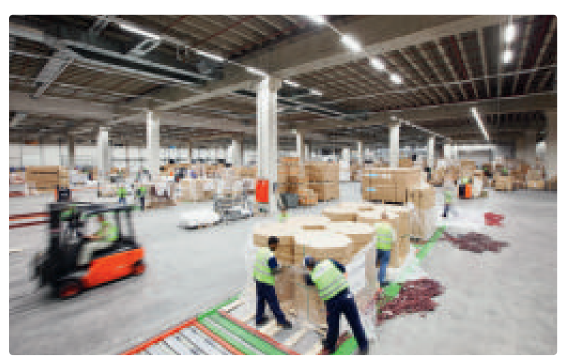
In 2011, we transported nearly 96 million shipments over our European land transport network. With over 720 locations in 36 different countries, DB Schenker offers some 32,000 scheduled line services throughout Europe, linking all major economic regions.

AIR FREIGHT

DB Schenker is a leader in air freight, with a network of 700 locations in 130 countries and annual air freight volume of roughly 1.1 million tons. Around 1,200 charter flights per year provide extra freight capacity in addition to the daily line connections.

OCEAN FREIGHT

Our world-leading, global ocean freight network of approximately 600 DB Schenker locations serves 130 countries around the world. 700 consolidated cargo routes are operated. We move over 3,800 containers a day for our customers, with annual volume totaling over 1.7 million TEU.



CONTRACT LOGISTICS

We have a global contract logistics presence in over 50 countries and roughly 500 locations, providing over 5 million square meters of highly modern logistics space. We provide our customers with comprehensive, integrated logistics solutions along the entire supply chain.

DB SERVICES

DB Fleet Management is our mobility and fleet manager, and is one of Germany's leading providers. With our "Flinkster – my car sharing" car-sharing service, we offer customers an extensive European mobility network. The "Call a Bike" bicycle rental service rounds out our services portfolio.

FLINKSTER – MY CAR SHARING

In 2011, we bundled our car sharing activities under the brand name "Flinkster – my car sharing." Customers in Germany have access to some 2,700 rental cars offered at competitive rates at 800 stations in over 170 towns and cities. Roughly 100 electric cars are already available to rent, including in Berlin, Hamburg, Frankfurt am Main and Stuttgart. More than 170,000 customers have registered with Flinkster to date. This makes us the market leader in Germany. And thanks to an array of partnerships, a further 2,000 cars can be rented not only in the neighboring countries of Switzerland and the Netherlands, but also around the world from Spain to South Africa and Australia.

CALL A BIKE

"Call a Bike" gives customers a flexible, healthy and environmentally friendly mode of transport, and is available in the downtown areas of Frankfurt am Main, Berlin, Munich, Karlsruhe, Cologne, Stuttgart and Hamburg, and at many ICE railway stations. We have established ourselves as Germany's leader in bike sharing, with over two million bike rentals in 2011, around 435,000 registered customers and over 8,500 bicycles. In addition, some 100 red-and-silver bikes with electric motors, known as pedelecs, can be rented at every station in Aachen and Stuttgart.

FLEET MANAGEMENT

DB Fleet Management develops customized fleet concepts tailored to the needs of individual businesses, offering a wide variety of fleet mobility modules. These can meet any fleet-related organizational, administrative or repair requirements. A fleet requirements consultation is conducted involving an analysis of business processes with respect to profitability, safety and quality issues. DB Fleet Management provides cars, vans large and small, and special vehicles for any purpose or length of time.

INFRASTRUCTURE

Germany has Europe's most extensive rail network, spanning close to 34,000 kilometers. It is used by over 370 train operating companies. Some 32,000 trains run every day, traveling more than 1 billion kilometers on the network annually.

DB NETZE TRACK

DB Netz AG is Europe's no. 1 rail infrastructure provider. An average 2.9 million train-path kilometers were traveled daily on the DB Netz AG infrastructure in 2011, an average of 39,000 trains operating per day.

LENGTH OF LINE OPERATED: 33,378 km

SWITCHES AND CROSSINGS: 70,477

INTERLOCKINGS: 3,435

LEVEL CROSSINGS: 14,174

TUNNELS: 694

RAILWAY BRIDGES: 24,926

DB NETZE STATIONS

The passenger stations business unit of DB Station & Service AG operates roughly 5,400 railway stations in Germany and markets space in around 1,600 station buildings. In addition to a wide range of shops and services in the stations, we also have an extensive service offering for travelers. This includes luggage storage and lost-and-found services, the "3S Centers" for all service, safety and cleanliness-related matters, and DB Information as a central place for travelers seeking assistance or information. Assistance and services for travelers with mobility-limiting disabilities are provided by the Mobility Center.

DB NETZE ENERGY

DB Energie GmbH is our energy service provider. It manages one of Germany's largest source-diversified energy portfolios. DB Group's energy business in Germany is conducted exclusively by DB Energy.

TRACTION SUPPLY SYSTEM: 7,786 km

POWER, CONVERTER AND TRANSFORMER STATIONS: 54

RECTIFIERS: 26

GAS STATIONS: 196

MEAN VOLTAGE NETWORKS WITH TRANSFORMER STATIONS: 189

TRAIN PREHEATING PLANTS: 324

GROUP MANAGEMENT REPORT

PHOTOVOLTAICS

The increased use of solar energy as a renewable energy source is largely a result of advances in climate policy. 20 % of German homeowners already have solar panels to generate electricity or heat their homes using the sun's energy. In 2010, photovoltaic systems capturing solar energy generated 11,683 gigawatt-hours of power, which is about 1.9 % of Germany's total electricity consumption.

OVERVIEW

::: POSITIVE ECONOMIC ENVIRONMENT WEAKENED IN THE COURSE OF THE YEAR
::: ONGOING POSITIVE VOLUME DEVELOPMENT ENABLES IMPROVEMENTS IN REVENUES AND PROFITS
::: POSITIVE OUTLOOK FOR THE 2012 FINANCIAL YEAR DESPITE HIGH UNCERTAINTIES

			CHANGE	
Key figures — € million	2011	2010	absolute	%
Passengers rail and bus (million) [1)]	2,738	2,734	+ 4	+ 0.1
Volume sold rail passenger transport (million pkm) [1)]	79,228	78,582	+ 646	+ 0.8
Volume sold bus passenger transport (million pkm) [1)]	8,763	9,214	- 451	- 4.9
Volume sold rail freight transport (million tkm)	111,980	105,794	+ 6,186	+ 5.8
Train kilometers on track infrastructure (million train-path km)	1,051	1,034	+17	+1.6
Shipments in European land transport (thousand)	95,836	80,816	+15,020	+18.6
Air freight volume (export) (thousand t)	1,149	1,225	-76	- 6.2
Ocean freight volume (export) (thousand TEU)	1,763	1,647	+116	+7.0
Revenues adjusted	37,901	34,410	+3,491	+10.1
Revenues comparable	35,888	34,407	+1,481	+ 4.3
EBITDA adjusted	5,141	4,651	+ 490	+10.5
EBIT adjusted	2,309	1,866	+ 443	+ 23.7
Net profit for the year	1,332	1,058	+ 274	+ 25.9
ROCE (%)	7.3	6.0	-	-
Net financial debt as of Dec 31	16,592	16,939	- 347	- 2.0
Gross capital expenditures	7,501	6,891	+ 610	+ 8.9
Net capital expenditures	2,569	2,072	+ 497	+ 24.0

1) Excluding Arriva.

In a continually dynamic *business environment* [1] that admittedly diminished slightly in the course of the year, Deutsche Bahn Group (DB Group) was once again able to achieve significant volume increases in the 2011 financial year and thus continue on its course of growth. This was particularly the case for European land transport, rail freight transport and ocean freight.

In total, the performance of the DB Bahn Regional and DB Bahn Long-Distance business units was slightly positive. Growth was reported for regional rail transport, while the development in long-distance rail transport was affected by numerous negative one-time effects.

In the Infrastructure division, *train-path demand* [2] rose slightly, driven by growth above all in freight transport, but also in regional transport.

In a similar way, the sharp volume growth in some areas across the *DB Schenker Rail* [3] and *DB Schenker Logistics* [4] business units is also reflected in a significant increase of comparable revenues.

Important effects on the *profit situation* [5] in the year under review resulted from changes to the scope of consolidation. In this respect, the first-time full-year inclusion of Arriva, which has been fully consolidated since September 1, 2010, had a major effect on the year under review, resulting in an additional € 2.0 billion in revenues. After this acquisition, there were also other *changes in the organizational structure* [6] of DB Group that took effect on January 1, 2011.

The *development of operating profit* [7] was positive once again in the year under review. Due to the positive *development of the business units* [8], the *net profit for the year* [9] significantly improved.

All of our *value management key figures* [10] continued to improve in the direction of their respective benchmark figures in the year under review.

We increased our *capital expenditure activities* [11] in the year under review. The additional funds from the economic stimulus programs had a positive effect in the area of track infrastructure.

Net financial debt [12] had decreased as of December 31, 2011. This further reduction in debt was achieved despite capital expenditures being significantly stepped up and dividends amounting to € 500 million being paid to our shareholder for the first time.

DB Group once again had very smoothly functioning *access to capital markets* [13] in the year under review and was able to obtain debt capital for the refinancing of expiring debts at attractive conditions.

1 Page 86 ff., 2 Page 103, 3 Page 120 f., 4 Page 122 ff., 5 Page 104 ff., 6 Page 85, 7 Page 107 ff., 8 Page 112 ff., 9 Page 109, 10 Page 79 ff., 11 Page 134 ff., 12 Page 133 f., 13 Page 132

Assessment of the economic situation by the Management Board

Based on the developments in the year under review, the Management Board of Deutsche Bahn AG (DB AG) considers the economic situation of DB Group to be positive.

During the year under review, DB Group once again reported increases in revenues, operating profit and return on capital employed (ROCE), both on a comparable basis and after taking changes in the scope of consolidation into account.

The development of the financial key figures of DB Group in the year under review essentially corresponds to the forecast made for the 2011 financial year in our 2010 Annual Report and revised in our interim financial report for January to June 2011. The development of our net financial debt was even better than expected.

Our strategic approach was instrumental in securing the positive development in the year under review. We were therefore able to continue on the course of growth that DB Group returned to after the economic and financial crisis. Overall, we were able to assert ourselves better than most of our competition during the crisis.

The DB Schenker Logistics and DB Schenker Rail business units, which were particularly affected by the crisis in 2008 and 2009, reported a positive development in the last two years. In some areas, we exceeded pre-crisis levels. However, due to slower economic development in general toward the end of 2011, developments slowed down once again, in particular in rail freight transport.

We have continued to focus our strategy on the *long-term megatrends in our markets* [1], and our analyses show that these are still intact. DB Group's strategic objective therefore remains unchanged. In the year under review, we expanded our strategic approach to include social and ecological dimensions. Our objective is to meet the current and future challenges which DB Group faces with an expanded entrepreneurial focus based on sustainability. From our vision, we have derived the following goals: we want to be a profitable market leader, a top employer and an environmental pioneer.

With the economic slowdown expected in 2012, the positive effects for our relevant markets will also dwindle, thereby muting demand accordingly. DB Group's business development was as expected at the beginning of the 2012 financial year, giving the Management Board no reason to change its forecast. Based on the current perspective, the Management Board assumes that revenues and adjusted EBIT will continue to develop and improve according to the statements made in the *outlook* [2].

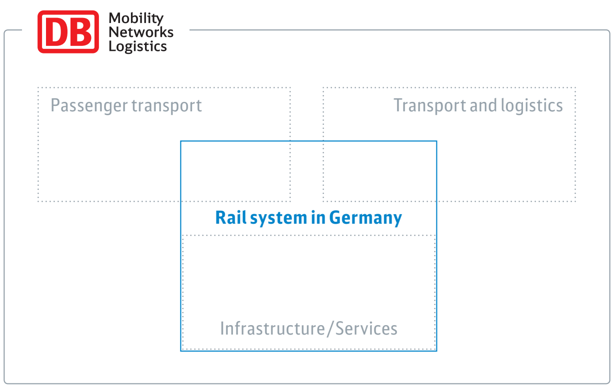
1 Page 75, 2 Page 160 ff.

CORPORATE STRATEGY

::: FOCUS ON SOLIDIFYING AND EXPANDING OUR MARKET POSITIONS
::: SUSTAINABILITY AS A BASIS FOR LONG-TERM SUCCESS
::: CLEAR STRATEGIC FOCUS IN THE OPERATING DIVISIONS

DB Group structure

DB AG has been a public listed company in accordance with German law since it was founded in 1994 and accordingly has a dual management and controlling structure comprising a Management Board and Supervisory Board.

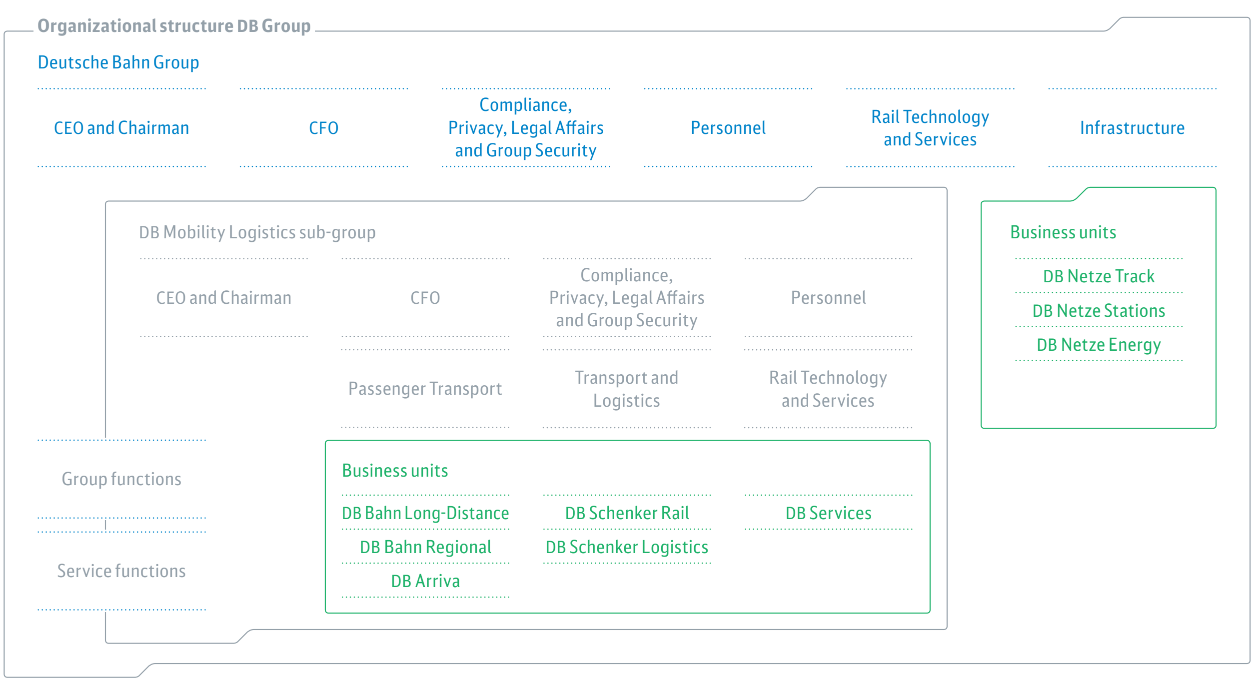


The business portfolio of DB Group consists of nine business units organized into the three divisions of passenger transport, transport and logistics, and infrastructure, that are managed in an integrated manner.

Historically, DB AG's predecessors concentrated on rail transport in Germany. Today, the German railway system still makes up an essential part of our business activities. In order to meet our customers' needs and satisfy market demands, we have steadily expanded our business portfolio, in particular since the beginning of the new millennium.

Today, our passenger transport business activities are more diversified, comprising not only bus transport, but also intelligent networks with other modes of transport as well as a fundamental presence throughout Europe in order to participate in increasing market potential in the opening bus and rail transport markets.

Our business activities in the transport and logistics division were placed on an international platform early on and cover all modes of transport: rail freight and land transport are focused on European markets, while our ocean and air freight activities as well as contract logistics are global. This structure enables us to offer high-quality logistics solutions to internationally active companies and to develop synergies between transport networks in the interests of our customers.



The key factors in the positive development of DB Group since 1994 have been the entrepreneurial orientation of all our business activities, the international focus of our portfolio, the integrated structure between transport and infrastructure, and the consistent development of intermodal solutions in the interests of the markets and our customers.

Following the restructuring that took place in 2008, DB AG manages the DB Netze Track, DB Netze Stations and DB Netze Energy business units directly. The remaining six business units fall under the management of our wholly owned subsidiary, DB Mobility Logistics AG (DB ML AG). Within DB Group, DB AG and DB ML AG both function as management holding companies that lead the Group. In order to ensure an integrated Group management approach, the DB AG Management Board's meetings are normally held concurrently with the meetings of the DB ML AG Management Board. Further details may be found in the *Corporate Governance Report* [1].

The business units are responsible for conducting business operations. Our structure is completed by central Group and service functions, some of which are performed by DB AG while others are carried out by DB ML AG.

An *overview of the holdings* [2] can be found in the Notes to the consolidated financial statements.

Focus on solidifying and expanding our market positions

In order to maintain competitiveness, our objective is to continue to strengthen and expand our solid basis in all of our relevant markets.

DB Group is successful in all segments of the transport market (passenger transport, infrastructure as well as transport and logistics) and provides services on a national and international level. We are active worldwide and are represented in over 130 countries. Our objective is to convince customers with the quality of our services and to continue to improve our profitability and financial strength.

In the area of passenger transport, our objective is to maintain our strong market position in Germany over the long term while sustainably strengthening our position in Europe. The European passenger transport market became even more important to us following our acquisition of Arriva in 2010.

The gradual opening of European rail markets represents an important strategic perspective for our rail activities: in the area of long-distance rail passenger transport, the cross-border transport market has been open since 2010. We want to exploit the opportunities for growth generated by this opening with our own competitive services and with services offered in partnership with other railways. Together with other railways and the industry, we also seek to continue to advance technical standardization in order to achieve the harmonization of interfaces and processes between infrastructures and transport operators throughout Europe in particular.

In regional and urban transport contracts are increasingly being put out for tender all over Europe and we want to increasingly benefit from this situation in the future. Since acquiring Arriva, we have been active in the regional bus and/or rail transport business in 12 European countries and thus have a good platform for further growth.

We also strategically positioned ourselves early on in the transport and logistics sector to meet current and future market demands. DB Schenker Logistics represents our international logistics expertise. Our extensive internationally oriented service portfolio in worldwide air and ocean freight and contract logistics, as well as a dense network in European land transport, enable us to take advantage of opportunities arising in strongly growing markets. By expanding our high-performance, international logistics networks for land transport, we ensure customer contact in our markets and open up new opportunities for growth. The rail freight transport business unit benefits from this, for example due to intermodal transport chains and synergy effects.

The demand for international logistics services is rising due to the increasing internationalization and cross-border orientation of production structures and material flows in our customers' markets. We are meeting these challenges with intermodal transport chains and integrated products and sector solutions. The European rail transport market has been completely liberalized since 2007. In this respect, we serve all the relevant corridors and are active in all the key European countries with our own subsidiaries or partnerships.

In Germany, we have assumed dual responsibility for rail transport as a result of our integrated Group structure, making us both the operator and leading user of the track infrastructure. We want to further develop rail transport thereby additionally strengthening the transport infrastructure, which is so important for Germany as a business location. At the same

1 Page 41 ff., 2 Page 253 ff.

time, we are creating the prerequisites needed to master the increasing flows of traffic in Europe. In this respect, in addition to the rail network and passenger stations, we are ensuring the energy supply for the train operating companies in Germany.

Our know-how is increasingly in demand for the realization of rail projects worldwide. Our DB International subsidiary participates in rail projects in various roles and we export our knowledge on the construction and operation of high-performance and integrated transport systems all over the world.

Sustainability as a basis for long-term success

Both during and after the economic and financial crisis in 2008 and 2009, we were able to assert ourselves better than most of our competition. Our success in overcoming the crisis only provided temporary relief, however, as we still face a wide variety of challenges. The financial markets are still very volatile and marked by uncertainty. The significant increase in debt among European countries will boost the pressure to consolidate, and could thus lead to potential bottlenecks in public funding for the transport sector. The megatrends relevant to us – globalization, liberalization, climate change and scarcer resources, as well as demographic changes – continue to be prevalent and in some cases are even becoming more dynamic.

In particular, increasing globalization and liberalization raise the demand for intelligently networked, cross-border transport concepts that ensure an optimal use of resources. The associated positive outlook for growth and profits will likely result in an additional increase in the intensity of competition. We are well prepared for these developments.

Climate change and the increasing scarcity of natural resources are continuing at a rapid rate. The general public is increasingly calling on the transport sector to play its part in climate protection. At the same time, increased environmental consciousness can be observed in both companies and consumers, therefore resulting in an increased demand for environmentally friendly products. We see great potential in this area of activity for the future.

Demographic change leads to significant shifts in population and age structures in society. On the one hand, a sharp increase in the global population can be observed in developing countries and emerging markets that will require future-oriented mobility solutions, in particular in cities. Conversely, the Western world is faced with an aging population. This is exacerbated by a lack of qualified workers that can already be felt strongly. For example, in the future DB Group will need 5,000 to 7,000 new qualified employees each year in Germany alone. The growing scarcity of qualified workers coupled with a development towards a market that favors workers not only requires concerted efforts in personnel recruitment, but it also places an increasing focus on employee retention. Becoming and remaining an attractive employer is significant for success in both cases.

After all, we still face challenges in how well our products and vehicles perform, which has a major influence on our customer satisfaction levels and our image. A high level of customer satisfaction and a positive image are key factors for our enduring economic success.

These diverse developments and challenges require an approach that considers the basis of long-term success to be an environmentally friendly use of resources and a high level of acceptance both in society and as an employer. Only through such an approach will we remain viable and thus ensure the continued success of our company in the long term. That is why it is important for us to look at the triad of economic, social and ecological dimensions as an integrated whole.

VISION AND GOALS GEARED TOWARD SUSTAINABILITY

Our vision remains unchanged: we intend to become the world's leading mobility and logistics company. In order to achieve this goal, we have to develop our leading position in relation to the economic, social and ecological dimensions and bring these together. We will only be able to attain sustainable success for our company and secure acceptance in society if we establish ourselves as a leading company in all three dimensions. Within these three dimensions of sustainability, we have therefore set ourselves the following leadership goals: we want to be a profitable market leader, a top employer and an environmental pioneer.

Vision and targets

Our vision: we intend to become the world's leading mobility and logistics company

Sustainable business success and acceptance in society

Economic	Social	Environmental
Profitable market leader	Top employer	Environmental pioneer
As a profitable market leader, we provide our customers with first-class mobility and logistics solutions.	As a top employer, we are able to acquire and keep qualified employees who work with enthusiasm for our company and our customers.	In our role as an environmental pioneer, we set the benchmark for the efficient use of the available resources with our products.

Profitable market leader

As a profitable market leader, we provide our customers with first-class mobility and logistics solutions. There are two important aspects in achieving this leadership goal, namely improving our customer and quality orientation and continuing on our profitable growth path.

We have already set in place a number of measures to improve customer and quality orientation. With our *customer and quality initiative* [1] in particular, we have made significant progress in many areas (for example, in the availability of our vehicle fleet and customer information), which enabled us to stabilize and improve the quality of our rail transport in Germany. By investing in modernization (for example, the *redesign of the ICE 2* [2]) and expansion (for example, *procuring new ICE 3 trains* [3]) we strengthen our vehicle fleet. Customer satisfaction will continue to be the focus of our activities in the future. We will place more emphasis on gearing our business processes toward the needs and demands of our customers and will firmly establish customer orientation in our company with regard to product and performance quality. To this end, we will continue with, combine, and expand existing quality measures and will continually improve our performance.

We successfully navigated the economic and financial crisis while defending or even expanding our leading market positions. We will continue on this course of growth by systematically exploiting the synergies made possible by the integrated Group. In addition, we will use the emerging market opportunities, for example with new services such as intelligent, integrated mobility and logistics solutions from a single source.

To do so, we must continue to strengthen and improve our network in terms of transport flows and, at the same time, expand it wherever there are gaps, both nationally and internationally.

Top employer

As a top employer, we are able to acquire and keep qualified employees who work with enthusiasm for our company and our customers. In order to achieve this goal, we will press on with the *cultural change* [4] we have already initiated. An essential part of this is promoting employee development, thereby achieving a high level of employee satisfaction.

In particular in view of the increasing need for qualified workers, we must intensify our efforts in developing our employees and increasing loyalty and in creating attractive employment conditions. However, that alone is not enough. The growing need for qualified staff requires us to envision our company as a recruiting organization. We have therefore introduced additional personnel recruitment measures and we will continue to strengthen our activities in this area. We also want to step up our efforts to employ more women in our company, as mixed teams have been empirically proven to have better results. For example, we have set an internal goal to significantly increase the proportion of women in general to 25 % and in management positions to 20 % by 2015.

In addition to being a responsible and attractive employer, we also seek to be a recognized member of society and will continue to expand our *social commitment* [5].

Environmental pioneer

In our role as an environmental pioneer, we set the benchmark for the efficient use of the available resources with our products. Environmental friendliness is part of our brand and service promise. Rail has already a significant advantage in environmental friendliness. In long-distance passenger transport, rail has three to four times lower CO_2 emissions compared to motorized individual transport or air transport. In freight transport, rail has four times lower CO_2 emissions compared to land transport and 34 times lower emissions than air transport. We want to further expand this leading position in terms of environmental friendliness.

Our goal is initially to increase the share of renewable energies to 35 % by the year 2020. Then, by 2050, our vision is to have all traction current in Germany come from renewable sources of energy.

1 Page 138, 2 Page 113, 3 Page 113, 4 Page 143, 5 Page 147

Thanks to our green products and offers such as *Environment Plus* [1] in passenger transport and our Eco Solutions in the transport and logistics division, we have been able to gain new customers while at the same time taking further steps to reduce CO_2 emissions. We want to further establish green products through intensive marketing and actively create a demand for them. In addition, we are continually increasing the energy efficiency of our operations and production, including by renewing our vehicle fleet (for example *procurement of the ICx* [2]). Our goal is to reduce our specific CO_2 emissions by 20 % worldwide and across all modes of transport by 2020 compared to the levels in 2006.

Clear strategic focus in the operating divisions

OFFERING CONVINCING MOBILITY OFFERS THROUGHOUT EUROPE

Within the German passenger transport sector, we are continuing to raise the performance capabilities of our rail products and are integrating individual services to form comprehensive mobility solutions. We are linking our modes of transport to create comprehensive travel chains in order to provide our customers with integrated door-to-door solutions from a single source, thereby offering them a competitive and ecologically beneficial alternative to motorized individual transport. We operate efficient and integrated transport networks in the local and long-distance transport. The links in these networks are continually improved in line with customer requirements, thereby generating optimized connection possibilities to make time-saving travel a reality. We work closely with our end customers, as well as other companies and policymakers when developing additional products for our range of mobility offers.

Customer demands for transparent travel information and integrated transport services are being met with new offers. For example, the new transport mode comparison at www.bahn.de assists customers in choosing the most appropriate mode of transport by comparing various options with regard to price, travel time, productive time and environmental impact. By actively using our Twitter channel and Facebook page, we seek to enter into a more active dialog with our customers, thereby making it easier for them to contact us directly with questions or problems. By integrating various individual systems into a comprehensive offer, we provide our customers with all of the travel information they need and make it easier for them to book various mobility options from a single source.

With the successful implementation of *Touch & Travel* [3] in long-distance transport in Germany as well as in the local transport networks in Berlin, Potsdam and Frankfurt am Main, our customers are able to use a cell phone as a ticket for various modes of transport. This link and our extensive platform for ticket sales allow customers to reduce their mobility costs and benefit from a more comprehensive offer.

In addition to these developments, we also want to use the advantages of rail 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, thanks to our car sharing model, Flinkster, we actively support the *BeMobility Project* [4], the objective of which is to create a carbon-free network of electric vehicles and public transport.

Our rail transport in Germany faces challenges due to the open access to the German transport market and the resulting high level of competition. At the same time, the liberalization of European passenger transport offers great opportunities for growth that we want to take advantage of with new cross-border long-distance transport offers, such as our planned direct connection to London.

We restructured our regional transport activities in the year under review: all of our activities in passenger transport outside of Germany are now bundled under the umbrella of the DB Arriva business unit. Our activities in the German regional transport market have been completely managed by the DB Bahn Regional business unit since the year under review.

Based on our position in the domestic market and on the international transport services of DB Arriva, we are now one of the leading mobility providers in Europe. From this position, we are pursuing the objective of consolidating our position as a leading mobility provider in Germany, while continuing to expand this role in Europe.

1 Page 144, 2 Page 113, 3 www.touchandtravel.de, 4 www.bemobility.de

COMBINING EFFICIENT GLOBAL NETWORKS WITH STRONG EXPERTISE IN LOGISTICS

We have positioned ourselves as one of the world's leading transport and logistics service providers under the DB Schenker brand name. We have achieved this because of our tightly knit networks in European rail freight transport, European land transport, and global air and ocean freight, and thanks to our 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 proved to be stable and successful even during the economic and financial crisis. These are:

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

The transport sector will play a key role 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.

OFFERING HIGH-QUALITY SERVICES FROM A SINGLE SOURCE

The DB Services business unit provides services mainly for DB Group companies in the areas of vehicle maintenance, information technology, telecommunications 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 and by using non-Group business activities to ensure capacity utilization and to benchmark quality and prices.

The DB Services business unit plays an active role in creating job security within DB Group by 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, facilities, stations and energy supply. In doing so, the business units focus on the needs of their customers respectively passengers, train operating companies, trading and service companies as well as authorities – and they structure their service offerings and associated pricing systems for the use of 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. The positive development of the track infrastructure in Germany is due to the integrated structure of DB Group in which the infrastructure activities are consistently run with an entrepreneurial focus. In addition, DB Group assumes overall responsibility for the rail mode of transport. This is reflected in the great contribution that DB Group makes available for financing investments in infrastructure. Of the nearly € 95 billion in infrastructure capital expenditures since 1994, DB Group has financed approximately € 17 billion, or nearly € 1 billion annually, from its own funds. This was in addition to the redemption and repayment of interest-free loans and investment grants that amounted to nominal € 12 billion over the entire period. DB Group plans to maintain this high contribution in the years to come. In addition, the dividends paid out by DB AG for the first time in the year under review will be used by the German Federal Government to stabilize and strengthen infrastructure financing.

VALUE MANAGEMENT

::: VALUE MANAGEMENT SYSTEM IN PLACE SINCE 1999
::: NOTICEABLE INCREASE IN ROCE IN THE YEAR UNDER REVIEW
::: KEY DEBT FIGURES SIGNIFICANTLY IMPROVE

Value-based corporate management

Value management targets and cost of capital — %	DB Group	DB ML Group	Infra-structure
Minimum return target (ROCE target pre-tax)	10.0	14.0	8.0
Cost of capital (pre-tax)	9.3	9.9	8.1
Redemption coverage	30	50	30
Gearing	100	100	100
Net financial debt/EBITDA (multiple)	2.5	1.5	2.5

The aim of DB Group's corporate strategy is to achieve profitable growth while increasing enterprise value in the long term. In particular, the objective is to be able to secure and finance investments in the core business segments in the long term. The financial management of DB Group is performed on the basis of a value-oriented management system based on key figures. Our value management targets are an important factor for our strategic approach, investment decisions and performance-related remuneration for employees and management. Our controlling concept is based essentially on the two dimensions of profitability and creditworthiness.

::: The profitability dimension: Cost-effectiveness as an overall goal in value management ensures that investors receive an appropriate long-term rate of return extending over several economic cycles. Based on market values, we calculate the weighted average cost of capital (WACC) of debt and equity capital on an annual basis. The actual return, the ROCE, is calculated as the ratio of the operating earnings before interest and taxes (adjusted EBIT) to the capital employed. As a long-term target value, DB Group's target ROCE is set higher than the cost of capital. The different business characteristics in each respective division result in different target values for our activities in the DB Mobility Logistics sub-group (essentially passenger transport as well as transport and logistics) and in the Infrastructure division. The cost of capital and thus the expected returns from the infrastructure business units are lower due to our projection of continually low earning volatility. Controlling of the operating business is principally done before taxes, based on the reporting of key figures primarily as pre-tax figures.

::: The creditworthiness dimension: As an asset-intense company, it is essential that we have permanent access to the capital market under good conditions. Consequently, an additional essential goal of our value management is to achieve appropriate key debt figures from the standpoint of our debt investors. The key figures for controlling indebtedness are redemption coverage (ratio of operating cash flow to the adjusted net financial debt), gearing (ratio of net financial debt to equity), and the ratio of net financial debt to the adjusted EBITDA. The target values for the key debt figures are derived from key rating figures as well as annual benchmarking with comparable companies with an excellent credit rating.

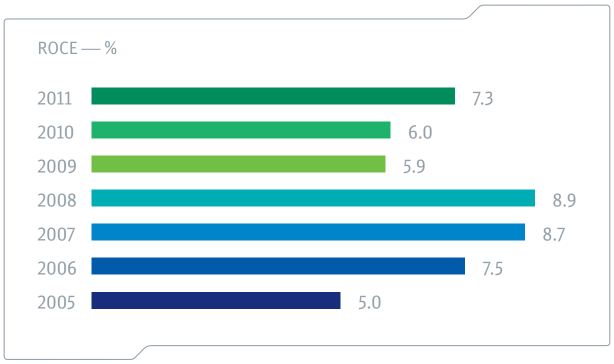
ROCE INCREASED FURTHER

ROCE — € million respectively %	2011	2010	CHANGE absolute	CHANGE %
EBIT adjusted	2,309	1,866	+443	+23.7
÷ Capital employed as of Dec 31	31,732	31,312	+420	+1.3
ROCE	**7.3**	**6.0**	-	-

To enable better comparability of accounting periods we use EBIT that has been adjusted for special items incurred during the financial year to calculate ROCE. The capital employed equates to the assets deemed necessary for business and subject to the cost of capital as derived from the balance sheet.

In the year under review, the ROCE increased by 1.3 percentage points. The increase is attributed to a significant *increase in the adjusted EBIT* [1] due to improved operating efficiency. We were therefore able to overcompensate for the increase in capital employed.

1 Page 107 ff.



Increased capital employed

— € million	2011	2010	CHANGE absolute	CHANGE %
BASED ON ASSETS				
Property, plant and equipment	37,372	37,873	- 501	- 1.3
+ Intangible assets / goodwill	4,169	4,154	+ 15	+ 0.4
+ Inventories	991	916	+ 75	+ 8.2
+ Trade receivables	4,094	3,877	+ 217	+ 5.6
+ Receivables and other assets	896	1,002	- 106	- 10.6
– Receivables from financing	- 56	- 139	+ 83	- 59.7
+ Income tax receivables	46	99	- 53	- 53.5
+ Assets held for sale	11	169	- 158	- 93.5
– Trade liabilities	- 4,312	- 4,286	- 26	+ 0.6
– Miscellaneous and other liabilities	- 3,354	- 3,436	+ 82	- 2.4
– Income tax liabilities	- 200	- 146	- 54	+ 37.0
– Other provisions	- 5,610	- 6,256	+ 646	- 10.3
– Deferred income	- 2,315	- 2,515	+ 200	- 8.0
Capital employed	**31,732**	**31,312**	**+ 420**	**+ 1.3**

The increase in capital employed is mostly attributed to the reduction of other provisions.

Cost of capital slightly reduced

The cost of capital is updated annually in order to account for changes in the market parameters. We take the long-term focus of the controlling concept into consideration and balance out short-term fluctuations.

For the 2012 financial year, there is a reduction in the pre-tax cost of capital, from 9.6 % down to 9.3 %. This is due to the continued decline in interest rates, which have been reduced from 3.5 % to 3.0 %. The return on equity and the beta factor derived from a peer group comparison weighted by business segments remained at the same level as the previous year. After taxes, the cost of capital rate equated to 6.4 % (previous year: 6.7 %).

Cost of capital — %	Dec 31, 2011	Dec 31, 2010
DB Group	9.3	9.6
DB ML Group	9.9	10.2
Infrastructure	8.1	8.0

Derivation of cost of capital as of Dec 31	Equity	Net financial debt	Retirement benefit obligations
Risk-free interest rate [1]	3.0	3.0	3.0
Market risk premium	5.5	–	–
x Beta factor	1.1	–	–
+ Risk surcharge [2]	6.2	0.9	0.9
Cost of capital after taxes	9.2	3.9	3.9
x Tax factor [3]	1.44	1.03	1.00
Cost of capital before taxes	13.2	4.0	3.9
Weighting	57	38	5
Cost of capital before taxes (WACC)			9.3

[1] Based on the yield trend of ten-year German Bunds, taking into account the long-term orientation of the cost of capital concept.

[2] Risk premium for net financial debt and pension obligations based on current spreads for DB Group benchmark bonds compared to German Bunds with a comparable term to maturity; adjustment for corresponding terms with risk-free investments based on internal calculations.

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

ROCE still lower than the cost of capital

Yield spread — %	2011	2010	2009	2008	2007
ROCE	7.3	6.0	5.9	8.9	8.7
Pre-tax WACC [1]	9.6	8.9	8.9	8.9	8.9
Spread	**- 2.3**	**- 2.9**	**- 3.0**	**0.0**	**- 0.2**

[1] Each value taken at the beginning of the year.

The development of the yield spread shows that the ROCE only reached the same level as the cost of capital in 2008. In the year under review, the difference between the ROCE and the cost of capital improved to −2.3 percentage points (previous year: −2.9 percentage points).

IMPROVED KEY DEBT FIGURES

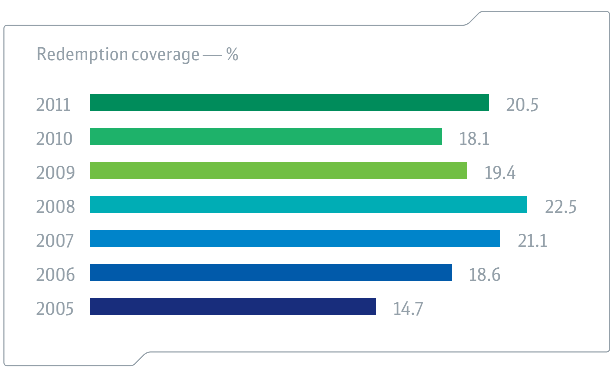
Redemption coverage

— € million respectively %	2011	2010	CHANGE absolute	CHANGE %
EBITDA adjusted	5,141	4,651	+ 490	+ 10.5
+ Net operating interest 1), 2)	- 742	- 752	+ 10	- 1.3
Operating cash flow	**4,399**	**3,899**	**+ 500**	**+ 12.8**
Net financial debt	16,592	16,939	- 347	- 2.0
+ Present value operate leases	4,828	4,610	+ 218	+ 4.7
÷ Adjusted net financial debt	**21,420**	**21,549**	**- 129**	**- 0.6**
Redemption coverage	**20.5**	**18.1**	-	-

1) To properly determine redemption coverage, we use a net operating interest adjusted for those components of net interest income related to the compounding of non-current liabilities and provisions.

2) Adjusted for special items.

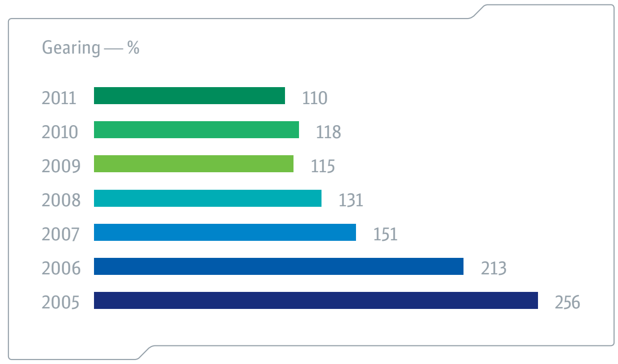
As of December 31, 2011, redemption coverage was higher than the value of the previous year. This is attributed to a significant improvement in the operating cash flow as well as to a slight decline in adjusted net financial debt. The decline in net financial debt overcompensated the increase in the present value of operate leases. In line with adjusted EBIT, the increase in the operating cash flow is attributed to the improvement in the operating earnings figures.



Gearing

— € million respectively %	2011	2010	CHANGE absolute	CHANGE %
Financial debt	18,351	18,553	- 202	- 1.1
- Cash and cash equivalents and receivables from financing	1,759	1,614	+ 145	+ 9.0
Net financial debt	**16,592**	**16,939**	**- 347**	**- 2.0**
÷ Equity	15,126	14,316	+ 810	+ 5.7
Gearing	**110**	**118**	-	-

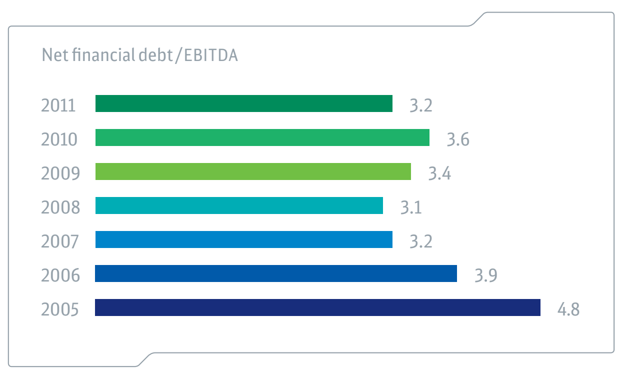
The gearing figure also improved in the year under review. This was caused by both the reduction in net financial debt and the increase in equity.



Net financial debt / EBITDA

— € million	2011	2010	CHANGE absolute	CHANGE %
Net financial debt	16,592	16,939	- 347	- 2.0
÷ EBITDA adjusted	5,141	4,651	+ 490	+ 10.5
Net financial debt / EBITDA (multiple)	**3.2**	**3.6**	-	-

The net financial debt / EBITDA key figure likewise improved due to the *reduced net financial debt* 1 and the *increase in adjusted EBITDA* 2 .



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Company-specific early indicators and operating value drivers

Our value-based management is supported by a system of economic indicators and operating value drivers. As we operate large and comprehensive transport networks in passenger and freight transport, our economic success is particularly influenced by the general economic environment and the specific development of the individual transport markets.

In the passenger transport business units, the demand for mobility above all depends on the population, the number of employed persons and the real disposable income. The relative competitive situation with road transport is significantly influenced by the development of fuel prices, as the "out-of-pocket" costs for car travel are an important factor for individuals when choosing a mode of transport.

In our DB Bahn Regional and DB Arriva business units, another influential factor is the financial resources of the ordering organizations. Both in rail as well as in bus transport, supplying the public with local transport services is secured through long-term transport contracts that are concluded between public transport authorities and transport companies. Spending cuts in public-sector budgets can impact market volumes and remuneration levels for the transport companies. On the other hand, there are also opportunities in Europe as experiences in liberalized markets have shown that not only customers but also taxpayers benefit from greater liberalization of the markets. We want to take advantage of these additional market opportunities with our DB Arriva business unit, in particular.

In the business units of our transport and logistics division, we depend largely on the development of the economy. Due to the global setup of our transport networks, we monitor the development not only of global GDP and world trade, but also and in particular of the economic growth in the regions, countries and trade relations in which we have a high market share or in which high growth rates in the exchange of goods can be expected. We design our market activities in line with this development. The customary early-warning indicators of the business climate and of the expectations of purchasing managers are an integral part of our monitoring system.

The specific market environment of DB Schenker Rail is particularly influenced by the manufacturing industry's production output and the development of the key industries of Montan (raw steel production), chemicals, automotive and mechanical engineering. In cross-border transports, the export and import activities of the individual countries and the transport of goods within Europe are of particular importance.

Our DB Schenker Logistics business unit is first and foremost active in the business-to-business segment; the courier and express market segment, which is dominated by non-business customers, plays a minor role. Contrary to DB Schenker Rail, the customer basis in this segment is highly diverse and predominately covers the following industries: automotive, chemical, industrial and commercial goods, high tech/electronics, consumer goods and health care. In cultivating markets and developing products, we pay close attention to industry-specific solution skills for comprehensive logistics services and multi-modal products. In this respect, we strengthen synergies between our networks in the interests of our business customers.

The services of the business units in our Infrastructure division cover important elements of the value chain of the train operating companies that provide services in passenger and freight transport in Germany. The same applies to the products of the Services business unit. In this respect, the development of demand in these business units is a factor that is largely determined by the upstream markets in passenger and freight transport, which were already described. The area of marketing in the DB Netze Stations business unit carries its own importance as the public's consumer trends are an important factor here, much like they are in general retail in Germany.

In the long term, the budgetary resources of local public authorities, in particular the German Federal Government, are of major importance for the development of the track infrastructure. This applies not only with regard to the financing of investments to replace existing infrastructure, but, in particular, also to the financing of new and expansion construction projects in order to ensure that the transfer from road transport to rail transport, as favored by the transport policymakers, is secured. In this respect, an entrepreneurial infrastructure integrated into the Group structure is of the utmost importance in order for DB Group to be able to make an ongoing high contribution to the cofinancing of these infrastructure measures. These issues may not be neglected in regulation activities relating to the track infrastructure.

The development of the economic and early-warning indicators as presented above influences how we manage our market activities and resources. Opportunities and risks can be recognized early on, and as a result, short-term controlling activities and long-term positioning can be focused accordingly. At the same time, we work systematically on optimizing our operating value drivers.

Operating transport networks is often characterized by a high level of capital commitment, long investment cycles and distinct fixed cost structures. In this respect, the optimal capacity utilization of our transport networks and systematically developing, integrating and cost-effectively operating these networks with efficient use of resources are of huge importance for DB Group's economic development. Increasing volumes in our networks not only lead to economies of scale in terms of costs, but also generally improve the quality of service for the customer by way of increased service frequencies and shorter travel and transport times. The leading market positions that we have in the transport markets are an importance success factor for customer satisfaction and profitability, and they should therefore be maintained, improved further and expanded.

On the whole, we measure the capacity utilization in our networks and our relative market shares in the transport markets on the basis of operating performance data. In order to determine a relative return we calculate ratios comparing performance data with the generated revenues (specific revenues).

In the passenger transport business units, the leading performance figure related to the market is the volume sold measured in passenger kilometers. This applies in particular to long-distance transport where no additional revenue support sources like concession fees are available. The relative capacity utilization of the vehicles is also measured on the basis of the key figures of passengers per train and the load factor. The cost rate correlates almost entirely with the volume produced measured in train or train-path kilometers, which, in turn, depend essentially on a stable train schedule over the course of the year. Personnel and facility resource management is determined on the basis of this annual train schedule to optimize the cost per unit per train kilometer traveled.

The business model for DB Bahn Regional and DB Arriva is, in principle, comparable to that of DB Bahn Long-Distance. However, the volume produced as measured in train or bus kilometers plays a larger role, because the transport contracts usually make specific reference to these performance figures. Moreover, there are contracts with public transport authorities in which the ticket revenues are awarded directly to the ordering organization, while the transport company is directly and completely compensated for the entire range of its services by the public transport authority (gross contracts). In such contractual relationships, performance data related to the market and key figures on capacity are less important, even though market success in the passenger market is, of course, indirectly of relevance to the efficiency of the entire transport market. Due to transport contracts that span several years, functional sliding price mechanisms which allow unexpected cost developments to be passed on to the contracting transport authority play an important role in managing the procurement market risks relating to energy, personnel and infrastructure utilization. Another important component of risk management is how reutilization risk is managed in the event that the useful life of vehicles exceeds the concrete term of a transport contract. This is particularly relevant for local rail passenger transport. An operationally flexible vehicle fleet coupled with a broad and balanced portfolio of transport contracts considerably reduces this risk.

In the case of DB Schenker Rail, the leading performance figure related to the market is its volume sold measured in ton kilometers, calculated on the basis of the freight carried and the average transport distance. The relevant capacity utilization figure is measured in tons per train. Comparable to the DB Bahn Long-Distance business unit, the cost structure is mainly influenced by the volume produced as measured in train or train-path kilometers. Due to a higher volatility in market demand, there is a much larger proportion of trains that are required, but which cannot be scheduled with long lead times. This calls for greater coordination of sales and production, and for the improved management of resources based on this.

In the case of DB Schenker Logistics, measurement of the performance volume depends on the segment. For European land transport, the number of shipments is the key figure, for air freight, it is the freight carried, and in ocean freight, it is the freight volume measured in TEU. In contract logistics, there is no comparable volume unit, and market comparisons are therefore usually based on revenues. When analyzing value drivers, it is important to point out that the DB Schenker Logistics business unit has a much lower capital intensity and real net output ratio than the business units discussed so far. Approximately 70 % of revenues in this business unit come from procured intermediate input services. Therefore, optimizing these purchase relationships and balancing various influential factors such as transport relations, volume, weight and mode of transport represent an important factor for success and are value drivers for business development. Effective IT support is particularly important in this respect. The same applies to managing fluctuations in freight rates and the specific surcharges to these freight rates. It is essential to have effective and efficient personnel in place for values under gross profit. This is particularly important for the contract logistics segment, in which know-how and experience relevant to the industry are an essential factor in the optimal design of intra-company logistics processes.

The cost structure of the business units in the Infrastructure division is particularly determined by fixed costs. Among the most important drivers of cost are the type and extent of the infrastructure facilities. For DB Netze Track, this is the track network and for DB Netze Stations, it is the number of stopping points. The use of resources for the operation and maintenance of this infrastructure is very much influenced by specific facility characteristics, requirements relating to operational opening hours, and the degree of rationalization in operating business activities. As the dimensions of the infrastructure only change in the long term due to new or expansion construction projects or targeted dismantling, optimal capacity utilization of the existing infrastructure is of major importance for economic success. A high level of quality and availability for the train operating companies also calls for a forward-looking integrated capital expenditures and maintenance strategy that is focused on the preservation of assets. For DB Netze Track, capacity utilization in relation to the market is represented in terms of train kilometers on track infrastructure. In terms of relative network capacity utilization, this figure can be compared to length of line operated. For DB Netze Stations, the case is similar, but is based on station stops and the number of stations.

For the long-term development of track infrastructure, it is essential that new and expansion construction projects concentrate on removing bottlenecks and on the creation of additional capacities for transport growth in the main corridors. This is particularly the case for the growth forecast in rail freight transport.

BUSINESS AND OVERALL CONDITIONS

::: NO SIGNIFICANT CHANGES IN GROUP PORTFOLIO
::: POSITIVE BUSINESS ENVIRONMENT WITH WEAKENING TENDENCIES
::: MOSTLY FAVORABLE DEVELOPMENT IN RELEVANT MARKETS

Changes in DB Group

NO CHANGES IN THE EXECUTIVE BODIES OF DB AG

In the year under review, there were no changes in either the Management Board or the Supervisory Board of DB AG.

Effective September 21, 2011, the Board division Compliance, Privacy and Legal Affairs was renamed as Compliance, Privacy, Legal Affairs and Group Security.

In its meeting on December 14, 2011, the Supervisory Board extended the mandate of Dr. Volker Kefer as Board member in charge of the Infrastructure division as well as the Rail Technology and Services division until 2017. His previous mandate was set to end in September 2012.

CHANGES IN THE BUSINESS UNIT STRUCTURE

After the acquisition of Arriva, we adapted our management structure in passenger transport to reflect this change. The new DB Arriva business unit was created within the Passenger Transport Board division. Since January 1, 2011, all regional transport activities outside of Germany have been managed in this business unit. In addition, all international transport activities, with the exception of cross-border transport to and from Germany, have been integrated into the DB Arriva business unit.

Accordingly, since January 1, 2011, the DB Bahn Regional business unit has only operated regional transport activities in Germany. The former business unit DB Bahn Urban was integrated into the DB Bahn Regional business unit.

ARRIVA GERMANY SOLD

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

With this sale, DB Group complied with all the requirements of the European Commission connected to the acquisition of all the shares of Arriva Plc.

ACQUISITION OF GRAND CENTRAL RAILWAY

By acquiring 100 % of the shares of GCRC Holdings Limited, Bristol/Great Britain, at the beginning of November 2011, we took over control of Grand Central Railway Company Limited (Grand Central Railway), a British rail transport operator with headquarters in Bristol, Great Britain. For the year under review, the cash outflow connected to this acquisition amounted to € 10 million.

With this acquisition, we are further expanding the portfolio of DB Arriva with open-access operations. Similar to the German long-distance transport sector, open-access operators in Great Britain operate rail passenger transport without subsidies and without transport contracts involving concession fees.

Grand Central Railway operates services between London and the cities of Bradford, Halifax and Sunderland in northern England. Approximately 700,000 passengers are transported by Grand Central Railway annually. This acquisition complements our portfolio in the UK trains division, which already consisted of the CrossCountry, Arriva Trains Wales and Chiltern Railways franchises as well as the two concessions Tyne and Wear Metro and London Overground Operations.

We assume that we will be able to benefit from synergies with DB Arriva's existing rail activities and expand our services on the east coast of England. Effective December 31, 2011, Grand Central Railway is included in the consolidated financial statements and has been integrated into the DB Arriva business unit.

OTHER PORTFOLIO ADJUSTMENTS

In terms of other smaller transactions, we acquired among others shares in the Belgian logistics services provider Jean Heck Eupen, Transports et Logistique (Jean Heck). Effective November 30, 2011, Jean Heck is included in the consolidated financial statements and has been integrated into the DB Schenker Logistics business unit. For the year under review, the cash outflow connected to this acquisition amounted to € 6 million.

DOMESTIC DISTRIBUTION IN NORTH AMERICA RESTRUCTURED

In the year under review, DB Schenker Logistics decided to restructure its domestic distribution business in the United States, Canada and Mexico. The US domestic business activities were taken over in 2006 with the acquisition of BAX Global. It consisted of an air freight network with 20 airplanes in operation as well as an extensive land transport network. The air freight activities were suspended at the end of the year under review and the land transport business segment is due to be liquidated by the beginning of 2012.

The US domestic business segment was restructured as a result of the continually poor earnings situation due to weak economic development in the United States coupled with rising fuel prices. This decision does not indicate an intention to withdraw from the North American market, in which DB Schenker Logistics has generated approximately USD 3 billion in revenues per year. In total, the activities affected by this decision amount to less than 10 % of DB Schenker Logistics business activities in North America.

Corporate Governance and Compliance reports

The *Corporate Governance report* [1] and the *Compliance report* [2] are components of the Group management report.

Business environment

ASSESSMENT OF THE BUSINESS ENVIRONMENT BY THE MANAGEMENT BOARD

The continuing recovery of the global economy in the year under review sparked growth in our key markets and therefore in the development of our business. However, economic growth slowed down significantly toward the end of 2011.

During the year under review, the prices of two commodities of importance to our development, namely oil and coal, were driven higher by economic growth. A significantly higher level of volatility in this area as well as in the financial markets over the course of the entire year was observed.

Due to the refinancing difficulties experienced by individual countries within the Eurozone, the exchange rate of the euro to the US dollar fell slightly over the course of the year. On average in the course of the year, however, the euro gained in value relative to the US dollar.

The vast majority of our activities in the passenger transport sector are highly dependent on the economic development within our home market, Germany. During the year under review, these developments were supported by a favorable development of the labor market and rising incomes. Our rail passenger transport experienced a positive development in this environment. The European passenger transport market, which plays an important role in the activities of DB Arriva, experienced irregular development due to the cutbacks in public spending in individual countries in the Eurozone.

In rail freight transport, the positive overall economic development led to high growth rates at the beginning of the year, which noticeably slowed down over the course of the year.

A comparable development – excluding air freight – was also observed in our globally active freight forwarding and logistics activities.

DEVELOPMENT OF GDP WITH SLOWER ECONOMIC PACE

Change in gross domestic product (GDP) — %	2011	2010	2009
World[1]	+2.5	+4.1	−2.5
USA	+1.7	+3.0	−3.4
China	+9.2	+10.4	+9.2
Japan	−0.9	+4.5	−5.5
Europe	+1.5	+2.3	−4.2
Great Britain	+0.9	+2.1	−4.4
Eurozone	+1.5	+1.8	−4.2
Germany	+3.0	+3.7	−5.1
France	+1.7	+1.4	−2.6

[1] Total of selected developed and emerging countries.
The data for 2009 to 2011 is based on information available on February 15, 2012.
Source: Consensus Forecasts, FERI, German Federal Statistical Office.

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World

Despite the effects from the natural and nuclear catastrophes in Japan, there was very dynamic growth in the global economy at the beginning of 2011. This pace continually slowed over the course of the year. The global economic situation was affected by the weak economy and sovereign debt crises in the United States and the Eurozone as well as by slowed growth in Asia. The cutbacks needed in order to consolidate public spending slowed the economy in the United States and Europe. Economic growth in the emerging countries slowed as a result of government measures implemented to prevent their economies from overheating, but it nevertheless remained stronger than in the developed countries. In total, the global economy grew by approximately 2.5 % in 2011. After experiencing a sharp increase toward the end of the first half of 2011, world trade lost pace and posted merely a moderate growth rate for the remainder of the year. Over the course of the full year, world trade increased by approximately 5.5 % in 2011 (previous year: +13.5 %).

USA

Economic growth in the United States was nearly half of the level of the previous year. High unemployment rates, only moderate growth in income, and sharp increases in energy prices placed a burden on private spending. Government spending was significantly reduced due to the high level of public debt. Continued stagnation in real estate prices prevented growth in the construction sector. Companies' weak sales and earnings expectations due to a slower economy dampened investments. Foreign trade failed to produce any significant stimuli for the economy. The reserved economic forecasts in the USA's most important trading countries slowed its exports. However, monetary policy had a positive effect on the economy.

China

Asia was once again the region with the strongest growth rate. The economy in China slowed down only slightly. Overall economic production increased due to continually strong demand in China's domestic market. Government measures to prevent the economy from overheating and to avoid price bubbles in the real estate sector slowed growth, and China's monetary and lending policies had a restrictive effect. Weaker demand, especially from the United States, had a negative effect on exports. Despite the slowed economic pace, China's GDP growth rose at a very high level of 9.2 %.

Japan

The effects of the earthquake and nuclear catastrophe in Japan had a very negative effect on economic activity there. Industrial production and commodity exports dropped toward the end of 2011. Private spending stagnated due to high unemployment, continually weak wage developments and increasing concerns about pending tax increases. Exports were impacted by the reserved economic activities in foreign markets and the appreciation of the yen. Despite additional stimulus from reconstruction activities, there was only a moderate increase in investments. Over the course of the year, Japan's GDP fell by approximately 0.9 % compared to the previous year.

Europe

After a strong start to the year, economic development in Europe noticeably slowed down throughout the year. In 2011, overall economic production rose by approximately 1.5 %. In Eastern Europe, too, the pace slowed over the course of the year, but its economic growth for the full year was nevertheless almost 2 percentage points higher than in Western Europe, at approximately 3.5 %. While economic growth in Russia (+ 4.3 %) was strengthened by the sharp increase in export revenues due to higher raw materials prices, in Poland it was first and foremost private spending and investments that led to an above-average increase of 4.0 % in its GDP. However, in most of the Central and Eastern European member states of the European Union (EU), overall economic demand was slowed by government consolidation measures. The demand for exports, which is so dependent on the Western European economy, experienced strong growth at the beginning of 2011, but slowed down during the remainder of the year. Almost every country reported lower unemployment rates.

Great Britain

In Great Britain, private spending was affected by a tense labor market and falling real income. Export rates fell slightly. Overall economic production increased by only 0.9 % over the course of the year due to foreign demand that experienced only weak growth, the rigorous austerity measures implemented by the government, and the continued need for consolidation in private spending budgets.

Eurozone

The European economy significantly lost momentum in the course of 2011. On average, the GDP in the Eurozone increased by approximately 1.5 %. This growth is largely attributed to the strong economic development in Germany. The recovery was impacted throughout Europe by the austerity measures to consolidate government spending and by the continued uncertainty regarding the monetary policy for the euro. Private spending was dampened due to the loss of purchasing power caused by inflation, the subdued earnings prospects due to high unemployment, and the anticipated measures to consolidate government budgets in many of the Eurozone countries. Investments noticeably lost momentum, but maintained an overall upward trend due to low interest rates and increasing profits. Exports slowed given the general cooling down of the global economy.

Germany

After a strong start to the year, the economic recovery in Germany noticeably cooled off. Nonetheless, at 3.0 % Germany's full-year GDP had increased sharply and at a rate well above the average for the Eurozone. Stimulus for growth stemmed mostly from the demand on the domestic market and there was also a noticeable increase in consumer spending and investments. Production in the manufacturing industry increased by 9 % despite a slowdown in order inflow in the course of 2011.

Automobile and mechanical engineering, in particular, reported significant double-digit production increases in their annual averages. The chemical industry only experienced an increase in growth of nearly 1.5 %, also after a strong start to the year. The steel industry also posted a subdued performance over the course of the year as a result of decreases in demand in their sales markets. Raw steel production increased by 1 % to approximately 44.3 million tons in the course of the year, only to experience a noticeable decline in the final quarter of 2011.

The situation in the labor market remained positive, despite the economic downturn over the course of the year. Figures on employment and jobs requiring mandatory social security contributions were higher than in the previous year. In average terms employment increased by nearly 1.5 % in 2011. The positive situations in the labor market and for earnings boosted private spending, which grew at the same rate. The cost of living rose by 2.3 % compared to the previous year, mostly due to sharp increases in prices for oil products. Fuel prices in general increased by 11 % compared to the previous year. At 15.6 %, the increase in the price of diesel fuel was above this average.

France

In France, the economy posted an increase of 1.7 %, which was slightly above average compared to other European countries. Demand on the domestic market contributed to this growth. Capital investments and, in particular, investments in plants and equipment showed an increased growth rate, but investments in construction barely increased. Private and government spending experienced only a moderate increase. As imports grew at a stronger rate than exports, there was no economic stimulus from foreign trade.

ENERGY MARKETS WITH HIGH PRICE FLUCTUATIONS

The energy markets displayed high volatility in the year under review. The effects of robust physical demand coincided with the subdued economic forecasts during the course of the year.

The main driver in the oil market was the political unrest in North Africa and the Middle East. The loss of oil production in Libya and problems in the oil fields in the North Sea were partly responsible for a noticeable shortage in supply, which the International Energy Agency tried to compensate for by releasing strategic reserves held by the developed countries. The growth in demand mostly came from the emerging markets, which overcompensated for rather weak demand among the member states of the Organisation for Economic Co-operation and Development (OECD). As expected, this caused a reduction in inventories at a global level. In particular, distillate inventories (especially diesel) saw a decline after China moved from being a net exporter to a net importer. Despite increased capacities in Asia, this led to a significant rise in diesel prices based on increased refinery margins at the end of 2011.

Driven by contradictory effects from fundamental data and economic forecasts, there were sharp fluctuations in prices even on a daily basis. While the price for Brent oil was at approximately USD 95/barrel (bbl) at the beginning of 2011, it rose to over USD 127/bbl and finished the year at approximately USD 108/bbl.

The price development on the futures markets for German baseload electricity was influenced by the German government's decision to phase out nuclear power. The supply contract for 2012 topped out at a value of over € 60/megawatt-hour (MWh). However, during the course of the year, subdued economic forecasts caused this high price level to drop back down to € 52/MWh, which is where it roughly stood at the beginning of 2011. The feared bottlenecks in the German energy supply due to removing nuclear power plants from the grid did not materialize in 2011, as Germany reduced its energy exports to neighboring countries.

The prices for carbon emissions allowances experienced an all-out collapse at the end of 2011. The sharply adjusted price forecasts of important market participants led to very high sales volumes. Emissions certificates temporarily dropped to € 7/ton, having started the year at € 15/ton.

Coal prices continued to be sustained by demand in Asia and reached a high of USD 130/ton on the Rotterdam spot market. In contrast, the uncertainty over economic development had a negative impact on prices, allowing them to fall back to USD 112/ton by the end of the year.

SLIGHT DECLINE IN VALUE OF EURO RELATIVE TO US DOLLAR

Within the course of the year under review, each side of the Atlantic experienced varied economic development. Whereas the real economy in Europe was able to recover noticeably from the aftermath of the economic and financial crisis at the beginning of the year thanks to Germany as an economic engine, economic development in the United States remained subdued because of employment rates which remained high.

As a result of these varying developments, the monetary policies of the central banks at the beginning of the year under review played a major role in the development of the euro/US dollar exchange rate. While the European Central Bank (ECB) tried to hold down inflation that was already above the target value by increasing interest rates, the US Federal Reserve continued to ease its monetary policy, an easing that was ultimately not expanded further at the end of the year. At the same time, the economic outlook for the Eurozone deteriorated at the end of the year under review. After Greece, Ireland and Portugal received financial assistance from the EU through the European Financial Stability Facility (EFSF) and the European Financial Stabilization Mechanism (EFSM), and also from the International Monetary Fund (IMF), the overall economic forecast worsened in the Eurozone due to sovereign debt crises in other countries. After its initial interest rate cut in November 2011, the idea that the ECB was going to support the economy with additional monetary policy measures caused the euro to fall against the US dollar (€ 1.29 as of December 31, 2011).

BOND MARKETS REFLECT SOVEREIGN DEBT CRISIS

The favorable development in the economy at the beginning of the year under review motivated investors to accept higher risks. Due to the further deterioration of the economic situation in the Eurozone countries with a high level of government debt, bond investors' willingness to invest in government bonds declined once again during the first half-year of 2011. As a result, prices for German Bunds, which are considered to be safe investments, had risen by midyear, and returns on ten-year Bunds fell to nearly 3%.

In connection with the sovereign debt crisis, bonds issued by supranational debtors, above all the EU with its various stability funds, gained importance in the second half-year of 2011. As the economic situation intensified once again toward the end of the year under review, it is seen as probable that there will be the risk of further acceptances of liability for the benefit of peripheral Eurozone countries. This led to further increases in returns. Toward the end of 2011, returns on ten-year German Bunds were listed at 1.84%.

The volume of new corporate bond issues in the Eurozone remained at a relatively low level in the year under review. Many companies had sufficient liquidity and therefore refrained from issuing new bonds. As the estimate of risk relating to corporate bonds compared to government bonds improved in the year under review, this was met with an increase in the issue activities of companies with lower creditworthiness. This group of companies had been forced to pay substantially higher risk premiums for their issues in the previous year.

Political environment

Details of regulatory issues and the further development of the European legal framework in the railway sector are also contained in our annual *Competition report* [1].

REGULATORY ISSUES IN GERMANY

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

Regulating usage fees for traction current lines

On November 9, 2010, the German Federal Supreme Court (BGH) issued its final ruling stating that access to and usage fees for traction current lines fall under the jurisdiction of the energy industry's legal regulations. Grid usage fees are therefore subject to a permit requirement issued by the BNetzA. To be granted access, DB Energie GmbH (DB Energy) must significantly adapt its business activities and information technology to meet the regulatory requirements laid down in energy industry law. On April 1, 2011, DB Energy submitted an application for its grid usage fees to be approved – retroactively from October 2005 – to the relevant authority for review. At the end of February 2012 we achieved an *agreement in the ratification process for the transmission fees* [2] with the BNetzA.

Energy suppliers obtained access to station current networks

On October 27, 2010, the BNetzA issued a ruling on abusive practices that required DB Energy to guarantee third-party energy suppliers access to its station current networks (50 Hz networks) as of February 2011, in accordance with the regulations laid down in the German Energy Industry Act (EnWG). DB Energy lodged an appeal against the ruling. On April 6, 2011, both parties reached a settlement before the Higher Regional Court (OLG) of Düsseldorf, according to which DB Energy agreed to open up its station current networks to third-party energy suppliers by December 31, 2011. Implementing the provisions of the energy law required DB Energy to carry out extensive measures to adapt its energy system.

Federal Supreme Court rejects appeal in the case of cancellation fees

The subject of the proceedings was a lawsuit brought by a train operating company (TOC) on the basis that the increase of cancellation fees as part of the train-path pricing system (TPS) of 2008 was unfair pursuant to Article 315 of the German Civil Code (BGB). In its judgment dated October 18, 2011, the BGH rejected the appeal brought by DB Netz AG against the decision of the OLG Düsseldorf and affirmed the basic application of fairness according to civil law in the area of rail regulations.

Comprehensive review of the train-path pricing system

The BNetzA pressed on with the comprehensive review of the TPS with two requests for information dated June 8 and October 24, 2011. The main issues in this matter are questions relating to the amount of costs to be considered as well as how they are passed on to the network users. The extensive procedure is of the utmost importance, because it examines the entire TPS structure.

Utilization factor to be dropped at the end of 2012

The utilization factor is an element of the TPS and serves as a tool to manage bottleneck situations. In its ruling dated July 1, 2011, the BNetzA declared this element of the train-path pricing system to be invalid effective immediately, as the agency determined that DB Netz AG was unable to provide technical justification for the pricing distinction. DB Netz AG appealed the decision, referring to the importance of capacity-oriented guidance factors in pricing systems. In November 2011, the BNetzA and DB Netz AG reached a settlement to end the administrative procedure. According to this settlement, the utilization factor will be dropped for the 2013 schedule due to be released in December 2012.

[1] www.db.de/competitionreport, [2] Page 159

New station pricing system introduced

On January 1, 2011, DB Station&Service AG (DB S&S AG) introduced a new station pricing system. The BNetzA approved the new system under the provision that additional explanations pertaining to certain elements, in particular regarding the train length factor, be submitted at a later date and that amendments be made if necessary. The BNetzA and DB S&S AG held numerous discussions regarding this issue during 2011. The Federal agency temporarily accepted the application of the current train length factor for 2012. The discussions will continue in 2012.

Ruling in the proceedings on the transfer of public funds

In a decision reached by the German Federal Administrative Court (BVerwG), it confirmed the legality of a ruling handed down by the EBA in 2008. At that time, the supervisory agency had requested that DB Netz AG present proof of investment grants of the Federal states in order to examine whether DB Group adhered to the unbundling regulations when using the funds. In the opinion of DB Netz AG, unfounded agency investigations are not permissible. This opinion was not supported by the Federal Administrative Court.

REGULATORY ISSUES IN EUROPE

British government plans reform of franchise system in rail transport

The British Department for Transport (DfT) is currently working on a plan to reform the national franchise system in rail transport. In particular, the reform should lead to longer and less restrictive franchise licenses. The aim is to give franchisees a greater incentive to implement measures for increasing investments and customer satisfaction.

In this respect, the DfT and the British Office of Rail Regulation (ORR) commissioned an independent study ("Rail Value for Money Study") led by Sir Roy McNulty. The study was published in May 2011 and contained the following important findings:

- In the future, franchisees should be free to determine how they manage their offers (schedules and services) based on a given budget.
- There should be greater assessment of the suitability, distribution and amount of government funding for certain lines.
- The financial relationship between the franchisee and the government should be adapted. Whereas the government currently covers up to 80% of the sales shortfall if an operator misses its target in the first four years, in the future payments will be coupled to the development of the GDP in order to minimize the risk for companies that would not be able to fulfill their contractual obligations during recessions.
- The responsibilities of the state-owned infrastructure company, Network Rail, shall be reduced. The new concept allows for train operators to be subsidized, at least in part, and stipulates that they are responsible for the maintenance of the tracks and upkeep of the stations. This would signify the end of the separation between the network and service operation in Great Britain, which has been the cause of a great deal of inadequacy, malfunctions and high costs in the past.

While, on the one hand, the planned changes will give operators more responsibility for and control over schedules and the necessary infrastructure, on the other hand, the government will be able to reduce total costs in rail transport by about 30% per year until 2019. This amounts to approximately GBP 1 billion per year.

The British government is planning to publish a Government Command Paper on this topic in March 2012, in which the findings of the study will be discussed.

Another recommendation in the study was the founding of a Rail Delivery Group (RDG), which will lead targeted discussions with the government concerning the Government Command Paper. This was established in May 2011. The RDG consists of the Chief Executive Officers of Great Britain's leading railway companies and of Network Rail. Its objective is to design long-term rail transport offers that feature better performance and are more cost-effective and more sustainable, in the interests of passengers and taxpayers. DB Group is a participating member of the RDG with two representatives; one from DB Arriva and one from DB Schenker Rail UK.

Competition Commission proposes measures for additional liberalization of the UK bus market

The British government commissioned the Competition Commission (CC) to study whether the current arrangement of the bus market in Great Britain (with the exception of London and Northern Ireland) poses any disadvantage for consumers due to lack of competition. In December 2011, the final report was published and a corresponding list of recommended measures was presented. In the report, the CC concludes that there is not enough competition in the bus market. The proposed measures aim, in particular, to remove barriers for market entry and call for the bus market to be opened up. In our opinion, the study failed in particular to analyze increasing competition with car travel and its effect on the bus market.

The CC also recommended that, in the future, the compensation payments to transport companies for fuel costs, the Bus Service Operator Grants (BSOG), should be contingent on the implementation of the proposed measures, in order to increase the incentive to carry out the improvements as soon as possible.

As early as October 2010, the British government had already decided to cut the BSOG by 20 % beginning in April 2012, based on the results of its Comprehensive Spending Review. In addition, it was proposed that the current system for concessions payments be subject to a review and that the available funds be cut.

Further development of the relevant regulatory framework

BGH DECISION CLARIFIES SITUATION IN THE GERMAN REGIONAL TRANSPORT MARKET

On February 8, 2011, Germany's Federal Supreme Court approved the application for a review submitted by Abellio Rail NRW and declared that the contractual agreement between the Rhine-Ruhr transport association (Verkehrsverbund Rhein-Ruhr; VRR) and DB Regio NRW was null and void. While EU law expressly permits the direct awarding of contracts for rail passenger transport – something which is common practice across Europe – this continued to be a disputed issue under German law. The Federal Supreme Court has now ruled that the German Cartel Procurement Law supersedes European law and requires mandatory tender procedures.

We consider ourselves to be well prepared for the numerous tenders in local rail passenger transport in the coming years.

LIBERALIZATION OF LONG-DISTANCE BUS TRANSPORT IN GERMANY INITIATED

In August 2011, the German Federal cabinet passed a draft bill to amend the German Passenger Transport Act (Personenbeförderungsgesetz; PBefG) and initiated the lawmaking process. This is expected to be concluded in 2012. According to the regulations laid down in the cabinet's bill, transport connections of up to 50 kilometers should be protected from competition from long-distance bus lines insofar as adequate transport services are in place. However, parallel transport services shall be allowed and diverse regulations regarding operational requirements and fares shall be reduced.

After an extensive review, we have decided not to aggressively expand our current long-distance bus business, as we expect this market to be particularly volatile at the outset. We are preparing for increased competition and will observe the continuing developments so as to be able to accordingly adapt our business activities flexibly.

RECAST OF THE FIRST RAILWAY PACKAGE

On September 17, 2010, the European Commission submitted a proposal for the recast of the first European railway package. The legislative process is currently underway in the European Council and the European Parliament. On November 16, 2011, the European Parliament issued its decision in the first reading of the law. On December 12, 2011, the European Council reached a political agreement on the proposal to recast the package. The European Council and the European Parliament will now attempt to draw up a compromise between the different accepted versions. The regulations could be passed in the first half-year of 2012.

From our standpoint, we welcome the recast, as it contributes to creating a standardized European general framework for rail transport. It is important to ensure, however, that there will be no disproportionate interventions in the entrepreneurial approach and independence of the railways or the budgetary matters of the member states.

EU COMMISSION'S TRANSPORT POLICY STRATEGY THROUGH TO 2020

On March 28, 2011, the EU Commission published a new white paper entitled "Roadmap to a Single European Transport Area – Towards a competitive and resource-efficient transport system," in which it defined its goals and major points of emphasis until the year 2020. The white paper is intended to lead to concrete (legislative) measures (see the following section on the fourth railway package). One of the goals is to complete a single European railway area by eliminating technical, administrative and legal obstacles to market access. By focusing on sustainable mobility and ambitious climate protection goals (reducing CO_2 emissions in the transport sector by 60 % by 2050, compared to 1990), environmentally friendly alternatives to road traffic are to be strengthened and the efficiency advantages of rail transport are to be better developed so as to facilitate the transfer from road transport to rail transport.

We welcome the goal of shifting about 30 % of road freight transport of more than 300 kilometers over to rail and waterways by 2030 – and it is hoped that a transfer of more than 50 % can be attained by 2050. The goal for passenger transport is to shift the majority of trips of medium distances over to rail. As a result, high priority is being given to the necessary expansion of the infrastructure and the targeted elimination of bottlenecks. The Commission is seeking to raise funds from national, international, EU and private sources to finance these goals. It is also hoped that internalizing the external costs for all modes of transport will result in the users of the infrastructure playing a larger role, too. Furthermore, obstacles to fair competition hindering rail transport, such as the tax exemption for jet fuel, should be eliminated and linkage between various modes of transport should be improved.

FOURTH RAILWAY PACKAGE ANNOUNCED

The EU Commission has announced that, with regard to the fourth railway package, it will present legislative initiatives by the end of 2012 that call for:

::: the complete liberalization of the national rail passenger transport markets in Europe
::: additional separation of infrastructure and transport service operations
::: strengthening of the European Railway Agency (ERA)
::: strengthening of rail regulations in Europe

The complete liberalization of the national rail passenger transport markets is a basic prerequisite for fair and equal access to markets, and thus for creating a standardized European railway system. The plan to strengthen the ERA's areas of competence can make an important contribution to removing technical barriers as well as to expediting licensing procedures, thereby facilitating cross-border transport. Additional proposals announced by the Commission to separate infrastructure and service operations were evaluated as critical. The openness to models displayed by European law must remain intact in order to ensure that high-quality and efficient rail structure models continue to be viable in the future.

FURTHER DEVELOPMENT OF THE TRANS-EUROPEAN TRANSPORT NETWORK

The EU Commission has fundamentally revised its approach to the development of a trans-European transport network (TEN-T). In this respect, on October 19, 2011, it presented proposals for new guidelines to establish trans-European networks as well as a proposal for a facility for financing projects in the areas of transport, energy and digital networks. The main national TEN-T projects shall be replaced by a core network by 2030. This core network shall connect the European capitals, the most important nodes and metropolitan areas as well as business and industrial hubs.

It will entail ten multimodal corridors being built, each of which will comprise at least three modes of transport, pass through at least three member states, and include a seaport-hinterland connection. In addition, consistent infrastructure requirements will apply throughout the core network (including the European Rail Traffic Management System (ERTMS), 750-meter train length, electrification, and a 22.5-ton axle load for conventional freight transport).

Approximately € 32 billion shall be made available to modernize infrastructure, build the necessary transport interconnections and remove bottlenecks from the core network. For the first time, there is also a possibility that the EU Commission will allocate funding for refitting freight cars in order to reduce noise pollution.

INTRODUCTION OF A NOISE-BASED FEE INTO THE TRAIN-PATH PRICING SYSTEM

In December 2012, DB Netz AG will introduce a fee for freight transport based on the noise pollution caused by trains. A prerequisite for the charges is the availability of low-noise brake-shoe technology, or so-called LL shoes (quiet braking technology made of composite materials).

With the financial contribution from the fees for train-path pricing based on noise levels and the contributions from the Federal Government, there is now a bonus system in place for refinancing the costs of refitting the current freight cars with noise-reducing braking technology. Refinancing the increased operating costs caused by refitting the cars is to date not planned. Therefore, the cost burden for the rail freight transport sector will increase by the fees levied plus the additional operating costs incurred.

NEW PROCEDURES OF EMISSIONS TRADING STARTING IN 2013

The amended version (2009/29/EC) of Directive 2003/87/EC regarding the trading of emissions rights took effect in May 2009. Pursuant to the terms of the new directive, the energy industry must obtain all of its certificates via auction as of 2013. In addition to the current cost burden for rail transport, the prices for traction current will increase substantially as a result of this directive.

Other modes of transport are unaffected or are only marginally affected by carbon emissions trading: road transport and shipping are still not subject to such emissions trading, despite the fact that they also emit CO_2. Pursuant to Directive 2008/101/EC, only air transport within the EU as well as to and from Europe will be subject to carbon emissions trading as of 2012. However, only 15 % of its CO_2 certificates based on its carbon emissions must be obtained via auction.

PREPARATION OF A RAILWAY REGULATION ACT

The German Federal Government's coalition agreement provides for numerous further developments in regulatory law. The concrete implementation of these shall be achieve through a new railway regulation act. The bill drafted by the German Federal Ministry of Transport, Building and Urban Development (BMVBS) was presented to the ministries involved at the end of November 2011 for consultation in their departments.

The bill provides for the introduction of an efficiency-based incentive regulation for train-path and station fees, and intensified regulations on service facilities. An expansion of the regulations to incorporate switching services in service facilities is also planned. The bill also calls for the competences and authority of the BNetzA to be extended. The legislative process is not expected to be concluded before the end of 2012.

In our opinion, some of the proposals in the bill go too far. For example, the planned expansion of regulation to include competitive areas such as switching services must be scrutinized just as much as an efficiency-based regulation of infrastructure fees that does not adequately take account of the specific financing requirements of the railway sector.

Developments in the relevant markets

DB Group provides national and international services, the target markets of which are reflected in our Group's brand image under "Mobility – Networks – Logistics."

We are active worldwide and are represented in over 130 countries.

In passenger transport, our primary objective is to maintain our strong market position in Germany over the long term while sustainably reinforcing our position in Europe.

The European passenger transport market became even more important to us following our acquisition of Arriva in 2010. More and more tenders for regional and urban transport contracts throughout Europe are being opened for bids, and we want to increasingly benefit from this situation in the future. DB Arriva is active in the regional bus and/or rail transport business in 12 European countries.

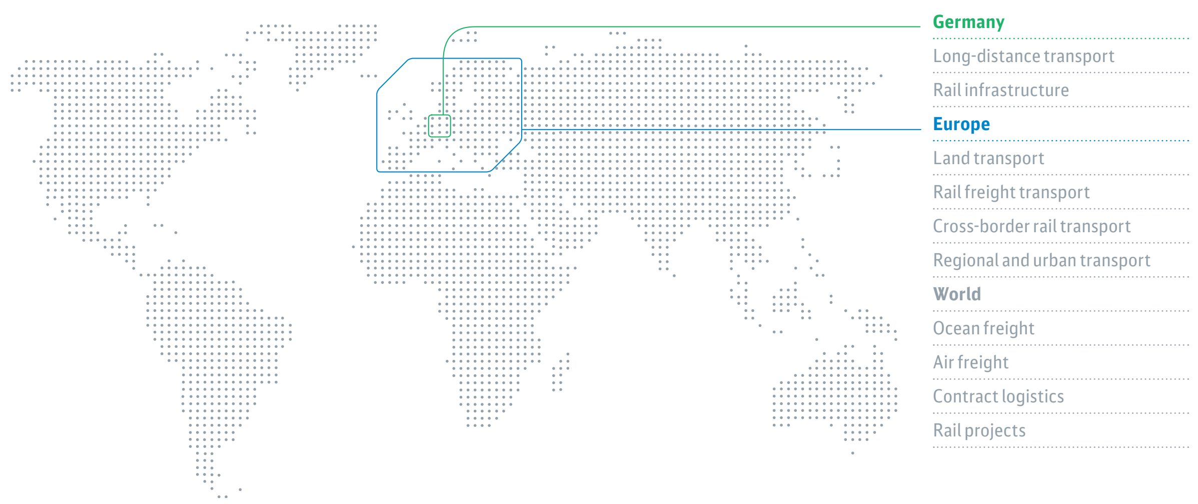
The *liberalization of the European passenger transport markets* [1] is, however, progressing at different speeds across Europe. Germany is leading in the liberalization of national long-distance rail passenger transport. Many national long-distance markets in other countries have not yet been opened.

Just as we did in the passenger transport market, we have also strategically positioned ourselves early on in the transport and logistics sector to meet current and future market demands. DB Schenker represents our logistics capabilities in worldwide air/ocean freight and contract logistics, and also our dense network in European rail freight and land transport. We want to take advantage of the opportunities arising in such strongly growing markets.

We are also safeguarding the future of rail freight transport in Germany by integrating it into high-performance, international logistics networks, thereby opening up new opportunities for growth. The European rail transport market has been completely opened up since 2007. In this respect, we serve all the relevant corridors and are active in all the key countries with our own subsidiaries or partnerships.

In Germany, we have assumed dual responsibility for rail transport as a result of our integrated Group structure, making us both the operator and leading user of the track infrastructure.

Relevant markets



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PASSENGER TRANSPORT

German passenger transport market

German passenger transport market — % based on volume sold	Growth rate 2011	Growth rate 2010 [1]	Market share 2011	Market share 2010 [1]
Motorized individual transport	+1.5	+0.7	84.2	84.0
Rail transport	+0.8	+2.2	7.8	7.8
DB Group	+0.5	+2.2	7.1	7.2
Non-Group railways	+5.5	+2.7	0.6	0.6
Public road transport	−0.5	−1.8	7.1	7.2
DB Group	−3.4	−0.5	0.8	0.9
Air transport (domestic)	+0.0	+2.2	1.0	1.0
Total market	**+1.3**	**+0.6**	**100.0**	**100.0**

[1] The previous year's figures were adjusted to reflect the adapted transport statistics for motorized individual transport.

The data for 2010 to 2011 is based on information available on February 15, 2012. The market shares of the various modes of transport are rounded and may therefore not add up to 100.

Overall demand in the German passenger transport market increased by approximately 1.3% in the year under review. Despite a favorable economic environment, not all modes of transport achieved increases in their volume sold.

Roughly 84% of the services in the passenger transport market relate to motorized individual transport. After a sharp increase at the beginning of the year under review due to statistical special items caused by severe weather, the development noticeably lost momentum in the course of 2011. For the full year 2011, there was, however, a stronger increase in performance by roughly 1.5% compared to the previous year due to the substantial economic momentum – despite fuel prices that once again reached double digits. Accordingly, a slight increase in market share was observed.

After the strong increase of 2.2% in the previous year, the development in rail passenger transport in Germany slowed in the year under review, but was nonetheless able to report an increase of nearly 1%. The favorable economic momentum was offset by an array of burdens. These included, for example, the non-recurrence of positive one-time effects from the previous year (severe winter weather in 2010, restrictions in air travel due to pilot strikes and the volcanic ash clouds), more construction projects within the network, sometimes with noticeable limitations for passengers, the suspension of obligatory military service as well as strikes announced and carried out by non-Group railway companies.

The volume sold by our companies in the year under review was slightly higher than in the previous year, although there were significant differences in the development of local and long-distance rail passenger transport. Whereas the DB Bahn Regional business unit posted a rise in demand of 2.2%, the volume sold in the DB Bahn Long-Distance business unit dropped, as long-distance transport was affected more by the aforementioned burdens.

After a weak first half-year in 2011 due to strikes, non-Group railways gained momentum in the second half of the year. After taking over additional lines as of the schedule change in the middle of December 2010, initial estimates show their volume sold rose by about 5.5%. Their share of the rail passenger transport market in Germany therefore continued to increase.

Looking at the modal split, rail passenger transport in Germany was able to defend its position from the previous year, maintaining a market share of 7.8%. It should be pointed out that, following detailed analysis in the year under review, we retroactively adjusted the volume of motorized individual transport sold since 1994 to the higher levels posted by the BMVBS. This adjustment serves to standardize transport statistics and make them more easily comparable. Reporting for the volume of the overall market is therefore much higher. As there was no change in the values of the other modes of transport, this caused a shift in market shares. The rail mode of transport nevertheless maintained its favorable trend in development recorded in recent years.

The downward trend in public road passenger transport that has been observed in recent years continued in 2011. The improved economic situation boosted both regularly scheduled services as well as non-scheduled transport, but it failed to fully offset the negative effects of declining numbers of schoolchildren and trainees. In total, though, the drop was less severe than in the previous year, at 0.5% compared to 1.8%. Despite this, the market share of public road passenger transport fell slightly by 0.1 percentage points.

Domestic German air transport posted a similar development to that of motorized individual transport. After reporting strong growth of nearly 5% in the first third of 2011 thanks to the favorable baseline effects after the pilot strike and the restrictions due to the volcanic ash clouds in the previous year, this sector's development slowed down considerably during the rest of the year. The strong economic momentum was somewhat offset by the dampening effects of high kerosene prices and the recently introduced air transport charge, as these were at least in part passed on to the customers. For the full-year 2011, air transport was therefore only able to post the same volume sold as that of the previous year. Its market share remained stable compared to the previous year.

European passenger transport market

The sovereign debt crisis in Europe strained public budgets and therefore also had an impact on the European passenger transport market. In particular, there was increased pressure on the ordering organizations to drive through cost-saving measures, for example by increased privatization and outsourcing as well as issuing an increased number of requests for tenders.

In total, initial findings show demand for rail passenger transport in Europe increased slightly based on corporate data published by the International Union of Railways (UIC). There were, however, differences among the various railways. The leading European market participants in rail passenger transport reported varying growth rates, ranging from a sharp increase of approximately 5% posted by British railways operating under its umbrella organization, the Association of Train Operating Companies (ATOC), to average growth reported by the French railway company, SNCF, our companies, and the Polish railway company, PKP, and ending with a significant drop posted by Italy's FS.

The market for cross-border transports experienced a reserved development in the year under review, mostly due to the access barriers in place. High levels of investment and network access fees, state-sponsored protectionism, technical obstacles as well as lengthy and costly approval procedures continued to prevent new services from being introduced. The varying regional developments can also be attributed to the *different levels of liberalization of rail passenger transport* [1] in the individual European countries.

In the year under review, the markets in the countries that are most important in terms of our business activities developed as presented below (listed in alphabetical order).

Denmark

With a slightly below-average overall economic development compared to the rest of Europe, the economic situation had only a reserved effect on passenger transport in Denmark, due to the slow development in employment figures and private spending. According to initial estimates, however, rail passenger transport was nevertheless able to post an increase in performance.

The Danish rail transport market continued to be characterized by a high intensity of competition and a very tight market situation. Additional uncertainties were created by the fact that announced requests for tenders were canceled.

The DSB subsidiary DSBFirst reduced its long-distance transport activities on the Öresund line between Denmark and Sweden during the course of 2011 and suspended these services completely with the schedule change in December 2011. This could therefore open up opportunities for new operators to enter the market.

Market positions passenger transport 2010

No. 2 in European long-distance rail transport — based on revenues	No. 1 in European local rail passenger transport — based on revenues	No. 3 in European public road passenger transport — based on revenues
1. SNCF	1. DB	1. Veolia Transdev
2. DB	2. SNCF + Keolis	2. RATP
3. FS	3. FS	3. DB
4. NS + Abellio	4. First Group	4. SNCF + Keolis
5. SBB	5. Go Ahead	5. Transport for London (TfL)

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

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DB Arriva is a leading provider of services in Denmark, both in rail passenger and bus transport. In April 2011, Arriva was awarded two-thirds of the largest bus transport tender ever issued in Denmark. DB Arriva's successful bid secured 217 of the 337 bus lines that were put out for tender by the ordering organization, Movia. As a result of the coupling of transport contracts to the development of interest rates, the cost pressure felt by bus operators increased due to the much lower interest rates. The intensity of competition in the bus market remained very high.

Great Britain

Despite below-average overall economic development in Great Britain compared to the rest of Europe, demand for rail passenger transport posted a sharp increase of 5%. According to ATOC, passenger figures climbed to their highest level since the 1920s, which is mostly attributable to the double-figure increase in fuel prices and noticeable improvements in the services offered by the railways. In addition, the level of punctuality was improved considerably.

DB Arriva entered the open-access market in the year under review with its *acquisition of Grand Central Railway* [1]. We expect the open-access market to increase in importance in Great Britain.

The Dutch railway company NS will also expand its competitive position in the British rail passenger transport market beginning in 2012 after its subsidiary Abellio was awarded the Greater Anglia franchise.

For bus operators in Great Britain, the general framework will become increasingly difficult as dampening effects have noticeably been caused by slow economic development. It can be assumed that there will be more cuts in government subsidies (for example, for fuel).

Italy

In Italy, both the slow economic situation as well as budget cuts due to the debt crisis had a major influence on the development of rail passenger transport. For example, ongoing uncertainty about the availability of funding for public transport caused delays in the issuing of requests for tenders. The state-owned Ferrovie dello Stato (FS) experienced a further drop in its volume sold in the year under review, after a decline of 2% in 2010. Conversely, there was a favorable development in the cooperation between DB Bahn Italia and Austrian Railways (ÖBB). In the year under review, there were ten daily trains running between Munich and Verona, Milan, Bologna and Venice, passing through Innsbruck and Bolzano.

The Netherlands

In the Netherlands, the economy had little positive impact on passenger transport due to stagnating employment figures and a slight decline in public spending, but there was nevertheless a substantial increase in rail passenger transport, according to initial estimates.

NS still operates the lion's share of the Dutch rail transport market. Its monopoly on the busiest main routes, the "hoofdrailnet," is safeguarded by legal statute until 2015. NS (including Syntus, a joint venture with Keolis) is also by far the largest operator in local transport, followed by DB Arriva, Veolia Transdev and Connexxion.

The Dutch bus market is characterized by high intensity of competition. A new service provider entered this market in the year under review: the Israeli transport company Egged, which has been operating bus transport in Waterland since December 2011. DB Arriva has a large presence in the Dutch market, with both rail and bus transport services. In bus transport, our market share dropped due to the loss of the Waterland lines toward the end of the year under review; a loss which could not be offset by the launch of urban bus transport services in Lelystad, in the province of Flevoland, which are set to run for ten years.

Sweden

The economy in Sweden in the year under review posted strong growth compared to the rest of Europe, at approximately 4.5%. This had a favorable effect on employment figures and private spending, both of which increased significantly, which, in turn, led to an increase in demand for transport services.

While DB Arriva suffered a loss of market shares in bus transport in the year under review after tenders were awarded to other competitors, resulting in the loss of bus lines, we expanded our market position in rail transport with the start of a joint venture, Botniatag, with Sweden's state-owned railway SJ on the line between Umea and Lulea in the Norrland region.

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FREIGHT TRANSPORT

German freight transport market

German freight transport market — % based on volume sold	GROWTH RATE 2011	2010	MARKET SHARE 2011	2010
Rail	+5.3	+12.0	17.7	17.3
DB Group	+4.3	+11.2	13.1	13.0
Non-Group railways	+8.5	+14.3	4.6	4.3
Road	+5.0	+4.7	71.2	70.0
Inland waterway	-10.6	+12.2	8.7	10.0
Long-distance pipelines	-4.6	+1.9	2.4	2.6
Total market	**+3.2**	**+6.6**	**100.0**	**100.0**

The data for 2010/2011 is based on information available on February 15, 2012. The market shares of the various modes of transport are rounded and may therefore not add up to 100.

The very dynamic development in the German freight transport (rail, road, inland waterway and long-distance pipelines) in 2010 continued in the first few months of the year under review. Following the weak start to the previous year due to severe weather conditions, the strongly favorable impulses from the business environment in the first quarter of 2011 were reinforced by favorable baseline effects in the construction sector in particular. After growth rates had normalized by the end of the summer, development lost momentum in the last four months of 2011 unexpectedly strongly as the economy began to cool down. As a result, the increase in volume sold in the German transport market fell from 8.5% at the beginning of 2011 down to roughly 3% for the full year.

Whereas rail freight and road freight transport posted above-average development and expanded their market shares, inland waterway transport reported a significant decrease due to severe weather and therefore dampened growth in the market overall. With an overall loss of more than 1 percentage point, its market share reached an all-time low.

Despite the capacity bottlenecks that occurred in the first half of the year in particular, the market was characterized by a continuously high intensity of competition. This limited the scope for the increases in freight rates which were made necessary by the sharp rise in costs.

Until late in the summer, 2011 was very favorable for rail freight transport, with an increase in demand of nearly 9%. Strong impulses from dynamic foreign trade activities and increases in production in the manufacturing and raw steel industries led to a rise in demand in the iron, coal and steel (Montan)-related, automotive and chemical industries as well as in combined transport. In the final four months of 2011, there was an unexpected significant change in the situation. The cooling down of the economy was clearly felt, above all in the steel and chemical sectors, and this was reflected in the demand for transport services. Growth in combined transport was also down, but development continued to be above average on the whole. Demand in the automotive sector remained high, supported by strong export activities. Overall in 2011, the volume sold in German rail freight transport rose less than expected, but growth in this sector was nevertheless above average at 5.3%. Its market share also increased.

Taking the dynamic recovery from the previous year and the significant cooling down at the end of 2011 into consideration, the increase in the volume sold by our companies was strong, at over 4%. Whereas our companies' share of the rail freight transport market in Germany dropped by nearly 1 percentage point to 74.1% (intramodal), the development of our share of the entire freight transport market (intermodal) was slightly positive.

There was continued above-average development in non-Group railways. After posting an increase of 14.3% in the previous year, the volume sold in the year under review rose once again, this time by approximately 8.5%. In addition to the strong economic impulses, in particular due to exports, which led to a very dynamic rise in container transport – a sector which is very important for non-Group companies, accounting for just under 45% of their transports – the increase in demand was also triggered by both intermodal and intramodal shifts in the modes of transport. The above-average development in mining-related and building materials transports as well as in car transports continued. In the full year, the intramodal market share increased by almost 1 percentage point to 25.9%.

After the development in road freight transport (German and foreign trucking, including cabotage transports in Germany), posted merely below-average figures in the previous year, there was a sharp increase of almost 10% in volume sold in the first quarter of 2011. Growth was supported due to the mild winter by catch-up and baseline effects in the construction sector, which is important for road transport. However, the development noticeably lost momentum during the course of the year and negative figures were even posted in some months. The expected seasonal peak in the fall was also relatively moderate. Despite the fact that the overall development was slower than expected, the volume sold in the full year increased significantly by approximately 5%. The market share increased by roughly 1 percentage point to 71.2%.

While German truck transports increased by approximately 4%, foreign trucking, which dominates cross-border transports, once again experienced significantly more dynamic growth. Supported by the strong impulses from exports, this sector posted an increase in performance of approximately 7%, almost twice as strong. Once again, this was mostly due to truck transports from Southeastern Europe, which experienced an above-average growth rate of more than 20%, according to the toll statistics of the Federal Agency for Freight Transport. The market continued to be characterized by a high intensity of competition and sharp increases in costs, which, apart from additional expenses for personnel and storage, were mostly the result of the increase in the price of diesel by almost 16% compared to the previous year.

After a dynamic recovery in the previous year, inland waterway transport was unable to benefit from the strong economic impulses in the year under review. After the Rhine river was closed to traffic for several weeks at the beginning of 2011 due to a tanker accident, the weather-related restrictions in the following months, namely flooding and low waters, had a major effect on development. With the exception of February 2011, the levels from the previous year were not surpassed in any other month. In November, water levels in the Rhine, which is by far the most important waterway, fell to a historic low and caused a decline of approximately 35% in tanker and dry goods transports. In turn, for the full year, the volume sold decreased significantly by over 10%. The market share also dropped considerably by more than 1 percentage point to less than 9%, and therefore hit a new all-time low.

European rail freight transport

After the strong recovery of European rail freight transport in the previous year, with an increase in volume sold of over 7%, the dynamic development continued into the beginning of 2011, only to slow down significantly in the second half of the year. According to our estimates for the full year 2011, the volume sold in rail freight transport in Europe rose by roughly 5.5% compared to the previous year. Growth was mainly supported by high demand in the dominant sectors of combined transport and iron, coal and steel (Montan)-related transport services. With an increase of 5.8%, the rail freight transport services of DB Schenker Rail posted slightly above-average growth.

As was the case in recent years, the situation in the individual countries continued to exhibit very heterogeneous development. Similar to the varying economic conditions and developments in the previous year (baseline effects), developments in the rail freight transport sector varied widely. For example, Poland, the second largest market after Germany, once again posted double-digit growth, while the Italian rail freight transport market continued to shrink. The development of the countries that are most important in terms of our business activities is presented below.

Great Britain

Despite below-average overall economic development compared to the rest of Europe, rail freight transport in Great Britain posted a sharp increase in volume sold in 2011. The favorable development in transport volume was supported above all by an increase in demand for coal. The was caused by the relative rise in prices for natural gas compared to coal. As a result, coal transport once again dominated the freight transport sector, after the significant decline in recent years. While export transports, for example in the intermodal sector, posted a robust increase, the development of the construction sector was comparatively moderate. Domestic automobile transports also increased.

Compared to the rest of Europe, the overall volume sold for rail freight transport exhibited above-average growth. DB Schenker Rail UK posted an increase in performance of 7.5%. The intermodal market share for rail improved slightly, to approximately 12% in the year under review.

Poland

The rail freight transport market in Poland once again reported double-digit growth, with an increase of approximately 11% in the year under review. Demand was supported by strong economic effects, above all in the important automotive, metal, building materials and paper industries. In the coal sector, Poland is continuing to change from traditionally being an exporter to now being an importer. Since 2008, annual coal imports have exceeded exports as a result of mine closures. Although coal exports again reported a slight increase since 2009, the difference between coal imports and exports continues to increase.

The rail freight transport market is still dominated by the state-owned PKP Cargo, which increased its volume sold, not least due to pricing measures, and maintained its position as the market leader with a share of approximately 70 %. DB Schenker Rail Polska continued to focus on profitable modes of transport, but was unable to repeat its performance from the previous year, posting a slight decline of approximately 1 percentage point in its intermodal market share, to 6.4 %.

France

After a strong start in the first half-year of 2011, in France, too, the development of the rail freight transport market noticeably lost momentum during the remainder of the year. Drops in transport volume were reported, in particular in the steel and automotive industries as well as in the intermodal transport sector. In addition, there was a recognizable trend toward reducing inventories across many sectors due to the growing uncertainty over how the economy would develop. The overall growth of GDP as well as a continued expansion of exports and industrial production kept the economic effects strong for the full year. An additional positive development was the significantly lower number of strike days compared to the previous year, which had been a noticeable burden on development in that year. While the modal split for rail was once again well below the European average at approximately 9 % in the year under review, the intramodal share of Fret SNCF continued to shrink. Despite the continued operating and informative barriers, Fret SNCF's competition reported above-average development, increasing its share to roughly 25 %. The largest intramodal competitor for Fret SNCF is our subsidiary, Euro Cargo Rail (ECR), which was able to significantly increase its market share due to an increase in volume sold by 49 %.

Spain

Rail freight transport in Spain once again posted a sharp increase of roughly 7 % in volume sold despite a weak overall economic environment. It therefore very nearly matched the increase seen in the previous year, but remained far below the pre-crisis level seen in 2008. The market leader in Spain is the state-owned Renfe Mercancías with a share of approximately 94 %. At just approximately 3 %, the modal split for rail is well below the European average.

Our subsidiary Transfesa predominately provides freight forwarding services, with a focus on the automotive industry. Since spring of 2011, rail transport has been carried out in part by our subsidiary Activa Rail.

Romania

The rail freight transport market in Romania posted above-average development in 2011. Despite below-average economic growth compared to the rest of Eastern Europe, the demand for transport was supported by strong impulses from a dynamic development in industrial production and strong export activities. With an increase in volume sold of over 15 %, rail transport was able to grow stronger than the dominating road transport.

The Romanian rail freight transport market is dominated by the state-owned railway CFR Marfa with a market share of roughly 50 %. The largest private rail freight company is Grup Feroviar Roman (GFR), which was able to increase its market share to roughly 30 %. DB Schenker Rail Romania doubled its volume sold in the year under review and increased its market share to just under 5 %.

Bulgaria

With economic growth of around 1.5 %, development in Bulgaria was also below average compared to other Eastern European countries. Nonetheless, the volume sold in the rail freight transport market increased significantly by roughly 6 %. The rail freight transport sector is dominated by Bulgarian State Railways (BDZ), which developed in line with the market in the year under review. The largest private service provider is the Bulgarian Railway Company (BRC) with a market share of over 10 %. The majority owner of BRC is the Romanian rail freight company GFR. After entering the market in 2010, DB Schenker Rail Bulgaria significantly increased its volume sold last year and nearly doubled its market share in the year under review to just under 8 %.

European road transport

Demand in the European road transport market increased in the first half-year of 2011, only to slow down during the rest of the year due to the debt crisis and the economic downturn caused by it. After the seasonal decline at the end of the summer, demand unexpectedly rose fractionally during the high season in fall 2011, then sank once again in the last two months of the year.

Freight carrier prices, which remained comparatively stable throughout the year, created strong margin pressure for network freight forwarders and therefore made price increases a necessity. Due to the intensive competition among the freight forwarding networks, there was, however, little potential for corresponding increases.

Although momentum in the overall economic development slowed significantly in the second half of 2011, based on revenues the European road transport market grew by around 7 % compared to the previous year. Due to the above-average development, DB Schenker was able to maintain its position as the market leader in European road transport.

Air freight

After the losses suffered in the air freight market in the crisis year 2009 were more than compensated for by the dynamic recovery in 2010, the market in 2011 was expected to return to its normal growth rate of 4 to 6 %. While these expectations were fulfilled at the beginning of 2011, the market went on to exhibit negative development beginning in late spring.

This was caused above all by the nuclear catastrophe in Japan, the political unrest in North Africa and the Middle East, and uncertainty due to the debt crisis. In the Asia/Pacific market, which is the most important market for air freight, the development was particularly weak, as volume sank by approximately 5 %.

This weak demand coincided with considerable capacity increases introduced by the airlines, which led to surplus shipping capacities that resulted in pressure on freight rates. An additional burden was the high price of kerosene in the year under review, which increased approximately by one-third compared to the previous year and was thus much higher than expected. In addition, a shift from air freight to ocean freight was observed from the middle of the year. For the full year, the air freight market posted a slight decline of 0.6 %.

For DB Schenker Logistics, the difficult market conditions in the year under review led to an above-average decline in volume of 6 %, as DB Schenker Logistics has a high market share in the connections that were particularly affected by the decline. In addition, it suspended its domestic air freight business in the United States during the year under review. Despite all of this, DB Schenker Logistics was able to maintain its market position.

Ocean Freight

Despite the sometimes volatile political and economic market environments in the year under review, the development in the global ocean freight sector was favorable. Over the course of the year, volume in the ocean freight sector rose by approximately 5.5 % compared to the previous year. The growth drivers were once again transports from Asia, for example Asia-Northern Europe (+12 %), and inner-Asian transports (+ 9 %). In addition, volume transported from Europe to Asia was likewise part of the favorable development, with an increase of roughly 15 %.

This growth coincided with even higher capacities on the trade routes with the highest volume. There was an approximately 17 % increase in tonnage introduced by shipping companies on these routes, which led to high pressure on ocean freight rates during the course of the year. Overcapacities were the defining issue on the market for much of the year under review.

With 7 % growth compared to the previous year, the increase in volume for DB Schenker Logistics in the year under review was once again stronger than in the overall market. DB Schenker Logistics was therefore able to secure its market position.

Contract logistics

After the 7 % increase in the contract logistics/supply chain management (CL/SCM) market in 2010, it again achieved strong growth in the year under review, increasing by approximately 6 %. This can be attributed to rising outsourcing rates and the continuously favorable development in the core industries of contract logistics.

In total, there were once again good capacity utilization and order levels in the industry and trading segments, but growth dwindle toward the end of the year. Production in our core industries (automotive, consumer, electronics, industrial) was higher than in the previous year, particularly in electronics. All other key countries and regions – above all the emerging markets – posted favorable development.

In this competitively intense environment, DB Schenker Logistics reported an increase in revenues of 13 % and was able to maintain its market position.

Market positions Transport and Logistics 2010

No. 1 in European rail freight transport — based on tkm	No. 1 in European land transport — based on revenues	No. 2 in global air freight — based on t
1. DB Schenker	1. DB Schenker	1. DHL
2. PKP Cargo	2. DHL	2. DB Schenker
3. SNCF	3. DSV	3. Kuehne + Nagel
4. Rail Cargo Austria	4. Dachser	4. Panalpina
5. Trenitalia	5. Geodis	

No. 3 in global ocean freight — based on TEU	No. 5 in global contract logistics — based on revenues
1. Kuehne + Nagel	1. DHL
2. DHL	2. CEVA Logistics
3. DB Schenker	3. Kuehne + Nagel
4. Panalpina	4. Wincanton
	5. DB Schenker

Date for competitors based on annual / analyst reports and own calculations.

TRACK INFRASTRUCTURE IN GERMANY

Key figures DB rail infrastructure in Germany	2011	2010	CHANGE absolute	CHANGE %
Train operating companies	385	370	+15	+4.1
DB Group	28	30	–2	–6.7
Non-Group railways	357	340	+17	+5.0
Train-path demand (million train-path km)	1,051	1,033	+18	+1.7
DB Group	830.9	837.7	–6.8	–0.8
Non-Group railways	219.8	195.3	+24.5	+12.5
Share of non-Group railways (%)	20.9	18.9	+2.0	+10.6
Station stops (million)	145.2	143.9	+1.3	+0.9
DB Group	120.5	121.8	–1.3	–1.1
Non-Group railways	24.7	22.0	+2.7	+12.3

In light of the fact that the market has been open since 1994, a large number of TOCs now use our track infrastructure in Germany. The number of non-Group TOCs once again increased in the year under review. No other country in the EU has such a high level of competition in rail transport as Germany.

Demand for train-paths increased by 1.7% in the year under review due to the sustained growth in rail freight transport compared to the previous year. As part of this growth, the proportion of non-Group railways once again increased considerably in the year under review.

The number of station stops also increased compared to the previous year. Similar to the previous years, non-Group railways posted significant increases in general, although the station stops of intra-Group railways declined slightly due to lost bids.

In view of the level of competition between the commodity and service offers in our stations and offers in the overall retail market, the development of retail and gastronomy revenues is also of particular importance to our stations, as both the opportunities for leasing as well as the potential revenues depend on the earnings situation of the commercial tenants. In total, real retail revenues in Germany slightly increased in 2011. There was also a favorable development in earnings from rental leases in the stations during the year under review.

BUSINESS PERFORMANCE

::: FAVORABLE EFFECTS FROM PERFORMANCE DEVELOPMENT
::: NOTICEABLE INCREASE IN REVENUES AND ADJUSTED EBIT
::: FAVORABLE DEVELOPMENT IN THE BUSINESS UNITS

Major changes compared to the previous year

The development of expenses and income was also influenced by *changes made to the scope of consolidation* [1] during the year under review.

The following changes are relevant for comparative purposes at the business unit level:

::: With the exception of the *Arriva Germany* [2] activities divested in February 2011, the British company Arriva has been included in the consolidated financial statements since September 1, 2010, and is listed as part of the new DB Arriva business unit. The year under review marked the first time that DB Arriva was included in the consolidated financial statements for the full year.

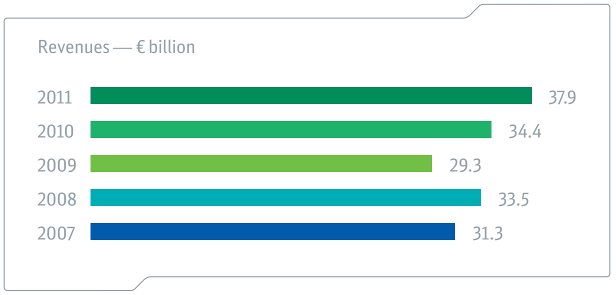
::: Since January 1, 2011, the DB Arriva business unit has comprised the activities of Arriva outside Germany as well as the European activities in local rail passenger transport and bus transport which were previously part of the DB Bahn Regional or DB Bahn Urban business units. The previous year's figures were amended accordingly.

::: Since January 1, 2011, the DB Bahn Regional business unit has comprised solely the regional transport activities (bus and rail) of DB Group in Germany. The former business unit DB Bahn Urban was integrated into the DB Bahn Regional business unit on January 1, 2011. The figures for 2010 were amended accordingly.

::: There was an arithmetical increase in the number of employees and in wage and salary payments as a result of the *arrangement for reducing standard working hours* [3] provided for in the collective bargaining agreements. This does not affect the DB Arriva and DB Schenker Logistics business units.

::: An *explanation of the accounting changes for year-on-year comparisons* [4] can be found in the Notes to the consolidated financial statements.

Development of revenues



Revenues — € million	2011	2010	CHANGE absolute	%
DB Group	37,979	34,410	+3,569	+10.4
± Special items	-78	–	-78	–
DB Group adjusted	**37,901**	**34,410**	**+3,491**	**+10.1**
± Effects from changes in the scope of consolidation	-2,025	-3	-2,022	–
± Effects from changes in exchange rates	12	–	+12	–
DB Group comparable	**35,888**	**34,407**	**+1,481**	**+4.3**

In the year under review, revenues once again posted a sharp year-on-year increase of 10.4%. This was due to the continued positive development in the economy and the increases in performance relating to this. Effects from changes to the scope of consolidation due to the first full-year consolidation of Arriva also had a positive impact.

Favorable effects from increases in volume sold were seen in regional transport, rail freight transport, European land transport and ocean freight. In terms of the infrastructure, demand from non-Group companies for train-path utilization and station stops rose slightly.

[1] Page 182, [2] Page 85, [3] Page 141, [4] Page 182

For the first time, special items due to the *restructuring of US domestic business* [1] also had an effect on revenues in the year under review. Since the restructuring decision was made, revenues from these activities in the amount of € 78 million have been treated as special items. The changes to the scope of consolidation almost exclusively affect Arriva, with a contribution totaling € 2,001 million. On the whole, changes in exchange rates had only a minor impact on the development of revenues compared to the previous year.

Adjusted for special items, exchange rate changes and changes in the scope of consolidation, revenue growth was 4.3%.

Total revenues by business units — € million	2011	2010	CHANGE absolute	CHANGE %
DB Bahn Long-Distance	3,794	3,729	+65	+1.7
DB Bahn Regional	8,718	8,603	+115	+1.3
DB Arriva	3,367	1,236	+2,131	+172
DB Schenker Rail	4,924	4,584	+340	+7.4
DB Schenker Logistics	14,867	14,310	+557	+3.9
DB Services	1,413	1,274	+139	+10.9
DB Netze Track	4,642	4,580	+62	+1.4
DB Netze Stations	1,077	1,044	+33	+3.2
DB Netze Energy	2,853	2,501	+352	+14.1
Other	927	865	+62	+7.2
Consolidation	-8,681	-8,316	-365	+4.4
DB Group	**37,901**	**34,410**	**+3,491**	**+10.1**

Revenues developed favorably in all the business units in the year under review.

The DB Bahn Long-Distance business unit benefited from higher specific revenues, which increased total revenues marginally, despite a slight decline in volume sold.

In the DB Bahn Regional business unit, revenues increased in particular due to the favorable development in rail transport.

Due to its first full-year consolidation, revenues from the DB Arriva business unit increased significantly. On a comparable basis (from September to December), DB Arriva exhibited positive development.

Sharp increases in total revenues based on the higher volume sold were posted in the DB Schenker Logistics and DB Schenker Rail business units.

In the DB Netze Track business unit, total revenues increased due to higher train-path demand and pricing measures.

In the DB Netze Stations business unit, total revenues grew as a result of higher station fees as well as revenues from rentals and marketing.

In the DB Netze Energy business unit, there were positive effects due to higher revenues from energy services and traction current.

Detailed information on the development of the individual business units can be found in the chapter entitled *Development of the business units* [2].

The increase in the “Other” item resulted from higher internal revenues in the DB ProjektBau business segment due to a rise in construction projects in the year under review.

Higher internal revenues generated by the infrastructure companies and in the DB Services business unit as well as in DB ProjektBau led to increased consolidation effects.

External revenues by business units — € million	2011	2010	CHANGE absolute	CHANGE %
DB Bahn Long-Distance	3,666	3,602	+64	+1.8
DB Bahn Regional	8,628	8,519	+109	+1.3
DB Arriva	3,365	1,235	+2,130	+172
DB Schenker Rail	4,635	4,314	+321	+7.4
DB Schenker Logistics	14,808	14,257	+551	+3.9
DB Services	137	128	+9	+7.0
DB Netze Track	961	913	+48	+5.3
DB Netze Stations	400	387	+13	+3.4
DB Netze Energy	1,084	816	+268	+32.8
Other	217	239	-22	-9.2
DB Group	**37,901**	**34,410**	**+3,491**	**+10.1**

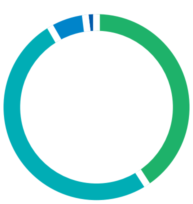
The development of external revenues is in line with the development of total revenues except for in the infrastructure business units and the DB Services business unit. In the Infrastructure business units, the non-Group customers continue to enjoy a dynamic development.

1 Page 86, 2 Page 112 ff.

For the year under review, the share of external revenues increased for the business units in passenger transport (41.4%) and in infrastructure (6.5%), while it declined in the transport and logistics segment (51.3%).

Split of external revenues by business units — %	2011	2010
DB Bahn Long-Distance	9.7	10.5
DB Bahn Regional	22.8	24.8
DB Arriva	8.9	3.6
DB Schenker Rail	12.2	12.5
DB Schenker Logistics	39.1	41.4
DB Services	0.4	0.4
DB Netze Track	2.5	2.7
DB Netze Stations	1.1	1.1
DB Netze Energy	2.9	2.4
Other	0.4	0.6

Split of external revenues by divisions — %



41.4 – Passenger transport
51.3 – Transport and logistics
6.5 – Infrastructure
0.8 – Other

Split of external revenues by regions — € million	2011	2010	CHANGE absolute	CHANGE %
Germany	22,212	21,393	+819	+3.8
Europe (excluding Germany)	11,156	8,664	+2,492	+28.8
Asia/Pacific	2,392	2,099	+293	+14.0
North America	1,626	1,780	-154	-8.7
Rest of world	515	474	+41	+8.6
DB Group	**37,901**	**34,410**	**+3,491**	**+10.1**

The regional revenue distribution also reflects the effects of the increases in volume sold, resulting in revenue growth in all regions, excluding North America, as well as the initial full-year inclusion of Arriva. The proportion of revenues generated in Europe outside of Germany therefore increased considerably.

Development in the Asia/Pacific region continues to be dynamic, but it is nevertheless much slower in comparison to the increase in the previous year.

The decline in North America resulted from the weak business development as well as the *restructuring of US domestic business* [1] for DB Schenker Logistics in this region.

With a slight increase of 3.8%, the development of revenues in Germany was generally weaker than in the rest of Europe and Asia/Pacific, due to the comparably stable development of passenger transport and infrastructure there.

The proportion of revenues generated outside of Germany accordingly increased from 38% in the previous year to 41% in the year under review.

Split of external revenues by regions — %

58.6 – Germany
29.4 – Europe (excluding Germany)
6.3 – Asia/Pacific
4.3 – North America
1.4 – Rest of world

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Development of profits

Except from statement of income — € million	2011	Reclassifi-cations	Special items	2011 adjusted	2010 adjusted	Change	thereof due to changes in scope of consolida-tion	thereof due to changes in exchange rates
Revenues	37,979	–	-78	37,901	34,410	+3,491	+2,022	-12
Inventory changes and internally produced and capitalized assets	2,457	–	7	2,464	2,207	+257	+4	–
Other operating income	3,062	–	-212	2,850	2,636	+214	+55	-11
Cost of materials	-20,906	–	185	-20,721	-19,134	-1,587	-683	+9
Personnel expenses	-13,076	–	28	-13,048	-11,583	-1,465	-943	+6
Other operating expenses	-4,375	–	70	-4,305	-3,885	-420	-281	-13
Depreciation	-2,964	75	57	-2,832	-2,785	-47	-96	+1
Operating profit (EBIT) | Adjusted EBIT	**2,177**	**75**	**57**	**2,309**	**1,866**	**+443**	**+78**	**-20**
Net interest income | Net operating interest income	-840	98	–	-742	-752	+10	-8	-2
Operating profit after interest	**–**	**–**	**–**	**1,567**	**1,114**	**+453**	**+70**	**-22**
Result from investments accounted for using the equity method | Net investment income	19	1	–	20	18	+2	+2	–
Other financial result	3	-99	39	-57	-183	+126	+2	-14
PPA amortization customer contracts	–	-75	–	-75	–	-75	-50	–
Extraordinary result	–	–	-96	-96	-49	-47	–	–
Profit before taxes	**1,359**	**–**	**–**	**1,359**	**900**	**+459**	**+24**	**-36**

The following presentation of the development of income describes the changes in the key items of the statement of income for the year under review, adjusted for special items. The effects of the first full-year consolidation of Arriva are presented in the table above and are not discussed further in the following section.

The higher levels of other income resulted from compensation for damages and refunds of expenses (including for an ICE accident) and a one-time effect due to *changes in reporting interest-free loans* [1] are reflected in the development of other operating income.

The cost of materials recorded for the year under review was notably higher than in the previous year. This change was driven by a higher degree of intermediate input services for the DB Schenker Logistics business unit due to higher volumes as well as significantly higher energy and maintenance costs. The percentage increase in the cost of materials was slightly less than the gain noted for income.

Personnel expenses were significantly higher than in the previous year. This was mostly due to wage increases and the higher number of employees.

Other operating expenses also increased significantly. This was particularly influenced by increased costs for rentals and leasing as well as higher costs for other services in the DB Schenker Logistics business unit.

In total, the development of adjusted EBITDA, with an increase of € 490 million or respectively 10.5% to € 5,141 million, was clearly positive in the year under review (previous year: € 4,651 million).

Depreciation was greater than in the previous year due to acquisitions.

In total, adjusted EBIT and the operating profit after interest significantly improved. Net operating interest income was on the previous year level. The adjusted EBITDA and EBIT margins rebounded during the year under review from 13.5% to 13.6% and respectively from 5.4% to 6.1%. This was primarily due to the development in the DB Bahn Long-Distance, DB Schenker Logistics and DB Netze Track business units, all of which noticeably increased their EBIT margins.

The significantly improved other financial result was due to a negative one-time effect in the previous year's figure because of changes in the discount interest rate and also due to the early repayment of interest-free loans in the year under review. The increase compensated for the negative effects from the PPA amortization of customer contracts and the decline of the extraordinary result, which led to an improvement of profit before taxes on the same scale as that of the operating profit after interest.

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TRANSITION TO THE ADJUSTED STATEMENT OF INCOME

The transition to an adjusted statement of income is performed in two steps: first, standard reclassification is carried and then the figures are adjusted for individual special items.

Transition to the adjusted statement of income — € million	2011	RECLASSIFICATIONS Compounding/discounting IFRS	Net investment income	PPA amortization	ADJUSTMENT OF SPECIAL ITEMS Personnel-related provisions	Restructuring of US domestic business	Decommissioning GKN I	Other	2011 adjusted
Revenues	37,979	–	–	–	–	–78	–	–	37,901
Inventory changes and internally produced and capitalized assets	2,457	–	–	–	–	–	–	7	2,464
Other operating income	3,062	–	–	–	–114	–22	–	–76	2,850
Cost of materials	–20,906	–	–	–	–	107	46	32	–20,721
Personnel expenses	–13,076	–	–	–	–	28	–	–	–13,048
Other operating expenses	–4,375	–	–	–	–	70	–	–	–4,305
Depreciation	–2,964	–	–	75	–	13	–	44	–2,832
Operating profit (EBIT) | Adjusted EBIT	**2,177**	**–**	**–**	**75**	**–114**	**118**	**46**	**7**	**2,309**
Net interest income | Net operating interest income	–840	98	–	–	–	–	–	–	–742
Operating profit after interest	**–**	**98**	**–**	**75**	**–114**	**118**	**46**	**7**	**1,567**
Result from investments accounted for using the equity method | Net investment income	19	–	1	–	–	–	–	–	20
Other financial result	3	98	–1	–	–	–	39	–	–57
PPA amortization customer contracts	–	–	–	–75	–	–	–	–	–75
Extraordinary result	–	–	–	–	114	–118	–85	–7	–96
Profit before taxes	**1,359**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1,359**

The reclassification performed in the first step essentially relates to two issues. To begin with, the components of net interest income that are not related to net financial debt and pension provisions are reclassified. These are predominantly the compounding and discounting effects of long-term provisions (excluding pension obligations) and non-current liabilities (excluding financial debt). The non-operational character of these components can be seen in the fact that their influence on net interest income very much depends on their given interest rates as of the balance sheet date. These adjustments are used to calculate the net operating interest income, the individual components of which correspond to net financial debt (including liabilities from finance leases) and pension provisions.

The second major reclassification relates to the depreciation of intangible assets capitalized in the course of purchase price allocations (PPA) of acquisitions during the assessment of long-term customer contracts. This issue plays a role in acquisitions in passenger transport in particular, because existing contracts with ordering organizations play a major part in purchase price assessments. In order to ensure an operating assessment of such transport contracts that are part of acquisitions and to keep these contracts from being treated differently to other contracts, these depreciation components are removed from the operating profit. The sum reclassified in the year under review is almost entirely accounted for by the acquisition of Arriva.

In the second step of the transition, the figures are adjusted for special items. These are issues that are considered to be extraordinary in terms of their reasons and/or amounts and whose reporting in the adjusted net profit would have a substantial effect on the operating development over a period of time. Regardless of their amounts, book profits and losses from transactions with affiliated companies/financial assets are eliminated. In addition, individual issues are eliminated if they are extraordinary in character, can be accounted for and assessed discretely, and are significant in their volume. The following table shows the extraordinary result in a year-on-year comparison and also according to business unit. The sum reclassified from EBIT is reported separately in each instance.

EXTRAORDINARY RESULT BY BUSINESS UNITS

Extraordinary result by business units — € million	2011	thereof effecting EBIT	2010	thereof effecting EBIT
DB Bahn Long-Distance	–	–	43	43
DB Bahn Regional	38	38	–112	–112
DB Arriva	–50	–50	–	–
DB Schenker Rail	–22	–22	–83	–83
DB Schenker Logistics	–135	–135	–56	–56
DB Services	–	–	48	48
DB Netze Track	–32	–32	–191	–191
DB Netze Stations	–	–	4	4
DB Netze Energy	–85	–46	1	1
Other/consolidation	190	190	297	297
DB Group	**–96**	**–57**	**–49**	**–49**

The extraordinary result is the sum of the special items described above. On the business unit level, these are primarily:

::: the adjustment of provisions for technical risks in the DB Bahn Regional business unit
::: the creation of provisions for pending losses in regional transport in the UK in the DB Arriva business unit
::: impairment on locomotives belonging to DB Schenker Rail UK in the DB Schenker Rail business unit
::: *restructuring obligations for the US domestic business* [1] in the DB Schenker Logistics business unit
::: expenditure for the restructuring of a subsidiary in the DB Netze Track business unit
::: expenditure in connection with the closure of the Neckarwestheim power plant (GKN I) in the DB Netze Energy business unit
::: the reversal of personnel-related provisions and tax provisions in Germany (“Other”)

Special items posted for the year under review related primarily to the reversal of provisions and amendments to provisions for personnel-related measures, technology-related risks in the areas of vehicles and rail infrastructure, as well as risks arising from the valuation of real estate.

NOTICEABLE IMPROVEMENT IN NET PROFIT FOR THE YEAR

Excerpt from statement of income — € million	2011	2010	CHANGE absolute	%
Profit before taxes	1,359	900	+459	+51.0
Taxes on income	–27	158	–185	–
actual tax expenses	–30	–124	+94	–75.8
deferred tax income	3	282	–279	–98.9
Net profit for the year	**1,332**	**1,058**	**+274**	**+25.9**
thereof shareholders of DB AG	1,319	1,039	+280	+26.9
thereof minority interests	13	19	–6	–31.6
EARNINGS PER SHARE				
undiluted	3.07	2.42	+0.65	+26.9
diluted	3.07	2.42	+0.65	+26.9

The favorable development in profit before taxes (€ +459 million) was weakened by the significant worsening of taxes on income. A one-time effect in the previous year caused deferred income tax revenue to decline significantly in comparison to the previous year. After expectations rose due to the overall economic recovery in the previous year, there was a one-time deferred income tax item that did not reoccur in the year under review. As a result, the one-time effect of a refund in the year under review of corporate income tax and trade tax not related to the period was also more than offset. The net profit for the year consequently rose by the slightly smaller amount of € 274 million to € 1,332 million.

The net profit attributable to minority interests amounted to € 13 million (previous year: € 19 million). In total, the described development resulted in a significantly higher net profit for the year for the shareholders of DB AG of € 1,319 million (previous year: € 1,039 million). This led to an increase in earnings per share to € 3.07 for the year under review (previous year: € 2.42).

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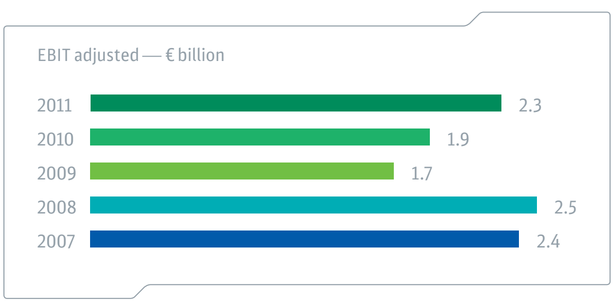
OPERATING INCOME DEVELOPMENT BY BUSINESS UNIT

	EBIT ADJUSTED		CHANGE		EBITDA ADJUSTED		CHANGE	
— € million	2011	2010	absolute	%	2011	2010	absolute	%
DB Bahn Long-Distance	157	117	+40	+34.2	504	481	+23	+4.8
DB Bahn Regional	801	794	+7	+0.9	1,361	1,351	+10	+0.7
DB Arriva	160	52	+108	–	325	142	+183	+129
DB Schenker Rail	32	12	+20	+167	336	302	+34	+11.3
DB Schenker Logistics	403	304	+99	+32.6	572	478	+94	+19.7
DB Services	123	129	-6	-4.7	278	287	-9	-3.1
DB Netze Track	715	601	+114	+19.0	1,624	1,524	+100	+6.6
DB Netze Stations	226	217	+9	+4.1	351	343	+8	+2.3
DB Netze Energy	80	82	-2	-2.4	159	165	-6	-3.6
Other/consolidation	-388	-442	+54	-12.2	-369	-422	+53	-12.6
DB Group	**2,309**	**1,866**	**+443**	**+23.7**	**5,141**	**4,651**	**+490**	**+10.5**
Margin (%)	6.1	5.4	–	–	13.6	13.5	–	–

At the business unit level, the development of the adjusted results was favorable on the whole, in comparison to the same period in the previous year. Gains in adjusted EBITDA and adjusted EBIT were recorded for all the business units except for the DB Services and DB Netze Energy business units.

The DB Bahn Long-Distance business unit posted increases in its adjusted results due to higher revenues.



In the DB Bahn Regional business unit, the development of the adjusted results differed in the various lines of business. In the rail area, the adjusted results improved as a result of increased performance coupled with a disproportionately low increase in expenses. The bus area reported lower adjusted results due to a decline in the volume sold and a slight increase in revenues. This was caused by cost increases.

Gains in the adjusted results in the DB Arriva business unit can be attributed to the first full-year consolidation of Arriva.

The adjusted results of the DB Schenker Rail and DB Schenker Logistics business units improved due to their revenue increases in the year under review coupled with a proportionately low increase in expenses.

The DB Services business unit posted lower adjusted results, as increases in wages had a negative impact here.

The adjusted results in the DB Netze Track business unit rose due to an increase in revenues and a proportionately low increase in expenses. The DB Netze Stations business unit posted a slight improvement in its adjusted results, based on an increase in revenues and a proportionately low increase in expenses. In the DB Netze Energy business unit, the adjusted results were slightly lower due, among other things, to additional energy cost burdens.

The “Other/consolidation” item is influenced by the activities of the holding companies DB AG and DB ML AG. Other companies that are not integrated into a business unit are also summarized here. The changes in the adjusted results in the year under review were largely driven by the revaluation of personnel-related provisions.

Further information on the operating development of the individual business units can be found in the chapter entitled *Development of the business units* [1].

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DERIVATION FROM THE PROJECTED FINANCIAL SITUATION

Outlook for the 2011 financial year — € million	2010	Outlook as of March 2011	Outlook as of July 2011	2011
Revenues	34,410	increase of about 5 %[1]	significantly above € 38 billion	37,901
Expenses	37,387	–	–	40,906
EBIT adjusted	1,866	further improvement	significantly above € 2 billion	2,309

[1] On a comparable basis.

After a strong development in 2010, we forecast in March 2011 that there would be a further increase in revenues in the 2011 financial year. We expected this increase to be slightly less than in 2010, at a scale around 5 %. In our forecast in July 2011, we expected revenues to climb well above € 38 billion due to the first full-year consolidation of Arriva in the 2011 financial year and a continued favorable development in the economic environment. Revenues increased to € 38 billion in the year under review, thereby missing the forecast value from July 2011. We also failed to achieve the comparable increase of roughly 5 % that we forecast in March 2011. The deviation from the projected development was caused by the slow momentum in the business environment, in particular in the second half of the year. The restructuring of the US domestic business likewise had a negative effect on the development of revenues.

We expected an increase in revenues in all of the business units except for the DB Services business unit. In the interim financial report for January to June 2011, we revised our forecast for the DB Bahn Long-Distance business unit downward, expecting revenues to remain stable. However, the actual development in revenues exhibits growth in all business units. The DB Services business unit passed increased expenses onto customers, which allowed for an improvement in revenues compared to the previous year. Revenues also increased in the DB Bahn Long-Distance business unit.

While compiling the 2010 Annual Report, we expected that the continued favorable development in revenues and our ongoing cost management would also be reflected favorably in the development of expenses and adjusted EBIT and that adjusted EBIT would continue to improve. In the interim financial report for January to June 2011, we made a more concrete forecast for adjusted EBIT, expecting it to be significantly above € 2 billion. With an actual adjusted EBIT of € 2.3 billion, this estimate was met.

At the business unit level, we expected an increase in adjusted EBIT in the business units DB Bahn Long-Distance, DB Bahn Regional, DB Arriva, DB Schenker Rail, DB Schenker Logistics, DB Netze Track and DB Netze Stations. In the DB Services business unit, we expected a decrease in adjusted EBIT, while the DB Netze Energy business unit was expected to have adjusted EBIT at the same level as in the previous year. In the interim financial report for January to June 2011, we revised our forecast for the DB Netze Stations business unit downward, expecting revenues to remain stable. Our forecast was not met in the business units DB Netze Stations and DB Netze Energy: adjusted EBIT in the DB Netze Energy business unit was slightly lower than forecast. This was caused by higher energy procurement expenses. The DB Netze Stations business unit posted a favorable development in its adjusted EBIT.

DEVELOPMENT OF THE BUSINESS UNITS

::: GROWTH IN PASSENGER TRANSPORT
::: SIGNIFICANT INCREASE IN TRANSPORT AND LOGISTICS
::: INFRASTRUCTURE BUSINESS UNITS NOTE HEAVIER DEMAND FROM NON-GROUP CUSTOMERS

Passenger transport

HIGHLIGHTS 2011

::: In March, DB Regio Rheinland GmbH won the tender for the diesel network of the city of Cologne.

::: In the same month, DB Arriva won the majority of the tenders in the largest public request for tenders for bus transport ever seen in Denmark.

::: In June, we celebrated the 20th anniversary of high-speed traffic in Germany. To date, the ICE fleet has traveled approximately 1.4 billion kilometers.

::: At the beginning of July, DB Arriva initiated bus services on the island of Malta as its twelfth European country and on the neighboring island of Gozo, with 264 buses (including ten hybrid buses). The contract has a term of ten years.

::: In mid-July, we submitted an application to the relevant authority for our ICE trains to be approved for use in the Channel Tunnel and expect approval to be granted in the first half-year of 2012.

::: Our carbon-free services continue to be successful: in September, we welcomed Puma as our 100th customer.

::: Since September, we have been publishing our *punctuality figures* [1] online for our local and long-distance rail passenger transport in Germany.

::: In November, we acquired the British local rail passenger transport company *Grand Central Railway* [2].

::: In November, DB Arriva was awarded a *tender by Stockholm's local transport company, Storstockholms Lokaltrafik (SL)* [3]. This represents a record order for DB Arriva. The contract has a term of 12 years and is the largest local transport contract in the history of Sweden. It covers the transport of an estimated 65 million passengers per year and includes the use of 550 buses, 45 trains as well as 37 trams.

::: At the end of November, we were awarded the contract for the three partial networks in the request for tenders for the Rhine-Main S-Bahn (metro) system.

::: At the beginning of December, we inaugurated a new maintenance facility in Frankfurt-Griesheim for our multi-system ICE 3 trains, in which we invested approximately € 40 million.

::: With the schedule change on December 11, 2011, we improved many long-distance lines with additional stops, optimized connections and new direct routes.

::: At the end of December, 4.6 million customers had a BahnCard. This figure is up 8 % compared to the end of the previous year.

ADDITIONAL INFORMATION

ICE fleet availability remains restricted

Restricted availability of our ICE fleet due to significantly reduced intervals for maintenance and ultrasound inspections again limited operations, in some cases considerably, during the year under review due to a lack of backup vehicles.

Additional restrictions resulted from DB Fernverkehr AG announcing in a letter dated February 16, 2011 that it would voluntarily comply with the Federal Railway Authority's (EBA) request to reduce the ultrasound inspection intervals for the ICE 1 and 2 multiple-unit trains. Since February 2011, we have therefore been inspecting the axles on the trains in the ICE 1 and ICE 2 fleets at shorter intervals: every 144,000, 200,000, or 288,000 kilometers depending on the series. This represents a halving of the intervals that had already been shortened in July 2010.

In collaboration with official authorities and the industry, a project has been initiated with the aim of developing a viable model for providing technical and scientific corroboration of the establishment of ultrasound inspection intervals for wheel sets.

With the delivery of the first newly constructed wheel sets for the ICE 3 trains that are approved by the EBA and the addition of new ICE 3 trains, we expect further improvements in vehicle availability starting in 2012.

Replacement of ICE 3 and ICE T train axles by 2015

In October 2009, we reached a mutually acceptable agreement with Siemens and Bombardier with regard to replacing the ICE 3 drive wheel sets. At the end of February 2010, an agreement was also reached with Alstom regarding the replacement of all wheel sets on ICE T trains.

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The industry has now all but completed the process of developing and testing the new drive wheel sets on ICE 3 trains. However, EBA approval is still pending. The process of developing and testing new drive wheel sets and wheel sets on ICE T trains still has to be completed by the industry. Here, too, the wheel sets will subsequently have to be approved by the EBA.

After approval has been granted, the implementation process with the corresponding schedule for replacement will be carried out jointly between ourselves and the industry. In total, the replacement process affects around 1,200 drive wheel sets on ICE 3 trains and around 2,100 drive wheel sets and wheel sets on ICE T trains. The process of equipping all ICE 3 and ICE T trains with the new axles is expected to be completed in 2014 (ICE 3) and 2015 (ICE T).

Delays in delivery of new ICE trains

We ordered 16 ICE 3 trains of the 407 series from Siemens for cross-border passenger transport services. These will enhance our current ICE 3 fleet and be used in Germany, France and Belgium. Their use could also be expanded throughout Western Europe.

Delivery was scheduled to begin in October 2011 so as to guarantee the start of services on the Rhine – Rhône line in December 2011. However, Siemens was unable to deliver the trains on time. It is still uncertain when the trains will be ready for delivery. According to Siemens, we should be able to put the first trains into operation at the end of 2012.

Beginning the modernization of the ICE 2 fleet

Some of the 44 half-trains of the ICE 2 fleet have been in operation for 15 years. By 2013, all ICE 2 trains will have been completely modernized. 17 trains were completed in the year under review. In total, we are investing approximately € 100 million in redesigning the trains.

In addition to technical measures such as improved coupling technology, the extensive program above all consists of interior modernization work in the trains. There are also numerous improvements to make our trains more accessible, thereby facilitating travel for passengers with reduced mobility.

ICx – new era in long-distance transport services beginning in 2016

At the beginning of May 2011, we initiated a generational change in our long-distance fleet when we signed a framework agreement for up to 300 ICx multiple units. The ICx sets new standards with regard to flexibility for adapting to future market developments, interior variability and energy efficiency. The contract with Siemens is the largest single investment in the history of DB Group. The first delivery will comprise 130 multiple units valued at € 4.2 billion, which will be gradually deployed starting in December 2016.

Extensive modernization of the IC fleet

To bridge the gap until the new ICx trains are available, we will modernize our current IC fleet consisting of approximately 800 IC passenger cars up to the end of 2014. This will include numerous measures to improve comfort and create a modern appearance, with new seats, tables, wall paneling and carpets. In addition, technical measures to increase vehicle availability will also be carried out. These will concentrate on the priority areas of the undercarriages, brakes, doors, energy supply and air-conditioning systems.

Successful in tenders across Europe

Tenders won in Germany

Tenders won in rail transport 2011 — million train km	Term	Volume (p.a.)
MWNK partial network Niddertal, Taunus	12/2012 – 12/2027	0.7
RB 71 and separate services RB 73 RP, Rhineland-Palatinate	12/2014 – 12/2018	1.6
S-Bahn (metro) Rostock	12/2010 – 12/2012	1.6
Services ZV NVR (S-Bahn lines), local transport Rhineland-Palatinate	12/2014 – 12/2019 – 23	5.9
Services ZV NVR (RE/RB), local transport Rhineland-Palatinate	01/2011 – max. 12/2019	4.4
Cologne diesel network	12/2013 – 12/2033	7.2
RE network Southwest e-traction	12/2014 – 12/2029	5.9
RE interchange Bremen	12/2013 – 12/2022	5.2
Diesel network North Thuringia	12/2013 – 12/2025	2.6
Wing concept RE 6 and RB 55 RP, Rhine-Neckar	12/2014 – 12/2023	1.8
Transport contract Thuringia	01/2012 – 12/2021	6.2
2015 S-Bahn (metro) partial network Gallus, Frankfurt am Main	12/2014 – 12/2029	5.4
2015 S-Bahn (metro) partial network S2, Frankfurt am Main	12/2014 – 12/2029	2.0
2015 S-Bahn (metro) partial network Kleyer, Frankfurt am Main	12/2014 – 12/2036	7.6
Total		**58.0** [1]

[1] Differences due to rounding are possible.

Ordering organizations concluded 24 tender procedures in German rail transport in the year under review (previous year: 19) and awarded a total of 81 million train kilometers p.a. (previous year: 62 million train kilometers). Of the train kilometers awarded in the year under review, 80 % were previously operated by DB Group companies (previous year: 79 %).

We won 14 of the tender procedures (previous year: 11 procedures) or 72 % of the train kilometers awarded (previous year: 62 %).

In the year under review, bus transport services with a total volume of approximately 41 million commercial vehicle kilometers (Nkm) (previous year: 33 million Nkm) were awarded in Germany in 55 procedures (previous year: 62 procedures). Of the commercial vehicle kilometers awarded, 37 % were previously operated by DB Group companies (previous year: 14 %).

In the year under review, we submitted bids in 25 tender procedures (previous year: 24 tender procedures) with a volume of 27 million Nkm (previous year: 13 million Nkm). We won 45 % of the tender procedures that we participated in (previous year: 34 %).

Tenders in Europe (excluding Germany)

Key tenders won 2011	Term	Volume million train km / bus km p.a.	Country
BUS TRANSPORT			
Stockholm (integrated offer with rail transport)	08/2012 – 08/2024	29.6	Sweden
London (19 separate lines)	5 years each	15.2	Great Britain
Denmark (217 separate lines)	09/2011 – 02/2018	19.6	Denmark
RAIL TRANSPORT			
Stockholm (integrated offer with bus transport)	08/2012 – 01/2024	5.1	Sweden

During the year under review, DB Arriva participated in tender procedures throughout Europe and achieved some key successes in Great Britain, Denmark and Sweden.

In rail transport, we will be able to increase our market share in Sweden in particular, due to our successful bid for a large tender.

In bus transport, developments varied from country to country. While we were able to expand out market position in Great Britain, Denmark and Sweden due to additional successful bids, we lost an important bid in the Netherlands to a competitor, which means our market share will decline as of 2012.

Improvements in the operation of S-Bahn Berlin

The operational situation of Berlin's S-Bahn stabilized in the year under review compared to the previous year. With the introduction of the 2011/2012 timetable, scheduled services with approximately 500 quarter-trains were implemented for passenger operations.

However, as there were once again considerable service restrictions in the winter of 2010, we offered our customers of Berlin's public local transport services additional compensation payments in the year under review. In addition to the compensation provided up to 2010 in the form of free travel and repayments of approximately € 105 million, further payments in the amount of € 50 million were incurred in the year under review.

Delays in delivery of new regional transport trains

DB Regio AG (DB Regional) and Bombardier signed a framework contract in 2007 for the development, manufacture and delivery of up to 321 electric multiple units (EMU) of the 442 (Talent 2) series. We have since ordered a total of 295 vehicles.

According to the agreement, the first vehicles should have been delivered in mid-2009. It was only in November 2011 that delivery of the first vehicles could be accepted for Nuremberg's S-Bahn following comprehensive test runs, acceptance inspections and rectifications. As certain certificates of approval have not yet been issued and also due to technical problems, delivery of the vehicles for other regions will be delayed further. At the end of the year under review, Bombardier was behind schedule for the delivery of 163 vehicles.

Since these vehicles cannot be put into operation, DB Regional could face cutbacks in concession fees from the transport contracts and also contractual penalties. Damages incurred due to this situation currently amount to roughly € 45 million.

Amendment to the transport contract with VRR

At the end of 2009, we agreed to an amendment to the existing transport contract with the Rhine-Ruhr transport association (Verkehrsverbund Rhein-Ruhr; VRR). In a subsequent review procedure initiated against the VRR, the German Federal Supreme Court (BGH) stated that this contractual amendment was void due to considerations of procurement law.

On May 18, 2011, we reached an agreement with VRR with regard to a new amendment to the transport contract which, in particular, maintains as far as possible the improvements for passengers which were included in the contract amendment declared void (including increased train capacities, optimized routes). The extension of five years to S-Bahn services, which was criticized by the Federal Supreme Court, is no longer applicable. Part of the S-Bahn services will be extended by one year until December 2019 in line with procurement law as a result of an existing VRR option in the contract concluded in 2004.

In a number of letters to the EU Commission, the Mofair e.V. interest group alleged that transport contracts between VRR and DB Group companies contained unlawful subsidies. The Federal Republic of Germany responded to requests for information from the European Commission regarding this issue. In our opinion, no unlawful subsidies are involved.

DB BAHN LONG-DISTANCE BUSINESS UNIT

Markets and strategy

The DB Bahn Long-Distance business unit provides national and cross-border long-distance rail transport services. Regularly scheduled daily services are the core business in long-distance transport. We want to convince customers of our offers by keeping our promise of providing quick and comfortable connections directly to towns and cities at attractive prices. In addition, DB AutoZug offers car transport and night train services.

Our activities focus on increasing the quality of our services and products, in order to guarantee efficient and reliable operation for our customers. Customer orientation and the optimization of our vehicle fleet play an important role in achieving these goals.

We therefore focus in particular on stabilizing and expanding the availability of our fleet. With regard to our cross-border services, we will continue to specifically develop our international business in the future. As part of this objective, we are refitting existing ICE trains and have *ordered new multi-system ICE 3 trains* [1]. These activities will also help us to maintain our strong position in our domestic market.

We are also *procuring ICx trains* [2] as a new platform for long-distance services. The first ICx trains should be put into operation in 2016.

Furthermore, we ordered 135 double-deck cars and 27 locomotives with a total value of approximately € 360 million last year. In doing so, we aim to continue to modernize our vehicle fleet, while strengthening our vehicle reserves with the IC cars that will be made available. The vehicles should be put into operation beginning in 2013. By primarily operating these trains in the supplementary network, we will continue to ensure comprehensive, nationwide long-distance transport services.

In order to live up to our claim of being an environmental pioneer, in addition to our carbon-free services for business customers, we have also been offering carbon-free travel to private customers for some time, for example within the scope of the *Destination Nature (Fahrtziel Natur)* [3] cooperation.

Business development

			CHANGE	
Key figures — € million	2011	2010	absolute	%
Passengers rail (million)	125.2	125.7	– 0.5	– 0.4
Volume sold rail (million pkm)	35,565	36,026	– 461	– 1.3
Load factor (%)	46.8	48.0	–	–
Total revenues	3,794	3,729	+ 65	+ 1.7
External revenues	3,666	3,602	+ 64	+ 1.8
EBITDA adjusted	504	481	+ 23	+ 4.8
EBIT adjusted	157	117	+ 40	+ 34.2
Gross capital expenditures	139	48	+ 91	–
Employees (FTE as of Dec 31)	15,976	15,270	+ 706	+ 4.6

The performance of the DB Bahn Long-Distance business unit was influenced by numerous burdens. These included, for example, the non-recurrence of positive one-time effects from the previous year (severe winter weather in 2010, restrictions in air travel due to pilot strikes and the Icelandic volcanic ash cloud), more construction projects within the network, sometimes with noticeable limitations for passengers, and the suspension of obligatory military service. Accordingly, there were slight declines in the business unit's passenger numbers (– 0.4 %), volume sold (– 1.3 %) and the load factor (– 1.2 percentage points) in the year under review.

In terms of the development of revenues, the negative effects from the development of volume sold were more than offset by, in particular, increases in specific revenues. In addition, the change in the presentation of revenues from cross-border transport services had a positive one-time effect on revenues. Total revenues and external revenues therefore increased by € 65 million and € 64 million respectively. Other operating income increased due to insurance payments in connection with an ICE train which was damaged in an accident near Lambrecht, in the Pfalz region of Germany.

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The cost of materials decreased slightly by € 10 million or 0.4 %. Higher energy costs due to rising energy prices were offset by, among other things, lower expenses for commissions. Personnel expenses rose noticeably by 6.3 % or € 46 million due to wage increases and a higher number of employees. Other operating expenses were slightly above the level in the previous year, increasing by € 6 million or 1.5 %, due to increased expenses for leased vehicles. Depreciation and amortization in the year under review noticeably declined by € 17 million or 4.7 % as a result of the expiration of the depreciation of trains in the ICE 2 fleet.

As a result, the higher revenues and the only slightly higher expenses led to gains in adjusted EBITDA of € 23 million to € 504 million and in adjusted EBIT of € 40 million to € 157 million.

Gross capital expenditure was substantially higher year on year. The increase was caused by the commencement of the redesign measures for the ICE 2 fleet as well as the modernization of passenger cars. Further details can be found in the chapter entitled *Capital expenditures* [1].

The number of employees increased significantly compared to December 31, 2010. About half of this increase was a result of the *change in reference working hours* [2] as well as of intra-Group personnel changes and higher numbers of personnel deployed for maintenance due to the shorter ultrasound inspection intervals for wheel sets.

DB BAHN REGIONAL BUSINESS UNIT

Markets and strategy

Since January 1, 2011, all of DB Group's regional transport activities (bus and rail) in Germany have been handled by the DB Bahn Regional business unit.

In the coming years, the German local rail passenger transport market will be one of the most interesting markets compared to the rest of Europe. In the next five years, we expect over 80 tender procedures to be initiated, covering an estimated volume of over 300 million train kilometers. This corresponds to approximately half of the entire German local rail passenger transport market. Our objective is to safeguard our strong market position in the long term in this intensive competitive environment. In this respect, the satisfaction of our customers and ordering organizations is our top priority. Within the scope of the Group-wide customer and quality initiative, we are implementing concrete measures to improve our performance. This includes, for example, using more customer support agents, increasing the presence of security personnel in our trains, and improving the appearance of numerous trains. In addition, the free travel program for the approximately 1.4 million disabled persons in Germany has been widely expanded. Thanks to the free use of all our local transport trains nationwide, people with a disability are able to enjoy almost endless mobility.

In the German bus transport market, too, we must continue to defend our strong market position in an increasingly intense competitive environment. DB Regional Bus is implementing extensive efficiency programs to meet the increasing cost pressures of competitive procedures. By creating a regional structure, we are increasing our market presence, and through new products, we are reaching additional target groups in order to compensate for the declining numbers of schoolchildren.

By procuring over 300 buses that meet environmentally friendly emissions standards and with investments in innovative operational control systems, we are bringing together travel comfort and extensive travel information for our customers.

Business development

			CHANGE	
Key figures — € million	2011	2010	absolute	%
Passengers (million)	2,553	2,548	+ 5	+ 0.2
Volume sold (million pkm)	51,074	50,461	+ 613	+ 1.2
Total revenues	8,718	8,603	+ 115	+ 1.3
External revenues	8,628	8,519	+ 109	+ 1.3
Concession fees	4,260	4,248	+ 12	+ 0.3
EBITDA adjusted	1,361	1,351	+ 10	+ 0.7
EBIT adjusted	801	794	+ 7	+ 0.9
Gross capital expenditures	393	287	+ 106	+ 36.9
Employees (FTE as of Dec 31)	37,131	36,334	+ 797	+ 2.2

With the favorable development in the rail line of business and the slight decline in the development of the bus line of business, there was an overall favorable result for the DB Bahn Regional business unit in the year under review, with increases in farebox revenues and concession fees as well as in adjusted EBITDA and adjusted EBIT. There were, however, differences in the development of the rail and bus lines of business in the year under review.

The increases in the cost of materials (up by € 81 million or 1.5 %) and personnel expenses (up by € 48 million or 2.8 %) were essentially the result of the developments in the rail line of business.

The focus of our capital expenditures activities can be found in the chapter entitled *Capital expenditures* [1].

The increase in the number of employees was predominantly the result of the *change in reference working hours* [2].

[1] Page 134 ff., [2] Page 141

Rail line of business

Key figures — € million	2011	2010	CHANGE absolute	%
Passengers (million)	1,850	1,826	+24	+1.3
Volume sold (million pkm)	43,152	42,211	+941	+2.2
Volume produced (million train-path km)	502.5	511.4	−8.9	−1.7
Total revenues	7,776	7,665	+111	+1.4
External revenues	7,412	7,317	+95	+1.3
Concession fees	4,260	4,248	+12	+0.3
EBITDA adjusted	1,224	1,209	+15	+1.2
EBIT adjusted	736	720	+16	+2.2
Gross capital expenditures	304	196	+108	+55.1
Employees (FTE as of Dec 31)	28,644	27,699	+945	+3.4

The development of the performance in rail transport was influenced by the increase in the number of passengers (+1.3%) and the volume sold (+2.2%), driven by developments in the regions of Baden-Württemberg and North Rhine-Westphalia as well as in the Berlin S-Bahn. The volume produced declined in the year under review due to lost bids taking effect as well as performance adjustments due to cuts in regionalization funding and canceled orders from contracting organizations in Saxony and Thuringia.

Due to the increases in volume sold, there was a noticeable increase in revenues and, in particular, farebox revenues in transport associations (transport services that are conducted together with other transport companies, such as in major metropolitan areas). Concession fees also increased slightly. Other operating income rose due, among other things, to an increase in the reversal of provisions.

On the expenses side, the cost of materials increased due to greater expenses for traction current, maintenance and station usage. Personnel expenses noticeably rose due to higher wages and an increase in the number of employees. Other operating expenses also increased, as a result of higher IT expenses. Depreciation was essentially at the same level as in the previous year.

As a result, the increase in revenues in connection with the almost proportional increase in expenses led to slight gains in adjusted EBITDA (up € 19 million to € 1,224 million) and in adjusted EBIT (up € 20 million to € 736 million).

Gross capital expenditure was well above the level in the previous year. This was essentially attributable to the procurement of double-deck cars. Further details can be found in the chapter entitled *Capital expenditures* [1].

The number of employees increased compared to December 31, 2010. This was mainly caused by the *change in reference working hours* [2] and intra-Group personnel changes.

Bus line of business

Key figures — € million	2011	2010	CHANGE absolute	%
Passengers (million)	702.9	721.8	−18.9	−2.6
Volume sold (million pkm)	7,922	8,249	−327	−4.0
Volume produced (million bus km)	608.5	602.1	+6.4	+1.1
Total revenues	1,314	1,296	+18	+1.4
External revenues	1,216	1,196	+20	+1.7
EBITDA adjusted	136	140	−4	−2.9
EBIT adjusted	65	71	−6	−8.5
Gross capital expenditures	89	91	−2	−2.2
Employees (FTE as of Dec 31)	8,487	8,635	−148	−1.7

The development of bus transport was marked by a decline (number of passengers: −2.6%, volume sold: −4.0%) despite a slight increase in the volume produced. This was essentially caused by a decline in rail transport replacement services and lower numbers of schoolchildren. The volume produced rose slightly (+1.1%) due to the introduction of new services.

Despite slight declines in performance, overall revenues and external revenues increased due to pricing measures and the larger volume produced. Other operating income decreased significantly due to lower reversals of provisions and reduced sales of vehicles in comparison to the previous year.

On the expenses side, the cost of materials increased, in particular due to higher diesel prices and higher expenses for subcontractors. Personnel expenses dropped slightly due to lower employee numbers. Other operating expenses increased noticeably after the non-recurrence of a one-time effect from the previous year in connection with transport association repayments. Depreciation was slightly higher than in the previous year.

As a result, higher expenses in conjunction with a disproportionately low increase in revenues led to a decline in adjusted EBITDA (down € 4 million to € 136 million) and in adjusted EBIT (down € 6 million to € 65 million).

Gross capital expenditure was slightly lower than in the previous year. This was caused by lower investments in replacement buses. Further details can be found in the chapter entitled *Capital expenditures* [1].

The number of employees was lower than on December 31, 2010, due to an increase in subcontractors.

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DB ARRIVA BUSINESS UNIT

Markets and strategy

The integration of DB Arriva into our passenger transport division as a stable third pillar alongside the DB Bahn Long-Distance and DB Bahn Regional business units was successfully completed in the 2011 financial year.

The DB Arriva business unit is our European growth platform in passenger transport and will continue to impress our customers with efficient and economic transport solutions that fit their needs.

In total, DB Arriva is active in 12 European countries: the Czech Republic (bus), Denmark (bus and rail), Great Britain (bus and rail), Hungary (bus), Italy (bus), Malta (bus), the Netherlands (bus and rail), Poland (rail), Portugal (bus), Slovakia (bus), Spain (bus) and Sweden (bus and rail).

DB Arriva has maintained its previous structure, which is divided into three lines of business: UK Trains, UK Bus and Mainland Europe.

The UK Trains line of business continues to focus on the expansion and extension of current transport contracts. In the year under review, we also expanded our portfolio to include open-access services with the acquisition of *Grand Central Railway* [1], and we intend to continue to expand this business segment in the future.

In the UK Bus line of business, our objective is to optimize our current business activities and increase our offer for customers. An essential part of implementing this strategy is successful cooperation with local ordering organizations and an optimal understanding of our customers' needs.

In the Mainland Europe line of business, we want to continue to grow in the European passenger transport market by means of tender procedures, focused M&A activities and open-access transport services.

Business development

Key figures — € million	2011	2010 [1]	CHANGE absolute	%
Volume produced (million train-path km)	110.2	13.7	+ 96.5	–
Volume produced (million bus km)	840.9	10.0	+ 830.9	–
Total revenues	3,367	1,236	+ 2,131	+ 172
External revenues	3,365	1,235	+ 2,130	+ 172
EBITDA adjusted	325	142	+ 183	+ 129
EBIT adjusted	160	52	+ 108	–
Gross capital expenditures	300	187	+ 113	+ 60.4
Employees (FTE as of Dec 31)	38,196	38,137	+ 59	+ 0.2

[1] Arriva is included in the financial figures from September to December only.

Following the acquisition of Arriva in the previous year, Arriva has been included in the consolidated financial statements of DB Group since September 1, 2010, and its activities are listed as part of the new DB Arriva business unit, together with all the other DB Group passenger transport companies active outside of Germany. Accordingly, there are no comparable full-year values from the previous year. The reported values for the previous year only reflect the development of restructured activities within the Group up to August 2010.

Except for the volume produced, no performance data from Arriva were considered for the year under review.

In total, the DB Arriva business unit posted significant increases in revenues, adjusted EBITDA, adjusted EBIT and gross capital expenditures in the year under review due to the first-time full-year consolidation of Arriva.

Further details of gross capital expenditures can be found in the chapter entitled *Capital expenditures* [2].

The number of employees was higher than the level in the previous year due to the favorable development in the Mainland Europe division.

The descriptions of the developments in the individual lines of business of DB Arriva are a pro forma depiction, the content of which is not relevant to the development of DB Group in the year under review compared to the previous year.

UK Bus

Key figures — € million	2011	2010 [1]	CHANGE absolute	%
Total revenues	1,138	390	+ 748	–
External revenues	1,138	390	+ 748	–
EBITDA adjusted	206	93	+ 113	+ 122
EBIT adjusted	144	64	+ 80	+ 125
Gross capital expenditures	120	28	+ 92	–
Employees (FTE as of Dec 31)	18,059	18,656	– 597	– 3.2

[1] Arriva is included from September to December only.

The year under review was challenging for the UK Bus line of business. After the overall market was strongly affected by budget cuts, DB Arriva was also unable to break away from this development. Budget cuts came in the form of cutbacks in offers from ordering organizations, lower concessions fees and reductions in fuel rebates. We met the overall slower demand by limiting offers with weak margins. Furthermore, we implemented efficiency programs to improve the cost situation (for example, running services more efficiently and optimizing workshops).

1 Page 85, 2 Page 134 ff.

UK Trains

Key figures — € million	2011	2010[1]	CHANGE absolute	%
Total revenues	962	405	+557	+138
External revenues	960	405	+555	+137
EBITDA adjusted	-11	4	-15	–
EBIT adjusted	-29	-16	-13	+81.3
Gross capital expenditures	33	26	+7	+26.9
Employees (FTE as of Dec 31)	5,310	5,095	+215	+4.2

[1] Arriva is included from September to December only.

There were a number of different developments in the UK Trains line of business. In total, the year under review was satisfactory for our franchise in Wales, while the development of our Cross-Country franchise and of Chiltern Railways was weak. The expected improvements in earnings could not be achieved due, in particular, to a decline in the number of passengers. We reacted to this with additional cost-cutting measures and improved offers.

Mainland Europe

Key figures — € million	2011	2010[1]	CHANGE absolute	%
Total revenues	1,266	439	+827	–
External revenues	1,266	439	+827	–
EBITDA adjusted	152	42	+110	–
EBIT adjusted	59	1	+58	–
Gross capital expenditures	147	134	+13	+9.7
Employees (FTE as of Dec 31)	14,651	14,200	+451	+3.2

[1] Arriva is included from September to December only.

In the Mainland Europe line of business, cuts in funding for local passenger transport in many countries in which DB Arriva is active had a negative effect in the year under review. The difficult macroeconomic environment also had an effect on the number of passengers. We tried to work against this trend with cost-cutting measures and increases in productivity.

While business developed positively in the Netherlands, Italy and Scandinavia, the development in Spain and Portugal was slow. The weak business environment also had an effect on our revenues in Denmark. Our new bus transport services in Malta and Gozo which started in the year under review generated high start-up costs.

Transport and logistics

HIGHLIGHTS 2011

- Since the beginning of January, Trans Eurasia Logistics (TEL), in which we have a minority interest, has assumed responsibility for the "Ostwind" container block trains running between Germany and the CIS countries.
- DB Schenker introduced a new freight transport offer in January, connecting the Norwegian capital, Oslo, with Narvik on the Arctic Circle. We offer rail transport services five days a week on this route of 1,960 kilometers.
- Since March, the specialty chemicals group Lanxess has been using the carbon-free offer Eco Plus introduced by DB Schenker Rail in 2010.
- After traveling nearly 16 days, a container train arrived in Duisburg from the Chinese city of Chongqing. Covering a total of 10,300 kilometers, the DB Schenker train takes about half the time needed to transport the containers by sea.
- Since May, DB Schenker Rail has been providing several transport services a week between the Tata Steel plants in the Netherlands and Wales, traveling through the Eurotunnel.
- Schenker Germany planned and managed all the material flows for the stadiums and the international media center during the 2011 FIFA Women's World Cup.
- By August, we had trained roughly 30,000 truck drivers across Europe in how to drive in a more energy-efficient manner. In the seven-hour eco-training sessions, drivers learned how to reduce fuel consumption and cut down on vehicle wear and tear.
- In December, we introduced new air freight routes connecting Europe and North America. We now offer regular direct flights with pick-up and delivery from Luxembourg to Atlanta, Houston, Toronto and Chicago using particularly efficient Boeing 777F airplanes that have more fuel-efficient engines.
- DB Schenker Logistics created a new logistics hub in Leipzig to supply BMW automobile plants in China and South Africa with prefabricated parts. The roughly 63,000 m² logistics hub in north Leipzig was opened in September 2011.
- In November, DB Schenker Rail initiated a daily connection to China for BMW: roughly 50 containers are transported to Northeastern China every day, covering a route of roughly 11,000 kilometers. At 23 days, the rail freight option across Eurasia is more than twice as fast as ocean freight.
- Within the scope of its network expansion, DB Schenker Logistics also opened 15 new locations in China in the year under review.

ADDITIONAL INFORMATION

Eco Solutions offer environmentally friendly solutions

With *Eco Solutions* [1], DB Schenker offers its customers a comprehensive range of climate-friendly transport and logistics services for every mode of transport, ranging from rail services to land services, air and ocean freight, and warehouse logistics. We offer environmentally friendly solutions which can make a measurable contribution to reducing CO_2 emissions and thus to climate protection. Eco Solutions is supported by the new ECO_2PHANT, which symbolizes how much carbon can be saved by customers with their transport activities. Each ECO_2PHANT represents five tons of CO_2 savings – approximately as much as a real elephant weighs.

Companies in the freight forwarding industry under investigation

Antitrust authorities around the world have been investigating companies in the freight forwarding industry since the fall of 2007. More details can be found on page 123 of the 2009 Annual Report and on page 122 of the 2010 Annual Report.

On September 30, 2010, the US Department of Justice (DOJ) reached plea agreements with Schenker AG and BAX Global, Inc., to end the pending antitrust proceedings in the United States. The plea agreements were approved by the responsible US court on December 9, 2011. The court placed DB Schenker Logistics under a special obligation to report to the DOJ with regard to the measures it implemented to comply with antitrust laws and also in the event that further legal proceedings are initiated. This decision marked the final conclusion of the US antitrust proceedings.

A decision is still pending in proceedings before the EU Commission following the oral hearing held in July 2010. Although the proceedings of other antitrust authorities have been completed, it is expected that the antitrust investigations will not be concluded before the end of 2012.

DB SCHENKER RAIL BUSINESS UNIT

Markets and strategy

With its close-knit international network, DB Schenker Rail is the leading rail freight transport company in Europe. This allows us to offer our customers services with uniform quality standards, all from a single source. Based on this strategy, we have continually increased our market shares in Europe over the past few years and evolved from a national network provider into a European rail freight transport company.

Due to the permanently changing overall conditions in the market, it is still vital that we position ourselves flexibly, create competitive production and cost structures, and implement internationally established quality standards. In order to stay on top of this development, we are pursuing three strategic directions:

- further developing the European network by integrating companies and expanding partnerships (e.g. with *Xrail* [2], an alliance of the seven European rail freight companies DB Schenker Rail, CFL cargo, ČD Cargo, Green Cargo, Rail Cargo Austria, SBB Cargo and SNCB Logistics, which aims to strengthen single freight car transport)
- modernizing and focusing production (e.g. networked rail)
- working closely with customers through customer-specific solutions (e.g. industry solutions and green solutions)

The central projects for implementing these strategic directions are being driven via our strategic program "ProRail plus." In this way, we are pursuing the goal of being our customers' first contact for rail network solutions in Europe.

Business development

			CHANGE	
Key figures — € million	2011	2010	absolute	%
Freight carried (million t)	411.6	415.4	– 3.8	– 0.9
Volume sold (million tkm)	111,980	105,794	+ 6,186	+ 5.8
Capacity utilization (t per train)	513.6	502.4	+ 11.2	+ 2.2
Total revenues	4,924	4,584	+ 340	+ 7.4
External revenues	4,635	4,314	+ 321	+ 7.4
EBITDA adjusted	336	302	+ 34	+ 11.3
EBIT adjusted	32	12	+ 20	+ 167
Gross capital expenditures	260	350	– 90	– 25.7
Employees (FTE as of Dec 31)	32,466	32,618	– 152	– 0.5

In line with the *development of the freight transport markets* [3], the performance of the DB Schenker Rail business unit once again increased in the year under review, drawing on the strong growth in the previous year due to a positive economic climate, although the development slowed down significantly toward the end of the year. There were favorable increases in transport activities in all the regions. The volume sold in the Western regions rose especially sharply due to the favorable developments in Great Britain and France. In total, the volume sold increased by 5.8 %. Train capacity utilization increased by 2.2 %.

1 Page 144, 2 www.xrail.eu, 3 Page 99 ff.

The individual regions posted different levels of momentum in their business development during the year under review. The developments detailed below resulted in a noticeable increase in both total and external revenues for the DB Schenker Rail business unit. On the expenses side, the cost of materials increased by a considerable € 263 million or 10.8 %, due to higher maintenance and energy costs. Personnel expenses also rose by € 23 million or 1.5 %, due to the development of the Central region.

In total, the increase in revenues also led to a slight improvement in adjusted earnings. However, the earnings situation remains unsatisfactory.

Gross capital expenditures declined in the year under review due to the conclusion of an extensive investment program in France. Further details can be found in the chapter entitled *Capital expenditures* [1].

Despite effects from the *change in reference working hours* [2], the number of employees declined slightly in the Central region, due to decreases in the Western and Eastern regions.

Region Central (Belgium, Denmark, Germany, Italy, the Netherlands, Switzerland)

Key figures — € million	2011	2010	CHANGE absolute	CHANGE %
Freight carried (million t)	313.0	304.1	+ 8.9	+ 2.9
Volume sold (million tkm)	91,401	88,093	+ 3,308	+ 3.8
Total revenues	4,539	4,224	+ 315	+ 7.5
External revenues	3,660	3,417	+ 243	+ 7.1
EBITDA adjusted	228	273	– 45	– 16.5
EBIT adjusted	– 4	52	– 56	–
Gross capital expenditures	203	197	+ 6	+ 3.0
Employees (FTE as of Dec 31)	21,709	21,435	+ 274	+ 1.3

Based on the favorable development in the volume sold in the Central region, both total and external revenues increased, by 7.5 % and 7.1 % respectively. This was attributed to the development in the areas of iron, coal and steel (Montan)-related, intermodal, chemical and automobile transport services. Other operating income increased due to income from compensation for damages and the refund of expenses.

We experienced significant burdens on the expenses side. The cost of materials increased due to higher expenses for maintenance, purchased services, train-path utilization and energy. Personnel expenses increased due to higher wages. Other operating expenses rose slightly as a result of an increase in the number of freight cars rented. Depreciation was slightly higher than in the previous year.

In total, adjusted EBITDA and adjusted EBIT declined significantly due to the proportionately high increase in expenses.

Gross capital expenditures increased due to the purchase of more locomotives.

The number of employees was slightly higher year on year, in particular due to the *change in reference working hours* [2].

Region West (France, Great Britain, Spain)

Key figures — € million	2011	2010	CHANGE absolute	CHANGE %
Freight carried (million t)	69.5	60.6	+ 8.9	+ 14.7
Volume sold (million tkm)	16,067	13,367	+ 2,700	+ 20.2
Total revenues	855	720	+ 135	+ 18.8
External revenues	748	648	+ 100	+ 15.4
EBITDA adjusted	102	20	+ 82	–
EBIT adjusted	50	– 22	+ 72	–
Gross capital expenditures	42	133	– 91	– 68.4
Employees (FTE as of Dec 31)	5,097	5,224	– 127	– 2.4

The Western region was able to benefit from a significant improvement in performance. Due to the favorable developments in Great Britain (above all in coal transports) and France (above all in intermodal transports), there were substantial increases in the volume sold (+ 20.2 %), total revenues (+ 18.8 %) and external revenues (+ 15.4 %). Other operating income was slightly higher than in the previous year due to increases in the sale of materials and energy.

The cost of materials was noticeably higher than in the previous year as a result of significant increases in expenses for fuel due to a rise in fuel prices and the volume sold. Personnel expenses declined slightly due to the implementation of cost-cutting measures. Depreciation increased significantly. This was caused by the comparably higher levels of capital expenditures, in particular in relation to the French company ECR in the previous year.

In total, adjusted EBITDA and adjusted EBIT increased significantly as a result of the cost-cutting and efficiency-boosting measures implemented.

Gross capital expenditures were considerably lower than in the previous year due to the conclusion of an extensive procurement program at ECR.

The number of employees declined slightly in the year under review.

1 Page 134 ff., 2 Page 141

Region East (Bulgaria, Poland, Rumania, Russia, Hungary)

			CHANGE	
Key figures — € million	2011	2010	absolute	%
Freight carried (million t)	74.8	90.2	–15.4	–17.1
Volume sold (million tkm)	4,511	4,334	+177	+4.1
Total revenues	301	405	–104	–25.7
External revenues	227	249	–22	–8.8
EBITDA adjusted	26	12	+14	+117
EBIT adjusted	7	–15	+22	–
Gross capital expenditures	16	18	–2	–11.1
Employees (FTE as of Dec 31)	5,324	5,689	–365	–6.4

In the Eastern region, the decline in freight carried in the year under review was essentially attributable to the significantly lower volume of track connections business. Conversely, the average transport distance was noticeably increased, which allowed for a favorable development in the volume sold.

Gains in the volume sold were not reflected in revenues due to the lower volume of track connections business and the non-recurrence of activities that are not part of our core business. Both total revenues and external revenues decreased, by 25.7 % and 8.8 % respectively. For total revenues, this was due to the elimination of intra-Group revenues following the simplification of our legal structure. Other operating income declined, for reasons including reduced revenues from maintenance.

On the expenses side, we observed the effects of the restructuring measures implemented, in particular at DB Schenker Rail Polska. The cost of materials sank due to sharp declines in the cost of raw materials and supplies and purchased services. This was caused, in particular, by the sale of activities that are not part of our core business. Personnel expenses were significantly lower than in the previous year due to the reduction in the number of employees. Other operating expenses fell due to fewer rentals. Depreciation was lower than in the previous year.

In total, the adjusted earnings figures increased significantly, but remained at a low level.

Gross capital expenditures were lower than in the previous year.

The number of employees declined significantly due to personnel adjustments.

DB SCHENKER LOGISTICS BUSINESS UNIT

Markets and strategy

The DB Schenker Logistics business unit holds leading market positions in every market segment – European land transport, ocean and air freight as well as contract logistics – which we intend to further expand in the coming years. Important prerequisites for attaining this goal are improving profitability by upgrading the IT landscape, expanding the scope of new high-margin products and reducing costs.

DB Schenker Logistics is the market leader in European land transport. By implementing measures to increase productivity, we are working to improve our profitability, which decreased partly in response to the economic crisis. In addition, we are supplementing our product portfolio by further developing pan-European direct transport services and we intend to continue expanding and closing gaps in our European network.

In the areas of air and ocean freight, we plan to further develop our competitive positions and to increase our cost-effectiveness through simplified and standardized processes as well as a corresponding, centrally managed IT system. In addition, we intend to tap an additional source for profitable growth by means of an increased focus on trade routes with strong growth and high profit margins.

In the area of contract logistics/supply chain management (SCM), we continued our worldwide growth program “Go for Growth,” which focuses on the four core industries of industrial, consumer, electronics and automotive.

Business development

Key figures — € million	2011	2010	CHANGE absolute	%
Shipments in European land transport (thousand)	95,836	80,816	+15,020	+18.6
Air freight volume (export) (thousand t)	1,149	1,225	–76	–6.2
Ocean freight volume (export) (thousand TEU)	1,763	1,647	+116	+7.0
Total revenues	14,867	14,310	+557	+3.9
External revenues	14,808	14,257	+551	+3.9
Gross profit margin (%)	30.5	29.3	–	–
EBITDA adjusted	572	478	+94	+19.7
EBIT adjusted	403	304	+99	+32.6
EBIT margin adjusted (%)	2.7	2.1	–	–
Gross capital expenditures	246	189	+57	+30.2
Employees (FTE as of Dec 31)	62,197	58,671	+3,526	+6.0

Overall, the development in the DB Schenker Logistics business unit was favorable in the year under review. Driven above all by a continued recovery in the real economy, in particular in Germany, the volume in our networks increased significantly again, therefore causing revenues and earnings to do the same.

The individual lines of business posted different types of development. Shipment volume in European land transport increased by 18.6%. The favorable development not only benefited the parcels business, but also our national and international land transport services. Furthermore, there was a methodological transition in the year under review that led to more detailed shipment registration in the parcels business. Of the increase in shipment volume in the year under review, this accounted for 8,827 thousand shipments. At 7.0%, ocean freight volume also increased noticeably. Conversely, air freight posted a decrease in volume of 6.2%. There was quite dynamic development in this sector in the previous year, as a fast recovery process from the economic crisis had already begun to take shape.

With the exception of the Americas and the Western region, all the regions posted growth in revenues. In the Americas region, the decline was a result of the *restructuring of the US domestic business* [1]. In the Western region, revenues remained unchanged from the previous year due to weak economic development.

In the year under review, exchange rate effects led to only a marginal increase in revenues of € 14 million. However, increases in expenses due to this had a negative effect.

The cost of materials increased by € 221 million or 2.2% in the year under review. This was primarily caused by a rise in purchased transport services due to a favorable development in the volume sold. Personnel expenses increased by € 174 million or 7.6% due to the higher number of employees.

Due to the cost of purchased services increasing by less than the increase in revenues, the gross profit margin increased in the year under review, from 29.3% in the previous year to 30.5%.

Driven by the sharp increase in revenues, adjusted EBITDA improved by € 94 million to € 572 million and adjusted EBIT rose by € 99 million to € 403 million.

Gross capital expenditures were significantly higher than the corresponding value from the previous year in all lines of business, in order to support the continued business growth. Further details can be found in the chapter entitled *Capital expenditures* [2].

The favorable business development was reflected in the increase in the number of employees as of December 31, 2011.

European land transport

Key figures — € million	2011	2010	CHANGE absolute	%
Shipments in European land transport (thousand)	95,836	80,816	+15,020	+18.6
Total revenues	6,376	5,864	+512	+8.7
External revenues	6,321	5,815	+506	+8.7
EBITDA adjusted	235	194	+41	+21.1
EBIT adjusted	135	99	+36	+36.4
Employees (FTE as of Dec 31)	24,267	23,666	+601	+2.5

1 Page 86, 2 Page 134 ff.

Total revenues in European land transport amounted to € 6,376 million in the year under review, which was up 8.7% compared to the previous year. Driven by a one-off effect in the registration of shipments the growth in revenues was therefore lower than the growth in the shipment volume.

The favorable development in revenues was coupled with a disproportionately low increase in expenses. The operating income development was positive and came in above the level of the previous year. In total, adjusted EBITDA improved by € 41 million to € 235 million and adjusted EBIT was up by € 36 million to € 135 million.

The favorable business development was reflected in the increase in the number of employees as of December 31, 2011.

Air and ocean freight

Key figures — € million	2011	2010	CHANGE absolute	%
Air freight volume (export) (thousand t)	1,149	1,225	-76	-6.2
Ocean freight volume (export) (thousand TEU)	1,763	1,647	+116	+7.0
Total revenues	6,998	7,135	-137	-1.9
External revenues	6,995	7,132	-137	-1.9
EBITDA adjusted	262	227	+35	+15.4
EBIT adjusted	234	186	+48	+25.8
Employees (FTE as of Dec 31)	21,124	21,343	-219	-1.0

As a result of the conflicting developments in air and ocean freight, there was only a slightly dynamic business development in this line of business. While ocean freight volume increased compared to the previous year, the development of volume in air freight declined, particularly in the second half of the year. Total revenues and external revenues both posted slight drops of 1.9%. However, as expenses in both air and ocean freight posted stronger decreases than income, in particular due to a decline in freight rates, there was a noticeable improvement in the adjusted earnings. Adjusted EBITDA improved by € 35 million to € 262 million and adjusted EBIT increased by € 48 million to € 234 million.

The number of employees as of December 31, 2011, was slightly less than the level as of December 31, 2010.

Contract logistics/SCM

Key figures — € million	2011	2010	CHANGE absolute	%
Total revenues	1,487	1,310	+177	+13.5
External revenues	1,486	1,308	+178	+13.6
EBITDA adjusted	88	79	+9	+11.4
EBIT adjusted	50	44	+6	+13.6
Employees (FTE as of Dec 31)	16,430	13,333	+3,097	+23.2

The contract logistics/SCM line of business was also able to benefit from an overall favorable business development in the year under review, achieving revenue increases of 13.5% (total revenues) and 13.6% (external revenues). Significant gains were made due to the continued favorable business development, in particular in the automotive and electronics businesses.

In total, adjusted EBITDA improved by € 9 million to € 88 million and adjusted EBIT was up by € 6 million to € 50 million.

Services

HIGHLIGHTS 2011

::: Our car sharing system, Flinkster, celebrated its tenth anniversary in November. Customers in Germany have access to roughly 2,500 cars available at 800 stations in over 140 towns and cities. Roughly 85 electric cars have been available to rent since the year under review, including in Berlin, Hamburg, Frankfurt am Main and Stuttgart.

::: The automobile club “Mobil in Deutschland” recognized Flinkster as the best car sharing service in Germany.

DB SERVICES BUSINESS UNIT

Business development

Key figures — € million	2011	2010	CHANGE absolute	%
Segment revenues	3,332	3,114	+218	+7.0
Total revenues	1,413	1,274	+139	+10.9
External revenues	137	128	+9	+7.0
Other operating income	1,919	1,840	+79	+4.3
EBITDA adjusted	278	287	-9	-3.1
EBIT adjusted	123	129	-6	-4.7
Gross capital expenditures	247	177	+70	+39.5
Employees (FTE as of Dec 31)	26,556	25,131	+1,425	+5.7

The development of the DB Services business unit is primarily influenced by its support function for intra-Group customers. Internal segment revenues in the amount of € 2,921 million therefore once again constituted the largest part of segment revenues (total revenues plus other operating income), which totaled € 3,332 million. Internal revenues were therefore up 7.9 % in the year under review. All the activities in this business unit contributed to this increase.

In line with the increase in income, on the expenses side, both the cost of materials and personnel expenses rose sharply. The increase in the cost of materials (€ +178 million or +8.4 %) primarily stemmed from higher intermediate inputs for vehicle maintenance. Personnel expenses increased (€ +80 million or +7.0 %), mostly due to a greater number of employees, but also because of higher wages. Depreciation was slightly lower than the level in the previous year (€ −3 million or −1.9 %) due to increased rentals of vehicles within DB Fleet Management.

Overall, the increases in revenues could not completely offset expenses. Adjusted EBITDA dropped by € 9 million to € 278 million and adjusted EBIT fell by € 6 million to € 123 million. Apart from wage effects in the year under review, this was also attributable to positive one-time effects from the previous year.

Gross capital expenditures were up year on year as a result of increased vehicle purchases for DB Fleet Management and due to performance-related increases in vehicle maintenance. Further details can be found in the chapter entitled *Capital expenditures* [1].

The number of employees as of December 31, 2011, was higher than at the end of the previous year due to performance increases at DB Fleet Management and DB Security.

Infrastructure

HIGHLIGHTS 2011

- Within the scope of the ongoing modernization of our existing network, in the year under review we replaced roughly 1,700 switches and 3.5 million tons of gravel and renewed nearly 3,900 kilometers of track and roughly 2.6 million ties in our main corridors and hubs. The network modernization focused on the train-paths Berlin – Hanover – Rhine / Ruhr, Hanover – Hamburg, Karlsruhe – Basel and Kassel – Gießen – Frankfurt.
- The German unification transport project (VDE) No. 8 is one of the most challenging construction projects, involving a series of consecutive major structures, in particular tunnels. In the year under review, work on this project continued according to schedule. The 25 tunnels with a total length of approximately 56 kilometers are at different stages of construction: some are still being tunneled, for others the shell has been completed, while others are undergoing interior construction.
- In the spring, work began on modernizing the rail infrastructure at the Merseberg node in Saxony-Anhalt. The project will run until 2013, with roughly € 70 million being spent on replacing approximately 30 switches, 14 kilometers of underground tracks and track systems, around 200 new overhead wire masts and 17 kilometers of overhead contact wires.
- We have entered into a framework agreement with the state of Hesse with a volume of € 258 million to modernize 93 stations.
- In July 2011, we signed a contract with RWE for an energy supply from hydroelectricity. From 2014 to 2028, a total of 14 hydroelectric power plants will supply DB Energy with 900 gigawatt-hours (GWh) per year.
- In the year under review, numerous stations were reopened after modernization projects. These included the central stations in Aschaffenburg and Bremerhaven.

ADDITIONAL INFORMATION

Referendum confirms Stuttgart 21 project

On November 27, 2011, residents of Baden-Württemberg went to the polls to vote on a referendum on whether the state government could withdraw from its financing contract for the Stuttgart 21 project. With voter participation of approximately 48.3 %, 58.8 % voted against a withdrawal from the project financing, sending a clear signal that construction work for the Stuttgart 21 project should continue. We feel the result of the

[1] Page 134 ff.

referendum was an affirmation of our approach of objectively discussing the issues surrounding the Stuttgart 21 project on the basis of a high level of transparency and willingness to compromise.

In the summer of 2011, the Swiss company SMA certified the stress test for the Stuttgart 21 project as an independent assessor as part of the mediation proceedings headed by Dr. Heiner Geißler. In its report, it confirmed that an underground station would deliver 30 % more performance than the current railhead station. In the opinion of the assessor, infrastructure measures supplementary to the plan to equip the new train-paths with conventional command and control technology and to create a dual-track westerly connection from the airport railway station to the new train-path are not necessary.

Despite the delays in implementing the project due to the mediation proceedings and the stress test, we were able to award roughly half of the construction contracts. We have initiated the necessary preparatory measures to begin the main construction phase. A plan approval decision has been made for five of the seven project approval phases and we are on schedule for the remaining plan approval and modification processes.

Economic stimulus program funds tapped

In order to counter the effects of the economic crisis and safeguard jobs in Germany, the German Federal Government approved an economic stimulus program in 2008 that was to run until 2011.

From 2009 to 2011, the Federal Government provided funding of approximately € 1.4 billion for track infrastructure. The capital expenditures implemented by DB Group during this period had an economic emphasis and supported the Federal Government's long-term transport policy. The funds allocated were utilized in full. In addition, we added DB funds in the amount of € 100 million to the overall volume of the capital expenditure.

€ 960 million was made available for track network projects. Approximately € 650 million was invested in new and expansion construction projects, of which more than € 56 million was used for further developing the transshipment terminals between rail and road transport. Furthermore, measures to accelerate the introduction of the European Train Control System (ETCS) were implemented, forming the basis for further work aimed at boosting European interoperability.

€ 325 million were allocated for modernizing stations. In total, almost half of our passenger stations were modernized within the scope of the economic stimulus programs. The most important projects were:

- Environmental friendliness: 31 stations were renovated to be more energy-efficient, including with better insulation.
- Better information: more than 1,730 stations were equipped with digital display boards.
- Improved appearance: 586 stations were redesigned and renovated.
- Easier access: elevators, escalators and new ramps were built in 77 stations.
- Better protection from the elements: platform halls and roofs at 213 stations were renovated, including the addition of new weather shelters.
- More security: platforms and tunnels at 334 stations now have better lighting.

In addition to the acceleration of requirement plan projects and the nationwide modernization program for passenger stations, sustainable improvements were also made by way of new energy systems, on train-paths in regional transport and by testing and implementing innovative noise abatement measures (e.g. attenuators).

LuFV quality targets met once again

In effect since 2009, the Service and Financing Agreement (LuFV) struck between the Federal Government as the provider of funding and DB Group stipulates that Federal funds be used for current track paths in a quality-oriented manner, therefore improving efficiency. In total, seven quality key figures subject to sanctions as well as other parameters were established as a basis for the status reports to be submitted annually, in which the state and development of the current track infrastructure are described and assessed in detail.

We once again met the agreed contractual targets in the third year of the LuFV and documented the state and development of track infrastructure in 2011 in accordance with the agreement.

Pursuant to the LuFV, in the second half of 2011, the contractual parties entered into negotiations on an extension to the agreement, in order to be able to reach a mutual decision on an extension in a timely manner before the current agreement expires.

Financing cycle rail for expanding the rail network

In March 2011, the Federal Government decided to make an additional € 1 billion available for expanding existing rail lines and constructing new ones between 2012 and 2015. Some of these funds will come from the annual dividend which we are expected to pay to the Federal Government starting in 2011 in accordance with the Federal Government's plans. Further funds will come from the *early repayment of interest-free Federal loans* [1] .

The additional funds are to be used for various purposes, including the expansion of sections of the lines Hanau – Nantenbach and Karlsruhe – Basel as well as of the Halle (Saale) Nord regional station.

Creation of a network fund to finance infrastructure capital expenditures

DB Netz AG is stepping up its capital expenditures in train-paths and facilities. As part of this effort, it has created a new financial instrument in the form of a network fund. This fund, which is mostly financed with DB funds, will enable above all smaller capital expenditures that can be carried out in a short period of time, are cost-effective and are amortized quickly. The fund will be used mostly to implement measures for expanding capacity, removing bottlenecks and improving quality – measures which would otherwise be impossible through the existing means of financing. A budget of roughly € 130 million has been allocated until 2015 for the 50 measures that have been developed together with customers from passenger and freight transport. This means the rail transport market can be actively developed and additional growth can be generated.

Ten years of regional networks in Germany

By establishing 29 regional networks (infrastructure) and five Regio networks (infrastructure and operations), we have created a structure that ensures the regional infrastructure in Germany will be in place for the long term. The more than 230 customers operate over 130 million train-path kilometers annually. At the core of our approach is the creation of regional entities that function as medium-sized companies that operate the train-paths on their own account. This model has proven to be economically successful and will be expanded in the future.

The basis for the favorable development is, not least, the extensive capital expenditures in tracks, switches and systems. On average, approximately € 600 million has been invested in infrastructure each year. An additional € 150 million was spent on the maintenance of tracks and facilities.

Decommissioning of nuclear power stations

Directly after the natural disaster in Japan and the subsequent catastrophe at the Fukushima nuclear power station on March 11, 2011, the Federal Government together with the state governments ordered the temporary shutdown of the seven oldest nuclear power stations in Germany, including the Neckarwestheim I power plant (GKN I). On June 30, 2011, the Bundestag then voted to rescind the operating time extension passed in September 2010, to phase out nuclear power by the year 2022, and to ensure that the nuclear power stations which were temporarily shut down would be immediately closed.

With the decommissioning of GKN I, DB Group lost what was its largest traction current generator at that time. However, because GKN I would have been shut down in 2010 even without the operating time extension, we carried out the necessary capital expenditures to replace this source at an early stage. Reliable supplies of traction current are therefore secured, insofar as the planned additional capacities can be put into operation on schedule. DB Group is not directly affected by the closure of the other six nuclear power stations.

DB Energy adds more wind farms to its network

With Elsdorf II, DB Energy signed the contract for its third wind farm within 18 months. The Elsdorf II wind farm is located by the A1 autobahn between Bremen and Hamburg and has eight wind turbines. The wind farm is owned and operated by EWE Energie AG. As with the wind parks in Märkisch Linden (since March 2010) and Hoher Fläming (since January 2011), the energy produced in Elsdorf will be fed directly into the DB Energy balancing group and used to operate trains. Elsdorf II supplies roughly 30 GWh of energy per year. DB Energy therefore sources a total of approximately 104 GWh directly from 33 wind turbines annually, reducing its CO_2 emissions by roughly 51,000 tons a year.

Extensive network construction measures

In the year under review, an extensive construction volume was carried out to maintain and renew the infrastructure. As in previous years, the construction projects were carried out during the Easter and Pentecost holidays, during which there is usually lighter traffic. A key construction project was on the Fulda – Frankfurt am Main route, with the commissioning of the Neuer Schlüchterner tunnel.

The construction measures sometimes had a considerable impact on passenger and freight services. In order to ensure that our customer communication was as timely and as reliable as possible, alternative medium- to long-term timetables were drawn up for these measures and were published via the sales and communication media.

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Construction measures in the East–West corridor completed

Complex maintenance measures were carried out between Berlin, Hanover and Bielefeld (East–West corridor) between April and August 2011. This project entailed the replacement of a total of 186 kilometers of track, 130,000 ties, 21 switches, and 110,000 tons of gravel were renewed. Construction work was carried out on one track, while train traffic continued on the parallel track.

During the construction work, there were noticeable restrictions as trains en route between Berlin and Hanover/Brunswick took considerably longer to reach their destinations.

Electronic interlockings at Munich-Pasing and Kreiensen put into operation

The electronic interlocking at Munich-Pasing was put into operation in mid-August 2011. This is one of the largest electronic interlockings in Germany. In total, 415 signals and 230 switches were integrated into the electronic interlocking and roughly 780 kilometers of copper and fiber-optic cables were laid. The new electronic interlocking replaces five somewhat outdated relay signal towers.

In addition, part of the Hanover–Göttingen–Kassel route, which is one of the most important rail transport corridors in Northern Germany, was fundamentally renovated with the commissioning of the electronic interlocking at Kreiensen. Modular and state-of-the-art technology was used in this interlocking for the first time.

Expansion line between Augsburg and Munich completed

After several years of construction, one of the most extensive rail construction projects in recent years was completed. The 62-kilometer train-path between Augsburg and Munich has a special significance for the German and European long-distance networks. It is an important connection and is one of the most frequented train-paths in Germany for both freight and passenger transport.

In summer 2011, the train-path extension with four tracks and a maximum speed of 160 km/h was put into operation. With the timetable change in December 2011, the maximum speed was increased to 230 km/h.

The four-track expansion of the train-path between Augsburg and Olching provided an increase in the capacity of the line as well as an improvement in the quality of operations. The additional tracks mean that high-speed trains can be run separately from regional and freight trains. This leads to an increase in punctuality and reliability as well as a higher train frequency.

Train-path expansion between Oldenburg and Wilhelmshaven continued

The objective of the expansion of the train-path from Oldenburg to Wilhelmshaven is to connect the JadeWeserPort, which is scheduled to be completed in August 2012, to the rail network, thereby increasing the efficiency of this train-path. The two existing one-track paths are being expanded to two tracks and the load capacity of the tracks is being increased to cater for the planned freight trains. In the completed construction phases I and II, the maximum speed on the line was increased to a consistent 100 km/h. In addition, the port was connected to the rail network for train runs in January 2011.

DB NETZE TRACK BUSINESS UNIT

Markets and strategy

Our network development strategy forms the long-term basis for high-quality, reliable and safe rail transport services. Expansion and new construction measures will be used to eliminate bottlenecks and create sufficient capacity for future transport developments. Another focus is on cost-optimized and needs-based modernization and maintenance measures for the existing rail network. The creation of an integrated capital expenditure and maintenance plan as well as bundling construction sites into corridors and integrating them into the annual train timetable will ensure an efficient use of resources and minimize the impact of extensive construction activities on our customers in passenger and freight transport.

In order to ensure sustainable, high-quality infrastructure and a high level of availability of the rail network in Germany, we concluded a long-term infrastructure partnership with the Federal Government in the form of the service and financing agreement, which is now in its third year. In addition, at the beginning of 2011, the *financing cycle rail* [1] was agreed with the Federal Government in order to promote the needs-based expansion of the track infrastructure. And a new financial instrument was created in the year under review in the form of the *network fund* [2].

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Business development

Key figures — € million	2011	2010	CHANGE absolute	%
Length of line operated (km)	33,378	33,526	–148	–0.4
Train kilometers on track infrastructure (million train-path km)	1,050	1,032	+18	+1.7
thereof non-Group railways	219.8	195.3	+24.5	+12.5
share of non-Group railways (%)	20.9	18.9	–	–
Total reveneus	4,642	4,580	+62	+1.4
External revenues	961	913	+48	+5.3
share of total revenues (%)	20.7	19.9	–	–
EBITDA adjusted	1,624	1,524	+100	+6.6
EBIT adjusted	715	601	+114	+19.0
Operating profit after interest	331	243	+88	+36.2
ROCE (%)	4.0	3.4	–	–
Capital employed	17,911	17,652	+259	+1.5
Net financial debt	10,186	9,975	+211	+2.1
Redemption coverage (%)	12.1	11.7	–	–
Gross capital expenditures	5,143	4,986	+157	+3.1
Employees (FTE as Dec 31)	41,136	39,849	+1,287	+3.2

Train-path demand depends on the operating programs of DB Group and non-Group customers. The demand structure is still dominated by intra-Group customers at 79% (previous year: 81%), although this demand declined slightly (–0.8%) to the benefit of non-Group customers, particularly in local rail passenger transport. The non-Group railway companies increased their share of train-path demand by a significant train-path higher demand (+12.5%) to the current figure of 20.9% (previous year: 18.9%). Overall, train-path demand increased by 1.7% year on year. This growth was driven by much stronger demand from rail freight customers but also from rail passenger customers.

Revenues increased volume-driven as a result of the higher train-path demand. Price increases also had an effect in this respect. The development in external revenues mainly reflects the strong increase in demand from non-Group railway companies. Conversely, the revenues of the construction companies decreased due to the closure of the civil and structural engineering division.

In the year under review, the cost of materials dropped below the level of the previous year by € 56 million or 3.2%, due to the mild weather conditions. Conversely, personnel expenses increased by € 65 million or 3.3%, in particular due to higher wages, and other operating expenses rose by € 56 million or 6.5%, as a result of higher expenses for superstructure renovations.

As a result, the improvement in revenues in conjunction with the disproportionately low increase in expenses led to gains in adjusted EBITDA (up € 100 million to € 1,624 million) and in adjusted EBIT (up € 114 million to € 715 million).

In the capital-intensive infrastructure business units in particular, the absolute earnings must be considered in relation to the capital employed and the level of debt. This is especially important for determining the earnings in the DB Netze Track business unit, which accounts for approximately 56% of the capital employed and roughly 61% of the net financial debt of the entire DB Group. When comparing the business unit's adjusted EBIT with the capital employed in the amount of almost € 18 billion, the result is a return on capital employed (ROCE) of 4.0%, which is significantly lower than the cost of capital at 8.0%. More than half of the adjusted EBIT in the amount of € 715 million is used for interest charges on the net financial debt connected to this business unit in the amount of € 10.2 billion. Similar to the ROCE, redemption coverage at 12.1% fell significantly short of the target of 30%.

Gross capital expenditures remained high as a result of the continued implementation of the measures under the economic stimulus programs. Further details can be found in the chapter entitled *Capital expenditures* [1].

The number of employees as of December 31, 2011, was higher than at the same point in the previous year, in particular due to the *change in reference working hours* [2].

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DB NETZE STATIONS BUSINESS UNIT

Markets and strategy

In the DB Netze Stations business unit, we are working closely with the Federal Government and local authorities to continue our customer-focused and needs-based modernization plans for our stations. One key element is our new program "Next Station." In this program, based on a focused portfolio strategy, we are further developing stations and increasing their attractiveness with an array of different measures.

In the year under review, in addition to the planned investments using funds from the Federal Government's stimulus program, some 3,000 individual measures were implemented at more than 2,000 primarily small and medium-sized traffic stations.

Business development

			CHANGE	
Key figures — € million	2011	2010	absolute	%
Number of stations	5,391	5,397	–6	–0.1
Station stops (million)	142.3	140.9	+1.4	+1.0
thereof non-Group railways	24.7	22.0	+2.7	+12.3
Total revenues	1,077	1,044	+33	+3.2
thereof station revenues	717	693	+24	+3.5
External revenues	400	387	+13	+3.4
EBITDA adjusted	351	343	+8	+2.3
EBIT adjusted	226	217	+9	+4.1
ROCE (%)	7.9	7.4	–	–
Capital employed	2,853	2,908	–55	–1.9
Net financial debt	1,320	1,369	–49	–3.6
Redemption coverage (%)	21.0	20.2	–	–
Gross capital expenditures	547	511	+36	+7.0
Employees (FTE as of Dec 31)	4,817	4,636	+181	+3.9

The number of station stops increased by 1.0% in the year under review. This reflected an increase in demand from non-Group customers. The demand from intra-Group customers declined slightly in the year under review.

The increase in overall revenues is due to higher station revenues due to price and volume factors and also due to higher rental and leasing revenues. The rental revenues reflect the favorable development of retail. The growth in external revenues reflects the increased number of station stops of non-Group railways.

On the expenses side, the cost of materials increased by € 6 million or 1.1%, due to higher expenses for security services and winter service, and personnel expenses rose by € 6 million or 2.7%, based on higher wages. Depreciation was roughly at the same level as in the previous year (€ –1.0 million or –0.8%).

As a result, the improved development of revenues in conjunction with the disproportionately low increase in expenses led to gains in adjusted EBITDA (up € 8 million to € 351 million) and in adjusted EBIT (up € 9 million to € 226 million). Due to a slight decrease in capital employed, the ROCE also improved to 7.9%. Redemption coverage climbed to 21.0% as a result of lower net financial debt.

In the year under review, gross capital expenditures were significantly higher than in the previous year. The increase was essentially a result of the continuous implementation of measures within the scope of the economic stimulus program. The focus of our capital expenditures activities can be found in the chapter entitled *Capital expenditures* [1].

The number of employees as of December 31, 2011, was higher than at the same time in the previous year. This was due to the *change in reference working hours* [2] and the increase in the number of service employees.

DB NETZE ENERGY BUSINESS UNIT

Markets and strategy

The objective of the DB Netze Energy business unit is to guarantee maximum availability of energy in the long term to meet the daily needs of the TOCs. It has an efficient infrastructure for supplying electricity and diesel to mobile and stationary customers. Through long-term supply contracts, the use of derivative financial instruments and intelligent network use, we are protecting the TOCs against the negative effects of volatile commodity prices. The share of renewable energy sources in our energy supply portfolio will be expanded, taking into account the security of supply and cost-effectiveness.

[1] Page 134 ff., [2] Page 141

By 2020, the share of renewable energy sources in the traction current mix should be at least 35%. Our vision is to achieve carbon-free rail transport by the year 2050. In addition to increasing our supply of energy from renewable sources such as hydroelectric power, we are continuing to develop new ways of securing environmentally friendly energy supplies. For example, the world's first hybrid power plant was put into operation in Prenzlau, Brandenburg, in October 2011. Created out of a cooperation between the wind energy company Enertrag, DB Group and other partners, the new power plant can store wind energy and then feed electricity into the grid at times of low winds.

The DB Netze Energy business unit also uses its expertise in structured energy provision to successfully offer energy services in the marketplace.

Business development

Key figures — € million	2011	2010	CHANGE absolute	%
Traction current (16.7 Hz) (GWh)	10,427	10,326	+101	+1.0
Stationary energy (50 Hz and 16.7 Hz) (GWh)	1,719	1,700	+19	+1.1
Diesel fuel (million l)	480.1	480.8	−0.7	−0.1
Total revenues	2,853	2,501	+352	+14.1
External revenues	1,084	816	+268	+32.8
EBITDA adjusted	159	165	−6	−3.6
EBIT adjusted	80	82	−2	−2.4
ROCE (%)	8.9	9.3	–	–
Capital employed	896	882	+14	+1.6
Net financial debt	218	223	−5	−2.2
Redemption coverage (%)	32.6	33.1	–	–
Gross capital expenditures	207	144	+63	+43.8
Employees (FTE as of Dec 31)	1,584	1,536	+48	+3.1

The demand for traction current increased slightly by 1.0% in the year under review. This was a result, in particular, of a higher volume produced by rail freight transport customers. Sales of diesel fuel were roughly unchanged compared to the previous year. Sales of stationary energy were slightly higher than the previous year despite the mild weather conditions. This was caused by the non-recurrence of one-time effects from aperiodic adjustments from the previous year.

Revenues in the DB Netze Energy business unit were 14.1% higher than the previous year in the year under review. This favorable development was primarily driven by the traction current business as well as the additional expansion of our energy services business. This area bundles together all of our activities to market our know-how to industrial and commercial business companies that want to optimize their energy procurement management and take advantage of the opportunities available in the changing energy markets and regulatory environment.

The development of revenues in the traction current segment reflected a higher volume produced in rail transport, driven by the ongoing economic recovery, as well as higher prices for power and diesel fuel in the energy procurement market that we were able to pass on to our customers. The development of our energy services business mirrored the substantial gains in revenues achieved in our electricity business and our natural gas procurement business.

The favorable development of volume coupled with higher prices to procure energy resulted in a noticeable increase in the cost of materials by € 339 million or 15.2%. Personnel expenses were essentially at the same level as in the previous year. Depreciation was lower than in the previous year (€ −4 million or −4.6%).

The € 6 million decrease in adjusted EBITDA to € 159 million was attributed to the decline in other operating income due to a disproportionate increase in expense items. Adjusted EBIT in the amount of € 80 million was slightly lower than the previous year. Due to a slight increase in capital employed, the ROCE also dropped to 8.9% in the year under review. Despite a slight decrease in net financial debt, redemption coverage worsened somewhat, ending at 32.6%.

Gross capital expenditures were substantially higher year on year. This was caused by higher capital expenditures in traction current lines within the scope of the economic stimulus programs as well as the replacement of rotary transformer stations with efficient electronic inverter stations. Further details can be found in the chapter entitled *Capital expenditures* [1].

The number of employees as of December 31, 2011, was higher than in the previous year, in particular due to the *change in reference working hours* [2].

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FINANCIAL SITUATION

::: RATINGS CONFIRMED
::: FURTHER DECLINE IN NET FINANCIAL DEBT
::: GROSS CAPITAL EXPENDITURE ROSE SIGNIFICANTLY

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 as fixed-term deposits or loans within the framework of a dual-level treasury concept.

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 at December 31, 2011, we had tapped our long-term debt issuance program of € 15 billion for a total of € 12.4 billion (as of December 31, 2010: € 11.8 billion). Utilization of the program increased in the year under review due to the refinancing of *prematurely redeemed interest-free loans from the Federal Government* [1].

With respect to short-term financing, as in the previous year, € 2 billion was available from a multi-currency multi-issuer commercial paper program as of December 31, 2011. Of this sum, € 202 million had been tapped as at December 31, 2011 (as of December 31, 2010: € 42 million). Furthermore, as at December 31, 2011, we also had a guaranteed unused credit facility of € 2.5 billion (as of December 31, 2010: € 2.5 billion). In addition, credit facilities of € 1.4 billion were also available for our operational business (as of December 31, 2010: € 1.4 billion). These credit facilities, which are made available to our subsidiaries around the world, include provisions for financing working capital as well as sureties for payment.

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

RATINGS CONFIRMED

Ratings DB AG	First issued	Last confirmation	CURRENT RATINGS Short-term	Long-term	Outlook
Moody's	May 16, 2000	Aug 30, 2011	P-1	Aa1	stable
Standard & Poor's	May 16, 2000	Jan 17, 2012	A-1+	AA	stable
Fitch	Feb 17, 2009	Aug 3, 2011	F1+	AA	stable

As of February 21, 2012.

DB Group's creditworthiness is regularly examined by the rating agencies Standard & Poor's (S&P), Moody's and Fitch. In 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 therefore remained unchanged since they were first issued in 2000.

On December 8, 2011, S&P announced it would reevaluate DB AG's credit rating as a consequence of the announced review of the credit rating of the German Federal Government. The outlook for DB AG's rating was consequently set to CreditWatch negative, in line with the outlook for the Federal Government's rating. This was because DB AG's credit rating is supported by that of the Federal Government. And in the opinion of S&P, this support could be weakened if the Federal Government's rating were to be downgraded. On January 17, 2012, *S&P removed the CreditWatch* [2] and confirmed both DB AG's credit ratings as well as the positive outlook. Additional information on *ratings* [3] and the rating agency's complete analyses for DB AG can be found on our Web site.

Cash flow statement

Summary — € million	2011	2010	CHANGE absolute	%
Cash flow from operating activities	3,390	3,409	-19	-0.6
Cash flow from investing activities	-2,283	-3,479	+1,196	-34.4
Cash flow from financing activities	-904	27	-931	-
Net change in cash and cash equivalents	203	-43	+246	-
Cash and cash equivalents as of Dec 31	1,703	1,475	+228	+15.5

[1] Page 182, [2] Page 159, [3] www.db.de/rating-e

The cash flow from operating activities amounted to € 3,390 million in the year under review, down by a marginal 0.6 % from the previous year. Among other things, the increase of € 459 million in profit before taxes was more than offset by the decreases in working capital components on the liabilities side.

The cash outflow from investment activities declined by € 1,196 million in the year under review. This was impacted by our capital expenditures in plant and equipment as well as in financial assets. The greater cash outflow due to significant increases in net capital expenditures were more than offset by the one-time effect of the purchase of Arriva in the previous year.

The cash flow from financing activities decreased by € 931 million to € – 904 million. This was particularly affected by the dividend payment to the Federal Government in the amount of € 500 million as well as the early repayment of interest-free loans from the Federal Government within the scope of the *financing cycle rail* [1].

As of December 31, 2011, DB Group had € 1,703 million in cash and cash equivalents available, which equated to an increase of € 228 million.

Net financial debt

— € million	2011	2010	CHANGE absolute	%
Federal loans	2,092	2,936	- 844	- 28.7
Finance lease liabilities	1,270	1,424	- 154	- 10.8
Other financial debt [1)]	14,989	14,193	+ 796	+ 5.6
Financial debt	**18,351**	**18,553**	**- 202**	**- 1.1**
- Cash and cash equivalents and receivables from financing	1,759	1,614	+ 145	+ 9.0
Net financial debt	**16,592**	**16,939**	**- 347**	**- 2.0**

[1)] Mostly bonds, bank borrowings, EUROFIMA loans and commercial paper.

In total, Federal loans decreased by € 844 million to € 2,092 million (as of December 31, 2010: € 2,936 million). Using IFRS as a basis for calculation, the present value of interest-free Federal loans fell by € 679 million to € 1,927 million (as of December 31, 2010: € 2,606 million). In this respect, the *early repayment of interest-free loans from the Federal Government* [2] particularly helped to reduced this value. In the year under review, interest-bearing loans from the Federal Government in the amount of € 165 million were also repaid.

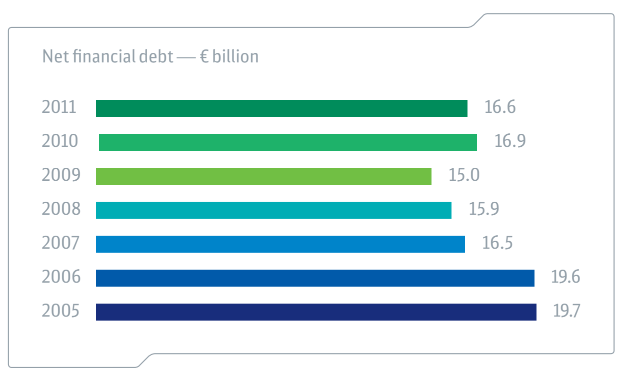
The liabilities from finance leases declined in the year under review due to the continued repayment in installments.

Within the scope of capital market activities, nine bonds with a total volume of € 2.1 billion were issued in the year under review, while five bonds with an equivalent value of € 1.4 billion were redeemed. Due to the refinancing of interest-free loans that were repaid early, there was a shift in financial debt from Federal loans to bonds.

Financial debt fell by € 202 million to € 18,351 million in the year under review. The decline was a result of the continued positive cash flow from operating activities that significantly exceeded the cash outflow from investment activities. However, the first-time dividend payment in the amount of € 500 million had a dampening effect in the year under review.

As of December 31, 2011, cash and cash equivalents and receivables from financing had increased by € 145 million to € 1,759 million. Accordingly, at € 347 million, net financial debt had a sharper decline than financial debt, at € 202 million.

The structure of financial debt securities was almost unchanged as at December 31, 2011. There was a slight shift to long-term financial debt, as its share of financial debt increased from 88 % to 89 %.



The composition of financial debt has changed as of December 31, 2011, due to the early repayment of interest-free loans and consisted primarily of bonds at 69 % (as of December 31, 2010: 64 %) and Federal loans at 11 % (as of December 31, 2010: 16 %).

As at December 31, 2011, 75.2 % of our outstanding bonds were fixed-interest euro-denominated issues, 23.1 % were fixed-interest bonds denominated in a foreign currency, 1.2 % were variable bonds denominated in a foreign currency, and 0.5 % were variable euro-denominated issues. To avoid exchange rate risks, we entered into interest rate/currency swaps with identical maturities for each transaction.

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Structure of financial debt by composition — %

- 68.8 – Bonds
- 11.4 – Federal loans
- 6.9 – Finance lease liabilities
- 6.3 – EUROFIMA loans
- 6.6 – Bank borrowings / other

Structure of financial debt by maturity — %

- 10.8 – Less than 1 year
- 7.8 – 1–2 years
- 7.5 – 2–3 years
- 5.7 – 3–4 years
- 12.0 – 4–5 years
- 56.2 – More than 5 years

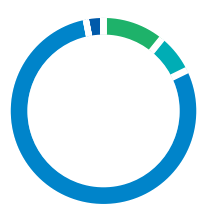
Capital expenditures

	GROSS CAPITAL EXPENDITURES		CHANGE		NET CAPITAL EXPENDITURES		CHANGE	
Capital expenditures — € million	2011	2010	absolute	%	2011	2010	absolute	%
DB Bahn Long-Distance	139	48	+91	–	137	48	+89	–
DB Bahn Regional	393	287	+106	+36.9	365	251	+114	+45.4
DB Arriva	300	187	+113	+60.4	296	187	+109	+58.3
DB Schenker Rail	260	350	–90	–25.7	260	348	–88	–25.3
DB Schenker Logistics	246	189	+57	+30.2	246	189	+57	+30.2
DB Services	247	177	+70	+39.5	247	177	+70	+39.5
DB Netze Track	5,143	4,986	+157	+3.1	765	665	+100	+15.0
DB Netze Stations	547	511	+36	+7.0	144	148	–4	–2.7
DB Netze Energy	207	144	+63	+43.8	92	48	+44	+91.7
Other / consolidation	19	12	+7	+58.3	17	11	+6	+54.5
DB Group	**7,501**	**6,891**	**+610**	**+8.9**	**2,569**	**2,072**	**+497**	**+24.0**
– Investment grants	4,932	4,819	+113	+2.3	–	–	–	–
Net capital expenditures	**2,569**	**2,072**	**+497**	**+24.0**	–	–	–	–

In the year under review, we underlined our long-term approach to business with significantly higher gross capital expenditures of € 7,501 million, which was about 9 % more than the same figure from the previous year.

All the business units posted higher gross capital expenditures with the exception of the DB Schenker Rail business unit. Gross capital expenditures increased sharply in the passenger transport business units due to the procurement of new vehicles and also in the infrastructure business units due to the implementation of the stimulus packages. The gains in the DB Arriva business unit were mainly attributed to the first full-year consolidation of Arriva.

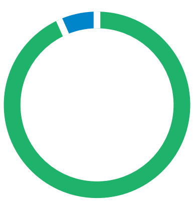
Structure of gross capital expenditures by divisions — %



- 11 – Passenger transport
- 7 – Transport and logistics
- 79 – Infrastructure
- 3 – Other

The structure of capital expenditures continued to be dominated by the business units in infrastructure, and above all, without change, by the DB Netze Track business unit. In total, the infrastructure business units accounted for roughly 79% of gross capital expenditures (previous year: 82%), with the DB Netze Track business unit alone accounting for roughly 69% (previous year: 72%). The passenger transport business units accounted for approximately 11% (previous year: 8%) and the business units in the transport and logistics division accounted for approximately 7% (previous year: 8%). Broken down by regions, the vast majority of capital expenditures, namely 94%, was again made in Germany (previous year: 94%).

Structure of gross capital expenditures by regions — %



The main focus across DB Group was on measures to increase the performance and efficiency within the track infrastructure sector as well as the additional rejuvenation of our vehicle fleets in the rail and bus transport segments.

In the DB Bahn Long-Distance business unit, investment in vehicles formed the core of our capital expenditure activities. These primarily related to the *redesign of the ICE 2 fleet* [1], the modernization of IC passenger cars, equipping the ICE 3 fleet with the European Train Control System (ETCS), creating a three-track workshop in Frankfurt-Griesheim for the *new ICE 3 trains* [2], and the procurement of additional ultrasound testing facilities for wheel sets on ICE trains.

The focus of capital expenditures made in the DB Bahn Regional business unit were on vehicles. This included the procurement of bi-level cars. There were also substantial capital expenditures in the procurement of new buses. We also increased our capital expenditure in workshops (in particular in Nuremberg).

The focus in the DB Arriva business unit was on the procurement of buses.

The decline in capital expenditures in the DB Schenker Rail business unit was caused by reduced investments in the French subsidiary Euro Cargo Rail (ECR) in the West region after the completion of procurement programs for 186 series and class 77 locomotives. As an opposite effect, there were greater capital expenditures in the Central region in Germany, in particular in locomotives and facilities. In addition, we invested more in the construction of the traction unit servicing facility in Nuremberg as well as in modernizing the telematics equipment in the region.

The majority of capital expenditures in the DB Schenker Logistics business unit was made in Europe. The largest individual projects are the expansion of the freight forwarding facilities in Germany, Finland, Austria, Switzerland and the Czech Republic as well as projects to introduce new IT systems.

Within the DB Services business unit, DB Fleet Management invested in road vehicles and DB Systel made investments to replace and expand hardware and software.

In the DB Netze Track business unit, the focus for capital expenditures remained on measures to strengthen the performance capabilities of the existing network, which accounted for a share of roughly 70%. In particular, these measures included superstructure renovation, the modernization of command and control technology, bridges, railway crossings and tunnels as well as noise abatement measures. Roughly 30% of capital expenditures were for building new tracks and extending existing tracks. This included large-scale projects such as the German unification transport project (VDE) no. 8.1 Nuremberg – Erfurt, VDE no. 8.2 Erfurt – Halle/Leipzig, the Berlin-Brandenburg International (BBI) airport connection, the newly built/expansion line Stelle – Lüneburg, VDE no. 9 Leipzig – Dresden/S1 Dresden – Coswig, the Augsburg – Olching route, the Stuttgart 21 project, the Karlsruhe – Basel expansion/new tracks, the Berlin – Rostock train-path upgrade, and the Berlin – Cottbus expansion.

Capital expenditures made in the DB Netze Stations business unit was dominated by final work and expansion measures at Berlin central station, the Stuttgart 21 project, the city tunnel in Leipzig, Wiesbaden central station, the Berlin Ostkreuz node and Ingolstadt central station.

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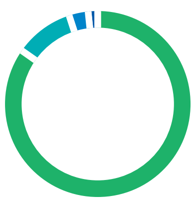
The focus of capital expenditures made by the DB Netze Energy business unit was on the nationwide renewal of substations within the 110 kV traction current network, as well as the construction of switching stations.

DEVELOPMENT OF INVESTMENT GRANTS

The investment grants received in the year under review increased by 2.3 % to € 4,932 million. As in the previous year, the recipients were almost exclusively our infrastructure companies.

Investment grants by contributors — %



86.1 – Federal Republic of Germany
10.2 – Federal states
3.5 – European Union
0.2 – Other

Recipients of investment grants — %

88.8 – DB Netze Track
8.2 – DB Netze Stations
2.3 – DB Netze Energy
0.7 – Other

Balance sheet

Balance sheet as of Dec 31 — € million	2011	2010	CHANGE absolute	%
Total assets	51,791	52,003	-212	-0.4
ASSETS				
Non-current assets	44,059	44,530	-471	-1.1
Current assets	7,732	7,473	+259	+3.5
EQUITY AND LIABILITIES				
Equity	15,126	14,316	+810	+5.7
Non-current debt	24,238	24,762	-524	-2.1
Current debt	12,427	12,925	-498	-3.9

Balance sheet structure as of Dec 31 — %	2011	2010	CHANGE absolute	%
ASSETS				
Non-current assets	85.1	85.6	–	–
Current assets	14.9	14.4	–	–
EQUITY AND LIABILITIES				
Equity	29.2	27.5	–	–
Non-current debt	46.8	47.6	–	–
Current debt	24.0	24.9	–	–

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

As of December 31, 2011, total assets had slightly decreased by € 212 million, or 0.4 %, to € 51,791 million (as of December 31, 2010: € 52,003 million).

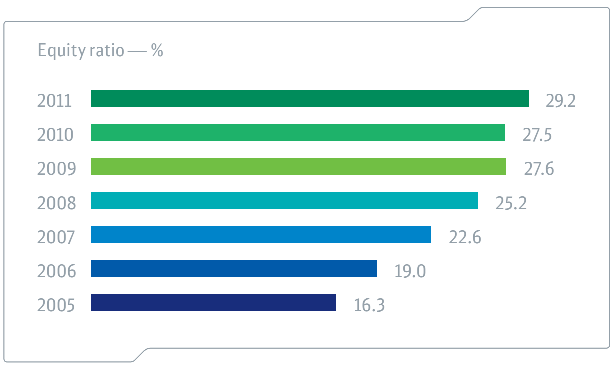
Non-current assets amounted to € 44,059 million and were a marginal 1.1 %, or € 471 million, lower than the same figure at the end of the previous year (as of December 31, 2010: € 44,530 million). This change was primarily driven by the decrease in property, plant and equipment from € 37,873 million as of December 31, 2010, to € 37,372 million on December 31, 2011.

Current assets increased as of December 31, 2011, by 3.5 % or € 259 million, to € 7,732 million (as of December 31, 2010: € 7,473 million). The reason for this change was, in particular, the increase of € 228 million in cash and cash equivalents.

Structurally, this resulted in a slight shift toward current assets.

The major changes noted on the equity and liabilities side of the balance sheet as of December 31, 2011, took place, in particular, in the area of equity. This increased by 5.7 %, or € 810 million, to € 15,126 million (as of December 31, 2010: € 14,316 million), primarily because of higher profits. In contrast, both non-current and current debt capital decreased by € 524 million and € 498 million respectively. This was caused by the *decline in short-term and long-term financial debt* [1] .

Due to the increase in equity and the decline in debt capital, the equity ratio rose from 27.5 % as of December 31, 2010, to 29.2 % as of December 31, 2011.



In terms of the debt capital structure, the share held by non-current debt capital in the balance sheet total as of December 31, 2011, decreased from 47.6 % to 46.8 %. The share held by current debt sank as of December 31, 2011, from 24.9 % to 24.0 %.

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

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

The off-balance-sheet financial instruments are primarily leased or rented goods (operate leases). A present value is calculated within the value management system for operate leases. As of December 31, 2011, this amounted to € 4,828 million (as of December 31, 2010: € 4,610 million). DB Arriva enters into operate lease contracts, in some cases due to regulatory requirements, especially in conjunction with making vehicles available for rail passenger and road passenger transport. In the year under review, no individual major transactions were carried out that would have had a significant impact on the financial position. Accordingly, no significant future effects or changes are to be expected in this respect.

Regarding retirement benefit obligations for employees, obligations for each retirement plan are, to some extent, covered and netted by plan assets which are capable of being netted. As of December 31, 2011, total obligations amounted to € 5,076 million (as of December 31, 2010: € 4,844 million), the fair value of plan assets was € 2,597 million (as of December 31, 2010: € 2,442 million), and the net liability recognized in the balance sheet amounted to € 1,981 million (as of December 31, 2010: € 1,938 million). By balancing the obligations with the plan assets, there is a reduction in total assets in the amount of € 2,597 million (as of December 31, 2010: € 2,442 million). In the year under review, no major endowments were carried out that would have had a significant impact on the financial position. Accordingly, no significant future effects are to be expected in this respect. *Additional information on this topic* [2] can be found in the notes to the consolidated financial statements.

DB Group does not use off-balance-sheet special-purpose entities. These off-balance-sheet financial instruments are therefore of no significance for DB Group's asset situation. Additional off-balance-sheet financial instruments, like factoring, are likewise not used in DB Group. In total in the year under review, no noteworthy additional financial instruments were implemented as individual transactions. Accordingly, no significant future effects are to be expected in this respect.

EXERCISING BALANCE SHEET VOTING RIGHTS

For more *information on exercising balance sheet voting rights* [3], please see the notes to the consolidated financial statements.

1 Page 133 f., 2 Page 231 ff. 3 Page 178 ff.

SUSTAINABILITY

::: PUNCTUALITY FIGURES TO BE PUBLISHED MONTHLY
::: FURTHER DEVELOPMENT OF OUR CORPORATE CULTURE
::: RAIL TRANSPORT ENERGY CONSUMPTION AND CARBON EMISSIONS FURTHER REDUCED

By implementing sustainable practices, we secure the future prospects and successful continued growth of our company. This requires us to at all times maintain a holistic overview of our targets of being a profitable market leader, a top employer and an environmental pioneer.

Customers and quality

CUSTOMER AND QUALITY INITIATIVE CONTINUES

We launched our customer and quality initiative in the previous year and continued with it in the year under review. The initiative focuses on increasing the operational stability of rail transport in Germany as well as boosting customer satisfaction. Measures affecting long-distance and local transport as well as freight transport and infrastructure were developed in ten projects. The purpose of these measures is to ensure the highest possible level of operational quality during difficult operational situations such as exceptional weather conditions.

In the year under review, we spent roughly € 480 million on our customer and quality initiative (of which approximately € 260 million was for capital expenditures). Regarding winter 2011/2012 as well as the following winters, the measures from the previous year were developed further based on extensive cause analyses, and the following preparatory measures were implemented:

::: Setting up deicing facilities at six long-distance transport facilities
::: Reinforcements in the form of eight defrosting tents, 200 new heaters and 13 outdoor cleaning systems with defrosting equipment
::: Increasing the number of heated switches by 700 to just under 48,000
::: Introducing a GPS-based signaling system for feedback on the clearing of platforms and to improve the deployment of snowplow crews
::: Installing 2,000 dynamic visual display units in stations in order to improve customer information

PUNCTUALITY FIGURES TO BE PUBLISHED MONTHLY

In the year under review, we decided to be more transparent in terms of punctuality. Since launching the *new online statistics* [1] on September 20, 2011, we have been reporting on three different categories of punctuality every month: for local transport, for long-distance transport and for all passenger transport in Germany. The punctuality statistics comprise the more than 800,000 passenger train runs every month (of which over 20,000 are long-distance train runs and roughly 780,000 in local transport, including all S-Bahn lines). We evaluate the punctuality of these train runs at the beginning and end of the routes as well as at all the stops along the way.

In the year under review, we significantly improved the punctuality of our trains. For punctuality under five minutes, the average rate increased from 91.0 % in 2010 to 92.9 % in 2011. Both local and long-distance transport services posted higher annual rates in this category: long-distance transport achieved a rate of 80.0 % (previous year: 72.4 %) and the figure for local transport came in at 93.2 % (previous year: 91.5 %).

A HIGH LEVEL OF CUSTOMER SATISFACTION

Passenger transport

Regular and systematic customer feedback is necessary in order to ensure adequate quality in our products and services.

A key issue for us in the year under review was improving communication not only as a rule, but also, and in particular, in cases of irregularities and delays. We therefore once again expanded our support services in stations, trains and on the Internet in the year under review, and established a regular customer monitor as a short-term measuring instrument that gauges the quality of our products and services in rail passenger transport. Furthermore, during the construction measures in the *East–West corridor* [2] in the summer of the year under review, we initiated an extensive communication and service concept in order to provide our passengers with precise information on changes to the timetable as well as to offer them improved travel support to compensate for any inconveniences (better service in trains and lounges and on platforms).

1 www.bahn.de/puenktlichkeit, 2 Page 128

Germany

Customer satisfaction in passenger transport in Germany — German school grading scale	2011	2010
Long-distance transport	2.9	2.9
Night trains	2.5	2.7
Car trains	2.6	2.5
Regional transport	2.7	2.7

German school grading scale: 1 = highly satisfied to 6 = highly dissatisfied.

Every year, we survey roughly 130,000 passengers and approximately 1,600 business partners in Germany regarding their perception of our services. We differentiate between the individual process steps in the travel chain, beginning with information and ticket booking, to the customer's experience as a buyer, a passenger or someone picking up a traveler at the station, their experience in trains, as well as any necessary support at their destination station or in processing complaints. The results of the studies are evaluated in a structured manner in order to take the corrective action at an early stage.

Based on each customer's most recent long-distance train trip in 2011, customer satisfaction achieved a grade of 2.2 (previous year: 2.3). In the year under review, overall satisfaction with DB Fernverkehr AG was graded at 2.9 (previous year: 2.9). We also surveyed DB AutoZug GmbH customers about their satisfaction. On average, they gave us a grade of 2.6 for car transport services (previous year: 2.5) and a grade of 2.5 for night train services (previous year: 2.7).

Customers of DB Regio AG assessed their satisfaction with their last train trip with a grade of 2.2 (previous year: 2.2). Customer satisfaction with DB Bahn Regional rail services came in at a grade of 2.7 in the year under review (previous year: 2.7).

Europe (excluding Germany)

From May to July 2011, the first customer satisfaction survey for the entire *Railteam* [1] network was conducted. In addition to our company, members of this alliance in the high-speed transport sector in Europe include SNCF, SNCB, Eurostar, NS Hispeed, ÖBB and SBB.

Those surveyed assessed each performance with grades ranging from 5 (completely satisfied) to 1 (not satisfied at all). 75% of the survey participants were either satisfied or highly satisfied with their entire trip. Their satisfaction while on board scored the highest rating, at 79% (satisfied or highly satisfied). Above all, the topics of punctuality and on-board comfort received positive marks.

In the DB Arriva business unit, customer satisfaction, compiled by ordering organizations, is an important success. Due to the customer orientation approach pursued by DB Arriva, we were once again able to achieve positive levels in customer satisfaction.

In the UK Bus division, we reached a high level of customer satisfaction of 92% in the year under review. Positive ratings were given in particular for the friendliness of the drivers, the buses' entrance/exit areas and the ticket sales service.

The development of customer satisfaction within the UK Trains division was equally positive. More than 80% of those surveyed expressed their satisfaction with our services.

In the Mainland Europe division, regional surveys likewise showed high levels of customer satisfaction. Customer satisfaction surveys are conducted separately in each region. The results can therefore only be compared to each other to a limited degree due to varying demands from ordering organizations as well as different methods of conducting surveys and evaluation systems. At the time of writing this report, the information available for the year under review was still incomplete.

Transport and logistics

The consistent European focus of DB Schenker Rail is now also reflected in the regular customer surveys. In addition to Germany and the Netherlands, for the first time customers in Great Britain, France, Poland and Spain were also asked about their satisfaction with DB Schenker Rail in the year under review. The overall grade of 4.7 (on a scale of 7 = completely satisfied to 1 = completely dissatisfied) confirmed the positive 2009 result, which related primarily to the Central region.

Infrastructure

DB Services ensures the cleanliness of our stations in line with station category-specific quality ranges. In large stations, cleanliness is maintained through on-site cleaners, while smaller stations are kept clean by way of routine basic cleaning and trash removal at predetermined intervals. Within the scope of our "spring cleaning," all stations underwent comprehensive cleaning in the year under review. The quality of the cleaning is assessed monthly by means of the "BahnhofsQualitätsCheck" (station quality check) standard process. In the year under review, the average grade for this assessment was 2.2 (previous year: 2.0).

We surveyed our business customers in all three infrastructure business units during the year under review.

[1] www.railteam.co.uk

Customer satisfaction in track infrastructure in Germany — German school grading scale	2011	2010
DB Netze Track (DB Netz AG)	2.0	2.1
DB Netze Stations (DB Station & Service AG)		
Traffic station (private customers)	2.6	2.6
Traffic station (TOCs and transport authorities)	3.2	3.4
Tenants	2.3	2.5
DB Netze Energy (DB Energie GmbH)		
Traction current and stationary energy	2.1	2.1
Energy services	2.2	2.3

German school grading scale: 1 = highly satisfied to 6 = highly dissatisfied.

DB Netze Track

In the fall of 2011, DB Netz AG customers took part in a survey on all areas of service. These included the topics of communication, network and non-scheduled timetables and operations, as well as questions on infrastructure, construction projects and employee and service competence. With an overall grade of 2.0, our customers' satisfaction with the range of services of DB Netz AG once again improved (previous year: 2.1). Above all, we received positive grades in the areas of service, communication and train-path allocation. TOCs expressed a similar level of satisfaction with the allocation of network scheduled and non-scheduled train-paths within the scope of this year's market survey conducted by the Federal Network Agency for Electricity, Gas, Telecommunications, Post and Railroads (BNetzA).

DB Netze Stations

Since 2009, a differentiated approach to the aspects of service of DB Station & Service has led to a stable overall assessment of 2.6. Customer feedback is given on the areas of accessibility, appearance, security, ticket sales, equipment, service and information, as well as gastronomy and retail businesses. There has been a favorable development in customer satisfaction in the area of customer information, in particular in cases of service disruptions. The additional installation of dynamic visual display units in stations led to a significantly improved assessment in the year under review.

In spring 2011, TOCs and contracting transport authorities took part in a survey on their satisfaction with DB Netze Stations. This survey likewise covered aspects from the entire range of services, from cleanliness and security to equipment, signposting, information and service, as well as pricing, invoicing and support. Overall satisfaction came in at 3.2, posting a slightly better grade than in the previous year (3.4).

In fall 2011, a survey of tenants in the stations was conducted. Their overall satisfaction came in at 2.3 (previous year: 2.5), thereby indicating a positive trend here, too. As with all other infrastructure divisions, the survey included the entire process, ranging from support to product performance and invoicing to processing complaints.

DB Netze Energy

DB Netze Energy customers were also surveyed in fall 2011. The survey examined the areas of employees, performance of services, invoicing and services related to queries in the areas of traction current and stationary energy as well as energy services. Overall satisfaction in the core business areas of traction current and stationary energy was assessed at 2.1, the same figure as in the previous year. In the area of energy services, the average figure for the year under review was 2.2 (previous year: 2.3).

Employees

Employees by business unit — FTE as of Dec 31	2011	2010	CHANGE absolute	CHANGE %
DB Bahn Long-Distance	15,976	15,270	+706	+4.6
DB Bahn Regional	37,131	36,334	+797	+2.2
DB Arriva	38,196	38,137	+59	+0.2
DB Schenker Rail	32,466	32,618	−152	−0.5
DB Schenker Logistics	62,197	58,671	+3,526	+6.0
DB Services	26,556	25,131	+1,425	+5.7
DB Netze Track	41,136	39,849	+1,287	+3.2
DB Netze Stations	4,817	4,636	+181	+3.9
DB Netze Energy	1,584	1,536	+48	+3.1
Other	24,260	24,128	+132	+0.5
DB Group	**284,319**	**276,310**	**+8,009**	**+2.9**
– Effects from changes in the scope of consolidation	263	–	+263	–
– Effects due to new reference working hours	2,939	–	+2,939	–
DB Group comparable	**281,117**	**276,310**	**+4,807**	**+1.7**

Employees by business unit — physical employees as of Dec 31	2011	2010	CHANGE absolute	%
DB Bahn Long-Distance	16,938	16,436	+ 502	+ 3.1
DB Bahn Regional	38,681	38,257	+ 424	+ 1.1
DB Arriva	40,051	39,973	+ 78	+ 0.2
DB Schenker Rail	32,775	33,387	- 612	- 1.8
DB Schenker Logistics	65,044	61,738	+ 3,306	+ 5.4
DB Services	27,687	26,487	+ 1,200	+ 4.5
DB Netze Track	41,786	41,432	+ 354	+ 0.9
DB Netze Stations	5,052	4,937	+ 115	+ 2.3
DB Netze Energy	1,603	1,603	-	-
Other	25,555	25,845	- 290	- 1.1
DB Group	**295,172**	**290,095**	**+ 5,077**	**+ 1.8**

As of December 31, 2011, the number of employees had increased to 295,172 physical employees (as of December 31, 2010: 290,095). Apart from an increase in personnel outside of Germany by 1,345 employees, the number of employees in Germany rose significantly to 193,109 (as of December 31, 2010: 189,377).

In order to guarantee better comparability over time, the number of employees within DB Group is calculated on the basis of full-time employees (FTE). Figures for part-time employees are converted into figures for equivalent full-time employees in accordance with their share of the regular annual working time. Accordingly, as of December 31, 2011, there were 284,319 employees within DB Group. Compared to the end of the year 2010, this corresponds to an increase of 8,009 employees. The increase was a result of recruitment within the DB Schenker Logistics (business expansion) and DB Services business units in particular, as well as of a statistical effect due to the definition of working hours as agreed in wage agreements. This reduced the required working hours by one hour to 39 hours, thereby again reflecting the actual hours worked. As a result of this change, the number of employees in the affected divisions rose arithmetically by about 2.5 % as of March 1, 2011, and at the same time wages also increased by 2.5 %. After adjusting for this effect, the number of employees rose by 4,807 (+1.7 %).

The share of employees outside of Germany is now roughly 35 % (as of December 31, 2010: roughly 35 %).

Employee structure (FTE) as of Dec 31

By regions — %

- **65.2** - Germany
- **26.6** - Europe (excluding Germany)
- **4.6** - Asia/Pacific
- **2.8** - North America
- **0.8** - Rest of world

By divisions — %

- **32.1** - Passenger transport
- **33.3** - Transport and logistics
- **16.8** - Infrastructure
- **17.8** - Other

By business units — %	2011	2010
DB Bahn Long-Distance	5.6	5.5
DB Bahn Regional	13.1	13.1
DB Arriva	13.4	13.8
DB Schenker Rail	11.4	11.8
DB Schenker Logistics	21.9	21.2
DB Services	9.3	9.1
DB Netze Track	14.5	14.4
DB Netze Stations	1.7	1.7
DB Netze Energy	0.6	0.6
Other	8.5	8.8

BEING A RESPONSIBLE EMPLOYER AND MANAGING DEMOGRAPHIC CHANGE

DB Group is currently changing from an organization in restructuring into a growth organization. In the coming years, we will lose an increasing number of employees as they reach the age of retirement. At the same time, competition for skilled employees will continue to intensify in the labor market. In order to meet the challenges of the demographic change, we have focused our efforts on a future-oriented human resources program of recruiting and developing employees as well as increasing employee retention.

Employee loyalty [1]	2011	2010	CHANGE absolute	%
Turnover of staff [2] (%)	2.1	1.8	–	–
Average years of service (years)	22.9	23.3	– 0.4	– 1.7
Average age of employees (years)	46.0	45.9	+ 0.1	+ 0.2

[1] Domestic rates excluding DB Schenker Logistics.
[2] Excluding fluctuation due to retirement.

Personnel recruitment

In order to successfully recruit employees even in times of tight labor markets, we have restructured our personnel recruitment.

With a strong employer brand name, DB Group shall position itself as an attractive employer and, in particular, clearly present its strengths such as professional diversity and opportunities for development within the Group. In order to continue to spark enough interest among suitable applicants for DB Group and to use all the synergies available to a large corporation, our recruitment activities are bundled in the regional job markets for important target groups and organized across all business units. The management of applications is being reorganized in the interest of maintaining professional contact oriented toward applicants as potential employees of DB Group, as well as for a successful entry into our company.

Vocational training and recruiting young talents

Young talents within DB Group	2011	2010	CHANGE absolute	%
Trainees	9,579	8,950	+ 629	+ 7.0
New appointments	3,592	2,887	+ 705	+ 24.4
Share of female trainees (%)	20.8	22.8	–	–
Management trainees	143	88	+ 55	+ 62.5
Interns	418	348	+ 70	+ 20.1
Dual degree students	835	717	+ 118	+ 16.5
“Chance plus” interns	400	400	–	–
Share of taken over young staff members (trainees and dual degree students) (%)	95.7	94.2	–	–

Not only is DB Group one of the largest employers in Germany, we are also one of the biggest providers of vocational training with currently over 10,000 trainees and dual degree students. Vocational training and dual study programs are the foundation of DB Group’s efforts to secure the recruitment of skilled employees. Approximately 3,600 young people started vocational training with us during the year under review, and another 230 began a dual study program within DB Group.

In addition, the “Chance plus” internship program gives approximately 400 school leavers who are not as well suited to vocational training the preparation they need to enter the professional world.

In addition to specialized knowledge and practical skills, a key element of our vocational training within DB Group involves acquiring service-based, social and methodological skills such as entrepreneurial thinking, customer orientation, independence and team spirit.

Sustainable personnel development

Strategic and sustainable personnel development ensures that DB Group will have competent and committed employees. Now more than ever, DB Group counts on developing skilled employees and management talent within the company by systematically supporting our talented and high-potential employees. We are reacting to the structural changes in higher education with more attractive offers for in-service further education.

Since the year under review, DB Academy has been in charge of training not only for top management personnel, but also for all managing and operational executives of DB Group. Based on a dynamic training philosophy, it offers systematic and continual career support from one source. The training of other employees is performed by DB Training as experts in learning, development and change processes. DB Training is also active in external mobility and logistics markets and conducted roughly 22,000 events with 230,000 participants for internal and external participants in the year under review.

2011 wage negotiations

Sound personnel work creates employment conditions that are attractive for groups with skills that are in demand while remaining affordable for companies. The wage agreements in the year under review make an important contribution to these efforts.

On January 25, 2011, the wage negotiations with the Railway and Transport Workers Union (EVG) were concluded. After a one-time payment of € 500 in December 2010, wages were increased by 1.8 % as of March 1, 2011, and by an additional 2 % as of January 1, 2012. Additional improvements to retirement benefits and structural issues were also agreed. The arrangement with the EVG has a term of 29 months.

In the wage negotiations with the German Train Drivers Union (GDL), an agreement with a term of 23 months was concluded on April 15, 2011. Following a one-time payment of € 500 in December 2010, wages increased by 2 % as of January 1, 2011. In addition, conditions for company retirement benefits were improved and individual extra payments were increased.

For the first time in the history of our company, we and our major competitors in local rail passenger transport have industry-wide standards for wages and working hours. The Mobility and Transport Services Association (Agv MoVe) as well as 24 additional train operating companies agreed to a sector-wide wage agreement with the EVG. Uniform standards for the working and wage conditions of train drivers were also introduced in agreement with the GDL.

Agreements were reached with both the EVG and GDL to continue the current employment security pact beyond 2011. This means that layoffs due to operational reasons continue to be ruled out. The negotiating parties agreed to establish this in a future collective wage agreement that, in addition, should provide a stronger consideration of the demographic development in personnel policies.

Group job market

In view of a significant increase in the need for personnel, almost all employees without limitations in their employment who are affected by job losses are able to find new employment immediately within DB Group. The transparency made possible by the strategic personnel planning leads to a significant improvement in job placement activities. We are able to use needs-based qualification measures to transfer personnel into new areas of activity in a fast and precise manner.

CORPORATE CULTURE

A strong corporate culture is a prerequisite for committed and satisfied employees and executives, and forms an important basis for the long-term success of our company. DB Group therefore promotes a corporate culture oriented toward the Group's values.

The first series of conferences on the future initiated in the previous year as the kick start for the further development of our corporate culture was concluded at the beginning of the year under review. Each of the five conferences welcomed up to 1,000 participants who developed ideas for a new form of collaboration and improved cooperation within DB Group. Employees and executives identified four central fields of action: room for decision-making and taking action, leadership, communication and strengthening cooperation across business units. We are currently working intensively on concrete changes in these four areas, and some ideas have already been implemented.

In order to continue the spirit of optimism and build on the results of the conferences on the future in the various regions, we started the regional dialogues on the future in October 2011. Up to March 2012, 14 events will take place throughout Germany as well as one in Barcelona. Each of the approximately 300 participants at each of the events will gather at various locations to continue work on the topics from the conferences on the future and to intensify the exchange across the business units.

EQUAL OPPORTUNITIES AND DIVERSITY

			CHANGE	
Workforce diversity — %	2011	2010	absolute	%
Share of female employees	21.8 [1]	16.3	–	–
thereof in Germany	21.9	21.6	–	–
Employees in parental leave (physical employees) [2]	1,522	1,875	–353	–18.8
thereof women (roughly)	85.7	85.4	–	–
thereof men (roughly)	14.3	14.6	–	–
Share of physically disabled persons [2]	5.9	5.8	–	–
Share of taken over young staff members (trainees and dual degree students) [2]	95.7	94.2	–	–

[1] Including DB Schenker Logistics and DB Arriva.
[2] Domestic excluding DB Schenker Logistics.

We promote diversity in our company and are in favor of partnership-like relationships with one another, for each and every employee contributes to our success with his/her individuality. With our commitment to diversity and programs specifically directed to target groups, we meet the challenges of demographic change and specifically reach out to those who were previously not taken into consideration. One field of action was identified as increasing the proportion of women, and we have set concrete targets. By 2015 the proportion of our female employees in Germany will be raised to 25 %, and to 20 % in executive positions.

Environment

We believe a corporate policy that takes into account economic, social and ecological factors is more than just a societal obligation. It is also the key to business success. Our environmental strategy thus sets the parameters for our company's ambitious environmental goals. In the year under review, we set an additional goal: to increase the share of renewable energy in the traction current mix to at least 35% by 2020. DB Group is thus further expanding rail transport as the form of transport with the highest share of renewable energy in Germany, thereby also saving valuable resources that are becoming increasingly scarce. This goal is part of our climate protection program in which we want to reduce our worldwide specific carbon emissions by an additional 20% between 2006 and 2020. In addition, our operations and production are continually becoming more energy-efficient as we further develop our green products.

ECO RAIL INNOVATION PROJECT TO REACH OUR GOAL OF CARBON-FREE RAIL TRANSPORT

Together with twelve partners, we signed a cooperation agreement for the Eco Rail Innovation (ERI) project in summer 2011. The objective of ERI is to develop innovative technologies in order to be able to implement our goal of zero emissions by 2050 for rail transport within DB Group. Within the scope of the ERI initiative, together with our partners we want to develop sustainable development concepts for products and transport, identify areas of need for research, as well as initiate research projects.

MODERNIZING OUR VEHICLE FLEET

In the year under review, we began to *redesign our ICE 2 fleet* [1], thereby increasing the energy efficiency of our ICE 2 trains.

Beginning in December 2013, the 56 Coradia-Lint regional trains ordered in the year under review from Alstom will run on non-electric train-paths in the Cologne and Eifel regions, otherwise known as the Cologne diesel network. These new vehicles fulfill the strict IIIB emissions standard and are more environmentally friendly not only in comparison with cars, but also with the trains used thus far. For the first time, our diesel trains will be equipped with an SCR (selective catalytic reduction) emissions control. This allows emissions of nitrogen oxides to be reduced as far as technically possible and, according to the manufacturer, decreases particulate matter emissions by more than 90% compared to the current vehicles.

ECO SOLUTIONS DEMONSTRATE OUR GREEN EXPERTISE IN LOGISTICS

With *Eco Solutions* [2], we have developed environmentally friendly offers for our customers in the transport and logistics division. Based on the principle of preventing, reducing and compensating CO_2 emissions, DB Schenker offers its customers solutions for any mode of transport in the value chain. With our online *Eco Solutions calculator* [3], customers can find out by how much they can reduce their carbon footprint.

CARBON-FREE RAIL TRANSPORT SERVICES

Demand for our carbon-free rail travel and transport services continues to rise. We purchase additional electricity from renewable energy sources in order to provide these services.

In passenger transport, we welcomed PUMA as our 100th corporate customer to use our "bahn.corporate Environment Plus" product in September 2011. Our employees benefit from carbon-free travel on their business trips, too.

In rail freight transport, we were able to gain new customers for our "Eco Plus" offer.

We were awarded for our carbon-free services as a selected location in the "Land of Ideas" project – a joint initiative of the Federal Government and the private sector.

TÜV SÜD certifies our power sources. At the end of the year, our customers receive a certificate for their CO_2 savings with the TÜV SÜD seal. Taking all the offers into consideration ("Environment Plus" in passenger transport and "Eco Plus" in freight transport as well as the Hamburg S-Bahn and local rail passenger transport in the state of Saarland), the carbon footprint of our affiliated companies was reduced by 162,000 tons in the year under review.

The volume of electricity consumed is determined by the *Environmental MobilityCheck* [4] (UmweltMobilCheck; UMC). This environmental calculator can be accessed online by all Internet users from our Web site's travel information section. It calculates rail energy usage as well as CO_2 and exhaust emissions compared to cars and airplanes on any route in Germany and also in many parts of Europe.

We use 10% of our profits from the "Environment Plus" and "Eco Plus" offers to support the construction of new plants for generating renewable energy. In the year under review, we put the world's first hybrid power plant into operation together with the wind energy company Enertrag AG and our other project partners Total Deutschland GmbH and Vattenfall Europe Innovation GmbH. The hydrogen hybrid power plant brings together the energy sources of wind, hydrogen and

1 Page 113, 2 www.dbschenker.com/ecosolutions-en, 3 http://ecosolutionscalculator.dbschenker.com, 4 www.db.de/emc

biogas for the first time and proves that wind energy can be used around the clock and is a reliable source of energy. In total, the power plant will produce 16 GWh of eco-power a year.

TEN YEARS OF DESTINATION NATURE

"Destination Nature," our cooperation with German environmental associations such as Friends of the Earth Germany (BUND), the Nature and Biodiversity Conservation Union (NABU) and the environmentally oriented German Transport Club (VCD) has existed now for ten years. This cooperation offers environmentally friendly trips and excursion advice for 19 national parks, biosphere reserves and nature parks.

ELECTROMOBILITY PAVES THE WAY FOR CARBON-FREE INTERMODAL SERVICES

We believe the intermodal linking of modes of transport is an important part of environmentally friendly mobility. By integrating electric vehicles and bicycles into our range of passenger transport services, we will be able to offer door-to-door carbon-free mobility chains in the future. In the year under review, we continued with the electrification of our car sharing fleet ("Flinkster"). Customers in Berlin, Hamburg, Frankfurt am Main, Saarbrücken, Aachen and Magdeburg can now book one of roughly 100 electric cars operated under the "e-Flinkster" name. About 100 pedelecs – bicycles with an electric motor – have been available for use in Aachen and Stuttgart as the "e-Call a Bike" service since the year under review.

In addition, we have participated in various projects, including as part of the Electric Mobility Pilot Regions program initiated by the German Federal Ministry of Transport, Building and Urban Development (BMVBS). A focus of this program has been the BeMobility (Berlin elektroMobil) project. We coordinated and heavily developed this research project together with partner companies from the energy industry, automotive supplier industry, solar industry, IT services sector, local public transport in Berlin, as well as academic institutes. By integrating electric cars into the Flinkster program, our objective in these activities is to gain new customer groups in public transport. Based on the positive results in the first phase, we have decided to extend the project for two years.

AWARD FOR CALCULATING THE ENVIRONMENTAL IMPACT OF FREIGHT TRANSPORT

The *EcoTransIT World* [1] environmental calculator was awarded the 11th Logistics Innovations Award in the year under review. EcoTransIT World reliably calculates energy consumption together with CO_2 and exhaust emissions on a worldwide scale for any freight transports by train, truck, airplane, sea shipping and inland waterway vessels, as well as combined transport. Customers can not only check various environmental aspects of their previous transports on certain routes, but can also compare them with alternative routes. At the same time, they also have a basis for deciding whether they want to change their transport mix, based on real routes.

GROUP-WIDE CLIMATE PROTECTION PROGRAM MOVES AHEAD

There are plans to reduce Group-wide specific CO_2 emissions – i.e. emissions per volume sold – by 20 % compared to 2006 by the year 2020. According to the data available, we had achieved a total decrease of 8.5 % by the year under review. Our global absolute CO_2 emissions remained unchanged year on year.

PROPORTION OF RENEWABLE ENERGY SOURCES INCREASES

Traction current mix — %	2011	2010	CHANGE absolute	CHANGE %
Coal	45.2	45.1	–	–
Nuclear energy	22.3	22.2	–	–
Renewable energy	21.8	19.8	–	–
Natural gas	9.0	10.5	–	–
Other	1.7	2.4	–	–

The data is based on the information and estimates available on February 21, 2012, and is provisional.

The share of renewable energy sources in the traction current mix was expanded even further in the year under review. With an increase of 2 percentage points to 21.8%, the share of renewable energy sources in the traction current mix is significantly higher than in the general power mix in Germany. The most important change was the replacement of fossil fuel primary energy sources. Due to long-term power supply agreements with coal-fired power stations, the share of traction current from coal has remained almost unchanged. The share of nuclear energy has also remained unchanged despite the *closure of the GKN I* [2] joint nuclear power plant. This is due to the fact that GKN I was already only producing low levels of power in the previous year due to audits and restrictions in operations.

1 www.ecotransit.org, 2 Page 127

By 2020, the share of renewable energy in the traction current mix for rail transport shall be increased to at least 35 %. In the year under review, we concluded two additional *power supply agreements* 1 with wind farm operators as well as an *agreement on the supply of hydroelectric power beginning in 2014 with RWE* 2.

The additional 275 GWh generated from renewable energy sources for our green products, which correspond to 2.3 % of the overall traction current use, are not included in the 21.8 % share for renewable energies.

RAIL TRANSPORT ENERGY CONSUMPTION AND CARBON EMISSIONS FURTHER REDUCED

Selected key figures — rail transport in Germany	2011	2010	CHANGE absolute	%
Specific primary energy consumption rail passenger transport (MJ 1)/pkm)	0.97	1.01	- 0.04	- 4.0
Specific primary energy consumption rail freight transport (MJ 1)/tkm)	0.38	0.38	–	–
Specific carbon dioxide consumption rail passenger transport (g/pkm)	54.6	58.0	- 3.4	- 5.9
Specific carbon dioxide consumption rail freight transport (g/tkm)	22.0	21.9	+ 0.1	+ 0.5
Emissions of soot particles by diesel vehicles in rail transport (t/tkm)	201	191	+ 10	+ 5.2
Nitrogen oxide emissions by diesel vehicles in rail transport (t/tkm)	11,280	10,724	+ 556	+ 5.2

1) Megajoules.

The data for 2011 is based on the information and estimates available on February 10, 2012. The effect of our green products was taken into account in the calculation of the specific CO_2 emissions.

In total, we have reduced our specific CO_2 emissions in rail transport in Germany by 45 % since 1990.

Roughly 34 % of total emissions come from rail transport. Air freight accounts for approximately 26 %, road freight transport posts 17 %, and 13 % is emitted in ocean freight. The remaining CO_2 emissions come from stationary systems and bus transport (including DB Fleet Management).

Emissions of soot particles and nitrogen oxide emissions of diesel vehicles rose determined by performance.

Data for DB Schenker Logistics 3 will be available in the second half of 2012.

RAIL TRANSPORT NOISE REDUCED

Our objective is to halve rail transport noise based on the year 2000 until 2020 by employing an overall concept. An important component of this is the Federal Government’s program for noise abatement on existing rail train-paths in Germany, which was started in 1999 and which we continued to successfully implement in the year under review. For example, we completed noise protection walls totaling approximately 55 kilometers in 2011, bringing the total length of such walls to roughly 387 kilometers. In addition, 2,550 apartments were equipped with noise-reducing windows and soundproof ventilators in the year under review. In recent years, a total of 46,440 apartments have been equipped with such noise abatement measures.

As a supplement to this program of noise abatement on existing rail train-paths in Germany, the Federal Government also allocated approximately € 85 million to research into innovative technologies in noise and vibration control on the tracks for the period 2009 to 2011 as part of the second economic stimulus package. Within the scope of this package, 13 new and innovative technologies in roughly 88 individual measures were planned and in part implemented throughout Germany in 2009 and 2010. The focus of the program was on the most important problems with noise in the rail network.

DB Schenker Rail Germany increased the number of freight cars equipped with low-noise composite brake shoes (K brake shoes), also known as “whisper brakes,” by roughly 540 to a total of approximately 6,890 by the end of the year under review. This technology cuts the noise of passing trains by 10 decibels (dB(A)), which corresponds to a 50 % perceived reduction.

Using Federal funding, we can upgrade approximately 1,250 freight cars to the quieter composite brake shoes. The upgrading measures for these cars, which are primarily used along the Rhine River corridor, will provide important information for further measures. After extensive preparation measures in the year under review, the first upgraded trains are set to be put into operation in 2012.

1 Page 127, 2 Page 125, 3 www.db.de/sustainability

In the year under review, we initiated the EuropeTrain project together with the International Union of Railways (UIC) and 29 other railway companies throughout Europe. The train consists of roughly 30 freight cars of various models which, with the exception of a few cars with conventional braking equipment, are all equipped with state-of-the-art LL composite brake shoes. The objective is to test the LL brake shoes in all weather conditions and make them ready for series production. Like the K brake shoes, the LL brake shoes reduce freight car noise by 50%.

Social commitment

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. Here, too, we focus in particular 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 (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 nationwide Off Road Kids Foundation. We have supported this organization since 1994 by enabling the foundation's street outreach workers to travel throughout Germany. Since the beginning, over 2,000 young people have been provided with new perspectives in life.

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 National Paralympic Committee Germany. Since 2010, we have expanded this partnership to include disabled young people and are the exclusive main sponsor of the "Jugend trainiert für Paralympics" (Youth Training for the Paralympics) project, through which we make an important contribution to the social integration of schoolchildren with disabilities through sports. In addition to supporting elite sporting events, among other things as a partner for several major soccer teams, our involvement also addresses the basis and thus the future of the younger generation. By conferring 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 therefore make a contribution to our society. For our company, long-term commitment and involvement are synonymous with investing in young people.

As a partner of the city of Hamburg as the 2011 European Green Capital, DB Group provided support to the Hanseatic city with numerous measures such as an info pavilion at the central station and the "Train of Ideas."

ADDITIONAL INFORMATION

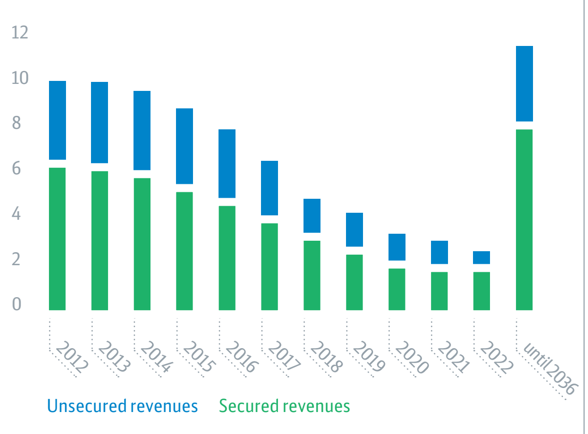
::: SECURED ORDER VOLUME UP
::: GERMANY A LEADER IN EUROPE FOR RAIL TRANSPORT MARKET LIBERALIZATION
::: DAMAGE CLAIMS AGAINST RAIL MANUFACTURERS UNDER CONSIDERATION

Development of orders remains positive

The services provided by DB Group are generally performed within a time horizon of a few hours or days. Incoming orders are therefore not a relevant performance metric for most of our business units. The DB Bahn Regional and DB Arriva business units are the main exceptions to this rule. In these business units, a key performance metric is the development of orders in the form of long-term transport contracts concluded with Germany's Federal states and franchisers in other European countries.

Long-term revenues are broken down into secured revenues realizable directly from existing transport contracts or concessions regardless of passenger numbers (primarily concession fees) and unsecured revenues, which are likewise from existing transport contracts or concessions, but which are dependent on passenger numbers (primarily farebox revenues). Total order volume for the year under review rose by € 7 billion year on year to € 78.4 billion (DB Bahn Regional rail: € 58.7 billion, DB Bahn Regional bus: € 0.8 billion, DB Arriva: € 18.9 billion), of which € 46.0 billion was secured revenues and € 32.4 billion unsecured.

Long-term revenues from transport contracts
DB Bahn Regional and DB Arriva — € billion



Ticket sales in the DB Bahn Long-Distance business unit generally generate immediately captured revenue and are received within a short period of time.

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

Incoming orders in the DB Netze Track business unit generally concern train-paths assigned to TOCs. A distinction is made here between scheduled and non-scheduled transport services.

The DB Netze Stations business unit has a similar structure. In this business unit, contracts are concluded with TOCs for station stops and long-term contracts are signed for the leasing of station space. Incoming orders in the DB Netze Energy business unit are for energy purchased by train operating companies. The infrastructure business units generate most of their revenues with intra-Group customers.

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

Rail Technology and Services division realigned

The Rail Technology and Services division was realigned effective January 1, 2011. Process responsibilities were reassigned such that the business units are now in charge of construction supervision instead of corporate headquarters, for example. The roles and responsibilities of the system network business units were outlined in greater specificity. Strategic objectives were made more of a focus. The realignment of this division also involved organizational structure changes.

The roles of Chief Technology Officer (CTO) and Chief Quality Officer (CQO) were newly defined and/or changed. These officers have guideline authority for the entire Group within their respective areas of responsibility. The CTO, for example, oversees the Group's overall technology strategy and coordinates the respective sub-strategies. The technical core competencies of DB Group were bundled within the newly formed CTO unit as part of the realignment. The new position of Chief Procurement Officer (CPO) is a service function closely involved with the business units.

The decision was made to spin off DB Systemtechnik in order to tap the market potential in railway engineering services. Upon registration in the trade register, the formal procedure was completed for the spin-off of the company as an independent GmbH retroactively to January 1, 2011. This new entity is to be grown to become the leading provider of engineering and inspection services in the European railway sector.

The new roles of the organizational units within the Rail Technology and Services division consist of:

::: Group functions for addressing and moving forward on Group-wide issues
::: service functions supporting the business units
::: business units with independent profit responsibility

RESEARCH AND DEVELOPMENT

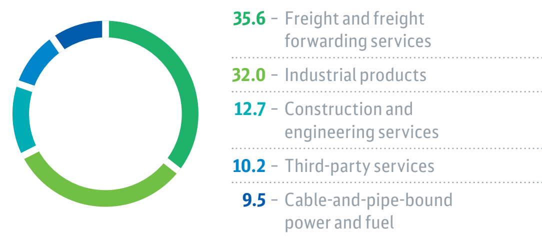
As a service organization, we do not conduct our own research and development in the strict sense of the term. Due to our technological expertise and operational experience, we do, however, initiate user-oriented developments and support industrial firms with services including broad-based testing operations.

Purchasing volume up significantly

A central, uniformly structured procurement policy generates added value for DB Group. This was especially evident in the face of the procurement market volatility seen in the year under review. While procurement costs were clearly trending upward at the start of the year, by year-end economic activity was definitely stagnating.

Even under last year's conditions, it was possible to realize savings Group-wide. The FAST purchasing program ongoing since 2009 has been expanded in scope. Over 1,800 individual measures have been undertaken to systematically realize potential on a sustained basis in virtually all major product groups. The program is being continued in line organization in 2012. The focus is on international procurement volume. Bundling benefits are expected in particular in this area. The first success was the awarding of an IT hardware contract on an international scale, through which significantly lower prices were obtained. At the same time, we are moving forward with the standardization of purchasing content. Standardized product specifications are being employed for the targeted multi-region or multi-project bundling of procurement goods.

Structure of orders placed — %



The supplier evaluation IT system rolled out in the year under review is being further optimized in 2012 and expanded in its supplier qualification and supplier development capabilities. Having a single integrated system in place allows for the effective management of supplier portfolios with respect to both quality and price. The first instruments introduced were so-called quality gates. These milestones were introduced in procurement projects to identify and contain project risks at an early stage to ensure the on-schedule, contract-compliant delivery of rolling stock of the highest possible quality. This involves the inspection and evaluation by the contracting customer of the quality and completeness of goods and services provided by the contractor up to one of a maximum of ten fixed dates.

The passing of each quality gate is addressed in a joint meeting between the contracting customer and the contractor. The contractor concretely presents the project status and progress using a quality gate criteria list and presents the critical path for the continued on-schedule fulfillment of contracts in the desired quality. The contracting customer then presents his/her assessment, including an overall assessment of project risk, and decides whether the quality gate has been passed. The industry applauds this approach, and quality gates are now being used in eight procurement projects, with another five in planning.

Procurement volume was significantly higher in the year under review, at € 28.5 billion (previous year: € 22.8 billion). This 25% year-on-year increase was due almost entirely to the first order for 130 *new ICx trains* [1].

1 Page 113

Procurement volume breaks down as follows for the year under review:

::: Freight forwarding services rose from € 9.8 billion to € 10.1 billion.
::: Industrial products rose from € 4.2 billion in the previous year to € 9.1 billion in the year under review as a result of the ICx order.
::: Construction services declined slightly from € 3.8 billion to € 3.6 billion.
::: Third-party services rose from € 2.7 billion to € 2.9 billion.
::: Energy and fuels rose from € 2.3 billion to € 2.7 billion.

The energy price trend varied in the course of the year. Price levels rose overall versus the previous year, causing energy costs to increase in spite of energy consumption which remained virtually unchanged.

SIGNIFICANT CONTRACT AWARDS

Infrastructure

::: Awarding of the Filder tunnel contract as part of the Stuttgart 21 project; contract value over € 700 million.
::: Renovation of the Berlin Ostkreuz node; contract value roughly € 90 million.
::: VDE No. 8.2, Erfurt–Gröbers section; contract value roughly € 190 million.
::: Module contract for electronic interlockings; contract value roughly € 200 million.
::: Framework contracts for the manufacture and supply of finished rails (roughly € 160 million) and delivery transport of other rail-related construction materials (roughly € 100 million).
::: Additional work on the Leipzig city tunnel; contract value exceeding € 60 million.
::: Awarding of contracts for IT services for operations, telecommunications and sales (€ 35 million) in a bundled Europe-wide award to 23 contractors with a completion date of 2018 at the latest; global IT hardware contract awarded for a procurement volume of up to € 100 million over a three-year period.

Vehicles

::: Contract signed for the ICx procurement project for on-demand ordering of up to 300 trains for national and European use. The 130 trains in the first ordering tranche are to be delivered by 2021; volume € 4.2 billion. The procurement of another 90 trains is planned. Additional tranche orders may be placed under this framework agreement through to 2030.
::: Modernization measures such as seat upgrading for the IC fleet valued at roughly € 25 million; procurement of diesel engines for diesel multiple units (DMU) at DB Bahn Regional valued at roughly € 3 million; procurement of freight car wheel sets valued at roughly € 45 million.
::: EMU framework contract signed for the procurement of 400 electric multiple units. The framework contract volume is estimated at around € 2 billion, with the volume varying according to the manufacturer model and seating capacity.
::: Contract signed in the EMU Southwest tender for the development, manufacture and supply of 28 multiple units. The operational start is scheduled for December 2014 in the DB Regional Southwest region. The contract volume is approximately € 165 million.
::: Contract signed in the Cologne diesel network tender for the development, manufacture and supply of 56 multiple units with multiple on-demand ordering options. The operational start is scheduled to coincide with the timetable change in 2013. The contract volume is approximately € 325 million.

Strategic partnership in Qatar restructured

In the year under review, Qatar Railways Company (RAIL) signed a contract to purchase the shares in the joint venture Qatar Railways Development Company (QRDC) previously held by DB International, and is thus now the sole owner of QRDC. The Qatari government has hired QRDC to build an integrated rail network for freight and passenger transport in the Emirate of Qatar. Following the organizational restructuring, the project will now be executed directly by RAIL instead of QRDC, with support from DB International.

DB International thus remains Qatar's most important strategic partner for the development and construction of a transport network for this Persian Gulf emirate. DB International will send experts to assist RAIL on-site, and will be responsible for a range of engineering services and technical consulting, as well as potentially the training and certification of Qatari personnel.

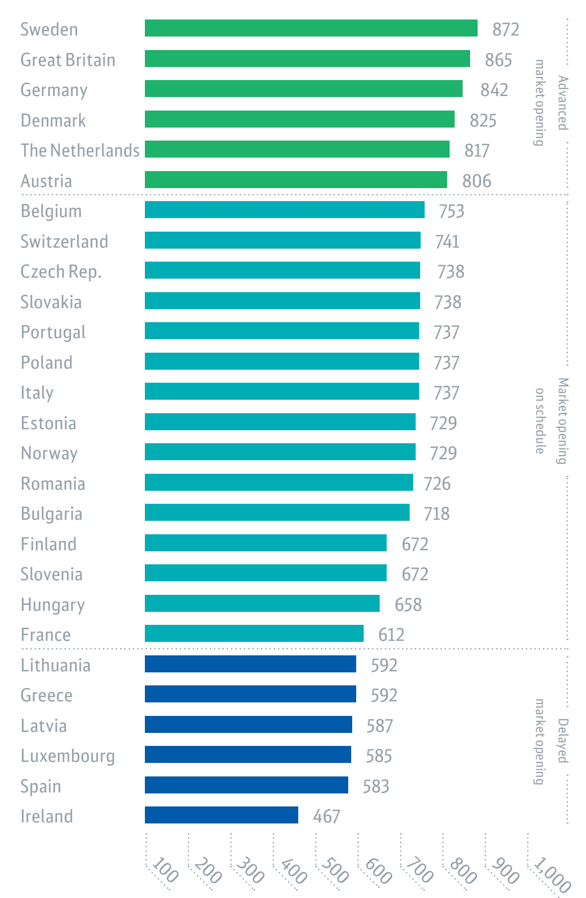
The core of the project is the planned metro network in Doha, which will connect the airport with downtown and the soccer stadiums for the 2022 FIFA World Cup.

Germany a leader in rail transport market liberalization

According to the *2011 Rail Liberalization Index (LIB Index)* [1] published in April 2011, Germany is a leader in Europe in rail transport market liberalization. Only Sweden and the UK are ahead of Germany, in that order.

Rail liberalization index 2011

Rail freight and rail passenger transport



The LIB Index tracks the degree of market liberalization of European rail markets, factoring in legal and de facto market access barriers from the perspective of a train operating company looking to enter the market. According to the study, in the four years since the last LIB Index report was published in 2007, access to European rail transport markets has further improved, in part because all of the countries included in the study have enacted laws promoting access.

Other legal issues

DAMAGE CLAIMS AGAINST RAIL MANUFACTURERS UNDER CONSIDERATION

Since June 2011, the Bochum public prosecutor and the German Federal Cartel Office have been investigating several firms on suspicion of years of illegal price collusion in sales of rail tracks and potentially other superstructure materials. DB Group may have been exposed to millions of euros of damages as a result. We are considering damage claims of our own, which we will assert if possible.

GROUP COMPANIES TARGETED IN ANTITRUST PROCEEDINGS

The EU Commission carried out follow-up investigations at several DB Group locations as part of antitrust proceedings from late March through early April and in July 2011. The traction current pricing system employed by DB Energie GmbH since 2003 is one subject of the investigations. This system was deemed admissible by the Higher Regional Court of Frankfurt am Main in 2006.

We have filed a suit with the General Court of the European Union in Luxembourg contesting the legality of the follow-up investigations.

GERMANY SUED FOR IMPROPER IMPLEMENTATION OF THE FIRST RAILWAY PACKAGE

On June 24, 2010, the European Commission resolved to file a complaint with the European Court of Justice against Germany and 12 other EU member states. The countries concerned are accused of improper implementation of the first European railway package, particularly in relation to the ownership unbundling requirements. The European Commission and the Federal Republic of Germany are the parties involved in the agreement violation proceedings. The German Federal Government has rejected all of the Commission's allegations.

[1] www.db.de/libindex-en

We concur that the Commission's arguments do not hold up. DB Netz AG makes its own decisions on track access and usage charges independently of other DB Group companies. The holding company structure in place in Germany is explicitly allowed under European railway law.

SUBSIDY COMPLAINT – BERLIN/BRANDENBURG TRANSPORT CONTRACT

In August 2003, Veolia Verkehr GmbH (Veolia, formerly Connex Regiobahn GmbH) filed a complaint with the European Commission (EU Commission) against alleged illegal subsidies. The proceedings concern the conclusion of a transport contract between DB Regio AG and the Federal states of Berlin and Brandenburg. Veolia holds that the contractual payments received by DB Regio AG (concession fees) represent subsidies as defined by European law.

In a resolution dated October 23, 2007, the EU Commission initiated formal proceedings against the German Federal Government. In statements, both the German Federal Government and DB Regio AG have outlined that subsidies are not in evidence in their opinions. Initiation of formal investigative proceedings is a procedural step that in no way anticipates the results of the Commission's investigation.

INVESTIGATION AT DB INTERNATIONAL

The accounting firm KPMG conducted a special audit of DB International GmbH (DB International) after allegations against DB International came to the attention of the Frankfurt public prosecutor in legal proceedings. The prosecution alleges that former employees paid cash or in-kind contributions to decision makers in foreign countries, either directly or through third parties. The findings of the special audit partially confirmed the allegations. DB International has taken action accordingly. The official investigation is still ongoing.

Metro Mecca begins automated operation right on time for the Hajj

On November 5, 2011, the first official day of the annual Hajj (Muslim pilgrimage to Mecca), the second stage of the Al Mashaaer Al Mugaddassah Metro Makkah (metro Mecca) successfully commenced operation in "automatic mode." The 72,000 passengers carried per hour posed a major transport infrastructure challenge.

A team of DB International personnel was in charge of overseeing construction of the structures and technical facilities in the second stage. DB International had already been hired to review the first-stage planning and approval of the entire rail system and metro vehicles, as well as for construction supervision.

Transparent service relationships within DB Group

The charges invoiced to DB Group and non-Group customers for use of the infrastructure are based on the corresponding pricing systems (train-path pricing system, facility pricing system and station pricing system). Services are provided by DB Netz AG or DB Station&Service AG. The service beneficiaries within the Group are primarily passenger and freight transport TOCs. The consolidation of energy-related activities under DB Energie GmbH means that this Group company serves as the primary buyer of energy from the external market. DB Energie GmbH then sells these services on to customers at conditions that are in line with the market. Purchasing is conducted for traction energy (diesel fuel and traction current) and electricity for stationary facilities (switch heaters, train preheating systems, etc.).

The table below illustrates the main business relationships between DB Group business units. It shows infrastructure-related charges for the use of train-paths, local infrastructure (including marshaling yards and sidings), passenger stations and energy compensation.

— € million	DB Bahn Long-Distance	DB Bahn Regional	DB Arriva	DB Schenker Rail	DB Schenker Logistics	DB Services	DB Netze Track	DB Netze Stations	DB Netze Energy	Subsidiaries/ other
Train-path utilization	780	2,101	0	478	0	1	-3,364	0	0	4
Utilization of local infrastructure	24	50	0	140	0	1	-217	0	2	0
Station utilization	92	532	1	-1	0	0	-6	-618	0	0
Energy settlement	328	788	-2	410	0	28	148	86	-1,802	16

RISK REPORT

::: INTEGRATED RISK MANAGEMENT ENSURES TRANSPARENCY
::: KEY RISKS IN THE AREAS OF THE MARKET, PRODUCTION, TECHNOLOGY AND THE PROCUREMENT MARKET
::: RISK PORTFOLIO FREE OF EXISTENCE-THREATENING RISKS

Our business activities involve both opportunities and risks. Our business policy is aimed at both seizing opportunities with our *opportunity management system* [1] and actively controlling identified risks as part of risk management. The information processing this involves is performed by our integrated risk management system, which is configured to meet the requirements of the German Corporate Sector Supervision and Transparency Act (KonTraG). This system is optimized on an ongoing basis.

Risk management within DB Group

The principles of the Group's risk policy are stipulated by corporate management and are implemented throughout the Group. Within the framework of our early risk detection system, quarterly reports are submitted to DB AG's Management Board and Supervisory Board. Risks arising outside of the regular reporting cycle must be reported immediately. Planned acquisitions are subject to additional special monitoring. Arriva, which was acquired in 2010, was integrated into the DB Group risk management system in the year under review.

Our risk management system maps all of the risks in a risk portfolio and also individually in detail, factoring in materiality thresholds. The risks discussed in the risk report are categorized and classified according to their probability of occurrence. In addition to the possible consequences, the analysis focuses on approaches to and the cost of countermeasures. In terms of organization, Group controlling serves as the coordination center for our risk management.

In the context of Group financing, which is strictly oriented to our operating business, Group Treasury bears the responsibility for the limitation and monitoring of the resultant credit, market and liquidity risks. Centralized handling of the relevant transactions (money market, securities, foreign exchange and derivative transactions) by DB AG results in the potential risks being managed and contained centrally. Group Treasury is organized in line with the Minimum Requirements for Risk Management (Mindestanforderungen an das Risikomanagement; MaRisk) applicable to banks and meets all of the requirements of the KonTraG Act as a result of the MaRisk criteria.

KEY CHARACTERISTICS OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM WITH REGARD TO THE GROUP'S ACCOUNTING PROCESS

Our risk management system is supplemented by a Group-wide internal control system that encompasses accounting-related processes.

Our internal control system is aligned with the "Internal Control – Integrated Framework" criteria defined by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The COSO model is a generally accepted theoretical framework on the basis of which internal control systems are assessed on five separate levels. Based on this model, our accounting-related internal control system is supported by basic control mechanisms such as automated and manual reconciliation, the clear separation and definition of functions, and the observance of guidelines and specific work instructions that are applicable throughout the Group.

In addition to the aforementioned instruments, we also employ the following accounting-related control mechanisms:

::: Group-wide uniform reporting based on the standard software Hyperion Financial Management (HFM) for all the consolidated companies documented in the Business Information System (Firmen Informations System; FIS)
::: systematic tracking of changes in the accounting rules of the International Financial Reporting Standards (IFRS) and the German Commercial Code (HGB)
::: regular and comprehensive updating of the corresponding accounting directives and accounting-related systems,
::: use of a uniform item number plan
::: the appropriate information of staff members tasked with reporting

[1] Page 165 f.

The auditing activities of the intra-Group auditors, which represent a key element of our control mechanisms as a process-independent instrument, are focused on evaluating the adequacy and effectiveness of our internal control system. Property, plant and equipment and warehouse inventories are also audited.

In addition to the monitoring mechanisms in place, the Audit and Compliance Committee and the Supervisory Board review the accounting process and the effectiveness of the internal control system.

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

The management at the companies included in the consolidated financial statements and of the individual business units verify the correctness of the data relevant to the annual financial statements in an internal quarterly reporting process. In particular, confirmation is given that the financial data provide a true and fair view of the net asset, financial and earnings position of the reporting unit in all of its key areas. Confirmation is also given that the responsible management implemented the centrally defined internal control systems for reporting and, if necessary, supplemented these with their own documented control and monitoring instruments.

Key risk categories and individual risks

The key risks in relation to the DB Group statement of income include, in particular:

GENERAL ECONOMIC RISKS

Among other things, demand for our mobility services and, in particular, our transport and logistics services is dependent on overall economic developments. Economic growth fuels the megatrends underlying our strategy in the markets in which we operate. Macroeconomic shocks such as economic and financial crises can thus negatively impact our business. The potential effects of the debt crisis in Europe on the health of the economy are another factor of uncertainty.

Passenger transport is especially influenced by key economic parameters such as disposable income and the level of employment. Risks connected with the sovereign debt crisis could have an adverse effect on, in particular, our international activities in the DB Arriva business unit, as DB Arriva could be directly affected by spending cuts in the countries facing severe budget and government debt problems.

The rail freight transport business depends largely on demand for transporting consumer goods, iron, coal and steel (Montan)-related goods, mineral oil products, chemical products and building materials. This demand is subject to cyclical fluctuations. Changes in our customers' production structures also play a role, as our customers are frequently faced with global competition.

The economic situation of our customers determines their demand for storage and transport services, affecting the freight forwarding and logistics businesses.

MARKET RISKS

We face tough intermodal and intramodal competition in the German passenger transport market, particularly from motorized individual transport, which is our principal competitor. We continuously improve our service and performance quality in order to further strengthen our competitive position. On the supply side, we optimize our timetables so as to offer shorter travel times whenever possible (following the completion of infrastructure projects, for example). We also implement numerous measures to better our services, for example through our *customer and quality initiative* [1]. Our *punctuality record* [2] is subject to close monitoring. We use special offers as a means of improving our customers' perception of our prices. Over the next few years, we will also be investing heavily in our long-distance transport fleet.

[1] Page 138 , [2] Page 138

There is intense intramodal competition in Europe for securing long-term regional transport contracts. To succeed in this market environment, we are continuously optimizing our bid management and cost structures so as to be able to submit attractive yet profitable bids. Major tender volumes will be at stake in Germany over the next few years, presenting all of the bidders with sizable organizational challenges.

There is considerable competitive pressure in both intramodal and intermodal rail freight transport. The situation is exacerbated by the growing significance in the market of low-cost truck fleets from newer EU member states. The rail freight transport market thus involves market risks predicated upon the need to adapt to intensifying competition across all modes of transport and upon the resultant margin losses. We are responding with measures to further raise efficiency and reduce costs. In addition, we are optimizing our service offerings and integrating rail freight transport into comprehensive logistics packages.

Our freight forwarding and logistics activities are above all exposed to highly competitive market conditions. We are responding to these by further expanding our networks and improving our cost structures, services and IT infrastructure.

Risks arising from changing customer demand and shifting transport flows are addressed Group-wide by means of extensive market observation and the continual further development of our portfolio. With regard to market risks relating to potential changes in the legal framework on a national and international level, we actively participate in discussions and debates ahead of such changes.

OPERATING RISKS

Our operations as a train operating company are based on a technologically complex, networked production system. Our activities are put at risk by operational disruptions and, in particular, the negative impact on punctuality that such disruptions cause. Compromised punctuality in long-distance transport lowers service quality and may lead to customer losses. In regional transport, there is also the risk of incurring penalties levied by the relevant ordering organizations in the event of service cancellations or inadequate punctuality.

Sufficient availability of our vehicle fleet is also critical. Significant vehicle availability problems jeopardize our normal operations schedule. We endeavor to counter this risk by taking precautionary measures and by minimizing its impact with, for example, the provision of replacement vehicles and substitute transport services.

Punctuality is a key issue for our rail freight transport customers when selecting a service provider. Additionally irregularities, such as customs violations and theft, can occur during transports. We combat these risks with measures such as employing qualified customs coordinators and using an immediate tax assessment notice reporting system. The decommissioning of the GKN I power plant and uncertainties regarding the availability of power plants generating traction current may lead to operational disruptions due to energy supply shortages at peak network load times.

We address the risk of operational disruptions generally through systematic maintenance, the deployment of qualified personnel, and ongoing quality assurance and process improvements. The nature of the railway business as an open system means we have only limited influence over certain factors such as accidents, sabotage and theft, which could potentially negatively impact operations. In this respect, our efforts focus on minimizing the impact of such incidents.

TECHNOLOGICAL RISKS

The range and quality of our services are highly dependent on the availability and reliability of the production resources used and the intermediate services procured, and on the quality of our partners' services. We therefore discuss quality issues thoroughly with our suppliers and business partners.

In addition, the technical production resources used in rail transport have to comply with possible changes in the applicable standards and requirements. Consequently, technical complaints regarding our vehicles may occur. There is a risk that individual series or train car types may be prohibited from operating or may only operate under certain conditions such as lower speeds, shorter maintenance intervals and reduced wheel set loads. In addition, manufacturers can not deliver newly purchased vehicles to us if the necessary vehicle certification has not been granted. This can result in operational disruptions and higher costs.

It cannot be ruled out that the intervals between maintenance/ultrasound inspections may be further shortened in future. This would heighten operational restrictions unless the vehicle fleet was expanded.

Track infrastructure standards and requirements are also important parameters for our operations and may be subject to change. Failing to comply with these requirements can likewise result in operational restrictions or prohibitions. To address these risks, we have bundled the relevant activities and maintain an active dialog with the competent authorities.

PROCUREMENT RISKS

Purchasing prices for raw materials, energy and transport services can vary depending on market conditions. The market and the competitive situation may not allow the passing on of cost increases to the customers in the short term, or may only allow this to a limited extent, thus affecting margins.

We counter the risk of higher energy prices with the aid of suitable *derivative financial instruments* [1].

PROJECT RISKS

Modernization of the railway system as a whole involves huge investment volumes and a large number of highly complex projects. Changes in the regulatory environment, implementation delays and necessary adjustments in the course of these frequently multiyear projects create risks that can affect a number of business units due to interconnected production structures. Price increases for purchased services or for construction may also have a negative impact. Accordingly, we carefully monitor project budgets. This applies in particular to the large, centrally managed projects.

INFRASTRUCTURE FINANCING RISKS

A key element of the German Rail Reform Act is the Federal Government's constitutional obligation to finance the rail infrastructure. The key criteria are sufficient amounts and the predictability of the means of financing available in the future. We concluded a service and financing agreement with the Federal Government that stipulates financing for the existing network through to 2013. However, in order to ensure the long-term competitiveness of rail as a mode of transport, there is also a need for sufficient funding for systematic new construction and expansion and for the elimination of bottlenecks (requirement plan capital expenditures). Federal funding for conducting these capital expenditures projects is factored into our multiyear business planning, although the corresponding funding agreements could not yet have been finalized and concluded. There is also a risk that the government may reclaim grants on the basis of an audit of how the Federal funds were used.

RISKS RELATING TO REGIONAL TRANSPORT FUNDING CUTS

The development of the regional transport market in Europe depends on the amount of funding available for commissioning new transport services and supporting existing services. A large proportion of our revenues therefore comes from payments for our European regional transport activities from mostly government or government-backed ordering organizations (primarily concession fees). In view of efforts to tighten public budgets (especially in countries with high levels of government debt), there is a risk that funds may be cut. We counter this risk by adapting our services accordingly and by growing our farebox revenues.

FINANCIAL RISKS

We counter interest rate, currency and energy price risks arising from our operating business in part through original and derivative financial instruments. These instruments are discussed in the notes to the consolidated financial statements. There is a risk that hedges may fail to materialize or may not materialize to the degree anticipated.

The expansion of our international business involves currency risk, due to cash flows in different currencies. This applies in particular to the US dollar, the pound sterling and the Swedish krona.

1 Page 240 ff.

Pension and similar retirement benefit obligations are partially covered by plan assets held in stocks, real estate, fixed-income securities and other investments. Losses of value in these assets directly reduce the cover of pension obligations by plan assets, potentially requiring the company to provide additional cover.

We enjoy very good access to the capital markets thanks to our solid credit ratings. 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 billion debt issuance program. We employ Group-wide cash pooling to ensure that liquidity can be provided to Group companies as needed.

LEGAL AND CONTRACTUAL RISKS

Legal risks exist in the form of, among other things, damage claims and legal disputes. In many cases, these concern construction projects, real estate and environmental issues (in particular the consequences of phasing out nuclear energy). There is also a risk that some long-term transport contracts may become uneconomical due, among other things, to unforeseen cost increases. We endeavor to counter such risks through costcutting and income-enhancing measures.

Provisions have been allocated for legal and contractual risks, factoring in the estimated probability of occurrence in each case. Utilization of these provisions depends on whether these risks materialize to the extent as set forth in our current estimates.

REGULATORY AND POLITICAL RISKS

Changes in the legal framework at the national or European level can pose risks to our business. DB Group provides rail transport services in a regulated market. The German rail network was liberalized in 1994, allowing non-discriminatory access. Regulations govern individual components of the pricing and terms of use applied by our rail infrastructure companies. There is a risk of complaints and intervention regarding these components.

Additionally, the structure of DB Group may expose it to regulatory risks. These could arise on a national or European level.

Political risks include, in particular, the tightening of existing railway standards and regulations.

PERSONNEL RISKS

Our employees and their skills are of central importance to our future success. Our compensation systems and staff development programs and measures are aimed at retaining our employees and motivating them to perform to the best of their abilities. Undesired employee departures are few within our organization. This reflects our efforts to boost our employees' commitment and their identification with DB Group. It also demonstrates how attractive we are as an employer.

Given the current age structure within DB Group, we will have significantly higher staffing requirements in future, while at the same time recruitment will become more difficult due to demographic trends. Also, competition to attract highly qualified staff and managers is steadily increasing. We are addressing these challenges by maintaining close ties with schools and universities and through increasing the recruiting activities of our recruitment organization.
Additionally, when integrating newly acquired companies, we endeavor to retain employees in key positions.

Our staffing cost structure in comparison to those of our competitors is of crucial importance to our ability to compete effectively. Additional one-sided burdens, such as higher wage agreements than those negotiated by our competitors, erode our competitive position. The conclusion of a collective agreement for the local rail passenger transport industry represents an important step in the right direction. This means that wages and work hours are governed by industry-wide collective agreements. Negotiations are also under way with the GDL train drivers' union to establish uniform work and pay conditions.

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. Our Compliance department's mission is to ensure that our actions conform with such rules. Details are provided in the *Compliance report* [1].

1 Page 52 f.

IT RISKS

Insufficient IT management can seriously jeopardize DB Group business processes (e.g. interrupted availability of IT systems, unauthorized third-party accessing of customer data). We employ a variety of methods and resources to identify and contain potential risks.

A special group of professionals (the IT Project Assurance Group) exists for risk management in IT projects, which oversees all major IT projects with the aim of ensuring project success.

The IT risk management department for applications and infrastructures systematically identifies and eliminates or contains the relevant risks. Residual risks are documented, reported to the competent departments as applicable, and monitored.

In addition, the system architecture is regularly reviewed and hardware platforms are regularly upgraded to ensure that our information technology is always up to date and meets our constantly changing business requirements.

To ensure high IT availability, we use redundant operational and data backup systems distributed across different locations, fail-safe systems, outsourced tape backup and separate administration structures. Our wide area network (WAN) is also redundantly designed wherever IT security and business continuity require this. These measures are aimed at reducing the risk of IT system failures and avoiding huge disruptions, to keep mission-critical business processes running.

Management assessment of the risk situation

Assessment of the current risk situation is conducted using our risk management system. The primary risks in the year under review were general economic, market and operating risks. Overall, risk exposure was slightly greater in the year under review compared to 2010.

Third-party assessments also play an important role in overall risk assessment. In addition to the Group's own risk assessment, DB Group's credit standing and aggregate default risk are also gauged by the three rating agencies Moody's, S&P and Fitch. The favorable ratings assigned by these agencies conform with our own internal estimates regarding overall risk exposure.

Based on our analysis of the risks, countermeasures, safeguards and precautions and in the opinion of the Group Management Board, the latest risk assessment and mid-term planning indicate that there are no risks that could, either individually or in aggregate, impact DB Group's net asset, financial and earnings position so as to jeopardize its existence as a going concern.

We have established all the organizational structures necessary to be able to identify risks in a timely manner. Ongoing risk management and active monitoring of risks in the key risk categories help to contain the risks for DB Group.

EVENTS AFTER THE BALANCE SHEET DATE

::: NEGOTIATIONS ON FUTURE COLLECTIVE WAGE AGREEMENT INITIATED
::: S & P LONG-TERM RATING CONFIRMED
::: AGREEMENT REACHED ON USAGE FEES FOR TRACTION CURRENT LINES

Future collective wage agreement designed to meet the challenges of demographic change

Agreements were reached with both the EVG (Rail and Transport Workers Union) and GDL (German Train Drivers' Union) to continue the current employment security pact and to adapt it in line with the current demographic challenges. The key aspects of a future collective wage agreement (Zukunft-Tarifvertrag; ZukunftTV) were agreed upon.

A core element of the future collective wage agreement is a life phase model that is more accurately based on the needs of employees and which will give them prospects for their entire professional lives with the Group. The negotiations on the ZukunftTV initiated in summer 2011 were not concluded by the end of the year, as had been previously planned. The negotiations will continue in 2012 as agreed. The current collective employment security agreement (Beschäftigungssicherungs-Tarifvertrag; BeSiTV) was conditionally extended such that employees are not disadvantaged by the extension while negotiations continue. The ZukunftTV will also contain a new form of regulating employment security. Layoffs due to operational reasons will still be ruled out.

S & P removes CreditWatch

On January 17, 2012, the rating agency S & P concluded the review of DB AG's long-term credit rating initiated on December 8, 2011, removed its CreditWatch, and confirmed the company's previous credit rating. DB AG's long-term rating of "AA" therefore remains unchanged with a stable outlook.

DB Schenker Logistics expands position in land transport in Finland

On January 21, 2012, the DB Schenker company operating in Finland, Oy Schenker East Ab, agreed to purchase the entire share capital of Suomen Kiitoautot Oy. This company was formerly part of Kiitoautot Yhtiöt Oy. DB Schenker will assume control of the entire operating business.

Suomen Kiitoautot Oy and Schenker Cargo Oy, a subsidiary of Oy Schenker East Ab, now make up two-thirds of the Kiitolinja chain, which has specialized in domestic purchasing and distribution in Finland.

Federal Government invests an additional € 100 million in infrastructure

Within the scope of the program to accelerate infrastructure recently passed by the Federal Government, an additional € 100 million will be invested in modernizing 130 smaller and medium-sized stations over the next two years.

The measures range from providing step-free access to modernizing platforms and their technical equipment as well as improving weather protection. Above all, stations that had already been listed in the requirement plan were selected for the modernization program. This allows the measures to be implemented at an accelerated rate.

Agreement reached on usage fees for long-distance traction current lines

At the end of February 2012, an agreement was reached in the review process on *usage fees for traction current* [1], with a settlement that has yet to be concluded between BNetzA and DB Energy. According to the agreement, the BNetzA has approved the usage fees with cutbacks for the period from 2005 to 2008, while DB Energy will be retroactively included in the incentive regulation system beginning in 2009. For the first regulation period from 2009 to 2013, a revenue path was outlined that determines a fixed annual revenues cap.

The additional revenues generated made from usage fees levied in the past will be deducted from the approved revenues cap as of 2009.

The revenues caps for the second regulation period from 2014 to 2018 will be subject to an additional review that will begin in the second half of 2012.

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OUTLOOK

::: ECONOMIC GROWTH TO SLOW DOWN IN 2012
::: INCREASES EXPECTED IN REVENUES AND PROFITS IN 2012
::: OUTLOOK REMAINS CLOUDED BY UNCERTAINTIES

At the time this report was prepared, there was still a high level of uncertainty with regard to economic development. In particular, it currently remains unclear what effects a renewed escalation in the sovereign debt crisis might have. However, we expect economic growth to noticeably slow down. This may lead to recessive developments in some countries.

Future direction of DB Group

FUTURE BUSINESS POLICY

We want to assert our market positions in the 2012 financial year and continue our business units' organic growth. After acquiring Arriva in 2010, we significantly expanded our position in the European passenger transport market and want to play a strong role in this market in the future with our DB Arriva business unit. We do not intend to make any fundamental changes to our business policy in the 2012 financial year.

FUTURE STRATEGIC FOCUS

We continue to focus our strategy on the long-term megatrends in our markets. Our analyses show that these are still intact. DB Group's strategic objective therefore remains unchanged. In the year under review, we expanded our strategic approach to include social and ecological dimensions. Our objective is to attain sustainable success for our company and secure acceptance in society with an expanded company approach based on sustainability.

FUTURE SALES MARKETS

Our opportunities for growth in the German passenger transport market (bus and rail) are limited due to our current strong position, the high level of competition, and antitrust laws. Our main emphasis is consequently on defending our strong position. Our expectations for future growth in passenger transport are focused on our DB Arriva business unit in European countries outside of Germany and on cross-border long-distance rail passenger transport.

In the area of rail freight transport, our focus continues to be on the European market. Following the expansion of our network in recent years, we are now well positioned on all of the central European corridors and can even already offer service connections to China.

In the freight forwarding and logistics segment, we do not expect any changes in the 2012 financial year in view of our sales markets. DB Schenker Logistics is already very well represented in all the key markets and regions.

Economic outlook

The outlook for economic development in 2012 is based on the assumption of generally stable geopolitical development. At the same time, based on the worsening economic outlook in recent months and on the probability of occurrence of existing risks, the following estimates are affected by high levels of uncertainty.

Anticipated development — %	2011	2012
GDP World [1]	+2.5	<+2.5
World trade	+5.5	<+4.0
GDP Eurozone	+1.5	±0.0
GDP Germany	+3.0	+0.5

[1] Total of selected developed and emerging countries.
The data for 2011 is based on the information and estimates available on February 15, 2012.

Global economic growth is expected to continue to slow down in 2012, as the effects of the sovereign debt crisis continue to burden the global economy. The cutbacks needed in order to consolidate public spending will slow economic growth in the United States and Europe. Positive stimuli for the global economy may only come from the emerging markets – in particular from Asia – despite government measures to prevent the economy from overheating. In industrialized countries, only moderate growth is expected, and even recessions are forecast for some European countries in crisis. Even with an optimistic outlook for the global economy, 2012 is likely to be marked by weak growth in which the global GDP would only increase by just under 2.5 % and global trade would grow by a maximum of

4%. If confidence in the fiscal policy of consolidating public spending and in the stability of the banking system cannot be restored, a new global recession cannot be ruled out.

Momentum for economic growth in the United States and Japan should increase again slightly due to the non-recurrence of temporary burdening factors experienced in 2011 such as the aftermath of the natural disaster in Japan and a sharp increase in oil prices, but growth is likely to remain moderate on the whole. Economic development in the Asian emerging markets is set to be weaker than in recent years, but will nevertheless be very strong. For China, we expect an increase in production of approximately 8% in 2012.

In Europe and, in particular, in the Eurozone, uncertainties and the worsening of financing conditions due to the escalation of the debt crisis should considerably limit economic growth. Investments and private spending are being noticeably diminished, and public spending is being limited by the high levels of government debt. The economy in European countries will potentially be supported in 2012 by monetary policy which remains expansive and by the high, albeit weakened, pace of growth in the emerging markets of Asia, Latin America and Central and Eastern Europe. Overall economic production in Europe is expected to stagnate in 2012. Insofar as the sovereign debt crisis does not escalate any further and causes no greater contagious effects in Europe's financial markets, uncertainty should decline in the course of 2012, allowing financing conditions to improve slightly. As a result, the economy should be revived. A stronger recovery will, however, be offset by the necessary consolidation measures in many of the EU member states.

The rate of expansion in Central and Eastern European (CEE) countries should slow down in 2012. Exports will be burdened by a weaker economic development in Western Europe. Little economic stimulus is expected from private households. Weaker cash inflows and a more restrictive lending policy are to be expected due to the recent rise in the banks' aversion to taking risks. The CEE region's GDP is likely to remain higher than the EU average.

The sovereign debt crisis is increasingly burdening the German economy. The momentum for economic growth will slow down significantly in Germany as well, and its 2012 GDP is expected to have only moderate growth. Due to the slowdown in the economy of important trading countries, economic stimuli from foreign trade will decline. Exports should even post weaker growth than imports. Foreign trade is likely to no longer contribute to GDP growth. Domestic use should therefore be the driving force in the economy. Due to consolidation measures, however, government consumption will increase only slightly. Private spending is also expected to post weaker growth than in 2011 due to the continued uncertainty among consumers. In 2012, the German economy will benefit above all from the expected low interest rates in the Eurozone. Based on low costs of financing, investments should increase slightly compared to the previous year. The situation in the labor market is expected to remain stable. We believe employment will grow only marginally in the coming year due to the weak economy. Disposable real income should be able to increase somewhat due to the slight improvement in employment and higher wage agreements, despite continued inflation. Production in the manufacturing industry will achieve only moderate improvement due to weaker demand. Raw steel production, on the other hand, will not exceed the high level it posted in the previous year.

Anticipated development of the relevant markets

Anticipated development — %	2011	2012
German passenger transport market (based on pkm)	+1.3	<=+1.0
European rail passenger transport market (based on pkm)	+0.5	<+0.5
German freight transport market (based on tkm)	+3.2	<=+2.0
European freight transport market (based on tkm)	+5.5	<=+1.5
European land transport (based on revenues)	+7.4	+4.0 to +6.0
Global air freight (based on t)	-0.6	<+1.0
Global ocean freight (based on TEU)	+5.5	+4.0 to +5.0
Global contract logistics (based on revenues)	+6.0	+5.0 to +7.0

The data for 2011 is based on the information and estimates available on February 15, 2012.

Due to the expected favorable development of the labor market and the continued slight increase in real income, the economic effects for the German passenger transport market remain in place and overall demand should once again increase slightly. While German domestic air transport will benefit from a positive baseline effect after the weak development in 2011, it remains unclear how high the burdens in the form of additional costs for emissions certificates will be or which effects they will have on demand. For rail passenger transport, too, we expect more dynamic growth after experiencing dampened development based on the non-recurrence of positive special items in the year under review. Public road passenger transport will possibly stabilize, but this will depend on the development of the liberalization of long-distance bus transport services and on the volume of services and the demand for such services.

In the European rail passenger transport market, we expect a development similar to the previous year in view of the worse overall economic outlook and the consolidation efforts of many EU member states. However, there will continue to be significant regional differences. In view of the austerity measures that are either planned or already being implemented in several countries, an increased risk of strikes with corresponding dampening effects on the demand for transport can be expected.

In the German freight transport market, in view of the existing uncertainties, we can expect a more moderate increase in demand in 2012, following the dynamic recovery in 2010 and the strong increase in the year under review. Further developments depend largely on how quickly the economic and fiscal policy situation in Europe stabilizes and how quickly the demand for transport can regain momentum after the anticipated weak start to the year. The intensity of competition will increase once again due to an overall expected decline in demand, and pricing pressure should also rise. Not least in view of the high level of uncertainty, 2012 will therefore once again be a challenging year for all the market participants.

We also expect merely a weak level of growth in the European rail freight transport market in 2012. This should only slightly exceed the level from the previous year, as hardly any growth stimuli are expected from the industry due to the general cooling of the economy and the sovereign debt crisis. With the decline in demand, both intermodal and intramodal competition pressure will increase significantly, and prices will therefore become more and more important as a deciding factor. In view of the austerity measures that are either planned or already being implemented, several countries can expect to see an increased risk of strikes with corresponding dampening effects on the demand for transport. Additional burdens are expected due to the planned closure of or reduced services on the Brenner train-path for several weeks in summer 2012.

Given the reserved economic outlook, we expect the European land transport market in 2012 to post a weaker development than in the year under review, while nevertheless remaining very favorable. Accordingly, we expect to see a continued tense market situation and strong margin pressure in 2012.

In the global air freight market, we expect to see slight growth at best in 2012. We anticipate the transfer from air freight to ocean freight observed in the year under review to continue in 2012.

For ocean freight, we expect an increase in demand of roughly 4% to 5%, although the market environment will once again be influenced by overcapacities in 2012.

Based on the anticipated increase in outsourcing rates in our most important industries as well as a continued, although slow, economic growth in many core countries for contract logistics, we expect a generally favorable market development in the contract logistics/SCM division in 2012, which could be largely on a par with the result seen in the year under review. This is particularly true for the key emerging markets. In the main industries for contract logistics, the overall outlook remains favorable, although the automotive sector in particular is expected to experience slower growth.

After the significant growth in the year under review, trainpath demand in 2012 should be at a similar level as in the previous year. We also expect a stable development for station stops. The outlook for the area of leasing is likewise favorable, based on general conditions that remain good for retail and gastronomy in spite of a marginal weakening. Retail revenues in Germany should once again increase slightly.

Anticipated development of the procurement and capital markets

We do not expect to encounter any major bottlenecks on the procurement side during the 2012 financial year. The further development of energy prices will play a decisive role. In general, we anticipate a moderate rise in energy and raw materials prices.

MODERATE DEVELOPMENT IN ENERGY PRICES LIKELY

Given the economic uncertainty as a result of the sovereign debt crisis and a possible economic slowdown in Asia, a moderate price development in the energy markets is probable. The baseline scenario comprises the assumption that growth rates in Asia will decline, a downturn in the United States can be avoided, and parts of the Eurozone will slide into a slight recession. However, uncertainties due to the sovereign debt crisis and high geopolitical risks persist, which means that high price volatility can be expected.

The development of oil prices in 2012 will depend on whether the physical supply situation or the market participants' perception of economic development keeps the upper hand. It is expected that OPEC will maintain its level of production, given the current price level. However, the tensions with Iran are a large factor of uncertainty. The predicted continued increase in demand for oil and oil products should be covered by an increasing supply from non-OPEC countries.

On the German electricity market, the grid and generation capacities still need to be subjected to the stress test of severe winter weather conditions. The necessary grid expansion and the increase in renewable energy sources have been delayed thus far. The costs incurred through this should bring about increases in energy prices.

CONTINUED HIGH LEVEL OF GOVERNMENT BOND ISSUES EXPECTED

Due to the high level of debt in most countries in Europe, we anticipate that the volume of bond issues from governments and government institutions will remain high in 2012. The issuing activities of various institutions within the scope of stimulus packages will be of particular importance in this respect.

Due to the high refinancing needs of Eurozone countries and expectations of a relatively favorable cash flow situation for companies, we anticipate that the government bond share of the capital market will expand in 2012. We also anticipate that companies with high credit ratings will continue to have good access to the capital market, even if economic growth should slow.

The anticipated continued strong use of the capital markets by state-owned and supranational issuers and the resulting greater volume of debt instruments in the market should generate more attractive yields for investors. We therefore expect long-term refinancing rates to be higher than in 2011, even for bonds issued by companies with good credit ratings.

Anticipated development of important business conditions

Within the scope of transport policy and the regulatory environment, the legislative initiatives of the EU Commission relating to the fourth railway package and preparations for the Railroad Crossings Act in Germany will possibly have a noticeable impact on our business operations. Due to the current schedule, however, we do not expect any concrete measures to be implemented before the end of 2012.

Anticipated income situation

DB GROUP

The development presented below is based on the assumptions made in our mid-term planning regarding the expected market, competition, and environment developments as well as the success of the implementation of planned measures. These assumptions and estimates are subject to an increasing degree of uncertainty the further they extend into the future. This is particularly the case in relation to the high macroeconomic uncertainty caused by the sovereign debt crisis.

Anticipated development — € million	2011	2012	2013
Revenues	37,901	~ 40,000	↗
EBIT adjusted	2,309	> 2,600	↗
ROCE (%)	7.3	> 7.5	↗

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

We anticipate that revenues will increase again in the 2012 financial year, following the positive development noted in the year under review. Due to the muted economic expectations, this increase is likely to be on a par with that of the year under review on a comparable basis. We also anticipate that revenues will increase further in the 2013 financial year.

It is anticipated that the favorable development of revenues and our cost management measures will also be reflected in the adjusted EBIT figures for the 2012 and 2013 financial years. A critical factor influencing the development of earnings in the 2012 financial year will, above all, be the economic environment. In the case of an escalation of the global sovereign debt crisis, our global business activities will also be affected.

Based on the currently anticipated increase in adjusted EBIT, we expect that the ROCE figure will also move further in the direction of its target of 10 %. This development is likely to be hindered by the volume of capital employed, which is expected to rise due to extensive capital expenditure planned for the years to come.

BUSINESS UNITS

Anticipated development — € million	Revenues		EBIT adjusted	
	2011	2012	2011	2012
DB Bahn Long-Distance	3,794	↗	157	↗
DB Bahn Regional	8,718	↗	801	↗
DB Arriva	3,367	↗	160	↗
DB Schenker Rail	4,924	↗	32	↗
DB Schenker Logistics	14,867	↗	403	↗
DB Services	1,413	→	123	↘
DB Netze Track	4,642	↗	715	↗
DB Netze Stations	1,077	↗	226	→
DB Netze Energy	2,853	↗	80	→

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

DB Bahn Long-Distance

Based on improved vehicle availability and fewer burdens posed by rail network construction activities, we anticipate that the DB Bahn Long-Distance business unit will post a higher volume sold and better revenues in the 2012 financial year. The anticipated favorable performance should also offset the rising level of expenses and permit the adjusted EBIT figure to exceed the level from the previous year.

DB Bahn Regional

Revenues and adjusted EBIT are expected to rise, driven by improved rail and bus transport services.

DB Arriva

It is anticipated that the DB Arriva business unit will post increases in revenues and its adjusted EBIT in the 2012 financial year due to improved services and success in tender procedures.

DB Schenker Rail

We expect to see further improvements in the DB Schenker Rail business unit. Based on a weaker but nevertheless slightly favorable economic environment, we expect that the volume sold will increase further. This development should have a favorable impact on revenues and adjusted earnings.

DB Schenker Logistics

Following the notable gains seen during the year under review, we anticipate that the DB Schenker Logistics business unit will also see further substantial improvements – driven by both volume and pricing effects – in the 2012 financial year. This development should also have a favorable impact on adjusted EBIT.

DB Services

For the 2012 financial year, we expect that revenues will remain at the level of the 2011 financial year. On the earnings side, we expect to see burdens that cannot be passed on to customers, therefore probably leading to a decline in the adjusted EBIT figure.

DB Netze Track

Driven by increased volume and prices, we anticipate that revenues in the DB Netze business unit will once again rise in the 2012 financial year. The increased revenues and further rationalization measures are expected to have a favorable effect on the adjusted EBIT figure.

DB Netze Stations

We anticipate that revenues earned by the DB Netze Stations business unit will be slightly higher than the level seen in the year under review. We expect that earnings will match the level from the previous year.

DB Netze Energy

The revenue trends seen during the year under review are expected to continue in the 2012 financial year, resulting in higher external revenues year on year. On the expenses side, we expect an adjusted EBIT similar to the previous year due to increased costs.

Anticipated capital expenditures

We will continue on our course of modernization with high levels of capital expenditure. This will be significantly higher in the 2012 and 2013 financial years than the level in the year under review.

We will continue to focus our capital expenditure activities on track infrastructure in the DB Netze Track business unit. We will again invest approximately € 4.4 billion in the existing network in Germany in 2012. The focus here will be on the train-paths Hamburg – Bremen – Münster, Hanover – Göttingen and Hamm – Dortmund – Düsseldorf as well as the Magdeburg, Leipzig and Erfurt nodes. In addition, we will invest more heavily in vehicles in the DB Bahn Regional and DB Bahn Long-Distance business units.

In total, we expect to make capital expenditures of nearly € 50 billion in the next five years up to 2016, based on our extensive programs. Roughly two-thirds of this sum will be spent on infrastructure in Germany, with the remaining third being allocated to improving our service quality.

Anticipated financial position

Efficient liquidity management is once again a top priority for us in the 2012 financial year. We are focusing on continually forecasting the cash flow from the operating activities of our business units, as this is the Group's main source of cash and cash equivalents. We produce liquidity forecasts every month on the basis of a liquidity plan for 12 months.

In the 2012 financial year, DB Group must redeem financial liabilities (excluding commercial paper and current bank liabilities) in the amount of approximately € 1.7 billion. We will make use of the international financial markets to refinance these liabilities.

The need for cash and cash equivalents will be offset by the issue of public and private bonds. As in previous years, we will approach our investors in Europe and Asia. Financial presentations in Europe and Asia are planned to coincide with the issue of bonds.

We anticipate that the structure of the liabilities side of the balance sheet will remain essentially unchanged due to the financing measures, as they will serve to refinance expiring financial debt.

We still have sufficient financing scope based on *our debt issuance and commercial paper programs* [1] for our capital market activities. The credit facilities which have so far not been used serve as a fallback in the case of restrictions in access to the capital market. DB Group's short- and medium-term liquidity supply is therefore secured in the 2012 financial year.

Once again in 2012, the majority of our gross capital expenditure will be covered by investment grants, first and foremost in the form of funding from the Federal Government for infrastructure financing. The net capital expenditure financed by us is expected to rise significantly in the 2012 financial year, as planned. We anticipate that we will be able to completely offset our net capital expenditure with internal financing, however, based on the continually favorable operating cash flow expected over the course of the year.

However, as DB AG is likely to once again pay a dividend to its owners for the 2011 financial year as anticipated, net financial debt as of December 31, 2012, is expected to be at the same level as at the end of the year under review.

We will continue our M&A activities in a selective and focused way in the 2012 financial year. We do not expect these activities to have any significant impact on our financial position in the 2012 financial year.

Opportunities report

OPPORTUNITY MANAGEMENT WITHIN DB GROUP

Our opportunity management efforts are mainly driven by the targets and strategies of our business units. 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.

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To secure our corporate strategy of profit-focused growth, we implement 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 is likely to be reflected in the further improvement of our results and key financial ratios.

The strategic orientation of DB Group has proved to be successful in various economic cycles and contributed significantly to our favorable development in the year under review. The focus of our measures is always on improving our long-term competitive position, too. Overall, DB Group is well positioned to benefit from opportunities arising from significant trends in our markets. For more details, please see the chapter entitled *Strategy* [1].

As part of DB Group's efforts to ensure it keeps its service pledge, we started a *customer and quality initiative* [2]. We expect to achieve noticeable improvements for our customers in the coming years by implementing extensive service packages. We see significant opportunities to improve customer reception.

The relevant economic environment could show better overall improvement than we expect. Any resulting deviations would then have a positive effect on the performance of the business units, in particular in the area of transport and logistics.

Despite the very intensive competitive situation in our markets, we also see market-related opportunities in actively shaping the foreseeable market consolidations, using our leading market positions to do so. 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. In addition, with DB Arriva, we have a strong position in the European transport market, giving us a growth platform in 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. As a result of the sovereign debt crisis in Europe, we see opportunities in increased tender procedure activities for bus and rail transport in the countries which have tight budgets and whose governments must therefore implement austerity measures. We could benefit from this development thanks to the excellent position that our DB Arriva business unit has. In addition, there is the possibility that new markets or market segments will be opened for competition.

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

EMPLOYEE DEVELOPMENT

In order to increase the potential of opportunities in the future, we are implementing a responsible personnel policy that is oriented toward the employee and which forms the basis for our long-term success as an internationally leading mobility and logistics services provider. With roughly 10,400 trainees and employees in a dual study program, we are one of the largest training institutions in Germany. Vocational training is the foundation for securing young talent. By 2015, the average age of our employees will have risen from 45 to 50 years. We are responding to this trend by promoting older employees and young talent in specific employee development programs such as "50 plus" and "Chance plus."

OPPORTUNITY MANAGEMENT IN THE BUSINESS UNITS

DB Bahn Long-Distance

Opportunities in the DB Bahn Long-Distance business unit include further implementing our program to increase earnings, called "energy." We were able to take the first successful steps in this direction in the year under review.

We also see opportunities to increase reception among our customers. Important measures for this are increasing customer loyalty, including by gradually expanding our BahnCard program, and extensive capital expenditures in our vehicle fleet in the coming years. The availability of our vehicles will also improve considerably in the coming years. In addition, we see opportunities to increase our cost-effectiveness through marketing measures and yield management.

The constant further development of international transport offers additional opportunities. Beginning with the 2012 timetable, a new express bus service running between Munich and Prague was introduced.

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DB Bahn Regional

The DB Bahn Regional business unit intends to secure its market share in Germany in the long term by offering attractive transport services. The German regional transport market offers numerous opportunities, as requests for tenders will be issued for a large number of routes and networks in the next few years. Our strong and focused position in this market enables us to process a large volume of tenders both quantitatively and qualitatively.

Strengthening our domestic market is the focus of our “Zukunftsfähigkeit Regio” project for long-term success in regional transport, which combines strategic and operating activities for further developing our business operations. A central objective of the program is to create structures and processes to ensure the long-term economic success of the business unit. Opportunities are offered in particular by more intensive cooperation with ordering organizations, optimized passenger services, an increase in competitiveness through cost optimization, and the market-oriented organization and management of activities.

In view of the expected increase in the intensity of competition in regional bus markets, we want to ensure our competitiveness in this area. The central program “BUS2012plus” was established in 2011 with the aim of taking advantage of opportunities for growth, securing mid-term planning and increasing employee satisfaction.

DB Arriva

In order to materialize the market opportunities in European passenger transport, DB Arriva initiated a “Fit 4 Growth” program. Within the scope of this program, projects were started with the focus on increasing efficiency and allocating capacities to planned growth objectives. In addition, purchasing advantages for DB Arriva are to be identified and enhanced.

DB Schenker Rail

The program “ProRail plus” was initiated in 2010 in order to bundle together the most important projects of this business unit that make a significant contribution to its profits and to support the development of the European network. In the year under review, the “ProRail plus” program projects had a favorable effect on earnings. However, during the course of the year it became apparent that additional measures are needed to completely maximize the future potential of opportunities. For this reason, an “action plan for Germany” was created. In addition to achieving operating improvements in the current business model, the plan examines approaches for further developing the business model and limiting cost increases.

DB Schenker Logistics

Within the scope of the “Schenker 2015” project, we defined and specified the “Level 4” IT program in the DB Schenker Logistics business unit. Core elements of the program include reaching an EBIT margin of 4% in 2015. In this connection, the program covers the development and implementation of new operating IT systems, volume growth in the area of ocean freight by focusing in particular on key accounts and products with strong margins, improving profitability through optimized, cross-border trailer management, and the continuation of the “Go for Growth” program in contract logistics.

DB Services

Opportunities in the DB Services business unit are found in a continued optimization of component management in the area of vehicle maintenance. A corresponding project is being conducted by DB Fahrzeuginstandhaltung (vehicle maintenance), in which the existing component management is being optimized and expanded.

DB Netze Track

Initiated in 2007, the “ProNetz” program bundles together important strategic and economic areas of action in order to secure the long-term success of this business unit. The program is adapted each year to meet current challenges. In order to exploit opportunities and potential, “ProNetz” comprises eight top projects spanning several divisions. For example, the “Chance und Risiko Umsatz” (revenues as opportunity and risk) project helps to secure and increase revenues. The main focus is on the further development of pricing systems, managing regulatory risks and increasing revenues with existing and new customers. The “EFFIZIENZ IH” project aims to implement the customized safeguarding of increases in productivity, above all in inspection, maintenance and fault clearance.

DB Netze Stations

In the DB Netze Stations business unit, opportunities will, in particular, be identified and realized with the “Next Station” project. To this end, the project encompasses the further development of our business model, customers and employees, innovative production concepts, as well as the efficiency and effectiveness of processes.

DB Netze Energy

We want to continue to offer our customers a secure supply of energy services in the DB Netze Energy business unit. Additional potential for opportunities are found, in particular, in offering consulting services for optimizing the technical effectiveness of energy procurement and distribution.

The Management Board’s overall statement regarding the economic development of DB Group

After the favorable development in the year under review, the DB AG Management Board anticipates that DB Group will continue to post favorable development in 2012, even though the economic stimuli are likely to weaken during the year.

We expect weaker yet favorable growth rates in our relevant markets except for air freight, in which we anticipate a slight recovery after the weak development in the year under review.

We still expect to have excellent access to the capital market in an environment of high level of issues from governments and supranational institutions in the 2012 financial year.

After the favorable development in the year under review, we anticipate a continued increase in revenues at DB Group level and in all business units based on our forecast for the 2012 financial year. Accordingly, we expect adjusted EBIT to improve, too. The exceptions are likely to be the DB Services and DB Netze Energy business units, in which adjusted EBIT is currently expected to decline.

Our activities are subject to various risks, as elucidated in the *Risk report* [1]. For the 2012 financial year, we particularly see the potential for risks relating to the sustainability of the economic recovery, especially if the sovereign debt crisis escalates. In addition, the continued tight availability of vehicles is a critical factor.

However, the Management Board believes that DB Group is well positioned to protect itself against the current risks. We want to further strengthen our market positions and decisively implement our strategy. We therefore believe that the overall outlook for DB Group is favorable.

FORWARD-LOOKING STATEMENTS

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

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

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CONSOLIDATED FINANCIAL STATEMENTS

HYBRID POWER PLANTS

Hybrid power plants are on the cutting edge of technology. They combine different energy production systems to ensure uninterrupted power supply from renewable energy sources, provide intermediate energy storage, and optimize power consumption. Germany's first hybrid power plant employing wind, hydrogen and biogas went into operation in October 2011.

AUDITOR'S REPORT

We have audited the consolidated financial statements prepared by Deutsche Bahn Aktiengesellschaft, Berlin, comprising the consolidated statement of income and the reconciliation of the consolidated comprehensive income, the consolidated balance sheet, consolidated statement of cash flows, consolidated statement of changes in equity and the notes to the consolidated financial statements, together with the group management report for the business year from January 1 to December 31, 2011. The preparation of the consolidated financial statements and the group management report in accordance with IFRS as adopted by the EU, and the additional requirements of German commercial law pursuant to §315a (1) HGB are the responsibility of the parent company's management board. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

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

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit the consolidated financial statements comply with IFRS as adopted by the EU, and the additional requirements of German commercial law pursuant to §315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Berlin, February 28, 2012

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Thomas Kieper	Rainer Kroker
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

CONSOLIDATED STATEMENT OF INCOME

Jan 1 through Dec 31 — € million	Note	2011	2010
Revenues	(1)	37,979	34,410
Inventory changes and internally produced and capitalized assets	(2)	2,457	2,207
Overall performance		**40,436**	**36,617**
Other operating income	(3)	3,062	3,120
Cost of materials	(4)	-20,906	-19,314
Personnel expenses	(5)	-13,076	-11,602
Depreciation	(6)	-2,964	-2,912
Other operating expenses	(7)	-4,375	-4,092
Operating profit (EBIT)		**2,177**	**1,817**
Result from investments accounted for using the equity method	(8)	19	17
Net interest income	(9)	-840	-911
Other financial result	(10)	3	-23
Financial result		**-818**	**-917**
Profit before taxes on income		**1,359**	**900**
Taxes on income	(11)	-27	158
Net profit for the year		**1,332**	**1,058**
Net profit attributable to:			
Shareholders of Deutsche Bahn AG		1,319	1,039
Minority interests		13	19
Earnings per share (€ per share)	(12)		
undiluted		3.07	2.42
diluted		3.07	2.42

Reconciliation of consolidated comprehensive income

Jan 1 through Dec 31 — € million	2011	2010
Net profit for the year	1,332	1,058
CHANGE IN ITEMS COVERED DIRECTLY IN EQUITY		
Changes resulting from currency translation	34	104
Shareholders of Deutsche Bahn AG	35	97
Minority interests	-1	7
Changes resulting from market valuation of securities	-6	10
Changes resulting from market valuation of cash flow hedges	-25	131
Share of result item with no impact on the income statement from investments accounted for using the equity method	0	1
Balance of result items covered directly in equity (before taxes)	**3**	**246**
Changes in deferred taxes on result items covered directly in equity (after taxes)	11	-40
Balance of result items covered directly in equity (after taxes)	**14**	**206**
Comprehensive income	**1,346**	**1,264**
Comprehensive income attributable to:		
Shareholders of Deutsche Bahn AG	1,334	1,238
Minority interests	12	26

CONSOLIDATED BALANCE SHEET

Assets

— € million	Note	Dec 31, 2011	Dec 31, 2010
NON-CURRENT ASSETS			
Property, plant and equipment	(13)	37,372	37,873
Intangible assets	(14)	4,169	4,154
Investments accounted for using the equity method	(15)	579	528
Available for sale financial assets	(17)	17	63
Receivables and other assets	(19)	94	162
Derivative financial instruments	(21)	367	279
Deferred tax assets	(16)	1,461	1,471
		44,059	**44,530**
CURRENT ASSETS			
Inventories	(18)	991	916
Available for sale financial assets	(17)	1	1
Trade receivables	(19)	4,094	3,877
Other receivables and assets	(19)	802	840
Tax receivables	(20)	46	99
Derivative financial instruments	(21)	84	96
Cash and cash equivalents	(22)	1,703	1,475
Assets held for sale	(23)	11	169
		7,732	**7,473**
Total assets		**51,791**	**52,003**

Equity and liabilities

— € million	Note	Dec 31, 2011	Dec 31, 2010
EQUITY			
Subscribed capital	(24)	2,150	2,150
Reserves	(25)	5,384	5,374
Retained earnings	(26)	7,457	6,638
Equity attributable to shareholders of Deutsche Bahn AG		**14,991**	**14,162**
Minority interests	(27)	135	154
		15,126	**14,316**
NON-CURRENT LIABILITIES			
Financial debt	(28)	16,367	16,394
Other liabilities	(29)	350	327
Derivative financial instruments	(21)	155	88
Retirement benefit obligations	(32)	1,981	1,938
Other provisions	(33)	3,375	3,743
Deferred income	(34)	1,657	1,895
Deferred tax liabilities	(16)	353	377
		24,238	**24,762**
CURRENT LIABILITIES			
Financial debt	(28)	1,984	2,159
Trade liabilities	(29)	4,312	4,286
Other liabilities	(29)	3,004	3,109
Tax liabilities	(30)	200	146
Derivative financial instruments	(21)	34	92
Other provisions	(33)	2,235	2,513
Deferred income	(34)	658	620
		12,427	**12,925**
Total assets		**51,791**	**52,003**

CONSOLIDATED STATEMENT OF CASH FLOWS

Jan 1 through Dec 31 — € million	Note	2011	2010
Profit before taxes on income		1,359	900
Depreciation on property, plant and equipment and intangible assets		2,964	2,912
Write-ups / write-downs on non-current financial assets		0	0
Result on disposal of property, plant and equipment and intangible assets		-19	16
Result on disposal of financial assets		-3	-6
Result on sale of consolidated companies		7	-1
Interest and dividend income		-310	-315
Interest expense		1,149	1,225
Foreign currency result		-2	20
Result from investments accounted for using the equity method		-19	-17
Other non-cash expenses and income [1]		521	601
Changes in inventories, receivables and other assets		-363	-665
Changes in liabilities, provisions and deferred income [1]		-1,340	-557
Cash generated from operating activities		**3,944**	**4,113**
Interest received		88	62
Dividends and capital distribution received		1	1
Interest paid		-719	-780
Reimbursed (+) / paid (–) taxes on income		76	13
Cash flow from operating activities		**3,390**	**3,409**
Proceeds from disposal of property, plant and equipment and intangible assets		261	254
Payments for capital expenditures in property, plant and equipment and intangible assets		-7,482	-6,864
Proceeds from investment grants		4,932	4,819
Payments for repaid investment grants		-152	-90
Proceeds from sale of financial assets		172	24
Payments for purchases of financial assets		-2	0
Proceeds from sale of shares in consolidated companies less net cash and cash equivalents diverted		7	2
Payments for acquisition of shares in consolidated companies less net cash and cash equivalents acquired		-16	-1,622
Payments for additions to investments accounted for using the equity method		-3	-2
Cash flow from investing activities		**-2,283**	**-3,479**
Distribution of profits to shareholder		-500	–
Distribution of profits to minority interests		-13	-14
Payments for finance lease transactions		-159	-212
Proceeds from issue of bonds		2,060	2,477
Payments for redemption of bonds		-1,390	-1,000
Proceeds from Federal loans		0	0
Payments for redemption and repayment of Federal loans		-968	-481
Proceeds from borrowings and commercial paper		246	244
Payments for the redemption of borrowings and commercial paper		-180	-987
Cash flow from financing activities		**-904**	**27**
Net changes in cash and cash equivalents		**203**	**-43**
Cash and cash equivalents as of Jan 1	(22)	1,475	1,470
Changes in cash and cash equivalents due to changes in the scope of consolidation		5	3
Changes in cash and cash equivalents due to changes in exchange rates		20	45
Cash and cash equivalents as of Dec 31	**(22)**	**1,703**	**1,475**

[1] The other non-cash expenses and income item includes the additions to other provisions, that were up to now included in the changes in liabilities and deferred income item. The previous year's figures were adjusted accordingly.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

— € million	Subscribed capital	Reserves: Capital reserves	Reserves: Currency translation	Reserves: Fair value valuation of securities [1]	Reserves: Fair value valuation of cash flow hedges [1]	Reserves: Other movements	Reserves: Total reserves	Retained earnings	Equity attributable to shareholder of DB AG	Minority interest	Total equity
As of Jan 1, 2011	2,150	5,310	7	14	38	5	**5,374**	6,638	**14,162**	154	**14,316**
- Dividend payments	0	0	0	0	0	0	**0**	- 500	**- 500**	- 13	**- 513**
± Other changes	0	0	0	0	0	- 5	**- 5**	0	**- 5**	- 18	**- 23**
± Comprehensive income	0	0	35	- 5	- 15	0	**15**	1,319	**1,334**	12	**1,346**
As of Dec 31, 2011	**2,150**	**5,310**	**42**	**9**	**23**	**0**	**5,384**	**7,457**	**14,991**	**135**	**15,126**

— € million	Subscribed capital	Reserves: Capital reserves	Reserves: Currency translation	Reserves: Fair value valuation of securities [1]	Reserves: Fair value valuation of cash flow hedges [1]	Reserves: Other movements	Reserves: Total reserves	Retained earnings	Equity attributable to shareholder of DB AG	Minority interest	Total equity
As of Jan 1, 2010	2,150	5,310	- 91	6	- 55	4	**5,174**	5,596	**12,920**	146	**13,066**
- Dividend payments	0	0	0	0	0	0	**0**	0	**0**	- 14	**- 14**
± Other changes	0	0	0	0	0	1	**1**	3	**4**	- 4	**0**
± Comprehensive income	0	0	98	8	93	0	**199**	1,039	**1,238**	26	**1,264**
As of Dec 31, 2010	**2,150**	**5,310**	**7**	**14**	**38**	**5**	**5,374**	**6,638**	**14,162**	**154**	**14,316**

[1] Equity capital includes deferred taxes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Segment reporting

Jan 1 through Dec 31 — € million	DB BAHN LONG-DISTANCE 2011	2010	DB BAHN REGIONAL [5] 2011	2010	DB ARRIVA [5] 2011	2010	DB SCHENKER RAIL 2011	2010	DB SCHENKER LOGISTICS 2011	2010
External revenues	3,666	3,602	8,628	8,519	3,365	1,235	4,635	4,314	14,808	14,257
Internal revenues	128	127	90	84	2	1	289	270	59	53
Total revenues	**3,794**	3,729	**8,718**	8,603	**3,367**	1,236	**4,924**	4,584	**14,867**	14,310
Other external income	130	130	250	227	217	134	250	247	163	122
Other internal income	50	50	115	112	0	1	37	47	2	3
Inventory changes and other internally produced and capitalized assets	2	2	66	53	18	3	13	13	10	9
Total income	**3,976**	3,911	**9,149**	8,995	**3,602**	1,374	**5,224**	4,891	**15,042**	14,444
Cost of materials	-2,293	-2,303	-5,461	-5,380	-1,169	-410	-2,696	-2,433	-10,460	-10,239
Personnel expenses	-778	-732	-1,748	-1,700	-1,525	-516	-1,519	-1,496	-2,449	-2,275
Other operating expenses	-401	-395	-579	-564	-583	-306	-673	-660	-1,561	-1,452
EBITDA	**504**	481	**1,361**	1,351	**325**	142	**336**	302	**572**	478
Scheduled depreciation [1]	-338	-364	-553	-547	-165	-89	-296	-287	-178	-175
Impairment losses recognized/reversed [1]	-9	0	-7	-10	0	-1	-8	-3	9	1
EBIT (operating profit)	**157**	117	**801**	794	**160**	52	**32**	12	**403**	304
Net operating interest income [2]	2	-9	-31	-68	-12	-20	-86	-98	-26	-64
Operating income after interest [2]	**159**	108	**770**	726	**148**	32	**-54**	-86	**377**	240
Property, plant and equipment	1,870	2,076	4,984	5,166	1,630	1,524	3,232	3,343	1,340	1,315
+ Intangible assets	0	0	12	12	2,054	2,052	518	542	1,258	1,222
thereof goodwill	0	0	6	5	1,383	1,355	451	462	1,098	1,076
+ Inventories	67	69	133	122	54	44	94	89	38	39
+ Trade receivables	106	107	310	275	272	247	497	441	2,485	2,402
+ Receivables and other assets	1,324	1,111	1,002	716	473	265	200	231	1,492	1,523
- Receivables from financing	-1,301	-1,082	-915	-586	-281	-68	-122	-156	-1,274	-1,321
+ Income tax receivables	0	0	7	2	1	1	5	6	18	24
+ Assets held for sale	0	0	0	0	0	167	11	0	0	0
- Trade liabilities	-268	-278	-713	-744	-367	-386	-566	-637	-1,814	-1,628
- Miscellaneous and other liabilities	-239	-244	-418	-457	-315	-282	-455	-465	-670	-595
- Income tax liabilities	0	0	0	0	-62	-56	-23	-13	-107	-62
- Other provisions	-58	-52	-1,083	-1,265	-186	-196	-179	-266	-334	-309
- Deferred income	-311	-327	-106	-113	-78	-73	-13	-11	-7	-11
- Held for sale liabilities	0	0	0	0	0	0	0	0	0	0
Capital employed [3]	**1,190**	1,380	**3,213**	3,128	**3,195**	3,239	**3,199**	3,104	**2,425**	2,599
Net financial debt	-1,048	-796	1,036	1,002	1,104	1,178	1,526	1,514	-171	414
Investments accounted for using the equity method	0	0	4	5	152	118	75	104	11	10
Result from investments accounted for using the equity method	0	0	0	0	5	3	9	7	1	2
Gross capital expenditures	**139**	48	**393**	287	**300**	187	**260**	350	**246**	189
Investment grants received	-2	0	-28	-36	-4	0	0	-2	0	0
Net capital expenditures	**137**	48	**365**	251	**296**	187	**260**	348	**246**	189
Additions to scope of consolidation	0	0	1	0	31	3,400	0	4	9	10
Employees [4]	15,976	15,270	37,131	36,334	38,196	38,137	32,466	32,618	62,197	58,671

[1] The non-cash items are included in the segment result shown.
[2] No external figures.
[3] Profit transfer agreements were not assigned to segment assets or liabilities.
[4] The number of employees represents the number of employees as of December 31 (part-time employees converted into equivalent full-time employees).

DB NETZE TRACK		DB NETZE STATIONS		DB SERVICES		SUBSIDIARIES/ OTHER		SUM OF SEGMENTS		CONSOLIDATION 5)		DB GROUP ADJUSTED		RECONCILIATON 6)		TOTAL	
2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
961	913	400	387	137	128	1,301	1,055	37,901	34,410	–	–	37,901	34,410	78	–	37,979	34,410
3,681	3,667	677	657	1,276	1,146	2,479	2,311	8,681	8,316	-8,681	-8,316	–	–	–	–	–	–
4,642	4,580	1,077	1,044	1,413	1,274	3,780	3,366	46,582	42,726	-8,681	-8,316	37,901	34,410	78	–	37,979	34,410
769	728	182	197	274	279	615	572	2,850	2,636	–	–	2,850	2,636	212	484	3,062	3,120
230	214	30	28	1,645	1,561	1,662	1,673	3,771	3,689	-3,771	-3,689	–	–	–	–	–	–
660	614	19	18	783	748	27	12	1,598	1,472	866	735	2,464	2,207	-7	–	2,457	2,207
6,301	6,136	1,308	1,287	4,115	3,862	6,084	5,623	54,801	50,523	-11,586	-11,270	43,215	39,253	283	484	43,498	39,737
-1,711	-1,767	-552	-546	-2,288	-2,110	-3,418	-3,039	-30,048	-28,227	9,327	9,093	-20,721	-19,134	-185	-180	-20,906	-19,314
-2,047	-1,982	-228	-222	-1,228	-1,148	-1,527	-1,512	-13,049	-11,583	1	0	-13,048	-11,583	-28	-19	-13,076	-11,602
-919	-863	-177	-176	-321	-317	-1,294	-1,284	-6,508	-6,017	2,203	2,132	-4,305	-3,885	-70	-207	-4,375	-4,092
1,624	1,524	351	343	278	287	-155	-212	5,196	4,696	-55	-45	5,141	4,651	0	78	5,141	4,729
-920	-935	-125	-125	-154	-156	-136	-137	-2,865	-2,815	37	35	-2,828	-2,780	-76	-1	-2,904	-2,781
11	12	0	-1	-1	-2	1	0	-4	-4	–	-1	-4	-5	-56	-126	-60	-131
715	601	226	217	123	129	-290	-349	2,327	1,877	-18	-11	2,309	1,866	-132	-49	2,177	1,817
-384	-358	-58	-54	-16	-18	-131	-63	-742	-752	0	0	-742	-752	–	–	–	–
331	243	168	163	107	111	-421	-412	1,585	1,125	-18	-11	1,567	1,114	–	–	–	–
20,020	20,218	3,182	3,150	613	563	1,179	1,179	38,050	38,534	-678	-661	37,372	37,873	–	–	37,372	37,873
225	244	0	1	22	16	80	65	4,169	4,154	–	–	4,169	4,154	–	–	4,169	4,154
0	0	0	0	0	0	13	13	2,951	2,911	–	–	2,951	2,911	–	–	2,951	2,911
217	218	0	0	332	287	59	51	994	919	-3	-3	991	916	–	–	991	916
581	598	104	216	195	253	803	828	5,353	5,367	-1,259	-1,490	4,094	3,877	–	–	4,094	3,877
85	173	5	6	243	237	17,210	16,401	22,034	20,663	-21,138	-19,661	896	1,002	–	–	896	1,002
0	-44	0	0	-139	-143	-16,561	-15,715	-20,593	-19,115	20,537	18,976	-56	-139	–	–	-56	-139
0	0	0	0	0	0	15	66	46	99	–	–	46	99	–	–	46	99
0	0	0	0	0	0	0	2	11	169	–	–	11	169	–	–	11	169
-643	-746	-128	-149	-226	-260	-845	-948	-5,570	-5,776	1,258	1,490	-4,312	-4,286	–	–	-4,312	-4,286
-732	-877	-90	-88	-135	-142	-903	-904	-3,957	-4,054	603	618	-3,354	-3,436	–	–	-3,354	-3,436
0	0	0	0	0	-1	-8	-14	-200	-146	–	–	-200	-146	–	–	-200	-146
-364	-418	-30	-30	-108	-108	-3,197	-3,547	-5,539	-6,191	-71	-65	-5,610	-6,256	–	–	-5,610	-6,256
-1,478	-1,647	-190	-198	-3	-4	-130	-131	-2,316	-2,515	1	0	-2,315	-2,515	–	–	-2,315	-2,515
0	0	0	0	0	0	0	0	0	0	–	–	0	0	–	–	0	0
17,911	17,719	2,853	2,908	794	698	-2,298	-2,667	32,482	32,108	-750	-796	31,732	31,312	–	–	31,732	31,312
10,186	9,975	1,320	1,369	67	210	2,572	2,073	16,592	16,939	0	0	16,592	16,939	–	–	16,592	16,939
1	1	0	0	0	0	336	290	579	528	–	–	579	528	–	–	579	528
0	0	0	0	0	0	4	5	19	17	–	–	19	17	–	–	19	17
5,143	4,986	547	511	247	177	271	191	7,546	6,926	-45	-35	7,501	6,891	–	–	7,501	6,891
-4,378	-4,321	-403	-363	0	0	-117	-97	-4,932	-4,819	–	–	-4,932	-4,819	–	–	-4,932	-4,819
765	665	144	148	247	177	154	94	2,614	2,107	-45	-35	2,569	2,072	–	–	2,569	2,072
0	0	0	0	0	0	0	1	41	3,415	–	–	41	3,415	–	–	41	3,415
41,136	39,849	4,817	4,636	26,556	25,131	25,844	25,664	284,319	276,310	–	–	284,319	276,310	–	–	284,319	276,310

5) Previous year data adjusted. The segment DB Bahn Urban was terminated. The domestic subsidiaries of the segment DB Bahn Urban were allocated to the DB Bahn Regional segment and the foreign subsidiaries were allocated to the DB Arriva segment. The foreign subsidiaries of the DB Bahn Regional segment were allocated to the DB Arriva segment as well.

6) Includes reclassification among other of PPA amortization of customer contracts and adjustments for special items.

Information by regions

	External revenues		Non-current assets 1)		Capital employed 1)		Gross capital expenditures		Net capital expenditures		Employees 1)	
Jan 1 through Dec 31 — € million	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Germany	22,212	21,393	35,212	35,719	26,029	25,347	7,014	6,446	2,086	1,627	185,404	179,039
Europe (excluding Germany)	11,156	8,664	6,175	6,166	5,655	5,742	498	453	494	453	75,754	75,629
North America	1,626	1,780	189	197	141	239	7	7	7	7	7,864	7,428
Asia / Pacific	2,392	2,099	675	654	619	679	24	16	24	16	12,952	11,972
Rest of world	515	474	27	29	30	27	4	5	4	5	2,345	2,242
Consolidation	–	–	-646	-621	-742	-722	-46	-36	-46	-36	–	–
DB Group adjusted	**37,901**	**34,410**	**41,632**	**42,144**	**31,732**	**31,312**	**7,501**	**6,891**	**2,569**	**2,072**	**284,319**	**276,310**
Reconciliation	78	–	–	–	–	–	–	–	–	–	–	–
Total	**37,979**	**34,410**	**41,632**	**42,144**	**31,732**	**31,312**	**7,501**	**6,891**	**2,569**	**2,072**	**284,319**	**276,310**

1) Statement as of Dec 31.

Basic principles and methods

FUNDAMENTAL INFORMATION

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

There were no major acquisitions in the year under review. With regard to the comparability of figures due to the initial full-year integration of Arriva which was acquired at the end of August 2010, please refer to the section “Comparability with the previous year.”

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

These consolidated financial statements have been prepared by the Management Board, and will be submitted to the Supervisory Board for the Supervisory Board meeting on March 28, 2012.

PRINCIPLES OF PREPARING FINANCIAL STATEMENTS

The consolidated financial statements are prepared on the basis of section 315a HGB and in accordance with the International Financial Reporting Standards (IFRS) as applied in the EU and their interpretation by the International Financial Reporting Interpretations Committee (IFRIC). The accounting standards have been consistently applied throughout the entire reporting period with no changes compared with the previous year.

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

a) Standards, revisions of standards and interpretations which are the subject of mandatory first-time adoption for reporting periods after January 1, 2011

In the year under review, DB consolidated financial statements took account of all new and revised standards and interpretations which are the subject of initial binding adoption starting January 1, 2011, which are also relevant for DB Group and which have not been the subject of early adoption in previous periods. The changes to the standards have been recognized in accordance with the transitional regulations. Initial adoption of these new regulations has not had any material impact on the consolidated financial statements. They are set out in the following:

::: IAS 24: Related Party Disclosures (revised November 2009; applicable for reporting periods starting January 1, 2011)
IAS 24 has been changed in such a way that public sector enterprises have been partially exempted from certain disclosure obligations. The definition of a related party has also been specified in greater detail. The standard has an impact on related party disclosures in the financial statements of DB Group.

::: IAS 32: Amendment of IAS 32, Financial Instruments: Presentation: Classification of Subscription Rights (revised October 2009; applicable for reporting periods starting January 1, 2011)
IAS 32 governs the accounting treatment for subscription rights which are denominated in a currency other than the functional currency. In the past, such subscription rights have been recognized as derivative liabilities. In future, such rights have to be classified as shareholders' equity under certain conditions. This has not had any material impact on DB Group.

::: IFRS 1: Amendment of IFRS 1 "First-Time Adoption of International Financial Reporting Standards: Limited Exemption of First-Time Adopters from Providing Comparison Figures in Accordance with IFRS 7" (revised January 2010; applicable for reporting periods starting July 1, 2010)
IFRS 1 has been modified in such a way that IFRS first-time adopters are exempt from the note disclosure requirements which were introduced in March 2009 as a result of the change to IFRS 7. This ensures that the transitional regulations regarding the application of the changed IFRS 7 are also applicable for IFRS first-time adopters. This has not had any impact on DB Group.

::: Improvements to IFRS 2010: "Improvements to IFRS" (published May 2010; applicable for reporting periods starting July 1, 2010/January 1, 2011)
"Improvements to IFRS 2010" is a third collective standard for changing various IFRS. It contains changes to six existing IFRSs and one IFRIC. These are essentially changes which are considered to be of a minor nature, such as the removal of inconsistencies within the standards and clarification of formulations which might lead to misunderstanding. The changes have not resulted in any major effects for DB Group.

::: IFRIC 14: Amendment of IFRIC 14: "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction: Advance Payments for Minimum Funding Requirements" (published November 2009; applicable for reporting periods starting January 1, 2011)
IFRIC 14 has been changed in such a way that companies which are subject to minimum funding requirements and which make advance contribution payments in order to fulfill these minimum funding requirements are permitted to recognize the benefit arising from such an advance payment as an asset. This has not had any material impact on DB Group.

::: IFRIC 19: Extinguishing Financial Liabilities with Equity Instruments (published November 2009; applicable for reporting periods starting July 1, 2010)
IFRIC 19 governs the accounting treatment of so-called debt-for-equity swaps. Under such arrangements, a company partially or completely repays a financial liability by way of issuing shares or other instruments of shareholders' equity. This interpretation is currently not relevant for DB Group.

b) Standards, revisions of standards and interpretations which had been adopted as of the reporting date but which are not yet the subject of mandatory adoption and early adoption

::: IAS 1: Amendment of IAS 1 "Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income" (revised June 2011; applicable for reporting periods starting July 1, 2012)
New regulations with regard to the presentation of items of other comprehensive income have been introduced with the amendments to IAS 1. The other comprehensive income is broken down into items which are reclassified for recognition in the income statement (so-called recycling) and into items which are retained in shareholders' equity. The change will have an impact on the presentation in the financial statements of DB Group.

::: IAS 12: Amendment of IAS 12 "Income Taxes: Deferred Tax: Recovery of Underlying Assets" (published December 2010; applicable for reporting periods starting January 1, 2012)
According to IAS 12, the measurement of deferred taxes depends on whether the existing differences are realized as part of continuing use or as a result of a sale. In the case of investment properties in accordance with IAS 40 which are measured at fair value, this change introduces the refutable assumption that such differences are realized by way of a sale. The change currently is not relevant for DB Group.

::: IAS 19: Amendment of IAS 19 "Employee Benefits" (revised June 2011; applicable for reporting periods starting January 1, 2013)
IAS 19 has been extensively revised. The amendments which have been made range from fundamental amendments right through to mere clarifications and reformulations. One fundamental amendment relates to the abolition of the corridor approach used in DB Group for recognizing actuarial profits and losses. In future, actuarial profits and losses must be recognized immediately in other comprehensive income. The expected income from plan assets in future will be determined as a component of net interest income/expenses using the interest rate which is also applied for

discounting the obligation. There have also been amendments regarding the recognition of past service cost, the recognition of severance payments and disclosures in the notes. DB Group is currently assessing the effects resulting from future application for the consolidated financial statements.

::: IAS 27: Separate Financial Statements (published May 2011; applicable for reporting periods starting January 1, 2013)
With the adoption of IFRS 10 and IFRS 12, the scope of application of IAS 27 is limited to the recognition of holdings in subsidiaries, associates and joint ventures in the separate financial statements of a company. We are assuming that there will not be a major impact for DB Group.

::: IAS 28: Investments in Associates and Joint Ventures (published May 2011; applicable for reporting periods starting January 1, 2013)
With the adoption of IFRS 11 and IFRS 12, the scope of IAS 28, which was previously limited to associates, has been extended to include the application of the equity method to joint ventures. We are assuming that there will not be a major impact for DB Group.

::: IAS 32: Amendment of IAS 32 “Financial Instruments: Presentation: Offsetting Financial Assets and Financial Liabilities” (published December 2011; applicable for reporting periods starting January 1, 2014)
The amendment has resulted in clarification of the criteria applicable for offsetting financial instruments. The importance of the current legal entitlement to offsetting is emphasized in particular. DB Group is currently assessing the effects resulting from future application for the consolidated financial statements.

::: IFRS 1: Amendment of IFRS 1 “First-Time Adoption of International Financial Reporting Standards: Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters” (published December 2010; applicable for reporting periods starting July 1, 2011)
As a result of this change, the references to the fixed date January 1, 2004, which had previously been included in IFRS 1, were replaced by a reference to the time of the changeover to IFRS. Additional application guidelines have been included, specifying the procedure for presenting financial statements which comply with IFRS for situations in which a company was not able to comply with the IFRS regulations for a certain period because its functional currency was exposed to severe hyperinflation. The change does not have any impact on the financial statements of DB Group.

::: IFRS 7: Amendment of IFRS 7 “Financial Instruments: Disclosures: Transfers of Financial Assets” (published October 2010; applicable for reporting periods starting July 1, 2011)
The changes relate to extended disclosure obligations for transfers of financial assets. They are intended to provide a better understanding of the effects of the risks retained by the company as well as the retained or transferred rights and obligations. DB Group is currently assessing the effects resulting from future application for the consolidated financial statements.

::: IFRS 7: Changes to IFRS 7 “Financial Instruments: Disclosures: Offsetting Financial Assets and Financial Liabilities” (published December 2011; applicable for reporting periods starting January 1, 2013)
This amendment relates to extended disclosure obligations in relation to the offsetting of financial assets and financial liabilities. DB Group is currently assessing the effects resulting from future application for the consolidated financial statements.

::: IFRS 9: Financial Instruments (published November 2009/extended October 2010; applicable for reporting periods starting January 1, 2015 [1]))
The part of IFRS 9 published in November 2009 restates the classification and measurement of financial assets. There will be only two measurement categories (amortized cost and fair value). In future, the classification of financial assets will be based on the business model of the company and also the characteristic properties of the contractual cash flows of the respective financial assets.

That part which was extended in October 2010 governs the classification and measurement of financial liabilities. The existing rules of IAS 39 have been taken over in this respect. A change has resulted for financial liabilities which are measured at fair value. In the case of such liabilities, that part of the change in fair value which results from a change in the company’s own credit risk has to be shown in other result and not as profit or loss.

[1] In December 2011, the IASB provisionally postponed the time at which the standard comes into force from January 1, 2013 to January 1, 2015.

The rules regarding the derecognition of financial instruments in IAS 39 have also been transferred unchanged to IFRS 9.

The IASB intends to extend IFRS 9 to include new regulations for the impairment of financial assets which are measured at amortized cost and hedge accounting.

The change to IFRS 9 will have an impact on the recognition of financial instruments in DB Group.

::: IFRS 10: Consolidated Financial Statements (published May 2011; applicable for reporting periods starting January 1, 2013)
IFRS 10 replaces the stipulations of IAS 27 regarding group accounting and the regulations of SIC-12 regarding the integration of special-purpose vehicles. It defines a uniform control concept which will in future be applicable to all companies including special-purpose vehicles. As a result of the amendments, the assessment of the question as to whether control can be exercised over a group company will be much more important in future. We expect that there will be consequences arising from the future application of the stipulations on the DB consolidated financial statements.

::: IFRS 11: Joint Arrangements (published May 2011; applicable for reporting periods starting January 1, 2013)
IFRS 11 replaces the regulations of IAS 31 and SIC-13. Unlike IAS 31, which distinguishes between jointly managed companies, jointly managed assets and joint activities, the only classifications in future will be joint ventures and joint arrangements. Because the classification criteria have changed, there may be effects on the DB consolidated financial statements. The previous option available for the quota consolidation of joint ventures has been abolished; partners in a joint venture are required to apply the equity method. This will not have any effects on the DB consolidated financial statements because joint ventures are already included at equity in the consolidated financial statements.

::: IFRS 12: Disclosures of Interests in Other Entities (published May 2011; applicable for reporting periods starting January 1, 2013)
IFRS 12 will in future provide uniform regulations for the disclosure obligations for consolidated accounting. This covers the disclosures regarding subsidiaries, which were previously regulated in IAS 27, the disclosures concerning jointly managed companies and associates, which previously were included in IAS 31 and IAS 28, as well as disclosures for structured companies (special-purpose vehicles). The disclosure requirements are extended in this way. We expect that there will be consequences arising from the future application of the stipulations on the DB consolidated financial statements.

::: IFRS 13: Fair Value Measurement (published May 2011; applicable for reporting periods starting January 1, 2013)
IFRS 13 will in future define uniform guidelines for measuring fair value and also the necessary disclosures in notes for fair value measurement. This is only concerned with determining how fair value can be properly measured. The question as to the time at which something has to be measured at fair value does not form part of the standard. The disclosures in the notes will be extended. DB Group is currently assessing the other effects resulting from future application for the consolidated financial statements.

::: IFRIC 20: Stripping Costs in the Production Phase of a Surface Mine (published October 2011; applicable for reporting periods starting January 1, 2013)
IFRIC 20 governs the recognition of stripping costs in the production phase of a surface mine. We are assuming that there will not be a major impact for DB Group.

STRUCTURE OF THE BALANCE SHEET AND THE INCOME STATEMENT

Assets and liabilities are stated in the balance sheet either as current or non-current items. Assets and liabilities are classified as current if they are realized or due within 12 months after the end of the reporting period. The structure of the balance sheet takes account of the requirements of the ordinance relating to the structure of the financial statements of transport companies. The income statement uses the structure of the cost summary method.

PRINCIPLES UNDERLYING THE CONSOLIDATED FINANCIAL STATEMENTS

Comparability with the previous year

After due consideration is given to the following issues, the financial information presented for the year under review is comparable with the financial information for the previous year.

Changes in the scope of consolidation

For the year under review, changes in the scope of consolidation, and in particular the acquisition of Arriva in the previous year, have resulted in financial information in the balance sheet, the income statement, the cash flow statement as well as segment reporting which is not directly comparable with that of the previous period. Detailed information relating to these acquisitions as well as explanations concerning the other transactions are set out in the section “Changes in the Group.”

Changes in segment allocation

With effect from January 1, 2011, the domestic companies of the DB Bahn Urban segment were allocated to the DB Bahn Regional segment, and the international companies will be allocated to the DB Arriva segment. The international regional transport activities of the former DB Bahn Regional segment have been transferred to the DB Arriva segment. The previous year figures have been adjusted correspondingly. The DB Bahn Urban segment will no longer be applicable. Other changes which were made in segment allocation were insignificant.

Changes in recognition

The reversal of the difference shown under deferred items between the nominal value of interest-free loans granted by the Federal Government and the present value of such loans has been uniformly shown in other operating income since July 2011. This had previously been recognized mainly in net interest income, and only a small amount has been shown under other operating income. The purpose of this change is to harmonize the recognition process. Interest-free loans also include a subsidy for investments provided by the Federal Government in the amount of the interest which is not imposed in relation to the amount of the loan. This benefit is essentially of an operating nature, as its purpose is to encourage infrastructure capital expenditures and enables the corresponding projects to be detailed economically. The time of the change is attributable to discussions with the Federal Network Agency regarding the adequacy of infrastructure returns. The previous reversal, which has been constant in terms of effective interest rates and which increases over a period of time, has been replaced by a reversal which is based on the depreciation.

The presentation of segment information based on operating segments and also the presentation of information based on regions have been restructured and extended in the year under review. The disclosures regarding items in the income statement has been continued up to the operating profit after interest, and the disclosures regarding segment assets and segment liabilities have been replaced by the breakdown in capital employed.

Consolidation methods

a) Consolidation principles

DB AG and all companies (subsidiaries) whose financial and business policy can be determined by DB AG are fully consolidated in the consolidated financial statements of DB AG. They are incorporated in the consolidated financial statements at the point at which DB AG acquires the possibility of control. At the subsidiaries, “control” is defined usually as a situation in which DB AG directly or indirectly holds a majority of voting rights. Even if such a majority does not exist, the criteria of “control” are satisfied if DB AG is able to control more than half of the voting rights as a result of a voting right agreement, to determine the financial and business policy of the subsidiary in accordance with the articles of incorporation or an agreement, to nominate or dismiss a majority of the members of management and/or supervisory bodies or control a majority of votes on the occasion of meetings of the management and/or supervisory bodies. The reference date for determining the point at which a company is taken out of the scope of consolidation is established on the basis of the time at which the possibility of control terminates.

For the purpose of uniform accounting, the affiliated companies have applied the accounting guidelines of the parent company.

Capital is consolidated in accordance with the acquisition method in line with IFRS 3.4.

Minority interests in the shareholders’ equity of subsidiaries are shown separately from the shareholders’ equity of the Group shareholders. The extent of the minority interests is calculated as the minority interests applicable at the point at which the subsidiary was acquired and also that proportion of the change in the shareholders’ equity of the subsidiary since the acquisition attributable to the third party. Pro rata losses attributable to the minority interests which exceed the minority interests in the shareholders’ equity are ascribed to the shareholders’ equity of the Group shareholders, unless the external shareholders have a binding obligation to absorb such losses and are economically and financially in a position to do so.

Internal liabilities within the Group as well as expenses and income and intercompany results between fully consolidated companies are completely eliminated.

b) Business combinations

All subsidiaries acquired after December 31, 2002 have been consolidated using the acquisition method under IFRS 3. Accordingly, the acquirer shall measure the cost of a business combination as the aggregate of the fair values, at the date of exchange, of assets given and liabilities incurred or assumed. The acquired identifiable assets, liabilities and contingent liabilities are valued under IFRS 3 with their fair value at the date of acquisition, irrespective of any minority interests. Alternatively, acquired long-term assets or groups of assets which are classified as available-for-sale in accordance with IFRS 5 are shown with their fair value less costs to sell.

Any difference between the purchase costs of the business combination and the acquired assets valued at fair value is shown as goodwill. If the purchase price is lower than the fair value of the acquired assets, the difference is shown immediately in the income statement.

Minority interests are calculated on a pro rata basis from the assets, liabilities and contingent obligations valued with their fair value.

The acquisition and sale of shares in an already fully consolidated company which does not result in a change of control is shown directly in equity with no impact on the income statement. There have accordingly been no changes to the carrying amounts of the assets and liabilities recognized from such transactions.

c) Joint ventures and associated companies

Joint ventures are defined as companies which are managed by DB AG jointly with another party either directly or indirectly.

Associated companies are defined as equity participations for which DB Group is able to exercise a major influence on the financial and business policy. Major influence is normally defined as a situation in which DB AG directly or indirectly holds 20 to 50 % of the voting rights in these companies and the related assumption of association is not refuted.

In exceptional cases, companies in which DB Group holds fewer than 20 % of the voting rights are classified as associates and recognized using the equity method. Despite such a low shareholding, a major influence is deemed to exist in such cases, for instance as a result of various rights of codetermination in major issues of business policy or because members of management are appointed by DB Group.

Joint ventures and associated companies are accounted for using the equity method. Alternatively, they are valued in accordance with IFRS 5 if the shares are classified as available-for-sale.

As part of the process of accounting for participations using the equity method, shares in associated companies and joint ventures are shown at cost in the consolidated financial statements, adjusted for the related changes in the net assets of the associated company and joint venture and any impairments resulting from the impairment test. Any pro rata losses attributable to DB Group which exceed the total investment in the associated company or joint venture, consisting of the amortized equity figure as well as other long-term receivables, are not recognized, unless DB Group has taken on corresponding obligations or made payments.

Any positive difference between the cost of the purchased shares and the pro rata assets acquired at the point of purchase and valued at fair value constitutes goodwill, which is contained in the amortized equity figure and is thus also subject to the impairment test. If the purchase price is lower than the fair value of the pro rata assets which have been acquired, the difference is taken immediately to the income statement.

Intercompany results attributable to transactions with associated companies or joint ventures are eliminated on a pro rata basis.

Quota consolidation is not applicable in DB Group.

Changes in the Group

a) Subsidiaries

Movements in the scope of consolidation of DB Group are detailed in the following:

— Number	German 2011	Foreign 2011	**Total 2011**	Total 2010
FULLY CONSOLIDATED SUBSIDIARIES				
As of Jan 1	169	691	**860**	579
Additions	1	10	**11**	335
Addition due to changes in type of inclusion	0	1	**1**	5
Disposals	27	43	**70**	58
Disposal due to changes in type of inclusion	0	0	**0**	1
As of Dec 31	**143**	**659**	**802**	**860**

Activities in connection with the production of installations from track infrastructure are to some extent carried out in the form of Gesellschaften bürgerlichen Rechts (company constituted under civil law) (common project units). These common project units are terminated when the particular project is completed. They carry out their business activities mainly over a period of between one and five years. Because these common project units are assessed mainly as jointly conducted activities, they are not fully consolidated.

As was the case in the previous year, all subsidiaries are consolidated.

ADDITIONS OF COMPANIES AND PARTS OF COMPANIES

Overall, a total of € 18 million was spent on company acquisitions in the year under review (previous year: € 1,929 million).

The additions to the scope of consolidation comprise five companies which were newly established in the period under review, the acquisition of all shares in GCRC Holdings Limited (referred to in the following as Grand Central), York/Great Britain, as well as the acquisition of all shares in Jean Heck Eupen, Transports et Logistique SA (referred to in the following as Jean Heck), Eupen/Belgium.

The additions resulting from the change in type of integration comprises the acquisition of further shares in Corridor Operations NMBS/SNCB DB Schenker Rail N.V. (referred to in the following as: COBRA), Brussels/Belgium, which previously had been accounted for using the equity method.

The main transactions are detailed in the following:

- ::: On November 4, 2011 (closing), DB Arriva acquired 100 % of the shares in Grand Central. Grand Central offers rail links between London and the Northern English cities of Bradford/Halifax and Sunderland. After December 31, 2011, the company has been included in segment reporting in the DB Arriva segment.
- ::: With the agreement of July 19, 2011 (which became legally valid on October 12, 2011), DB Schenker Logistics acquired 100 % of the shares in the Jean Heck Group. This acquisition is a freight forwarding company which is resident in five locations and which mainly operates in the fields of international land transport, break-bulk distribution and logistics. In segment reporting, the company has been shown in DB Schenker Logistics segment since November 30, 2011.
- ::: On June 24, 2011, DB Schenker Rail Deutschland AG increased its stake in COBRA by a further 2 %, and now holds 51 % of the shares. This company provides international train services over the Montzen route between Antwerp, Kinkempois, Zeebrugge and Châtelet in Belgium, and Aachen-West or Cologne-Gremberg in Germany. In segment reporting, the company has been shown in the DB Schenker Rail segment since June 30, 2011.

The costs of purchase and the fair value of the acquired net assets are shown in the following (cumulatively) for all changes in the scope of consolidation. All purchase price allocations for acquisitions in the period under review are consistent with IFRS 3. Goodwill is to a large extent substantiated by the synergy effects expected for the period after the acquisition. In addition, a considerable proportion of goodwill is attributable to assets which are not eligible for recognition under IFRS 3, and in particular the employee base, market access and the future revenue potential. The goodwill is calculated as follows:

— € million	2011	thereof COBRA	thereof Jean Heck	thereof Grand Central
PURCHASE PRICE				
Payments	18	0	6	12
+ Outstanding payments	10	0	0	10
Total compensation	**28**	**0**	**6**	**22**
+ Fair value of share in equity capital held before acquisition	1	1	0	0
– Fair value of net assets acquired	28	1	5	22
Goodwill	**1**	**0**	**1**	**0**

The purchase price negotiations during the course of the acquisition of Grand Central resulted in the agreement of contingent purchase price components which trigger additional payments to the vendor depending on the fulfillment of certain future conditions. The agreement comprises five components. A payment of € 3.0 million becomes due in the year 2014 if the official approval for operating the current routes is extended beyond the year 2016. An extension has been assumed for the purpose of calculating the purchase price, and this future payment has accordingly been recognized in full as a liability. A maximum payment of € 6.0 million becomes due in June 2012, and a further maximum payment of € 18.0 million becomes due in June 2013, if the revenues of each preceding year exceed a specific threshold. If revenues fall below a specific threshold, no payments have to be made. Within this range, the respective amount to be paid rises proportionately in line with revenues. Based on revenue planning, a payment of € 4.4 million has been recognized as a liability for the year 2012, and a payment of € 2.3 million has been recognized as a liability for the year 2013. A further maximum payment of € 9.0 million becomes due in June 2014 if the cumulative revenues of the previous two years exceed a defined limit. Within a certain range, the payment rises proportionately in line with the revenues. A further maximum payment of € 12.0 million becomes due in June 2014 if the revenues of the previous three years exceed a defined limit. 50 % of the revenues in excess of this threshold are paid out to the vendor up to the above-mentioned maximum amount. Based on revenue planning, it has been established that the minimum thresholds will not be attained in the two above-mentioned scenarios, and no payments have therefore been assumed.

PURCHASE PRICE ALLOCATION COBRA

The acquired net assets are broken down as follows:

— € million	Carrying amount	Adjustment	Fair value
Property, plant and equipment	0	0	0
Trade receivables	9	0	9
Other receivables and assets	2	0	2
Cash and cash equivalents	5	0	5
Assets	**16**	**0**	**16**
Other liabilities	13	0	13
Liabilities	**13**	**0**	**13**
thereof recognized contingent liabilities in accordance with IFRS 3	0	0	0
Share of third parties	2	0	2
Net assets acquired	**1**	**0**	**1**
Purchase price paid in cash and cash equivalents	0	0	0
Cash and cash equivalents acquired	5	0	5
Inflow of cash and cash equivalents through transaction	**5**	**0**	**5**

Compared with the purchase price allocation shown in the interim financial statements 2011, the figure shown for the other liabilities has increased by € 2 million. This means that the acquired net assets have declined from € 3 million to € 1 million. There have been no changes to the amount recognized for goodwill.

As part of this gradual acquisition of shares, the cash and cash equivalents of the company (€ 5 million) have also been recognized in DB Group for the first time.

The fair value of the trade receivables is € 9 million; this figure does not include any impairments.

If COBRA had been included in the DB consolidated financial statements as of January 1, 2011, DB Group would have reported additional revenues of € 12 million and an additional net profit of € 2 million.

After being initially consolidated, COBRA has generated revenues of € 12 million and a net profit of € 0 million.

PURCHASE PRICE ALLOCATION JEAN HECK

The acquired net assets are broken down as follows:

— € million	Carrying amount	Adjust-ment	Fair value
Property, plant and equipment	5	3	8
Intangible assets	0	0	0
Shares in investments accounted for using the equity method	0	0	0
Trade receivables	4	0	4
Other receivables and assets	1	0	1
Cash and cash equivalents	0	0	0
Assets	**10**	**3**	**13**
Financial debt	4	0	4
Other liabilities	3	0	3
Deferred tax liabilities	0	1	1
Liabilities	**7**	**1**	**8**
thereof recognized contingent liabilities in accordance with IFRS 3	0	0	0
Share of third parties	0	0	0
Net assets	**3**	**2**	**5**
Share of DB Group in net assets before acquisition	0	0	0
Net assets acquired	**3**	**2**	**5**
Purchase price paid in cash and cash equivalents	6	0	6
Cash and cash equivalents acquired	0	0	0
Outflow of cash and cash equivalents through transaction	**6**	**0**	**6**

The fair value of the trade receivables is € 4 million, including impairments of € 0.2 million.

We expect that some of the goodwill will not be allowable for income tax purposes.

If Jean Heck had been included in the DB consolidated financial statements as of January 1, 2011, DB Group would have reported additional revenues of € 3.9 million and an additional net profit of € – 0.2 million.

After being initially consolidated, Jean Heck has generated revenues of € 1 million and a net profit of € 0 million.

PURCHASE PRICE ALLOCATION GRAND CENTRAL

The acquired net assets are broken down as follows:

— € million	Carrying amount	Adjust-ment	Fair value
Property, plant and equipment	3	–1	2
Intangible assets	0	30	30
Inventories	0	0	0
Trade receivables	1	0	1
Other receivables and assets	7	0	7
Cash and cash equivalents	2	0	2
Deferred tax assets	0	9	9
Assets	**13**	**38**	**51**
Financial debt	10	0	10
Other liabilities	9	0	9
Other provisions	0	3	3
Deferred tax liabilities	0	7	7
Liabilities	**19**	**10**	**29**
thereof recognized contingent liabilities in accordance with IFRS 3	0	0	0
Share of third parties	0	0	0
Net assets	**– 6**	**28**	**22**
Share of DB Group in net assets before acquisition	0	0	0
Net assets acquired	**– 6**	**28**	**22**
Purchase price paid in cash and cash equivalents	12	0	12
Cash and cash equivalents acquired	2	0	2
Outflow of cash and cash equivalents through transaction	**10**	**0**	**10**

The fair value of the trade receivables is € 1 million; this figure does not include any impairments.

If Grand Central had been included in the DB consolidated financial statements as of January 1, 2011, DB Group would have reported additional revenues of € 25 million and consolidated net income would have been € 20 million lower.

The disposals from the scope of consolidation relate to 51 mergers as well as 11 liquidations and eight sales. The sales generated a cash inflow of € 7 million.

The following table shows a summary of the effects on the consolidated income statement resulting from the changes in the scope of consolidation which have taken place compared with the previous year period:

— € million	DB Group Jan 1 through Dec 31, 2011	thereof due to changes in scope of consolidation	Amounts due to disposals from the scope of consolidation
Revenues	37,979	2,025	-3
Inventory changes and internally produced and capitalized assets	2,457	4	0
Overall performance	40,436	2,029	-3
Other operating income	3,062	74	-19
Cost of materials	-20,906	-684	1
Personnel expenses	-13,076	-944	1
Depreciation	-2,964	-97	1
Other operating expenses	-4,375	-290	9
Operating profit (EBIT)	**2,177**	**88**	**-10**
Result from investments accounted for using the equity method	19	2	0
Net interest income	-840	-8	0
Other financial result	3	-9	11
Financial result	**-818**	**-15**	**11**
Profit before taxes on income	**1,359**	**73**	**1**
Taxes on income	-27	-13	0
Net profit for the year	**1,332**	**60**	**1**

The revenues of € 2,025 million resulting from additions to the scope of consolidation mainly relate to Arriva which was acquired in the previous year (€ 2,001 million, for January to August 2011). In addition to the depreciation reported for additions to the scope of consolidation (€ 97 million), further depreciation of € 50 million has arisen in relation to the Arriva customer and franchise agreements for January to August 2011.

The figures shown for disposals from the scope of consolidation mainly relate to Schenker Libya for Transports and Services, Tripoli/Libya, which was sold in the previous year.

b) Joint ventures and associated companies

— Number	German 2011	Foreign 2011	**Total 2011**	Total 2010
JOINT VENTURES ACCOUNTED FOR USING THE EQUITY METHOD				
As of Jan 1	12	14	**26**	19
Additions	0	0	**0**	7
Addition due to changes in type of inclusion	0	0	**0**	1
Disposals	0	1	**1**	0
Disposal due to changes in type of inclusion	0	0	**0**	1
As of Dec 31	**12**	**13**	**25**	26
ASSOCIATED COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD				
As of Jan 1	63	59	**122**	103
Additions	0	4	**4**	24
Addition due to changes in type of inclusion	0	0	**0**	4
Disposals	3	1	**4**	5
Disposal due to changes in type of inclusion	0	1	**1**	4
As of Dec 31	**60**	**61**	**121**	122

The additions to joint ventures and associated companies consist of four (previous year: 31) companies with total costs of purchase of € 182 thousand.

The following selected financial data are provided for the major associates and joint ventures; this information has been taken from the consolidated financial statements or the annual financial statements of the relevant companies for the period ended December 31, 2011:

AGGREGATED FINANCIAL DATA

As of Dec 31 — € million	Equity holding (%)	ASSETS		EQUITY		LIABILITIES		REVENUES		NET PROFIT	
		2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
JOINT VENTURES											
Aquabus BV, Heerenveen/the Netherlands [1), 3), 4), 5)]	50.00	11		4		7		7		0	
ATN Auto Terminal Neuss GmbH & Co. KG, Neuss [3), 5)]	50.00	10	8	7	4	3	4	13	11	0	-1
London Overground Rail Operations Limited, London/Great Britain [4), 5)]	50.00	74	42	11	4	63	37	143	0	4	4
PKV Planungsgesellschaft kombinierter Verkehr Duisburg mbH, Duisburg [3), 5)]	50.00	14	13	1	1	12	12	1	1	0	0
ASSOCIATED COMPANIES											
ALSTOM Lokomotiven Service GmbH, Stendal [2), 4), 5)]	49.00	38	32	18	19	20	13	32	35	0	2
ATS Air Transport Service AG, Zurich/Switzerland [4)]	26.00	7	9	5	6	2	2	16	4	0	0
Autoport Emden GmbH, Emden	33.30	4	3	0	0	4	3	21	18	0	0
Barraqueiro SGPS SA, Lisbon/Portugal [4)]	31.50	553	529	195	215	358	314	334	288	-1	12
BLS Cargo AG, Bern/Switzerland [3), 5)]	45.00	148	147	75	63	73	84	139	107	-2	-2
BwFuhrparkService GmbH, Troisdorf [3), 5)]	24.90	261	226	133	98	128	128	278	285	4	1
Centrebus Holdings Limited, Leicester/Great Britain [2), 7)]	40.00	10	0	0	0	10	0	17	0	0	0
Container Terminal Dortmund GmbH, Dortmund [3), 5)]	30.00	5	5	3	2	2	3	17	14	2	1
CTS Container-Terminal GmbH Rhein-See-Land-Service, Cologne [2), 5)]	22.50	8	8	2	3	6	5	33	3	1	1
DAP Barging B.V., Rotterdam/the Netherlands [4), 5)]	55.00	6	4	2	2	4	2	32	19	1	1
DCH Düsseldorfer Container-Hafen GmbH, Düsseldorf [2), 5)]	51.00	2	3	0	1	1	2	14	13	0	0
EUROFIMA Europäische Gesellschaft für die Finanzierung von Eisenbahnmaterial, Basel/Switzerland [5), 6)]	22.60	28,271	27,416	1,218	1,152	27,054	26,265	0	0	33	34
EuroShuttle A/S i.L., Copenhagen/Denmark [3), 5)]	27.08	28	0	2	0	26	0	64	0	0	0
Express Air Systems GmbH (EASY), Kriftel [4)]	50.00	8	7	4	3	4	5	45	14	1	1
Güterverkehrszentrum Entwicklungsgesellschaft Dresden mbH, Dresden [4), 5)]	24.53	18	19	2	2	16	16	1	1	0	0
Hispanauto – Empresas Agrupadas A.E.I.E.©, Madrid/Spain	75.06	6	6	0	0	6	6	26	23	0	0
Intercambiador de Transportes Principe PIO S.A., Madrid/Spain [4), 5)]	30.00	68	67	9	9	59	58	7	7	0	-1
INTERCONTAINER – INTERFRIGO SA, Brussels/Belgium [3), 5), 8)]	36.77	42	45	-6	5	48	40	0	144	-24	-14
Kahlgrund-Verkehrs-Gesellschaft mit beschränkter Haftung, Schöllkrippen [3), 5)]	28.00	13	13	10	10	2	2	9	9	1	1
KM S.P.A., Cremona/Italy [4)]	49.00	11	11	5	4	7	7	0	0	0	0
Kombiverkehr Deutsche Gesellschaft für kombinierten Güterverkehr mbH & Co. Kommanditgesellschaft, Frankfurt am Main [3), 5)]	50.00	52	45	16	15	35	30	384	347	1	0

As of Dec 31 — € million	Equity holding (%)	ASSETS		EQUITY		LIABILITIES		REVENUES		NET PROFIT	
		2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
ASSOCIATED COMPANIES											
LogCap-IR Grundverwertungsgesellschaft mbH, Vienna/Austria	49.00	21	22	5	5	16	17	1	1	0	0
Lokomotion Gesellschaft für Schienentraktion mbH, Munich [4),5)]	30.00	17	14	7	6	11	8	35	23	1	-1
METRANS a. s., Prague/Czech Republic	35.04	181	169	103	97	78	72	148	132	22	22
Omfesa Logística S.A., Madrid/Spain	50.00	23	23	0	3	23	20	16	16	-3	-3
POLZUG Intermodal GmbH, Hamburg [3)]	33.33	10	11	7	6	3	4	41	43	0	0
Pool Ibérico Ferroviario A.E.I.E., Madrid/Spain	11.67	6	0	0	0	6	0	20	20	0	0
PORT HANDLOWY ŚWINOUJŚCIE Sp. z o.o., Świnoujście/Poland [5)]	46.23	15	9	7	4	8	5	19	19	1	1
Prometro S.A., Porto/Portugal [3),4),5)]	20.00	14	0	3	0	10	0	32	0	0	0
Railmax C.V., Nijmegen/the Netherlands	49.50	2	3	0	0	2	3	11	16	0	0
Saarländische Nahverkehrs-Service GmbH, Saarbrücken [3),5)]	30.00	0	0	0	0	0	0	0	0	0	0
Sociedad de Estudios y Explotacion Material Auxiliar de Transportes, S.A. ("SEMAT"), Madrid/Spain [5)]	62.80	37	38	10	12	27	26	19	19	-2	-2
SSG Saar-Service GmbH, Saarbrücken [3),5)]	25.50	4	3	1	1	2	2	15	13	0	0
TFG Transfracht Internationale Gesellschaft für kombinierten Güterverkehr mbH & Co. KG, Frankfurt am Main	50.00	40	28	-9	-1	50	29	249	218	-8	-5
Trieste Trasporti S.P.A., Triest/Italy [5)]	39.94	99	101	45	44	54	57	72	71	4	7
Unternehmensgesellschaft Verkehrsverbund Rhein-Neckar GmbH (URN GmbH), Mannheim [3),5)]	33.94	6	5	0	0	6	5	4	4	0	0
VT-Transman Szemelyszallito es Szolgaltato Kft, Szekesfehervar/Hungary [4)]	49.91	11	13	5	4	6	9	18	17	2	1

1) No data for 2010 financial year.
2) Deviating financial year.
3) Figures from 2010 financial year.
4) Based on preliminary figures.
5) Figures according to local GAAP.
6) Concerns financing transactions exclusively.
7) Data as of acquisition date.
8) No/incomplete data.

Currency translation

a) Functional currency and reporting currency

Currency translation uses the concept of the functional currency. The functional currency of all subsidiaries included in the consolidated financial statements of DB AG is the relevant local currency.

The consolidated financial statements are prepared in euros (reporting currency).

b) Transactions and balances

Transactions which are not carried out in the functional currency of a company included in the scope of consolidation (foreign currency transactions) are translated into the functional currency of the corresponding entity using the rate applicable at the time of the transaction. Exchange rate gains and losses resulting from processing such transactions and valuing monetary assets and liabilities at the rate applicable on the reporting date in the financial statements are recognized in the income statement.

c) Subsidiaries

Subsidiaries whose functional currency is not the euro convert their financial statements which are prepared in local currency into the reporting currency euro for the purpose of being included in the consolidated financial statements of DB AG as follows: assets and liabilities are converted using the reference date rate, and income and expenses are converted using the average rate; differences resulting from currency translation are shown separately under shareholders' equity.

The shareholders' equity which has to be initially consolidated as part of an acquisition of foreign subsidiaries is translated as of the relevant balance sheet date using the historical rate applicable at the time of the acquisition. Any differences resulting from the currency translation are shown separately under shareholders' equity.

As long as the subsidiary is included in the scope of consolidation, the translation differences continue to be shown under consolidated shareholders' equity. If subsidiaries are no longer included in the scope of consolidation, the corresponding translation differences are eliminated and recognized in the income statement.

Goodwill and adjustments to the fair values of assets and liabilities due to acquisitions of foreign subsidiaries are treated as assets and liabilities of the foreign companies and are translated using the exchange rate applicable on the reporting date.

The annual financial statements of subsidiaries which are domiciled in hyperinflationary economies are translated in accordance with IAS 29. No major subsidiary was domiciled in a hyperinflationary economy in the reporting and comparison period.

Currency translation differences resulting from the translation of shares in a foreign subsidiary and also resulting from loans which are part of the net investment in such foreign subsidiaries are shown under shareholders' equity. When the foreign subsidiary is no longer included in the scope of consolidation, the currency translation differences are eliminated via the income statement.

The following exchange rates are some of the rates used for currency translation purposes:

	CLOSING RATES AS OF DEC 31		AVERAGE RATES	
— in €	2011	2010	2011	2010
1 Canadian Dollar (CAD)	0.75672	0.75064	0.72669	0.73256
1 Swiss Franc (CHF)	0.82264	0.79974	0.81129	0.72431
1 Chinese Yuan Renminbi (CNY)	0.12257	0.11335	0.11116	0.11145
1 Pound Sterling (GBP)	1.19717	1.16178	1.15223	1.16543
1 Hong Kong Dollar (HKD)	0.09949	0.09629	0.09228	0.09708
1 Japanese Yen (JPY)	0.00998	0.00920	0.00901	0.00860
1 Norwegian Krone (NOK)	0.12897	0.12821	0.12831	0.12493
1 Polish Zloty (PLN)	0.22432	0.25157	0.24268	0.25041
1 Swedish Krona (SEK)	0.11221	0.11154	0.11074	0.10484
1 Singapore Dollar (SGD)	0.59457	0.58357	0.57180	0.55367
1 US Dollar (USD)	0.77286	0.74839	0.71841	0.75422

Recognition of income and expenses

The revenues generated in DB Group relate to the provision of passenger transport, transport and logistics services, the provision of rail infrastructure, the sale of goods and other services related particularly to rail operations, less turnover tax, discounts and any price deductions. They are recognized with their fair value.

The services provided by DB Group are normally completed within a few hours/days. Revenues resulting from the provision of services are therefore recognized as soon as the service has been provided, the extent of the revenues and the costs is reliably measurable and the economic benefit will probably accrue to the Group.

Dividend income is recognized at the point at which the right to receive the payment arises. Interest income is recognized in the income statement using the effective interest method in the period in which the income arises.

All expense and income items are normally recognized without being netted, unless the accounting principles under IFRS permit or require netting.

Expenses are recognized in the income statement at the point at which the service is used or at the point at which the expenses are incurred.

Accounting and valuation methods

a) Property, plant and equipment

Property, plant and equipment is recognized at cost of purchase and cost of production less cumulative depreciation, and also with due consideration being given to impairments and reversals of previous impairments. Costs of purchase comprise the purchase price plus ancillary purchase costs less purchase price reductions. If there are any closure or restoration obligations, they are recognized in the costs of purchase and production of the property, plant and equipment, and a provision is shown at the same time. Cost of production comprises individual costs as well as overhead costs which are directly allocatable.

If a considerable period is required for manufacturing an asset in order to place it in its intended state in which it is capable of being used or sold, directly attributable borrowing costs are capitalized as costs of production of the asset. If a direct link cannot be established, the average borrowing cost rate of the year under review is used. Turnover tax incurred in connection with the purchase or production of property, plant and equipment is only capitalized if input tax is not permitted to be deducted.

Subsequent costs are capitalized if the expenses enhance the economic benefit of the property, plant and equipment and if the costs can be reliably measured. On the other hand, all other repairs or maintenance are expensed.

Depreciation is taken to the income statement on a straight-line basis over the expected service life of the asset. The following useful-service lives for the main groups of property, plant and equipment are taken as a basis:

	Years
Permanent way structures, tunnels, bridges	75
Track infrastructure	20–25
Buildings and other constructions	10–50
Land improvements	8–20
Signaling equipment	20
Telecommunications equipment	5–20
Rolling stock	15–30
Other technical equipment, machinery and vehicles	3–25
Factory and office equipment	2–20

The appropriateness of the chosen depreciation method and the service lives is subject to an annual review. Our expectations regarding the residual value are also updated annually.

Investment grants are deducted directly from the cost of purchase or cost of production of the assets for which the grants have been given.

b) Finance lease assets

Rented and leased assets where the underlying leases are classified as finance leases under IAS 17 are capitalized with the lower of fair value or the present value of minimum lease payments at the start of the lease, and are depreciated using the straight-line method over the financial service life of the asset or the shorter duration of the lease.

c) Intangible assets and goodwill

Intangible assets acquired for a monetary consideration are recognized at cost of purchase. Intangible assets manufactured in-house are recognized with their cost of production, and consist mainly of software. The costs of the development phase are capitalized if a future economic benefit accrues to DB Group and if the other capitalization criteria are satisfied. The costs of production comprise all costs which can be directly allocated and those costs which are incurred in order to prepare the asset for its envisaged use.

Processes involving international invitations to tender may result in order and mobilization costs which are associated with future operations within the framework of a transport agreement. If it is very likely that the agreement will indeed come into being, and if the costs are capable of being invoiced such costs are capitalized and written down over the probable life of the agreement.

Costs of production comprise mainly costs for material and services, wage and salary costs as well as relevant overhead costs.

If a considerable period is required for manufacturing an asset in order to place it in its intended state in which it is capable of being used or sold, directly attributable borrowing costs are capitalized as costs of production of the asset. If a direct link cannot be established, the average borrowing cost rate of the year under review is used.

Turnover tax incurred in connection with the purchase and production of intangible assets is only capitalized if input tax is not deductible.

Intangible assets (excluding goodwill) are subsequently valued at cost of purchase or cost of production less depreciation and impairments plus any reversals of previous impairments. Depreciation is calculated using the straight-line method. The adequacy of the depreciation method and the service life are subject to an annual review.

The following useful-service lives are used as the basis for depreciation on intangible assets:

	Years
Franchises, rights, etc.	Duration of contract
Trademarks	Economic life
Brand names	Economic life
Customer base	Economic life
Purchased software	3–5
Software produced in-house	3

Goodwill arises as a positive difference between the costs of purchasing the shares and the fair values of the individually acquired assets, absorbed liabilities and contingent liabilities. They are not depreciated; instead, they are subject to an annual impairment test. Impairment losses in relation to goodwill are not reversed.

d) Impairments of assets

IAS 36 governs the impairment test for tangible and intangible assets with a certain economic life, which is carried out using a so-called indicator-based asset impairment test. Such an asset impairment test has to be carried out when indicators (so-called triggering events) indicate a possible loss of value. In addition, according to IAS 36, goodwill as well as intangible assets with an indefinite service life have to be subjected at least once a year to an impairment test in the form of a goodwill impairment test.

DEFINITION OF CASH-GENERATING UNITS

Goodwill impairment tests have to be carried out at the level of individual assets as part of the asset impairment test. If it is not possible to determine future cash flows, which are to a large extent independent, for an individual asset, so-called cash-generating units (CGUs) have to be formed as an aggregation of assets whose future cash flows depend on each other. In DB Group, the CGUs are to a large extent identified at the level of the operating segments, whereby a further differentiation can be made within the DB Services segment as a result of different service content. Due to the congruence between management structure and legal structure, the identified CGUs also always consist of at least one legal unit. This means that the data necessary for the asset impairment test can be derived from annual financial statements and planning data.

The impairment test for goodwill is carried out at the level of the CGU to which the goodwill has been allocated. Significant goodwill currently exists in the CGUs DB Arriva, DB Schenker Rail and DB Schenker Logistics. Please refer to the segment information according to operating segments.

METHOD

In the impairment test in accordance with IAS 36, the carrying amount of an asset, a CGU or for the goodwill impairment test on the basis of a group of CGUs has to be compared with the corresponding recoverable amount. If the positive carrying amount is no longer covered by the recoverable amount, this results in a corresponding impairment.

The carrying amount of a CGU is established by adding the carrying amounts of the assets less the liabilities which are related to the relevant assets (net position). In addition, for determining the carrying amount of a CGU, it is also necessary to recognize corporate assets and corporate liabilities jointly used by several CGUs, and the working capital necessary for the corresponding CGU must also be taken into consideration.

The recoverable amount is defined as the higher of the fair value less costs to sell and the value in use. In the impairment tests carried out in DB Group, the recoverable amount is represented by the value in use. The value in use is established as the present value of the free cash flows before interest and after tax attributable to the continuation of a CGU or a group of CGUs. Compared with the procedure in the previous year, taxes have been recognized in the free cash flows for the first time for the purpose of harmonizing the methods with prevailing practice in the case of the impairment tests. A typical tax rate of 30.5% has been used in relation to EBIT. The forecast of cash flows reflects previous experience, and takes account of management expectations with regard to future market developments. The average growth rates are consistent with the expectation of the industry. These cash flow forecasts are based on the medium-term planning which is submitted to the Supervisory Board of DB AG and which covers a planning horizon of five years. If cash flow forecasts are necessary beyond the five-year planning horizon, a sustainable free cash flow is derived from the forecast and is extrapolated on the basis of a growth rate related to the specific market development. In general, an average growth rate of 1% p.a. has been assumed, and an average growth rate of 2% p.a. has been assumed for the CGU DB Arriva.

A weighted average cost of capital used for discounting the free cash flows; this reflects the expectation of return on the capital market for providing debt capital and shareholders' equity to DB Group. In line with the process of calculating the free cash flows after corporate taxes, a capital cost rate after corporate taxes has been used. Risks of free cash flows are recognized by a risk-equivalent capitalization rate. In view of the subgroup structure on the one hand and the fact that there is also essentially a pooling of risks and resources within DB Group on the other, this capitalization rate after tax has been used as the standard rate for all CGUs of DB ML Group or DB Group. A uniform capitalization rate of 6.9% has been used for the CGUs of DB ML Group, which is equivalent to a corresponding capitalization rate before tax of 9.9% (previous year: 10.2%) when due consideration is given to the typical tax rate of 30.5% in relation to EBIT. A uniform capitalization rate of 5.6% has been used for the CGUs of the infrastructure, which is equivalent to a corresponding capitalization rate before tax of 8.1% (previous year: 8.0%) when due consideration is given to the typical tax rate of 30.5% in relation to EBIT. The minor changes in the WACCs compared with the previous year is attributable to current expectations of medium- to long-term developments of the external capital market.

ASSET IMPAIRMENT TEST

Processes which comply with the specific requirements of IAS 36 have been implemented in order to carry out the asset impairment test. The service lives of the individual CGUs used for the asset impairment test are based on the service life of the asset or a group of homogenous assets which is (are) most significant for the particular CGU.

In addition, the process of establishing the service life disregards future cash flows which result from major structural changes, disinvestment measures or extension investments. Resulting adjustments to the original plans relate mainly to the major new and expansion infrastructure projects, where it is assumed that the construction process will be completed beyond the mid-term (beyond 2016).

The cash flow forecasts take account of internal transfer prices within DB Group on the basis of arm's length assessments of the companies involved. The published infrastructure prices are applicable for products and services exchanged between transport and infrastructure segments; price increases in the period covered by the forecast have also been taken into consideration.

After the mid-term planning has been completed, a regular check is carried out to determine whether impairments are necessary at the CGU level. In addition to this annual cycle, a test is also performed if current issues arising from the development in business or changes in assumptions indicate that there has been a major deterioration in the value in use.

The voluntary impairment tests carried out in the period under review did not identify any impairment requirement for any CGU. The voluntary asset impairment test carried out in December 2011 after the mid-term planning was adopted also did not identify any impairment requirement for any of the CGUs.

GOODWILL IMPAIRMENT TEST

A goodwill impairment test must be carried out annually for all CGUs or groups of CGUs to which goodwill can be allocated. Because the goodwill which arises in DB Group as a result of acquisitions can always be clearly allocated to a CGU, this goodwill impairment test is an integral part of the asset impairment test which is always carried out annually on a voluntary basis for all CGUs.

The goodwill impairment tests carried out for the affected CGUs DB Arriva, DB Schenker Rail, DB Schenker Logistics, DB Bahn Regional and subsidiaries/other have not identified any impairment requirement. The respective recoverable amount is represented by the value in use of the CGU, which in turn has been derived from the mid-term planning of the five segments. The details relating to methods presented above are thus applicable correspondingly. At DB Arriva, DB Schenker Rail and DB Schenker Logistics, it also has to be borne in mind that separate assumptions relating to the development of the economy, market and competition as well as currency relations have been made for the relevant international markets. These assumptions have been based on the external and internal expert assessments available at the time of the planning.

e) Shares in companies accounted for using the equity method

Shares in associated companies and joint ventures are accounted for using the equity method in accordance with IAS 28 (Shares in Associated Companies) or in accordance with the option specified in IAS 31 (Shares in Joint Ventures). Based on the Group costs of purchase at the time of the purchase, the figure for the change in shareholders' equity at the company accounted for using the equity method attributable to the shares of DB Group is extrapolated.

f) Financial assets

Arm's length purchases or sales of financial assets are recognized or eliminated on the settlement date. At present, there are the following categories in DB Group in accordance with IAS 39:

AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets are normally recognized with their fair value. If the fair value of equity instruments is not reliably measurable, the available-for-sale financial assets are recognized at cost of purchase less any impairment.

Shares in non-consolidated subsidiaries and other equity investments are also considered to be available-for-sale financial assets. They are normally shown with their amortized cost of purchase because the future cash flows for determining the market value of the shares cannot be reliably established.

Available-for-sale long- or short-term securities are recognized with their market values as of the reporting date – where such values exist. Changes in fair value are recognized with no impact on the income statement in the reserve attributable to the marking-to-market of securities.

RECEIVABLES AND OTHER FINANCIAL ASSETS

Receivables and other financial assets are initially measured at fair value. In general, this is equivalent to the costs of purchase. Long-term interest-free or low-interest receivables (receivables due after more than one year) are discounted to the present value of future cash flows. Discounted receivables are adjusted for cumulative interest in subsequent periods with the effective interest fixed for initial valuation.

Receivables for which there are substantial objective indications of an impairment are adjusted appropriately. Portfolio-based allowances are also recognized in relation to groups of assets; in particular, historical default rates are taken into consideration.

CASH AND CASH EQUIVALENTS

This item comprises cash in hand and checks, deposits at banks which are due on sight, as well as cash equivalents. Balances at banks comprise overnight money as well as time deposits due within three months.

Liquid assets are recognized with their nominal value.

g) Inventories

All costs which are directly related to the procurement process are capitalized as the costs of purchase of the inventories. The average method is used as the basis for establishing the cost of purchase of fungible and homogeneous raw materials and supplies. The costs of production comprise the individual costs and also the directly attributable overheads; borrowing costs and idle costs are not capitalized, and instead are recognized as expense in the period in which they are incurred.

As of the balance sheet date, inventories are measured with the lower of cost or net realizable value.

h) Available-for-sale non-current assets

Under IFRS 5, non-current assets are classified as available-for-sale non-current assets if their carrying amount is to be realized by way of sale and not by way of continued use. This can be an individual asset, a disposal group or part of a company. Non-current available-for-sale assets are stated with the lower of carrying amount or market value less costs which are incurred. In the year under review, reclassifications related almost exclusively to the acquired business of Arriva in Germany.

i) Deferred taxes

Deferred taxes are calculated in accordance with IAS 12 (Income Taxes).

The group tax rate for domestic companies used as the basis for calculating deferred taxes was 30.5 %. The group tax rate comprises the corporation tax rate plus solidarity surcharge and an average trade tax rate. Foreign subsidiaries use their relevant local tax rates for calculating deferred taxes.

A deferred tax asset is recognized in accordance with IAS 12.24 or IAS 12.34 if, after corresponding deferred tax liabilities have been deducted, it is likely that adequate taxable income is available. The mid-term planning with additional estimates is used as the basis of this process. Deferred tax assets relating to income which can be generated after the mid-term period are not recognized, on the grounds that they cannot be reliably determined.

Deferred taxes are established on the basis of the tax rates which can be expected for the period in which the deferred tax is realized on the basis of existing laws or laws which have in essence been adopted.

j) Financial debt and liabilities

Current liabilities are normally recognized with their nominal amount, which corresponds to the fair value at the point at which the liability is initially recognized and the amortized costs of purchase up to the date at which the liability is settled. Financial debt and other non-current liabilities, when initially recognized, are stated with the amount which corresponds to the fair value of the received assets, where appropriate less transaction costs. Subsequently, they are stated using amortized costs of purchase using the effective interest method. The differences between the amount paid out less transaction costs and the amount repaid are recognized in the income statement over the life of the liability.

Interest-free Federal Government loans which are related to infrastructure capital expenditures are recognized with the present value of the amounts to be repaid, and are adjusted to their nominal repayment amount over their life. The difference between the nominal amount of the loan and the present value is recognized as an interest benefit under accruals. The income from pro rata reversal of these accruals is shown as other operating income. Please refer to the comments in the section "Comparability with the previous year."

Liabilities arising from leases which are classified as finance leases in accordance with the allocation criteria of IAS 17 are recognized at the lower of fair value and the present value of minimum leasing payments at the beginning of the lease, and are subsequently stated under financial debt in the amount of amortized cost of purchase. The leasing installments are broken down into an interest component and a repayment component. The interest component of the leasing installment is recognized in the income statement.

k) Employee benefits

PENSION OBLIGATIONS AND SIMILAR COMMITMENTS

In DB Group, there are defined benefit as well as defined contribution retirement pension systems.

The provision for defined retirement benefit systems stated in the balance sheet corresponds to the present value of the pension commitment (Defined Benefit Obligation; DBO) less the fair value of the plan assets on the balance sheet date, adjusted by cumulative actuarial profits and losses which are not reflected in the income statement and subsequently applicable service costs which have not yet been recognized. The pension obligation is calculated annually by independent actuarial appraisals using the projected unit credit method. Actuarial profits and losses are not recognized in the income statement if they do not exceed 10% of the higher of the obligation or the present value of plan assets (10% corridor rule). The amount which exceeds the corridor is recognized over the expected average remaining service lives of the employees covered by the plan. The alternative methods for recognizing actuarial profits and losses permitted in accordance with IAS 19.93 and 19.93A, i.e. immediate recognition in the income statement or recognition directly in equity, are not applied in DB Group.

Past service cost is immediately recognized in the income statement, unless the changes in the pension plan (retirement pension system) depend on the employee remaining in the company for a defined period (the period up to the point at which the rights become vested). In this case, the past service cost is recognized in profit or loss on a straight-line basis over the period until vesting.

The expense arising from applying interest to the pension obligations and the expected income from the plan assets is recognized in financial result.

In the case of defined contribution retirement pension systems, DB Group pays contributions to public sector or private retirement pension schemes, either voluntarily or as a result of a contractual or statutory obligation. DB Group does not have any additional payment obligations beyond having to pay the contributions. The contributions are recognized in personnel expenses when due. Advance payments of contributions are recognized as assets to the extent that there is a right for a repayment or reduction of future payment.

The discount rate for measuring pension obligations was determined on the basis of the yields obtained on the market on the balance sheet date for prime fixed-income industrial bonds. Prime corporate bonds with an AA rating are used as the basis in this respect.

Employees who are covered by the collective bargaining agreement for employer-financed payments to the company retirement benefit scheme for the employees of various companies of DB Group (Tarifvertrag über arbeitgeberfinanzierte Leistungen zur betrieblichen Altersvorsorge für die Arbeitnehmer verschiedener Unternehmen des DB Konzerns; bAV-TV) or the collective bargaining agreement for engine drivers of rail transport companies of the Agv MoVe (Tarifvertrag für Lokomotivführer von Schienenverkehrsunternehmen des agv MoVe; LfTV) receive an employer-financed payment into the company retirement benefit scheme which is paid in 2012 (retrospectively as of July 2011) and which in future will be paid monthly.

The funding vehicle for this new employer-financed payment into the company retirement benefit scheme is the pension fund (DEVK Pensionsfonds-AG) which has already been offered to employees for salary conversion. Defined contribution pension plans are being set up for the new employer-financed payment. As a funding vehicle, the pension fund is not relevant for provisions.

PAYMENTS ON THE OCCASION OF TERMINATION OF EMPLOYMENT CONTRACTS (SEVERANCE PACKAGES)

Severance packages become payable if an employee is released from his duties before normal pensionable age or if an employee voluntarily terminates his employment contract in return for a severance package. Severance payments are recognized if there is a demonstrable obligation either to terminate the employment agreements of current employees in accordance with a detailed formal plan which cannot be reversed or to pay severance payments if the employment contract is voluntarily terminated by employees within the framework of employment contract termination agreements.

Severance package obligations for agreements agreed as of the balance sheet date are recognized as other liabilities and – if they are not yet included in individual agreements and if they are part of a restructuring obligation in accordance with IAS 37 (Provisions, Contingent Liabilities and Contingent Assets) – are stated as other provisions.

Semi-retirement agreements are based on the so-called block model. The top-up amounts paid in addition to salary by DB Group during the semi-retirement period as well as additional contributions to the statutory pension insurance scheme constitute benefits arising upon termination of the employment contract. They are shown with their present value at the point at which the obligation originated. The compensation backlog (plus the employer's contributions to social insurance) for the additional work performed during the employment phase is also shown with the present value. The expenses attributable to cumulative interest on the obligations are shown under personnel expenses.

OTHER BENEFITS DUE IN THE LONG TERM

Employees who are covered by the regulations of the collective bargaining agreement with regard to maintaining long-term accounts for the employees of various companies of DB Group (Tarifvertrag zur Führung von Langzeitkonten für die Arbeitnehmer verschiedener Unternehmen des DB-Konzerns; Lzk-TV), are able to convert their overtime which they have worked into a long-term account or payment for this account on one occasion or on a regular basis. DB Group has agreed to pay the compensation for the additional overtime or the converted compensation on the basis of a separate contribution agreement plus the related employer's contributions to social insurance into the "Fonds zur Sicherung von Wertguthaben e.V." (credit fund) every month at the point at which the salary payment becomes due. The credit fund has been established in the legal form of a registered association as a joint institution of the wage-bargaining parties in accordance with the Wage Bargaining Act (Tarifvertragsgesetz). The wage bargaining parties, in their capacities as members of the association, are responsible for managing and administering the credits.

The compensation paid to the employees starting with the beginning of a phase during which the employees are exempted from their duties is financed out of the credit fund. The length of the phase during which the employees are exempted from their duties is determined by the size of the credit which has accumulated or by an application of the employee.

With regard to the credits, no further financial risks are retained in DB Group when the funds are paid out.

l) Other provisions

Other provisions are set aside if there is a legal or constructive obligation resulting from a past event which is more than 50 % likely to result in an outflow of resources and if the extent of the obligation can be reliably estimated. If it is likely that a provision will be refunded, for instance as a result of an insurance policy, the refund is recognized as a separate asset only if it is as good as certain. The income from refunds is not netted with the expenses.

Non-current provisions are discounted using market interest rates. The probable fulfillment amount which is used as the basis for discounting purposes also comprises the future events which have to be taken into consideration on the balance sheet date. In this case the provisions are reported at their present value. Environmental protection provisions for the rehabilitation of existing ecological legacy issues are discounted on the basis of real interest rates, which are adjusted to reflect the risk and the period until fulfillment. The difference between the nominal value of the expected outflows and the present value recognized for the environmental protection provisions of DB AG for transferred liabilities for the elimination of legacy issues from the time previous to the foundation of DB AG is stated under deferred income, and represents the interest benefit resulting from the longer-term release of the provision. The cumulative interest expense attributable to other provisions is recognized in financial result. Provisions for contingent losses are shown with the lower of the expected costs relating to the fulfillment of the contract and the expected costs for the termination of the contract.

m) Deferred income

DEFERRED PUBLIC-SECTOR GRANTS

DB Group receives various public-sector grants, which are provided in relation to specific assets or on the basis of a specific performance. The grants are recognized in the balance sheet as soon as it is certain that they will be provided and as soon as the conditions necessary for receiving the grants have been satisfied. The grants related to assets, and in particular investment grants, are deducted directly from the assets for which grants have been received. The interest benefit (difference between nominal value and present value) of interest-free loans is deferred on the basis of the contractual grant conditions. With regard to the income from the reversal of accruals, please refer to the comments in the section "Comparability with the previous year."

DEFERRED PROFITS FROM SALE-AND-LEASE-BACK AGREEMENTS

If capital gains have been realized in conjunction with sale-and-lease-back agreements and if the subsequent lease has to be classified as a finance lease, these gains are deferred and released with an impact on the income statement over the life of the relevant agreements.

n) Derivative financial instruments

RECOGNITION OF DERIVATIVE FINANCIAL INSTRUMENTS

At the point at which the contract is concluded, derivative financial instruments are recognized as a financial asset or a financial liability in the balance sheet. Derivative financial instruments are initially and subsequently measured at fair value. The treatment of changes in the fair value depends on the type of the hedged underlying. At the point at which the contract is taken out, derivative financial instruments are generally classified as a hedging instrument (a) for hedging the fair value of certain assets or liabilities recognized in the balance sheet (fair value hedge) or (b) for hedging the cash flows arising from a contractual obligation or an expected transaction (cash flow hedge).

Fair-value hedges

The purpose of fair value hedges is to provide protection against changes in the value of balance sheet items. In these cases, the hedge as well as the hedged risk content of the underlying are recognized with their present value. Changes in value are recognized in the income statement.

DB Group currently does not have any fair value hedges.

Cash flow hedges

Cash flow hedges are used to provide protection against fluctuations in the cash flows of financial assets or liabilities or anticipated transactions. When future cash flows are hedged, the hedging instruments are also recognized with their fair value. Changes in value are initially recognized in shareholders' equity with no impact on the income statement, and are only recognized in the income statement at the point at which the corresponding losses or profits from the underlying have an impact on the income statement or the transactions expire.

Derivative financial instruments which do not satisfy the requirements for recognizing hedges in accordance with IAS 39

If hedges which in economic terms are used for interest, currency or price hedging do not satisfy the restrictive requirements of IAS 39 for being recognized as a hedge, the changes in value are immediately recognized in the income statement.

Calculation of the fair value

The fair value of financial instruments which are traded in an active market is derived from the market price applicable on the balance sheet date. Common valuation methods such as option price or present-value models are used for determining the fair value of financial instruments which are not traded in an active market. If valuation-relevant parameters are not directly observable on the market, forecasts are used based on comparable financial instruments which are traded in an active market; these forecasts are then adjusted by premiums or discounts on the basis of historical data. The mean value of bid and offer rates are used. Trades for which no premium has been paid have a fair value of zero upon conclusion. In the case of long-dated derivatives, a credit risk adjustment is made in relation to the fair value if the counterparty is no longer classified as "investment grade" by the rating agencies and if the overall position constitutes a receivable from the point of view of DB Group. However, this is not the case in these financial statements due to considerations of materiality.

All derivatives used in DB Group are measured using common methods such as option price or present value models, because their fair values are not traded on an active market. No parameters from non-observable markets are used for measurement purposes.

Capital management in DB Group (in accordance with IAS 1)

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

The capital structure is managed on the basis of the gearing figure. Gearing is defined as the ratio between net financial debt (financial debt less receivables from financing and cash and cash equivalents) and shareholders' equity. The main instruments for managing the capital structure are: scheduled repayment of financial debt as well as strengthening of the capital base by way of retained earnings.

The mid-term aim is to achieve gearing of 100 % and thus parity between debt and equity in the financing structure. This objective is unchanged compared with last year.

Gearing has developed as follows:

— € million	2011	2010
Financial debt	18,351	18,553
– Receivables from financing	–56	–139
– Cash and cash equivalents	–1,703	–1,475
Net financial debt	**16,592**	**16,939**
÷ Equity	15,126	14,316
Gearing (%)	**110**	**118**

Compared with the previous year, gearing has improved as a result of a reduction in net financial debt and also as a result of the positive net profit, with the corresponding strengthening of shareholders' equity in the direction of the target value.

Based on adjusted EBIT, return on capital employed (ROCE) is calculated as a key component of the value management concept. The capital employed represents the use of capital provided by shareholders and providers of debt which is tied up in DB Group and which is associated with yield expectations. The parameter is derived on the basis of the closing balance sheet for the year under review. The following table shows the process of calculating capital employed, using the asset and liability items shown in the balance sheet.

— € million	2011	2010
Property, plant and equipment	37,372	37,873
+ Intangible assets/goodwill	4,169	4,154
+ Inventories	991	916
+ Trade receivables	4,094	3,877
+ Receivables and other assets	896	1,002
– Receivables from financing	–56	–139
+ Income tax receivables	46	99
+ Assets held for sale	11	169
– Trade liabilities	–4,312	–4,286
– Miscellaneous and other liabilities	–3,354	–3,436
– Income tax liabilities	–200	–146
– Other provisions	–5,610	–6,256
– Deferred income	–2,315	–2,515
Capital employed	**31,732**	**31,312**

For further calculation, the adjusted EBIT and EBITDA in the following table is derived from the operating result (EBIT) shown in the income statement. The corresponding details at the segment level have been calculated using the same method.

— € million	2011	2010
Operating profit (EBIT)	2,177	1,817
Release of personnel-related provisions	–114	–140
Restructuring expenses for US domestic business	118	–
Expenses in connection with the closure of the Neckarwestheim power plant (GKN I)	46	–
Other	7	189
Operating profit (EBIT) adjusted for special items	**2,234**	**1,866**
PPA amortization customer contracts (depreciation)	75	–
EBIT adjusted	**2,309**	**1,866**
Depreciation	2,964	2,912
PPA amortization customer contracts (depreciation)	–75	–
Impairments	–57	–127
EBITDA adjusted	**5,141**	**4,651**

Special items totaling € 57 million were adjusted in EBIT in the year under review. These are essentially attributable to the reversal of personnel provisions (€ –114 million) as well as costs incurred in connection with restructuring distribution operations within the USA (€ 118 million). In addition, the amortization of customer and franchise agreements has been reclassified from EBIT; these will be written down over the remaining term of the respective agreements as a result of being capitalized as intangible assets as part of the process of purchase price allocation (PPA) of Arriva (€ 75 million).

The capital employed and the adjusted EBIT have resulted in the following figures for return on capital employed (ROCE).

— € million	2011	2010
EBIT adjusted	2,309	1,866
÷ Capital employed	31,732	31,312
Return on capital employed (ROCE) (%)	**7.3**	**6.0**

Critical assessments and appraisals

The consolidated financial statements are based on assessments and assumptions relating to the future. Assessments and appraisals established on this basis are continuously reviewed, and are based on historical experience and other factors, including expectations of future events which appear to be reasonable in the given circumstances. Of course, the assessments will not always correspond to subsequent actual circumstances.

The assessments and assumptions which may involve a significant risk in the form of a major adjustment of the carrying amounts of assets and liabilities during the next financial year are discussed in the following.

a) Impairment of cash-generating units

Depending on specific events or circumstances, DB Group regularly assesses whether there is any need for impairment of a CGU. Fundamental principles and assumptions of the impairment procedure used in DB Group in accordance with IAS 36 (Impairment of Assets) are detailed in the section “Accounting and valuation methods” under “Impairments of assets.” We have provided the following explanations concerning individual assumptions which have an impact on the value of a CGU:

EBIT MARGIN

If the actual EBIT margin is more than 10 % lower than the current assumptions, there would be an impairment requirement only at the CGU DB Systel GmbH in that a positive carrying amount would not be covered by the value in use. This impairment requirement would not be applicable if the EBIT margin were to decline by not more than 4.8 %.

AVERAGE REAL GROWTH RATE OF CASH FLOWS

If the long-term growth rate of cash flows were to be 10 % lower than the current assumption which assumes average growth of 2.0 % p. a. at the CGU DB Arriva and average growth of 1.0 % p. a. at all other CGUs, there would also not be any impairment requirement (similar to the situation in the previous year).

WEIGHTED AVERAGE COST OF CAPITAL

If the capitalization rate after tax, which has been used as standard for calculating the present value of the value in use, were 10 % higher than the current model assumptions of 5.6 % for CGUs of the infrastructure and 6.9 % for CGUs of DB ML Group, there would only be an impairment requirement for the CGU DB Systel GmbH. This impairment requirement would not be applicable if the capitalization rate did not rise by more than 1.9 %. For all other CGUs, there would not be any impairment requirement even if WACC were to increase by 10 %.

USEFUL LIFE AND RESIDUAL VALUE

If the terminal value of the cash-generating units were to be 2.8 % lower, there would be an impairment requirement for the CGU DB Systel GmbH. For all other cash-generating units, there would also not be an impairment requirement if the terminal value were to be 10 % lower.

b) Deferred taxes

The calculation of deferred tax assets is generally based on the mid-term planning. If the sum of net profits planned for the mid-term planning period were to decline by 10 % in conjunction with otherwise unchanged tax parameters, deferred tax assets would have to be adjusted by € 117 million (previous year: € 141 million).

c) Environmental protection provisions

The environmental protection provisions relate primarily to the obligation of DB AG to remedy the ecological legacy issues which arose before January 1, 1994 on the land of the Deutsche Bundesbahn and the former Deutsche Reichsbahn. The ecological legacy issues comprise mainly contamination of soil and groundwater as a result of using the properties. The obligation to rehabilitate the property is derived from the Federal Soil Protection Act (Bundesbodenschutzgesetz; BodSchG), the Water Management Act (Wasserhaushaltsgesetz; WHG), the Landfill Site Ordinance (Deponieverordnung; DepV) as well as other additional acts and ordinances.

The provision has been calculated on the basis of a discounting method using the present value, where rehabilitation measures are probable, the rehabilitation costs can be reliably estimated and no future benefit is expected to be derived from these measures.

The estimation of future rehabilitation costs is subject to various uncertainties. In addition to technical developments in the rehabilitation field and the intensity of innovation, changes in the legal background can also have a substantial impact on rehabilitation costs. For establishing the amount of the provision stated in the balance sheet, the rehabilitation obligations which are currently physically known or identifiable have been used as the basis for estimating the expected costs in relation to the current price level.

The figure shown for environmental protection provisions is calculated on the basis of expected cash-effective outflows and on the basis of the application of a risk-adjusted real interest rate of 0.72% (previous year: 0.71%).

If major legal conditions or official covenants result in implementation times of rehabilitation measures which differ considerably from the estimated time corridor, this might result in a changed time horizon for the expected cash outflows, and also to a changed provision. In addition, price increases may also result in a higher provision.

d) Trade receivables and other receivables

The impairment of doubtful receivables to a considerable extent comprises assessments and appraisals of individual receivables which are based on the creditworthiness of the particular customer, current economic developments as well as an analysis of historical bad debts at the portfolio level. If the impairment is derived on the basis of historical default rates at the portfolio level, any decline in the overall volume of receivables results in a corresponding reduction of such provisions (and vice versa).

e) Pensions and similar obligations

Actuarial methods have been used for measuring defined benefit pension commitments as well as benefit commitments which are similar to pensions and the resultant costs and income. The valuations are based on actuarial assumptions. These include in particular discount factors, salary and pension trends as well as biometrical calculation bases. The discount factors which are used reflect the interest rates (giving due consideration to the duration of the underlying obligation) which are achieved on the balance sheet date for high-quality fixed-income bonds with a corresponding term. In the case of externally financed pension plans, the values of the corresponding plan assets or the refund claims are based on the market values as of the balance sheet date. This value is used as the basis for determining the expected yield of the fund assets or the refund claims. The expected yield of fund assets or the refund claims is determined on a uniform basis, taking account of historical long-term yields, the portfolio structure and expectations of future long-term yields. Other key assumptions for expenses and income attributable to pension commitments and benefit commitments similar to pensions are to some extent based on current market conditions. Expenses and income attributable to pension commitments and benefit commitments similar to pensions may change as a result of changes to these underlying key assumptions.

f) Provisions

The process of determining all types of provisions is associated with estimates regarding the extent and/or timing of obligations.

Notes to the income statement

The special items are issues which, of their very nature, are of an exceptional character. An adjustment is also made in internal reporting if an exceptional and non-operational factor exists in an individual case and if the extent of the impact on results is of a material nature. Effects due to changes in the scope of consolidation as well as in exchange rates are also disclosed separately.

(1) REVENUES

— € million	2011	2010
Revenues from services and sale of goods	37,979	34,410
thereof concession fees for rail transport	4,604	4,370
Total	**37,979**	**34,410**
– Special items	-78	–
– Effects from changes in scope of consolidation	-2,025	-3
– Effects from changes in exchange rates	12	–
Total comparable	**35,888**	**34,407**

The revenues in the year under review are € 3,569 million higher than the corresponding previous year figure (+10.4%). This increase is mainly attributable to the initial full-year integration of Arriva and the continuing positive economic development which, however, weakened as the year progressed. Adjusted by currency factors and factors related to changes in the scope of consolidation, revenue growth amounted to 4.3%. The main growth in revenues (excluding these effects) has been reported by the segments DB Schenker Logistics and DB Schenker Rail.

The slight increase in rail concession fees is almost exclusively attributable to the initial full-year integration of Arriva.

The revenues include a figure of € 12 million for negative currency effects.

Movements in revenues broken down according to business segments and regions are set out in segment reporting.

(2) INVENTORY CHANGES AND INTERNALLY PRODUCED AND CAPITALIZED ASSETS

— € million	2011	2010
Inventory changes	4	26
Other internally produced and capitalized assets	2,453	2,181
Total	**2,457**	**2,207**
– Special items	7	–
– Effects from changes in scope of consolidation	-4	0
– Effects from changes in exchange rates	–	–
Total comparable	**2,460**	**2,207**

Own capital expenditures relate mainly to construction and project business in rail infrastructure and also the modernization of rolling stock as well as the processing of appropriate spare parts.

(3) OTHER OPERATING INCOME

— € million	2011	2010
SERVICES FOR THIRD PARTIES AND SALE OF MATERIALS		
Income from maintenance and repair	4	5
Sale of materials and energy	182	163
Other services for third-parties	804	732
	990	**900**
Leasing and rental income	190	184
Income from claims for damages and compensation	109	80
INCOME FROM FEDERAL GRANTS		
Federal compensation payments	71	77
Other investment grants [1]	2	1
Income from release of deferred income [1]	89	35
Other Federal grants	186	213
	348	**326**
Income from disposal of property, plant and equipment and intangible assets	195	168
Income from disposal of non-current financial instruments	6	15
Income from reversal of provisions	539	812
OTHER INCOME		
Income from third-party fees	29	30
Income from remediation of ecological burdens	55	44
Miscellaneous other income	601	561
	685	**635**
Total	**3,062**	**3,120**
– Special items	-212	-484
– Effects from changes in scope of consolidation	-74	-19
– Effects from changes in exchange rates	11	–
Total comparable	**2,787**	**2,617**

[1] See explanation in the chapter "Comparability with the previous year." Previous year's figure swere adjusted accordingly.

Other services for third-parties also include maintenance work performed on rolling stock owned by third parties (€ 104 million; previous year: € 119 million).

The decline in income from the reversal of provisions is mainly attributable to the decline in partial reversals of personnel provisions compared with the previous year. The other services for third-parties also mainly include income from services such as facility management and vehicle cleaning, refunds of personnel expenses by the Federal Railroad Fund (Bundeseisenbahnvermögen), insurance compensation and commission income.

The miscellaneous other income also includes income from the settlement for the operation and maintenance of level crossings in accordance with EG-VO 1192/69 App. 4, the refunding of infrastructure costs in connection with the Evergreen 3 project in Great Britain as well as refunds for the operation of infrastructure on Swiss territory.

(4) COST OF MATERIALS

— € million	2011	2010
COST OF RAW MATERIALS, CONSUMABLES AND SUPPLIES AND PURCHASED GOODS		
Energy costs		
Electricity	1,789	1,494
Electricity tax	209	174
Diesel, other fuel	1,332	958
Other energies	179	147
	3,509	**2,773**
Other supplies and purchased goods	411	364
Price and value adjustments materials	- 82	- 46
	3,838	**3,091**
COST FOR PURCHASED SERVICES		
Purchased transport services	11,292	10,942
Cleaning, security, disposal, snow and ice control	273	267
Commissions	149	144
Infrastructure usage expenses		
Train-path usage	325	191
Station usage	21	9
	346	**200**
Other purchased services	750	724
	12,810	**12,277**
Expenses for maintenance/production	4,258	3,946
Total	**20,906**	**19,314**
- Special items	-185	-180
- Effects from changes in scope of consolidation	- 684	-1
- Effects from changes in exchange rates	9	-
Total comparable	**20,046**	**19,133**

The increase in cost of materials is attributable to the initial full-year integration of Arriva and also in particular to higher energy costs resulting from higher energy prices. The purchased transport services have also increased as a result of the positive development in performance in the DB Schenker Logistics segment.

(5) PERSONNEL EXPENSES AND EMPLOYEES

— € million	2011	2010
WAGES AND SALARIES		
Employees	9,298	8,051
Civil servants assigned	1,358	1,371
	10,656	**9,422**
SOCIAL SECURITY EXPENSES		
Employees	1,667	1,511
Civil servants assigned	277	282
Costs for adjusting staffing levels	211	226
Retirement benefit expenses	265	161
	2,420	**2,180**
Total	**13,076**	**11,602**
- Special items	-28	-19
- Effects from changes in scope of consolidation	- 944	-1
- Effects from changes in exchange rates	6	-
Total comparable	**12,110**	**11,582**

The figure stated for personnel expenses includes expense of € 836 million for defined contribution plans (previous year: € 44 million).

The amount shown for adjusting staffing levels mainly comprises costs of severance payment agreements and semi-retirement agreements and restructuring costs. The decline is mainly attributable to the much more positive macroeconomic environment and (an associated factor) the higher volume of output and lower adjustment requirement.

The retirement benefit expenses relate to active persons as well as persons who are no longer employed in DB Group or their surviving dependants. They are attributable primarily to service costs, employers' contributions to the company top-up benefit scheme as well as the contributions to Pensions-Sicherungs-Verein aG (pension backing association). The interest expense resulting from compounding the pension obligations and the expected income from plan assets is shown in financial result. For detailed explanations regarding the development of pension obligations, please refer to the Notes under (32). The increase in retirement benefit costs is mainly attributable to the increase in the company pension scheme agreed in the wage-bargaining settlement 2011 for the domestic companies as well as the initial full-year integration of Arriva.

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

The development in wages and salaries mainly reflects the acquisitions in the previous year (in particular Arriva). The agreements from the wage-bargaining agreement in early 2011 have also had an impact on the domestic companies.

The development in the number of employees in DB Group, converted to full-time employees in each case, is shown in the following:

	AT YEAR-END		ON AVERAGE	
— FTE	2011	2010	2011	2010
Employees	250,622	241,525	247,687	216,245
Civil servants	33,697	34,785	34,573	35,565
Subtotal	**284,319**	**276,310**	**282,260**	**251,810**
Trainees and dual degree students	10,414	9,667	8,929	8,515
Total	**294,733**	**285,977**	**291,189**	**260,325**

In the event of changes in the scope of consolidation, the employees are included on a pro rata basis up to the time of deconsolidation or after the date of initial consolidation.

The strong increase in the number of employees is attributable to a staff recruitment campaign as well as a statistical effect resulting from the agreements on working hours reached in the course of wage-bargaining negotiations. On a like-for-like basis, the number of employees has increased by 4,803 persons.

The development in the number of employees, based on the number of natural persons, is shown in the following:

	AT YEAR-END	
— Physical employees	2011	2010
Employees	260,494	253,479
Civil servants	34,678	36,616
Subtotal	**295,172**	**290,095**
Trainees and dual degree students	10,414	9,667
Total	**305,586**	**299,762**

(6) DEPRECIATION

Depreciation relates mainly to the property, plant and equipment used as rail infrastructure as well as the rolling stock. It is shown in the income statement less any recovery in amounts written down in the reporting period.

For further explanations, please refer to the details concerning the development in property, plant and equipment or intangible assets under Notes (13) and (14).

The depreciation includes special effects arising from adjustments (€ -132 million; previous year: € -127 million), effects attributable to changes in the scope of consolidation (€ +97 million; previous year: € -1 million) and changes in exchange rates (€ -1 million).

(7) OTHER OPERATING EXPENSES

— € million	2011	2010
RENTAL AND LEASING EXPENSES		
Operate lease expenses	1,430	1,241
Conditional leasing expenses	6	5
	1,436	**1,246**
Legal, consultancy and audit fees	202	182
Contributions and fees	241	231
Insurance expenses	193	173
Sales promotion and advertising expenses	93	88
Cost of printing and advertising expenses	87	79
Travel and representation expenses	258	225
Research and non-capitalized development costs	12	8
OTHER PURCHASED SERVICES		
IT services	184	165
Other communication services	54	67
Other services	464	388
	702	**620**
Damages payable	130	90
Impairments in receivables and other assets [1]	45	75
Loss from disposal of property, plant and equipment and intangible assets	176	184
Expenses from disposal of non-current financial instruments	10	8
Other operating taxes	6	79
OTHER EXPENSES		
Grants for third-party facilities	70	77
Other personnel-related expenses	148	108
Miscellaneous other expenses	567	620
Net of expenses and income consolidation	-1	-1
	784	**804**
Total	**4,375**	**4,092**
– Special items	-70	-207
– Effects from changes in scope of consolidation	-290	-9
– Effects from changes in exchange rates	13	–
Total comparable	**4,028**	**3,876**

[1] Including payments for receivables written-down in the previous year.

Other operating expenses have increased compared with the previous year; this is mainly due to the initial full-year integration of DB Arriva as well as the increase in business activities in the DB Schenker Logistics segment.

Advertising and sales promotion expenses have increased in the year under review mainly as a result of the initial full-year consolidation of Arriva. Most of the expenses in the year under review are attributable to sales promotion, public relations work and traditional advertising.

The other services also comprise expenses for purchased services in the DB Schenker Logistics segment.

The miscellaneous other expenses also show additions to provisions for potential losses and costs in connection with creating infrastructure in conjunction with the Evergreen 3 project in Great Britain.

The decline in expenses for other operating taxes is mainly due to the reversal of provisions.

The legal, consultancy and audit fees included fees of € 17.0 million for the auditor of the consolidated financial statements (previous year: € 20.8 million); this figure comprises audit services of € 10.7 million (previous year: € 11.0 million), other certification services of € 3.6 million (previous year: € 3.7 million), tax consultancy services of € 0.5 million (previous year: € 0.3 million) as well as other services rendered of € 2.2 million (previous year: € 5.8 million).

(8) RESULTS FROM INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD

The following contributions to earnings are recognized in the income statement as a result of shares in companies over which significant influence can be exercised or which are managed as joint ventures:

— € million	2011	2010
JOINT VENTURES		
Other	3	0
	3	**0**
ASSOCIATED COMPANIES		
METRANS a.s.	7	8
EUROFIMA	7	8
Other	2	1
	16	**17**
Total	**19**	**17**

(9) NET INTEREST INCOME

— € million	2011	2010
INTEREST INCOME		
Expected income from plan assets	132	71
Other interest and similar income	110	108
Income from securities	0	0
Operating interest income	**242**	**179**
Interest income from release of deferred income and other interest income	67	135
	309	**314**
INTEREST EXPENSES		
Other interest and similar expenses	-722	-708
Compounding of retirement benefit obligations	-187	-152
Interest expenses from finance lease	-75	-71
Operating interest expenses	**-984**	**-931**
Compounding of long-term provisions and liabilities	-165	-294
	-1,149	**-1,225**
Total	**-840**	**-911**
– Special items	39	–
– Effects from changes in scope of consolidation	8	0
– Effects from changes in exchange rates	2	–
Total comparable	**-791**	**-911**
For information only:		
Net operating interest income	-742	-752

The increase in other interest and similar income is due to the initial full-year integration of Arriva as well as the increase in expected income from plan assets.

Of the figure shown for the decline in interest income from the reversal of accruals and other interest income, € 76 million is attributable to the change in the method used for reversing the accruals in connection with interest-free loans provided by the Federal Government. Please refer to the comments in the section "Comparability with the previous year."

The decline in interest expenses due to the compounding of long-term provisions and liabilities is due to a one-off effect of interest rate adjustments which was included in the previous year (€ 61 million) as well as the early repayment of interest-free loans of the Federal Government.

The interest income and expenses from the financial assets and liabilities not measured at fair value through profit or loss amount to € 83 million (previous year: € 54 million) and € -816 million respectively (previous year: € -884 million).

(10) OTHER FINANCIAL RESULT

— € million	2011	2010
Result from equity investments	1	1
Result from currency exchange gains	-111	-221
Result from currency-related derivatives	113	200
Result from other derivatives	0	-3
Result from disposal of financial instruments	0	1
Impairments on financial instruments	0	0
Miscellaneous financial result	0	-1
Total	**3**	**-23**
- Special items	-	-
- Effects from changes in scope of consolidation	9	11
- Effects from changes in exchange rates	14	-
Total comparable	**26**	**-12**

The result from exchange rate effects is attributable to the conversion of foreign currency liabilities or receivables with an impact on the income statement using the spot rate applicable on the reference date (IAS 21). The result from exchange rate effects theoretically has to be netted with the result from currency-related derivatives. Both figures have declined with the corresponding previous year figures as a result of the repayment in the year under review of foreign currency bonds for USD 1,020 million and CHF 300 million which were hedged in euros and the termination of the corresponding hedges as a result of the repayment. The result from currency-based derivatives comprises the reclassification of currency-related changes in the market value of cash flow hedges recognized under shareholders' equity with no impact on the income statement. The result from other derivatives relates to the development in the market value of derivatives which are not classified as effective hedges in accordance with IAS 39.

(11) TAXES ON INCOME

— € million	2011	2010
Actual tax expense	-42	-127
Income due to lapsing of tax obligations	12	3
Actual taxes on income expenses	**-30**	**-124**
Deferred tax income	3	282
Taxes on income	**-27**	**158**

The considerable reduction in the actual tax expense is mainly due to tax refunds attributable to other periods. Most of this income attributable to other periods is attributable to recognition of the single entity deemed to exist for income tax purposes in 2008.

The decline in the deferred tax income compared with the previous year is mainly attributable to the updated mid-term planning, which indicates that the tax results in the mid-term will be lower than indicated in the mid-term planning of the previous year. Starting with the net profit of DB Group before taxes on income and the theoretical taxes on income calculated using a Group tax rate of 30.5%, the following reconciles the calculated taxes with the actual taxes on income:

— € million	2011	2010
Profit before taxes on income	1,359	900
Group tax rate (%)	30.5	30.5
Expected tax expense	**-414**	**-275**
Additional recognition as well as usage of temporary differences and losses carried forward	107	423
Income not subject to tax	15	16
Tax effects related to IAS 12.33	97	102
Expenses not deductible for tax purposes	-17	-32
Differences in tax rates of foreign companies	30	14
Other effects	155	-90
Taxes on income as reported	**-27**	**158**
Effective tax rate (%)	2.0	-17.6

The reconciliation amount as detailed in IAS 12.33 relates exclusively to additional tax write-downs resulting from the fact that tax-free grants in the IFRS financial statements have been deducted directly from the costs of purchasing the assets. It is not permissible for deferred taxes to be created in relation to these temporary differences.

In the year under review, the other effects include in particular effects attributable to the difference in the assessment bases of different income tax bases, income taxes attributable to other periods and losses without the creation of deferred taxes. In the year under review, income from taxes attributable to other periods amounted to € 130 million (previous year: expenses of € 1 million).

(12) EARNINGS PER SHARE

Under IAS 33 (Earnings per Share), undiluted earnings per share are calculated by dividing the net profit for the year of DB Group attributable to the shareholders of DB AG by the weighted average number of shares in issue during the year under review. Undiluted earnings per share correspond to diluted earnings per share.

— € million	2011	2010
Net profit for the year	1,332	1,058
thereof attributable to minority interest	13	19
thereof due to shareholders of DB AG	1,319	1,039
Number of issued shares	430,000,000	430,000,000
Earnings per share (€/share), undiluted	3.07	2.42
Earnings per share (€/share), diluted	3.07	2.42

Notes to the balance sheet

(13) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment as of Dec 31 — € million	Land	Commercial, operating and other buildings	Permanent way structures	Track infrastructure, signaling and control equipment	Rolling stock for passenger and freight transport	Technical equipment and machinery	Other equipment, operating and office equipment	Advance payments and assets under construction	Total
COST OF PURCHASE AND COST OF PRODUCTION									
As of Jan 1, 2011	4,488	6,117	12,851	15,494	24,141	1,618	3,706	3,075	**71,490**
Changes in the scope of consolidation	4	11	0	0	7	1	3	0	**26**
thereof additions	4	11	0	0	7	1	3	0	**26**
thereof disposals	0	0	0	0	0	0	0	0	**0**
Additions [1]	78	198	498	1,415	825	96	415	3,870	**7,395**
Investment grants	-1	-59	-391	-1,185	-12	-13	-41	-3,228	**-4,930**
Transfers	-126	174	271	125	162	36	70	-712	**0**
Transfers related to assets held for sale	0	1	0	0	-1	0	3	-3	**0**
Disposals	-78	-90	-16	-172	-488	-27	-264	26	**-1,109**
Currency translation differences	4	2	1	-2	20	1	7	1	**34**
As of Dec 31, 2011	**4,369**	**6,354**	**13,214**	**15,675**	**24,654**	**1,712**	**3,899**	**3,029**	**72,906**
ACCUMULATED DEPRECIATION									
As of Jan 1, 2011	-553	-2,307	-3,825	-9,313	-13,760	-1,105	-2,470	-284	**-33,617**
Changes in the scope of consolidation	0	-7	0	0	-4	-1	-3	0	**-15**
thereof additions	0	-7	0	0	-4	-1	-3	0	**-15**
thereof disposals	0	0	0	0	0	0	0	0	**0**
Depreciation	-11	-198	-191	-641	-1,277	-89	-339	0	**-2,746**
Impairments	-1	-3	-1	-4	-66	-1	-3	-1	**-80**
Reversal of impairment losses	0	0	0	19	1	0	0	0	**20**
Transfers	51	-48	-27	29	5	1	-10	0	**1**
Transfers related to assets held for sale	0	0	0	0	0	0	0	0	**0**
Disposals	38	59	12	143	421	25	227	1	**926**
Currency translation differences	-1	-1	-1	1	-15	-1	-5	0	**-23**
As of Dec 31, 2011	**-477**	**-2,505**	**-4,033**	**-9,766**	**-14,695**	**-1,171**	**-2,603**	**-284**	**-35,534**
Carrying amount as of Dec 31, 2011	**3,892**	**3,849**	**9,181**	**5,909**	**9,959**	**541**	**1,296**	**2,745**	**37,372**
Carrying amount as of Dec 31, 2010	3,935	3,810	9,026	6,181	10,381	513	1,236	2,791	37,873

[1] Including € 193 million for credit items from previous years.

Property, plant and equipment as of Dec 31 — € million	Land	Commercial, operating and other buildings	Permanent way structures	Track infra-structure, signaling and control equipment	Rolling stock for passenger and freight transport	Technical equipment and machinery	Other equipment, operating and office equipment	Advance payments and assets under construction	**Total**
COST OF PURCHASE AND COST OF PRODUCTION									
As of Jan 1, 2010	4,404	5,512	12,574	15,182	21,579	1,554	3,489	3,531	**67,825**
Changes in the scope of consolidation	69	302	0	0	1,894	37	184	19	**2,505**
thereof additions	69	302	0	0	1,894	37	190	19	**2,511**
thereof disposals	0	0	0	0	0	0	-6	0	**-6**
Additions [1]	64	165	484	1,349	669	64	299	3,724	**6,818**
Investment grants	-2	-45	-401	-1,097	-20	-8	-33	-3,212	**-4,818**
Transfers	14	200	204	192	373	27	29	-1,040	**-1**
Transfers related to assets held for sale	0	0	0	0	3	0	0	-3	**0**
Disposals	-71	-78	-12	-132	-366	-64	-296	53	**-966**
Currency translation differences	10	61	2	0	9	8	34	3	**127**
As of Dec 31, 2010	**4,488**	**6,117**	**12,851**	**15,494**	**24,141**	**1,618**	**3,706**	**3,075**	**71,490**
ACCUMULATED DEPRECIATION									
As of Jan 1, 2010	-454	-2,045	-3,633	-8,800	-11,901	-1,024	-2,241	-288	**-30,386**
Changes in the scope of consolidation	-1	-86	0	0	-941	-22	-135	0	**-1,185**
thereof additions	-1	-86	0	0	-941	-22	-136	0	**-1,186**
thereof disposals	0	0	0	0	0	0	1	0	**1**
Depreciation	-10	-189	-188	-655	-1,201	-92	-326	0	**-2,661**
Impairments	-126	-4	-5	-6	-14	-1	-3	0	**-159**
Reversal of impairment losses	1	0	0	26	0	0	1	0	**28**
Transfers	4	-4	-7	5	-3	-4	9	0	**0**
Transfers related to assets held for sale	0	0	0	0	0	0	0	0	**0**
Disposals	35	48	9	117	307	42	249	4	**811**
Currency translation differences	-2	-27	-1	0	-7	-4	-24	0	**-65**
As of Dec 31, 2010	**-553**	**-2,307**	**-3,825**	**-9,313**	**-13,760**	**-1,105**	**-2,470**	**-284**	**-33,617**
Carrying amount as of Dec 31, 2010	**3,935**	**3,810**	**9,026**	**6,181**	**10,381**	**513**	**1,236**	**2,791**	**37,873**
Carrying amount as of Dec 31, 2009	3,950	3,467	8,941	6,382	9,678	530	1,248	3,243	**37,439**

[1] Including € 144 million for credit items from previous years.

Impairments of € 80 million (previous year: € 159 million) mainly relate to rolling stock of DB Schenker Rail (UK) Limited, DB Fernverkehr AG and DB Schenker Rail Deutschland AG.

Reversals of impairments of € 20 million (previous year: € 28 million) mainly relate to track of DB Netz AG.

The positive carrying amount value disposals of € 26 million (previous year: € 57 million) relating to work in progress are attributable to the repayment of investment grants received and shown as assets in previous years.

Financial debt was backed by tangible assets with carrying amounts of € 223 million (previous year: € 196 million). This relates primarily to rolling stock and buses which is used for securing loans, mainly of European Company for the Financing of Railroad Rolling Stock (EUROFIMA), Basel/Switzerland, and which is used at the DB Arriva and DB Bahn Long-Distance segments. Restrictions to rights of disposal in relation to property, plant and equipment existed to the extent of € 51 million (previous year: € 58 million) mainly at SüdbadenBus GmbH, S.A.B. Autoservizi S.R.L, Bergamo/Italy and S.I.A. Società Italiana Autoservizi S.P.A.

Property, plant and equipment includes rented assets which are shown separately in the following overview. The rented property, plant and equipment comprises assets which are substantially but not legally owned by DB Group, so that the underlying lease agreements have to be classified as finance leases.

Leased assets — € million	Land	Commercial, operating and other buildings	Permanent way structures	Track infra-structure, signaling and control equipment	Rolling stock for passenger and freight transport	Technical equipment and machinery	Other equipment, operating and office equipment	**Total**
ASSETS LEASED FROM THIRD PARTIES UNDER FINANCE LEASE								
Cost of purchase and cost of production	18	792	19	0	1,112	6	0	**1,947**
Accumulated depreciation	-1	-217	-3	0	-636	-3	0	**-860**
Carrying amount as of Dec 31, 2011	**17**	**575**	**16**	**0**	**476**	**3**	**0**	**1,087**
Cost of purchase and cost of production	18	769	19	0	1,177	7	0	**1,990**
Accumulated depreciation	-1	-192	-2	0	-618	-3	0	**-816**
Carrying amount as of Dec 31, 2010	**17**	**577**	**17**	**0**	**559**	**4**	**0**	**1,174**

The figure shown for the commercial, operating and other buildings under rented fixed assets mainly relates to concourse buildings of DB Station & Service AG.

The figure shown under rolling stock for passenger and freight transport relates mainly to rolling stock used by the transport companies of DB Group (locomotives, freight wagons, buses). The increase is mainly attributable to DB Arriva.

The assets which are in certain cases leased (as lessor) by way of an operating lease and which have been calculated on the basis of retrospective calculations and also on the basis of our own surveys report a residual carrying amount of € 1,048 million as of December 31, 2011 for land and buildings (as of December 31, 2010: € 1,073 million) and a residual carrying amount of € 2,146 million (December 31, 2010: € 2,175 million) for moveable assets (mainly rolling stock). The decline in the residual carrying amounts of real estate and moveable assets is mainly attributable to the scheduled depreciation of the rental assets. Rental and leasing income resulting from the rental and leasing of these assets are expected to be received in future years as detailed in the following:

	RESIDUAL MATURITY							
Expected rental and leasing — € million (nominal value)	Less than 1 year	1–2 years	2–3 years	3–4 years	4–5 years	More than 5 years	**Total more than 1 year**	**Total**
DEC 31, 2011								
Minimum lease payments	447	276	236	203	169	871	**1,755**	**2,202**
DEC 31, 2010								
Minimum lease payments	404	253	219	192	166	882	**1,712**	**2,116**

(14) INTANGIBLE ASSETS

Intangible assets as of Dec 31, 2011 — € million	Capitalized development costs – products in use	Capitalized development costs – products under development	Purchased intangible assets	Goodwill	Payments made on account	**Total**
COST OF PURCHASE AND COST OF PRODUCTION						
As of Jan 1, 2011	30	86	1,906	2,931	1	**4,954**
Changes in the scope of consolidation	0	0	29	1	0	**30**
thereof additions	0	0	29	1	0	**30**
thereof disposals	0	0	0	0	0	**0**
Additions	0	32	74	1	0	**107**
Investment grants	0	0	–2	0	0	**–2**
Transfers	0	–36	37	0	0	**1**
Transfers related to assets held for sale	0	0	0	0	0	**0**
Disposals	0	0	–54	0	0	**–54**
Currency translation differences	0	0	9	38	0	**47**
As of Dec 31, 2011	**30**	**82**	**1,999**	**2,971**	**1**	**5,083**
ACCUMULATED DEPRECIATION						
As of Jan 1, 2011	–28	0	–752	–20	0	**–800**
Changes in the scope of consolidation	0	0	0	0	0	**0**
thereof additions	0	0	0	0	0	**0**
thereof disposals	0	0	0	0	0	**0**
Depreciation	–1	0	–157	0	0	**–158**
Impairments	0	0	0	0	0	**0**
Reversal of impairment losses	0	0	0	0	0	**0**
Transfers	0	0	–1	0	0	**–1**
Transfers related to assets held for sale	0	0	0	0	0	**0**
Disposals	0	0	48	0	0	**48**
Currency translation differences	0	0	–3	0	0	**–3**
As of Dec 31, 2011	**–29**	**0**	**–865**	**–20**	**0**	**–914**
Carrying amount as of Dec 31, 2011	**1**	**82**	**1,134**	**2,951**	**1**	**4,169**
Carrying amount as of Dec 31, 2010	2	86	1,154	2,911	1	4,154

Intangible assets as of Dec 31, 2010 — € million	Capitalized development costs – products in use	Capitalized development costs – products under development	Purchased intangible assets	Goodwill	Payments made on account	Total
COST OF PURCHASE AND COST OF PRODUCTION						
As of Jan 1, 2010	44	18	1,163	1,488	43	**2,756**
Changes in the scope of consolidation	0	0	741	1,388	0	**2,129**
thereof additions	0	0	741	1,389	0	**2,130**
thereof disposals	0	0	0	–1	0	**–1**
Additions	0	27	45	0	1	**73**
Investment grants	0	0	–1	0	0	**–1**
Transfers	0	39	5	0	–43	**1**
Transfers related to assets held for sale	0	0	0	0	0	**0**
Disposals	–14	0	–51	0	0	**–65**
Currency translation differences	0	2	4	55	0	**61**
As of Dec 31, 2010	**30**	**86**	**1,906**	**2,931**	**1**	**4,954**
ACCUMULATED DEPRECIATION						
As of Jan 1, 2010	–40	0	–625	–21	0	**–686**
Changes in the scope of consolidation	0	0	–40	2	0	**–38**
thereof additions	0	0	–40	0	0	**–40**
thereof disposals	0	0	0	2	0	**2**
Depreciation	–2	0	–118	0	0	**–120**
Impairments	0	0	0	0	0	**0**
Reversal of impairment losses	0	0	0	0	0	**0**
Transfers	0	0	0	0	0	**0**
Transfers related to assets held for sale	0	0	0	0	0	**0**
Disposals	14	0	41	0	0	**55**
Currency translation differences	0	0	–10	–1	0	**–11**
As of Dec 31, 2010	**–28**	**0**	**–752**	**–20**	**0**	**–800**
Carrying amount as of Dec 31, 2010	**2**	**86**	**1,154**	**2,911**	**1**	**4,154**
Carrying amount as of Dec 31, 2009	4	18	538	1,467	43	2,070

The acquired intangible assets mainly comprise acquired customer and franchise agreements as well as the Arriva brand.

There are no other legal, regulatory, contractual, competition-related, economic or other factors which limit the useful life of the acquired Arriva brand.

Segment reporting shows the allocation of reported goodwill to the various segments.

(15) INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

— € million	2011	2010
As of Jan 1	528	369
Additions	29	103
Disposals from divestitures	0	0
Group share of profit	19	17
Capital increase	4	0
Other movements in capital	0	0
Dividends received	–11	–5
Impairments	0	0
Transfers	0	–2
Curreny translation differences	10	45
Other valuations	0	1
As of Dec 31	**579**	**528**

The figure shown in the balance sheet as of December 31, 2011 refers to goodwill of € 47 million (previous year: € 43 million) and is mainly attributable to the shares held in the associated companies EUROFIMA, Barraqueiro SGPS SA, Lisbon/Portugal, METRANS a.s., Prague/Czech Republic and BLS Cargo AG, Bern/Switzerland. The negotiability of the shares in EUROFIMA is limited.

The additions of € 29 million relate to a 10 % increase in the shares of Barraqueiro SGPS SA, which was carried out in the form of a share swap by rendering all shares in the other investment GB – Barraqueiro Holdings SGPS SA, Lisbon/Portugal.

(16) DEFERRED TAX ASSETS

— € million	2011	2010
Deferred tax assets in respect of temporary differences	517	529
Deferred tax assets in respect of tax losses carried forward	944	942
Total	**1,461**	**1,471**

No deferred tax assets have been created in relation to the following losses carried forward and temporary differences:

— € million	2011	2010
Tax loss carry-forwards for which no deferred tax asset has been created	13,445	13,482
Temporary differences for which no deferred tax asset has been created	4,439	5,295
Temporary differences for which IAS 12.24b in conjunction with 12.33 prohibits recognition of a deferred tax asset	4,097	4,389
Total	**21,981**	**23,166**

The losses carried forward are mainly attributable to the tax law treatment of Federal Government grants paid in previous years to DB AG in accordance with section 21 (5) and section 22 (1) Deutsche Bahn Establishment Act (Deutsche Bahn Gründungsgesetz; DBGrG) as a contribution.

On the basis of current law, the domestic losses carried forward are fully allowable in accordance with current legislation (in terms of the actual amount and justification).

The temporary differences which are not permitted to be recognized in accordance with IAS 12.24b in conjunction with 12.33 relate exclusively to additional tax depreciation from previously received tax-free investment grants.

The following deferred tax assets and deferred tax liabilities shown in the balance sheet are due to statement and valuation differences for the individual balance sheet items and tax losses carried forward:

	DEFERRED TAX ASSETS		DEFERRED TAX LIABILITIES	
— € million	2011	2010	2011	2010
NON-CURRENT ASSETS				
Property, plant and equipment	76	67	230	217
Intangible assets	2	3	185	207
Investments accounted for using the equity method	1	1	10	28
Real estate held as financial assets	5	12	1	1
Other financial assets	0	0	2	2
CURRENTS ASSETS				
Inventories	0	0	2	0
Trade receivables	24	21	9	1
Other financial assets	6	4	1	1
Assets held for sale	4	0	3	3
NON-CURRENT LIABILITIES				
Financial debt	66	96	3	3
Other liabilities	32	16	0	0
Derivative financial instruments	3	0	22	24
Retirement benefit obligations	31	57	8	4
Other provisions	194	188	4	2
CURRENT LIABILITIES				
Financial debt	31	30	2	0
Other liabilities	37	26	14	8
Other provisions	152	138	4	6
Losses carried forward	944	942	0	0
Subtotal	**1,608**	**1,601**	**500**	**507**
Offsetting [1]	–147	–130	–147	–130
Amount stated in the balance sheet	**1,461**	**1,471**	**353**	**377**

[1] To the extent permitted by IAS 12 (Income Taxes).

Tax assets and liabilities are netted if they exist in relation to the same tax authority, if they are of identical maturity and if they relate to the same tax subject.

Deferred tax assets of € 5 million (previous year: € 0 million) shown directly in equity and deferred tax liabilities of € 11 million (previous year: € 11 million) are included in the deferred taxes shown in the balance sheet.

(17) AVAILABLE-FOR-SALE FINANCIAL ASSETS

	INVESTMENTS IN SUBSIDIARIES		OTHER INVESTMENTS		SECURITIES		TOTAL	
— € million	2011	2010	2011	2010	2011	2010	**2011**	**2010**
As of Jan 1	0	1	59	32	5	5	**64**	**38**
Currency translation differences	0	0	-1	0	0	0	**-1**	**0**
Changes in the scope of consolidation	0	0	0	30	0	0	**0**	**30**
Additions	0	0	2	0	0	0	**2**	**0**
Disposals through sale	0	0	-29	-11	-1	0	**-30**	**-11**
Other disposals	0	0	0	0	0	0	**0**	**0**
Fair value changes	0	0	-4	10	0	0	**-4**	**10**
Reclassifications	0	0	-14	-2	0	0	**-14**	**-2**
Impairment losses	0	0	0	0	0	0	**0**	**0**
Other	0	-1	1	0	0	0	**1**	**-1**
As of Dec 31	**0**	**0**	**14**	**59**	**4**	**5**	**18**	**64**
Non-current amount	0	0	14	59	3	4	**17**	**63**
Current amount	0	0	0	0	1	1	**1**	**1**

The disposals of € 29 million relate to the sale of all shares in the other investment GB – Barraqueiro Holdings SGPS SA, which was carried out in the form of a share swap due to the acquisition of a 10 % increase in the shareholdings in Barraqueiro SGPS SA.

(18) INVENTORIES

— € million	2011	2010
Raw materials, consumables and supplies	1,043	974
Unfinished products, work in progress	189	193
Finished products and goods	52	44
Advance payments	6	18
Impairments	-299	-313
Total	**991**	**916**

(19) RECEIVABLES AND OTHER ASSETS

— € million	Trade receivables	Receivables from financing	Advance payments	Other assets	**Total**
DEC 31, 2011					
Gross value	4,369	58	210	636	**5,273**
Impairments	-250	-1	0	-32	**-283**
Net value	**4,119**	**57**	**210**	**604**	**4,990**
thereof due from related parties	48	19	0	78	**145**
DEC 31, 2010					
Gross value	4,166	142	199	663	**5,170**
Impairments	-250	-3	0	-38	**-291**
Net value	**3,916**	**139**	**199**	**625**	**4,879**
thereof due from related parties	41	4	0	88	**133**

The impairments for the financial instruments classified in accordance with IFRS 7 have developed as follows (IFRS 7.16):

— € million	Trade receivables	Receivables from financing	Other assets	Total
As of Jan 1, 2011	-250	-3	-38	**-291**
Additions	-42	0	-3	**-45**
Release	33	0	4	**37**
Amounts used	10	1	5	**16**
Changes in the scope of consolidation	0	0	0	**0**
Currency translation differences	-1	1	0	**0**
As of Dec 31, 2011	**-250**	**-1**	**-32**	**-283**
As of Jan 1, 2010	-209	-9	-36	**-254**
Additions	-60	0	-3	**-63**
Release	29	0	2	**31**
Amounts used	1	8	1	**10**
Changes in the scope of consolidation	-7	-2	0	**-9**
Currency translation differences	-4	0	-2	**-6**
As of Dec 31, 2010	**-250**	**-3**	**-38**	**-291**

Individual allowances are created in relation to receivables if there are objective indications of an impairment. In the case of identical receivables (portfolios of receivables) which cannot be identified as impaired individually, global allowances (based on experience) are recognized on the basis of the age structure of such receivables. Any impairments which are recognized are deducted from financial assets on the assets side of the balance sheet. Previous impairments are reversed if the reasons for the original impairments are no longer applicable.

The total amount of allocations to impairments of € 45 million (previous year: € 63 million) consists of individual allowances of € 30 million (previous year: € 43 million) and global individual allowances of € 15 million (previous year: € 20 million).

The reversals have recognized reductions of individual allowances of € 31 million (previous year: € 25 million) and reductions of global individual allowances of € 6 million (previous year: € 6 million).

Costs of € 47 million were incurred for the complete derecognition of receivables and other assets (previous year: € 49 million).

Income of € 5 million was reported for amounts received in relation to previously derecognized receivables and other assets (previous year: € 7 million).

The following overview shows the maturity structure of the receivables for the financial instruments classified in accordance with IFRS 7 and the advanced payments which have been made:

	RESIDUAL MATURITY							
— € million	Less than 1 year	1–2 years	2–3 years	3–4 years	4–5 years	More than 5 years	**Total more than 1 year**	**Total**
DEC 31, 2011								
Trade receivables	4,094	14	9	1	1	0	**25**	**4,119**
Receivables from financing	33	2	2	16	0	3	**23**	**56**
Advance payments	182	28	0	0	0	0	**28**	**210**
Other assets	587	5	1	1	0	11	**18**	**605**
Total	**4,896**	**49**	**12**	**18**	**1**	**14**	**94**	**4,990**
DEC 31, 2010								
Trade receivables	3,877	23	8	8	0	0	**39**	**3,916**
Receivables from financing	107	4	4	6	16	2	**32**	**139**
Advance payments	171	28	0	0	0	0	**28**	**199**
Other assets	562	8	0	1	2	52	**63**	**625**
Total	**4,717**	**63**	**12**	**15**	**18**	**54**	**162**	**4,879**

The slight increase in trade accounts receivable mainly relates to the segments DB Schenker Logistics and DB Schenker Rail; opposite developments were reported for the segment DB Netze Stations.

As a result of the large number of customers in the various operating segments, there is no evidence of any concentration of credit risks with trade receivables.

The fair values of the receivables and other assets are to a large extent equivalent to the carrying amounts.

The maximum default risk is essentially equivalent to the carrying amount in each case. No collateral is normally held.

The gross amounts of the individually adjusted receivables as well as the age structure in accordance with IFRS 7.37a are shown in the following:

— € million	Gross value adjusted	Neither impaired nor overdue	NOT IMPAIRED NOR OVERDUE WITHIN THE FOLLOWING PERIOD OF TIME (DAYS) Less than 29	30 – 59	60 – 89	90 – 179	180 – 359	More than 359
DEC 31, 2011								
Trade receivables	237	2,931	808	155	71	71	55	41
Receivables from financing	0	46	1	0	0	1	2	8
Other assets	32	299	53	4	2	5	10	14
Total	**269**	**3,276**	**862**	**159**	**73**	**77**	**67**	**63**
DEC 31, 2010								
Trade receivables	247	2,807	711	166	72	68	33	62
Receivables from financing	4	137	1	0	0	0	0	0
Other assets	38	265	48	8	2	9	5	21
Total	**289**	**3,209**	**760**	**174**	**74**	**77**	**38**	**83**

As of the closing date, there are no indications that debtors of the receivables which are neither impaired nor overdue will not meet their payment obligations.

(20) INCOME TAX RECEIVABLES

The income tax receivables mainly relate to advance payments which have been made as well as allowable withholding taxes.

(21) DERIVATIVE FINANCIAL INSTRUMENTS

The volume of hedges which have been taken out is shown in the following overview of nominal values:

— € million	2011	2010
INTEREST-BASED CONTRACTS		
Interest swaps	206	168
	206	**168**
CURRENCY-BASED CONTRACTS		
Currency swaps	1,954	1,252
Currency forward / future contracts	579	552
Interest-currency swaps	3,615	3,448
	6,148	**5,252**

	2011	2010
OTHER CONTRACTS		
Diesel (1,000 tons)	1,658	1,269
HSL (1,000 tons)	187	173
Hard coal (1,000 tons of a coal equivalent ("MTCE"))	1,660	949

The volume of interest rate swaps increased to € 206 million as a result of a new trade. In the year under review, the nominal value of the cross-currency swaps increased slightly by € 167 million into € 3,615 million, because the increase in foreign currency loans to subsidiaries swapped into euros more than compensated for expiring transactions.

The portfolio of foreign currency swaps has increased by € 702 million to € 1,954 million. This is due particularly to short-term financing of a subsidiary in Great Britain, which received loans from DB ML AG which were denominated in local currency and which were hedged with currency swaps. The volume of currency forwards was virtually unchanged compared with the previous year.

The volume of diesel price hedges increased by 0.4 million tons to 1.7 million tons mainly as a result of an increase in hedges for foreign subsidiaries. The volume of coal price hedges increased by 0.7 million tons to approximately 1.7 million tons as a higher volume of coal hedges was taken out in the year under review in order to smooth price fluctuations. Hedging for heavy fuel oil was roughly unchanged compared with the previous year.

All derivative financial instruments are marked-to-market on the reporting date. The following overview shows the structure of the item stated in the balance sheet depending on the type of underlying hedge:

	ASSETS		LIABILITIES	
— € million	2011	2010	2011	2010
INTEREST-BASED CONTRACTS				
Interest swaps	0	0	23	12
Other interest derivatives	0	0	0	0
	0	**0**	**23**	**12**
CURRENCY-BASED CONTRACTS				
Currency swaps	18	8	11	10
Currency forward/future contracts	2	2	4	5
Other currency derivatives	0	0	0	0
Interest-currency swaps	272	210	143	132
	292	**220**	**158**	**147**
OTHER CONTRACTS				
Energy price derivatives	159	155	8	21
	159	**155**	**8**	**21**
TOTAL	**451**	**375**	**189**	**180**
Interest-based contracts	0	0	22	12
Currency-based contracts	251	167	126	74
Other contracts	116	112	7	2
Non-current portion	**367**	**279**	**155**	**88**
Current portion	84	96	34	92

Cash flow hedges

In order to minimize the interest rate and exchange rate risk, foreign currency issues as well as internal foreign currency loans are translated into euros, and floating-rate financial liabilities are generally converted into fixed-income financial liabilities. Energy price hedging is intended to reduce price fluctuations attributable to energy sourcing.

The negative valuation of the interest rate swaps is due to a decline in the level of interest rates since the transactions were concluded. The weakening of the euro particularly against the Japanese yen has resulted in a considerable increase in assets in the form of cross-currency swaps.

The development in the value of currency swaps was mainly attributable to hedges in GBP, SEK, USD, SGD and PLN. In addition, the volume of currency swaps increased considerably in 2011.

The market valuation of energy price derivatives was roughly in line with the corresponding previous year level.

The market values of the cash flow hedges are shown as follows under assets and liabilities:

	ASSETS		LIABILITIES	
— € million	2011	2010	2011	2010
INTEREST-BASED CONTRACTS				
Interest swaps	0	0	23	12
	0	**0**	**23**	**12**
CURRENCY-BASED CONTRACTS				
Currency swaps	18	8	11	10
Currency forward/future contracts	0	0	0	0
Interest-currency swaps	272	210	143	132
	290	**218**	**154**	**142**
OTHER CONTRACTS				
Energy price derivatives	159	155	8	21
	159	**155**	**8**	**21**
TOTAL	**449**	**373**	**185**	**175**
Interest-based contracts	0	0	22	12
Currency-based contracts	251	167	126	74
Other contracts	116	112	7	2
Non-current portion	**367**	**279**	**155**	**88**
Current portion	82	94	30	87

The following tables show the periods within which the hedged cash flows of the underlyings (interest and redemption payments as well as energy payments) will occur:

	DUE IN					
Nominal value — million	2012	2013	2014	2015	2016	2017 ff.
REDEMPTION						
EUR	–	–	–	–	–	–
USD	106	–	–	–	400	–
GBP	1,073	45	34	26	21	15
CHF	107	–	–	6	–	1,125
JPY	5,000	–	55,000	–	–	54,600
HKD	262	–	250	–	836	–
NOK	93	180	–	–	1,250	–
SEK	3,468	2,000	1,350	750	–	250
DKK	777	75	68	68	61	297
SGD	18	93	210	61	–	153
NZD	29	–	–	–	–	–
CAD	58	–	–	–	–	–
MXN	92	–	–	–	–	–
PLN	323	227	216	–	–	–
CZK	45	28	17	5	3	36
RON	11	–	–	–	–	–
ZAR	50	–	–	–	–	–
SAR	5	13	–	–	–	–

	DUE IN					
Nominal value — million	2012	2013	2014	2015	2016	2017 ff.
INTEREST PAYMENTS						
EUR	4	2	3	4	5	12
USD	11	9	10	11	12	–
GBP	18	4	3	2	1	2
CHF	21	19	19	19	19	58
JPY	1,622	1,562	1,562	658	658	2,507
HKD	41	29	23	17	17	–
NOK	50	50	42	42	42	–
SEK	199	181	91	40	11	46
DKK	25	20	17	15	13	23
SGD	16	16	10	7	5	8
NZD	2	–	–	–	–	–
CAD	0	–	–	–	–	–
MXN	0	–	–	–	–	–
PLN	37	22	11	–	–	–
CZK	3	2	2	1	1	4
RON	0	–	–	–	–	–
ZAR	0	–	–	–	–	–
SAR	0	0	–	–	–	–
ENERGY € MILLION						
Diesel	373	316	165	87	18	16
HSL	35	22	16	9	1	–
Hard coal	66	36	34	24	2	–

The interest payments are normally reflected in the income statement in the above-mentioned periods. The period during which interest is recognized in the income statement may differ from the maturities of the interest payments.

The energy payments are recognized in the income statement in the periods in which they fall due.

In the case of interest and interest-currency hedges, the effectiveness of the hedge is assessed prospectively using the Critical Terms Match method. This method is used because the major valuation parameters of the underlying and hedges are identical. The retrospective effectiveness measurement is carried out as of every balance sheet date by means of the Hypothetical Derivative method. In this method, the development in value of the hedge which is actually taken out is compared with the development in value of a theoretical hedge in which all valuation-relevant parameters are identical to those of the underlying. In the case of energy price derivatives, the effectiveness of the hedge is assessed prospectively using the linear regression. The retrospective measurement of effectiveness is carried out as of every balance sheet date by means of the Dollar Offset method. In this method, the changes in the market value of the underlying are compared with the changes in the market value of the hedging instrument. The resultant quotient determines the inefficiency.

The inefficiencies of cash flow hedges of the energy price derivatives recognized in the income statement amounted to € −1 million in the year under review (previous year: € +2 million).

Non-hedge derivatives

Currency forwards taken out to hedge operations are normally classified as non-hedge derivatives. There has only been a slight change in the market values at the end of the year compared with the previous year.

The market values of the non-hedge derivatives are shown under assets and liabilities as follows:

	ASSETS		LIABILITIES	
— € million	2011	2010	2011	2010
INTEREST-BASED CONTRACTS				
Interest swaps	0	0	0	0
Other interest derivatives	0	0	0	0
	0	**0**	**0**	**0**
CURRENCY-BASED CONTRACTS				
Currency forward/future contracts	2	2	4	5
Other currency derivatives	0	0	0	0
Interest-currency swaps	0	0	0	0
	2	**2**	**4**	**5**
OTHER CONTRACTS				
Energy price derivatives	0	0	0	0
	0	**0**	**0**	**0**
TOTAL	**2**	**2**	**4**	**5**
Interest-based contracts	0	0	0	0
Currency-based contracts	0	0	0	0
Non-current portion	**0**	**0**	**0**	**0**
Current portion	2	2	4	5

(22) CASH AND CASH EQUIVALENTS

— € million	2011	2010
Cash at bank and in hand	1,702	1,474
Cash equivalents	1	1
Total	**1,703**	**1,475**
Effective interest rate on short-term bank deposits (%)	1.04	0.51
Average term of short-term bank deposits	0.1	0.2

The interest rates for current bank deposits were in a range of between 0.3% and 2.1% (previous year: 0.2% to 1.2%).

(23) HELD-FOR-SALE ASSETS AND LIABILITIES

The sale of the Arriva Germany Group was completed on February 18, 2011 after the cartel approval by the European Commission on February 16, 2011.

The addition of € 11 million relates to the shares in PCC INTERMODAL S.A., Gdynia/Poland, which are measured at fair value.

(24) SUBSCRIBED CAPITAL

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

(25) RESERVES

a) Capital reserves

Capital reserves comprise reserves which have not been part of earnings.

b) Reserve resulting from valuation with no impact on profit or loss

Reserve for currency translation differences

The currency translation differences resulting from the method of functional currency (IAS 21) are shown separately as part of consolidated shareholders' equity.

Reserve for market valuation of securities

The reserve includes the market changes of financial instruments which have been classified as "available-for-sale financial assets" and which have to be recognized with no impact on profit or loss. The reserve has to be reversed to the income statement or eliminated when a financial instrument is sold or in the event of a permanent reduction in the market value of a financial instrument.

The measurement of financial instruments directly in equity has resulted in the creation of deferred tax assets of € 1 million in the year under review (previous year: deferred tax liabilities € 2 million).

Reserve attributable to the market valuation of cash flow hedges

This item shows the interest-, currency- and fair-value-related changes in the market value of cash flow hedges applicable for effective hedges.

The development in the reserve is shown in the following:

— € million	2011	2010
As of Jan 1	38	–55
Changes in fair value	78	328
Reclassifications		
Financial result	–104	–193
Net interest income	0	–2
Cost of materials	1	–2
Changes in deferred taxes	10	–38
As of Dec 31	**23**	**38**

Reclassification effects relate exclusively to this reserve.

(26) RETAINED EARNINGS

The generated shareholders' equity comprises the entire net profits generated since January 1, 1994 less the goodwill offset under HGB up to December 31, 2002 as well as the dividend paid to the shareholder for the first time in 2011.

This item also shows the impact on shareholders' equity attributable to the first-time adoption of IFRS if they are not included in the reserves attributable to valuation with no impact on the income statement.

(27) MINORITY INTERESTS

Minorities comprise the share of third parties in the net assets of consolidated subsidiaries.

(28) FINANCIAL DEBT

This item shows all interest-bearing liabilities including the interest-free Federal loans stated with their present values. The maturity structure of financial debt is as follows:

— € million	Less than 1 year	1–2 years	2–3 years	3–4 years	4–5 years	More than 5 years	**Total more than 1 year**	**Total**
	RESIDUAL MATURITY							
DEC 31, 2011								
Federal loans	380	206	197	189	180	940	**1,712**	**2,092**
Bonds	651	748	573	695	1,454	8,513	**11,983**	**12,634**
Commercial paper	202	0	0	0	0	0	**0**	**202**
Bank borrowings	116	26	11	7	404	427	**875**	**991**
EUROFIMA loans	434	0	519	0	0	200	**719**	**1,153**
Finance lease liabilities	192	452	68	163	157	238	**1,078**	**1,270**
Other financial liabilities	9	0	0	0	0	0	**0**	**9**
Total	**1,984**	**1,432**	**1,368**	**1,054**	**2,195**	**10,318**	**16,367**	**18,351**
thereof due to related companies	819	206	716	188	180	1,140	**2,430**	**3,249**
DEC 31, 2010								
Federal loans	433	413	238	227	219	1,406	**2,503**	**2,936**
Bonds	1,371	644	747	530	693	7,850	**10,464**	**11,835**
Commercial paper	42	0	0	0	0	0	**0**	**42**
Bank borrowings	157	84	35	19	9	842	**989**	**1,146**
EUROFIMA loans	0	434	0	519	0	200	**1,153**	**1,153**
Finance lease liabilities	145	196	463	80	160	380	**1,279**	**1,424**
Other financial liabilities	11	0	3	0	0	3	**6**	**17**
Total	**2,159**	**1,771**	**1,486**	**1,375**	**1,081**	**10,681**	**16,394**	**18,553**
thereof due to related companies	436	847	238	746	219	1,609	**3,659**	**4,095**

The following fair values are summarized compared with the carrying amounts:

— € million	Carrying amount 2011	Fair value 2011	Carrying amount 2010	Fair value 2010
Federal loans	2,092	2,289	2,936	3,082
Bonds	12,634	13,595	11,835	12,475
Commercial paper	202	202	42	42
Bank borrowings	991	993	1,146	1,150
EUROFIMA loans	1,153	1,222	1,153	1,224
Finance lease liabilities	1,270	1,426	1,424	1,557
Other financial liabilities	9	9	17	17
Total	**18,351**	**19,736**	**18,553**	**19,547**

The differences between the carrying amounts and the fair values of the financial debt are due to the usually changed market interest rates for financial debt with a comparable risk profile. In view of the short maturities involved and also in view of the fact that interest charged is closely linked to market rates, there are no significant differences between the carrying amounts and the fair values of other financial liabilities.

Federal loans are attributable almost exclusively to financing provided by the Federal Republic of Germany for capital expenditures in expanding and replacing track. This is based on the responsibility for the transport needs of the public which is anchored in section 87e (4) of the Basic Law (Grundgesetz; GG) and specified in the Federal Track Expansion Act (Bundesschienenwegeausbaugesetz; BSchwAG). The loans are generally extended as interest-free loans.

The arrangements for repaying the loans are detailed in individual and collective financing agreements. In general, the loans are repaid in equal annual installments, which are based on the corresponding annual depreciation applicable for the financed assets.

The Federal loans granted by the Federal Government have developed as follows:

— € million	2011	2010
As of Jan 01	2,936	3,276
Redemption	– 954	– 481
Reclassification	10	18
Cumulative interest	100	123
As of Dec 31	**2,092**	**2,936**

Interest-free loans of the Federal Government with a present value of € 583 million (nominal value: € 839 million) were repaid ahead of schedule in the year under review.

A loan of € 660 million has to be repaid in four equal installments at the beginning of the years 2009 to 2012. For this period, interest is charged on the installments – contrary to the common situation.

The issued bonds consist of the following transactions:

— € million	Volume of issue	Issue currency	Residual maturity (years)	Effective interest rate (%)	Carrying amount 2011	Fair value 2011	Carrying amount 2010	Fair value 2010
UNLISTED BONDS								
Total DB AG	21	USD	1		16	16	61	62
Total DB Finance	395	HKD, JPY, CHF, EUR	0.5 – 14.9		438	445	269	279
Total					**454**	**461**	**330**	**341**
LISTED BONDS OF DB FINANCE:								
Bond 2001 – 2013	750	EUR	1.9	5.250	748	801	748	820
Bond 2002 – 2012	500	EUR	0.6	5.500	500	511	499	530
Bond 2003 – 2018	1,000	EUR	6.2	5.000	991	1,124	990	1,107
Bond 2003 – 2015	700	EUR	3.5	4.600	695	753	693	746
Bond 2004 – 2011	209	USD	–	5.090	–	–	187	190
Bond 2004 – 2018	300	EUR	6.2	4.850	298	337	298	332
Bond 2004 – 2016	500	EUR	4.9	4.300	499	547	499	543
Bond 2004 – 2014	366	JPY	2.9	1.700	498	515	459	477
Bond 2004 – 2011	197	CHF	–	2.300	–	–	234	244
Bond 2006 – 2011	678	USD	–	5.200	–	–	599	599
Bond 2006 – 2011	316	USD	–	5.820	–	–	300	299
Bond 2006 – 2018	300	EUR	6.2	4.510	304	337	304	332
Bond 2006 – 2017	500	EUR	5.0	4.116	497	540	497	527
Bond 2007 – 2019	600	EUR	7.6	5.110	596	686	597	666
Bond 2009 – 2019	1,000	EUR	7.2	4.923	995	1,136	995	1,094
Bond 2009 – 2021	600	EUR	9.8	4.445	597	666	597	658
Bond 2009 – 2017	500	EUR	5.8	3.774	497	533	497	515
Bond 2010 – 2020	500	EUR	8.5	3.572	497	521	497	493
Bond 2010 – 2025	500	EUR	13.5	3.870	494	519	494	479
Bond 2010 – 2020	410	JPY	8.8	1.150	469	472	433	423
Bond 2010 – 2022	500	EUR	10.8	3.464	496	505	496	476
Bond 2010 – 2020	567	CHF	8.4	1.924	609	643	592	584
Bond 2011 – 2021	700	EUR	9.4	3.797	697	743	–	–
Bond 2011 – 2016	500	EUR	4.5	3.003	497	521	–	–
Bond 2011 – 2017	323	CHF	6.0	1.566	308	319	–	–
Bond 2011 – 2016	160	NOK	4.7	3.551	160	167	–	–
Bond 2011 – 2016	78	HKD	4.8	2.021	83	83	–	–
Bond 2011 – 2016	146	USD	4.9	FRN	155	155	–	–
Total					**12,180**	**13,134**	**11,505**	**12,134**
Total bonds					**12,634**	**13,595**	**11,835**	**12,475**

The following bonds were repaid in 2011: an unlisted bond of DB AG which had become due (JPY 5,000 million; € 46 million) as well as four listed bonds which had become due of Deutsche Bahn Finance B.V. (DB Finance), Amsterdam/the Netherlands, with nominal amounts in each case of CHF 300 million (€ 197 million), USD 800 million (€ 678 million), USD 400 million (€ 316 million) and USD 250 million (€ 209 million).

DB Finance has also issued nine new bonds. These are three unlisted bonds of € 92 million, € 50 million and € 10 million, as well as six listed bonds of € 700 million, € 500 million, CHF 375 million (€ 323 million), NOK 1,250 million (€ 160 million), HKD 836 million (€ 78 million) and USD 200 million (€ 146 million).

Bank borrowings are detailed in the following table:

Bank borrowings — € million	Currency	Residual maturity (years)	Nominal interest rate (%)	Carrying amount 2011	Fair value 2011	Carrying amount 2010	Fair value 2010
Loan 2002 - 2016	EUR	4.7	FRN	200	200	200	200
Loan 2002 - 2022	EUR	10.7	FRN	200	200	200	200
Loan 2003 - 2016	EUR	4.7	FRN	200	200	200	200
Loan 2003 - 2022	EUR	10.7	FRN	200	200	200	200
Other				191	193	346	350
Total				**991**	**993**	**1,146**	**1,150**

The decline in other bank borrowings was attributable to scheduled repayments and mainly as a result of liabilities of DB Arriva which were redeemed or refinanced ahead of schedule.

Bank borrowings were secured in an amount of € 85 million (as of December 31, 2010: € 197 million). Liabilities are not secured in DB Group. Secured bank borrowings are acquisition-related, and the decline is attributable to refinancing of liabilities of DB Arriva.

As of December 31, 2011, guaranteed credit facilities with a total volume of € 3,871 million (as of December 31, 2010: € 3,901 million) were available to DB Group. Of this figure, € 2,505 million (as of December 31, 2010: € 2,500 million) was attributable to back-up lines for the € 2.0 billion commercial paper program of DB AG and DB Finance. None of these back-up lines had been drawn down as of December 31, 2011. Global credit facilities totaling € 1,366 million (as of December 31, 2010: € 1,401 million) are used for working capital and surety for payment financing of subsidiaries with worldwide operations, primarily in the segments DB Schenker Logistics and DB Arriva.

The liabilities due to EUROFIMA are detailed in the following:

Liabilities due to EUROFIMA — € million	Currency	Residual maturity (years)	Nominal interest rate (%)	Carrying amount 2011	Fair value 2011	Carrying amount 2010	Fair value 2010
Loan 2000 - 2014	EUR	2.8	5.970	219	244	219	249
Loan 2001 - 2014	EUR	2.7	5.410	300	330	300	334
Loan 2002 - 2012	EUR	0.6	FRN	34	34	34	34
Loan 2002 - 2012	EUR	0.6	FRN	400	400	400	400
Loan 2010 - 2021	EUR	9.8	4.050	200	214	200	207
Total				**1,153**	**1,222**	**1,153**	**1,224**

The liabilities due to EUROFIMA are secured by way of transfer of ownership of rail material (rolling stock) in view of the statutes of EUROFIMA.

Of the figure stated for liabilities attributable to finance leases, € 397 million (as of December 31, 2010: € 415 million) related to real estate leasing agreements for various concourse buildings of DB Station & Service AG and a logistics center of Schenker Deutschland AG in Echingen, and € 469 million (as of December 31, 2010: € 557 million) related to leasing agreements for various rolling stock (multiple units, engines, freight cars, buses). These agreements have been concluded mainly as sale-and-leaseback transactions for achieving advantageous financing conditions with German lessors.

The following table provides information concerning the main finance leases:

— € million	Nominal amount	Currency	Residual maturity (years)	Nominal interest rate (%)	Carrying amount 2011	Fair value 2011	Carrying amount 2010	Fair value 2010
FINANCE LEASES – MOBILE ASSETS								
Double-deck coaches (1994)	174	DEM	1.0	5.87	87	90	95	101
Locomotives/freight cars (1999)	182	NLG	1.0 – 1.3	5.69 – 5.83	16	17	31	33
Freight locomotives (2000)	101	DEM	4.0	5.35	65	73	69	77
Freight locomotives (2000)	154	EUR	5.0	5.40	115	130	121	134
Locomotives (2001)	178	EUR	3.5 – 5.0	4.87	134	147	141	152
Diesel rail cars for regional transport (2009)	55	EUR	7.0	8.34	52	70	53	70
Buses (2009)	56	GBP	–	4.91	0	0	47	51
					469	**527**	**557**	**618**
FINANCE LEASES – REAL ESTATE								
Logistics center (1986)	24	DEM	4.0	8.50	7	8	10	14
Concourse buildings (1998)	497	DEM	1.3 – 10.0	4.00 – 5.95	390	408	405	431
					397	**416**	**415**	**445**
Other					404	483	452	494
Total					**1,270**	**1,426**	**1,424**	**1,557**

The above finance leases for locomotives and multiple units cannot be terminated during a fixed basic lease term, and have a maximum remaining term of seven years. Most of the contracts contain a clause enabling the lessee to purchase the assets for the residual value or the higher market value after the end of the lease, whereby the difference between the residual value and the market value at the end of the lease is shared between the lessor (25 %) and the lessee (75 %).

The decline in finance leases for mobile assets is due to scheduled repayments and mainly attributable to the redeeming of a finance lease for buses in Great Britain.

The finance leases for the concourse buildings of DB Station & Service AG have a maximum remaining term of ten years, and cannot be terminated during the fixed lease. At the end of the lease, the lessee is able to buy the assets for a fixed price. If this option is not exercised, the lease is extended for a second period, at the end of which the lessor has a put option for the real estate with regard to DB Station & Service AG.

In addition, liabilities attributable to finance leases (see Note (13)) are secured by rights of the lessors in relation to the leased assets. The leased assets have a carrying amount of € 1,087 million (as of December 31, 2010: € 1,174 million).

The position "Other" comprises numerous Europe-wide leases for buses and trains at DB Arriva and the carrying amount of a power procurement agreement of DB Energie GmbH worth € 115 million (as of December 31, 2010: € 122 million) as well as the carrying amount of an inverter agreement of DB Energie GmbH in the amount of € 52 million (as of December 31, 2010: € 54 million). Both agreements are classified as embedded financial leases as a result of the fact that the power is procured primarily by DB Energie GmbH and also in view of the underlying agreement duration in accordance with IFRIC 4 in conjunction with IAS 17.

In the subsequent years, the following payments have to be made in connection with finance leases:

— € million	Less than 1 year	1–2 years	2–3 years	3–4 years	4–5 years	More than 5 years	Total more than 1 year	Total
	RESIDUAL MATURITY							
DEC 31, 2011								
Minimum lease payments (nominal value)	262	499	104	196	180	412	**1,391**	**1,653**
– Future interest charges	70	47	36	33	23	174	**313**	**383**
Finance lease liabilities	**192**	**452**	**68**	**163**	**157**	**238**	**1,078**	**1,270**
DEC 31, 2010								
Minimum lease payments (nominal value)	220	263	507	114	191	553	1,628	1,848
– Future interest charges	75	67	44	34	31	173	349	424
Finance lease liabilities	**145**	**196**	**463**	**80**	**160**	**380**	**1,279**	**1,424**

(29) OTHER LIABILITIES

— € million	Less than 1 year	1–2 years	2–3 years	3–4 years	4–5 years	More than 5 years	Total more than 1 year	Total
	RESIDUAL MATURITY							
DEC 31, 2011								
Trade liabilities	4,312	45	43	30	31	151	**300**	**4,612**
Miscellaneous/other liabilities	3,004	13	8	10	6	13	**50**	**3,054**
Total	**7,316**	**58**	**51**	**40**	**37**	**164**	**350**	**7,666**
thereof due to related parties	327	0	0	0	0	0	**0**	**327**
DEC 31, 2010								
Trade liabilities	4,286	33	27	37	24	156	277	4,563
Miscellaneous/other liabilities	3,109	21	4	2	6	17	50	3,159
Total	**7,395**	**54**	**31**	**39**	**30**	**173**	**327**	**7,722**
thereof due to related parties	401	0	0	0	0	0	0	401

The miscellaneous/other liabilities comprise the following:

— € million	2011	2010
PERSONNEL-RELATED LIABILITIES		
Unused holiday entitlements	290	283
Outstanding overtime	237	216
Social security	88	86
Severance payments	21	21
Christmas bonuses	8	8
Holiday pay	16	15
Other personnel obligations	598	603
OTHER TAXES		
Value-added tax	73	59
Payroll and church taxes, solidarity surcharge	93	102
Miscellaneous other taxes	128	130
Interest payable	251	270
Sales discounts	113	150
Deferred construction grants	111	132
Liabilities due to Railway Crossings Act	6	4
Reconveyance obligations	2	2
Miscellaneous liabilities	1,019	1,078
Total	**3,054**	**3,159**

The other personnel obligations also include bonus obligations.

The other liabilities were secured in an amount of € 0 million in the year under review (previous year: € 1 million).

(30) INCOME TAX LIABILITIES

The income tax liabilities as of December 31, 2011 related mainly to obligations to the fiscal authorities in Great Britain, Germany and Italy.

(31) ADDITIONAL DISCLOSURES RELATING TO THE FINANCIAL INSTRUMENTS

Carrying amounts and fair values based on valuation categories.

Categories of financial assets and financial liabilities as of Dec 31, 2011 – assets

Valuation categories (according to IAS 39) — € million	HELD FOR TRADING [1] Fair value (recognized in the income statement)	HELD TO MATURITY At amortized cost
CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES		
ASSETS		
NON-CURRENT FINANCIAL ASSETS		
Shares in affiliated companies (at cost)	0	0
Subsidiaries (at cost)	0	0
Subsidiaries (at fair value)	0	0
Securities (at cost)	0	0
Securities (at fair value)	0	0
Available-for-sale financial assets	**0**	**0**
Trade receivables	0	0
Receivables from financing	0	0
Receivables from finance leases	0	0
Advance payments and accrued income	0	0
Plan assets according to IAS 19	0	0
Miscellaneous other assets	0	0
Receivables and other assets	**0**	**0**
Interest-based derivatives – hedging	0	0
Currency-based derivatives – hedging	0	0
Commodity derivatives – hedging	0	0
Interest-based derivatives – non-hedging	0	0
Currency-based derivatives – non-hedging	0	0
Derivative financial instruments	**0**	**0**
Total non-current financial assets	**0**	**0**
CURRENT FINANCIAL ASSETS		
Subsidiaries (at cost)	0	0
Securities (at cost)	0	0
Securities (at fair value)	0	0
Available-for-sale financial assets	**0**	**0**
Trade receivables	0	0
Receivables from financing	0	0
Receivables from finance leases	0	0
Advance payments and accrued income	0	0
Held to maturity securities	0	0
Receivables from other taxes	0	0
Plan assets according to IAS 19	0	0
Miscellaneous other assets	0	0
Other receivables and assets	**0**	**0**
Currency-based derivatives – hedging	0	0
Commodity derivatives – hedging	0	0
Interest-based derivatives – non-hedging	0	0
Currency-based derivatives – non-hedging	2	0
Commodity derivatives – non-hedging	0	0
Derivative financial instruments	**2**	**0**
Cash and cash equivalents	0	0
Available-for-sale assets	0	0
Total current financial assets	**2**	**0**

[1] Including non-hedge derivatives. DB Group did not apply the fair value option according to IAS 39. Thus the sub-category "held for trading" was used instead of the main category "fair value through profit and loss."

AVAILABLE FOR SALE		LOANS AND RECEIVABLES				
At cost	Fair value (with no impact on the income statement)	At cost	At amortized cost	Not attributable to a category according to IAS 39 [2]	**Total**	Fair value
0	0	0	0	0	**0**	n/a
14	0	0	0	0	**14**	n/a
0	0	0	0	0	**0**	0
1	0	0	0	0	**1**	n/a
0	2	0	0	0	**2**	2
15	**2**	**0**	**0**	**0**	**17**	**2**
0	0	0	25	0	**25**	25
0	0	0	4	0	**4**	4
0	0	0	0	19	**19**	19
0	0	0	0	28	**28**	n/a
0	0	0	0	1	**1**	n/a
0	0	0	16	1	**17**	17
0	**0**	**0**	**45**	**49**	**94**	**65**
0	0	0	0	0	**0**	0
0	0	0	0	251	**251**	251
0	0	0	0	116	**116**	116
0	0	0	0	0	**0**	0
0	0	0	0	0	**0**	0
0	**0**	**0**	**0**	**367**	**367**	**367**
15	**2**	**0**	**45**	**416**	**478**	**434**
0	0	0	0	0	**0**	n/a
1	0	0	0	0	**1**	n/a
0	0	0	0	0	**0**	0
1	**0**	**0**	**0**	**0**	**1**	**0**
0	0	0	4,094	0	**4,094**	4,094
0	0	0	22	0	**22**	22
0	0	0	0	11	**11**	11
0	0	0	0	182	**182**	182
0	0	0	0	0	**0**	0
0	0	0	0	166	**166**	166
0	0	0	0	0	**0**	0
0	0	0	373	48	**421**	421
0	**0**	**0**	**395**	**407**	**802**	**802**
0	0	0	0	39	**39**	39
0	0	0	0	43	**43**	43
0	0	0	0	0	**0**	0
0	0	0	0	0	**2**	2
0	0	0	0	0	**0**	0
0	**0**	**0**	**0**	**82**	**84**	**84**
0	0	0	1,703	0	**1,703**	1,703
11	0	0	0	0	**11**	11
12	**0**	**0**	**6,192**	**489**	**6,695**	**6,694**

[2] For the transition from the categories of financial assets and financial liabilities to the figures stated in the balance sheet.

Categories of financial assets and financial liabilities as of Dec 31, 2010 – assets

Valuation categories (according to IAS 39) — € million	HELD FOR TRADING [1] Fair value (recognized in the income statement)	HELD TO MATURITY At amortized cost
CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES		
ASSETS		
NON-CURRENT FINANCIAL ASSETS		
Shares in affiliated companies (at cost)	0	0
Subsidiaries (at cost)	0	0
Subsidiaries (at fair value)	0	0
Securities (at cost)	0	0
Securities (at fair value)	0	0
Available-for-sale financial assets	**0**	**0**
Trade receivables	0	0
Receivables from financing	0	0
Receivables from finance leases	0	0
Advance payments and accrued income	0	0
Plan assets according to IAS 19	0	0
Miscellaneous other assets	0	0
Receivables and other assets	**0**	**0**
Interest-based derivatives – hedging	0	0
Currency-based derivatives – hedging	0	0
Commodity derivatives – hedging	0	0
Interest-based derivatives – non-hedging	0	0
Currency-based derivatives – non-hedging	0	0
Derivative financial instruments	**0**	**0**
Total non-current financial assets	**0**	**0**
CURRENT FINANCIAL ASSETS		
Subsidiaries (at cost)	0	0
Securities (at cost)	0	0
Securities (at fair value)	0	0
Available-for-sale financial assets	**0**	**0**
Trade receivables	0	0
Receivables from financing	0	0
Receivables from finance leases	0	0
Advance payments and accrued income	0	0
Held to maturity securities	0	0
Receivables from other taxes	0	0
Plan assets according to IAS 19	0	0
Miscellaneous other assets	0	0
Other receivables and assets	**0**	**0**
Currency-based derivatives – hedging	0	0
Commodity derivatives – hedging	0	0
Interest-based derivatives – non-hedging	0	0
Currency-based derivatives – non-hedging	2	0
Commodity derivatives – non-hedging	0	0
Derivative financial instruments	**2**	**0**
Cash and cash equivalents	0	0
Available-for-sale assets	0	0
Total current financial assets	**2**	**0**

[1] Including non-hedge derivatives. DB Group did not apply the fair value option according to IAS 39. Thus the sub-category "held for trading" was used instead of the main category "fair value through profit and loss."

	AVAILABLE FOR SALE		LOANS AND RECEIVABLES				
	At cost	Fair value (with no impact on the income statement)	At cost	At amortized cost	Not attributable to a category according to IAS 39 [2]	**Total**	Fair value
	0	0	0	0	0	**0**	n/a
	41	0	0	0	0	**41**	n/a
	0	18	0	0	0	**18**	18
	0	0	0	0	0	**0**	n/a
	0	4	0	0	0	**4**	4
	41	**22**	**0**	**0**	**0**	**63**	**22**
	0	0	0	39	0	**39**	39
	0	0	0	11	0	**11**	11
	0	0	0	0	21	**21**	21
	0	0	0	0	28	**28**	n/a
	0	0	0	0	4	**4**	n/a
	0	0	0	18	41	**59**	59
	0	**0**	**0**	**68**	**94**	**162**	**130**
	0	0	0	0	0	**0**	0
	0	0	0	0	166	**166**	166
	0	0	0	0	113	**113**	113
	0	0	0	0	0	**0**	0
	0	0	0	0	0	**0**	0
	0	**0**	**0**	**0**	**279**	**279**	**279**
	41	**22**	**0**	**68**	**373**	**504**	**431**
	0	0	0	0	0	**0**	n/a
	0	0	0	0	0	**0**	n/a
	0	1	0	0	0	**1**	1
	0	**1**	**0**	**0**	**0**	**1**	**1**
	0	0	0	3,877	0	**3,877**	3,877
	0	0	0	106	0	**106**	106
	0	0	0	0	1	**1**	1
	0	0	0	0	171	**171**	171
	0	0	0	0	0	**0**	0
	0	0	0	0	142	**142**	142
	0	0	0	0	0	**0**	0
	0	0	0	339	81	**420**	420
	0	**0**	**0**	**445**	**395**	**840**	**840**
	0	0	0	0	51	**51**	51
	0	0	0	0	43	**43**	43
	0	0	0	0	0	**0**	0
	0	0	0	0	0	**2**	2
	0	0	0	0	0	**0**	0
	0	**0**	**0**	**0**	**94**	**96**	**96**
	0	0	0	1,475	0	**1,475**	1,475
	167	0	0	0	2	**169**	169
	167	**1**	**0**	**5,797**	**491**	**6,458**	**6,458**

[2] For the transition from the categories of financial assets and financial liabilities to the figures stated in the balance sheet.

Categories of financial assets and financial liabilities as of Dec 31, 2011 – equity and liabilities

	HELD FOR TRADING[1]	OTHER LIABILITIES				
Valuation categories (according to IAS 39) — € million	Fair value (recognized in the income statement)	At cost	At amortized cost	Not attributable to a category according to IAS 39[2]	**Total**	Fair value
CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES						
EQUITY AND LIABILITIES						
NON-CURRENT FINANCIAL LIABILITIES						
Federal loans	0	0	1,712	0	**1,712**	1,909
Bonds	0	0	11,983	0	**11,983**	12,944
Commercial paper	0	0	0	0	**0**	0
Bank borrowings	0	0	875	0	**875**	875
EUROFIMA loans	0	0	719	0	**719**	1,656
Finance lease liabilities	0	0	0	1,078	**1,078**	1,234
Other financial liabilities	0	0	0	0	**0**	0
Financial debt	**0**	**0**	**15,289**	**1,078**	**16,367**	**18,618**
Trade liabilities	0	0	51	249	**300**	51
Miscellaneous other liabilities	0	0	50	0	**50**	50
Other liabilities	**0**	**0**	**101**	**249**	**350**	**101**
Interest-based derivatives – hedging	0	0	0	23	**23**	23
Currency-based derivatives – hedging	0	0	0	125	**125**	125
Commodity derivatives – hedging	0	0	0	7	**7**	7
Currency-based derivatives – non-hedging	0	0	0	0	**0**	0
Derivative financial instruments	**0**	**0**	**0**	**155**	**155**	**155**
Total non-current financial liabilities	**0**	**0**	**15,390**	**1,482**	**16,872**	**18,874**
CURRENT FINANCIAL ASSETS						
Federal loans	0	0	380	0	**380**	380
Bonds	0	0	651	0	**651**	651
Commercial paper	0	0	202	0	**202**	202
Bank borrowings	0	0	116	0	**116**	116
EUROFIMA loans	0	0	434	0	**434**	434
Finance lease liabilities	0	0	0	192	**192**	192
Other financial liabilities	0	0	9	0	**9**	9
Financial debt	**0**	**0**	**1,792**	**192**	**1,984**	**1,984**
Trade liabilities	0	0	4,171	141	**4,312**	4,312
Trade liabilities	**0**	**0**	**4,171**	**141**	**4,312**	**4,312**
Liabilities from other taxes	0	0	0	293	**293**	293
Miscellaneous other liabilities	0	0	1,452	1,259	**2,711**	2,711
Other liabilities	**0**	**0**	**1,452**	**1,552**	**3,004**	**3,004**
Interest-based derivatives – hedging	0	0	0	0	**0**	0
Currency-based derivatives – hedging	0	0	0	28	**28**	28
Commodity derivatives – hedging	0	0	0	2	**2**	2
Currency-based derivatives – non-hedging	4	0	0	0	**4**	4
Derivative financial instruments	**4**	**0**	**0**	**30**	**34**	**34**
Available-for-sale liabilities	0	0	0	0	**0**	0
Total current financial liabilities	**4**	**0**	**7,415**	**1,915**	**9,334**	**9,334**

[1] Including non-hedge derivatives. DB Group did not apply the fair value option according to IAS 39. Thus the sub-category “held for trading” was used instead of the main category “fair value through profit and loss.”

[2] For the transition from the categories of financial assets and financial liabilities to the figures stated in the balance sheet.

Categories of financial assets and financial liabilities as of Dec 31, 2010 – equity and liabilities

Valuation categories (according to IAS 39) — € million	HELD FOR TRADING [1]	OTHER LIABILITIES				
	Fair value (recognized in the income statement)	At cost	At amortized cost	Not attributable to a category according to IAS 39 [2]	**Total**	Fair value
CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES						
EQUITY AND LIABILITIES						
NON-CURRENT FINANCIAL LIABILITIES						
Federal loans	0	0	2,503	0	**2,503**	2,649
Bonds	0	0	10,465	0	**10,465**	11,104
Commercial paper	0	0	0	0	**0**	0
Bank borrowings	0	0	989	0	**989**	989
EUROFIMA loans	0	0	1,153	0	**1,153**	1,224
Finance lease liabilities	0	0	0	1,278	**1,278**	1,412
Other financial liabilities	0	0	6	0	**6**	6
Financial debt	**0**	**0**	**15,116**	**1,278**	**16,394**	**17,384**
Trade liabilities	0	0	18	259	**277**	18
Miscellaneous other liabilities	0	0	50	0	**50**	50
Other liabilities	**0**	**0**	**68**	**259**	**327**	**68**
Interest-based derivatives – hedging	0	0	0	12	**12**	12
Currency-based derivatives – hedging	0	0	0	74	**74**	74
Commodity derivatives – hedging	0	0	0	2	**2**	2
Currency-based derivatives – non-hedging	0	0	0	0	**0**	0
Derivative financial instruments	**0**	**0**	**0**	**88**	**88**	**88**
Total non-current financial liabilities	**0**	**0**	**15,184**	**1,625**	**16,809**	**17,540**
CURRENT FINANCIAL ASSETS						
Federal loans	0	0	433	0	**433**	433
Bonds	0	0	1,370	0	**1,370**	1,370
Commercial paper	0	0	42	0	**42**	42
Bank borrowings	0	0	157	0	**157**	157
EUROFIMA loans	0	0	0	0	**0**	0
Finance lease liabilities	0	0	0	146	**146**	146
Other financial liabilities	0	0	11	0	**11**	11
Financial debt	**0**	**0**	**2,013**	**146**	**2,159**	**2,159**
Trade liabilities	0	0	4,133	153	**4,286**	4,286
Trade liabilities	**0**	**0**	**4,133**	**153**	**4,286**	**4,286**
Liabilities from other taxes	0	0	0	291	**291**	291
Miscellaneous other liabilities	0	0	1,586	1,232	**2,818**	2,818
Other liabilities	**0**	**0**	**1,586**	**1,523**	**3,109**	**3,109**
Interest-based derivatives – hedging	0	0	0	0	**0**	0
Currency-based derivatives – hedging	0	0	0	68	**68**	68
Commodity derivatives – hedging	0	0	0	19	**19**	19
Currency-based derivatives – non-hedging	5	0	0	0	**5**	5
Derivative financial instruments	**5**	**0**	**0**	**87**	**92**	**92**
Available-for-sale liabilities	0	0	0	0	**0**	0
Total current financial liabilities	**5**	**0**	**7,732**	**1,909**	**9,646**	**9,646**

[1] Including non-hedge derivatives. DB Group did not apply the fair value option according to IAS 39.
Thus the sub-category “held for trading” was used instead of the main category “fair value through profit and loss.”

[2] For the transition from the categories of financial assets and financial liabilities to the figures stated in the balance sheet.

The financial instruments recognized at fair value are classified under valuation level 2 in accordance with IFRS 7.27.

Cash and cash equivalents, trade receivables as well as other receivables mostly have short remaining terms. Accordingly, their carrying amounts as of the closing date closely approximate the fair value.

The fair values of other non-current receivables with remaining terms of more than one year are equivalent to the present values of the cash flows associated with the assets.

Trade liabilities and other liabilities generally have short remaining terms. The recognized figures are approximately equivalent to the fair values.

The fair values of other non-current receivables with remaining terms of more than one year are equivalent to the present values of the cash flows associated with the assets.

No held-to-maturity securities are shown as of the balance sheet date.

The net results according to valuation categories are detailed in the following:

					VALUATION AFTER RECOGNITION			
— € million	Interest income	Interest expense	Other income	Other expenses	at fair value	from exchange rate trans-action	from impairments	**Total net result**
AS OF DEC 31, 2011								
Held for trading assets and liabilities including non-hedge derivatives	0	0	0	0	0	0	0	**0**
Available for sale	0	0	7	-10	0	0	0	**-3**
Loans and receivables	79	0	5	0	0	3	-45	**42**
Other liabilities	0	-740	0	-5	0	0	0	**-745**
Total	**79**	**-740**	**12**	**-15**	**0**	**3**	**-45**	**-706**
thereof recognized in the statement of income	79	-740	12	-15	0	3	-45	**-706**
thereof covered directly in equity	0	0	0	0	0	0	0	**0**
AS OF DEC 31, 2010								
Held for trading assets and liabilities including non-hedge derivatives	0	0	0	0	-3	0	0	**-3**
Available for sale	0	0	14	-8	0	0	0	**6**
Loans and receivables	50	0	5	0	0	-20	-75	**-40**
Other liabilities	0	-806	0	-3	0	0	0	**-809**
Total	**50**	**-806**	**19**	**-11**	**-3**	**-20**	**-75**	**-846**
thereof recognized in the statement of income	50	-806	19	-11	-3	-20	-75	**-846**
thereof covered directly in equity	0	0	0	0	0	0	0	**0**

The net results mainly include net interest income of € – 661 million (previous year: € –756 million).

The interest attributable to financial instruments is shown in net interest income (see point (9) in the Notes); the other components of net result are shown under other financial result.

The net result of financial liabilities in the category "Other liabilities" includes interest expenses attributable to the cumulative interest relating to interest-free loans.

Foreign currency gains and losses attributable to the translation of foreign currency liabilities are opposed by almost identical losses/gains attributable to derivatives (see point (10) in the Notes).

(32) PENSION OBLIGATIONS

In DB Group, a distinction is made between pensions for employees and pensions for civil servants.

Pensions for civil servants

After they retire, civil servants assigned to the companies of DB Group receive pensions from the Federal Railroad Fund under the Civil Servants Benefits Act (Beamtenversorgungsgesetz) as a result of their status as civil servants.

Only while the assigned civil servants are actively working for DB Group are payments made to the Federal Railroad Fund as part of a pro forma settlement in the same way as for newly recruited employees (section 21 (1) DBGrG). This also includes theoretical amounts for contributions to statutory pension insurance schemes as well as theoretical costs in accordance with the collective bargaining agreement regarding the additional company pension scheme for employees of DB AG (Tarifvertrag über die betriebliche Zusatzversorgung für die Arbeitnehmer der DB AG; ZVersTV). The payments made to the Federal Railroad Fund for retirement pensions and supplementary benefits of civil servants are defined contribution retirement schemes.

Pensions for employees

The retirement benefit obligations with regard to employees mainly relate to the following:

a) Employees who were employed by DB AG before the company was established (January 1, 1994) enjoy supplementary benefits in view of their former membership of the public sector. The employees are entitled to benefits from this additional pension insurance from Deutsche Rentenversicherung Knappschaft-Bahn-See (KBS). As an official authority, KBS has not only assumed responsibility for managing and paying the statutory pension for DB Group employees; it also continues the additional pension insurance for the transferred employees who are beneficiaries.

The Federal Railroad Fund bears the costs of these additional benefits, less the contribution made by the employees themselves (section 14 (2) DBGrG). Accordingly, DB AG does not set aside any provisions for these public sector benefits.

b) Employees of the former Deutsche Reichsbahn and the employees who have been recruited after January 1, 1994 receive an additional company pension from DB AG within the framework of the ZVersTV. This supplementary company pension is a defined benefit scheme, which is linked to salary and length of service.

c) Domestic employees of DB Schenker Logistics mainly have a commitment for benefits from a defined contribution employer financed benefit plan which is not salary-linked. Depending on the extent of benefits and in the event of early payment of benefits, capital payments have to be made or, if appropriate, pension benefits to be capitalized have to be provided. For senior executives, there is a defined contribution employer financed benefit scheme which is salary-linked. The benefits have to be provided in the form of an annuity with a capital option.

There are no plan assets for both benefit schemes. In addition, most employees are able to participate in an employee financed benefit scheme in which a defined contribution direct commitment without plan assets is provided in return for a salary waiver. The employee contributions are topped up by the employer.

Senior executives have a purely employee financed benefit scheme. This scheme has plan assets which are capable of being netted.

Employees of DB Schenker Logistics abroad mainly have final-salary benefit schemes with and without a length-of-service link. These include some government schemes.

Approximately half of the benefit obligations abroad is funded exclusively by provisions. The other half is included in schemes featuring proportionate fund and insurance cover. Employee and employer contributions are normally paid into these schemes.

In Germany, there are defined contribution plans in the form of direct insurance at DB Schenker Logistics. Abroad, some benefit schemes have to be treated as defined contribution plans.

d) The direct commitments provided to senior executives as a result of employment agreements and the commitments arising from other pension obligations comprise defined benefit as well as defined contribution retirement benefit schemes. These are employee as well as employer financed and are partially or completely covered with plan assets eligible for netting purposes.

e) In addition, there are also employee financed direct insurance policies, mainly with DEVK Deutsche Eisenbahn Versicherung Lebensversicherungsverein a.G., as well as a purely employee financed pension fund at DEVK Pensionsfonds-AG which is the subject of a collective bargaining agreement. These external facilities for a company pension scheme are not relevant for the purpose of creating provisions.

f) Abroad, there are mainly compensation-linked defined benefit schemes with and without a link to the period of service with the company. The obligations are financed by provisions and are also proportionately fund-backed or insurance-backed by means of employee as well as employer contributions.

g) The company pension scheme of DB Schenker Rail (UK) is essentially a defined benefit pension scheme (linked to salary and length of service) within the British "Railway Pension Scheme." The costs of the pension scheme are shared between the employer and the employee in the ratio 60:40 and respectively recognized in the balance sheet. The plan assets are managed by an independent trustee; the assets were most recently valued as of December 31, 2011. The process of collating the data of members in the plan for the purpose of compliance with legal requirements in relation to the members of the plan is generally carried out every three years, most recently as of December 31, 2010. As of the intermediate valuation dates, the obligations in the plan are measured on the basis of the correspondingly updated data.

h) Within DB Arriva, there are mainly defined benefit retirement benefit commitments. By far the most important defined benefit plans (related to salary and length of service) relates to employees of DB Arriva within the "Railway Pension Scheme" in Great Britain. The costs of the pension scheme are also shared between the employer and the employee in the ratio 60:40 and respectively recognized in the balance sheet. The corresponding pension obligations are to a large extent covered by fund assets.

Under a franchise agreement, Arriva Trains Wales Limited and XC Trains Limited pay contributions to the British "Railway Pension Scheme" for employees loaned for the period of the agreement (franchise period). Under IAS 19, the plan assets are therefore shown with the present value of the expected contributions in accordance with the contribution payment plan for the duration of the franchise. The present value of the defined benefit obligations is determined by the extent of the present value of the expected future service cost during the franchise.

In addition, individual companies of DB Arriva also issued defined contribution retirement benefit commitments to their employees. Under such arrangements, the employer does not enter into any obligations apart from paying contributions to an external benefit scheme. The extent of the future pension benefits depends exclusively on the amount of contributions paid to the external benefit scheme, including the income generated by investing these contributions.

In addition, some contributions have also been paid to social pension funds within the context of statutory regulations (government schemes). DB Arriva is also involved in some joint plans of several employers.

The figures stated for pension provisions in the balance sheet are detailed in the following:

— € million	2011	2010
Funded obligations	3,084	2,907
Unfunded obligations	1,992	1,937
Total obligations as of Dec 31	**5,076**	**4,844**
Fair value of plan assets as of Dec 31 [1]	–2,597	–2,442
Unrecognized actuarial losses [2]	–305	–197
Effects due to cost sharing [2]	–129	–158
Effects due to franchise agreements [2]	–64	–109
Unrecognized past service cost	0	0
Amount not recognized as an asset due to limitation of IAS 19.58	0	0
Net liability recognized in the balance sheet	**1,981**	**1,938**

1) Plus € 0 million (previous year: € 4 million) realized as pension asset.
2) Previous year figure adjusted.

The total pension commitment has developed as follows:

— € million	2011	2010
Obligations as of Jan 1	4,844	3,104
Current service cost, excluding employee contributions	119	97
Employee contributions	31	11
Interest expense	187	152
Pensions paid	-153	-115
Past service costs	11	2
Settlements of retirement benefit obligations	0	-2
Plan cuts	-1	-44
Transfers	43	36
Changes in the scope of consolidation	0	1,560
thereof additions	0	1,560
thereof disposals	0	0
Actuarial gains (-)/losses	-88	42
Currency effects	83	1
Obligations as of Dec 31	**5,076**	**4,844**

The development of the plan assets is detailed in the following:

— € million	2011	2010
Fair value of plan assets as of Jan 1	2,442	1,010
Employer contributions	77	56
Employee contributions	29	10
Expected return on plan assets	133	71
Pensions paid	-91	-59
Settlements of retirement benefit obligations	0	-1
Plan cuts	0	-2
Transfers	57	57
Changes in the scope of consolidation	0	1,163
thereof additions	0	1,163
Actuarial gains (-)/losses	-121	148
Currency effects	71	-11
Fair value as of Dec 31[1]	**2,597**	**2,442**

[1] Plus € 0 million (previous year: € 4 million) realized as pension asset.

The reported plan assets are broken down as follows:

— € million	2011	2010
Stock and other securities	1,944	1,729
Interest-bearing securities	376	312
Real estate or other self-used assets	4	4
Reinsurance	150	88
Other assets	123	313
	2,597	**2,446**
thereof realized as pension asset	0	-4
	2,597	**2,442**

The actual income from plan assets amounted to € 12 million (previous year: € 219 million).

Changes in the net pension provisions are detailed in the following:

— € million	2011	2010
Provisions as of Jan 1	1,938	1,736
Pension expenses	194	158
Employer contribution	-77	-56
Pensions paid	-62	-56
Transfers	-14	-23
Changes in the scope of consolidation	0	174
thereof additions	0	174
thereof disposals	0	0
Currency effects	2	5
Provisions as of Dec 31	**1,981**	**1,938**

The expenses to be stated in the income statement are detailed in the following:

— € million	2011	2010
Amortization of unrealized gains (-)/losses	9	20
Service cost, excluding employee contributions	119	97
Employee contributions	2	1
Interest expense	187	152
Past service costs	11	2
Expected return on plan assets	-133	-71
Plan cuts	-1	-42
Settlements of retirement benefit obligations	0	-1
Asset ceiling	0	0
Pension expense	**194**	**158**

The interest expense and expected income from the plan assets are recorded under interest result.

The expected income from plan assets has been derived on the basis of the income actually generated in the past.

All other items are recognized under personnel expenses.

The actuarial parameters used for assessing the value of most of the pension provision are set out in the following:

— %	2011	2010
Discount rate	4.25 [1]/5.00 [2]	4.25 [1]/5.25 [2]
Expected rate of salary increases	2.50/4.00	2.50/4.50
Expected medical cost trend rate	0.00	0.00
Expected rate of pension increases (dependent on staff group)	2.00/2.00	2.00/2.80
Expected average staff turnover	2.67	2.67
Expected return on plan assets	1.25 – 8.00	1.25 – 11.00

1) Domestic and foreign (except Great Britain).

2) Great Britain.

The 2005 G mortality tables of Professor Dr. Klaus Heubeck have been used for valuing the pension obligations for the German Group companies. Country-specific mortality tables have been used for valuing the pension obligations of the other Group companies.

In the 2012 financial year, direct pension payments are expected to be € 64 million, and payments into plan assets are expected to be € 72 million.

— € million	2011	2010	2009	2008	2007
Present value of pension obligations as of Dec 31	5,076	4,844	3,104	2,581	2,746
Fair value of plan assets as of Dec 31	– 2,597	– 2,442	– 1,010	– 813	– 1,359
Deficit	**2,479**	**2,402**	**2,094**	**1,768**	**1,596**
Experience-based adjustment of retirement benefit obligations	– 11	– 85	91	3	– 11
Experience-based adjustment of plan assets	121	– 148	– 88	368	5

(33) OTHER PROVISIONS

	ENVIRONMENTAL PROTECTION PROVISIONS		CONSTRUCTION AND PROJECT RISKS PROVISIONS		PERSONNEL-RELATED PROVISIONS		DECOMMISSIONING PROVISIONS		OTHER PROVISIONS		TOTAL	
— € million	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	**2011**	**2010**
As of Jan 1	1,490	1,534	58	63	1,327	1,540	374	383	3,007	2,899	**6,256**	**6,419**
Currency translation differences	0	0	0	0	1	3	0	0	6	5	**7**	**8**
Changes in the scope of consolidation	0	1	0	0	0	1	0	0	3	157	**3**	**159**
thereof additions	0	1	0	0	0	1	0	0	3	158	**3**	**160**
thereof disposals	0	0	0	0	0	0	0	0	0	– 1	**0**	**– 1**
Amounts used	– 58	– 49	– 6	– 3	– 241	– 298	– 20	– 4	– 807	– 543	**– 1,132**	**– 897**
Unused amounts reversed	0	– 1	– 4	– 6	– 260	– 391	– 3	– 32	– 464	– 489	**– 731**	**– 919**
Reclassifications	– 1	– 1	0	0	– 32	26	0	0	8	– 42	**– 25**	**– 17**
Additional amounts provided	7	2	0	2	318	349	75	9	728	980	**1,128**	**1,342**
Compounding/discounting	0	4	1	2	35	97	39	18	29	40	**104**	**161**
As of Dec 31	**1,438**	**1,490**	**49**	**58**	**1,148**	**1,327**	**465**	**374**	**2,510**	**3,007**	**5,610**	**6,256**

The following table breaks down the other provisions into current and non-current amounts, and also details their estimated residual maturity:

— € million	Residual maturity: Less than 1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	More than 5 years	**Total more than 1 year**	**Total**
AS OF DEC 31, 2011								
Environmental protection provisions	86	80	84	82	95	1,011	**1,352**	**1,438**
Construction and project risks provisions	22	8	7	5	3	4	**27**	**49**
Personnel-related provisions	339	171	103	59	97	379	**809**	**1,148**
Decommissioning provisions	32	0	0	0	0	433	**433**	**465**
Other provisions	1,756	332	137	76	65	144	**754**	**2,510**
Total	**2,235**	**591**	**331**	**222**	**260**	**1,971**	**3,375**	**5,610**
AS OF DEC 31, 2010								
Environmental protection provisions	103	95	106	101	101	984	**1,387**	**1,490**
Construction and project risks provisions	25	11	7	7	6	2	**33**	**58**
Personnel-related provisions	329	195	134	94	115	460	**998**	**1,327**
Decommissioning provisions	9	0	0	0	0	365	**365**	**374**
Other provisions	2,047	499	172	86	67	136	**960**	**3,007**
Total	**2,513**	**800**	**419**	**288**	**289**	**1,947**	**3,743**	**6,256**

Provisions for environmental protection

Of the figure stated for environmental protection provisions, € 1,417 million (previous year: € 1,474 million) relate to remedial action obligations of DB AG. In order to take account of the remedial action obligations recognized in the environmental protection provisions, DB AG has set up the following programs:

::: 4-stage soil decontamination program
::: 3-stage sewerage network program
::: 2-stage landfill shut-down program

These measures will ensure that the work on investigating and carrying out remedial action will be systematic, cost-efficient and consistent with the legal situation.

In the 4-stage soil decontamination program, the contamination in the soil and/or groundwater is localized using the following stages: historical investigation, rough examination and detailed analysis. The program involves a feasibility study, implementation and approval planning as well as remedial action, and due consideration is given to technical and legal requirements for the remedial action which aims to ensure appropriate utilization.

The 3-stage sewerage network program aims to remedy any contamination of soil and/or groundwater resulting from leaks. The program also involves a plan to optimize the existing sewerage network to ensure that it is capable of meeting future requirements and to ensure that the need to take remedial action can be limited to this future network. The network which is not utilized will be decommissioned.

The 2-stage landfill program will guarantee that landfill sites on rail property are identified and measured in a standard manner, and that these landfill sites will be decommissioned in accordance with the Landfill Regulation (Deponieverordnung; DepV)/Technical Instructions for Residential Area Waste (Technische Anleitung Siedlungsabfall; TASi) and the German Federal Soil Protection Act (Bundesbodenschutzgesetz; BBodSchG).

The term of the provision for existing ecological legacy contamination is unchanged (until 2028) as a result of the long-term periods applicable for remedial action.

Staff-related provisions

— € million	2011	2010
Obligations under employment contracts	659	804
Early retirement / part-time working in the run-up to retirement obligations	239	252
Service anniversary provisions	108	110
Other	142	161
Total	**1,148**	**1,327**

The staff-related provisions include obligations which result from the entitlement of many employees under labor law and the willingness of DB AG not to terminate employment contracts for operational reasons before the end of 2023. In such cases, DB Group will incur losses in the form of personnel expenses which will have to be borne until the employment contract is terminated or the employee is placed with another company; no reciprocal benefit will be provided in return for these costs. DB AG has set up a separate subsidiary, namely DB JobService GmbH, in order to absorb employees who have been made redundant.

The provisions set aside to cover early retirement obligations and semi-retirement cover the obligations arising from collective bargaining agreements, and have been calculated on the basis of actuarial reports.

Decommissioning provisions

The decommissioning provisions refer to the company's pro rata decommissioning obligation in relation to a joint power generation plant. The valuation of the provision is based on an unchanged discount rate of 5.0 %.

Other provisions

The other provisions comprise provisions for outstanding invoices for transport services, contingent losses, revenue reductions, litigation risks, decommissioning and demolition as well as obligations for maintenance as well as other real estate risks and numerous other aspects which individually are of minor significance.

(34) DEFERRED INCOME

— € million	2011	2010
Deferred Federal grants	1,565	1,744
Deferred revenues	462	471
Deferred profits on sale-and-leaseback transactions	43	55
Other	245	245
Total	**2,315**	**2,515**
Non-current share	1,657	1,895
Current share	658	620

The deferred Federal grants comprise mainly the interest benefit (difference between the nominal value and present value) attributable to the interest-free loans; this has developed as follows during the period under review:

— € million	2011	2010
As of Jan 1	1,537	1,789
Additions	0	0
Reclassifications	–2	–38
Amounts released	–172	–214
As of Dec 31	**1,363**	**1,537**

Of the figure shown for the reversal in the year under review, € 58 million (previous year: € 123 million) is attributable to the compensation for the compounding amount of the present value of interest-free loans granted by the Federal Government; a further figure of € 30 million is attributable to the changed method used for the reversal of accruals. The remainder is attributable to the release of amortized deferrals relating to premature one-off repayments at the present value in 1999, 2004 and in 2011.

With regard to the income from the reversal of accruals, please refer to the comments in the section "Comparability with the previous year."

Deferred revenues constitute that part of compensation which is attributable to the period after the balance sheet date.

The deferred profits on sale-and-leaseback transactions relate to concourse buildings of various stations with the related retail premises as well as rolling stock.

Notes to the cash flow statement

The cash flow statement shows the changes in cash and cash equivalents in the year under review, and was prepared in accordance with IAS 7 (Cash Flow Statements). The cash flows are broken down into operating activities, investing activities and financing activities. The indirect method has been used for showing cash flow from operating activities.

Interest income and interest payments, dividend income as well as tax payments are stated under operating activities.

Cash and cash equivalents include the cash and cash equivalents stated in the balance sheet with a residual maturity of less than three months (cash in hand, cash deposited with the Bundesbank, cash at banks and checks as well as securities).

CASH FLOW FROM OPERATING ACTIVITIES

The cash flow from operating activities is calculated by adjusting the net profit for the period before taxes by items which are not cash-effective (in particular additions to and reversals of other provisions) and by other changes in non-current assets and liabilities (excluding financial debt). The cash flow from operating activities is then established after due consideration is given to interest and tax payments.

The cash flow from operating activities was virtually unchanged compared with the previous year. This is due to a considerable increase in profit before taxes (€ +459 million) and a reduced increase (compared with the previous year) in trade receivables and derivative financial instruments as well as, on the other hand, a reduced increase in trade liabilities and higher utilization of other provisions.

The decline in non-cash-effective income compared with the previous year is mainly attributable to lower income from the reversal of other provisions; the non-cash-effective expenses declined as a result of much lower additions to the other provisions.

In the year under review, tax refunds attributable to other periods resulted in an increase in refunded taxes on income.

CASH FLOW FROM INVESTING ACTIVITIES

The cash flow from investing activities is calculated as the inflow of funds attributable to the disposal of property, plant and equipment and intangible assets as well as investment grants, and the outflow of funds for capital expenditures in property, plant and equipment and intangible assets as well as non-current financial assets.

Inflows of funds attributable to investment grants are shown under investing activities, because there is a close relationship between investment grants which are received and the outflows of funds for capital expenditures in property, plant and equipment.

Despite the 9% increase in outflows for capital expenditures in property, plant and equipment, the much lower outflow of cash from investing activities is mainly due to the decline in the outflows for the acquisition of shares in consolidated companies (in the period under review: € 16 million for the acquisitions Jean Heck and Grand Central; in the previous year € 1,622 million mainly for the acquisition of Arriva). In addition, higher inflows from the sale of intangible assets (and in particular from the sale of Arriva Germany Group) as well as a slight increase in net inflows from investment grants resulted in higher cash inflows compared with the previous year.

When changes take place in the scope of consolidation as a result of the acquisition or sale of companies, the acquisition price which is paid (excluding any liabilities which are transferred) less the acquired or sold financial resources are stated as cash flow from investing activities. The other effects of the acquisition or sale on the balance sheet are eliminated in the corresponding items of the three categories.

With regard to the share swap transaction not shown in the cash flow statement, please refer to Notes (15) and (17).

CASH FLOW FROM FINANCING ACTIVITIES

The cash flow from financing activities is due to the net inflows and outflows attributable to issued bonds, bank loans and other loans which have been raised as well as inflows attributable to the raising of and/or outflows for the redemption of Federal loans.

The considerable increase in the outflow of cash from financing activities is mainly due to the distribution of profit (€ 500 million) to the Federal Government, the net decline in inflows from the issuing and repayment of bonds and the increased repayment of loans (ahead of schedule) of the Federal Government in conjunction with a significantly higher net inflow from the raising of borrowings resulting from reduced repayment of bank loans compared with the previous year.

Notes to the segment report

Segment reporting of DB Group has been prepared in accordance with IFRS 8 (Operating Segments). The operating segments of DB Group result from the aggregation of fully consolidated legal entities; these legal entities have been allocated to specific segments on the basis of the company-specific operational performance on a defined market. The Management Board of the Group takes its decisions and carries out economic analyses as well as appraisals at the level of the operating segments ("management approach").

The allocation of legal entities to operating segments in external accounting is consistent with the allocation in internal management reporting. This means that the management and legal structure of DB Group are coincident. As a result of this allocation principle, there are no partial balance sheets or partial income statements within a legal entity which are allocated to different segments.

In this connection, management reporting is addressed to the Group Management Board in its function as the primary decision maker. Management reporting in DB Group is based on the accounting principles in accordance with IFRS. With regard to reconciling the segment data with the corresponding corporate data, it is accordingly mainly necessary to take account of consolidation effects. For this reason, a consolidation column is used for reconciliation purposes. The operations of the business segments are covered in the reporting format in line with the corporate and organizational structure of DB Group. The main regions covered by DB Group are detailed in the segment information based on regions.

DB Group uses the following segments:

::: DB Bahn Long-Distance

This segment comprises all cross-regional rail transport operations and other rail passenger transport services. Most of these transport services are provided in Germany.

::: DB Bahn Regional

The activities for the German transport and general services in regional rail and road local passenger transport are combined in the DB Bahn Regional segment. These activities also comprise the S-Bahn operations in Berlin and Hamburg.

The foreign companies are allocated to the DB Arriva segment starting in the 2011 financial year.

::: DB Arriva

All European local transport activities (rail and bus) outside Germany are pooled in the DB Arriva segment.

Starting in 2011, the international regional transport activities which previously were allocated to the DB Bahn Urban segment and the DB Bahn Regional segment have been transferred to the DB Arriva segment.

::: DB Schenker Rail

This segment pools the European activities for rail transport in freight transport services. It operates primarily in Germany, Denmark, the Netherlands, Italy, Great Britain, Poland and Spain.

::: DB Schenker Logistics

All global logistics activities of DB Group, which comprise freight forwarding, transport and other global goods and freight services, are operated in the DB Schenker Logistics segment.

::: DB Netze Track

This segment is responsible for installing, maintaining and operating the complete track-related rail infrastructure in Germany.

::: DB Netze Stations

This segment comprises the operation, development and marketing of passenger stations and retail facilities in stations in Germany.

::: DB Services

DB Services segment provides all types of services, mainly in the fields of transport, logistics, information technology and telecommunications. The companies in this segment mainly render their services within the Group.

::: Subsidiaries/Other

DB AG and DB ML AG with their numerous management, financing and service functions in their capacity as the management holdings of DB Group are shown in this segment. In addition, this segment also comprises DB Energie GmbH, DB ProjektBau GmbH and the other subsidiaries and remaining activities.

::: Consolidation
The data concerning the segments are shown after intra-segment relations have been eliminated. The transactions between the segments (inter-segment relations) are eliminated in the column "Consolidation."

::: Reconciliation
The income and expenses detailed on the basis of operating segments in the segment information are adjusted by issues which are of an exceptional nature. A general adjustment is recognized in the amount of the depreciation on long-term customer agreements, which have been capitalized as part of the purchase price allocation process or company acquisitions. An adjustment is also recognized if an individual issue is of an exceptional and non-operational nature and if the extent of the impact on earnings is significant. These special items are shown separately in the column headed "Reconciliation special items."

Segment reporting is based on the management parameters which are used for internal management of the operating segments. These parameters form the basis of the value-oriented management concept (see section "Capital management in DB Group").

The external revenues and external other income consist exclusively of income generated by the segments with parties who are external to the Group. The internal revenues and internal other income show the income with other segments (inter-segment income). Market prices are used for establishing the transfer prices for internal transactions.

EBITDA (earnings before Interest, taxes, depreciation and amortization) is used for assessing the purely operational profitability of the operating segments. It does not include any costs of capital employed in the form of depreciation and interest. Accordingly, EBITDA is not influenced by segment-specific financing structures and long-term investment cycles (in particular in the infrastructure segments), as depreciation is incurred sooner than the positive returns generated by these investments. EBITDA thus has the character of pre-tax cash flow.

On the other hand, EBIT additionally comprises depreciation recognized in relation to fixed assets (property, plant and equipment and intangible assets). EBIT is the result generated by operations which is available for meeting the return requirements of the providers of capital.

The financing costs which are incurred as a result of the (in certain cases) very high amounts of capital tied up in the operating segments of DB Group (particularly in the infrastructure segments) are also relevant for a long-term assessment of results. This is the reason why operational net interest income is additionally taken into consideration in the parameter "operating profit after interest."

The capital employed also has to be taken into consideration in addition to the above-mentioned parameters for internal management of the operating segments. The capital employed comprises the essential capital which is used by providers of equity and providers of debt and for which interest has to be paid.

Net financial debt is defined as the balance of interest-bearing external liabilities and finance lease liabilities as well as liquid assets and interest-bearing external receivables. The net financial debt of the segments also comprises the receivables and liabilities attributable to Group financing and internal finance leasing within the Group.

The gross capital expenditures consist of all investments in property, plant and equipment and intangible assets. Net capital expenditures are calculated by deducting the participation of third parties in the financing of specific investment projects (essentially investment grants of the Federal Government and the Federal states).

Additions from changes in the scope of consolidation are shown as part of total segment capital expenditures, and comprise exclusively the capital expenditures in property, plant and equipment and intangible assets, including the goodwill acquired as part of company acquisitions or included in the consolidated financial statements for the first time.

The number of employees comprises the workforce, excluding trainees, at the end of the reporting period; part-time employees have been converted to full-time employees.

The segments are subject to the same accounting principles which are described in the section "Basic principles and methods" and which are applicable for the remainder of the consolidated financial statements. Internal segment transactions within the Group are generally conducted on an arm's length basis.

EXPLANATIONS CONCERNING THE INFORMATION ACCORDING TO REGIONS

External revenues are stated on the basis of the registered offices of the Group company providing the service.

Non-current assets are allocated on the basis of the location of the company. The contents are determined in accordance with segment reporting. The non-current assets comprise intangible assets, property, plant and equipment as well as non-current receivables and other assets (excluding financial instruments, deferred tax assets, rights from insurance policies as well as assets in conjunction with benefits after termination of the employment agreement).

INFORMATION CONCERNING MAJOR CLIENTS

In the year under review and the previous year, no single customer accounted for more than 10 % of overall revenues at DB Group.

Risk management and derivative financial instruments

MANAGEMENT OF FINANCIAL AND ENERGY PRICE RISKS

As a logistics group with international operations, DB Group is exposed to financial risks in the form of changes in interest rates and exchange rates. In addition, there are also energy price risks on the procurement side as a result of fluctuations in the prices of diesel fuel and electricity. One of the aspects of corporate policy is to actively manage and thus limit these risks by means of the use of derivative financial instruments.

DB AG with its central Group Treasury is responsible for all financing and hedging transactions of DB Group. It cooperates with the subsidiaries to identify, evaluate and control financial and energy price risks. At regular intervals, the Management Board is informed of major financial risks and receives a schedule of all financial instruments as well as information on the impact on results and the balance sheet. Speculative transactions are not eligible. An ongoing market and risk valuation is carried out within risk management.

The Management Board of DB AG has defined principles for risk management. The guidelines for Group financing and for the internal control system contain binding rules for the use of derivative financial instruments for managing interest rate and foreign exchange risks and the risks of energy price changes, as well as the procedure for dealing with related counterparty default risks. In the structure and procedure organization, there is a clear functional and organizational segregation between scheduling and trading on the one hand (front office) as well as settlement and monitoring on the other (back office). Group Treasury operates on the global financial markets using the minimum requirements applicable for risk management (Mindestanforderungen an das Risikomanagement; MaRisk) of the banks prepared by the Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht; BaFin), and is subject to regular internal and external control.

Derivative financial instruments are used exclusively for hedging interest, currency and energy price risks. All individual transactions correspond to on-balance-sheet or anticipated underlyings (for instance bonds, purchases of diesel fuel and electricity). The aim is to achieve qualification as an effective hedge in accordance with IAS 39.

INTEREST RATE RISKS

In line with the length of time that assets are tied up, the financial requirement is covered mainly by issuing long-term and fixed-interest bonds. Interest rate management comprises a comparatively low amount of variable interest for optimizing interest costs. Interest rate derivatives such as interest rate swaps, caps, floors and collars are used for managing the fixed-floating ratio.

In accordance with IFRS 7, existing interest rates are detailed by means of a sensitivity analysis which investigates the effects of theoretical changes in market interest rates on results and shareholders' equity.

The sensitivity analysis which has been carried out has taken account of the following financial instruments:

- Derivatives designated in cash flow hedges (interest hedges and cross-currency hedges) have an impact on the hedge reserve in shareholders' equity and are therefore taken into consideration in the sensitivity calculations relating to shareholders' equity.
- Financial instruments with a variable return have an impact on net interest income. This is applicable to variable-income cross-currency swaps as well as variable-rate loans/finance leases.
- Cash at banks and current borrowings/deposits with banks have an impact on net interest income.

If the level of market interest rates for the exposure had been 100 basis points higher (lower) as of the balance sheet date, the result would have been affected as follows:

	CHANGES IN MARKET LEVEL OF INTEREST RATES			
	2011		2010	
— € million	+100 BP [1]	–100 BP [1]	+100 BP [1]	–100 BP [1]
Impact on comprehensive income	–17	+18	–13	+15
thereof recognized in the statement of income	–12	+12	–1	+1
thereof covered directly in equity	–5	+6	–12	+14

[1] Basis points.

FOREIGN CURRENCY RISKS

The foreign currency risks are attributable to financing measures and operating activities.

In order to avoid interest rate and foreign currency risks, the foreign currency bonds issued within the framework of Group financing are converted into euro liabilities by means of cross-currency swaps. However, it is not necessary for such bonds to be converted in individual cases if there is a guarantee that the bond can be serviced out of inflows of foreign currency payments.

Group Treasury extends loans to foreign subsidiaries in their functional currency. These positions are normally hedged with the aid of derivative financial instruments.

We have international operations with our activities in the Transport and Logistics division, and are thus exposed to operational exchange rate risks. In order to minimize these risks, the subsidiaries take out internal foreign exchange transactions with Group Treasury and hedge all major foreign currency positions in their functional currency. Group Treasury in turn hedges its open foreign currency positions by way of opposite transactions on the financial markets. In exceptional cases and to a limited extent, subsidiaries are permitted to hedge foreign currency positions with banks themselves.

In order to present foreign currency risks, IFRS 7 requires a sensitivity analysis which investigates the effects of theoretical changes in foreign currency relations on result and shareholders' equity.

The currency sensitivity analysis is based on the following assumptions:

- The cross-currency swaps which are concluded and the current currency transactions are always allocated to original underlyings.
- All major foreign currency positions arising from operating activities are always 100 % hedged. If exchange rate changes are 100 % hedged, they do not have any impact on results or capital.
- Foreign currency risks can only occur if a 100 % hedge does not exist in justified exceptional cases; for instance if a conservative estimate is made for hedge volumes for anticipated foreign currency cash flows in order to avoid overhedging.
- On-balance-sheet foreign currency risks may result from energy price hedging which is not denominated in the respective functional currency.

If the following foreign currencies for currency hedges had weakened (or strengthened) by 10 % as of the balance sheet date, the result would have been affected as follows:

	APPRECIATION OF FOREIGN CURRENCY BY			
	2011		2010	
— € million	+10 %	–10 %	+10 %	–10 %
GBP	+23	–28	–4	+5
CHF			–3	+4
DKK			–2	+2
TRY	–1	+1		
USD	–1	+1		

DB Group has numerous equity investments in foreign subsidiaries, whose net assets are exposed to a translation risk. This translation risk is not perceived to be a foreign currency risk for the purposes of IFRS 7, and is not hedged.

ENERGY PRICE RISKS

DB Group is one of the largest consumers of electricity in Germany. In addition, the Group also requires considerable volumes of diesel fuel. The high energy procurement volume and the volatility of electricity and mineral oil markets result in substantial earnings risks, which are continuously monitored.

The Energy Price Risk Management Committee (E-RMC) is responsible for managing and minimizing these risks; this committee is responsible for ensuring the implementation of the risk policy of DB Group specifically with regard to energy price risks. The E-RMC takes decisions with regard to specific hedging strategies and measures in which financial and energy derivatives are used.

Swaps relating to the commodities underlying the price formulae (coal and heating oil) are used as hedges for the risks of price changes for sourcing electricity. Diesel price risks are for instance limited by taking out diesel swaps (hybrid hedges of diesel price as well as currency risks and individual hedges of currency risks are possible in exceptional cases).

Energy price risks are quantified by means of sensitivity analyses in accordance with IFRS 7. These provide information concerning the effects of theoretical energy price changes on result and shareholders' equity (in relation to the balance sheet exposure on the balance sheet date).

The following assumptions have been made for performing the sensitivity analyses:

- In the case of energy price swaps, the effective part is recognized in shareholders' equity, and the ineffective part is recognized in the income statement.
- If options are used (collars), the intrinsic value constitutes the effective part of the hedge, so that the intrinsic value is shown in shareholders' equity. On the other hand, the fair value is not part of the hedge, and is shown in the income statement.

If the energy prices at the end of the year had been 10 % lower (or higher), the result would have been affected as follows:

	CHANGE IN MARKET PRICES			
	2011		2010	
— € million	+10 %	−10 %	+10 %	−10 %
Impact on comprehensive income	+126	−126	+89	−89
thereof recognized in the statement of income	−1	+1	+1	−1
Diesel	−1	+1	+1	−1
Coal	+0	+0	+0	+0
HSL	+0	+0	+0	+0
thereof covered directly in equity	+127	−127	+88	−88
Diesel	+107	−107	+73	−73
Coal	+12	−12	+9	−9
HSL	+8	−8	+6	−6

COUNTERPARTY DEFAULT RISK OF INTEREST, CURRENCY AND ENERGY DERIVATIVES

Counterparty default risk is defined as possible losses due to the default of counterparties ("worst-case scenario"). It represents the replacement costs (at market values) of the derivative financial instruments for which DB Group has claims against contract partners. The counterparty default risk is monitored and actively managed by way of strict requirements relating to the creditworthiness of the counterparty at the point at which the transactions are concluded and also throughout the entire life of the transactions, and also by way of defining risk limits.

The maximum counterparty default risk resulting from the derivative financial instruments as of the reporting date is € 451 million (previous year: € 375 million).

The increase in the counterparty default risks compared with the previous year is mainly attributable to the development in value of the cross-currency swaps and the energy price derivatives.

The maximum individual risk – default risk in relation to individual contract partners – is € 129 million, and exists in relation to a bank with a Moody's rating of Aa3. For transactions with terms of more than one year, all banks which are exposed to a counterparty default risk have at least a Moody's rating of Baa1.

LIQUIDITY RISK

Liquidity management involves maintaining adequate liquid assets, constantly checking the commercial paper market for ensuring adequate market liquidity and depth and the constant availability of financial resources via guaranteed credit facilities of banks (see Note (28)).

The following table shows the contractually agreed undiscounted interest payments and redemption payments relating to the original financial liabilities as well as the derivative financial instruments with a positive and negative fair value of DB Group:

Maturity analysis of financial liabilities

As of Dec 31, 2011 — € million	2012 Fixed/variable interest	2012 Redemption	2013 Fixed/variable interest	2013 Redemption	2014–2016 Fixed/variable interest	2014–2016 Redemption	2017–2021 Fixed/variable interest	2017–2021 Redemption	2022 FF. Fixed/variable interest	2022 FF. Redemption
NON-DERIVATIVE FINANCIAL LIABILITIES										
Federal loans	9	385	–	220	–	659	–	907	–	468
Bonds	481	652	448	750	1,184	2,733	1,026	7,270	108	1,092
Commercial paper	–	202	–	–	–	–	–	–	–	–
Bank borrowings	20	116	19	26	53	422	45	26	6	400
EUROFIMA loans	43	434	37	–	53	519	40	200	–	–
Finance lease liabilities	70	192	47	452	92	388	57	135	117	103
Other financial liabilities	–	9	–	–	–	–	–	–	–	–
Trade liabilities	–	4,312	–	45	–	104	–	151	–	–
Other miscellaneous liabilities	–	3,004	–	13	–	24	–	13	–	–
DERIVATIVE FINANCIAL LIABILITIES (NET/GROSS SETTLED)										
Interest/currency derivatives connected with cash flow hedges	91	162	86	366	185	706	154	1,477	–	–
Interest derivatives not connected with hedges	–	–	–	–	–	–	–	–	–	–
Interest derivatives connected with cash flow hedges	–	–	–	–	–	–	–	–	–	–
Currency derivatives connected with cash flow hedges	–	1,398	–	–	–	–	–	–	–	–
Currency derivatives not connected with hedges	–	367	–	1	–	1	–	–	–	–
Energy prices derivatives	3	–	2	–	2	–	–	–	–	–
DERIVATIVE FINANCIAL ASSETS (GROSS SETTLED)										
Interest/currency derivatives connected with cash flow hedges	36	139	32	55	50	804	7	56	–	–
Interest derivatives not connected with hedges	–	–	–	–	–	–	–	–	–	–
Interest derivatives connected with cash flow hedges	–	–	–	–	–	–	–	–	–	–
Currency derivatives connected with cash flow hedges	–	532	–	19	–	13	–	–	–	–
Currency derivatives not connected with hedges	–	205	–	1	–	–	–	–	–	–
Energy prices derivatives	–	–	–	–	–	–	–	–	–	–

As of Dec 31, 2011 — € million	2012 Fixed/variable interest	2012 Redemption	2013 Fixed/variable interest	2013 Redemption	2014–2016 Fixed/variable interest	2014–2016 Redemption	2017–2021 Fixed/variable interest	2017–2021 Redemption	2022 FF. Fixed/variable interest	2022 FF. Redemption
VOLUNTARY INFORMATION ABOUT DERIVATIVES										
DERIVATIVE FINANCIAL ASSETS (NET SETTLED)										
Interest/currency derivatives connected with cash flow hedges	–	–	–	–	–	–	–	–	–	–
Interest derivatives not connected with hedges	–	–	–	–	–	–	–	–	–	–
Interest derivatives connected with cash flow hedges	–	–	–	–	–	–	–	–	–	–
Currency derivatives connected with cash flow hedges	–	–	–	–	–	–	–	–	–	–
Currency derivatives not connected with hedges	–	–	–	–	–	–	–	–	–	–
Energy prices derivatives	–76	–	–41	–	–56	–	–2	–	–	–
INFLOW OF FUNDS FROM DERIVATIVE FINANCIAL INSTRUMENTS (GROSS SETTLED)										
Interest/currency derivatives connected with cash flow hedges	–90	–307	–81	–410	–163	–1,616	–89	–1,628	–	–
Interest derivatives not connected with hedges	–	–	–	–	–	–	–	–	–	–
Interest derivatives connected with cash flow hedges	–	–	–	–	–	–	–	–	–	–
Currency derivatives connected with cash flow hedges	–	–1,933	–	–21	–	–15	–	–	–	–
Currency derivatives not connected with hedges	–	–571	–	–2	–	–1	–	–	–	–
Energy prices derivatives	–	–	–	–	–	–	–	–	–	–
FINANCIAL WARRANTIES	–	195	–	–	–	–	–	–	–	–

Maturity analysis of financial liabilities

	2011		2012		2013–2015		2016–2020		2021 FF.	
As of Dec 31, 2010 — € million	Fixed/variable interest	Redemption	Fixed/variable interest	Redemption	Fixed/variable interest	Redemption	Fixed/variable interest	Redemption	Fixed/variable interest	Redemption
NON-DERIVATIVE FINANCIAL LIABILITIES										
Federal loans	18	439	9	431	–	799	–	1,213	–	974
Bonds	475	1,371	419	645	1,076	1,980	1,119	6,302	154	1,600
Commercial paper	0	42	–	–	–	–	–	–	–	–
Bank borrowings	26	157	23	84	59	63	55	433	16	407
EUROFIMA loans	42	–	42	434	83	519	40	–	8	200
Finance lease liabilities	75	145	67	196	108	703	64	271	108	109
Other financial liabilities	–	11	–	–	–	3	–	3	–	–
Trade liabilities	–	4,286	–	33	–	88	–	156	–	–
Other miscellaneous liabilities	–	3,109	–	21	–	12	–	17	–	–
DERIVATIVE FINANCIAL LIABILITIES (NET/GROSS SETTLED)										
Interest/currency derivatives connected with cash flow hedges	95	904	66	118	150	577	176	1,141	–	–
Interest derivatives not connected with hedges	–	–	–	–	–	–	–	–	–	–
Interest derivatives connected with cash flow hedges	2	–	2	–	6	–	4	–	0	–
Currency derivatives connected with cash flow hedges	–	471	–	–	–	–	–	–	–	–
Currency derivatives not connected with hedges	–	325	–	6	–	1	–	–	–	–
Energy prices derivatives	20	–	2	–	1	–	–	–	–	–
DERIVATIVE FINANCIAL ASSETS (GROSS SETTLED)										
Interest/currency derivatives connected with cash flow hedges	29	226	21	93	40	405	9	54	–	–
Interest derivatives not connected with hedges	–	–	–	–	–	–	–	–	–	–
Interest derivatives connected with cash flow hedges	–	–	–	–	–	–	–	–	–	–
Currency derivatives connected with cash flow hedges	–	791	–	–	–	–	–	–	–	–
Currency derivatives not connected with hedges	–	175	–	6	–	1	–	–	–	–
Energy prices derivatives	–	–	–	–	–	–	–	–	–	–

As of Dec 31, 2010 — € million	2011		2012		2013–2015		2016–2020		2021 FF.	
	Fixed / variable interest	Redemption	Fixed / variable interest	Redemption	Fixed / variable interest	Redemption	Fixed / variable interest	Redemption	Fixed / variable interest	Redemption
VOLUNTARY INFORMATION ABOUT DERIVATIVES										
DERIVATIVE FINANCIAL ASSETS (NET SETTLED)										
Interest / currency derivatives connected with cash flow hedges	–	–	–	–	–	–	–	–	–	–
Interest derivatives not connected with hedges	–	–	–	–	–	–	–	–	–	–
Interest derivatives connected with cash flow hedges	–	–	–	–	–	–	–	–	–	–
Currency derivatives connected with cash flow hedges	–	–	–	–	–	–	–	–	–	–
Currency derivatives not connected with hedges	–	–	–	–	–	–	–	–	–	–
Energy prices derivatives	50	–	37	–	57	–	8	–	–	–
INFLOW OF FUNDS FROM DERIVATIVE FINANCIAL INSTRUMENTS (GROSS SETTLED)										
Interest / currency derivatives connected with cash flow hedges	-100	-1,111	-56	-205	-115	-1,044	-98	-1,248	–	–
Interest derivatives not connected with hedges	–	–	–	–	–	–	–	–	–	–
Interest derivatives connected with cash flow hedges	–	–	–	–	–	–	–	–	–	–
Currency derivatives connected with cash flow hedges	–	-1,259	–	–	–	–	–	–	–	–
Currency derivatives not connected with hedges	–	-498	–	-12	–	-1	–	–	–	–
Energy prices derivatives	–	–	–	–	–	–	–	–	–	–
FINANCIAL WARRANTIES	–	194	–	–	–	–	–	–	–	–

This includes all instruments which were held at the end of 2011 and for which payments had already been agreed. Foreign currency amounts have been translated using the spot rate applicable as of the reference date. The variable interest payments attributable to the financial instruments have been calculated on the basis of the interest rates applicable on December 31, 2011 (previous year on December 31, 2010). Financial liabilities which can be repaid at any time are allocated to the earliest possible time segment.

The financial liabilities are opposed by cash and cash equivalents of € 1,703 million, consisting of positive account balances (50 %) and current fixed-term deposits (50 %).

Other disclosures

(35) CONTINGENT RECEIVABLES AND LIABILITIES AS WELL AS GUARANTEE OBLIGATIONS

Contingent receivables were stated as € 51 million as of December 31, 2011 (as of December 31, 2010: € 76 million), and mainly comprise a claim for a refund of investment grants which had been paid; however, as of the balance sheet date, the extent and due date of the claim was not sufficiently certain. The decline is attributable to the realization of an insurance claim.

The contingent liabilities are broken down as follows:

— € million	Dec 31, 2011	Dec 31, 2010
Contingent liabilities from		
Issuance and transfer of bills	0	1
Provisions of collateral for third-party liabilities	0	0
Provision of warranties	1	2
Other contingent liabilities	99	93
Total	**100**	**96**

Other contingent liabilities also comprise risks arising from litigation which had not been stated as provisions because the expected probability of occurrence is less than 50 %.

There are also contingencies of € 137 million from guarantees as of December 31, 2011 (as of December 31, 2010: € 188 million). In addition, fixed assets with carrying amounts of € 223 million (as of December 31, 2010: € 196 million) were used as collateral for loans, including the loans of EUROFIMA extended to DB AG; this relates mainly to rolling stock and buses used at the operating companies in the segments DB Arriva and DB Bahn Long-Distance.

Cartel authorities have been investigating freight forwarding companies worldwide since the autumn of 2007. On September 30, 2010, the US Department of Justice (DOJ) concluded plea agreements with Schenker AG and BAX Global Inc. for terminating the cartel proceedings pending in the USA. The plea agreements were approved by the relevant US court on December 9, 2011. The court has ordered special reporting obligations to the DOJ for the next two years in relation to the measures taken by DB Schenker Logistics with regard to cartel law compliance and also for the case that further proceedings are initiated in the USA. This means that the US cartel proceedings have been concluded in a legally binding manner. A class action for damages in the USA was settled for the companies of DB Group in return for the payment of USD 8.75 million and in return for the promise of various cooperation services – subject to the court approval which is still outstanding. In the proceedings before the EU Commission, a decision still has to be taken following the hearing in July 2010. In August 2010, the Spanish cartel authority imposed its fine decisions on several freight forwarding companies on the grounds of collusions in the field of land freight. A fine of € 1.662 million was imposed on Spain-Tir. Proceedings of further cartel authorities have since been suspended or terminated. Not all cartel authority proceedings are expected to be concluded before the end of 2012.

DB Group acts as guarantor mainly for equity participations and joint ventures, and is subject to joint and several liability for all syndicates in which it is involved.

(36) OTHER FINANCIAL OBLIGATIONS

The other financial obligations amounted to € 18,632 million as of December 31, 2011 (as of December 31, 2010: € 13,088 million).

Capital expenditures in relation to which the company has entered into contractual obligations as of the balance sheet date, but for which no consideration has yet been received, are broken down as follows:

— € million	Dec 31, 2011	Dec 31, 2010
Committed capital expenditures		
Property, plant and equipment	12,501	7,181
Intangible assets	3	3
Outstanding capital contributions	387	376
Total	**12,891**	**7,560**

The increase in the order commitment in property, plant and equipment is essentially attributable to the orders placed for new vehicles – and in particular ICx trains – as well as an increase in the contracted investment volume resulting from the company's own construction services, particularly in connection with the Stuttgart 21 building project. In the case of some supply arrangements, there are independent admissions of guilt with regard to fulfilling the order commitment; these are opposed by claims of the same amount, backed by bank guarantees and insurance policies with maximum ratings.

Of the figure shown for outstanding contributions, € 387 million (as of December 31, 2010: € 376 million) relates to outstanding contributions at EUROFIMA which have not been called in. Various companies in DB Group have leased assets, e.g. property, buildings, technical equipment, plant and machinery as well as operational and business equipment within the framework of operating lease agreements.

The terms of the future minimum payments arising from operating lease agreements are set out in the following table:

	NOMINAL VALUES	
— € million	2011	2010
Less than 1 year	1,220	1,139
1 – 2 years	871	790
2 – 3 years	666	659
3 – 4 years	537	513
4 – 5 years	476	430
More than 5 years	1,971	1,997
Total	**5,741**	**5,528**

The slight increase reflects the expansion of the business in the DB Schenker Logistics segment.

(37) INFRASTRUCTURE AND TRANSPORT CONTRACTS

The following notes and information refer to the requirements of SIC-29 (Disclosure – Service Concession Arrangements).

Infrastructure contracts

The main rail infrastructure companies of DB Group are DB Netz AG, DB Station & Service AG and DB Energie GmbH.

On the basis of section 6 of the General Railways Act (Allgemeines Eisenbahngesetz, AEG), the rail infrastructure companies which operate track, control and security systems or platforms require approval for such operations. This is applicable particularly for DB Netz AG and DB Station & Service AG, whose approvals are valid until the end of December 31, 2048.

The rights of the rail infrastructure companies to operate the rail infrastructure is connected to various obligations. They are required in particular to manage their operations safely, construct the rail infrastructure in a safe manner and ensure that it is maintained in a safe condition (section 4 (1) AEG). With regard to compliance with this regulation, the rail infrastructure companies of DB Group are regulated by the EBA.

In addition, the rail infrastructure companies also have to observe statutory duties with regard to noise abatement in the case of any new and expansion projects. DB Group voluntarily participates in the “Rail noise abatement program” for existing lines.

The rail infrastructure companies provide non-discriminatory access to the rail infrastructure in accordance with sections 14 et seq. AEG, and charge the train operating companies for this access. The charges of DB Netz AG and DB Station & Service AG must comply with the requirements of the AEG and Rail Infrastructure Utilization Ordinance (Eisenbahninfrastruktur-Benutzungsverordnung; EIBV); in accordance with the decision of November 9, 2010, DB Energie GmbH is obliged to have its charges for the use of traction power lines approved in accordance with the Energy Industry Law (Energiewirtschaftsgesetz; EnWG). The initial approval procedure is still ongoing.

In the year under review, DB Netz AG, DB Station & Service AG as well as DB Energie GmbH generated overall revenues of € 8,299 million (previous year: € 7,803 million); of this figure, € 2,284 million (previous year: € 1,910 million) was generated with external customers.

The assets of the rail infrastructure are the legal and economic property of the companies.

Transport contracts

Service licenses and similar approvals which guarantee the general public access to important economic and public facilities have been granted to companies in DB Group. This is applicable particularly for DB Regio AG as well as its subsidiaries which conduct regional rail passenger operations.

DB Regio AG and its subsidiaries provide transport services on the basis of ordered-service contracts. These so-called “transport contracts for local passenger transport services” are signed with the organization which orders the transport services (e.g. Federal states, special-purpose association, local transport company); these contracts determine the way in which the transport service is provided and continued, and also governs the relevant compensation (concession fees) paid for the transport services.

The funds necessary for this purpose are made available to the Federal states by the Federal Government in accordance with the regulations of the Regionalization Act (Regionalisierungsgesetz; RegG). The concession fees received by the subsidiaries of the segment DB Bahn Regional amounted to a total of € 4,276 million in the year under review (previous year: € 4,263 million) (see Note (1)).

The transport contracts usually run for periods of between 8 and 15 years. In the year under review, the fact that most domestic transport agreements include a provision for the concession fees to increase by 1.5 % p. a., as well as revenues attributable to final settlements of previous years and successful quality improvements could not compensate for the effects of tender losses and loss of margins as well as performance cuts of the ordering organizations in the year under review.

In addition, there are similar transport contracts with international ordering organizations in the segment DB Arriva, with a volume of € 328 million (previous year: € 107 million) (see Note (1)).

The overall number of secured transport contracts will remain constant until the end of 2014; 80 % of the transport agreements are due to run until at least 2016, 50 % are due to run until at least 2018; and one-third is due to run until at least 2021. The transport contracts can only be terminated by the ordering organization during the term of the contract for a compelling reason. After the transport contracts have expired, it is expected that the transport services will be put out to tender.

The companies enjoy legal and beneficial ownership of virtually all of the assets necessary for providing the services, and in particular the rolling stock. No special obligations exist after the end of the contract term.

(38) RELATED-PARTY DISCLOSURES

The following parties are deemed to be related parties of DB Group in accordance with IAS 24 (Related-Party Disclosures):

- the Federal Government in its capacity as the owner of all shares in DB AG,
- the companies or enterprises subject to the control of the Federal Republic of Germany (referred to in the following as “Federal companies”),
- affiliated non-consolidated and associated companies as well as joint ventures of DB Group, as well as
- the members of the Management Board and the Supervisory Board of DB AG and their close relatives.

Transactions with related parties are conducted on an arm’s length basis.

The figures attributable to related companies and persons are stated under the corresponding items of the "Notes to the Balance Sheet" with the designation "thereof." Individual figures are set out in the Notes (19), (28) and (29).

Details and explanations of transactions between DB Group and the Federal Republic of Germany are included in the Notes (3), (5), (9), (13), (32), (36) and (37).

Significant economic relations which need to be reported separately between DB Group and related companies and persons are explained in the following:

Relationships with the Federal Republic of Germany

— € million	FEDERAL GOVERNMENT 2011	2010
SERVICES RECEIVED BY DB GROUP		
Purchase of goods and services	1,712	1,716
Lease and rental payment made	0	0
Licenses received	0	0
Investment grants received	4,396	4,316
Other income grants received	243	248
	6,351	**6,280**
SERVICES RENDERED BY DB GROUP		
Sale of goods and services	332	281
Sale of properties, buildings, track infrastructure and other assets	0	0
Lease and rental payments received	11	9
Other services rendered	110	118
Repayment of loans	1,225	478
Repayment of investment grants	120	67
Repayment of other income grants	1	2
	1,799	**955**
OTHER DISCLOSURES		
Unsecured receivables	78	88
Unsecured liabilities	2,387	3,307
Current total of guarantees received	2,023	3,200

Purchases of products and services mainly comprise the fees paid to the Federal Government within the framework of the pro forma billing of the allocated civil servants as well as cost refunds for staff secondments in the service provision field.

In 2011, the use of short-time working was only necessary to a very limited extent, and this facility was discontinued in mid-2011. DB AG received a figure of € 2 million from the German Federal Labor Office (Agentur für Arbeit) for short-time working benefit and the related social insurance contributions.

In 2011, the German Federal Labor Office refunded to DB AG subsidies of around € 22 million for which an application has been made in accordance with section 3 of the Semi-Retirement Act (Altersteilzeitgesetz; AltTZG) in conjunction with sections 4, 16 AltTZG. The claim to such payments is justified when a person is appointed to the position which has become free as a result of the semi-retirement arrangement.

With effect from January 1, 2009, DB AG and the Federal Government signed a performance and financing agreement (Leistungs- und Finanzierungsvereinbarung, LuFV) with a volume of € 2.5 billion p.a. until 2013; this agreement has fundamentally reformed the financing regime for the existing network. The purpose of this agreement is to ensure that the use of Federal funds is managed in a quality-oriented manner. The aim is to improve the plannability, efficiency and transparency of funding for maintaining the infrastructure. The Federal Government undertakes to pay € 2.5 billion per annum for carrying out replacement capital expenditures in the existing network; the contribution of DB AG is € 500 million per annum. DB Group guarantees the maintenance and sales of infrastructure, and is measured in terms of meeting the quality objectives and also providing supporting evidence for minimum replacement capital expenditures and minimum maintenance expenses (€ 1.0 billion to € 1.25 billion per annum). Stipulations of the LuFV regarding quality parameters were defined precisely or extended with effect from January 1, 2010. More precise details were also provided with regard to supporting evidence for investments and maintenance.

Further investment grants are provided in accordance with the Municipal Transport Financing Act (Gemeindeverkehrsfinanzierungsgesetz; GVFG) for measures of the transport program. Since January 1, 2011, investment grants have no longer been provided under the Transport Infrastructure Financing Act (Verkehrsinfrastrukturfinanzierungsgesetz; VIFGG).

DB AG has been approved funds of the European Union for infrastructure projects in the fields of trans-European networks (TEN) and for the regional development of transport infrastructure (EFRE).

The construction measures commenced under the economic programs I and II for improving quality in the infrastructure fields were continued or terminated in the year 2011.

The grants recognized in the income statement relate also to payments provided by the Federal Government for covering excessive burdens borne by DB Group as a result of operating and maintaining equal-height crossings with roads of all construction authorities.

Sales of products and services also comprise services for carrying severely disabled persons, conscripts and persons who are working on alternative military service and Bundeswehr traffic. The “journey home to visit family” service of DB Group was only utilized to a much reduced extent as a result of the decision of the Federal Government to discontinue “general conscription” as of July 1, 2011.

DB AG repaid to the Federal Government loans of € 968 million which had been extended by the Federal Government in accordance with the BSchwAG (nominal amount: € 1,224 million). The payments were made within the framework of the agreed annual standard repayment and as an early repayment of claims of the Federal Government for repayment.

The liabilities due to the Federal Government comprise the extended loans, which are shown here with their present values, and other liabilities of € 295 million (previous year: € 371 million).

The guarantees received from the Federal Government primarily relate to the loans received from EUROFIMA as well as the outstanding contributions and liabilities arising from collective liability of DB AG at EUROFIMA. The guarantees which have been received include a maximum commitment of € 1,153 million of the Federal Government for loans of EUROFIMA. The loan volume amounted to € 1,153 million as of the balance sheet date.

The following agreements were concluded with the Federal Government in the year under review:

Six new financing agreements were concluded for requirements plan projects in addition to the Adjustment Agreement 2011 (Anpassungsvereinbarung; APV). The Federal Government has financed a total of around € 573 million, and of this figure approximately € 23 million was attributable to the year 2011. The financing agreements are due to run until December 31, 2014 or until December 31, 2015. Financing is provided completely in the form of investment grants which do not have to be repaid.

For the years 2004 to 2008, DB AG has waived its entitlement to reimbursement of the costs for employees and assigned civil servants which it incurs as a result of the fact that employment contracts which were transferred to DB AG in accordance with section 14 (2) of the Deutsche Bahn Foundation Act (Deutsche Bahn Gründungsgesetz; DBGrG) cannot be terminated (see section 21 (5) and (6) DBGrG) although the personnel requirement of DB AG has diminished because of technical, operational and organizational measures. Starting in 2009, these claims will be settled by the Federal Government for the years 2009 to 2012 with an annual amount of around € 70 million in accordance with the regulations of section 21 (5) DBGrG. For the entire period, DB AG will receive a refund of around € 279 million.

Within this context, DB AG will repay Federal loans of around € 660 million, which were granted on the basis of the joint declaration regarding the extent of track infrastructure capital expenditures in the years 2001 to 2003 (trilateral agreement). In line with the agreements which have been reached, interest will be charged on the loan starting January 1, 2009, and, starting in the year 2009, the loan will be repaid to the Federal Government in four annual installments of around € 165 million each. The final installment was paid at the beginning of 2012.

Relations with Federal companies

Most of the transactions carried out in accordance with IAS 24 in the period under review and in the previous year period related to operations, and overall were of minor significance for DB Group. The resulting receivables or liabilities were almost completely settled as of the balance sheet date.

Business relations with Deutsche Telekom and Deutsche Post regarding the use of telecommunications and postal services have taken place to the usual extent.

Relations with affiliated non-consolidated companies, associates and joint ventures

In the year under review, DB Group purchased products and services worth € 153 million (previous year: € 123 million), mainly for purchasing passenger and freight transport services. At € 148 million (previous year: € 120 million), most of the total figure which has been reported is attributable to transactions with associates.

Interest payments of € 43 million (previous year: € 36 million) were also incurred in the year under review. This figure relates almost exclusively to interest payments for the loans extended by EUROFIMA. Please refer to the details under Note (28).

In the year under review, DB Group generated revenues of € 622 million (previous year: € 582 million) from sales of products and services. The revenues were generated mainly in the DB Schenker Rail segment and relate to revenues generated by transport services which were provided.

Guarantees totaling € 25 million (previous year: € 22 million) have been extended; of this figure € 24 million (previous year: € 22 million) was attributable to joint ventures. An equivalent volume of transactions with related companies was conducted in the previous year period.

Relations with the Management Board and Supervisory Board of DB AG

The following section sets out the transactions between DB Group and the members of the Management Board and the Supervisory Board, as well as the companies in which members of the Management Board or the Supervisory Board own a majority interest.

— € thousand	2011	2010
SERVICES RENDERED BY DB GROUP		
Sale of goods and services	19,311	16,386
Trade receivables as of Dec 31	492	782
SERVICES RECEIVED BY DB GROUP		
Sale of goods and services	78,087	61,323
Trade receivables as of Dec 31	4,968	7,229

The revenues of € 19,311 thousand (previous year: € 16,386 thousand) generated by DB Group (service provider) mainly comprise transport and freight forwarding services of DB Schenker Rail and DB Schenker Logistics segments; of this figure, € 2,637 thousand (previous year: € 1,666 thousand) was generated with the SMS GmbH Group, and € 16,655 thousand (previous year: € 14,714 thousand) was generated with the Georgsmarienhütte Holding GmbH Group.

The products and services purchased by DB Group (service recipient) comprise almost entirely supplies of Georgsmarienhütte Holding GmbH.

Compensation of the Management Board

— € thousand	2011	2010
Total compensation of the Management Board	10,781	14,362
Fixed	5,983	6,218
Variable	4,798	6,294
Severance payments including additional benefits	0	1,850
Payments from deferred compensation	0	0
Short-term	6,883	10,960
Long-term [1]	3,898	3,402
Compensation of former members of the Management Board	3,246	2,316
Retirement benefit obligations in respect of former members of the Management Board and their surviving dependants [2]	58,256	58,241

1) The figure for long-term compensation consists of retirement provisions (€ 2,848 thousand) and long-term incentives (€ 1,050 thousand).

2) Details of defined benefit obligations.

No loans and advances were extended to members of the Management Board in the year under review. Nor did the company take on any contingencies for the benefit of members of the Management Board.

Compensation of the Supervisory Board

— € thousand	2011	2010
Total compensation of the Supervisory Board	1,008	808
thereof short-term	1,008	808
thereof fixed	525	541
thereof variable	299	74
thereof attendance fees	35	33
thereof pecuniary advantage condition from travel benefits	51	41
thereof compensation for membership in Supervisory Boards/Advisory Boards of DB Group companies (including attendance fees)	98	119

No compensation was incurred for former members of the Supervisory Board and their surviving dependants. There are no pension obligations for former members of the Supervisory Board and their surviving dependants.

No loans and advances were extended to members of the Supervisory Board in the year under review. Nor did the company take on any contingencies for the benefit of members of the Supervisory Board.

Individual details as well as further details concerning the payments of the members of the Management Board and Supervisory Board are included in the Compensation report on pages 43 to 46 of the Annual Report.

(39) EVENTS AFTER THE BALANCE SHEET DATE

There have been no major events after the balance sheet date.

(40) EXEMPTION OF SUBSIDIARIES FROM THE DISCLOSURE REQUIREMENTS OF THE GERMAN COMMERCIAL CODE

The following subsidiaries intend to utilize the possibility of Section 264 (3) German Commercial Code (Handelsgesetzbuch; HGB) and not disclose their financial statements:

- A. Philippi GmbH, Quierschied
- AMEROPA-REISEN GmbH, Bad Homburg v. d. Höhe
- Anterist & Schneider GmbH, Saarbrücken
- Anterist + Schneider Automotive Service GmbH, Saarwellingen
- Anterist + Schneider Möbel-Logistik GmbH, Saarbrücken
- Autokraft GmbH, Kiel
- Bayern Express & P. Kühn Berlin GmbH, Berlin
- BBH BahnBus Hochstift GmbH, Paderborn
- BRN Busverkehr Rhein-Neckar GmbH, Ludwigshafen am Rhein
- BRN Stadtbus GmbH, Ludwigshafen am Rhein
- BRS Busverkehr Ruhr-Sieg GmbH, Meschede
- BVO Busverkehr Ostwestfalen GmbH, Bielefeld
- BVR Busverkehr Rheinland GmbH, Düsseldorf
- DB Akademie GmbH, Potsdam
- DB Busverkehr Hessen GmbH, Weiterstadt
- DB Dialog Telefonservice GmbH, Berlin
- DB Dienstleistungen GmbH, Berlin
- DB European Railservice GmbH, Dortmund
- DB FuhrparkService GmbH, Frankfurt am Main
- DB Gastronomie GmbH, Frankfurt am Main
- DB Intermodal Services GmbH, Mainz
- DB International GmbH, Berlin
- DB JobService GmbH, Berlin
- DB Kommunikationstechnik GmbH, Berlin
- DB Media & Buch GmbH, Kassel
- DB Mobility Logistics AG, Berlin
- DB ProjektBau GmbH, Berlin
- DB Rent GmbH, Frankfurt am Main
- DB Schenker BTT GmbH, Mainz
- DB Schenker Nieten GmbH, Freilassing
- DB Schenker Rail Automotive GmbH, Kelsterbach
- DB Schenker Rail Corridor Operations GmbH, Mainz
- DB Schenker Rail GmbH, Mainz
- DB Services Immobilien GmbH, Berlin
- DB Sicherheit GmbH, Berlin
- DB Stadtverkehr Bayern GmbH, Coburg
- DB Systel GmbH, Frankfurt am Main
- DB Vertrieb GmbH, Frankfurt am Main
- DB Zeitarbeit GmbH, Berlin
- DVA Deutsche Verkehrs-Assekuranz-Vermittlungs-GmbH, Bad Homburg
- ECO-Trucking GmbH, Coburg
- ELAG Emder Lagerhaus und Automotive GmbH, Emden
- ELSPED Speditions-Gesellschaft m.b.H., Hamburg
- EVAG Emder Verkehrs und Automotive Gesellschaft mbH, Emden
- EVB Handelshaus Bour GmbH, Landau in der Pfalz
- Friedrich Müller Omnibusunternehmen GmbH, Schwäbisch Hall
- H. Albrecht Speditions Gesellschaft mit beschränkter Haftung, Frankfurt am Main
- Haller Busbetrieb GmbH, Walsrode-Honerdingen
- Hanekamp Busreisen GmbH, Cloppenburg
- Heider Stadtverkehr GmbH, Heide
- Intertec GmbH, Landau in der Pfalz
- Intertec Retail Logistics GmbH, Landau in der Pfalz
- Inter-Union Technohandel GmbH, Landau in der Pfalz
- Karpeles Flight Services GmbH, Frankfurt am Main
- NVO Nahverkehr Ostwestfalen GmbH, Münster/Westfalen
- Omnibusverkehr Franken GmbH (OVF), Nuremberg
- ORN Omnibusverkehr Rhein-Nahe GmbH, Mainz
- RBO Regionalbus Ostbayern GmbH, Regensburg
- Regional Bus Stuttgart GmbH RBS, Stuttgart
- Regionalbus Braunschweig GmbH -RBB-, Brunswick
- Regionalverkehr Allgäu GmbH (RVA), Oberstdorf
- Regionalverkehr Kurhessen GmbH (RKH), Kassel
- Regionalverkehr Oberbayern Gesellschaft mit beschränkter Haftung, Munich
- RMV Rhein-Mosel Verkehrsgesellschaft mbH, Koblenz
- RVE Regionalverkehr Euregio Maas-Rhein GmbH, Aachen
- RVN Regionalverkehr Niederrhein GmbH, Wesel
- RVS Regionalbusverkehr Südwest GmbH, Karlsruhe
- Saar-Pfalz-Bus GmbH, Saarbrücken
- SBG SüdbadenBus GmbH, Freiburg im Breisgau
- Schenker (BAX) Europe Holding GmbH, Essen
- SCHENKER AIR TRANSPORT GmbH, Kelsterbach
- Schenker Aktiengesellschaft, Essen
- SCHENKER BETEILIGUNGS GmbH, Dortmund
- Schenker Deutschland AG, Frankfurt am Main
- SCHENKER INTERNATIONAL AKTIENGESELLSCHAFT, Essen
- Schenker NIGHT PLUS GmbH, Wülfrath
- Stinnes Beteiligungs-Verwaltungs GmbH, Essen
- Stinnes Immobiliendienst GmbH & Co. KG, Mülheim an der Ruhr
- Stinnes Logistics GmbH, Essen
- Südwest Mobil GmbH, Mainz
- TLS Transa Logistik & Service GmbH, Offenbach am Main
- TRANSA Spedition GmbH, Offenbach am Main
- Trilag Geschäftsführungs GmbH, Trier
- UBB Usedomer Bäderbahn GmbH, Heringsdorf
- Verkehrsgesellschaft mbH Untermain -VU-, Aschaffenburg
- Verkehrsgesellschaft Schleswig-Holstein mbH, Flensburg
- WB Westfalen Bus GmbH, Münster
- Weser-Ems Busverkehr GmbH (WEB), Bremen
- Zentral-Omnibusbahnhof Berlin GmbH, Berlin
- Zweite Kommanditgesellschaft Stinnes Immobiliendienst GmbH & Co., Mülheim an der Ruhr

(41) LIST OF SHAREHOLDINGS

The list of shareholdings is set out on the following pages. It does not include the companies from the acquired business of Arriva in Germany, because we do not have reliable information as a result of cartel law requirements. Information regarding Arriva Deutschland GmbH, Viechtach, and its subsidiaries is available in the Federal Gazette at www.ebundesanzeiger.de.

List of shareholdings of DB AG (according to section 313 (2) HGB)

Subsidiary — Name and domicile	Currency	Equity in TLC [1]	Ownership in %
DB BAHN LONG-DISTANCE			
FULLY CONSOLIDATED			
DB Bahn Italia S.r.l., Verona/Italy	EUR	13,321	100.00
DB European Railservice GmbH, Dortmund [2]	EUR	-197	100.00
DB Fernverkehr Aktiengesellschaft, Frankfurt am Main [2]	EUR	2,128,480	100.00
DB Reise & Touristik Suisse SA, Basel/Switzerland	CHF	482	100.00
DBAutoZug GmbH, Dortmund [2]	EUR	134,126	100.00
GERMAN RAIL UK LIMITED, London/Great Britain	GBP	-23	100.00
le train DB S.A.S, Paris/France	EUR	1,517	100.00
AT EQUITY			
Alleo GmbH, Saarbrücken [2]	EUR	157	50.00
RailLink B.V., Amsterdam/the Netherlands [2), 6]	EUR	-5,875	25.00
Railteam B.V., Amsterdam/the Netherlands [2), 3), 6]	EUR	82	25.00
Rheinalp GmbH, Freiburg im Breisgau [2), 4]	EUR	86	50.00
DB BAHN REGIONAL			
FULLY CONSOLIDATED			
A. Philippi GmbH, Quierschied [2]	EUR	406	100.00
Autokraft GmbH, Kiel [2]	EUR	8,663	100.00
Bayern Express & P. Kühn Berlin GmbH, Berlin [2]	EUR	3,910	100.00
BBH BahnBus Hochstift GmbH, Paderborn [2]	EUR	2,206	100.00
BERLIN LINIEN BUS Gesellschaft mit beschränkter Haftung, Berlin	EUR	26	65.00
BRN Busverkehr Rhein-Neckar GmbH, Ludwigshafen am Rhein [2]	EUR	13,329	100.00
BRN Stadtbus GmbH, Ludwigshafen am Rhein [2]	EUR	205	100.00
BRS Busverkehr Ruhr-Sieg GmbH, Meschede [2]	EUR	4,558	100.00
Busverkehr Märkisch-Oderland GmbH, Strausberg	EUR	5,556	51.17
Busverkehr Oder-Spree GmbH, Fürstenwalde	EUR	3,707	51.17
BVO Busverkehr Ostwestfalen GmbH, Bielefeld [2]	EUR	11,409	100.00
BVR Busverkehr Rheinland GmbH, Düsseldorf [2]	EUR	4,284	100.00
DB Busverkehr Hessen GmbH, Weiterstadt [2]	EUR	-107	100.00
DB Regio Aktiengesellschaft, Frankfurt am Main [2]	EUR	1,816,314	100.00
DB Regio Nord GmbH, Hanover [2]	EUR	25	100.00
DB Regio NRW GmbH, Düsseldorf [2]	EUR	280,023	100.00
DB RegioNetz Verkehrs GmbH, Frankfurt am Main [2]	EUR	67,482	100.00
DB Stadtverkehr Bayern GmbH, Coburg [2]	EUR	32	100.00
DB ZugBus Regionalverkehr Alb-Bodensee GmbH (RAB), Ulm [2]	EUR	24,667	100.00
Friedrich Müller Omnibusunternehmen GmbH, Schwäbisch Hall [2]	EUR	350	100.00
Haller Busbetrieb GmbH, Walsrode-Honerdingen [2]	EUR	25	100.00
Hanekamp Busreisen GmbH, Cloppenburg [2]	EUR	557	100.00
Heider Stadtverkehr GmbH, Heide [2]	EUR	54	100.00
KOB GmbH, Oberthulba	EUR	829	70.00
NVO Nahverkehr Ostwestfalen GmbH, Münster/Westfalen [2]	EUR	1,390	100.00
Omnibusverkehr Franken GmbH (OVF), Nuremberg [2]	EUR	13,779	100.00
ORN Omnibusverkehr Rhein-Nahe GmbH, Mainz [2]	EUR	5,212	100.00
RBO Regionalbus Ostbayern GmbH, Regensburg [2]	EUR	10,135	100.00
Regional Bus Stuttgart GmbH RBS, Stuttgart [2]	EUR	16,009	100.00
Regionalbus Braunschweig GmbH -RBB-, Brunswick [2]	EUR	7,105	100.00
Regionalverkehr Allgäu GmbH (RVA), Oberstdorf [2]	EUR	3,071	70.00
Regionalverkehr Dresden GmbH, Dresden	EUR	5,700	51.00
Regionalverkehr Kurhessen GmbH (RKH), Kassel [2]	EUR	15,492	100.00
Regionalverkehr Oberbayern Gesellschaft mit beschränkter Haftung, Munich [2]	EUR	12,383	100.00
RegioTram Betriebsgesellschaft mbH, Kassel	EUR	185	50.96
rhb rheinhunsrückbus GmbH, Simmern	EUR	281	48.69
Rhein-Westerwald Nahverkehr GmbH, Montabaur	EUR	119	61.36
RMV Rhein-Mosel Verkehrsgesellschaft mbH, Koblenz [2]	EUR	9,556	74.90
RVE Regionalverkehr Euregio Maas-Rhein GmbH, Aachen [2]	EUR	1,348	100.00
RVN Regionalverkehr Niederrhein GmbH, Wesel [2]	EUR	521	100.00
RVS Regionalbusverkehr Südwest GmbH, Karlsruhe [2]	EUR	7,176	100.00
Saar-Pfalz-Bus GmbH, Saarbrücken [2]	EUR	9,466	100.00
S-Bahn Berlin GmbH, Berlin [2]	EUR	169,568	100.00
S-Bahn Hamburg GmbH, Hamburg [2]	EUR	61,973	100.00
SBG SüdbadenBus GmbH, Freiburg im Breisgau [2]	EUR	6,793	100.00
Südwest Mobil GmbH, Mainz [2]	EUR	51	100.00

Subsidiary — Name and domicile	Currency	Equity in TLC[1)]	Ownership in %
Verkehrsgesellschaft mbH Untermain -VU-, Aschaffenburg[2)]	EUR	2,579	100.00
Verkehrsgesellschaft Schleswig-Holstein mbH, Flensburg[2)]	EUR	59	100.00
Verkehrsgesellschaft Schwalm-Eder mbH (VSE), Kassel	EUR	26	100.00
WB Westfalen Bus GmbH, Münster[2)]	EUR	6,015	100.00
WBL GmbH, Berlin	EUR	8,482	100.00
Weser-Ems Busverkehr GmbH (WEB), Bremen[2)]	EUR	10,208	100.00
Zentral-Omnibusbahnhof Berlin GmbH, Berlin[2)]	EUR	414	100.00
AT EQUITY			
"Steig ein" GmbH, Kempten[2),4)]	EUR	34	23.33
Bodensee-Oberschwaben Verkehrsverbundgesellschaft mit beschränkter Haftung, Ravensburg[2),4)]	EUR	97	25.31
die linie GmbH, Kellinghusen[2),5)]	EUR	1,043	25.00
ETP EURO TRAFFIC PARTNER GmbH, Chemnitz[2),6)]	EUR	447	12.75
Filsland Mobilitätsverbund GmbH, Göppingen	EUR		30.00
FSN Fahrzeugservice Neunkirchen GmbH, Neunkirchen[2),3)]	EUR	144	47.50
Hövelhofer Ortsbus GmbH (HOB), Rheda-Wiedenbrück[2),8)]	EUR	11	50.00
Kahlgrund-Verkehrs-Gesellschaft mit beschränkter Haftung, Schöllkrippen[2),4)]	EUR	10,249	28.00
Kitzinger Nahverkehrsgemeinschaft (KiNG), Kitzingen	EUR		50.00
Kreisbahn Aurich GmbH, Aurich[2),3)]	EUR	1,218	33.33
Main-Spessart-Nahverkehrsgesellschaft mbH, Gemünden (Main)[2),4)]	EUR	9	25.00
NSH Nahverkehr Schleswig-Holstein GmbH, Kiel[2),6)]	EUR	4	46.90
OWL Verkehr GmbH, Bielefeld[2),4)]	EUR	58	31.30
RBP Regionalbusverkehr Passau Land GmbH, Bad Füssing[2),6)]	EUR	77	33.33
Regionalverkehr Bayerisch Schwaben GmbH (RBS), Augsburg[2),4)]	EUR	119	50.00
Regio-Verkehrsverbund Freiburg GmbH (RVF), Freiburg[2),6)]	EUR	411	45.00
Rhein-Nahe Nahverkehrsverbund GmbH, Ingelheim am Rhein[2),7)]	EUR	127	38.33
Saarländische Nahverkehrs-Service GmbH, Saarbrücken[2),5)]	EUR	50	30.00
stadtbus Ravensburg Weingarten GmbH, Ravensburg[2),4)]	EUR	25	45.20
TGO – Tarifverbund Ortenau GmbH, Offenburg[2),5)]	EUR	225	48.50
Unternehmensgesellschaft Verkehrsverbund Rhein-Neckar GmbH (URN GmbH), Mannheim[2),4)]	EUR	206	33.94
UVW Unternehmensverbund Westpfalz GmbH, Kaiserslautern[5)]	EUR	29	61.67
Verkehrsgemeinschaft Aalen GmbH (VGA), Aalen[2),6)]	EUR	64	26.67
Verkehrsgemeinschaft Mittelthüringen GmbH (VMT), Erfurt[2),4)]	EUR	61	16.67
Verkehrsgemeinschaft Schwäbisch Gmünd GmbH (VSG), Schwäbisch Gmünd[2),5)]	EUR	29	25.00
Verkehrsgesellschaft Landkreis Nienburg mbH (VLN), Nienburg/Weser[2)]	EUR	26	47.00
VerkehrsGesellschaft Main-Tauber mbH (VGMT), Lauda-Königshofen[2),4)]	EUR	48	42.19
Verkehrsunternehmen Hegau-Bodensee Verbund GmbH (VHB), Constance[2),5)]	EUR	30	34.00
Verkehrsunternehmens-Verbund Mainfranken GmbH – VVM, Würzburg[2),4)]	EUR	28	19.82
Verkehrsverbund Bremen/Niedersachsen GmbH (VBN), Bremen[2),4)]	EUR	108	21.47
Verkehrsverbund Großraum Nürnberg GmbH (VGN), Nuremberg[2),3)]	EUR	52	26.92
Verkehrsverbund Neckar-Alb-Donau GmbH (naldo), Hechingen[2),4)]	EUR	40	21.00
Verkehrsverbund Schwarzwald-Baar GmbH (VSB), Villingen-Schwenningen[2),4)]	EUR	17	45.00
Verkehrsverbund Süd-Niedersachsen GmbH (VSN), Göttingen[2),6)]	EUR	88	33.08
VGC Verkehrsgesellschaft Bäderkreis Calw mbH, Calw[2),4)]	EUR	327	32.50
VHN Verkehrsholding Nord GmbH & Co. KG, Flensburg[2),4)]	EUR	648	20.00
VHN Verwaltungsgesellschaft mbH, Flensburg[2),4)]	EUR	366	20.00
VMS Verkehrs-Management und Service GmbH, Trier[2),3)]	EUR	58	38.46
Völklinger Verkehrsgesellschaft mbH, Völklingen[2),7)]	EUR	229	25.50
WNS Westpfälzische Nahverkehrs-Service GmbH, Kaiserslautern[2),4)]	EUR	284	45.00
WTV Waldshuter Tarifverbund GmbH, Waldshut-Tiengen[2),4)]	EUR	89	40.00
ZOB Zentral-Omnibus-Bahnhof GmbH, Bremen[2),4)]	EUR	29	25.60
AT COST			
Regio Verkehrsverbund Lörrach GmbH (RVL), Lörrach[2),4)]	EUR	229	54.00
Verkehrsverbund Rottweil GmbH (VVR), Rottweil[2),4)]	EUR	90	70.20
vgf Verkehrs-Gemeinschaft Landkreis Freudenstadt GmbH, Waldachtal[2),4)]	EUR	139	52.92
DB ARRIVA			
FULLY CONSOLIDATED			
A & T Motor Retailing Limited, Sunderland/Great Britain	GBP	1,514	100.00
ACTIJOVEN CONSULTING & TRAVELLING s.l., Madrid/Spain	EUR	483	100.00
AJ Transit Limited, Sunderland/Great Britain	GBP	0	100.00
Alliance Rail Holdings Ltd, York/Great Britain	GBP	–283	75.10
Alliance Rail Management Ltd, York/Great Britain	GBP	0	75.10
Alnery 1345 Limited, Sunderland/Great Britain	GBP	0	100.00
Ambermile Ltd, Sunderland/Great Britain	GBP	99	100.00

Subsidiary — Name and domicile	Currency	Equity in TLC [1]	Ownership in %
APS (Leasing) Ltd, Sunderland/Great Britain	GBP	-17,424	100.00
Arriva (2007) Limited, Sunderland/Great Britain	GBP	378,333	100.00
Arriva (Doxford) Limited, Sunderland/Great Britain	GBP	0	100.00
Arriva Abbey Line Limited, Sunderland/Great Britain	GBP	0	100.00
Arriva Achterhoek - Rivierenland BV, Heerenveen/the Netherlands	EUR	63,704	100.00
Arriva Beheer NV, Heerenveen/the Netherlands	EUR	-1,483	100.00
Arriva Brabant BV, Heerenveen/the Netherlands	EUR	-14	100.00
Arriva Bus & Coach Holdings Limited, Sunderland/Great Britain	GBP	20,883	100.00
Arriva Bus and Coach Finance Ltd, Sunderland/Great Britain	GBP	2,064	100.00
Arriva Bus and Coach Ltd, Sunderland/Great Britain	GBP	7,978	100.00
Arriva Bus and Coach Rental (1) Ltd, Sunderland/Great Britain	GBP	3,465	100.00
Arriva Bus and Coach Rental (2) Ltd, Sunderland/Great Britain	GBP	3,166	100.00
Arriva Bus and Coach Rental (3) Ltd, Sunderland/Great Britain	GBP	1,831	100.00
Arriva Bus and Coach Rental (4) Ltd, Sunderland/Great Britain	GBP	-2,230	100.00
Arriva Busfleet NV, Heerenveen/the Netherlands	EUR	-4,734	100.00
Arriva Cheshire Limited, Sunderland/Great Britain	GBP	1,251	100.00
Arriva Colchester Limited, Sunderland/Great Britain	GBP	-64	100.00
Arriva Concessie BV, Heerenveen/the Netherlands	EUR	18	100.00
Arriva Coöperatie W.A., Heerenveen/the Netherlands	EUR	691,011	100.00
Arriva Croydon & North Surrey Limited, Sunderland/Great Britain	GBP	-16	100.00
Arriva Cymru Limited, Sunderland/Great Britain	GBP	7,579	100.00
Arriva Danmark A/S, Kastrup/Denmark	DKK	1,449,716	100.00
Arriva DAV BV, Heerenveen/the Netherlands	EUR	-1,874	100.00
Arriva Derby Limited, Sunderland/Great Britain	GBP	6,835	100.00
Arriva Durham County Limited, Sunderland/Great Britain	GBP	1,679	100.00
Arriva East Herts & Essex Ltd, Sunderland/Great Britain	GBP	1,085	100.00
Arriva Finance Holding BV, Heerenveen/the Netherlands	EUR	76,550	100.00
Arriva Finance Lease Limited, Sunderland/Great Britain	GBP	7,618	100.00
Arriva Finance Limited, Sunderland/Great Britain	GBP	0	100.00
Arriva Findiv Limited, Sunderland/Great Britain	GBP	259,966	100.00
Arriva Fox County Limited, Sunderland/Great Britain	GBP	0	100.00
Arriva Guildford & West Surrey Limited, Sunderland/Great Britain	GBP	2,524	100.00
Arriva Holding Česká Republika s.r.o., Prague/Czech Republic	CZK	618,700	100.00
Arriva Hongarije Holding BV, Heerenveen/the Netherlands	EUR	33,468	100.00
Arriva HWGO BV, Heerenveen/the Netherlands	EUR	155	100.00
Arriva Insurance A/S, Kastrup/Denmark	DKK	51,874	100.00
Arriva Insurance Company (Gibraltar) Limited, Gibraltar/Gibraltar	GBP	5,530	100.00
Arriva International (2) Limited, Sunderland/Great Britain	GBP	52	100.00
Arriva International (7) Limited, Sunderland/Great Britain	GBP	151,922	100.00
Arriva International (Northern Europe) Limited, Sunderland/Great Britain	EUR	357,999	100.00
Arriva International (Southern Europe) Limited, Sunderland/Great Britain	EUR	357,998	100.00
Arriva International Finance Limited, Sunderland/Great Britain	EUR	372,706	100.00
Arriva International Limited, Sunderland/Great Britain	GBP	327,019	100.00
Arriva International Trains (Leasing) Limited, Sunderland/Great Britain	EUR	12,696	100.00
ARRIVA INVESTIMENTOS SGPS, SA, Almada/Portugal	EUR	216,877	99.99
Arriva Italia S.R.L., Bergamo/Italy	EUR	17	100.00
Arriva Italia s.r.l., Milan/Italy	EUR	176,811	99.99
Arriva Kent & Sussex Limited, Sunderland/Great Britain	GBP	7,129	100.00
Arriva Kent Thameside Limited, Sunderland/Great Britain	GBP	11,802	100.00
Arriva Leasing (UK) Limited, Sunderland/Great Britain	GBP	0	100.00
ARRIVA LISBOA TRANSPORTES SA, Almada/Portugal	EUR	8	99.99
Arriva Liverpool Limited, Sunderland/Great Britain	GBP	716	100.00
Arriva London Limited, Sunderland/Great Britain	GBP	0	100.00
ARRIVA LONDON NORTH EAST LTD, Sunderland/Great Britain	GBP	5,752	100.00
ARRIVA LONDON NORTH LTD, Sunderland/Great Britain	GBP	98,995	100.00
ARRIVA LONDON SOUTH LTD, Sunderland/Great Britain	GBP	24,994	100.00
Arriva Magyarorszag Vagyonkezelo Kft, Budapest/Hungary	HUF	7,718,603	100.00
Arriva Malta Finance & Investments Limited, Valletta/Malta	EUR	587,241	99.99
Arriva Malta Holdings Limited, Valletta/Malta	EUR	582,423	100.00
Arriva Malta Limited, Qormi/Malta	EUR	-4,398	66.67
Arriva Manchester Limited, Sunderland/Great Britain	GBP	-1,032	100.00
Arriva Medway Towns Limited, Sunderland/Great Britain	GBP	4,231	100.00

Subsidiary — Name and domicile	Currency	Equity in TLC [1]	Ownership in %
Arriva Merseyside Limited, Sunderland / Great Britain	GBP	10,545	100.00
Arriva Midlands Limited, Sunderland / Great Britain	GBP	5,653	100.00
Arriva Midlands North Limited, Sunderland / Great Britain	GBP	11,840	100.00
Arriva Motor Holdings Limited, Sunderland / Great Britain	GBP	140,858	100.00
Arriva Motor Retailing Limited, Sunderland / Great Britain	GBP	67,492	100.00
Arriva Multimodaal BV, Heerenveen / the Netherlands	EUR	18	100.00
Arriva Noroeste s.l., Ferrol / Spain	EUR	72,549	100.00
Arriva North East Limited, Sunderland / Great Britain	GBP	6,320	100.00
Arriva North West Limited, Sunderland / Great Britain	GBP	– 861	100.00
Arriva Northumbria Limited, Sunderland / Great Britain	GBP	4,155	100.00
Arriva Openbaar Vervoer NV, Heerenveen / the Netherlands	EUR	37,933	100.00
Arriva Passenger Services (International) Limited, Sunderland / Great Britain	GBP	–156	100.00
Arriva Passenger Services Limited, Sunderland / Great Britain	GBP	785,725	100.00
Arriva Passenger Services Pension Trustees Limited, Sunderland / Great Britain	GBP	0	100.00
Arriva Personenvervoer Nederland BV, Heerenveen / the Netherlands	EUR	225,069	100.00
Arriva Plc, Sunderland / Great Britain	GBP	621,995	100.00
Arriva Polen Holding B.V., Heerenveen / the Netherlands	EUR	6,561	100.00
Arriva Polska Sp. z o.o., Warsaw / Poland	PLN	24,363	100.00
ARRIVA PORTUGAL – TRANSPORTES LDA, Guimaraes / Portugal	EUR	9,788	99.99
Arriva RP Sp. z o.o., Warsaw / Poland	PLN	5,908	100.00
Arriva Scotland West Limited, Inchinnan / Great Britain	GBP	1,993	100.00
Arriva Slowakije Holding BV, Heerenveen / the Netherlands	EUR	19	100.00
Arriva Southend Limited, Sunderland / Great Britain	GBP	6,282	100.00
Arriva Southern Counties Limited, Sunderland / Great Britain	GBP	680	100.00
Arriva Sverige AB, Helsingborg / Sweden	SEK	440,391	100.00
Arriva Tag AB, Malmö / Sweden	SEK	47,702	100.00
Arriva Techniek BV, Heerenveen / the Netherlands	EUR	302	100.00
Arriva Tees & District Limited, Sunderland / Great Britain	GBP	625	100.00
Arriva Teeside Limited, Sunderland / Great Britain	GBP	237	100.00
Arriva the Shires Limited, Sunderland / Great Britain	GBP	8,048	100.00
Arriva Tog A / S, Kastrup / Denmark	DKK	432,184	100.00
Arriva Touring BV, Heerenveen / the Netherlands	EUR	2,751	100.00
Arriva Tours Ltd, Sunderland / Great Britain	GBP	5	100.00
Arriva Trains (Poland) Limited, Sunderland / Great Britain	EUR	686	100.00
Arriva Trains Merseyside Limited, Sunderland / Great Britain	GBP	21,110	100.00
Arriva Trains Northern Limited, Sunderland / Great Britain	GBP	48,736	100.00
Arriva Trains Scotrail Limited, Sunderland / Great Britain	GBP	0	100.00
Arriva Trains Wales Limited, Sunderland / Great Britain	GBP	64,152	100.00
Arriva Transport Solutions Limited, Sunderland / Great Britain	GBP	109	100.00
ARRIVA TRANSPORTES DA MARGEM SUL, SA, Almada / Portugal	EUR	82,201	99.99
Arriva Trustee Company Limited, Sunderland / Great Britain	GBP	0	100.00
Arriva UK Trains Limited, Sunderland / Great Britain	GBP	151,166	100.00
Arriva vlaky s.r.o., Prague / Czech Republic	CZK	–1,248	100.00
Arriva Wadden BV, Heerenveen / the Netherlands	EUR	2,002	100.00
Arriva Waterland Rivierenland BV, Heerenveen / the Netherlands	EUR	2,985	100.00
Arriva Watford Ltd, Sunderland / Great Britain	GBP	5	100.00
Arriva West Sussex Limited, Sunderland / Great Britain	GBP	4,331	100.00
Arriva Yorkshire Ltd, Sunderland / Great Britain	GBP	5,660	100.00
Arriva Yorkshire North Ltd, Sunderland / Great Britain	GBP	600	100.00
Arriva Yorkshire South Ltd, Sunderland / Great Britain	GBP	1,263	100.00
Arriva Yorkshire West Ltd, Sunderland / Great Britain	GBP	3,374	100.00
Arriva Zuid Europa Holding BV, Heerenveen / the Netherlands	EUR	570,350	100.00
Arrowline (Travel) Limited, Sunderland / Great Britain	GBP	41	100.00
ASC 2001 A / S, Kastrup / Denmark	DKK	245,884	100.00
At Seat Catering (2003) Limited, Sunderland / Great Britain	GBP	–12	100.00
AUTOBUSES GREISI S.L., Madrid / Spain	EUR	261	100.00
AUTOCARES FRAY ESCOBA SLU, Madrid / Spain	EUR	1,233	100.00
Autocares Mallorca, s.l., Alcudia / Spain	EUR	5,126	100.00
Autocares Pujol s.l., Alcudia / Spain	EUR	–132	100.00
Autoservizi F.V.G. S.P.A. – SAF, Udine / Italy	EUR	64,115	60.00
B.B. Motors (Bristol) Limited, Sunderland / Great Britain	GBP	0	100.00
Bergamo Trasporti Est S.c.a.r.l., Bergamo / Italy	EUR	10	93.66
Bergamo Trasporti Ovest S.c.a.r.l., Bergamo / Italy	EUR	10	65.76
BOSAK BUS spol. s r.o., Dobris / Czech Republic	CZK	47,673	100.00
Botniatag AB, Stockholm / Sweden	SEK	14,971	60.00

Subsidiary — Name and domicile	Currency	Equity in TLC [1]	Ownership in %
British Bus (1993) Limited, Sunderland / Great Britain	GBP	1	100.00
British Bus (Properties) Limited, Sunderland / Great Britain	GBP	66,608	100.00
British Bus Group Limited, Sunderland / Great Britain	GBP	43,138	100.00
British Bus Limited, Sunderland / Great Britain	GBP	-7,003	100.00
Broadwood Finance Company Limited, Sunderland / Great Britain	GBP	-42,546	100.00
Bus Nord Balear s.l., Alcudia / Spain	EUR	-2,798	100.00
Buscompagniet 2004 ApS, Kastrup / Denmark	DKK	9,435	100.00
BUSCOMPAGNIET ApS, Kastrup / Denmark	DKK	124,969	100.00
BUSDAN 20 ApS, Kastrup / Denmark	DKK	1,739	100.00
BUSDAN 21 ApS, Kastrup / Denmark	DKK	154,966	100.00
BUSDAN 24 ApS, Kastrup / Denmark	DKK	8,107	100.00
BUSDAN 25 ApS, Kastrup / Denmark	DKK	6,103	100.00
BUSDAN 26 ApS, Kastrup / Denmark	DKK	-21,053	100.00
BUSDAN 27 ApS, Kastrup / Denmark	DKK	-25,383	100.00
BUSDAN 28 ApS, Kastrup / Denmark	DKK	-21,663	100.00
BUSDAN 29 ApS, Kastrup / Denmark	DKK	-21,991	100.00
BUSDAN 29.1 ApS, Kastrup / Denmark	DKK	-25,090	100.00
BUSDAN 30 ApS, Kastrup / Denmark	DKK	-8,219	100.00
BUSDAN 31 ApS, Kastrup / Denmark	DKK	-1,926	100.00
BUSDAN 32 ApS, Kastrup / Denmark	DKK	873	100.00
BUS-SERVICE SLOVAKIA, spol. s r.o., Komarno / Slovakia	EUR	1,104	100.00
BWS Cymru Cyfyngedig, Sunderland / Great Britain	GBP	5	100.00
Caserapid Limited, Sunderland / Great Britain	GBP	241	100.00
CDK Ejendomme 2005 A/S, Kastrup / Denmark	DKK	914	100.00
CDK Fleet Management A/S, Kastrup / Denmark	DKK	1,202	100.00
CDK Service A/S, Kastrup / Denmark	DKK	226	100.00
Chase Coaches Limited, Sunderland / Great Britain	GBP	-212	100.00
Chiltern Railway Company Limited, London / Great Britain	GBP	-25,953	100.00
Classic Buses (Stanley) Limited, Sunderland / Great Britain	GBP	0	100.00
Classic Coaches (Continental) Limited, Sunderland / Great Britain	GBP	214	100.00
Classic Trim Ltd, Sunderland / Great Britain	GBP	0	100.00
Clydeside Buses Limited, Sunderland / Great Britain	GBP	0	100.00
COMBUS EJENDOMME ApS, Kastrup / Denmark	DKK	27,517	100.00
Cooperativa Bergamasca Trasporti a r.l., Bergamo / Italy	EUR	-69	59.52
County Bus Holdings Ltd, Sunderland / Great Britain	GBP	98	100.00
Cowie Contract Hire Limited, Sunderland / Great Britain	GBP	0	100.00

Subsidiary — Name and domicile	Currency	Equity in TLC [1]	Ownership in %
Cowie Lease Limited, Sunderland / Great Britain	GBP	0	100.00
Crossville Bus Limited, Sunderland / Great Britain	GBP	1	100.00
CTD Leasing 2001 A/S, Kastrup / Denmark	DKK	513	100.00
Curtis Coaches Limited, Sunderland / Great Britain	GBP	104	100.00
DB Regio Essex Thameside Limited, London / Great Britain	GBP	0	100.00
DB Regio Sverige AB, Stockholm / Sweden	SEK	63,178	100.00
DB Regio Tyne and Wear Limited, London / Great Britain	GBP	-2,500	100.00
DB Regio UK Limited, London / Great Britain	GBP	-11,296	100.00
Derby City Transport Limited, Sunderland / Great Britain	GBP	11	100.00
Derby Omnibus Limited, Sunderland / Great Britain	GBP	1,420	100.00
East Coast Buses Limited, Sunderland / Great Britain	GBP	0	100.00
Eastern Tractors (1981) Limited, Sunderland / Great Britain	GBP	0	100.00
Eastern Tractors (Holdings) Limited, Sunderland / Great Britain	GBP	0	100.00
EMPRESA DE BLAS Y CIA S.L., Madrid / Spain	EUR	75,127	100.00
ESFERA BUS SLU, Madrid / Spain	EUR	1,127	100.00
ESFERA UNIVERSAL SLU, Madrid / Spain	EUR	18,928	100.00
Estacion de autobuses de Ferrol S.A., Ferrol / Spain	EUR	261	80.14
ET Trains Limited, Sunderland / Great Britain	GBP	0	100.00
EUROBUS-INVEST Regionalis Kozlkedesfejlesztesi Zrt, Budapest / Hungary	HUF	3,676,352	100.00
EUROBUS-INVEST SLOVAKIA, s.r.o., Komarno / Slovakia	EUR	22,747	100.00
Eurocare Travel Ltd, Sunderland / Great Britain	GBP	283	100.00
Excel Gatwick Limited, Sunderland / Great Britain	GBP	17	100.00
Excel Passenger Logistics Limited, Sunderland / Great Britain	GBP	182	100.00
Fareway Passenger Services Limited, Sunderland / Great Britain	GBP	2	100.00
Fickling Investments Limited, Sunderland / Great Britain	GBP	0	100.00
Flight Delay Services Limited, Sunderland / Great Britain	GBP	87	100.00
Foxhound Limited, Sunderland / Great Britain	GBP	168	100.00
GCRC Holdings Limited, Bristol / Great Britain	GBP	46,626	100.00
Grand Central Railway Company Limited, Bristol / Great Britain	GBP	-37,680	100.00
Great North Eastern Railway Company Ltd, York / Great Britain	GBP	0	75.10
Great North Western Railway Company Ltd, York / Great Britain	GBP	0	75.10

Subsidiary — Name and domicile	Currency	Equity in TLC 1)	Ownership in %
Green Travel Limited, Sunderland/Great Britain	GBP	3	100.00
Greenline Travel Ltd, Sunderland/Great Britain	GBP	8	100.00
Grey Green Ltd, Sunderland/Great Britain	GBP	8	100.00
Guildford & West Surrey Buses Limited, Sunderland/Great Britain	GBP	3	100.00
GW Trains Limited, Sunderland/Great Britain	GBP	0	100.00
Hanger Trucks Limited, Sunderland/Great Britain	GBP	0	100.00
Hoppanstopper Ltd, Sunderland/Great Britain	GBP	3	100.00
Horsham Buses Limited, Sunderland/Great Britain	GBP	62	100.00
Hylton Castle Motors Limited, Sunderland/Great Britain	GBP	84	100.00
INFRA-S, spol. s.r.o., Komarno/Slovakia	EUR	1,400	100.00
INTER-BUS INVEST Befektetesi Zrt, Budapest/Hungary	HUF	1,153,236	100.00
JTL 2004 ApS, Kastrup/Denmark	DKK	3,291	100.00
JTL 2009 ApS, Kastrup/Denmark	DKK	14,017	100.00
K Line Travel Ltd, Sunderland/Great Britain	GBP	195	100.00
Kennan Investments Limited, Sunderland/Great Britain	GBP	0	100.00
Lecco Trasporti S.c.a.r.l., Lecco/Italy	EUR	10	56.94
Linkline Coaches Limited, Sunderland/Great Britain	GBP	15	100.00
Liverline Travel Services Limited, Sunderland/Great Britain	GBP	1	100.00
LJ Transit (Southern) Limited, Sunderland/Great Britain	GBP	0	100.00
London & Country Ltd, Sunderland/Great Britain	GBP	282	100.00
London and Northwestern Railway Company Limited, Sunderland/Great Britain	GBP	-3,504	99.97
London Country Bus (North West) Ltd, Sunderland/Great Britain	GBP	0	100.00
London Pride (Bus Sales) Ltd, Sunderland/Great Britain	GBP	65	100.00
London Pride Bus and Coach Sales Ltd, Sunderland/Great Britain	GBP	41	100.00
London Pride Engineering Ltd, Sunderland/Great Britain	GBP	0	100.00
London Pride Group Ltd, Sunderland/Great Britain	GBP	452	100.00
London Pride Sightseeing Ltd, Sunderland/Great Britain	GBP	2,388	100.00
Londonlinks Buses Limited, Sunderland/Great Britain	GBP	-6	100.00
LSK Leasing A/S, Kastrup/Denmark	DKK	2,663	100.00
M40 Trains Limited, London/Great Britain	GBP	39,571	100.00
Maidstone & District Advertising Limited, Sunderland/Great Britain	GBP	-13	100.00
Maidstone & District Motor Services Ltd, Sunderland/Great Britain	GBP	1,046	100.00

Subsidiary — Name and domicile	Currency	Equity in TLC 1)	Ownership in %
Maldencrest Limited, Sunderland/Great Britain	GBP	1	100.00
Meadowhall Limited, Sunderland/Great Britain	GBP	52	100.00
Merseyrail Electrics Limited, Sunderland/Great Britain	GBP	0	100.00
Merseyrider Limited, Sunderland/Great Britain	GBP	66	100.00
Merseyside Transport Limited, Sunderland/Great Britain	GBP	0	100.00
Midland Red North Limited, Sunderland/Great Britain	GBP	0	100.00
Milton Keynes Coaches Ltd, Sunderland/Great Britain	GBP	0	100.00
MK Metro Ltd, Sunderland/Great Britain	GBP	7,792	100.00
Moor-dale Coaches Limited, Sunderland/Great Britain	GBP	678	100.00
Motor Coach (Holdings) Limited, Sunderland/Great Britain	GBP	553	100.00
MTL (Heysham) Limited, Sunderland/Great Britain	GBP	0	100.00
MTL Asset Management Limited, Sunderland/Great Britain	GBP	0	100.00
MTL Northern Limited, Sunderland/Great Britain	GBP	0	100.00
MTL Services Limited, Sunderland/Great Britain	GBP	29,289	100.00
MTL Transport Limited, Sunderland/Great Britain	GBP	8	100.00
MTL Transport Services Limited, Sunderland/Great Britain	GBP	61	100.00
MTL Trust Holdings Limited, Sunderland/Great Britain	GBP	15	100.00
NETOSEC SLU, Madrid/Spain	EUR	337	100.00
Network Colchester Limited, Sunderland/Great Britain	GBP	556	100.00
New Enterprise Coaches (Tonbridge) Limited, Sunderland/Great Britain	GBP	-286	100.00
North British Bus Limited, Sunderland/Great Britain	GBP	2,369	100.00
North East Bus Limited, Sunderland/Great Britain	GBP	16,234	100.00
North East Bus Properties Limited, Sunderland/Great Britain	GBP	118	100.00
North Western Road Car Company Limited, Sunderland/Great Britain	GBP	28	100.00
Northern Spirit Limited, Sunderland/Great Britain	GBP	0	100.00
Northern Spirit Rail Limited, Sunderland/Great Britain	GBP	0	100.00
Northern Spirit Services Limited, Sunderland/Great Britain	GBP	25	100.00
Northern Spirit Trains Limited, Sunderland/Great Britain	GBP	0	100.00
Northern Spirit Transport Limited, Sunderland/Great Britain	GBP	0	100.00
Northern Spirit Travel Limited, Sunderland/Great Britain	GBP	0	100.00
Northumbria Motor Services Limited, Sunderland/Great Britain	GBP	126	100.00

Subsidiary — Name and domicile	Currency	Equity in TLC [1]	Ownership in %
NV Arriva Groningen, Heerenveen/the Netherlands	EUR	4,311	100.00
NV Personeel de Noord-Westhoek, Heerenveen/the Netherlands	EUR	421	100.00
OFJ Connections Limited, Sunderland/Great Britain	GBP	276	100.00
OFJ Ground Services Limited, Sunderland/Great Britain	GBP	63	100.00
OSNADO spol. s.r.o., Svoboda nad Upou/Czech Republic	CZK	44,564	100.00
Peter Sherratt Limited, Sunderland/Great Britain	GBP	0	100.00
Pickerings Transport Services Limited, Sunderland/Great Britain	GBP	1,032	100.00
Premier Buses Ltd, Sunderland/Great Britain	GBP	2,102	100.00
Proudmutual Fleet Management Limited, Sunderland/Great Britain	GBP	221	100.00
RDS bus s.r.o., Babylon/Czech Republic	EUR	73	100.00
Regional Railways North East Limited, Sunderland/Great Britain	GBP	0	100.00
RIVIERA TRASPORTI LINEA S.P.A., Imperia/Italy	EUR	-1,226	79.99
Runway Motors (Bristol) Limited, Sunderland/Great Britain	GBP	0	100.00
S.A.B. AUTOSERVIZI S.R.L., Bergamo/Italy	EUR	28,853	99.99
S.A.L. Servizi automobilistici Lecchesi S.R.L., Lecco/Italy	EUR	6,743	99.99
S.I.A. Società Italiana Autoservizi S.P.A., Brescia/Italy	EUR	42,364	99.99
SAB Piemonte S.r.l. a socio unico, Grugliasco (TO)/Italy	EUR	6,664	99.99
SAD-BUSZ Szemelyszallitasi es Szolgaltato Kft, Szekesfehervar/Hungary	HUF	3,083	100.00
SADEM – SOCIETA' PER AZIONI, Turin/Italy	EUR	18,299	99.99
SAIA TRASPORTI S.P.A., Brescia/Italy	EUR	21,145	99.99
SBM ApS, Kastrup/Denmark	DKK	9,972	100.00
Selby and District Bus Company Limited, Sunderland/Great Britain	GBP	8	100.00
SERVICIOS INTEGRALES BUS & TRUCK S.A., Madrid/Spain	EUR	293	100.00
Slovenska autobusova doprava Michalovce, a.s., Michalovce/Slovakia	EUR	9,629	60.14
Slovenska autobusova doprava Nove Zamky, a.s., Nove Zamky/Slovakia	EUR	7,571	60.36
South Lancs Transport Limited, Sunderland/Great Britain	GBP	120	100.00
Stevensons Bus Services Limited, Sunderland/Great Britain	GBP	0	100.00
Stevensons of Uttoxeter Limited, Sunderland/Great Britain	GBP	531	100.00
T.Cowie Property Developments (Sheffield) Limited, Sunderland/Great Britain	GBP	-35	100.00
Teeside Motor Services Limited, Sunderland/Great Britain	GBP	3	100.00
Teesside Bus Services Ltd, Sunderland/Great Britain	GBP	0	100.00
Tellings Golden Miller Limited, Sunderland/Great Britain	GBP	-1,853	100.00
TGM (Holdings) Limited, Sunderland/Great Britain	GBP	8,026	100.00
TGMGroup Limited, Sunderland/Great Britain	GBP	-7,566	100.00
The Beeline Buzz Company Limited, Sunderland/Great Britain	GBP	3,743	100.00
The Keep Motor Group (Epsom) Limited, Sunderland/Great Britain	GBP	0	100.00
The Keep Motor Group (High Wycombe) Limited, Sunderland/Great Britain	GBP	0	100.00
The Keep Motor Group (Wolverhampton) Limited, Sunderland/Great Britain	GBP	0	100.00
The Keep Motor Group (Worcester) Limited, Sunderland/Great Britain	GBP	0	100.00
The Keep Trust Limited, Sunderland/Great Britain	GBP	0	100.00
The Original London Sightseeing Tour Ltd, Sunderland/Great Britain	GBP	5,215	100.00
The Original Passenger Picture Show Limited, Sunderland/Great Britain	GBP	880	100.00
The Proudmutual Transport Group Limited, Sunderland/Great Britain	GBP	113	100.00
TL Trains Limited, Sunderland/Great Britain	GBP	0	100.00
Transcare Solutions Limited, Sunderland/Great Britain	GBP	-9	100.00
TRANSCENTRUM bus s.r.o., Kosmonosy/Czech Republic	CZK	57,837	100.00
Transportes Sul do Tejo S.A., Almada/Portugal	EUR	-2,507	99.99
TRANSURBANOS DE GUIMARAES TP, LDA, Guimaraes/Portugal	EUR	798	99.99
Trasporti Brescia Nord S.c.a.r.l., Brescia/Italy	EUR	100	91.99
Trasporti Brescia Sud S.c.a.r.l., Brescia/Italy	EUR	100	92.99
Trolebuses Coruna Carballo S.A., Ferrol/Spain	EUR	224	98.38
TUF-TRANSPORTES URBANOS DE FAMALICAO, LDA, Vila Nova de Famalicao/Portugal	EUR	-282	66.66
U Drive Rental Limited, Sunderland/Great Britain	GBP	0	100.00
Uddannelsescenteret for kollektiv trafik A/S, Kastrup/Denmark	DKK	21,599	100.00
United Automobile Services Limited, Sunderland/Great Britain	GBP	13,085	100.00
Upperchance Limited, Sunderland/Great Britain	GBP	0	100.00
Utbildningscenteret för kollektivtrafikken AB, Malmö/Sweden	SEK	4,702	100.00
Viajes Ideal S.L., Ferrol/Spain	EUR	3	100.00
Viking Tours and Travel Limited, Sunderland/Great Britain	GBP	242	100.00
VSK Bus 2007 A/S, Kastrup/Denmark	DKK	370,024	100.00
West Riding Automobile Company Limited, Sunderland/Great Britain	GBP	0	100.00
XC Trains Limited, Sunderland/Great Britain	GBP	68,332	100.00
Yorkshire Bus Group Ltd, Sunderland/Great Britain	GBP	38,544	100.00

Subsidiary — Name and domicile	Currency	Equity in TLC[1]	Ownership in %
Yorkshire Bus Holdings Ltd, Sunderland/Great Britain	GBP	34,408	100.00
Yorkshire Woolen District Transport Co Limited, Sunderland/Great Britain	GBP	68	100.00
AT EQUITY			
Aquabus BV, Heerenveen/the Netherlands[2,3,4]	EUR	4,050	50.00
Barraqueiro SGPS SA, Lisbon/Portugal[3]	EUR	195,007	31.50
Bergamo Trasporti Sud Scarl, Bergamo/Italy[2,3]	EUR	10	25.57
Bus Point Srl, Lallio (BG)/Italy[2]	EUR	125	30.00
Centrebus Holdings Limited, Leicester/Great Britain[11]	GBP	155	40.00
Estacion Autobuses de Pobra, Ferrol/Spain[4]	EUR	9	33.33
Explotacion Gasoleos de la Coruna, s.l., Ferrol/Spain[4]	EUR	98	40.00
EXTRA.TO S.c.a.r.l., Turin/Italy	EUR		30.01
Garda Trasporti Scarl, Desenzano del Garda (BS)/Italy[2,3]	EUR	20	23.00
Great Park Bus Company Limited, Sunderland/Great Britain[11]	GBP	0	50.00
Intercambiador de Transportes Principe PIO S.A., Madrid/Spain[2,3]	EUR	9,362	30.00
KM S.P.A., Cremona/Italy[3]	EUR	4,671	49.00
London Overground Rail Operations Limited, London/Great Britain[2,3]	GBP	10,003	50.00
Omnibus partecipazioni S.R.L., Milan/Italy[2,3]	EUR	7,835	50.00
Prometro S.A., Porto/Portugal[2,3,4]	EUR	3,433	20.00
PTI (South East) Limited, Sunderland/Great Britain[11]	GBP	238	20.00
Rodinform – Informatica Aplicada aos Transportes, SA, Lisbon/Portugal[11]	EUR	182	20.00
S.I.T. VALLEE SOC. CONS. AR.L., Charvensod (AO)/Italy[2,3]	EUR	100	20.00
S.T.I. Servizi Transporti Interregionali SpA, Cordenons PN/Italy	EUR		9.81
TPL FVG Scarl s.r.l., Gorizia/Italy[2,3]	EUR	83	15.00
Trieste Trasporti S.P.A., Trieste/Italy[2]	EUR	44,726	39.94
Union Ferrolana de Transportes S.A., Ferrol/Spain[5]	EUR	2	50.00
Veroercombinatie Noord B.V., Heerenveen/the Netherlands[3]	EUR	37	33.00
Viajeros del Eo, Ferrol/Spain[5]	EUR	9	50.00
VT-Transman Szemelyszallito es Szolgaltato Kft, Szekesfehervar/Hungary[3]	HUF	1,664,184	49.91
Wrexham, Shropshire & Marylebone Holdings Limited, London/Great Britain[2,3]	GBP	14,878	50.00
DB SCHENKER RAIL			
FULLY CONSOLIDATED			
Activa Rail S.A., Madrid/Spain	EUR	649	77.32
ATG Autotransportlogistic Sp. z o.o., Malaszewicze/Poland	PLN	2,132	100.00
Autologistic Poland Sp. z o. o., Tychy/Poland	PLN	2,540	51.00
Auxiliar Logística de Vehiculos S.L., Saragossa/Spain	EUR	4	65.28
Axiom Rail (Cambridge) Limited, Doncaster/Great Britain	GBP	644	100.00
Axiom Rail (Stoke) Limited, Doncaster/Great Britain	GBP	–7,570	100.00
Axiom Rail Components Limited, Doncaster/Great Britain	GBP	–2,410	100.00
Axiom Rail SAS, Paris/France	EUR	–401	100.00
Boreal & Austral Railfreight Ltd, Doncaster/Great Britain	GBP	67,500	100.00
Compañía Aragonesa de Portacoches S.A., Saragossa/Spain	EUR	13,566	65.28
Container Szállítmányátrakó Állomás Kft., Györ/Hungary	EUR	105	100.00
Container-Terminal Púchov s. r. o., Púchov/Slovakia	EUR	287	100.00
Contiwaggon SA, Fribourg/Switzerland	CHF	10,593	77.32
Corridor Operations NMBS/SNCB DB Schenker Rail N.V., Brussels/Belgium	EUR	1,800	51.00
DB Intermodal Services GmbH, Mainz[2]	EUR	4,075	100.00
DB Polska Acquisition Sp. z.o.o, Warsaw/Poland	PLN	422,274	100.00
DB PORT SZCZECIN Sp. z o.o., Szczecin/Poland	PLN	13,547	93.40
DB Schenker BTT GmbH, Mainz[2]	EUR	2,062	100.00
DB Schenker Nieten GmbH, Freilassing[2]	EUR	3,992	100.00
DB Schenker Rail (UK) Limited, Doncaster/Great Britain	GBP	180,928	100.00
DB Schenker Rail Automotive GmbH, Kelsterbach[2]	EUR	11,781	100.00
DB Schenker Rail Bulgaria EOOD, Sofia/Bulgaria	BGN	2,589	100.00
DB Schenker Rail Corridor Operations GmbH, Mainz[2]	EUR	47	100.00
DB Schenker Rail Danmark Services A/S, Taastrup/Denmark	DKK	6,837	100.00
DB Schenker Rail Deutschland Aktiengesellschaft, Mainz[2]	EUR	473,029	100.00
DB Schenker Rail GmbH, Mainz[2]	EUR	651,560	100.00
DB Schenker Rail Italia S.r.L., Alessandria/Italy	EUR	13,415	100.00
DB Schenker Rail Italia Services S.r.l., Milan/Italy	EUR	656	100.00
DB Schenker Rail Nederland N. V., Utrecht/the Netherlands	EUR	–25,457	100.00
DB Schenker Rail Polska S.A., Zabrze/Poland	PLN	696,300	100.00
DB Schenker Rail Romania S.R.L., Timisoara/Romania	RON	38,726	100.00
DB Schenker Rail Scandinavia A/S, Taastrup/Denmark	DKK	303,375	51.00
DB Schenker Rail Schweiz GmbH, Opfikon/Switzerland	CHF	1,092	100.00
DB Schenker Rail Slawkow S.A. i. L., Slawkow/Poland	PLN	1,820	100.00
DB Schenker Rail Spedkol Sp. z o.o., Kedzierzyn-Kozle/Poland	PLN	37,174	100.00
DB Schenker Rail Tabor S.A., Rybnik/Poland	PLN	27,144	100.00
Deutsche TRANSFESA GmbH Internationale Eisenbahn-Spezial-Transporte, Kehl/Rhein	EUR	1,145	77.32
Doker-Port Sp. z o.o., Szczecin/Poland	PLN	–333	58.38

Subsidiary — Name and domicile	Currency	Equity in TLC [1]	Ownership in %
DUSS Italia Terminal s.r.l., Verona/Italy	EUR	113	80.00
East & West Railway Ltd, Doncaster/Great Britain	GBP	0	100.00
Engineering Support Group Ltd, Doncaster/Great Britain	GBP	519	100.00
English Welsh & Scottish Railway Holdings Ltd, Doncaster/Great Britain	GBP	195,678	100.00
English Welsh & Scottish Railway International Ltd, Doncaster/Great Britain	GBP	-12,081	100.00
Euro Cargo Rail S.A., Madrid/Spain	EUR	-1,508	100.00
Euro Cargo Rail SAS, Paris/France	EUR	36,342	100.00
EW&S Trustees Ltd, Doncaster/Great Britain	GBP	0	100.00
EWS Information Services Ltd, Doncaster/Great Britain	GBP	986	100.00
Guga B.V., Amsterdam/the Netherlands	EUR	6,139	77.32
Infra Silesia S.A., Rybnik/Poland	PLN	8,957	100.00
LGP Lagerhausgesellschaft Pfullendorf mbH, Pfullendorf	EUR	266	49.08
Loadhaul Ltd, Doncaster/Great Britain	GBP	16,131	100.00
Locomotive 6667 Ltd, Doncaster/Great Britain	GBP	0	100.00
Logistic Center Hungaria Kft., Györ/Hungary	HUF	256,699	100.00
Logística Sanmival S.L., Burgos/Spain	EUR	418	57.99
Mainline Freight Ltd, Doncaster/Great Britain	GBP	21,266	100.00
Marcroft Holdings Ltd, Doncaster/Great Britain	GBP	-2,996	100.00
MDL Distribución y Logistica S.A., Madrid/Spain	EUR	3,263	77.32
MDL Servicios de Marketing y Logística S.A., Barcelona/Spain	EUR	115	77.32
Mitteldeutsche Eisenbahn GmbH, Schkopau [2]	EUR	1,953	80.00
New Locomotive Finance Ltd, Doncaster/Great Britain	GBP	0	100.00
NordCargo S.r.l, Milan/Italy	EUR	8,112	60.00
OOO Railion Russija Services, Moscow/Russia	RUB	60,213	100.00
PRZEDSIEBIORSTWO INWESTYCYJNO-TECHNICZNE "INTECHKOP" Sp. z o.o., Kattowitz/Poland	PLN	403	71.75
Rail Express Systems Ltd, Doncaster/Great Britain	GBP	29,271	100.00
Rail Service Center Rotterdam B.V., Rotterdam/the Netherlands	EUR	9,032	100.00
Rail Terminal Services Limited, Doncaster/Great Britain	GBP	-2,191	100.00
Railway Approvals Ltd, Doncaster/Great Britain	GBP	255	100.00
Railway Investments Ltd, Doncaster/Great Britain	GBP	69,385	100.00
RBH Logistics GmbH, Gladbeck [2]	EUR	38,078	100.00
RES December Ltd, Doncaster/Great Britain	GBP	16,048	100.00
TGP Terminalgesellschaft Pfullendorf mbH, Pfullendorf	EUR	248	75.50
Transervi France S.A.S., Cerbère/France	EUR	191	77.32
Transervi S.A., Madrid/Spain	EUR	2,459	77.32
Transfesa Benelux S.P.R.L., Brussels/Belgium	EUR	194	77.32
Transfesa Distribución y Logistica S.L., Madrid/Spain	EUR	14,905	77.32
Transfesa France SAS, Gennevilliers/France	EUR	1,880	77.32
Transfesa Italia S.r.l., Milan/Italy	EUR	172	77.32
Transfesa Maritimo Terrestre, S.L., Cantabria/Spain	EUR	18	46.39
Transfesa Portugal Lda., Lisbon/Portugal	EUR	804	77.32
Transfesa UK Ltd., Rainham (Essex)/Great Britain	GBP	348	77.32
Transportes Ferroviarios Especiales S.A., Madrid/Spain	EUR	192,665	77.32
Transportes Jouchoux España S.L., Valencia/Spain	EUR	145	77.32
AT EQUITY			
ATN Auto Terminal Neuss GmbH & Co. KG, Neuss [2),4)]	EUR	7,114	50.00
Autoterminal Slask Logistic Sp. z o.o., Dabrowa Gornicza/Poland [4]	PLN	14,701	50.00
Autotrax Limited, Lufton/Great Britain	GBP		24.00
BLS Cargo AG, Bern/Switzerland [2),4)]	CHF	91,256	45.00
Cererail A.I.E., Madrid/Spain	EUR		25.77
Container Terminal Dortmund GmbH, Dortmund [2),4)]	EUR	2,868	30.00
Cross Baltic Terminaloperators (CBT) i. L., Szczecin/Poland	PLN		46.70
CTS Container-Terminal GmbH Rhein-See-Land-Service, Cologne [2]	EUR	1,598	22.50
DAP Barging B.V., Rotterdam/the Netherlands [2),3)]	EUR	2,297	55.00
DCH Düsseldorfer Container-Hafen GmbH, Düsseldorf [2]	EUR	377	51.00
Doerpener Umschlaggesellschaft für den kombinierten Verkehr mbH (DUK), Dörpen [2),4)]	EUR	3,843	35.00
EuroShuttle A/S i. L., Copenhagen/Denmark [2),9)]	DKK	17,302	27.08
Hansa Rail GmbH i. L., Frankfurt am Main [6]	EUR	260	50.00
Hispanauto – Empresas Agrupadas A.E.I.E.[©], Madrid/Spain	EUR	0	58.04
INTERCONTAINER – INTERFRIGO SA i. L., Brussels/Belgium [2),10)]	EUR	-5,874	36.20
Intermodal Sea Solutions, S.L., Orejo-Cantabria/Spain	EUR		11.48
Kombiverkehr Deutsche Gesellschaft für kombinierten Güterverkehr mbH & Co. Kommanditgesellschaft, Frankfurt am Main [2),4)]	EUR	14,999	50.00
Lokomotion Gesellschaft für Schienentraktion mbH, Munich [2),3)]	EUR	6,804	30.00
METRANS a. s., Prague/Czech Republic	EUR	103,304	35.04
OFP La Rochelle Maritime Rail Services SAS, La Rochelle/France	EUR		24.90
Omfesa Logistica S.A., Madrid/Spain	EUR	-380	38.66
OPTIMODAL NEDERLAND B.V., Rotterdam/the Netherlands [2),6)]	EUR	300	24.34
PKV Planungsgesellschaft kombinierter Verkehr Duisburg mbH, Duisburg [2),4)]	EUR	1,071	50.00

Subsidiary — Name and domicile	Currency	Equity in TLC [1]	Ownership in %
POLZUG Intermodal GmbH, Hamburg [4]	EUR	6,728	33.33
Pool Ibérico Ferroviario A.I.E., Madrid/Spain	EUR	0	9.02
PORT HANDLOWY SWINOUJSCIE Sp. z o.o., Swinoujscie/Poland [2]	PLN	29,493	46.23
Rail Euro Concept SAS i. L., Levallois-Perret/France [2), 6)]	EUR	193	50.00
Railmax B.V., Nijmegen/the Netherlands	EUR	87	38.66
Railmax C.V., Nijmegen/the Netherlands	EUR	0	38.28
SLASKIE CENTRUM LOGISTYKI S.A., Gliwice/Poland	PLN		21.86
Sociedad de Estudios y Explotacion Material Auxiliar de Transportes, S.A. ("SEMAT"), Madrid/Spain [2]	EUR	10,053	48.56
Stifa S.A. i. L., Malveira/Portugal	EUR	–85	38.66
Terminal Singen TSG GmbH, Singen [2), 4)]	EUR	690	50.00
TFG Transfracht Internationale Gesellschaft für kombinierten Güterverkehr mbH & Co. KG, Frankfurt am Main	EUR	–9,199	50.00
TFG Verwaltungs GmbH, Frankfurt am Main [2]	EUR	127	50.00
Trans-Eurasia Logistics GmbH, Berlin [2), 4)]	EUR	306	30.00
Vistula Rail Operator Sp. z o.o., Swiecie/Poland [2), 3)]	PLN	1,430	50.00
Xrail S.A., Brussels/Belgium	EUR		32.41
ZAO Eurasia Rail Logistics i. L., Moscow/Russia [2), 6)]	RUB	1,675	34.90
DB SCHENKER LOGISTICS			
FULLY CONSOLIDATED			
Air Terminal Handling S.A., Tremblay en France/France	EUR	–1,085	94.49
ALB Automative Logistica LTDA, Juiz de Fora – MG/Brazil	BRL	3,127	51.00
Anterist & Schneider GmbH, Saarbrücken [2]	EUR	7,028	100.00
Anterist + Schneider Automotive Service GmbH, Saarwellingen [2]	EUR	2,412	100.00
Anterist + Schneider Logistik GmbH, Zwenkau	EUR	341	100.00
Anterist + Schneider Möbel-Logistik GmbH, Saarbrücken [2]	EUR	85	100.00
Anterist + Schneider Zeebrugge B.V., Zeebrugge/Belgium	EUR	941	100.00
AS Schenker, Tallinn/Estonia	EUR	22,955	100.00
ASIMEX Anterist + Schneider Import – Export SAS, Stiring-Wendel/France	EUR	773	100.00
ATLANTIQUE EXPRESS SAS, Montaigu Cedex/France	EUR	357	99.91
BAX Global (Aust.) Pty Ltd., Alexandria/Australia	AUD	190	100.00
BAX Global (Israel) Ltd., Ramat Gan/Israel	ILS	–4,023	100.00
BAX Global (Malaysia) Sdn. Bhd., Petaling Jaya/Malaysia	MYR	–3,395	100.00
BAX Global (Pty.) Ltd., Johannesburg/South Africa	ZAR	30	100.00
BAX Global (Thailand) Limited, Bangkok/Thailand	THB	391,183	100.00
BAX Global (UK) Limited, London/Great Britain	GBP	7,979	100.00

Subsidiary — Name and domicile	Currency	Equity in TLC [1]	Ownership in %
BAX Global EPE Transportation Freight Forwarding & Logistics Solutions, Athens/Greece	EUR	52	100.00
BAX Global Holding, S.L.U., Barcelona/Spain	EUR	20,268	100.00
BAX Global Holdings Pty Ltd., Alexandria/Australia	AUD	0	100.00
BAX Global Inc., Irvine/Great Britain	USD	70,219	100.00
BAX Global Kft., Csor/Hungary	HUF	–40,005	100.00
BAX Global Limited, London/Great Britain	GBP	2,738	100.00
BAX Global Logistics (Shanghai) Co. Ltd., Shanghai/China	CNY	116,269	100.00
BAX Global Logistics Sdn. Bhd., Petaling Jaya/Malaysia	MYR	91,570	100.00
BEMI JOYAU SCI, Montaigu Cedex/France	EUR	96	99.94
Bischof Betriebsführungsgesellschaft mbH, Vienna/Austria	EUR	38	100.00
BTL AB, Göteborg/Sweden	SEK	2,109,495	100.00
BTL Nord GmbH, Lübeck [2]	EUR	19,663	100.00
BTL Reinsurance S.A., Luxembourg/Luxembourg	SEK	43,882	100.00
DB Schenker FLLC, Minsk/Belarus	BYR	688,428	100.00
DP Schenker, Kiev/Ukraine	UAH	–13,603	100.00
ECO-Trucking GmbH, Coburg [2]	EUR	0	100.00
ELAG Emder Lagerhaus und Automotive GmbH, Emden [2]	EUR	1,361	100.00
ELSPED Speditions-Gesellschaft m.b.H., Hamburg [2]	EUR	3,695	100.00
Engelberg Transportes Internacionales C.A. (Entra), Caracas/Venezuela	VEF	10,682	100.00
EVAG Emder Verkehrs und Automotive Gesellschaft mbH, Emden [2]	EUR	1,320	100.00
EVB Handelshaus Bour GmbH, Landau in der Pfalz [2]	EUR	25	100.00
Facility Plus B.V., Tilburg/the Netherlands	EUR	855	100.00
Fastighets Aktiebolaget Orbyn, Göteborg/Sweden	SEK	11,076	100.00
Fertrans AG, Buchs SG/Switzerland	CHF	1,326	100.00
FERTRANS d.o.o. za medunarodni prijevoz, Zagreb/Croatia	HRK	–1,279	100.00
H. Albrecht Speditions Gesellschaft mit beschränkter Haftung, Frankfurt am Main [2]	EUR	0	100.00
HANGARTNER Terminal AG, Aarau/Switzerland	CHF	–377	100.00
HANGARTNER Terminal S.r.l., Verona/Italy	EUR	843	100.00
HB Zolldeklarationsservice GmbH, Vienny/Austria	EUR	181	100.00
Heck Slovensko s.r.o., Bratislava/Slovakia	EUR	91	100.00
Hemobat SA, Eupen/Belgium	EUR	1,885	100.00
Herber Hausner Süd-Ost Speditions-gesellschaft m.b.H., Vienna/Austria	EUR	406	100.00
Herber Hausner Szállítmányozási Kft., Budapest/Hungary	HUF	74,487	100.00
I.C.S. "Schenker" S.R.L, Chisinau/Moldova	MDL	–492	99.46
Intertec Asia Limited, Sheung Wan/Hong Kong	HKD	1,253	100.00

Subsidiary — Name and domicile	Currency	Equity in TLC [1]	Ownership in %
Intertec GmbH, Landau in der Pfalz [2]	EUR	26	100.00
INTERTEC Polska Sp.zo.o., Nardarzyn/Poland	PLN	505	100.00
Intertec Retail Logistics GmbH, Landau in der Pfalz [2]	EUR	26	100.00
Inter-Union Technohandel Gesellschaft m.b.H., Vienna/Austria [2]	EUR	19	100.00
Inter-Union Technohandel GmbH, Landau in der Pfalz [2]	EUR	26	100.00
Intreprinderea Mixta "S.C. Schenker" S.R.L., Chisinau/Moldova	MDL	2,715	96.69
Jean Heck Eupen, Transports et Logistique SA, Eupen/Belgium	EUR	3,742	100.00
Joyau S.A., Montaigu Cedex/France	EUR	17,125	99.94
Karpeles Flight Services (H.K.) Limited, Hong Kong/Hong Kong	HKD	- 86	100.00
Karpeles Flight Services GmbH, Frankfurt am Main [2]	EUR	1,694	100.00
KB Ädelgasen 1 -Jönköping, Jönköping/Sweden	SEK	114,388	100.00
KB Älghunden Jönköping, Jönköping/Sweden	SEK	20,248	100.00
KB Älghunden 1 -Jönköping, Jönköping/Sweden	SEK	28,334	100.00
KB Anholt 3, Stockholm/Sweden	SEK	9,203	100.00
KB Arbetsbasen 4 -Stockholm, Stockholm/Sweden	SEK	42,384	100.00
KB Ättehögen Östra 1 -Helsingborg, Helsingborg/Sweden	SEK	59,832	100.00
KB Backa 107:3 -Göteborg, Göteborg/Sweden	SEK	128,113	100.00
KB Backa 107:4 -Göteborg, Göteborg/Sweden	SEK	33,707	100.00
KB Backa 107:5 -Göteborg, Göteborg/Sweden	SEK	27,585	100.00
KB Baggböle 2:35 -Umeå, Umeå/Sweden	SEK	21,486	100.00
KB Benkammen 12 -Malmö, Malmö/Sweden	SEK	118,467	100.00
KB Bleket 1 -Karlstad, Karlstad/Sweden	SEK	40,099	100.00
KB Distributören 3 och 4 -Örebro, Örebro/Sweden	SEK	79,493	100.00
KB Forsmark 2 -Stockholm, Stockholm/Sweden	SEK	63,979	100.00
KB Forsmark 3 -Stockholm, Stockholm/Sweden	SEK	159,424	100.00
KB Forsmark 5 Stockholm, Göteborg/Sweden	SEK	- 305	100.00
KB Frysen 1 Visby, Visby/Sweden	SEK	16,392	100.00
KB Fryshuset 3-Visby , Visby/Sweden	SEK	813	100.00
KB Hajen 19 Göteborg, Göteborg/Sweden	SEK	39,850	100.00
KB Husby 4:2 -Sigtuna, Sigtuna/Sweden	SEK	4	100.00
KB Husby 6:7 -Sigtuna, Sigtuna/Sweden	SEK	1	100.00
KB Kolet 4 -Malmö, Malmö/Sweden	SEK	24,502	100.00
KB Köpmannen 10 -Västerås, Västerås/Sweden	SEK	34,536	100.00
KB Kungsängen 28:1 -Uppsala, Uppsala/Sweden	SEK	13,559	100.00
KB Langtradaren 2 -Borlänge, Borlänge/Sweden	SEK	33,986	100.00

Subsidiary — Name and domicile	Currency	Equity in TLC [1]	Ownership in %
KB Lertaget 1, Skara, Skara/Sweden	SEK	46,376	100.00
KB Malmö Hamnen 22 Malmö, Malmö/Sweden	SEK	65,891	100.00
KB Maskinen 3 -Linköping, Linköping/Sweden	SEK	57,880	100.00
KB Neonljuset 3 -Eskilstuna, Eskilstuna/Sweden	SEK	4,978	100.00
KB Önnestad 108:4 -Kristianstad, Kristianstad/Sweden	SEK	40,788	100.00
KB Överön 1:66 -Örnsköldsvik, Örnsköldsvik/Sweden	SEK	10,816	100.00
KB Pantern 1 -Växjö, Växjö/Sweden	SEK	36,825	100.00
KB Reläet 8 -Norrköping, Norrköping/Sweden	SEK	29,471	100.00
KB Sandstuhagen 3 -Stockholm, Stockholm/Sweden	SEK	26,578	100.00
KB Sörby 24:3 -Gävle, Gävle/Sweden	SEK	33,723	100.00
KB Storheden 1:8 -Luleå, Luleå/Sweden	SEK	28,259	100.00
KB Tingstadsvassen 31:3 -Göteborg, Göteborg/Sweden	SEK	44,802	100.00
KB Transporten 1 -Hultsfred, Hultsfred/Sweden	SEK	18,603	100.00
KB Transportören 1 -Värnamo, Värnamo/Sweden	SEK	82,321	100.00
KB Viken 3 -Karlshamn, Karlshamn/Sweden	SEK	11,584	100.00
KB Vindtrycket 1 -Borås, Borås/Sweden	SEK	62,524	100.00
KB Vivstamon 1:13 -Timrå, Timrå/Sweden	SEK	52,601	100.00
Kiinteistö Oy Ferryroad, Helsinki/Finland	EUR	464	100.00
Kiinteistö Oy Helsingin Metsäläntie 2 – 4, Helsinki/Finland	EUR	4,498	100.00
Kiinteistö Oy Kaakon Terminaali, Lappeenranta/Finland	EUR	124	100.00
Kiinteistö Oy Porin Kiitolinja, Björneborg/Finland	EUR	151	100.00
Kiinteistö Oy Reininkatu 9, Vaasa/Finland	EUR	28	100.00
Kiinteistö Oy Seinäjoen Kiitolinja-asema, Seinäjoki/Finland	EUR	124	100.00
Kiinteistö Oy Tampereen Rahtiasema, Tampere/Finland	EUR	401	100.00
Kiinteistö Oy Tir-Trans, Joentaustankatu/Finland	EUR	463	100.00
Kiinteistö Oy Turun Nosturinkatu 6, Turku/Finland	EUR	1,174	100.00
Kiinteistö Oy Varastohotelli, Vantaa/Finland	EUR	7,441	100.00
Kiinteistömaaliikenne Oy, Helsinki/Finland	EUR	1,865	54.70
Langtradaren i Jämtland AB, Göteborg/Sweden	SEK	5,823	100.00
Luxemburger Transport Logistik Diekirch S.A., Wilwerdange/Luxembourg	EUR	389	100.00
Nordisk Bilspedition AB, Göteborg/Sweden	SEK	25,558	100.00
Oy Schenker East AB, Helsinki/Finland	EUR	63,283	100.00
Rengaslinja Oy, Helsinki/Finland	EUR	269	100.00
Romtrans GmbH Internationale Speditionsgesellschaft i. L., Munich	EUR	0	99.46

Subsidiary — Name and domicile	Currency	Equity in TLC [1]	Ownership in %
Romtrans Holiday Ltd., Eforie Sud, Constanța/Romania	RON	-141	99.46
Scansped S.A., Mitry-Mory Cedex/France	EUR	1,260	99.99
Scanspol Sp.zo.o., Warsaw/Poland	PLN	2,956	99.62
Scantrans SAS, Rouen/France	EUR	1,031	99.99
SCHENKER & Co. AG, Vienna/Austria	EUR	166,300	100.00
Schenker (Asia Pacific) Pte. Ltd., Singapore/Singapore	SGD	252,927	100.00
Schenker (BAX) Europe Holding GmbH, Essen [2]	EUR	21,525	100.00
Schenker (BAX) Holding Corp., Delaware/USA	USD	137,614	100.00
Schenker (H.K.) Ltd., Hong Kong/Hong Kong	HKD	225,249	100.00
Schenker (Ireland) Ltd., Shannon/Ireland	EUR	14,554	100.00
Schenker (L.L.C), Dubai/United Arab Emirates	AED	21,067	60.00
Schenker (NZ) Ltd., Auckland/New Zealand	NZD	-1,084	100.00
Schenker (Thai) Holdings Ltd., Bangkok/Thailand	THB	53,150	100.00
Schenker (Thai) Ltd., Bangkok/Thailand	THB	1,160,120	100.00
Schenker A.E., Athens/Greece	EUR	546	100.00
Schenker A/S, Hvidovre/Denmark	DKK	138,722	100.00
Schenker AB, Göteborg/Sweden	SEK	443,515	100.00
SCHENKER AIR TRANSPORT GmbH, Kelsterbach [2]	EUR	0	100.00
Schenker Akeri AB, Göteborg/Sweden	SEK	99,500	100.00
Schenker Aktiengesellschaft, Essen [2]	EUR	925,708	100.00
Schenker Argentina S.A., Buenos Aires/Argentina	ARS	-7,222	100.00
Schenker AS, Oslo/Norway	NOK	650,064	100.00
Schenker Australia Pty. Ltd., Alexandria/Australia	AUD	237,360	100.00
Schenker B.V., Tilburg/the Netherlands	EUR	18,777	100.00
SCHENKER BETEILIGUNGS GmbH & Co. OHG, Mülheim an der Ruhr	EUR	0	100.00
SCHENKER BETEILIGUNGS GmbH, Dortmund [2]	EUR	26	100.00
Schenker BITCC Customs Broker (Beijing) Co. Ltd., Beijing/China	CNY	1,108	70.00
Schenker BITCC Logistics (Beijing) Co., Ltd., Beijing/China	CNY	65,116	70.00
Schenker Cargo Oy, Turku/Finland	EUR	19,213	100.00
Schenker Chile S.A., Santiago/Chile	CLP	5,319,245	100.00
Schenker China Ltd., Pudong, Shanghai/China	CNY	1,430,346	100.00
Schenker Consulting AB, Göteborg/Sweden	SEK	12,793	100.00
Schenker Customs Agency B.V., Rotterdam/the Netherlands	EUR	5	100.00
Schenker d.d., Ljubljana/Slovenia	EUR	17,102	100.00
Schenker d.o.o., Belgrade/Serbia	RSD	52,460	100.00
SCHENKER d.o.o., Sarajevo/Bosnia and Herzegovina	BAM	702	100.00
Schenker d.o.o., Zagreb/Croatia	HRK	18,037	100.00
Schenker Dedicated Services AB, Göteborg/Sweden	SEK	18,911	100.00

Subsidiary — Name and domicile	Currency	Equity in TLC [1]	Ownership in %
Schenker Deutschland AG, Frankfurt am Main [2]	EUR	56	100.00
Schenker do Brasil Transportes Internacionais Ltda., São Paulo/Brazil	BRL	35,477	100.00
SCHENKER DOOEL, Skopje/Macedonia	MKD	32,049	100.00
Schenker Egypt Ltd., Cairo/Egypt	EGP	8	60.00
SCHENKER EOOD, Sofia/Bulgaria	BGN	8,122	100.00
Schenker Espana, S.A., Coslada (Madrid)/Spain	EUR	9,471	100.00
Schenker Filen 8 Aktiebolag, Göteborg/Sweden	SEK	3,831	100.00
Schenker High Tech Logistics B.V., Rotterdam/the Netherlands	EUR	20,213	100.00
Schenker Holdings (NZ) Limited, Auckland/New Zealand	NZD	1,819	100.00
SCHENKER INDIA PRIVATE LIMITED, Ne w Delhi/India	INR	1,730,387	100.00
Schenker International (HK) Ltd., Hong Kong/Hong Kong	HKD	1,966,196	100.00
Schenker International (Macau) Ltd., Macau/Macau	HKD	33,576	100.00
SCHENKER INTERNATIONAL AKTIENGESELLSCHAFT, Essen [2]	EUR	56	100.00
Schenker International B.V., Rotterdam/the Netherlands	EUR	14,889	100.00
Schenker International S.A. de C.V., Mexico City/Mexico	MXN	246,858	100.00
Schenker Ireland Holding Limited, Dublin/Ireland	EUR	23,752	100.00
Schenker Italiana S.p.A., Peschiera/Italy	EUR	62,402	100.00
Schenker Khimji's LLC, Muscat/Oman	OMR	250	60.00
Schenker Korea Ltd., Seoul/South Korea	KRW	34,644,931	100.00
Schenker Limited, London/Great Britain	GBP	32,438	100.00
Schenker Logistics (Chongqing) Co. Ltd, Chongqing/China	CNY	5,838	100.00
Schenker Logistics (Guangzhou) Company Ltd., Guangzhou/China	CNY	64,827	100.00
Schenker Logistics (Malaysia) Sdn Bhd., Kuala Lumpur/Malaysia	MYR	110,278	100.00
Schenker Logistics (Shanghai) Co., Ltd., Shanghai/China	CNY	24,100	100.00
Schenker Logistics (Shenzhen) Co. Ltd., Shenzhen/China	CNY	27,754	100.00
Schenker Logistics (Suzhou) Company Ltd., Suzhou/China	CNY	111,789	100.00
Schenker Logistics (Xiamen) Co. Ltd., Xiamen/China	CNY	45,244	100.00
Schenker Logistics AB, Göteborg/Sweden	SEK	31,055	100.00
Schenker Logistics Inc., Calamba City/the Philippines	PHP	11,050	100.00
Schenker Logistics LTD, Lod/Israel	ILS		100.00
Schenker Logistics, Inc., Greensboro, NC/USA	USD	22,504	100.00
Schenker Ltd., Nairobi/Kenya	KES	-33,566	100.00
SCHENKER LUXEMBURG GMBH, Leudelange/Luxembourg	EUR	455	100.00
Schenker Malaysia Sdn. Bhd., Kuala Lumpur/Malaysia	MYR	200	100.00

Subsidiary — Name and domicile	Currency	Equity in TLC [1]	Ownership in %
Schenker Maroc S.a.r.l., Casablanca/Morocco	MAD	18,457	99.99
Schenker Mauritanie SAS, Nouakchott/Mauritania	MRO	–428,717	99.99
Schenker Mauritius (Malaysian Holdings) Ltd., Port Louis/Mauritius	USD	35,936	100.00
Schenker Mauritius (Thai Holdings) Ltd., Port Louis/Mauritius	USD	33,153	100.00
Schenker Metafores A.G. i. L., Athens/Greece	EUR	786	100.00
Schenker Middle East FZE, Dubai/United Arab Emirates	AED	11,145	100.00
SCHENKER N.V., Antwerp/Belgium	EUR	26,674	100.00
Schenker Nederland B.V., Rotterdam/the Netherlands	EUR	242	100.00
Schenker Nemzetközi Szallitmanyozasi es Logisztikai Kft., Budapest/Hungary	HUF	2,776,743	100.00
Schenker NIGHT PLUS GmbH, Wülfrath [2]	EUR	0	100.00
Schenker North AB, Göteborg/Sweden	SEK	848,432	100.00
Schenker of Canada Ltd., Toronto/Canada	CAD	105,080	100.00
Schenker OY, Helsinki/Finland	EUR	24,840	100.00
Schenker Peru S.R.L., Lima/Peru	PEN	5,955	100.00
Schenker Petrolog Utama, PT, Jakarta/Indonesia	USD	16,235	71.00
Schenker Philippines, Inc., Makati City/the Philippines	PHP	655,041	100.00
Schenker Privpak AB, Boras/Sweden	SEK	3,095	100.00
Schenker Privpak AS, Oslo/Norway	NOK	–13,475	100.00
Schenker Property Sweden AB, Göteborg/Sweden	SEK	134,201	100.00
Schenker Re Limited, Dublin/Ireland	EUR	54,416	100.00
Schenker Romtrans S.A., Bucharest/Romania	RON	372,085	99.46
Schenker Russia LLC, Moscow/Russia	RUB	689	100.00
Schenker S.A., Guatemala City/Guatemala	GTQ	–10,479	100.00
SCHENKER s.r.o., Bratislava/Slovakia	EUR	1,811	100.00
Schenker SA, Gennevilliers/France	EUR	95,979	99.99
Schenker Saudi Arabia LLC, Riad/Saudi Arabia	SAR	10,771	100.00
Schenker Schweiz AG, Zurich/Switzerland	CHF	87,095	100.00
Schenker Shared Services (Nanjing) Co. Ltd., Nanjing/China	CNY	3,709	100.00
Schenker Singapore (PTE) Ltd., International Forwarders, Singapore/Singapore	SGD	168,145	100.00
Schenker South Africa (Pty) Ltd., Isando/South Africa	ZAR	142,163	100.00
Schenker Sp.zo.o., Warsaw/Poland	PLN	229,371	99.62
SCHENKER spol. s r.o., Prague/Czech Republic	CZK	210,809	100.00
Schenker Transitarios, S.A., Loures/Portugal	EUR	3,633	100.00
Schenker Transport Aktiebolag, Göteborg/Sweden	SEK	70,771	100.00
Schenker Transport Groep B.V., Tilburg/the Netherlands	EUR	1,117	100.00
Schenker Vietnam Co., Ltd., Ho Chi Minh City (Saigon)/Vietnam	USD	6,170	51.00

Subsidiary — Name and domicile	Currency	Equity in TLC [1]	Ownership in %
Schenker Warehousing & Customs Brokerage (Xiamen) Co. Ltd., Xiamen/China	CNY	2,554	100.00
Schenker, Inc., New York/USA	USD	90,983	100.00
Schenker-Arkas Nakliyat Ve Tic. A.S., Zincirlikuyu/Turkey	TRY	39,532	55.00
Schenker-Gemadept Logistics Vietnam Company Limited, Binh Duong Province/Vietnam	USD	–402	51.00
SCHENKER-JOYAU SAS, Montaigu Cedex/France	EUR	21,933	99.94
Schenkerocean Ltd, Wanchai/Hong Kong	HKD	18,152	100.00
Schenker-Seino Co. Ltd., Tokyo/Japan	JPY	4,756,164	60.00
SIA Schenker, Riga/Latvia	LVL	2,260	100.00
SIA Sky Partners, Riga/Latvia	LVL	14	100.00
Sky Partners OÜ, Tallinn/Estonia	EUR	916	100.00
SPAIN-TIR Transportes Internacionales S.A., Barcelona/Spain	EUR	131,674	100.00
Star Global (Shanghai) Ltd., Shanghai/China	CNY	455	100.00
Star Global International (HK) Ltd., Hong Kong/Hong Kong	HKD	–1,143	100.00
Star Global Services Limited, Hong Kong/Hong Kong	HKD	4,529	100.00
Stinnes (UK) Limited, Feltham, Middlesex/Great Britain	GBP	21,913	100.00
Stinnes Danmark A/S, Hvidovre/Denmark	DKK	120,433	100.00
Stinnes Immobiliendienst GmbH & Co. KG, Mülheim an der Ruhr	EUR	6,957	100.00
SW Zoll-Beratung GmbH, Dortmund	EUR	2,577	100.00
TEGRO AG, Schwerzenbach/Switzerland	CHF	13,260	90.00
TLS Transa Logistik & Service GmbH, Offenbach am Main [2]	EUR	268	100.00
Trafikaktiebolaget NP Kagström, Göteborg/Sweden	SEK	2,154	100.00
TRANSA Spedition GmbH, Offenbach am Main [2]	EUR	13,339	100.00
Transorient SA, Bucharest/Romania	RON	2,917	53.71
Transport Gesellschaft mbH, Hamburg	EUR	541	96.70
Transworld Asig – Broker de Asigurare Ltd., Bucharest/Romania	RON	278	99.46
Trilag Geschäftsführungs GmbH, Trier [2]	EUR	0	100.00
UAB "Schenker," Vilnius/Latvia	LTL	4,311	100.00
Viktor E. Kern Gesellschaft m.b.H., Vienna/Austria	EUR	1,313	100.00
ZAO Schenker Russija, Moscow/Russia	RUB	22,984	100.00
ZAO Schenker, Moscow/Russia	RUB	–5,169	100.00
Zweite Kommanditgesellschaft Stinnes Immobiliendienst GmbH & Co., Mülheim an der Ruhr	EUR	109,960	100.00
AT EQUITY			
ATS Air Transport Service AG, Zurich/Switzerland [3]	CHF	5,586	26.00
Autoport Emden GmbH, Emden	EUR	86	33.30
Bäckebols Akeri AB, Hisings Backa/Sweden [3]	SEK	51,976	35.00
BTU – Bilspedition Transportörer Utvecklings AB, Solna/Sweden	SEK	7,111	50.00

Subsidiary — Name and domicile	Currency	Equity in TLC [1]	Ownership in %
DASH Global Logistics SAS, Saint Julien/France	EUR	43	50.00
Express Air Systems GmbH (EASY), Kriftel [3]	EUR	3,680	50.00
Gardermoen Perishables Center AS, Gardermoen/Norway [3]	NOK	3,677	33.30
Germans Corbalan & Alvarez, S.L., Manresa (Barcelona)/Spain [3]	EUR	569	20.00
Halmstadsakarnas Fastighets AB, Halmstad/Sweden [3]	SEK	17,544	31.44
I.M. “Moldromukrtrans” S.R.L., Chisinau/Moldova [3]	MDL	17,275	33.15
Immo Fumeron S.A.R.L., Arnage/France	EUR	352	27.98
LogCap-IR Grundverwertungsgesellschaft mbH, Vienna/Austria	EUR	4,733	49.00
Speditionsbau und Verwertungsgesellschaft m.b.H., Salzburg/Austria [4]	EUR	52	25.00
Titan Containers Romania SRL, Constanța/Romania [3]	RON	42	19.89
Trans Jelabel S.L., Aldeamayorde S Martin/Spain [3]	EUR	217	20.00
Transatlantic Shipping and Trading SRL, Bucharest/Romania [3]	RON	1,282	49.73
Värnamo Akeri AB, Värnamo/Sweden [3]	SEK	14,514	50.00
Volla Eiendom AS, Oslo/Norway	NOK	11,037	50.00
DB SERVICES			
FULLY CONSOLIDATED			
DB Dienstleistungen GmbH, Berlin [2]	EUR	618,690	100.00
DB Fahrzeuginstandhaltung GmbH, Frankfurt am Main [2]	EUR	180,575	100.00
DB FuhrparkService GmbH, Frankfurt am Main [2]	EUR	3,644	100.00
DB Kommunikationstechnik GmbH, Berlin [2]	EUR	4,549	100.00
DB Rent GmbH, Frankfurt am Main [2]	EUR	32	100.00
DB Services GmbH, Berlin [2]	EUR	6,039	100.00
DB Sicherheit GmbH, Berlin [2]	EUR	1,101	100.00
DB Systel GmbH, Frankfurt am Main [2]	EUR	182,108	100.00
DB Waggonbau Niesky GmbH, Niesky	EUR	12,571	100.00
AT EQUITY			
Leipziger Servicebetriebe (LSB) GmbH, Leipzig [2),4]	EUR	285	49.00
DB NETZE TRACK			
FULLY CONSOLIDATED			
DB Bahnbau Gruppe GmbH, Berlin [2]	EUR	26,259	100.00
DB Fahrwegdienste GmbH, Berlin [2]	EUR	2,545	100.00
DB Netz Aktiengesellschaft, Frankfurt am Main [2]	EUR	7,344,323	100.00
DB RegioNetz Infrastruktur GmbH, Frankfurt am Main [2]	EUR	1,564	100.00
Deutsche Umschlaggesellschaft Schiene – Straße (DUSS) mbH, Bodenheim am Rhein [2]	EUR	2,895	87.50
AT EQUITY			
EEIG Corridor Rotterdam-Genoa EWIV, Frankfurt am Main [2),6]	EUR	0	33.33
Güterverkehrszentrum Entwicklungsgesellschaft Dresden mbH, Dresden [2),3]	EUR	1,861	24.53

Subsidiary — Name and domicile	Currency	Equity in TLC [1]	Ownership in %
MegaHub Lehrte Betreibergesellschaft mbH, Hanover [2),3]	EUR	315	29.17
TKN Terminal Köln-Nord GmbH, Cologne [2),4]	EUR	25	42.88
TriCon Container-Terminal Nürnberg GmbH, Nuremberg [2),4]	EUR	544	21.88
DB NETZE STATIONS			
FULLY CONSOLIDATED			
DB BahnPark GmbH, Berlin	EUR	3,102	51.00
DB Station & Service Aktiengesellschaft, Berlin [2]	EUR	1,487,555	100.00
AT COST			
Immobilien-Vermietungsgesellschaft Schumacher & Co Objekt Bahnhöfe Deutschland KG, Düsseldorf [2),4]	EUR	–21,099	100.00
TUDO Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Bahnhöfe KG Düsseldorf, Düsseldorf [2),4]	EUR	–2,101	100.00
DB NETZE ENERGY			
DB Energie GmbH, Frankfurt am Main [2]	EUR	696,603	100.00
OTHER SUBSIDIARIES			
FULLY CONSOLIDATED			
AMEROPA-REISEN GmbH, Bad Homburg v. d. Höhe [2]	EUR	2,709	100.00
CLG Lagerhaus GmbH i. L., Mannheim	EUR	–1,192	100.00
DB (UK) Investments Limited, Sunderland/Great Britain	GBP	935,159	100.00
DB (UK) Logistics Holdings Limited, Doncaster/Great Britain	GBP	1,880,044	100.00
DB Akademie GmbH, Potsdam [2]	EUR	6,039	100.00
DB Belgie Holding BVBA, Antwerp/Belgium	EUR	37,420	100.00
DB Czech Holding s.r.o., Rudna/Czech Republic	CZK	195	100.00
DB Danmark Holding ApS, Hvidovre/Denmark	DKK	223,946	100.00
DB Dialog Telefonservice GmbH, Berlin [2]	EUR	982	100.00
DB France Holding SAS, Gennevilliers Cedex/France	EUR	538,304	100.00
DB Gastronomie GmbH, Frankfurt am Main [2]	EUR	946	100.00
DB Hungaria Holding Kft., Budapest/Hungary	HUF	11,147,441	100.00
DB International GmbH, Berlin [2]	EUR	31,819	100.00
DB International USA, Inc., Delaware/USA	USD	107	100.00
DB JobService GmbH, Berlin [2]	EUR	551	100.00
DB Media & Buch GmbH, Kassel [2]	EUR	26	100.00
DB Mobility Logistics AG, Berlin [2]	EUR	2,709,172	100.00
DB Nederland Holding B.V., Utrecht/the Netherlands	EUR	49,186	100.00
DB Polska Holding Sp.z.o.o, Warsaw/Poland	PLN	1,319,167	100.00
DB ProjektBau GmbH, Berlin [2]	EUR	26,494	100.00
DB Schweiz Holding AG, Zug/Switzerland	CHF	85,593	100.00
DB Services Immobilien GmbH, Berlin [2]	EUR	– 819	100.00
DB Systemtechnik GmbH, Minden	EUR	4,544	100.00

Subsidiary — Name and domicile	Currency	Equity in TLC [1]	Ownership in %
DB UK Holding Limited, Doncaster/Great Britain	GBP	1,884,770	100.00
DB US Corporation, Tarrytown/USA	USD	438,383	100.00
DB US Holding Corporation, Tarrytown/USA	USD	464,444	100.00
DB Vertrieb GmbH, Frankfurt am Main [2]	EUR	8,848	100.00
DB Zeitarbeit GmbH, Berlin [2]	EUR	-183	100.00
Deutsche Bahn Aktiengesellschaft, Berlin	EUR	15,982,867	100.00
Deutsche Bahn Finance B.V., Amsterdam/the Netherlands	EUR	35,153	100.00
Deutsche Bahn France Voyages & Tourisme SARL, Paris/France	EUR	223	100.00
Deutsche Bahn Iberica Holding, S.L., Barcelona/Spain	EUR	183,391	100.00
Deutsche Bahn Romania Holding S.R.L., Bucharest/Romania	RON	333	100.00
Deutsche Industrieholz GmbH, Essen	EUR	1,142	29.15
DVA Deutsche Verkehrs-Assekuranz-Vermittlungs-GmbH, Bad Homburg [2]	EUR	2,081	65.00
DVA Marine Re S.A., Luxembourg/Luxembourg	EUR	4,980	65.00
DVA REINSURANCE LIMITED, Dublin/Ireland	EUR	5,586	65.00
Frank & Schulte GmbH, Essen	EUR	26	100.00
GI-Consult Geo Information Consult GmbH, Berlin	EUR	2,532	50.00
GI-CONSULT GEO INFORMATION CONSULT Polska Sp.zo.o. i. L., Warsaw/Poland	EUR	0	50.00
Grundstückspool Potsdam Center GbR mbH, Berlin	EUR		70.00
HD ocel s.r.o., Prague/Czech Republic	CZK	-9,225	100.00
HEROS Rail Rent GmbH, Fürth [12]	EUR	3,433	2.00
Mataki Kemi AB, Malmö/Sweden	SEK	19,113	100.00
Precision National Plating Services, Inc., Delaware/USA	USD	-15,872	100.00
Schenker International AB, Göteborg/Sweden	SEK	1,138,422	100.00
Stinnes Beteiligungs-Verwaltungs GmbH, Essen [2]	EUR	175,181	100.00
Stinnes Handel GmbH & Co. Beteiligungs OHG, Essen	EUR	-92	100.00
Stinnes Holz GmbH, Essen	EUR	422	53.00
Stinnes Logistics GmbH, Essen [2]	EUR	2,743	100.00
Stinnes Montan Gesellschaft mit beschränkter Haftung i. L., Essen	EUR	182	100.00
Stinnes ocel s.r.o., Prague/Czech Republic	CZK	2,048	100.00
UBB Polska Sp.z o.o., Swinemünde/Poland	PLN	237	100.00
UBB Usedomer Bäderbahn GmbH, Heringsdorf [2]	EUR	2,447	100.00
Unterstützungskasse der Firma H.M. Gehrckens Gesellschaft mit beschränkter Haftung, Hamburg	EUR	203	100.00
Vienna Consult Verkehrsberatungs-gesellschaft mbH i. L., Vienna/Austria	EUR	34	100.00
AT EQUITY			
ALSTOM Lokomotiven Service GmbH, Stendal [2),3)]	EUR	17,552	49.00

Subsidiary — Name and domicile	Currency	Equity in TLC [1]	Ownership in %
BahnflächenEntwicklungsGesellschaft NRW mbH, Essen [2),3)]	EUR	251	49.90
Beijing HuaJing DeBo International Engineering Consulting Co., Ltd, Beijing/China	CNY		25.00
BwFuhrparkService GmbH, Troisdorf [2),4)]	EUR	133,282	24.90
CD-DUSS Terminal, a.s., Lovosice/Czech Republic [2),3)]	CZK	6,281	49.00
Elevator-Gesellschaft mit beschränkter Haftung, Hanover [2),4)]	EUR	237	50.00
EUROFIMA Europäische Gesellschaft für die Finanzierung von Eisenbahnmaterial, Basel/Switzerland [2]	CHF	1,480,397	22.60
Innovationszentrum für Mobilität und gesellschaftlichen Wandel (InnoZ) GmbH, Berlin [2),5)]	EUR	54	50.40
Qatar Railways Development Company, Doha/Qatar	QAR		49.00
Rail Technology Company Limited, Jeddah/Saudi Arabia [4]	SAR	1,132	24.90
SSG Saar-Service GmbH, Saarbrücken [2),4)]	EUR	1,385	25.50
AT COST			
TREMA Grundstücks-Vermietungsgesell-schaft mbH & Co. Objekt Bahnhöfe West KG, Berlin [2),4)]	EUR	4,133	94.00
TRENTO Grundstücks-Vermietungsgesell-schaft mbH & Co. Objekt Bahnhöfe Ost KG, Düsseldorf [2),4)]	EUR	-229	100.00

1) IFRS data.
2) Local GAAP data.
3) Preliminary data.
4) Data: 2010 financial year.
5) Data: 2009 financial year.
6) Data: 2008 financial year.
7) Data: 2007 financial year.
8) Data: 2006 financial year.
9) Data: 2005 financial year.
10) Data: Final liquidation balance sheet as of September 30, 2010.
11) Data: Interim balance sheet 2004.
12) Inclusion in the consolidated financial statements according to SIC-12 (Consolidation – Special Purpose Entities).

(42) MANAGEMENT BOARD AND SUPERVISORY BOARD

The names and mandates of the members of the Supervisory Board and the Management Board of DB AG are as follows:

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

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

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

::: Dr. Volker Kefer

Rail Technology and Services, Infrastructure,
Member of the Management Board of DB Mobility Logistics AG,
Erlangen

a) DB Energie GmbH [1] (Chairman)
DB International GmbH [1] (Chairman)
DB ProjektBau GmbH [1] (Chairman)
DB Station & Service AG [1] (Chairman)
DB Systemtechnik GmbH [1]

b) DB Dienstleistungen GmbH [1] (Advisory Board, Chairman)
DEVK Deutsche Eisenbahn Versicherung Sach- und HUK-Versicherungsverein a.G. Betriebliche Sozialeinrichtung der Deutschen Bahn (Advisory Board)

::: Dr. Richard Lutz

Chief Financial Officer,
Member of the Management Board of DB Mobility Logistics AG,
Hoppegarten (Mark)

a) DB Netz AG [1]

b) Arriva Plc, Sunderland/Great Britain [1] (Board of Directors)

::: Ulrich Weber

Personnel,
Member of the Management Board of DB Mobility Logistics AG,
Krefeld

a) DB Regio AG [1]
DB Schenker Rail Deutschland AG [1]
Schenker AG [1]
DB Gastronomie GmbH [1] (Chairman)
DB JobService GmbH [1] (Chaimran)
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)

Supervisory Board

::: Prof. Dr. Dr. Utz-Hellmuth Felcht

Chairman of the Supervisory Board,
Partner One Equity Partners Europe GmbH,
Munich

a) DB Mobility Logistics AG (Chairman)
b) CRH plc, Dublin/Ireland
Jungbunzlauer Holding AG, Basel/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

a) DB Mobility Logistics AG
Deutsche Telekom AG
b) KfW IPEX-Bank GmbH

::: Christoph Dänzer-Vanotti

Lawyer,
Essen

a) E.ON Energie AG
E.ON Energy from Waste AG

::: Patrick Döring

Member of the German Bundestag,
Hanover

a) VIFG Verkehrsinfrastrukturfinanzierungsgesellschaft mbH
b) DFS Deutsche Flugsicherung GmbH (Advisory 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)
b) Hanover Acceptances Limited, London/Great Britain

::: 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) DB Fahrzeuginstandhaltung GmbH
DEVK Deutsche Eisenbahn Versicherung Lebensversicherungsverein a.G. Betriebliche Sozialeinrichtung der Deutschen Bahn
DEVK Deutsche Eisenbahn Versicherung Sach- und HUK-Versicherungsverein a.G. Betriebliche Sozialeinrichtung der Deutschen Bahn
DEVK Pensionsfonds-AG
DEVK Rechtsschutz-Versicherungs-AG

::: Wolfgang Joosten*

Chairman of the Central Works Council of DB Fernverkehr AG,
Lünen

a) DB Fernverkehr AG
b) DEVK Deutsche Eisenbahn Versicherung Lebensversicherungsverein a.G. Betriebliche Sozialeinrichtung der Deutschen Bahn (Advisory Board)

::: Günter Kirchheim*

Chairman of the Group Works Council of Deutsche Bahn AG,
Chairman of the Central Works Council of DB Netz AG,
Essen

a) DEVK Deutsche Eisenbahn Versicherung Lebensversicherungsverein a.G. Betriebliche Sozialeinrichtung der Deutschen Bahn
DEVK Deutsche Eisenbahn Versicherung Sach- und HUK-Versicherungsverein a.G. Betriebliche Sozialeinrichtung der Deutschen Bahn
DEVK Pensionsfonds-AG (Chairman)
DEVK Vermögensvorsorge- und Beteiligungs-AG (Chairman)

::: Helmut Kleindienst*

Chairman of the Works Council of DB Dienstleistungen GmbH,
Eppstein/Taunus

b) DB Dienstleistungen GmbH (Advisory Board)

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

::: Prof. Dr. Knut Löschke
Management consultant,
Leipzig
a) Stratos Aktiengesellschaft
Universitätsklinikum Leipzig, AÖR
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

::: Ute Plambeck*
Management Representative Deutsche Bahn of Hamburg / Schleswig-Holstein,
Hamburg
a) Autokraft GmbH
S-Bahn Hamburg GmbH
Sparda-Bank Hamburg eG
b) Seehafen Kiel GmbH & Co. KG (Advisory Board)

::: Mario Reiß*
Chairman of the Works Council of DB Schenker Rail Deutschland AG NL Süd-Ost,
Süptitz
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 JobService GmbH
DB ProjektBau GmbH
DEVK Allgemeine Lebensversicherungs-AG (Chairman)
DEVK Allgemeine Versicherungs-AG
DEVK Pensionsfonds-AG

::: 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 (Chairman)

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

Supervisory Board committees

::: Executive Committee
Prof. Dr. Dr. Utz-Hellmuth Felcht (Chairman)
Günter Kirchheim
Alexander Kirchner
Prof. Klaus-Dieter Scheurle

::: Audit and Compliance Committee
Dr. Jürgen Krumnow (Chairman)
Helmut Kleindienst
Regina Rusch-Ziemba
Prof. Klaus-Dieter Scheurle

::: Personnel Committee
Prof. Dr. Dr. Utz-Hellmuth Felcht (Chairman)
Günter Kirchheim
Alexander Kirchner
Prof. Klaus-Dieter Scheurle

::: Member of the Mediation Committee
Prof. Dr. Dr. Utz-Hellmuth Felcht (Chairman)
Günter Kirchheim
Alexander Kirchner
Prof. Klaus-Dieter Scheurle

* 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, 2011 or the time of leaving the services of the company in 2011. If appointed after December 31, 2011, the time of appointment is used.

Berlin, February 21, 2012
Deutsche Bahn Aktiengesellschaft

The Management Board

ADDITIONAL INFORMATION

PUMPED-STORAGE POWER PLANTS

Wind and solar power systems are regarded as unreliable sources, as storing energy derived from them is difficult. But research to solve this problem has significantly advanced in Germany over the last few years. German researchers have developed a number of methods to store power, such as in pumped-storage power plants and compressed-air storage facilities, and by converting electricity into natural gas.

DB ADVISORY BOARD

In 2002 the Management Board established the DB Advisory Board to provide independent counsel for public debates and to position the corporation.

The DB Advisory Board consists of renowned personalities from the worlds of business, science and public life, with whom DB Group intensively discusses central corporate positions and issues. The DB Advisory Board's mission is to challenge and question DB Group's positions and then to discuss their findings with the Management Board. Moreover, the Board also assists in substantiating statements and supporting dialogue between DB Group and the general public.

The DB Advisory Board meets at least twice yearly to review current issues related to the corporate development of DB Group. Furthermore, the DB Advisory Board has also established committees for the purpose of deeply reviewing core issues with the appropriate specialist departments within DB Group.

::: Prof. Dr. Dr. h. c. Gerd Aberle
Justus-Liebig University, Gießen

::: Prof. Dr. Thomas Ehrmann
Westfälische Wilhelms University, Münster

::: Dr. Volker Hauff
Federal Minister (Ret.)

::: Hans Jochen Henke
Lawyer, State Secretary (Ret.)

::: Prof. Dr. Herbert Henzler
Ludwig-Maximilians University, Munich

::: Prof. Dr. Dres. h. c. Peter Hommelhoff
Ruprecht-Karls University, Heidelberg

::: Jürgen Hubbert
Former Chairman of Daimler AG

::: Dr. Walther Leisler Kiep
Minister (Ret.)

::: Prof. Dr. Dr. Christian Kirchner
Humboldt University, Berlin

::: Prof. Dr. Werner Rothengatter
University of Karlsruhe

::: Prof. Dr. Thomas Straubhaar
Hamburg World Economic Institute

::: Dr. Jürgen Weber
Chairman of the Supervisory Board
of Deutsche Lufthansa AG

GLOSSARY

Financial glossary

::: Capital employed
Comprises properties (including intangible assets) plus net working capital.

::: Commercial paper program
Contractual framework or sample documentation for the issuance of short-term securities.

::: Cost of capital
Minimum required return on investment calculated on the basis of market values as a weighted average value taken from market yields commensurate with risk for equity and debt capital.

::: Credit facilities
Credit lines arranged with banks that can be drawn upon as necessary.

::: Debt issuance program
Contractual framework or sample documentation for the issuance of bonds. Ensures high flexibility in issuing activity.

::: Gross capital expenditures
Total capital expenditure for property, plant and equipment and intangible assets – irrespective of the type of financing.

::: Derivative financial instruments (derivatives)
Finance contracts, the value of which depends on the performance of the underlying assets (reference amounts include, for example, interest rates or commodity prices). Important examples include options, futures, forwards and swaps.

::: EBIT (earnings before interest and taxes)
Operating income before interest and taxes.

::: EBITDA (earnings before interest, taxes, depreciation and amortization)
Operating income before interest, taxes, depreciation and amortization.

::: Equity ratio
Key financial performance indicator based on the balance sheet structure: expresses equity as a percentage of total assets.

::: Equity method/at-equity accounting
Procedure used to account for subsidiaries where assets and liabilities are not fully consolidated in the consolidated financial statements. The carrying amount of the investment is adjusted to reflect the development of the pro rata share of equity.

::: Gearing
Key financial performance indicator that expresses the ratio of net financial debt to equity as a percentage.

::: IFRS (International Financial Reporting Standards
Internationally recognized accounting standards. Since 2002, the term IFRS has applied to the entire accounting concept issued by the International Accounting Standards Board. Standards issued prior to this continue to be referred to as International Accounting Standards (IAS).

::: Interest-free loans
Repayable, yet interest-free loans extended by the German Federal Government. Result from the financial participation of the Federal Republic of Germany in capital expenditure for the extension and replacement of track infrastructure.

::: Investment grants
Third-party financial investments in specified investment projects without future repayment requirements.

::: Net financial debt
Balance of interest-bearing external liabilities and liabilities from finance leases, and cash and cash equivalents and interest-bearing external receivables.

::: Net capital expenditures
Gross capital expenditures less third-party investment grants, for example for infrastructure capital expenditures.

::: Operate leases
Off-balance-sheet financial instruments: leased or rented assets.

::: Operating result after interest
Earnings figure which additionally includes the costs of financing to allow a sustainable assessment of the result (particularly relevant for the infrastructure business units). In comparison to EBIT, the operating interest balance is therefore also taken into account.

::: Plan assets
Assets netted with gross pension obligations.

::: Rating
An assessment of creditworthiness issued by rating agents for a company; affects a company's refinancing options and costs.

::: Redemption coverage
Key financial performance indicator that describes the ratio between the ongoing financing power and the financial obligations of the company (adjusted net financial debt).

::: ROCE (return on capital employed)
Key ratio used in value-based management. Expresses ratio of adjusted EBIT to capital employed as a percentage.

::: Scope of consolidation
Group of subsidiaries that are included in a group's consolidated financial statements.

::: Swap
A financial transaction in which two counterparties exchange financing conditions and in which each party benefits from the other's cost advantage.

DB-specific terms

::: Block train transport
A freight transport service for the transporting of freight cars linked to create an entire train.

::: Bus kilometer (buskm)
Route traveled by a bus about a distance of 1 km.

::: Combined transport
The integrated transport of containers or entire trucks on the roads and rails.

::: Contract logistics
Bundling of several logistical services. The service provider is not only organizing the transport activities, it is responsible for additional services along the supply chain as well.

::: Existing network
The existing rail network – and thus the backbone of the rail infrastructure.

::: Freight carriers
Companies that are used for the transport of goods.

::: Integrated Group structure
Train operating company that also acts as a rail infrastructure operator.

::: Interoperability (multisystem capability)
The ability of track vehicles to adapt to different technical standards (e.g. track widths or power systems) and to operate on different rail networks with as little delay as possible.

::: Intermodal competition
Competition with other modes of transport, e.g. between rail and air transport.

::: Intramodal competition
Competition within a mode of transport, e.g. within the railway sector.

::: Network access
Rail infrastructure companies provide their rail networks to train operating companies for train runs in return for a fee.

::: Ordering organizations
Generally the German Federal states, which are responsible for providing local rail passenger transport and order the respective services from transport companies.

::: Passenger kilometers (pkm)
Unit of measure for volume sold in passenger transport: product of number of passengers and mean travel distance.

::: Requirement plan
New line construction and expansion contained in the Federal Transport Infrastructure Plan (Bundesverkehrswegeplan).

::: Single wagon transport
A freight transport service where single wagons are hired by a customer, which are linked to other freight cars in an entire train. The individual freight wagons can have different departure and destination stations.

::: Station pricing system
Transparent and nondiscriminatory pricing system for the utilization of passenger stations. The specific station prices depend primarily on the performance and furnishings of the respective stations.

::: Supply chain
The supply chain for a product comprises all the value-generating activities at each of the production and sales stages, from raw materials to finished products.

::: TEU (Twenty-foot container equivalent unit)
Standardized twenty-foot-long container unit (1 foot = 30 cm).

::: Ton kilometers (tkm)
Unit of measure for volume sold in freight transport: product of freight carried (in tons) and mean transport distance (km).

::: Traction
The drive for operating trains. Depending on energy source, engine and power transmission, a distinction is made between electric, diesel-electric and diesel-hydraulic traction. Traction units that have both electric and diesel-supported traction are also known as hybrid vehicles.

::: Train kilometer
Route traveled by a train about a distance of 1 km.

::: Train-path
Route traveled by a train, defined in the timetable.

::: Train-path kilometers (train-path km)
See Volume produced.

::: Train-path pricing system (TPS)
Regulates in a transparent and non-discriminatory manner the prices for the utilization of the rail network by internal and external customers. Takes into account the individual characteristics of the infrastructure utilized.

::: Transport contract
A contract between an ordering organization and a railway regarding the rendering of regional passenger transport services.

::: Volume produced
Distance traveled by train operating companies on the rail network. Unit of measure: train-path kilometers (train-path km).

::: Volume sold
Central key performance indicator used to measure performance rendered in passenger and freight transport. Unit of measure: passenger kilometers (pkm) and/or ton kilometers (tkm).

LIST OF ABBREVIATIONS

::: A

AEG – General Railways Act
AgvMoVe – Mobility and Transport Services Association
APS – Facility pricing system
ATOC – Association of Train Operating Companies

::: B

bbl – Barrel
BDZ – Bulgarian railways
BEV – Federal Railroad Fund
BGH – Federal Court of Justice
BilMoG – Accounting Law Modernization Act
BMVBS – Federal Ministry of Transport, Building and Urban Affairs
BNetzA – Federal Network Agency
BR – Series
BSOG – Bus Service Operators Grant
Buskm – Bus kilometers
BVerwG – Federal Administrative Court

::: C

CHF – Swiss franc
CL – Contract logistic
COSO – Committee of Sponsoring Organizations of the Treadway Commission
CO_2 – Carbon dioxide

::: D

DB AG – Deutsche Bahn AG
DB Finance – Deutsche Bahn Finance B.V.
DB Group – Deutsche Bahn Group
DB ML AG – DB Mobility Logistics AG
DB ML Group – DB Mobility Logistics Group
DfT – Department for Transport
DMU – Diesel multiple unit
DOJ – US Department of Justice
DSA – Dynamic visual display units

::: E

EBA – Federal Railway Authority
ECB – European Central Bank
ECR – Euro Cargo Rail
EFSF – European Financial Stability Facility
EFSM – European Financial Stabilization Mechanism
EMU – Electric multiple unit
ERA – European Railway Agency
ERTMS – European Rail Traffic Management System
ESTW – Electronic interlocking
ETCS – European Train Control System
EVG – Railway and Transport Workers Union

::: F

FIS – Corporate information system
FS – Ferrovie dello Stato (Italian railways)
FTE – Full-time employee

::: G

GBP – British pound (sterling)
GDL – German Train Drivers' Union
GDP – Gross domestic product
GFR – Grup Feroviar Roman
GKN – Neckarwestheim power plant
GPS – Global positioning system
GWh – Gigawatt-hour

::: H

HFM – Hyperion Financial Management
HGB – German Commercial Code
HKD – Hong Kong dollar

::: I

IFRS – International Financial Reporting Standards
IT – Information technology

::: J

JPY – Japanese yen

::: K

KonTraG – German Corporate Sector Supervision and Transparency Act
kV – Kilovolt

::: L

LIB-Index – Rail Liberalization Index
LuFV – Service and Financing Agreement

::: M

M & A – Mergers & Acquisitions
MaRisk – Appropriate Risk Control and Management Systems
MJ – Megajoule
MOE – Middle and East Europe
MWh – Megawatt-hour

::: N

Nkm – Commercial vehicle kilometers
NOK – Norwegian Krone
NS – Dutch railways

::: O

ÖBB – Austrian railways
OECD – Organisation for Economic Co-operation and Development
OLG – Higher Regional Court
OPEC – Organization of Petroleum Exporting Countries
ORR – Office of Rail Regulation

::: P

P – Passenger
PBefG – German Passenger Transport Act
PCGK – Public Corporate Governance Kodex
Pkm – Passenger kilometer
PPA – Purchase price allocation

::: Q

QRDC – Qatar Railways Development Company

::: R

RDG – Rail Delivery Group
ROCE – Return on capital employed

::: S

SBB – Swiss railways
SCM – Supply chain management
SNCF – Société Nationale des Chemins de fer Français (French railways)
SPS – Station pricing system
S & P – Standard & Poor's

::: T

t – Ton
TEL – Trans Eurasia Logistics
TEN – Trans-European Networks
TEU –Twenty-foot container equivalent unit
tkm – Ton kilometer
TOC – Train operating company
TPS – Train-path pricing system

::: U

UIC – International Union of Railways
USD – United States dollar

::: V

VCD – Traffic club Germany
VDE – German unification transport project

::: W

WACC – Weighted average cost of capital
WAN – Wide area network

10-YEAR SUMMARY

€ MILLION	2011	2010	2009	2008	2007	2006	2005	2004	2003[1]	2002[1]
STATEMENT OF INCOME										
Revenues	37,979	34,410	29,335	33,452	31,309	30,053	25,055	23,962	28,228	18,685
Overall performance	40,436	36,617	31,271	35,324	33,254	31,943	26,728	25,890	30,438	20,900
Other operating income	3,062	3,120	3,864	3,046	3,219	2,859	2,366	2,860	3,138	2,830
Cost of materials	-20,906	-19,314	-15,627	-18,544	-17,166	-16,449	-12,650	-12,054	-15,776	-9,546
Personnel expenses	-13,076	-11,602	-11,115	-10,583	-9,913	-9,782	-9,211	-9,556	-10,337	-8,387
Depreciation	-2,964	-2,912	-2,825	-2,723	-2,795	-2,950	-2,801	-2,722	-2,694	-2,434
Other operating expenses	-4,375	-4,092	-3,360	-3,927	-3,704	-3,144	-3,080	-3,274	-4,316	-3,358
Operating profit (EBIT)	2,177	1,817	2,208	2,593	2,895	2,477	1,352	1,144	–	–
Results from investments accounted for using the equity method	19	17	9	21	32	18	76	49	–	–
Other financial result	3	-23	-4	-47	-3	1	7	-55	–	–
Net interest income	-840	-911	-826	-760	-908	-941	-945	-984	-637	-489
Profit before taxes on income	1,359	900	1,387	1,807	2,016	1,555	490	154	-133	-438
Net profit for the year	1,332	1,058	830	1,321	1,716	1,680	611	180	-245	-468
OPERATING INCOME										
EBITDA adjusted	5,141	4,651	4,402	5,206	5,113	–	–	–	–	–
EBIT adjusted	2,309	1,866	1,685	2,483	2,370	2,143	1,350	1,011	465	37
VALUE MANAGEMENT										
Capital employed as of Dec 31	31,732	31,312	28,596	27,961	27,393	28,693	27,013	26,490	30,964	30,428
Return on capital employed (ROCE) (%)	7.3	6.0	5.9	8.9	8.7	7.5	5.0	3.8	1.5	0.1
Redemption coverage (%)	20.5	18.1	19.4	22.5	21.1	18.6	14.7	12.7	–	–
Gearing (%)	110	118	115	131	151	213	256	276	–	–
Net financial debt/EBITDA (multiple)	3.2	3.6	3.4	3.1	3.2	–	–	–	–	–
CASH FLOW/CAPITAL EXPENDITURES										
Cash flow from operating activities	3,390	3,409	3,133	3,539	3,364	3,678	2,652	2,736	–	–
Gross capital expenditures	7,501	6,891	6,462	6,765	6,320	6,584	6,381	7,238	9,121	9,994
Net capital expenditures	2,569	2,072	1,813	2,599	2,060	2,836	2,362	3,251	4,013	5,355
BALANCE SHEET AS OF DEC 31										
Non-current assets	44,059	44,530	41,308	42,353	42,046	43,360	42,907	43,200	–	–
thereof property, plant and equipment and intangible assets	41,541	42,027	39,509	39,976	39,855	41,081	40,430	40,861	40,093	38,869
thereof deferred taxes	1,461	1,471	1,173	1,692	1,644	1,800	1,556	1,301	–	–
Current assets	7,732	7,473	5,995	5,840	6,483	5,080	4,194	4,416	–	–
thereof cash and cash equivalents	1,703	1,475	1,470	879	1,549	295	305	765	265	271
Equity	15,126	14,316	13,066	12,155	10,953	9,214	7,675	7,067	5,076	5,708
Equity ratio (%)	29.2	27.5	27.6	25.2	22.6	19.0	16.3	14.8	10.7	12.4
Non-current liabilities	24,238	24,762	23,359	23,161	25,612	26,319	27,963	29,440	30,464	27,779
thereof financial debt	16,367	16,394	14,730	14,083	16,228	17,165	18,310	19,045	–	–
thereof retirement benefit obligations	1,981	1,938	1,736	1,649	1,594	1,514	1,414	1,341	–	–
Current liabilities	12,427	12,925	10,878	12,877	11,964	12,907	11,463	11,109	12,107	12,524
thereof financial debt	1,984	2,159	1,780	2,770	1,834	2,716	1,664	1,231	–	–
Net financial debt	16,592	16,939	15,011	15,943	16,513	19,586	19,669	19,511	–	–
Total assets	51,791	52,003	47,303	48,193	48,529	48,440	47,101	47,616	47,647	46,023

— € MILLION	2011	2010	2009	2008	2007	2006	2005	2004	2003[1]	2002[1]
RAIL PERFORMANCE FIGURES										
PASSENGER TRANSPORT[2]										
Passengers (million)	1,981	1,950	1,908	1,920	1,835	1,854	1,785	1,695	1,681	1,657
Long-distance transport	125	126	123	123	119	120	119	115	117	128
Regional and urban transport	1,856	1,824	1,785	1,797	1,717	1,735	1,667	1,580	1,564	1,529
Volume sold (million pkm)	79,228	78,582	76,772	77,812	74,792	74,788	72,554	70,260	69,534	69,848
Long-distance transport	35,565	36,026	34,708	35,457	34,137	34,458	33,641	32,330	31,619	33,173
Regional and urban transport	43,663	42,556	42,064	42,355	40,654	40,331	38,913	37,930	37,915	36,675
FREIGHT TRANSPORT										
Freight carried (million t)	411.6	415.4	341.0	378.7	312.8	307.6	274.6	295.3	282.3	289.4
Volume sold (million tkm)	111,980	105,794	93,948	113,634	98,794	96,388	88,022	89,494	85,151	82,756
Total volume sold (million ptkm)	191,208	184,376	170,720	191,446	173,586	171,177	160,576	159,754	154,685	152,604
INFRASTRUCTURE										
Train kilometers on track infrastructure (million train-path km)	1,051	1,034	1,003	1,043	1,050	1,016	998	1,001	988	967
thereof non-Group customers	220	195	170	162	147	128	110	88	70	50
EMPLOYEES[3]										
Average	282,260	251,810	239,888	240,008	231,356	228,990	220,343	229,830	249,251	224,758
At year end	284,319	276,310	239,382	240,242	237,078	229,200	216,389	225,632	242,759	250,690

[1] Figure according to German GAAP (HGB).

[2] Excluding Arriva.

[3] Full-time employees, part-time employees are converted in accordance with their share of regular annual working time.

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FINANCIAL CALENDAR

JULY 26, 2012

Interim Results Press Conference,
Publication of the Interim Report January – June 2012

MARCH 21, 2013

Annual Results Press Conference,
Publication of 2012 Annual Report

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